

Purpose-Built Student Accommodation Market Study

Sheffield City Council

DECEMBER 2021

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01

INTRODUCTION

1.0 Introduction

Objectives of the Report

- 1.1 This Purpose-Built Student Accommodation Market Study has been commissioned by Sheffield City Council (the City Council) at a time when the new Sheffield Plan is being drafted and the City Council is looking to deepen its understanding of the market.
- 1.2 Key to this study is the production of an 'evidence base' for the City Council relating to the demand and supply of student accommodation in Sheffield. Whilst the City Council notes that "PBSA has brought large changes to the City, helping to regenerate inner city areas", there is "concern that oversupply could have an adverse effect on the City through issues such as overconcentration, unviable occupancy rates and deterioration in the quality of older stock". This study identifies whether **there is an oversupply and develops the City Council's understanding of the market**. In particular, it identifies:
 - Future levels of supply
 - Future levels of demand
 - Locational requirements and where PBSA should ideally be delivered
- 1.3 The Market Study will also support the policies in Sheffield's emerging "Sheffield Plan". This will help to ensure that good quality PBSA is delivered, whilst allowing the City Council to meet its wider ambitions for the City and in particular, the Central Area of Sheffield.
- 1.4 Of course, crucial to the demand for student accommodation in Sheffield is the City's two universities: The Russell Group University of Sheffield, and Sheffield Hallam University, the 11th and 18th largest institutions in the country¹. The universities play a key role in the local economy and the life of the city and wider sub-region. The input of the universities has been crucial to informing this Market Study.
- 1.5 This Market Study has considered a wide range of areas and outlines a range of recommendations as to future policy and the likely demand for bed spaces based on market conditions. In particular, the report focuses on:
 - Current planning policy relating to student accommodation
 - The universities' publicly available information on Strategy, investment priorities and performance against its peers
 - The nature of the student population at the two universities looking at historic trends and forecasts, as well as the campus student to bed ratio (current and looking forward);
 - The existing University and private sector accommodation (type and size of stock, rents and quality), the competitive supply context, examining the supply of student residential accommodation in detail on and off campus;

¹ Full-time students (HESA 2019/20)

- The development pipeline of accommodation in Sheffield and its potential impacts on the market
- Demand for residences in the City
- Occupancy of PBSA
- Conclusions and recommendations relating to future policy

1.6 Key datasets that have informed this study our national licenced HESA data collection and Cushman & Wakefield's own Student Accommodation Tracker.



*Executive
Summary*

Executive Summary

1. The key findings and recommendations of the report are outlined below.

Current Policy

2. Two key documents currently guide policy relating to student accommodation: the Sheffield Core Strategy and the Sheffield Student Accommodation Strategy (2014-2019). The Core Strategy was adopted in March of 2009 and was produced in a different environment for Higher Education in the UK, when tuition fees were lower, student numbers were still capped and a lower number of international students coincided with a smaller percentage of the UK population going to university.
3. It is clear that existing policies relating to student accommodation whilst successful in achieving their aims, were produced at a time when the market environment was different. It is therefore appropriate that the City Council is reassessing the scale of demand and supply for student accommodation in Sheffield. This is especially important in the context of an emerging wider Residential Strategy for the Central Area of the City.

Sheffield in a National context

4. The following markets have been identified as comparators and included in the analysis: Liverpool, Manchester, Nottingham, Leeds, Birmingham, Newcastle, Glasgow, Edinburgh, Coventry, Bristol and Leicester.
5. All 12 markets have seen just under 40% all PBSA development over the last five years (58,500 beds built since 2017). Each market has its own unique characteristics, with many contributing factors adding to the success or failure of certain product types and of the market as a whole. Of course, student demographics play a large role in assessing trends for the demand for PBSA.
6. Sheffield's demand pool currently stands at 40,190 students, representing 77% of the city's full-time student population. The University of Sheffield makes up over half (58%) of the demand pool as it is Russell Group university and recruits from a wider base, whilst Sheffield Hallam recruits more locally (with a higher percentage of students commuting). Overall, the demand pool has remained relatively stable in recent years, increasing by 2.4% between 2016/17 and 2019/20 (+950). Since 2018/19, the demand pool has fallen by 0.5% due to the impact of the demographic dip of the 18-year-old population.
7. Cushman & Wakefield has calculated the demand pool against the number of purpose-built beds in Sheffield in order to create a 'student to bed ratio' (SBR). For reference, the C&W nationally observed average healthy student to bed ratio is around 2.0:1. The Sheffield market currently has a SBR of 1.4:1; significantly below the national average. This is indicative of relative 'oversupply' through major development. Perhaps most comparable to Sheffield's demand and supply dynamics is Liverpool, which has also seen large-scale development coupled with a steady demand pool.
8. Both Sheffield and Liverpool have seen occupancy issues within peripherally located schemes (e.g. schemes over a 15-minute walk from the universities), as well as discounting observed across all room types in recent years. The second quarter of 2021 has seen over 2,400 bed spaces offer cashback incentives in Sheffield market, suggesting ongoing occupancy issues (explored elsewhere in this Study). Newcastle experienced similar issues – between 1,900 and 3,100 beds entered the market each year between 2016 and 2018 which led to the market becoming saturated. Over the last two

years, little to no development has allowed the market to fully absorb the beds which has led to positive rental growth for the first time since 2016.

9. Sheffield has seen the highest number of studios developed in any market over the last five years, with studios currently forming 22% of the market. This has surpassed the comparator average, with over 60% of studios built since 2017/18. Indeed, the number of studios is 29% higher than the second largest market for studios, Leicester.
10. Given the nature of the product, studios typically appeal to certain groups of students (international students and postgraduates). These rooms tend to be more expensive, generally priced around the full student loan amount. Therefore, for a significant pool of students, these bed spaces are simply unaffordable, potentially isolating and can provide a poor student experience.
11. Sheffield has a low proportion of bed spaces at the lowest room quality rating, with 8% of beds delivered at this level (typically older rooms with single beds and limited storage space). This is lower than the comparator average of 15% and reflects the recent high-quality developments in the private sector. The Sheffield market has lowest number of low-quality beds after Leicester and Liverpool.
12. Many of the older schemes in Sheffield have undergone refurbishment in the last ten years, making it a relatively modern market in context of the comparator markets. As such, the majority of development delivered sits in the middle range – a third of all beds are rated a 3/5 for room quality. A significant number of beds have also been rated 4/5, directly in line with the comparator average (27%). These beds are high quality typically consisting of a modern room, fitted furnishings, large storage spaces and stylish décor.
13. Sheffield rental distribution vs. comparator markets:
 - Under £5,000: as one of the most affordable major markets, Sheffield provides 21% of beds under £5,000 p.a., compared to 14% of beds in comparator markets.
 - £5,500 - £6,000: 20% of Sheffield's bed spaces sit within this bracket, compared to 10% of the comparator markets. The majority of these beds on offer are en-suite and this pricing range is around 61% of the annual Student Maintenance Loan amount of up to £9,488 in 2021/22. Conversely, the majority of beds offered in the comparator markets are priced between £6,000 and £7,000 p.a.
 - Over £9,000: there is a larger availability of beds available over £9,000 in the comparator markets, with 13% of beds offered above this price point compared to 9% in Sheffield. These beds in Sheffield are largely studios, although comparator markets also provide a sizeable number of en-suites above £9,000 p.a.

Demand and Supply

14. The University of Sheffield has seen a 13% growth in student numbers between 2014/15 and 2019/20, although growth has slowed somewhat with numbers increasing by just 310 in 2019/20. The international population makes up 38% of the total student body and both EU and non-EU numbers have grown by 19% and 35% respectively, above the national average. 85% of the student population is based outside of Yorkshire and Humber, lower than five years earlier due to slower growth in students based in the rest of the UK.

15. Student number growth at Sheffield Hallam University has slowed recently and numbers fell 1% over the last two years. The international student population has reduced by over 1,000 in the last four years and now makes up a far smaller proportion of the student body than previously. Applications have also dropped significantly in the last two years.
16. Sheffield is home to a total of 28,710 bed spaces for the 2021/22 academic year, making it the third largest purpose-built student accommodation market behind London and Liverpool. The market has expanded rapidly since 2015 thanks to ongoing development in the private sector, with 43% of the entire market constructed within the last six years (+12,345 beds all of which are private sector). As such, the private sector is well established, providing 85% of total bed spaces in the city (equivalent to 24,300 beds). Just over 18,300 of these beds are offered on a direct let basis.
17. In a national context, Sheffield has a higher proportion of en-suite bed spaces in comparison to the national average (67% vs. 60%), with a much lower proportion of standard rooms (9% vs. 25%). This can be attributed to the age of development, reflecting the relatively 'contemporary' nature of much of the market and large amount of new deliveries over the last decade. The University of Sheffield's portfolio is also predominantly en-suite thanks to its Catalyst Higher Education partnership at Endcliffe Student Village (despite large Russell Group universities traditionally offering a high proportion of older standard rooms).
18. However, the proportion of studio bed spaces in Sheffield is significantly higher than the national average (22% vs. 13%). Whilst the City is home to a large international student population from whom demand for this type of product is typically significant, the number of studios has now arguably exceeded a healthy level following a period which saw 84% of all studios built within six years. This issue has been observed in other large markets, leading to 'product absorption' and occupancy issues.

Private Rented Sector

19. In 2021 there were 4,319 Council Tax Student Exemption properties, compared with 6,023 exemptions in 2019. There has been a significant shift towards the City Centre and Park Hill in particular. The move towards the city centre is indicative of a trend Cushman & Wakefield has observed in other cities, such as Manchester, where the development of well-located and competitively priced 'Build to Rent' (BTR) products has seen students who would usually demand a traditional private rented bed opting to live in a similarly appointed 2-bedroom flat in the private rented sector. Evidence shows that students are now starting to move away from traditional HMO areas in the suburbs and into the City Centre (a trend that is also being seen in other UK locations).
20. This trend has the potential to "blur the lines" between PBSA and BTR (especially with stock of high quality), further increasing levels of competition in this area of the market.

Student to Bed Ratios

All Year Student to Bed Ratio

21. The city-wide student to bed ratio in Sheffield has fallen from 2.1:1 in 2013/14 to 1.5:1 in 2019/20. Based on projected growth in the demand pool and the impacts of committed developments to 2023 (City-wide SBR with pipeline), the SBR is projected to fall to 1.4:1 in time for the 2021/22 academic year. Even with no modelled development between 2023/24 and 2028/29 the SBR is not projected to rise above this level, only marginally rising to 1.5:1 in 2029/30 – the same level seen in 2019/20. It should be noted that at the time of writing this Study, both universities are uncertain as to potential

international recruitment for the 2021/22 academic year. Whilst applications are “strong”, there is considerable uncertainty around international students’ ability and willingness to come to the UK. Demand shocks from international students are considered later in this section of the Study. Therefore, the unhealthy ratio in Sheffield is likely to remain unhealthy in the future and is indicative of a position of oversupply in the market (the ratio in the context of the UK market is considered in more detail later in this Study).

22. The second scenario models the impact of continued significant development on the Sheffield market to 2029/30 (City-wide SBR with modelled pipeline). This scenario considers committed developments to 2023 and then takes an average of new developments seen between 2013/14 and 2020/21 (i.e. 1,477 bed spaces per annum). With modelled additional development in 2024/25 the ratio would stand at 1.3:1 (vs 1.4:1 with no development) and by 2029/30 the ratio would stand at 1.0:1 – effectively a purpose-built bed space for every student that requires a bed in the City. This ratio would be unprecedented in the UK market and would likely result in a huge number of unoccupied bed spaces across Sheffield.

First Year Student to Bed Ratio

23. This cohort is key to the demand pool, with students in their first year of study more likely to choose purpose-built accommodation. These students are likely to be studying away from home for the first time with a large number of universities using a “guarantee” of accommodation to first years as a key marketing tool. Traditionally, students moving into their second year would move into the private rental market (HMOs). Whilst more returners now choose purpose-built stock – thanks to increases in supply and a belief that PBSA better supports the learning and social experience – first years remain the key source of demand. Nationally, the first year student to bed ratio stands at 1.1:1 – i.e. there is just over one first year student requiring a bed for every purpose-built bed available.
24. The first year SBR in Sheffield in 2019/20 stood at 0.7:1 – far below the national average - meaning there were already 7,689 returning students required to live in PBSA to ensure full levels of occupancy across the City. This figure accounts for 35% of the returning student demand pool and is significantly higher than the 22% national average of returning students studying outside of their home region living in PBSA. This likely means that are already unfilled beds across the market.
25. Based on the current committed development pipeline, this ratio is set to fall to 0.6:1 in 2023/24 (raising the returner requirement to over 11,000 students), before rising slightly again to 0.7:1 in 2029/30 (when the returner requirement would stand at just over 8,000 students). Based on the modelled pipeline, the first year SBR would stand at just 0.5:1 in 2029/30. This would result in a returner requirement of 20,599 students – almost 150% higher than the requirement in 2019/20. This figure places into stark focus the likely damage to the market of significant additional development over the coming years.
26. For completeness, the same sensitivities applied to the all-year ratio have also been applied to the first year ratio. A 10% reduction in the demand pool would move the 2020/21 ratio to 0.6:1 from 0.7:1, and the ratio would remain at this level in 2029/30. A 10% increase in the demand pool would move the ratio to 0.8:1 by 2029/30.
27. In addition to the sensitivities applied above, it is also important to consider the impacts of a sustained reduction in international recruitment in the same way that has been applied to the all-year ratio. It is important to note that the first year population is more reliant on international students than across all years due to the large number of international students studying one year postgraduate taught courses

(largely at the University of Sheffield). The international population therefore accounts for 45% of all first year demand, compared with 31% across all years.

28. A 50% shock to international student demand would result in a SBR (based on the current committed pipeline) of 0.5:1 in 2023/24, with this figure rising to 0.6:1 by 2029/30. Based on the modelled pipeline, the ratio would stand at just 0.4:1 in 2029/30. A 25% reduction in international demand based on the modelled pipeline would result in a ratio of 0.5:1 in 2029/30.

Key Report Recommendations

Recommendation	Summary
"Zoned" or locational approach to future development	Highlighting areas of the city centre in which PBSA development should be encouraged. While discouraging further development in inappropriate peripheral locations.
A need to demonstrate demand as part of the planning process	The recent scale of development in the City proves that some developers have not fully considered the demand-supply dynamics of the student market in Sheffield and this should be addressed in future policy.
Presumption against all-studio developments	The scale of studio bed spaces in Sheffield has now risen far above the national average and the long-term sustainability of this quantum of studios is questionable.
Design guide	Encouragement of product innovation to shape the development of rooms in the market.
City Council development site restriction	City Council development sites should not be released for PBSA unless under exceptional circumstances
University engagement	The City Council should engage the City's universities in a more active role in the planning process
Houses in Multiple Occupation/SNUG	Little evidence that intensive levels of PBSA development are making inroads into the HMO market
Change of use applications	Pressure on occupancy may lead to an increase in applications for change of use from PBSA



02

POLICY

2.0 Policy Relating to Student Accommodation

Introduction

- 2.1 Two key documents currently guide policy relating to student accommodation: the Sheffield Core Strategy² and the Sheffield Student Accommodation Strategy (2014-2019)³. The Core Strategy was adopted in March of 2009 and was produced in a different environment for Higher Education in the UK, when tuition fees were lower, student numbers were still capped and a lower number of international students coincided with a smaller percentage of the UK population going to university.

Sheffield Core Strategy

- 2.2 The adopted Core Strategy document is relatively non-prescriptive in relation to policy (as would be expected at the time), with Policy CS41 stating that new PBSA is encouraged “primarily in the City Centre and the areas directly to the north west and south of the City Centre”. As this Study shows, this policy has largely been successful in guiding development into these locations, aided by developers’ and students’ desire to be close to campus – especially in a new era of higher tuition fees. Indeed, the Strategy notes that the City Council wanted to work “with universities and providers of student accommodation to ensure that their needs are met in appropriate locations”.

Sheffield Student Accommodation Strategy (2014-2019)

- 2.3 The Sheffield Student Accommodation Strategy was delivered at a time of change for the Higher Education sector and set out the City Council’s aspiration for student accommodation.
- 2.4 The Strategy identified that student numbers were set to rise following the shock to the market of the tuition fee rise in 2012/13 and that students were particularly concentrated in the City Centre, Crookes, Broomhill, Walkley, Broomhall and Endcliffe.
- 2.5 The Strategy also noted that there was a risk that the provision of more PBSA would lead to oversupply and older blocks falling empty.

Article 4 Direction

- 2.6 In common with a number of other local authorities across the UK, Sheffield City Council has chosen to invoke an Article 4 Direction⁴ (2011) meaning that within prescribed areas of the City, planning permission is required to convert a dwelling house (C3 use class) into a House in Multiple Occupation (HMO) (C4).
- 2.7 Policy CS41 of the adopted Core Strategy aims to create “Mixed Communities” and the adoption of an Article 4 Direction was supported by community groups in areas with a high percentage of shared housing. Issues raised during consultation reflect those seen nationally including anti-social behaviour, parking issues, poor maintenance of housing and a loss of population outside of term time.

² <https://www.sheffield.gov.uk/home/planning-development/sheffield-plan>

³ <https://www.sheffield.gov.uk/home/housing/housing-strategy-2013-2023>

⁴ <https://www.sheffield.gov.uk/home/planning-development/planning-permission-hmo>

- 2.8 The Article 4 Direction covers a wide area of the City, from Walkley to the north, Park Hill to the east, Meersbrook to the south and Ranmoor to the west.

Draft “Sheffield Plan”

- 2.9 The Draft “Sheffield Plan”⁵ will guide the future development of the City by setting out how and where development will take place up to 2039. In terms of student accommodation, the Issues and Options document acknowledges that in terms of housing development, “much of the recent supply has been student accommodation. The Policy theme relating to student accommodation notes that there should be preferred locations for PBSA alongside design requirements, and these areas will be informed by this Market Study.

Sheffield Central Area Residential Strategy

- 2.10 Deloitte is currently conducting a Residential Strategy for Sheffield which examines how the Central Area of the City could deliver residential accommodation to transform the location into one with a residential element rather than just as a place to work and study – achieving the City Council’s aim of focusing future residential development in this area of Sheffield. Our conversations with Deloitte reveal agreement that the housing market is currently characterised by its transient population dominated by students.
- 2.11 As we understand it, there is capacity across the Central Area to deliver the City Council’s aspiration of 20,000 new homes, although there may be ongoing viability issues associated with development. Of particular significance is the potential for just over 7,500 beds in the area of St Vincent’s, Cathedral, St George’s and University of Sheffield close to a number of PBSA developments.
- 2.12 Our conversations with Deloitte reveal that the Central Area has the potential to be transformed through the “effective and concentrated delivery of a network of new residential communities”, with private rented stock “directed towards highly accessible locations, within close proximity of the City Centre’s main employment areas and key public transport nodes”. A key emerging finding is that current residential viability issues will require public sector intervention to overcome, with five Priority Frameworks and Catalyst Sites. Of particular relevance to the PBSA market is the St Vincent’s Gateway location located in the City Centre and close to the University of Sheffield. However, it is noted that this is a long-term opportunity area given the piecemeal land ownership, with a potential wider need for the City Council to consider contributing sites as a catalyst for development.

Summary

- 2.13 It is clear that existing policies relating to student accommodation whilst successful in achieving their aims, were produced at a time when the market environment was different. It is therefore appropriate that the City Council is reassessing the scale of demand and supply for student accommodation in Sheffield. This is especially important in the context of an emerging wider Residential Strategy for the Central Area of the City.

⁵ <https://www.sheffield.gov.uk/home/planning-development/emerging-sheffield-plan-draft>



03

SHEFFIELD IN A NATIONAL CONTEXT

3.0 Sheffield in a National Context

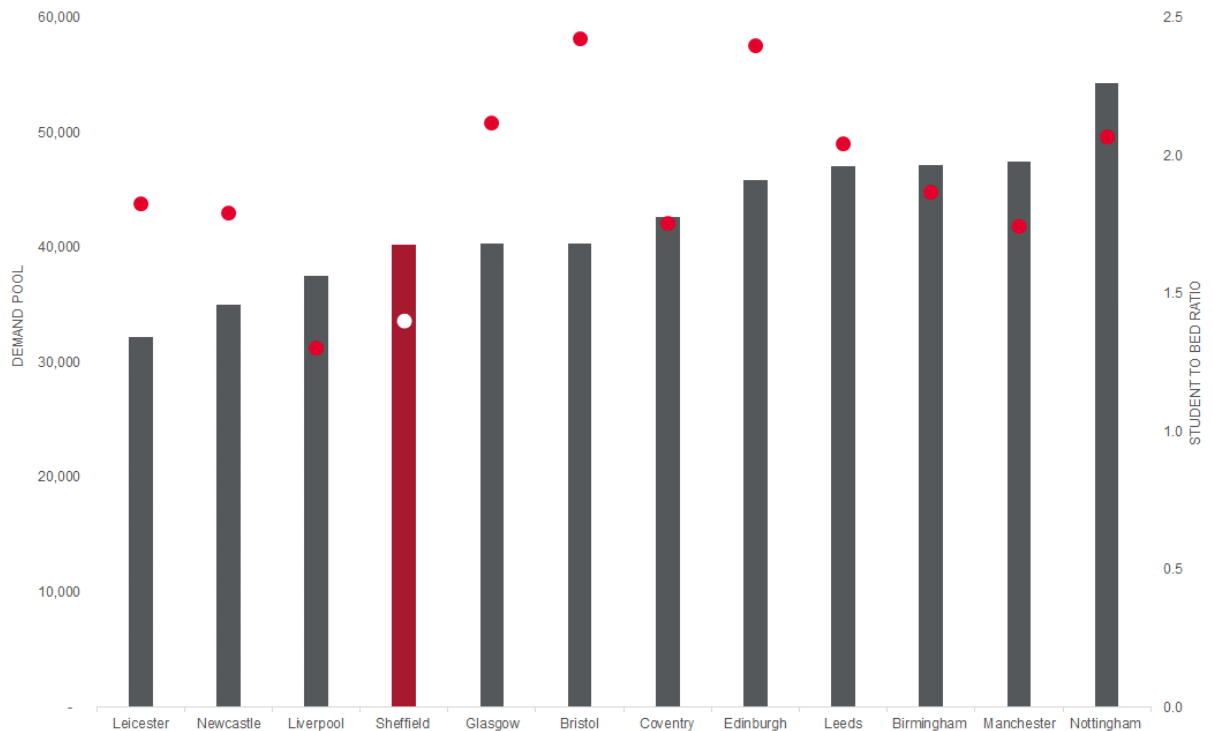
Introduction

- 3.1 The following section of this report explores the composition of the Sheffield PBSA market and compares it to other 11 large markets in the UK, all home to over 16,000 PBSA beds. This analysis sets the scene for the analysis to follow and places Sheffield in context as a PBSA market by assessing a wide range of key metrics.
- 3.2 The following markets have been identified as comparators and included in the analysis: Liverpool, Manchester, Nottingham, Leeds, Birmingham, Newcastle, Glasgow, Edinburgh, Coventry, Bristol and Leicester.
- 3.3 All 12 markets have seen just under 40% all PBSA development over the last five years (58,500 beds built since 2017). Each market has its own unique characteristics, with many contributing factors adding to the success or failure of certain product types and of the market as a whole. Of course, student demographics play a large role in assessing trends for the demand for PBSA.

Demand Pool and Student to Bed Ratios

- 3.4 The demand pool and student to bed ratio of all comparable markets are highlighted in the chart below. The demand pool is defined by the number of students likely to demand a student bed in a market (i.e. non-commuting students), while the student to bed ratio (SBR) represents the demand pool vs. the total number of student beds in a market. Although Birmingham has the largest number of students outside of London with five higher education institutions, Nottingham has the highest demand pool with 54,310 students likely to demand a bed thanks to very strong growth at both of the City's institutions over recent years.

