

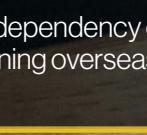
# An Appetite for Space.

The education sector has long since held a pivotal role across central London, strengthened by the establishment of its first universities in the early 1800's. The sector has since gone from strength to strength and now boasts world-renowned institutions.

The drive to be in London and attract students has seen an increased appetite for space over the past few years, swooping in on key office spaces. It is a sector not without its challenges, many of which will heavily influence real estate strategies in years to come.

## CHALLENGES

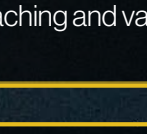
### Students



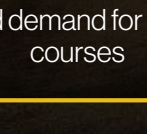
Increased dependency on attracting and retaining overseas students



Combatting high rates of student drop-out



Meeting student expectations on teaching and value



Increased demand for vocational courses

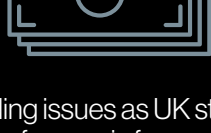


Greater need to promote diversity and inclusion



Ensuring employability for students post-graduation

### Regulatory



Funding issues as UK student fee cap is frozen



Greater government oversight on courses that are offered and delivered



Overburdened with compliance and regulation adherence



Difficulties in attracting students and academics from the EU post-Brexit



Doubts cast on efficiency of new industry regulator OFS

### Competition



Greater competition between institutions to attract students, staff and funding



Increased need to expand business and research partners



Winning grants and improving donation levels



Insufficient resources impacting staff and students

### Cost



Operational costs continue to rise



Rising London real estate price tag – renting and buying



Increased costs of relocating academics and their families



Increased staff wages and impact of industrial action eating away at budgets

## OFFICE LEASING IN LONDON

**193,972 sq ft**

leased in 2023 so far – up 10% on the short-term (Q1-Q3) average

**14,291 sq ft**

Average size of office transaction in 2023 vs 10,070 sq ft 5-YR annual average

**135,833 sq ft**

leased in Q3 2023 the **highest quarterly** volume leased this year

**7 deals in Q2**

the highest quarterly number of transactions

**7.8 years**

is the average lease length of transactions in 2023, vs 8.2 years in 2022

**Docklands**

is the submarket with the greatest share of leasing across 2018-23 with 25% Narrowly followed by the East Fringe with 24%

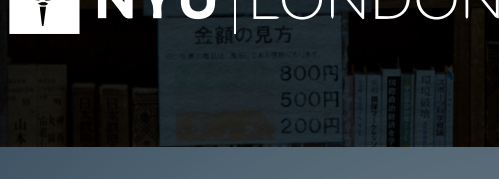
**£53.00 per sq ft**

is the average paid by the sector in 2023 so far vs £49.00 per sq ft in 2022

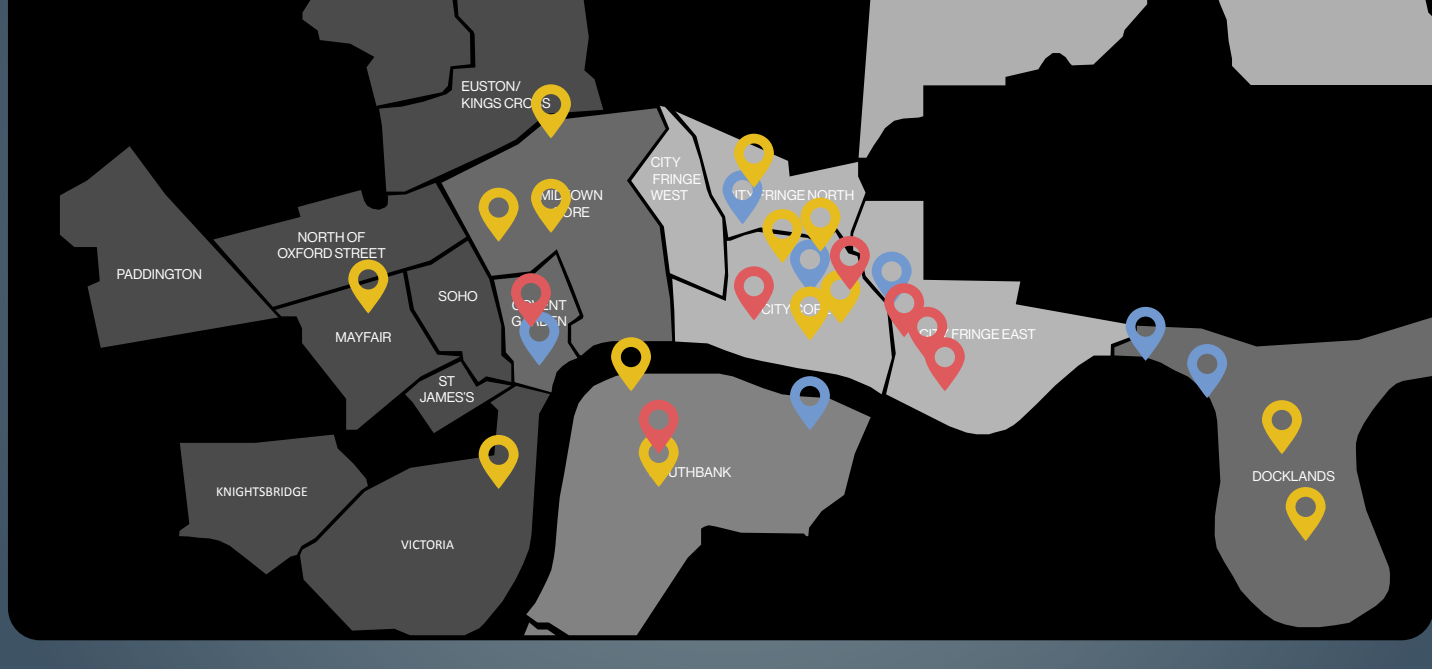
**International Universities**

account for 59% of space leased in 2023 so far (Q1-Q3)

## LARGEST EDUCATION SECTOR TRANSACTIONS 2018-23



## CENTRAL LONDON LEASING ACTIVITY MAPPED 2022-23



## OUTLOOK



### INTERNATIONALISATION

Education provision is going global. Building on brand and prestige, UK institutions will expand abroad. Similarly, real estate requirements will come from international institutions to be here in the UK



### HIGH OFFICE AVAILABILITY

Education institutions can benefit from the current high levels of office availability across central London. There is a window of opportunity to secure older and more cost-efficient spaces to expand operations



### CHALLENGERS

The rise of the vocational route for post-16 education will place stress on existing education providers to adapt courses and foster new relationships with students. This could create a requirement for new types of space



### LINKS WITH BUSINESS

Building links with the diverse range of business communities within London will be vital to encourage real life experience, postgraduate employability and increase the propensity for funding and donations. This will increase the importance of locating closer to businesses



### REINVENTING EDUCATION SPACE FOR THE NEXT GEN

The evolution of content delivery, the shift in staff working patterns and new technology investment will all lead to a reinvention of space(s) existing and future



### UK ELECTION 2024

Education provision will be scrutinised in the run up to the next general election. Depending on the political party we could see changing student numbers, alternatives to tuition fees, and cost-cutting measures, all of which may impact future operations

## DEVONO SUPPORTING EDUCATION SECTOR WORKPLACE STRATEGIES

