

# Evolution of the U.S. Student Housing Market

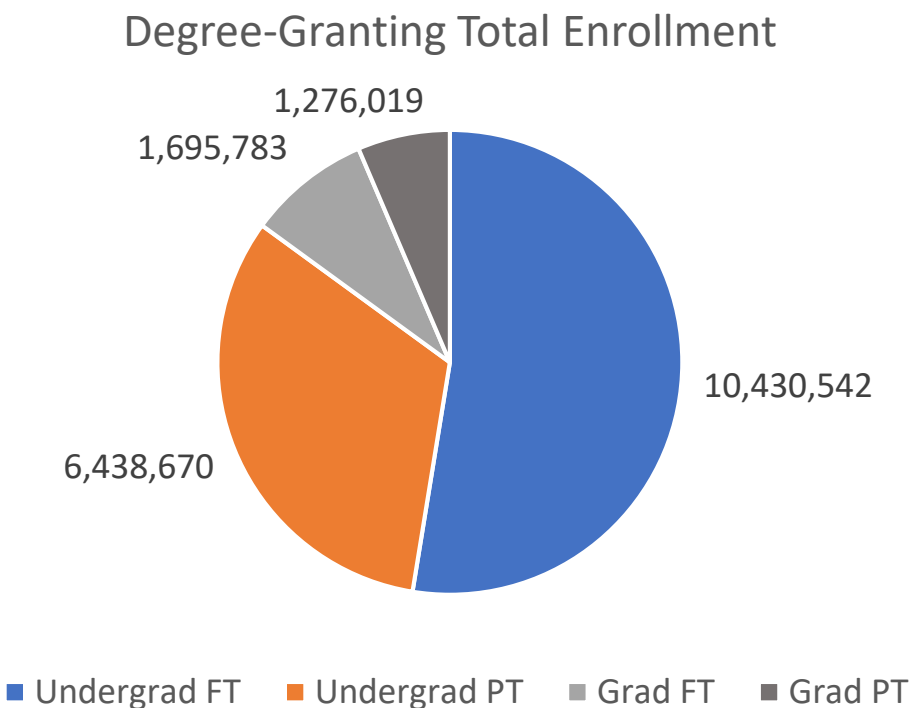
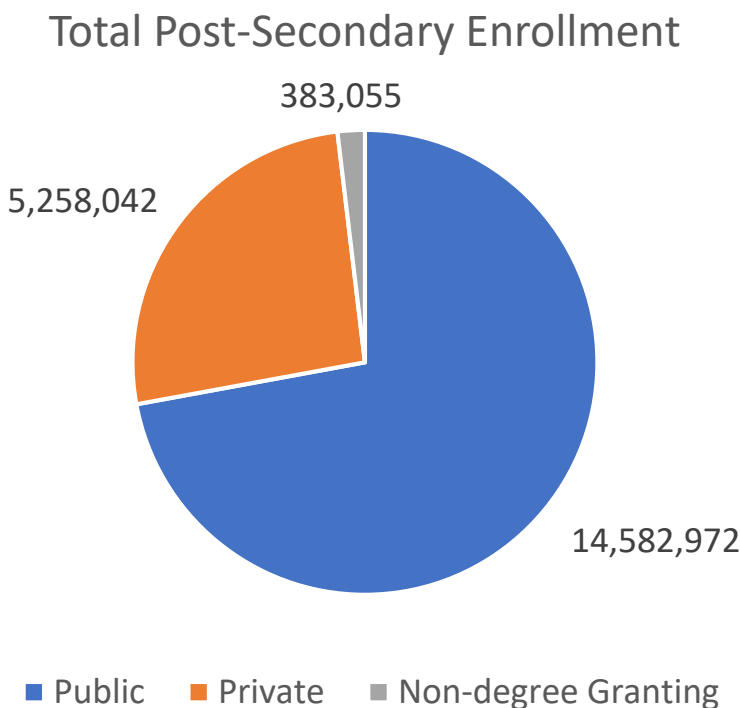
Eigen 10 Advisors, LLC

October 16, 2019



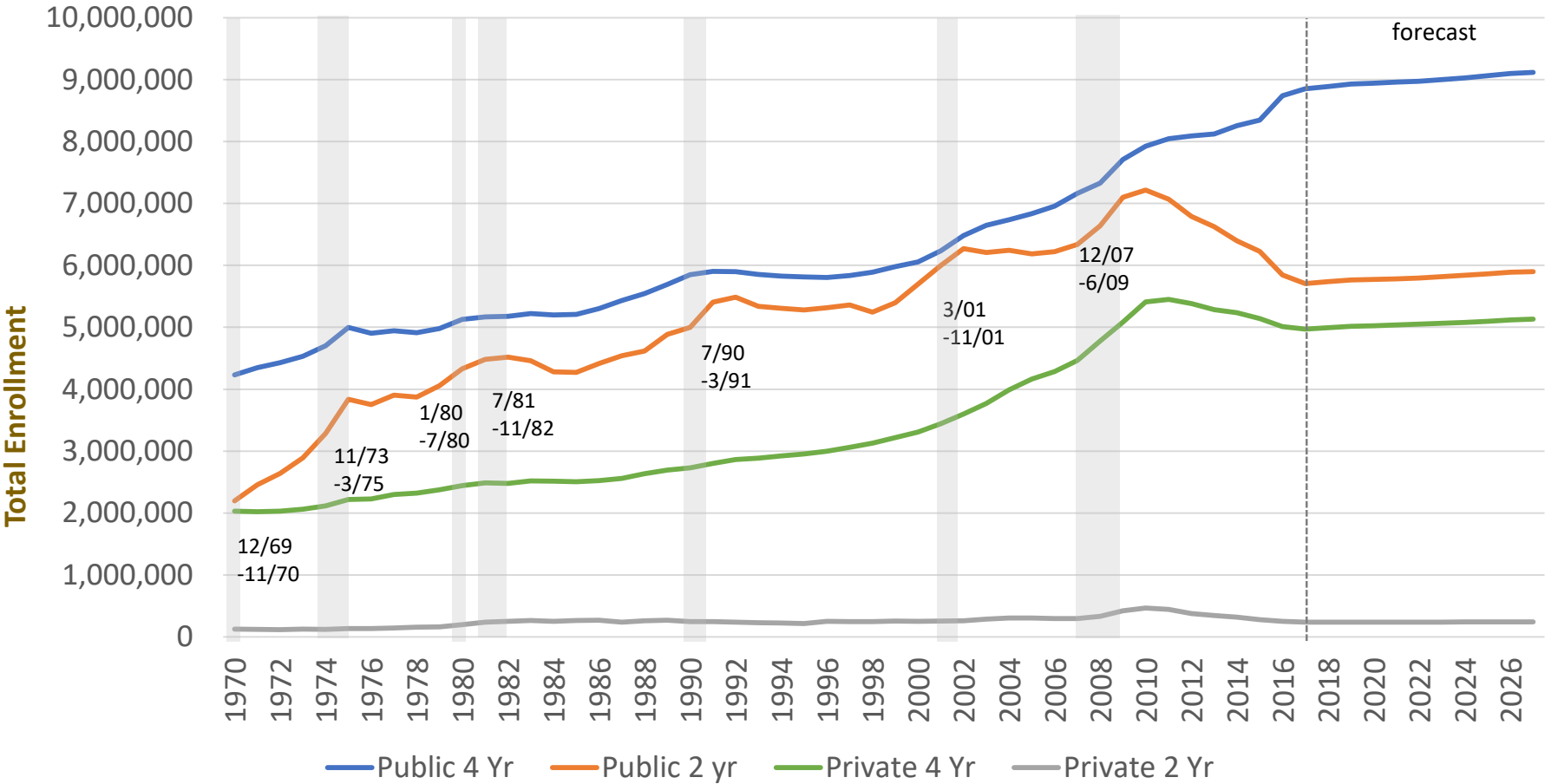
#NMHCstudent  
@ApartmentWire

# 23 Million U.S. Students Enrolled in Post-Secondary Education



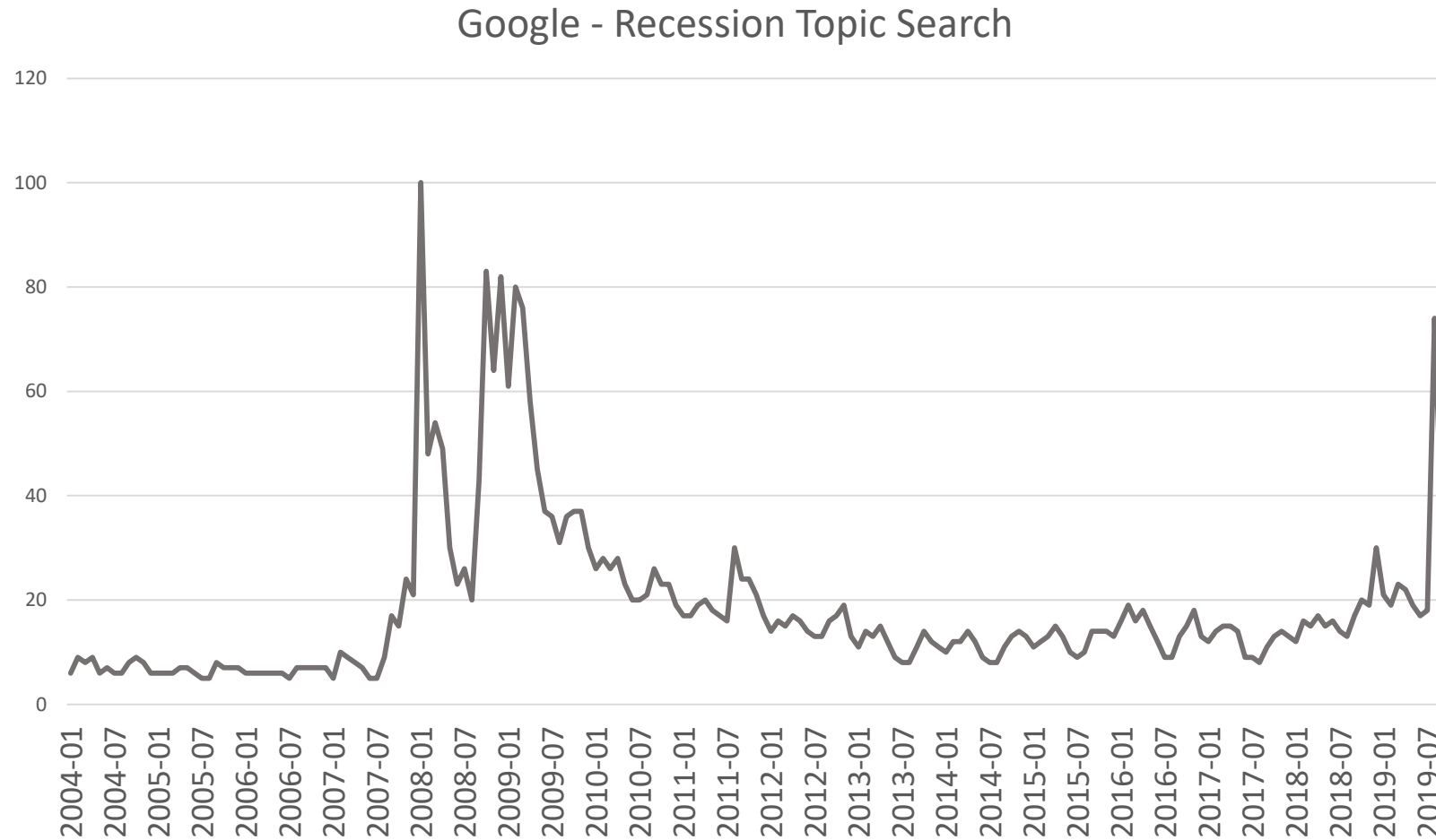
Source: National Center for Education Statistics

# Changing Trends - Enrollment Unaffected (and Sometimes Improved) in Recessions



Source: National Center for Education Statistics

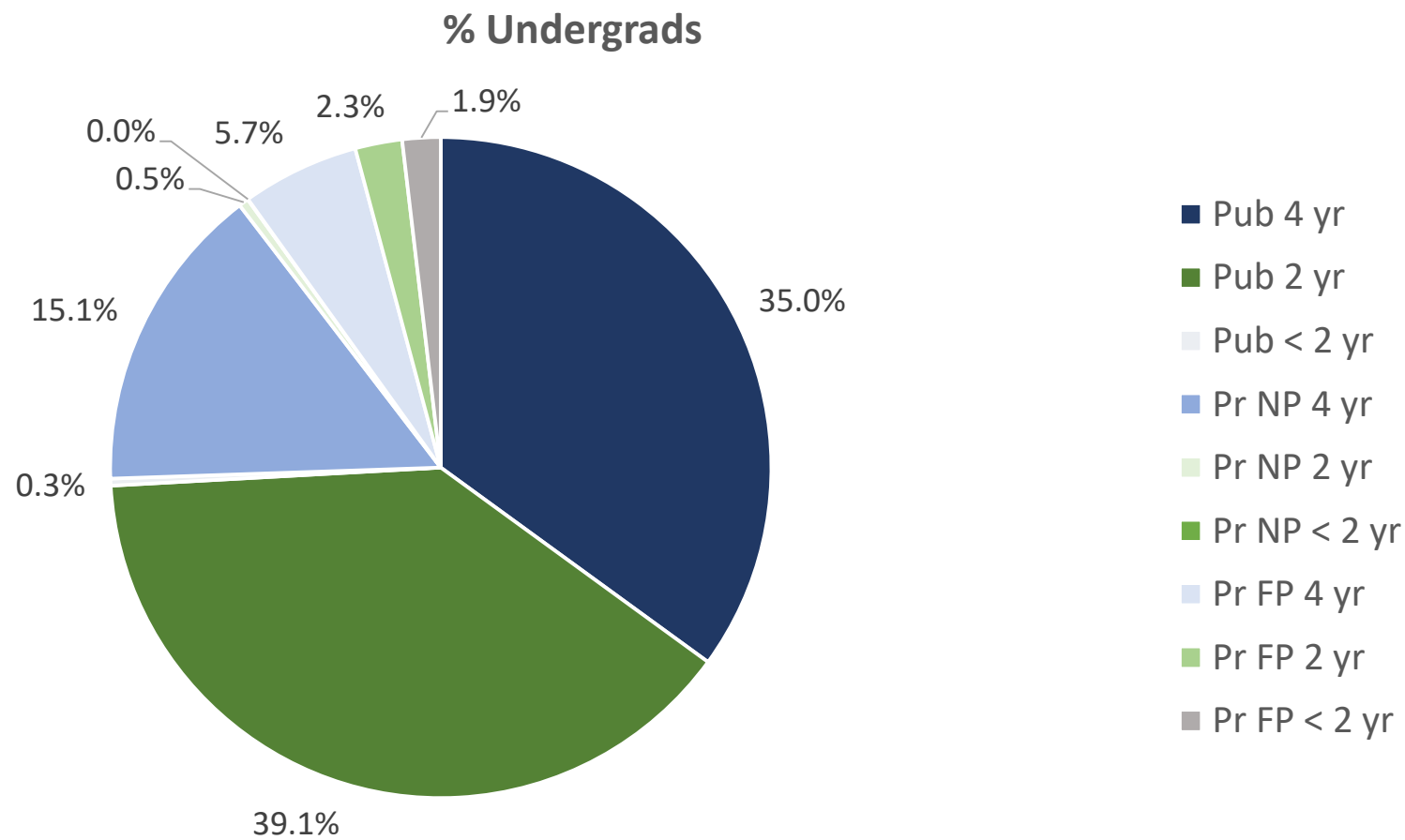
# Investors - Recession Concerns Spiking



