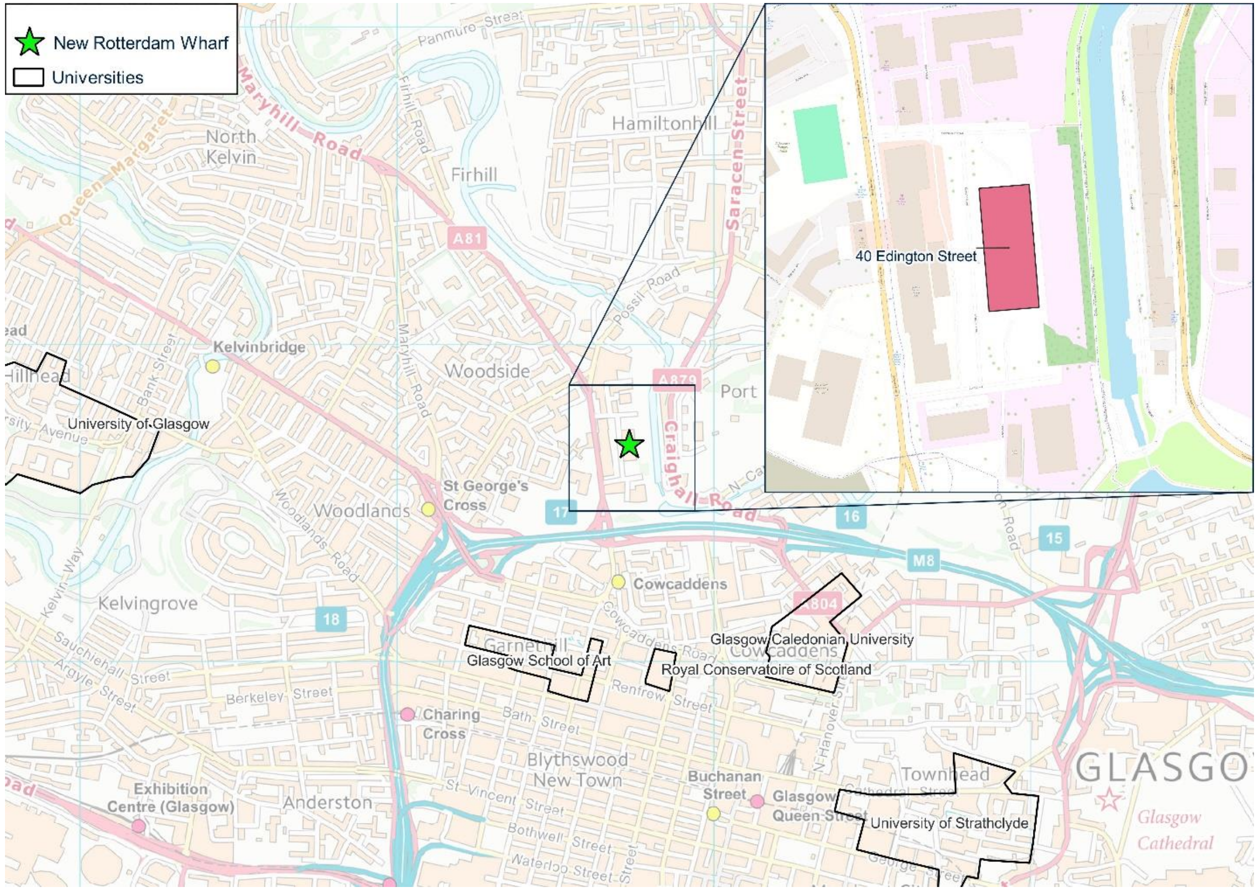
Purpose Built Student Accommodation Need Assessment at 40 Edington Street

Savills Residential Research report for Scottish Opera - Final

29th February 2024

Report Contents

Site at New Rotterdam Wharf (40 Edington Street), Glasgow



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Executive Summary

Executive Summary – Key points

3.8 full-time students are competing for every PBSA bed. A further 22,400 beds would be needed to bring the student to bed ratio to **1.5**

27,900 full-time students living in the PRS cannot access PBSA. A further **25,000** live with parents/guardians **up to 1 hour away from the city** (by public transport)

In August 2023/24, the University of Strathclyde **did not offer any clearing places** due to a lack of accommodation

Ahead of the 2024/25 year, the University of Glasgow has warned that in years of exceptional demand, it **will not offer accommodation to students commuting within 1 hour of Glasgow** by public transport.

International students in Glasgow Central in 2021/22 made a net economic contribution of

£292 million

Glasgow students denied university accommodation

11 August 2022

Glasgow University says there is not enough space to accommodate new students

By Katy Scott
BBC Scotland news website

Renting crisis: University of Glasgow students warned to not enrol amid lack of housing

21st September 2022

Homeless students forced to sofa-surf amid 'accommodation crisis'

The demand for purpose build student accommodation has outstripped supply across the country.

Tara Fitzpatrick & Olly Dickinson
24th Aug 2023

Students are facing an accommodation crisis across Scotland with almost all purpose-build housing booked up ahead of the next academic year.

As far back as February this year, data showed that almost all purpose-built student accommodation (PBSA) in Scotland's biggest city, Glasgow, was booked up for next academic year.

New Glasgow students told they will not be guaranteed accommodation this year as union claims university has accepted too many students

- Glasgow University rejected applications for halls from those able to commute
- It also could not guarantee accommodation to those who live further afield
- The university blamed the strained rental market for an increased halls demand
- But the Students' Representative Council believe the issue is 'over-recruitment'
- Several students have said they might have to give up their place as a result

By HANNAH MCDONALD FOR MAILONLINE
PUBLISHED: 12:09, 11 August 2022 | UPDATED: 08:11, 12 August 2022

Source: HESA, Savills Research, Glenigan, BBC, STV, The Herald

Executive Summary – Glasgow PBSA Market

Market Summary

Glasgow faces a major supply shortage of Purpose Built Student Accommodation. The student population is growing much faster than the provision of accommodation which is creating intense pressure for rented housing.

There are more international students attending Universities in Glasgow than there are available beds, even before provision is made to domestic students that are not able to stay at home. This means many students, both domestic and international, are relying on the private rented sector (PRS), which is also experiencing supply shortages and rapidly rising rents.

The result has meant that many students are not able to find suitable accommodation in Glasgow, looking further afield as far as Stirling or taking temporary accommodation in budget hotels.

Demand

In the 2021/22 academic year, the city had **92,430** students. Glasgow's full-time population was **77,640**, which is the highest on record and makes Glasgow the third largest city by full time students after London and Birmingham.

Total acceptances for 2023/24 rose by **1.7%** and non-EU international acceptances by **3.6%** according to UCAS, putting further pressure on housing in the city.

Our projection of demand and supply suggests that at the current rate, the number of students unable to access student accommodation will grow from an estimated **57,000** in 2023 to **73,000** in the next 10 years.

Failure to provide adequate accommodation stands as a major barrier to the continued growth of Glasgow Universities, together with the major benefits they bring in terms of inward investment, job creation and kudos to the City.

Supply

PBSA schemes are broadly located in two clusters in the West End and the city centre. There are just over 20,200 PBSA beds in Glasgow. The largest proportion of theses (40%) are in private schemes, providing 8,170 beds. A further 5,640 beds are under nominations agreements with universities. The remaining 6,400 beds are university-owned.

PBSA beds (university-owned and private) in Glasgow accommodate 26% of students. Based on existing PBSA supply, the student to bed ratio, or the number of students for every PBSA bed, is 3.8.

Recent housing pressures has led to an unusually high number of students living at home. Ahead of the 2022/23 year, the University of Glasgow declined accommodation to students with family homes within 30 miles

Future Supply

There are 9,004 beds in the pipeline in Glasgow, not including the subject site.

Of these only 3,103 beds are under construction or have full permission. This new supply would increase the available PBSA beds, but this would still only be enough to house **35%** of Glasgow's students.

PBSA developments are vital to help Glasgow's universities house their students in appropriate accommodation within reach of their university. Student numbers in Glasgow will also grow in the coming years, placing further pressure on supply.

The PRS in Glasgow is also supply constrained with 15% fewer properties available to rent compared to the 2017-19 average. PBSA can free up homes for other types of rental households.

Source: HESA, UCAS, Savills Research, Glenigan

Executive Summary – Glasgow vs other major cities

Scottish Opera is proposing a purpose-built student-accommodation (PBSA) scheme at New Rotterdam Wharf, providing c.700 beds. Compared to other university cities Glasgow has the highest student to bed ratio and the lowest number of existing PBSA. Low numbers of PBSA coupled with shortages in the wider rental market is creating a housing crisis for students. There is a clear undersupply of student accommodation in Glasgow and strong demand for additional bedspaces.

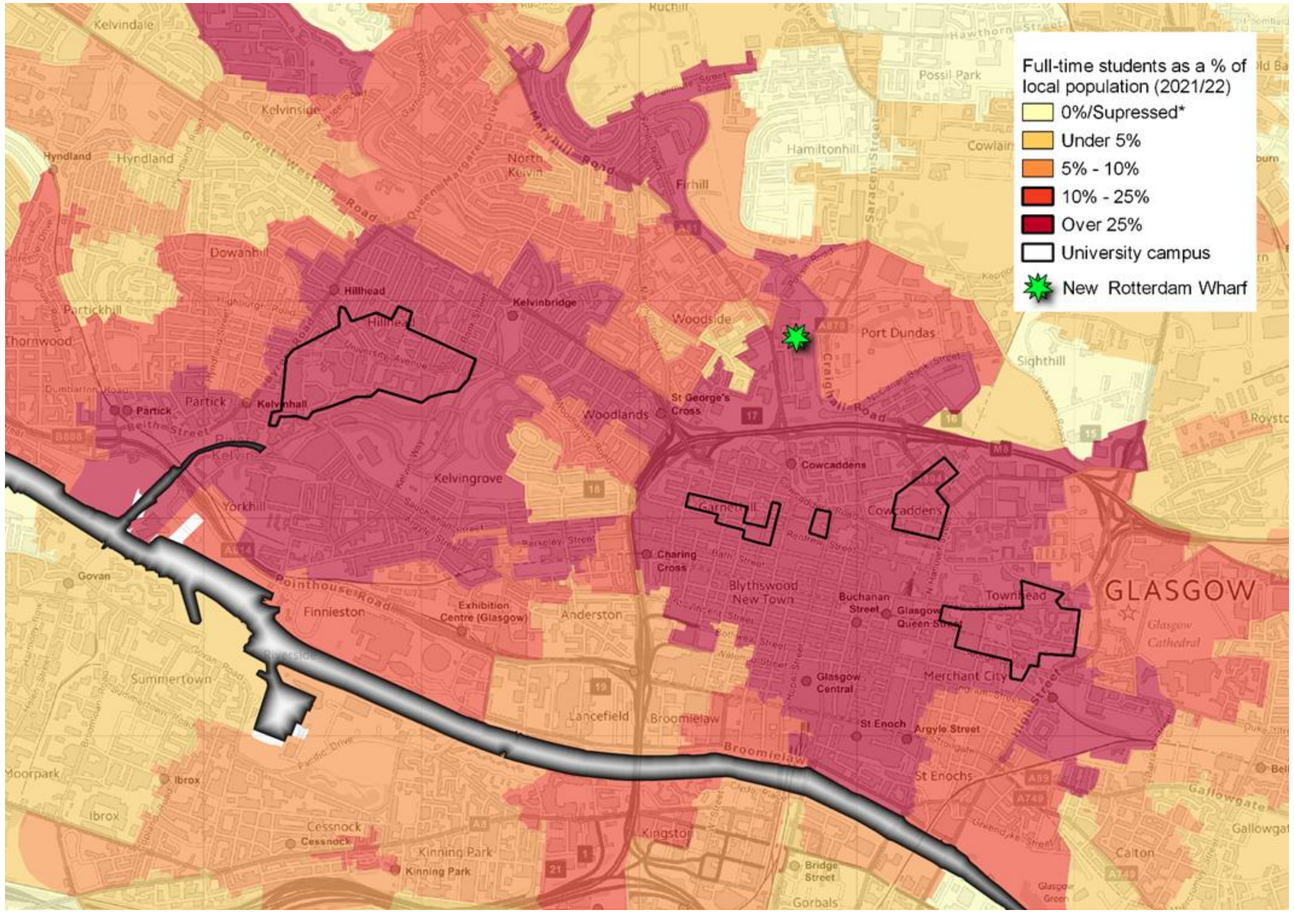
Glasgow has the third highest number of students of any city in the UK but has one of the lowest proportional supply of PBSA beds with a high student to bed ratio of 3.8. Birmingham, the closest comparable student city, has a greater number of available beds and a larger pipeline. Building out the entire Glasgow PBSA pipeline would only reduce the student to bed ratio to 2.6; an ideal ratio that provides sufficient supply is 1.5. Glasgow also has one of the most severe shortages of rental stock of the cities listed, in part because students are having to rent in the wider PRS rather than in PBSA. With the strongest student growth of any of the cities below, the severe shortage of student housing will continue unless PBSA is increased.

	Glasgow	UK	Birmingham	Edinburgh	Manchester	London
Total number of students	**92,430**	2.26m	93,805	76,410	84,260	404,020
Number of full-time students	**77,640**	1.94m	78,610	65,530	74,665	344,070
Annual growth in FT students since 2016/17	**6.00%**	3.30%	3.10%	4.40%	2.50%	4.40%
10 year annualised growth (CAGR)	**4.40%**	2.30%	3.30%	3.20%	1.50%	2.30%
Projected growth in FT pop using 10 year CAGR	**18,675**	266,000	13,830	11,095	5,920	41,880
% of international students	**33%**	21%	22%	38%	28%	41%
Annual growth in international students since 2016/17	**12.30%**	3.50%	4.70%	8.30%	5.90%	8.90%
FT student to bed ratio (2021/22)	**3.8**	2.9	2.7	3.1	2.5	3.5
Operational PBSA beds	**20,233**	c.684,000	29,481	21,122	30,241	98,153
Pipeline PBSA beds as at January 2024*	**9,004**	-	12,600	7,413	11,606	41,515
Number of additional beds needed to reduce student bed ratio to 1.5	**22,400**	-	10,326	15,152	7,930	89,712
% of properties available to rent vs the 2017-19 average	**-28%**	-	-26%	-19%	-27%	-42%
Annual rental growth to November 2023	**12.10%**	8.30%	8.20%	13.40%	11.40%	8.00%

Source, Savills, HESA (2021/22), Zoopla – powered by Hometrack, Rightmove | *excludes subject site

Executive Summary – Glasgow City

New Rotterdam Wharf, Edington Street, is situated in an area of high student density in Glasgow, north of the city centre universities and east of the main University of Glasgow campus.



77,640
Full-time students in Glasgow (2021/22)

25,735
Full-time international students (2021/22)

4.4%
10 Year Full Time CAGR pa

5 universities
Including 1 Russell Group university

15.7%
Annual growth in full-time international students since 2016/17

-28%
Fewer properties to rent vs. 2017-19 average

3.8
Current Student to Bed Ratio

9,127 beds
Current pipeline of PBSA

22,400 beds
Additional beds required to reduce bed ratio to 1.5

Source: HESA, UCAS, Savills, Glenigan

Executive Summary – SG10

New Rotterdam Wharf is opposite Speirs Wharf, about 1 mile north of the University of Strathclyde and George Square. This location falls outside the Areas of Concentration under the SG10, and so only the City-Wide Locational Criteria apply.

The criteria states that

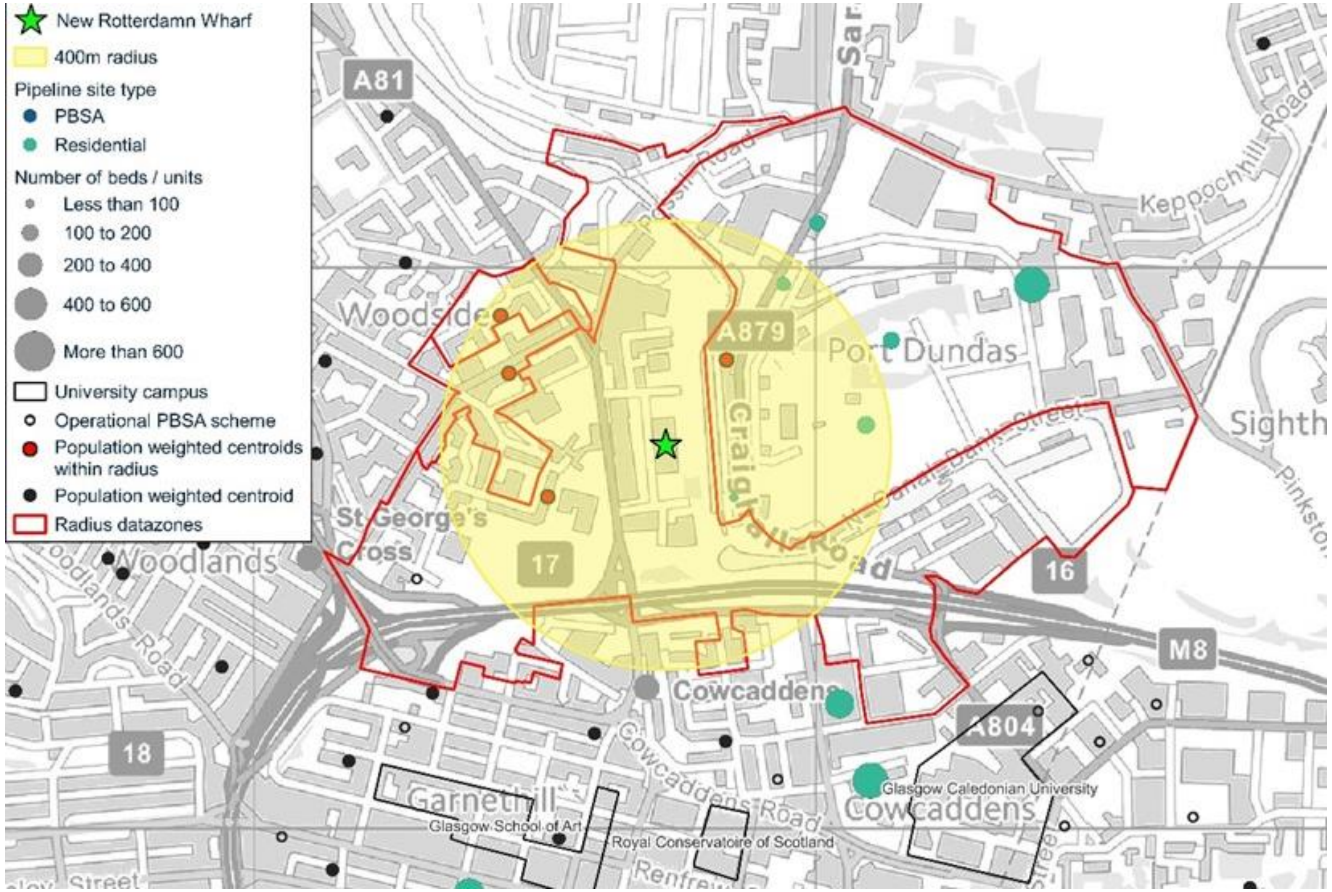
"*High-quality purpose built student accommodation that is appropriately located can make a positive contribution to the local environment; supporting regeneration objectives through the renewal of vacant and derelict sites and boosting local populations to sustain facilities and amenities*".

