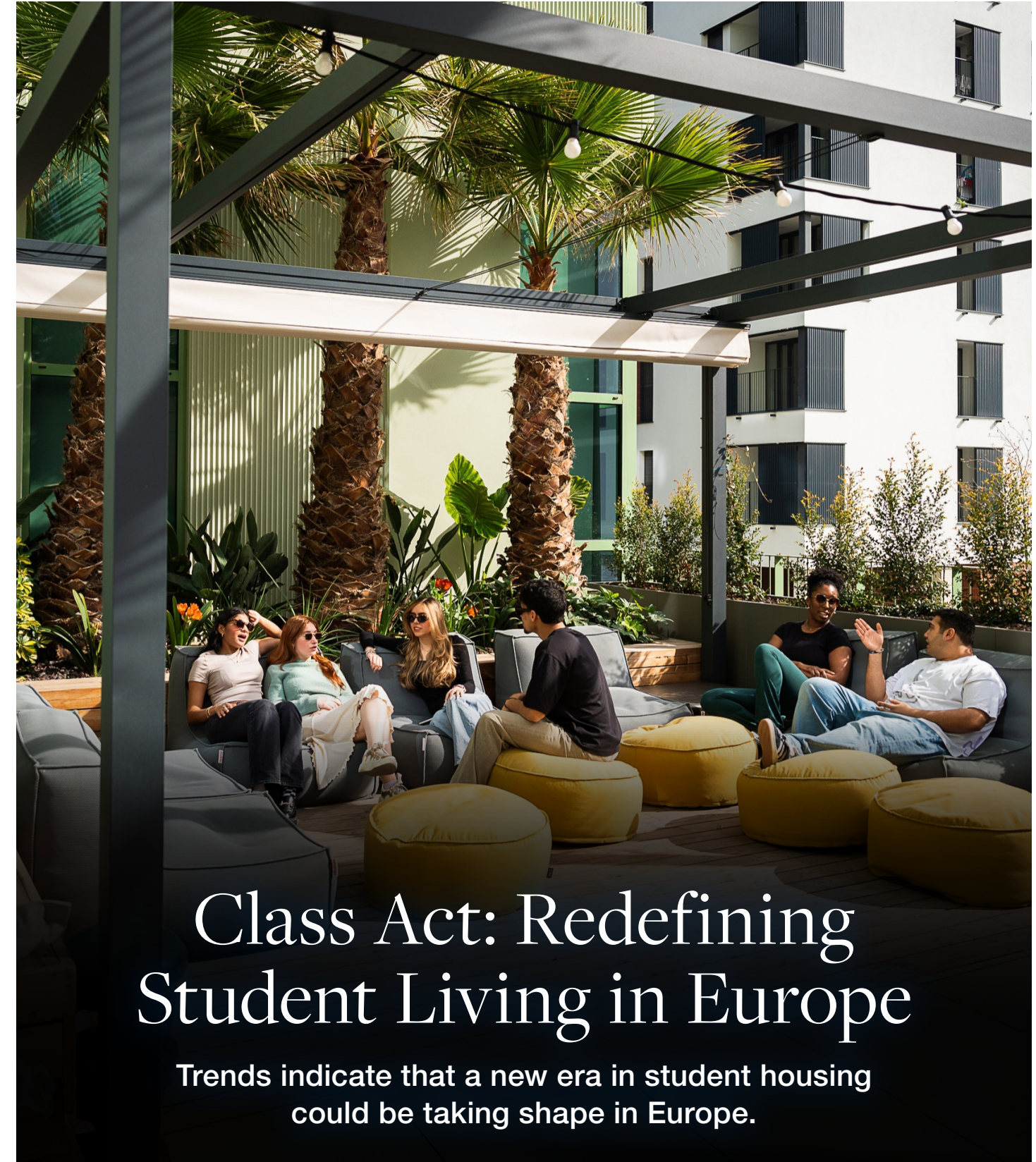




Class Act: Redefining Student Living in Europe

Trends indicate that a new era in student housing
could be taking shape in Europe.

Hines



In the recent paper [Global Living Reimagined](#), Hines Research identified a specific opportunity emerging in the student housing market in Europe. Indeed, growth in the European privately developed, owned, and managed student housing sector (also known as Purpose-Built Student Accommodation or PBSA) over the last decade has been notable, expanding from 1.9% of total European investment activity in 2019 to 5.3% as of Q3 2024.¹ In other words, the sector has moved from the “niche” to the mainstream, forming a compelling investment thesis for real estate investors in the process.

