Norwich Purpose Built Student Accommodation (PBSA) Study

Final Report

Norwich City Council

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Delivering a better world

Quality information

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Revision History

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4	21/11/2024	Final report	Kerry Parr	Associate Director
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List of acronyms

CIL	Community Infrastructure Levy
GNLP	Greater Norwich Local Plan
HE	Higher Education
HEI	Higher Education Institution
HESA	Higher Education Statistics Authority
HMO	House in Multiple Occupation
LHNA	Local Housing Needs Assessment
LPA	Local Planning Authority
NCC	Norwich City Council
NPPF	National Planning Policy Framework
NUA	Norwich University of the Arts
NUS	National Union of Students
ONS	Office for National Statistics
PBSA	Purpose Built Student Accommodation
PPG	Planning Practice Guidance
PRS	Private Rented Sector
RAAC	Reinforced Autoclave Aerated Concrete
UEA	University of East Anglia
UG	Undergraduate

1. Executive Summary

1.1 Purpose Built Student Accommodation (PBSA) is a type of housing dedicated to accommodating full-time students. It generally takes the form of buildings containing a combination of cluster flats with communal living facilities and self-contained studio apartments.

1.2 PBSA is usually offered through an all-inclusive rental model. The three most common ownership and management arrangements are halls of residence, direct-let PBSA, and partnership/nominations PBSA linking private operators to Higher Education (HE) Institutions. All of these models are present in Norwich.

Stock and Pipeline of PBSA

1.3 This report identifies that, as of October 2024, there were 6,349 operational PBSA bedspaces in Norwich. This rises to a total of 7,012 if including the University of East Anglia (UEA) Ziggurats, which are temporarily closed. The majority of the currently operational bedspaces (85.4%) are in cluster flats, with 8.9% taking the form of studios, and 4.6% either classified as an alternative type or unknown.

1.4 The current pipeline, including schemes with planning permission, schemes under construction, and schemes with a planning decision pending totals 2,342 bedspaces. The total volume of near-term future provision would therefore amount to 9,354 bedspaces including the existing PBSA, all pipeline schemes (assuming approved), and the reopening of the Ziggurats.

1.5 Current and pipeline PBSA schemes are concentrated either in and around the UEA or in Norwich city centre. The area between these two locations is primarily low-rise residential that would not normally be suitable for PBSA development. Students do, however, live across the city in Houses in Multiple Occupation (HMOs) or the wider private rented sector (PRS).

1.6 There are a number of PBSA schemes, totalling over 1,000 bedspaces, currently at the pre-application stage of the development pipeline. However, there are also several pre-application enquiries from existing PBSA providers to convert some of their bedspaces to alternative forms of accommodation. This emerging trend of providers looking to diversify their stock is one indicator of potential oversaturation in the market, which the present study examines.

Student Number Projections

1.7 Higher Education Statistics Authority (HESA) data shows that the number of full-time students in Norwich increased by 19.8% between 2014/15 and 2022/23, with the number of full-time undergraduate students increasing by 20.9% over the period, and new entrants by 10.1%.

1.8 AECOM's projections based on these past trends suggest that by 2038/39 there will be:

- 24,670 full-time students in Norwich;
- 20,435 of the full-time students being undergraduates; and
- 5,680 of the full-time undergraduate students being new entrants.

1.9 As a sense check, the number of full-time students in Norwich in 2022/23 was compared to the number of individuals aged 15-24 in Norwich (ONS population projections 2022) to establish what proportion of this population cohort are students. The resulting percentage (64.3%) was then applied to the ONS projection for this cohort in 2038. This calculation suggests that there would be around 20,274 full-time HE Students in Norwich at this time. This is a lower figure but on the same scale as the projections above, which are taken forward through this report.

1.10 As a key demand stream for PBSA it is important to understand the current and future number of international students. This group, alongside first year undergraduates, constitutes the primary market for PBSA in Norwich and nationwide.

- According to HESA data, in 2022/23 83.3% of full-time students in Norwich were domestic students (from the UK). Of the 16.7% who were international, 12.7% were from the EU and 87.4% were non-EU.
- The equivalent UK data shows that in 2022/23 69.4% of full-time students were domestic students. Of the 30.6% who were international, 11.9% were from the EU and 88.1% were non-EU.
- When looking at the average between 2018/19 and 2022/23 for the UK, 73.1% of full-time students were domestic students, with 26.9% international (20.8% EU and 79.2% non-EU).
- This comparison shows that Norwich generally has a greater proportion of domestic students than the UK as a whole.

1.11 AECOM's estimate for the number of international students at HE institutions in Norwich by 2038/39 is 4,125 - 6,644 students. The uncertainties are generally greater when projecting international student numbers because of less predictable factors such as future travel restrictions, Government policies and global events.

1.12 Based on current accommodation occupancy patterns of students in Norwich, by 2038/39 there may be a need for:

- 7,293 PBSA bedspaces to meet the demand of all full-time students;
- 6,267 PBSA bedspaces to just meet the demand of full-time undergraduates; and

- 3,612 PBSA bedspaces to just meet the demand of full-time undergraduate new entrants.

1.13 Ultimately, it is a policy decision of the Council as to whether the objective should be to meet demand from all full-time students or just that arising from the key subsets which have a higher propensity to use PBSA. The figure given above for all full-time students includes the demand from the latter two categories. The extent to which the existing and pipeline stock could meet the projected level of demand from the different groups is discussed in the next section.

Occupancy Levels and Future PBSA Need

1.14 Providers and stakeholders (including the HE institutions themselves) are generally of the view that there is sufficient, if not excess, PBSA provision in Norwich at present.

1.15 Affordability is a key factor influencing students' decisions about their accommodation options at university. Although detailed affordability analysis within this report suggests that the student maintenance loan is sufficient to cover the cost of most PBSA options, based on the average student maintenance loan and the average cost of halls of residence, students would have just £553 remaining for other costs across the whole academic year. Students would therefore need to find additional funds through paid work alongside their studies and/or contributions from parents or caregivers.

1.16 By comparison, students living in HMOs could have around £2,250 remaining from their maintenance loan after paying their rent. This is a clear incentive for students to choose to live in HMOs in Norwich, especially after their first year of study.

1.17 Overall, the current stock and expected pipeline of PBSA in Norwich is expected to comfortably meet the future demand of students to 2038/39, including ensuring an element of choice within the market. Indeed, the scale of expected supply far exceeds estimated demand. This points to the potential for oversaturation in the market, with potential repercussions for occupancy levels, provider finances, and student quality of life.

1.18 The cumulative effect of proposed reforms in the PRS may lead to price increases in HMO accommodation or reduce the supply of HMOs by discouraging landlords from entering or remaining in the market. Any tightening of the HMO market could increase demand for PBSA in turn. Alternatively, this may increase the number of students commuting to university from their family home if both HMOs and PBSA are out of their price range.

PBSA Commuted Sums

1.19 Policy 5 of the Greater Norwich Local Plan (GNLP), adopted in March 2024, requires development proposals for PBSA to "pay a commuted sum sufficient to provide an off-site policy compliant level of affordable housing".

1.20 There is some precedent for requiring affordable housing contributions from PBSA, with the key current example being Nottingham. To do so in Norwich would put PBSA (which represents a significant proportion of the development pipeline) on a level playing field with other forms of development and help to address the City's affordable housing needs.

1.21 However, the introduction of this change may create challenges around development viability and have knock-on effects on other parts of the housing market if it deters the future delivery of PBSA, leading students to make comparatively greater use of the wider PRS.

1.22 How this new element of planning policy should be implemented in practice depends on a range of factors. Relevant questions warranting further consideration are summarised below:

- Is the existing approach for calculating the value of commuted sums from other types of development appropriate for PBSA?
  - The existing approach provides a blended figure that can be applied to the floorspace of PBSA schemes.
  - As such, the conversion ratio from PBSA bedspaces to equivalent residential units is not relevant to the calculation. If in future an alternative method is developed that focuses on the number of equivalent units rather than floorspace, which of two conversion ratios to take forward (whether that used for monitoring or forecasting) would need to be determined.
  - Using a floorspace-based figure presents the challenge of how communal space should be addressed and what should be defined as countable communal space. It may be reasonable to assume that communal space within units having their own front door (i.e. shared kitchens and living space in cluster flats) should be counted, but that shared amenities for the building as a whole (such as cinema rooms and gyms) should not. Such amenities are not currently counted for blocks of residential apartments. However, the balance of space may be different for PBSA and may need to be considered further.
- Should PBSA be considered differently, in terms of viability, than mainstream residential development when it comes to negotiating commuted sum payments? What factors may justify a different approach?
  - Examples of the latter include ongoing costs associated with this rented tenure product, its distinct investment and development financing models, and the different locations and types of site potentially available to PBSA (as opposed to mainstream residential).

- Is the pipeline supply of PBSA large enough to warrant any change of approach or the commissioning of new viability evidence to support the Council in negotiating specific schemes?
- How might existing methodologies and the considerations discussed above apply to Build to Rent or graduate co-living products?
    - Build to Rent is normally exempt from wider affordable housing requirements but is subject to its own regime, with a proportion of units delivered at below average rents (although the national baseline can be adjusted in line with local evidence).[1]
    - It may be worth testing at what point PBSA becomes more or less profitable, or viable, than Built to Rent due to affordable housing contributions.

Post-Graduation Housing Options

1.23 Post-graduation housing refers to the options available to students upon completion of their studies. Build to Rent appears to be a reasonable and appealing option for young people accustomed to the modern specifications, facilities, and all-inclusive payments associated with PBSA. The same applies for Co-living developments, which may even be more closely comparable to student accommodation.

1.24 Analysis shows that Build to Rent and Co-living developments are situated at the higher end of the rental market, and if delivered in Norwich would likely be unaffordable to a large share of recent graduates. Less recent graduates, the cohort typically labelled ‘young professionals’, may be a more appropriate target market because of their potentially higher incomes. If young professionals currently live in the mainstream PRS (including HMOs), the provision of Build to Rent or Co-living developments could attract them and, consequently, free up lower-cost options in the PRS for new graduates.

1.25 Whilst in theory there may be scope, in an oversaturated market, to convert some PBSA units into other accommodation types, this would require planning permission, which is not guaranteed. PBSA is not required to meet the same space standards as mainstream accommodation and so conversion, particularly of smaller cluster flats, into other types of accommodation would likely be challenging and costly. As such, housing products aimed at graduates may not represent a simple off-ramp for the oversupply of PBSA.

[1] Government guidance on Build to Rent: https://www.gov.uk/guidance/build-to-rent.

2. Introduction and Context

Objectives

2.1 This study was commissioned by Norwich City Council (NCC) to understand the Purpose Built Student Accommodation (PBSA) market in Norwich. In particular, it seeks to estimate future demand from the student population and assess whether this demand can be satisfied by the current stock and pipeline, or if there is a risk of oversaturation of the market. It also explores the potential for post-graduation housing options such as Build to Rent and discusses Norwich City Council's evolving approach to requiring commuted sum payments from PBSA development.

2.2 This section:

- Outlines the parameters of the study;
- Establishes a definition for PBSA; and
- Outlines current Norwich City Council policy relating to PBSA and the potential implications of key changes.

2.3 The rest of this report is structured as follows:

- Section 3 – Stock and Pipeline of PBSA
- Section 4 – Student Number Projections
- Section 5 – Occupancy Levels and Future PBSA Need
- Section 6 – PBSA Commuted Sums
- Section 7 – Post-Graduation Housing Options
- Appendices include a range of supporting data, tables and methodological information.

Defining PBSA

2.4 Purpose Built Student Accommodation (PBSA) is a type of housing dedicated to accommodating full-time students. This specific function distinguishes PBSA from mainstream residential development and other specialised housing products, such as Build to Rent. This distinction influences how PBSA is treated in the planning system, influencing its use class (usually sui generis), requirements for Community Infrastructure Levy (CIL) and Section 106 contributions, and the space standards applied.

2.5 PBSA schemes, which can be newly built or converted from other uses, tend to take the form of one or more 'blocks' containing a combination of multi-bedroom cluster flats with communal facilities (kitchen/dining/living rooms) or self-contained studio apartments. Some PBSA developments also include small apartments suitable for students sharing or specifically for families, although these latter spaces tend to be very limited. PBSA can range significantly in size: typical developments have a capacity of between 250 - 500 rooms, but can exceed 1,000 in some cases[2]. Their most common ownership and management arrangements include:

- Halls of residence – owned and managed by a Higher Education Institution (HEI). In Norwich the majority of student halls are located on the University of East Anglia (UEA) campus and University Village.
- Direct let PBSA – owned, managed, and let by private operators.
- Partnership/nominations PBSA – generally owned and managed by private operators but with agreements or links to one or more HEIs. In Norwich a number of PBSA developments are privately managed but linked through nominations agreements to Norwich University of the Arts.

2.6 Whilst a significant proportion of student accommodation has traditionally been delivered by HEIs as halls of residence, growth in the number of students in many university towns and cities has led to increased demand which halls alone are not able to satisfy. Wilkinson and Greenhalgh (2022)[3] outline that this has led to a number of supply-side responses, including increases in the volume of HMOs in university towns and cities and private sector investment in large-scale PBSA developments. The latter have in many cases been initially encouraged by local authorities in order to tackle the challenges associated with growing volumes of HMOs. PWC and Student Crowd (2023)[4] estimate that 57% of the UK's stock of PBSA is privately owned (including that let directly and through partnership/nominations).

2.7 Bedspaces within PBSA are usually provided as one of the following two categories:

- Communal/cluster flats: individual bedrooms (either ensuite or shared bathroom) contained within larger flats that often house between 4 and 6 students (but exceed this in some cases).[5] Kitchens and other communal spaces are shared.

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[2] Higher Education Policy Institute 'Student Accommodation: The Facts' (2020) https://www.hepi.ac.uk/wp-content/uploads/2020/08/HEPI-Student-Accommodation-Report-FINAL.pdf

[3] Wilkinson C and Greenhalgh P. (2022). 'Exploring Student Housing Demand, Supply Side, and Planning Policy Responses in a Small University City: Studentification in Durham, UK'. *Housing Policy Debate.* 34(5). Pp 746-768.

[4] Pwc and Student Crowd. (2023). *Student accommodation: availability and rental growth trends.* Available at https://www.pwc.co.uk/government-public-sector/education/documents/student-accomodation-availability-and-rental-growth-trends-july-2023.pdf

[5] Leeds Local Plan 'Houses in Multiple Occupation, Purpose-Built Student Accommodation and Co-Living Amenity Standards Supplementary Planning Document' (2021) https://www.leeds.gov.uk/docs/Draft%20HMO%20PBSA%20and%20Co-Living%20SPD%20-%20Consultation%20Version.pdf

- Studio apartments: self-contained units accommodating a single student, typically with a kitchenette and private bathroom.

2.8 The precise composition of these accommodation types varies. Cluster flats may have a greater range of bedroom options (e.g. single bed, double bed, shared bedrooms, en-suite, shared bathroom), and some larger studio apartments are capable of accommodating two residents.

2.9 Outside of their private bedrooms or flats, PBSA tends to offer a range of onsite amenities and larger communal spaces, which can include:

- Lounges and social spaces;
- Study rooms or quiet zones;
- Gyms, cinemas or other recreational/entertainment facilities;
- Onsite laundry facilities; and
- Bicycle storage.

2.10 PBSA – whether student halls or privately managed – typically offer an all-inclusive rental model, in which the costs of all utilities and on-site amenities are built into the rent. Rental payments can be weekly, monthly, termly or annually. Tenure arrangements can also differ from the wider private rented sector (PRS), including shorter contracts aligning with the academic calendar, options for remaining over the summer break, and provisions for breaking leases where students need to drop out.

National Policy and Guidance

2.11 The National Planning Policy Framework 2023 does not currently set out any specific policy or guidance on PBSA. It does, however, list students among the groups having specific housing needs (paragraph 63). Moreover, Planning Practice Guidance (PPG) (Housing needs of different groups) advises that that:

> *"Strategic policy-making authorities need to plan for sufficient student accommodation whether it consists of communal halls of residence or self-contained dwellings, and whether or not it is on campus…. Strategic policy-making authorities are encouraged to consider options which would support both the needs of the student population as well as local residents before imposing caps or restrictions on students living outside university-provided accommodation…" (PPG Paragraph: 004 Reference ID: 67-004-20190722)*

2.12 Considering PBSA in the context of housing supply and delivery, PPG (Housing supply and delivery) sets out that student accommodation can count towards to an authority's housing land supply where the delivery of PBSA will allow other housing (e.g. HMOs) to be released into the general market and/or where it will allow general housing to remain as such, rather than being converted into student accommodation.

Current NCC Approach to PBSA

2.13 In 2019 Norwich City Council published the ‘Purpose-built accommodation in Norwich: Evidence and best practice advice note’. This document states that the vast majority (92%) of the 5,324 PBSA bed spaces existing in Norwich in 2019 were cluster flats, while studios and ‘other’ types accounted for 4% each. The pipeline of new PBSA developments in 2019 implied slight growth in the overall share of studio and ‘other’ types. This report will update the stock and pipeline information to 2024.

2.14 The Greater Norwich Local Plan (GNLP) (adopted March 2024) asserts that PBSA will be of strategic importance for the growth of the city over the plan period, due in part to historic and expected increases in the student population. The GNLP notes that over the lifetime of the plan, Norwich city centre and other accessible and sustainable locations are likely to see the delivery of a higher density of flats, and this may also include an increase in PBSA developments. This is evidenced in the pipeline of new PBSA (discussed in the following section), in which half of proposed PBSA developments have over 400 bedspaces.