"*Where a proposal is part of a larger mixed use development or where it is an area of regeneration with no established residential community, these factors will be given due weight in the assessment of impact. Applications for development within these areas will be expected to include a proportion of mainstream residential development to help support the development of a sustainable community*".

Within a 400m radius, full-time students make up 17% of the population. The site is the only PBSA scheme in the pipeline within the radius, which would provide c.700 units. There are also 131 private for sale residential units in the pipeline within this area.

If this entire pipeline was delivered, students as a percentage of students in the local population would increase to 33%. This assumes that the residential units would have an average of 2.02 people per household which is the average for Glasgow from the Census.

The site offers an opportunity to provide professionally managed student housing in the right location which will also benefit the on-going regeneration process within that area of the city.



	Pre-development	Post-development
Total Datazone population	3,174	3,462
Total full-time students	539	1,239
% full-time students	17%	36%

Source: HESA, UCAS, Savills Research, Glenigan

Introduction

The New Rotterdam Wharf site

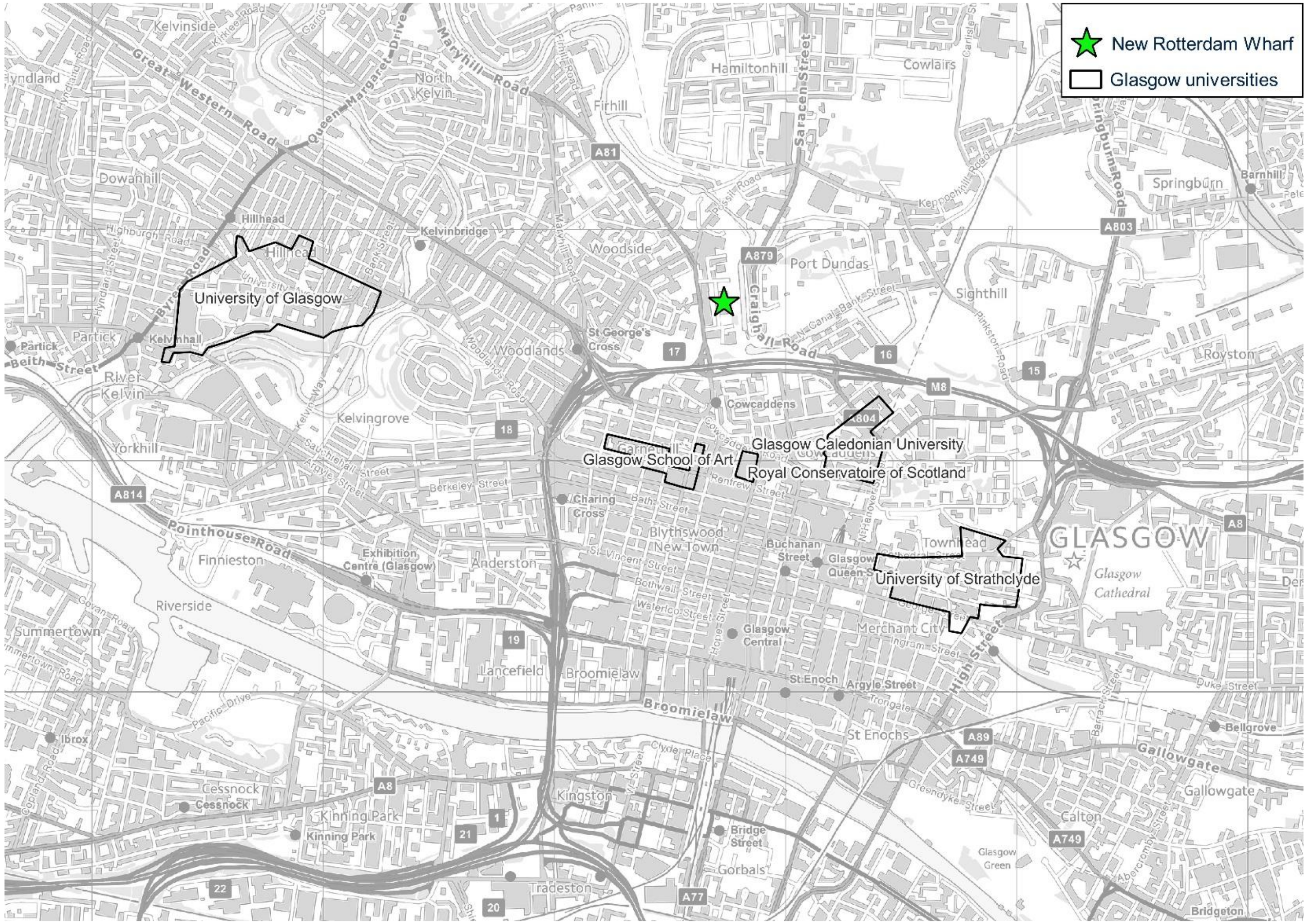
The New Rotterdam Wharf site is located to the immediate north of the city centre. All of Glasgow's main university campuses are accessible within 15 minutes cycling or 30 minutes using public transport.

This includes the city-centre universities which cater to around 41,200 students and the main University of Glasgow campus to the north-west. It is also less than 20 minutes by bus or subway to Glasgow Central station.

The University of Glasgow also has a campus at Garscube, 5 miles north-west of its main campus. This is also accessible from the site within 40 mins by public transport or 25 minutes cycling.

University	Number of FT students	Travel time	Cycle time
University of Glasgow	36,450	20 min (subway), 25 min (bus)	10 min
University of Strathclyde	21,065	15 min (subway), 25 min (bus)	10 min
Glasgow Caledonian University	16,680	20 min (bus, walk)	5 min
Glasgow School of Art	2,320	15 min (bus)	5 min
Royal Conservatoire of Scotland	1,130	15 min (bus)	5 min
Total no. FT students	**77,640**	-	-

Site location and university campus



Source: Savills, HESA, Google Maps (travel time when leaving at 8:15 am on a weekday)

Glasgow City Council recognises that good quality student housing is needed to maintain Glasgow's academic ranking and to retain graduates within the city post-education.

Glasgow City Council identifies Glasgow as one of the top 50 global cities for students with a graduate retention rate of 46%

Support for the development of student accommodation is outlined in Glasgow's city centre living strategy 'Glasgow Vision 2035' which seeks to double the city centre population to 40,000.

It states that student accommodation will be a key part of the housing mix to meet this ambitious target and enable a sustainable and inclusive and diverse city centre.

It recognises that new student schemes and proposed developments offer increased footfall that can attract more residential uses into an area.

'Despite the often negative perceptions of students, there are many positive factors allied to this group, including their substantial contribution to the local economy'.

It is recognised that Glasgow outperforms most of its comparator cities for student retention after graduation, so it is critical that the experience of living in Glasgow is positive for students and communities.

The city centre living strategy aims to widen the demographic profile of the city centre, ideally attracting families as well as continuing to attract students, young professionals and downsizers.

As part of City Vision Report the consultation process concluded that '*student accommodation is a key factor in the student's decision-making process and it presents significant economic opportunity and impact, with positive and negative social impacts which require further investigation*'.

The University of Glasgow have identified a need for additional bedspace over the next 4 years. The University increased the supply of beds it can nominate to in 2022/23 academic year.

The University of Glasgow secures 203 PBSA with Unite Students and confirms appetite to increase supply by 826 beds for the academic year 2022/23 with an additional requirement of 1,000 beds per annum over the next 4 years

The University of Glasgow hold Court meetings five times a year and the minutes and papers of these meetings are publicly available. Student accommodation and the housing crisis in Glasgow has been discussed at many of these meetings over the past year.

The April 2022 Minutes identify that the University of Glasgow had 3,399 bed spaces within its current portfolio, whilst an additional 203 bed spaces were purchased from Unite Students to accommodate residents who were unable to secure accommodation within the existing portfolio.

It was anticipated that demand would continue to exceed supply, and as a result, the University of Glasgow would purchase bed spaces to mitigate the risk of students not joining or withdrawing from the University due to a lack of accommodation.

The April 2022 minutes outlined the proposal to purchase 826 bed spaces for academic year 2022/2023, rising to 1,000 for the four subsequent years resulting in a total contractual period of 5 years, with a break clause after 3 years that only the University of Glasgow could initiate

The April 2022 meeting notes also identified that travel disruption is having an impact on international students who may find they must remain in Glasgow for a longer period than expected. This may, in turn, compound pressures on existing accommodation shortages in the city.

Several factors have contributed to a shortage of accommodation in the city and the Senior Management Group and the Students Representative Council are engaging with Glasgow City Council to discuss how to tackle the issues facing students in finding suitable and affordable accommodation.

The University has also agreed to enter into nominations agreements with private accommodation providers to ensure that there is sufficient provision for 2022-23. The September 2022 minutes confirmed that the University has increased the number of rooms it can nominate to by 900.

Source: The Glasgow Guardian, Glasgow

Growth of the student population attending the University of Glasgow will have to be limited if there is not an associated expansion in student accommodation.

The University of Glasgow noted in the Meeting on the 23rd November 2022 that "It is unethical to continue to recruit students to a city that does not have the capacity to house them, and it betrays the University's duty of care to not take a firm stance against further growth".

The Glasgow University November Court meeting noted that discussions about the size and shape of the University should factor in plans for student accommodation both managed by the University but also in the private sector.

It was reported that accommodation issues were causing issues across the city and that there was a housing crisis taking place which had been as a result of a contraction in the supply of rental properties together with a downturn in homes being built for social housing

For the September 2023 intake, the University has secured significant additional nominations in PBSAs. It also intends to set lower recruitment targets and are actively looking to acquire additional properties that could be used to house students.

The number of additional beds had been confirmed at 826 for next session and would rise to 1000 for the following four years.

The University is exploring options to expand its own accommodation stock, working collaboratively with Glasgow City Council and national Government to explore other options to improve the situation.

The University of Glasgow remains concerned about a contraction in the private rental sector and the impact this may have on students' ability to find affordable rental properties close to the Glasgow campuses. For the 2022/23 academic year, the University Secretary has implemented the following :

1. Increase the number of rooms it can nominate to in Purpose Built Student Accommodation buildings by c.900.
2. Restricted the number of offers made to candidates in this year's recruitment round.
3. Actively lobbying government at local, Scottish and UK level to reverse recent changes which have driven landlords out of the market.
4. In 2032/24, take a significant number of additional nominations.
5. Advancing the residences strategy and seeking additional properties to buy or land on which to build additional student rooms.
6. Increased hardship funds available to students who find themselves in financial difficulty as a result of the housing shortage.
7. The University and the SRC are providing practical advice and support to students seeking accommodation in the PRS.
8. **Regrettably, the University will avoid offering a guarantee of university accommodation to prospective students starting their studies in 2023. They will continue to advise students to travel to Glasgow only if they have already arranged accommodation.**

Source: The Glasgow Guardian, Glasgow

The student economy provides a net economic benefit to Glasgow. A student adds c.£6,300 p.a. with the local economy benefiting most by students supporting local shops and leisure facilities around the site.

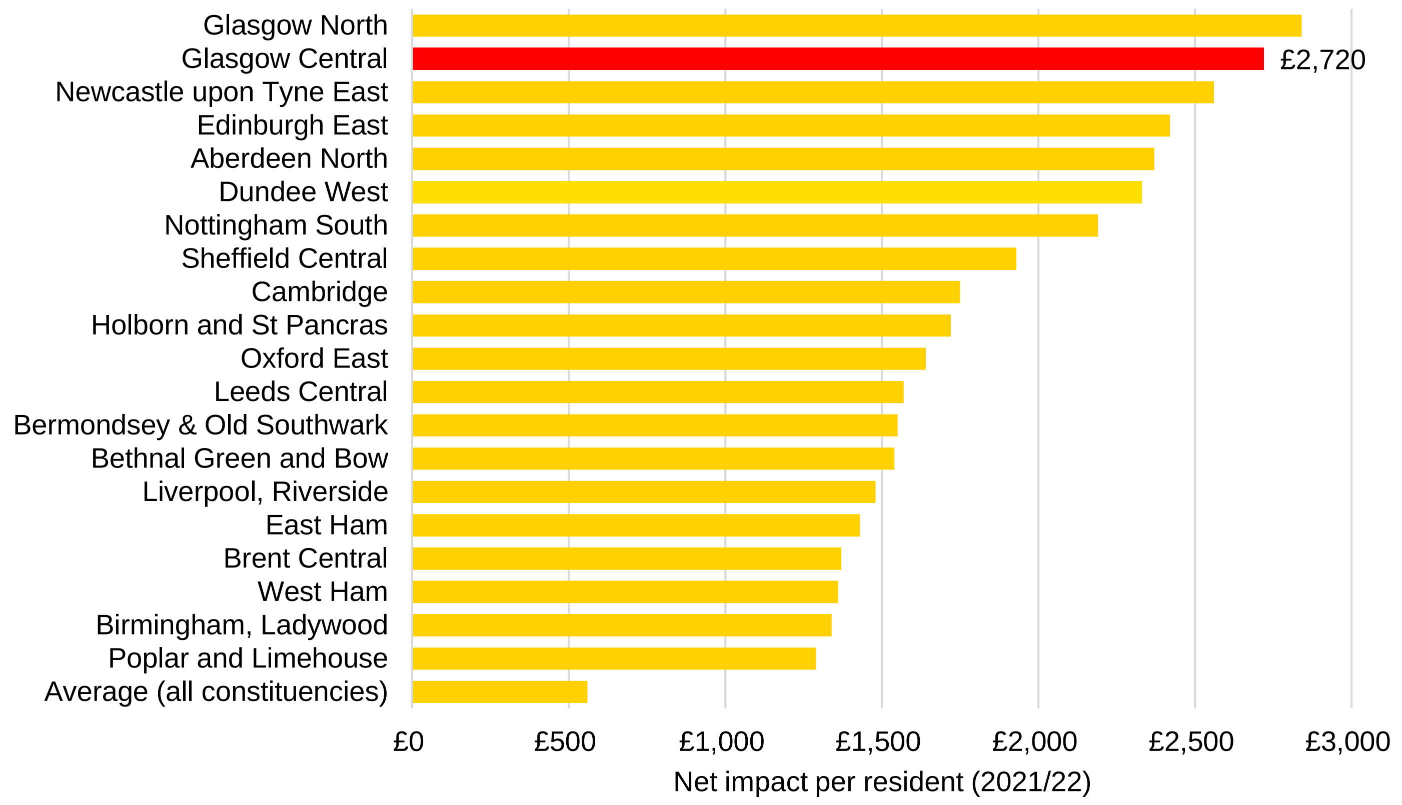
Higher education is an important contributor to the national economy. Beyond the living costs that each student will inject into the local market, there is also the significant contribution they make each year through rental payments.

Each individual student will contribute to the local economy through a variety of expenses, in addition to the direct costs of tuition and housing. Costs related to weekly food shops, socialising, entertainment and course related equipment all add up so that the average student in Scotland will provide c. £6,300 to the local economy each year. Clearly, where there is a large student population such as Glasgow, there are significant economic benefits from accommodating students locally.

Estimated spending by individual students by region

Region	Spending per week	Spending per year
East Midlands	£113	£5,857
East of England	£134	£6,977
London	£157	£8,189
North East	£112	£5,812
North West	£106	£5,537
Northern Ireland	£83	£4,317
Scotland	£122	£6,334
South East	£118	£6,124
South West	£123	£6,418
Wales	£96	£4,966
West Midlands	£109	£5,663
Yorkshire	£110	£5,706

The net economic benefit associated with international students (Parliamentary Constituencies)



The Glasgow economy increasingly benefits from international students in the city. **International students made a £292 million net economic contribution to the Glasgow Central parliamentary constituency in 2021/22.** This means that, of the 420 parliamentary constituencies in the UK, international students in Glasgow Central made the greatest contribution in terms of total net economic impact and 2nd on a per resident basis. Sufficient housing provision will be crucial in continuing to attract and retain international students and the economic benefits they provide.

Source: London Economics, NEF Consulting, the National Union of Students

Glasgow’s student trends

Over 77,600 full-time students live in Glasgow, an increase of 34% in the last five years, placing significant pressure on Glasgow's strained pool of student accommodation.

