



Developers Bet University of California Student Housing Demand Helps Push Through Supply Glut

Market's Mismatch Runs Higher Than National Average, Analysis Has Shown



Anchor House, pictured here in a rendering, is set to open this month serving the University of California, Berkeley. (CoStar)

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A pair of student housing developments near the University of California, Berkeley, are highlighting growing demand for the asset class at the state's flagship campus as the city rides a wave of new development.

This month Anchor House and later The Northside in Berkeley are expected to bring new beds to a market where demand at the moment is outpacing supply at one of the highest

rates in the United States.

According to Walker & Dunlop, housing at the largest universities in the country has benefited from an imbalance in supply and demand as enrollment recovers from COVID-19 pandemic-era lows. The real estate finance firm estimates there are currently 1.34 full-time enrolled students for every bed at the 20 largest universities by student housing inventory.

With estimates from Fannie Mae showing only half the number of beds were added to the national student housing supply this past school year and forecasts for even fewer beds in 2025, the decline in new supply, coupled with an increase in enrollment, has bolstered student housing performance above historical averages, the government-sponsored enterprise said.

At UC Berkeley, the mismatch in supply runs higher than the national average with 2.19 students for every bed, according to analysis from [Walker & Dunlop](#). Despite this imbalance, CoStar data shows that rents for student housing have declined more than 16% in the second quarter. At the same time, rent levels for student housing remain above the Berkeley multifamily market at large, with average asking rents for student housing running at \$2,183 verses \$1,890 for traditional apartments.

Construction Boom

Driving the decline in rents has been a surge in new construction, according to Patrick Kennedy, owner of the development firm [Panoramic Interests](#). Kennedy told CoStar News his firm is tracking more than 3,800 beds scheduled to come to market in the 2024 school year in a market that has roughly 5,000 total beds throughout downtown and the city's south side.

“Berkeley’s situation is like that of a python eating a pig,” he said in an interview. “It’s a matter of digesting so much at one time.”

Among the new projects pushing new supply is [Anchor House](#), a university-owned student housing development aimed at transfer students that is slated to open this month. The massive, 14-story design encompasses roughly 450,000 square feet, cost \$268 million and can accommodate 772 students. Units are fully furnished and range from studios to four bedrooms, all with kitchens and washers and dryers. Rents range from \$19,995 to \$21,695 per academic year, according to the school's website.

The building is certified LEED Gold by the U.S. Green Building Council and includes other eco-friendly features, such as a rooftop vegetable garden and energy efficient appliances, according to the developer, UC Berkeley Capital Strategies. Funding for the design, construction and furnishing of the building was provided by the Helen Diller Foundation at no cost to the university. Proceeds from the apartment complex will be used to fund two-year scholarships for 400 low-income students at UC Berkeley each year.

New Attitude

Kennedy believes this monsoon of new supply is a one-time event in a city that had seen a decades-long drought in new development. The recent surge is indicative of a sea change among the citizens and government of Berkeley that had — until recently — been opposed to new development, he said.

“It really has been a Scrooge-like transformation visiting the Ghost of Christmas past,” Kennedy said of Berkeley’s new attitude toward development over the past 30 years. “There’s a huge slug coming on this year, but then very little is coming online next year, and in 2026 it’s almost nothing.”

Given the slowdown in new unit openings, Kennedy estimates it will take the Berkeley market roughly a year to digest the new supply and get back to normal levels of rent growth.

These factors have been prime drivers of Panoramic Interests’ latest development, The Northside. The project, located at [1752 Shattuck Ave.](#) in Berkeley, is expected to include

73 units of student housing in the Gourmet Ghetto neighborhood north of campus. It was financed with a \$30 million construction loan brokered by JLL.

The development, which has already broken ground, is expected to complete construction in March 2026 and include apartments ranging from studios to four bedrooms. Plans for the seven-story structure stretch across more than 450,000 square feet, including 1,210 square feet of commercial space. Apartments will be fully furnished, and residents will have access to a roof deck, bike room, on-site laundry and coworking spaces.

“I’m a firm believer in the politics of abundance,” Kennedy said. “As more units come on, Berkeley becomes a better and more exciting place to live. And there’s still thousands of units in crummy rentals throughout Berkeley and Oakland, and it’s just going to take for a while for them to move out of those and move into the nicer stuff.”

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