

## **Purpose Built Student Accommodation (PBSA) vacancy survey 2021-22**

### **Background**

With the significant growth in student numbers over the last decade, the Council has promoted the growth of PBSA in appropriate locations, particularly within the City Centre. The aim being to increase choice, improve the quality of accommodation for students and provide an alternative to traditional student housing (often within Housing of Multiple Occupation). PBSA has also tried to help to re-balance the housing provision in some areas of the City where there are high concentrations of students. By providing a high-quality alternative option for student households, the policy aims to reduce demand for HMO accommodation, and allowing the housing that becomes vacated to be available to other households.

For the last 8 years the Council has carried out a vacancy survey of PBSA to ensure that there was no oversupply being created in the market. This has confirmed that there have been consistently very low rates of vacancies in all types of PBSA within the city.

### **Previous PBSA Vacancy Survey**

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 with a repeat of the survey carried out for each subsequent academic year.

The only difference to this was for the academic year 2020-21. It was considered that the disruption caused to University education and student accommodation by the pandemic could result in high head-line figures of vacancies in stark contrast to the previous low vacancies.

As a result an alternative online vacancy survey was undertaken trying to establish the reasons for high vacancies (if indeed there were high vacancies) and whether the PBSA providers felt that the market would return to 'normal' once covid restrictions were removed. 84% of those that responded considered that the PBSA market would return to 'normal'/past trends once Covid restrictions were removed. A further 10% stated that they were not sure of the impact on the market.

### **2021-22 PBSA Vacancy Survey**

Covid restrictions have eased through the 2021-22 academic year and as a result it was decided to carry out a similar survey to previous years although with more detailed questions to allow further analysis.

For this year as well as vacancy rates, providers were also asked to provide a % breakdown of the type of students renting their accommodation including what proportion are "1<sup>st</sup> years", "returners (2<sup>nd</sup>/3<sup>rd</sup> years)", "post graduates" or "other". A further question asked was what proportion of their students are "home" or

“internationals” or “other” students. Providers have also been asked if they are proposing to make changes to their schemes for the forthcoming academic year (2022-23) for example new social facilities, incentives or increases in rents etc. Finally, an open ended question was asked to allow providers to provide any additional comments about the PBSA market in Nottingham.

### Summary of the main findings;

- 35 providers responded representing over 96% of the known PBSA bedspaces within Nottingham (approx. 27,493 bedspaces).
- Reported vacancy rate is 1.1% with 0.2% from studios and 0.9% from cluster flats
- 2.5% of the PBSA stock is being “refurbished”.
- Almost two thirds (63.6%) consider that the PBSA will return to normal for the forthcoming academic year (2022-23).
- 20% of providers are considering adding additional bedspaces
- 14% of providers are considering adding additional scheme(s)
- Almost 50% (48.6%) of providers are considering general refurbishment
- Over a quarter (28.6%) of providers are considering improving incentives including returners discount, referral bonus.
- Just over a third (37.1%) are considering increasing rents.
- Over 20% (22.9%) are proposing no changes.

More detailed findings are available in **Appendix 1** including a breakdown of the type of students living in PBSA schemes.

### Results from the PBSA vacancy surveys

Academic Year	Reported Vacancy Rate %
2014-15	1.6%
2015-16	0.7%
2016-17	1.2%
2017-18	0.5%
2018-19	0.3%
2019-20	0.6%
2020-21	N/A <sup>1</sup>
2021-22	1.1%

### Conclusions

The Pandemic threw up a number of uncertainties about the PBSA market including whether the switch to online learning may have impacted on the demand for PBSA bedspaces and potential investment decision. In addition, a further 1,588 bedspaces were provided for the 2021-22 academic year (although this figures does include some large schemes that were delayed beyond the normal September opening).

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<sup>11</sup> Due to the pandemic a full vacancy survey was not carried out for the 2020-21 academic year.

The results from the survey show that the market has bounced back from the previous year's artificially high vacancy rates and that Nottingham remains a very strong market with consistently low vacancy rates for all the years the survey has been carried out.

Approximately 9,500+ PBSA bedspaces are anticipated to be completed over the next 4 years (2022-26) based on planning approvals. In addition, the Council continues to have requests for pre-application advice for further often large-scale PBSA.

Despite the large increase in PBSA bedspaces, the growth in student numbers has also remained very high and higher than the provision of new bed spaces provided in new schemes. There is also still healthy competition with operators making their accommodation more attractive through refurbishment, offering improved facilities and/or offering incentives and overall improving the quality of the accommodation being provided across the market.

