

Nottingham Owners Briefing November 30th 2009

Unipol is committed to giving owners up to date information on both the student accommodation market and initiatives taking place throughout the sector.

Since its launch in Nottingham, Unipol has given a number of specialist briefings on the student accommodation market which now take place twice each year. The latest briefing was given by Martin Blakey, Chief Executive and Scott Blakeway, Development Manager, on Monday 30th November 2009 at Nottingham Trent University and below is a summary of the presentation.

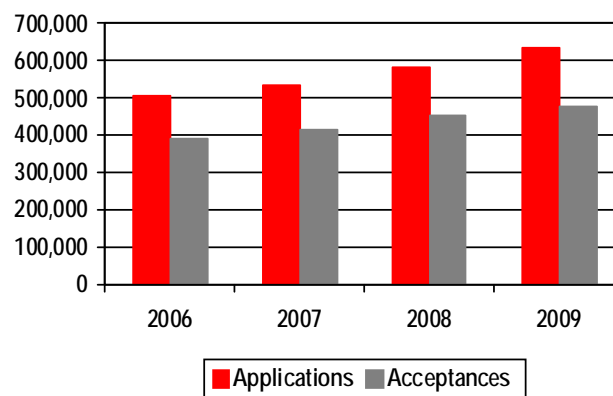
Student Numbers

National Demand for Higher Education

The final figures for 2009 entry are not yet available and are expected to be available mid January 2010. However, UCAS released provisional figures on 21st October 2009 which show the headline figures for 2009 entry.

Applications were up 8.7% to 633,597 in 2009, from 582,657 in 2008. This figure was 531,898 in 2007 so some 100,000 students have been added to the applications stage of the cycle. A total of 477,277 applicants have now had a place confirmed at a university or college this year which represents an increase of 25,406 (5.6%) on the same point last year. This pattern tends to show that, in accordance with earlier briefings, that demand for Higher Education has remained strong during the recession. Further to this, these figures show that there has been a marked increase in students over the age of 25 with applications by 22% to 66,557 for this cohort of students. This converted into 54,470 acceptances, an increase of 10.1% which is emphasised when compared to acceptances of students aged 20 years (up 4.5%) and 21-24 (up 8.6%)

The graph below shows the relationship between applications and acceptances from 1996-2009. It clearly shows applications to be higher than any previous year and this is reflected in the acceptances, although the increase in acceptances for 2009 is not as great as the increase shown in applications.



In terms of international students, there was an overall rise in acceptances of 7% bringing the total number of international students to 55,151. There were significant increases from France, Malaysia and Cyprus, but noticeable drops in: Pakistan (down 21.8%) and Nigeria

(down 13.1%) due to the new visa system and Poland (down 20.3%) as Poland is developing its own market for Higher Education. Romania, Bulgaria, Lithuania and Saudi Arabia show strong growth but overall numbers remain relatively small.

The Impact of the Points Based Visa System

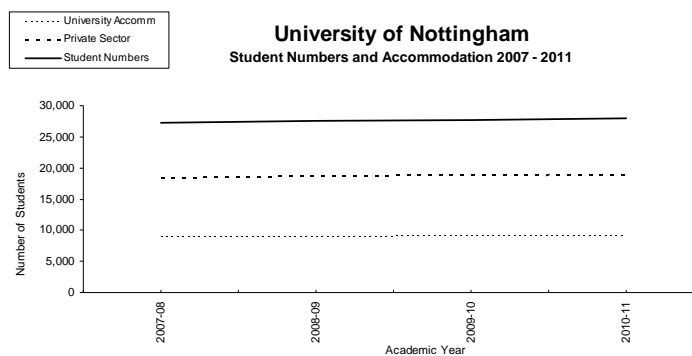
This year was the first year that the new Points Based Visa System which has placed new restrictions on students wishing to enter the UK to take up courses. It was not known how much this system would affect the numbers of international students arriving in the UK and there have so far been mixed signals depending on where institutions typically recruit from. It is believed that overall there was a slight increase in students arriving in the UK, although there were significant delays in the processing of a number of student visas which meant students were still arriving as late in the year as November.

