PBSA as the Bridge

What Hong Kong’s conversion boom says about Warsaw’s next institutional Living strategy

Executive thesis

Warsaw already has institutional-scale PBSA demand; what it lacks is an institutionalised conversion playbook. Private PBSA provides just over 3,100 beds for roughly 257,000 students, while BONARD estimates nearly 110,000 missing PBSA beds. At the same time, institutional development capital is entering: StudentSpace has secured PLN 215.8m for two Warsaw projects delivering c.1,100 beds. [1,2,3]

Hong Kong shows the next step when conventional development cannot create supply fast enough. Policy support, repriced secondary offices and a severe student-bed deficit have turned conversion into a scalable capital-markets strategy. JLL forecasts the student-bed shortage widening from 76,300 in 2025/26 to 147,200 by 2029/30; Cushman & Wakefield records US$1.63bn of student-housing conversion transactions since 2021. [4,5]

1.2%	~110k	147.2k	US$1.63bn
Warsaw private PBSA saturation	Warsaw estimated missing PBSA beds	HK bed shortage forecast by 2029/30	HK conversion deals since 2021

Recommendation

> Treat Warsaw PBSA conversion as a targeted value-add strategy, not a blanket office-to-residential thesis. Build a screening pipeline of secondary office/hotel assets in student catchments and underwrite them against three gates: (1) all-in rent affordability, (2) physical conversion efficiency, and (3) planning/change-of-use certainty. Ground-up PBSA remains investable; conversion is the potential “second wave” where acquisition basis and time-to-market create an edge.

What this memo argues

- The Warsaw shortage is deep enough to support institutional PBSA growth, but headline bed deficits are not the investment case by themselves.
- Affordability is the binding constraint in Warsaw; a conversion only works if discounted basis offsets capex and enables a room mix priced for domestic as well as international demand.
- Hong Kong demonstrates how policy, obsolete commercial stock and institutional capital can combine to turn a student-housing shortage into a repeatable conversion market.
- Warsaw already shows the first ingredients: institutional financing for PBSA and broader office repurposing, but no equivalent conversion ecosystem at scale yet.

1. Warsaw: the demand is already institutional-scale

Warsaw is Poland’s deepest student market and its least penetrated large PBSA market. Cushman & Wakefield counts more than 3,100 private PBSA beds against approximately 257,000 students, implying just 1.2% private PBSA saturation. Poland overall has 1.32m students but only 17,300 private PBSA beds; even after current construction and planned supply, public and private dormitories combined are expected to serve only about 11% of students. [1]

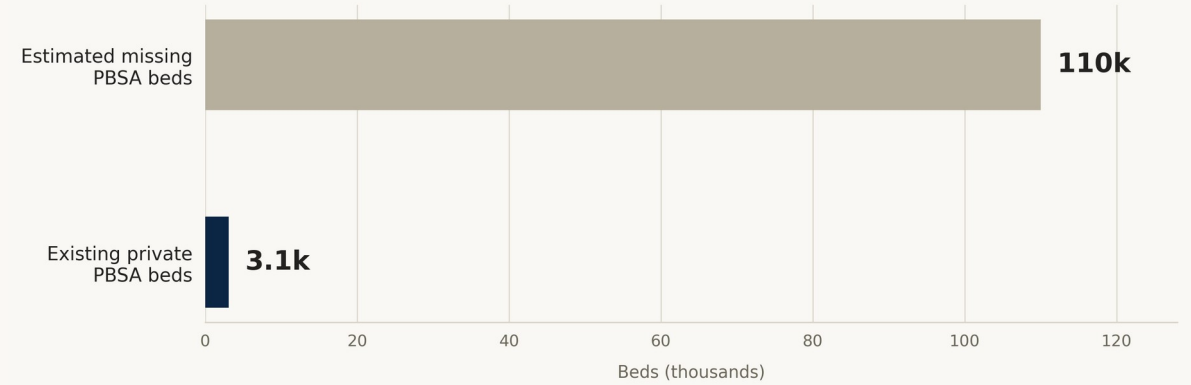

Figure 1. Warsaw PBSA supply and estimated shortfall. The two figures use different methodologies and should not be read as a mechanical "beds to build" target.