The survey does require operators to self-report and so it is not possible to 100% validate the number of vacant bedspaces being reported. However, ad hoc reviews of PBSA scheme's websites helps to substantiate the results.

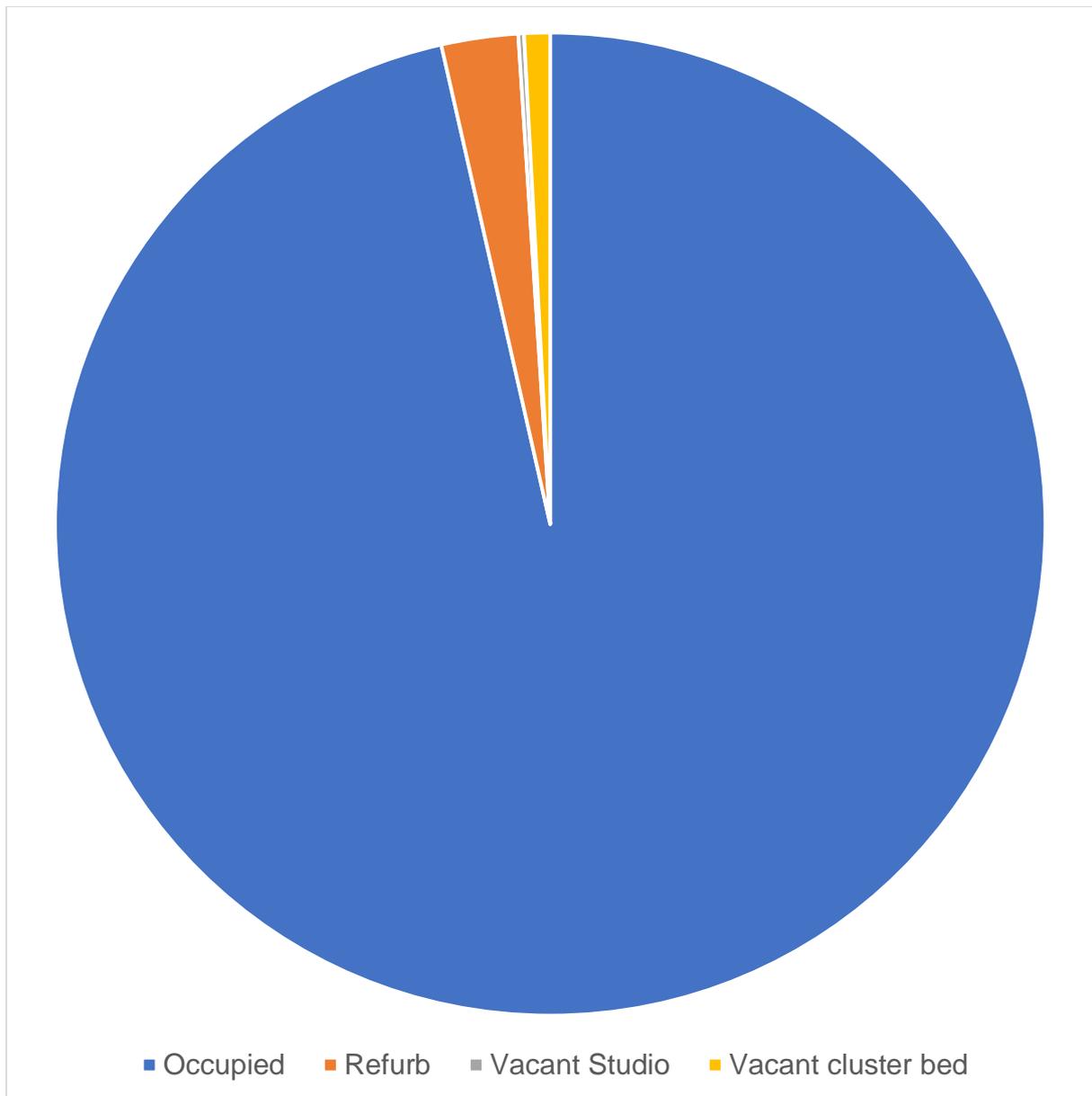
It is therefore considered that the Council's current approach to promoting further PBSA schemes in appropriate locations remains relevant to both helping to address the growth in student numbers, respond to the shortfall in supply and help to reduce student concentrations in traditional housing areas. Continued monitoring of vacancy levels in PBSA bedspaces and the number of student households exempt from council tax is required.

