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## **\$220M JV Formed to Develop Student Housing**

By [Crystal Proenza](#)

CHARLOTTE, NC-Locally based Campus Crest Communities and Chicago-based private equity firm Harrison Street Real Estate Capital have formed a \$220 million joint venture to develop 10 student living communities near university campuses throughout the US. The partnership is fully financed by Harrison Street Real Estate Partners II, a \$430 million fund that was raised over the summer, says Chris Merrill, managing partner of HSREC.



Student Housing by Campus Crest

The off-campus housing communities will be approximately 218,000 square feet with 504 fully furnished bedrooms, each with its own private bathroom and walk-in closet. Amenities at the sites will include resort-style swimming pools, 24-hour gyms, fire pits, tanning booths and clubhouses. The housing also includes controlled-access gates and 24-hour, seven-day security by a community assistant. Average rental rates range from \$400 to \$600 per bed per month on 12-month leases, a price comparable to what students would pay if living on campus, says Merrill.

Ground has broken on three of the projects and there are plans to begin five more in the next few months to be delivered during the 2009-2010 academic year. The last two sites of this batch of housing will break ground in the third quarter of 2009 and be delivered for the following academic year. Between then and now more sites could be added to the drawing board, says Merrill.

"This is just the first stage of the deals we're in the process of closing," he reveals to GlobeSt.com, adding that the joint venture plans to continue to work together and will build a larger portfolio. "These assets draw attractive cash yields and hold up well in tough economic times," he says, agreeing with an oft-heard mantra these days that when things are tough people go back to school.

The joint venture is targeting schools that have growing enrollment and a need for off campus housing. The 10 planned communities are located at Austin Peay State University in Clarksville, TN; University of Central Arkansas in Conway, AR; Sam Houston State University in Huntsville, TX; University of Kansas in Lawrence, KS; University of Idaho in Moscow, ID; University of Nevada in Reno, NV; Angelo State University in San Angelo, TX; Texas State University in San Marcos, TX; Georgia Southern University in Statesboro, GA; and California State University, Stanislaus in Turlock, CA.

Campus Crest currently operates 18 student housing communities in nine states and has a development pipeline of more than 50 more projects in 12 states. HSREC invests in real estate where tenant demand is driven from education, healthcare and storage-related activities.