



Emerging  
Property

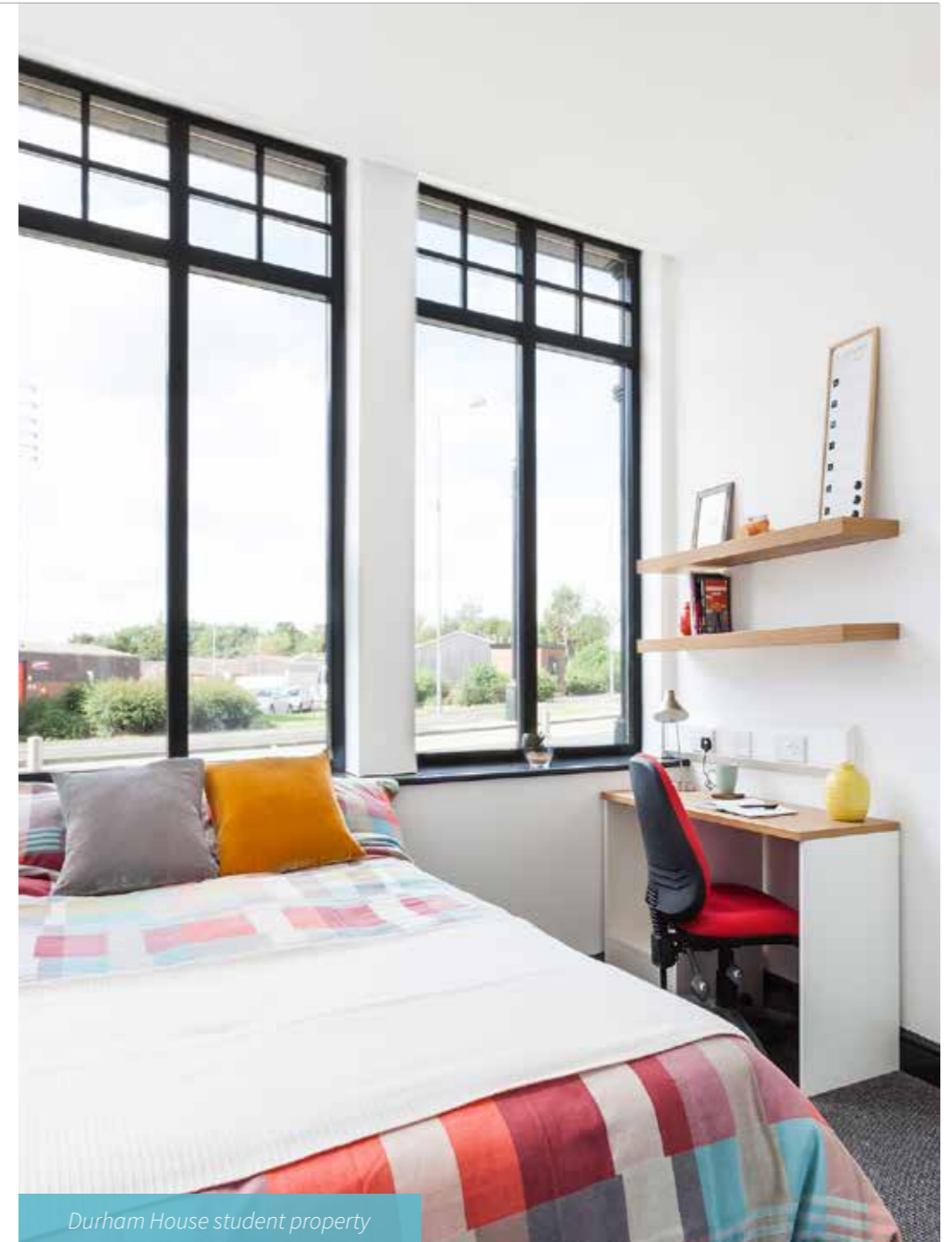
 **10 reasons** to purchase UK Purpose Built Student Accommodation

# 1. What is **Purpose Built Student Accommodation**?

Purpose Built Student Accommodation developments are designed and built specifically for the needs of students.

They provide a safe and secure living environment, with space conducive to both study and socialising. This includes a range of appealing facilities, such as gyms and games rooms, and professional onsite management.

They are situated in prime close-to-campus locations, providing students with convenient access to lectures, seminars and social events.





