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Crisis by Design

Student Housing and the Hidden Cost of Higher Education

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ABSTRACT
The student housing crisis surrounding large public universities remains underexamined in education scholarship. This paper fills a gap in literature by analyzing how Purpose-Built Student Accommodation (PBSA) adds to the hidden cost of attending these institutions and examines the broader implications of commodifying studenthood for students, local communities, and higher education itself. University enrollment growth—particularly the influx of out-of-state and international students—combined with the financialization of student housing, has created a 'crisis by design,' transforming student housing from a basic need into a profit-driven asset class. While local housing conditions and municipal policies vary, the general student housing market is shifting away from long-term commitments to affordability and toward short-term, market-driven solutions. To understand the affordability crisis in higher education, housing must be reframed as central—not peripheral—to educational equity.

Keywords: student housing, research university, affordability, equity

INTRODUCTION

Rooftop pools, high-tech study lounges, fitness centers, game rooms, and sleek, minimalist interiors—these are not the amenities of luxury condominiums in Manhattan or Shanghai. They are now standard features in student housing developments across American college towns. From Berkeley to Chattanooga, Ann Arbor to Tallahassee, aesthetics inspired by global urban luxury are reshaping what it means to live as a student in the United States. Purpose-built student accommodation (PBSA) with features and services that go beyond the basic necessities now accounts for one-third of college housing nationwide (Amber 2024). Between 2014 and 2021, PBSA transaction volume more than tripled, rising from $3.2 billion to over 10.5 billion. In 2022, it exceeded $ 20 billion (Statistica 2025).

The recent PBSA boom occurred despite a nationwide decline in college enrollment—from 21 million students in 2010 to 19 million in 2020 (Hanson 2024). The paradox is explained by the uneven geography of enrollment. While small private and regional public institutions struggled to attract students, large public research universities continued to grow. In particular, a key driver of the PBSA boom has been large public R1 universities. As state appropriations declined, especially after the 2008 financial crisis, many public universities increasingly turned to higher enrollment to make up for budget shortfalls. Between 2010 and 2021, 13 flagship public universities had over 20 percent enrollment growth, 14 had between 10-20 percent growth, and 11 experienced growths between 0-10 percent. (Gardner 2023). Yet many of these institutions have not built enough housing to accommodate the increasing number of students. As a result, outsourcing student housing to the private sector has become a common strategy.

Figure 1. 2023 Student Housing Market Share & Transaction. Source: Amber.

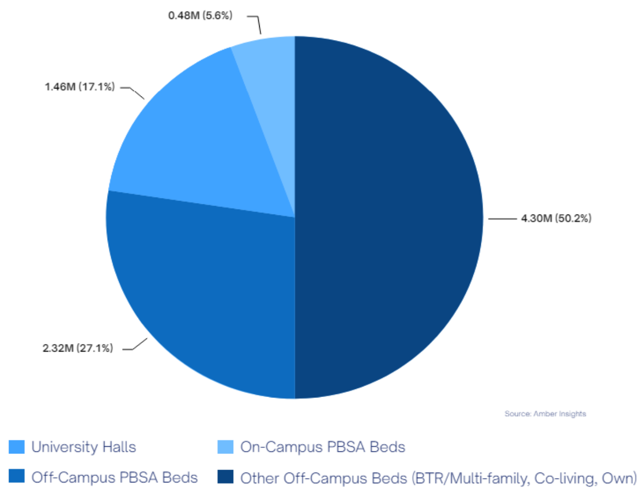


Figure 2. PBSA. Hub Madison, WI (left and top right) and Re|New, Tallahassee, Florida (right middle and right bottom)

Photo Credit: Greystar Worldwide LLC & FPA Multifamily LLC

While outsourcing student housing services may have eased institutional financial pressures, it has not been translated into affordability for students. A recent University of Illinois graduate revealed in the *Chicago Tribune* that he left college with over $50,000 in student debt. But it wasn't tuition that broke the bank. The student had a full scholarship. The burden came from housing: rents climbed to $2,000 a month in many off-campus apartments (Horstman 2025). The significant rent burden also reflects a national trend. A 2017 study by the Hope Lab reveals that between 11% and 19% of 4-year students are housing insecure (Broton et al. 2017). More recently, a College Board publication showed that students at public four-year colleges in 2022–23 budgeted more for room and board—an average of $12,310—than for tuition and fees, which averaged $10,940 (Ma & Matea 2022). For today's college students, living expenses, especially housing, are becoming more financially burdensome than tuition itself.

