

Canterbury Co- living Demand Study

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Confidential

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Lane

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Executive Summary

This demand study has been written in support of the development of up to 150 Co-living homes at the Rosemary Lane, Gordon Road, and St John's Lane sites in Canterbury. This will provide high quality, purpose built rental accommodation suitable for sharers, with dedicated internal amenity spaces, which would serve a significant, undersupplied demand pool of Private Rented Sector (PRS) sharers across Canterbury. The aim of the demand study is to examine the supply demand imbalance for this type of accommodation in the Canterbury market.

The provision of Co-living at the subject site would offer the following clear benefits:

- Relieving pressure on existing housing stock;
- Offering greater choice of housing types for renters;
- Diverting demand away from HMOs;
- Releasing lower cost HMOs for those on lower incomes;
- Releasing HMO and sharer stock (including unlicensed HMO homes) back to single household occupants, including families.

The above benefits of Co-living are clearly supported by the data analysis presented throughout this report, which can be summarised as follows:

- There are 15,538 PRS households in Canterbury. The proportion of PRS households in the local authority has increased from 16% in 2001 to 22% in 2021.
- A strong presence of young households, as well as Sharer and One Person households is an indicator of potential Co-living demand. 33% of PRS households in Canterbury are aged between 26 and 40. One Person Households and Sharer Households account for 50% of PRS households in the local authority.
- The key demand groups for Co-living accommodation are typically MOSAIC Groups A City Prosperity (high status city dwellers living in central locations and pursuing careers with high rewards) and Group O Rental Hubs (educated young people privately renting in urban neighbourhoods). When combined, these groups account for 55% of PRS households in Canterbury.
- 3,258 PRS households in Canterbury are estimated to be sharer households, which equates to 9,448 individuals living within 'sharer' PRS households.
- Knight Frank's projections estimate that there could be an additional 358 PRS sharer households in Canterbury by 2028. This results in an estimated 1,039 additional individuals renting in Canterbury as sharers. This takes the total to an estimated 10,488 PRS sharer individuals living within PRS sharer households in Canterbury by 2028.
- More than 50% of single earners living in Canterbury could afford to live in a small studio at the proposed rents.
- At a household level, 78% of PRS households (12,063 PRS households) in Canterbury have high enough household incomes to afford to rent a small studio in the proposed Co-living scheme. Whilst 58% of households (9,077 PRS households) are able to afford a large studio in the scheme
- There are currently no operational or pipeline Co-living schemes in Canterbury. Showcasing that the supply of good quality, purpose-built accommodation suitable for sharers is not going to increase at all in the near future.
- There is currently a shortfall of 9,448 PRS sharer individuals in Canterbury who do not have access to purpose-built Co-living accommodation, and this shortfall is expected to grow to 10,488 by 2028. The proposed Co-living scheme at these sites will provide for some of this demand.
- Overall, the provision of a Co-living scheme at the subject site would provide high quality, purpose built and professionally managed accommodation suitable for a growing number of PRS sharers in the local authority, and would relieve pressure on sub-divided, HMO-style housing stock.

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1. Introduction

Paul Roberts Canterbury has instructed Knight Frank to provide a detailed analysis of the housing market in the local authority of the Canterbury as it relates to a Co-living development at the proposed sites, on Rosemary Lane, Gordon Road, and St John's Lane. The report takes a data analysis driven approach to assessing demand for Co-living homes relative to supply, to demonstrate that there is a shortfall of Co-living style accommodation within the local authority.

2. Market Context for Co-living

2.1 UK PRS Market

Between the last two censuses (2011 and 2021) the number of households in private rented accommodation in England have increased by 20%, equating to an increase of 814,432 households. It is estimated that there are 4.8 million households privately renting in England, accounting for 21% of all households.

In terms of supply, the Private Rented Sector (PRS) can be split into four broad categories relating to the life cycle of renters, each appealing to a different demographic group:

Traditional PRS: Traditional PRS (buy-to-let (BTL) / private landlord) stock forms the largest part of the private rented sector in the UK and consists of both small-scale landlords with fewer properties and larger private landlords with extensive portfolios of non-purpose-built stock.

Build to Rent (BTR): Institutionally owned private rental homes that are professionally managed and typically purpose-built. There are three sub-sectors of BTR: Multifamily, Co-living and Single Family Housing (SFH).

- **Multifamily:** Multifamily schemes are apartment-led in urban locations, and typically target a wide demographic, including young professionals.
- **Co-living:** Co-living provides studio apartments with extensive shared amenity spaces and a strong focus on community. Co-living typically targets single occupant tenants who may otherwise be living as sharers (e.g. sharing a home with friends or living in House of Multiple Occupation (HMO)-style accommodation).
- **Single Family Housing (SFH):** SFH is housing-led BTR accommodation that targets young families and those aged 35+ in strategic suburban locations close to employment opportunities, amenities and schooling.

2.2 Drivers of Growth

We have identified the key drivers of growth in the demand for privately rented accommodation over the last decade:

- **Structural undersupply of housing:** The UK has failed to build enough homes on a regular annual basis for decades, resulting in a shortfall of new supply relative to demand. Government figures state that 234,397 net additional homes were added to England's housing stock during 2022-23. This is significantly below the Labour Government's proposed target of 370,000 additional homes per annum. Insufficient levels of housing delivery, coupled with a growing population and increasing affordability constraints in the sales market, will put further pressure on the UK housing market.
- **Political:** The former Government's reduction of tax relief on BTL mortgages, legislative changes such as Right to Rent Checks, and the changes to stamp duty in respect to second homes is affecting highly leveraged investors, prompting them to sell properties. Additional pressures on BTL landlords are coming in the form of the Renters Rights Bill (RRB) and the tightening of the Minimum Energy Efficiency Standards (MEES). According to UK Finance, there were 5,343 new BTL loans advanced in the UK in August 2024, 22.5% down compared with the long-term average since 2016. We have tracked

almost 600k net BTL mortgage redemptions since 2016. This increases pressure on the remaining privately rented stock and widens the gap between supply and demand for PRS homes.

- **Social:** Although affordability is a key barrier to entry for home ownership, there is an increasing requirement for flexibility in the location of where people live and work. Renting often enables tenants to live in homes and areas that would otherwise be unaffordable to buy in. There is also a growing cultural shift as people are delaying settling down for longer. Between 2000 and 2022, the average age for first time marriages in England and Wales has increased from 30 to 34 for men, and from 28 to 32 for women. Additionally, the average age of new mothers has increased from 27 to 29 over this period. These social considerations contribute to the increase in PRS households.
- **Affordability:** Mortgage rates have moderated since recent peaks but remain elevated vs the long-term trend. Additionally, the house price to income ratio in England has risen continuously from 5.11 in 2002 to 8.26 in 2022. These factors, coupled with the removal of government support for first-time buyers via the Help to Buy Scheme, keeps many would-be first-time buyers living in the private rented sector for longer. Mortgage affordability constraints have contributed to the number of private renters increasing to become the second most prominent tenure after homeownership.

2.3 The Co-living Concept

Co-living describes a form of shared rental housing where people occupy private homes, but share communal spaces for dining, leisure, socialising and exercise. Co-living schemes provide residents with flexible housing, social interaction and high-quality accommodation at more affordable rates and in accessible and central locations close to work and lifestyle amenities. Furthermore, flexible tenancies and communal living spaces are seen as pull factors that give Co-living an edge over more established rental products.

Co-living also offers an additional choice to those who cannot afford to rent a property alone and would otherwise be limited to HMO-style shared accommodation that may or may not be professionally managed.

2.3.1 Co-living Features

The key features of Co-living include:

- **Quality** – Co-living provides high quality purpose-built homes, constructed with hard wearing and sustainable materials. The majority of Co-living schemes are funded by institutional investors, driving the delivery of futureproof assets with strong ESG credentials.
- **Community** – Co-living schemes are designed and managed to stimulate social integration and foster community spirit. Many amenity areas are 'social' spaces and operators often offer free events such as yoga classes, wine tastings and quiz nights to encourage tenant engagement and interaction.
- **Professional management** – Co-living schemes are operated by professional management teams ensuring that accommodation is maintained to a high standard, with many schemes benefitting from on-site maintenance teams. Additionally, professional management guarantees safety, with residents having to pass stringent background checks, a CCTV strategy, and often an on-site security presence. Institutional landlords are also incentivised to deliver strong tenant satisfaction to maintain and enhance their public reputations.
- **Convenience** - Convenience and ease of living are paramount considerations for many Co-living schemes. As such, bills and council tax are often included in the rent or payable through a lump sum. Fully furnished rooms and on-site amenities provide further convenience for tenants.
- **Security of tenure** – Co-living providers are motivated by tenant satisfaction and retention, which can result in long tenancy lengths. This gives tenants peace of mind as they have the power to decide when they are ready to move on. This is not a luxury that many tenants can afford in the PRS.
- **'Per bed space' pricing** – Co-living accommodation is ideally priced at levels comparable to the 'per bed space' cost of shared accommodation.
- **Policy benefits** – Sharers renting a room in a house typically outprice families. Co-living can absorb some of the rental demand for the larger 'shareable' housing stock, consequently releasing homes to the

family market. Co-living can also divert demand away from HMOs, releasing the lower cost HMO homes to those on lower incomes. This can reduce localised supply conflicts in the rental market and relieve pressure on existing housing stock.

