



Yardi[®] Matrix

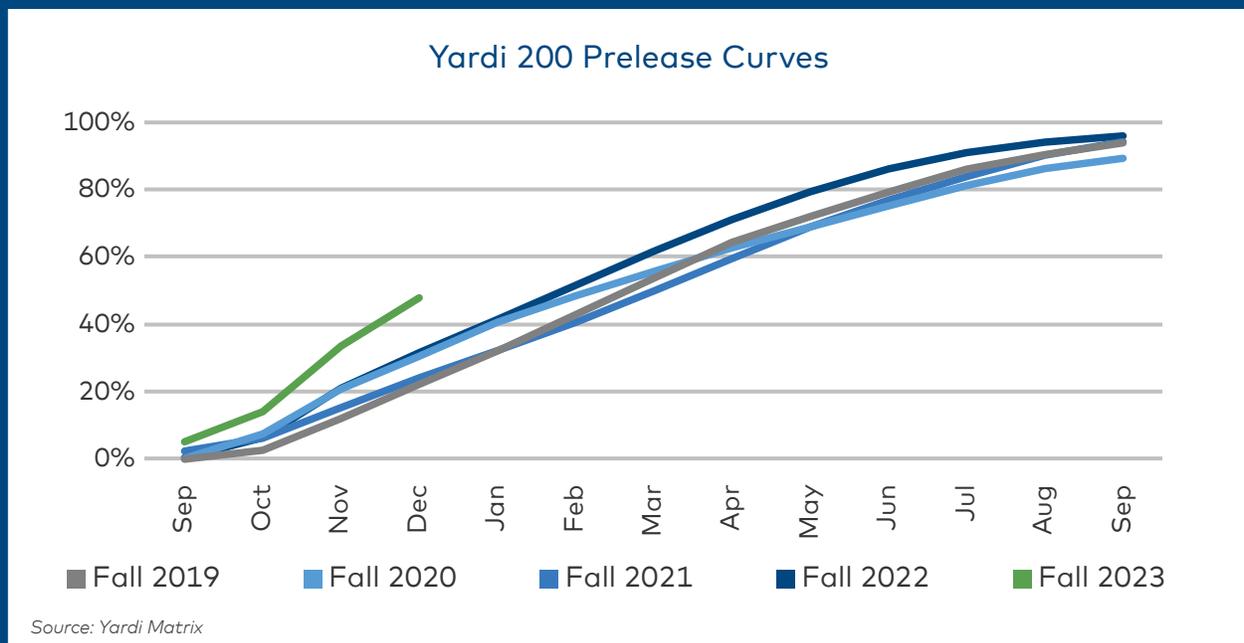
National Student Housing Report

First Quarter 2023



Student Housing Maintains Positive Outlook in 2023

- The student housing industry concluded its best year on record in 2022, and momentum is strong heading into the new year, even as the effect of higher interest rates takes hold in the economy and has led multifamily rents to decelerate. Yet student housing remains largely unaffected, as the industry typically does better during times of economic volatility.
- The enrollment story we've seen since the start of the pandemic remains: Highly selective universities with name recognition are maintaining their interest among incoming students, while smaller schools are having more difficulty with enrollment. Universities that weren't able to recover financially from the pandemic and struggle with enrollment will continue to close or consolidate, as was the case with the dozens of universities that made announcements over the past couple of years.
- The slowing economy is having an impact on new supply. With interest rates increasing, the new-supply pipeline is contracting. The development pipeline for Yardi 200 universities—including planned, prospective and under-construction properties—decreased by over 3,000 bedrooms from December to January, representing a 2.6% contraction. The shrinking new-supply pipeline paired with the closing and consolidating of many universities nationwide will lead to more competition for housing, ultimately buoying rent growth and speeding up the rate of preleasing.
- As of December, 48% of beds at Yardi 200 universities were already leased for the fall 2023 school year, representing a new record high for this time of year. Rent growth also remained strong in December, at 4.7% annual growth. With over eight months to go until the start of the next school year, we anticipate 2023 being another record-breaking year for student housing performance.