Warsaw demand / supply snapshot

METRIC	CURRENT EVIDENCE	INVESTMENT READ-THROUGH
Student population	~257,000	Large, recurring demand pool
Private PBSA beds	>3,100	Low institutional penetration
Private PBSA saturation	1.2%	Far below mature European provision
Estimated missing PBSA beds	~110,000	Large headroom; methodology-sensitive
Poland private PBSA rent	~PLN 2,370/month avg., 2026/27	Affordability must shape room mix
Warsaw projects financed	~1,100 beds across two StudentSpace schemes	Lender and sponsor confidence is rising

Important qualification: BONARD explicitly warns that affordability, location and product mix matter more than the headline deficit. Its analysis estimates a 280,000+ bed shortfall across selected Polish cities but fewer than 10,000 beds in the development pipeline, while noting that studios may only fit wealthier international and postgraduate segments. [2]

2. Hong Kong: shortage became a conversion capital-markets strategy

Hong Kong's PBSA shortage is not simply larger; its market response is structurally different. JLL estimates c.6,900 leasable beds in major PBSA projects as of April 2026, with occupancy of 98-100%. The visible pipeline was c.16,300 beds, yet the forecast shortage still rises from 76,300 beds in 2025/26 to 147,200 by 2029/30. [4]

6.9k	98-100%	16.3k	15-18%
Major PBSA beds, Apr-26	Major-project occupancy	Visible PBSA pipeline	Indicative office-to-PBSA 5-year IRR

JLL reports Grade B office vacancy above 10% for more than five consecutive years and Grade B/C capital values down 50.5% from 2019 peaks. It estimates suitable office-to-PBSA projects can target 15-18% five-year IRRs, based on total project costs around HKD 8,000-9,500/sq ft and stabilised rents around HKD 7,000-10,000 per bed per month. [4]

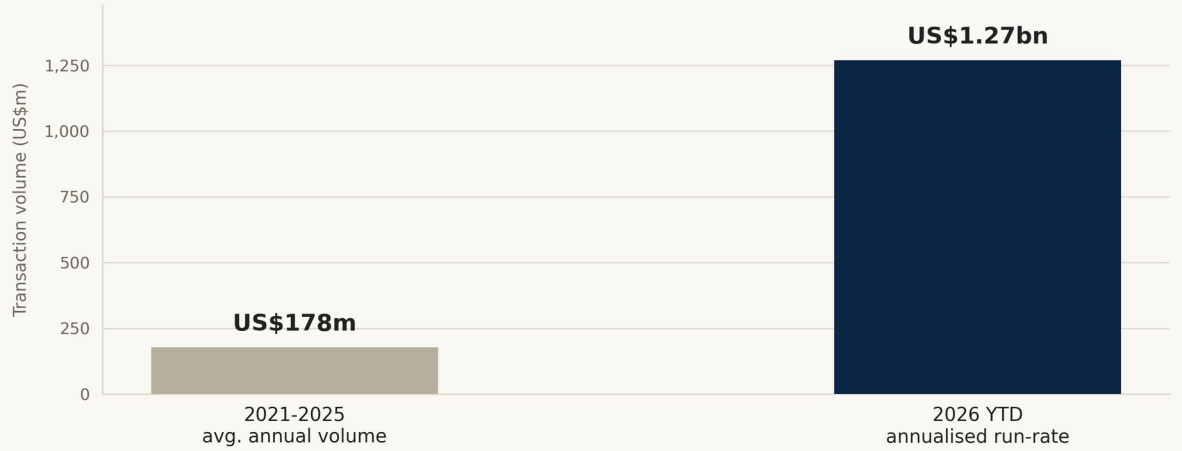

Figure 2. Hong Kong conversion-related student-housing transaction velocity. 2026 YTD is annualised from the first seven months; it is not a forecast of full-year volume.

Hong Kong introduced the Hostels in the City Scheme in July 2025 to streamline office-to-hostel conversions. By 4 February 2026, 25 applications covering c.5,100 beds had been received. In Cushman & Wakefield's 2026 APAC survey, 90% of investors that ranked Hong Kong as a preferred Living destination were considering repositioning or change-of-use opportunities; student-housing conversion transactions totalled US$1.63bn across 24 deals since 2021, including US$739.9m in the first seven months of 2026. [4,5]

3. Why the Hong Kong playbook is relevant to Warsaw, and where it is not

The transferable lesson is not "convert offices because offices are vacant." It is that a PBSA shortage becomes materially more investable when three conditions line up: discounted or obsolete real estate, a conversion-friendly regulatory route, and an operator/capital ecosystem able to standardise the product.

