

Talent and student private rented sector bottlenecks: a preliminary UK investigation

Simon Huston, Arydas Jadevicius and Negin Minaei
RELM, Royal Agricultural University, Cirencester, UK

Student
private rented
sector

287

Received 29 September 2014
Revised 11 December 2014
Accepted 12 January 2015

Abstract

Purpose – The purpose of this paper is to sketch the UK housing backdrop, review the student private rented sector (PRS) and assess the experience of post-graduate university student tenants in the PRS. **Design/methodology/approach** – A literature review puts the issues of student-PRS responsiveness into context and helps to untangle some UK housing issues. The private sector's size, growth and performance is assessed by reviewing secondary data. In-depth interviews were then conducted at a regional university campus.

Findings – The study confirms accumulating evidence of an unbalanced UK housing market. The study identified four main PRS issues: first, rapid university expansion without accompanying residential construction has sparked rampant PRS growth with, second, quality issues, third, in tight letting market conditions, rented agent service levels fell and fourth, part of the problem is complex PRS management procedures.

Research limitations/implications – The research has three noteworthy limitations. First, the macroeconomic analysis integrated secondary research without independent modelling. Second, the views of letting agents, university property managers, planning officers or landlords were not canvassed. Finally, the pilot interviews were geographically restricted.

Practical implications – When they expand, universities, local authorities and industry players need to give due consideration to plan for, design and develop quality student accommodation. Over-reliance on the PRS without informed oversight and coordination could undermine student experience and erode long-term UK competitiveness.

Social implications – The lack of quality student rented accommodation mirrors a general housing malaise around affordability, polarisation and sustainable “dwelling”. Standards and professionalism in the rented sector is part of the overall quality mix to attract global talent.

Originality/value – The preliminary investigation uses mixed-methods to investigate PRS service delivery. It illustrates the interplay between professional property management and wider issues of metropolitan productivity, sustainability and resilience.

Keywords Competitive strategy, Customer satisfaction, Talent, Economic sustainability, Residential property, Strategic planning, Sustainable development, Housing market resilience, Private rented sector (PRS), University expansion, Student accommodation, Property professionalism

Paper type Research paper

Introduction

Housing can either enable or hinder economies (Gibb *et al.*, 2008). Floods, riots and financial crises are all consequences of poorly conceived or ineptly managed property systems. Housing markets are imperfect and spatially fragmented with complexity compounded by information asymmetry and planning regime constraints (MacLennan, 1982; Cheshire, 2008; Meen, 2009, 2012). Governments intervene in housing systems to moderate spatial, social or capital market spillovers but the requisite degree of intervention or its policy levers are contested. A broad consensus emerges on the need for mixed-tenure, well-designed and integrated development (Rudlin *et al.*, 2014; Glossop, 2008). Tougher standards and oversight would enhance confidence in the

Property Management
Vol. 33 No. 3, 2015
pp. 287-302
© Emerald Group Publishing Limited
0263-7472
DOI 10.1108/PM-09-2014-0039

capability of the private rented sector (“PRS”) to deliver sustainable urban development solutions (Rugg and Rhodes, 2008). This is particularly true in the student-PRS.

The modern global economy demands a highly skilled and mobile workforce (OECD, 2013). Paradoxically, the National Union of Students (NUS, 2014) called attention to the plight of student renters and pressed the government and universities to act. Piketty (2014) sees the squeeze on student rents as another manifestation of wealth inequality or the rise of “patrimonial capitalism” whilst Metcalf’s (2012) concerns focus on labour “productivity” in the global competition for “talent”. Given its elderly demographic trajectory, and notwithstanding media noise, the long-term UK prosperity is reliant on foreign migrants (Gokhale, 2013).

Some, neo-liberals like Becker (2011), propose selling-off immigration quotas to the highest bidder. More measured commentators point to a complex and iniquitous migration trade-off. In the short-term, immigrants, compete for scarce housing and can block-up services in infrastructure-constrained locales. Migration hits unskilled domestic tenants hardest via wage stagnation, rent escalation, congestion, crime, service stress and loss of social cohesion (Metcalf, 2012). For Barrett (2014), “ordinary, hard-working people”, suffer a “double whammy” of diluted wages and declining service levels such as overcrowded and underperforming schools. For England’s renters, migration-driven foreign capital inflows fuel house price inflation and stymie housing career progression. On the other hand, for Brokenshire (2014) metropolitan elites have benefited surreptitiously from immigration via housing boosterism and cut-price services. In addition to cheap labour in, what Zukin and Smith Maguire (2004, p. 3) calls the “symbolic economy”, a sprinkling of migrants provides “cosmopolitan” branding for high-end brunching venues. In short, uncontrolled mass-immigration benefits capital not labour.

Having sketched the immigration and housing backdrop, the research investigates student accommodation and post-graduate university housing experience, seeking to answer the question:

Is the English PRS responsive to the needs of university students?

Research design

A complete answer to the student-PRS research question provokes discussion around the social function of housing and invokes several sub-questions. We illuminate the PRS backdrop, investigate the sector’s responsiveness and consider the wider implications of student-PRS dysfunction for UK Plc. Hence, a complete student-PRS critique involves five questions, in three exploratory, one operational and a final, synthetic phase:

- (1) Why is the student-PRS important? (problematisation).
- (2) What is the backdrop to the rented sector? (literature review).
- (3) What is the extent of the student-PRS crisis? (analytical review).
- (4) How responsive is the PRS to the needs of university students? (operational phase interviews).
- (5) What are the housing policy implications? (discussion and conclusion).

