



Italian Student housing Market Overview

July 2022

HIGHLIGHTS

- Italy counts a total of 257 schools for tertiary education; the city with the highest number of schools is Rome (32), followed by Milan (21)
- In the academic year 2020/2021 the number of students registered a 4% increase YoY
- Total bed supply for students in Italy stands at more than 64,000 beds. Approximately half of the total supply is concentrated in 5 main cities (Milan, Rome, Firenze, Torino, Bologna)
- As far as regards the pipeline, a total of around 18,000 beds are expected to be added in the market by 2025
- 2021 European investment volume reached € 8.1 bn. UK remains the largest destination, thanks to a few large portfolio transactions
- Investors are increasingly looking beyond the core PBSA destinations, notably in Italy, Spain, Poland and the Nordics
- Volumes remain low in our Country due to the predominance of forward funding and forward purchase transactions, but a large amount of investors and operators are entering the market
- The positive momentum of the market has put downward pressure on prime net yields

KEY FIGURES



98 Universities



1.8 M Students



41% Mobile students



5.6% International students



64,000 Beds



4% Provision rate

Universities and students

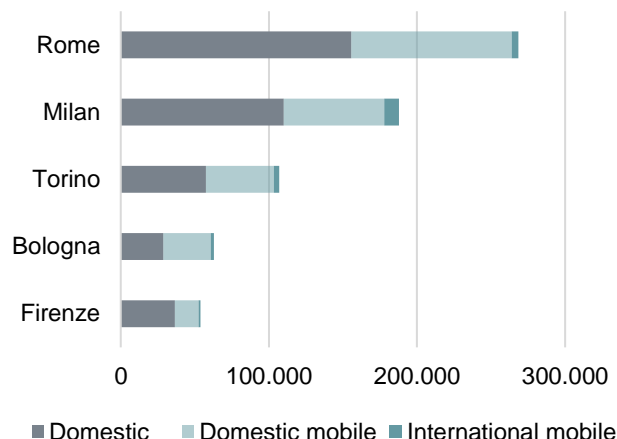
Italy counts a total of 257 schools for tertiary education: 98 are universities while the remaining are AFAM (Alta Formazione Artistica e Musicale) institutions legally recognised. Public institutions represent 60% of the total. The city with the highest number of schools is Rome (32), followed by Milan (21), Firenze (12), Torino (7) and Bologna (7). Among universities, it is worth mentioning that 11 are telematic and 6 of them fall in the city of Rome; the 3 polytechnics are located in Milan, Torino and Bari.

In the academic year 2020/2021, despite Covid-19 pandemic, the number of university students registered a 4% increase YoY, totalling around 1.8 M in universities and 96,000 in AFAM institutions. In the last 5 years, international students progressively increased, reaching 5.6% in universities and 13% in AFAM structures.

Since 2015/2016 a.y., mobile students increased by 4.3% by year, not only thanks to the growing share of international mobile students but also thanks to the Italian students that are becoming more and more inclined to move to cities where the best universities are located.

In terms of tertiary students, Rome is the main Italian city with more than 268,000 students enrolled in the a.y. 2020/2021; more than 100,000 students are domestic mobile (40% of total students). Milan is the second city and it is characterized by the highest number of international students (19,904 a.y. 2020/2021). In Torino, 46% of the overall students are mobile. Bologna reached the highest share of international students (12% of total students) but also of mobile students (54%). Among the 5 main Italian cities, Firenze registered the highest share of domestic students (68%); international students are around 4,000 while mobile 17,000.