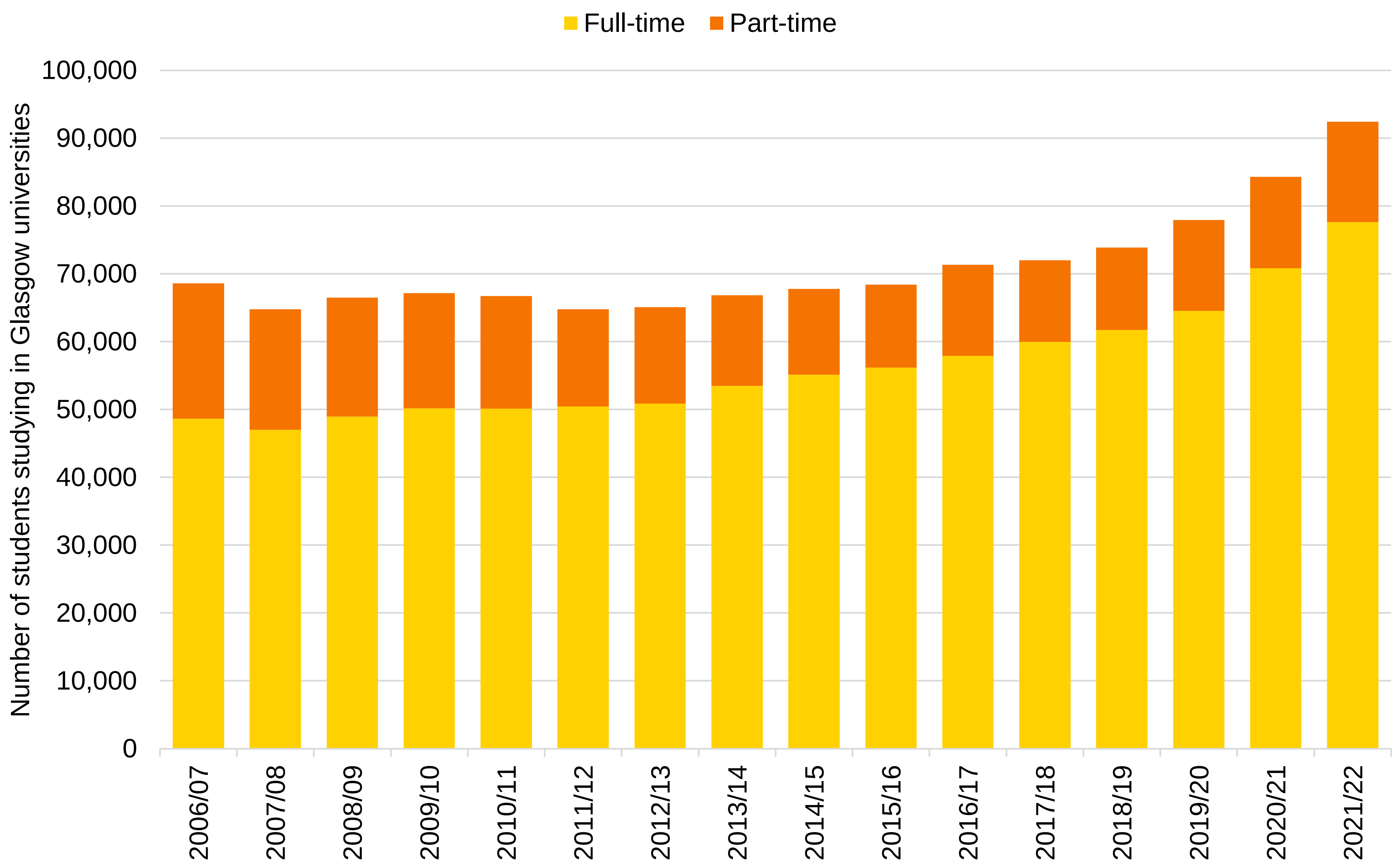
The number of students living in Glasgow has increased every year since 2011/12. In 2021/22, there were 77,640 full-time students living in Glasgow and over 92,000 students in total.

The total number of full-time students living in Glasgow increased by 34.1% between 2016/17 and 2021/22 to a record high. This growth has placed significant pressure on Glasgow's already strained pool of student accommodation.

The number of part-time students has also increased between 2016/17 and 2021/22 by 10.0% and has comprised around 16.5% of the total student population since 2017/18.

	Total students 2021/22	% increase since 2016/17
Full-time	77,640	34.1%
Part-time	14,790	10.0%
Total	92,430	29.6%

Student numbers in Glasgow by mode of study



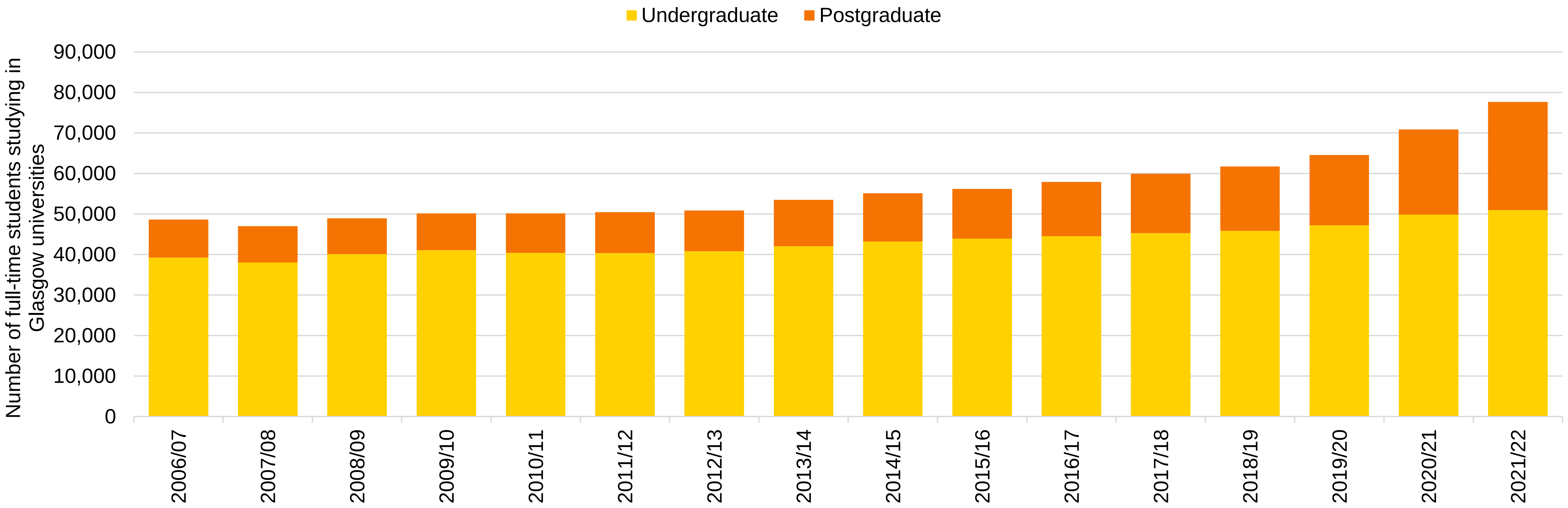
Source: HESA

The number of postgraduate students is rising, up 27% in a single year in 2021/22. This is likely a result of the wider economic slowdown and reduction in hiring during the pandemic.

In 2021/22, there were over 26,600 full-time postgraduate students at Glasgow, up 26.9% from 21,015 students the year before. While these numbers were likely accelerated by the economic slowdown and disruption caused by the pandemic, leading to students seeking security in further education, they are nevertheless part of a longer term trend of increasing postgraduate numbers.

	Total students 2021/22	% increase since 2016/17
Undergraduate	50,975	14.5%
Postgraduate	26,665	99.2%
Total	77,640	29.6%

Full-time student numbers in Glasgow by level of study



Source: HESA

In Glasgow there are insufficient PBSA beds to cater for international students, without considering domestic students.

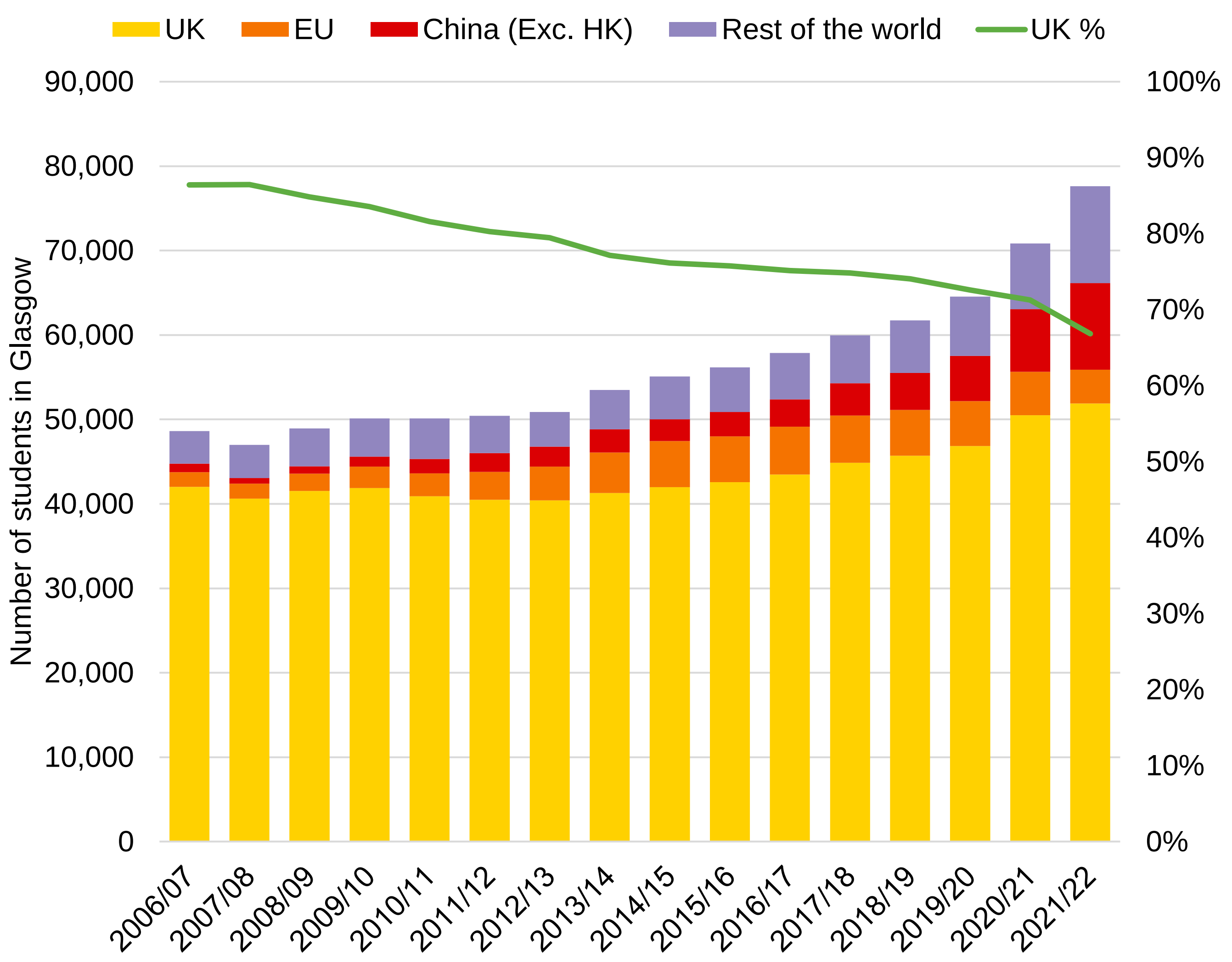
The UK is home to world-leading educational institutions, in high demand for students in China, India and other large global markets. As these countries become increasingly wealthy, more families can afford for their children to attend university in the UK. This has meant that along with the growing number of postgraduates, there has been a significant increase in international students in recent. Growth has been particularly strong in non-EU students, at 149% in the last five years. China has seen stronger growth still, with more than 10,000 students in Glasgow in 2021/22.

The 25,735 international students in Glasgow are more likely to demand PBSA than domestic students, because it is a more convenient and high quality housing product. But there are currently not enough PBSA beds in Glasgow to house the city's international students, before even considering domestic students. A greater provision of PBSA is essential to somewhat relieve this crisis.

Economic growth in China, India and other global markets will continue into the future, and with it, demand for PBSA from international students will remain high and will grow further.

Country of residence	Total students 2021/22	% increase since 2016/17
UK	51,900	19.3%
EU	3,975	-29.6%
China	10,265	215.4%
Rest of the World	11,500	109.0%
Total	**77,640**	**34.1%**

Student population by domicile

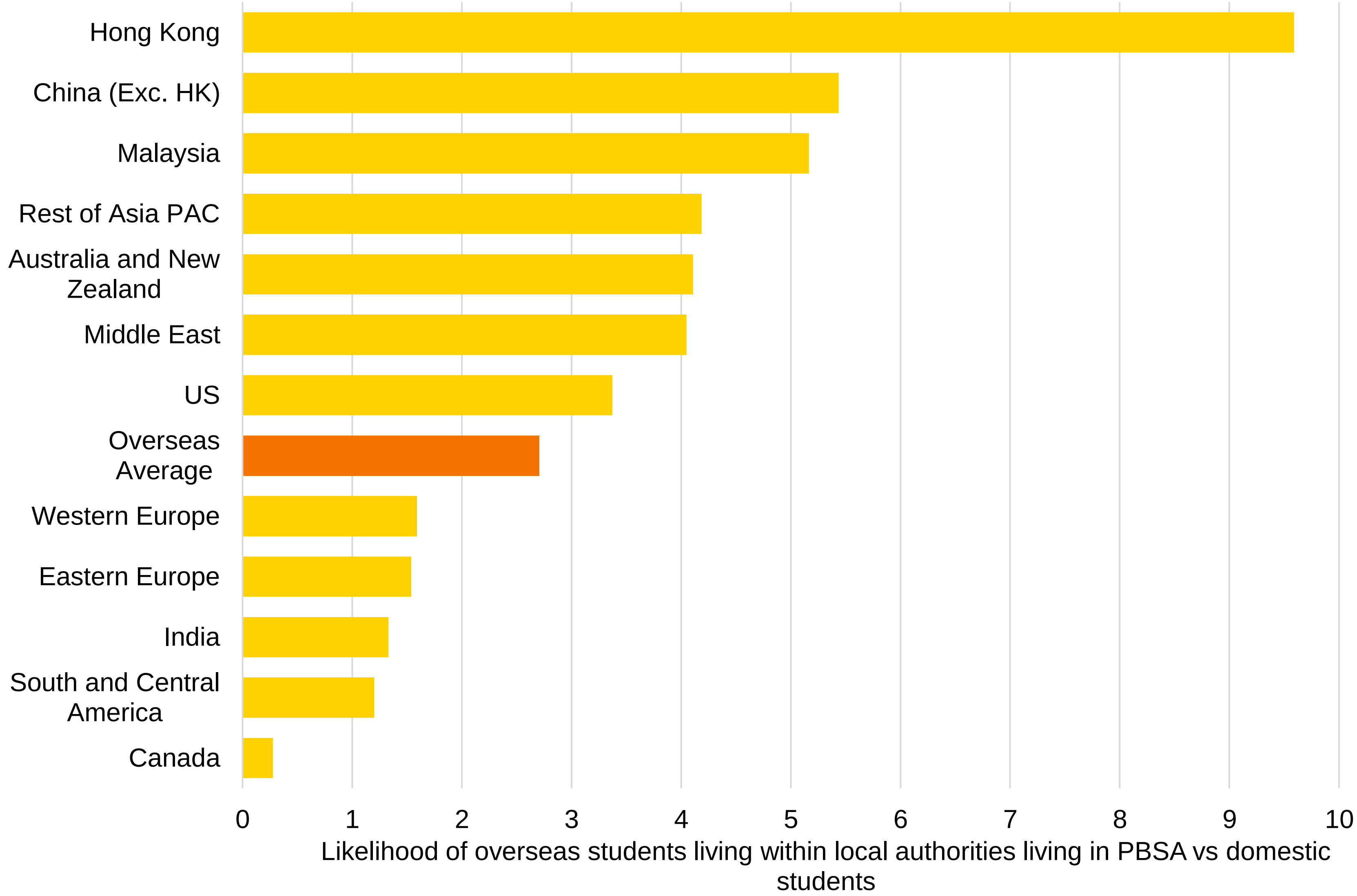


International students are much more likely to want PBSA, because the sector offers a more convenient and higher quality rental product, which avoids having to navigate the local rental market from abroad.

It is well known that international students are more likely than domestic students to live in PBSA. This chart shows the likelihood of students from different nationalities living in PBSA relative to domestic students. At zero, overseas students are equally likely to live in PBSA than domestic students, indicating that all nationalities are more likely than domestic students to live in PBSA.

Overseas students are typically 2.7 times more likely to live in purpose-built student accommodation than domestic students. Overseas students are also much more likely to demand living in PBSA across the entire duration of their studies.

A common trend for domestic students is that they live in PBSA within their first years and then more likely to move into the wider PRS market having found a group of friends to live with. This has direct implications on the supply of PRS accommodation available for other groups, such as graduates. Greater provision of PBSA will help alleviate this movement into the PRS, which for many students is a necessity rather than a choice.



