

Student Property Investment

**The Complete Guide to
Student Property Investments**

RWinvest

EST. 2004

Tutorcad

Is Student Accommodation a Good Investment?

Accommodation

The student property investment market is one of the highest performing asset classes when it comes to investments in the UK. The market for buy to let student property has grown rapidly over recent years, with the UK student market having outgrown the US student property sector in 2015. Today, anyone who's considering building a property portfolio in the UK won't ignore student property investments, recognising the potential that this type of investment has to offer. But is student accommodation a good investment?

If you're new to the UK property market and want to find out more about this popular investment option, or you're an experienced investor and unsure if student property investment is right for you, take a look at this detailed guide to investing in student accommodation in 2020. In this guide to UK student investments, we discuss what student property investment is, the benefits of student accommodation investment, the best areas in the UK to buy student properties, and provide answers to some commonly asked questions about student buy to let. Scroll down to read more.

Contenuti

6 **What Is Student Accommodation Investment?**

8 **What are the Different Types of Student Property Investment?**

10 **Is Student Accommodation a good investment?**

12 **The Benefits of Student Investment Property**

14 **What's the Best Location in the UK to Invest in Student Property?**

16 **Frequently Asked Questions**

18 **Checklist**

20 **Invest with RWinvest**



What Is Student Accommodation Investment?

So what exactly is student property investment?

Before asking yourself whether buying student accommodation investment properties is a good purchase, you need to understand the basics.

Recent Student Accommodation Investment Trends in the UK

According to a study by the National Union of Students, it was found that out of every ten students in the UK, four of these deemed their accommodation as 'substandard'. Many of the issues students encountered revolved around the property itself, with 42% of students reporting problems with damp and insulation, and 16% experiencing electrical issues.

From 2010 to 2016, there was a 68% rise in levels of demand for more high-quality purpose-built student accommodation. During the same period, there had been a rise of just 9% for more traditional housing and university-provided accommodation.

Statistics like these highlight the fact that the UK's students favour modern and high-quality accommodation over the more traditional shared student housing of the past. Students tend to be interested in accommodation that supports their studies and lifestyle. The majority of students will seek out accommodation that's well-located, well-decorated, and comes with good access to WiFi, featuring built-in appliances like white goods and other gadgets. This has led more investors to pursue a student investment which incorporates these features and qualities as they know that this type of student investment property will experience higher demand.

'Student accommodation as an investment refers to purchasing and owning a property for the purpose of letting it out to tenants and generating income through rental payments.'



What are the Different Types of Student Property Investment?

The number one question on a lot of investors lips is 'is student accommodation a good investment?'. All in all, student property investment can be a highly lucrative venture with many benefits such as high potential rental yields and plentiful demand.



'There are benefits to both of these student investment types, so let's take a look at the pros and cons to help you decide which route to take.'

Purpose-Built Student Accommodation

Pros of Investing in PBSA

There's a high demand for purpose-built student accommodation in the UK.

PBSA is usually a new build, meaning you won't need to worry about maintenance or refurbishments.

If you invest in an off-plan Purpose Built Student Property development, you can benefit from below-market rates.

The majority of PBSA developments are normally based in prime locations such as the city centre, increasing your chances of high yields and capital growth.

When investing in student property with a reputable property company, investors can also hire a property management company to manage their buy to let student property on their behalf for a more hands-off investment.

Cons of Investing in PBSA

While there's still the possibility of strong growth, capital growth may not be as high as with residential investments.

If you invest in the wrong city or development, you may find that you generate less rental demand and lower yields.

Pros



‘The two most popular ways to invest in student property are to purchase a purpose-built student property or to buy a student house.’

Pros and Cons

Pros & Cons of PBSA & HMO Investments

Student HMO

Pros of Investing in a Student HMO

You can rent to multiple tenants at once, generating more substantial rental returns.

If one tenant doesn't pay their rent one month, you will still have some rental income to fall back on.

Cons of Investing in a Student HMO

There are more regulations and requirements involved with HMOs compared to standard buy to let properties.

