



# How students choose their accommodation

The primary factors influencing the decision making process and a comparison of PBSA and HMO's.



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# 1. Introduction

[www.accommodationforstudents.com](http://www.accommodationforstudents.com) (AFS) is the UK's leading student accommodation website. Founded and launched in 2000, we have now entered our 21st year of successfully helping students to find quality accommodation.

Throughout this period we have witnessed substantial changes in the student accommodation sector. In particular we have seen the growth of private investment into purpose built student accommodation (PBSA), which has provided students with an increasingly wide range of choice, to supplement shared housing (HMO's).

Despite these changes, AFS has remained focussed on meeting the needs of students and our landlord, letting agents and PBSA partners. The wide range of choice we offer to our customers ensures a continuous, high volume of traffic, to the mutual benefit of all.

Although we have over two decades of experience and an established reputation, we are not complacent. In 2018 we embarked on a major upgrade of the website, an initiative which continues and we see as an ongoing process of ensuring we remain the go-to place for student accommodation in the UK.

Understanding our customers and their needs has been a key part of our success. To achieve this we regularly run primary research activity with both students and our accommodation partners. Our student research involves in-depth qualitative work as well as large scale quantitative surveys of over 1,000 students.

This particular piece of research involved both focus groups and a survey of 1,000 students. It is aimed at further improving our understanding of how students choose accommodation and the main perceived differences between PBSA and HMO's.

We hope that you find this work of value and if you have any questions or comments on the piece, we invite you to contact:  
[nick@accommodationforstudents.com](mailto:nick@accommodationforstudents.com)  
for more information.



## 2. Student accommodation & expenditure

- |                             |                                 |
|-----------------------------|---------------------------------|
| <b>01.</b><br>accommodation | <b>02.</b><br>groceries         |
| <b>03.</b><br>course fees   | <b>04.</b><br>bills & utilities |
| <b>05.</b><br>travel        | <b>06.</b><br>wellbeing         |
| <b>07.</b><br>entertainment | <b>08.</b><br>clothes           |
| <b>09.</b><br>mobile phone  | <b>10.</b><br>holidays          |

(Base 989 respondents)

The average student currently spends £9,540 per year. At survey each participant was required to rank the main areas of student expenditure in order of importance. **The list on the left represents the ranking provided.**

Over half of students ranked accommodation as the most important area of expenditure, while at the other end of the scale over 34% of students ranked holidays as being the least important.

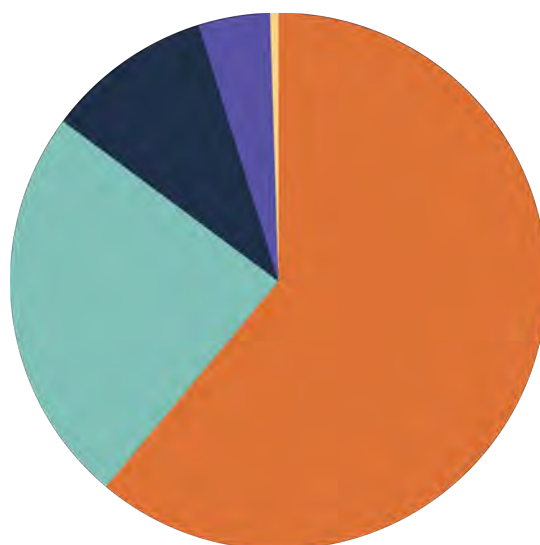
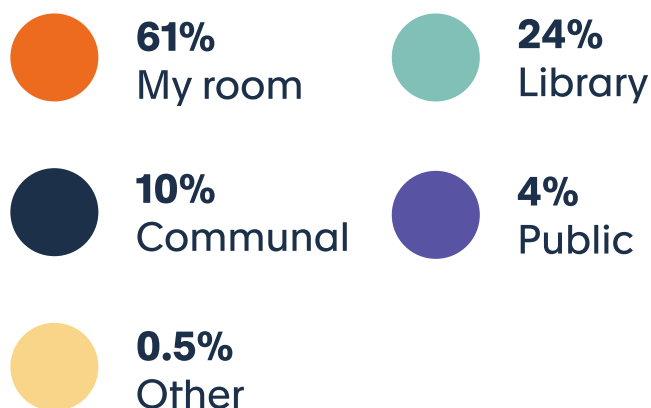
The focus of students on 'essential' areas of expenditure such accommodation, food and utilities is clear, with more discretionary areas of expenditure considered to be considerably less important.