The first three exploratory phases of the research drew on the literature or accessed available secondary data. In this preliminary paper, make no attempt to provide a complete answer to the student-PRS issue. Instead, we selectively investigate one key PRS barometer: overseas post-graduate student’s perceptions in regional English

university town. In general, foreign post-graduates generally lodge for over a year and, when domestic accommodation standards are high, can be very sensitive to dwelling quality or agency administrative defects. Reciprocally, landlord short-term proclivities should be less marked than with more footloose and less choosy undergraduates. Dwelling satisfaction or disenchantment among foreign post-graduates students also provides a crucial housing policy litmus test for the fifth research question above. A regional research focus counters unease at London's housing market dominance and illuminates potential alternate regional development pathways for emerging university hubs (Huston *et al.*, 2015a, b). In short, the attitude of foreign post-graduates is a key performance indicator ("KPI") for state of health of the student-PRS. A focus group for post-graduate students was organised to discuss issues concerning accommodation and document experiences. The interviews provided qualitative research on the student-PRS and its administration complexity. Finally, the research consolidated its secondary analytical and primary qualitative evidence to form a tentative view on the current state of the UK student-PRS and its responsiveness. Methodological limitations and avenues for further research were identified.

Importance of student rented sector

The PRS excludes owner-occupied, socially rented or local authority dwellings. Currently, it comprises seven million dwellings in the UK out of 23.4 million (Office of National Statistics, 2011). Rampant PRS growth, London investment euphoria, the underutilisation of owner-occupied dwellings and chronic unaffordability suggest an unbalanced English housing market system. Symptomatic remedies involve legislation, tax regime or planning reform but substantive treatment extends beyond non-spatial, instrumental and financial property paradigms to place-based "dwelling" and community considerations (Heidegger, 1954; Malpas, 2004). Aside from financial or phenomenological critiques, deficiencies in UK housing market systems undermine its potential to foster regional talent and skills. Geographers like Landry and Bianchini (1995) or Florida (2002) stress the importance of urban design to attract "talent" or the "creative class" and catalyse regional economic development.

However, analytic or discursive sceptics struggle with the concept of the "creative class" and downplay the role of "gimmicks" to attract talent (Peck, 2005; Pratt, 2008; Storper and Scott, 2009). Discursively, Hall (2000) dismisses the hype surrounding elitist or *café-latte* enclaves for urban regeneration. Scott (2006, p. 12) agrees and sounds the alarm against simplistic recipes for a "steady march [...] towards some sort of creative utopia". For him, talented enclaves are vitiated by the countervailing reality of "massive numbers of unstable low wage jobs". For Kratke (2010), Florida's "creative class" is a misnomer for a "dealer class" and his investigations are riddled with identification, aggregation and co-location problems. For Kratke (2010), Florida is an apologist and the real culprit is short-term capitalism and its patchwork of polarised spatial outcomes. Injections of technology, tolerance and talent would not stave off territorial decline.

Håkansson (2005) adopts an aspatial and practical business viewpoint. Firm innovation and competitiveness is driven by networks not urban form or "co-location clusters" (Håkansson, 2005, p. 450). Rather than wasting money tinkering with urban infrastructure to attract talent, investment should seek to enrich networks which enhance "exchange effectiveness in relation to other firms [so] a firm initiates and reacts to changes in the network in such a way that the firm keeps on being valuable to the network" (Holmen and Pedersen, 2003, p. 409).

Statistically, the innovation debate between spatial regeneration for talent or firm network enhancement is unresolved. In the USA, Mellander and Florida (2011) found entertainment sector clustered disproportionately in Los Angeles and New York. In Europe, Marlet and van Woerkens (2007) found “creatives” were more significant predictors of job growth than education. Lorenzen and Andersen (2009) stressed the role of central places for creativity. On the other hand, network advocates like Boschma and Fritsch (2009) find no statistically significant link between the “creative class” and economic performance.

Empirically, regional university towns like Cambridge in the UK have exemplary growth rates (Centre for Cities, 2014). But whilst university towns attract students, they cannot retain them. After their studies, most UK graduates move, pulled by what Mumford (1961, p. 533) calls the “hypnotic attraction of the big city”. In Canada, Darchen and Tremblay (2011) also found quality of place less significant than career opportunities for post-graduates. In short, spatial considerations are just one of several factors attracting or repelling talent and mediating the creative economy. Nevertheless, we conclude that a responsive student-PRS in well-designed precincts is a milieu to incubate skills and critical strategic resource.

Backdrop to PRS

Having brought the student-PRS problem into its strategic light, we next fill in the backdrop to the wider general PRS within English housing system. Before the war, renting was the main tenure but its decline has now reversed. The English Housing Survey (Department for Communities and Local Government, 2014) estimates that out of 22 million households, four rent privately and almost the same number (17 per cent) are in social housing. Currently, 1.8 million households wait for social housing (GovUK, 2014). In effect, one-third of the UK population is excluded from any future capital housing gains. As the adverse health impacts of spatial injustice are well-established (Stafford and Marmot, 2003), the UK housing crisis warrants serious policy consideration. Ball (2010) defends the performance of the PRS, arguing its short-term tenancies underpin the provision of flexible accommodation for the young and mobile. Certainly, rising rents have spawned PRS agents and pricked the interest of institutional investors (Kirkby, 2014, p. 22). Currently, around 15-17 per cent of UK homes are residential lettings (Whitehead *et al.*, 2012). Over the last 14 years, the fragmented sector has doubled in size and growth is predicted to escalate (Knight Frank, 2014). Polemic surrounds PRS growth and the rise of “generation rent” (Kirkby, 2014, p. 39). Thus far, mainly for ideological reasons, only market-orientated solutions have been considered. Unfortunately, policy tinkering has basically failed to redress the “chronic lack of housing supply” (UKL Government, 2011; Ball, 2010).

PRS detractors claim it is dysfunctional and unresponsive. Land supply restrictions, laborious planning and antiquated local authority funding constraints restrict housing supply. As a result, UK homes are amongst the smallest in Europe, and, according to *The Economist* UK property is now so overpriced that if chickens had risen commensurately, a carcass would cost £51. One beneficiary of explosive rented sector growth is Martin & Co., the UK’s largest single brand residential letting agency. Its low cost franchise business model leverages web technology and sites such as Zoopla and Rightmove. But, notwithstanding trumpeted examples of short-term commercial success, the House of Commons (2014, p. 7), found, “strong evidence of sharp practice and abuses by letting agents”. The Commons recommend a “crack down on the unreasonable and opaque fees charged not only by a few rogues

but by many well-known high street agents". Proposed solutions include a draft Tenants Charter and a PRS code of practice (Wilson, 2014) but voluntary measures, whilst necessary, are unlikely to be sufficient to tame the predatory impulses of rogue landlords.

