



# STUDENT ACCOMMODATION United Kingdom

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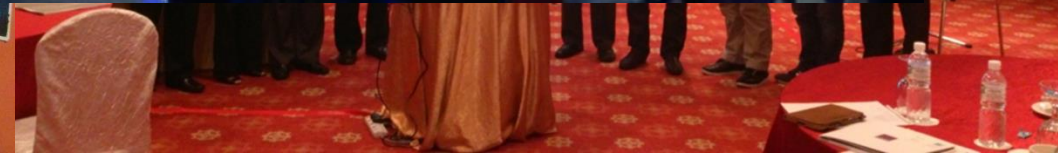
# AGENDA

- **Introduction to Speaker**
- **Market Overview**
- **Driving Factors**
- **Primus Edge – Leicester**



- 14 Years experience in Property Investment
- Bought and sold over 100 Buy To Let Properties
- Agent Manager for 2 global property sales companies
- Assetz PLC - 40 Agents in 16 Countries
- Involved in property sales in Europe, Asia, North America and Africa





# Why Property?



*“Property cannot be lost or stolen, nor can it be carried away.....purchased with common sense and managed with reasonable care ..... it is about the safest investment in the world”*

Franklin D Roosevelt – US President







# Solution – Purpose Built Halls of Residence





# Purpose Built Student Halls – Attractive Investment



- Dedicated and custom built
- Hands-off Buy to Let investment - Fully managed
- High sustainable Yields – growing year on year
- Fully furnished, minor repairs and renewals often included
- Highly motivated managing agents who run the whole scheme
- Typically 99% occupancy rates



