

STUDENT HOUSING

NEWSLETTER 2017

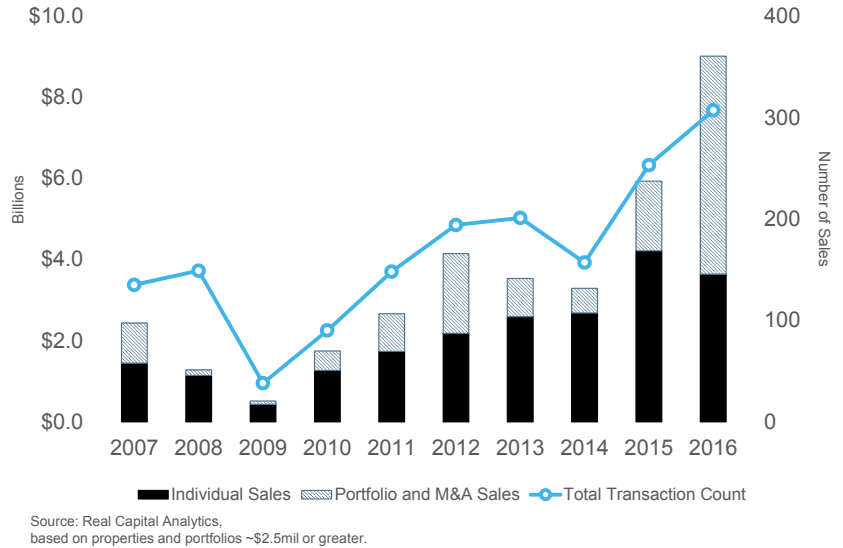




STUDENT HOUSING SALES

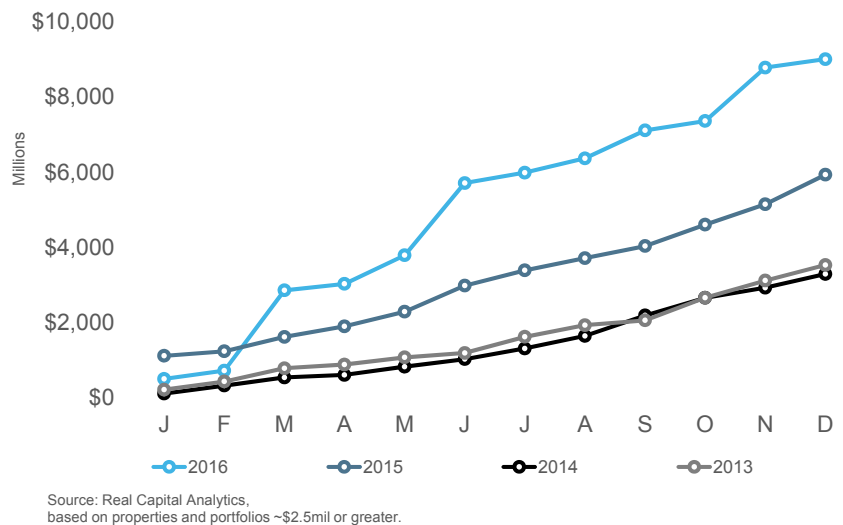
SALES VOLUME

Student housing investment activity in the U.S. surged in 2016. Investors purchased 307 properties in 2016 compared to 253 transactions in the prior year. Student housing sales volume totaled more than \$9.0 billion in 2016, a 51.9% increase over 2015. Sales volume of individual sales decreased 13.6% while portfolio sales volume, including mergers and acquisitions, soared 212.1%. The rise in portfolio and M&A sales was fueled in part by the acquisition of Campus Crest Communities Inc. by Harrison Street Real Estate Capital LLC in March.



CUMULATIVE VOLUME

Student housing offered an attractive investment opportunity for many investors in 2016. Sharp second- and fourth-quarter increases in sales velocity fueled total annual sales volume of more than \$9.0 billion, an all-time high.