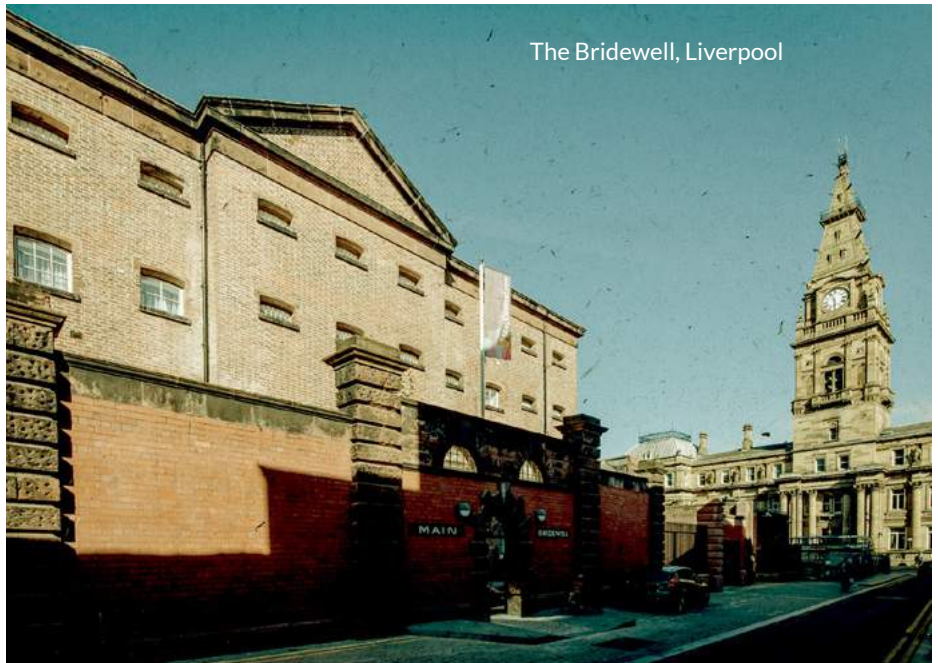
It can be challenging to secure a buy to let mortgage for an HMO investment.

Maintenance costs are higher since the property is a house rather than a single apartment. It also costs more to furnish an HMO.

Recent trends show that students are now more interested in renting private student accommodation instead of shared housing, so you may find that there's a lower demand for student HMOs.

Is Student Accommodation a good investment?

The two most popular ways to invest in student property are to purchase a purpose-built student property or to buy a student house. A purpose-built student property, or PBSA, is a property that has been developed for the sole purpose of being let out to tenants. A shared student house, also known as a student HMO or House of Multiple Occupancy, is a house in which multiple student tenants live while sharing facilities like a kitchen, bathroom and lounge.



‘When investing in student accommodation, the type of buyer who will be interested in purchasing your property from you when you exit the venture will be another property investor.’

Anyone who’s considering spending a lot of money on an investment purchase, however, will be seeking all the facts and information they can get, and one of the biggest concerns many people have looks at how beneficial investing in student accommodation is, particularly when compared with more traditional residential buy to let. Before listing all of the reasons why student accommodation investment can be a fantastic option, let’s look at some of the reasons why many investors are doubting investments in the student buy to let market.

One of the most popular views that people have about student buy to let property is the belief that residential investments are, in general, an easier investment option. Since you can sell

a residential buy to let property to any market of buyer, many investors favour this type of property over student buy to let. When investing in student accommodation, the type of buyer who will be interested in purchasing your property from you when you exit the venture will be another property investor. With more traditional buy to let, investors can sell their property to both investors and residential homeowners, which can make for a smoother exit process. While this can be a downside to some, when investing in areas with high capital growth and a lot of investment demand, it’s likely that investors selling their student buy to let property should find a buyer easily, depending on the strength of the market during that time.

‘The good news is that one of the benefits of student properties is that they’re a lot more affordable than typical buy to let flats...’



Another common reason that some investors may view student buy to let as less of an attractive venture is the fact that securing a buy to let mortgage on a student property can sometimes be more difficult. Compared to residential buy to let, there are fewer mortgage lenders who will offer a buy to let mortgage to those investing in student accommodation. While there are certainly ways around this, such as offering a higher deposit than the standard 25%, this can be a big factor for investors who are relying on a mortgage to help them pay for the property. The good news is that one of the benefits of student properties is that they’re a lot more affordable than typical buy to let flats, which makes it more likely that investors can pay for the property outright with cash savings, or by using a payment plan as agreed with the property company.