### 2.1 The student experience

The importance of accommodation as a key part of the student experience is reflected in a number of other factors. In particular, a majority of students use their room as the primary place of study for completing coursework, while a further 10% use communal areas within their accommodation. This trend has become particularly pronounced over the last 12 months as the Covid19 pandemic has effectively closed face to face study.



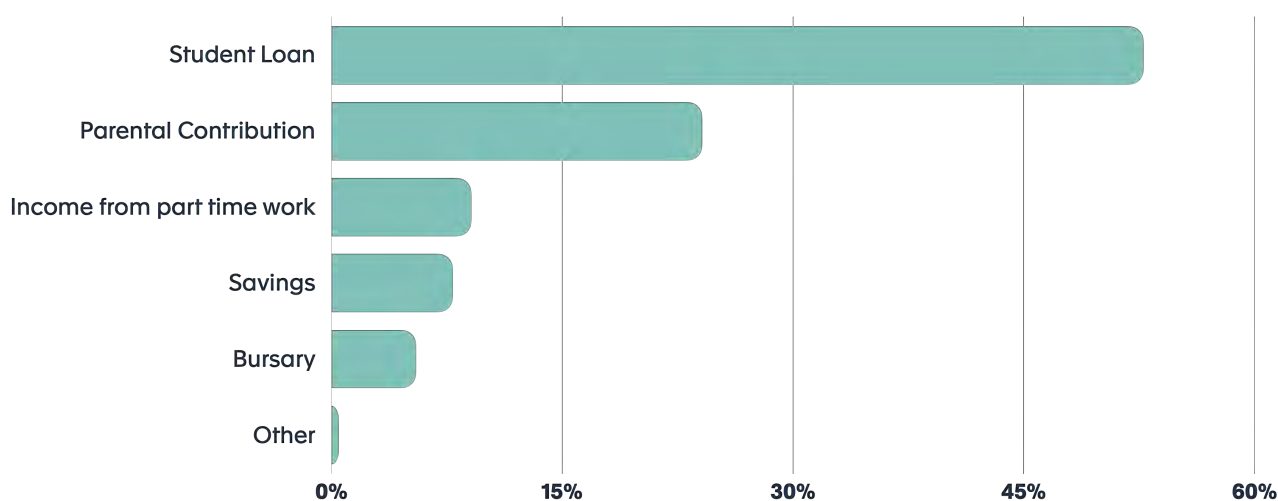
## Where do you do most of your course work?



Base (1001 respondents)

In order to pay for their accommodation most students use a combination of their student maintenance loan and parental contributions, with the average parental contribution estimated to be £1,772 per annum. It is salient that these key areas of student finance were reserved for accommodation costs. While 45% of students work part time at some point during the academic year, it is not an area of income that is relied on to fund these core costs.

## How students pay for their accommodation



Base (987 respondents)





### 3. How students choose accommodation

One key area of the study was to better understand the main factors that students consider when they are searching for and choosing accommodation. To determine these major influences a broad range was discussed at focus group level. Those factors were then ranked in order of importance by the students that completed the survey.

**01.**

price

**02.**

distance  
to uni

**03.**

all bills  
included

**04.**

distance to  
amenities

**05.**

safety  
& security

**06.**

student friendly  
location

**07.**

who i am  
sharing with

**08.**

well maintained  
& managed

**09.**

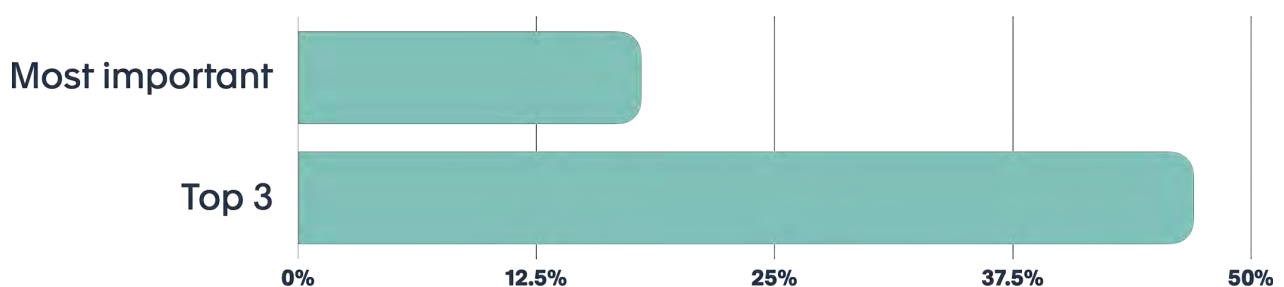
facilities

(Base 978 students)