## Appendix 1: Detailed Results from the 2021-22 PBSA Vacancy Survey

The following information provides more detailed results from the survey.

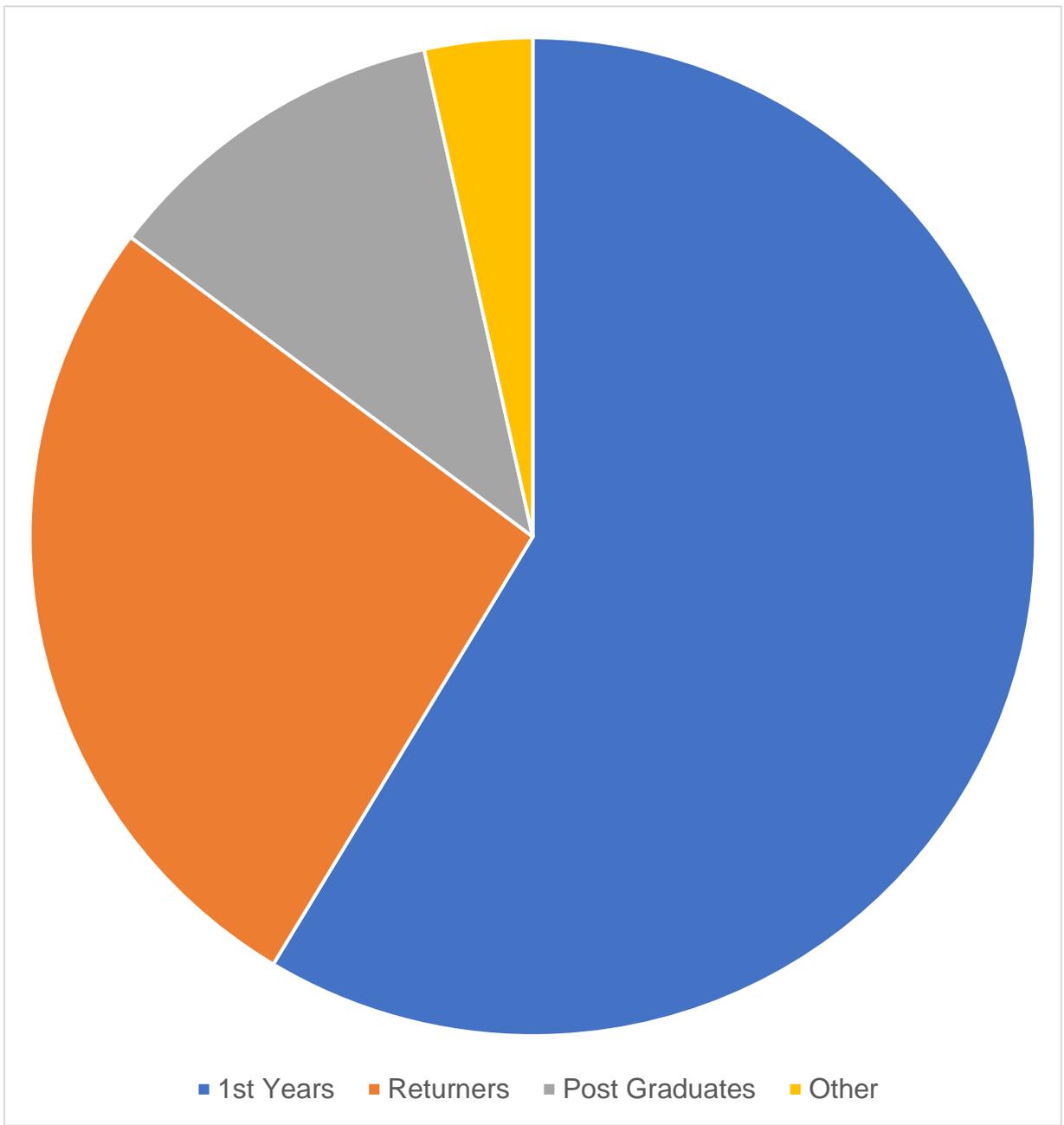
Occupation for the 2021-22 academic year broken down by occupation, refurbishment and vacancies

	Results
<b>Occupied (including reserved)</b>	96.9%
<b>Being refurbished</b>	2.1%
<b>Vacant Studio bedspaces</b>	0.2%
<b>Vacant Clusters bedspaces</b>	0.9%



