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Developer Reluctance toward Purpose-Built Student Accommodation (PBSA) Investment in India: Evidence from a Comparative International Perspective

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ABSTRACT

India's higher education sector has witnessed rapid expansion over the past decade, creating significant demand for quality student accommodation. Despite an estimated shortage of more than three million beds and attractive investment returns, Purpose-Built Student Accommodation (PBSA) remains an underdeveloped real estate asset class in India. This study investigates the factors contributing to developers' reluctance to invest in the Indian PBSA sector and compares these challenges with practices adopted in mature PBSA markets such as the United Kingdom, the United States, and Australia. A quantitative research approach was adopted using purposive sampling, and primary data were collected from 25 real estate professionals through a structured questionnaire. The responses were analysed using descriptive statistics and weighted mean analysis to rank the factors influencing investment decisions. The findings reveal that market and institutional factors constitute the most significant barrier (Mean = 4.50), followed by regulatory (Mean = 3.97), financial (Mean = 3.93), and operational factors (Mean = 3.92). The study concludes that stronger university-developer partnerships, a dedicated PBSA regulatory framework, and improved institutional financing mechanisms are essential to enhance developer confidence. The research contributes to the limited empirical literature on India's PBSA sector by providing evidence-based insights and policy recommendations that can support institutional investment and sustainable growth in student housing.

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1. INTRODUCTION

This section describes the motivation, purpose, scope, and limitations of the study into India's Purpose-Built Student Accommodation (PBSA) sector and its comparison with mature global markets.

1.1 Background

The Indian higher education sector currently accommodates around 43 million students in more than 58,000 institutions and is considered the second largest higher education ecosystem

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globally (Department of Higher Education, Ministry of Education, 2024). As a result of the population growth, increased expectations, and GER increase to 50 percent by 2035 envisaged by the National Education Policy, an increasing number of students annually migrate towards urban areas. According to projections, 11 million students moved for educational purposes in 2023 itself, and this figure will reach close to 31 million students by 2036 (Delloitte, 2022).

This wave of demography has led to a huge requirement for quality and affordable student accommodation. However, the response from the supply side has been shockingly low. There are only about 0.16 million beds that can be counted as organised PBSA accommodations, which is less than 4% of the total number of students enrolled (*Student housing in Asia Pacific*, 2022).

The difference is quite obvious. In Britain, PBSAs make up more than 60 percent of the accommodation offered in large university towns, supported by investments, professional management companies like Unite Students, and strategic planning (Kenna and Murphy, 2021). Likewise, in the USA and Australia, student accommodation has been turned into a counter-cyclical and resilient asset sector, which has become highly attractive to pension funds, REITs, and sovereign wealth investments (Kinton *et al.*, 2018). These markets did not evolve by themselves, but were intentionally created through specific policies, partnerships between universities and developers, and mutual understanding of the fact that student housing is socially desirable and economically viable.

India has all the prerequisites required for the emergence of such a thriving PBSA industry, including an expanding base of students, increased disposable income levels, enhanced awareness among parents regarding the safety of living quarters, and institutional investors searching for high-yielding investments beyond conventional residential and commercial real estate. However, the missing ingredient is the supportive environment, which has enabled PBSA to thrive in other countries. Learning about the reservations of developers and finding ways to overcome these reservations is the primary reason for conducting this research.

1.2 Problem Statement

Although there is a clear deficit of more than 3 million organized student beds and yields ranging between 10% and 13%, which are far better than those for traditional residences, there has not yet been any significant investment by institutional players into the PBSA industry in India. In literature, such hesitation is attributed to various reasons, including financial, legal, managerial, and structural concerns. However, there is a lack of empirical evidence-based studies on the relative importance of these barriers, especially from India. There is also a lack of comparative research aimed at assessing the structural weaknesses of India and benchmarking them against developed international markets to suggest policy interventions specifically for India.

1.3 Research Questions

Based on the research problem and the identified gaps in the literature, the study seeks to answer the following research questions:

RQ1: What are the key factors that discourage real estate developers from investing in Purpose-Built Student Accommodation (PBSA) projects in India?