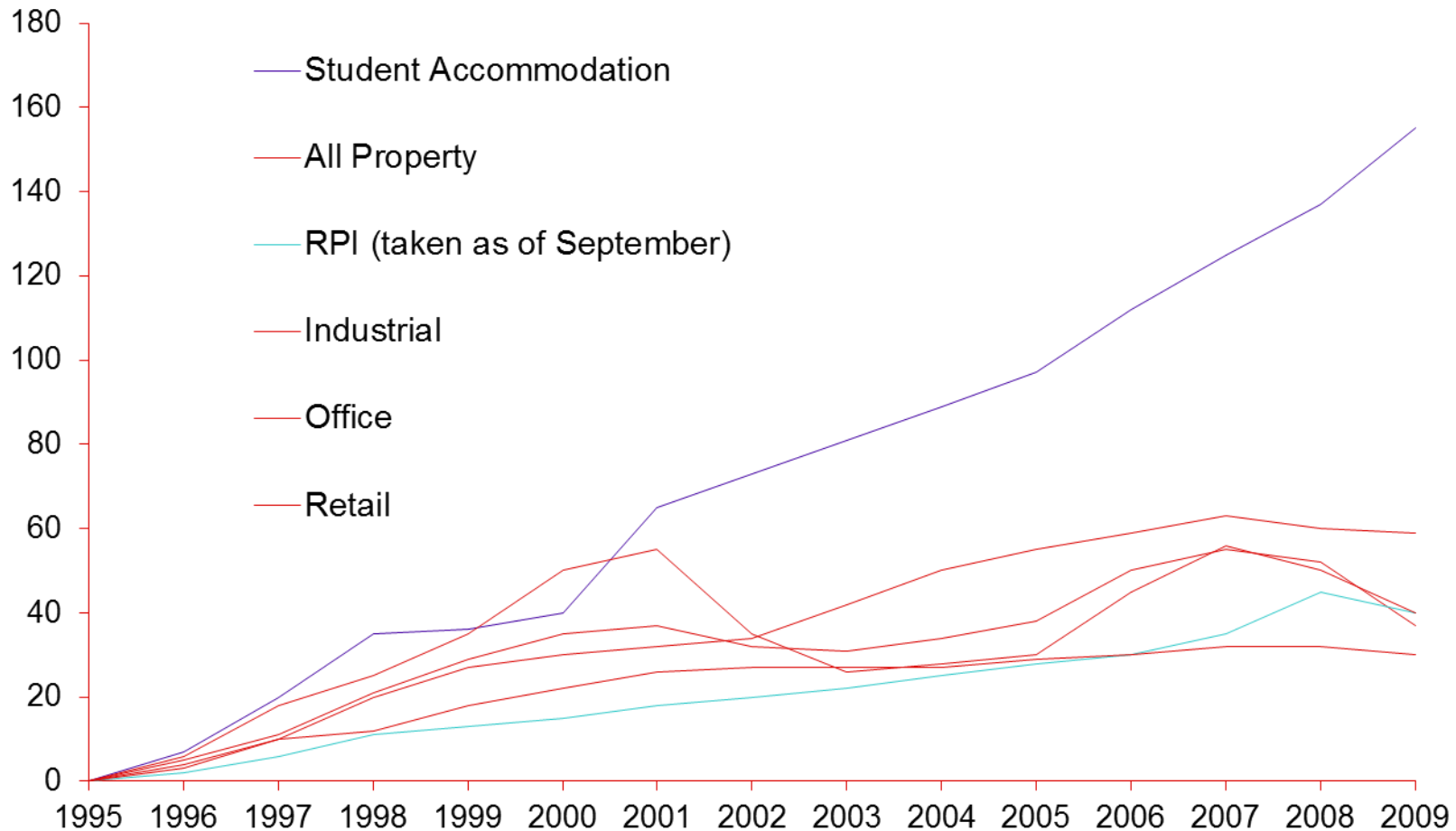


- Over £2.1 billion was invested in 2012 and this has increased in 2013 & 2014
- Almost double the £1.3 Billion invested in 2010 / 2011
- Average **NET** yields today circa 7%
- Average rental growth of 3-5% per annum over the last six years (this is forecast to continue rising)
- Consistently out performed other property sectors and the Retail Price Index since 1995

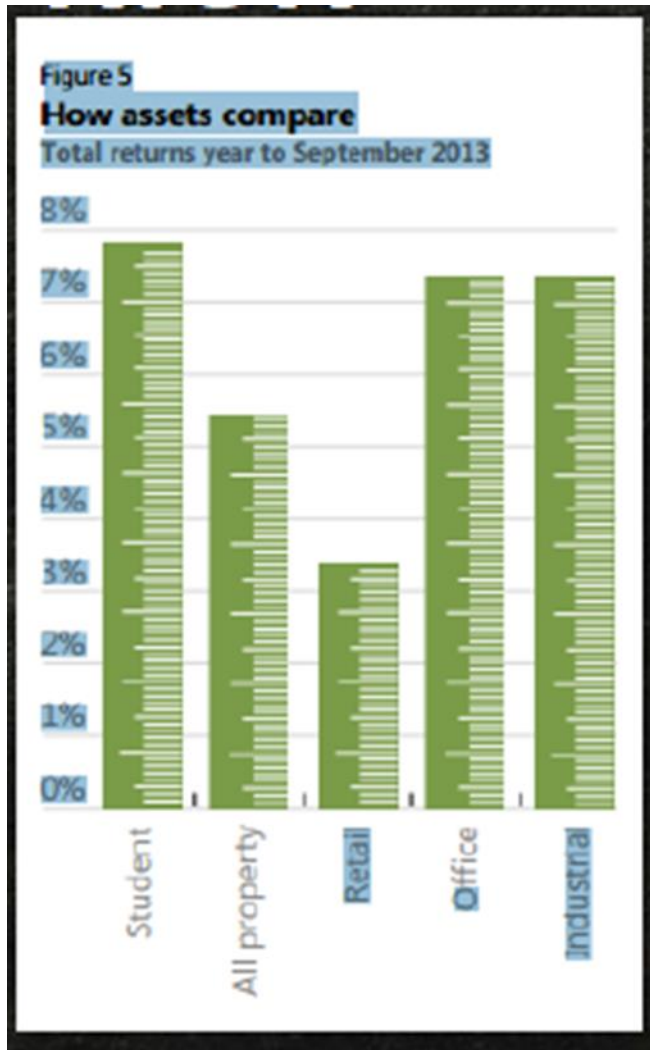
# Recent Performance – Growth % by sector



