



ADVANTAGE  
INVESTMENT LTD

# Your Guide to Investing In Student Property

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Understand the different types of student accommodations and learn which is the most suitable investment for you.

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# WHY ARE STUDENT PROPERTIES A GOOD INVESTMENT?



Choosing the right type of investment is crucial in generating profits as a property investor and there are many different investment strategies to choose from. In order to find property investment opportunities that will not only deliver a high ROI but will also achieve your short and long-term financial objectives, a deep market analysis is required.



There are a number of key factors that must be analysed in detail, such as how much demand there is for the property type you are looking to buy. Student accommodation continues to offer great investment returns due mostly to the growing student population in the UK.

There was an estimated population of 2.86 million students at UK higher education institutions in 2021/22 according to The UK Government's data. The number of students in higher education has increased by 2.7% compared to the previous year's intake, and this upward trend is anticipated to continue into the upcoming academic year.

# WHY ARE STUDENT PROPERTIES A GOOD INVESTMENT?



These figures, along with the UK's housing shortage, demonstrate that there is still large demand for student accommodation and property investors can still make excellent profits through this strategy.

With no stamp duty to pay on PBSA properties below £125,000 and typical yields being between 7%-10%, student accommodation is one of the most attractive property investment strategies right now.

Many property investors are taking advantage of the lower house prices in the North of England, where many of the top UK universities are located, to find ideal student properties that are able to deliver a high ROI.



# THE DIFFERENT TYPES OF STUDENT ACCOMMODATION



There are various types of student property to consider when looking to invest...

## **Purpose Built Student Accommodation (PBSA)**

Purpose-built accommodation refers to residential spaces specifically designed and constructed for the purpose of accommodating university students.

PBSAs can take various forms, including contemporary apartments, studios, or renovated halls of residence. The focus is on providing modern, well-appointed living spaces that offer both comfort and functionality.

In addition to private living areas, purpose-built accommodations often include shared amenities that enhance the overall student experience. These amenities may include communal lounges where students can socialise and relax, fully equipped gyms to support their fitness goals, and outdoor spaces that offer opportunities for recreation and enjoyment.

## **Student HMO**

A House in Multiple Occupation (HMO) refers to a residential property, usually a house or flat, designed to accommodate three or more individuals who will collectively utilise shared amenities such as bathrooms and kitchens. HMOs offer a practical solution for accommodating multiple tenants, fostering a sense of community while providing cost-effective living arrangements.



# PBSAS VS BUY-TO-LET



As students' expectations for the quality of their accommodation rise, purpose-built apartments are witnessing a surge in demand. Students now prioritise features such as fast and reliable WiFi, contemporary fittings, and well-furnished living spaces. This growing demand has led to an increased preference for purpose-built student accommodations (PBSAs).

Compared to buying and converting properties into Houses of Multiple Occupation (HMO), which typically involves substantial upfront costs, investing in purpose-built accommodations offers the advantage of potentially faster returns on investment. This has made PBSAs an attractive option for investors seeking quicker profit generation.



Students value the convenience and modern amenities that purpose-built accommodations offer. These apartments are designed to meet the specific needs of students, incorporating features that enhance their overall living experience. From spacious communal areas for socialising to high-speed internet connectivity for academic pursuits, PBSAs align with students' evolving expectations.

By investing in purpose-built accommodations, investors can tap into the demand for high-quality student housing and capitalise on the growing market. These properties have the potential to generate reliable rental income, attract a steady stream of tenants, and provide a solid return on investment over time.



# ADVANTAGES OF INVESTING IN PBSAS



## 1. Flexibility

Investors can choose to buy one or multiple apartments based on their financial goals, allowing them to build their portfolio at their preferred pace. One advantage is the minimal involvement required in setting up the property for rental, managing tenancy, and handling ongoing maintenance.



## 2. Hands Off Investment

PBSAs typically feature high-quality fixtures and fittings and are fully managed, relieving the investor of the need to be a hands-on landlord. Lucrative PBSA opportunities are available throughout the UK, with a focus on high-quality facilities to achieve attractive rental yields.

