

WHAT'S AHEAD FOR THE PBSA SECTOR?

Earlier this month, Yardi and *Property Week* brought together a panel of purpose-built student accommodation experts to discuss the sector's success in recent years, the impact that the cost-of-living crisis is having on students, how technology can enhance operations and what can be learned from the build-to-rent sector

Martin Blakey, chief executive, Unipol

Georgie Drewery, senior account manager, Yardi

Mandisa Khabo, technical director, development and construction, Greystar

Sam Scott, managing director, Fresh

Chair: Andrew Saunders, contributing editor, *Property Week*

The purpose-built student accommodation (PBSA) sector is one of the property industry's stand-out success stories of recent years. What is it about the experience provided by PBSA that students really value and that makes it so attractive to them?

Mandisa Khabo: One of the key things we notice with our students is around community. It is really important to them to have what they can class as a home – somewhere that is secure and where they can treat the people around like family. The other aspect that helps to build community is the events we run, which provide residents with an opportunity to meet our staff and other students.

So, community is at the heart of what we do, but our students also value the basics too, especially having full-building wi-fi. They'd rather have no water than lose the wi-fi.

Sam Scott: Every student values slightly different things – their choice of accommodation is based on how they weigh up things like the cost, the quality of the accommodation, the services and the facilities that are provided. But we do know that the two biggest factors are location and convenience. If you have multiple properties in a city – maybe one in the centre and another near the

university at different price points – they all get filled, but different groups are attracted to different properties.

Each community finds their own view of what value means to them. Convenience is about hassle-free and secure online bookings, and whether bills are included, so that students know exactly what their outgoings will be.

I am a parent and my son is going to university this year. Looking at it from the parents' point of view, knowing the provider is a professional organisation that is accountable and that the environment will be safe and secure for your 18-year-old gives you peace of mind.

Martin Blakey: Ten years ago, the majority of students lived in small houses run by local landlords. Now, about 65% of them live in PBSA. There is an enormous amount of choice and it is important not to look at students as a single generic group.

Design, mood and character are becoming much more important. If you are housing a lot of art students, for example, make sure there are some display spaces; or for music students make sure there are a couple of practice rooms. That will set the accommodation in the context of its academic environment.

How is the cost-of-living crisis affecting students, operators and investors?

We are seeing some interesting and imaginative responses to the cost-of-living crisis from providers

Martin Blakey

Khabo: Cost is definitely at the forefront of a lot of students' minds, but the great thing about PBSA is there is a choice of different price points. Even in London, you can choose to live in a premium building or you can choose to live in an alternative with fewer facilities. Across the country, there is a PBSA brand for everybody.

Georgie Drewery: PBSA is sometimes seen as a more expensive option compared with a house in multiple occupation or living in halls. But PBSA offers more of a service than the other options. Given the cost-of-living crisis, all-inclusive utility bills, for example, provide a much greater sense of security for students than an open contract with a utility provider.

Our clients are now offering more support to students who are feeling stressed through wellbeing programmes and having staff trained in mental health issues. That trend emerged during Covid-19 and has not gone away.

Scott: At Fresh, we represent 31 different clients with different ambitions for their properties – some long term, some more short term. We are charged with maximising the operating profit our clients get from their assets. That is about balance – finding the sweet spot where we can keep clients happy and students happy.

We work with our supply partner to hedge energy, which protected our client base [students and asset owners] last year and will continue to do so this year. We also have real cost pressures in the business in terms of talent. We are keen to retain our people. However, it is a competitive market and that puts costs up. Our supply-chain costs are also rising – things like the cost of fuel, labour and materials. Rent increases are necessary and offset some of the additional expenditure.

On the other side of the puzzle is supply and demand – will there still be demand? More students means higher demand for accommodation and that also influences rents. There is currently a lot playing out in the market.

Blakey: We are seeing some interesting and imaginative responses to the cost-of-living crisis from providers. We are looking at offering some accommodation bursaries – one-off payments to individual students of £500 or £1,000. They will be targeted at two groups. First, students who can show that their accommodation is their main place of residence. If they are not going home outside term time, they may want to rent something with a bit more space or that is a bit better quality than some other students, and a £500 grant may make the difference in terms of affordability.

Second, students who are working part-time and doing too many hours. We did a survey at the University of Leeds and found that 20% of



Andrew Saunders



Martin Blakey



Georgie Drewery



Mandisa Khabo



Sam Scott

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students are working 30 hours a week – that is almost a full-time job. It is too much. We want to say to them that they can work less and we will make up the difference.

What can technology do to enhance both operations and the student experience?

Drewery: It is the norm now for students to make bookings, payments and maintenance requests via apps. But while it is great to have snazzy customer-facing apps, it is important to have the right technology in the background as well. In PBSA, there are bulk movements and deposit handling. Our tech allows operators to streamline this process with automated features. A prime example is in the renewal process. We are able to push out automated messages and notifications for a student to rebook and sign their agreement, as early as they choose.

Khabo: We have been looking at how to start making buildings that work smarter – things like smart metering and giving residents an app to compare their use of electricity and water. If your electricity use is in the red zone, but your neighbour is in the green zone, that

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might make you think twice about how much you are using.

There are barriers – the utilities do not want to share that data, and sometimes there are clusters in buildings where there is only one meter between five flats for example. But we find ways around them, and in new assets we are putting in meters unit by unit so we can pull this data and use it.

Can you retrofit these systems into existing assets?

Khabo: Not all retrofits are the right thing to do, but some are. We see the benefits of leak detection and metering, for example. We have done other trials with things like smart heating

and lighting controls – they are nice to have, but as retrofits they can create more problems than benefits.

Are there lessons that the PBSA and build to rent (BTR) sectors can learn from one another?

Scott: People who want to live in BTR probably do not want to live with students; they want a different identity. There is a different level of social interaction in BTR, so it needs to be run differently. Our staff also tend to be busier and need to be more present in BTR properties at the weekend because that is when more viewings take place, and it is not as cyclical as PBSA.

Blakey: It is surprising we have not seen more crossover between BTR and PBSA because many of the attractions are the same

– you are moving to a strange place; how do you know what to rent? If there is a standard product, then people are reassured by that. We should have a complete continuum between student accommodation and BTR. There is a good opportunity for the industry to lobby on planning changes to make buildings more flexible, because the notion of giving planning permission for PBSA just for students is a big mistake.

Drewery: BTR can definitely learn from PBSA. A recent survey by Knight Frank found that students living in PBSA as opposed to the private rented sector were paying 33% less due to all-inclusive bills. This, partnered with a 36% increase in enquiries from people looking for inclusive bills with their accommodation on Rightmove, means that demand for all-inclusive bills is prevalent. This is a strategy that is worth implementing and maintaining going forward in both PBSA and BTR.

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