



REPORT FOR WELLCOME TRUST

ON

BENTLEY HOUSE

200 EUSTON ROAD, LONDON NW1

15 June 2010

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1 INTRODUCTION

- 1.1 King Sturge (KS) has been asked by the Wellcome Trust to produce a report on the demand for student accommodation in London with particular reference to the above site.
- 1.2 By way of introduction the Higher Education team is a multi-disciplined unit within King Sturge which incorporates resources from our student accommodation, specialist valuation, public sector consultancy, building consultancy and planning teams.
- 1.3 The King Sturge Higher Education team is currently instructed by a number of universities on a range of disciplines including estate strategies, optional appraisals, lease negotiations. We are currently engaged by the following London Universities:
- City University, London
 - The London School of Economics
 - University of Westminster
 - University of East London
 - Institute of Education

2 THE STUDENT HOUSING MARKET

- 2.1 There remains a significant requirement for student housing in London and in particular in Boroughs adjacent to the main London University campuses at Holborn. Purpose built housing is the most appropriate method of providing this requirement as it eases student demand for market rented housing.
- 2.2 There is a major demand / supply imbalance of private sector student accommodation which is set to continue in the medium term. London represents a significant potential market with some 257,000 full time students. Yet the university and private sector can only provide accommodation for approximately 23% of full time students currently. Of the 257,000 full time students only 40,000 bedrooms are in university halls of residence. This indicates that 84% of students cannot obtain university accommodation.

| | Accommodation (bed spaces) | Proportion of Students |
|--|-------------------------------|---------------------------|
| London Universities | 51,437 | 20% |
| Private Sector Operators | 7,406 | 2.8% |
| Other (Students Resident "at home" or in HMOs) | 198,492 | 77.2% |
| Total | 257,335 (Approx) | 100% |

- 2.3 There are over 250,000 full time students in Higher Education in London which is estimated to rise in the forthcoming academic year. HEFCE have projected that numbers of undergraduate, postgraduate and overseas students will increase further going forward.
- 2.4 The Private Sector Operators currently provide 7,406 bedrooms that are directly let to the market. This represents just 2.8% of total student numbers. The majority of privately owned accommodation in London is subject to leases or nominations agreements and therefore not available as direct let accommodation to the London market (these schemes are all included as part of the university provided accommodation).
- 2.5 We are only aware of approximately 7,500 bedrooms in the pipeline which are under construction or have planning permission which represents only 3% of current student numbers
- 2.6 Therefore a total of 58,843 (22.86%) of students can access purpose built university or private sector accommodation, which indicates that 257,335 (77.14%) of students must rely on obtaining accommodation elsewhere. This shortfall is broadly made up from either Houses in Multiple Occupation (HMOs) or from students living with parents.

3 SUPPLY DEMAND IMBALANCE

- 3.1 Universities try to guarantee all their first year, overseas and post graduate students a place in halls of residence. Universities try to provide accommodation in order to attract students to study at the University and to assure that they are integrated into the ethos of the university.
- 3.2 The London School of Economics have undertaken a survey and found that if a first year student is not offered a place in a hall of residence then 18% of those offered a place will decline to attend that University.
- 3.3 We have also looked at the report into Student Housing in Camden (October 2009) and agree that under future trends in student accommodation most universities expect their roll numbers to grow to at least 2011, which in turn leads to a growth in student housing demand and the amount of accommodation required. (see Appendix 1)
- 3.4 Universities are in competition with each other much more now with the introduction of top-up fees. This may be made worse where the Browne review on fees is completed. Without the offer of a residence London Universities may struggle to recruit numbers.

- 3.5 Some Universities therefore have to restrict an offer of a place in a hall of residence to those that live outside a certain travel distance from the campus. This does not help the University attract the target for local students in deprived areas to go to their local University.
- 3.6 Purpose built student accommodation is provided either on a direct let basis or subject to an agreement with a university. The agreement with the university comprises either a nominations agreement or lease agreement. The current provision of privately owned purpose built student accommodation relates to just 2.8% of full time student numbers.
- 3.7 Universities are unable to meet the demand for student accommodation, as detailed above, and as such have requirements for additional student accommodation. Their preference is for their students to be located within easy reach of the university. The subject property meets this criteria by being so well located for many universities and colleges.

