

On the instructions of

UNIVERSITY OF
Southampton



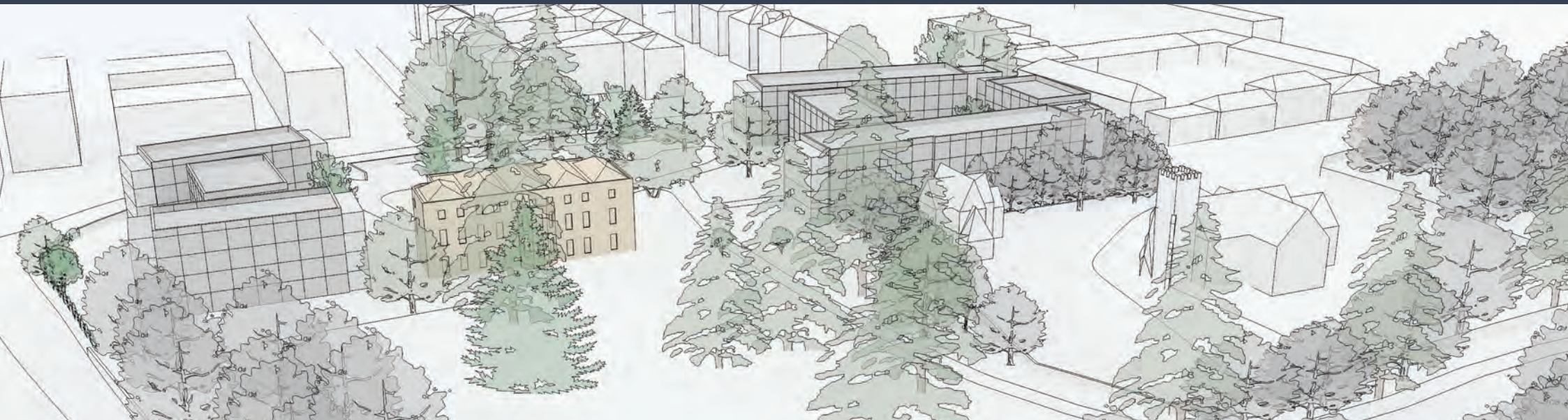
SOUTH STONEHAM HOUSE & TOWER

Wessex Lane

SOUTHAMPTON, SO18 2NW

**PRIME STUDENT ACCOMMODATION
DEVELOPMENT OPPORTUNITY**

Also suitable for other uses in B1, C1-4 and D1







EXECUTIVE SUMMARY

- Prime student accommodation development opportunity also suitable for other uses in B1, C1-4 and D1.
- Situated on Wessex Lane, forming part of one of The University of Southampton's core residential campuses which is already home to **1,775 students** and a range of established student amenities. Average occupancy rates for the last five years have been consistently around 98%.
- Large, underdeveloped site extending to **6.37 acres (2.58 hectares)** in a highly attractive landscaped setting. The site includes former halls of residence South Stoneham Tower and South Stoneham House, both available with vacant possession.
- Southampton benefits from excellent road, rail, air and sea links with the rest of the UK and Europe, making it an ideal destination for UK and international students.
- Southampton is a modern and vibrant city with full time **student population of 33,635** (2013/14). Southampton is home to two Higher Education institutions: the University of Southampton and Southampton Solent University.
- Situated in walking distance of The University of Southampton and benefits from its own dedicated Uni-link bus stop providing affordable access to all five university campuses, Southampton City Centre, University sports ground and Southampton Airport.
- Allocated for student accommodation use within the UDP with potential for **393 ensuite**, purpose built bed spaces.
- Buoyant student accommodation market with excellent rental growth prospects. DTZ believe it is one of the few UK markets that remain undersupplied.
- We are instructed to seek proposals for a **long leasehold** interest in the land and buildings on an unconditional basis or conditional basis, subject to planning.



LOCATION

The City of Southampton



The City of Southampton is one of south-east England's largest commercial centres. It is located on the South Coast approximately 76 miles south west of London, 30 miles east of Bournemouth and 20 miles west of Portsmouth. It is a modern and vibrant city with a residential population of approximately 236,900 (Census 2011).

Southampton benefits from excellent transport communications with the rest of the UK and Europe, making it an ideal destination for UK and international students.

By road, the M3 and the M27 motorways meet immediately north of the city at junction 14/4.

The M3 provides direct access to Winchester, the M25 and London and the M27 provides access to Portsmouth to the east. National Express operate popular coach services between Southampton City Centre and London Victoria bus station with fastest journey times of 1 hour 50 minutes.

