

## Recession Proof?

Investing in student housing

By [Diana Mosher](#) on Aug 9, 2012 in [Insight](#)

Despite the perceived challenges of student housing—such as the frequency of turns and the wear and tear that can result from the student lifestyle—student housing is frequently referred to as a recession proof investment.

In fact, for many investors, off-campus student housing is seen as one of the apartment industry's most important niche markets. According to The National Student Housing Council (NSHC), a part of the National Multi Housing Council (NMHC), "As student enrollment numbers continue to multiply, many states find that local colleges and universities struggle to provide enough dorm beds to keep up with burgeoning demand for on-campus housing."



The NSHC recently analyzed data from both the U.S. Department of Education and the U.S. Census Bureau to identify areas where the shortages have become most acute. The analysis covered the 1999-2000 academic year through the 2009-2010 academic year. Read more in a [white paper from NMHC](#).

Reflecting this trend, development appears to be picking up in the sector. Student housing REIT Campus Crest Communities has formally announced the start of three new projects that are expected to be delivered for the 2013/2014 academic year. The total estimated cost for the projects, located in Colorado, Indiana, and Oklahoma, is \$82.5 million.

The Grove at Ft. Collins (Colorado State University, 612 beds) and The Grove at Muncie, Ind., (Ball State University, 584 beds) will be wholly owned by the company. The Grove at Norman, Okla., (University of Oklahoma, 600 beds) is being developed in a joint venture with Harrison Street Real Estate. Campus Crest will own a 20 percent interest in that project. (The Grove in Huntsville, Texas, is shown at right.)

And new players are entering the market. This month [Picerne Military Housing](#) announced the launch of a new parent company called Corvias Group, and a new student housing division called Corvias Campus Living.

According to Picerne, student housing was a natural move for the company because military housing and student housing share similar aspects most notably the fact that funds are frequently funneled into other programs rather than into housing.

The core mission of schools is to educate, so money doesn't flow into housing like it does into other buildings on campus. This can result, over a number of years, in a deferred maintenance program as well as a deferred development program.

Corvias Campus Living will manage a school's entire housing portfolio with a focus on revitalization and modernization. Lessons learned from Picerne's military experience will be key and the company believes this will provide a clear competitive advantage.

*Diana Mosher is editorial director of MHN which publishes a [monthly digital magazine](#) as well as [daily news updates](#) for the multifamily industry.*