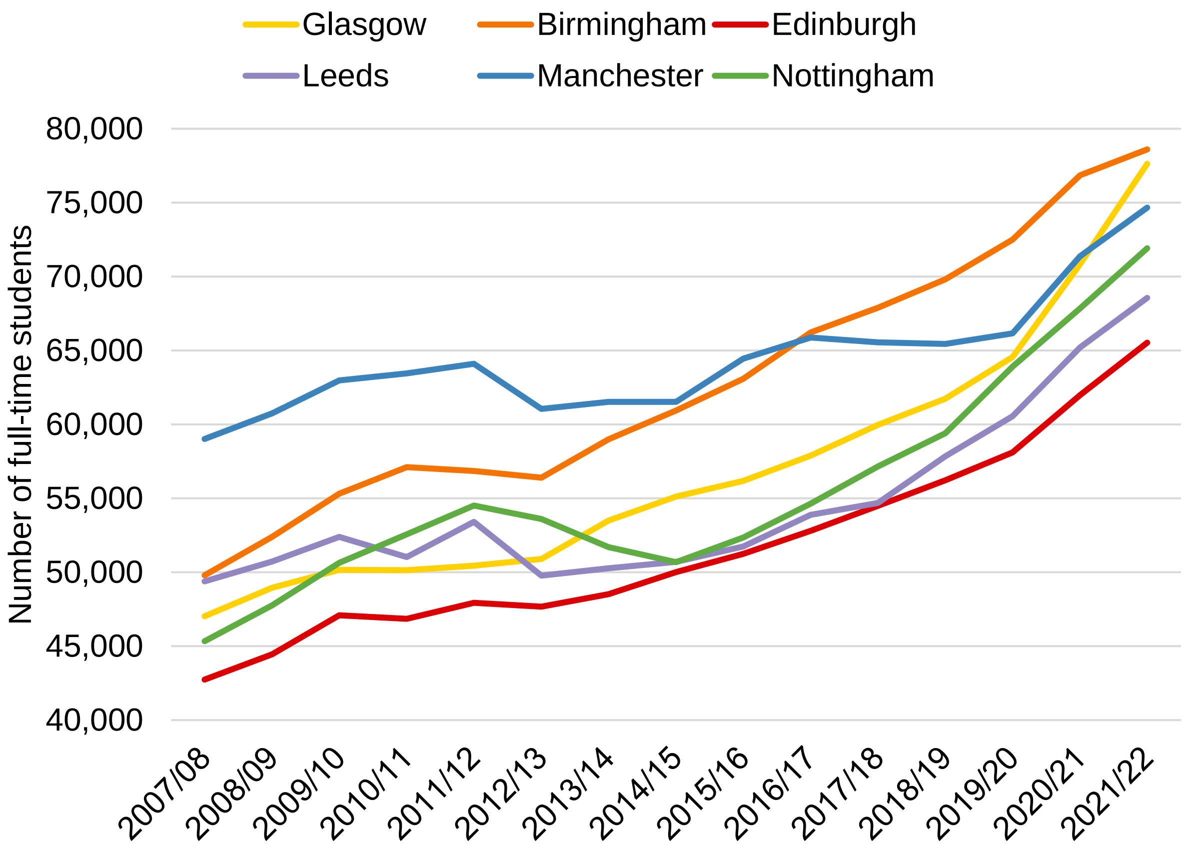
Source: HESA

Glasgow has seen a significant increase in students compared to other comparable cities.

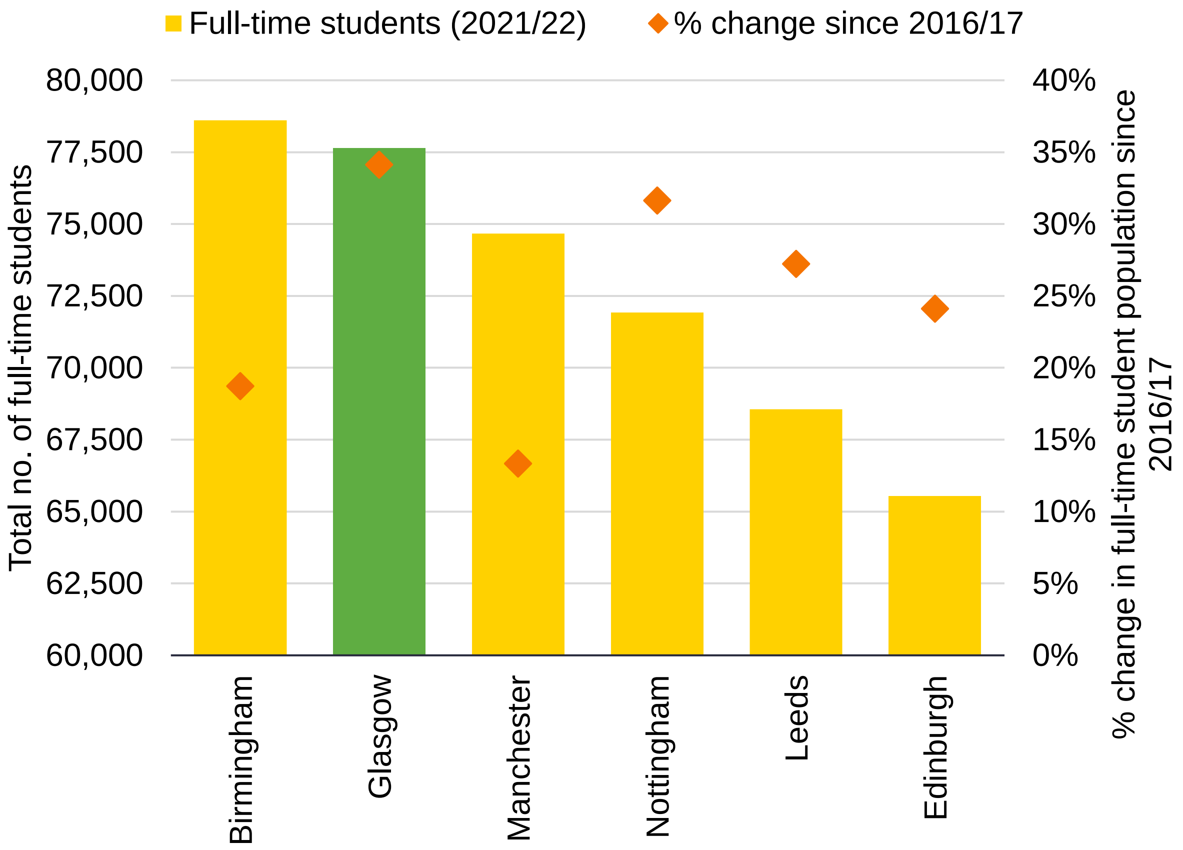
Since 2016/17, the number of full-time students living in Glasgow has increased by 34.1% at an average annual growth of 6.0%. This is more than Nottingham (31.6%), Leeds (27.2%), and Edinburgh (24.1%). The closest city in annual growth was Nottingham with an annual growth of 5.6%.

This growth in Glasgow has been primarily due to a significant increase in the number of international students and postgraduate student living in the city, although the number of domestic, undergraduate students has continued to steadily increase as well. Economic growth and increased prosperity in international markets such as China and India have meant the demand from international students has increased significantly in recent years. This pool of demand is only set to grow looking forward.

Growth in no. of full-time students in Glasgow and comparable cities



Growth in no. of full-time resident students in Glasgow and comparable cities

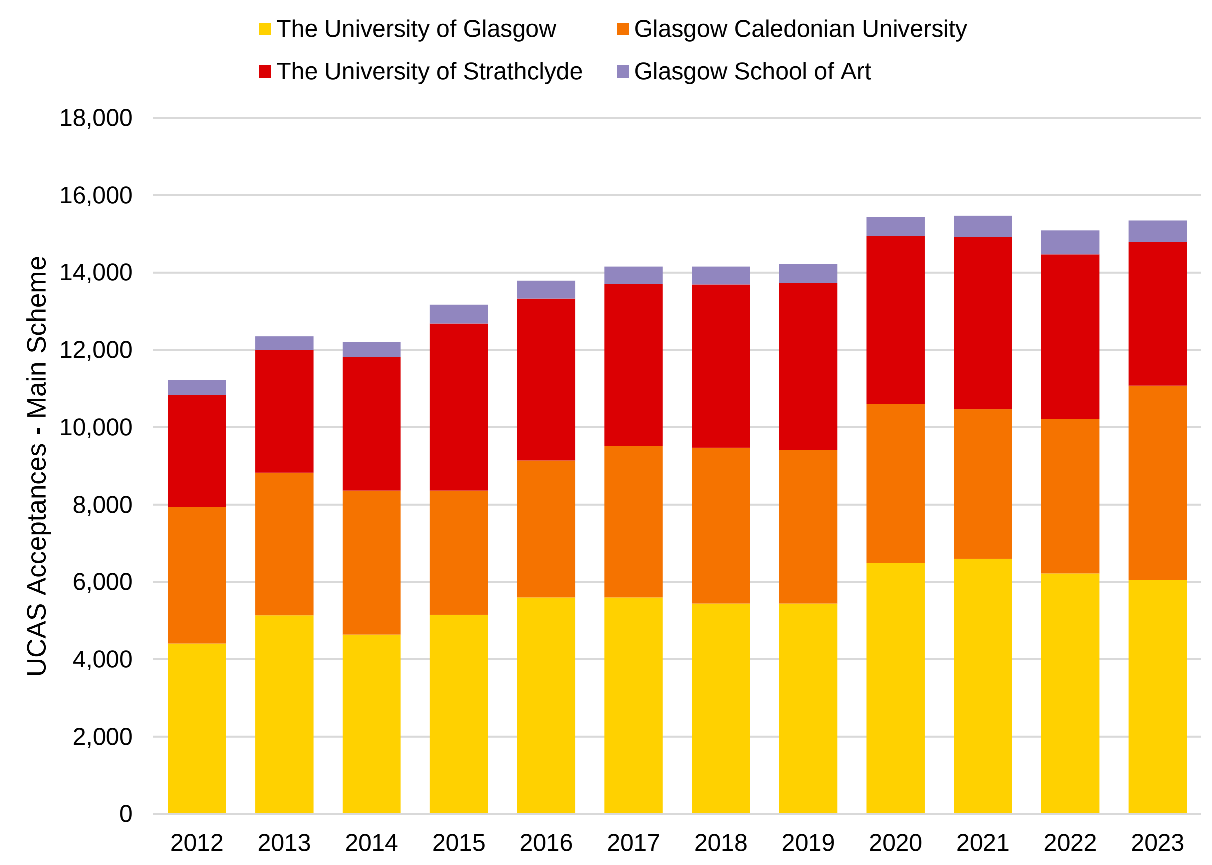


Source: HESA

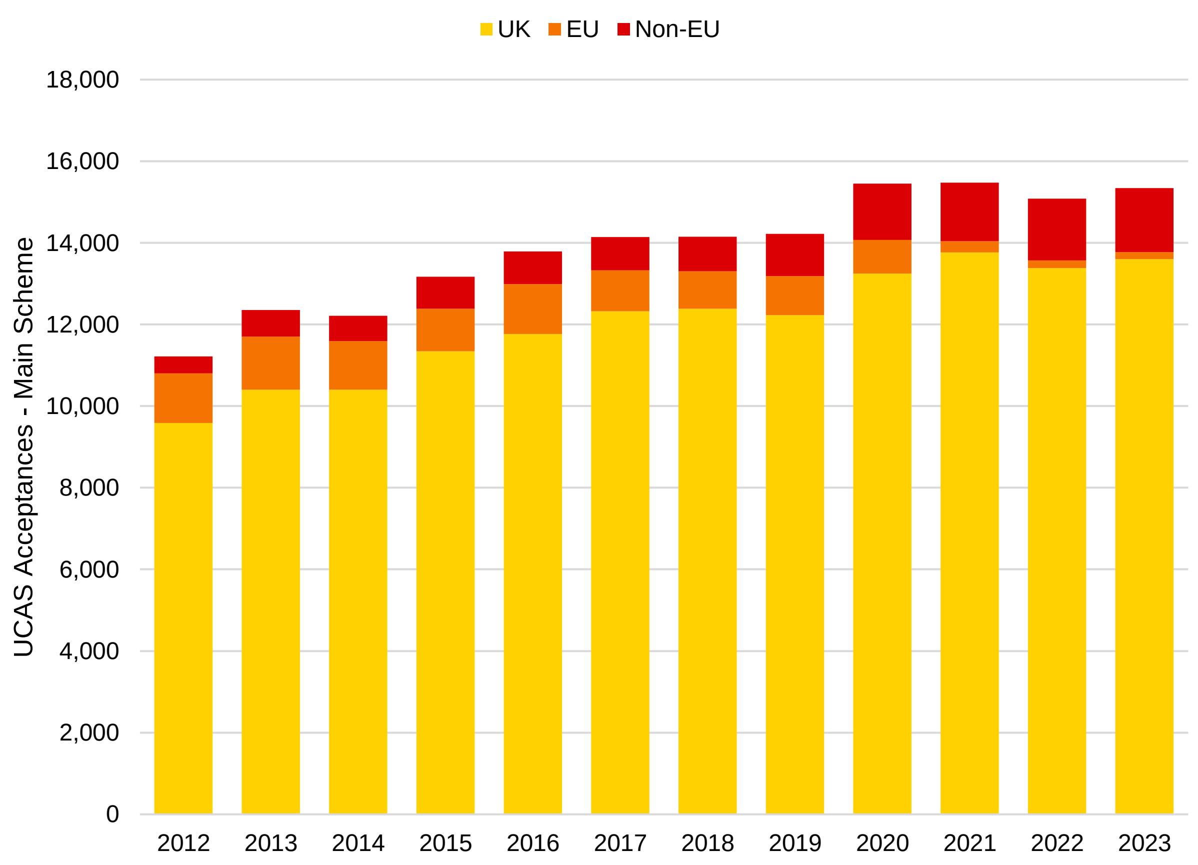
The number of students accepted to study in Glasgow through UCAS rose by 1.7% in 2023 compared with 2022

Drawing upon more timely data from UCAS* it is possible to look at how first year acceptances have grown over the two years since the 2021/22 HESA data. In the 2023/24 cycle, there were 15,345 acceptances across the four institutions in Glasgow. This was 1.7% up on the level of acceptances in 2022/23, which was driven by particularly strong growth in acceptances from Glasgow Caledonian University (+25.8%). In terms of domicile breakdown, there was continued steady growth of domestic students, with acceptances from UK students up by 1.6% on the previous year and non-EU international student acceptances showing further strong growth up by 3.6%. The growth during 2023 offsets the marginal declines seen overall between 2021 and 2022 and will continue put further pressure on the existing limited stock of PBSA.

UCAS main scheme acceptances in Glasgow by university



UCAS main scheme acceptances in Glasgow by domicile



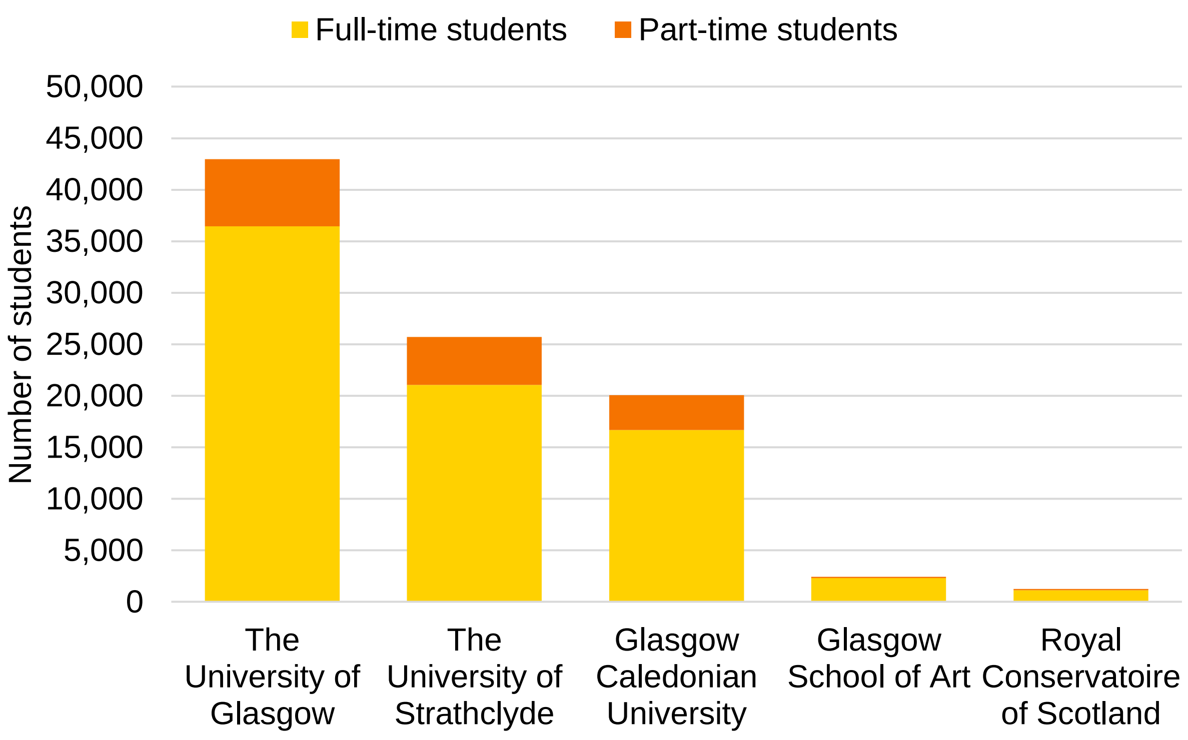
Source: UCAS | *This data relates to students applying through UCAS Main Scheme for an undergraduate place

There is an insufficient supply of PBSA in Glasgow, which means 36% of students live in the PRS and 33% live with family. Students have had to be housed as far away as Stirling.

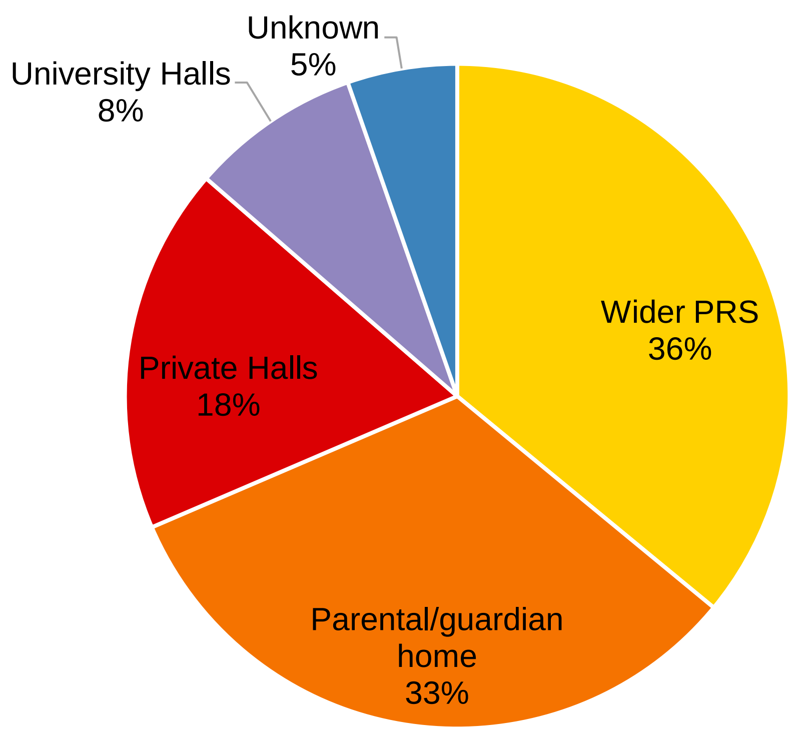
Most full-time students live in the PRS, which in 2021/22 amounted to over 27,800 students. This places considerable pressure on Glasgow's PRS, creating competition between student HMOs and local families. A third of students live at home, an unusually high proportion for a UK university. This may be partially due to Scottish students studying for free at Scottish universities and so choosing to remain close to the family home, or a consequence of students unable to access the PRS market and so being forced to stay in the family home.

