

Interface Student Housing Real Estate Conference

AN INDUSTRY OVERVIEW

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Market Scale & Dynamics

Number of Students Attending College in the US:

- A. Approximately equal to the population of Cameroon
- B. Approximately four times the population of New Zealand
- C. Almost equal to the population of Australia
- D. All of the Above

Approximately 18.5 million college students



Market Scale & Dynamics

Projected Aggregate Annual Student Housing Investment : new and replacement facilities over the next five years:

- A. \$800 million to \$1.2 Billion
- B. \$8 Billion to \$12 Billion
- C. \$18 Billion to \$20 Billion

Over the next 10 years, demand will drive the construction of approximately 1 million beds of on- and off-campus student housing.



Market Scale & Dynamics

Most colleges and universities cannot afford to respond to 100% of student demand for housing. What percentage of student housing will be built by developers?

A. 1/3

B. 1/2

C. 2/3

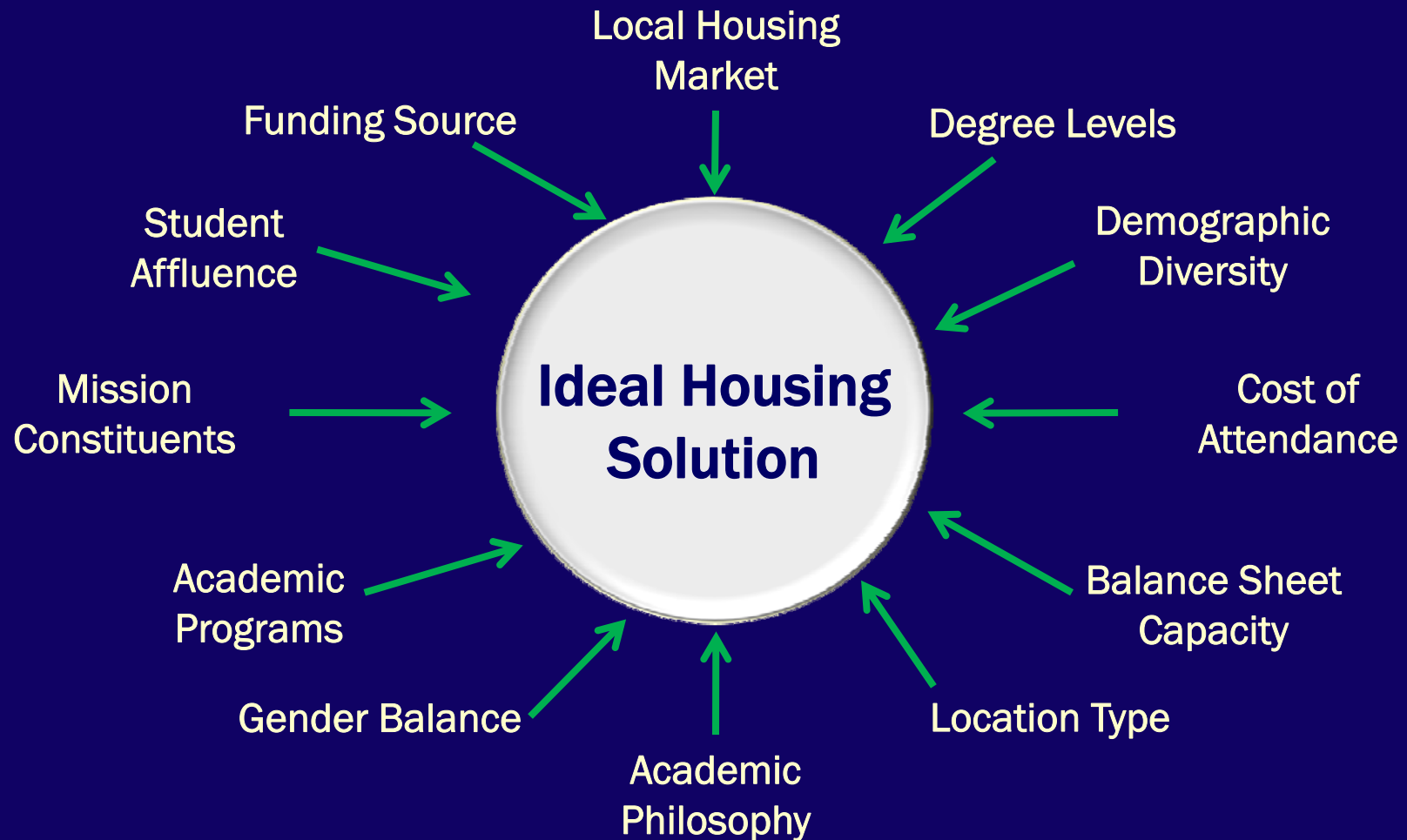
D. 3/4

Approximately $\frac{1}{3}$ will be built on-campus with about $\frac{1}{2}$ of that being delivered by PPP's.

The other $\frac{2}{3}$ will be delivered by private developers with a local, regional or national focus.

