"Enrollment Trends and Future Student Housing Opportunities"

2009 NMHC STUDENT HOUSING CONFERENCE
AUSTIN, TX

September 22, 2009

BRAILSFORD & DUNLAVEY

Trammell Crow Company

PRESENTATION OUTLINE

- Introduction
- Student Demographics
- Market Assessment
- Market Trends
- Opportunities
- Discussion

INTRODUCTIONS

Craig Levin, Project Manager, Brailsford & Dunlavey

- Extensive experience in student life and housing planning assessments
- Campus housing experience includes over 30 Housing Projects both on and off campus across the country

Chris Harness, Principal, Trammell Crow

- Over 30 years of real estate experience in multi-family and commercial fields
- Acquired / Developed over $850M of multi-family assets
- Responsible for the management / operations of 14K beds

INTRODUCTIONS

Brailsford & Dunlavey

- Experience – Over 400 University Projects
  - Over 150 housing related projects
  - Completed Planning Assessments in 48 states
- Focus – “Quality of Life” Facilities
  - On- and Off-campus Housing
  - Student Unions / Centers
  - Student Recreation Centers
  - Arenas / Convocation / Stadiums

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INTRODUCTIONS

Trammel Crow Company

- Higher Education Services
    - Historical client list of 71 higher education institutions in 23 states.
    - Over $2 billion worth of capital projects completed.
    - Completed over $712 million in transactions.
    - Team members have developed nearly $4 billion in multi-family projects, including $400 million and 14,000 beds of off-campus housing.

