



# Student Housing Outlook

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# Yardi Matrix Student Housing

**Yardi Matrix** covers **1,308** student housing properties with **247,683** units

**1,149** properties with nearly **500,000 beds (208,000 units)**,  
more than **225 million sq. ft.\*** are completed

**60** properties and **11,614** units (5.6% increase) are under construction

**52** properties and **13,555** units are planned

**47** properties and **14,551** units are prospective

\*Sq. Footage doesn't include 16 of the 1,149 properties  
Properties include affordable and partial-student housing

# Student Housing Supply by Bedroom Count

## 10 Universities with the Most Beds

University	Total Bed Count	Total Properties
Texas A&M University	27,072	34
Florida State University	23,554	50
University of Florida	19,549	28
Texas State University	16,369	29
University of Texas	15,874	41
Texas Tech University	13,670	21
University of South Florida	11,924	21
Louisiana State University	10,468	16
University of South Carolina	9,728	14
University of North Texas	9,169	20

\*Top 10 out of 28 universities studied

# New Supply in Student Housing

## 10 Universities with the Most Units Under Construction

University	Units Under Construction	Total Properties Under Construction
University of Minnesota	962	3
Florida State University	829	5
University of Florida*	666	3
University of Pennsylvania	648	2
Ohio State University*	565	5
University of Texas*	476	3
Colorado State University*	347	4
UNC Charlotte*	332	1
University of South Carolina*	318	1
Purdue University*	289	1

## 10 Universities with the Most Units Under Construction as a % of Existing Supply

University	Total Units	Units Under Construction	New Supply as a % of Existing Stock
Ohio State University*	1,778	565	32%
University of Minnesota	3,396	962	28%
Colorado State University*	1,546	347	22%
University of Pennsylvania	3,587	648	18%
UNC Charlotte*	2,161	332	15%
Purdue University*	2,755	289	10%
Florida State University	8,666	829	10%
University of Florida*	6,971	666	10%
University of South Carolina*	3,470	318	9%
Arizona State University	3,116	260	8%

\*Top 10 rent growth markets out of 28 universities studied

# Wide Range of Rent Growth Among Universities

## Top 10 Universities for Rent Growth

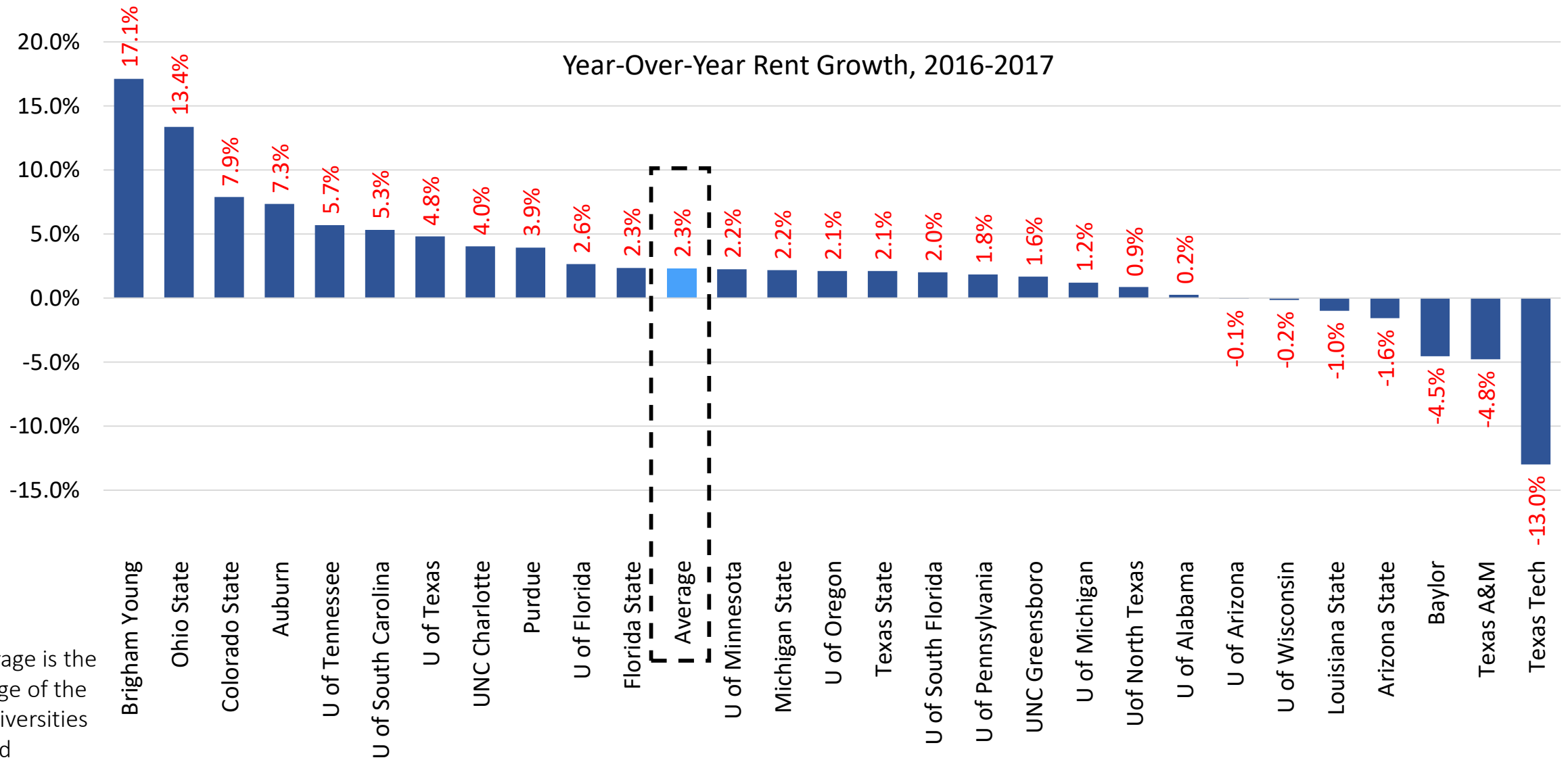
University	Average Rent 2017	Rent Growth 2016 - 2017
Brigham Young University	\$1,628	17.1%
Ohio State University	\$1,466	13.4%
Colorado State University	\$1,929	7.9%
Auburn University	\$1,571	7.3%
University of Tennessee	\$1,910	5.7%
University of South Carolina	\$1,878	5.3%
University of Texas	\$2,169	4.8%
University of North Carolina at Charlotte	\$2,047	4.0%
Purdue University	\$1,438	3.9%
University of Florida	\$1,728	2.6%

## Bottom 10 Universities for Rent Growth

University	Average Rent 2017	Rent Growth 2016 - 2017
Texas Tech University	\$1,456	-13.0%
Texas A&M University	\$1,570	-4.8%
Baylor University	\$1,500	-4.5%
Arizona State University	\$2,019	-1.6%
Louisiana State University	\$1,701	-1.0%
University of Wisconsin-Madison	\$2,008	-0.2%
University of Arizona	\$1,747	-0.1%
University of Alabama	\$1,743	0.2%
University of North Texas	\$1,734	0.9%
University of Michigan	\$2,930	1.2%