In 2021/22, private PBSA provided 18% of accommodation, more than double the amount provided by universities. This suggests that universities are increasingly reliant on private accommodation to house their students. A lack of accommodation in PBSA or in the PRS has forced students in Glasgow to live as far away as Stirling, symptomatic of a critical student housing shortage. This reduces access to university facilities and local amenities and reduces the attractiveness of Glasgow to students.

No. of students living in Glasgow by university institution in attendance



Accommodation type of full-time students living in Glasgow, 2021/22



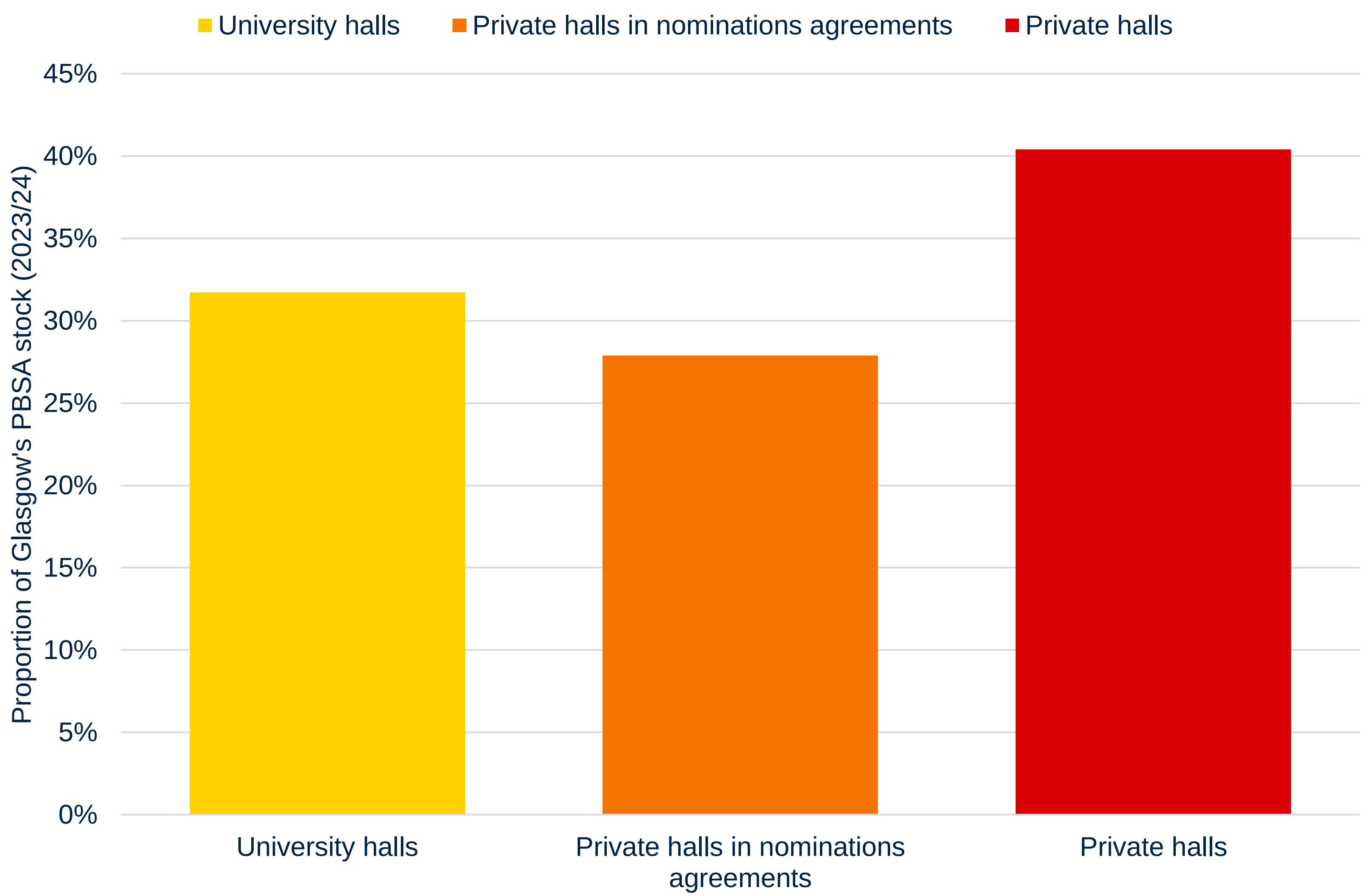
In 2023/24, universities have turned to private schemes to secure accommodation for their first-year undergraduate and postgraduate students.

Following the extreme shortage of accommodation for incoming students in 2022/23, the University of Glasgow entered into nominations agreements with 8 private PBSA schemes to secure beds for their new undergraduate and postgraduate students. This increased the number of beds it was able to offer by 25% from 3,380 beds to 4,240. This was increased by 1,400 beds for the 2023/24 year.

These beds, however, come from the existing stock in Glasgow. While nominations agreements can be useful for universities in reserving accommodation for their students' use, thereby providing reassurance to students, they are a temporary solution as they do not tackle the root undersupply of housing in Glasgow.

	Number of beds	% of PBSA stock
University halls	6,420	31.7%
Private halls in nominations agreements	5,640	27.9%
Private halls	8,173	40.4%
Total	**20,233**	

PBSA provision by type in Glasgow, 2023/24



Source: HESA

The Glasgow rental market

The Glasgow rental market is severely undersupplied, with -28% less stock available in Q4 2023 compared to the 2017-19 average. This shortage is across different property sizes

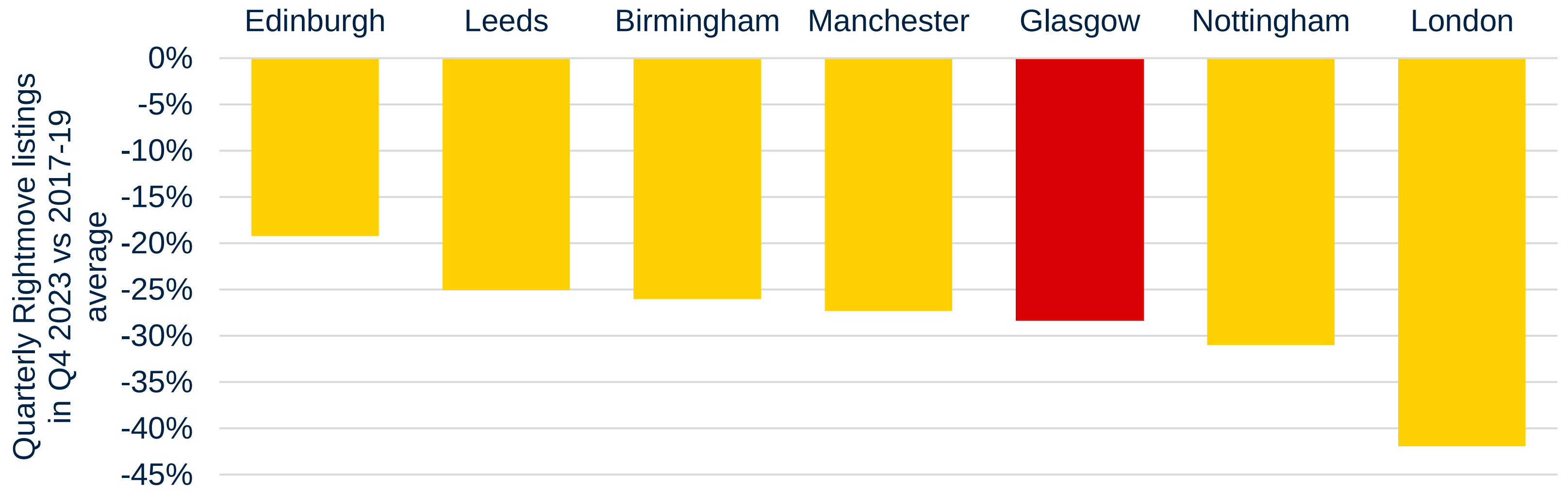
There is currently a shortage of stock in urban markets in the UK. Glasgow has 28% less stock available to rent than the pre-pandemic average (2017-19). This is worse than all comparable cities except Nottingham and London.

A lack of options in the PRS market, on which the student population are especially reliant, combined with record student numbers has driven rental growth of 43% since March 2020, which has made housing significantly more unaffordable for renters in the city.

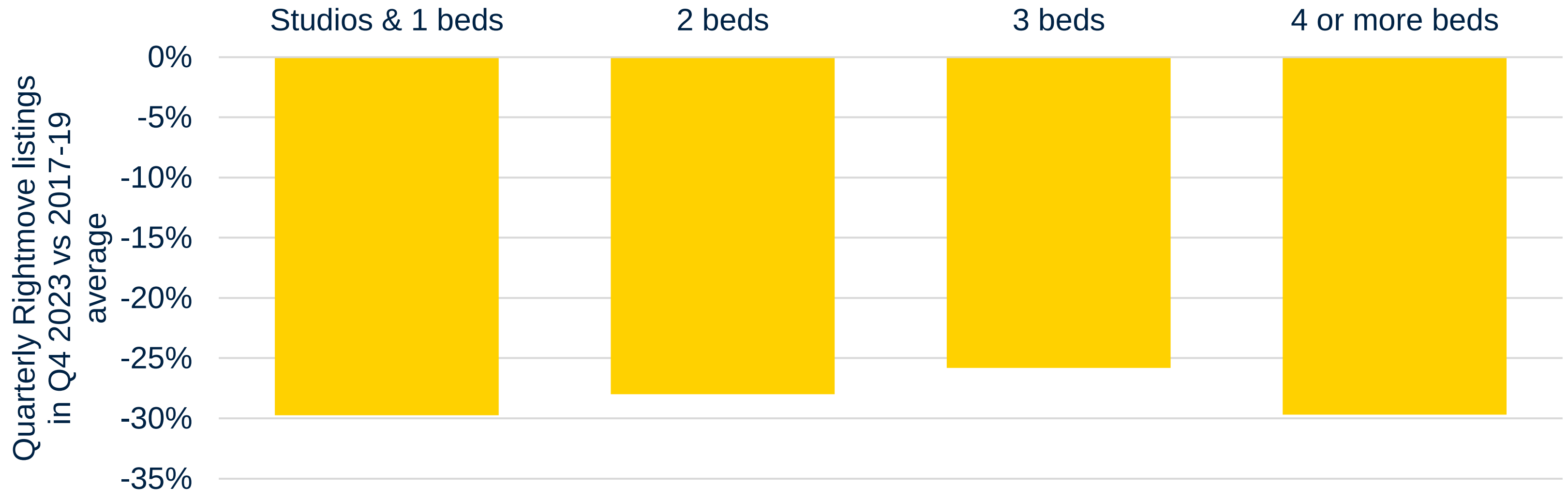
Stock shortages in Q4 2023 were significant across property sizes, Shortages are most pronounced for studios and 1-bed properties and properties with 4 bedrooms

By providing PBSA, this can help free up homes for young professionals who are currently faced with a lack of options, especially within the M8. New PBSA stock that fulfils the demand of current HMOs would increase the supply of student accommodation while moving students out of the wider PRS and easing the affordability pressure renters face at the moment.

There are fewer properties available to rent in Q4 2023 vs the 2017-9 average



Stock shortages in Glasgow by unit size, Q4 2023



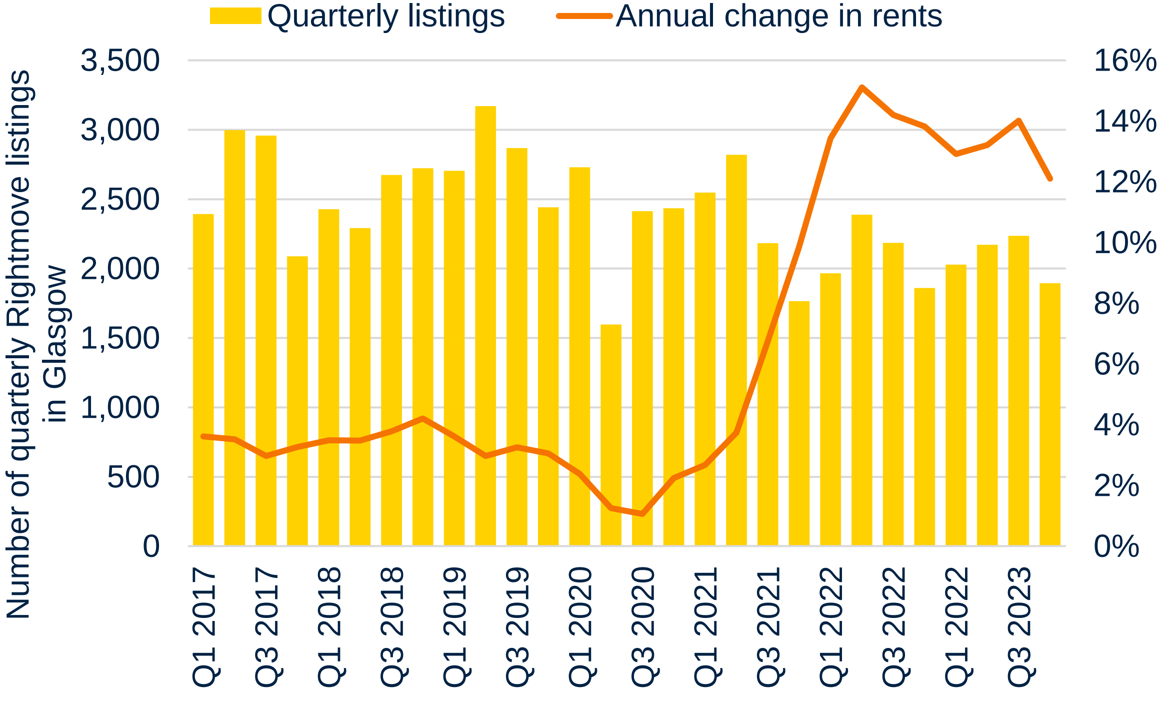
Source: Rightmove, Zoopla

An imbalance between demand and supply in the rental market has led to a reduction in the number of properties available to rent. This has in turn fuelled very strong rental growth for new lettings. The student housing crisis may be contributing to this issue, by significantly increasing demand in the PRS.

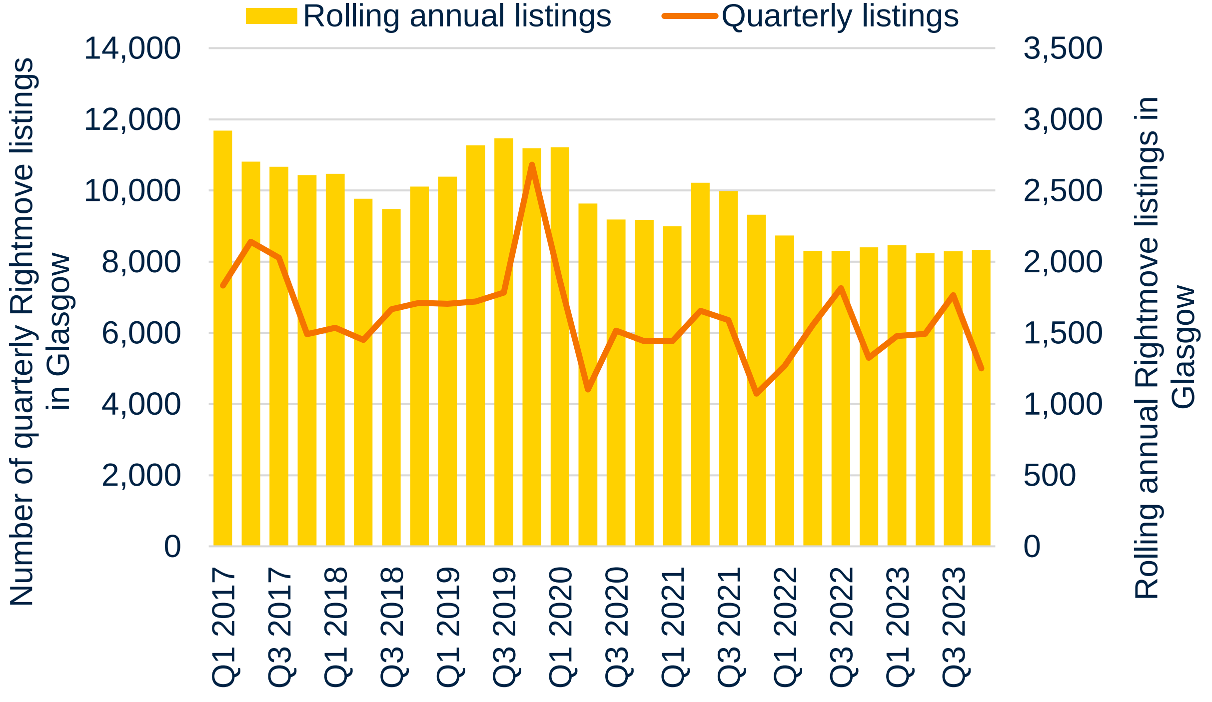
The rental pattern in Glasgow has changed since the pandemic. Pre-pandemic, the number of listings peaked in Q2 and Q3 as properties for the following academic year were advertised. Since 2021, the peak in listings in Q2 has become significantly more pronounced, indicating stock is moving quickly in this time as students race to secure housing. Simultaneously, the rolling annual totals demonstrate a maintained decrease in the number of properties being advertised which has coincided with a significant increase in student numbers. This suggests the student housing crisis is impacting the wider rental market, possibly more so than in other cities, given the scale of the crisis in Glasgow.

