

STATE OF THE STUDENT HOUSING MARKET

ANALYSIS OF MARKET FUNDAMENTALS AROUND
THE NATION AND THE NORTHEAST



BRAILSFORD & DUNLAVEY

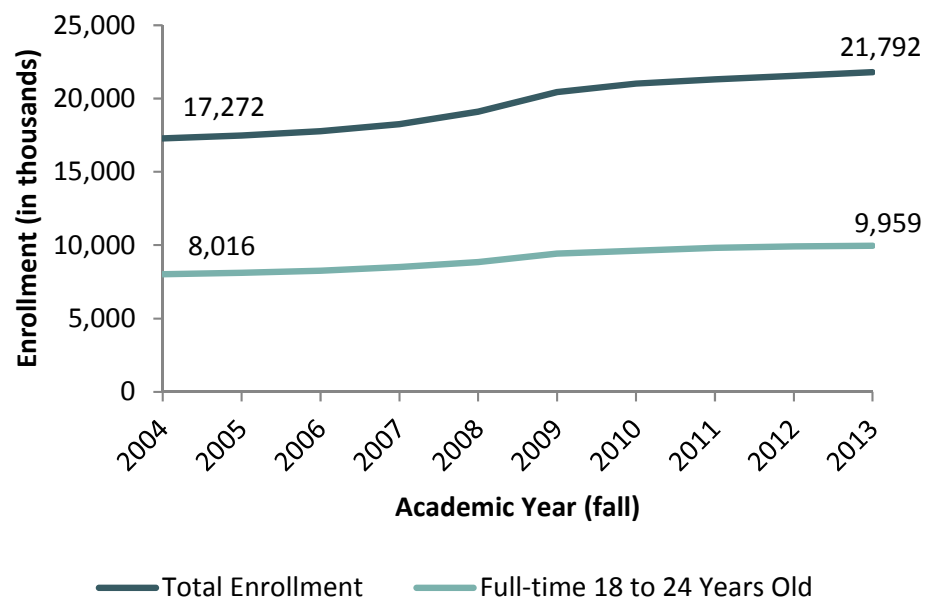
INSPIRE. EMPOWER. ADVANCE.

AGENDA

- ◆ How did we get here?
- ◆ Where are we headed?
- ◆ What are the implications?
- ◆ Discussion

HOW DID WE GET HERE?

◆ Historical Change in Enrollment

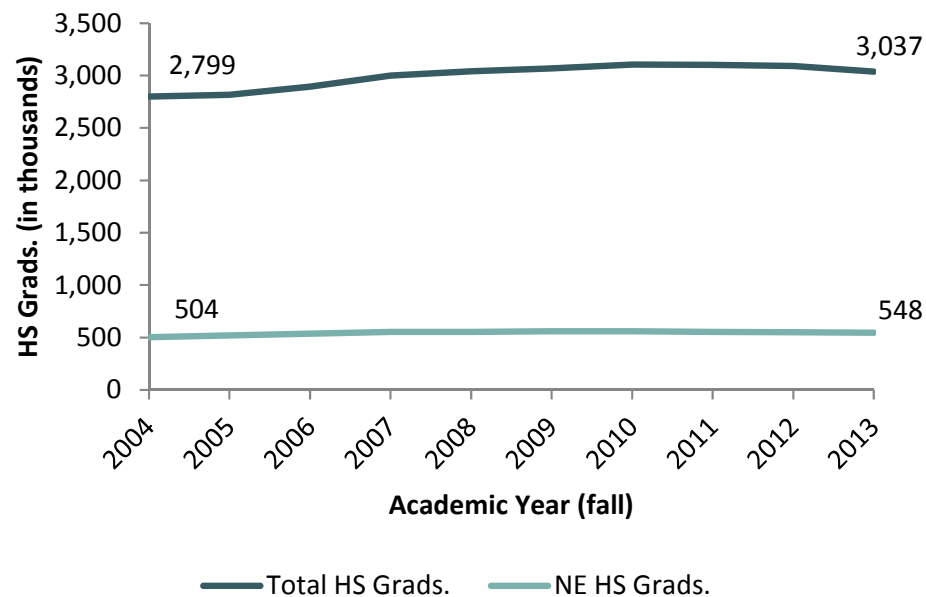


(in thousands)	2004	2013	Var (#)	Var (%)
Total Enroll.	17,272	21,792	4,520	26%
FT 18-24	8,016	9,959	1,943	24%

Source: U.S. Department of Education, National Center for Education Statistics, Integrated Postsecondary Education Data System (IPEDS).

