UNIVERSITY OF MARYLAND
COLLEGE PARK
STUDENT HOUSING MARKET ANALYSIS
June 2017
AGENDA
June 2017

1. Planning Process
2. Underpinnings & Implications
3. Recommendations
4. Next Steps
PLANNING PROCESS

PROJECT OBJECTIVES

- Quantify unmet demand for undergraduate on-campus housing
- Identify off-campus market dynamics that will impact the UMD housing system
- Understand the demand for Fraternity and Sorority housing and recommend a program that satisfies their need
- In the context of the 2014 Housing Master Plan, provide recommendations that allow UMD to position its housing assets to satisfy housing demand and have the greatest impact on the advancement of the University
PLANNING PROCESS
STUDENT HOUSING MARKET ANALYSIS

- Strategic Asset Valuation
- Financial Analysis
- Demand Analysis
- Demographic Analysis
- Existing Conditions Analysis
- Off-Campus Analysis
- Project Definition & Housing Strategy
- Student / Parent / House Corp. Survey (Over 3,100 respondents)
- Focus Groups (60+ Participants)
PLANNING PROCESS

STUDENT HOUSING PLANNING

- Get the Asset Right
- Acquire Capital Advantageously
- Operate to Maximize Institutional Interest
**Inclusion**
- Housing for all first and second-year students, and transfer students
- Housing for all fraternity and sororities who desire to have a chapter house

**Curriculum Enhancement**
- Direct integration of living-learning programs
- Enhanced & increased living-learning programs
- Housing continuum discipline

**Market Responsive**
- Unit mix
- Competitive amenities
- Differential pricing
- Housing market supplement

**Financially Prudent**
- Occupancy Coverage Ratio (OCR) increases with age
- Debt Coverage Ratio (DCR) 1.0:1 to 1.2:1
- Public-private partnerships (P3’s) should be considered where appropriate
UNDERPINNINGS & IMPLICATIONS
Undergraduate Enrollment has grown 13% since 2007.

Academic profile of students has increased.

Campus Housing is an integral component of the UMD Experience for 1st and 2nd year students.

Students' housing decision is driven by proximity to classes, cost, and a quiet environment.

Significant demand for additional housing.

Housing has been 100%+ occupied with an average waiting list of 538 since 2012.

Significant demand for additional housing.

Off-campus market does not fully meet students needs.

UMD needs to develop housing that aligns with market demand in a multiphase program.

Active off-campus market targeting UMD students with an additional 500+ units under construction.

Unmet Demand for 1,400 beds.

2014 Housing Master Plan Demo. + Reno. decreases bed count by 1,894.

Students' housing decision is driven by proximity to classes, cost, and a quiet environment.

Programmanagers.com
28,462
Total undergraduate enrollment for fall 2016

13% Increase in undergraduates since 2007
12% Increase in transfers since 2007

4.20 Avg. incoming first year student high school GPA (Increase of 5%)

94% Five year average freshman retention rate (Increase of 3%)

85% Average six year graduation rate (increase of 5%)

Demographic data provided by University of Maryland
On-campus satisfaction is impacted by the aging facilities while off-campus satisfaction is impacted by the lack of community and residential experience.
UNDERPINNINGS & IMPLICATIONS
IMPORTANCE OF RESIDENT LIFE & SATISFACTION

Living on campus...

88% Helped me adjust to life at UMD
81% Introduced me to new friends
76% Provided me a sense of community
76% Made it easier to be involved in campus life
75% Provided me with a safe, secure environment
71% Provided me with convenient living options near classrooms
70% Enhanced my overall experience
66% Made me feel like a Terp
64% Provided me with opportunities to get involved
60% Had a positive influence on my academic performance

60+
Number of Engaged Students who Believed Housing was Enough of a Priority to Attend a Focus Group Session

“I wish housing was available all four years”
-Student Survey Comment

“I would have loved to live on campus this year, but I was waitlisted for housing and not offered housing until after I signed my lease.”
-Student Survey Comment
Living Learning Programs are key to the UMD residential experience.
74% of on-campus residents are satisfied with their living conditions.