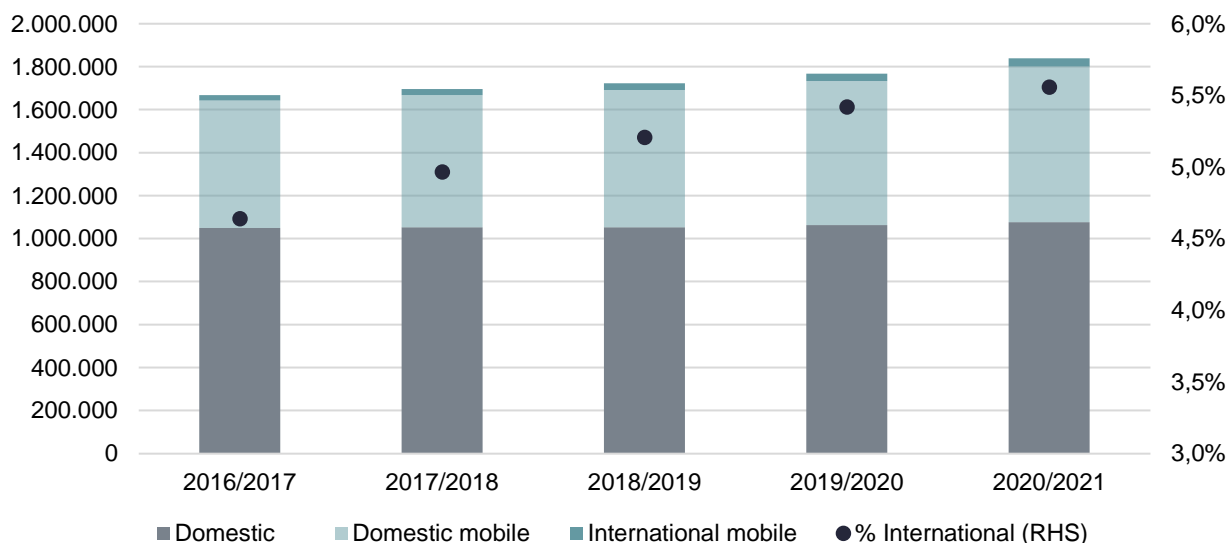
Number of full time students by city (2020/2021)



2022 QS World University Rankings by subject

University	Subject	Ranking
Bocconi	Social Sciences & Management	10
Politecnico of Milan	Engineering & Technology	13
Politecnico of Torino	Engineering & Technology	33
Sapienza University of Rome	Arts & Humanities	39

Number of full time university students by academic year



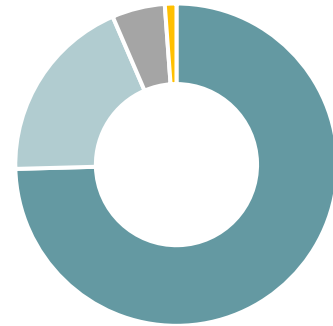
Domestic: Italian students based in the same region and in a province with a journey time of less than 60 minutes
Domestic mobile: Italian students based in other regions or in a province with a journey time of more than 60 minutes
International mobile: International students not based in Italy
% International: International students/total students

Supply and pipeline

Total bed supply for students in Italy stands at more than 64,000 units. Public beds are the most represented, especially those provided by DSU (Diritto allo Studio Universitario - Right to University Study). In the last years private student accommodations are increasing their presence in the market covering 19% of the total supply as of today. Approximately half of total supply is concentrated in Milan, Torino, Rome, Bologna and Firenze.

As far as regards the pipeline, a total of around 18,000 beds are expected to be added in the market over the next 4 years with the majority of the opening expected in 2023. 46% of this figure is already under construction and concentrated in the 5 top cities. Milan stands at the first place in terms both of supply and pipeline with a forecast of around 4,800 beds to be added to the actual stock of around 11,000 units. Bologna is the city with the highest density of PBSA, counting for 54% of its bed supply.