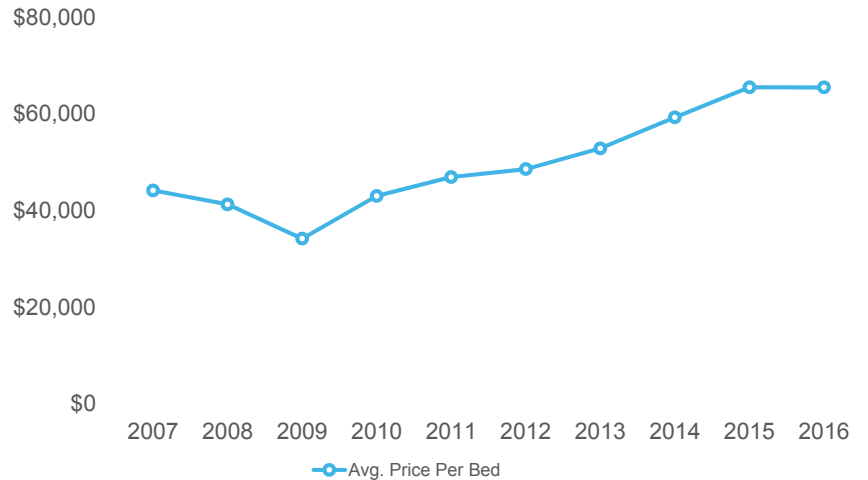




STUDENT HOUSING SALES

AVG. PRICE PER BED

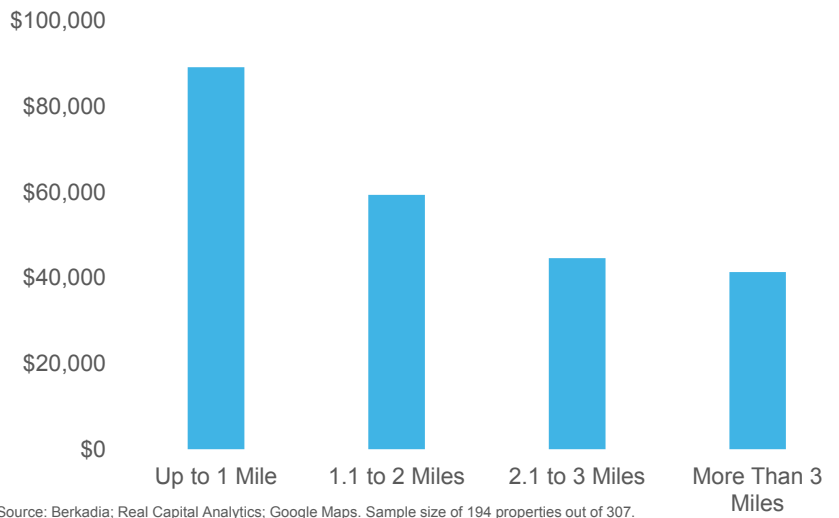
Demand for student housing kept prices elevated. The nationwide average price per bed was \$65,484 last year, essentially unchanged from 2015.



Source: Real Capital Analytics, based on properties and portfolios ~\$2.5mil or greater.

NAT'L PPB BY DISTANCE

Price premium is apparent the closer a student-housing community is located to a higher-educational institution. The national average price per bed at student-housing properties located within one mile walking distance of a college was \$89,111 in 2016. From one to two miles from a college, the average price per bed fell to \$59,366. Pricing decreased to an average of \$44,596 per bed when the student-housing community was two to three miles from the college. Farther out, the average price per bed flattened out to \$41,316.



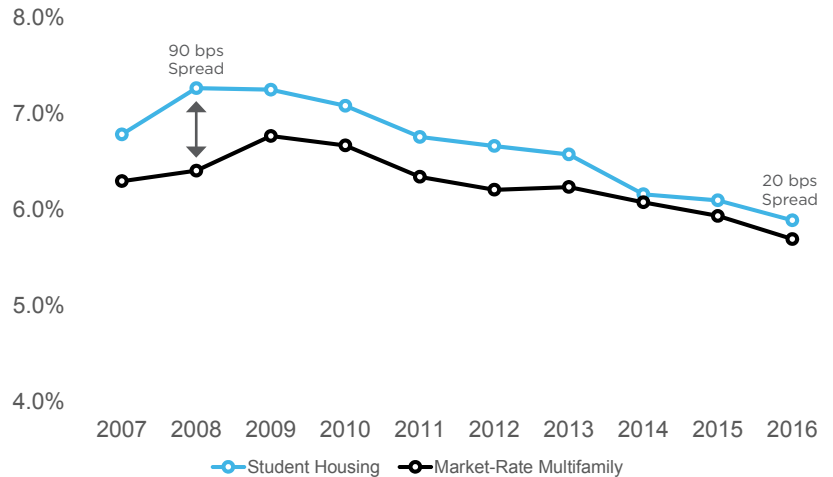
Source: Berkadia; Real Capital Analytics; Google Maps. Sample size of 194 properties out of 307.



STUDENT HOUSING SALES

CAP RATE

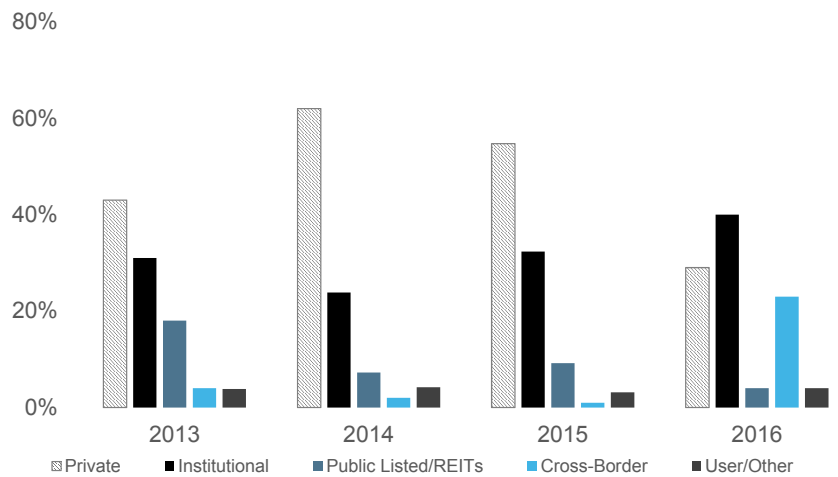
Increased institutional investment in student housing helped fuel a reduction in cap rates. The downward trend in student housing cap rates mirrored the market-rate multifamily trend. The average student housing first-year yield decreased 20 basis points year over year to 5.9% in 2016 as the average initial yield for market-rate apartments fell to 5.7%.



Source: Real Capital Analytics, based on properties and portfolios ~\$2.5mil or greater.

INVESTMENT ACTIVITY

In the last three years, institutional investment accounted for approximately one-quarter to one-third of total student housing sales volume. In 2016, institutional investment activity increased to 40% of total volume while private investment shrank to 29% of the total. Cross-border sales, which were minimal in 2015, surged to 23% of total volume in 2016. Much of the elevated foreign activity was attributed to the Singapore sovereign wealth fund which acquired a \$2 billion, 29-property portfolio across several states.



Source: Real Capital Analytics, based on properties and portfolios ~\$2.5mil or greater.



