

MCB WEALTHBRIDGE

WHITE PAPER

DIVERSIFICATION THROUGH STUDENT HOUSING INVESTMENT

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Student housing is moving back into focus as capital looks beyond traditional multifamily for durable income and clearer near-term visibility.

Walker & Dunlop, Outlook 2026: Student Housing

Investors typically learn the value of investment diversification early on through vehicles such as stocks, mutual funds, ETF's, bonds, bond funds, and alternative investments like real estate. Investment advisors play a key role in helping clients achieve diversification balance based on the client's goals, objectives, and risk tolerance and most are keenly aware of the need to spread investments across multiple asset classes.

When it comes to real estate investments, whether multifamily, student housing, industrial, retail, energy, self-storage or others, each asset class has its own unique set of investment characteristics and demand drivers that provide diversification that may complement an investor's portfolio.

HIGHLIGHTS

Institutional real-estate investors have traditionally allocated heavily to multifamily, industrial, and retail. Each of these sectors has compelling characteristics. Multifamily benefits from the fundamental need for housing. Industrial has been supported by e-commerce, logistics, and supply-chain investment. High-quality retail has benefited from the resilience of consumer-oriented locations and limited new construction.

An important characteristic of student housing is that demand is tied to enrollment rather than directly to employment or household formation.

The student housing sector benefits from a combination of enrollment-driven demand, annual lease-resets and increasingly constrained new supply dynamics that are difficult to replicate elsewhere in the living sector. Markets with limited new supply and consistent enrollment growth are often attracting most of the investor interest, while supply-heavy markets continue to face near-term pressure on rents and leasing.

The strongest student housing investments are unlikely to be defined simply by the number of students in a market, but likely defined by the intersection of university quality, enrollment trends, housing supply, property location, competitive positioning, acquisition basis, and operating expertise.

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STUDENT HOUSING DESERVES A PLACE IN AN INVESTOR'S PORTFOLIO

For investors looking for durable real-estate opportunities, student housing has evolved from a niche property type into a compelling institutional asset class. The fundamental investment thesis is straightforward: higher education remains a powerful driver of demand, universities have limited ability to expand on-campus housing, and purpose-built student housing may offer attractive occupancy, resilient demand, and multiple avenues for value creation.

Student housing combines the characteristics investors often seek from real estate—recurring rental income, inflation protection, tangible underlying assets, and long-term appreciation—with a demand profile that is often less dependent on traditional economic cycles.

THE IMPORTANCE OF LOCATION AND SELECTIVITY

Not all student housing properties are equal. Some properties may have more attractive fundamentals than others.

The university is effectively the economic engine behind the asset.

Investors should therefore evaluate the university and its competitive position as carefully as they evaluate the building itself. Key questions include:

Is enrollment growing?
A strong enrollment trajectory likely provides a growing pool of potential residents.

How selective is the university?
Schools with strong applications and durable demand may offer more resilient enrollment.

How much housing is available on campus?
Limited university-owned housing may create a larger addressable market for private operators.

What is the supply pipeline?
Even a market with limited barriers to new development may eventually experience rent pressure from new competition.



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How close is the property to campus?
Walkability, transportation access, and proximity to academic facilities are often critical competitive advantages.

What is the quality of the surrounding housing stock?
A property may outperform if it offers a compelling combination of location, price, amenities, and resident experience.

In other words, market selection is a strong component of student housing. The difference between an exceptional investment and a mediocre one may come down to a few blocks in distance, enrollment, the quality of the university, or the amount of competing supply.

AN ASSET CLASS BECOMING MORE INSTITUTIONAL
As capital has increasingly recognized the characteristics of student housing, the sector has attracted greater institutional attention. Larger owners and operators often bring sophisticated management, development expertise, technology, and access to capital to a historically fragmented market.

That institutionalization may benefit investors in several ways.

Greater specialization may improve property operations and resident experience. Larger portfolios may create economies of scale. And as the sector becomes more widely understood, high-quality assets may benefit from a broader pool of potential buyers when investors ultimately seek liquidity.

For investors, this creates the potential to participate not only in the cash flow generated by individual properties, but also in the maturation of an asset class.

STUDENT HOUSING VS. TRADITIONAL REAL ESTATE: WHY THE ASSET CLASS DESERVES A CLOSER LOOK

Institutional real-estate investors have traditionally allocated heavily to multifamily, industrial, and retail. As previously stated above, each of these sectors has compelling characteristics: multifamily stands on the fact that people will always require a place to live, industrial has been supported by e-commerce, logistics, and supply-chain investment, and retail has proven to be remarkably durable fueled by reliable shopper activity and limited new construction.