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Trammell Crow Company

INTRODUCTIONS

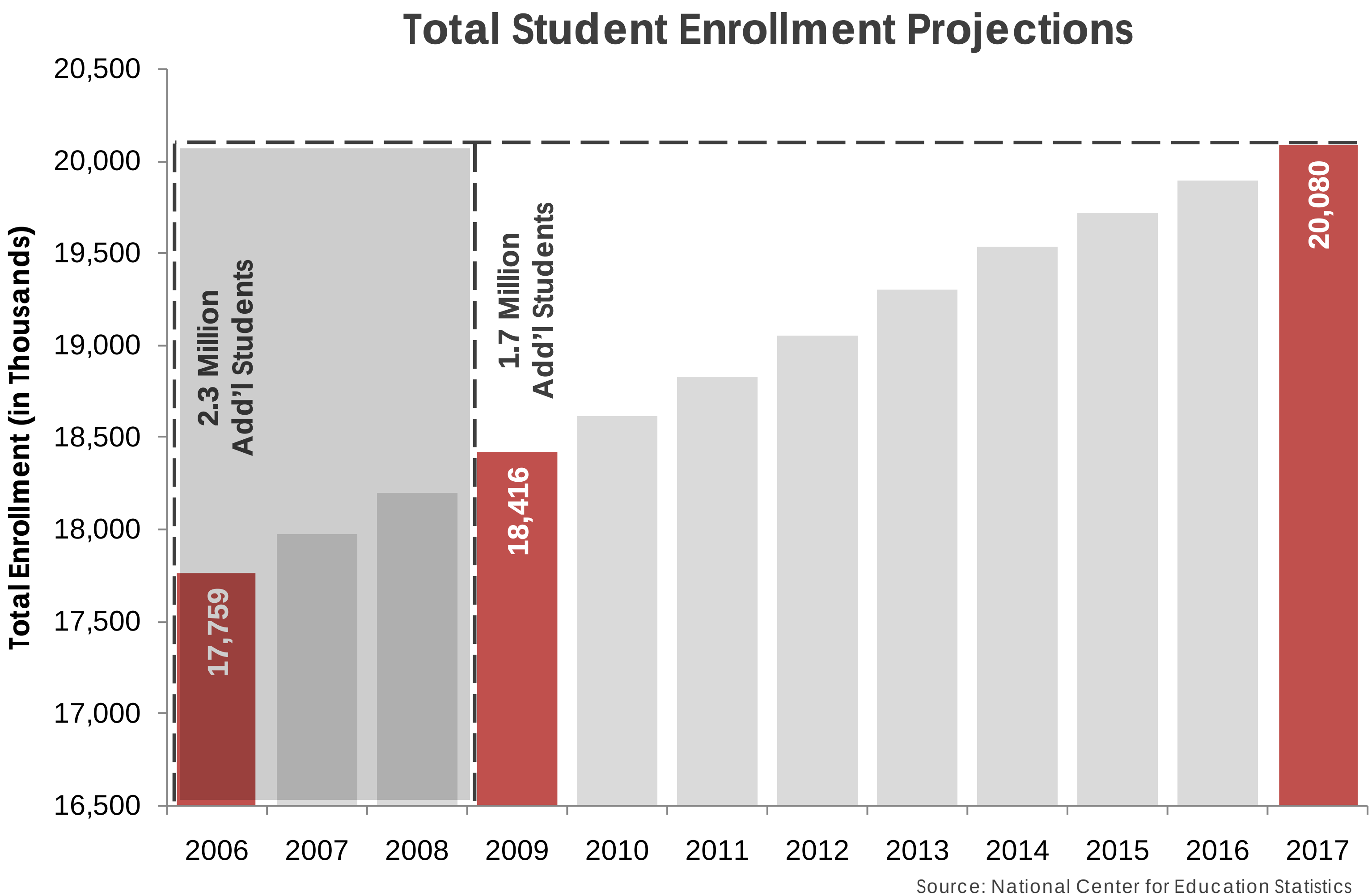
Trammel Crow Company

Trinity College Hartford, Connecticut
Dominican University River Forest, Illinois
Texas Tech University
Harvard Medical School
Babson
Villanova
SMU
Georgetown University est. 1789
Career Education Corporation
Kaplan
ACU Abilene Christian University
The George Washington University Washington DC
University of Washington
Boston University
University of Detroit Mercy
Rice University
University of Phoenix
Alta Colleges
OCPS
Rollins College
Atlanta Public Schools
USP
VCU
Cleveland State University
Stanford University
Merrimack College
Andover Newton
University of Pennsylvania
OC Oklahoma Christian University Since 1950
DePaul
Slippery Rock University
Pepperdine University
University of Southern California
University of Maryland
Christopher Newport University
Loyola College in Maryland
LAUSD
Regis College

Brailsford & Dunlavey

TrammellCrowCompany

STUDENT DEMOGRAPHICS



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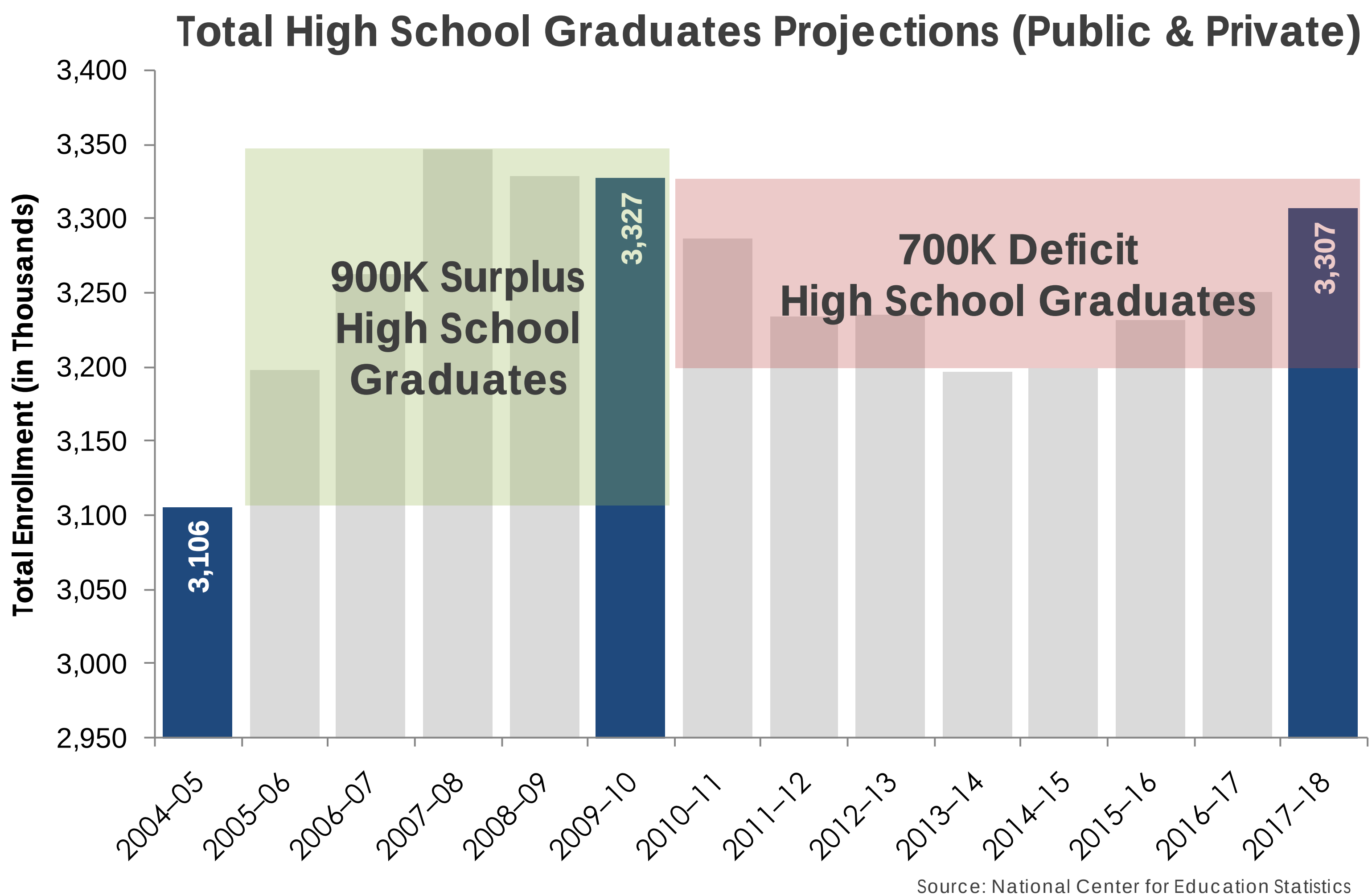
STUDENT DEMOGRAPHICS