STUDENT HOUSING SALES | TOP PORTFOLIOS

BUYER	INVESTOR TYPE	PORTFOLIO SALE PRICE	NO. OF PROPERTIES	AVG. PRICE (MILLIONS)
Harrison Street Real Estate Capital	Private Equity	\$1,746,100,000	62	\$28.16
The Joint Venture: GIC, CPP and Scion Group	SWF / Pension Fund	\$1,400,000,000	22	\$61.40
Mapletree Investments	Inv. Mgr.	\$653,200,000	7	\$93.30
Saban Real Estate / Campus Advantage	HNW	\$508,000,000	18	\$28.23

STUDENT HOUSING SALES | TOTAL SALES

BY THE NUMBERS

\$9.00^b
TOTAL
SALES VOLUME

\$184,572
PRICE
PER UNIT

307
NUMBER OF
PROPERTIES SOLD

\$65,484
AVG. PRICE
PER BED

48,828
TOTAL
UNITS SOLD

5.9%
AVG.
CAP RATE



STUDENT HOUSING SALES | TOP INDIVIDUAL

TOP FIVE

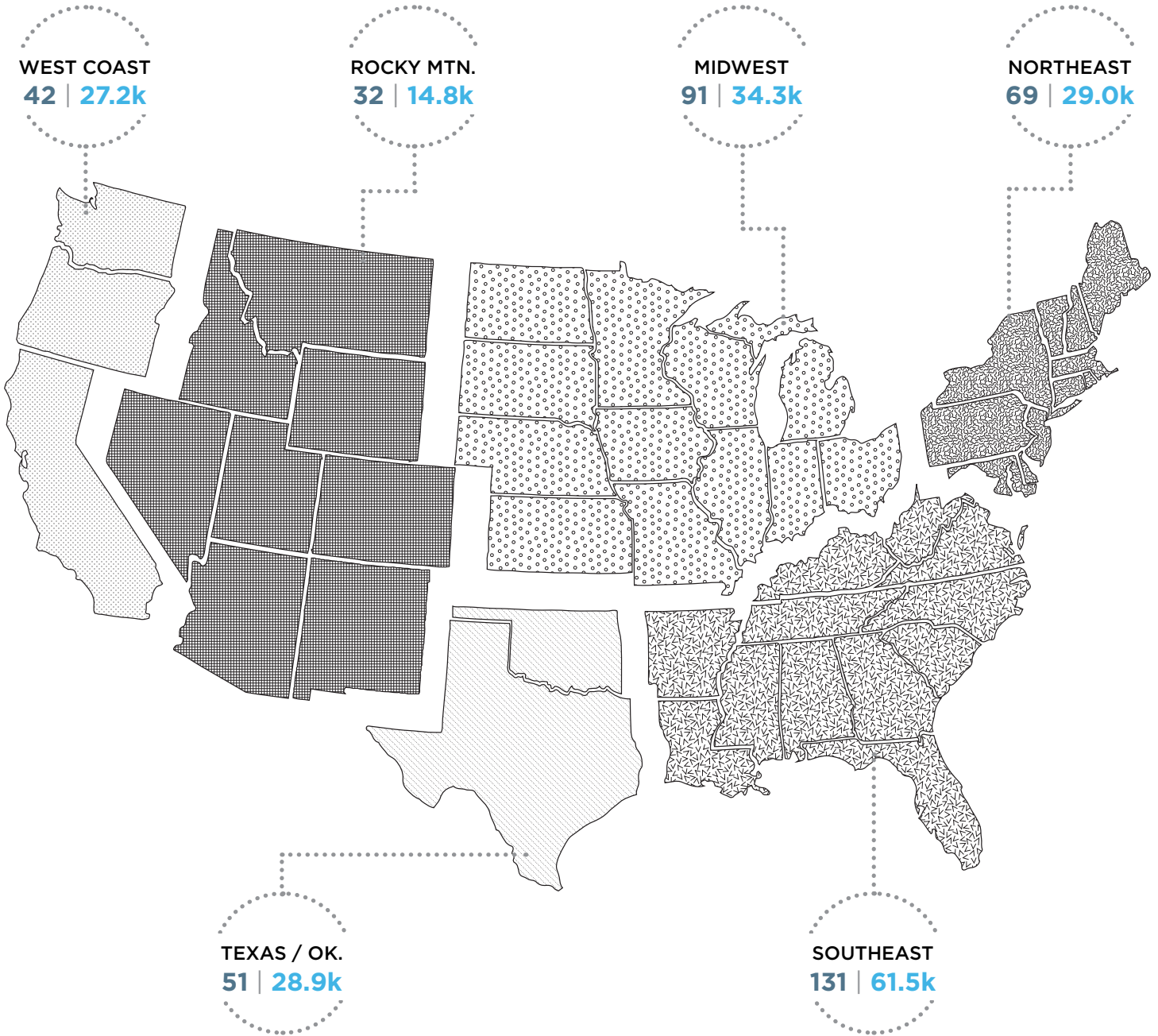
PROPERTY NAME	CITY	STATE	NO. OF UNITS	NO. OF BEDS	YEAR BUILT	SALE PRICE
Pace University	New York	NY	385	772	2015	\$196,000,000
Hub at Madison	Madison	WI	341	1,036	2015	\$188,500,000
School of Visual Arts Dormitory	New York	NY	242	505	2015	\$174,000,000
University View	College Park	MD	353	1,573	2005	\$170,760,000
Sterling Alvarado	San Diego	CA	320	927	2012	\$98,100,000
Roosevelt Pointe	Phoenix	AZ	326	609	2013	\$98,000,000
Tuscany	Los Angeles	CA	120	512	2007	\$87,250,000
University Glen And Town Center	Camarillo	CA	386	820	2002	\$81,000,000
City Hall Apts	Washington	DC	197	378	1986	\$78,294,274
The Summit	Reno	NV	186	709	2016	\$70,000,000
Promontory	Marina	CA	176	579	2015	\$68,508,333
Greene Crossing	Columbia	SC	247	726	2015	\$67,500,000
Ivy Gardens	Charlottesville	VA	440	649	1968	\$60,000,000
Aspyre at Assembly Station	Columbia	SC	400	760	2009	\$56,000,000
Bell West End	Durham	NC	342	386	2014	\$54,600,000
The Village at 48 West	Allendale	MI	262	920	2008	\$52,000,000
ArborBLU	Ann Arbor	MI	113	242	2015	\$50,150,000
Hub At Tucson II	Tucson	AZ	104	311	2016	\$50,000,000
Urbane	Tucson	AZ	104	311	2016	\$50,000,000
Metro Park East	Minneapolis	MN	194	408	2014	\$47,500,000
Campus Circle	Tallahassee	FL	219	679	2012	\$46,060,000
Burnham 310	Champaign	IL	266	464	2008	\$45,364,000
Overlook	South Bend	IN	266	359	2014	\$44,000,000
Gateway At Denton	Denton	TX	228	696	2005	\$43,500,000
Academy on Charles	Baltimore	MD	104	327	1933	\$42,700,000
Stadium View Apartments	Bozeman	MT	134	499	2015	\$42,000,000
The Landing	Greenville	NC	288	888	2006	\$41,925,000
University Edge Apartments	South Bend	IN	216	528	2016	\$41,200,000
The Edge	Orlando	FL	312	930	1999	\$40,886,300
University Crossings Charlotte	Charlotte	NC	187	546	2013	\$40,000,000
The Commons At Sawmill	Flagstaff	AZ	194	495	1992	\$37,080,000
Campus View	Clemson	SC	107	355	2014	\$37,000,000
Beech View Place	Morgantown	WV	232	420	2013	\$36,600,000
Campus Lodge	Tampa	FL	312	1,068	2000	\$35,750,000
Carolina Cove	Wilmington	NC	228	600	2013	\$34,200,000
The Fields	Bloomington	IN	168	537	1997	\$33,350,000
Mountaineer Village Apartments	Boone	NC	192	576	2003	\$32,500,000
The U Raleigh	Raleigh	NC	210	600	1996	\$31,500,000
Pavilion on Berry	Saint Paul	MN	150	552	2008	\$31,500,000
Sunstone	Chapel Hill	NC	260	423	1985	\$30,280,000
Campus Edge	Raleigh	NC	262	546	2000	\$29,650,000
Clover Village / Clover Ridge	South Bend	IN	290	539		\$26,650,000
Laurel Ridge	College Station	TX	284	568	1988	\$24,650,000
Windsor Hills Apartments	Blacksburg	VA	300	558	1975	\$24,000,000
University Village	Sacramento	CA	250	394	1975	\$23,675,000