Despite its profound implications, the student housing crisis surrounding large public universities remains underexamined in education scholarship. Among the existing literature on housing precarity and privatized student living, most are rooted in the fields of geography and urban planning and usually outside the US. While a few educational works have emerged on housing insecurity in the US, much of it has focused on community colleges and urban campuses (Goldrick-Rab et al. 2019). While student housing in those contexts deserves scholarly attention, the PBSA boom is particularly striking in suburban college towns where many large public universities are located. These college towns are usually American secondary cities where real estate development had not historically been a dominant industry. By creating concentrated enclaves that mirror cosmopolitan lifestyles and consumer culture, PBSA introduces an urban luxury aesthetic that not only alters the skyline but also reshapes the town's character. Like opening gourmet restaurants in a starving community, PBSA has added many beds in these towns without alleviating the affordable housing shortage. The current student housing crisis is *by design*—in both style and intent.

UNIVERSITY HOUSING: FROM CORE TO AUXILIARY

Public universities once regarded housing as a core part of their academic mission. Carla Yanni's (2019) *Living on Campus: An Architectural History of the American Dormitory* traces the evolution of university housing to its origins as a structured, faculty-supervised environment designed to instill moral discipline. In the 19th and early 20th centuries, dormitories were seen as a pedagogical tool. Residence life staff and faculty often lived alongside students to monitor behavior, foster community, and cultivate civic virtues. However, the ascent of the research university coincided with the decline of the dormitory (Yanni, 77).

As public research universities expanded rapidly during the post–World War II era—particularly with the influx of students under the GI Bill—housing needs began to outpace the supply. Initially, many universities built new residence halls with support from state funding to meet growing demand. However, since the 1980s, enrollment increases have not been matched by comparable public investment. The declining state funding in higher education has pushed public universities to reclassify student housing as an auxiliary enterprise, a service meant to be self-supporting and operate outside of the academic core. This reclassification marked a turning point in how universities approached housing—not as a public good essential to educational access, but as a peripheral, add-on service. While living on campus was once considered a defining part of the American college experience, today's students increasingly do not share that tradition. Some public universities—such as the University of Florida, the University of Michigan, and the University of Wisconsin—no longer require freshmen to live on campus.

Beyond this de-prioritization, public universities today face new obstacles in expanding housing, including planning difficulties, rising construction costs, and the limited financing options.

To begin, University housing master plans often fail to keep pace with growing student populations. For example, the University of Illinois' 2013 Housing Master Plan projected an incoming class of 5,500 students by 2023. In reality, the number reached 8,000. In other cases, even when plans are in place, implementation takes too long to address immediate needs. Since 2005, UC Berkeley has added approximately 14,000 students but only 1,600 new beds, resulting in a significant mismatch between housing demand and supply (Brinkley 2024). The university's 2020 Long Range Development Plan acknowledged this severe housing shortage, yet the proposed developments would meet only a fraction of the need over the next 15 years (City of Berkeley 2020).

Another key factor contributing to the campus housing shortage is the rising cost of construction. Since 2017, geopolitical tensions in the Pacific—particularly between China and the United States—have disrupted global supply chains, leading to increased prices for key materials. Even before the COVID-19 pandemic, the cost of steel and lumber had risen by more than 5 percent. By 2021 and 2022, those increases surged to over 15 percent (National Association of Home Builders 2024). Alongside global supply shortages, inflation and new sustainability requirements have further escalated construction costs. As a result, it has become financially challenging for universities to build new dormitories.

In addition to rising costs, universities face restrictions on how they can finance housing projects. While some public institutions—such as the University of Michigan—have the authority to issue their own bonds to finance capital projects (Jordan 2022), others—like University of Wisconsin-Madison—must rely on city or state approval to do so, which can delay or limit access to funding (Lamphere 2025). Consequently, to add housing quickly to its growing student population, American public universities have increasingly outsourced the construction and management of student housing to private developers, either through public-private partnerships (P3) or by shifting the responsibility entirely to the private market.