RQ2: Which categories of barriers (market and institutional, regulatory, financial, and operational) have the greatest influence on developer reluctance?

RQ3: What lessons can India learn from mature PBSA markets such as the United Kingdom, the United States, and

Australia to encourage greater institutional investment in student housing?

1.4 Aim

The objective of this study is to investigate the causes of developer reluctance in the Indian student housing industry and to learn from the examples of PBSA sectors in countries like the UK, US, and Australia to discover approaches that might trigger market growth.

1.5 Objectives

- To determine the current situation in the student accommodation industry in India and understand what is preventing developers and investors from engaging in PBSA development in India.
- To analyze the challenges that prevent the development of PBSA developments in India.
- To make comparisons between the development of PBSA facilities in India and those found in the UK, US, and Australia.
- To devise ways by which institutions can be attracted to invest in PBSA in India.

1.6 Scope of the Study

The research will be based on the Indian PBSA market with the help of secondary sources such as industry journals, academic sources, and market studies for the period 2018 to 2025. Comparisons of the international perspective will be made for countries such as the UK, the USA, and Australia, which can be taken as exemplary cases of PBSA markets. The main questionnaire will be administered only among property experts in India.

1.7 Significance of the Study

There are several implications of this study. Firstly, there is a production of the first quantitative analysis of obstacles to development unique to India's PBSA sector. Secondly, it fills a literature gap by situating structural weaknesses in India within a global comparison of what best practices are. Thirdly, it offers policymakers empirical support on how to build a regulatory environment conducive to PBSA. Fourthly, it gives developers and institutional investors a better understanding of the risks and opportunities involved in Indian student accommodation. Lastly, it raises the issue of student welfare by calling for higher standards of student accommodation in India.

2. LITERATURE REVIEW

exemplary cases of PBSA markets. The Purpose-Built Student Accommodation literature can be classified under three streams. These are literature on the problems facing the Indian PBSA market, literature that compares well-developed PBSA markets around the world, and literature focusing on models of investing in PBSAs and PPP models for PBSAs.

2.1 The Indian Student Housing Landscape

One of the early publications that quantitatively described this PBSA deficit was The Cornell Real Estate Review (Kinton, Smith and Harrison, 2016). It highlighted three structural problems that prevented the expansion of PBSA: regulatory uncertainties, service delivery challenges, and insufficient institutional investment. The second publication, from EY Real Estate (Knight Frank, 2019), noted three interrelated obstacles to PBSA: lack of a specialised PBSA policy, difficulty in consolidating land, and inadequate long-term financing.

Indeed, research centred around particular urban settings provides further evidence in this regard. In a case study carried out in Kota's student housing market — a city that is among the biggest coaching centres in India — it was observed that the informal PG housing sector held a nearly total monopoly in the

market, with not even a hint of PBSA present (Knight Frank, 2021).

According to Cushman & Wakefield (Knight Frank India, 2019), another important drawback in developing student accommodation and co-living properties is the inherent complexity of their operation, which deters developers familiar with build-to-sell residential development projects because sustaining occupancy among students requires an exceptional level of professionalism in hospitality management not commonly found within India's property market. According to NAREDCO (Laidle, 2014), a further deterrent in India's complex rental housing market laws, including old rent controls, increases uncertainty regarding long-term rental income generation.

Recent analysis is indicative of a greater but cautious level of interest in the market. In addition to rising investor interest, there remain doubts regarding the high cost of land, project feasibility, and the lack of institutional offtake arrangements, according to Infrastructure Investor (Macintyre, 2003). The need for regulation in terms of student accommodation was emphasised by Brookings India (Magni, Pescaroli and Bartolucci, 2019), pointing out how such a necessity is created due to the rising mobility of students from one city to another, which results in welfare losses for students.