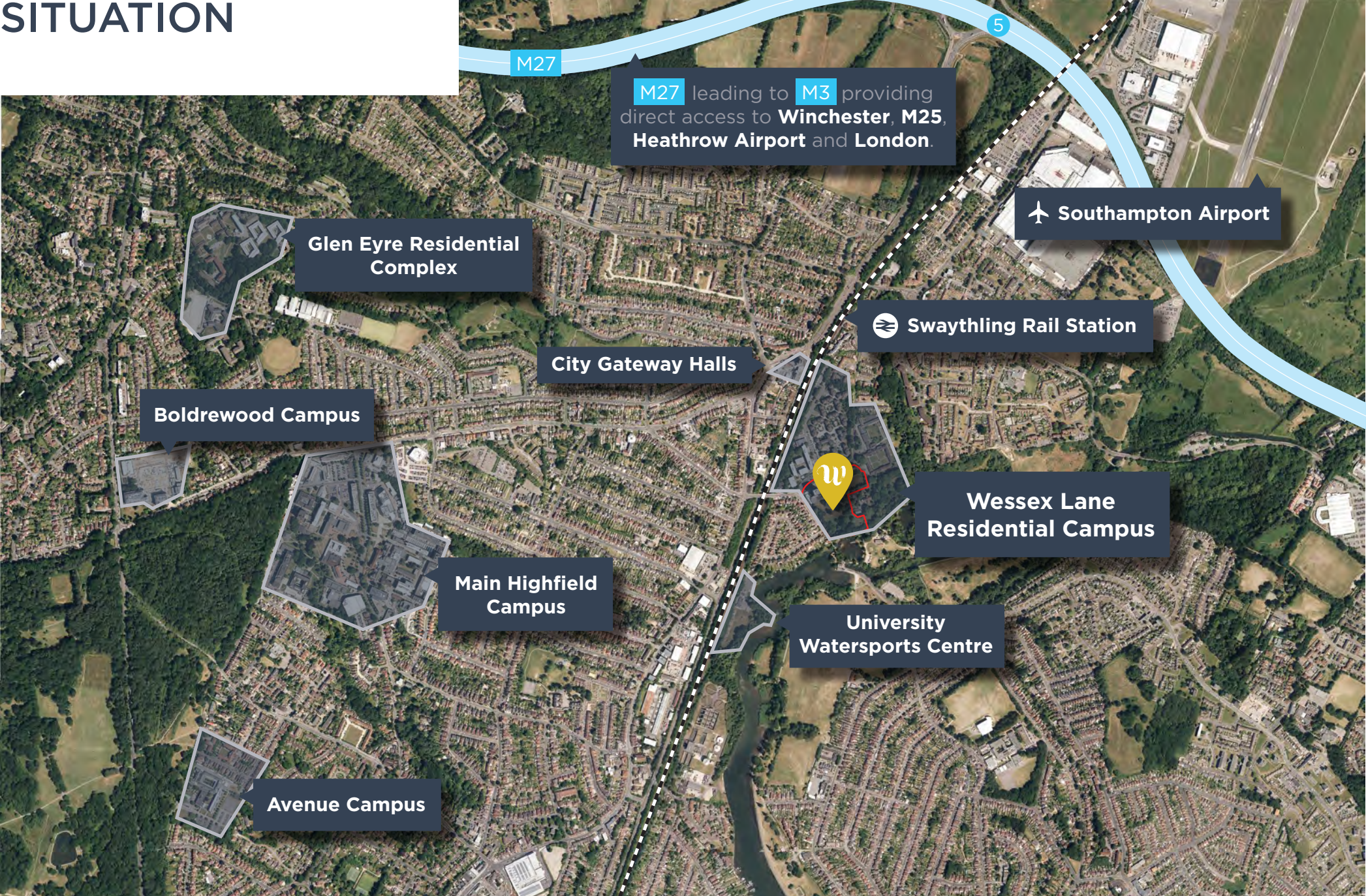
Southampton Central Rail Station is located less than five minutes to the west of the city centre with regular, direct services to London Waterloo with a fastest journey time of approximately 1 hour 20 minutes. This service also stops at Southampton Airport Parkway and Winchester. Southampton Central Station is currently undergoing a

major refurbishment to improve the public realm and connectivity of the station with the rest of the city.

Southampton Airport is located approximately 4 miles north east of the city centre and 2 miles north east of the University of Southampton. It provides scheduled and charter flights to a number of domestic and European destinations. In 2014, it handled 1.83 million passengers.

