STUDENT HOUSING

AN ATTRACTIVE ASSET CLASS WITH SOCIETAL VALUE

Whitepaper

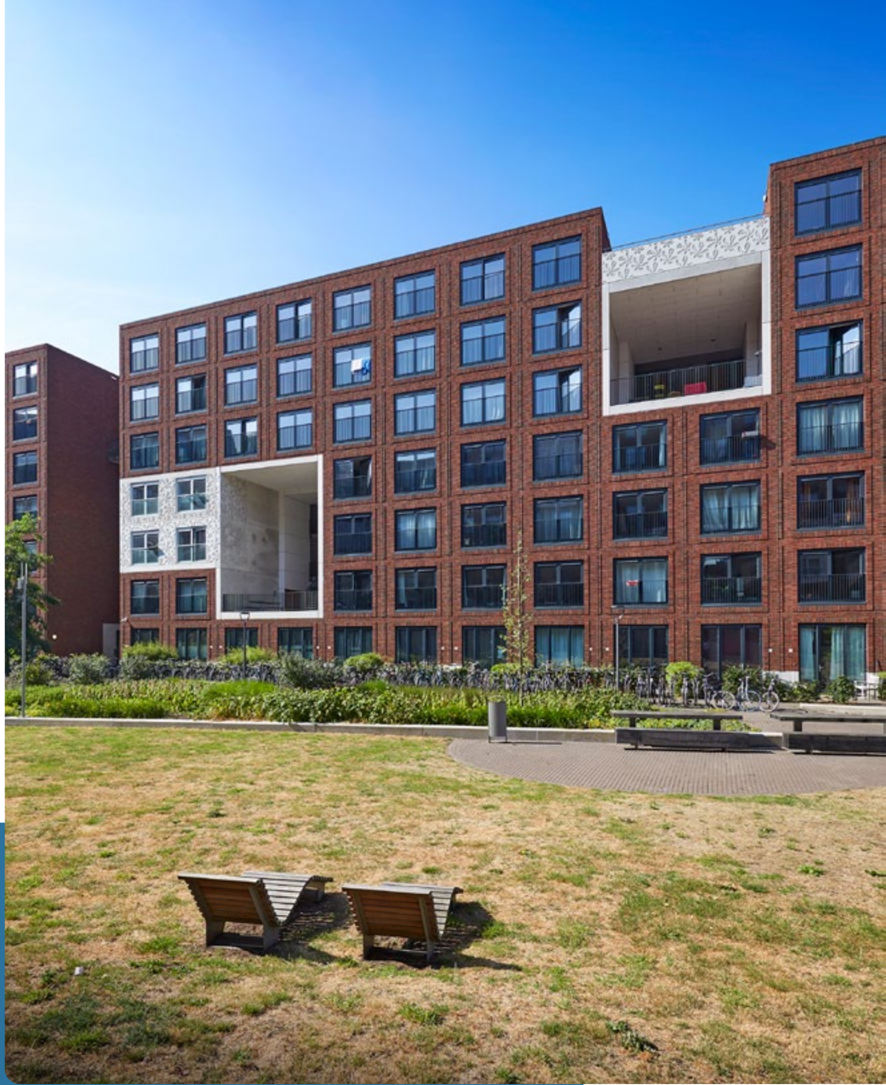
achmea
Real Estate

INTRODUCTION

The student housing market has gained increasing appeal among real estate investors over recent years, both in the Netherlands and across Europe. In the Netherlands, investment volumes in this segment have increased substantially. Annual surveys by both the INREV Investment Intentions Survey (2026) and ULI Emerging Trends in Real Estate (2026) show that student housing continues to grow in popularity among investors in European real estate. In both surveys, student housing has ranked among the top five most attractive sectors for several years.

Persistent demand for student housing, supported by demographic developments and policy measures such as the reintroduction of the basic student grant and the expansion of housing allowance, reinforces this positive outlook. Combined with attractive historical returns and limited vacancy rates, this makes student housing an appealing segment for institutional investors.