As noted by research conducted on public-private partnerships for student accommodation in India (ASCE, 2025) (Maisonneuve and Dek, 2020), the PPP model theoretically looks promising, especially when the utilisation of publicly-owned university lands comes into consideration; however, developers avoid taking such risks because of the uncertain nature of government policy changes that may affect the contract. Hiranandani Foundation (Revington and Benhocine, 2023) considered other approaches to PBSA models adjusted to Indian conditions, and it was found that the asset-light model was more favourable for private developers.

2.2 Insights from Mature Global Markets

The United Kingdom is probably the best case for studying PBSA development. Studies conducted by CaCHE from the UK show the connection between campus planning systems, pricing, and supply of accommodation, showing that certainty in planning and clear university housing strategy make developers feel comfortable enough to invest. According to Savills (*Savills UK*, 2024; Scottish Government, 2022), PBSA in the UK is a cyclical investment type which is institutionally backed because even in times of instability, the occupancy rate of 90 to 98 percent was maintained, generating consistent income flow.

AHURI Research on Australia (Tiwari and Roy, 2025) identifies how this market developed based on a variety of factors including university-controlled accommodation, the presence of strong demand among international students, and professional players scaling their operations. This was made possible by the conducive regulatory environment, which had well-defined processes for development approval, consumer protection, and disclosures. JLL Asia-Pacific Survey (Ahlawat, Tripathi and Jha, 2026) affirms that Australia and Singapore have been able to incorporate PBSA into mainstream real estate investments, while the Indian market lags behind due to poor regulation.

The Deloitte global alternative real estate research study (World Bank, 2023) confirms through cross-market data that student accommodation delivered impressive returns during the period of the coronavirus pandemic due to its ability to retain occupancy levels and resilience, which was unmatched by most other types of investments.

Unlike India, mature PBSA markets have developed through long-term policy support, institutional participation, and collaboration between universities and private developers. The United Kingdom demonstrates how planning certainty, university nomination agreements, and institutional investment have transformed PBSA into a mainstream real estate asset class. Similarly, Australia has benefited from strong consumer protection regulations, integrated university housing strategies, and consistent government policies that have encouraged private investment. These international experiences indicate that sustained institutional support, rather than market demand alone, plays a critical role in attracting developers and improving investment confidence. Therefore, comparing India's PBSA ecosystem with these mature markets provides valuable insights for identifying policy interventions that can accelerate the sector's development.

2.3 Theoretical Framework

The present study is grounded in Institutional Theory, which suggests that investment decisions are significantly influenced by the regulatory, institutional, and market environment within which firms operate. According to this perspective, developers are more likely to invest in emerging real estate asset classes when supportive regulations, stable market conditions, institutional partnerships, and financing mechanisms reduce uncertainty and improve investment confidence.

In the context of Purpose-Built Student Accommodation (PBSA), mature markets such as the United Kingdom, the United States, and Australia have evolved under well-established institutional frameworks that include clear planning regulations, university partnerships, specialised financing instruments, and professional asset management practices. These institutional arrangements have contributed to the growth of PBSA as an attractive investment asset.

Conversely, the Indian PBSA market continues to face institutional challenges, including fragmented regulations, limited collaboration between universities and developers, financing constraints, and operational uncertainties. These barriers increase perceived investment risk and discourage developers from entering the sector.

Based on the literature, the study conceptualises developer reluctance as being influenced by four major dimensions:

- Market and Institutional Factors
- Regulatory Factors
- Financial Factors
- Operational Factors

These four dimensions form the conceptual basis for the questionnaire design and subsequent empirical analysis conducted in this study.

2.4 Synthesis and Research Gaps

The existing literature consistently identifies regulatory uncertainty, fragmented land markets, financing challenges, limited university-developer collaboration, and the dominance of informal paying guest (PG) accommodation as major barriers to PBSA development in India. While these studies provide valuable insights into the structural constraints affecting the sector, most adopt descriptive or policy-oriented approaches and offer limited empirical evidence regarding the relative importance of these barriers from the perspective of real estate developers. Furthermore, previous studies rarely integrate these barriers within a broader theoretical framework explaining investment decision-making under institutional uncertainty. Although several international studies have examined mature PBSA markets, limited comparative research has explored how

lessons from these markets can inform India's evolving PBSA sector. Consequently, this study addresses these gaps by empirically evaluating developer perceptions and benchmarking India's PBSA ecosystem against internationally established markets to generate evidence-based policy recommendations.

