Research Spain – 2024

SPOTLIGHT
Savills Research

# Student Housing in Spain

# The Spanish market at a glance

## The Spanish University System

The Spanish University System (SUS) comprises 91 universities, with 50 being public and 41 private. Public universities account for the majority of enrolled students (74%), although private universities have experienced faster growth in student numbers, increasing by 6.8% compared to just 1% in public institutions.

A significant proportion of private university students are concentrated in five of Spain's wealthiest provinces: Madrid, Barcelona, Navarra, Vizcaya and Guipúzcoa. These six high-income provinces collectively host 59% of private university students, despite representing only 32% of Spain's population.

The Spanish University System also enjoys a degree of international recognition. In the 2024 edition of the QS World University Rankings, 15 Spanish universities are ranked among the top 500 globally.

Additionally, three Spanish cities—Barcelona, Madrid, and Valencia—feature in the QS ranking of the world's best university cities, placed 34th, 41st, and 90th, respectively.

**91**
UNIVERSITIES of which more than half (50) are public

**3**
CITIES among the 100 best in the world to study

**+4.9%**
STUDENTS ENROLLED in private on-site universities

**11.4%**
INTERNATIONAL STUDENTS of the total on-site in the SUS

**107k**
BEDS distributed throughout Spain

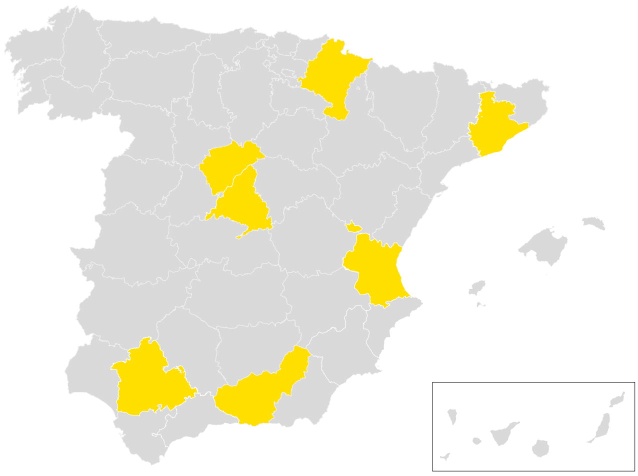
**10k**
NEW BEDS in pipeline for 2025 - 2026

**€ 810M**
INVESTMENT IN PBSA at Q3 2024

**4.85%**
PRIME YIELD Q3 2024 Madrid

**Fig. 1 - QS World University Ranking rankings**
provinces in Spain with a Top500 university

- U. Complutense de Madrid
- Universitat de Barcelona
- U. Autònoma de Barcelona
- U. Autónoma de Madrid
- Universidad de Navarra
- Universitat Pompeu Fabra
- U.Carlos III de Madrid
- U. Politécnica de Madrid
- U. Politècnica de Catalunya
- Universidad de Granada
- IE University
- U. Politecnica de Valencia
- Universidad de Valencia
- Uniersidad de Sevilla
- Universitat Ramon Llull



**Source:** QS World University Ranking

# Demand

## Higher Education

According to data from the Ministry of Universities, the SUS enrolled 1.76 million students in the 2023-2024 academic year, with 1.44 million attending on-site universities—a group that constitutes the primary users of student housing. The number of on-site university students grew by 1.4% year-on-year, primarily driven by private institutions, which saw a 4.9% increase, compared to just 0.6% growth in public institutions.

Madrid leads in student numbers, with 331,908 on-site enrolments across bachelor's, master's, and doctoral programs, accounting for 23% of the national total. Andalusia follows with 17%, and Catalonia with 16%. Provincially, Madrid is followed by Barcelona and Valencia, which host 13% and nearly 8% of SUS students, respectively.

The three largest universities by on-site enrolments are all public institutions. The Complutense University of Madrid leads with 65,175 students, followed by the University of Seville (61,785) and the University of Barcelona (53,441).

## International Students

The attraction of international students remains a cornerstone in the growth and development of Spanish universities. Since the implementation of the European Higher Education Area (EHEA), also known as the Bologna Plan, in 2010-2011, the number of foreign students in the Spanish University System (SUS) has tripled. Over the years, their share of total enrolments has grown steadily, rising from 5.6% in the 2009-2010 academic year to 11.4% in 2024-2025.