# Enrollment Growth Strongest in South and West



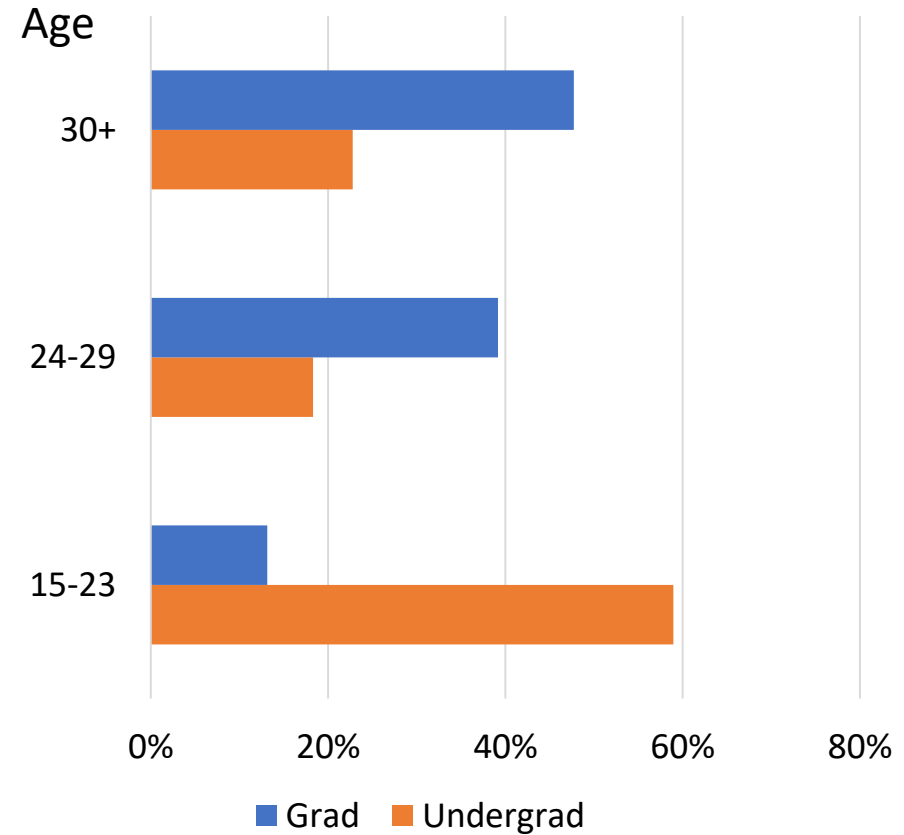
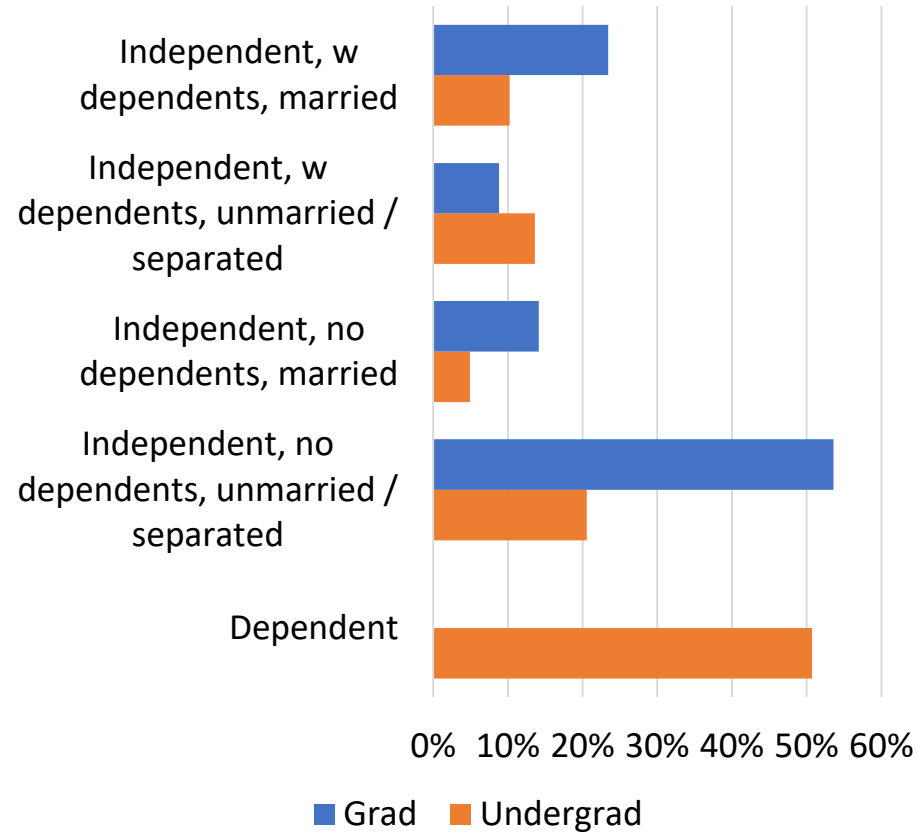
# Estimating Student Housing Market Size



Source: National Center for Education Statistics



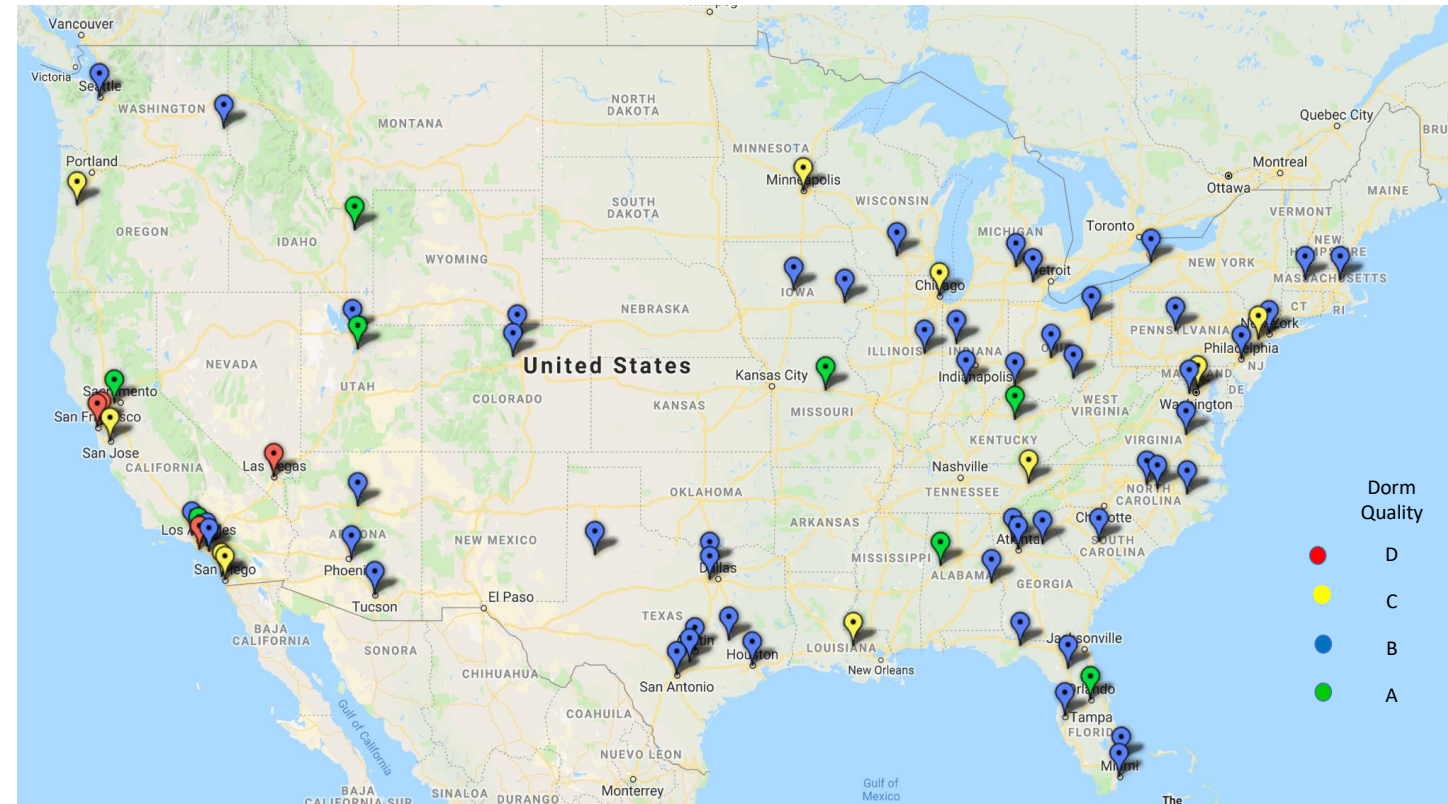
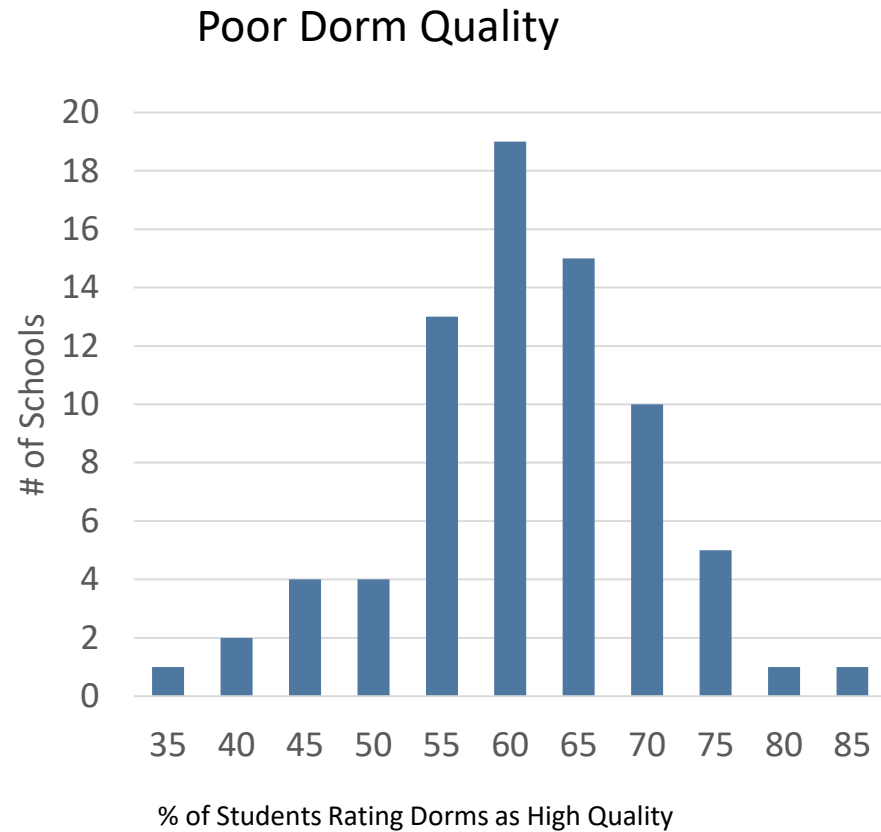
# 40% of Undergrads are Older than 23 yrs and Nearly Half are Independent



Source: NCES



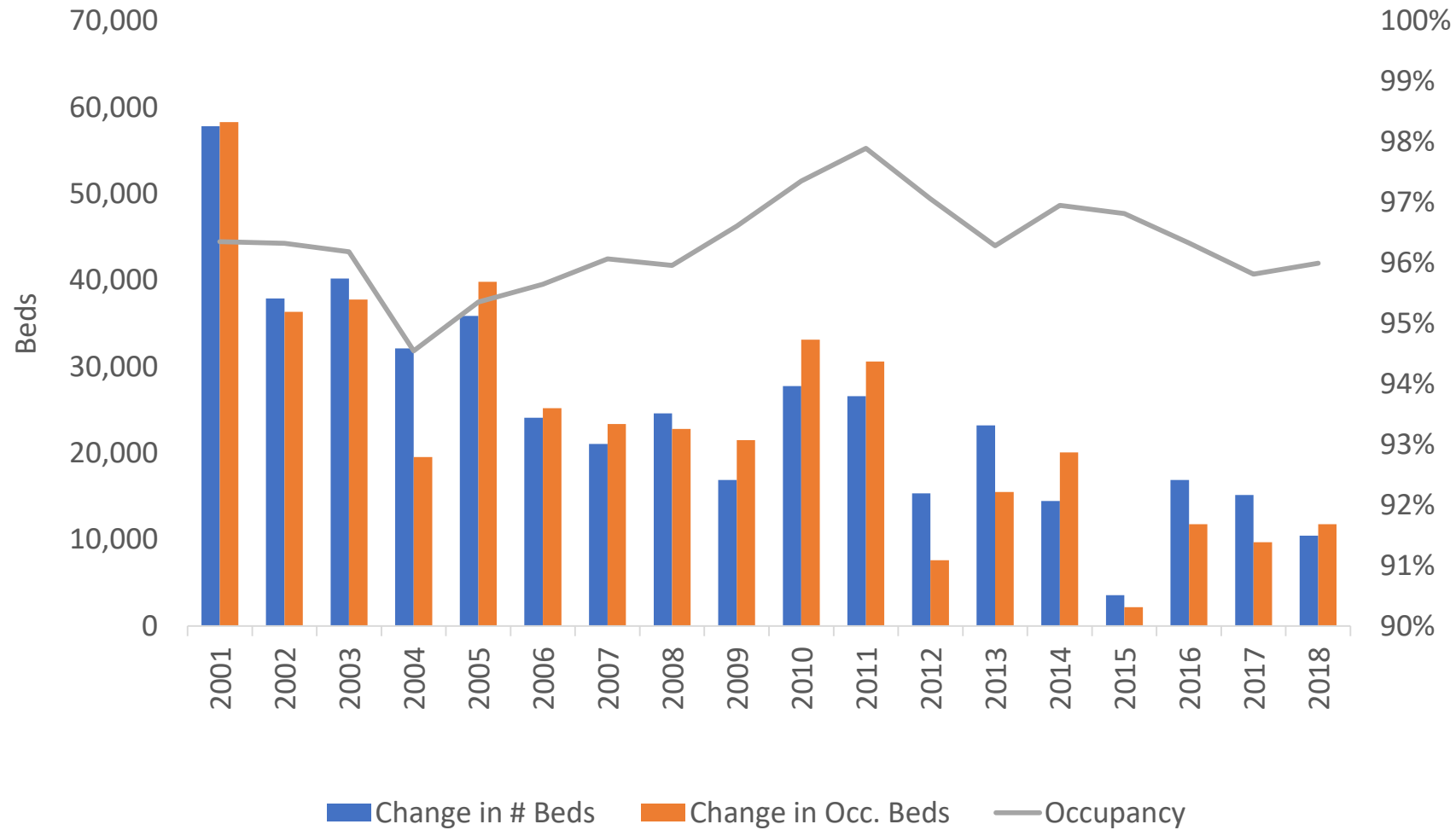
# 2.7 million Students in University Owned Properties – Many Viewed as Mid to Poor Quality



Source: NCES, Survey: Niche.com, 75 largest 4 yr universities



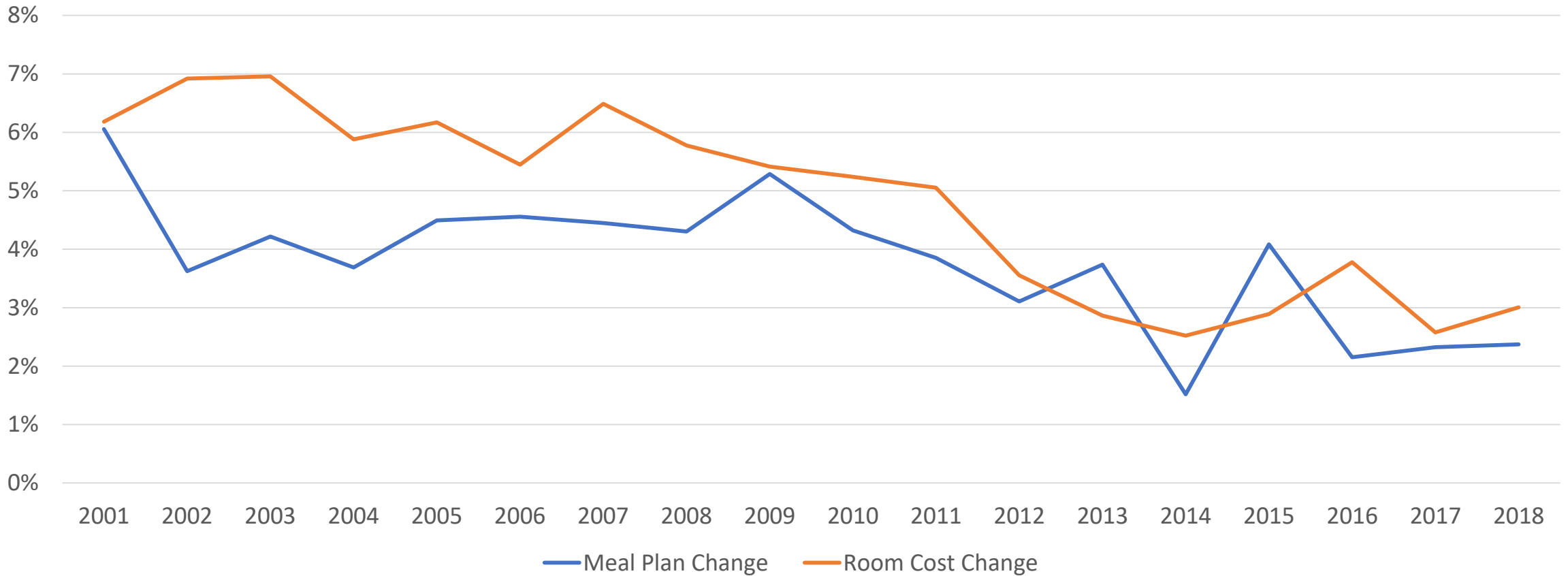
# Inventory Growth Slowing in University Owned Properties



Source: RealPage



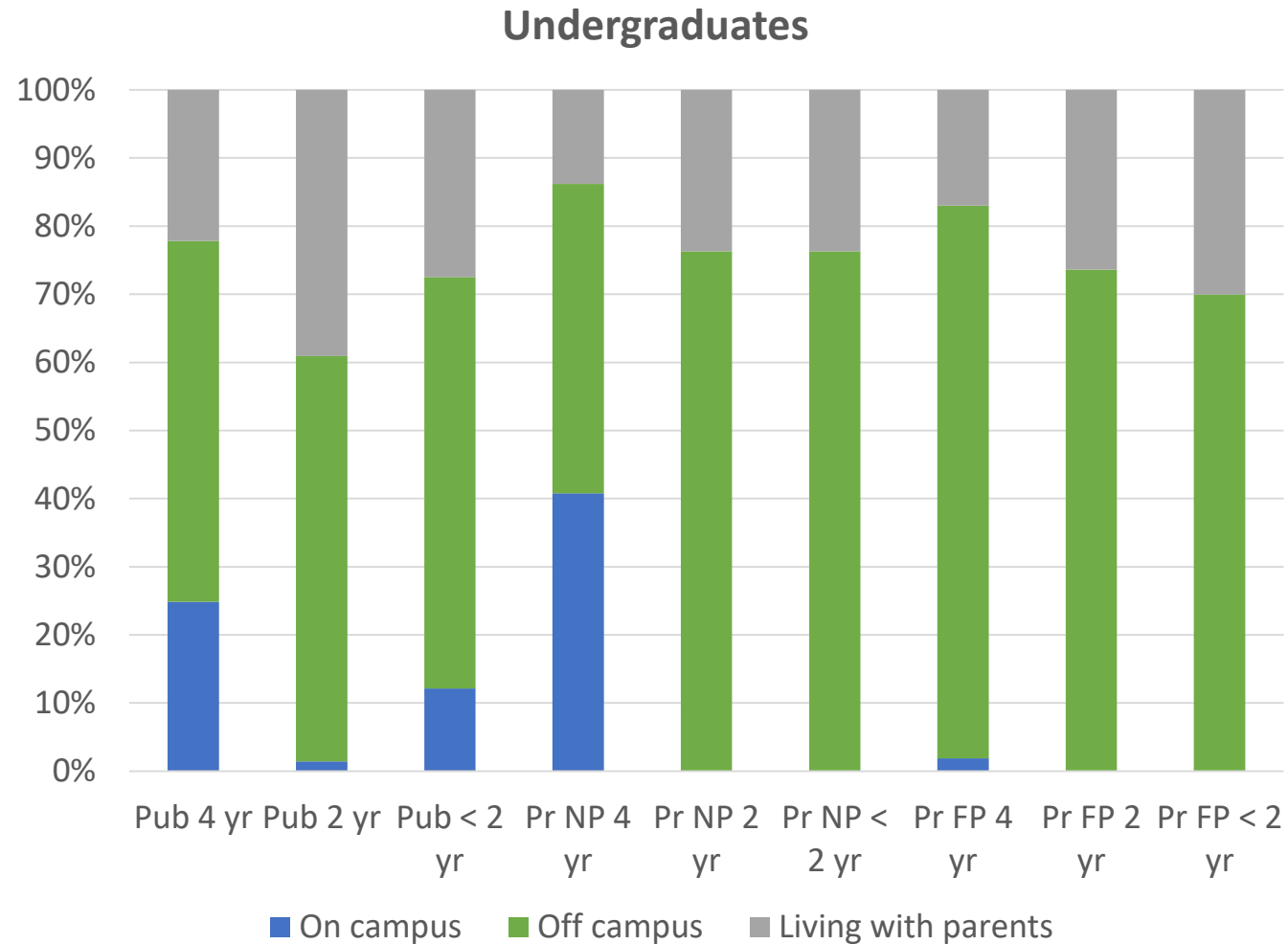
# University Owned – Pace of Cost Increases Slowing