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
				8% Increase (1.3M Add'l Students)								
Undergraduate	**15,184**	15,366	15,571	**15,770**	15,939	16,106	16,273	16,457	16,628	16,755	16,881	**17,022**
Grad. / 1st Prof.	**2,231**	2,259	2,275	**2,290**	2,312	2,348	2,398	2,455	2,508	2,556	2,599	**2,640**
				15% Increase (0.4M Add'l Students)								

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
				9% Increase (1M Add'l Students)								
Full-time	**10,957**	11,104	11,263	**11,413**	11,546	11,678	11,817	11,973	12,114	12,223	12,326	**12,430**
Part-time	**6,802**	6,872	6,937	**7,003**	7,067	7,144	7,231	7,326	7,419	7,493	7,567	**7,650**
				9% Increase (0.6M Add'l Students)								

Source: National Center for Education Statistics
Note: Data shown in thousands

STUDENT DEMOGRAPHICS



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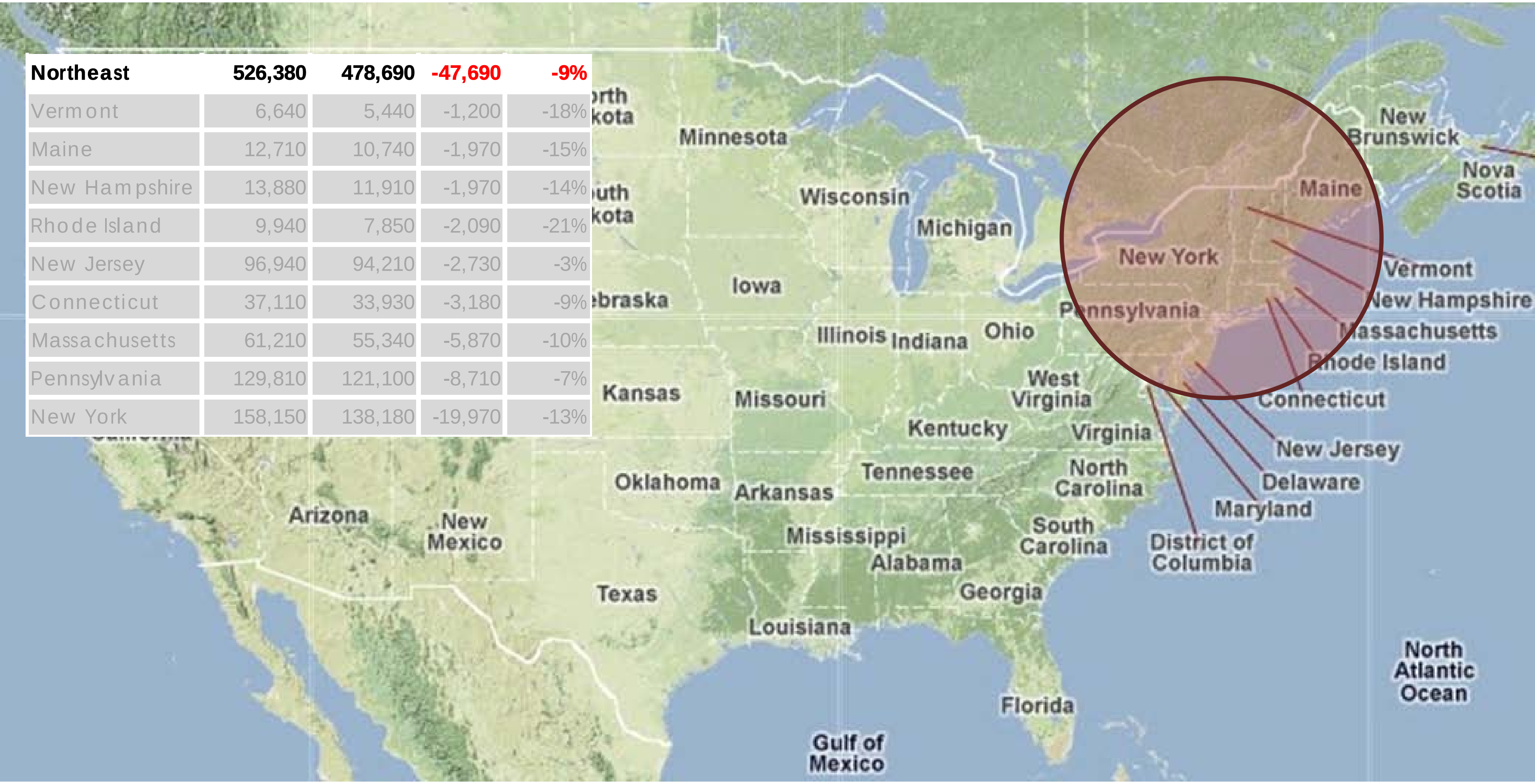
STUDENT DEMOGRAPHICS

Total Public High School Graduates Projections (2009-2017)

Northeast	**526,380**	**478,690**	**-47,690**	**-9%**
Vermont	6,640	5,440	-1,200	-18%
Maine	12,710	10,740	-1,970	-15%
New Hampshire	13,880	11,910	-1,970	-14%
Rhode Island	9,940	7,850	-2,090	-21%
New Jersey	96,940	94,210	-2,730	-3%
Connecticut	37,110	33,930	-3,180	-9%
Massachusetts	61,210	55,340	-5,870	-10%
Pennsylvania	129,810	121,100	-8,710	-7%
New York	158,150	138,180	-19,970	-13%



