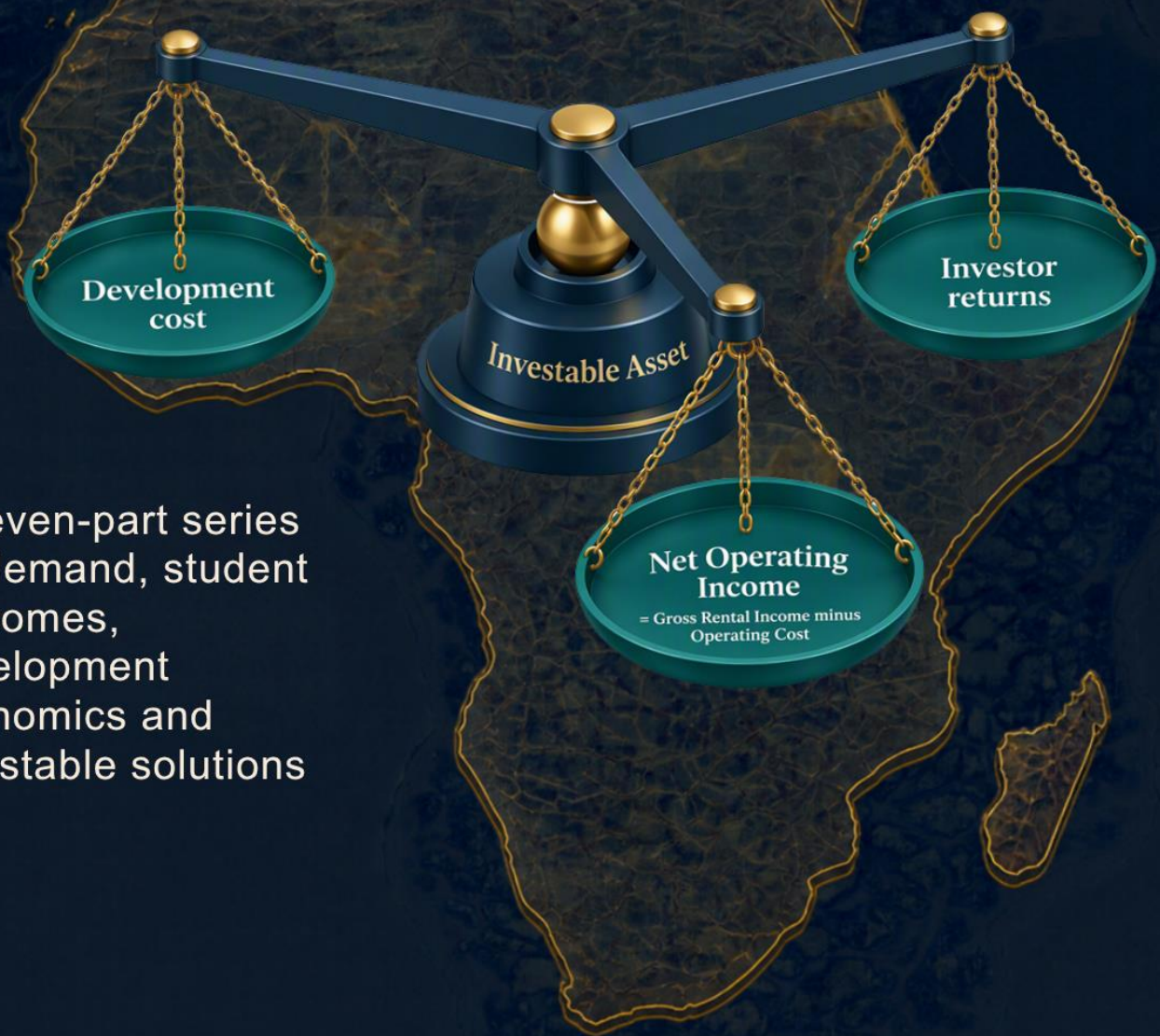


How to Resolve the STUDENT ACCOMMODATION SHORTFALL IN AFRICA



A seven-part series
on demand, student
outcomes,
development
economics and
investable solutions

Author: Johan Janse van Vuuren

Role: Executive Head: Student Accommodation

Organisation: Eris Property Group

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Important: continental shortage estimates are not yet standardised. This series distinguishes published market estimates from scenario-based analysis and avoids treating all tertiary students as addressable PBSA demand.

Foreword

This series was not conceived primarily as an academic research paper, a clickbait publication or a marketing tool—although, in time, it may take on elements of each. Its main purpose is to provoke thought, share practical experience, encourage constructive debate and invite others to contribute better ideas, evidence and solutions. It has been structured as a seven-part series so that readers can engage with the argument in manageable instalments. Artificial intelligence was used to assist with research and drafting, but the ideas have been shaped by ten years of practical experience, debate, setbacks and knowledge-sharing within the student accommodation industry across Africa.

Africa’s student accommodation shortfall is too large and too complex for any single government, university, developer, investor, lender, operator or donor to solve alone. Meaningful progress will require stakeholders across the continent to recognise their interdependence, share knowledge openly and work together to develop solutions that are affordable, scalable and appropriate to local conditions.

As the African proverb reminds us: “If you want to go fast, go alone. If you want to go far, go together.”

Executive overview

“Education is the most powerful weapon which you can use to change the world.” Nelson Mandela’s words frame the wider significance of Africa’s student accommodation challenge. The issue is not simply a shortage of buildings, but a mismatch between rapidly growing demand for tertiary education, students’ limited ability to pay, the cost of delivering safe and well-managed accommodation, and the risk-adjusted returns required by capital providers. The problem therefore cannot be solved through construction alone. It requires a coordinated affordability and investment system. [1][2][3]

The central thesis of this series is that scalable purpose-built student accommodation (PBSA) depends on balancing three variables on a single scale: total development cost, sustainable net operating income, and investor return requirements. If any one arm is structurally mispriced, the scale tips and the project does not become an investable asset. The practical solution is to adjust all three arms simultaneously, supported by public policy, university partnerships, blended finance, local governments, local pension funds, investors, both local and international, development finance institutions (DFIs), and philanthropic organisations.

The demand case	The delivery constraint	The financing response
Africa has more than 400 million people aged 15-35. The number completing secondary or tertiary education is expected to rise sharply, increasing pressure on campuses and housing. [1][2]	Development cost often exceeds what student-affordable rents can support. Land, infrastructure, approvals, construction finance and imported components compound the viability gap. [3][8]	Concessional debt, guarantees, grants, impact equity and local-currency structures can absorb risks that purely commercial capital cannot price while preserving discipline. [8][9]

Series at a glance

Part	Installment	Purpose
1	Africa's student housing crisis	Demographics, tertiary participation, the measurable shortage and why the data must be treated carefully.
2	Why purpose-built student accommodation matters	The relationship between housing quality, safety, wellbeing, belonging, retention and academic performance.
3	Balancing the scale	A practical net-yield framework connecting development cost, net income and investor return requirements.
4	Building more for less	Land, density, standardisation, procurement, alternative building technologies and approval reform.
5	Making the income line work	Affordability, occupancy, collections, gross rental income and operating-cost efficiency.
6	Repricing capital for impact	Local and foreign capital, currency risk, impact investment, DFIs, grants, guarantees and blended finance.
7	A blueprint for delivery at scale	A stakeholder roadmap, project-screening framework and measurable implementation priorities.

How to read the numbers

Demand, shortage and investable demand are different concepts. Enrolment is not equivalent to a bed requirement; many students live at home, commute, study remotely or cannot afford formal accommodation. Likewise, a published “shortage” may use different definitions across countries. This series therefore uses country evidence where available, identifies the source and year, and treats broad continental estimates as directional rather than as a single audited figure.

PART 1

Africa's Student Housing Crisis

Africa's youngest generation is moving toward tertiary education faster than universities, cities and capital markets are producing suitable accommodation. The first task is to define the gap accurately.