Source: RealPage

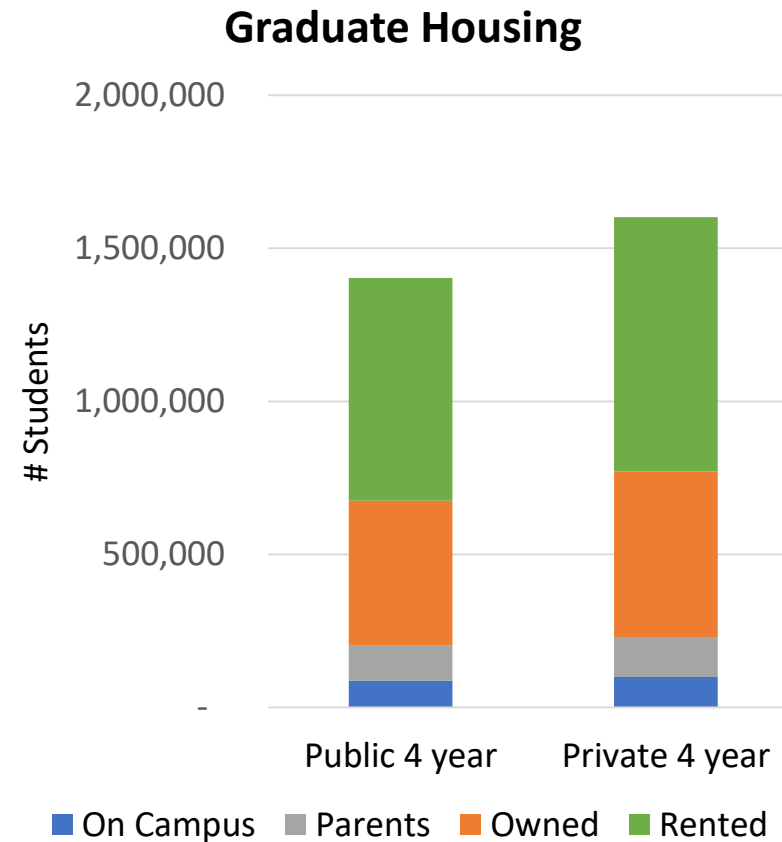
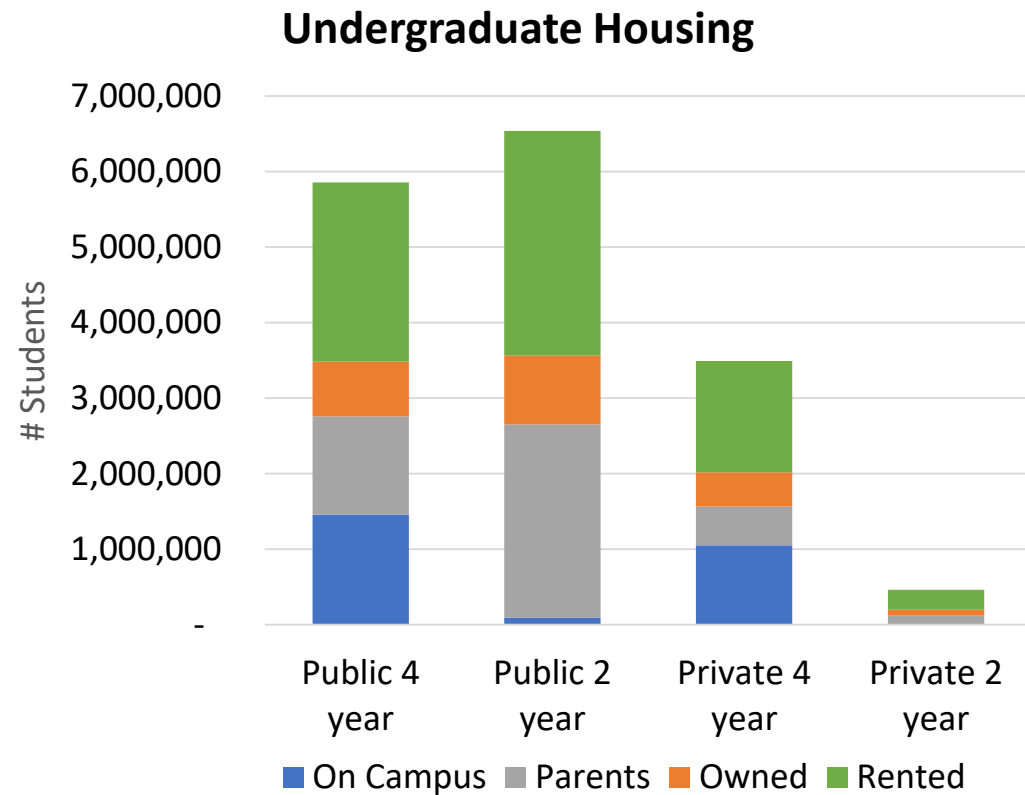


# 62% of Students Live Off Campus – Not With Parents



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

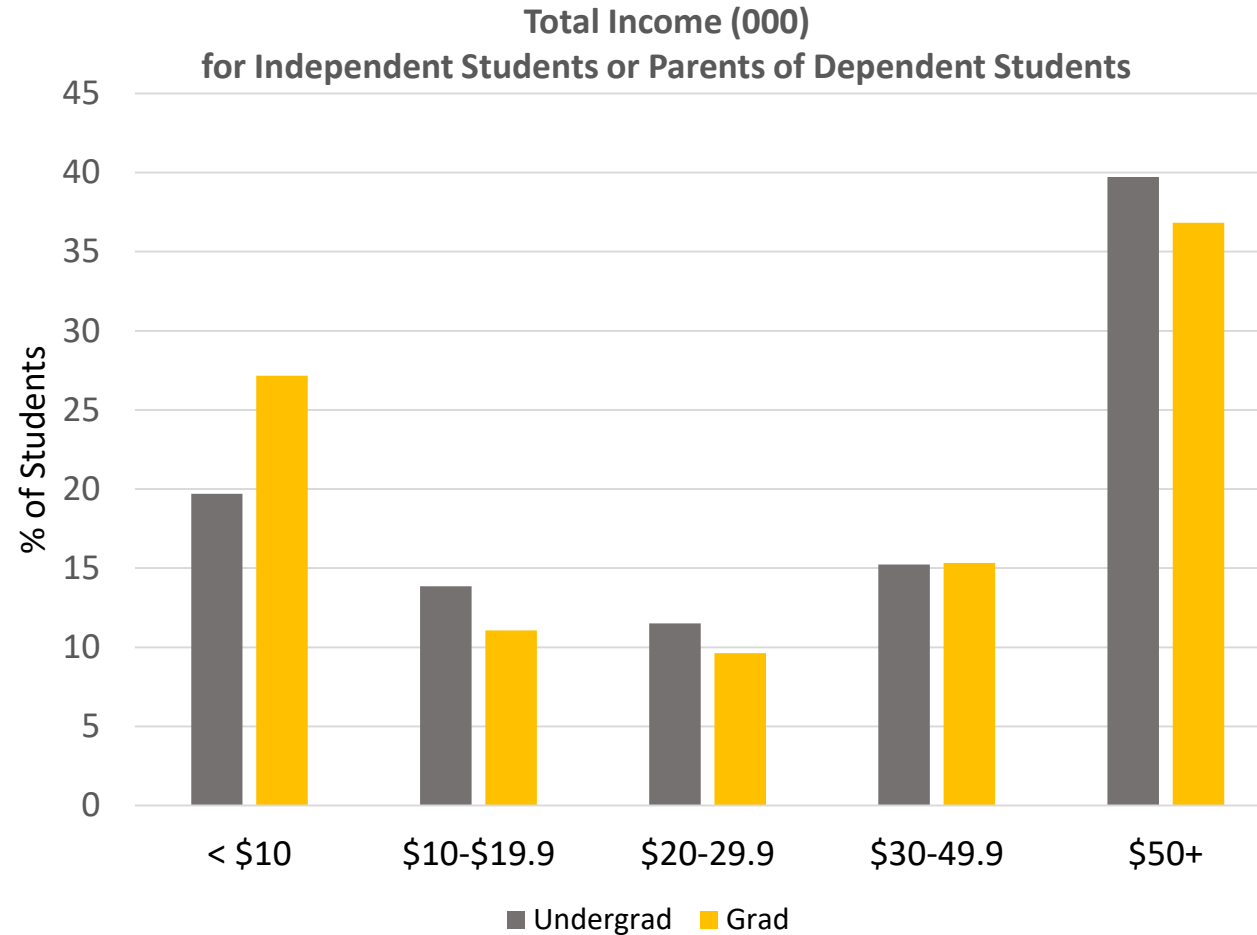
- 32,000+ Homeless College Students
- 8.8% of Undergrads & 8.5% of Grad Students at risk of homelessness
- 23.4% of Undergraduates & 17.2% of Graduate Students in Poverty
- > 2/3 of Undergrads work while in school



Source: HUD, NCES

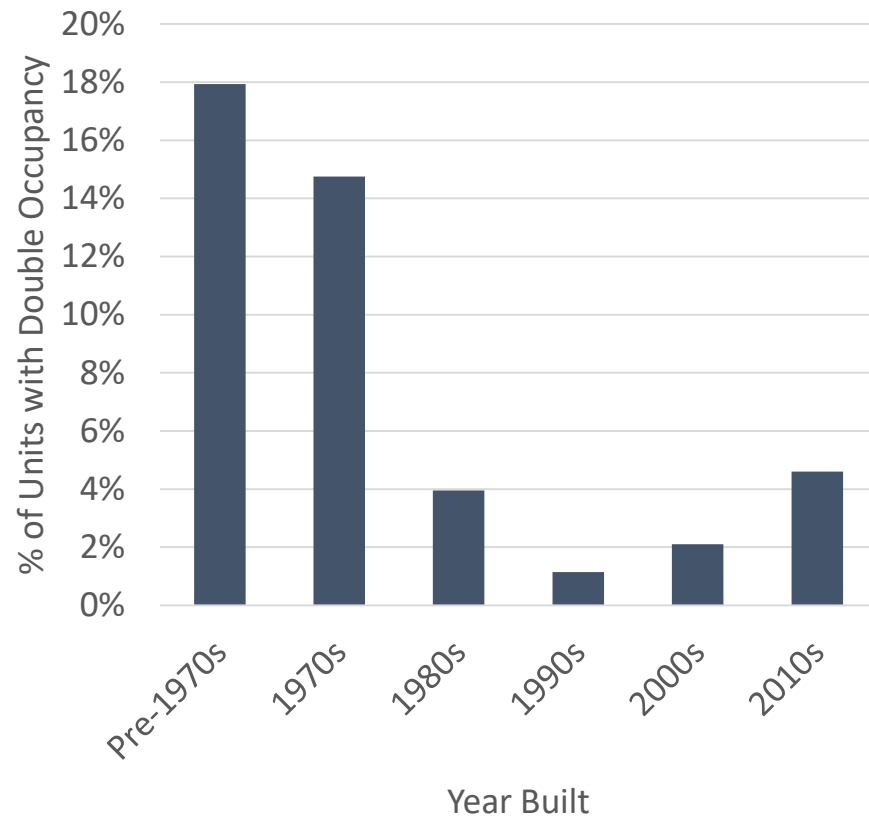
# Affordability Is Important

34% of Undergrads and 38% of Grads Earn < \$20,000 per year



Source: NCES

# Student Housing - Newer Units Less Likely to Have Double Occupancy

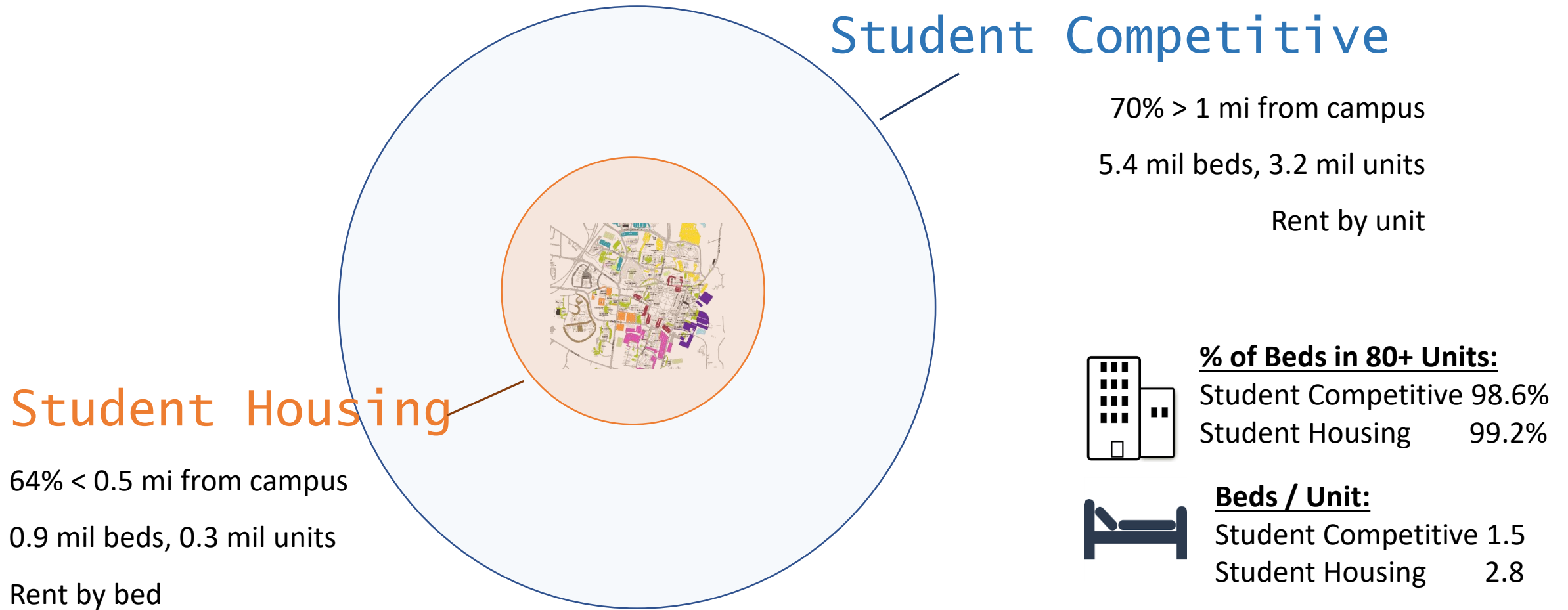


Source: RealPage





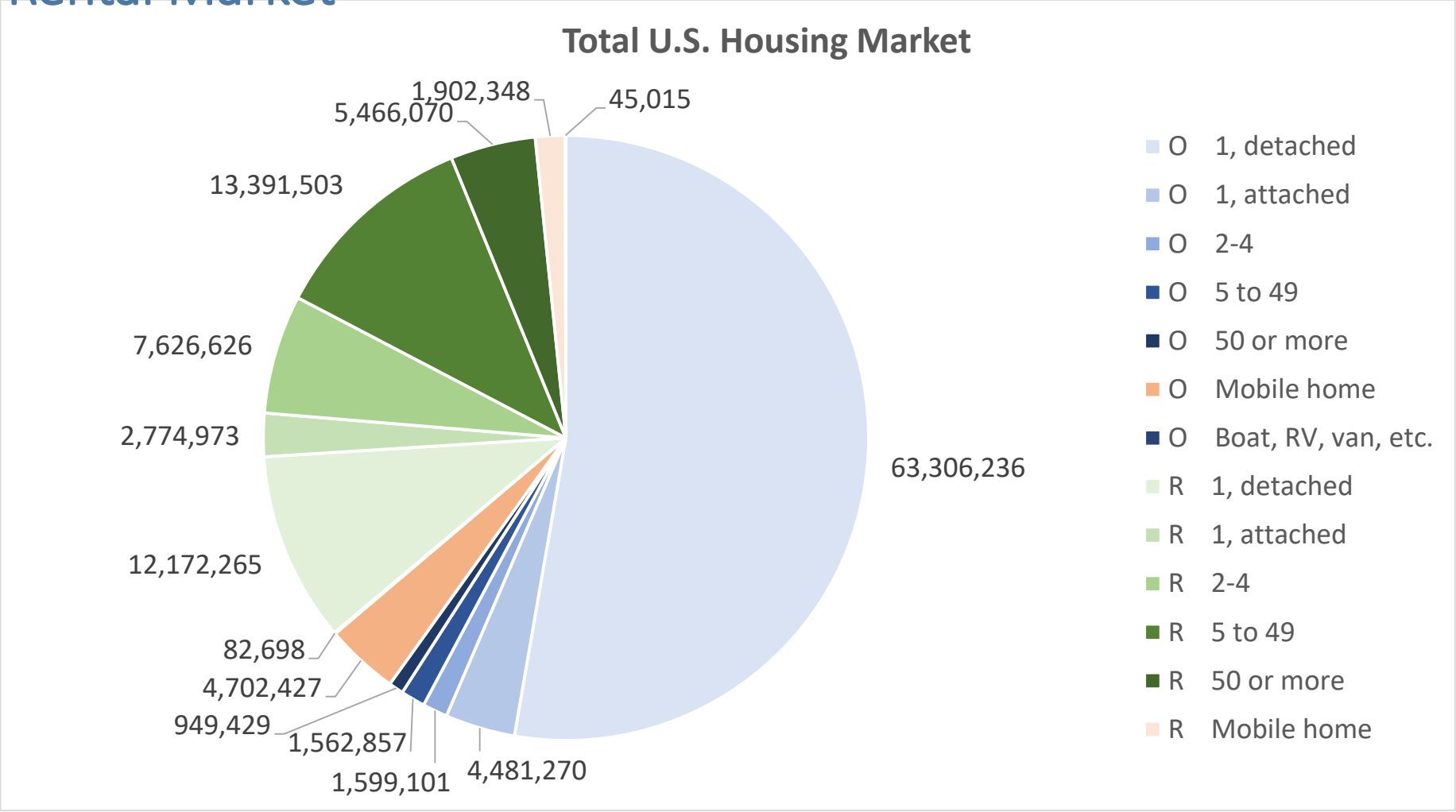
# Student Housing Sample – Converting Estimated Beds to Units



