



**INLAND**

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Inland Research Report:  
**Student Housing  
Sector Review**

Inland Research Team

## Executive Summary

### **Student housing has historically proven to be a resilient and attractive real estate strategy, providing strong demand drivers, portfolio diversification benefits, and steady returns amid challenging macroeconomic conditions.**

At the macro level, future U.S. demographics present challenges as the college-age population is projected to decline beginning in 2026, meaning university selection will likely become more important than ever. Top-ranked institutions are expected to offset this trend with lower acceptance rates and stronger demand, best implied by looking at Power 4 conference schools (Big Ten, SEC, ACC and Big 12), where occupancy and preleasing velocity have remained consistently high.

Enrollment continues to grow modestly, with projections showing a 7.7 percent total increase<sup>1</sup> in the Top 175 Universities\* between 2019 and 2029. Despite political headwinds, the U.S. remains the top global destination for international students, hosting over 1.1 million for the 2023/2024 school year.<sup>2</sup>

Meanwhile, new supply has waned, with annual deliveries falling from an average of approximately 102,000 beds from 2015 through 2019 to approximately 46,000 beds in 2025.<sup>3</sup> High construction costs and elevated interest rates suggest muted supply growth in the near term.

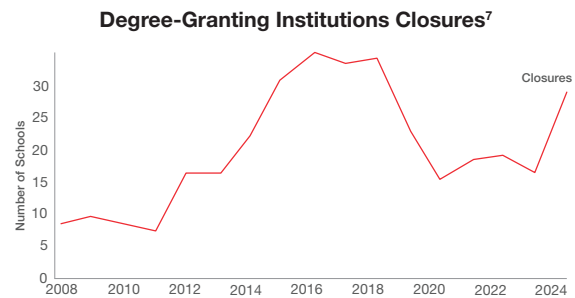
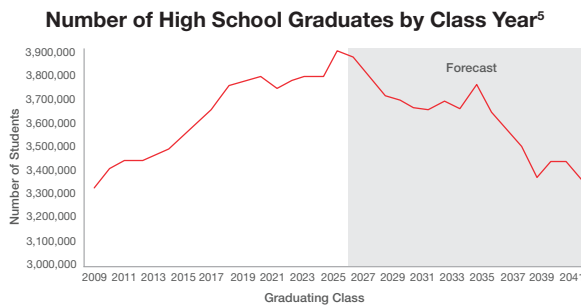
Student housing returns have been historically strong, consistently delivering positive performance even throughout the recent commercial real estate downturn.<sup>4</sup> Returns have historically been negatively correlated with equities, making student housing a powerful portfolio diversifier in our opinion. Non-economic demand drivers such as demographics – you attend college when you reach the appropriate age regardless of the strength in the economy – along with the cultural importance of higher education, parental support, and international prestige further reinforce the sector’s resilience.

\*The Top 175 Universities, often referred to as the “RP 175,” represent a core group of approximately 175 large, investment-grade institutions tracked by RealPage for student housing market analysis. RealPage considers these universities the most influential drivers of the purpose-built student housing sector, shaping key trends.

## Demographics

The U.S. college-age population is shrinking, and the higher education industry is facing a “demographic cliff.” Beginning in 2026, the number of high school graduates is projected to decline, with a 12.5 percent expected drop in the total number of high school graduates by 2041.<sup>5</sup>

This trend is already evident in weakening enrollment, which has been declining since it peaked in 2010,<sup>6</sup> and the closure of 243 degree-granting institutions between 2015 and 2024.<sup>7</sup> Diving deeper, we see that if the scope is expanded to all higher education institutions, 734 were closed from 2015 through 2023.<sup>8</sup>



While many higher educational institutions face mounting pressure, the nation’s leading schools continue to grow. Notably, institutions that reside under the Power 4 conference umbrella (largest and most powerful collegiate athletic conferences) continue to demonstrate resilience, underscoring the uneven impact of demographic shifts across the higher education industry.