1.1 A demographic wave, not a temporary cycle

Africa has more than 400 million people aged 15 to 35, and approximately three quarters of the continent's population is below 35. UNESCO estimates that the number of young Africans completing secondary or tertiary education could rise from 103 million in 2020 to 240 million by 2040. Separately, the United Nations projects that Africa's youth population will more than double to over 830 million by 2050. These trends do not translate mechanically into PBSA demand, but they establish a durable demographic base for expanding tertiary participation. [1][2][11]

Africa's youth population is projected to more than double

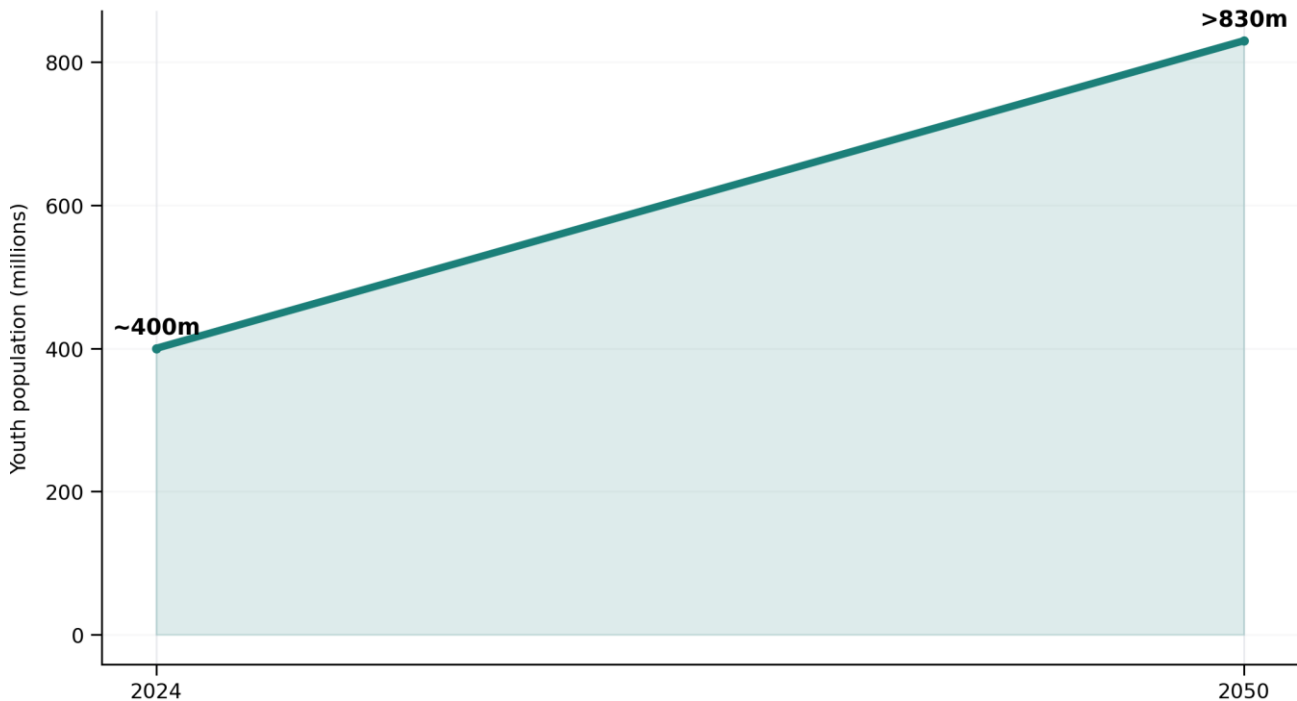


Figure 1. Directional youth-population growth, based on United Nations reporting. [2]

1.2 Tertiary participation is still low, which increases the upside pressure

Higher-education enrolment in Africa more than doubled between 2000 and 2021, from roughly 4% to 9%, yet remained far below the global average of approximately 38%. This is both a development challenge and a

demand indicator. Even modest convergence toward global participation rates would require substantial investment in teaching, transport, digital access and accommodation. [1][4]

Tertiary enrolment remains low, but has more than doubled

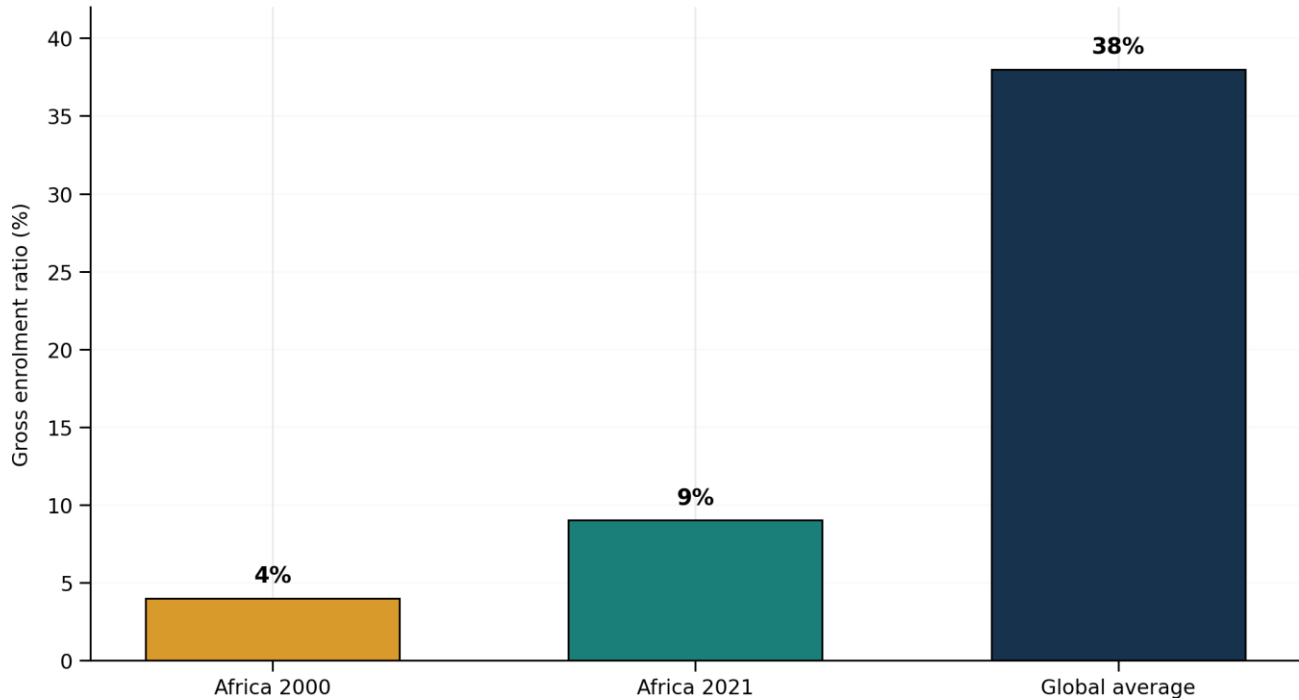


Figure 2. Gross tertiary enrolment ratios are not forecasts, but they highlight the structural headroom for growth. [1][4]

1.3 What is the current shortfall?

There is no single, consistently defined and independently audited continental student-bed deficit. Published estimates vary by geography, accommodation definition, affordability threshold and whether “need” means all enrolled students or only students requiring accommodation. The most defensible conclusion is therefore that the deficit is material, persistent and concentrated in major university markets, while the exact continental figure remains a research gap. [3][5]

Indicator	Published finding	Interpretation	Caution
Four-country study	Campus residences house only about 15% to 40% of students across Ghana, Kenya, Nigeria and South Africa.	Most students rely on private, family or informal alternatives.	Coverage and definitions differ by country. [3]
Nigeria	The 2023 comparative study estimated a gap of more than 1.5 million beds.	Nigeria clearly illustrates the scale of unmet need.	Later market reports may use different assumptions. [3]
Formal African PBSA	A 2026 market report summary cites around 250,000 formal beds for roughly 25 million students.	Formal institutional stock remains a small share of enrolment.	Not every enrolled student requires or can afford PBSA. [5]