2.15 Specifically looking at PBSA, Policy 5 of the GNLP sets out that PBSA will be provided to meet the growing needs of the UEA and in other locations with good access to the educational facilities they will serve, including Norwich University of the Arts. This policy sets out the requirement that PBSA developments outside the boundaries of the UEA campus provide a commuted sum sufficient to provide off-site policy compliant level of Affordable Housing. PBSA delivered within the boundary of UEA will be exempt from Affordable Housing provision. Policy 7.1 sets out that development at the UEA will cater for up to 5,000 additional students by 2038 through intensification of uses within the campus and some limited expansion.

2.16 In terms of Norwich’s Development Management Policies, policy DM13 relates specifically to educational institutions and student accommodation, setting out a number of criteria that proposals must satisfy. This can be summarised as follows:

- the site must not be designated or allocated for an alternative non-residential use;
- if allocated for housing, it can be demonstrated that the proposal would not compromise the delivery of a 5 year housing supply for the city;
- the location provides convenient and direct access to local facilities and bus routes;
- the provision of shared amenity space is satisfactory; and

- applicants can demonstrate provision of satisfactory servicing and warden / staff accommodation.

Growth of the University of East Anglia (UEA)

2.17 The UEA Development Framework Strategy was updated in 2019 and sets out a growth vision for the university, which plans to accommodate an extra 5,000 students by 2035. The Framework identifies a shortfall of approximately 1,210 bedspaces needed to accommodate the level of growth expected by the University.

2.18 The Greater Norwich Local Plan (2024) reiterates this growth commitment, also commenting on the potential for growth at Norwich University of the Arts. The Plan outlines that Policy 5 will have regard for the UEA Development Framework Strategy and any growth plans of both educational institutions.

3. Stock and Pipeline of PBSA

Introduction

3.1 This Section presents the current stock of PBSA in Norwich and the current pipeline of future development. It seeks to:

- Establish the current volume of PBSA (number of schemes and bedspaces);
- Understand the breakdown in PBSA stock (type of room, university halls of residence/direct let PBSA/nomination schemes); and
- Provide a snapshot of the schemes currently in the development pipeline.

Current PBSA Stock

3.2 At the time of writing in October 2024 there were 6,349 PBSA bedspaces in Norwich[6].

3.3 An important point to note is that the 6,349 bedspaces figure excludes the Ziggurats (Norfolk and Suffolk Terrace) at UEA. These halls of residence were closed in 2023 due to Government guidance on Reinforced Autoclave Aerated Concrete (RAAC). This also affected parts of Nelson Court and Constable Terrace, but these were fully reopened by September 2024. It is unclear when the Ziggurats will reopen (but this is unlikely to occur in the next 3 years) meaning there are 663 bedspaces[7] currently unusable. If these were available, there would be 7,012 PBSA bedspaces in Norwich.

3.4 When looking at the breakdown in type of the current stock of 6,349 bedspaces, 85.4% (5,423) are within cluster flats, 8.9% (568) are studios, 4.4% (280) are classed as 'other'[8], and information is lacking or unknown for 1.2% (78).

3.5 Table 3-1 provides a full breakdown of the current stock of PBSA, including number of bedspaces, the type of PBSA (e.g. halls of residence, nominations, direct let), and provides additional relevant information.

[6] This assumes that any twin rooms advertised as both single and double occupancy are the same rooms. It also assumes that the 35 twin rooms in UEA halls of residence are occupied by two people as the maximum possible occupancy. It also assumes that the 2-bedroom apartments are fully occupied. This total also excludes the 40 family apartments available at UEA as these are not considered traditional student accommodation, and most students will not be eligible, meaning they are not meeting general student needs. They are, however, an important resource for postgraduate or mature students with families.

[7] This assumes that any twin rooms advertised as both single and double occupancy are the same rooms. It also assumes that the 86 twin rooms in the Ziggurats are occupied by two people as the maximum possible occupancy. It also assumes that the 2-bedroom studio apartments are fully occupied.

[8] This includes 2-bedroom units and larger apartments (i.e. not studios).

Table 3-1: Stock of PBSA in Norwich, 2024

PBSA	Bedspaces	Halls of Residence / Nominations / Direct Let	Type of Room	Additional Information
UEA – Ensuite twin	35	Halls of Residence (UEA)	Cluster flats	-
UEA – Ensuite sole use	35	Halls of Residence (UEA)	Cluster flats	Assumed to be same rooms as above
UEA - Ensuite campus	1,752	Halls of Residence (UEA)	Cluster flats	-
UEA – Ensuite campus plus	50	Halls of Residence (UEA)	Cluster flats	Newly refurbished
UEA - Standard campus (postgraduate 50-week license)	112	Halls of Residence (UEA)	Cluster flats	Shared bathroom
UEA – The Village ensuite	715	Halls of Residence (UEA)	Cluster flats	UEA student village
UEA – Two bedroom unit	168	Halls of Residence (UEA)	2-bedroom apartments	Shared bathroom & kitchenette (between 2)
UEA – Barton Hickling Crome	744	Halls of Residence (UEA)	Cluster flats	Newest UEA accommodation
Ensuite INTO	100	UEA partnership with INTO	Cluster flats	INTO manage the PBSA but located on UEA campus

Rochester Court	48	Halls of Residence (NUA)	Cluster flats and studios (split unknown)	New in 2024
Duke Street Riverside	100	Halls of Residence (NUA)	Cluster flats	All ensuite accommodation
All Saints Green	228	Nominations (NUA)	225 rooms in cluster flats and 3 studios	25-year agreement (from 2015) to exclusively cater to NUA students
Beechcroft	77	Halls of Residence (NUA)	Cluster flats	Washbasin and ensuite rooms
Crown Place	705	Direct let and nominations (NUA)	404 rooms in cluster flats, 189 studios, 112 apartments	Received nominations from closed Ziggurats (UEA)
St Crispin's House	684	Direct let and nominations (NUA)	429 rooms in cluster flats and 225 studios	Opened September 2023. Received nominations from closed Ziggurats (UEA)
Shoemakers Court	73	Direct let	69 rooms in cluster flats and 4 studios	-
Somerleyton House	59	Direct let	56 rooms in cluster flats and 3 studios	-
Benedict's Gate	302	Direct let	189 rooms in cluster flats and 113 studios	All cluster flats are ensuite
Heathfield	44	Direct let	43 rooms in cluster flats and 1 studio	All cluster flats are shared bathroom

Portland House	40	Direct let	Cluster flats	All ensuite
Velocity Student	34	Direct let	Cluster flats	All ensuite
Pablo Fanque House	244	Direct let but with UEA partnership	214 rooms in cluster flats and 30 studios	All cluster flats are ensuite

PBSA Pipeline

3.6 Alongside the existing stock of PBSA, it is important to understand the pipeline of future development (see Table 3-2). As of October 2024 there were 2,342 PBSA bedspaces in the planning pipeline, 933 approved or under construction, and 1,409 with a planning decision still pending. The total volume of existing and near-term future supply would therefore amount to 7,945 bedspaces, including existing PBSA, the pipeline schemes approved or under construction, and assuming the reopening of Ziggurats. If also taking into consideration the pipeline schemes that still have a decision pending, this figure would total 9,354 bedspaces if all are approved and constructed.

Table 3-2: PBSA pipeline in Norwich, 2024

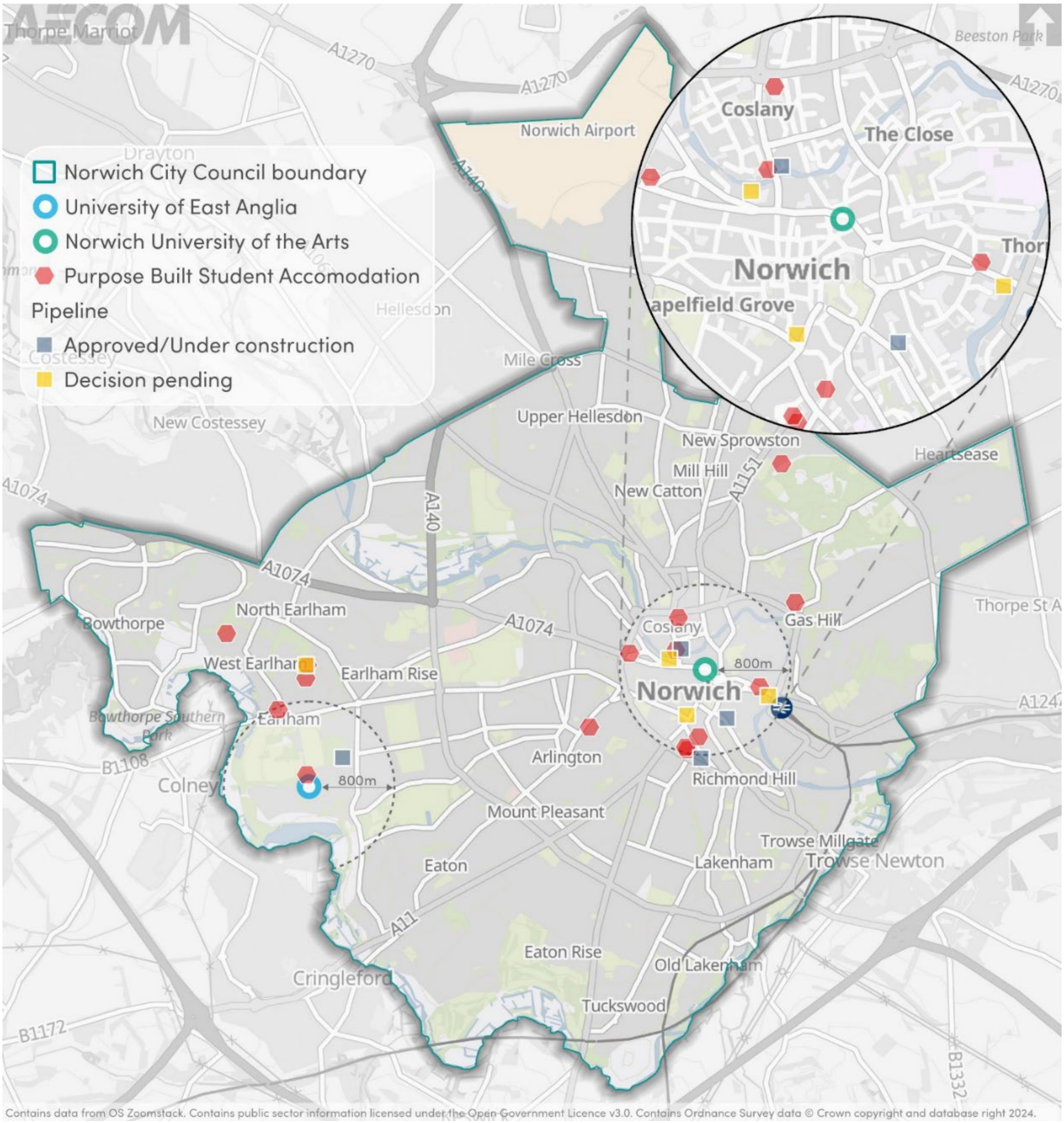
PBSA	Bedspaces	Additional Information
The Blackdale Building (Phase 2)	401	Approved
Car park adjacent to Sentinel House, 37-43 Surrey Street	252	Under Construction
Car park to the rear to Premier Travel Inn, Duke Street	139	Under construction
11 Normans Building	141	Approved
Former Eastern Electricity Board site, Duke Street, Duke's Wharf	480	Decision Pending
Land adjacent to former Shoe Maker public house, Enfield Road	33	Decision Pending
Debenhams Building, Orford Place	405	Decision Pending
Nelson Hotel, Prince of Wales Road	491	Decision Pending

Source: Norwich City Council

3.7 Figure 3-1 shows the location of current and pipeline PBSA schemes in Norwich in relation to both UEA and Norwich University of the Arts. Figure B-2 in Appendix B shows Figure 3-1 with individual schemes identified. The maps show that the majority of the PBSA pipeline is located in the city centre, with 5 schemes within 800m of Norwich University of the Arts and just 1 within 800m of UEA. However, much of the private PBSA (outside of those with nominations agreements with Norwich University of the Arts) caters to students from both institutions. This is likely in part due to the introduction of permanent hybrid learning from UEA post-Covid, meaning students are on campus fewer days than previously and so some prefer to live in the city centre rather than prioritising being close to campus. The two distinct areas of PBSA shown in Figure 3-1 are likely due to UEA campus being a 20+ minute bus journey outside of the city centre, with PBSA development either on or very close to UEA campus or in the city centre, with the areas between more residential in character and therefore less likely to be appropriate for PBSA development.

3.8 In addition to the official planning pipeline, there are a number of schemes, totalling over 1,000 bedspaces, currently at the pre-application stage. In addition to these pre-application enquiries to develop PBSA, there are several pre-application enquiries from existing PBSA providers to convert some of their PBSA bedspaces into alternative forms of accommodation, including other serviced accommodation, hostel accommodation, and apartments/studios for young professionals. This shows that despite persistent demand from developers for developing PBSA, some existing providers are also trying to diversify away from the market, potentially due to issues with occupancy and over-supply, discussed further later in the report.

Figure 3-1: Map of current and pipeline PBSA schemes in Norwich[9]



Cycle Storage

3.9 Norwich City Council are interested in understanding cycle provision linked to PBSA in the city. Delivery of cycle storage is not currently a policy requirement

[9] Note that the red Hexagon by UEA represents all of the UEA campus halls of residence, not just one scheme/development

for PBSA and is considered on a case by case basis. It is therefore helpful to understand the current provision and usage rate of existing storage.

3.10 Table 3-3 shows the amount of cycle storage at PBSA schemes in Norwich, how this compares to the number of bedspaces, and how well used the cycle storage is, based on consultation with providers. There is some variation in provision, with scheme 4 providing more cycle storage spaces than bedspaces, whilst scheme 2 has a cycle storage space for every 7.6 residents. The level of use also varies across schemes, with scheme 2 at c.90% occupancy and schemes 3 and 5 reported to be fairly well used. However, the PBSA schemes with provision of cycle storage closer to the number of bedspaces (schemes 1, 4, and 6) record much lower rates of usage, up to just 25%. No providers identified a lack of cycle storage.

Table 3-3: PBSA Cycle Storage Usage

PBSA Scheme	Volume Cycle Storage	Cycle Storage : Bedspaces	% of Cycle Storage Used
1	40	1 : 1.1	Maximum 25%
2	40	1 : 7.6	c. 90%
3	Unknown	Unknown	“Very well used”
4	80	1 : 0.9	20%
5	200	1 : 3.5	“Used quite a lot”
6	160	1 : 1.4	9% - 19%
7	Unknown	Unknown	6/7 bikes each year

Source: PBSA Providers, Norwich

3.11 Table 3-3 solely relates to direct let and nominations PBSA, not halls of residence. However, consultation with UEA identified no undersupply of cycle storage, with it considered to be well used but not oversubscribed. UEA noted that a lot of students use the bus as well as the electric bike and scooter schemes, with the latter also identified as growing in use by some PBSA providers.

Conclusions

3.12 As of October 2024, there were 6,349 usable PBSA bedspaces in Norwich, increasing to 7,012 when taking into consideration bedspaces in the currently closed Ziggurats at UEA.

3.13 The majority of PBSA bedspaces in Norwich are as part of cluster flats (85.4%) with shared living and kitchen facilities, whilst 8.97% are studios.

3.14 PBSA schemes in Norwich are concentrated either in and around UEA or in Norwich city centre, likely due to the UEA campus being a bus journey from the city centre, with more residential development between the two areas, which would be less suitable for PBSA development.

3.15 As of October 2024 there were 2,342 PBSA bedspaces in the planning pipeline, 933 approved or under construction, and 1,409 with a planning decision still pending.

3.16 Pre-application enquires show a continued desire from developers to bring forward PBSA in Norwich. However, they also show a potential move away from PBSA, with some providers looking to convert existing PBSA bedspaces into alternative forms of accommodation.

4. Projections of Student Numbers

Introduction

4.1 This Section explores the number of students in Norwich, their characteristics, and how these are projected to change over the GNLP period. It seeks to:

- Understand the current number of students in Norwich and project future student numbers, broken down by domestic/international and other characteristics relevant to accommodation needs and preferences;
- Evaluate the actual and potential impacts of Brexit, Covid-19, and Government policy changes; and
- Determine the potential future demand for PBSA based on projections of student numbers and current occupancy patterns.

Current and Future Student Numbers

Students in Norwich

4.2 The Higher Education Statistics Authority (HESA) provides data on students and HEIs. This is a key starting point for understanding student numbers in Norwich. Table 4-1 shows how student numbers in Norwich have changed between 2014/15 and 2022/23[10]. The number of full-time students increased year-on-year until 2021/22 when there was a slight decline (-215 students) to 2021/22, and a further decline (-510 students) to 2022/23. Overall, there was still an increase of 3,065 full-time students between 2014/15 and 2022/23.

4.3 It is also interesting to look at the trends in full-time undergraduate (UG) students and full-time undergraduate entrants, with the latter meaning new students enrolling at the universities. Whilst full-time undergraduate students show the same trend as full-time students generally, there is more fluctuation in the number of full-time undergraduate entrants each year, as shown in Figure 3-1, although still with a decline in the latest 2 years.