Source: RealPage

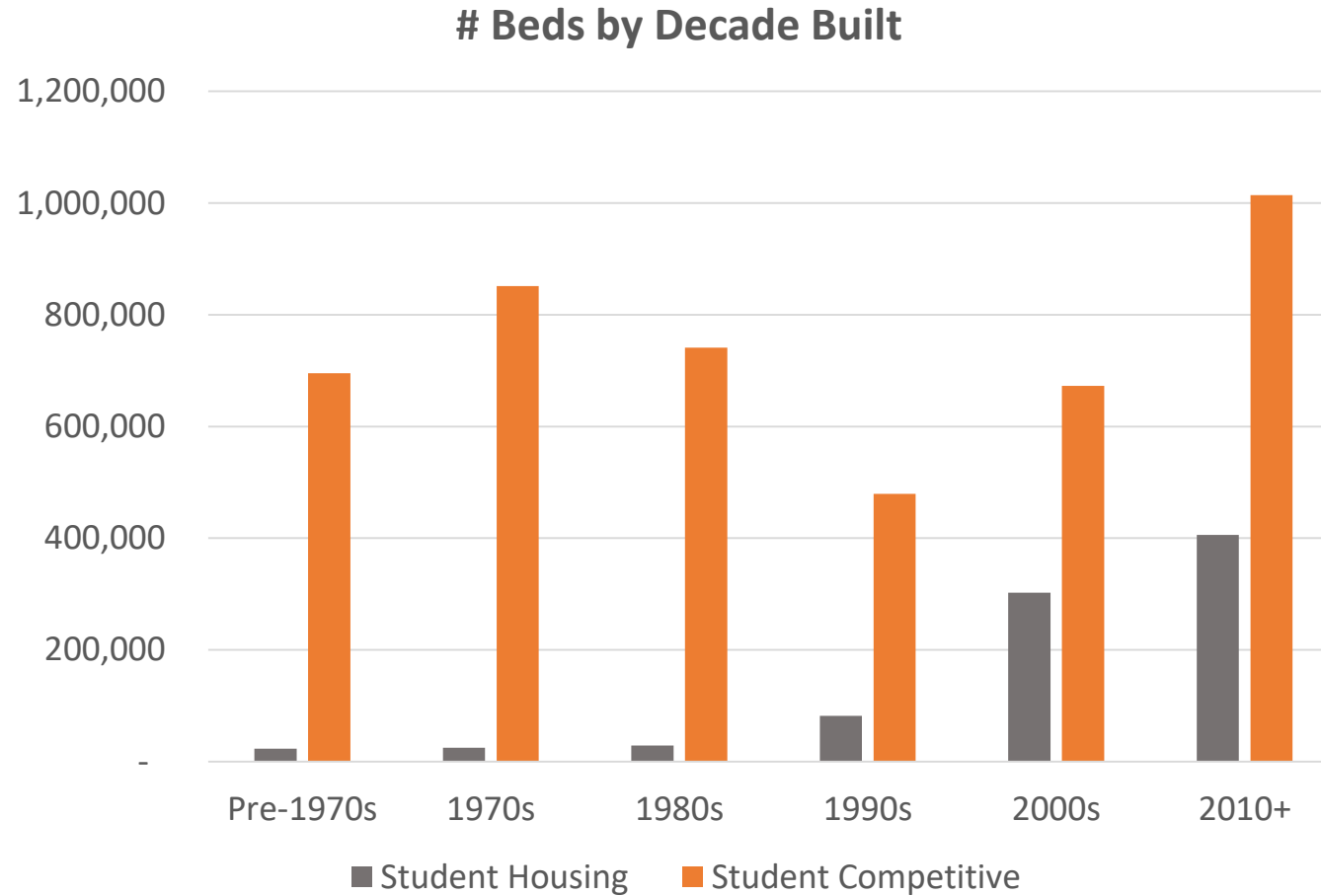


# Student Housing is an estimated 12% of the Total 43.4m units in U.S. Rental Market



Source: U.S. Census

# 78% of Student Housing Built in Last 20 Years



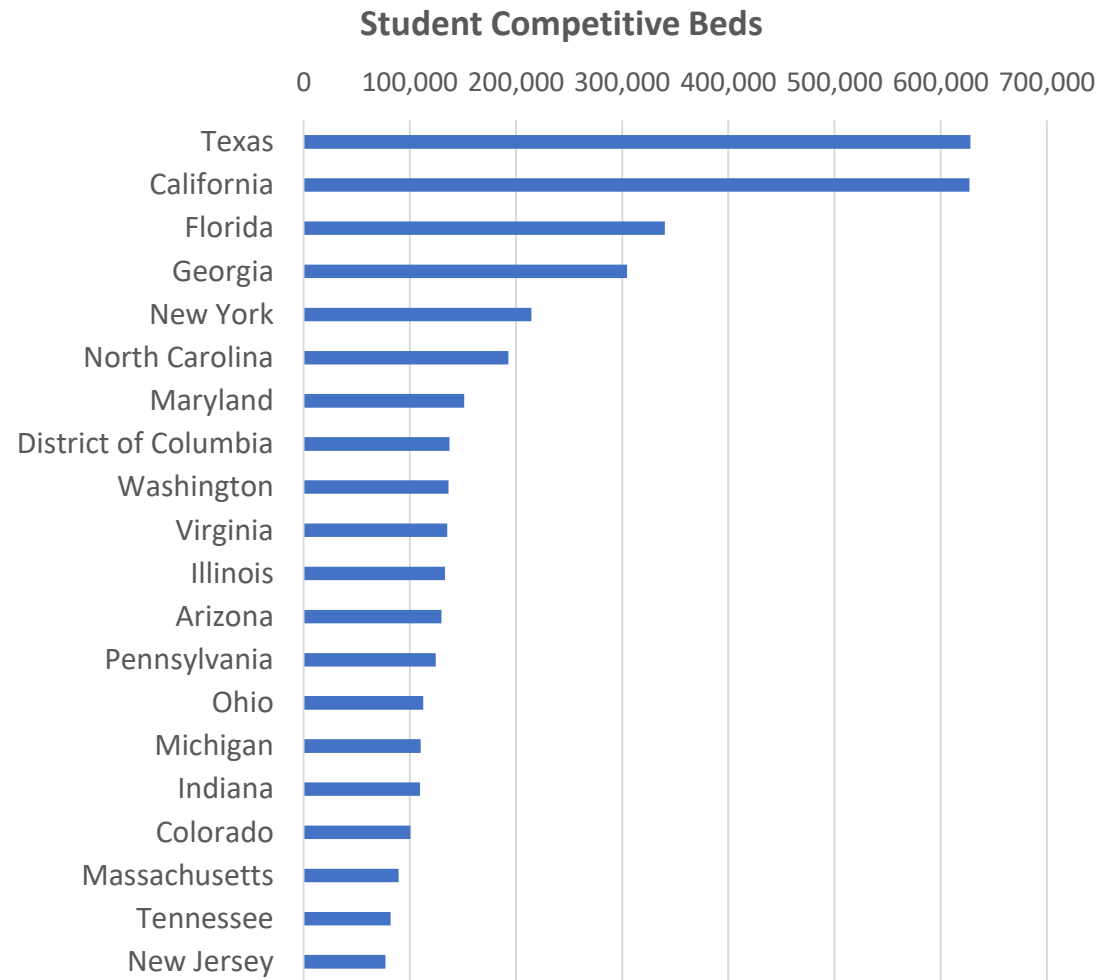
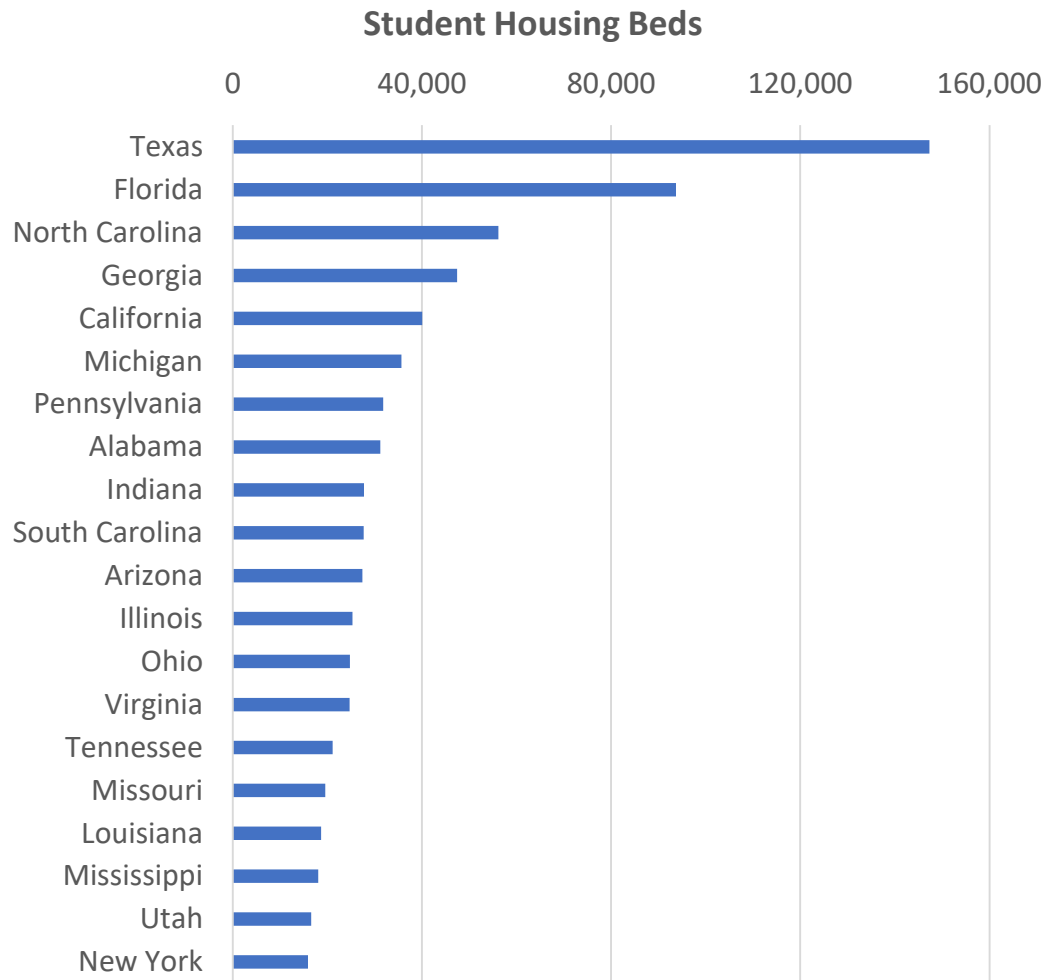
Source: RealPage

# Half of Enrollment is in 9 States

	Total Enrollment	%Chg 2000-2016	% of Total Market	Cumulative % of Total Market
<b>US</b>	<b>19,841,014</b>	<b>29.6</b>		
CA	2,700,106	19.6	14%	14%
TX	1,603,259	55.1	8%	22%
NY	1,273,651	22.1	6%	28%
FL	1,075,496	52.0	5%	34%
IL	777,720	4.5	4%	37%
PA	725,770	19.1	4%	41%
OH	658,229	19.8	3%	44%
AZ	608,084	77.5	3%	47%
MI	583,035	2.7	3%	50%
NC	561,496	38.8	3%	53%

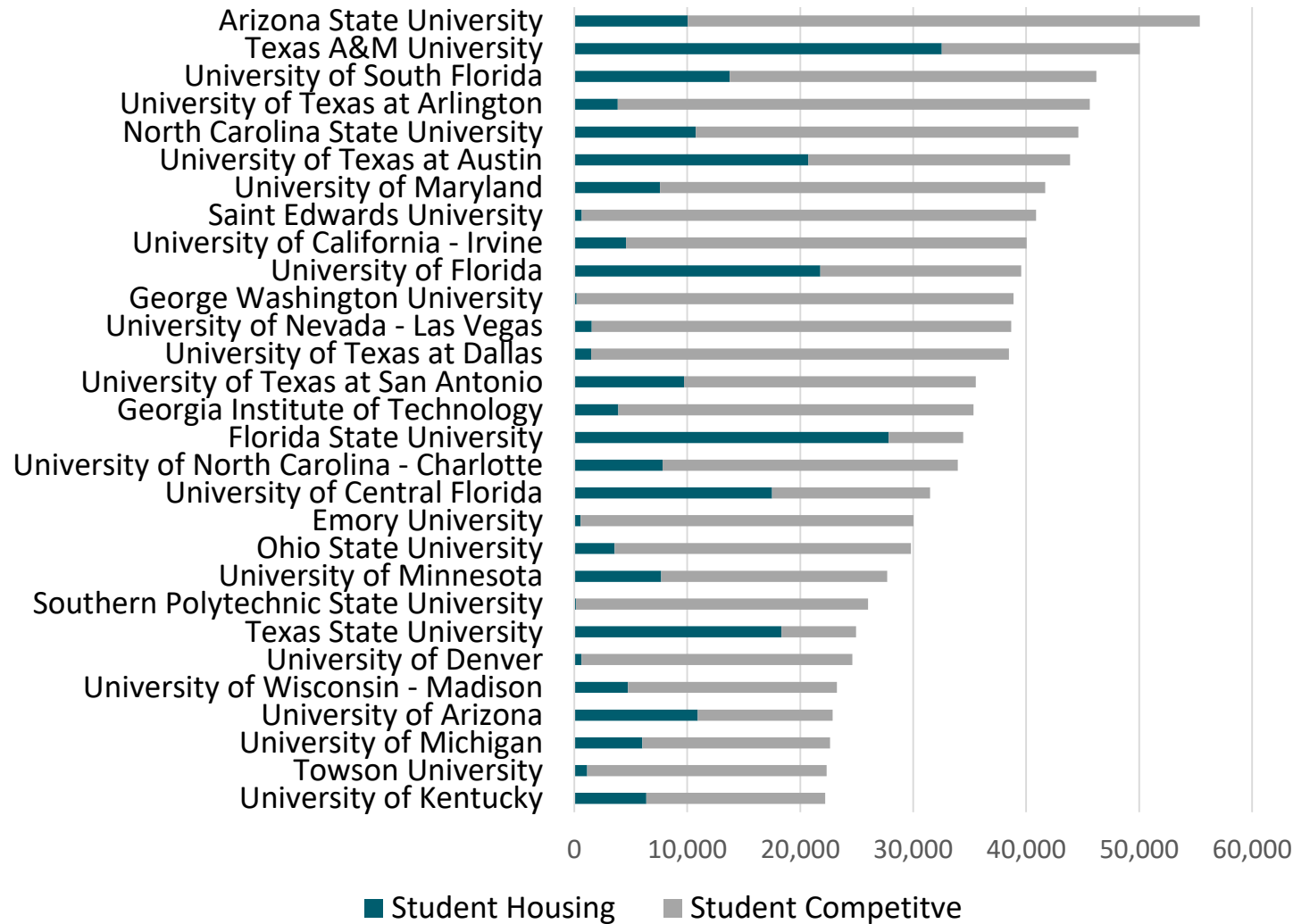
Source: National Center for Education Statistics, 2016 data