Figure 3.1: Student to bed ratio, Sheffield vs. Comparable Markets



Source: HESA 2019/20, Cushman & Wakefield Student Accommodation Tracker 2021

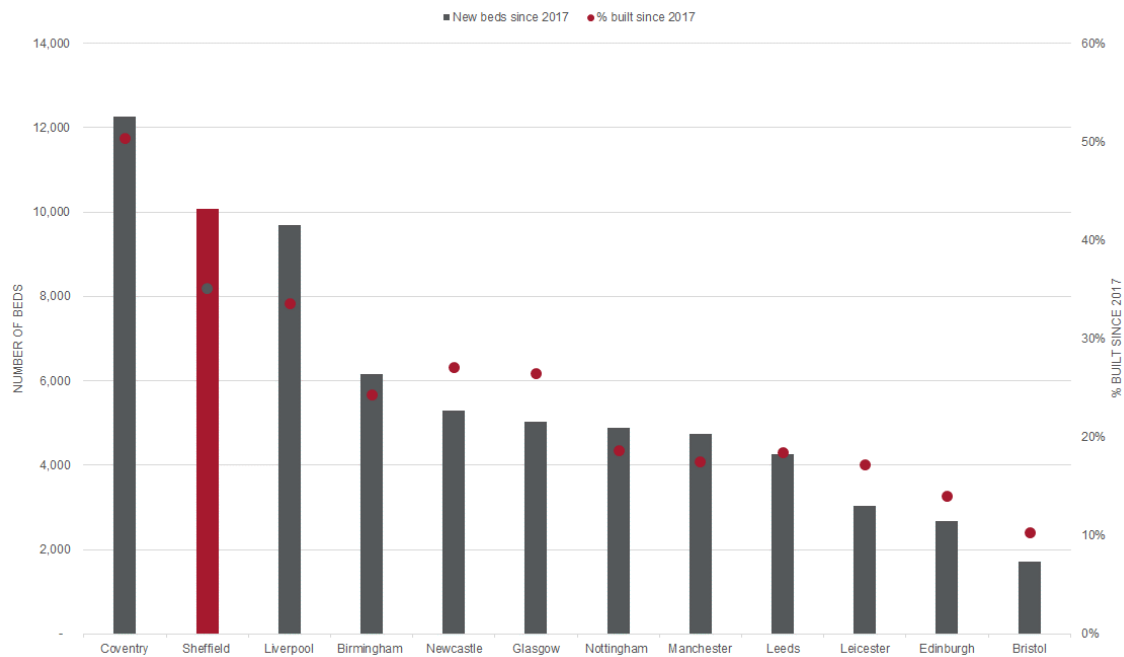
- 3.5 Sheffield’s demand pool currently stands at 40,190 students, representing 77% of the city’s full-time student population. The University of Sheffield makes up over half (58%) of the demand pool as it is Russell Group university and recruits from a wider base, whilst Sheffield Hallam recruits more locally (with a higher percentage of students commuting). Overall, the demand pool has remained relatively stable in recent years, increasing by 2.4% between 2016/17 and 2019/20 (+950). Since 2018/19, the demand pool has fallen by 0.5% due to the impact of the demographic dip of the 18-year-old population.
- 3.6 Cushman & Wakefield has calculated the demand pool against the number of purpose-built beds in Sheffield in order to create a ‘student to bed ratio’ (SBR). For reference, the C&W nationally observed average healthy student to bed ratio is around 2.0:1. The Sheffield market currently has a SBR of 1.4:1; significantly below the national average. This is indicative of relative ‘oversupply’ through major development. Perhaps most comparable to Sheffield’s demand and supply dynamics is Liverpool, which has also seen large-scale development coupled with a steady demand pool.

PBSA Development

- 3.7 Of all the comparable markets analysed, Coventry has seen the most beds enter the market with exactly half of the market opening since 2017. Much of the development has resulted from the University’s influx in student numbers – Coventry University seen an overall increase of almost 50% of its student body over the last five years, equivalent to 10,650 more students. Whilst Coventry’s SBR has inevitably fallen to 1.8:1 due to significant development, the demand pool has grown by 18% over the last three years alone, suggesting there was scope for additional beds.

3.8 Both Sheffield and Liverpool have seen occupancy issues within peripherally located schemes (e.g. schemes over a 15-minute walk from the universities), as well as discounting observed across all room types in recent years. The second quarter of 2021 has seen over 2,400 bed spaces offer cashback incentives in Sheffield market, suggesting ongoing occupancy issues (explored elsewhere in this Study). Newcastle experienced similar issues – between 1,900 and 3,100 beds entered the market each year between 2016 and 2018 which led to the market becoming saturated. Over the last two years, little to no development has allowed the market to fully absorb the beds which has led to positive rental growth for the first time since 2016.

Figure 3.2: Number of beds developed between 2017 and 2021



Source: Cushman & Wakefield Student Accommodation Tracker 2021

Rental Analysis

- 3.9 The scale of development in Sheffield has created a very competitive marketplace, which has led to a direct fall in en-suite rents over time. Just over 10,000 beds have been built over the last five years (2017-2021), of which under 6,000 are en-suite. Between 2018 and 2019, en-suite rents in the private sector fell by 1.1%, with many operators impacted by increased levels of competition. En-suite rents subsequently fell by 0.1% and 0.2% in the following two years. As the most common room type in the market, on average, en-suites are the only room type to have seen negative rental growth.
- 3.10 Overall, rents have grown at a much slower pace since 2018/19. Between 2020 and 2021, private sector rents increased by 0.2% on average, reflecting the lowest rate recorded. Sheffield is likely to see further digestion issues in the future as large numbers of bed spaces are brought to the market. Interestingly, rental growth for studios has increased at the fastest rate (1.1%) over the last year, although this is lower than previous years. In contrast, cities such as Nottingham, Leeds and Bristol with little development (for the size of the student population) has led to higher rental increases than those observed nationally.

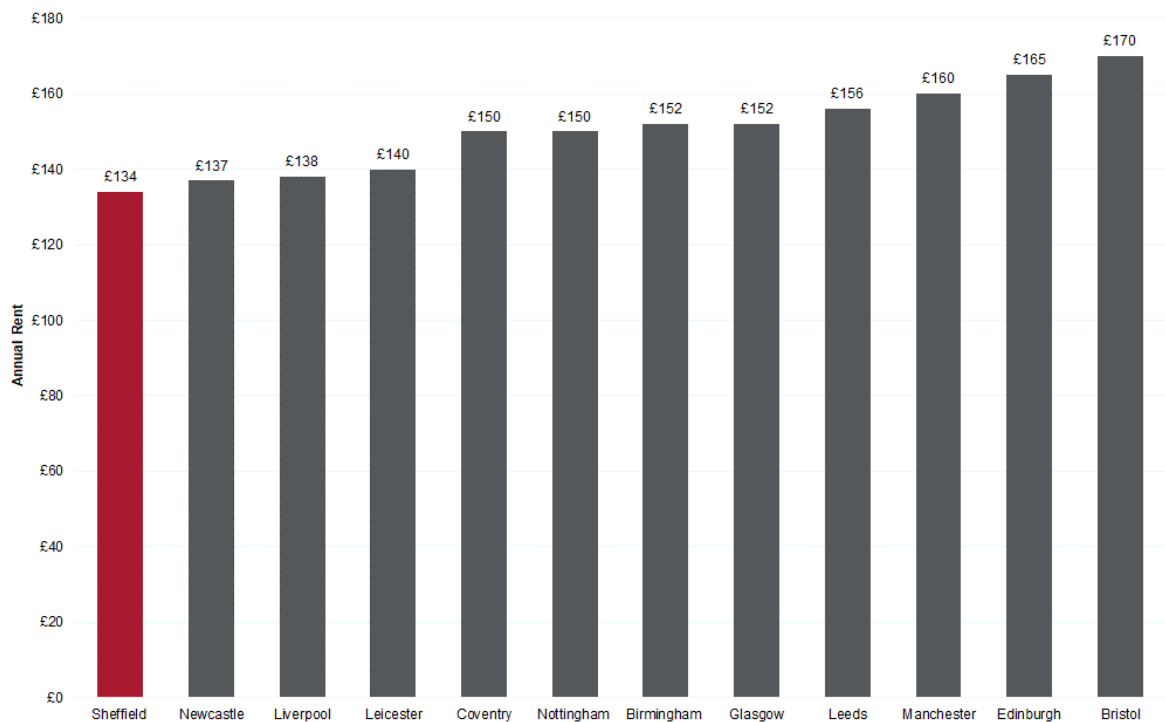
Lower rental increases and higher competition in Sheffield, as well as Liverpool and Newcastle, has led to amongst the most affordable rents in the country for PBSA. This has allowed private sector providers to deliver relatively high-quality products at rent levels lower than those offered nationally.

Table 3.1: Average Weekly Rents by Room Type

Comparable Markets	Average Rent	Average Studio Rent	Average En-suite Rent	Average Standard Rent
Sheffield	£134	£172	£125	£103
Newcastle	£137	£172	£127	£90
Liverpool	£138	£168	£138	£106
Leicester	£140	£159	£142	£111
Nottingham	£150	£177	£153	£119
Coventry	£150	£172	£152	£123
Birmingham	£152	£200	£148	£110
Glasgow	£152	£193	£143	£121
Leeds	£156	£224	£152	£116
Manchester	£160	£256	£160	£125
Edinburgh	£165	£237	£160	£135
Bristol	£170	£231	£172	£136

Source: Cushman & Wakefield Student Accommodation Tracker 2021

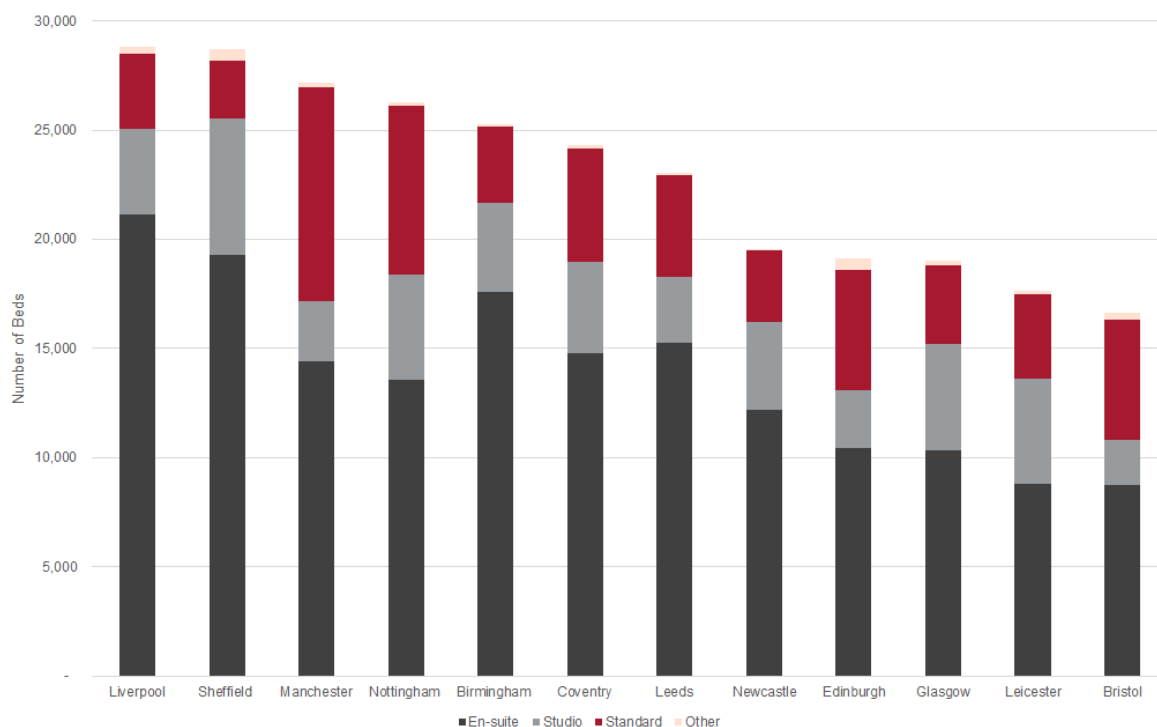
Figure 3.3: Average Weekly Rents, Sheffield vs. Comparator Markets



Source: Cushman & Wakefield Student Accommodation Tracker 2021

3.11 En-suite beds are the most common room type to have been developed over the last 10 years, as well as the least expensive in cities where development has been significant. Sheffield has the least expensive en-suite rooms out of the 12 comparable markets, with an average annual rent roughly £1,900 per annum less expensive than Bristol.

Figure 3.4: Number of beds by room type



Source: Cushman & Wakefield Student Accommodation Tracker 2021

- 3.12 Edinburgh and Bristol now offer the most expensive studios on average, whilst a studio in Leicester, followed by Liverpool, is the least expensive out of the comparator markets. Particular markets such as Glasgow have seen significant development in studios within a short space of time, causing difficulties with ‘digestion’ issues in the market and many beds remaining unoccupied. Whilst the market has begun to stabilise thanks to a pause on development, the proportion of studios remains above the comparator average (25% vs. 17%). Sheffield has seen the highest number of studios developed in any market over the last five years, with studios currently forming 22% of the market. This has surpassed the comparator average, with over 60% of studios built since 2017/18. Indeed, the number of studios is 29% higher than the second largest market for studios, Leicester.
- 3.13 Given the nature of the product, studios typically appeal to certain groups of students (international students and postgraduates). These rooms tend to be more expensive, generally priced around the full student loan amount. Therefore, for a significant pool of students, these bed spaces are simply unaffordable, potentially isolating and can provide a poor student experience. However, the number of studios suitable for a market will vary on the composition of the student body, with some cities attracting a more affluent student base.

Table 3.2: Number of Studios & Weekly Average Rents

Comparable Markets	New Studios since 2017	Number of Studios	Average Studio Rent	% Studios built since 2017
Sheffield	3,777	6,214	£172	61%
Leicester	1,605	4,827	£159	33%
Glasgow	2,463	4,825	£193	51%
Nottingham	2,330	4,823	£177	48%
Coventry	3,093	4,183	£172	74%
Birmingham	1,962	4,088	£200	48%
Newcastle	1,389	4,025	£172	35%
Liverpool	1,802	3,881	£168	46%
Leeds	1,751	3,014	£224	58%
Manchester	1,598	2,723	£256	59%
Edinburgh	1,327	2,646	£237	50%
Bristol	386	2,066	£231	19%

Source: Cushman & Wakefield Student Accommodation Tracker 2021

University Influence

- 3.14 Through nomination agreements, universities can affect the health of a market and overall levels of occupancy, whilst helping to meet their guarantees of accommodation (especially for first year students). In markets where a significant proportion of beds are offered on a direct let basis, occupancy issues have been more prevalent (Liverpool, Glasgow, Newcastle, Coventry). With many nomination agreements ending in Coventry due to the Universities' own accommodation developments, the direct let market has encountered some occupancy issues particularly in schemes located on the periphery. Conversely, almost 70% of Bristol's private sector stock is nominated or leased by both universities, driving occupancy levels. This is also reflected in the Leeds market, with over 40% of the private sector nominated or leased.
- 3.15 The Sheffield private sector market is dominated by direct let supply, with 23% of the private sector nominated for 2021/22 due to Sheffield Hallam University's accommodation strategy. Whilst the proportion of nominated beds is slightly above the comparator average of 22%, Sheffield has the largest private sector out of any market which increases competition among providers offering direct let beds (currently over 18,600 beds available). The Liverpool market is the next largest private sector market, with only 18% of stock nominated or leased. As such, there are over 19,000 beds offered on a direct let basis competing for customers through incentives and heavy discounting.

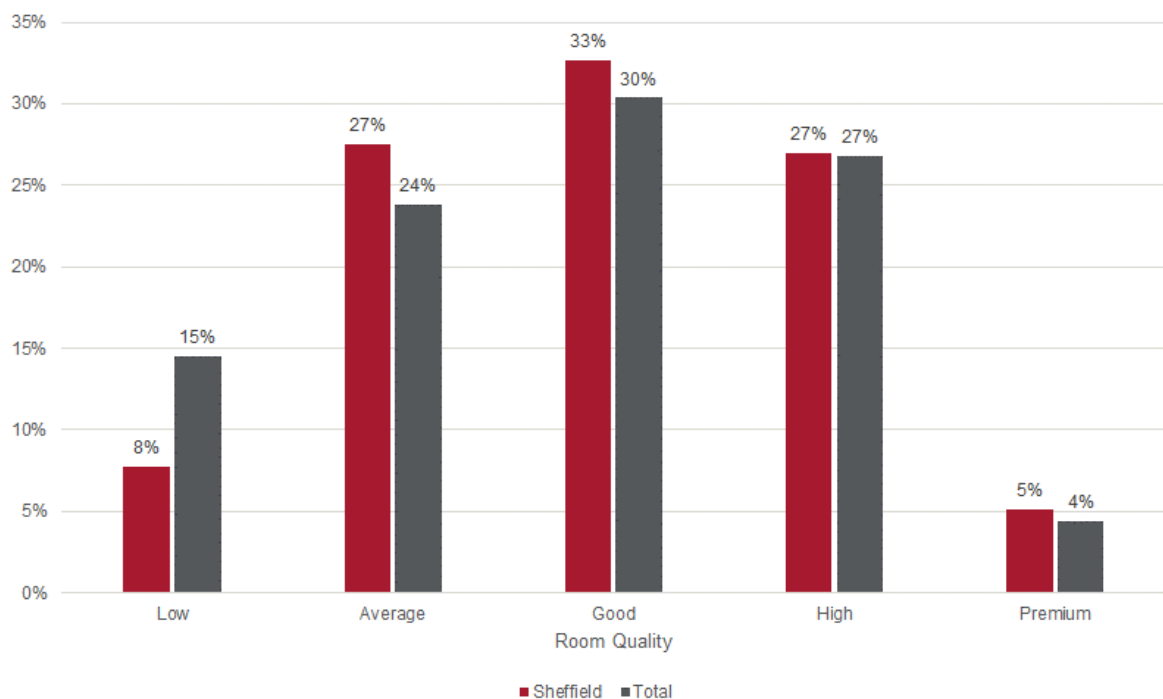
Quality

- 3.16 As noted earlier in this report, Cushman & Wakefield analyses the quality of the UK purpose-built student accommodation market. Over time, we have developed a range of parameters to assess the quality of both rooms and facilities available within each scheme. Our quality scale for rooms and amenity space ranges from 1-5 (1 being the lowest quality, 5 being premium). Premium bed spaces are rated 5/5 for both room and amenity quality, representing stock of the highest standard.

3.17 Sheffield has a low proportion of bed spaces at the lowest room quality rating, with 8% of beds delivered at this level or 2,220 beds in real terms (typically older rooms with single beds and limited storage space). This is lower than the comparator average of 15% and reflects the recent high-quality developments in the private sector. Sheffield has 4,500 fewer poor-quality beds than the largest market for these beds, Manchester. In fact, the Sheffield market has lowest number of low-quality beds after Leicester and Liverpool.

3.18 Many of the older schemes in Sheffield have undergone refurbishment in the last ten years, making it a relatively modern market in context of the comparator markets. As such, the majority of development delivered sits in the middle range – a third of all beds are rated a 3/5 for room quality. A significant number of beds have also been rated 4/5, directly in line with the comparator average (27%). These beds are high quality typically consisting of a modern room, fitted furnishings, large storage spaces and stylish décor.

Figure 3.5: Room Quality in Comparable Markets



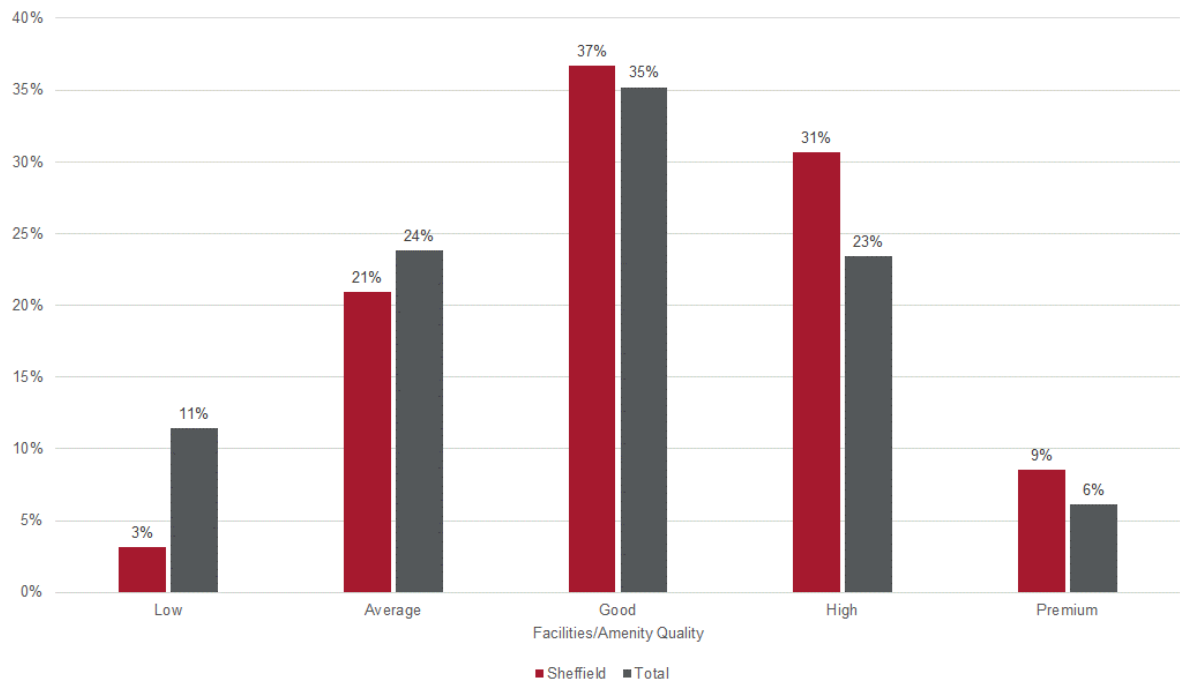
Source: Cushman & Wakefield Student Accommodation Tracker 2021

3.19 The number of high quality and premium beds is also reflected by the large number of beds offered within schemes that contain considerable amenity space and facilities on-site. Sheffield offers 2,445 beds rated the highest for amenity space; the largest market for premium amenities after Glasgow. In terms of bed numbers, Sheffield is also the largest market for high quality amenity space (4/5) with 8,808 beds ranked at this level, the most out of any comparable market. This is equivalent to nearly a third of the market and is considerably higher than the comparable average (31% vs. 23%). In recent years, we have seen modern schemes increasingly incorporating a range of study spaces into their developments, especially those located at a distance from campus, while older schemes have refurbished and extended their social spaces to align with the market offering.

3.20 Overall, a limited proportion of stock in Sheffield is ranked at the lowest quality for amenity space (907 beds). This stock is predominantly University owned or belongs to local operators of PBSA offering HMO style accommodation at a discounted rate. Along with Leeds, Sheffield has the lowest number of beds with poor amenities out of all comparable markets. Coventry offers over 5,400 more of these beds due to the University of Warwick’s own outdated accommodation.

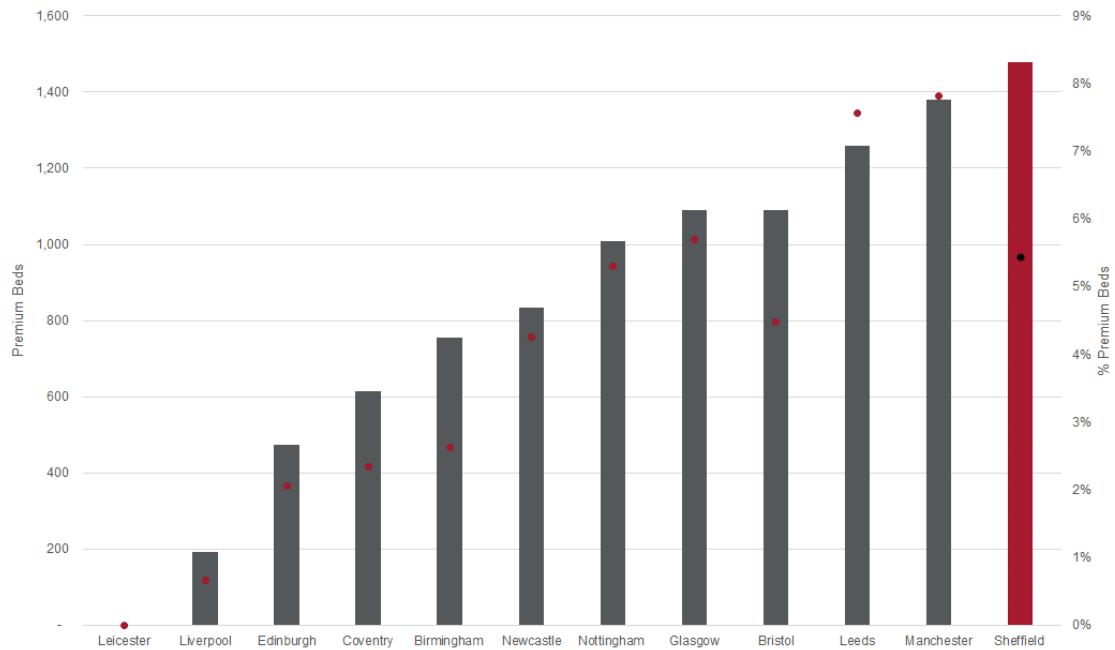
3.21 The opening of Fusion Student and Hillside House for 2021/22 has increased the proportion of premium beds to 5% of the overall market. Telephone House had previously been the only truly premium scheme on offer in Sheffield, with Vita offering a range of innovative services and perks alongside a high-quality room. The Sheffield market now offers the highest number of premium beds out of any market, although its proportion is just above the comparator average (5% vs. 4%).

