

This research brief series is intended to provide overviews of different strands of research associated with the Impact of Higher Education Institutions on Regional Economies research initiative.

The initiative is a major research venture jointly funded by the Economic and Social Research Council (ESRC) together with the four UK Higher Education Funding Bodies in England, Scotland, Wales and Northern Ireland. The initiative involves researchers from across the UK and is coordinated by the University of Strathclyde.

The initiative, which began in 2007, aims to promote better understanding of the key economic and social impacts generated by higher education institutions in the UK. There are nine projects, involving academics from across the UK, examining issues of:

- higher education institutions and regional competitiveness
- influence of students and graduates on regions
- knowledge exchange between University and Industry
- universities and community engagement

For further information about the initiative and related research, please see:  
<http://www.impact-hei.ac.uk>

R E S E A R C H B R I E F S E R I E S

No. 4  
Students as Catalysts for City and  
Regional Growth

## The impact of students on city housing and labour markets

There has been rapid growth in the numbers of higher education students in the UK. Between 1995 and 2005 student numbers grew by 40 per cent to nearly 2.4 million. However the impact that this large and rapidly expanded group have on the social and economic life of their host university cities has been largely unexamined. Initially at least this significant growth in student numbers sparked no policy reaction, with students needing to find their own niche in local housing and labour markets. Only now are issues relating to student neighbourhoods beginning to emerge on the national policy agenda, notably the Department of Communities and Local Government (DCLG) consultation, and the development of a national lobbying group. Still, little is known about how higher education students impact on cities, neighbourhoods and disadvantaged communities.

This project looks at the situation in Nottingham, Sunderland, Cardiff, Glasgow and Belfast and offers an in-depth understanding of the ways in which students affect the labour market and residential neighbourhoods of their host cities.

### Key Findings

#### Students have a similar impact on the local labour markets of different regions

- Students can find work easily, although competition for jobs may increase in difficult economic times.
- Students have only a minor detrimental effect on the job prospects of less well-qualified, local, young people.
- Student workers are particularly significant in the growing 24-hour consumer economy. Their flexibility to fill evening and weekend shifts and to increase hours at busy periods are their key advantage.
- Students' willingness to work on or just above the minimum wage is important for employers.

#### Students compare with other young workers

- A minority of employers (27 per cent) said that students were more attractive as workers than other young people and 64 per cent considered them to be similarly attractive.
- A majority of employers (60 per cent) thought students had positive characteristics such as the ability to relate well to customers, enthusiasm and intelligence. But 57 per cent thought they were unreliable, inflexible and lacked commitment.
- A third of employers thought that students were more likely to miss work than other workers and 60 per cent thought that the turnover of student workers was higher.

## Students may drive down wages or conditions in local labour markets

- Students are likely to reduce pressure for improving working conditions since they are inexperienced workers at the bottom of the temporary job market in largely un-unionised sectors.
- Employers emphasised that students were treated like other employees, in terms of basic training and conditions at work. Concern for reputation is likely to prevent abuse of the law and exploitation of student workers.

## Students are not a direct force in attracting business to cities

- Only pub employers and small 'metro' style supermarkets said they deliberately targeted students as customers.
- The presence of students in a city is not an important consideration for inward investors.
- Students do not contribute to the local talent pool. They are employed in low skilled work and opportunities for internships using their higher educational skills are limited.

## Students live in identifiable student neighbourhoods

- Students live within walking distance of their university and also of the city centre.
- Student colonisation of such areas has been extremely successful and has been enabled by the free operation of housing market forces.
- The private rented sector responds efficiently to the demands from student households, including increasing the housing quality and amenity.

## Residents experience problems in 'studentified' neighbourhoods

Problems include:

- Noise and disturbance due to student lifestyles.
- Impacts on the physical environment, including visual pollution and degradation of properties due to intense occupation and students' inexperience in managing a house.
- Higher crime levels due to known periods when student houses will be unoccupied.
- Conflict between students and residents is dependent on geography, housing market opportunity and the character of the population.
- No direct adverse consequences on deprived communities were reported.

## Local authorities, police and universities are developing policies to deal with the intensification of the student population

- Some universities have created special liaison posts to help manage relationships between local communities and students.
- Local actors are seeking to deal with the problem as a collective one but it has proved difficult to deal with in practice.

### Implications

#### A more joined up approach to managing student populations is needed

- At the regional level, policy has focused on attracting inward investment to create graduate jobs rather than on attracting people to such jobs or linking current students to these opportunities.
- In the past, universities have created significant impacts on local areas without any burden of responsibility. They should play a key role in policymaking since they are best placed to know the future in-flows of students.

#### Students bring similar benefits to the local economies of different regions

- Student spending power supports the local economy, particularly small businesses such as taxis, take-aways and shops that are more often locally owned.
- A lively population of students provides role models for local young people, and makes for safer streets and a more diverse community.
- Economic benefits flow from market forces, rather than deliberative policy.
- New universities can bring economic benefits as long as students live and spend locally.

#### Discussion of HE budget cuts should take into account the impact of reduced student numbers on local economies and communities

- If support for students becomes less generous, more might live at home, adding to the potential for decline in traditional student areas.
- The potential dual role of student funding – in supporting both individuals and local economies - should be borne in mind in relation to recession-hit city economies.

## Student employment may become uncertain in the recession

- Students may become more valuable to employers seeking to control costs, because of their flexibility and low cost.
- But where there is a reduction in demand for the types of job that students do, employers will find it easy to shed student labour, given the casual basis on which most are employed.
- There is likely to be an increase in individual student hardship which might lead to increased drop-out from university.

### Methodology

The project adopted a mixed method approach. This included:

1. Major data analyses, incorporating Census, Labour Force Survey (LFS) and Annual Population Survey (APS) data to analyse the concentration of students within cities and within particular neighbourhoods.
2. Case study cities, which were selected to represent each of the devolved administrations in the UK and a northern and southern city in England.
3. A total of 108 interviews of key actors across the range of public and private sectors, including representatives of local authorities, universities, employment agencies, landlord organisations, residents' groups.
4. A large survey of employers providing a broad-ranging overview of employers' motivation in hiring students and their perceived advantages and disadvantages as employees.

### Further Information

The research was carried out by Professor Moira Munro, Professor Ivan Turok and Dr Mark Livingston of the University of Glasgow.

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