Student housing in Poland

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Knight Frank's overview of the key development and investment themes in the Polish student property market

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Student housing in Poland

There is a significant shortfall of student housing in Poland. With 1.2 million students and 115,300 dormitory beds, the average provision rate for the country is 9.4%, well below the rate observed in other Western European countries.

The supply deficit is stimulating the growth of the Purpose Built Student Accommodation (PBSA) sector. Currently, there are 14,500 beds in private dormitories countrywide, with the number set to increase further.

SUPPLY

Poland boasts over 440 student houses, offering around 115,300 beds. A mere 13% are privately owned, while the majority are owned by public and non-public higher education institutions. The PBSA sector's share in the overall stock is expected to rise significantly, with approximately 4,500 beds either under construction or at the planning stage.

Kraków hosts the largest PBSA market in Poland with 3,400 beds, constituting 23% of the country's total stock. Additional significant markets include Wrocław with 2,800 beds and Łódź with 2,500 beds. Warsaw, despite its status as the largest academic centre, ranks fourth in terms of private dormitory stock, with approximately 1,700 beds.

KEY MARKET PLAYERS

The primary PBSA operators in Poland include Student Depot, boasting 9 facilities encompassing a total of ca 4,200 beds and Base Camp, under the ownership of Xior Student Housing, with over 2,800 beds. Other large operators include Milestone, Livinn X, Shed Living, Start Park, Zeitraum Student Housing and Collegia.

Alongside major players, several independent individual operators contribute to the market by offering smaller facilities, collectively holding a market share of approximately 18%.

DEMAND

With a student population exceeding 1.22 million, Poland ranks as the sixth largest EU country in terms of student numbers.

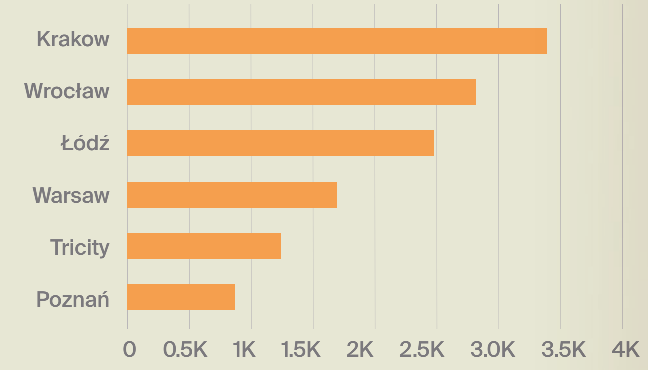
Among Poland's academic hubs, Warsaw leads with a student population exceeding 236,000, followed by Kraków with over 130,000 students, Wrocław with more than 106,000, and Poznań with over 101,000 students. Noteworthy student populations exceeding 50,000 are also observed in the Tricity, Łódź, and Lublin. The University of Warsaw, with 36,000 students, and the Jagiellonian University in Kraków, with over 33,000 students, are Poland's largest universities by student count.

Foreign students, who drive the PBSA market, account for 9% of the student population in Poland and their numbers are steadily increasing.

In 2023, the number of international students at Polish higher education institutions surpassed 105,000, signifying a 45% increase over the preceding 5 years. The majority of these students (46%) were Ukrainians, with their numbers escalating considerably following the Russian aggression in Ukraine, while EU citizens (43%) formed the next largest group, arriving in Poland under the Erasmus+ program.

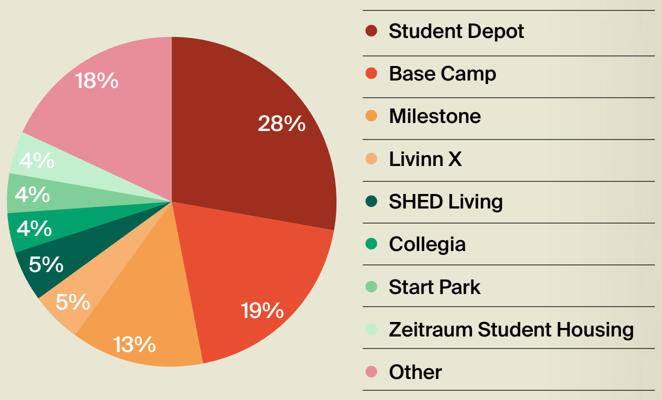
With 1.22 million students and 115,300 beds in student houses, there is a substantial gap between supply and demand. The overall provision rate stands at 9.4%, with a mere 1.2% attributed to private provision. This translates to a only 1 in 11 students having access to dormitory accommodation and 1 in 84 having access to private PBSAs. This is a clear indication that the market is far from being saturated.

