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Density, planning, and the emergent landscapes of purpose-built student accommodation in England

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This mini review explores perspectives on density and discretionary planning policy in relation to the emergent landscapes of purpose-built student accommodation (PBSA) across selected English university cities. It examines the nexus between density in planning policies and transformations in student accommodation, presenting a research gap requiring further investigation. Our research builds upon limited literature on UK PBSA within which there has been inadequate interrogation of policy impacts on the substantial growth of this now mature market sector. By better understanding the relations between national planning policies and their local interpretations regarding PBSA, we can move toward improving understandings for urban futures. The intersectionality between the evolution of the PBSA sector and the planning system are currently underexplored. The paper highlights the proliferation, densification, and concentration patterns of PBSAs and their connections to the surrounding planning system. The emergence of privately developed PBSA in the UK is typically characterized by medium to high rise, and medium to high density development. Higher density PBSA has created a dynamic spectrum of impacts reflecting subjective perceptions of their emergence in university cities. Our mini review illustrates the growth trajectory and direction of the PBSA sector. We conclude with a reflection on the discretionary nature of planning policies for density that often create regulatory loopholes allowing PBSA to thrive as a niche real estate asset class but not necessarily as a local and social collective asset.

KEYWORDS

purpose-built student accommodation (PBSA), planning policy, density, real estate, England, United Kingdom

1. Introduction

This mini review considers existing research on the emergence of the purpose-built student accommodation (PBSA) market in the UK, focussing on England, and provides a benchmark from which further research can be explored to expand perspectives on densification, planning policies and impacts of student dynamics in cities. Since the beginning of the 21st century, students have become less reliant on traditional accommodation, historically dominated by university halls or houses of multiple occupation (HMOs) in the UK, as they have moved to embrace alternative, higher density living in private PBSA. Research on this sector, the implications of its emergence, and integration into UK university cities has so far been limited from planning perspectives when compared to academic literature from other countries such as Canada (Revington and Wray, 2022) and Australia (Holton and Mouat, 2021).

PBSA as a built typology are often included in wider densification strategies and therefore contribute to increasing the local density in the neighborhoods in which they are developed. Churchman (1999, p. 390) defines urban density as a subjective measure that “can be perceived and evaluated in very different ways, by different people, under different circumstances, in different cultures and countries.” How densification is adopted in policy and practice will depend on local contexts due to a variety of drivers rooted in social, political, environmental, and economic foundations. What is considered high-density development in York may not reflect high-density in London; it is quantifiable, but relative. In this mini review, we reflect on the way policies relate to density within the UK planning system, where “the often antagonistic, ambiguous nature of density and its application needs to be recognized by policy makers, regulators and involved parties... to contribute to the creation of successful places” (Livingstone et al., 2021, p. 203). In this instance, the creation of successful student living experiences in university cities.

The PBSA market evolved rapidly in recent decades, reflecting large-scale private sector involvement in densifying student housing. PBSA today is a mainstream asset class for institutional real estate investors internationally (Newell and Marzuki, 2018), across the UK (Livingstone and Sanderson, 2022) and Europe (French et al., 2018). The UK is the second largest PBSA market globally, after the USA (Knight Frank, 2019). Of the UK's 2.2 million full-time student population, 1.63 m require accommodation (Cushman and Wakefield, 2022). The growth of PBSA emerged in response to continuing demand across the UK for alternative accommodation and increasing student numbers; it now provides 34% of all bedspaces (Carter Jonas, 2021). The PBSA market is highly regarded due to its resilience post Global Financial Crisis (GFC), and the fact it moves counter-cyclically to the economy works in the sector's favor, as student numbers continue to grow during this current period of post-covid uncertainty (Savills, 2021). Considering such growth, the PBSA sector has “had little influence on mainstream policy, particularly in the United Kingdom” (Revington and Wray, 2022, p. 3); this is the research lacuna we begin exploring.

In this mini review PBSA is explored through a qualitative desktop methodology which examines existing literature on density and planning policies (Sections 2, 3). Due to the different devolved planning regimes across the four nations of the UK, our focus is on English cities and is grounded in existing policies. As noted by Revington and Wray (2022), there has been little work considering the connected forms of PBSA, density and planning in the UK market, and our conclusions provide provocations addressing this research gap (Section 4).

2. Density, planning, and PBSA in England

Densification can be seen as an effective approach to addressing the UK's housing crisis, whilst supporting cities in becoming more sustainable (Breheny, 1996) and affordable (Aurand, 2010). Density is perceived by Holman et al. (2015, p. 2) as “a simple yet effective measure that brings together economic, environmental and social

benefits solving the problems of a sprawling society,” however the authors recognize the nuanced nature of density, and it isn't a “win-win characterization” (Holman et al., 2015). Negative consequences of densification can be experienced through increased urban inequalities (Immergluck and Balan, 2018) and failures of property-led regeneration for local communities (Tallon, 2013). In exploring densification, de-densification and re-densification, McFarlane (2020) emphasizes that these processes are relational, resulting in urban transformations with varied characteristics. These relational densification processes are inherently local in context but are influenced by national regulation and governance, through planning policies.

