

## Student Housing: A Resilient Asset Class in a Shifting Market

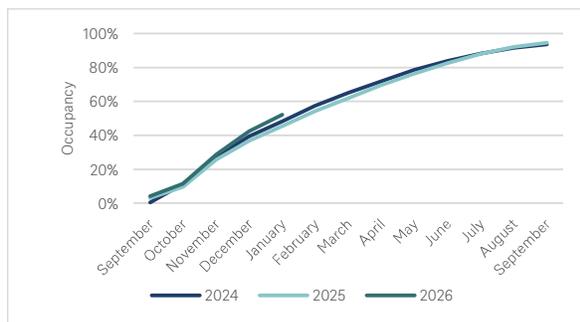
### IN A NUTSHELL

- The higher education landscape in the U.S. is evolving rapidly.
- Recent market data highlights a student housing market that appears to be transitioning into a more balanced and sustainable growth phase.
- Power 4 markets, flagship public universities and the most elite academic institutions will likely continue to grow their market share as enrollment growth consolidates.

### Durable Fundamentals

The U.S. purpose-built student housing (“student housing”) market continues to demonstrate durable fundamentals as it moves through the 2025–2026 leasing cycle.<sup>1</sup> Final academic year occupancy was estimated at 94.5 percent in September 2025, up 80 basis points year-over-year and posting the second-highest level since 2019.<sup>1</sup>

#### Student Housing: Prelease Curves



Sources: Yardi Matrix (Yardi 200). As of February 2026.

Fall 2026 preleasing activity began with strong momentum as students continued the trend of securing housing – reaching 58.5 percent in February 2026, exceeding the 54.1 percent of February 2025.<sup>1</sup>

#### Demand Side: Steady Enrollment Trends

Fall 2025 marked the third straight year of steady growth in enrollment at the nation's colleges and universities.<sup>2</sup> Enrollment grew one percent from fall 2024, driven by undergraduate gains (+1.2 percent) while graduate enrollment remained broadly stable (-0.3 percent).<sup>2</sup> Total enrollment in the fall was about one percent higher than it was in fall 2019, indicating recovery from the impacts of the COVID-19 pandemic and 2020 campus shutdowns.<sup>2</sup>

Leading the enrollment growth in 2025 were major public universities, which defied expectations and exceeded previous records.<sup>2</sup> Public four-year institutions experienced a 1.9 percent increase in freshmen (+18,000 to 971,000 students) while private 4-year institutions saw declines.<sup>2</sup>

<sup>1</sup> Yardi Matrix (Yardi 200 schools). As of January 2026.

<sup>2</sup> National Student Clearinghouse Research Center: Final Fall Enrollment Trends 2025 Report - January 15, 2026.

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Additionally, we continue to see consolidation in the higher education industry.<sup>3</sup> For example, more than 40 private non-profit colleges and universities in the U.S. either merged or closed in 2024.<sup>3</sup>

### Supply Side: New Deliveries Have Peaked

Some 27,000 new student housing beds were delivered nationally in 2025, a steep drop from the 35,000 delivered in 2024.<sup>4</sup> Some 38,500 beds are under construction, 26,500 due in 2026.<sup>4</sup> We expect supply as a percentage of stock to remain near a 15-year low, which should provide support for student housing fundamentals.<sup>4</sup>

### Balanced & Sustainable Growth

Over the past few years, student housing has outperformed compared to traditional multifamily.<sup>4</sup> The average asking rent for the recent leasing cycle was \$926 per bed, representing a 1.5 percent annual growth. This was down from 5.1 percent in fall 2024 school year and 7.0 percent the prior year.<sup>4</sup> However, it outpaced the broader multifamily sector, which has hit a soft patch with overall asking rents dropping -0.8 percent in December from a year ago – the fifth straight month with negative growth.<sup>4</sup>

Overall, we believe recent market data highlights a student housing market that is transitioning into a more balanced and sustainable growth phase, while large public institutions appear to maintain healthy demand drivers and long-term resilience.



