

Student housing in Prague



Student housing market

Private PBSA in Prague accounts for 6% of the total student housing stock in the city.

The total stock of purpose-built student accommodation (PBSA) in Prague comprises nearly 26,700 beds. The vast majority of these premises is owned directly by the universities, with just 6% of the total bed capacity currently provided by the commercial sector.

Much has already been written about the poor quality of the public PBSAs in Prague and students' desire for more single rooms and a higher standard of living. The majority of rooms in public PBSAs are multi-bed rooms with shared kitchen and bathroom. Most of the Prague universities are already investing in the refurbishment and partial remodelling of their dormitories to increase the number of single rooms and improve the standard of the common and shared areas. However, given the scale of the task and limited resources available to tackle the renovation of these facilities, it will take years before the situation improves for the majority of students. Furthermore, remodelling into more single rooms will further deepen the capacity issues on the Prague market.

While the capacity of public PBSA stock is gradually declining each year, Prague is seeing an increasing number of privately owned residences. In October 2019 there were

11 larger private residences (with capacity of 35+ beds) offering accommodation to students in Prague. Together with a number of smaller properties, the total number of beds provided within private facilities comes to around 1,600.

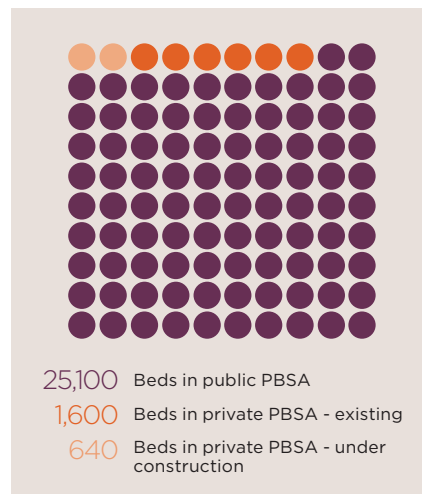
Zeitgeist Asset Management has extended its Prague portfolio of student housing in 2019 and became the largest provider of student accommodation in the city. After acquiring three student residences in the first half of 2019 (which were formerly operated by Student Republic) and expanding the capacity at their U Průhonu property, the company now offers rooms in four locations across Prague totalling 420 beds.

The largest student housing project in Prague is currently DC Residence located in Prague 4 with a total of 310 beds. This is set to change in the autumn of 2020 when Karlín Group and International Campus enter the private PBSA market by opening their first joint-venture project, The FIZZ Prague. The building is already under construction in the Prague 7 - Holešovice area and will add another 640 student beds to the private PBSA stock in Prague.

