Yardi Matrix

National Student Housing Report

Third Quarter 2023

Student Housing Maintains Solid Performance Through Q2

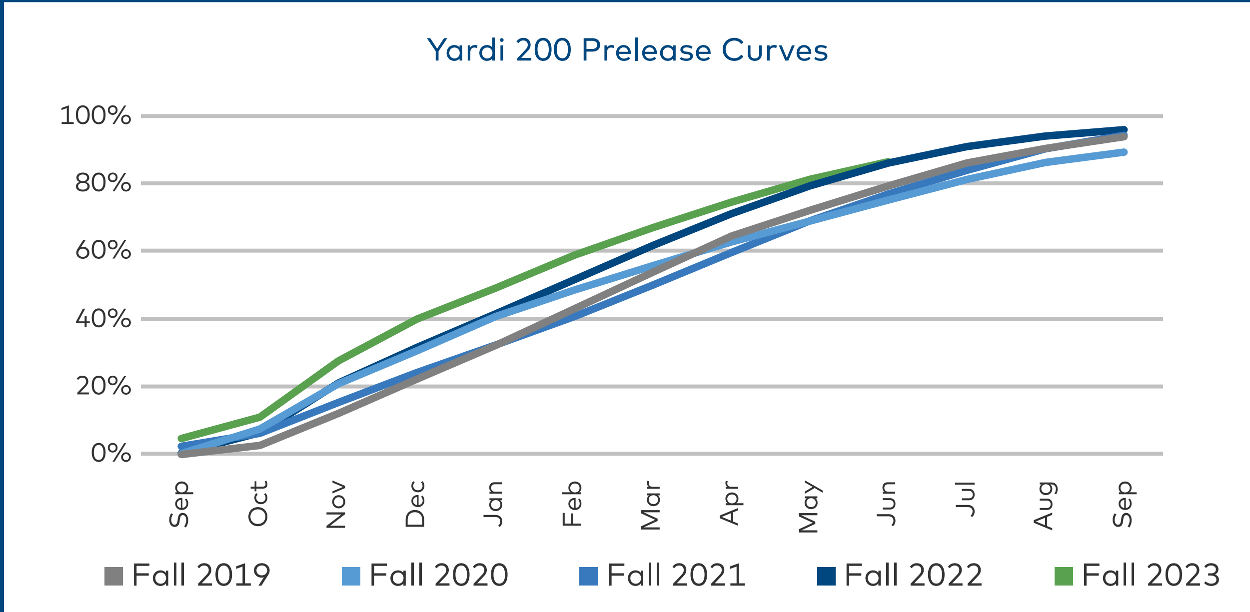
- The off-campus dedicated student housing sector continues to perform well as the fall 2023 term approaches. Despite an anticipated mild recession in the fourth quarter of this year, we expect student housing fundamentals to perform well, as the sector is typically less impacted by recessions than other commercial real estate property types.

- As of June, 86.6% of beds at Yardi 200 universities were preleased for the upcoming fall term, a 5.2% increase from the prior month and a slight 0.4% increase over last year. June also marked the fifth consecutive month of annual rent growth over 7% at Yardi 200 universities, at 7.2%. Given that 2022 held the previous rent record for student housing, obtaining more than 7% growth off of previous record-high numbers is exceptional. The average rent per bed at Yardi 200 universities was $846 at quarter-end, a new all-time high.

- Under the surface of solid overall fundamentals at the Yardi 200 level is mixed performance at individual schools, as some universities are doing exceptionally well while others fall short. Performance at the university level is mainly correlated to local supply-and-demand dynamics rather than higher-level trends.

- Though the industry has maintained record rent growth and preleasing activity, the sector isn't totally unscathed by current economic conditions. Transaction volume through the second quarter was down about 73% from the same time last year, a stark reminder of the weakening economic sentiment and the looming recession expected later this year.

- Even so, weakening investor interest hasn't slowed the off-campus dedicated student housing development pipeline, which expanded by approximately 28,000 bedrooms since the start of the year.



