

ELDER

GREYFRIARS HOUSE
20 - 30 GREYFRIARS ROAD , READING

CO-LIVING NEED ASSESSMENT

SAVILLS



Reading Co-living Needs Assessment

Final Report Prepared for Elder Developments (Greyfriars) Ltd

Savills Residential Research and Consultancy

7th November 2024



Greyfriars House, 20-30 Greyfriars Road, Reading

Elder is proposing the redevelopment of Greyfriars House, 20-30 Greyfriars Road, Reading. The site is currently an office building and is located within Reading city centre close to various amenities and Reading train station. Elder proposes the redevelopment of the site with a total of 266 Co-living studios alongside shared amenity and communal space for residents.

Report Contents	02
1. Executive Summary	04
2. Introduction to Co-living	11
3. Housing Market	16
4. Employment Market	25
5. Rental Market	28
6. Demographics and Demand	37
7. Competing Supply	42
Appendix	45
Important Note	49

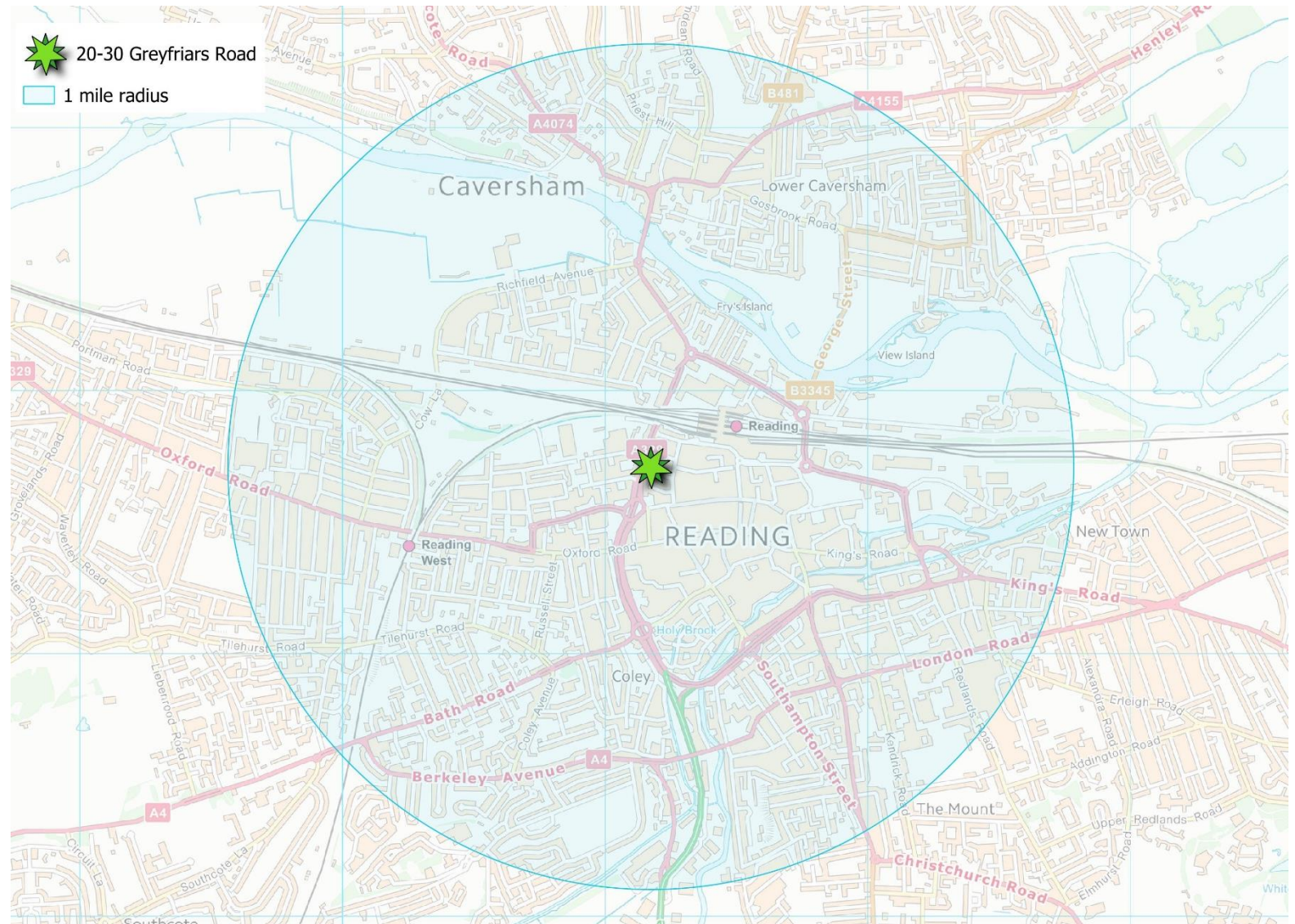
20-30 Greyfriars Road is well situated in Reading city centre, close to jobs and amenities that provide ‘city-centre living’ that is desirable to the target market

20-30 Greyfriars Road is well situated in Reading city centre and is also in close proximity to Reading train station.

The city centre offers a high density of employment opportunities alongside varied amenities such as shops, restaurants, bars, cafés, leisure facilities and others which are in high demand from the target market. This ‘city centre’ location therefore promotes sustainable lifestyles and car-free development.

Reading train station also has fast links into Central London via both National Rail services and the Elizabeth Line (London Underground).

Please note: Throughout this report, the area within 1 mile of the site is referred to as the ‘Local Area’.



1

Executive Summary

Executive Summary – Key points

The housing market in Reading is increasingly unaffordable. The median house is now **9.5x** the median salary and the average First Time Buyer needs a deposit of **£63,400** if buying a median priced flat in Reading with a 26% deposit (the average for a first-time buyer in the South East).

Reading's working-age population (16-64 year olds) will grow by over **5,000** people in the next decade. The fastest growth will be in Professional, Scientific & Tech sectors, bringing economic growth and higher wages to the city.

There has been a **35% reduction** in the number of properties listed to rent in the local area vs the 2018-19 average, whilst rents have grown **36%** since March 2020.

Reading has around **15,700** people in its Co-living target market with only Brighton and Hove having more across London commuter locations. **10%** of PRS movers to Reading come from London, which has a Co-Living target market of **595,000**.

There are **no** other Co-Living schemes in Reading. The Build to Rent planning pipeline is skewed towards the medium term, with **no** schemes either under construction or with detailed permission. Reading needs to increase its annual housing delivery to meet its Standard Method target: **877 homes per year**.

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Reading renters describe woes finding affordable properties

2 November 2023



Reading's proximity to London has made it an increasingly popular place to live

The housing market in Reading is unaffordable. As house prices have increased, it is increasingly difficult for First Time Buyers to buy.

Homes in Reading are unaffordable, particularly for first-time buyers. As of May 2024, house prices are now 11% higher than in March 2020 and 57% higher than before the global financial crisis (GFC).

The **median house price is now 9.5x the median salary** of a Reading resident, up 53% compared to 2013.

With most lending limited to 4.5 times loan to income, plus sizeable deposit requirements, **many first-time buyers struggle to get on the 'housing ladder'**.

Research by the HomeOwners Alliance in February 2024 suggests 71% of non-homeowners would like to own their own home in the future. Of those, 73% also said their parents owned their home, but **only 48% expect to be able to own themselves**.

The median capital value of a flat in the Local Area in the 12 months to May 2024 was £246,000. To afford a flat, a first-time buyer (FTB) in Reading **would need a deposit of £63,400 and a household income of over £40,500** to afford the on-going monthly payments. This assumes a 26% deposit, (the average FTB deposit size in the South East).

Due to affordability constraints, there is **more competing demand at lower capital values**. This in turn results in higher values per square foot for smaller homes. Across the Local Area, the median residential value per square foot for studio flats in the 12 months to May 2024 was £447. This falls to £393 and £368 per square foot for one- and two-bed flats, respectively.



Albion terrace, Reading

Reading's employment market is forecast to grow strongly amid fast growth in its population. Affordable homes are needed at a range of price points to facilitate growth in Reading's economy.



Station Hill, Reading

The outlook for Reading's economy is positive. Reading's **working-age population (16-64 year olds)** is forecast to grow faster than the South East and UK average over the next ten years. Over this period, the working age population will increase by a further 5,000 working-age residents.

Many employment sectors are forecast to grow over the next decade. The **fastest-growing sector is expected to be 'Professional, Scientific & Tech'** with growth of 24%. This will see an extra 5,200 jobs, on top of the 21,310 jobs currently. This high-value sector will bring economic growth and higher wages with some jobs, such as at Station Hill, located in the town centre and very walkable from Greyfriars Road.

Other sectors like 'Admin & Support', 'Information & Communication' and 'Human Health & Social Work' are all forecast to see growth of over 15%. These sectors, combined with Professional, Scientific & Tech **will bring over 13,200 additional jobs to Reading.**

Some international **companies have already expanded into Reading** such as PepsiCo, PwC and NewFlex which have all taken office space at the new Station Hill mixed-use development in central Reading (see image).

Affordable homes are needed at a range of price points to support jobs growth, create a balanced community and support the local economy of Reading.

There is strong demand for rented homes in Reading. Fewer properties available to rent; high level of rental growth and faster ‘time to let’ all point to a rental market in need of greater supply, across all price points.

The private rented sector (PRS) is undergoing major structural changes with some buy-to-let landlords leaving the sector. The result has been a **32% reduction in the number of properties listed to rent** over the past year in Reading vs the 2018-19 pre-pandemic average, creating a supply and demand imbalance.

More landlords are looking to sell homes than in recent years. According to survey data from the National Residential Landlord’s Association (NRLA), 39% of landlords in Q2 2024 wish to sell a property in the next year compared to 20% in Q2 2017.

With fewer homes coming to market, **the time to let properties has sped up considerably**. In the 12 months to August 2024, it took just 18 days to let a one bedroom flat, twice as fast as in 2018/19 (35 days).

Reduced supply has resulted in large increases to rental values with **average rents in Reading up 36%** between March 2020 and May 2024. Annual rental growth has slowed in recent months, as tenants approach an affordability ceiling. **Only 5% of rental listings in Reading are studios** (12 months to August 2024) meaning few options for renters looking for affordable housing.

Despite higher upfront costs at 20-30 Greyfriars Road, the all-inclusive offer means the rents would be a **13% discount** compared to good quality studios in the wider PRS market. The site will also offer rich amenities, and a community and social interaction offer, unlike the wider PRS market.



Cardigan Road, Reading

Reading has around 15,700 people in its Co-living target market where there is likely high local demand for this new housing typology



Elizabeth Line, Reading Station

The city has a large population of affluent, young adults without dependents living in the PRS. This makes it a good location for Co-living and there is likely high local demand.

We have defined the target market for Co-Living as people that meet all the following:

1. Currently live in the private rented sector.
2. Are between 18-40 years of age.
3. Live in households without children.
4. Are classified within an affluent demographic, with a high propensity to live in shared accommodation.

Only Brighton and Hove has a larger Co-Living target market across South East commuter locations. The **target market in Reading is 83% larger than Guildford** the third largest, which has 8,600 people

Nearly two thirds (65%) of PRS households moving to the local Area come from elsewhere in Reading or London. **55% of PRS movers come from Reading with 10% from London.**

London has a Co-Living target market of almost 595,000. This, alongside the proportion of young adults living in the private rented sector who are characterised as affluent, make Reading a good location for Co-living where there is likely high local demand.

There are no other Co-living schemes in Reading and whilst Build to Rent has been successful with 1,440 homes in operation there is a lack of future supply over the short to medium term

There are no other Co-Living schemes in Reading, either operational or in planning. There is a growing Build to Rent presence in the city, however. As of September 2024, there are five operational Build to Rent sites in Reading, totalling 1,440 homes in the Local Area.

A further 1,859 homes are coming forward in the planning pipeline. The **BTR planning pipeline is skewed towards the medium term**, with no schemes either under construction or with detailed permission.

The institutional BTR market has seen a huge expansion over recent years as more renters move away from smaller buy-to-let landlords and towards professionally-managed rented housing with improved services and on-site amenities. Co-living is the next logical step and the delivery of Co-living schemes will create further choice in the Reading rental market, particularly for those who need more flexible accommodation or cannot afford BTR homes.

Reading needs to increase its housing delivery (763 homes per year on average between 2018-19 and 2022-23) in order to meet its Standard Method target (877 homes) target. The new Standard Method target is higher than its previous historic delivery and its Local Plan Target (2013-26) at 689 homes per year.

Delivery of new homes for rent will also contribute to Reading's housing delivery targets.

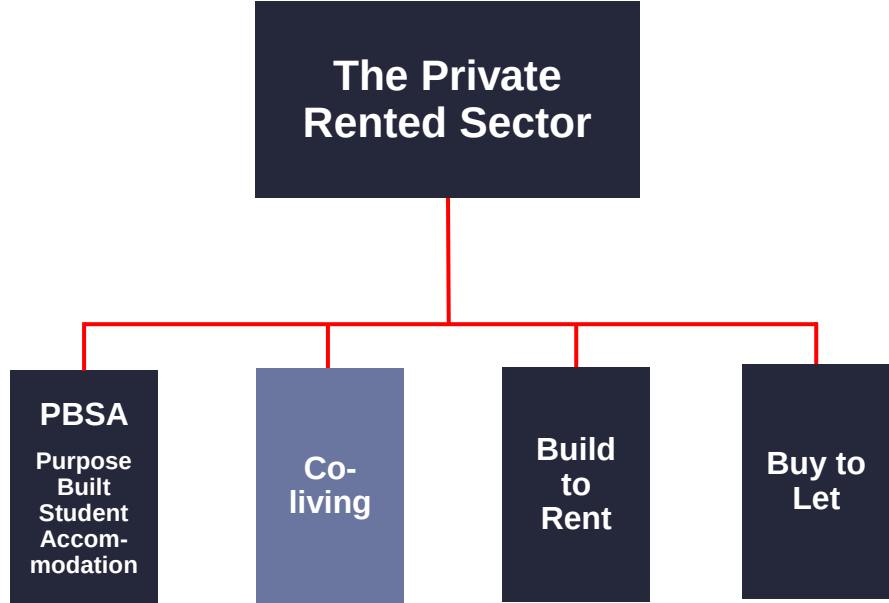


Ebb & Flow scheme, Station Hill

2

Introduction to Co-living

What is Co-living?



Co-living is a housing product, part of the PRS which provides private studio apartments with lots of shared amenities. Due to current financial circumstances, many young people, especially graduates have incorporated this style of living, allowing for significant growth in the sector. This is due to this type of housing offering higher quality rented accommodation in central locations, providing flexible tenancies from anywhere between 3 and 12 months with many staying a lot longer. Schemes are professionally managed offering greater levels of service than the wider private rented HMO market. It is also often at a more affordable price point than is typically available elsewhere in the rental market when factoring in utility costs and other bills, with Co-Living schemes often with ‘all-inclusive’ rents.

There are now around c.9,000 operational beds across the UK with the number of schemes becoming operational and being submitted continuing to grow. We estimate the potential size of the ‘core target market’ for Co-living across the UK to be c.1.9 million people across the UK.

Private studio spaces are supported by a range of shared amenities. These can include gyms, co-working spaces, resident lounges and 24-hour onsite security and concierge. Some providers also offer a programme of curated events to encourage social interaction between residents which create a real sense of community within the building.

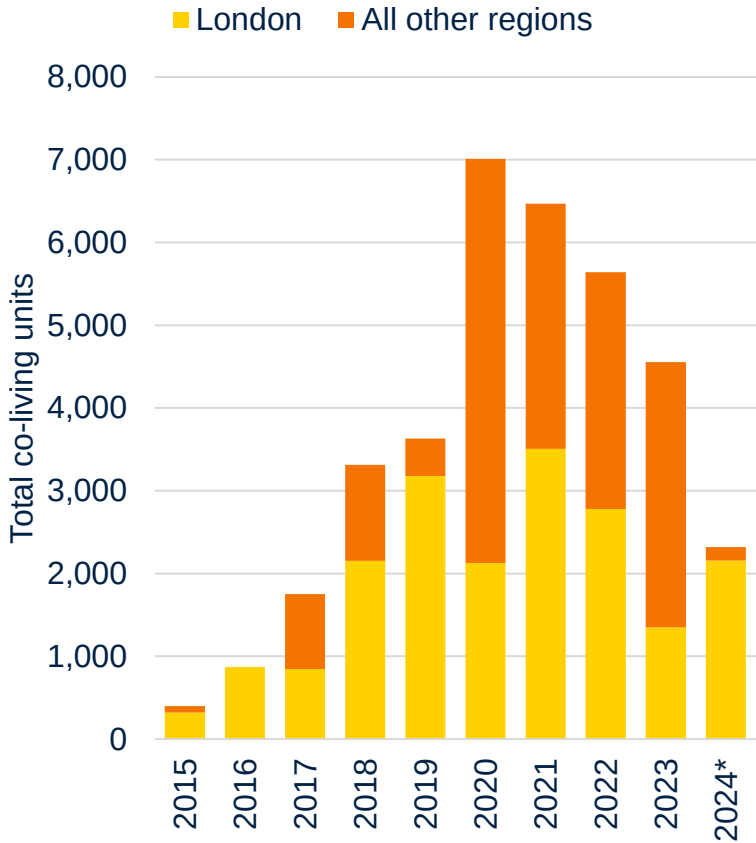
Co-living provides sustainability benefits to both residents, the building and the wider social environment. Research by Conscious Coliving shows that emissions in Co-living schemes were two thirds lower than the average UK single-person household. With central and well-connected locations, Co-living also benefits cities by reducing travel and pollution that comes from it.

Co-living provides greater housing choice to those who often have little choice in the market having incomes too great for social housing and too small to enable them to get on the housing ladder through home ownership. For those not wanting to live in private rented ‘flat-shares or HMO accommodation’. Co-living offers private studios in a community with rich amenities unlike the wider PRS/HMO market, often in a location they wouldn’t otherwise be able to afford.

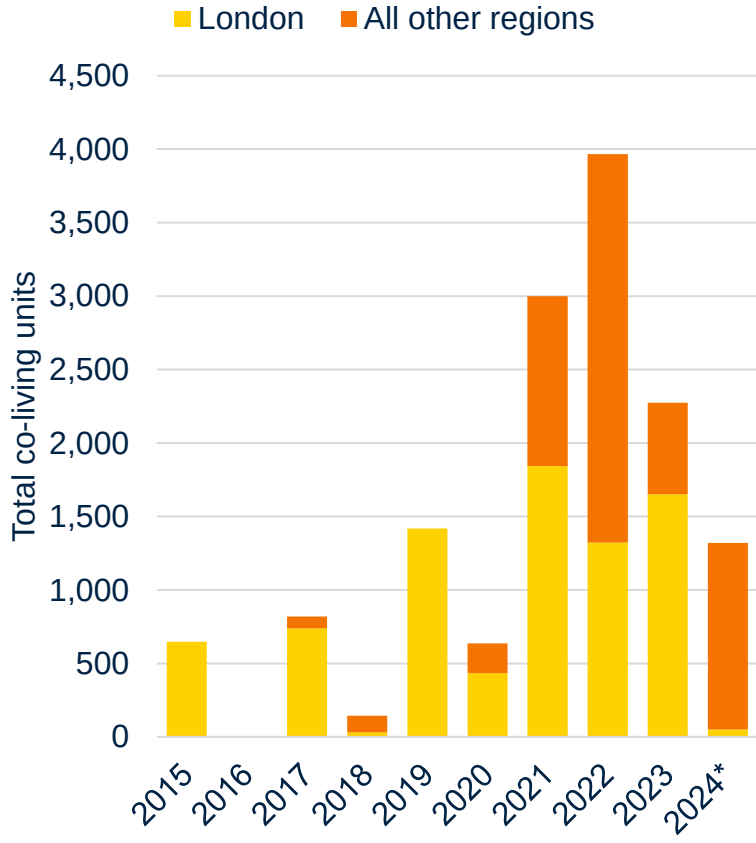
Co-living is still a very nascent sector but is growing quickly

Co-living is a growing part of the wider BTR market with the number of applications continuing to increase. There are now c.9,000 operational beds across the UK, the vast majority of those are in London (68%). However, much like the wider BTR market, as London led the way, other regional cities are now catching up, both in applications submitted and schemes coming out the ground and being built. Locations such as Bristol, Brighton and Southampton now have schemes consented with pre-applications live in comparable locations to Reading such as Watford and Chelmsford.