DIMENSION	WARSAW	HONG KONG
Demand	~257k students; private PBSA saturation 1.2%; ~110k estimated missing beds	Bed shortage 76.3k in 2025/26, forecast 147.2k by 2029/30
Current supply response	Predominantly ground-up/new-build institutional PBSA	Hotel and secondary-office conversions increasingly central
Capital-market evidence	PLN 215.8m financing for two StudentSpace Warsaw projects / ~1,100 beds	US$1.63bn conversion-related student-housing deals since 2021
Commercial-stock trigger	Some office stock is being withdrawn for changes of use, but office fundamentals are improving	Grade B office vacancy >10% for five+ years; B/C capital values materially repriced
Policy support	No HK-style PBSA conversion programme identified	Hostels in the City Scheme explicitly lowers conversion friction

DIMENSION	WARSAW	HONG KONG
Primary underwriting constraint	Affordability / product-market fit	Conversion capex / asset selection / planning execution

Warsaw already has a repurposing signal, but it should not be overstated. CBRE reports roughly 31,000 sqm removed from Warsaw's office stock in Q1 2026 across six buildings, mainly because of planned changes of use or occupation by medical facilities. This confirms that obsolete stock is being reallocated, not that office-to-PBSA is already a scaled strategy. [6]

The stronger signal is institutional readiness. StudentSpace's two Warsaw projects have attracted PLN 215.8m of bank financing and will deliver about 1,100 beds; the platform's broader pipeline spans six projects and 2,800 beds. That suggests operator, sponsor and lender capacity is forming before a meaningful conversion market has emerged. [3]

Mokótów / Służew: the local proof point

StudentSpace is delivering more than 500 PBSA beds on Wołoska on the former Curtis Plaza office site. Nearby, live 2026 schemes at Domaniewska 52 and Obrzeżna 7 seek to replace office sites with multifamily housing, Archicom is pursuing up to 420 apartments at Postępu 2, and the owner of Marynarska Point 1 at Postępu 15B has filed to convert the existing office building to hotel use. [8,9,10,11,12]

Investment implication. Mokótów/Służew should be the first geographic screen for a Warsaw PBSA conversion pipeline. The evidence today is mostly office-to-living redevelopment rather than direct shell conversion, which matters: the opportunity is not to label every obsolete office a dormitory, but to identify the subset where continued office value is impaired, residential redevelopment economics are marginal, and the existing structure can be adapted to student rooms at a lower delivered cost per bed. The surrounding repositioning activity is already establishing alternative-use values, planning precedent and owner willingness to exit office use.

The Warsaw "second-wave" hypothesis

- Phase 1: Ground-up PBSA proves demand, operations and financing. This is happening now.
- Phase 2: Rising land, permitting or build-cost friction increases the relative appeal of buying existing structures at a discount.
- Phase 3: A small set of successful conversions standardises design, planning and operating assumptions, allowing institutional capital to price the strategy more confidently.
- Hong Kong is already in Phase 3. Warsaw appears to be between Phases 1 and 2.

4. Investment playbook for Warsaw PBSA conversion

Recommendation: screen for conversion where basis and speed beat ground-up, not where the building merely looks obsolete. A Warsaw PBSA conversion should clear all four gates below before detailed underwriting.

GATE	WHAT TO TEST	POSITIVE SIGNAL	WALK-AWAY SIGNAL
1. Demand catchment	Transit time to universities; international/mobile student share; competing PBSA	Multiple universities within 20-30 min; thin private supply	Single-campus dependence; weak transit
2. Affordability	All-in monthly rent by room type versus shared-flat alternatives	Shared/en-suite formats can price near market alternatives	Economics require premium studio-heavy mix
3. Physical conversion	Floorplate depth, daylight, façade/windows, MEP, fire strategy, cores	Repeatable room module; limited façade/MEP intervention	Deep plates; major façade/MEP replacement; inefficient cores
4. Planning / execution	Use class, approvals, ownership, vacancy, phasing	Whole-building control; clear change-of-use route	Fragmented title; long approvals; occupied floors

