

HIGHER EDUCATION
PUBLIC-PRIVATE PARTNERSHIPS

State of the Industry 2026

BRAILSFORD & DUNLAVEY

Foreword

Higher education is navigating one of its most demanding capital environments in a generation.

Enrollment pressures, constrained institutional balance sheets, elevated construction and borrowing costs, and shifting federal policy have forced colleges and universities to make harder choices about where and how to invest. In that environment, public-private partnerships (P3s) are no longer simply a financing alternative. They have become a strategic planning tool.

Data from calendar year 2025 shows the P3 market addressing more institutional needs than it ever has, with 23 deals reaching financial close across the broadest range of institution types in the history of this report, and average deal size climbing to approximately $173 million.

This activity did not happen because conditions got easier. It happened because the market is forcing institutions to think more strategically.

Elevated interest rates and high construction costs have made projects far harder to pencil, and developers are increasingly selective, often requiring master leases or credit support to bridge financing gaps. Institutions that succeed in this environment are those that define their needs with precision: which facilities to renovate, replace, expand, or reposition; which student populations to serve; and how much risk their balance sheet can responsibly absorb.

The result is a marketplace in which P3s are being used to solve a wider variety of problems than at any point in the sector's history: expanding capacity, replacing aging inventory, creating swing space for renovation cycles, anchoring campus-edge and downtown districts, and even bridging institutions, as in the first California cross-sector housing partnership jointly serving a research university and a community college.

Brailsford & Dunlavey's 9th annual Higher Education P3 State of the Industry Report takes a deeper look at 2025's data, supplied by the top developers in the industry, while going beyond the numbers to surface emerging trends and inform the evolving dialogue around how colleges and universities are leveraging public-private partnerships in a time of rapid change.

To our returning readers: welcome back. To those joining us for the first time, we appreciate your engagement. Whether you're a university leader, developer, financier, advisor, architect, or nonprofit owner, our goal is to offer a clear, data-driven snapshot of the trends shaping this particular moment for higher education development.

Today’s marketplace: How we got here

As in past editions, this report focuses on housing-anchored and mixed-use P3 projects that reached financial close during the prior calendar year, in this case, 2025.

Each featured project involves land owned or controlled by a college, university, or affiliated foundation, and considers student housing developments often paired with academic, athletic, or auxiliary components. While higher-ed P3s continue to expand into new sectors (energy, infrastructure, data centers, and entertainment & innovation districts), our focus for this report remains on student life and auxiliary facilities. These projects continue

to represent the highest concentration of activity and provide a critical lens into how institutions are using partnerships to meet demand and manage risk.

To understand where the higher education P3 market stands today, it helps to trace the arc of the past several years. In 2018 and 2019, the market saw 27 and 26 deals close, respectively, capping off a four-year stretch of relative consistency that reflected a maturing sector. Then came COVID-19: deal volume fell to just seven closings in 2020, recovered partially to 21 in 2021 (many of them pre-pandemic carryovers), and slid back to 10 and 14 deals in 2022 and 2023 as rising interest rates, construction cost inflation, and enrollment uncertainty took hold. The market regained ground in 2024 with 19 closings.

In 2025, 23 deals reached financial close, a 21 percent increase over the prior year and the strongest showing since 2019, but the recovery in volume tells only part of the story.

The environment surrounding these deals has fundamentally changed. Rates and construction costs are the familiar culprits, but they are no longer the whole story. Insurance premiums have climbed sharply, tariffs and supply volatility have made hard costs harder to pin down, and operating expenses have proven stickier than pro formas anticipated. Underwriting has tightened alongside, with lenders and rating agencies scrutinizing rent growth assumptions that once passed without comment. According to a recent Bond Buyer article, Bloomberg data shows total outstanding student housing debt approximating $22.8 billion, or 0.52% of the total municipal bond market.

