

Where Students Live: The State of Off-Campus, On-Campus and Nearby Apartments

Data and Narrative by Axiometrics



The continued strength of the national student housing market validates its maturation as a solid real-estate sector. More and more, we see privately owned, purpose-built student housing properties become the dominant living choice for college and university students.

Though the amount of new supply coming to university markets had subsided from the peak of 2013 and 2014, the 47,800 new beds delivered (or soon to be delivered after delays) for the current Fall 2016 semester is higher than any other year, just above the 2015 total. And, a similar amount of new development is expected for Fall 2017; some 45,700 beds have already been identified for delivery next year, according to Axiometrics data.

Axiometrics looked at the five university markets receiving the most new privately owned, purpose-built (POSH) beds this semester. The findings were that, for the most part, the average per-bed rent at these properties was less than the average for university-owned housing. Even less expensive, in most cases, were conventional apartments located within three miles of campus (“student competitive”) that often cater to students but also house non-students.



Some caveats to these conclusions:

- ▶ Rents at privately owned properties less than one-half mile from campus are generally higher than the average and, sometimes, approach the cost of on-campus housing.
- ▶ The student competitive apartments are often farther away and, in many cases, are older with fewer amenities than competing student housing properties.

Let's take a look at these five markets.



UNIVERSITY OF ARKANSAS

AVERAGE RENT			SUPPLY (IDENTIFIED NEW BEDS)	
POSH	ON-CAMPUS	STUDENT COMP	2016	2017
\$612	\$652	\$421	2,072	251

Data as of August 2016. Identified supply for 2017 could increase as new construction begins. Source: Axiometrics

Like most schools, POSH housing near the University of Arkansas is less expensive than university-owned housing. Student competitive apartments cost significantly less, but only one of those properties is within a half-mile of campus.

Annual effective rent growth is forecast to be 2.1% in 2017 after finishing 2016 at 2.8%, according to Axiometrics Student Housing Supply/Demand Model. Meanwhile, the Fayetteville-Springdale-Rogers Metropolitan Statistical Area (MSA) recorded 5.6% rent growth in August 2016.



TEXAS A&M UNIVERSITY

AVERAGE RENT			SUPPLY (IDENTIFIED NEW BEDS)	
POSH	ON-CAMPUS	STUDENT COMP	2016	2017
\$677	\$697	\$547	1,850	2,336

Data as of August 2016. Identified supply for 2017 could increase as new construction begins. Source: Axiometrics

Developers have delivered more than 1,400 new beds to Aggieland each year since 2012, and the supply train will continue to roll until at least next fall. All this new supply, though, is not affecting performance, as off-campus student housing rent growth is on pace to end 2016 at 2.4%. The reason: Enrollment. The preliminary Fall 2016 enrollment of 60,507 marked a 15.4% increase from the 52,449 who attended the school in Fall 2013 – when this year’s seniors were freshmen.

Rent growth, however, is forecast to stay strong at 2.5% in 2017, even with the addition of more than 2,300 beds.

Meanwhile, the College Station-Bryan MSA apartment market experienced 4.7% annual effective rent growth as of August.



UNIVERSITY OF MARYLAND

AVERAGE RENT			SUPPLY (IDENTIFIED NEW BEDS)	
POSH	ON-CAMPUS	STUDENT COMP	2016	2017
\$930	\$772	\$819	1,493	0

Data as of August 2016. Identified supply for 2017 could increase as new construction begins. Source: Axiometrics

Unlike Texas A&M, the University of Maryland market receives new supply sporadically. New POSH beds added in 2015 and 2016 were the first since 2011, and no new privately owned beds have been identified for 2017 delivery. But with enrollment growing by only about 1% per year, supply is keeping up with demand.

Annual effective rent growth for all student housing properties is forecast to be 2.0% in 2016, moderating to 1.5% and 2017. But the university of located in the pricey Washington, DC market. The student housing rent growth is similar to that of the Washington’s College Park-Greenbelt submarket, which was 1.7% in August.



UNIVERSITY OF FLORIDA

AVERAGE RENT			SUPPLY (IDENTIFIED NEW BEDS)	
POSH	ON-CAMPUS	STUDENT COMP	2016	2017
\$525	\$626	\$500	1,448	1,200

Data as of August 2016. Identified supply for 2017 could increase as new construction begins. Source: Axiometrics

With 3.0% annual effective rent growth forecast for 2016, the off-campus student housing market at the University of Florida is robust, especially since new supply has been added for three straight years and more coming in 2017. There is demand, as enrollment was expected to grow by 2.1% in Fall 2016 after 3.8% growth in 2015.

And the Gainesville apartment market as a whole is strong, with 6.2% rent growth in August. However, the new supply at the university may have an effect on off-campus student housing rent growth next year, as Axiometrics forecasts the rate to drop to 2.2% for the Fall 2017 semester.



LOUISIANA STATE UNIVERSITY

AVERAGE RENT			SUPPLY (IDENTIFIED NEW BEDS)	
POSH	ON-CAMPUS	STUDENT COMP	2016	2017
\$627	\$767	\$646	1,440	745

Data as of August 2016. Identified supply for 2017 could increase as new construction begins. Source: Axiometrics

Louisiana State has received new supply in five of the past six years, with more on the way next year. The additional beds have been needed, as enrollment grew 3.5% in 2015 before maintaining close to the status quo this year.

But the student housing market looks to be performing better than the Baton Rouge apartment market. The city recorded -0.4% rent growth in August, while LSU off-campus student housing is projected to see rent growth of 2.0% this year and 1.6% in 2017.

The good news for LSU student housing was that the effects of the recent floods in Baton Rouge were minimal.



This piece includes some comparisons to local apartment markets. These can be useful, but are not necessarily apples to apples. Cities such as Baton Rouge and Austin that house major universities are also state capitals, while the University of Maryland is in a vibrant suburban area of Washington, DC. Conventional apartments farther away from campus serve an entirely different demographic than those close to campus.

The markets discussed are only an example of the student housing market as it stands today. More than 1,000 beds were added at each of 12 university markets. Of those, only two have more than 1,000 beds scheduled for 2017 delivery and seven have nothing in the pipeline for the next year.

But as more students go to college, the more student housing will be needed. And the sector looks to continue to be profitable for developers and property owners.

Do you have the right technology to leverage the growing student housing market? See how AppFolio's property management software can help you attract and retain student renters.

[VISIT WWW.APPFOLIO.COM](http://www.appfolio.com)

AXIOMETRICS
Smart Data. Smart People. Smart Decisions.®

appfolio™
Property Manager