Now that we’ve covered some of the possible downsides to student property, let’s look at reasons why so many people consider student accommodation a great investment. Here are some of the biggest benefits of student accommodation investment opportunities.

The Benefits of Student Investment Property

'...data released from UCAS showed a record number of university applications in the academic year of 2020/21.'

High Demand

No property venture can succeed without demand. High levels of demand are essential in order to receive consistent rental income from a regular stream of tenants. In the UK, student investment properties are in high demand due to large student populations. Attending higher education is now much more popular than it has been in the past, with record numbers of people having been accepted onto a university course in 2018. Even in 2020, when many property investors questioned the success of student property investment during the Covid-19 pandemic, data released from UCAS showed a record number of university applications in the academic year of 2020/21.

During 2017 and 2018, a total of 2.3 million students were recorded within UK institutions according to the HESA Student Record, with an increase of 2% by 2018/19. Out of these high UK student numbers, a large proportion are overseas students. In 2016/17, the UK welcomed around 450,000 students, creating multiple new student accommodation investment opportunities. These high international student numbers are what puts the United Kingdom on the map as the second most popular study destination in the world. Students from China, Hong Kong, India, Malaysia and the US make up 38% of enrolment within universities in the UK.

'Today's students are a lot more security savvy, seeking private student apartments with CCTV, and following any tenancy rules...'

A Desirable Tenant Group

Students are often considered the best tenant group to rent to by a lot of property investors. There are a number of reasons for this. One reason is the fact that since student tenants tend to have a guarantor in the form of a parent or guardian, it's not likely that you will suffer from any loss of income if the tenant couldn't meet rental payments.

Another reason is that since for the majority of students, living in student accommodation will be their

first time living away from home, they're likely to treat their landlord respectfully and avoid any issues. The perception of student tenants as being reckless with security or causing damage to properties is now outdated. Today's students are a lot more security savvy, seeking private student apartments with CCTV, and following any tenancy rules, whether this is to do with limiting visitors/parties in the property or keeping their accommodation clean and tidy.

Benefits



Foreign Investment

The UK is one of the most popular areas for overseas investment. According to research conducted by Knight Frank in 2017, 70% of UK student investment came from overseas buyers. All five of 2016's biggest student property deals were sold to international investors, with the most significant deal being 25 student buildings across the UK which were purchased by a Singapore state investment fund. This highlights the strength of the student housing market in the UK and the overall benefit it has to the country's economy. The UK has a strong process in place when it comes to foreign property investments. Overseas investors purchasing a student investment property in the UK will be guided through the process by the property company selling the investment, a solicitor, and a financial advisor if necessary. This way, foreign investors involved in buy to let student accommodation will understand what's involved with a UK investment, being offered information on things like taxes and buy to let mortgages.

High Rental Yields

Returns are a major factor of any investment. After all, without making a return on your investment, what are you getting out of the venture? One of the reasons why so many are attracted to student property investment in the UK is because rental yields are typically high.

Student properties, especially those in the form of a studio apartment, tend to have lower purchase prices than residential properties. While purchase prices are low, however, rental costs remain considerably high, especially with more luxury student accommodation opportunities. This combination of low property prices and high rental costs results in some very attractive yields for student property investment, reaching as high as 8% or more in the right location.

Capital Growth

Along with demand and rental returns, capital appreciation is also a big part of all investment strategies and another major element to consider when finding a UK student accommodation investment. Capital appreciation is when a property grows in value over time. This is an important part of your strategy, as it ensures you make a significant return on your investment when you choose to sell it further down the line, maximising your overall returns alongside your rental income.

The UK student property sector is estimated to be worth £53.2 billion — that's a 72% rise in value since 2014. With the student property market growing in value so rapidly, and the student population ever increasing, things are looking bright when it comes to the future of student property investment.

What's the Best Location in the UK to Invest in Student Property?

'As already mentioned, rental yields, demand, and capital appreciation are the most important elements of a student property investment...'

As with any property investment, the location of your student buy to let investment plays a big part in the venture's overall success. As already mentioned, rental yields, demand, and capital appreciation are the most important elements of a student property investment, and the potential behind these can vary depending on the location you invest in.

