

2024

Student Housing Investor Intentions Survey

BONARD

ESOMAR²⁴
Individual

 RICS

Introduction

BONARD is delighted to introduce the first edition of the Student Housing Investor Intentions Survey, a new tool developed by BONARD's rented residential specialists to support all stakeholders in the PBSA (Purpose-Built Student Accommodation) space with accurate and up-to-date information.

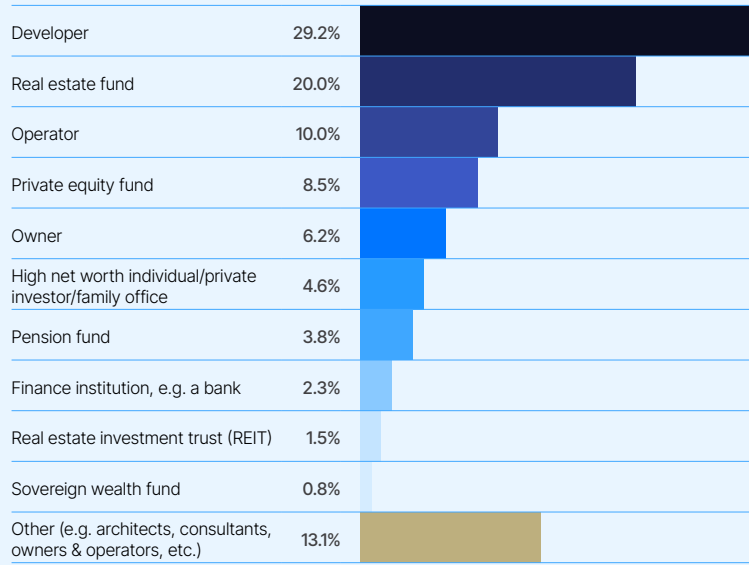
In order to provide trustworthy results that accurately reflect the current mood in the sector, the BONARD team interviewed 130 companies operating, investing and developing in the student housing sector or planning to do so to gauge their plans and expectations for 2024. Interviews were conducted in December 2023.

Nearly 20% of respondents are investing in, managing or developing portfolios with over 10,000 beds, while just under a third manage investments of over €1 billion. Almost three in four (75%) participants are actively involved in the sector and a further 20% are set to enter the sector soon.

About half of respondents are based in the UK, the USA, Canada and Australia, but the survey collected views from a range of regions, including Central Europe and Asia.

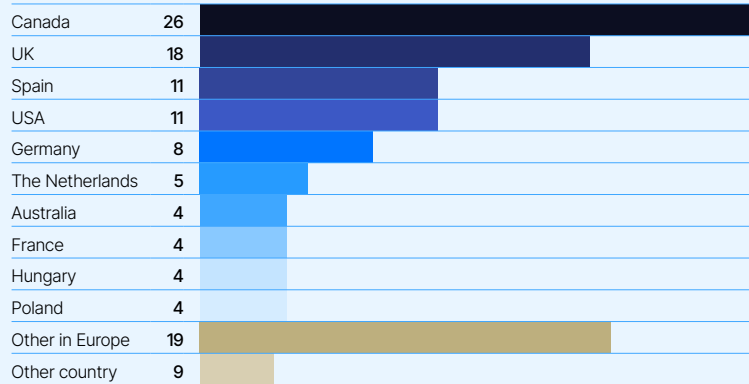
NOTE: The actual number of respondents may vary from question to question, as not all respondents replied to every question.

Q1 Which of the following best describes your organisation?



SOURCE: BONARD, 2024 (n=130)

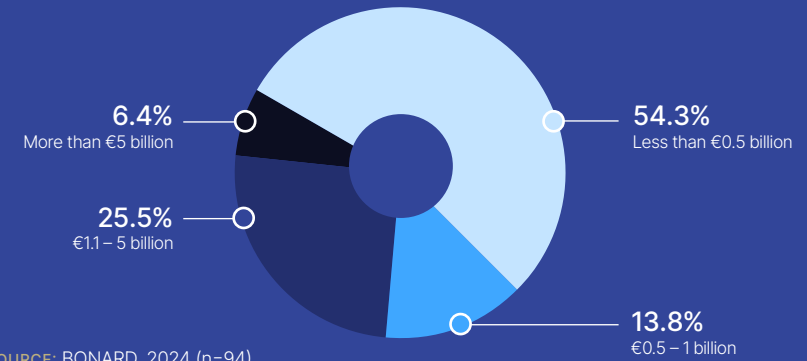
Q2 What country is your organization based in?



SOURCE: BONARD, 2024 (n=123)

Q3

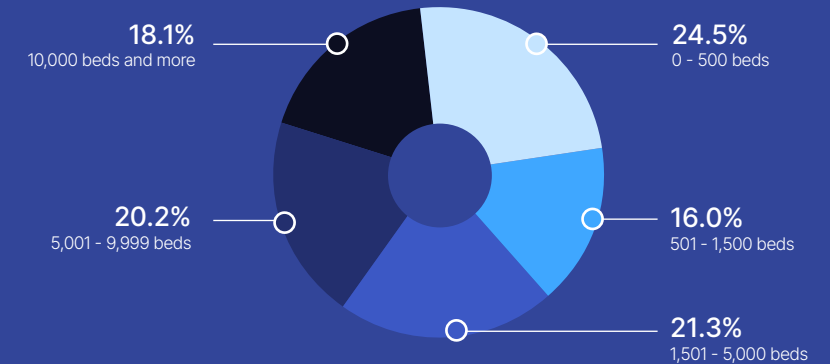
What is your organisation's total (to date) investment volume in the student housing sector?



