Evolution of the U.S. Student Housing Market

Eigen 10 Advisors, LLC

October 16, 2019
23 Million U.S. Students Enrolled in Post-Secondary Education

Total Post-Secondary Enrollment
- Public: 5,258,042
- Private: 14,582,972
- Non-degree Granting: 383,055

Degree-Granting Total Enrollment
- Undergrad FT: 6,438,670
- Undergrad PT: 1,695,783
- Grad FT: 1,276,019
- Grad PT: 1,043,542

Source: National Center for Education Statistics
Changing Trends - Enrollment Unaffected (and Sometimes Improved) in Recessions

Source: National Center for Education Statistics
Investors - Recession Concerns Spiking

Google - Recession Topic Search

- The chart shows a line graph representing the search trend for recession-related topics on Google.
- The x-axis represents time periods from 2004-01 to 2019-07.
- The y-axis shows the search volume, with peaks indicating increased interest.
- There are notable spikes in 2008 and 2019, corresponding to economic recessions during those years.

#NMHCstudent
@ApartmentWire
Enrollment Growth Strongest in South and West

Source: National Center for Education Statistics, 2016 data
Estimating Student Housing Market Size

% Undergrads:
- Pub 4 yr: 35.0%
- Pub 2 yr: 15.1%
- Pub < 2 yr: 0.3%
- Pr NP 4 yr: 5.7%
- Pr NP 2 yr: 2.3%
- Pr NP < 2 yr: 0.5%
- Pr FP 4 yr: 1.9%
- Pr FP 2 yr: 0.0%
- Pr FP < 2 yr: 0.0%

Source: National Center for Education Statistics
40% of Undergrads are Older than 23 yrs and Nearly Half are Independent

Source: NCES
2.7 million Students in University Owned Properties – Many Viewed as Mid to Poor Quality

% of Students Rating Dorms as High Quality

Source: NCES, Survey: Niche.com, 75 largest 4 yr universities
Inventory Growth Slowing in University Owned Properties

Source: RealPage

Change in # Beds
Change in Occup. Beds
Occupancy

Change in # Beds
Change in Occup. Beds
Occupancy

Source: RealPage
University Owned – Pace of Cost Increases Slowing

Source: RealPage
62% of Students Live Off Campus – Not With Parents

Source: National Center for Education Statistics
8.9 Million Students Need Off-Campus Rental Housing in 2018
= 8.2% of U.S. Renter Population

Source: Eigen 10 Advisors, LLC, NCES
Barriers to Success: Housing Insecurity

• 32,000+ Homeless College Students
• 8.8% of Undergrads & 8.5% of Grad Students at risk of homelessness
• 23.4% of Undergraduates & 17.2% of Graduate Students in Poverty
• > 2/3 of Undergrads work while in school

Source: HUD, NCES
Affordability is important. 34% of undergrads and 38% of grads earn < $20,000 per year.

Source: NCES
Student Housing - Newer Units Less Likely to Have Double Occupancy

% of Units with Double Occupancy

Source: RealPage
Student Housing Sample – Converting Estimated Beds to Units

Student Competitive
- 70% > 1 mi from campus
- 5.4 mil beds, 3.2 mil units
- Rent by unit

Student Housing
- 64% < 0.5 mi from campus
- 0.9 mil beds, 0.3 mil units
- Rent by bed

% of Beds in 80+ Units:
- Student Competitive 98.6%
- Student Housing 99.2%

Beds / Unit:
- Student Competitive 1.5
- Student Housing 2.8

Source: RealPage

#NMHCstudent
@ApartmentWire
Student Housing is an estimated 12% of the Total 43.4m units in U.S. Rental Market