Hines Research has identified three key factors that are driving pockets of opportunity in the sector:

- 1| Dual drivers of demand:** There’s been an uptick in both domestic and international students.
- 2| University quality matters:** To find the most compelling opportunities, one must follow the students, and there is a clear concentration of overall enrollment growth and growth in international students at the most competitive universities.
- 3| PBSAs outperform, and there’s not enough of them:** Recent growth has been healthy for PBSA. There’s also clear evidence that privately managed student housing properties in catchment areas around universities with higher proportions of international students generated rent premiums over not only the broader metro average for student housing, but also relative to student accommodation run by universities. At the same time, constraints on local rental supply mean that many schools have a low ratio of PBSA to overall student accommodation stock. This doesn’t look to improve over the mid-term, as most construction pipelines have been thin.

IN THIS PAPER, “WE” AND “OUR” REFERS TO HINES PROPRIETARY RESEARCH (“HINES RESEARCH”). Represents subjective opinions of Hines. Other market participants may reasonably have differing opinions.

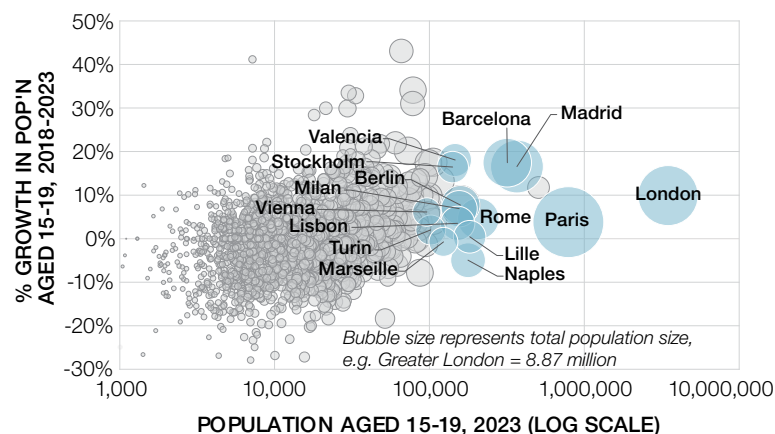
Demographic Demand Drivers

A principal factor behind the increase in demand for student housing in Europe is quite simple: the number of university students has been growing. Analysis by Hines Research finds that there are two prime demographic drivers at play:

- 1| Growth in the domestic student population
- 2| Growth in inbound international students

Domestically, the story is clear, while European demographics don't shout "outgrowth" over the coming years, the student-age population is a growing cohort in Europe. According to Exhibit 1, the 15-19 cohort across several key European markets has grown by 3.4%, on average, over the past five years. That trajectory is expected to continue, including for some of Europe's most extensive metro markets. The combination of growth and size underscores the uniquely compelling prospects for student housing in Europe, even from just organic, domestic demand.

Exhibit 1: Population Growth in the 15-19 Cohort Across 1,600 NUTS 3 Regions²

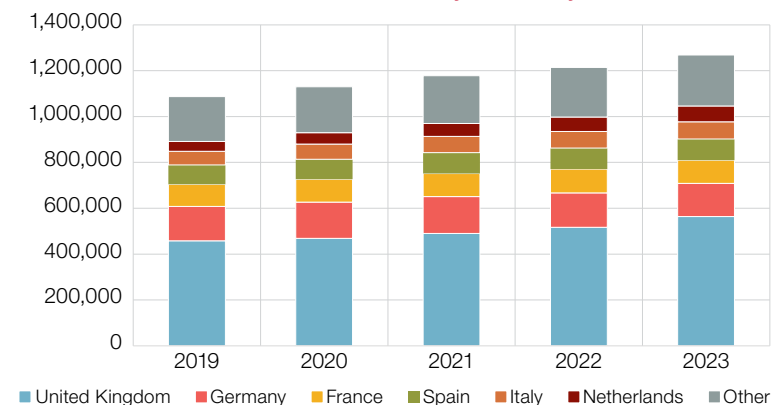


Sources: Oxford Economics and Hines Research. As of Q4 2024.