Investment transactions



Prague PBSA capacities



112,650
total population of university students in Prague



82%
of the Prague student population are full-time students



21,900
total population of international university students in Prague



25,100
total capacity of beds in public PBSA in Prague

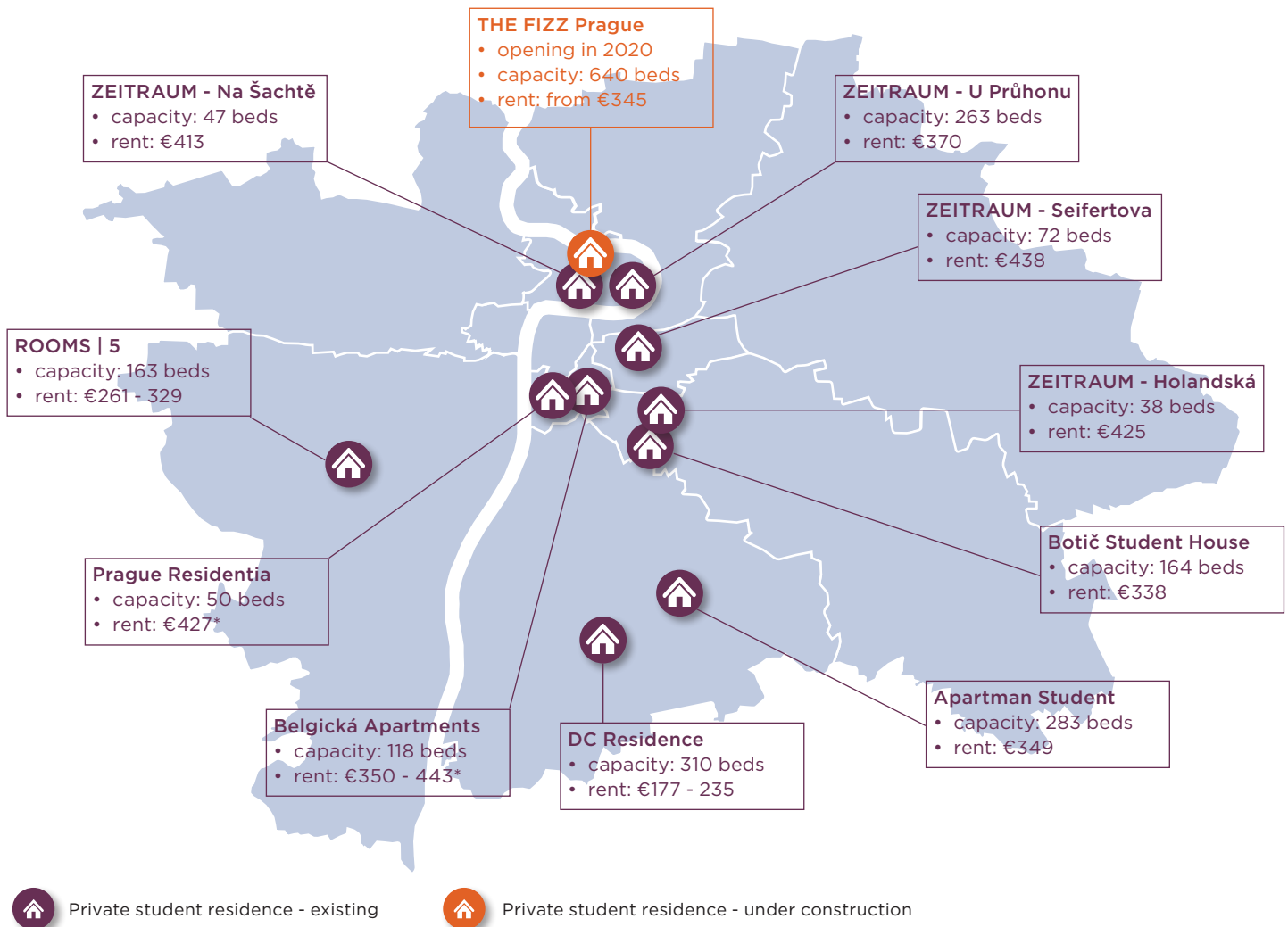


1,600
total capacity of beds in private PBSA in Prague



16
number of private PBSA residences in Prague

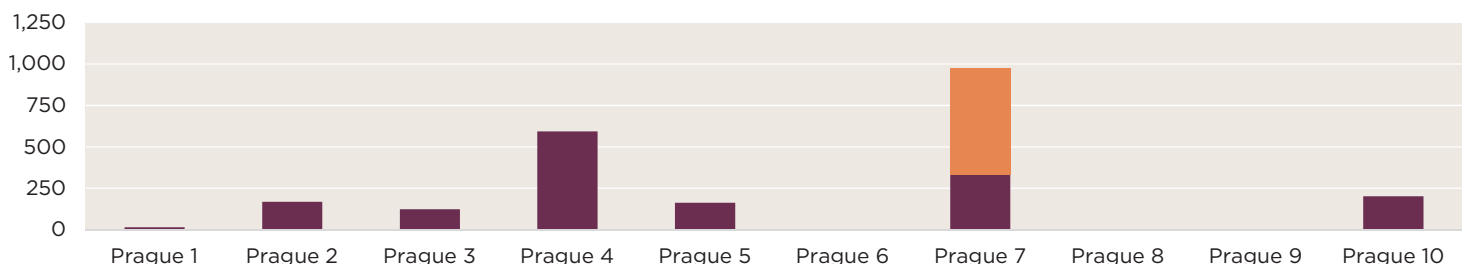
Largest privately-operated student residences in Prague



Rents shown above are for one person in a double en-suite room (where possible) per month (based on double occupancy) and include utilities, wifi and where mandatory also the cleaning fee.

*) en-suite rooms not available, price quoted for double bedroom with shared bathroom

Total capacity of beds in private PBSA in Prague districts



Source Savills Research

Student population in Prague

Decline in student population in Prague is expected to reverse in 2022-2023. International student community keeps on growing.

