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February 2, 2011

“ABSOLUTELY TERRIFIC”

*Green is in the details for our friends at **Building Maintenance Services**, which recently won the sustainable cleaning services assignment for the **US Green Building Council's HQ** at 2101 L St. NW. More info [here](#), and see the ad at right.*

That's how one panelist at yesterday's **Bisnow Student Housing Summit** at the Grand Hyatt described the market to 310 aficionados who braved the ice to hear how the capital markets are working through a **springtime thaw** for this asset class. (We'll think up some more metaphors for **Part 2** of our event coverage tomorrow.)



Freddie Mac Southeast managing director **Rich Martinez**, with the mic, says student housing is about 3% of Freddie's book—plus it's seen **no defaults** and held up really well during the recession.



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Frank Lutz, who runs production for Fannie Mae out of its Philadelphia office, “loves student housing” but cautions that you have to look closely at fundamentals, like the track record of **operators**, university policy that can affect off-campus housing, and the **specific** location and character of properties (like if you have to cross a bridge to get to them). He says there’s **risk of overbuilding** because the class has been performing really well and so many competitors are entering the market. Asset Plus’ **Jeff Knowles** (his company manages 62 student properties with 37,000 beds, the largest private manager in the nation) says student needs can change dramatically and student housing should not be seen as a **commodity**, but he marvels at how **banks** are suddenly **competing for deals**.



Walker & Dunlop new loan origination chief **Will Baker** says student housing lending nationwide through Fannie and Freddie is 5% to 10% of his firm’s activity and has been one of the **best-performing** asset classes in its portfolio, exhibiting **little distress**.



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Brailsford & Dunlavey CEO **Paul Brailsford** (his firm has worked for over 18 years with 200 colleges) recommends exploring markets with **high barriers to entry**—or risk oversupply—and says to remember that each school has **different** policies and off-campus markets. All the panelists expect **high** transaction volume this year. Will says he's seen properties trade with cap rates as low as 6.25%. Freddie's **Rich Martinez** says when refinancing existing projects, his team compares current **pre-leasing** to the previous year. He also says **life companies** are back in the financing market, making more **aggressive** loans than Fannie or Freddie.



These people got smart about student housing at our summit and had an excuse to **get up early** and **miss the snarled traffic**. See how **helpful** our events can be?

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