2010-2011 Applications

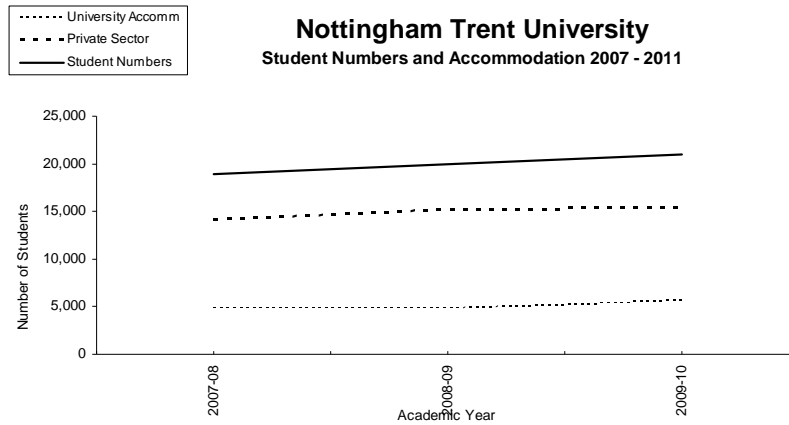
The first figures for 2010 entry were published on 2nd November 2009 which show that the number of people applying for Higher Education is up 11.6% from 64,438 at this point last year to 71,883. The number of applicants from outside the UK is up 16.6%, with Ireland (43.0%) and China (26.8%) showing significant increases. It is likely that this upward trend will continue considering the high numbers of people who did not get accepted onto courses in 2009 being encouraged to 'apply again next year' by Peter Mandelson

Demand for Student Accommodation in Nottingham

In response to the increase in Higher Education which was experienced across the country in 2008, the Government attempted to cap the numbers of additional students entering Higher Education to 10,000. This figure was then adjusted upwards by another 10,000 places in certain courses (although some places had been allocated in 2008) and offered to institutions, but without any additional funding for teaching. It had been expected that both institutions in Nottingham would increase their intake by around 250 new students each. In reality, Nottingham University expanded very cautiously by around 200 students whereas Nottingham Trent expanded by some 1,000 students with a residential need.

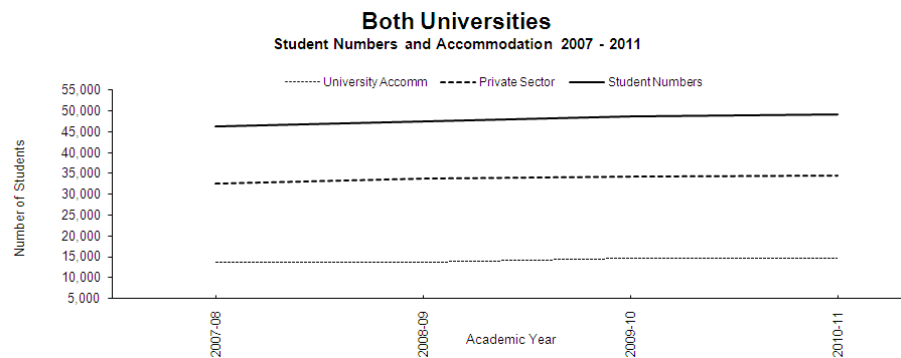


The effect that this has on residential demand amongst Nottingham University students is illustrated by the graph above. The number of students with a residential need has risen to 27,750, although the University continues to house around 9,000 students either itself or through 'special arrangements' with private providers. There is further demand of 18,750 students, which are housed in the private sector. Although student numbers have continued to increase (particularly in 2008-2009) the demand on the private sector has remained level as the University has worked with larger private providers to accommodate first year students.



In contrast, Nottingham Trent has grown rapidly over the last two years, taking an additional 2,100 students over the 2008-2009 and 2009-2010 years. Demand for accommodation has been met for some of these students through agreements with large private providers, but inevitably some students were accommodated within the private sector through house hunting events organised in partnership with Unipol.

2009-2010 Intake in Nottingham



There is a total residential need estimated at 34,927 students in Nottingham. There are 16,679 bed spaces in large developments, and in 2009-2010 all large developments were practically full of either returning students or as a result of nomination agreements with the universities

Demand for off-street accommodation has risen by 5.9% for 2009-2010 to 26,684 from 25,202 in 2008-2009 which is positive for owners. The 2009-2010 letting year saw enhanced demand which included the depressed intake of 2006-2007 leaving the system. The graph above shows the continual small, but not insignificant, increases on demand in the private sector.

