The Complete Guide to International Student Accommodation In Australia

REPORT

MYSTAY INTERNATIONAL

SEPTEMBER 2024

Contents

Acknowledgement - CBRE Research

MyStay International (MSI) acknowledges the work of CBRE in their report titled ‘Accommodating the Growth of Students’ dated July 2024, particularly regarding the Purpose Built Student Accommodation (PBSA) sector. Information from that CBRE report has been used throughout this publication when writing about PBSA.

Overview

Overview

Student housing is at the forefront of the Australian political and international education industry agenda. The Australian Government has put pressure on education providers, particularly universities and vocational education and training institutes, to reduce their number of international students through the introduction of ‘caps’. Australia’s housing crisis has been referenced as part of the Government’s rationale in having closer involvement in student visa approval numbers in specific areas.

There are various accommodation options for international students, with the most recognised being:

1. **Purpose Built Student Accommodation / On-campus / Equivalent Accommodation** (‘PBSA’)
2. **Formal Hosted Accommodation** (‘Homestay’)
3. **Private Rentals -** Units, Flats, Town Houses, Houses
4. **Other**:
    - *Living with Parents, Relatives or Friends*
    - *Informal Homestay (room rental in a home)*
    - *Family Residence Acquisition*

This report provides information relating to the demand, supply and pricing for the each of the four key categories above based on available research data. In the absence of any known data source, we have used our ‘best estimate’ based on related records and MSI’s industry experience in this space.

Australia's International Student Market

Australia’s International Student Market

In 2023, there were 786,891 international students studying in Australia.

Australian universities are well regarded globally, with nine universities ranked in the Top 100 globally by QS University rankings 2025.The country’s universities service ~1.2m domestic and 0.7m international students.

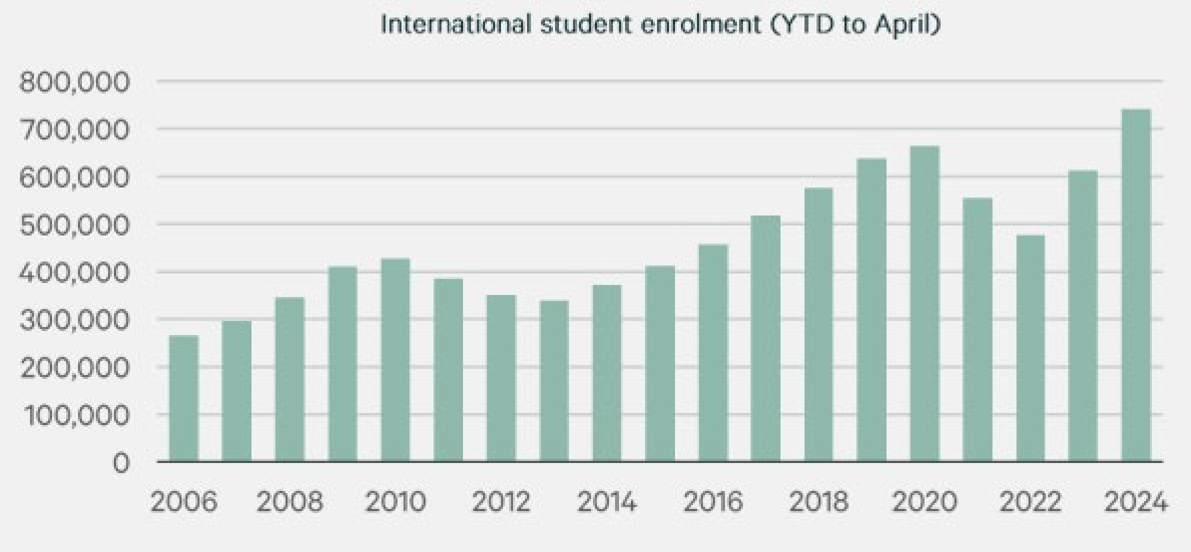
It is estimated that the international student market has fully recovered, with enrolments in Q1 2024 at +12% of pre-COVID levels.

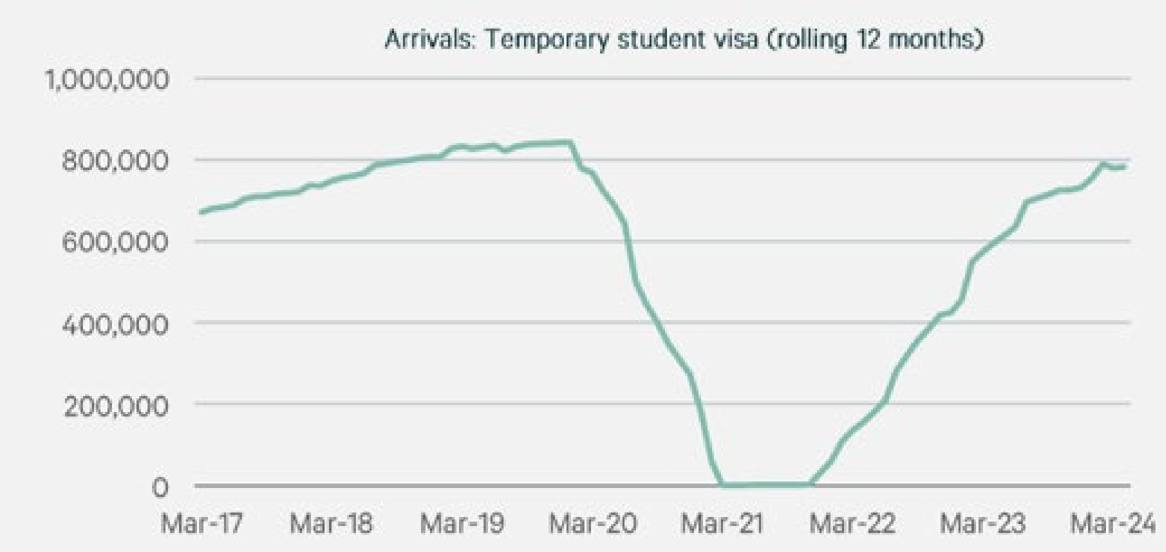
Enrolments do not directly equate to accommodation demand as students may be enrolled in multiple courses or in some cases studying online. But we see this data providing us with insight on the trajectory of demand.

Market Size Case Study: Higher Education

Australian Universities service ~1.2 m domestic students and 0.7m international students.

CBRE estimate that just 6% of students have the opportunity to live on/close to campus in purpose-built student accommodation (PBSA).



