



FACTSHEET #20

Student accommodation as an investment

With a guaranteed supply of tenants each year and an undersupply of quality rental stock, investing in lettable student-orientated property can bring steady, high returns. But you need to invest in the right kind of building to ensure financial performance, low maintenance costs and reduced risk.





Each January, around 450 000 students migrate to the 4 major cities of South Africa to attend tertiary education institutions. Although some will be able to stay at home, most need a place to live and the demand for accommodation is intense. With a guaranteed supply of tenants each year and an undersupply of quality rental stock, investing in lettable student-orientated property can bring steady, high returns at low risk.

To get the highest rental demand, the property must be located close to the campus – preferably within walking distance or on a public transport route. Good security is critical and parents will pay a premium for a safe building.

TIPS ON INTERIORS

Make use of ceramic products like tiles and fired bricks that are tough and hard-wearing, instead of timber floors or carpets. Blinds look smart but break easily whereas curtains can be washed and cheaply replaced.

Exposed brick walls – even stock bricks - are trendy and add character without having to invest in artwork or décor. Unlike many other surfaces that will need to be regularly painted, treated or plastered, the colour and texture choices of natural brick make a statement, but outlast even the rowdiest students.

TIPS ON EXTERIORS

From the property investor’s perspective, low maintenance buildings keep levies down. Avoid buildings with lifts, large common property areas and integrated technology.

Paved patios and courtyards are cheaper to maintain than a large garden and students love having a place to entertain.

Replace flimsy patio furniture with built-in brick seating and firepits. Clay paving is tough and inexpensive to lay. Segmented paving stones can be replaced and standard colours and sizes ensure a consistent look.

“Potchefstroom is a University town, so student and lecturer accommodation is our bread and butter,” reports Jacques Marais, Marketing Director of Berts Bricks. “However in the last 5 years specifically we have seen a flourishing residential property market, while we know prices in other cities are flat.



Fig 1 Campus Key, Cape Town. Claytile supplied 1.3 million maxi bricks to the Main Road campus, and just under 1 million maxi bricks to the Dane Street Campus.



“We believe it is because clay bricks are the obvious choice in new developments for students. In terms of exteriors, clay face bricks require little or no maintenance - bricks don’t rot, tarnish, puncture, fade, rust, scuff, peel or erode. The thermal expansion and contraction of clay brick is minimal throughout the year – no unsightly cracks to repair.”

Student Safety

Keeping students safe is a parent’s first priority, and parents have a big say in selecting the rental property. Buildings with 24 hour security pay for themselves. Technology solutions like intercoms and cameras appear economical but they are easily broken - leaving residents vulnerable and landlords dashing to find replacements.

Because it is a dense construction material, clay brick protects residents against natural disasters like flooding, lightning and hail, as well as civil crime, vandalism and unrest. Clay brick is incombustible with a maximum fire rating.

Student comfort

The density and mass of bricks makes them a natural sound barrier with high acoustic protection - essential for the student lifestyle. The acoustic insulation of clay brick ranges from 43db to 49db.

“Fired ceramic bricks are thermal batteries, keeping internal space naturally cool in summer and warm in winter,” explains Jonathan Prior, executive director of the Clay Brick Association of South Africa. “Clay brick’s thermal efficiency reduces the need for heating and air-conditioning, with savings for the student and fewer dangerous appliances that can be left on!”



Campus Key Potchefstroom (Berts Bricks)



Student residence at Onderstepoort, University of Pretoria (Corobrik)



Ivy League Potchefstroom (Berts Bricks)



Vaal University of Technology (Ocon Brick)



With its ability to regulate both air humidity and temperature, a brick building maintains a comfortable interior throughout hot, rainy months - rooms don't become dank and stuffy. Double leaf clay brick walls minimise interior damp and condensation in winter rainfall regions like the Western and Southern Cape.

Student health

Students are not the tidiest of tenants. Clay bricks are resistant to damage from borer and termites, moulds and fungi, insects and rodents. Clay masonry does not release VOC's (Volatile Organic Compounds) or toxic gases and the result is excellent indoor air quality.

Opportunities for the Private sector

Student accommodation is proving to be a developing crisis with a shortage of housing for at least 200,000 students in higher learning institutions.

At the recent Student Housing Symposium at the University of Pretoria, Blade Nzimande (South African Minister of Higher Education and Training) admitted that his department had insufficient funds to deal with the backlog and needed assistance from the private sector.

He said in the past three years, R1.6bn in government grants to universities for student housing projects had been supplemented by university funds of R700m. The combined amount had provided only 9,000 additional beds. This leaves plenty of opportunity for private investors to take up the slack.



Student Residence at the University of KwaZulu Natal Pietermaritzburg campus. (Corobrik).

For further information:

The Clay Brick Association of South Africa

Website: www.claybrick.org