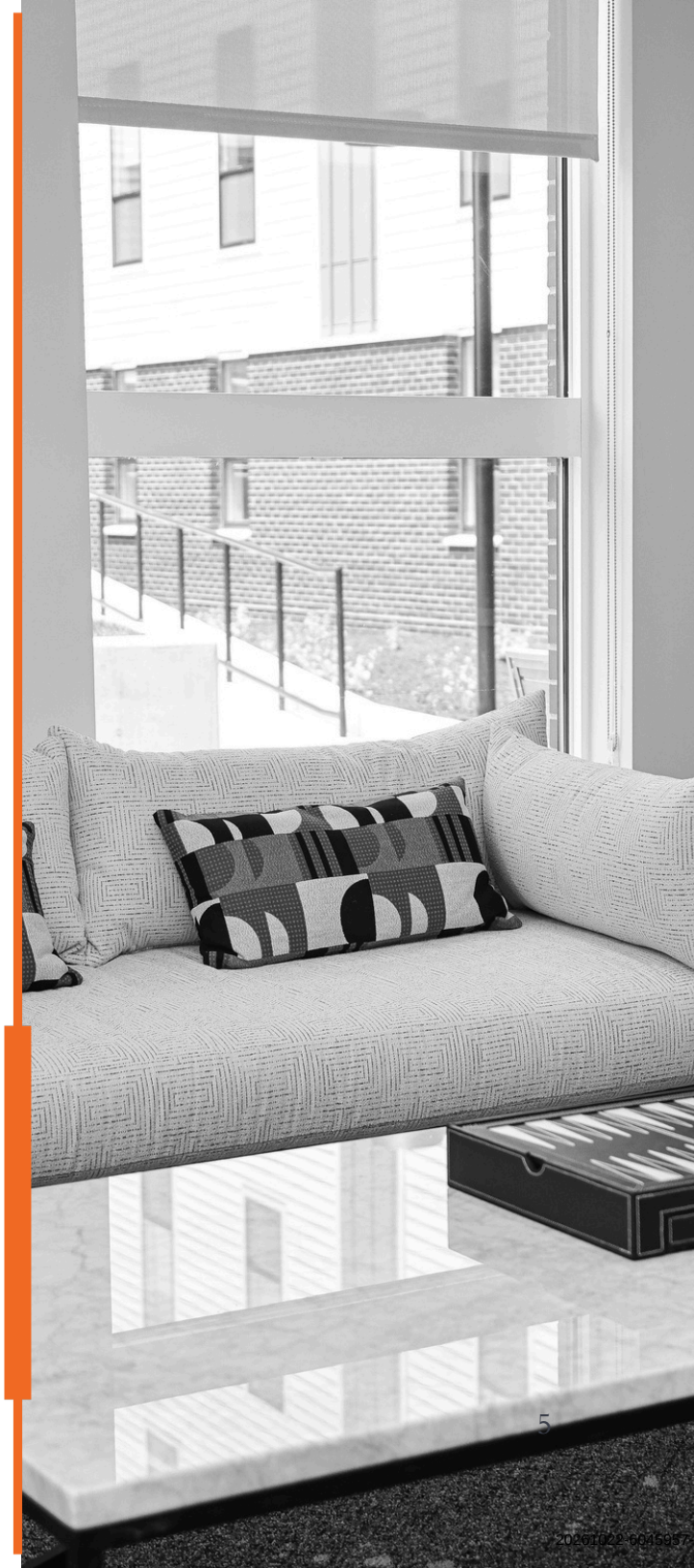
But student housing, rather than competing directly with these sectors on their traditional strengths, combines several of them: residential demand, recurring income, constrained supply, and pricing power, while introducing a fundamentally different demand driver: higher education enrollment. Because of this, the student housing sector may be appealing to investors seeking real estate investment diversification.

A DIFFERENT DEMAND DRIVER

One of the fundamental advantages of student housing is that its demand is tied to enrollment rather than directly to employment, household formation, or consumer spending.

Multifamily demand is ultimately driven by households needing housing. Industrial demand is driven by businesses needing space for manufacturing, logistics, inventory, and distribution. Retail depends heavily on consumer activity and retailer economics. Student housing has a different underlying customer decision: the decision to attend a university. Once a student enrolls, housing is not discretionary. The student needs a place to live for the academic year. That creates an unusually direct relationship between the asset and its demand base.

