



Yardi[®] Matrix

National Student Housing Report

Second Quarter 2023



Student Housing Gains Momentum Through Q1 2023

- While other commercial real estate property types are seeing deceleration in fundamentals performance amid a slowing economy, the student housing industry is gaining steam. A sector that often performs better during times of economic volatility, student housing continues to achieve record-breaking rent and preleasing levels.
- Demand is most robust in the larger, more competitive universities where enrollment is increasingly concentrated, producing demand for housing both on and off campus. The housing need is particularly acute in university markets that are in downtowns with prevalent conventional multifamily markets.
- As of March, 69.7% of beds at Yardi 200 universities were preleased for the upcoming fall 2023 term, a 7.8 percentage point increase compared to a year ago and the second straight year March preleasing rates hit an all-time high. Rent growth for student housing properties is exceptionally strong: Rents increased 7.0% year-over-year in March to an average of \$829 per bedroom, the highest average rent ever for the cohort.
- Despite the growth, higher interest rates, reduced debt-market liquidity and weakening investor sentiment are putting a damper on development and sales activity. At the start of the second quarter, there were approximately 70,000 bedrooms under construction, an increase of 20,000 beds over last quarter. However, the number of beds in pre-construction phases remains unchanged from last quarter, so as projects begin to deliver, there may not be as many developments to backfill in future years. The skittish capital markets environment is also evident in transaction activity, with only \$148 million in sales completed in the first quarter, down substantially from the \$1.5 billion recorded in the first quarter of 2022.