Gerbrandystraat - Utrecht



Villa Mokum - Amsterdam

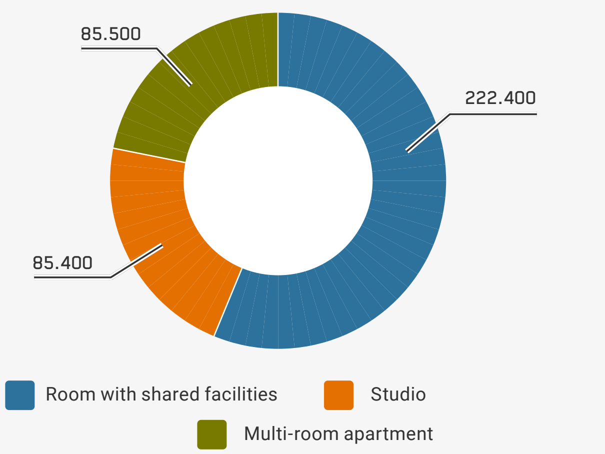
INHOUD

RISING SPENDING POWER DRIVES DEMAND

There remains a significant shortage of student housing. Demand is expected to increase in the coming years, as higher disposable income will encourage more Dutch students to live away from the parental home. In addition, international students continue to choose the Netherlands for their studies. On the supply side, a decline is anticipated due to a reduction in student rooms within the private rental stock and decreasing new build output.

Students in higher education account for the largest share of those living independently, with 54% residing in student accommodation, compared with only two in ten students in vocational education. As a result, the primary focus of student housing is on higher education students. In total, this group comprises around 700,000 students, a large proportion of whom still live at home. The Netherlands has approximately 393,000 student dwellings. Figure 1 shows that the housing stock mainly consists of non self contained rooms with shared facilities such as a kitchen and/or bathroom.

Figure 1: Student housing stock

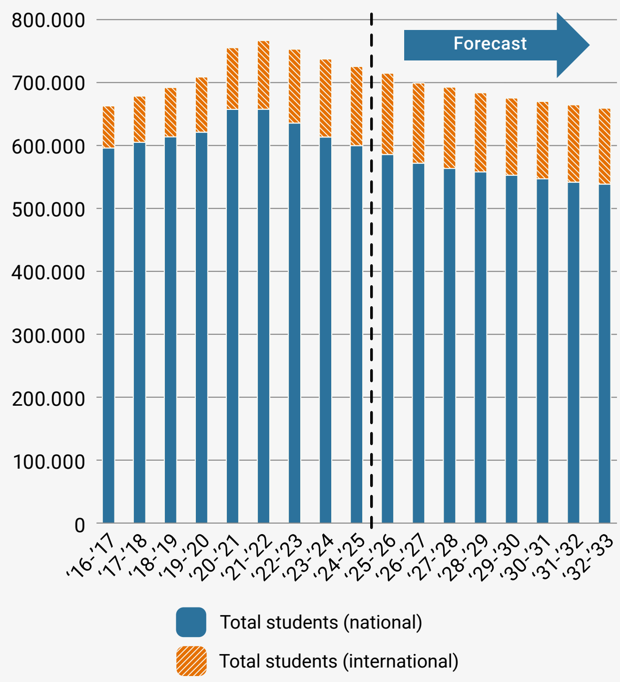


Source: LMS, 2025, edited by Achmea Real Estate

Student numbers have reached their peak

Student enrolment at higher education institutions in the Netherlands has been declining since 2021. Demographic forecasts indicate that this trend will continue, with 7.5% fewer students at higher education institutions expected in the 2032–2033 academic year compared with 2024–2025. As similar developments are visible in many European countries, the number of international students in the Netherlands is also expected to decline, although this decrease is less pronounced than among Dutch students *(source: Kences)*.

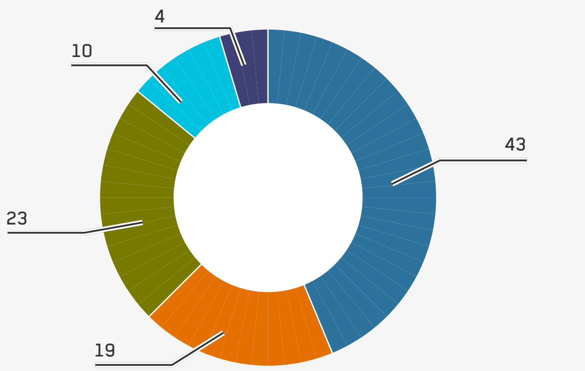
Figure 2: Development of the number of students



Source: LMS, 2025, edited by Achmea Real Estate

Over recent decades, Dutch higher education students have increasingly remained living at home. In the 2024–2025 academic year, 56% of all Dutch students lived in the parental home, compared with 48% in 2015. The main reasons for not moving out are the affordability and availability of housing. The abolition of the basic student grant and the introduction of the social student loan system in 2015 significantly worsened affordability. As a result, in 2023, 43% of Dutch students lived at home throughout their entire period of study (five years). Prior to the abolition of the basic student grant, this figure was 31% *(source: CBS)*.