Since the implementation of the EHEA, the SUS has not ceased to strengthen its ability to attract foreign students. Their share of enrolments has become increasingly important, rising from 5.6% to 11.4% in the academic years 2009/10 and 2023/24, respectively.

## Erasmus

Spain continues to be a top destination for Erasmus students. A record number of approximately 55,700 students participated in the program during the 2021-2022 academic year, a figure bolstered by the post-Covid recovery.

In the second half of 2022, nearly 23,000 Erasmus students arrived in Spain, continuing the upward trend from the previous year. These numbers suggest that for the 2022-2023 academic year, Erasmus enrolments will remain consistent with those recorded in 2021-2022 (last academic year with complete data).

Geographically, Madrid and Barcelona are the most popular destinations for Erasmus students, hosting 17.7% and 16.9%, respectively, followed by Valencia with 10.4%, Malaga (6.4%) and Seville (5.1%).

## Regional Mobility

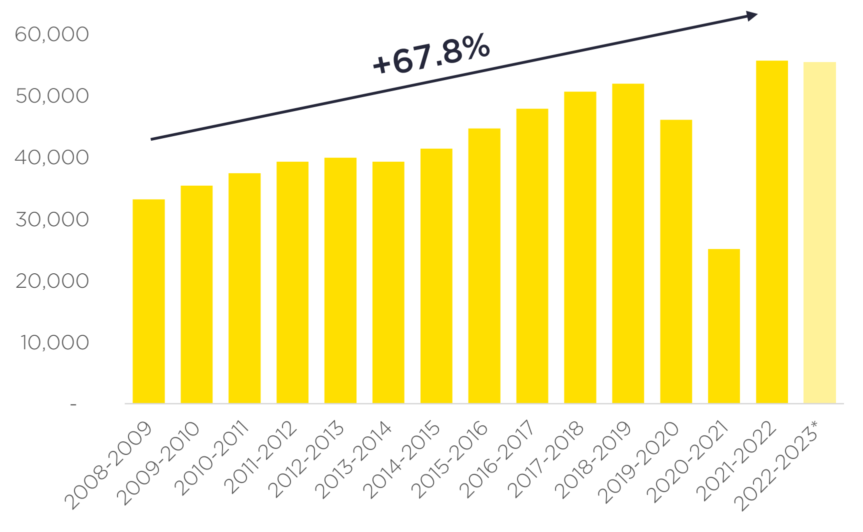
Spanish universities are characterised by their geographical proximity to the students, offering a similar range of academic programs distributed across institutions nationwide. However, increasing numbers of domestic students are opting to study away from their hometowns. This trend reflects a pursuit of specialised programs not available locally or a preference for universities with higher prestige.

According to the 2023-2024 Spanish University System Data and Figures report by the Ministry of Universities, 31.4% of undergraduate students enrolled at on-site universities during the 2022-2023 academic year were from a province different from the one where they were studying. This demonstrates the growing importance of regional mobility within Spain's higher education landscape.

## Potential Demand

The total potential demand for student accommodation in Spain can therefore be calculated by combining the three key groups: international students enrolled in on-site programs at Spanish universities (112,000); Erasmus students (55,600), and 31.4% of domestic students who, according to the ministry, are enrolled in a university located

**Fig. 2 - Evolution of Erasmus students in Spain**
incoming Erasmus students enrolled in tertiary education




**Source:** Savills Research with data from the European Commission outside their home province (376,000). This results in a potential demand of approximately 543,600 students, significantly more than the current 107,000 beds available in the Spanish market, according to FRAGUA data.

While international students, including those enrolled in the SUS and in the Erasmus+ program, represent just 30.8% of total potential demand, they are a key market segment. These students often have a greater need for accommodation due to limited local connections and the absence of family or friends in their new location.

To meet this demand, the entry of international operators with well-established brands and expertise has been instrumental in providing attractive, high-quality accommodation options for cross-border students. This group typically seeks high-quality accommodation with a comfortable environment.

The stark contrast between total potential demand and current supply highlights an unmet demand of nearly 434,000 students who cannot be accommodated within the existing student housing market. However, not all of this unmet demand will necessarily translate into customers for university accommodation, as some students will opt for alternative housing solutions based on preferences in terms of concept or affordability.

