

Harrison Street ramps up student digs plans

By [Samantha Partington](#) | Thu 15 February 2018

US-based Harrison Street formed three separate joint ventures with UK student accommodation developers in the space of a week at the end of January



Harrison St recently funded a £40m GDV student housing scheme in Clyde, Scotway House

The private equity firm signed deals with Crosslane, Uliving and Structured Housing Group to fund a total of six schemes with a development value of £205m in various towns and cities across the UK.

Senior managing director Robert Mathias says there is plenty more to come and that it now plans to ramp up its activity in the purpose-built student accommodation (PBSA) market and enter other markets including build-to-rent (BTR).

A giant in PBSA in the US, where it has funded more than 135,000 student beds over the past 10 years, Harrison Street started investing in Europe in 2015 when it formed a JV with GSA. Through the tie-up, it has funded schemes in UK cities including London, Nottingham and Sheffield.

On the back of that success, it decided to invest more heavily in the UK by agreeing funding deals with other developers.

Attractive market

Mathias believes that lack of supply and the quality of the UK's universities make it an attractive market.

“There is a structural imbalance in terms of supply available and the number of students who need access to purpose-built student accommodation,” he says. “The UK also has highly regarded and recognised universities on any metric or comparison you use.”

Harrison Street plans to undertake additional projects through its recently signed joint ventures and is also interested in new tie-ups that will enable it to expand regionally across the UK, into different countries or into new asset types.





Harrison St teamed up with Linkcity's Uliving on the Bath Court scheme in Birmingham

“Our business model is to set up JVs with developers and operators of the real estate,” says Mathias.

“We provide the majority of the capital but we rely on these partners to help us source opportunities and introduce them into the JV.”

Mathias claims it is not targeting a specific number of schemes. “We want to create portfolios of product that will represent value for any institutional investors that want to buy into the student space,” he says.

“There’s no magic number; instead we will keep a close eye on supply and demand metrics and as long as we can justify creating additional supply, we will continue with our strategy of delivering and acquiring more assets.”

Healthcare aspirations

To date, Harrison Street has not invested in any BTR or micro-flats in the UK. However, it is looking at opportunities to break into these markets this year, says Mathias. The healthcare sector, including senior living, is also on its radar.

The plan is to expand into healthcare “over time”, he says, describing it as a “near-term objective”.

“I want to explore moving the expertise we have built up in the US over here,” he adds. “We’re exploring a variety of options.”

Since 2015, Harrison Street has invested or committed \$1.5bn (£1bn) in Europe’s student accommodation market, including \$600m in the UK.

As the firm builds on its new JVs and signs more deals, those numbers look set to continue rising sharply.