Source: National Center for Education Statistics & Google Maps

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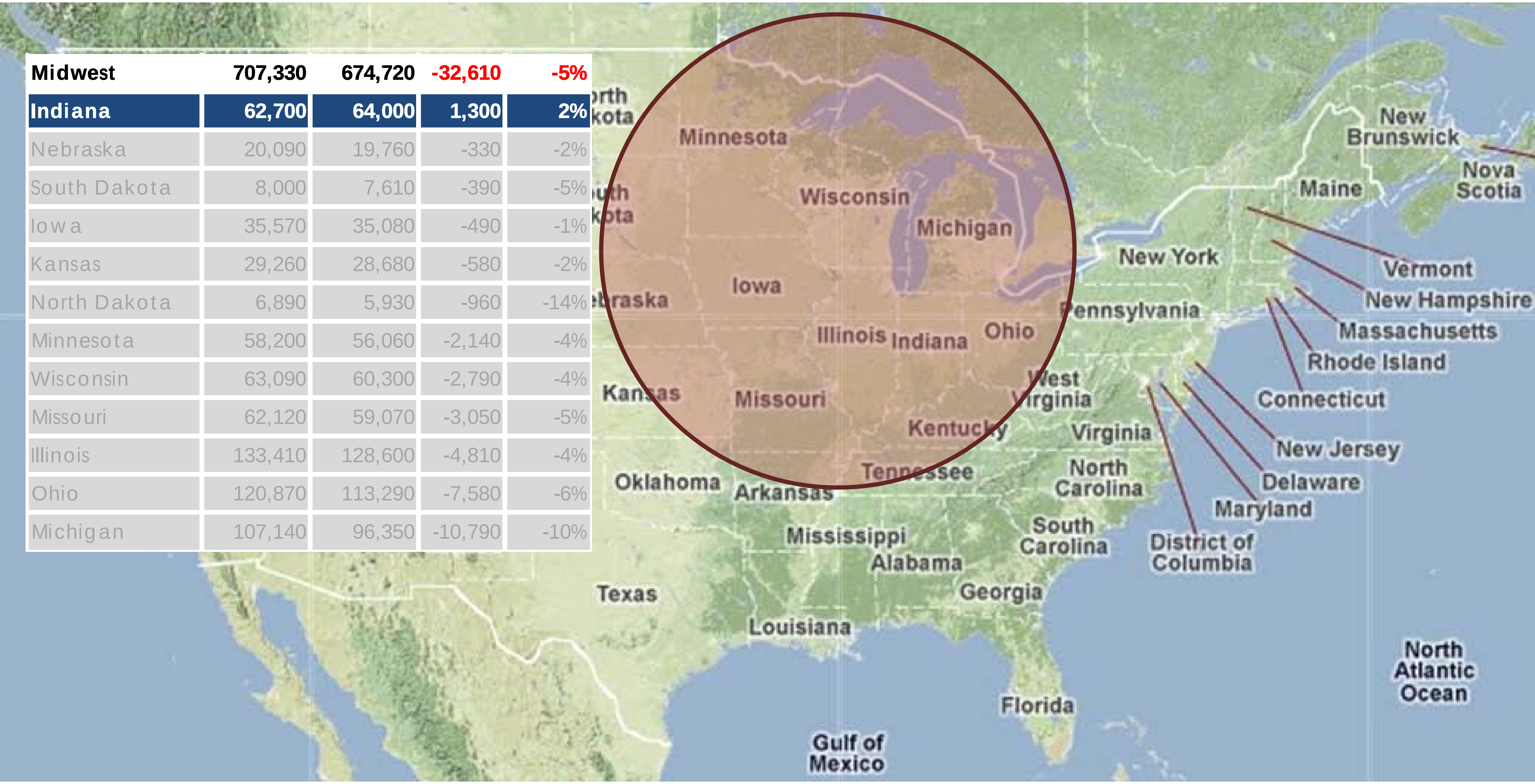
STUDENT DEMOGRAPHICS

Total Public High School Graduates Projections (2009-2017)

Midwest	**707,330**	**674,720**	**-32,610**	**-5%**
Indiana	**62,700**	**64,000**	**1,300**	**2%**
Nebraska	20,090	19,760	-330	-2%
South Dakota	8,000	7,610	-390	-5%
Iowa	35,570	35,080	-490	-1%
Kansas	29,260	28,680	-580	-2%
North Dakota	6,890	5,930	-960	-14%
Minnesota	58,200	56,060	-2,140	-4%
Wisconsin	63,090	60,300	-2,790	-4%
Missouri	62,120	59,070	-3,050	-5%
Illinois	133,410	128,600	-4,810	-4%
Ohio	120,870	113,290	-7,580	-6%
Michigan	107,140	96,350	-10,790	-10%

