



LAVANDA

How to Optimise Portfolios with Short Stays

**PART 3: HOW SHORT STAYS CREATE VALUE FOR STUDENT ACCOMMODATION
BUILDINGS DESIGNATED FOR STUDENT-ONLY OCCUPANCY?**





Over a series of 4 articles, we look at why short stays are a key part of the mix for student accommodation portfolios. We investigate when and where they are able to transform a building's economics with accretive NOI, and how to ensure your short stay strategy delivers maximum value to all stakeholder groups.

- Part 1: Understanding short-term rental demand
- Part 2: The case for short stays in tier 2 and tier 3 cities
- **Part 3: How short stays create value for student accommodation buildings designated for student-only occupancy**
- Part 4: Short stay best practices for student accommodation operators

We hope you find these articles informative. If you have any questions at all and would like to speak to one of our student accommodation specialists, please just send an email to hello@getlavanda.com



PART 3:

**HOW SHORT STAYS CREATE
VALUE FOR STUDENT
ACCOMMODATION BUILDINGS
DESIGNATED FOR STUDENT-
ONLY OCCUPANCY?**

Local planning authorities have historically restricted the majority of student accommodation to student-only occupancy. However, just because a building is designated for student-only occupancy does not mean it is unable to tap into flexible renting opportunities that boost NOI. Suffering significant void periods throughout the year is no longer an acceptable norm for this class of inventory. In fact, at Lavanda more than a third (38%) of student accommodation buildings active on our platform are currently designated for student-only occupancy - and what's more is that this is one of the fastest growing segments of our business.

Keen to understand what all the fuss is about? In this article we lift the lid on how buildings designated for student-only occupancy can practically embrace short and medium-term renting to significantly improve asset performance.