HOW DID WE GET HERE?

◆ Change in High School Graduates



(in thousands)	2004	2013	Var (#)	Var (%)
Total HS Grads	2,799	3,037	238	9%
NE HS Grads.	504	548	44	9%

Source: National Center for Education Statistics, Digest of Education Statistics 2011

HOW DID WE GET HERE?

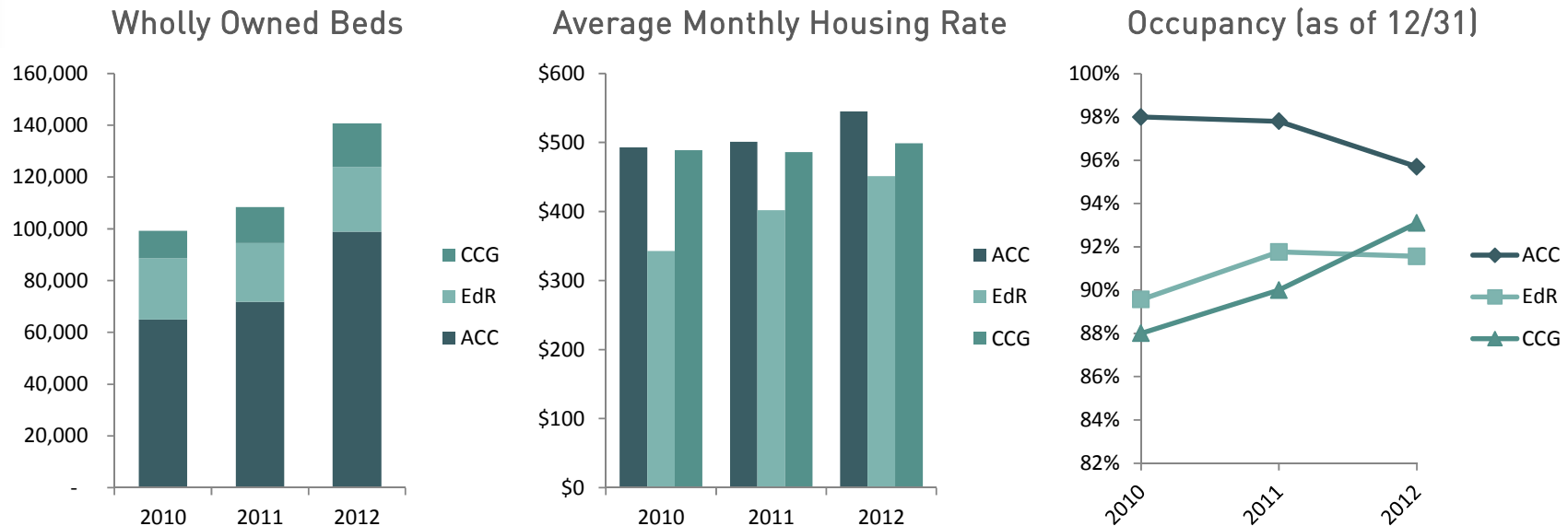
◆ Market Response to Enrollment Growth

(in thousands)	2004	2005	2006	2007	2008	2009	2010	2011	2012
Full-time 18 to 24 Years Old	8,016	8,112	8,268	8,512	8,858	9,432	9,633	9,822	9,909
Total Housing Capacity	2,594	2,632	2,710	2,744	2,811	2,870	2,912	2,969	2,999
Percent Living On-campus	32.4%	32.4%	32.8%	32.2%	31.7%	30.4%	30.2%	30.2%	30.3%
Percent Living Off-campus	67.6%	67.6%	67.2%	67.8%	68.3%	69.6%	69.8%	69.8%	69.7%
Full-time 18 to 24 Years Old	1,893 students		23.6% CAGR						
Total Housing Capacity	405 beds		15.6% CAGR						

Source: National Center for Education Statistics

HOW DID WE GET HERE?

