

Higher education in Liverpool:

Relentless investment in quality driving demand



Heading past the £1bn marker

How investment in research and teaching facilities is driving demand for Liverpool's six university institutions

This paper provides a snap-shot of the higher education sector in Liverpool for Merrion's property development clients and concludes that recent heavy investment in teaching and research facilities looks set to continue over the next five or more years, with attendant improvement in the city's infrastructure, demand for study places and for higher quality student accommodation.

There are six university institutions within the confines of the Liverpool postal district (see box) with a total of 72,009 students.

Student numbers in Liverpool

Edge Hill University	16,750
University of Liverpool	21,345
John Moores University	24,680
Liverpool Institute of Performing Arts	817
Liverpool Hope University	7,987
Liverpool School of Tropical Medicine	430
Total	72,009

(Source: the universities' annual reports and web sites).

Below: Liverpool Hope University



Economic impact

The universities' combined revenue expenditure of £850m¹ a year is more than doubled when students' own investment in fees, accommodation and subsistence² is taken in to account, making a significant contribution to the city's economy – the more so when standard economic multipliers are applied.

The figures look even more compelling when the universities' capital expenditure programmes are included – with known near-term investment of £515.4m³ set to be augmented by the Mayor's ambitious £1bn Knowledge Quarter masterplan⁴.

Our desk research shows that Liverpool continues to increase market share in response both to this investment and to Liverpool's wider regeneration – notably with growth in applications to the University of Liverpool, LJMU and Edge Hill. For example, the University of Liverpool saw a 20.2% jump in applications for the current academic year⁵ and was 22% over-subscribed⁶. The lifting of the government's cap on the numbers of students an institution can accept should see continued growth in Liverpool's student numbers in the coming years, therefore.

Moreover, the expansion of Xi'an Jiaotong-Liverpool University in China from 10,000 to 14,000 undergraduates for the start of the 2016/17 academic year looks set to deliver at least 4,600 Chinese students on year-long study programmes to Liverpool, an increase of approximately 1,200 a year on current figures⁷.

The impact of this market segment on demand for higher quality homes looks set to be matched by all six universities' continued focus on attracting full-fee

overseas students, although evidence supports the suggestion that UK students are also placing a greater value on quality of facilities and amenities, now that they have to pay for tuition. In a groundbreaking study by Rand⁸ it was found that quality of courses, accommodation (including amenity) and research facilities ranked more highly than cost considerations. This was reinforced by submissions by student groups and developers to the recent Mayoral Commission on Student Accommodation in Liverpool and was a principal conclusion of the Commission's report.

We are therefore forecasting a change in demand dynamics as older, out-dated student housing stock loses market share to providers of higher quality homes with a greater focus on investment in social and study amenities. Our forecast is substantiated by the popularity among overseas students of higher quality private accommodation from various providers, such as those on Grove St, Myrtle Street (multiple blocks), Victoria Street and Chatham Street.

The recent growth of Liverpool as a centre for TEFL study has brought an additional demand dynamic during summer months, with overseas students in the city to learn English renting vacated managed student blocks for periods of up to 12 weeks. Five major language schools have opened in recent years to satisfy demand as the route network from Liverpool John Lennon Airport has grown to more than 70 daily scheduled European destinations.



Cover: Liverpool John Moores University
Above: University of Liverpool

Still room for growth in bed provision

Underpinning this evidence are some stark statistics which demonstrate continued room for growth in the Liverpool student housing market. Based on the industry accepted norm that 68% of students seek managed bed spaces (a demand pool of 48,966 Liverpool students), current provision in Liverpool for the 2017 academic year of 27,066 rooms indicates a shortfall of 21,900 managed bed spaces.

Even if the 6,892 rooms with planning consent but not started or working their way currently through the planning system are built out, there would remain a shortfall of 15,008 rooms in the Liverpool student market. Our conclusion is that there remains considerable scope for further development in the Liverpool market, underpinned by the continued expansion and investment plans of the universities themselves.