The student rented sector crisis

The fragmented undergraduate student-PRS submarket is characterised by short-term tenancies (September to July) and houses in multiple occupation (HMO). Landlord investment strategies are for long-term capital appreciation financed by a throughput of relatively high risk tenants. Tenant relationships are short-term and characterised by "moral hazard". Students, trade quality for locales or rent with palliative recourse to parental visits, local pubs or exit. Preferred student locales are contiguous to campuses or with low rent and a bohemian atmosphere (Rugg and Rhodes, 2008; Huston *et al.*, 2015a, b; Wadley *et al.*, 2015) but, under-priced artistic locales are both a theoretical anomaly and increasingly rare in an era of arts-centred growth strategy (Von Thünen, 1826; Whitt, 1987). Tight HMO PRS supply in desirable enclaves can undermine the enforcement of legislation or accreditation standards (Housing Act, 2004; Hughes and Houghton, 2007). Students, with only a temporary stake, have an incentive to "free-ride" by shifting the incidence of cleaning or repairs to the landlord's remediation account. Onerous administrative procedures are designed to screen out potential unsavoury or impecunious tenants.

With post-graduates, short-termism should be less pronounced since they generally lease for longer periods than undergraduates. However, post-graduate accommodation expectations can be more exacting if coloured by positive previous undergraduate experiences or domestic housing quality. In short, landlords have less reason to be circumspect with more exacting post-graduates. The views of foreign post-graduate end-users provide a litmus test for the health of the UK student-PRS and its administrative responsiveness.

Having introduced some of the dynamic forces at play in the specialised student-PRS sub-market, we can now investigate the extent of the student-PRS crisis (sub-question 3 above). To this end, we conduct an analytical review of non-UK domicile student numbers and rented accommodation supply situation and investigate student housing costs.

According to Universities UK (2013), there were around 2.5 million registered students in the UK higher education (HE) institutions. Nearly two million are undergraduates (77 per cent) and 570,000 post-graduates (23 per cent). The total number of HE students in 2011-2012 in the UK increased by almost 300,000, or 13.5 per cent, from 2003 to 2004 (Universities UK, 2013). By 2013, international students represented 12.8 per cent, of all UK students. The UK remains a relatively popular study destination for international students. Whilst UK absolute international student numbers are only around 60 per cent of the USA, proportionally the sector is much more significant (Dudgeon, 2012; National Centre for Education Statistics, 2012; UNESCO, 2014). However, UK international student growth is modest (at around 5 per cent) compared to growth in competitors like Germany. The UK Council for International Student Affairs (UKCISA, 2014) suggest that there were 210,000 non-UK post-graduate students seeking education in UK HE institutions in year 2011-2012. This is 48 per cent of all non-UK domicile students in UK universities (see Table I).

Table II reports student origins. Whilst non-EU students form the supply bedrock growth is relatively modest with only a 2.9 per cent increase in student numbers for

2011-2012. Although number of Chinese students coming to the UK grew by 16.9 per cent, India and Pakistan numbers were down by, respectively, 23.5 and 13.4 per cent. Low-growth from traditional overseas markets was offset by a 40.7 per cent jump in student numbers from EU countries, particularly Italy, Romania and Bulgaria.

The above analysis confirms that UK universities remain popular with international students (GVA, 2012). However, students remain sensitive to education costs. In 2012 UK Government introduced changes to tuition fees universities can charge students. Currently in most English universities the tuition fees for UK/EU students studying for an undergraduate degree are £9,000 per year for all courses (University of Cambridge, 2013). It is around 11,000 for classroom-based subjects for international undergraduates.

Post-graduate fees vary. The cheapest PG taught courses are at Glyndwr University (£8,100), while the most expensive is an MBA at the University of Oxford (£41,000). However, according to Matthew's estimates, the average fee charged to overseas students for classroom-based degrees is just under £11,600 a year. This is nearly double what UK/EU students are paying. Some extra costs imputed to teaching overseas students are bona fide but Daniel Stevens, International Students Officer at the National Union of Students, argues that, "International students are an important part of the cultural and academic make-up of university life and should not be treated simply as cash cows". Apart from tuition charges, UK universities collect around £67 million a year for visa-related charges (HEBRG, 2013). On the other hand, Universities get no HEFCE teaching grants for international student enrolments.

Table I.
Origin of UK
international
students 2011-2012

All non-UK domicile in HE	Full-time	Part-time	Total
Post-graduate research	37,670	6,480	44,150
Post-graduate taught	134,630	20,235	154,865
Post-graduate other	4,335	6,355	10,690
First degree	189,505	9,170	198,675
Other undergraduate	10,445	16,405	26,850
Total non-UK	376,585	58,645	435,230

Source: UKCISA (2014)

Table II.
Top student sending
countries

	Top 10 non-EU senders			Top 10 EU senders			
	2011-2012	2010-2011	Change	2011-2012	2010-2011	Change	
China	78,715	67,325	16.9	Germany	15,985	16,265	-1.7
India	29,900	39,090	-23.5	Ireland	15,075	16,855	-10.6
Nigeria	17,620	17,585	0.2	France	12,835	13,325	-3.7
USA	16,335	15,555	5.0	Greece	11,790	11,630	1.4
Malaysia	14,545	13,900	4.6	Cyprus	11,620	11,320	2.7
Hong Kong	11,335	10,440	8.6	Poland	6,295	7,330	-14.1
Saudi Arabia	9,860	10,270	-4.0	Italy	8,010	7,100	12.8
Pakistan	8,820	10,185	-13.4	Spain	5,935	5,795	2.4
Thailand	6,235	5,945	4.9	Romania	5,915	4,625	27.9
Canada	6,115	5,905	3.6	Bulgaria	5,705	4,615	23.6

Note: Adapted from: UKCISA (2014)

Accommodation charges are another bone of contention for international students. In their study on the impact of facilities on student choice of university, Price *et al.* (2003) found accommodation quality an important influence on student institution choice. Yorke and Longden's (2008) confirm. Collinson and Jogia's (2010) found Bradford offered the cheapest UK student self-catering accommodation at £53.50 a week. In comparison, Durham's charges were £99 per week and Edinburgh's £216. Roland House in South Kensington is the most expensive student accommodation in the UK. Residential Land (2014) found student university accommodation prices ranged from £415 to £720 per week. Whilst PRS seems to offer students a cheaper accommodation alternative, students need to be wary of addition expenses, such as utilities. Properties let by private landlords must be leased for at least six months and sometimes prepaid. Additional charges raise the relative expense of the UK PRS. Unlike in Australia, for example, student tenants must pay council and water charges.

