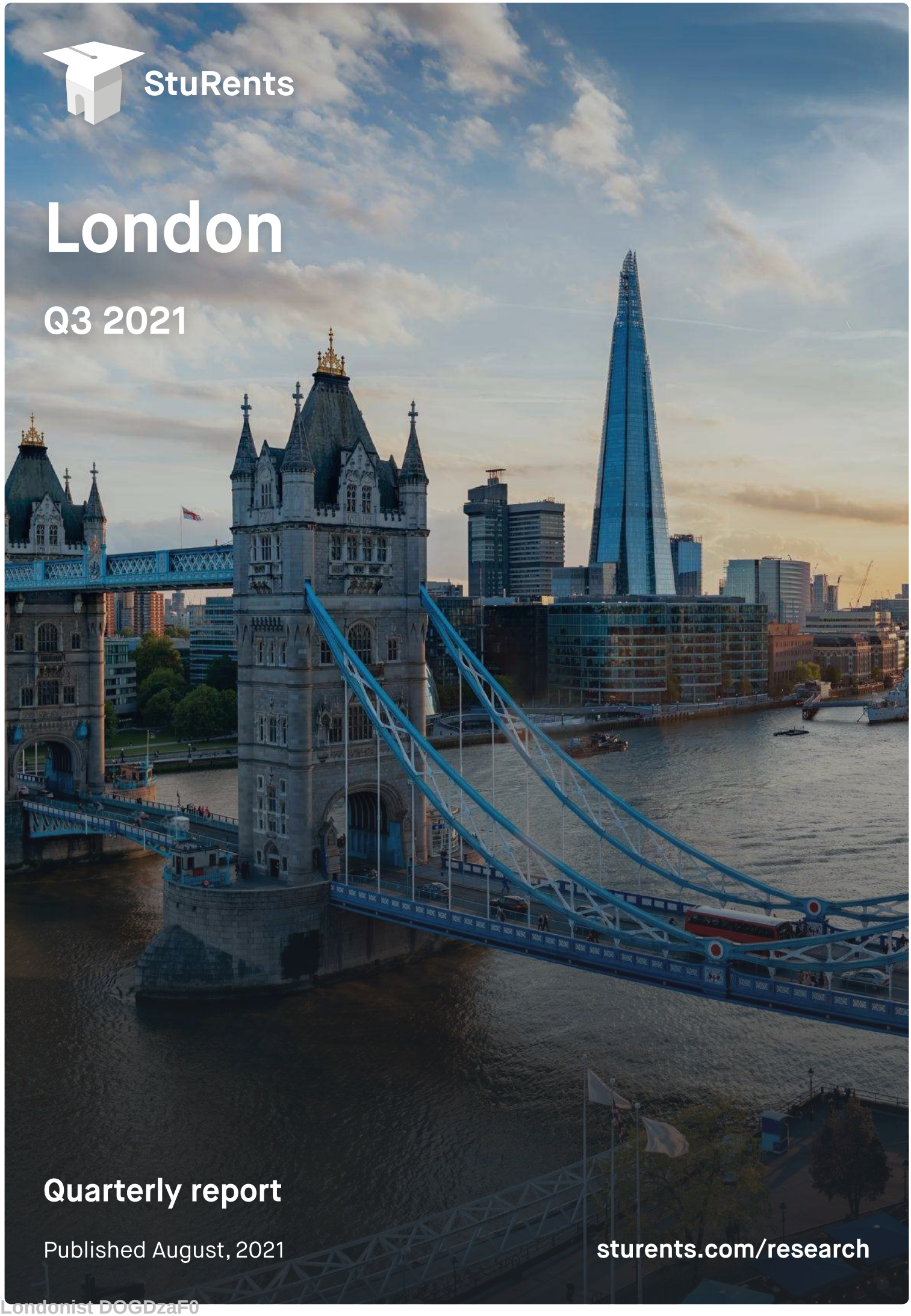
StuRents

London

Q3 2021



Quarterly report

Published August, 2021

sturents.com/research

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London | Q3-2021 Quarterly Update

Market Overview | If demand has continued to increase in line with the historical trend, then in 2021 it is estimated supply could grow by a further 10% before the supply-demand dynamics of 2017 are restored.

Market Demand | In the last three months (Apr-Jun), 1-bed flats and studios were the most popular choice, capturing 36.4% of demand on the platform. In comparison, clusters and houses in multiple occupation (HMOs) consisting of 3 beds or more achieved a search share of 39.5%.

Market Supply | The supply of purpose-built student accommodation (PBSA) in London is expected to increase by 3.4% year-on-year, with more than 2,900 units due to become operational. In 2022 an additional 1,511 units could become live, leading to an increase of 1.7% compared to 2021 levels. PBSA is expected to then grow by 3.4% in 2023, whilst more than 6,500 beds are earmarked for delivery in 2024 and onwards.