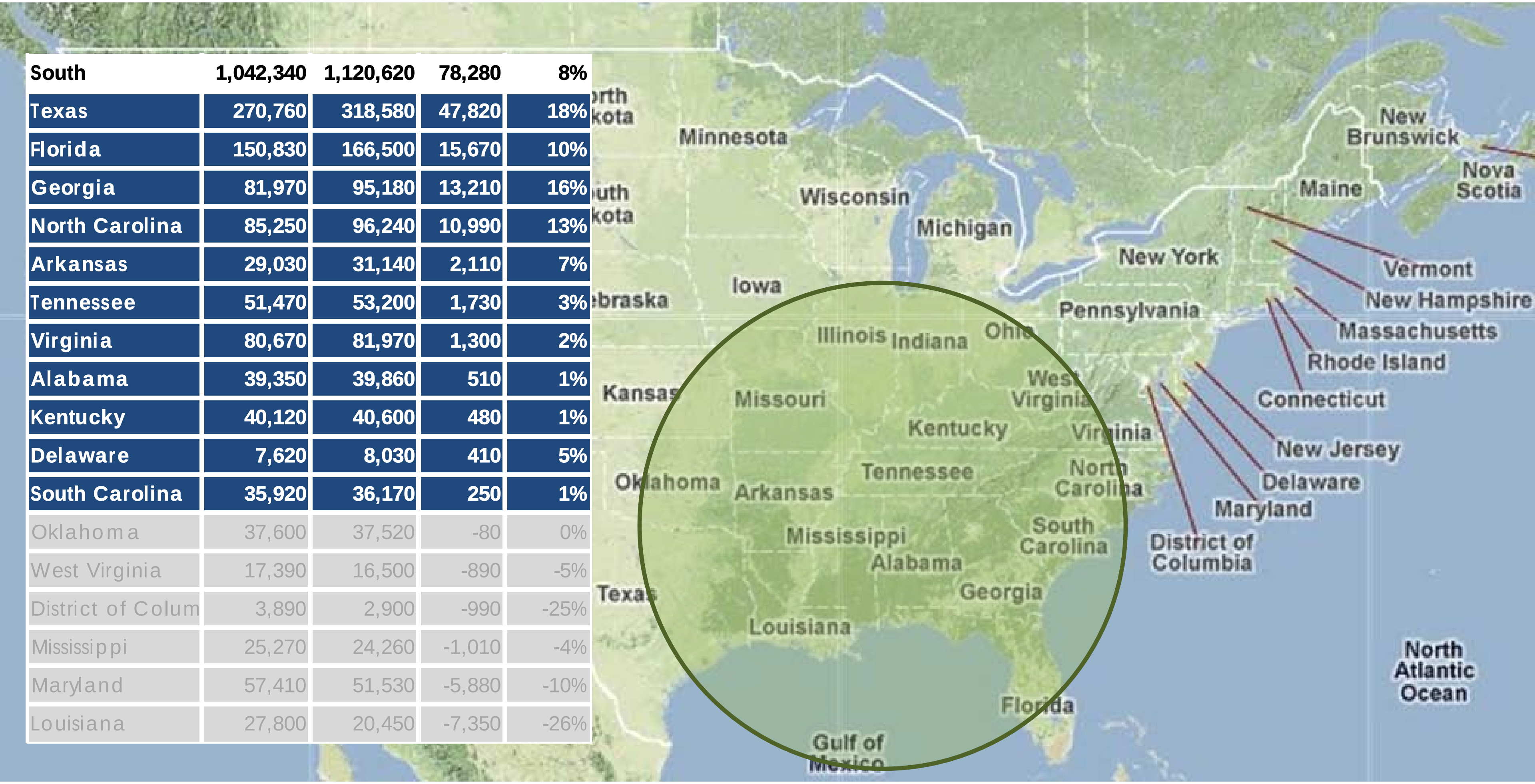


Source: National Center for Education Statistics & Google Maps

STUDENT DEMOGRAPHICS

Total Public High School Graduates Projections (2009-2017)

South	**1,042,340**	**1,120,620**	**78,280**	**8%**
Texas	270,760	318,580	47,820	18%
Florida	150,830	166,500	15,670	10%
Georgia	81,970	95,180	13,210	16%
North Carolina	85,250	96,240	10,990	13%
Arkansas	29,030	31,140	2,110	7%
Tennessee	51,470	53,200	1,730	3%
Virginia	80,670	81,970	1,300	2%
Alabama	39,350	39,860	510	1%
Kentucky	40,120	40,600	480	1%
Delaware	7,620	8,030	410	5%
South Carolina	35,920	36,170	250	1%
Oklahoma	37,600	37,520	-80	0%
West Virginia	17,390	16,500	-890	-5%
District of Colum	3,890	2,900	-990	-25%
Mississippi	25,270	24,260	-1,010	-4%
Maryland	57,410	51,530	-5,880	-10%
Louisiana	27,800	20,450	-7,350	-26%



