

A CLOSER LOOK



Real Estate Communications Group

Back to School: Harrison Street Real Estate Capital has purchased Stadium Village Flats, located at the University of Minnesota in St. Paul, Minn., (left) from The Opus Group. Details of the deal were not disclosed. Amenities at Stadium Village Flats include a fitness center, yoga studio, gaming room, computer-study room, a 15-seat theater and a penthouse lounge. In a separate deal, the firm also bought the development The Grove at State College (right), at Penn State University in State College, Penn.

Harrison Grows Student Housing Portfolio by \$800 Million in 2012

Harrison Street Real Estate Capital has closed on a 235-bed student housing property, Stadium Village Flats, at the University of Minnesota in St. Paul, Minn. The seller was Opus Group. The terms of the deal were not disclosed. Also the firm is developing a 584-bed property, The Grove at State College, at Penn State University in State College, Penn.

“These additions to HSRE’s student housing portfolio make Harrison Street Real Estate Capital one of the top owners of student housing properties in the country,” says Christopher Merrill, co-founder, president and CEO of Harrison Street Real Estate Capital.

These investments were made on behalf of two of Harrison Street’s commingled product lines, Harrison Street Core Property Fund and Harrison Street Real Estate Partners III. Harrison Street Core Property Fund is a core open-end real estate fund. It is the industry’s first such fund dedicated exclusively to investing in stabilized, income-producing properties in the student housing, senior housing, medical office and self-storage segments. Harrison Street Real Estate Partners III is an opportunistic closed-end fund, which closed in June 2011 with an equity raise of \$595 million, exceeding its original goal of \$500 million. The fund also invests in storage, healthcare and education.

Harrison Street Real Estate Capital is in contracts with seven more student housing assets, which are scheduled to close in the upcoming months. With the two recently completed acquisitions and the expected upcoming assets, Harrison Street Street’s student housing will have a combined value of more than \$800 million in 2012.

“By year-end 2012, Harrison Street’s total student housing portfolio is expected to exceed 30,000 beds with a value reaching \$2 billion,” says Merrill.

The student housing sector of the market has performed well over the years given the underlying demand drivers: 70 percent to 80 percent of the students at most public universities need off-campus housing, college enrollment has increased, average length of stay at school has increased, and there is a lack of quality on-campus housing. Couple these factors with the increased liquidity in the space due to the performance of the asset class in recent years, and it makes for some very attractive trends.

However, Merrill notes, “Mistakes can be made in this sector as is evidenced by firms that dabble in the space. One needs to have a solid understanding of property operations, campus fundamentals and local market trends.”

Harrison Street Real Estate Capital believes the “best” student housing opportunities depend on the location, the university and an asset with an adequate physical plant.

Harrison Street Real Estate Capital was founded in 2005 and has approximately \$4.0 billion in assets under management. The firm currently owns approximately \$3.5 billion in real estate assets including more than 25,000 student housing beds, more than 6,000 senior housing/assisted living units, more than 1.4 million square feet of medical office space, more than 72,000 self-storage units, and more than 4,600 dry and wet boat storage slips. *Released 9/11/12*