SOURCE: BONARD, 2024 (n=94)

Q4

What is your organisation's total number of student beds under management/investment/development (to date)?

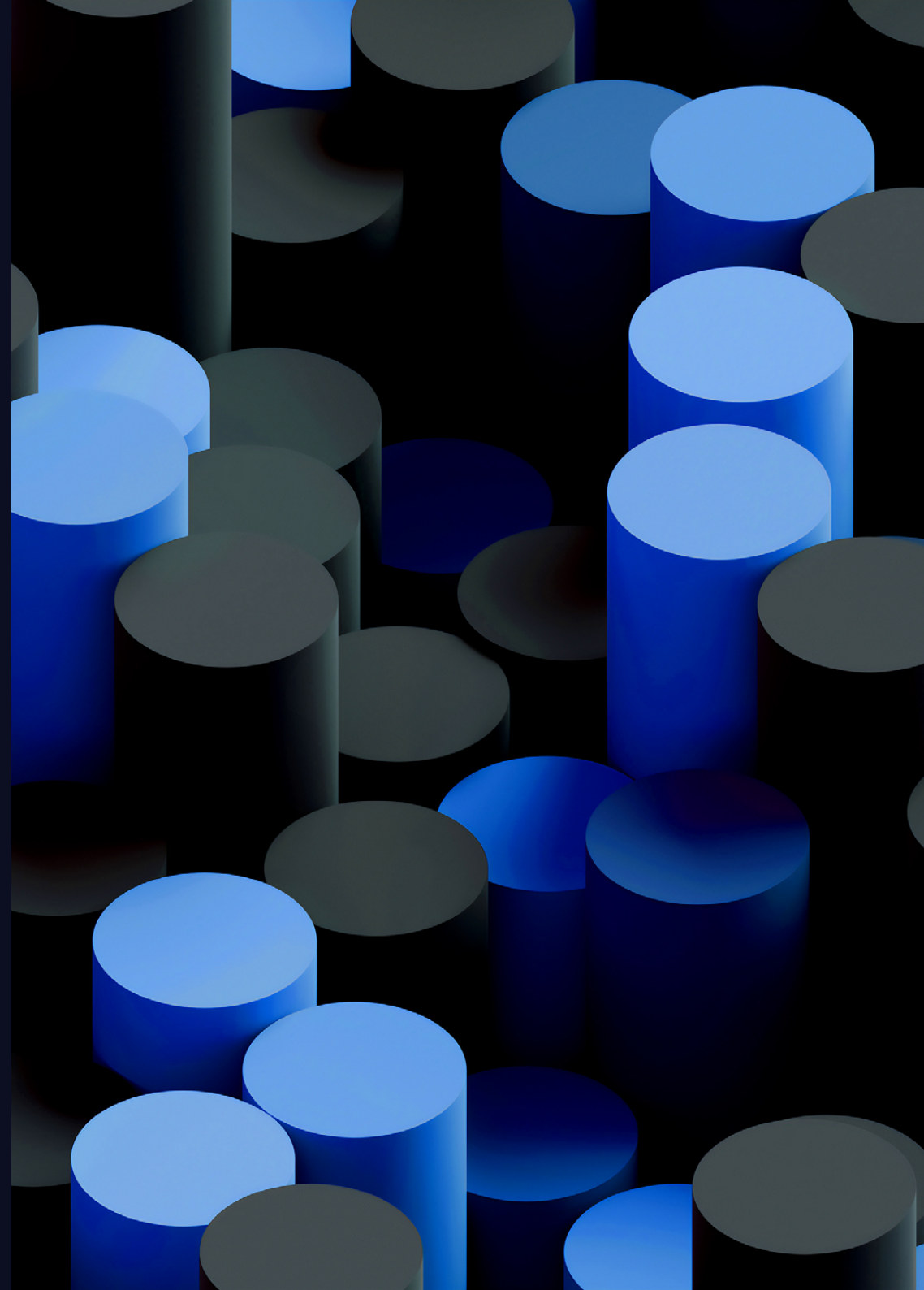


SOURCE: BONARD, 2024 (n=94)

CHAPTER I.

Investment plans

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Investment plans

Survey results show that participants are very optimistic about the future of the PBSA sector: over four in five respondents (82%) expect to see investment volumes grow in 2024, while only 16.7% believe investment levels will remain stable.

Optimism with a hint of caution

The large majority of participants are planning to invest more in student housing than they did in 2023, while divestment from PBSA remains negligible.

Just under 85% of respondents are planning to increase their investment compared to 2023. Over 60% expect to invest 11% more than last year, and almost one third expect their investment to soar by over 30%.

A comparatively small group (13.6%) plans to maintain their 2023 investment levels.

Despite the overall caution observed in the real estate sector, the survey indicates a notable appetite for expanding investments in the student housing market in 2024.

However, while the figures above highlight consistent optimism, participants are cautious and believe that 2024 will still be atypical due to the challenging economic climate.