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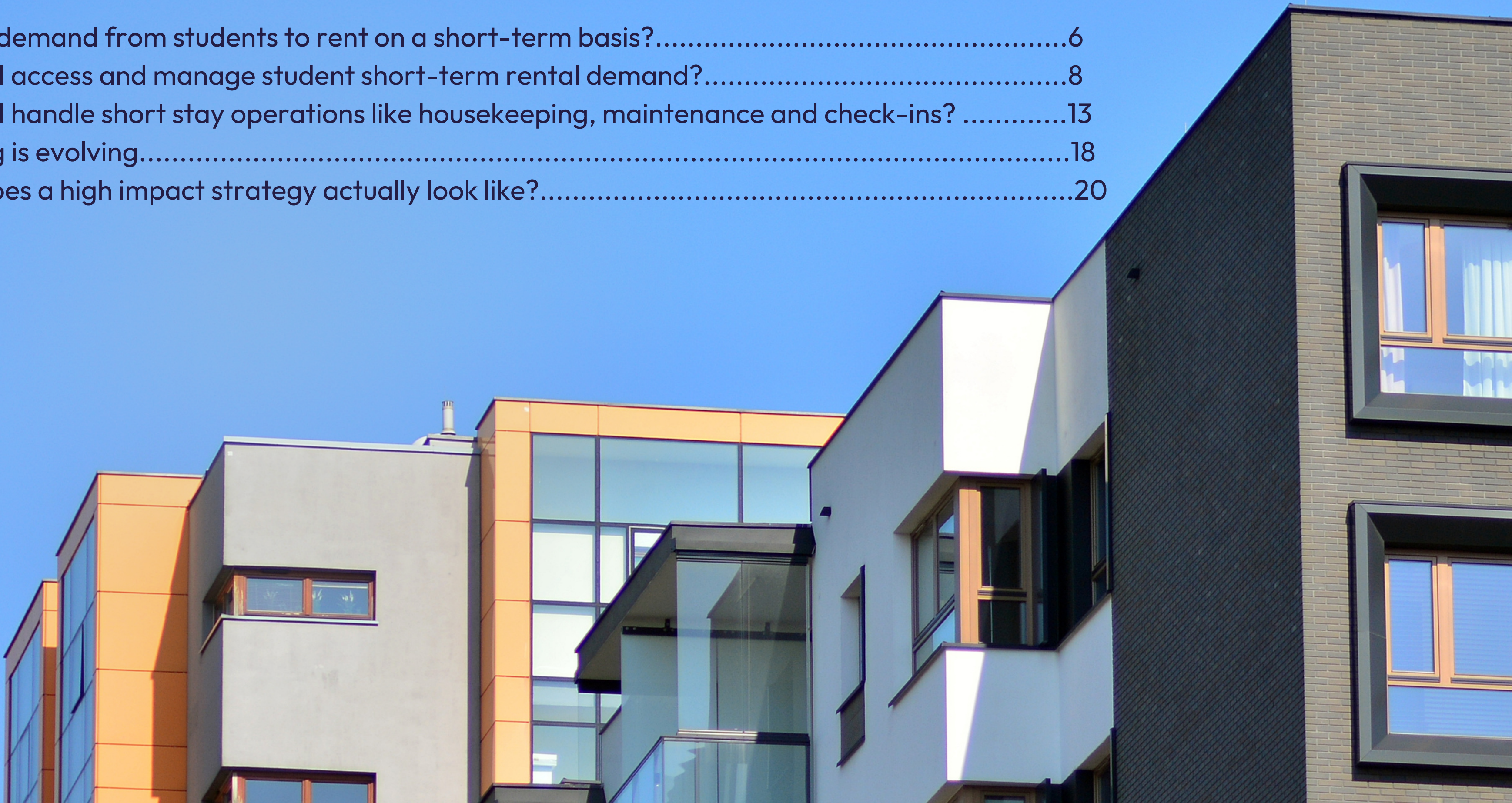
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