Underwriting priorities

- C&W's Poland-wide 2026/27 PBSA average is ~PLN 2,370/month; Warsaw conversions should be tested against local shared-flat and room alternatives before amenities are specified. [1]
- Value the building as a conversion shell, not as a cheaper ground-up site. Acquisition basis must compensate for layout inefficiency, lost GFA, capex contingency and planning risk.
- Prefer whole-building control. Hong Kong's JLL work explicitly identifies consolidated ownership as a characteristic of the strongest conversion candidates. [4]
- Design for exit liquidity. A 300-800 bed scale is increasingly favoured in Hong Kong for operating efficiency and platform-level exits; Warsaw will need its own minimum efficient scale, but the principle is transferable. [4]
- Separate "market shortage" from "scheme demand." The ~110k Warsaw deficit is a macro indicator, not an occupancy guarantee; micro-location, room mix and price determine performance. [2]

Key risks

RISK	WHY IT MATTERS IN WARSAW	MITIGANT
Affordability compression	Domestic students are highly price-sensitive; PBSA cannot rely on premium studios alone	Shared room/en-suite mix; all-in pricing; strict rent sensitivity
Conversion capex creep	Older offices may require façade, MEP, fire and acoustic upgrades	Pre-acquisition technical DD; capex bands; hard contingency
Planning uncertainty	No dedicated HK-style PBSA conversion scheme	Prioritise clear zoning/use pathways; engage city early
Operator execution	PBSA is operational real estate; poor service directly hits retention and reputation	Partner with scaled operator; KPI-linked management terms
Exit depth	Poland PBSA liquidity is still developing	Institutional scale, strong data, stabilised NOI, flexible asset design

5. Bottom line

> Warsaw does not need Hong Kong’s scarcity to justify PBSA. It already has the shortage. What Hong Kong supplies is the playbook for the next stage: turn underused commercial real estate into institutional student housing once conventional development becomes slower, more expensive or less scalable.

The near-term investment implication is therefore practical rather than thematic: continue to back ground-up PBSA where sites clear return thresholds, while simultaneously building a conversion pipeline around assets whose acquisition discount can fund the capex and affordability gap. The winning Warsaw conversion is unlikely to be the most distressed office; it will be the building that produces the lowest delivered cost per lettable bed in the right student catchment.

Sources & notes

[1] Cushman & Wakefield Poland, “PBSA Market in Poland 2026,” 24 Jun 2026. Source

[2] BONARD, “Poland’s PBSA market gap: Strong development potential amid affordability pressures,” 26 Jun 2026. Source

[3] Griffin Capital Partners, “StudentSpace secures PLN 215.8 million financing from PKO Bank Polski for two Warsaw projects,” 26 May 2026. Source

[4] JLL Hong Kong, “Hong Kong student bed shortage set to approach 150,000 by 2030,” 22 Jun 2026. Source

[5] Cushman & Wakefield APAC Living Investor Survey 2026, Hong Kong release, 2 Sep 2026 (distributed via Media OutReach/AFP). Source

[6] CBRE Poland, “Podnajem biur w Warszawie,” 27 Apr 2026 (Q1 2026 office-stock withdrawal data). Source

[7] CBRE, “European PBSA Market Outlook 2026: Midyear Review,” 2026, for broader European provision and institutionalisation context. Source

[8] Griffin Capital Partners, “StudentSpace enters Warsaw,” 21 Oct 2025 (Wołoska PBSA on the former Curtis Plaza office site). Source

[9] City of Warsaw, application for residential and accompanying development at Domaniewska 52, published 11 Sep 2026. Source

[10] City of Warsaw, modified application for multifamily residential development at Obrzeżna 7, published 26 Aug 2026. Source

[11] Urbanity, “Kolejna inwestycja mieszkaniowa na Służewcu. Duże osiedle w miejsce biurowców,” 28 Jul 2026 (Postępu 2). Source

[12] Urbanity, “Chcą przebudować 11-kondygnacyjny biurowiec na Mokotowie. Budynek zmieni swoją funkcję,” 15 Jul 2026 (Postępu 15B / Marynarska Point 1). Source

Method note. The Warsaw ~110k “missing PBSA beds” estimate (BONARD) and Hong Kong JLL supply-demand gap are produced using different methodologies and are not directly comparable measures. The Hong Kong transaction run-rate annualises US$739.9m over seven months and compares it with the simple annual average of the residual US$890.1m of conversion-related volume across 2021-2025.