Currently student halls of residence provide half a million bed spaces but this only represents 10-17 per cent of a rapidly growing market (Ball, 2010; Rhodes, 2006). Overflow students compete with the general population in a tight PRS. In 1980, the UK PRS was only 11 per cent of the dwelling stock compared to Switzerland's 63 per cent (2000: 58 per cent). Deregulation and cheap credit stimulate rapid growth of the UK PRS. In case of private sector student accommodation, the GVA's (2012) estimates suggest that this sector has grown over the past decade. According to Deloitte Real Estate (2013), purpose-built bed-spaces in the UK grew from 426,000 to 457,000 over the 2010-2013 periods. Over that period, Higher Education Statistics Agency (2014) data indicate that private-sector hall occupancy grew by 12.5 per cent. According to GVA (2012), overall, the number of students staying in private specialist accommodation has increased by 42 per cent, primarily driven by the overseas market. On the back of all this, recent reports on student housing presented by property consultancies including Savills (2013a, b), CBRE (2013) and GVA (2012) suggest that this property sector continues to perform well as an asset class generated greater yields than residential and commercial property.

However, regardless of the growth in the purpose-built student housing, the traditional PRS still provides one-third of total student accommodation (GVA, 2012) but struggles to suppress adverse landlord publicity. Repeatedly, surveys flag student disenchantment (Rugg *et al.*, 2000). Students complain bitterly about escalating rent but Savills (2013a) dismiss landlord greed as its driver and, instead, blame competing demand from young professionals. Now, the diverse UK PRS accommodates 10.6 per cent of the British population, mostly in properties owned by small-scale landlords. Whilst some lettings are job-related, most PRS leases are "assured short hold tenancies" (Rhodes, 2006). Unlike in Germany or Switzerland, the English PRS tenant mix is skewed towards young mobile singles. Young families, under "housing stress", are desperate to climb the first rung of the property ladder to avoid "lock out". Insecurity, PRS customer indifference, spatial polarisation and low social status associated with rented tenure all push families out of it (Table III).

The third component for a complete answer to the PRS responsiveness problem involves a sector overview. Residential rented property investment has become lucrative. The stellar performer is student rented. A noteworthy player in the student market is Unite which recently raised £100 million on the capital markets. Inflating assets values and strong earnings growth helped reinforce Unite's expansionary ambition. Over the past decade, in a tight supply situation, the rented sector has boomed. Values have risen by over one-third, compared to the paltry 5.9 per cent for

PM 33,3	Country	% PRS	Date	Evaluation
	England	17	2010	Growing
	Denmark	14	2011	Declining
	Finland	16	2009	Stable
	France	21	2006	Stable
294	Germany	49	2006	Stable
	Ireland	10	2009	Volatile
	The Netherlands	10	2011	Declining
	Norway	17	2011	Stable
	Spain	7-8	2010	Declining
Table III. Cross-country comparison of European PRS	Sweden	23	2009	Stable
	Switzerland	58	2000	Declining

Source: Whitehead *et al.* (2012)

commercial property. Whilst capital gains have lifted total PRS relative returns, profitability is geographically polarised. Revitalising outer London locations generated a 3 per cent risk premium compared to overpriced central London properties. London peripheral property performance was similar to equities and better than bonds (JP Morgan 7-10 year and MSCI UK). Commercial real estate returned just 10.7 per cent and unlisted property funds 9 per cent (IPD UK Annual Property Index, IPD/AREF Property Funds Index). Naturally, investors are attracted by PRS profits. Pension funds like, Essential Living recently waded into the sector. But investment demand has inflated prices and compressed gross yields to below 3 per cent. Only IT-related management efficiencies have prevented further net yield compression. On the back of commercial gains, The British Property Federation (BPF) now lobbies for PRS solutions to the housing affordability crisis. Outside of London or “threshold” gentrification locations, the PRS role in solving the housing crisis will likely remain secondary (Whitten, 2014; Meen, 2009).

Responsiveness of student-PRS to the needs of university students

A recent NUS (2014) report, Homes fit for Study indicates widespread dissatisfaction with the PRS. In total, 52 per cent of students reported living in cold or poorly insulated and/or draughty accommodation (48 per cent). Landlords were unresponsive (53 per cent), difficult to track down (34 per cent) or, when cornered, illegally entered premises (26 per cent). To help inform the student-PRS debate, we interviewed some overseas post-graduate student renters. The phased interviews were conducted in April-May 2014 at the campus of The Royal Agricultural University in Gloucestershire, UK. Table IV gives further details of the five post-graduate student respondents.

Interviewee	Gender	Nationality	Age range	Education	Duration of stay
Number 1	Female	Italy	35-40	PhD student	5 years
Number 2	Female	Iran	35-40	PhD	3 years
Number 3	Female	Zimbabwe	40-45	PhD student	3 years
Number 4	Female	Cuba	35-40	Masters	1 year
Number 5	Male	India	30-35	PhD student	5 years

Source: Authors (2014)

Table IV.
Focus group
interviewees

In the first interview, participants talked about their different experiences of housing in UK. The results of the first interview were translated into a schematic diagram of the student renter experience (see Figure 1). In the second interview, the participants volunteered specific feedback on the diagram. Interviewee comments modified the diagrammatic representation of student-PRS experience (see Figure 1 for details). The contrast between university provided rooms in bespoke accommodation blocks and the PRS experience emerges as a consistent theme. One of the main problems student noted was the limited number of available university rooms and their limited availability:

[...] “most of the students” accommodations are available just during the term time, and are generally expensive.