Student has outperformed all other property sectors

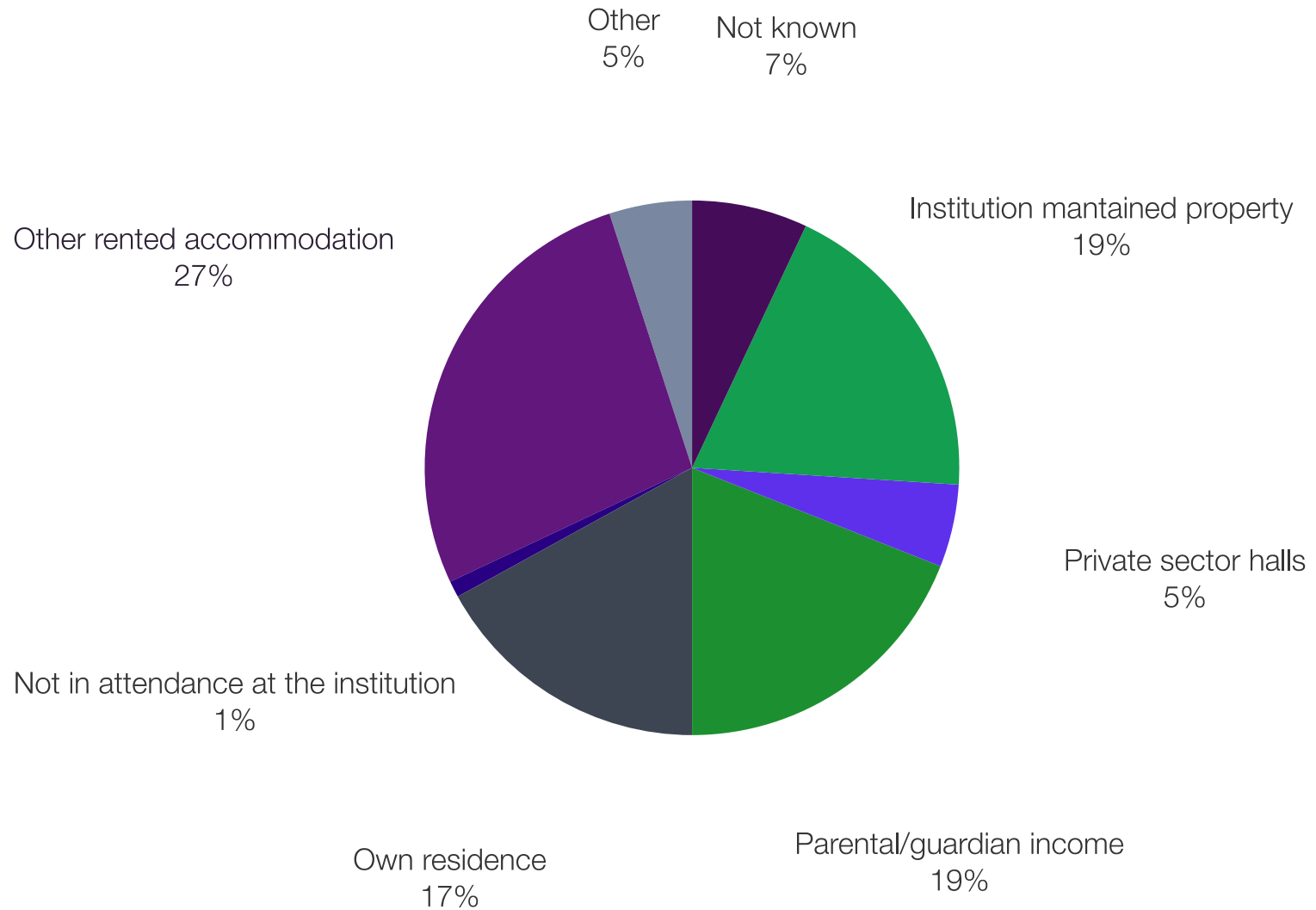


# How Property Sectors compare in Returns



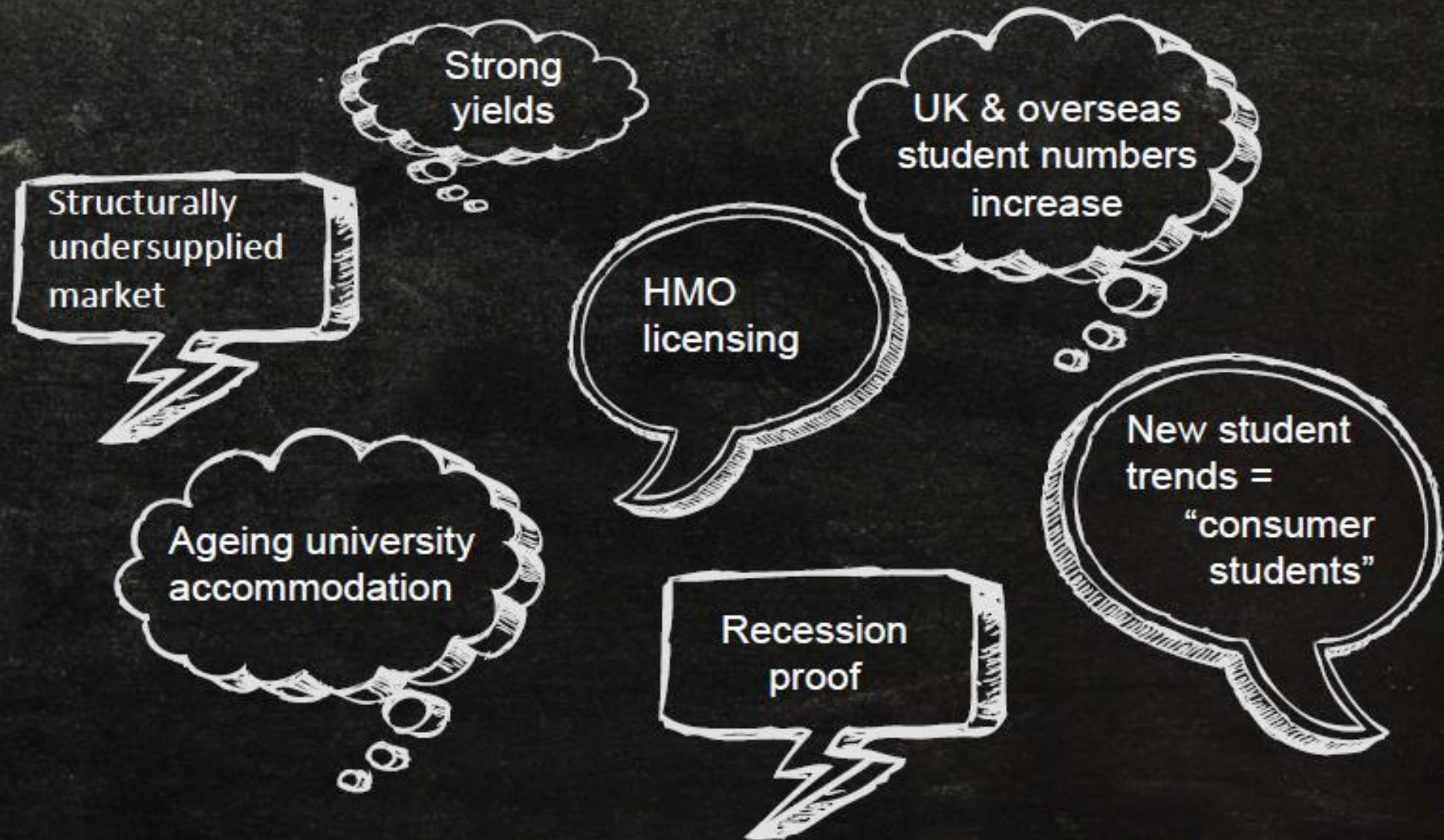
- Student is classed as commercial and offers the best returns in that sector
- Commercial valuations are based 100% on Yield
- As commercial it is not open to external factors the same as resi

# Student Market Overview





# Driving Factors behind success of Student



# Driving Factor 1 – Rising Student Numbers



- Knight Frank recently described as a “*Structurally Undersupplied Market*” (August 2013)
- Student numbers grew by 540,00 between 1999 & 2012 – an increase of 48%. Explosion in overseas students.
- Student numbers have grown at 10 times the rate of new accommodation supply.
- Only 24% of higher education students are able to access halls, with only 5% able to access private halls

## Driving Factor 2 – Ageing University stock



- Much of the existing University stock is old
- With limited resources maintenance is not a priority
- Students (particularly over seas students) demand quality
- As funding is cut Universities are selling stock to raise money

*“There is an increasing amount of pressure for universities to provide quality accommodation in line with students’ expectations however the majority of universities have a high proportion of stock which is dated and in need of investment”*

(Higher Education Funding Council for England 2012)

# Driving Factors 3 – New HMO Licensing



- Increase in building spec and planning restrictions to discourage residential stock being used for student accommodation
  - Loss of council tax revenue as estimated £75m is lost annually
  - Pressure on residential Housing stock
  - Distressed commercial stock in inner cities
- 
- *As far as local authorities are concerned, every house occupied by students represents a loss of council tax revenue..... to central government, a loss of residential housing stock.*