\*Ranked out of 28 universities studied

# Most Universities Fall Below the Average Rent Growth

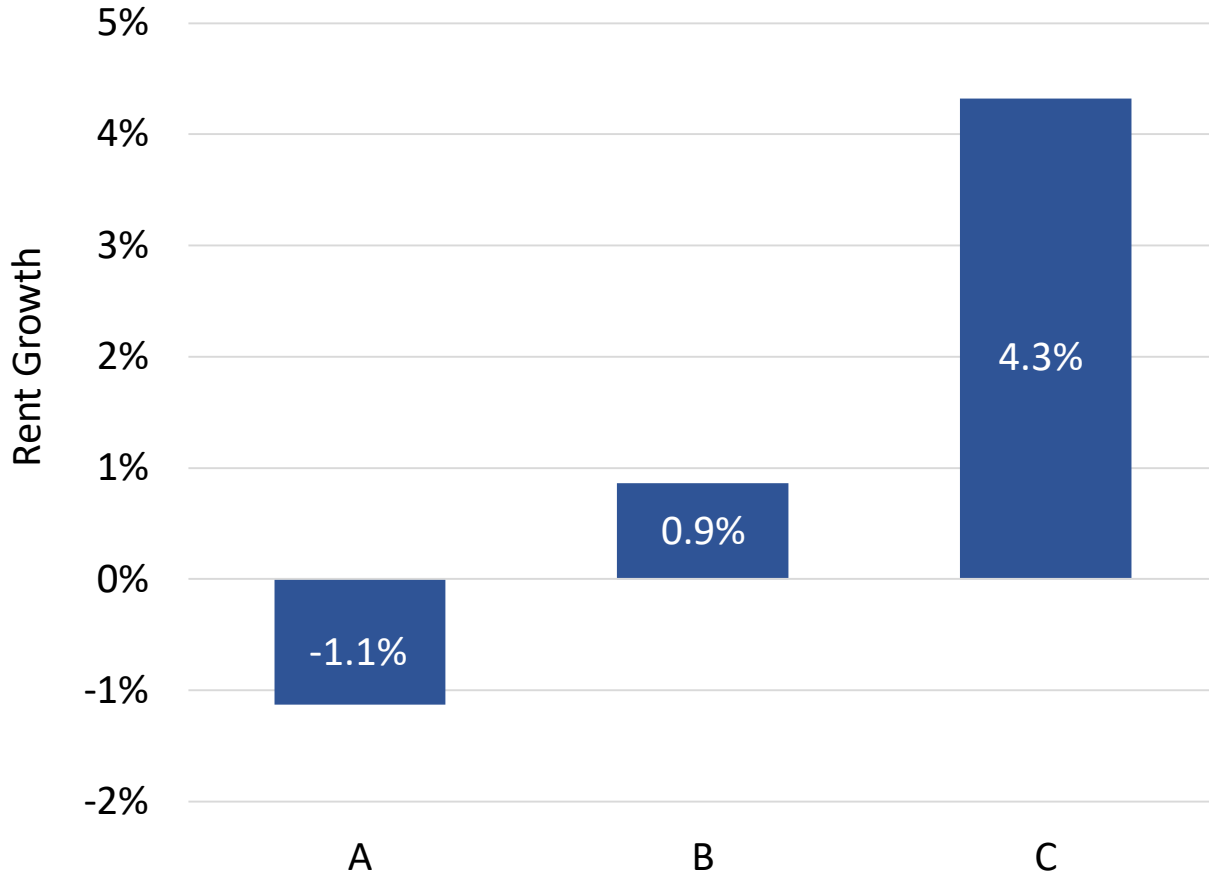


\*Average is the average of the 28 universities ranked

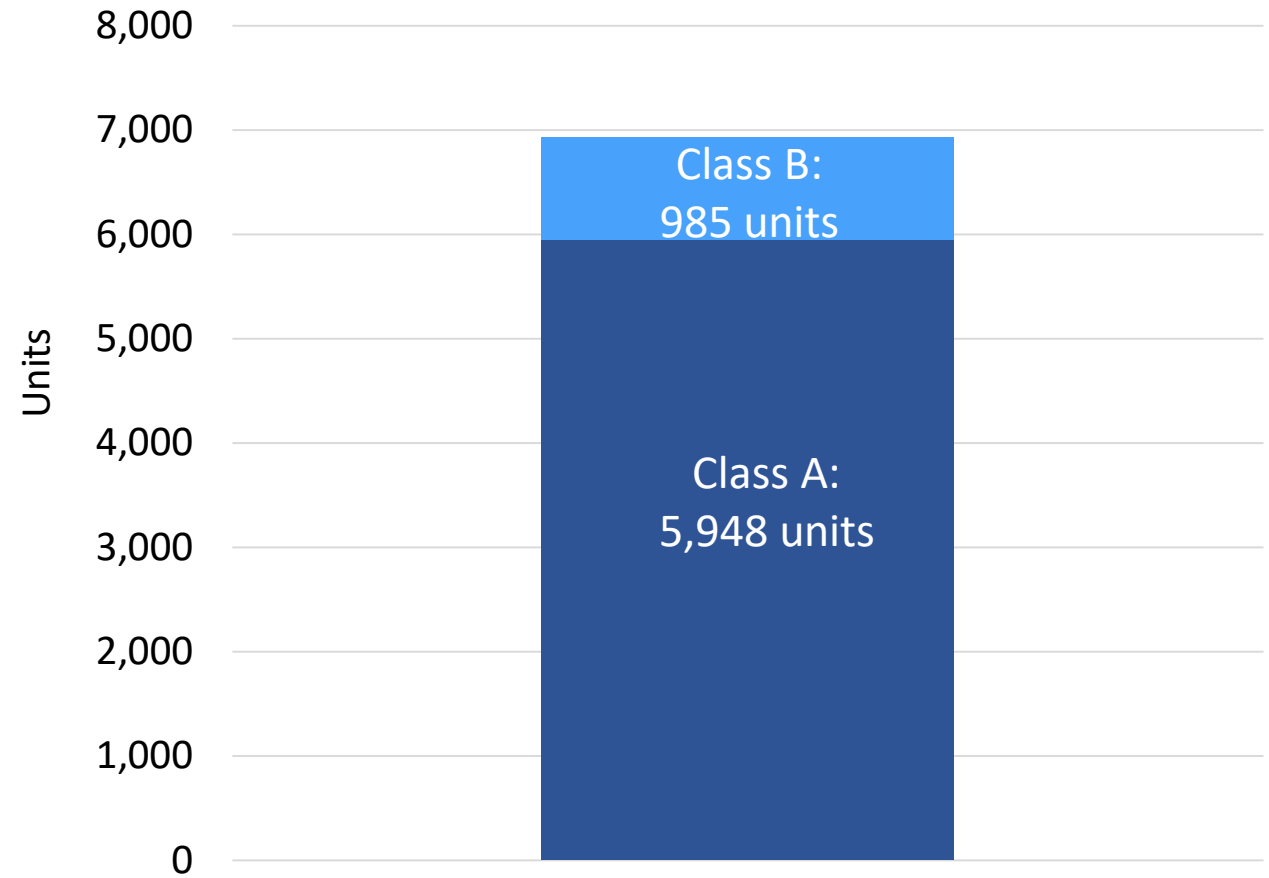
# Asset Class Performance

**There are no Class C Units in the pipeline for 2018, yet those units are experiencing the highest rent growth!**

YoY Rent Growth, 2016-2017



New Completions in 2018



\*Rent growth and completions out of the 28 universities studied

# Top and Bottom Performing Universities

## Top Performing Student Housing Universities

University	YoY Market Rent Growth	YoY Student Housing Rent Growth
Brigham Young University	6.0%	17.1%
Ohio State University	5.0%	13.4%
Colorado State University	3.9%	7.9%
Auburn University	1.7%	7.3%
University of Tennessee	4.4%	5.7%