Acceptance rates begin to tell this story, as elite universities within Power 4 conferences admit only about 60.0 percent of applicants. Compare that to the acceptance rates at non-Power 4, which is generally above 70.0 percent.<sup>9</sup>

Metric	2014-2024 Averages <sup>9</sup>	
	Power 4	Non-Power 4
Enrollment Growth	1.4%	0.5%
Acceptance Rate	60.5%	71.7%
Vacancy	6.9%	7.8%
Rent Growth	3.0%	2.5%

Student demand for Power 4 schools remains robust, and the limited availability of slots relative to applicants enables these universities to achieve enrollment growth targets with minor adjustments to admission rates. We expect that this dynamic will continue to drive demand for student housing near these institutions despite the broader decline in the overall student-aged population. Preleasing, occupancy, and rent growth data further exemplify this trend, with Power 4 schools consistently achieving higher preleasing velocity and occupancy rates than non-Power 4, reflecting stronger demand fundamentals.<sup>6</sup>

## Enrollment

While overall enrollment has been declining, undergraduate enrollment increased 3.1 percent across Power 4 schools in 2024, while non-Power 4 increased only 1.3 percent. Top conferences within the Power 4, such as the Southeastern Conference (SEC), grew enrollment at 4.2 percent.<sup>10</sup>

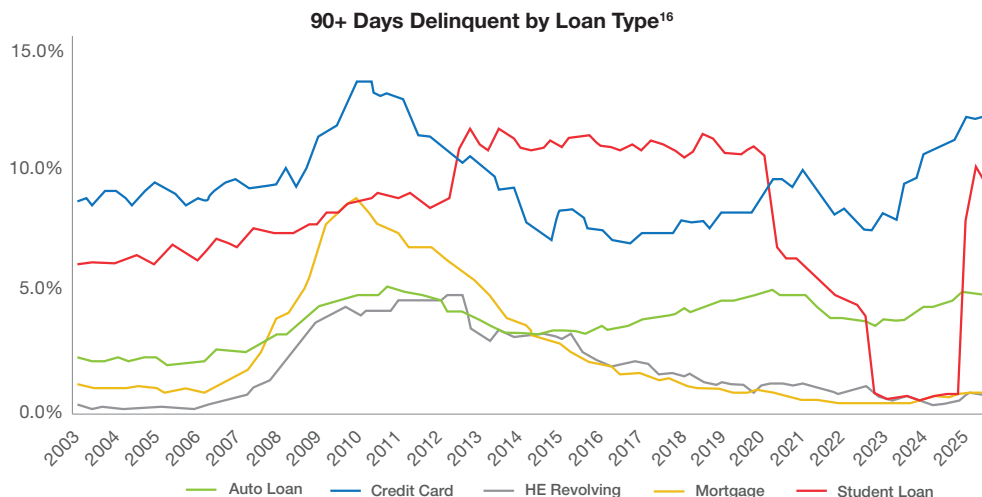
International students are an additional source of demand for higher education institutions. The U.S. hosted 1.1 million international students in 2023/2024,<sup>11</sup> with India surpassing China as the largest source. The 2025/2026 academic year has brought a decrease in international students of 1.0 percent, and a 17.0 percent decrease in new total enrollments.<sup>12</sup>

Despite recent declines in applications, the U.S. remains the premier destination, attracting 16.0 percent of the world’s international students.<sup>13</sup> In our view, international students can provide consistent demand to offset some of the challenges of the shrinking domestic college-age population.