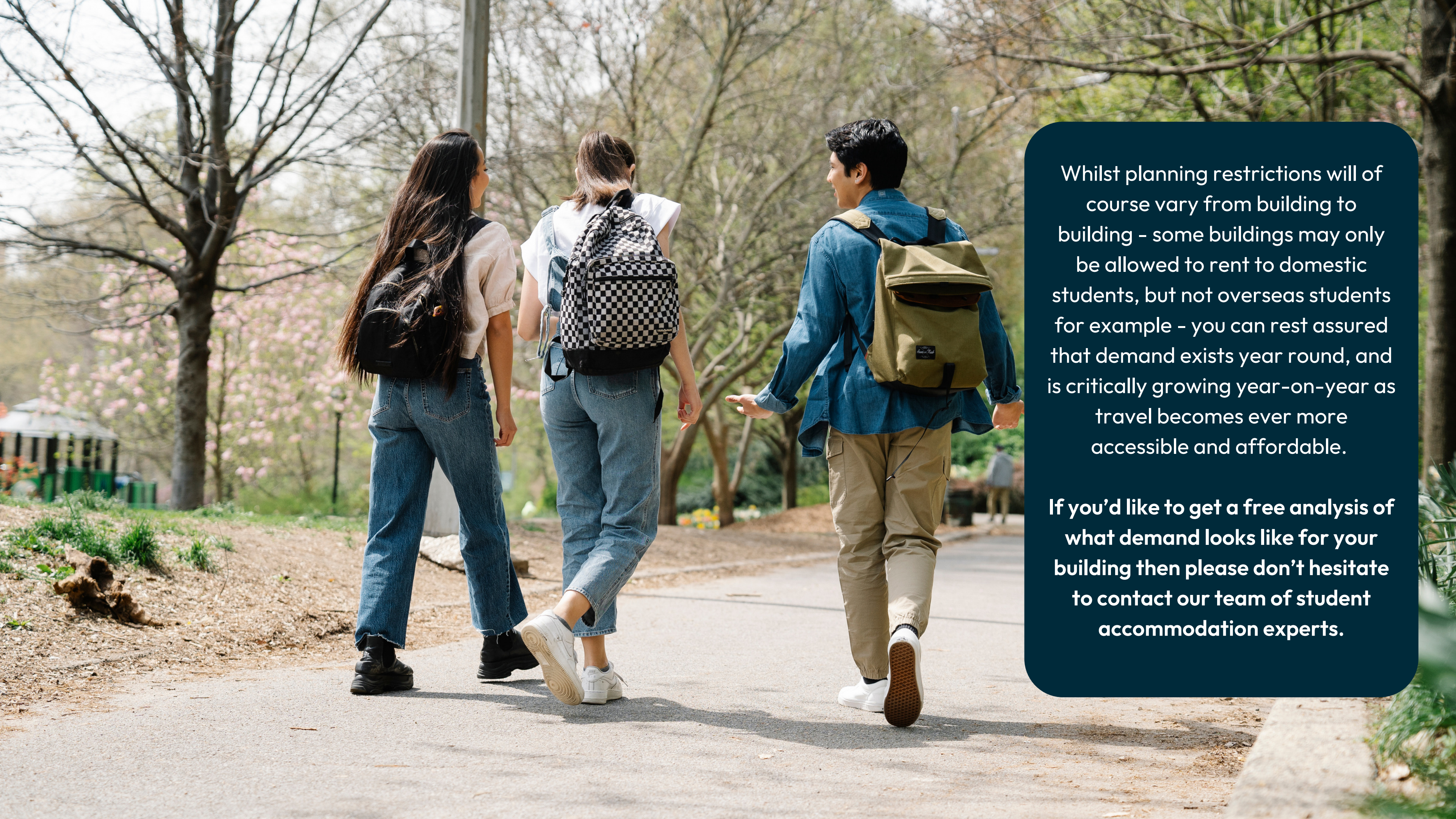
Is there demand from students to rent on a short-term basis?