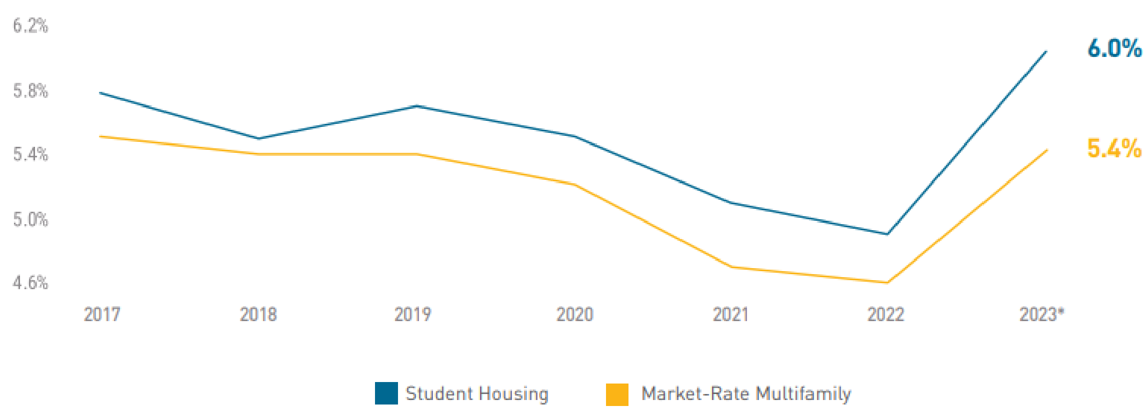
Turning to the private sector or entering public-private partnerships is not inherently problematic, especially given the constraints that limit universities' ability to build housing on their own. However, it is crucial to recognize how the private student housing sector now operates and how its emphasis on high-end amenities and high rents affects both students and the surrounding community.

OFF-CAMPUS HOUSING: FROM LOCAL RENTALS TO GLOBAL PORTFOLIO

Historically, off-campus student housing was primarily owned by local landlords with direct ties to the community. These property owners—often long-term residents or local realtors—maintained relationships and in many cases reinvested rental income in the community. In the 1950s, for example, the University of Illinois entered into an agreement with private residential halls to supplement the number of spaces for students. These properties included dorm-like halls with double-doored corridors, religiously affiliated residences, and mom-and-pop rentals. Designated as certified housing, these off-campus facilities provided housing for incoming class to fulfill on-campus living requirements. While locally owned and managed homes were the mainstream in the past, new student housing units are primarily high-rises (Pendall et al 2022). Today, HERE Champaign, a 15-floor PBSA built in 2015, was one of the tallest buildings in town. The property features a luxury rooftop lounge, private conference rooms, 50-inch smart TVs in each unit, and game rooms with pool tables and video games.

PBSA has transferred student housing into corporate entities with minimal local connections. Unlike traditional rental housing, PBSA was designed for short-term, high-turnover tenants—allowing landlords to charge premium rents without long-term lease commitments. In recession times, such as 2007-08, student housing performed better compared to other real estate asset classes, partly due to the continued demand for higher education regardless of economics. By the mid-2010s, student housing had evolved from a niche asset into a full-fledged industry, with large-scale developers competing to build the most amenity-rich properties (Revington & August 2020).

Figure 3. Capitalization Rates: Student Housing vs. US Conventional Multifamily[*]



*Sources: Berkadia; Real Capital Analytics, CoStar. Based on properties and portfolios $2.5M or greater. *As of February 14, 2024*

As the student housing sector matured, it drew the attention of institutional investors—including pension funds, sovereign wealth funds, and real estate investment trusts (REITs). In 2009, institutional investors and REITs accounted for 30 percent of all PBSA investments; by 2017, that share had grown to 67 percent (Savills 2019). Major players include the State of Florida, Arizona State Retirement System, TH Real Estate, AIG, Liberty Mutual, and Principal Financial (Pierce 2018). Pension funds, in particular, have become the main source of global real estate investments. U.S. pension funds alone grew to $35 trillion in 2021, representing 62 percent of global pension assets (OECD 2022). California's CalPERS and CalSTRS are especially influential in the PBSA sector. A student in Michigan might never realize that their luxury apartment was partially funded by a retired teacher's pension in California.