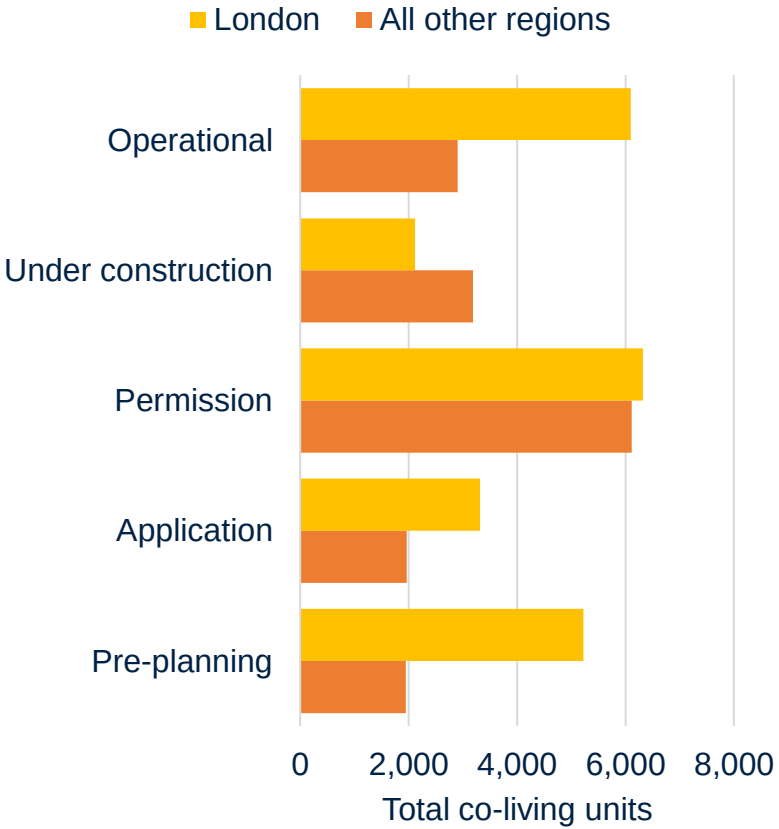
Co-living beds submitted



Co-living beds starting construction



Operational and pipeline by status



Co-living offers private studios that often provide more space per person than the wider PRS/HMO market, as well as lots of shared amenity space to foster social interaction and community

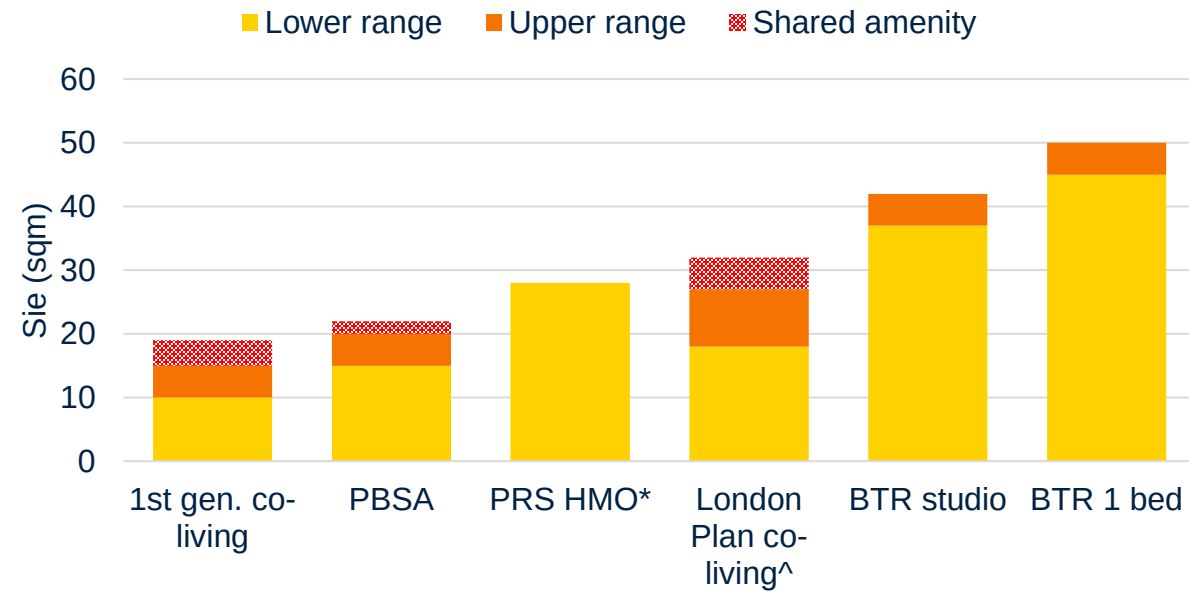


Co-living schemes generally range between c.18-27sqm for private studio rooms, with a further c.3-5sqm of shared amenity per person, which includes co-working spaces, lounges and shared kitchens amongst many other community uses.

Whilst smaller than NDSS space standards, Co-living offers a professionally managed environment and larger living spaces than the wider PRS HMO market, when taking into account the size of homes and the number of tenants. It also offers greater choice with some renters preferring not to live in ‘flat-shares or HMO accommodation’.

Room sizes are also bigger than first-generation of Co-living schemes that entered the market, such as The Collective, as developers cater to residents demands.

Comparison of different tenures across the UK



Key features of Co-living schemes

- The basics:**

 - Double sized bed
 - Mounted smart TV
 - Wardrobe
 - Bedside table
 - High-speed wifi
 - Day curtains

- Blackout blind
 - Sitting area
 - Coffee table
 - Work desk
 - Shower, sink and toilet
 - Hairdryer



- The kitchenette:**

 - Induction hob
 - Microwave oven & / or oven
 - Under-counter fridge

- Kettle
 - Toaster
 - Cooking utensils and tableware



- Shared amenities:**

 - Lounges
 - Co-working spaces
 - Gym
 - Lounge/diners

- Shared kitchen
 - Private dining
 - TV / cinema room
 - 24/7 professionally managed (akin to high end hotel)



Co-living can contribute positively to decreasing loneliness by creating a community and interaction among residents

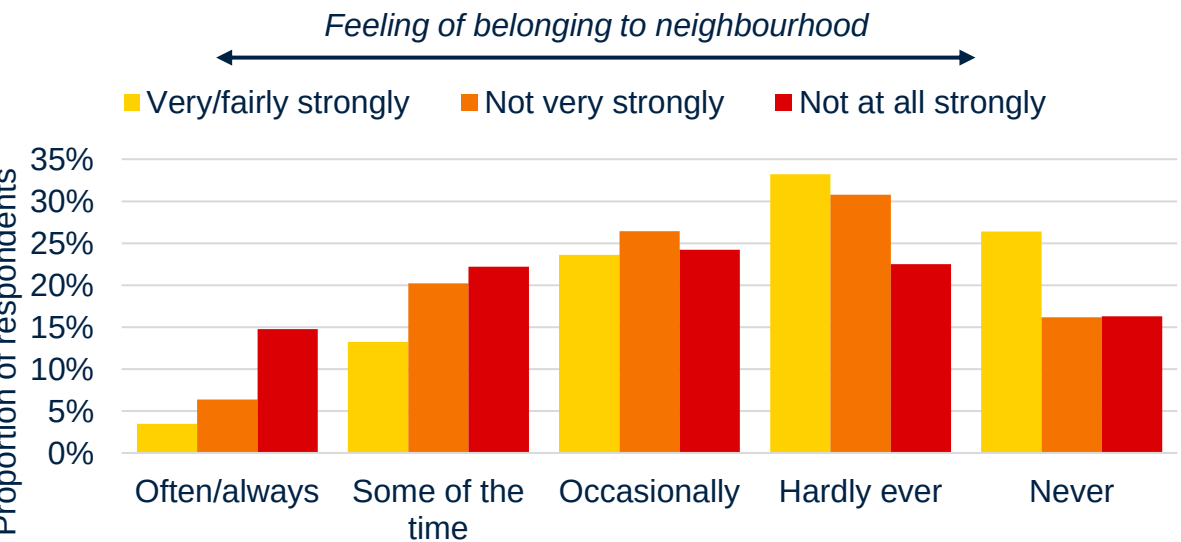


The ONS (Office for National Statistics) has identified that people renting a property are more likely to report loneliness than those owning their own home.

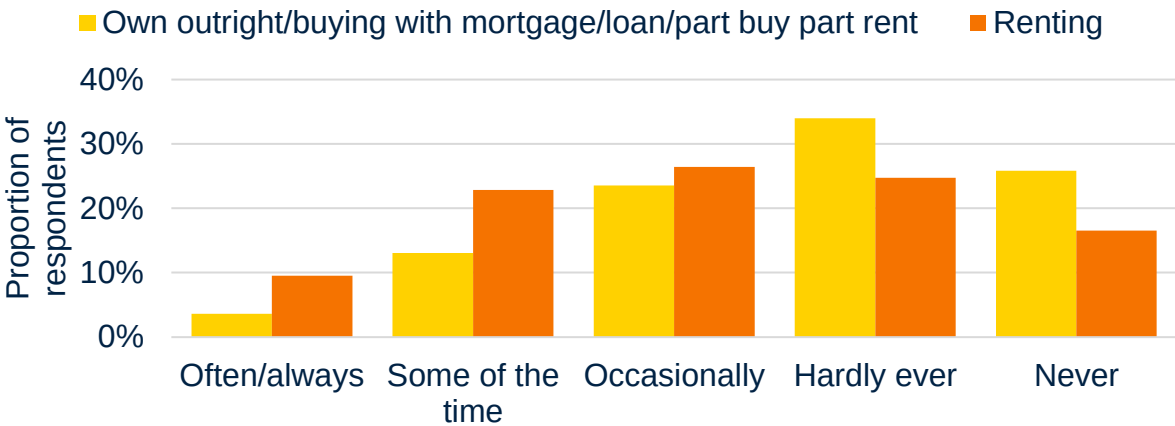
In addition, people who don't feel a sense of belonging to their neighbourhood are more likely to feel lonely than those with a stronger sense of belonging. The same study finds that young people tend to feel more lonely than older people. In addressing these societal issues, Co-living can have a positive impact on decreasing loneliness and improving upon a sense of community.

At its heart, Co-living offers greater social interaction amongst its residents with events and opportunities to mix with others. This is a key attraction for many choosing to live in Co-living.

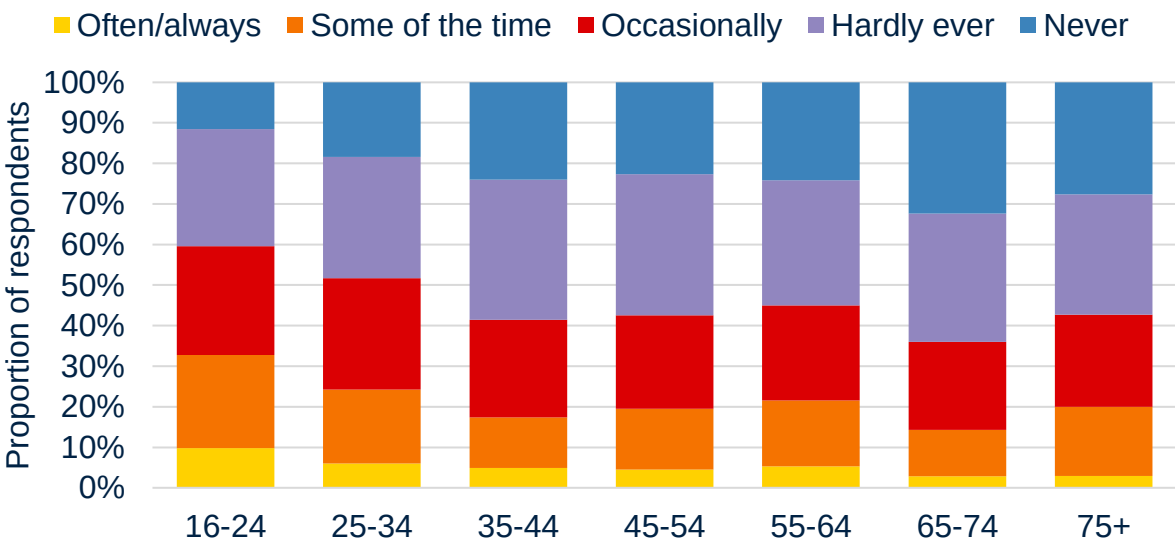
Reported frequency of loneliness by strength of belonging to neighbourhood



Reported frequency of loneliness by tenure



Reported frequency of loneliness by age



3

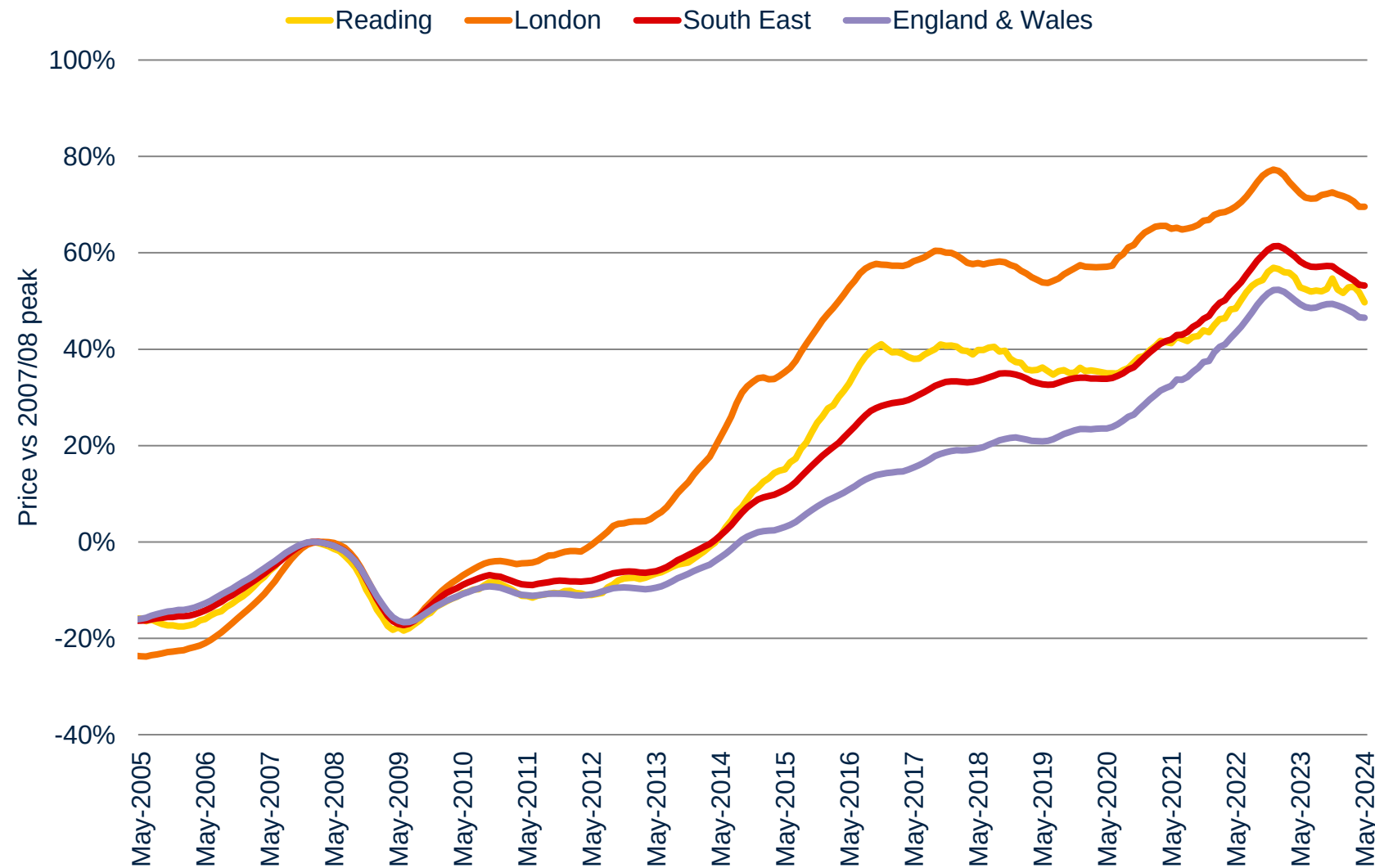
Housing Market

Reading house prices are now 50% higher than before the GFC (2007/08)

To May 2024 (the most recent available data), house prices in Reading are 50% higher than they were during the 2007/08 peak before the GFC (Global Financial Crisis).

This growth has outpaced the England & Wales figure (47%) but is slightly below that of the South East (53%) and London (70%).

Although prices have fallen slightly over the past year or so in Reading from their high in December 2022, when they were 57% higher than the GFC peak, they are still 11% higher than pre-Covid (March 2020).

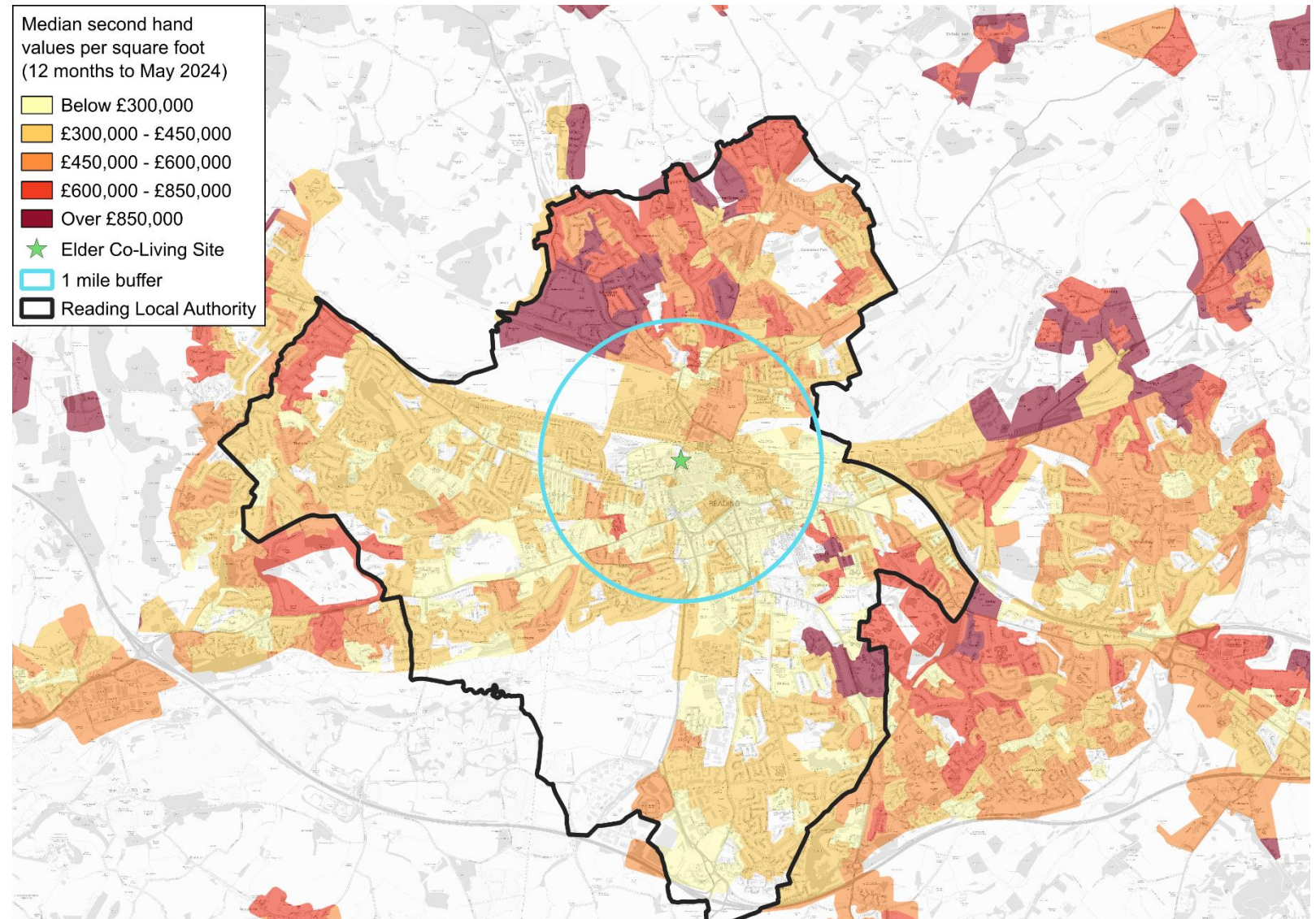


Reading and the surrounding area has a wide range in values with some very high-value locations

There is a wide range in values across the Local Area although the majority of areas have second hand values below £300,000.