4 CONSTRAINTS ON UNIVERSITIES

- 4.1 Some universities are unable to compete commercially for sites for student housing. Purchasing sites requires significant capital investment which some universities do not have available for student accommodation. Furthermore universities often focus their resources on providing additional academic accommodation as a priority rather than student accommodation. As a result some universities are limited to their existing accommodation and have a reliance on the private sector to assist. They also are often unable to expand their accommodation provision to keep up with growth of student numbers. Some universities are forced to spend their limited resources on their main campus accommodation which is often tired and out of date. Therefore, as a result they rely on expert developers to provide student housing for their students.

5 STUDENT NUMBERS

- 5.1 Study London predict that the numbers of postgraduate students will continue to increase in the future. Postgraduate student numbers have been rising nationally over the past few years and the UK projections show a further increase as demonstrated in the graph (Appendix 2).
- 5.2 Demand for university places remains robust; applications for university places in February 2010 increased by 24% on the previous year, although there is only limited funding for additional places

- 5.3 The overall trend in student numbers has continued upwards.
- 5.4 University and Colleges Admission Service (UCAS) data indicates that the number of those accepted onto courses for 2009 was 481,854 - an additional 68,424 students or a 16.5% rise on 2007.
- 5.5 Student numbers have risen 30% over the past decade to 2.47m (of which 1.54m are full time. In the past 12 months, full time numbers have risen by 4%.
- 5.6 Funding restrictions on the HE sector mean that significant further growth in the number of UK students is unlikely, although numbers of overseas students are expected to increase.
- 5.7 The new Conservative/Liberal Democrat coalition government has however announced that it will fund 8,000 additional full time undergraduate places and 2,000 part time places in Autumn 2010. These numbers look unlikely to meet demand and many potential students will not secure a place at university.
- 5.8 However fundamental demand for Higher Education remains strong; in February 2010 UCAS reported an increase of 24% in all applications for university places. It appears that the impact of the recession has been to increase the number of applications for places, albeit many of these are likely to be from mature students who may not apply for full time courses and whose accommodation needs will be limited.
- 5.9 There is a view that in some areas 'studentification' has occurred. Large numbers of students have tended to dominate certain residential areas to the detriment of those seeking family or affordable housing. In reality, building a purpose built block should reduce pressure on family houses from students.

6 UNIVERSITIES

- 6.1 Bentley House is situated within close proximity to Russell Square which is where a large concentration of universities are located. The universities situated in close proximity include SOAS, University College London, Birkbeck College, University of London, School of Hygiene and Tropical Medicine, Institute of Education, Institute of Child Health and the Institute of Neurology. The property is very well located for these universities and is accessible via the transport network to the remaining main London universities and colleges. We consider that the property is situated within close proximity to the main universities in London. (See Appendix 3)

- 6.2 We have approached leading Universities who we are aware are looking for additional accommodation in this area.
- 6.3 We are aware that UCL have a requirement for circa 1000 student beds and as can be seen from the attached letter (Appendix 4) of support they are interested in this site it being only a few minutes walk from the main campus. You will note that they have been involved with the design to accommodate their immediate requirement for post-graduate accommodation.
- 6.4 The University of the Arts are opening a second campus at Kings Cross in September 2011. The University of the Arts have over 20,000 full time students of which only 20% of students are presently accommodated in University provided accommodation.
- 6.5 The University have advised that they have a requirement of over 2000 new bed spaces and have an active requirement in this area.
- 6.6 The London School of Economics who already have accommodation in the Borough have a requirement for an additional 700 beds. This is mostly to satisfy demand for growth in post graduate numbers. LSE have advised that they like the location of Euston Road as it is accessible from their main campus and is well within the required thirty minute travel time on public transport.
- 6.7 Furthermore, Westminster University have an immediate requirement for 1000 beds.

