

Privatization of Student Housing



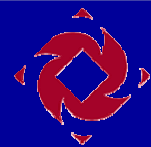
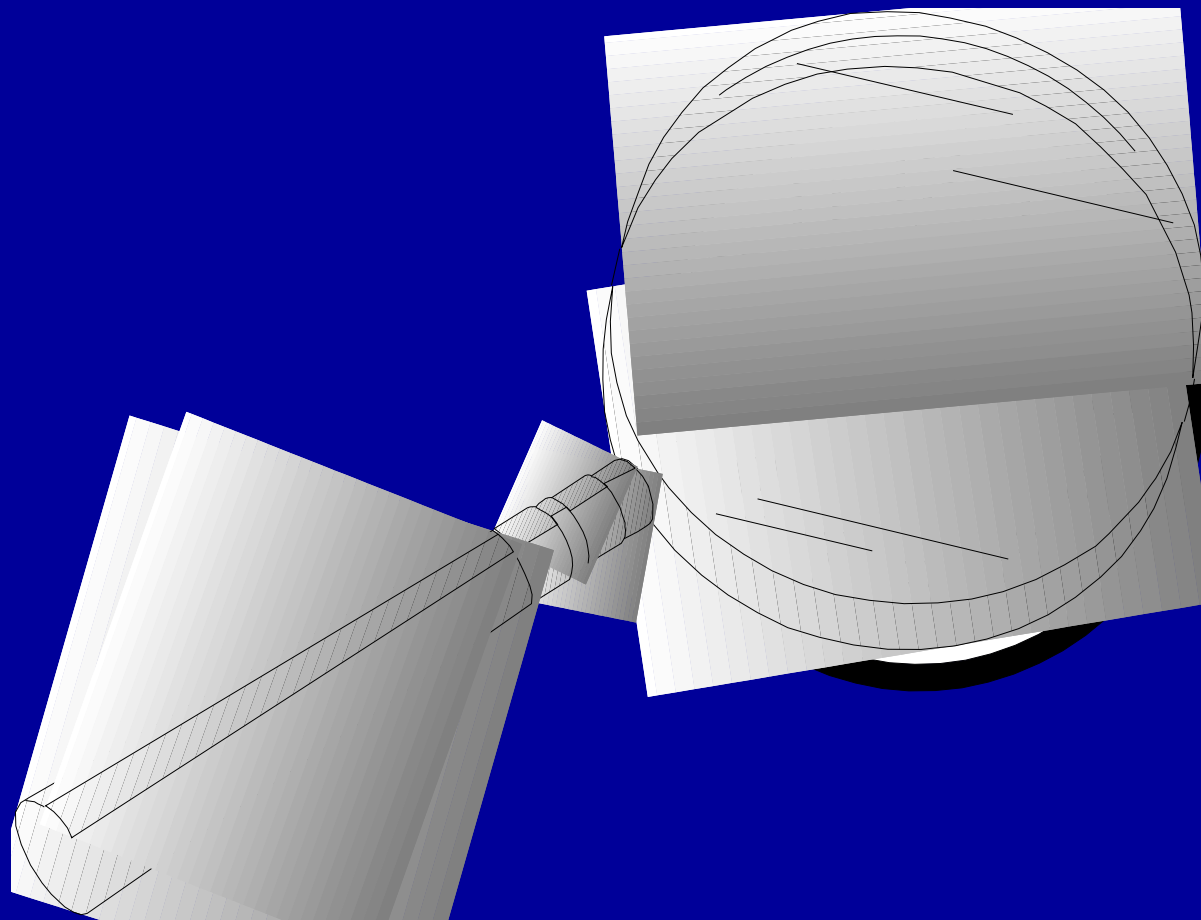
Student Housing:
2000 & Beyond

Presentation Outline

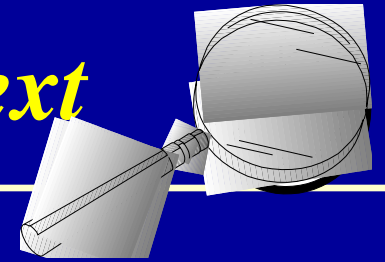
- Historical Overview & Campus Context
- Current Development Challenges
- Summary of Key Points



Historical Overview & Campus Context



Historical Overview & Campus Context

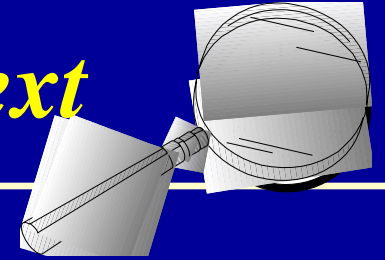


Segment Outline

- Eras of Campus Development
- Cause & Effect Relationships
- Market Shifts & Common Responses



Historical Overview & Campus Context

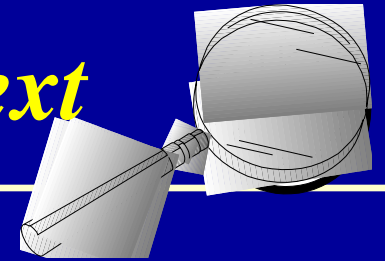


Eras of Campus Development

- Post World War I Period
- Post World War II
- The Modern Period
- The Contemporary Period



Historical Overview & Campus Context



Eras of Campus Development - *Post WWI Period*

1636 – Civil War

English Education System

- Educate Total Student
- Residential Colleges

- Students Viewed as Kids
- Supervision Required

- Students' Travel Distance
- Private Housing Supply

Inadequate

Civil War – Early 1900's

German Education System

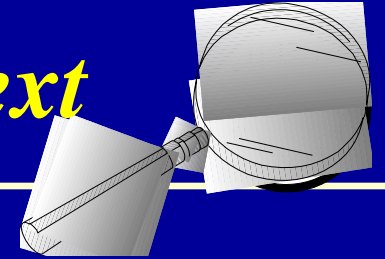
- Instruction & Research
- Private Living Arrangements

- Students Are Adults
- Supervision Not Possible

- Not Mission Essential
- Waste of Valuable Resources



Historical Overview & Campus Context



Eras of Campus Development - *Post WWI Period*

Market Context

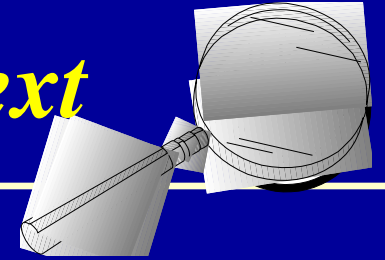
- ▬ **States & Federal Government Gets Involved**
- ▬ **Students are Cultural Elite**
- ▬ **Mostly Males**
- ▬ **Campus Populations are Small**

Facility Characteristics

- ▬ **English System Used as a Model**
- ▬ **Small Dormitory Buildings**
- ▬ **Traditional Campus Form & Image**



Historical Overview & Campus Context



Building Evolution - Post WWII Era

Market Context

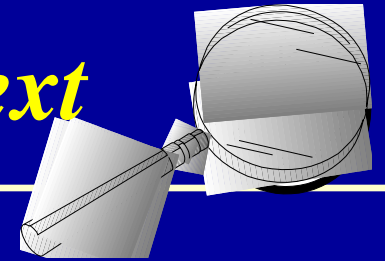
- ▬ **GI Bill Rapidly Expands Enrollments**
- ▬ **Land Grant Schools Grow Most**
- ▬ **Student Expectations are Limited**
- ▬ **Married Student & Family Housing Needs**

Facility Characteristics

- ▬ **Construction Geared to Rapid Construction**
- ▬ **Gang Baths & Double Occupancy Rooms are Standard**
- ▬ **Architectural Quality is Secondary Priority**
- ▬ **Military Surplus Housing Given to Schools**



Historical Overview & Campus Context



Building Evolution – *Modern Era*

Market Context

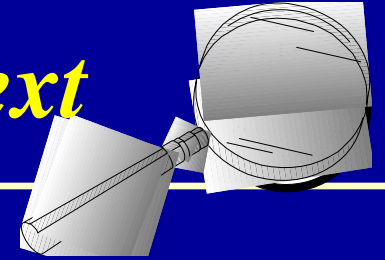
- ▬ **Baby Boom Explodes**
- ▬ **College Attendance Rates Top 30%**
- ▬ **Schools' Parental Role Expected**
- ▬ **Educational Outcomes Sought**

Facility Characteristics

- ▬ **Large Scale High Rise Dorms Become Common**
- ▬ **Double Rooms & Gang Baths**
- ▬ **Architectural Ambition is Limited**
- ▬ **Construction => Built to Last**



Historical Overview & Campus Context



Building Evolution – Contemporary Era

Market Context

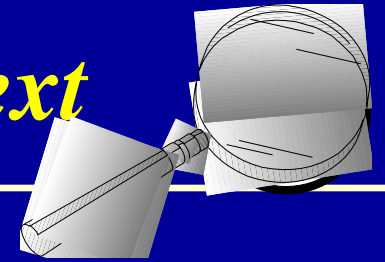
- ▬ **45% of H.S. Graduates Attend College => Capacity Issues**
- ▬ **Students Used to Single Rooms**
- ▬ **Consumer Mentality Prevalent**
- ▬ **Off-campus Competition Growing**