However, the demand story doesn't end there. We can layer in the fact that European universities have become increasingly attractive to international students, thanks to more English language offerings and the broader cultural appeal of many European metros, among other factors. The number of international students at European universities has grown by a notable 16.3% since 2019 (see Exhibit 2), with the most recent growth coming in 2024.³

The volatile political environment in 2025 to date doesn't change our view on the forward trajectory for international student demand. In fact, it may very well increase the number of international students opting to study at European universities. Ultimately, these dual drivers translate into a secular increase in demand for PBSA, as we shall see.

Exhibit 2: International Students by Country



Sources: Times Higher Education Survey and Hines Research. As of Q3 2024.

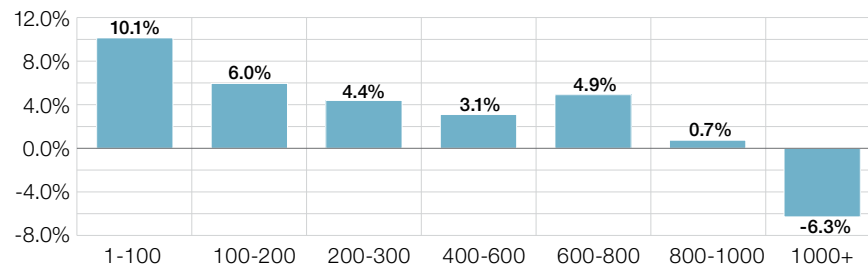
“The proportion of international students at European universities has grown by a notable 16.3% over the past five years.”

University Quality Is a Critical Demand Driver

While the overall demand story seems like a tide that would lift all boats, the reality is that all schools aren't created equal, and that demand has been, in fact, accruing within an elite subset of the European university landscape. Enrollment growth has been positive except for the lowest-ranked universities, but Europe's top-ranked institutions have experienced the most significant spike in demand.

Specifically, European universities that ranked within the global top 100 saw an average 10.1% uplift in total student numbers, almost double that of the next 100. As we move down the quality curve, the difference in performance on this measure gets even more stark. Those universities ranked 1,000 or lower saw a 6.3% decline (see Exhibit 3).

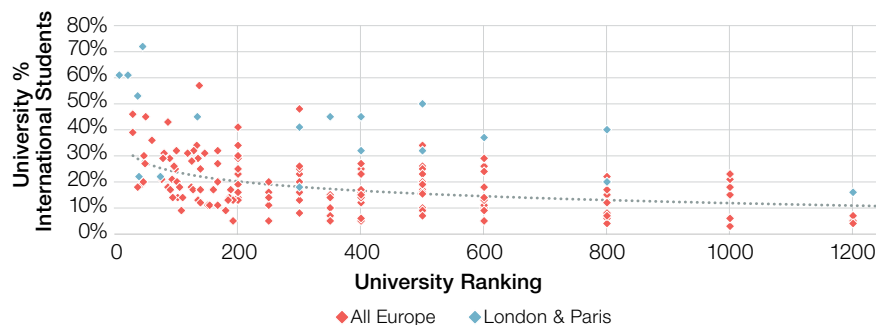
Exhibit 3: Average Change in Student Numbers by University Ranking (2019-2024)



Sources: Times Higher Education Survey and Hines Research. As of Q3 2024.

It turns out that international student-driven demand plays a key role as well. Those students favored higher-quality schools, contributing to the outcome seen in Exhibit 3. In fact, 59% of Europe's international student population attended the top 200 globally ranked universities, see Exhibit 4.⁴

Exhibit 4: University Ranking and Proportion of International Students



Sources: Times Higher Education Survey and Hines Research. As of Q3 2024.