2.3.2 Typical Co-living Resident Profile

Evidence from operational Co-living schemes across the UK demonstrates that Co-living homes appeal to a wide and diverse tenant base.

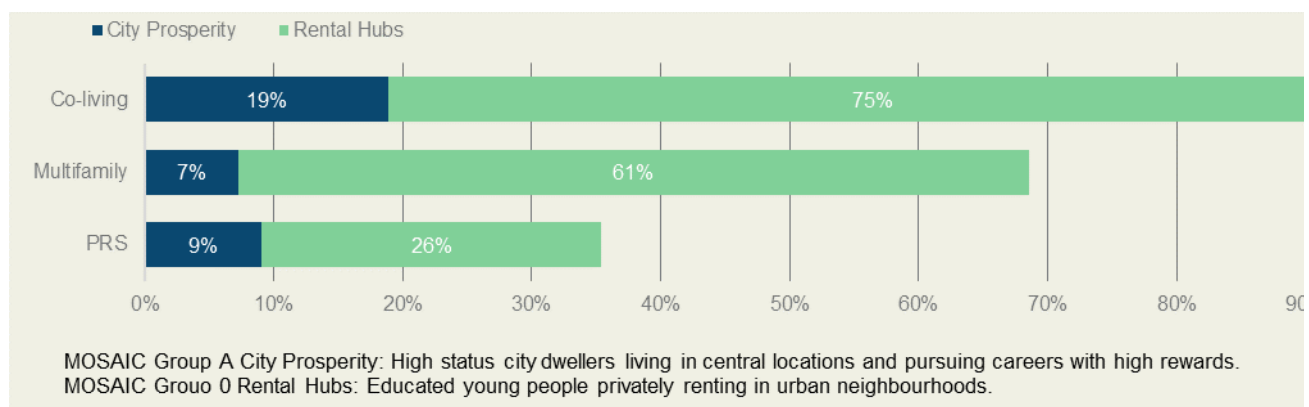
We have taken Experian MOSAIC data and matched it with our proprietary Knight Frank BTR database to isolate households living in BTR and Co-living properties across the UK. This allows us to analyse the demographics of tenants in BTR and Co-living schemes as distinct from the wider PRS. This bespoke methodology results in a sample size of circa 71,000 BTR households in the UK, including over 2,000 households living in Co-living schemes.

MOSAIC is a consumer classification system that segments the population of the UK into 15 groups and 66 types, which estimate the nature of the households as well as their income and property wealth. The key demand groups for Co-living accommodation are normally MOSAIC Group A City Prosperity and Group O Rental Hubs.

- Across the UK, 94% of Co-living tenants are classified as MOSAIC Group A City Prosperity and Group O Rental Hubs. This compares to only 35% of households in the wider PRS (see [Figure 1](#)). City Prosperity households are typically high-status city dwellers living in central locations and pursuing careers with high rewards. Rental Hubs households are typically educated young people privately renting in urban neighbourhoods.
- As seen in [Table 1](#), the most common MOSAIC Type for residents in Co-living schemes in the UK is O62 Central Pulse, accounting for 43% of the total. These households are city-loving youngsters renting central flats in vibrant locations close to jobs and night life.
- [Figure 2](#) shows that 72% of tenants who live in Co-living schemes across the UK are aged between 26 and 40, with the largest proportion aged between 31 and 35 (35%). The data suggests that the Co-living sector is meeting the housing needs of a wide demographic, beyond just the students and post-graduates who made up most of the residents in earlier schemes.
- The minimum length of stay at the proposed Co-living scheme will be 90 days. This provides flexible accommodation options for residents who may be full-filling temporary employment contracts, short-term study and training opportunities, or leisure activities. Access to good quality, professionally managed accommodation that provides for both longer term residents and for those who require flexibility, adds variety to the local accommodation options and supports the local employment market.

Figure 1: Households by MOSAIC Group and Sub-Sector, UK

% of total households



Source: Knight Frank Research, Experian

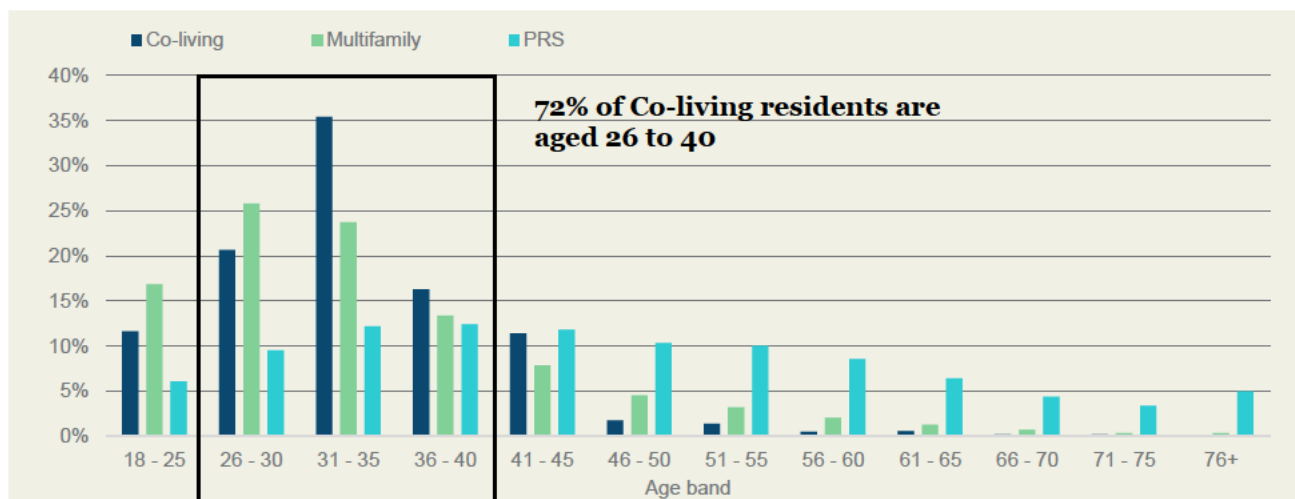
Table 1: **Top 3 MOSAIC Types among Co-living Residents, UK**

MOSAIC Type	MOSAIC Type Name	Description	% of total households
O62	Central Pulse	City-loving youngsters renting central flats in vibrant locations close to jobs and night life	43%
O63	Flexible Workforce	Successful young renters ready to move to follow worthwhile incomes from service sector jobs	28%
A04	Metro High-Flyers	Career-minded 20 and 30-somethings renting expensive apartments in highly commutable areas of major cities	18%

Source: Knight Frank Research, Experian

Figure 2: **Household by Age Band and Sub-Sector, UK**

% of total households



Source: Knight Frank Research, Experian

3. Geography

This rest of this report focuses on the Canterbury local authority to assess the demand for Co-Living accommodation. The selected geography, referred to as 'Canterbury' throughout this report, encompasses the entirety of the Canterbury local authority area. This area has been chosen as it represents the primary market for the proposed scheme, capturing local rental demand and tenant dynamics specific to Canterbury. While the analysis is centred on the local authority, where relevant, we also reference wider regional trends to provide additional context and comparative insights.

4. Demand

We have used data to assess the demand for Co-living accommodation at the proposed scheme, which is likely to predominantly come from private renters who are living as sharers. These individuals are typically either unable to afford to rent a traditional self-contained studio or one-bed home and are, therefore, sharing due to affordability constraints. Alternatively, some are motivated by community and the desire to live with friends. For the purpose of this analysis, sharer households are defined as at least two adults, who are not a couple, living together in a single property with shared facilities. Whilst additional demand may also come from One Person PRS households, these households can already afford to live alone so their choice to live in a Co-living scheme would be less need-based. The key focus of this report is measuring demand from PRS Sharer households.