# Supply

The Spanish student housing market remains fragmented and largely in private hands, although recent years have shown a trend toward consolidation. Currently, Spain has approximately 107,000 beds across 850 student housing assets, with an average of 125 beds per facility. Geographically, half of the available beds are concentrated in four provinces: Madrid (24.2%), Barcelona (14.1%), Sevilla (7.8%) and Granada (5.5%).

While the average number of beds is 125 per student housing asset, larger university hubs tend to exceed the national average for asset size. For example, Seville boasts an average of 200 places per asset, driven by the entry of major international players who have introduced large-scale projects with capacities exceeding 250 beds.

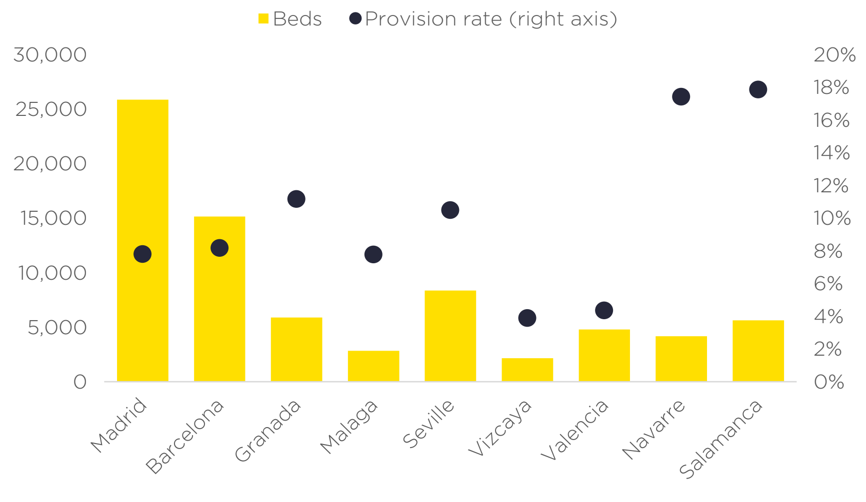
## Pipeline

In 2024, approximately 9,000 new places are expected to enter the market across 26 new student housing assets, bringing the total to over 115,000 beds nationwide by year-end.

Looking further ahead, an additional 10,500 beds are planned for 2026.

Of these, estimated 10,500 beds that are anticipated by 2026, Barcelona leads the pipeline with 3,700 new beds, followed by Madrid with 1,900, and Murcia (1,100), a province considered as Tier 4, in third place. Among other non-Tier 1 provinces, Granada stands out with over 1,000 beds, closely followed by Valencia, which is projected to add 950 beds.