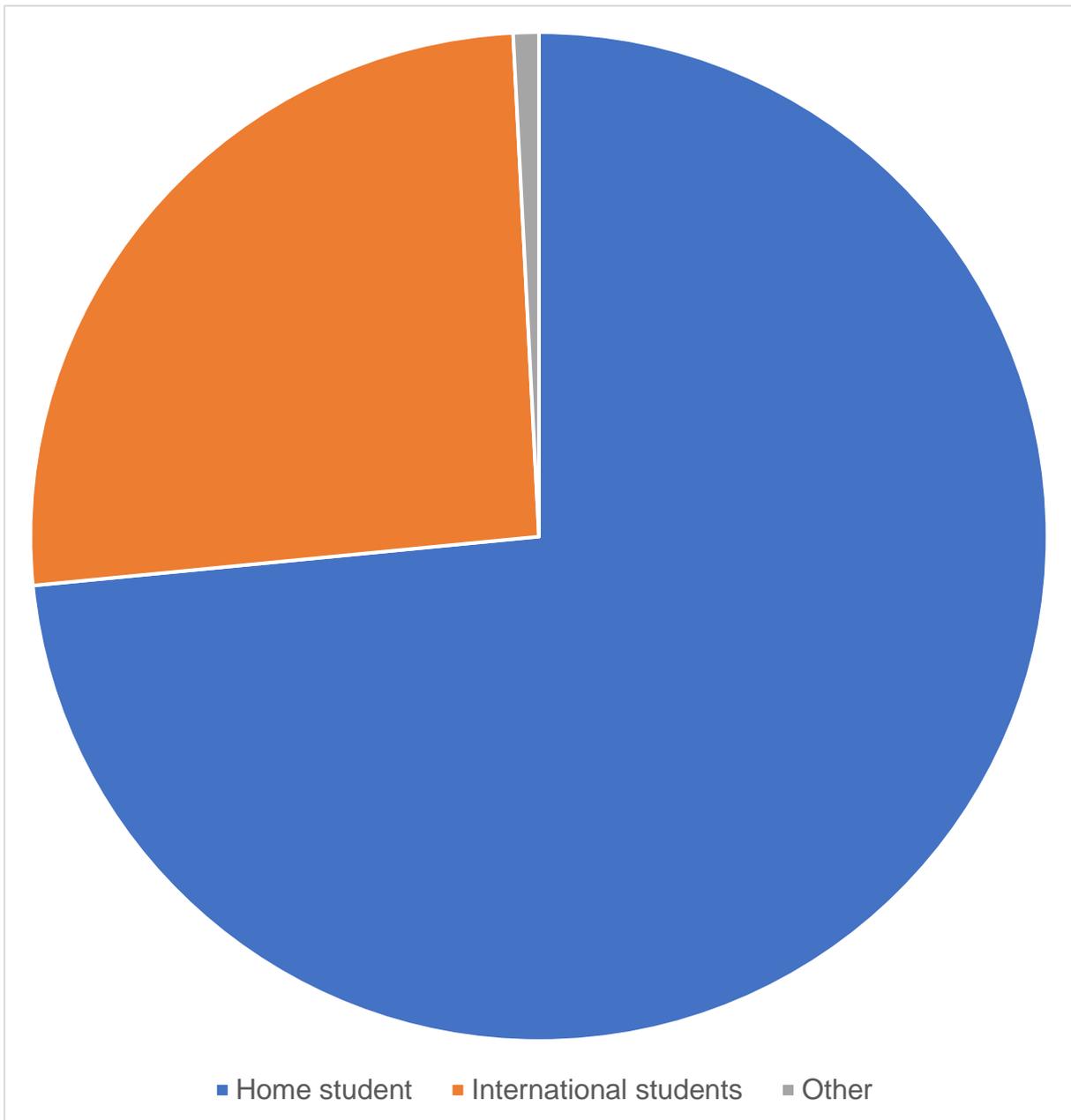
Type of Students (1st years, Returners, Post graduates or Other) for the 2021-22 academic year

	<b>Results</b>
<b>1st years</b>	59.9%
<b>Returners (2nd/3rd/etc years)</b>	25.4%
<b>Post graduates</b>	11.2%
<b>Other</b>	3.5%



