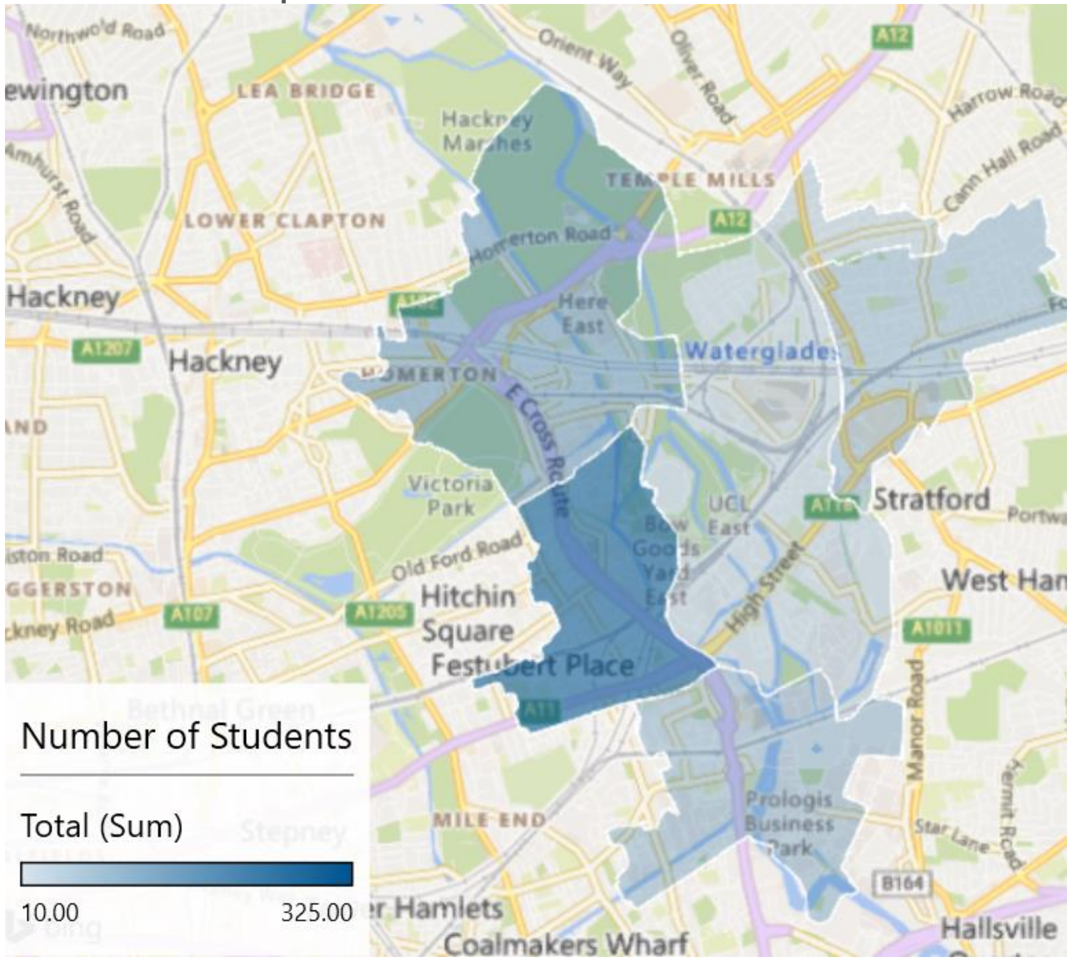
PRIVATE RENTED SECTOR

LONDON LEGACY DEVELOPMENT CORPORATION

PRIVATE RENTED SECTOR

LLDC HMO Heat Map 2021/22



Source: HESA 2021/22

Cushman & Wakefield have identified the following postcodes in the table below located within the LLDC boundary. There is an estimated total of 855 students living in other rented accommodation within the boundary. The highest concentration of students can be found living within four digit postcode “E20 1”, close to Stratford International station. The building of a new PBSA development in this area could help to free up these private rented properties for other renters, such as families and young professionals.

Students Residing in HMOs, LLDC Boundary

Postcode	Number of Students
E15 1	20
E15 2	220
E20 1	325
E20 3	10
E9 5	65
E3 2	195
E3 3	20

Source: HESA 2021/22

*Note: c.10% of students living in four digit postcodes E15 1 AND E3 3 have been identified as residing within the LLDC boundary

06

DEVELOPMENT PIPELINE

PLANNED BEDS

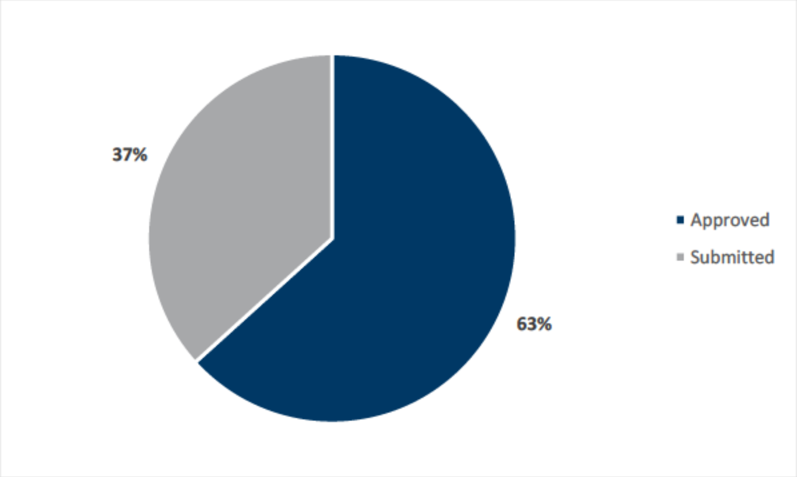
DEVELOPMENT PIPELINE

London legacy development corporation – Queen Elizabeth Park and Surrounding Area

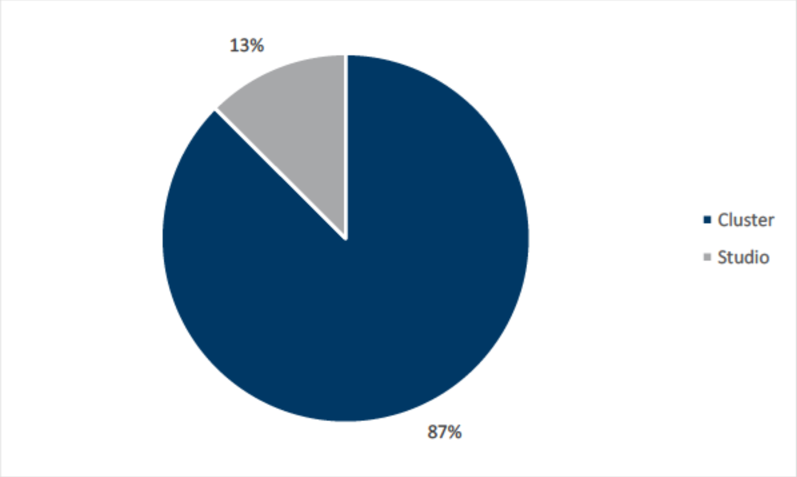
Borough	Address	Postcode	Planning application number	Date application submitted	Status	No Beds planned	Studios	Cluster beds	Applicant	Anticipated opening	Under Construction
Hackney	Piano Factory, Hackney Wick, The Fish Island	E9 5ET	22/00267/FUL	Jun-22	Approved	204	0	204	Southern Grove / Future Generation	Sep-24	Yes
Newham	Meridian Steps, Angel Lane	E15 1DB	22/00178/FUL	Apr-22	Submitted	943	25	918	Unite Group	Jul-27	No
Newham	Jubilee House, 2 Farthingale Walk	E15 1AW	21/00483FUL	Oct-21	Approved	716	63	653	Spiritbond Ltd	Oct-27	No
Newham	302 - 312 Stratford High Street	E15 1AJ	22/00098/FUL	Mar-22	Approved	465	138	327	Dominvs Group	Dec-25	No
Newham	Plot N16 East Village, Celebration Avenue	E15 2EG	23/00101/FUL	Feb-23	Approved	504	140	364	Get Living London	Jul-25	No
Newham	14 Marshgate Lane	E15 2NH	23/00305/FUL	Aug-23	Submitted	316	64	252	Marshgate Lane Holdings Ltd	Jun-25	No
Newham	Poland House, 293 - 305 High Street	E15 2TJ	20/00310/FUL	Aug-20	Approved	282	0	282	Curlew Alternatives Property L P	May-25	No

The London Legacy Development Corporation area contains seven student accommodation developments (including the previous application for 302-312 Stratford High Street for completeness). Six of these fall within the London Borough of Newham and one in Hackney and total 3,430 beds with 2,171 with full planning approval. Just the one scheme in the area is under construction, CA Ventures "Piano Factory" scheme which will be operated by their brand Novel Student and is earmarked for a 2024 opening but is not currently marketed.

