

Italy Spotlight - June 2024


SPOTLIGHT
Savills Research

Italian student housing market





The sector shows resilience due to its solid fundamentals

Highlights

University population continues to increase, reaching 1.9 million students in the last academic year, partially due to a rise in the international component

Total bed supply for students remains concentrated in 5 main cities: Milan, Rome, Firenze, Torino and Bologna

Pipeline of new beds is consistent, but will not be sufficient to satisfy the growing demand for accommodations

Investments in PBSA in Italy reached a new record high last year and, despite a slowdown in Q1 2024, the sector continues to attract investors' interest

PBSA schemes are strengthening their presence by offering community benefits, quality services, comfort and amenities to students willing to pay higher rents

Key Figures



98
UNIVERSITIES



1.9 M
STUDENTS



31%
MOBILE STUDENTS



6%
INTERNATIONAL STUDENTS



74,000
BEDS' STOCK



4%
PROVISION RATE

Universities and students

The number of university students continues to increase in Italy. In the last academic year, the number of students exceeded 1.9 million, registering a 5% increase compared to the previous period. There are in total 98 universities in the country, 6 of which are telematic and based in Rome. Moreover, Italy counts 257 AFAM (Alta Formazione Artistica e Musicale) institutions legally recognised with around 87,000 enrolled students.

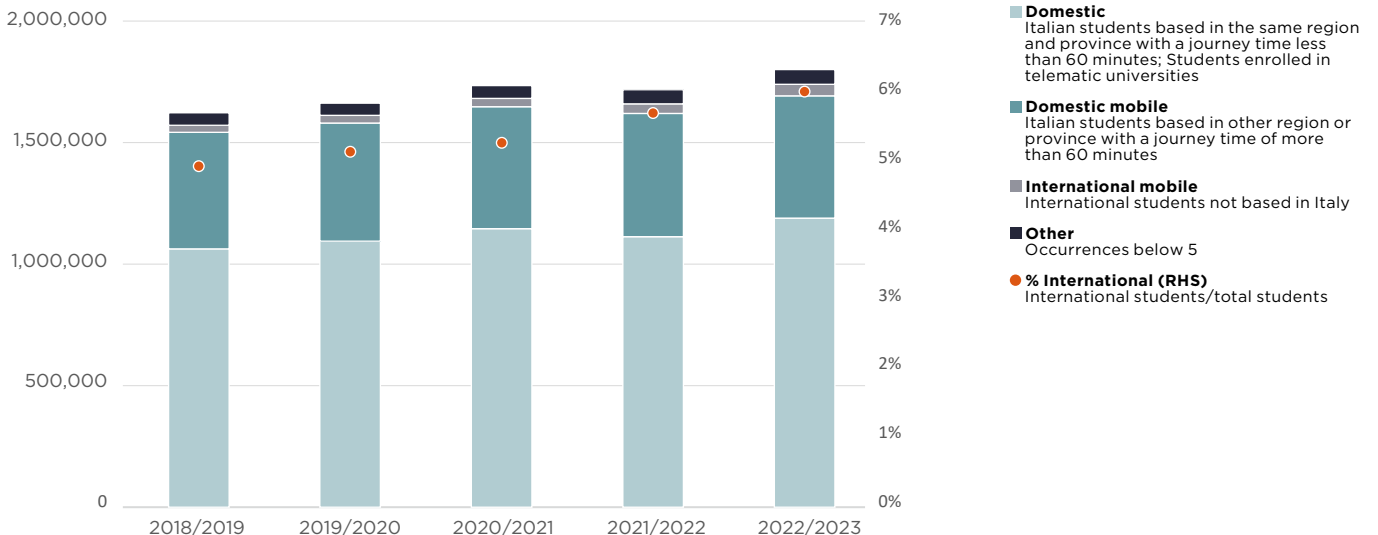
Italy proves to be an attractive destination for the international student population thanks also to its renowned universities: in the a.y. 2022/2023, about 122,000 foreign students were recorded in Italian universities, a figure 75% higher than a decade earlier. The share of mobile students is also increasing, though at a slower pace (+1% YoY; +12% vs 2013/2014 a.y.).