Figure 3.6: Facilities/Amenity Quality in Comparable Markets



Source: Cushman & Wakefield Student Accommodation Tracker 2021

Figure 3.7: Premium Beds, Sheffield vs. Comparators



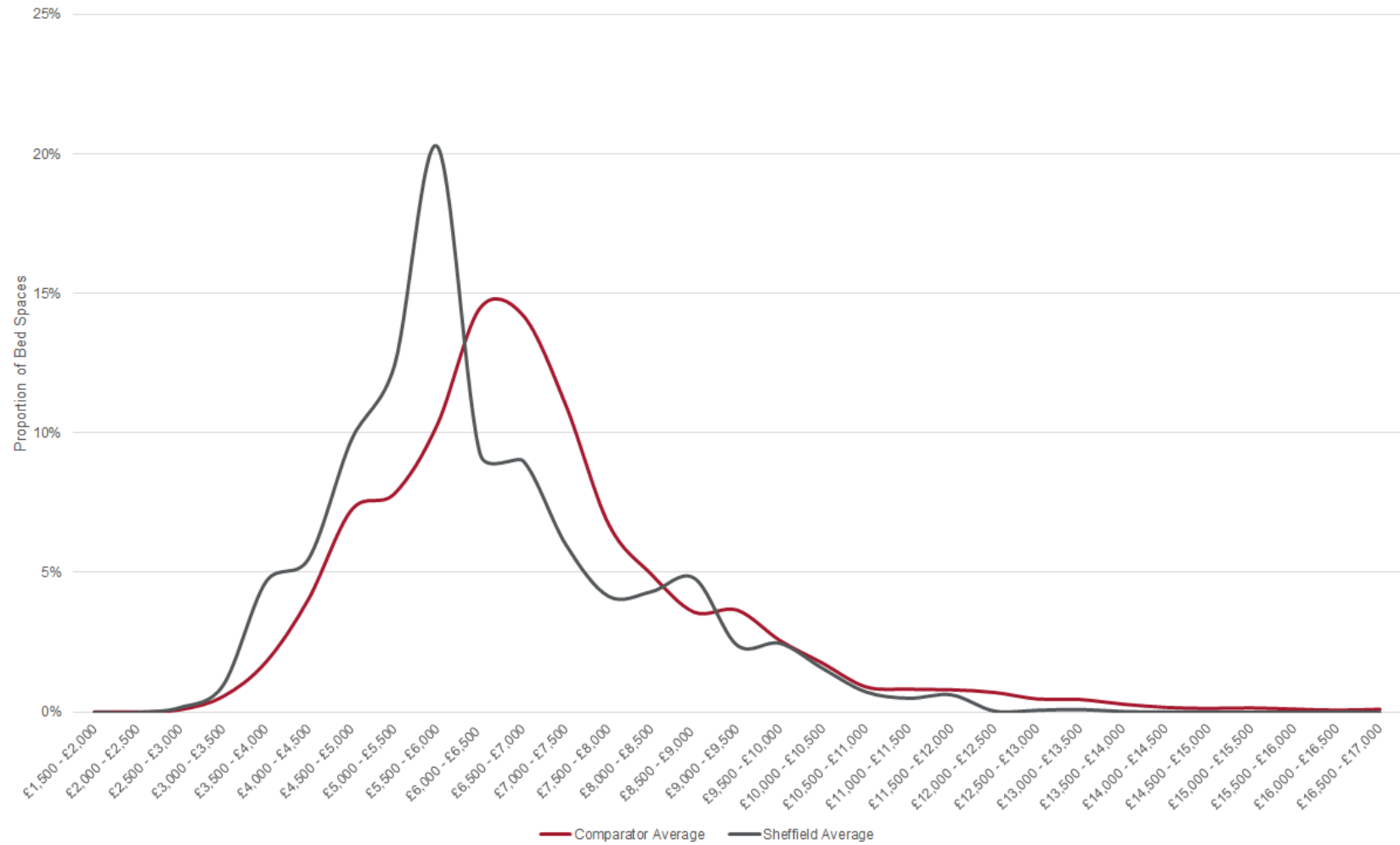
Source: Cushman & Wakefield Student Accommodation Tracker 2021

Rental Distribution

3.22 The distribution of annual rents in Sheffield against the comparator markets is highlighted in the charts below. Sheffield's rental profile remains less expensive than the comparator markets.

- Under £5,000: as one of the most affordable major markets, Sheffield provides 21% of beds under £5,000 p.a., compared to 14% of beds in comparator markets.
- £5,500 - £6,000: 20% of Sheffield's bed spaces sit within this bracket, compared to 10% of the comparator markets. The majority of these beds on offer are en-suite and this pricing range is around 61% of the annual Student Maintenance Loan amount of up to £9,488 in 2021/22. Conversely, the majority of beds offered in the comparator markets are priced between £6,000 and £7,000 p.a.
- Over £9,000: there is a larger availability of beds available over £9,000 in the comparator markets, with 13% of beds offered above this price point compared to 9% in Sheffield. These beds in Sheffield are largely studios, although comparator markets also provide a sizeable number of en-suites above £9,000 p.a.

Figure 3.8: Rental Distribution – Sheffield vs. Comparators



Source: Cushman & Wakefield Student Accommodation Tracker 2021



04

DEMAND AND SUPPLY

4.0 City of Sheffield Demand and Supply

- 4.1 This section of the Study looks at demand trends, performance and preferences at both universities, as well as the composition of Sheffield's purpose-built student accommodation across both universities (including stock nominated through private sector providers). A detailed analysis of private sector stock across Sheffield is also included. The profile and scale of accommodation available across the City is then compared to similar major markets in the UK. This section provides context for the Study and helps to inform its findings.
- 4.2 Sheffield is home to two major universities, the University of Sheffield and Sheffield Hallam University. The city's two major universities are amongst the top 20 institutions in the country for full-time and sandwich students. In total, there are a combined 52,535 full-time students in Sheffield.

University of Sheffield

- 4.3 There are a total of 27,495 full-time and sandwich students at the University of Sheffield (HESA 2019/20). Student numbers have steadily increased over time driven by strong growth in postgraduate student numbers. This cohort has increased by a vast 42% between 2014/15 and 2019/20 and now represents 32% of the University's student population (significantly higher than the 20% national average). This growth mirrors the substantial increase in non-EU students, with the University's postgraduate courses proving attractive on a global scale, particularly with Chinese students which make up just over half of postgraduate students. Conversely, the University has seen more muted growth in undergraduate students due to the impact of the demographic dip in the 18-year-old UK population (which reached its nadir in 2020 and is now forecast to grow by around 23% to 2030). Students at undergraduate level have increased by 3% over the same period, despite having fallen by 2% in the last year. With the demographic dip in UK 18-year-olds coming to an end, it is expected that undergraduate students will further increase in line with the confirmed rise in UCAS applications.

Sheffield Hallam University

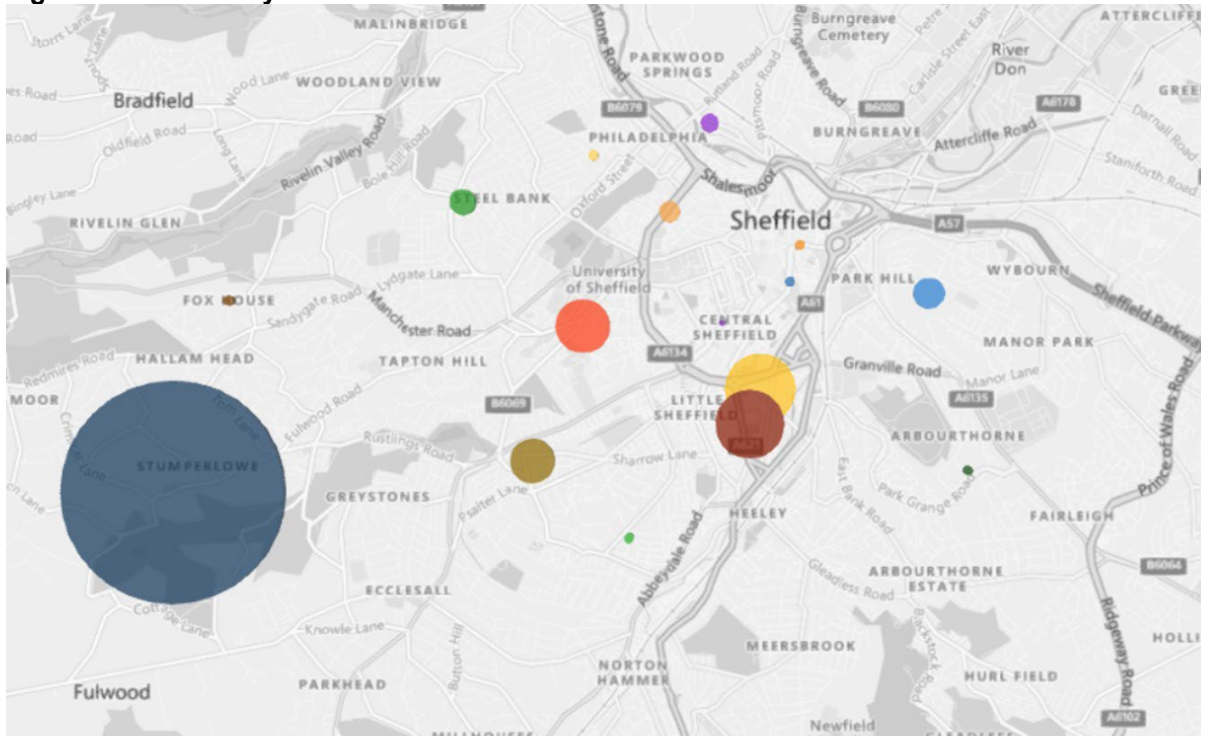
- 4.4 Sheffield Hallam University is home to 25,040 full-time and sandwich students (HESA 2019/20), with the student population remaining relatively stable over the last ten years. Given the locally recruiting nature of the University, UK students are the main source of growth representing 91% of the student body. There has been a steady decline in non-EU students since 2014/15 (reflecting trends seen at similar universities), although numbers are slightly up on the previous year to 2019/20 (+260). As a teaching-focused institution with strong links to industries for student employability, undergraduate students contribute to 87% of the student body in comparison to 80% average at a national level. However, students at undergraduate level have increased marginally, up by 1% over the last five years. Over the same period, postgraduate students have grown by 12%, including a 9% growth in 2019/20.

Student Accommodation Preferences by Domicile & Level of Study

- 4.5 HESA data for 2019/20 shows that students from different domiciles and studying at different levels have a clear preference on where they choose to live in the City. This is examined further in the below maps, which show term time addresses for a range of student cohorts living in Sheffield.

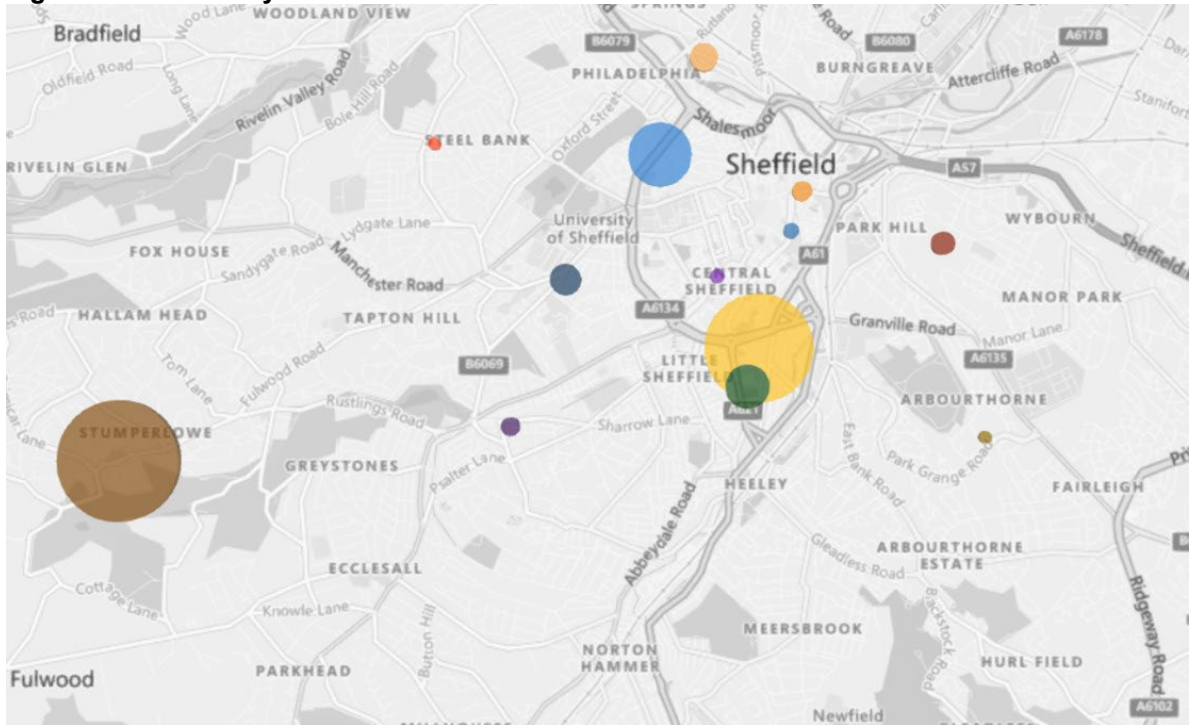
4.6 In terms of university-provided accommodation, there is a clear preference of the UK students to live in the traditional student areas of Endcliffe and Broomhall on the outskirts of the City. While a small number of international students do choose to live in these locations, far more are attracted to City Centre offerings. This reflects student living patterns seen across the UK, with international students preferring to be close to campus (with cultural beliefs – especially in parts of Asia – that major urban centres reflect success and aspiration).

Figure 4.1: University Accommodation – UK Students



Source: HESA 2019/20

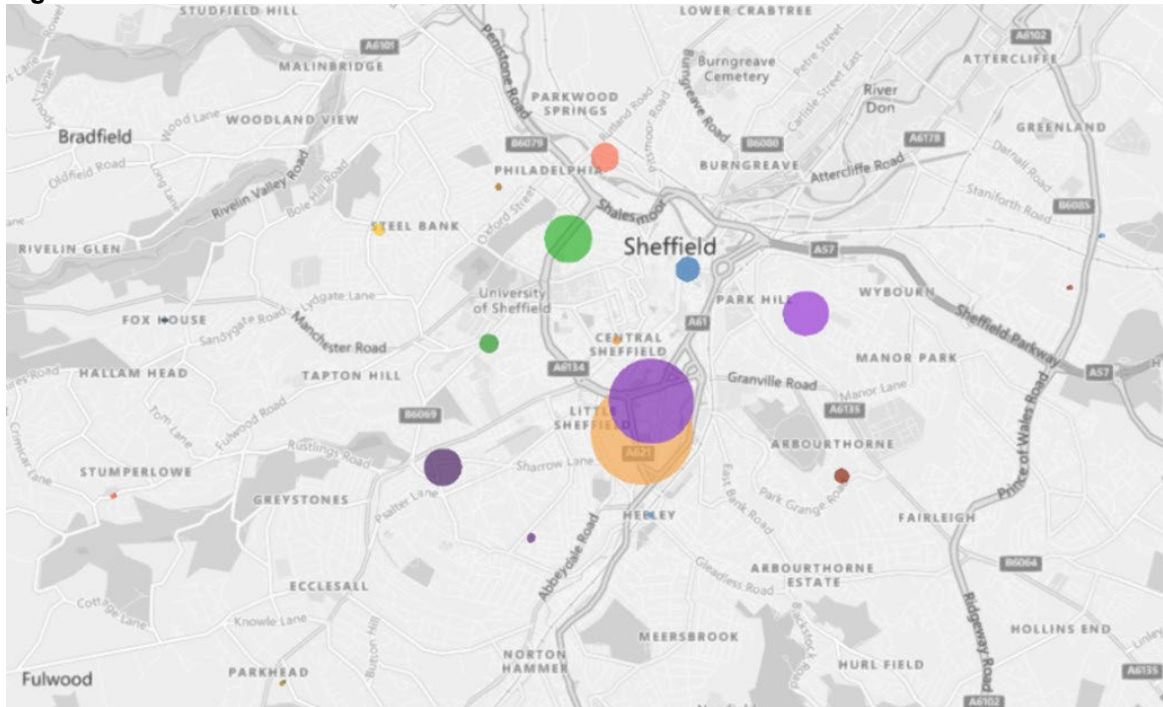
Figure 4.2: University Accommodation – International Students



Source: HESA 2019/20

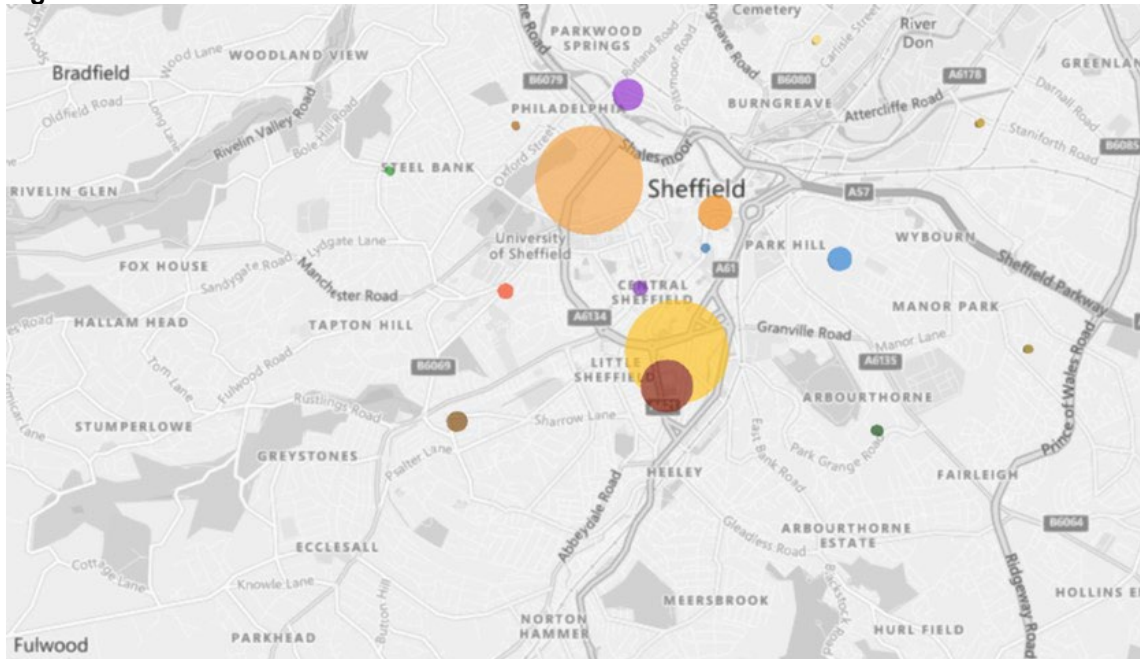
- 4.7 This trend is reflected in the private sector as well, as shown by the map below, with UK students far more present in private sector schemes, nominated by Sheffield Hallam University to the south of the City Centre. International students are more drawn towards the North East of the City Centre, with a significant cohort living in schemes surrounding the University of Sheffield's campus.

Figure 4.3: Private Sector Accommodation – UK Students



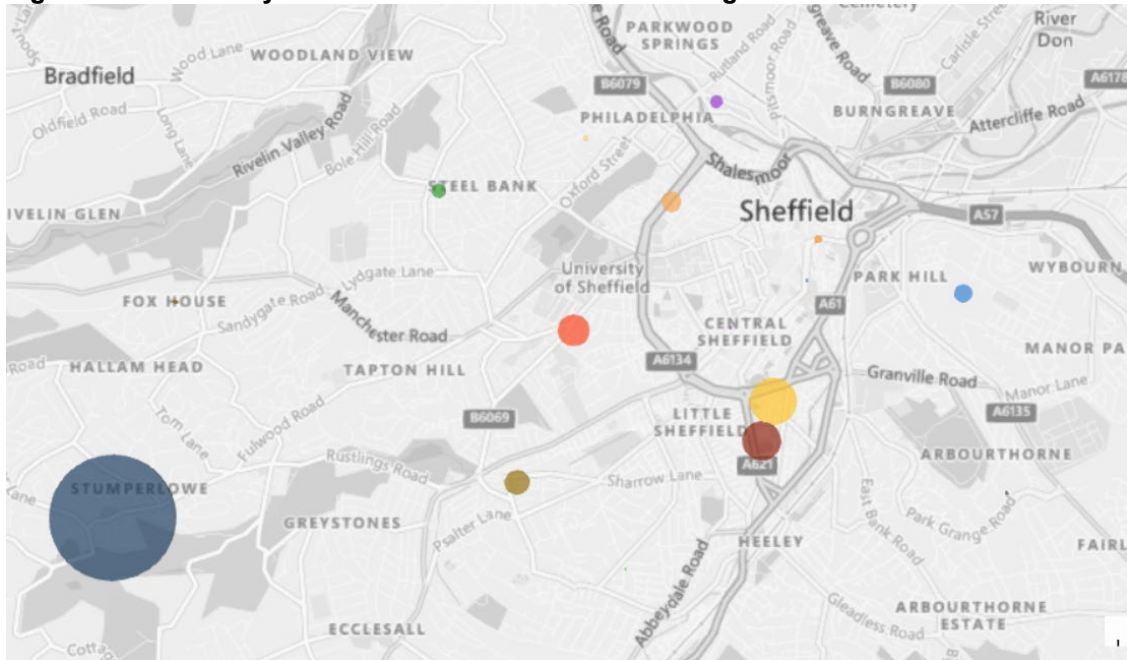
Source: HESA 2019/20

Figure 4.4: Private Sector Accommodation – International Students



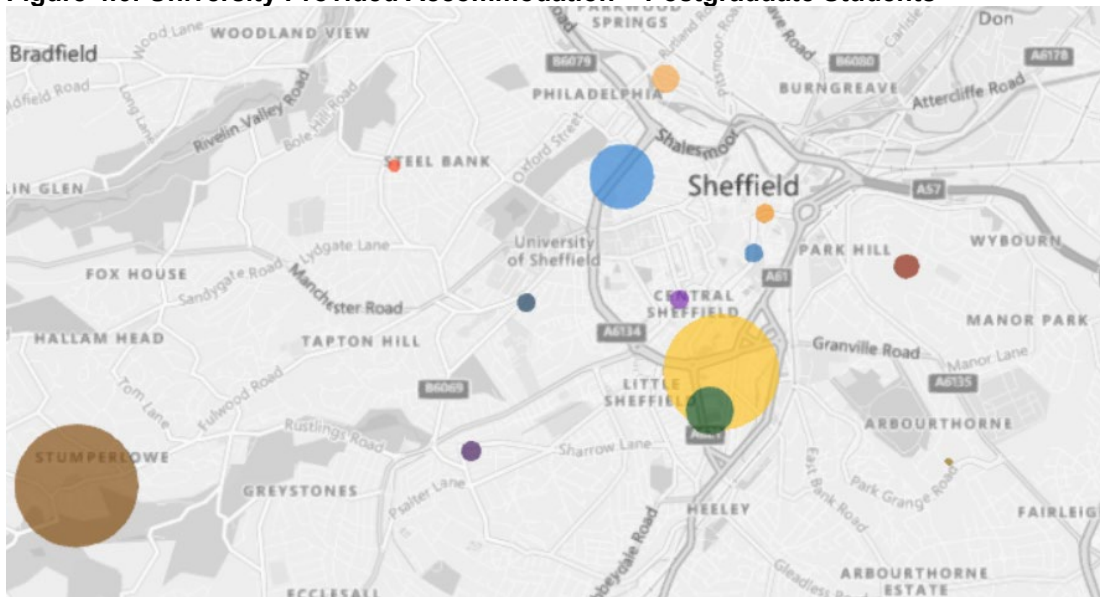
Source: HESA 2019/20

Figure 4.5: University Provided Accommodation – Undergraduate Students



Source: HESA 2019/20

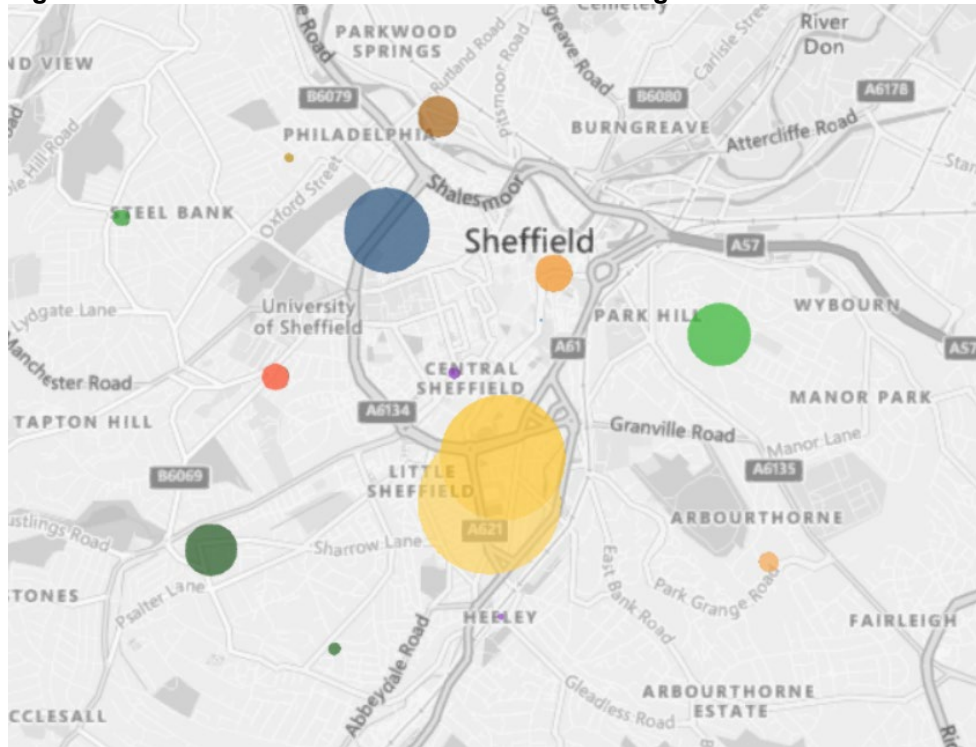
Figure 4.6: University Provided Accommodation – Postgraduate Students



Source: HESA 2019/20

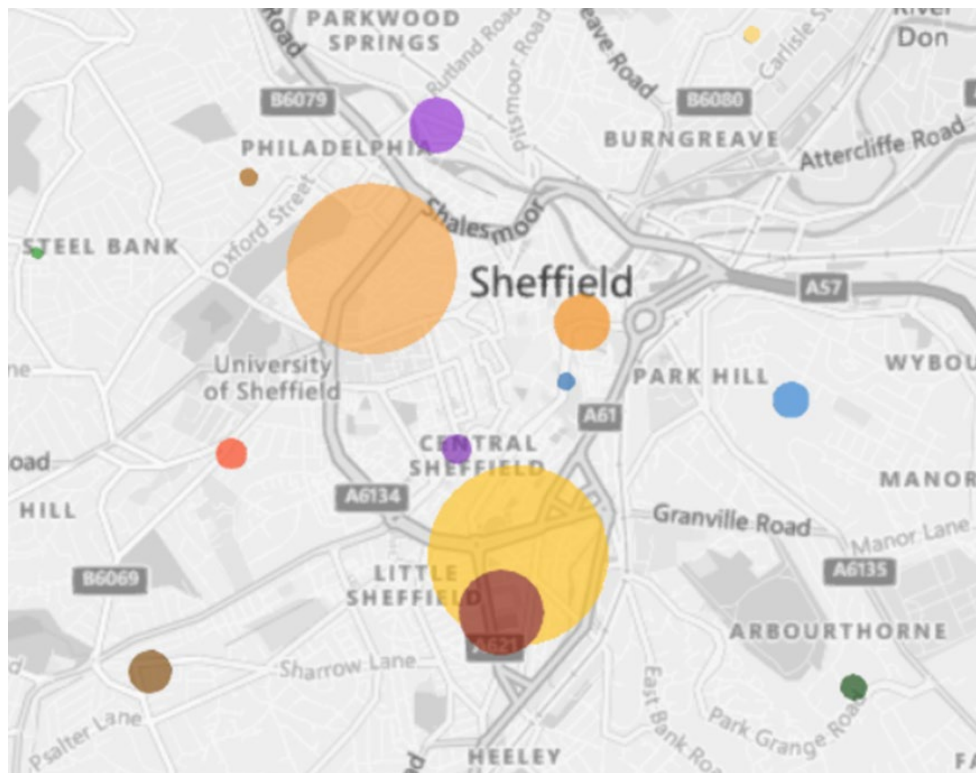
- 4.8 Endcliffe Student Village, as the University of Sheffield's primary accommodation location, remains popular with undergraduate students. However, it is clear that postgraduate students and those undergraduate students choosing to reside in private sector accommodation are far more attracted to the higher quality (and arguably, better located) accommodation options available in the City Centre.

