



Yardi Matrix

# National Student Housing Report

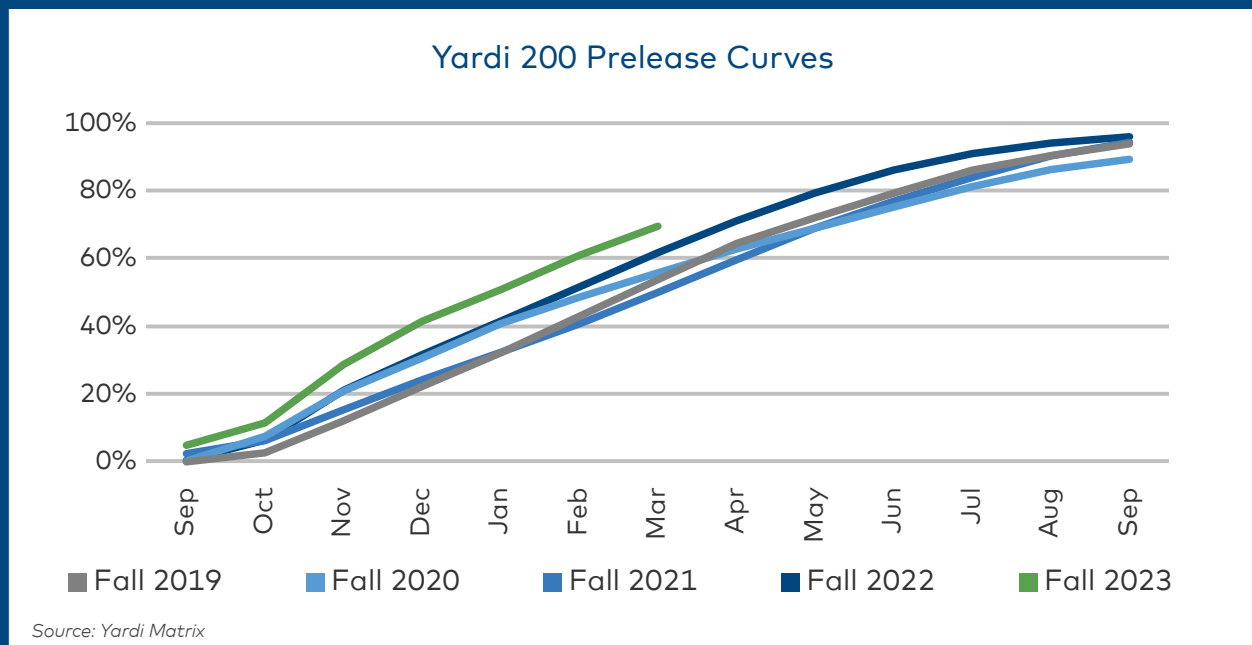
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Second Quarter 2023



# Student Housing Gains Momentum Through Q1 2023

- While other commercial real estate property types are seeing deceleration in fundamentals performance amid a slowing economy, the student housing industry is gaining steam. A sector that often performs better during times of economic volatility, student housing continues to achieve record-breaking rent and preleasing levels.
- Demand is most robust in the larger, more competitive universities where enrollment is increasingly concentrated, producing demand for housing both on and off campus. The housing need is particularly acute in university markets that are in downtowns with prevalent conventional multifamily markets.
- As of March, 69.7% of beds at Yardi 200 universities were preleased for the upcoming fall 2023 term, a 7.8 percentage point increase compared to a year ago and the second straight year March preleasing rates hit an all-time high. Rent growth for student housing properties is exceptionally strong: Rents increased 7.0% year-over-year in March to an average of \$829 per bedroom, the highest average rent ever for the cohort.
- Despite the growth, higher interest rates, reduced debt-market liquidity and weakening investor sentiment are putting a damper on development and sales activity. At the start of the second quarter, there were approximately 70,000 bedrooms under construction, an increase of 20,000 beds over last quarter. However, the number of beds in pre-construction phases remains unchanged from last quarter, so as projects begin to deliver, there may not be as many developments to backfill in future years. The skittish capital markets environment is also evident in transaction activity, with only \$148 million in sales completed in the first quarter, down substantially from the \$1.5 billion recorded in the first quarter of 2022.