These factors contribute to student housing being particularly attractive in markets anchored by universities with strong enrollment, limited on-campus housing, and a national or international student draw.



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STUDENT HOUSING VS. MULTIFAMILY

Multifamily is arguably the closest comparable asset class, but the two have important differences. Conventional multifamily typically serves households whose housing decisions are influenced by employment, income, family formation, homeownership affordability, and broader economic conditions. Student housing serves a more specialized and identifiable demographic which can provide several advantages.

First, student housing is unique because of individual leasing, where residents lease beds rather than an entire apartment. Multiple tenant households can contribute to a more diversified rental income profile compared with reliance on a single tenant household.

Second, the annual academic leasing cycle provides an opportunity to reset rents across a significant portion of the property each year. In a supply-constrained market, this can create meaningful revenue growth.

Third, proximity to campus often creates a particularly powerful competitive advantage. A property within walking distance of a major university is not simply another apartment building: it provides access to a scarce location that can be difficult to replicate.

The trade-off is that student housing is more operationally intensive than conventional multifamily. Leasing, marketing, resident turnover, roommate matching, furnishing, and amenity management require specialized expertise. For investment sponsors managing that complexity, the operational intensity is often a source of value creation.

STUDENT HOUSING VS. INDUSTRIAL

Recently, industrial has become one of the most sought-after real-estate sectors because of the structural growth of logistics, e-commerce, manufacturing, and supply-chain infrastructure. Its principal advantage is often the strength of the tenant and the length of the lease.

Industrial properties may have a small number of tenants, sometimes even a single tenant. Student housing effectively has hundreds of potential customers within one property. That creates a highly diversified rent roll at the individual resident level.

Industrial also tends to have longer lease terms. Student housing leases are typically shorter, but that apparent disadvantage often creates an important benefit: more frequent opportunities to re-price the asset to current market rents.

Student housing can also provide diversification from industrial exposure because its demand is driven by a fundamentally different economic ecosystem. A slowdown in freight volumes or manufacturing activity does not necessarily reduce the number of students attending a university.

STUDENT HOUSING VS. RETAIL

The strongest retail properties often benefit from irreplaceable locations, limited new supply, and high barriers to entry. Those characteristics can produce substantial pricing power. The same logic applies to student housing, but with an even more concentrated demand generator.

A premier student housing property is effectively located within the ecosystem of a university. Its competitive position can be determined by factors such as walking distance to campus, access to transportation, proximity to academic buildings, and the availability of competing housing.

This has the potential to create what amounts to a micro-location moat.

A student may be willing to pay a premium to live five minutes from campus rather than thirty minutes away. That premium may be difficult for competitors to replicate without acquiring or developing another property in the same limited geographic area.
Retail has also faced structural changes in consumer behavior and the rise of e-commerce. Student housing does not face an equivalent threat from digital substitution. Even as educational delivery evolves, physical universities continue to attract students who require housing.



Asset Class	Primary Demand Driver	Typical Strength	Key Risk
Student Housing	University enrollment	Supply constraints + annual rent resets	University/supply concentration
Multifamily	Household formation & employment	Broad, deep housing demand	New supply / economic cycles
Industrial	Logistics, manufacturing & distribution	Long leases + strong tenant demand	Tenant concentration / economic activity
Retail	Consumer spending & location	Scarce high-quality locations	Consumer behavior / tenant health

National averages are becoming less informative as local supply pipelines increasingly determine leasing performance, rent growth, and occupancy trends.

Walker & Dunlop, Outlook 2026: Student Housing

THE SUPPLY ARGUMENT

Across all four sectors, supply discipline is critical. But student housing can have a particularly compelling supply dynamic. Universities often have limited capacity to add on-campus beds quickly. At the same time, off-campus development can face zoning restrictions, community opposition, entitlement challenges, construction costs, and limited sites near campus. This creates a potentially powerful imbalance where growing or stable student demand, plus constrained housing supply, results in pricing power.

The key is that supply constraints need to exist at the right university, not merely at the city level.

An investor should therefore analyze the pipeline of purpose-built student housing around the specific institution, including projects under construction, entitled projects, and potential future development.

A PORTFOLIO DIVERSIFIER

The most compelling reason to consider student housing is portfolio construction. An investor allocating capital across multifamily, industrial, retail, office, and other real-estate sectors can use student housing to introduce a different demand profile and complement other real-estate sector investments as illustrated in the above table.