Figure 4.7: Private Sector Accommodation – Undergraduate Students



Source: HESA 2019/20

Figure 4.8: Private Sector Accommodation – Postgraduate Students

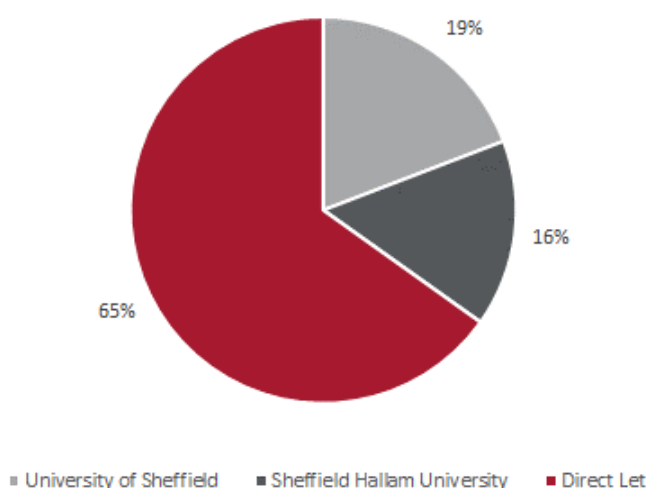


Source: HESA 2019/20

Number of Bed Spaces & Ownership

- 4.9 Sheffield is home to a total of 28,710 bed spaces for the 2021/22 academic year, making it the third largest purpose-built student accommodation market behind London and Liverpool. The market has expanded rapidly since 2015 thanks to ongoing development in the private sector, with 43% of the entire market constructed within the last six years (+12,345 beds all of which are private sector). As such, the private sector is well established, providing 85% of total bed spaces in the city (equivalent to 24,300 beds). Just over 18,300 of these beds are offered on a direct let basis.
- 4.10 For 2021/22, the University of Sheffield provides 5,407 bed spaces through a diverse portfolio of ownership, nomination agreements and a joint venture. Conversely, Sheffield Hallam University solely provides 4,412 beds via nomination agreements with private sector providers. This strategy which relies on partnerships (as opposed to ownership) allows the University to continually rotate its stock in line with changing student preferences, which in turn drives performance from partners (in terms of both competitive rental levels and service offerings). In total, 23% of private sector beds are nominated by both institutions, roughly in line with other major markets such as Birmingham and Manchester.

Figure 4.9: PBSA by Ownership

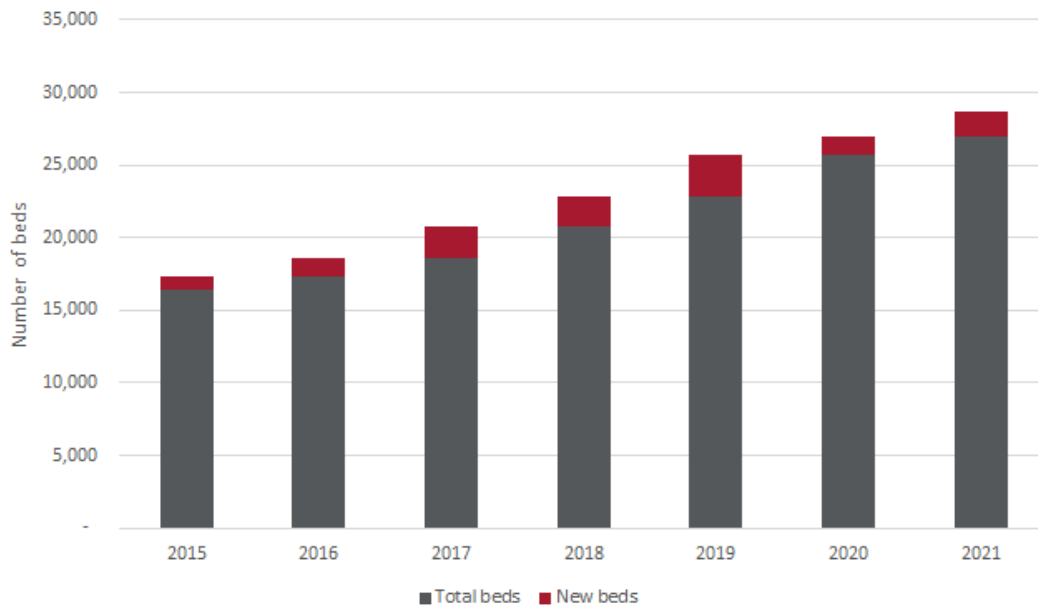


Source: Cushman & Wakefield Student Accommodation Tracker 2021/22

- 4.11 Due to the size of the size of the Sheffield market in terms of demand, several leading operators have a presence in the City. Unite Students provides the highest number of beds (4,493 beds), making up 16% of total supply, followed by Student Roost (2,846 beds), iQ (2,555 beds), Fresh Student Living (1,921 beds) and Homes for Students (1,509 beds). Overall, the top five operators contribute to a combined 46% of the Sheffield market. The three largest providers are also the three largest owner-operators nationally.
- 4.12 Relatively low land costs and good site availability in Sheffield has led to a high level of development every year. Between 2017 and 2018, over 2,000 beds entered the market each year, followed by over 2,800 additional beds in 2019. Whilst 2020 saw many developments across the UK delayed due to the impact of the COVID-19 pandemic, Sheffield still saw an additional 1,273 beds enter the market.

A further 1,779 new beds will be open in time for the 2021/22 academic year, including the new Fusion Students scheme, COSMOS, and a 250-bed development, Hillside House, by the new CA Ventures operator, Novel Student. Both schemes will offer amongst the highest quality accommodation available in the City.

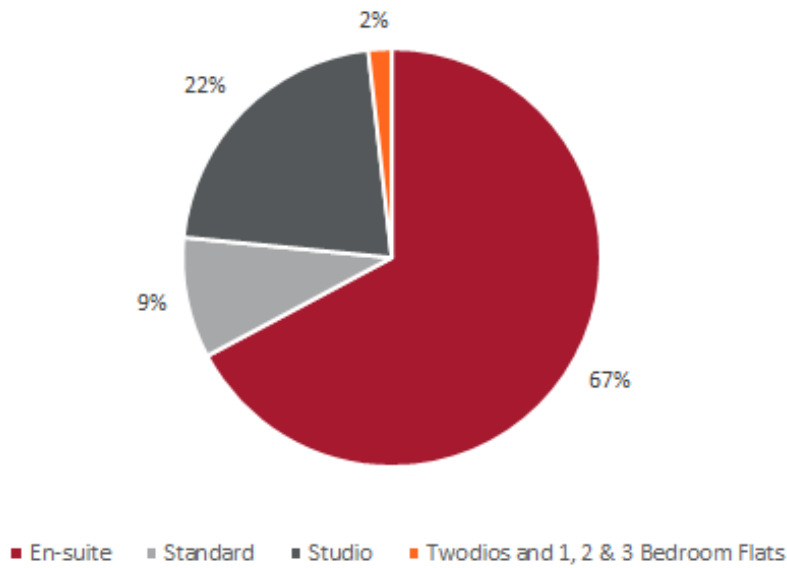
Figure 4.10: PBSA Supply 2015 - 2021



Source: Cushman & Wakefield Student Accommodation Tracker 2021/22

4.13 The chart below highlights the breakdown of the Sheffield market by room type. In line with national trends, the most common room type is en-suite with a total of 19,296 beds provided (making up 67% of supply). Whilst standard rooms with shared bathrooms are traditionally found within university operated accommodation, the Sheffield private sector provides the majority of standard rooms (1,909 private sector beds vs. 774 university beds), indicative of the maturity of the sector. Conversely, there are a total of 6,214 studios in the market, of which 5,190 have been delivered since 2015 (84% of the total).

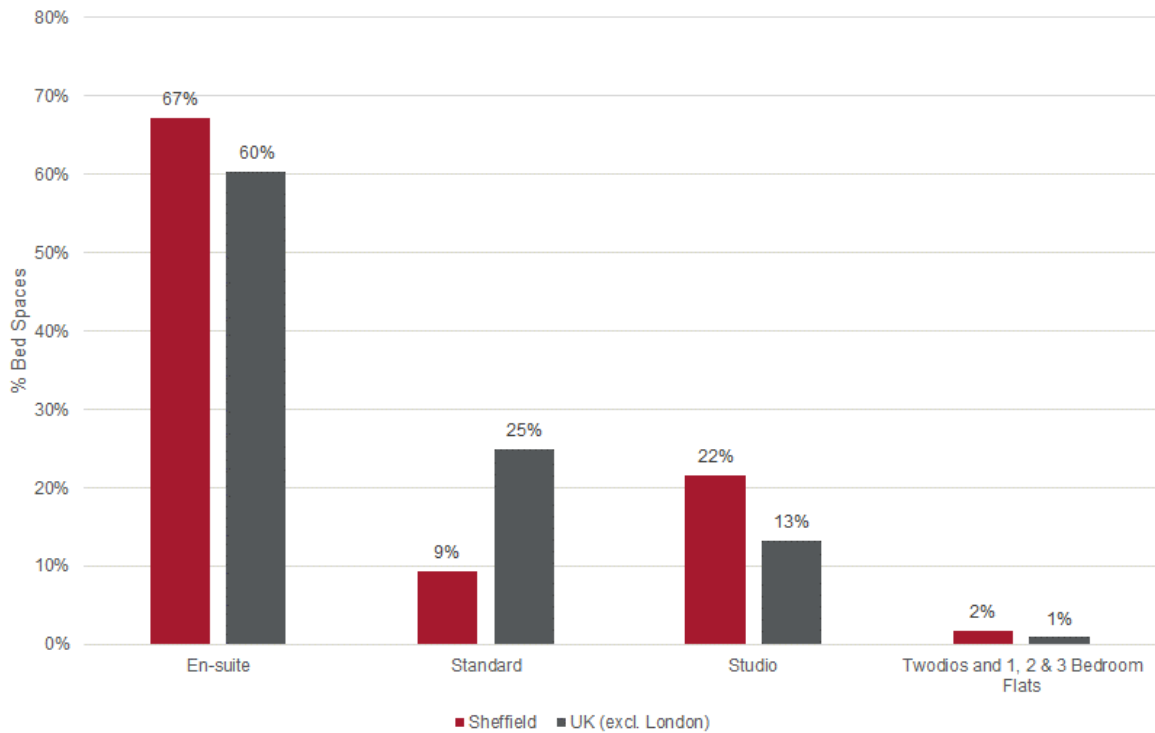
Figure 4.11: PBSA by Room Type



Source: Cushman & Wakefield Student Accommodation Tracker 2021/22

- 4.14 In a national context, Sheffield has a higher proportion of en-suite bed spaces in comparison to the national average (67% vs. 60%), with a much lower proportion of standard rooms (9% vs. 25%). This can be attributed to the age of development, reflecting the relatively 'contemporary' nature of much of the market and large amount of new deliveries over the last decade. The University of Sheffield's portfolio is also predominantly en-suite thanks to its Catalyst Higher Education partnership at Endcliffe Student Village (despite large Russell Group universities traditionally offering a high proportion of older standard rooms).
- 4.15 However, the proportion of studio bed spaces in Sheffield is significantly higher than the national average (22% vs. 13%). Whilst the City is home to a large international student population from whom demand for this type of product is typically significant, the number of studios has now arguably exceeded a healthy level following a period which saw 84% of all studios built within six years. This issue has been observed in other large markets, leading to 'digestion' and occupancy issues. These comparable markets will be explored in more detail later on in the report.

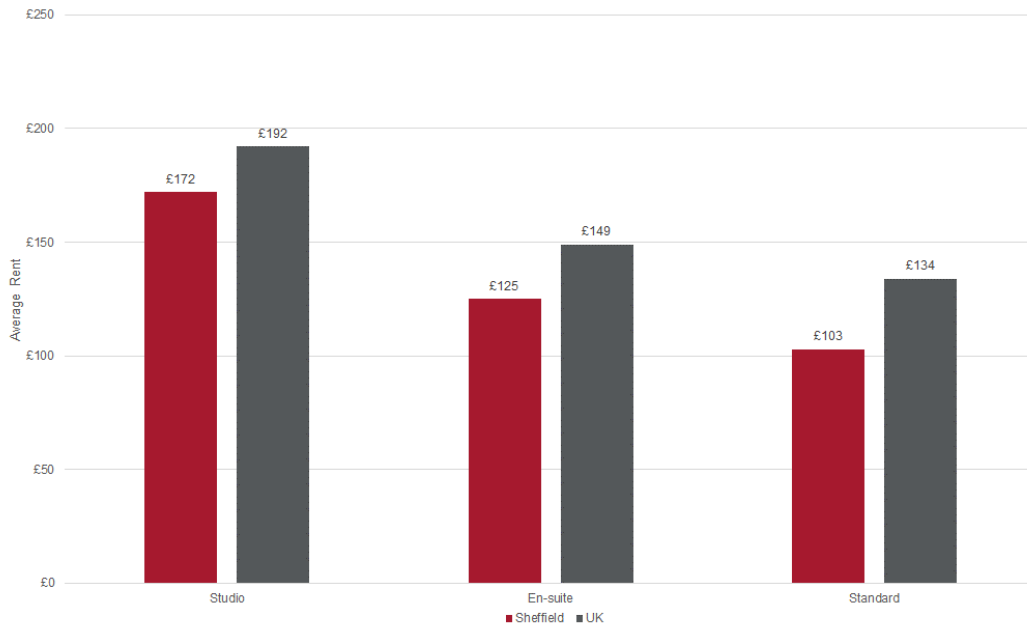
Figure 4.12: PBSA by Room Type, Sheffield vs. UK (excl. London)



Source: Cushman & Wakefield Student Accommodation Tracker 2021/22

4.16 As highlighted in the chart below, average weekly rents in Sheffield are priced below those seen nationally. Large-scale development combined with comparatively low land costs on a national basis has led to competitive rents across all room types, regardless of quality levels. As a result, Sheffield has become among the most affordable large cities for purpose-built student accommodation. Discounting and incentives in a number of schemes (explored elsewhere in this report) have also driven value in the Sheffield market.

Figure 4.13: Average Weekly Rents, Sheffield vs. UK



Source: Cushman & Wakefield Student Accommodation Tracker 2021/22

Development Pipeline

- 4.17 As of August 2021, there are a total of 3,836 purpose-built student beds in the development pipeline, of which 3,317 have received planning consent, with the remainder still to be determined. The number of beds in the pipeline has decreased from previous years although private providers are still set to dominate the construction scene. 1,438 beds from the total pipeline are forecasted to open in the 2022/23 academic year, all of which have been approved (subject to no changes or delays in the planning process).
- 4.18 As it currently stands, just over half of all approved beds are set to be studio rooms. This is a considerable proportion in both a national and regional context, with only 30% of nationally approved beds set to be studios. A large proportion of these studio beds are part of the proposed scheme on Rockingham Street by Code Student, which will see 1,230 studio beds enter the market - although it is to be confirmed whether this scheme will operate as co-living with students and young professionals.
- 4.19 The next largest scheme proposed is the 663-bed development on Hoyle Street by Cassidy Group. This scheme was originally due to open in 2020, although delays due to the COVID-19 pandemic has resulted in a revised projected delivery date of 2022/23. It is being designed as a mixed-use scheme with 260 PRS beds also set to open alongside the student accommodation.

Discounting and Incentives

- 4.20 In recent years, discounting has become a popular method for incentivising students in the form of cashback, free gifts and vouchers, referral and group booking discounts, and some weeks rent free. Since the outbreak of the COVID-19 pandemic, we have seen many operators also offer notable discounts for students on an NHS related course. In order to encourage occupancy among

international students, several operators are also offering flexible start dates and tenancies (usually in cities where the respective University has not confirmed face-to-face teaching), free cancellation for students who do not get a visa or grades, and free accommodation for the quarantine period on arrival.

- 4.21 Most providers have established offers nationally across their accommodation portfolio, regardless of the scheme's location. For instance, Homes for Students offer anyone who books a room with them £100 cashback for every person they refer to them. Premium providers such as Vita have promoted generous offers in an attempt to drive up bookings. Scape Student also have a site-wide sale of up to £1,500 off selected room types.
- 4.22 The Sheffield market has been subject to heavy discounting, especially post-Clearing, indicative of the struggles for providers to fill all their rooms. Cushman & Wakefield has calculated over 2,200 rooms that have reduced rents from their initial posting to the period just after Clearing. Reductions in rents range from -1% to -35% within this time frame. Just under 1,200 of these rooms are en-suite, whilst under 840 are studio rooms. This discounting is indicative of market difficulties and unfilled bed spaces (which is explored in more detail elsewhere in this Study).
- 4.23 Out of the total 2,211 beds that have been discounted, 67% beds are located in the North West City Centre and the West Bar/Castlegate area (towards the North East of the City Centre). A small proportion of beds are also located in the Sharrow/Highfield area, solely in one scheme located furthest south. 22% of discounted beds can also be found near Sheffield Hallam Campus/City Centre, although discounts are considerably lower compared to schemes located further afield. Schemes at risk will be explored in more detail in the following section.

Schemes at Risk

- 4.24 As a result of market conditions outlined in this study, it is clear that over time some accommodation schemes will be at risk of continued occupancy issues and these occupancy issues may ultimately lead to owners seeking to change the use of the property from PBSA. This section examines which schemes we believe may be at risk.
- 4.25 At risk schemes fall into two categories; low-quality stock which has not been maintained or refurbished and is therefore unable to compete with newer accommodation in terms of offering students 'value for money'; and secondly poorly located schemes which are unattractive to students due to the high number of bed spaces available in the city within a 10 minute walk of campus.

Low-Quality Schemes

- 4.26 Cushman & Wakefield has highlighted the following schemes as being the most currently at risk in the market, based on the quality of accommodation currently on offer. Both Bramall Court and Challenge Court are already offering discounts on rooms at the end of Q3, a strong indication that they are already experiencing occupancy issues.

Table 4.1: Low-Quality Schemes Potentially at Risk, 2021

Block Name	Operator	Postcode	Number of Beds in Block	Room Type by Category	Bed size (Single, 3/4, Double)	Room Quality (1 - 5)	Facilities/ Amenities Quality (1 - 5)	Facilities/ Communal Spec	Weekly Rent 2021	Let Length 2021	Annual Rent 2021	Early Q3 weekly rent	Discount
Bramall Court	The Student Housing Company	S2 4UF	262	Standard	Single	1	2	Bike S, Communal Kitchen, Pool Table	102	44	4488	79	-23%
				Standard	Single				104	44	4576	79	-24%
				En-suite	Single				107	44	4708	79	-26%
				En-suite	Single				113	44	4972	85	-25%
Cavendish House	Mid City Estates	S1 4EU	55	Standard	Single	1	1	n/a	69	52	3600	69	0%
Challenge Works	Fit Property	S1 4FL	41	Studio	-	2	1	n/a	135	51	6885	125	-7%
Pearl House	Mid City Estates	S3 8LF	40	En-suite	Single	1	1	n/a	75	44	3300	75	0%
Pearl Works	Omnia Space	S1 2FT	53	Studio	Single	2	2	Common R, Bike S	120	46	5520	120	0%
Princess House	Omnia Space	S1 2DW	28	Standard	Small Double	2	2	Common R, Pool T, Living A	75	44	3300	75	0%
Walsh Court	Sheffield2Let	S1 2EL	75	En-suite	Small Double	2	2	n/a	109	52	5668	109	0%
Watson Chambers	Omnia Space	S1 2GH	63	Studio	Small Double	2	2	n/a	125	46	5750	125	0%

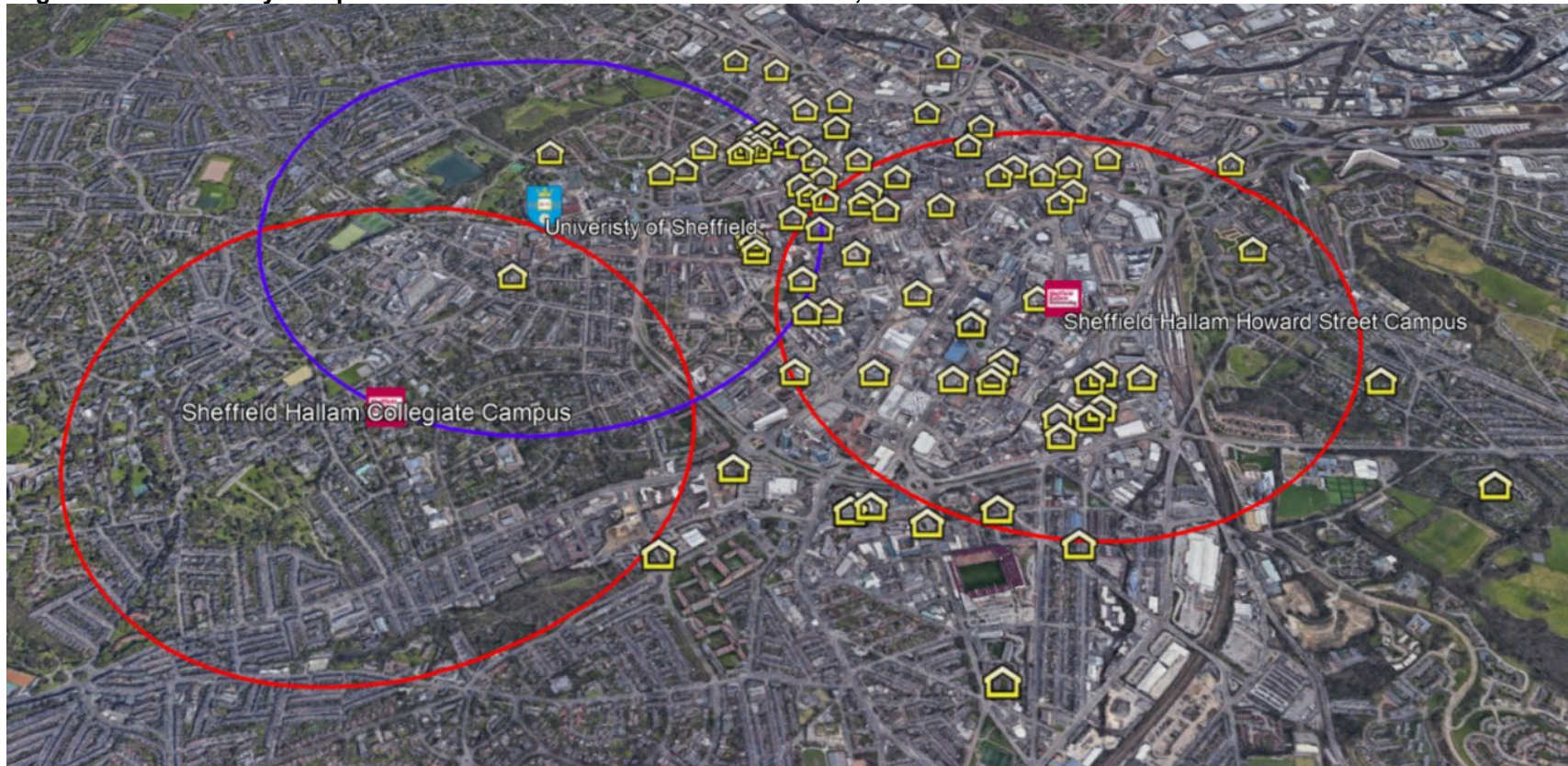
Source: Cushman & Wakefield Student Accommodation Tracker 2021

- 4.27 Bramall Court was previously nominated by Sheffield Hallam University, however a failure to refurbish the property led to the University withdrawing its nomination agreement in favour of a higher quality scheme. Rents have been reduced by approximately a quarter across all room types.
- 4.28 In terms of the price of properties at this level, levels are generally competing with the HMO market in the City. If further occupancy issues begin to hit higher quality and better located PBSA developments and these schemes in turn seek to reduce their prices, it is likely that demand for purpose-built accommodation at this end of the market will be squeezed out, as students find they are able to secure a better quality room for a similar price (our consultations reveal this is already happening extensively across the Sheffield market).

