The Ten-Year Asset

Why Purpose-Built Student Housing Fits Within Opportunity Zones

SPONSORED BY

LANDMARK PROPERTIES



Market Opportunity

Changing student preferences are creating demand for properties specifically designed, built and managed for college students: "purpose-built student housing". Tenants of this still nascent asset class have historically been served by multi-decade-old on-campus dormitories and conventional residential assets. Purpose-built development first exceeded 10,000 beds annually in 1996 and has averaged less than 33,000 beds annually since. Enrollment tracked by Axiometrics at the top 175 universities has grown by approximately 25%, exceeding 900,000 students over the last 20 years to more than 4.5 million. Meanwhile, new supply has trailed the annual increase in enrollment in 14 of those 20 years.[1]

Landmark Properties believes these favorable supply and demand dynamics will persist. Just over half of the current stock is purpose-built and on-campus housing, and enrollment growth is expected to continue to outpace new supply, which has fallen below the 10-year average for the last several years.[2] The historical inverse correlation between job growth and enrollment growth may also help sustain fundamentals in a downturn, as seen during both the Global Financial Crisis and the COVID-19 pandemic.[3]

Purpose-Built Student Housing Overview

Modern purpose-built student housing caters to the demands of both students and parents and has been replacing the existing stock of repurposed single-family homes and traditional multifamily units. Landmark refers to this as the "shadow rental market." Access to amenities, private bedrooms, and bathrooms gives purpose-built assets a compelling value proposition relative to both the shadow rental market and on-campus housing (Table 1).

Table 1: Comparison of Typical College Students' Living Arrangements

	Purpose-Built Off-Campus	On-Campus	Conventional Multifamily
Ownership	**Private**	University or public-private partnership	Private
Lease Term	**11.5 months with 12 equal monthly payments**	School year	Varies
Turnover	**60-70% during 2-week period in August**	100% school year	Monthly
Lease Structure	**Often by the bed**	By the bed	By the unit
Credit	**Parental guarantee**	Varies	Security deposit and/or income qualification
Rooms	**One to six; generally private bedrooms**	One to four; majority shared bedrooms	One to three; private bedrooms
Furnished	**Yes**	Yes	No
Utilities/Internet/ Cable	**Internet/cable included; utilities vary**	All inclusive	None included

[1]Axiometrics as of May 2025.
[2]Axiometrics, Yardi Matrix.
[3]Axiometrics. Federal Reserve Economic Data. June 2025.

Student Housing Across the Decades

Student housing has moved from a university afterthought to an institutional asset class in roughly three decades. Each stage of that history helps explain why the sector's fundamentals look the way they do today, and why Landmark expects them to persist.

The Dormitory Era

For most of the twentieth century, student housing meant the university residence hall. The postwar enrollment surge and the arrival of the baby-boom generation on campus in the 1960s prompted a wave of dormitory construction, and much of that stock, with its shared bedrooms, communal bathrooms and limited common space, remains in service today. Students who did not live on campus rented whatever was available nearby: older single-family homes and conventional apartments that were never designed for them, the market Landmark refers to as the shadow rental market.

The Emergence of Purpose-Built Housing (1990s–2000s)

Purpose-built student housing emerged in the 1990s as private developers began building apartment communities around how students actually live: leases by the bed, private bedrooms and bathrooms, furnished units and shared study and social space. Annual development first exceeded 10,000 beds in 1996. In 2004, American Campus Communities completed its initial public offering as the first publicly traded REIT focused exclusively on student housing,[4] giving the sector access to public capital and a new degree of institutional credibility.

Proving Resilience (2007–2012)

The Global Financial Crisis was the sector's first real stress test. While conventional multifamily rents fell, student housing achieved positive rent and occupancy growth, supported by enrollment that rose as job prospects for young adults weakened (see Defensive Characteristics below). That performance changed how institutional investors viewed the asset class.

