



Yardi[®] Matrix

National Student Housing Report

May 2024



Preleasing, Rent Growth Slow Down but Stay Strong

Yardi Matrix attended the Interface Student Housing Conference in Austin on April 23-26. The tone at the conference was very positive, as the leasing season continues to be one of the best yet, with preleasing similar to last year's record pace and rent growth moderating but remaining well above average. Supply and demand remain in balance, with modest levels of supply coming online while enrollment growth, especially at the primary state schools, represents a tailwind for the sector. The consolidation of higher education and the waning demographic outlook are benefiting student housing, which is concentrated in markets best positioned for growth. Strong investor interest in the sector, particularly from new entrants and international capital, is promising for transactional activity, notably in the back half of 2024.

- Preleasing reached 73.5% in April 2024, 50 basis points above April 2023, as momentum slowed from previous months but remains above the pre-pandemic average for the sector. Some operators have noted the delay in FAFSA processing is causing a slowdown in preleasing pace recently.
- Average rent per bed reached \$895 in April 2024, a 5.5% increase year-over-year, and rent growth has averaged 6% this leasing season. Similar to preleasing pace, rent growth has slowed from the beginning of the leasing season but remains well above other commercial real estate sectors and the historical average growth rate of 3.5%. A number of key markets are still experiencing double-digit rent growth, while the number of markets with rent declines has dropped.
- Yardi Matrix's supply forecast projects 46,285 new beds will deliver in 2024 at Yardi 200 schools, an increase from 37,576 beds delivered in 2023 and near the peak years of 2013 and 2014. Over the next five years, supply will drop below the long-term average of 36,322 beds per year going back to 2010.
- Student housing investment is trending much like last year, with 18 properties sold through April 30, 2024, the same number as this time last year. Despite a sluggish market this year, there have been a few large trades of high-quality assets, and the average pricing of \$100,857 per bed is well ahead of previous years, with recent rent growth contributing to higher pricing. Investors are hopeful that the second half of the year will see more sales activity, assuming there is greater clarity on interest rates.