4.1 Demographic Characteristics

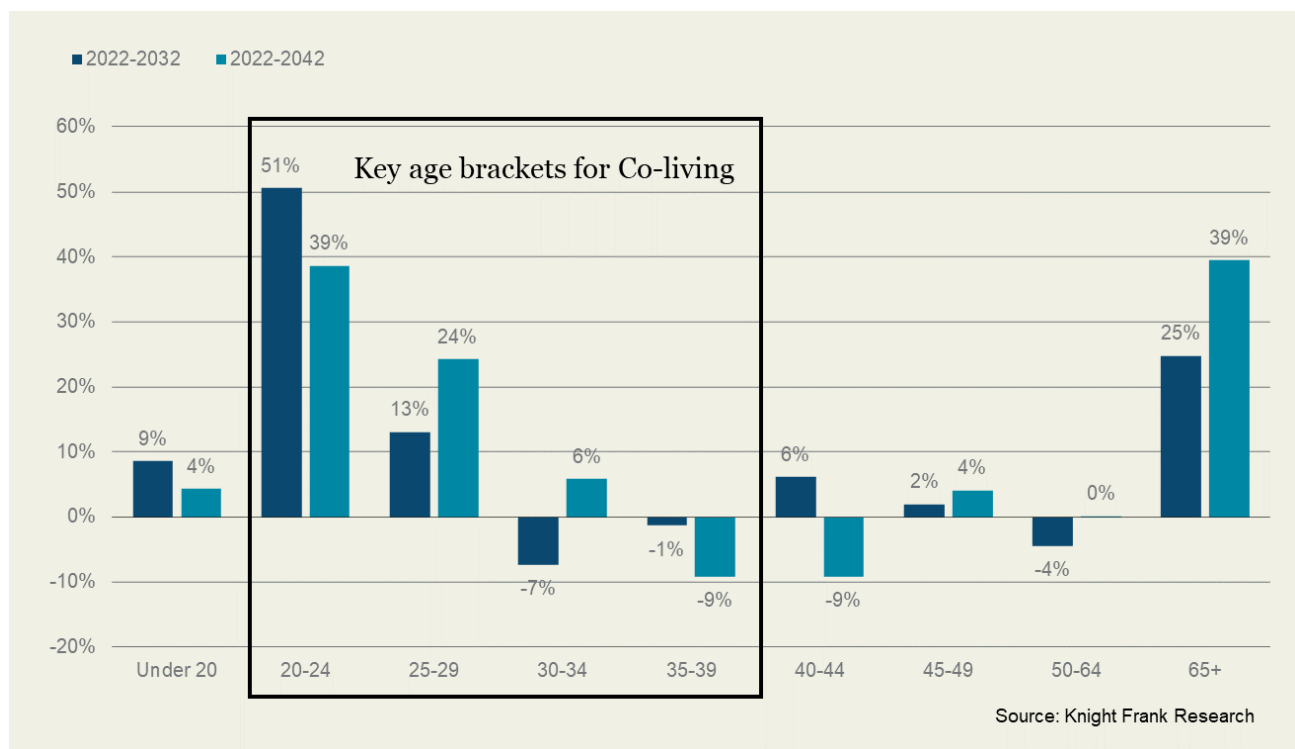
The following section of the report assesses the demographic characteristics of Canterbury within the context of demand for Co-living accommodation.

4.1.1 Population Growth

A high proportion of young people, as well as historic and projected growth in young people is an indicator of potential Co-living demand.

- Canterbury has a population of 157,550 people (2022 mid-year estimates), which has increased by 3% since 2012 (4,327+ people).
- Canterbury is expected to see 12% population growth by 2032 (+18,819 people), and 14% growth by 2042 (+22,315 people), bringing the total population to 179,865 people by 2042.
- The key age bracket for Co-living residents in the UK includes those aged 20 to 40. There are 40,317 people aged 20 to 40 in Canterbury, equating to 26% of the total population.
- In Canterbury, all age groups in the target range are expected to see population growth by 2042, which indicates potential future growth in Co-living demand in Canterbury. The 20 to 40 age group is expected to grow by 19% by 2032 (+7,705) and by 18% by 2042 (+7,353 people).

Figure 3: **Population Projections by Age Band, Canterbury**
% change



Source: Knight Frank Research, ONS, GLA

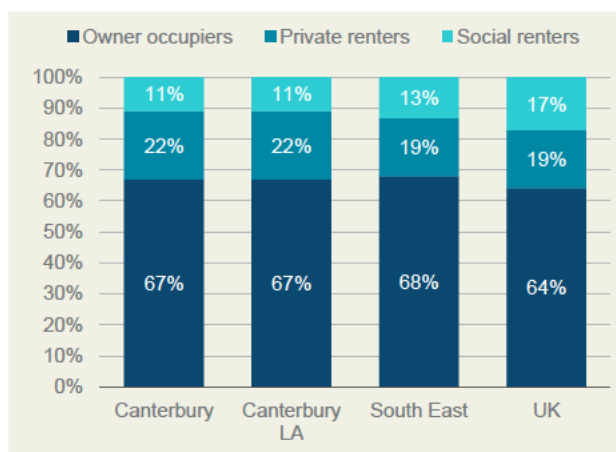
4.1.2 Household by Tenure

A large population of renters, coupled with strong historic growth in PRS households in Canterbury is an indicator of growing demand for both PRS and Co-living accommodation in the local authority.

- According to the latest MOSAIC data, there are approximately 15,538 PRS households in Canterbury.
- According to the 2021 Census, the proportion of PRS households in Canterbury has increased from 16% in 2001 to 22% in 2021 (see Figure 5). When looking at the total number of PRS households, as opposed to proportion, this equates to a 185% increase in PRS households from 2001 to 2021.

Figure 4: 2021 Tenure Distribution

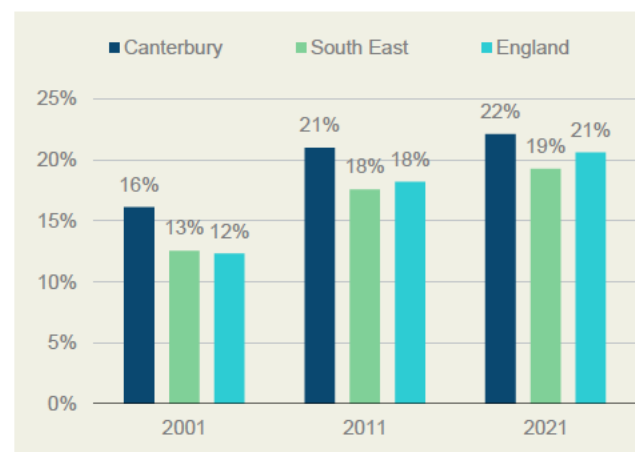
Households as a % of total



Source: Knight Frank Research, Census 2021

Figure 5: Share of PRS Households

% of total households



Source: Knight Frank Research, Census 2021

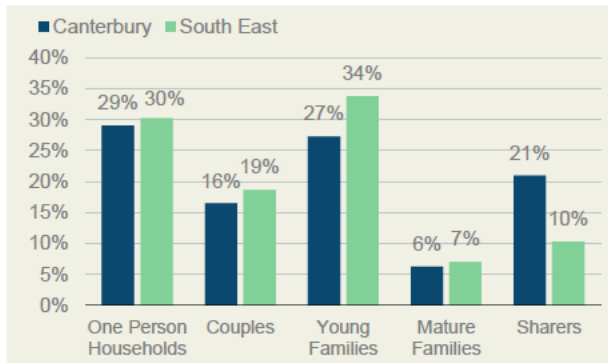
4.1.3 PRS Households by Type & Age

A strong presence of young households (26 to 40) as well as Sharer and One Person households, is an indicator of potential Co-living demand.

- One Person Households and Sharer Households account for 29% and 21% of PRS households in Canterbury, respectively (see Figure 6). Together, they amount to 50% of the total number of PRS households in the local authority. This is higher than the proportion seen in the South East region (40%).
- 33% of PRS households in Canterbury have a household reference person (HRP) aged between 26 and 40 (see Figure 7). This is significantly higher than the proportion seen among owner occupiers (13%) and social renters (19%). The strong presence of young PRS households in the local authority is an indicator of Co-living demand. Note that HRP typically refers to the eldest person with the highest income in the household.

Figure 6: PRS Household Types

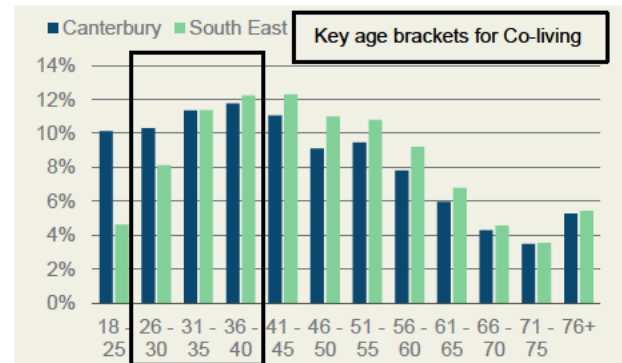
% of total, 2021



Source: Knight Frank Research, Census 2021

Figure 7: PRS Households by Age

% of total, age of household reference person, 2023



Source: Knight Frank Research, Experian

4.1.4 Household Growth

Strong historic and projected growth among Other Households, which includes Sharers, suggests there is increasing Co-living demand.