3. THE INDIAN STUDENT HOUSING MARKET: CURRENT STATE

3.1 Demand Analysis

The GER is currently 28.4 percent in the Indian higher education system, where there are approximately 43 million students enrolled, as compared to 24.5 percent in 2015–16 (Department of Higher Education, Ministry of Education, 2024). The government targets the GER at 50% by 2035, which will lead to tremendous growth in the number of students over the coming decade. Out of the total number of students enrolled, 25% (approximately 10.75 million) are outstation students who require accommodation elsewhere (Delloitte, 2022).

The tendency towards classroom-based learning continues to prevail, with roughly 89 percent of the student population opting for face-to-face learning, necessitating close proximity accommodation in the cities where universities are located (OECD, 2019). A high demand profile is created by an increasing number of enrolments, increased urban migration, and the need for closer accommodation, making PBSA highly attractive as long as supply issues can be addressed.

3.2 Supply Analysis

The problem of supply falls terribly short of meeting the requirements. Hostels run by the institutes meet around 20% of the total accommodation needs, with the rest having to rely on an informal system, which is run mainly by the privately managed PGs and informal accommodations (*Student housing in Asia Pacific*, 2022). The total PBSA supply within India stands at about 1.6 million beds, representing less than 4% of the total enrolment (Macintyre, 2003).

Life conditions for those staying in informal communities differ greatly depending on the situation. Where there is no government authority to enforce minimum conditions, students often lack basic sanitation, water, or security. Without any governmental structure in charge, it is not possible to settle conflicts, with the needs of the tenant being irrelevant in relation to the needs of the landlord.

3.3 Demand–Supply Gap

Table 1: Demand–Supply Gap in India's Student Housing Market (2023–24 Estimates)

Parameter	Value
Total Students Enrolled	43 million
Students Requiring Accommodation	10.75 million
Existing Hostel Capacity	7.5 million
Beds Provided by Organised PBSA Players	0.16 million
Estimated Additional Demand	3.08 million

Source: Compiled by the authors based on AISHE (2022), Brookings India (2023), and Knight Frank (2023).

According to the information provided in Table 1, there is a deficiency of around 3.08 million structured bed places, which suggests that only one bed place is available for every five students in need of accommodation (*Student housing in Asia Pacific*, 2022). More important than the shortage of bed places is the qualitative inadequacy of existing informal housing.

3.4 Investment Perspective

Even though there is significant underserved demand, PBSA continues to be an untapped and relatively unknown asset class within the Indian real estate investment sphere. According to industry experts, the expected yield from PBSA investments ranges from 10 to 13 percent,

which is quite impressive when compared with the 3 to 5 percent yield possible through traditional residential housing investments. The estimated annual rent growth rate for PBSA stands at roughly 10 to 15 percent per year [9].

This market remains 70% – 80% unorganised, whereas organised PBSA accounts for well under 10%. The contrast between the current state of affairs in the United Kingdom (organised PBSA being 60%–70%) and Australia (similar levels of penetration at major educational centres) brings out the extent of the changes required in India's PBSA market.

4. RESEARCH METHODOLOGY

4.1 Research Design

The methodology for the current research includes a quantitative methodological approach. One of the primary objectives of this study is the identification and ranking of important reasons that cause developers' hesitation in the PBSA sector in India. The data obtained for conducting this study is gathered using questionnaires administered to industry experts.

4.2 Research Approach

The adoption of the quantitative method was informed by the realization that with this method, it is possible to quantify and compare various attitudes. There was no attempt to formulate any theory; the research merely aimed to identify the most significant barriers as compared to other barriers among professionals in India.

4.3 Data Collection

Primary data for this study were collected through a structured questionnaire administered to 25 professionals working in the Indian real estate sector. Respondents included real estate developers, project managers, consultants, PBSA operators, and other industry professionals possessing knowledge and experience related to student housing and real estate investment.