## 2. It is the **UK's best performing property asset**

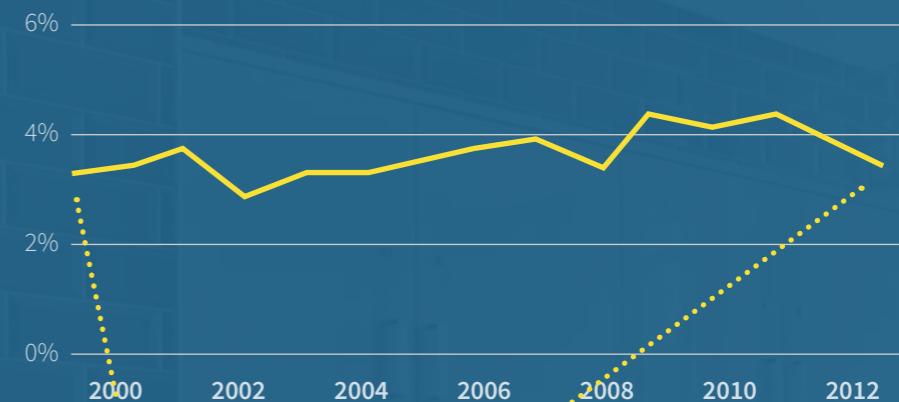
Purpose Built Student Accommodation has grown quickly into the **UK's leading property investment sector**. It has proven itself to be a dependable asset, with performance independent of the residential housing market and wider economy.

High yields have been catalysed by student rents that have increased by 3%+ annually over the last 15 years, as well as **high demand-driven occupancy** levels - 99% nationwide (CBRE).

It was recently given **World Class Asset** status by the Wall Street Journal, a consequence of:



Percentage rental increase in UK student sector



Upward of **3%** sustained annual rental growth

Approx **40%** projected rental & growth over 10 years

Source IPD - LaSalle Investment Management

## 2. Record student numbers at UK universities

The removal of the intake cap in 2015 means that nearly 540,000 students are estimated to have enrolled for the 2015/16 academic year (UCAS).

This **third consecutive record-breaking year** for student intake ensures sustained demand for quality Purpose Built Student Accommodation - especially in key cities with a current undersupply.

In 2016, there was a **further 3% increase** in the number of students accepted on to degree courses on A-Level results day.

**2.3 million**  
total students  
(UCAS)

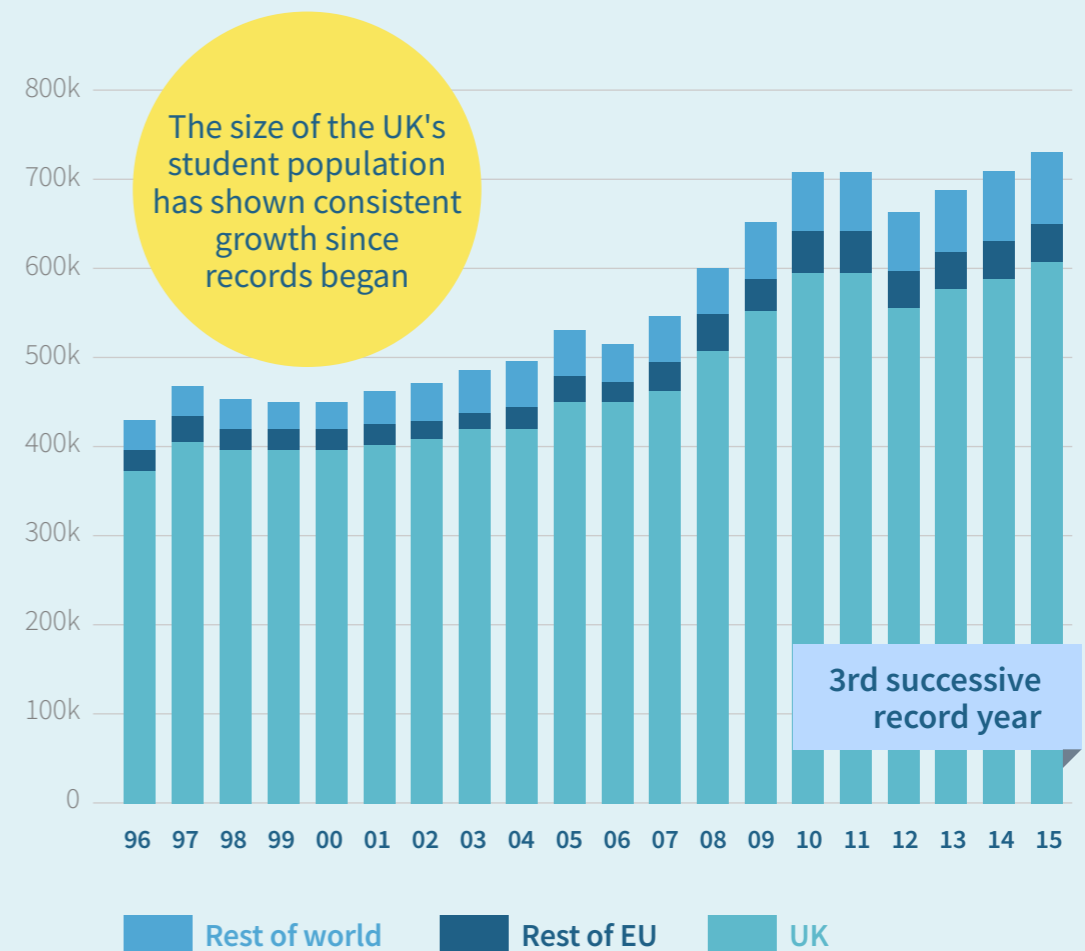
**540,000**  
new students 2015  
(UCAS)