Student Housing Preleasing: Early Returns Presage Record Highs

- Leasing for the 2023 school year is proceeding at an impressive clip. As of December, 48% of beds at Yardi 200 universities were leased for the upcoming school year. This rapid pace of leasing is the highest for any December on record, surpassing last year's previous record high by 16.3%.
- About a third of Yardi 200 universities were over 50% preleased as of December, which is remarkable given we are only three months into the leasing season. If this rapid pace of leasing continues through the spring, as we expect it will, 2023 will mark another record-breaking year for student housing.
- Leasing is strong across universities of different sizes and locations. Five—Texas Christian University, the University of Pittsburgh, the University of Wisconsin-Madison, the University of Tennessee-Knoxville and Purdue University—were all over 90% preleased for the fall 2023 school year as of December.
- Few universities in the Yardi 200 are struggling with leasing for the upcoming school year. Portland State University had the greatest loss in percentage preleased year-over-year in December, down 10.5% from December 2021. However, 2021 was a record year for the Portland-based university, and with 10% of beds leased as of December, the current pace of leasing is in line with historical standards.

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

| University | YOY Growth in % Preleased |
|--|---------------------------|
| Johns Hopkins University | 66.7% |
| Texas Christian University | 60.1% |
| University of Arkansas | 54.2% |
| University of Pittsburgh | 48.8% |
| University of Southern Mississippi | 45.0% |
| Florida International University | 38.2% |
| University of South Alabama | 36.8% |
| University of Arizona | 36.0% |
| Arizona State University-Tempe | 33.1% |
| The University of Tennessee-Knoxville | 30.8% |
| University of Illinois at Urbana-Champaign | 28.7% |
| Rochester Institute of Technology | 28.7% |
| University of Cincinnati | 28.0% |
| Illinois State University | 27.8% |
| North Carolina State University at Raleigh | 27.6% |
| Binghamton University | 27.4% |
| University of North Texas | 27.3% |
| Southern Illinois University-Carbondale | 25.9% |
| University of North Carolina at Charlotte | 24.6% |
| The University of Alabama | 24.6% |