NUMBER OF BEDS IN PIPELINE | BY REGION

Student Housing Properties

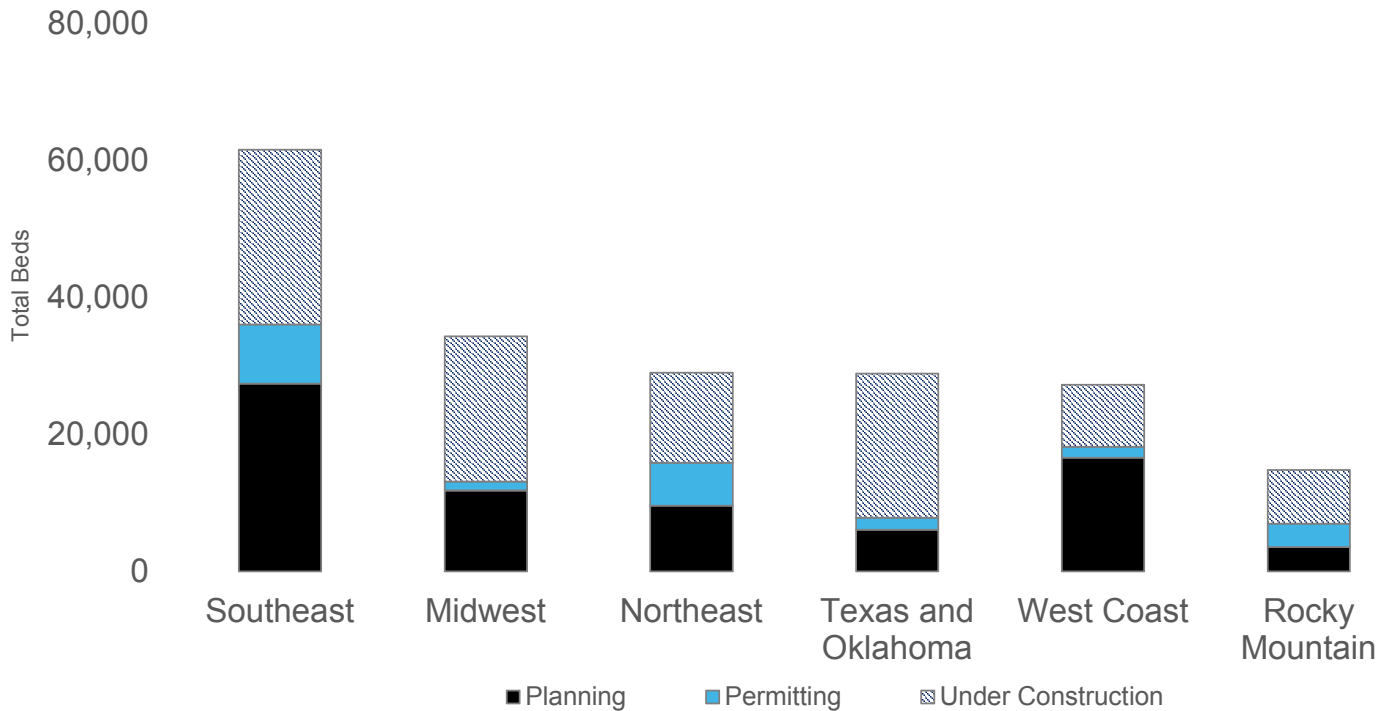
Total Beds





STUDENT HOUSING PIPELINE BREAKDOWN | BY REGION

The student housing pipeline consists of approximately 320 properties in various stages of the planning process from years 2017 through 2025, plus 100 properties in which the completion date has not been estimated. If all of the properties are built, approximately 195,600 beds will be added nationwide, with the highest concentration, 61,500 beds, in the Southeast U.S.