### Satisfaction Level of Students Living on Campus by Community

- **Cambridge**: 87%
- **Leonardtown**: 82%
- **South Hill**: 81%
- **Denton**: 79%
- **Ellicot**: 77%
- **North Hill**: 62%

### Satisfaction Level of Factors for Students Living on Campus

- **Proximity to UMD Campus**: 77%
- **Proximity to UMD Amenities**: 70%
- **Physical Condition**: 67%
- **Access to Fitness Facilities**: 67%
- **Size of Unit**: 64%
- **Size of Bedroom**: 61%
- **Total Cost of Rent + Utilities**: 39%
UNDERPINNINGS & IMPLICATIONS

FRATERNITY & SORORITY LIFE

Living in a Chapter House Provided...

- **93%** Sense of Community
- **85%** Safe and Secure Environment
- **83%** Enhanced Overall Experience at UMD
- **80%** Introduced Me to New Friends
- **74%** Provided Opportunities for Leadership Development
- **69%** Cost Effective Living Option
Underpinnings & Implications

Existing Housing Portfolio

7 Residential Communities

9,475 UMD Owned Beds

2,899 P3 Beds

1,272 F&SL Beds
Gross Square Feet
Residential: 3.5M
Non-Residential: 10.8M

Average Building Age
Residential: 57
Non-Residential: 41

Average Building Renovation
Residential: 24
Non-Residential: 26

New Construction Value*
Residential: $170M
Non-Residential: $198M

*New Construction value is replacement cost
Campus housing is an integral component of the UMD student experience.

Students’ awareness of functional obsolescence of UMD housing facilities presents a potential occupancy risk for the future.

The dynamic off-campus market is influencing students’ housing preferences and expectations.

“Many halls need to be remodeled, they are so old, and bathrooms are ugly and disgusting… Also air conditioning during the summer would be a nice addition… This dorm has potential of being really nice because it’s in a nice location on south campus, but since it’s so old it’s hardly pleasant.”

“Current dorms, while livable, are below par. The price is high for living in conditions that are cramped, and old. Renovation/new buildings would greatly improve this problem.”

“My experience overall with housing on campus is that it was fairly poor (low quality, broken elevators, old buildings - bad AC) and expensive. When something is more expensive you expect a certain level of quality.”
Reasons for Moving Off Campus

<table>
<thead>
<tr>
<th>Factor</th>
<th>Percent</th>
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<tbody>
<tr>
<td>More living space</td>
<td>61%</td>
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<tr>
<td>Access to my own kitchen</td>
<td>60%</td>
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<tr>
<td>More cost effective</td>
<td>58%</td>
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<tr>
<td>More privacy</td>
<td>57%</td>
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<tr>
<td>Ability to live with or near friends</td>
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<tr>
<td>Fewer rules and regulations</td>
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<td>Better living unit amenities</td>
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<td>Better physical condition of the building</td>
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<td>Better wireless Internet access</td>
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<tr>
<td>To live in a quieter environment</td>
<td>31%</td>
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<tr>
<td>More convenient location</td>
<td>30%</td>
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<tr>
<td>More convenient parking or public transportation</td>
<td>21%</td>
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<tr>
<td>My preferred on-campus living accommodations may not be available</td>
<td>18%</td>
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<tr>
<td>Better security/safety</td>
<td>16%</td>
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<tr>
<td>Better maintenance and housekeeping services</td>
<td>16%</td>
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<tr>
<td>To satisfy my parent's/family wishes</td>
<td>16%</td>
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</table>
Surveyed 8 purpose-built properties

2-mile radius from campus

Average rent is $823 - $961 / month / student

Nearly all require 12-month lease

Amenity-rich market

Low vacancy rates

1,075 units in the pipeline – not purpose-built student housing

7,125

Beds Available Within 1.6 Miles of Campus
## UNDERPINNINGS & IMPLICATIONS

### OFF-CAMPUS MARKET ANALYSIS

<table>
<thead>
<tr>
<th>Domain</th>
<th>Landmark</th>
<th>Mazza Grandmarc</th>
<th>Terrapin Row</th>
<th>The Enclave at 8700</th>
<th>The Varsity College Park</th>
<th>University Club</th>
<th>University View</th>
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<td><strong>Unit Amenities</strong></td>
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<td><strong>Utilities Included</strong></td>
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<td></td>
<td>78%</td>
<td>83%</td>
<td>72%</td>
<td>94%</td>
<td>83%</td>
<td>94%</td>
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</table>
UNDERPINNINGS & IMPLICATIONS

SURVEY ANALYSIS

64% Live in apartments or condominiums
25% Live in single-family houses or duplexes
74% Live with other students
3.6 Average number of bedrooms in unit
74% Are satisfied with their current living conditions
$789 Average per person, per month rental rate in apartment
$518 Average per person, per month rental rate in single-family house
The average monthly rent per person reported by respondents was slightly less than the off-campus market analysis.

