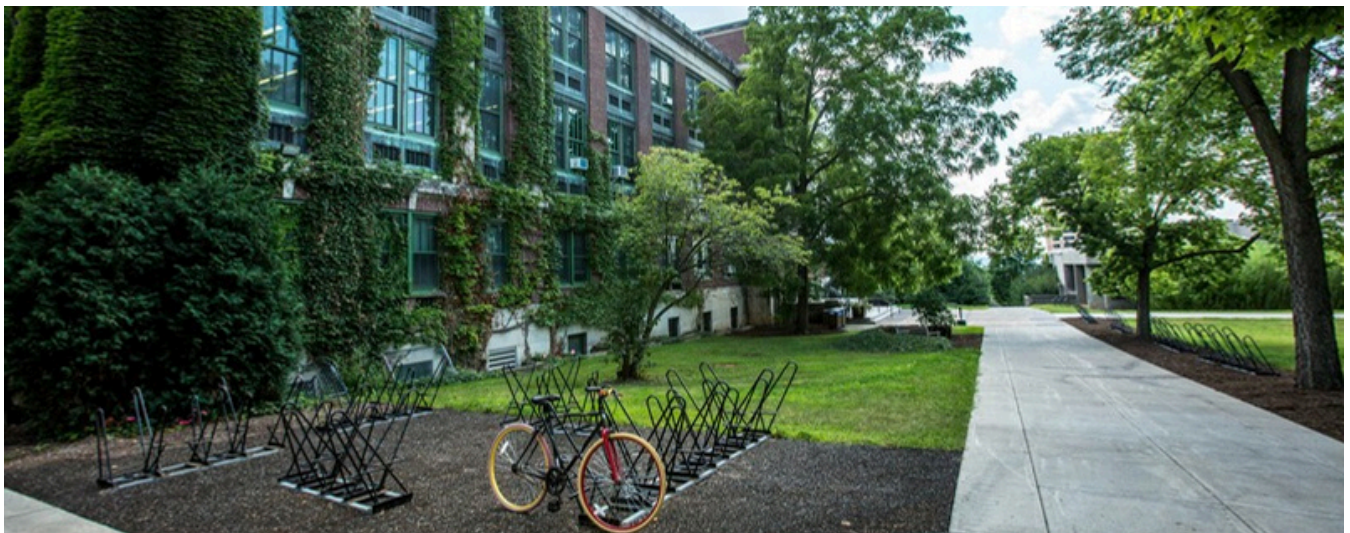


Market Insight

STUDENT LIVING

EXPLORING THE CHANGING FACE OF THE UK STUDENT LIVING SECTOR



In June 2026, ASK hosted a roundtable with developers, operators, investors and advisers from across the UK purpose-built student accommodation (PBSA) sector.

International student numbers have softened and development viability remains under pressure, but the sector's long-term fundamentals remain compelling. With an estimated student-to-bed ratio of around 3:1 in the UK university market, demand continues to outstrip supply. The discussion highlighted a maturing sector, shaped by affordability, operational sophistication and increasingly selective capital deployment.

NUANCED DEMAND

“Student numbers may still be there, but more are commuting from home.”

- While recent headlines have focused on international student recruitment, it was agreed that headline student numbers alone no longer provide a complete picture of accommodation demand.
- Several operators highlighted a growing trend towards students living at home and commuting to university, driven by affordability pressures and the rising cost of living. As a result, accommodation demand is not necessarily increasing at the same pace as student enrolment.
- This is creating a growing divide between universities that attract students nationally and internationally, and those with a stronger local catchment on top of growing financial pressures facing universities themselves.
- Several institutions are expanding their presence in London and exploring new income streams as they seek to diversify revenues. The financial robustness of individual universities is becoming an increasingly important consideration for investors and operators.