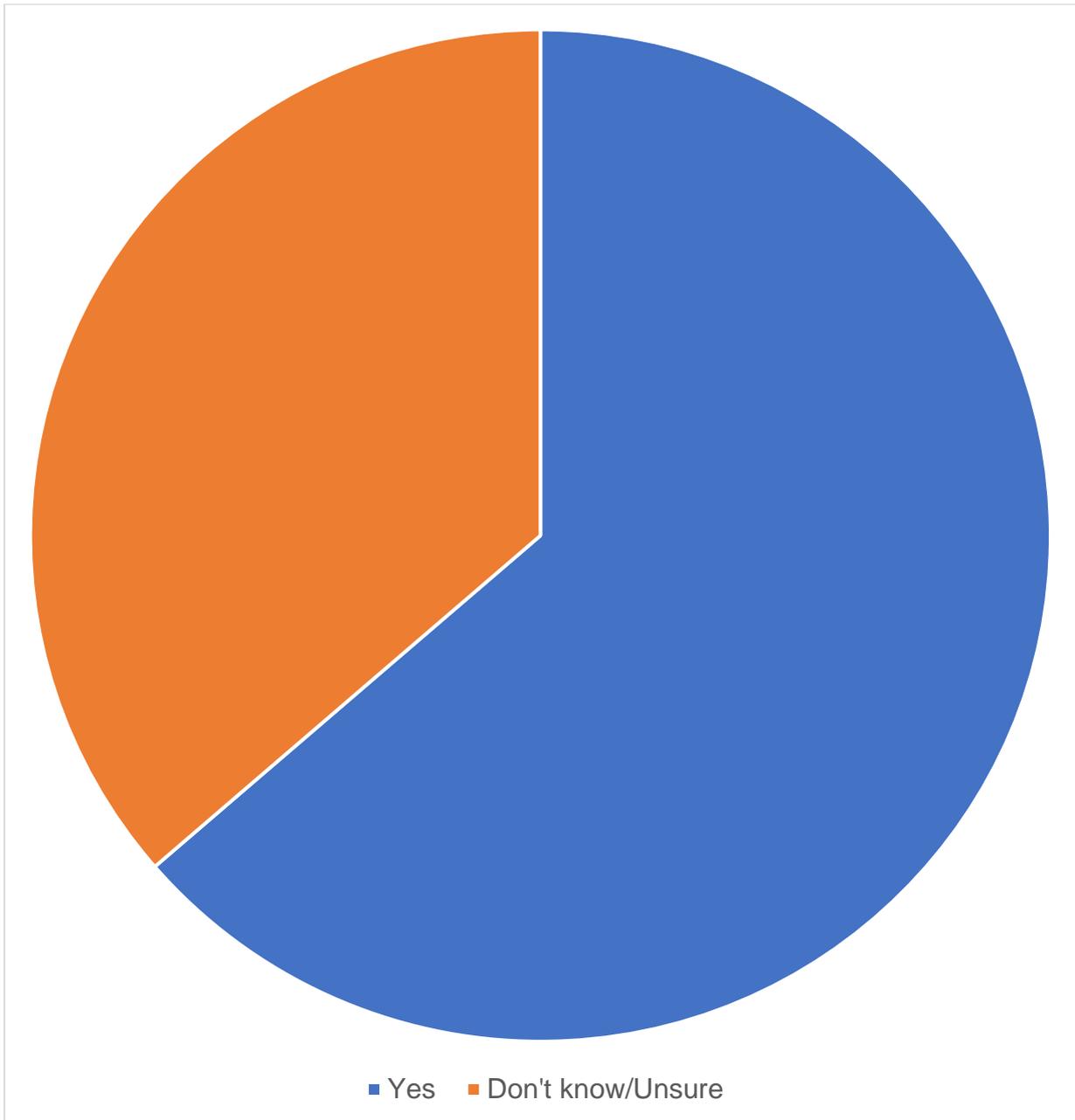
Type of Students (Home, International or Other) for the 2021-22 academic year

	Results
<b>Home UK students</b>	73.7%
<b>International students</b>	25.5%
<b>Other</b>	0.8%