The total number of PBSA beds in major cities



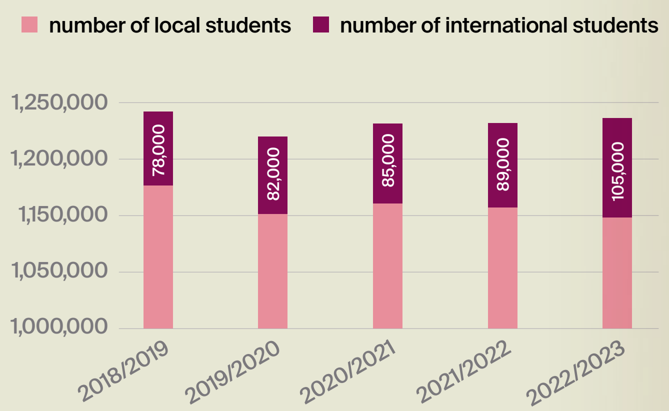
Source: Knight Frank

Main PBSA operators by number of beds

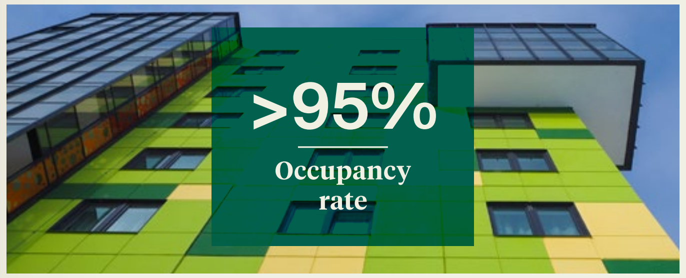


Source: Knight Frank

Total number of students in Poland



Source: Statistics Poland



RENTAL RATES

The rental rates in private student housing show considerable variation, contingent on factors such as the standard, location, and access to amenities.

The most affordable cities for students in Poland are Łódź and Lublin, while Krakow, Wrocław, and Warsaw present the most expensive options.

In Warsaw, the rent for a 1-bed room in PBSA typically falls between 1,400 and 3,300 PLN/month, while for 2-bed rooms, it ranges from 1,200 to 2,000 PLN/bed/month. These rents cover all utilities, including internet, and access to additional services offered. Notably, the range of services may vary significantly based on the specific facility, resulting in widely varying rent levels.

INVESTMENT MARKET

The PBSA market in Poland is still in its early stages of development, with only a few investment transactions involving this asset class having taken place to date.

The most prominent deal in Poland involved Xior Student Housing's acquisition of three Base Camp schemes (two in Lodz and one in Katowice) in 2022, forming part of a pan-European transaction that included student houses in Germany, Denmark, and Sweden. In the Polish context, the facilities, boasting a combined bed count of almost 2,000, were purchased for EUR 108 million.

Currently, prime yields for private dormitories in Poland are estimated at 6%, notably surpassing the levels quoted in other European countries, which typically range from 4.1% to 5%.

Considering the substantial gap between demand and supply, the robust market fundamentals, the countercyclical nature of the market, and the admirable operational performance of private dormitories, investor interest in PBSA is anticipated to experience significant growth.

OCCUPANCY RATE

Due to the significant supply deficit, occupancy rates in student houses typically exceed 95%.

Several factors contribute to the high occupancy rates in PBSA. These include the substantial presence of international students, the elevated standards in comparison to publicly owned dormitories, the abundance of amenities, and a superior price-to-quality ratio compared to the residential rental market.

1.22m Students in Poland

105,000 Foreign students in Poland

115,300 Beds in student houses

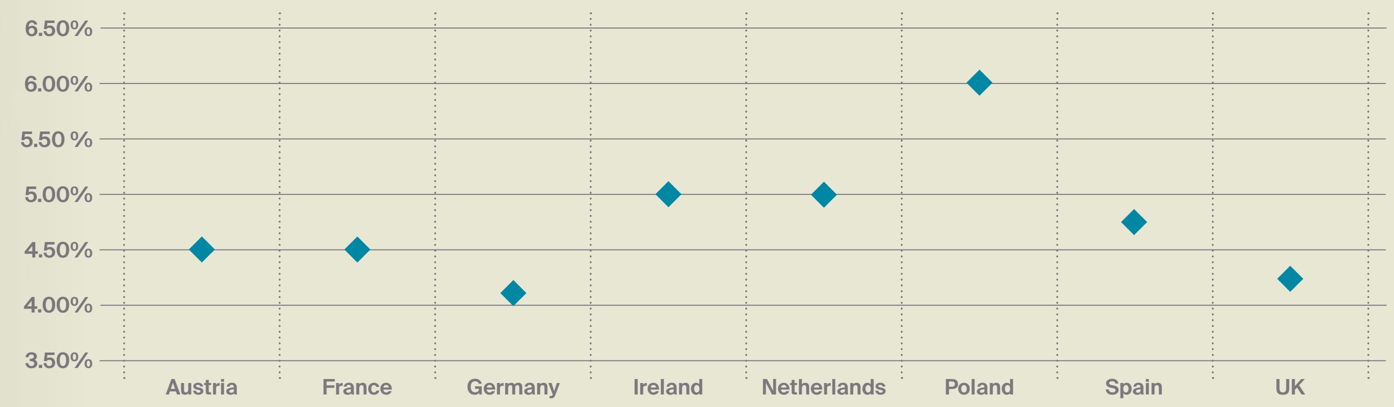
14,500 Beds in PBSA

9.4% Overall provision rate

1.2% Provision rate for PBSA

Source: Statistics Poland, Knight Frank

Prime yields



Source: Knight Frank European Living Sector Yield Guide May 2024

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