Intelligent Investment

# Accommodating the growth in students

REPORT

Demand, supply and pricing for Australian PBSA market

CBRE RESEARCH
AUGUST 2026


Centurion

# Overview

## Market size

Australia's intake for international students is expected to be broadly flattish over 2023-2027. Nearly one in three students in Australian universities is an international student.

CBRE assess the penetration of Purpose Built Student Accommodation (PBSA) at 7% of students in Australia. This is relatively low in a global context.

## Supply and pipeline

The five largest operators account for over 70% of current stock. CBRE estimate planned supply of 34,000 beds (Australia-wide) over 2026-29, representing 1/3rd uplift to current volumes, if all projects proceed. Melbourne accounts for 28% of planned supply, Perth 22% and Sydney 20%.

## Demand

Nationally, CBRE see potential "excess demand" at ~185,000 rooms, assuming suitable product was available.

To illustrate the acute under-supply of student accommodation beds, University of Melbourne and RMIT catchment currently has 24,900 beds. CBRE estimate circa ~10k of unmet demand for PBSA in Melbourne CBD/Inner North.

## Rent outlook

Median rents for student accommodation studios grew at CAGR 5.0% over 2018-2026 across Melbourne and Sydney markets.

Nearly a quarter of the basket of standard suites has rents above $700/week. For reference, just 4% of the basket was above $700/week in 2023.

CBRE forecast rent growth in inner city living sectors will continue to outperform inflation, with private rental market vacancy under 2%.

As at mid 2026, PBSA rents Australia-wide were at 12% premium to two-bedroom apartments in the same precinct, per CBRE research analysis.

## Cap rates

Cap rates for PBSA assets in Australia have been broadly stable over the past 18 mths,. The cap rate trends reflect demand for newly built/high quality investment stock and prospects for rent growth.

Looking ahead, CBRE see scope for modest tightening, assuming bond yields compress in the later part of the decade.


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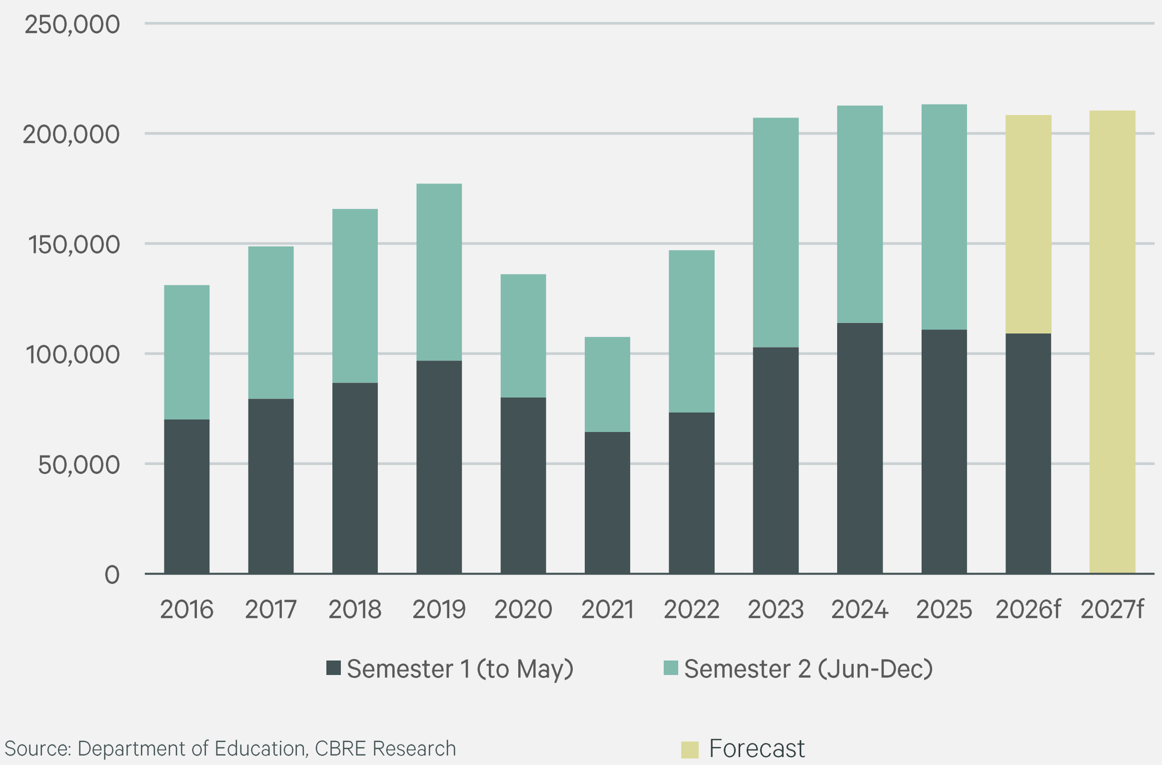
# Student recovery

Australia had 750,000 international students studying across a variety of higher education, VET and English language programmes in early-2026.

Commencements of international students for Higher Education is broadly flattish over 2023-26.  The Australian Government has committed to 295,000 intake of higher education international students for 2027.

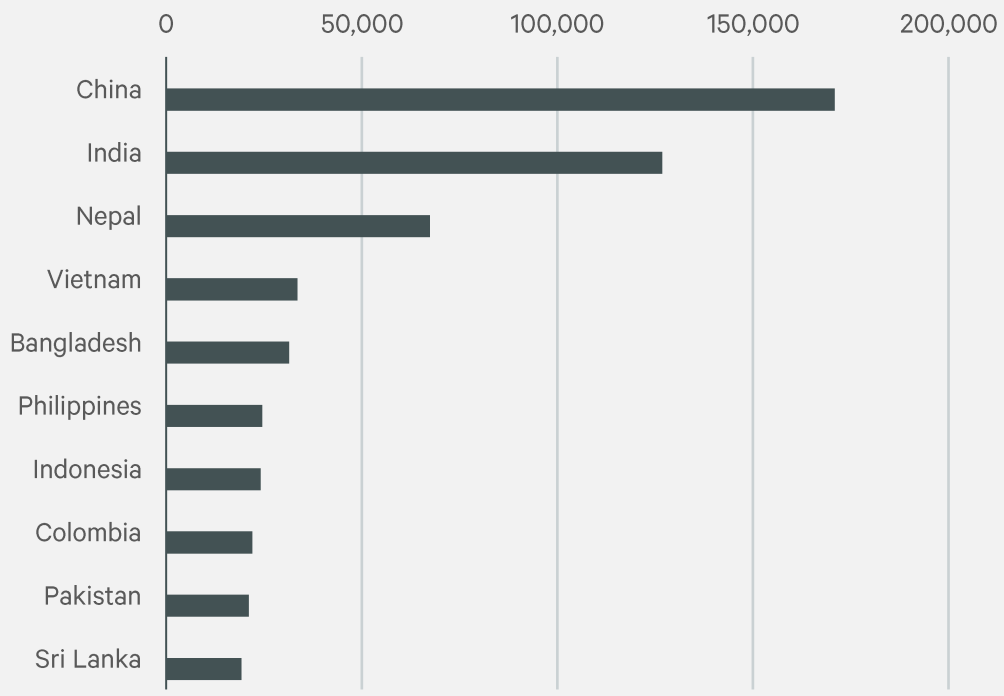
In 2026, China (23%) and India (17%) were the largest cohort markets for international students in Australia. Interestingly the student profile continues to diversify, with students from India, Nepal, Vietnam, Bangladesh, and the Philippines all recording double digit growth in student numbers over the past decade.