## Bottom Performing Student Housing Universities

University	YoY Market Rent Growth	YoY Student Housing Rent Growth
Texas Tech University	-2.9%	-13.0%
Texas A&M University	1.0%	-4.8%
Baylor University	1.0%	-4.5%
Arizona State University	5.7%	-1.6%
Louisiana State University	2.4%	-1.0%

## Markets and Universities with Decent Performance

University	YoY Market Rent Growth	YoY Student Housing Rent Growth
University of South Carolina	2.8%	5.3%
University of Texas	0.9%	4.8%
University of North Carolina at Charlotte	2.5%	4.0%
Purdue University	2.9%	3.9%
University of Florida	4.7%	2.6%
Florida State University	2.5%	2.3%
University of Minnesota	5.2%	2.2%
Michigan State University	3.4%	2.2%
University of Oregon	6.7%	2.1%
Texas State University	0.9%	2.1%
University of South Florida	5.0%	2.0%
University of Pennsylvania	2.5%	1.8%
University of North Carolina at Greensboro	4.0%	1.6%
University of Michigan	3.4%	1.2%
University of North Texas	4.5%	0.9%
University of Alabama	2.6%	0.2%
University of Arizona	4.5%	-0.1%
University of Wisconsin-Madison	2.2%	-0.2%

\*Green text indicates better performance than its counterpart for that university (example: student housing rent growth outperformed standard multifamily at Brigham Young University)

\*YoY rent growth is 2016-2017



# Student Housing: Key Drivers

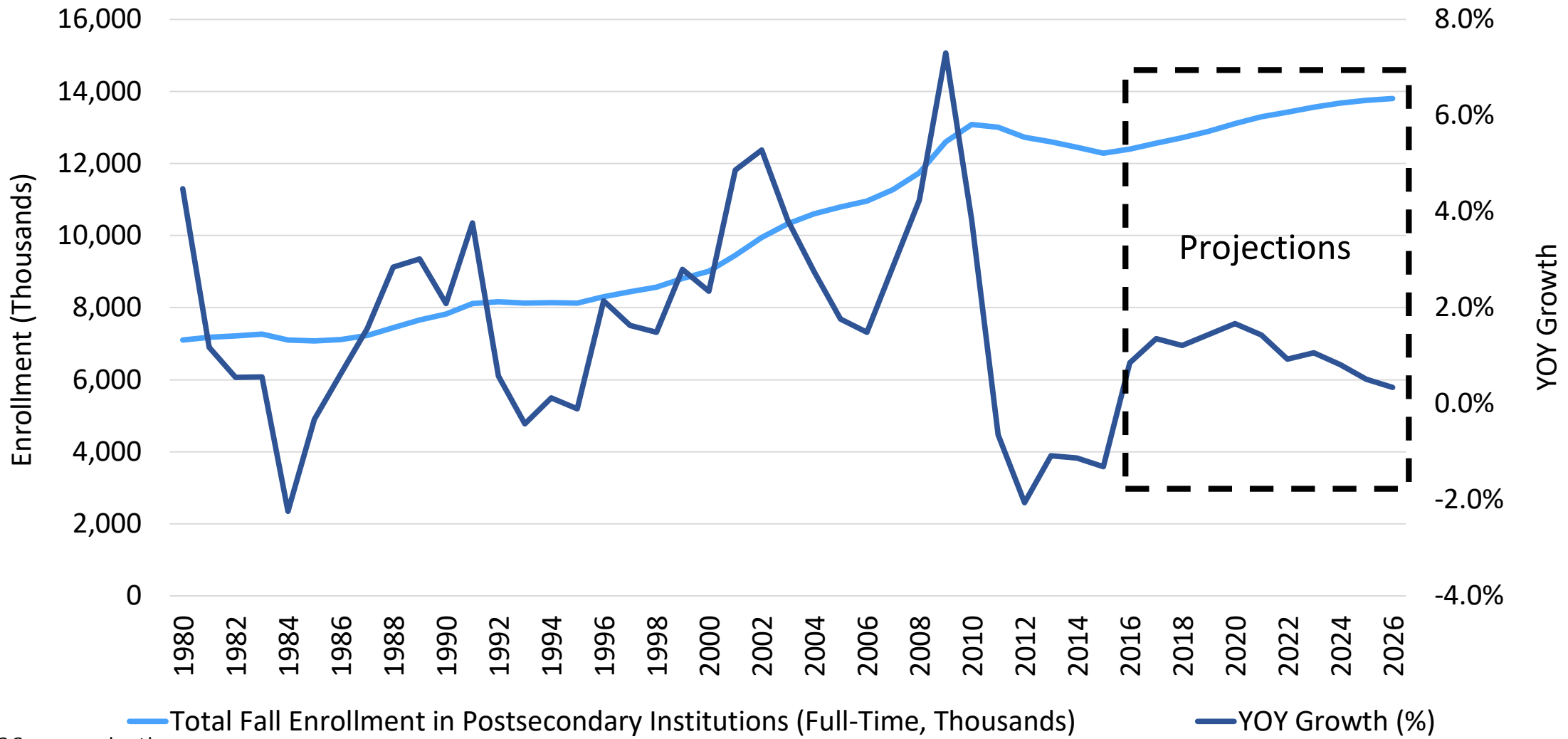
- Location – distance to campus, access to transportation
- Amenities
  - Critical: study areas, cyber cafes, fitness, energy efficiency
- Supply, penetration of student housing
  - Regional: highest in Southeast, Southwest, lower in Midwest, East, West
  - New development
- Enrollment, percent accepted
- Partnership with universities
- Tax law boost, REIT dividends, partnership income, pass-throughs favorable treatment

# What is Causing Recent Interest in Student Housing?

- Lingering economic uncertainty = more millennials seeking postgraduate education
- Jobs demanding higher educational attainment
- Student housing seen as less risky with less competition than office or multifamily
- Enrollment has been increasing, with international students making a significant contribution to this increase
- Fairly recession-proof, can diversify your portfolio



