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## Fusion Students sells £232m property portfolio as investors pour into sector



Fusion Students sold its portfolio of flats to investors for more than £232m

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By Jack Torrance

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University accommodation developer Fusion Students has sold off a portfolio of sites across Newcastle, Nottingham, Cardiff and Bristol for more than £230m in the latest sign of increased investor interest in the buoyant asset class.

The recently built portfolio, which comprises 1,857 beds and generates around £16m in rent each year, has been bought by a joint venture between the property and infrastructure investors Arlington Advisors and Equitix.

The sector has boomed in recent years as more students, particularly from overseas, have sought out higher-quality alternatives to traditional student digs.

Knight Frank, which handled the sale, estimates the total value of purpose-built student accommodation in the UK will reach £53bn next year, up from £31bn in 2014.

Neither party would reveal the value of the deal but they confirmed it was in excess of the £232m Fusion had been seeking when it put the portfolio up for sale in March.

Knight Frank's James Pullan said: "It is rightly perceived to be a stable and defensive asset class because the risk profile of student accommodation is built upon the success of higher education rather than the success of the UK economy.

"At a time of global economic uncertainty that's one of the reasons we see investors coming in and recognising it's a safe harbour."

Brexit is likely to mean fewer European students in UK universities as they miss out on grants to which they were previously entitled.

However these account for less than 7pc of the total student population and twice as many come from countries further afield such as China, the US and India.

Mr Pullan said: "The value of sterling makes coming to the UK to study more affordable than ever."

Nigel Henry, Fusion's founder, said it would use the cash from the sale to ramp up its next developments including sites in Cardiff and at the University of Hertfordshire in Hatfield.

The company is also eyeing international expansion and is in talks with potential partners in Spain and Portugal.

Mr Henry said: "There is a huge undersupply in both of those countries and most of the accommodation there that does exist is very old fashioned."