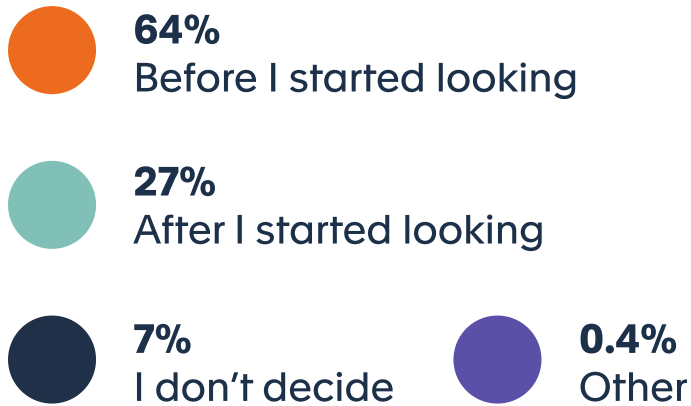
#### 3.1. The importance of price

Price is considered to be the most important criteria by students, with 67% indicating that it was the most important consideration. However, our research revealed that the relationship between price and the ultimate choice of accommodation was more complex than a straightforward rational decision.

**This is perhaps best illustrated by the following data. This shows the percentage of students who use price as key decision making criteria.**



## When did you set your accommodation budget?



Base (1001) respondents)

Over ¼ of respondents did not set a budget for their student accommodation until they had started to search for accommodation, indicating a strong relationship between price and other factors. Furthermore well over half of the students who took the survey (56%) had reported that they had increased their initial budget once they had started the search process.



## Have you ever had to increase your student accommodation budget?

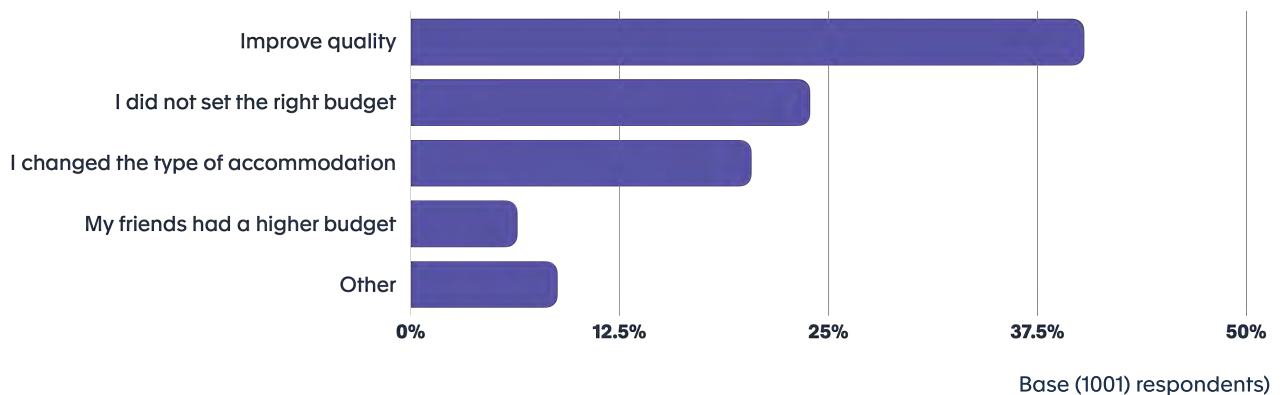


Base (1001) respondents)

Again this indicates the inter-relationship between price and other factors. The two reasons that students amended their budget was either to improve the quality of their accommodation options 'to rent a better place' or because the initial search process indicated that they did not set the correct budget for their requirements in the first place.