Capital investment headlines

On-going capital investment by many of the institutions is delivering huge improvements and additional capacity to research and teaching stock. More than £1bn has been invested across the combined campuses in the last ten years. Current headline projects include:

University of Liverpool

- Unilever Materials Innovation Factory: £65m
- Sensor City: £15m
- A further £300m committed to be invested under the University's current Estates Strategy, with many projects now on site.

Liverpool John Moores University

- £100m campus extension at Brownlow Hill. Now on site. Completion 2018. Part of a wider £160m, 7-year estate investment programme.

LIPA

- £5.4m feeder college for LIPA. Now on site. Completion September 2016.

Edge Hill University

- £30m sports science complex. Now on site and nearing completion.

Liverpool Hope University

- Estate development programme now complete.

Liverpool Knowledge Quarter

- A £1bn investment and development blueprint based around a masterplan now adopted by the Mayor of Liverpool and all key stakeholders in the city's Knowledge Quarter. New CEO for the Knowledge Quarter initiative appointed and land assembly and planning strategy now underway.

"As for Liverpool, what an amazing city! Don't stay at home, get out there and experience something different. I absolutely love it and miss it when I go home!"

What Uni? Guide to UK cities

Liverpool Higher education in numbers

“Liverpool has everything: excellent ratings in teaching and research, a large and diverse student body, a strong sense of self and it’s a top city.”

The Guardian, University Guide 2016

68%

Industry-accepted proportion of undergraduates seeking managed accommodation – 48,966 students in Liverpool university sector

55.2%

Proportion of demand able to be met via the 27,066 student bedrooms built or currently under construction in Liverpool in time for the 2017/18 academic year

21,900

Current shortfall of managed bed spaces within the Liverpool postal district's higher education market

(Source: Liverpool Mayoral Student Accommodation Review, September 2015)

6,892

Number of student bed spaces currently approved but not commenced, OR progressing through Liverpool's planning system

15,008

Shortfall in managed bed numbers for Liverpool undergraduates if all rooms consented but not started AND in the planning system were approved and built out

£1.45BN

The amount university students spend in the Liverpool postal area per annum on all study, accommodation and subsistence

(Source: Liverpool Mayoral Student Accommodation Review – students spend £20,175 per head, per annum)

£843,280,000

Annual revenue expenditure of Liverpool's six university institutions

(Source: annual reports & accounts)

30%

Number of the University of Liverpool's students from overseas

(Source: University of Liverpool)

£520.4M

Value of current campus investments underway across Liverpool's universities

(Source: universities' estates strategies)

£1BN

Value of new Knowledge Quarter development adopted by the Mayor

(Source: Mayor's Office, City of Liverpool)

20.2%

Increase in applications to study at the University of Liverpool for 2016 academic year

(Source: University of Liverpool annual report 2015)

4,600

Number of wealthy Chinese students seconded to a year's study in Liverpool per annum as part of their degree at Xi'an Jiaotong-Liverpool University in Suzhou, China

(Source: University of Liverpool)

22%

The percentage by which the University of Liverpool was oversubscribed in 2015. The removal on the cap placed on student numbers should see the university grow strongly, going forward

(Source: Liverpool Mayoral Review into Student Accommodation, September 2015)

13%

The growth in floor space of John Moores University's campus since 2009

(Source: annual report & accounts 2015)



Above: Liverpool Hope University

About the author

Dougal Paver has spent 25 years advising commercial developers, house builders, local authorities and public development agencies on their marketing and public affairs strategies.

He is a chartered marketer by profession and his expertise in the marketing and PR issues driving the UK property sector has seen him advise clients all over the United Kingdom. He was invited to join the board of one of the UK government's first Urban

Regeneration Companies, Liverpool Vision, and his professional life continues to see him advise a raft of major public/private joint ventures in the north west of England.

Dougal is the deputy-Vice Chairman of Liverpool Chamber of Commerce and, through his various professional roles and client projects, is acknowledged as an expert in the Liverpool property market.



Above: Liverpool School of Tropical Medicine



Top: Edge Hill University
Middle: Liverpool Hope University
Left: Edge Hill University





Above: University of Liverpool

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all begins.

Call 07817 29 62 62
Email paver@merrionstrategy.com