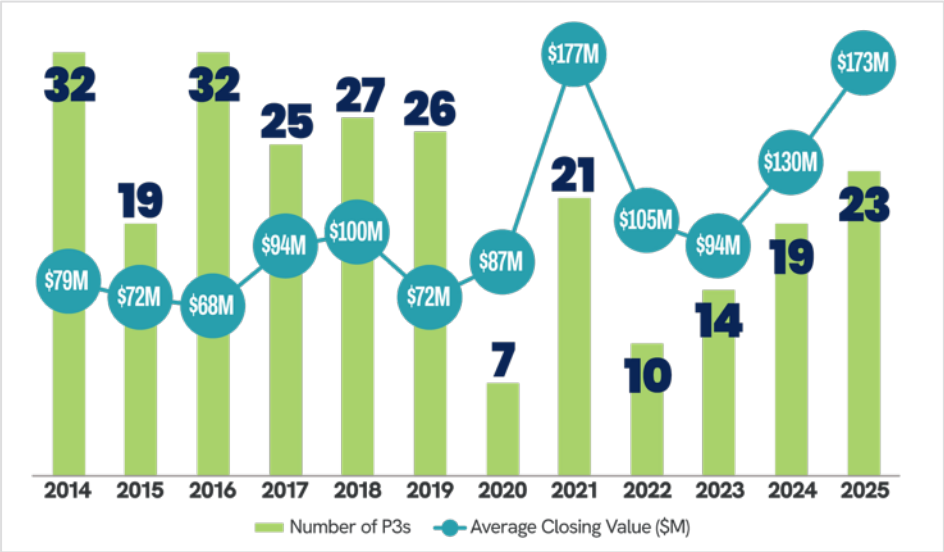
Increasingly, projects clear only with institutional help. Universities have recognized that a project they need may be one they have to help make viable, whether through land contributed at low basis, master leases, infrastructure cost-sharing, or credit support. Their caution about that role and their need to accept it come from the same source: demographic contraction makes enrollment harder to forecast just as institutions are asked to underwrite forty years of debt service, and shifts in how students enroll, commute, and learn have complicated the once-straightforward relationship between headcount and beds.

The deals that closed in 2025 closed because both sides resolved that tension deliberately, with clear objectives, appropriate structures, and partners who had done it before.

In other words, the market has not gotten easier; it has gotten wider. The 2025 portfolio is defined less by opportunistic transactions than by investments calibrated to institutional strategy, and that alignment, more than any single macroeconomic factor, is what carried volume back toward historic norms.



Number of deals and average size



Number of Housing P3s and Average Closing Value, by Year

In 2025, 23 higher education P3 deals reached financial close, marking a third consecutive year of growth.

Average deal size rose to approximately $173 million, a substantial increase from the 2024 average of $130 million, and the average number of beds per project climbed to roughly 950, up from just over 800 the prior year. Together these figures signal both continuing market demand and the larger scale now required to support projects financially.

The upward shift in project scale continues a trend first observed last year. Sixteen of the 23 closed deals delivered 600 or more beds, reinforcing the informal viability threshold that has migrated upward from roughly 400 beds in prior years. Several transactions were true mega-projects: the University of Florida's 2,217-bed development, the University of Akron's 2,323-bed portfolio transaction, and Texas Christian University's 2,500-bed, $354 million program each demonstrate institutions consolidating housing strategy into fewer, larger, more consequential deals.

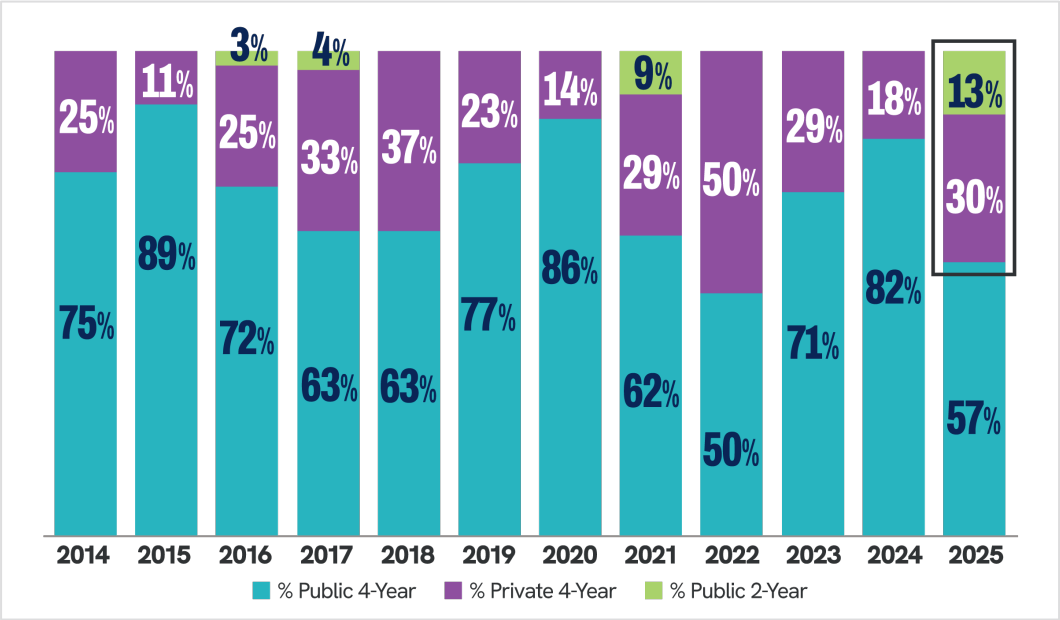
At the same time, the market made room at the smaller end for institutions with targeted needs, from National Park College's 185-bed second phase to Wake Forest's 240-bed mixed-use village. That range is itself evidence of the report's central theme: deal size is increasingly determined by a defined institutional need rather than a standard template.