Source: Berkadia; Axiometrics; data as of December 2016.

	SOUTHEAST	MIDWEST	NORTHEAST	TEXAS AND OKLAHOMA	WEST COAST	ROCKY MOUNTAIN
Under Construction	25470	21194	13153	21007	9015	7815
Permitting	8624	1252	6254	1777	1578	3420
Planning	27383	11832	9604	6079	16614	3566



STUDENT HOUSING PIPELINE | TOP 50

TOP FIVE

SCHOOL	NO. OF PROPERTIES	BEDS IN PIPELINE	RANK
Texas A&M University.....	7	7,500	1
Texas Tech University.....	5	4,039	2
Florida State University.....	8	3,495	3
University of South Carolina.....	4	3,433	4
Clemson University.....	5	3,402	5
Louisiana State University.....	4	3,291	6
University of Alabama.....	4	3,236	7
Arizona State University.....	3	3,202	8
Michigan State University.....	4	3,145	9
University of Washington.....	3	3,114	10
Pennsylvania State University.....	6	2,975	11
University of Tennessee - Chattanooga.....	6	2,910	12
University of Southern California.....	2	2,736	13
University of Florida.....	5	2,707	14
Northern Arizona University.....	4	2,682	15
Colorado State University.....	8	2,426	16
Stanford University.....	1	2,400	17
University of Tennessee.....	6	2,360	18
University of Missouri.....	6	2,344	19
University of California - Santa Barbara.....	5	2,328	20
University of California - Davis.....	3	2,057	21
Syracuse University.....	4	2,018	22
Indiana University - Purdue University Indianapolis.....	5	2,004	23
University of Arkansas.....	5	1,980	24
University of Iowa.....	3	1,882	25
University of South Florida.....	4	1,738	26
Baylor University.....	4	1,677	27
Auburn University.....	4	1,664	28
San Jose State University.....	2	1,650	29
North Carolina State University.....	6	1,644	30
Sam Houston State University.....	3	1,586	31
Cleveland State University.....	2	1,535	32
Texas State University.....	3	1,529	33
Virginia Commonwealth University.....	1	1,524	34
University of Oklahoma.....	2	1,517	35
University of Texas at Arlington.....	3	1,514	36
Towson University.....	2	1,511	37
University of Houston.....	3	1,500	38
Ohio State University.....	5	1,485	39
East Carolina University.....	3	1,479	40
California Polytechnic State University.....	1	1,475	41
Purdue University.....	2	1,424	42
Emerson College.....	2	1,420	43
Iowa State University.....	3	1,411	44
University of Mississippi.....	3	1,410	45
Mississippi State University.....	2	1,407	46
University of Central Florida.....	2	1,395	47
University of North Carolina - Charlotte.....	2	1,327	48
University of California - San Diego.....	1	1,300	49
Miami University.....	3	1,253	50