Foreign capital also plays a growing role in PBSA. In 2017, overseas investors were involved in 36 percent of all PBSA deals; by 2018, that rose to 42 percent (National Association of Realtors 2022). In 2018, a consortium including the Canada Pension Plan Investment Board, Singapore's GIC, and Scion Group acquired $1 billion in U.S. student housing properties (Day and Sloan 2018). PBSA's appeal lies in its higher returns compared to traditional multifamily properties and its lower delinquency risk (Revington & August 2020). It also serves as a safe haven for foreign investors facing slow domestic markets. In 2019, Centaline Group, Hong Kong's biggest property agency, co-invested in two student housing complexes near the University of Texas, San Antonio, and the University of Georgia. These properties were later sold at a $9 million profit margin. In 2023, Centaline returned with a $16 million investment into student property in Ohio to diversify while the Hong Kong real estate market struggles to recover from the pandemic-induced slowdown (Lam 2023).

More recently, student housing investment has even become a pathway to global citizenship. In the U.S., developers now promote PBSA as an ideal investment vehicle for foreigners seeking EB-5 visas—a program offering green cards to those who invest in American projects. Several PBSA projects in Berkeley, California, for example, have been approved by USCIS to raise funds from global investors as a pathway to U.S. permanent residency. On EB5 Diligence, a Toronto-based investment firm's website, the advertisement for such opportunities highlights: *Invest in Berkeley Housing & Secure US Residency with EB-5.* The particular student housing project mentioned includes amenities like "a multi-cuisine

[*] Capitalization rates are calculated by dividing the property's annual net operating income by its market value.

restaurant, entrepreneur incubator, tutoring facility, and a beauty salon, enhancing the living and learning experience for its occupants."

Just as private sector involvement in student housing is not inherently problematic, global investment in PBSA is not automatically negative. However, such investment often reinforces a financialized model that prioritizes capital gains over student well-being and the educational mission of universities. This trend of financialization is what essentially distinguishes a new era of student housing. As Aalbers (2016) defines it, financialization refers to the growing influence of "financial actors, markets, practices, measurements, and narratives" in shaping institutional structures. Charlie Eaton (2022) argues in *Bankers in the Ivory Tower* that universities have become deeply entangled with global financial markets. From the rise of endowment management firms and education-focused private equity to the expansion of federal student lending, Wall Street logics have permeated university governance.

A similar market logic now governs student housing development, reflecting the broader financialization of higher education. When student housing is treated primarily as a vehicle for financial return—or even as a symbol of global mobility—it becomes detached from the academic mission it is meant to support. In this model, the "student" disappears from student housing, which is no longer designed to foster learning, community, or inclusion.

CRISIS BY DESIGN

Many college towns experiencing rapid enrollment growth face persistent housing shortages. Across all regions, the national student housing occupancy rate hovered around 95% in 2023, indicating a consistently high demand (Yadi Matrix 2023). This provides a lucrative opportunity for the private sector. As one consultant explained:

"If you are a potential investor or developer, you can look at the statistics of the enrollment growth, what percentage of students are on financial aid. Then you get an idea of how many students can afford higher rents. You look at what the multifamily market is, to see where the alternatives are... You triangulate that information and see, OK, what kind of rent can we utilize."

The strongest PBSA growth has occurred in the Sunbelt. In 2022 sales, the US South accounted for over half of the total transactions in the nation (Newmark 2023). This was largely facilitated by the expanding student populations and relatively permissive real estate environments. Flagship universities in Alabama, Arkansas, South Carolina, and Tennessee have seen dramatic drops in their in-state student populations—over 40 percentage points in some cases—as they increasingly recruit wealthier out-of-state students (June 2024). This shift has triggered a surge in PBSA development to accommodate incoming non-resident students. Clemson University, for example, has added only 1,500 beds for 5,700 new students since 2013, while private developers have stepped in to provide 3,600 beds (Shifflett 2024).

An additional driver for PBSA in the South is collegiate sports tourism, which significantly increases demand for housing. The large number of visitors during major sporting events places added pressure on local rental markets, often prompting property owners to prioritize short-term rentals over long-term leases. This seasonal yet recurring demand exacerbates already limited housing availability, further squeezing the student housing supply and making it even more difficult for students to secure affordable, stable accommodations (Salerno 2023).

