



# OUTLOOK 2024



# 10

## PURPOSE-BUILT STUDENT ACCOMMODATION

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### DEMAND

#### **INTERNATIONAL STUDENTS REACH 15% OF STUDENT POPULATION**

Student numbers across Ireland continue to grow, which is a very positive indicator for continued PBSA demand. The most recent data is from the 2022 / 2023 academic year, and it shows that there were almost 257,000 students enrolled in Higher Education Institutions with 199,000 of these in full-time education. Since 2016 (six years), full-time student numbers have grown by 10.2%. However, more importantly in terms of the student accommodation sector, the number of international students has jumped by 42% to 33,500 (15% of the student population in Ireland). The numbers from India and China in particular have increased considerably, up by 264% and 67% respectively over the six years and combined make up over 8,000 students in full-time education. Brexit impacts in the UK, along with greater Government focus on the higher education sector in Ireland (with a dedicated cabinet minister) have been two of the key reasons for growth in the sector. The availability of on or near-campus accommodation for these international students is essential in continuing to attract them and the economic benefits they bring.

While the student population has grown substantially in a short space of time, the Government anticipates further growth of about 14% by 2030, which would result in nearly 30,000 more students in full-time education. Combined with the ongoing rental / housing crisis in Ireland, as well as the elevated number of domestic students commuting unsustainably long distances several times a week to university or college, occupational demand for the PBSA sector will remain exceptionally strong in 2024 and beyond. Indeed, most operators are at full capacity. Many continue to experience early pre-bookings and re-bookings from existing residents.

### CONSTRUCTION

#### **FALLING BEHIND 2017 STRATEGY TARGETS**

Despite the exceptionally strong occupier, operator and investor demand, new supply continues to lag behind what is required. In the Government's 2017 Student Accommodation Strategy, an additional 21,000 bed spaces were anticipated by the end of this year. As of January 2024, just under 14,000 bed spaces have been delivered with a further 2,800 (across 11 schemes) under construction nationwide. This leaves a shortfall of over 4,000 bed spaces. While more than 8,000 bed spaces have planning permission in place, only about 3,000 of these have a realistic chance of being built. This drop off is mainly because of higher construction and funding costs impacting viability, but also alternative uses on the site now being more attractive. In addition, there are approximately 3,000 bed spaces currently awaiting a planning decision. Many of these are being held-up by delays in the wider planning system.

### INVESTMENT

#### **ATTRACTIVE COUNTER-CYCLICAL QUALITIES**

In the investment market, there was only one small PBSA deal of note last year. This was not necessarily due to a lack of demand but rather no on-market supply of prime, modern opportunities. Given the counter-cyclical nature of the asset type, investor sentiment remains strong for well-performing schemes. Yield softening in the sector has been considerably less than most other sectors in the last 18 months with prime net yields on new schemes estimated at 5%, however given the lack of activity this is based on sentiment rather than transactional evidence. There will continue to be demand for opportunities this year if suitable supply becomes available, either on or off-market, and if there is more certainty around interest rates and pricing.



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