Planning Applications by Status



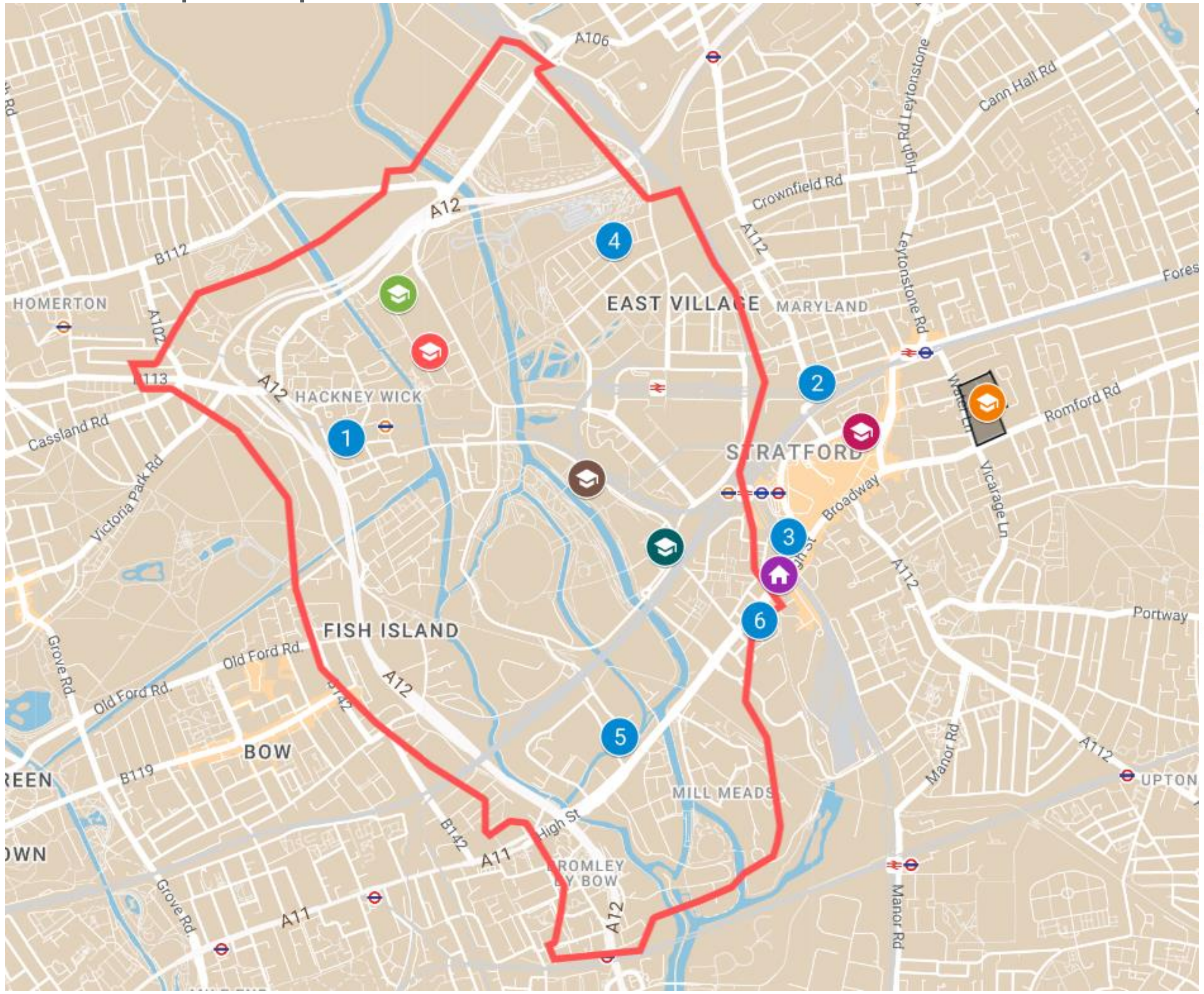
Planning Applications by Room Type



Source: London Legacy Development Corporation Planning Authority December 2023 adapted by C&W

DEVELOPMENT PIPELINE

LLDC Development Pipeline



- 302 - 312 High St
- UCL East
- University of East London, Stratford Campus
- University of East London (Stratford Campus)
- Loughborough University London
- University Square Stratford Campus: Birkbeck, ...
- University Square Stratford Campus: Birkbeck, ...
- Staffordshire University London - Digital Institute

1. Piano Factory, Hackney Wick, The Fish Island
2. Meridian Steps, Angel Lane
3. Jubilee House, 2 Farthingale Walk
4. Plot N16 East Village, Celebration Avenue
5. 14 Marshgate Lane
6. Poland House

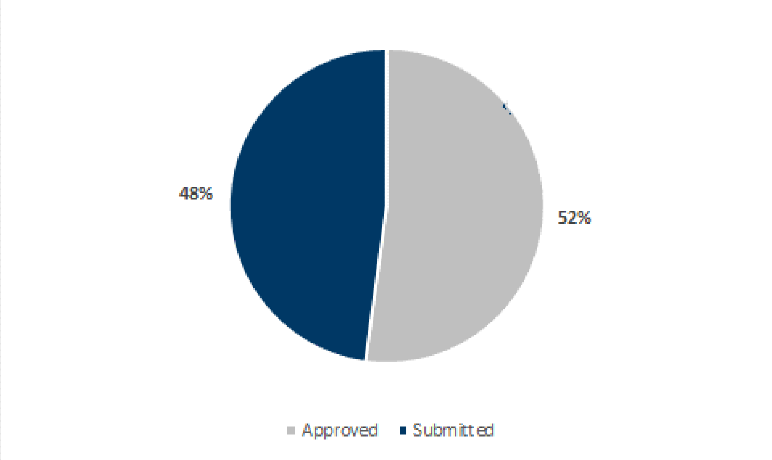
Source: London Planning Authorities October 2023 adapted by C&W

DEVELOPMENT PIPELINE

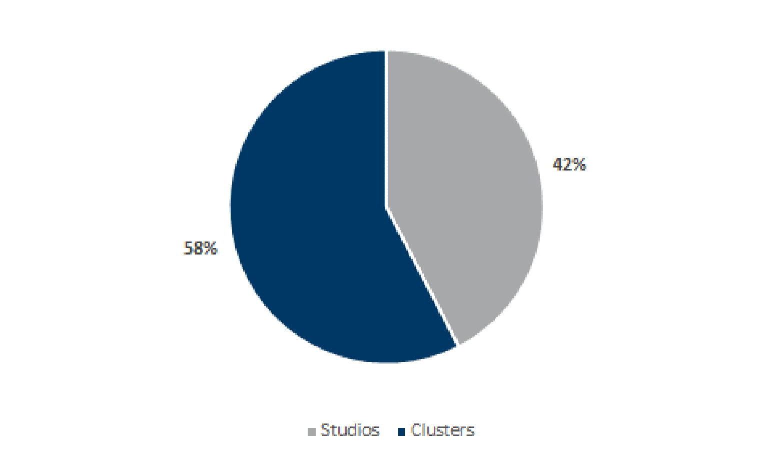
London-wide Pipeline

The overall London development pipeline currently stands at 32,238 bed spaces, with 52% of these currently having planning approval. The impacts of the London Plan have transformed the composition of the pipeline, with planned beds now dominated by en-suite supply.

Development Pipeline by Status



Development Pipeline Composition



The development pipeline is now spread across 20 London Boroughs, with Southwark now home to the largest number of planned developments.

South of the River Thames is becoming an increasingly important area of London's purpose-built student accommodation supply, with Lewisham, Southwark and Wandsworth now home to 5,324 planned beds. Of these, the split between en-suites and studios is more even than across London as a whole, with 27% of all planned beds studios. Currently just over half (65%) of all beds in this area have received planning permission.