This is in part due to the proximity to the train station and the local area being a predominantly commercial area rather than residential.

There are pockets of higher value areas beyond the Local Area, with median second-hand values in Caversham often exceeding £850,000 and likewise in Earley as values are often above £600,000.



Values in the Local Area are a stretch for local households, particularly first-time buyers trying to get on the housing ladder

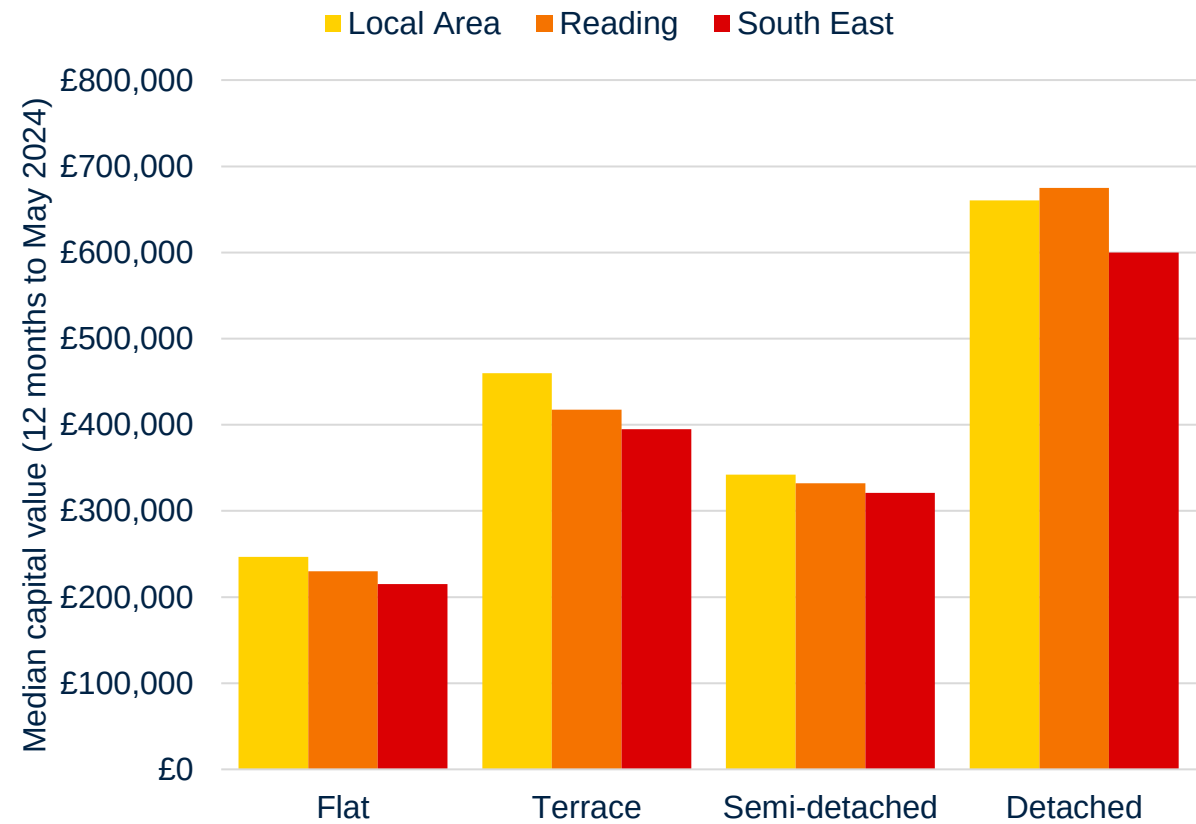
savills

The average capital value of a flat in the Local Area of the proposed site in the 12 months to May 2024 was £246,000. In this period, flats made up 48% of sales, the largest single house type. The median price of a 1-bed flat in the Local Area was £215,000, 5% more than the equivalent property in Reading.

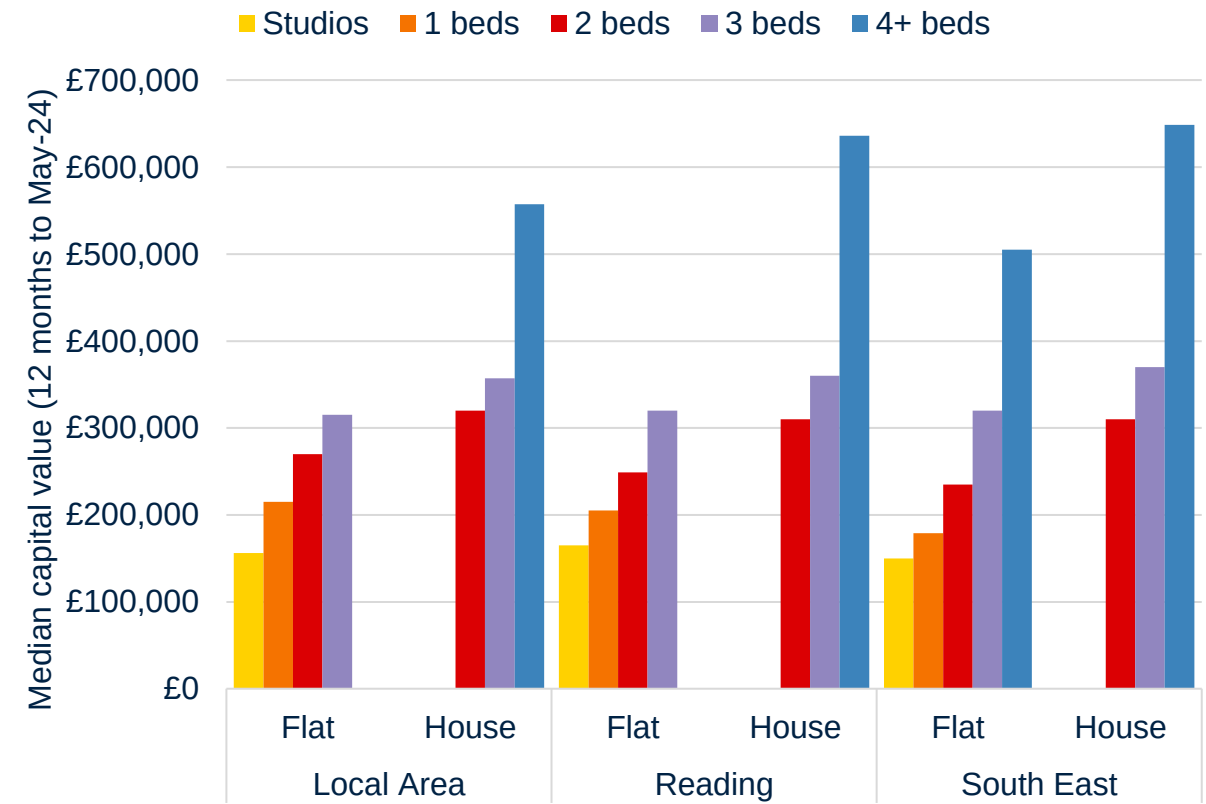
To afford a flat, first-time buyers (FTB) need a substantial deposit. The average FTB

deposit in the South East, according to UK Finance is 26% deposit. A FTB buying an average flat of £246,000 would therefore need a deposit of £63,404. Saving for a deposit presents a real challenge. Therefore, getting on the ‘housing ladder’ represents a real struggle for most would-be buyers without both sizeable incomes or significant support the ‘Bank of Mum and Dad’.

Average sale price by property type in Local Area (12 months to May 2024)



Average sale price by type and bedrooms* in Local Area (12 months to May-24)



Due to affordability constraints, there is more competing demand at lower capital values. This in turn results in higher values per square foot for smaller homes



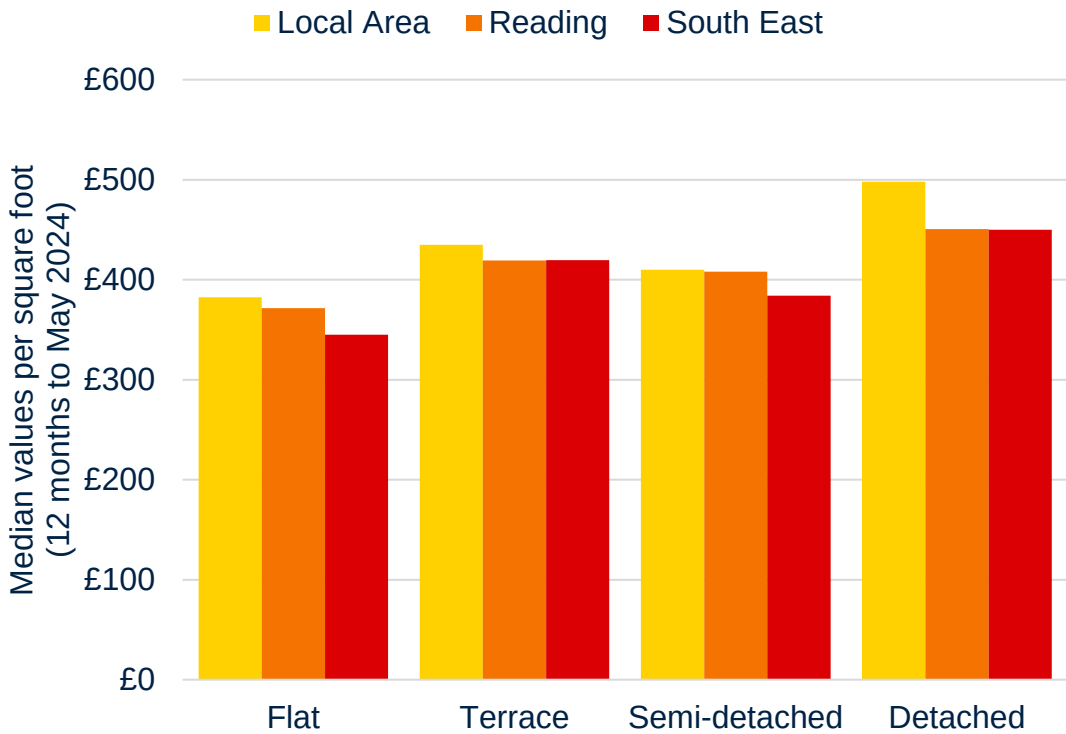
Due to affordability constraints, there are more buyers competing for smaller homes as these have lower capital values. This, however, puts upwards pressure on values per square foot.

In the Local Area, studios command the highest price per square foot at £447, followed by 1-bed flats (£393), 2-bed flats (£368) and 3-bed flats (£357).

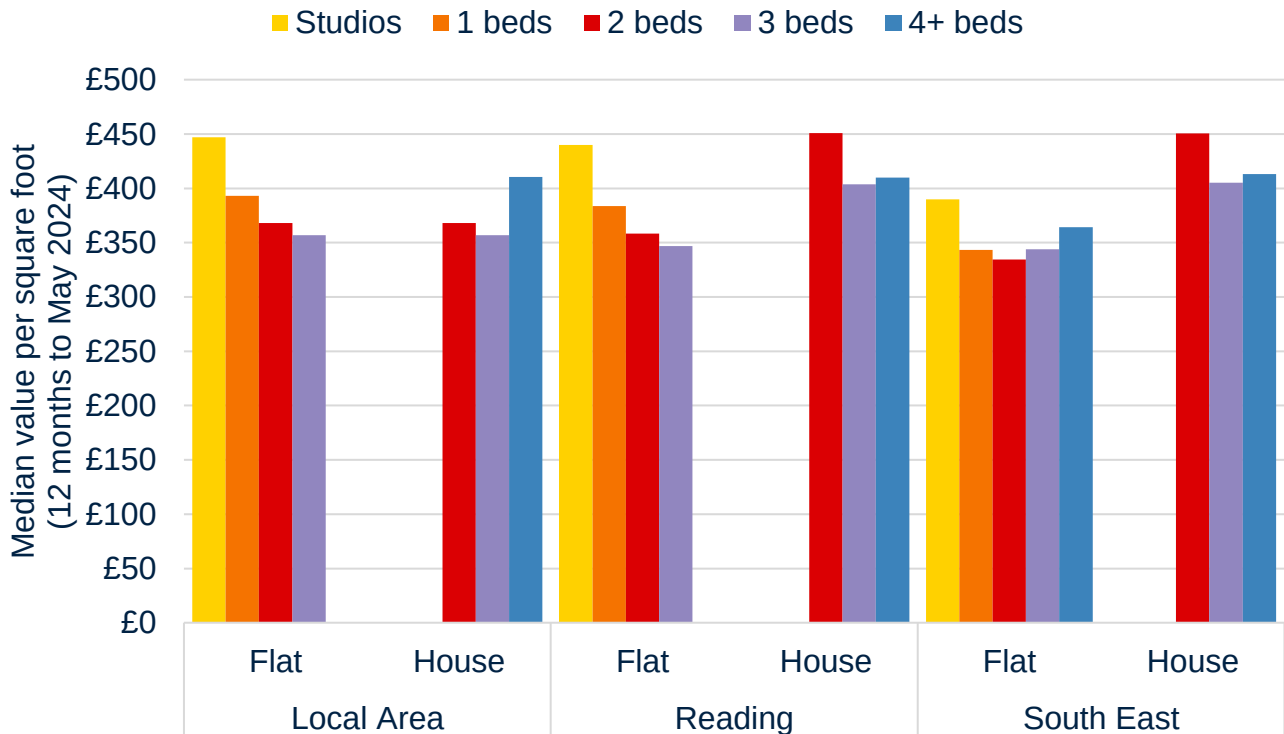
Values per square foot are slightly higher in the Local Area compared to Reading indicating higher demand. Flats in the Local Area averaged £382 per square foot in the 12 months to May 2024. This compares to £372 per square foot for the Reading local authority and £345 per square foot for the South East.

Value of flats within Local Area		
Size of home (sq ft)	Assumed no. of beds	Median value per square foot
<450	Studios	£447
450-600	1 bed	£393
600-850	2 bed	£368
850-1,200	3 bed	£357

Median values per square foot by property type (12 months to May 24)



Median values per square foot by prop type and no. of beds* (12 months to May 24)



Source: Savills using HM Land Registry, DLUHC, (* Estimated bed sizes – <450sq ft = Studios, 450-600sq ft = 1 bed, 600-850sq ft = 2 bed, 850-1,200sq ft = 3 bed, >1,200sq ft = 4+ bed, Houses <775sq ft = 2 bed, 775-1,100sq ft = 3 bed, 1,100-1,500sq ft = 4 bed, >1,500sq ft = 5+bed), *Less than 10 units omitted

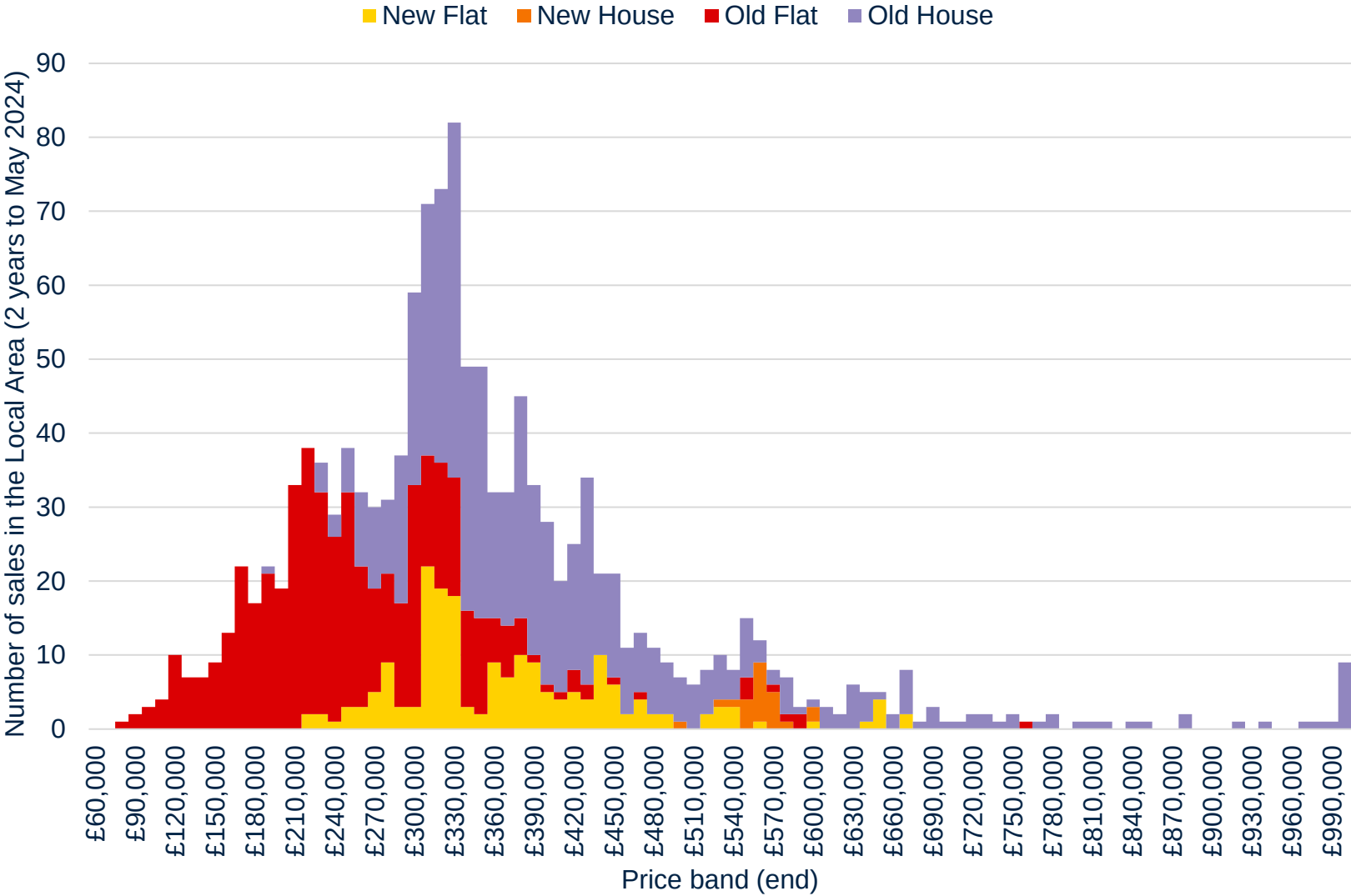
The deepest part of the residential sales market within the Local Area over the last two years is between £300,000 and £330,000



The new build market made up 17% of sales in the two years to May 2024.* The median price of a new build flat is 50% higher than that of a second-hand flat. 54% of new build flats are sold between £300,000 and £400,000, with between £310,000 - £330,000 being the deepest part of the market.

The second-hand market has a much broader range, from around £100,000 to over £700,000 at the upper end of the market. Second-hand houses start from around £250,000, and there were a small number of transactions for over £1 million.