# Urban & Hard-to-Build States – More Student Competitive



Source: RealPage

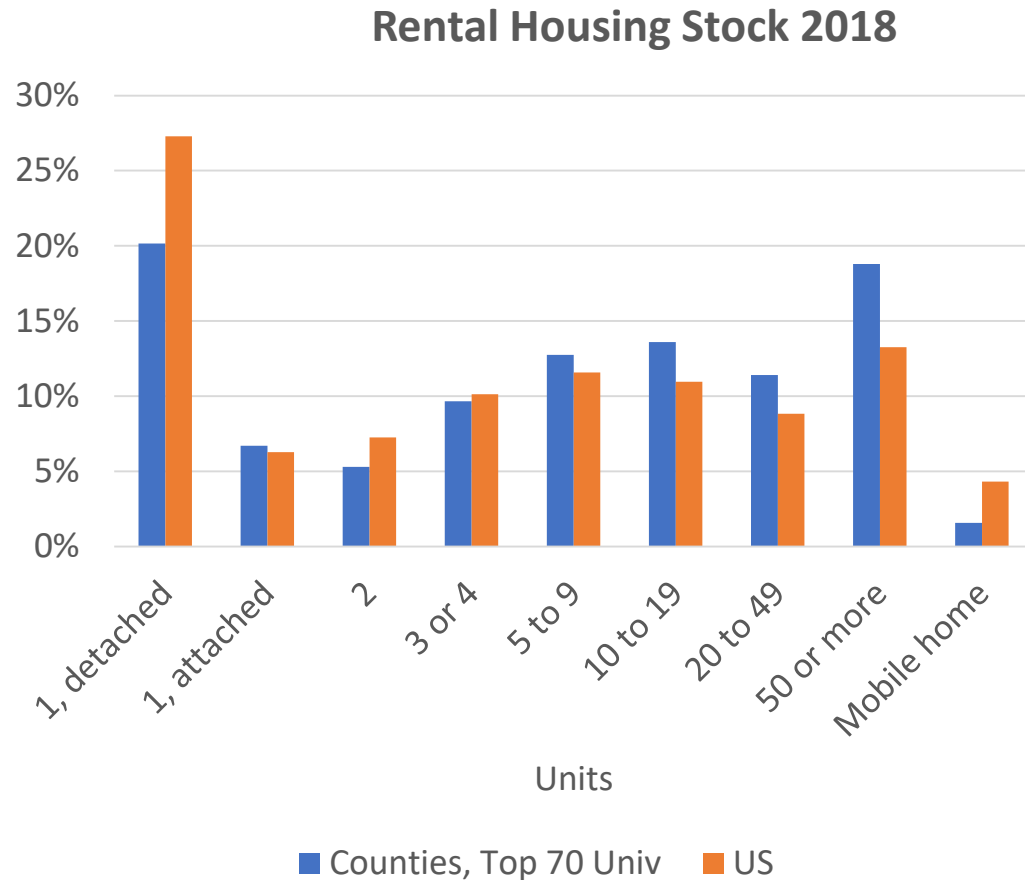
## Data - 30 Largest Private Owned Housing



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

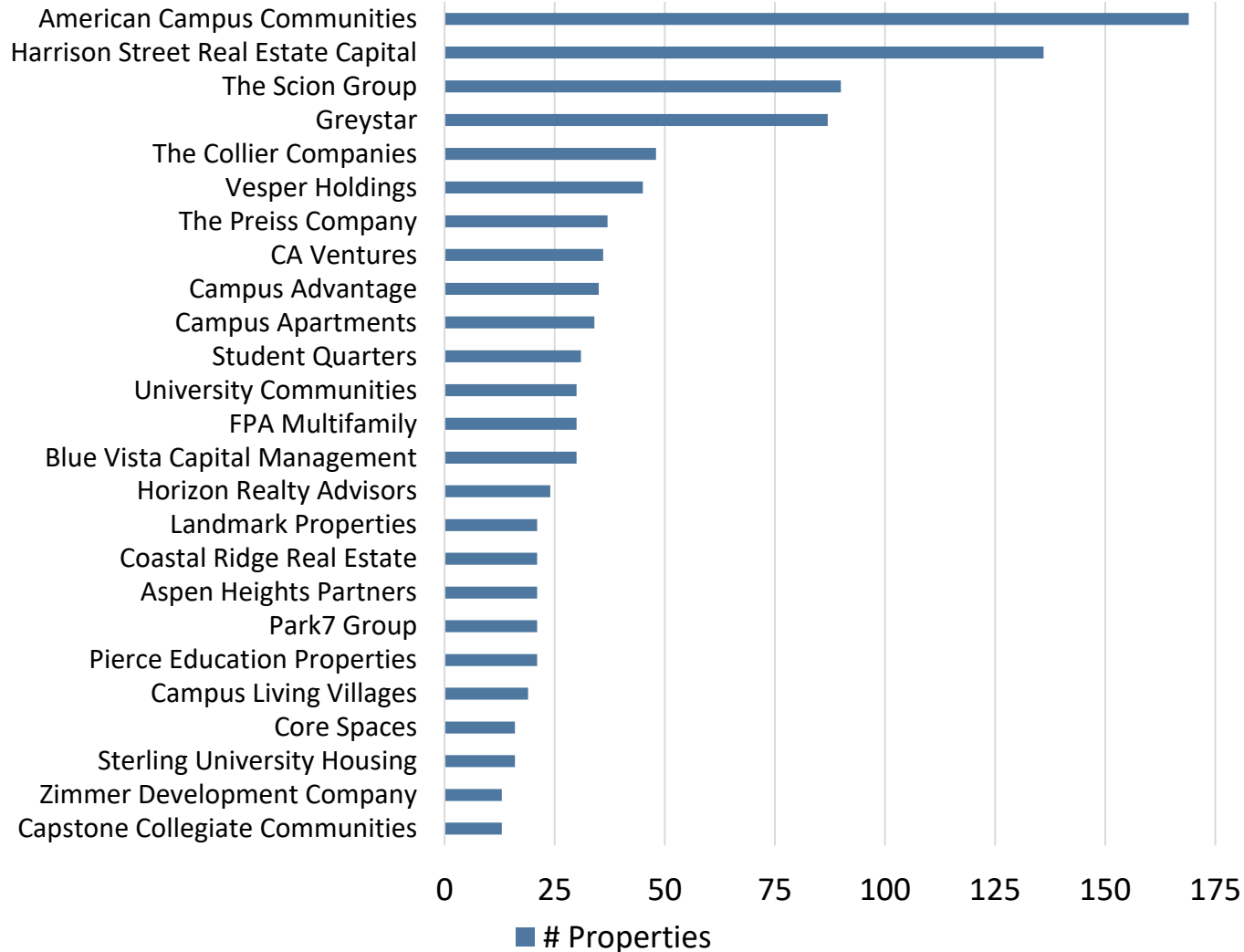


Source: NCES, U.S. Census;

Rental housing markets are counties for the 70 largest 4 year universities, excluding on-line universities



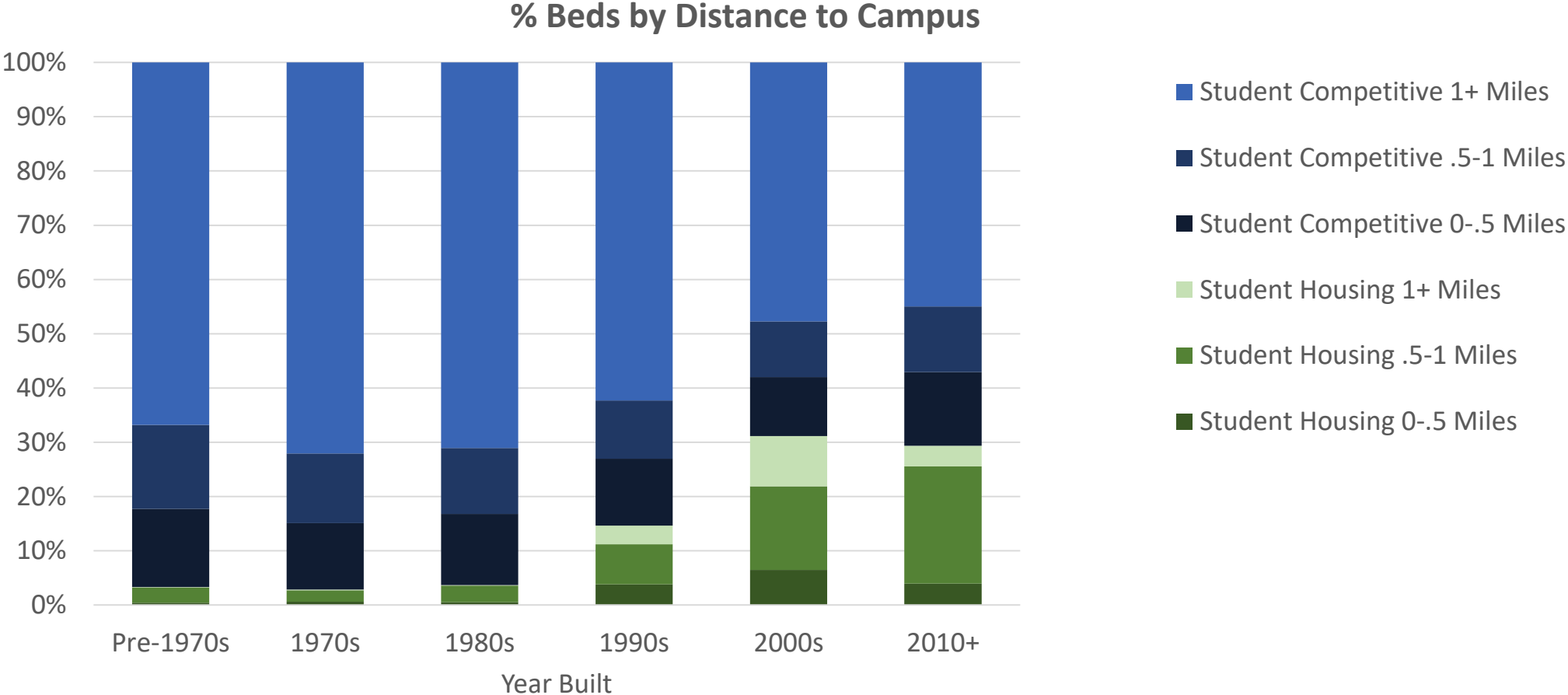
## Top 25 Owners



Efficiencies of Scale?  
Most Owners Hold Few  
Properties

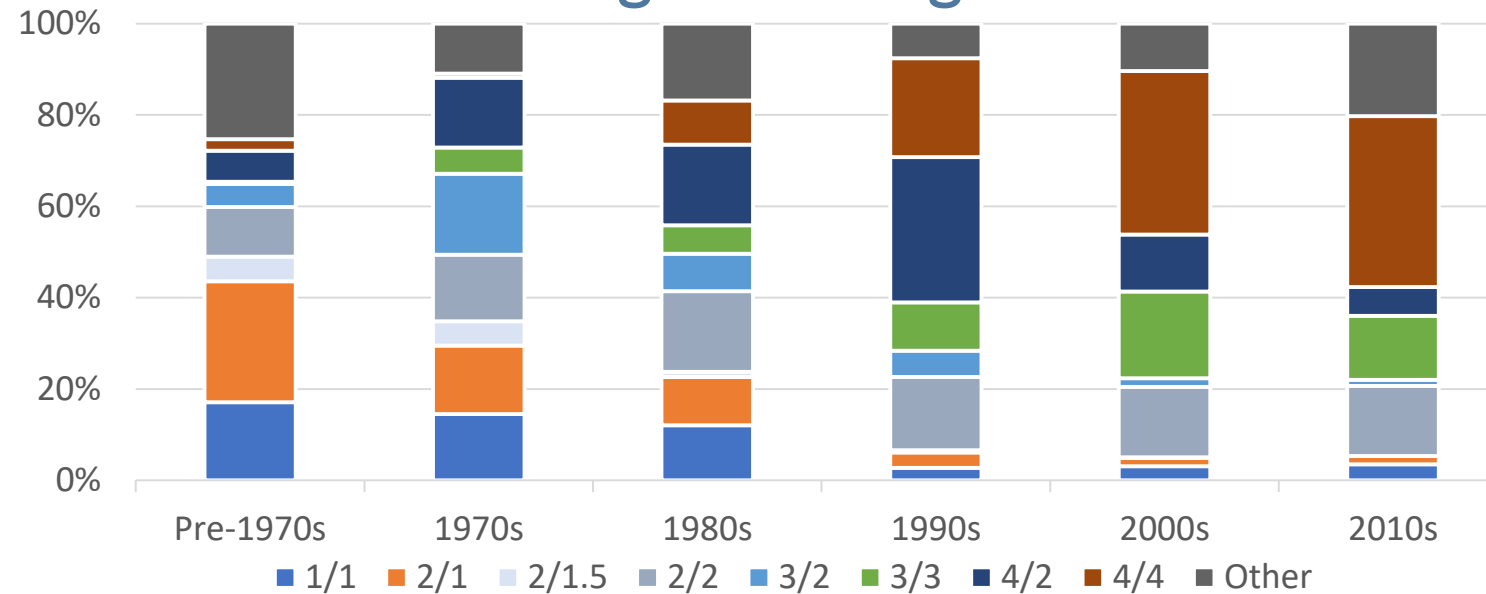
Source: Student Housing Business

# Institutional Quality Housing Getting Closer to Campus



Source: RealPage

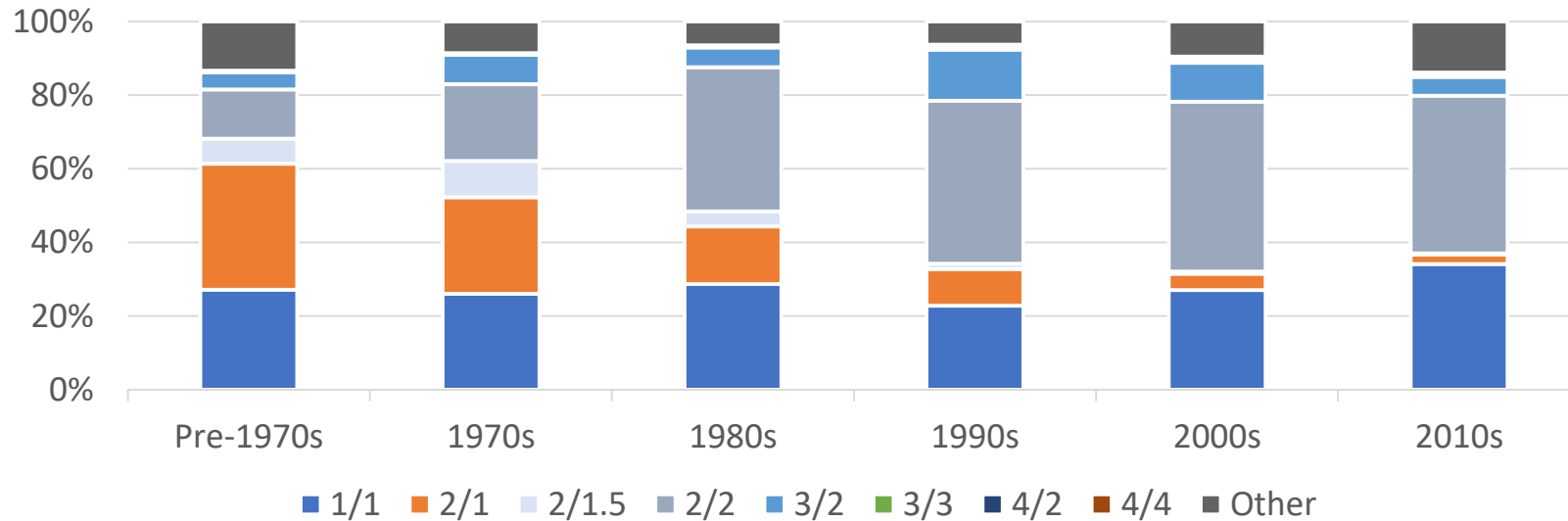
## Student Housing Units Larger Over Time



Bed/Bath	Pre-1970s	1970s	1980s	1990s	2000s	2010s
1/1	17%	14%	12%	3%	3%	4%
2/1	27%	15%	11%	3%	2%	2%
2/1.5	5%	5%	1%	1%	0%	0%
2/2	11%	15%	18%	16%	15%	15%
3/2	5%	18%	8%	6%	2%	1%
3/3	0%	6%	6%	11%	19%	14%
4/2	7%	15%	18%	32%	12%	6%
4/4	2%	1%	10%	22%	36%	37%
Other	25%	11%	17%	8%	10%	20%

Source: RealPage

# Student Competitive Primarily 1/1 or 2/2 Bed/Bath

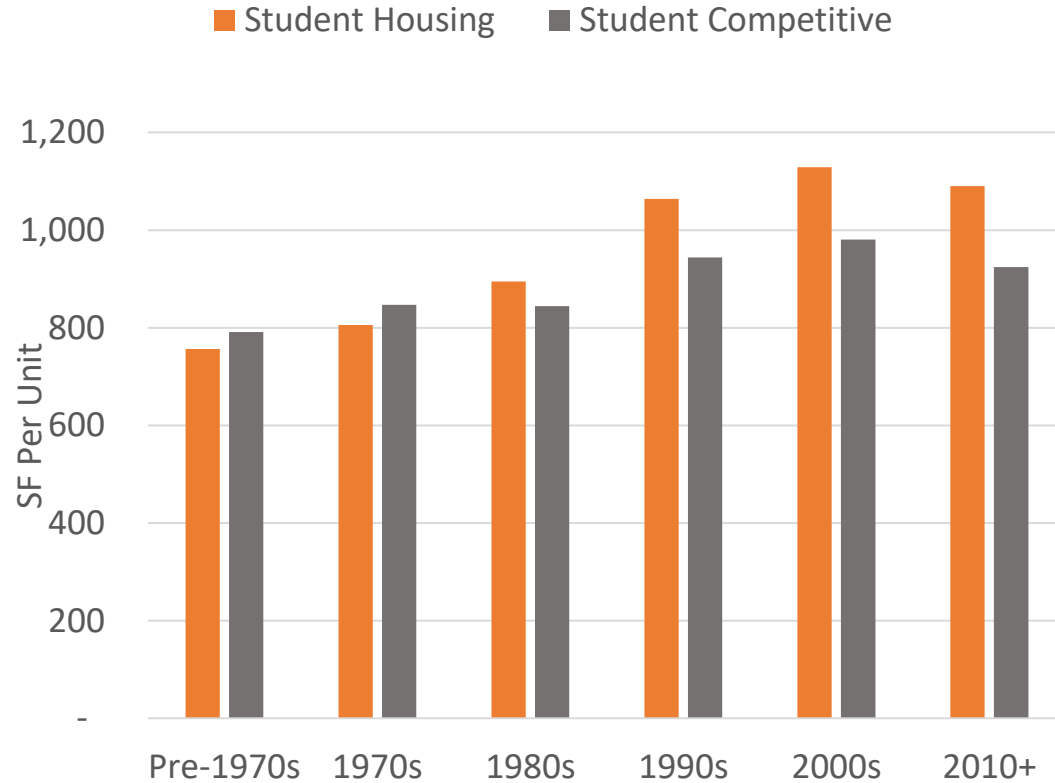


Bed/Bath	Pre-1970s	1970s	1980s	1990s	2000s	2010s
1/1	27%	26%	29%	23%	27%	34%
2/1	34%	26%	16%	10%	4%	2%
2/1.5	7%	10%	4%	1%	1%	0%
2/2	13%	21%	39%	44%	46%	43%
3/2	5%	8%	5%	14%	11%	5%
3/3	0%	0%	0%	1%	1%	1%
4/2	0%	0%	0%	1%	0%	0%
4/4	0%	0%	0%	0%	0%	0%
Other	13%	9%	7%	6%	10%	14%