## 3. High Demands

PBSAs often include shared social spaces and study areas, facilitating interactions among students residing in the building. Development companies conduct thorough analyses to identify prime locations with convenient access to universities, ensuring high demand for living in the area. These locations also offer modern facilities, adding to the appeal of PBSAs.



# ADVANTAGES OF INVESTING IN PBSAS



## 4. High Occupancy Rates

It is usually easier to retain tenants in PBSAs, as students are often looking to live in the same PBSA for their whole study length, rather than switching to a new house every study year.

## 5. No stamp duty

Investors will pay no stamp duty below £125k.

## 6. Assured Returns

Rental is typically higher/longer as is it usually 0-3 years signed up for when they begin university.

## 7. High Yield

Yields of above 7.8% are typical in current student accommodation hot spots with some reaching 9.56%.

## 8. Affordable

Typical apartments cost between £55k to £100k making it an easy investment even for a first-time investor.



# DISADVANTAGES OF INVESTING IN PBSAS



1. There are some disadvantages to letting to students, such as usually having higher landlords' insurance premiums to pay, as the likelihood of property damage is higher. You are also limiting the types of tenants that you can rent your property to, so if student populations did decrease in the future, you could struggle to find tenants.
2. Some UK cities are reaching market saturation, as there are too many student properties available, so before you buy a property for student accommodation, you should ensure that there is a high demand in the area.
3. Another factor to consider is that the exit strategy may be more complicated than other types of property investment, as you will only usually be able to sell to other property investors.





# POINTS TO CONSIDER WHEN INVESTING



## 1. Cash Only

Many investment opportunities on the market by way of student accommodation are limited to the funding that they can be given. PBSA can not be funded with mortgages from banks so will require a fully funded cash purchase. Student HMO's often have difficulty securing a mortgage due to additional regulations.

## 2. Higher yields

Student investment in many areas come with higher yields than other property investments and longer assured returns. Rentals on student investment are typical 1-3 years and the average yield in large cities are 7% and above.

## 3. Lower Capital growth

Capital growth is usually lower than a residential investment, this is offset with additional advantages such as the security of a guaranteed income for a set amount of time.

## 4. Location is Key

Establishing which cities and locations across the UK to invest in can be complex. Factors to consider are university size, population factors, transportation services and investment opportunities. The right locations might mean your property is in higher demand making it a smarter long-term investment.

## 5. PBSA or HMO

Choosing between HMO or PBSA can depend on your financial backing, the location you're choosing to invest in or your choice of management. HMOs require an HMO mortgage whilst you can't get funding for PSBA. The location depends on the demand in areas and what is available.

# WHERE TO INVEST IN STUDENT ACCOMMODATION



The student population across the North has increased over the years. Cities, such as Manchester, Liverpool and Sheffield have been grossly affected by this in various ways, including a boost in the economy of the city.

## Liverpool

With its 4 esteemed universities and a growing student population of 54,000, Liverpool offers a thriving market for investors. With just over 15,000 student beds available, the demand for student property is soaring, presenting a lucrative opportunity to maximise rental income and occupancy rates.



## Sheffield

Home to two reputable universities and a staggering student population of over 60,000 faces a significant shortage of student accommodations. With only one-sixth of the students having access to suitable housing, investing in student property in Sheffield is a stellar opportunity to meet the high demand and reap the benefits of increasing yields.



While cities like Manchester and Leeds have larger student populations compared to Liverpool and Sheffield, the disparity between supply and demand is more pronounced in the former. This presents investors with a greater opportunity to capitalise on the heightened demand for student accommodation and enjoy higher occupancy rates, maximising their potential returns. We have student investment opportunities in both Liverpool and Sheffield, to capitalise on the student accommodation demand and benefit from increasing yields, [contact us today.](#)

# Invest In A Thriving Economy Today!

We can help you make profitable purchases in the student market.

We specialise in sourcing the very best properties, specifically to meet our client's needs. Every client is unique and has different goals and we firmly believe a tailored approach on an individual basis works best over a 'one-size fits all' consultancy service.



Off-Plan  
Specialists



Pay Returns All  
Over The World



Personal Account  
Management