# Student Housing Preleasing: Nearly 70% of Beds Preleased Halfway Into Leasing Season

- Leasing activity for the fall 2023 term continues to impress. Some 69.7% of beds at Yardi 200 universities are leased for the upcoming school year, a 7.8 percentage point increase above the same period a year ago—the previous historic high. That’s a good sign, with another six months remaining before the start of the school year. Leasing activity is starting to slow, as the majority of beds were leased earlier in the season, primarily in November 2022. From February to March, an additional 8.7% of beds were leased at Yardi 200 universities.
- Six universities in the cohort were fully preleased by March, though most of them have a limited amount of dedicated off-campus student housing properties. Texas Christian University’s five properties were fully preleased for the fall 2023 school year by January.
- An additional 13 universities, with a diverse mix of sizes and locations, preleased more than 90% of beds for the upcoming school year six months in advance.
- Two Mississippi schools topped the list for most growth in preleasing compared to March of last year. As of March, the University of Mississippi preleased 89.5% of beds for the fall semester, up from 42.5% of beds preleased the same time a year ago. The University of Southern Mississippi had 85.6% of beds preleased as of March, up from 41.5% a year ago.

## Top 20 Universities With the Most Year-over-Year Growth in Percentage Preleased

University	YOY Growth in % Preleased
University of Mississippi	47.0%
University of Southern Mississippi	44.1%
Johns Hopkins University	40.0%
University of Cincinnati	34.8%
Rochester Institute of Technology	30.2%
Oregon State University	27.3%
Ohio University	27.1%
Oklahoma State University	26.5%
University of Akron	25.6%
Texas Christian University	24.6%
University of Arkansas	23.8%
University of Illinois Chicago	22.9%
University of Alabama at Birmingham	22.6%
University of Delaware	22.5%
The University of Alabama	20.6%
University of Kentucky	20.3%
University of North Texas	19.9%
University of California–Riverside	19.9%
University of California–Santa Barbara	19.2%
Texas State University	18.4%

*Note: Prelease rates for universities are based solely on properties that participate in our phone surveys. Universities with fewer than four properties in our coverage have been excluded from this list. | Source: Yardi Matrix, data as of March 2023*

# Student Housing Rent Growth Accelerates

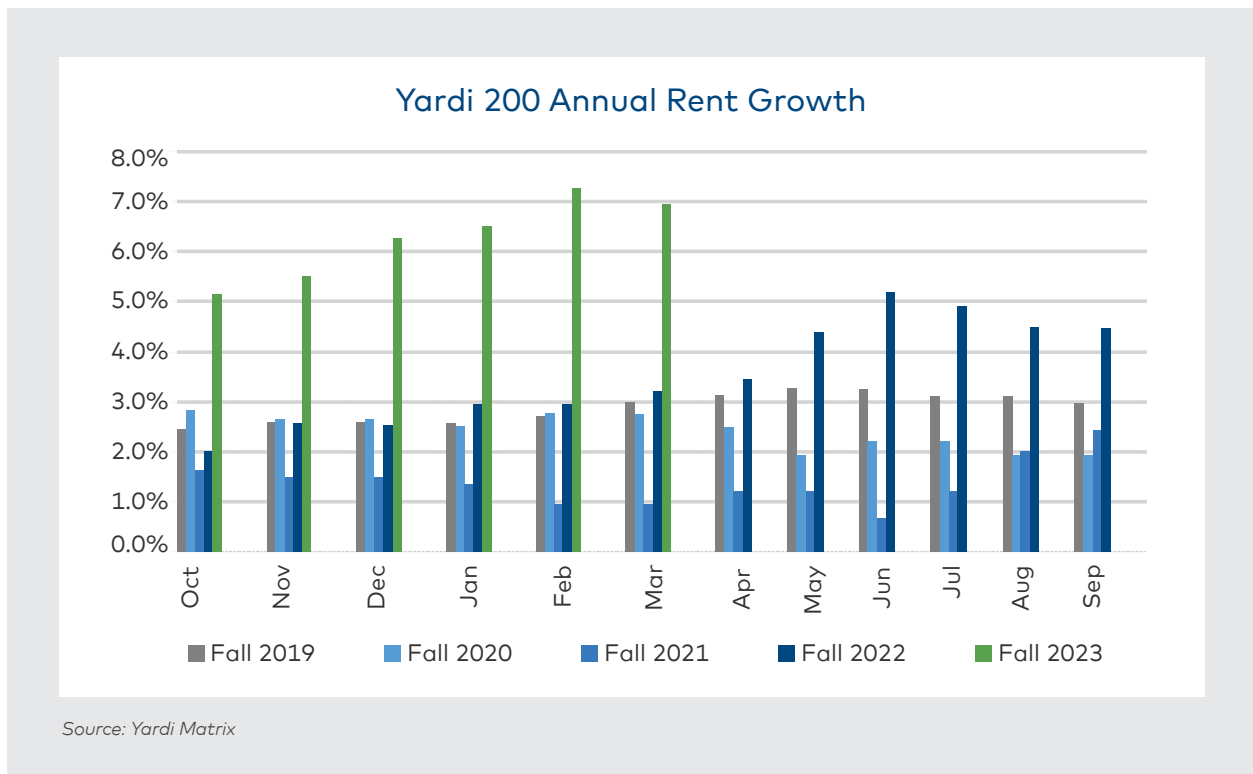
- Rent growth for dedicated student housing took off in the first quarter of 2023. Rents increased 7.0% year-over-year through March at Yardi 200 universities, a remarkable high for the sector. The average asking rent for the upcoming fall 2023 school year was \$829 per bedroom as of March, \$2 above February's average rent and a new high-water mark for the cohort.
- Dedicated off-campus student housing often follows a similar (albeit delayed) pattern to conventional multifamily. Multifamily rent growth peaked in February 2022 and has decelerated since, while student housing rent growth has only inched higher. For universities in downtowns, particularly in supply-constrained markets, students compete with a bigger pool of renters, driving rents up.