Figure 4. Percentage Change of In-State Students at Flagships between 2002 and 2022 (Top 6)

University	In-State Freshmen (2002)	In-State Freshmen (2022)	Change (pp)
University of Alabama	76.5%	34.9%	-41.6
University of Arkansas	80.5%	39.3%	-41.2
University of South Carolina	77.4%	52.5%	-24.9
University of Oklahoma	76.3%	52.9%	-23.4
University of Tennessee	77.2%	54.3%	-22.9
Louisiana State University	87.5%	65.4%	-22.1

Source: The Chronicle of Higher Education (2024)

Following the South, the US Midwest also shows substantial PBSA development in the last decade. PBSA expansion in the Midwest is largely tied to the steady growth of international student populations. College towns like Champaign (University of Illinois), West Lafayette (Purdue University), Madison (University of Wisconsin), Ann Arbor (University of Michigan), and Columbus (Ohio State University) have all experienced significant PBSA growth aligned with increases in international student enrollment. University of Illinois hosts the largest number of international students among public universities, with over 12,000 international students. The reliance on international students has not been new. In 2018, the University of Illinois purchased a tuition revenue insurance policy to protect against a sudden drop in Chinese students. The policy would trigger a payout if potential visa restrictions curb enrollment (Bothwell 2018). International students are more likely to face higher stress in securing housing, making them especially desirable tenants for luxury PBSA developers. A survey from Unilodgers (2023), a student housing platform, found that international students are often willing to pay up to 20% more in rent compared to domestic students to secure housing that is well-located and well-managed.

Figure 5. Public Universities with the Largest Share of International Students (2023)

University	Intl. Students	Total Enrollment	% Intl.
University of Illinois	12,791	56,916	22%
Purdue University	9,440	51,528	18%
University of Michigan	8,880	51,225	17%
Penn State University	7,903	50,028	16%
University of Wisconsin	7,331	48,956	15%

Source: US Department of Education, National Center for Education Statistics, 2023.

Unlike in the South and Midwest, PBSA expansion along the coasts has been more constrained due to significant structural and regulatory barriers. Strict zoning laws, high land and construction costs, and strong tenant protections make large-scale private student housing development more difficult. Growth has been slower than in the South and the Midwest, though the Pacific coast—particularly in California and Arizona—has seen a recent uptick. On the East Coast, limited student population growths and the concentration of private universities that house a majority of their students on campus have further dampened demand for PBSA. These private institutions often have greater access to tuition revenue and endowment resources, allowing them to invest in campus housing directly. As a result, fewer than one-third of students at private universities live off campus (Urban Institute 2019). Still, in dense urban areas with high real estate costs, some private institutions have also partnered with PBSA developers to meet the growing demand. For instance, institutions in cities like New York and Boston have collaborated with private partners to expand their housing capacity.

REDEFINING AFFORDABILITY, RECONSTRUCTING DESIRE

The long-term consequences of PBSAs reveal deeper structural inequalities. As one consultant at a real estate investment trust bluntly admitted “student housing is for profit work.” Many luxury PBSAs near campus are not subject to rent control or rezoning oversight. As public housing protections are weakened or removed, private investors and developers operate with considerable power that is often invisible to students and difficult to contest (Sotomayor et al. 2022). Research by economists Liebersohn and Lee (2023) demonstrates that student housing demand exerts upward pressure on rents throughout college towns, not just in student-dominated neighborhoods. Their analysis of rent data from 2000 to 2018 found that for every 1% increase in student population, rents increased by approximately 0.5% across entire metropolitan areas containing major universities.

Beyond measurable rent gaps, affordability itself has been redefined in the PBSA context. On the surface, these high-end apartments appear out of reach for most students. Yet, paradoxically, they are often filled with a mix of tenants from a wide range of financial backgrounds. As one manager of Hub Madison, a 13-story luxury PBSA in Wisconsin’s capital, noted, “We are not luxurious in price. Students afford with loans.” His comment reframes affordability not based on what students have, but about how much debt they are allowed or willing to take on. Because students can access federal loans or family support, almost any rent can be made “affordable” on paper. PBSA developers leverage this logic to broaden their target market beyond just the wealthy. While these buildings still rely heavily on international and out-of-state students to fill their units, affordability in this context becomes a measure of financial stretch rather than economic feasibility.

But PBSA not only redefines what “affordable” housing means, it also reshapes student demand by structuring options in ways that normalize and market luxury as the desirable standard.

First of all, while it may appear that students are exercising full agency in selecting where to live, their range of choices is structurally constrained. PBSA developments often occupy land that previously housed small businesses or more affordable housing options, effectively taking over prime locations and displacing diverse local infrastructures. As a result, students are left with a narrower set of high-end housing choices. A recent report from JLL (2024), a global real estate service company, shows that the average market rent within the 2.5-mile radius of the UW-Madison campus ($1,273 per bed monthly) significantly exceeds students’ self-reported housing budgets ($978 monthly), representing a 23% affordability gap. This gap necessitates various adaptive strategies among students, including spatial compromise (moving farther from educational resources to access more affordable housing), density adaptation (sharing bedrooms, sacrificing privacy and study space) and quality compromise (accepting older housing stock with potential maintenance or quality concerns).

