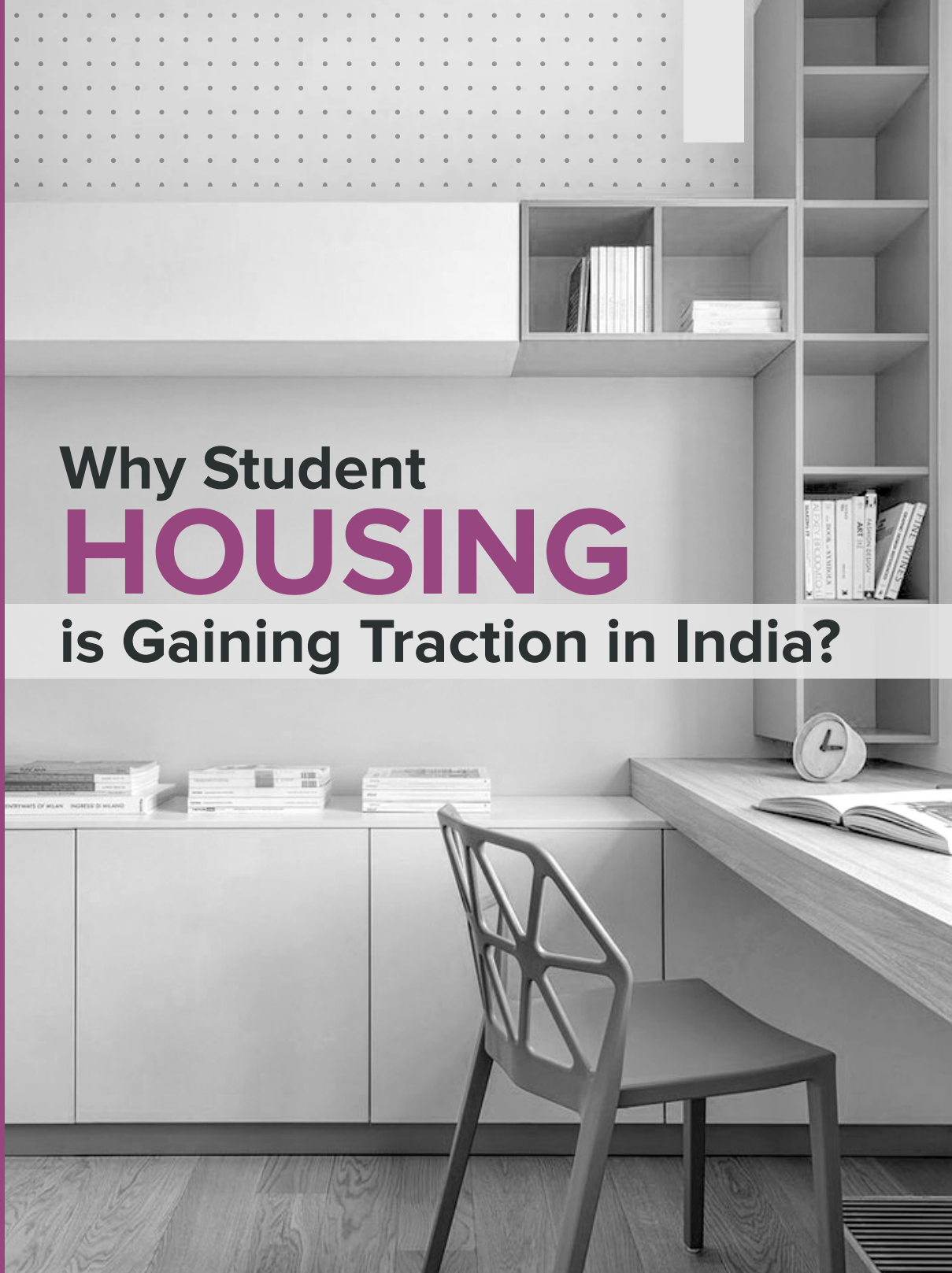


# Why Student **HOUSING** is Gaining Traction in India?



A Research Report By



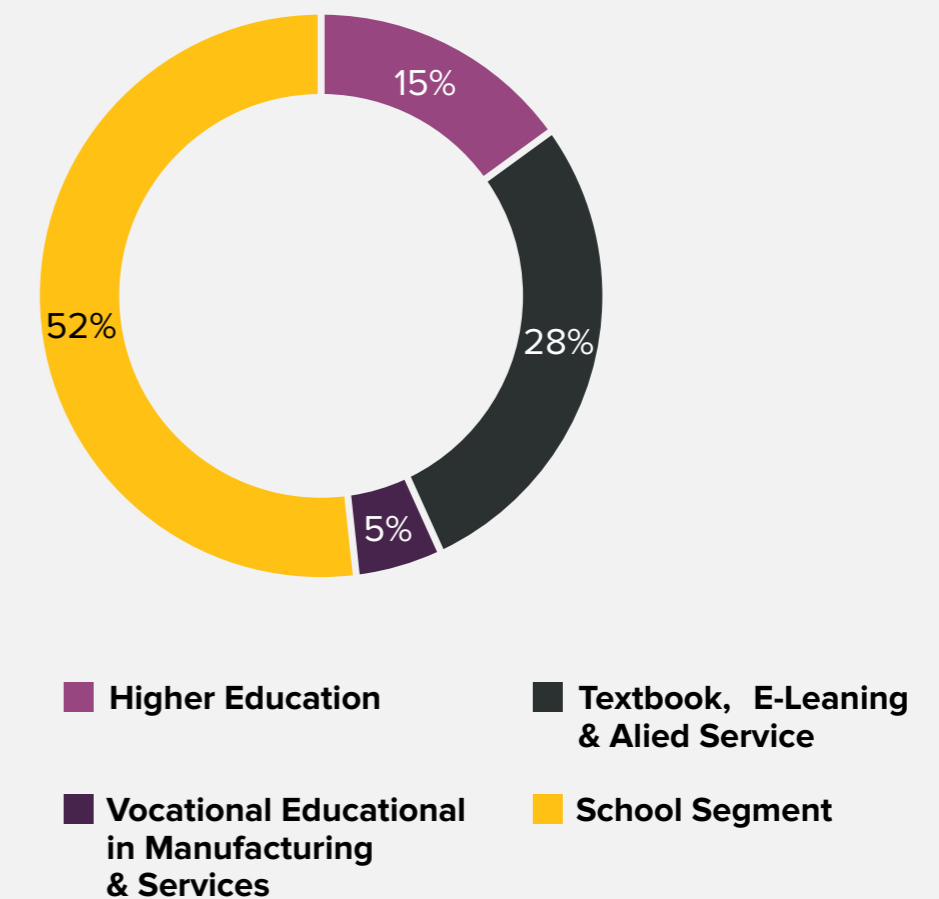
STUDENT  
**HOUSING**

## The Emergence of a New Asset Class

Every year, lakhs of students (Indian and international) migrate to major cities of India in pursuit of better educational opportunities. Among many other challenges, finding decent accommodation is the biggest concern for this migrant student population.

India has approximately 39931 colleges and 993 universities respectively. In the year FY 19 over 37 million students enrolled in these universities for higher education. Apart from this the Government of India's initiative of 'Study in India' expects to attract 200,000 international students to the country. The dearth of hostel beds in universities will compel these students to consider the option of student housing. The student housing if compared to the traditional accommodations comes with a host of amenities and greater flexibility relating to leasing terms, security deposits, and lock-in periods.

**Educational Sector Market Share**



— According to the AISHE (All India Survey on Higher Education) increase in the number of reputed and world-class institutions has improved in India, the number of universities and institutes for higher education has gone up by almost 37 % since 2013 all this has given access to higher education in India. India is now the third-largest higher education system in the world, after the US and China.

As the education landscape has evolved in India, the student housing segment also becomes pertinent especially given the lack of adequate supply of on-campus accommodation in India. Additionally, international students form an important demand generator for purpose-built student accommodation; considering they are unfamiliar with the local market and the language.