**Fig. 3 - Provision rate and number of beds in the main regions**
beds over the total students (%)



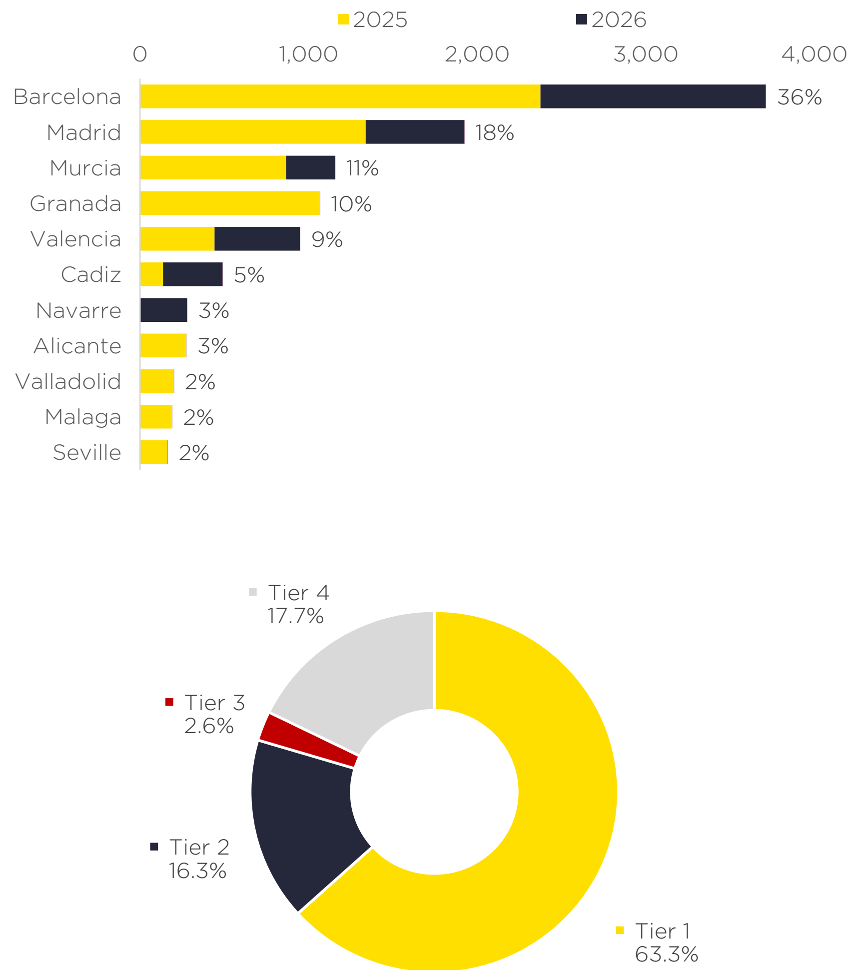

**Source:** Savills Research with data from FRAGUA and Ministerio de Universidades

## Supply-demand mismatch

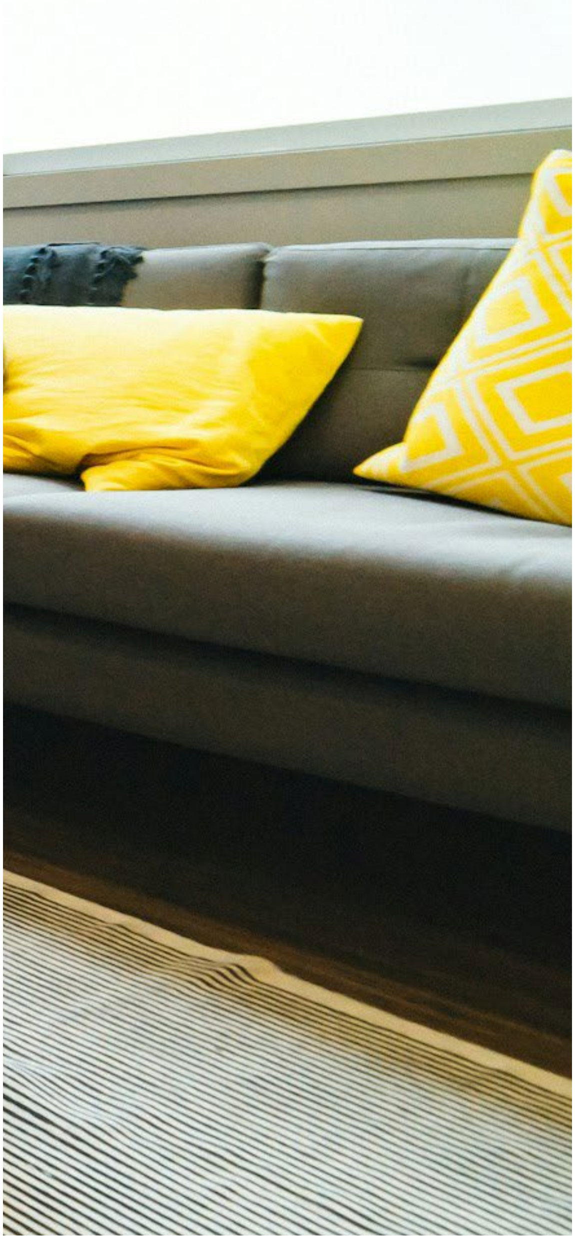
The bed supply, calculated as the total number of students enrolled at on-campus universities and the total number of available beds, shows the level of growth capacity in the market. The gap between supply and demand in the student housing market underlines a significant growth potential. The bed-to-student ratio currently stands at 1:13 nationwide, with an average supply rate of 7.4%. Despite delivery of new PBSA schemes, this indicator has remained static over the past year.