Global Destinations for International Students 2024 <sup>13</sup>		
Country	Number of International Students	Share of Global International Student Population
United States	1,127,000	16.3%
Canada	843,000	12.2%
United Kingdom	759,000	11.0%
Australia	437,000	6.3%
France	412,000	6.0%
Germany	368,000	5.3%
Russia	322,000	4.7%
South Korea	209,000	3.0%
China	201,000	2.9%
Japan	189,000	2.7%

## Student Loans

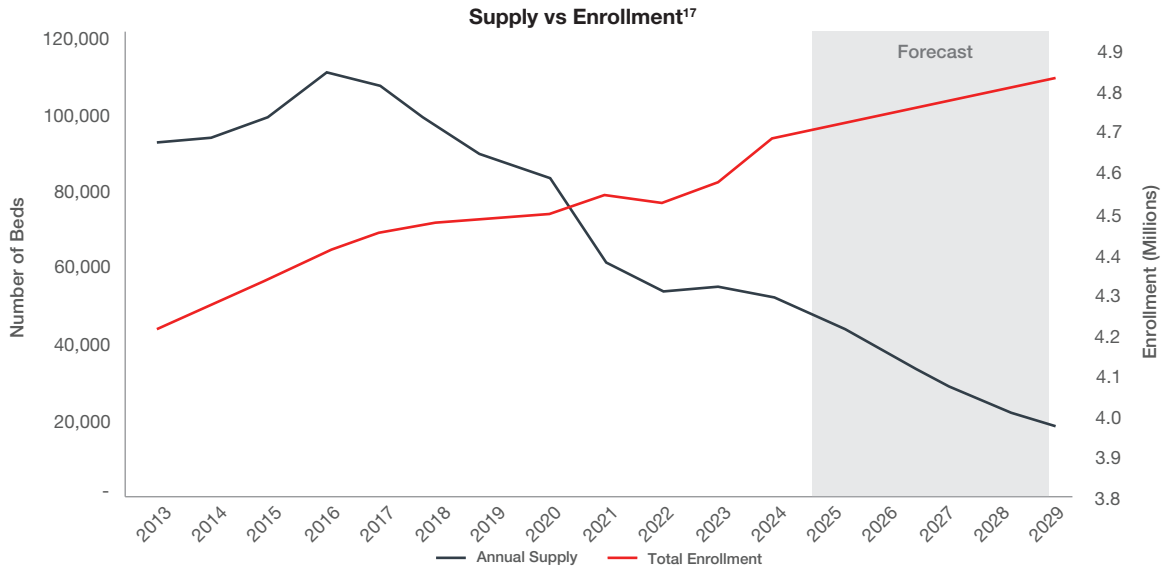
Government stimulus following the pandemic spurred a payment pause as well as an interest rate freeze from March 2020 through September 2023 on federal student loans.<sup>14</sup> To ease the transition, an additional one year “on ramp” was provided, preventing loans from being reported as delinquent or in default, though interest continued to accrue.<sup>15</sup> After this period, delinquency rates returned to levels similar to those seen before the pause. We believe the general availability of student loans will be stable and continue to support Americans’ ability to obtain higher education.