Facility Characteristics

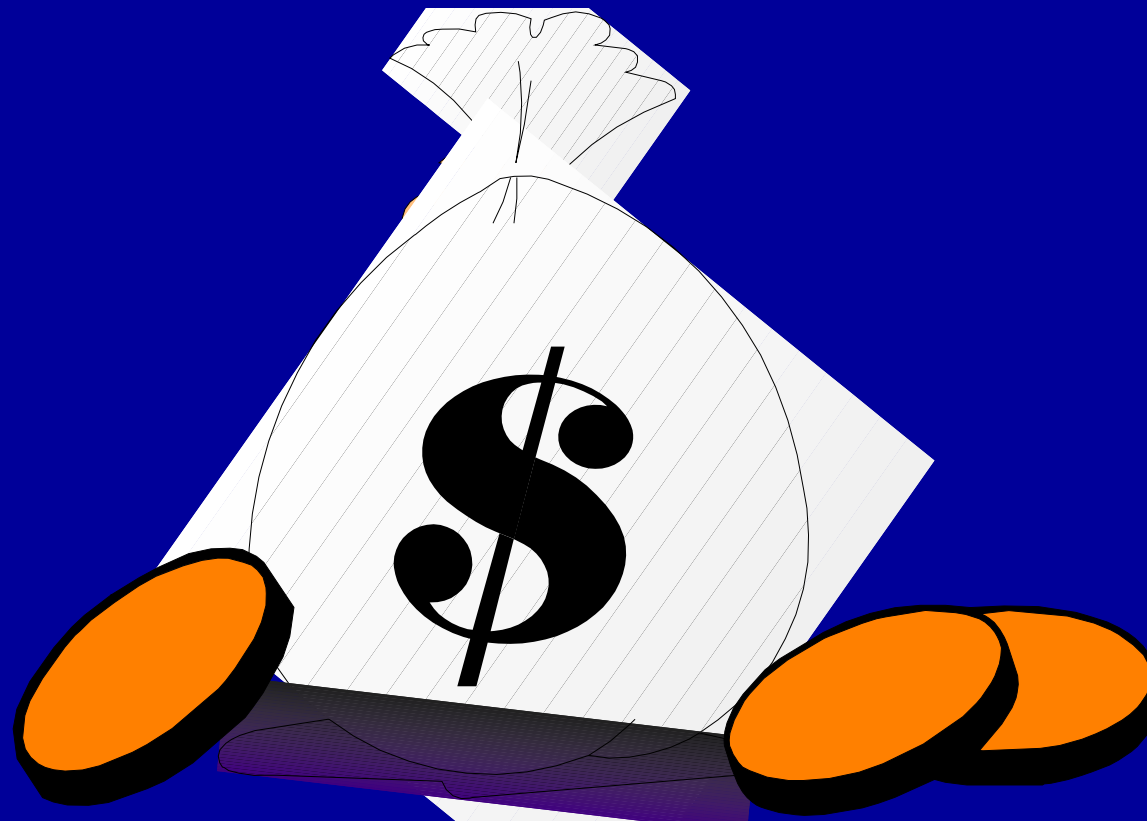
- ▬ **Smaller Scale Intended to Foster Community**
- ▬ **Many Residence Halls Have Themes**
- ▬ **Suites & Apartments Compete With Off-campus Options**
- ▬ **Private Partners Become Common**



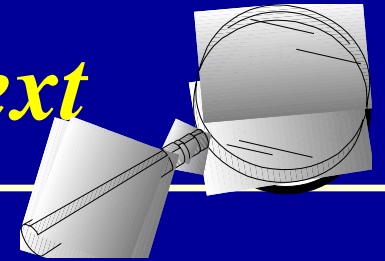
Historical Overview & Campus Context



Cause & Effect Relationships

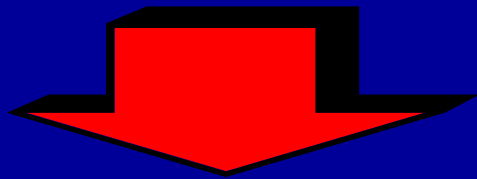


Historical Overview & Campus Context

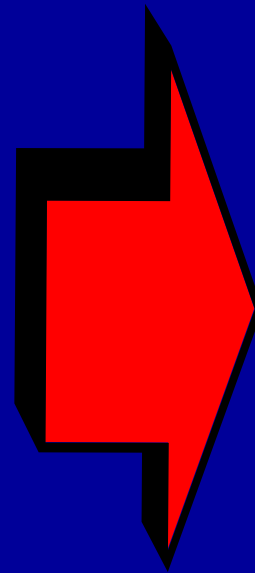


Cause / Effect Relationships: Contemporary Era

Shortage of Students /
Shortage of Funds



Quality of Life Focus /
Self-Supporting Projects

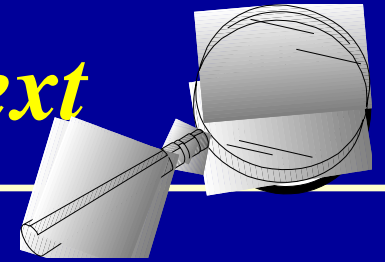


Empowered
Customers
(Buyer's Market)







Market Driven
Forces



Historical Overview & Campus Context

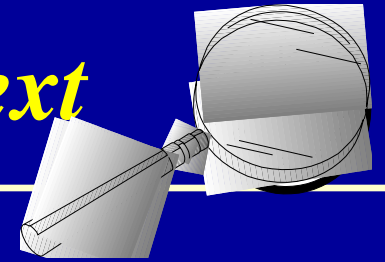


Market Shifts & Common Responses

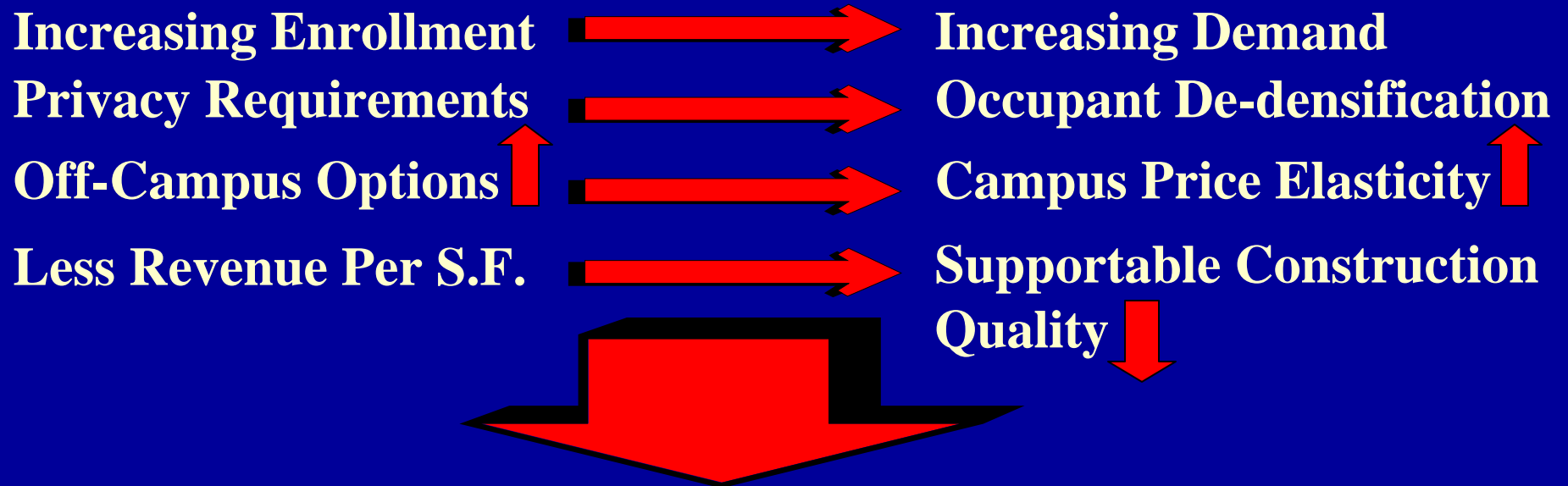
Kids Share Bedrooms		Kids Have Single Rooms
School as Parent		Freedom & Privacy
Limited Options		Many Off-campus Options
Limited Possessions		Clothes, T.V.'s, Stereos, etc.
No Air-conditioning		Air-conditioning Essential
Technology a Fantasy		Technology a Reality



Historical Overview & Campus Context



Market Shifts & Common Responses



Most Challenging Campus Housing Development Era Ever

- Assess Housing Missions, Objectives & Policies
- Increase Institutional Risk & Funding To Yield Targeted Outcomes
- Investigate Alternative Delivery Strategies & Ownership Structures





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“The Future is not a result of choices among alternative paths offered by the present, but rather a place that is created - created first in mind and will, created next in activity. The future is not some place we are going to, but one we are creating.”