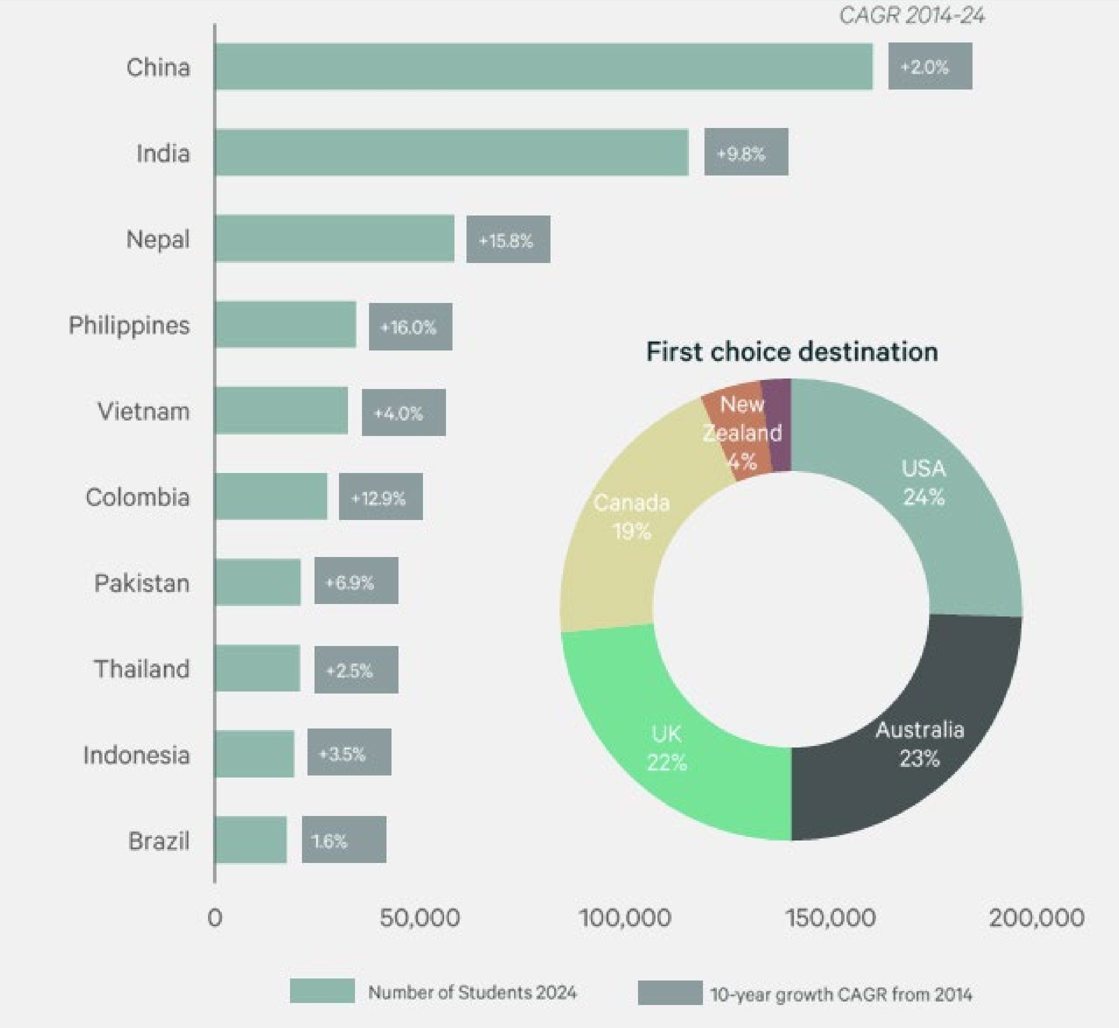


Australia’s International Student Market

As at March 2024, China (23%) and India (17%) were the largest cohort markets for international students in Australia.

Interestingly the student profile continues to diversify, with students from India, Nepal, Colombia, Philippines, Vietnam all recorded double digit growth in student numbers over the past decade.

TOP 10 INTERNATIONAL STUDENT NATIONALITIES AND FIRST CHOICE DESTINATION



Source: Department of Education, IDP Voice of International Students 2024, CBRE Research

Where International Students Live

Australia’s International Student Market

Approximately 83% of students are residing on the core east coast markets of Sydney (39%), Melbourne (29%) and Brisbane (15%). Sydney is home to six universities and has campuses for 11 other universities. The Sydney market comprises 223,000 students, with University of NSW supporting a 35% international student cohort.

The Melbourne market comprises 334,000 university students (domestic and international), with University of Melbourne and Monash supporting a 45% and 35% international cohort respectively. Relative to other cities in Australia, Melbourne based universities attract a larger share of international students.

The Brisbane market comprises 137,000 university students with University of Queensland supporting a 39% international student cohort. Preliminary industry findings from the Student Accommodation Council state international students occupy around 4% of the private rental market, however, that 4% equates to approximately 120,000 rental properties and almost 500,000 beds

Australia's International Student Market

WHOLE OF INDUSTRY ESTIMATE – CURRENT LIVING ARRANGEMENTS OF INTERNATIONAL STUDENTS IN AUSTRALIA	% of students living in accommodation type	# of students living in accommodation type
PBSA / On-campus / Equivalent Accommodation	15%	118,034
Private Rentals - Units, Flats, Town Houses, Houses*	54%	424,921
Formal Hosted Accommodation ('Homestay')**	6%	47,213
Other: - Parents, Relatives or Friends / Private or Informal Homestay or Family Acquisition Property***	25%	196,723
	100%	**786,891**

Confirming the above MSI estimates, in September 2024, the Federal Education Department claimed that approximately half of all foreign students rent privately, while a quarter live with parents, relatives or friends, 20 per cent in student accommodation and 3 per cent in homestay arrangements. This claim rebuts a widely cited Student Accommodation Council estimate of 4 per cent, with the Department stating that international students occupy 7 per cent of rental housing is Australia.

Private Rentals *

Private Rentals (estimating 54%) is supported by the official Government estimate provided to the Senate Review of ESOS meetings, where at least 50% of international students were estimated to be in the private rental market.

Other***

Other is estimated as the residual as the PBSA, Private Rentals and Formal Hosted sections are considered reasonably accurate. There is no known supporting data source for 'Other'.

Formal Hosted Accommodation **

Formal Hosted Accommodation includes all independent homestay organisations as well as schools, colleges and agents running their own homestay programs. There is no industry-wide data available on this and the above estimate is believed to be on the low side as many homestay guests are students on a tourist visa, while the above accounts for guests on student visas only.

Leading Service Providers

PBSA

The five largest PBSA providers in Australia account for over 80% of industry capacity. Many of the operators bring a unique investment lens and value proposition for students.

Unilodge: Australia's largest student accommodation provider. The firm manages 33,000 beds across 118 facilities. Their portfolio includes over 10 lodges each in Adelaide, Brisbane, Canberra and Melbourne.