1.4 The market is shaped like a pyramid

In most African markets, the addressable student-accommodation market resembles a pyramid. The narrow pinnacle represents the relatively small segment of students and families able to afford higher-end PBSA at fully commercial rents. Below it, the market broadens rapidly, with the wide base representing the majority of students who struggle to afford formal PBSA without lower-cost product, student aid, university support, targeted subsidy or blended finance. This shape matters because visible demand at the base is not automatically investable demand: the largest unmet need is concentrated where affordability is weakest. Targeting the wider affordability-constrained bands therefore carries a strong impact imperative, because it can extend safe, well-managed accommodation to students who are most likely to be excluded and can support broader access, retention, wellbeing and educational participation. Supporting these students can improve their prospects of completing their studies, securing employment and elevating out of poverty. Developers and policymakers must therefore avoid designing only for the pinnacle and instead create differentiated products and funding structures capable of serving progressively wider affordability bands. Serving these broader affordability bands also creates the scale required to build larger, more diversified platforms that may be more attractive to institutional investors.

1.5 A better way to measure the gap

A credible market study should move through five filters: total enrolment; students who live beyond a reasonable commuting distance; students eligible for or able to fund accommodation; students willing to choose PBSA at the proposed price; and beds already available at an acceptable standard. The resulting “affordable addressable bed gap” is more useful to policymakers and investors than a headline deficit.

- Segment demand by institution, campus, year of study, funding source and home location.
- Map university, public, private PBSA, accredited private rooms and informal supply separately.
- Test affordability against actual household income, bursaries and student-aid caps, not only advertised rents.
- Model occupancy over the entire academic year and allow for collection losses, payment delays and summer vacancy. The model should also account for differences between countries in academic-year commencement dates, semester structures and lease periods, including February or August/September intakes, ten-month academic years, four- or five-month semesters, and monthly, semester-based or ten-month leases.
- Update the study annually, because enrolment, accreditation and informal supply change quickly.

***Next in the series:** Part 2 moves from the scale of the shortage to the student experience, examining why safe, well-located and professionally managed PBSA matters for wellbeing, belonging and academic participation.*

Eris’ experience: Eris’ internal research division provides campus-level research to test enrolment, affordability, competing supply, location and the addressable accommodation shortfall before progressing an opportunity.

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PART 2

Why Purpose-Built Student Accommodation Matters

The case for PBSA is strongest when framed as education and social infrastructure, not merely as a real-estate product.

2.1 Housing quality affects the capacity to learn

Housing influences sleep, personal safety, mental wellbeing, commuting time, access to connectivity and the ability to study. A 2025 study of 211 tertiary students found that inadequate housing was significantly associated with poorer mental health and that mental health was positively associated with academic performance. A longitudinal study following 553 students over multiple semesters found that student-housing residents improved academic performance after entering housing and maintained performance comparable to the control group. These findings support a relationship between suitable accommodation and educational outcomes, although they do not prove that every PBSA format will outperform every alternative. [6][7]

2.2 What well-designed PBSA can provide

Student needs	PBSA response	Outcome pathway
Safety and dignity	Controlled access, professional management, safeguarding and accountable maintenance	Reduced exposure to unsafe or exploitative accommodation
Academic functionality	Reliable power, connectivity, desks, quiet study space and proximity to campus	More predictable study time and reduced commuting burden
Belonging and wellbeing	Common areas, residence-life support and peer networks	Social integration and referral pathways for support
Affordability transparency	Per-bed contracts, defined services and predictable utility arrangements	Lower hidden costs and fewer disputes
Operational accountability	Accreditation, service standards, complaints channels and data	Measurable quality and enforceable performance

2.3 The market must be educated about PBSA value

In many African markets, students, universities and policymakers have limited exposure to professionally designed and managed PBSA. Their frame of reference is often older, poorly maintained or weakly managed accommodation, which makes it difficult to assess the value of safer buildings, reliable utilities, connectivity, study space, professional management and student support. If students currently pay US\$50 per month for basic accommodation, a proposed PBSA rent of US\$150 may initially appear unreasonable when judged on

price alone. That perception can change once stakeholders can see and experience the differences in quality, safety, service reliability and total living cost. Market development therefore requires education alongside delivery: demonstration projects, operational evidence, transparent service specifications, site visits and clear communication of the outcomes that PBSA can provide. This does not remove the affordability constraint or justify overpricing; it enables students, institutions and policymakers to make an informed comparison between price and value.

2.4 PBSA is not automatically better

Purpose-built accommodation can fail students if it is unaffordable, remote, over-amenitised, poorly managed or designed around a narrow “typical student”. Research on contemporary student accommodation warns that uniform room and cluster models can underserve mature students, families, students with disabilities and students following non-traditional study patterns. The policy objective should therefore be locally relevant, fit-for-purpose, affordable and professionally managed accommodation, rather than PBSA as an end in itself. [10][12]

The correct comparison is not “PBSA versus all other housing”. It is “safe, affordable, well-located and well-managed housing versus accommodation that fails those tests”.

2.5 A minimum student-centred specification

- Safe access, fire compliance, durable construction and clear safeguarding arrangements.
- Reliable water, hot and cold, sanitation, power, ventilation and internet connectivity.
- Sleeping arrangements that minimise the number of students sharing a room, while remaining financially viable, together with adequate storage and access to both quiet and collaborative study space.
- Reasonable proximity to campus or dependable, affordable transport.
- Transparent rent, deposits, utility rules and dispute resolution.
- Inclusive design for disability, varied household forms and different study patterns.
- Residence-life practices that support belonging without imposing unnecessary operating cost.

Next in the series: Part 3 tests whether that student-centred product can also become an investable asset by balancing development cost, net operating income and investor return requirements.

Eris’ experience: Through Rise Student Living, Eris combines professional property management, safeguarding and student-life support to create safe, well-managed residential communities.

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PART 3

Balancing the Scale

A project becomes viable only when total development cost, net operating income and investor return requirements balance at a rent that students or their funders can afford.



Figure 3. A three-arm balance illustrates how development cost, net operating income—gross rental income less operating cost—and investor return requirements must remain in equilibrium for the project to become an investable asset.

3.1 The core equation

Net yield = Stabilised net operating income ÷ Total development cost

To keep the initial illustration simple, net yield is used as the basis for explaining investor returns. Net operating income (NOI) is gross rental income less recurring operating costs, including vacancy and collection loss, but before financing costs, tax, depreciation and capital expenditure. Total development cost should include land, bulk services, professional fees, statutory charges, construction, furniture, finance during construction, contingencies and developer overhead. A project is viable only if the resulting unlevered yield adequately compensates investors for development, operating, market, country and currency risk. The calculation can be expanded to include gearing and internal rate of return (IRR), but the series uses net yield for ease of explanation.

The simplified base case used throughout the financial illustrations is summarised below, with the full calculation set out in Appendix A:

- **Scale:** 1,000 beds.
- **Rent:** US\$250 per occupied bed per month for ten months.
- **Gross rental income:** US\$2.5 million.
- **Operating costs:** US\$0.5 million, including vacancy and collection loss.
- **Stabilised NOI:** US\$2.0 million.
- **Development cost:** US\$25 million, or US\$25,000 per bed.
- **Net yield:** 8.0%.