Figure 3: Reasons for living at home



Source: LMS, 2025, edited by Achmea Real Estate

Reintroduction of the basic student grant and adjustments to housing allowance

Demand for accommodation is expected to increase further, as Dutch students once again receive the basic student grant from their first year of study, with a higher level for those living away from the parental home. In 2026, the grant for students living independently amounts to €324.52 per month and covers a substantial share of the rent for a student dwelling. Students from lower income households may qualify for a supplementary grant, while all students also have access to additional loan facilities.

In addition to the basic student grant, changes to housing allowance arrangements have a positive effect on the affordability of student housing. From 2026, young people aged 21 and over are fully eligible for housing allowance for self contained dwellings[1]; previously this threshold was 23. Housing allowance is income dependent, but given students' generally low incomes—and the fact that the basic student grant is not considered income—the majority of students qualify. Housing allowance can amount to up to €523 per month for a self contained dwelling at or above the social rent threshold. Young people aged between 18 and 21 may also continue to receive housing allowance under the new system, as before, although this is capped at €395.

As a result of the basic student grant and housing allowance, a student living independently and renting a self-contained student dwelling can receive a total financial contribution of approximately €850 per month. This is expected to lower the threshold for moving into independent accommodation. Owing to the reintroduction of the basic student grant and the adjusted housing allowance rules, the number of Dutch students living away from the parental home is expected to increase towards levels observed prior to 2015. In addition, the number of international students is expected to remain stable in the coming years, as this group almost always relies on student housing. The combined effect is an increase in the share of students living independently. According to forecasts by the National Student Housing Monitor, the proportion of students living away from home is projected to reach between 58% and 66% of the total student population by 2032, compared with 54% at present.

Internationalisation of education

International students are an important target group for student housing and currently account for approximately 18% of higher education students in the Netherlands. Upon arrival, international students often require immediate accommodation and are more likely than Dutch students to opt for furnished housing. In addition, they are willing to pay higher rents for well located accommodation close to educational institutions and urban amenities. Although student numbers have increased sharply in recent years, the peak now appears to have been reached. Due to demographic developments and policy measures (see box), this group is expected to decline slightly in absolute terms, while the number of Dutch students is projected to decrease at a somewhat faster pace. As a result, international students will make up an increasing share of the total student population, further driving demand for suitable accommodation.

Approximately one quarter of international students remain in the Netherlands five years after graduation, particularly students from non EEA countries. Many of

1. A self contained dwelling is defined as having its own separate entrance, bathroom/shower, toilet and kitchen.

these graduates find employment quickly, in sectors such as engineering, education and healthcare, and after five years often earn significantly more than the average Dutch graduate. This favourable outlook contributes to rising demand for student housing, especially in cities.

Policy plans: greater control over international students and stimulating housing provision

Due to the significant shortage of student housing, controlling the number of international students has become a high priority on the political agenda. In addition, international students represent a substantial cost item for the Dutch state budget. Students from EEA countries, like Dutch students, pay tuition fees of approximately €2,700 per year. This amount is considerably lower than the actual cost of education, which is financed through government subsidies to universities and universities of applied sciences.

Partly for budgetary reasons, successive governments have submitted proposals in recent years to limit the number of international students. The most concrete initiative is the Internationalisation in Balance Act (Wet Internationalisering in Balans, WIB). The aim of this legislation is to curb the anglicisation of higher education in the Netherlands, thereby making it less attractive for foreign students to study in the country. The measure is expected to generate total savings of €293 million. At the beginning of 2026, following several amendments, the legislative proposal is under review by the Council of State.

