

Catella: Student Housing set for further growth

- Catella presents comprehensive European market overview for this asset class
- Demand consistently high among international investors
- Student housing evolving into micro-living for different target groups
- Growth opportunities do not always correlate with ratio of absolute student numbers to number of beds available

Frankfurt, 13 November 2018. A niche product achieves maturity: According to Catella Research, Student Housing is evolving from a hidden champion to emerge as an asset class that is recognised and sought after throughout Europe. In the Netherlands, Germany and France especially, Student Housing and Micro-Living have gained considerable momentum in recent years – as a result of the combination of tense housing markets in major cities and high student numbers. International students are becoming an increasingly relevant target group. At the same time, providers are adapting their concepts to the different living situations of their users: In addition to student apartments, recent years have also seen tailored offers for professionals, single parents and seniors appear on the market.

“The Student Housing asset class is extremely dynamic. From 2016 to today, the transaction volume in Europe from has amounted to around 112,000 beds,” said Dr Thomas Beyerle, Head of Group Research at Catella. “The market is continuing to grow and remains extremely exciting for international investors.”

In total, demand for Student Housing significantly exceeds supply in all major European cities and student towns. One interesting aspect is that demand intensity does not always correlate with the absolute number of students in relation to the number of beds available. Take Italy and Spain, for example: There is a big discrepancy between demand and supply, though statistically Italy and Spain have only 1.81 and 4.56 students per bed, respectively. Ireland has it the other way round: It has a high number of students with limited availability of private residences, which greatly intensifies demand for public student housing.

Catella Research analysed the market situation and different regional conditions of 19 European countries. Its overall findings have been compiled in a comprehensive map of Europe.

High transaction volume

With investment of around 70,000 beds between 2016 and the third quarter of 2018, the UK has the most active Student Housing market in Europe. Germany is among the frontrunners on the continent with 16,000 beds, followed by Spain (10,000 beds), the Netherlands (9,800), France (5,900) and Austria (4,300). Austria reported a particularly positive development, with numbers doubling in 2017.

Other results at a glance:

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- International students have become a relevant target group for Student Housing: In Germany alone, they account for approximately 13% of all students.
- The high number of transactions are a testament to the market dynamics.
- Providers are increasingly expanding within Europe with a focus on Spain and Italy.
- Many investors, developers and operators are establishing their own brands to market their Student Housing properties. A unique brand fosters loyalty among existing target groups and taps new ones as well.
- In addition to Student Housing becoming established as an asset class, the operator structure is also increasingly professional.
- The gross rent of student apartments can be established independently of local rental levels by offering specialised services.

The full analysis can be found at catella.com/research.

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