

Anticipated acquisition by GIC (Realty) Private Limited and Greystar Real Estate Partners, LLC of Student Roost via Roost Bidco Limited

SUMMARY

1. The Competition and Markets Authority (**CMA**) carried out a phase 1 investigation into the anticipated acquisition by GIC (Realty) Private Limited (**GIC**) and Greystar Real Estate Partners, LLC (**Greystar**) of the Student Roost group (**Student Roost**) (the **Merger**). GIC, Greystar, and Student Roost are together referred to as the **Parties**, and, for statements referring to the future, as the **Merged Entity**.
2. The CMA found that the Merger gives rise to a realistic prospect of a substantial lessening of competition (**SLC**) as a result of horizontal unilateral effects in the provision of purpose-built student accommodation in a number of local areas in Birmingham.
3. One of the acquirers, GIC, is a holding company for real estate investments made on behalf of the Government of Singapore, and is active in student accommodation in the United Kingdom (**UK**) through joint venture arrangements. GIC's joint ventures with The Unite Group Plc (**Unite**) and GSA Group (**GSA**) include student accommodation properties across the UK.
4. The other acquirer, Greystar, is a US-based real estate company with expertise in investment management and the development and management of rental housing properties globally. Greystar has interests in student accommodation in the UK through its joint venture interest in the Chapter business, which operates student accommodation sites in London, and through its sole control of the Canvas business, which operates sites across the UK.
5. The target, Student Roost, is a provider of student accommodation across the UK, including in Birmingham and Glasgow, and is currently owned by Brookfield Asset Management, Inc.

6. The CMA found that it has jurisdiction to review the Merger because Student Roost's turnover in the UK exceeds £70 million, meaning the CMA's jurisdictional turnover test is met.
7. The Parties' activities overlap in the provision of corporate purpose-built student accommodation to full-time higher education students seeking accommodation in Birmingham, Bournemouth, Bristol, Edinburgh, Glasgow, Liverpool, and Southampton.
8. The CMA assessed the impact of the Merger in the provision of corporate purpose-built student accommodation in the UK at a national level and in local catchment areas based on walking distances of 20 minutes and 30 minutes from higher education institutions (**HEI**) campuses in the cities where the Parties overlap. In its assessment, the CMA took into account constraints from similar student accommodation located further away, and from other forms of student accommodation, including student accommodation provided by HEIs to their students and houses in multiple occupation. This is consistent with the approach taken by the CMA in previous cases such as *Unite/Liberty Living*.
9. At the national level, the CMA found no competition concerns because the Parties would have a relatively modest share of supply ([10-20]%) and would continue to face strong competition from other corporate purpose-built student accommodation providers such as Unite, Homes for Students, iQ and This is Fresh.
10. At the local level, the CMA considered the impact of the Merger in the catchment areas where the Parties have a significant combined presence, using a filtering methodology used in several previous investigations. Two areas 'failed' the filter and warranted additional scrutiny. For those areas:
 - (a) In Glasgow, the CMA found no competition concerns on the basis that there would be sufficient competitive constraints on the Merged Entity, specifically from alternative corporate purpose-built student accommodation providers.
 - (b) In Birmingham, the CMA found that the Merged Entity would have a high share of supply (as high as [40-50]% in some HEI campus catchment areas) with a material increment in share being brought about by the Merger. The Parties would face limited competition from other suppliers of corporate purpose-built student accommodation. The Parties would also face limited competition from other forms of student accommodation, in particular because of the limited supply of HMO accommodation close to the areas that failed the filter. The CMA found that these concerns would not be alleviated by new pipeline properties coming to market, given that the evidence available to the CMA did not indicate that the delivery of the pipeline properties within the relevant catchment areas would be timely, likely, or sufficient to address the concerns identified.

11. The Parties accepted that the test for reference to an in-depth investigation was met in relation to the provision of corporate purpose-built student accommodation in 15 catchment areas in which the CMA had raised concerns. The Parties requested that the CMA proceed directly to a consideration of undertakings in lieu of a reference (ie remedies) to an in-depth investigation. The CMA accepted this request.
12. On this basis, the CMA found that it is or may be the case that the Merger may be expected to result in an SLC as a result of horizontal unilateral effects in relation to the provision of corporate purpose-built student accommodation at a local level in 15 catchment areas located in Birmingham.
13. The CMA is therefore considering whether to accept remedies under section 73 of the Enterprise Act 2002 (the **Act**). The Parties have indicated that they intend to propose remedies that might be acceptable to the CMA, and have until 15 November 2022 to do so. If remedies are not offered, then the CMA will refer the Merger for an in-depth phase 2 investigation pursuant to sections 33(1) and 34ZA(2) of the Act.