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Harrison, Landmark In \$100M Student Housing JV

By *Cari Brokamp*



Merrill

CHICAGO-Harrison Street Real Estate Capital and Landmark Properties, and its affiliated entity Retreat Holdings, have formed a \$100 million joint venture to develop and manage student housing. The new partnership will focus on the creation of new student cottage communities nationwide, and already has two projects underway.

The \$100 million investment is only the beginning of a lengthy venture, says Christopher Merrill, co-founder, president and CEO of Chicago-based Harrison, which has the majority stake in the equity.

"Frankly, this is just the start so there's not a set amount and we expect to grow it over time," Merrill tells GlobeSt.com. "We're probably one of the top 10 companies in terms of ownership of student housing now, and it's a good long-term business to be in." Current projects of the partnership include The Retreat at Lake Tamaha and The Retreat at Knoxville.

Located in Tuscaloosa, AL near the University of Alabama, the Retreat at Lake Tamaha opened its first phase of 600 beds to full occupancy this school year and will complete with a second phase of 700 beds by next school year. The project, originally started by Athens, GA-based Landmark and financed by Sun Trust and Wells Fargo, will bring 342 cottages and house more than 1,300 students when completed.

The partnership is also undertaking construction this fall on The Retreat in Knoxville to serve University of Tennessee students. Financed by Mutual of Omaha Bank, the project will bring 265 beds when finished. Three other similar developments are also being planned by the joint venture for a fall 2011 delivery, all to be operated and marketed under "The Retreat" cottage community brand, and all targeting and capitalizing upon the populations of nearby large state universities.

"We work with multiple student housing partners because there are a lot of ways to invest and opportunities for different kinds of student housing," Merrill says. "The green cottage-style project is a little different than what other developers are doing for student housing, and it doesn't really exist in the marketplace, which is what we're looking to do. This is a different style of living and a unique project, with more open space, more common areas, a lot of green space and a 9,000-square-foot pool."

Nearly three-quarters of students at universities nationwide utilize off-campus housing, according to Merrill. "The theme of our business is need-based real estate, and when you look at student housing, there is a real need for off-campus housing across the company," he says. "The demographics support it and continue to go in our favor if you look at enrollment trends, students staying longer at college and the increased desire to be in off-campus housing."

Merrill says student housing is one asset class that has remained strong despite economic challenges in other sectors. "This is what the strategy of our firm is, focusing exclusively in education, health care and storage," he says. "We've been very active this year and have been very lucky that we've never invested outside of these defensive asset classes. We're very bullish on student housing, so this is really an opportunity to grow our portfolio."