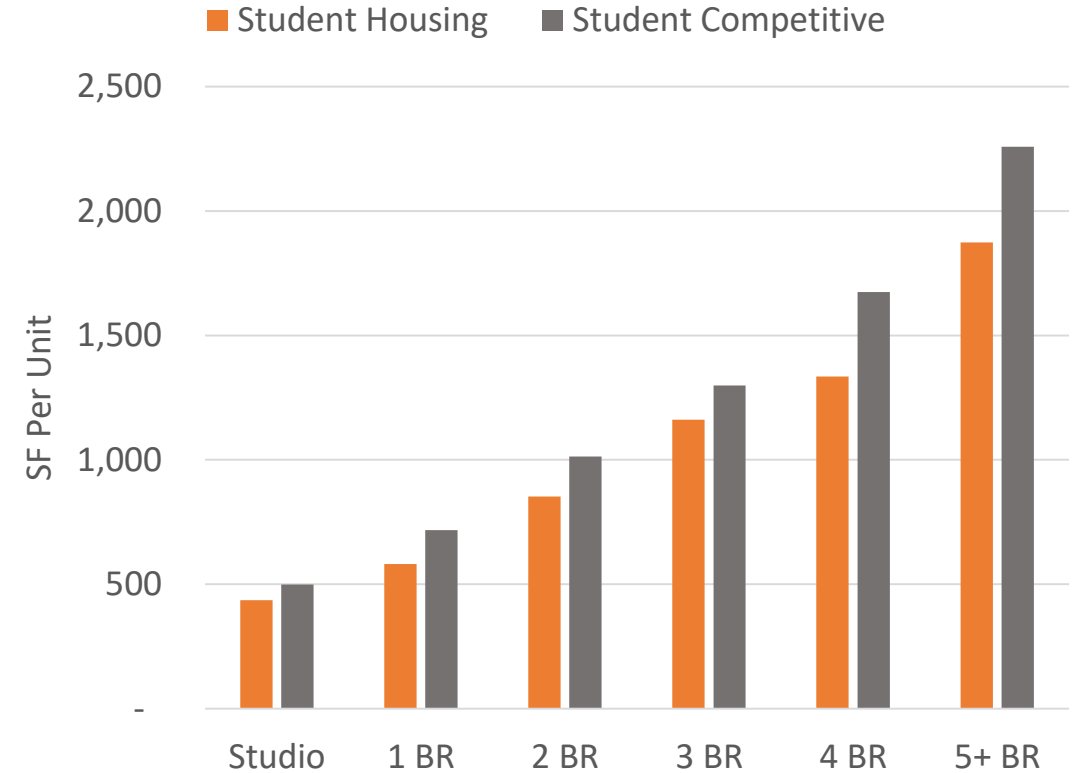
Source: RealPage

# Student Housing – Larger Unit Mix Increases Size Over Time

## Average Size by Decade

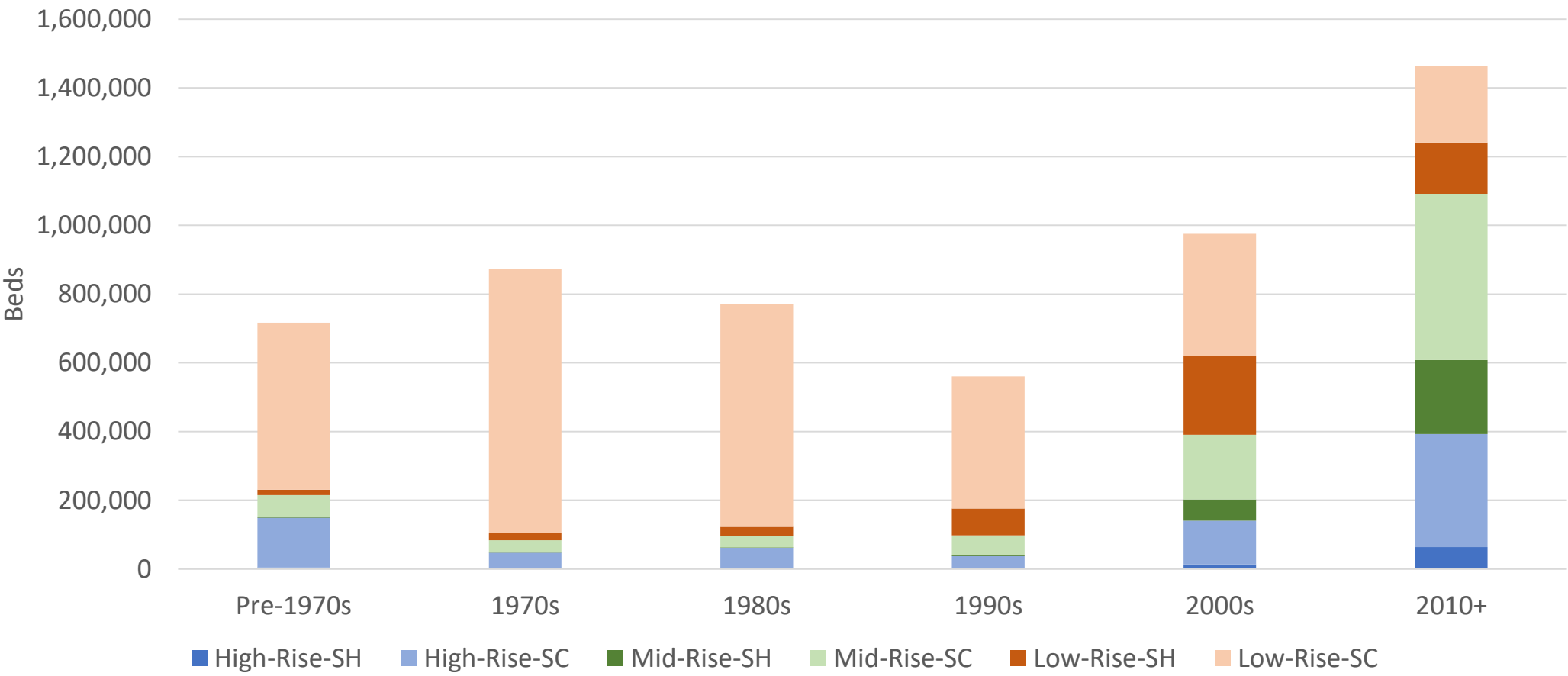


## Average Size by Unit Class



Source: RealPage

# Increase in High-Rise Buildings

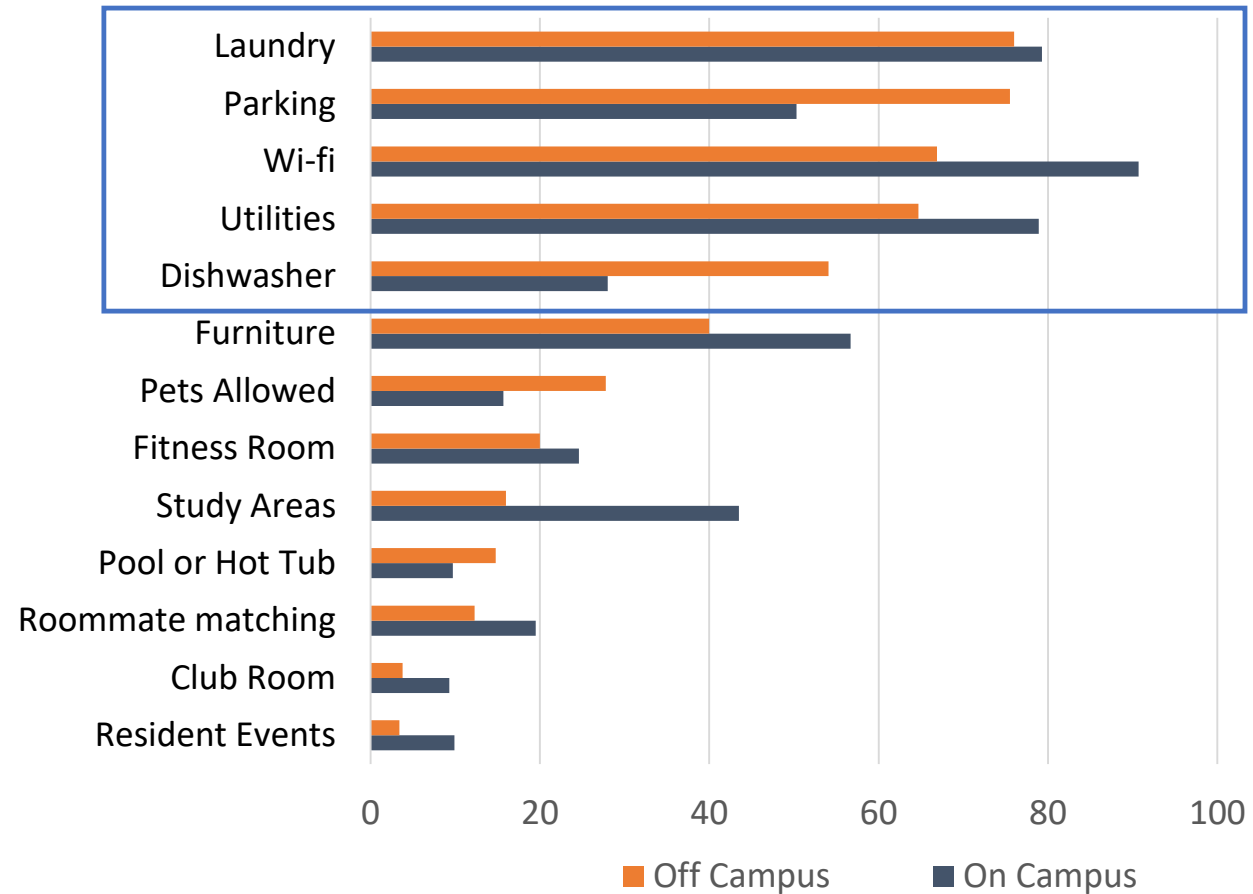


Source: RealPage



# Life Efficiency Amenities Most Important

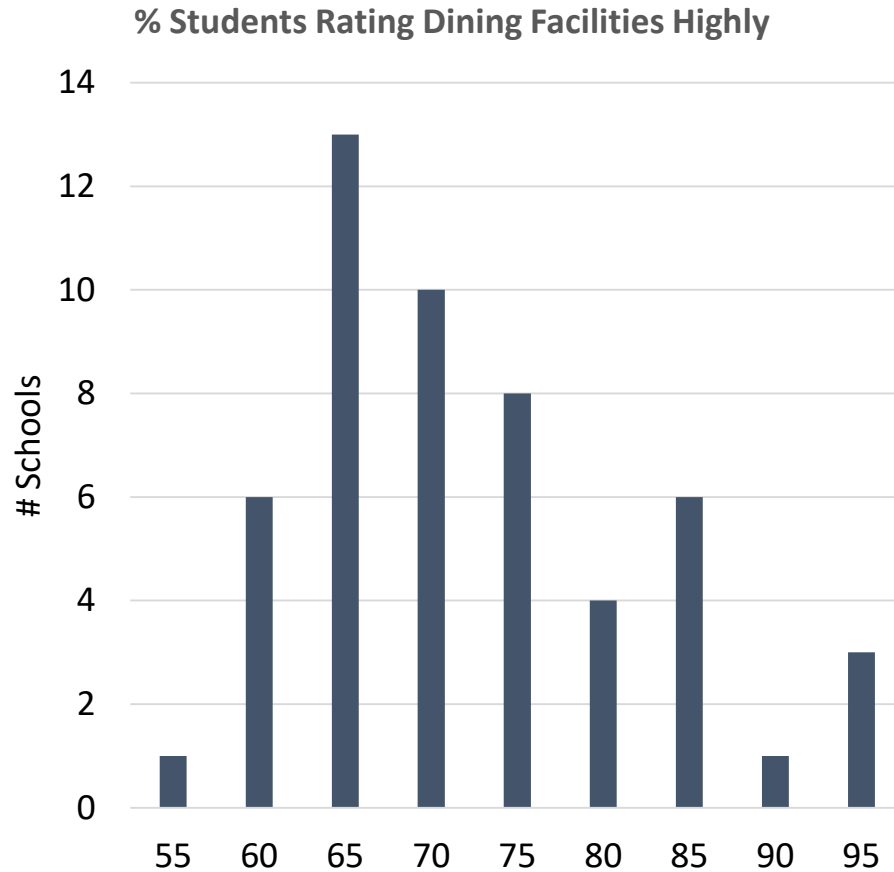
Student Survey



Source: Student Housing Business.com Nov/Dec 2018



## 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.

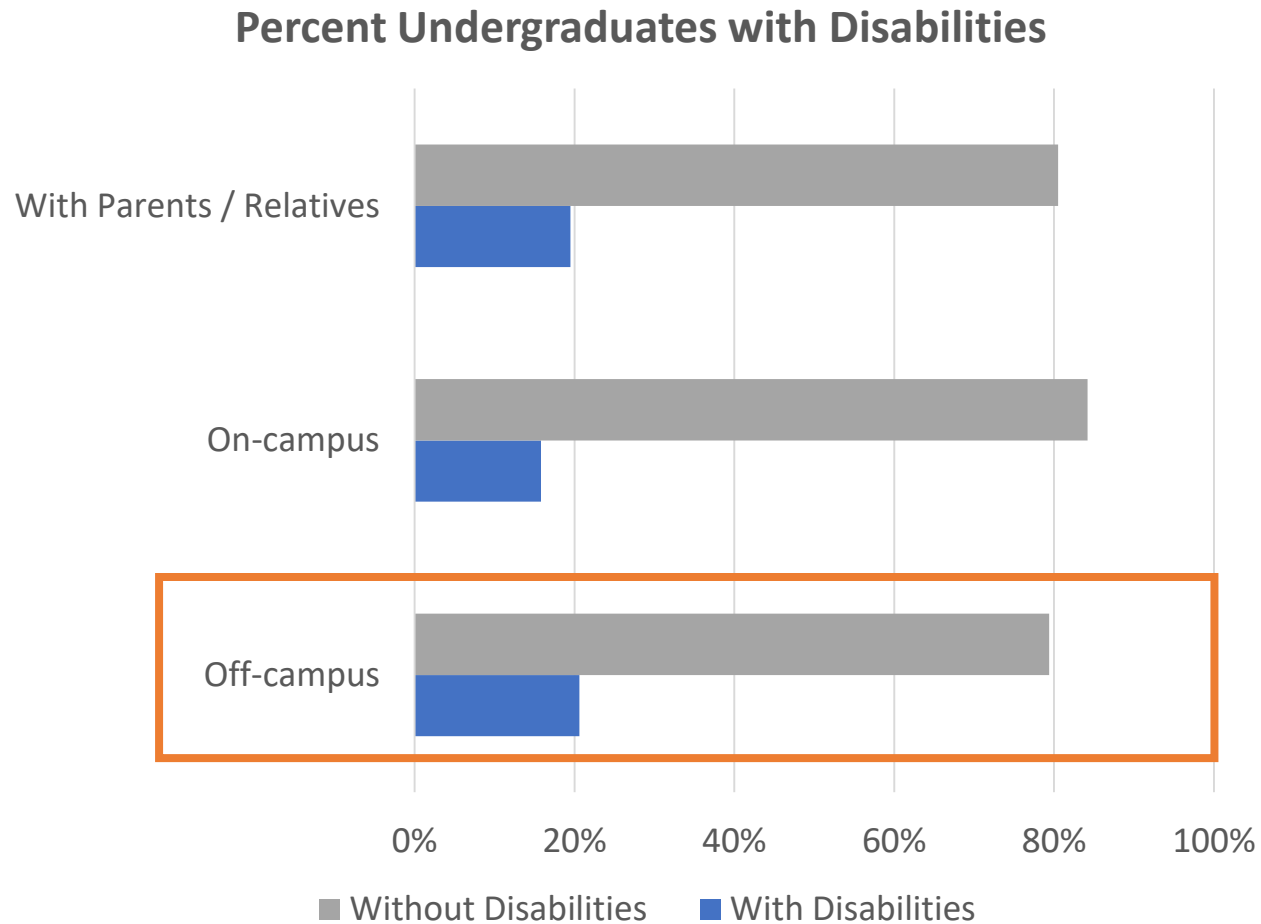
Source: Niche.com, 75 largest 4 yr universities, RealPage rent