India's education market value is expected to reach US\$ 180Billion by the end of 2020. The educational market has been classified into three sectors – Pre-School, Higher Education, and Private education. These two segments (Higher Education & Private Education) have a major contribution to the burgeoning demand in student housing.

The pre-school market is expected to grow at 23% CAGR between 2017 to 2022, Higher education with private universities is expected to reach US\$ 35.03 by 2025 and the private coaching sector has accounted for INR 51, 712 Cr till 2019.

## The Growing Importance of Student Housing in the Post-pandemic World:



STUDENT HOUSING

With the growing enrolment rate of students, the need for student housing has become all the more important in current times.

In the post-pandemic world, neither students nor their guardians/parents will prefer that they live in sub-standard conditions. Thus students will look for well sanitized and hygienic accommodations that will offer personal space along with some other basic amenities.



Until a few years ago, this demand was primarily met by homeowners who provided a paying guest (PG) facility but in the post-pandemic world, students will go for organized setup and a brand name that they can reckon on.

The Student housing sector holds immense potential and several players have already started their operations in key cities. The majority of these players are targeting metro cities for now.

## USP of Student Housing:



Student housing accommodations are quite spacious when compared to on-campus or paying guest accommodations. It comes with an attached washroom, bed, wardrobe, and a study table. Additionally, there are many digital conveniences like Wi-Fi, ample spaces indoors and out for studying and collaborating. In terms of cost, these spaces cost about 10% more than regular accommodations.



**Rooms with Air-conditioners**



**Indoor Games**



**In-house Laundry Service**



**Doctor on Call**



**Entertainment Zones**



**Proper Sanitization**



**Food Courts**



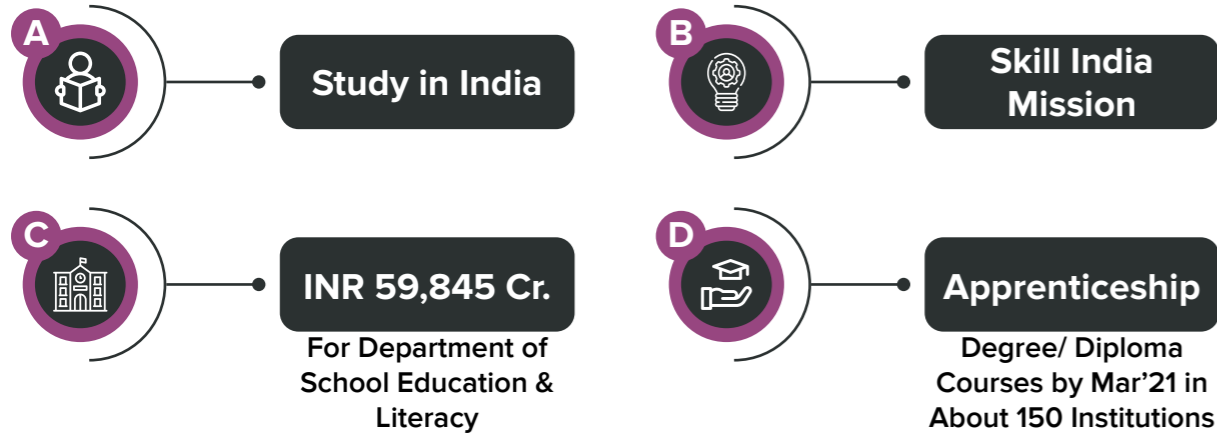
**Social Distancing Norms**



**Fitness Facilities**

# Govt. Policies

THE GOVERNMENT POLICIES ARE SUPPORTING THE STUDENT HOUSING SECTOR TO FLOURISH IN THE COUNTRY.



To boost the Skill India Mission, two new schemes, Skills Acquisition and Knowledge Awareness for Livelihood Promotion (SANKALP) and Skill Strengthening for Industrial Value Enhancement (STRIVE), have been approved by the Cabinet Committee on Economic Affairs (CCEA), Government of India, with an outlay of INR 6,655 crore (US\$ 1.02 billion) and will be supported by the World Bank.