- Table 2 shows that the number of households in Canterbury has increased by 10.3% from 2013 to 2023, resulting in an additional 6,398 households. There is significant growth over this period among Other Households (two or more adults, including Sharers), with 11.4 % growth and an additional 3,094 households. In the five years from 2018 to 2023, Canterbury has seen the total number of households increase by 3.3% (+2,205 households), with 3.6% growth of Other Households (+1,064 households).
- Canterbury is expected to continue to see strong household growth, with projected household growth of 3.9% over the five years to 2028 (+2,680 households). The highest growth in percentage terms is expected to be among One Person Households, with 6.1 % growth expected (+1,281 households), followed by Other Households (+4.5%, +1,357 households).
- This trend is expected to continue to 2033, with strongest household growth among One Person Households (+11.8%, +2,485 households) and additional robust growth among Other Households (+8.6%, +2,607 households). Overall, Canterbury is expected to see 7.7% household growth over the 10 years to 2033 (+5,260 households). The significant growth in One Person households and Other Households indicates that demand for accommodation types like Co-living is likely to continue to rise.

Table 2: Canterbury Household Growth by Type

Household types	# households					Historic growth				Projected growth			
						5 year		10 year		5 year		10 year	
	2013	2018	2023	2028	2033	%	#	%	#	%	#	%	#
One Person Households	18,726	19,962	21,047	22,327	23,532	5.4%	1,084	12.4%	2,321	6.1%	1,281	11.8%	2,485
Young Families (households with dependent children)	15,967	16,894	16,951	16,992	17,119	0.3%	57	6.2%	984	0.2%	41	1.0%	168
Other Household (two or more adults)	27,208	29,238	30,302	31,659	32,909	3.6%	1,064	11.4%	3,094	4.5%	1,357	8.6%	2,607
All	61,901	66,094	68,299	70,979	73,559	3.3%	2,205	10.3%	6,398	3.9%	2,680	7.7%	5,260

Source: Knight Frank Research, ONS 2018-based projections

4.1.5 PRS Household Growth

There could be an additional 3,354 PRS households in Canterbury by 2033, which is an indicator of growing demand for Co-living accommodation.

- We have used household data for Canterbury to estimate the projected demand for PRS accommodation in the local authority. As shown in [Table 2](#), the ONS predicts that there will be an additional 2,680 households in Canterbury by 2028.
- We have used our Knight Frank mortgage affordability model to assess how many of these new households are likely to be PRS households. This indicates that 64% of households in Canterbury cannot afford to purchase the average first time buyer property in the local authority (£281,991, June 2024).
- If we assume that the 2,680 new households by 2028 will have the same income distribution as existing households, an estimated 1,709 new households in Canterbury will be unable to afford to buy a home. As there are already 2,809 households on the social housing waitlist in Canterbury, we can assume that the social housing sector is at capacity. Therefore, it is likely that the 1,709 households that cannot afford to buy will have no choice but to enter the private rented sector. A portion of these additional households are likely to require Co-living style accommodation (see [Section 4.2](#)).
- When applied to the household projections figures from 2023 to 2033, the resulting estimate for PRS household growth over the period is 3,354 additional PRS households (see [Table 3](#)).

Table 3: Canterbury PRS Household Growth

Canterbury	2023-2028	2023-2033
# new households (all tenures)	2,680	5,260
% households who can afford to buy the average first time buyer property	36%	36%
% households who cannot afford to buy the average first time buyer property	64%	64%
# of new households who cannot afford	1,709	3,354
Social housing waiting list 2022/23	2,809	2,809
# additional PRS households	1,709	3,354

Source: Knight Frank Research, Land Reg, ONS, Experian, MHCLG

4.2 Calculating Demand for Sharer PRS Accommodation

The number of individuals living as PRS sharers in Canterbury is estimated to increase from 9,448 to 10,488 by 2028. The proposed scheme in Canterbury will absorb some of this additional demand for Co-living accommodation.

- There are approximately 15,538 PRS households in Canterbury (see [Table 4](#), Experian 2023). 21% of these PRS households are estimated to be sharer households (Census 2021), comprising two or more adults, who are not a couple. This equates to 3,258 PRS sharer households in Canterbury.
- There are approximately 2.9 people per sharer household in Canterbury (Census 2021). If this is applied to the number of PRS sharer households in Canterbury, there are an estimated 9,448 people living as sharers within the PRS in the local authority.
- If the number of PRS households is projected forward from 2023 to 2028, the number of PRS households increases from 15,538 to 17,247, and the number of sharer households in the PRS increases

from 3,258 to an estimated 3,616. This equates to a total of 10,488 people living as PRS sharers in Canterbury by 2028.

- This analysis indicates that there could be an additional 1,039 individuals living in Canterbury by 2028 who require privately rented accommodation suitable for sharers. This supports demand for a Co-living scheme in Canterbury.

Table 4: Current and Projected Demand for PRS Sharer Accommodation, Canterbury

Year	PRS households	"Sharer" PRS households	Estimated number of people living in "sharer" PRS households
2023	15,538	3,258	9,448
2028	17,247	3,616	10,488
Growth in PRS tenure	1,709	358	1,039

Source: Knight Frank Research, Experian, Census 2021, GLA

Note: sharer households are defined as at least two adults, who are not a couple, living together in a single property with shared facilities.

5. Socio-economic Characteristics

5.1 Household Segmentation

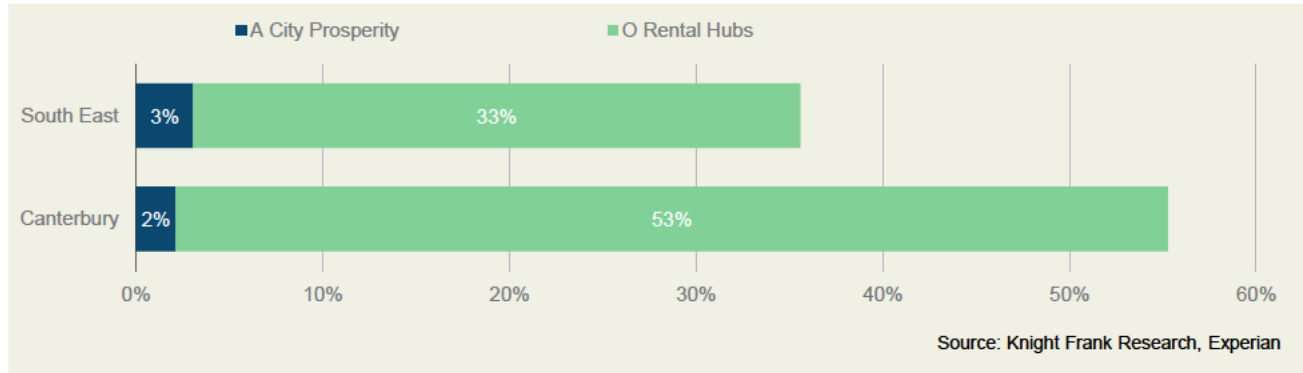
The key demand groups for Co-living accommodation are typically MOSAIC Groups A City Prosperity and Group O Rental Hubs. When combined, these account for 58% of PRS households in Canterbury.

We have used the household segmentation developed by Experian to identify the socio-demographic make-up of households in Canterbury. MOSAIC is a consumer classification system that segments the population of the UK into 15 groups and 66 types.

- The largest share of PRS households in Canterbury, accounting for 53% of the total, are classified as MOSAIC Group O Rental Hubs (see [Figure 8](#)). The residents of these households are typically educated young people privately renting in urban neighbourhoods. These PRS households have a median household income of £41,000 per annum (pa) in Canterbury.
- The local authority is diverse in terms of socio-economic profiles. Therefore, we have selected the top 10 MOSAIC Types among PRS households to analyse ([Table 5](#)).
- The most prevalent PRS MOSAIC Type in the local authority O65 Learners & Earners, which accounts for 20% of PRS households. These households have a median household income of £41,100 pa. This is followed by the MOSAIC Type O66 Student Scene (9% of PRS households). These households have a median household income of £38,800 pa and form one of the key demand groups for Co-living accommodation.
- PRS households in MOSAIC Type O61 Career Builders are also a key demand group for Co-living. In Canterbury, PRS households in this MOSAIC Type account for 9% of the total, and they have a median household income of £51,700 pa.
- This analysis demonstrates that the PRS market in Canterbury is occupied by a broad range of different households, all with varying incomes and housing needs. The provision of Co-living accommodation at the subject scheme will add variety to local housing stock and offer local renters more choice.

Figure 8: **Key MOSAIC Groups for Co-living Demand**

% of PRS households



Source: Knight Frank Research, Experian. Note: City Prosperity = High status city dwellers living in central locations and pursuing careers with high rewards. Rental Hubs = Educated young people privately renting in urban neighbourhoods.