# Student Housing Fundamentals

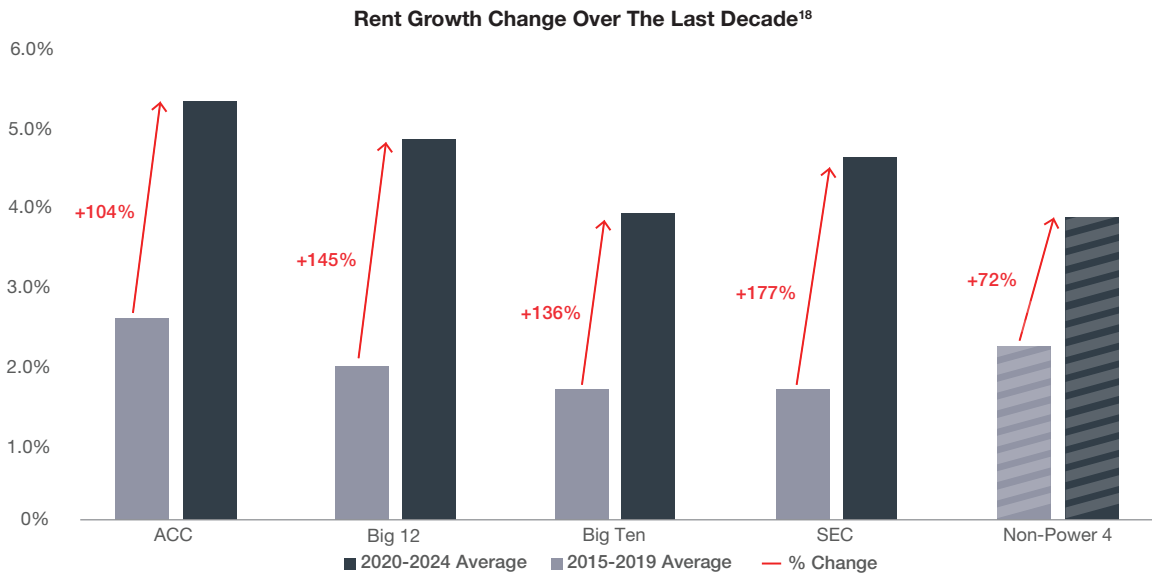
## New Supply

Nationally, deliveries have slowed significantly from an average of 102,000 beds from 2015 through 2019 to 46,000 in 2025, a 55.0 percent decrease. This limited new supply trend can also be seen in markets across the Power 4 conferences. For example, 2025 new supply at Power 4 schools was only 18,000 beds, with the University of Tennessee alone accounting for 14.0 percent of that total.<sup>17</sup>

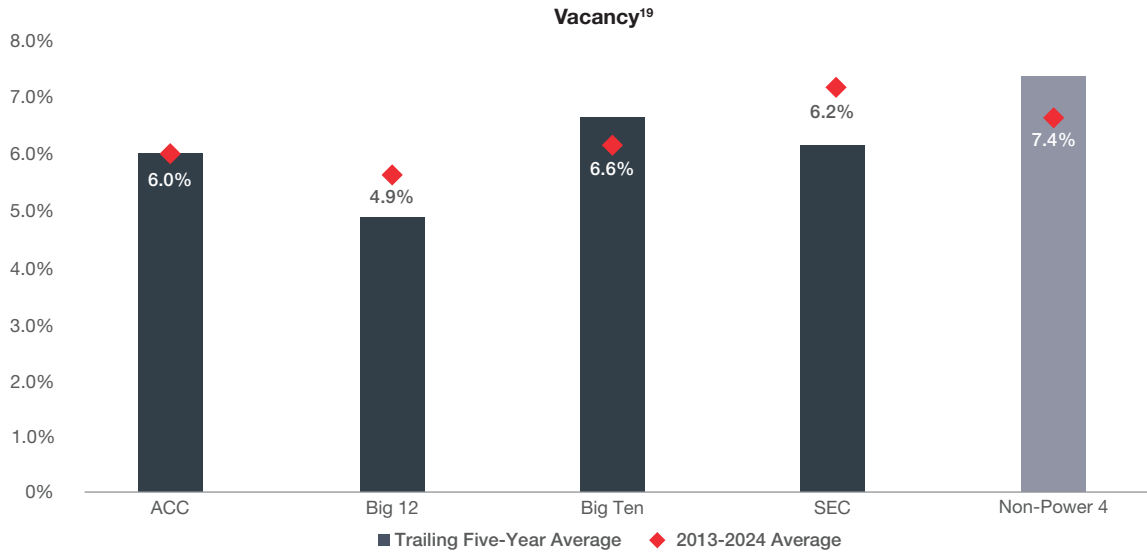


## Occupancy and Rent Growth

In our opinion, the declining new supply and continued robust enrollment at Power 4 schools has driven strong performance across the student housing sector. Rent growth over the last five years has far outpaced the preceding five years. On average, Power 4 schools have seen an increase of over 100 percent in their rental growth rates, going from near 2.0 percent to approximately 5.0 percent rental growth rates.<sup>18</sup>