Supply Pipeline | During Q3-2021 (Apr-Jun) no new applications were put forward. However, a previously outstanding application for 250 beds was granted planning permission. The total supply pipeline in London's inner boroughs stands at 14,235 beds, with more than 9,500 units already approved.

Market News | Latest Updates

GCP Student Agrees to Takeover

GCP Student Living has agreed to a £969m takeover from a newly formed company owned by Scape Living PLC and iQSA Holdco. The news follows on from last week when the company confirmed it had received a bid to buy the company. Scape Living, which was established in 2020 and funded by APG, which is already an 11% shareholder in GCP, and iQ, funded by Blackstone, offered 213p per share, representing a 30.7% premium to GCP's share price on 1 July. (Published 20th Jul 2021)

GCP Reports Growth in NAV

GCP Student Living has recorded a 4.5% increase in NAV in the quarter to 178.8p a share. According to Chairman David Hunter, the portfolio experienced strong NAV performance due to a strengthening investment outlook for student accommodation with a high number of transactions being completed. (Published 23rd Jun 2021)

Unite Offloads London Schemes

Unite has announced the disposal of two student properties in London to its London Student Accommodation joint venture (LSAV) with GIC for £342 million. The sale is in line with book value as at December 2020 and reflects an average net initial yield of 4.0%, with Unite's share valued at £171 million. (Published 18th Jun 2021)

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About StuRents
StuRents Limited is a leading services provider for the UK student accommodation sector, operating the UK's largest marketing platform for student accommodation search, StuRents.com. The platform lists in excess of 750,000 rooms in over 100 towns and cities with a higher education presence throughout the UK. For tenants, StuRents provides an online shop window to efficiently find and contract student properties. For property managers, StuRents provides an end to end tenancy-management engine to facilitate a range of operational needs, such as online contract signing and rent collection, to referencing and deposit protection. StuRents' focus on leading by technology has resulted in the platform becoming one of the market's key data providers, serving insight on supply and demand dynamics to behavioural analysis within the seasonal student house-finding process.

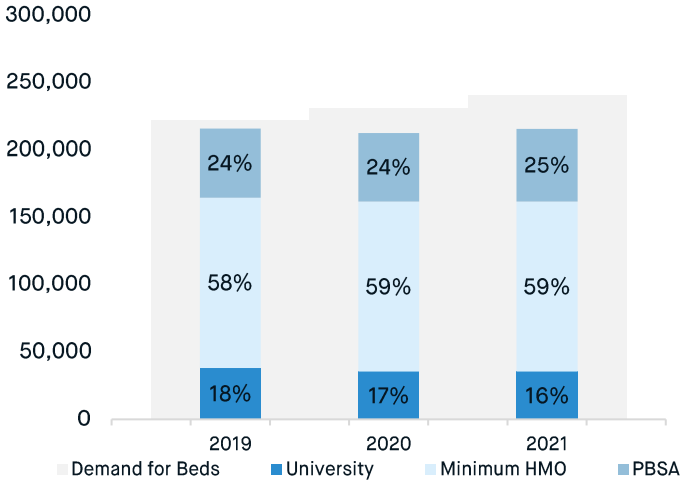
Report Coverage
StuRents estimates that 40-50% of private sector accommodation in London is listed on StuRents.com. Q3-2021 relates to the period between Apr-Jun 2021 and coincides with the yearly academic cycle ending in Sept.

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London | Market Overview

Figure 1 | Supply Breakdown & Demand for Beds



Source: StuRents Limited, HESA (hesa.ac.uk)

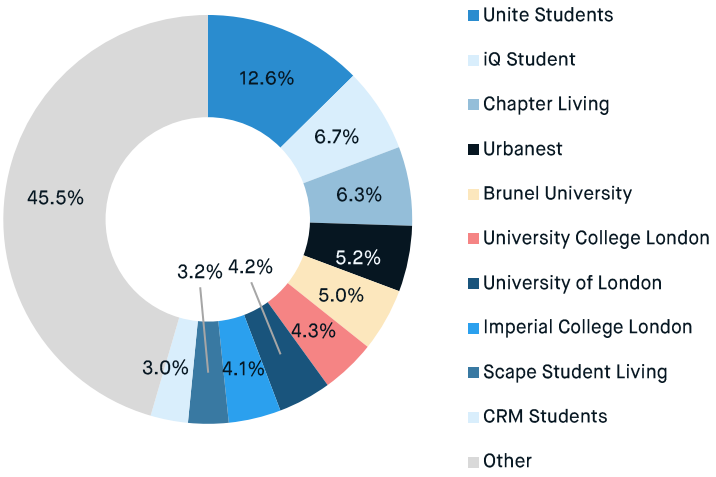
"Demand is expected to have grown at a faster pace than supply."

Supply Growth | By understanding the demand for beds in 2017, as well as the supply of university accommodation and PBSA, we can ascertain a minimum figure for HMOs. This number is combined with known growth in university beds and PBSA to provide an estimated minimum level of supply for 2021.