**Figure 1: International student commencements**




Source: Department of Education, CBRE Research

**Figure 2: Top 10 International students nationalities**





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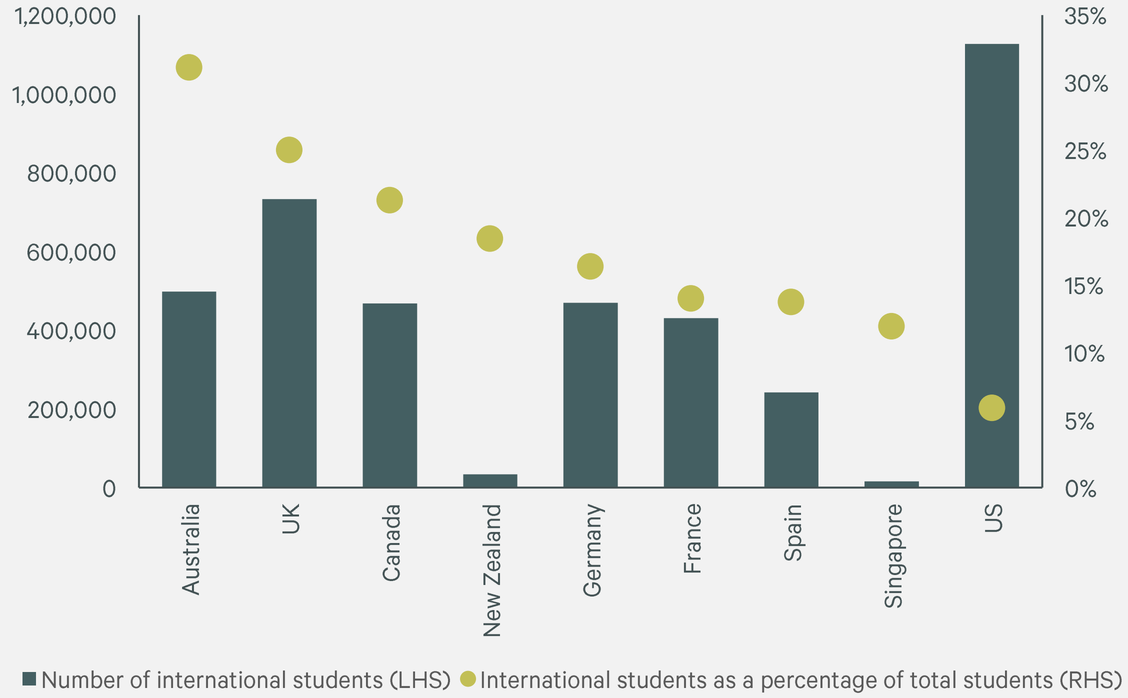
# Penetration level

Nearly one in three students studying at Australian universities is an international student. The Australian Government has offered guidance on international student processing through MD111. It supports equity within the education sector.

There is currently one student accommodation bed for every fifteen students at Australian universities. This is significantly below global peers where penetrations are as high as one in two or one in three beds per student.

**Figure 3: Importance of international students to market**




Source: CBRE Research

**Figure 4: Key Market Differences**

| |  |  |  |  |  |
|---|---|---|---|---|---|
| Undergraduate students | 1.6m | 1.65m | 20m | 2.9m | 2.5m |
| Student accommodation beds | 106k | 750k | 5.8m | 240k | 190k |
| International student ratio | 31% | 25% | 6% | 16% | 14% |
| Penetration rate (beds/students) | 7% | 45% | 29% | 8% | 8% |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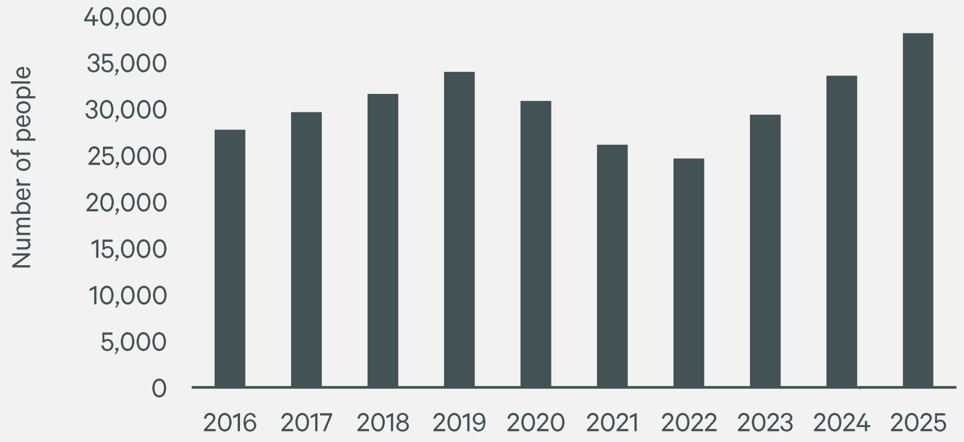
# New Zealand market

International student enrolments in New Zealand grew 14% between 2024 and 2025. China continues to be New Zealand's largest source market based on student enrolments although their dominance reduced slightly further, continuing the trend observed in the previous two years.  Pent up demand and China's non-recognition of online study has pushed students toward in-person offshore study with enrolments growing by 2,000 between 2024 and 2025 to reach just over 18,000 enrolments.

While India, the US, and Viet Nam continue to be sources of international students, emerging Asian economies are becoming increasingly influential. Since 2016, enrolments from Nepal have quadrupled. Enrolments from Sri Lanka have quintupled over the same timeframe, broaching the 1,000-enrolment mark for the first time in 2025.

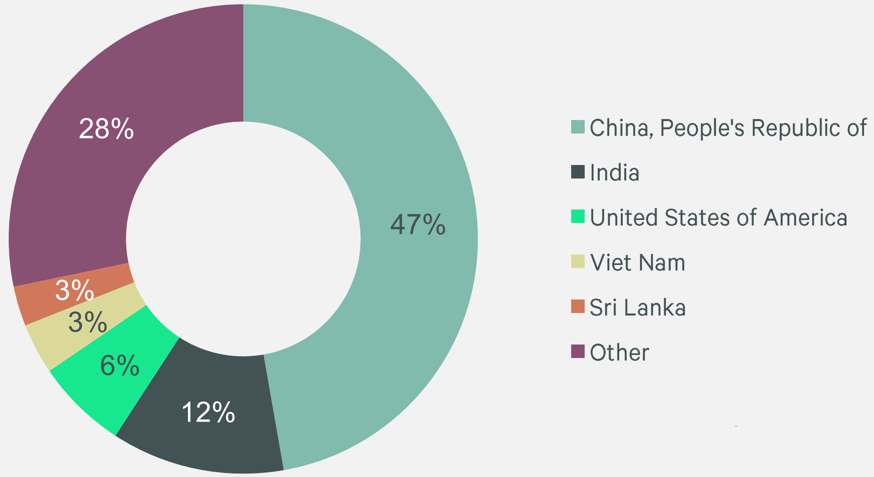
Auckland accounts for c40% of the university student population in New Zealand.  The three largest universities by student numbers are University of Auckland, Auckland University of Technology, and Massey University. Supply is active with New Zealand's largest PBSA facility currently under construction at 22 Stanley Street. This development features 964 units and is on track to open at the beginning of the 2028 calendar year. The same developer Precinct also has 638 units at 256 Queen Street underway, with completion planned for the 2029 academic year.

**Figure 5:  New Zealand international student enrolments**




Source: educationcounts.govt.nz

**Figure 6:  New Zealand international students by country of origin**




Source: educationcounts.govt.nz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# What we learnt from students in 2025

### Why did you choose Australia over other international study destinations?

“It felt much easier to be accepted into a good university in Australia. Many universities in the US and Canada are harder to get into.”

“The weather is really good in Australia.”

“I heard great things about the work life balance.”

“Australia felt like a safer option.”

“My friends came here last year and said the support for international students was really good.”

“Australia has a lot of well ranked universities when I compared using the QS Rankings.”

### When you looked into studying in Australia, was it the city or the university that was the main attraction?

“Presence of existing networks (like relatives or friends who already live in a specific city).”

“Definitely the city. I ended up choosing Melbourne primarily based on the lifestyle.”

“I Googled ‘best cities for students’ and Melbourne kept popping up.”

“Both but mainly the university. But I liked the beaches in Sydney.”

“I wanted to study at a top university, the university itself was the focus.”

“The course at my university was more aligned with my goals.”