Institutionalization (2013–Present)

Investor interest following the crisis fueled a development wave in the mid-2010s, when a number of conventional multifamily developers entered the sector, and most later exited given its operational and construction demands. Ownership consolidated through large portfolio transactions, including Greystar's acquisition of EdR in 2018 and Blackstone's acquisition of American Campus Communities in 2022. In 2024 the ODCE index formally classified student housing within residential, and a growing share of institutions now target the sector (see Institutional Capital Flows below). Yet even after three decades of growth, off-campus purpose-built beds remain a minority of the housing serving students at four-year universities (Figure 5), leaving a long runway for the shadow rental market to be replaced.

[4]American Campus Communities, Inc., Annual Report on Form 10-K for fiscal year 2004 (initial public offering completed August 17, 2004).

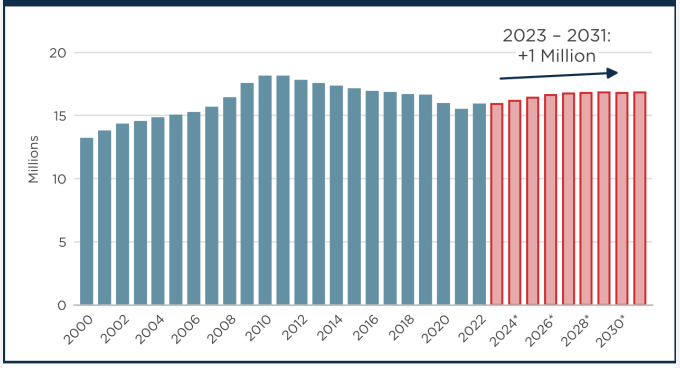
Favorable Demand Drivers

Two drivers support long-term demand: (i) strong enrollment growth at large four-year universities, underpinned by the value of a degree, and (ii) changing student preferences in favor of purpose-built housing.

Strong Enrollment Growth in Target Markets

National undergraduate enrollment stands at approximately 16.6 million students and is projected to grow by about 1 million by 2031. The modest decline in total enrollment over the past decade has disproportionately affected smaller private institutions, for-profit schools and satellite campuses, many of which have closed: there were approximately 6,000 U.S. higher education institutions in 2023-24, down from approximately 7,400 in 2018.[5] The nation's largest four-year public and private non-profit universities, by contrast, have demonstrated outsized enrollment growth, driven by the value and affordability they offer.

Figure 1: U.S. Undergraduate Enrollment (2000-2031)



Source: U.S. Department of Education, National Center for Education Statistics.

RealPage's "RealPage 175" index tracks 175 of these larger four-year schools with established off-campus student housing markets. Institutions within this index have historically outperformed the broader market, achieving average annual enrollment growth of 1.0% over the past 15 academic years.[6]

Value of a College Degree

Young adults continue to pursue a college education because of a significantly brighter career outlook for graduates. According to the Bureau of Labor Statistics, college graduates have an unemployment rate approximately 1.7% lower than high school graduates, and the gap widens in downturns: during the last recession, unemployment for bachelor's degree holders peaked at 4.4%, compared to 9.6% for high school graduates. College graduates also earn about $32,000 more annually, or approximately $625,000 in additional lifetime earnings.[7]

Changing Student Preferences

Universities can house only about 28% of their undergraduate students on average, and students typically live on campus for only one year,[8] placing heavy reliance on a shadow rental market that Landmark believes is not meeting students' needs. Purpose-built housing caters directly to students with leases by the bed, furnished units, high-speed internet and enhanced amenities and communal space, and in Landmark's experience is often cost competitive with on-campus housing.

[5]National Center for Education Statistics.
[6]RealPage 175 enrollment data according to Axiometrics as of 2026. U.S. total enrollment according to National Student Clearinghouse, does not include institutions primarily awarding associate's degrees.
[7]Bureau of Labor Statistics, September 2025. Forbes, Value of College Education. January 2025.
[8]RealPage, Landmark Internal Estimates, 2025.

