Unite Group returns to profit and predicts rental growth rise as students head back to university

The UK’s biggest student accommodation provider has returned to profit after seeing growth in occupancy levels in the 2021-2022 academic year.

Unite Group, which is headquartered in Bristol but runs properties around the country, reported a profit before tax of £343.1m in it’s interim results – up from a loss of £120.1m in 2020.

The company’s chief executive, Richard Smith, said the business had seen a “strong recovery” last year and was “well positioned” for further growth.

The organisation said occupancy levels were at 94% for 2021-2022, and it expected that to rise to 97% for the next academic year. It also predicted rental growth of between 3.0 and 3.5% for 2022-2023.

Unite said it had development and university partnerships in the pipeline worth £967m over the next four years – equating to around 6,000 beds. It also said there were £261m worth of disposals planned in a bid to improve its portfolio quality.

Mr Smith said: “The outlook for the business and the UK higher education sector is strong, driven by rising participation rates, increased demand for our product from returning students, significant and sustained demographic growth and Government support for growth in international student numbers.”

Unite said reservations for 2022-2023 were already at 67% – marginally down from the same period in 2019-2020 (75%), but that university applications for the next academic year were up 7% on pre-pandemic levels.

The business said it was also planning to spend millions of pounds over the next two years as part of cladding works and improving fire safety.

According to Mr Smith, Unite's balance sheet capacity will allow it to pursue new growth opportunities through university partnerships and targeted acquisitions.

"We are confident in our ability to attract more of the students currently living in the HMO sector and also see potential to extend our platform to cater to the growing number of young professional renters living in major UK cities," he added.

"Together this underpins significant future earnings growth and attractive total returns for shareholders."