Southampton is also the UK's premier cruise ship port, providing services to over 70 international destinations and is a key departure point to the Isle of Wight.

SITUATION



SITUATION

The site is situated on the southern side of Wessex Lane, currently forming part of The University of Southampton's Wessex Lane Complex, already home to 1,775 students. It is one of the University's two core residential campuses. There are 21 individual student accommodation blocks on the Wessex Lane Complex collectively known as Montefiore and Connaught.

The Wessex Lane Complex is situated east of The University of Southampton's main Highfield Campus with a walking distance of approximately 18 minutes. The Uni-link bus service, established in 2001, has a dedicated stop adjacent to the site providing affordable access to all five university campuses including the main Highfield Campus in 6 minutes, residential complexes in addition to the city centre, University sports ground and Southampton Airport.

Swaythling Rail Station is also a short walk to the north providing direct rail services to Southampton City Centre and Southampton Airport, from which direct services to London and Winchester are available.

Suitable for both undergraduate and postgraduate students, Wessex Lane has the feel of a traditional student village, with a 24-hour reception, vibrant social scene and landscaped gardens open to all residents.

For the use of the University of Southampton Students other features include; gym, squash court, laundrette, music rooms, snooker room, TV and computer rooms, Galley restaurant serving hot and cold meals, barbeque areas and tennis courts, secure bicycle storage and Junior Common Room (JCR) organising a wide range of social events.



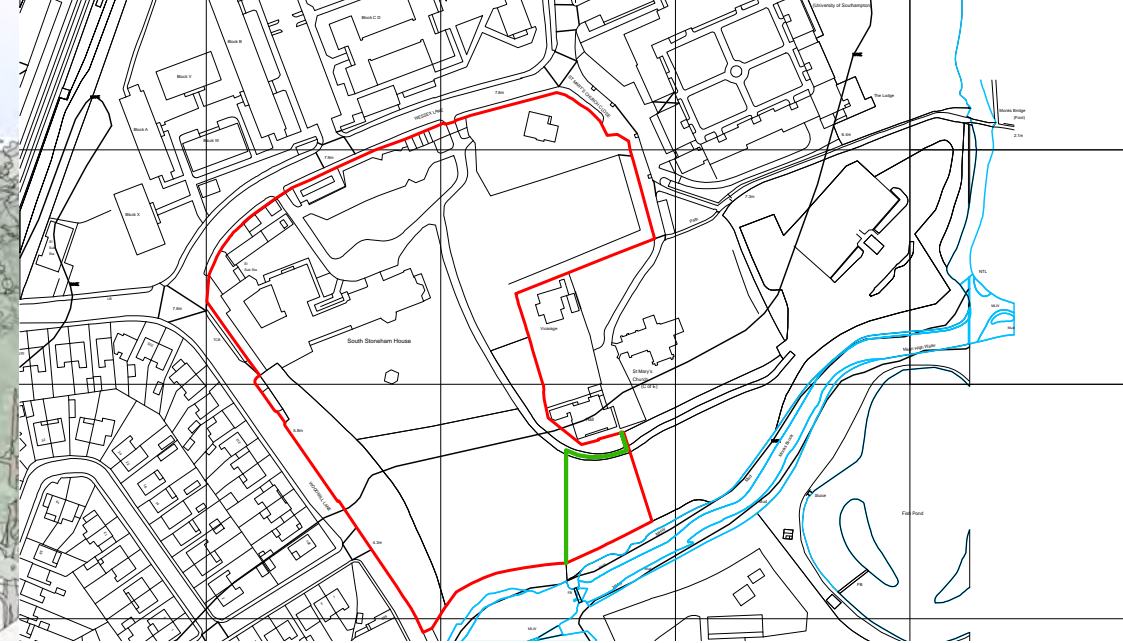
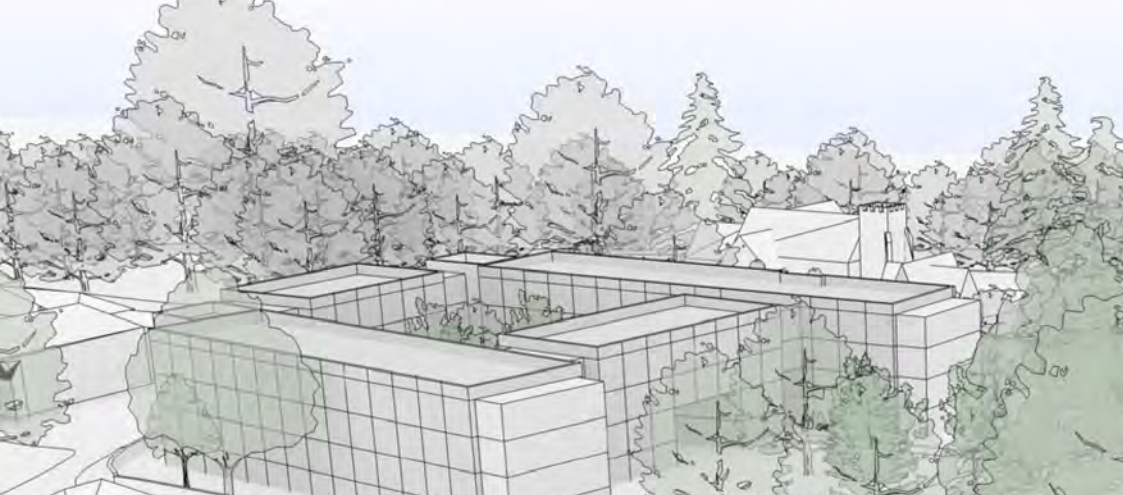