Average Personal Monthly Rent
$789
+ Utilities $65
Average Personal Monthly Cost of Housing
$854

Off-Campus Students

Average per person share of security deposits by respondents
$429

Housing Costs for Off-Campus Students

Studio 1BR 2BR 3BR 4BR
$800 $842 $733 $717 $730

Average Rent Students Pay by Unit Type
Respondents that reported having a lease indicated that it rarely followed the academic year or semester and typically did not include many utilities other than trash pick-up and sewer.
**Market Dynamics**

- 1.5M Sq. Ft. of Commercial and Residential Development in Construction and Pipeline
- $2B Public and Private Investment Dollars
- 1.2K Number of New Student-Focused Beds Online in Last Two Years
- 10+ Food Destinations

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**UnderPINNINGS & Implications**

Source: Greater College Park

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Programmanagers.com
UNDERPINNINGS AND IMPLICATIONS

OPERATING PARADIGMS

Commercial Real Estate
- Focused on trends and fashion
- Niche market segments targeted
- Short-term capital repositioning
- Market cycle perspective
- Asset specific underwriting

Higher Education
- Grounded on permanent ideals
- Entire student population must be accounted for
- Focused on non-financial and indirect financial benefits
- Institutional life-cycle perspective
- Institutional / Portfolio underwriting

Landmark
Domain College Park
Emory University
Tulane University
UNDERPINNINGS AND IMPLICATIONS

COMMERCIAL REAL ESTATE
- Focused on trends and fashion
- Niche market segments targeted
- Short-term capital repositioning
- Market cycle perspective
- Asset specific underwriting

Highest + best use based on residual land value

OPERATING PARADIGMS

HIGHER EDUCATION
- Recruitment / Retention
- Developmental outcomes
- Well-being outcomes
- Relationship Outcomes

Market Segment Solutions

programmanagers.com
On-Campus Residents:
- All students in residence halls
- All students in P3 properties

Off-Campus Residents:
- Enrolled full-time
- Age 18-24 (undergrad)
- Renting off campus (not with family, partner, or dependent)
- Paying more than $800 per month in rent

Assumptions
- Based on Fall 2016 full-time undergraduate enrollment (26,350)
- Flat enrollment scenario
- “Occupancy Coverage Ratio” to mitigate risk

Those not meeting this criteria are excluded from the demand analysis
UNDERPINNINGS & IMPLICATIONS

HOUSING DEMAND

Traditional

(S) $3,575-$3,825 / Semester
(D) $4,175-$4,425 / Semester

Pods

(S) $4,175-$4,425 / Semester
(D) $3,575-$3,825 / Semester
UNDERPINNINGS & IMPLICATIONS

HOUSING DEMAND

Semi-Suite

(S) $5,675-$5,925 / Semester
(D) $5,425-$5,675 / Semester

Full Suite

(S) $6,175-$6,425 / Semester
(D) $5,565-$5,925 / Semester

Studio APT

(S) $7,175-$7,425 / Semester

1BR / 1BA APT

(S) $7,675-$7,925 / Semester

2BR / 1BA APT

(S) $6,925-$7,145 / Semester

4BR / 2BA APT

(S) $6,425-$6,675 / Semester

Programmanagers.com

Brailsford & Dunlavey
The UMD Resident Life experience cannot be replicated off campus.
1,260
Freshman + Sophomore Bed Loss

634
Junior + Senior Bed Loss

1,894
Total Bed Loss
## UNDERPINNINGS & IMPLICATIONS

### HOUSING DEMAND & REPLACEMENT NEED

<table>
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<tr>
<th></th>
<th>Demand</th>
<th>Replacement Beds</th>
<th>Total</th>
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<tbody>
<tr>
<td>Freshman &amp; Sophomore</td>
<td>259</td>
<td>1,260</td>
<td>1,519</td>
</tr>
<tr>
<td>Junior &amp; Senior</td>
<td>1,183</td>
<td>634</td>
<td>1,817</td>
</tr>
<tr>
<td>Fraternity &amp; Sorority Life</td>
<td>206</td>
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</table>

**Total Need:** 3,542

The UMD Resident Life experience cannot be replicated off campus.
UNDERPINNINGS & IMPLICATIONS