Scape: The portfolio comprises 17,000 beds, with another 5,000 beds under development. They occupy 35 buildings across Sydney, Melbourne, Brisbane and Adelaide.

Campus Living Village: Their suite of residences are typically located on-campus and comprise 5,700 beds across 9 properties. The business operates across Sydney, Melbourne, Brisbane and Perth.

Iglu: They have 13 operational properties totaling 5,400 beds with a further 2,100 beds in the pipeline. Their residences are located across Brisbane, Melbourne and Sydney.

Student One: The portfolio comprises 2,350 beds across Adelaide and Brisbane.

Y Suites/Wee Hur: Wee Hur's operational assets include Y-Suites (4,500 beds) and Unilodge (1,500 beds). The assets are located in Sydney, Adelaide, Brisbane and Melbourne.

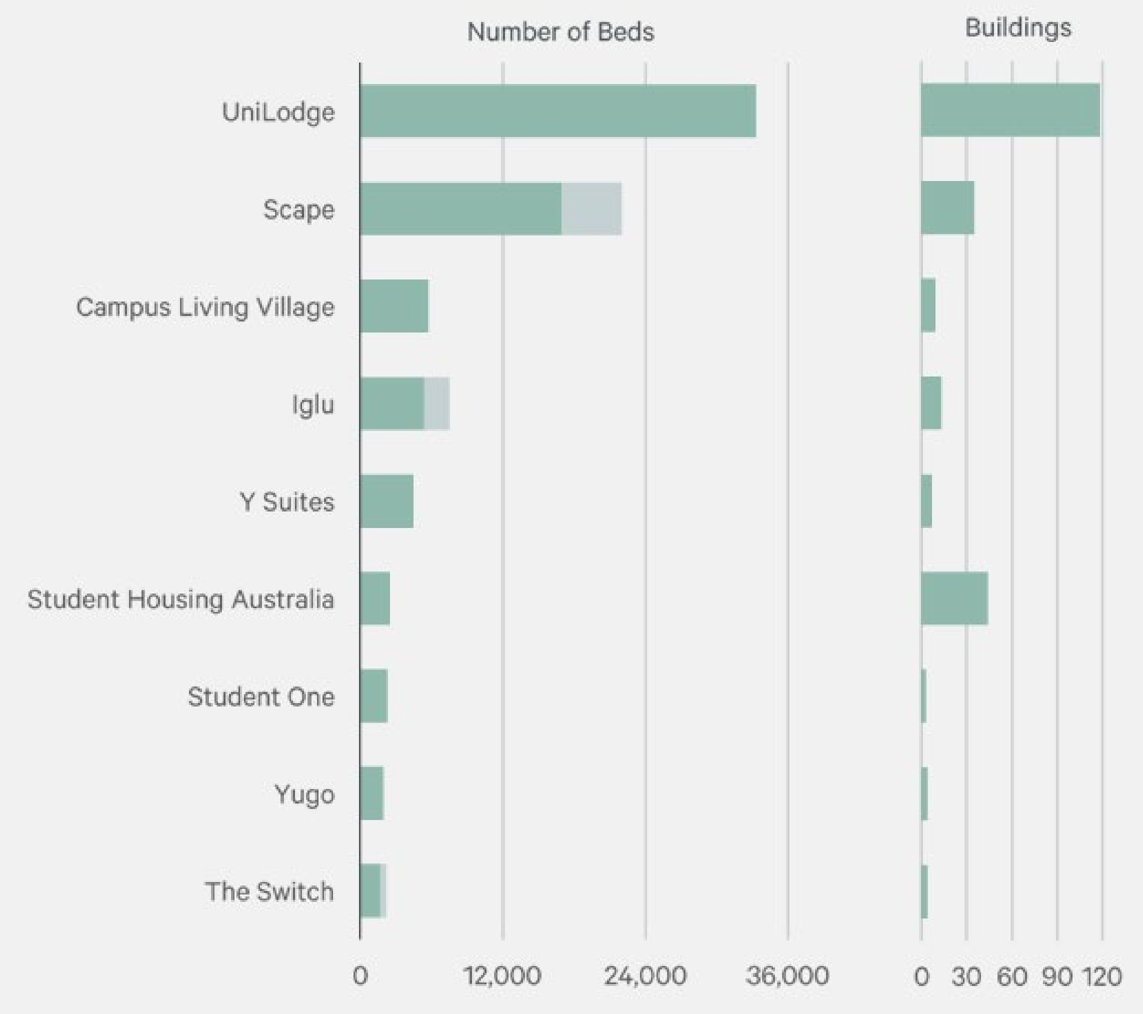
Yugo: They are a global student accommodation service provider, with an Australian portfolio of 1,900 beds in Adelaide, Melbourne and Perth.

The Switch: They have 1,700 beds across Adelaide, Melbourne, Perth and Sydney.

Student Housing Australia: They manage student accommodation, working with landlords in Melbourne. The portfolio comprises ~2,500 rooms across 45 buildings.

PBSA

PBSA STUDENT ACCOMMODATION SERVICE PROVIDERS IN AUSTRALIA, SELECTION OF TOP 10



Source company websites, CBRE Research

Formal Hosted Accommodation / Homestay

While there are school/university managed homestay and state government-led programs, the independent hosted accommodation providers named below are those endorsed by the National ELT Accreditation Scheme (NEAS). NEAS was appointed by Study NSW through the New South Wales government to establish world-first standards and quality assurance frameworks for homestay and hosted accommodation in 2023.

Because these organisations utilise spare rooms in Australian homes it is estimated there are many thousands of rooms in each state accessible – and ultimately available – for international students. The exact number constantly fluctuates as new hosts move through the application and approval process, and existing hosts rest.

Australian Homestay Network (AHN): Established in 2007, AHN is the only student homestay provider servicing every capital city in Australia as well as key regional international student destinations. AHN has placed students from 185 countries in homes across Australia and recruits new host applications representing over 1,000 new rooms every month. AHN currently places ~15,000 international students into homestay annually.

Global experience: Recruits hosts in Sydney, Melbourne, Brisbane, Gold Coast and Darwin has been operating since 1999 and currently places ~2,000 international student into homestay annually.

Study Vision: Primarily focuses on east coast capital cities and international student destinations as well as Adelaide and Perth.

Talkabout Homestay: Family-owned and run organisation connecting international students studying in Perth with local host families.

Private Rentals

Private rentals include whole houses/ townhouses, and flats/units. In Australia, there are ~10 million private dwellings and ~3 million of those are in the private rental market.