Table 5: **Canterbury Top 10 MOSAIC Types – PRS Households**

MOSAIC Type	Name	Description	# house holds	Share	Median household income (pa)	Max rent at median income (pcm)	Upper quartile household income (pa)	Max rent at UQ income (pcm)
O65	Learners & Earners	Inhabitants of the university fringe where students and older residents mix in cosmopolitan locations	3,060	20%	£41,100	£1,370	£50,100	£1,670
O66	Student Scene	Students living in high density accommodation close to universities and educational centres	1,471	9%	£38,800	£1,293	£43,800	£1,460
O61	Career Builders	Professional singles and couples in their 20s and 30s progressing in their field of work from commutable properties	1,375	9%	£51,700	£1,723	£61,800	£2,060
O64	Bus-Route Renters	Singles renting affordable private flats further away from central amenities and often on main roads	1,160	7%	£24,100	£803	£31,025	£1,034
O62	Central Pulse	City-loving youngsters renting central flats in vibrant locations close to jobs and night life	1,063	7%	£51,000	£1,700	£62,800	£2,093
N60	Ageing Access	Older residents owning small inner suburban properties with good access to amenities	741	5%	£27,100	£903	£35,500	£1,183
J42	Midlife Renters	Maturing singles in employment who are renting affordable homes for the short-term	595	4%	£32,300	£1,077	£38,900	£1,297
H33	Contemporary Starts	Young families and singles setting up home in modern	393	3%	£52,800	£1,760	£64,300	£2,143

MOSAIC Type	Name	Description	# house holds	Share	Median household income (pa)	Max rent at median income (pcm)	Upper quartile household income (pa)	Max rent at UQ income (pcm)
		developments that are popular with their peers						
G27	Thriving Independence	Well-qualified older singles with incomes from successful professional careers in good quality housing	374	2%	£51,400	£1,713	£64,200	£2,140
H30	Primary Ambitions	Families with school-age children, who have bought the best house they can afford within popular neighbourhoods	373	2%	£49,700	£1,657	£58,400	£1,947
Other			4,933	32%	-	-	-	-
Total			15,538	100%	£40,500	£1,350	£52,500	£1,750

Source: Knight Frank Research, Experian

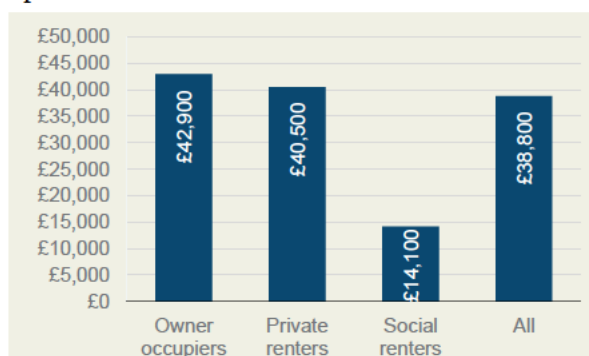
5.2 Household Income

Household income is a crucial consideration when assessing demand for Co-living accommodation because income dictates rental affordability.

- The median household income across all households in Canterbury is £38,800 pa.
- Household income varies by tenure, as seen [Figure 9](#). Private renters have a median household income of £40,500 pa. This equates to a suggested maximum rent of £1,350 per calendar month (pcm), which excludes additional costs that are included in the proposed rent at the proposed sites (council tax, electricity, water, Wi-Fi, and access to the on-site gym). This assumes that households would spend up to 40% of their gross income on rent.
- The proposed rents of £950 pcm and £1,250 pcm for the Co-living scheme are below the maximum suggested rents of £991 pcm for PRS households with the lower quartile income and £1,350 pcm for those earning the median income. This positioning indicates that the scheme is competitively priced and affordable for at least 50% of PRS households within the local authority. Our detailed affordability analysis can be found in section 5.4.

Figure 9: Median Household Income by Tenure, Canterbury

£ per annum



Source: Knight Frank Research, Experian

Table 6: PRS Household Incomes & Maximum Suggested Rents

Canterbury, 2023

Income Quartile (2023)	PRS Household Incomes (£ pa)	Maximum Suggested Rent (£ pcm)
Lower Quartile	£29,717	£991
Median	£40,500	£1,350
Upper Quartile	£52,500	£1,750

Source: Knight Frank Research, Experian

5.3 Personal Earnings

The rents for small studios the proposed Co-living scheme are affordable for more than 50% of individual earners living in Canterbury.

- Income growth is a key driver of rental affordability. Resident based median salaries in Canterbury have seen growth of 7.8% from 2017 to 2022. Resident upper quartile salaries in Canterbury have seen growth of 11.2% over the last five years (2018-2023).
- Analysis of personal earnings, as distinct from household income, provides a further indication of potential rental affordability. Table 7 shows that the median salary for individuals residing in Canterbury is £35,009 pa (2022 data), which equates to a maximum suggested rent of £1,167 pcm. This is significantly higher than the proposed rent for a small studio at the subject sites (£950 pcm), which means that more than 50% of earners living in Canterbury could afford to live in the proposed schemes. This is also true once the £200 pcm utility package is taken into account.
- The upper quartile salary for those living in Canterbury is £45,740 pa, which equates to a maximum suggested rent of £1,525 pcm. This means that at least 25% of earners could afford to rent one of the larger proposed units at £1,250 pcm, plus the £200 pcm utility package.
- When an estimate for utilities and additional costs of £360 pcm is taken into account (see section 6.1 for a breakdown of this figure), the maximum total rent plus additional costs for single earners on the median salary in Canterbury is £1,527 pcm, and for the upper quartile is £1,885 pcm. This analysis suggests there will be strong affordability among earners in Canterbury for the proposed co-living homes.

Table 7: Rental Affordability Based on Personal Earnings, Canterbury

Canterbury (2022)		Earnings (£ pa)	Max rent, single earner (£ pcm)	Max rent plus additional costs (£ pcm)
Resident-based	Median	£35,009	£1,167	£1,527
	UQ	£45,740	£1,525	£1,885

Source: Knight Frank Research, Annual Survey of Hours & Earnings. Note: The latest median salary data is from 2022 and upper quartile salary data is from 2021. Analysis assumes individuals would spend up to 40% of their gross income on rent. Estimate of per person additional costs (including utilities) is £360 pcm which is outlined in more detail in section 6.1.

5.4 Rental Affordability

78% of PRS households in Canterbury have high enough household incomes to afford to rent a small studio in the proposed Co-living scheme, with 58% being able to afford a large studio.

We have produced an affordability model to highlight how many PRS households in Canterbury could afford to rent at the proposed Co-living scheme at the proposed sites.

It is typically appropriate to assume that households would spend up to 30-40% of their gross income on rent. We have chosen to assume that tenants in the proposed scheme would spend up to 40% of their income on rent to reflect the higher level of service that tenants in a Co-living scheme are likely to receive compared with the typical buy-to-let PRS home.

- As shown in Table 8, a household income of £28,500 pa is required to afford the £950 pcm rent for a small studio, based on a 40% affordability cap. There are 12,063 PRS households in Canterbury who could afford this rent, equating to 78% of the total.
- For the large studio units, a household income of £37,500 pa is required to afford the £1,250 pcm rent, based on a 40% affordability cap. There are 9,077 PRS households in Canterbury who could afford this rent, equating to 58% of the total. Therefore, the proposed Co-living homes will be affordable for a large proportion of existing local residents.

- As shown in Table 9, rental affordability varies by MOSAIC Type. There is strong rental affordability among MOSAIC Types that are associated with Co-living demand, such as O62 Central Pulse, O61 Career Builders, and O65 Learners & Earners. Rental affordability across these three MOSAIC Types ranges from 97% to 85% of PRS households who could afford to rent a small studio in the proposed Co-living scheme, the range moderates slightly to 85% to 63% for the large studio.
- Overall, this analysis indicates strong rental affordability among key MOSAIC Types for Co-living in local authority.
- Although rental affordability is strong, we acknowledge that not all PRS households in Canterbury will choose to live in a Co-living scheme and some may prefer to live in other types of accommodation. The sensitivity analysis presented in section 8.2 takes this into account.

Table 8: Canterbury Rental Affordability Analysis

and % of PRS households who could afford rents

Property Type	Rents Tested (£ pcm)	Minimum income required (£ pa)	Canterbury	
			#	%
Small Studio	£950	£28,500	12,063	78%
Large Studio	£1,250	£37,500	9,077	58%

Source: Knight Frank Research, Experian. Note: analysis assumes households would spend up to 40% of their gross income on rent.

Table 9: Canterbury PRS Rental Affordability by MOSAIC Type

& % of PRS households who could afford proposed rents

MOSAIC Type	Name	Small Studio		Large Studio	
		#	%	#	%
O65	Learners & Earners	2,609	85%	1,922	63%
O66	Student Scene	1,316	89%	894	61%
O61	Career Builders	1,330	97%	1,159	84%
O64	Bus-Route Renters	379	33%	145	13%
O62	Central Pulse	1,030	97%	906	85%
N60	Ageing Access	327	44%	159	21%
J42	Midlife Renters	408	69%	177	30%
H33	Contemporary Starts	387	98%	337	86%
G27	Thriving Independence	364	97%	321	86%
H30	Primary Ambitions	365	98%	327	88%
All PRS households		12,063	78%	9,077	58%
Rents tested (£ pcm)		£950		£1,250	
Minimum income required (£ pa)		£28,500		£37,500	

Source: Knight Frank Research, Experian. Note: analysis assumes households would spend up to 40% of their gross income on rent.

