

Tips for investing in student accommodation

Student apartments can be a great option for property investors, says Andrew Schaefer, MD of national property management company Trafalgar, but only if they know which apartments to choose and how to manage their tenants.



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“While off-campus student accommodation is a growing sector all over the world, and proving to be a lucrative pick for many investors, it is vital for buyers to understand exactly what sort of units students prefer and are likely to rent from them, or they could end up with some real white elephants,” notes Schaefer.

“We have a large portfolio of different kinds of student accommodation under management in various cities, and from our own research and the results of surveys done in major student centres internationally, we have compiled some guidelines for those who are planning to invest in this niche market.”

Area safety

Security is the number one concern for both students and their parents or guardians, he says, so it pays to check the safety of the area in which you are planning to buy, as well as the security provisions in the specific complex or building, which should preferably include biometric access control and CCTV monitoring.

“Next, moving to a flat either on their own or with friends is a rite of passage for most students, and an opportunity to prove

they can manage their lives and make new friends outside of their family and school environments, so investors should look out for complexes which offer their tenants plenty of opportunities for social interaction with other young residents.

“Properties with a pool, braai facilities and possibly a clubhouse, games room, gym or other recreational facilities like a tennis or volleyball court are always most in demand – and if they also have a shared study space or a computer room, so much the better.

“Properties that are wholly or predominantly occupied by students are also more popular than those with a mix of older residents – although we do find that from about third-year onwards, many students start to move out of 'student complexes' into ordinary sectional title blocks in search of a quieter environment in which to study.”

Internet connectivity

The third most important attraction for student tenants is connectivity – including fast and preferably wireless internet connectivity, excellent cell phone signal and DSTV-ready apartments, says Schaefer.

“More than 90% of the students we deal with have a smart phone as their main means of communication, and many also use their phones to access the internet, so they definitely don't want to be in a complex with poor cell phone signal. In addition, students are always short of data, so a complex that offers access to at least some free WOFi per day will rank very highly.

“A DSTV connection in the flat is also a nice-to-have, although not essential, and certainly not nearly as important these days as a high-speed internet connection, either ADSL or fibre, and a convenient place to put a router so that any computer, laptop or smart phone in the flat can be wirelessly connected.”

Apartment layout

When it comes to the layout of the flat, he says, students are surprisingly meticulous about the size of kitchens and bedrooms. “Contrary to the stereotype, most actually cannot afford to live on pizza or other take-away food, so they like a reasonable-size, clean kitchen with enough food preparation and storage space, a stove and room for a normal fridge. This also tends to be important to parents who may well be the ones paying the rent.

“In addition, we have found that while students prefer open plan living areas, they also don't want their bedrooms to be 'cubbyholes' or 'sleeping pods'. They want these private spaces to be spacious and have lots of cupboard space – especially if they are sharing a flat with one or two others.”

Then finally, Schaefer says, students have definite preferences when it comes to lease administration and property management. “When it comes to rentals, for example, they want to be quoted an all-inclusive figure instead of having to pay several separate charges.

“In addition, they want easy-to-understand leases and copies of the complex conduct rules written in plain language, and appreciate information about the amenities in the complex as well as the public transport, shops and other amenities in the area.

Property management

“Meanwhile, most say they would also much rather deal with a managing agent and/ or an onsite building manager than deal directly with their landlord. The main reason for this is that established management companies like Trafalgar usually have automated (email or online) systems to allow them to log queries or problems at any time of day – which is much easier than having to phone the landlord in the middle of the night.

“Students also trust Trafalgar and other large managing agents much more than individual landlords to keep their deposits

safe, and to be fair when the time comes to return those deposits. This is something for prospective investors in student property to bear in mind – along with the fact that you are much less likely to have trouble with defaulting tenants if you engage the services of a qualified and experienced managing agent.”

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