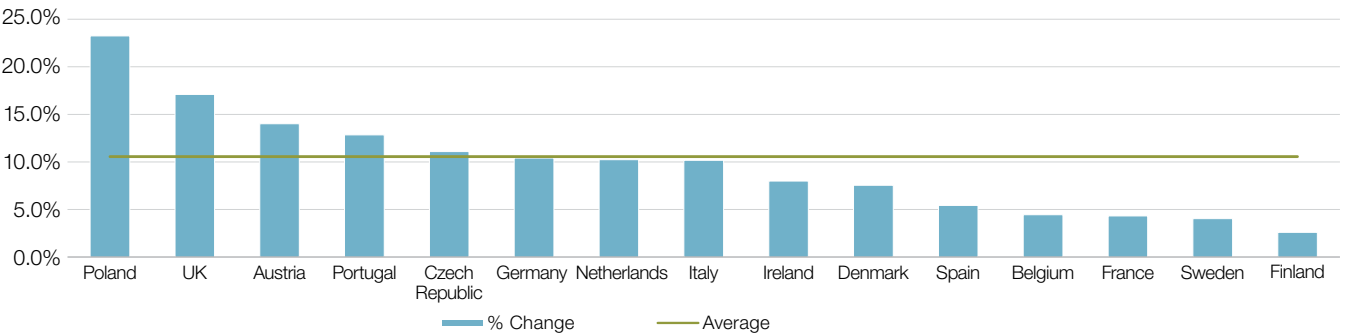
Rents Are Responding

Generally, for the 2023/24 academic year, PBSA rents generated positive year-over-year rent growth across every major country market (see Exhibit 5), and in some cases achieving rent growth that exceeds 10%. All things equal, that rent growth should translate to similarly positive and attractive value gains for PBSA, specifically.

The data also suggest that international students are more likely to reside in private student housing and are willing to pay a rent premium for proximity to the university. Most importantly, those rent premiums are significantly stronger for privately owned/managed properties than for accommodation run by universities themselves (“public”). Schools with more international students saw significant rent premiums, by as much as 15% on average for PBSA, whereas for the same sample set, university-managed student accommodation delivered a rent premium to the metro average of closer to 6% (see Exhibit 6).

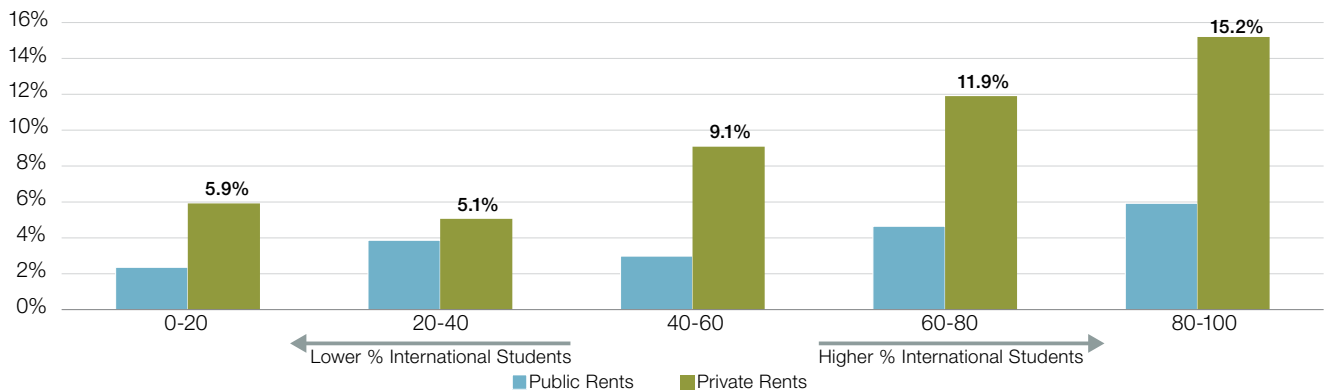


Exhibit 5: Annual Rent Growth, Private Studios 2023/24 Academic Year



Sources: Bonard and Hines Research. As of Q3 2024.

Exhibit 6: University Catchment Rent Premium to Metro Student Housing Average Rent, by International Student Score



Sources: Bonard, Times Higher Education Survey, and Hines Research. As of Q3 2024.