Source: London Planning Authorities December 2023 adapted by C&W

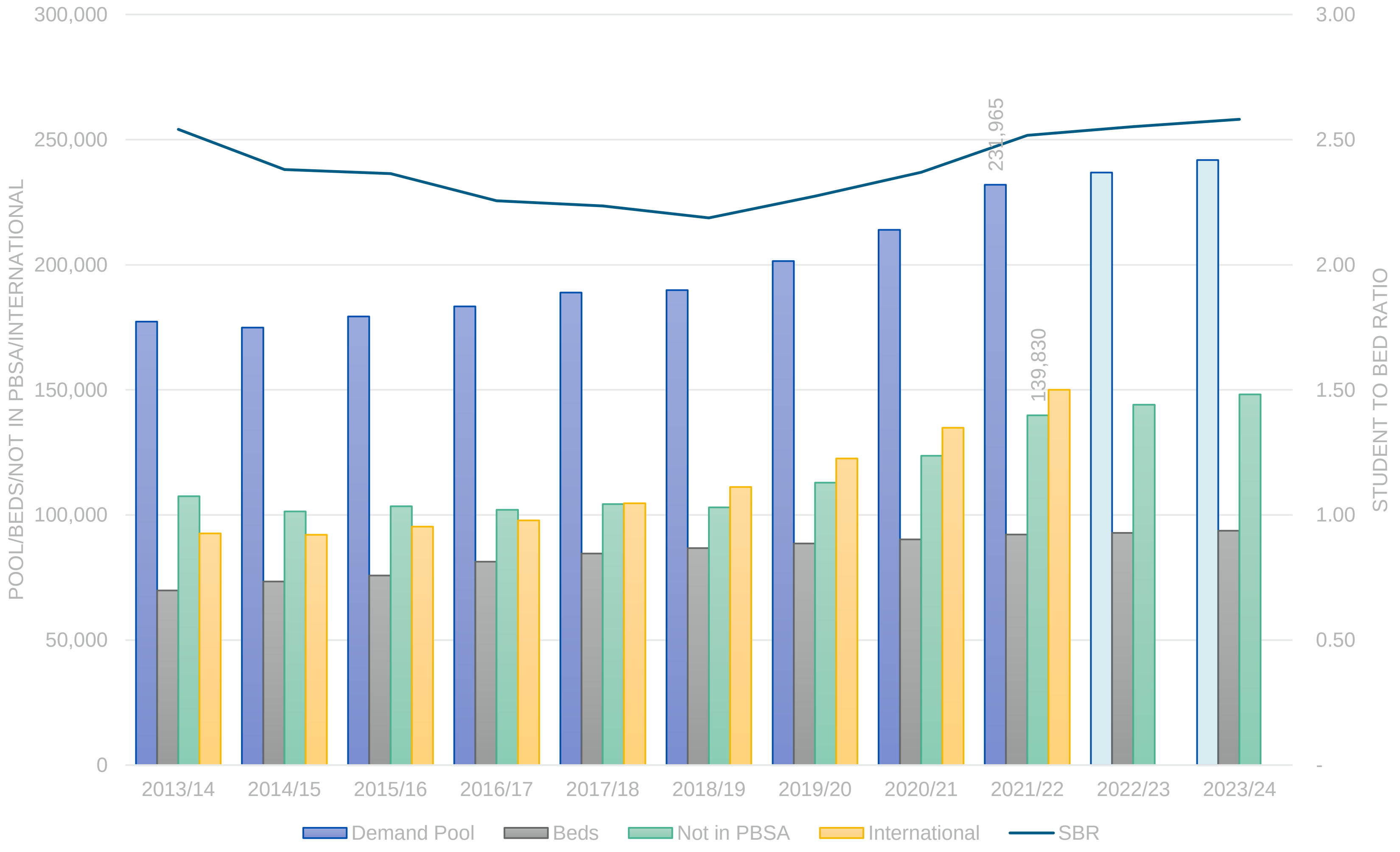
07

DEMAND & SUPPLY

LLDC & QUEEN MARY, UNIVERSITY OF LONDON DEMAND

QUEEN MARY DEMAND-SUPPLY OVERVIEW

London Demand-Supply Overview



Source: Cushman & Wakefield Student Accommodation Tracker 2023/24/HESA/London boroughs planning. 2022/23 and 2023/24 demand pools are modelled by Cushman & Wakefield

The chart adjacent summarises the demand-supply position for Queen Mary, University of London. Based on latest available demand data (2021/22) and beds available through the University (owned and through agreements) the student to bed ratio at the institution stands at 4.79:1, with 10,815 students unable to access a purpose-built student accommodation bed. This figure is 57% higher than in 2013/14 and is indicative of the significant student number growth seen across the institution over recent years.

Based on latest supply data for 2023/24 and modelled growth in the demand pool, the ratio has the potential to stand at 5.27:1, with 12,376 students unable to access a bed space – an increase of 1,561.

The ratio is extremely high in a national context – above C&W's nationally observed average ratio of 2.12:1 and above the university average ratio of 3.1:1 – and is indicative of the institution's need to provide additional beds to meet demand. The wider LLDC environment is explored in detail overleaf.

DEMAND-SUPPLY IN THE LLDC BOUNDARY

The London Legacy Development Corporation (LLDC) acts as the planning authority for the area in and around the Queen Elizabeth Olympic Park. Following the London Olympic Games, the area in and around the Olympic Park has developed to become a true Higher Education hub in London, with new campuses such as UCL East adding to a critical mass of students in the area such as at the University of East London's Stratford Campus.

As part of our need analysis, Cushman & Wakefield has assessed the demand pool for accommodation specifically in and around the LLDC boundary. This focuses on the following institutions.

Institutions in Area	Student Numbers
University of East London (Stratford)	8,585 (full-time)
Loughborough University (London Campus)	665 (full-time)
Staffordshire University (Digital Institute)	310 (full-time)
UCL East	3,600 (all modes)
University of the Arts, London College of Fashion	c. 3,500 (all modes)
TOTAL	15,975

Source: HESA/Cushman & Wakefield analysis based on an extrapolation of curriculum data

Overall, there are currently almost 16,000 full-time students studying in and around the LLDC area, with this number set to grow as further development takes place at UCL East and the University of East London's Stratford Campus. Analysis opposite examines the number of students at these institutions with a requirement for a bed during their course of study.

University of East London, Loughborough University London and Staffordshire University London demand pools are calculated from the HESA return. UCL East and University of the Arts London are estimates based off the percentage demand pool for the wider university demand pools.

Institutions in Area	Demand Pool
University of East London (Stratford)	3,865
Loughborough University (London Campus)	590
Staffordshire University (Digital Institute)	165
UCL East	2,845
University of the Arts, London College of Fashion	2,870
TOTAL	10,335

When measured against 3,598 beds in the LLDC area (including Angel Lane which sits just outside), the student to bed ratio stands at 2.88:1, above Cushman & Wakefield's nationally observed average of 2.12:1. Of course, such a demand pool does not take into account the wider commutable pool which is examined in detail overleaf.

08

DEMAND & SUPPLY

COMMUTABLE INSTITUTIONS & LONDON-WIDE DEMAND

COMMUTABLE DEMAND POOL

The pool calculation below sets out our assumptions of demand for student accommodation in Stratford, taking into account full-time students at institutions located within a commutable distance of the proposed development site, see source list on page 12 of the demand section of this report. The student to bed ratio takes into account the number of beds provided by the institutions, either owned or partnership beds (i.e. bed spaces available to the universities). Students who are excluded from the demand pool are as follows:

- Students domiciled in Greater London not currently living in purpose-built accommodation
- Students currently on a placement year in industry or exchange year abroad.

Commutable Demand Pool

Commutable Student to Bed Ratio	2021/22
Total Full-time & Sandwich Students	**213,585**
From which:	
Deductions from the pool of students	
Students from the region who do not require accommodation	**68,930**
Sandwich students currently on a placement year and unlikely to demand a room	**1,575**
TOTAL POOL	**143,080**
Number of beds (university & private)	**36,043**
Student:Bed ratio	**3.97**

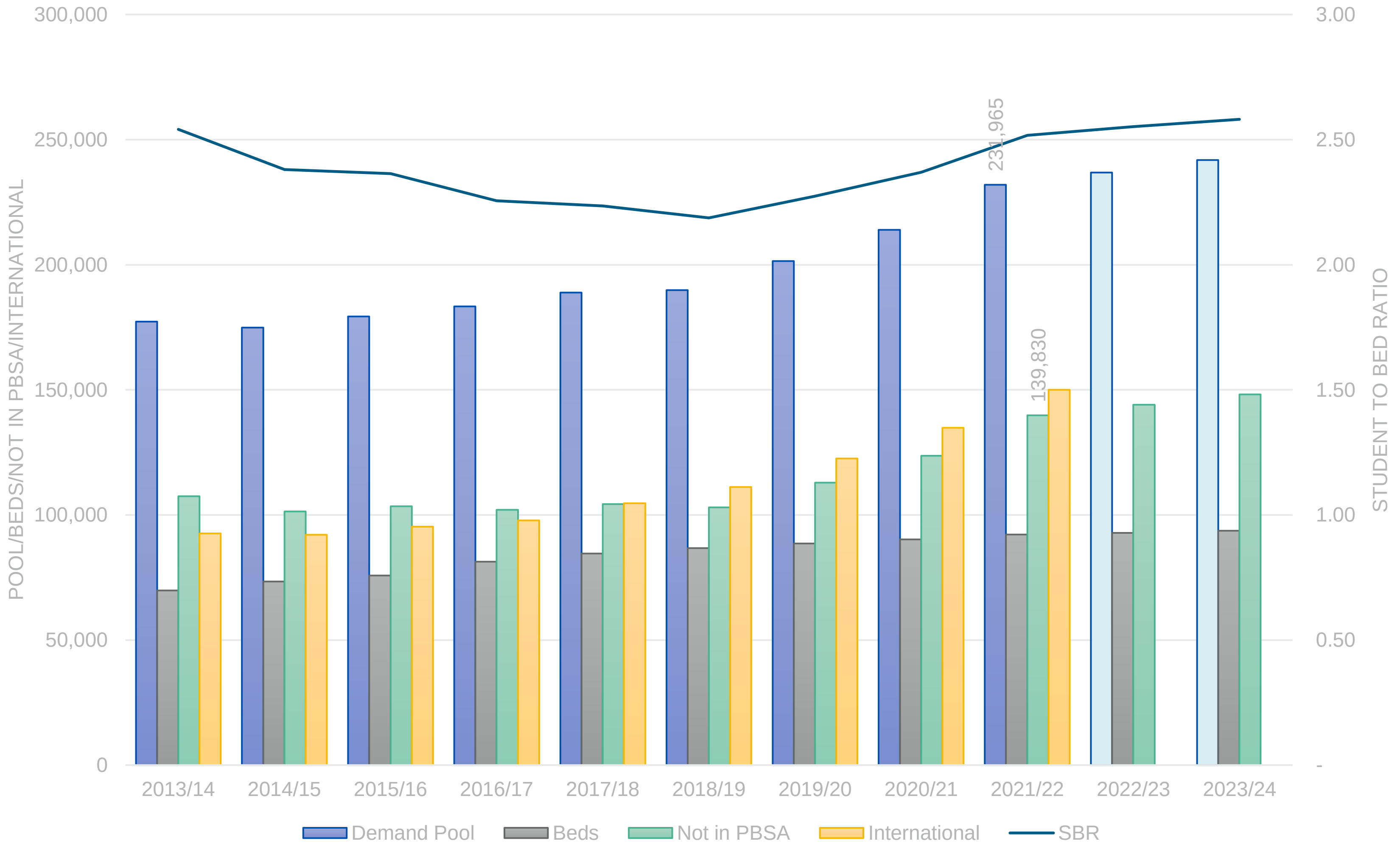
Source: HESA 2021/22, Cushman & Wakefield Student Accommodation Tracker 2023

The London market has remained structurally undersupplied for a number of years, with over 107,000 students unable to access to PBSA at commutable institutions. Cushman & Wakefield's conversations with a large number of London institutions reveals a continued acute undersupply of accommodation and inability to meet accommodation guarantees.