### Outlook:

The higher education landscape in the U.S. is evolving rapidly. The number of high school graduates is expected to start falling in 2026, forcing colleges to adapt to a shrinking applicant pool.<sup>5</sup> We anticipate there will likely be a growing gap between large Tier 1 institutions with steady enrollment growth and improving student profiles, and smaller public or private institutions, which struggle to attract students. That gap could widen if smaller schools, particularly those reliant on international enrollment, continue to face pressure.<sup>6</sup> Our assessment is that Power 4 markets, flagship public universities and the most elite academic institutions will likely continue to grow their market share as enrollment growth consolidates. As capital returns, investor demand in the student housing sector is becoming more concentrated around institutions and assets with durable operating fundamentals.<sup>7</sup>

In these locations, we anticipate favorable student housing fundamentals to continue as construction levels remain below historical levels and growing demand for quality accommodations expands.<sup>8</sup> Disciplined asset selection (highly amenitized product), proximity (walkability) to campus, and strong alignment with schools that demonstrate long-term resilience are all increasingly vital in our view for a successful student housing investment strategy.

With enrollment serving as the primary engine for demand, we believe student housing can offers investors diversification, reliable occupancy rates and relatively steady rental income. This demand is not entirely immune to the economy but can be less sensitive than other sectors an important consideration due to the ongoing economic uncertainty. Our 2026 outlook is that student housing is well-positioned to remain one of the more resilient asset types in real estate, but asset and market selection are paramount to performance.

<sup>3</sup> Loeb & Loeb LLC – June 2025.

<sup>4</sup> Yardi Matrix. As of October 2025.

<sup>5</sup> Western Interstate Commission for Higher Education - December 2024.

<sup>6</sup> Multifamily News - January 2026.

<sup>7</sup> Cushman & Wakefield - October 2025.

<sup>8</sup> Source: Yardi-Matrix, RealPage, McKinsey & Co., and DWS. As of December 2025.

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# Real Estate Research Team

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## Office Locations

### Frankfurt

Mainzer Landstrasse 11-17  
60329 Frankfurt am Main  
Germany  
Tel: +49 69 71909 0

### London

45 Cannon Street  
London, EC4m 5SB  
United Kingdom  
Tel: +44 20 754 58000

### New York

875 Third Avenue  
26<sup>th</sup> Floor  
New York  
NY 10022-6225  
United States  
Tel: +1 212 454 3414

### San Francisco

101 California Street  
24<sup>th</sup> Floor  
San Francisco  
CA 94111  
United States  
Tel: +1 415 781 3300

### Singapore

One Raffles Quay  
South Tower  
15<sup>th</sup> Floor  
Singapore 048583  
Tel: +65 6538 7011

### Tokyo

Azabudai Hills Mori JP Tower  
1-3-1 Azabudai  
Minato-ku  
16<sup>th</sup> Floor  
Tokyo  
Japan  
Tel: +81 3 6730 1300

### Sydney

Level 16, Deutsche Bank Place  
Corner of Hunter and Phillip Streets  
Sydney NSW 2000  
Australia  
Tel: +61 2 8258 1234

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## Teams

### Global

#### Kevin White, CFA

Global Co-Head of Real Estate Research

#### Simon Wallace

Global Co-Head of Real Estate Research

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### Americas

#### Brooks Wells

Head of Research, Americas

#### Liliana Diaconu, CFA

Office & Retail Research

#### Ross Adams

Industrial Research

#### Sharim Sohail

Self-Storage Research

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### Europe

#### Ruben Bos, CFA

Head of Real Estate Investment Strategy, Europe

#### Tom Francis

Property Market Research

#### Rosie Hunt

Property Market Research

#### Siena Golan

Property Market Research

#### Martin Lippmann

Head of Real Estate Research, Europe

---

### Asia Pacific

#### Koichiro Obu

Head of Real Estate Research, Asia Pacific

#### Seng-Hong Teng

Property Market Research

#### Hyunwoo Kim

Property Market Research

#### Matthew Persson

Property Market Research

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**Author**



**Brooks Wells**  
Head of Research, Americas

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