International students compete with locals as well as immigrants and migrants in Australia to secure private rentals. These are often sourced through real estate agents either directly or through online platforms such as Domain, realestate.com.au and rent.com.au.

As previously mentioned, data suggests that international students occupy 4% of the Australian rental market (~3 million+ residences) which equates to ~120,000 residences being rented to international students. We estimate there are 3.5 students on average per rental property, which equates to ~420,000 international students in private rentals.

Other

This is an assortment of accommodation types including where students are staying with their parents, relatives or friends. The category also incorporates 'informal homestay' which involves renting a room in an existing household under a private arrangement, as well as the less common scenario where a student's family has purchased a residence for them to live in while studying.

These options are not usually available to the majority of international students in Australia. Most international students do not have the means or networks onshore to secure appropriate accommodation.

There are limited formal controls or standards in most of these instances compared to Private Rentals and Formal Homestay, increasing the risk of student exploitation.

Current Accommodation Supply Across Australia

PBSA

PBSA in Australia complements an existing pool of colleges and university owned/managed stock.

The supply of PBSA has increased significantly from ~3,000 rooms in 2010 to ~41,000 rooms by 2022. This partly reflects the growth in demand for Australian education by international students.

University owned or affiliated colleges primarily service domestic students (2.5% of domestic students are estimated to reside in PBSA, a larger share of renters reside in colleges). There are approximately 50 colleges across 15 universities servicing 18,000 students.

There is an opportunity to capture the overflow demand of domestic students due to the rising number of students studying interstate and the diminishing supply of private rental sector accommodation.

We anticipate new supply over 2023-2026 could amount to 8,000 additional rooms, representing a 7% uplift to student accommodation options. However, this is likely to be inadequate.

Melbourne comprises 37% of the national student accommodation room stock. This aligns with the larger share of university students and particularly the international student cohort.

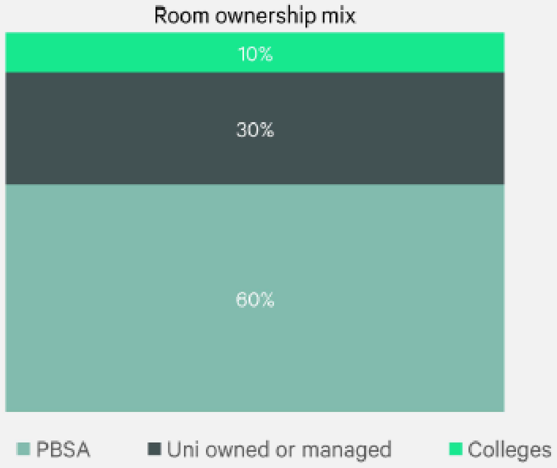
Looking ahead over the next three years to 2027, we estimate Melbourne will account for ~30% of future supply, Sydney 25% and Brisbane 20%.

Formal Hosted Accommodation /Homestay

GLOBAL KEY MARKET DIFFERENCES

Undergraduate students	1.6m	1.65m	20m	2.9m	2.5m
Student accommodation beds	102k	750k	5.8m	240k	190k
International student ratio	31%	22%	5%	15%	15%
Penetration rate (beds/students)	6%	45%	29%	8%	8%

Source: Educationcounts, CBRE Research



This is a moving but rapidly developing picture as there are many spare rooms in Australia (estimated at one per household on average) and cost-of-living pressures are moving more people towards formal homestay which provides tax-free income.

As with supply in sharing economy accommodations such as Airbnb, homestay is constantly in flux but growing steadily. Australia's leading homestay provider, the Australian Homestay Network, believes that properly-managed standards-based hosted accommodation is an immediate solution to the international student rental crisis and expects the availability of rooms to increase quickly through the right communication and promotional messages in targeted areas. Supply opportunities are massive, and this is a predicted strong- growth area for industry to focus on as providing extra rooms will take the demand off the domestic rental crisis and support an argument for reviewing international student 'caps' in the future.

Private Rentals

	Dwellings	Average Rooms	Total Rooms
Total Households	10,340,000	3.1	32,054,000
	Dwellings	**% of Total**	**Total Rooms**
Total Owner Occupied	6,855,420	66%	21,251,802
Total Rented	3,008,940	29%	9,327,714
Other	475,640	5%	1,474,484
	Dwellings	**National Rental Vacancy Rate %**	**Total Rooms**
National Rental Vacancy Rate July 24	39,116	1.3%	121,260

Source: ABS - Housing Occupancy and Costs- 19/20FY

Private Rentals

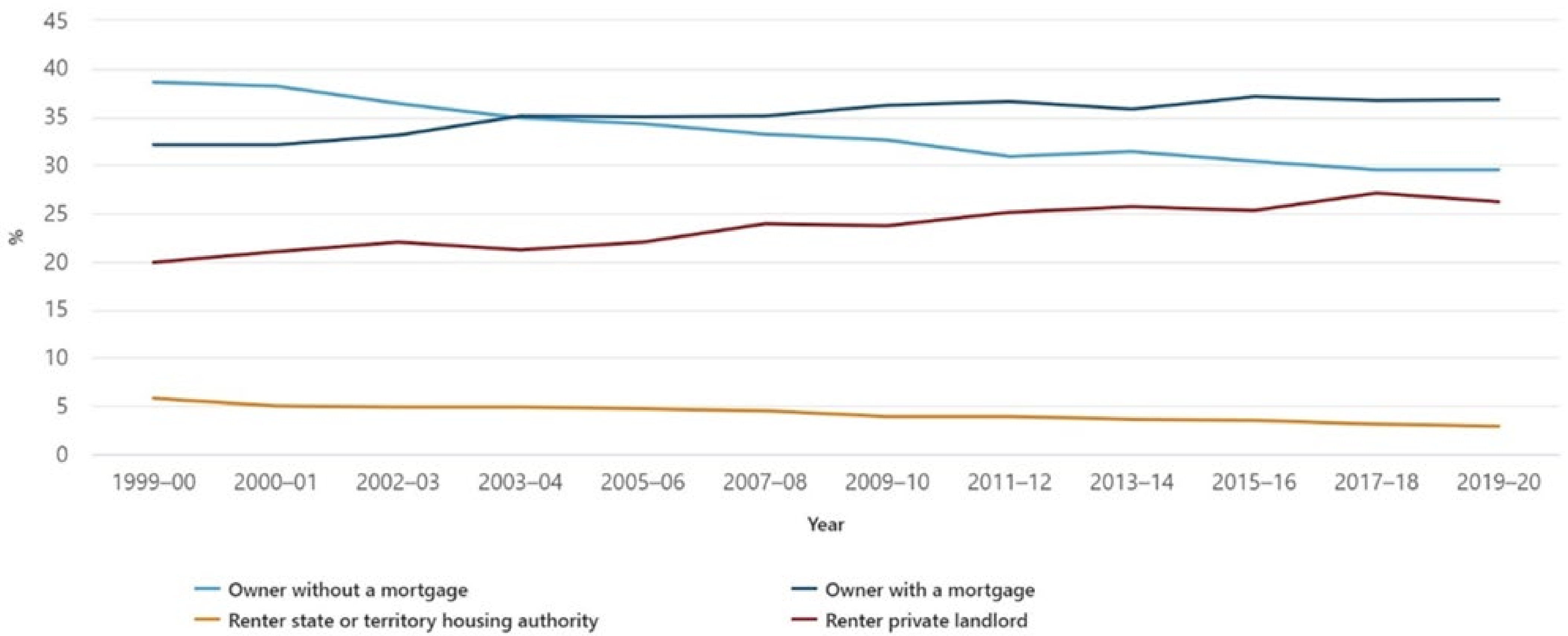
VACANCY RATES – AUSTRALIA – JULY 2023 VS JULY 2024