As can be seen from the table, the institutions within a commutable distance of the site provide relatively few beds for their students and the student to bed ratio of 3.97:1 is indicative of an acute need for additional supply.

LONDON DEMAND-SUPPLY OVERVIEW

London Demand-Supply Overview



Source: Cushman & Wakefield Student Accommodation Tracker 2023/24/HESA/London boroughs planning. 2022/23 and 2023/24 demand pools are modelled by Cushman & Wakefield

The chart adjacent summarises the demand-supply position in London. Based on latest available demand data (2021/22) the student to bed ratio across London city-wide stands at 2.52:1, with 139,830 students unable to access a purpose-built student accommodation bed. This figure is 30% higher than in 2019 and is indicative of the significant student number growth seen in in London and relatively restrained levels of development.

Based on latest supply data for 2023/24 and modelled growth in the demand pool, the ratio has the potential to stand at 2.58:1, with 148,225 students unable to access a bed space – an increase of 8,395.

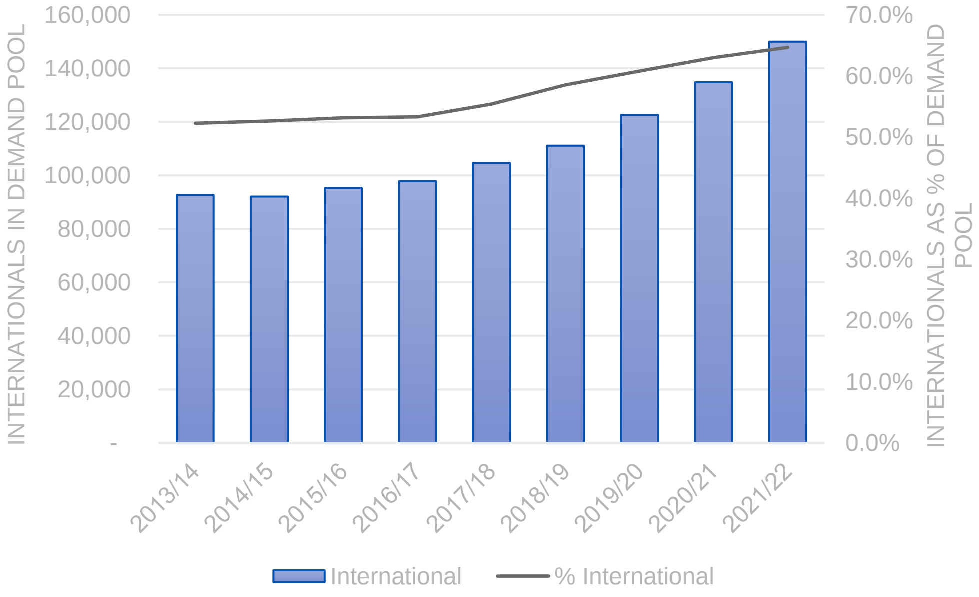
Taking into account only demand from first year students, the ratio in 2021/22 stands at 1.32:1, meaning that if every first year with a requirement for a bed was to seek one in purpose-built stock, over 29,035 first years would be able to secure one. This position is only extremely damaging in terms of student experience and wellbeing.

INTERNATIONAL DEMAND

Of course, well located PBSA developments are likely to have strong appeal to London's fast-growing international population. The chart below shows the growth of the international pool over recent years and the percentage of internationals as a proportion of the total pool.

As can be seen from the chart, the number of international students studying at London institutions with a requirement for a bed has grown dramatically over recent years. These students now make 64.7% of all students in the demand pool compared to just 52.3% in 2013/14.

London International Demand Pool Over Time



Source: HESA/Cushman & Wakefield

CUSHMAN & WAKEFIELD

The Co-Living Report

2024

Knight Frank's review of the performance and opportunities in the co-living market

knightfrank.com/research

Co-living on the rise

The total number of operational co-living homes has increased fivefold since 2019.

Co-living is emerging as an alternative approach to delivering high quality rental accommodation in accessible locations. Last year, nearly 2,500 new co-living beds completed and opened to residents, reflecting a 65% increase on co-living delivery in 2022. It takes the total number of operational co-living homes in the UK to 7,540.

A further 13,483 co-living units are currently under construction or have planning permission granted.

A step change in delivery comes as the market enters a new phase, with an increasing volume of institutional capital targeting the sector. Since 2020, investors have spent nearly £1 billion funding or acquiring co-living developments.

The macro drivers for the sector are well documented and have underpinned this growth. They include a clear and deepening supply/demand imbalance in towns and cities across the country – which are failing to meet housing needs – increasing population, urbanisation, decreasing household sizes and shifting consumer attitudes, particularly post-pandemic.

> "Since 2020, investors have spent nearly £1 billion funding or acquiring co-living developments."

Affordability constraints for potential first-time buyers have also increased the demand for good quality rental housing and supported significant rental growth.

A further acceleration in the growth of the sector is anticipated, should investors realise their ambitions. According to our 2023 UK Living Sector Survey, which captured the views of leading institutional investors who currently own more than £75 billion in Living sector assets across the UK, 45% plan to have invested in co-living by 2028, up from 32% of respondents who had already invested.

It suggests that existing investors view co-living as a means to capture a more varied tenant base and diversify their portfolio in BTR in terms of property and tenant type.

TENANT APPEAL

Against this backdrop, the appeal of co-living is clear. Co-living schemes provide residents with flexible housing, social interaction and high-quality accommodation at more affordable rates and in accessible and central locations close to work and lifestyle amenities. Furthermore, flexible tenancies and communal living spaces are seen as pull factors that give co-living an edge over more established rental product.

The evidence available to date confirms strong tenant demand across complete and operational schemes. Both Dandi Wembley and Folk's Sunday Mills in Earlsfield, south London, demonstrate the speed at which schemes can be leased-up. The former leased all its 355 units in just three months, an average of four beds per day, while the latter let 315 beds in only four months.

Residential property review site Homeviews has reported high levels of satisfaction among co-living residents; 92% said they would recommend their landlord to friends and family.

INVESTMENT LANDSCAPE

Strong demand for rental properties, coupled with increasing construction costs and additional requirements such as second staircases for tall buildings, has meant that developers and investors are increasingly considering co-living for existing and potential sites, as well as reassessing pipelines.

It also comes at a time where there is a growing appetite and evidence of capital being deployed into the sector. Since 2020, investors have spent £902 million acquiring or funding co-living developments. That includes a record £258 million in the first quarter of this year, with co-living spend accounting for a fifth of the total invested in the UK Build to Rent market in the first quarter of 2024.

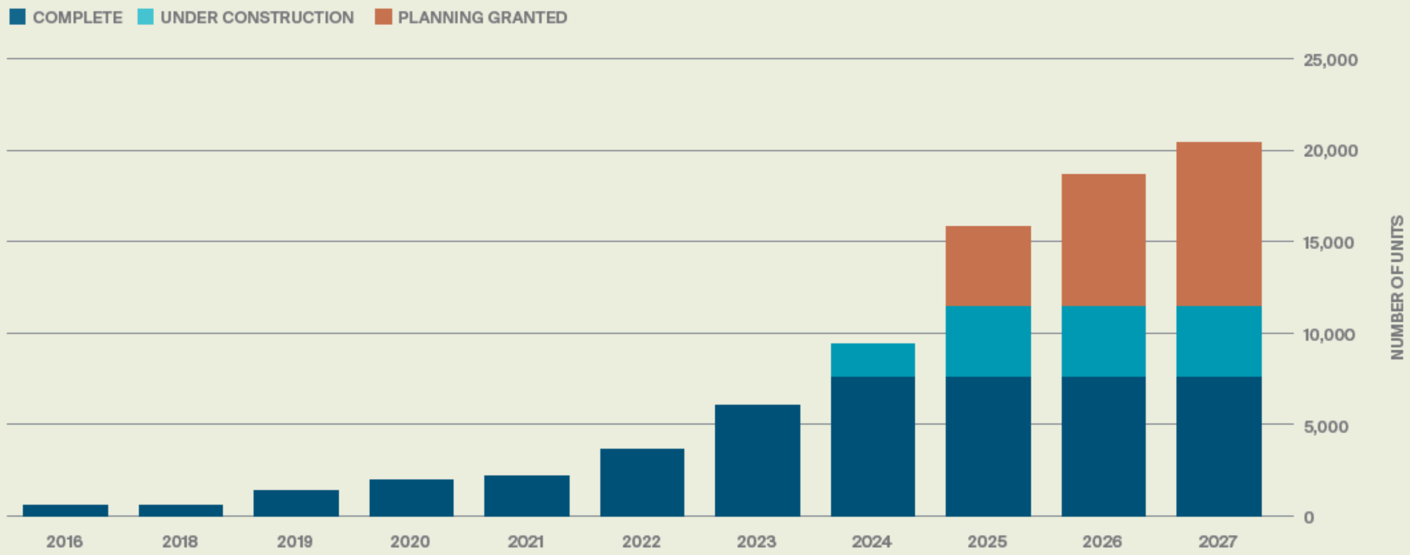
Notable transactions include a joint venture between Amro Partners and Japanese developer NTT to fund The Rex, a 210-bed scheme in Kingston, south-west London, and a forward funding deal between HUB and Bridges and CDL to deliver 209 co-living homes in Wood Lane, west London, Knight Frank advised on both deals.