[...] “only a limited number of students” accommodations are available with conditions.

[...] “the reason international students prefer students” accommodations is they meet international standards, are safe and secure.

Students who do not have a chance to get student accommodation have to look for rented properties either through agencies or private market.

Specific issues raised by student respondents included:

- stipends or annual salary of £16,500;
- high level of deposits;
- administrative fees;
- onerous paperwork;
- need for a British guarantor;
- payment of at least six months’ rent in advance;
- landlord unresponsiveness; and
- opaque tenancy agreements or contracts.

Most students were unaware of the distinction between a “tenant” and a “lodger”. Ambiguities only surfaced when one student visited Citizens Advise Bureau (CAB) to find and found out that she was a “tenant” and, as such, had access to legal support by CAB to get her deposit back because she had a contract. Her colleague was less favoured and not entitled to any legal support because she was considered a “lodger”. Non-native English speakers struggled to interpret the legal wording in contracts. Only one Indian student benefited from British Embassy extension sessions to help de-mystify peculiarities of the UK accommodation and job markets. Overall, as Figure 1 illustrated the students complained that the system was overly complex.

Not only is the system procedurally complex as illustrated above but it is also unresponsive. Students complained that it took three or four calls to elicit any response to requests for repairs from letting agencies. Students were astonished at the bureaucracy and one note wryly that the PRS is, “skewed towards landlords”. System complexity and service deficiencies compound substantive shortfalls in bedsit stock quality. One of the interviewees said when she complained to her landlady that her room was freezing cold, the landlady replied:

“No way I turn on the heaters, it is still October!” and the interviewee replied: “Isn’t it more reasonable to check the temperature rather than the season, we get sick breathing in cold air, the comfort temperature range is from 18 to 25 and here is 2 centigrade”.

Modelling the current process of renting accommodation in UK towns based on real-life experience of five international post-graduates

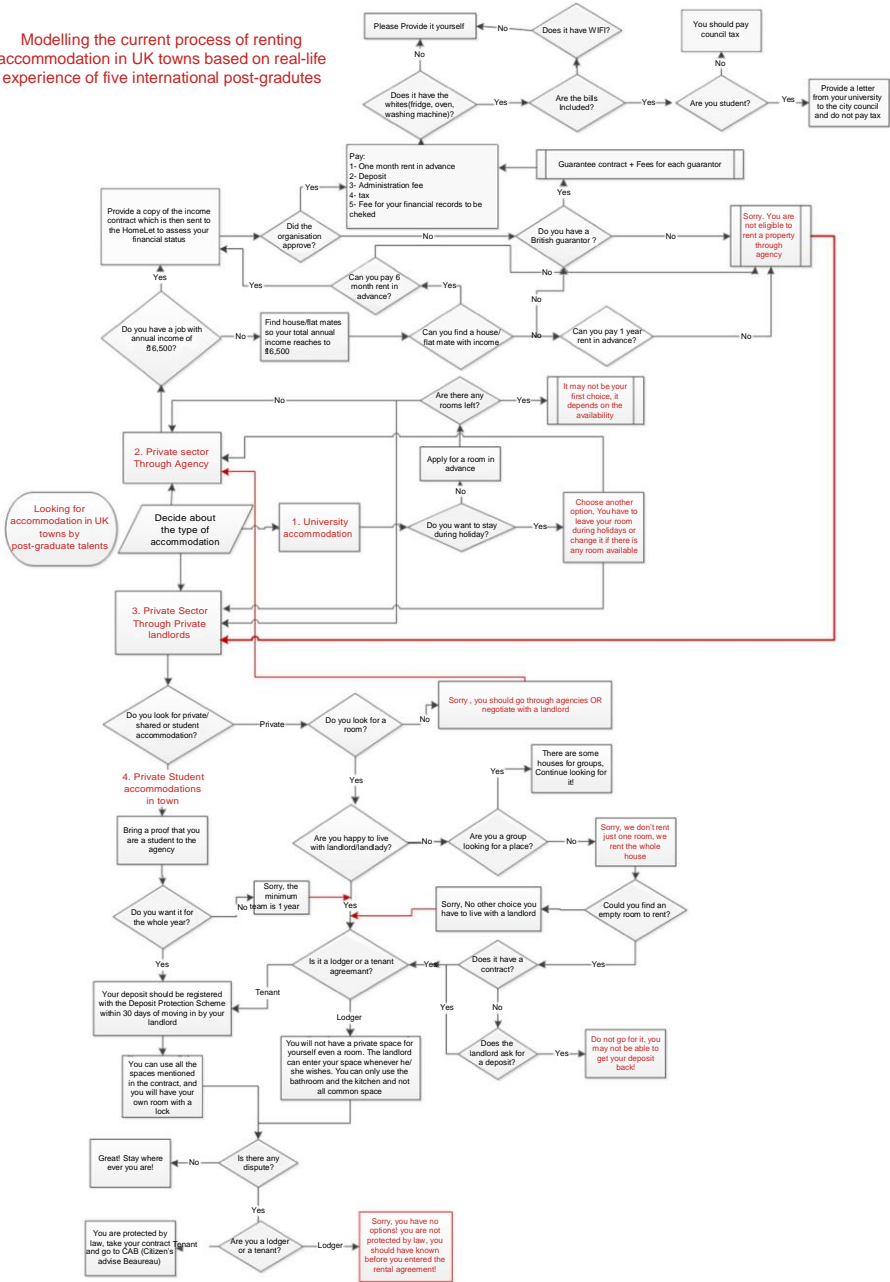


Figure 1. Diagrammatic representation of student-PRS experience

Most of the participants complained that cold conditions in private properties undermined their concentration. Bespoke university accommodation blocks, on the other hand, met international student expectations.