Institution	Location
Appalachian State University	Boone, NC
California State University Sacramento	Sacramento, CA
Clark Atlanta University	Atlanta, GA
The College of Western Idaho	Nampa, ID
Florida Institute of Technology	Melbourne, FL
Jacksonville State University	Jacksonville, AL
Louisiana State University	Baton Rouge, LA
Middle Tennessee State University	Murfreesboro, TN
Morgan State University	Baltimore, MD
National Park College	Hot Springs, AR
Northeastern University	Boston, MA
Palm Beach Atlantic University	West Palm Beach, FL
San Diego Community College District	San Diego, CA
Texas Christian University	Fort Worth, TX
Tufts University	Medford, MA
University of Akron	Akron, OH
UC Santa Cruz + Cabrillo College	Aptos, CA**
University of Florida	Gainesville, FL
University of Mississippi	Oxford, MS
University of Rhode Island	Kingston, RI
University of Washington	Seattle, WA*
Wake Forest University	Winston-Salem, NC

** Two projects reached financial close at this school in 2025*
*** A single joint project serving both institutions*

22 colleges & universities had one or more P3 deals reach financial close in 2025

Deals by institution type



Housing P3s by Institution Type, by Year

The 2025 portfolio represents the broadest range of institution types in the history of this report: public flagships, regional publics, private universities, HBCUs, community colleges, and a cross-sector partnership jointly serving a four-year research university and a two-year college. Taken together, they signal that the P3 has outgrown any one-size-fits-all profile.

Public four-year universities remained the core of the market, accounting for just over half of 2025's closings (57 percent), including flagship-scale transactions at the University of Florida, LSU, and the University of Mississippi. But the more telling shift is in the other half of the portfolio. Private four-year institutions represented 30 percent of deals, while public two-year colleges accounted for 13 percent. The Costa Vista project at Cabrillo College in Aptos, California, will serve both Cabrillo students and students at nearby UC Santa Cruz. It marks the first intersegmental California Community College and University of California student housing project on a community college campus, an emerging category.

What is evolving is not just who participates, but why. Unlike the early wave of P3 adopters, often institutions with limited access to debt or thin internal delivery capacity, many of today's transactions involve schools that have the resources and still choose a partnership for strategic reasons.

Tufts University

Tufts is a case in point. Pachyderm Place, a 664-bed apartment-style development on Boston Avenue in Medford, is the university's first residence hall delivered through a public-private partnership. For a comparatively well-capitalized private, the appeal was less about access to capital than about preserving debt capacity for a crowded academic capital plan, and about developer expertise Tufts did not have in-house. The university had spent years trying to design a residence hall it could afford and never got the math to work. Construction costs climbed sharply in the years around COVID, and by the time the in-house design was finished, the estimated cost had increased by about 75%. As Jim Hurley, former Vice President for Finance and Treasurer, put it, "Tufts was not willing to increase the budget to support the original design given other capital priorities. Redesign was explored with other firms,

which did little to reduce the price. A new model was clearly needed." Working with new financial and project management partners and a new design team, Tufts landed a larger building, 264 more beds than the original design, at slightly more than the revised estimate. The result was a reduction in cost per bed of about one third.