In its coalition agreement, the Jetten government, sworn in at the beginning of 2026, has indicated that the Internationalisation in Balance Act will not be withdrawn, but will primarily be used to introduce a numerus clausus for non EEA students where necessary. In addition, the inflow of international students is to be controlled through binding administrative agreements with educational institutions regarding the capacity of English taught programmes. At the same time, the coalition has emphasised that international students are considered important for the Dutch economy. With regard to student housing, the new government has also announced several policy measures. These include reducing barriers to lodger letting and increasing the responsibility of educational institutions themselves to ensure sufficient housing for international students. Finally, the government intends to increase the allowance for students living away from home.

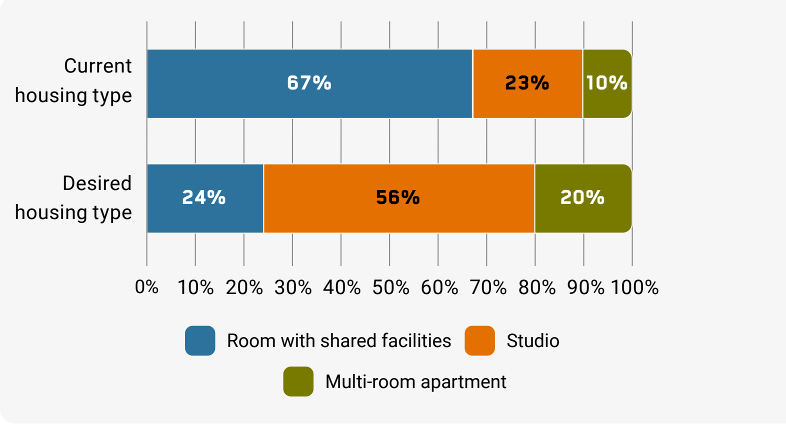
Overall, policymakers remain strongly focused on expanding student housing supply, while continuing to critically monitor the growth in the number of international students.

Willingness to pay is increasing

The National Student Housing Monitor shows that when choosing accommodation, students primarily focus on cost, the type of dwelling and location. Self contained one room dwellings are particularly popular, provided they are affordable and well located. However, the tight housing market often forces students to make compromises, which influences their willingness to pay more.

On average, students are willing to pay an additional €197 per month for a self contained one room dwelling (studio) compared with a room with shared facilities. This indicates a clear preference for comfort and convenience, as long as financial affordability remains within reach. The introduction of housing allowance and the reintroduction of the basic student grant have significantly improved affordability. This is also reflected in Figure 5, which shows that the preference for studio apartments is considerably higher than the number of students who currently live in a studio.

Figure 4: Housing preference live-out students



Source: LMS, 2025, edited by Achmea Real Estate

The growing demand for studio apartments offers attractive opportunities, particularly in locations with strong amenities. Moreover, these dwellings are not only popular among students but also among young professionals. This broad target group increases flexibility of use and enhances alternative use potential in the event of a future sale or repurposing. Figure 5 illustrates the difference between willingness to pay and current housing costs, showing a clear preference for larger studio units in particular. By contrast, the absence of housing allowance eligibility in the non self contained segment results in lower affordability and consequently lower willingness to pay.

The reintroduction of the basic student grant and the adjusted housing allowance arrangements have significantly improved the affordability of student housing. As these dwellings almost always fall within the scope of the Housing Valuation System (WWS) due to their limited size, students are also protected against excessively high rent levels. For institutional investors, improved affordability reduces investment risk. Investments in sustainability are additionally rewarded directly: students benefit from lower energy costs, while investors can charge a higher maximum permissible rent as a result of additional WWS points for sustainability.

*Figure 5: Willingness to pay vs. current housing costs (difference in %)**

m^2 GFA	dependent shared dwelling	independent studio	independent multi-room dwelling
12	+4%	+23%	
16	+18%	+32%	
20	+22%	+43%	
24	+28%	+43%	
28	+23%	+50%	
35			+10%
50			+5%
65			+4%
80			+3%
95			+6%

* based on 1st and 2nd preferred locations (city center and edge of center/campus)

Source: LMS, 2025, edited by Achmea Real Estate

SUPPLY IS DECLINING

While demand for student housing is expected to increase, supply continues to decline. In particular, the private rental segment is experiencing a sustained reduction in the number of student dwellings, while the development of purpose built student housing is being delayed. As a result, shortages in student housing are expected to increase significantly in the coming years.