*- John Schaar
Futurist*



Current Development Challenges



Current Development Challenges



Segment Outline

- Master Planning Issues
- Institutional Risk & Funding Strategies
- Alternative Delivery Strategies & Ownership Options



University Strategic Objectives



Current Development Challenges



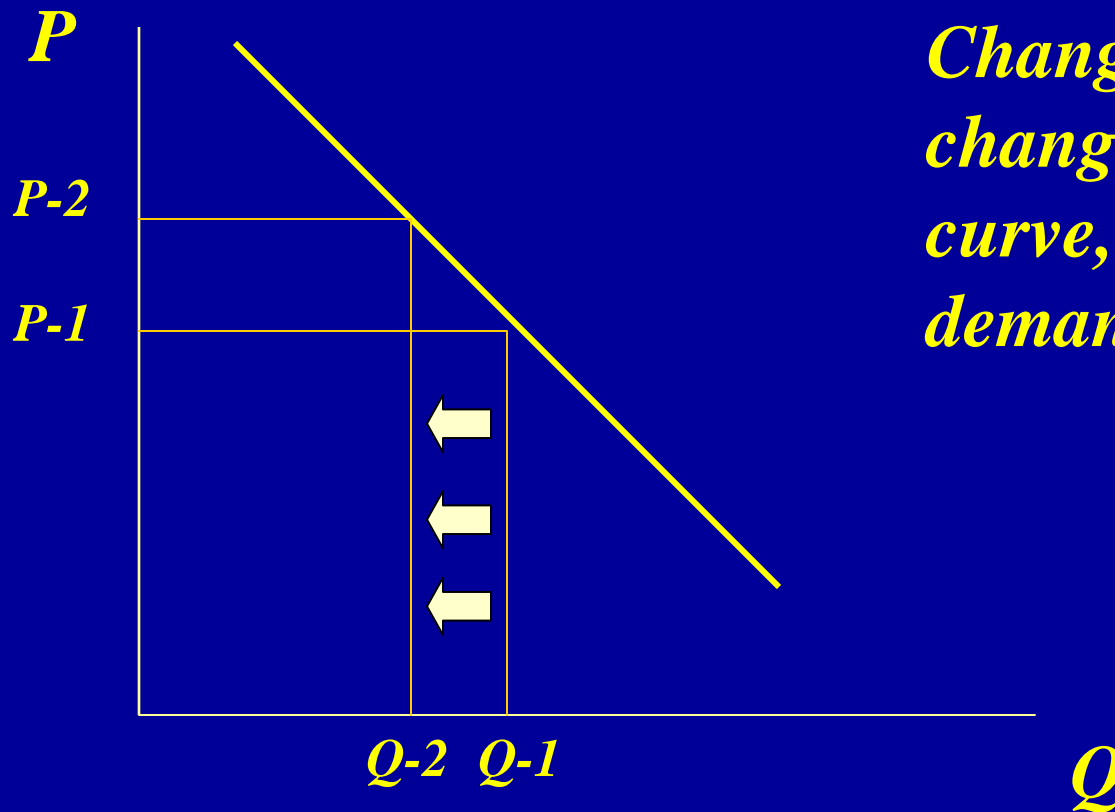
Housing's Mission, Objectives & Policies

- Mission
 - Target Audiences
 - Targeted Outcomes
- Objectives
 - Expanded Market Radius
 - Market Differentiation
- Policies
 - Residency Requirements
 - Pricing and Access
 - Construction Standards



Current Development Challenges

About Market Demand

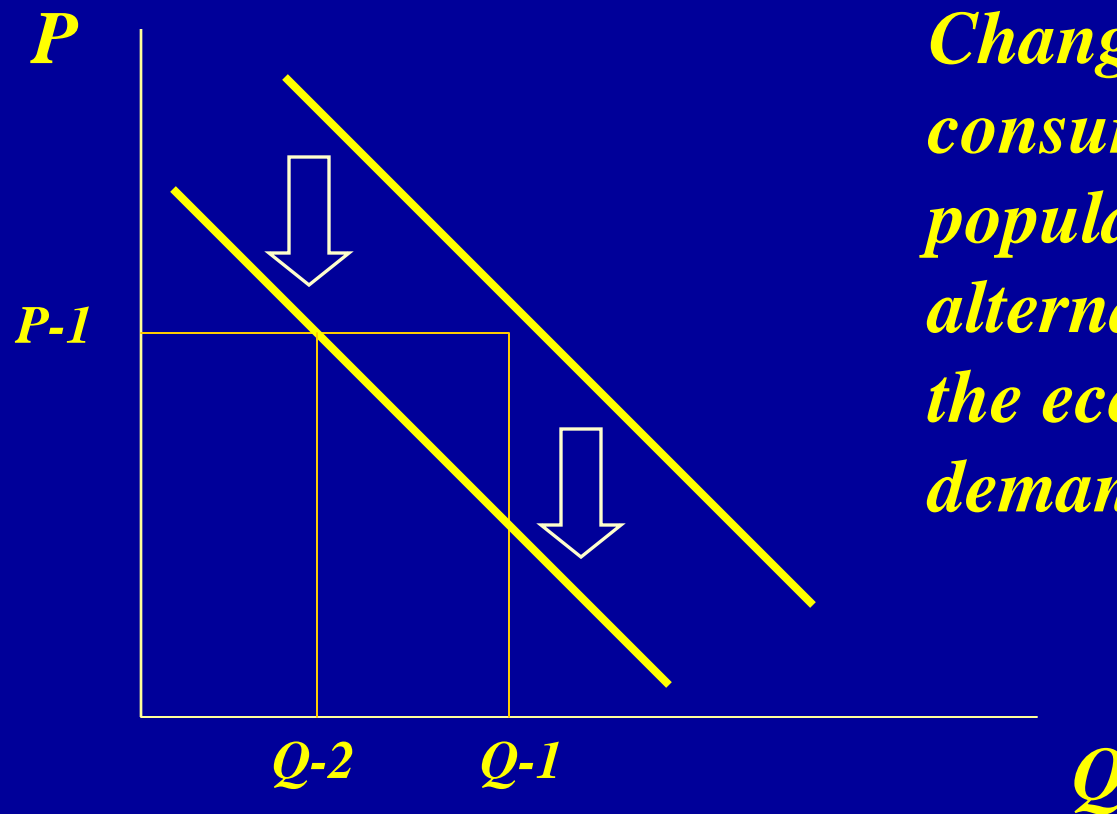


Changes in price do not change the demand curve, only the quantity demanded.



Current Development Challenges

About Market Demand



Changes in population, consumer tastes, popular culture, alternative products and the economy shift demand.



Current Development Challenges

Market Analysis Techniques / Tools

1. Demographic Analysis
2. Focus Group Interviews
3. Intercept Interviews
4. Off-Campus Market Analysis
5. Competitive Context Analysis
6. Economic Trend Analysis
7. Student Survey



Current Development Challenges

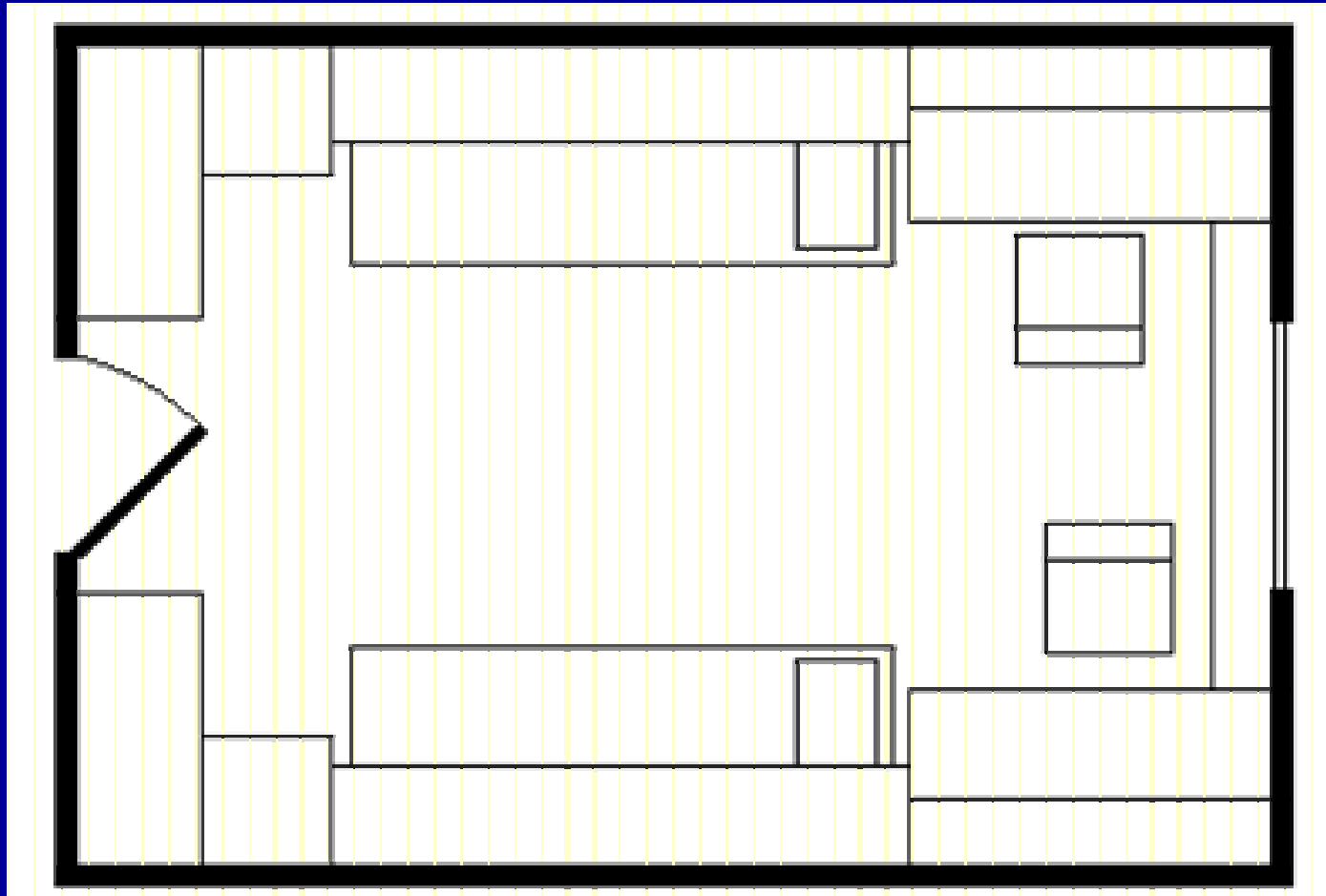


What's the Problem?