City	Jul 2023 Vacancy Rate	Jul 2024 Vacancy Rate
Sydney	1.6%	1.7%
Melbourne	1.3%	1.5%
Brisbane	1.0%	1.1%
Perth	0.5%	0.8%
Adelaide	0.6%	0.7%
Canberra	2.1%	2.2%
Darwin	1.0%	0.7%
Hobart	1.8%	1.2%
National	**1.3%**	**1.3%**

Source: SQM Research via [PropertyUpdate.com.au]

Private Rentals

HOUSING TENURE, 1999-2000 TO 2019-2020 (a)



a. Survey of Income and Housing data was collected in labelled years
Source: Survey of Income and Housing

Source: Australian Bureau of Statistics, Housing Occupancy and Costs 2019-20 financial year

Other

While there is supply available, there are concerns about private room rentals in terms of quality, safety, value for money and standards. Renting in private homes should be pushed towards inclusion with Formal Hosted Accommodation (‘Homestay’) providers to deliver proper management, accountability and insurance.

Outside of purchasing accommodation or living with a parent/relative during onshore study, there is somewhat of a “black market” within current domestic rentals. Inappropriate accommodation and mass crowding in small residences often damages a student’s ability to properly rest and maximise their academic outcomes. Not only are these arrangements detrimental to Australia’s global reputation, but any international students living in these settings should technically be counted in rental supply data, especially in the key destinations of Sydney and Melbourne.

Weekly Rent Costs Across the Market

PBSA

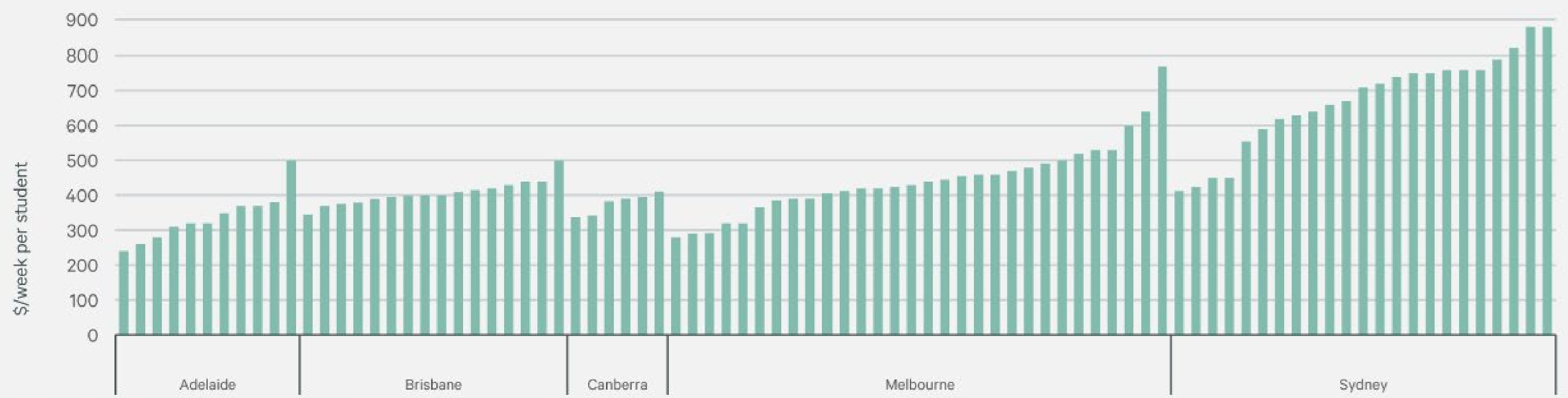
Rent for student accommodation beds varies depending upon whether the offer is a premium studio or shared unit, with up to six attached bedrooms. Rents also vary depending upon the vintage of build and amenities on offer.

There are a number of accommodation options in Adelaide, Canberra and Brisbane at $300-$400 per week. In Melbourne, per student rent is typically $350-$700 per week. In Sydney, rents range from $550-$850 per week.

The range is not dissimilar to what we see in two-bedroom apartment markets where rents in the Sydney CBD are nearly double rates for Brisbane and Melbourne.

Dynamic Pricing

Student accommodation operators typically use dynamic pricing models to optimise occupancy rates while dealing with shorter lease terms. Effectively, the rent during off-season can be materially different to rents during peak periods of enquiry.



