

# gmSP

# Toward a housing utopia in Greater Manchester

**“To me, if you've not got control of housing, you've not got control of the costs the country is facing”**

*Andy Burnham*

**“Nationalisation, buses and homes for rough sleepers: This is what Andy Burnham's Britain would look like.”**

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## The housing trap

There are no problems Greater Manchester faces that aren't made worse by poor housing. Imagine the Mayor that wanted to stimulate economic growth, locate its labour force most efficiently to jobs, close regional inequalities, attract talent, enable graduate retention, and improve productivity.

This Mayor would eventually conclude that at the heart of their challenges is a housing market which is expensive, extractive, and inefficiently configured for the population of the region. They would know that dense populations in major cities drive wage growth <sup>1</sup>. They would lament that the housing market is one of, if not the, single biggest driver of the uneven distribution of wealth <sup>2</sup>. And, in their hearts, they would know that the lack of affordable housing is making young people take more poorly paid jobs and delay starting a family <sup>3</sup>.

In the end, a Mayor with even the slimmest grasp of economics, indeed the Mayor who had left their office to simply look at the state of housing, would have to conclude that it cannot go on like this.

The single most effective way to build generational wealth in the UK is to own property. The average price of a property has increased by 83 per cent in the last twenty years <sup>4</sup>. In Greater Manchester the average property price has increased by 103 percent in the same period <sup>5</sup>.

The reasons for this property boom are manifold. Easing of capital controls, restricted housing supply, availability of credit, periods of sustained inflation, and real terms rises in wages up until the financial crash. A home is an aspirational good.

In the public imagination it denotes security, wealth, and control. They are the basis of a family unit and a fundamental part of the UK's social contract which says if an individual works hard their reward is a stake in a property owning democracy.

1[https://diegopuga.org/papers/DeLaRoca\\_Puga\\_REStud\\_2017.pdf](https://diegopuga.org/papers/DeLaRoca_Puga_REStud_2017.pdf)

2<https://journals.sagepub.com/doi/abs/10.1177/00031224211027800?journalCode=asra&>

3<https://worksinprogress.co/issue/the-housing-theory-of-everything/>

4<https://landregistry.data.gov.uk/app/ukhpi/browse?from=2005-08-01&location=http%3A%2F%2Flandregistry.data.gov.uk%2Fid%2Fregion%2FUnited-kingdom&to=2025-11-01&lang=en>

5<https://landregistry.data.gov.uk/app/ukhpi/browse?from=2005-08-01&location=http%3A%2F%2Flandregistry.data.gov.uk%2Fid%2Fregion%2Fgreater-manchester&to=2025-11-01&lang=en>

## Good goods and bad goods

The social theory may be sound, but houses do not function like many economic goods. They are non-fungible which means they cannot be traded directly for other houses. In turn, this means that every new acquisition of a home reduced supply and thereby increases aggregate demand. The government estimates it the UK 300,000 new homes every year to keep up with demand <sup>6</sup>. This is more than double the number of homes that were built in the last year <sup>7</sup>. In turn, this means that housing prices will continue to increase.

Houses also do not function as normal economic goods as their collective utility is inverse to their value. In effect, the fewer people that own houses the more houses are worth as they are an exclusionary asset. Individuals are free to hold, sell, or lease them however they wish. In turn, this means that the most effective way to drive up the value of housing is not only to own a house but to prevent others from owning one too.

The march of avaricious capital does mean that it would be inefficient to hold a housing in perpetuity without receiving some investment. In order to extract the maximum value from their asset, homeowners become landlords. They rent out their asset while the value of their asset increases at a later date. This is a triple win. It is cash now, cash in the future, and the displaced equity of the tenant maintains their assets.

The losers are of course renters, and students are amongst the biggest losers of all.

## Student rent

The average rent in England has increased by £400 per month in the last decade <sup>8</sup>.

Student accommodation rents have risen even more greatly with an annual increase of 7.5 per cent across the country since 2021 <sup>9</sup>. Rent now exceeds the average maintenance loan <sup>10</sup>. To be clear, this effectively means that all of the public money that a home student receives for their living costs is being redirected into, often, private landlords. This is partially because maintenance loans are too low and have not kept pace with inflation but it is clearly not the way the system was designed. In effect, the recruitment of students to university is subsidising the private rental sector.