Defensive Characteristics

Consistent Rent and Occupancy Growth

One of the most compelling attributes of the student housing sector is its historical resilience to the cyclical nature of the real estate market. Student housing was one of the few asset classes that achieved positive rent and occupancy growth throughout the Global Financial Crisis.[9] As seen in Figure 2, the student housing sector has demonstrated stronger and more consistent rent growth relative to multifamily since 2007, including through two recessionary environments.

Figure 2: Same Store Rent Growth

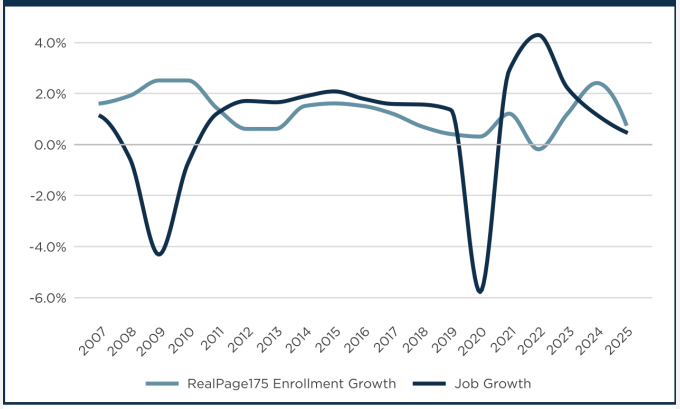


Source: Green Street Advisors, September 2024

College Enrollment Spikes in Economic Downturn

One of the driving factors of the defensive nature of student housing is the inverse relationship between college enrollment and job growth as young adults may see college as a productive use of time when the job market is less favorable. Within RealPage 175, enrollment has grown in 22 of the past 23 years and has historically spiked during periods of negative job growth. This countercyclical trend has provided the sector with a degree of insulation during broader economic downturns.

Figure 3: Enrollment Growth vs. Job Growth



Source: Enrollment data according to Axiometrics as of 2026. Job data according to FRED as of May 2026.

Perceived Threats to Demand

Landmark sees two primary risks to enrollment growth, political pressure on international student visas and the proliferation of online education, and believes large four-year universities are largely insulated from both.

Pressure on International Enrollment

International students comprise roughly 6.5% of residents across Landmark's portfolio, in line with their share of total U.S. higher education enrollment, though the share varies by market and is highest at West Coast institutions and universities with highly regarded STEM programs. High international enrollment correlates with academic selectivity, and selective schools can marginally increase acceptance rates to offset any decline in international applications, as many did during the COVID-19 pandemic. The greater risk lies with schools that combine high acceptance rates with a large international population.

[9]Green Street Advisors September 2024.

Tuition structure is a further buffer. U.S. international students typically pay the same tuition as out-of-state students, whereas the UK, Canada and Australia charge them significantly more than domestic students, so U.S. institutions can more readily offset a shortfall with out-of-state and domestic students, particularly flagship public universities with strong domestic demand.

Online Education

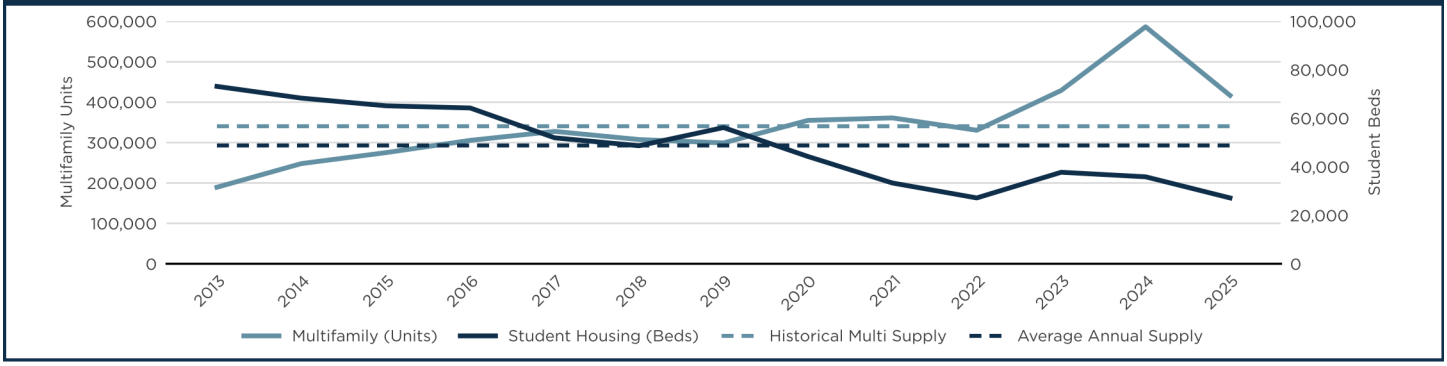
Online enrollment rose over the last 20 years, peaking during the COVID-19 pandemic, but the share of students at public four-year universities enrolled in some online courses has fallen by an average of 1.5% annually since 2021, suggesting a temporary response rather than a structural change.[10] Much of the growth has come as courses augmenting a classroom education, a hybrid model that increases the importance of study space and high-speed internet. Fully online enrollment has largely come at the expense of for-profit institutions and community colleges: enrollment at the RealPage 175 universities has grown 1.0% annually over the last fifteen years despite the rise of online learning.[11]

