

# STUDENT HOUSING REPORT

VOLUME 2, ISSUE 1

WINTER 2008

240 Offices Worldwide

Akron, OH  
Allentown, PA  
Atlanta, GA  
Austin, TX  
Bakersfield, CA  
Baltimore, MD (3)  
Beachwood, OH  
Bellevue, WA  
Boca Raton, FL  
Boise, ID  
Boston, MA  
Carlsbad, CA  
Charleston, SC  
Charlotte, NC  
Chicago, IL (2)  
Cincinnati, OH  
Clearwater, FL  
Cleveland, OH  
Columbia, SC  
Dallas/Ft. Worth, TX  
Dayton, OH  
Denver, CO  
Detroit, MI  
Fairfield, CA  
Fort Myers, FL  
Fresno, CA  
Ft. Lauderdale, FL  
Gilroy, CA  
Greenville, SC  
Hartford, CT  
Honolulu, HI  
Houston, TX  
Indianapolis, IN  
Jacksonville, FL  
Kansas City, MO  
Las Vegas, NV  
Little Rock, AR (2)  
Los Angeles, CA (13)  
Louisville, KY  
Memphis, TN  
Miami, FL (2)  
Milwaukee, WI  
Minneapolis, MN  
Nashville, TN  
New Haven, CT  
New Jersey, NJ (4)  
New York, NY  
Oakland, CA  
Orlando, FL  
Palo Alto, CA  
Philadelphia, PA  
Phoenix, AZ  
Pittsburgh, PA  
Pleasanton, CA  
Plymouth Meeting, PA  
Portland, OR  
Raleigh, NC  
Reno, NV  
Roseville, CA  
Sacramento, CA  
San Diego, CA (2)  
San Francisco, CA  
San Jose, CA (2)  
San Mateo, CA  
Scottsdale, AZ  
Seattle, WA  
St. Charles, MO  
St. George, UT  
St. Louis, MO  
St. Paul, MN  
Stamford, CT  
Stockton, CA  
Sun Valley, ID  
Tacoma, WA  
Tampa, FL  
Walnut Creek, CA  
Washington, DC  
Wilmington, DE

## Capital Market Update



Since the onset of the credit crunch in mid-August, the ten-year treasury is at its lowest point since 2004 and spreads continue to expand to keep interest rates in the low-6% range for qualified buyers.

While the immediate reaction to the credit situation was that things would almost certainly get back to normal post Labor Day, debt has become more difficult to source, and more expensive once found.

Despite this, buyer interest continues to be keen for student housing properties and multifamily in general, the changes in the capital markets have accelerated the rise in cap rates and brought them back in line with historical averages.

While underlying leasing fundamentals haven't changed significantly, lenders have tightened underwriting criteria and are holding interest rates at

reasonable levels as the capital markets continue to be volatile.

In 2008, quick and easy money is a thing of the past and underwriting by bankers, brokers and buyers is reflecting a return to fundamentals that will likely be the hallmark for much of the year.

Because of these factors, we are seeing buyers

**Quick and Easy Money is  
a Thing of the Past.**

with more experience and credibility entering the market in search of quality deals. Many of these are buyers who sat on the sidelines during the cap rate compression and price run-up of the past few years.

For the balance of 2008 much will depend on the Federal Reserve, both in terms of setting monetary policy and providing reassurances that the banking system is sound and credit still available.

And lastly, all eyes will be on the occupier market to see if net operating income (NOI) can offset almost certainly rising cap rates.

### Recent Student Housing Deals

| Location   | Units/Beds  | Price           | Built     |
|--|-------------|-----------------|-----------|
| Auburn, AL   | 300/844     | \$30 million    | 2003      |
| Charlotte, NC  | 158/476     | \$19.2 million  | 2000      |
| Commerce, TX   | 156/284     | \$8.75 million  | 2005      |
| Stephenville, TX   | 173/344     | \$8.75 million  | 2005      |
| Chicago, IL  | 142/485     | \$54 million    | 1907      |
| Texas, Florida,<br>Georgia, Missouri<br>5-Property Portfolio | 1,655/4,478 | \$194.7 million | 2000-2006 |