Poorly Located Schemes

- 4.29 The below map shows the location of private sector schemes in relation to the Universities in Sheffield, with the red and blue circles indicating a radius of 10 minutes walking distance from each of the university campuses.

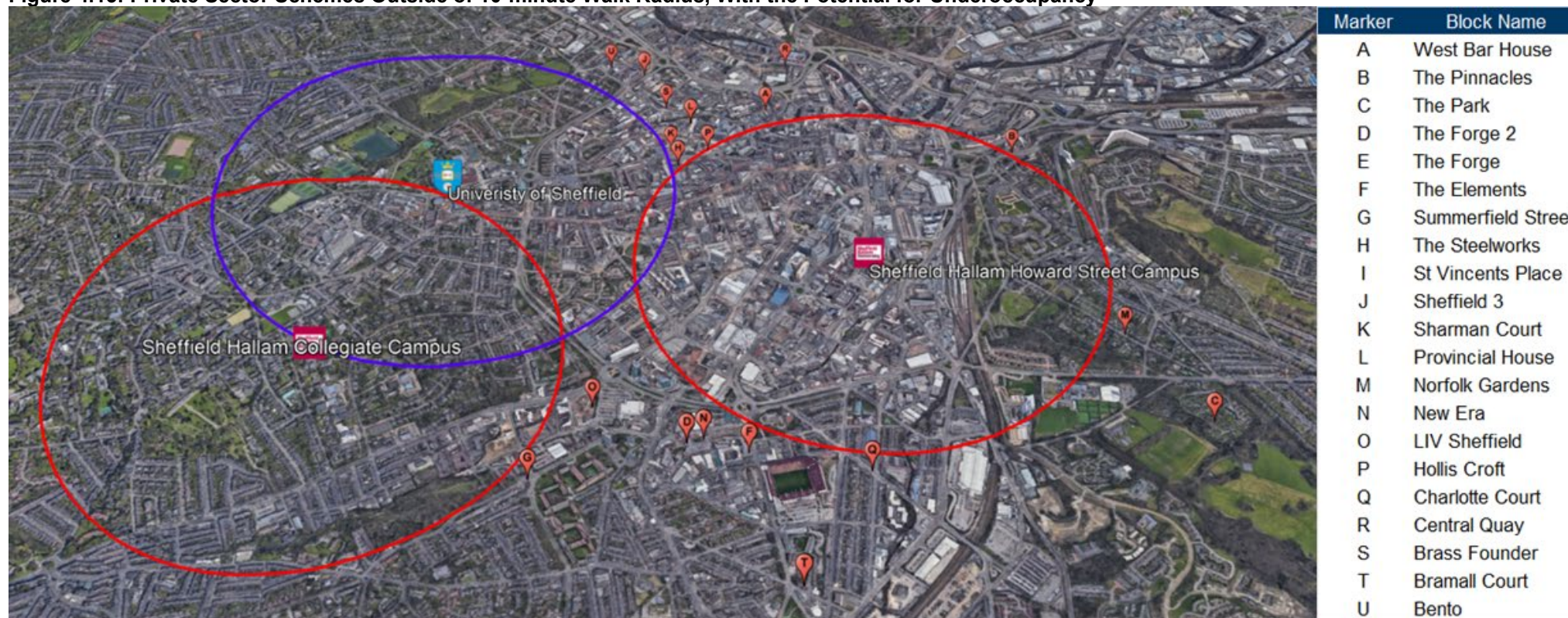
Figure 4.14: University Campuses in Relation to Private Sector Schemes, 10 minute Radiuses



Source: Cushman & Wakefield Student Accommodation Tracker 2021

- 4.30 There are 21 existing purpose-built student accommodation schemes, accounting for 10,754 bed spaces, which do not fall within a 10-minute walking distance of campus. These schemes are competing with 13,546 bed spaces which are located within a 10-minute walk of one of the university campuses in the city.
- 4.31 The map below shows these schemes outside of the 10-minute walking radius which Cushman & Wakefield would deem as being at risk of under occupancy in the future based on their location and levels of competition in the market.

Figure 4.15: Private Sector Schemes Outside of 10-minute Walk Radius, With the Potential for Underoccupancy



Source: Cushman & Wakefield Student Accommodation Tracker 2021

- 4.32 Of these 21 schemes, eight currently have a nomination agreement in place with Sheffield Hallam University (accounting for 2,912 bed spaces). A further scheme, Unite's St Vincent's Place, is currently nominated by The University of Sheffield International College, although due to the COVID-19 pandemic it has remained largely empty for the 2020/21 academic year.
- 4.33 Following our consultations with Sheffield Hallam University, it is Cushman and Wakefield's understanding that the University will continue to seek to review and change nomination agreements on an ongoing basis. This may mean that as market conditions create occupancy issues in higher-quality private sector schemes, the University may choose to nominate beds in different blocks in the future. It is Cushman & Wakefield's understanding that Charlotte Court has a 10-year nomination agreement in place with Hallam, which will not expire until 2024.
- 4.34 Cushman & Wakefield has identified the following schemes as being at risk of under-occupancy based on location and quality in the coming years. All schemes are located outside of a 10-minute walk of one of the City's universities and all are rated by Cushman & Wakefield between 1-3 for both room and facilities quality (an analysis of our quality ratings is outlined in more detail below). While some of these schemes offer accommodation and facilities which have been rated as 'good', it is likely that these schemes will suffer occupancy issues in the coming years as a knock-on effect of falling rents in more recently developed, well located, high-quality schemes, particularly those in the North-West City Centre area.

Table 4.2: At Risk Schemes based on Location & Quality

2021					
Block Name	Operator	Postcode	Number of Beds in Block	Room Quality (1 - 5)	Facilities/Amenities Quality (1 - 5)
Bento	Omnia Space	S3 7EQ	40	3	2
Bramall Court	The Student Housing Company	S2 4UF	262	1	2
Central Quay	Host Students	S3 8RA	667	2	3
Sharman Court	Capitol Students	S1 4BJ	397	3	3
The Forge	Unite Students	S2 4QG	51	3	3
The Forge 2	Unite Students	S2 4QG	224	3	3
The Park	Campbell Property	S2 2UA	671	3	1
The Pinnacles	DIGS Student	S2 5TL	366	2	3
West Bar House	Urban Student Life	S3 8PT	89	3	3

Nomination Agreements Expiring in 2022						
Block Name	Operator	Postcode	Number of Beds in Block	Room Quality (1 - 5)	Facilities/Amenities Quality (1 - 5)	
Beton House	Homes for Students	S2 5PN	64	3	3	
Central Quay	Host Students	S3 8RA	100	2	3	
Norfolk Gardens	Brind Lettings	S2 2SW	30	2	2	
Summerfield Street	A K Vedi	S11 8HJ	9	1	1	
The Forge	Unite Students	S2 4QG	1106	3	3	
The Pinnacles	DIGS Student	S2 5TL	300	2	3	

Nomination Agreements Expiring in 2024						
Block Name	Operator	Postcode	Number of Beds in Block	Room Quality (1 - 5)	Facilities/Amenities Quality (1 - 5)	
Charlotte Court	Sheffield Hallam University	S2 4EQ	371	2	3	

Source: Cushman & Wakefield Student Accommodation Tracker 2021

- 4.35 The number of 'at risk' schemes will depend heavily on which schemes Sheffield Hallam continues to nominate for its accommodation portfolio. In terms of direct let schemes listed in the above table as being currently 'at risk' in 2021, Cushman & Wakefield is aware of a number of schemes already suffering from occupancy issues. As previously stated, we are aware that Bramall Court has heavily discounted its rents by around 25% in Q3 of 2021, while Sharman Court is reporting to be 90% full although only following heavy discounting. We are also aware that Central Quay is currently 70% full and Steel City is reporting 80%, at this stage in the cycle, following both A-Level results day and a period of Clearing, we would expect most high-quality, well located, schemes to be at or nearing capacity by now. The levels of occupancy being reported at the schemes highlighted is, in our opinion, indicative of future occupancy issues to come.

Quality

- 4.36 Our analysis of the market draws on our market-leading Student Accommodation Tracker – a comprehensive database of all 697,000 purpose-built bed spaces across the UK (university and private). The Tracker is now in its ninth year and covers by far the sector's broadest range of metrics, including: block; ownership; any relationship with a university (where applicable); number of bed spaces in block; number of bed spaces by room type (and sub-room type); weekly and annual rents by room type (2013-2021); lease lengths; rental change; and unique room and amenity space quality analysis. Analysis also includes distance to campus edge. Cushman and Wakefield define quality for both room and facilities using a scale of 1 to 5, with 1 being the lowest and 5 the highest. Descriptions of each of the quality ratings are set out below.

Room Quality

- Grade 1 – Poor Quality Room. Rooms of this calibre are typically first-generation purpose-built student accommodation stock, built before 1990. Rooms in these schemes will appear old and gloomy, there is generally little storage space available, small windows, poor quality furniture which is not fitted.
- Grade 2 – Low Quality Room. An old room but with an increased amount of storage space, we will typically see some fitted furniture which is of a decent quality and has been suitably maintained. The windows are of an average size and rooms will have a more spacious feel to them. These rooms will have generally been built during the 1990's.
- Grade 3 – An Average Room. We would expect these rooms to have plenty of storage space and good-sized windows giving a light feel to the room. We would expect to see good quality fitted furniture which has been well maintained but may look slightly dated now. These schemes will typically have been built between 2000 and 2012.
- Grade 4 – A high quality room. These are modern rooms with premium quality fitted furniture with a vast amount and varied range of storage space. High quality flooring, often hardwood, rooms generally have very large windows and make use of natural light to give a more spacious feel. These schemes will typically have been constructed post 2012.
- Grade 5 – A premium room. A very modern looking room, with premium quality fitted furniture and a vast amount of varied storage space. Again, we would expect to see high quality flooring, often hardwood, with very large windows. These rooms will also offer extra features not typically part of a modern PBSA offering, for example, a large TV, strip lighting or breakfast bar.

Facilities Quality

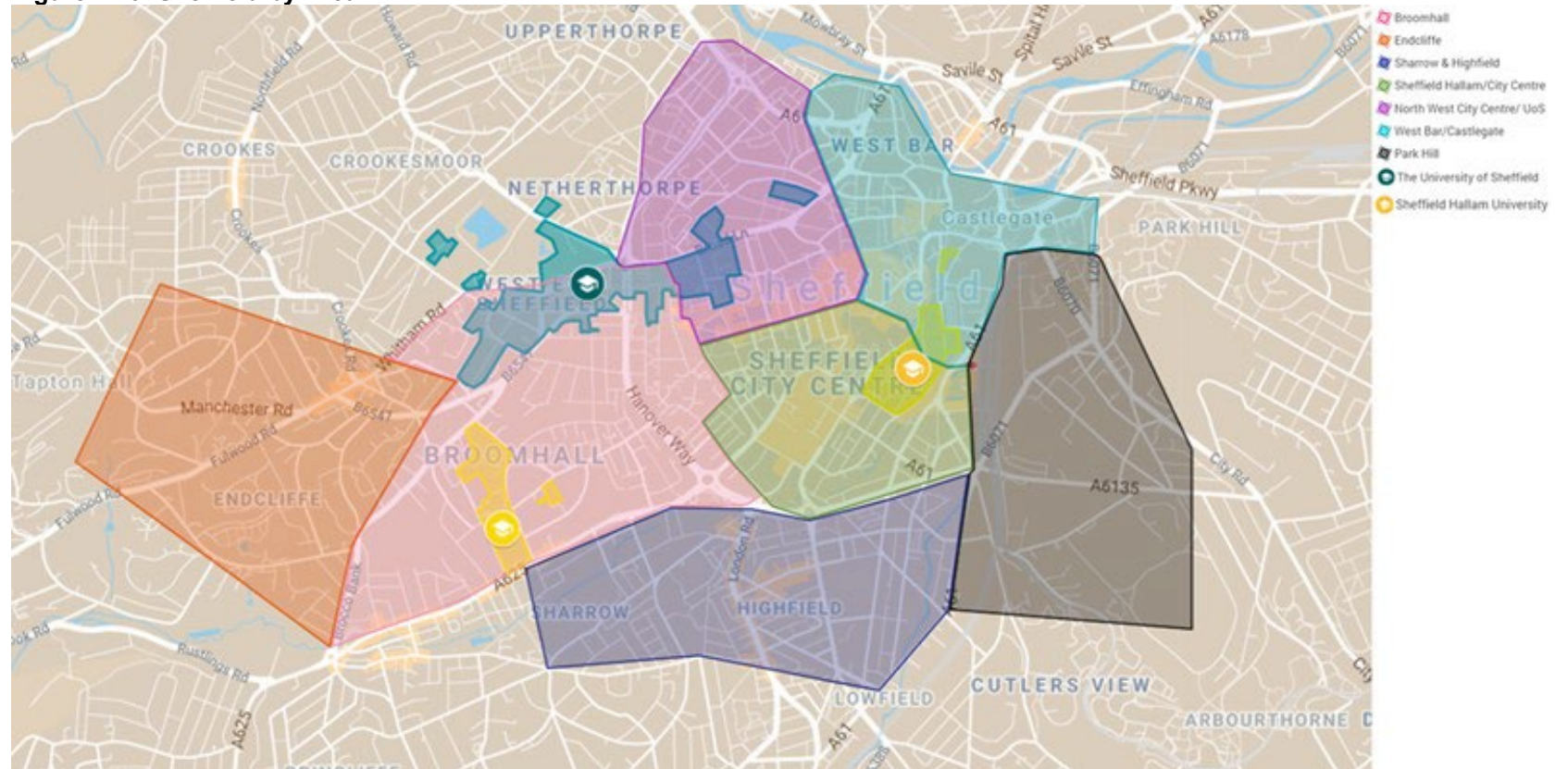
- Grade 1 – Poor Quality – Little or no social space or amenities. It is important to note that this is applicable to modern schemes as well, we are aware of a number of high specification studio schemes which do not offer any common areas.
- Grade 2 – Basic Quality – Little common space, for example a small common room.
- Grade 3 – Good Quality – A large common area with seating and games, typical of what is found in university accommodation and operators such as Unite Students.
- Grade 4 – High Quality – Varied common space, for example; study rooms, gyms and cinema rooms.
- Grade 5 – Premium Quality – Extensive common space, such as; common rooms with games, study rooms, private dining facilities, grab-and-go food, cold rooms. The difference between a 4 and a 5 is the extra things students can get and the scale and extremely high quality of the shared spaces. Operators like Vita and Fusion students consistently offer this level of product.

Quality by Location

- 4.37 Our Student Accommodation Tracker also divides cities across the UK into areas where there are critical masses of students. These areas in Sheffield are outlined below. As highlighted above, there has been a significant amount of PBSA development in Sheffield over the past five years (2016-2021). The key areas of development have been the North West City Centre, City Centre/ Sheffield Hallam

and Sharrow/Highfield, with a combined total of 10,657 new bed spaces being delivered in these over the time period.

Figure 4.16: Sheffield by Area



Source: Cushman & Wakefield

- 4.38 Due to this investment and development, the best quality of accommodation can be found in the City Centre. Rooms and facilities here are generally rated 3 and above – which means a good quality of room and facilities. There are also over 5,000 high-quality beds found in these key areas, as stated above, this means rooms with premium fixtures and fittings and schemes with a wide variety of social and amenity spaces.
- 4.39 Located on the periphery of the City Centre, Endcliffe is home to the majority of the University of Sheffield’s accommodation portfolio. The University has failed to invest in this stock for a number of years and the quality of the experience has fallen. This, coupled with the distance away from campus (a 20 minute walk) and the proliferation of high quality stock in the City Centre, has led to considerable occupancy issues in these schemes in recent years, with many international students from the University of Sheffield choosing to live in high quality, City Centre accommodation.
- 4.40 The North West of the City Centre has the highest average ratings for both room and facilities quality due to the proliferation of development in this area in recent years. Park Hill is an up and coming area with, just one new scheme, Beton House, which opened in 2020. While this development offers good quality rooms, it lacks in terms of facilities and social space. It is important the Council considers the quality of social space being developed when granting planning permission to new schemes, in order to ensure they remain sustainable and attractive to students in the future (this is explored in more detail later in this Study).

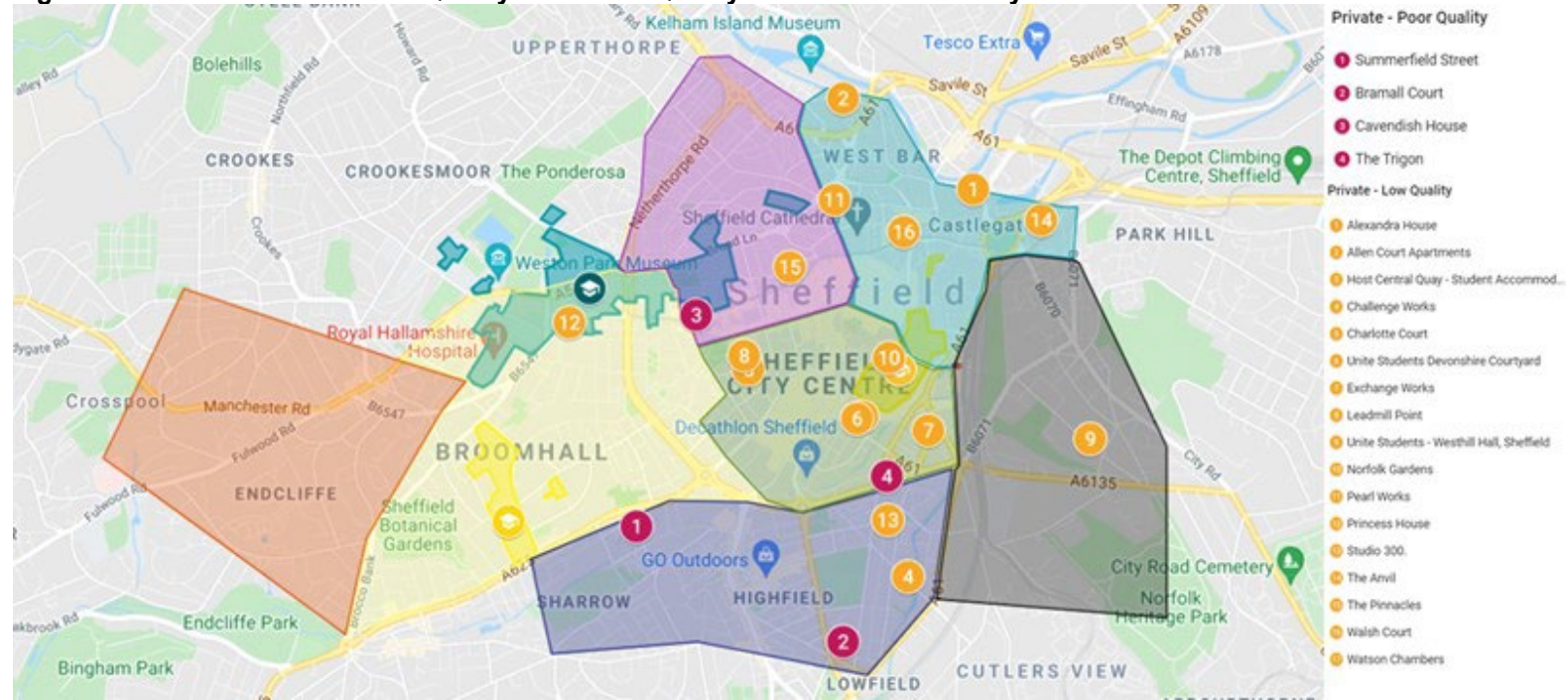
Table 4.3: Quality by Location, Sheffield

Area	Room Average	Facilities Average	Number of beds	Number of New beds in past 5 years
Broomhall	2.93	3.8	152	0
Endcliffe	1.65	2.26	4,129	0
Hallam/City Centre	3.36	3.65	5,181	1,980
North West City Centre	3.28	3.43	11,483	4,496
Park Hill	2.97	1.7	1057	356
Sharrow/Highfield	3	3.39	4,010	1,825
West Bar/Castlegate	2.59	3.12	2,698	697

Source: Cushman & Wakefield Student Accommodation Tracker 2021

- 4.41 The below maps show the location of private sector schemes by quality.

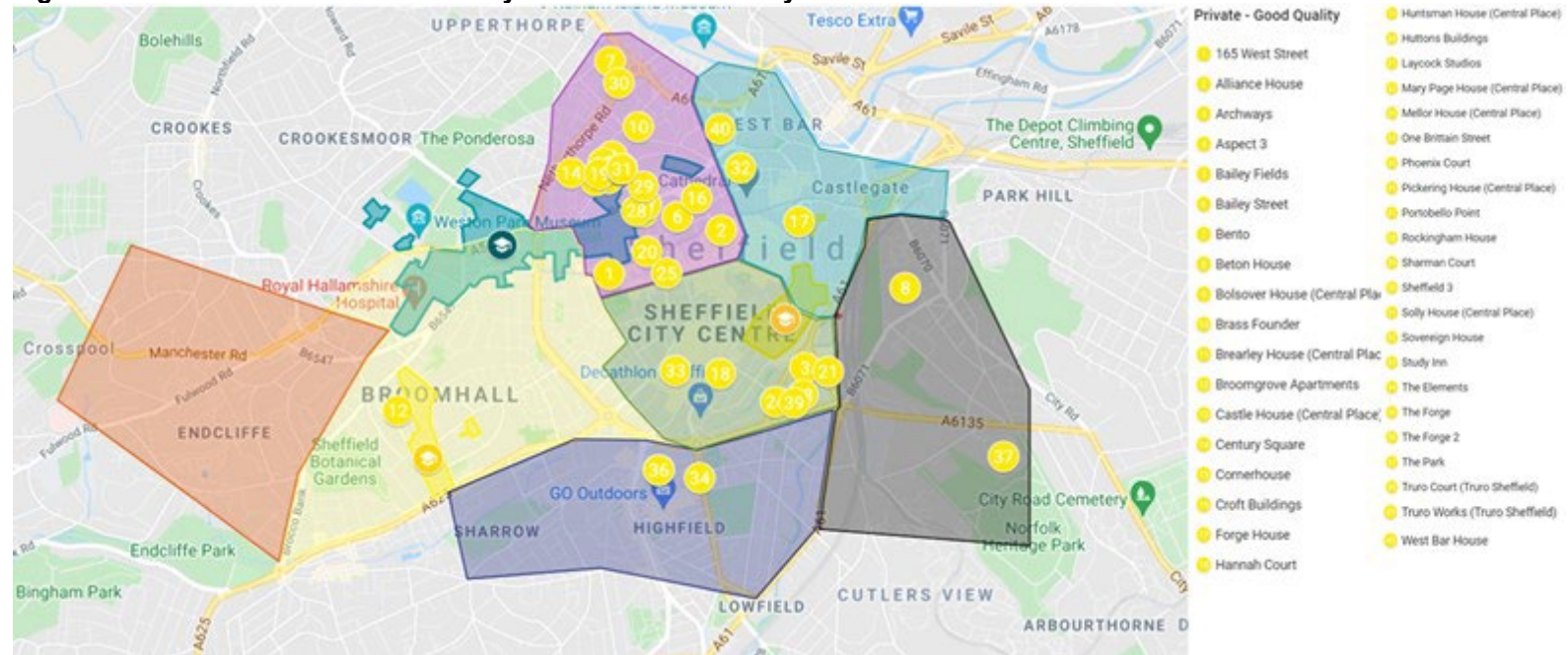
Figure 4.17: Private Sector Poor Quality and Basic Quality Facilities Schemes by Location 2021/22



Source: Cushman & Wakefield Student Accommodation Tracker 2021

4.42 Poor quality private sector schemes are located primarily in the South of the City Centre, close to the Sheffield Hallam City Campus. The University has agreements in place with The Trigon, Summerfield Street and Bramall Court for this year (2021/22), with these properties making up its budget offering. However, Cushman & Wakefield is aware that the University is exiting its agreement with Bramall Court as it is no longer considered fit-for-purpose and the institution believes it does not offer students value-for-money.