A purposive sampling technique was adopted to select respondents with relevant industry expertise. This non-probability sampling method was considered appropriate because the study aimed to obtain informed opinions from professionals directly involved in real estate development and investment decisions rather than from the general population.

The sample size of 25 respondents was considered appropriate for this exploratory study, where expert judgement and industry experience were more important than statistical generalisation. Similar exploratory studies investigating emerging real estate sectors frequently rely on relatively small samples of knowledgeable professionals to generate meaningful insights.

Secondary data were collected through an extensive review of academic journal articles, industry reports, government publications, and market reports published between 2018 and 2025, including reports from Knight Frank, CBRE, Colliers, Savills, JLL, EY, Deloitte, Brookings India, NAREDCO, AHURI, and other recognised organisations. The primary survey findings were interpreted alongside these secondary sources to provide a comprehensive understanding of the barriers affecting PBSA investment in India.

4.4 Respondent Profile

The respondents represented a diverse group of professionals associated with the Indian real estate sector, including developers, consultants, project managers, PBSA operators, and investment professionals. The inclusion of respondents from different professional

backgrounds enabled the study to capture multiple perspectives regarding the challenges associated with PBSA investment in India. The respondents were selected based on their professional experience and familiarity with real estate development and investment practices.

Professional Category	Number of Respondents
Real Estate Developers	8
Consultants	5
Project Managers	4
PBSA Operators	3
Investment Professionals	3
Others (Academicians/Researchers)	2
Total	**25**

4.5 Data Analysis

The analysis combined both primary and secondary data. Responses obtained from the questionnaire were analysed using descriptive statistical techniques, including weighted mean analysis, to identify and rank the factors influencing developer reluctance towards PBSA investment. These empirical findings were subsequently interpreted in conjunction with evidence from published literature and international PBSA market reports to compare India's PBSA ecosystem with mature markets and develop policy recommendations.

5. FINDINGS AND ANALYSIS

5.1 Comparative Factor Analysis

Table 2: Comparative Factor Analysis — Developer Reluctance in India's PBSA Sector

Factor Category	Mean Score	Rank
Market & Institutional Factors	4.50	1
Regulatory Factors	3.97	2
Financial Factors	3.93	3
Operational Factors	3.92	4

Authors' analysis based on primary survey data (2026).

his study The PBSA Reluctance Index (weighted mean for all four factors combined) reaches a fairly high value of 4.08. In terms of significance, the most relevant obstacle is the market and institutional factor whose mean value is 4.50 and significantly exceeds the mean values of all other categories by 0.53 to 0.58. It means that the differences between the mean values of the factors are quite considerable and indicate that while the problems on the supply side must not be neglected, those on the demand side matter even more.

5.2 Analysis by Factor Category

5.2.1 Market & Institutional Factors (Mean = 4.50)

There are three critical points noted to pose problems for this industry from the viewpoint of the markets. Firstly, the absence of any formal collaboration between universities and developers means that any PBSA project lacks guarantees or preferences regarding access to their target customers, which implies that there will be no forecast of occupancy levels, thus raising doubts of financiers about future income. Secondly, uncertainty of demand caused by the uncertain number of students, movement of cities, and academic schedule poses risks in an industry when revenues depend solely on the occupancy level. Thirdly, widespread informality in the sector causes significant pressure on prices because informal players incur minimal capital costs, do not pay taxes, and ignore all norms.

These findings are consistent with previous studies highlighting institutional uncertainty as the principal barrier to PBSA development in India. EY (2021) identified the absence of a dedicated PBSA policy and weak institutional support as key obstacles to investment, while

Brookings India (2023) emphasised that inadequate university participation and fragmented rental housing policies continue to restrict organised student housing development. Similarly, Infrastructure Investor (2025) reported that demand uncertainty and the absence of long-term occupancy assurance discourage institutional developers from entering the Indian PBSA market. The present findings reinforce these observations by demonstrating that market and institutional factors represent the greatest concern among industry professionals.