In terms of the main university regions, we find a supply ratio above the national average for the most part. The coverage ratios range from 3.9% in Vizcaya and 4.3% in Valencia to ratios of over 17% in Navarra and Salamanca. Madrid and Barcelona are slightly above the national average, 7.8% and 8.2%, respectively.

**Fig. 4 - Pipeline 2025-2026 in the main regions and Tiers**
percentage over the total (%)




**Source:** Savills Research

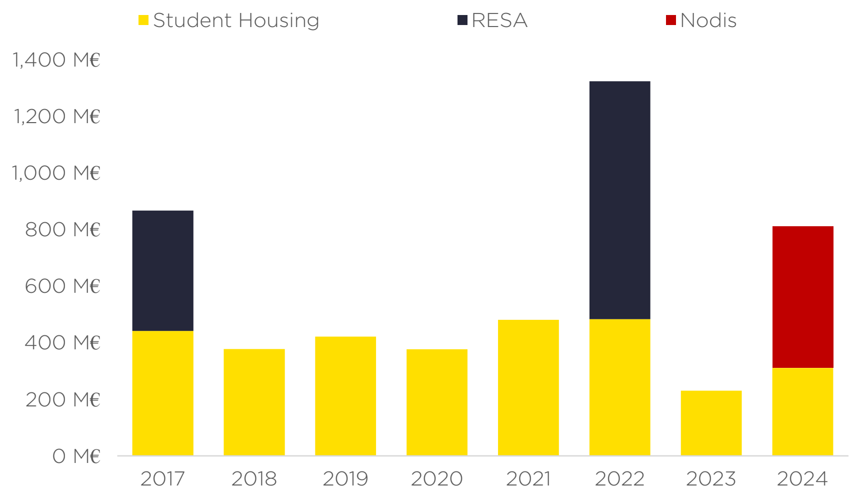


# Investment market

The Purpose-Built Student Accommodation (PBSA) sector has evolved from being an "alternative" asset class to an integral part of the real estate investment landscape.

Several factors are fuelling interest among investors in this type of asset: growing demand, driven by international student arrivals (SUS and Erasmus+) and increased domestic mobility; a high proportion of obsolete stock, with 49% of existing beds failing to meet modern standards, and challenges in the rental housing market, including limited supply and rising prices. By October this year, investment surpassed €300 million, which already exceeds the annual total for 2023, and is 12% more than the historical average (excluding the RESA portfolio, which has already been transacted on three occasions).

**Fig. 5 - PBSA Investment evolution in Spain**
in € millions (2017-Q3 2024)




**Source:** Savills Research

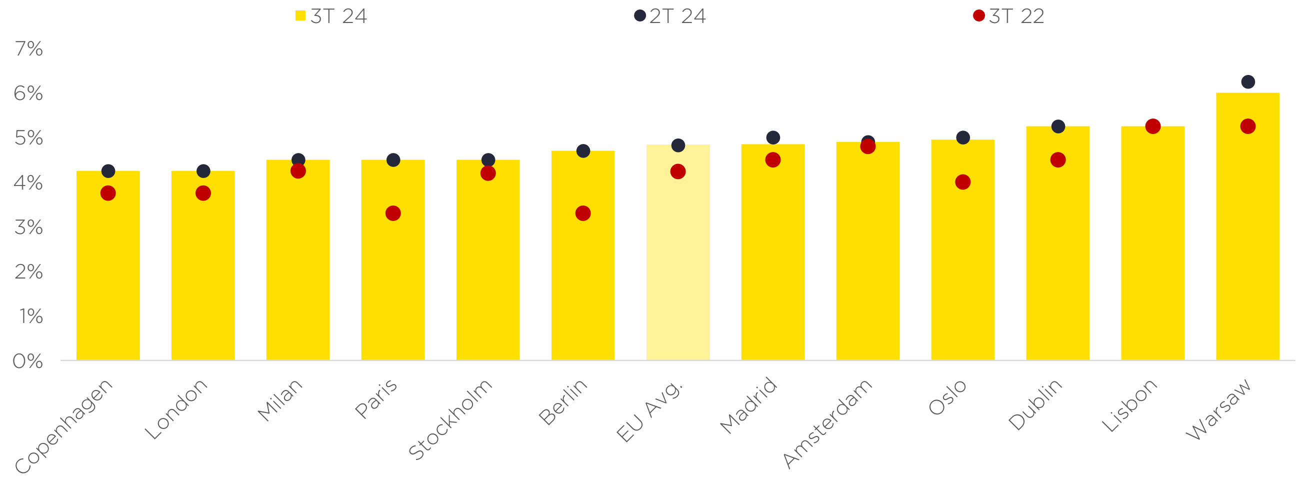
Forecasts suggest total investment could reach €800 million by year-end, particularly if Azora and EQT finalise their anticipated agreement for the transfer of the portfolio that the Swedish investment group has created with Moraval. It comprises more than ten PBSA assets in various locations and over 4,000 beds and operates under the Nodis brand name.