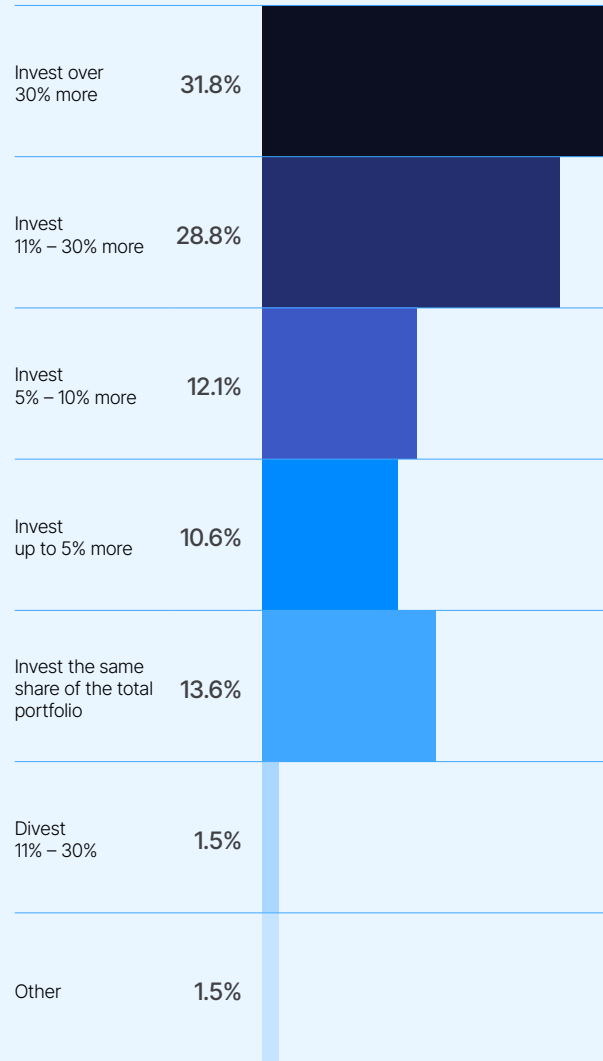
The strategy for the majority of respondents prioritises return expectations: 73% are waiting for returns to reach a sufficient level of profitability before committing to investing in PBSA, while a further 18% of respondents are waiting for interest rates to decrease.

Promising markets

Comparatively young and undersupplied student housing markets such as Spain, Italy, Canada, Poland and Portugal feature high in respondents' preferences together with countries where the PBSA sector is more established, such as the UK.

Q5

What are your student housing investment plans for 2024 and how do they compare to last year?



SOURCE: BONARD, 2024 (n=66)

Q6

How do you expect investment in student housing to change in 2024 compared to last year?



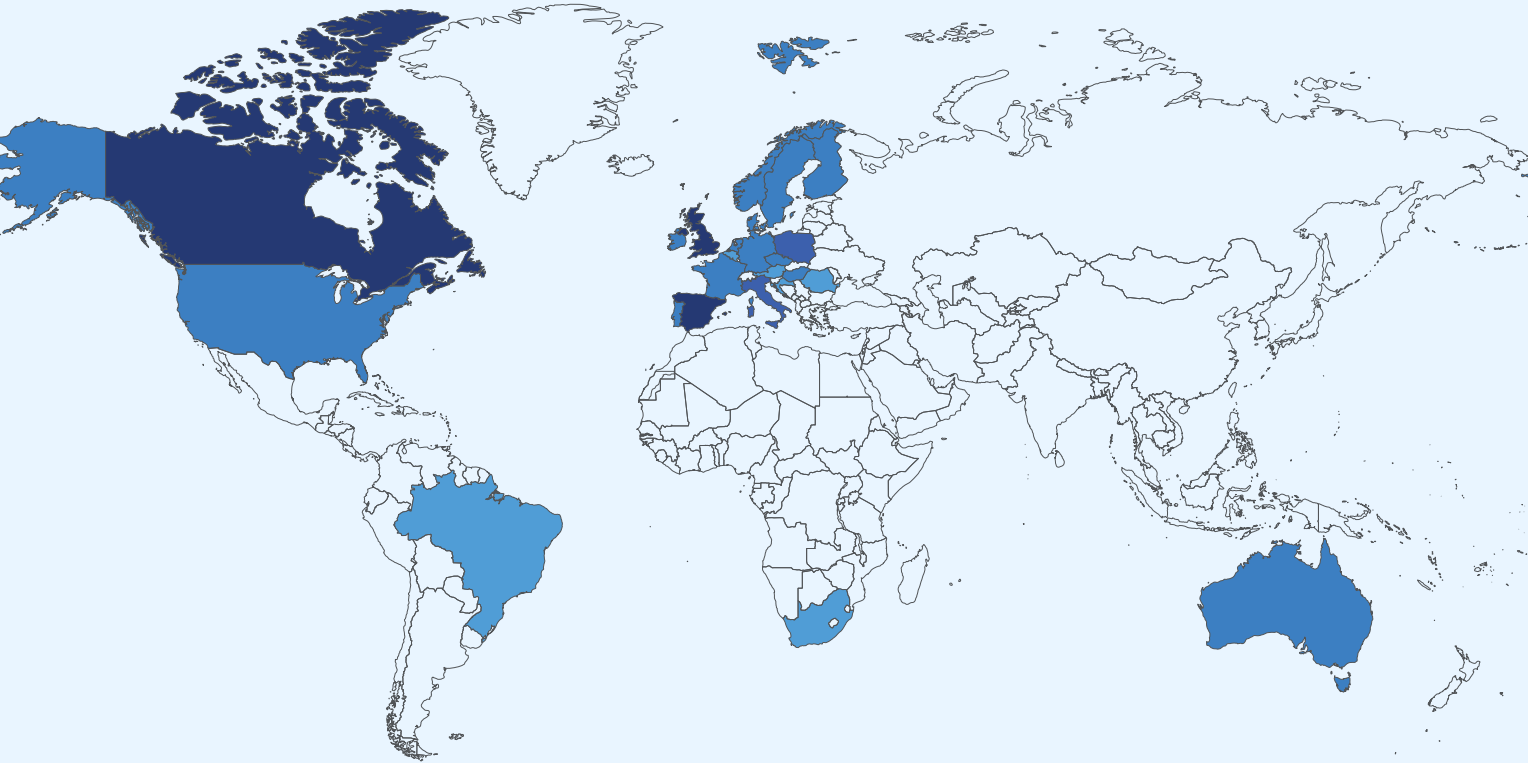
SOURCE: BONARD, 2024 (n=66)

Q7

In your view, which student housing markets have the highest potential for investment in 2024?