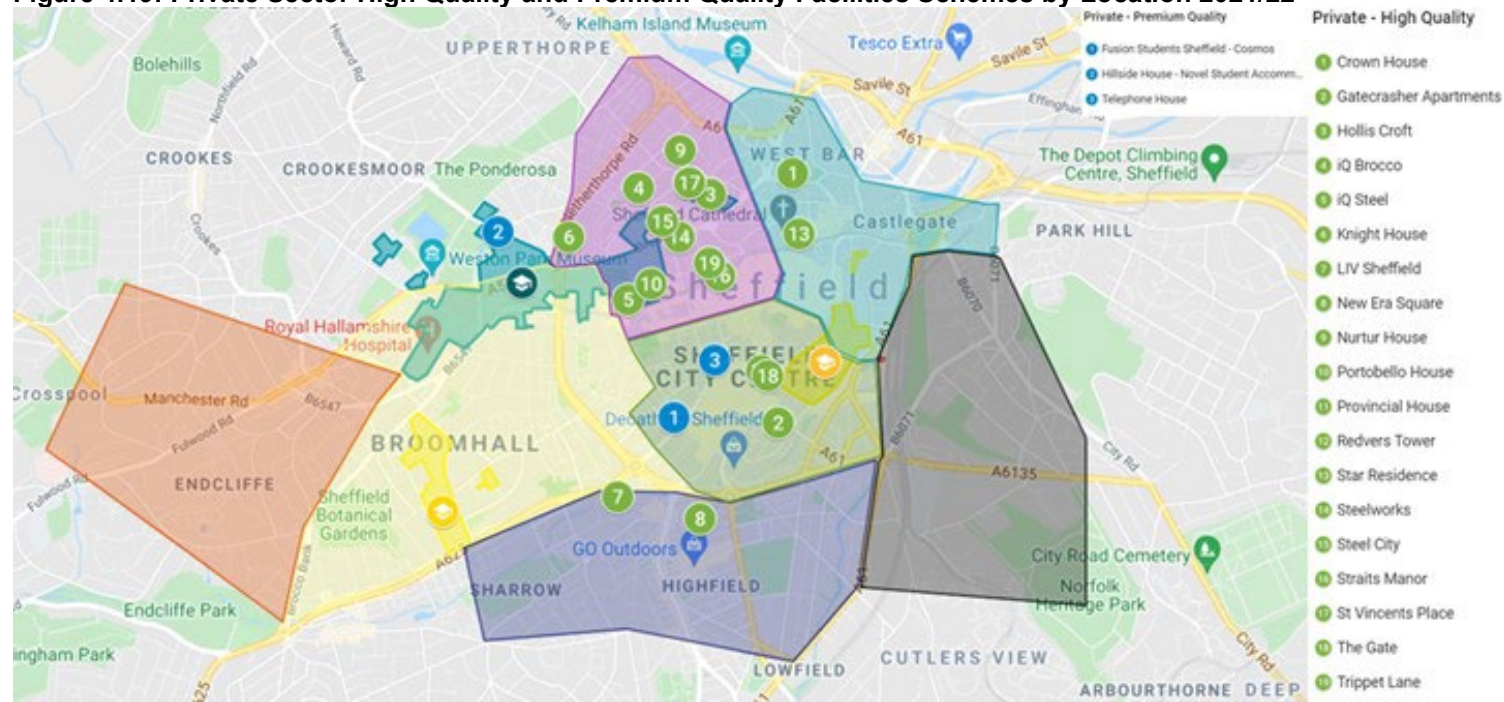
Figure 4.18: Private Sector Good Quality Facilities Schemes by Location 2021/22



Source: Cushman & Wakefield Student Accommodation Tracker 2021

4.43 Schemes that are of a Good or High quality are generally located in the North West of the City Centre, where much of the recent development has taken place. While premium quality schemes have targeted the heart of the City Centre (Fusion and Vita), Novel House is almost located “on campus” at the University of Sheffield. The location of recent developments reflects trends Cushman & Wakefield has observed nationally, with students wishing to live as close to their place of study as possible. The University of Sheffield accommodation portfolio is ill-equipped to cater for these preferences, at present.

Figure 4.19: Private Sector High Quality and Premium Quality Facilities Schemes by Location 2021/22



Source: Cushman & Wakefield Student Accommodation Tracker 2021

High Quality and Premium Student to Bed Ratios

- 4.44 The below table shows the past, present and forecasted student to bed ratios for high quality and premium accommodation in the city. These beds are typically priced higher than other accommodation and will appeal to only a select number of students from both an international background and the ABC1 socio-economic class with the willingness and ability to pay for them. The table shows the number of beds, with forecasts based on the development pipeline of schemes to be delivered up until the 2024/25 academic year (the development pipeline is outlined in detail elsewhere in this report).

Table 4.4: High Quality and Premium SBRs

Premium Demand pool 10% ABC1 & 20% International									
	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Sheffield	4,548	4,655	4,813	4,839	4,975	5,130	5,305	5,500	5,719
Premium Beds	379	379	379	379	379	1,479	1,479	1,704	1,704
SBR	12.0	12.3	12.7	12.8	13.1	3.5	3.6	3.2	3.4
High Quality Demand Pool 10% ABC1 & 20% International									
	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Sheffield	4,548	4,655	4,813	4,839	4,975	5,130	5,305	5,500	5,719
High Quality Beds	304	1,904	1,944	3,583	4,500	4,500	6,468	6,738	7,968
SBR	15.0	2.4	2.5	1.4	1.1	1.1	0.8	0.8	0.7

Source: Cushman & Wakefield Student Accommodation Tracker 2021, HESA 2016/17 to 2019/20, Sheffield City Council Development Pipeline August 2021

**‘Sheffield’ relates to total beds.

- 4.45 As can be seen from the table, there has been significant development of both high quality and premium product types since 2016/17 (with the number of high-quality beds increasing by over 1,000%). High quality development has accounted for 42% of all new beds in Sheffield since 2017, compared with 36% of beds nationally over the same period.
- 4.46 Premium development in the City has remained unchanged over time until the opening of new Fusion Students and Novel Students developments for 2021/22. As can be seen from the table, the City will continue to have a limited number of premium bed spaces in the future, resulting in a relatively high SBR of 3.4:1 up until 2024. This means that demand for these products should remain high. In a national context the number of premium bed spaces remains fairly low, in comparison to other mature markets with a Russell Group University. It is likely there may be further development of this product type as developers seek to differentiate their offering from that of competitors.
- 4.47 In terms of high quality bed spaces, again there has been a significant amount of products delivered to the market already and from 2022/23 onwards, Cushman & Wakefield expects to see a further oversupply of this product type in terms of the number of students who are likely to be able to afford it. We would therefore expect to see further occupancy issues in some older or poorer located schemes. These schemes will likely lower prices and this may then have a knock-on effect to other sections of the market.
- 4.48 Anecdotally we are aware that this is already happening, with our conversations with operators revealing that students are moving to newer developments in the City each year, resulting in lower levels of occupancy in older schemes.

Figure 4.20: High Quality and Premium by market share 2021/22



Source: Cushman & Wakefield Student Accommodation Tracker 2021



05

**UNIVERSITY
CONSULTATION**

5.0 University Consultation

5.1 Key to this Study has been our consultation programme with the University of Sheffield and Sheffield Hallam University. The current and likely future performance of the two institutions has been crucial to our assessment of demand and the recommendations of this Study.

5.2 Below we summarise key points from our conversations, outlining key areas, including:

- Views on the market
- Future student profile
- Impacts on the market
- Student preferences

Table 5.1: University Consultation Summary

Consultation Area	Comment
Views on the market	<ul style="list-style-type: none"> • Too many beds in the City and too many of the wrong product • Evidence of increasing numbers of unfilled beds • Still too many unsophisticated developers that don't understand the market • Students desire either premium or budget products with a danger that the middle ground is squeezed • Recent increase in "twodio" demand (i.e. two studio rooms with a shared kitchenette) at Sheffield Hallam although no view on long-term trends • Remains a lack of family accommodation in the market • Sheffield Hallam reviewing its strategy although plans to continue using nomination agreements to secure beds • Concern about the limited power of the universities to stop unsuitable developments • Students don't want to travel by public transport and want to be as close to campus as possible • Generally encouraging of competition from HMOs if quality is adequate • Landlords and investors are concerned about the number of beds in the market
Views on future policy	<ul style="list-style-type: none"> • Support from Sheffield Hallam for a zoned approach to future development • Clearly defined "student areas" required • Universities would welcome need for institutional support as part of planning process • Would welcome better links with the City Council – concern that institutions don't learn about proposed developments until late

	<ul style="list-style-type: none"> • Belief that there used to be more engagement with the City Council 4-5 years ago • Agreement that studio beds should be discouraged
Higher Education sector SWOT	<ul style="list-style-type: none"> • The market remains uncertain in terms of recruitment so we still have little confidence short-term • The pandemic has had limited impacts in terms of student product choice
Future Demand	<ul style="list-style-type: none"> • Growth is forecast but this is limited and will not significantly impact PBSA demand • Significant concern around the scale of international demand for 2021/22 • Currently undertaking research with 15 and 16-year-olds to see if requirements around accommodation are likely to change • International demand patterns have changes but do not foresee huge impacts over long-term • As with the vast majority of universities there have been falls in EU student applications • Study spaces becoming increasingly important in developments



06

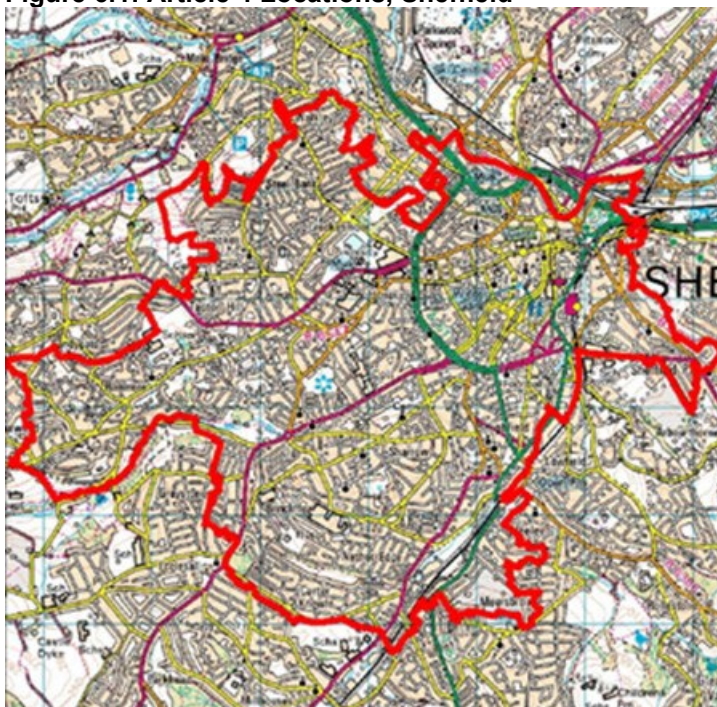
**PRIVATE RENTED
SECTOR**

6.0 Private Rented Housing

Houses in Multiple Occupation (HMOs)

- 6.1 The Council has sought to reduce the proliferation of Houses in Multiple Occupation (HMOs) through the imposition of an Article 4 Direction in 2011 across areas identified as where the concentration of shared housing as a proportion of residential properties is 20% or higher. The boundary is based on statistical geographical areas published by the Office for National Statistics (ONS) which are smaller than wards or community assembly areas, in order to determine an accurate depiction of HMO properties. The maps below show the areas affected by the Article 4 Direction. Ultimately, the Article 4 Direction is trying to halt the “studentification” of the more popular student areas.

Figure 6.1: Article 4 Locations, Sheffield

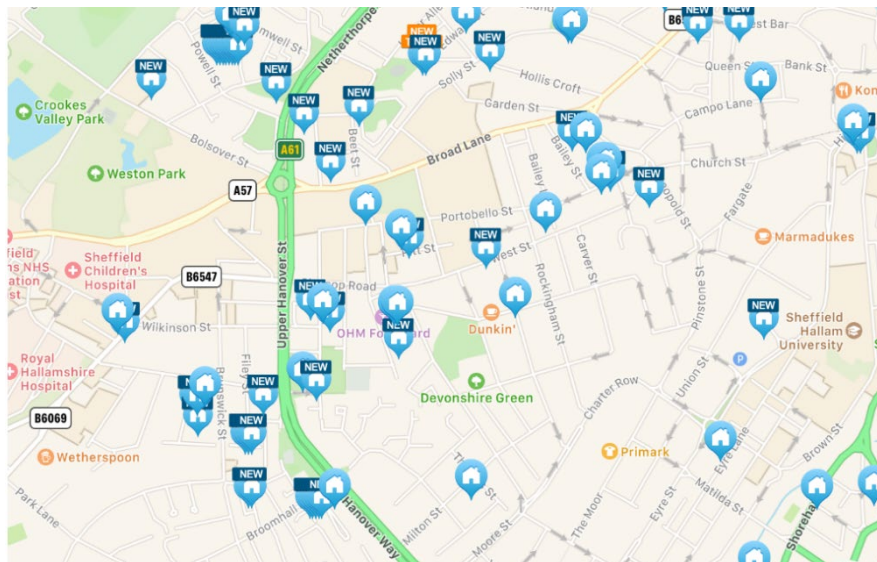


Source: Sheffield City Council

- 6.2 Weekly rents in the market vary from £45 per week for a single room in Walkley to £180 per week for a double room in the City Centre, all within shared houses including bills. This results in a gross annual rent range of £2,340 to £9,360 assuming an average contract length of 52 weeks. Some properties are advertised excluding bills, ranging from £41 to £145 per week. We assume utilities to cost circa £11-£13 per week per student, resulting in a gross annual rent range of £2,756 to £8,164. Typically, weekly rents are dependent on the age and quality of the interior and general condition of the property.
- 6.3 The price difference between HMOs and PBSA is considerable, indicative of the increasing competition between private landlords and University based operators to provide the highest standard of accommodation, in line with the growing demand for high quality and well-located stock.
- 6.4 In addition to competition from traditional HMO providers, the Sheffield market is also home to larger scale HMO providers such as Campbell Property which provide refurbished high-end HMO style living with high quality fixtures and fittings. Rents start from £89 per week, up to £162.50 per week for a large studio bed space. Refurbishments generally benefit from vintage

decorations and Chesterfield sofas, with one bathroom generally shared between three students in a typical six bed flat. Campbell has completed an extensive refurbishment of the former CRM-operated Park Student Village in Sheffield with around 400 bed spaces brought back into use. This accommodation is successful in drawing students from traditional purpose-built accommodation back into a HMO environment.

Figure 6.2: BTRs In Sheffield from Spare Room



6.5 A number of privately rented properties find exposure and can easily target students on Spare Room, a website which helps people find flatmates. Advertisements on Spare Room which target students regularly mention location and how far/near the distance is to the local university (University of Sheffield or Sheffield Hallam University).

Figure 6.3: Locations of university accommodation on Rightmove



6.6 Rightmove is another application that is used to find BTR and PRS accommodation for students, allowing for students to search for accommodation, student housing, halls of

residence and private halls which are in close proximity to their chosen university. This makes it incredibly easy for students to find accommodation in the right location by typing in the university which they attend under 'UK Student Accommodation' on the Rightmove website, which will reduce the search to properties near their institution.

- 6.7 Zoopla, another platform which students can use to find appropriate housing, has several accommodation options such as private halls, apartments and houses, so that students have an overview of their options. Users of Zoopla can also type in their city to narrow it down, alongside adding in extra filters to narrow it down further such as pricing, property type, availability, letting type, furnishing and so on.

Existing Build to Rent Residences in Sheffield

- 6.8 **Brook Place:** Brook Place is a Build to Rent residence in Sheffield which offers studios and 1 or 2-bedroom apartments. This residence is located in the Ecclesall Road area, a popular choice for students to live, and typically those who attend Sheffield Hallam University. Ecclesall Road is one of Sheffield's student hot spots, populated with shops, restaurants and bars, whilst also being close to numerous amenities such as Sheffield Botanical Gardens and Endcliffe Park. Not only does Brook Place have amenities on its doorstep, but also in the residence, boasting a roof terrace, residents' lounge and on-site gym. Studios start from £645 per month (broadly comparable with a number of PBSA studios), 1-bedroom flats begin at £805 per month and the 2-bedroom flats start at £990 per month. Brook Place Apartments are located a 19-minute walk from the University of Sheffield and also a 19-minute walk from Sheffield Hallam University, placing it within the 20 minutes walking distance generally deemed acceptable by students.



- 6.9 **The Gateway:** The Gateway, Sheffield describes itself as 'urban living at the entrance of the city', brought to the market by Fresh. This residence offers a selection of one, two, and three-bedroom apartments which have recently been refurbished. The apartments themselves are fully furnished, with an open-plan living area and integrated kitchen. Some also have private balconies, and the residence has a rooftop terrace for residents. The University of Sheffield is a 33-minute walk for students, and Sheffield Hallam is an easier commute of just 14 minutes.



- 6.10 **Apollo Residence:** Apollo Residence is a City Centre location and is opposite Sheffield Hallam University, making it a great choice for students at this institution, being just a 4-minute walk away. The University of Sheffield is slightly further out, but still easily commutable by a 23-minute walk, which can be shortened by taking the bus. The residence offers communal spaces, private study pods, a free PureGym membership and utility bills included. Room types on offer include studios, 1-bedroom apartments and 2-bedroom apartments.



Council Tax Exemptions

- 6.11 As part of this Study, Cushman & Wakefield has used Council Tax Exemption data provided by the City Council to analyse key areas of the City housing students. Council Tax exemptions are prominent in the postcode areas S1 (13,906), S10 (7,754), S11 (2,489), S2 (6,200), S3 (8,489), S6 (475) and S7 (88).

Figure 6.4: S1 Postal Code Prefix



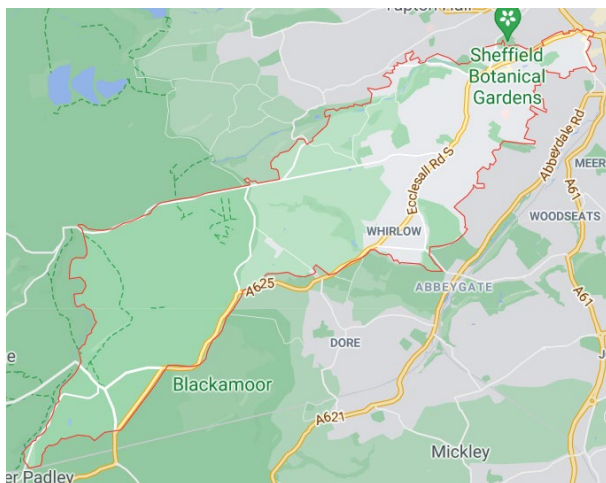
- 6.12 S1 is located in and around the City Centre of Sheffield, and a total number of 13,906 houses record a Council Tax Exemption in this area, reinforcing the City Centre as a key home for students in Sheffield. S1 is more conveniently located for Sheffield Hallam students.

Figure 6.5: S10 Postal Code Prefix



- 6.13 S10, Sheffield is located to the west of the City Centre, containing Fulwood, Crookes, Sandygate, Crookesmoor and Lodge Moor and contains 7,754 student houses, making it the third most popular place to live for students behind S1 and S3 (the more central locations). These areas are ideally suited to students studying at the University of Sheffield, lying just outside of the City Centre. Furthermore, S10 one of the largest concentrations of Sheffield student housing (behind S1) and is near an array of shops, restaurants and pubs, alongside being particularly close to the Management School on Conduit Road.

Figure 6.6: S11 Postal Code Prefix



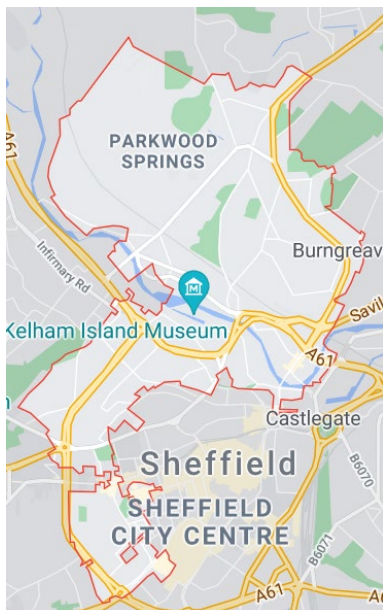
- 6.14 S11 is 4km south-west of the city of Sheffield, containing Ecclesall, Bents Green, Greystones, Whirlow and Long Line, and is made up of 2,489 exemptions. This area is outside of the City Centre and is a good choice for students who still want relatively close links to the universities, but also want to live privately in quieter areas. Ecclesall Road in particular is a popular student choice due to its great location; students at Sheffield Hallam attending Collegiate Campus is roughly a 10-minute walk, with City Campus being roughly 20 minutes away.

Figure 6.7: S2 Postal Code Prefix



- 6.15 S2 is 2km south-east to Sheffield City Centre, containing Sheffield Park, Arbourthorne Estate, Manor Estate, Highfield and Heeley. This area has a total of 6,200 student houses and is instantly recognizable for its vast selection of restaurants and shops located nearby. Sheffield Hallam is roughly a 30-minute walk from this location, with the University of Sheffield being slightly further out, being accessed on foot in under an hour. Both of these commutes can be shortened significantly via public transport.

Figure 6.8: S3 Postal Code Prefix



- 6.16 There are a total of 8,489 student exemptions in S3, Sheffield, making it a favoured choice for students, with only S1 being more popular. S3 includes Broomhall, Burngreave, Kelham Island, Neepsend and Netherthorpe. Broomhall is situated between Ecclesall Road and the University of Sheffield, making it an ideal choice for students at this institution as it is roughly just a 13-minute walk. Sheffield Hallam University is a 24-minute walk away.

Figure 6.9: S6 Postal Code Prefix



- 6.17 S6 is made up of 475 student exemptions, and includes the areas Walkley, Hillsborough, Bradfield and Loxley. The University of Sheffield is roughly a 20-minute walk from some S6 postcode areas.

Figure 6.10: S7 Postal Code Prefix

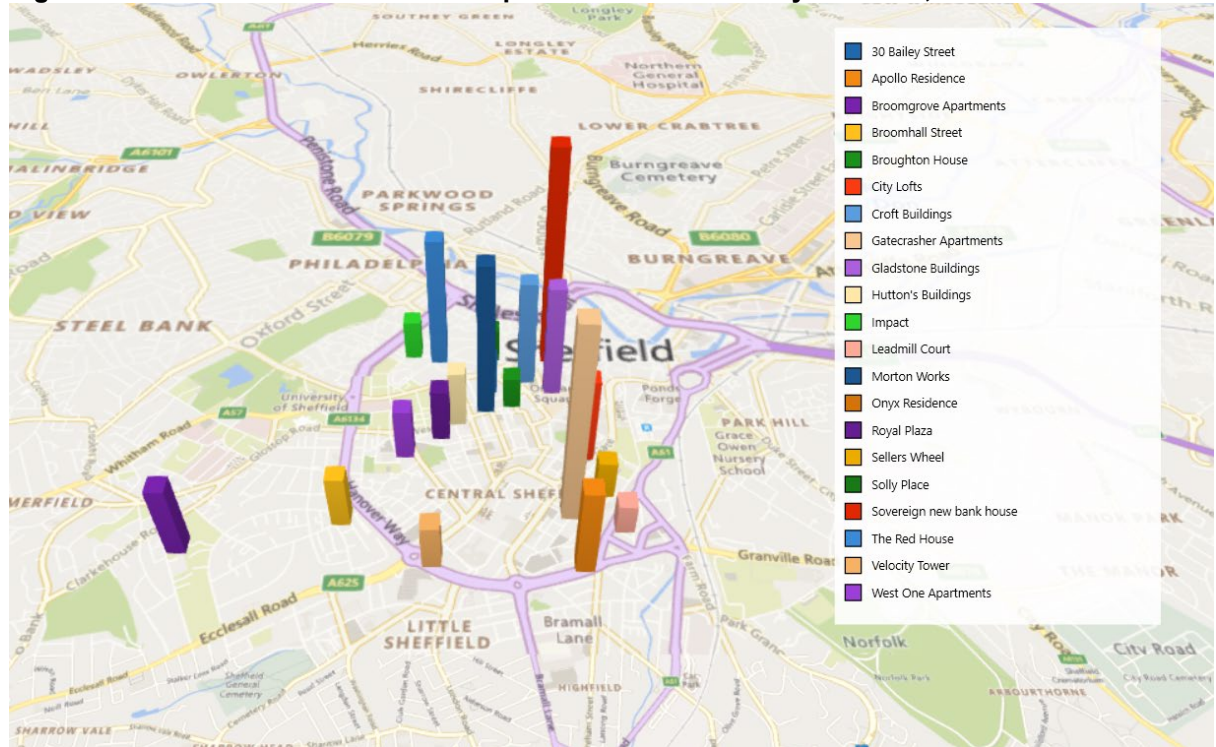


- 6.18 S7 in Sheffield houses 88 students, and consists of Carterknowle, Milhouses and Nether Edge. These areas all have good transport links to the City Centre, Sheffield Hallam University (both Collegiate and City Campus) and the University of Sheffield but are most likely a less popular choice due to the long walking distance from areas in S7 to the institutions.