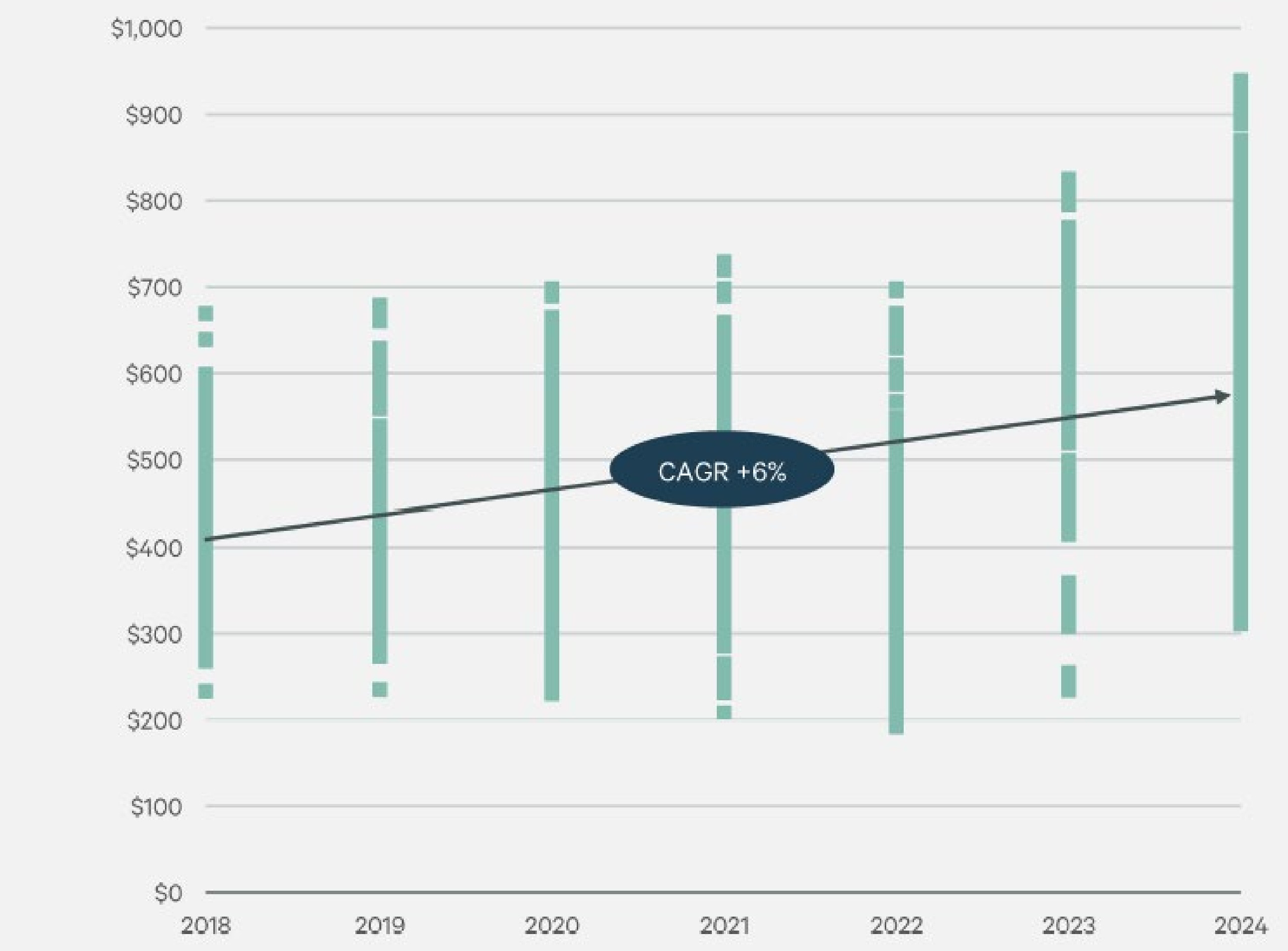
Source: CBRE Research analysis across 86 student accommodation buildings

PBSA

Like other types of commercial student accommodation options, PBSA rents have increased substantially across the market. CBRE looked at the median rent for a sample of student accommodation studios in Sydney and Melbourne properties. Median rents grew at CAGR 6% in these markets, from $406 per week to $579 per week between 2018 and 2024.

Newer and highly amenities stock is providing a boost to average market rents. However, like-for-like studios also experienced high teens growth over the past five years.

PROFILE OF WEEKLY PBSA RENTS ACROSS MELBOURNE AND SYDNEY (2018-2024)



Source: CBRE

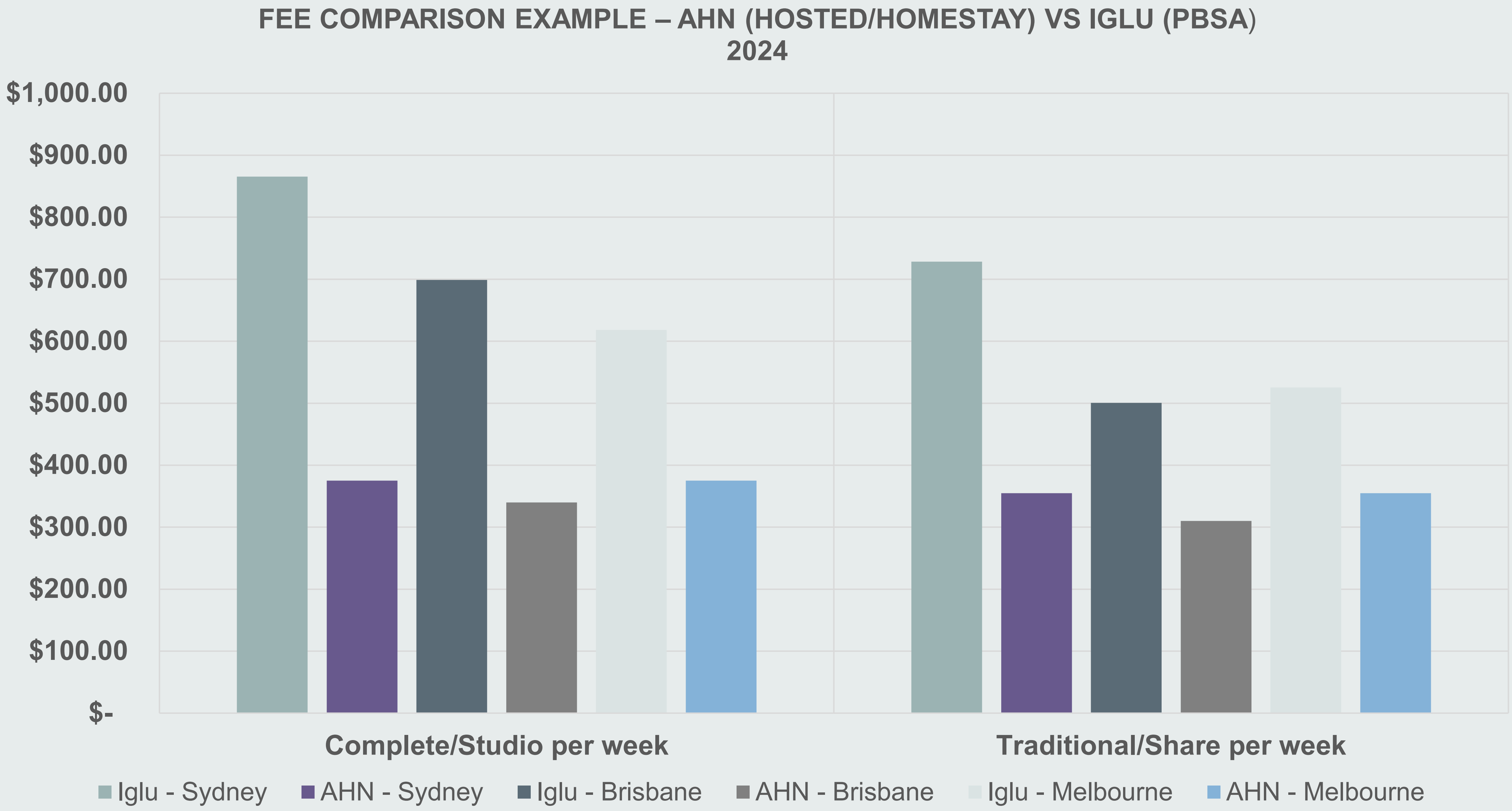
Formal Hosted Accommodation / Homestay

The following weekly fees are based on pricing from Australia’s largest private Homestay/Hosted Accommodation provider the Australian Homestay Network.