Manageable New Supply

Over the past four years, new U.S. student housing supply has ranged between 25,000 and 40,000 beds annually, below the 10-year average of 50,000 and well below the 65,000+ beds delivered annually between 2014 and 2016.[12] This reflects a challenging capital markets environment since 2022 and increasingly high barriers to entry: student housing demands specialized operations around the annual preleasing cycle and compressed "turn period," construction schedules that must meet the start of the academic year, and, in mature markets, sites near campus that often require long-standing landowner relationships, assemblages and rezonings to unlock.

While the 2014 to 2018 period saw an influx of multifamily developers enter the student housing space, most, if not all, of these groups have since exited given these challenges. With the developers capable of closing the gap narrowed to a small group, and construction costs, financing costs and entitlement timelines all rising, Landmark believes new supply will remain constrained over the next several years, an unusually favorable backdrop for new development in markets with sustained enrollment growth.

Figure 4: Historical Supply Trends in Student Housing and Multifamily



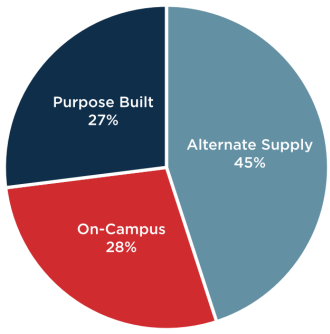
Source: As of December 2025, RealPage, Yardi Matrix. Represents top 10 markets in terms of beds delivered as a percentage of the RealPage 175 total new supply. RealPage, Yardi Matrix. According to RealPage, 2022 and 2023 U.S. off-campus student deliveries totaled 8,461 and 26,468 beds, respectively.

[10] U.S. Department of Education, National Center for Education Statistics, Integrated Postsecondary Education Data System (IPEDS).
[11] Axiometrics. Index of 175 universities tracked by Axiometrics for forecasts and trends.
[12] Axiometrics, Yardi Matrix.

Current Supply is Inadequate

As shown in Figure 5, four-year institutions have enough on-campus supply for just over a quarter of their student body on average. With limited opportunities for schools to add on-campus housing capacity, Landmark believes much of the growth of purpose-built student housing will come at the expense of the shadow rental market, shown in Figure 5 as "Alternate Supply." Today, only 27% of the current supply consists of off-campus, purpose-built student housing beds,[13] which Landmark believes will be increasingly demanded by students and required by universities to meet housing needs.

Figure 5: Product Breakdown in Current Supply



Source: RealPage. Landmark Market Survey 2024.

The Opportunity Zone Program

The Opportunity Zone program was created by the Tax Cuts and Jobs Act in 2017 to direct private capital into designated low-income census tracts. In the first round, Opportunity Zone 1.0, the Treasury certified 8,764 zones, roughly 12% of all U.S. census tracts, and cumulative qualified investment reached $112 billion through 2024.