Since the peak in 2010, the total population of university students in Prague has been slowly declining. There were 112,650 students enrolled at Prague universities in the academic year 2018/2019, which was 23% below the peak year of 2010/2011. The pace of decline in the total number of students in Prague has been on average around 4% per year over the past five years.

This overall weakening in student population is mainly steered by the decrease in the number of Czech students, who make up 81% of the Prague student population, the rest being students from other countries.

Nearly every third Czech studying in Prague has permanent residency in the capital and is therefore less likely to be using university dormitories or private student accommodation. However, the increasing prices of residential property in Prague could force more people (parents) to move out of Prague, leading in some cases to more students seeking student accommodation in the city.

Given the high proportion of commuting students at Prague higher education institutions, we analysed countrywide demographic data that suggests the decline in the Czech population in the 19-24 age group should slow down in 2019 and 2020, stabilize over the course of 2021-2022 and start increasing marginally in 2023.

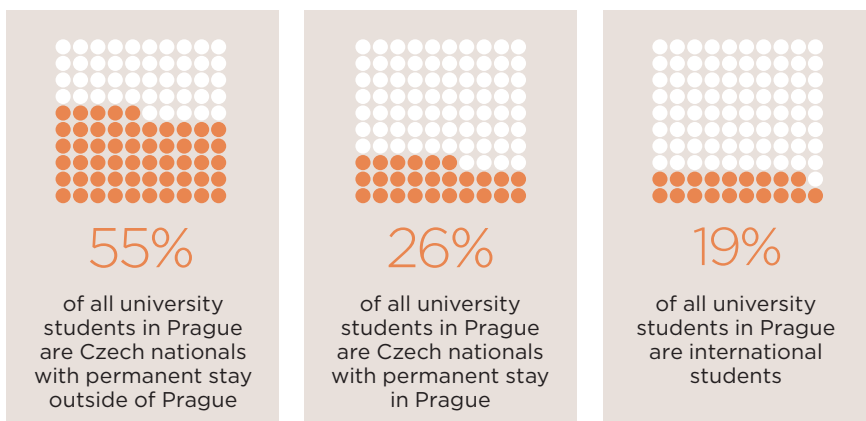
The data also indicate that over the past ten years, on average 10-11% of the total Czech population aged 19-24 represented the number of Czech commuting nationals studying at Prague universities (i.e. those with permanent residency outside of Prague). Based on this long-term direct correlation, the Prague student population is very likely to follow the same trend and start increasing in 2023 or even in 2022 if there is higher influx of students from other countries.

In the last ten years, the community of foreign students studying in Prague expanded by 16%. The annual growth rate slowed down significantly in 2011 and in the past three years stabilized at around 2-3%. Consequently, the share of international students studying at public and private higher education institutions in Prague has been rising marginally each year since 2001 (i.e. over the whole monitored time period), and in the last academic year (2018/2019) reached 19%. This translated into a total of 21,900 foreign students attending Prague universities in that academic year.

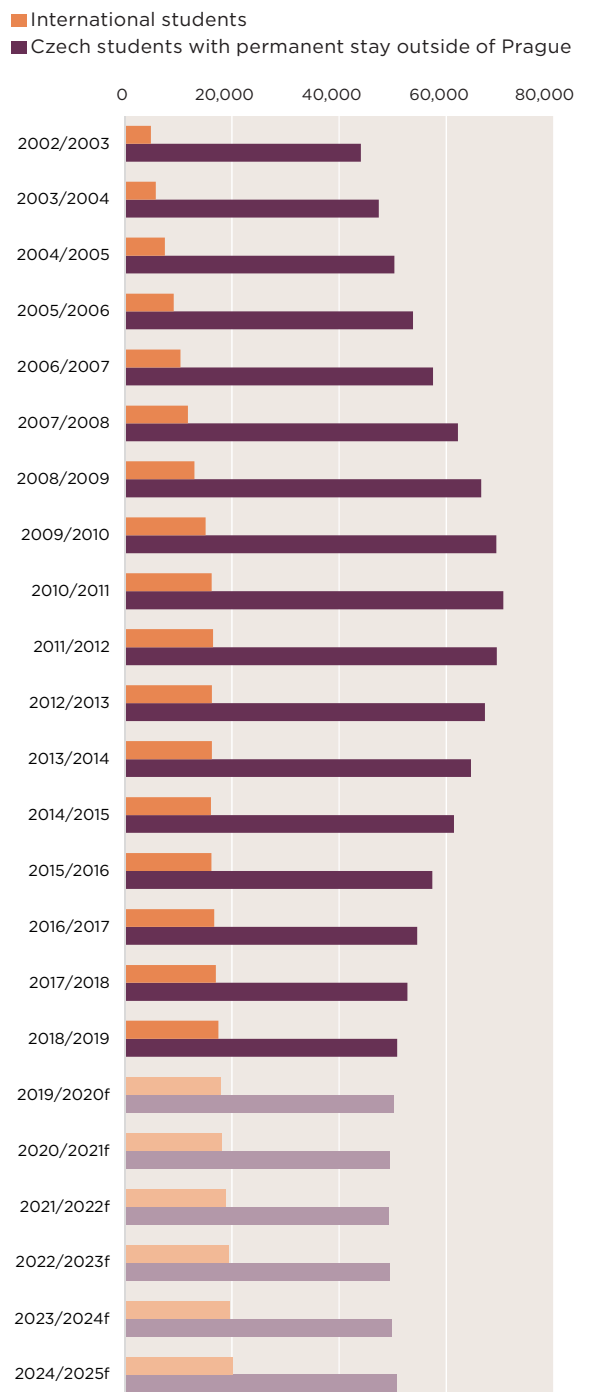
The last two student groups, Czechs commuting and mainly international students, represent the main client base for operators of private PBSAs in the city. International students still make up a majority of those living in private PBSAs, but interest from Czech students is on the rise.