If the demand for beds has continued to increase in line with the historical trend, then it will have outstripped growth in supply. As a result, if supply increased by a further 10% on top of current levels expected for 2021, then the supply-demand dynamics would be equivalent to those recorded in 2017.

NB: The chart above assumes the market was in balance during 2017 and the supply of HMO has remained unchanged.

Figure 2 | PBSA Operator Share



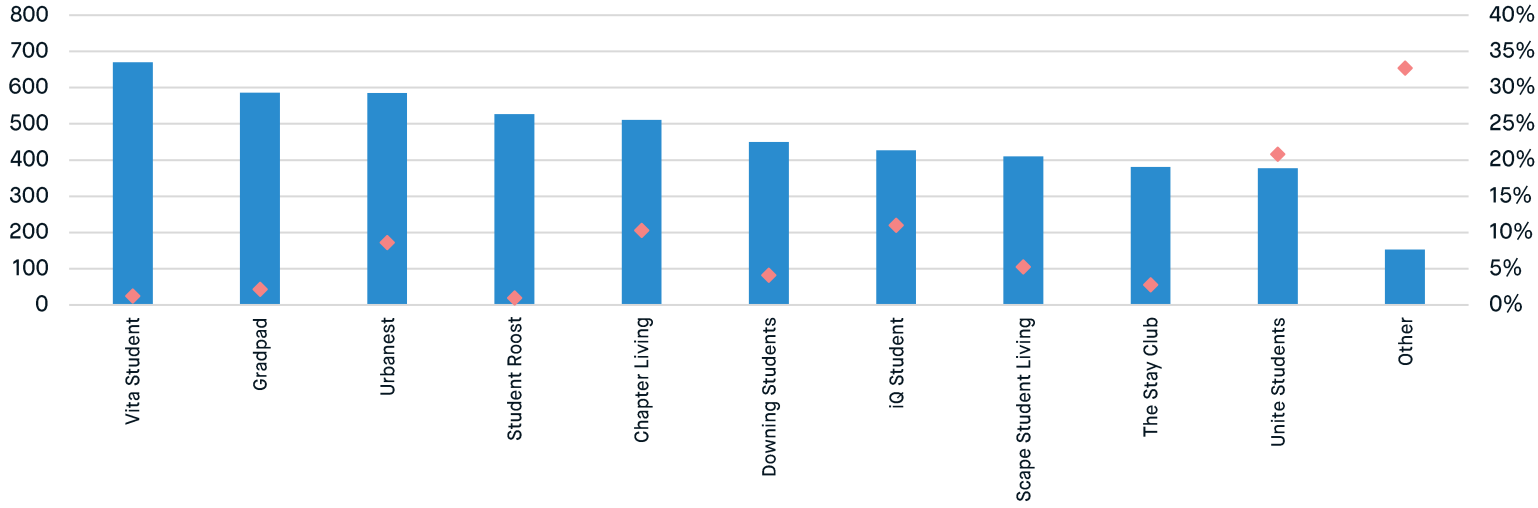
Source: StuRents Limited

"London is not only the largest PBSA market in the UK, it is also the most fragmented."

Operator Share | The PBSA market in London is highly fragmented with only Unite Students controlling more than 10.0% of supply. In comparison, the second-largest operator, iQ Student, manage 6.7% of beds. The top 10 PBSA providers in London control just over half of supply, with the balance managed by a further 58 separate operators.

If we only consider the private PBSA market, Vita Student has the largest average development size at well over 600 beds. Whilst Unite Students has a market share of 20.8%, its residences contain on average fewer than 400 beds. In comparison, the average private PBSA development in London consists of 291 beds, which is above the national average of 251 units.

Figure 3 | Average Residence Size (LHS) & Private PBSA Share (RHS)



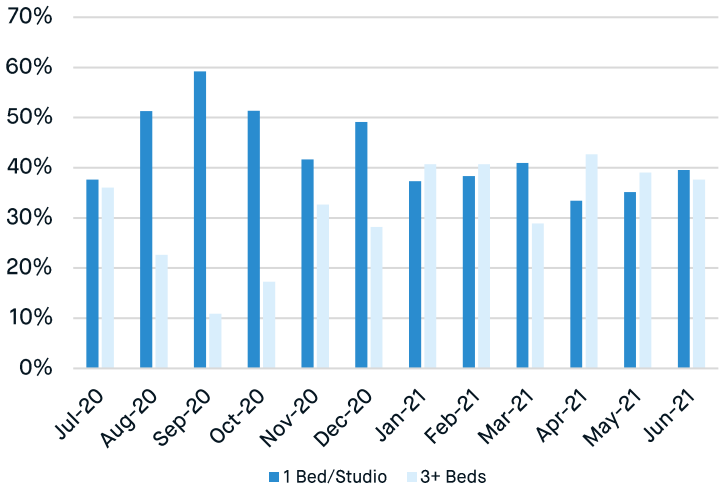
Source: StuRents Limited

Average Residence Size | The chart above enables users to better understand the average residence size per operator to determine the preference for scale within a given location.