Between Q1 2023 and Q4 2024, there were 8,331 listings compared with a 5-year average of 9,849 listings for the same period, a decrease of 15%. Fewer available properties creates more competition. In Glasgow, this has been particularly evident after Q2 2020; the number of quarterly listings has only been over 2,500 once. In the 15 quarters before Q2 2020, the number of listings was over 2,500 60% of the time. The rental cap has also encouraged people to stay put rather than face increased rents elsewhere, further reducing stock and thereby churn in the market. Unless demand tempers, additional supply is needed to reduce competition in the market. More supply can prevent rents from growing too quickly and stretching household finances too far.

Falling listings in Glasgow fuel rent growth



Rolling annual total listings show fewer listings being advertised

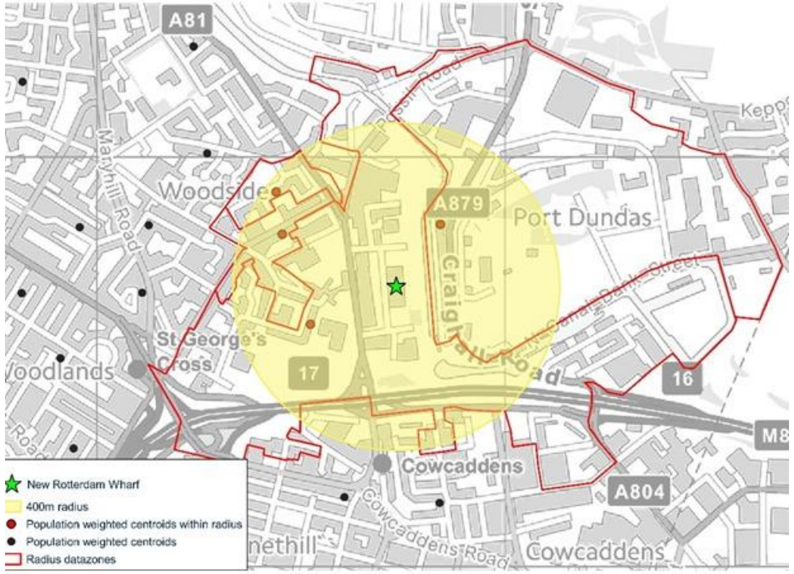


Source: Rightmove, Zoopla – powered by Hometrack

New Rotterdam Wharf and the Surrounding Area

SG10 400 metre analysis

To calculate full-time student density within a 400m radius, we have used data zones with population weighted centroids as a proxy for the total population of the 400m radius, which is then compared with the population of students. The data zones used are outlined in red below and the centroid is shown by the red dot.



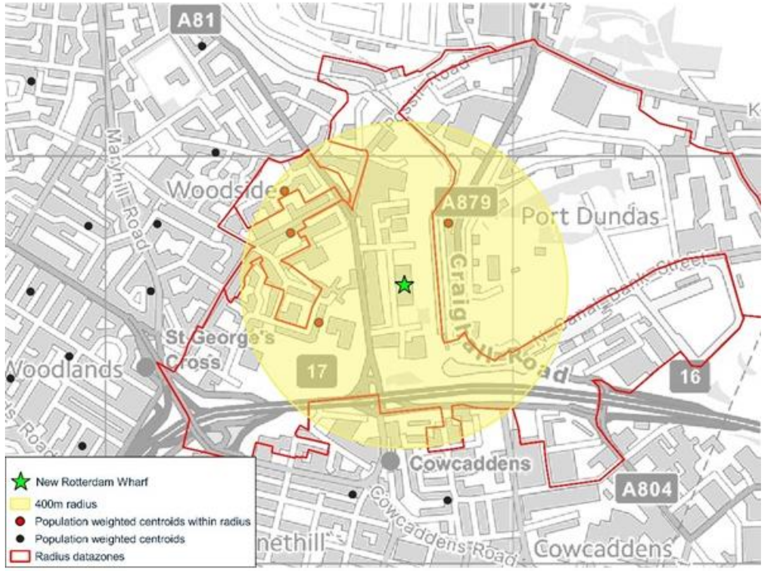
Datazones	Name
S01010220	Cowlairs and Port Dundas - 02
S01010297	Woodside - 01
S01010302	Firhill - 02
S01010303	Firhill - 03

Students in Glasgow have historically been centred around their places of learning. One centre is in the West End of the city and the other is the city centre.

Based on the data zone populations, New Rotterdam Wharf is in an area of relatively low student density, with students currently making up 17% of the population. The site is the only PBSA scheme in the pipeline within the radius, which would yield c.700 units. 131 private for sale residential units are also in the pipeline.

If this entire pipeline was delivered, students as a percentage of students in the local population would increase to 33%. This assumes that the residential units would have an average of 2.02 people per household which is the average for Glasgow from the Census.

Student and residential pipeline within 400m



The New Rotterdam Wharf site is well situated close to the University of Glasgow and would offer compliment the other residential schemes being put forward for in the area. The early footfall and momentum which PBSA schemes can generate will benefit the regeneration area as a whole, bringing people into the site and making further investment in the area more attractive.

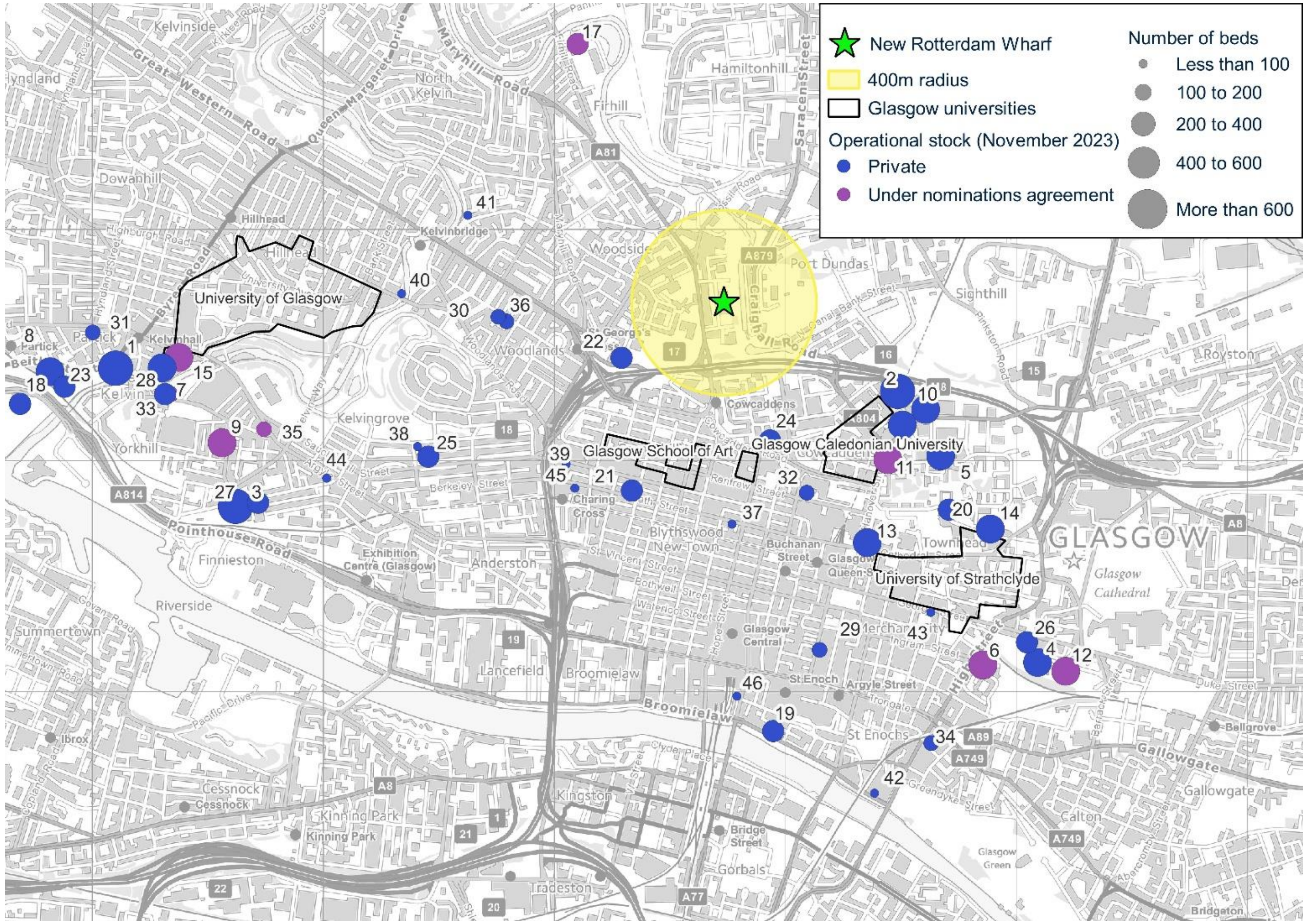
Pre-development			Post-development			
Total Datazone population	Total full-time students	% full-time students	Additional residential units	Additional Population based on 2.02 people per households	Additional full-time student beds	% full-time students (assuming all pipeline built out)
3,174	539	17%	131	288	700	36%

Source: HESA, ONS, Savills

There are no private schemes within 400 metres of the New Rotterdam Wharf site

1	West Village	24	Base Glasgow
2	Buchanan View	25	Clifton & Stewart House
3	Aparto West End Glasgow	26	Merchant Studios
4	Collegelands	27	Tramworks
5	Foundry Courtyard	28	Old Dumbarton Road
6	Blackfriars*	29	Merchant City House
7	Dunaskin Mill	30	WillowBank
8	West End - Vita Student	31	Hyndland House
9	Kelvin Court*	32	Gallery Apartments
10	Kyle Park House	33	Bridge House*
11	Havannah House*	34	St Andrews Court
12	Dobbie's Point*	35	Kelvingrove House*
13	Bridle Works	36	The Glasgow Ballet School
14	Nido St James	37	Robert Owen House
15	Thurso Street*	38	Claremont House
16	Canvas Glasgow	39	Newton House
17	Firhill Court*	40	Gibson Street
18	Scotway House	41	Woodside House
19	Riverside Glasgow	42	Clyde House
20	St Mungos	43	George Street Apartments
21	iQ Elgin Place	44	Argyle Street
22	True Student Glasgow	45	333 Bath Street
23	West View	46	Central House

Map of operational private PBSA schemes in Glasgow



Existing PBSA supply

There are c.20,200 PBSA beds in Glasgow across 71 schemes. Most of these are privately owned and located in either the West End or the city centre.

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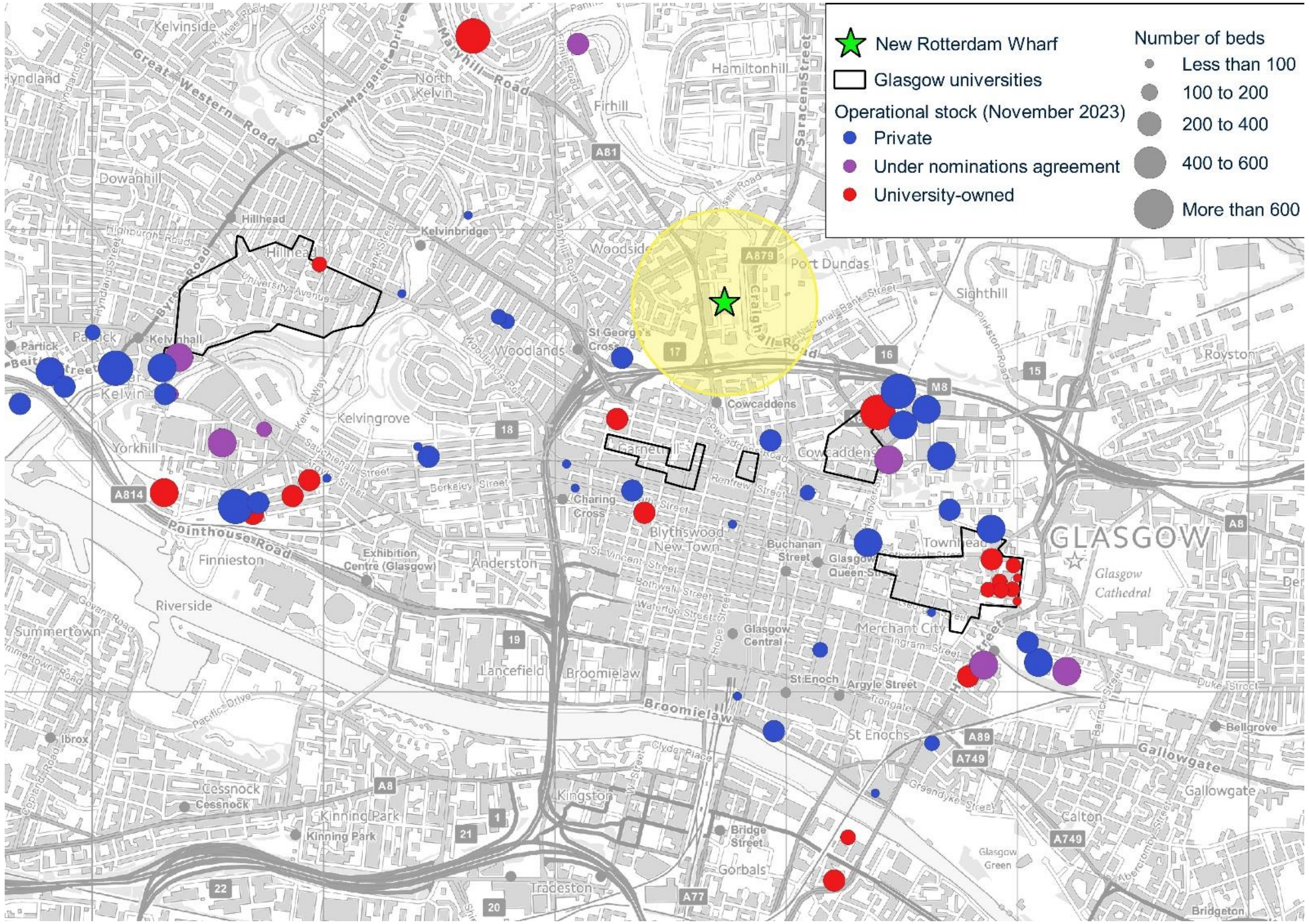
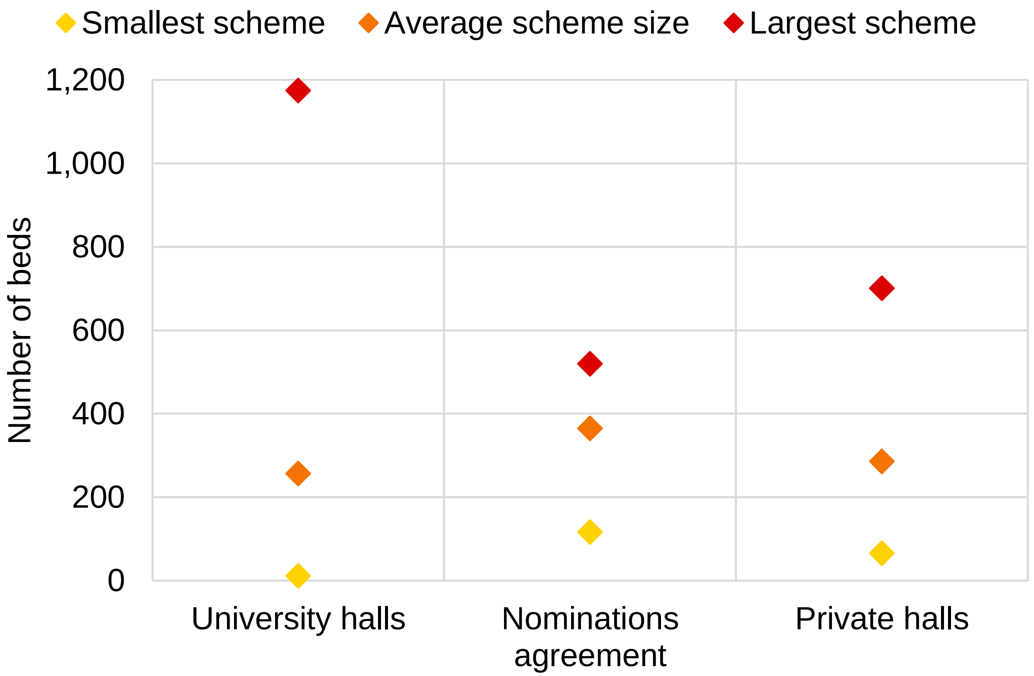
Map of operational PBSA schemes in Glasgow



There are just over 20,200 PBSA beds in Glasgow in 71 schemes. 25 schemes are run by universities, providing c.6,400 beds. Nominations agreements with private operators contributes a further c.5,640 beds to universities. The remaining 58% of beds, totalling over 11,700 beds, are provided by 38 private PBSA schemes.

Average scheme sizes are similar across the board; however, university accommodation provides the largest schemes (Murano Street Student Village, University of Glasgow, 1,175 beds). Nominations agreements have taken place with some of the larger private operators.