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THE INVESTMENT CASE

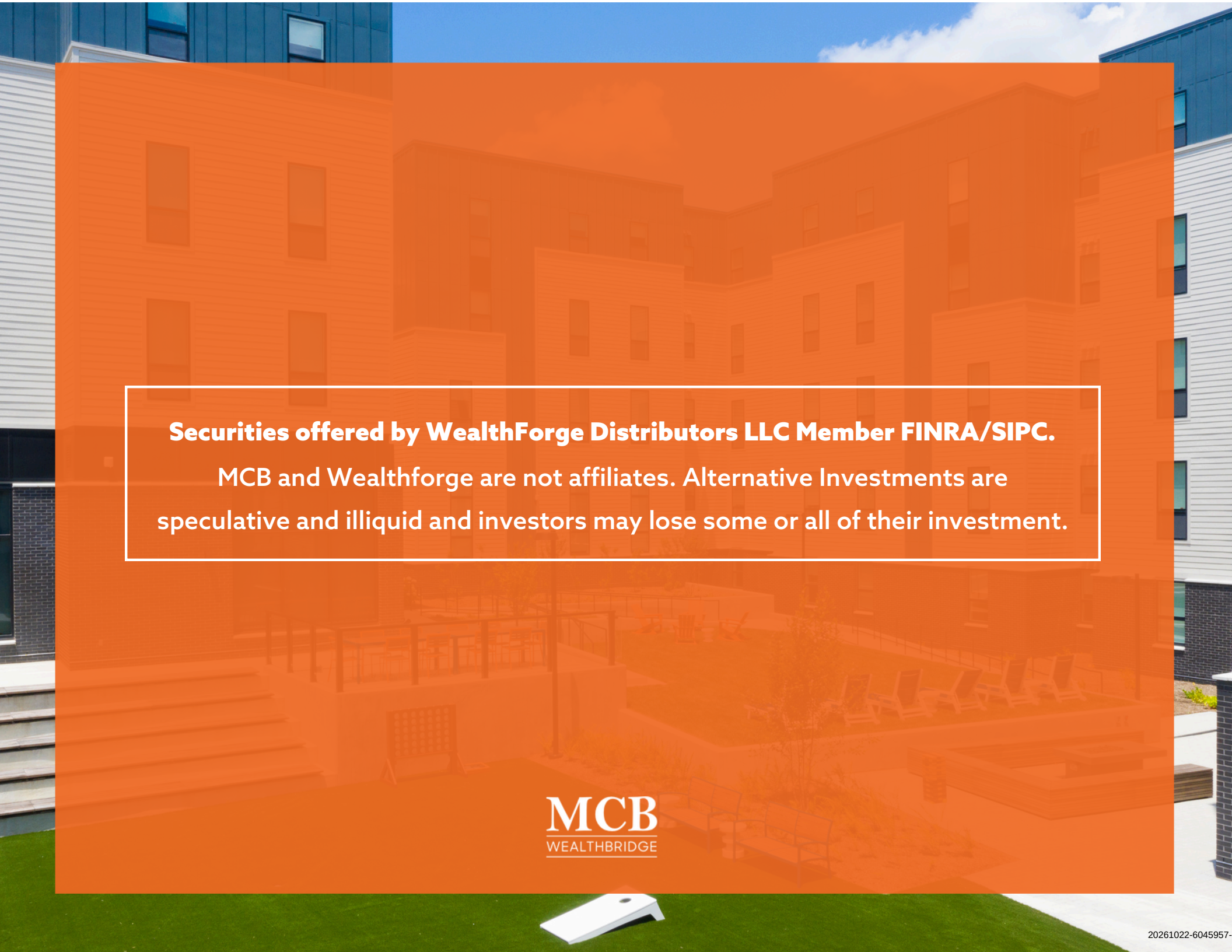
Student housing combines the recurring demand characteristics of residential real estate with the supply constraints and pricing power of highly specialized real estate, while offering a demand driver that is meaningfully different from conventional multifamily, industrial, and retail. The most attractive student housing opportunities are likely to be concentrated around universities with durable enrollment, strong academic reputations, limited university-owned housing, constrained development pipelines, and properties that occupy a superior position relative to campus.

Student housing can provide portfolio diversification through exposure to a specialized, supply-constrained sector with durable underlying demand and the potential for attractive risk-adjusted returns and long-term value creation.

Markets with limited new supply and consistent enrollment growth are attracting most of the investor interest, while supply-heavy markets continue to face near-term pressure on rents and leasing.

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