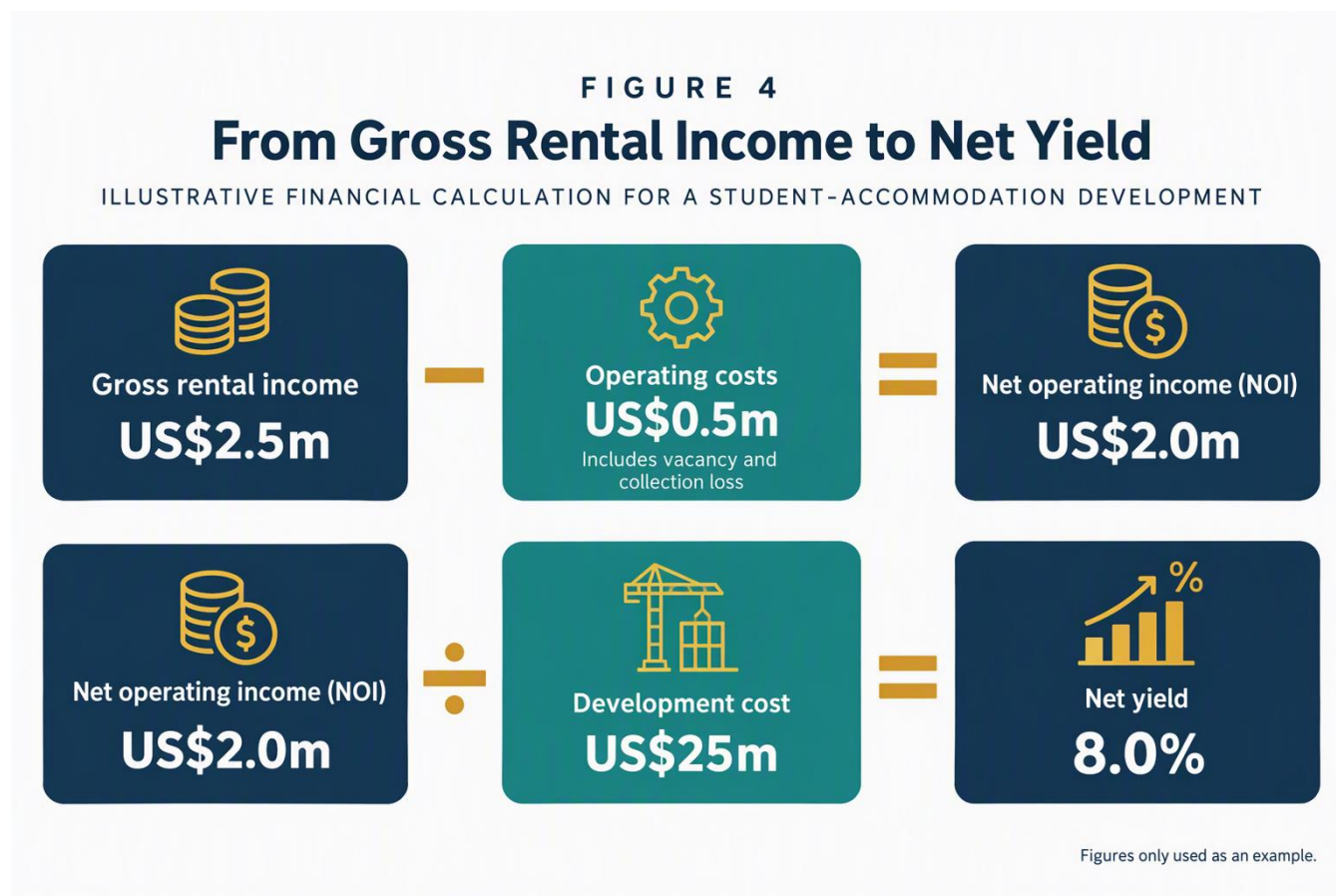


Figure 4. Illustrative example only, using rounded US dollar figures. US\$2.5 million gross rental income less US\$0.5 million operating costs, including vacancy and collection loss, produces US\$2.0 million NOI. Dividing by US\$25 million development cost gives an 8.0% net yield.

3.2 Why the scale fails to balance

- Development cost is set by construction inputs, land and infrastructure, while rent is constrained by household affordability or student-aid limits.
- Utilities, security, maintenance and staffing can consume a large portion of gross income, especially where infrastructure is unreliable.

- Commercial investors require a return that reflects risk-free rates, inflation, illiquidity, development risk and country or currency risk.
- Foreign capital may evaluate returns in US dollars or euros. Local-currency depreciation can therefore erase an apparently attractive local return.
- A nominally high occupancy rate does not guarantee NOI if collections are delayed, leases are short or services are underpriced.

3.3 Sensitivity matters more than a single yield

Scenario	NOI	Development cost / return-seeking capital	Asset-level net yield / effective yield
Base	US\$2.0m	US\$25m	8.0%
Cost overrun of 10%	US\$2.0m	US\$27.5m	7.3%
Potential subsidy of 10% of development cost	US\$2.0m	US\$25m / US\$22.5m	8.0% / 8.9%
NOI improvement of 10%	US\$2.2m	US\$25m	8.8%
Both subsidy and NOI improvement	US\$2.2m	US\$25m / US\$22.5m	8.8% / 9.8%

The table demonstrates why no single lever is sufficient. A 10% reduction in development cost or a 10% improvement in NOI strengthens the project's asset-level net yield. A subsidy, land contribution or other non-return-seeking layer does not reduce the underlying development cost or increase asset-level net yield; it improves the effective yield on the smaller amount of capital requiring a financial return. Coordinated movement across development cost, NOI and capital structure can therefore transform investability without forcing unaffordable rent escalation.

***Next in the series:** Part 4 focuses on the first arm of the scale—how land, design, procurement, construction and approvals can reduce development cost without compromising safety or quality.*

Eris' experience: Eris assesses demand, achievable rent, development cost, operating performance and investor returns together before capital is committed.

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[3] Affordable Housing Institute and AFD, Comparative Study on PBSA in Ghana, Kenya, Nigeria and South Africa (2023). <https://www.auhf.co.za/wp-content/uploads/2023/11/Comparative-Study-on-Purpose-Built-Student-Accommodations-PBSA-by-Campbell-Mayer.pdf>

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PART 4

Building More for Less

Reducing total development cost does not mean reducing quality. It means removing avoidable cost, optimising specifications and allocating risk to the party best able to manage it.

4.1 Land and infrastructure

- University land under a long lease can remove upfront land acquisition cost while preserving institutional ownership.
- Public land contributions should be valued transparently and linked to affordability, delivery dates and performance obligations.
- Bulk services can be delivered as enabling infrastructure rather than loaded entirely into the development cost.
- Campus-integrated projects can reduce transport cost and improve occupancy, but must have structures that can access bank funding, security and step-in rights.

4.2 Design to the affordability envelope

Design should begin with zero-based research among local students to establish what they can afford, what they value and what they would actually pay for. Every design feature and cost item should be tested against a demonstrated requirement and its effect on affordability, rather than carried forward from a conventional PBSA specification. At the most basic level, a young person who sleeps on a mat at home may not be able or willing to pay extra for a conventional bed and mattress unless the benefit is clearly valued; the same discipline should be applied to every room feature, finish, service and amenity.

At the most affordable end of the product spectrum, developers should test how room occupancy, furniture, storage, bathrooms and communal facilities affect cost, privacy, safety and student acceptance. Higher-density formats may reduce cost per bed, but they can also increase crowding, reduce personal control and weaken wellbeing if they are not carefully designed and managed. The objective is not to prescribe a particular room format, but to identify the minimum viable product that students regard as dignified and functional and that complies with applicable occupancy, ventilation, fire-safety and accommodation standards. [13][14][15]

Research undertaken by Eris Property Group on the student accommodation shortfall in Africa showed a clear distinction between what students said they wanted and what they were willing to pay extra for, or willing to forgo to reduce rent. Students were least willing to share personal space, particularly bedrooms and cupboards. They were more willing to share bathrooms and showers, and even more willing to share kitchens and other communal spaces. These findings support a design hierarchy that protects privacy where students value it most, while concentrating shared facilities in areas where sharing is more acceptable and can materially reduce cost per bed.