**Sustained demand**  
in key cities

### Government legislation boosts student numbers

In 2015, the government removed previous limits on university intake, ensuring sustained growth in numbers.

### UCAS application numbers



Source: UCAS, Savills Research

### 3. Global prestige of UK universities

UK universities have a strong global reputation, with a record six ranked in the **global top 20** in 2014.

In 2014, there were 435,500 international students studying in the UK – an increase of 3% from the previous year – and it is predicted that **this number will hit 600,000** by 2020.

The UK is the **second most popular** destination for international students after the US. This is despite the UK having a fifth of America’s population and being 40 times smaller.



**UK is 2nd most popular destination** for foreign students

(Source - OECD)



**435,500** international students in the UK

(Source - UKCISA)



Six UK universities in **global top 20**

(Source - QS)



Jubilee Court student property

#### Key demographic for purpose built accommodation

Students are attracted to the English language environment and **international recognition** of UK degrees, as well as the history and tradition of UK universities.

Overseas students represent a key demographic for purpose built student accommodation, **constituting over 50% of occupancy** in many areas.

## 4. **Number 1** student accommodation choice



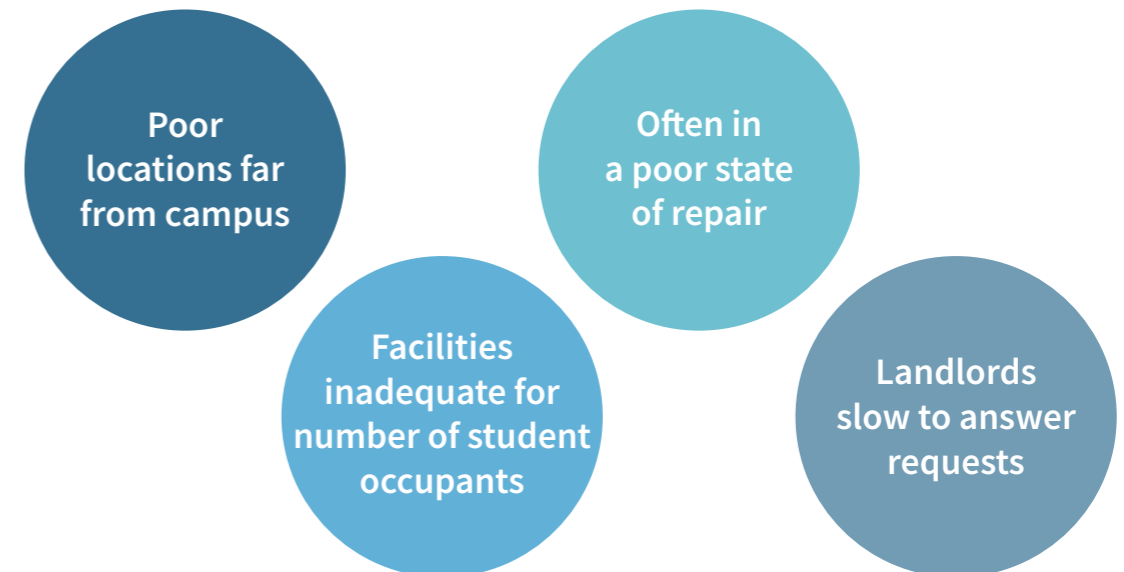
Rising tuition fees have made the modern student more discerning with regard to accommodation, with **rent now constituting a much smaller percentage** of graduate debt.

