



# STUDENT HOUSING AMENITIES COME BACK TO REALITY

**BY KELSI BORLAND**

Student housing amenities have gone from the outrageous back to the traditional.

**W**ater slides, lazy rivers and exterior rock climbing walls. These outrageous amenities were the fad in student housing for the last few years, but today students are looking for traditional amenities in more pedestrian-friendly locations. While these over-the-top amenities haven't disappeared completely, standard amenity packages with pools, fitness centers and communal spaces are dominating student demand once again.

Frederick W. Pierce, IV, president and CEO of Pierce Education Properties, says that

fitness centers with yoga rooms and communal spaces like study rooms and game rooms are the top amenities. He has also seen technology become standard with built-in high-speed Internet, keyless entry to the building and units and package rooms to handle the high volume of online deliveries.

"There has been a move away from the more outrageous amenities, largely because new development is in pedestrian locations where it is difficult and expensive to provide those amenities on the postage-sized lots many of

Within student housing, there are two primary property types, drive-to buildings and pedestrian buildings. The pedestrian properties have never been able to accommodate sprawling amenity packages due to spatial constraints, but even these assets can include high-end amenities for students. Pierce has seen some pedestrian properties with day spas, rooftop pools and big screen outdoor TVs. Drive-to locations, on the other hand, have more traditionally offered students big amenities in exchange for a more remote location. These have included resort swimming pools, basketball courts, sand volleyball courts, dog parks and shuttle service to campus or parts of town for students without access to a car.

Built-in amenities aren't the only features attracting students. Champion says that the location is often a property's biggest amenity. "The top amenity in student-housing is proximity to campus, Greek life and popular off-campus bars and restaurants. It's very common for students to either not have cars or for parking on or near



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these projects are being built on," says Pierce.

Property size is the biggest challenge to outfitting properties with over-the-top amenities. "First and foremost, it's a challenge to acquire good real estate at a low enough basis that the cost to add amenities doesn't diminish investment returns. There are size constraints, management challenges and corresponding costly marketing requirements," says Garrett Champion, senior vice president, Champion Real Estate Company.

However, the cost of these amenities has also made them prohibitive to include in student housing. Many of these amenities are not only expensive to build, but they are also expensive to operate. "Operationally, many amenities do result in additional costs, the largest coming in the form of increased management and maintenance costs," adds Champion. "Management needs to be trained to oversee the amenity, maintenance, including janitorial/sanitation is required to upkeep the amenity and utility costs can increase from use. In order to prolong the usable life of many amenities it is essential to not skimp on upkeep."

campus to be cost-prohibitive," he says. "Therefore, offering students the ability to live walking distance to campus or other off-campus attractions will always be at the top of the list for what students demand in where they choose to live."

As for the outrageous amenities, Champion says that residents rarely use them, making them an unnecessary expense. "Amenities like rock walls, golf simulators, movie theaters and so on might help lure a tenant in but rarely get used." Luring a tenant is the point. According to Pierce, these amenities are used to attract residents to drive-to locations, but they also don't often equal higher rents—just higher occupancy. "The trade-off seems to be that a prospective resident gets a more robust amenity package and lower—sometimes materially—rent at drive properties," he says. "They are trading off some of those features and paying higher rent for the perceived convenience of pedestrian properties."

The student housing properties that can command top rents are those in the best location with proximity to both

the campus and student-life activities, like the Greek system, bars and restaurants. “A property’s location in relation to campus or popular off-campus attractions is the top amenity for students and demands a sizeable rent premium at every student-housing market in the country,” says Champion. “For example, properties immediately adjacent to campus with less on-site amenities typically earn a premium to properties further from campus with more on-site amenities.”

Properties that hit on all cylinders—location, quality and amenities—command rents that are as much as 30% higher, according to Champion. However, with the naturally high turnover in student housing, Champion also notes that attracting students—getting them in the door to sign a lease—is more important than retention. “With annual turnover inherently being higher with student housing, amenities that keep tenants are not nearly as important as amenities that attract new tenants and gets them to sign leases.”