- Start with local student research, a target rent and the required yield, then derive the maximum supportable development cost per bed and test each design feature against demonstrated value and willingness to pay.
- Use repeatable room, bathroom and services modules, rational structural grids and vertically aligned wet services, while locating shared facilities where student research shows that sharing is acceptable.

- Specify durable, replaceable components and test every finish, fitting, furniture item and service against lifecycle cost, student value and its effect on the required rent. Some buildings, for example, may not require plastered and painted internal walls. Polished concrete floors may also be acceptable where they meet durability, maintenance and student-use requirements, while extensive tiling should be included only where the additional cost delivers demonstrable value.
- Design kitchens, bathrooms and communal areas around demonstrated student-sharing preferences, ensuring that each space supports study, belonging or daily living without creating underused amenity cost.
- Create a limited range of product types for different affordability bands, with each option tested for demand, dignity, safety, privacy, functionality and the rent students can realistically support.

4.3 Regulation, affordability and the space for innovation

South Africa illustrates how student funding and accommodation standards can protect quality while also shaping feasibility. The National Student Financial Aid Scheme (NSFAS) provides qualifying students with an accommodation allowance, while the Department of Higher Education and Training's Minimum Norms and Standards (MN&S) establish the requirements that accredited developers and service providers must meet. In 2026, the capped NSFAS accommodation allowance is R52,000 (approximately US\$3,120) per student for a ten-month academic year. By comparison, delivering and operating an MN&S-compliant bed is estimated to require approximately R65,000 (US\$3,900) per year. The resulting annual gap of approximately R13,000 (US\$780) per bed directly weakens project feasibility.

The MN&S have important benefits: they protect students, establish a consistent quality threshold and prevent unscrupulous providers from obtaining accreditation for unsafe or substandard products. The challenge is that prescriptive standards can also restrict innovation and prevent developers from adapting the product to local affordability and operating conditions. For example, the MN&S require a single room of at least 8 m² and a double room of at least 14 m², and do not allow more than two students to share a room. South African building regulations, however, recognise a minimum habitable room of 6 m²—25% smaller than the MN&S single-room requirement. With good design, efficient furniture and appropriate storage, a 6 m² room can remain functional and comfortable while materially reducing development cost. Allowing more than two students to share suitably designed rooms can reduce the required rent further.

The policy objective should therefore be to preserve the positive protections created by minimum standards while allowing performance-based alternatives that achieve equivalent outcomes for safety, dignity, ventilation, fire compliance, functionality and student wellbeing at a lower cost. Legislators should avoid overregulation that unintentionally limits PBSA supply. In many African jurisdictions, an annual PBSA rent of approximately US\$3,000 may initially appear unaffordable; the task is to combine proportionate standards, product innovation, market education and appropriate funding so that safe accommodation can be delivered at a price the wider market can support.

4.4 Procurement and construction

Modular, precast and other alternative building technologies can reduce programme duration, material waste and, in suitable applications, construction cost. However, savings are not automatic. Reviews of modular construction identify transportation complexity, high initial investment, design constraints and supply-chain readiness as important limitations. A technology should therefore be evaluated against local logistics, factory utilisation, design repetition, import content, approvals, warranties, maintenance skills and full installed cost.

The strongest savings generally depend on early coordination, repeatable design and sufficient pipeline scale rather than on the technology label alone. For example, autoclaved aerated concrete (AAC) blocks were used in two high-rise developments in Gauteng, South Africa. Although the blocks were more expensive than conventional clay bricks, their lower weight reduced the load on the concrete structure, enabling structural design efficiencies that more than offset the additional block cost. In the Western Cape, however, cement maxi bricks proved more cost-effective than AAC blocks. AAC blocks were also not viable for low-rise developments, where their higher cost and structural characteristics offered insufficient benefit relative to conventional clay bricks. [3][8][16]

Many African countries remain dependent on imported construction materials, finishes, furniture, fixtures and equipment. Import duties, freight costs, currency volatility, long lead times and limited local competition can therefore increase development cost and expose projects to programme delays. In some African markets, these imported-input and logistics costs can push total development cost more than 50% above the cost of delivering a comparable product in markets with established local supply chains. Developers should identify imported-content risk early, specify fit-for-purpose local alternatives where available, consolidate procurement across repeatable pipelines and support local manufacturing to improve pricing, resilience and delivery certainty.

Lever	Practical example	Governance safeguard
Standardisation	Repeat a tested room and services design across a multi-project pipeline.	Post-occupancy review and controlled design updates.
Early contractor involvement	Price buildability and logistics before design is fixed.	Open-book benchmarking and competitive work packages.
Local materials	Substitute imported finishes and fittings with compliant local products.	Performance specifications, samples and warranty checks.
Faster approvals	Create a defined PBSA planning and accreditation route.	Do not dilute life-safety, accessibility or environmental standards.
Refurbishment	Convert suitable offices, hotels or underused university buildings.	Full structural, fire, services, title and location due diligence.

4.5 Economies of scale reduce cost per bed

Larger PBSA projects can achieve economies of scale by spreading fixed development, professional, approval, mobilisation, financing and operating costs across more beds. Greater scale also strengthens procurement leverage, supports repeatable room and services designs, allows furniture and components to be purchased in volume, and improves the utilisation of shared amenities, management, security, technology and building systems. These efficiencies can reduce both development cost and operating cost per bed, making a lower rent more supportable without lowering the required standard.

Scale is most valuable when it is combined with standardisation and a repeatable pipeline. A larger project or coordinated portfolio can justify specialist operating teams, centralised procurement, digital management systems and planned-maintenance capability that may be uneconomic for a small standalone asset. It can also create a more diversified income base and the transaction size required to attract established contractors, professional operators, lenders and institutional investors.

However, scale should not be pursued beyond demonstrated demand. The cost benefit is realised only where the project can maintain occupancy, collection quality, operational control and an appropriate student

experience. Oversized projects can create concentration risk, weaken community and increase lease-up exposure. The objective is therefore not the largest possible building, but the largest efficient format that the local market, institution and operating platform can support.

4.6 Policy interventions with direct cost impact

- Time-bound planning approvals and coordinated utility decisions. **Responsible stakeholders:** local and municipal planning authorities, utility providers and relevant government departments.
- Reduced parking requirements where campuses and transit justify it. **Responsible stakeholders:** municipal planning and transport authorities, universities and public-transport agencies.
- Targeted relief from development charges, linked to affordable-bed delivery. **Responsible stakeholders:** municipal finance and planning authorities, national or provincial government and public funding agencies.
- Standard PBSA building and accreditation guidance across agencies. **Responsible stakeholders:** national education and housing authorities, building-regulation bodies, accreditation agencies and universities.
- Public funding for off-site infrastructure rather than blanket construction subsidies. **Responsible stakeholders:** national and local government, infrastructure agencies, utilities and development finance institutions.

Next in the series: Part 5 turns to the income arm of the scale, exploring how affordability, occupancy, collections and operating efficiency can strengthen sustainable net operating income.

Eris' experience: Eris has developed more than 6 000 student accommodation beds across South African university markets, applying student-informed design, standardisation and procurement discipline to control cost per bed. A further 3 000 beds are scheduled for occupation in January 2027.

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PART 5

Making the Income Line Work

Income must be both affordable to students and sufficiently predictable to support long-term capital. The focus should be effective collected income, not headline rent.

5.1 Gross income: improve quality before increasing price

- Protect occupancy through location, university partnerships, transport and a product matched to the target cohort.
- Align lease dates and payment cycles with bursary, scholarship and student-aid disbursement patterns.
- Provide a transparent all-in or capped-utility price where this reduces uncertainty, while retaining incentives for responsible consumption.
- Use a limited range of room types and tiered pricing to cross-subsidise affordability without excluding lower-income students.
- Keep the income model focused on sustainable rent and collections; include other income, such as laundry, parking and short-stay accommodation during academic recesses, only where demand is proven and it does not add disproportionate management complexity.

