



HARRISON STREET | *Real Estate Capital*

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JV Buys Student Housing Asset for Estimated \$35M

By Alex Finkelstein

AUSTIN, TX-In their third joint venture deal of the year, the Preiss Co. of Raleigh, NC and Chicago-based Harrison Street Real Estate Capital have acquired the five-year-old, 1,152-bed Crossing Place student housing project near the University of Texas-Austin. The 348-unit property was in foreclosure when it was sold.

Principals at both firms declined to disclose the purchase price. However, area brokers familiar with comparable projects in the Southwest tell GlobeSt.com the estimated per-bed-price was in the \$30,000 range. That would make the estimated aggregate price of the asset \$35 million. Officials at Preiss and Harrison declined to comment on the estimated price.

In less than 12 months, Preiss and Harrison have started development or have acquired three student housing properties totaling over 2,300 beds. In January, the firms bought the 130-unit, 520-bed University Club complex at Charlotte, NC for an estimated \$23,000 per bed or an estimated aggregate price of \$12 million. The property is about 100% occupied for the 2006-07 school year, according to Donna Preiss, founder and CEO of the Preiss Co. The second JV project is the 660-bed University Village, under construction adjacent to the University Club, less than a half mile from the University of North Carolina campus at Charlotte.

In a prepared statement, executives at Preiss say the 19-year-old firm is "searching for sound investments" throughout its established markets in the Southwest and Southeast, as well as exploring new markets. "The company's goal is to become the largest off-campus (housing) provider in each of the markets that it selects."

The Austin property is three miles from the university's campus. Occupancy is in the mid-90s, Dean Egerter, a principal at Harrison Street Real Estate, tells GlobeSt.com. "The purchase price, plus Preiss' ability to execute a value-add property management program in the context of a more-balanced Austin convention market makes this a compelling investment to add to our portfolio," Egerter says.

Harrison Street Real Estate Capital LLC is a real estate private equity firm launched in 2005. The firm's inaugural fund, Harrison Street Real Estate Partners I LP, finances and consolidates portfolios of specialty real estate properties.

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