Italy, supply by structure type



- Public (DSU-MIUR-Other)
- PBSA
- Religious
- Other Private

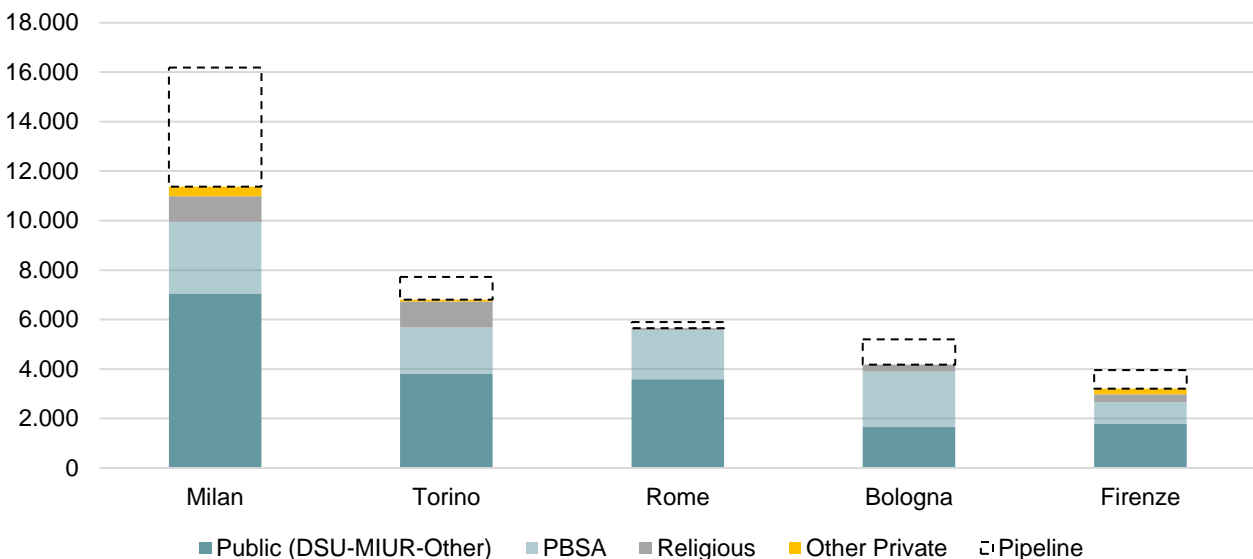
18,000
Beds in pipeline

25
Projects under construction

8,000
Beds under construction

65%
Of pipeline located in Milan

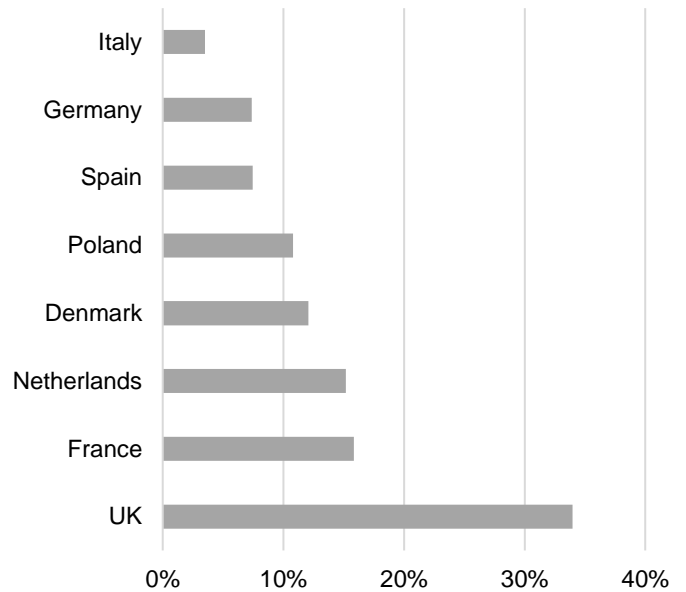
Bed supply and pipeline under construction by type and city



Potential demand

The provision of student accommodations is different among the European countries. The highest one has been reached in UK, where the provision rate exceeds 30%. In Italy, the situation is completely different, with figure standing at 4%. Over the next five years, the growth in student numbers is expected to gather pace in all large European university hubs, most particularly in the major Spanish and Italian student cities, generating a further increase in demand for student accommodation. Despite a strong development pipeline across many European cities, we believe it will be insufficient to meet the expected pent-up demand. Among the Italian cities, Bologna presents the highest provision rate (7%), while in Rome this figure is smaller also than the Italian average. Considering the pipeline under construction by 2025, the provision rate will reach 9% in Milan and 8% in Bologna, while in Torino and in Rome the rate will not register a significant increase. Moreover, considering the potential demand, the gap to be fulfilled is consistent in all the cities and in particular in Rome where the number of mobile students exceed the one hundred thousand.