5.2 Collection quality is an investment metric

A building can be fully occupied yet underperform if payment timing is uncertain. Investability improves when allocation, eligibility, invoicing, disbursement and reconciliation are clear. University nomination agreements, direct payment mechanisms and verified student-aid arrangements can reduce volatility, but they require accurate data, service standards and fair remedies rather than informal reliance on institutional goodwill.

5.3 Reduce operating cost without reducing service

As discussed in Part 4, larger projects and multi-asset platforms can create operating economies of scale by spreading management, security, technology, maintenance systems and procurement capability across more beds. These efficiencies can reduce operating cost per bed, provided scale does not weaken service quality, safeguarding or local responsiveness. In the South African environment, the largest operating costs in these buildings are typically electricity, property rates and taxes, security, cleaning, staffing and property management fees.

Cost line	Intervention	KPI	Risk to manage
Property rates and taxes	Engage municipalities on subsidized utilities, correct valuation and tariffs, identify lawful rebates, and monitor assessments and billing	Rates and taxes per bed	Revaluation, tariff increases, withdrawal of

			municipal subsidies and billing disputes
Security	Use a risk-based mix of guarding, access control, CCTV, remote monitoring and incident analysis, recognising that on-site guarding is generally more expensive than technology-enabled security.	Security cost per bed; incident rate and response time	Over-reliance on technology, coverage gaps and slow response
Cleaning	Define area-based service standards and clearly allocate cleaning responsibilities between occupants and the cleaning service. Reduce cost by assigning suitable areas to students, setting appropriate daily, weekly or monthly cleaning frequencies, using productive scheduling and bulk procurement, and undertaking annual deep cleans during recess.	Cleaning cost per bed; inspection scores; service-frequency compliance	Unclear responsibilities, inconsistent service, reduced hygiene standards or insufficient cleaning during occupied periods
Electricity	Efficient lighting, heat-pump or solar hot water, submetering and behavioural feedback	kWh per occupied bed	Capital payback and maintenance capability
Water	Low-flow fittings, leak detection and pressure management	Litres per occupied bed	Hygiene and user acceptance
Maintenance	Planned maintenance, standard components and digital work orders	Cost per bed; response time	Deferred maintenance dressed up as savings
Staffing	Portfolio-level procurement, remote monitoring and role clarity	Staff cost per bed; service scores	Loss of safeguarding or student support
Property management fees	Benchmark fee structures, define scope and service levels, and link incentives to collections and operating performance	Management fee per bed; NOI performance	Misaligned incentives, scope gaps or duplicated roles
Bad debt	Eligibility verification, payment integration and early intervention	Collections as % of billed rent	Exclusionary practices or unfair enforcement

5.4 Measure affordability as total student cost

A cheaper room far from campus may be more expensive after transport, data, electricity, furniture and security are included. Conversely, an all-inclusive PBSA rent may appear high while reducing other costs. Affordability analysis should therefore compare total monthly living cost, payment timing and quality-adjusted outcomes, not rent alone. [6][10]

The South African example in Section 4.3 shows how an accommodation allowance can fall below the rent required to deliver a compliant bed. Income and affordability analysis must therefore test funding caps against the full cost of meeting prescribed standards and identify where product innovation, targeted subsidy or regulatory flexibility is required to close the gap.

Next in the series: Part 6 examines the capital arm of the scale—how local-currency funding, guarantees, concessional capital and impact investment can reprice risk while preserving commercial discipline.

Eris' experience: Through Rise Student Living, Eris manages leasing, collections, facilities and operating costs across its student accommodation portfolio. This integrated operating capability provides practical insight into the drivers of occupancy, collection quality, cost control and sustainable NOI.

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PART 6

Repricing Capital for Impact

The affordability gap cannot always be engineered away. Where a socially essential project cannot meet purely commercial pricing, the funding stack must allocate risk and return more intelligently.

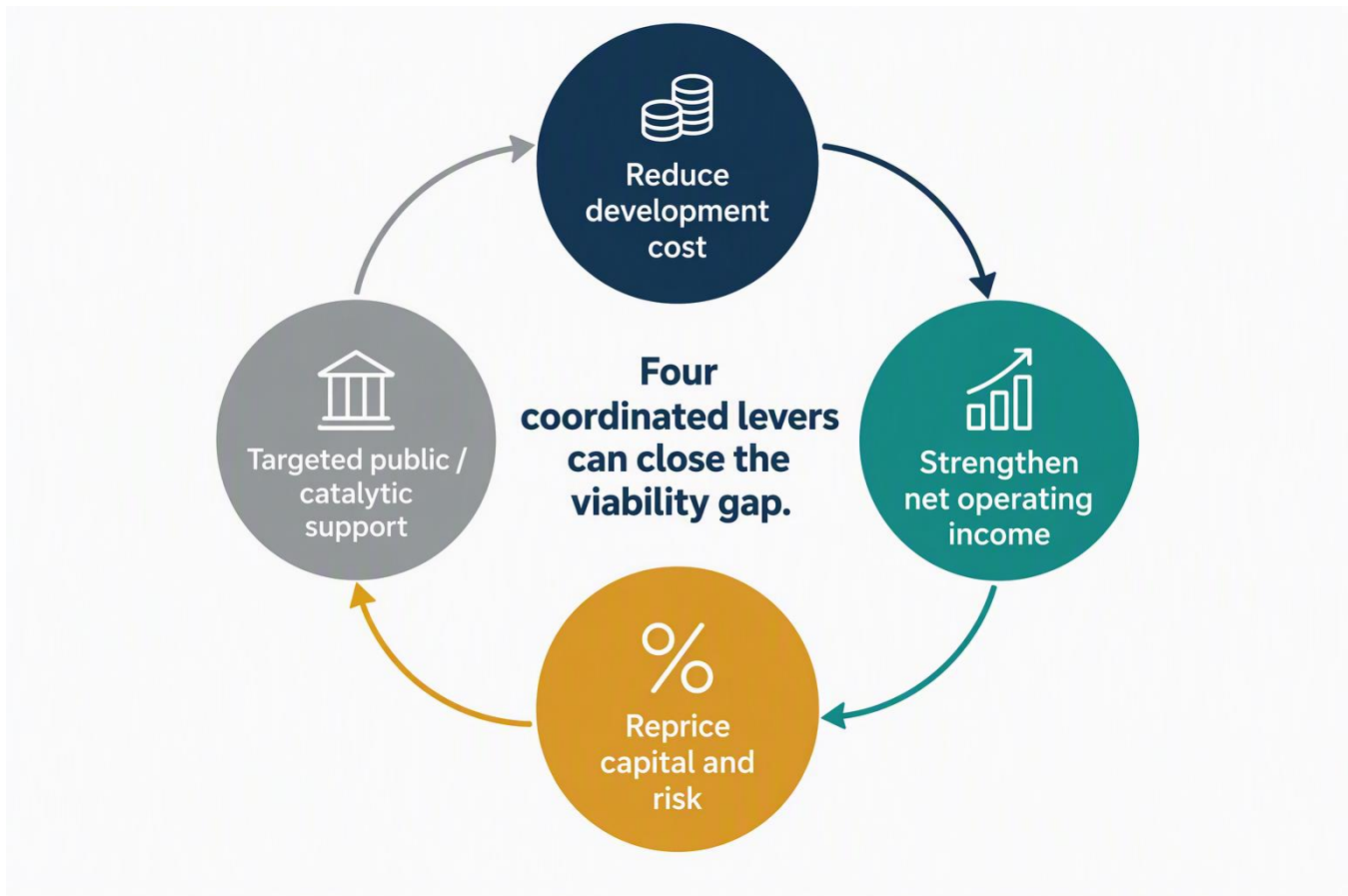


Figure 5. Four coordinated levers can close the viability gap.