While the types of amenities offered at student housing projects range from outrageous to ordinary, Ben Kasdan (AIA, LEED AP, NCARB,) a principal at KTG Architecture and Planning and a specialist in student housing design, says that there is a defined difference between student

housing amenity packages and market-rate multifamily. Often, amenities are chosen based on the unique culture of the area and campus.

“Different campus cultures will warrant slight variations in proportions,” says Kasdan. “But there is an overall understanding that balancing amenity spaces for the student residents’ minds, bodies, and wellbeing supports their educational, physical, social, and emotional growth while building a strong sense of community. However, the clear distinction between student housing and other multifamily housing types is the learning component, so providing ample study spaces of different sizes, shapes, and types remains the most important amenity in student housing.”

For Kasdan, a mix of study spaces is a key community amenity that he includes in student housing designs. These spaces might be similar to co-working hubs in market-rate apartment buildings that allow residents to work from home. Study areas are often outfitted with high-speed Internet and have a mix of private and public; open and closed; and outdoor options for students to work.

There is also the pandemic to consider in the conversation about amenities. Unlike market-rate multifamily,

there were actually few changes in student housing demands. In fact, Pierce says that the pandemic didn't change student housing operations in "any measurable way." The reason: students want to be social and they are at low risk for serious illness from COVID-19. "The social aspect of college life is as or more important to them than academics," he says. "A relatively small percentage of students have contracted COVID-19 and very, very few have gotten really sick. The overwhelming number of students who contracted the virus quarantined and fully recovered very quickly."

Pierce says that the numbers speak for themselves. While many multifamily operators struggled with occupancy and rent collections through the pandemic, Pierce found that student housing remained stable. "Occupancy in student housing has remained so high during the pandemic," he says. "On-campus housing at many universities has not returned to triple occupancy rooms, but many have returned to double-ups." In fall 2021, student housing

demographic, student housing design trends shifted away from bedroom/bathroom towards more sharing as a way to reduce rent costs," says Kasdan. "The construction-cost escalation over the past two years has only exacerbated the challenge of housing affordability."

The solution has been to embrace a floor plan that includes both individual spaces and shared spaces within a unit. "We are now designing more unique or hybrid unit layouts—micro-bedrooms and/or individual sleeping spaces with shared bathrooms—to try to mitigate rent prices with rising construction costs," adds Kasdan.

Overall, amenities are about finding the right balance, according to Kasdan, who says, "Undersizing amenities brings obvious disadvantages from a functionality and marketing point of view, but oversizing amenities is not great either because the spaces feel empty or unwelcoming. "Design features that make the most difference in the quality of the space are the distribution of light and the proportions of the volume. Those features are intrinsic to



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Senior Vice President, Champion Real Estate Company

occupancies were up 4.5% from the prior year, and Pierces' portfolio has a 99% to 100% occupancy for the academic year 2021 to 2022. "High occupancies, high collections, very low no-shows and re-proven recession resiliency has made student housing the second-best performing asset class (to Industrial) in commercial real estate during the pandemic," he adds.

Although the changes were limited, some amenities became necessary during the pandemic. High-speed Internet, touchless entry, touchless move-in and scheduled amenity usage are all becoming standard in buildings. As students spend more time in their units than before, Champion is also seeing more demand for higher-end finishes and nicer appliances.

From a design perspective, Kasdan says there has been a renewed emphasis on private or individual spaces due to the pandemic. While this makes sense following a public health crisis, it is also challenging to cost-effectively provide individual spaces in student housing. "Prior to the pan-

demographic, student housing design trends shifted away from bedroom/bathroom towards more sharing as a way to reduce rent costs."

Pierce expects that amenities will continue to play a central role in the design of student housing, but he has already started some changes in the style of amenities in new buildings—and it is following this trend away from outrageous features. "The changes that have already occurred—like fewer resort pools, basketball courts and sand volleyball courts. This is a function of more urban, in-fill developments on small parcels, rather than as a result of COVID-19 or intentional scaling back of amenities."

Pierce expects the 2022-2023 school year to continue to improve "bolstered by a return of international students to pre-Trump era and pre-COVID-19 levels," he says. Student housing operators are responding to resident needs and new trends in student life, and they are seeing more students return to off-campus housing as the pandemic wanes. ♦