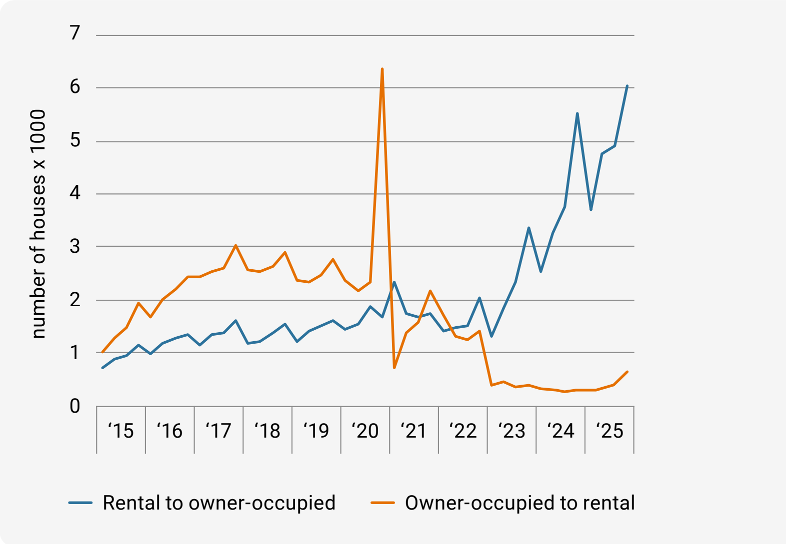
Decline in the private rental segment

A significant share (40%) of students living independently rent a room or dwelling from small private landlords. For private landlords letting accommodation to students, recent policy changes have led to an increasing sale of rental properties. In addition to rent regulation, such as the Affordable Rent Act (Wet Betaalbare Huur), fiscal measures in particular have reduced the attractiveness of private letting. As a result, many landlords have decided to sell their properties, further tightening supply in the student housing market and exacerbating housing shortages among students.

Figure 6 illustrates the decline in private rental ownership in recent years. Due to the sale of private rental dwellings, the number of students housed in this segment fell by 17,800 in 2024. Data for 2025 have not yet been published. Given that the total number of sold private rental dwellings in 2025 was more than a quarter higher than in 2024, this is likely to result in a further decline in the number of student rooms within this segment.

In addition, the overall housing shortage means that many graduates are unable to find suitable starter homes and therefore remain in their student accommodation for longer. The majority of students (58%) continue to live in their student dwelling for more than one year after graduation. Shortages across multiple housing market segments thus contribute to the persistent scarcity of student housing.

Figure 6: Decline in private rental housing



Source: Kadaster, 2025, edited by Achmea Real Estate

Delay in new construction

As with the wider housing market, the student housing market is also facing a slowdown in new-build delivery. In 2022, the Dutch central government set an ambition in the National Action Plan for Student Housing (LAS) to deliver 60,000 student dwellings by 2030, equivalent to around 7,500 units per year. In recent years, these targets have not been met. Although approximately 5,000 student dwellings were delivered in 2024—significantly more than the 1,700 completed in 2023—this still fell well short of the annual target. The number of student dwellings delivered in 2025 is estimated at around 1,500 units. For 2026 and 2027, firm construction plans are in place for approximately 2,800 dwellings per year.

It therefore appears unlikely that the ambitions set out in the LAS will be achieved. To accelerate the construction of student housing, municipalities will need to programme more student accommodation within their housing plans. However, competition from other essential residential segments, such as mid-market rental housing and senior housing, remains strong.

Relaxation of lodger letting

The relaxation of lodger letting, as announced in a proposed legislative amendment, is being used by the government as a measure to alleviate the shortage of student housing. Both central government and municipalities are encouraging this form of accommodation by adjusting regulations and informing landlords about the available options. The measure makes it easier for private homeowners to rent out a room in their own home, without being subject to the same obligations as regular landlords. This is intended to lower barriers and increase the supply of housing.

However, the effectiveness of this measure remains uncertain. It is unclear whether students consider this form of accommodation attractive and whether it will actually result in a significant number of additional housing units. In some cases, permission from the municipality and/or the mortgage provider is also required. As a result, it remains unclear to what extent lodger letting will contribute to a structural solution to the shortage of student housing.

