Achieving Long -Term Value in Co-living Investments (valuer’s perspective)

Ewa Scott MRICS

September 2025

Your partners in property

Agenda

1. Introduction
2. Investment Market Context
3. Investment value – valuer’s perspective
4. Q & A

Co-Living@ Knight Frank

- **Dedicated Multidisciplinary Co-living Group** established (valuation, agency, planning, land agency and research) to collaborate and provide market facing client advice.

- **Market Leading Valuation Team - we valued over £685 millions in 2024** and **c £770 million so far in 2025** – mainly development assets for secured lending.

- **Agency Team** - the only agency to successfully forward fund multiple co-living schemes.

- Our **Research and Planning Teams** provides demand studies for planning, supports acquisition and support valuation team with data and thought leadership

Co-living Valuations

Ewa Scott
Associate

Dave Shapland
Head of Residential Investment Valuations

Co-living Research

Irene Pastor
Senior Analyst

Lizzie Breckner
Head of Build to Rent Research

Hotel Valuations

Alex Bradbeer
Partner

Co-living Funding

Charlotte Leahy-Jones
Associate

Jack Hutchinson
Partner - BTR Funding

PBSA Valuations & Agency

Megan Holley
Partner
Valuations

Matt Bicknell
Senior Surveyor
Agency

Planning

Chris Benham
Partner

Land Agency

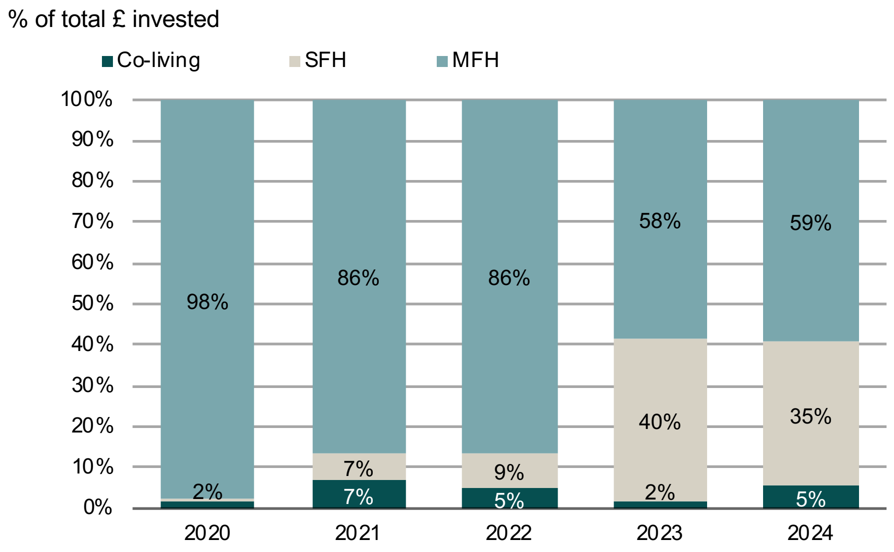
Orlando Lloyd
Partner

Co-living – Investment Context

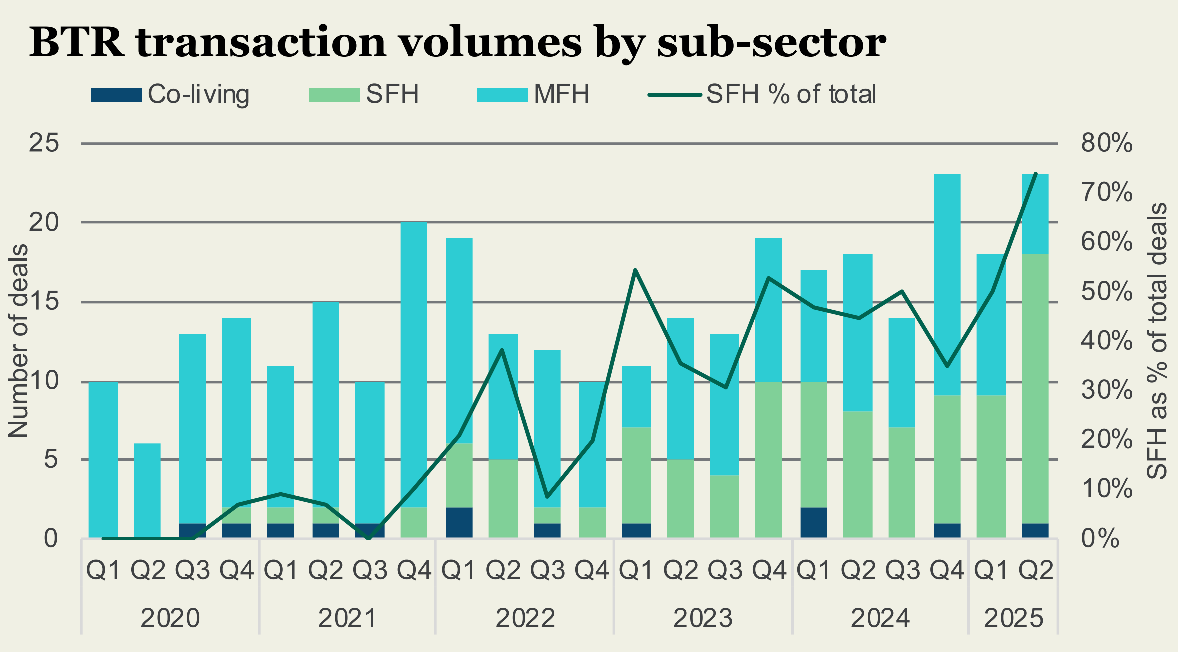
Your partners in property

5 Co-living Investment Volumes

BTR Investment by Sub-sector, UK



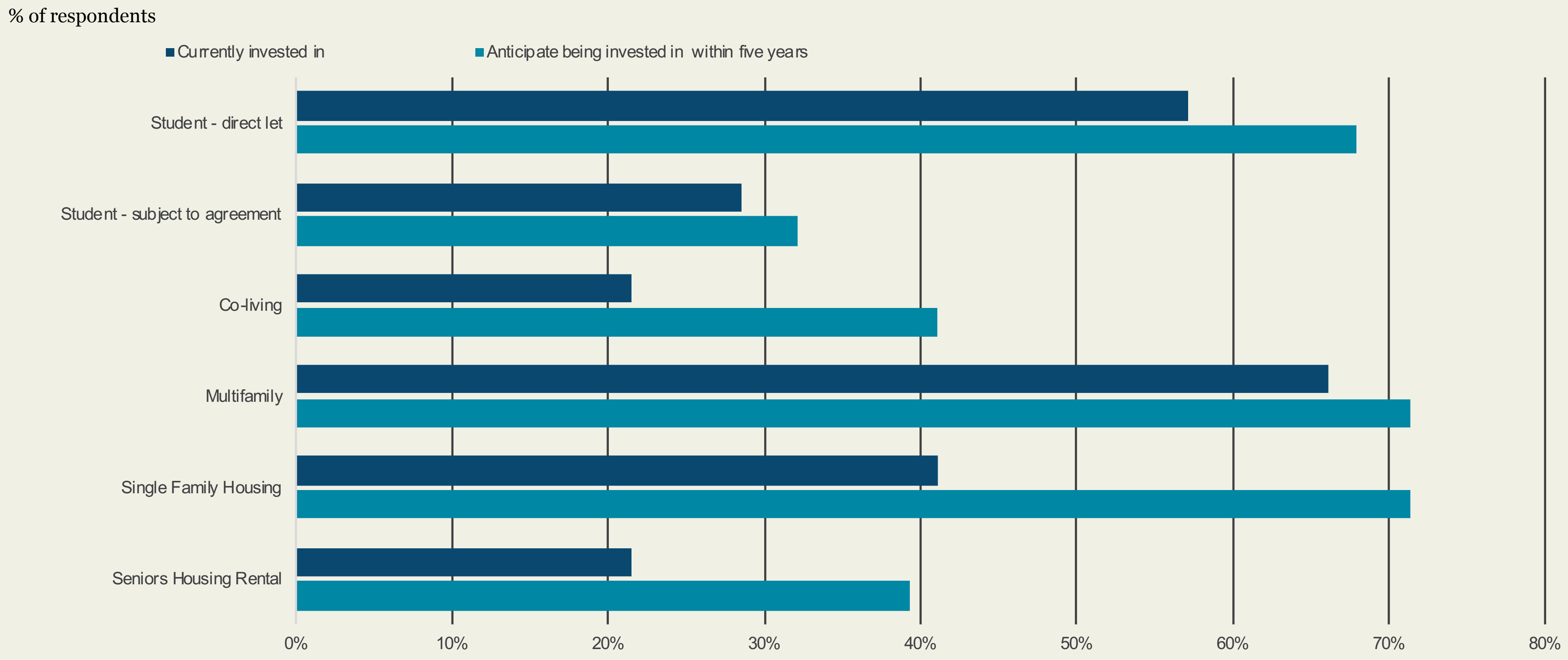
Source: Knight Frank Research



- £970 millions invested in co-living since 2020 (excluding refinance and land)
- 30% of the total invested in Co-living was invested in 2024 (£278.5m). In 2024 it reflected 5% of total BTR investment in the UK and 22% invested in BTR in London
- In 2025, a portfolio of three assets (354 beds) in Newcastle upon Tyne was sold for c£40million (c 5.25%- 5.50%).
- H1 2025 total BTR investment was £1.05bn (so Co-living less than 4% of the total in H1 2025)

Positive Investors' Sentiment

In which sectors are you active currently and which do you anticipate being active in within five years



