

The cost of study, living and accommodation around the world



As student costs rise across the globe, a strong US dollar makes European markets look even better value to international students, supporting the development of purpose built student accommodation

For most, attending university is the first opportunity to leave the family home, relocate and explore a new destination. Studying abroad in particular often brings the promise of a high-quality education, cultural and social experiences, and a route to a better job. While remote working took off during the pandemic, virtual study proved a lesser substitute for in-person tuition and the experience of living and studying on campus. Online learning instead has helped to enhance and complement traditional study, not replace it.

Economic impact

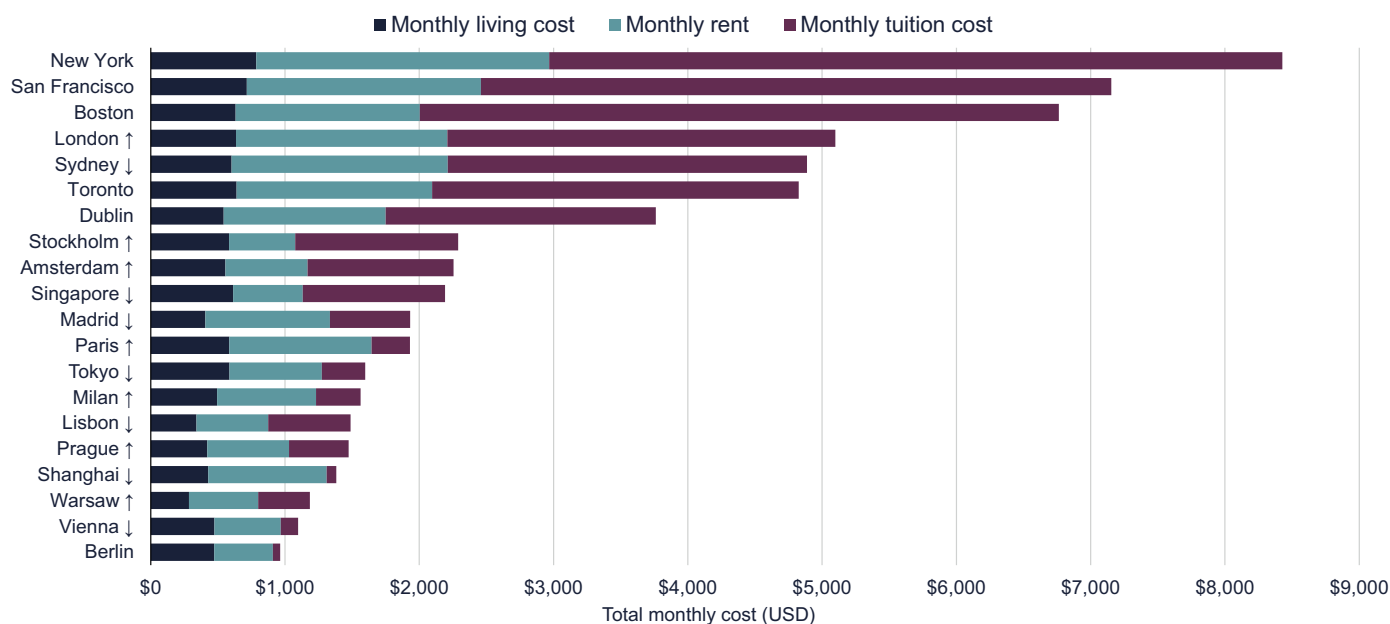
Recent economic instability, also caused by the global pandemic, benefitted university enrolment as in times of uncertainty there is a tendency to upskill. In the UK, for example, overall student numbers increased by 9% in 2020-2021 over the prior academic year, and non-UK first year students rose by 4%. In Europe, several countries also experienced an increase international student numbers in the 2020-2021 academic year including the Netherlands (+11%), Czech Republic (+8.1%), Italy (+5.5%), Poland (+3%) and Germany (+1.1%).

These counter-cyclical qualities, supported by an expanding international student base, have maintained strong capital flows in to student housing. In 2021 real estate investment volumes into student housing reached a record annual high of \$21.5 billion, and has already reached \$13.1 billion year-to-date, a first half of the year high, according to RCA. The US and UK are the two largest markets for this investment; the rest of the European market offers significant potential, creating opportunity for developers and operators who can supply student accommodation as a convenient, 'one-stop shop' to a growing international student base.

City comparisons for student costs

As countries adjust to living with Covid-19 and international students have returned, universities are once again competing with one another in an increasingly globalised world of higher education. Cost is therefore a key consideration. We have compared the cost of living, accommodation and tuition across 20 cities for an international student studying for a STEM undergraduate degree and residing in a quality purpose-built student accommodation.

Total monthly student costs*



Note: *arrow indicated change in ranking since 2019. No arrow indicated no change.

Source: Savills Research

New York, San Francisco and Boston retain their position at top of the cost rankings, charging the highest tuition fees – upwards of \$85,000 per annum – which comprise two-thirds of their total costs to students. Two more English-speaking cities follow: London and Sydney. Other European and Asian cities are further down the rankings: Dublin ranks 7th, Singapore and Tokyo are in 10th and 13th position, whilst Shanghai ranks 17th. Despite a 10% increase in student rents, the low cost of living, negligible tuition fees and comparatively weak Chinese Yuan to the US Dollar has meant studying in Shanghai costs substantially less than at its western counterparts. In spite of the value on offer at home, this doesn't stop Chinese students accounting for the largest share of outbound international students globally.

The strong US dollar has only further boosted the appeal of cities outside of the US for study. The US saw two consecutive years of negative international student growth, -1.8% in 2019-20 and -15% in 2020-21, albeit travel restrictions associated with the Covid-19 pandemic were the primary reason for this.

Marcus Roberts, Savills Operational Capital Markets Head of Europe, says: “We are continuing to see an increasing number of international investors targeting the European purpose built student accommodation sector, in particular, given the strong supply/demand imbalance and the continuing attractive yields. The fact that we are seeing more non-domestic students looking to study in many European cities, combined with continuing local demand, will further boost investor confidence and underline the sector’s resilience.”

A comparatively lower cost of living in European cities, relatively affordable rent and tuition makes some European cities particularly attractive to international students. More English taught courses, vibrant social and cultural scenes, as well as the opportunity to learn a new language make Warsaw, Vienna and Berlin increasingly attractive to international students in particular. This, in turn, supports the development of purpose built student accommodation in these markets.

Research

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