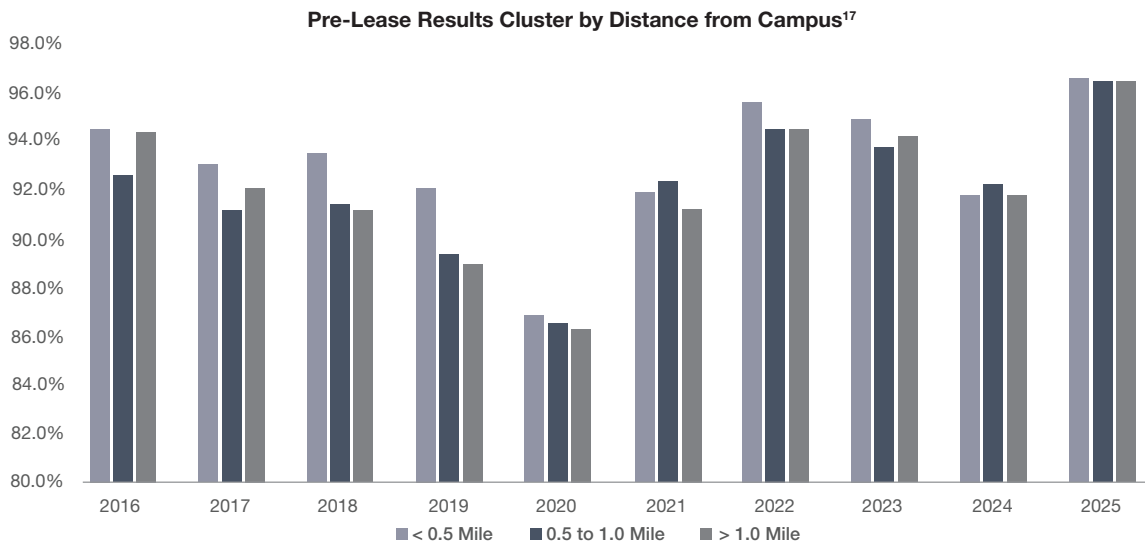


Additionally, vacancies at most Power 4 schools have remained stable over the last few years, finding their footing between 5.0 to 6.0 percent, following the highs seen during 2020. We believe a lack of new supply and continued demand for leading institutions is likely to continue to drive meaningful rent growth as well as stable occupancy throughout the student housing sector.



### Location

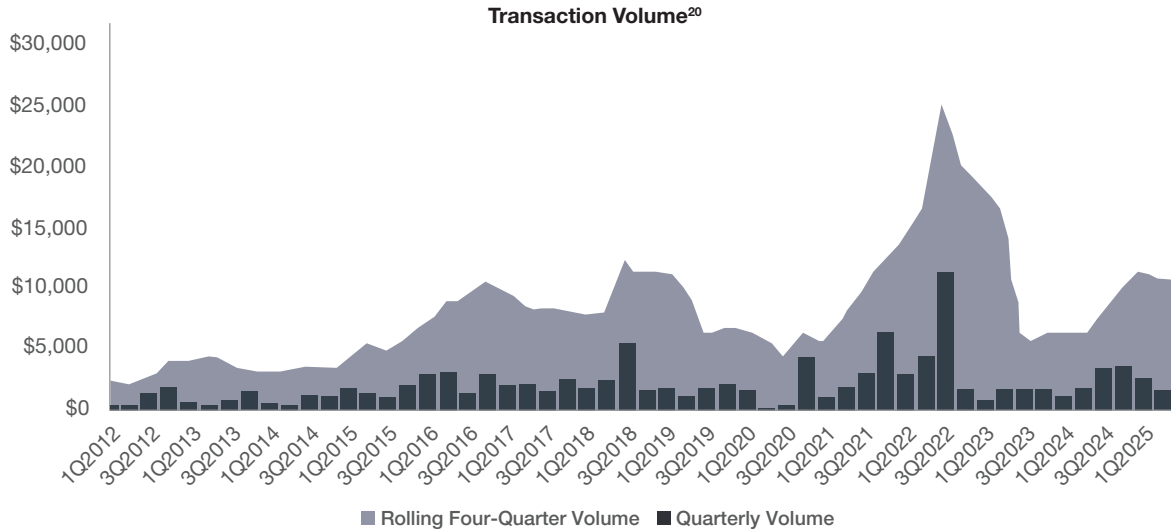
Not only is university selection deeply important to drive returns, but individual asset selection at the desired institution can also be a meaningful driver of performance. Over the years, preleasing on beds nearest the Top 175 campuses (under 0.5 miles) has consistently outpaced those further from campus, further underscoring the importance of site selection.<sup>17</sup>