92%

of co-living residents said they would recommend their landlord to friends and family

Fig 1: Co-living supply has increased fivefold since 2019

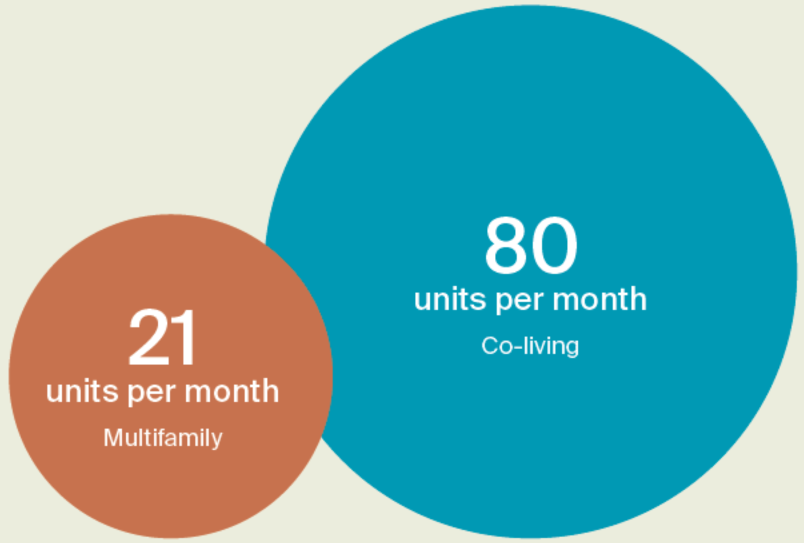
Total number of complete and pipeline homes



Source: Knight Frank Research

Fig 2: Lease-up: Co-living vs Multifamily

Average number of units let per month in schemes that completed since 2020

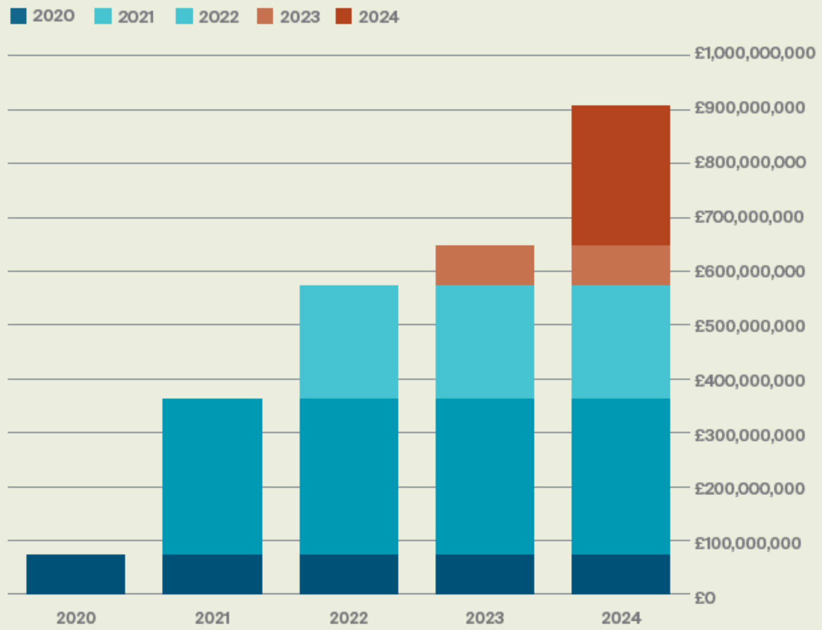


Source: Knight Frank Research

Note: Analysis is based on lease-up rates for 73 multifamily schemes and five co-living schemes in London that have completed since 2020. Schemes are considered stabilised once they are 95% let.

Fig 3: Nearly £1 billion has been invested in the UK co-living market since 2020

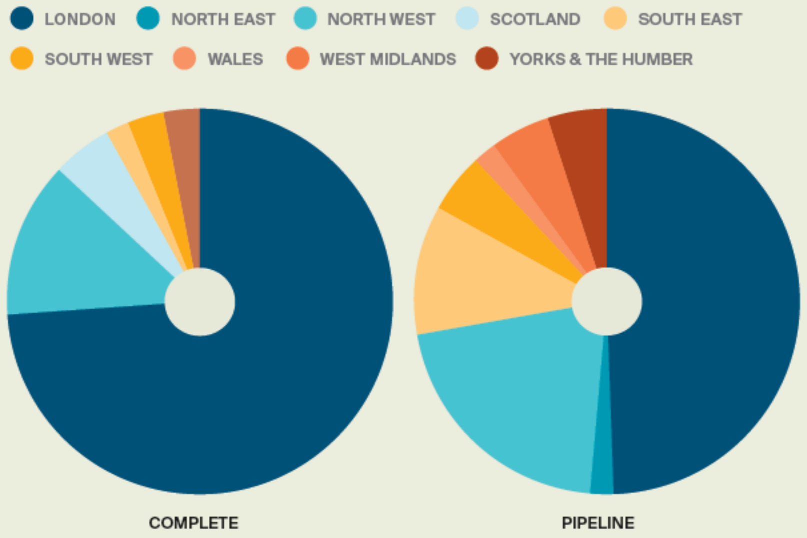
Cumulative investment volumes



Source: Knight Frank Research

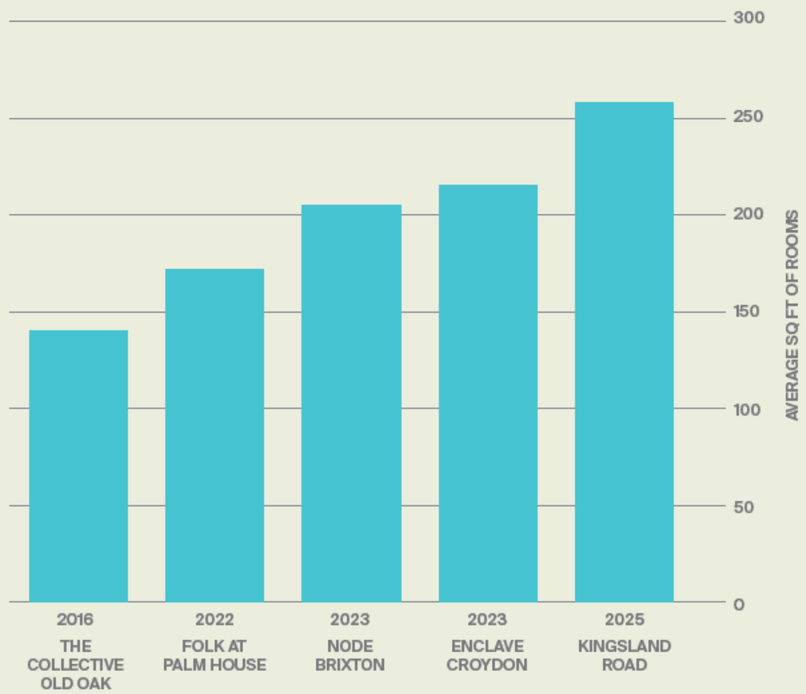
Where are co-living schemes being developed?

Fig 4: London dominates but regional co-living supply is catching up
Number of units by region



Source: Knight Frank Research

Fig 5: Co-living unit sizes & completion year
Selected London schemes, average size of a studio (sq ft)



Source: Knight Frank Research

Most of the co-living development to date has been delivered in London, mirroring the evolution of the multifamily market in the UK. Some 74% of co-living development has been delivered in the capital.

Whilst London is the largest market, the co-living pipeline has been expanding to other markets, with 6,722 units under construction or with full planning permission granted located outside of London, led by regional cities.

Manchester, Liverpool, Sheffield and Birmingham lead the way thanks to their large and growing populations of young professionals, strong graduate retention rates and expanding employment markets which make them viable locations for developers and investors.

However, the pipeline confirms that co-living isn't just workable in major cities, with schemes coming forward in smaller markets such as Woking, Reading and Guildford, a trend we expect will continue as the sector grows. In total, 33 local authorities in the UK have a co-living scheme either complete, under construction or with planning permission granted.

As co-living development becomes more geographically diverse, delivery rates will continue to increase. On average, 865 co-living units have been delivered per year since 2016. Based on the current pipeline of consented schemes, delivery could increase to 3,430 units per year from 2024 to 2027.