**COLLIERS  
INTERNATIONAL**

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Advisory Group

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## Focus On

### Indiana University

**Student Population: 38,247**

**In State/Out of State Enrollment: 60% of students are from Indiana.**

**Public or Private: Public**

**Enrollment Trend (5 years): Increase from 37,963 in 2001-2002 school year to 38,247 in 2006-2007 school year.**

**University-owned beds: 12,000**

**Average Age of University Provided Housing: 40+ years with some modernization**

**Ratio of students to University-owned beds: 31%**

**Lease Terms Typical for this Campus: 12-month leases.**

**Leases per Unit or Bed: Leases are typically per unit, but some of the larger national operators do lease per bedroom.**

## Market Analysis: Indiana University, Bloomington, Indiana

Established in 1820 and attended by approximately 40,000 students, Indiana University is the largest economic driver in the Bloomington/Monroe County area.

Other noteworthy institutions include: Indiana University School of Law, the Kinsey Institute, and The Midwest Proton Radiotherapy Institute.

Bloomington's Indiana University campus is regarded as one of the most beautiful in the nation. Most of the campus buildings are built of Indiana limestone. The limestone industry is the oldest industry in southern Indiana quarries and mills in the Bloomington-Bedford limestone belt are some of the largest in the world.

Indiana University, Bloomington (IU), is the principal campus of the state-wide Indiana University System.

IU has 110 programs ranked in the nation's top 20. Twenty-nine graduate programs and four colleges at Indiana University are ranked among the top 25 in the country in the US News & World Report Best Graduate Schools.

The university's intercollegiate athletic program boasts 25 national championship teams and 133 individual national championships.

Time Magazine named  
Indiana University its 2001  
College of the Year.

Newsweek named Indiana University the hottest  
big state school in the nation in 2005.

### Historical Enrollment Statistics

(for Fall Semester in Academic Years 1997-98 through 2006-07)

#### INDIANA UNIVERSITY (BLOOMINGTON) ENROLLMENT

| 99-00  | 00-01  | 01-02  | 02-03  | 03-04  | 04-05  | 05-06  | 06-07  | 07-08  |
|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| 36,201 | 37,076 | 37,963 | 38,903 | 38,589 | 37,821 | 37,958 | 38,247 | 38,990 |

#### INDIANA UNIVERSITY (BLOOMINGTON) FRESHMAN ENROLLMENT

| 99-00 | 00-01 | 01-02 | 02-03 | 03-04 | 04-05 | 05-06 | 06-07 | 07-08 |
|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| 7,308 | 7,997 | 7,802 | 8,047 | 7,626 | 7,102 | 7,761 | 8,126 | 8,051 |

### Indiana University President

Michael A. McRobbie became Indiana University's 18th president on July 1, 2007. McRobbie's broad expertise in fostering research partnerships and his collaborative leadership style have enhanced the educational and research missions of the university and have strengthened the university's traditions in the arts.

A native of Australia, McRobbie came to IU from the Institute of Advanced Study at the Australian National University (ANU), where he was a professor of information technology and chief executive officer of the Cooperative Research Centre for Advanced Computational Systems. He earned a bachelor's degree from the University of Queensland and a doctoral degree from ANU.

When McRobbie came to IU as vice president of information technology in 1997, then-IU President Myles Brand asked him to create a modern information technology environment throughout the university that would make the university a leader "in absolute terms for uses and applications of IT."



## On-Campus Housing

For students living in Indiana University housing for the 2007-2008 academic year, the most prevalent room and board plan is between \$6,138 and \$7,860. First-year students are required to live on-campus.

The university houses approximately 12,000 students on its Bloomington campus in 11 residence facilities: Ashton, Briscoe, Collins Living/Learning Center, Eigenmann, Forest, Foster, McNutt, Read, Teter, Wilkie and Wright dormitories. There is no requirement for students to live in university-owned residence facilities beyond the first year.

There are also six University-owned campus apartment complexes with rents ranging from \$495 for a studio apartment to 1,068 for a three-bedroom unit.

There has been some renovation of existing residence halls, but generally this has reduced the number of available beds because of reconfiguration to a modern suite-style configuration.