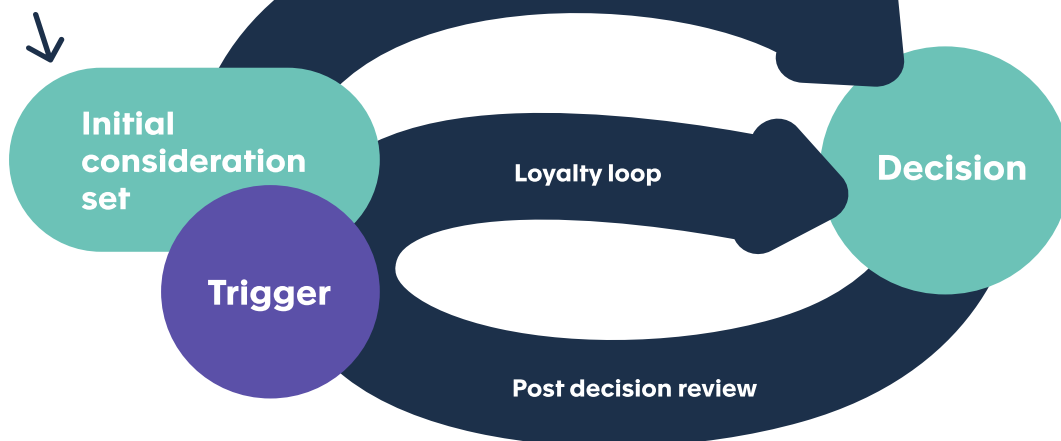


## Why did you increase your budget?



This indicates a closer relationship between price and other key factors, with a willingness among a significant proportion of students to increase their budget to find accommodation that meets their other requirements. It is further evidence that student decision making is not made following a strictly rational and linear process, with an interplay between these factors and relevant external influences, in line with the McKenzie model of decision making highlighted below.

Intangible influences  
e.g "norms"



This model is useful as it indicates a more circular route towards the final decision, with the initial consideration 'set' influenced by a period of research. It is important to factor in this process as students are increasingly using online tools to search and compare accommodation choices. A good illustration of this is that  $\frac{3}{4}$  of students value online reviews of accommodation as much as they do word of mouth recommendations.





### 3.1.2. HMO price advantage

In this important area of student decision making, shared housing is perceived to offer a significant price advantage, with over 60% of respondents to the survey agreeing that private halls of residence were more expensive than shared housing.

Despite this clear advantage, it was interesting to note that the qualitative feedback was more balanced with some students acknowledging that the availability of shorter contract terms and the universal inclusion of bills for PBSA could reduce the gap between the two.

## 3.2. Location

It is an established fact that location plays an important role in the selection of student accommodation and there are three location related criteria in the main list of decision making criteria. Overall 14% of students considered location factors to be the most important when making accommodation choices.

Students consider the distance to university and amenities as the most important considerations, closely followed by the presence of a high concentration of students (a 'student area'). Other location factors acknowledged by students, but not considered to be as important include the distance to the city centre and proximity to transport networks.

While the quantitative feedback strongly indicates the location of the accommodation in relation to university is critical, this does differ to qualitative feedback which reflects a greater value on amenities, such as shops, bars and cafés etc. When considering PBSA and HMO options students do not feel either type of accommodation is more likely to offer an accommodation advantage over another. While qualitative feedback is more likely to indicate an advantage to shared housing this is not reflected at survey level.

### Most important location factors

**01.**

proximity  
to uni

**02.**

proximity to  
amenities

**03.**

proximity  
to transport

**04.**

student  
area

**05.**

proximity  
to transport



### 3.3. Bills inclusive rent

The third most important consideration when students select their accommodation is the availability of bills inclusive rents, something which has become increasingly important over the last five years. While this is not universally the case, there are a significant number of students who will not consider renting a property unless the rent is inclusive of bills.

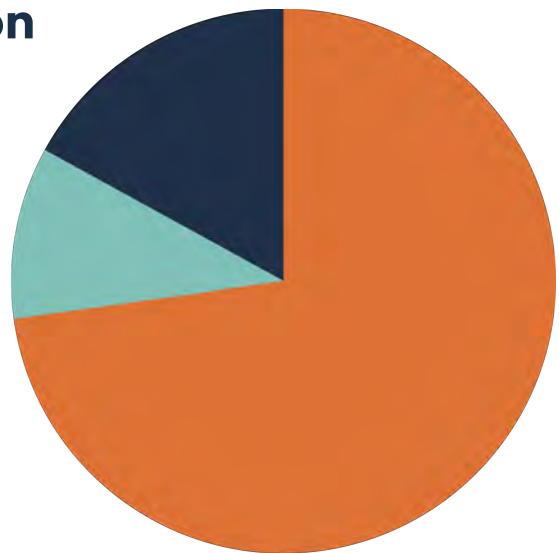
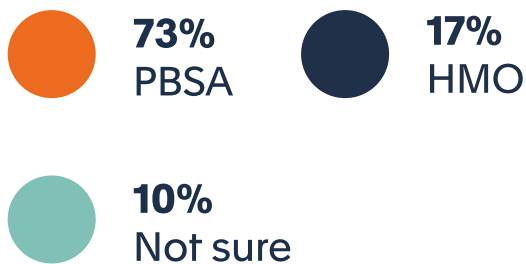
**"I don't want to get involved in arguing about who has spent the longest in the shower. Having bills included in the weekly rent is a must have for me"**

3rd year student, York University.

It is clear from the qualitative research that students particularly value the simplicity of this approach and the availability of bills inclusive rent in shared properties can ease potential sources of friction between housemates.