5.2.2 Regulatory Factors (Mean = 3.97)

Regulation was listed as the second highest challenge faced by PBSA. Participants pointed out the total lack of a specific PBSA regulatory regime as the core issue. With no official definition of PBSA as an asset class, developers and investors can neither receive fiscal benefits nor utilise any kind of financing options that can come with such a classification. Delays due to lengthy approval procedures that are also inconsistent from one state jurisdiction to another increase development costs and affect the viability of projects. Lack of standardisation in terms of design, safety features, facilities, and quality of management only add to the challenges faced. The importance assigned to regulatory barriers is consistent with earlier literature. NAREDCO (2020) highlighted regulatory uncertainty and fragmented rental housing policies as major constraints affecting investment decisions. Likewise, research by Brookings India (2023) argued that the absence of a dedicated regulatory framework has slowed the institutionalisation of student housing in India. Compared with mature PBSA markets such as the United Kingdom and Australia, where clear planning regulations and development standards exist, India's fragmented regulatory environment continues to reduce investor confidence.

5.2.3 Financial Factors (Mean = 3.93)

The financial issue came third. The high cost involved in developing the project due to land prices in urban areas located close to the universities, high inflation rates, and the cost incurred in making buildings student-friendly makes it difficult to invest in PBSA as a developer who is accustomed to developing projects in order to sell them. The recovery period for such investments would take much longer compared to investments that can be sold off quickly, hence making PBSA less appealing to many developers. Student accommodation is considered an unusual type of asset by banks, attracting higher interest charges and covenants. These findings support earlier studies indicating that financial constraints remain a major obstacle to PBSA development. Deloitte (2022) reported that student housing has demonstrated resilient long-term investment performance internationally; however, Indian financial institutions continue to perceive PBSA as an emerging and relatively unfamiliar asset class. Similar concerns regarding financing and investment feasibility were also identified by EY (2021), which noted that limited access to long-term institutional finance discourages private sector participation.

5.2.4 Operational Factors (Mean = 3.92)

Even though the operational issues have been rated as the least problematic category out of the four categories, they do constitute an important deterrent. Unlike Unite Students or American Campus Communities in their home markets, there is not enough experience and professionalism on the part of PBSA

operators in India's market. There are some special skills required in managing a huge student housing project that Indian real estate firms may not have yet acquired.

Previous studies have similarly recognised operational capability as an important factor influencing PBSA performance. Cushman & Wakefield (2020) observed that successful student housing projects require professional management practices comparable to the hospitality industry. Mature PBSA markets such as the United Kingdom and Australia have developed specialised operators with extensive operational expertise, whereas India's PBSA sector is still evolving. Although operational barriers received the lowest mean score among the four categories, the findings suggest that improvements in professional management will remain important for long-term sector growth.

5.3 Risk Perception Analysis

Table 3: Risk Perception Matrix — PBSA Investment in India

Risk Type	Associated Factor	Impact Score (1–5)
Demand Risk	Market & Institutional	5 (Very High)
Policy Risk	Regulatory	4 (High)
Financial Risk	Financial	4 (High)
Operational Risk	Operational	3 (Moderate)

Table 3 clearly shows that the main reason why investors fail to invest in PBSA properties is the risk involved in demand. This has been caused by uncertainties in terms of the number of students willing to pay for the premises regardless of the lack of demands by the university. Policy risk and financial risk have been deemed to be equally significant, and far more significant than operational risk.

5.4 Scenario Analysis

Table 4: Scenario Analysis — Investment Response Under Varying Ecosystem Conditions

Scenario	Conditions	Investment Outcome
Low Support	No demand assurance; unclear policy; limited finance	Very Low Investment
Moderate Support	Partial policy clarity; some institutional interest	Limited Investment
High Support	Strong university partnerships; clear PBSA policy; REIT financing	High Investment

Authors' analysis based on primary survey data (2026).