European provision rate*

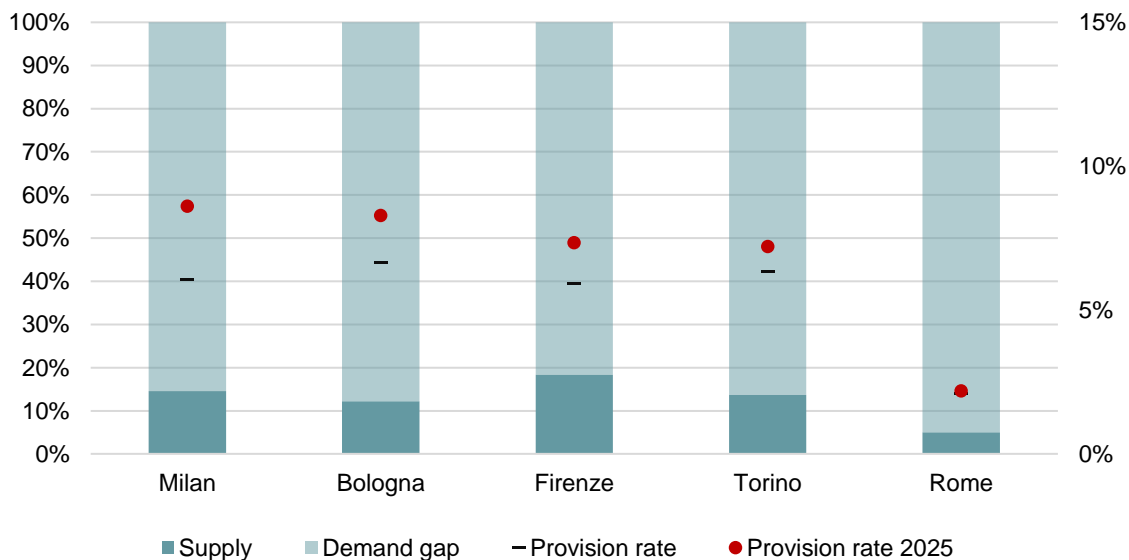


* Total number of beds divided by the total number of university students

Gap in demand for beds

Milan	Bologna	Torino	Firenze	Rome
~66,000	~30,000	~43,000	~14,000	~100,000

Total supply, demand gap (LHS) vs actual and future provision rate (RHS) by city



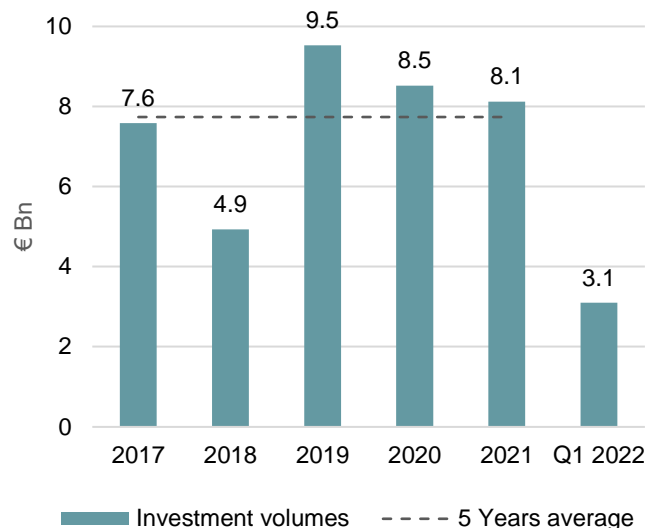
Investments and prime net yields

Investment activity in the sector remains buoyant, fuelled by portfolio and single property acquisitions in the most developed markets as well as forward funding deals, particularly in emerging markets. During the first quarter of 2022, € 3.1 billion has been recorded confirming the strong appeal of the sector and inverting the trend of the past three years. In the next months, activity is expected to intensify as investors will continue to look for value in the living sectors with a further consolidation of the PBSA sector.

UK remains the largest destination, thanks to a few large portfolio transactions. Nevertheless, investors are increasingly looking beyond the core PBSA destinations (UK, Germany, Netherlands, France), notably in Italy, Spain, Poland and the Nordics. The transacted volumes remain low in our Country due to the predominance of forward funding and forward purchase transactions, but the growing appeal for the sector is confirmed by the large number of operators which are entering the market to develop new structures, especially in Milan area.

The positive momentum of the market has put downward pressure on prime net yields now standing at 4.25% with compression expected in the short-medium term for Grade A trophy assets, ESG compliant, strategically located and managed by experienced operators.