Existing student accommodation on site provides 745 en-suite bedrooms, 1,020 non en-suite and 10 studio flats. Average occupancy rates for the last five years have been consistently around 98%. A table of room types and rents for the 2015/16 academic year is set out in the table below.

As one of the main locations for its students the University continues to invest heavily in the Wessex Lane Complex and will be implementing major refurbishments of individual blocks in the coming years.

The occupancy split at Wessex Lane for the 2014/15 academic year was 69% first year undergraduates, 11% continuing students (second year plus of study) and 20% post graduates. International students make up 40% of residents.

Room Type	Catering	No. of rooms	Price per week (2015/16)
Standard category 2	Self-catered	712	£100.03
En-suite category 1	Self-catered	476	£129.15
En-suite category 2	Self-catered	159	£141.33
Studio category 1	Self-catered	10	£172.34
Standard category 1	Part-catered	175	£136.22
Standard category 2	Part-catered	158	£146.79
En-suite category 1	Part-catered	105	£175.91



THE OPPORTUNITY

We have been instructed to seek proposals for the long leasehold interest in the site which extends to 6.37 acres (2.58 hectares). The site contains the following two buildings with vacant possession.

- **South Stoneham House** dates from around 1708 and is Grade II* listed. It has been owned by the University since 1921 and extends to approximately 1,643m² (GIA). It was most recently used by the University for general office purposes although for many years prior to that it provided student accommodation.

- **South Stoneham Tower** was built in 1961, is 17 storeys in height and extends to approximately 4,385m² (GIA). The building formerly provided 160 student bedrooms plus ancillary accommodation and was last used in 2005.

The buildings are physically connected and overlook extensive gardens. There is also a small lodge house and a number of ancillary areas providing a further 1,357m² (GIA) of floor space.

The site provides a prime student accommodation redevelopment opportunity. The University commissioned Luken Beck to

undertake a Planning Appraisal in April 2015. This site is also suitable for other uses in B1, C1-4 and D1.

The University of Southampton commissioned Nicholas Hare Architects to undertake a Feasibility Study for Student Housing in July 2013. The study identified potential for 393 en-suite student bed spaces. Subsequent pre-application discussions with Southampton City Council and English Heritage were positive with constructive feedback on the design.

Copies of these documents can be made available to interested parties.

Interested parties should be aware:

- The site forms part of the Itchen Valley Conservation Area and includes a number of mature trees.
- There is likely to be archaeological interest in the site.
- Consideration must be given to three heritage assets: South Stoneham House (Grade II*); the nearby St Mary's Church (Grade I) and surrounding churchyard wall (Grade II).

Our client will consider unconditional proposals or conditional proposals on a subject to planning basis.



SOUTHAMPTON STUDENT ACCOMMODATION MARKET

Southampton has two Higher Education institutions: the University of Southampton and Southampton Solent University. In total, there were 33,635 full time students within the city in 2013/14, up by around 900 from the previous academic year.

The University of Southampton is one of the UK's leading universities. It is ranked in the Top 20 of British Universities and is an internationally recognised member of the Russell Group of research-intensive UK universities. It has 23,500 full time students, of which 16,000 are undergraduates and 7000 are postgraduates and researchers.

The University's main campus is at Highfield, approximately 4km north of Southampton Central Railway Station. Avenue Campus, the University's base for Humanities and Language Studies and Boldrewood Campus, the University's centre for business and innovation are both a short walk away from Highfield.