University of Akron

Institutions with tighter capital positions have turned to the same tool for a different reason. The University of Akron used a P3 to recapitalize its existing housing portfolio rather than expand it. A 50-year lease, funded by $158.5 million in bonds, phased improvements across more than 2,300 beds, modernizing aging stock while protecting debt capacity in a market where student expectations keep shifting. Melinda Grove, Associate Vice President for Student Affairs Enterprises, said: "The housing recapitalization and parking concession were both driven by the same principle: improving the university's long-term financial position while preserving flexibility for future priorities. By reducing liabilities and transferring certain capital obligations, we strengthened the institution's balance sheet and created capacity to invest in our academic mission." The recapitalization improves student experience today, protects affordability, and keeps the buildings viable for the students who follow.

The point is that Tufts and Akron face different constraints and have reached the same conclusion. Each defined the outcome it needed, then selected a structure that delivered it without absorbing risk the institution was not positioned to carry.

Minority-serving institutions were also prominent in 2025. Clark Atlanta University and Morgan State University demonstrate HBCUs using tax-exempt P3 structures to add capacity in response to strong enrollment demand. These projects address housing shortfalls and student success goals simultaneously.

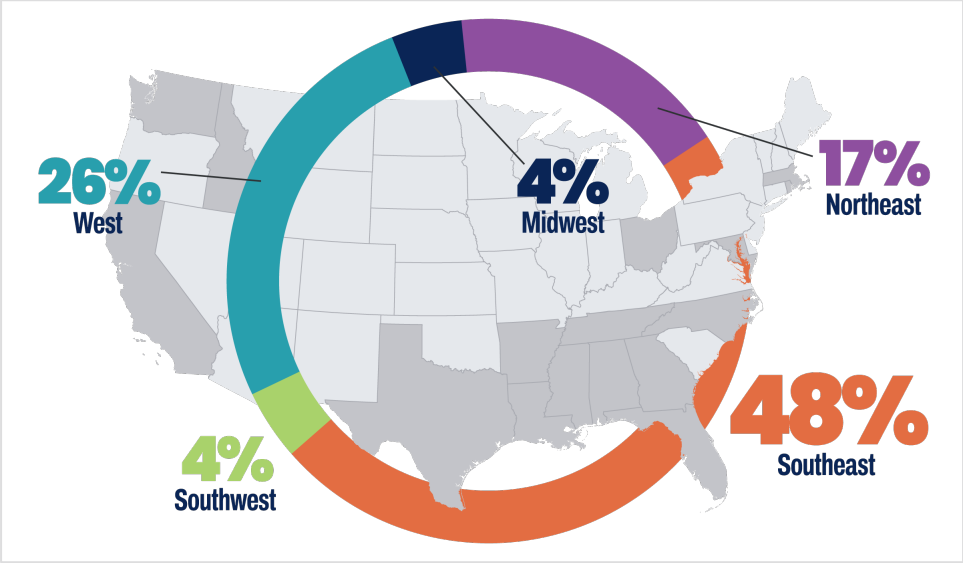
Together, these developments reflect a market defined less by institutional size than by whether an institution has a clearly articulated need that aligns with a viable partnership model.

That clarity matters, because the partner landscape, unlike the institutional landscape, remains concentrated. Experienced student housing developers, nonprofit owners, and financial partners with established higher education practices appear across the majority of 2025 closings. Market growth has not reduced the need for expertise; it has raised it. Institutions with sharply defined objectives are best positioned to attract those partners in an environment of increasing developer selectivity.