Purpose Built Student Accommodation (PBSA) is the **preferred accommodation** choice, due to the fact that it is most conducive to study and socialising.

- ✓ Prime close-to-campus locations
- ✓ Rooms with Wi-Fi and designated study space
- ✓ Well equipped and furnished
- ✓ Onsite management teams
- ✓ Comprehensive facilities
- ✓ Large on the doorstep community
- ✓ All-inclusive bills
- ✓ Safe and secure

### Problems with private rented sector

Students unable to acquire a designated student room have traditionally turned to converted residential houses. The problems with this accommodation form include:



A number of local councils are also **actively restricting** the number of students living in residential houses, in order to free up more accommodation for families.

## 5. **Lucrative & secure** investment location

The UK has one of the **strongest business environments** in the world.

London is the world's **top financial centre** and the government works to create a strong business and investment framework across the country.

- ✓ **Top global** destination for FDI (UNCTAD World Investment Report)
- ✓ **Most competitive** tax regime in the G20 (Oxford University Centre for Business Taxation)
- ✓ 5th **most efficient** labour market (World Economic Forum)
- ✓ 6th largest economy (World Economic League Table 2013)
- ✓ 7th globally for ease of business
- ✓ Stable political, economic & regulatory environment
- ✓ UK's global influence offers market protection
- ✓ Absence of corruption
- ✓ Legal system supports business interests



Despite being the **largest per capita property market** in the world, inadequate construction means there will be an estimated 1 million undersupply of properties by 2022.

*Jubilee Court student property*



## 6. Critical undersupply of student housing

There is an undersupply of Purpose Built Student Accommodation in many UK cities. This has forced universities to place students together in shared bunks, or temporarily house them in hotels or nearby cities.

On average, **only 26% of students** have access to Purpose Built student rooms across the country.

The residential market has **temporarily filled this gap**. This is not, however, a sustainable solution, with councils wanting to free up such housing for families.



Only 26% of students have access to designated student rooms



Universities facing acute accommodation shortage



Housing laws are funnelling students into PBSA



Durham House student property



## 7. Specialist onsite management ensures **an effortless income**

Quality Purpose Built Student Accommodation comes with an incentivised **onsite property management company**, sustaining both occupancy levels and conducting maintenance.

The cost of these services is factored in to fixed yield contracts, ensuring that buyers receive a **true NET income**.

This makes it highly preferable to traditional student buy-to-lets, which often involve a lot of **additional costs and hassle**.



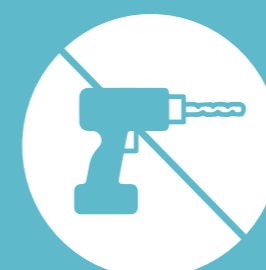
**No** sourcing tenants



**No** collecting rents



**No** dealing with late payments



**No** ongoing maintenance



**No** unforeseen costs

## 8. Buyers receive **fixed yields**

Buyers of student property **receive a fixed NET income of up to 10%**, which can be extended for as long as 10 years.

This distinguishes Purpose Built Student Accommodation from other assets, where returns can fluctuate unpredictably. This enables the buyers to **know in advance** exactly what their income will be, providing enhanced financial security.

- ✓ Fixed high yields of up to 10%
- ✓ Extended fixed income periods
- ✓ No additional costs
- ✓ No hidden fees
- ✓ Professionally managed on purchaser's behalf

### Cumulative student property returns



Example of a Jubilee Court en-suite unit, purchased for £49,950 , with 10% NET income fixed for 10 years

## 9. Extensive resale options

The resale potential of a property is **central to maximising returns** and also enhances security.

As a yield-driven asset, the attraction of your student unit at resale is dictated by **its ability to generate high yields**. This is illustrated by the size and duration of the fixed income period, which can be passed on to any new buyer when you sell.

A high fixed NET (%) income and an extended fixed income provide the **best levels of resaleability** in this respect.