Local Area	Median value	% of sales (3 years to November 2023)
New Flat	£350,556	15%
New House	£555,625	2%
Old Flat	£233,800	37%
Old House	£367,222	47%
All	£321,768	100%



Source: HM Land Registry, *Two years was used to increase sample size, in the 12 months to May 2024 there is likely an undercount of new build sales due a lag in Land Registry reporting new build sales

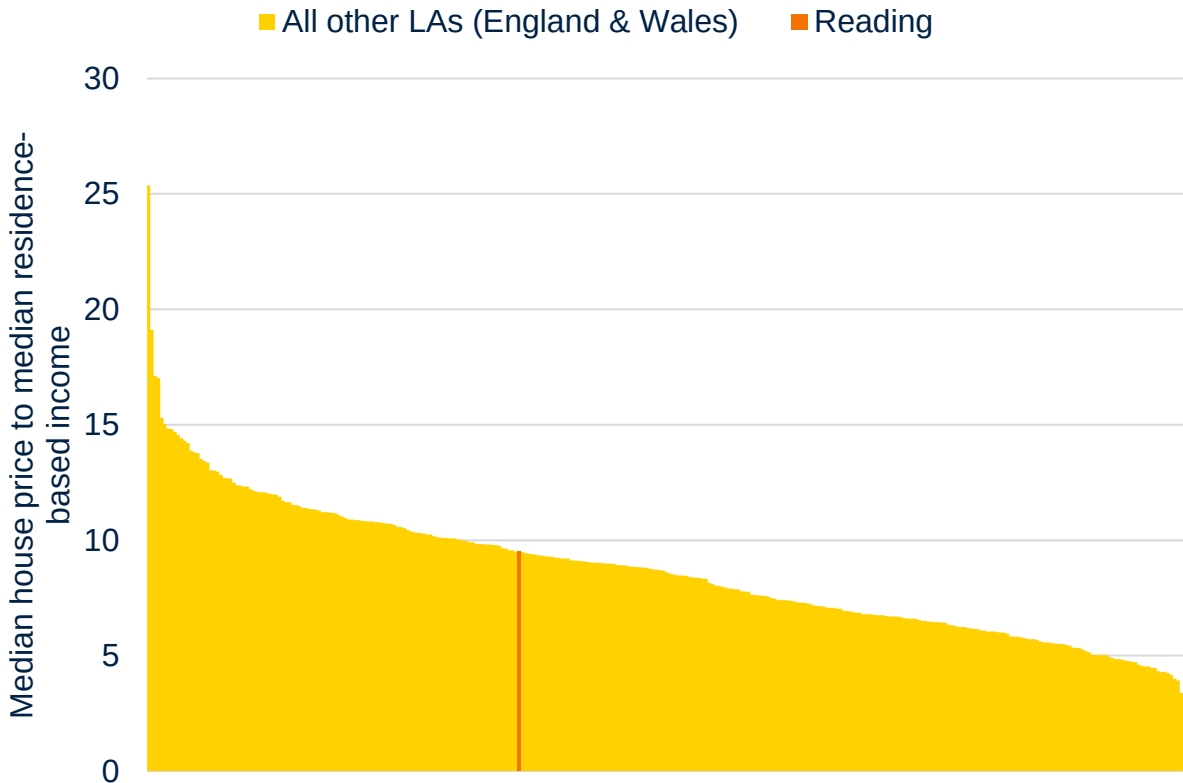
Affordability, or lack of, continues to stretch first-time buyers with average house prices far higher than average earnings



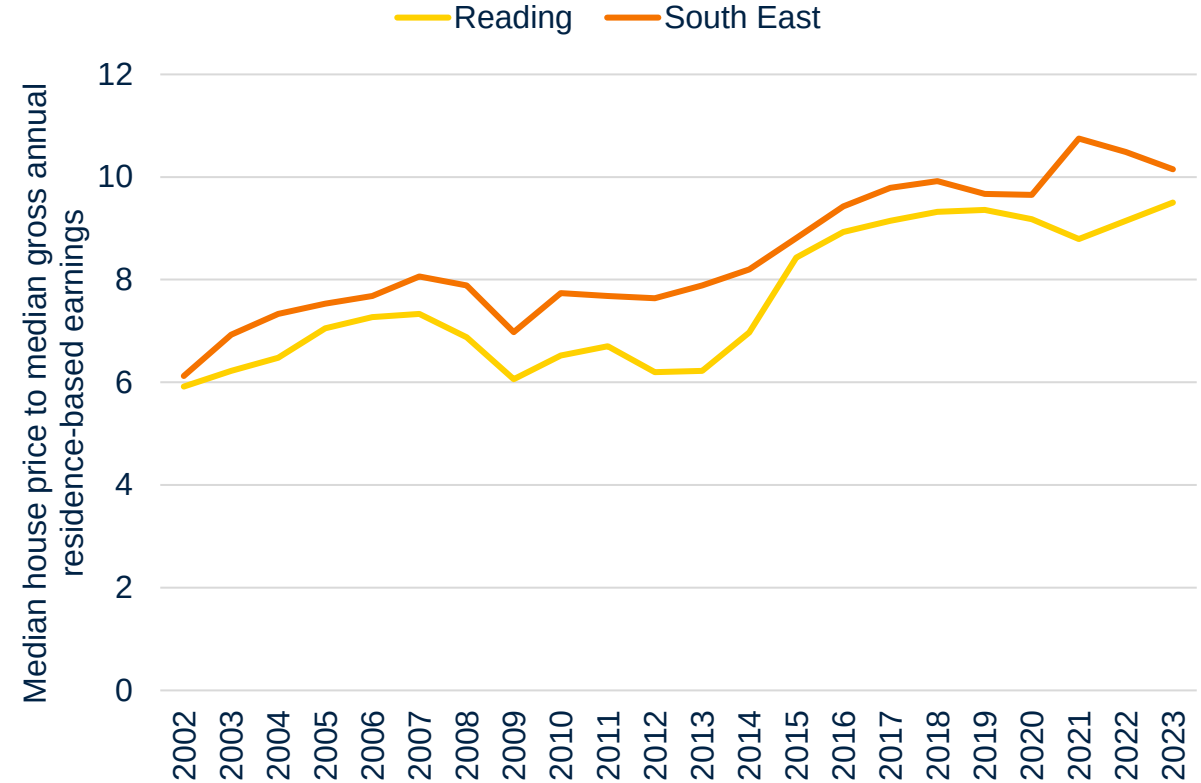
House prices in Reading are highly unaffordable, especially for first-time buyers. In 2023, Reading had an affordability ratio (measuring median house prices against median residence-based earnings) of 9.5, up 53% compared to 2013 and 60% up since 2002. A potential 'would-be' house buyer with a 10% deposit (£24,600) would need an income of £49,200 if buying the average priced flat (£246,000) with a loan to income of 4.5. If they could get a deposit of £63,400 (26% - average FTB deposit in the South East region), they would need an income of £40,500 (with a 4.5 loan to income).

Research by the HomeOwners Alliance in February 2024 suggests 71% of non-homeowners would like to own their own home in the future. Of those, 73% also said their parents owned their home, but only 48% expect to be able to own themselves.

Ratio of median house price to median incomes (2023)



Change in ratio of median house price to median income (2002 - 2023)



The number of people living in Reading aged 20 to 40, a key market for Co-living, is set to substantially increase with an extra 5,900 people over the next decade

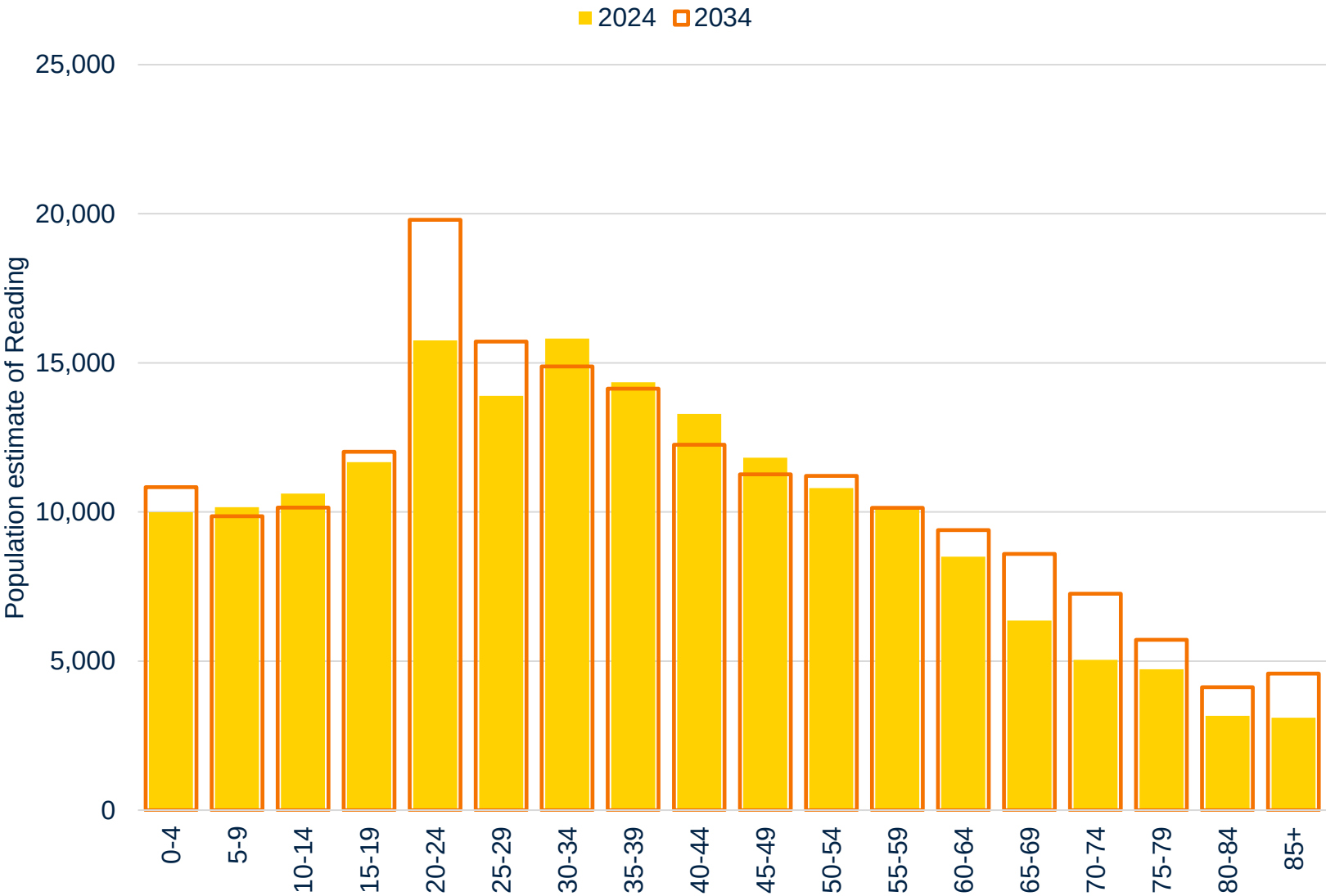


A key target market for Co-living are people aged between 20 and 40, especially young professionals in their early twenties. Reading is forecasted to become a popular home for a younger demographic.

The number of people in their twenties in Reading is projected to increase by 20% in the next decade, an increase of almost 5,900 people. According to projections from Oxford Economics, the largest age groups in Reading are set to be those aged between 20 and 24 and those aged between 25 and 29. Overall, the number of people living in Reading aged between 20 and 40 is expected to increase by 8% from 59,800 in 2024 to 64,520 in 2034.

More recent data on population growth from ONS reveals net international migration into the UK was 677,300 in the 12 months to June 2023, far higher than previous estimates. Therefore, the previous projections (from 2022) at smaller geographies (shown right) is likely to be an underestimation in its totality. However, the general distribution is expected to remain the same, potentially with a higher proportion of younger people of working-age and students.

This further reflects the need for greater supply of affordably priced housing, particularly for younger households and those aged in their twenties.



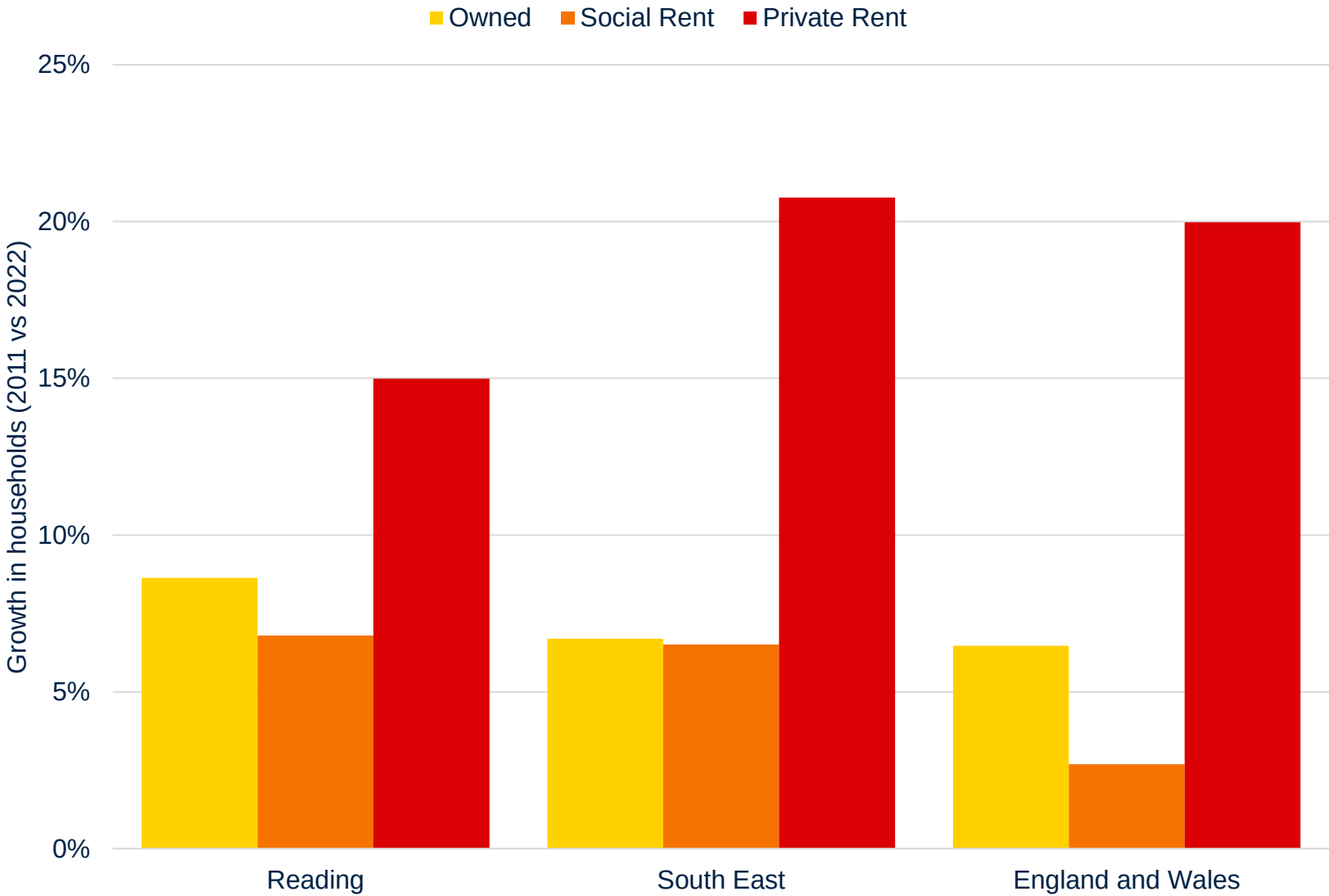
PRS households grew by 15% between 2011 and 2022 in Reading, far higher than other tenures

The majority of households in Reading own their own home (56%). Rising unaffordability over the past decade, however, has meant the number of owner occupiers grew at a far lower pace (8.6%) than PRS households (15.0%) between 2011 and 2022.

PRS households make up 28% of households in Reading. Between 2011 and 2022 an extra 2,550 PRS households were formed.

	Private Rented	Owner Occupied	Social Rent
Reading	28%	56%	16%
South-East	19%	67%	13%
England and Wales	20%	63%	17%

Reading	Private Rented	Owner Occupied	Social Rent
% growth (2011-22)	15.0%	8.6%	6.8%
Change in households	2,550	3,076	696



4

Employment Market

The working age population in Reading is forecast to continue growing faster than the regional and UK average, particularly the target market population (aged 20-40)

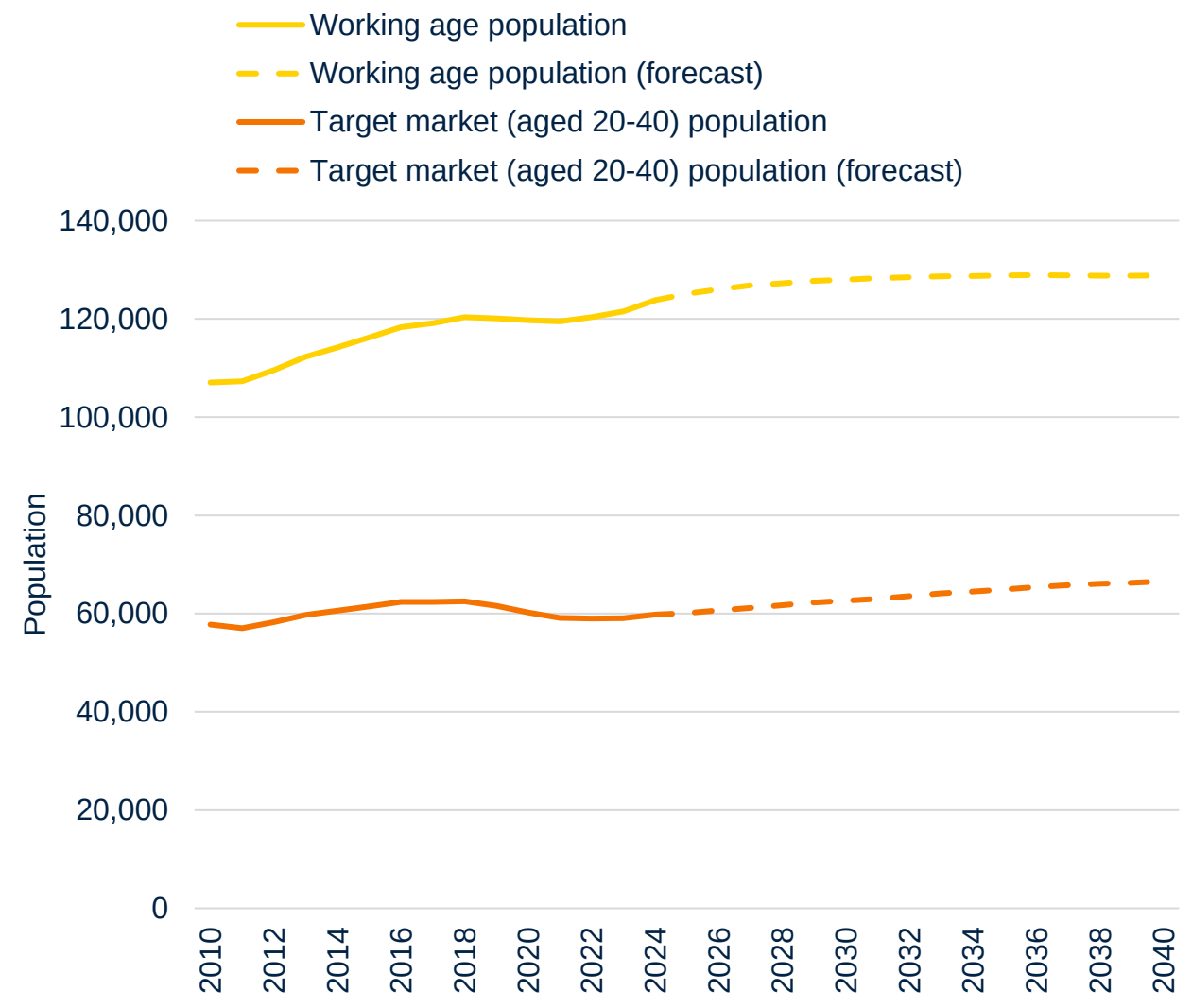


Between 2010 and 2024, the population of Reading grew by 16%, from 154,300 people to 179,120 people, outpacing both the South East (12%) and the UK (10%). Over this period, the working age population – those aged between 16 and 64 – increased by 16%, adding 16,790 working-age residents to Reading. This was nearly double the rate of the South East, at 8%.