In addition, by setting a new standard for amenities, PBSA developments contribute to an ultra-consumption culture in college towns, where luxury becomes normalized. As one university housing official observed: “The amenities are high-end, such as the pools and gym. Even if you could only use rooftop pools three months in a year, students see that, and they get enamored with it.” PBSA creates a feedback loop in which each new luxury development raises the bar, prompting students and local housing markets to match the elevated standards just to keep up. Psychological research shows that people tend to evaluate themselves relative to others. It is like a theater audience: as people in the front rows stand to see better, those behind them must also stand just to maintain their previous view—until everyone is standing (Roach et al. 2019). Ultimately, this ultra-consumption culture alters the collective understanding of what constitutes a “typical” collegiate experience.

Third, the transformation in student housing leads to a consolidation in college town real estate markets (Alfs 2013). With access to large capital pools and headquarters located outside college towns, major PBSA developers introduce standardized, amenity-rich housing projects that look similar across the country. Local firms, despite their intentions to expand near campus, have found it increasingly difficult due to competition. A local real estate manager in Madison, Wisconsin, noted: “They (national developers) come, they build, and they sell, that’s what they do. So, they are not necessarily as interested in what’s best for folks who live, work, and stay here… the market is just not right for adding more (student) beds at this time.”

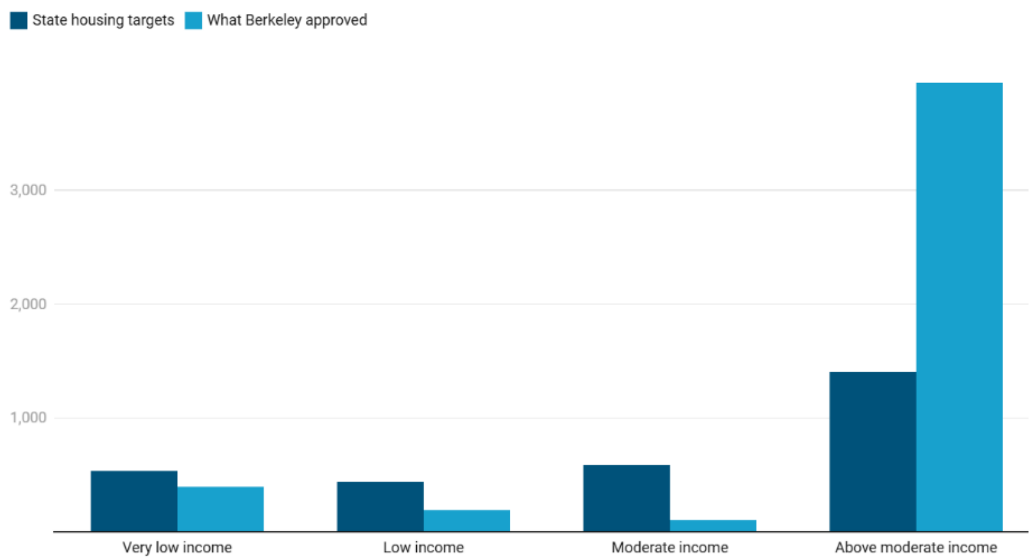
Fourth, the high-turnover, high-return model prioritized by PBSA does not necessarily align with what students want—an issue that is particularly pronounced for international students. The high visibility of international students in PBSAs often feeds the stereotype that they are uniformly wealthy and therefore natural consumers of luxury housing. In reality, while many international students do come from affluent backgrounds, they do not necessarily want to spend a significant amount of their parents’ support on rent. Living in luxury is sometimes not a self-sorting practice but steered by social networks and aggressive real estate marketing. A junior international student who lived in a PBSA shared that she rushed to sign a lease because she feared becoming homeless. Advertisements mailed to her dorm consistently emphasized a housing shortage and urged students to act quickly. Just a month into the fall semester, students were already being pressured by marketing teams to sign or renew their leases. Reflecting on her decision, she commented: “I realized later that people live in houses, apartments farther from campus, etc. There are many good places to live other than [PBSA]. There are also places still available in the spring, but I didn’t know.”