The UK's discretionary planning system has become increasingly deregulated, adopting a pragmatic and liberal social model (Nadin and Stead, 2008). Since the GFC, planning has seen additional reforms fundamentally driven by neoliberal logic (Lord and Tewdwr-Jones, 2014). The neoliberal turn led to financialization, concomitant to the increasing commercialization and internationalization of the UK university sector, and the emergence of PBSA as an asset class in the 21st century. Reynolds (2020, p. 2) suggests that “PBSA is a key example of rental market financialization” and we see a market dominated by institutional investors, such as real estate investment trusts (REITs, e.g., Unite) and global private equity funds (e.g., Blackstone). Fiorentino et al. (2020) began to unpack processes of financialization and density in the UK, suggesting that although the sector is experiencing large in-flows of international capital, caution should be exercised regarding market saturation.

The National Planning Policy Framework (NPPF) provides the overarching policy guidance for England. It sets the directions to meet sustainable development goals and it is the foundation for plan formation across local authorities. Policy makers at local level have the capacity to interpret the NPPF using their own discretion relating to perceived community needs, such as housing targets. In leading university cities like London and Manchester the local housing target is driven by the demand and supply challenges of housing and affordability crises. When PBSAs are delivered within new developments the units count toward the local housing target, however, being temporary accommodation for students they do not effectively contribute to improving local housing provision nor affordability. In contrast, they contribute starkly to boosting local density figures.

National Planning Policy Framework/NPPF (2021, p. 37) discusses density briefly, primarily concentrating on density for housing and new developments. It actively discourages “homes being built at low density,” suggesting minimum local density standards be significantly uplifted where appropriate. Density should be considered as flexible, when considering specific local areas, and “optimized” where possible. Therefore, the construction of PBSA units is frequently justified locally in connection with supply and demand dynamics in university cities, and within the remits of planning for subjective understandings of optimal density.

The influence of students and universities are also undeniably connected to the increasing provision of accommodation through higher density PBSA. As student numbers continue to grow in the UK, the student experience is increasingly commodified (Chatterton, 2010). In this respect students are

driving densification, supported by policy. The diversity of offering among PBSA providers has grown, however local city contexts and market dynamics remain indelibly important. In Liverpool, [Mulhearn et al. \(2018, p. 477\)](#) predict that the PBSA market will experience an “disorderly end” due to market saturation, speculation, and risks.

Even with such risks, we suggest that PBSA development is further supported by viability assessments which often result in higher density outcomes and are exempt from [National Planning Policy Framework/NPPF \(2021, p. 18\)](#) affordability requirements (10% nationally), as they are providing “specialist accommodation for ... people with specific needs”. London is an example of how a locality has interpreted the NPPF to boost density for reaching housing targets and resulting in the largest market for the PBSA sector in England. As of 2021, London’s 38 universities provided higher education for ~370,000 students, with 24% living in private student accommodation ([Savills, 2021](#)). In the current London Plan ([GLA, 2021](#)), the pre-existing “density matrix” which offered a defined approach to densifying, was scrapped in favor of optimal density with a requirement for affordable provision of PBSA. The expectation from the GLA that London will need 3,500 additional student beds p.a. ([GLA, 2021](#)) justifies the need for PBSA but recognizes the need for access to be more affordable. The plan defines affordable with a fuzzy sentence: a “PBSA bedroom that is provided at a rental cost for the academic year equal to or below 55 per cent of the maximum income...from the Government’s maintenance loan for living costs” ([GLA, 2021, p. 209](#)). So, in the future, affordable provision should account for between 35 and 50% of the bedrooms. This prerequisite is likely to impact developers’ viability studies, and further encourage “optimal” densification.

3. Too accommodating? Current PBSA policies

Reflecting the complex dynamics active within the PBSA market, literature suggests that “policy responses are required” ([Kenna and Murphy, 2021, p. 139](#)) to address the variegated consequences of intensive and high-end PBSA development, as “there are limited regulations about the style, pricing, or other related aspects of these developments” ([Kenna and Murphy, 2021, p. 151](#)). Students may eventually choose to attend universities away from prime locations (e.g., London or Manchester), due to prohibitive costs, even with the affordability requirements of the London Plan ([GLA, 2021](#)).

Literature confirms that the choice and availability of desirable accommodation is a key influence on students when deciding where to study ([McCann et al., 2020](#)). However, as discussed by [Reynolds \(2020\)](#), there is a student precariat who are unable to afford to live away from home, or higher rents typically associated with certain luxury PBSA. Providers may be reluctant to respond to a more equity-based policy driven approach, if viability and longer-term cashflows are potentially diminished, and shifts in the UK’s discretionary system could be perceived as prohibitive. [Mulhearn et al. \(2018\)](#) advocate planning control for reasons more connected to market factors, oversupply, and the formulation of development models.