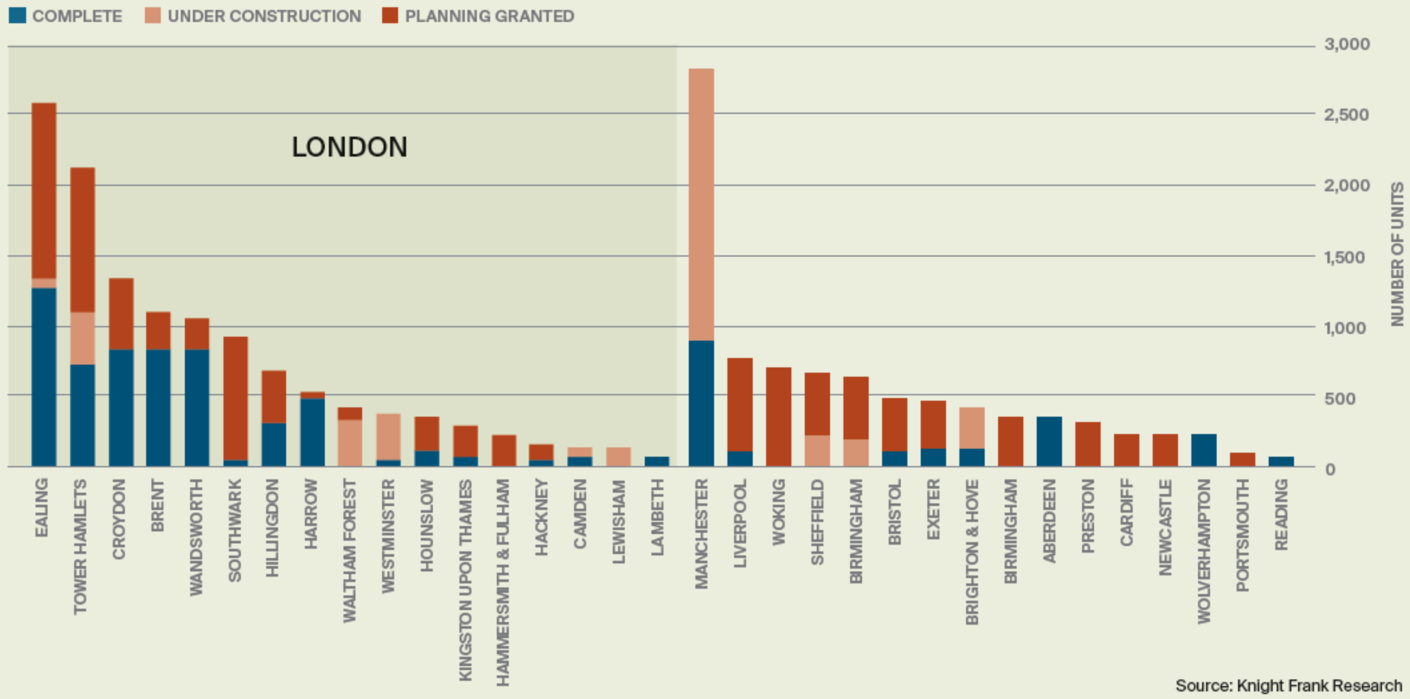
BIGGER SCHEMES, BIGGER ROOMS

The average size of co-living schemes is also getting larger, both in terms of unit numbers and unit size.

74%

of complete co-living development has been delivered in the capital

Fig 6: Co-living supply by local authority
Number of units

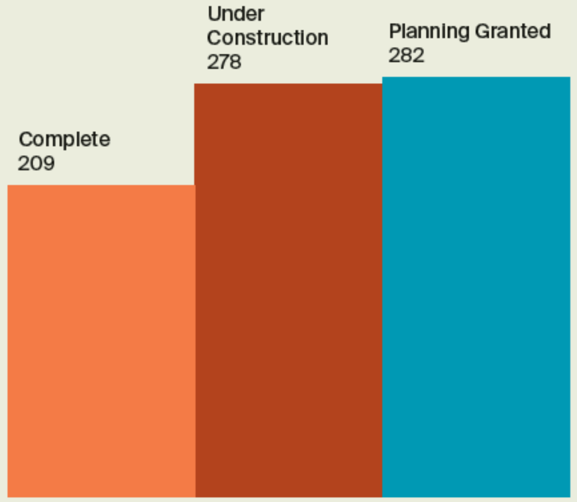


Source: Knight Frank Research

On average complete schemes have 202 units, rising to 278 for schemes under construction and to 282 units for schemes in the planning pipeline. This is partly a reflection of investors' desire for scale, but also of a greater understanding of the ideal scheme density and economies of scale.

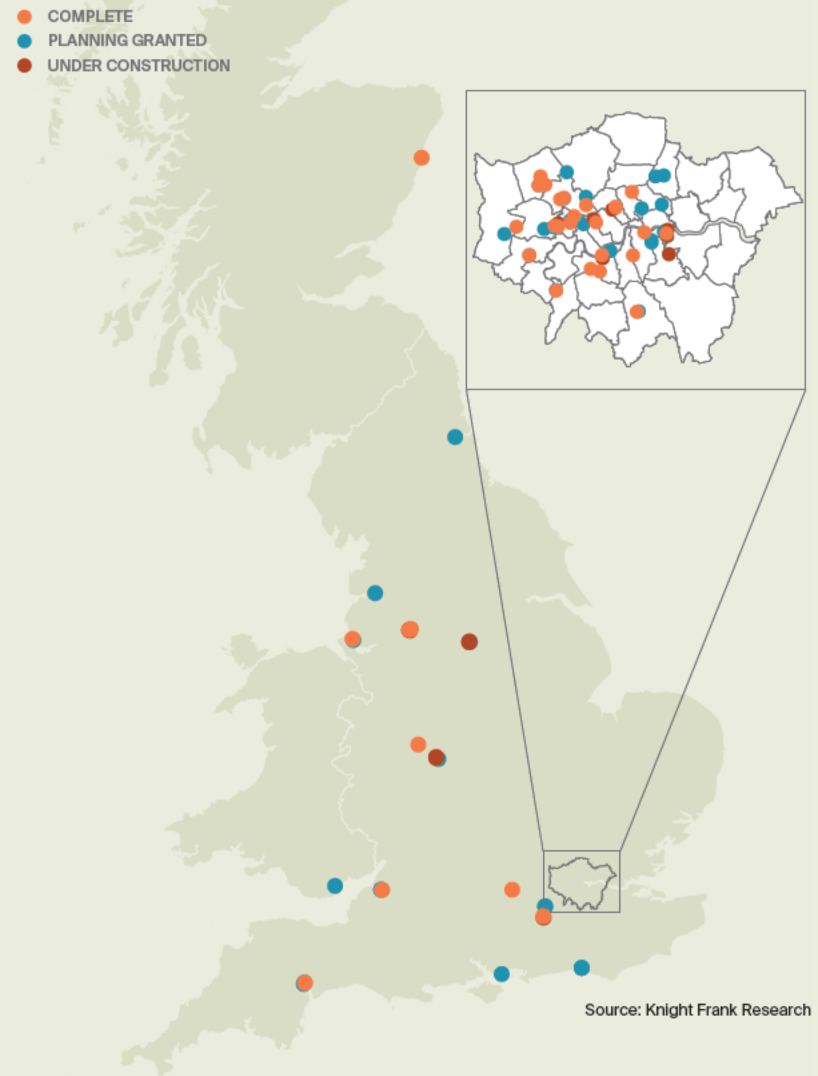
In terms of unit sizes, more recent schemes have moved away from the box rooms delivered in earlier developments, with the average studio surpassing 200 sq ft in numerous schemes.

Fig 7: Co-living schemes are getting bigger
Average number of units per scheme by planning status



Source: Knight Frank Research

Map 1: Co-living schemes by status



Source: Knight Frank Research

A diverse tenant base

Evidence from completed co-living schemes, while limited, gives us an insight into current tenant profiles.

The analysis shows that 72% of tenants who live in co-living schemes are aged between 26 and 40, for example, with the largest proportion aged between 31 and 35 (35%).

The data suggests the sector is meeting the housing needs of a wide demographic, beyond just the students and post-graduates who made up most of the residents in earlier schemes.

Demand is expected to grow further as more tenants become aware of the benefits on offer, including the typical fixed single monthly payments to include rent and bills, which is particularly appealing given the current volatility in the cost of living. As local authorities recognise the contribution co-living developments can make towards meeting ambitious housing targets, creating housing choice for local people, and creating diverse mixed communities, we expect to see more encouragement for this type of housing.

WHAT IS THE POTENTIAL DEMAND?