### Why did you choose to stay in student accommodation rather than a shared house or a rental apartment?

“I wanted to meet other students.”

“I didn’t know anyone when I moved here so it was a good way to meet people.”

“Renting an apartment can be complicated, they require personal references and a history of residence from the past few years.”

“Willing to pay inflated price for the convenience: lower deposits, no references needed, no need to purchase furniture or appliances.”

“Student accommodation is safer.”

“Convenient for both university and other parts of the city.”

### What made you choose your current residence? Was it price or friends or features of the apartment or recommendation?

“The features … I looked at different properties and chose the room that looked the nicest.”

“Price first. And this one was convenient because of the location.”

“My agent recommended this building because it was a 3-minute walk to the university.”

“I looked online and I found the Amberstudent app which is how I found my current residence.”

“A friend had lived here recommended it. She told me the location was convenient for the university.”

### How long do you think you’ll spend at the current residence and where might you go next?

“I plan to stay here for two years, then rent an apartment.”

“Probably just my first year. Once I know the city better, I’ll look for a share house with other students or friends.”

“I will live here for one year and then move in with friends.”

“One year – the whole period of my exchange program. Don’t want stress with moving.”

“Just one semester. I wanted something simple while I settled in, then I’m planning to move into a rental with some classmates.”

“Just the first 6 months.”



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# Number and location of rooms

Melbourne comprises 37% of the current national student accommodation room stock. Looking ahead to 2029, we estimate ~34,400 new beds could be added, nationally.

Despite new supply, penetration rate will only modestly increase to ~9% of university students.

*Recent potential new supply announcements include:*

### Sydney

— Avenor at Kensington for 660 beds
— Scape at Blackwattle Bay for 580 beds.

### Melbourne

— Sime Darby at 382-406 Queens St for 900 beds
— Monash University at Clayton for 250 beds
— Ambertree at Carlton for 270 beds.
— Hickory and MaxCap at Melbourne CBD for 890 beds.

### Perth

— Mapletree at 609 Wellington St for 835 beds
— UWA at 22 Gordon St Nedlands for 844 beds

### Adelaide

— Brookfield at 275 North Terrace for 1028 beds
— Hines at Twin St for 570 beds
— Pulteney Street Student Accommodation for 488 beds
— Trinity Church near Adelaide University for 1000 beds.

**Figure 7: Current beds and planned supply. 2018-2029.**

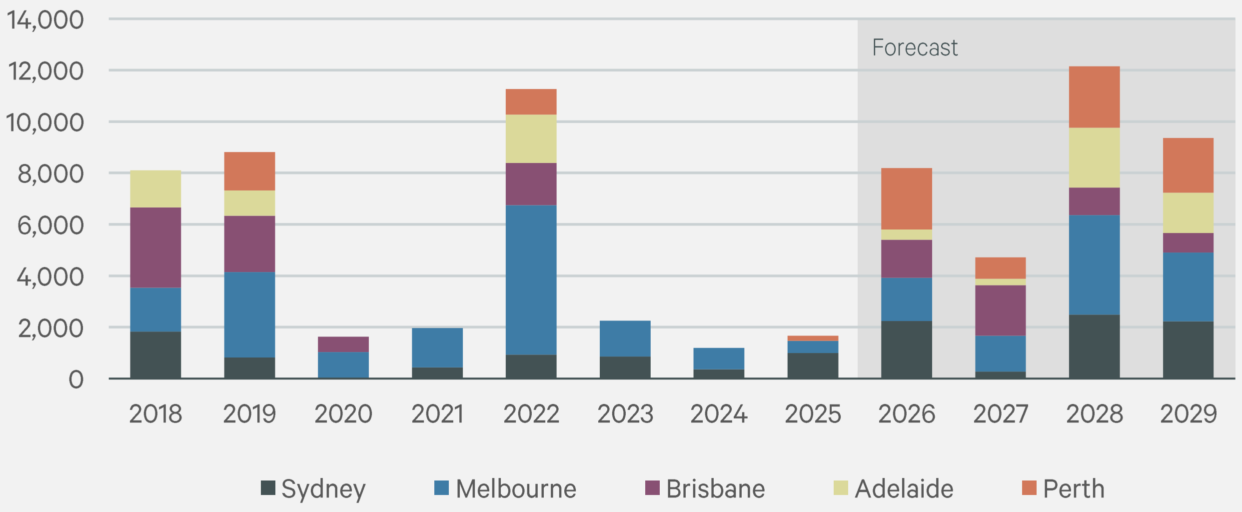
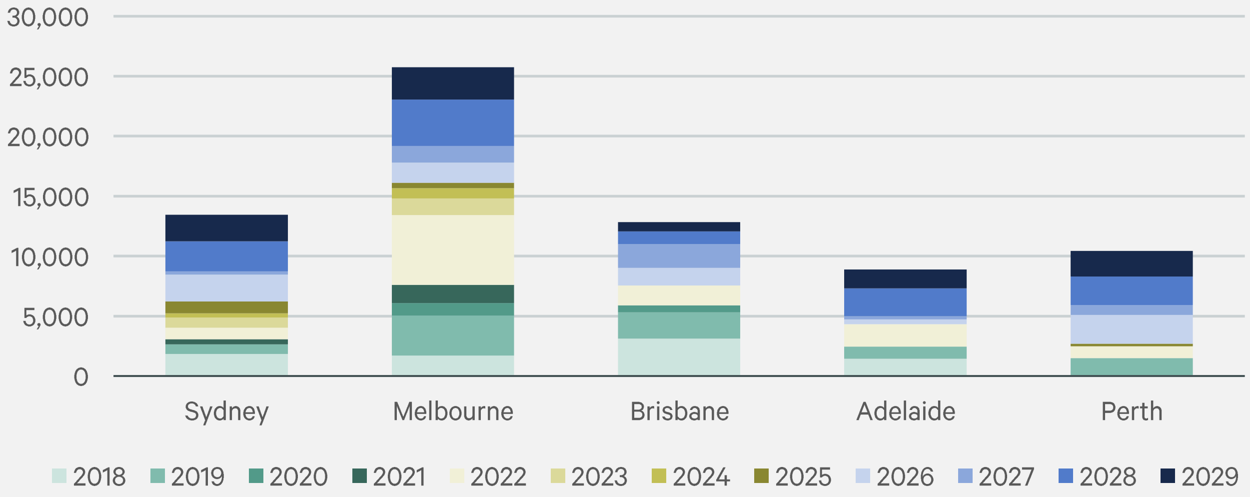