SURVEY ANALYSIS

Physical Features UMD Should Consider When Updating Housing

- **54%** Convenient Location
- **49%** In Room Wireless Internet Access
- **33%** In Unit Full Kitchen
- **32%** Full Sized Beds
- **26%** Laundry Facilities in the Building
- **26%** Individual Temperature Controls in Living Units
Factors to Consider for Improvement

94%  Keep Housing Costs Affordable

85%  Improve the Physical Condition of Existing Campus Housing

82%  Improve Amenities in Existing Campus Housing

79%  Modern and Attractive Living Environments

72%  Change Existing Housing Policies
RECOMMENDATIONS

SUMMARY OF RECOMMENDATIONS

- Update and refine the phasing of systematic renovation of existing residence halls
- Align unit types with market demand
- Develop up to 2,600 beds of new housing
  - 1,350 beds on the Varsity Practice Field Site
  - Up to 1,050 beds of suite or apartment units
  - 200 beds of Fraternity and Sorority housing
- Undertake a Strategic Plan for Fraternity and Sorority Housing
  - Determine the future scope and scale of F&S Housing with a sustainable funding model
RECOMMENDATIONS

- **Location**
  - Varsity Practice Field

- **Program**
  - Maximize density
  - 1,350 beds appears feasible
  - Semi-suite or pod-style units

- **Target Market**
  - 1\textsuperscript{st} and 2\textsuperscript{nd} Year students

- **Opportunities**
  - Student-athlete recruitment
  - Adjacency to Athletics
  - Students interested in convenience, flexibility, and high quality options
RECOMMENDATIONS
NORTH CAMPUS

- **Building 1**
  - Pod Style Housing
  - Building Footprint: 15,300 GSF
  - Assumed 330 SF/Bed
  - **Approx. 278 Beds at 6 Stories**
  - Expansion (1a)
    - Footprint: 8,250 GSF
    - Approx. 150 additional beds at 6 Stories

- **Building 2**
  - Pod Style Housing
  - Building Footprint: 16,800 GSF
  - Assumed 330 SF/Bed
  - **Approx. 305 Beds @ 6 Stories**
  - Expansion (2a)
    - Footprint: 9,000 GSF
    - Approx. 160 additional beds at 6 Stories

- **Building 3**
  - Pod Style Housing
  - Building Footprint: 24,800 GSF
  - Assumed 330 SF/Bed
  - **Approx. 450 Beds @ 6 Stories**

Site images are artistic illustrations and are not drawn to scale.
**CAPITAL PROJECT TIMELINE**

**2014 HOUSING STRATEGIC PLAN**

- **HVAC / Maintenance / Reno**
- **Vacate / Demolish**
- **New Construction**
- **Maintenance / Reno**

**Timeline Details:**

- **2016**
  - **12,487 beds**
- **2018**
  - **13,248 beds**
- **2020**
  - **13,214 beds**
- **2022**
  - **14,324 beds**
- **2024**
  - **14,600 beds**
- **2026**
  - **14,287 beds**
- **2028**
  - **13,873 beds**

*Includes 2,899 P3 beds, Does not include F&SL beds*
CAPITAL PROJECT TIMELINE

2014 HOUSING STRATEGIC PLAN – BED COUNT

*Includes 2,899 P3 beds, Does not include F&SL beds
CAPITAL PROJECT TIMELINE

2017 HOUSING STRATEGIC PLAN UPDATE

HVAC / Maintenance / Reno
Vacate / Demolish
New Construction

Ellicott
Worcester
Wicomico
Caroline
Carroll
Cecil
Bel Air
Easton
Centerville
Elkton
La Plata
Dentonia
Dorchester
Cumberland
Hagerstown
Leonardtown

12,073 beds
12,087 beds
12,112 beds
12,092 beds
12,376 beds
-634 Beds
893 Beds
-166 Beds
-163 Beds
893 Beds
550 Beds
550 Beds
500 Beds
Practice Field- Ph II
Practice Field- Ph I
Replacement Ph I
Replacement Ph II

-127 Beds
-121 Beds
450 Beds
1,000 Beds
550 Beds

*Includes 2,899 P3 beds, Does not include F&SL beds
*Includes 2,899 P3 beds, Does not include F&SL beds
NEXT STEPS
Incorporate Feedback
Final Documentation
Institutional Commitment
- Ongoing Systematic Renovations
- Practice Field Development
  • Detailed Program
  • Rental Rate Analysis
- F&SL Strategic Plan