Yardi Matrix

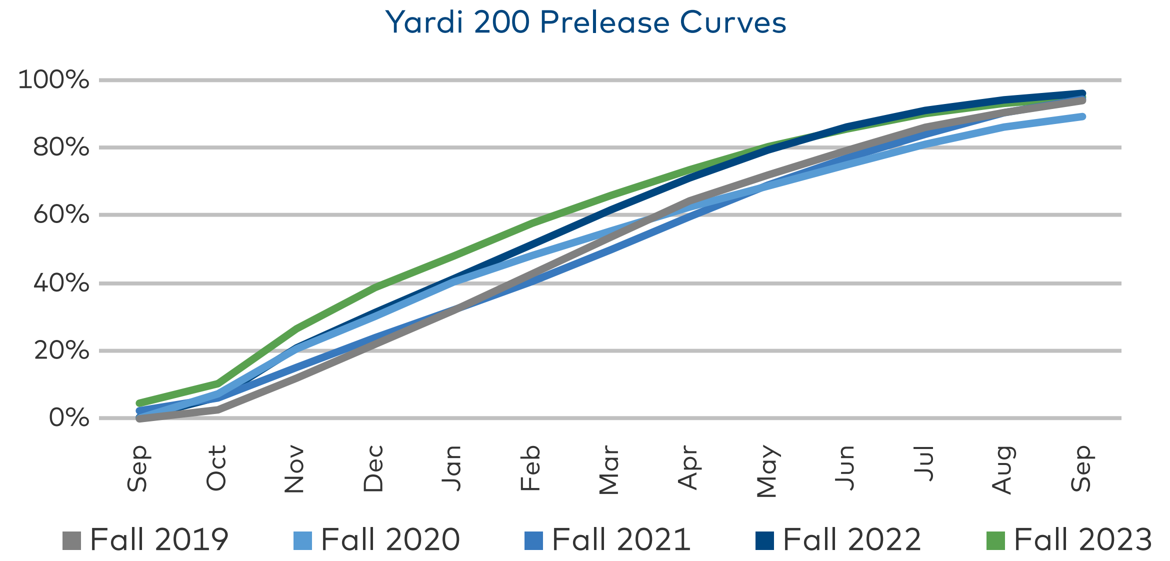
National Student Housing Report

October 2023

Preleasing Reaches 95.1%, But Trails September 2022

This month's report focuses on a new Yardi 200 grouping that incorporates more markets with institutionally-owned dedicated student housing properties, adding and replacing 30 markets. As a result, the Yardi 200 now covers 892,511 beds, vs. 843,789 beds previously.

- In the final few months of the season, preleased occupancy fell behind 2022's pace as month-over-month growth slowed from the rapid rate at the beginning of the leasing season. The slowdown in preleasing also impacted rent growth, which has dropped 0.9% from its peak in March. Still, the sector is very well positioned going into the fall 2023 semester, with high occupancy and record-high rents set for the 2023-2024 school year.
- As of September 2023, 95.1% of beds at Yardi 200 universities were preleased, vs. 96.2% in September 2022. Slower preleasing in recent months can be partly attributed to slow lease-up of new 2023 deliveries, which were only 84.4% preleased in September. This year's lease-up was still a success, however, as September preleasing was ahead of September 2019, 2020 and 2021, and 56 university markets had preleasing of 99% or above.
- Rents are near an all-time high at $846 per bed, relatively unchanged in the past four months. Rent growth dropped to 6.1% in September, vs. 6.5% in August and a peak of 7% in March 2023. But it is still well above previous years; it averaged 2.9% in September 2019, 2020, 2021 and 2022. A significant 33 markets had double-digit rent growth as of September, including some of the largest student housing centers, like Purdue, Arizona State, Clemson and the University of Georgia.
- Early fall 2023 enrollment numbers suggest enrollment rebounded this year after trending down in fall 2022. Yardi Matrix has collected fall enrollment from 77 schools in the Yardi 200 where enrollment was up an average of 0.6% year-over-year, vs. a 1.2% decline for the same schools last year. Strong enrollment growth at a number of universities helped fuel above-average performance, including at the University of Tennessee – Knoxville and University of Kentucky, which averaged 5.8% enrollment growth in fall 2023 and were more than 99% preleased with over 16% rent growth in September.