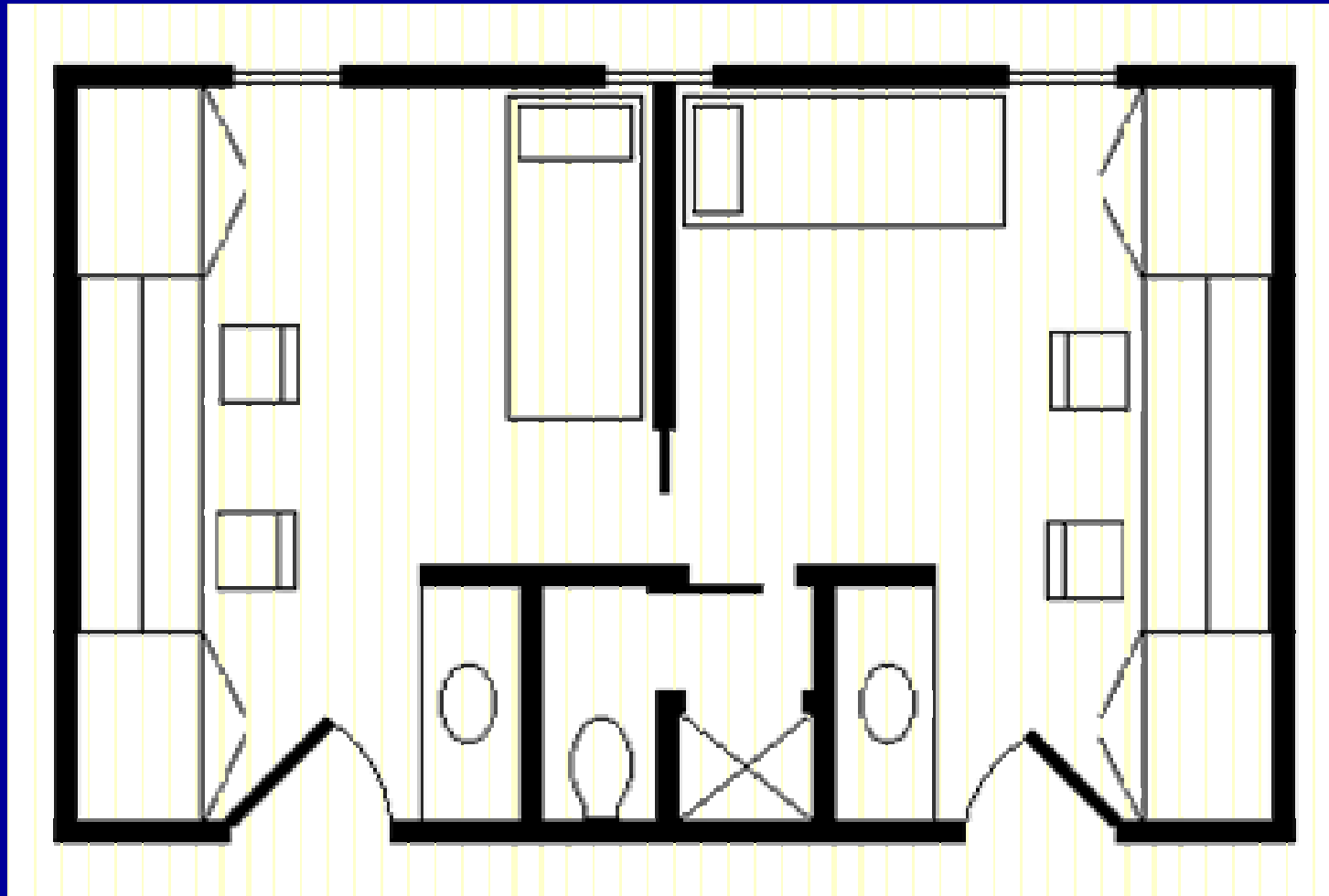
Students	Dormitories	Suites	Apartments	Total
Freshmen				
Sophomores				
Juniors				
Seniors				
Grads / Profs				
Total Demand				
Total Supply				
Differential				