4.4 This trend may be linked to the Covid-19 pandemic, with students being hesitant to begin university courses, especially in 2021/22, when it was unknown if there would be continued online learning and national lockdowns. However, nationally, first-year enrolments increased by c.10% between 2019/20 and 2020/21 according to HESA data[11]. Between 2020/21 and 2021/22 there was a lower rate of growth, with first-year numbers increasing by 2%, however first-year enrolments of undergraduate students specifically decreased by 2% over this

[10] 2022/23 is the latest available dataset.
[11] This is not limited to undergraduate students and so also includes taught post-graduate entrants.

period[12]. This is in contrast to a 10% decrease in Norwich for undergraduate entrants between 2020/21 and 2021/22.

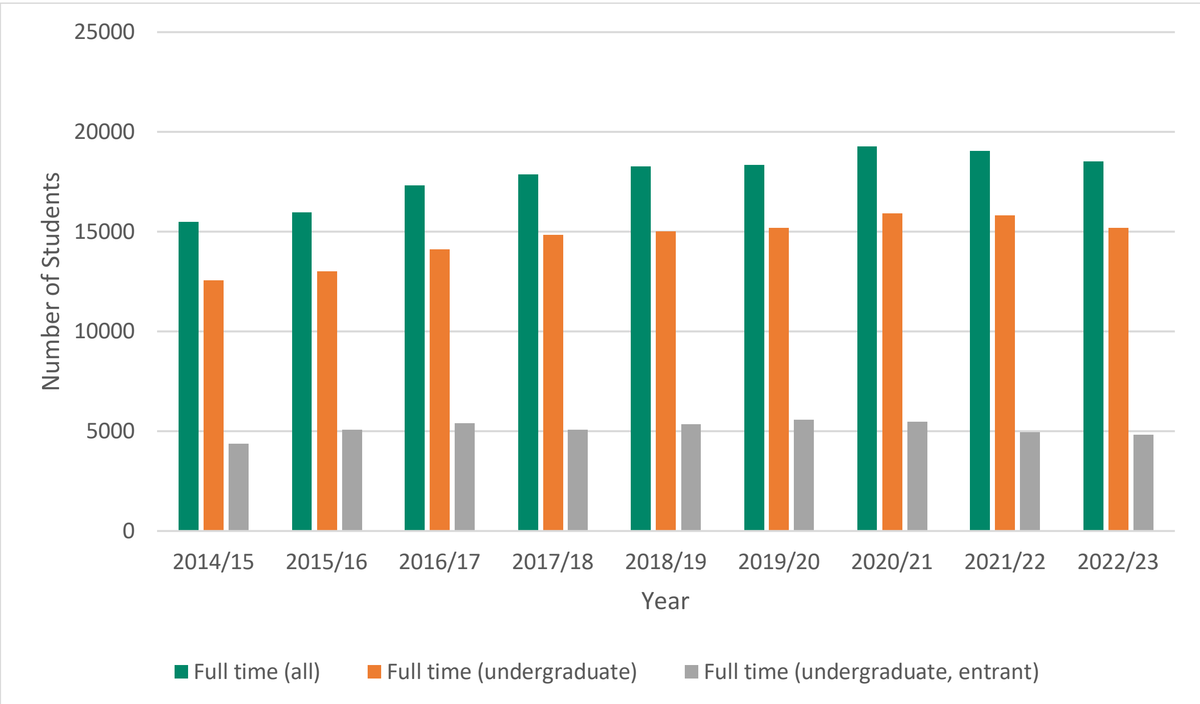
4.5 Overall, the number of full-time students in Norwich increased by 19.8% between 2014/15 and 2022/23, with the number of full-time undergraduate students increasing by 20.9% over the period, and entrants by 10.1%.

Table 4-1: Student Numbers in Norwich 2014/15 – 2022/23

	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Full time (all)	15,475	15,980	17,315	17,870	18,280	18,330	19,265	19,050	18,540
Full time (undergraduate)	12,560	13,015	14,105	14,835	15,005	15,185	15,895	15,795	15,185
Full time (undergraduate, entrant[13])	4,360	5,060	5,395	5,080	5,340	5,585	5,495	4,945	4,800

Source: HESA, AECOM Calculations

Figure 4-1: Student Numbers in Norwich 2014/15 – 2022/23



Source: HESA, AECOM Calculations

12 https://www.hesa.ac.uk/insight/19-01-2023/impact-covid-19-2022-student-data

13 A small number of undergraduate entrants may be transfer students from other universities, meaning although they would be an entrant at the Norwich universities, they may not be 1st year students.

Student Number Projections - HESA

4.6 Past trends are an important indicator when projecting forward the potential future number of students in Norwich. It should be noted that the projections presented below are based on past trends and population projections as opposed to the future strategic plans of UEA and Norwich University of the Arts, with neither having specific up-to-date[14] targets for future student numbers, rather looking for a general growth trajectory over time.

4.7 The past student numbers highlighted in Table 4-1 are a baseline for the level of growth forecast, with the average annual growth between 2014/15 and 2022/23 used to project student numbers to 2038/39, shown in Table 4-2 and summarised below:

- **24,670 full-time students by 2038/39;**
- **20,435 of these full-time students being undergraduates; and**
- **5,680 of the full-time undergraduate students being entrants.**

4.8 For full-time students in Norwich this is an average increase of 383 students per year, a slightly lower increase of 328 full-time undergraduate students per year, and an increase of 55 entrants per year. It also suggests that there are 19,306 full-time students in Norwich this academic year (2024/25), with 15,841 being undergraduates, and 4,910 being entrants (assumed to be first year undergraduates[15]).

Table 4-2: Student Number Projections, Norwich, 2023/24 – 2038/39

	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36	2036/37	2037/38	2038/39
Full time (all)	18,923	19,306	19,689	20,073	20,456	20,839	21,222	21,605	21,988	22,371	22,754	23,138	23,521	23,904	24,287	24,670
Full time (UG)	15,513	15,841	16,169	16,498	16,826	17,154	17,482	17,810	18,138	18,466	18,794	19,123	19,451	19,779	20,107	20,435
Full time (UG, entrant)	4,855	4,910	4,965	5,020	5,075	5,130	5,185	5,240	5,295	5,350	5,405	5,460	5,515	5,570	5,625	5,680

Source: HESA, AECOM Calculations

[14] The 2019 UEA Development Framework Strategy identified a target of an additional 5,000 students by 2035, but this is a dated strategy which the projections are not based upon, but referred to later in the report.

[15] A small number of undergraduate entrants may be transfer students from other universities, meaning although they would be an entrant at the Norwich universities, they may not be 1st year students.

4.9 Due to the impacts of the Covid-19 pandemic on university teaching and student lifestyles, there has been some uncertainty around the direction of travel in student numbers in the past few years. The average annual rate of growth (used for the projections above) was therefore also sensitivity-tested using a shorter baseline period of 2018/19 – 2022/23. This showed that in this time period there was significantly less growth in student numbers, with an average annual increase of 65 full-time students per year and 45 full-time undergraduates per year. It also identified a clear decline in full-time undergraduate entrants of 135 students per year, highlighting the drop in students taking up places in this period.

4.10 If these averages were used to project forward growth to 2038/39, this would show a continued and more marked decline in the number of students taking up places on undergraduate courses in Norwich. As this is likely a 'blip' in the long-term picture due external influences such as Covid-19 and Brexit occurring in the near past, the longer term baseline of 2014/-15 – 2022/23 has been used for the core projections here, although this could be impacted in future years by other external factors such as Government policies (e.g. changes to graduate visas), pandemics or other shocks, or student funding changes.

Student Number Projections – Population Projections

4.11 An alternative method for projecting the future number of students in Norwich is to use the 2018 ONS sub-national population projections. There are some key caveats to consider when undertaking this method for projecting student numbers:

- Sub-national population projections are published in 5-year bandings. In order to project forward the student population, the two most appropriate age bands (15-19 and 20-24) have been selected because these are likely to capture most full-time undergraduate students.

- However, it should be noted that there will be students that fall outside of these age bands (e.g. mature students, post-graduate students), as well as the brackets including non-students and students not yet old enough for Higher Education. Because the relevant age bands for capturing these groups would be likely to incorporate more students than non-students, they have been excluded. The inevitable presence of non-students in the core cohorts should compensate, to some extent, for the students missed in other age bands.

- Population projections are presented per calendar year, whilst the student data this is being compared with relates to academic years, meaning there is a slight misalignment. This is not considered to have an impact on the validity of the calculations.

4.12 In order to project forward the potential number of students in Norwich by 2038, it is important to have as strong as possible grasp on the current number. The number of full-time students in Norwich in 2022/23 (HESA) was therefore compared to the number of individuals aged 15-24 in Norwich (2022) to establish what proportion of this population may be students. The resulting percentage is 64.3%. If this percentage is then also applied to the projected population in the 15-24 age group in 2038, it suggests that there could be 20,274 full-time Higher Education Students in Norwich. This produces an increase of 1,734 students between 2022 and 2038, or 108 per annum.

4.13 For comparison, the 2021 Census shows that at this time 65.7% of Norwich residents aged 16-24 (the most comparable age groups to ONS grouping) were full-time students, in line with the proportion estimated in 2022/23 based on HESA student numbers and ONS population projections (64.3%).

4.14 The 2021 Census suggests that those identified as students aged 16-24 total 16,713, compared to 18,540 students recorded in Norwich in 2022/23 by HESA. However, the 2021 Census was conducted during the Covid-19 pandemic. Large numbers of students returned to their family homes while universities switched to teaching online. This means that many students were included in the Census return at their family address rather than from their term-time address. While the trend of students returning to family homes works in both directions (i.e. students moving home from Norwich and those studying elsewhere moving home to Norwich), as a university city Norwich is likely to have experienced more temporary out-migration than in-migration.

4.15 These methods therefore suggest a range of **20,274 – 24,670 full-time students in Norwich by 2038,** with the upper end of this range AECOM's projection based on HESA statistics in Table 4-2, and the lower based on ONS population projections. The higher figure of 24,670 will be taken forward through the report because it is based on recent trends and reduces the risk of further calculations (e.g. international students and PBSA demand) being an under-estimate.

International Students

4.16 As well as projecting forward overall student numbers in Norwich, gaining a complete picture of PBSA demand requires special focus on the current and future number of international students. It is well-documented that international students (alongside first year undergraduate students) are the primary users and market for PBSA (Stevenson and Askham, 2011[16]; Cushman & Wakefield, 2023[17]; Savills, 2020[18]).

4.17 In order to forecast the number of international students in Norwich over the GNLP plan period, it is important to understand the proportion of international students at present:

- According to HESA data, in 2022/23 83.3% of full-time students in Norwich were from the UK, with 16.7% non-UK (12.7% EU and 87.4% non-EU).
- The equivalent UK data shows that 69.4% of full-time students were domestic in 2022/23, with 30.6% international (11.9% EU and 88.1% non-EU).
- When looking at the average between 2018/19 and 2022/23 for the UK, 73.1% of full-time students were from the UK, with 26.9% non-UK (20.8% EU and 79.2% non-EU). This shows that Norwich generally has a greater proportion of domestic students than the UK as a whole.
- The proportion of international full time students is quite heavily influenced by postgraduate students, with the national average (2018/19-2022/23) rate of international full-time undergraduate students 17.0%, compared to 26.9% across all full-time students. When looking at Norwich specifically, in 2022/23 9.7% of full-time undergraduates were international students, compared to 16.7% across all full-time students.

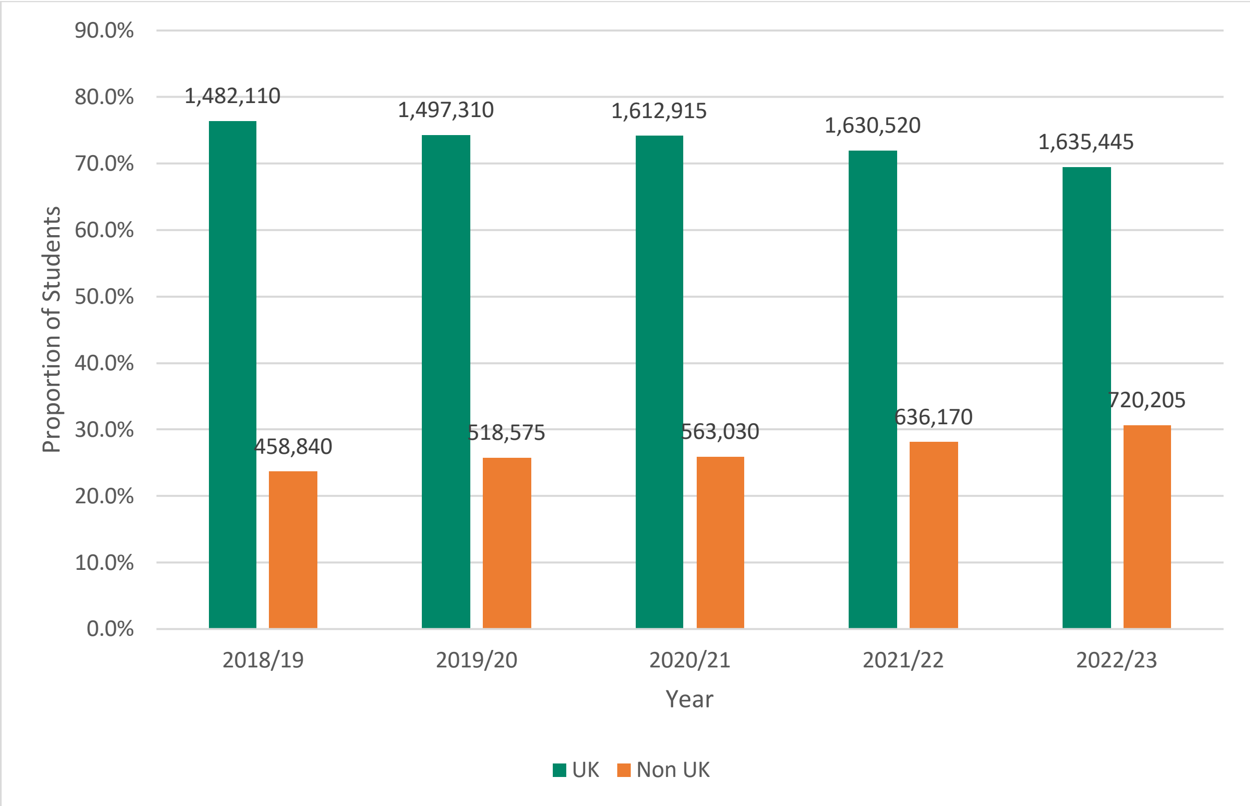
4.18 Figure 4-2 below shows that between 2018/19 and 2022/23 the number and proportion of domestic students in the UK decreased slightly, with the number and proportion of international students increasing each year, despite the Covid-19 pandemic and the UK leaving the EU during this period. Cushman & Wakefield's UK Student Accommodation Report (2023) found that students from China, India, and Nigeria account for 49.2% of all international students at Higher Education institutions.

4.19 Consultation interviews with PBSA providers and other stakeholders in Norwich identified a particular demand from international students from Kuwait (mainly studying Pharmacy at UEA). In addition, consultees outlined that there had been a decline in Chinese students due to the loosening of visa restrictions in Australia (making that destination country more attractive), with UEA now seeing higher

[16] Stevenson R and Askham P. (2011). Purpose Built Student Accommodation: Changing Face of Student Accommodation in Sheffield. *Sheffield Hallam University Built Environment Research Transactions.* 3(1). Pp. 6-16.
[17] Cushman & Wakefield. (2023). *UK Student Accommodation Report.* Available at https://image.comm.cushmanwakefield.com/lib/fe37117171640578741271/m/1/CW+Student+Accommodation+Report+2023+Low+Res.pdf
[18] Savills. (2020). *International Students.* Online at https://www.savills.com/research_articles/255800/305399-0#:~:text=Accounting%20for%20university%20choice%2C%20they,living%20in%20purpose%2Dbuilt%20accommodation.

proportions of postgraduate students from India and Nigeria. Consultees noted that some of the students from these countries are not necessarily suitable for PBSA (or HMOs) as they have often brought dependents to the UK and so required a larger living space.