Rome is the leading Italian city in terms of both number of schools (28 Universities and AFAM together) and number of tertiary students. In the last academic year, approximately 297,000 students enrolled in the Capital, with 37% attending telematic universities. If we exclude the telematic component, the number of students in Rome is comparable to Milan; in the latter city, the number of foreign students is the highest among Italian cities in absolute terms (more than 21,000). Bologna reached the highest share of international students (14% of the total) and mobile students (55%). Among the five selected cities, Firenze showed the greatest share of domestic students (65%), while Torino had recorded the highest year-on-year increase in enrolments (+3%, telematic students excluded).

Top 5 cities by number of university students (2022/2023)



Number of full time university students by academic year



Supply and pipeline

The total stock of student beds in Italy amounts to 74,000 units with public beds provided by DSU (Diritto allo Studio Universitario - Right to University Study) representing the majority of the total. However, the private offer has increased in recent years and today it represents 24% of the stock (against 19% in 2021). Milan, Torino, Rome, Bologna and Firenze represent the main locations, with approximately half of the total supply concentrated in these cities. Milan in particular hosts 18% of the total stock.

The limited availability of student accommodations in Italy is contributing to keep the sector in the players' radar, as demonstrated by the current pipeline of beds. 64 projects are set to be completed by 2026, adding 21,000 beds to the market.

Milan continues to be the most dynamic city, in terms both of stock and development projects with 34% of total bed pipeline developed in the city. Torino also presents a good level of pipeline: by the end of 2026, 11 student accommodations are expected to open, including six large dimension projects (>300 beds). Both Padova and Bologna have around 2,000 beds in pipeline, while Rome will see the opening of 5 new student housing accommodations in the next two and half years.