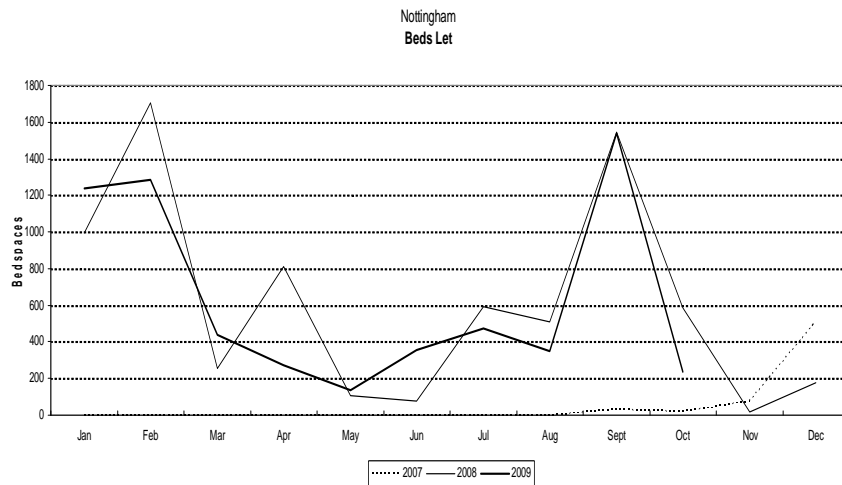
Large Developments Supply

Over the next 12 months, there will be limited new supply coming on line as a result of the economic slowdown, although Opal are due to bring on line 700 bed spaces at its new Jubilee site. UPP have refurbished a number of rooms at Broadgate Park which will return to the market over the next 12 months but following this, there is little additional supply planned other than what is already on-site. In reality the latest additional bed spaces have been absorbed by expanding student numbers at both institutions.

Market Activity 2009

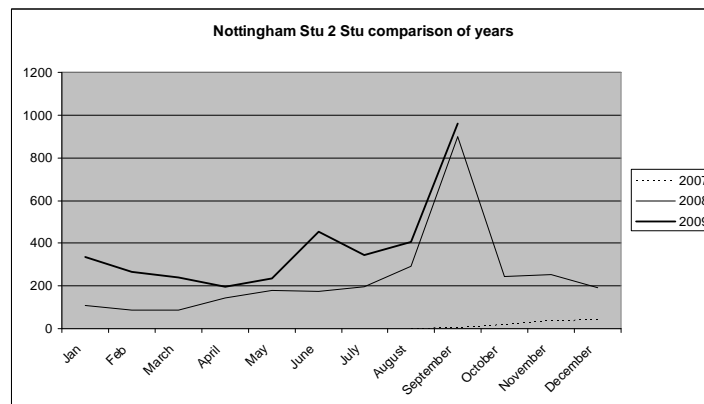
Unipol has displayed 12,565 bed spaces in 2009. Of these, 6,398 were in off-street properties estimated at 54% of those advertised and 6,167 were in large developments which is around 85% of the estimated available market. The introduction of charging owners to advertise on the site did not deter owners from continuing to use the service and the high letting figures through the site show the site represents good value for money to owners.

The website has seen a total of 186,477 searches, an increase of 15% on 2008 searches as the site begins to grow in popularity amongst students in Nottingham. The pattern for letting properties through the year is illustrated below with the start of the house hunting year on Saturday 24th January 2009 reflecting lower lettings through January and February as students took their time to decide which property to rent. Lettings were strong later in the year through June and July before a peak in September where new to Nottingham students attended house hunting events.



Student to Student Notice Board

The student to student notice board is becoming a well used resource amongst students in Nottingham, with 3,432 messages left in 2008 compared to 2,864 in 2007. The most popular category is accommodation available for students looking to move rooms or leave University. Unipol also introduced a new category in August for first year students who were new to Nottingham and unable to be housed by the institution which was well used.



Average Rent Levels

The average rent of a shared property in Nottingham is £62.80, a modest increase on the £62.18 being charged in 2008-2009.

A number of popular student street have been examined and the rent levels are shown below.