## City Analysis

### DELHI-NCR

Delhi-NCR is the major focal point in India for higher studies. Every year tones of students come to Delhi NCR from rural areas or smaller towns to achieve their goal. Courses like JEE Mains, Civil services, and other professional courses bring them to metro cities. Approximately 5 lacs university students were studying in 165 universities and colleges in Delhi-NCR.

## NORTH DELHI

North Delhi is the hotspot of students and the magnet is Delhi University (DU) North Campus and other colleges. The demand for PG and rented house are always skewed in this location. Markets such as Kamala Nagar, Mukherjee Nagar, Vijay Nagar, Model Town, etc are the locations with the maximum number of PG's with monthly rental ranging between INR 4,000 to INR 23,000 (Facilities and price may vary based up on furnished or unfurnished room/ facilities.)

## EAST DELHI

East Delhi does not have major institutes or students' hub but few Chartered Accountant Coaching centers and other sundry courses attract students. Laxmi Nagar market and Akshardham temple (Nearby 500m) are the focal point in East Delhi. The PG rates for a single room ranging from INR 9,000 to INR 15,000 per month.

## WEST DELHI

West Delhi is a residential hub with few renowned schools and colleges which helps the region in attracting students for accommodations. Market such as Patel Nagar, Punjabi Bagh, Dwarka, Janakpuri, Rajouri Garden, Pitampura and Rohini have PG with single-room rate starts from INR 5000 and go to a maximum INR 10,000 per month.

## SOUTH DELHI

South Delhi has markets such as Dhaula Kuan, Kalkaji, Lajpat Nagar, South Extension and Greater Kailash, these markets have PG's rent ranging between INR 10,000 to INR 20,000 per month.





## NOIDA AND GREATER NOIDA

Noida and Greater Noida, which have a plethora of colleges, would be the second most favorable destination for student housing operators.

The number of universities and students enrolment both would increase in the future and the accommodation demand would be quadruple.

Universities such as Amity University, Galgotias University Sharda University and Noida International University are the prime universities in the city to attract a large number of students from all over part of India.

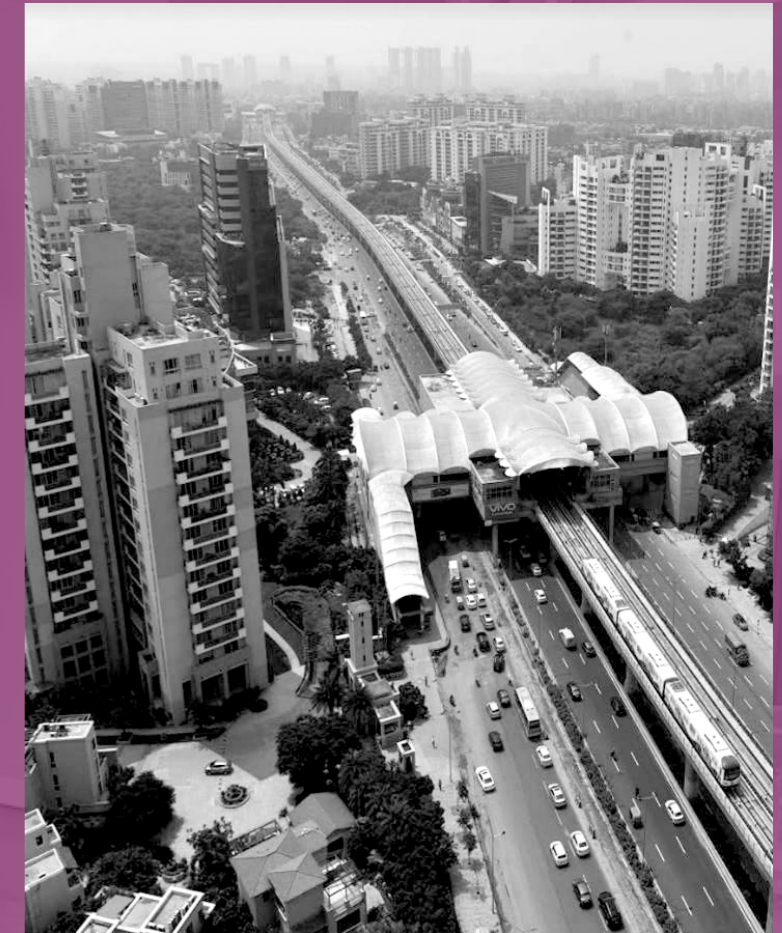
The Price range of student housing accommodation in NOIDA and Greater NOIDA ranges from INR 4,500 to INR 12,000 based on sharing room/bed.