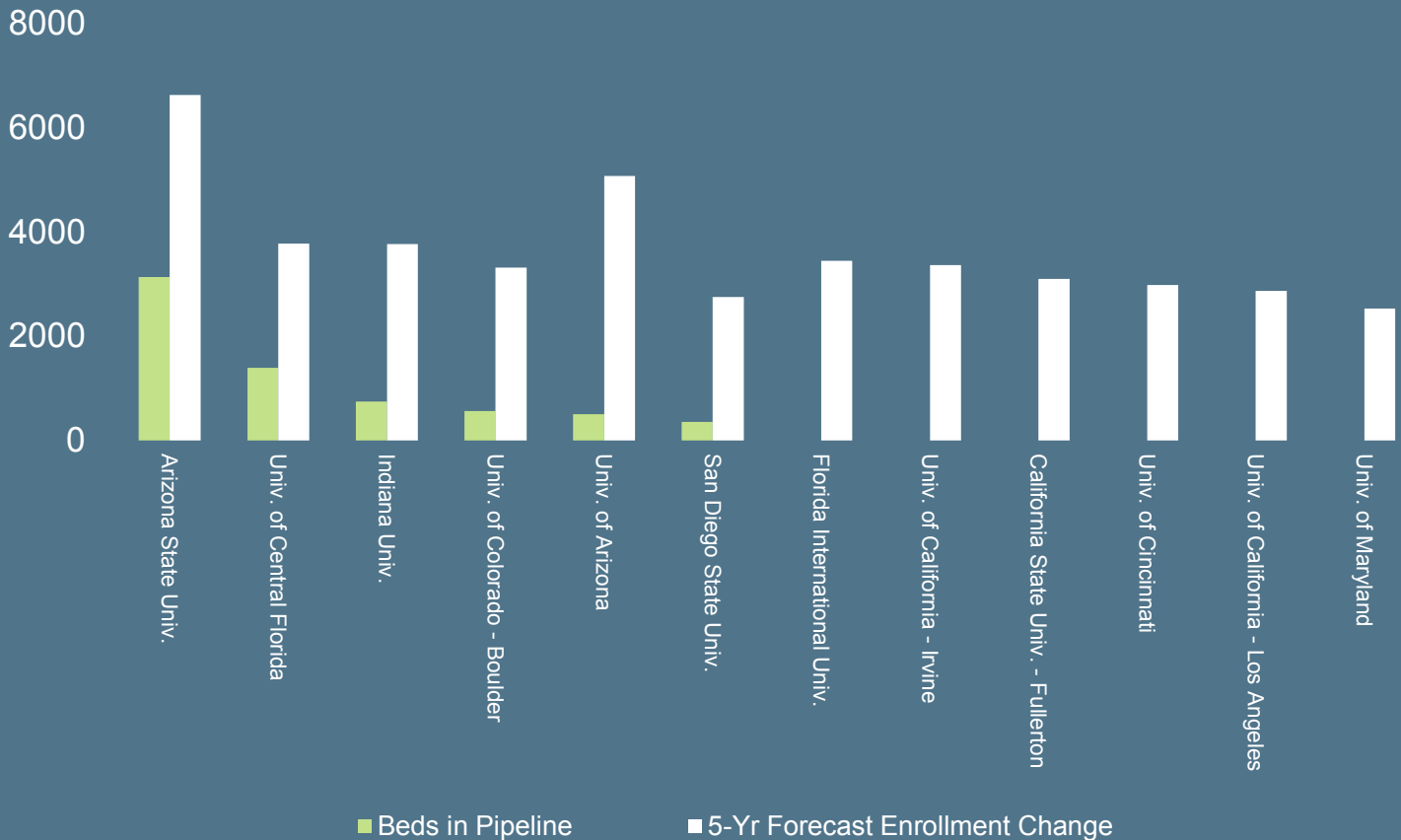
Source: Axiometrics



STUDENT HOUSING PIPELINE | ENROLLMENT PROJECTION

Various factors, which may include local permitting requirements, land availability, and the cost to acquire and build, can curb student housing development in some areas. The limited development along with heightened projected college enrollment at some universities may result in an eventual supply-demand imbalance. The 12 universities in the graph have the greatest disparity between the projected five-year growth in enrollment and planned new student housing. While no attempt is made at estimating the impact of supply-demand imbalances on property values near these or any other universities, investors should be aware of the potential for outsized price appreciation at existing properties near universities where a shortage of student housing is present or expected.

FIVE-YEAR ENROLLMENT PROJECTION AND STUDENT HOUSING PIPELINE DISPARITY



Source: Axiometrics. Enrollment estimates and student housing pipeline as of December 2016; subject to change over time.



FASTEST-GROWING FLAGSHIP UNIVERSITIES | IN 2016

TOP FIVE

SCHOOL	2015 TO 2016 GROWTH RANK	Y-O-Y ENROLLMENT CHANGE	2016 FALL ENROLLMENT	FIVE-YEAR FORECAST*
Texas A&M University	1	2,341	60,856	5,023
Florida International University	2	1,846	51,738	3,446
University of Texas at Arlington	3	1,517	38,525	3,799
University of California - San Diego	4	1,514	34,420	2,457
Arizona State University	5	1,317	74,485	6,625
University of Houston	6	1,196	43,900	2,949
University of Central Florida	7	1,126	63,670	3,777
University of Florida	8	1,098	53,384	4,237
Virginia Tech	9	1,077	33,725	2,177
Utah Valley University	10	1,030	34,241	1,487
Texas State University	11	987	38,966	2,948
University of Texas at Dallas	12	982	25,536	2,531
Northern Arizona University	13	958	29,989	1,936
California State University - Northridge	14	914	42,462	1,988
Washington State University	15	891	30,577	1,973
Kennesaw State University	16	798	34,050	2,844
University of Georgia	17	759	36,889	3,043
University of Alabama	18	742	37,840	2,924
Utah State University	19	734	18,635	1,097
University of Arizona	20	732	43,820	5,074
Mississippi State University	21	654	21,083	1,427
California State University - Sacramento	22	636	30,920	2,029
University of Nevada - Reno	23	627	21,525	2,263
University of Mississippi	24	620	20,616	2,481
University of North Carolina - Charlotte	25	616	28,599	2,975
Clemson University	26	613	23,311	1,776
University of South Carolina	27	607	34,331	2,396
East Carolina University	28	594	28,883	2,723
Louisiana State University	29	567	32,094	2,684
University of California - Davis	30	563	35,749	2,685
University of Illinois - Urbana-Champaign	31	550	46,392	2,245
Oregon State University	32	532	30,108	2,743
San Diego State University	33	532	33,762	2,751
Tarleton State University	34	530	12,863	866
University of California - Irvine	35	524	31,360	3,364
Texas Tech University	36	521	36,380	2,387
California State University - San Marcos	37	512	13,305	798
Michigan State University	38	505	51,048	2,285
University of Washington	39	499	45,907	2,868
University of California - Berkeley	40	497	38,701	3,072
University of North Carolina - Greensboro	41	485	19,878	1,918
University of Nebraska - Lincoln	42	484	25,744	2,071
Purdue University	43	473	39,882	2,367
Ohio State University	44	469	59,132	2,954
University of Cincinnati	45	469	36,556	2,979
California State University - Fullerton	46	465	35,726	3,100
University of Connecticut	47	464	23,674	1,677
University of Colorado - Boulder	48	459	33,234	3,314
California State University - Long Beach	49	449	37,895	2,326
University of Kentucky	50	446	30,173	2,621