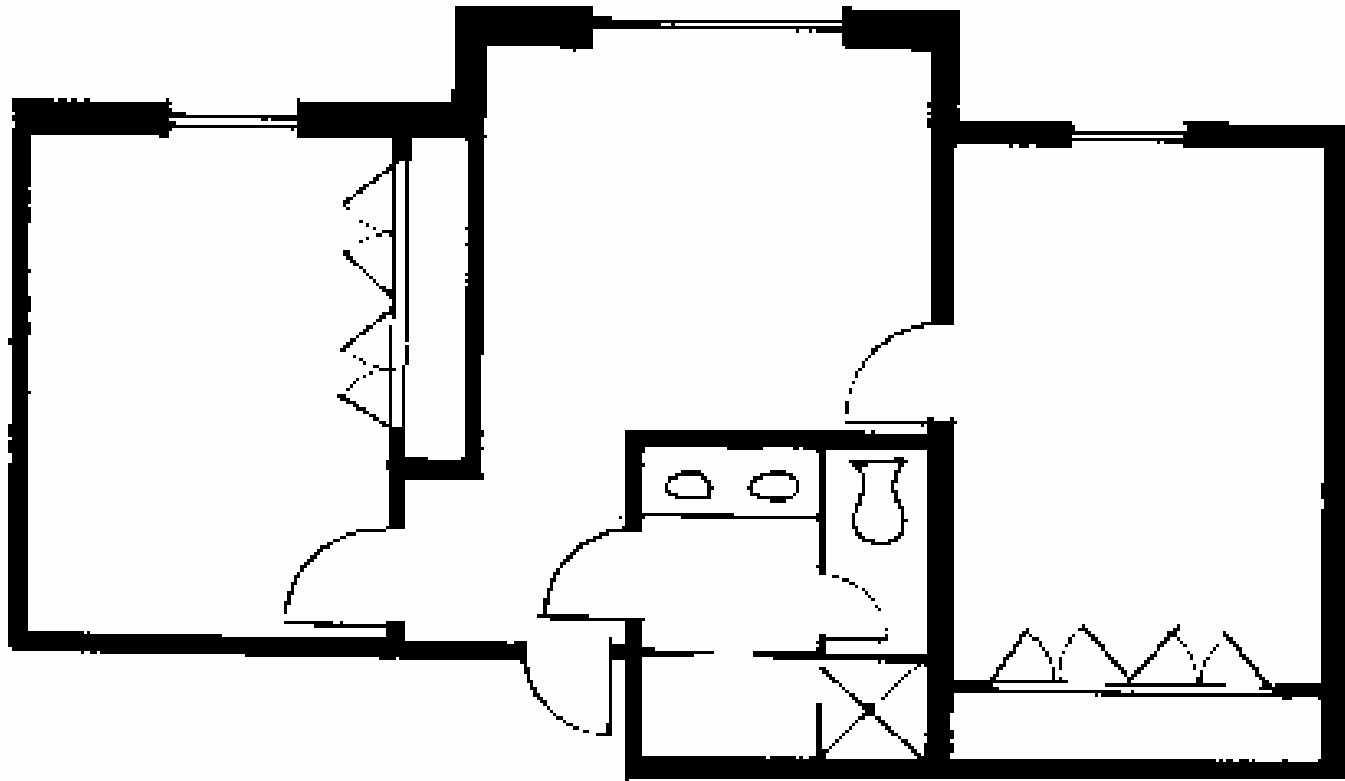
Current Development Challenges



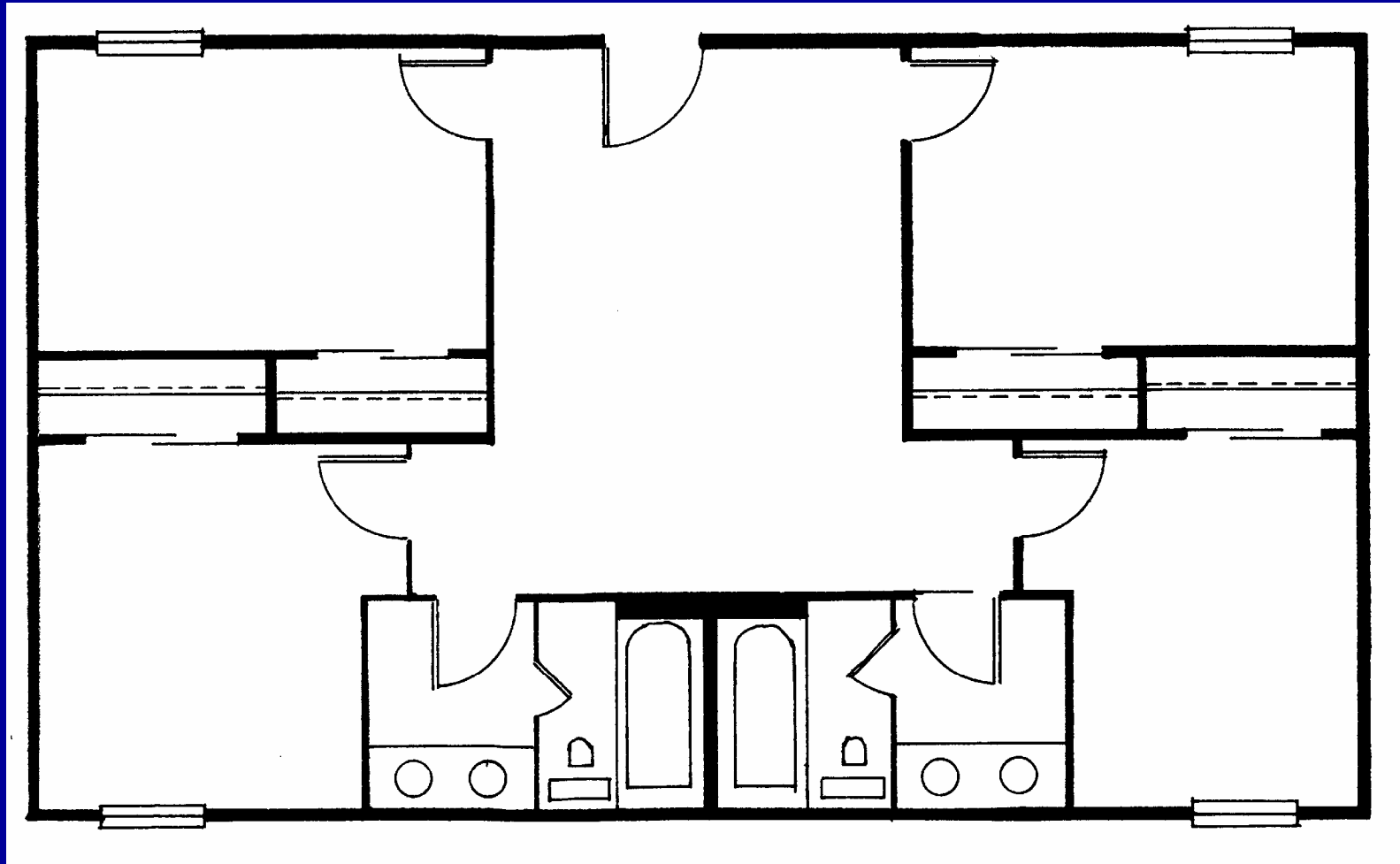
Current Development Challenges



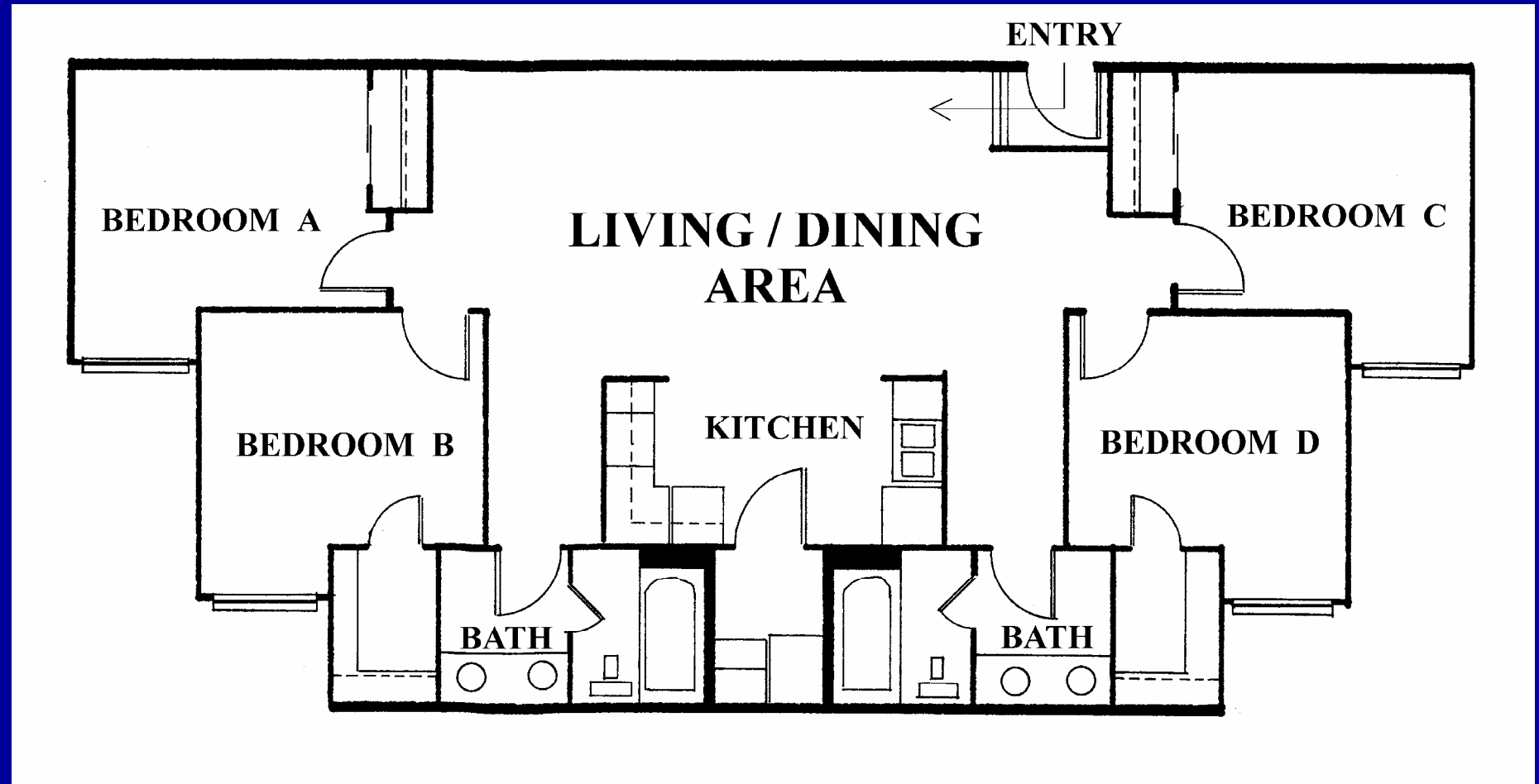
Current Development Challenges



Current Development Challenges



Current Development Challenges

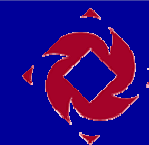


Current Development Challenges



What's the Problem? – A Preliminary Assessment

Students	Dormitories	Suites	Apartments	Total
Freshmen	783	553	209	1,545
Sophomores	356	636	353	1,345
Juniors	165	349	478	999
Seniors	155	138	588	881
Grads / Profs	257	71	1,295	1,623
Total Demand	1,716	1,747	2,923	6,386
Total Supply	4,936	314	1,424	6,674
Differential	3,220	(1,433)	(1,499)	288