Outside of term time, students are in constant search of flexible, safe and affordable rental accommodation - particularly during the summer months when many are travelling either internationally or domestically.

Traveling student groups - language schools, field trips, cultural visits, sports tours, and so forth - contribute substantially to this demand. These groups, often numbering 40+ people, struggle to find suitable hotel accommodation that meets both safeguarding requirements and budget, so is often low hanging fruit.

Typical bookings across both individuals and groups are between 3 and 7 days.






Whilst planning restrictions will of course vary from building to building - some buildings may only be allowed to rent to domestic students, but not overseas students for example - you can rest assured that demand exists year round, and is critically growing year-on-year as travel becomes ever more accessible and affordable.

If you'd like to get a free analysis of what demand looks like for your building then please don't hesitate to contact our team of student accommodation experts.

How do I access and manage student short-term rental demand?

So, practically speaking, how does a building that's designated for student-only occupancy tap into short-term rental demand and profit? Well, some basic infrastructure is required:



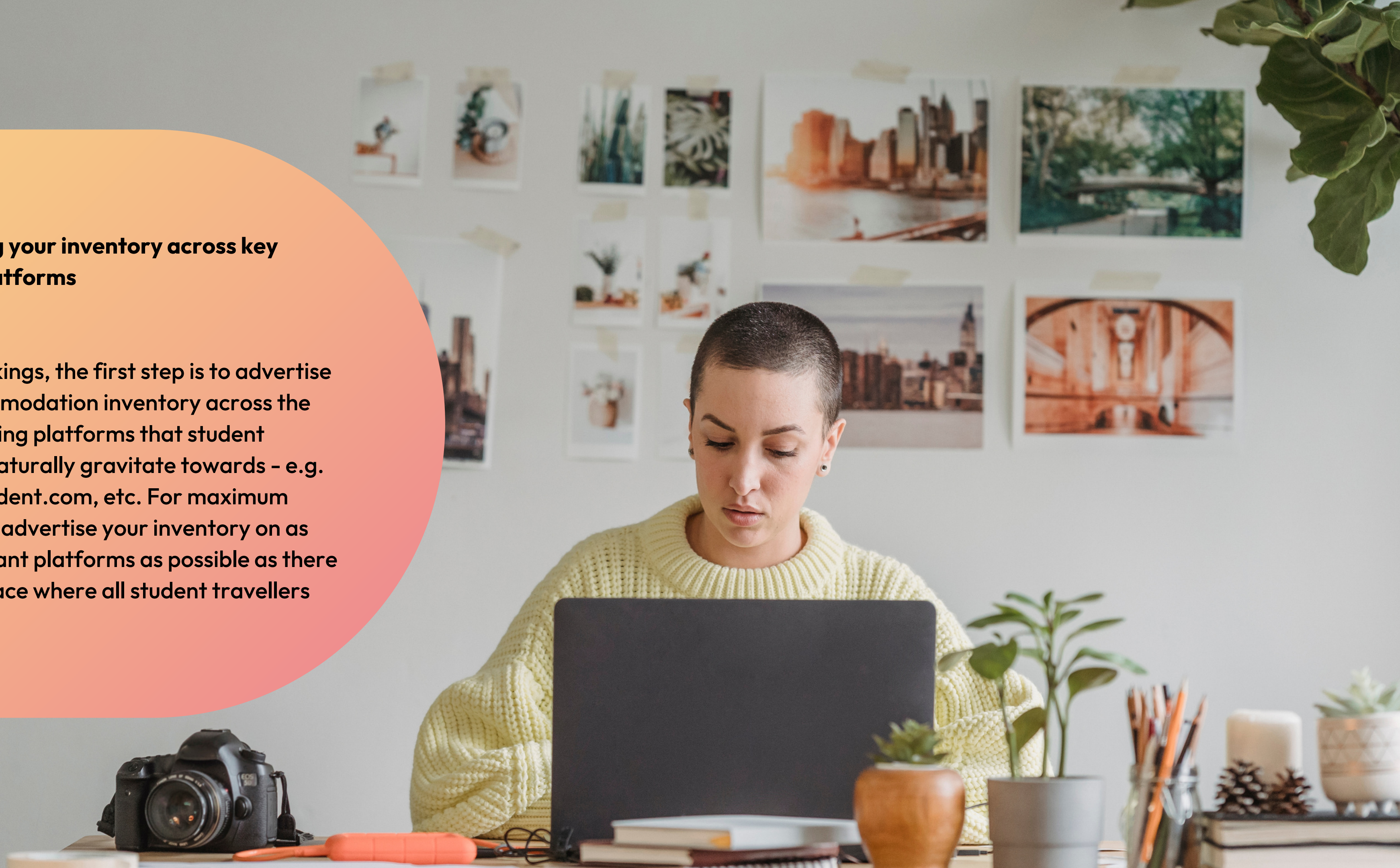
Advertising your inventory across
key booking platforms