Rents at student housing properties have climbed each month since September, to a record \$829 in March, as Yardi 200 universities have achieved record preleasing activity. At the Yardi 200 level, larger universities with higher acceptance rates tended to have the highest rent growth, and Class A properties outpaced Class B and C properties.

As of March, 23 Yardi 200 universities with four or more student housing properties had double-digit rent growth, led by Purdue University (29.6%) and the University of Arkansas (24.8%). Both

universities were among the top 10 for highest percentage preleased as of March, with 98.8% of bedrooms at Purdue preleased and 94.6% at the University of Arkansas.

Student housing rents are highest in traditionally expensive conventional multifamily markets with supply constraints. Average rents topped \$2,000 per month at three California universities: the University of California–Berkeley, the University of Southern California and the University of California–Santa Barbara.



# Construction Activity Picks Up

- The development pipeline for dedicated off-campus student housing has expanded despite the pressure caused by the increasing cost of construction. Roughly 144,000 bedrooms were in various stages of development at Yardi 200 universities at the beginning of April, an increase of 20,000 bedrooms compared to January. The pre-construction pipeline was relatively unchanged from the start of the first quarter, so the pipeline increase primarily comprises properties under construction.
- Five Florida universities, with 14,000 bedrooms total, were among the top 20 universities with the most bedrooms under construction. With 3,500 beds under construction, Florida International University has the third-largest pipeline in the nation. The university has the highest capture opportunity rate (86.1%) and should have little trouble absorbing the new supply.
- Yardi Matrix has started tracking dormitory expansion plans for Yardi 200 universities where data is available. About 37,000 dormitory beds are slated to be delivered at those schools through 2027.