Currently there is a significant perceived advantage for PBSA, with a large majority of students believing that such accommodation is more likely to offer bills inclusive rents.

#### Which type of accommodation is more likely to offer bills inclusive rents?



Base (1001 respondents)



### 3.3.1. Marketing opportunities

It is apparent that this offers marketing opportunities to both types of accommodation providers. There are a wide range of risk free methods for landlords and agents to incorporate bills, while PBSA operators may effectively communicate this advantage more clearly to address the perceived difference in price point.

### 3.4. Safety and security

The level of safety and security associated with the accommodation was ranked as the 5th most important factor and has consistently been a key consideration for students when looking for somewhere to live for several years.

Qualitative research indicates that this is both in relation to the location of the property and the security features that are available. It was particularly apparent that this was a concern for female students at focus group. Is also an area of strength for PBSA with almost 70% of respondents considering private halls to offer greater levels of safety and security than shared housing.

### 3.5. Who I am sharing with

Another key aspect in the decision making process, is the questions of who the student will be sharing with. This relates to both the influence that housemates have over the choice of property and, when making a decision about PBSA accommodation the other residents of the property.

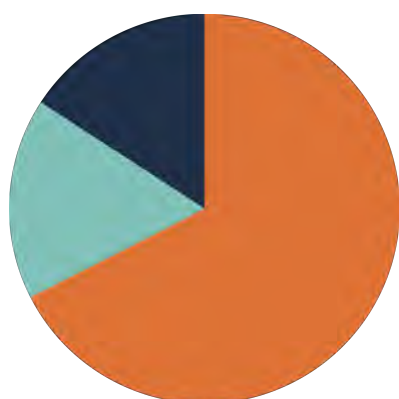
It is perhaps not surprising that the majority of students believe that HMO properties are more likely to offer flexibility and choice of housemates, with 90% agreeing this to be the case.

### 3.6. Maintenance and Management

A well maintained and managed property was the next most valued aspect. It is clear that students value having a well maintained and managed property, however there is also a willingness to compromise on this to achieve access to some of the other more highly valued features.

A good example of this is when comparing PBSA to HMO, students generally perceive private halls to be better maintained and managed.





## Which type of accommodation is likely to be better maintained and managed?



Base (1001 respondents)

**"It's a bit of a 'badge of honour' to have had had a bad experience with at least one landlord during your time at Uni"**

3rd year student University of Exeter.

A typical attitude to this was summed up by one of the focus group members who stated 'landlords are just not held to account in the same way that private halls of residence are'. However while this is important factor it seems that students are quite pragmatic and anticipate some variation in the quality of property management and maintenance when they enter the HMO sector.

As a result, whilst a considerations for the majority of students it is not a key factor and open to some degree of compromise in final selection.

## 3.7. Facilities

The final factor is facilities, which relates to the type of facilities a property offers. It was interesting to note this did not score particularly highly, and students were broadly neutral on which type of property offers the best facilities.

This could be interpreted as quite surprising, given the investment that PBSA's have made into their facilities in a number of their locations. However, given that these very high specification amenities are known to have a relatively narrow appeal, it could be considered that students are simply expressing a pragmatic view and relate this back directly to their budget.



## 4. Student culture

One theme that emerged very strongly from the qualitative research was the embedded culture among a large number of students that moving into shared housing is a 'right of passage'. It was clearly evident the majority of students that we explored this theme with felt this was an important part of the University experience in the UK.

This 'norm' emerges alongside the more rational decision making criteria that students adopt when making their choices, creating the feeling for many that it is an important aspect of the overall University experience and is likely to have a significant impact on the 'initial consideration set'. See the model of decision making behaviour above.

**"That is just what everyone does"**

3rd Year student, University of Bristol

**"My friends and I always planned on living in a shared house, this is just how we expected our University experience to be"**

2nd Year student, University of Manchester

The qualitative findings were validated at survey with 65.4% of students in strong agreement and only 5.9% of respondents disagreeing. Furthermore, this was not a sentiment that was confined to a particular segment of students, with for example, International students as likely to believe this as their domestic equivalents.