A major portion of migrant students preferred local operator services while a smaller section chooses to stay in college hostels or flats in colonies with limited amenities.

The unorganized sector lacks service qualities albeit premium charges. The good quality service provider would have a better opportunity to pull that segment (good demand) and to create a benchmark in the market.

## GURUGRAM

With hundreds of MNCs, best of schools, b-schools, professional colleges, Gurgaon offers several career options and job opportunities. The Millennium City is fast emerging into an educational/career hub. Some of the leading institutes for higher education in Gurgaon are MDI, IILM, BIMT, GD Goenka University, Sushant University, Great Lakes Institute of Management, Apeejay Stya University, Amity Business School, KR Mangalam University. Owing to a massive surge of enrollments, property providers are coming up with affordable student housing options. Since the housing costs in Gurgaon ranges from moderate to high, thousands of students visiting the city prefer to stay in Student Housing. The Price range of student housing accommodation in Gurgaon ranges from INR 9,000 to INR 25,000 based on sharing or single room/bed.



*Universities such as Amity University, Galgotias University & Sharda University are some of the prominent universities in NOIDA.*

# STUDENTS ACCOMMODATION SEARCH PROCESS



## Different types of Student Housing Models

Student housing works on various business models across the globe. But in India currently, Lease and Aggregate Models are followed.

**Lease model:** In this model, the student housing operator first acquires property on a long-term lease from the owner. The property is then refurbished in line with their guidelines. The students are charged on a per bed basis, which could either be monthly or annually.



“ Leading players in this segment are Oxfordcaps, CoHo, Stanza Living, Your Space, and Zolo

**Aggregator model:** In this model, the operator creates an online marketplace for listing properties by owners and charge them for every booking. This model is purely commission-based.

“ Leading players in this segment are Studentacco and Nestaway

# Real Estate Roles and Responsibilities

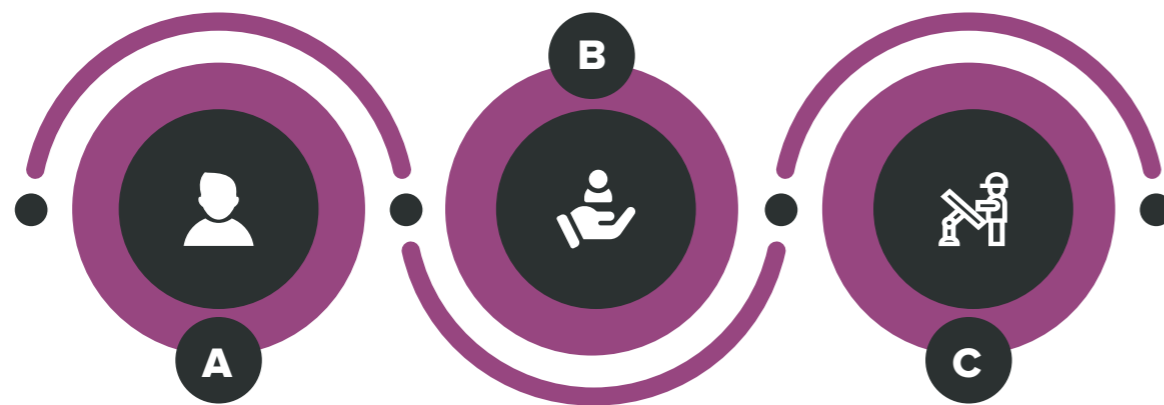
Student housing as an asset class has already embarked on a growth trajectory with increased investment in developed global economies. In countries like the US, UK, Australia, Germany, etc, student housing from an alternative asset class, is gradually maturing into a mainstream investment asset class.