## Top 20 Universities With the Most Bedrooms Under Construction

University	Bedrooms Under Construction	Bedrooms Under Construction as a % of Enrollment	Capture Opportunity	% Released as of Mar 2023
The University of Texas at Austin	5,555	10.7%	47.9%	79.8%
Indiana University–Bloomington	3,910	8.6%	54.3%	65.4%
Florida International University	3,553	6.3%	86.1%	55.9%
Florida State University	3,057	6.5%	25.2%	74.3%
University of South Florida	2,902	6.7%	49.9%	73.9%
Georgia Institute of Technology	2,829	6.5%	57.6%	55.9%
Washington State University	2,693	9.0%	63.9%	53.9%
University of Maryland–College Park	2,649	6.4%	54.3%	67.2%
University of Florida	2,426	4.3%	32.6%	63.6%
Arizona State University–Downtown Phoenix	2,312	19.7%	79.2%	-
University of Pennsylvania	1,972	8.4%	34.3%	64.9%
Texas A & M University–College Station	1,944	2.7%	40.6%	71.2%
Pennsylvania State University	1,895	4.0%	39.2%	76.6%
University of California–Davis	1,778	4.4%	59.2%	54.2%
University of Michigan–Ann Arbor	1,736	3.5%	64.6%	68.3%
University of Washington–Seattle Campus	1,712	3.3%	72.3%	48.5%
University of Minnesota–Twin Cities	1,689	3.6%	61.2%	55.8%
University of Central Florida	1,683	2.4%	63.9%	87.0%
University of Alabama at Birmingham	1,440	6.5%	75.1%	67.2%
Mississippi State University	1,207	5.2%	40.8%	60.2%

Note: Prelease rates for universities are based solely on properties that participate in our phone surveys.  
Source: Yardi Matrix, data as of March 2023

# Student Housing Investment Sales Cool

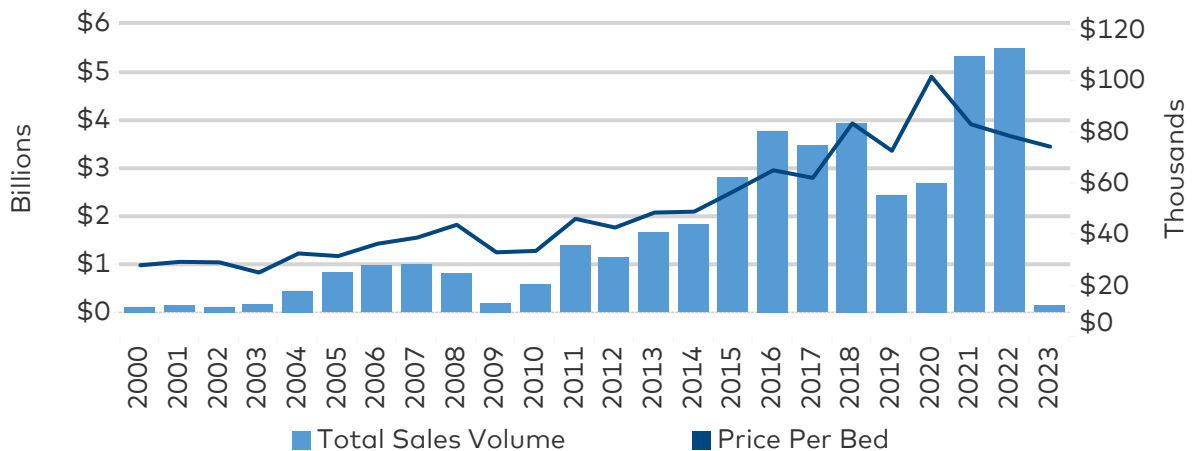
- Following a record year for investment in student housing, transaction activity is starting to cool. The first quarter of 2023 ended with some \$148 million in sales at four Yardi 200 universities, with an average sales price per bed of about \$74,500. While this number will increase as more sales are documented and added to our Q1 figures, transaction volume is still well below the \$1.5 billion in sales during Q1 2022.
- Despite the stellar performance of student housing fundamentals during the fall 2023 leasing season, the impact of high interest rates and the reduced availability of debt financing are being felt in the student housing capital markets. Nonetheless, student housing remains a solid investment, particularly relative to other commercial real estate property types.

## Top Universities With the Most Sales Volume

University	YTD Sales Price Per Bed (Thousands)	YTD Sales (Millions)
Yardi 200	\$74.51	\$148.1
University of Oregon	\$102.35	\$59.2
University of South Carolina–Columbia	\$73.14	\$34.7
Texas State University	\$90.90	\$31.6
The University of Texas Rio Grande Valley	\$38.55	\$22.7