6. Market Performance

In this section, we examine the performance of the rental market in Canterbury. The analysis aims to understand how the proposed rents in the subject Co-living scheme fit within the wider PRS in the local authority.

6.1 Rental Price Comparison

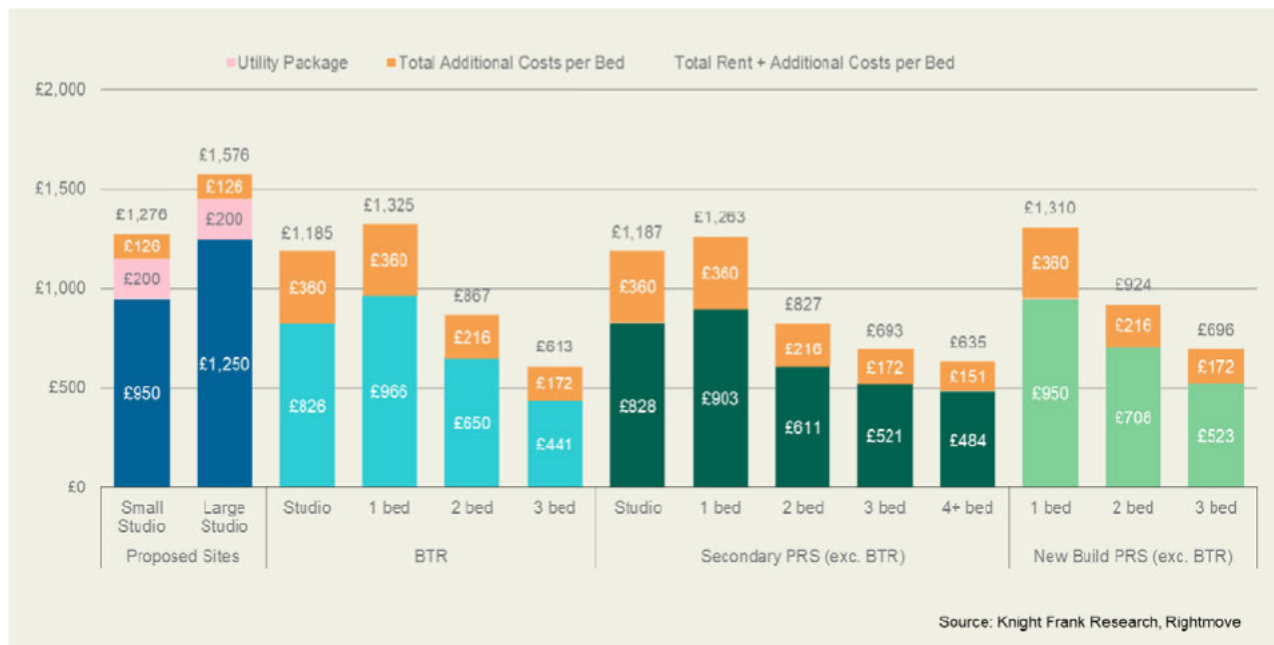
When the proposed rents at the Co-living scheme are combined with the additional utility package and compared to the total costs of renting and covering utilities in alternative PRS accommodation in Canterbury, the analysis underscores the scheme's proposed rents align with similar alternative living options.

We have used Rightmove rental listings data for the last 12 months to analyse how the bills-inclusive rents at the proposed sites compare with the all-in cost of renting in alternative PRS accommodation in Canterbury.

- An additional service package of £200 pcm which includes electricity, water bills, Wi-Fi, and access to the gym is chargeable on top of the proposed rents. This also includes access to community events and the scheme's amenities such as co-working space, shared kitchens and lounges, private dining rooms and terraces. **Figure 10** and **Table 10** display these rents with the utility package at the proposed sites, compared with the average asking rents plus additional costs per bed which are payable by residents in PRS properties in Canterbury.
- Once the rent, utilities package, and additional costs are taken into account, the all-in cost of renting a small studio at the proposed scheme is £1,276 pcm and the total spend on a large studio is £1,576 pcm.
- The all-in cost of a small studio (£1,276 pcm) is lower than for a one bed BTR home (£1,325 pcm) or a one bed new build PRS home (£1,310 pcm) in Canterbury, which demonstrates the relative value for money on offer at the proposed co-living scheme.
- Renting a small studio in the proposed Co-living scheme is priced at £1,276 pcm (all-in), slightly higher than the £1,187 pcm for a secondary PRS studio. However, the Co-living scheme offers a professionally managed environment and access to premium on-site amenities, adding value to the units.
- The scheme also provides a cost-saving advantage, with additional costs per bed amounting to £326, compared to £360 for a secondary or new-build PRS studio or one-bed homes. This represents a saving of £34 pcm when considering the rental price and included utility package.
- Beyond the financial aspect, Co-living offers unique benefits, such as professional management, premium amenities, and a focus on community living. Together, these factors make the scheme an attractive proposition for people renting in Canterbury, particularly for those who prioritise convenience and quality in their living arrangements.
- It is also cheaper to share a larger home with two or more bedrooms. Again, this is a very different living offering as it involves sharing with house/flat mates rather than having your own private studio apartment, as in the proposed Co-living scheme. The scheme offers an alternative accommodation choice for those who cannot afford to rent a one-bedroom home on their own, but do not want to live in an HMO or house/flat share.
- Therefore, Co-living at the proposed sites will offer purpose-built, high quality, professionally managed homes, providing a superior living experience for its residents, who would otherwise have no choice but to rent in HMOs or sharer accommodation. As shown on section 5.3, the proposed rents are at an appropriate level for a significant proportion of local people to afford to live in the building.
- Additionally, Co-living at the proposed sites will offer more choice to renters who are currently sharing in HMOs, with the potential to release larger properties currently occupied by sharers back to families.

Figure 10: Rental Price Comparison (inc. Additional Costs), Canterbury

Average asking rent and additional costs per bed, £ pcm, 12 months to October 2024



Source: Knight Frank Research, Rightmove

Note: this analysis is based on 1,927 listings, of which only 46 listings are new build properties. Please note the sample size for new build PRS homes is relatively small (46 listings, respectively 'Secondary' refers to homes that are not new build and that have been let at least once before. The proposed rent for the proposed sites has been provided by the client.

Table 10: Rental Price Comparison (incl. Additional Costs), Canterbury

Average asking rent and additional costs per bed, £ pcm, 12 months to October 2024

Canterbury	Unit Type	Council tax	Energy	Water	Wi-Fi	Gym	TV License	Average Asking Rent per Bed	Total Additional Costs per Bed	Total Rent + Additional Costs per Bed
The Proposed Sites	Small Studio	£112		£200			£14	£950	£126	£1,276
	Large Studio	£112		£200			£14	£1,250	£126	£1,576
BTR	Studio	£112	£143	£15	£28	£47	£14	£826	£360	£1,185
	1 bed	£112	£143	£15	£28	£47	£14	£966	£360	£1,325
	2 bed	£56	£72	£20	£14	£47	£7	£650	£216	£867
	3 bed	£37	£48	£26	£9	£47	£5	£441	£172	£613
Secondary PRS (exc. BTR)	Studio	£112	£143	£15	£28	£47	£14	£828	£360	£1,187
	1 bed	£112	£143	£15	£28	£47	£14	£903	£360	£1,263
	2 bed	£56	£72	£20	£14	£47	£7	£611	£216	£827
	3 bed	£37	£48	£26	£9	£47	£5	£521	£172	£693

Canterbury	Unit Type	Council tax	Energy	Water	Wi-Fi	Gym	TV License	Average Asking Rent per Bed	Total Additional Costs per Bed	Total Rent + Additional Costs per Bed
	4+ bed	£28	£36	£30	£7	£47	£4	£484	£151	£635
New Build PRS (exc. BTR)	1 bed	£112	£143	£15	£28	£47	£14	£950	£360	£1,310
	2 bed	£56	£72	£20	£14	£47	£7	£708	£216	£924
	3 bed	£37	£48	£26	£9	£47	£5	£523	£172	£696

Source: Knight Frank Research, Rightmove

Note: this analysis is based on 1,927 listings, of which only 46 listings are new build properties. Please note the sample size for new build PRS homes is relatively small (46 listings, respectively 'Secondary' refers to homes that are not new build and that have been let at least once before. The proposed rent for the proposed sites has been provided by the client.

7. Supply

We have assessed the supply of PRS, HMO, BTR and Co-living accommodation in Canterbury to assess the existing and pipeline provision of accommodation for PRS sharers and one person households in the local authority.

