

AUGUST 30, 2016 - **VESPER HOLDINGS** IN THE NEWS - By Christina Cannon

Student Housing Sees Robust Deals, Investment Sales, Development Numbers

As we pass the mid-year point of 2016, the student housing industry is again poised to have a strong year. Favorable market conditions, chief among them low interest rates, have pressed development and acquisitions forward during 2016. Pre-leasing for fall 2016 was strong through the summer, though slightly down from fall 2015 for many owners, while a number of owners reported rent growth for the upcoming year.

The industry has seen a lot of activity in buying and selling during the first half of the year. In addition to smaller portfolios and one-off transactions, the sector saw two of its largest M&A transactions to date close during the first half of this year. Harrison Street Real Estate Capital closed on the \$1.9 billion acquisition of Campus Crest Communities, adding more than 30,000 beds to its portfolio. In June, The Scion Group, GIC and CPPIB closed on their \$1.4 billion acquisition of the assets of University House Communities from InvenTrust Properties, adding more than 10,000 beds to Scion's portfolio. In addition, movers and shakers like The Preiss Company, **Vesper Holdings** and Pierce Education Properties have been acquiring a number of properties in 2016.

Many properties came to market in January and February, earlier than normal in the student housing sector. At the time, a number of investment sales brokers that Student Housing Business spoke with said that the properties were a mix of value-add, stabilized and core properties suitable for a wide range of buyers. The market responded positively to the offerings and there were a number of closings during the first and second quarters. Among the biggest buyers was The Preiss Company, which acquired four properties in the first quarter and two in the second quarter; the company added three more in early July. Among the assets acquired in the first quarter by Preiss was the 599-bed University Park in Boca Raton, Florida, near Florida Atlantic University. In the second quarter, the company acquired two student housing assets in a joint venture in its hometown of Raleigh, North Carolina, near North Carolina State University.

Vesper Holdings has continued to grow its presence in the industry. In March, the company closed on The Foundry, a six-story student housing property in Ames, Iowa, near Iowa State University. Vesper has acquired five student housing properties over the past year. To accommodate its growth, the company



The Preiss Company, one of the largest buyers of student housing properties thus far in 2016, purchased Campus Edge near North Carolina State University in Raleigh (pictured).

recently launched a management division, **Campus Life & Style**.

Pierce Education Properties has acquired more than 1,800 beds thus far in 2016. The company closed on the acquisition of the 990-bed The Pavilion on 62nd near the University of Florida in Gainesville. In Greenville, North Carolina, Pierce acquired The Landing, an 888-bed property near East Carolina University for \$42 million.

On campus, universities continue to renovate and add new student housing beds. In addition to the large public-private partnerships underway at the University System of Georgia (Corvias), the University of Kentucky (EdR) and Arizona State University (ACC), there are significant P3 projects underway at many colleges and universities. As well, many universities and colleges continue to self-develop student housing projects. Universities that have projects underway include the University of Southern California, the University of Tennessee, Kansas University, Northwestern University and the University of South Carolina.

The outlook for the remainder of 2016 continues to be strong, with few potential storm clouds on the horizon. CMBS maturities from 2008 will result in a few more properties coming to market in 2016. Also, fund owners and other investment vehicles may realize that now is the time to sell assets from maturing investments.