Source: Yardi Matrix

Preleasing: Occupancy Approaches 90% Months Before Fall Term Starts

- Fall 2023 leasing activity hadn't lost any steam through the second quarter. As of June, 86.6% of beds at Yardi 200 universities were preleased, a slight increase from last year but a 5.2% jump from May. Preleasing levels approaching 90% with a couple months before students start arriving on campus signifies a very impressive leasing season.

- Six Yardi 200 universities with four or more properties were fully leased as of June, with an additional 14 universities over 95% leased. Universities with strong preleasing were spread geographically, reflecting the overall strength in the sector and the importance of local supply-and-demand dynamics.

- Three universities had more than 20% growth in preleasing from last year: Ohio University, the University of Southern Mississippi and the University of Mississippi. However, Ohio University and the University of Southern Mississippi had preleasing growth at the expense of rent growth, with Ohio University losing 3.4% in rent compared to last year and the University of Southern Mississippi losing 2.8%. The University of Mississippi had excellent performance in both areas, with annual preleasing growth of 23.4% and annual rent growth of 12%.

- Some universities are struggling with leasing activity this year. Louisiana Tech University, for example, was only 50.8% preleased as of June, down 12% from the year prior. Boise State University had the greatest loss in preleasing, down 22.2% compared to last year. But at 74.6% leased as of June, its situation isn't that grim.

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

University	YOY Growth in % Preleased
Ohio University	27.4%
University of Southern Mississippi	25.9%
University of Mississippi	23.4%
University of California-Riverside	18.4%
University of Kentucky	13.6%
University of North Texas	11.0%
Southern Illinois University-Carbondale	9.8%
Johns Hopkins University	9.6%
University of Delaware	9.3%
The University of Alabama	9.2%
Binghamton University	9.0%
Central Michigan University	8.7%
University at Buffalo	8.3%
Oklahoma State University	8.1%
Virginia Polytechnic Institute and State University	7.8%
Texas Christian University	7.2%
Michigan State University	6.5%
North Carolina State University at Raleigh	6.5%
Iowa State University	6.2%
Brigham Young University	6.1%

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 June 2023

Rent Growth Maintains Solid Performance

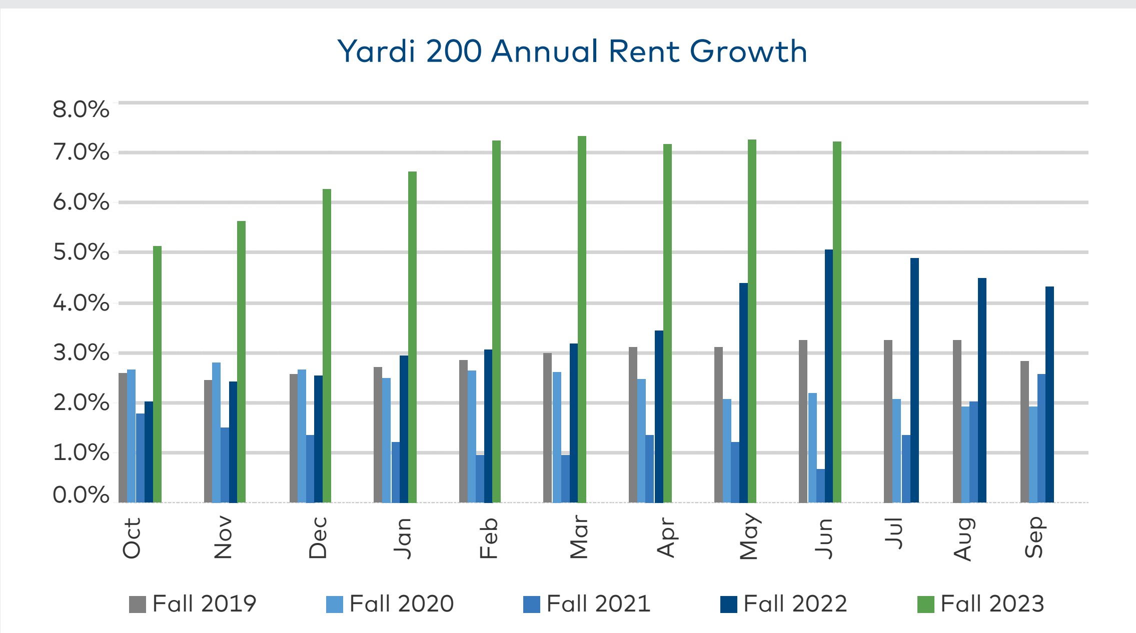
- Student housing rents continued to see solid growth through the second quarter, with annual growth of 7.2% in June, marking the fifth consecutive month of improvement above 7% at Yardi 200 universities. The average asking rent for the upcoming fall 2023 school year was $846 per bedroom as of June, $4 above May's average rent and a new all-time high for Yardi 200 universities.