Prague student population - academic year 2018/2019

(112,650 students at private and public universities)

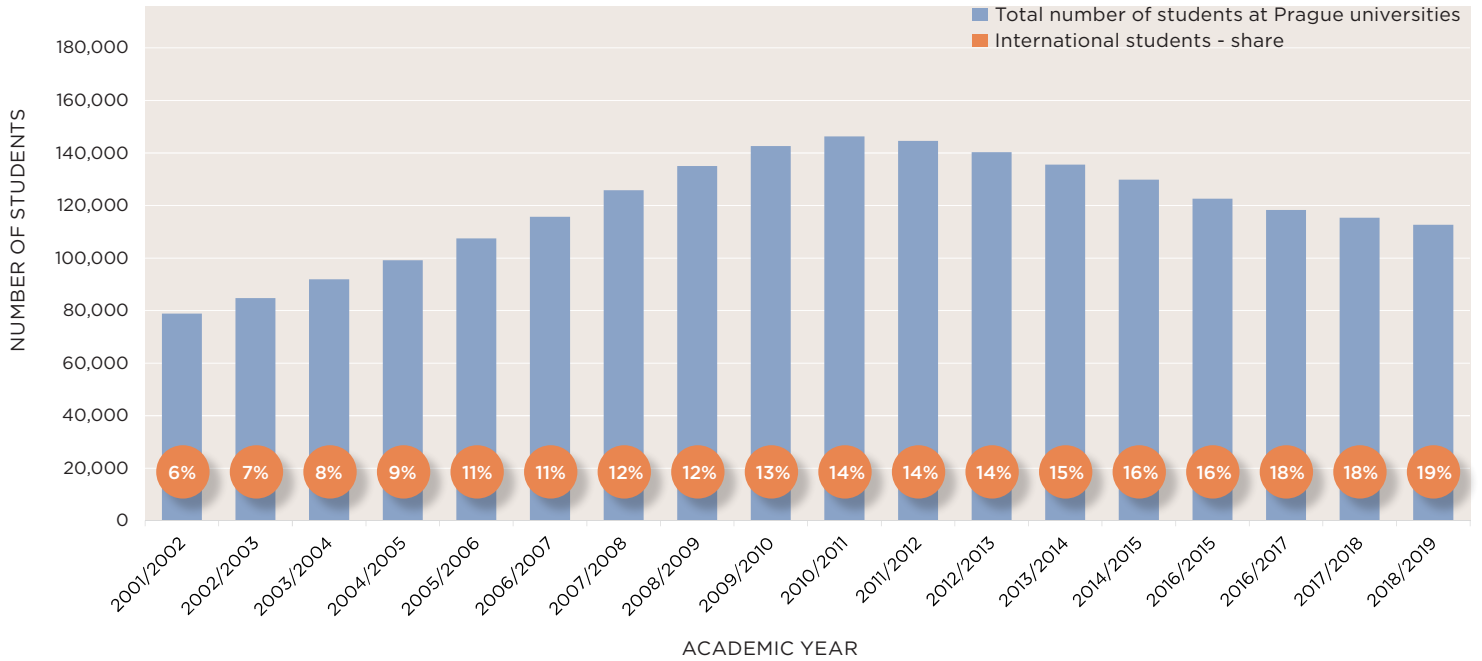


International students vs. Czech students with permanent residency outside of Prague