**Figure 8: Current beds and planned supply. 2018-2029 by city.**




Source: CBRE Research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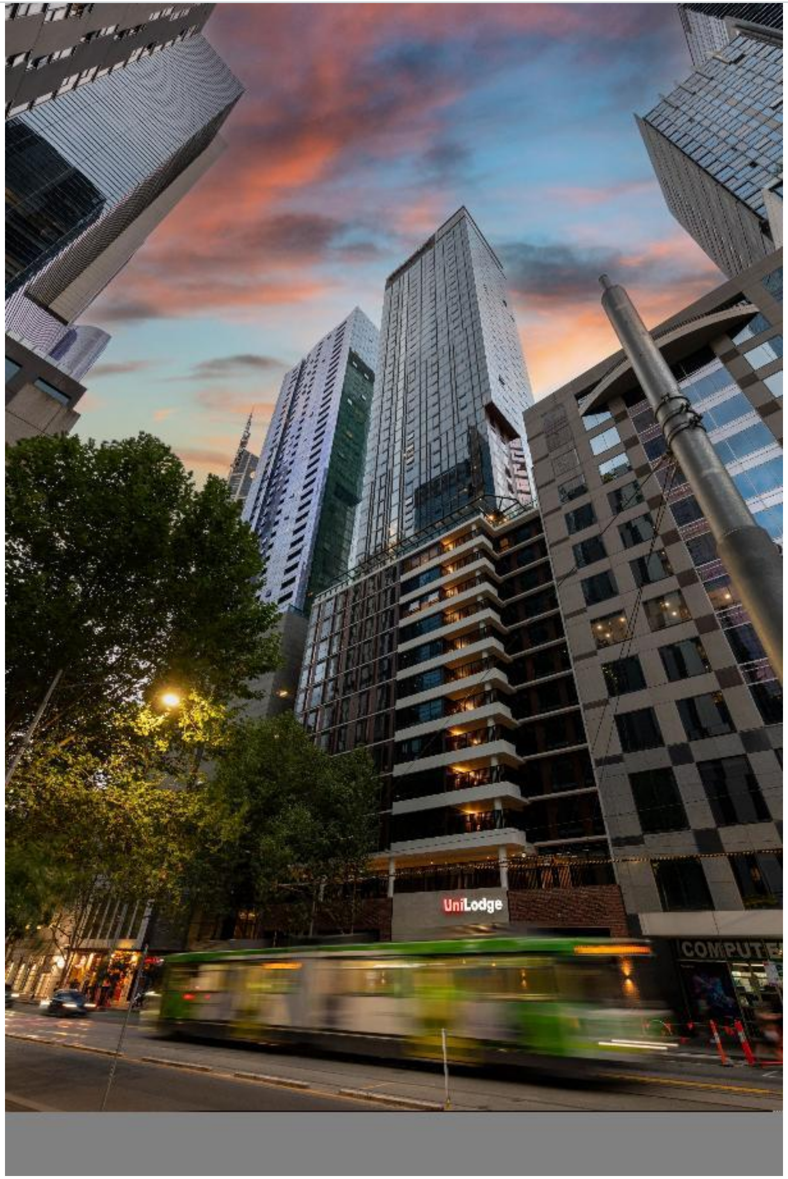
Student One




Cedar Pacific

The Switch



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# Leading service providers

The five largest student accommodation providers in Australia account for c70% 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 +20,000 beds, with further rooms under development. They occupy 41 buildings across Sydney, Melbourne, Brisbane and Adelaide.

**Iglu:** They have 14 operational properties totalling 5,900 beds with a further 2,900 beds in the pipeline. Their residences are located across Brisbane, Melbourne and Sydney.

**Campus Living Village:** Their suite of residences are typically located on-campus and comprise 5,000 beds across 8 properties. The business operates across Sydney, Melbourne, Perth, Gold Coast and Darwin.

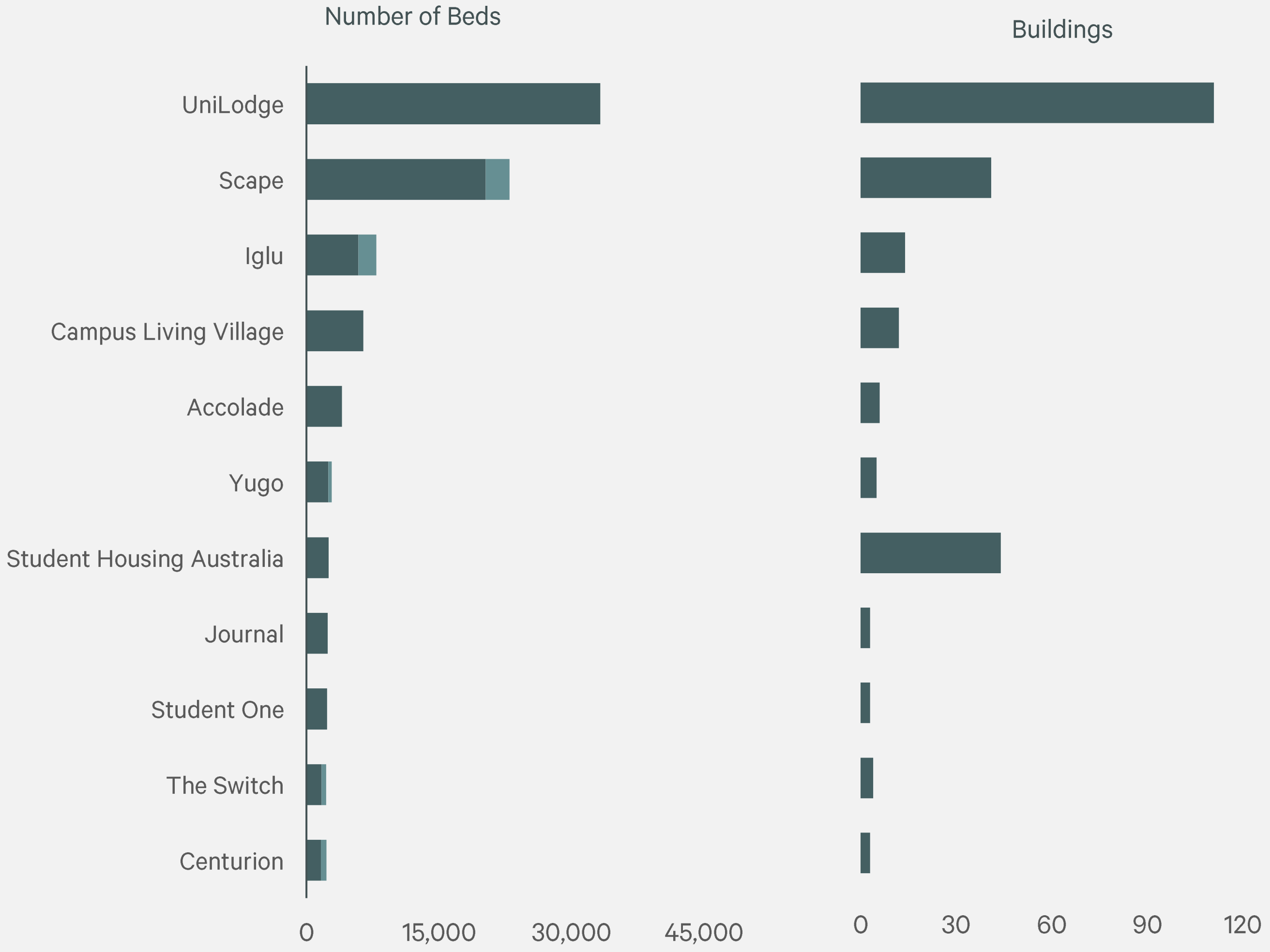
**Accolade:** The brand has +4,000 beds located in Sydney, Melbourne, Adelaide and Canberra.