Downtown Akron. Photo credit: Envato Elements

Deals by region



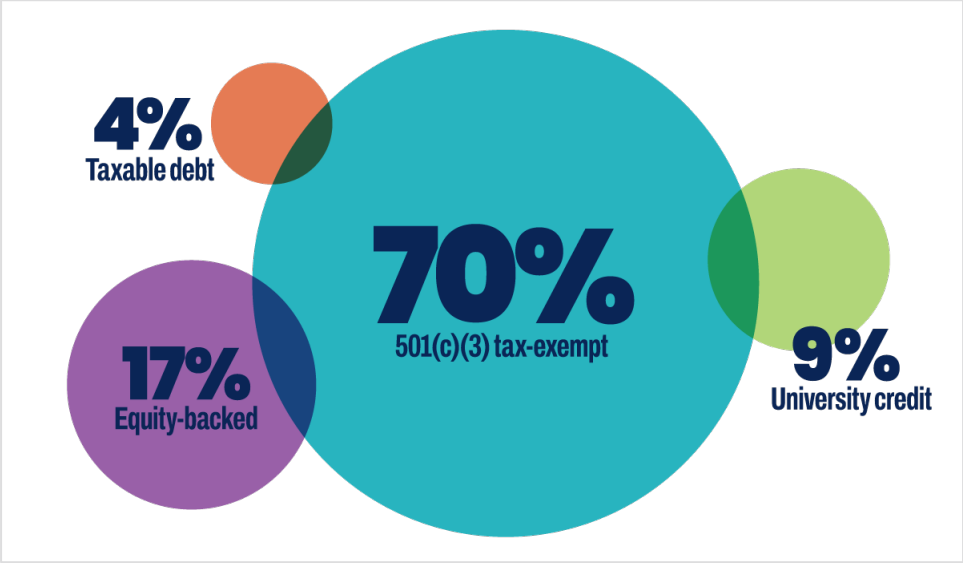
Housing P3s by region in 2025. Percentages may not total 100 due to rounding.

For the second consecutive year, nearly half of higher-ed P3 closings occurred in the Southeast: 48 percent in 2025, essentially matching 2024's concentration. Activity spanned the region, from flagship-scale projects in Florida, Louisiana, and Mississippi to regional and minority-serving institutions in Georgia, Alabama, Tennessee, and North Carolina. The West accounted for 26 percent of deals, driven by California's acute student housing shortage and the University of Washington's two-project program, while the Northeast represented 17 percent and the Southwest and Midwest 4 percent each.

Still, no clear regional trend has held over time, and year-to-year shifts remain common. One constant, however, is the importance of strong and consistent institutional leadership. As we've noted in past reports, every P3 depends on an internal champion or champions, one individual or a team that can navigate turnover, align stakeholders, and keep a complex project on track from concept to close. In a market demanding sharper need definition and more customized structures, that internal capacity is more decisive than geography.



Deals by financial structure



Financial Structure of Housing P3s in 2025

Tax-exempt financing remained the market's financial structure workhorse in 2025, with 70 percent of transactions using 501(c)(3) nonprofit ownership and tax-exempt bond structures to reach financial close. In a persistently elevated rate environment, these structures continue to be favored for their ability to deliver low-cost capital, minimize property taxes, keep projects off institutional balance sheets, and support affordability for students. Consistent with prior years, tax-exempt deals typically carried ground lease terms in the 35-to-45-year range, while equity transactions ran considerably longer, up to 79 years in the case of Sacramento State's Hornet Place.

Equity-backed deals accounted for 17 percent of closings, including Wake Forest's "The Grounds," where developer capital and longer-term alignment fit the institution's objectives. University credit accounted for 9 percent and taxable debt for 4 percent. Notably, two of the year's largest transactions, Texas Christian University and the University of Florida, were university financed, an approach that continues to gain favor where institutions choose to deploy their own credit to preserve project viability and hold down rental rates.

The pattern underscores a central theme of this report: financial structure is increasingly selected to fit a defined institutional need rather than defaulting to a standard model. Universities are not simply outsourcing projects; they are strategically pairing delivery, financing, and operations through private-sector partnership to maximize outcomes. Several 2025 tax-exempt deals paired nonprofit ownership with institution-supported operations or shared maintenance obligations, and master leases and credit support appeared throughout the portfolio as institutions stepped in to bridge financing gaps that private capital alone could no longer close. In a time of heightened scrutiny around affordability and capital constraints, these hybrid models are proving to be both financially prudent and operationally efficient.

What lies ahead

The pipeline of projects in procurement or negotiation remains strong, and three consecutive years of volume growth suggest the market has found durable footing, though financing conditions have not yet eased.

The next phase of higher education P3s will not be defined by whether institutions use partnerships. Instead, it will be defined by how effectively institutions identify their needs, structure their projects, and select partners capable of delivering complex solutions.