The One Big Beautiful Bill Act, enacted on July 4, 2025, made Opportunity Zones a permanent feature of the tax code. Beginning January 1, 2027, investors may place capital in Opportunity Zone 2.0 funds; designations for that round run through 2036, with decennial redesignation cycles thereafter. The principal investor benefits are deferral of tax on a reinvested capital gain for five years on a rolling basis tied to each investment; a 10% step-up in basis on the deferred gain after a five-year hold (30% for qualifying rural investments); and, most significantly, permanent exclusion from federal capital gains tax on all appreciation after a ten-year hold.

Depreciation taken during the hold is also not recaptured on a qualifying exit. Cost segregation can reclassify part of a project's basis into shorter-lived components eligible for bonus depreciation, potentially generating passive losses during the hold, and because a qualifying investment held ten years receives a basis step-up to fair market value on exit, that depreciation is generally not recaptured. The ability to use these losses depends on each investor's tax situation; investors should consult their own tax advisors.

Eligibility for Opportunity Zone 2.0 has narrowed. A tract qualifies where median family income is at or below 70% of the metro or statewide benchmark, down from 80% under the original program, or where the poverty rate is at least 20% and median family income is no more than 125% of that benchmark. The Treasury has identified 25,332 eligible tracts

[13]RealPage. Landmark Market Survey 2024.

Primary Tax Benefits

Available through a Qualified Opportunity Zone Fund (QOF) beginning January 1, 2027

5-Year Deferral	Tax Reduction	Tax Exclusion
▪ Defer taxes on any capital gain for five years ▪ The deferral period runs from the date of the investment into a Qualified Opportunity Fund	▪ Hold the QOF investment 5+ years and receive a reduction on the original deferred gain ▪ **Traditional QOFs:** 10% step-up in basis ▪ **Rural QOFs:** 30% step-up in basis	▪ Hold the QOF investment 10+ years and appreciation earned in the Fund is tax free upon sale ▪ Depreciation benefits utilized by investors are not subject to recapture

OZ 2.0 Tax Benefit Timeline

OPPORTUNITY ZONE INVESTMENT LIFECYCLE

1	2	3	4	5
DAY 0	WITHIN 180 DAYS	YEARS 1 – 5	YEAR 5	YEARS 10 – 30
Realize Capital Gain	**Invest in a QOF**	**Tax Deferral Begins**	**Original Gain Taxable and Reduced**	**Appreciation Becomes Tax-Exempt**
▪ An eligible capital gain is triggered	▪ Roll the gain into a Qualified Opportunity Fund	▪ Tax on the original gain is deferred	▪ Basis step-up reduces the taxable gain	▪ No federal tax on Fund appreciation at sale

(16,998 urban and 8,334 entirely rural), and each state may nominate one quarter of its eligible tracts, a ceiling of 6,333. Certain aspects of the regime remain subject to further Treasury and IRS guidance, although the zones effective January 1, 2027, have been designated by states and certified by Treasury.

Ground-up development is the simplest way to satisfy the program's qualification rules. Property in a Qualified Opportunity Fund must be original-use property or meet a substantial improvement test, doubling the basis of an acquired asset's improvements within 30 months; new construction generally offers a path to the original-use standard without the cost and compliance risk of a renovation-based strategy.

Why Student Housing Is Well-Suited for Opportunity Zones

Unlike tax incentives realized at inception, the Opportunity Zone benefit is earned at the back end: investors receive the full benefit only if the underlying real estate appreciates over a ten-year hold. It therefore rewards asset classes whose demand can be forecast over a decade rather than a cycle, and Landmark believes purpose-built student housing at Tier-1 universities is particularly well matched to that requirement.

First, the location is permanent. A university does not relocate, so a site adjacent to campus remains the best site adjacent to campus for the full hold, unlike conventional multifamily, where the most desirable submarket can shift materially over ten years. Changes in enrollment, campus use and competing supply may nevertheless affect demand, occupancy and rents.