If you look at predictions for property prices after Brexit, you can see that house price growth in Northern cities is expected to remain strong, while London property prices could be negatively affected. Thinking into the future is so important with all investments, so this is something you should factor into your student investment. Here are three of the top student cities considered hotspots for buy to let student accommodation investment in the UK.



Liverpool Student Property Investment

Student Population: **Approx 70,000**

Average Rental Yield: **5.48%**

Capital Growth Predictions: **27.3% (North West)**



Leeds Student Property Investment

Student Population: **Approx 60,000**

Average Rental Yield: **5.12%**

Capital Growth Predictions: **24.1%** (Yorkshire & The Humber)



Manchester Student Property Investment

Student Population: **Approx 90,000**

Average Rental Yield: **5.16%**

Capital Growth Predictions: **27.3%** (North West)

‘If you look at predictions for property prices after Brexit, you can see that house price growth in Northern cities is expected to remain strong...’

Liverpool

Liverpool is considered one of the top cities in the UK to invest in student property. Widely known as a thriving university city, investors who explore Liverpool student accommodation investment opportunities can benefit from plenty of rental demand thanks to a student population of approximately 70,000.

Liverpool boasts a high average rental yield of 5.48% based on Zoopla average house price and rental cost statistics. However, those investing in student accommodation in Liverpool should definitely delve a little deeper into the best buy to let postcodes in the city to benefit from higher yields. Liverpool made the Totally Money list of the best buy to let yields in the country, with six postcodes in the city boasting rental yields of over 7%.

The L1 Liverpool postcode was ranked number one on the list of 25 buy to let areas thanks to an average yield of 10.00%. This shows the importance of researching yields before looking for student property investment opportunities. Since inner-city Liverpool postcodes tend to generate the strongest yields, they're often a more promising buy to let option than more suburban areas for student investment.

Along with rental yields and a high student population, one other reason why Liverpool student accommodation investment is so promising is due to strong capital growth rates. Property prices have been growing significantly in Liverpool and the North West region, with predictions for the region's property prices to grow by 27.3% by 2024.

Manchester

Manchester is another key city for student investments. Much like Liverpool, this Northern city is known for its student scene, with a population of over 90,000 students across a number of renowned higher education institutions. Because of this high demand, those who purchase a buy to let student property in Manchester don't have to worry about a loss of income through void periods.

Rental yields in Manchester average around 5.16% as calculated from Zoopla statistics, while certain postcodes like M3 and M6 generate rental yields of up to 7.89%. The M6 Manchester postcode presents a great opportunity for student buy to let due to being based in Salford – home to the University of Salford.

Since Manchester is also based in the North West region, this means that Manchester property prices are expected to see growth of 27.3% by 2024 according to Savills predictions. Manchester property prices have significantly increased over the years, with Zoopla statistics revealing a rise of 4.40% in the last twelve months. With ongoing regeneration and a thriving student scene, Manchester student property investment makes a great option for your next buy to let venture.

Leeds

Leeds is a UK area which is becoming more popular for its property investment opportunities. Because Leeds is such a prominent university city, home to a range of top institutions, many people are considering student accommodation investment in Leeds.

Leeds has a student population of around 60,000, which is a similar number to other student cities like Nottingham and Newcastle which have student populations of around 40,000. While the student population in Leeds is slightly lower than that of Liverpool and Manchester, it's still a city worth exploring when it comes to student buy to let. Rental yields in Leeds average at around 5.12%, while some areas such as the popular student hotspot, Headingley, generate yields as high as 7.4%. Rental costs in Yorkshire and the Humber are also shown to be increasing, with an average growth from around £4,000 to almost £6,000 for student accommodation in the region between 2011 – 2018.

Growth is also predicted to be high for Leeds property prices, with predictions for the Yorkshire and the Humber region to see house price growth of 24.1% by 2024. Next to Liverpool and Manchester, Leeds is one of the top UK cities right now for regeneration, making it a great choice for investors to explore when it comes to long term capital appreciation.



FAQs About Buying a Student Investment Property

I'm a First-Time Investor – Should I Invest in Student Accommodation?

Student property investment is a great option for first-time investors. Property prices are considerably lower than with residential investments, and rental yields are high. Through regular rental returns, you'll be able to grow your income and build a well-rounded property portfolio more easily.

Can I buy a UK Student Property if I'm an Overseas Investor?