Share of respondents

- 35% - 25%
- 24% - 15%
- 14% - 5%
- 4% - 0%



Share of respondents

Spain	32.6%	Germany	14.0%	Denmark	8.1%	Czech Republic	5.8%	Baltics	1.2%
UK	27.9%	Portugal	10.5%	Finland	8.1%	France	5.8%	Brazil	1.2%
Canada	25.6%	The Netherlands	10.5%	Norway	8.1%	Hungary	4.7%	Croatia	1.2%
Italy	22.1%	Australia	9.3%	Sweden	8.1%	Austria	3.5%	Romania	1.2%
Poland	19.8%	Ireland	9.3%	USA	8.1%	Belgium	1.2%	South Africa	1.2%

SOURCE: BONARD, 2024 (n=87)

Q8

How do you expect investment in student housing to change in 2024 compared to last year?

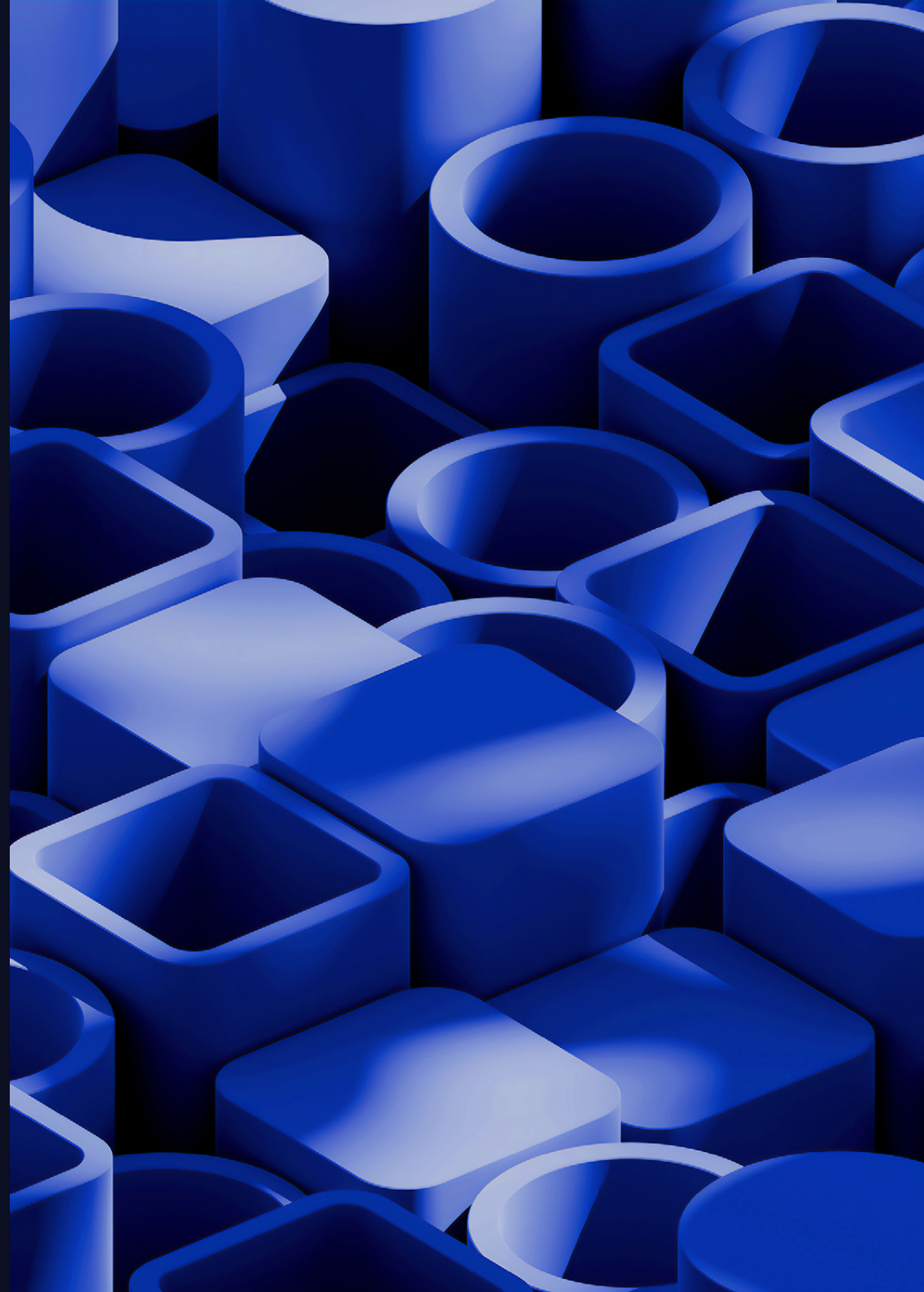


SOURCE: BONARD, 2024 (n=84)

CHAPTER II.

Rents

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Rents

Keeping rents competitive

The verdict is unequivocal: rents will keep rising in 2024.

Almost two in four respondents (39%) expect rents to rise above inflation, while 48% envisage rents to rise on par with inflation.