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 December 2022

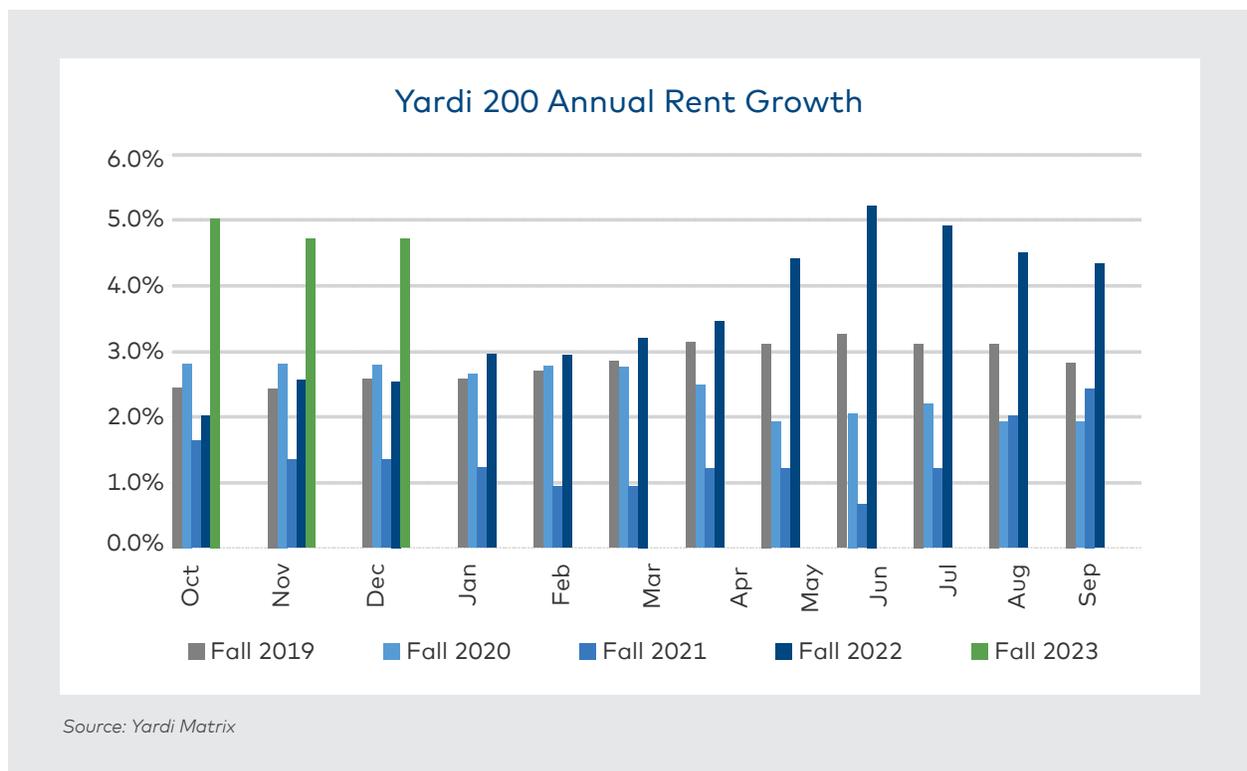
Strong and Steady Rent Growth

- Annual rent growth at Yardi 200 universities was 4.7% as of December, the highest rate of growth for any December on record. Rent growth peaked in June of last year at 5.2%, and growth has hovered between 4.5% and 5% each month since. The average rent per bedroom was \$800 in December, up \$2, or 0.3%, over the prior month.
- Demand for student housing at competitive universities remains elevated, particularly at schools with limited supply growth. With the rapid pace of leasing the industry is experiencing, properties have been able to steadily raise rents.

Rent growth was showing signs of cooling last September, but shot up again as soon as the new leasing season started. Annual rent growth hovered at or above 4.7% for the final three months of 2022. Thirteen universities had double-digit annual rent growth in December, led by Purdue University with 22.6% growth. Properties at Purdue University were able to hike rents amid astounding leasing activity—91.1% of beds at the West Lafayette, Ind., university were already leased for the 2023 school year at the end of 2022.

A few universities had negative annual rent growth in December, such as Bowling Green State University, with rent growth down 4.3% over the year prior. However, it's not all bad news for Bowling Green, as rents are still well above the historical norm.

With the gained momentum in both rent growth and preleasing activity this early in the leasing season, we anticipate another strong year ahead for student housing fundamentals.



New Supply Pipeline Continues to Cool

- The increased cost of debt is starting to impact the new-supply pipeline for dedicated off-campus student housing. At the start of 2023, about 124,000 bedrooms were in various stages of development at Yardi 200 universities. While the development pipeline is robust, this is a decrease of over 3,000 bedrooms from one month prior. About 50,000 bedrooms were under construction at the start of this year, and we expect new starts to continue to slow.
- The University of Texas at Austin maintains its position for most bedrooms under construction, with nearly 5,000 beds under construction at six properties. The Austin-based university should have no problem absorbing this new supply, as fundamentals remain stellar, with 59.6% of beds preleased as of December, annual rent growth of 5.5% and no additional properties in the development pipeline.
- Student housing deliveries picked up slightly, with about 23,000 new bedrooms delivered at Yardi 200 universities over the last 12 months. We expect to see deliveries taper as properties complete and there are fewer starts to backfill development activity.