Oxford Economics forecasts continued population growth in Reading at a pace faster than that of both the South East and the UK. Projections indicate that the total population in Reading is due to grow by 7% between 2024 and 2034, with the working age population rising by 4% and the target market (aged 20-40) by 8%. Overall, growth of 7% to 2034 would mean a further 12,770 people calling Reading home. The need for further housing delivery is therefore crucial to meet this extra demand.

	Total population		Working age population (aged 16-64)		Target market population (aged 20-40)	
	Growth (2010-24)	Forecast growth (2024-34)	Growth (2010-24)	Forecast growth (2024-34)	Growth (2010-24)	Forecast growth (2024-34)
Reading	16%	7%	16%	4%	4%	8%
South East	12%	6%	8%	2%	6%	3%
UK	10%	5%	7%	3%	7%	3%

Growth & forecast growth of working age and target market population in Reading



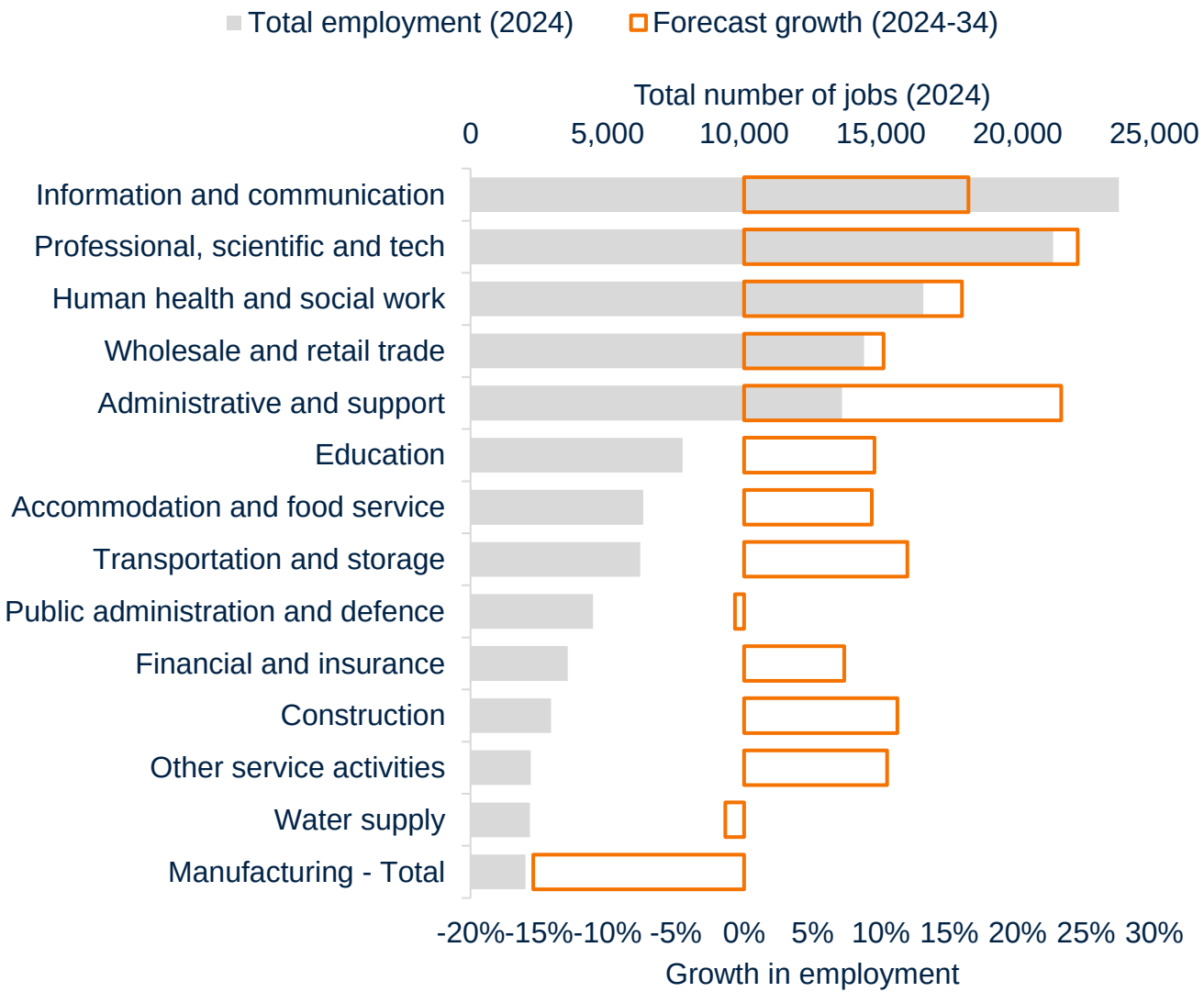
The number of jobs in Reading is forecast to grow by 15%, with professional services due to see the largest proportional and absolute increase



By 2034, the number of jobs in Reading is forecast to grow by 19,200, an increase of 15% on the number of jobs in 2024. This is faster growth than both the South East and the UK, which are expected to see jobs increase by 10% and 9%, respectively, over the same period. Even London is expected to see slower growth at 13%.

The sector seeing the largest proportional increase is professional, scientific and tech jobs which are projected to grow by 24% to 2034 (an extra 5,200 jobs on the current 21,310 jobs in 2024). Wholesale and retail trade, human health and social work and admin and support account for 34% of all jobs in Reading. Information and communication currently accounts for 18% of jobs in Reading, the largest sector, and this is set to grow 16% with 3,890 extra jobs over the next 10 years. Affordable homes close to these jobs are needed to support this growth and encourage cross-sector success.

	Total jobs (2024)	Total jobs (2034)	% growth in jobs (2024-34)	Growth in jobs (2024-34)
Total jobs	131,690	150,890	15%	19,200
Information & communication	23,710	27,600	16%	3,890
Professional, scientific & tech	21,310	26,510	24%	5,200
Human health & social work	16,560	19,200	16%	2,640
Wholesale & retail trade	14,390	15,860	10%	1,470



5

Rental Market

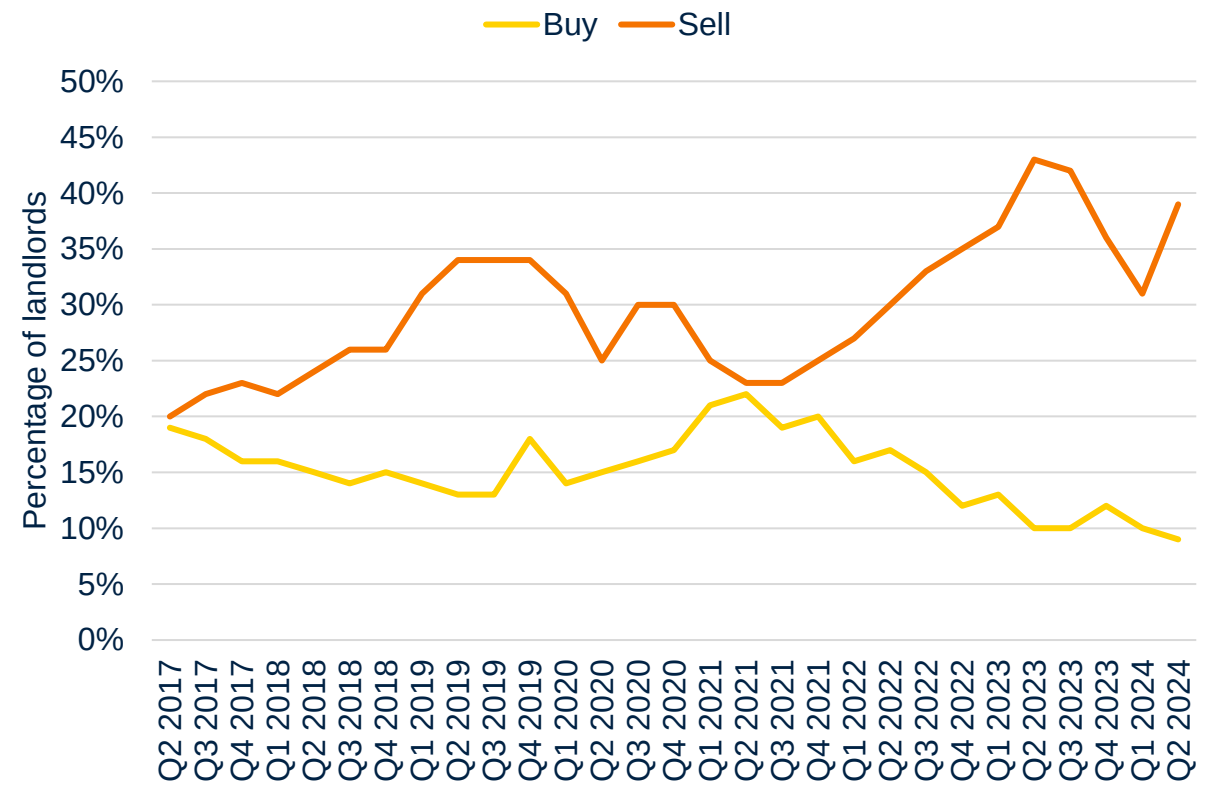
The PRS is going through major structural changes with many buy-to-let landlords leaving the sector due to a higher tax burden and increased regulation.



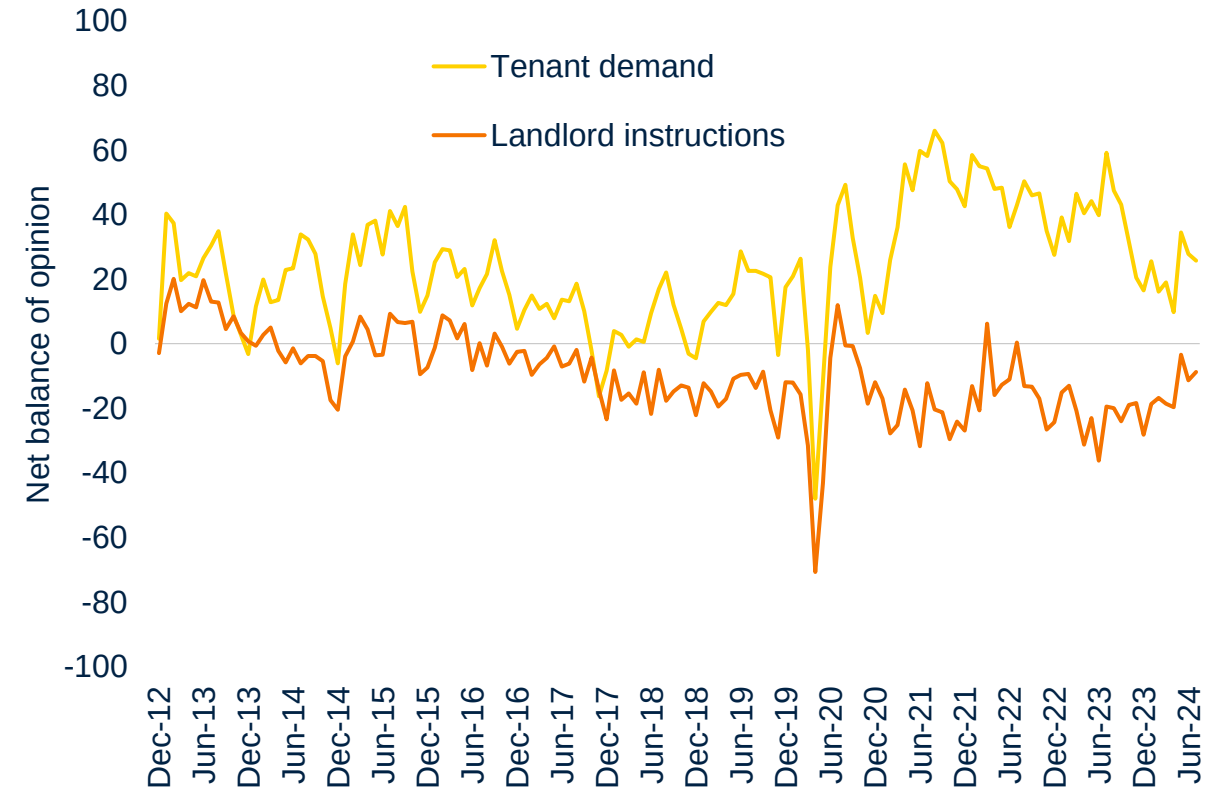
Between 2017 and 2021, tax relief for buy to let mortgages was reduced alongside stricter lending criteria, which has seen the PRS continuing to contract in size. Higher interest rates, regulatory changes and fears from some buy-to-let landlords about restrictions imposed by the upcoming Renters’ Rights Bill means some have exited the sector. Recent survey data from the National Residential Landlord Association (NRLA) shows that more landlords are looking to exit the market and sell homes than are looking to invest in new buy-to-let homes.

The RICS balance of opinion survey shows that there is a continuing gap between tenant demand and landlord instructions, meaning there is very much still an insufficient supply to satisfy demand.

Landlord intentions survey (UK) – Q2 2024



Tenant demand vs landlord instructions (UK) – July 2024



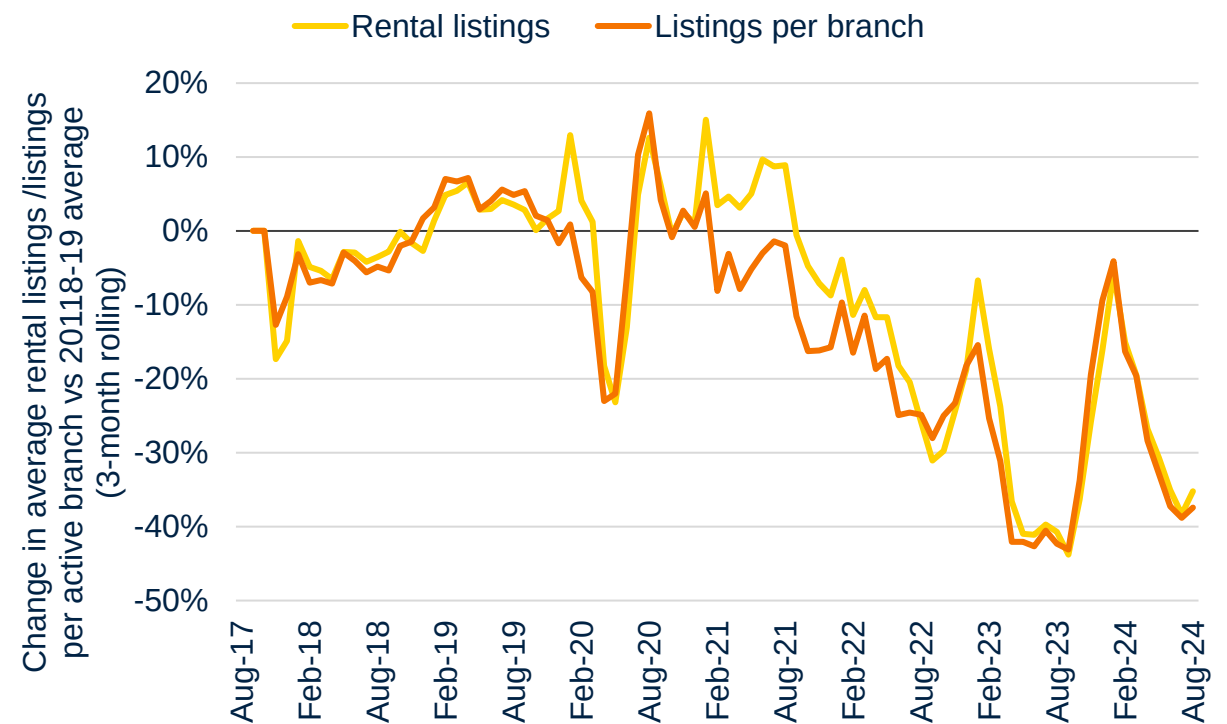
A reduction in the number of properties to rent has led to an imbalance between supply and demand with a lack of choice for renters.

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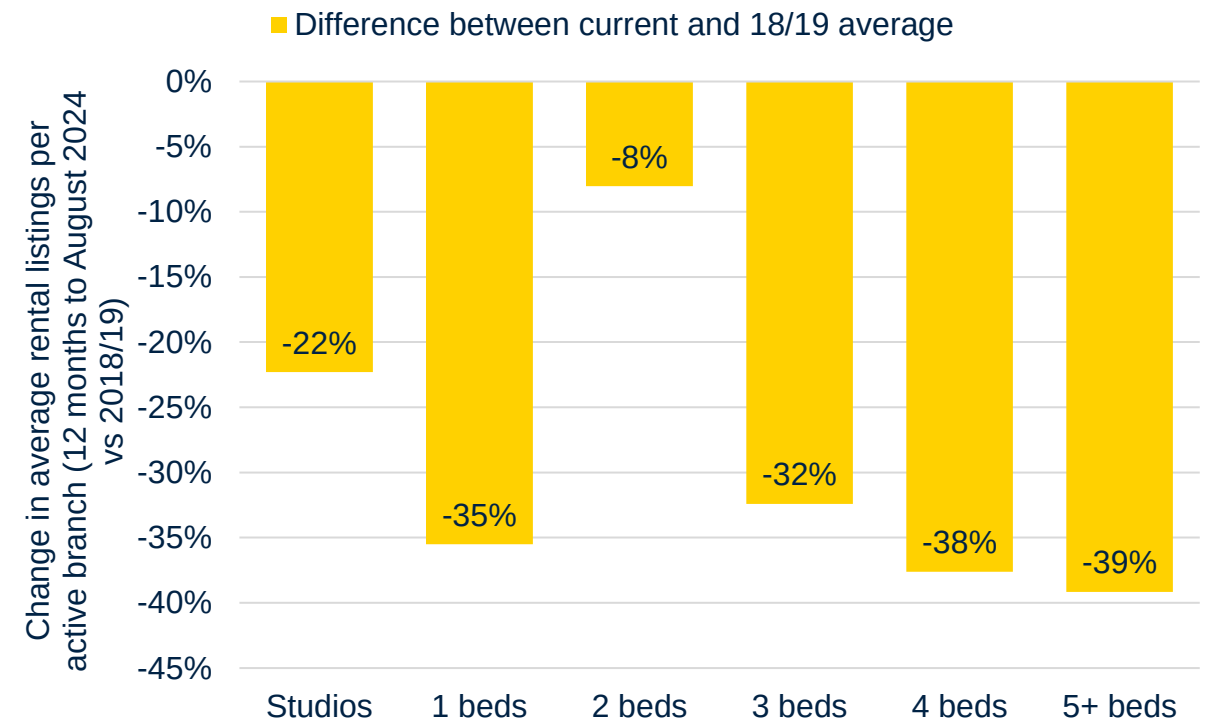
Levels of rental stock in Reading have been declining since 2020. In 2019, there were 19.5 rental listings per month on average, per active lettings branch. In the 12 months to August 2024, this had fallen 37% to 11.9. In absolute terms the city had around 1,725 monthly listings in 2019, which fell to 1,135 listings per month in the 12 months to August 2024. Falling rental supply increases competition for available stock, driving rental growth. Although the market shows some seasonality, with stock peaking between December and February as students secure their homes for the following academic year, the availability of stock remains well below previous pre-Covid trends.

The fall in listings since 2019 have been seen across all property sizes ranging from -8% to -39%. In total there were 32% less listings in the 12 months to August 2024 vs the 2018-19 average. The greatest falls in stock have been for 5+bed homes (-39%). 4 beds have also seen a larger drop in listings (-38%). Larger homes include HMOs that are favoured by students. Further supply across all bed types is needed to replace some of this lost stock in the student market.