This would mark the largest transaction of the year and signal Azora's return to the student accommodation sector, where it was active between 2011 and 2017 as owner of RESA, still Spain's largest student housing operator.

By location, investors remain focused on Tier 1and Tier 2 locations, while not wishing to miss favourable opportunities in Tier 3 and even Tier 4 markets. These locations accounted for 5% of transactions historically and 10% since 2023.

These lower-tier markets present opportunities for development or

**Fig. 6 - PBSA Prime Yields**
in Europe




**Source:** Savills Research

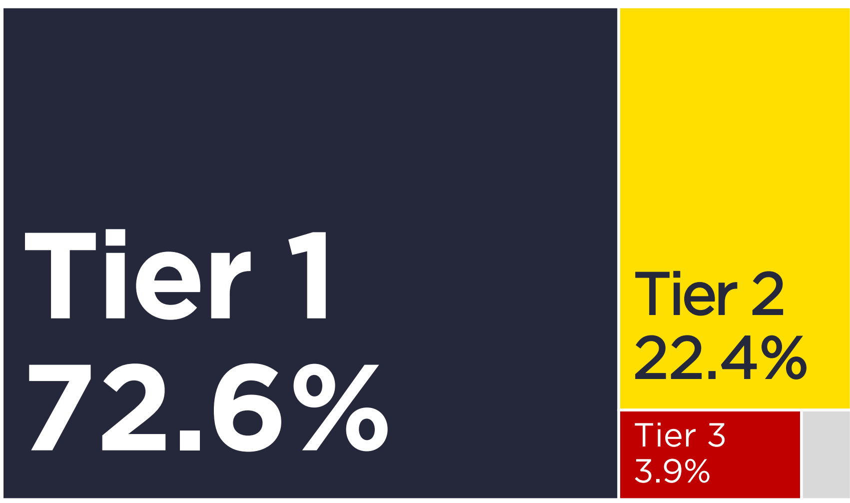
refurbishment in areas with low bed supply and high demand potential. Here, competition is less intense, and returns are more attractive.

Despite international investment in Spanish real estate generally declining since 2020, domestic players remain a minority in the PBSA sector, accounting for just 10% of activity since 2020 and 25% in 2024 to date.

By origin, US funds account for 71% of international investment, while European investors, led by France, contribute 25%. A key draw for international investors is the opportunity to replicate proven business models from other markets in Spain's rapidly expanding PBSA sector.

Given the scarcity of high-quality, modern student housing that meets the needs of today's university population, many companies are opting to develop new purpose-built properties, often purchasing land specifically for this purpose.