Overall, the focus group research reinforces the recent NUS (2014) Homes fit for study report. In short, our preliminary investigation confirms a deep level of student dissatisfaction with the PRS.

Policy implications and conclusion

The research investigated the responsiveness of the English PRS to student needs. It involved conceptual, literary, secondary data and interview phases. The first problematisation phase highlighted growing concern about the sustainability and equity of the UK housing market. We identified the strategic significance of the student-PRS as a milieu to incubate “talent” and foster the analytical skills necessary to compete in the modern global economy. Next, we reviewed some of the UK rental market literature to uncover national idiosyncrasies and continuous evolution. Our secondary data analysis revealed a shortfall in quality student rented accommodation, potentially damaging UK competitiveness. Construction of bespoke university housing has not kept pace with the rapid expansion of the tertiary sector. The cause of supply inelasticity probably merits detailed investigation but probably involves planning system constraints and capital rationing. The merits of land and capital rationing mechanisms must be assessed on a case by case basis and can help reign in unbridled excess, whether manifesting as sprawl, “monstrous carbuncles” (HRH The Prince of Wales, 1984) or risky investments.

For the operational phase of the student rented housing, we conducted pilot interviews with five post-graduate overseas students at a regional English university. All were profoundly dissatisfied with their PRS experience. The students considered their private accommodation “sub-standard” but also confronted a complexity rented system compounded by indifferent or inept agents.

The tentative conclusion from the exploratory analytic and preliminary operational research is that the English PRS is falling short of its requirements to meet the needs and aspirations of university students. By implication, the PRS fails to nurture talent. The research makes four contributions.

First, it flags that an inadequate supply response by universities, specialised commercial providers and institutional investors drove the explosive growth in PRS. Second, dedicated student accommodation is scarce or expensive and the alternate private landlord student supply is haphazard. In private sector, some poor quality landlords/agents are unwilling or unable to renovate or make capital investments. Given their transitory accommodation stake and lack of previous rental experience, undergraduate students are not vociferous, relatively tolerant but price-sensitive. After their degrees, most students re-locate from university locales for jobs in metropolis. On the departure of their short-term tenants, over-leveraged and cash-strapped, landlords can struggle to pay elevated re-conditioning expenses. Third, in tight markets agent service levels can drop off as resources are diverted to more lucrative segments. Fourth, the current PRS management regime is too complex.

PRS deficiencies have national repercussions. PRS negative externalities could substantively undermine UK HE provision in terms of student mental and physical health and academic performance. A dilapidated and unresponsive PRS could also undermine brand UK overseas. It can signal cynical indifference or ineptitude in a global audience of economically active adults.

The research has three noteworthy limitations. First, the macroeconomic analysis integrated secondary research without independent modelling. Second, the views of letting agents, university property managers, planning officers or landlords were not canvassed. Finally, our pilot interviews were geographically restricted. Notwithstanding these limitations, the study confirms accumulating evidence of an unbalanced UK housing market. The lack of quality student rented accommodation mirrors a general housing malaise around affordability, polarisation and sustainable “dwelling”. Standards and professionalism in the rented sector is part of the overall quality mix to attract global talent. The preliminary research flags some private rented issues but is unable to provide policy recommendations or advice on legislative reform without further broad industry consultation or a wider sample of student tenant interviews.

References

- Ball, M. (2010), *The UK Private Rented Sector as a Source of Affordable Accommodation*, Joseph Rowntree Foundation, York.
- Barrett, D. (2014), “Immigration minister blames middle class for influx of foreign workers”, *The Daily Telegraph*, 6 March, p. 1, available at: www.telegraph.co.uk/news/uknews/immigration/10679397/Immigration-minister-blames-middle-class-for-influx-of-foreign-workers.html (accessed 19 March 2014).
- Becker, G.S. (2011), “The challenge of immigration: a radical solution”, available at: www.iea.org.uk/publications/research/the-challenge-of-immigration-a-radical-solution (accessed 19 March 2013).
- Boschma, R. and Fritsch, M. (2009), “Creative class and regional growth: empirical evidence from seven European countries”, *Economic Geography*, Vol. 85 No. 4, pp. 391-423.
- Brokenshire, J. (2014), “New Minister of immigration speech”, House of Commons, available at: <http://blogs.telegraph.co.uk/news/jameskirkup/100262397/immigration-shock-you-dear-reader-are-a-member-of-the-wealthy-metropolitan-elite/> (accessed 18 March 2014).
- CBRE (2013), *MarketView: UK Student Housing*, CBRE Global Research and Consulting, London, p. 6.
- Centre for Cities (2014), “Cities outlook 2014”, available at: www.centreforcities.org/assets/files/2014/Cities_Outlook_2014.pdf (accessed 30 January 2014).
- Cheshire, P.C. (2008), “Reflections on the nature and policy implications of planning restrictions on housing supply”, *Oxford Review of Economic Policy*, Vol. 24 No. 1, pp. 50-58.
- Collinson, P. and Joglekar, R. (2010), “The best and worst student accommodation”, available at: www.theguardian.com/money/2010/aug/21/best-worst-student-accommodation (accessed 25 February 2014).
- Darchen, S. and Tremblay, D.-G. (2011), “The attraction/retention of knowledge workers and the creative city paradigm: can we plan for the talents and at what cost: the case of Montreal”, Research Note No. 11-1A, Canada Research Chair on the Socio-organizational Challenges of the Knowledge Economy, Montreal.
- Deloitte Real Estate (2013), “Student housing 2013: the evolving market”, *Deloitte Insight*, November, p. 10.
- Department for Communities and Local Government (2014), “English housing survey”, available at: www.gov.uk/government/uploads/system/uploads/attachment_data/file/284648/English_Housing_Survey_Headline_Report_2012-13.pdf (accessed 4 June 2014).
- Dudgeon, P. (2012), *The Virgin guide to British Universities 2012*, Virgin Books, London, p. 512.