6.1 Why foreign capital is difficult

PBSA earns local-currency rent, while foreign investors may measure performance in US dollars or euros. If the local currency depreciates, a strong nominal local return can translate into a weak or negative hard-currency return. Hedging may be unavailable, short-dated or expensive. Foreign debt can be particularly risky when project revenue is not naturally linked to the debt currency. The default principle should therefore be to use local-currency funding where possible and reserve foreign currency for structures with explicit risk mitigation.

Some countries also face limited access to hard currency. A project may generate acceptable local-currency returns but still be unable to convert and remit dividends, interest or sale proceeds in US dollars or euros when required. International investors will price the risk that they may not be able to extract their capital, which can

materially increase the required return and the overall cost of funding. Local-currency capital, offshore liquidity arrangements, convertibility or political-risk insurance, contractual currency protections and participation by DFIs can help absorb or share this risk.

High interest rates, short bank-loan tenors and conservative lending requirements in many African markets can also reduce the willingness to use third-party commercial bank debt. Where affordable rents constrain NOI growth, expensive debt may place unsustainable pressure on cash flow and reduce rather than improve equity returns. Lower gearing, concessional debt or longer-tenor institutional capital may therefore produce a more resilient structure than conventional commercial debt.

6.2 Institutional credit enhancement through head leases

The cost of capital reflects both actual project risk and investors' perception of income certainty. Student accommodation may attract a higher risk premium because revenue depends on annual student demand, short lease cycles, collection performance, student-aid disbursements and the operational capability required to manage a high-volume residential environment. In less mature PBSA markets, limited operating history and unfamiliarity with the asset class can increase that premium further. An institutional head lease can address this financing constraint by converting fragmented student-payment risk into a more predictable contractual income stream.

A long-term head lease with a credible tertiary institution or government entity can replace fragmented student-payment exposure with a contracted institutional rental stream. Where the counterparty has adequate financial capacity and the agreement clearly allocates occupancy, payment, maintenance, service-level, indexation and termination obligations, the structure can improve income predictability and may support longer debt tenors or a lower risk premium. The benefit depends on counterparty strength, enforceability and the treatment of termination and appropriation risk. A head lease should therefore be supported by appropriate guarantees, budget commitments, payment mechanisms, performance standards and lender step-in rights rather than treated as risk-free. [3][19]

6.3 Separating development risk from operating investment

Some investors may be attracted to student accommodation as an operating asset but are prohibited by their mandates from assuming development risk. These investors require a structure that separates construction-phase exposure from long-term ownership. One solution is a turnkey model in which a developer assumes completion and cost-overrun risk, uses a binding offtake agreement to secure development finance and funds any required construction-phase equity from its own balance sheet or through a development-risk capital partner. A more scalable model is to establish a dedicated development vehicle for investors willing and able to accept development risk. Once a project is completed, commissioned and stabilised, it can be sold or transferred to a long-term investment vehicle whose mandate is limited to operating assets. Acorn Holdings in Kenya has applied this development-to-investment model through separate development and income-focused vehicles. Both development financiers and long-term investors will nevertheless place significant weight on the sponsor's track record in student accommodation. Entrepreneurs may identify strong sites and viable concepts but still struggle to raise capital if they cannot demonstrate relevant development, delivery and operating capability. Partnerships with experienced developers and operators, supported by robust governance,

completion protections and clearly defined offtake terms, can therefore help convert credible opportunities into financeable projects.

6.4 The capital continuum

Instrument	Lever adjusted	What it solves	Typical provider	Design discipline
Grant / technical assistance	Targeted public / catalytic support	Early-stage studies, transaction preparation, innovation and capacity	Foundations, donors, governments, DFIs	Do not use grants to hide a permanently unviable operating model.
Land or infrastructure contribution	Reduce development cost	Reduces upfront cost and supports affordability	University or public authority	Independent valuation, transparency and enforceable public benefit.
Guarantee / first-loss layer	Reprice capital and risk	Absorbs defined credit, completion or market risk	Government, DFI, donor or catalytic fund	Cap exposure, price the guarantee and define claims clearly.
Institutional head lease	Reprice capital and risk	Converts fragmented student-payment and occupancy risk into a contracted institutional income stream	University, government entity or other creditworthy institution	Assess counterparty strength and define payment, indexation, service, termination, guarantee and lender step-in provisions.
Concessional debt	Reprice capital and risk	Extends tenor or lowers interest cost	DFI, development bank, climate or education facility	Match tenor and currency to cash flow; preserve covenants.
Impact equity	Reprice capital and risk	Accepts lower or longer-dated return for measurable impact	Impact fund, foundation, pension or insurer mandate	Define impact targets, verification and exit expectations.
Commercial debt and equity	Reprice capital and risk	Provides scale once risks are proven and priced	Banks, REITs, institutions and private investors	Use after the structure demonstrates repeatability and cash-flow quality.

6.5 Blended finance: subsidy with discipline

Blended finance combines concessional and commercial capital so that a transaction with clear development impact can achieve an acceptable risk-return profile. CAHF and Convergence identify high land and infrastructure costs, limited long-term capital, short tenors and currency volatility as central to affordable-housing constraints in Africa. The same constraints apply strongly to student accommodation. The objective is not to socialise all risk; **it is to use scarce catalytic capital against specific barriers and mobilise additional private capital.** [8][9]

Where government support for student accommodation forms part of recoverable student financial aid, repayment could be linked to the beneficiary's future ability to pay. International income-contingent loan systems collect repayments only once income exceeds a defined threshold, commonly through the tax or social-security system. Research finds that these arrangements can reduce repayment hardship and default risk, but also require reliable income reporting, taxpayer identification, collection capacity and transparent

rules governing interest, write-offs and fiscal exposure. Any accommodation-linked version would therefore require country-specific legal, administrative and actuarial design. Amounts recovered could be transparently recycled into the student financial-aid system to support future students. [17][18]

- Define the affordability and impact objective before designing the capital stack.
- Identify the precise risk preventing investment: construction, currency, payment, occupancy, tenure or policy.
- Use the least concessional instrument capable of solving that risk.
- Require sponsor equity and performance incentives **so that catalytic capital does not weaken discipline**.
- Measure mobilisation, affordable beds, student outcomes, energy and water performance, and long-term asset condition.

6.6 A practical illustrative stack

For the US\$25 million base-case project, US\$2.0 million of NOI produces an 8.0% asset-level net yield. A 10% upfront development subsidy or non-return-seeking philanthropic equity contribution of US\$2.5 million would reduce the capital requiring a financial return to US\$22.5 million. The same US\$2.0 million NOI would then represent an effective yield of 8.9% on that return-seeking capital. If the structure also included US\$2.5 million of contributed land and enabling infrastructure, only US\$20 million would require a commercial or impact return, increasing the effective yield on return-seeking capital to 10.0%. An illustrative funding stack could therefore comprise US\$2.5 million of contributed land and enabling infrastructure, US\$2.5 million of subsidy, grant or non-return-seeking philanthropic equity, US\$12.5 million of long-tenor local-currency senior debt and US\$7.5 million of impact and commercial equity. The project's underlying asset-level net yield remains 8.0%. The catalytic layers improve feasibility by reducing the amount of capital requiring a full financial return rather than by increasing NOI.

Calculation:

Base project: $\text{US\$2.0m NOI} \div \text{US\$25.0m development cost} = 8.0\%$

After US\$2.5m subsidy or philanthropic equity: $\text{US\$2.0m NOI} \div \text{US\$22.5m return-seeking capital} = 8.9\%$

After a further US\$2.5m land and infrastructure contribution: $\text{US\$2.0m NOI} \div \text{US\$20.0m return-seeking capital} = 10.0\%$

***Next in the series:** Part 7 brings the full framework together in a practical delivery blueprint, setting out the sequence, stakeholder roles and screening disciplines required to scale investable PBSA.*

Eris' experience: As manager of SASAI, Eris combines institutional capital from prominent international investors and pension funds with specialist development, asset-management and operating capability to deliver affordable student accommodation.