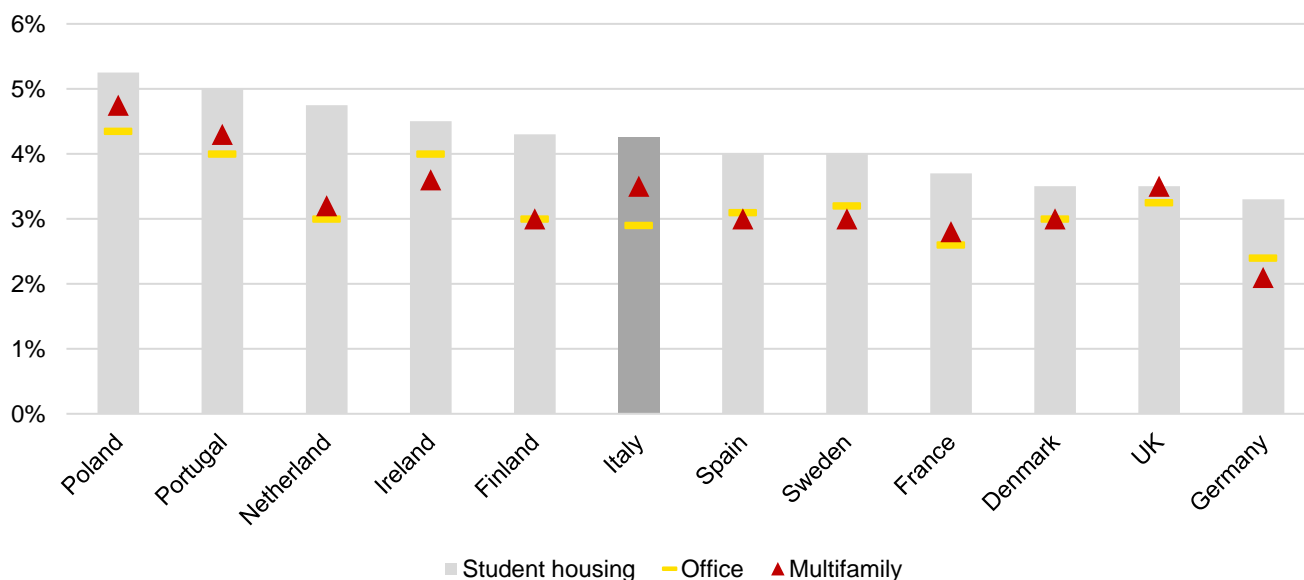
European Investment volume



Source: RCA

“Gap between income yields and returns compared to multifamily housing and offices are likely to reduce in the medium term.”

Europe prime net yields by sector



Main operators and rents

The greater appealing for the Italian student housing sector is demonstrated by the high number of operators active in the market. The players are various including consolidated operators and newcomers, both international and domestic. Aparto has just inaugurated his first Italian student accommodation in Milan (Via Giovenale) and other expansions are in the agenda also in Firenze. Here, the Student hotel is planning to open another structure and to further expand in Rome and Torino by the end of 2024. Camplus has planned to add to the actual offer more than 700 beds in Torino, Firenze and Bologna. Beyoo, a brand of the English CRM Students, is entering our Country with two structures in Firenze and one in Bologna. Collegiate is ready to enter the Italian market too with the inauguration of a new Campus in Bicocca with more than 700 beds.

Not only the usual consolidated locations are in the target of operators. For instance, Padova has been chosen by DoveVivo for its openings in two different assets. Pisa, Ferrara and Venezia have also several campus projects in pipeline which will be managed by public entities.

Amenities, quality and services drive the new PBSA supply making these structures more competitive and attractive than traditional accommodations for national and international students willing to pay an extra amount to benefit of these unique services.

New projects

Aparto Ripamonti
Milan
+ 700 beds
Developer: Hines
Opening: 2023

aparto

Laude Living
Bologna
+ 500 beds
Developer: Stonehill
Opening: 2022

beyoo

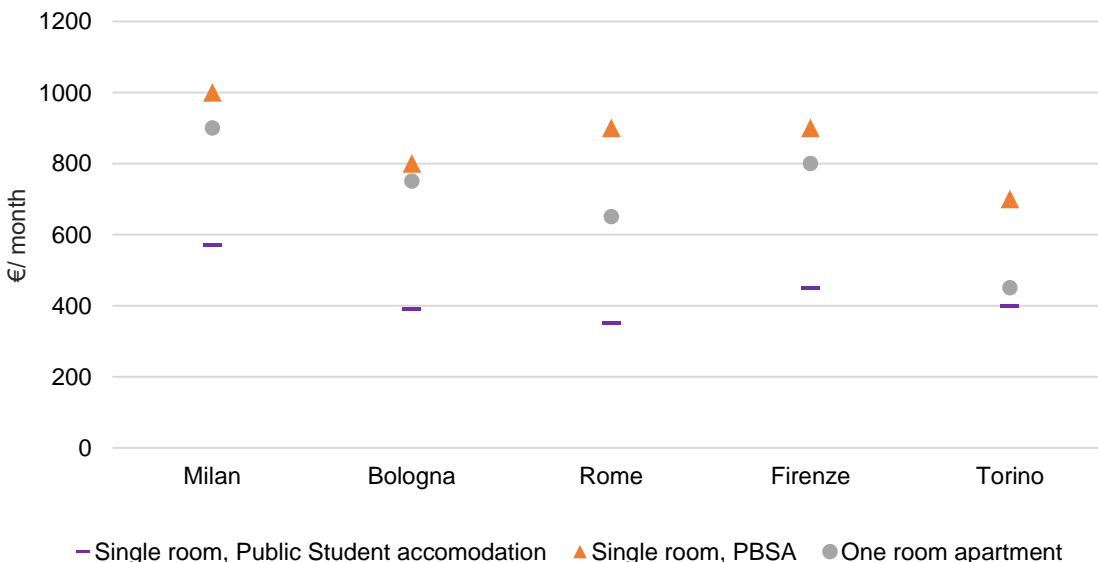
Ex-MOI
Torino
+ 400 beds
Developer: Investire SGR
Opening: 2022

camplus

The Student Hotel
Firenze
550 beds
Developer: Aermont
Opening: 2023



Average rents



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