# Capital Markets

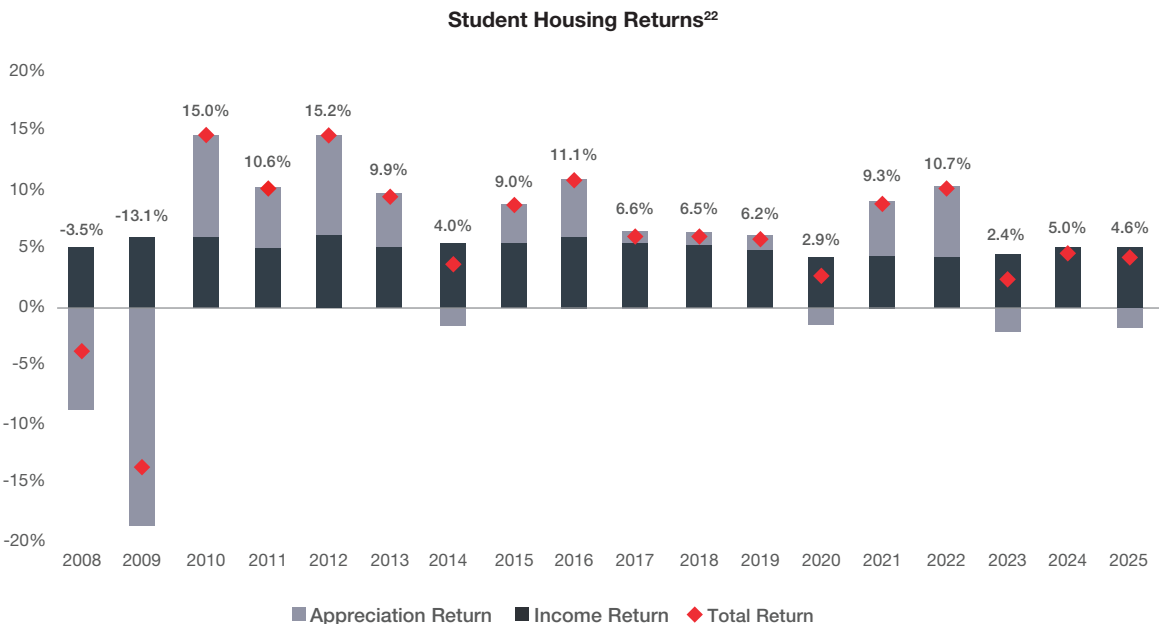
## Transactional Volumes

Student housing transaction volumes have mirrored broader commercial real estate trends. Following the strong transaction activity in the years succeeding the COVID-19 pandemic, rising interest rates pushed property values down, resulting in a drop in transaction volumes. Beginning in the third quarter of 2024, however, volumes began to rebound as values stabilized and investor confidence in the interest rate environment improved.<sup>20</sup> Looking ahead, we anticipate continued growth in sales activity as the private capital markets recover.



## Returns

Student housing has outperformed traditional multifamily during the last two recessions. Rent collections exceeded 98.0 percent in 2020,<sup>21</sup> even as conventional multifamily rentals struggled. Likewise, returns in the sector were stronger than traditional real estate through the Great Financial Crisis, and kept pace with traditional real estate during the initial three-year recovery period.



