MEETING OF PORTFOLIO HOLDER FOR PLANNING AND TRANSPORTATION

Date: 18 April 2016

2nd Annual Vacancy Survey of Purpose Built Student Accommodation (PBSA) for the academic year 2015/16

Purpose of Report

To provide the Portfolio Holder with results from the 2nd annual vacancy survey carried out on Purpose Built Student Accommodation (PBSA) for the academic year 2015/16.

Recommendations

That the Portfolio Holder notes the report and the results from the PBSA vacancy survey.

Background

Anecdotally, key commentators including Nottingham Trent University and Unipol continue to suggest that there are vacancies within PBSA market. In the Unipol report produced in December 2013, they reported that there were almost 3,000 bed spaces empty in the Nottingham market (based on figures from October 2011).

With over-supply this could lead to

1. Older schemes or new schemes coming forward to market not being attractive to students who will therefore remain within traditional housing stock and as such PBSA will not help to address HMOs concentration levels within these areas.
2. Redundant PBSA stock and the need to find suitable alternative uses which may well be conversion to low quality housing stock, and importantly in high concentrations as many student schemes that have been given consent are large and have small rooms and less amenity space than traditional housing.

It was therefore agreed at Executive Panel in October 2014 that a vacancy survey be undertaken to ascertain actual vacancy rates including working with the universities, Unipol and other PBSA providers. The first survey was carried out in the autumn term of 2014 to get an accurate number of vacancies and it was subsequently agreed that the survey should be carried out on an annual basis to ensure suitable monitoring of PBSA.

The work to set up the previous survey including a database of the main PBSA providers and contact details has been updated as new schemes have received planning permission and built and this has allowed for a quicker refresh of the result.

Scheme providers were requested to confirm that the information we have about their scheme(s) is correct including the number of bedspaces and type of accommodation (bedsits or cluster flats), as well as the number of vacant bedspaces and if there have been any changes to the way their scheme(s) operate to reduce vacancy rates/maintain low vacancies (for example, lowering prices, renovation/redevelopment, offering additional facilities and services etc). Although the survey was carried out slightly later than the academic year that the previous survey, scheme providers were requested to provide their vacancy rates for the autumn term when it is likely they will have the highest occupancy levels.

Overview of Findings

- All but one of the main PBSA providers responded to the survey accounting for 97% of the known 19,500 bedspaces across the City.
- Nottingham Trent University accommodation running at 100% occupancy
- The University of Nottingham reporting a vacancy rate of 0.5%.
- New schemes for 2015-16 (eg Avalon Court, KP House and extended and renamed Park View) also reporting zero or very low vacancy rates.
- Overall, the survey shows a vacancy rate of less than **1%** (just under 150 bedspaces) across all the schemes who responded.
- Very few operators reported any major changes to the way they have operated their schemes with no scheme mentioning the need to lower prices to maintain low vacancy rates.
- Given the low number of voids across all types of accommodation (bedsits and cluster flats) there does not appear to be any particular type of accommodation that has higher vacancy rates.
- These results show an actual reduction in vacancy rates from 1.6% in 2015-16 to less than 1% in 2015-16 from the schemes who responded.

Given that the vast majority of the market has responded positively to the survey and have confirmed that the vacancy rate is less than 1% it would appear that the operators have responded to the anecdotal evidence from key commentators of vacancies, for instance by continuing to make their accommodation more attractive through refurbishment, offering improved facilities and/or lowering their prices. Although commentators may question the results we have to take on face value what the operators have confirmed as we do not have the ability to validate the number of vacant bedspaces.

Implications for the emerging Local Plan and Development Management Decisions

PBSA planning policy (HO6) introduces a needs argument for new schemes coming forward as well as encouraging greater quality of schemes and adaptability to other uses if schemes were no longer viable for student occupation. It is still considered that these proposed changes are appropriate and should further encourage good quality schemes to come forward for specific student markets and further encourage students out of traditional housing stock particularly in areas where there are existing high concentrations. Although the vacancy survey has shown that there continues to be strong demand for PBSA it is also considered appropriate to pursue introducing a need requirement for new schemes to ensure the policy is future proof if the situation were to change and we propose to work with the Universities on this.

Next steps

It is anticipated that approximately 1,700 additional bedspaces will be provided by September 2016 and a further 1,300 additional spaces by September 2017 based on planning approvals. It is therefore considered appropriate to repeat the vacancy survey on an annual basis. The number of HMOs and households exempt from council tax will continue to be monitored.