# Overall, Full-Time Enrollment in Postsecondary Institutions is Increasing

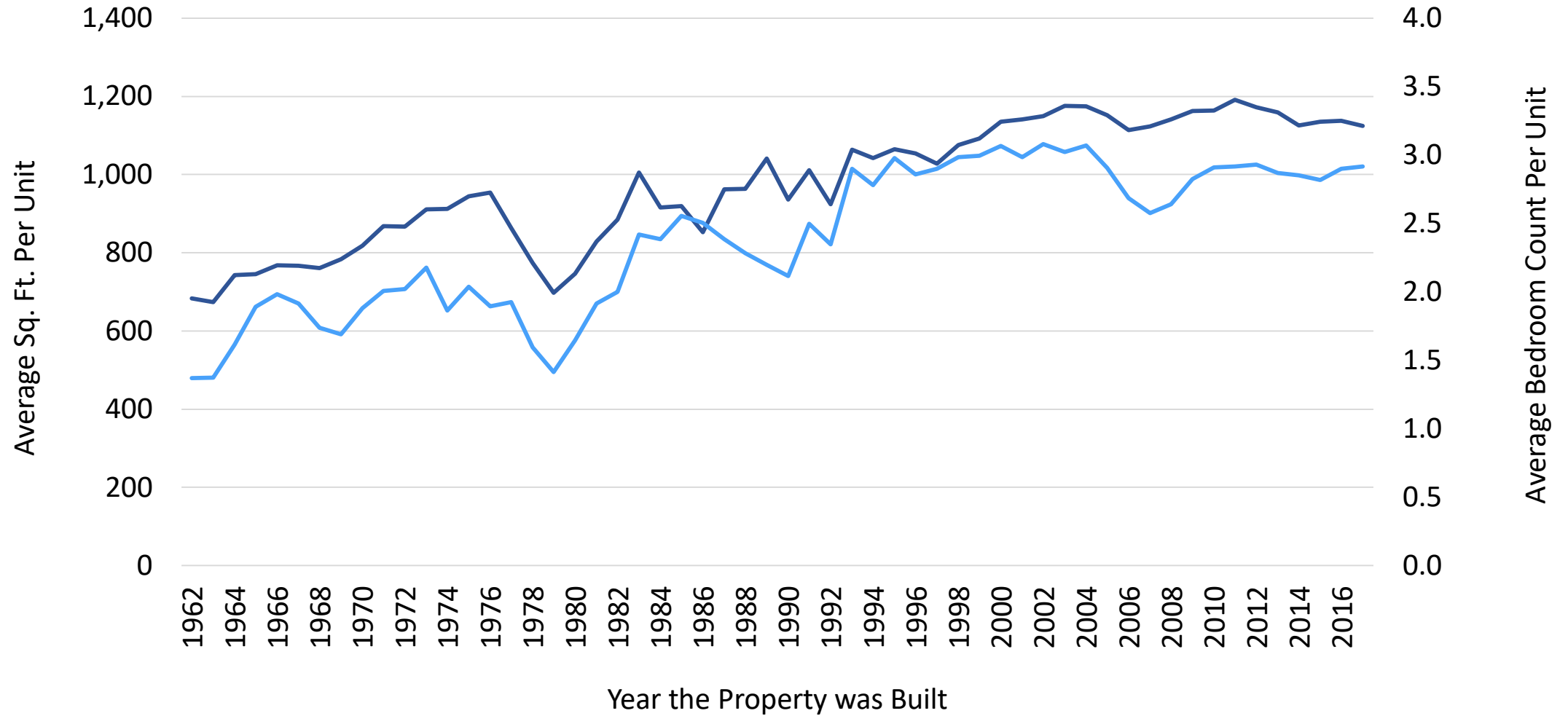


\*2016-2026 are projections

Source: U.S. Department of Education, National Center for Education Statistics



# Students Prefer to Live with More Roommates in Larger Units



\*Data is 3-year rolling averages

— Sq. Ft. Per Unit

— Bedrooms Per Unit

# Micro-Housing to Tackle Affordability

- Allows properties to be near universities at a reasonable price point
- Dorms with one bed and small space to study and prepare food
- Micro-housing frees up a lot of space so schools can focus on expanding the size of common area
- Common areas large enough to have separate places to watch TV, socialize with friends, or meet a tutor for help



“Nano suite” at the University of B.C.

# Amenity Trends Shifting Toward Simplicity

**Location** has become the key driver of performance for student housing properties. Students want to be close to campus and bars, restaurants and shopping.



Study area at The Summit at University City

## Other Key Amenities:

- Secure entrances and exits
- High-speed internet access
- Room size and study areas

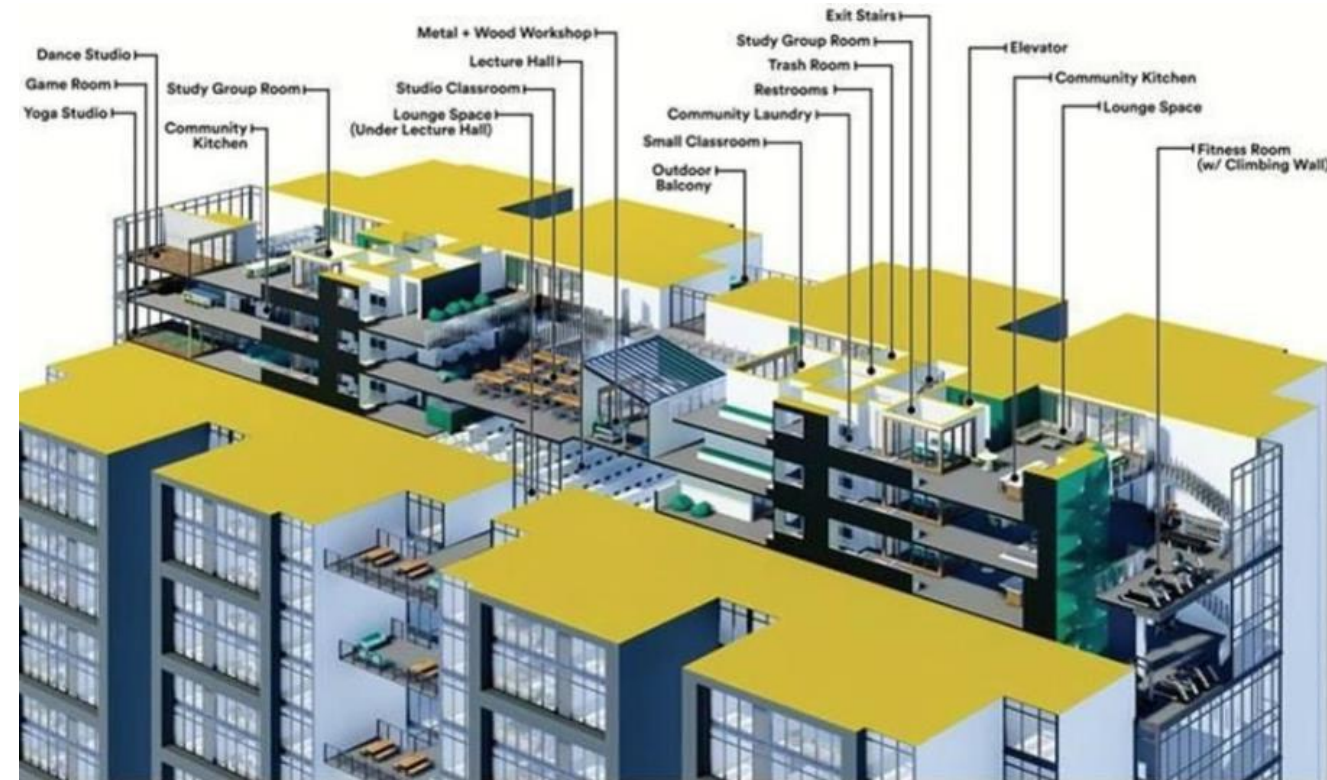


# Is Live-Learn-Play the New Live-Work-Play?

- Incorporating academic areas in common amenities
- Central location for students to live *and* learn
- Bedrooms + classroom, study, activity and lounge spaces
- Bring education to the students, not vice versa