Source: Yardi Matrix

Preleasing Finishes Above Historical Average

- Preleasing started the year very strong, trending 5-10% ahead of its typical pace, but began slowing in March, trailing last year in the past four months of lease-up. At 95.1% in September, preleasing finished ahead of 2021, 2020 and 2019.

- A total of 31 universities comprising 107 properties were 100% preleased for fall 2023, while another 25 markets with 260 properties were over 99% preleased. This includes some large student markets like Purdue, the University of Wisconsin – Madison, the University of Central Florida and North Carolina State in Raleigh, all of which have 24 or more dedicated student properties.

- Seventeen Yardi 200 universities were less than 85% preleased, averaging 74.7% preleased in September and 15.9% behind last year. Many of these are smaller markets with five or fewer properties, but include the University of Minnesota – Twin Cities (32 properties), the University of Southern California and the University of Nebraska – Lincoln (12 properties each), all of which were dragged down by late deliveries.

- Eight markets with 29 properties had preleasing at least 10% above last year in September, although this came at the expense of rent growth, which was below average. These schools were on average 79.9% preleased in September 2023, vs. 94.3% preleased in September 2022.

- Fifteen universities with 83 properties were at least 10% behind last year's lease-up pace, averaging 76.4% preleased in September. Seven of these also experienced rent declines, including Illinois State University (17 properties), the University of Houston and Washington State University (nine properties each), all of which were struggling to absorb new supply.

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

University	YOY Growth in % Preleased
University of Southern Mississippi	19.1%
University of South Alabama	13.2%
Ohio University-Main Campus	12.8%
University of Mississippi	9.0%
Texas A & M University-Corpus Christi	7.2%
Binghamton University	5.5%
University of Louisiana at Lafayette	5.3%
Virginia Polytechnic Institute and State University	5.0%
University at Buffalo	4.4%
Auburn University	3.9%
University of Missouri-Columbia	3.7%
Central Michigan University	3.6%
West Virginia University	3.0%
California State University-Sacramento	2.9%
The University of Alabama	2.5%
University of Oregon	2.2%
University of Kentucky	2.0%
Utah State University	1.8%
Oklahoma State University-Main Campus	1.8%
University of California-Berkeley	1.4%

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 September 2023

Student Housing Rents Achieve New High in 2023

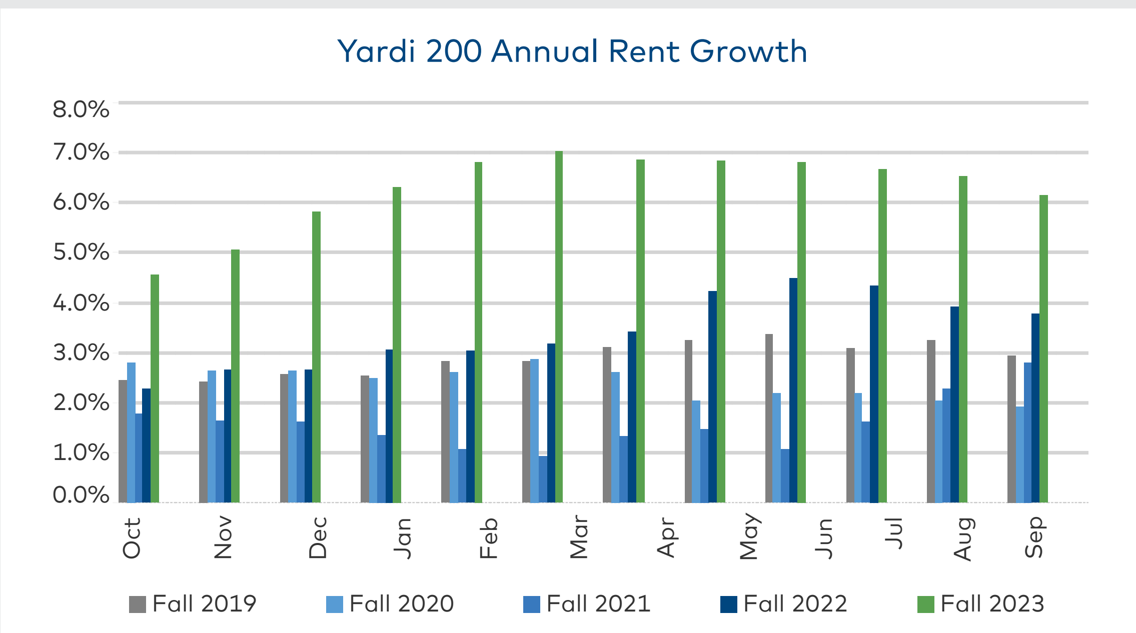
- Rent growth in the student housing sector continues to be the envy of the commercial real estate industry. In September, rent growth for the Yardi 200 was 6.1%, down from a peak of 7% in March and 2.3% above September 2022. Year-over-year rent growth has averaged 6.3% throughout the leasing season. Overall, rent remained near an all-time high of $846 per bed.