Average scheme sizes in Glasgow

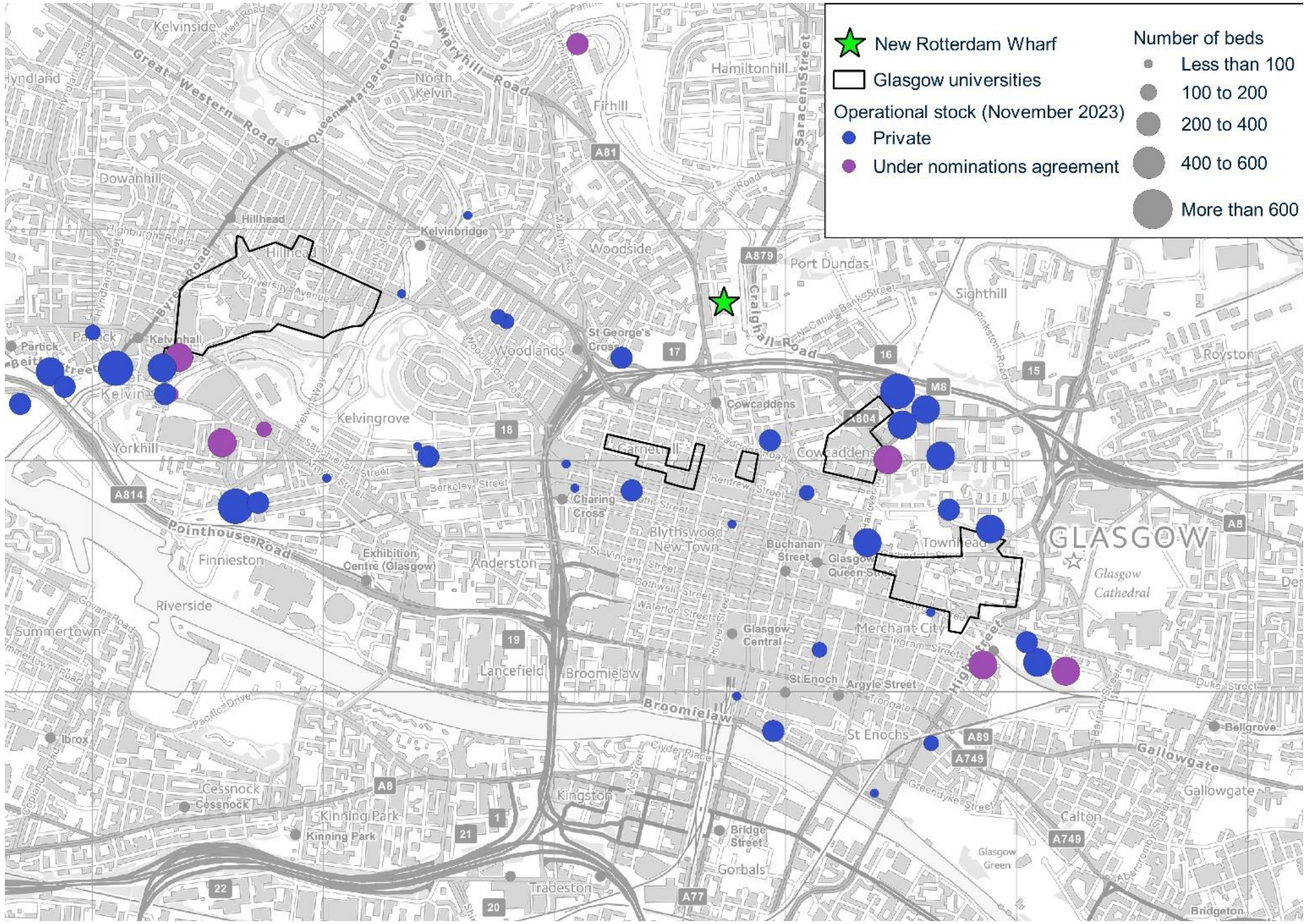


Private PBSA is located around two main cores: the main University of Glasgow campus in the west of Glasgow, and further east in Glasgow city centre.

Largest 15 private PBSA sites in Glasgow, November 2023

Site Name	Beds	Operator	Nominations in 2023/24?
West Village	701	Downing Students	No
Buchanan View	656	Student Roost	No
Aparto West End Glasgow	607	Aparto Student	No
Collegelands	588	Fresh	No
Foundry Courtyard	536	Fresh	No
Blackfriars	520	Unite	Yes
Dunaskin Mill	504	Fresh	No
West End - Vita Student	501	Vita	No
Kelvin Court	477	Unite	Yes
Kyle Park House	465	Unite	No
Havannah House	458	Prestige	Yes
Dobbies Point	440	Student Roost	Yes
Bridle Works	422	Novel Student	No
Nido St James	416	Nido	No
Thurso Street	405	Unite	Yes

Map of operational private PBSA schemes in Glasgow



Source: Savills

Future PBSA supply

There are 26 other PBSA schemes in the pipeline with 9,004 beds. Even with these schemes, the student to bed ratio remains very high, showing that these schemes alone will not alleviate the current student housing crisis.

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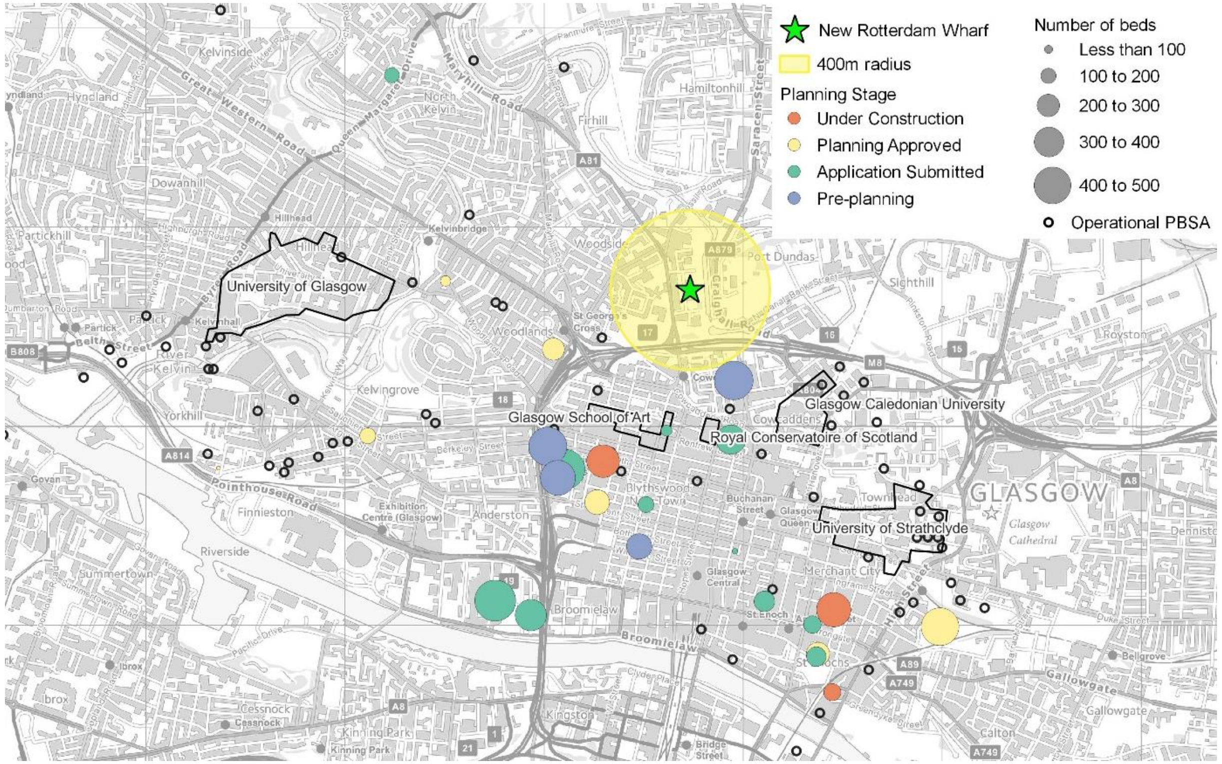


	Number of beds	Student to bed ratio (all FT students)
Operational Schemes	20,233	3.8
Operational and under construction (u/c)	21,507	3.6
Operational, u/c and planning approved	23,336	3.3
Operational and total planning pipeline	29,237	2.7

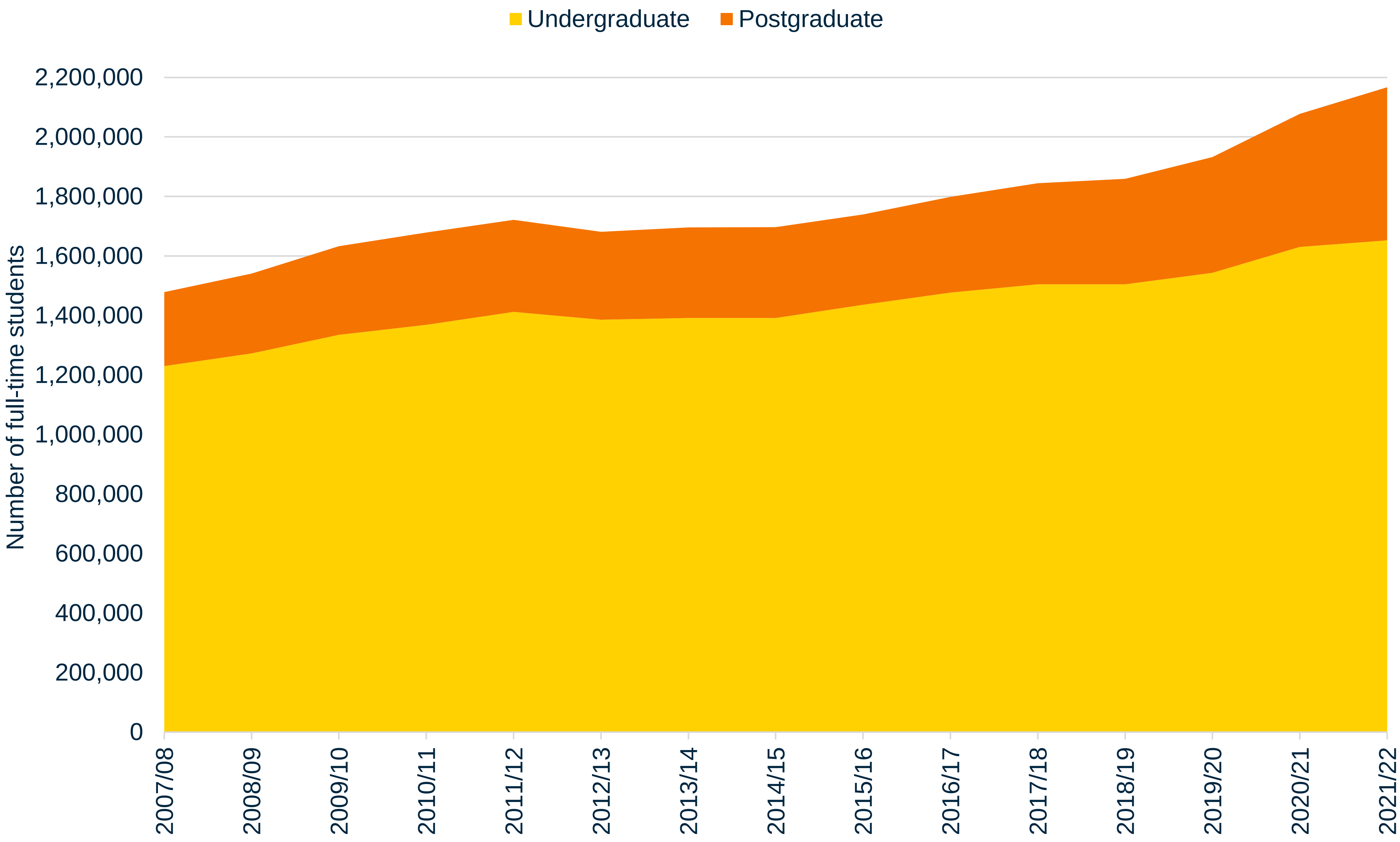
Name	Beds	Status	Estimated completion
The Student Hotel	578	Under Construction	2024
225 Bath Street	527	Under Construction	2025
1 Mart Street	169	Under Construction	2024
Merchant City	687	Planning Approved	2027
298 Vincent Street	321	Planning Approved	2025
Osborne Street	288	Planning Approved	2026
163 St George's Road	262	Planning Approved	2026
Lorne Hotel, Sauchiehall Street	147	Planning Approved	2025
333 Woodlands Road	79	Planning Approved	On hold
Sandyford Street	45	Planning Approved	2026
Plot A Central Quay	934	Application Submitted	-
Portcullis House	784	Application Submitted	2026
The Stores (City Wharf)	491	Application Submitted	2025
Broadway 2	432	Application Submitted	2026
21 Queen Street	230	Application Submitted	2025
The Old Wynd	211	Application Submitted	-
171-186 Trongate, 11 Hutcheson Street	173	Application Submitted	-
249 West George Street	147	Application Submitted	-
10 Kelboune Street	134	Application Submitted	-
Finlay House, 10-14 West Nile Street	48	Application Submitted	-
Scottish Fire & Rescue Service	720	Pre-planning	2027
Charing Cross Gate South	662	Pre-planning	-
New Rotterdam Wharf	700	Pre-planning	-
20 India Street	600	Pre-planning	-
64-72a Waterloo Street	335	Pre-planning	-
109 West Nile Street	-	Pre-planning	-
99 Borron Street	-	Pre-planning	-

UK student trends

Full-time student numbers continue to rise, with 12% more students in 2021/22 than two years previously. The number of students undertaking postgraduate courses has increased particularly rapidly in the last two years.

In the 2021/22 academic year, a total of 2.16 million students attended universities in the UK on a full-time basis. This figure has grown from 1.48 million in 2007/08. Between 2019/20 and 2021/22 the UK's total full-time student population grew by 12.2%, based on the latest data from HESA. This continues a trend of accelerating student population numbers seen over the past decade.

First year intakes since the beginning of the pandemic have been especially large. In 2021/22, more than 717,00 undergraduates started, and more than 500,000 postgraduates started, an increase of 25.4% on 2019/20 first year postgraduate numbers. These are the largest intakes on record by a substantial margin and are due in part to weaker employment prospects following the Covid-19 pandemic, thereby increasing the appeal of Higher Education. Including part-time students, there was a total of 2.73 million students in 2021/22.



Source: HESA, Savills Research

The UK student population continues to grow. Domestic student numbers have risen, but have been outpaced significantly by growth in international students, particularly those from outside the EU.

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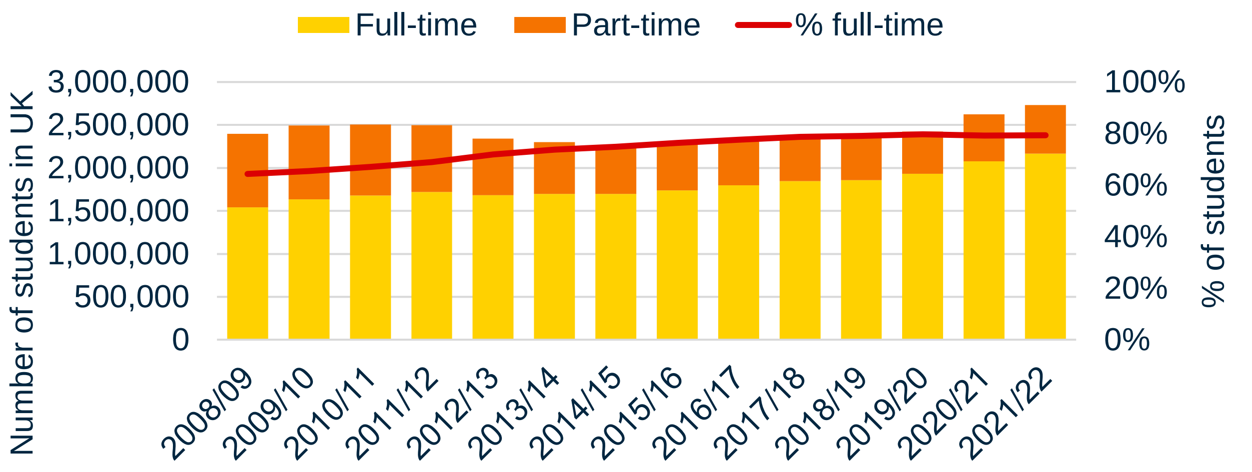
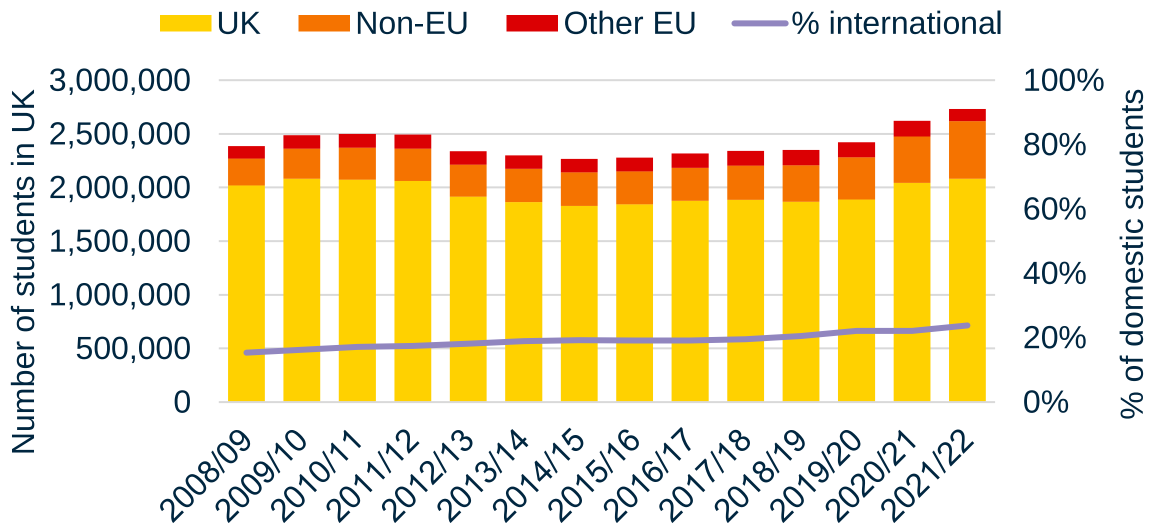
- International students comprise 24% of all UK students, totalling 660,000 in 2021/22. There has been robust growth in overseas student numbers in the UK in recent years, with 47.2% more international students in 2021/22 than 2016/17. There has been particularly strong growth in non-EU students, having grown by 74.3% over the same period.
- Compound growth in international students for non-EU students was strong at 11.8%, whereas the number of EU students fell 3.1% per year from 2016/17 to 2021/22. Compound growth for UK students was 2.1%.
- 2,167,250 (79.3%) of the total 2,732,750 students study on a full-time basis, compared to 565,500 (20.7%) studying part-time. Full-time student numbers have grown by 20.5% since 2016/17.
- 28.6% of students study postgraduate courses, up from 23.8% in 2016/17.

