

# You can own it too

## Strong growth for UK student housing



LISA BATHURST

Lisa Bathurst is the founder of Hurst & Wills, a boutique international real estate advisory based in Cape Town

**O**wning high-yielding property in the UK is much more affordable than you think, not quite the high net worth investor playground many believe it to be. In fact for as little as R1.2m, you can own a full title offshore property in one of the most successful property investment sectors: Purpose built student accommodation (PBSA)

Some of the world's richest people and sovereign wealth funds are turning their attention to student housing. Increasingly luxurious and expensive, these purpose built accommodation options are fast becoming regarded as a must-have part of an investment portfolio. In fact, 70% of investment comes from international investors.

The UK is the second most popular location for overseas students, resulting in record student intake numbers for the last four years in a row. This growth shows no signs of slowing down, with the weakened sterling making it all the more alluring for international students and their parents. In 2017, around 505,680 new students were accepted across the UK and, for the fifth consecutive year, a record number of non-EU students applied. The pool of global "travelling students" is predicted to double to eight million by 2025, with Britain set to attract more than the US, according to the British Council.

Consequently, new accommodation has to be built and the solution provides an interesting opportunity for investors to join hands with property developers.

### Focus on student accommodation

Purpose built student accommodation is the UK's highest yielding property asset and has seen total investment in the sector consistently increase over the past few years. The sector overtook the US as the largest student property market in 2015 and was heralded as a World Class Asset.

The UK is still a global education hub, attracting the best students from around the world. Even with Britain's exit from the EU progressing, the relatively weak Pound has attracted additional applications from non-EU students, with their numbers rising 5% over the last year. It is a key market, as 23% of the UK student population is now from overseas.

Student accommodation schemes can offer net rental yields of 7-8% and are

perfectly suited for overseas investors and retirees alike as a steady and guaranteed investment plan.

We are certain that UK student accommodation is set to remain popular due to its recession-proof qualities, alongside supply still unable to keep up with demand across the UK. The sector has grown by 37% since 2014, from £30.9bn to £42.5bn, making it one of the fastest growing asset classes in the UK property market.

South African investors are attracted by the strength of the UK's higher education sector. Just as it did during the economic downturn, UK student accommodation is proving resilient to concerns about Brexit. While it may be that the weaker pound is more attractive to overseas students, it also proves the ongoing demand for UK higher education.

This is an affordable asset class for South Africans and works as a good complementary wealth strategy to listed products and a diverse investment portfolio. In some cases, we are seeing yields that match those of attractive listed property funds.

However, be careful. With the attractive yields and increasing popularity, there are some developers that have jumped on the bandwagon to produce schemes that may not be the investment they appear to be. Choose your city and your student investment property well and get the right advice from those who specialise in it, parting your cash only to reputed agents and developers with experience and a proven track record in this sector.

Investing in overseas  
property is smart. Doing it  
without experts is not.

*Consult the experts.*



HURST & WILLS  
LONDON | CAPE TOWN

Contact Hurst & Wills for independent offshore property advice today.

[www.hurstandwills.com](http://www.hurstandwills.com) | [hello@hurstandwills.com](mailto:hello@hurstandwills.com)