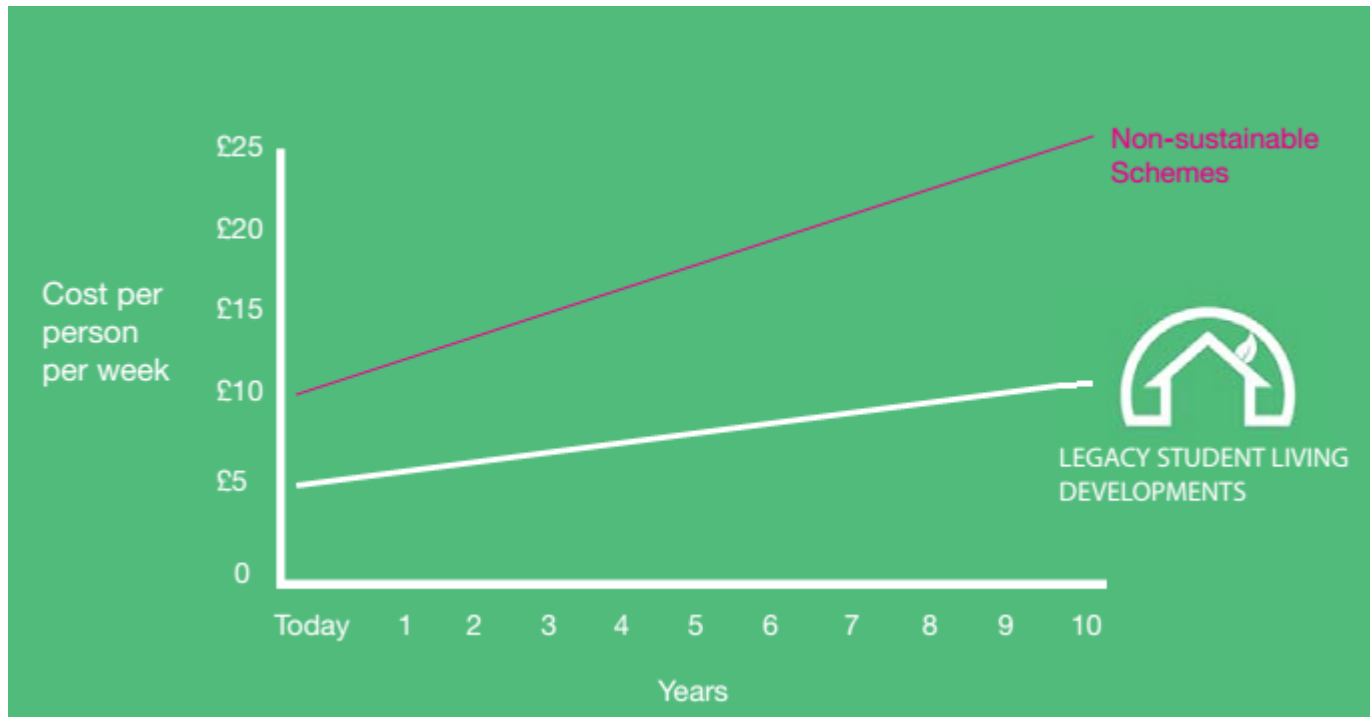
Parliamentary Select Committee



# Driving Factor 4 – Decrease in Carbon Emissions



- Often incorporate near to zero carbon design principles
- Powered by clean and sustainable energy sources
- Extremely low operational costs – 50% below normal energy costs



# Conclusion – Future of Student Accommodation



- Purpose built halls will continue to increase market share - driven by central government & local authority desire for increased council tax receipts, more efficient use of land and a decrease in carbon emissions
- The main rental growth prospect are anticipated to be within the Post Graduate Sector.
- We anticipate that the sector will to continue to outperform other sectors, with rental growth prospect anticipated for the academic year 2013/2014 expected to be circa 3%.
- Long Term investment but excellent income producing asset



“The student housing sector has remained remarkably resilient during the recession, largely on account of the underlying supply and demand dynamics, with a mismatch still prevailing in most towns and cities.”

CB Richard Ellis ‘Student Housing View Point’ 2011

“Investors are attracted to a sector where there is a demonstrable undersupply”