Number of Students report to live in BTR

- 6.19 Cushman & Wakefield has aligned Student Council Tax Exemption data with postcodes for known existing Build to Rent developments in Sheffield City Centre, with our findings indicating that there are currently circa 575 Student Flats exempt from Council Tax in the city's BTR properties. The map below shows BTR blocks with the height indicating the number of Student Council Tax Exemptions in each block. As can be seen, the most popular blocks are located to the north of the City Centre, in line with trends in terms of student accommodation location preference.

Figure 6.11: Student Council Tax Exemptions in BTR blocks by Location, 2021



Source: Sheffield City Council, Cushman & Wakefield

Private Rented Accommodation

6.20 While most first year students live in purpose-built accommodation, returning students have shown a tendency to live in shared houses (at least for one year of their studies). According to HESA 2019/20, 20,260 students studying in Sheffield residing in 'other accommodation', largely private rented Houses in Multiple Occupation (HMOs). Over time this figure has grown in line with the increasing demand pool but started to decline in 2019/20 (HESA).

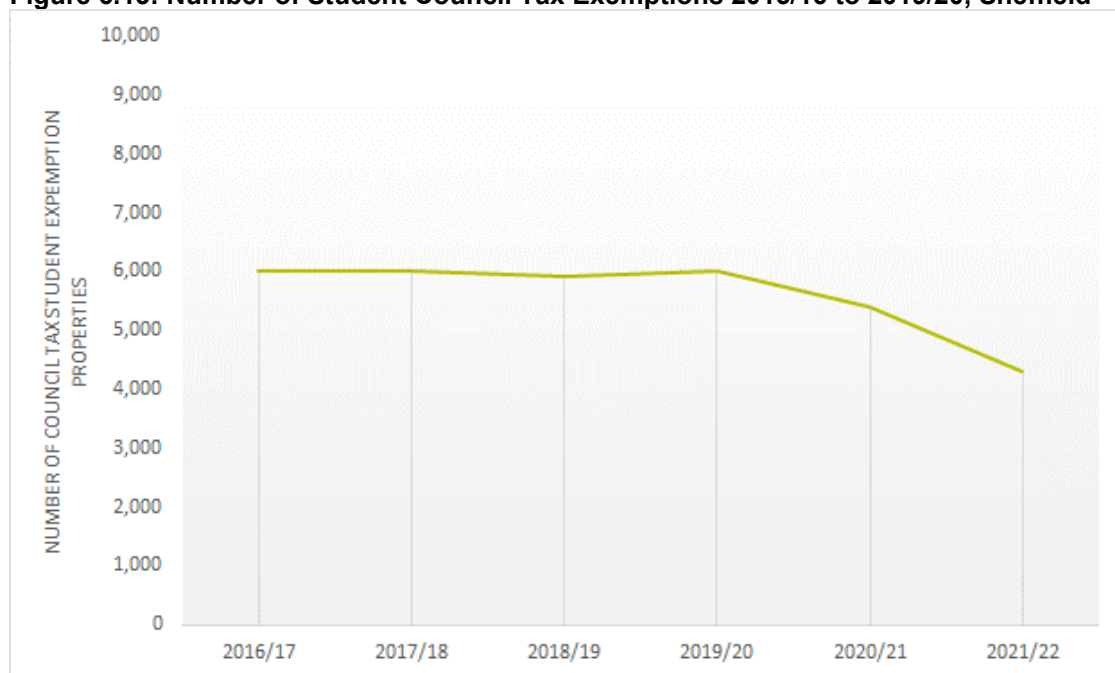
Figure 6.12: Number of Students Residing in HMOs 2015/16 to 2019/20, Sheffield



Source: HESA 2015/16 to 2019/20

6.21 Sheffield City Council has provided Cushman & Wakefield with Student Council Tax Exemption Data, which has allowed us to conduct the following additional analysis. The chart below shows the number of Student properties exempt from Council Tax between 2016 and 2021. Despite a trend for a decline in the number of students reporting to live in HMOs in 2019/20, the number Council Tax Exemption properties continued to rise into 2019, falling in line with the impacts of the pandemic in 2020 and 2021. This may suggest a change in the type and size of properties students are choosing to rent. A trend Cushman & Wakefield has observed in other cities is a move away from traditional HMO products in favour of modern City Centre apartments, with these products particularly attractive to international students.

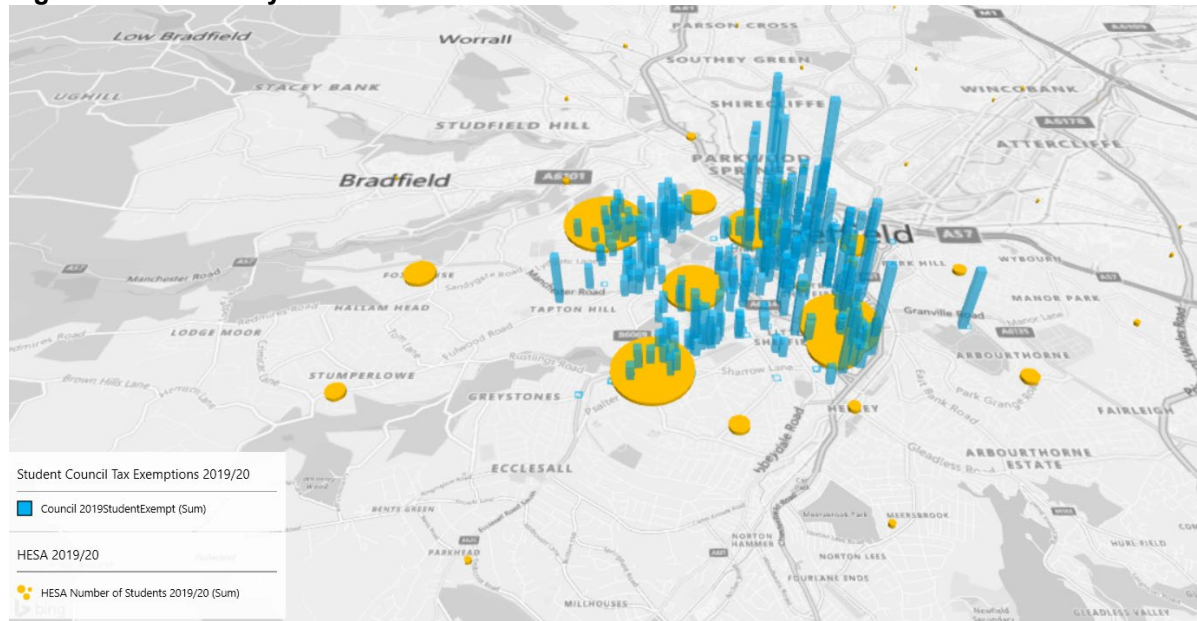
Figure 6.13: Number of Student Council Tax Exemptions 2015/16 to 2019/20, Sheffield



Source: Sheffield City Council

6.22 The map below shows the number of students reporting to live in private rented accommodation and Council Tax Student Exemption properties by location. The yellow circles are representative of students reporting to live in each postcode, with the size of the circle corresponding to the number of students (HESA 2019/20), while the blue markers indicate Council Tax Student Exemption properties in 2019, the height of each marker corresponds to the number of properties in each postcode area.

Figure 6.14: HMOs by Location 2019/20



Source: HESA 2019/20, Sheffield City Council

- 6.23 The highest concentrations of Student Council Tax Exempt properties can be found in the City Centre, Crookes, Broomhall, Walkley and Endcliffe. The most popular area for students studying at the University of Sheffield is towards the north-west of the City Centre in Crookes, where many returning students traditionally move due to the proximity of the main campus. It is also interesting that the HESA data highlights students reporting to live in HMOs in a number of areas outside of the City Centre which have not been picked up by the Council Tax Student Exemption data.
- 6.24 Changes in Council Tax Exemptions over time are highlighted below:

Figure 6.15: Council Tax Student Exemption Properties 2019 vs. 2021



Red – 2021, White - 2019

Source: Sheffield City Council

- 6.25 In 2021 there were 4,319 Council Tax Student Exemption properties, compared with 6,023 exemptions in 2019. The map shows that while students are still typically residing in the same areas as before, there has been a significant shift towards the City Centre and Park Hill in particular. The move towards the City Centre is indicative of a trend Cushman & Wakefield has observed in other cities, such as Manchester, where the development of well-located and competitively priced ‘Build to Rent’ (BTR) products has seen students who would usually demand a traditional private rented bed opting to live in a similarly appointed 2 bedroom flat in the private rented sector. The image above shows a similar trend is potentially starting to emerge in Sheffield, with students moving away from traditional HMO areas in the suburbs and into the City Centre.
- 6.26 This trend has the potential to “blur the lines” between PBSA and BTR (especially with stock of high quality), further increasing levels of competition in this area of the market.



07

**STUDENT TO BED
RATIOS**

7.0 Student to Bed Ratios Projections

Introduction

- 7.1 Key to this study and to future City Council policy relating to student accommodation is a true assessment of demand for bed spaces in Sheffield both now and in the future. In the following section of this Study we determine the demand pool for accommodation in the City under a range of scenarios.
- 7.2 For over 15 years, Cushman & Wakefield have established a mechanism to accurately assess the number of students likely to demand a bed space – the ‘demand pool’. This figure is then calculated against the number of purpose-built beds in a particular area to create a ‘student to bed ratio’ (SBR). The C&W nationally observed average healthy student to bed ratio is around 2.0:1. A low SBR would typically indicate relative ‘oversupply’ through major development in a location or falling student numbers; or in some cases a combination of both. Conversely, a market with an SBR in excess of 2.0:1 would imply a healthy level of demand for student accommodation without occupancy issues. While it does not account for all external influences (these are considered elsewhere throughout this report), the SBR provides a valuable insight into a market.
- 7.3 It should be recognised that thanks to the maturity of the market across the UK and a gradual migration (where supply allows) of students into purpose-built products from HMOs, city locations can typically tolerate a lower SBR than the national average. Generally, the average ratio in city locations stands at 1.8:1 and this level can be considered a good indication of market health in mature city locations such as Sheffield.

Demand Pools

- 7.4 In arriving at our demand pool, Cushman and Wakefield has excluded a number of students who are unlikely to demand accommodation on-campus. This includes a range of commuting students from the region not currently living in purpose-built accommodation (and that are unlikely to demand it), as well as students that are away from campus on a sandwich year. These calculations have been made in our usual manner and the methods are relied upon by funders and rating agencies in relation to on-campus partnership transactions across the UK, and in relation to the purchase of private sector schemes.
- 7.5 Given uncertainty in the market and to allow the City Council to make an informed decision on future policy, our calculations include a wide range of scenarios. These are based on the following areas:
- Consultations with the City’s universities on student number projections;
 - Our experience of the market;
 - Modelling on the potential impacts of COVID-19 and international student travel patterns on recruitment.
- 7.6 The baseline scenario has been modelled on the projected intake of the two universities over coming years.
- 7.7 The calculations below set out our assumptions of demand for student accommodation in Sheffield taking into account bed supply and HESA student population data from 2013/14 to 2019/20.

- 7.8 Student numbers for 2020/21 and beyond are based on the extrapolation of HESA data considering the areas noted above.
- 7.9 In terms of future supply and the potential impacts on ratios and market health, we have considered two scenarios:
- Total city-wide accommodation (with pipeline) – this considers total supply across the City with anticipated committed deliveries of new beds to 2023. Beyond this date no additional development has been modelled
 - Total city-wide development (modelled pipeline) – this considers total supply across the City with anticipated committed deliveries of new beds to 2023. Beyond this date, an average of annual new bed deliveries between 2013/14 and 2021/22 has been applied.

All year student to bed ratio

- 7.10 As can be seen from the table below, the city-wide student to bed ratio in Sheffield has fallen from 2.1:1 in 2013/14 to 1.5:1 in 2019/20. Based on projected growth in the demand pool and the impacts of committed developments to 2023 (City-wide SBR with pipeline), the SBR is projected to fall to 1.4:1 in time for the 2021/22 academic year. Even with no modelled development between 2023/24 and 2028/29 the SBR is not projected to rise above this level, only marginally rising to 1.5:1 in 2029/30 – the same level seen in 2019/20. *It should be noted that at the time of writing this Study, both universities are uncertain as to potential international recruitment for the 2021/22 academic year. Whilst applications are “strong”, there is considerable uncertainty around international students’ ability and willingness to come to the UK. Demand shocks from international students are considered later in this section of the Study.* Therefore, the unhealthy ratio in Sheffield is likely to remain unhealthy in the future and is indicative of a position of oversupply in the market (the ratio in the context of the UK market is considered in more detail earlier in this Study).
- 7.11 The second scenario models the impact of continued significant development on the Sheffield market to 2029/30 (City-wide SBR with modelled pipeline). This scenario considers committed developments to 2023 and then takes an average of new developments seen between 2013/14 and 2020/21 (i.e. 1,477 bed spaces per annum). As can be seen from the table, with modelled additional development in 2024/25 the ratio would stand at 1.3:1 (vs 1.4:1 with no development) and by 2029/30 the ratio would stand at 1.0:1 – effectively a purpose-built bed space for every student that requires a bed in the City. This ratio would be unprecedented in the UK market and would likely result in a huge number of unoccupied bed spaces across Sheffield.
- 7.12 Of course, as the Sheffield market has become more competitive over time, it is increasingly likely that some schemes may leave the market. Schemes most likely at risk are those that are poor quality and poorly located. We have therefore modelled the impact of the worst of these schemes leaving the market. In terms of poor quality beds, at least 3,032 are deemed “at risk” for the purposes of this analysis.
- 7.13 As part of our analysis, we have applied a range of sensitivities to our calculations to allow for any changes to demand over time. These have been modelled as follows:
- A 10% reduction in the demand pool vs the baseline modelling
 - A 15% reduction in the demand pool vs baseline modelling

- A 10% increase in the demand pool vs baseline modelling

- 7.14 Based on our experience of the market and conversations with the two universities, we believe that these sensitivities are sensible given current market uncertainty (all sensitivities are considered with the current development pipeline to 2023).
- 7.15 As can be seen from the table, a 10% reduction in the demand pool would result in a dangerously low SBR of 1.2:1 in 2023/24 (vs 1.4:1 in the baseline model) rising to just 1.3:1 in 2029/30. A 15% reduction in the demand pool would result in a ratio of 1.1:1 in 2023/24, rising to just 1.2:1 by 2029/30. If the demand pool were to grow by 10% more than the baseline projection, the SBR would stand at 1.5:1 in 2023/24, before rising to 1.6:1 in 2029/30, only marginally higher than the 2019/20 and 2020/21 level of 1.5:1. These sensitivities indicate that even without additional development from 2023/24, a reduction in the demand pool would result in extremely low student to bed ratios. Even with a 10% increase in the pool above the baseline projection, ratios would still be low in national terms, even without additional development from 2023/24.
- 7.16 All ratios considered (baseline and with sensitivities) can be considered “unhealthy” in a national context, with the 10% increased demand pool projection of 1.6:1 perhaps at the limits of what a market can tolerate. Even this ratio is reliant on no development over a six year period to 2029/30.
- 7.17 Given the unprecedented impacts of COVID-19 on international travel and the Higher Education sector, it has also been prudent to consider additional sensitivities based on shocks to international recruitment. Whilst international demand to study in the UK remains high (and our conversations with universities reveal confidence about long-term international demand), there remains considerable uncertainty around international recruitment for 2021/22. We have therefore modelled (ongoing) 50% and 25% reductions in international recruitment over time. The international student market has become more important in Sheffield over time, with non-UK students accounting for 26% of the demand pool in 2013/14, rising to 31% in 2019/20.
- 7.18 Based on a 50% reduction in international demand (under the current committed development pipeline), the SBR would stand at 1.2:1 in 2021/22 before remaining at this level until 2028/29, an extremely unhealthy scenario. Based upon the modelled pipeline of beds the ratio would stand at 1.0:1 in 2029/30 meaning there would be a purpose-built bed for every student requiring a room.
- 7.19 Based on a 25% reduction in international demand, the SBR would stand at 1.3:1 in 2021/22 before remaining at this level until 2028/29. Under the modelled pipeline scenario the ratio would also stand at 1.0:1 in 2029/30.

Table 7.1: All-year student to bed ratio – Sheffield, city-wide

	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
Sheffield City-wide all students																	
Total full-time students	39,440	41,015	41,920	42,440	43,060	52,050	52,530										
Total sandwich students	8,015	7,705	8,115	8,590	8,690												
Deductions																	
Sandwich students away from campus	1,865	1,805	1,910	2,020	2,030	1,260	1,260										
Students from the region unlikely to demand accommodation	8,190	8,360	8,885	9,715	10,045	10,395	10,985										
City-wide demand pool for accommodation	37,400	38,555	39,240	39,295	39,675	40,395	40,285										
C&W baseline forecast								40,821	41,364	41,914	42,471	43,036	43,609	44,189	44,776	45,372	45,975
Forecast -10%								36,739	37,227	37,722	38,224	38,733	39,248	39,770	40,299	40,835	41,378
Forecast -15%								34,698	35,159	35,627	36,101	36,581	37,067	37,560	38,060	38,566	39,079
Forecast +10%								44,903	45,500	46,105	46,718	47,340	47,969	48,607	49,254	49,909	50,573
% of demand pool UK	74%	72%	73%	75%	74%	72%	69%										
% of demand pool non-UK	26%	28%	27%	25%	26%	28%	31%										
SUPPLY																	
Total City-wide Accommodation (with pipeline)	17,638	17,744	19,103	19,986	21,598	23,278	26,219	27,277	28,710	30,157	31,412	31,412	31,412	31,412	31,412	31,412	31,412
Total City-wide Accommodation (modelled pipeline)	17,638	17,744	19,103	19,986	21,598	23,278	26,219	27,277	28,710	30,157	31,412	33,498	35,584	37,670	39,756	41,842	43,928
City-wide excluding poor quality	14,587	14,693	16,049	16,826	18,453	20,130	23,184	24,318	25,768	27,125	28,380	28,380	28,380	28,380	28,380	28,380	28,380
City-wide excluding poorly located	15,898	16,004	17,363	18,246	19,858	21,538	24,479	25,537	26,970	28,417	29,672	29,672	29,672	29,672	29,672	29,672	29,672
STUDENT TO BED RATIOS																	
City-wide SBR (with pipeline)	2.1	2.2	2.1	2.0	1.8	1.7	1.5	1.5	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.5
City-wide SBR (modelled pipeline)	2.1	2.2	2.1	2.0	1.8	1.7	1.5	1.5	1.4	1.4	1.4	1.3	1.2	1.2	1.1	1.1	1.0
City-wide excluding poor quality	2.6	2.6	2.4	2.3	2.2	2.0	1.7	1.7	1.6	1.5	1.5	1.5	1.5	1.6	1.6	1.6	1.6
City-wide excluding poorly located	2.4	2.4	2.3	2.2	2.0	1.9	1.6	1.6	1.5	1.5	1.4	1.5	1.5	1.5	1.5	1.5	1.5
City wide SBR forecast (with pipeline) -10%								1.3	1.3	1.3	1.2	1.2	1.2	1.3	1.3	1.3	1.3
City-wide SBR forecast (with pipeline) -15%								1.3	1.2	1.2	1.1	1.2	1.2	1.2	1.2	1.2	1.2
City-wide SBR forecast (with pipeline) +10%								1.6	1.6	1.5	1.5	1.5	1.5	1.5	1.6	1.6	1.6
SBR constant demand								1.5	1.4	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3
1. International demand shock of 50%								35,310	35,780	36,255	36,738	37,226	37,721	38,223	38,731	39,247	39,769
2. International demand shock of 25%								37,963	38,468	38,980	39,498	40,024	40,556	41,095	41,642	42,196	42,757
1. International demand shock of 50% (with pipeline)								1.3	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.3
1. International demand shock of 50% (modelled pipeline)								1.4	1.3	1.3	1.3	1.2	1.1	1.1	1.0	1.0	1.0
2. International demand shock of 25% (with pipeline)								1.4	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.4
2. International demand shock of 25% (modelled pipeline)								1.4	1.3	1.3	1.3	1.2	1.1	1.1	1.0	1.0	1.0

Source: Cushman & Wakefield/HESA 2013/14 to 2019/20. Pipeline includes committed developments scheduled to be delivered by 2023/24, modelled pipeline forecasts continued development at the average rate seen between 2013/14 and 2021/22

First Year Ratios

- 7.20 As well as all-year student to bed ratios, we have also considered the first year ratio in isolation. This cohort is key to the demand pool, with students in their first year of study more likely to choose purpose-built accommodation. These students are likely to be studying away from home for the first time with a large number of universities using a “guarantee” of accommodation to first years as a key marketing tool. Traditionally, students moving into their second year would move into the private rental market (HMOs). Whilst more returners now choose purpose-built stock – thanks to increases in supply and a belief that PBSA better supports the learning and social experience – first years remain the key source of demand. Nationally, the first year student to bed ratio stands at 1.1:1 – i.e. there is just over one first year student requiring a bed for every purpose-built bed available.
- 7.21 As can be seen from the table below, the first year SBR in Sheffield in 2019/20 stood at 0.7:1 – far below the national average - meaning there were already 7,689 returning students required to live in PBSA to ensure full levels of occupancy across the City. This figure accounts for 35% of the returning student demand pool and is significantly higher than the 22% national average of returning students studying outside of their home region living in PBSA. This likely means that are already unfilled beds across the market.
- 7.22 Based on the current committed development pipeline, this ratio is set to fall to 0.6:1 in 2023/24 (raising the returner requirement to over 11,000 students), before rising slightly again to 0.7:1 in 2029/30 (when the returner requirement would stand at just over 8,000 students). Based on the modelled pipeline, the first year SBR would stand at just 0.5:1 in 2029/30. This would result in a returner requirement of 20,599 students – almost 150% higher than the requirement in 2019/20. This figure places into stark focus the likely damage to the market of significant additional development over the coming years.
- 7.23 For completeness, the same sensitivities applied to the all-year ratio have also been applied to the first year ratio. A 10% reduction in the demand pool would move the 2020/21 ratio to 0.6:1 from 0.7:1, and the ratio would remain at this level in 2029/30. A 10% increase in the demand pool would move the ratio to 0.8:1 by 2029/30.
- 7.24 In addition to the sensitivities applied above, it is also important to consider the impacts of a sustained reduction in international recruitment in the same way that has been applied to the all-year ratio. It is important to note that the first year population is more reliant on international students than across all years due to the large number of international students studying one year postgraduate taught courses (largely at the University of Sheffield). The international population therefore accounts for 45% of all first year demand, compared with 31% across all years. A 50% shock to international student demand would result in a SBR (based on the current committed pipeline) of 0.5:1 in 2023/24, with this figure rising to 0.6:1 by 2029/30. Based on the modelled pipeline, the ratio would stand at just 0.4:1 in 2029/30. A 25% reduction in international demand based on the modelled pipeline would result in a ratio of 0.5:1 in 2029/30.