Source: Yardi Matrix, data as of March 2023

## Yardi 200 Total Sales



Source: Yardi Matrix

## University Fundamentals, Sorted by Top Rent Growth

University	Fall 2023 Annual Rent Growth Mar 2023	Fall 2023 Annual Prelease Growth Mar 2023	Fall 2023 Current % Preleased Mar 2023	Capture Opportunity	Bedrooms Under Construction as a % of Enrollment	YOY Enrollment Growth 2020-2021
Purdue University	29.6%	9.7%	98.8%	47.4%	0.6%	6.4%
University of Arkansas	24.8%	23.8%	94.6%	48.2%	2.0%	5.5%
Wichita State University	19.9%	-9.7%	43.2%	83.0%	2.9%	7.3%
Arizona State University–Tempe	18.8%	12.3%	87.5%	47.2%	-	4.7%
The University of Tennessee–Knoxville	17.4%	4.5%	99.4%	47.2%	-	3.7%
University of Kentucky	16.2%	20.3%	78.6%	55.2%	-	1.3%
University of Missouri–Columbia	14.9%	10.4%	68.6%	29.9%	-	1.0%
East Carolina University	12.8%	1.5%	61.7%	36.9%	-	-2.7%
Northern Arizona University	12.7%	7.8%	81.5%	39.1%	2.0%	-2.9%
Florida State University	12.7%	4.2%	74.3%	25.2%	6.5%	7.5%
Baylor University	12.7%	2.0%	80.4%	38.7%	-	6.9%
The University of Alabama	12.1%	20.6%	77.0%	38.2%	1.8%	1.3%
University of North Carolina at Chapel Hill	11.8%	-0.4%	88.8%	59.6%	0.8%	5.5%
Brigham Young University	11.7%	8.1%	54.4%	57.9%	1.0%	-4.6%
University of Wisconsin–Madison	11.6%	0.1%	96.4%	66.3%	2.3%	7.4%
Auburn University	11.4%	9.5%	69.3%	45.3%	1.7%	2.6%
Syracuse University	11.4%	2.5%	57.1%	47.3%	2.5%	2.1%
University of Mississippi	11.3%	47.0%	89.5%	43.2%	-	0.9%
University of California–Santa Barbara	11.2%	19.2%	98.6%	54.2%	-	-1.2%
Texas State University	11.2%	18.4%	74.7%	27.1%	-	0.1%
University of Pittsburgh	11.1%	11.9%	88.7%	63.9%	-	3.0%
University of Florida	10.9%	0.1%	63.6%	32.6%	4.3%	4.5%
Louisiana State University and Agricultural & Mechanical College	10.5%	6.6%	72.3%	42.1%	1.1%	4.7%
Cornell University	9.6%	-4.4%	69.1%	56.4%	0.7%	8.3%
Clemson University	9.5%	0.4%	87.7%	37.2%	-	3.5%
University of Illinois Urbana–Champaign	9.3%	-3.0%	63.8%	42.4%	0.8%	7.5%
University of South Alabama	9.1%	9.3%	50.8%	57.5%	1.0%	-1.7%
Binghamton University	9.0%	14.0%	90.2%	44.5%	-	-0.5%
University of Cincinnati	8.9%	34.8%	98.7%	74.6%	2.7%	-1.3%
University of Georgia	8.8%	2.7%	77.8%	45.8%	2.5%	2.5%

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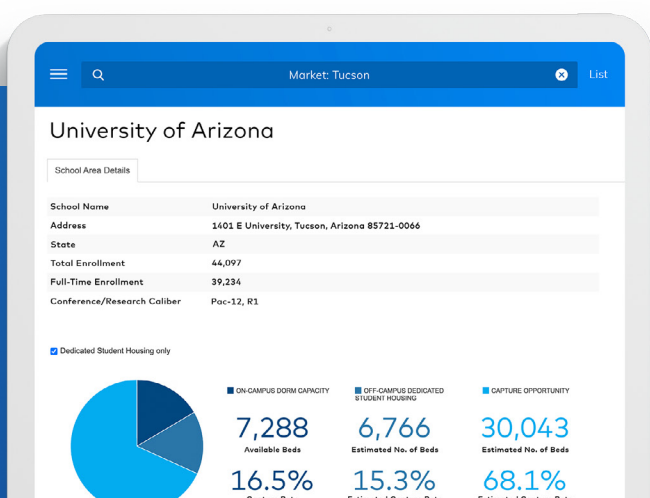
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