Current Development Challenges

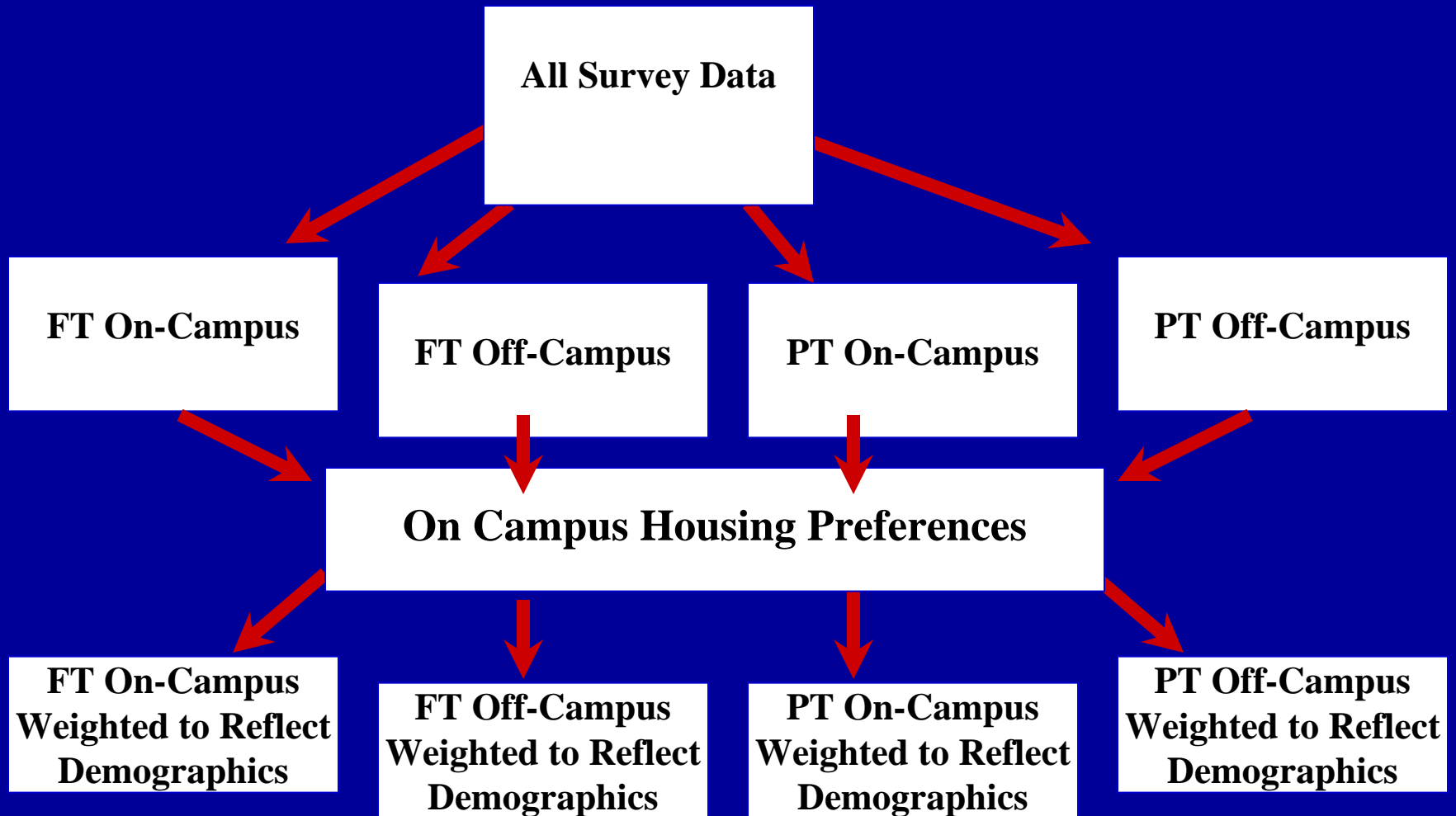


What's the Problem? – A Preliminary Assessment

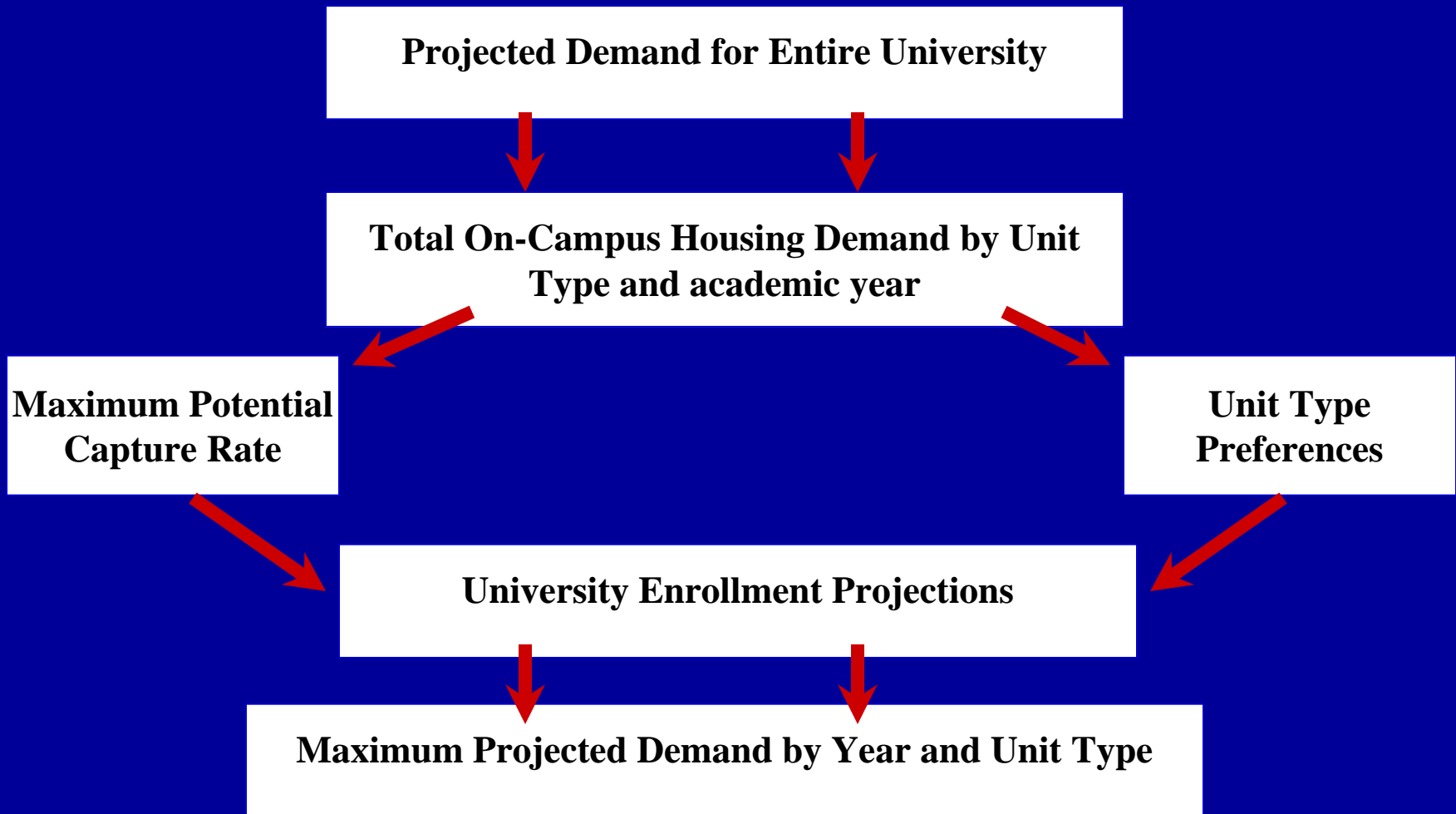
Students	Dormitories	Suites	Apartments	Total
Freshmen	1,066	752	262	2,090
Sophomores	357	635	358	1,350
Juniors	139	296	410	845
Seniors	185	164	711	1,060
Grads / Profs	262	60	1,188	1,500
Total Demand	2,009	1,907	2,929	6,845
Total Supply	965	2,900	920	4,785
Differential	(1,044)	993	(2,009)	(2,060)



Housing Demand Based Program



Housing Demand Based Program



Current Development Challenges



Current Development Challenges



Institutional Risk & Funding Strategies

- Debt Underwriting
 - Debt Coverage Ratio & Collateral
 - Debt Term & Instrument
- Matching Sources & Uses
 - Residential vs. Academic
 - Residential vs. Campus Infrastructure
- Operating Charges
 - Institutional Overhead Allocations
 - Construction Standards
 - Level of Service



Current Development Challenges



Delivery Strategies & Ownership Structures

- Project Development
 - Skills
 - Capacity
- Ownership
 - Access to Capital
 - Implementation Flexibility
- Management
 - Operations & Maintenance
 - Residential Life



Current Development Challenges



Delivery Strategies & Ownership Structures



Little & Associates Architects

UNLAVEY



Current Development Challenges



Delivery Strategies & Ownership Structures



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Current Development Challenges



Delivery Strategies & Ownership Structures



Current Development Challenges



Delivery Strategies & Ownership Structures



Current Development Challenges



Delivery Strategies & Ownership Structures



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Current Development Challenges



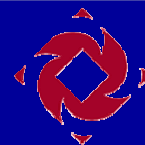
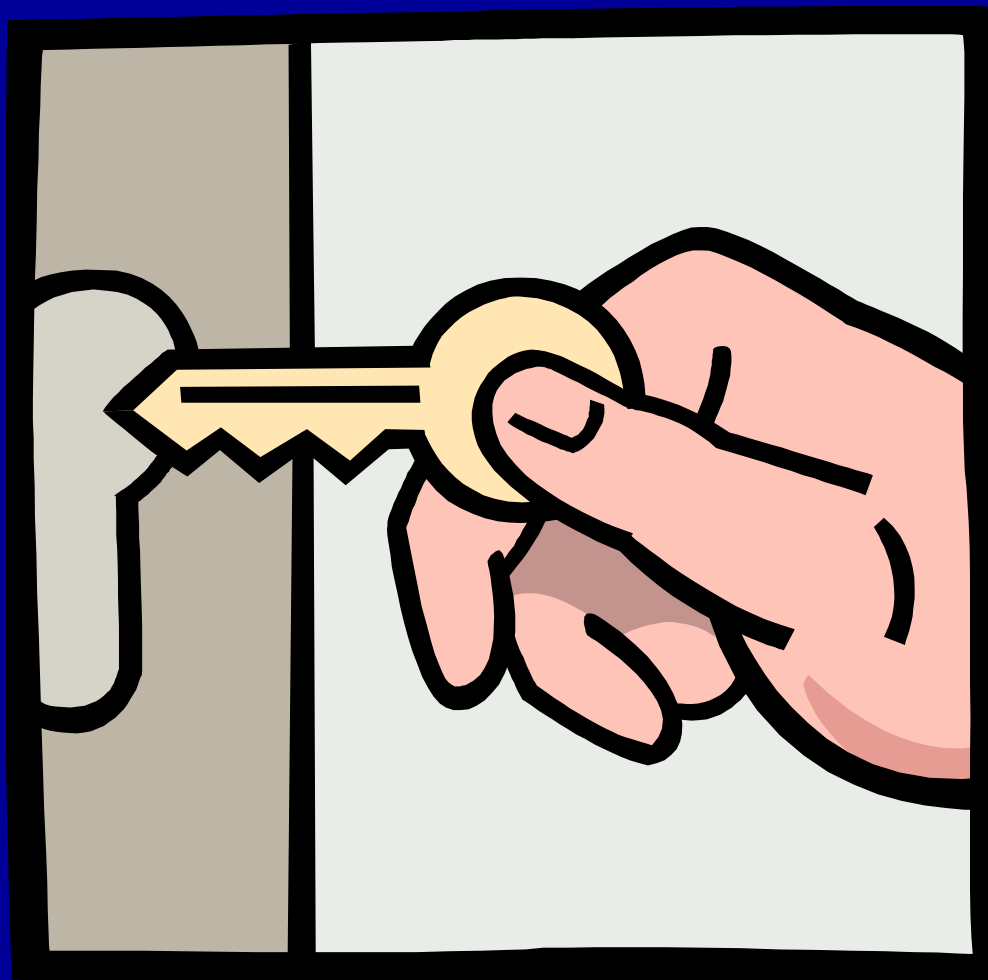
Delivery Strategies & Ownership Structures