**Fig. 7 - Investment volume by location 2017 - Q3 2024**
percentage over the total (%)




**Source:** Savills Research

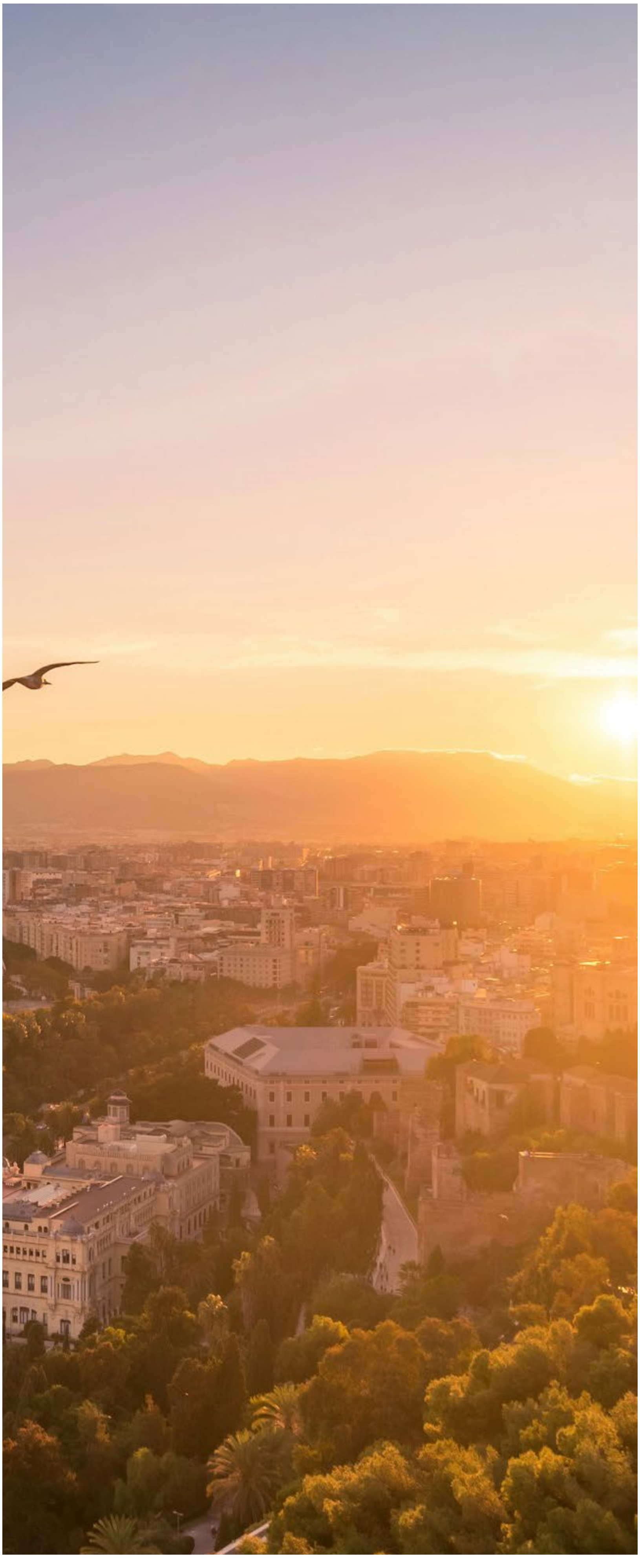
## Yields

Interest rate trends have been a key driver of market behaviour regarding yields in recent years. Following the start of the expansionary monetary phase in summer 2022, yields progressively increased, peaking at 5% by summer 2023. However, since then, yields have stabilised even as the European Central Bank (ECB) initiated rate cuts in June 2024. A clear downward trend in yields is expected in the coming quarters.

Modern, high-quality assets in prime Tier 1 locations are already closing deals below the 5% threshold. Madrid in particular, appears to be poised to become one of the first cities to break this psychological barrier, aligning it with average yield levels in other major European capitals.

# Outlook

## An optimistic scenario for the market



The outlook for Spain's PBSA sector remains positive, driven by strong demographic trends, a favourable economic forecast and sustained growth in the education sector.

### Potential Demand

Spain is increasingly attractive to international students, thanks to several factors, including the academic quality at SUS universities, with several ranking highly in global league tables; internationalisation efforts, with a growing number of programs taught in foreign languages; affordable tuition fees, which are below those in neighbouring countries, and the vibrant student life.

### Supply-demand mismatch

Despite adding an average of 6,500 new beds annually since 2020, the growth in student housing stock has not kept pace with demand in many key locations. This mismatch has resulted in high occupancy rates for university accommodation facilities.

### Institutional investment

The PBSA sector continues to attract institutional capital, drawn by strong market fundamentals and opportunities for portfolio diversification.

### Modern Design and Enhanced Amenities

The market is shifting towards more sophisticated models that offer, not only accommodation, but additional amenities such as gyms, coworking spaces and recreational areas, as well as activities that foster a more complete student life experience.

### Sustainability

The sector is increasingly prioritising green, resource-efficient buildings in response to growing environmental awareness and the shift towards the circular economy, aligning with the preferences of a more eco-conscious student population.

**Savills Research**
We carry out a thorough and objective analysis of the real estate market in order to provide our clients with accurate information on the current situation in all sectors, helping them make the right decisions at each moment.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