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London | Market Demand

Figure 4 | Seasonality: Search Share by Size



Source: StuRents Limited

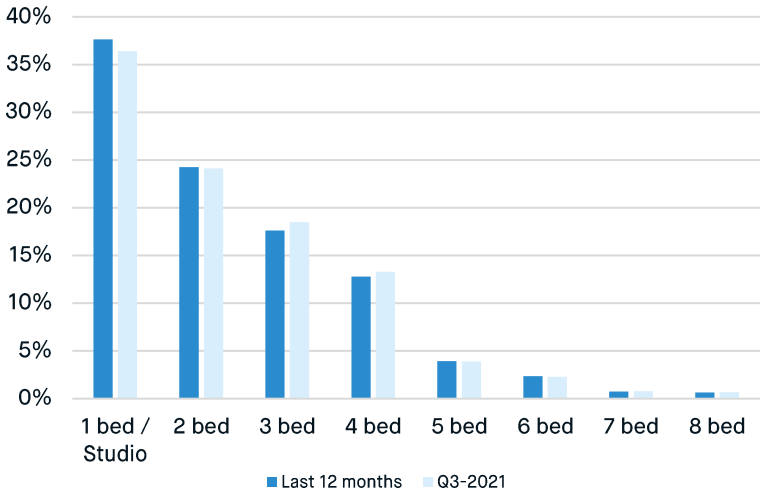
"In the last three months (Apr-Jun) 1-bed flats and studios and clusters and HMOs captured a similar share of demand."

Bed Seasonality | During Q3-2021 (Apr-Jun) 1-bed flats and studios continued to capture a decent share of demand. In Apr-21 this size equated to 33.4% of searches performed on the platform, before increasing slightly to 39.6% in Jun-21.

Similarly, clusters and HMOs containing 3 beds or more captured a healthy share of demand throughout Q3-2021. For example, in May-21 this size achieved a search share of 39.0%, before falling slightly to 37.6% in Jun-21.

Figure 4 suggests in the next three months (Jul-Sep), 1-bed flats and studios will increase in popularity at the expense of clusters and HMOs.

Figure 5 | Search Share by Size



Source: StuRents Limited

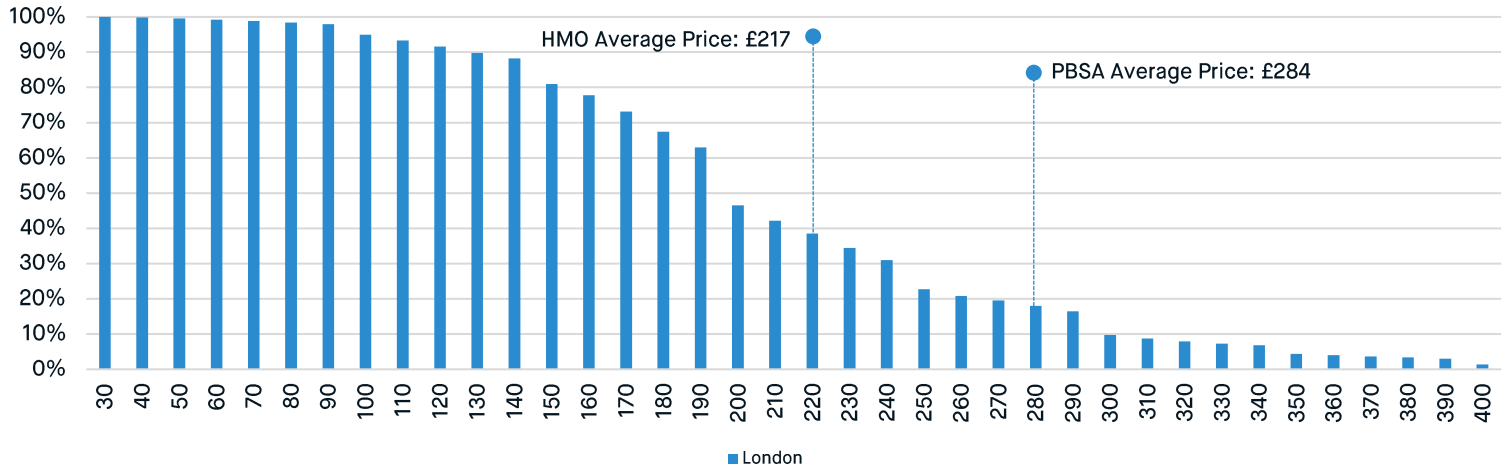
"In the last quarter (Apr-Jun) demand remained skewed towards smaller sizes."

Bed Demand All Sizes | In the last three months, demand was highest for 1-bed flats and studios, which equated to 36.4% of searches performed on the platform. This was followed by 2 beds, with 24.1% of demand attributed to this size.