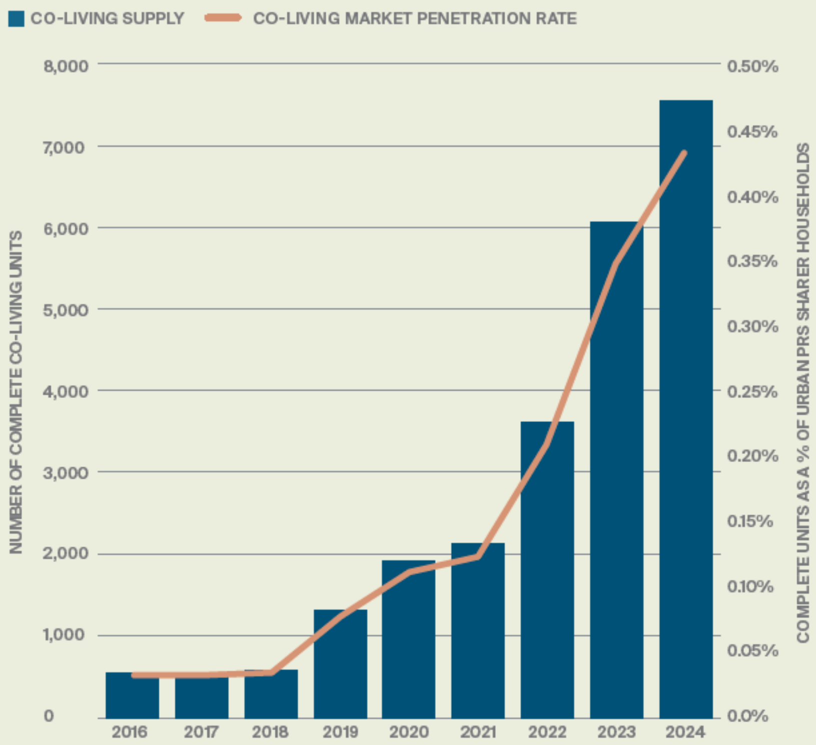
We estimate there are 1.7 million individuals currently renting in shared accommodation in urban centres across the UK who form the target market for co-living. Of these, nearly 630,000 are in London, around 36% of the total target market. This is followed by Manchester, Bristol, Leeds, and Birmingham.

Current delivery accounts for just 0.4% of the target market, highlighting the scale of the opportunity for developers, investors and lenders for the sector. Just looking at homes already in the pipeline, co-living supply is expected to nearly treble to more than 20,000 within the next three years.

Rental values in co-living schemes often appear to be at a premium to the wider private rented sector. However, the all-inclusive nature of co-living rents (which include costs like council tax, energy bills, wi-fi and access to amenities like gyms), mean that on average schemes in London are targeted at a c.7% discount versus all-in cost of living in other PRS accommodation, and a 14% discount relative to multifamily homes making it a more affordable option for private renters.

Fig 8: Co-living market supply and penetration rates

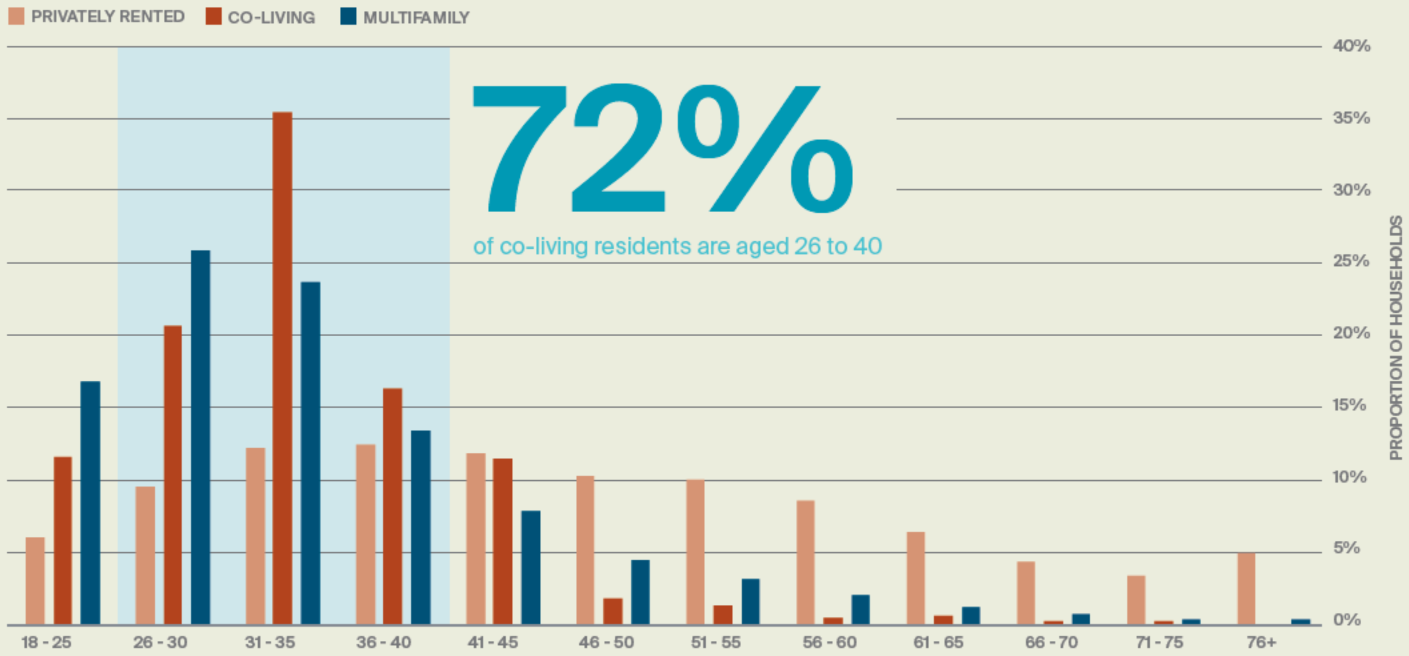
% of sharer individuals catered for by complete co-living supply



Source: Knight Frank Research, ONS, Census 2021

Fig 9: Proportion of households by age and property type

% of total

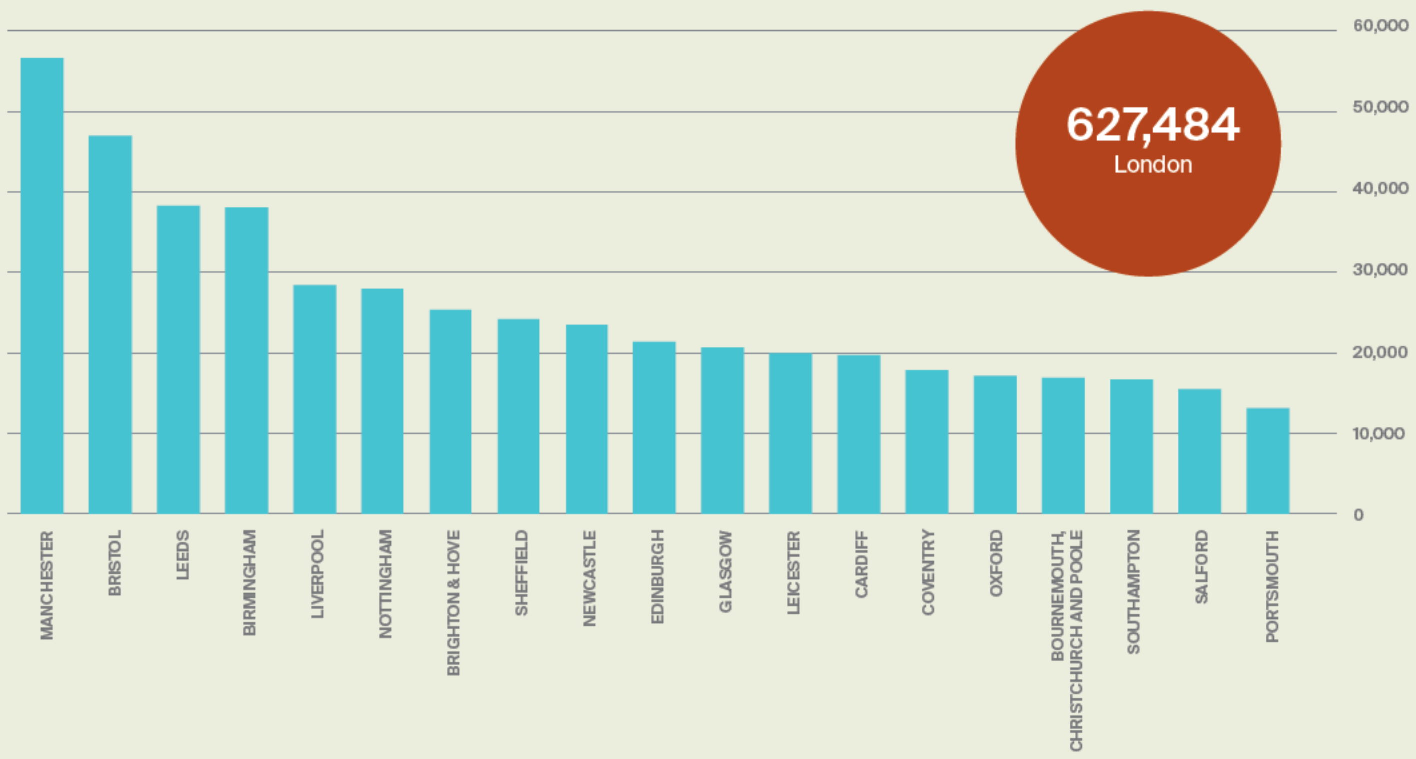


Source: Knight Frank Research, Experian

NB. Household age is typically identified based on the age of the eldest person with the highest income