Figure 4-2: UK and Non-UK Full-Time Students, 2018/19 – 2022/23, UK



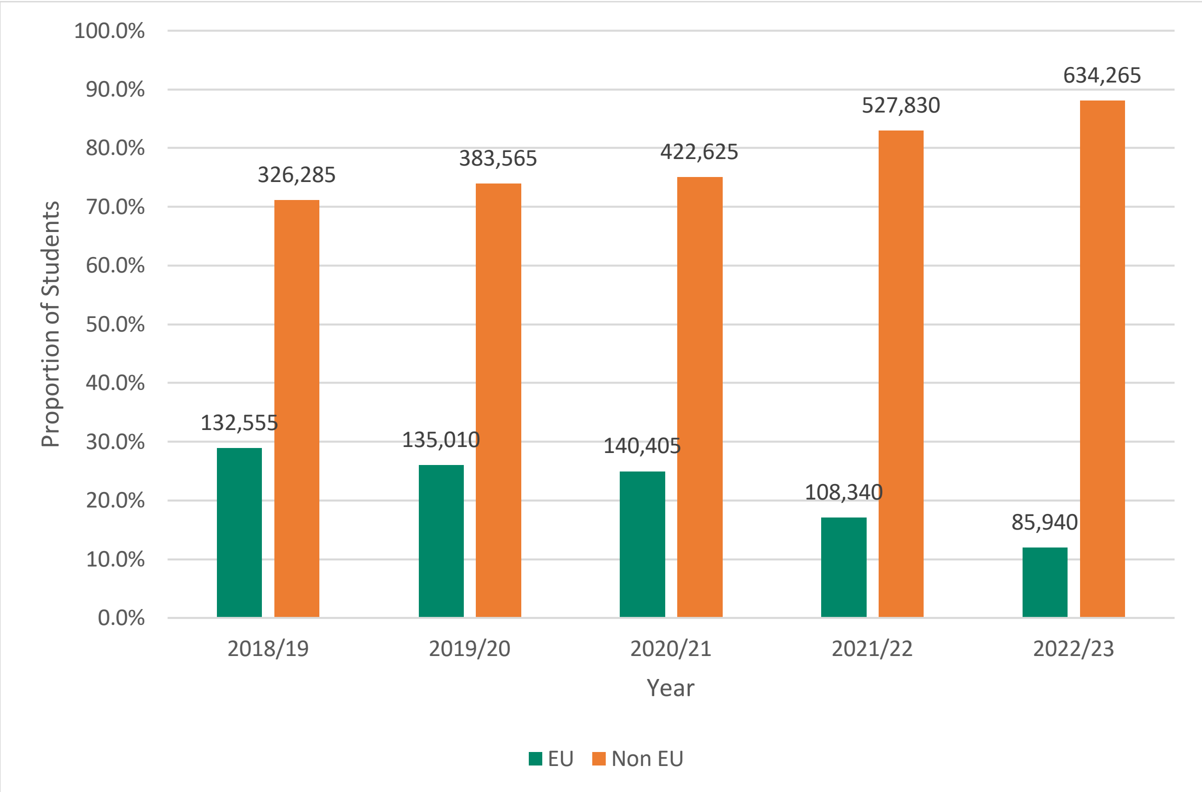
Source: HESA, AECOM Calculations

4.20 Figure 4-3 shows that less than 30% of international students to the UK in any year were from EU countries. Between 2018/19 and 2022/23 the proportion of EU students decreased significantly, from 28.9% of international students to 11.9%, likely reflecting the impact of Brexit. Whilst the proportion of EU students decreased each year, Figure 4-3 shows that the actual number of EU students increased slightly each year to 2020/21, with a significant decline to 2021/22. The 2021/22 academic year was the first year where EU students were required to pay full international student fees, hence the decline, which has continued into the 2022/23 academic year.

4.21 The proportion and number of non-EU students increased, from 71.1% (326,285 students) in 2018/19 to 88.1% in 2022/23 (634,265 students). This demonstrates that despite the decline in EU students over the 5 year period, the increase in non-EU students in the UK has made up the shortfall, meaning there has not been an overall decline in international students as was initially expected post-Brexit.

4.22 Another factor which may have led to an increase in non-EU international students nationwide, particularly from the 2021/22 academic year onwards (see Figure 4-2) is the introduction of the Graduate Visa[19] in July 2021, which allows graduates to stay in the UK for 2 years following the completion of their course (3-years post-PhD). The visa allows graduates to work, look for work, be self-employed, do voluntary work, and travel to and from the UK, with the opportunity to move onto other visas (e.g. Skilled Worker) once the graduate visa expires. From the commencement of the scheme to the end of 2023, 213,300 graduates have been granted these visas, alongside 45,900 dependents. At least three quarters of these graduate visas each year were granted to those completing a postgraduate taught course, with nearly 75% of those granted a visa from India, Nigeria, China, Pakistan, or the USA[20] (the former 3 being previously identified as key international student groups in the UK). Whilst this explains the increase in full-time international students in the UK highlighted in Figure 4-2 and Figure 4-3, discussed further below, the graduate visa process is changing, and this may have further impacts on international student numbers.

Figure 4-3: EU and Non-EU Full-Time Non-UK Students, 2018/19 – 2022/23, UK



Source: HESA, AECOM Calculations

19 https://www.gov.uk/graduate-visa
20 https://www.gov.uk/government/publications/graduate-route-rapid-review/graduate-route-rapid-review-accessible#:~:text=Who%20is%20using%20the%20route%2C%20and%20how%20has%20this%20changed,the%20number%20of%20visas%20granted.

4.23 When projecting forward the potential number of international students in Norwich, there are two key methodologies which are important to explore due to data limitations. International student data across a number of years for all full-time students is only available at UK level (available from 2018/19 to 2022/23, as presented above), while Norwich data is available for the 2022/23 academic year only.

4.24 The projection results presented below relate to all full-time international students, with row 1 and 2 providing a range for the potential scale of international students in Norwich. Row 1 applies the average national proportions of international students between 2018/19 and 2022/23 to projections for all students in Norwich. This is considered more representative than a single year of data due to the implications of Covid-19 and Brexit. The average proportion of international students between 2018/19 and 2022/23 for the UK as a whole was 26.9%. Row 2 is potentially more representative of the scale of international students in Norwich, but only relates to the proportion of full-time international students in 2022/23 (16.7%), which is then applied to the projections for all students in Norwich.

4.25 Table 4-3 shows the projected number of international students in Norwich over the GNLP period, with Row 1 the upper end of a range of potential international student across UEA and Norwich University of the Arts. This is due to the national average rate of international students being greater than the rate in Norwich in 2022/23,likely in part due to the UK data including London universities.

4.26 As emphasised previously, this is an important factor to consider as international students will comprise a significant market for PBSA.

Table 4-3: International Student Number Projections, Norwich, 2023/24 – 2038/39

	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36	2036/37	2037/38	2038/39
Full time (all) 26.9% non-UK	5,096	5,199	5,302	5,406	5,509	5,612	5,715	5,818	5,922	6,025	6,128	6,231	6,334	6,437	6,541	6,644
Full time (all) 16.7% non-UK	3,164	3,228	3,292	3,356	3,420	3,484	3,548	3,612	3,677	3,741	3,805	3,869	3,933	3,997	4,061	4,125

Source: HESA, AECOM Calculations

4.27 Although Table 4-3 forecasts potential future international student numbers, the uncertainties are greater when projecting international numbers than student numbers generally. This is because less predictable factors such as travel restrictions, Government policies, or global events are likely to have a greater impact on these numbers.

4.28 For example, from January 2024 international students will no longer be able to bring dependents to the UK, except for postgraduate research courses or government-funded courses. Cushman & Wakefield[21] outlined that in 2022 135,788 dependents were accepted into the UK on a student dependent visa, with restrictions likely to reduce international student numbers in future. PWC & Student Crowd[22] identified that approximately three quarters of the total dependents in 2022 were linked to Nigerian and Indian students. Whilst this visa change will undoubtedly have an impact on overall international student numbers for HEIs (and their income), it is unlikely that this will have a material effect on PBSA demand as students with dependents are much less likely to live in PBSA, instead favouring the traditional private rented sector.

Future Demand for PBSA

4.29 In order to understand the potential future demand for PBSA in Norwich, it is essential to establish how many of the projected students are expected to live in this accommodation type.

4.30 The starting point is to establish the living situation of current students. HESA data breaks down the type of accommodation full-time students live in. Table 4-4 shows that in 2022/23 29.6% of full-time students lived in PBSA, compared to 30.6% of full-time undergraduates, and 63.6% of full-time undergraduate entrants. This demonstrates that first year undergraduates are much more likely to live in PBSA than students as a whole in Norwich, although over a quarter of full-time students live in this type of accommodation. This is above the proportion of full-time students living in PBSA across the UK (22.6%) in 2022/23.

Table 4-4: Term time address of full-time students, Norwich, 2022/23

[21] Cushman & Wakefield. (2023). *UK Student Accommodation Report.* Available at https://image.comm.cushmanwakefield.com/lib/fe37117171640578741271/m/1/CW+Student+Accommodation+Report+2023+Low+Res.pdf

[22] Pwc and Student Crowd. (2023). *Student accommodation: availability and rental growth trends.* Available at https://www.pwc.co.uk/government-public-sector/education/documents/student-accomodation-availability-and-rental-growth-trends-july-2023.pdf

	Provider maintained property	Private sector halls	Parent's home	Own residence	Other rented accommodation[23]	Other
Full-time students (all)	19.6%	10.0%	11.0%	15.8%	39.5%	4.2%
Full-time students (UG)	20.7%	9.9%	11.5%	13.5%	41.0%	3.3%
Full-time students (UG, entrant)	50.3%	13.3%	12.5%	8.2%	15.0%	0.7%
Full-time students (UG, not an entrant)	6.5%	8.3%	11.0%	16.1%	53.5%	4.6%

Source: HESA, AECOM calculations

4.31 Applying the proportion of each student type to the student number projections based on HESA past trends data in Table 4-2 gives an estimate for the demand for PBSA in Norwich to 2038/39. This means that the demand for full-time undergraduate entrants is greater than the share of students they represent as they have a greater propensity to live in PBSA than full-time students or undergraduates generally. Table 4-5 shows, based on current occupancy patterns, that by 2038/39 there may be a need for:

- **7,293 PBSA beds to meet the demand of all full-time students;**
- **6,267 PBSA beds to just meet the demand of full-time undergraduates; and**
- **3,612 PBSA beds to just meet the demand of full-time undergraduate entrants**, with many universities only guaranteeing PBSA accommodation (particularly halls of residence) to first year undergraduate students.

4.32 It is a policy decision as to whether the objective should be to meet demand from all full-time students or just the key subsets which have a higher propensity to use PBSA. The figure for all full-time students includes the demand from the latter two categories.

Table 4-5: Estimated PBSA bed demand, Norwich, 2023/24 – 2038/39

[23] This is assumed to mainly be HMOs

	2023 /24	2024 /25	2025 /26	2026 /27	2027 /28	2028 /29	2029 /30	2030 /31	2031 /32	2032 /33	2033 /34	2034 /35	2035 /36	2036 /37	2037 /38	2038 /39
Full time (all)	5,594	5,707	5,821	5,934	6,047	6,160	6,274	6,387	6,500	6,613	6,727	6,840	6,953	7,066	7,180	7,293
Full time (UG)	4,757	4,858	4,958	5,059	5,160	5,260	5,361	5,462	5,562	5,663	5,763	5,864	5,965	6,065	6,166	6,267
Full time (UG, entrant)	3,087	3,122	3,157	3,192	3,227	3,262	3,297	3,332	3,367	3,402	3,437	3,472	3,507	3,542	3,577	3,612

Source: HESA, AECOM Calculations

4.33 It is important to note some caveats to these projections:

- The projections are based on 2022/23 trends in student occupancy and assume that they will continue in the future (i.e. the proportion of students living in PBSA will remain broadly the same over time).
- However, it must be considered that the 2022/23 proportion of students living in PBSA may be limited by the existing stock (quantity and quality) and that increasing the stock may in turn increase demand. This is discussed further in Section 5 when considering current occupancy rates of PBSA in Norwich.
- The potential demand figures outlined in Table 4-5 are not additional PBSA demand and so a large proportion of this will likely be met by existing PBSA stock, with this to be considered further in Section 5.

4.34 There are other factors to consider alongside these projections, which are not necessarily quantifiable, but are important to consider when thinking about PBSA demand. The first is that undergraduate entrants clearly have a much greater propensity to occupy PBSA than the wider student population in Norwich. This is also apparent in Sheffield, with Stevenson and Askham (2011)[24] identifying that the two main sources of PBSA demand in the city were first year and international students. Cushman & Wakefield's UK Student Accommodation Report (2023) also found that as of 2021/22, first year students accounted for 45.1% of the PBSA demand pool. Therefore, if UEA and Norwich University of the Arts have strategic plans to increase the number of entrants significantly over the GNLP period then the demand for PBSA is likely to be greater than the projections in Table 4-4 above, which are based on past rates of growth in student numbers.

[24] Stevenson R and Askham P. (2011). Purpose Built Student Accommodation: Changing Face of Student Accommodation in Sheffield. *Sheffield Hallam University Built Environment Research Transactions.* 3(1). Pp. 6-16.

4.35 The second factor, as discussed above, is that international students are a key sector of the PBSA market. Research undertaken in 2020 by Savills[25] established that overseas students are 60% more likely to live in PBSA than domestic students.

4.36 International students are often more likely to live in PBSA due to a number of factors:

- Security – deposits and rent are paid to an established provider rather than individual landlords;
- Ease – it is much easier for international students to view rooms in PBSA online (either images or video tours) than in the private rented sector generally, e.g. HMOs;
- Location – PBSA is often located either in town/city centres and/or close to the university campus, reducing the need to understand the private rented sector market locally and the best locations to live (which are generally more residential with HMOs);
- Cost – international students are generally more affluent than domestic students as they are already paying high international fees. They are accordingly often willing to pay more for high quality PBSA with associated modern amenities and facilities.

4.37 Although it is clearly established that international students are much more likely to live in PBSA than the wider student population, it is not possible to precisely quantify future demand due to continued uncertainties in international student numbers, which can be so quickly and significantly influenced by external factors, as discussed earlier in the report. However, if in future international student numbers significantly increase, the demand for high-quality PBSA will also likely increase.

4.38 However, caution should be applied when assessing demand or justifying the supply of PBSA based on international student trends. This is because if government policy or international students' desires (i.e. other countries become more attractive) change during or post-development, occupancy rates may fall short of expectations, leading to oversupply or saturation in the market. The challenges associated with converting this excess stock into other forms of accommodation are discussed further in Section 7.

4.39 The trends and flexibilities discussed do not result in proposed adjustments to our overall demand estimates, but should be layered on top when thinking about this issue more broadly or when determining applications.

[25] Savills. (2020). *International Students.* Online at https://www.savills.com/research_articles/255800/305399-0#:~:text=Accounting%20for%20university%20choice%2C%20they,living%20in%20purpose%2Dbuilt%20accommodation.

Conclusions

4.40 The number of full-time students in Norwich increased by 19.8% between 2014/15 and 2022/23, with the number of full-time undergraduate students increasing by 20.9% over the period, and entrants by 10.1%.

4.41 AECOM's projections based on past student trends in HESA data estimate that by 2038/39 there will be:

- **24,670 full-time students in Norwich;**
- **20,435 of these full-time students being undergraduates; and**
- **5,680 of the full-time undergraduate students being entrants.**

4.42 As a sense check, the number of full-time students in Norwich in 2022/23 was compared to the number of individuals aged 15-24 (ONS population projections) in Norwich to establish what proportion of this population may be students. The resulting percentage was applied to the projected population in the 15-24 age group in 2038, suggesting that there could be 20,274 full-time Higher Education Students in Norwich at this time. This is broadly in line with the projections above, which are taken forward through the report.

4.43 It is estimated that by 2038/39 there could be around 4,125 - 6,644 international students at Higher Education Institutions in Norwich, who will likely comprise a potential significant market for PBSA. The uncertainties are greater when projecting international numbers than student numbers generally due to less predictable factors such as travel restrictions, Government policies, or global events having a greater impact on these numbers. Therefore, these should not be solely relied upon to justify future PBSA demand.

4.44 Based on current occupancy patterns, that by 2038/39 there may be a need for:

- **7,293 PBSA beds to meet the demand of all full-time students;**
- **6,267 PBSA beds to just meet the demand of full-time undergraduates; and**
- **3,612 PBSA beds to just meet the demand of full-time undergraduate entrants**, with many universities only guaranteeing PBSA accommodation (particularly halls of residence) to first year undergraduate students.

4.45 It is a policy decision as to whether the objective should be to meet demand from all full-time students or just the key subsets which have a higher propensity to use PBSA. The figure for all full-time students includes the demand from the latter two categories.

5. Occupancy Levels and Future PBSA Need

Introduction

5.1 This Section explores the rate at which PBSA in Norwich is occupied and whether the current stock and future pipeline are sufficient to meet students' needs. It seeks to:

- Estimate the occupancy rates of the current stock of PBSA in Norwich;
- Discuss the factors affecting occupancy, including affordability, location, and student preference; and
- Determine whether the current and pipeline PBSA stock will meet the needs of the future student population.

PBSA Occupancy

5.2 To understand PBSA occupancy in Norwich, the two universities (UEA and Norwich University of the Arts) and the private PBSA providers were contacted to establish their current occupancy rates.

5.3 Of the providers that provided details on occupancy, rates ranged from fully occupied to approximately 62% occupied, pointing to significant variation. One provider noted that the 2024/25 academic year is the first that the scheme has not been fully occupied, with 96% occupancy for this academic year. Overall, providers and stakeholders were generally of the view that there is sufficient, if not excess, PBSA provision in Norwich at present. One provider noted that of the university towns/cities they operate in, Norwich is one of the most challenging due to an oversupply of PBSA bedspaces relative to the demand from students.

5.4 Consultation also identified that a number of direct let/nominations PBSA providers struggled particularly with occupancy this year, but that nominations from the closed UEA Ziggurats and significant price reductions have helped to fill empty rooms. It is not known what level of occupancy some providers would have without the 663 students transferred from the Ziggurats, but it is likely to be lower.

5.5 Discussion with both UEA and Norwich University of the Arts was also undertaken. UEA representatives expressed the overall view that there is currently enough provision of PBSA in Norwich, with underoccupancy in their halls of residence rising as a result. This is a more recent development as, previously, PBSA outside of the University was seen as a helpful resource for meeting excess demand unable to be met by halls of residence, which tended to be filled first.