According to analysis by PWC, Manchester has experienced some of the largest rent increases in the country <sup>11</sup>. The reasons for this are manifold. An increase in costs, the increase in demand for bed space, a lack of supply of beds, and a lack of variety in housing stock <sup>12 13</sup>. As the Education Policy Institute have stated:

“The rising costs of living coupled with lower-than-inflationary rises to maintenance loans (and the abolition of the maintenance grant system) appears to have had some long-term effects on student behaviour, with the share of students in rental properties having decreased over the past decade.

This change may have driven the observed increases in students living in owned properties or with their parents – but this will never be a realistic option for all students, particularly the most disadvantaged.

For the government to make progress on widening participation, it must also work to limit the barriers of affordability for disadvantaged students once they are in university, and chief among these concerns for students are the costs of basic accommodation. <sup>14</sup>”

<sup>6</sup><https://www.gov.uk/government/publications/new-homes-fact-sheet-1-the-need-for-homes/fact-sheet-1-the-need-for-homes>

<sup>7</sup><https://fullfact.org/government-tracker/1-5-million-homes>

<sup>9</sup> <https://student.propertyweek.com/live/en/node/newsarticle-student-accommodation-rents-rise-sharply-but-incentives-grow-faster-amid-london-affordability-crisis?type=NewsArticle#:~:text=UK:%20New%20analysis%20reveals%20UK,cities%20and%20traditional%20university%20hubs>

<sup>10</sup> <https://www.pwc.co.uk/industries/government-public-sector/education/student-accommodation-availability-and-rental-growth-trends.html>

<sup>11</sup> <https://www.pwc.co.uk/government-public-sector/education/documents/student-accommodation-availability-and-rental-growth-trends-july-2023.pdf>

<sup>12</sup> <https://www.hepi.ac.uk/2023/10/26/student-rents-now-swallow-up-virtually-all-of-the-of-the-average-maintenance-loan-as-market-reaches-crisis-point-in-affordability/>

<sup>13</sup> <https://student.propertyweek.com/live/en/node/newsarticle-student-accommodation-rents-rise-sharply-but-incentives-grow-faster-amid-london-affordability-crisis?type=NewsArticle#:~:text=UK:%20New%20analysis%20reveals%20UK,cities%20and%20traditional%20university%20hubs>

<sup>14</sup> <https://epi.org.uk/publications-and-research/no-place-like-home-trends-in-student-accommodation/>

## In Manchester some of the issues are even more acute:

- At the University of Manchester of 51,291 students, 7982 (15.5%) live in university accommodation, 43,309 (84.4%) live in private accommodation.
- In a survey of University of Manchester students 47% reported that the loans partially covers rent, 11% mentioned that it covers their full rent, 10% said it covers rent + living costs. only 7% reported that it covers their total cost of accommodation.
- At the University of Salford around 90% of students do not live in University owned accommodation.
- At Manchester Metropolitan University 40% of students live at home. The most common driver of housing choice is ease of finding accommodation. Across Manchester, Salford, and Bolton, a picture emerges that students are making choices they otherwise would not because of the cost and inconvenience of accommodation.

Across every university in Greater Manchester, it is apparent that rental costs are driving adverse student behaviours. The significant costs are leaving students poorer and forcing them to live further away from the campus. As student live further away from campus their learning experiences is impacted. And, perhaps most importantly, student choice is eroded by a lack of affordable living.

## The impact

The impact on students is obvious. The more money they are paying in rent the less money they have to spend on other things. At times, those other things include utilities<sup>15</sup>, and they certainly include expenditure on the kind of socialising that fuels Greater Manchester's economy. The cost of rent in Manchester is displacing student spending into more useful goods.

The cost is also a constant pressure students face. Students are working more than ever with a significant proportion reporting that it is negatively impacting their studies<sup>16</sup>.

Crucially, the cost of rent is also a barrier for graduate retention. Clearly, if students cannot stay in Greater Manchester, they are unlikely to work here. This is not only a problem for students but a problem for Greater Manchester's economy which is reliant on the retention of skilled students.