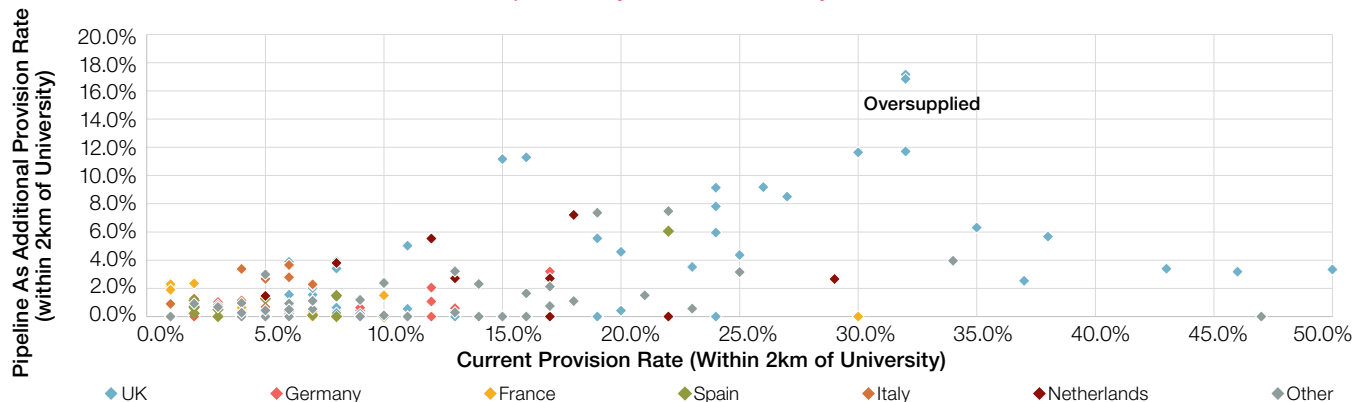
There's Likely Not Enough Supply

While we've identified that PBSA near the best schools can deliver outperformance, the majority of university-adjacent areas have been facing an undersupply of just that. The historic nature of many European cities has resulted in residential supply constraints in central and inner-city locations. This lack of supply also applies to student housing. Many markets have a shallow presence of existing student housing stock. That shortage is expected to persist, with rolling annual development starts down 41% from their Q4 2021 peak.⁵

As illustrated in Exhibit 7, some catchments appear oversupplied, particularly across the U.K. Still, supply is limited at the pan-European level, with around 71% of university catchments falling below the European metro level average provision rate of 15.7%.⁶ This lack of PBSA supply specifically could place continued upward pressure on student housing rental growth for our favored segment of the market.

Moreover, with generally thin supply pipelines of PBSA (rarely exceeding 4% of stock and closer to 2% or lower for the lion's share of catchments analyzed in Exhibit 7) there are no signs that this set-up—both for owners of existing property but also for developers who can build compelling accommodation near the right universities—is at risk of going the wrong direction any time soon.

Exhibit 7: Provision Rate and Future Pipeline by 2km University Catchment



Sources: Bonard, RCA, and Hines Research. As of Q3 2024.

Conclusion

The European student housing sector has gone mainstream, driven by tailwinds including demographic shifts, university prestige, and the quality and availability of the university-adjacent rental market. As this sector continues to expand and evolve, so do the opportunities for discriminating real estate investors able to strike the right balance across these key factors.





Updates on the U.S. Student Housing Sector

The student housing market in the U.S. has been facing new realities, influenced by demographic shifts and the residual impacts of COVID. Yet, even in the face of these challenges, we see strong and compelling investment opportunities ahead.

Key Enrollment Trends

The 2023-2024 academic year was the first year with positive enrollment growth for full-time undergraduate students since COVID. Specifically, undergraduate full-time enrollment increased by 1.5% over the prior academic year. However, this small recovery was not enough to return enrollment to pre-pandemic levels. Overall, as of the spring 2024 semester, undergraduate enrollment remained 2.5% below the 2019 peak, with a 50% increase in online-only students since before the start of the pandemic.⁷

A key nuance to remember is that while enrollment growth is quoted as a gross number, online enrollment, rather than in-person enrollment, can often be a significant share of that growth. Of course, online students don't typically need student accommodation near their university, so it's important to focus on the number that really matters: in-person enrollment.

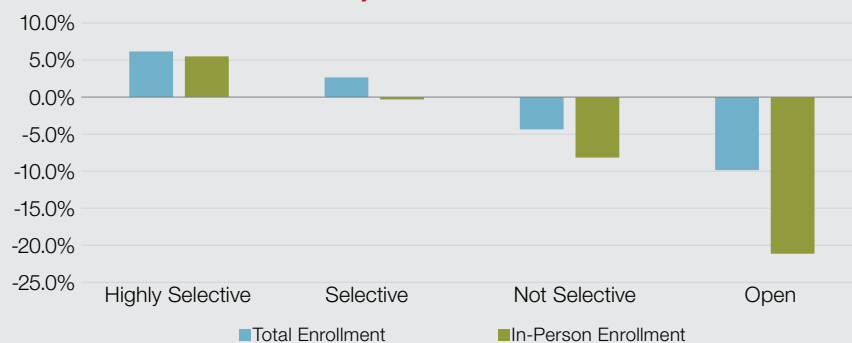
School Selectivity Plays a Critical Role

Additionally, the data show an important relationship between school competitiveness and enrollment growth. To better understand this landscape, Hines Research grouped schools into four categories based on acceptance rates:

- Highly Selective (less than a 20% acceptance rate)
- Selective (between a 20% to 50% acceptance rate)
- Not Selective (Over a 50% acceptance rate)
- Open (100% acceptance rate/Open Enrollment)

Based on this analysis, only the Selective and Highly Selective schools experienced positive changes in enrollment since 2019, and the Selective schools only saw positive growth when including both in-person and online-only students. When looking solely at in-person students, only the Highly Selective schools have seen an increase in enrollment (see Exhibit 8).