- Rent growth varied at the university level, with 33 schools in the Yardi 200 posting double-digit growth and 34 schools showing rent declines in September. Rent growth generally follows strong preleasing, and markets with double-digit growth were on average 97.2% preleased while markets with rent declines averaged 92.1% preleased, vs. 95.1% preleased occupancy nationally.

Student housing rent growth during the leasing season tracked preleasing, with operators pushing rents early on in response to rapid preleasing. As preleasing growth slowed starting in March, rent growth also cooled, but it is still well above the historic average from 2019 through 2022.

Some large public universities have posted the strongest rent growth. Thirteen of the schools with double-digit rent growth have 17 or more student housing properties and an average enrollment of over 40,000 students. This includes Purdue, the University of Arkansas, Arizona State, the University of Tennessee Knoxville, Louisiana State, the University of Alabama, the University of Georgia, North Carolina State in Raleigh, Penn State, Michigan State and Florida State.

Markets that struggled to increase rents include some urban campuses with a significant amount of new supply and some with late deliveries. This includes UNC – Charlotte, the University of Louisville, the University of Houston and the University of Southern California. A number also trailed last year on preleasing; 19 of the 34 schools with rent declines were behind last year on preleasing, trailing by an average of 6.2% in September.



Source: Yardi Matrix

Yardi Matrix

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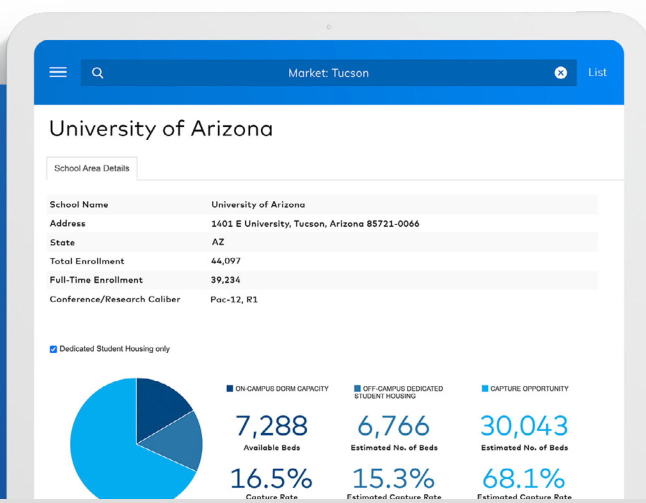
STUDENT HOUSING KEY FEATURES

- Search by school, conference or state in quarter-mile increments from campus
- Gain new supply information at the asset, competitive set and market levels
- Leverage data for both purpose-built and shadow market properties
- Access school year leasing and preleasing curve reports
- Produce reports on transaction, rent and portfolio data



Yardi Matrix Student covers markets across the U.S., with a data set of over **2,000 colleges and universities** including the top 200 of every major athletic conference.

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(800) 866-1144
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Contact us

Contacts

Tyson Huebner
Director of Research, Yardi Matrix
Tyson.Huebner@Yardi.com
(800) 866-1124 x5804

Ron Brock, Jr.
Industry Principal,
Matrix Products
JR.Brock@Yardi.com
(800) 866-1124 x2404

Jeff Adler
Vice President & General
Manager of Yardi Matrix
Jeff.Adler@Yardi.com
(800) 303-615-3676

Doug Ressler
Media Contact
Doug.Ressler@Yardi.com
(800) 866-1124 x2419

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