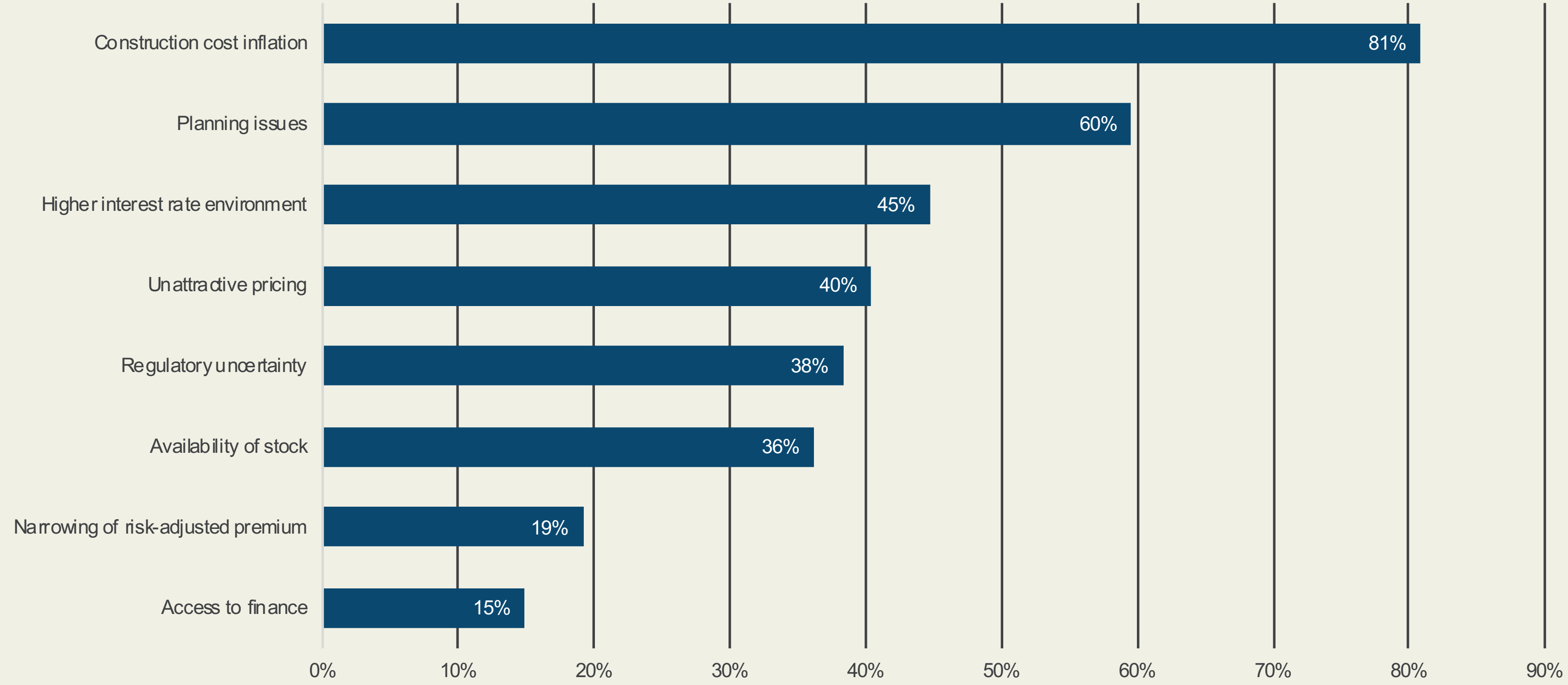
Source: Knight Frank Research

Key Obstacles to Living Sectors Investment Growth

Knight Frank

What do you see as the key obstacles to the growth of Living Sectors

Respondents could select up to three



Source: Knight Frank Research

Current Co-living Investors

Institutional Investors

DTZ INVESTORS

apg

BLACKROCK

SwissLife Asset Managers

Private Equity

CROSSTREE REAL ESTATE PARTNERS

Moorfield Group

Cain International

B

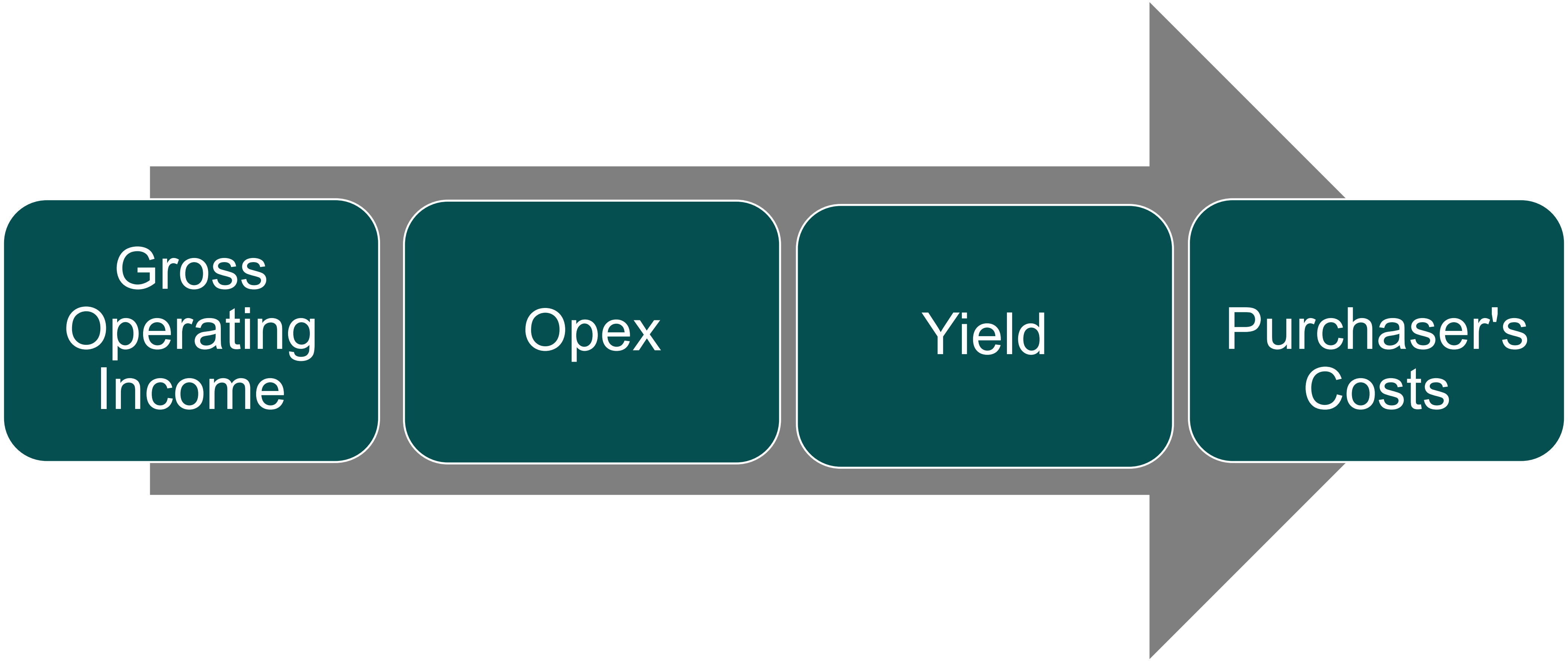
MITHERIDGE

‘Value’ in Co-living Investment