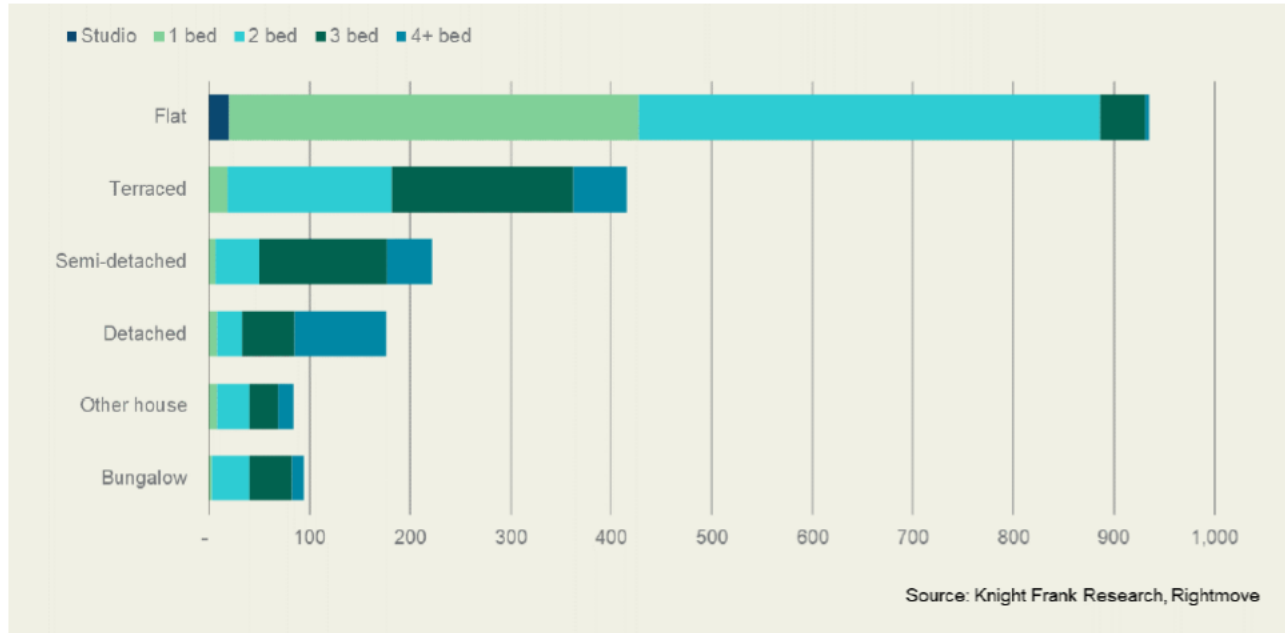
7.1 PRS Supply

A low supply of good quality accommodation options that can act as an alternative to Co-living supports the planning application for the proposed sites.

- We have analysed 1,927 Rightmove rental listing volumes in Canterbury for the last 12 months as a proxy for PRS supply.
- **Figure 11** and **Table 11** show that the majority of rental listings were flats (49%), followed by terraced houses (22%). One and two-bed flats were the most frequently listed properties, accounting for 21% and 24% of the total, respectively.
- Studios only accounted for 1% of flats listed on Rightmove over the period, which could indicate a lack of supply of smaller and therefore typically more affordable accommodation options for one person households.
- **Figure 12** illustrates that only 2% of rental listings in Canterbury in the last 12 months were new build properties. Of this, there were no studios and just 0.26% (5) were one-bed homes. This highlights a lack of new, high-quality stock for one person households and those currently sharing in HMOs.
- The proposed Co-living scheme at the proposed sites will therefore offer good quality alternative accommodation for local single renters, as well as those who would otherwise be living as sharers.

Figure 11: Rental Listing Volumes by Property Type and Number of Bedrooms

Canterbury, # listings, 12 months to October 2024



Note: this analysis is based on 1,927 listings. Source: Knight Frank Research, Rightmove

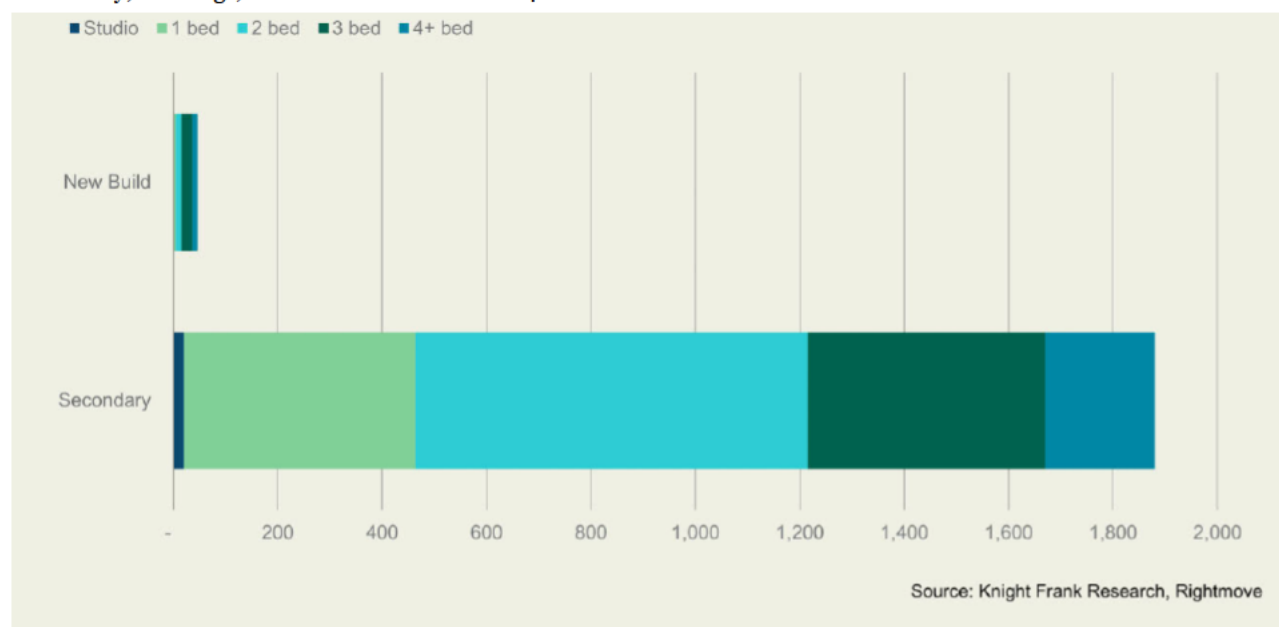
Table 11: Proportion of Rental Listing Volumes by Property Type and Number of Bedrooms, Canterbury, 12 months to October 2024

Unit Types	Flat	Terraced	Semi-detached	Detached	Other house	Bungalow	All Properties
Studio	1%	0%	0%	0%	0%	0%	1%
1 bed	21%	1%	0%	0%	0%	0%	23%
2 bed	24%	9%	2%	1%	2%	2%	40%
3 bed	2%	9%	7%	3%	2%	2%	25%
4+ bed	0%	3%	2%	5%	1%	1%	11%
All Unit Types	49%	22%	12%	9%	4%	5%	100%

Note: this analysis is based on 1,927 listings. Source: Knight Frank Research, Rightmove

Figure 12: New Build vs Secondary: Rental Listing Volumes by Number of Bedrooms

Canterbury, # listings, 12 months to October 2024



Note: this analysis is based on 1,927 listings, of which only 46 listings are new build properties. Source: Knight Frank Research, Rightmove

7.2 HMO Supply

The proposed Co-living scheme in Canterbury will provide a purpose built, professionally managed, high-quality alternative to HMO accommodation for local PRS sharers and one person households. It would also free up HMO stock for those who seek low-cost housing or allow for conversion back to family homes.

- HMO properties have at least three tenants who form more than one household, and they share one or more basic amenities (e.g., toilet, bathroom or kitchen facilities). HMO properties require a mandatory licence if the number of people living there increases to five.
- As shown in Table 12, there are 3,890 HMOs in Canterbury, which account for 25% of all PRS households in the local authority.
- According to local authority housing statistics, Canterbury local authority estimate that 1,110 of the HMOs require a mandatory licence, but the actual number of licences issued is 864. This means that 246 of the mandatory licensable HMOs are operating without a license, which can result in poor quality, over-crowded and even unsafe accommodation.

Table 12: Canterbury HMO Supply, 2022/23

Houses of Multiple Occupation	Canterbury
Mandatory licensable estimate	1,110
Mandatory licensable actual	864
Operating without a license	246
Mandatory HMOs with Category 1 hazards on inspection	0
All HMOs	3,890
HMOs as % of PRS market (PRS households)	25%

Source: Knight Frank Research, MHCLG

7.3 BTR & Co-living Supply

The lack of Co-living supply in Canterbury leaves the significant demand pool largely uncatered for.