21,000
BEDS
IN PIPELINE



64
NUMBER
OF PROJECTS

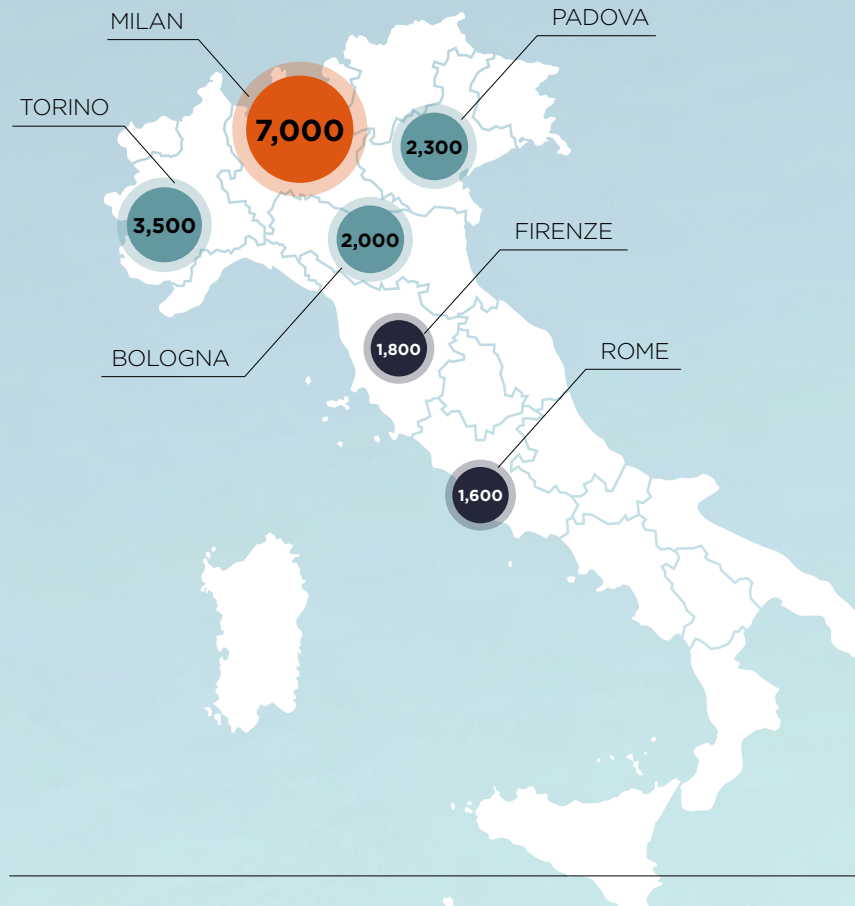


34
PROJECTS UNDER
CONSTRUCTION



34%
OF PIPELINE LOCATED
IN MILAN

Beds in pipeline by 2026



Potential demand

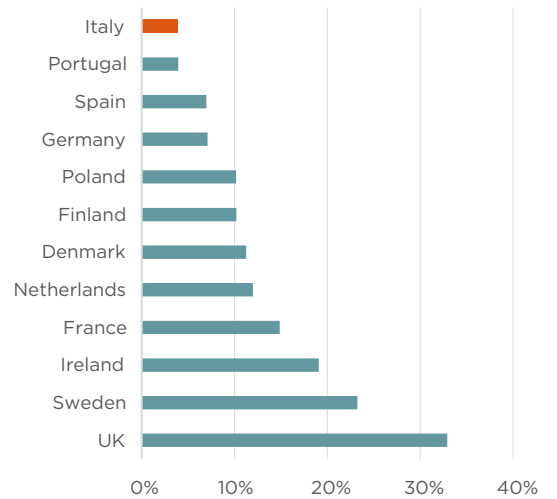
The student accommodations' supply varies significantly among European countries. In the UK there is the highest provision rate*, standing at over 30%, while in Italy this percentage is just below 4%.

Looking at the main Italian cities and taking into account just mobile student population, the mobile provision rates** result to be higher, but still insufficient. Firenze has the highest coverage at 24%, while Rome maintains the smallest percentage (11%).

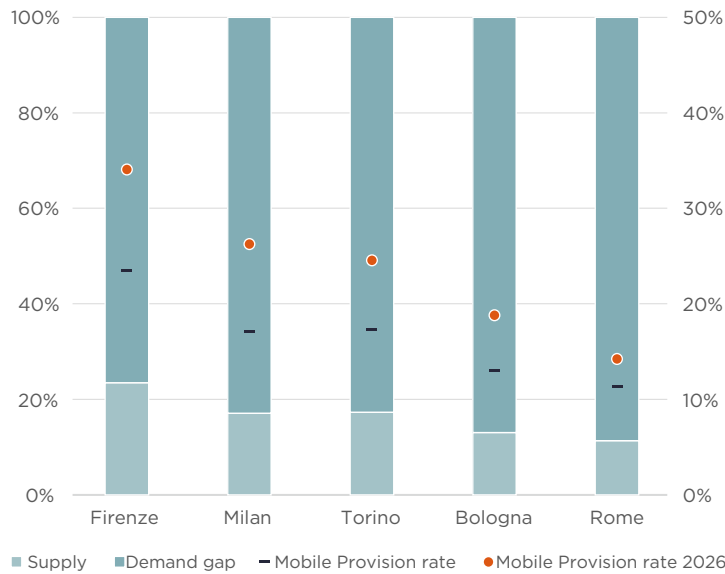
The mobile provision rate is expected to increase by 2026 considering the beds currently in pipeline, reaching 34% in Firenze, 26% in Milan and 25% in Torino, while Bologna and Rome will stand below 20%.

With the growing student population and the expectation that this increase will continue in the coming years, the supply of PBSA will need to increase. Despite the high number of development projects, current pipeline figures reveal that these will be not sufficient to meet the expected increasing demand for beds.