If you're an overseas investor, you should definitely consider buying a student investment property. Buying property in the UK has a lot of advantages for overseas investors. Not only do you get to benefit from the chance to make lucrative returns from a thriving market, but the investment process is a lot more straightforward for international investors than in some other countries.

Should I buy an Off-plan or Refurbishment Student Property?

An off-plan property is a property that hasn't been built yet, whereas a refurbishment property is a property which already exists and has been renovated. There are a number of benefits to buying off-plan student properties. These benefits include the fact that off-plan investments are usually offered at a lower rate, and boast excellent capital growth potential, with a good chance of increasing in value before the property is even complete.

What Due Diligence Should I Take Before Purchasing a Buy to Let Student Property?

While student property is definitely a lucrative asset to invest in, it's important for investors to stay vigilant when selecting student accommodation investment opportunities. Like any investment, there are risks that can come from investing in student property, and these risks are often avoidable by taking the right steps during the research stage.

During your search for a student buy to let property, you will most likely come across different companies selling student accommodation investment opportunities. Before being enticed by low prices and high yields, you should do the following research:

Research the company selling the property and the developer behind the project. This is especially important if the property is off-plan. Find out how much experience each company has, what their track record of developments looks like, and read customer reviews.

Sometimes properties can be listed with assured rental yields for a set period of time. To make sure you'll receive a high yield on your investment even after the assured period has ended, research the property market in the area the investment is based in. If the student investment property is based in a city and postcode that's known to generate high rental yields, it's likely that your rental returns will remain strong for a long time after the assured rental yield period is over.

By taking these steps, you can avoid making the wrong investment in student buy to let, and give yourself the best chance of success.





Is Student Accommodation a Good Investment in 2020?

Many investors have been left wary of investing during 2020 due to the Covid-19 pandemic and the economic uncertainty it brought with it. The reality, however, is that 2020 has ended up being one of the best possible times to invest in property. With huge discounts available and enticing deals offered by developers, investors can take advantage of some of the best value student accommodation investment opportunities. The rental market is also thriving, with annual rental growth excluding London having hit 2.2% by June 2020. An increase in university applications has also meant that more and more people will be looking to rent student property in the coming years.

While 2020 has no doubt been a year of financial strain for a lot of people, the future looks bright for both the residential and student rental market in the UK. If you're interested in student property investment and thinking of exploring opportunities for a student accommodation investment for sale, then 2020 is the perfect time to do so.

How Can I Buy Student Accommodation in 2020?

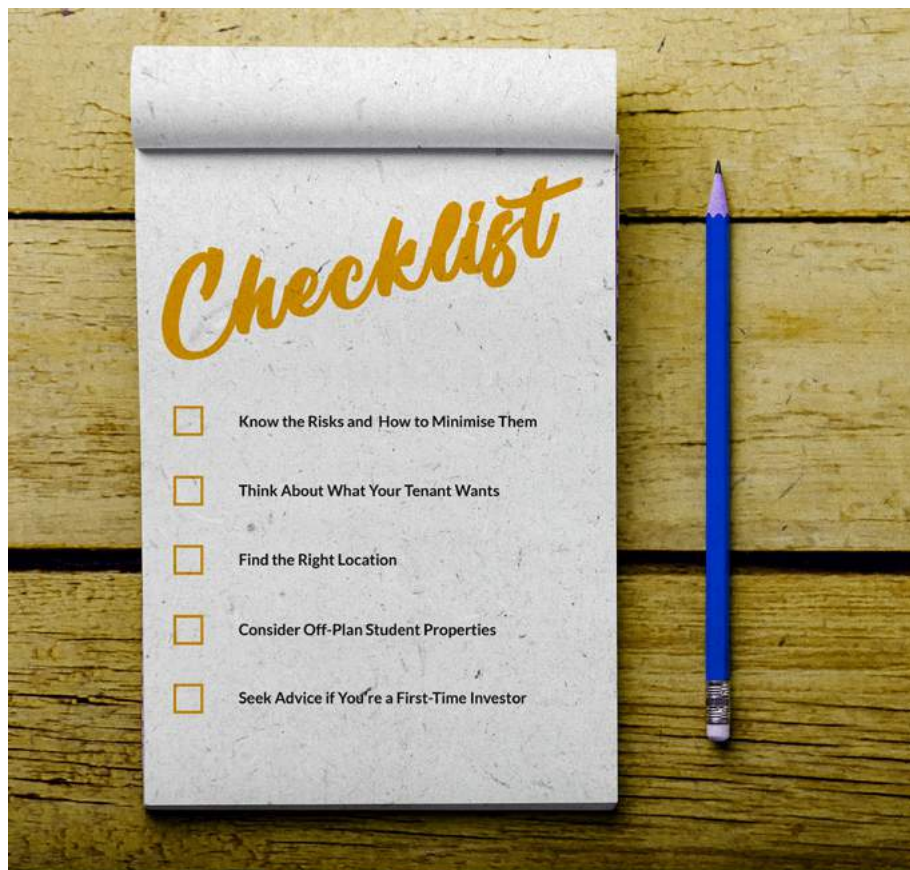
If you want to buy student accommodation in 2020, the process is still very simple, even with a few minor changes. In-line with Covid-19 health and safety guidelines, property investors are urged to carry out meetings and property viewings virtually rather than in person. This would mean taking a 'virtual tour' of a student investment property with the help of VR and CGI technology, and utilising video calls for one-on-one meetings with property consultants. For those who are interested in investing in student accommodation in the UK from overseas, this is already a much easier option and limits the need for costly travel.