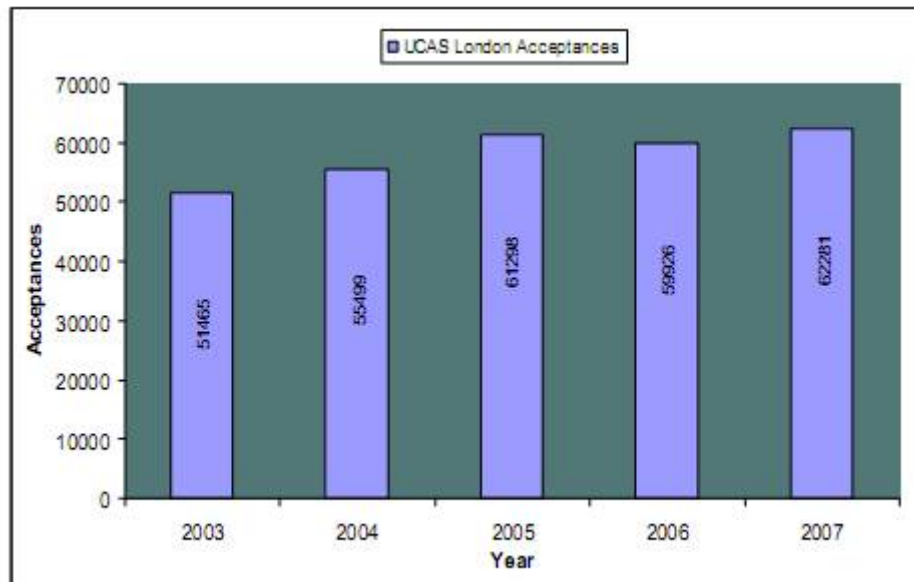
7 SUMMARY

- 7.1 Despite recent funding cuts to Universities from HEFC the demand for places at universities remains strong. This is particular true of London which has 18 universities in the Good University Guide 2010 5 of which are also considered world class including UCL; LSE; and Imperial. LSE for example has between 8-14 applications for its courses for each available space.
- 7.2 As a result of funding cuts universities are more likely to use their own capital resources in funding Capital Investments in their main campus as opposed to student residences. For example City University have engaged with the private sector to redevelop approximately 100 beds on their existing resident campus at Goswell Road.
- 7.3 Bentley House is particularly well located for most of the London Universities being within walking distance of the main London University campus with its constituent schools/colleges including University College London.

- 7.4 As set out in the supporting letter from UCL the University have a strong relationship with the Wellcome Trust. Bentley House has been designed around the requirements of their post graduate students particularly in relation to quality and mix of accommodation.