## Diversification

Student housing returns have demonstrated minimal correlation with equities and other real estate sectors. In fact, when using quarterly return data from 2007 through 2025 (as far back as student housing data exists), student housing and the S&P 500 have had a negative correlation at -3.8 percent.<sup>23</sup> From our perspective, this low correlation underscores the sector's value in portfolio construction as it helps to mitigate risk during downturns.

Correlation Matrix (2007 - 2025)				
	ODCE	Expanded NPI	Student Housing	S&P 500
ODCE	100%			
Expanded NPI	98.4%	100%		
Student Housing	55.6%	52.3%	100%	
S&P 500	2.2%	5.2%	-3.8%	100%

**As the student housing sector has matured and asset quality has improved, interest from large institutional players has continued to grow. As evidenced by major institutional investors, including Morgan Stanley and Global Student Accommodations (GSA),<sup>24</sup> who are rapidly expanding into student housing, underscoring confidence in the sector's fundamentals. We believe this demand is driven by the attractive returns associated with lower correlation, demonstrated through the sector's countercyclical performance, as well as the enduring, long-term need for housing at top universities.**

## Conclusion

Despite demographic challenges, student housing continues to play a vital role in the higher education landscape. University selection and asset location remain central factors in shaping outcomes, as properties near campus and in desirable areas of high-quality universities have consistently shown strong preleasing activity and rent growth. Steady enrollment at these institutions, combined with international student inflows and limited new supply, has created a notable supply-demand imbalance. Historical data further illustrates how student housing has demonstrated stability and resilience across economic cycles. For those seeking diversification, reliable cash flow, and exposure to a sector underpinned by cultural and international demand drivers, we see student housing standing out as a compelling opportunity.

- <sup>1</sup>RealPage Data Subscription | RealPage 175
- <sup>2</sup>Open doors 2024 Fast Fact Sheet
- <sup>3</sup>RealPage Data Subscription
- <sup>4</sup>NCREIF Expanded NPI Total Returns, Residential Student Housing
- <sup>5</sup>Western Interstate Commission for Higher Education, Knocking at the College Door 11th Edition Report Data
- <sup>6</sup>RealPage Data Subscription
- <sup>7</sup><https://hechingerreport.org/tracking-college-closures/>
- <sup>8</sup><https://www.brookings.edu/articles/are-colleges-really-facing-an-enrollment-cliff/>
- <sup>9</sup>Georgetown University Center on Education and the Workforce
- <sup>10</sup>RealPage Data Subscription, RealPage Top 175
- <sup>11</sup>Open doors 2024 Fast Fact Sheet
- <sup>12</sup><https://www.nafsa.org/fall-2025-international-student-enrollment-snapshot-economic-impact>
- <sup>13</sup><https://www.migrationpolicy.org/article/international-students-united-states>
- <sup>14</sup>COVID-19 Payment Pause -Student Loan Borrowers Assistance
- <sup>15</sup>Resumption of Federal Student Loan Payments | NCUA
- <sup>16</sup><https://www.newyorkfed.org/microeconomics/hhdc/background-2025-Q3-Report>
- <sup>17</sup>RealPage Data Subscription
- <sup>18</sup>RealPage Data Subscription | Student Housing | YoY Effective Rent Growth SS
- <sup>19</sup>RealPage Data Subscription | Student Housing | Vacancy
- <sup>20</sup>Cushman & Wakefield Student Housing Report H2 2025
- <sup>21</sup>Student Housing Holds Strong During Pandemic | National Apartment Association
- <sup>22</sup>NCREIF Expanded NPI | Residential Student Housing | Data as of 2025 Q3
- <sup>23</sup>NCREIF Expanded NPI, NCREIF ODCE Index, NCREIF Residential: Student Housing, Morningstar S&P 500 TR USD (1936)
- <sup>24</sup>MSREI and GSA Accelerate US Student Housing Expansion | Morgan Stanley



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