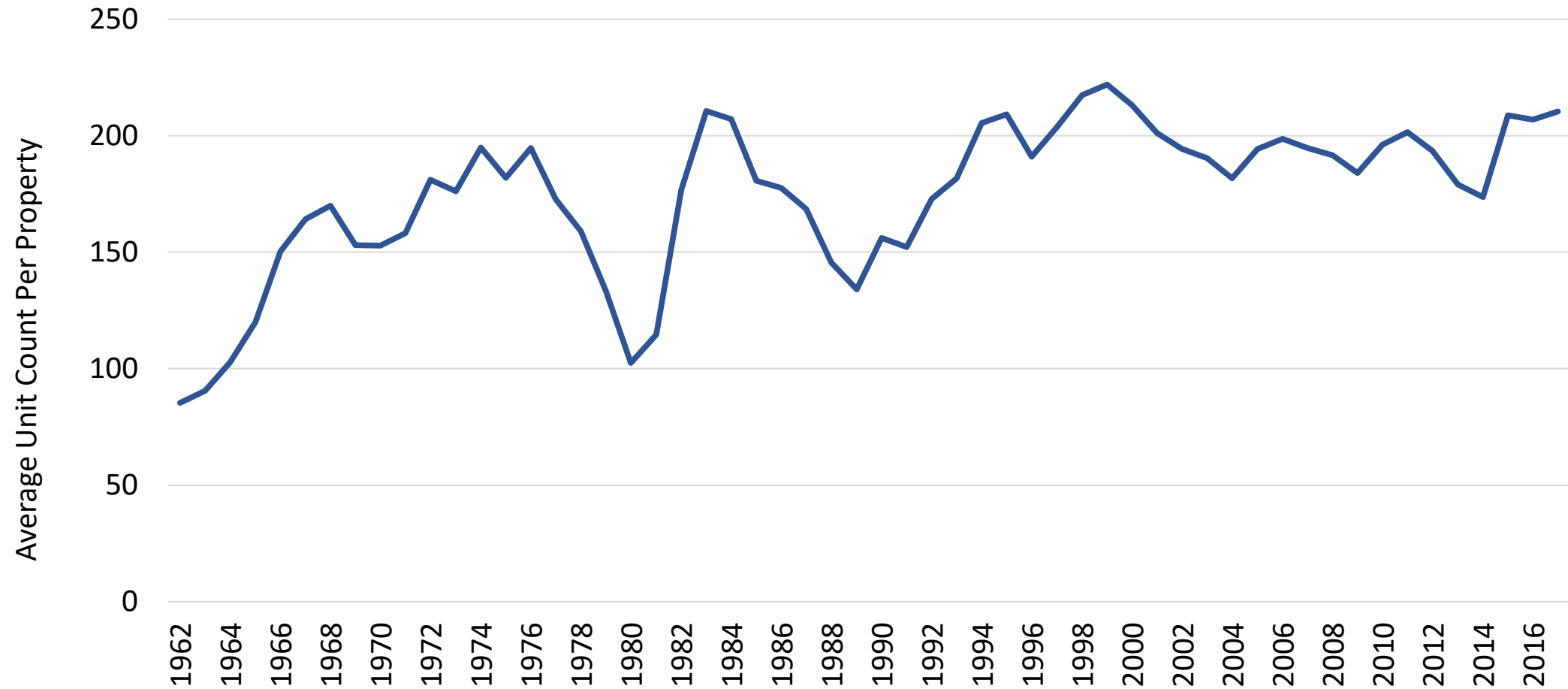


Skanska's \$125M Mixed-Use Tower  
Office and Administrative Accommodations + Student Housing



KTGY Architecture + Planning's Studio R+D's Studio House

# Developers are Building Larger Buildings



\*Data is 3-year rolling averages

— Average Unit Count per Property



# Developers Rethinking Construction Timelines as Delays Leave Students Stranded

Inclement weather and the construction labor shortage are drastically slowing down the timeline for new student housing developments

## Recent Examples:

- The Pavilions at St. Edwards University in Austin
- Prime Place apartments at University of Minnesota in Minneapolis
- Identity Reno at University of Nevada in Reno
- 4046 Chestnut St. by University Realty at University of Pennsylvania in Philadelphia

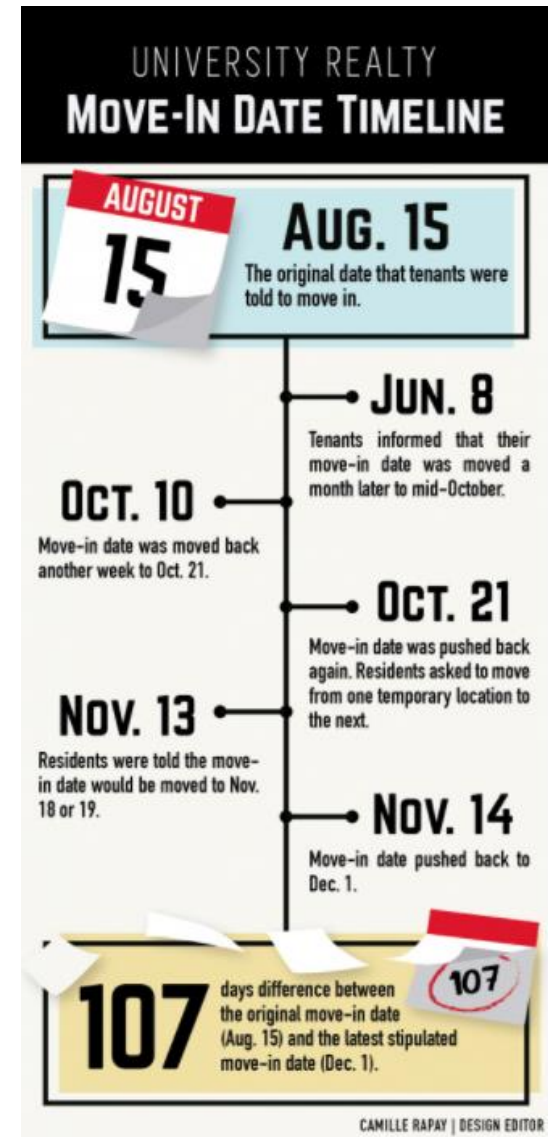
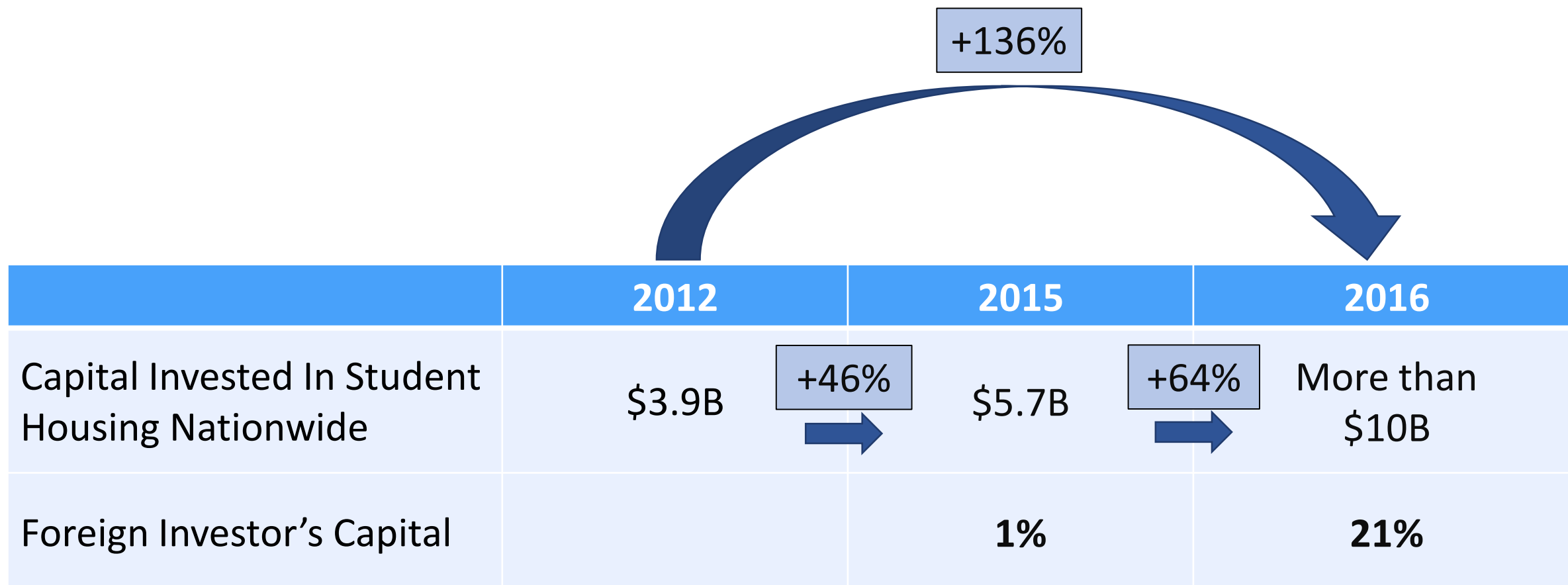