Knight Frank: Student Property Report August 2013

# PRIMUS EDGE - Leicester





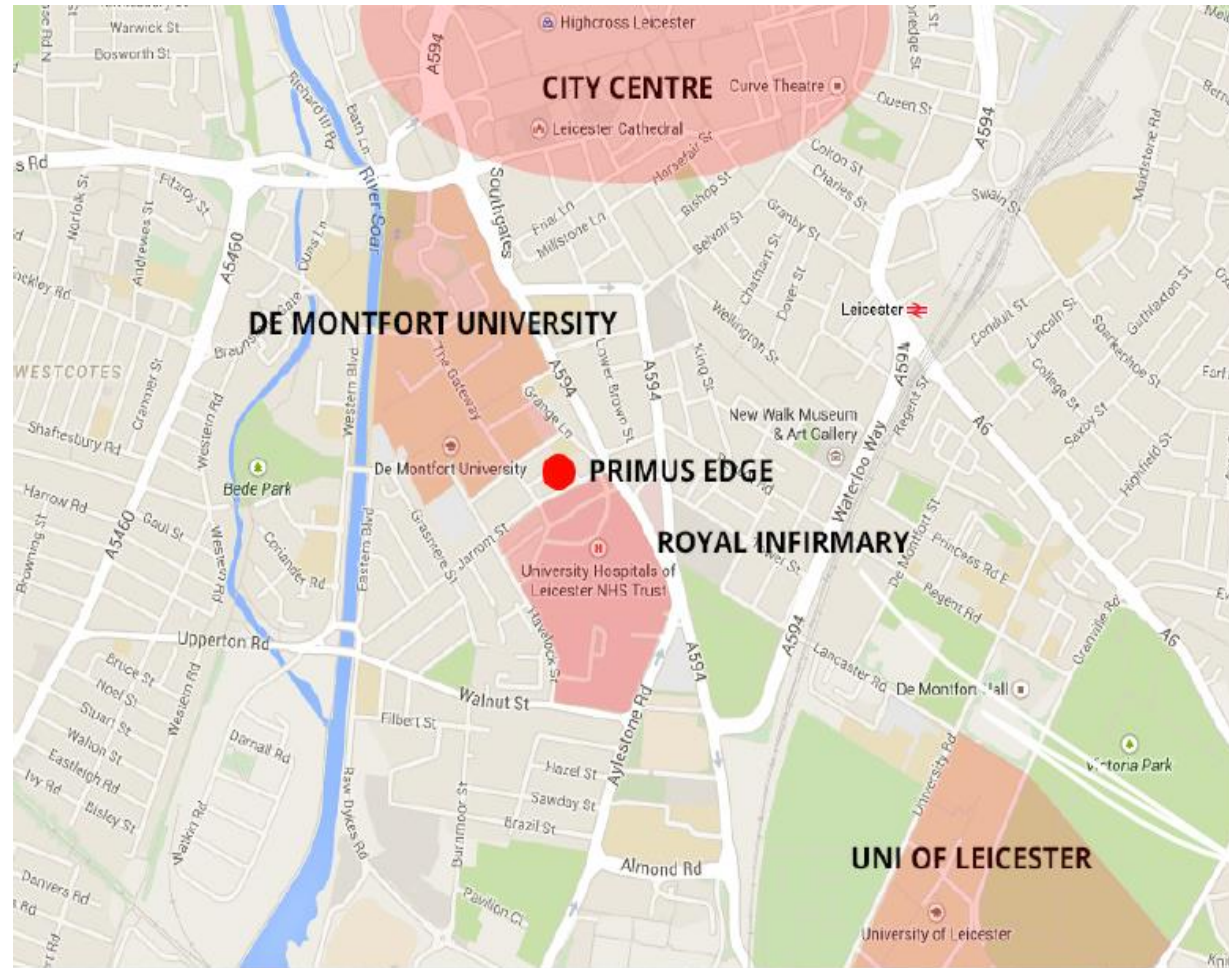


- 159 luxury student apartments
- Size from 221ftsq to 359ftsq (20msq – 32msq)
- 9 floors
- Launch 3<sup>rd</sup> Feb on site May 2015 due for completion August 2016 for a student intake Sept 2016.
- Developers – Primus Property Group who are currently building Phase 1, Primus Place
- Planning for Students, Student Nurses and Student Doctors (allowing medical post grads to graduate and stay in the development)
- Fully Managed by Student Facilities Management

# Primus Edge - LOCATION



- Next to Primus Place
- 160m - DeMontfort University
- 120m - University Hospital of Leicester
- 900m - Leicester University
- 1200m - Leicester Train Station
- 50m - supermarket, pubs, bars
- 1000m - Leicester City FC
- Text





- Prices from £72,500 - £89,900
- 8% net rental yield assured for 5 years (Net Net 6% )
- 5% interest payment paid from exchange through to completion
- If buyer is an overseas client they will have to have a UK bank account to receive the interest payment. If they don't have a UK account their interest will be rolled up and deducted from their final payment on completion.
- £250 ground rent making the Net Yield approx 7.7%pa













# Ativore Global Investments – Due Diligence Mar 14





# Construction Primus Place as at Jan 15





Thank you!

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