# Fast Food Not Listed in Top Schools' Food Choices, but....



Source: Niche.com

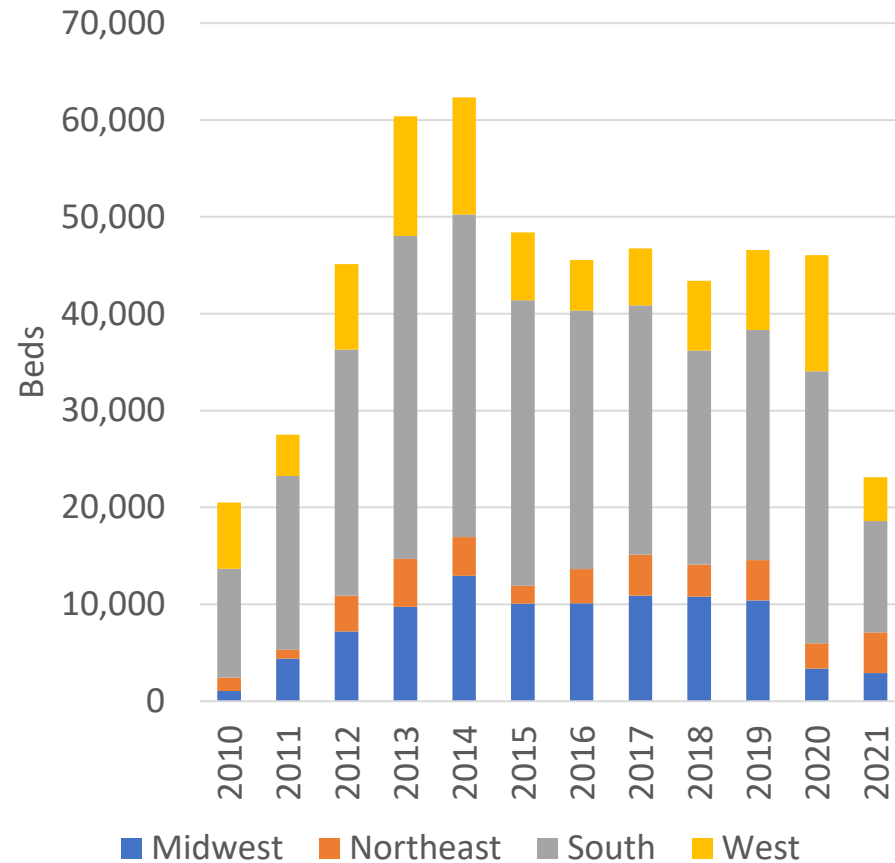
# A Significant Number of Students with Disabilities Needs



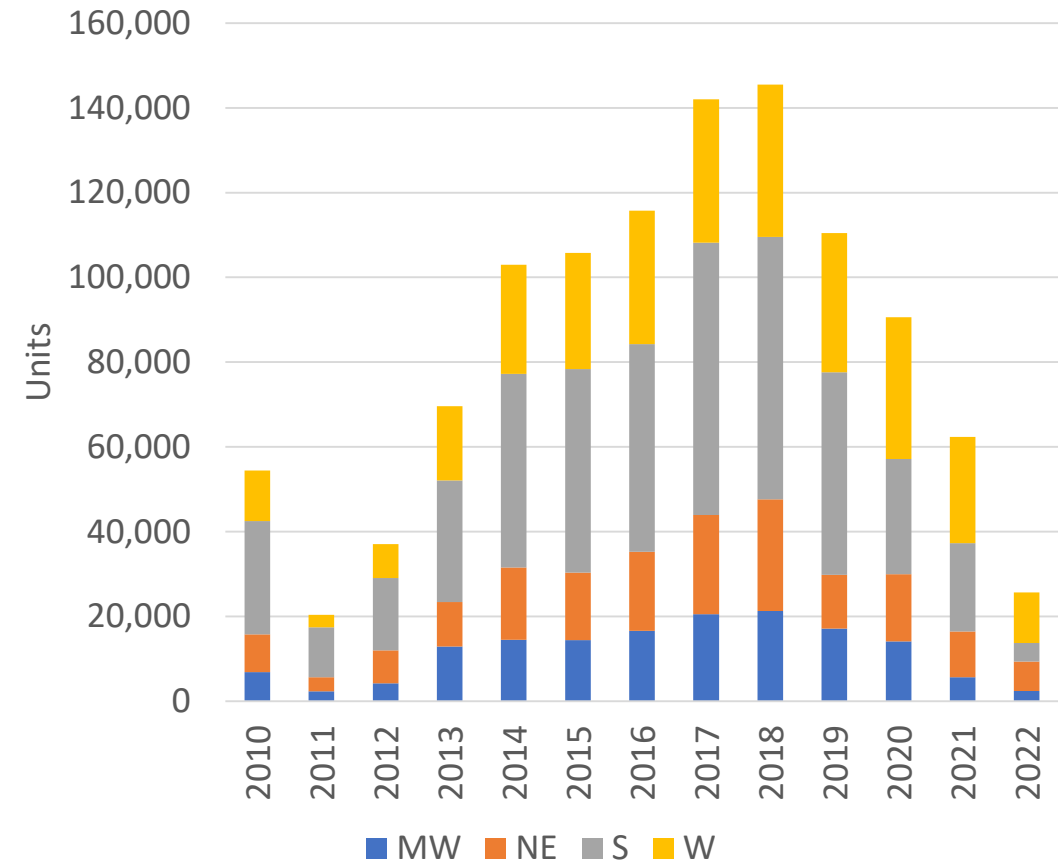
Source: National Center for Education Statistics, 2016 data

# New Construction

## Student Housing New Construction

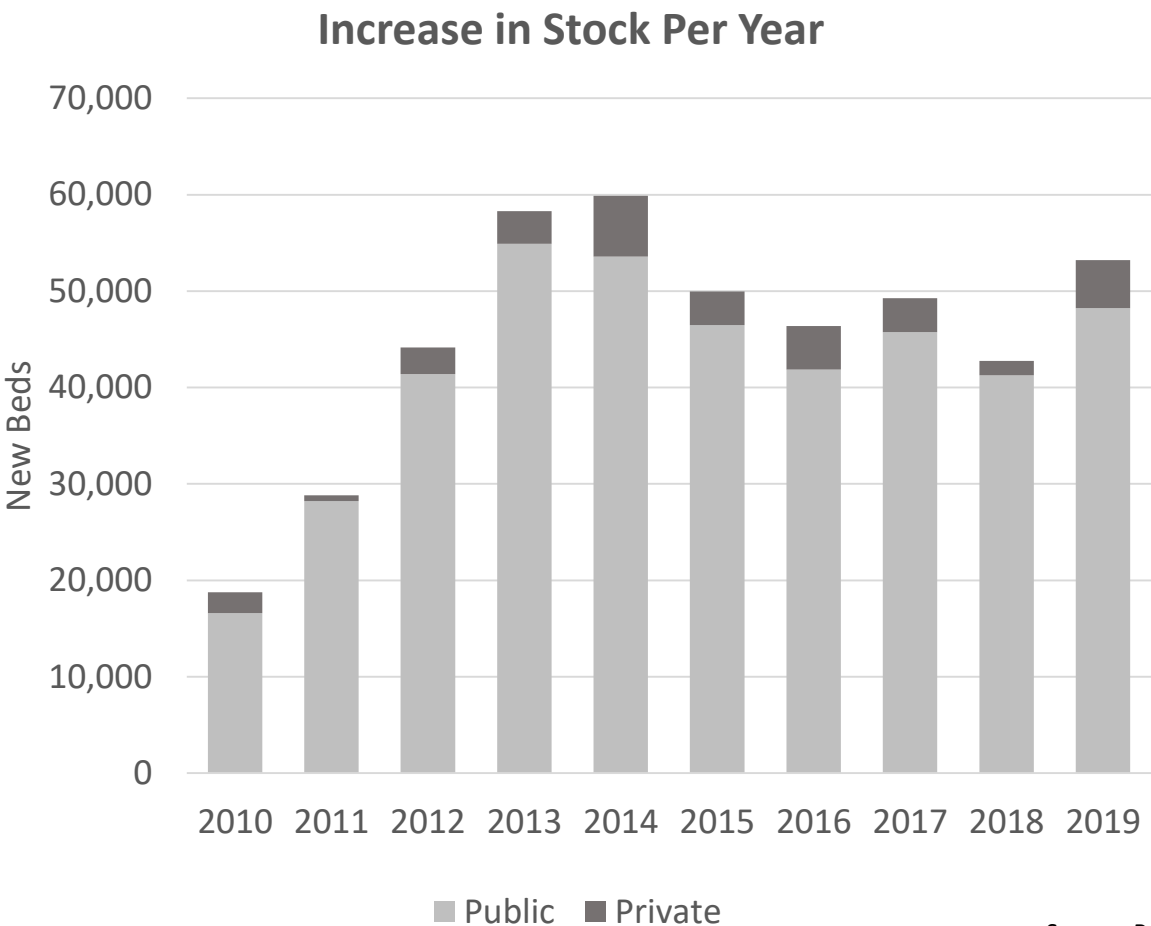
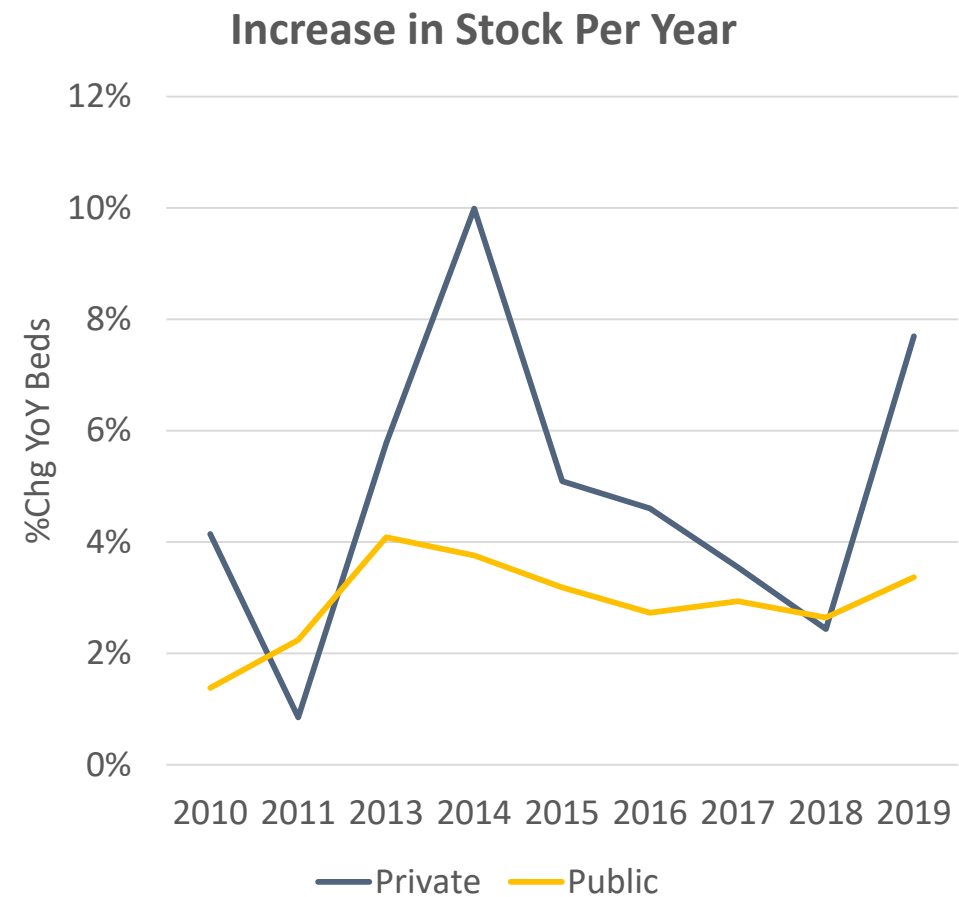