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

**Journal:** The portfolio comprises 2,400 beds across 3 assets in Brisbane and Melbourne.

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

**Figure 9: Student accommodation service providers in Australia, selection of Top 10**




Source: CBRE Research, company websites



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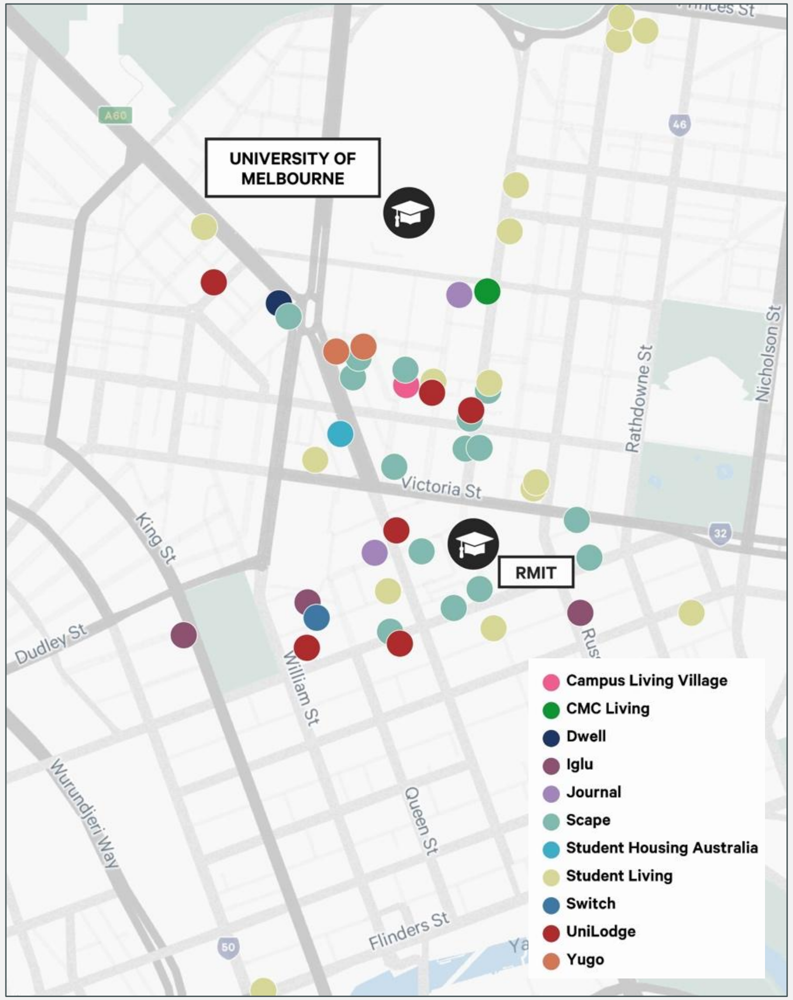
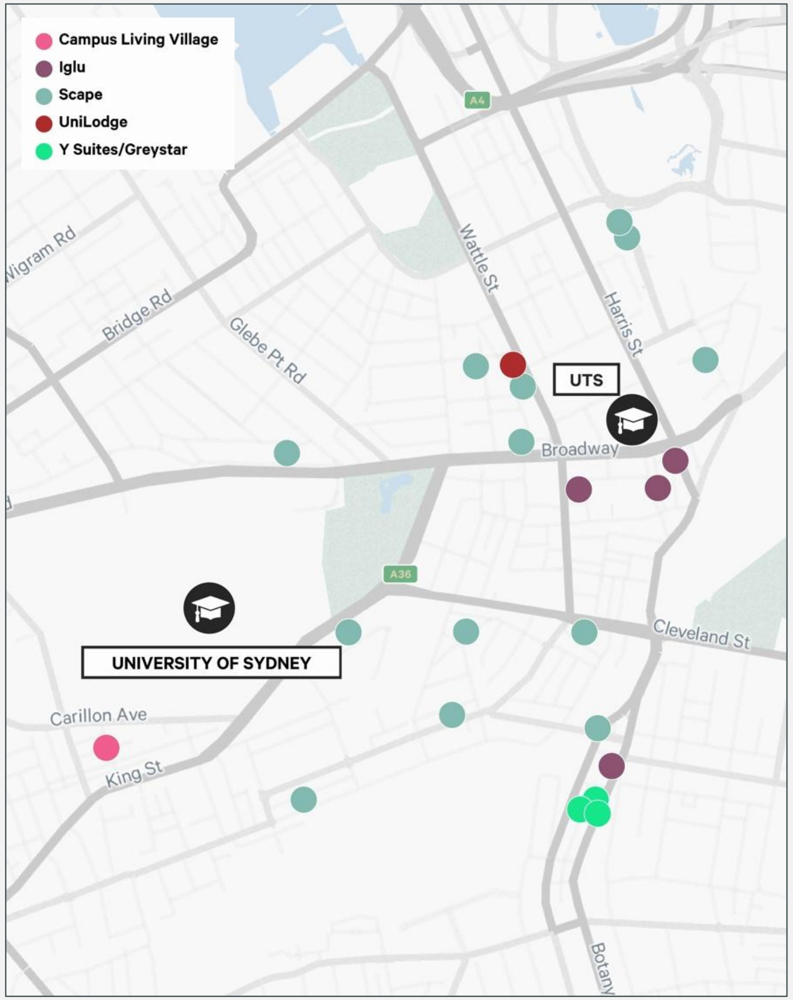
# Proximity matters

Student accommodation facilities are typically in convenient locations to University campus or city centres. The current suite of properties are also in close proximity of each other, creating a vibrant environment for students who wish to study and socialise together.

Most interstate and international students do not have cars. So proximity to public transport and within walking distance of the University are key drawcards in choosing a residence.

**Figure 10: University and selection of PBSA locations in Sydney and Melbourne**




Source: CBRE Research



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# Scope to add significant supply

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.

By way of illustration, CBRE estimate:

— The University of Melbourne and RMIT (catchment area) has 70,000 students actively looking to rent (demand), the rest are stay-at-home. PBSA and residential colleges supply 26,500 beds in close proximity to these institutions. Students potentially occupy ~14,000 near-campus apartments.
**CBRE estimate 10k of unmet demand for PBSA in Melbourne City/Inner North Melbourne.**

— The University of Sydney and UTS (catchment area) has 68,000 students actively looking to rent beds (demand), the rest are stay-at-home. PBSA and residential colleges supply 13,400 beds in close proximity to these institutions. Students potentially occupy ~10,000 near-campus apartments.
**CBRE estimate 25k of unmet demand for PBSA in Central/Inner-west Sydney.**

**Figure 11: Closer examination of two sub-markets**


Source: CBRE Research



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# Supply Shortfall

Scape

## ~185,000 beds

Gap between student renters and available stock

**Figure 12: Bed supply shortfall across sub-markets**


Source: CBRE Research


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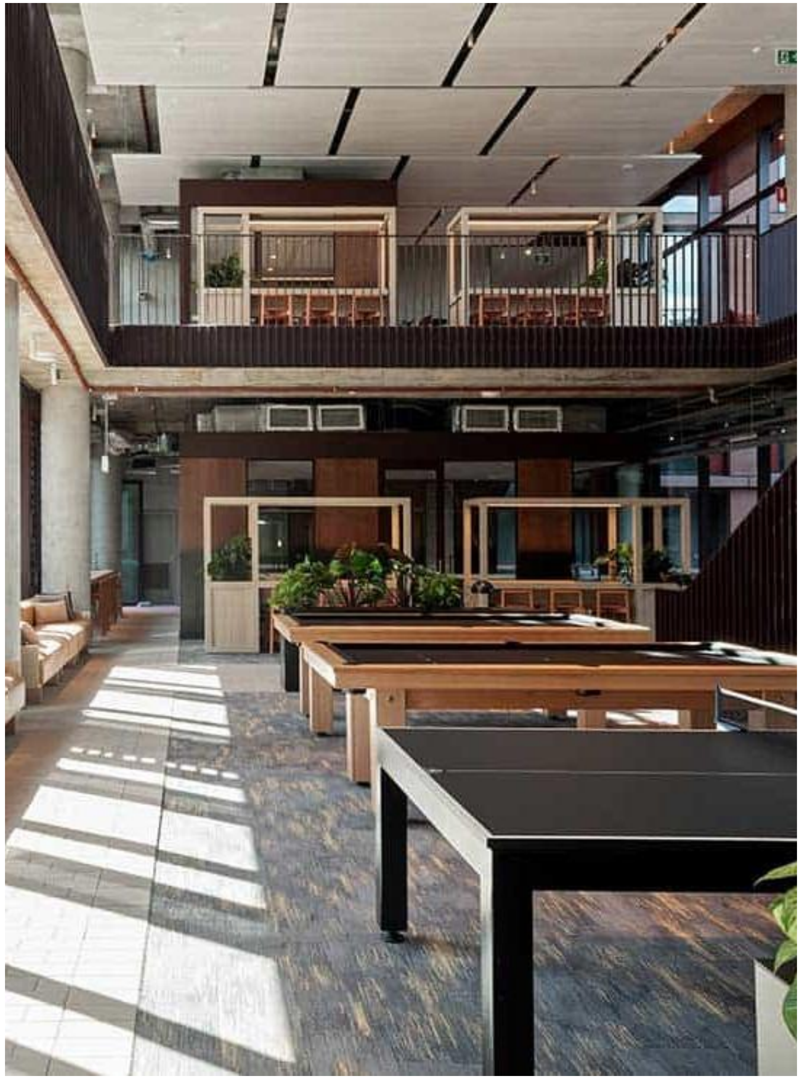
# Iglu, Mascot



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# Weekly rent options for student accommodation studios

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 Perth at $300-$400 per week. Although, newer properties in Adelaide and Perth can achieve rents that are up to twice those of older stock.