Photo: Camille Rapay

# Student Housing Garnering Foreign Investor Interest



# However, International Student Enrollment is Dropping

Declines in new international enrollments  
by geographical region fall 2017



Graph: Institute of International Education

# Notable Foreign Transactions in 2017

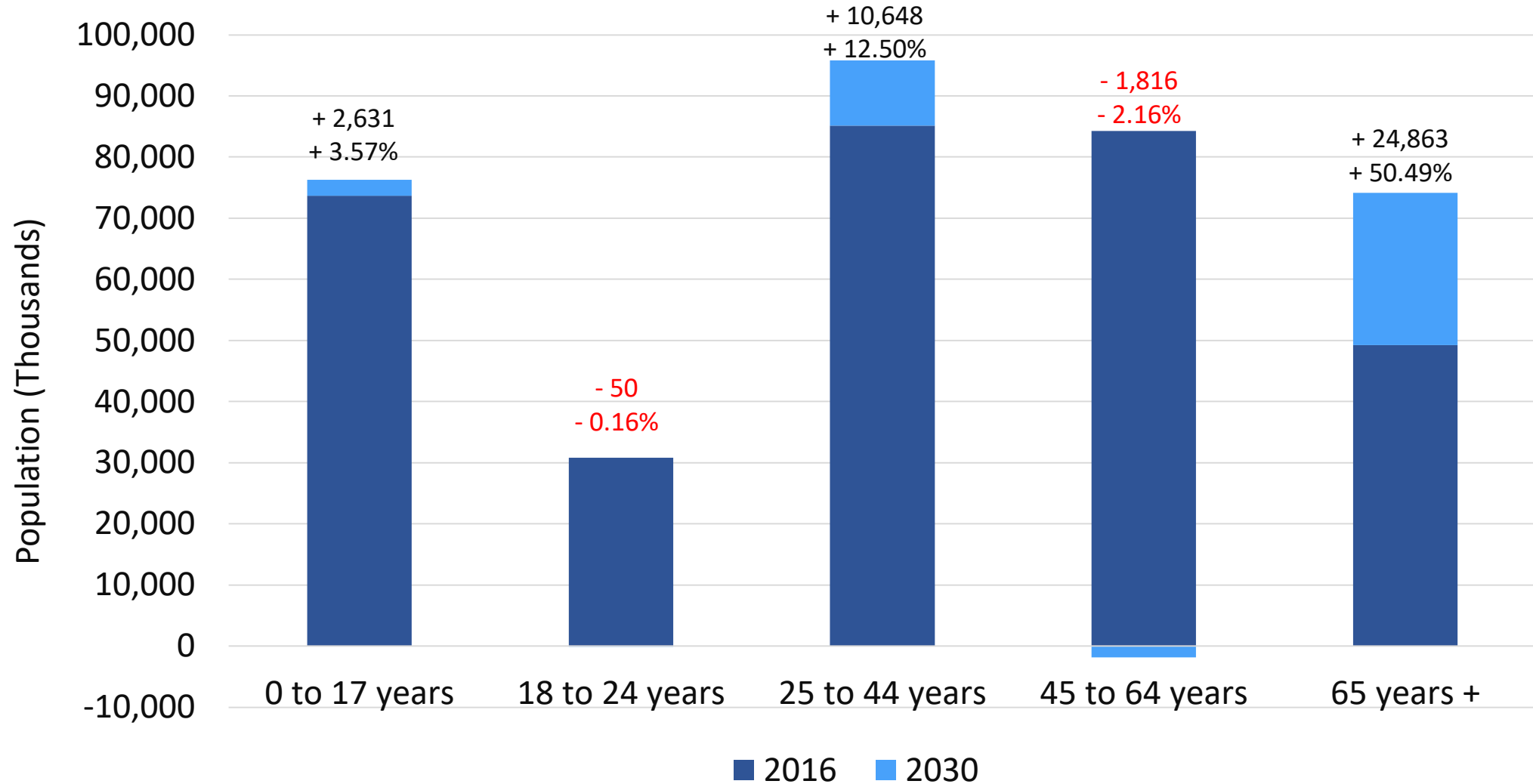
- Mapletree Investments (Singapore) – purchased portfolio of 18 student housing properties and 4 multifamily properties worth a combined \$1.6B
- QuadReal Property Group (Vancouver) – entered a joint venture with GI Partners (San Francisco) and CA Student Living (Chicago), investing \$600M to develop and manage U.S. student housing properties, with 10 properties in nine U.S. states as of March
- Scion Student Communities – joint venture between Scion Group (Chicago), Canada Pension Plan Investment Board and GIC (Singapore), grabbed three U.S. student housing portfolios for \$1.6B, including 29 student housing properties within university markets throughout the country