Analysis based on Table 4 demonstrates the existence of a clear yet non-linear correlation between the quality of the enabling environment and investments made by developers. In the present situation, India falls somewhere between the low-level and moderate-level scenario, which shows that a shift towards the high-level scenario will be possible only through the joint implementation of several aspects. The scenario analysis supports international evidence that investment decisions in PBSA depend upon the existence of an enabling institutional ecosystem rather than market demand alone. International experience demonstrates that university partnerships, regulatory certainty, and specialised financing mechanisms collectively reduce investment risk and improve developer confidence. These observations are reflected in the successful PBSA models adopted in the United Kingdom, Australia, and the United States, reinforcing the need for coordinated policy interventions in India.

6. GLOBAL COMPARATIVE ANALYSIS

6.1 United Kingdom

The UK is the ideal example for the development of the PBSA market. Considering that there are around 2.8 million students in the country and 60–70 percent PBSA penetration rate in key cities, the market is highly developed (Kenna and Murphy, 2021). The PBSA market in the UK operates under long-term university take agreements ensuring minimum occupancy levels, professionally run operators overseeing large-scale amenity-driven residential facilities, and a sound planning and regulation system to facilitate consistent project execution (*Savills UK*, 2023; *Savills Australia,* 2024).

The rental yield potential of UK PBSA ranges from 5 to 7 percent with constant occupancy rates ranging from 90 to 98 percent, making it a lucrative investment property for pension funds, insurers, and publicly listed real estate investment trusts (REITs) (*Savills UK,* 2023). Moreover, because the demand for student accommodation is counter-cyclical — meaning it increases during times of recession as people opt to get better education instead of entering a weak labour market — it becomes more attractive to investors with longer holding periods.

6.2 Australia

The PBSA market in Australia is unique because of the significant contribution made by international students to keeping the market buoyant. Australian universities have traditionally been responsible for providing accommodation services to their students, thereby creating a long history of university-affiliated housing. The private sector PBSA has emerged in tandem with this tradition, backed up by well-articulated planning strategies, effective consumer protection measures, and an efficient real estate investment environment (Tiwari and Roy, 2025). According to a JLL regional study (Ahlawat, Tripathi and Jha, 2026), Australia and Singapore rank highest in PBSA in the Asia-Pacific region.

6.3 Comparative Gap Analysis: India versus Global Markets

Table 5: Gap Analysis — India versus Global Mature PBSA Markets

Dimension	India	Global Mature Markets (UK/USA/Australia)
University Partnerships	Weak / Rare	Strong / Structured / Contractual
Occupancy Assurance	Uncertain	Guaranteed or Heavily De-risked
Regulatory Framework	Undefined / Fragmented	Well-Defined / Consistent
Investment Confidence	Low	High / Institutional Grade
Market Structure	Informal (PG-dominated)	Organised Professional PBSA

Authors' compilation based on Savills (2023), JLL (2022), AHURI (2020), and the present study

Table 5 shows that there is a qualitative difference between the PBSA landscape in India and the more developed systems in countries such as the UK, Australia, and the US. In the developed world, the PBSA industry has been able to create an upward spiral where regulatory clarity attracts institutional money, which in turn invests in professional managers who provide good-quality housing, leading to occupancy and income generation.

7. POLICY RECOMMENDATIONS

The findings of this study point to a clear strategic agenda for unlocking India's PBSA potential. The following recommendations are organised by priority and addressee.

7.1 Establish a Dedicated PBSA Regulatory Framework

The primary need for reform lies in treating PBSA as an individual category of real estate property under Indian law and policy. This will allow for the creation of specialised systems for project approvals, investment criteria, and standards of quality. It is imperative for both the central and state governments to collaborate with NAREDCO, real estate developers, and universities to formulate PBSA regulations. The proposed regulatory framework will include acceptable structures, standards of quality, fire safety standards, and tenant rights. A one-stop approval process for PBSA will greatly expedite project approvals.

7.2 Create Demand Assurance Mechanisms Through University Partnerships

Given that one of the major issues facing the development of PBSAs has been that of uncertainties in demand, doing something that would make sure that the PBSA units get occupied is the best solution. In this regard, it is essential that the state governments and the UGC work together to create an environment where higher institutions of education lease space within private property, whereby they are promised a certain percentage of occupancy in exchange for low rentals. Such arrangements have happened before in the UK involving universities.