Source: National Center for Education Statistics & Google Maps

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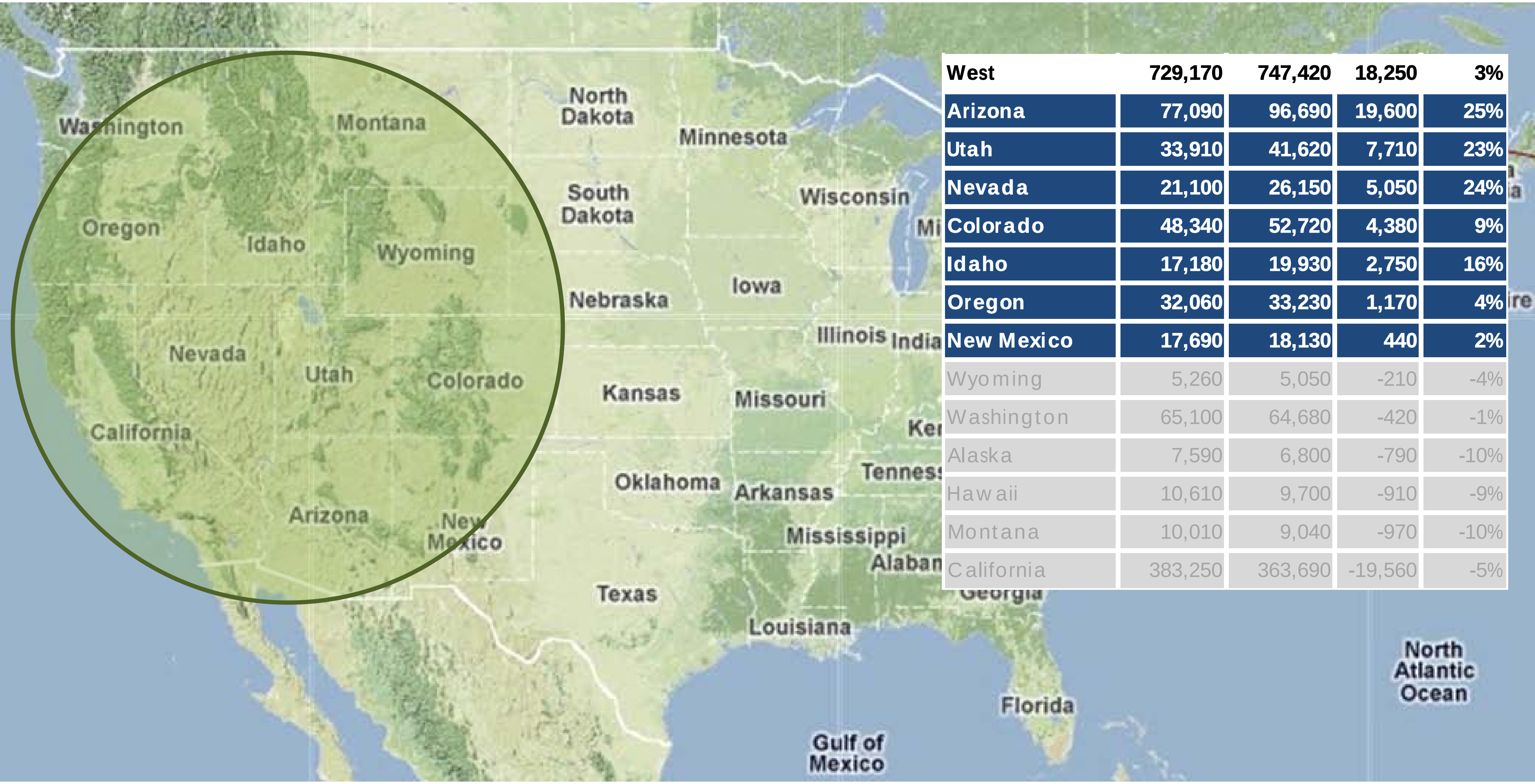

West	729,170	747,420	18,250	3%
Arizona	77,090	96,690	19,600	25%
Utah	33,910	41,620	7,710	23%
Nevada	21,100	26,150	5,050	24%
Colorado	48,340	52,720	4,380	9%
Idaho	17,180	19,930	2,750	16%
Oregon	32,060	33,230	1,170	4%
New Mexico	17,690	18,130	440	2%
Wyoming	5,260	5,050	-210	-4%
Washington	65,100	64,680	-420	-1%
Alaska	7,590	6,800	-790	-10%
Hawaii	10,610	9,700	-910	-9%
Montana	10,010	9,040	-970	-10%
California	383,250	363,690	-19,560	-5%

Source: National Center for Education Statistics & Google Maps

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What is Sustaining the Escalation?

- Graduate & 1st Professional (Add'l 400K students)
- Growth from International Students
  - 3M students worldwide in 2006 (21% in US)
  - 8M students worldwide by 2025
- Students Enrolling Longer
- Larger Percent of High School Graduates are Enrolling

Source: National Center for Education Statistics
Institute of International Education

What can Sustain the Escalation?

- President Obama's Education Plan
  - US higher education #1 in world graduation rate by 2020
    - Increase current ratio of 18:100 (top 4 ratio 26:100)
  - Pell Grant increase to $5,350
  - Tax Credits of $2,500 for 4-year college tuition
  - Perkins Loan to reach 2.7M add'l students
- Growth in Veteran Military Participation
  - Nearly 350K took the GI Bill in 2007 (23% of military population)

Source: US Department of Education
National Report Card on Education 2008
Inside Higher Ed, "Anticipating Impact of New GI Bill"

What is Sustaining the Escalation?

