

Accommodation Students double up as inner-city living costs soar

Shared rooms ease high rents

Samantha Hutchinson

Student accommodation provider **Urbanest** is expanding its offering to twin rooms in a bid to capture a broader market of students, many of whom are struggling to find beds as inner-city rents rise.

A twin room may sound like a backward step for university students looking for independence in the inner city, but **Urbanest** chief executive **Bub Nickel** says for some students, it's all they can afford.

"Students who go to the private market find they can achieve less expensive rents by sharing rooms, but they can only do that by violating the lease," Mr Nickel said.

"The fact is that there is a much broader market base who want the benefits that come with student accommodation, but can't afford to live in it."

Rents in two-bedroom apartments in Sydney have risen an average of 5.6 per cent a year for the past 10 years.

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Bub Nickel, CEO, Urbanest

While purpose-built student accommodation options have traditionally been more expensive than private rentals, increases in Sydney rents have reduced the price differential between the two.

A two-bedroom apartment in Sydney which rented for a \$410 per week in March 2002, now costs about \$690 per week. One-bedroom apartments have jumped to \$500 per week from \$300 in the same time frame.

It's been a boon for purpose-built student accommodation providers,

who offer rooms with access to computers and research centres, free internet, kitchenettes and common areas where students can get to know one another.

"It's not uncommon for us to see students coming back [to on-campus accommodation] in their third year, and affordability is one of the reasons they are giving us," **Campus Living Villages** chief executive **Michael Heffernan** said.

The group has around 9200 student beds nationwide, in a range of studios and apartments with up to five bedrooms, and plans to have 14,000 beds by 2016. International students make up about 50 per cent of occupants, compared to about 65 per cent two years ago.

Feedback from students was that extra services like internet, furniture, cable television access and other utilities added a substantial amount onto the cost of a private rental, even if the weekly rent appears to be cheaper at face value than the on-campus accommodation option.

One-bedroom apartments at **Campus Living Villages'** dorms at Sydney University cost \$475 per week. Two-bedroom apartments cost \$337 per person, while an apartment shared between five people costs \$271.50 a week per room, inclusive of electricity, internet, hot water and other utilities.

Competitor **Urbanest** has rolled out twin-share rooms, each with a private bathroom, in about 20 per cent of their facilities in Brisbane, Southbank in Melbourne and in Adelaide.

The group will extend this proportion to between 50 and 55 per cent in Sydney and Melbourne dorms by 2017.

In 2014, the twin rooms will be available in Sydney for about \$300 per week compared to \$390 for a single room, and \$265 for a twin room in Melbourne compared to \$345 for a single.

"There's no question as the rental market tightens that it has an impact on the number of students looking for our type of accommodation, particularly as



Accommodation providers are offering twin rooms as a cheaper renting option.

Thousands of beds coming up in Sydney

Sydney's student accommodation will be expanded by an extra 7300 beds over the next five years, according to global property group **Knight Frank**.

A 400-bed development at Chatswood, in Sydney's lower north, is to open by the end of the year, built by local developer **Iglu**.

A new development on Cleveland Street, Surry Hills, by student bed provider **Urbanest** will add another 461 beds. Another dorm by the same developer, on Wattle Street in Ultimo, will bring 655 new beds.

The two facilities are expected to be completed by the end of 2014, in time for the start of the 2015 academic year.

There is good reason why these developers are targeting the student housing market with such aggression.

they realise how tight the rental market is," Mr Nickel said.

Knight Frank director **Vanessa Rader** agreed, adding that the high cost of rent in Sydney could be a driver for the increased demand for new student accommodation options in the city.

"If you look internationally, you'll see that Sydney's pipeline isn't as eye-watering as it first looks; we're a long way off maturity," **Jones Lang LaSalle** director **Conal Newland** said.

Student accommodation in London has reached a penetration level of 7 per cent.

There are 20,704 student rooms catering to a student population of more than 303,685.

Sydney by comparison, has reached a penetration level of just 4 per cent of full-time students, while Melbourne is at 1 per cent.

"There's a significant supply and demand imbalance and there's also the advantage that as the market establishes itself, those yields will compress," Mr Newland said.

Universities are just as active, pushing for more affordable student accommodation. "They are very sensitive to the cost of housing, because the more expensive the accommodation, the less attractive studying at the university becomes," Mr Nickel said.

Roseville units sell fast

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China-based developer **Longton Group** has sold about 80 per cent of its \$200 million apartment development in Roseville, in Sydney's lower north, after its first weekend of sales.

The 220-apartment development, known as **Uptown**, at 15-31 Victoria Street, is one of the biggest developments to turn ground in the traditionally low-density area.

Covering 1.37 hectares, the residential complex is across the road from the exclusive girls' school, **Roseville College**, and two minutes walk from **Roseville** train station.

The development is one of three projects the group has under way in the city. The group's pipeline stands close to 600 apartments across Uptown, and two projects in Mascot.

The group commenced construction of a 54-apartment development named **Futra** in Mascot one month ago. Ninety per cent of the building has sold, while a six-bedroom rooftop penthouse remains on the market.

A 310-apartment complex known as **Avantra**, also in Mascot, is midway through the planning approval process and has recorded sales of about 40 per cent of the building.

One-bedroom units measuring 52 square metres start from \$599,000, with three-bedroom apartments starting at \$999,000.



Roseville's Uptown is in demand.