Whilst smaller sizes were the most popular, clusters and HMOs containing 3 beds or more still managed to capture 39.5% of searches, albeit most of this demand was attributed to 3 and 4 beds.

Over the last 12 months, 1-bed flats and studios equated to 37.7% of demand on StuRents.com, making it the most popular size.

Figure 6 | Student Accommodation Affordability in £PPPW



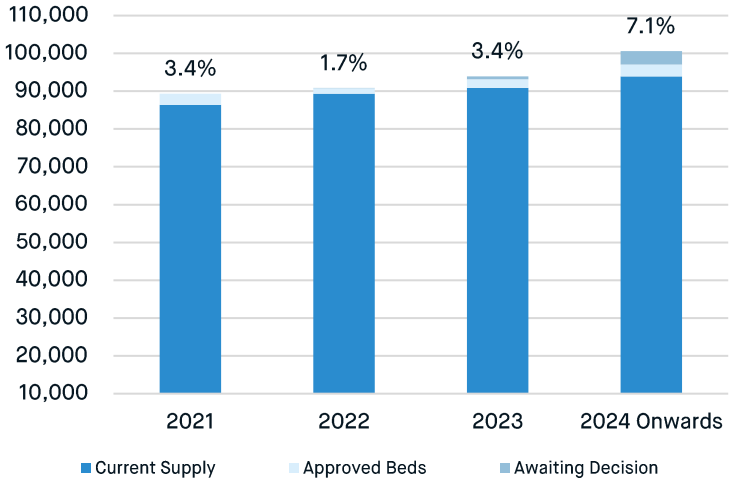
Source: StuRents Limited

Student Accommodation Affordability | The chart above shows student budgets in London based on searches on StuRents.com over the past 12 months. The chart illustrates the percentage of students that can afford each respective price category. Where prices are quoted pppw, bills (such as inclusive gas or electricity) have been removed.

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London | Market Supply

Figure 7 | PBSA Forward Supply Schedule



Source: StuRents Limited, All inner London borough councils

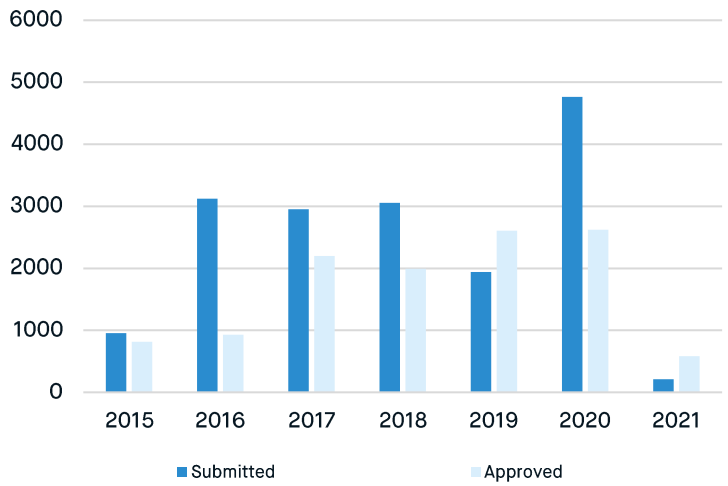
"Whilst thousands of beds could be delivered each year, growth on a percentage basis will remain limited."

Forward Supply Schedule | More than 2,900 beds are now expected to be delivered this year, resulting in PBSA growth of 3.4% compared to 2020 levels.

Supply could increase by an additional 1.7% in 2022, with a further 1,511 units earmarked for delivery. However, there remain questions over whether all these schemes will come to fruition.

The pace of growth could increase slightly in 2023 with PBSA due to grow by an additional 3.4% compared to expected 2022 levels. In 2024 and onwards more than 6,500 beds could be delivered, leading to growth in supply of 7.1%.

Figure 8 | Planning Applications (Beds)