- Similar to preleasing performance, rent growth has been widespread among universities of different sizes and geographies, showcasing the solid performance in the sector as a whole. There are some universities struggling with rent growth, but negative performance seems to be tied to local supply-and-demand dynamics rather than larger trends.

Student housing performance is stellar at the Yardi 200 level. Rent growth has remained above 7% throughout the second quarter, while each month has marked a new high in preleasing activity.

Three Yardi 200 universities with four or more properties had annual rent growth of more than 20% in June: Purdue University (26.0% growth), the University of Arkansas (22.7%) and Arizona State University-Tempe (21.4%). Purdue and the University of Arkansas not only topped the list based on rent growth but they were also fully leased as of June.

Universities that struggled with rent growth experienced a decline in enrollment in fall 2022 and an increase in new supply. The University of Southern California (-11.8% rent growth) had a 0.8% loss in enrollment in fall 2022, while the completion of the Hub LA Coliseum brought another 230 beds online at the university last year. Two additional properties are scheduled to come online this year: Jefferson Flats and HUB LA Figueroa will bring a combined 716 additional beds to the university.



Source: Yardi Matrix

Development Pipeline Expands

- Despite higher interest rates and a tighter lending environment, the development pipeline for dedicated off-campus student housing continues to expand. Approximately 153,000 bedrooms were in the various stages of development as of early July, an increase of about 28,000 from the start of the year. Contrary to other types of commercial real estate, projects seem to be moving through the pipeline, with roughly 22,000 new bedrooms under construction since the beginning of the year. Yardi Matrix is also tracking approximately 41,000 dormitory beds slated for delivery at Yardi 200 universities between 2023 and 2027.

- The University of Texas at Austin continues to have the most bedrooms under construction at nearly 6,000 beds across six properties. The university obtains solid leasing activity each year, and with two years of enrollment growth, it should be able to absorb the new supply without sacrificing too much rent growth.

Top 20 Universities With the Most Bedrooms Under Construction

University	Bedrooms Under Construction	Bedrooms Under Construction as a % of Enrollment	Capture Opportunity	% Preleased as of June 2023
The University of Texas at Austin	5,862	11.3%	45.9%	89.6%
Indiana University-Bloomington	4,522	10.0%	53.8%	82.1%
Florida International University	3,553	6.3%	86.1%	83.4%
University of Minnesota-Twin Cities	3,458	7.4%	60.6%	72.7%
Florida State University	3,173	6.8%	28.2%	90.5%
University of South Florida	2,902	6.7%	51.3%	94.4%
Georgia Institute of Technology	2,829	6.5%	55.9%	79.7%
Washington State University	2,693	9.0%	63.9%	63.9%
University of Maryland-College Park	2,649	6.4%	51.7%	76.1%
University of Florida	2,426	4.3%	29.9%	85.5%
Arizona State University-Downtown Phoenix	2,312	19.7%	79.2%	–
University of Pennsylvania	1,972	8.4%	34.7%	72.5%
Texas A & M University-College Station	1,944	2.7%	40.8%	91.5%
The Pennsylvania State University	1,895	4.0%	39.2%	91.6%
University of California-Davis	1,778	4.4%	59.2%	84.0%
University of Washington-Seattle Campus	1,712	3.3%	68.9%	71.1%
University of Central Florida	1,683	2.4%	63.9%	98.2%
Mississippi State University	1,207	5.2%	40.8%	75.5%
University of Connecticut	1,137	4.2%	58.3%	100.0%
University of Wisconsin-Madison	1,120	2.3%	66.2%	99.5%