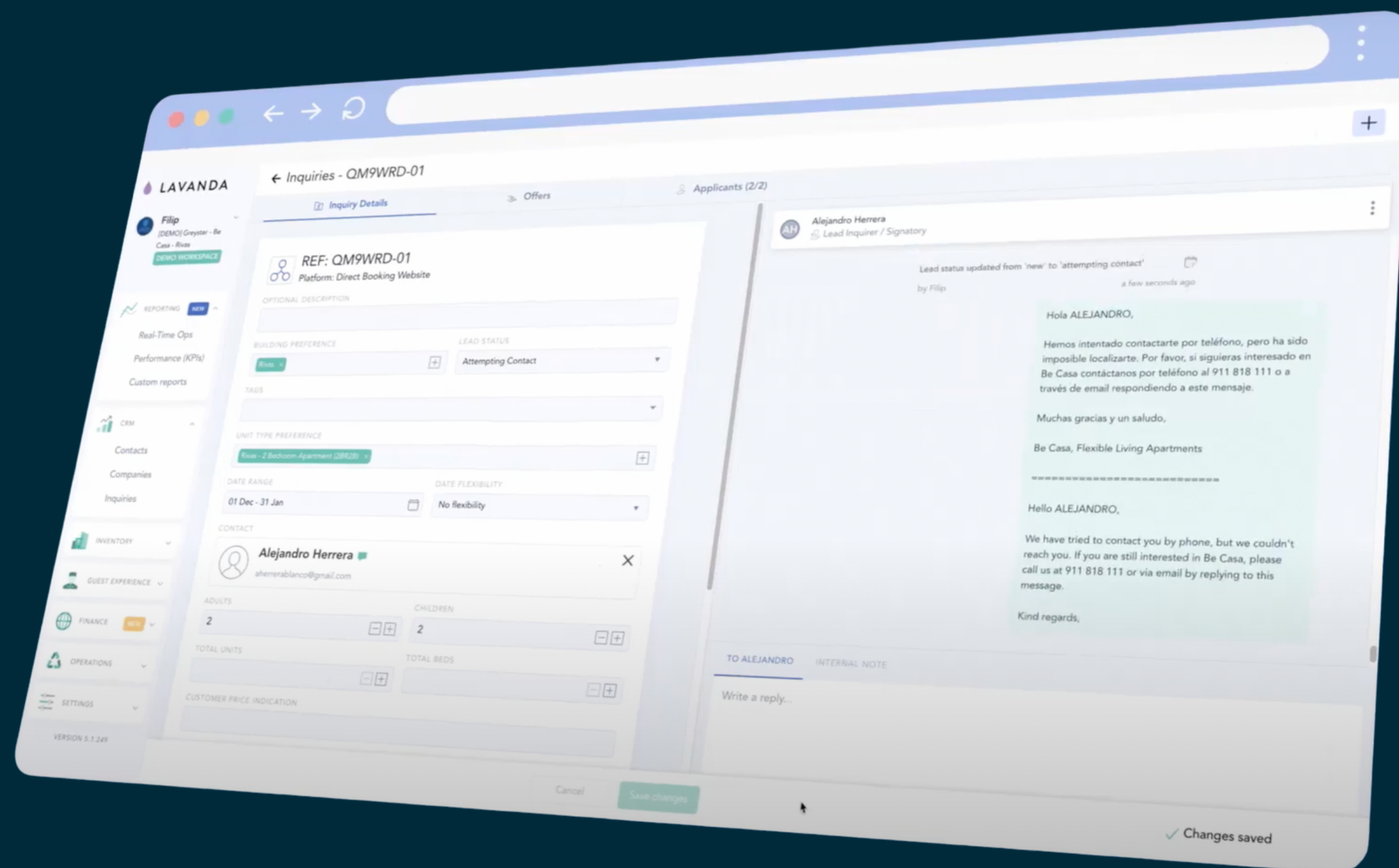
Managing bookings, vetting guests and
ensuring regulatory compliance

Advertising your inventory across key booking platforms

To win bookings, the first step is to advertise your accommodation inventory across the online booking platforms that student travellers naturally gravitate towards – e.g. Airbnb, Student.com, etc. For maximum occupancy, advertise your inventory on as many relevant platforms as possible as there is no one place where all student travellers book.

