

BRISBANE STUDENT ACCOMMODATION OUTLOOK

Analysis by Hive Student Accommodation

This document contains a summary of the supply and demand of student accommodation within Brisbane for 2017. The information is a must read for current owners and those looking to invest in the short-to-medium term.

2017 SNAPSHOT

Announcements of additional developments expected in early 2017 with Brisbane City Councils (BCC) Infrastructure Charges Reduction applying only to Development Applications submitted by 30th June 2017

Student One, The Pad, Iglu and Unilodge - Southbank to create a more competitive environment in the inner-city premium market as they pursue tenants in Jan/Feb 2017

Increased availability of Purpose Built Student Accommodation may temporarily subdue rental growth

Increased international student enrollments due to low A\$, simplified visa process and increased international marketing by universities & government agencies

SUPPLY & DEMAND ANALYSIS

Semester 1, 2017 is expected to show strong demand from international and domestic students.

The increased demand will be met with the supply of several new Purpose Built Student Accommodation Buildings (PBSAs) opening for the 1st semester. Most new buildings are offering 'introductory offers' with increased inclusions i.e. internet, welcome packages etc. or reduced rental rates for the period of their stay. With this considered, we are advising investors to hold rental rates for 2017 rather than pursue increases.

The majority of new buildings are pricing rooms in the higher end of the market with rental rates ranging between \$275 and \$400 per week. All rooms follow the standard student accommodation model, being fully furnished and inclusive of all utilities. Most buildings are offering a variety of shared accommodation units and self-contained studio apartments with access to onsite gym, common areas, study spaces, cinema, restaurants and planned events.

On a positive note, we are seeing consistent growth in international student enrolments and expect strong demand with the low Australian Dollar, recently simplified Visa processing systems and increased international marketing from universities and government agencies.

Demand for medium priced rooms, ranging between \$150 to \$250 per week remains very high with low vacancy and limited new supply coming to the market.

DEVELOPMENT PIPELINE TO 2020

We expect the supply of new purpose built student accommodation to continue its growth over the next 1-3 years as projects currently under contract or council application are approved, constructed and launched. The market should have a clear outline of the total supply by Mid to Late 2017 as June 30th marks the cut off date for those hoping to take advantage of Brisbane City Council's (BCC) [Infrastructure Charges Reduction](#). For more information on this program refer to our article on the topic [here](#) or at HiveStudentAccomm.com.au.

EXISTING STOCK & DEVELOPMENT PIPELINE

Existing Stock (Approx. 6,000 beds)

The existing market consists mainly of student colleges, purpose built managers and off site management models such as Hive Student Accommodation.

- Uni Lodge, Brisbane CBD – Approx. 400 Studios
- Uni Lodge, UQ on-campus & St Lucia Complex – Approx. 142 Beds & 84 Beds respectively
- Uni Lodge, Kangaroo Point – Approx. 170 Studios
- Uni Resort, Mt Gravatt Approx. 300 Beds
- Iglu, Kelvin Grove – Approx. 456 Beds
- Altitude, Taringa – Approx. 80 Beds
- UQ On Campus Colleges – Approx. 2,500 Beds
- Independent Providers/Local Agencies – Approx. 2,000 Beds
- Hive Student Accommodation – 450 rooms

2016 – New Construction (Approx. 1,500 beds)

2016 saw the arrival of The Pad's first two purpose built student building as well as two new premium products in Student One and Iglu, both located within Brisbane CBD.

- The Pad, Regent St – 286 rooms
- Student One, Adelaide St – 687 Beds
- The Pad, School St – 84 Studio Beds
- Iglu, Mary St – 414 Beds

2017 & Beyond – Proposed or Under Construction (5,000+ beds)

Expect to see the announcement of more developments over the next 3-5 years as investors look to fill an underserved market. Temporary suppression of rental rate increases may occur over the next 12-24 months as providers compete to attain full occupancy at new locations. Once full occupancy is achieved we expect the market to stabilise.

- Uni Lodge, Southbank – 542 Beds, Due Jan 2017
- The Pad, Merivale St – 744 Beds, Due 2017
- Uni Lodge, Woolloongabba – Approx. 980 Beds, Stage 1 Due Jan 2017
- Student One, Wharf St – 750 Beds, Due Jan 2018
- Scape Southbank – 700 Beds, Due Jan 2018
- The Pad, Toowong – c543 Beds, Currently in Council
- Scape, Toowong – Site Purchased Oct 2016, D.A TBC
- Cromwell's (Redefine Properties) Charlotte & Mary Streets – 954 beds, Timeframe TBC

Extended Outlook

Student demand and occupancy rates remain stable despite increased supply with Hive achieving 97.87% occupancy in 2015/2016. The recent PBSA constructions are concentrated in Brisbanes inner city and opportunities remain for investors in underserved suburbs, namely St Lucia (University of Queensland), Kelvin Grove (QUT) and Mt Gravatt (Griffith University).

Hive is interested in hearing from investors and developers of student accommodation. For more information about our management services please contact us at today on 1300 882 326.

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