Valuer’s Perspective

Your partners in property

Methodology – at a glance



Co-living Valuation – Gross Rental Income

Room rents benchmarked against Co-liv, PBSA, BTR and PRS

Consider what is included in the rents (Council Tax, what amenities included?)

Review of tenancy lengths and premiums for shorter lets – discuss!

Analyse what are the void periods, especially for shorter lets

Apply an allowance for voids and bad debts (typically 3% to 5% for 12 months lets, higher for shorter lets)

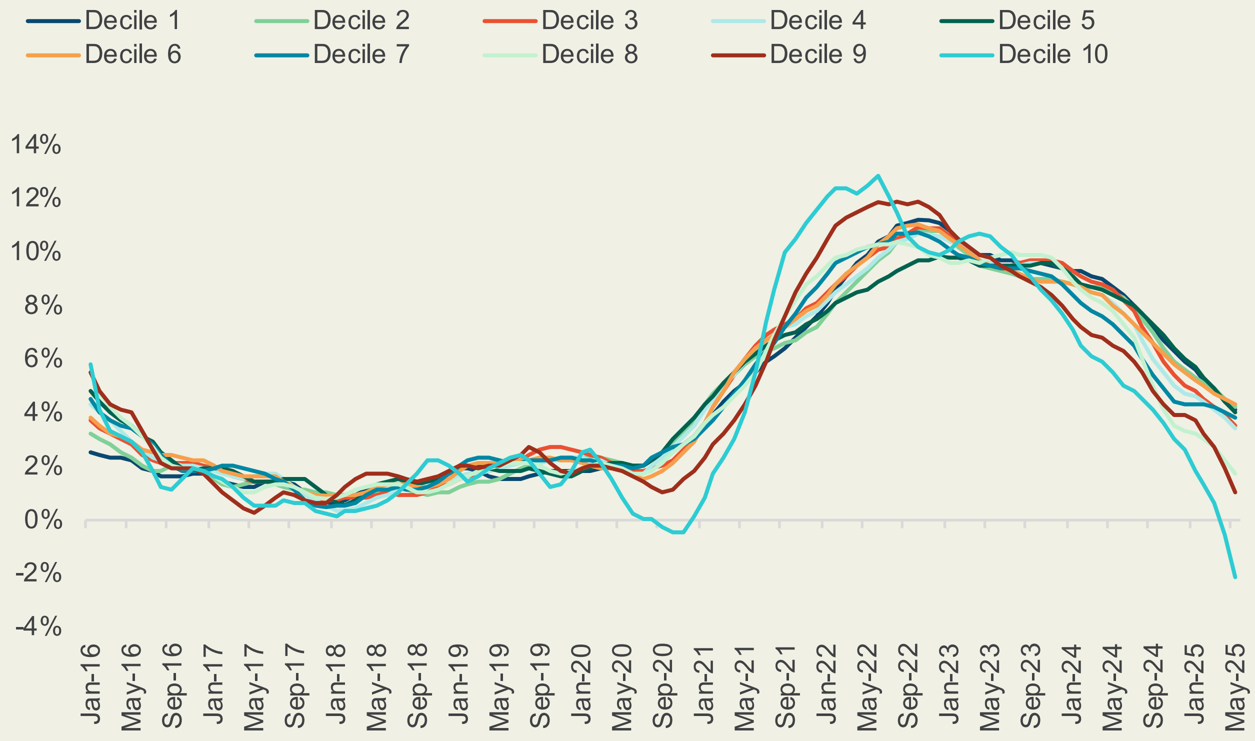
Other income:

- Laundry and vending income – typically £2 pw per unit
- Double occupancy
- F&B, co-working, commercial units – these are valued separately

Rental Growth Moderates

More moderation at the top end of the rental market

Annual % change in rents by value (decile 10 = most expensive)



Knight Frank Rental Market Forecasts, May 2025

	UK	London
2025	4.0%	3.5%
2026	3.5%	3.0%
2027	3.5%	3.0%
2028	3.0%	3.0%
2029	3.5%	3.5%
5 year cumulative	**18.8%**	**17.1%**
5 year CAGR	**3.5%**	**3.2%**

Source: Knight Frank Research, Rightmove, Oxford Economics

Co-living Valuation – Outgoings

Review budget from operators

Identify the core items such as Staffing, Utilities, Council Tax, Maintenance, Management fee

We benchmark opex against BTR and PBSA schemes on *per bed* basis. We have reference how the scheme is operated, especially lengths of stay, services provided, scale and others.

Generally co-living opex is higher than BTR and PBSA due to Council Tax, events, extensive amenities, short stay management.

We benchmark also in terms of *costs leakage* (GOI v NOI)

VAT implications of a Class C1 Use permission on opex (and rents)

Currently large spread in opex per bed seen in budgets for co-living schemes

Operational Costs – quick overview

SUI GENERIS

Sample size:
1,500 beds

Average scheme size:
350 beds

Opex Range:
£4,500 - £7,000 per bed

Range range/
NSA: £20 - £30
per sq ft

C1 (Hotel / Aparthotel)

Sample size:
1,100 beds

Average scheme size:
200 beds

Opex Range:
£5,000 - £9,000+ per bed

Opex Range /
NSA: £30-47
psf

Co-living Valuation – Capitalisation Rate

Knight Frank

We capitalise net income using a NIY benchmarked from investment evidence (Co-living, BTR, PBSA)