Source: Axiometrics



STUDENT ENROLLMENT

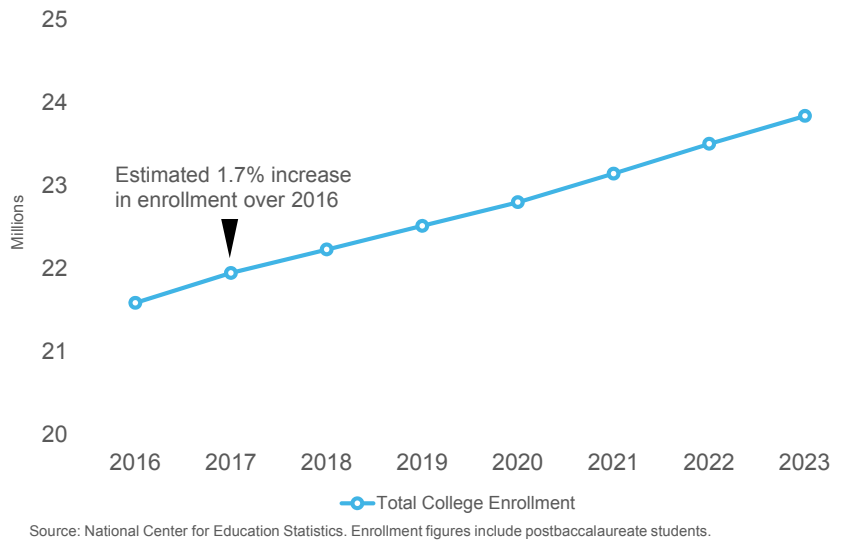
5-YR OUTLOOK BY STATE

The projected changes in enrollment starting in 2017 and ending in 2021 for the top 12 states range from 5,400 students in Oregon to 35,800 students in California. During the same period, the average annual student housing occupancy in the majority of these 12 states is forecast to hover in the 94% to 97% range.



NAT'L ENROLLMENT PROJ.

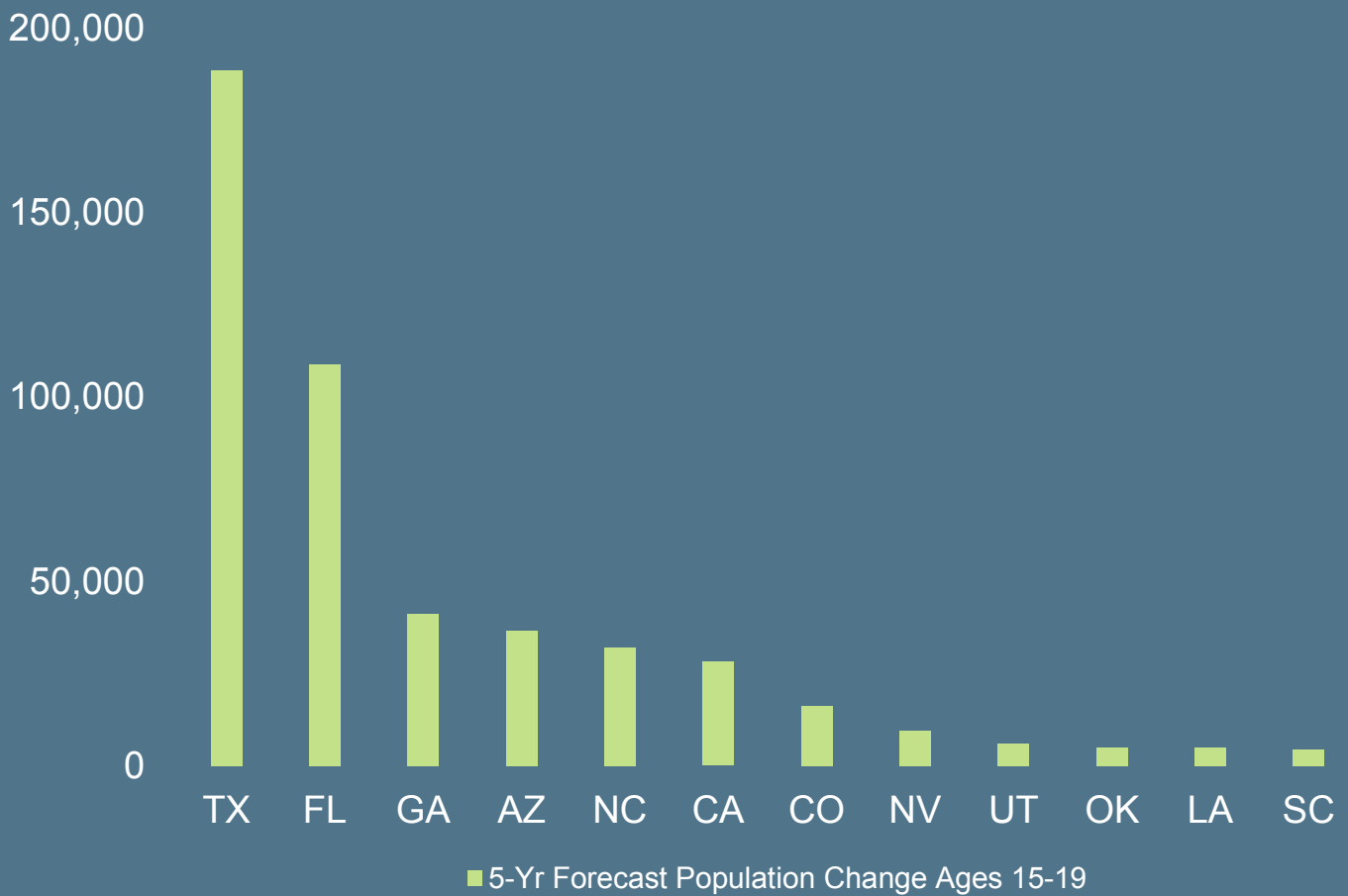
Despite the steady increase in college tuition, a gradually improving economy, and a reduction in college attendance among students 24 years of age and older, post-secondary enrollment is expected to rise over the next several years. Nationwide college enrollment of more than 21.9 million students is forecast in 2017, a 1.7% increase over 2016.





FIVE-YEAR NATIONAL GROWTH | OF 15-19 AGE GROUP

The five-year growth in the 15-to-19 age group is an indicator of near-term post-secondary enrollment. In the five-year period from 2017 to 2021, these 12 states have the highest numerical increase of persons in their late teens, from a gain of 4,300 persons in South Carolina to 188,600 persons in Texas.