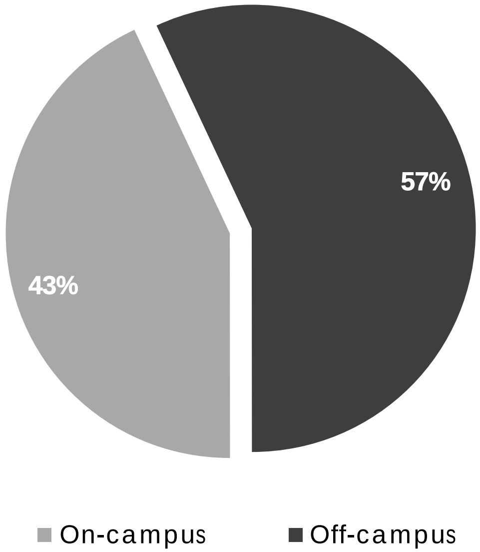
- US College-aged Enrollment (18-24)
  - **1.5% annual growth** through 2012 to 19M people
- US College-aged Population (18-24)
  - **1% annual growth** through 2012 to 52M people

Source: Marcus & Millichap, "Special Research Report – First Half 2009"

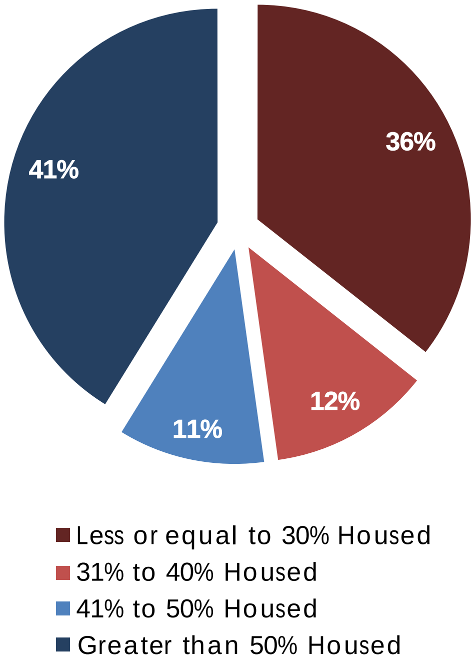
MARKET ASSESSMENT

Demand Drivers

Percentage of Undergraduates Living On- and Off-campus



Breakdown of Institutitions Based on Percent of Undergraduates Housed



Source: Common Data Set 2006
Data indicated 3.8M undergraduate students
Data compiled from 1,044 of 3,814 undergraduate institutions
Calculated on institutions that indicated all of the following:

1. Total Undergraduate Enrollment
2. Percent of Undergraduates Housed On Campus
3. Institutions Operating in the US

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Demand Drivers

- Decentralized/Fragmented Market
  - Over 85% of off-campus student housing operated by local, small landlords
  - Converted single-family homes
  - Safety/security issues

MARKET ASSESSMENT

Understanding Your Market

- Discovery of Unique/Underserved Population(s)
- Delivery of a Market Responsive Product(s)
- Risk Mitigation Solution(s)

MARKET ASSESSMENT

Student Adverse

- Discourages Students
- Requires Credit Check
- 12-Month Leases
- Few Student Amenities:
  - General market focused

Student Friendly

- Welcomes Students
- Many Student Residents
- Some Student Amenities:
  - Fitness Center / Pool
  - Some Flexible Lease
  - Parental Lease Guarantee
  - Some Furnished Units

Student Focused

- Built for Students
- Resided by Students
- Student Amenities:
  - Individual Lease
  - Academic Term
  - Fully-furnished
  - Community Space
  - Walk to Campus
  - Roommate Matching

Market Saturation

Low Saturation → Mid Saturation → High Saturation

- Size & Expanse of Rental Market
- Barriers to Entry
- Level of Housing Diversity
- Number of Comparable Product(s)

Housing Rate Analysis

Low Rate → Mid Rate → High Rate

- Identify the Price Setter
- Rate Correlation with Rooms & Amenities
- Rate Tolerance

On-campus Housing Presence

Low Presence → Mid Presence → High Presence

- Level of Enrollment Growth
- Percent of Students Housed
- Aggressiveness/Mindset of Institution
- On-campus Housing Diversity

MARKET ASSESSMENT

On-line Student Survey

- Obtain Qualitative and Quantitative Data
- Crosstab/Filtered Analysis
- Benchmark National to Project Specific Results

How many bedrooms are there in the unit where you currently live? SELECT ONE

Graph

	Housing 2008-2009
One room / studio	3.50%
One bedroom	11.31%
Two bedrooms	25.89%
Three bedrooms	27.28%
Four or more bedrooms	32.02%
Total Respondents	11872

Unit Diversity

What is your *personal* share of monthly rent / housing costs, *excluding utilities*? SELECT ONE

Graph

	Housing 2008-2009
Less than $100	7.39%
$100 - $199	5.04%
$200 - $299	19.95%
$300 - $399	18.83%
$400 - $499	11.19%
$500 - $599	10.01%
$600 - $699	7.23%
$700 - $799	3.21%
$800 - $899	1.69%
$900 - $999	1.17%
$1,000 - $1,099	1.01%
$1,100 - $1,199	0.64%
$1,200 - $1,299	0.46%
$1,300 or more	0.57%
Don't know	7.34%
Total Respondents	5453

