

Summer 2013

Victus leads European Student Accommodation sector with German acquisition

The Victus European Student Accommodation Fund (“the Fund” or “the Victus Fund”) has made a strategic acquisition of a 179-bed property in Oldenburg, Germany.

The purpose-built student accommodation property is fully-let and will undergo a rolling refurbishment programme over consecutive summers. This will include redecoration, new flooring, kitchen and bathroom replacements and new furniture.

The Oldenburg property comprises 178 units, with 164 single cluster rooms, 13 studios and a two-bedroom apartment. It was built in the 1970s upon the opening of The University of Oldenburg.

The Fund purchased the property from joint venture (JV) partners, Crosslane Capital and Bauer Capital. The JV has identified a number of other investment opportunities in Germany in response to the undersupply of student accommodation in the country. The JV has secured these by option for potential purchase by the fund.

Andrew Jamieson from Crosslane Fund Managers, said: *“The student accommodation market in mainland Europe is thought to be 10-15 years behind that in the UK, and nearly 80% of German students are not accommodated in student halls but rent in the private housing market or remain at home instead.*

“In Oldenburg alone, there are only 1,600 beds serving 14,000 students; a backdrop that presents an excellent opportunity for property investors and developers.”

The Victus Fund is the first fund of its type to identify and act upon this pan-European opportunity and will invest in a blend of mature existing properties and new developments in major university cities across Europe.

Andrew Henton, Chairman of the Victus Fund, added: “We believe that investors are looking for the next opportunity in the student accommodation asset class and that the Victus Fund is perfectly placed to take advantage of the evolving market. This deal evidences our commitment to Europe and our ability to capture the opportunities it offers.

“The student accommodation model is well proven in the UK and has provided investors with positive and relatively stable returns. The Victus Fund is the first fund of its type to also target opportunities on the European mainland.

“This transaction has the dual benefits of diversifying geographic risk while also broadening the appeal of the fund to multi-currency investors who putting money into the asset class for the first time.”

According to the latest figures from Savills, there is a sizeable “investor sweet spot” for student accommodation in specific cities across Europe. Savills provided valuation advice to the purchaser in this transaction.

Crosslane Fund Managers has a track record in the sector having previously created two UK Student Accommodation funds. The fund will work with joint venture partners and local developers within university towns to gain regional insight, complementing Victus' internal property and investment expertise. The targeted annual return of the fund is 9-12% pa.