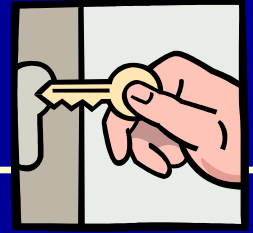
AVEY



Review of Key Points



Review of Key Points



Delivery Strategies & Ownership Structures

- We Are in the Midst of the Most Challenging Student Housing Development Era Ever
- Market Shifts & Current Student Preferences Should Be Considered Permanent
- Market Conditions & Campus Priorities Are Unique So Responses Should be Customized
- Student Housing Developers Are Not All the Same & They Are Prepared to be flexible



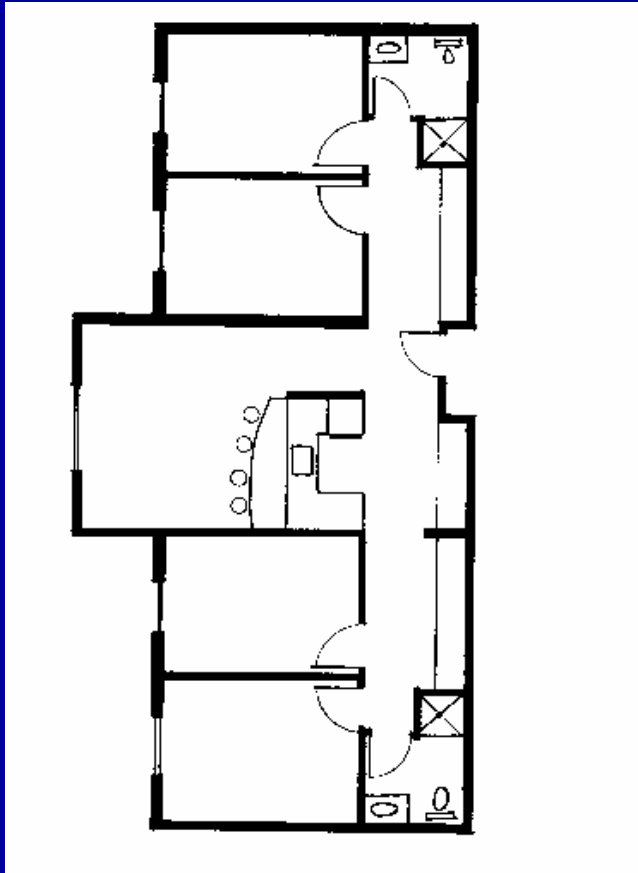