5.6 Occupancy data for UEA halls of residence is challenging to determine, with the best estimate determined by cross-referencing data provided by UEA on how many students live in different types of UEA accommodation with AECOM's knowledge of the total stock[26]. This exercise suggests that between 2021/22 and 2023/24, occupancy levels did not exceed 94% across all accommodation types. There was a clear drop in 2020/21, likely due to the Covid-19 pandemic and students returning home, to around 85% occupancy. Although occupancy levels have recovered somewhat since then, occupancy prior to the pandemic (2019/20) was still greater than that observed in recent years. This may be due to knock-on impacts of Covid-19, with some students favouring living in PBSA in the city centre if they are required to be on campus for fewer days per week due to hybrid in-person / online learning that has continued at UEA post-pandemic (and is seen as the new normal rather than a transition back to fully in-person).

5.7 Norwich University of the Arts are also of the view that there are adequate PBSA bedspaces in Norwich to meet their needs for the short term (next 2 years). Despite owning and operating fewer halls of residence, the University of the Arts does not welcome over-provision of PBSA. While it might appear to widen choice and guarantee available spaces, underoccupied schemes are seen as detrimental to the student experience due to the vibrancy of accommodation and the financial position of providers, which is linked to their offering of amenities and events.

5.8 Nationally, research generally outlines that there is a UK-wide under-supply of PBSA (Cushman & Wakefield UK Student Accommodation Report 2023) and expected high future demand (Savills UK PBSA Spotlight 2023[27]). However, this is not necessarily reflective of current patterns in Norwich, as outlined above.

5.9 Nottingham City Council undertake a yearly PBSA Occupancy Survey[28]. This found that the reported vacancy rate from PBSA providers was 3.5% in 2023/24 compared to 0.8% in 2022/23 and 1.1% in 2021/22. Whilst there is no data for the pandemic year, between 2015/16 and 2019/20 the vacancy rate was never greater than 1.5%. A drop in occupancy in the 2023/24 academic year therefore stands in clear contrast to historical data. The 2023/24 survey also found that studios had a higher rate of vacancy (4.7%) than rooms in cluster flats (2.8%), potentially linked to the higher cost of studios.

[26] It should be noted that the sub categories of room do not necessarily align with the record of stock (e.g. different naming styles internally at UEA) and so this is the best estimate. The stock also includes Ziggurats for all years except 2023/24 as they had been closed by this academic year.

[27] Savills. (2023). *UK PBSA Spotlight.* Online at https://pdf.savills.com/documents/Savills+PBSA+Spotlight+-+May+2023+v2.pdf

[28] https://www.nottinghamcity.gov.uk/information-for-business/planning-and-building-control/planning-policy/the-local-plan-and-planning-policy/planning-for-student-accommodation/purpose-built-student-accommodation-pbsa-occupancy-survey-2023-24-academic-year/

Factors Influencing Occupancy

5.10 There are a variety of factors that can affect the occupancy levels of PBSA. These are discussed further in this section.

Affordability

5.11 Affordability is a key factor to consider when thinking about demand for PBSA. Although nationally there is considered to be robust demand and an under-supply of PBSA, research suggests that students are not willing or able to pay any price for PBSA rooms and the associated facilities (Cushman & Wakefield, 2023[29]). Inflation and the cost of living crisis has also impacted students considerably, with the amount they are able to spend on accommodation reducing alongside other increased living costs.

5.12 The NUS & Unipol 2021 Accommodation Costs Survey found that the average annual PBSA rent in 2021/22 was £7,374, an increase of 61% since 2011/12. In the same year, the maximum student maintenance loan[30] (outside of London) was £9,488, with an average loan of £6,860. This means that those on an average maintenance loan alone would not be able to afford PBSA. The Accommodation Costs Survey also identified that private PBSA bedspaces are 24% more expensive than university halls of residence.

5.13 In 2023/24 the average student maintenance loan was £7,590[31], with a maximum loan of £9,978 and minimum of £7,125[32].

5.14 Table 5-1 shows the cost of PBSA and HMOs (based on the 2024 Norwich HMO Study) in Norwich alongside 2023/24 student maintenance loans. This is a key housing option to consider alongside PBSA as the generally most common form of alternative student accommodation, with 39.5% of full time students in Norwich living in HMOs (Table 4-4) in 2022/23. Table 5-1 shows that a room in a HMO in Norwich is more affordable than all forms of PBSA, with the exception of the lowest cost halls of residence, which is a twin room at UEA and therefore not completely equivalent.

5.15 When looking at the affordability of PBSA in comparison to student maintenance loan payments, the lowest cost halls of residence and estimated lower cost private PBSA rents are covered by the minimum student maintenance loan. The average student maintenance loan also covers the average cost of halls of residence. The maximum student maintenance loan will cover all forms of accommodation with the exception of higher cost studios in private PBSA.

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[29] Cushman & Wakefield. (2023). *UK Student Accommodation Report.* Available at https://image.comm.cushmanwakefield.com/lib/fe37117171640578741271/m/1/CW+Student+Accommodation+Report+2023+Low+Res.pdf

[30] It should be noted that this only applies to domestic students.

[31] Hepi and Unipol. *(2023).Student accommodation costs across 10 cities in the UK. Cost pressures and their consequences in Purpose-Built Student Accommodation.*

[32] These loan values assume that students are living away from their parents, outside of London.

5.16 Although the student maintenance loan is sufficient to cover the cost of most PBSA options, this is just the cost of rent and utilities, with minimal residual income for living costs. For example, based on the average student maintenance loan and the average cost of halls of residence, students would have £553 remaining for the whole academic year. This is clearly insufficient to cover their other living costs and students would need to find additional funds either through paid work alongside study and/or contributions from parents or caregivers.

5.17 By comparison, students living in a HMO would have £2,250 remaining. This is a clear incentive for students to choose to live in HMOs in Norwich, especially after their first year of study. Without a reduction in the cost of PBSA in Norwich it may not be realistic to expect increased PBSA delivery to reduce students' reliance on HMOs and to move to PBSA accommodation. Consultation with providers shows that some are aware of this issue and the need for PBSA pricing to better reflect student loan incomes.

Table 5-1: Norwich PBSA Affordability

		Annual[33] Cost	Average Monthly Cost	Maximum Student Loan £9,978	Average Student Loan £7,950	Minimum Student Loan £7,125
PRS[34]	Room (HMO)	£5,700	£475	Yes	Yes	Yes
	Studio	£7,200	£600	Yes	Yes	No
	1-bedroom	£8,256	£688	Yes	No	No
PBSA[35] 2024/25	Upper Cost of Halls of Residence	£8,226	£686	Yes	No	No
	Lower Cost of Halls of Residence	£3,828	£319	Yes	Yes	Yes
	Average Cost of Halls of Residence	£7,397	£616	Yes	Yes	No
	Upper Cost Private PBSA (Studio)	£12,374	£1,031	No	No	No
	Upper Cost Private PBSA (Cluster)	£9,200	£767	Yes	No	No
	Lower Cost Private PBSA	£6,061	£505	Yes	Yes	Yes

Source: Norwich HMO Study 2024, AECOM calculations

5.18 Whilst PBSA has been favoured by many local planning authorities as a way to reduce students' dependence on the private rented sector and reduce the perceived impacts of HMOs, in order for this to be effective the pricing of PBSA may need to become more competitive with traditional HMOs. PBSA is currently out of reach financially for many students, even if they receive financial support from family and/or work alongside their studies.

Student Preferences

5.19 Whilst affordability is a key factor in students' decision making about accommodation, it is not the only factor that dictates their preferences. As

[33] Annual refers to the length of tenancy rather than annual year. Students in PBSA if not moving back to the family home would have to potentially pay further rent for the months not covered by PBSA tenancies.
[34] Data from AECOM's 2024 Norwich HMO Study
[35] All costs are based on 2024/25 academic year. Halls of residence prices are based on UEA and 40 week tenancies. Private PBSA is calculated on the basis of 46 week tenancies as the most common option.

previously discussed, first-year and international students are much more likely to live in PBSA than the wider student population. However, students in their later years of study tend to more commonly live in HMOs (53.5% of full-time undergraduate non-entrant students in Norwich in 2022/23). Research in both Sheffield[36] and Scotland[37] found that students often move away from PBSA seeking greater freedom from restrictions and rules. Consultation with lettings agents in Norwich also identified that some students moving from PBSA to HMOs found PBSA to be lonely. This may be linked to occupancy, with lower occupancy having an impact on the student experience and sense of community.

5.20 Students often also have greater choices about location in the private rented sector than through PBSA. For example, Figure 3-1 shows that a large proportion of PBSA schemes in Norwich are located in and around the city centre and Norwich University of the Arts. Conversely, the 2024 Norwich HMO Study, whilst still showing a significant volume of HMOs in the city centre, identified a significant proportion near but not within the UEA campus (see Figure 5-1), where there are fewer PBSA schemes. HMOs and PBSA are therefore meeting different geographical needs in Norwich and so it may not be possible to replace HMO demand with additional PBSA, and it may not be appropriate to deliver PBSA in the more residential locations surrounding UEA. Consultation with lettings agents in Norwich also identified that for students moving from PBSA to HMOs, location and proximity to the university (particularly UEA) were key considerations.

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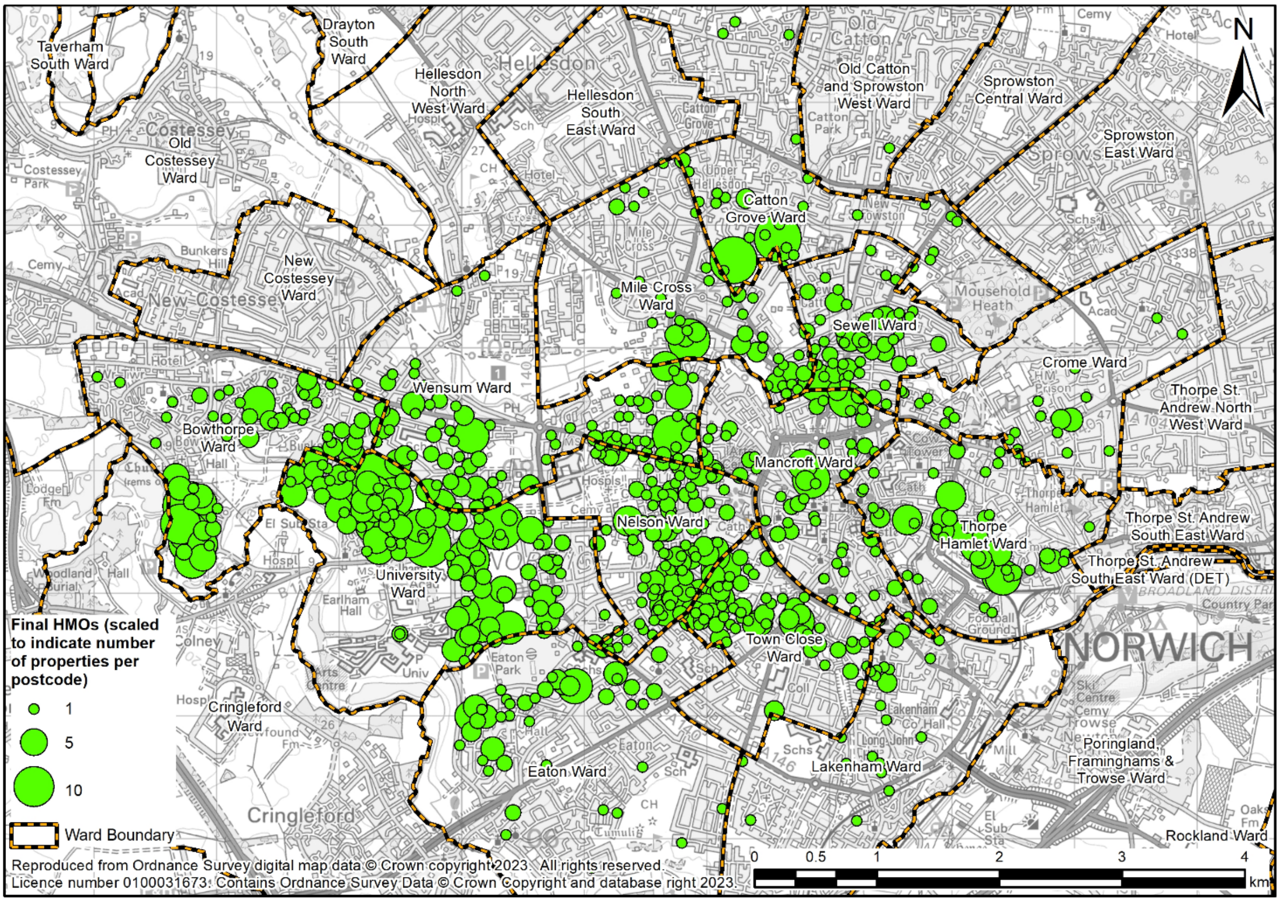
[36] Stevenson R and Askham P. (2011). Purpose Built Student Accommodation: Changing Face of Student Accommodation in Sheffield. *Sheffield Hallam University Built Environment Research Transactions.* 3(1). Pp. 6-16.

[37] Campbell A, Gibb K, James G, Martinico L, McCaskell A, Roberts N, Robins T, Williams L. (2024). Student Housing Options and Experiences of Homelessness in Scotland: a Report by the Cross-Party Group on Housing. *UK Collaborative Centre for Housing Evidence.* Pp. 1-37.

Figure 5-1: Minimum estimate of HMOs in Norwich



Source: 2024 Norwich HMO Study

Extent to which Norwich's PBSA needs are met

5.21 The key aim of this study is to determine whether the current and pipeline stock of PBSA in Norwich is sufficient to meet projected future student numbers.

5.22 As Section 4 outlines, by 2038/39 there may be the demand for:

- 7,293 PBSA beds to meet the demand of all full-time students;
- 6,267 PBSA beds to just meet the demand of full-time undergraduates; and
- 3,612 PBSA beds to just meet the demand of full-time undergraduate entrants.

5.23 It is a policy decision as to whether the objective should be to meet demand from all full-time students or just the key subsets which have a higher propensity to use PBSA. The figure for all full-time students includes the demand from the latter two categories.

5.24 This is based on the projections in Table 4-2, which use past rates of growth in the student population in Norwich to project forward to 2038, with the rates of PBSA use among these groups applied.

5.25 Section 3 identifies 6,349 current PBSA bedspaces in Norwich[38], with 7,012 bedspaces available if or when the Ziggurats reopen. On this basis, there are already sufficient bedspaces to meet the projected demand for full-time undergraduate students and full-time undergraduate entrants. However, the demand from all full-time students would not be met, with a 2038/39 shortfall of at least 281 bedspaces once the Ziggurats reopen.

5.26 When also taking into consideration the pipeline of PBSA stock, there are a further 933 bedspaces approved or under construction, comfortably meeting the estimated demand for all full-time students on the basis of this projection.

5.27 There are a further 1,409 bedspaces awaiting a decision on planning permission, and (if approved) the total from the current stock, Ziggurats, and pipeline would amount to 9,354 bedspaces. This is 2,061 units greater than the projected demand for full-time students by 2038/39.

5.28 This level of additional supply would not only meet the estimated demand, but also allow the sector to (vastly) expand choice. For example, if the demand for PBSA is only just met through the stock, it is likely that the actual needs of these students would not fully be met if the breakdown in types of bedspaces (e.g. cluster flats, studios, ensuite, shared bathroom) do not align with student preferences or budgets. A larger stock would allow for a greater proportion of these needs to be met.

5.29 It is also possible that a larger stock of PBSA may result in a further shift of students from the private rented sector (including HMOs) into the PBSA sector. However, the evidence in this section notes the gap in cost between PBSA and cheaper private rented accommodation which is likely to constrain the choices of many students. Whilst a larger stock of PBSA may reduce prices as providers compete for filling bedspaces, it is not known to what extent oversupply would impact the viability of schemes and too much supply may lead to closures.

5.30 Overall, based on the projection of student numbers in Table 4.2, the current stock and expected pipeline of PBSA in Norwich would meet the future demand of students to 2038/39. Indeed, the scale of expected supply over and above estimated demand points to the potential for substantial oversupply in the market, with repercussions for occupancy, provider finances and student quality of life.

5.31 There are a number of caveats to the above conclusion to consider:

- Potential changes in the private rented sector – e.g. declines in the number of HMOs leading to increased demand for PBSA – may impact on PBSA demand. This is discussed further below.

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[38] This assumes that any twin rooms advertised as both single and double occupancy are the same rooms. It also assumes that the 35 twin rooms in UEA halls of residence are occupied by two people as the maximum possible occupancy. It also assumes that the 2-bedroom studio apartments are fully occupied.

