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## Higher Education and Student Accommodation Market UK 2010-2014

AMA report reviews the UK higher education and student accommodation construction market and considers future developments

“Following the formation of a **Conservative-Liberal Democrat coalition government**, the higher education sector and wider construction industry is now awaiting clarity on where public sector spending cuts may fall and the establishment of clear economic policy for the long-term. For the higher education sector, already facing cuts of around £900m over the next three years, there are fears that extra cuts could be announced as part of the emergency measures, though this appears to have been restricted to fewer new places in 2010.”

A brief summary of the new edition of the report is included on the following page.

Priced at £650, the report is currently available from AMA Research Ltd,  
Telephone 01242 235724 or e-mail at [sales@amaresearch.co.uk](mailto:sales@amaresearch.co.uk).

### **Editors Note:**

Attached is a summary of the report. Please use brief extracts if you wish, **but we would request that references to company market shares are not published without our prior permission.**

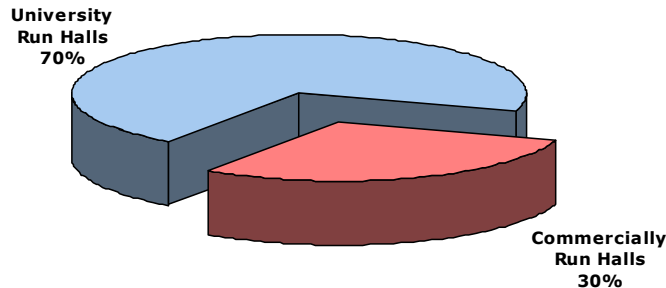
If you would like to speak to an author of this report, please contact Andrew Hartley or Chris Moore on (01242) 235724.

Please include our web address and telephone number on any review printed, it would also be appreciated if a copy of the review could be forwarded to AMA Research. Thank you.

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## Higher Education and Student Accommodation Market UK 2010-2014

### Student Bed Spaces by Ownership Type – 2010 (%)



The continued expansion in the number of students in higher education has led to increased pressure on university residential accommodation. Decent accommodation is a key part in universities' marketing strategy to attract new students, but only around 21% of students are currently catered for in university run halls. With student numbers forecast to rise to 1.5 million by the end of 2010 the shortfall in university owned accommodation will continue to grow, requiring universities to address past under investment and develop additional **student**

**residences** to cope with the growing numbers in communal accommodation.

It is estimated that there are around **469,000 student bed-spaces** in halls of residences across the UK, of which 326,000 are provided by the Higher Education sector directly and the remaining 143,000 bed-spaces by private providers.

The total UK university estate is large and diverse, totaling 25 million sq. m. of space, of which around 6.2m sq. m is residential space. The total value of the UK student accommodation sector is estimated to be around £20bn, as illustrated in the chart, of which **University owned** student accommodation is worth around £13.8 billion and **purpose built privately-owned** student accommodation is worth around £6.2 billion.

There is thought to be a **remedial investment need** of approximately £5.1bn across the whole UK higher education infrastructure, to address backlogs of maintenance, of which around £1.3bn is for residences. With around 70% of the university estate consisting of buildings that are 30 years old or more, the **replacement cost** of buildings in English universities alone is estimated to be £11bn.

Universities will face considerable funding challenges over the next decade as public spending cuts become unavoidable. HEFCE funding has already been cut by £915 million to 2012-13 and universities are anticipating much fiercer competition for lucrative international students, while the expansion of domestic student numbers has been cut sharply by the Government.

**HEFCE** is distributing around £7.4 billion to universities and higher education colleges for the academic year 2010-11. This is a reduction in cash terms of £573 million compared to 2009-10. The **capital budget** at £562m represents a 14.9% **reduction in cash terms** after adjusting for the £250 million of capital funding that was brought forward from 2010-11 into 2008-09 and 2009-10.

Following the formation of a Conservative-Liberal Democrat coalition government, the higher education sector and wider construction industry is now awaiting clarity on where public sector spending cuts may fall and the establishment of clear economic policy for the long-term. For the higher education sector, already facing cuts of around £900m over the next three years, there are fears that extra cuts could be announced as part of the emergency measures, though this appears to have been restricted to fewer new places in 2010.

Given the extreme uncertainty in the economy at the present time, a number of commercial operators are not committing to any new development projects until financial markets stabilize, instead focusing on generating and conserving funds to enable development to take place once the economy recovers. Forecasts are therefore that growth of commercially built student accommodation will be relatively flat in 2010 before development picks up in 2011.

AMA Research's report "**Higher Education and Student Accommodation Market – UK 2010-2014**" is available in hard copy or electronic format for £650 and can be ordered online at [www.amaresearch.co.uk](http://www.amaresearch.co.uk) or by calling 0871 3103450.