Table 7.2: First-year student to bed ratio – Sheffield, city-wide

	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
Sheffield City-wide all first year students																	
Total full-time students	19,100	20,300	20,330	20,790	21,515	22,025	22,910										
Deductions																	
Students from the region unlikely to demand accommodation	2,830	3,150	3,415	3,715	3,990	4,175	4,380										
City-wide first year demand pool for accommodation	16,270	17,150	16,915	17,075	17,525	17,850	18,530										
C&W baseline forecast								18,962	19,404	19,856	20,318	20,792	21,276	21,772	22,279	22,798	23,329
Forecast -10%								17,066	17,463	17,870	18,286	18,713	19,149	19,595	20,051	20,518	20,997
Forecast -15%								16,117	16,493	16,877	17,271	17,673	18,085	18,506	18,937	19,379	19,830
Forecast +10%								20,858	21,344	21,841	22,350	22,871	23,404	23,949	24,507	25,078	25,662
% of demand pool UK	65%	64%	66%	70%	65%	60%	55%										
% of demand pool non-UK	35%	36%	34%	30%	35%	40%	45%										
SUPPLY	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
Total City-wide Accommodation (with pipeline)	17,638	17,744	19,103	19,986	21,598	23,278	26,219	27,277	28,710	30,157	31,412	31,412	31,412	31,412	31,412	31,412	31,412
Total City-wide Accommodation (modelled pipeline)	17,638	17,744	19,103	19,986	21,598	23,278	26,219	27,277	28,710	30,157	31,412	33,498	35,584	37,670	39,756	41,842	43,928
City-wide excluding poor quality	14,587	14,693	16,049	16,826	18,453	20,130	23,184	24,318	25,768	27,125	28,380	28,380	28,380	28,380	28,380	28,380	28,380
City-wide excluding poorly located	15,898	16,004	17,363	18,246	19,858	21,538	24,479	25,537	26,970	28,417	29,672	29,672	29,672	29,672	29,672	29,672	29,672
STUDENT TO BED RATIOS																	
City-wide SBR (with pipeline)	0.9	1.0	0.9	0.9	0.8	0.8	0.7	0.7	0.7	0.7	0.6	0.7	0.7	0.7	0.7	0.7	0.7
Returns required								8,315	9,306	10,301	11,094	10,620	10,136	9,640	9,133	8,614	8,083
City-wide SBR (modelled pipeline)	0.9	1.0	0.9	0.9	0.8	0.8	0.7	0.7	0.7	0.7	0.6	0.6	0.6	0.6	0.6	0.5	0.5
Returns required								8,315	9,306	10,301	11,094	12,706	14,308	15,898	17,477	19,044	20,599
City-wide excluding poor quality	0.9	1.0	0.9	0.9	0.8	0.8	0.7	0.7	0.7	0.7	0.6	0.6	0.6	0.6	0.6	0.5	0.5
City-wide excluding poorly located	1.1	1.2	1.1	1.0	0.9	0.9	0.8	0.8	0.8	0.7	0.7	0.7	0.7	0.8	0.8	0.8	0.8
SBR forecast -10%								0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.7	0.7
Returns required								10,211	11,247	12,287	13,126	12,699	12,263	11,817	11,361	10,894	10,415
SBR forecast -15%								0.6	0.6	0.6	0.5	0.6	0.6	0.6	0.6	0.6	0.6
Returns required								11,160	12,217	13,280	14,141	13,739	13,327	12,906	12,475	12,033	11,582
SBR forecast +10%								0.8	0.7	0.7	0.7	0.7	0.7	0.8	0.8	0.8	0.8
Returns required								6,419	7,366	8,316	9,062	8,541	8,008	7,463	6,905	6,334	5,750
SBR constant demand								0.7	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6
1. International demand shock of 50%								15,549	15,911	16,282	16,661	17,049	17,446	17,853	18,269	18,695	19,130
2. International demand shock of 25%								17,255	17,657	18,069	18,490	18,920	19,361	19,812	20,274	20,746	21,230
1. International demand shock of 50% (with pipeline)								0.6	0.6	0.5	0.5	0.5	0.6	0.6	0.6	0.6	0.6
1. International demand shock of 50% (modelled pipeline)								0.6	0.6	0.5	0.5	0.5	0.5	0.5	0.5	0.4	0.4
2. International demand shock of 25% (with pipeline)								0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.7	0.7
2. International demand shock of 25% (modelled pipeline)								0.6	0.6	0.6	0.6	0.6	0.5	0.5	0.5	0.5	0.5

Source: Cushman & Wakefield/HESA 2013/14 to 2019/20. Pipeline includes committed developments scheduled to be delivered by 2023/24, modelled pipeline forecasts continued development at the average rate seen between 2013/14 and 2021/22



08

OCCUPANCY

8.0 Occupancy

Introduction

- 8.1 As part of this Study we have considered the issue of occupancy in existing PBSA developments in Sheffield. We have consulted with our contacts across the operator spectrum to determine occupancy levels in the majority of directly-let developments in the City. It should be noted that the PBSA sector behaves differently in the fact that occupancy data is not revealed and tracked as in other sectors (e.g. hotels). At the time of writing, the situation is still fluid, with large numbers of students still arriving in the City (especially internationals), so we have categorised levels of occupancy into baskets. Whilst we have reengaged with operators throughout this study, the 2020/21 and 2021/22 academic years have been unprecedented in the levels of uncertainty around occupancy caused by the COVID-19 pandemic.
- 8.2 At the time of writing, there is still opportunity for a number of nominated beds to be “handed back” to operators and a true view on the state of the market is unlikely to become clear until January 2022. It is also evident that a number of developments with high levels of occupancy have driven these levels through significant discounting and incentivisation (outlined elsewhere in this Study). This includes more peripherally located developments north of the City Centre.
- 8.3 In terms of the City Council’s tracking of occupancy levels in the future, we have consulted with a number of local authorities to identify an appropriate strategy going forwards. This is outlined in more detail below.

Summary

- 8.4 Our conversations with operators in the City (including Sheffield’s largest) have revealed underoccupancy in the market and significant unease with current levels of new deliveries in the market. The view from the largest operators in Sheffield is that “everyone will be sitting on voids” and Cushman & Wakefield estimates that total occupancy across the City is around 80%. This has been checked with the two largest providers in Sheffield and is believed to be a sensible assessment of the current market. In terms of the City’s universities, we understand that the University of Sheffield’s Endcliffe Student Village benefits from very high levels of occupancy this year (2021/22), driven by the increase in the number of UK students accepted to the best universities.

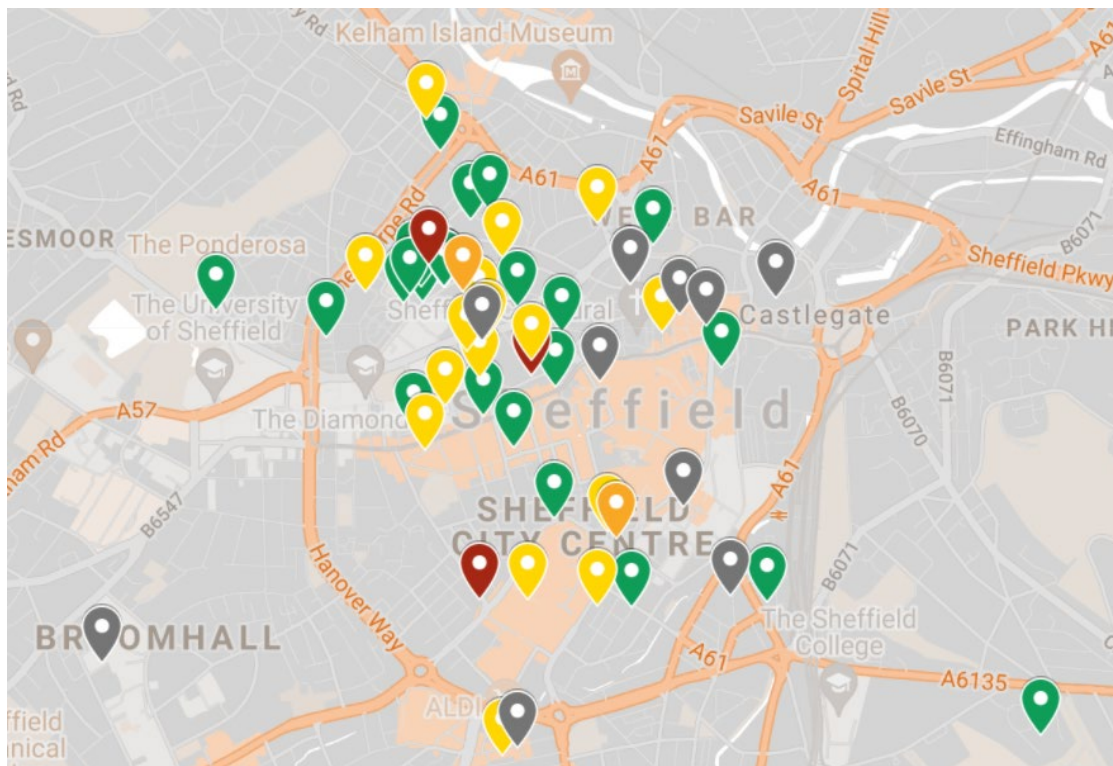
Key Findings

- 8.5 In terms of key findings, it is interesting to note that our conversations with developers and operators largely reflect our consultations with Sheffield’s universities in that there is general agreement that the pace of new developments need to be slowed. The City’s largest operators go so far as to believe there is a need for a “moratorium” on new developments for a number of years to allow the market to absorb new schemes. Key findings from our consultations are outlined below.
- The market already offers excellent value so cutting rents does not drive occupancy;
 - There is a phenomenon of students moving to new developments year after year as new schemes are delivered – with evidence of this happening across a single operator’s portfolio;
 - There is a general belief that non-en-suite developments no longer have a place in the market and are becoming increasingly difficult to sell;

- Some operators have been trying to reduce their portfolio exposure to Sheffield by selling out of older developments but there are few willing buyers;
- Good value-for-money schemes where rents properly reflect quality of product and service continue to perform well;
- In some developments occupancy levels have been lower than those seen in other locations “for a number of years”;
- There is a general belief that a number of schemes that have been delivered and are suffering from underoccupancy are difficult to convert to non-student uses;
- A number of operators are letting rooms on short lease lengths – we have seen evidence of leases as short as five weeks on leases with a typical advertised period of 43, 47 and 51 weeks.

8.6 In terms of the occupancy of buildings by location and type, there are no discernible patterns which emerge from the analysis. Marketing in the City is extremely aggressive and this, combined with ensuring a strong re-booker rate, is key to high levels of occupancy in Sheffield. The map below summarises occupancy levels across the City by location.

Figure 8.1: Occupancy, Sheffield



Source: Cushman & Wakefield operator conversations and market intelligence. Key: green = high (90%+), medium high = orange (80%+), medium = yellow (60-80%), low = red (<60%), grey = unknown. We have not been able to determine occupancy amongst some operators, e.g. Omnia Space has not released performance to C&W or the City Council and accounts for 6 of 11 unknown schemes.

8.7 Whilst our analysis shows that the majority of developments in the North West City Centre area benefit from high levels of occupancy, sheer levels of competition mean that a number of schemes in these

areas are still suffering from sub-optimal occupancy levels. These include a number of developments only two years old, with students choosing newer schemes that have opened in the last two academic years (highlighted in our conversations with key operators).

Future Strategy

8.8 In terms of future City Council desire to track occupancy in the City, we have consulted with a range of local authorities across the UK. In our opinion, the exemplar in the market for consulting on occupancy levels is Nottingham City Council. For the last six years the Council has engaged with operators in the City and has determined effective full levels of occupancy in what is an undersupplied market. Using the online portal snapsurveys.com the City asks a short series of questions to determine the state of the market. A summary of questions is outlined below.

- Have vacancy levels changed from the previous year (higher, lower or stayed the same)?
- Why have vacancy levels increased (if applicable)?
- Assuming COVID-19 restrictions are relaxed, do you expect the market to return to pre-pandemic levels of occupancy (yes, no, unsure)?
- What else may affect the Nottingham market in the 2021/22 academic year?
- Are you considering making changes/improvements to your scheme(s)?
- How are reservation levels compared with previous years (higher, lower, about the same)?

8.9 Nottingham City Council is happy to discuss this survey should this be of interest in the future. It should be noted that whilst the survey provides an indication of performance in Nottingham, not all operators respond to the survey.



09

RECOMMENDATIONS

9.0 Recommendations

9.1 Our review of demand and supply of student accommodation in Sheffield has revealed a number of key findings which have implications for future policy. In particular, it is clear that the City's PBSA market is in a very different position to that of 2014 when the last Student Accommodation Strategy was produced. Importantly, the student to bed ratio in the City has now fallen to an unhealthy level which is impacting occupancy and arguably the long-term sustainability of some developments. Whilst this Study is not intended to provide formal policy guidance a number of recommendations are outlined in this section based on the below key findings

Market conditions

- Whilst the demand pool for accommodation across the City has risen by 8% between 2013/14 and 2019/20, the growth in PBSA bed spaces over the same period was 49%;
- The student to bed ratio in the City has now fallen to 1.5:1, an unhealthy level in national terms and amongst the lowest of any market in the UK;
- 22% of the market now comprises studios, with 84% of these beds delivered since 2015. This quantum and percentage is the largest of any competitor market and the total number is 29% higher than the second largest market, Leicester;
- Sheffield is now home to the largest overall number of premium bed spaces of any competitor market (although not the largest as a percentage of the overall market);
- 67% of beds are en-suite (vs the 60% national average), which is indicative of the number of new bed spaces delivered over recent years;
- Average weekly rent are below both the national and competitor average (an en-suite room is 19% less expensive) which is indicative of the relatively low costs of development in the City and the scale of market competition;
- Between 2016/17 and 2021/22, 10,657 new beds were delivered to the market. The vast majority of these were delivered in key City Centre areas, with 4,496 beds delivered in the North West City Centre area;
- The majority of poorer quality stock is concentrated in the South and East of the City Centre.

Wider implications

- The lack of a City Council evidence base with which to challenge applications means too many beds (and arguably beds of the wrong type) are being delivered to the market;
- The overdevelopment of PBSA has implications for wider strategy relating to the housing market (Central Area residential) in terms of development site availability and potential underoccupation of PBSA developments and future change of use for alternative occupation.

9.2 Whilst it would perhaps be appealing for the City Council to look to rule out future purpose-built student accommodation applications, this could potentially be damaging to the attractiveness of Sheffield as a student destination over the longer term and would stifle innovation.

- 9.3 It should also be noted that wider national policy decisions relating to Higher Education have the potential to impact the market, as do trends in student decision making. It is therefore prudent that future policy should allow for a degree of flexibility to adapt to market conditions.
- 9.4 Cushman & Wakefield believes that future policy should consider the following:

Table 9.1: Recommendations

Recommendation	Summary	Comment
<p>“Zoned” or locational approach to future development</p>	<p>Highlighting areas of the city centre in which PBSA development should be encouraged. While discouraging further development in inappropriate peripheral locations.</p>	<p>Cushman & Wakefield’s work across the UK shows that students increasingly wish to be as close to campus as possible. The burden of tuition fees falling on students has focused minds on study and the student experience – both of which are enhanced by vicinity to campus. Given the large demand pool for student accommodation in Sheffield, coupled with relatively low land costs and viability issues with other residential development, PBSA development has been intensive, particularly in City Centre areas of Sheffield. The continued strong use of HMOs in Sheffield is also likely to have been strongly influenced by their excellent location in areas of the City such as Crooksmoor.</p> <p>As highlighted throughout this report much of the PBSA development in the City has taken place in the area designated ‘North West City Centre’. The area is approximately 0.5 miles² and is already populated by 31 schemes, offering 11,839 bed spaces. Further, trends observed in Council Tax Student Property Exemption data shows that students are showing a greater preference for City Centre living, with growing numbers choosing to rent smaller City Centre apartments.</p> <p>It is clear that a future policy approach needs to balance the need for PBSA to be well located, whilst not damaging wider City Council ambitions – especially related to residential development. There therefore needs to be a balance between well located PBSA which supports the student experience, and potential “saturation” of areas of the City</p> <p>Restricting Development in Zones</p> <p>The City Council may wish to consider a limit to the percentage of bed spaces within defined areas of the City that are classed as PBSA (or Council Tax exempt). This may help to avoid issues of saturation and help drive more balanced communities in the Central Area. However, given the extent of market difficulties highlighted in this report, it is likely that market forces will dissuade further intensive development over the coming years so the City Council may wish to adopt a less prescriptive approach (which may be dependent on the future of wider residential strategy in the Central Area).</p> <p>Restricting Development Outside of a Boundary</p>

		<p>Sheffield Hallam University is currently developing a new Campus on the former Science Park between Howard Street and the Train Station. The areas surrounding this new development will become important for student accommodation in the city in the coming years.</p>
<p>A need to demonstrate demand as part of the planning process</p>	<p>The recent scale of development in the City proves that some developers have not fully considered the demand-supply dynamics of the student market in Sheffield and this should be addressed in future policy.</p>	<p>The evidence in this report shows that the student to bed ratio in Sheffield is amongst the lowest in the UK, with consultations revealing occupancy issues in the City. Current planning policy does not specify a requirement to prove that there is need for proposed developments and arguably, this has encouraged applications that have not fully considered market conditions.</p> <p>A requirement that developers must demonstrate demand for their scheme as part of the planning process will likely encourage greater interaction between developers, the City Council and Sheffield's universities. A lack of an evidence base has arguably hampered the City Council's response to applications. This has resulted in applicants claiming there is need to provide beds for 60,000 students in the City when this is demonstrably not the case.</p> <p>Evidence of need could take the form of a student to bed ratio test, where the number of students must be shown to be at a certain level. If this test cannot be met, then developers should have secured support for the development from either the University of Sheffield or Sheffield Hallam University.</p> <p>A range of approaches of this nature are employed across the UK. One example is the recently adopted London New Plan 2021, in which any new development of PBSA in the Capital requires a letter of support or a nomination agreement with one the City's existing Higher Education Institutions. However, Cushman & Wakefield considers this approach too restrictive and a potential impediment to innovation in the sector. It is also important that development and innovation in the market is not solely at the behest of the City's Higher Education institutions which may obviously have their own accommodation agendas.</p> <p>However, it remains important that policy does not stifle innovation and development in the market such that the attractiveness of Sheffield as a study destination is damaged. It may therefore be prudent for policy to also consider exemptions from the above for schemes that deliver products in shortfall or not currently present in the market. Examples of such may include new room types or designs that deliver more affordable stock to the market.</p> <p>It is therefore proposed that policy should require at least one of the following:</p> <ul style="list-style-type: none"> • Proof of evidence of need

		<ul style="list-style-type: none"> • Support from one of the City's universities • Proof that development would deliver something not currently provided in the market
<p>Presumption against all-studio developments</p>	<p>The scale of studio bed spaces in Sheffield has now risen far above the national average and the long-term sustainability of this quantum of studios is questionable</p>	<p>For the 2021/22 academic year, studio bed spaces represent 22% of all bed spaces available in the Sheffield PBSA market. Cushman & Wakefield would caution against the further high volume development of studios in the market, with a presumption against large, all studio schemes unless need can be adequately proven. Such a policy would be wholly supported by both of the universities, whose view reflects our own that studios remain a largely niche product.</p> <p>Further, it should be recognised that the underoccupancy of studios may have knock-on impacts in terms of wider residential strategy. Cushman & Wakefield has observed applications for change of use of studio products for alternative occupiers in a number of locations. The occupancy of studio beds by non-students has the potential to create a “race to the bottom” in terms of size of rooms and quality of product that could be delivered in Build to Rent developments that would not be able to compete with lower priced, (generally) smaller studios beds.</p>

Design guide	Encouragement of product innovation to shape the development of rooms in the market	<p>As part of this study Cushman & Wakefield carried out consultations with a number of key stakeholders, including representatives of both the University of Sheffield and Sheffield Hallam University.</p> <p>A common theme in these consultations was a concern from the universities about the lack of diversity in the type of rooms/products currently being developed in the city. Sheffield Hallam highlighted a growing demand for 'Twodio' products, a possible result of the COVID-19 pandemic. While both universities raised concerns about the proliferation of studios in the city – as addressed above.</p> <p>Cushman & Wakefield would advise the Council to look at how they can encourage innovation within the sector. Key areas to focus on are high quality affordable products which offer students real value for money.</p>
City Council development site restriction	City Council development sites should not be released for PBSA unless under exceptional circumstances	<p>Cushman & Wakefield is aware of a number of developments sites in the Central Area of Sheffield under City Council ownership. It is recommended that no further sites are released for PBSA development. This is likely to be especially important given the City Council's wider strategy for residential development in the Central Area.</p>
University engagement	The City Council should engage the City's universities in a more active role in the planning process	<p>Our conversations with both of the City's universities has revealed significant unease with current planning policy relating to PBSA. Both institutions are of the opinion that too much accommodation has been built in Sheffield and that there has been overdevelopment of studio accommodation. In fact, both universities have intimated that there should be a presumption against studio development. Further, it was suggested that a moratorium be placed on development, although this is not currently recommended for reasons highlighted elsewhere in this section of the Study.</p> <p>It is recommended that levels of engagement with both universities are increased in relation to PBSA development in the City and this would be welcomed by both institutions. As well as increasing overall knowledge of the state of the PBSA sector in the City, increased engagement would allow the City Council to benefit from current student engagement initiatives such as research on which room types are most popular with future intakes.</p>

Houses in Multiple Occupation/SNUG	Little evidence that intensive levels of PBSA development are making inroads into the HMO market	<p>The analysis in this Study shows that despite intensive levels of development over recent years in Sheffield, the overall quantum and percentage of students living in private rented accommodation relative to the total demand pool has remained relatively stable over time – 2015/16 48.8%, 2016/17 51.3%, 2017/18 51.0%, 2018/19 50.8%, 2019/20 50.2%.</p> <p>Partly, this may be attributed to the success of the approved student housing scheme, Snug, which shows students which properties are considered 'fit and proper' by the City Council and the two universities. It is also likely that location – allied to price - is playing an important role in the sustainability of the market, with key HMO locations such as Crooksmoor extremely well located (as are other key areas such as Broomhall).</p> <p>With such a consistent number of students still choosing to live in a professional, affordable and well-located HMO sector, it is perhaps unsurprising that this Study has identified significant underoccupancy in the PBSA market. Based on these trends, the City Council should prepare for continued significant demand for HMO accommodation which further reinforces the recommendations above.</p>
Change of use applications	Pressure on occupancy may lead to an increase in applications for change of use from PBSA	In other markets across the UK that have suffered from significant injections of supply, some schemes have applied for (temporary) changes of use to house non-student occupiers (notable examples include Cardiff and Preston, especially in terms of studio bed spaces). The City Council should be prepared for similar applications in Sheffield.

Appendix 1 – Student Accommodation and Five Year Housing Supply

Planning policy guidance now allows for PBSA to be included in the five year housing land supply. Deliveries also directly contribute to the Council's performance against the Housing Delivery Test which is an annual assessment of housing delivery in local authority areas.

Planning Policy Guidance Housing Supply and Delivery⁶ as set out below acknowledges that student accommodation development can directly free up housing by releasing properties into the general housing market. Consequently, purpose-built stock can therefore also play an important role in ensuring that there are fewer conversions of housing for student use.

“All student accommodation, whether it consists of communal halls of residence or self-contained dwellings, and whether or not it is on campus, can in principle count towards contributing to an authority's housing land supply based on:

- the amount of accommodation that new student housing releases in the wider housing market (by allowing existing properties to return to general residential use); and / or
- the extent to which it allows general market housing to remain in such use, rather than being converted for use as student accommodation.

This Study has highlighted evidence of a fall in the number of students living in HMO accommodation in Sheffield using latest available HESA data from 2019/20 and the City Council's own Council Tax exemption records from the last two years. However, long-term evidence of this trend is not yet available and the impacts of COVID-19 on the market are yet to be fully realised. Despite this, Cushman & Wakefield would anticipate a fall in the number of students living in HMOs over time provided PBSA products are adequately priced and specified, thanks to a trend for students looking to live as close to campus and possible and in accommodation that supports the learning experience. It is therefore likely that new PBSA development is playing a role in releasing private rented stock to the market and that this trend has the potential to increase over time as new stock is brought to the market. Without PBSA development, students would effectively be “forced” into less suitable HMO accommodation further from campus. This trend is seen in the significant increases in students living in the HMO sector in markets where there has been limited PBSA development such as Bristol.

Students are included within overall population projections that are used as the baseline informing the Standard Method for calculating local housing need. It can therefore be argued that PBSA development meets the needs of an identified part of the Sheffield population.

Cushman & Wakefield is aware of different methodologies employed in calculating the number of new homes that PBSA added to housing land supply. Planning Policy Guidance currently uses Census data showing that there was an average household size of 3.3 students per household (using 2011 Census data) – i.e. dividing the total number of students living in student only households by the total number of student only households. This compares with a national average of 2.5 students per unit. Further, the Housing Flows Reconciliation Guide sets out that each self-contained cluster flat should be counted as a dwelling, differing from Planning Policy Guidance. The higher the ratio, the more conservative the calculation.

⁶ Paragraph: 034 Reference ID: 68-034-20190722

It should be noted that in its own calculation in its 2020 Strategic Housing Land Availability Assessment, Liverpool adopted the national average figure of 2.5:1 for cluster accommodation and a 1:1 rate for self-contained studio flats. Cushman & Wakefield would advise that typically, a modern cluster development will take the form of 4-6 bed flats (although larger sizes are available). It is, therefore, unfair to adopt a “cluster to unit” approach given the size of these cluster flats when typically, a student household in the private housing market may be significantly smaller than this (especially in a market where 37% of all beds delivered over the last five years have been single occupancy studios). For example, a “traditional” HMO would typically be home to four students or below, with evidence of a number of students living in single occupancy BTR stock. Cushman & Wakefield would advise that a student choosing a self-contained studio unit would otherwise choose a one-bed apartment in the private rented sector so a 1:1 ratio for this room type appears appropriate. Given the profile of stock delivered in the Sheffield market over recent years, there appears ample evidence for the lower national average approach (2.5:1) to be adopted as opposed to the Housing Flows Reconciliation Guide approach of one cluster = one household.