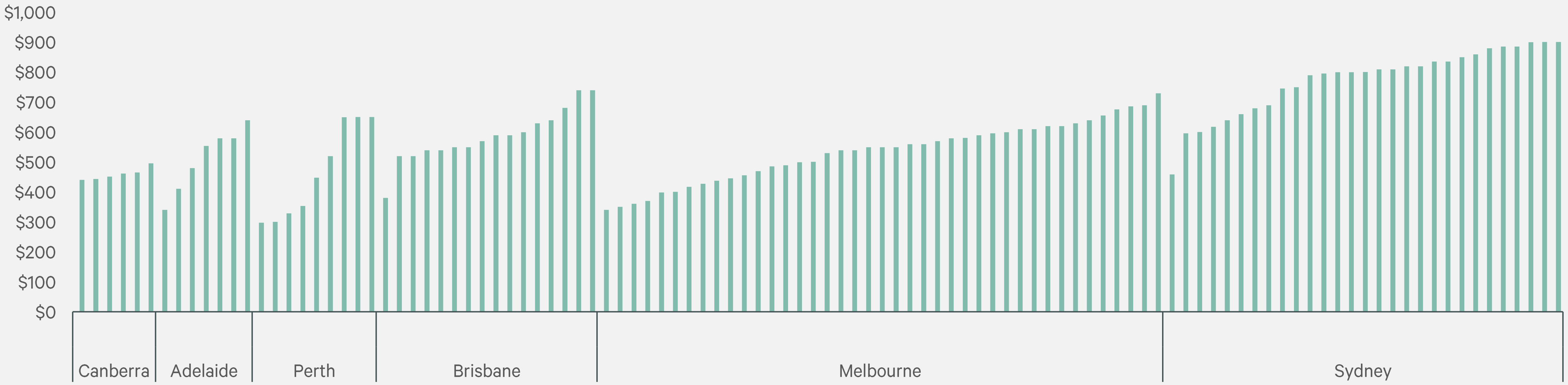
In Brisbane, per student rent is typically $500-$600 per week. In Melbourne, per student rent is typically $550-$650 per week. In Sydney, rents range from $700-$900 per week.

The range is not dissimilar to what we see in two-bedroom apartment markets where rents in the Sydney CBD are at 30%-50% premium to those in Brisbane and Melbourne.

## Dynamic pricing

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

Figure 13: Student accommodation rents across major campuses, per student per week (July 2026)




Source: CBRE Research analysis across 101 student accommodation buildings



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# PBSA rents grow with newer additions

Since 2022, student accommodation rents have increased substantially, along with a recovery in international student numbers.  CBRE assess that the median rent for a sample of student accommodation studios in Sydney and Melbourne properties grew at CAGR 5% over 2018-2026. During 2026, national rent growth was low single digit, with Brisbane pacing higher than Melbourne and Sydney.

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

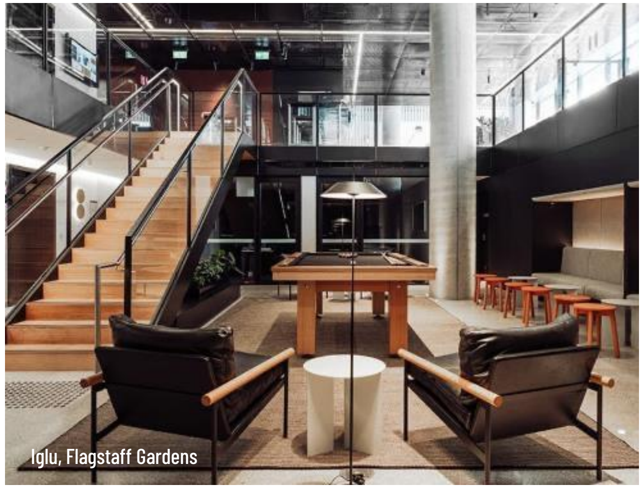

Iglu, Flagstaff Gardens

Figure 14:  Profile of weekly PBSA rents across over Melbourne and Sydney (2018-26) and forecasts

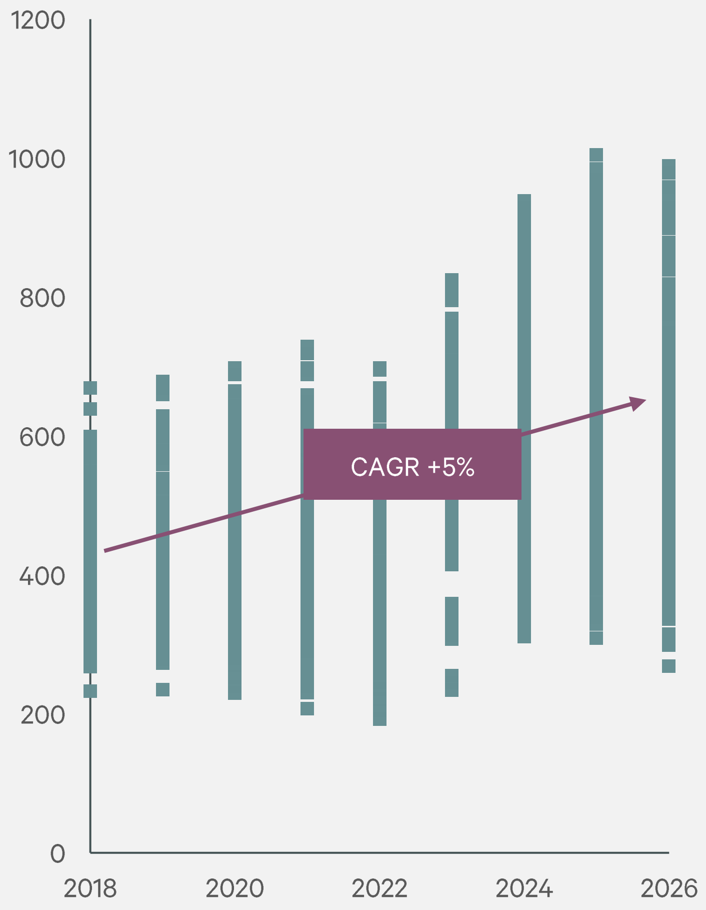
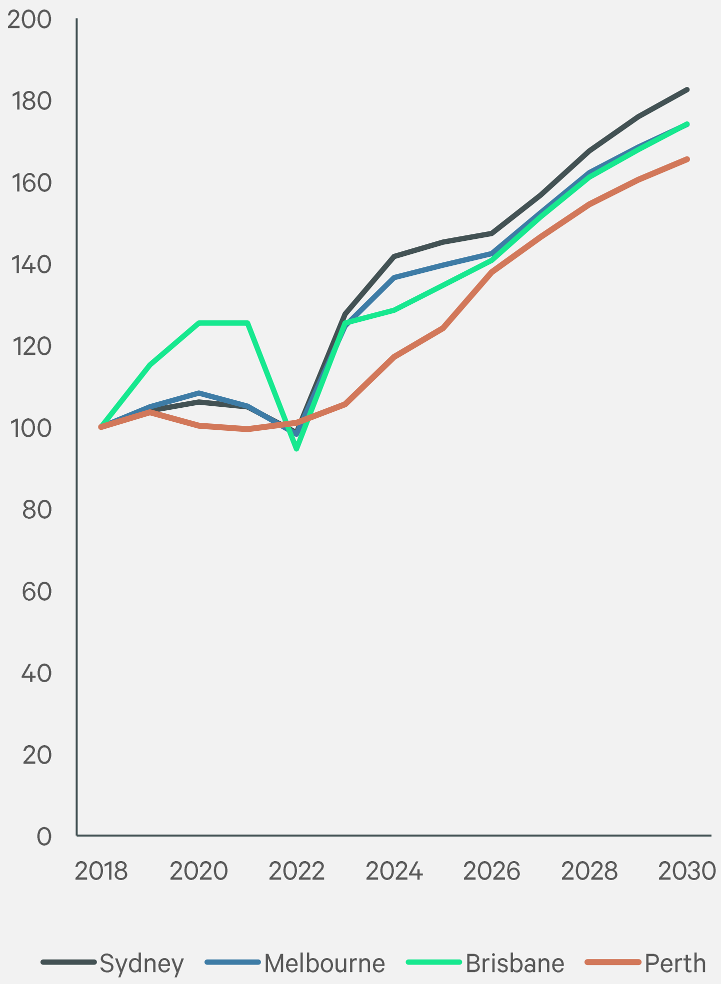