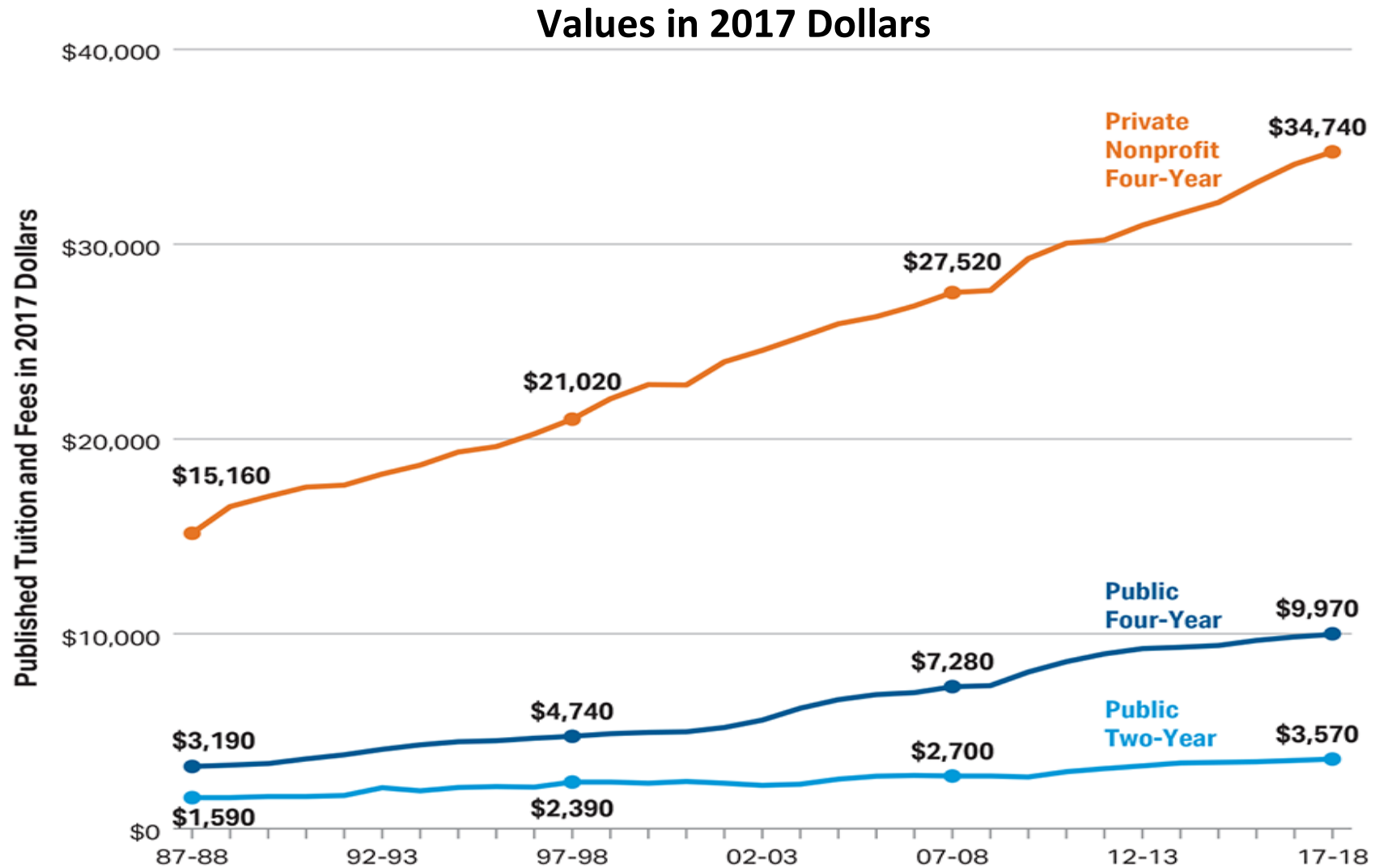
# Student Housing: Risks

- Enrollment trends
  - Population changes
  - Affordability of tuition, student debt
- Supply: SE, SW markets get oversaturated
  - Cost of prime land increasing
- Rent affordability
  - Increases in line with what students, parents can afford
- Capital availability
  - Need healthy GSEs, banks, foreign capital

# Age Cohorts Today vs 2030



# Tuition and Fees Continue to Rise



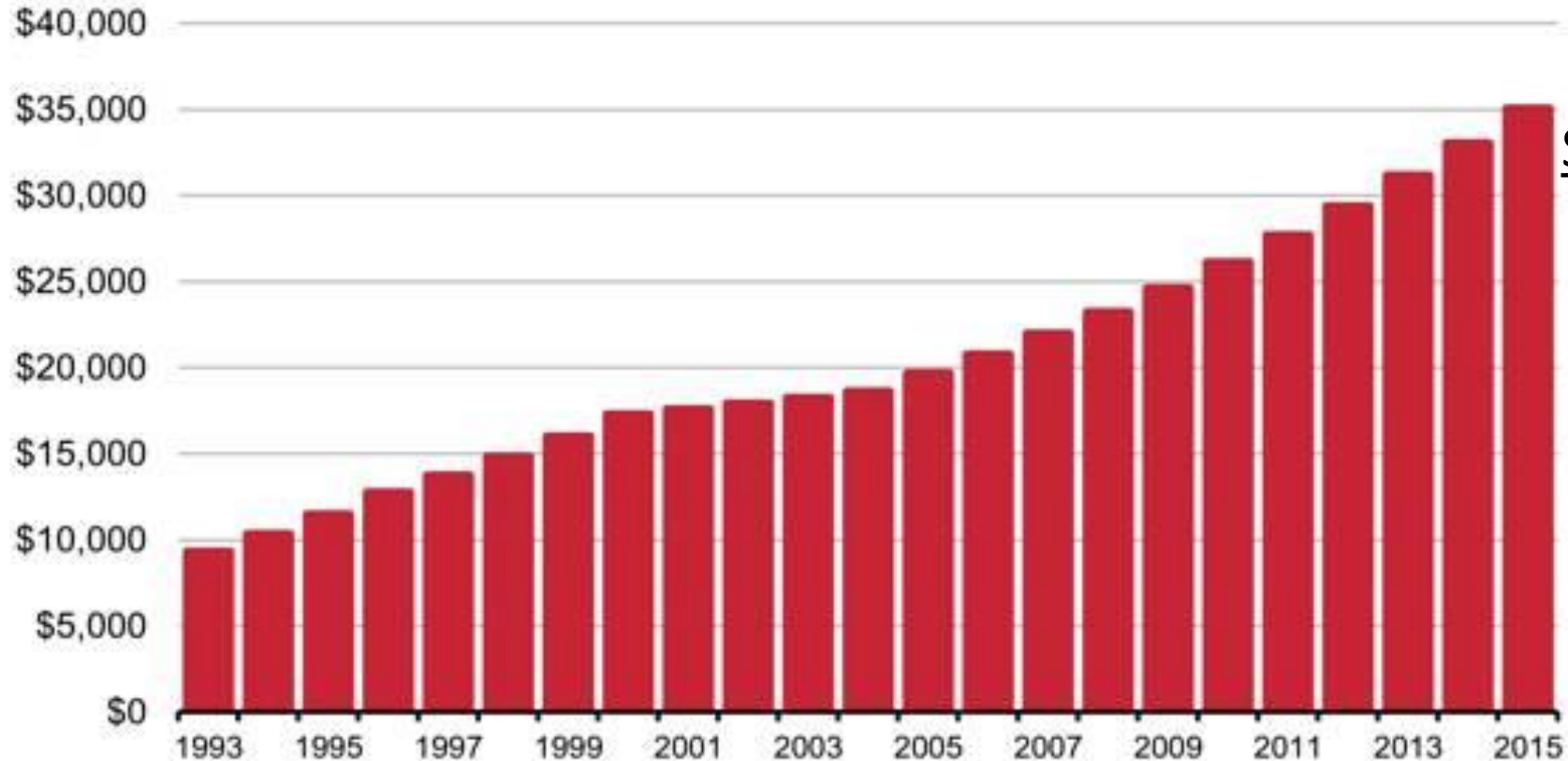
Source: College Board, Annual Survey of Colleges; NCES, IPEDS Fall Enrollment data.