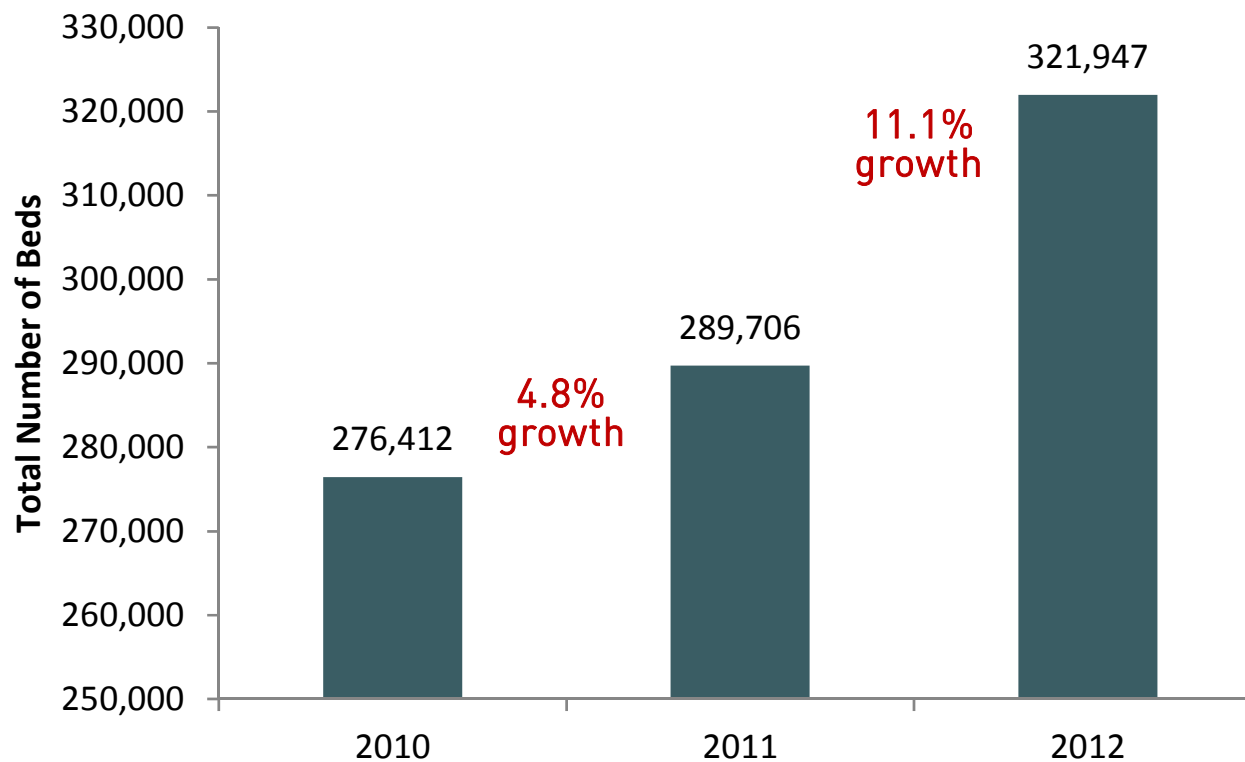
◆ Change in Publicly Trade REITs



Source: ACC, EdR, and CCG SEC Filing Reports

HOW DID WE GET HERE?

◆ Change in Student Housing Market Sector



Source: Student Housing Business Magazine, The Top 25 Owners of Student Housing (2010 to 2012)

HOW DID WE GET HERE?

◆ Northeast Profile

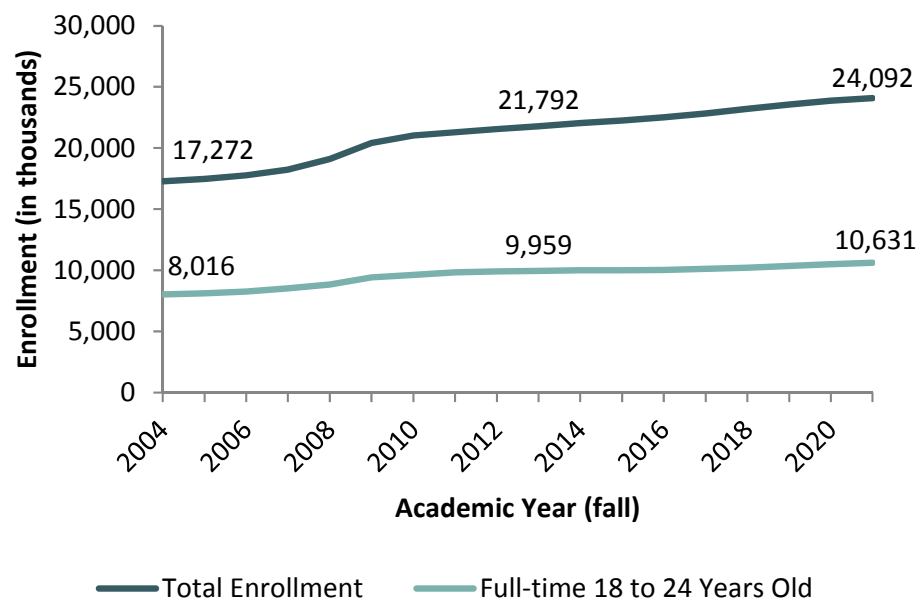
	Public	Private	Total
Total Enrollment (fall 2010)	2.03M	1.51M	3.54M
Total Enrollment Growth (2005 -2010)	15.3%	12.9%	14.2%
REIT Beds in NE (FY 2012)	-	-	10,000+
REIT Avg. Monthly Rent in NE (FY 2012)	-	-	\$558-\$724

