

Assessing health and wellbeing strategies and financial performance



PROJECT:
Fitwel certification and financial performance in student housing



COMPANY:
Harrison Street Asset Management



LOCATION
United States, Canada, UK and Europe

Challenge

Real estate investors increasingly implement multiple environmental, social and governance (ESG) initiatives within the same asset. The challenge is not only whether ESG creates value overall, but also which initiatives contribute meaningfully to financial performance when implemented alongside others.

Harrison Street Asset Management (HSAM) sought to evaluate Fitwel® certification, a healthy building certification focused on building design and operational strategies that support occupant health and wellbeing, alongside other ESG initiatives across its student housing portfolio.

The central research question was: What relationship, if any, exists between Fitwel certification and property financial performance after accounting for other ESG strategies and property-level characteristics?

Solution / Approach

HSAM conducted an analysis of 171 student housing assets, comprising 684 asset-year observations between 2022 and 2025 across the United States, Canada, the UK and Europe. Harrison Street provided the student housing portfolio data and conducted the analysis. The Center for Active Design (CfAD) provided Fitwel certification data, and the Massachusetts Institute of Technology (MIT) provided guidance and validated the analytical methodology.

The analysis evaluated Fitwel certification in three contexts:

- > Alongside Energy Star scores and on-site solar capacity
- > Alongside green building certifications
- > Alongside efficiency-focused investments, including LED lighting and high-efficiency mechanical upgrades

Methodology validated by MIT, completed with the Center for Active Design, testing whether ESG and health and wellness investments correlate with financial performance.

171 student housing assets · **684** asset-year observations across the US, Canada and Europe

Three analytical approaches tested Fitwel certification alongside Energy Star, solar, green-building certifications and LED and mechanical upgrades.

70 to 237 bps

estimated NOI-margin improvement after Fitwel certification

Observational study. Establishes association, not causation. Testing continues as the dataset grows.

Three complementary analytical methods were applied, including machine learning techniques. Ridge regression examined relationships across the portfolio, fixed effects regression evaluated changes within individual properties over time, and random forest analysis assessed whether Fitwel remained a predictor of financial performance. Asset-level and market-level variables were also included to assess whether the observed relationships could be explained by other property characteristics.

Results

Across all three ESG groupings evaluated, Fitwel certification remained associated with NOI margin, which showed the strongest and most consistent relationship among the financial performance measures analysed.

Within-property analyses estimated increases in NOI margin associated with Fitwel certification ranging from approximately 70 to 237 basis points, depending on the ESG grouping evaluated.

These findings remained broadly consistent after incorporating additional asset- and market-level controls. As an observational study, the analysis identifies association rather than causation.



Outcome

The findings provide further insight into the relationship between Fitwel certification and financial performance within HSAM's student housing portfolio.

While this observational study does not establish causation, it suggests that strategies focused on occupant health and wellbeing may warrant consideration alongside more commonly evaluated ESG initiatives, such as green building certifications, renewable energy systems and efficiency-focused capital investments.

The analysis also provides a framework for evaluating the relative financial significance of individual ESG strategies when multiple initiatives are implemented within the same asset.

Although this initial study focused on student housing, the methodology may be applied to other asset classes across HSAM's portfolio to further explore the relationship between health and wellbeing initiatives and financial performance.



Source: Harrison Street Asset Management

Harrison Street Asset Management

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