Figure 15:  Indexed historic and forecast rent growth




Source: CBRE Research



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# Rent premium for amenities

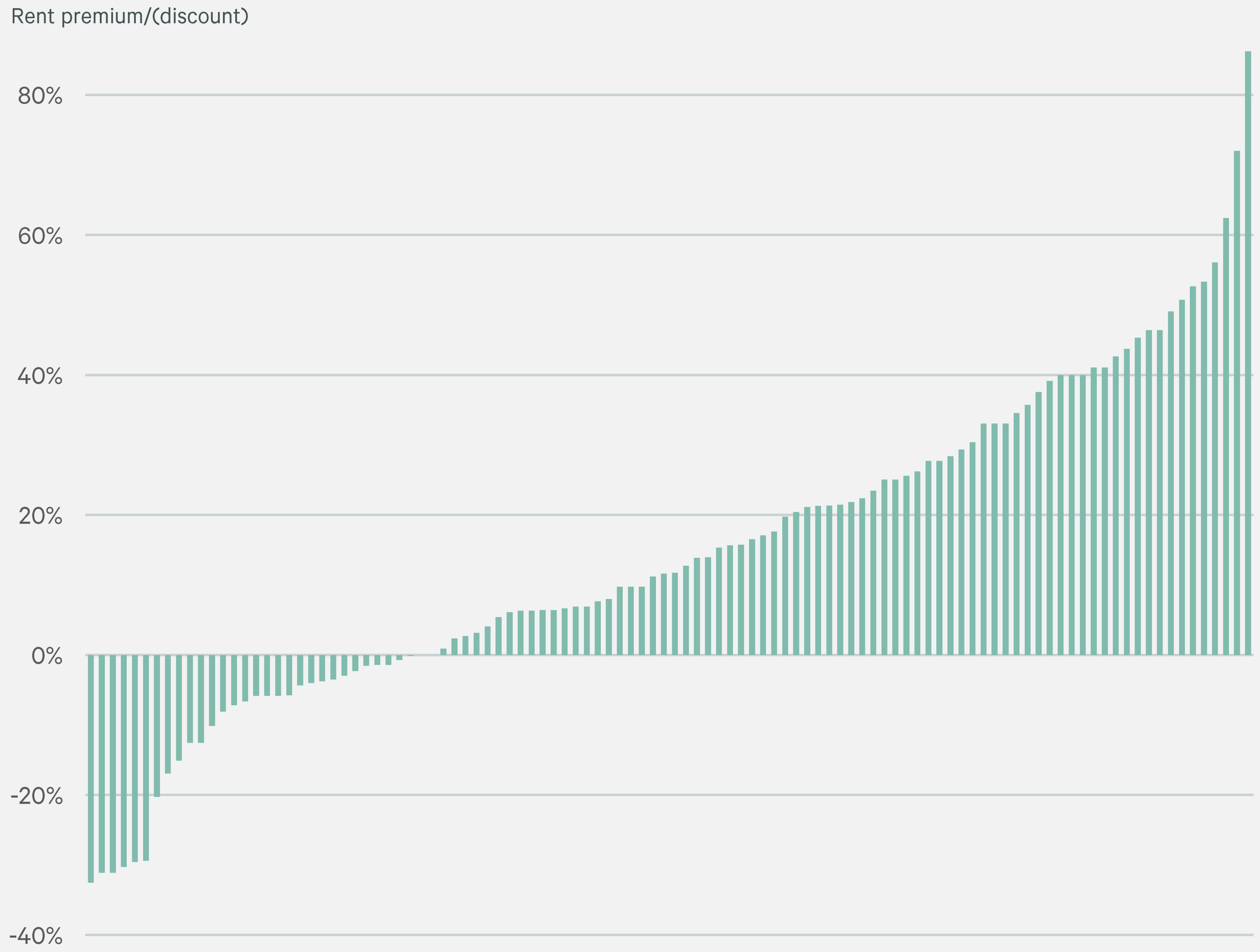
Student accommodation rents are currently at a 12% premium to rents for two-bedroom apartments in the same precinct.  We compare two students living in PBSA vs two students sharing a 2-bed apartment.

*The premium rents are explainable as purpose-built student accommodation offers:*

- Utilities included such as electricity & WiFi
- Amenities including gyms, study areas and social interaction spaces
- Safety and security including card swipe access and CCTV
- Fully furnished
- Pastoral care
- Breakfast & coffee facilities
- Community & social activities

**Newer student accommodation offers residents premium living experience.**

**Figure 16:  Rent premium of student accommodation vs apartment rents in similar precincts (July 2026)**




Source: CBRE Research comparison of 106 student accommodation buildings



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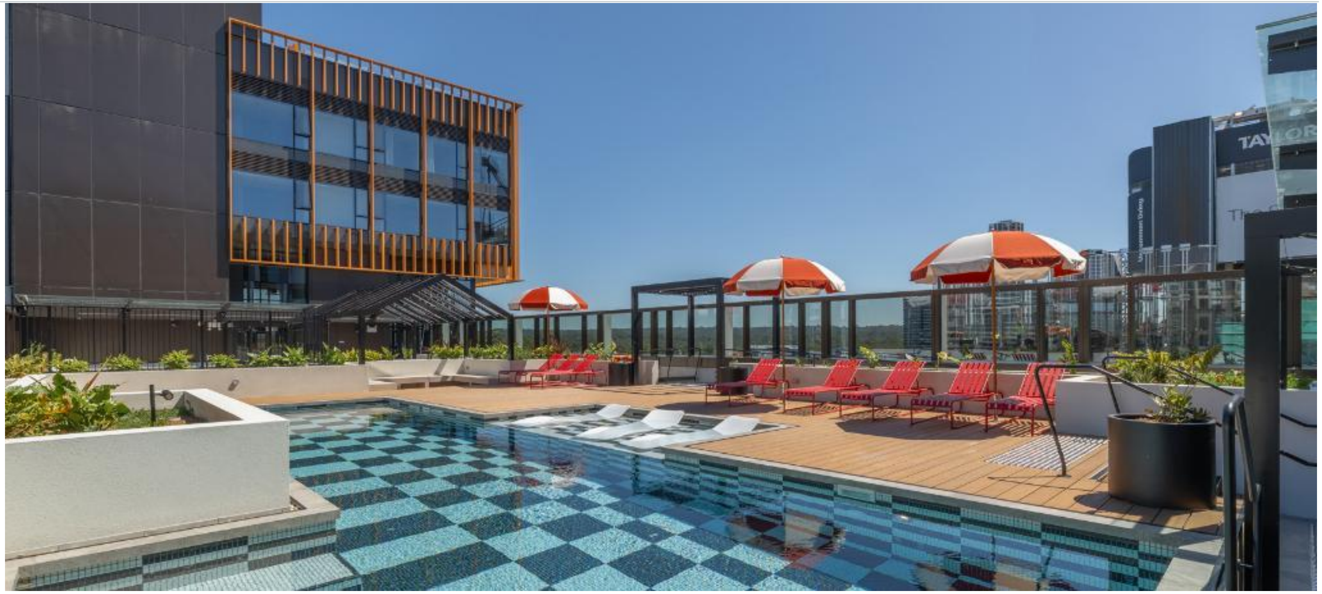
Scape


