

# Master the **student housing sector**

With the number of university places set to increase, Scott Hendry explains the benefits of investing in student accommodation...

AUCTION rooms have seen an increased number of investors bidding on student buy-to-let properties as the student population continues to rise.

UCAS, the universities and colleges admissions service has reported a rise in applications by



Scott Hendry,  
New Business Manager

“Whether you’re looking to expand your existing portfolio or it’s your first property investment, student accommodation ticks many boxes.”

22.9 per cent this year meaning there is a greater demand for properties.\* Currently 88 per cent of university students live in privately rented accommodation\*\*. The coalition government has pledged an extra 10,000 university places this year meaning this demand is set to rise further.

According to a recent survey, student expectations are higher than ever before with the modern day student not as willing to economise on accommodation like many generations did before them. The survey revealed that today’s students expect decent homes for less, with 62 per cent admitting they are ‘extremely’ selective while house hunting and place most importance on having big bedrooms and kitchens.\*\*\*

Scott Hendry, New Business Manager at Auction Finance which lends to investors buying property at auction, said:

“Many of our clients have profited hugely by investing in houses of multiple occupation (HMOs). There could be a national shortage of suitable student accommodation, so it’s worth investing now. Whether you’re looking to expand your existing portfolio or it’s your first property investment, student accommodation ticks many boxes.

“It’s a safe bet as it’s known for its stability because students tend to stay for at least a year due to their academic commitments. Investing in a student property can be low risk, and high yielding. Although it can require more initial investment to meet HMO regulations as well as extra management time and effort, by doing so you can reap the rewards.”

He advises:

“As with all properties, location is key. It’s not just about easy access to colleges but nightlife too. If you’re unsure about an area’s suitability before bidding, give the university’s student accommodation officer a call.”

Unlike any other social groups, students like to share with lots of people, they like the idea of being with friends and also splitting the bills.

Although students are happy to live together, it is important that investors bear in mind the legal obligations when investing.

An HMO is a property that is shared by three or more people who are not members of the same family. Landlords

operating certain types of HMOs will need a license from their local council.

HMO expert, Mathew Moody, Operations Director of the The Millenia Property Group said:

“Student HMO’s make extremely good investments due to the excellent returns verses single-let properties. In many areas, you can expect to double, triple or even quadruple your monthly rental income from making some sound yet very easy changes to a property.

“With yields in excess of 10% annualised and steady guaranteed income every month as most students will have a guarantor and the universities clamp down on rent dodgers and generally hassle-free management - it’s a market I’d encourage every investor to take a closer look at.”



\*Figures provided by UCAS [www.ucas.ac.uk/about\\_us/media\\_enquiries/media\\_releases/2010/080210](http://www.ucas.ac.uk/about_us/media_enquiries/media_releases/2010/080210)

\*\*[www.residentiallandlord.co.uk](http://www.residentiallandlord.co.uk)

\*\*\* [www.accommodationforstudents.com](http://www.accommodationforstudents.com)



## Essential Stats

By *David Sandeman*

Welcome to the June statistics, which give a view of activity in May. I am pleased to report that the percentage of lots sold and number of lots offered has bounced back well, bringing them back close to the levels seen earlier in the year.



### Total

	Last Month			Last Quarter			Last Year		
	May 2010	May 2009	Increase	Mar 2010 - May 2010	Mar 2009 - May 2009	Increase	June 2009 - May 2010	June 2008 - May 2009	Increase
<b>Lots Offered</b>	2,772	2,298	20.6%	8,034	7,178	11.9%	30,205	33,922	-11.0%
<b>Lots Sold</b>	1,827	1,621	12.7%	5,308	5,160	2.9%	21,809	22,758	-4.2%
<b>Percent Sold</b>	65.9%	70.5%	-6.5%	66.1%	71.9%	-8.1%	72.2%	67.1%	7.6%
<b>Total Raised</b>	£338,418,599	£317,870,587	6.5%	£853,859,475	£769,074,347	11.0%	£3,409,899,619	£3,221,801,600	5.8%

### Residential

	Last Month			Last Quarter			Last Year		
	May 2010	May 2009	Increase	Mar 2010 - May 2010	Mar 2009 - May 2009	Increase	June 2009 - May 2010	June 2008 - May 2009	Increase
<b>Lots Offered</b>	2,117	1,709	23.9%	6,323	5,768	9.6%	24,171	28,254	-14.5%
<b>Lots Sold</b>	1,386	1,186	16.9%	4,120	4,114	0.1%	17,353	18,810	-7.7%
<b>Percent Sold</b>	65.5%	69.4%	-5.6%	65.2%	71.3%	-8.6%	71.8%	66.6%	7.8%
<b>Total Raised</b>	£120,875,849	£164,407,251	28.3%	£544,128,175	£477,999,012	13.8%	£2,262,280,528	£2,273,313,067	-0.5%

### Commercial

	Last Month			Last Quarter			Last Year		
	May 2010	May 2009	Increase	Mar 2010 - May 2010	Mar 2009 - May 2009	Increase	June 2009 - May 2010	June 2008 - May 2009	Increase
<b>Lots Offered</b>	655	589	11.2%	1,711	1,410	21.3%	6,031	5,668	6.4%
<b>Lots Sold</b>	441	435	1.4%	1,188	1,046	13.6%	4,456	3,948	12.9%
<b>Percent Sold</b>	67.3%	73.9%	-8.9%	69.4%	74.2%	-6.5%	73.9%	69.7%	6.0%
<b>Total Raised</b>	£127,542,750	£153,463,336	-16.9%	£309,731,300	£291,075,335	6.4%	£1,147,619,091	£948,488,533	21.0%

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