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 Dec 2022 |
|---|-----------------------------|--|---------------------|----------------------------|
| The University of Texas at Austin | 4,726 | 9.1% | 61.5% | 59.6% |
| Florida International University | 3,553 | 6.3% | 92.6% | 58.4% |
| Indiana University-Bloomington | 3,231 | 7.1% | 84.0% | 47.2% |
| Georgia Institute of Technology | 3,163 | 7.2% | 77.3% | 43.6% |
| Washington State University | 2,693 | 9.0% | 87.5% | 20.5% |
| University of Maryland-College Park | 2,649 | 6.4% | 83.0% | 43.0% |
| University of South Florida | 2,107 | 4.8% | 67.1% | 50.2% |
| University of Florida | 1,971 | - | - | 43.8% |
| University of California-Davis | 1,778 | - | - | 29.0% |
| University of Michigan-Ann Arbor | 1,736 | 3.5% | 87.7% | 43.6% |
| University of Washington-Seattle Campus | 1,712 | 3.3% | 93.5% | 19.1% |
| Florida State University | 1,355 | 2.9% | 39.7% | 60.4% |
| University of Nebraska-Lincoln | 1,071 | 4.4% | 84.7% | 32.9% |
| Pennsylvania State University | 1,039 | 2.2% | 71.2% | 59.2% |
| Boise State University | 1,030 | 4.0% | 91.8% | 55.5% |
| University of Notre Dame | 972 | 7.4% | 86.9% | 47.2% |
| University of Alabama at Birmingham | 949 | 4.3% | 90.7% | 19.2% |
| University of North Texas | 883 | 2.1% | 77.5% | 46.2% |
| Texas A & M University-College Station | 865 | 1.2% | 57.2% | 42.1% |
| Ohio State University | 859 | 1.4% | 89.3% | 39.9% |

Note: Prelease rates for universities are based solely on properties that participate in our phone surveys.
Source: Yardi Matrix, data as of December 2022

Another Solid Year for Student Housing Investment

- The year ended with nearly \$5 billion in sales volume at Yardi 200 universities, just short of 2021's peak. The average sales price per bed also dropped slightly from 2021, to approximately \$76,500.
- Student housing remains an attractive investment given the sector's performance in times of economic instability. While other asset types are showing deceleration, such as multifamily, student housing is maintaining its stellar performance with record preleasing and rent growth.
- Transaction activity will be sure to slow with rising interest rates, but the sector remains a solid investment for those that are looking to deploy capital.

Top 15 Universities With the Most Sales Volume

| University | YTD Sales Price Per Bed (Thousands) | YTD Sales (Millions) |
|---|-------------------------------------|----------------------|
| Yardi 200 | \$76.77 | \$4,850.27 |
| Arizona State University-Tempe | \$143.66 | \$335.58 |
| University of Arizona | \$169.64 | \$301.45 |
| University of South Florida | \$75.57 | \$276.75 |
| University of North Carolina at Charlotte | \$70.62 | \$218.28 |
| North Carolina State University at Raleigh | \$107.25 | \$214.17 |
| The University of Tennessee-Knoxville | \$111.45 | \$200.28 |
| Middle Tennessee State University | \$53.43 | \$151.95 |
| San Diego State University | \$160.71 | \$145.76 |
| Texas State University | \$76.93 | \$137.56 |
| Florida State University | \$54.73 | \$137.14 |
| University of South Carolina-Columbia | \$96.27 | \$136.71 |
| Arizona State University-Downtown Phoenix | \$193.76 | \$118.00 |
| University of Central Florida | \$132.35 | \$117.00 |
| Clemson University | \$108.09 | \$113.71 |
| University of North Carolina at Chapel Hill | \$95.66 | \$52.04 |