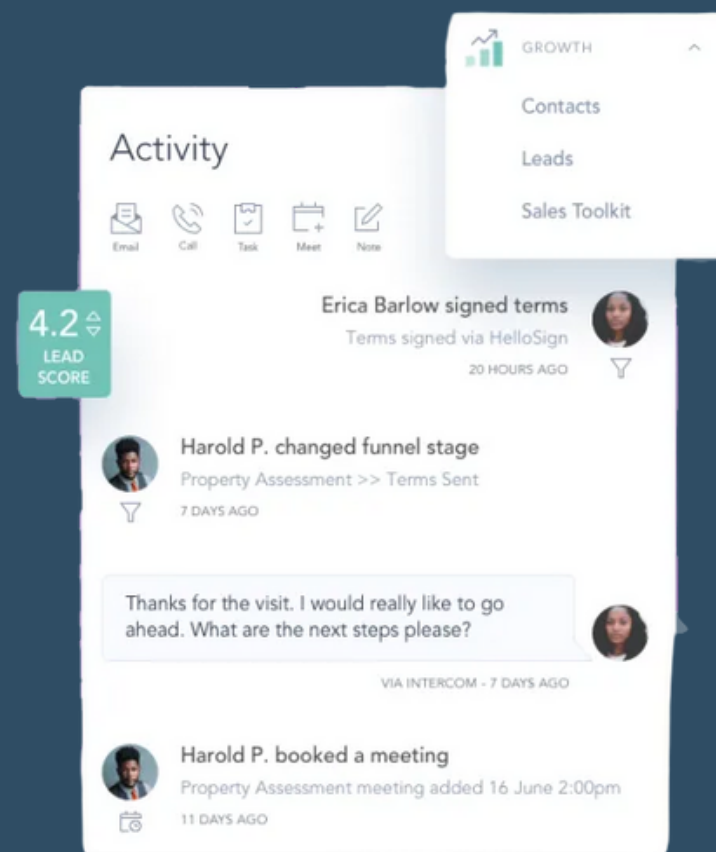

















For this you will need a channel management solution, allowing you to receive and manage bookings sourced from multiple third party OTAs (online travel agencies) and websites. Robust channel integrations allow you to easily manage your listing information, marketing content (photos, floor-plans, etc.) and pricing information from a single repository (the property management system) and push changes across all your third party distribution channels at the click of a button.



Managing bookings, vetting guests and ensuring regulatory compliance

The second piece of the puzzle is having a property management system in place that is designed to manage short-term student bookings. In the case of student buildings designated for student-only occupancy, this includes for example being able to vet guests appropriately, request student IDs, etc. Amongst other tasks, the property management system allows you to easily manage short stays by performing the following critical functions, wherever possible automating management of:



	Cheyenne Rosser New #282988  Building One	90 nights  2 adults, 2 children 	Lead Score 4.3 
	Selena Marshall Visit booked #282988  Building Two	20 nights  2 adults 	Lead Score 4.1 
	Ayo Marsden Request #282988  Building One	5 nights  2 adults 	Lead Score 2.8 

- Listing information and marketing materials (content management)
- Inventory pricing (revenue management)
- Availability of inventory (calendar management)
- All guest communications from a single communications hub
- Guest vetting
- Invoicing, take payments and handle other financial operations
- Regulatory compliance
- Scheduling and allocating all housekeeping and maintenance tasks (operations management)
- Tracking and reporting on both financial and operational performance

A property management system (PMS) designed to manage short stay bookings and a channel management solution enabling connectivity with the appropriate booking platforms for your inventory are all you need to get your short stay business off the ground. In fact, leading student accommodation PMS providers like Lavanda will offer both of these features as standard “out-of-the-box”, minimising the risk of integration errors and ensuring a seamless lead-to-lease journey for renters.



How do I handle short stay operations like housekeeping, maintenance and check-ins?

When it comes to operational management, you have three options available to you: do it yourself, partially outsource, or fully outsource. Each option comes with its own set of pros and cons.



Do it yourself

Partially outsource

Fully outsource

Do it yourself

This option provides the maximum ROI for your business, but you must be committed to controlling and understanding your short stay operations.

The only cost that you need to incur is licensing a PMS capable of automating as many tasks as possible. You then set up your housekeeping and maintenance resources within the PMS to fulfil all operational tasks. These resources are likely to be either existing employees or local contractors, however the key point is that you are responsible for sourcing, training and managing this workforce.

You will also be responsible for revenue management (pricing), making inventory available for booking (calendar management), guest vetting and all associated financial operations - albeit you can expect to be fully trained in all these areas by your PMS provider.



Partially outsource

If you understand their strategic value of short stays and are excited about how they can benefit your business, but have little operational experience and are understandably nervous about jumping into the unknown, partially outsourcing is an excellent middle ground solution. You are able to leverage your core capabilities as an operational property manager and be fully accountable for delivering all on-site operations, whilst at the same time outsourcing a number of more specialist tasks to an expert partner.

This includes outsourcing a number of time consuming but high value specialist tasks including listing optimisation, revenue management (pricing), booking management (cancellations, refunds, etc.), guest communications and guest vetting. Ultimately this is a lower touch solution to the DIY option above, and consequently costs more - albeit less than a fully outsourced solution.

It's an ideal compromise between optimising ROI on the one hand, and ensuring peace of mind as you focus on successfully launching your short stay operation and demonstrating success to internal stakeholders.