Source: National Center for Education Statistics, Digest of Education Statistics 2011

Note: Northeast is represented by CT, ME, MA, NH, NJ, NY, PA, RI, and VT

WHERE ARE WE HEADED?

◆ Enrollment Projections



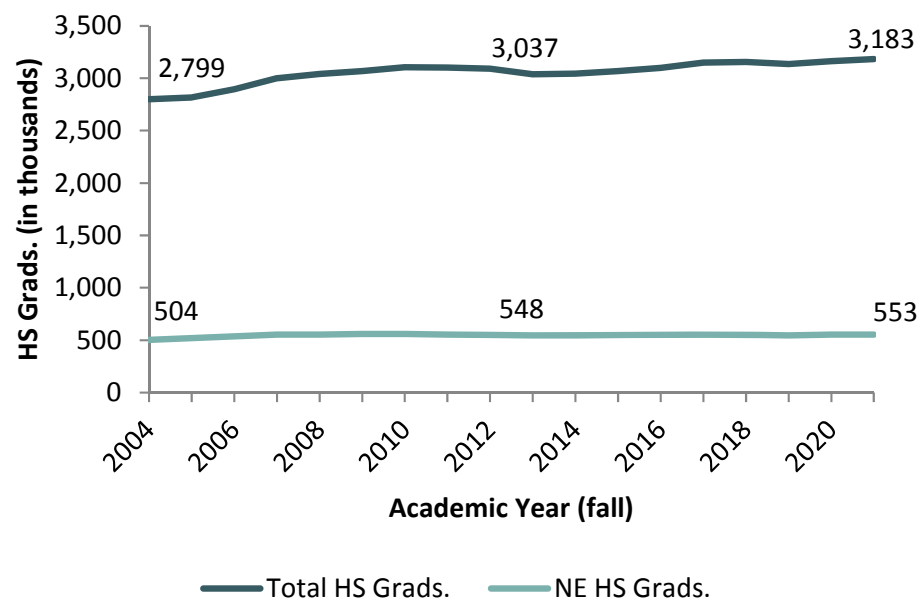
(in thousands)	2004	2013	Var (#)	Var (%)
Total Enroll.	17,272	21,792	4,520	26%
FT 18-24	8,016	9,959	1,943	24%

(in thousands)	2013	2021	Var (#)	Var (%)
Total Enroll.	21,792	24,092	2,300	11%
FT 18-24	9,959	10,631	672	7%

Source: U.S. Department of Education, National Center for Education Statistics, Integrated Postsecondary Education Data System (IPEDS).

WHERE ARE WE HEADED?

◆ High School Graduate Projections



(in thousands)	2004	2013	Var (#)	Var (%)
Total HS Grads	2,799	3,037	238	9%
NE HS Grads.	504	548	44	9%

(in thousands)	2013	2021	Var (#)	Var (%)
Total HS Grads	3,037	3,183	146	5%
NE HS Grads.	548	553	5	1%

Source: National Center for Education Statistics, Digest of Education Statistics 2011

WHAT ARE THE IMPLICATIONS?