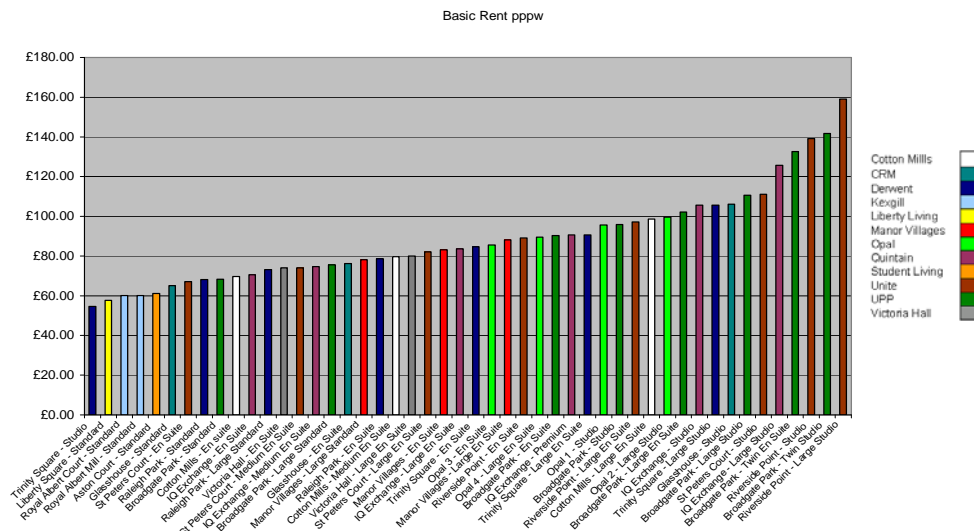
<u>Area</u>	<u>2008-2009</u>	<u>2009-2010</u>
Lenton Boulevard	£65.41	£62.27
Kimbolton Avenue	£66.86	£67.07
Marlborough Street	£60.53	£60.46
Beeston Road	£56.11	£58.75
North Sherwood Street	£62.81	£61.28
Foxhall Road	£63.43	£59.77
Cromwell Street	£60.36	£61.79

It is also possible to break down the average rent level by Type of accommodation:

<u>Type</u>	<u>2008-9</u>	<u>2009-10</u>	<u>Deposit</u>
Private Hall	£76.15	£80.80	£184.81
Self Contained Flat	£74.94	£76.56	£242.73
Shared Flat	£62.35	£64.68	£224.11
Shared House	£62.87	£62.71	£232.58
Owner Occupier	£76.24	£81.44	£203.25
Studio Flat	£79.75	£119.00	£250.00

Although these figures represent the average rent and average deposit, these figures cover a wide range of figures, with rents ranging from £35 - £134 per person per week and a number of owners charging zero deposit.

In large developments, the rental spread is more complex as the length of let is extremely varied and the number of amenities can vary between providers. The table below shows a comparison of rents in large developments, making allowance for amenities and standardized over the same letting period.



Website and House Hunting Activity

Total hits on the website

- 2008 – 7,115,795
- 2009 – 9,396,849

Total pages hit

- 2008 – 1,221,566
- 2009 – 1,741,279

Hosts (users)*

- 2008 – 43,929
- 2009 – 53,047

* Source: google analytics: unique visitors

Characteristics of the Nottingham Property Market

The statistics below show the percentage of properties which have certain amenities in the Nottingham property market and how this has changed over the past three years

	2007	2008	2009
<u>Smoke Detection</u>			
Battery Smoke Detectors	15	21	9
Mains Interlinked	59	60	65
Zoned	15	9	18

The effects of accreditation on the type of smoke detection system is clearly being demonstrated within the market as battery smoke detectors are now present in less than 10% of properties, with a clear increase in mains interlinked and zoned systems.

	2007	2008	2009
<u>Double or 4 foot Beds</u>			
All	56	53	63
Some	29	32	28
None	14	15	9
<u>Other amenities</u>			
Microwave	70	76	76
Washing Machine	97	95	96
Washer Dryer	27	31	38
Dishwasher	23	17	27
Burglar Alarm	81	71	69
Off Street Parking	32	36	39

Summer Rent Concessions	n/a	48	47
Individual Lets		28	30

	2007	2008	2009
<u>Inclusivity of Bills</u> (% not included)			
Water charges	81	73	74
Gas	96	89	90
Electricity	96	89	90

Very few properties include energy bills within the rents

Nottingham Trent University and Unipol

For house hunting in January, Unipol and NTU will be running a joint service which will include a central database to display adverts to both NTU and University of Nottingham students. The only difference between the existing Unipol Nottingham system will be that when accessed through NTU's website, the pages will appear 'embedded' within the NTU site. All other details will remain the same and owners will be able to place and pay for adverts at either Unipol or NTU's offices. It is anticipated that this will see the service grow further and penetrate more NTU students and see accreditation spread more widely throughout Nottingham's student areas.