For investors who are keen to attend in-person meetings or property viewings during the student property investment process, face coverings are recommended and social distancing rules should be adhered to. Here at RWinvest, whether you're interested in investing in buy to let student accommodation or a residential property, we're taking all the necessary steps to keep our investors and staff as safe as possible during the coronavirus pandemic.

Checklist: How to Invest in Student Property Effectively

So how do I invest in student property effectively?

To invest in student property effectively, there are certain things you need to know about and systems to follow to ensure you're getting the most out of your investment. To summarise our guide to student investments, keep these following tips in mind before purchasing a student buy to let property.



Know the Risks and How to Minimise Them

It's important to understand the risks of student buy to let along with the benefits. By learning about the potential risks involved, you'll know how to avoid them, such as conducting thorough due diligence on the companies behind the investment, and investing only in areas with a strong property market.

Think About What Your Tenant Wants

Figures show that students in the UK are leaning more towards modern Purpose Built Student Accommodation rather than shared housing. By taking information like this on board and weighing up the pros and cons of PBSA vs HMO investments, you could ensure a more steady stream of tenant demand for your student buy to let property.

Find the Right Location

Certain locations offer more lucrative student accommodation investment UK opportunities. Research buy to let hotspots to make sure you're investing wisely and benefitting from the highest rental returns, demand, and potential growth for your buy to let student accommodation.



Consider Off-Plan Student Properties

Off-plan investments can offer benefits to investors, including below-market rates and the ability to pick out the most attractive units. Consider making an off-plan student property investment if these qualities appeal to you.

Seek Advice if You're a First-Time Investor

If you're a first-time investor that's interested in making a student buy to let purchase, seek advice from property and/or financial experts. At RWinvest, we're always happy to offer information about the UK property market and advise you on suitable student accommodation investment opportunities.

Find a Student Accommodation Investment UK for Sale:

Explore Our Current Student Accommodation Investment Opportunities



Poets Place

Prices From: **£78,950**

NET Rental Yields: **8%**

Another great choice for those looking to invest in buy to let student property is Poets Place. This is another Liverpool investment opportunity, offering investors a chance to make high yields of 8%, attract ongoing rental demand from the city's large student population, and benefit from a high chance of capital growth.

Poets Place is not strictly a student development, in that it's also open to non-student renters. This makes this an even better student accommodation investment opportunity as buyers will have a larger market of people to sell their investment to further down the line. With luxury features and a prime city centre location, this is an investment not to be missed.

City Point



Prices From: **£59,995**

NET Rental Yields: **8%**

City Point is a completed and tenanted student development based in Liverpool. Offering investors some attractive 8% yields and a competitive price, with units starting at just £59,995, City Point is one of our most popular student accommodation investment opportunities.

With an excellent location and high-quality facilities such as LCD TVs, super-fast internet, and stylish designs and layouts, City Point is a desirable choice of student accommodation investment for sale in 2020, for both tenants and investors alike.