Housing shortage is increasing

Due to the combination of a declining supply, disappointing new build delivery and rising demand, shortages in student housing are expected to persist in the coming years. I n the 2024–2025 academic year, the shortage of student accommodation amounted to approximately 21,500 units. According to forecasts by Kences, this shortfall is expected to increase by 2032 to between 26,000 and 63,000 units.

The actual size of the shortage will largely depend on the extent to which more Dutch students choose to live independently. As noted earlier, the reintroduction of the basic student grant and the expansion of housing allowance are expected to encourage more students to move out of the parental home. In a scenario where the preference for living independently remains stable compared with recent years, the shortage would increase moderately to around 26,000 units. This represents approximately 10% of the total student housing stock and is twice the size of the overall housing shortage. If demand for independent living among students were to increase towards levels observed prior to the abolition of the basic student grant, the shortage could rise to as much as 63,000 units. In that scenario, the shortage would amount to approximately 20% of the total student housing stock.

Societal importance of student housing

The availability of sufficient student housing is of fundamental societal importance, with implications that extend far beyond the individual student. It contributes to students' personal development, economic vitality and broader social cohesion.

For students, moving out of the parental home marks a crucial step towards adulthood. It fosters independence and a sense of responsibility and enriches social life through interaction with fellow students. These social interactions are essential for wellbeing and the development of a broad network. Moreover, adequate housing leads to more efficient use of time, as less commuting is required. This allows students to devote more time to their studies, part time work and social activities, benefiting their overall development. In addition, suitable housing is essential when a particular course of study is not available in the student's home region. While continuing to live at home has advantages, such as proximity to family and lower housing costs, these do not outweigh the benefits associated with living independently.

At a societal level, sufficient student housing relieves pressure on the regular housing market, reducing competition for affordable housing among other target groups. It is also crucial for talent retention and regional economic development. Cities with insufficient student housing risk a 'brain drain', weakening local knowledge economies and innovative capacity. Investments in student housing are therefore investments in future labour supply and the competitive position of a region.

This economic importance is widely recognised. The EU Affordable Housing Plan (December 2025) emphasises the need for investment in student housing and describes it as "essential infrastructure for European competitiveness". The plan focuses on mobilising public and private investment and easing state aid rules for affordable housing. The Dutch Jetten government also endorses this approach in its coalition agreement "Aan de slag". The government highlights the importance of international talent for innovation and the economy more broadly. Adequate student housing is therefore vital for both individual students and society as a whole.

HISTORIC RETURNS DEMONSTRATE ATTRACTIVENESS FOR INVESTORS

Over recent years, student housing has proven to be a stable and attractive investment category, delivering total returns comparable to those of mainstream residential property. Investments in student housing, particularly self contained student dwellings, generate stable cash flows. Regulated units offer relatively high rental income per square metre, which is stable and predictable, as their smaller unit sizes mean they generally fall within the scope of the Housing Valuation System (WWS).

Attractive characteristics for investors

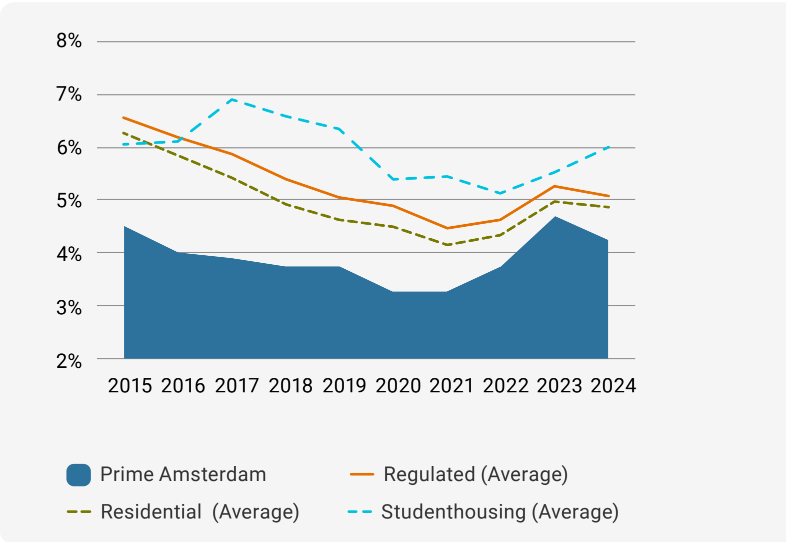
Historically, relatively little capital was invested in student housing. This was primarily due to the specific risks associated with this type of real estate. These risks were often unknown or difficult to assess, particularly for Dutch institutional investors. First, the concept of student housing was less well established in the Netherlands than in countries such as the United States and the United Kingdom, where investment in purpose built student accommodation with associated facilities and services has long been more common. As a result, many investors in the Netherlands were less familiar with the management of student housing and the specific needs of students.