7.3 Expand Institutional and REIT-Based Financing

PBSA financing tools need to be developed as well. The Reserve Bank of India and SEBI will have to jointly devise an enabling regulatory route for PBSA-specific Real Estate Investment Trusts, leveraging the experience from the successful Indian Infrastructure Investment Trusts and the REIT framework. Besides, the NABARD, National Housing Bank, and commercial banks will have to create credit instruments tailored to student housing that reflect the tenor, pricing, and covenants suited to PBSAs. Finally, tax concessions on the lines of Section 80IC-type deductions for PBSA projects located in education cluster locations can make a real difference in enhancing financial feasibility.

7.4 Regulate and Standardise the Informal PG Market

While the predominance of the informal PG model cannot be ignored, it certainly can be phased out gradually by making registration and other minimum requirements compulsory for such PG providers. The states must make it mandatory for PGs to comply with certain quality standards and offer minimum protection to tenants so that the operational cost edge of PG operators over PBSA is gradually reduced while enhancing the living standards of the millions of students already using the informal PG services.

7.5 Prioritize Location-Based Development in High-Demand Education Hubs

PBSA can be deployed in those cities where there are many students but not enough houses for rent: Bangalore, Pune, Hyderabad, Chennai, Delhi NCR, and Kota. Land must be found with the respective state governments near reputed educational institutions to

establish PBSA facilities for long-term use on lease basis, which would make land acquisition costs cheaper.

7.6 Build Operational Capacity and Professionalize the Sector

India must train its PBSAs to operate large student populations at hotel-standard levels of efficiency. The industry, the academic world, and foreign PBSA operators must come together to design training schemes, set up certification processes, and facilitate knowledge transfer from foreign PBSA operators to local operators. Foreign PBSA operators must be enticed to establish operations in India as independent firms or joint ventures with local developers.

7.7 Leverage Technology for Operational Efficiency

Digital systems for making bookings, managing leasing agreements, filing maintenance complaints, and using community facilities can greatly simplify processes currently hindering developers. The use of intelligent security and access control systems ensures high safety and lowers personnel expenses. The development and application of proptech systems adapted for use in student housing properties — which have already found extensive application in the UK and Australia — must be strongly encouraged.

8. CONCLUSION

India now stands at a crossroads when it comes to the development of its student housing industry. The fundamentals behind this sector are extremely robust, given the sheer number of students in India (more than 43 million), shortage of beds to meet the demand for organised housing (over 3 million), and high returns on investment compared to other types of property development. Nevertheless, there is no participation from developers due to the vicious circle of issues mentioned earlier.

Clearly, the problems faced by the market and other institutional concerns — like the failure of universities and developers to collaborate, hence raising the question of demand — are those which make PBSA investments in India difficult and hence rank highest compared to other regulatory, financial, and managerial issues. Clearly, the results of this study are relevant for policy making in that regardless of favourable finance and regulation, PBSA investments will be difficult to attain if the underlying demand problem is not solved.

A comparative study of the UK, Australia, and the USA offers insights into how this can be achieved. The evolution of these markets was not natural but a result of careful planning, which helped create the environment where uncertainty could be minimised, investment could be facilitated, and a framework could be provided for professionals to establish their operations. India has much to learn from the wealth of experience garnered worldwide without necessarily imitating what has been done in other countries.

These recommendations are neither idealistic nor theoretical; rather, they constitute a series of practical and systematic actions based on empirical data derived from both the initial survey and relevant comparative literature. The execution of these recommendations — especially the development of a unique regulatory regime, demand assurance processes, and REIT finance tools — would significantly change the risk-return equation associated with PBSA investments in India, opening up an industry capable of revolutionising the

lives of millions of Indian students for years to come.

AI Declaration

The authors used generative artificial intelligence (AI) tools solely for language editing and improving the readability of the manuscript. The study design, literature review, data collection, analysis, interpretation of results, and conclusions were undertaken entirely by the authors, who accept full responsibility for the content of this manuscript

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