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PART 7

A Blueprint for Delivery at Scale

This final installment converts the argument into a programme: define need, create investable projects, match capital to risk, operate professionally and publish performance.

7.1 The delivery sequence

As established at the outset of this series, Africa's student accommodation shortfall cannot be solved by any single developer, government, investor, service provider or tertiary institution. Delivery at scale requires each stakeholder to address the part of the system within its control while coordinating with others. Where decision-makers do not yet understand the role they must play, focused engagement and advocacy will be required to build awareness, secure commitment and align action around a shared delivery programme. This collaborative approach reflects the central message of the foreword: stakeholders may move faster alone, but sustainable progress at continental scale will require them to move together.

The delivery sequence should be applied across a repeatable pipeline rather than limited to isolated projects. A standalone project can still play an important role where it serves as a demonstrator, establishes operating evidence or creates a pathway for further development. Over time, larger projects and coordinated platforms can spread fixed costs, improve procurement and operating efficiency, diversify the income base and create the scale needed to attract institutional capital and reduce funding costs.

Before applying this delivery sequence, each target country should be assessed through a country-specific policy and funding diagnostic. This should examine the government's tertiary-education strategy, enrolment ambitions, student financial-aid framework, accommodation standards, land and infrastructure policies, public funding mechanisms, private-sector participation rules and medium- to long-term intentions for expanding tertiary access. The diagnostic should identify where student accommodation fits within national education priorities, which forms of government support are credible and sustainable, and which policy or funding constraints must be addressed before a scalable delivery programme can be structured.

Stage	Output
1. Quantify	Produce campus-level demand, affordability and supply maps using a common methodology.
2. Prioritise	Select locations where student need, institutional commitment, land and transport support a viable project.
3. Set the affordability envelope	Define target student cost and derive maximum development cost and capital pricing.
4. Structure the partnership	Allocate land, approvals, demand, construction, operations and lifecycle risk contractually.
5. Design and procure	Apply standardised, climate-responsive and maintainable specifications with transparent benchmarking.

6. Blend capital where necessary	Deploy grants, guarantees and concessional finance against specific, measured market failures.
7. Operate and measure	Track collections, costs, safety, maintenance, wellbeing, retention and environmental performance.
8. Recycle and scale	Use operating evidence to refinance, lower the cost of capital and replicate successful formats.

7.2 Roles by stakeholder

Stakeholder	Primary contribution	Accountability
Government	Policy, enabling infrastructure, zoning that supports student accommodation, appropriate low parking ratios, tax relief, property-rates relief, prioritised approvals, targeted subsidy and data standards. Where appropriate, structure recoverable student support through an income-contingent tax-collection mechanism and recycle recoveries into future student funding. Create an enabling environment that encourages developers and investors to deliver student accommodation at scale.	Transparent allocation of public support, defined fiscal limits, measurable affordability outcomes, timely approvals and published performance against delivery commitments.
Universities	Land, demand data, head leases, nomination or referral arrangements, and student-support integration. Advocate and lobby for enabling government policy, funding and approvals, while mobilising investors, financial institutions, philanthropic organisations and developers to support delivery at scale.	Accurate demand data, transparent procurement, enforceable allocation or lease commitments, fair student allocation, evidence-based and transparent advocacy, and consistent monitoring of service performance.
Developers	Design, approvals, construction, cost and programme management. Lobby governments and encourage universities, investors and philanthropies to combine resources to deliver student accommodation at scale.	Transparent cost and programme reporting, delivery to the agreed specification, effective defect remediation, accountability for project quality and performance, and evidence-based, transparent advocacy.
Operators	Leasing, collections, facilities, safeguarding and student experience. Build confidence among students, universities, investors and subsidy providers by demonstrating that their contributions deliver strong value, reliable service and measurable outcomes.	Measurable service-level KPIs covering leasing, collections, maintenance, safeguarding, student experience and asset condition, supported by transparent reporting and effective remedies for underperformance.
Investors and lenders	Long-term debt and equity, governance and risk discipline. Impact investors can provide patient capital and accept lower or longer-	Risk-adjusted return expectations, transparent governance and reporting, responsible enforcement, and alignment

	dated risk-adjusted returns where projects deliver measurable affordability, educational and social outcomes. Investors and lenders should also help mobilise government, DFI, philanthropic and developer support to deliver viable student accommodation at scale.	between financing terms, affordability commitments, measurable impact outcomes and long-term asset performance.
DFIs and donors	Catalytic grants, guarantees, concessional finance, technical assistance and impact standards. Mobilise private and impact capital by absorbing clearly defined risks, strengthening project preparation and coordinating action among governments, universities, developers, operators, investors and financial institutions, while preserving commercial, governance and performance discipline.	Demonstrated additionality, measurable private- and impact-capital mobilisation, proportionate concessionality, independent impact verification and a clear pathway to sustainable financing at scale.
Students	Demand insight, co-design feedback, reasonable requirements matching affordability and responsible use	Participation in governance and transparent conduct expectations

7.3 Investment-screening scorecard

- Need: Is there a verified and affordable addressable bed gap?
- Institution: Is the university stable, cooperative and able to support allocation or data sharing?
- Location: Is the site safe, accessible and connected to campus and services?
- Cost: Is total development cost per bed benchmarked and resilient to contingency?
- NOI: Are occupancy, collections and operating assumptions evidence-based?
- Capital: Are tenor, currency and return expectations aligned with project cash flow?
- Impact: Are affordability, inclusion, student outcomes and environmental targets measurable?
- Governance: Are procurement, conflicts, guarantees, step-in rights and lifecycle obligations clear?

7.4 What success should look like

Success is not the number of beds announced. It is the number of safe, occupied and affordable beds delivered on time; the proportion serving students who would otherwise face poor housing or long commutes; the stability of collections and operating performance; the condition of the asset after five and ten years; and evidence that accommodation supports retention, wellbeing and academic participation.

Africa can close the student-accommodation gap only by treating PBSA simultaneously as housing, education infrastructure and an investable operating business. The scale must balance at project level, while the wider ecosystem supplies the land, policy, data and catalytic capital that individual developers cannot create by themselves.

***From framework to application:** Appendix A provides the simplified worked net-yield example used throughout the series, while Appendix B sets out the editorial and research disciplines for adapting the framework to specific countries and projects.*

Eris' experience: Eris provides an integrated platform spanning research, investment, development, asset management and property operations, supporting coordinated PBSA delivery at scale.

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Appendix A: Worked net-yield example

The example below is deliberately simplified, presented in US dollars, and should be replaced with country- and project-specific feasibility assumptions before publication or investment use.

Line item	Illustrative assumption	Amount
Beds	1,000	
Gross rental income per bed	US\$250/month for 10 months	US\$2.5m
Operating costs	Includes vacancy and collection loss	(US\$0.5m)
NOI		US\$2.0m
Total development cost	US\$25,000 per bed	US\$25m
Net yield	US\$2.0m ÷ US\$25m	8.0%

Effect of catalytic funding on return-seeking capital

Scenario	NOI	Return-seeking capital	Effective yield
Base case	US\$2.0m	US\$25.0m	8.0%
After US\$2.5m subsidy or non-return-seeking philanthropic equity	US\$2.0m	US\$22.5m	8.9%
After a further US\$2.5m land and infrastructure contribution	US\$2.0m	US\$20.0m	10.0%

Appendix B: Editorial and research notes

- This document is designed as a publication-ready foundation. Market numbers should be refreshed immediately before each installment is published.
- Country-specific installments should use official enrolment, funding and accreditation data where available, supplemented by university and operator surveys.

- The financial examples are illustrative and do not constitute investment advice, a valuation or a funding proposal.
- Claims about student outcomes should remain appropriately qualified because housing, income, preparedness, health and institutional support interact.
- Images and charts are original explanatory visuals prepared for this series; data points are attributed in captions and source lists.

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