Reading has seen sustained low levels of listings over the last few years



Fewer listings across all bed sizes (12 months to August 2024 vs 2018/19)



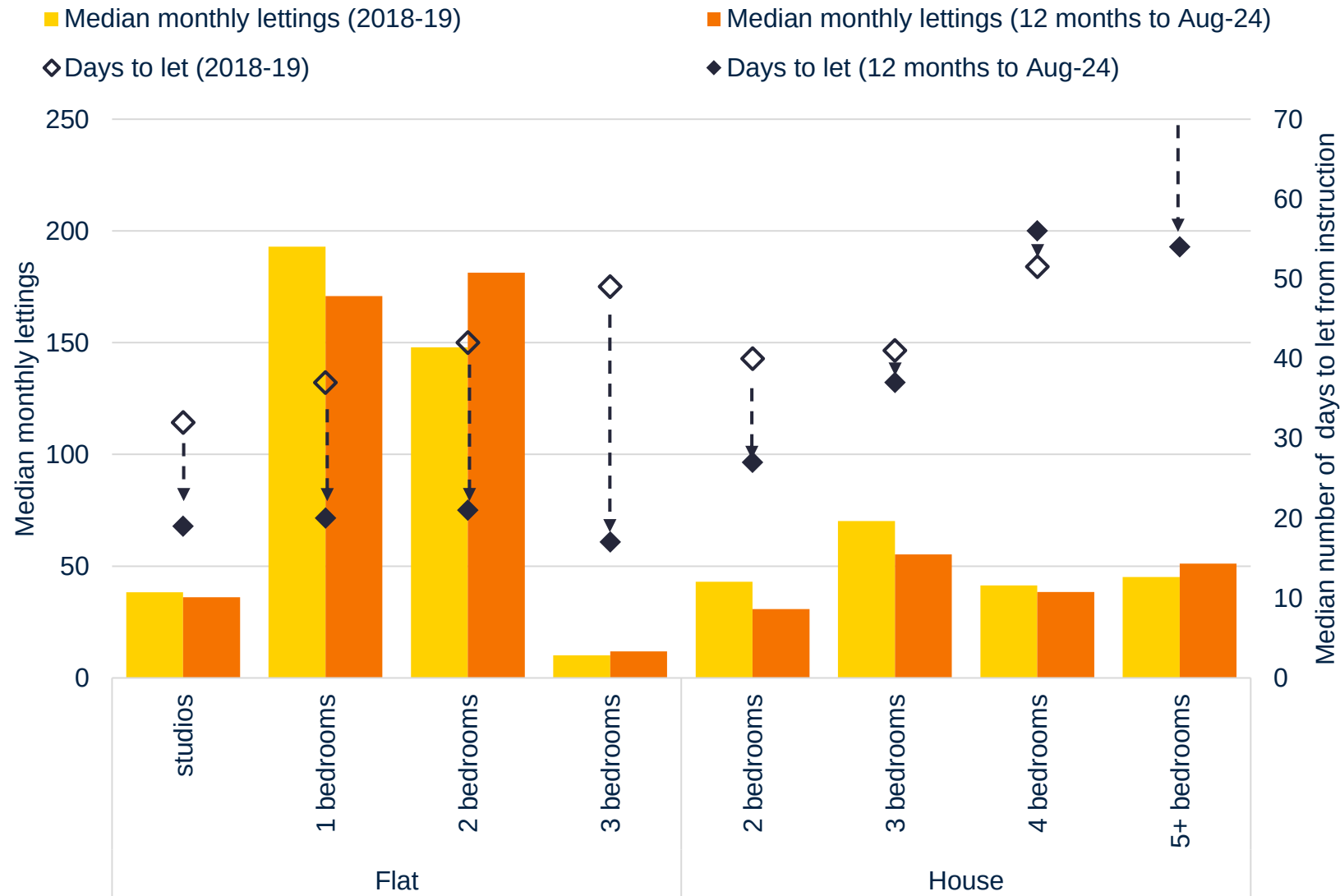
With a lack of choice and fewer available listings on offer, rental homes have been letting up much more quickly.

Whilst the fall in property listings has been acute (with a fall in listing of 32% over the past year compared to 2018-19), the number of lettings has been similar, albeit with a shift with fewer house lettings and more flat lettings, particularly 2-beds.

With fewer listings but a similar number of lettings, this has meant homes that have come on the market have been snapped up much more quickly due to the lack of choice and increased competition.

The fastest let up time is for 3-bed flats, of which there are very few, where the average let-up time in the 12 months to July 2024 was just 12 days. In 2019, it was 49 days.

The reduction in available listings is a national issue. Some landlords have exited the sector with increased regulation and interest rates making it harder to sustain margins. On top of that, tenants have opted for longer tenancies which has reduced market churn and exacerbated the lack of rental supply.



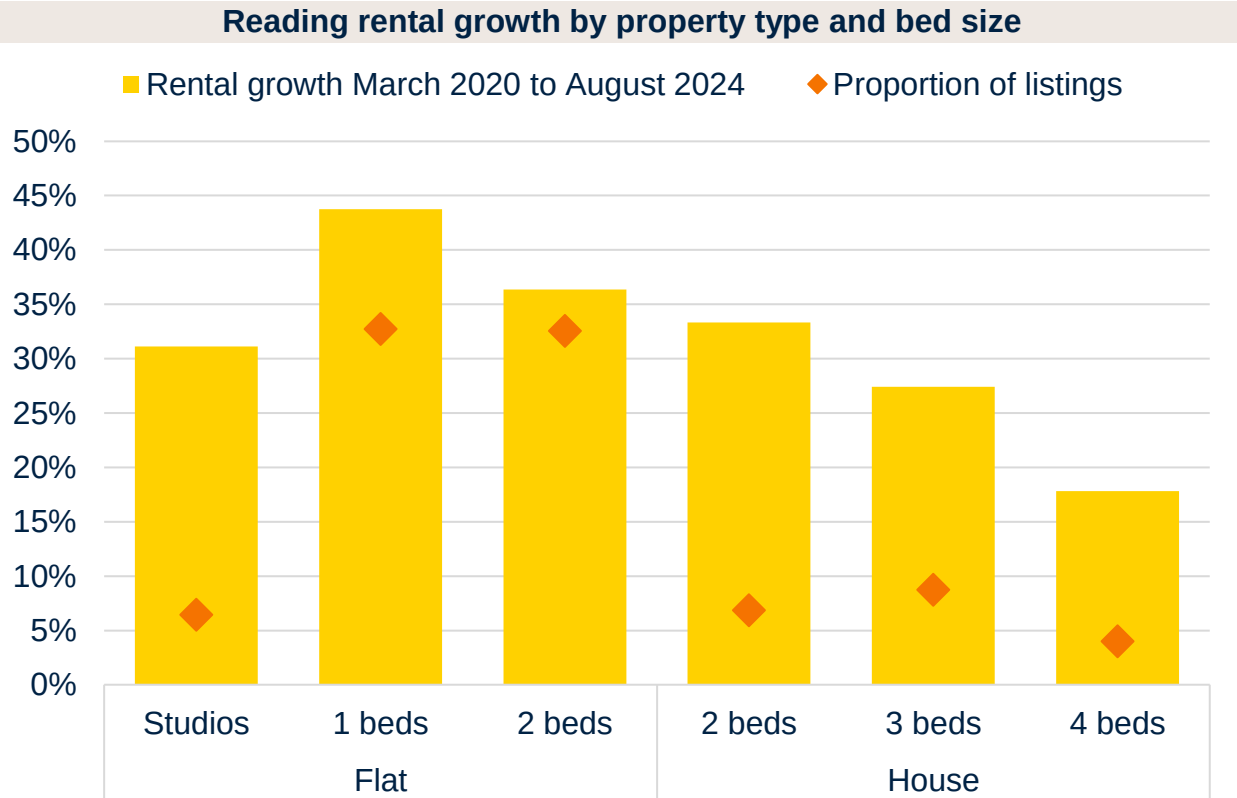
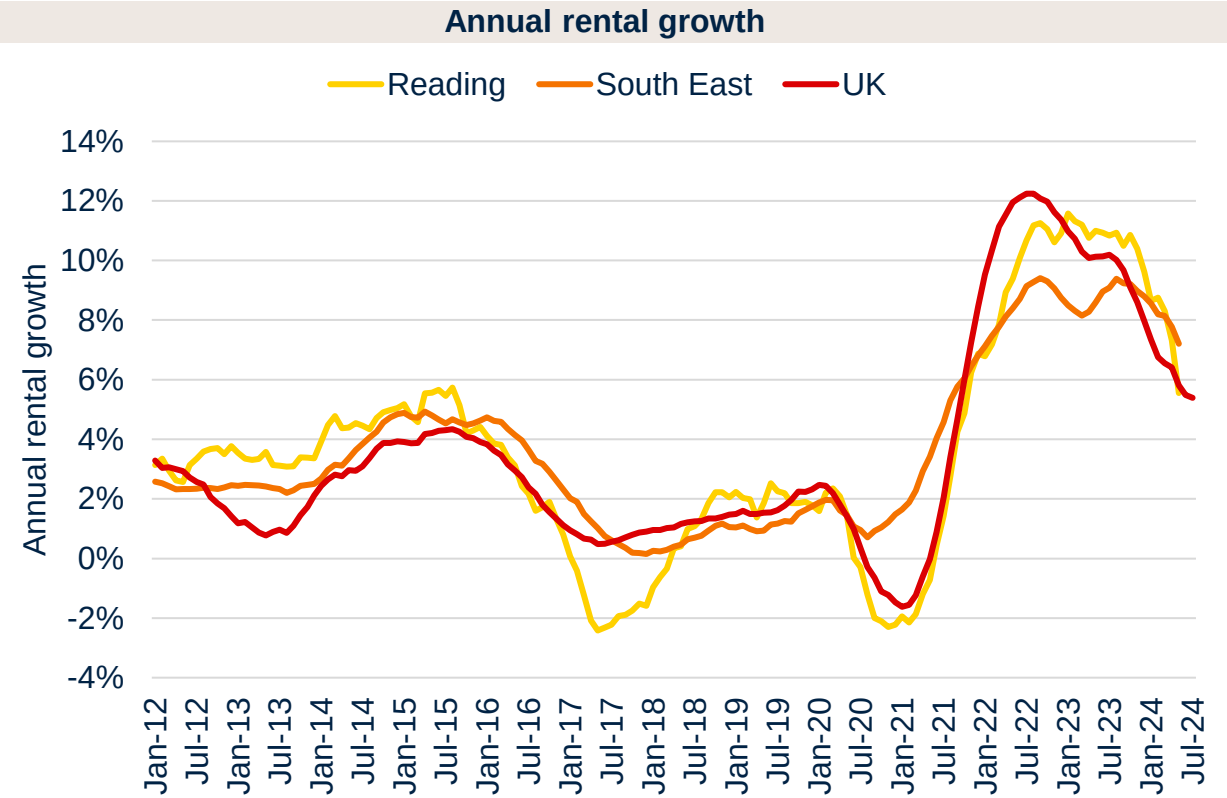
The supply and demand imbalance has fuelled record rental increases with rental growth of 26% since March 2020.



A lack of options in the wider PRS market has increased competition, fuelling sharp rises in rental growth in Reading. Rents in the city grew by 26% between March 2020 and May 2024. This was slightly higher than the 31% seen across the South East and the UK.

Annual rental growth grew sharply in 2021 and 2022, peaking at 11.6% in January 2023. Since then, rental growth has eased. As of May 2024, annual rental growth was at 5.6%, behind the wider South East (7.2%) but above the UK (5.8%), with the underlying shortage of rental stock remaining. The greatest rental growth has been seen across 1- and 2-bedroom flats, where rents have grown by 44% and 36%, respectively, since March 2020. Increased supply of housing is needed in Reading, particularly aimed at renters seeking one- and two-bedroom properties.

Rental growth (March 2020 to May 2024)	
Reading	25.8%
South East	31.5%
UK	29.7%

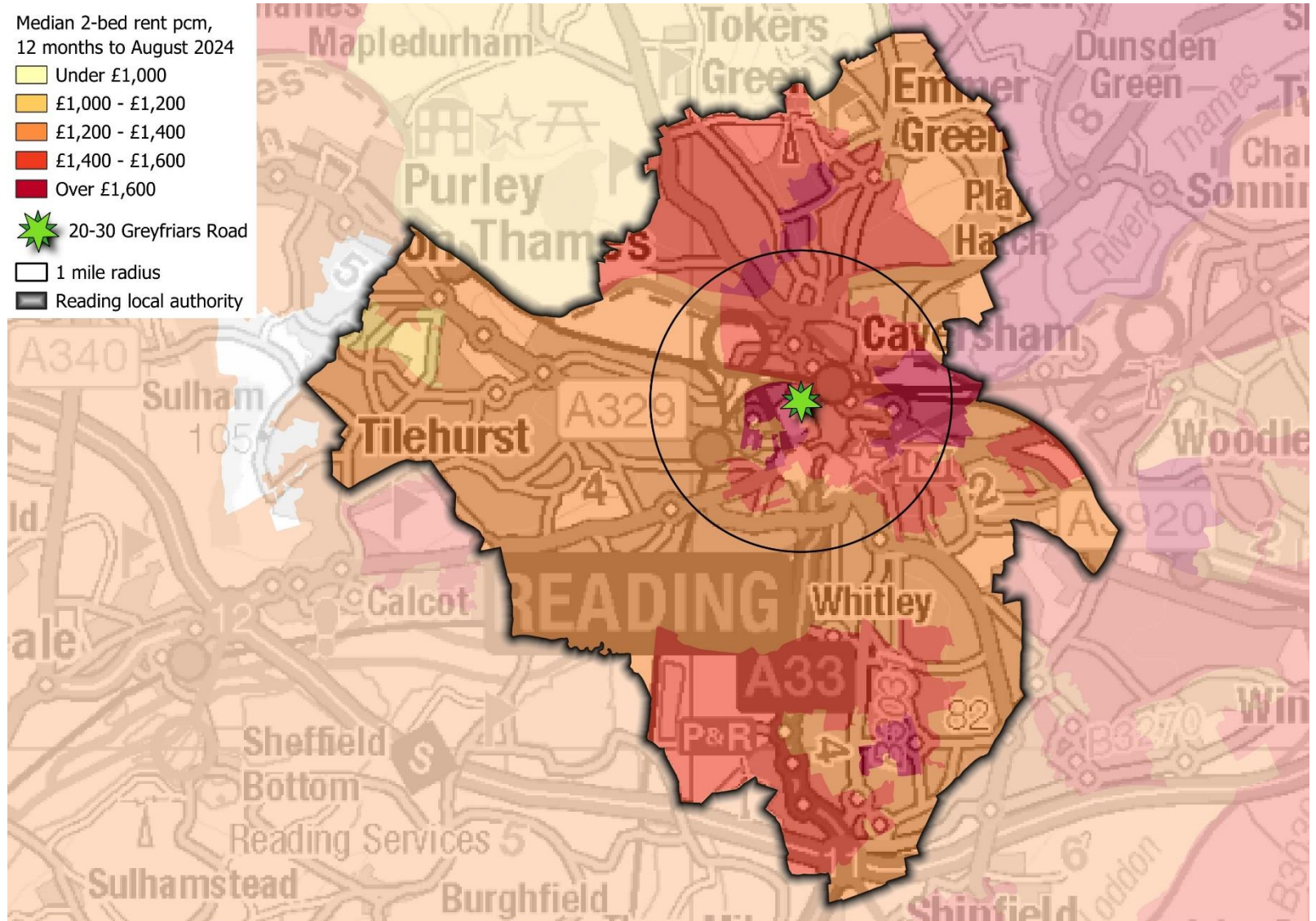


Average rents for a 2-bed around 20-30 Greyfriars Road are some of the highest in Reading, benefitting from proximity to the town centre, the train station and fast access to London.

Median rents vary across Reading. More expensive areas are concentrated in the town centre. Reading is a popular location for commuters with its links to London. It also has lots of jobs within the town centre, including high-value jobs with 'blue-chip' employers. The town centre location also has lots of amenities including shops, restaurants, bars, parks and other leisure facilities which are attractive to a large demographic. Combined, these factors are likely to drive values and make it a desirable place to live.

There are also pockets in the south of the local authority around Whitley and the north of the local authority around Caversham. These areas are on the outer edges of Reading and have ready access to green spaces such as parks and playing fields.

20-30 Greyfriars Road sits in one of the higher value areas of central Reading, where the median rent is between £1,500pcm and £1,600pcm. The housing stock is predominantly apartments. Rental values are generally at a premium to areas outside of the city centre.



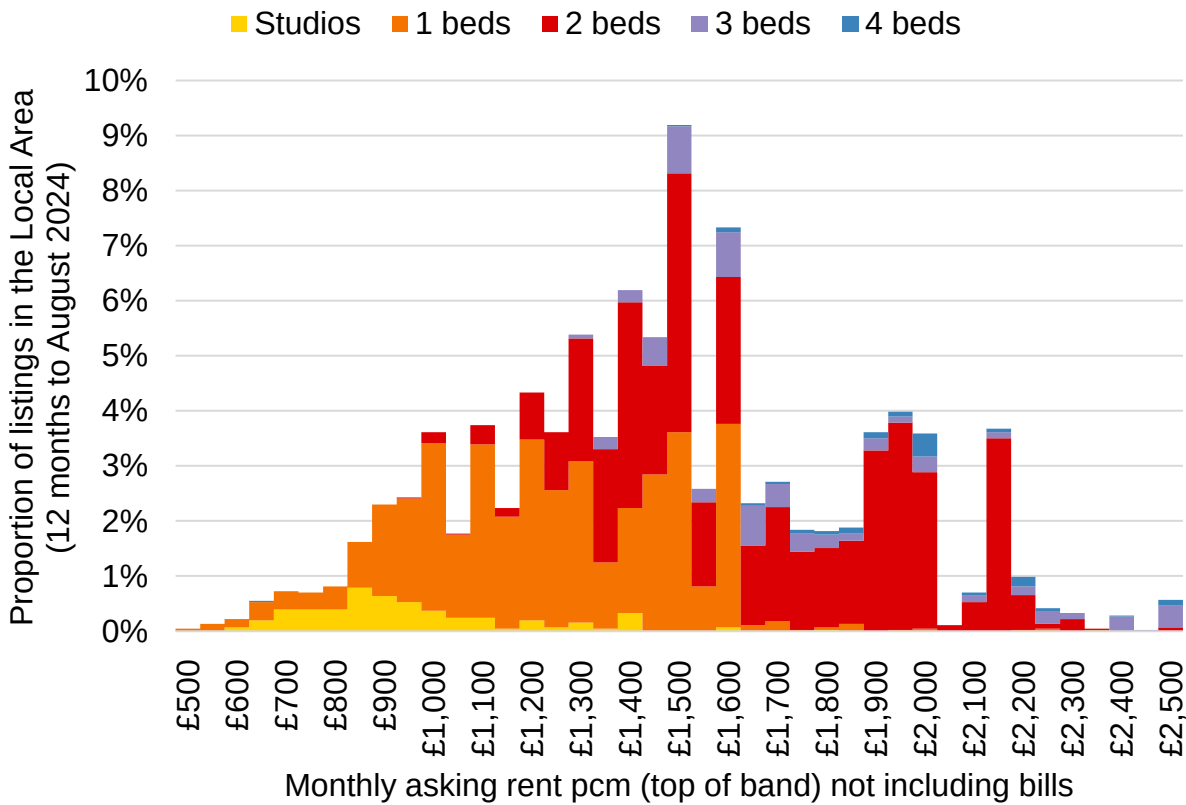
Studios make up 5% of listings in the Local Area, offering both premium and more affordable accommodation between £650pcm and £1,400pcm



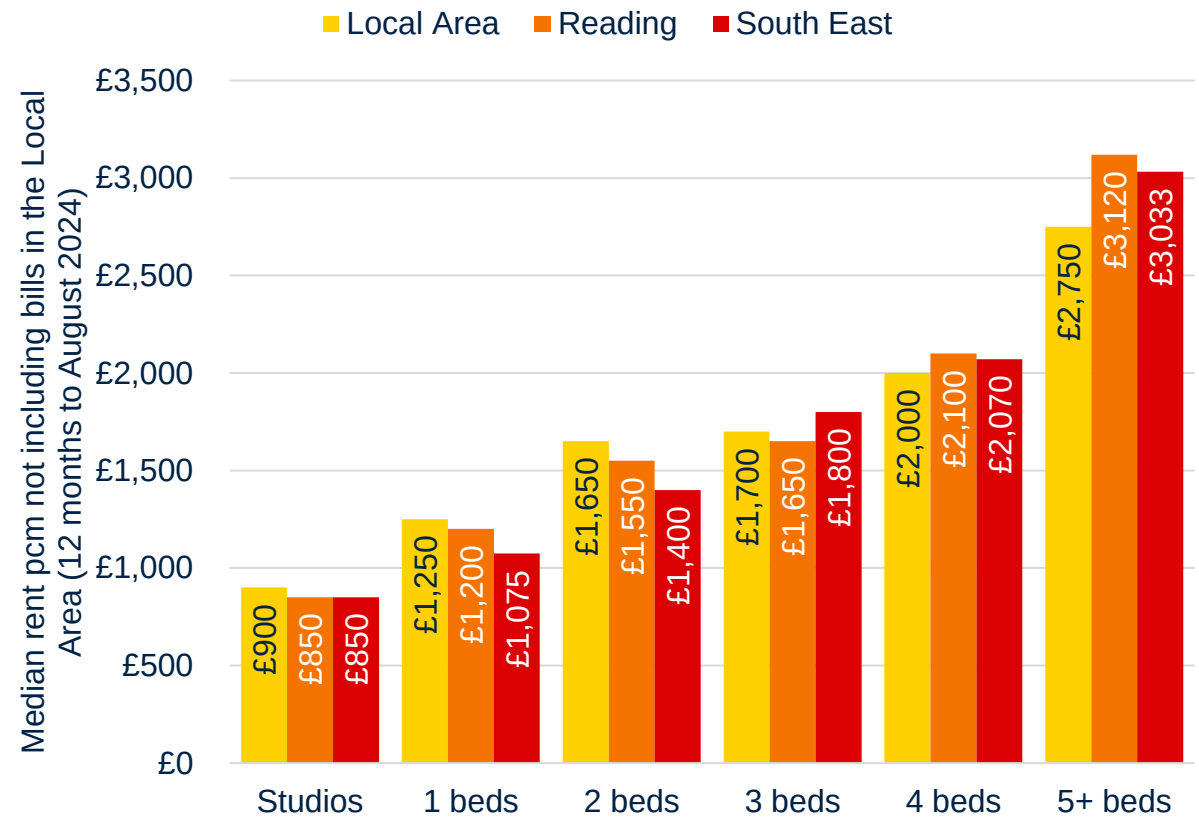
In the 12 months to August 2024, there was a broad range of price points for studio listings from £650pcm to £1,400pcm, indicating a mix of more affordable properties alongside some more premium products. There was a greater quantity of studios and 1-bed listings (5% and 39%) compared to 3- and 4-bed properties (8% and 2%), suggesting there is a greater supply of smaller properties that offer independent living rather than larger homes that could support families and sharer households.