## Student Competitive - New Construction



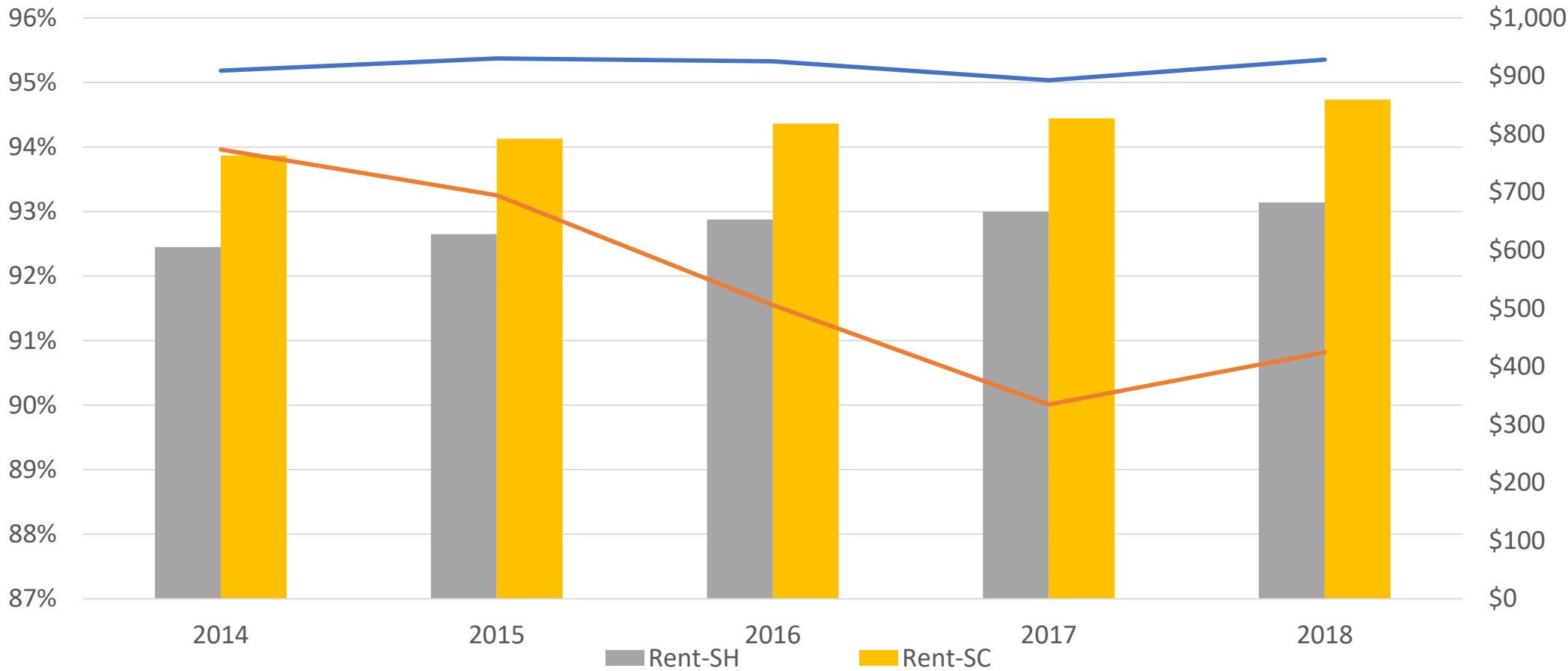
Source: RealPage

# Private Schools Increasing Stock Faster



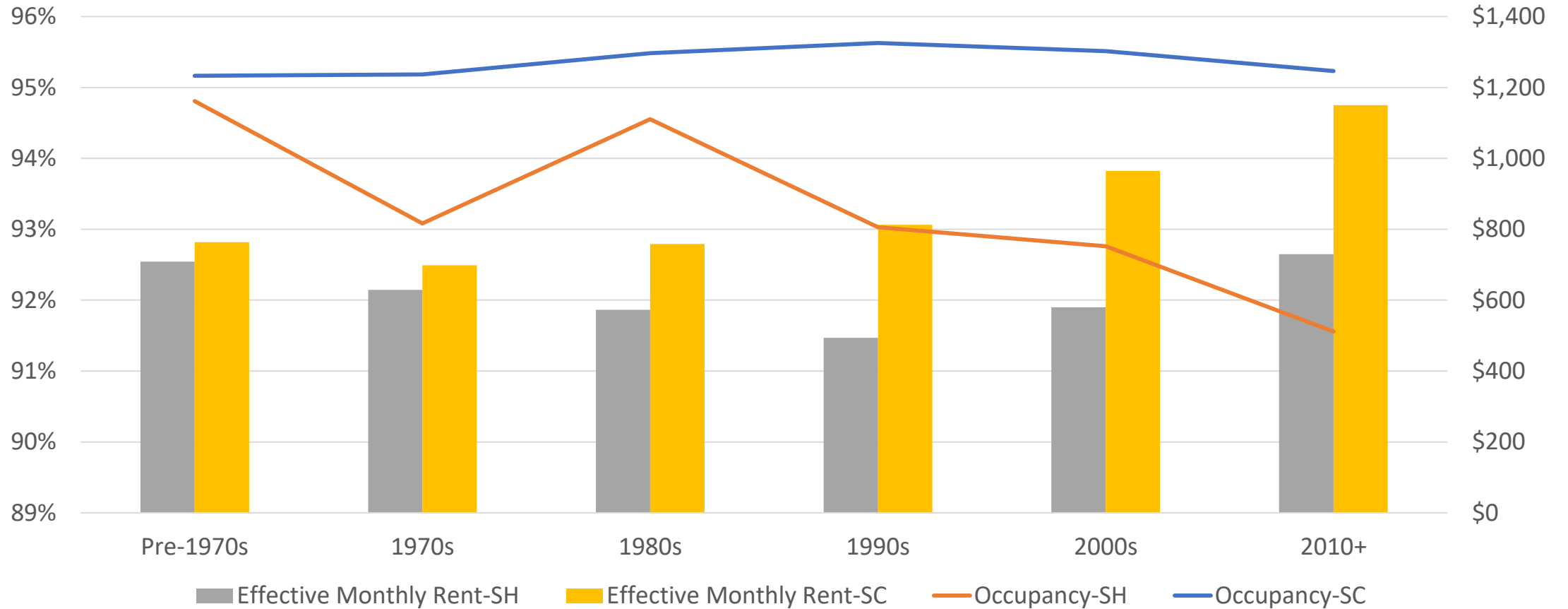
Source: RealPage

# Rents Up Slightly While Student Competitive Occupancy Holds



Source: RealPage

# Rent and Occupancy by Decade Built

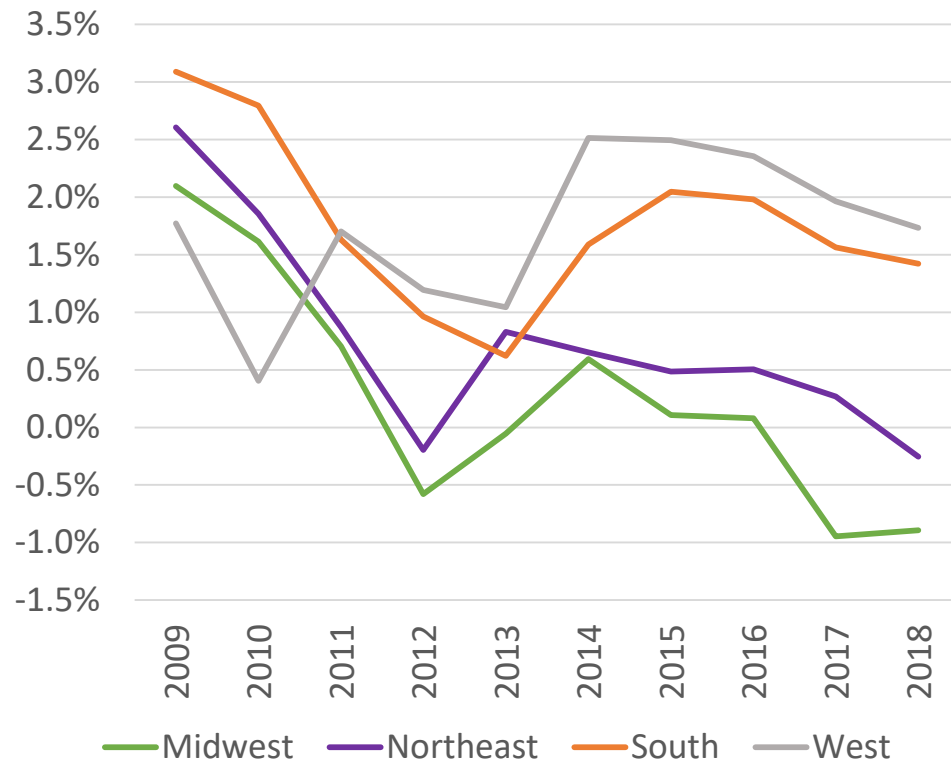


Source: RealPage

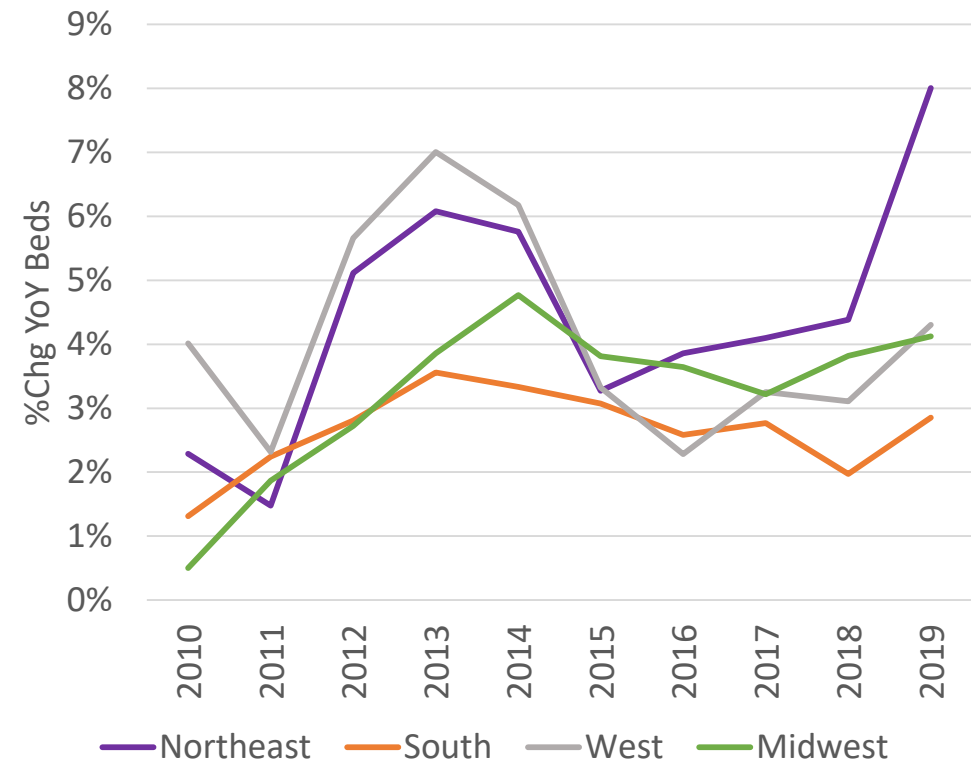


# Completions Outpacing Enrollment

## Enrollment Growth Per Year



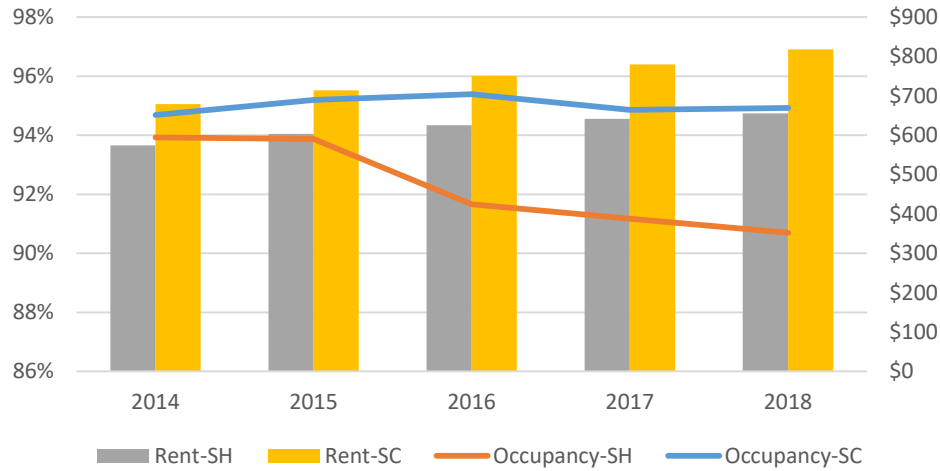
## Increase in Stock Per Year



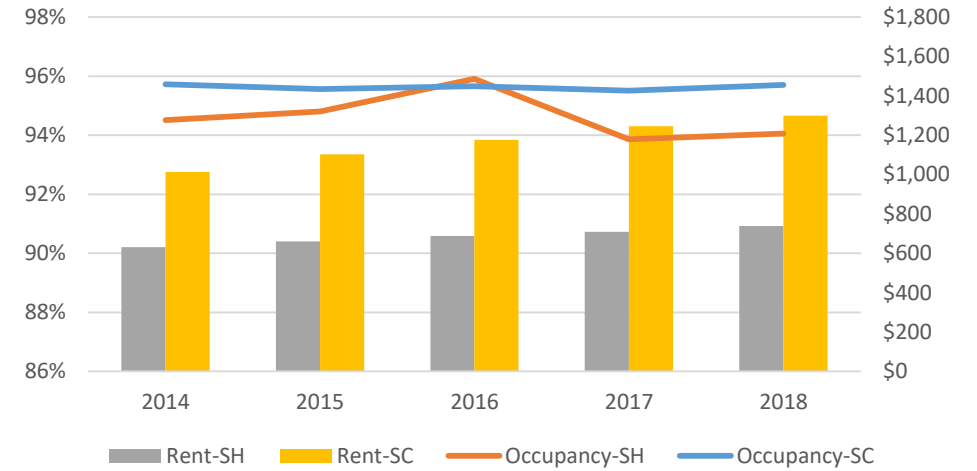
Source: RealPage Top 175 Schools

# Change in Vacancy & Rent by Region

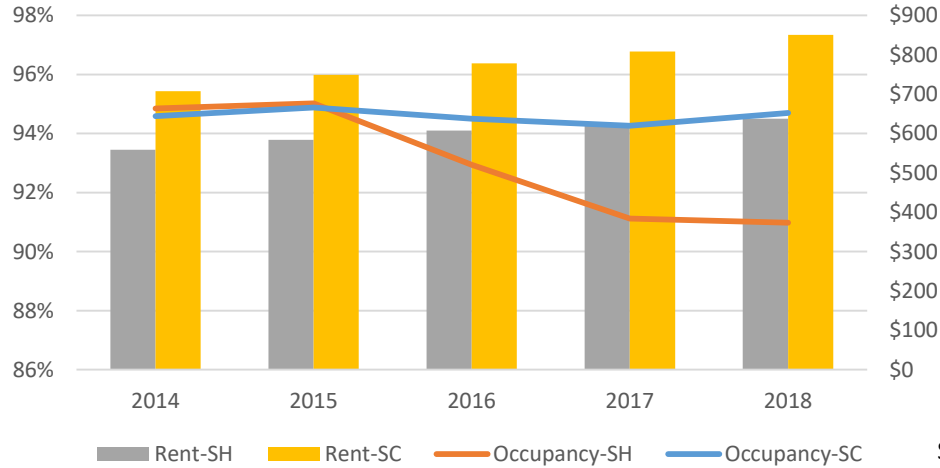
## Midwest



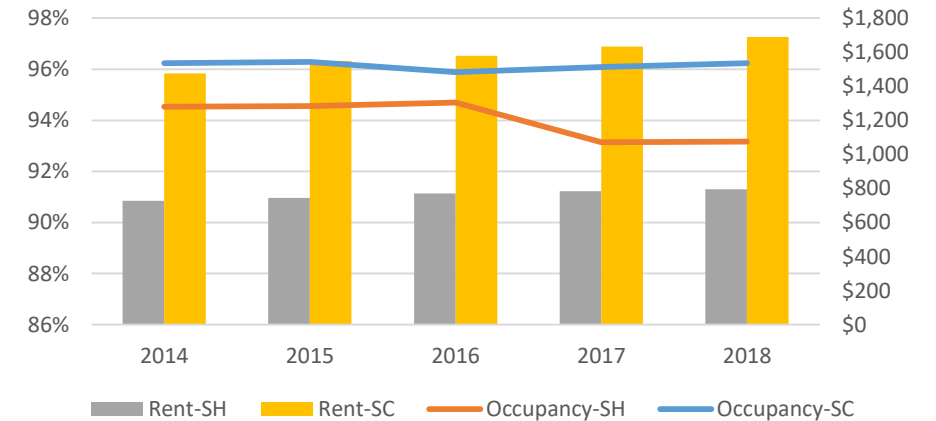
## West



## South

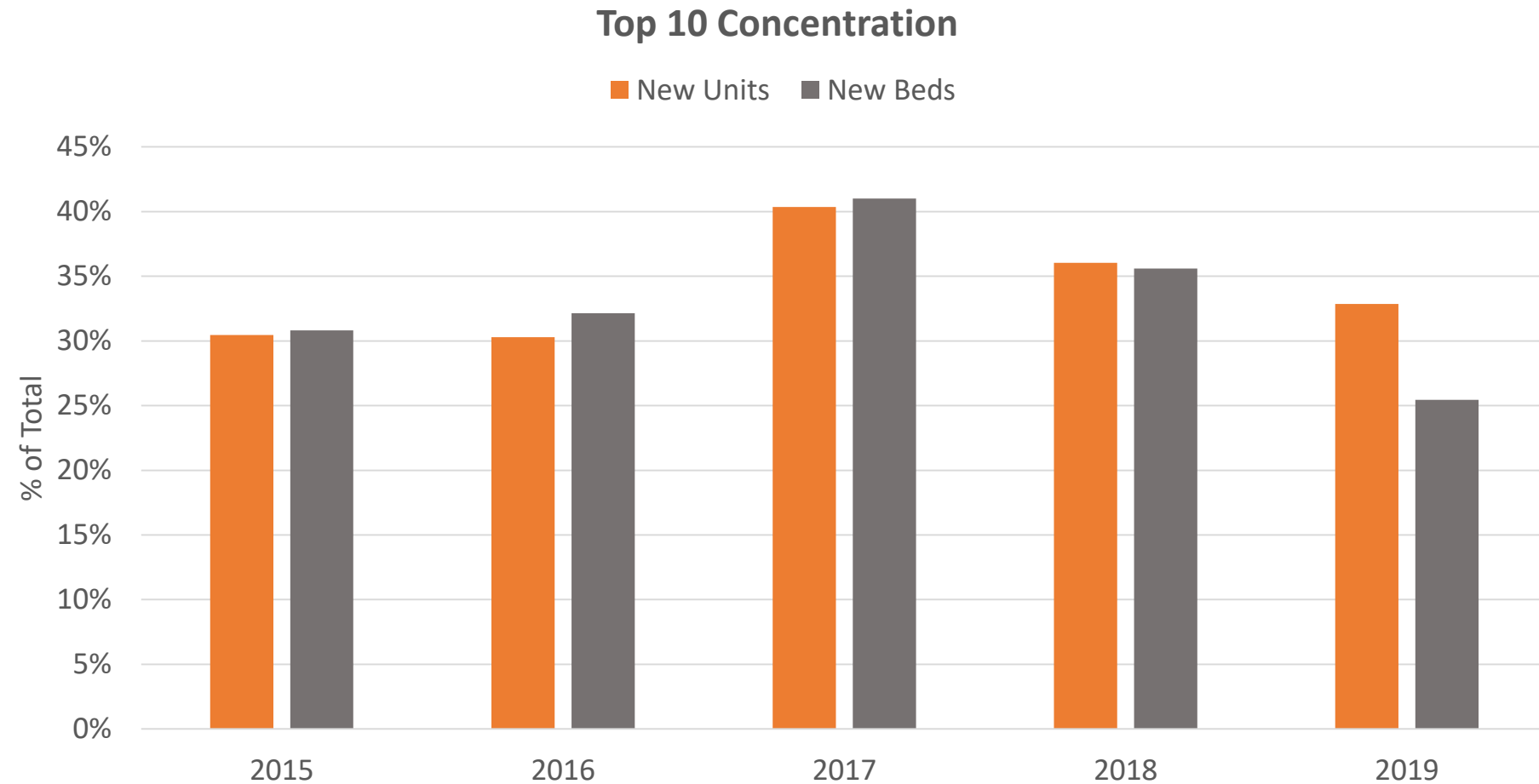


## Northeast

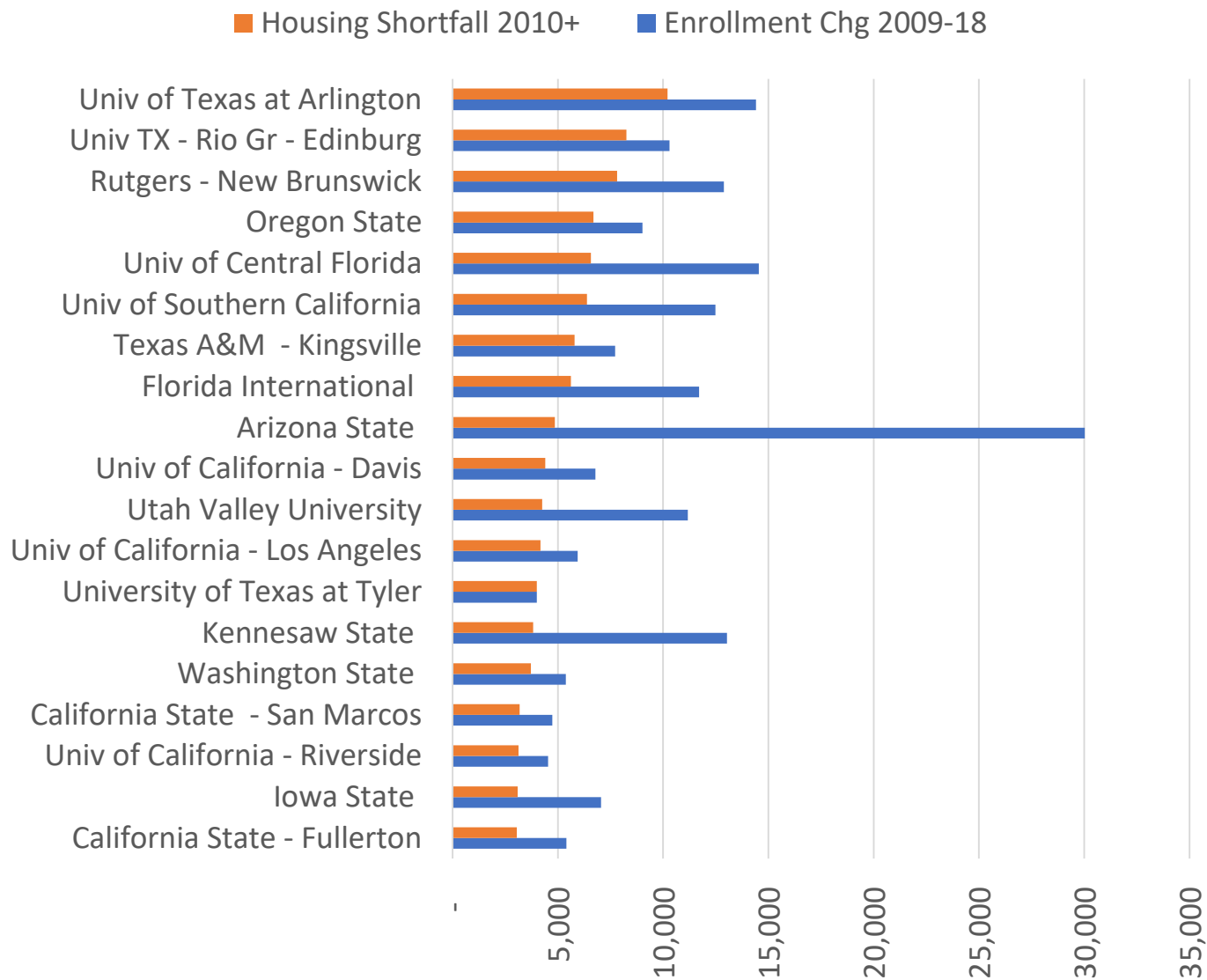


Source: RealPage Top 175 Schools

# New Supply Concentrated in a Few Schools



Source: RealPage



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

Source: RealPage;  
Housing includes student competitive and student housing