Centurion


Unilondge Melbourne Central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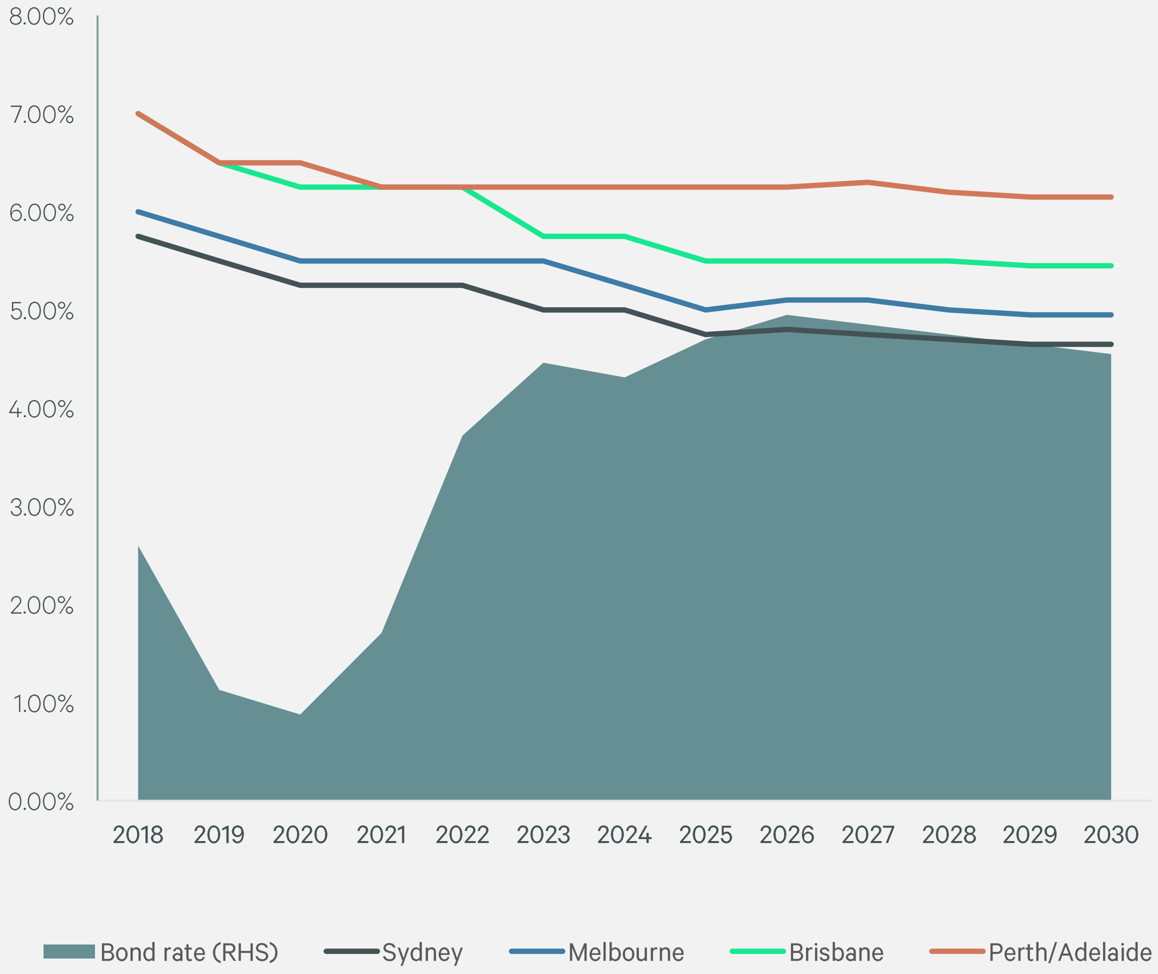
# Indicative cap rates

Cap rates for PBSA assets in Australia have been broadly stable over 2025 and early 2026.. In the period, 2021-2025, there was c50bps of cap rate compression despite a marked increase in bond rates.

The cap rate trends reflect demand for newly built/high quality investment stock and prospects for rent growth.

Looking ahead, CBRE see scope for modest bond yield compression of c40bps to 4.55% by 2030. Hence, we forecast PBSA cap rate could also tighten slightly over the forecast period.

**Figure 17: Historic and forecast cap rates**




## Indicative cap rates

| | |
|---|---|
| SYDNEY | 4.75 - 5.00% |
| MELBOURNE | 5.00 – 5.25% |
| BRISBANE | 5.25 - 5.75% |
| PERTH | 6.00 - 6.50% |
| ADELAIDE | 6.00 – 6.50% |

Source: CBRE Research



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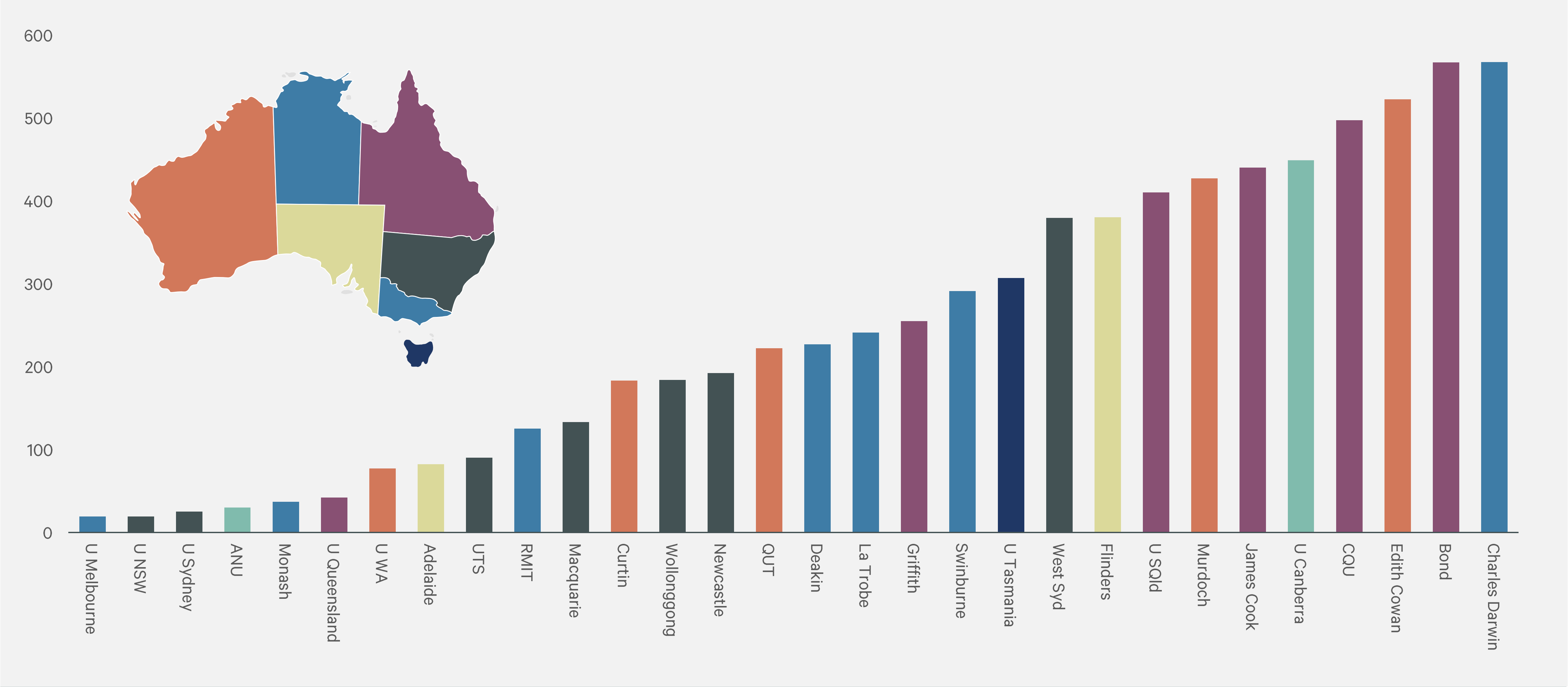
# QS University rankings (median 2023-27)





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