The median rent for a studio flat was £900pcm, above the median for the wider Reading local authority and South East average, at £850pcm. This pattern is consistent across small to medium property sizes, with the Local Area being higher than Reading and the South East average for Studios to 3 beds.

Distribution of rental listings within the Local Area (12 months to August 2024)



Median rent per calendar month (12 months to August 2024)



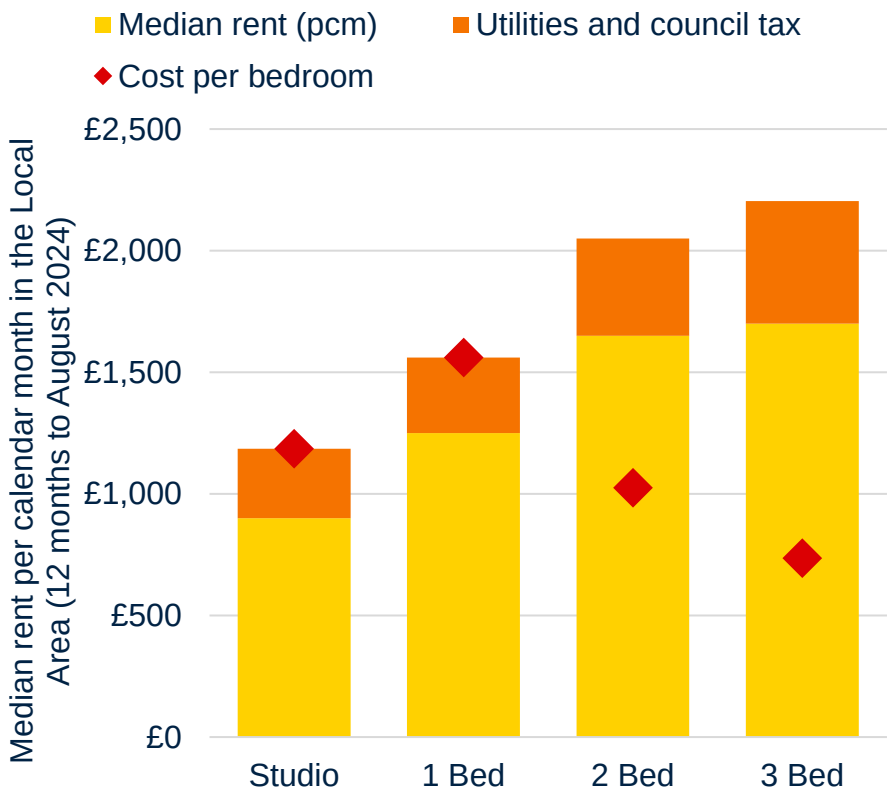
Only those with higher incomes are able to afford studios or 1-bed flats in Reading. For the majority of renters, they will need to ‘flat-share’ in order to share costs and afford the location



When factoring in utility costs and council tax, median studios and 1-beds in the Local Area are £1,185pcm and £1,561pcm respectively. If renters were to be able to afford these homes spending 35% of their gross income on rent and bills, they would need incomes of around £40,630 and £53,504 for studios and 1-beds respectively. An upper decile studio, the top 10%, is arguably the most equivalent to a Co-living studio being small but good quality was £1,300pcm before bills, in the 12 months to August 2024.

Although sharing costs through ‘flat-shares or HMO accommodation’ in 2, 3 and 4 beds etc. can bring down costs, the quality of housing stock in the wider PRS market is mixed. The flexibility of tenure, professional management, and the ability to live in a private studio with lots of amenities, all of which Co-living offers, gives greater housing choice to the market, which the application site can provide.

Median spend in the Local Area (12 months to August 2024)



Average rents and listings (12 months to August 2024) and affordability per bedroom

No. of beds	Total listings	% of listings	Average rents		Average rents including utilities and Council Tax^		Average rent per bedroom		Income needed spending 35% of gross income on rent and bills	
			Median	UQ	Median	UQ	Median	UQ	Median	UQ
Studio	237	5%	£900	£1,050	£1,185	£1,335	£1,185	£1,335	£40,630	£45,773
1 Bed	1,801	39%	£1,250	£1,450	£1,561	£1,761	£1,561	£1,761	£53,504	£60,362
2 Bed	2,060	45%	£1,650	£1,918	£2,051	£2,319	£1,025	£1,159	£35,155	£39,750
3 Bed	347	8%	£1,700	£2,200	£2,204	£2,704	£735	£901	£25,186	£30,900

Co-living rents are a 13% discount to equivalent good quality studios in the local PRS market after bills. It also offers higher quality accommodation with rich amenities and a community offer.

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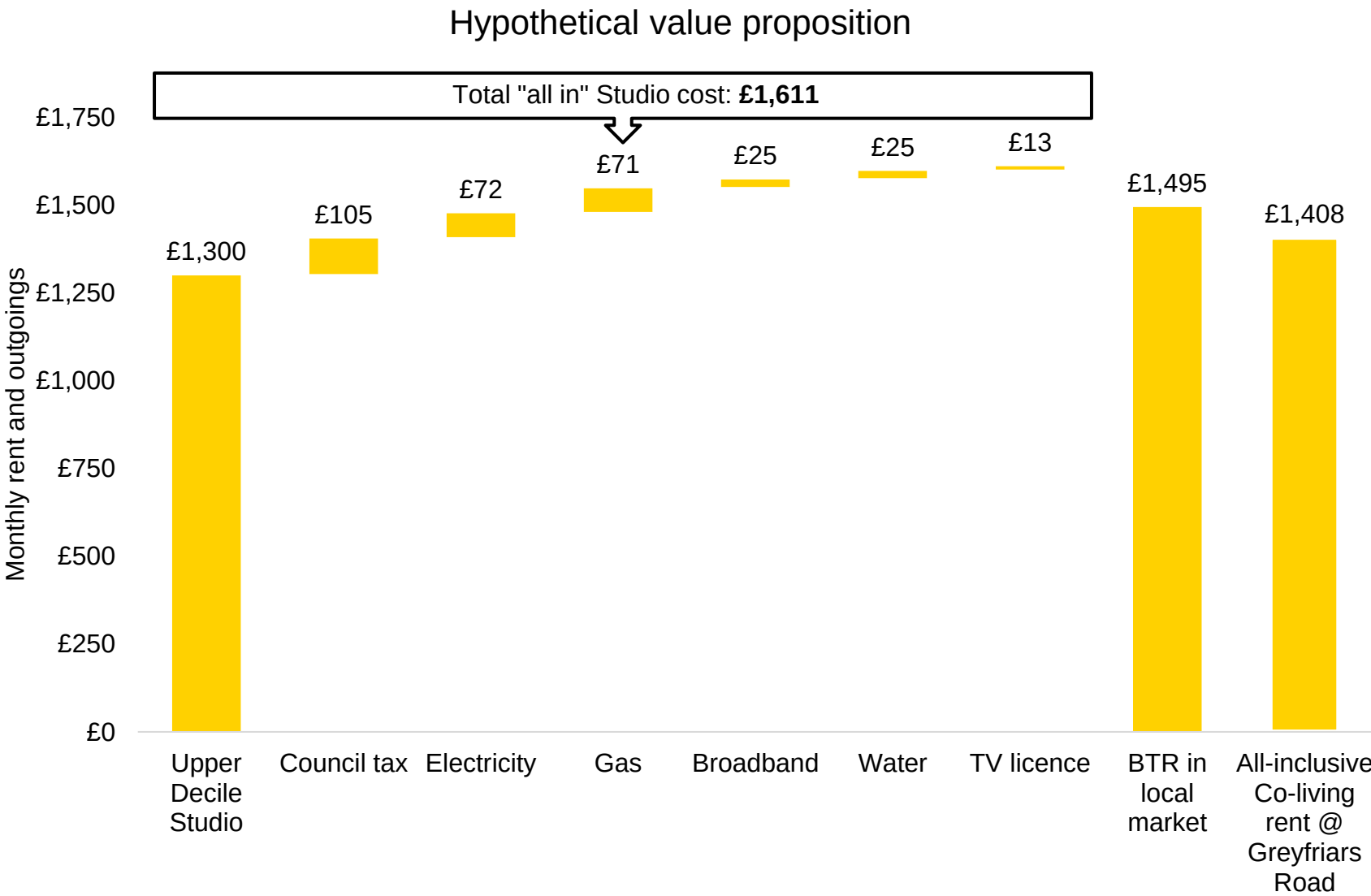
When factoring in bills, Co-living can often be a discount to the wider market when comparing against comparable properties. In this instance we have compared the cost of an upper decile studio (the top 10%) in the Local Area. Before bills in the 12 months to Aug-24, the cost was £1,300pcm.

After factoring in utilities such as council tax, electricity, gas, water and broadband etc, which are not included in the Zoopla rents, the “all-in” cost comes to £1,611pcm. This includes a 25% discount for single occupancy council tax.

The average estimated Co-living rental value (ERV) at the proposed scheme is £1,408pcm – a 13% discount on comparable studios in the local market. Rooms come fully furnished, which also presents extra saving costs for renters, and are professionally managed.

The scheme would also be a discount to studios in institutional-grade BTR in the local market. Rents start at £1,495pcm in one scheme adjacent.

Despite higher upfront costs at 20-30 Greyfriars Road, the site offers rich amenities and community aspect, which isn’t on offer in the wider PRS market.



6

Demographics and Demand

We have used Experian data to estimate the size of the ‘Core Target Market’

What is Experian?

Experian’s Mosaic geodemographic data is a UK consumer classification providing a detailed understanding of the demographics, lifestyles, behaviour and locations of all individuals and households in the UK.

It provides data at household level on tenure, no. of adults and age of head of household, whether children are present at the address and household income.

Mosaic UK classifies all individuals, households or postcodes in the United Kingdom into a set of 15 lifestyle types. There are 15 groups, which breakdown into 66 household types.

A total of 332 data elements have been used to build this latest version of Mosaic UK. Most of the information comes from Experian’s UK ConsumerView Database, which combines public and Experian proprietary data and statistical models.

These include the edited Electoral Roll, Council Tax property valuations, house sale prices, self-reported lifestyle surveys, term time students from HESA, social housing information from NROSH, broadband speed information from OFCOM, and other compiled consumer data.

The table to the right shows the different groups in descending order of affluence.

Mosaic Group	Description
Prestige Positions	Established families in large detached homes living upmarket lifestyles
City Prosperity	High status city dwellers living in central locations and pursuing careers with high rewards
Country Living	Well-off owners in rural locations enjoying the benefits of country life
Domestic Success	Thriving families who are busy bringing up children and following careers
Senior Security	Elderly people with assets who are enjoying a comfortable retirement
Urban Cohesion	Residents of settled urban communities with a strong sense of identity
Suburban Stability	Mature suburban owners living settled lives in mid-range housing
Rural Reality	Householders living in less expensive homes in village communities
Aspiring Homemakers	Younger households settling down in housing priced within their means
Rental Hubs	Educated young people privately renting in urban neighbourhoods
Modest Traditions	Mature homeowners of value homes enjoying stable lifestyles
Vintage Value	Elderly people with limited pension income, mostly living alone
Family Basics	Families with limited resources who budget to make ends meet
Transient Renters	Single people renting low cost homes for the short term
Municipal Tenants	Urban residents renting high density housing from social landlords

Most
affluent



Least
affluent

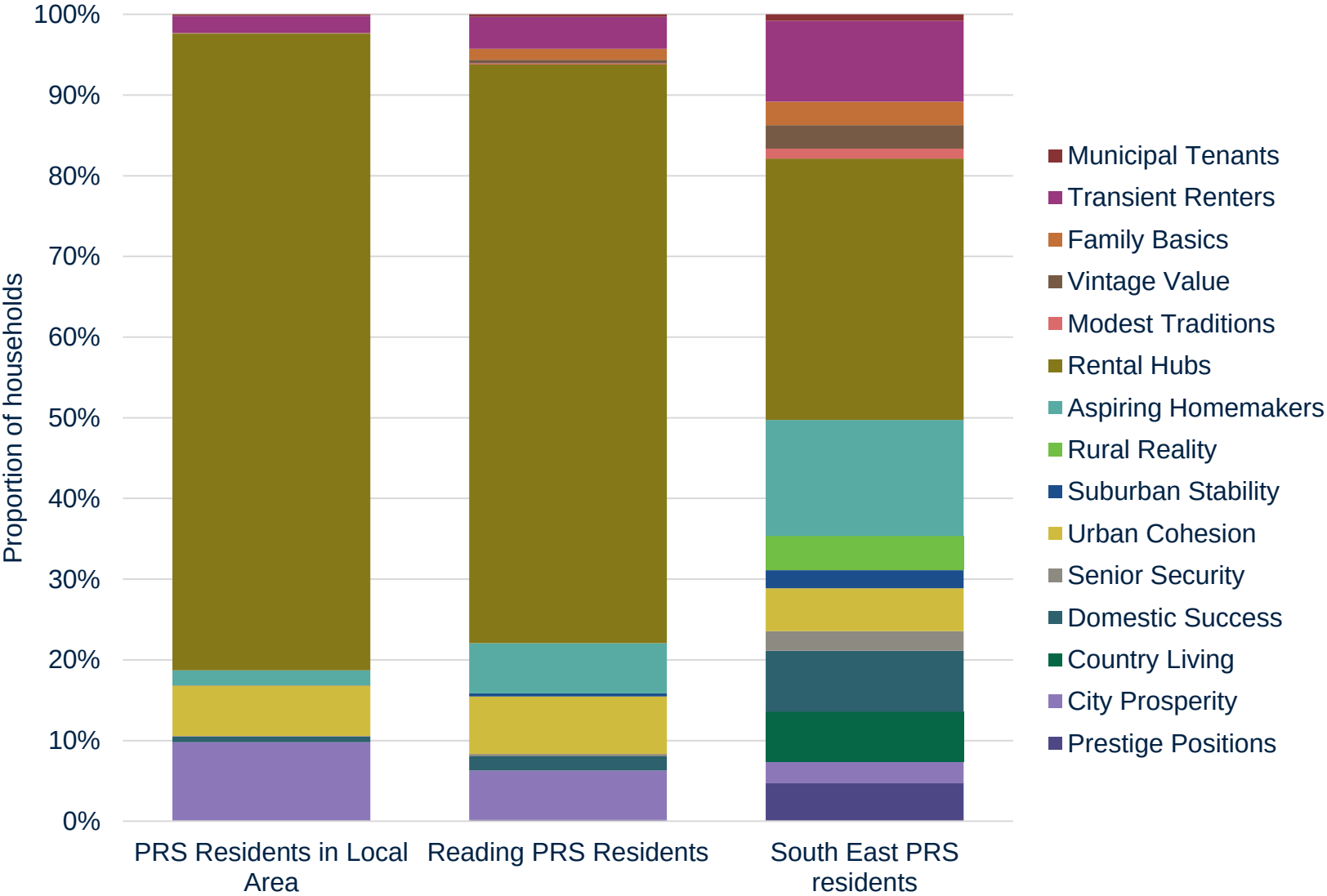
Rental Hubs (educated young people privately renting in urban neighbourhoods) are the dominant demographic in the Local Area



Using Experian Mosaic, we can identify the size of relevant demographic groups in a market. Experian’s modelling suggests there are around 22,100 households within the Local Area. 28% of those, just over 8,400 households, are in the PRS.

In the Local Area, Rental Hubs make up the largest demographic (79%) in the local population, described as ‘Educated young people privately renting in urban neighbourhoods’, followed by 10% of households being City Prosperity, ‘High status city dwellers living in central locations and pursuing careers with high rewards’.

Whilst Co-living will add to the number and proportion renting within the Local Area and Reading, it will help to create a diverse, mixed and balanced community. It will also provide a new flexible and serviced offer and could attract a new demographic who may have gone elsewhere looking for greater housing choice.