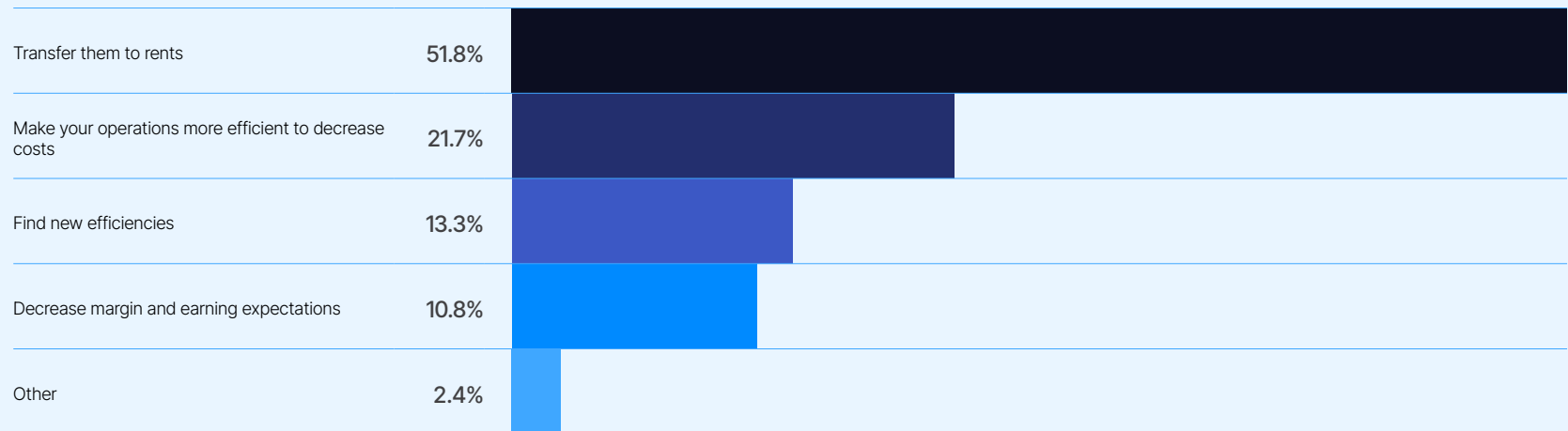
The majority of respondents (51%) are set to increase rents to offset rising costs, while 35% plan to make their operations more efficient or find other ways to offset costs instead of passing them on to tenants.

A relatively small group of respondents (10%) indicate they are willing to decrease margins and earning expectations to increase their competitiveness.

Unlike many other asset classes, in student housing the market players have the unique ability to increase both occupancies and rents due to sector's strong and consistent demand. This trend positions student housing for a stable and better time ahead.

Q⁹

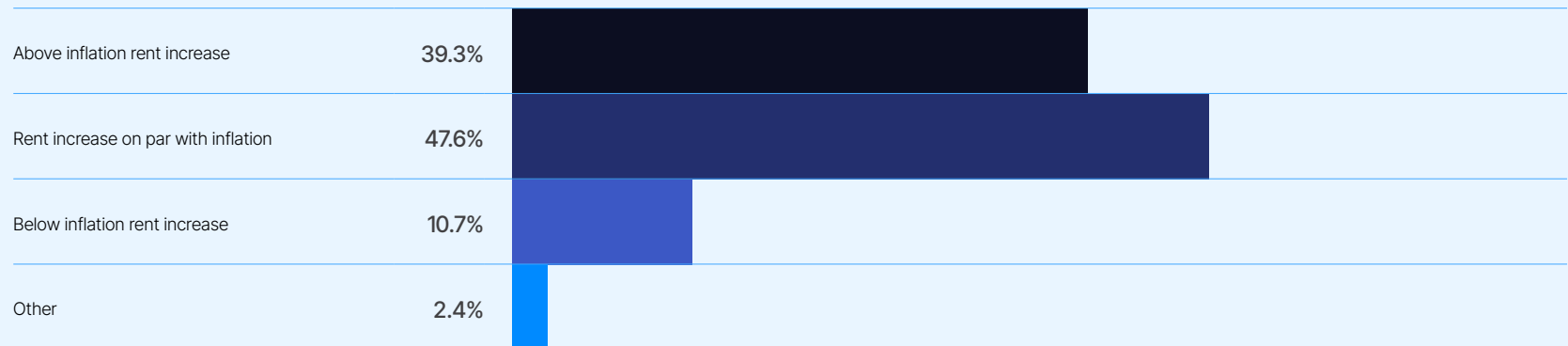
How do you plan to offset rising costs in 2024?



SOURCE: BONARD, 2024 (n=83)

Q¹⁰

Taking into account the economic situation and prospects for 2024, where do you see a possible rent level increase versus inflation?