Second, supply cannot readily expand. Land within walking distance of a major university is finite, zoning around campus is restrictive and the university often controls much of the adjacent real estate. The same barriers that make a site difficult to assemble defend the asset once it is built.

Third, demand is countercyclical. Enrollment has historically held flat or increased in downturns, and student housing

produced positive rent and occupancy growth through the Global Financial Crisis while conventional multifamily declined 6.4% in 2009. A ten-year hold reduces dependence on a near-term exit, though it does not eliminate exposure to market conditions at disposition.

Fourth, the eligibility map and the university map overlap to an unusual degree. A large resident student population depresses measured median family income in surrounding tracts, so many campus-adjacent tracts qualify on the statistics alone, and states have separately nominated college towns to direct private investment toward their universities' growth.

Finally, the academic calendar imposes a fixed delivery date. The project management discipline required to deliver before the start of the academic year also supports compliance with the deployment timelines associated with Opportunity Zone investing.

Community and Policy Alignment

New student housing supply also serves the community-development purpose the program was designed to advance. Public universities are among a state's most important economic development assets; private capital delivering housing off-campus reduces the burden on state balance sheets, expands the local tax base, relieves pressure on adjacent single-family neighborhoods and creates construction and property-management jobs tied to campus growth.

Institutional Capital Flows

The need for diversification in institutional portfolios, combined with competition for traditional assets, has turned investor attention toward niche property types, and student housing has been one of the main beneficiaries. According to PREA's 2025 Investment Intentions Survey, 29% of institutions are targeting student housing strategies, up from 5% in 2016.[14] In early 2024 the ODCE index also reclassified student housing from "Other," a catch-all capped at 25% of a fund's portfolio, to "residential." With over $300 billion in assets, ODCE funds, together with other low cost-of-capital institutions, could become a major source of liquidity for core student housing.

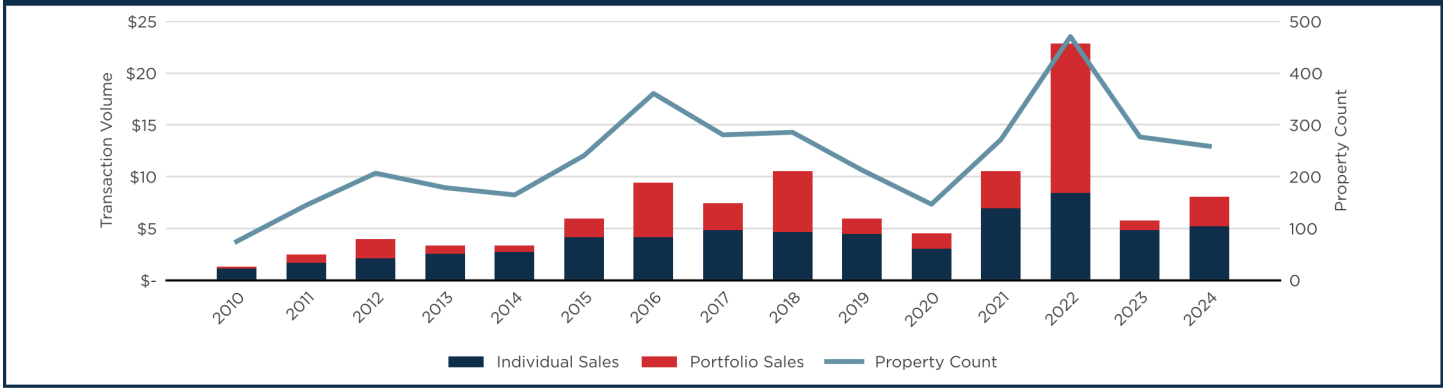
The sector's resilience during the Global Financial Crisis drove a meaningful increase in transaction volume beginning in 2015. Annual investment volume has exceeded $8 billion in five of the past ten years despite the COVID-19 pandemic and a challenging capital markets environment since 2022, and rebounded in 2024 after a slower 2023. As shown in Figure 6, recent increases have largely been driven by portfolio transactions,[15] including the take-privates of EdR (acquired by Greystar for $4.6bn in 2018) and ACC (acquired by Blackstone for $12.8bn in 2022). Given the fragmented ownership landscape and continued institutional demand for high-quality assets, Landmark believes the sector should continue to benefit from strong long-term liquidity.