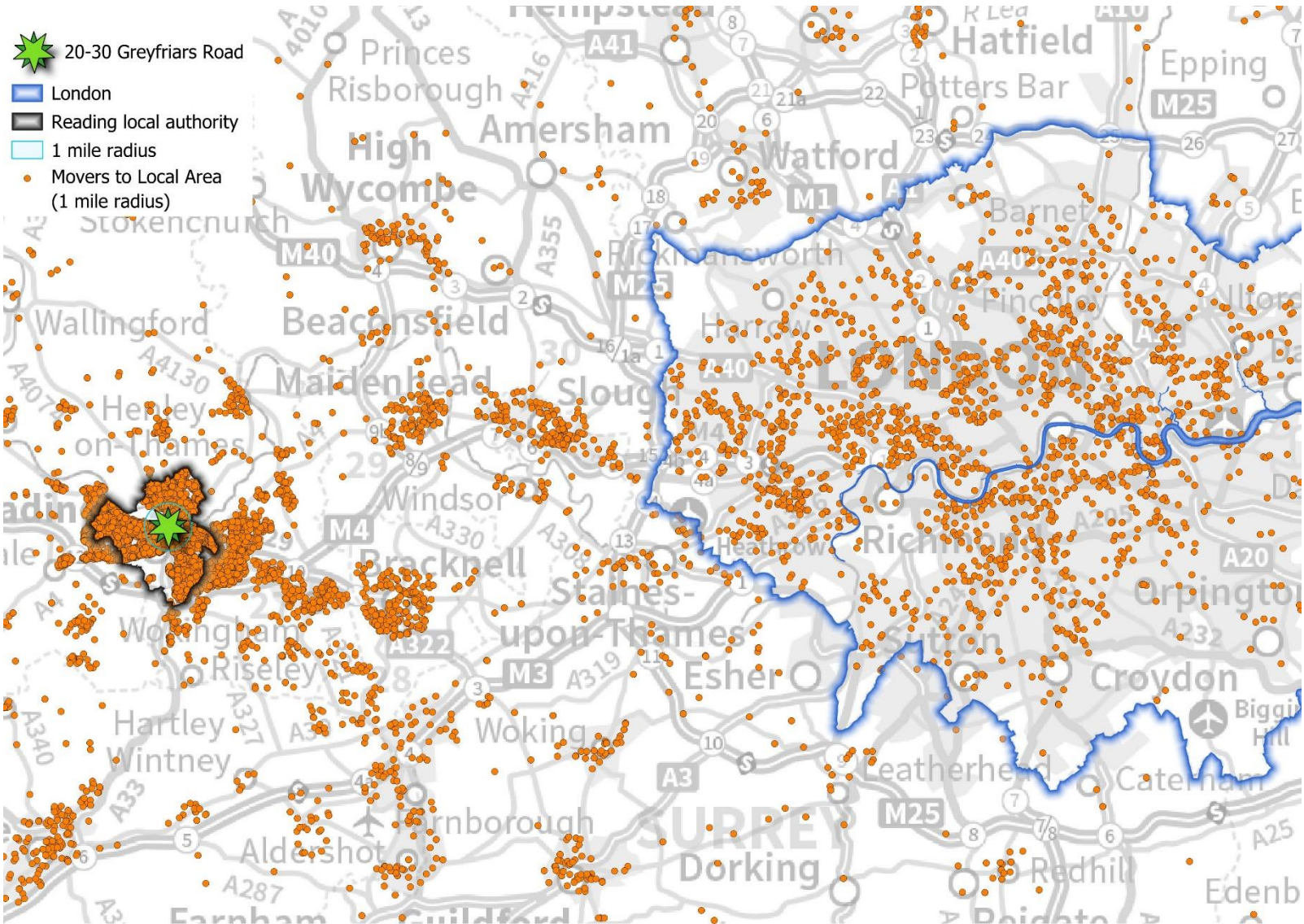
Over half of movers to the Local Area have moved from elsewhere in Reading, with 10% moving from London.



PRS movers to the Local Area are predominantly staying local, with 55% moving from elsewhere in Reading. Overall, 10% of PRS movers to the Local Area come from London. Movers come from a wide range of London boroughs, with slightly more coming from West London boroughs such as Ealing, Hillingdon and Brent.

Reading and London alone make up nearly two thirds of movers to the Local Area, highlighting the importance of these two markets for new rental demand. Further demand comes from neighbouring local authorities e.g. Wokingham.

Mover origin	Proportion of PRS movers since 2018
Reading	55%
London	10%
Wokingham	5%
West Berkshire	2%
Bracknell Forest	1%
Top 5 Total	74%



Reading has around 15,700 people in its ‘target market’ with a large population of affluent young adults living in the PRS making it a good location for Co-living where there is likely high demand

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Estimating the ‘target market’ for Co-living

We estimate there are 1.9 million people in the target market for Co-living across the UK. These are defined as people that meet all the following criteria:

- 1. Currently live in the private rented sector.
- 2. Are between 18-40 years of age.
- 3. Live in households without children.
- 4. Are classified within an affluent demographic, with a high propensity to live in shared accommodation.^

London is by far the largest market with around 595,000 people that meet all the above criteria. Nearly a third of the UK’s total Co-living market currently lives in the capital.

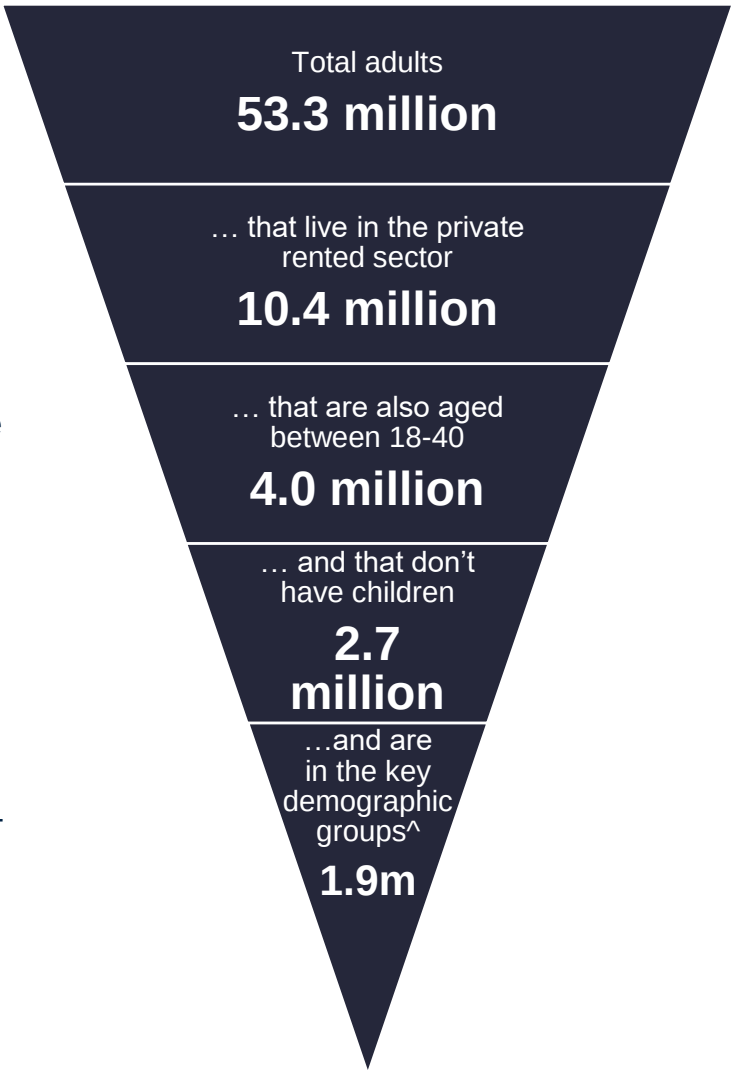
Looking at some of the key comparable locations around the South East and East regions, Reading, with **15,700 people in its Co-Living target market**, is only second to Brighton and Hove which has 25,000.

Guildford and Luton have target markets of 8,600 people and 6,500 people, respectively.

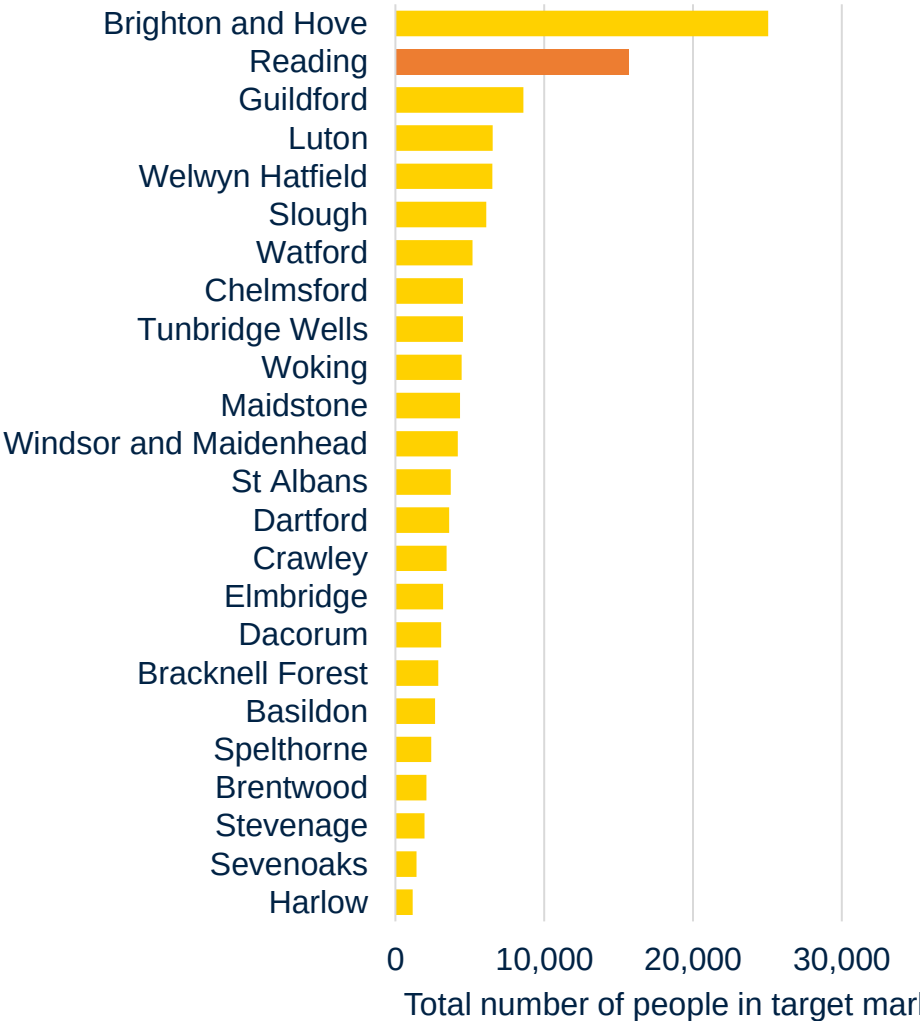
A Co-living scheme would likely attract potential tenants from the local Reading market with a sizeable target market but could also draw upon the enormous pool of Co-Living demand that live in London.

In short, Reading has a sizeable population of young adults without dependents living in the private rented sector who are characterised as affluent making it a good location for Co-living where there is likely high local demand.

Filtering for the UK’s Co-liv ‘target market’



Co-living target market size (South East commuter locations)



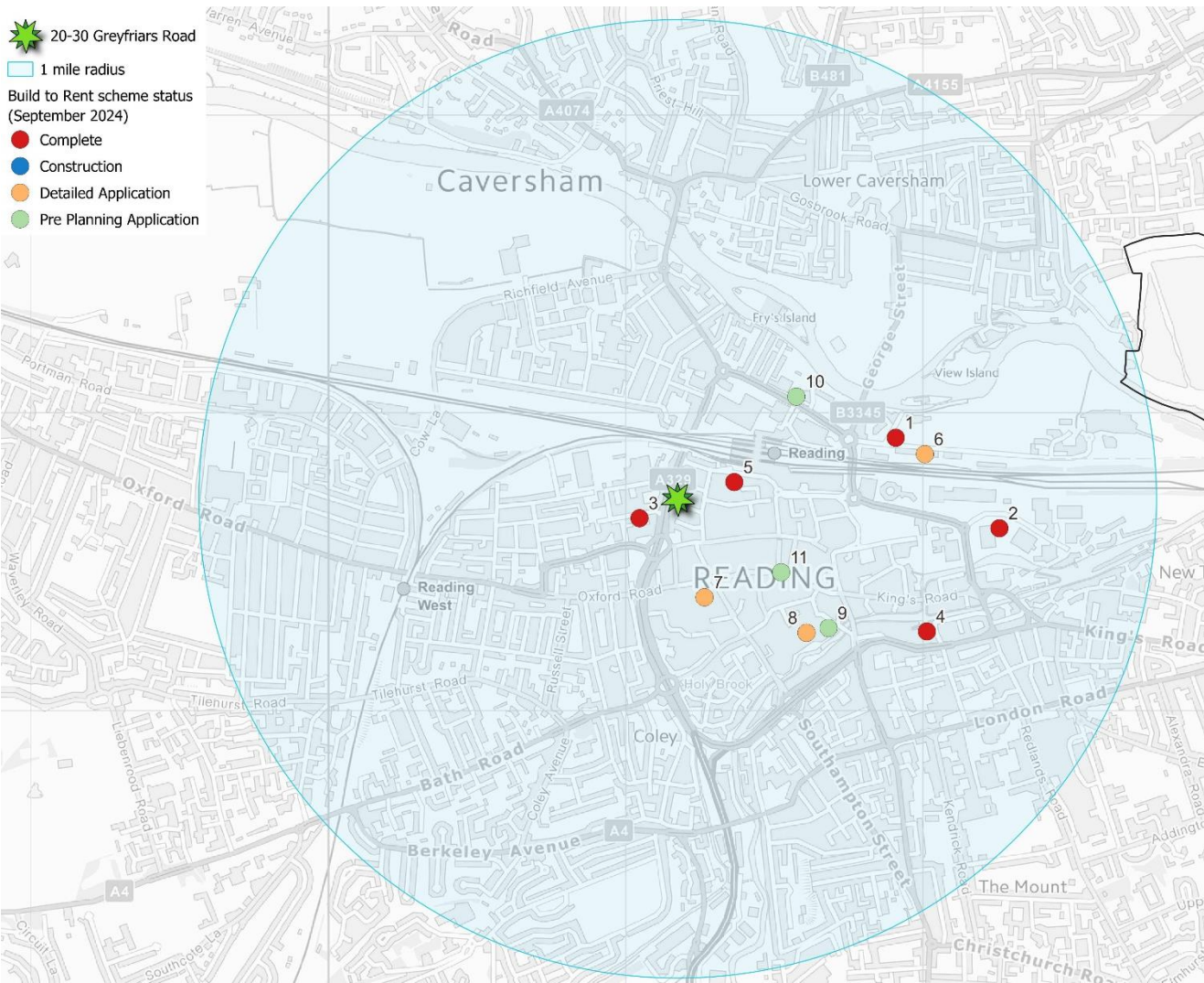
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Competing supply

Local Area Pipeline Summary



Build to Rent schemes within Local Area (September 2024)



As of September 2024, there were no other Co-Living schemes in planning within the Local Area. There are five operational Build to Rent sites in Reading, totalling 1,440 homes, all within the Local Area. The largest is Lincoln MGT’s Ebb & Flow located at Station Hill, which completed in 2023.

The institutional BTR market has expanded rapidly in recent years as renters move away from smaller Buy-to-Let landlords to institutional landlords who can offer improved services and on-site amenities. Co-living is the next logical step as renters, offering a more affordable product with greater levels of amenity, community and social interaction. The delivery of Co-living schemes will create further choice in the local rental market.

Map ID	Site Name	Status	Homes
1	Thames Quarter	Complete	315
2	Oliver's Place	Complete	281
3	Domain Reading	Complete	253
4	Gravity Royal Heights	Complete	53
5	Ebb & Flow	Complete	538
Total operational homes			1,440
6	Napier Court	Detailed Application	576
7	Broad Street Mall	Detailed Application	400
8	Yield Hall Place 1	Detailed Application	202
9	Yield Hall Place 2	Pre Planning Application	247
10	Norman Place	Pre Planning Application	234
11	John Lewis warehouse	Pre Planning Application	200
Total homes in planning			1,859
Total units			3,299

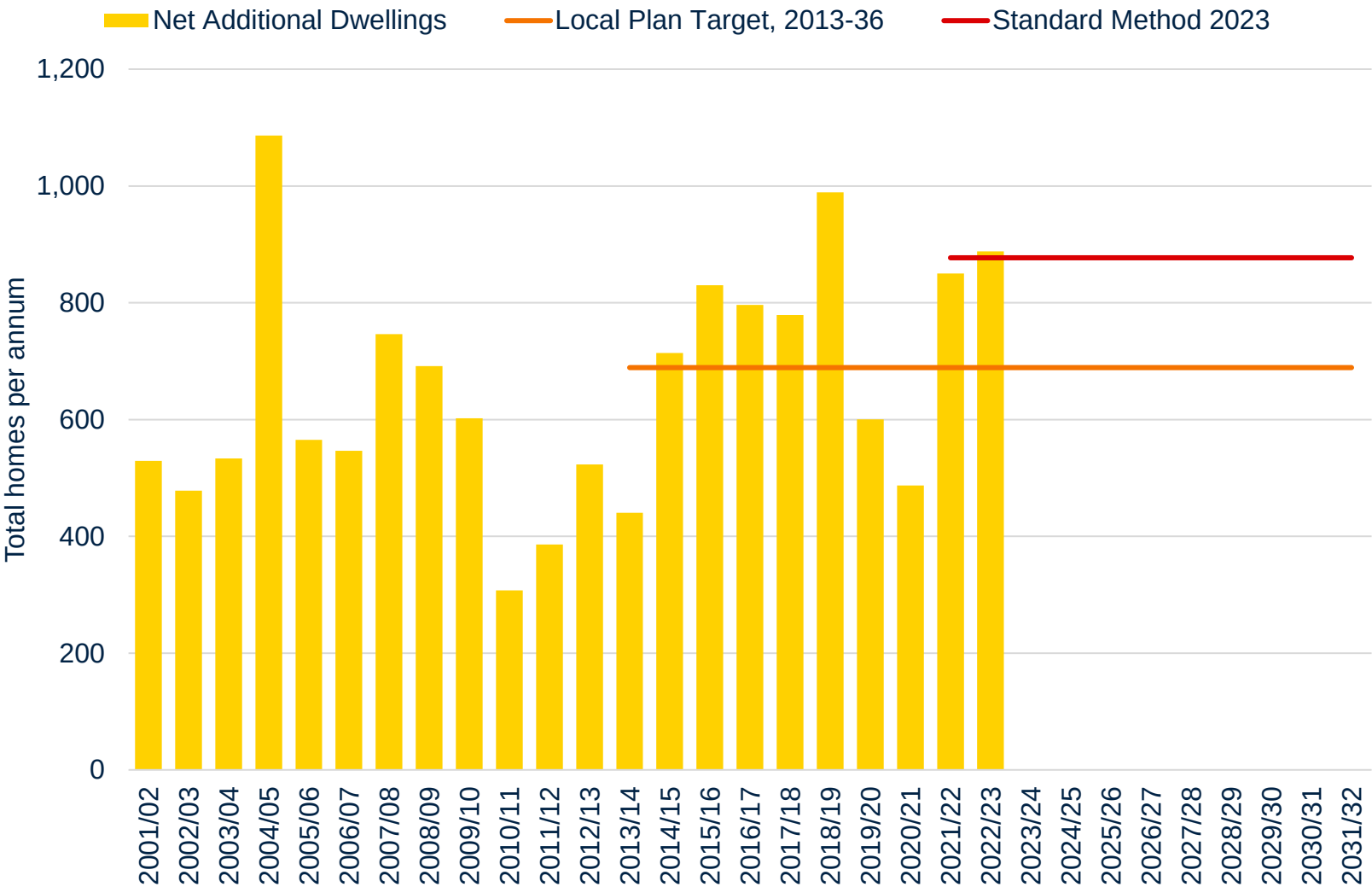
Over the past two years, housing delivery has averaged 869 new homes per year, however previous targets have underestimated the local authority’s housing needs.

Housing delivery in Reading has been strong in recent years. Over the past two years (2021-22 & 2022-23), 869 homes per year were delivered in Reading, on average. This is an improvement on the 763 homes per annum delivered on average between 2018-19 and 2022-23.

Reading’s housing delivery has exceeded its 2013-26 Local Plan target in seven of the past nine years. But this housing target is some way below the Standard Method of housing need which states 877 homes are required per year, compared to 689 local plan target. In the past 9 years, Reading has only delivered to the level of the standard method twice (2018-19 and 2022-23).

In order to maintain the good level of housing delivery across Reading, a diverse range of housing products will be needed. This includes Co-living, an affordable Build to Rent product which caters for a clear market demand.

Housing delivery in Reading against different targets



Important Note

Finally, in accordance with our normal practice, we would state that this report is for general informative purposes only and does not constitute a formal valuation, appraisal or recommendation. It is only for the use of the persons to whom it is addressed and no responsibility can be accepted to any third party for the whole or any part of its contents. It may not be published, reproduced or quoted in part or in whole, nor may it be used as a basis for any contract, prospectus, agreement or other document without prior consent, which will not be unreasonably withheld.

Our findings are based on the assumptions given. As is customary with market studies, our findings should be regarded as valid for a limited period of time and should be subject to examination at regular intervals.

Whilst every effort has been made to ensure that the data contained in it is correct, no responsibility can be taken for omissions or erroneous data provided by a third party or due to information being unavailable or inaccessible during the research period. The estimates and conclusions contained in this report have been conscientiously prepared in the light of our experience in the property market and information that we were able to collect, but their accuracy is in no way guaranteed.

ELDER

GREYFRIARS HOUSE
20 - 30 GREYFRIARS ROAD , READING

