

Blackstone Bets Big on Student Housing Resilience



One of the most resilient real estate sectors in the current market, according to investment giant Blackstone, is student housing.

The company states that demand for student housing properties has surged in recent years, both within the US and beyond, as many universities seek to grow their enrollment.

Growth Trajectory

In a recent interview for CNBC, Blackstone Global Co-Head of Real Estate, Kathleen McCarthy, states that while rental housing in general represents a solid investment right now, the student sector is particularly attractive – in part because of large numbers of international students pursuing an English-language education.

She notes: “Student housing is, I think where the opportunity is most specifically generating a lot of strong cash for us and our investors.”

Global Investment

Over the past few years, Blackstone has focused on that opportunity, acquiring student housing group American Campus Communities in the US, and housing platform Student One in Australia, amongst others.

The American Campus Communities acquisition, McCarthy says, has placed Blackstone in the position of owning and managing “terrific housing assets” adjacent to top universities. She adds that it also allows the company to: “partner with those universities to add new supply to meet those housing shortages that they are experiencing.”

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Supply and Demand

In a recent report, RealPage analytics show that the number of new student accommodations is expected to increase by “just over 28,000 new student housing beds” in Fall 2024.

Deliveries of over 1,000 new beds are expected across multiple campuses in that period, including nearly 2,900 for University of Wisconsin at Madison. Other big-name schools expecting a supply boost include University of Texas at Austin and University of Cincinnati.

RealPage’s report adds that there are also several areas of pent-up demand, especially in California where: “A trio of [schools] (UC – Berkely, Cal State – Northridge and UCLA) are in massive need of additional student housing, so seeing any new supply pop up there is likely a welcomed addition to students and operators.”

Long-Term Opportunities

For Blackstone, these pockets of demand represent continued possibilities for future growth. McCarthy sums up: “We see this as a long-term opportunity [abroad and] here in the US as well where universities that are seeking to grow need the housing to be able to support that.”