	The University of Southampton	Southampton Solent University
Full time students (2013/14)	23,500	10,135
2015 Rank - The Times	18	115
Applications per place	6.7	3.9
Campuses	Highfield (main): Avenue, Boldrewood, Southampton General Hospital, National Oceanography Centre, Winchester School of Art, EduCity@Iskander (Malaysia)	East Park Terrace (main): Warsash
Mission Group	Russell Group	Million+

The Boldrewood Campus has undergone a £140m redevelopment in a joint initiative with Lloyd's Register to build upon links with the maritime technology industry. The University's Faculty of Medicine is based at Southampton General Hospital, and the University also has a waterfront campus in the centre of the city, which is home to The National Oceanography Centre. The University also opened a campus in Malaysia dedicated to mechanical

engineering in 2012. There is a further campus in Winchester, which is home to the School of Art. Given the excellent rail links students here sometimes choose to live in Southampton and commute.

The University's full time student growth over the period 2008/9 to 2013/14 is above the national average: 17% compared with the UK growth average of 12%. Growth has been driven by postgraduates,



which is higher than the national average (51% to 15%). In 2013/14, postgraduate numbers stood at 6,057 (28% of its total full time student population relative to the national average of 18%). This signals the University's intent to remain a research intensive institution, which should stand it in good stead with the removal of the student number cap in 2015/16. The University of Southampton's recruitment has positive implications for the student accommodation market. It's recruitment of

students from outside the Hampshire region has increased significantly over recent years.

DTZ's Student Residential Tracker reveals that there are 8,416 purpose built student bed spaces in Southampton. The University of Southampton provides 6,144 bed spaces, Southampton Solent University provides 2,294 bed spaces and the private sector direct let market provides 1,453 bed spaces. The student to bed ratio is higher than the UK average indicating the

market remains undersupplied. The average price point for en-suite clusters and studio accommodation at City Gateway and Mayflower Halls, Southampton's two newest purpose built student accommodation blocks is £141 and £180 per week. We expect strong rental growth in the Southampton market due to lack of supply of purpose built accommodation relative to other UK markets.

Strong underlying demand and rental growth prospects aligned to the

relative undersupply of purpose built student accommodation bed spaces has attracted significant investment in recent years, with over £190 million of transactions in the last three years.

INVESTMENT / DEVELOPMENT CONSIDERATIONS

- Prime student accommodation development opportunity with a “one campus-feel.”
 - Forms part of an existing student residential complex with considerable critical mass (1,775 bed spaces) and a variety of amenities.
 - Large, underdeveloped site in a highly attractive landscaped setting.
 - Situated east of The University of Southampton’s main Highfield Campus with a walking distance of approximately 18 minutes.
 - The properties / site is situated in a traditional University of Southampton location with little private sector presence.
 - Excellent communications by road, rail, air and sea make
- Southampton highly accessible to UK and international students.
- The Uni-link bus service, established in 2001, has a dedicated stop adjacent to the site / properties.
 - The site currently holds a planning designation for student accommodation.
 - Suitable for other uses in B1, C1-4 and D1.
 - Opportunity to provide a scheme with a bias towards studio accommodation. There is a disconnect between the proportion of studio accommodation at Wessex Lane Complex (10 bed spaces or less than 1% of total accommodation) and numbers of international (40%) and post graduate students (20%) living at the complex during
- the current academic year.
- 11% of students living at the Wessex Lane Complex in 2014/15 were continuing students in their second year plus of study.
 - The Wessex Lane Complex is one of two core residential complexes for its students. It continues to invest heavily and will be implementing major refurbishments of individual blocks in the coming years.
 - UK student accommodation investment market remains strong with high levels of liquidity. Conditions for disposal are arguably better than ever before.
 - Buoyant student accommodation market in Southampton with significant investment in recent years. DTZ believe it is one of the few UK markets
- that remain undersupplied.
- Southampton is a sought after Russell Group location, home to two Higher Education institutions: the University of Southampton and Southampton Solent University generating 31,970 full time students in 2013/14.
 - There may be the opportunity to work with University of Southampton in the form of informal referral of students / short term nominations agreement
 - Strong underlying demand and rental growth prospects aligned to the relative undersupply of purpose built student accommodation bed spaces.
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DEVELOPMENT PROPOSALS

We are instructed to seek proposals for a long leasehold interest in the land and buildings on an unconditional basis or conditional basis, subject to planning.

Our client is not bound to accept the highest or indeed any proposal. Track record and experience will be an important factor as will proposals which see South Stoneham House being brought back into use in a manner which complements its surroundings.



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Date: July 2015

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