- Florida, R. (2002), "The economic geography of talent", *Annals of the Association of American Geographers*, Vol. 94 No. 4, pp. 743-755.
- Gibb, K., O'Sullivan, T. and Glossop, C. (2008), *Home Economics: How Housing Shapes City Economies*, Centre for Cities, London.
- Glossop, C. (2008), "Making the case for the private rented sector", in Bill, P., Hackett, P. and Glossop, C. (Eds), *The Future of the Private Rented Sector*, The Smith Institute, London.
- Gokhale, J. (2013), "The government debt iceberg", available at: www.iea.org.uk/publications/research/the-government-debt-iceberg (accessed 19 March 2013).
- GovUK (2014), "Improving the rented housing sector", available at: www.gov.uk/government/policies/improving-the-rented-housing-sector (accessed 16 July 2014).
- GVA (2012), "Student housing market overview", Research report, GVA, London, p. 12.
- Håkansson, L. (2005), "Epistemic communities and cluster dynamics: on the role of knowledge in industrial districts", *Industry and Innovation*, Vol. 12 No. 4, pp. 433-463.
- Hall, P. (2000), "Creative cities and economic development", *Urban Studies*, Vol. 37 No. 4, pp. 639-649.
- HEBRG (2013), "Cost and benefit analysis project on immigration regulation", final report, Higher Education Better Regulation Group, London.
- Heidegger, M. (1954), "Building dwelling, thinking", in Krell, D.F. (Ed.), *Basic Writings*, (Trans. by A. Hofstadter, in Heidegger, M., 1993), Routledge, London.
- Higher Education Statistics Agency (2014), "Free online statistics – students & qualifiers", available at: www.hesa.ac.uk/index.php?option=com_content&task=view&id=1897&Itemid=239 (accessed 25 February 2014).
- Holmen, E. and Pedersen, A.-C. (2003), "Strategizing through analyzing and influencing the network horizon", *Industrial Marketing Management*, Vol. 32 No. 5, pp. 409-418.
- House of Commons (2014), "Communities and local government committee", the Private Rented Sector First Report of Session 2013-2014, available at: www.publications.parliament.uk/pa/cm201314/cmselect/cmcomloc/50/50.pdf (accessed 4 February 2014).
- Housing Act (2004), (c. 34), available at: www.legislation.gov.uk/ukpga/2004/34/pdfs/ukpga_20040034_en.pdf (accessed 5 December 2014).
- HRH The Prince of Wales (1984), "Speech at the 150th anniversary of the Royal Institute of British Architects", Royal Gala Evening at Hampton Court Palace, 30 May, available at: www.princeofwales.gov.uk/media/speeches/speech-hrh-the-prince-of-wales-the-150th-anniversary-of-the-royal-institute-of (accessed 29 September 2014).
- Hughes, D. and Houghton, R. (2007), "Accreditation", in Hughes, D. and Lowe, S. (Eds), *The Private Rented Housing Market: Regulation or Deregulation?*, Ashgate Publishing Limited, Aldershot, pp. 125-142.
- Huston, S., Minaei, N. and Jadevicius, A. (2015a), "Retaining talent in Herefordshire – accommodation constraints in an emerging regional hub", forthcoming research report, Kielder Trust, London.
- Huston, S., Wadley, D. and Fitzpatrick, R. (2015b), "Urban bohemianism: a structured literature review and compte rendu", *Space and Culture*, forthcoming.
- Kirkby, A. (2014), "The continental way: Europe points the way – is this the future of the UK private rented sectors?", Property Drum, February, pp. 20-22.
- Knight Frank (2014), "Residential research the rented revolution examining the private rented sector", London.

- Kratke, S. (2010), "Creative cities and the rise of the dealer class: a critique of Richard Florida's approach to urban theory", *International Journal of Urban and Regional Research*, Vol. 34 No. 4, pp. 835-853.
- Landry, C. and Bianchini, F. (1995), *The Creative City*, Demos, London.
- Lorenzen, M. and Andersen, K.V. (2009), "Centrality and creativity: does Richard Florida's creative class offer new insights into urban hierarchy?", *Economic Geography*, Vol. 85 No. 4, pp. 363-390.
- Maclennan, D. (1982), *Housing Economics: An Applied Approach*, Longmans, London.
- Malpas, J.E. (2004/1999), *Place and Experience: A Philosophical Topography*, Cambridge University Press, Cambridge.
- Marlet, G. and van Woerkens, C. (2007), "The Dutch creative class and how it fosters urban employment growth", *Urban Studies*, Vol. 44 No. 13, pp. 2605-2626.
- Meen, G. (2009), "Modelling local spatial poverty traps in England", *Housing Studies*, Vol. 24 No. 1, pp. 127-147.
- Meen, G. (2012), "The adjustment of housing markets to migration change: lessons from modern history", *Scottish Journal of Political Economy*, Vol. 59 No. 5, pp. 500-522.
- Mellander, C. and Florida, R. (2011), "Creativity, talent, and regional wages in Sweden", *The Annals of Regional Science*, Vol. 46 No. 3, pp. 637-660.
- Metcalf, D. (2012), "Analysis of the impacts of migration", Migration Advisory Committee, London, available at: www.gov.uk/government/uploads/system/uploads/attachment_data/file/257235/analysis-of-the-impacts.pdf (accessed 19 March 2014).
- Mumford, L. (1961), *The City in History: its Origins, its Transformations, and its Prospects*, Harcourt, Brace & World, New York, NY.
- National Centre for Education Statistics (2012), "Number of educational institutions, by level and control of institution: selected years, 1980-81 through 2009-10", available at: http://nces.ed.gov/programs/digest/d11/tables/dt11_005.asp (accessed 25 February 2014).
- National Union of Students (NUS) (2014), "Homes fit for study", available at: www.nus.org.uk/Global/Housing%20research%20report%20executive%20summary_web.pdf (accessed 22 April 2014).
- OECD (2013), "Skills outlook 2013 first results from the survey of adult skills", accessed at: www.oecd-ilibrary.org/education/oecd-skills-outlook-2013_9789264204256-en (accessed 4 June 2014).
- Office of National Statistics (2011), "Census data", available at: www.ons.gov.uk/ons/taxonomy/index.html?nscl%4Households (accessed 3 June 2014).
- Peck, J. (2005), "Struggling with the creative class", *International Journal of Urban and Regional Research*, Vol. 29 No. 4, pp. 740-770.
- Piketty, T. (2014), *Capital in the Twenty-First Century*, Belknap Press/Harvard University Press, Cambridge, MA.
- Pratt, A. (2008), "Creative cities: the cultural industries and the creative class", *Geografiska Annaler: Series B, Human Geography*, Vol. 90 No. 2, pp. 107-117.
- Price, I., Matzdorf, F., Smith, L. and Agahi, H. (2003), "The impact of facilities on student choice of university", *Facilities*, Vol. 21 No. 10, pp. 212-222.
- Residential Land (2014), "Roland house, South Kensington: studio and 2 bedroom apartments", available at: www.residentialland.com/building/overview/117/Roland+House (accessed 25 February 2014).
- Rhodes, D. (2006), *The Modern Private Rented Sector*, Joseph Rowntree Foundation/Chartered Institute of Housing, York.