Fully outsource

For businesses who value some form of incremental revenue stream but who really prize zero incremental workload or friction, then a fully outsourced solution is probably the best option. Whilst this is the most expensive solution (in terms of management fees charged), it is typically turnkey.

Upon selecting your short stay partner they will typically handle everything - from revenue management, to checking-in guests, to housekeeping and maintenance operations, to managing all guest communications.

At the end of the agreed term, your short stay partner will simply return the units back to you clean and ready for rental.



Do it yourself

Partially outsource

Fully outsource



If you would like to understand the various different operating models in greater depth and explore what might be the best solution for your business, please don't hesitate to contact our team of student accommodation experts on hello@getlavanda.com.

Planning is evolving

Although many student accommodation buildings have historically been designated for student-only occupancy, planning authorities are under pressure to adapt as economic pressures bite, political priorities change and rental demand evolves.

Many student accommodation buildings are now successfully applying for permission for more flexible use – i.e. the ability to rent beds to non-students outside of term-time. Planning, strategy and design consultants Plainview published an article illustrating how they were able to secure permission for "flexible use" for 200 under-utilised PBSA beds in Cardiff, Wales. This enabled the units to be rented as serviced accommodation to non-students rather than sit empty. This enabled the units to be rented as serviced accommodation to non-students rather than sit empty. This change in use drove increased spending to local shops, bars and restaurants during the summer months when typically they would have experienced a downturn in footfall due to the departure of students from the city. Ultimately the increased flexibility of use enabled greater symbiosis with the local community and a more stable local economy.



Camden Planning Guidance

Student Housing

March 2019

A further example can be seen in the Planning Guidance for Student Housing published by Camden Council (London), which clearly states that student accommodation must be made available exclusively for students during term time but can be let to non-students outside of term-time. The suggested minimum tenancy is 38 weeks, allowing accommodation operators plenty of leeway to repurpose units during the peak summer period and realise significant upside.



What does a high impact strategy actually look like?

The key to optimising the performance of individual student accommodation assets is ensuring that you first of all have the right strategy in place at a portfolio level.

Alongside any regulatory barriers (i.e. planning restrictions), this will help shed a light on other operational barriers that may also need to be taken into consideration; for example, the fact that you are operating within a safeguarded environment.

Consequently, operators may wish to restrict short-term rental activity during term time - i.e. irrespective of whether significant voids appear throughout the academic year - in order to prioritise the experience and safety of existing student residents. Identifying any operational constraints will really help focus in on the core values underpinning your asset management strategy, which in turn will give real clarity of purpose.

Once you've established any regulatory restrictions or operational limitations that may impact your strategy, you're then in a position to evaluate opportunities for optimisation.

With short-term rental demand, robust and predictable month to month, growing rapidly YoY, and with an obvious peak over the summer - this opens up a number of highly lucrative solutions and strategies for student accommodation operators to explore.



Optimise the summer holiday period

By optimising the utilisation and performance of vacant units over the summer months, student accommodation operators can profit from peak seasonal short-term rental demand whilst at the same time offering students more flexible and affordable 42 week leases (as opposed to the more conventional 51-week lease).

The resulting increase in occupancy over the summer drives high-spending footfall to local retail and hospitality businesses at exactly the time of year when many struggle due to the exodus of students from the cities where they study. As a result, optimised “summer strategies” enable accommodation operators to more proactively develop and nurture more balanced, year-round communities. The current recession makes these benefits particularly meaningful and significant for local economies.



Monetise term time voids

Should voids appear across your portfolio during the academic year, these can be neatly occupied and monetised with short stay guests.

Having easy, flexible access to short stays is a hugely valuable tool that supports and optimises the core rental business. It equips student accommodation operators to better navigate potential downside risks, as well as realise significant upside opportunities, and for these reasons is increasingly considered “table stakes” by institutional investors. Operators that don’t have a short stay solution/strategy in place are simply leaving money on the table.





Find out more

Every building and every location is unique.

To understand how your student accommodation portfolio can profit from short stays, our student accommodation specialists can produce a free “Impact Analysis” analysing the business case for each asset.

Just send an email to hello@getlavanda.com or visit getlavanda.com



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