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

Transactions Down More Than 70% From 2022

- The student housing industry has felt the impact of interest rates and tightened lending standards in the capital markets. Through the second quarter, there was only about $646 million in student housing transactions at Yardi 200 universities, down some 73% from the same time last year. Though total investment has dropped significantly, the average sales price per bed only fell by a little over $3,000 from last year, to approximately $66,000 per bed.

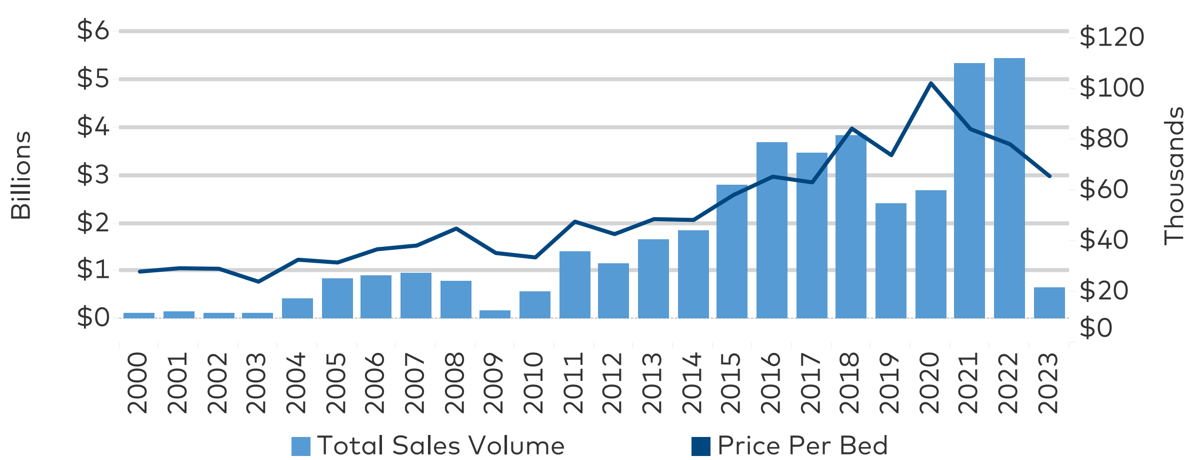
- Transactions at Arizona State University-Tempe made up almost a quarter of total student housing sales through the second quarter. At an average sales price per bed of $178,000, beds at the Arizona university were selling at a premium, significantly over the Yardi 200 average.

Universities With the Most Sales Volume

University	YTD Sales Price Per Bed (Thousands)	YTD Sales (Millions)
Yardi 200	$66	$646
Arizona State University-Tempe	$178	$147
Florida State University	$40	$107
University of South Carolina-Columbia	$52	$84
Louisiana State University and Agricultural & Mechanical College	$51	$61
University of Oregon	$102	$59
The University of Tennessee-Knoxville	$132	$57
Indiana University-Bloomington	$60	$48
Texas State University	$91	$32
The University of Texas Rio Grande Valley	$39	$23
Michigan State University	$28	$19
University of Alabama at Birmingham	$113	$10