TOWN-GOWN TENSIONS

Even in high-cost college towns where rents are expensive in traditional housing, the amenitized student housing has a deep impact on local communities not just aesthetically but also economically. In Berkeley, California, local communities have long been in tension with the university over the latter’s growing expansion into local neighborhoods. UC Berkeley has over 45,000 students but less than 10,000 beds. It houses the lowest percentage of students in the UC system (UC Berkeley Division of Student Affairs, 2020). In 2022, the community group Save Berkeley's Neighborhoods filed a lawsuit against UC Berkeley, arguing that the university's enrollment growth had outpaced the environmental impact assessments required under the California Environmental Quality Act (CEQA). The lawsuit highlighted concerns about increased noise, strain on city services, and the displacement of local residents due to rising housing costs.

Although the city of Berkeley has approved more building permits since 2015, only 15 percent of the new housing has been designated for moderate-, low-, or very low-income residents (Savidge 2023). The vast majority consisted of high-rent units priced at or above 120 percent of the city’s median income.

Figure 6. Housing Projects Approved by the City of Berkeley 2015-2022: Number and Type



Source: Savidge, N (2023). "Berkeley is adding new housing at the fastest rate in decades." Berkeleyside.

Georgia-based real estate developer Landmark Properties has capitalized on the Berkeley market by launching luxury PBSA projects near campus, including Stonefire (completed in 2017) and The Standard (completed in 2021). Stonefire, located at 2010 Milvia Street near downtown, offers upscale amenities such as a rooftop terrace, game rooms, and a fitness center. The Standard, a 12-story tower, provides similar high-end student housing close to campus. Rents at Stonefire range from $2,500 to $4,000 for one-bedroom units, and The Standard's rents range from approximately $3,000 to $5,000. In 2022, Landmark announced a third Berkeley development: a high-rise at 2190 Shattuck Avenue, adjacent to the BART station, scheduled to open in fall 2026. This project will feature a rooftop deck, hot tub, and 7,500 square feet of ground-floor retail space (Landmark Properties, 2022). Meanwhile, Core Spaces, a Chicago-based developer, has also entered the Berkeley market with plans for a 17-story apartment tower at the corner of Center and Oxford Streets. Known as "Hub Berkeley," this project would be creating 283 apartments designed for students attending the university (Nelson 2022).

Besides the private sector, the university can also contribute to shifting norms about what student housing should look like, further normalizing luxury as part of the college experience. Anchor House, a university housing for transfer students, illustrates this trend. Completed in 2024, Anchor House stands as UC Berkeley's most significant donor-funded housing project since 1942, financed by a $300 million gift from the Helen Diller Foundation. The development entailed the demolition of a 112-year-old rent-controlled building at 1921 Walnut Street. Anchor House offers fully furnished apartments, including studios and shared units, with amenities such as an 8,600-square-foot fitness center, rooftop garden, yoga studio, and private kitchen and laundry in every unit. Rooms in two-bedroom units rent for approximately $2,000 per month, aligning with local market rates but potentially out of reach for many students. Notably, the building's net operating profits are designated to fund scholarships for eligible transfer students (Furio 2024).

While the creation of scholarships for transfer students is laudable, it does not justify the luxury aesthetics. Current residents with the greatest financial need must pay premium rents to contribute to a scholarship fund from which they themselves will not benefit. The building's luxurious branding reflects a model of exclusion, where the space is not optimized to provide affordable housing for the greatest number of transfer students. Moreover, the building's luxury features send a problematic message to the broader community. They risk portraying UC Berkeley transfer students as economically privileged, when in fact many students face serious financial stress and systemic barriers. This disconnect between the image of Anchor House and the lived experiences of most transfer students can undermine public understanding of who these students really are and whether UC Berkeley is fulfilling its public mission.

Figure 7. The Standard, Berkeley (Top Left, Bottom Left & Bottom Middle) and the approved Hub Berkeley project (Right).

Photo Credit: Landmark Properties & DLR Group

COMMODIFICATION OF STUDENTHOOD

Urban scholars have coined the term *studentification*—a blend of "student" and "gentrification"—to describe how student populations reshape neighborhoods. Darren Smith (2005), who developed the concept in the UK, defines studentification as the transformation of traditional residential areas by an influx of students, leading to rising rents, changes in commercial infrastructure, and increased tensions between students and long-term residents. But studentification in many US college towns differs from other urban gentrification: it centers on a narrow demographic—college-aged young people—rather than on a broader influx of affluent professionals. Debates persist over whether students should be seen as gentrifiers. Unlike developers or investors, students often lack capital and operate within tight timeframes and institutional constraints. Some scholars view them as mere beneficiaries of urban change, while others argue that they act as "marginal gentrifiers," using their cultural and aesthetic capital to reshape neighborhoods (Hubbard 2008).