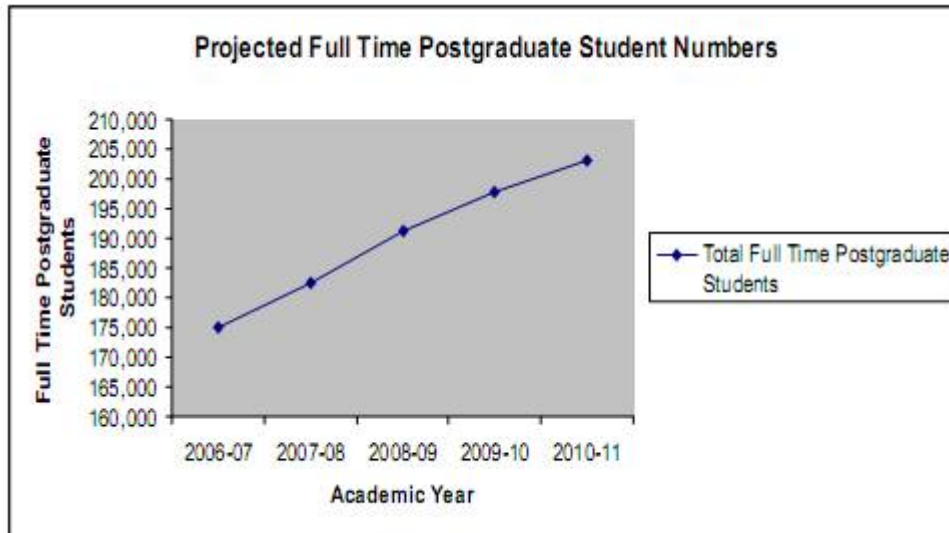
APPENDIX 1

STUDENT NUMBERS



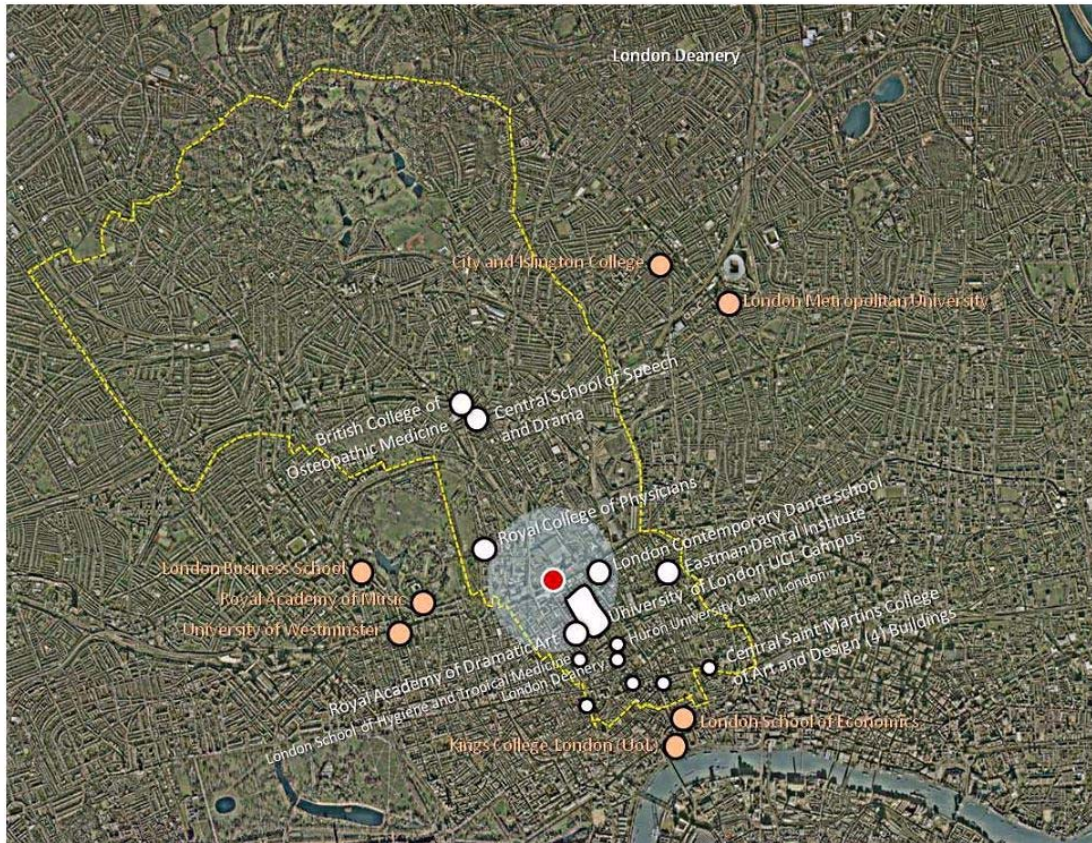
APPENDIX 2

PROJECTED FULL TIME POST GRADUATE STUDENT NUMBERS



APPENDIX 3

PLAN SHOWING SITE IN LOCATION TO LONDON UNIVERSITY CAMPUSES



APPENDIX 4

LETTER FROM UCL

UCL ESTATES AND FACILITIES DIVISION



Head of Planning
London Borough of Camden
Camden Town Hall
Judd Street
London
WC1H 9JE

11th June, 2010

Dear Sirs,

**RE: Wellcome Trust Proposed Residence at Bentley House, 200 Euston Road,
London NW1**

I write on behalf of the University College London, regarding Wellcome Trust's proposal for student accommodation at Bentley House, 200 Euston Road, London.

We as an institution have a long term relationship with the Wellcome Trust who assist us in supporting the academic life of the University through various research grants.

The University currently has in the region of 4,000 bed spaces available for occupation by its student intake. With an overall campus population of over 17,000 full time students we are limited to being able to make an offer of accommodation to less than 25% of our students. We have an existing immediate demand for approximately 1,000 additional new bed spaces to meet current requirements.

As Bentley House is situated within a five minute walk from our main campus, we are confident it would provide a popular location of residence for our students.

We have been provided the opportunity to engage in the early review of the design drawings proposed by Wellcome Trust's appointed architect TP Bennett along with agents King Sturge and would further confirm our considerable confidence that the development, which proposes approximately 160 bed spaces, will provide the type, mix and quality of accommodation that our students are currently seeking.

In particular this property would be very desirable for our post-graduates many of whom prefer to be located as close as possible to our main campus and in purpose built quality accommodation, where they are not adjacent to undergraduate accommodation.

I trust this is helpful in demonstrating an urgent need for additional student housing that will meet a clear need identified by the University on a site very close to our main campus.

I therefore confirm that we are happy to support this application, and that we are confident we will have immediate demand for the accommodation in its entirety.

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