Total U.S. Housing Market

Source: U.S. Census
78% of Student Housing Built in Last 20 Years

# Beds by Decade Built

- Pre-1970s
- 1970s
- 1980s
- 1990s
- 2000s
- 2010+

Student Housing
Student Competitive

Source: RealPage
## Half of Enrollment is in 9 States

<table>
<thead>
<tr>
<th>State</th>
<th>Total Enrollment</th>
<th>%Chg 2000-2016</th>
<th>% of Total Market</th>
<th>Cumulative % of Total Market</th>
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</thead>
<tbody>
<tr>
<td>US</td>
<td>19,841,014</td>
<td>29.6</td>
<td>14%</td>
<td>14%</td>
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<tr>
<td>CA</td>
<td>2,700,106</td>
<td>19.6</td>
<td>8%</td>
<td>22%</td>
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<td>TX</td>
<td>1,603,259</td>
<td>55.1</td>
<td>6%</td>
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<tr>
<td>NY</td>
<td>1,273,651</td>
<td>22.1</td>
<td>5%</td>
<td>34%</td>
</tr>
<tr>
<td>FL</td>
<td>1,075,496</td>
<td>52.0</td>
<td>4%</td>
<td>37%</td>
</tr>
<tr>
<td>IL</td>
<td>777,720</td>
<td>4.5</td>
<td>4%</td>
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<tr>
<td>PA</td>
<td>725,770</td>
<td>19.1</td>
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<td>OH</td>
<td>658,229</td>
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<td>AZ</td>
<td>608,084</td>
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<td>3%</td>
<td>50%</td>
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<td>MI</td>
<td>583,035</td>
<td>2.7</td>
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<tr>
<td>NC</td>
<td>561,496</td>
<td>38.8</td>
<td>3%</td>
<td></td>
</tr>
</tbody>
</table>

Source: National Center for Education Statistics, 2016 data
Urban & Hard-to-Build States – More Student Competitive

### Student Housing Beds
- Texas
- Florida
- North Carolina
- Georgia
- California
- Michigan
- Pennsylvania
- Alabama
- Indiana
- South Carolina
- Arizona
- Illinois
- Ohio
- Virginia
- Tennessee
- Missouri
- Louisiana
- Mississippi
- Utah
- New York

### Student Competitive Beds
- Texas
- California
- Florida
- Georgia
- New York
- North Carolina
- Maryland
- District of Columbia
- Washington
- Virginia
- Illinois
- Arizona
- Pennsylvania
- Ohio
- Michigan
- Indiana
- Colorado
- Massachusetts
- Tennessee
- New Jersey

Source: RealPage
Data - 30 Largest Private Owned Housing

- Arizona State University
- Texas A&M University
- University of South Florida
- University of Texas at Arlington
- North Carolina State University
- University of Texas at Austin
- University of Maryland
- Saint Edwards University
- University of California - Irvine
- University of Florida
- George Washington University
- University of Nevada - Las Vegas
- University of Texas at Dallas
- University of Texas at San Antonio
- Georgia Institute of Technology
- Florida State University
- University of North Carolina - Charlotte
- University of Central Florida
- Emory University
- Ohio State University
- University of Minnesota
- Southern Polytechnic State University
- Texas State University
- University of Denver
- University of Wisconsin - Madison
- University of Arizona
- University of Michigan
- Towson University
- University of Kentucky

Majority of student housing is Student Competitive – Proportions vary by Campus.

Source: RealPage
Still A Non-Institutional Market: 55% of Properties in Student Rental Markets Have < 10 Units & 80% are < 50 units

Rental Housing Stock 2018

Source: NCES, U.S. Census;
Rental housing markets are counties for the 70 largest 4 year universities, excluding on-line universities
Efficiencies of Scale?

Most Owners Hold Few Properties

Source: Student Housing Business
Institutional Quality Housing Getting Closer to Campus

% Beds by Distance to Campus

- Student Competitive 1+ Miles
- Student Competitive .5-1 Miles
- Student Competitive 0-.5 Miles
- Student Housing 1+ Miles
- Student Housing .5-1 Miles
- Student Housing 0-.5 Miles