Project Differentiation

Student Focus Groups

- Target Perception(s)/Need(s)
- Discover Sensitivities and Unconsidered Issues
- Isolate Student Subpopulations

MARKET ASSESSMENT

Intercept Interviews

- Random Selection
- Collect Data from the “Average Student”
- Interactive Data Collection with **iPhone** App

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MARKET TRENDS

Market Shifts

- Slight Movement Away From Luxury
  - Less non-revenue generating amenities
  - Some providing double-occupancy units
  - Sustainability focus
- Integrated Housing
  - Undergraduates & Graduates
  - Students & Workforce
- Mixed-use Development

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MARKET TRENDS

New Residence Halls

	2005 Sample Size: 37	2009 Sample Size: 50	Variance
Laundry	100%	98%	-2%
Vending	97%	82%	-15%
Rooms Air Conditioned	95%	86%	-9%
Study Room	89%	76%	-13%
TV Room	87%	78%	-9%
Card Access to Building	78%	96%	18%
Kitchen	76%	82%	6%
Rooms Carpeted	68%	66%	-2%
Computer Center	49%	20%	-29%
Video Surveillance	43%	55%	12%
Classrooms	32%	38%	6%
ATM	22%	18%	-4%
Fitness Center	16%	32%	16%
Card Access to Room	11%	52%	41%
Dining Hall	5%	20%	15%

Note: Internal & External Video Surveillance are combined

Source: College Planning & Management

Community Colleges

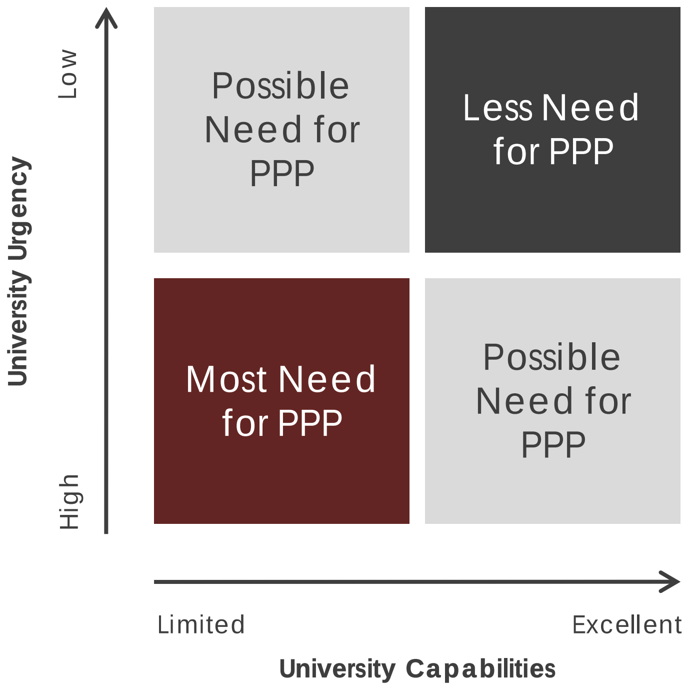
- 550K Add'l Students from 2009 to 2017
  - 220K represented by full-time students
- Increasing Enrollment of Traditionally Aged Students
  - Seek similar accommodations as four-year alternatives
- Over 300 Campuses Offer On-campus Housing

Source: American Association of Community Colleges
National Center for Education Statistics

OPPORTUNITIES

Public/Private Partnerships

- Institutions with Obsolete Housing Stock
  - Entire system revitalization
  - Housing portfolio expansion
  - Monetization of housing stock



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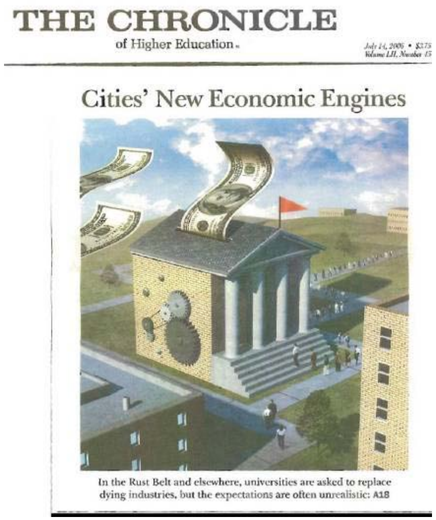
Public/Public/Private Partnerships

- Institution/Community/Developer Partnerships
  - Institutions asked to do more to support community
  - Economic vitality and incubate new businesses
  - College Towns have some of lowest unemployment rates
  - Off-campus bookstores make for strong anchors


THE CHRONICLE
of Higher Education

Cities' New Economic Engines

In the Rust Belt and elsewhere, universities are asked to replace dying industries, but the expectations are often unrealistic: A18

Workforce Housing

- Markets with High Cost of Living
  - Above average housing expense
  - Typically metropolitan or suburban regions
- George Mason University
  - Fairfax, Virginia
  - 157 units / 331 beds
  - $23M project cost
  - Public/Private Venture

Source: B&D and George Mason University

DISCUSSION

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