The Bridewell



Prices From: **£74,995**

NET Rental Yields: **8% Assured**

The Bridewell is one of our newest investment opportunities to hit the market, offering a unique purchase for those interested in student buy to let property. Now completed and tenanted, the Bridewell is a renovation project set in a historic Liverpool prison. By combining the distinct character of the building with a modern and stylish design and features, the Bridewell is an unmissable opportunity.

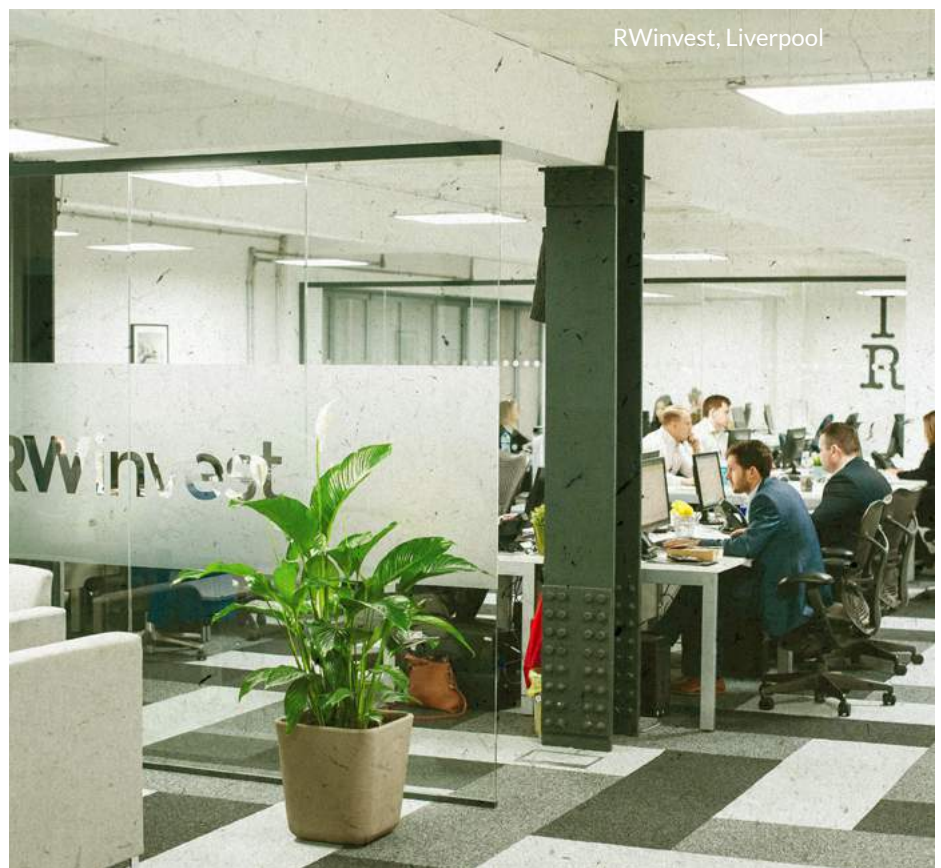
Located near the popular Knowledge Quarter, and within walking distance to all of Liverpool city centre's top attractions and university campuses, the Bridewell is a great chance to get involved with the thriving Liverpool student property market, so be sure to explore available units within this student accommodation investment for sale with RWinvest.

Find Your Next Investment Opportunity With RWinvest

True

UK Student Property Experts

RWinvest is proud to specialise in both student and residential UK investment opportunities, with buy to let properties in Liverpool and Manchester. When thinking about getting involved with student accommodation as an investment, we use our expertise to help you make the most informed decision. Focusing on rental returns, location, and potential growth, we help our clients secure the most exciting student investments on the market.



8th Today

‘If you’re interested in any student property for sale with RWinvest and are ready to take your next step, contact us today to begin your investment journey!’

Why choose RWinvest?

We have a wealth of experience working with both experienced investors and those who are investing for the first time.

Whether you’re based in the UK or internationally, we can provide you with attentive customer care at all times, guiding you through the investment process and keeping you updated on the status of each development.

We work with only the very best property development companies on the market for our residential and student investment properties, bringing our clients developments of the highest quality.

RWinvest

EST. 2004

Student Property Experts

DISCALIMER

Our guide to student property investment was last updated in November 2020. This may mean that certain statistics are outdated depending on the date that you're reading our guide.