Privatization of Student Housing



Student Housing:
2000 & Beyond

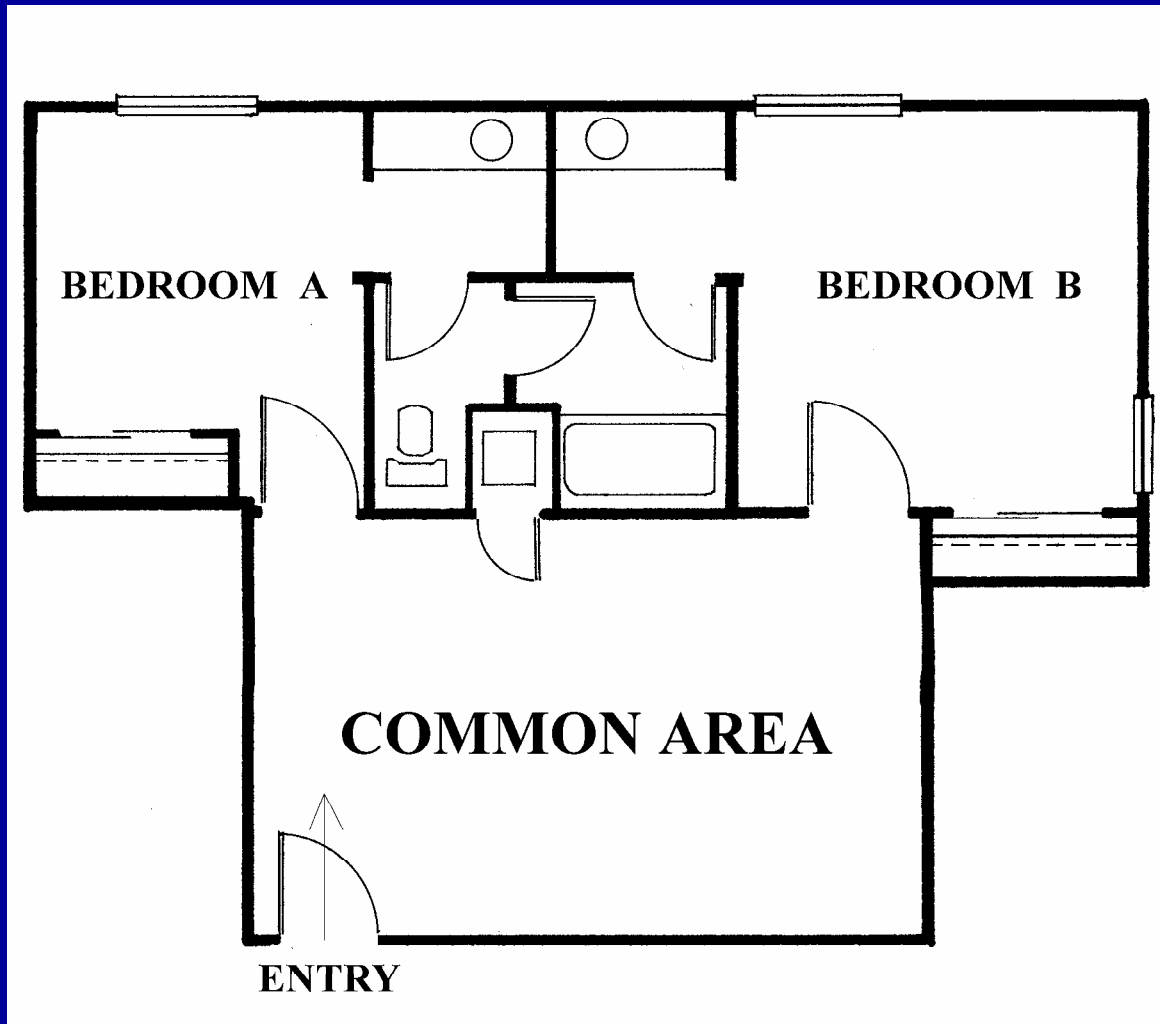
SUITE

4 students / 4 single rooms



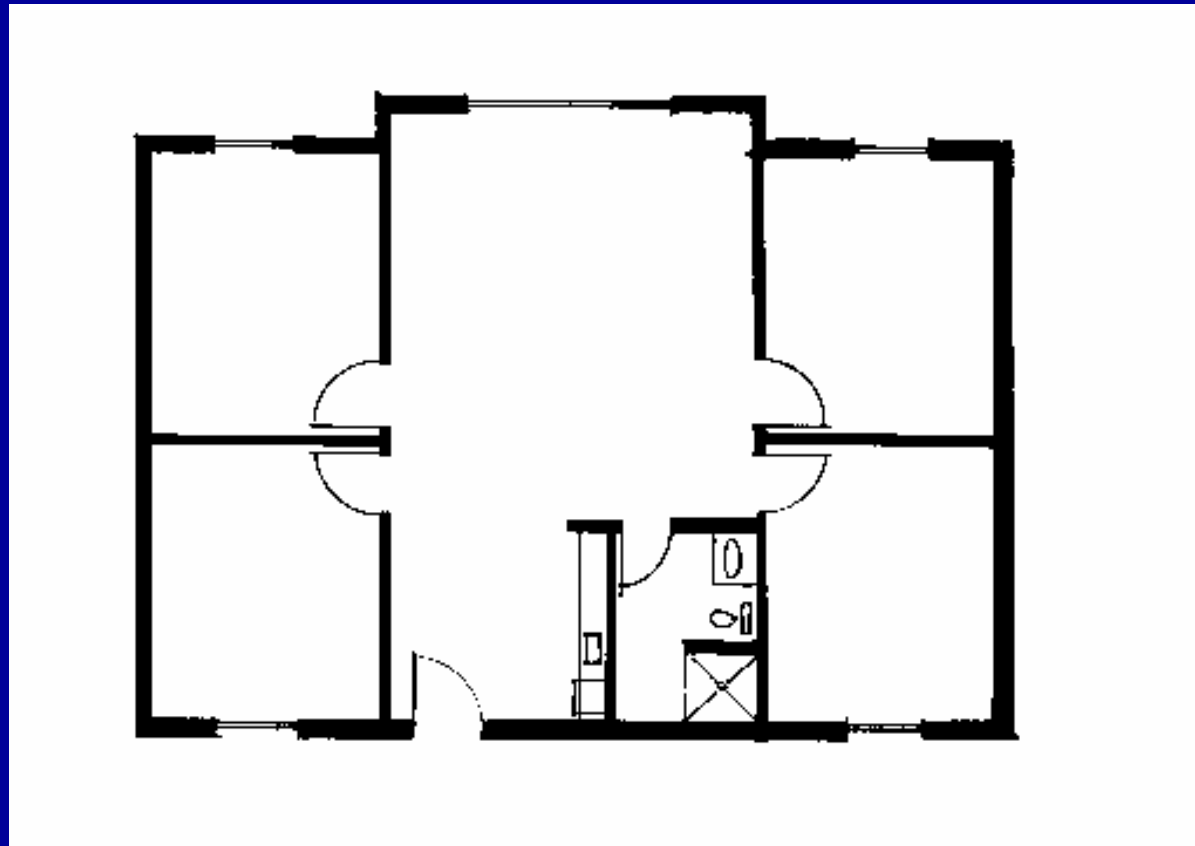
SUITE

2 students / 2 single rooms



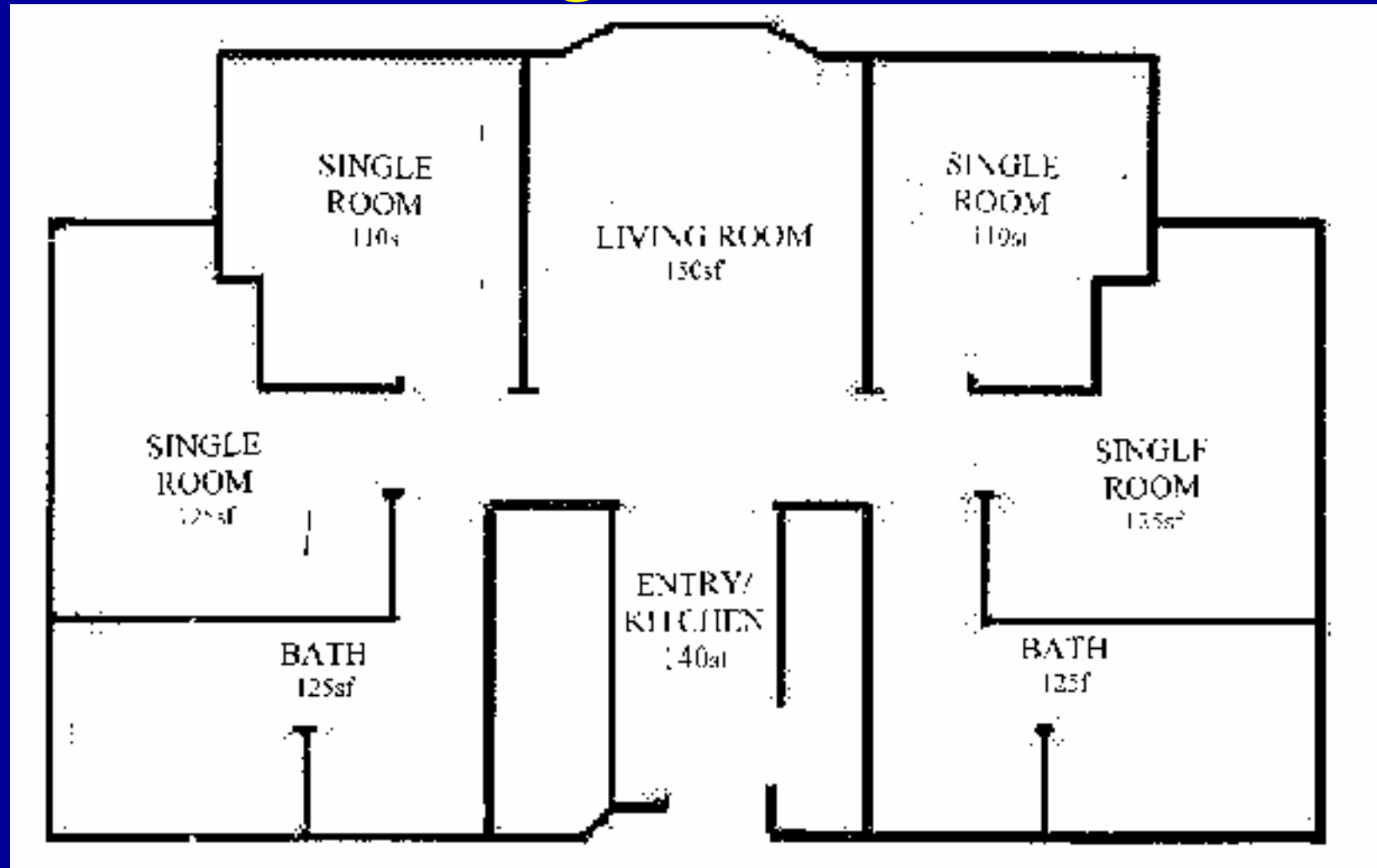
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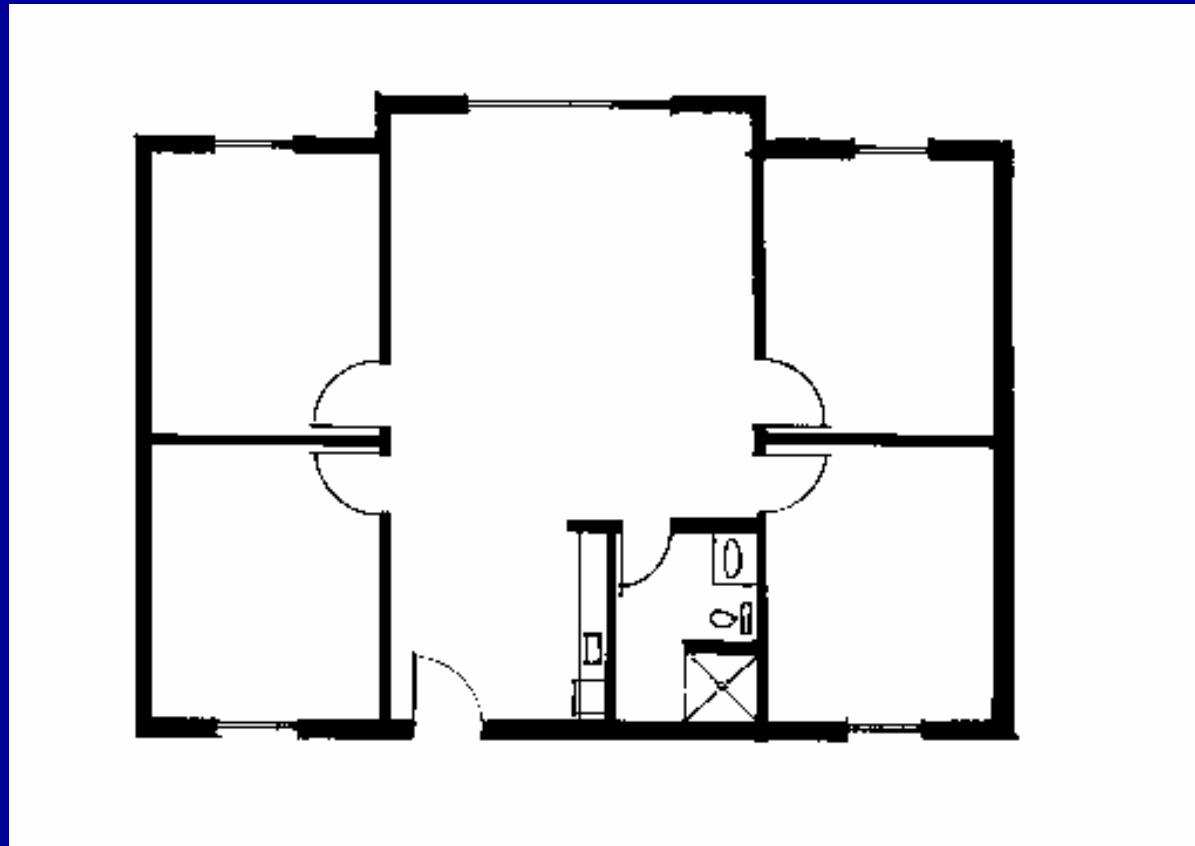
SUITE

4 students / 4 single rooms



SUITE

4 students / 4 single rooms



SUITE

8 students / 2 doubles, 2 singles