Source: RealPage
Student Housing Units Larger Over Time

<table>
<thead>
<tr>
<th></th>
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<td>17%</td>
<td>14%</td>
<td>12%</td>
<td>3%</td>
<td>3%</td>
<td>4%</td>
</tr>
<tr>
<td>2/1</td>
<td>27%</td>
<td>15%</td>
<td>11%</td>
<td>3%</td>
<td>2%</td>
<td>2%</td>
</tr>
<tr>
<td>2/1.5</td>
<td>5%</td>
<td>5%</td>
<td>1%</td>
<td>1%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>2/2</td>
<td>11%</td>
<td>15%</td>
<td>18%</td>
<td>16%</td>
<td>15%</td>
<td>15%</td>
</tr>
<tr>
<td>3/2</td>
<td>5%</td>
<td>18%</td>
<td>8%</td>
<td>6%</td>
<td>2%</td>
<td>1%</td>
</tr>
<tr>
<td>3/3</td>
<td>0%</td>
<td>6%</td>
<td>6%</td>
<td>11%</td>
<td>19%</td>
<td>14%</td>
</tr>
<tr>
<td>4/2</td>
<td>7%</td>
<td>15%</td>
<td>18%</td>
<td>32%</td>
<td>12%</td>
<td>6%</td>
</tr>
<tr>
<td>4/4</td>
<td>2%</td>
<td>1%</td>
<td>10%</td>
<td>22%</td>
<td>36%</td>
<td>37%</td>
</tr>
<tr>
<td>Other</td>
<td>25%</td>
<td>11%</td>
<td>17%</td>
<td>8%</td>
<td>10%</td>
<td>20%</td>
</tr>
</tbody>
</table>

Source: RealPage
Student Competitive
Primarily 1/1 or 2/2 Bed/Bath

Source: RealPage
Student Housing – Larger Unit Mix Increases Size Over Time

Average Size by Decade

- Student Housing
- Student Competitive


Average Size by Unit Class

- Studio
- 1 BR
- 2 BR
- 3 BR
- 4 BR
- 5+ BR

Source: RealPage
Life Efficiency Amenities Most Important

Student Survey

- Laundry
- Parking
- Wi-fi
- Utilities
- Dishwasher
- Furniture
- Pets Allowed
- Fitness Room
- Study Areas
- Pool or Hot Tub
- Roommate matching
- Club Room
- Resident Events

Source: Student Housing Business.com Nov/Dec 2018

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@ApartmentWire
Significant Cost #3: FOOD!

- Average cost of top dining plans is $578 per month.
- Average cost of all dining plans is $486 per month.
- Average student housing rent is $637 per month.

Source: Niche.com, 75 largest 4 yr universities, RealPage rent
Fast Food Not Listed in Top Schools’ Food Choices, but....

Source: Niche.com
A Significant Number of Students with Disabilities Needs

Percent Undergraduates with Disabilities

- With Parents / Relatives
- On-campus
- Off-campus

Source: National Center for Education Statistics, 2016 data
New Construction

Student Housing New Construction

Student Competitive - New Construction

Source: RealPage
Private Schools Increasing Stock Faster

**Increase in Stock Per Year**

- **%Chg YoY Beds**
  - Private
  - Public

- **Increase in Stock Per Year**
  - New Beds

**Source:** RealPage
Rents Up Slightly While Student Competitive Occupancy Holds

Source: RealPage
Rent and Occupancy by Decade Built

Source: RealPage
Completions Outpacing Enrollment

Enrollment Growth Per Year

Increase in Stock Per Year

Source: RealPage Top 175 Schools
Change in Vacancy & Rent by Region

Source: RealPage Top 175 Schools
New Supply Concentrated in a Few Schools

Top 10 Concentration

<table>
<thead>
<tr>
<th>Year</th>
<th>New Units</th>
<th>New Beds</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>30%</td>
<td>30%</td>
</tr>
<tr>
<td>2016</td>
<td>30%</td>
<td>30%</td>
</tr>
<tr>
<td>2017</td>
<td>40%</td>
<td>40%</td>
</tr>
<tr>
<td>2018</td>
<td>35%</td>
<td>35%</td>
</tr>
<tr>
<td>2019</td>
<td>30%</td>
<td>30%</td>
</tr>
</tbody>
</table>

Source: RealPage
Despite New Construction, Housing Not Keeping Up with Enrollment Changes in Many Universities

Source: RealPage; Housing includes student competitive and student housing.