[14]2025 PREA Investment Intentions Survey.
[15]Berkadia. 2025 US Student Housing Market Report.

Cap Rates

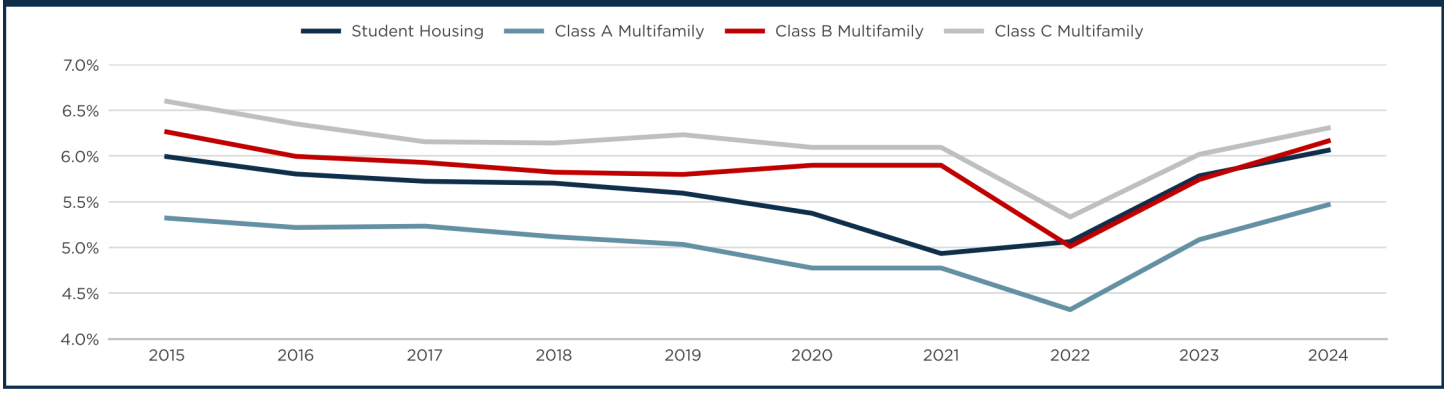
Strong investor interest has driven cap rate compression across the asset class (Figure 7). While student housing cap rates have narrowed relative to traditional multifamily, they remain 30 to 50 basis points higher, offering a compelling risk-adjusted return profile. With student housing rent growth outpacing multifamily, which is flat to negative in many markets, Landmark believes that spread could widen to 50–75+ basis points over the next few years.

Figure 6: Student Housing Transaction Volume ($Bn)



Source: Berkadia. 2025 US Student Housing Market Report.

Figure 7: Student Housing & Multifamily Cap Rates



Source: Real Capital Analytics, TSB, CoStar.

Conclusion

Landmark believes student housing will continue to exhibit attractive fundamentals, supported by sustained enrollment growth at large four-year universities, changing student preferences and constrained new supply, with a large shadow rental market still poised for replacement. The Opportunity Zone framework does not create that opportunity, but it can improve the after-tax return an investor earns from it, and its ten-year hold aligns closely with the natural life of a well-located student housing development.

Important Information

This paper is provided by Landmark Properties for informational and educational purposes only. It does not constitute an offer to sell, or a solicitation of an offer to buy, any security or interest in any fund or investment vehicle, and it should not be relied upon in making any investment decision. Statements about market conditions, enrollment, supply and the Opportunity Zone program reflect Landmark's current views and are forward-looking; they are subject to risks and uncertainties, and actual results may differ materially. Certain aspects of Opportunity Zone 2.0 remain subject to further Treasury and IRS guidance. Nothing in this paper is tax, legal or investment advice; readers should consult their own advisors. Third-party data is believed to be reliable but has not been independently verified.