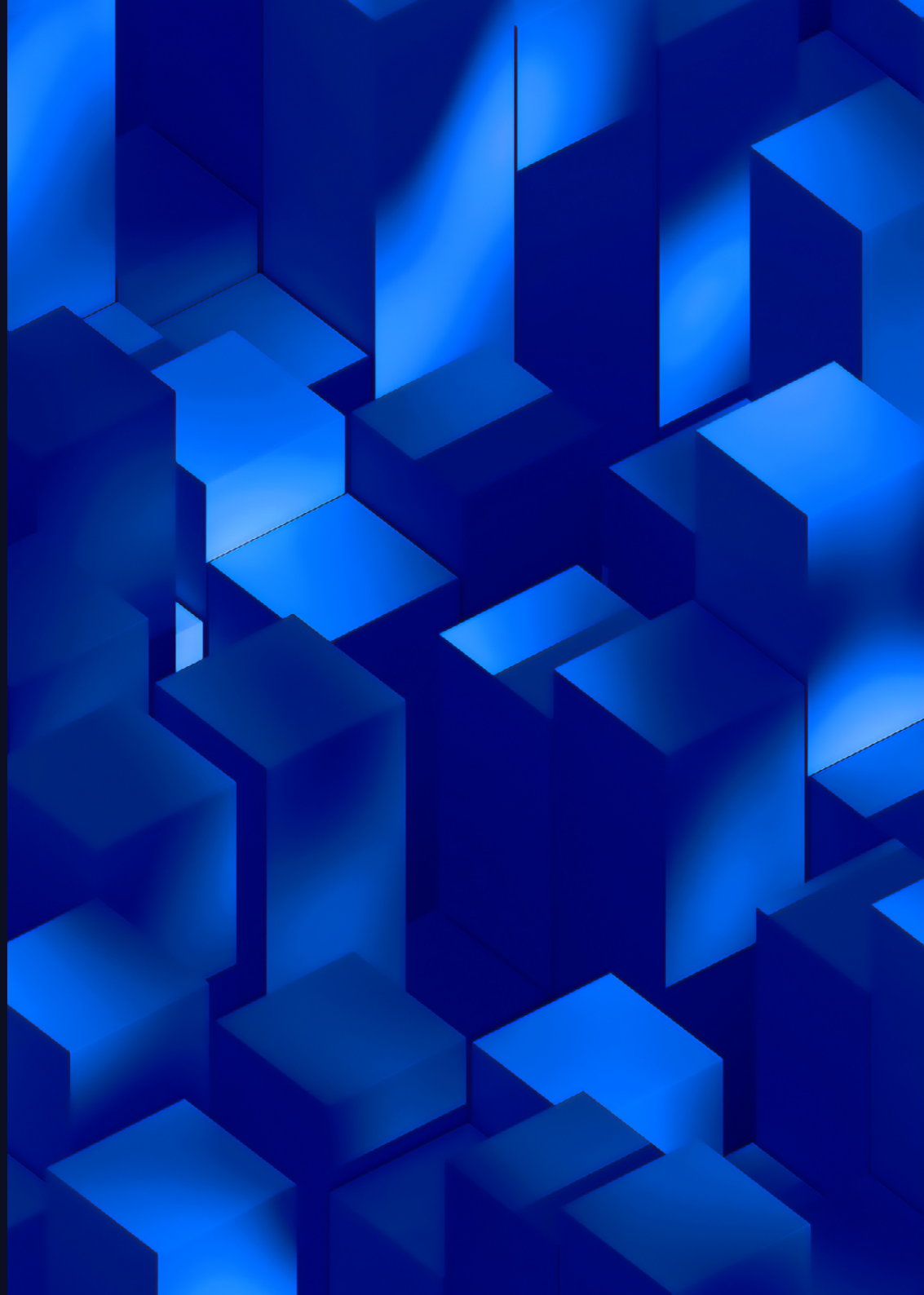


SOURCE: BONARD, 2024 (n=84)

CHAPTER III.