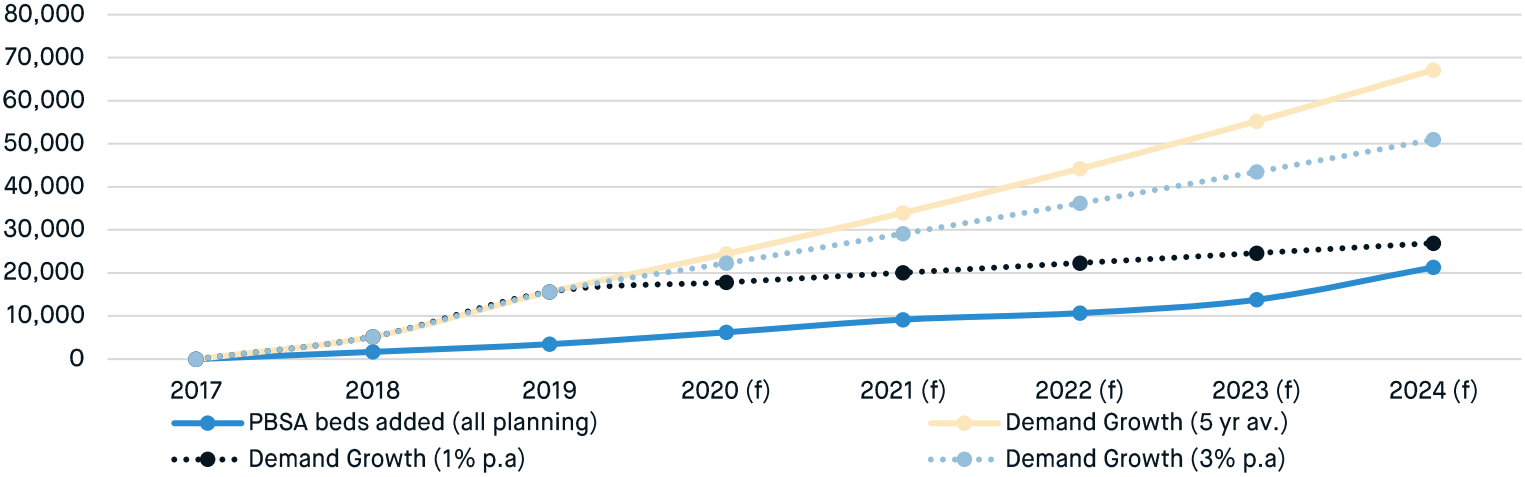
Source: StuRents Limited, All inner London borough councils

"Relatively few applications were submitted in the first six months of 2021."

Planning Applications | Year-to-date planning application activity has been limited. So far in 2021 a total of 212 beds have been proposed, compared to more than 4,500 submitted in 2020. Similarly, in the first half of 2021 applications totalling 584 beds were approved, versus 2,623 in 2020.

Figure 9 highlights the indexed change in PBSA beds and demand between 2017-2024. The chart suggests that during this period, if all beds in the pipeline are delivered and demand grows in line with the historical trend, then demand will outstrip supply growth. In total, up to 21,305 beds could be delivered between 2017-2024, compared to an additional 67,155 students requiring accommodation. However, fundamentals could be very different if demand increases at a slower rate of pace.

Figure 9 | Forecasted Supply-Demand Dynamics – Indexed 2017



Source: StuRents Limited, All inner London borough councils, HESA (hesa.ac.uk)

Supply-Demand Forecast | StuRents.com has estimated cumulative growth in PBSA bed spaces since 2017 and compared this to known and forecasted (f) changes in effective demand by using 5-year historical average growth rates, as well as projections based on 1-3% growth per annum. Users can therefore ascertain if supply is likely to have grown faster than demand and vice versa.

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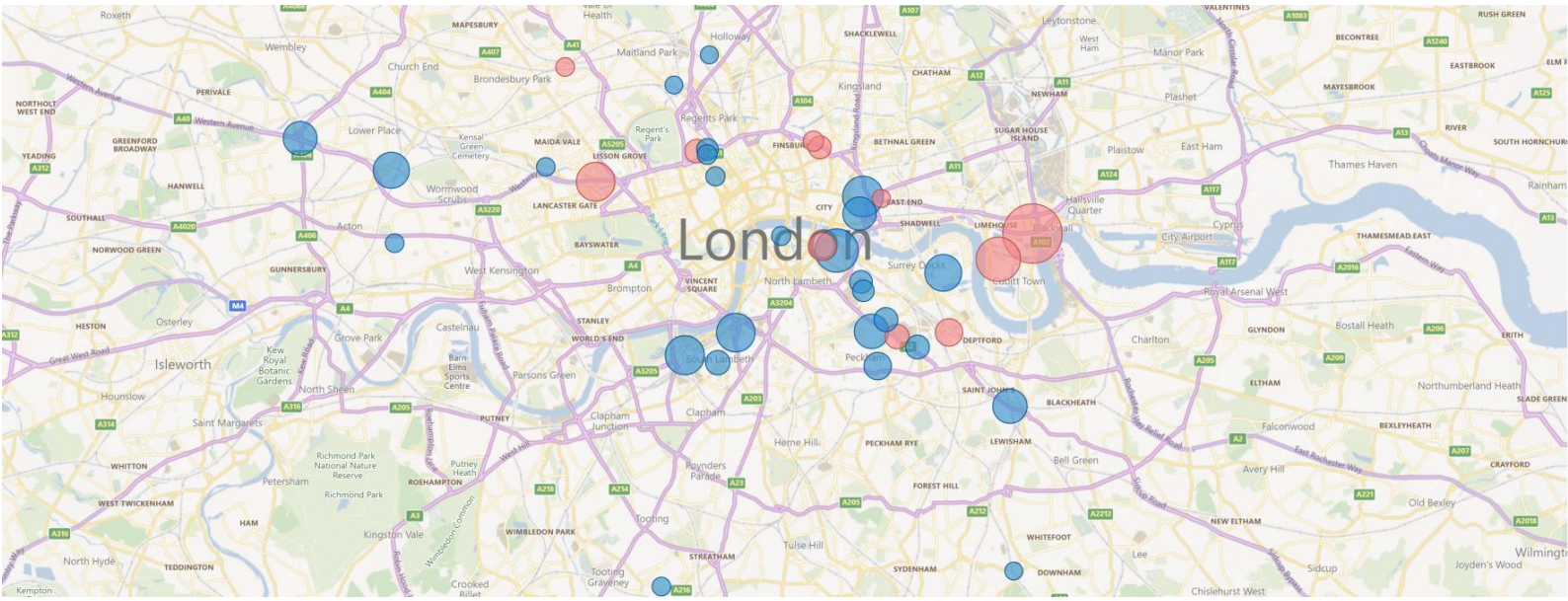
London | Supply Pipeline