◆ Market Opportunities

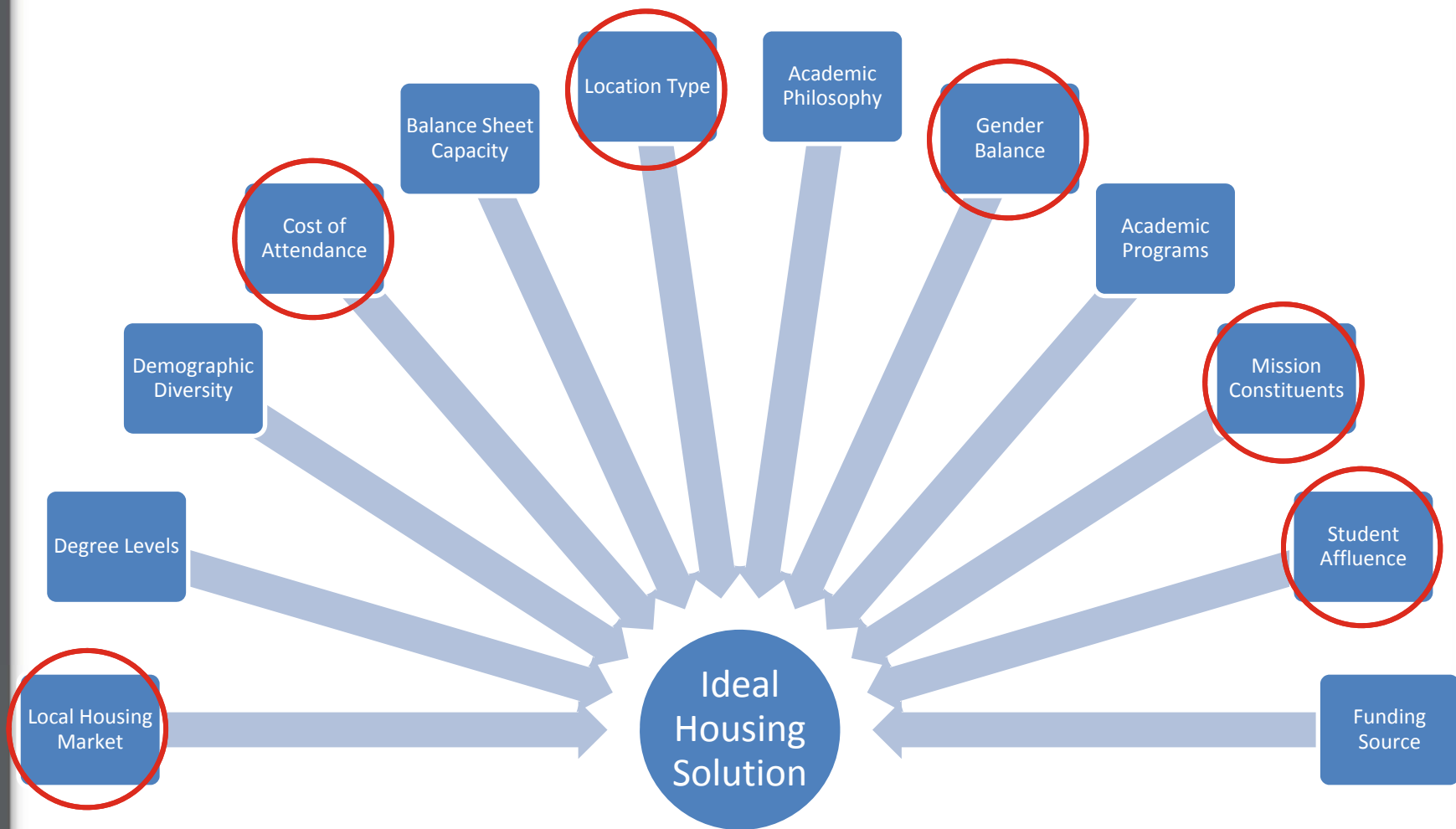
- ◆ Future enrollment growth should fuel demand for both on- and off-campus housing.
- ◆ Purpose-built student housing continues to represent a small share of the off-campus market.
- ◆ The following challenges are causing Colleges and Universities to find new ways to accommodate demand:
 - ◆ Legislative budget cuts,
 - ◆ Debt capacity challenges. and
 - ◆ Long standing deferred maintenance issues.

WHAT ARE THE IMPLICATIONS?

◆ Market Risks

- ◆ Although future enrollment is projected to grow, the CAGR is well below historical averages.
- ◆ Student Housing is a maturing market that is more competitive – oversaturation in certain markets.
- ◆ Some markets operate with low barriers to entry.
- ◆ Some markets operate with high barriers to entry, but results in higher student rents (i.e. property tax, land acq. cost, etc.)
- ◆ Colleges and Universities may focus investment efforts into on-campus housing as a catalyst for increasing student performance metrics.
- ◆ Cost of education continues to rise well above CPI.

WHAT ARE THE IMPLICATIONS?



DISCUSSION

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