Yields

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Yields

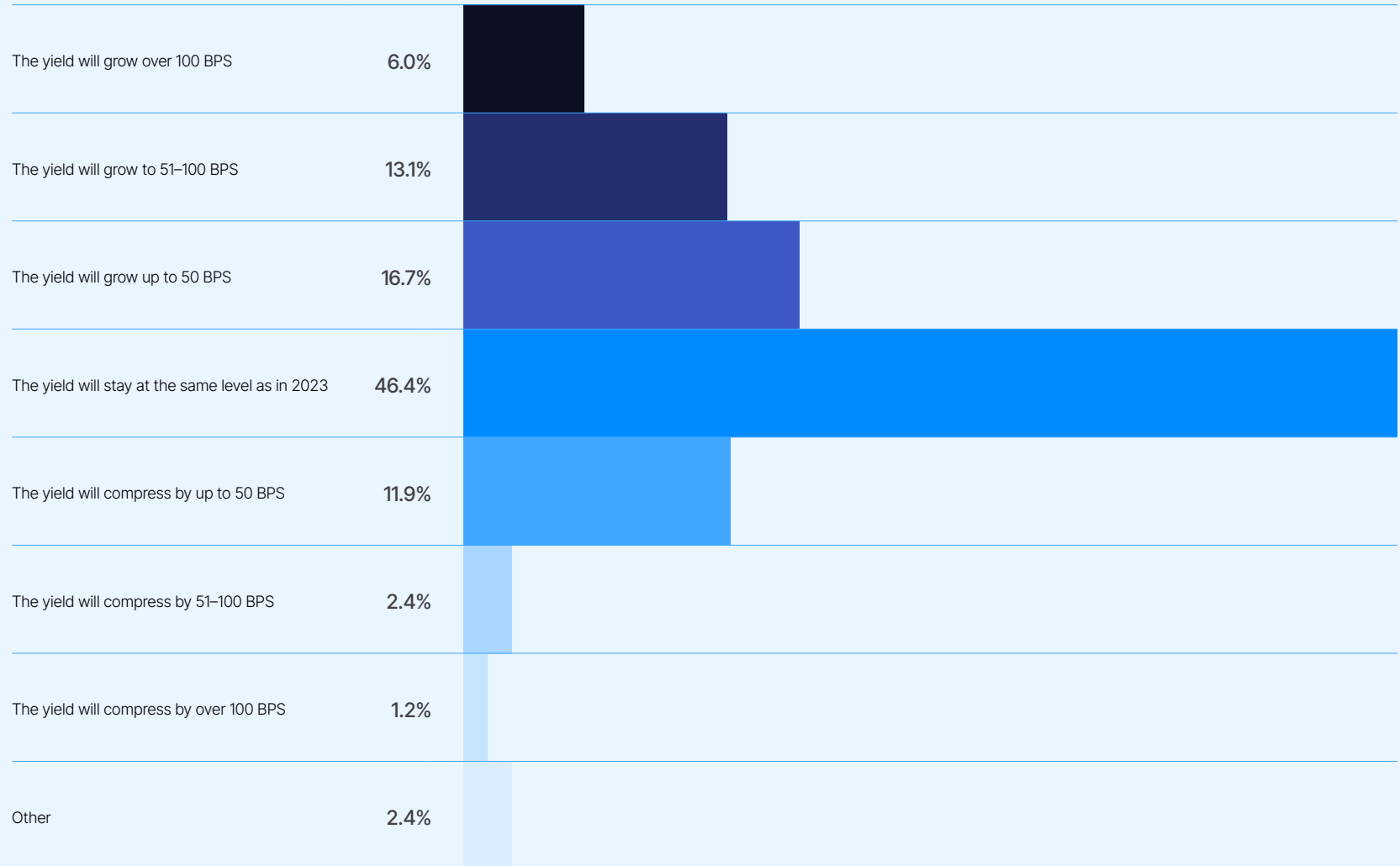
Stable yields

The yield expansion observed in 2023 may have been a short-lived trend.

While one in three respondents believes that yields will grow in 2024, the largest share of respondents (46%) expect yields to remain at the same levels as they were in 2023.

Q11

Where do you expect your underwriting to be in terms of student housing cap yields for 2024?

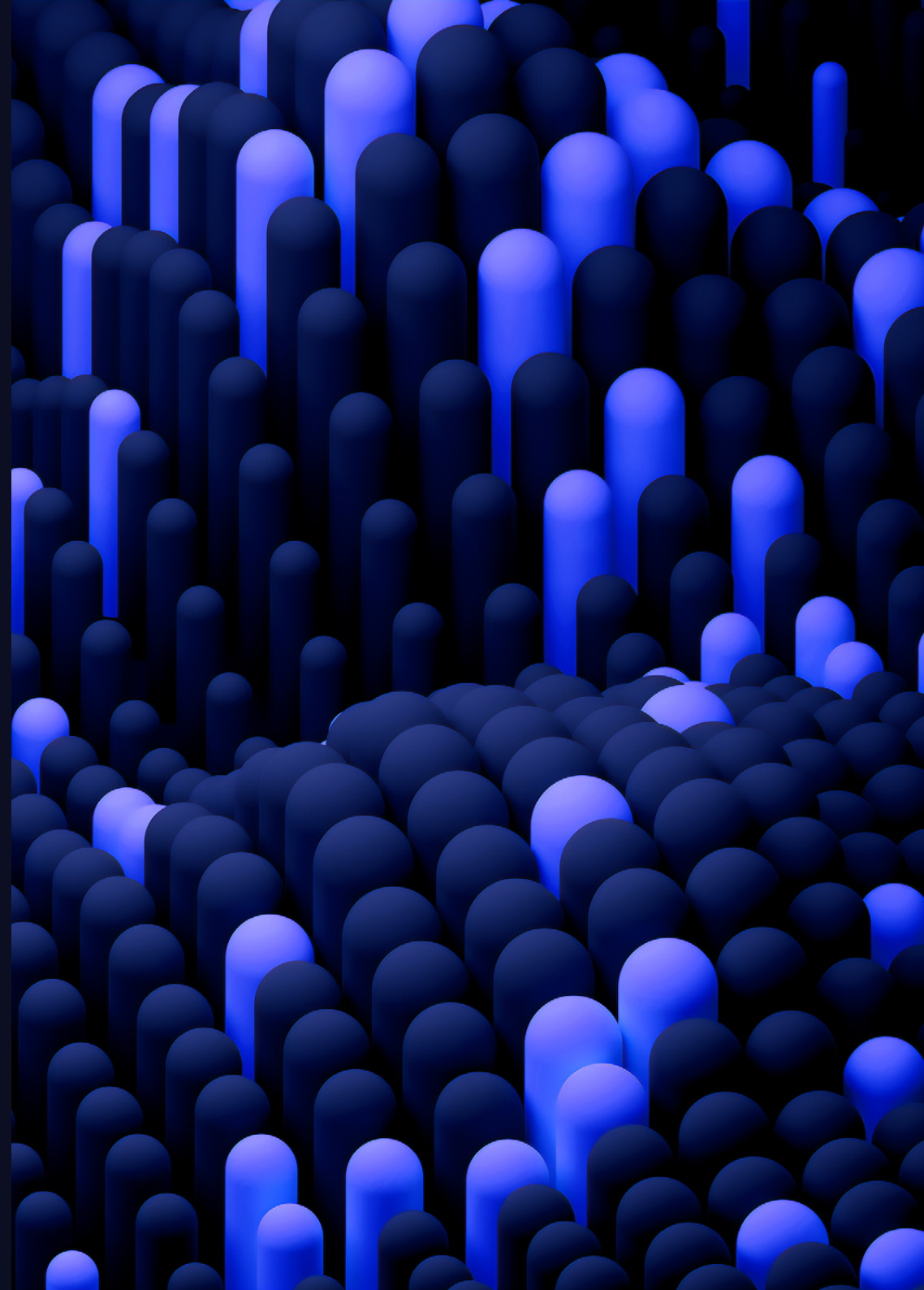


SOURCE: BONARD, 2024 (n=84)

CHAPTER IV.