Fig 10: Top 20 locations for co-living demand

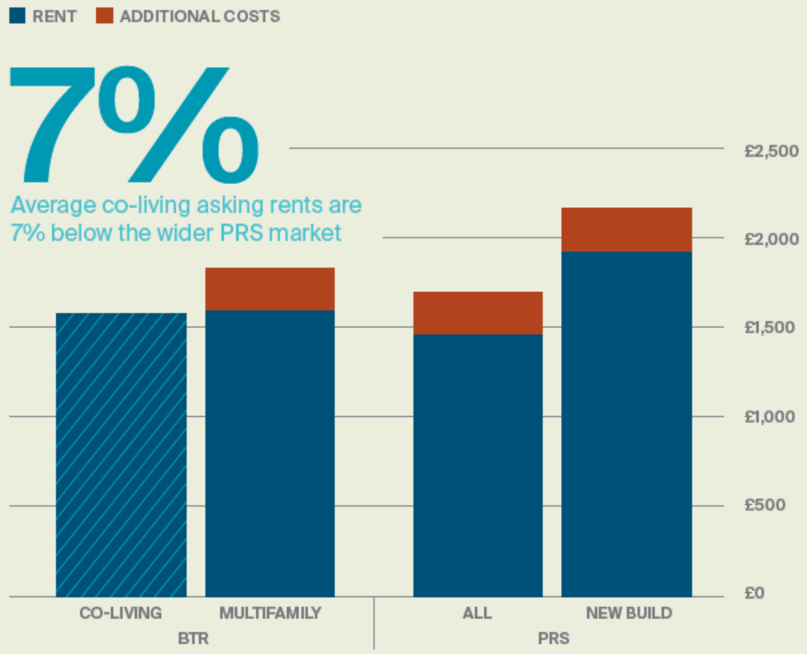
Number of PRS sharer individuals



Source: Knight Frank Research, Experian

Fig 11: Co-living 'all-in cost' rental comparison

Average asking rent per bedroom in London including bills*



Source: Knight Frank Research, Rightmove

Planning for change

Though co-living currently accounts for a very small proportion of overall housing stock, its potential to deliver a significant volume of homes is clear. Consequently, a growing number of local authorities are adopting planning policies to take account of this housing product.

LONDON PLANNING FOCUS

The co-living development pipeline is growing in London, and it makes up the majority of the UK's complete and pipeline co-living stock at 59%. However, policies and attitudes towards co-living in London vary borough to borough.

The map below shows the current position across the 32 London boroughs.

Only nine London boroughs have any specific adopted policy at present. Twelve boroughs have emerging policy, leaving 12 with no policy at all, instead requiring developers to rely on the London Plan and GLA guidance.

Somewhat disappointingly given the demand for co-living in London, where policies are adopted or being drafted, only a quarter of these actually support this use. Some 60% support but with numerous caveats making it more difficult to get planning permissions/intended to deter applications, and a fifth specifically state such a land use will not be supported.

Those locations that currently require developers to rely on the London Plan are potentially good locations to focus. The London Plan (2021) does specifically support co-living through Policy H16 Large Scale Purpose Built Shared Living (LSPBSL) and acknowledges the role the use can play in meeting London's housing needs. Alongside the LSPBSL SPG, using the London Plan in the absence of a local plan policy could be advantageous.

Chris Benham,
Partner, Planning

The support for co-living will ebb and flow over time. Some of the locations that have seen a higher proportion of co-living schemes come forward (see Wandsworth and Harrow) are now taking more restrictive stances in adopted and emerging policies.

We now have a clearer idea about the diverse spectrum of tenants from across society living in co-living. The evidence from complete schemes suggests it could be a very important component of the housing market. Building at scale and at higher densities in sustainable central locations also means boroughs are able to optimise brownfield land sites. That is what the planning system should be striving for. In a period where the ambition of owning a home is less achievable, and the desire for flexibility, good value for money accommodation, and high-quality homes has never been more important, the co-living model has so much that should be supported.

Now that the LSPBSL SPG has accepted the idea of delivering co-living as part of mixed-use schemes, with on-site C3 affordable housing instead of a payment in lieu, we would urge councils to be more supportive of the use.
Not only can co-living build at a density that will assist in housing more people than traditional housing but it can also meaningfully contribute to the supply of affordable housing – something that is currently lagging.

Additionally, having reviewed the payment in lieu for all co-living schemes across London which are not delivering C3 as part of a mixed use scheme shows that the average cost per bed amounts to £10,000. Whilst each scheme is different and has its own viability challenges, there is potential for co-living to give councils a useful injection of cash to fund the delivery of affordable housing. In doing so, co-living should be viewed as a housing products that can significantly contribute to both the delivery of housing and the delivery of affordable housing in London.

As noted elsewhere in the report, demand for co-living is demonstrably strong. The right schemes in the right locations will lease up quickly.

The same is true of other housing products to rent, and as such we must move towards planning policies which take into account a need to deliver housing of all tenures. Current policy does not adequately meet housing need in a place like London, and in the current market, helps to facilitate depressed numbers of housing completions.

> "The co-living development pipeline is growing in London, and it makes up the majority of the UK's complete and pipeline stock at 59%"

Additionally, the weight of capital focussed on co-living and the living sectors more widely should be welcomed. Co-living, multifamily and seniors housing all have a role to play in the housing market alongside for sale housing, and policy should not seek to hinder the growth out of concern that it is an either/or scenario.

These different forms of housing are complementary and overdue. With increased supply from rental housing the market will overall operate in a much more effective and affordable way.

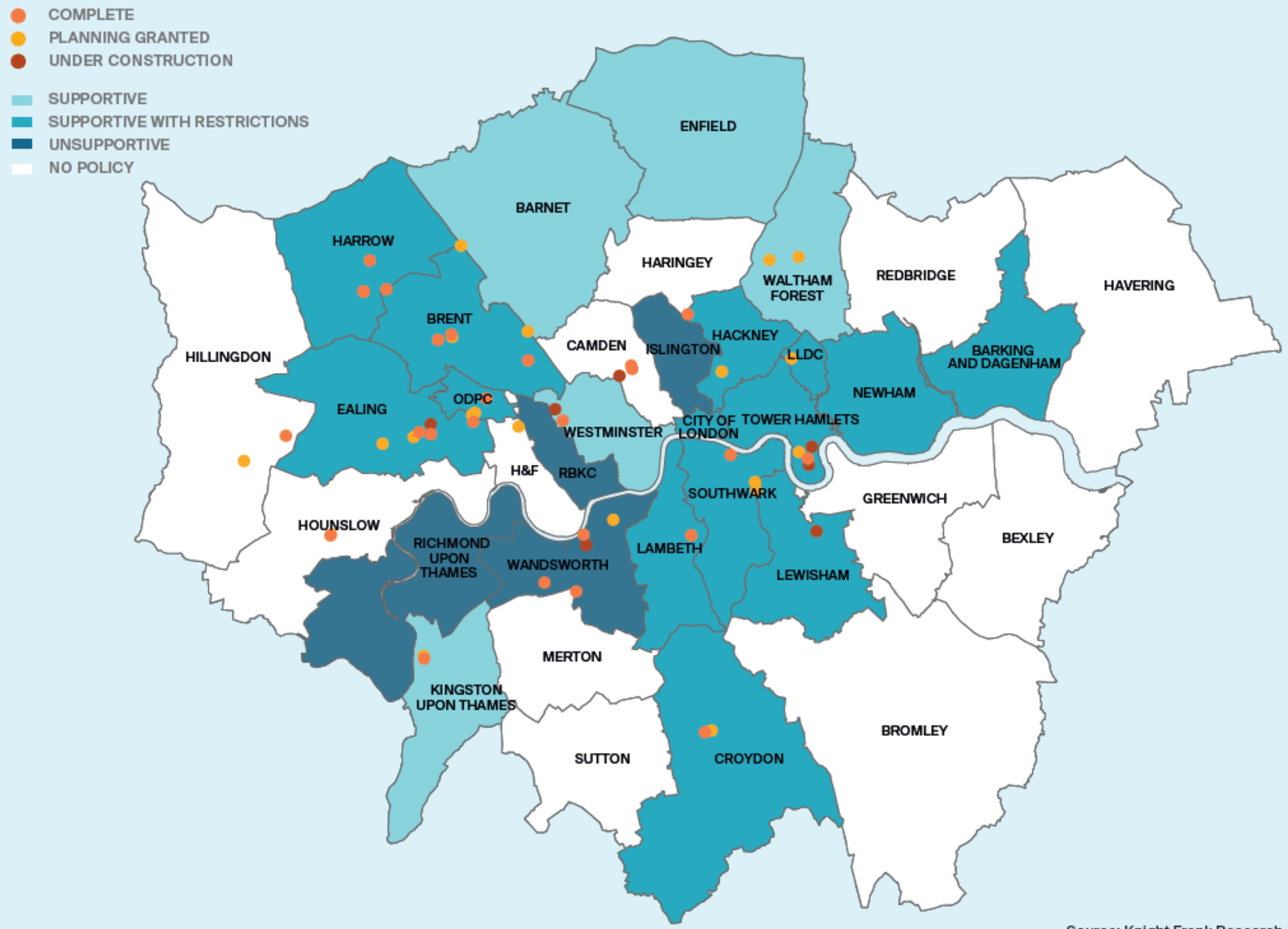
5,600
operational co-living homes in London

6,700
pipeline co-living homes in London (consented or under construction)

59%
of the UK's complete and pipeline co-living stock is in London

12 boroughs
of London have no planning policy

Map 2: Co-living schemes with status and LPA overall policy position



Source: Knight Frank Research

Front cover image: Halcyon's scheme at Sunday Mills

Knight Frank is a leading advisor in the co-living space having provided valuations, agency, consultancy, funding and planning advice to clients with a team dedicated to assisting developers and investors. Please do not hesitate to get in touch.

We like questions, if you've got one about our research, or would like some property advice, we would love to hear from you.

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