Source Ministry of Education, Savills Research

All students attending private and public universities in Prague

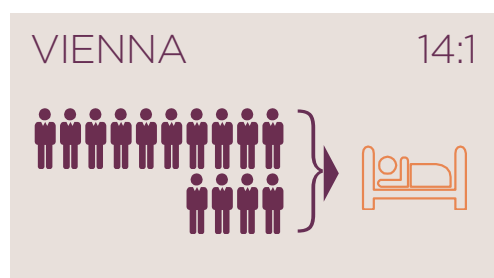
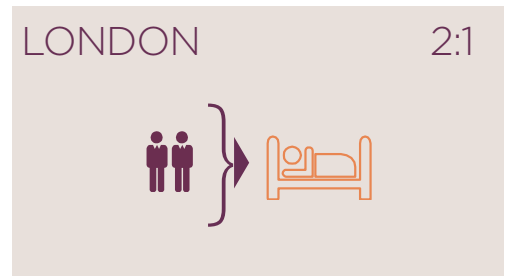
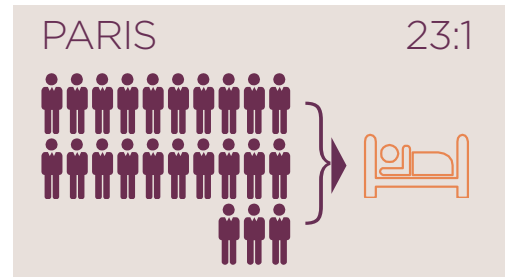
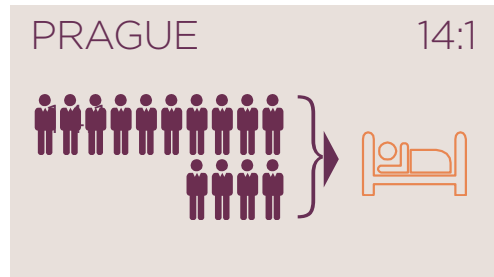


Source Ministry of Education, Savills Research

Student to bed ratio
(Number of international students for each private PBSA bed)

Private PBSA residences in Prague are currently able to accommodate only 7% of the city's total international student population. This translates into almost 14 international students for every bed in private PBSA within the Czech capital. According to recent student housing research conducted by Bonard (formerly known as StudentMarketing), almost identical student-to-bed ratios are also recorded in Budapest, Vienna, Rome and Krakow.

Upon completion of the Fizz Prague project in 2020, private PBSA schemes in Prague will be able to house nearly 10% of the total number of international students estimated to be enrolled at Prague higher education institutions. The student-to-bed ratio will drop to 10, bringing Prague closer to cities like Brighton or Helsinki.



Source Savills Research, BONARD

Rent levels

Monthly rents for private PBSA in Prague continue to rise.

According to the available information, occupancy levels in private PBSA across Prague remain high. Owners and providers of private PBSA in the city are responding to high demand and limited provision of such product in the city by increasing monthly rental levels and expanding their student housing portfolios. In most cases, rents in private PBSA residences in Prague went up by 5-10% in 2019 year-on-year, but in some instances also by 20%.

Monthly rents for single en-suite bedrooms start from €284 at DC Residence in Prague 4, but in the other private student residences reach on average €400-€490. Fully furnished studio apartments (with private bathroom and private kitchen) that are suitable for two people are currently only offered within the four Zeitraum schemes operated by Zeitegeist Asset Management and from 2020 will also be available in the Fizz Prague project. The monthly cost for studio apartments in these private student residences oscillates between €690-€900 (i.e. €345-€450 / person / month).

Regardless of the selected room type, providers of private PBSA typically require a security deposit equal to one month's rent.

Students or young professionals interested in furnished studio apartments might also consider 'standard' (not PBSA) rental micro-apartments. Although there are not that many schemes in Prague, one example could be the Luka Living complex at Prague 6, which offers small fully furnished studio apartments from €640 (incl. utility costs) per month. Furnished studio apartments at similar rates are also available through Flatio, a Czech start-up which is running a platform offering furnished flats for short- to medium-term rent (under 12 months).