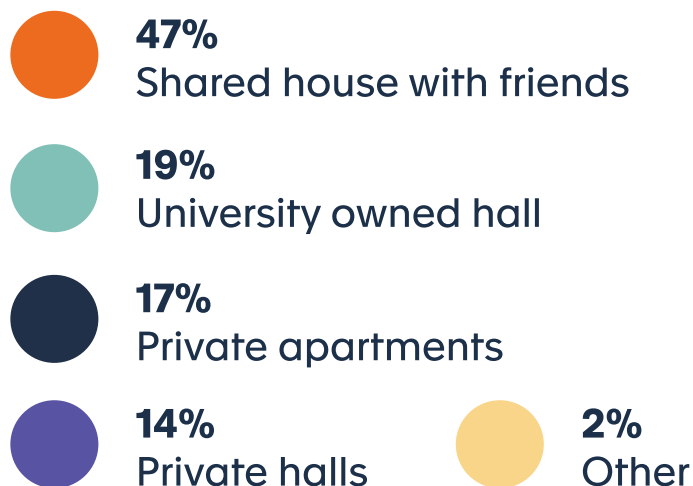
It also helps to place into context the ranking of some factors, for example maintenance and management or facilities, where students appear happy to compromise.

### 4.1. Student Choices

It was interesting to note that the most frequent response to the question, 'which do you think is the best type of accommodation to live in?' was 'a shared house'. 47% of students indicated this preference, with a further 18% selecting private apartment or flat. This indicates a strong appetite for landlord/agent managed accommodation.



## Which is the best type of accommodation to live in?



Base (989 respondents)

While halls of residence remain popular with 31% of students opting for this choice, there does seem to be a wider trend towards HMO. It is particularly noteworthy that while students that are currently living in PBSA are less likely to think that living in a shared house is best, there are still 42% that do.

It is also important to note, that this did not mean that students do not perceive PBSA as being a valid part of student culture – the opposite is true, with the majority of students believing they are.

It is not the case either that students perceive that private halls of residence are aimed at particular segments of the student population, e.g international students or post graduates. It perhaps reflects the wider culture of student life and suggests a need for marketing and branding activity which is less functional in nature for PBSA.

**‘Both have a great student experience, since you can be with friends, make new ones and enjoy your time with them’**

2nd Year student University of Loughborough





## 5. PBSA

Over 90% the total respondents to the survey had lived in purpose built student accommodation. Of this number, the majority had experienced accommodation directly owned by the University (65%) while 34% had lived in privately owned halls of residence.

At focus group and at survey we explored the key features that attracted these students to choose one PBSA over another. This process was focused on exploring the decision making once the broader decision to choose to live in purpose built student accommodation had been made.

### The most important factors

- |                                 |   |  |   |  |
|---------------------------------|---|--|---|--|
| <b>01.</b><br>size of room      | <b>02.</b><br>room facilities           | <b>03.</b><br>security                     | <b>04.</b><br>reputation of hall          | <b>05.</b><br>ability to live with friends |
| <b>06.</b><br>onsite facilities | <b>07.</b><br>quality of communal areas | <b>08.</b><br>type of student in the halls | <b>09.</b><br>social programme and events |  |

(Base 978 students)

This ranking was achieved by discussing a wide range of considerations at focus group, then enabling students to rank them during the qualitative phase. It is clear that once the decision has been made to choose PBSA, the room itself becomes increasingly important.

Almost 40% of students selected room size as the single most important feature and a further 20% the facilities within the room. At the other end of the scale, there were no students who considered the social programme and events to be the most important factor.



## 5.1. Reputation of the hall

It is interesting to note the reputation of the hall is considered to be a key factor in selecting between PBSA alternatives. Increasingly students are engaging in online research to assist them in making decisions, a factor which has been accelerated by the Covid 19 pandemic.

**"I did not know the process of renting a house"**

3rd Year international student,  
Manchester University.

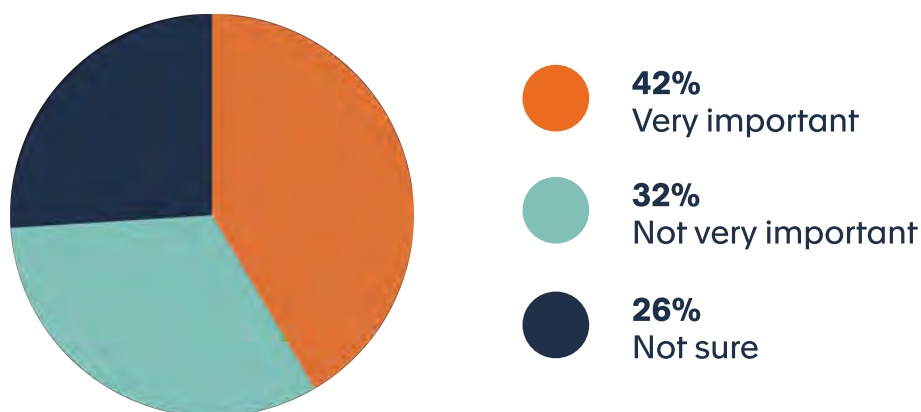
Online reviews are particularly important to students as they make the final decisions about which room to rent in our survey, 24% of students scored the availability of legitimate online reviews as 10, while over 75% of students found them to be very important. These scores broadly match those given to the importance of word of mouth recommendations.