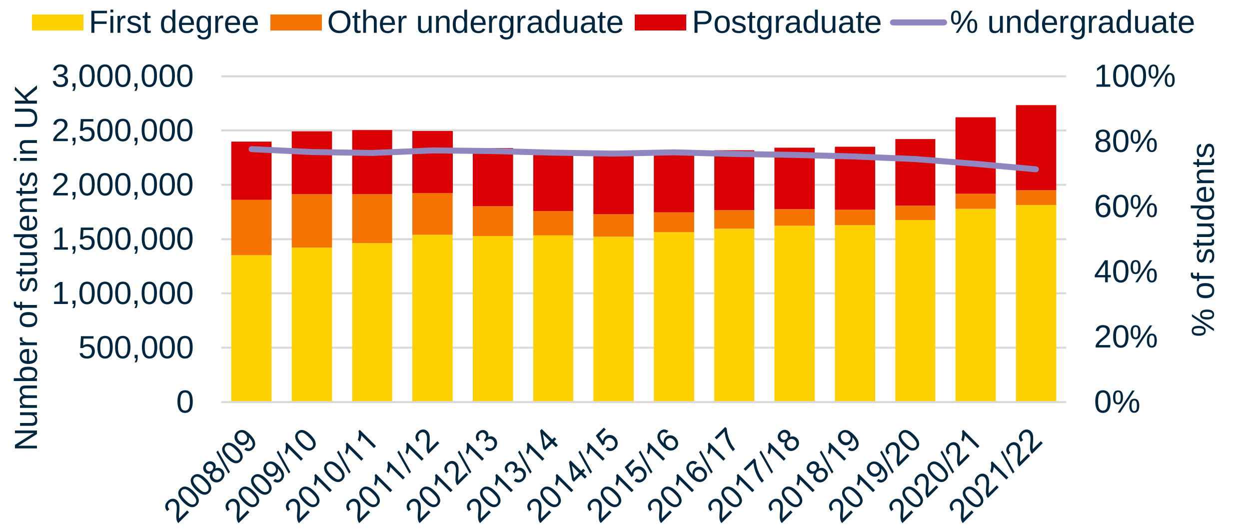
Student population by mode of study



Student population by domicile



Student population by level of study



Source: HESA

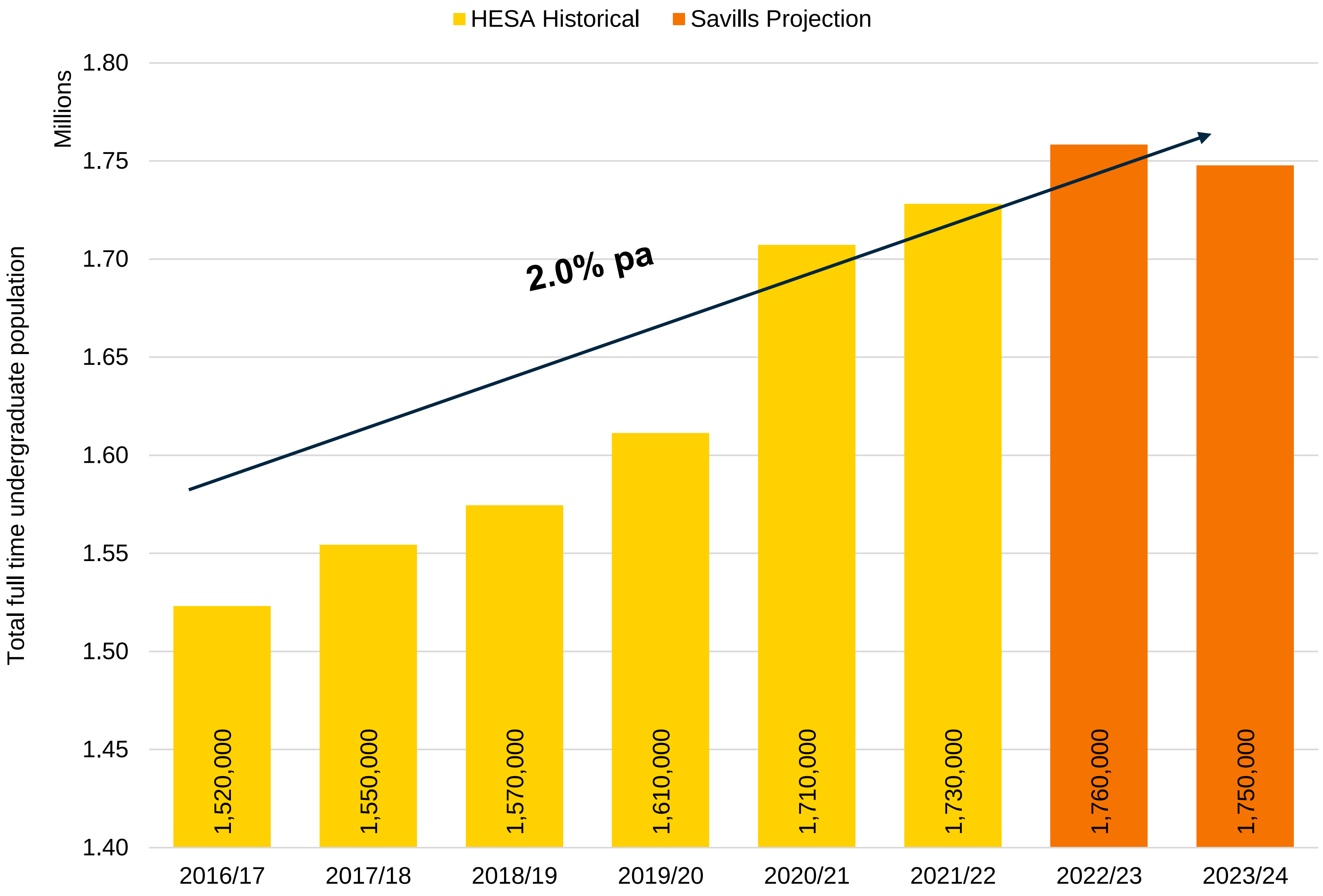
Undergraduate students are projected to continue to grow to 1.75m. Glasgow already has a high student to bed ratio and the city will be under greater pressure if student numbers continue to grow

HESA provides data on the number of students starting and studying at universities. However, this is backwards looking and up to 2 years out of data. In order to project what student numbers could look like at the start of the latest academic year we have used data from UCAS as well as historical trends.

To do this we have used data on the number of applications through UCAS as of January 2023, combined with the historical relationship between applications at this point and the end of cycle, final acceptances and the number of first year students compared with UCAS acceptances – to account for students who haven't gone through the UCAS system. The latter is to account for some international students who apply directly to university.

By the January deadline typically 80% of students who are going to apply, have done so through UCAS. Using this with historical end of cycle acceptance rates, which are typically c.76% and the fact that UCAS usually accounts for c.91% of total first year enrolments, allows us to project the amount of first year students in 2023/24 academic year. This analysis estimates that 622,500 students will start their first year in 2023/24. This would be the fourth year when over 600,000 students start university and mean that over 1.75 million undergraduates are studying across the UK.

These elevated student numbers will create pressure on university accommodation. The demand is also coming at a time when supply of rental stock in the wider private rented sector (PRS), e.g. HMOs, is becoming increasingly constrained. A combination of tax and regulatory changes has put pressure on buy-to-let investors, leading to an exodus by some landlords.



Source: HESA, UCAS, Savills Research (projections allow for a dropout rate of 6.6%, the average since 2016)

Economic uncertainty increases the demand for higher education which has created strong growth in student numbers in the last couple of years.

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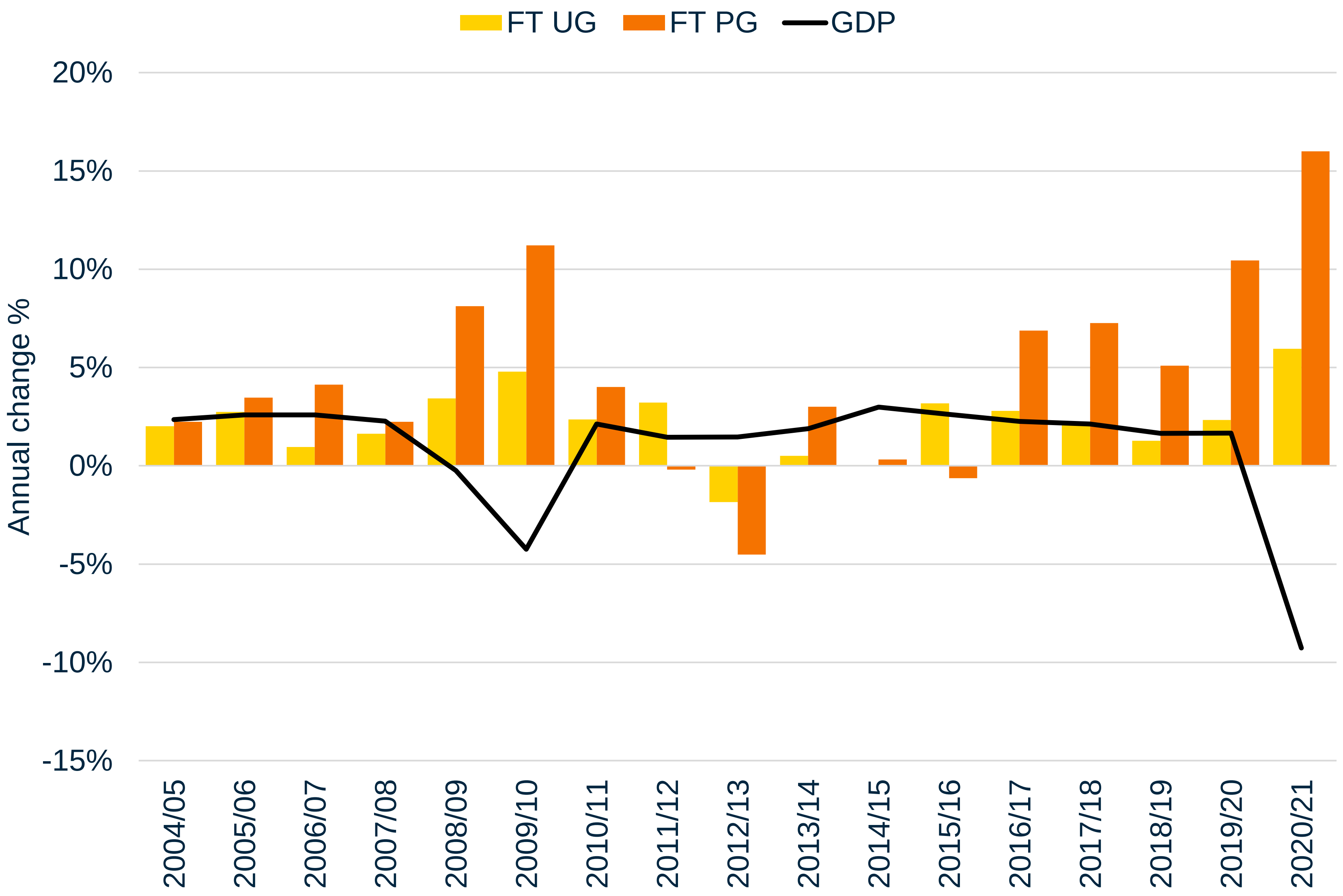
The underlying fundamentals of the PBSA market remain solid, and as the pandemic has shown, the sector can weather challenging times better than many sectors. The PBSA market, although certainly not immune to economic downturns, has proved to be a resilient asset class and has demonstrated counter-cyclical characteristics in comparison to wider property market movements.

On a fundamental level, when the economy and jobs market are uncertain, enrolment for higher education (HE) increases. This includes people extending their study in postgraduate courses and more 18 year olds starting university, and the 2020/21 academic year has been no exception, with the highest annual growth on record for undergraduates and postgraduates, 6.0% and 16.0% respectively. This mirrors the Global Financial Crisis. 2008/09 and 2009/10 saw undergraduate growth of 3.4% and 4.8% respectively, which were the highest years of annual growth for undergraduates until 2020/21.

With the Bank of England forecasting an economic downturn in 2023 (2nd Feb 22) there will be a strong impetus for people to go to university. This will include those staying on from undergraduate study to do postgraduate study or a return to study to retrain or upskill as a result of a weakened jobs market.



The population of 17-19 year olds will grow over the next 10 years, meaning there will be more university-age people. This will lead to a more rapid increase in the student population over the next ten years.

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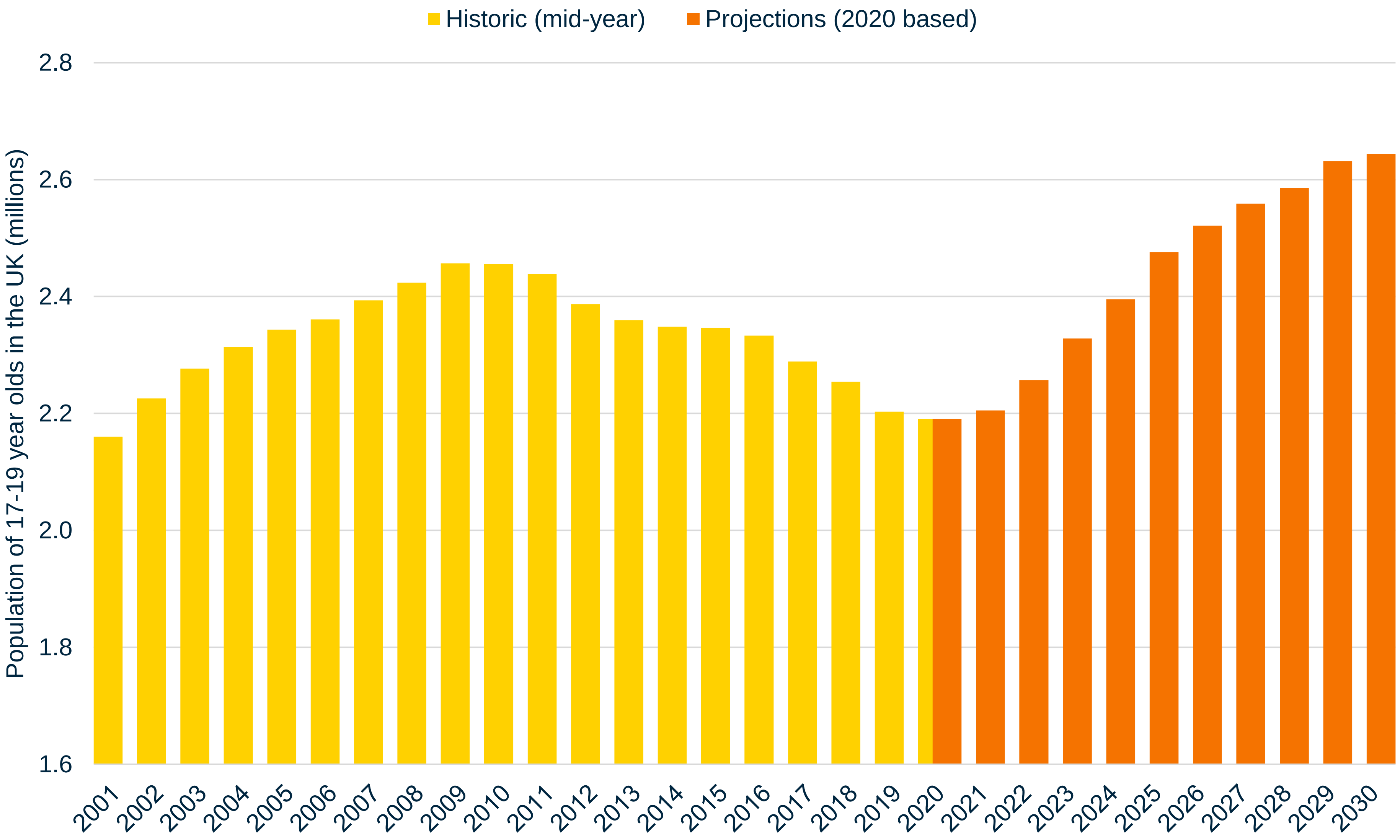
According to ONS population projections, the number of 17-19 year olds living in England has ‘bottomed out’ with the number projected to grow year on year over the next decade.

Since 2009, the number of university aged people had been declining, and 2020 represented the bottom of this decline.

In 2030, ONS projects 2.64 million people aged 17-19, this is an increase of 454,000 (21%), compared to 2020.

Student participation has increased over the last decade even with the pool of potential students decreasing. If participation rates stay at the current level, then the number of students will continue to grow from an underlying demand perspective.



Conclusions

Conclusions– Key points

3.8 full-time students are competing for every PBSA bed

An **additional 22,400 beds** are needed to bring the student to bed ratio down to 1.5, which is level that provides sufficient supply to relieve pressure on the wider housing market

Even if the entire current pipeline was delivered, there would **still be 2.7 students** competing for every PBSA bed

Future student growth of Glasgow's universities is limited by a lack of available accommodation

Private PBSA and nominations agreements are proving **increasingly important** for Glasgow University to **secure accommodation**

Early delivery of PBSA on regeneration sites brings **early footfall** and **starts placemaking** ahead of residential projects

Glasgow has seen residential rental stock falling since 2021, with PRS listings in Q4 2023 **-15% lower** than the 2017-19 average

Further provision of PBSA can help relieve shortages of rental stock, especially within the M8 boundary

International students in Glasgow Central in 2021/22 made a net economic contribution of **£292 million**

Source: HESA, Savills Research, Glenigan, BBC, STV, The Herald

Important Note

Finally, in accordance with our normal practice, we would state that this report is for general informative purposes only and does not constitute a formal valuation, appraisal or recommendation. It is only for the use of the persons to whom it is addressed and no responsibility can be accepted to any third party for the whole or any part of its contents. It may not be published, reproduced or quoted in part or in whole, nor may it be used as a basis for any contract, prospectus, agreement or other document without prior consent, which will not be unreasonably withheld.

Our findings are based on the assumptions given. As is customary with market studies, our findings should be regarded as valid for a limited period of time and should be subject to examination at regular intervals.

Whilst every effort has been made to ensure that the data contained in it is correct, no responsibility can be taken for omissions or erroneous data provided by a third party or due to information being unavailable or inaccessible during the research period. The estimates and conclusions contained in this report have been conscientiously prepared in the light of our experience in the property market and information that we were able to collect, but their accuracy is in no way guaranteed.