But focusing on individual students and their potential gentrifier status is missing the point. Universities, real estate industry, and global capital are the real powerful actors behind studentification. This is because rather than reflecting student preferences, institutions and markets are actively shaping them, creating a higher education system organized increasingly around consumption and exclusivity.

This commodification of college living is symptomatic of a deeper cultural shift: the commodification of studenthood. Universities and developers alike now treat students not as learners, but as consumers—and sometimes, as products. The rise of PBSA mirrors the "amenity wars" on campus, where institutions invest heavily in recreation centers, entertainment facilities, and aesthetic upgrades to attract tuition-paying students. Louisiana State University, for instance, built an $85 million recreation complex featuring a lazy river shaped in the letters "LSU" (Koch 2018). From 2017 to 2023, the University of Wisconsin spent nearly $200 million renovating two student recreation centers—costs largely passed onto students through fees. The Bakke Center, for example, includes massage rooms, an ice rink, a teaching kitchen, an outdoor terrace, and top-tier fitness equipment on every floor (Huynh 2023).

These amenities are strategic tools in an increasingly competitive enrollment market. The rationale is twofold: to attract students and to bolster institutional prestige. Research by Jacob et al. (2018) found that while high-achieving students prioritize academic quality, wealthier students tend to be more responsive to consumption amenities like luxury gyms and student lounges. In turn, universities seeking to attract full-pay students, especially out-of-state and international ones, have been doubling down on these consumer-oriented upgrades.

But this consumerist turn comes at a cost. To finance these extravagant amenities, universities raise tuition and student fees, contributing directly to the student debt crisis. In the name of providing modern services to students, they place hidden costs on students and undermine the public purpose of higher education. In their book *Paying for the Party: How College Maintains Inequality*, Armstrong and Hamilton (2013) offer an insightful look into how party culture at universities affects students differently. Low-income students, already disadvantaged in a system structured for affluent peers, are particularly vulnerable to the hidden costs of university life. Similarly, when student housing and campus facilities are commodified and marketed as an experience centered on luxury aesthetics and amenities, students with fewer financial resources bear a disproportionate burden in this commodified version of studenthood.

CONCLUSION

As higher education contends with declining public trust, it is time to look beyond tuition and re-examine one of its most significant hidden costs: housing. In recent years, public institutions have welcomed higher enrollments, particularly of out-of-state and international students, without corresponding investments in housing. Into this vacuum stepped the PBSA industry, offering private, luxury apartments near campus with the support of the global capital. The normalization of luxury off-campus PBSA fuels a student housing crisis that is not incidental, but by design. It also reflects a deeper commodification of college studenthood. The image of college life has shifted: no longer the frugal student in a modest dorm, but a consumer surrounded by rooftop terraces and pools. Student rents are structured to deliver returns to investors, not to meet student needs.

While years of disinvestment by state and federal governments have forced public universities to seek new revenue streams, the aggressive expansion of enrollment, without adequate investment in housing, has pushed institutions down an unsustainable path. This growth has come at a cost: rising student debt, deepening inequality, and the erosion of higher education's public mission. At this moment, we must confront a fundamental question: Have our public universities become too large to truly serve students?

Public universities, especially large research universities, must lead with a renewed commitment to student well-being. Crucially, housing must be treated as core to the educational experience, not a peripheral concern. This does not mean that universities must house every student on campus. A role for the private market will remain. But the dominant model of PBSA, which prioritizes real estate returns over educational outcomes, is not a sustainable or equitable path forward.

University leaders should begin by acknowledging the long-term implications of the PBSA model and take an active role in shaping more inclusive housing futures. This includes working with city governments, local developers, and communities to advocate for the development of affordable, mission-aligned student housing. State and federal governments must also recognize student housing as infrastructure, like classrooms or libraries. We need public funding that matches the scale of the challenge, streamlined financing tools, and policies that prioritize affordability over speculation.

Reclaiming student housing as a public good and a core educational experience is not just about affordability. It is a necessary step toward restoring trust, equity, and sustainability in public higher education.

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