

3 Reasons Student Housing has Proven to be Resilient



Despite all odds, commercial real estate's student housing sector is faring quite well in these difficult times. In the spring, as a result of the pandemic, schools and colleges all over the country canceled in-person classes and transitioned into an e-learning model. Campus amenities were closed, classes took place over Zoom calls, and dormitories closed to mitigate the potential transmission of the coronavirus. This fall, as campuses try to re-open, the same thing is beginning to happen. Many colleges have conceded that they cannot manage in-person classes safely, and are again closing campuses and transitioning to e-learning only. There's no end in sight as the entire country is still in a state of uncertainty regarding how best to move forward.

It may seem like the investment aspect of this situation is bleak - and it is, but only for the colleges themselves.

Independent Student Housing Thrives

Meanwhile, off-campus housing options are picking up the slack and doing well, all things considered. Privately-owned student housing communities are providing students with a safe, secure environment to call home while they weather the storm and adapt to the 'new normals' of college life.

Investors can benefit from checking out the student housing industry. This commercial arena is flexing its muscles as it outdoes expectations during the pandemic.

This is why student housing is establishing itself as a strong investment vehicle right now:

School's Closed, but Students Remain

At first glance, it's easy to see why most people would assume that student housing would be failing right now.

School is closed and college-owned dorms are vacant. Those country-wide trends seem to paint a negative picture for university culture, but don't be too quick to lump CRE's student housing in there, too.

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The student housing sector is an unaffiliated, privately-owned investment arena that tends to university communities. That said, if students aren't in dorms, many are being funneled into student housing spaces, instead.

University student bodies did not disappear, they've just moved off of the college campus grounds. As the competing options disappear, this migration is fueling tenant retention and demand for CRE's student housing playing field.

Pressures Against E-Learning

Within university communities, there is a significant amount of dissent regarding online classes. Students and teachers alike are not fully satisfied with the newly introduced university paradigm. In fact, many students are putting their degrees on hold as they wait for class to be in session once again.

Even if e-learning becomes more popular down the line, it's not likely that in-person classes will cease when it's finally safe. E-learning isn't a forever trend, and when colleges do open their campuses again, there will be a huge wave towards the student housing market.

College-centered markets won't collapse and students will need nearby places to live. Student-centric living will be sought after to provide a safe, secure, and healthy living space for college students moving forward.

Initial Data Proves Strength

Over the past few months, student housing has been performing better than many other rental industries in the country.

In April, a significant amount of student-housing property owners reported positive ROI outcomes. While only 84% of multifamily tenants paid rent in April, 91% of student housing tenants paid in full. Rent collection has been solid and it's strengthening the outlook for this facet of investing.

Don't ignore the potential of student housing investments in the post-pandemic world.