- Student number projections on which the projections for demand are based assume a linear rate of growth to 2038/39 and therefore do not take into account potential periods of intensified growth from UEA or Norwich University of the Arts.
- The UEA Development Framework Strategy (2019) plans to accommodate an additional 5,000 students by 2035, with a need for 1,210 PBSA units to accommodate the level of growth expected by the university. Based on publicly available information, it appears that at least 1,168 bedspaces have been completed since 2019 in Norwich, with a further 705 completed in time for the 2019/20 academic year. This indicates that the additional 1,210 need identified in the strategy has already been met (if including the 2019/20 development) or almost met (if excluding it). Projections outlined in Table 4-5 suggest that by 2035/36 (in line with UEA's Development Framework Strategy) there would be a need for 6,953 bedspaces to meet the demand of full-time students across both Norwich HEIs. This demand will be met by the current stock when the Ziggurats reopen, or by the pipeline under construction/approved if these complete before the Ziggurat refurbishment.
- If the HE establishments in Norwich are only looking to guarantee accommodation for first-year students (undergraduate) then the current stock (without the pipeline) would comfortably meet this demand.
- Reports suggest that the UEA has faced financial difficulties in recent years, linked in part to costs of essential building work on campus, and due to potentially falling student numbers at the institution, with a UEA spokesperson telling the BBC that 2023 student numbers were "significantly lower than…planned"[39]. A reduction in finances may impact on the rate of reopening of the Ziggurats, as well as falling student numbers reducing demand for PBSA in Norwich, unless this decline can be supplemented by Norwich University of the Arts students, which is unlikely based on the size of the institution. This may be a further reason to limit the future delivery of PBSA. However, the recent budget announced that beginning in the 2025/26 academic year, tuition fees for domestic undergraduate students on full-time courses will increase to £9,535 per year, providing a funding boost to both HEIs in Norwich. This is unlikely to have an impact on the affordability of PBSA for students, with the fee increase to be completely by the Student Finance loan, which the majority of domestic students take up. For students that do not have a financial need for this loan to cover the cost of tuition fees, it is unlikely that the increase will have a significant impact on affordability. The loan for tuition fees is separate from the maintenance loan, with the latter means tested and used by students to cover living expenses, such as PBSA.

[39] https://www.bbc.co.uk/news/uk-england-norfolk-64810537

5.32 The current 'Purpose-built accommodation in Norwich: Evidence and best practice advice note' outlines that, based on The Future of Student Accommodation in Liverpool Mayoral Review[40] in 2015/16, investment in the PBSA sector in a city will trail-off once PBSA bedspaces reach 40% of total student numbers. Looking at Norwich, based on the current stock of 6,349 bedspaces (excluding Ziggurats) and 18,540 full-time students in 2022/23 (HESA), 34.2% of students could have a PBSA bedspace. This increases to 37.8% when including the Ziggurats, and 50.5% when including the current pipeline of schemes, although by the time these are built out there will likely be an increase in the total number of students. Despite this, it is clear that the proportion of bedspaces to student numbers is reaching this 40% threshold. However, as the original Liverpool report is dated, and based on a different city, the same threshold may not apply in Norwich at present.

Changes in the PRS

5.33 A Renters' Rights Bill has been introduced to Parliament which will ban Section 21 'no-fault' evictions and extend Awaab's Law into the private rented sector, providing tenants with the power to challenge dangerous conditions.[41] The Decent Homes Standard will be introduced to the private rented sector and homes in the private rented sector will need to meet minimum energy efficiency standards by 2030. Fixed-term assured tenancies are also proposed to be replaced by periodic tenancies with a 2-month notice period (a key difference to the earlier Renters Reform Bill, which included 6-month minimum tenancies). Another relevant point for the HMO sector is the introduction of a national Private Rented Sector Database, the relationship of which to additional licensing regimes is yet to be fully defined. The entire package of reforms will be subject to further consultation.

5.34 The cumulative effect of the proposed reforms may result in price increases in the PRS. This is the substance of a warning from the National Residential Landlords Association (NRLA)[42]. In contrast, Generation Rent is strongly supportive of the reforms overall and acknowledges concerns about price increases already present in the market.[43]

5.35 Further, and holding greater relevance to the present study, the proposed reforms may discourage landlords from entering or remaining in the market. In Norwich this could reduce the supply of HMOs and underpin demand for PBSA in turn – since the Bill applies to HMOs and not to PBSA. This latter effect has been reported nationally and within Norwich by lettings agents. In particular, the removal of fixed-term tenancies in favour of periodic tenancies with a 2-month notice period may create challenges for landlords of student HMOs, which

[40] Appendix 1.pdf
[41] Guide to the Renters' Rights Bill - GOV.UK.
[42] https://www.independent.co.uk/news/uk/politics/landlords-renters-rights-bill-labour-b2610732.html
[43] The Renters' Rights Bill: Our Verdict - Generation Rent

generally cannot be re-rented to a new tenant until the start of the next academic year.

5.36 A secondary effect of the reforms may be to induce exits from the market by HMO landlords with lower standard properties that are most vulnerable to the impacts of strengthened safeguards for tenants. However, local agents report that to some extent, it is the professional landlords who are better informed about conditions in the sector who are exiting first. Others note that the long timeframe for the reforms and uncertainty about the final shape they may take has generated a ‘wait and see’ attitude rather than a catalyst for immediate exits.

5.37 This situation also reflects the continuation of a longer-term trend towards a less relaxed regulatory and financial environment for landlords, which includes the loss of tax exemptions for maintenance, stricter lending requirements for buy to let properties, higher interest rates, and – most recently in the October 2024 budget – higher stamp duty costs for second homes.

5.38 Although the reforms are designed to create a higher quality PRS and should improve conditions for HMO tenants, including students, the evolution and potential impacts of the reforms should be closely monitored. This particularly applies to any contraction in Norwich’s HMO sector (particularly if certain types or standards of properties are lost). Any such impacts may have a reciprocal effect on demand for PBSA. Reduced competition from HMOs may support occupancy rates in PBSA, but may also create affordability challenges in the wider market.

Conclusions

5.39 Providers and stakeholders are generally of the view that there is sufficient, if not excess, PBSA provision in Norwich at present. UEA representatives expressed the overall view that there is currently enough provision of PBSA in Norwich, with underoccupancy in their halls of residence rising as a result. Norwich University of the Arts are also of the view that there are adequate PBSA bedspaces in Norwich to meet their needs for the short term.

5.40 Key factors which influence occupancy levels of PBSA include:

- Affordability – including in relation to HMOs as an alternative source of accommodation for students;
- Student preferences – e.g. some stakeholders reported that students moving from PBSA to HMOs found PBSA to be lonely and research suggests that some students prefer fewer restrictions and rules in the private rented sector; and
- Location.

5.41 Overall, the current stock and expected pipeline of PBSA in Norwich is expected to meet the future demand of students to 2038/39. Indeed, the scale of expected supply over and above estimated demand points to the potential for oversupply in the market, with repercussions for occupancy, provider finances and student quality of life.

6. PBSA Commuted Sums

6.1 This Section considers the principle and process of requiring commuted sums (equivalent to policy-compliant affordable housing contributions) from PBSA. It seeks to:

- Present the rationale for requiring commuted sums from PBSA and consider relevant factors that distinguish PBSA from mainstream residential development;
- Review NCC's existing methodologies for converting PBSA units to dwelling numbers and for calculating commuted sums from other forms of development; and
- Discuss the considerations and precedents that might influence how NCC proceeds with this evolving area of policy.

Introduction

6.2 Policy 5 of the Greater Norwich Local Plan (GNLP), adopted in March 2024, requires development proposals for PBSA to "pay a commuted sum sufficient to provide an off-site policy compliant level of affordable housing". It proceeds to note that an SPD (NCC advise that this may take the form of, or be supplemented by, an Advice Note) will provide further guidance on the methodology for calculating equivalent dwellings from student accommodation. This section will supply some of the evidence for this guidance and discuss relevant considerations and implications around this evolving area of policy.

6.3 The core principles of the argument for requiring commuted sums for affordable housing from PBSA in Norwich can be summarised as follows:

- PBSA represents a notable proportion of the housing delivered in Norwich in recent years, and the current pipeline suggests this trend is not (yet) in decline.
- The City has significant ongoing needs for affordable housing. The Greater Norwich LHNA identifies a need for 15,762 units of affordable housing over the period 2018-2038 (788 per annum).[44] The housing team at the Council identified the highest annual delivery in the last decade as 186 units (and the lowest 20 units), with around 4,000 households on the Housing Register at any one time.
- Since PBSA counts toward the achievement of Norwich's overall housing requirement but does not currently contribute to affordable housing delivery, a gap is created between the amount of affordable housing that might be

[44] Greater Norwich LHNA: B22.3 Greater Norwich LHNA_0.pdf, Figure 2.

expected by applying the Council's policy-compliant housing percentage to its overall housing requirement, and what is delivered in practice.

- The volume of PBSA schemes seen in recent years and the current pipeline suggests that this form of development is financially attractive to developers and investors (rather than simply the function of unmet needs for student housing).
- To create a level playing field, PBSA should provide affordable housing contributions in line with other forms of development, if viable.
- This would also help to meet the needs of a wider range of groups, in line with the GNLP's broader vision and objectives,[45] and would bring concrete community benefits to the provision of a form of development that only caters for the needs of a small subset of the local population. Students represent around 13.3% of the Norwich population (using HESA figures for 2020/21 alongside the 2021 Census).

6.4 While the principle of requiring affordable housing contributions from PBSA has now been adopted in Norwich policy and is not in question, it is worth considering some of the challenges in applying affordable housing contributions to PBSA in the same way as to mainstream housing for the purpose of calculating the value of such contributions:

- Some but not all sites suitable for PBSA development are appropriate for general needs housing. PBSA may be the best or only option for bringing certain sites back into suitable use and for meeting the Council's overall housing requirements. This does not necessarily mean these sites/schemes are not capable of providing affordable housing contributions, but merely underlines their positive role in providing housing.
- The provision of PBSA means that many students are not competing with other households for homes in the mainstream housing stock. This may be important in areas that lack family sized accommodation for example as these properties can either be occupied by families, or shared by students as HMOs.
- Similarly, lower cost private rented accommodation is also needed for low income individuals and households. Provision of PBSA may mean that fewer students are competing for these mainstream PRS properties. Students are potentially able to outbid other low income households in the market through other forms of financial support (such as assistance from parents).
- The provision of communal space and on-site amenities may make PBSA development potentially less profitable on a per-unit basis than mainstream residential housing, as is often argued by developers of specialist housing

[45] GNLP: https://www.gnlp.org.uk/, Vision for Greater Norwich in 2038, page 34.

for older people. However, the fact that Nationally Described Space Standards are not applied to PBSA units may provide a counter-balance to the costs of communal areas. It is not possible to verify these costs or impacts on viability as part of this study, which does not include viability assessment as part of its scope.

- The investment model for PBSA is different to that of mainstream housing. PBSA is by definition rented to occupants (rather than available for sale), it has a smaller target market, and there are ongoing management, maintenance and staffing costs that may impact on viability at the point of financing.
- Other viability considerations may also apply, relating to build costs and the nature of sites suitable for PBSA development. (Note that further consideration of viability is provided at the end of this section.)

Conversion ratios

6.5 NCC, together with the other GNLP authorities, has an established approach for converting PBSA units to an equivalent number of mainstream residential dwellings.

6.6 For PBSA which takes the form of studio flats, each net student bedroom is counted as 1 net new dwelling.

6.7 However, for PBSA which takes the form of communal/cluster accommodation (with bedrooms clustered around common areas), the precise conversion ratio employed differs depending on the purpose of the calculation.

- When monitoring residential completions and housing delivery, the ratio is 1:2.5, where 2.5 net PBSA bedrooms equates to 1 net new mainstream dwelling. This means that 20 net student bedrooms of this type equate to 8 mainstream residential dwellings.
- When forecasting future housing supply, the ratio is 1:2.85. This means that 20 net student bedrooms of this type equate to 7 mainstream residential dwellings (rounded).

6.8 The former ratio (1:2.5) is a consistent baseline mandated for use across the country in the Housing Delivery Test (HDT) Rulebook.[46] It is also cited in the Greater Norwich LHNA.[47]

6.9 The latter ratio (1:2.85) reflects Planning Practice Guidance (PPG), which repeats the same baseline given in the HDT Rulebook,[48] but states that

[46] HDT Rulebook: https://www.gov.uk/government/publications/housing-delivery-test-measurement-rule-book/housing-delivery-test-measurement-rule-book, para 10.
[47] Greater Norwich LHNA (as above), para 9.20.
[48] PPG: https://www.gov.uk/guidance/housing-supply-and-delivery, para 041.

authorities may need to adjust it based on Census data indicating the average number of students living in student-only accommodation in the local area.[49]

6.10 NCC introduced the adjusted conversion ratio of 1:2.85 for communal/cluster accommodation (for the purpose of assessing future housing supply) during the GNLP examination process, based on Census data for average student household sizes. An Update Note set out the new ratio in November 2021,[50] which has been applied since. The Inspectors' Report on the GNLP applauds this adjusted approach for aligning with PPG, and states that it is considered to be justified.[51]

6.11 This dual approach, with slightly different conversion ratios for different purposes, is consistent with PPG. NCC officers note that, while this situation presents additional complexity, it poses few practical problems. The main consequence is that delivery tends to be slightly lower than forecast (all other things being equal, which is rarely the case). However, the scale of the difference is not significant.

6.12 To illustrate this, the total current stock of communal/cluster PBSA accommodation across Norwich of 5,423 units equates to 1,903 mainstream residential dwellings using the current forecasting ratio (1:2.85), and would equate to 2,169 dwellings using the monitoring ratio (1:2.5). The total difference is 266 dwellings. This is purely a hypothetical illustration, as the lower ratio was in fact used for all but the last few years of delivery, and it is unlikely that the future supply of PBSA will be comparable to existing volumes.

6.13 While it may be simpler to have a single ratio for both purposes, the forecasting ratio is seen as more accurate to local circumstances and evidence. The monitoring ratio, however, cannot be changed and offers the benefit of consistency with other authorities across the country.

6.14 It is also important to note that this dual approach is shared by all of the GNLP authorities. While Norwich City may be the main location of PBSA delivery, it also has a stronger land supply position and fewer environmental constraints than some of the surrounding local authority areas, so any changes to the forecasting ratio could have wider impacts.

6.15 There are currently no plans for NCC to change its approach to conversion ratios. AECOM sees no reason to depart from this, given that the conversion ratios are aligned with PPG and have been tested at examination, and that maintaining consistency has inherent advantages. There is, however, potential in future to

[49] PPG: (as above), para 034.
[50] Additional housing supply evidence: https://www.gnlp.org.uk/sites/gnlp/files/2021-11/D3.2B%20TP%20Policy%201%20Appendices%20Update%20to%20Housing%20Trajectory%20Tables%20and%20Graphs%2022.11.21%20Final_0.pdf, paras 8-10.
[51] Inspectors' Report: https://www.gnlp.org.uk/sites/gnlp/files/2024-02/Greater%20Norwich%20LP%20-%20Inspectors%20Report%20-%20FINAL%20%281%29.pdf, para 337.

test or update the Census data on which the 1.285 ratio was based, depending on when and how it was calculated.

6.16 In theory, there remains the question of which ratio should be used when calculating the commuted sum due for a given scheme – that used for forecasting supply or monitoring delivery. However, as discussed below, the key input for these calculations for non-PBSA schemes is floorspace rather than number of units. As such, conversion ratios would not be relevant to the process of calculating commuted sums for PBSA, unless a different methodology were developed in future.

Value of commuted sums

6.17 Policy 5 of the GNLP requires financial contributions (rather than on-site delivery of affordable housing) for PBSA. It also requires contributions only on sites outside of the UEA campus. The Inspectors' Report on the GNLP recommended both of these specific provisions,[52] and expressed overall support to the principle of Policy 5 and to the approach of providing further detailed guidance in a new SPD or similar document.

6.18 To calculate the value of commuted sums for PBSA, the simplest and most consistent approach may be for NCC to follow the existing calculation applied to any other mainstream residential scheme on which financial contributions for off-site affordable housing provision is required.

6.19 The current methodology for calculating payments for off-site affordable housing provision is set out in Appendix 3 of NCC's Affordable Housing SPD, adopted in July 2019.[53] The payment schedule is set at a level that will enable the Council to deliver a unit equivalent in type to those that would otherwise be provided on site.[54] It should also be noted that the figures presented in the SPD are accurate to July 2019 and should be index linked using the BCIS all-in tender price index[55] to bring them up to date. The tables provided in the SPD, showing the costs for social rent and shared ownership used to inform the overall commuted sum rate, are reproduced below.