In addition, political risks, such as uncertainty surrounding housing allowance and changes to the Housing Valuation System, represented a significant barrier. For Dutch investors, it was difficult to assess the potential impact of changes in legislation and regulation, which made them hesitant to enter the market. On top of this, the landlord levy, which applied until 2023, imposed an additional tax burden on regulated rental housing, further reducing the attractiveness of investment in the segment.

Today, however, these risks are better understood and more manageable. Experience with student housing has grown, and foreign investors have helped further develop the concept in the Netherlands. Investors have learned how to deal with the specific requirements of student housing, ranging from providing the right facilities to managing political and regulatory risks.

In addition, demand for high quality student housing has increased, driven in part by the growth in the number of international students and the emphasis on sustainable and flexible living solutions. As a result of this strong demand, letting risk is very low. Moreover, the reintroduction of the basic student grant and the expansion of housing allowance have improved affordability, further reducing letting risk. Over the long term (10 years), average vacancy rates for student housing in the Dutch MSCI benchmark stand at just 0.9%, which is half the level observed for conventional residential property. These developments have led investors to enter the market with greater confidence.

Figure 7: Gros initial yields of student housing in Dutch student cities



Source: Cushman & Wakefield, MSCI, 2026, edited by Achmea Real Estate

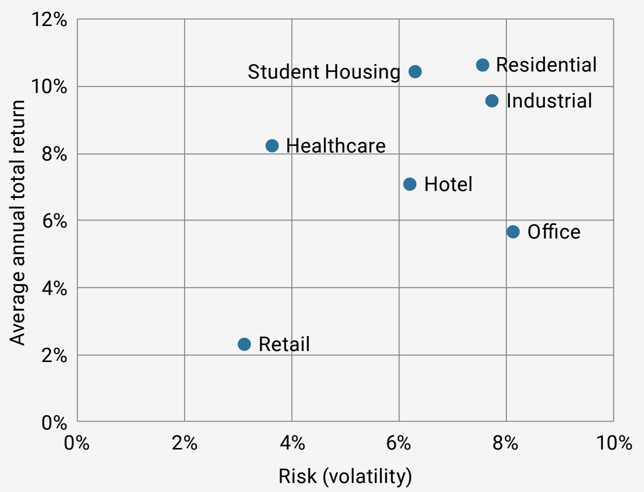
> "Over the long term, vacancy rates for student housing are around half those of conventional residential property"

Current risk premium offers opportunities

The risk premium for student housing relative to prime residential property appears substantial, with a spread of approximately 150 basis points on the gross initial yield. In addition, initial yields are on average around 90 basis points higher than in the regulated rental sector as a whole. The higher operating costs associated with student housing are more than offset by these elevated spreads. As a result, student housing is attractively priced and has a positive impact on the returns of residential portfolios.

Historically, investments in student housing have delivered total returns comparable to those of mainstream residential property, but with lower volatility. This gives the segment a slightly more favourable risk–return profile than conventional housing. The combination of declining risks, lower return volatility and returns broadly in line with residential property makes the current pricing of student housing attractive.