Challenges and drivers for development

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Challenges and drivers for development

Financing costs remain the biggest hurdle for stakeholders.

Most respondents ranked high financing costs as their first or second most important challenge for 2024, while rising construction and land costs and high interest rates follow closely. The current geopolitical climate was also flagged as a major concern by several respondents.

It is important to note that, despite many stakeholders' efforts, lack of knowledge about the sector in the wider public still represents one of the top 10 challenges for stakeholders. Accurate, transparent and comprehensive market research that tracks the sector's performance is essential to ensure that student housing can develop to its full potential.

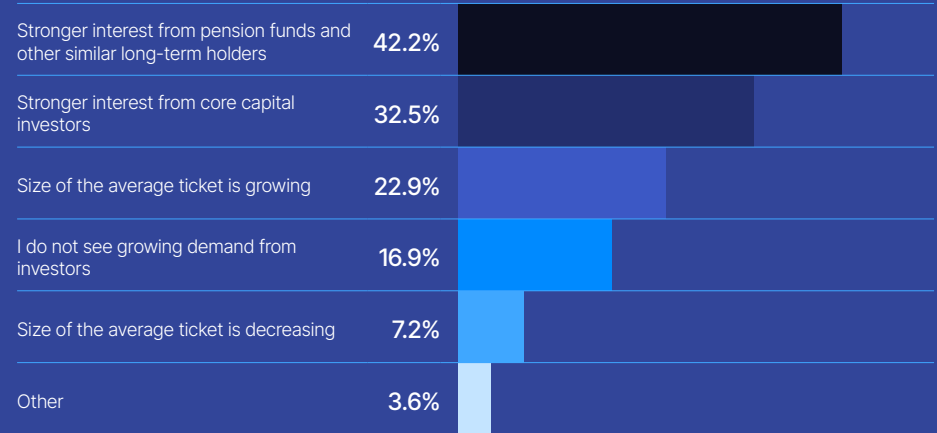
With the increasing stability and expansion of the sector, a greater number of pension funds and core capital holders are showing interest in the asset class.

Q12 What major challenges do you see for investments in student housing in 2024?



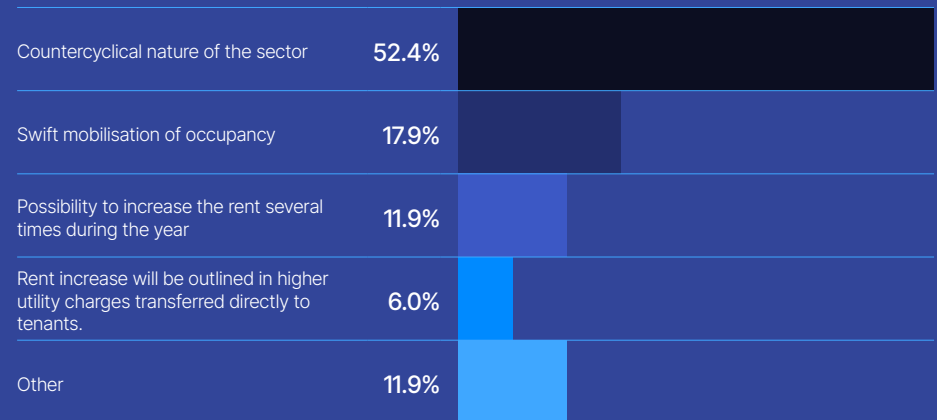
SOURCE: BONARD, 2024 (n=102) Lowest rank Highest rank

Q13 If you see growing capital demand for the student housing sector, what typical characteristics do you see?



SOURCE: BONARD, 2024 (n=104)

Q14 What do you see as the most positive aspect of and reason for investing in student housing?



SOURCE: BONARD, 2024 (n=84)

Summary

THE RESULTS OF THIS SURVEY ARE A TESTAMENT TO THE SECTOR'S ONGOING SUCCESSFUL PERFORMANCE AND HIGH POTENTIAL.

The majority of respondents expect capital demand for the student housing sector to grow from pension funds and long-term holders (42%), and core capital investors (32.5%).

The most attractive feature of the PBSA sector, as highlighted by respondents, remains its countercyclical nature and its resilience during economic crises thanks to a stable client base.

Several respondents also emphasised the shift mobilisation of occupancy and flexible rent adjustments as key positive attributes that make the student housing sector particularly attractive.

The Student Housing Investor Intentions Survey is the latest tool in BONARD's portfolio of services; it will be conducted annually to monitor the mood in the student housing sector and support stakeholders' decisions and strategic planning.

The PBSA sector has successfully navigated through negative economic cycles, the downturn in mobility caused by COVID-19, inflationary pressures, and spikes in interest rates.

Throughout these crises, it has demonstrated its resilience and outperformed other asset classes, showcasing its stability and reliability.

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OF CHARTERED SURVEYORS
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BONARD is a global market research and advisory firm assisting with data, strategies and assessments in rented residential asset classes, incl. student housing, micro living, co-living, senior living, serviced apartments, and BTR. The team of over 50 researchers and analysts operating in four offices around the world provide the highest level of secondary and primary in-field

data (street level/ground interviews), making BONARD a leading provider of independent and reliable data and research for the asset class.

The company provides up to 250+ KPIs per city as well as data such as demand, supply, portfolios, prices, pipeline, or customer preferences in over 200 cities.