[52] Inspectors' Report (as above), paras 113, 127 and 128.
[53] Affordable Housing SPD (as above), Appendix 3.
[54] Affordable Housing SPD (as above), para 6.8.
[55] BCIS Tender Price Index | Estimate of Tender Price Inflation

Table 6-1: Payment schedule for commuted sums (social rent)

SOCIAL RENT								
Property type	Land costs (a)	Build costs (b)	On costs	Total scheme costs	RP/LA Borrowing Against rent (c)	Shortfall (d)	Typical floorspace* (m^2) (e)	Shortfall per m² (d/e) (f)
Studio	£20,000	£50,700	£3,802.50	£74,502.50	£12,282.59	£62,219.91	39	£1,595.38
1B 2P	£20,000	£65,000	£4,875.00	£89,875.00	£27,117.00	£62,758.00	50	£1,255.16
2B 3P	£20,000	£79,300	£5,947.50	£105,247.50	£32,820.18	£72,427.32	61	£1,187.33
2B 4P	£20,000	£102,700	£7,702.50	£130,402.50	£34,326.68	£96,075.82	79	£1,216.15
3B 5P	£20,000	£120,900	£9,067.50	£149,967.50	£39,445.71	£110,521.79	93	£1,188.41
4B 6P	£20,000	£137,800	£10,335.00	£168,135.00	£70,897.74	£97,237.26	106	£917.33
Average	£20,000	£92,733.33	£6,955.00	£119,688.33	£36,140.63	£83,547.70	71.33	**£1,171.23**

Source: NCC Affordable Housing SPD, Appendix 3

Table 6-2: Payment schedule for commuted sums (shared ownership)

SHARED OWNERSHIP –50% equity sold									
Property type	Land Cost (a)	Build cost (b)	On costs	Total scheme cost	RP/LA Borrowing against rent (c)	Capital receipt for 50% equity (d)	Shortfall (e)	Typical floor space*(m²) (f)	Cost per m² (d/e) (g)
Studio	£20,000	£50,700	£3,802.50	£74,502.50	£10,191.94	£44,967.00	£19,343.56	39	£495.99
1B 2P	£20,000	£65,000	£4,875.00	£89,875.00	£15,495.43	£57,650.00	£16,729.57	50	£334.59
2B 3P	£20,000	£79,300	£5,947.50	£105,247.50	£20,798.93	£70,333.00	£14,115.57	61	£231.40
2B 4P	£20,000	£102,700	£7,702.50	£130,402.50	£29,484.36	£91,087.00	£9,831.14	79	£124.44
3B 5P	£20,000	£120,900	£9,067.50	£149,967.50	£36,248.24	£107,229.00	£6,490.26	93	£69.79
4B 6P	£20,000	£137,800	£10,335.00	£168,135.00	£42,520.20	£122,218.00	£3,396.80	106	£32.05
Average	£20,000	£92,733.33	£6,955.00	£119,688.33	£25,788.52	£82,247.33	£11,652.48	71.33	**£163.35**

Source: NCC Affordable Housing SPD, Appendix 3

6.20 The payment schedule in the SPD includes figures for specific unit types and sizes. However, NCC officers confirm that these figures are simply steps in a calculation, which lead to an overall blended rate per square metre. This final blended rate is then applied to the floorspace of the foregone affordable housing of applicable schemes. In other words, the figures for specific unit types are not applied to the mix on a given scheme – instead, the overall blended rate is applied. This, a footnote in the SPD indicates, would appear to remain appropriate for certain kinds of PBSA as well.[56]

6.21 The calculation for converting floorspace into commuted sums proceeds as follows:

[56] Affordable Housing SPD (as above), footnote 4.

- The average shortfall figure per square metre for social rent (£1,171.23 in Table 6-1 above) is multiplied by 85% and then added to the shortfall per square metre for shared ownership (£163.35 in Table 6-2) multiplied by 15%. The 85% social rent and 15% shared ownership percentages reflect the affordable housing tenure mix policy expectation. The result of this step is £1,020.05 – the consistent final blended figure used in all calculations.
- This figure then needs to be brought up to date in line with inflation with reference to the BCIS All-in Tender Price Index, which is updated monthly. NCC officers state that this is done from the date of the SPD in July 2019.
- The updated figure is then applied to the floorspace of the foregone affordable housing – i.e. the floorspace of the scheme multiplied by the affordable housing policy quota.
- At the time of the SPD this quota required 30% affordable housing for schemes of 10-15 dwellings and 33% affordable housing for schemes of 16+ dwellings). As of the adoption of the GNLP, this is now 33% on all sites across the plan area with the exception of Norwich city centre, where the requirement is at least 28% (subject to viability).
- Regarding the floorspace input to the calculation, NCC officers note that, while there is no established process yet for PBSA, for schemes taking the form of blocks of apartments with shared amenity or communal space (lobbies, corridors, or gyms for example), the communal space is not normally included. The shared common space within cluster accommodation would, however, be included. These nuances may warrant further consideration or explicit confirmation for PBSA specifically.
- Finally a flat fee of £1,000 is added to cover legal costs (which is paid per scheme rather than per unit).
- It should also be noted that some PBSA taking the form of conversions from other uses may benefit from Vacant Building Credit, which would be likely to reduce the affordable housing contribution.

6.22 Two hypothetical calculations for existing PBSA schemes are provided below to illustrate the value of the commuted sums that similar future schemes may be expected to generate. The schemes are not named but an approximate number of bedspaces is given. The following assumptions and caveats should be noted:

- The floorspace input to the calculation (step 1) is based on a review of site plans submitted with the relevant planning applications. The total floorspace is based on an average for each unit type offered, taken from a sample across each floor of the scheme, applied to the number of each type of unit. Only internal floorspace has been used. This includes the floor area of shared kitchens and living spaces, but not communal areas shared by the building as a whole.

- Both schemes are in Norwich city centre, so the affordable housing quota assumed is 28% (step 2), although this is a minimum requirement and may vary depending on viability. As noted above, Vacant Building Credit may apply to conversions, which is not taken into account here.
- AECOM does not have access to the BCIS All-in Tender Price Index, so the figure in step 3 has not been index linked to the time of writing. The result will consequently be higher in reality. Note that the index figure is updated monthly, so any hypothetical calculation would be a snapshot in time.
- When dividing the commuted sum by the number of bedspaces the middle point of the resultant range is used.

6.23 It is clear from this exercise that the financial contribution to be required of large PBSA schemes is not insignificant. The value per bedspace varies according to the composition of the scheme in question and is set out in Table 6-3 below.

Table 6-3: Commuted sum calculation for two example schemes

Calculation step	Scheme 1	Scheme 2
Number of bedspaces	200-300	600-700
1. Total net floorspace	3,714 m^2	12,333 m^2
2. Floorspace of foregone affordable housing (step 1 x 28%)	1,040 m^2	3,453 m^2
3. Total commuted sum (step 2 x £1,020.05)	£1,060,852	£3,522,233
Value of commuted sum per unit	£4,243	£5,419

Source: PBSA Providers, Norwich

Example – Nottingham City Council

6.24 To AECOM's knowledge, the only well-documented precedent for a local authority requiring commuted sums for affordable housing from PBSA is Nottingham, although other authorities, like the London Borough of Islington, levy other commuted sum requirements on PBSA, such as for other matters including student bursaries for school leavers in care[57]. Nottingham City Council's SPD on Affordable Housing Contributions Arising from Student Accommodation, adopted in May 2021, provides the following methodology and justification:[58]

- The variety and complexity of PBSA formats (i.e. studios and communal/cluster accommodation) is recognised. To simplify the process, the total number of student bedspaces is established as the single relevant input.

[57] Islington supplementary planning documents (SPD) | Islington Council
[58] Nottingham SPD on Affordable Housing Contributions from PBSA: Affordable Housing Contributions from PBSA - Nottingham City Council, paras 6.1-6.5.

- The conversion ratio of PBSA units to mainstream residential dwellings is 5 PBSA bedspaces to 1 dwelling. This is based on the analysis of local Census and HMO occupancy data.
- The schemes eligible for affordable housing contributions must exceed the size threshold set for mainstream development after the application of the conversion ratio noted above. Since mainstream residential schemes smaller than 10 dwelling units are not required to deliver affordable housing, PBSA schemes providing fewer than 50 bedspaces (10 x 5) are also exempt.
- The precise affordable housing requirement applied depends on scheme size and is calculated in the same way – i.e. the number of PBSA bedspaces is divided by 5 and then compared to the relevant policy thresholds.
- A 2006 SPD sets out the contribution level expected per affordable housing unit foregone, and is revised annually by the Council. The current (2023) figure is £54,326 per affordable housing unit foregone.[59] This existing approach to commuted sums for other forms of development is applied for PBSA, rather than any new formula being produced.
- The calculation then takes the total number of PBSA bedspaces, divides this by 5 to determine the number of equivalent mainstream dwellings, applies the relevant affordable housing threshold according to the size of the site, and multiplies the result by £54,326 (for calculations in the current year).

6.25 This approach benefits from simplicity and consistency with the existing approach for other types of development.

6.26 Nottingham's conversion ratio is significantly higher than that of Norwich and applies whether studio or communal/cluster units are delivered, meaning PBSA bedspaces count for fewer equivalent mainstream dwellings. The overall contribution per unit is also lower than the shortfalls presented in the Norwich SPD, though this may reflect the blend of social rent and shared ownership in the Nottingham figure. However, the key difference between the two authorities' general approach to calculating commuted sums is that Nottingham calculates on a per unit basis, while in Norwich the calculation is based on floorspace.

Viability

6.27 The Viability Appraisal supporting the GNLP explicitly excludes PBSA from its scope.[60] There may be potential for challenge from developers when this issue is tested in practice. Each developer could present their own viability appraisal for commuted sums, which the Council may struggle to refute without its own evidence, although the District Valuer would be involved in reviewing any viability

[59] https://www.nottinghamcity.gov.uk/s106-costs.

[60] Viability Appraisal: https://www.gnlp.org.uk/sites/gnlp/files/2021-01/Main%20Report%20%28Final%2012-01-2021%29.pdf, paras 52, 58.

assessments. As affordable housing contributions represent a key new/additional cost that will now be associated with PBSA development, future viability discussions for PBSA may be focused on this particular issue.

6.28 NCC officers note that early discussions on one pipeline scheme appear not to have identified significant viability concerns, although this is a grey area because of the inherent incentives for developers to demonstrate viability challenges.

6.29 The value of proactively undertaking PBSA viability evidence in greater depth (i.e. also testing conversion ratios, the calculation of commuted sums, and sensitivity testing different locations) may depend on the anticipated future volume of PBSA in the development pipeline and any actions the Council may consider taking in response to this research. The potential for viability issues to change over time also presents a challenge to establishing fixed viability expectations ahead of future planning applications. A case-by-case assessment may be more practical.

The status of SPDs

6.30 Note that the status of SPDs is currently uncertain. It was proposed in the Levelling Up and Regeneration Act that they would be replaced with supplementary plans that would need to go through examination,[61] and this does not seem to have been addressed in the latest NPPF consultation. At the moment SPDs can still be produced by local authorities to provide guidance on the application of adopted policy, without being required to undergo examination, until the relevant regulations come in (currently anticipated to be introduced by Autumn 2025 following a period of consultation). The Council may want to be prepared to react to the new situation if that happens before the SPD is released, and to respond to any potential challenge associated with this.

Conclusion and further considerations

6.31 There is precedent (if limited) for requiring affordable housing contributions from PBSA, and this approach has been adopted in principle by NCC, with support from the GNLP Inspectors. How this new element of planning policy should be implemented in practice depends on a range of factors. Relevant questions warranting further consideration, and AECOM's professional viewpoint where appropriate, are summarised below:

- Is the existing approach for calculating the value of commuted sums from other types of development appropriate for PBSA?
    - The existing approach provides a blended figure that can be applied to the floorspace of PBSA schemes.

[61] Planning Advisory Service (no date), online at: https://www.local.gov.uk/pas/plans/plan-making-reforms/supplementary-plans-frequently-asked-questions.

  - As such, the conversion ratio from PBSA bedspaces to equivalent residential units is not relevant to the calculation. If in future an alternative method is developed that focuses on the number of equivalent units rather than floorspace, which conversion ratio to take forward (whether that used for monitoring or forecasting) would need to be determined.
  - Using a floorspace-based figure presents the challenge of how communal space should be handled / discounted and what should be defined as countable communal space. It may be reasonable to assume that communal space within units having their own front door (i.e. shared kitchens and living space in cluster flats) should be counted, but that shared amenities for the building as a whole (such as cinema rooms and gyms) should not. Such amenities are not included for blocks of residential apartments. However, the balance of space may be different for PBSA and may need to be considered further.
- Should PBSA have a different approach to viability than mainstream residential development when it comes to negotiating commuted sum payments? What factors may justify a different approach?
  - Examples of the latter include ongoing costs associated with this rented tenure product, its distinct investment and development financing models, and the different locations and types of site potentially available to PBSA (as opposed to mainstream residential).
  - Viability-based exceptions are likely to be addressed on a case-by-case basis but could be set out with additional guidance in the forthcoming Advice Note.
- Is the pipeline supply of PBSA (which does not already have planning permission and to which the new GNLP requirement would apply) large enough to warrant a change of approach or the commissioning of new viability evidence? Connected to this, how will any decisions made by the Council to influence the future supply of PBSA influence these matters?
- How might these principles and methodologies apply to Build to Rent or graduate Co-living products, if these are considered to be suitable alternatives or expected additions to the Norwich market?
  - Build to Rent is normally exempt from wider affordable housing requirements but is subject to its own regime, with a proportion of units delivered at below average rents (although the national baseline can be adjusted in line with local evidence).[62]

[62] Government guidance on Build to Rent: https://www.gov.uk/guidance/build-to-rent.

- It may be worth testing at what point PBSA becomes more or less profitable or viable than Built to Rent due to affordable housing contributions.

7. Post-Graduation Housing Options

Introduction

7.1 Although the main objective of this study is to understand the demand for PBSA, the growth in the student population and the supply of PBSA may have knock-on effects in other areas of the housing market, including for accommodation options for students post-graduation. This Section seeks to:

- Briefly set out the size of the market for post-graduation housing;
- Identify specific products aimed at the post-graduation market; and
- Examine emerging trends and issues at national and local scale.

The market for post-graduation housing

7.2 There is no established planning or other definition for post-graduation housing, so for the purpose of this study the post-graduation segment of the market is understood to comprise of students who have graduated with either an undergraduate or postgraduate qualification from a HEI in Norwich in the previous year.

7.3 There is, however, no clear boundary between this group and those usually termed young professionals – young people in employment who often cohabit for affordability or lifestyle reasons. In addition to graduates of education providers in Norwich who wish to remain post-graduation, there will be former students originating in Norwich who have attended other universities and are returning to take up employment in their home city.

7.4 Based on anecdotal evidence from HEIs, roughly 60% of Norwich University of the Arts students are understood to come from East Anglia[63]. Figures published by UEA suggest that 54% of students enrolled in full-time programs in 2021/22 came from the East of England[64], and 42% came from Norfolk. It can be assumed that returning to their family home after graduation is a – or the – most common route for a large number of these students.

7.5 Figures published by UEA suggest that 3,064 undergraduate students completed their program in 2021/22. There are no figures from postgraduate students, but it can be assumed that approximately 3,050 students finished their program in 2021/22[65].

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[64] UEA Student Facts and Figures 2020/21 https://www.uea.ac.uk/f/185167/x/4a12c93d31/facts-and-figures-jan-2021.pdf

[65] In terms of post-graduates, in 2021/22 it can be assumed that there were 3,255 full-time postgraduate students (Table 4-1). 73% of postgraduate students were in taught programs and 27% in research programmes. It could be assumed that all students in taught programs (based on most master's

7.6 Following figures presented in Section 4 of this report, 29.6% of full-time students studying in Norwich in 2022/23 lived in PBSA and 39.5% live in other rented accommodation. Applying these percentages to the 2021/22 figures presented above, this would suggest that 1,810 students who have living in PBSA and 2,415 students who have lived in other accommodation, or a total of 4,225 who potentially require rental accommodation after finishing their studies (of which more than half have experience, and may have a preference, for communal living in the form of the PBSA model)[66].

7.7 Research conducted by Liberty Living (now part of Unite Group) found that 36% of students surveyed remained in their university city for employment after they graduated from their studies. In this research, Norwich was ranked 9th among UK university cities, with 33% of students choosing to remain in Norwich post-graduation. Applying this to the total above would suggest 1,395 students from the graduating class of 2021/22.

7.8 A particular dimension of demand for accommodation post-graduation may be from international students who remain in Norwich after completing their courses. According to the evidence presented in Section 4, 9.7% of students in Norwich do not come from the UK. It is difficult to isolate how many graduates are not from the UK and not all of these students will remain in Norwich or the UK as a whole. However, as they are more likely to live in PBSA during their studies, they may again be interested in similar specialised products post-graduation.

7.9 Research citied from the QS International Student Survey suggested that 53% of prospective international students to UK universities expect to remain in their chosen country upon completion of their studies, although only 13% expected to stay permanently[67]. It should be noted that the ability to remain in certain countries post-graduation is dependent on visa rules, which are subject to change. Currently, 32% of international students to UK universities go on to join the Graduate Route, and 18% switch to other work routes.

Housing preferences among graduates

7.10 AECOM is not aware of data collected on where recent graduates currently live, and the Census does not allow for this particular segment of the population to be

programmes lasting one year) and one third of all research students (based on PhD programs lasting three years) graduated in 2021/22 meaning 82% of post graduate students finished their studies meaning 3,050 postgraduate students potentially completed their studies.

[66] It should be noted that these figures are derived from data published by UEA, similar data on graduations from NUA was not available. As such if figures from NUA were available this may distort the proportions of under/postgraduate students.

[67] Migration Advisory Committee, (2024). *Graduate Route: rapid review*. Online at: https://www.gov.uk/government/publications/graduate-route-rapid-review/graduate-route-rapid-review-accessible#conclusion

isolated. However, it is likely that following graduation from university a majority of students who require housing will turn to the private rented sector.

7.11 Some recent graduates will occupy a self-contained rental property. This will likely be either a one or two bedroom flat, maisonette or smaller terraced house, and could be a single occupant, couple, or two sharers.

7.12 A popular option for recent graduates would be a room in a HMO. Figures presented earlier in this report suggest that close to 40% of the undergraduate student population occupied a HMO during their studies and many may continue to do so if they take up employment after graduation in Norwich. This is also likely to be a popular option for occupants of PBSA who, in line with the research cited earlier in this report, seek less oversight and restrictions after graduating.

7.13 Other recent graduates may buy their own property. This option will be unlikely for the vast majority of graduates given severe affordability pressures combined with low starting salaries, limited time to build up a deposit, and the persistence of student loan payments. Accordingly, the average age of first-time buyers is in their 30s[68]. However, it may be an option for some recent graduates, particularly if they have access to savings for a deposit or are assisted by their parents.