Source: Yardi Matrix, data as of December 2022

Yardi 200 Total Sales



Source: Yardi Matrix

University Fundamentals, Sorted by Top Rent Growth

| University | Fall 2023 Annual Rent Growth Dec 2022 | Fall 2023 Annual Prelease Growth Dec 2022 | Fall 2023 Current % Preleased Dec 2022 | Capture Opportunity | Bedrooms Under Construction as a % of Enrollment | YOY Enrollment Growth 2019-2020 |
|---|---------------------------------------|---|--|---------------------|--|---------------------------------|
| Purdue University | 22.6% | 19.8% | 91.1% | 79.0% | 0.6% | 6.4% |
| Northern Arizona University | 15.1% | 21.6% | 52.5% | 73.4% | 2.7% | -2.9% |
| The University of Tennessee-Knoxville | 14.2% | 30.8% | 96.6% | 73.6% | - | 3.7% |
| Rochester Institute of Technology | 13.5% | 28.7% | 50.4% | 74.1% | 3.7% | -1.8% |
| Baylor University | 12.9% | 17.2% | 63.0% | 64.5% | - | 6.9% |
| University of Arkansas | 11.9% | 54.2% | 78.2% | 77.7% | 1.4% | 5.5% |
| University of Memphis | 11.5% | - | - | 93.9% | - | -2.6% |
| Florida State University | 11.3% | 16.5% | 60.4% | 39.7% | 2.9% | 7.5% |
| University of California-Santa Barbara | 11.0% | 20.1% | 43.0% | 97.5% | - | -1.2% |
| Indiana University-Bloomington | 10.7% | 14.3% | 47.2% | 84.0% | 7.1% | 5.3% |
| University of Kentucky | 10.6% | 24.3% | 55.8% | 79.2% | - | 1.3% |
| Ohio State University | 10.5% | 3.4% | 39.9% | 89.3% | 1.4% | 0.5% |
| University of Oregon | 10.2% | 22.1% | 38.1% | 67.7% | - | 2.3% |
| Kansas State University | 9.8% | 12.1% | 29.6% | 91.7% | - | -3.0% |
| University of Wisconsin-Madison | 9.7% | 10.2% | 96.8% | 86.6% | - | 7.4% |
| The University of Texas at San Antonio | 9.7% | 14.5% | 29.8% | 73.6% | - | 0.0% |
| University of Florida | 9.5% | 11.9% | 43.8% | - | - | - |
| Texas A & M University-College Station | 9.0% | 10.9% | 42.1% | 57.2% | 1.2% | 3.0% |
| University of Georgia | 8.8% | 12.0% | 58.4% | 71.6% | 0.9% | 2.5% |
| Binghamton University | 8.7% | 27.4% | 72.9% | 85.8% | - | -0.5% |
| University at Buffalo | 8.3% | 20.7% | 45.6% | 88.7% | - | 0.0% |
| Middle Tennessee State University | 8.3% | 6.7% | 33.6% | 71.9% | - | -9.6% |
| University of Illinois at Urbana-Champaign | 7.9% | 28.7% | 67.8% | 72.4% | 0.8% | 7.5% |
| Texas Tech University | 7.8% | 9.3% | 36.1% | 61.1% | - | 0.5% |
| Indiana University-Purdue University-Indianapolis | 7.8% | 18.6% | 46.1% | - | - | - |
| University of North Carolina at Chapel Hill | 7.4% | -7.7% | 57.8% | 91.1% | - | 5.5% |
| University of Mississippi | 7.4% | 21.5% | 40.1% | 64.0% | - | 0.9% |
| University of Missouri-Columbia | 7.3% | 17.1% | 41.9% | 51.9% | - | 1.0% |
| The University of Alabama | 7.2% | 24.6% | 52.5% | 68.8% | 1.8% | 1.3% |
| The University of Texas at Arlington | 7.0% | 16.6% | 30.7% | - | - | - |

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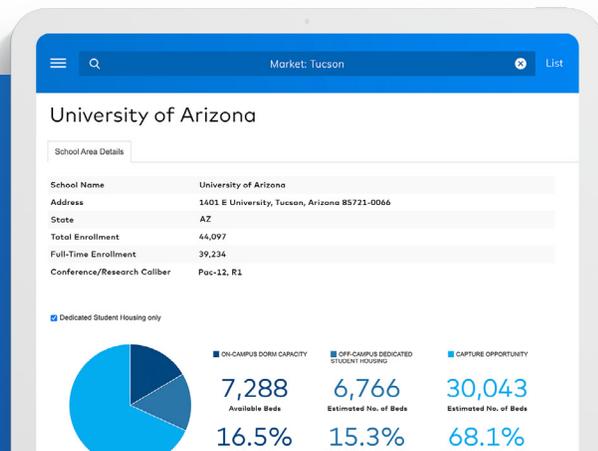
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