Benchmark value per bed

against comparable co-living evidence

Deduct Purchaser's costs

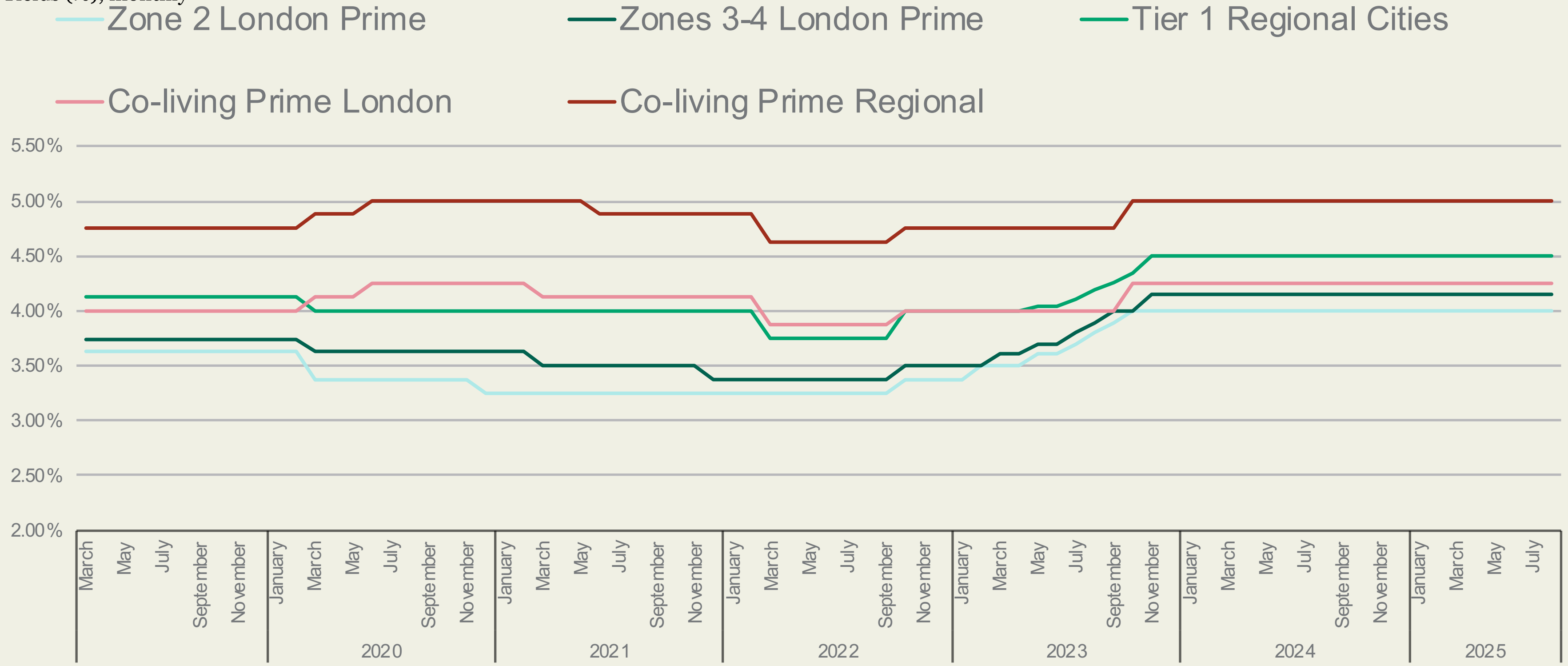
Stabilisation Period

Reflected as a yield discount to account of risk and cost of stabilisation

Investment Yields

BTR Yield Guide

Yields (%), monthly



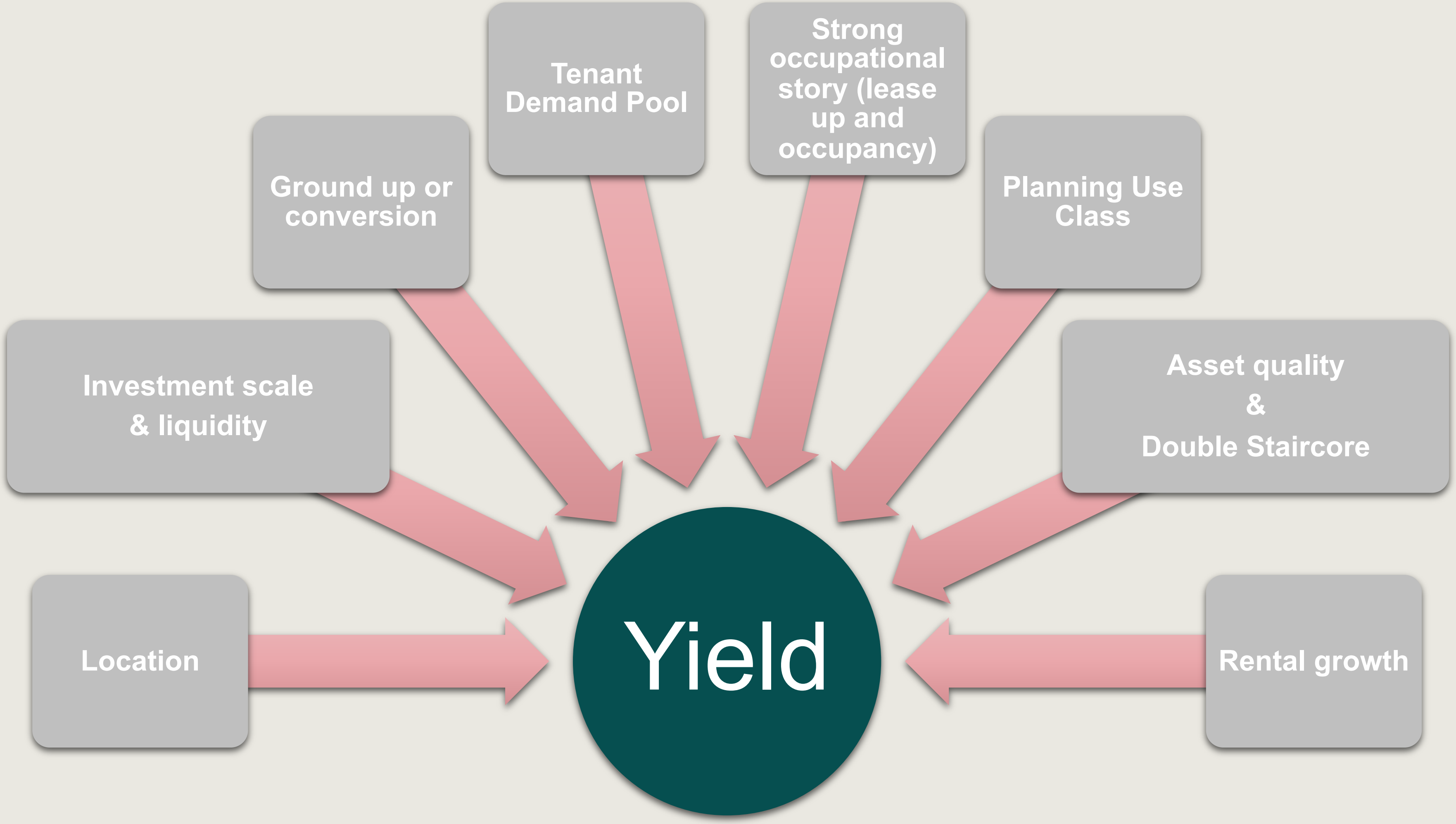
This yield guide is for indicative purposes only and was prepared on the 29th August 2025 fields are reflective of income-focussed transactions of prime, stabilised institutional-grade assets. Yields are provided on a Net Initial Yield (NIY) basis assuming a rack rented property. The frequency of the yield guide's publication has changed over time from quarterly to monthly. Where monthly values are missing, we have filled these in using the previously recorded value.
Source: Knight Frank Research

