

# CDS Market Research—Real Estate Reflections

## Student Housing – Influencing Factors for 2009

2009 is expected to be a challenging year for continued development of private student housing projects. The challenge posed by difficulty in securing financing appears to most analysts as the defining issue. However, CDS Market Research analysts believe that the

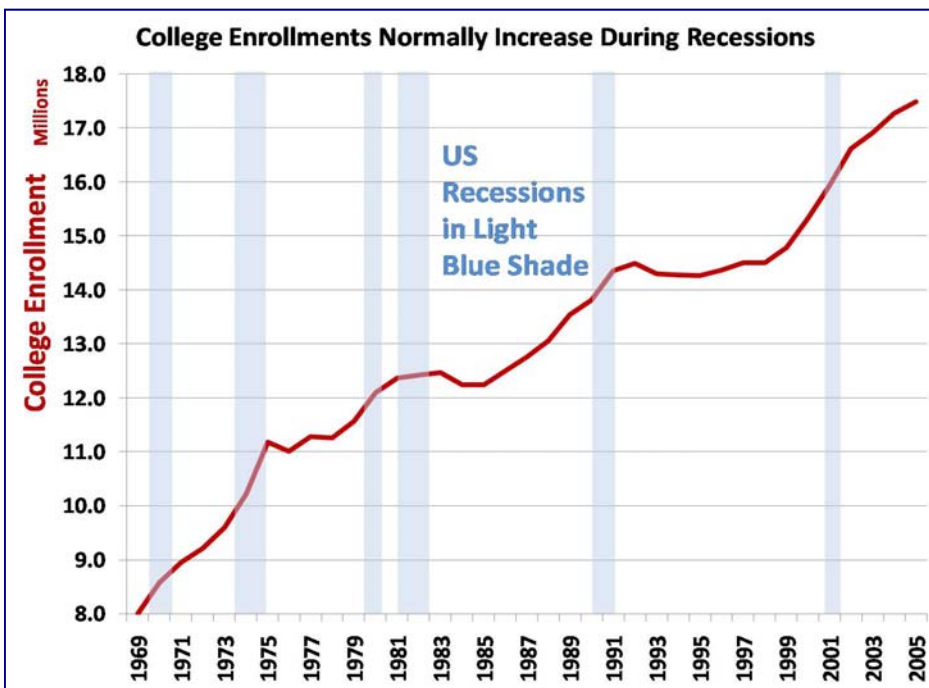
positive factors of rising enrollments, increasing rents, changing parent/student housing preferences, and state budget cutbacks add up to a positive outlook for the private multi-family student housing market.

### The Equation for Private Student Housing is Still Positive



### Increasing Enrollments

College enrollments have been increasing in recent years but the question remains — how will enrollments be affected by an economic recession? As the graph below illustrates, with the exception of the 1981-2 recession, enrollments have accelerated during U.S. recessions.



### Parent/Student Housing Preferences are Changing

According to the Journal of Property Management, more and more parents are investing in real estate to help manage the cost of their children’s college tuition. Instead of moving their students into a dorm, parents are purchasing condos in a student-populated areas for around \$100,000 to \$300,000. The condos are generally two-bedroom, and the second bedroom is usually rented out to a friend of the student.

This trend is becoming more prominent because parents are demanding better living accommodations for their students to help balance the rising cost of tuition, and student apartments/condos tend to be much nicer than campus dormitory accommodations. It is estimated that the majority of student housing will be managed by private parties within the next 20 years, just as private companies now run the vast majority of campus bookstores and food services.

\*Source: Emma Johnson, Journal of Property Management, 2007

## Community-College Housing: a Unique Opportunity

Of the 1,678 community colleges nationwide, only 18% offer on-campus housing options to students. While most community colleges are traditionally designed to provide local students convenient access to higher education, many colleges are now designing dormitories to increase enrollment, serve the community and add a social aspect to the college. CDS Market Research finds that community colleges with an increasing enrollment of international students and those offering special curricula are most likely to need on-or near-campus housing.

\*Source: U Magazine

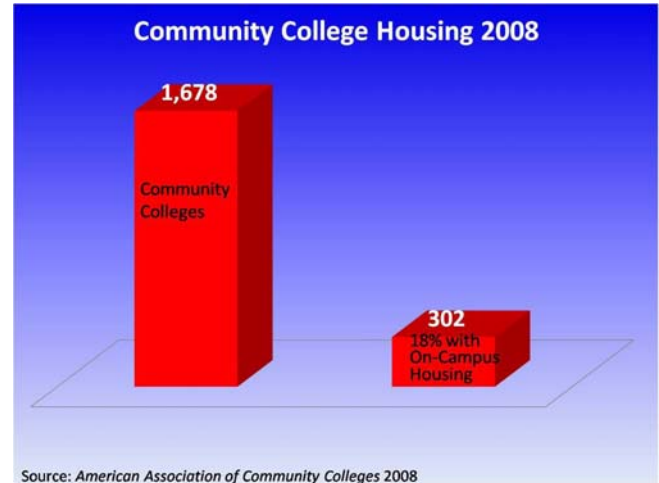
## Community College Growth Correlates to Downturn in Economy

Community Colleges nationwide are expecting record enrollments as the economy forces parents, students and the unemployed to seek less expensive options in higher education and retraining. Two year colleges are seeing an increased demand for affordable education as trends show that enrollment rises during slumps in the business cycle.

Source: Chris Plummer, market-watch.com 2008

In a recent survey of 2,500 prospective college students nationwide, 57% said that they are now considering community colleges or less prestigious colleges because they are worried about the costs.

US News and World Report, Dec. 2008



## Stressed State Funding of Higher Ed is Leading to More Privatization

Because of a decline in state funding for education, many schools are turning to external financing sources. These external funds allow for greater autonomy, as schools can allocate money as they see fit, and are therefore able to better accommodate students as enrollment increases.

This method of funding is increasing in prominence among schools seeking to increase the quality and quantity of on-campus student housing. Privatization is sometimes referred to as a "public-private partnership," and occurs when public and private institutions enhance their service potential by relinquishing control of certain assets and responsibilities to an outside organization. In relation to student housing, schools typically transfer the housing-related functions of land control, project ownership, property management and operation, design, construction, financing, and residence life.

Source: Stephen Niles, Holland & Knight, 2006

**Need More Information?**

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**April 14-15**

**Las Colinas, Irving, Texas**



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## About CDS Market Research—Community Development Strategies

CDS is a professional consulting firm with a proven track record – advising both private and public clients on strategic real estate market planning and development. Since our founding in 1971, CDS has completed more than 3,000 market and economic research assignments. Student housing has become one of our specialties. CDS has a strong team of professionals, averaging over 15 years of professional planning and market research experience, who help clients make the best decisions about property development, planning, and investment so they can seize the right opportunities for tomorrow ... today.