The 2025 portfolio previews what that phase looks like. Expect continued growth in portfolio-scale reinvestment: replacement, redevelopment, and swing-space strategies that treat housing as a lifecycle asset rather than a series of one-off buildings. Expect campus-edge developments like Wake Forest's "The Grounds" to multiply as institutions use housing to anchor broader community, athletic, and brand-building ambitions.

At the same time, rating agencies are evaluating the new pipeline far more cautiously than in the past. Many projects are not receiving an investment grade rating. Of the 29 project ratings S&P Global Ratings has assigned since January 2023, twelve came in below investment grade. In the agency's published April 2026 review, which covered the first 22 of those ratings, 10 of the 13 that earned investment grade came in at 'BBB-', the lowest rung, and only three cleared 'BBB' or better. The agency has described a recurring profile in new construction: coverage projected right at the 1.2x covenant for the first several years, occupancy assumptions in the mid-90s, and debt service stretched across 40 years. Its own history gives the caution weight. Among projects opening between 2015 and 2024, roughly a quarter failed to reach 1.2x audited coverage out of the gate, and every project that opened at or below 90 percent occupancy is rated speculative grade today. "It's become a little harder to achieve an investment grade rating, especially on new construction projects," said Jessica Wood, Managing Director, S&P Global Ratings. Although caution has settled in at the rating desk, the pipeline has not thinned, and Wood does not expect it to. "We're going to continue to see a lot more projects," Wood said. "For universities this is still a really appealing avenue, because of the efficiencies and expertise the market provides."

The caution applies to what is being built, not to what already exists. S&P reports median occupancy above 96 percent for four consecutive years, median audited coverage rising to 1.46x in fiscal 2024 from 1.33x the year before, and seven upgrades against three downgrades since October 2023. Only two rated projects have defaulted since 2020. The scrutiny is forward-looking.[1]

That is also where the institutional support documented throughout this report gets priced. Explicit university commitments are what separate the strongest-rated projects from the rest; every A-category project in S&P's portfolio carries one, including the lease vacancy agreement behind Tufts' Pachyderm Place. But the agency counts that obligation in its analysis of the university and caps a project's rating at 'BB+' whenever the sponsoring institution is rated below 'BBB+'. Support that makes a deal financeable is support that lands on the institution's own credit. That trade-off returns the sector to the question this report opened with: how much risk a balance sheet can responsibly absorb, and whether the need being solved is clearly enough defined to justify it.

None of this makes the P3 a default answer. It makes it a tool that now fits more situations than it once did, wielded by institutions that have gotten better at knowing when to reach for it. The market is addressing more needs than it ever has. The institutions best served by P3s will be those that know exactly which needs are theirs.

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[1] S&P Global Ratings, "U.S. Privatized Student Housing Credit Quality Improves On Stable Demand And Higher Coverage Although Risks Persist," April 29, 2026.

Acknowledgments

This report draws on a mix of public sources, including press releases, disclosures, procurement documents, and other published materials, complemented by direct conversations with institutions, firms, and advisors active in the market.

This is a rapidly evolving market, and no single report will capture every transaction or perspective. We have worked to synthesize the available information and practitioner experience into a useful view of where the market stands today. We welcome corrections, additions, and lessons from others working in the field so future editions can continue to improve.

About Brailsford & Dunlavey

Founded in 1993, Brailsford & Dunlavey (B&D) is a national planning, development and program-management advisory firm. In December 2025, B&D merged with Project Management Advisors (PMA), creating a combined firm of more than 450 professionals with offices in major U.S. markets. Together, the firms serve higher education, healthcare, life sciences, technology, K-12 schools, civic and municipal projects, professional sports, hospitality, residential, and energy infrastructure, with services spanning strategic planning and advisory, project leadership and delivery, owner's representation, and operations consulting. In higher education, B&D has partnered with more than 600 colleges and universities on student housing, recreation, athletics, student unions, dining, energy, innovation districts, and mixed-use development, and guides institutions through P3s from early planning through developer selection, negotiation, and implementation. B&D publishes this annual report, now in its ninth year, and is a repeat finalist in P3 Bulletin's P3 Awards.

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For more information

For more information, to share corrections or additions, or to have your projects represented in next year's report, please contact:

Marketing Contact

Doug Kotlove, VP of Business Development and Marketing
dkotlove@bdconnect.com

Higher Education

Jeff Turner, President, Higher Education
jturner@bdconnect.com