City	2024 Private Room* (Over 18 years)	2024 Shared Room* (Over 18 years)
Sydney	$380	$350
Melbourne	$380	$350
Brisbane	$370	$340
Perth	$385	$355
Adelaide	$370	NA
Canberra	$360	$330
Darwin	$370	NA
Hobart	$350	$320
Capital City Average	**$371**	**$341**

* ‘Complete' Product: 3 meals, 7 days per week where available , otherwise ‘Traditional’

Formal Hosted Accommodation / Homestay



Private Rentals

CAPITAL CITY AVERAGE WEEKLY RENTAL RATES – WEEK ENDING 12 AUGUST 2024

City	Weekly Rent ($)			12 Month Change		
	Houses	Units	Combined	Houses	Units	Combined
Sydney	$1,025.69	$693.89	$828.65	5.80%	4.40%	5.10%
Melbourne	$738.86	$557.51	$632.41	7.20%	5.50%	6.40%
Brisbane	$730.87	$573.71	$660.13	5.70%	5.70%	5.70%
Perth	$779.59	$620.95	$713.46	10.70%	15.00%	12.30%
Adelaide	$656.99	$498.98	$602.85	12.40%	12.70%	12.60%
Canberra	$778.74	$559.50	$659.64	1.40%	0.80%	1.00%
Darwin	$680.66	$541.09	$597.69	-5.10%	14.20%	4.40%
Hobart	$531.88	$456.33	$501.56	1.30%	1.40%	1.30%
Capital City Average	**$825.00**	**$623.00**	**$717.47**	**6.30%**	**6.00%**	**6.20%**

Source: [SQM Research]

NOTE: International students are known for maximising the potential number of students sharing a private rental residence.

Other

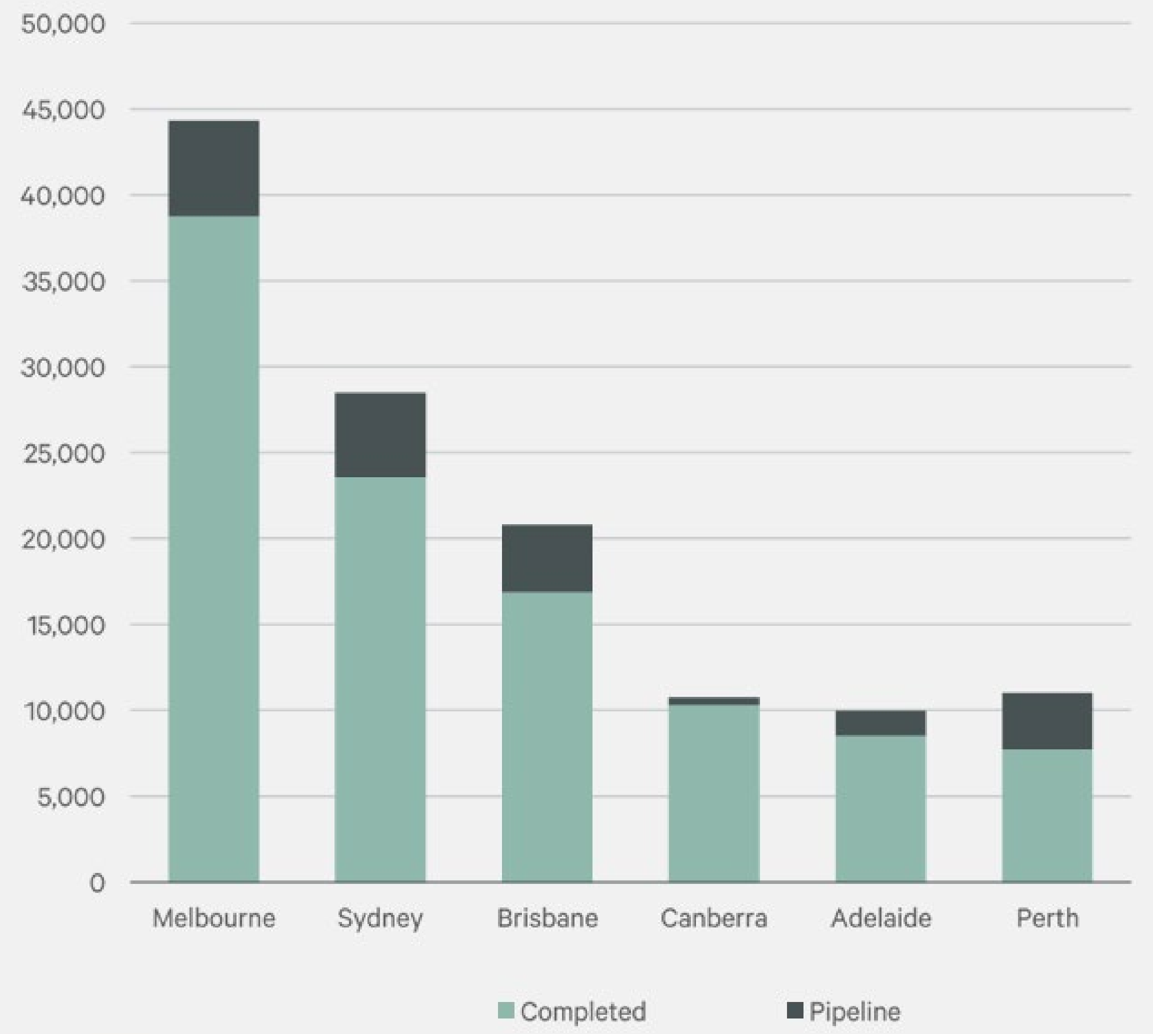
There is no official industry-wide data for these private and usually ‘cash’ arrangements.

As mentioned previously, room rentals in private homes should be pushed towards inclusion with Formal Hosted Accommodation (‘Homestay’) providers to deliver proper management, accountability and insurance. This would help to reduce the potential for exploitation of international students in unregulated accommodation arrangements.