It is also noteworthy that students valued highly some of the functional benefits associated with private halls in particular. This included the ease of online booking, the ability to book rooms at the last minute, and these functional benefits were of particular appeal to certain groups of students, e.g those from overseas.

## 5.2. Booking incentives

During the qualitative phase there was not any unprompted discussion of the importance of booking incentives on the decision making process for students, indicating that such incentives are not core to the primary decision making criteria. When prompted on the topic, over 40% of students believe them to be important.

### Are booking incentives important?



Base (989 respondents)



It is interesting to note, that in this particular piece of research the attractiveness of booking incentives is very heavily weighted towards UK students with only 6% of international students considering them to be very important.

### Most important incentives

**01.**

cashback

**02.**

voucher

**03.**

free storage

**04.**

free parking

It is clear, however that such incentives are not a 'front of mind' criteria or requirement at the outset of the decision making process.

## 6. Summary

Students' primary consideration when searching for accommodation is price. However, there is a close relationship between this, primary criteria and other factors, including location, the availability of bills inclusive rent and security.

During the process of searching for accommodation, students will consider these factors together and the majority of them are, for example, willing to increase the price they are prepared to pay to access some of these other valued features.

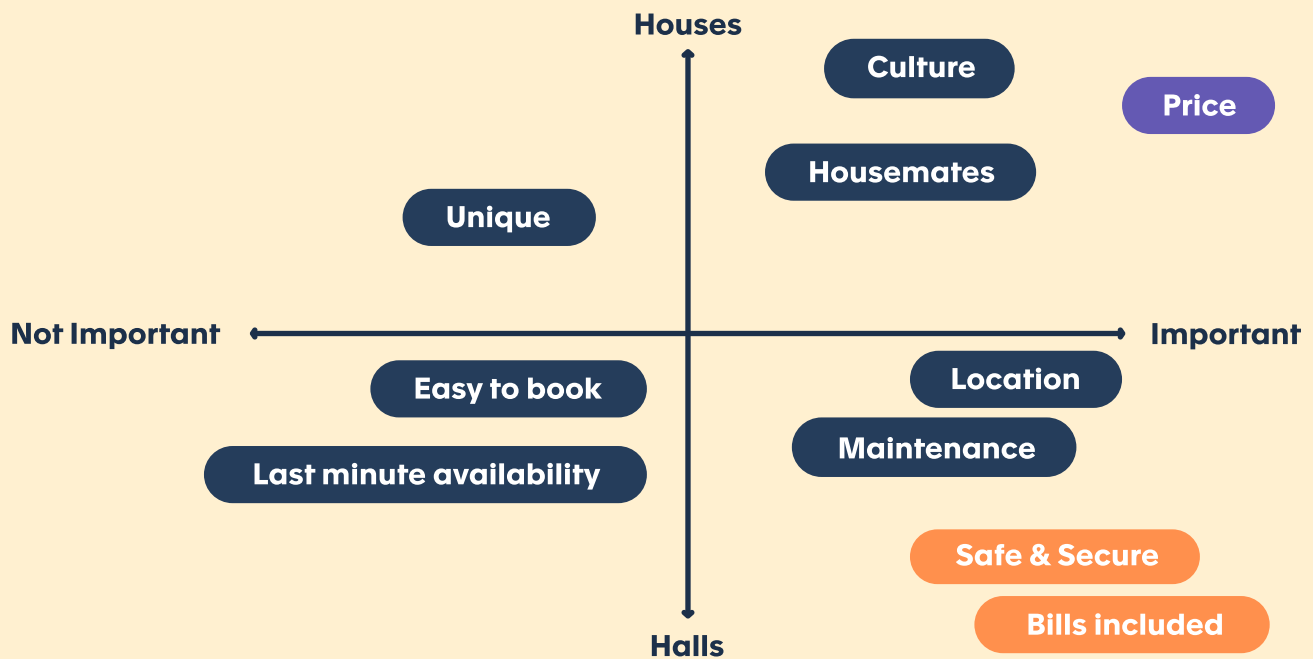
It is clear, that in line with many consumer decisions, this is not a strictly rational process and not made in a strictly linear method. Students engage in an extended process of online research and the outcome of this can have an impact on the price.

The culture of living in a shared house or HMO is clearly also an established part of the UK University experience – a norm. Currently this style of living is seen by the majority of students as an important aspect of that experience and is not simply a function of the lack of available PBSA bed spaces.