Unipol/DASH Code

The Unipol/DASH Code now has 347 and 6 agents owners who are accredited as well as 4 Supporters of the Code. 1,087 student properties in Nottingham have been inspected since October 2007 and there have also been 91 re-inspections to ensure that landlords are completing the required works. There are a further 54 inspections in the pipeline to take place before mid January 2010.

There has been a noticeable increase in landlords with properties in NTU areas as a result of the announcement that Unipol and NTU will now be operating one system, but it is expected that more will come forward for accreditation. The majority of University of Nottingham landlords have gone through the accreditation process and this is reflected in successful lettings, with a Unipol/DASH Code property taking on average 91 days to let compared to a non-code property which takes in excess of 130 days to let.

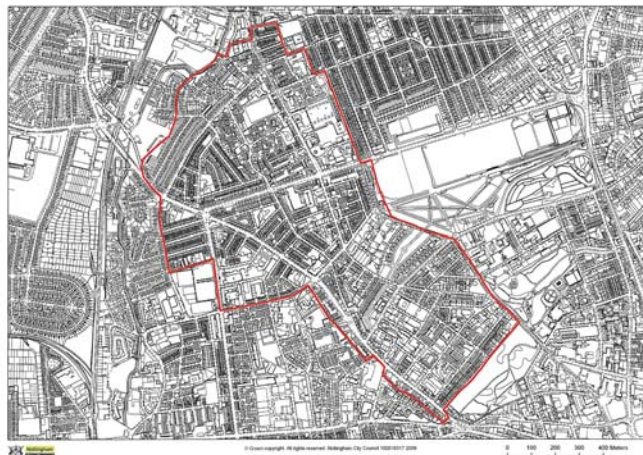
The Unipol/TDS Deposit Protection Scheme

For some time, Unipol has been in discussions with The Dispute Service over a scheme where Code landlords can protect tenancies at low cost. The system will go live on January 5th 2010 and enables landlords to protect deposits with The Dispute Service for a fee of £14 +VAT per tenancy. The Dispute Service is one of the Government approved agencies which protects tenancy deposits and is an insurance backed scheme.

This system is only open to Unipol/DASH Code Owners who will be notified early in the new year when the system goes live.

Consultation on HMO's

Nottingham City Council has been consulting on the introduction of Additional Licensing in the city. The consultation period ended on Friday 11th December 2009 and Unipol's response is available [here](#). The area in question is shown on the map below;



Landlord Training

Unipol hopes to be able to launch a number of training modules for landlords in Nottingham in January 2010, which, in response to feedback, will include session on:

- *An Introductory Course for New Landlords Letting to Students (one day event) - 6 days proposed*
- *What Do Students Want? - half day event*
- *Hazard Management - half day event*
- *The Student Lifecycle: Managing Tenancies at the Beginning, in the Middle and at the End - half day event*
- *What is a Tenancy? Housing Management - Knowing Your Law - half day event*
- *LACORS Fire Safety - half day event*

As soon as details are announced they will appear on the Unipol website.

Conclusion and Looking Ahead

Over the past 12 months, the Unipol Nottingham service has continued to grow and become a central point for students looking for accommodation. There has been a significantly increased number of students in the market which has resulted in the surplus number of bed spaces reducing with the addition of new supply being filled by growing student numbers.

The credit crunch has seen a slowdown in large scale development although some applications are reaching the planning stage, it remains to be seen whether these applications transfer into bed spaces and how long this may take.

In terms of rent levels, increases in rents are likely again looking ahead to 2010-2011:

- purpose built rents around 5%
- off-street by 2%

The house hunting season commences again on Friday 22nd January 2010 and a number of events are planned including house hunting fairs. Keep an eye on the [Unipol Nottingham website](#) for all the latest details.