University cities across England have begun to respond to the growth of PBSA in their localities through discretionary planning

policies. In a number of locations, the impacts of PBSA growth are currently under discussion. In Sheffield, existing policies pertaining to universities and PBSA developments ([Sheffield Core Strategy, 2009](#); [Sheffield Student Accommodation Strategy, 2014](#)), are viewed as outdated and disconnected with current educational trends. A report by [Cushman and Wakefield \(2021, p. 13\)](#) discusses concerns around PBSA oversupply, recommending that areas of the city are zoned for PBSA, that sites should only be released by the Council for PBSA in “exceptional circumstances,” that universities should play a more central role in such provision, with future planning policies more accurately incorporating supply and demand. Rooms in PBSA should offer more choice due to the preponderance of studios, with the report encouraging innovation in design ([Cushman and Wakefield, 2021](#)). The study notes that there is “little evidence that intensive levels of PBSA development are making inroads into the HMO market” with HMOs still very much in demand ([Cushman and Wakefield, 2021, p. 13](#)), therefore the proliferation of PBSA is not releasing housing to local markets. In Reading, the [Reading Borough Council \(2019\)](#) devotes a section to PBSA stating that new accommodation will be on or adjacent to the university, with a “presumption against proposals” ([Reading Borough Council, 2019, p. 95](#)) on other sites in attempts to address housing development needs. Unlike Sheffield, Reading sees evidence that student numbers living in HMOs have dropped when new PBSA units have been opened. Affordability concerns are not addressed, but the plan recognizes the need for flexibility depending on increases in student numbers.

In line with London, York has been moving toward providing affordable PBSA. The city expects continuing growth in student numbers, and will encourage university agreements with providers, whilst limiting development on off-campus sites and encouraging brownfield regeneration ([City of York Council, 2022](#)). Interestingly their analysis accounts for one “low density” PBSA development, in a city where most schemes are of higher densities ([Porter Planning Economics, 2022, p. 2](#)). Concerns have been raised in relation to oversupply of PBSA beds (specifically studios, like Sheffield), sites being used for PBSA rather than housing, and the negative impacts caused by high concentrations of students. Future PBSA developments are likely to reflect on-campus densification where possible.

Although many of the issues discussed in this section are locally contextual, they are also very similar. Local authorities are making concerted efforts to plan for PBSA developments, responding to the university needs within their cities. Although these are still in their infancy, they are reactive and ongoing, but perspectives on “optimal” density are not explicitly addressed. Could additional SPGs at local level, a supply and demand matrix for assessing student numbers, specific density and viability SPGs, or explicit affordability requirements through national policies help proactively address some of these challenges?

4. Conclusions: balancing intervention, densification, and interests

The substantial development of PBSAs in English university cities reflects the impacts of increasing density through the

interactions of the planning system, PBSA sector, and university sector. PBSA is a resilient investment that has generated consistent profit in the UK market post-GFC and is actively responding to locally specific, changing student dynamics, but also profiting from a discretionary planning system. This mini review has reflected how the discretionary nature of the planning system in the UK allows for an interpretative approach to regulations of PBSA in England, within the remit of “optimizing” density. We have seen how local authorities, such as Sheffield, York, Reading, and London have been responding to the growth of PBSA provision. Although their emergent approaches are considering how to best plan for ongoing developments, are the mechanisms being considered now a case of too little too late?

The cumulative impact of higher density PBSA developments in particular parts of cities does not seem to be adequately considered by planning authorities. Given assumptions that higher density leads to more sustainable city form, this gap seems perplexing. Assumptions about activities that come from housing development (jobs, services, life on the street) appear to be naïve at best if the units are empty for part of the year and don't house residents. Moreover, PBSA do not present flexibility in being converted in other uses should the student demand fall. Both factors present severe risk to the future economic resilience of certain cities.

A number of questions remain open. Even if housing targets are “achieved,” is PBSA density “optimal”? Is concentrating students in one particular area actually best planning practice due to the possible negative impacts of students in neighborhoods? How can affordability be better accounted for? How can we minimize negative impacts arising from PBSA market saturation and hyperdensification? What could additional research, on local city markets with dense PBSA developments reveal?

Once again, because of the discretionary nature of the planning system, just like for housing targets, the overall density and number of units that developers manage to negotiate varies city by city. While writing this piece, the possible implementation of nationally defined housing targets is a contested matter in planning and political debates. If we take the case of UK PBSA, therefore an open question remains: who should have a say in defining unit targets and standards? Should universities have

greater agency and influence in PBSA related planning and development decisions? More UK based evidence and research is needed to answer such questions, and approaches to PBSA internationally could be reviewed considering alternative responses to “optimal” densification.

In conclusion, we suggest that planning authorities must better identify opportunities for PBSA based upon an understanding of neighborhood capacities and continual discussions with universities. By suggesting further research avenues, we again return to the idea of how we can better understand intervention, densification and PBSA impacts through balanced, timely, flexible and well-informed planning policies. As this mini review has illustrated, the somewhat disjointed and delayed responses to integrating PBSA density more definitively into national and local policies, has created the possibility for local market disruptions and disparities.

Author contributions

All authors listed have made a substantial, direct, and intellectual contribution to the work and approved it for publication.

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