

## QUESTION OF THE MONTH

*Are U.S. colleges and universities becoming overly dependent on international students to maintain/grow enrollment and revenues? And can the same be said for on- and off-campus housing providers?*

No, I'm not concerned about over dependence, though there may be some individual schools that have become so. As a student housing investor, my concern is about enrollment sustainability. In other words, if the international enrollment of a specific university declined, would there be American students standing in line to fill the gap? Take the University of Michigan as an example. Nearly one in three graduate students are international. Am I confident that Michigan's enrollment could sustain a drop in international students? Absolutely. Would I be confident at University of Wyoming? Not so much.

— David Adelman, President and CEO, Campus Apartments



Adelman

"International students are a microcosm of domestic demand. Top-tier public universities — particularly those with a focus on a STEM curriculum — are internationally-known, blue-chip brands. Students from all over the world recognize these schools and aspire to attend them. This should remain the case for many years to come. Conversely, smaller, lesser-known and lower-tier schools are even more at risk of shrinking international enrollment as they are of [shrinking] domestic student enrollment."

— Rob Bronstein, President, The Scion Group



Bronstein

We are in no danger of over-dependence. International students provide not only a welcome contribution to our economy but a tremendous resource of cross-cultural understanding and a potential highly skilled work force. Our higher education competitors in Canada, Australia and the U.K. understand the positive impact of international students and enjoy double digit enrollment rates. While we have seen a 10 percent year-over-year increase in international enrollment in the U.S., it still only accounts for 5 percent of the country's entire enrollment. Despite increasing numbers, we have a long way to go before our global market share need be a concern.

— Mike Peter, President and CEO, Campus Advantage



Peter

Generally, the answer is no and no. The universities most sought-out by foreign students are the ones internationally most well-known: Power Five football conference and Ivy League schools. At those universities, applications far exceed admission slots and the resource/endowment base is much stronger.

Conversely, second-tier universities, including unranked private universities, are of less interest to international students despite their creative and aggressive outreach efforts, such as in-state tuition for out-of-state students and international outreach. While off-campus housing providers do capture a disproportionate share of international students, generally they represent only a small portion of our resident base.

— Fred Pierce, President and CEO, Pierce Education Properties



Pierce

Looking back over the last 10 years, applicants overall have been accepted at a range of approximately 65 to 70 percent, with the acceptance rate actually declining since 2005, signifying that schools aren't having demand issues. International demand has picked up over the years, but still represents less than 10 percent of enrollment.

When we look at projects to invest in, we always analyze the university and student profile. In some cases, higher price point properties do capture international students, so it is definitely something we track. However, given the relatively small percentage of international students compared to the overall university enrollment, our investment decisions are based on the total student landscape.

— JD Goering, Vice President, Transactions Group, Harrison Street Real Estate Capital



Goering

Education has grown to become a significant "export" business in the U.S.; U.S. schools of higher education are regularly ranked as the majority of the "Top 100 Schools" in the world. Foreign students currently account for approximately 1 million of the 21 million university population in the U.S. or just under 5 percent of the total. As such, given the growth in middle- and upper-class households globally, we have a long way to go before U.S. schools become overly dependent upon international students.

Foreign students account for roughly 7.2 percent of the population of our 50,000+ bed count that our property management company (Peak Campus) manages. Given the fact that our property management portfolio constitutes, primarily, a Class A subsection of the overall student housing supply set, it isn't surprising that we have a higher concentration of foreign students. The question is whether we (and our peer investors) are overly dependent upon them. I don't think we're there yet. However, Mr. Trump may make the point moot.

— Peter Stelian, CEO and Founder, Blue Vista



Stelian

We live in a global world, and student housing is no different. The growth in enrollment of international students with exceptional academic ability and diverse cultural backgrounds has proven to be an immense value-add to both the institutions and the supporting off-campus housing. The value proposition to the privatized off-campus housing industry is quite simple: international students who have the means and resources to attend college in a foreign country are also very likely to have the affluence and family support that would afford them the ability to choose Class A off-campus housing. We see this as a win/win, and we're proud to have many cultures represented at our properties.

— David Selznick, CIO, Kayne Anderson Real Estate Advisors



Selznick