

# PALACE

ASIA'S ELITE PROPERTY SHOWCASE

90

LUXURY  
PROPERTIES  
FOR SALE

10



THIS WATERFRONT  
VILLA IN BARBADOS  
IS FOR SALE Pg 57

## ON WATER'S EDGE

VIEWS, VALUE AND VIBE ENRICH  
BAYFRONT HOMES ACROSS THE GLOBE

PHUKET Ao Po Grand Marina | LONDON  
Penthouse 127 | VENICE Palazzo Vendramin |  
SCOTLAND Eden Residences

# POST-GRADUATE OPTIONS

An increasingly mobile student body and rising wealth in Asia support the expansion of the student market which, according to a recent report from Savills in London, has been among the best performing sectors during the recent economic downturn.

by Sophie Kalkreuth

IN LATE 2013, A WOMAN FROM HONG KONG MADE THE HEADLINES when she purchased a two-bedroom condo in Manhattan's spanking new One57 building for US\$6.5 million. One reason for her purchase: her two-year-old daughter might someday attend a university in the city. The sale — though on the upper end of the spectrum — represents a growing trend of property purchases driven by parents of international students.

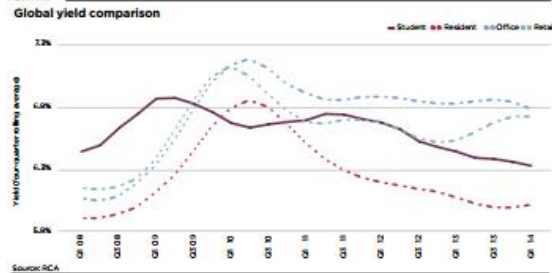
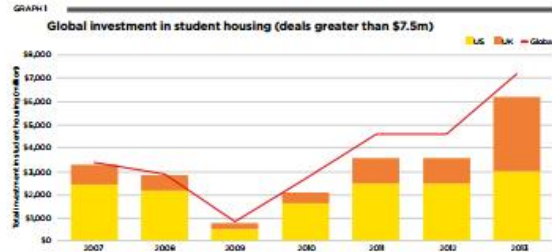
According to a recent report from Savills in London, student housing was one of the best performing sectors during the recent economic downturn. Fuelled by an increasingly mobile student body and rising wealth in Asia, the student market has expanded from US\$3.4 billion investment globally in 2007 to a new high of US\$7.2 billion in 2013.

And whether it's purpose-built student housing or condos in New York, London or Sydney, the standards for student accommodation are also on the rise — highly selective buyers are choosing centrally located residences that offer full amenities. "These international students have ever higher expectations of every aspect of life at their chosen universities," says Yolande Barnes, director, Savills world research.

Buyers from China currently lead the investment trend. According to the latest statistics from China's Ministry of Education, more than 2.6 million Chinese students have gone to school abroad since 1978. And the number of Chinese students studying abroad

increased nearly 18% from 2011 to 2012. After China, India has the largest number of students studying abroad (196,000), who are particularly prevalent in the US and UK, followed by students from South Korea (128,000) who favour Japan and the US. Brazil is also poised to be another major exporter of students.

For parents, the international properties are meant not only for their children but also as profitable long-term real estate investments. And compared with skyrocketing prices in Asian cities like Hong Kong, Shanghai and Singapore, a US\$1 million condo in a university town begins to look like a relative bargain. >>





**Top ten most affordable student cities**

Affordability Rank	City
1	Kuala Lumpur
2	Mexico City
3	Taipei
4	Berlin
5	Munich
6	Shanghai
7	Lyon
8	Brussels
9	Helsinki
10	Hong Kong

Source: CG

>> Developers have been quick to market to this potential. Millennium Partners, who develop luxury condominiums in the US, plan to market their newest property in Asia this fall, following the success of previous projects in Boston and Los Angeles, which appealed to parents of international students. Though the trend is more prominent in Boston – a city that is home to Ivy League schools including MIT and Harvard – Richard Baumert, a partner at Millennium Partners, says parents of international students from Asia have purchased units at both the Boston and Los Angeles properties. He says that location, services and safety make the condos attractive to this type of buyer. Condos sold for up to US\$3.5 million at Millennium Place in Boston. Prices have yet to be released for the new project, Millennium Tower, which will be Boston’s tallest building at 60

storeys and will include 442 condos and an array of amenities.

In London, more developers are creating purpose-built student housing available on a lease basis. Pure Student Living has three residences in Central London and is currently marketing the newest product, Pure City. Located on Goswell Road, the 805-bed residence will offer fully serviced student accommodation including laundry, Wi-Fi, 24-hour security and housekeeping. It is six minutes from the Barbican tube station. Prices range from £232.50/week to £520/week.

“Booming undergraduate and international student’s numbers attending London universities and higher education institutions has resulted in an impressive growth of the private student-housing sector over the past few years,” Says Ergi Bally, Sales & Marketing Manager, Pure Student Living >>

Infographic

**MATURITY OF THE MARKETS**

An exploration of the development of student housing provision in selected key countries.