"During the last three months (Apr-Jun), the only update to occur was the approval of a 250-bed scheme put forward by Tribe Student Housing Ltd."

Current Applications | In the last quarter (Apr-Jun) no new developments were put forward. The only update to occur was the approval of a previously outstanding application for 250 beds. Put forward by Tribe Student Housing Ltd, the scheme has been earmarked for Ilderton Road.

The total supply pipeline in London stands at 14,235 beds, with more than 9,500 beds already benefiting from planning permission.

Figure 10 | Supply Pipeline Locality (Approved and Awaiting Decision)



Source: StuRents Limited, Bing Maps, All inner London borough councils

Figure 11 | Largest Planning Applications

Applicant	Latest Status	Status Issued	Location	Beds	Expected Live
Urbanest UK Limited	Awaiting Decision	02/07/2020	Trafalgar Way	1672	2024
Tide Construction Ltd	Awaiting Decision	10/12/2020	Marsh Wall	1069	2024
GQ Quill Trustee 1 Ltd and GS Quill Trustee 2 Ltd as Trustees of the GS Quill	Application Approved	17/12/2020	Weston Street	1028	2024
Unite Students and The Cromlech Property Co. Ltd	Application Approved	10/09/2019	Middlesex Street	920	2022
London and Argyll Group	Application Approved	01/04/2018	Palmerston Way	860	2024
Downing Property Services	Application Approved	28/06/2018	Rudolf Place	841	2021
Kings College London	Application Approved	17/09/2013	Canada Street	770	2023
Imperial College of Science, Technology And Medicine	Application Approved	06/12/2017	Wales Farm Road	736	2021
The London School of Economics and Political Science and Hollybrook Limited	Application Approved	22/12/2020	Glengall Road	676	2024
Tide Construction Ltd	Application Approved	18/10/2019	Loampit Vale	670	2021
Hanger Lane Investments Ltd	Application Approved	31/07/2019	Hanger Lane	650	2023
Urbanest UK Ltd	Application Approved	09/11/2017	Vine Street	629	2021
Kings College London	Awaiting Decision	14/01/2019	Borough High Street	417	2023

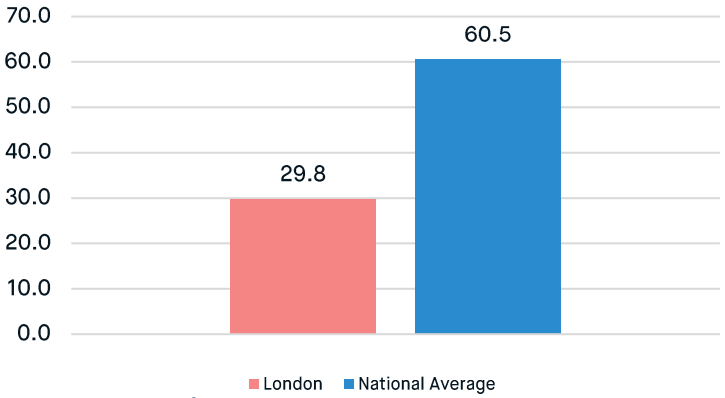
Source: StuRents Limited, All inner London borough councils

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London | StuRents Student Accommodation Q3-2021 Rankings

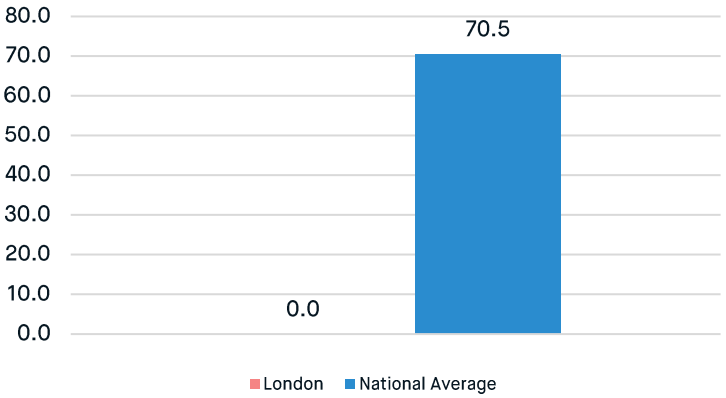
StuRents Accommodation Rankings | StuRents' Rankings provide an insight into the attractiveness of private accommodation to students, parents and developers in all major university towns and cities. Inputs are weighted based on results from a survey of students, which determined their most important factors when house hunting. Higher values reflect a more attractive ranking.