# Student Debt Increased 274% Since 1993

## Head of the Class

Average debt per borrower in each year's graduating class



Source: Mark Kantrowitz | WSJ.com

## CAGR Comparison

<u>Student Debt</u>	<u>Med HH Income*</u>
5.8%	0.1%

**1993 – 2004: 89% increase**

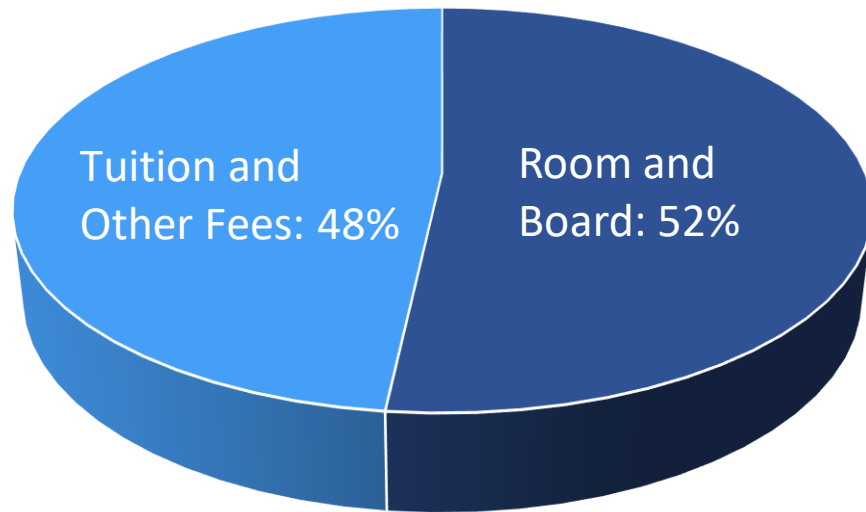
**2004 – 2015: 97% increase**

\*College Educated



# Affordability is an Issue

*"It's not tuition that's driving people out of school"* - Sara Goldrick-Rab, Temple University professor and founder of the Wisconsin HOPE Lab



Inflation-Adjusted Room & Board Costs	% Increase 1994-95 to 2013-14
Two-year public published room and board	14
Four-year public published room and board	54
Four-year private published room and board	44

Average published cost for an in-state student at a public, four-year college for 2014-15: **\$18,943**  
Room and Board 2014-15: **\$9,804**

# Student Housing no Longer the “New Kid”

## Growing Pains:

- Land prices near universities continue to rise
- Tighter construction lending constraints
- Construction yields-on-cost compressing

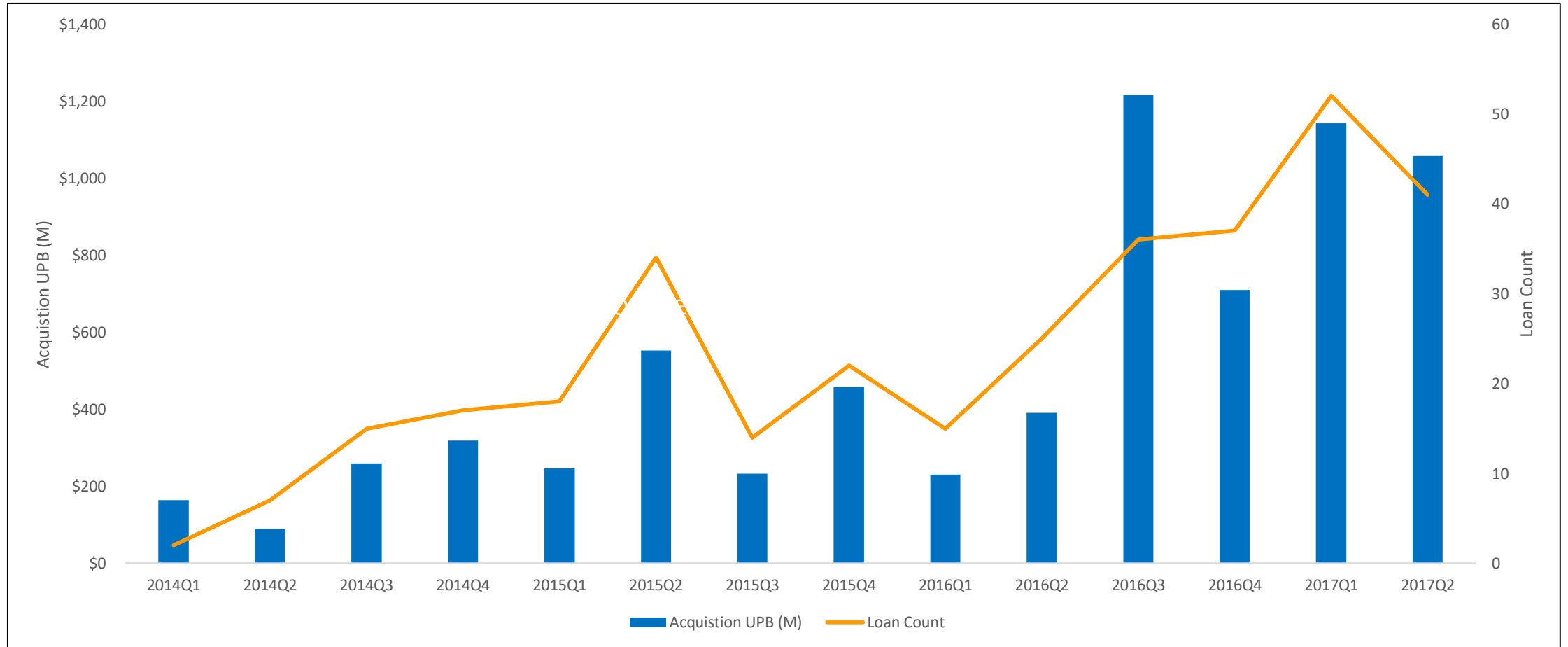
## Results:

- Creative approaches merging housing and commercial spaces are key
- You have to be selective with amenities to maximize space and keep costs low

*“Student housing has long been considered the new kid on the block within the multifamily sector, but 2017 demonstrated that the ‘kid’ has finally grown up”*

– Timothy Bradley, TSB Capital Advisors

# Fannie Mae Increasing Student Housing Allocations



# Capital Markets: Priced to Perfection?

- Price per bed \$60,000
  - Roughly double from 2009
- Location counts: price per bed \$90,000 within 1 mile of school
  - Less than half 2 miles away
- Cap rates near historical lows at 6.0%
  - Down from 7.2% in 2008
- Premium over multifamily cap rates at 20 basis points
  - Down from 90 basis points in 2008

# Student Housing: Bottom Line

- Markets are critical
  - Large schools that are not oversaturated
    - Secondary markets, medium-sized campuses
  - Prime locations never out of style
    - Liquidity in core markets
  - Schools that will attract students through all economies
    - Solid academic programs
    - State schools that are affordable
    - Sports
  - Appropriate amenity packages, consider cost and affordability
  - Consolidation: 80% of 500+ owners have 1-2 properties, only 15 have 10 or more

# Contact Information

Thank you! I am happy to answer any questions. Please contact:

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