**LEAST MATURE**

NO PURPOSE-BUILT STUDENT ACCOMODATION

UNIVERSITY-OWNED STUDENT HOUSING

PRIVATELY-OWNED PURPOSE-BUILT ACCOMODATION

**MOST MATURE**  
STUDENT HOUSING REITS

**ITALY**

While most students live at home, many live in private rented accommodation and the universities themselves provide few, if any, purpose-built units. Investment into the sector is scarce.



**NETHERLANDS**

In the Netherlands, social housing provides many students with accommodation. Trading in student housing only began at scale at the end of 2018.

**GERMANY**

In Germany students often live in the private rented sector or in publicly provided accommodation. Although a considerable amount of supply was brought to the market in the 1990s in the form of publicly funded dormitories, little has been delivered since, despite increasing student numbers. Private and institutional investment are making inroads into the sector through real estate funds.

**FRANCE**

In France, provision of student housing has improved in recent years, although many students live in privately rented accommodation. Investment has increased and the market has been trading well since the beginning of 2013, having emerged at scale in 2007.



**UNITED STATES**

The US student housing market is the most mature, with three major REITs and a \$2.6bn investment in the sector every year. Institutional investment began in 1996.



**JAPAN**

Universities in Japan generally provide dormitories for first year and international students. Despite dormitories being part of the corporate culture (eg. banks providing accommodation in the same building for some of their employees), most students live in privately-owned rented apartments. Student housing is not yet an institutional investment class.



**AUSTRALIA**

On-campus university-owned student accommodation is provided for some students studying in Australia. While some companies including Urban Nest and UniLodge specialise in providing student housing, it is parents who tend to be the investors. Institutional investors are limited.



**UK**

In the UK, student housing has matured rapidly over the last decade. Much investment has been made into the sector, especially since the economic downturn, and as a result there are many opportunities to invest in this asset class.

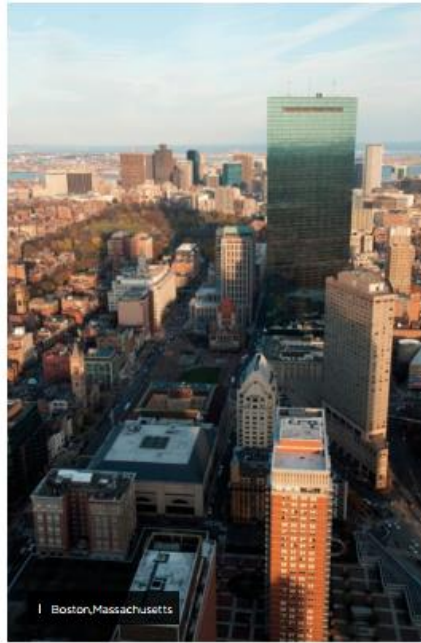


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**Biggest international flow of students**

FLOW	Number of students	Percentage of international students into country
China → United States	178,890	25%
India → United States	101,909	14%
China → Japan	94,382	62%
China → Australia	90,175	34%
South Korea → United States	71,949	10%
China → United Kingdom	65,906	16%
India → United Kingdom	38,677	9%
Morocco → France	28,465	1%
Germany → Austria	27,753	39%
Canada → United States	27,019	4%
China → Canada	26,298	25%
South Korea → Japan	25,961	17%
China → France	25,923	10%
Kazakhstan → Russia	24,772	19%
Slovak Rep → Czech Rep	24,544	65%
Saudi Arabia → United States	22,270	3%
Algeria → France	21,052	8%
Japan → United States	20,885	3%
Belarus → Russia	20,065	15%
Germany → Netherlands	20,022	52%

Source: UNESCO



>> "Students are no longer the bargain basement end of the property market and won't be satisfied with poor quality rented housing. They are savvy when choosing their accommodation and seek convenience, security, on-site facilities and all-inclusive rates," she adds.

While the US and the UK are the strongest and most mature markets for student housing, both in terms of product and investment flows, researchers at Savills expect that as student numbers continue to rise, the investment focus will spread to other destination markets, including Germany, Japan and Australia.

"We expect private wealth to come to the fore in the countries where student housing is still an emerging sector," the report states. "Private investment into cross-border student housing already accounts for 39% of all investment in the sector globally," says Yolande Barnes of Savills Research. "And is poised to drive expansion in new territories."

There are several risks to the sector, including rising tuition fees globally and technological developments that make distance learning more viable as well as visa restrictions. However, Barnes remains confident about the future of the housing sector. "Many university cities have sufficient accommodation shortfalls to justify significant levels of investment. Growing international student numbers will secure the market for premium products."



Pure City is a fully-serviced student residence available on a lease basis



**Key dates in the evolution of the student housing sector**



Source: UNESCO, OECD