## 6.2. PBSA and HMO

The research indicates that students value each type of accommodation. In terms of overall perceptions, students see clear price advantage for HMO, while PBSA has strengths including the availability of bills inclusive rents and security.



The diagram above plots the relative strengths of both types of property and presents a clear picture of how each can improve the competitive positioning. It is a relatively simple matter for both landlords and agents to address utilities and safety and security both in terms of property features and marketing.

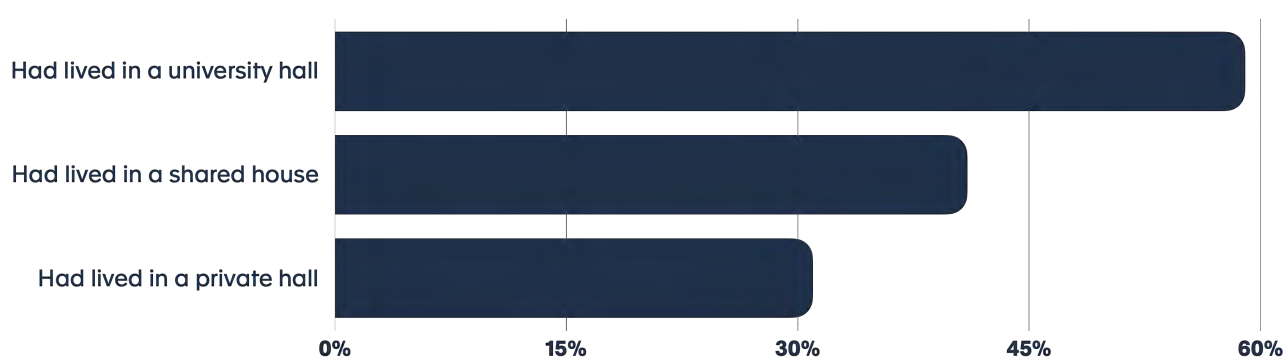
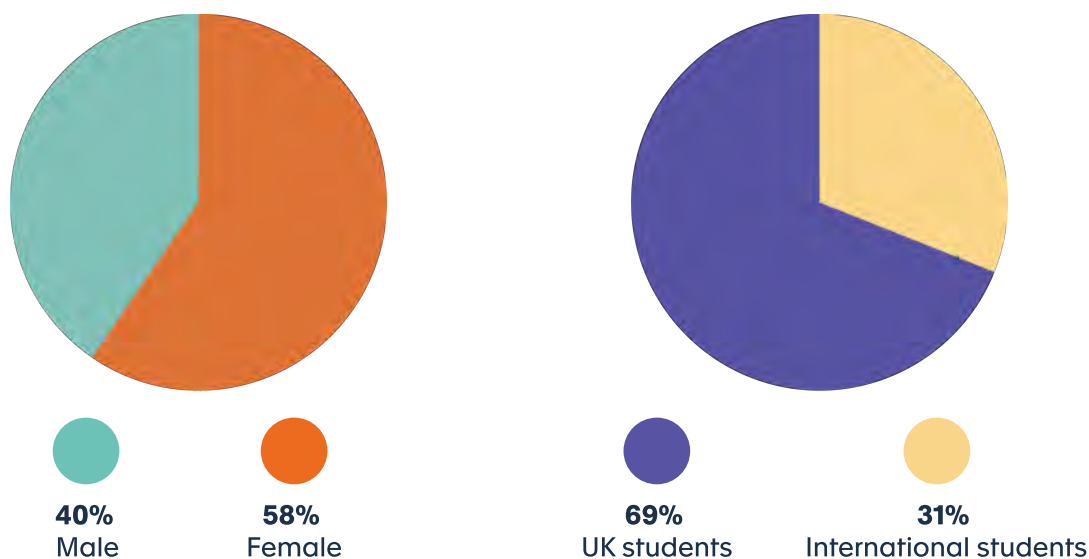
From a PBSA perspective, a small section of students acknowledge the price advantage that many HMO's possess, shrinks when shorter contract lengths are provided and utility bills are factored in.

It is also apparent that the feature led property marketing approach many PBSA's adopt does not address the university lifestyle and cultural values that continue to influencing the decision making of many students when selecting accommodation.



## 7. Demographics

The research was carried out between January 2021 and March 2021. The qualitative research was comprised of online focus groups using the live minds software facility. This week long online focus group was followed in depth interviews with students. These were conducted over Zoom in February 2021. The quantitative phase of the research was survey of 1,001 current students from the AFS database. Of this total sample:







accommodation  
for students

may 2021

# If you would like any more information in relation to this survey please contact:

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