Scope to Add Supply

PBSA

CURRENT BEDS AND PLANNED SUPPLY



Source: CBRE

PBSA

Building more purpose-built student accommodation has been tabled as the way for education providers to move forward, however, there is a long lead time and the room numbers under development usually do little to assist with the type of industry growth required.

CBRE estimate that there is a significant pool of unmet demand for PBSA. Students typically prefer to live within walking or short-commute of Universities.

Recent new supply announcements include:

Developer/Location: Beds

Sydney

- Iglu/UNSW : 1,066 beds across five buildings
- Wee Hur/ Redfern : 411 beds
- Iglu/Mascot : 305 beds
- The Switch /Macquarie Park : 500 beds

Brisbane & Gold Coast

- Journal & Brookfield /Margaret St : 935 beds
- CLV/Griffith University: 460 beds
- Bond University: 646 beds

Melbourne

- Journal & Brookfield/Carlton: 465 beds
- Scape/ Carlton: 300 beds
- Scape & Lendlease/Q-Victoria Markets: 1,100 beds
- Brookfield/Franklin Street: 1,040 beds

PBSA

The ability to rapidly expand PBSA developments has seen the market penetration lag significantly behind other key destination markets. Prohibitive build costs and lengthy state and local planning authorisations have resulted in new builds of PBSA lagging the demand curve.

By way of illustration, CBRE estimate:

• The University of Melbourne and RMIT (catchment area) has 60,000 students actively looking to rent (demand), the rest are stay-at-home. PBSA and residential colleges supply 17,700 beds in close proximity to these institutions. Students potentially occupy ~14,000 near-campus apartments.

CBRE estimate 15k-20k of unmet demand for PBSA in Melbourne City /Inner North Melbourne.

• The University of Sydney and UTS (catchment area) has 60,000 students actively looking to rent beds (demand), the rest are stay-at-home. PBSA and residential colleges supply 12,400 beds in close proximity to these institutions. Students potentially occupy ~10,000 near-campus apartments.

CBRE estimate 25k-30k of unmet demand for PBSA in Central/Inner-west Sydney

Formal Hosted Accommodation / Homestay

An immediate, viable solution to the shortfall of accommodation for international students is needed while we wait for new PBSA developments to be completed, and to meet industry expectations and requirements.

The answer lies in the estimated 13 million spare bedrooms in Australian homes.

Properly managed, standards based, government and industry endorsed hosted accommodation is a viable and realistic solution to international student accommodation in Australia.

NUMBER OF PRIVATE DWELLINGS WITH SPARE BEDROOMS

	1 bedroom spare	2 bedrooms spare	3 or more bedrooms spare	Total % of households with spare bedrooms	All households
Total % of all households	32.5%	31.8%	12.5%	76.8%	9,732,400
Number of households	3,163,030	3,094,903	1,216,550	7,474,483	
Number of spare bedrooms	3,163,030	6,189,806	3,649,650 (estimate)	total spare bedrooms: 13,002,486	

Source: AHURI

Formal Hosted Accommodation / Homestay

Utilising these rooms would take pressure off the traditional rental market without disrupting domestic housing stock and circulate money into local households within the community.

Careful attention must be paid to increasing supply while maintaining standards and quality of services being offered by hosted accommodation providers.

This can be done by supporting providers who have been independently endorsed by the National ELT Accreditation Scheme (NEAS). NEAS was appointed by Study NSW through the NSW Government to establish world-first standards and quality assurance frameworks for homestay and hosted accommodation in 2023.

Properly-managed hosted accommodation is known for fostering increased assimilation for international students while promoting diversity and multiculturalism.

MSI believes this solution will generally be supported by the community, government and industry.

Private Rentals

There is no capacity to increase supply of private rentals for international students due to the Australian domestic rental crisis. It is more likely that Government will look for ways (as they are doing with the new ‘caps’) to restrict international students and other migrants from competing with locals for private rentals.

This will put even more pressure on PBSA and Formal Hosted Accommodation (‘Homestay’) to grow and expand rapidly.

Other

The goal here should be to reduce activity in this space as it is generally unregulated and a risk for international students.

Establishing regulations not only minimises the previously stated risks to international students but may also lead to additional capacity for others in the rental market, providing increased housing options for the Australian population.

Conclusion

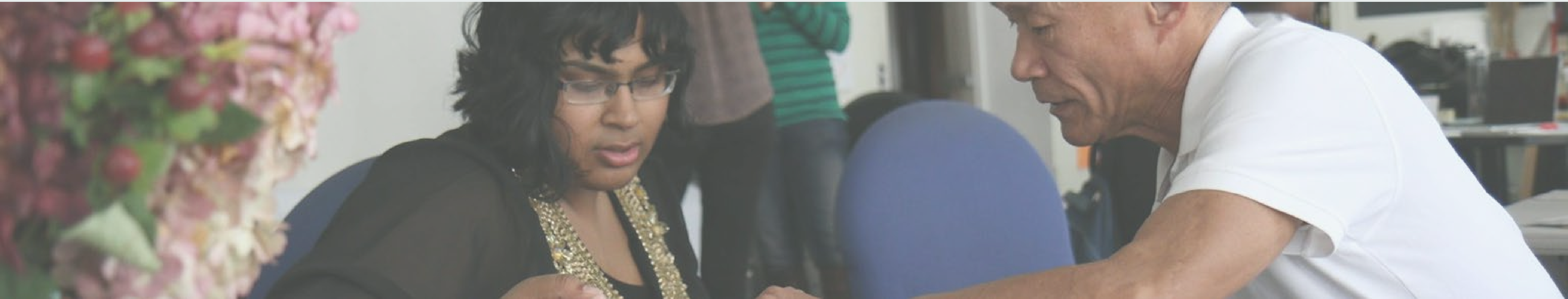
Conclusion

International education is extremely important for the Australian economy, contributing over $36 billion in FY2022-23, and is almost three times the export dollar value of tourism to Australia.

There is a major issue with accommodation in Australia and the effect of international students on the domestic rental market is evident. Statistics confirm that international students take up 4% to 7% of the rental market in Australia, which equates to approximately 120,000 to 210,000 residences nationally (there are 3 million rental residences in Australia). Unfortunately, the bulk of these are in prime inner-city suburbs and precincts close to universities where it has been stated that in some local government areas, international students can occupy up to 20% of the private rental market.

PBSA is the preferred solution for Australian Government and the industry, however, it is not an immediate or medium-term solution. In fact, PBSA over time and for various reasons has not risen in line with student demand and growth.

Formal Hosted Accommodation is the only realistic and scalable accommodation solution in the short to medium term which can ensure the growth of Australia's international education industry and it retaining its position as a 'Top 3' study destination in the world.



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