KEY TAKEAWAYS

- **Fundamentals remain strong**
- **Affordability is now reshaping the sector**
- **Viability is constraining supply**
- **Technology is transforming student engagement**
- **Operational efficiency is becoming critical**
- **Capital remains active**

AFFORDABILITY

- Over the last decade, PBSA has steadily evolved towards increasingly premium accommodation, with larger amenity packages, enhanced communal spaces and higher rental levels. However, many participants believe the market has reached an affordability ceiling in several locations.
- The next generation of PBSA is therefore expected to offer a broader range of products and price points. Developers are increasingly focused on providing the facilities students genuinely use while delivering schemes that remain financially accessible.
- Participants discussed growing demand for cluster flats and shared living arrangements that capture some of the social experience traditionally associated with HMOs, while retaining the professional management, security and amenity offer of PBSA. Several attendees noted that students are increasingly questioning whether premium amenities justify higher rents, creating demand for simpler, more affordable accommodation that better reflects the shared living experience traditionally offered by HMOs.

“We’re no longer talking about city-wide yields. We’re talking about primary and secondary locations within cities.”

MICRO-LOCATIONS

- Participants agreed that broad assumptions about individual university cities are becoming less reliable. Within the same city, performance can vary significantly depending on proximity to campus, transport links, local amenities and competing accommodation.
- As investors become increasingly selective, detailed knowledge of individual submarkets is becoming a critical component of underwriting and investment decision-making.
- Several participants noted that there is no longer a single yield or rental growth profile for major university cities. Instead, the gap between primary and secondary locations continues to widen.
- Participants also highlighted growing concerns around the Renters' Rights Act and its potential impact on the HMO market. While the legislation may accelerate the exit of smaller private landlords, many believed this could ultimately strengthen demand for professionally managed PBSA, particularly in markets where traditional student housing supply continues to contract.



ASK provided an £11.1m loan to Fusion for the acquisition and CapEx of Longcross Court, Cardiff, a 706-bed PBSA scheme.

“The next generation of PBSA will need to serve the full market spectrum, not just the premium end.”

DEVELOPMENT VIABILITY

- Participants pointed to elevated construction costs, funding costs and Gateway 2 requirements as ongoing challenges for developers. It was noted that schemes targeting September occupation need to be completed by April to give time for an effective marketing cycle. This requires increasingly careful programme management, with early consultant engagement critical to navigating the Building Safety Act and Gateway process.
- The challenge facing the sector is balancing affordability with viability. While students are becoming increasingly price sensitive, development economics remain under pressure.
- Despite these challenges, participants noted that lower land values and a more realistic pricing environment are beginning to create opportunities for well-capitalised investors and developers.

“The challenge is delivering viable schemes at rents students can afford.”

CAPITAL AVAILABILITY

- Participants agreed that investor appetite for PBSA remains strong, but considerably more selective than in previous cycles.
- Development finance remains available for well-located schemes with strong sponsorship, while value-add and repositioning opportunities continue to attract significant interest.
- Funders are increasingly seeking comfort around Gateway compliance before committing capital.
- There was also discussion around increasing participation from Middle Eastern investors alongside growing recognition of PBSA as a mature operational real estate sector.

TECHNOLOGY

- Participants discussed that students are researching accommodation differently to just a few years ago. Social media, (specifically TikTok, not Instagram) was identified as an increasingly influential marketing channel, with prospective students often placing greater trust in peer-generated content and online reviews than traditional marketing materials. Several participants noted that speed of response is becoming a key competitive advantage as students increasingly expect immediate engagement.
- The leasing cycle also continues to move later, placing greater emphasis on digital engagement and rapid response times.
- A growing focus on operational efficiency was highlighted. As portfolios scale, operators are increasingly centralising leasing, customer service and administrative functions away from individual assets. Participants debated the point at which these economies of scale become achievable, but there was broad agreement that technology, automation and AI will play an increasingly important role in reducing operating costs and improving service levels.

LOOKING AHEAD

- While affordability pressures, development viability and changing student behaviour present challenges, participants agreed that the sector's long-term fundamentals remain attractive.
- The next phase of PBSA is likely to be characterised by greater product diversity, increased operational sophistication, greater location selectivity and a stronger focus on affordability. Success will increasingly depend on understanding local market dynamics, delivering the right product at the right price point and embracing the operational efficiencies and technologies reshaping the sector.



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