Figure 8: 10-year risk-adjusted return of student housing



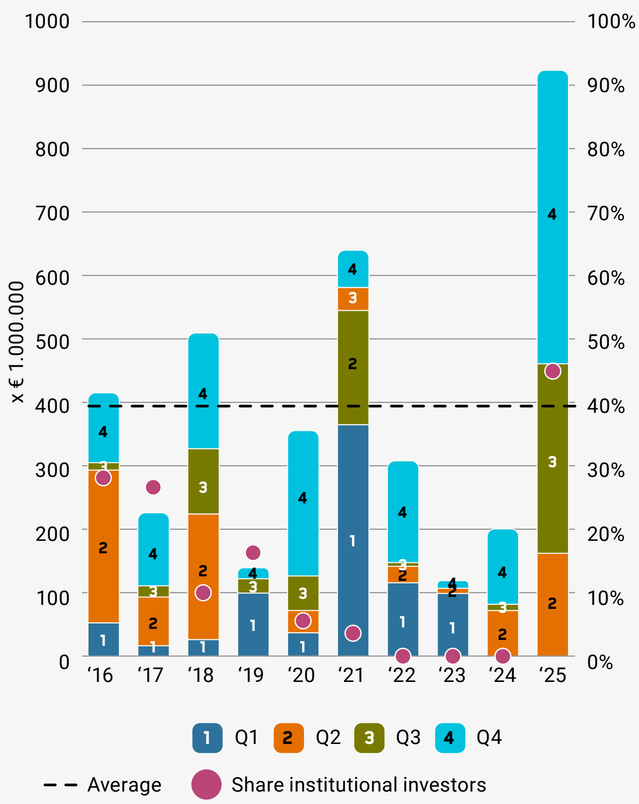
Source: MSCI, 2026, edited by Achmea Real Estate

Growing institutional interest

The attractive characteristics of student housing have also made the segment increasingly popular among institutional investors. In 2025, transaction volumes in Dutch student housing reached €922 million, more than double the long term average. Notably, institutional investors accounted for a relatively large share of the investment volume, amounting to over €400 million. In previous years, transaction activity was dominated primarily by housing associations and foreign investors.

In the past, Dutch institutional investors were active mainly through joint ventures, which did not translate into a substantial share of total investment volumes. A good example is the collaboration between ABP and Greystar, which focuses on affordable housing, including student accommodation. Institutional interest is expected to remain strong in the coming years, which may lead to yield compression and additional capital value growth.

Figure 9: Investment volumes in student housing



Source: RCA, 2026, edited by Achmea Real Estate

Points of attention for investors

For institutional investors seeking to be successful in the student housing market, there are several points of attention that go beyond traditional residential investments. Naturally, investing in student housing in cities with a broad and well established higher education offering is essential. However, there are three additional considerations that merit attention.

A primary point of attention is the focus on **self contained dwellings**. By investing in units that meet the criteria for self contained accommodation, tenants become eligible for housing allowance. This significantly improves affordability for students, benefiting both demand and occupancy levels. In addition, self contained units offer greater alternative use potential; should conditions in the student housing market change, these units can be relatively easily rented to other target groups. Over time, this also creates opportunities for a unit by unit sales strategy, enabling individual units to be sold separately, which increases flexibility and offers potential additional returns.

Sustainability is another essential aspect. It is not only important for meeting national and European climate objectives, but also has direct financial implications. A strong energy label contributes significantly to the number of points awarded under the Housing Valuation System (WWS). A higher points score may result in a higher maximum regulated rent, thereby enhancing the attractiveness of the investment.

In addition, investing in student housing requires a more intensive form of **property management** than conventional residential assets. The student population is characterised by a higher tenant turnover rate, two to three times higher than that of regular housing. This leads to increased letting activity and administrative workload. Moreover, the young target group requires more active day to day management, for example to limit nuisance and maintain communal areas. This calls for a specialised approach and a proactive management strategy. For larger complexes, it is also advisable to have an on site caretaking presence to respond quickly to potential issues. As a result, operating costs for student housing are higher than those for conventional residential property.

CONCLUSION

Student housing plays a vital role in the Dutch housing market. Demand is expected to grow further in the coming years, while shortages remain high and are likely to increase due to limited new construction and a declining private rental supply.

Attractive risk–return characteristics and relatively high yield spreads make student housing an appealing addition to institutional portfolios, particularly self-contained units that benefit from improved affordability following policy changes.

At the same time, the societal importance of student housing is significant. Adequate accommodation supports access to higher education, contributes to economic growth and reduces pressure on other housing market segments. Growing institutional interest underlines confidence in the sector and is expected to drive further professionalisation and scale.

De Next Level - Delft

COLOPHON

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