40%

Selling at 40% capital growth a  
7.14% NET income to the new buyer

**7.14% NET**

Profit at resale (capital growth)	Fixed income passed on to new buyer
0%	10% NET income
10%	9.1% NET income
20%	8.3% NET income
30%	7.7% NET income
<b>40%</b>	<b>7.14% NET income</b>

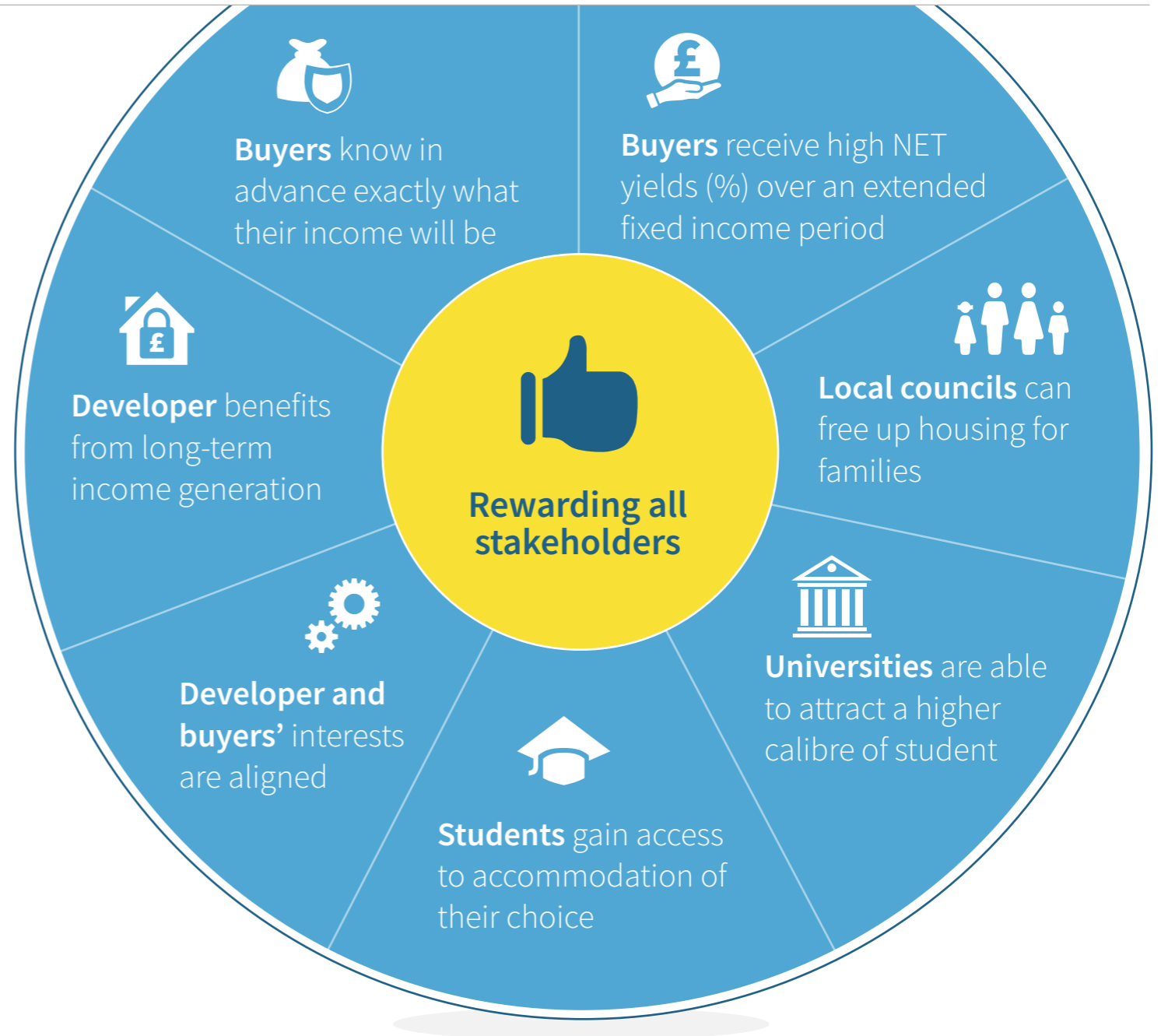


## 10. The right approach **rewards all stakeholders**

Part of the reason why Purpose Built Student Accommodation is successful is because, with the right fixed income period, it **rewards all parties involved**. With a fixed income of 10% NET for 10 years, the stakeholder benefits are ➔

"By benefitting all key stakeholders, buyers are provided with an enhanced level of security. This comes from assurances over demand, as well as the fact that all cogs are working towards the same end result."

*James Harrington, Business Development Manager, Emerging Property*



Next steps...

# Talk with us today

- ✔ Your questions answered
- ✔ Availability check
- ✔ Reserving a unit

 +44 (0) 203 287 8727

 [info@emergingproperty.co.uk](mailto:info@emergingproperty.co.uk)



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