Currently, student housing in India is at a nascent stage of development. However, as new players start venturing into the segment and existing players start expanding their footprints, it is only a matter of time when the segment will reach the growth stage. Considering the wide demand-supply gap, there is a vast potential that many start-ups are trying to unravel.

LANDLORDS

OPERATORS

Stanza Living, Coho. in, Housr, Placio, Your-space



SERVICE PROVIDERS

03

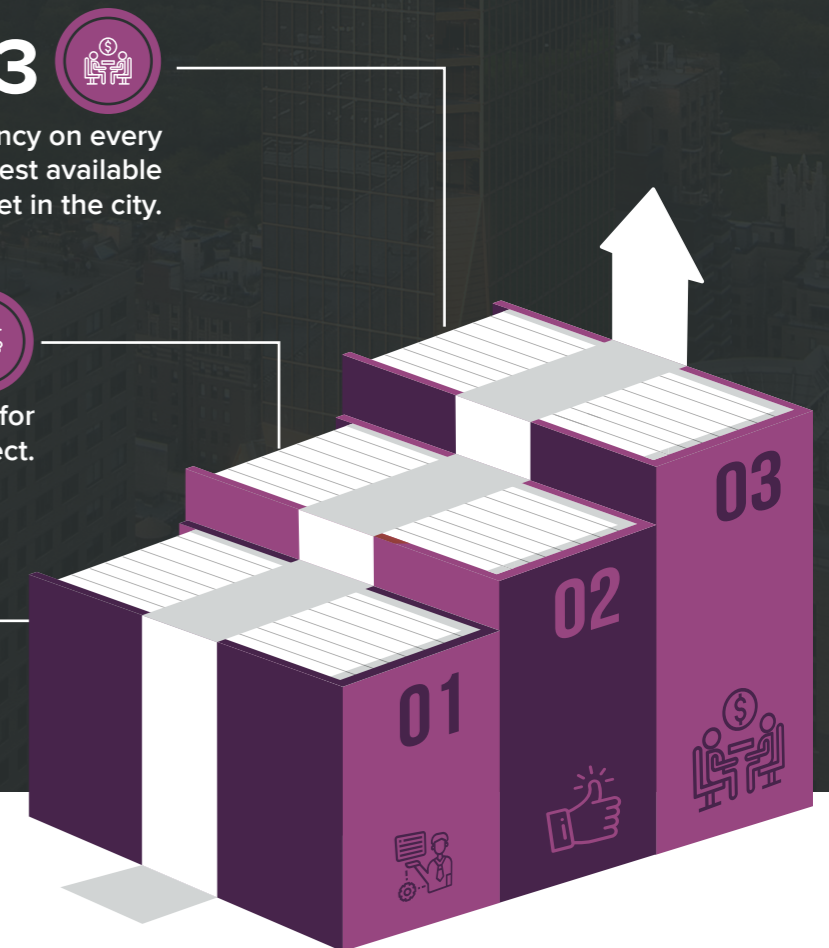
Advisory/Consultancy on every aspect such as best available location/micro market in the city.

02

Right property for your project.

01

Negotiation with landlord & in closing the deal.





## Pandemic Impact

Due to the Covid-19 (crisis) schools, colleges and universities are shutdowns from the last 6 months. The campus classes have been replaced by online classes. The landlords and student housing operators planning to decrease the rentals to some extent (nearly 20-30% - as per location) and the vacancy rate is around 80 %.

## Future Scope

Over the past couple of years, some of the student housing players have got private equity investments. Players like Stanza Living, Placio, Oxfordcaps have attracted PE investment and are betting big to expand further in this sector.

The student housing sector offers opportunities to grow for all the stakeholders:

- 1 Developers:** It provides a fresh avenue to diversify from the residential sector
- 2 Investors:** Student housing provides the high potential for returns and investors should look at this emerging asset class.
- 3 Brokers:** As the location is the key parameter for the student housing business model, developers and student housing players can leverage on the real estate market knowledge of the realty brokers to get the right property at the right location at the right pricing.

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The potential is huge for the student housing asset class, considering the huge demand and supply gap, it is high time that real estate developers, as well as the government, realize the importance of this rapidly evolving alternative asset class and make the move in the right direction.

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