Provision rate by country*



Total supply, demand gap (LHS) vs actual and future mobile provision rate** (RHS) by city



* Total number of beds divided by the total number of university students

** Total number of beds divided by the total number of mobile university students

Gap in demand for beds



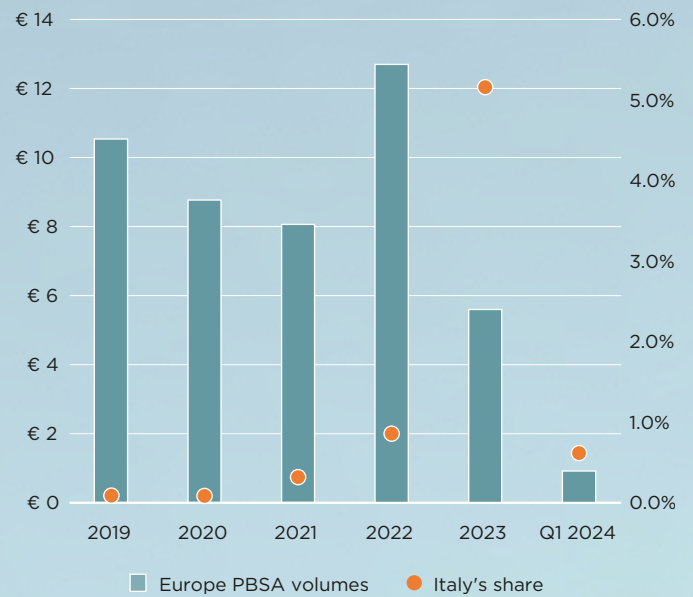
Investments and prime net yields

European investments in the sector fluctuated over the last 5 years, reaching the peak in 2022 with more than €12 bln of volumes recorded. Since 2023, the activity has been limited, due to the weaker macro-economic background, but a recovery is expected in the second part of this year. The appetite for the sector remains high, thanks to its resilience, the increasing number of international and mobile students and strong rental growth performance.

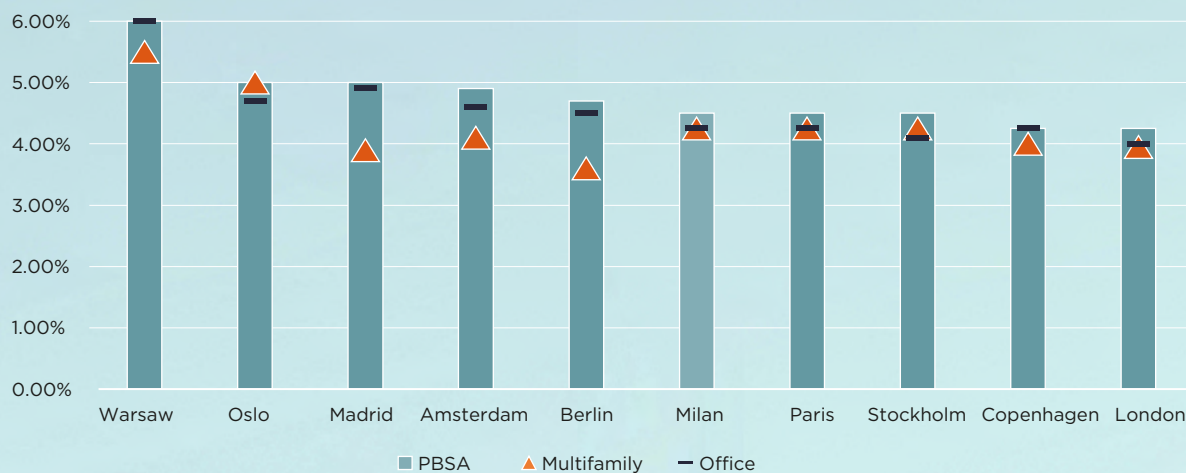
The UK is the main destination, attracting more than 65% of capitals. The UK, Germany, France and the Netherlands represent consolidated locations, while among emerging countries, Spain, Belgium and Italy are standing out.