The cost of renting is therefore bad for students, bad for Greater Manchester, and bad for the wider economy. It is the case that many groups of people are exploited by expensive rents. This includes long-standing residents that have been gradually moved away from the places they grew up, people who are out of work and reliant on state support, and young people more broadly whose wages have barely grown in real terms in the past decade. However, it is important to be clear that the access to affordable housing is not solely a demand side issues. As long as there are too few houses that are too expensive for too many people that was one rents will continue to rise. The rental crisis a national scandal and it has specific manifestations for students.

Students are often more transitory and have fewer protections, particularly in purpose-built student accommodation, than the rest of the population. They are often time poor with work and study. There is a culture that the quality of their housing is unimportant as they are living in "digs" or "slumming it." There are recurrent concerns of safety that are difficult to address with limited resources. And we hear through our advice services frequent reports of poor behaviour from landlords.

Fundamentally, renting in Greater Manchester is broken because housing is broken too.

<sup>15</sup><https://www.ons.gov.uk/peoplepopulationandcommunity/educationandchildcare/bulletins/costoflivingandhighereducationstudentsengland/30januaryto13february2023>

<sup>16</sup> [https://www.nus.org.uk/new\\_data\\_reveals\\_the\\_hidden\\_student\\_job\\_crisis](https://www.nus.org.uk/new_data_reveals_the_hidden_student_job_crisis)

## What we would like to see

Our plan is to simultaneously improve regulations within the current system and build toward a longer-term settlement that delivers a more equitable housing settlement for students.

1. The University of Reading has committed to building a 4,000 home garden village<sup>17</sup>. Greater Manchester universities, the constituent local authorities and GMCA should form a public-private company in order to explore the radical reconfiguration of land for new models of student accommodation aimed at attracting students and retaining graduates.

2. In the long term the lack of housing will continue to drive up prices and the lack of control of profits will continue to pull rent out of Greater Manchester.

In line with the ambitions of Mayor Burnham we support the leveraging of public investment to crowd in private money. However, this will reduce rent on its own. We believe there should be a New Model Fund (NMF) which supports providers with a positive track record, including housing associations and co-operatives, to trial new models of student accommodation.

3. Spatial planning strategies are not sensitive to student needs. They do not consider students as separate constituents, there is little consideration of the right mix of housing, and there is no relationship between the stated ambitions to retain graduates and the current housing strategy. GMCA should carry out a deep analysis of student housing in the region with a stated aim to improve accessibility, affordability, and graduate retention.

4. The National Policy Planning Framework allows for stipulation of affordable rents on build to rent schemes<sup>18</sup>. We would like to see this considered in new student buildings where developers are forced to consider the affordability of accommodation as a key condition of planning.

5. The evidence on introducing rent caps is mixed. There is evidence that the introductions of rent caps effectively locks out new tenants from the market and weakens regulations<sup>19</sup> while others have argued there is global evidence they work<sup>20</sup>. We believe GMCA should carry out a review into the possibility of rent caps in Greater Manchester with a view to introducing a rent increase formula for PBSAs across Greater Manchester.

6. The Good Landlord Charter<sup>21</sup> is an important step in upholding basic standards in housing. There should be the resourcing for a specific student inspectorate and an expectation that all student landlords will sign up. These proposals are far reaching but the situation is urgent.

7. Taxpayer money is being funnelled from Student Loans to private landlords, it barely even touches the student's bank account. The GMCA should support Manchester City Council and other authorities to develop publicly owned student accommodation. This would create a revenue stream for councils from a demographic that the council cannot otherwise charge council tax and students will appreciate paying rent prices set by a democratically accountable authority who uses their rent payments for further improving the region.

<sup>17</sup> <https://www.bbc.co.uk/news/articles/cly9eg04151o>

<sup>18</sup> <https://www.gov.uk/guidance/build-to-rent#:~:text=The%20National%20Planning%20Policy%20Framework%20states%20that%20affordable%20housing%20on,market%20tenancies%20within%20the%20development.>

<sup>19</sup> <https://www.theguardian.com/money/2015/jul/06/shelter-blunt-rent-cap-harm-tenants-unregulated-properties>

<sup>20</sup> [https://www.livingrent.org/rent\\_controls\\_mythbusting](https://www.livingrent.org/rent_controls_mythbusting)

<sup>21</sup> <https://www.greatermanchester-ca.gov.uk/what-we-do/planning-and-housing/housing/good-landlord-charter/>