Source: Moody's



BERKADIA STUDENT HOUSING TRANSACTIONS | IN 2016



IRISH FLATS
University of Notre Dame
188 Beds



OVERLOOK AT NOTRE DAME
University of Notre Dame
359 Beds



GREENE CROSSING
University of South Carolina
726 Beds



THE QUAD
University of Central Florida
384 Beds



THE VILLAGE AT 48 WEST
Grand Valley State Uni.
920 Beds



UNIVERSITY EDGE
University of Notre Dame
528 Beds



THE BRONCO CLUB
Western Michigan Uni.
496 Beds



CLOVER VILLAGE
University of Notre Dame
330 Beds



IRET PORTFOLIO
Saint Cloud State Uni.
391 Beds



HILLCREST PARK
University of Northern Iowa
526 Beds



UNIVERSITY SQUARE
Texas A&M University
192 Beds



CLOVER RIDGE
University of Notre Dame
206 Beds



THE EDGE FLATS
Wake Forest University
170 Beds



SOCIAL AT SOUTH FLORIDA
University of South Florida
560 Beds



WISH PORTFOLIO
Various
89 Beds



LAUREL RIDGE
Texas A&M University
568 Beds



BERKADIA STUDENT HOUSING TRANSACTIONS | IN 2016



UNIVERSITY LAKES
University of South Florida
401 Beds



GRANDVIEW (MAIN STREET AND SOUTH ROCK)
Slippery Rock University
118 Beds



ECLIPSE ON BROAD
University of Georgia
32 Beds



THE WASHINGTON CENTER RA F
Various
95 Beds



FOUNDRY LOFTS
University of Michigan
518 Beds



GATEWAY AT COLLEGE STATION
Texas A&M University
880 Beds



RAMS VILLAGE
Colorado State University
979 Beds



SUNCHASE APARTMENTS
James Madison University
864 Beds



STARLITE AND METRO APARTMENTS
University of North Texas
156 Beds



LUX 13 - PHASE II
University of Florida
754 Beds



THE AVENUE AT NORMAN
University of Oklahoma
896 Beds



LINDER SPRINGS
Boise State University
96 Beds



THE EDGE
Wake Forest University
930 Beds



1318 WEST BROAD STREET
University of Richmond
25 Beds

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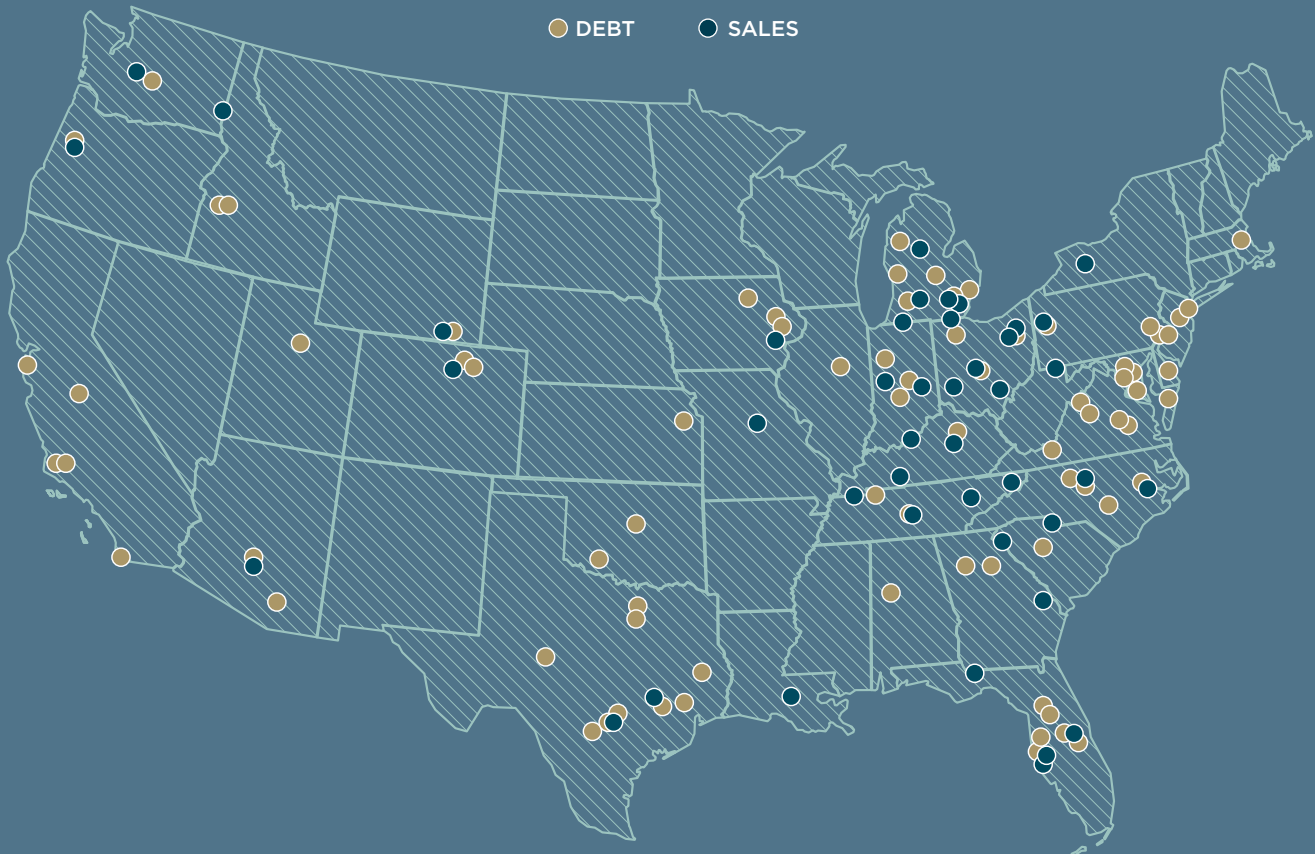
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