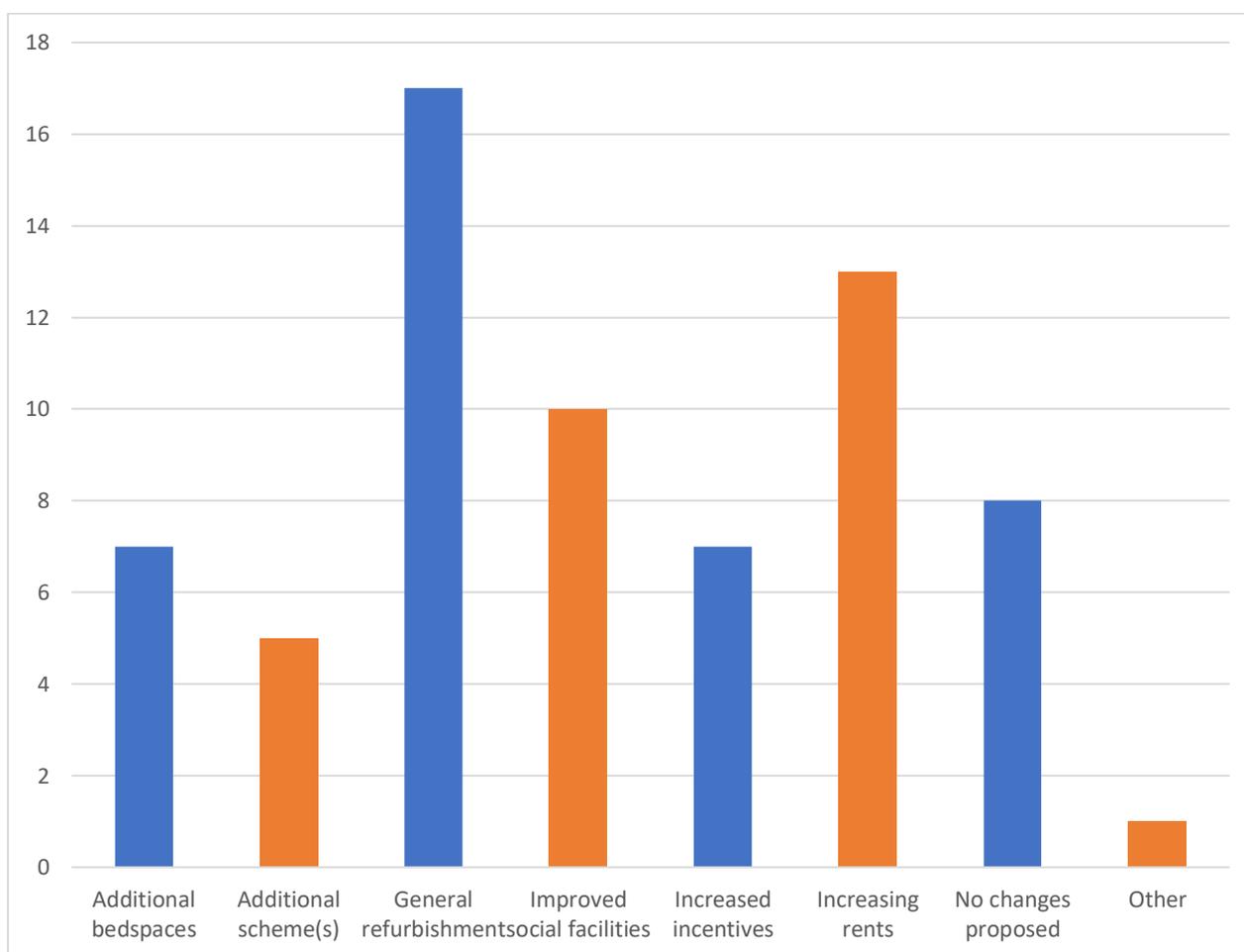
Will the PBSA market return to pre pandemic / past trends for the 2022-23 academic year subject to lifting of all restrictions?

	Results
<b>Yes</b>	63.4%
<b>No/not sure</b>	36.4%



## Changes being considered for the forthcoming 2022/23 academic year within Nottingham

	<b>Total</b>	<b>%</b>
<b>Additional bedspaces</b>	<b>7</b>	<b>20%</b>
<b>Additional scheme(s)</b>	<b>5</b>	<b>14.3%</b>
<b>General refurbishment</b>	<b>17</b>	<b>48.6%</b>
<b>Improved social facilities</b>	<b>10</b>	<b>28.6%</b>
<b>Increased incentives (eg returners discount, referral bonus)</b>	<b>7</b>	<b>20%</b>
<b>Increasing rents</b>	<b>13</b>	<b>37.1%</b>
<b>No changes proposed</b>	<b>8</b>	<b>22.9%</b>
<b>Other</b>	<b>1</b>	<b>2.9%</b>



Any additional points you wish to raise about the PBSA market in Nottingham?

Most providers didn't have anything to say here. Of the 3 that provided comments one considered **"There is still high demand for Students wanting Student Accommodation."** Another provider stated that **"PBSA market remains prominent in Nottingham with demands for beds remaining high. Large number of beds are currently under development which may see the market saturated quite quickly."** And a further stated **"Too many providers that aren't held to account for poor standards, bringing down the perception of quality available in Nottingham."**