Exhibit 8: Change in U.S. Undergraduate Enrollment by School Selectivity



Sources: IPEDS and Hines Research. As of the Spring 2024 semester.



Key Takeaway

Moving forward, successful outcomes for U.S. student housing investment will likely depend on finding locations near universities that have the ability to deliver in-person enrollment growth, combined with a hard-eyed assessment of the ever-critical adjacent supply dynamics.

About Hines' Proprietary Research Team

Joshua Scoville and his team, including Erik Thomas (Senior Director) and Anthony Witkowski (Senior Associate), the lead authors of this paper, are responsible for constructing the Hines macroeconomic view and the outlook for commercial real estate market fundamentals and pricing. Hines Research is also responsible for assisting with the development of investment strategies for the firm's investment programs; working closely with the local and fund management teams, clients, and partners; and supporting geographic leaders in identifying market/submarket opportunities and risks. The views of the local and fund management teams on the latest market developments are exchanged regularly via biweekly conference calls and quarterly market updates, and are essential for reviewing investment strategies and fund portfolio allocations. Additional Hines' Proprietary Research team members include Michael C. Hudgins, Tim Jowett, Ryan McCullough, James Purvis, and Michael Spellane.



JOSHUA SCOVILLE

Head of Global Research
Hines



ANTHONY WITKOWSKI

Senior Associate
Hines



ERIK THOMAS

Senior Director
Hines

Disclaimer

Represents subjective opinions of Hines Interests Limited Partnership (“Hines”) and should not be viewed as financial advice. Other market participants may reasonably have differing opinions. There is no assurance that the experience of and management by Hines will translate into positive results for any investment available through Hines Private Wealth Solutions LLC (“Hines Private Wealth Solutions”). Investors are not acquiring an interest in Hines.

This communication is for general information purposes only and does not constitute an offer or solicitation to buy or subscribe for securities, units or other financial instruments, nor does it constitute financial promotion, investment advice or an inducement to participate in any offering or investment.

The use of “we” and “our” refers to Hines.

This material contains forward-looking statements (such as those concerning market forecasts, investment objectives, strategies, economic updates, other plans and objectives for future operations or economic performance, or related assumptions or forecasts) that are based on our current expectations, plans, estimates, assumptions and beliefs that involve numerous risks and uncertainties. Any of the assumptions underlying the forward-looking statements could prove to be inaccurate and results could differ materially from those expressed or implied. You are cautioned not to place undue reliance on any forward-looking statements. We undertake no obligation to publicly update or revise any forward-looking statements.

Past performance cannot guarantee future results.

This communication contains information in the form of charts, graphs and/or statements that we indicate were obtained by us from published sources or provided to us by independent third parties, some of whom we pay fees for such information. We consider such sources to be reliable. It is possible that data and assumptions underlying such third-party information may have changed materially since the date referenced. You should not rely on such third-party information as predictions of future results. None of Hines, its affiliates or any third-party source undertakes to update any such information contained herein. Further, none of Hines, its affiliates or any third-party source purports that such information is comprehensive, and, while it is believed to be accurate, it is not guaranteed to be free from error, omission or misstatement. Hines and its affiliates have not undertaken any independent verification of such information. Finally, you should not construe such third-party information as investment, tax, accounting or legal advice.

Endnotes

- 1 Sources: RCA and Hines Research. As of Q3 2024.
- 2 NUTS stand for “Nomenclature of Territorial Units for Statistics.” NUTS 3 are classified as small regions across Europe (for specific diagnoses).
- 3 Sources: Bonard, Times Higher Education Survey, and Hines Research. As of Q3 2024.
- 4 Sources: Times Higher Education Ranking, Bonard, and Hines Research. As of Q3 2024.
- 5 Sources: RCA and Hines Research. As of Q3 2024.
- 6 Sources: Bonard and Hines Research. As of Q3 2024. Provision rate is equal to the total PBSA stock (both public and privately managed) measured as beds as a ratio to total student numbers.
- 7 Sources: NCES IPEDS, and Hines Research. As of the spring 2024 semester (Data published January 2025).