7.14 There is also the possibility that some recent graduates will be housed in social/affordable rented housing. However, this is also unlikely to be the case for many graduates given that single people under the age of 35 are only entitled to housing benefit at a room rate (making HMO rooms the most likely option). Furthermore, if supported through their studies, such individuals are likely to continue receiving some form of support or to rely on housing with family.

Potential housing options for graduates in Norwich

7.15 Alongside traditional rental options (self-contained PRS and HMOs), there are relatively new tenure products coming onto the market that have gained popularity in other UK cities and which may appeal to recent graduates if they were to become available in Norwich, notably Build to Rent and Co-living.

7.16 Built to Rent is defined in the NPPF as purpose-built housing that is typically 100% rented. These schemes will usually offer longer tenancies (3+ years) and will typically be professionally managed with single ownership and management control.[69] Build to Rent units tend to be offered at a price premium to other PRS options but could appeal to graduates able to afford slightly higher rental costs or who value the lifestyle offering. Build to Rent rents may also include utilities

[68] Uswitch: https://www.uswitch.com/mortgages/first-time-buyer-statistics/
[69] National Planning Policy Framework (2023): https://assets.publishing.service.gov.uk/media/669a25e9a3c2a28abb50d2b4/NPPF_December_2023.pdf

and other costs, which provides certainty about outgoings and may make all-in costs more comparable to other PRS options.

7.17 Co-living[70] is a relatively new housing concept which (similar to PBSA and HMOs) is characterised by individual private units (usually en-suite studios) supported by communal facilities (kitchens, living and amenity spaces)[71]. Co-living schemes are not exclusively for graduates but are generally marketed at young professionals and could be appealing to those who have spent their studies living in PBSA or are seeking more professional management and higher living standards upon receiving employment income.

7.18 In the UK Investor Intentions Survey, completed by CBRE in 2023, residential real estate development was highlighted by 30% of UK investors as their primary target for acquisitions in 2023, citing Build to Rent as a growth area[72]. Moreover, demand for these types of developments is expected to increase strongly over the next three years. Research on the future of the Build to Rent market undertaken by Savills projected an additional 800,000 to 1,000,000 new PRS homes would be needed in the UK by 2031. Savills expect a majority of this growth will be driven by the 25-34 year old age group, with the need for an additional 370,000 units during this period[73].

7.19 Research conducted by Knight Frank suggests that between 2021 and 2022 there was a 65% increase in the delivery of Co-living developments, and there were at that time a total of 6,722 units with full permission outside of London. These were focused on large regional cities like Manchester, Liverpool, Sheffield and Birmingham[74]. The same study listed 16 cities across the UK that had either delivered Co-living developments or had planning permission approved. While Norwich was not listed in the study, NCC officers report rising appetite for this product among developers and landowners – potentially driven by the search for alternatives to PBSA or the search among investment financers for suitable tertiary cities to expand the UK market.

7.20 Research suggests that both tenure products tend to be occupied by younger people. Knight Frank outline that 72% of occupants of Co-living developments have tended to be aged between 26 and 40. A study of Build to Rent occupancy, conducted by the British Property Foundation, based on a sample of 10 developments across London, concluded that 79% of occupants where aged

[70] Unlike Build to Rent there is no definition of ‘Co-living’ contained within the NPPF (2023)

[71] Leeds City Council ‘Co-Living technical Guidance note’ https://www.leeds.gov.uk/planning/planning-policy/supplementary-planning-documents-and-guidance/co-living-technical-guidance-note

[72] CBRE. (2023). *UK Investor Intentions Survey 2023.* Online at: https://mktgdocs.cbre.com/2299/e0f913ac-7ccc-4e76-8fb2-0e832b659e9f-1636029390/UK_20Investor_20Intentions_20S.pdf

[73] Savills. (2024). *The Future of Build to Rent Houses.* Online at: https://pdf.euro.savills.co.uk/uk/residential---other/the-future-of-build-to-rent-houses--summary-report.pdf

[74] Knight Frank. (2024). *The Co-Living Report*. Online at: https://content.knightfrank.com/research/2854/documents/en/co-living-report-2024-11304.pdf

between 16 and 34, compared to 71% across the wider private rental sector[75]. Although there are no comparable developments in Norwich at present, it can reasonably be expected that this pattern of younger occupancy would apply – linked especially to graduates from local HEIs.

Cost of Specialist Rented Schemes

7.21 Although no data on either Build to Rent or Co-living is available for Norwich specifically, Table 7-1 shows the cost of monthly rent in a range of other cities and the income required to access this housing affordably (i.e. assuming the individual/household spends no more than 30% of their income on rental costs). Price data is taken from IdealFlatmate.com and BuildtoRent.io which are specialist listing sites focused on Co-living and Build to Rent developments.

7.22 Note that both products, in AECOM's experience, tend to sit at the higher end of the PRS value spectrum. As such, they are perhaps less likely to be occupied by the most recent graduates unless they have secured well paid jobs. Instead, it may be likely that Build to Rent would expand the PRS generally, releasing cheaper properties that would become available for new entrants to the market. More established graduates may instead form the core target market.

Table 7-1: Co-Living and Build to Rent price comparison

			Average Cost Per Month	Average Cost per Year	Income Required
Co-living	Manchester	Room	£818	£9,800	£32,720
	Birmingham		£940	£11,280	£37,600
	Liverpool		£749	£9,000	£30,000
	Aberdeen		£680	£8,160	£27,200
Build-to-Rent	Birmingham	Studio	£765	£9,180	£30,600
		1-bedroom	£921	£11,040	£36,800
		2-bedroom	£1,269	£15,240	£50,800
		All	£1,000	£12,000	£40,000
	Bristol	Studio	£1,040	£12,480	£41,600
		1-bedroom	£1,103	£13,200	£44,000
		2-bedroom	£1,502	£18,000	£60,000
		All	£1,275	£15,300	£51,000
	Liverpool	Studio	£671	£8,040	£26,800
		1-bedroom	£820	£9,840	£32,800
		2-bedroom	£1,009	£12,120	£40,400
		All	£855	£10,260	£34,200

Source: AECOM Calculations, IdealFlatmate.com[76], BuildtoRent.io[77]

7.23 Research by Hamptons suggests that Build to Rent schemes delivered in other cities across the UK have been let at a premium of around 10.6% above the cost

[75] BPF, London First, UKAA (2022). *Who Lives in Build to Rent*. Online at: https://bpf.org.uk/media/3605/who-lives-in-build-to-rent-1.pdf
[76] https://www.idealflatmate.co.uk/ (accessed October 2024)
[77] https://buildtorent.io/ (accessed October 2024)

of other comparable rental properties. Table 7-2 summarises the estimated cost of private renting in in traditional private rented accommodation and applies the 10.6% premium to give an understanding of the potential cost of Build to Rent if it were offered in Norwich.

Table 7-2: PRS and Build to Rent price comparison

	Number of bedrooms	Annual Cost	Income Required
PRS	Room	£5,700	£19,000
	Studio	£7,200	£24,000
	1-bedroom	£8,256	£27,520
	2-bedroom	£9,540	£31,800
	3-bedroom	£10,500	£35,000
	4+ bedroom	£17,400	£58,000
PRS + 10% Build to Rent premium	Room	£6,300	£19,000
	Studio	£7,960	£24,000
	1-bedroom	£9,130	£27,520
	2-bedroom	£10,550	£31,800
	3-bedroom	£11,610	£35,000
	4+ bedroom	£19,240	£58,000

Source: AECOM calculations, Norwich City Council, ONS, UEA, NUA

PBSA Conversion

7.24 In the event of an oversaturation of the PBSA market, there may theoretically be scope for these units to be converted into other accommodation types. However, PBSA is generally considered to fall under the *sui generis* use class, and would require planning permission to be converted to another housing type.

7.25 It is therefore not guaranteed that that conversion would receive planning permission. Further, a greater barrier is the fact that mainstream (non-student) accommodation is required to meet space standards that student accommodation is not. This implies a costly conversion process to expand any rooms/units that do not meet the required standards and to repurpose unwanted or needed communal areas, which may not be considered financially viable.

7.26 Conversion of PBSA to other uses does not appear to be common across comparable UK university cities. However, Nottingham City Council have outlined in their PBSA SPD[78] that any new applications for PBSA require developers to provide evidence of how the development could be converted into other residential uses if needed in future.

7.27 In addition, there has been demand identified in other university cities for the broadening of PBSA accommodation usage. The 'Planning Statement and Design & Access Statement for Jubilee Court[79]' in Preston outlines that a current PBSA scheme (Jubilee Court) is looking to widen the planning conditions relating to occupation, extending approved occupants from just students to also cover key workers and recent graduates (for a maximum of 2 years following graduation). This application is a direct result of oversaturation in the market in Preston, as well as demand from recent graduates looking to reside in PBSA, and final year students to remain in their accommodation post-graduation.

Conclusions

7.28 There are potentially new areas of the private rented sector which could be introduced in Norwich for students upon completion of their studies – Build to Rent and Co-living. Build to Rent appears to be a reasonable and appealing option for young people accustomed to the modern specifications, facilities, and all-inclusive payments associated with PBSA. The same applies for Co-living developments, which may even be more closely comparable to student accommodation.

7.29 However, these developments are situated at the higher end of the market. Although neither Build to Rent nor Co-living exists in Norwich at present, it could be assumed that if delivered it would be unaffordable to a large number of young graduates. As such, the most likely scenario is that graduates will take up homes in the traditional rental market once they have finished their studies, either in HMO's or in apartments at the cheaper end of the market.

[78] Nottingham City Council Purpose Built Student Accommodation (SPD) (2024): https://www.nottinghamcity.gov.uk/media/dyedumjv/purpose-build-student-accommodation-spd.pdf

[79] 27th September 2024

Appendix A : Greater Norwich Local Plan PBSA Policies

Table A-1: Summary of relevant adopted policies in the Greater Norwich Local Plan (Document 1 – The Strategy) (adopted March 2024)

Policy	Provisions
The Vision for Greater Norwich in 2038 (Homes)	We plan to concentrate the building of new homes in and around Norwich and in the Cambridge Norwich Tech Corridor. In Norwich City Centre and other highly accessible and sustainable locations, higher density homes including flats will be built, providing particularly for the needs of younger people and including purpose-built student accommodation, whilst also meeting the needs of other members of our community. This will help to create lively and vibrant city and district centres, enabling people to access services and jobs easily and to travel sustainably.
Policy 5 – Homes	<u>Purpose-built Student Accommodation</u> Development proposals for purpose-built student accommodation at the UEA campus will have regard to the UEA Development Framework Strategy (DFS) or any successor documents. Purpose-built student accommodation within the boundaries of the UEA campus will not be required to provide an on-site or commuted sum contribution to affordable housing. Away from the UEA campus, proposals for purpose-built student accommodation will be supported where the need for the development is justified by the current or proposed size of Norwich's higher educational institutions and the proposal will: • Be in a location otherwise suitable for residential development with sustainable access to the institutions served. • Be of a scale large enough so that services and amenities are provided on-site to ensure high standards of student welfare. • Contribute to a mixed and inclusive neighbourhood, not dominating existing residential communities.

Policy	Provisions
	• Provide a mix of accommodation types to meet a range of needs in the student accommodation market and • Be required to pay a commuted sum sufficient to provide an off-site policy compliant level of affordable housing for which a supplementary planning document will give more detailed guidance on the methodology for calculating equivalent dwellings from student accommodation. All consents will be restricted so the use of the accommodation is secured for students only.
Policy 7.1 – The Norwich Urban Area including the fringe parishes	<u>Economy</u> To ensure a strong employment base, development should provide a range of floorspace, land and premises as part of mixed-use developments. Development should promote more intensive use of land to meet identified needs for start-up and grow-on space for small and medium sized enterprises including the digital creative industries, technology, financial and cultural and leisure services clusters. To support this, loss of existing office floorspace will be resisted: a) Within the areas defined under the “Article 4 Direction relating to the conversion of offices to residential” and b) For all statutory listed office buildings situated within the city centre (as defined by map 10), unless it can be demonstrated that its loss will not be of detriment to Norwich’s office economy. Development of buildings for further and higher education, training and lifelong learning will be supported in the city centre. The development of purpose-built student accommodation will be accepted where it accords with the criteria in policy 5. <u>Elsewhere in the urban area including the fringe parishes</u> The remainder of the urban area including the fringe parishes will provide for a significant proportion of the total growth in Greater Norwich. Development will provide a range of sites for different types of housing, employment and community uses that are accessible and integrate well with the existing

Policy	Provisions
	communities. It will provide necessary infrastructure, with a focus on public transport, walking and cycling, as well as social and green infrastructure. Growth will include: • Development of strategic and smaller scale urban extensions at existing locations committed for housing and employment uses as set out in the tables above (including that within the adopted Old Catton, Sprowston, Rackheath and Thorpe St Andrew Growth Triangle Area Action Plan), with uplift on existing allocated sites in Cringleford, Easton and Three Score (Bowthorpe); • Significant new development proposals (including the expansion of the Norwich Research Park, and a large new allocation for homes in the Growth Triangle in Sprowston); • Development at the University of East Anglia to cater for up to 5,000 additional students by 2038 through intensification of uses within the campus and its limited expansion; • Development sites in the Sites document which will support neighbourhood-based renewal on brownfield sites, with densities highest in the most accessible locations; and • Enhancements to the green infrastructure network which will include links to and within the Wensum, Yare, Tud and Tas Valleys, Marriott's Way and from Mousehold through the North-East Growth Triangle as set out in maps 8A and B and in green infrastructure strategy updates, along with local networks.

Appendix B : PBSA Schemes in Norwich

Figure B-1: Map of PBSA Schemes in Norwich

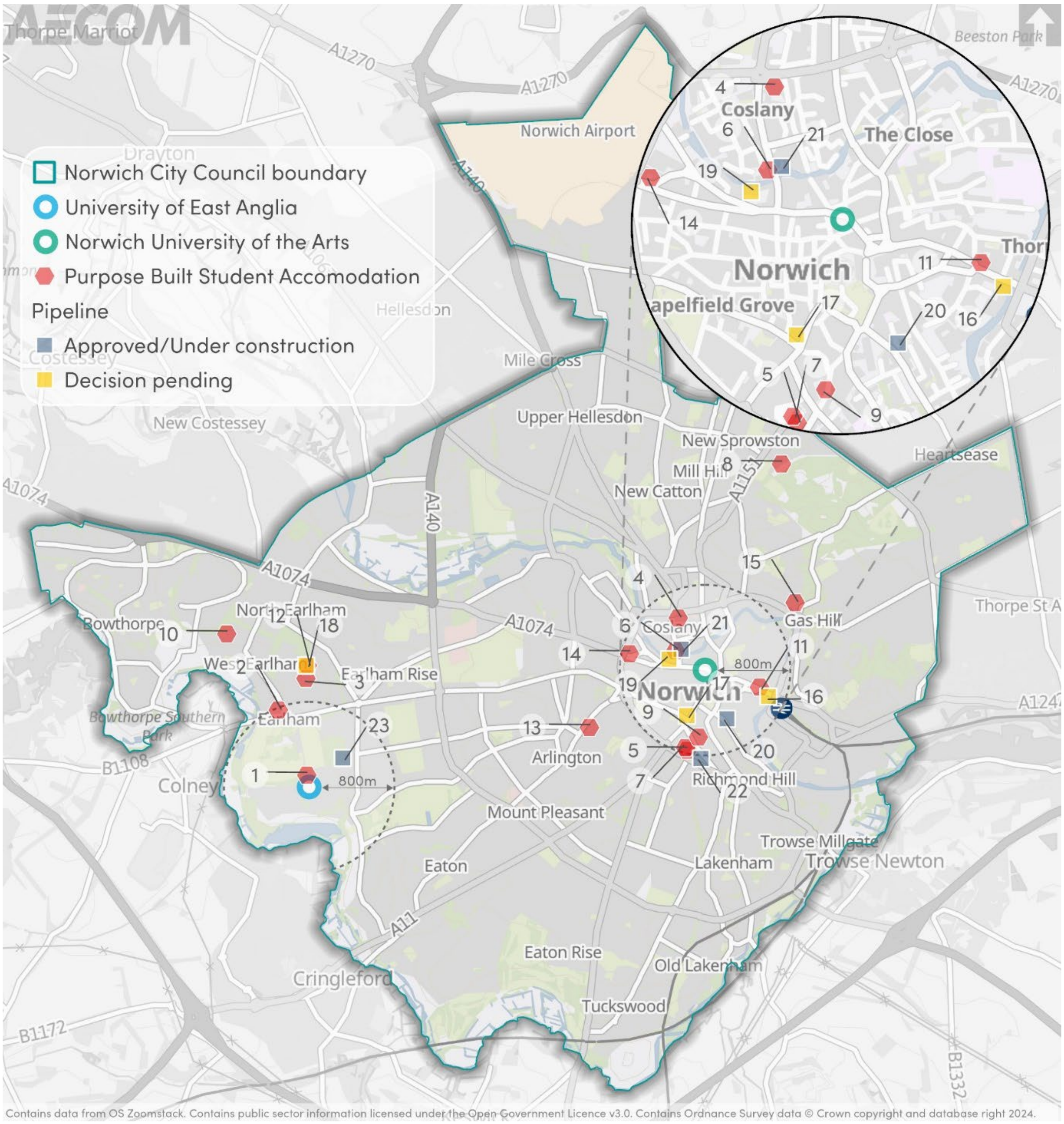

Figure B-2: Figure B-1 Key