- Rudlin, D., Falk, N., Redman, P. and Rowland, J. (2014), *Uxcester, Garden City*, URBED, Manchester.
- Rugg, J. and Rhodes, D. (2008), *The Private Rented Sector: Its Contribution and Potential*, Centre for Housing Policy at the University of York, York.
- Rugg, J., Rhodes, D. and Jones, A. (2000), *The Nature and Impact of Student Demand on Housing Markets*, York Publishing Services, York.
- Savills (2013a), *Spotlight: UK Student Housing*, Savills World Research, London, p. 12.
- Savills (2013b), *Spotlight: European Student Housing*, Savills World Research, London, p. 20.
- Scott, A.J. (2006), "Creative cities: conceptual issues and policy questions", *Journal of Urban Affairs*, Vol. 28 No. 1, pp. 1-17.
- Stafford, M. and Marmot, M. (2003), "Neighbourhood deprivation and health: does it affect us all equally?", *International Journal of Epidemiology*, Vol. 32 No. 3, pp. 357-366.
- Storper, M. and Scott, A.J. (2009), "Rethinking human capital, creativity and urban growth", *Journal of Economic Geography*, Vol. 9 No. 2, pp. 147-167.
- UK Council for International Student Affairs (UKCISA) (2014), "International student statistics: UK higher education", available at: www.ukcisa.org.uk/content/2196/International-students-in-UK-HE#Breakdown-of-international-students-by-English-region (accessed 25 February 2014).
- UKL Government (2011), "Laying the foundations: a housing strategy for England", available at: www.gov.uk/government/publications/laying-the-foundations-a-housing-strategy-for-england (accessed 18 May 2015).
- UNESCO (2014), "Institute for statistics", available at: http://stats.uis.unesco.org/unesco/TableViewer/document.aspx?ReportID=136&IF_Language=eng&BR_Topic=0 (accessed 25 February 2014).
- Universities UK (2013), "Patterns and trends in UK higher education 2013", in Prey, P. (Ed.), *Focus Universities*, Universities UK in collaboration with the Higher Education Statistics Agency, London, p. 31.
- University of Cambridge (2013), "Tuition fees", available at: www.study.cam.ac.uk/undergraduate/finance/tuition.html (accessed 25 February 2014).
- Von Thünen, J.H. (1826), "Der isolierte staat", (1966) in Hall, P. (Ed.), *The Isolated State*, (Trans. by M.W. Carla), Pergamon Press, Oxford.
- Wadley, D., Huston, S. and Fitzpatrick, R. (2015), "Fusion or confusion?: the bohemian role in urban transformation", forthcoming submitted to *Urban Geography* on 28 December 2014.
- Whitehead, C., Markkanen, S., Monk, S., Scanlon, K. and Tang, C. (2012), *The Private Rented Sector in the New Century – A Comparative Approach*, LSE and Cambridge Centre for Housing and Planning Research, London and Cambridge.
- Whitt, J.A. (1987), "Mozart in the metropolis the arts coalition and the Urban growth machine", *Urban Affairs Review*, Vol. 23 No. 1, pp. 15-36.
- Whitten, N. (2014), "PRS plea to labor councilors", *Estates Gazette*, p. 1, available at: www.egi.co.uk/news/article.aspx?id/4779462 (accessed 4 March 2014).
- Wilson, W. (2014), "The regulation of private sector letting and managing agents (England)", Standard Note: SN/SP/6000, UK Gov Social Policy Section, London, 30 January.
- Yorke, M. and Longden, B. (2008), "The first-year experience of higher education in the UK", final report, The Higher Education Academy, York, p. 68.
- Zukin, S. and Smith Maguire, J. (2004), *Annual Review of Sociology*, Vol. 30, August, pp. 173-197.

Further reading

Glaeser, E.L. (2005), "Review of Richard Florida's the rise of the creative class", *Regional Science and Urban Economics*, Vol. 35 No. 3, pp. 593-596.

Glaeser, E.L., Kolko, J. and Saiz, E. (2004), "Consumers and cities", in Clark, T.N. (Ed.), *The City as an Entertainment Machine*, Elsevier, Oxford.

Hale, T. (2013), "Martin & Co set for £15m listing on aim", *Financial Times*, 24 November, p. 1, available at: www.ft.com/cms/s/0/575a452c-52c8-11e3-a73e-00144feabdco.html#axzz2sMi9FHfo (accessed 4 February 2014).

Mark, S. and Williams, P. (2012), "Tackling housing market volatility in the UK: a progress report", available at: www.jrf.org.uk/publications/housing-market-volatility-progress (accessed 8 May 2012).

Morris, N. (2014), "Britain in danger of losing talent and markets warns European commission vice-president viviane reding", *The Independent*, 17 February, p. 1, available at: www.independent.co.uk/news/uk/politics/britain-in-danger-of-losing-talent-and-markets-warns-european-commission-vicepresident-viviane-reding-9134738.html?origin¼internalSearch (accessed 4 March 2014).

Corresponding author

Dr Simon Huston can be contacted at: simon.huston@rau.ac.uk