Sui Generis v C1 Use Class

Use class under which a co-living scheme is delivered will inform its operational model

	Sui Generis	C1 Use Class
Length of tenancy	In London 3 months +	No formal restriction (unless stipulated in S106 A or Planning Conditions). Usually c20% of rooms on short stays (less 90 days).
Tenancy format	ASTs or licences	Predominately licences
VAT Implications	N/A	VAT charged on rents but claimable on opex and capex
Building Safety Act – Gateway regime	Applies to HRBs	Does not apply
Local Taxation	Assessed for CT	Usually assessed for Business Rates
Affordable Housing requirement (during planning)	Yes	No

Yield considerations



Co-living Transactions & Under Offers (selection)

Yardhouse, Wood Lane (TfL 2)

- Sold Q1 2024 / FF
- V: Hub P: CDL
- 209 beds / Sui Generis
- £88m / 4.35% (F)

The Castle, North Acton (TfL 2/3)

- Sold Q1 2024 / FF
- V:Tide P:BlackRock/Outpost
- 462 beds / Sui Generis
- £170m / 5.25%(F) / 4.25%-4.50%(S)

ARK Canary Wharf (TfL 2)

- Sold Q4 2022 / Operational
- V:The Collective P:Crosstree
- 705 beds / Use Class C1
- £192m /£272K/bed / 4.40% blended

Node Brixton, London (TfL 3)

- Sold Q4 24 / Operational
- V: Node P: confidential
- 63 beds / Use Class C3
- c£20.5m / £325K/bed / 5% +

Elva, Woking, Surrey

- **Under Offer** / FF
- V: JRL & Halcyon
- 329 beds / Sui Generis

Old Oak Common (TfL 3)

- **Under Offer** / Operational
- 551 beds / Sui Generis
- First gen stock. Large capex required (inc fire safety)

Knight Frank

Any questions?

Thank you

EWA SCOTT MRICS
Associate
RICS Registered Valuer
ewa.scott@knightfrank.com
Mobile 07974 398 332

Knight Frank

Important Notice