## Off-Campus Construction

Since 2000 there has been a moderate amount of new student housing apartment construction in Bloomington. In 2005 and 2006 there were a total of 184 units approved for construction. To date in 2007 there has been only one project, of 20 units, approved in Monroe County for new construction of multifamily projects for more than 5-units.

The Indiana University student housing market covers a rather expansive area of former single-family homes, apartment complexes and a few condominium developments. It is relatively unencumbered by any natural barriers and students can be found living in most neighborhoods within two miles of the campus.



## Bloomington and Monroe County, Indiana

Bloomington, Indiana, located about 50 miles southwest of Indianapolis in south central Indiana, is the county seat of Monroe County. With a 2000 population of 69,291 it is the 7th largest city in Indiana.

In addition to its local boutiques and bookstores, Bloomington is known for its community and cultural events such as the Farmers' Market, the Fourth Street Arts Fair, and the Lotus World Music and Arts Festival. Bloomington also has numerous craft shops, art galleries, and ethnic restaurants all within walking distance of the campus.

Monroe County is easily accessed by road and rail. The Monroe County Airport is four miles west of downtown Bloomington with daily flights to Chicago.

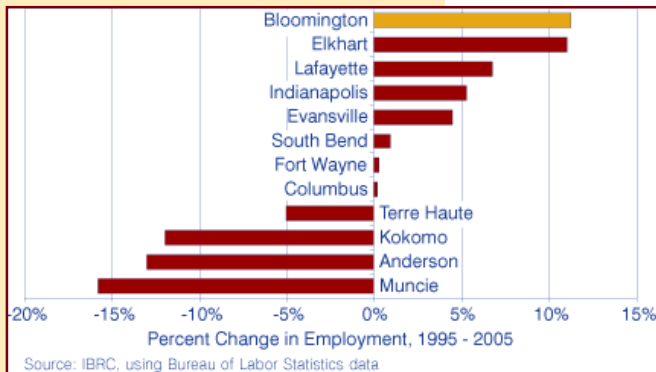
Bloomington is the quintessential college town, located in the rolling, forested hills of southern Indiana, less than one hour south of Indianapolis; it is within a day's drive for more than half of the U.S. population.

**IU Freshman Enrollment has Increased by 10% since 2000.**

Bloomington area attractions include: Hoosier National Forest, the Waldron Arts Center and the Downtown Bloomington shopping district.

Building on the strengths of Indiana University and leveraging the resources and expertise of local entrepreneurs, Bloomington is emerging as a leader in technology development.

Local economic development initiatives have served as a catalyst for long-term economic development and program planning that including the Bloomington Life Sciences Partnership and the Bloomington Information



## About Us

Colliers International has one of the largest and most experienced teams of multi family specialists in the industry, strategically located in key markets throughout North America. Colliers brings a unparalleled blend of expertise, market dominance, and singular focus that has made the group uniquely successful in achieving the acquisition or disposition objectives of its clients. As the firm's Chicago affiliate, Colliers Bennett & Kahnweiler offers investors valuable access to national capital sources and superior local market knowledge.



# COLLIERS BENNETT AND KAHNWEILER STUDENT HOUSING REPORT



## Featured Listings

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**Fairway Properties**  
West LaFayette, IN

Asking Price: \$16,500,000  
Number of Units: 167/298 Beds  
Price Per Unit: \$98,803  
◆ 1 mile from the Purdue University Campus



**Indiana University Portfolio**  
Bloomington, IN

Asking Price: \$6,540,000  
◆ 100% Leased  
◆ Excellent mix of units  
◆ 120 Units/164 Beds



**Tuscon Apartments**  
Sheridan Road Offering  
Chicago, IL

Asking Price: \$4,950,000  
Number of Units: 56  
Price Per Unit: \$89,286  
◆ 1/2 mile from Loyola University  
◆ Forty (40) space gated parking



**Vincennes Apts.**  
Blue Island, IL

Asking Price: \$12,000,000  
No. of Units: 314  
Price per Unit: \$39,691



**Golfview Village**  
Rantoul, IL

Asking Price: \$21,000,000  
Number of Units: 524  
Price Per Unit: \$40,076



**Kenmore Road**  
Chicago, IL

Asking Price: \$5,325,000  
Number of Units: 61  
Price Per Unit: \$87,295