Source: Yardi Matrix, data as of June 2023

Yardi 200 Total Sales



Source: Yardi Matrix

University Fundamentals, Sorted by Top Rent Growth

University	Fall 2023 Annual Rent Growth Jun 2023	Fall 2023 Annual Prelease Growth Jun 2023	Fall 2023 Current % Preleased Jun 2023	Capture Opportunity	Bedrooms Under Construction as a % of Enrollment	YOY Enrollment Growth 2020-2021
Purdue University	26.0%	0.1%	100.0%	46.6%	0.6%	6.4%
University of Arkansas	22.7%	4.8%	99.5%	45.9%	2.0%	5.5%
Arizona State University-Tempe	21.4%	-0.4%	97.0%	48.9%	–	4.7%
The University of Tennessee-Knoxville	19.9%	0.0%	100.0%	47.2%	–	3.7%
University of North Carolina at Chapel Hill	18.5%	-0.7%	98.1%	60.2%	0.8%	5.5%
University of Kentucky	16.7%	13.6%	97.9%	55.2%	–	1.3%
Michigan State University	15.9%	6.5%	86.9%	37.3%	0.4%	-0.1%
Texas State University	15.5%	6.1%	93.8%	26.1%	–	0.1%
East Carolina University	15.0%	-8.0%	79.8%	38.8%	–	-2.7%
Brigham Young University	13.2%	6.1%	88.1%	57.9%	–	-4.6%
The University of Texas at San Antonio	12.6%	0.5%	89.6%	61.0%	–	0.0%
University of Georgia	12.4%	1.7%	95.0%	43.8%	2.5%	2.5%
Oklahoma State University	12.2%	8.1%	97.7%	55.7%	–	0.5%
Florida State University	12.1%	-2.1%	90.5%	28.2%	6.8%	7.5%
University of Mississippi	12.0%	23.4%	94.9%	47.3%	–	0.9%
University of Illinois Urbana-Champaign	11.4%	-6.2%	82.4%	42.6%	0.8%	7.5%
The University of Alabama	11.3%	9.2%	89.9%	38.2%	1.8%	1.3%
University of South Alabama	11.0%	-0.3%	69.9%	57.5%	–	-1.7%
Louisiana State University and Agricultural & Mechanical College	11.0%	-0.1%	86.1%	42.1%	1.1%	4.7%
Syracuse University	11.0%	-11.4%	75.8%	47.3%	2.5%	2.1%
University of Cincinnati	10.7%	5.1%	97.9%	76.8%	2.7%	-1.3%
Rochester Institute of Technology	10.3%	-2.1%	91.1%	32.9%	3.7%	-1.8%
Texas A & M University-College Station	10.3%	2.3%	91.5%	40.8%	2.7%	3.0%
Auburn University	10.2%	3.8%	86.3%	42.6%	1.7%	2.6%
Clemson University	10.1%	-2.1%	94.1%	32.3%	2.2%	3.5%
University of Missouri-Columbia	10.0%	4.4%	84.3%	30.1%	–	1.0%
Ball State University	9.8%	-8.2%	74.2%	47.5%	–	-10.5%
University of Michigan-Ann Arbor	9.7%	0.7%	90.0%	59.4%	2.2%	4.9%
University of North Carolina at Greensboro	9.6%	-1.7%	81.6%	36.4%	–	-3.7%
University of South Florida	9.5%	-2.3%	94.4%	51.3%	6.7%	-14.0%

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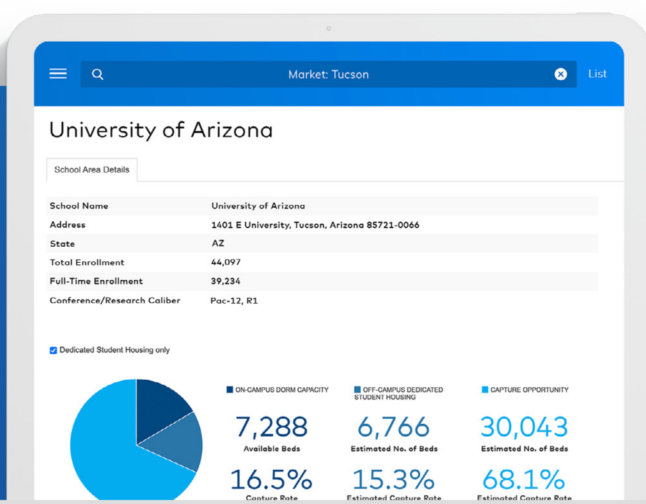

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