- Currently, there are no completed or pipeline Build-to-Rent (BTR) or Co-living schemes in Canterbury. This results in a market penetration rate of 0.0%, meaning the significant demand pool for Co-living is unmet.
- An estimated 1,538 PRS households (sharers) in Canterbury are not catered for by existing or planned Co-Living or BTR supply.
- While one BTR scheme has planning granted (Hersden, approved for 96 homes), it is a single-family housing (SFH) scheme. As such, it is unlikely to address the substantial demand pool of renters in Canterbury who seek quality, purpose-built accommodation suited to single-person households and sharers.
- The proposed Co-living scheme would directly respond to this growing demand, offering suitable housing options for the local rental market and absorbing a portion of this underserved population.

Table 13: BTR Units and Schemes by Status and Sub-sector, Canterbury

Canterbury	Co-living		Multifamily		Single Family		BTR Total	
Status	# Units	# Schemes	# Units	# Schemes	# Units	# Schemes	# Units	# Schemes
Complete	0	0	0	0	0	0	0	0
Under Construction	0	0	0	0	0	0	0	0
Planning Granted	0	0	0	0	96	1	0	0
Total	0	0	0	0	96	1	0	0

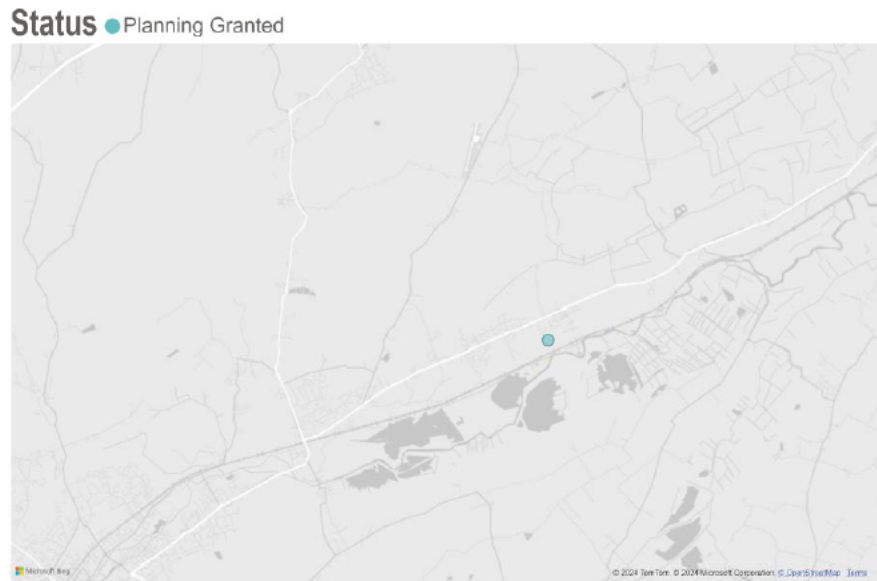
Note: this analysis includes Multifamily schemes with at least 75 units and Co-living schemes of any size. Source: Knight Frank Research

Table 14: BTR Supply List, Canterbury

Scheme Name	Sub-sector	Total BTR Units	Postcode	Completion Year	Status
Hersden	SFH	96	TW3 3GB	-	Planning Granted

Note: this analysis includes Co-living schemes of any size. Source: Knight Frank Research

Figure 13: **Build to Rent Supply Map, Canterbury**



7.4 Residential Pipeline

The proposed Co-living scheme will increase the provision of new rental studios in Canterbury, addressing the current undersupply by offering high-quality, professionally managed accommodation suitable for PRS sharers and single-person households.

- We have used Glenigan data to analyse the residential pipeline in Canterbury in order to assess the volume of homes expected to be delivered in the local authority in the coming years. There is a total of 54 residential schemes in the pipeline in Canterbury, which will provide a total of 4,321 units once delivered, as shown in Table 15. Of these, 3,307 homes are currently under construction across 15 schemes, and a further 924 units across 39 schemes have been granted planning permission.
- Whilst there is a healthy residential pipeline in Canterbury, this includes homes that will be delivered for the sales market, and many have varied unit mixes. Although some build-to-sell stock may be bought by buy-to-let investors, there is no way of knowing or guaranteeing how many of these pipeline homes will end up being privately rented and adding to the supply of PRS homes. Therefore, this will not resolve the undersupply of rental accommodation for sharers in the short or medium term.
- The proposed Co-living scheme at the proposed sites would add variety to the pipeline of housing stock in the local authority, providing purpose built, professionally managed, high-quality accommodation suitable for local PRS sharers and one person households.

Table 15: **Residential Pipeline, Canterbury**

Status	# Units	# Schemes
Under construction	3,307	15
Planning Granted	924	39
Total	4,321	54

Source: Knight Frank Research, Glenigan

8. Conclusions

The analysis presented in this report supports the provision of a Co-living scheme in Canterbury as it will offer professionally managed and high-quality rental accommodation to a growing demand pool of sharer and one person renter households.

8.1 Shortfall Between Supply and Demand for Co-living Homes

There are currently 9,448 PRS sharer individuals in Canterbury who do not have access to purpose-built Co-living accommodation figure projected to increase to 10,488 by 2028. The proposed Co-living scheme at the proposed sites will provide for some of this demand.

- We estimate that there are 9,448 PRS sharer individuals in Canterbury who currently live in privately rented sharer accommodation (see section 4.2). There are no operational Co-living schemes in the local authority (see section 7.3). This leaves these PRS sharers without access to purpose-built sharer accommodation, and the current shortfall between supply and demand for Co-living accommodation is 9,448 homes. The PRS sharer individuals in Canterbury have no choice but to seek accommodation in alternative PRS stock suitable for sharers, likely HMOs, which may not be fit for purpose.
- As shown in Table 16, demand for Co-living is expected to increase, with an additional 1,039 sharer individuals by 2028. Given that there are no Co-living homes currently under construction in Canterbury, the shortfall between supply and demand for Co-living homes will grow to 10,488 homes by 2028.
- The provision of Co-living accommodation at the proposed sites will therefore relieve growing pressure on the local housing market by increasing the supply of homes suitable for sharers. Additionally, it will create the benefit of providing PRS sharers with more choice and could relieve pressure on the local housing market by diverting PRS sharer demand away from homes that would otherwise be more suitable for other local households, including families.

Table 16: Shortfall of Co-living Homes in Canterbury

Supply/Demand Metrics	2023	Projected change to 2028	2028
Supply (Co-living homes)	0	0	0
Demand (PRS 'sharer' individuals)	9,448	1,039	10,488
Shortfall (Co-living homes)	9,448	1,039	10,488

Source: Knight Frank Research, Experian, Census 2021

Note: sharer households are defined as at least two adults, who are not a couple, living together in a single property with shared facilities.

8.2 Sensitivity Analysis of the Supply and Demand imbalance

Our sensitivity analysis suggests that the shortfall between supply and demand for rental accommodation for sharers in Canterbury in 2028 could range from 8,949 to 11,536 homes.

We have used the best quality data available to produce the analysis in this report and our methodologies are robust. However, we have produced a sensitivity analysis to assess how our concluding figure of the shortfall of Co-living homes in Canterbury in 2028 may change, should the supply pipeline increase by one, and two Co-living schemes (based on average Co-living scheme size in the UK of 245 units). We have also factored different scenarios on the demand side, with the number of PRS sharer individuals varying by plus or minus 5% and 10%.

- As shown in Table 17, if two new Co-living schemes are delivered and we have overestimated demand by 10%, the shortfall decreases to 8,949 Co-living homes. If no additional Co-living schemes are introduced and demand is underestimated by 10%, the shortfall increases to 11,536 Co-living homes.

- Our sensitivity analysis suggests that the shortfall of Co-living homes in Canterbury in 2028 could range from 8,949 to 11,536 homes. This continues to show a significant undersupply of accommodation for PRS sharers, which supports the provision of a Co-living scheme at the proposed sites.

Table 17: Sensitivity Analysis of Supply vs Demand for Co-living Homes in Canterbury

PRS sharer individuals who cannot access Co-living accommodation

Sensitivity		Supply (# co-living homes)		
		2 New Schemes	1 New Scheme	No Change
Demand (# PRS sharer individuals)	-10%	8,949	9,194	9,439
	-5%	9,473	9,718	9,963
	0%	9,998	10,243	10,488
	5%	10,522	10,767	11,012
	10%	11,046	11,291	11,536

Source: Knight Frank Research Final Comments

This report supports the provision of a Co-living scheme at the subject site, as demand for privately rented accommodation suitable for sharers significantly exceeds the current and pipeline supply. Furthermore, the analysis indicates that the proposed rents for the scheme are widely affordable for households in Canterbury's PRS. While rents are not fully all-inclusive, the utility package provides a value-for-money premium by streamlining costs and enhancing convenience for tenants.

The proposed scheme at the proposed sites would provide high quality, purpose built rental accommodation suitable for sharers, with up to 150 units and dedicated amenities. This would serve a significant and undersupplied demand pool of PRS sharers in the local area. The provision of Co-living at the proposed sites could also have the added benefit of relieving pressure on existing housing stock, offering a greater choice of housing types for renters, and diverting demand away from HMO accommodation that could be better utilised by those on low incomes or by single occupancy households, including families.

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