

Europe's three S opportunity - student, senior and self storage

European alternative real estate is entering a particularly attractive phase of the market cycle for investment. Following a period of material repricing, capital scarcity, and heightened macroeconomic uncertainty, several operationally resilient alternative sectors now offer a rare combination of durable income, structural demand growth and re-based entry pricing. Although liquidity in some alternative sectors remains challenged, we believe the dislocation between asset pricing and underlying fundamentals has created a compelling window for long-term investors with conviction and execution capability.

Student accommodation, senior housing and self storage - the "three S's" - are defined by needs-based demand and structurally embedded supply constraints, all of which are insulated from the broader real estate cycle. Within our global portfolio, these sectors have demonstrated the strongest performance over the medium-term, and we anticipate these dynamics will continue to play out in the years ahead.

Continental PBSA Positioned for Strong Performance

Although operating fundamentals in the UK have softened in the current academic year, performance on the Continent remains strong. Current occupancy averages 95% and rent growth has averaged 9% across key markets in the latest academic year.ⁱ These factors have driven increased transaction activity from institutional investors, with Continental volumes (€6.1bn) surpassing the UK (€5.0bn) for the first time.ⁱⁱ

Figure 1: Europe Purpose-Built Student Accommodation (PBSA) Investment



Although volumes appear to be recovering, this is primarily attributable to development and forward purchase transactions and does not yet reflect a meaningful return of core capital to the market. The ongoing lack of core liquidity has created significant opportunities to acquire stabilised, well-performing assets from owners facing end-of-fund life dynamics or balance sheet pressures, at an attractive entry point. Selective value-add strategies also remain compelling, particularly where older but well-located assets can be repositioned through targeted capex to meet evolving student expectations and regulatory requirements. Following a few years of outsized rent growth, it appears that value-for-money is becoming an increasing focal point for students across Europe. Refurbished first-generation student accommodation assets can provide another attractive route to market for more affordable, mid-market stock. We also find that assets located in these micro-locations are often protected by planning constraints and land scarcity, which should improve long-term income resilience.

While we remain bullish on select UK university markets, typically home to tier one Russell Group universities, we believe that markets such as Spain, Italy, Denmark, France and Germany provide a greater near-term opportunity. These markets are characterised by sustained growth in full-time enrolment, much lower private-PBSA provision and limited levels of new supply.

Unique Fundamentals Will Drive Senior Housing's Strong Performance

In our view, increased investor attention and capital deployment is well deserved for senior housing following a record year for institutional investment in 2025.ⁱⁱⁱ Occupancy rates are currently at a record high, and the sector continues to demonstrate strong high single digit rent growth on a year-by-year basis.^{iv} Fundamentally, the sector is underpinned by unique demographic tailwinds which are expected to result in a significant surge in demand over the next decade. The over-75 population in Europe (9.9%) already represents a greater share of the total population than in comparable countries such as the US (7.9%) and Australia (8.2%), and the rate of aging is forecast to accelerate considerably in the years ahead.^v Penetration rates for institutional senior housing also remain low by international standards and a significant proportion of the existing stock in Europe is also outdated and no longer fit for purpose – embedding a constant requirement for new delivery. As a result of these dynamics, we believe that the European opportunity is widespread within our highest conviction markets of the UK, France, Germany and Spain. Our strategy is primarily centred on large cities and surrounding suburban locations that are home to a significant number of affluent over-75s or in coastal regions in France and Spain with similar demographics.

Despite robust operating performance senior housing has experienced a material yield repricing of approximately 100 to 150 basis points since the current cycle's peak, creating an attractive entry point for core senior housing investments. We believe this is a fantastic opportunity to acquire strongly performing private-payor rental assets, at a significant discount to peak pricing, with future performance supported by extremely compelling demographic factors in the years ahead.

Structurally Undersupplied Storage

The self storage sector is maturing into a core alternative asset class in Europe, following remarkable growth in recent years which has seen the number of facilities increase by an average of 9% per annum in the past five years.^{vi} Despite this, operational performance remains strong and per capita penetration rates in Europe (0.3 sqft per capita) and the UK (0.9 sqft per capita) remain significantly below other global markets such as the US (6.4 sqft per capita).^{vii}

The UK, Spain, France and Germany comprise our high-conviction markets, while selective opportunities in Italy are also beginning to emerge. At the heart of our investment strategy is a micro-location first approach, targeting defensive, supply-constrained catchments where planning restrictions, zoning, or land scarcity materially limit new competition. We believe conversions provide a compelling investment opportunity to repurpose underperforming retail and industrial assets at discount to replacement costs. We are also targeting selective ground up developments in landmark or strategically dominant sites and opportunities to acquire assets early in their maturity curve, where location quality supports stabilisation and strong performance.

Across European alternative real estate, we see a common near-term opportunity for outsized value creation. There is now a rare alignment between structural demand, limited supply and cyclical repricing which provides an extremely compelling investment opportunity. The three S's benefit from demographic tailwinds, higher rates of urbanisation, and increased consumer awareness that have underpinned historic performance, and we believe will continue to do so moving forward.

ⁱBonard, JLL. Data as of 2025/26AY, October 2025.

ⁱⁱJLL. Data as of January 2026.

ⁱⁱⁱJLL. Data as of January 2026.

^{iv}Harrison Street Research based on multiple sources. Data as of January 2026.

^vOxford Economics, Moody's Analytics, Australian Bureau of Statistics. Data as of January 2026.

^{vi}Savills. Data as of Q4 2025. Latest Data Available.

^{vii}Harrison Street Research based on Fedessa. Data as of November 2025.



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