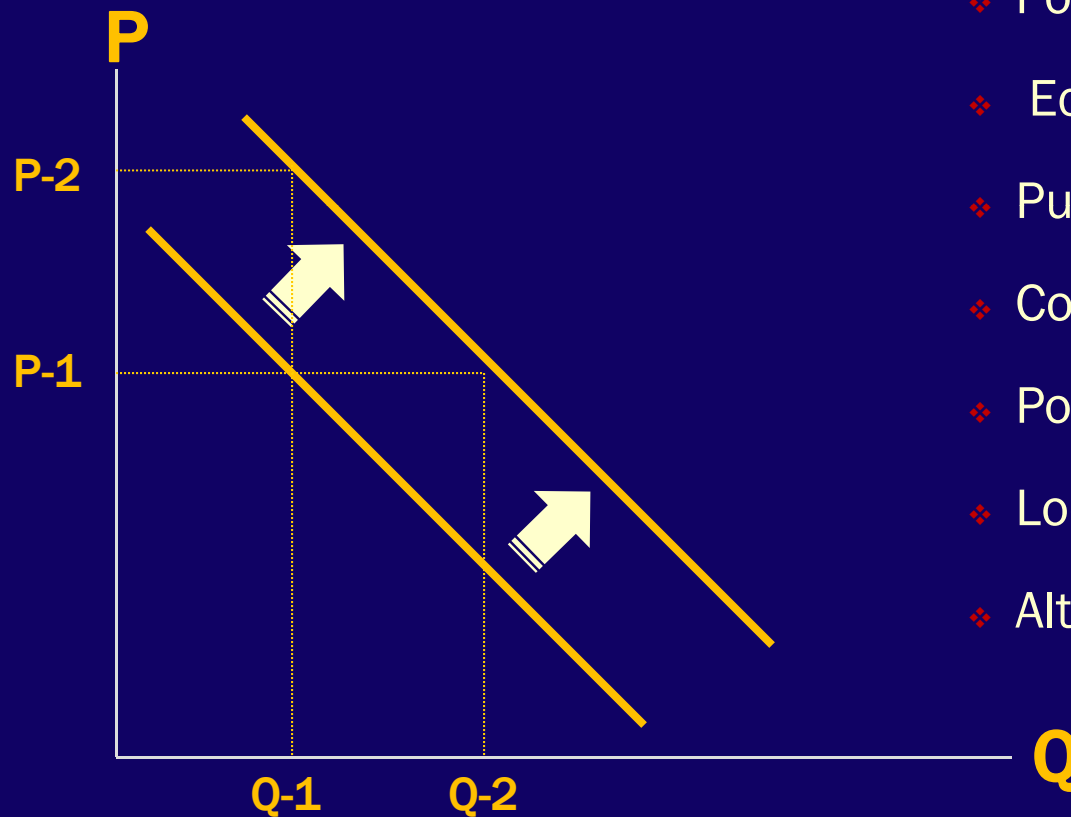


Forces on Housing Demand & Policy



Trends That Impact Demand

About Markets



Changes that Shift Demand

- ❖ Population (size & composition)
- ❖ Economic Conditions
- ❖ Public Policy / Regulations
- ❖ Consumer Tastes
- ❖ Popular Culture
- ❖ Location Attributes
- ❖ Alternative Products

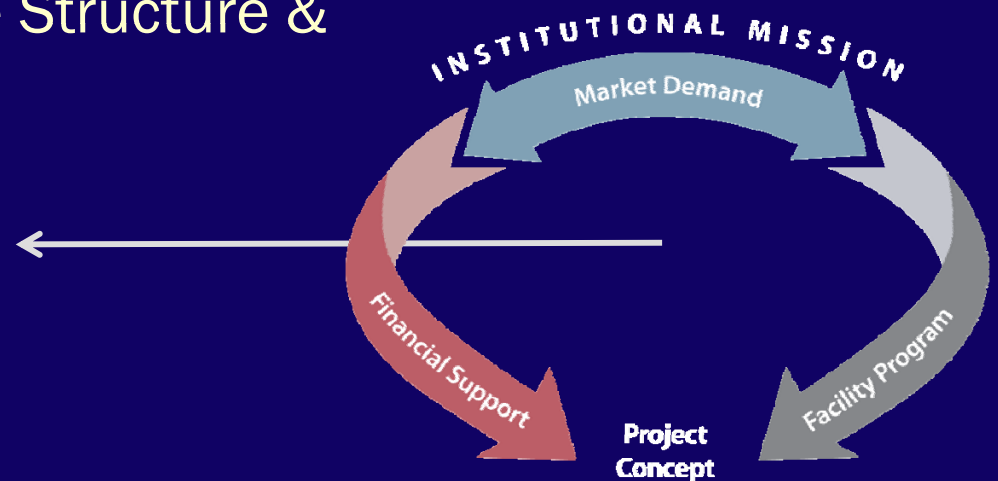


Building for Sustained Value

On-campus Student Housing Drivers

- ❖ Net Operating Income Determines the Baseline
- ❖ Strategic Value Drives the Structure & Leveraging Strategy

- ❖ Educational Outcomes
- ❖ Enrollment Management
- ❖ Campus Community
- ❖ Financial Parameters



Summary

1. Student Housing is a Mature Yet growing Industry.
2. Using a “Cookie Cutter” Approach is Very Risky.
3. Invest in Markets with Outward Shifting Demand Curves.
4. Partnering With a College or University is the Best Way to Manage the Value Creation Process
5. Pay Attention to Nuance and Details and Focus on Value More Than Cost.