We forecast that rents in private PBSA across Prague will continue their upward trend. The pace of growth in the coming year is expected to remain around 5-10%.

SERVICES & FACILITIES

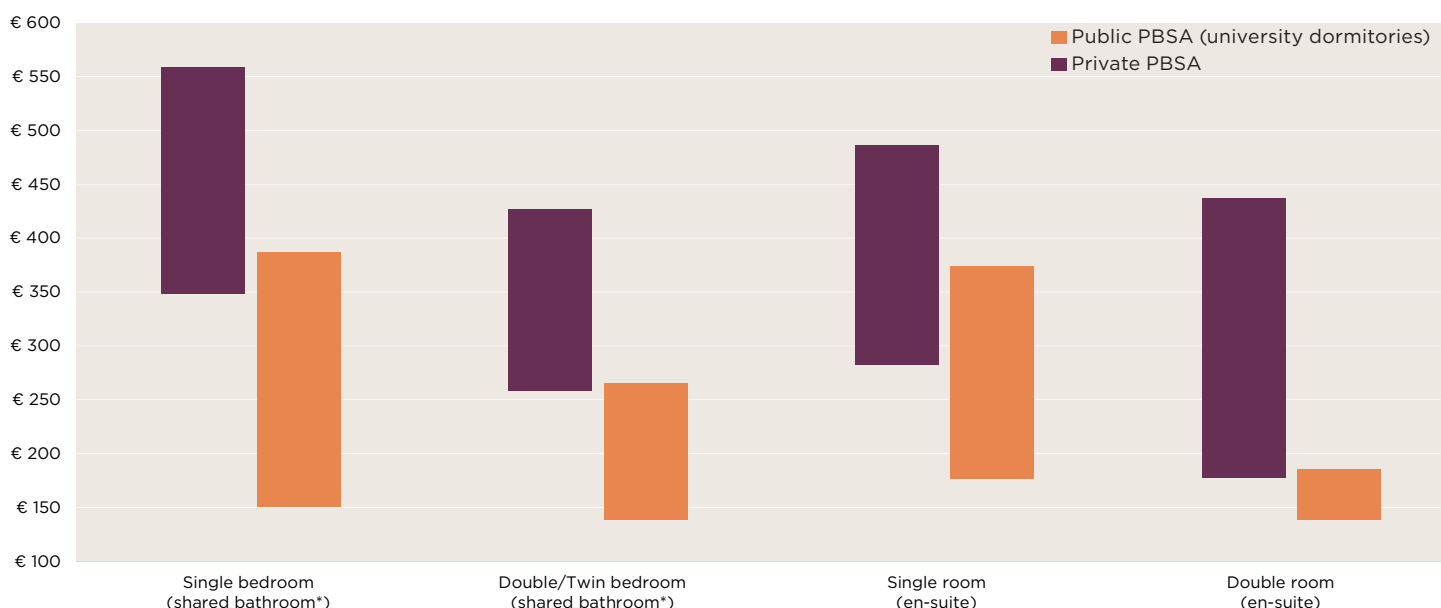
There is no significant difference in the range of services and facilities provided in private and public PBSA in Prague.

Below is a list of the most frequently available services in private PBSA, some of which are subject to extra fees:

- » fully equipped communal kitchen
- » vacuum cleaner and iron
- » laundry room
- » bike storage
- » luggage storage
- » bed linen change
- » room cleaning
- » mailbox
- » table tennis / fitness centre
- » grill equipment
- » copy and print services

Rent levels in private PBSA do not reflect the scope of services available to students living in such schemes but rather the location and slightly also the quality of the rooms.

Rents in private PBSA vs. public PBSA in Prague (per person / month)



Prices include internet, utility costs and where mandatory also monthly cleaning. Rates are for long-term stay of more than 3-6 months in case of private PBSA, and longer than a week in public PBSA.

*) Bathroom is typically shared with up to 5 other people

Source Savills Research



Glossary

HEI

Higher education institution, i.e. university

PBSA

Purpose-built student accommodation

Full-time form of study

Requires frequent physical attendance and is conducted on working days, i.e. from Monday to Friday (each day or several days a week)

Student to bed ratio

Total number of international students (full-time and part-time) vs. total capacity of beds in private PBSA



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