Italy has experienced a significant increase in terms of volumes in 2023, reaching a total of €290 mln across 8 deals: half of these involved the change of use of existing properties into student accommodations. In Q1 2024, volumes slowed down but we expect interest to remain high due to the solid fundamentals that will continue to sustain the sector. Indeed, the Living segment is consolidating in Italy and we are beginning to register transactions of income producing products. In the next quarters, the opening of new schemes could favour higher ticket size deals, while increasing attention is expected for competitive secondary locations.

European (LHS) and Italian Investment volume (RHS)



Europe prime net yields by sector, Q1 2024



Main operators and rents

Italy continues to be an attractive destination for student housing operators, both national and international, who continue to look at the country with interest.

Aparto, after the successful openings of the Bocconi/Giovenale and Ripamonti schemes in Milan, will deliver next year in Milan Bovisa a new project accounting for more than 600 beds and another one in Firenze.

Former The Student Hotel, rebranded in 2022 as **The Social Hub**, following the first Italian project in Firenze (Viale Spartaco Lavagnini), will add 550 beds in the Viale Belfiore structure, along with already planned expansions in Rome and Torino. **Collegiate**, the UK-based student operator, after the inauguration of Collegiate Milan North campus in the Bicocca neighbourhood, is targeting another development in Milan. At a national level, **CX**, former Italian operator CampusX, will open Novate Milanese

scheme by the end of 2024 in the outskirt of Milan; this project follows the 2023 redevelopment scheme in the former Manifattura Tabacchi. In addition, a new scheme in Trieste and another one in Napoli will be inaugurated by the end of next year. **Joivy**, former DoveVivo, is targeting Rome with a new structure expected to open this year on via Marconi, following the recent inauguration of a new PBSA scheme in Milan on Via Lepontina.

Camplus will add to the existing stock more than 400 beds in Firenze and Udine. Most of the actual offer is concentrated in the main 5 key Italian cities, but a growing attention has been noted also for less consolidated locations with strong university presence like Padova, Pisa, Venezia and Ferrara.

PBSA structures are competitive in the market compared to traditional facilities, due to their amenities, services and quality which justify higher rents and attract both national and international students.

New Projects



CX, NOVATE MILANESE
960 beds
2024 opening



EX MANIFATTURA TABACCHI, FIRENZE
500 beds
2025 opening

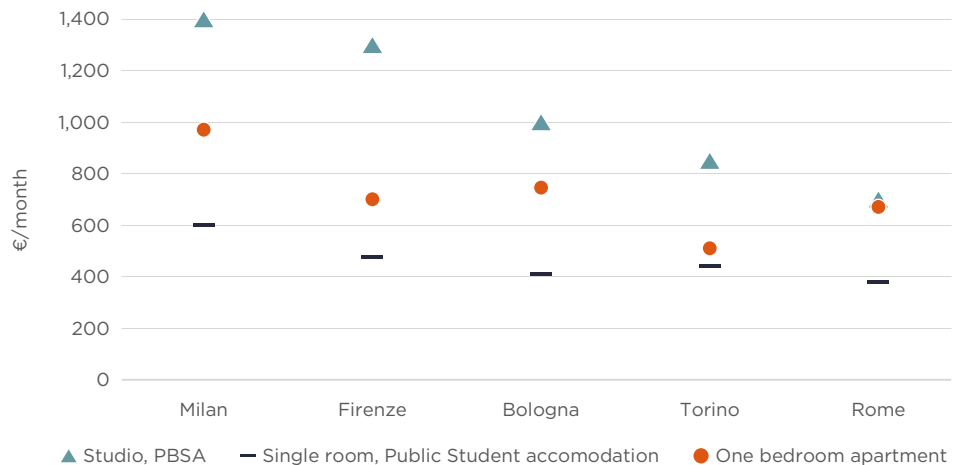


THE SOCIAL HUB, ROME
500 beds
2025 opening



EX LAVAZZA, TORINO
300+ beds
2024 opening

Average rents





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