Knight Frank

RECORD NUMBER OF UNIVERSITY STUDENTS ENROLLED IN AUSTRALIA WITH OVERSEAS STUDENTS GROWING BY 25,000 SINCE 2012

Australia's universities are extremely competitive internationally in terms of education provision. Twenty three universities are within the top 500 of the QS World University Rankings, however, the maturity of the purpose built student accommodation sector as an asset class lags far behind other global competitor markets.

According to newly released 2014 data full and part time students enrolled at universities within Australia now totals 1,373,230, of which 25% were enrolled from overseas. This total figure represents growth of 4.5% on the previous year, and 0.7% above the longer term average of 3.8%. Of the total, 972,336 students are enrolled on a full time (FT) basis, up 5.1% from 924,845 in 2013 and with the majority (76% or 734,344) located across three states, New South Wales, Victoria and Queensland (see Figure 1).

For the second consecutive year the number of full time overseas students enrolled at Australian universities has shown positive growth (7.3%). This follows two years of negative growth, which was partly attributed to highlighted incidents of violence against international students. However, a depreciation of the Australian Dollar, increasing confidence in student safety, and the simplification of student visa applications have facilitated this returning growth.

Over the past fourteen years, the proportion of full time students domiciled outside of Australia has averaged 29.5%, with 2014 (30.1%) slightly above that figure. The number of full time students from outside of Australia has grown by 152% since 2001, from 116,304 students reaching a new peak of 292,654 in 2014. The three largest states in student number terms, NSW, Vic & Qld have shown annual growth in overseas full time students over the past year of 11.4%, 9.1% and 5.9% respectively.

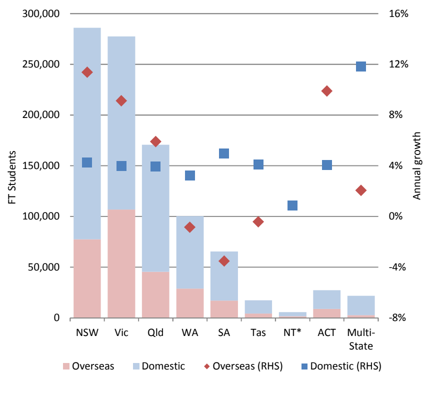
Full time students domiciled outside of Australia will more likely require accommodation as on the whole they do not have access to a domestic residence. The growth in students from outside of Australia has therefore put pressure on both purpose built student accommodation (PBSA), private rented accommodation and the owner occupier market.

Historically within Australia the growth in international students has outweighed the growth in PBSA. Documented within the latest UCA 2014 Census, Australia had 74,482 places in university colleges, halls of residence and 100 plus bed PBSA sites. Growth in the sector has been slow, growing annually by 2,325 beds or by 4.3% per annum since 1999 (last UCA Census). In 2015 Knight Frank estimates suggest another 5,600 PBSA bedspaces became operational taking the figure closer to 80,000. This implies that at least 200,000 overseas students are living in the private rented sector, often in apartments or share houses close to universities, City centres and transport nodes, thus occupying much needed key worker homes in the major cities across Australia. Taking domestic students into account paints a far worse picture for supply and demand, with students studying in Australia having almost no choice but to rent an unfurnished room privately.

Set against this positive view on student numbers, is a warning for new entrants to the PBSA sector. This growth in students, both domestic and overseas is not universal (see Figure 2). A number of universities have shown declines in the number of overseas and/or domestic students in the most recent year, compared with the average intake over the past three years. With growing interest in PBSA by both domestic and international developers/investors/operators, and with circa 20,000 bedspaces in the planning pipeline nationally, going forward, location, product and university alignment will be important for those planning new developments or investing in the sector. Thorough local market research is of critical importance due to the size and scale of new build proposals.

FIGURE 1

FT Students by State—2013 vs 2014



Source: Knight Frank Research, uCube

FIGURE 2

Growth in FT Domestic and Overseas Students by University

Source: Knight Frank Research, DISSRTE 2014 - Higher Education Statistics Data Cube (uCube)

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UNIVERSITY ABBREVIATIONS (Figure 2)

Bond University	BOND
Central Queensland University	CQU
Charles Darwin University* *(growth in overseas students not shown as the growth (143%) distorts the chart)*	CDU
Charles Sturt University	CSU
Curtin University of Technology	CUT
Deakin University	DU
Edith Cowan University	ECU
Federation University Australia	FUA
Flinders University	FU
Griffith University	GU
James Cook University	JCU
La Trobe University	LTU
Macquarie University	MACQ
Monash University	MON
Murdoch University	MURD
Queensland University of Technology	QUT
RMIT University	RMIT
Southern Cross University	SCU
Swinburne University of Technology	SUT
The Australian National University	ANU
The University of Adelaide	UA
The University of Melbourne	UM
The University of New England	UNE
The University of New South Wales	UNSW
The University of Newcastle	UN
The University of Notre Dame Australia	UNDA
The University of Queensland	UQ
The University of Western Australia	UWA
The University of Wollongong	UW
University of Canberra	UC
University of South Australia	USA
University of Southern Queensland	USQ
University of Sydney	US
University of Tasmania	UT
University of Technology, Sydney	UTS
University of the Sunshine Coast	USC
University of Western Sydney	UWS
Victoria University	VU
Full time	FT
Higher Education	HE
Purpose Built Student Accommodation	PBSA

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For more information on the Student Accommodation market, alternative asset classes, or if you require property due diligence or detailed market assessments, including socio-demographic profiling, supply and demand forecasts, competitor profiling and development recommendations, please contact Paul Savitz or Luke Crawford to discuss your research requirements.

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