London | Overall Ranking



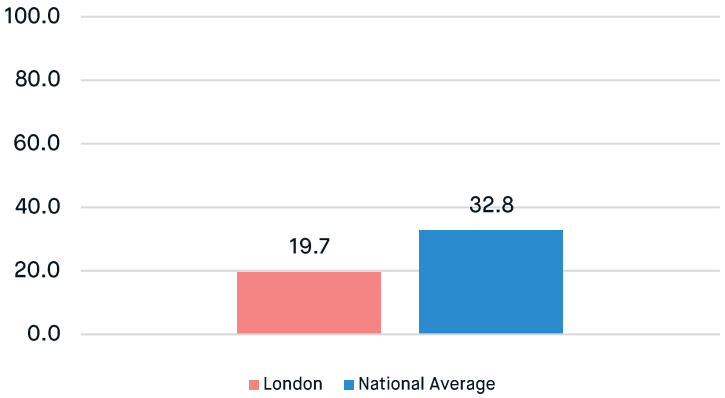
Overall Ranking | London sits below the national average according to the StuRents Accommodation Rankings.

Input 1 | Affordability



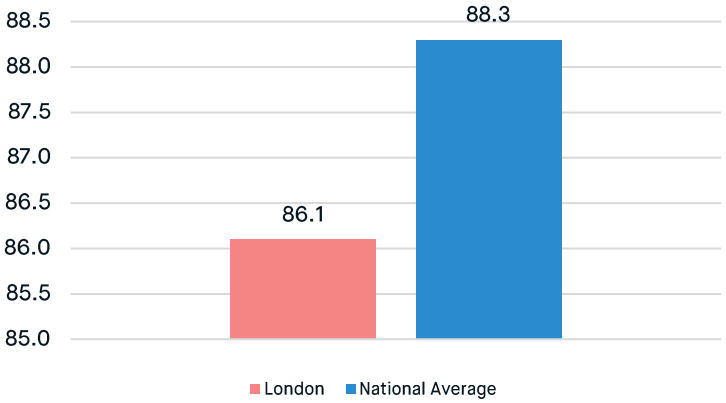
Affordability | Ranks the average affordability of student accommodation within the reported location.

Input 2 | Density



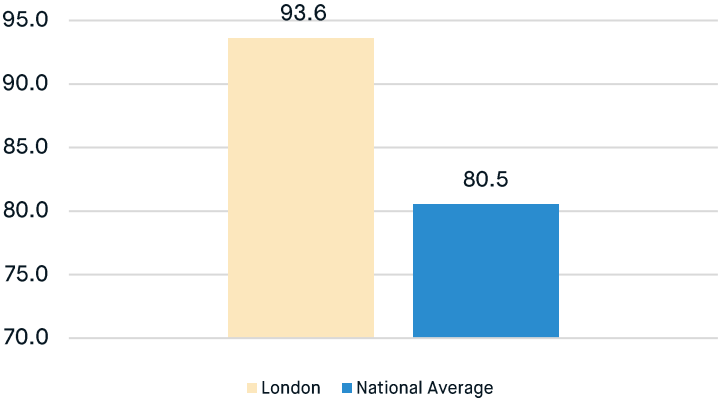
Density | Ranks how closely students in private accommodation in a city live in relation to each other.

Input 3 | Safety



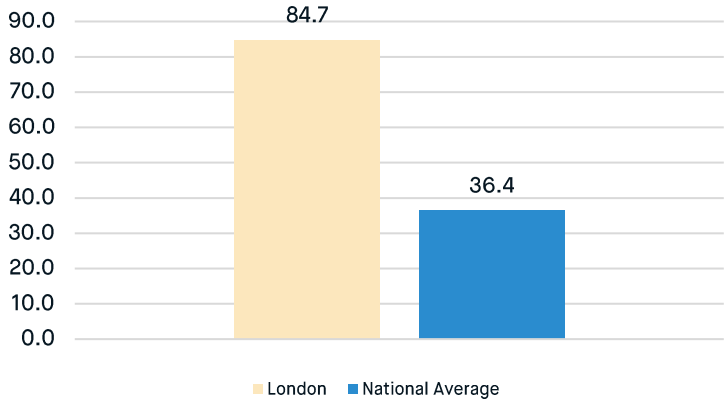
Safety | Ranks how unlikely it is that a student resident in private accommodation in a city will be a victim of crime.

Input 4 | Energy Efficiency



Energy Efficiency | Ranks the energy efficiency of private student accommodation within the reported location.

Input 5 | Size



Size | Ranks how large private student accommodation in the reported location is on average.

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