

THE WALL STREET JOURNAL.

WSJ.com

April 6, 2015, 10:00 AM ET

Moving Beyond Student Housing

By Peter Grant



Rendering of Century Square project next to Texas A&M University campus

Midway Cos.

A private equity firm that's been a leading investor in student housing is expanding into developing mixed use projects adjacent to campuses.

Chicago-based Harrison Street Real Estate Capital has cut a deal to provide most of the equity capital in a \$172 million project being developed next to Texas A&M University that's slated to include rental apartments, two hotels and retail and office space. Harrison's partner on the project, Houston-based Midway Cos., broke ground on the 60-acre site late last year.

Harrison, a 10-year old firm with \$7.5 billion in assets under management, specializes in niche markets like student housing, healthcare-related property and self-storage. It has developed or acquired over 54,000 student housing beds.

In the past, Harrison's residential projects have targeted conventional students attending colleges and universities. The project in College Station, Texas is different because it's not including conventional student housing. Rather it's targeting the wide range of businesses, retailers, and others that want to be located near a big campus.

“There are a lot of other ways to invest and make money in university towns,” said Christopher Merrill, chief executive of Harrison Street. “We hope that we can replicate this at other universities.”

The Texas A&M project is attractive because it involves a big chunk of vacant land that’s owned by the university and used to house married-student housing. Midway, which has developed projects in 23 states, last year signed a 75-year ground lease for the property. (The rental payments under the ground lease aren’t included in the project’s \$172 million price tag.)

The married-student housing that used to be on the site was demolished. “Land assemblage is difficult,” Mr. Merrill said.

The project, named Century Square, will include 250 rental apartments that will be marketed for about \$1.60 per square foot per month, which is at the high end of the rental market in College Station, according to Jonathan Brinsden, chief executive of Midway. The strategy is to target the upscale units, not at students, but at faculty, young professionals and employees of businesses that want to locate near the campus, he said.

The developer also is planning two hotels with a total of about 300 rooms. One is named Cavalry Court, a nod to Texas A&M’s rich military tradition; the other is named the George, partly after the large number of prominent graduates with that name and the location of the George Bush Presidential Library and Museum on the campus.

The project, which also will include about 200,000 square feet of retail space and 100,000 square feet of office space, will take up just 32 acres of the 60 acre site. At this point Midway hasn’t decided what to do with the rest of the property but the firm is hoping that the current project, scheduled to be completed in late 2016, will generate additional retail, residential and office demand, Mr. Brinsden said.

The Texas A&M community has more than 50,000 students. The developers are hoping that the Century Square project becomes a hub of entertainment and shopping activity for them as well as others in region.

“Our goal is that this will become the heart and soul of the community...a place to go to see and be seen,” Mr. Brinsden said.

Copyright 2015 Dow Jones & Company, Inc. All Rights Reserved

This copy is for your personal, non-commercial use only. Distribution and use of this material are governed by our [Subscriber Agreement](#) and by copyright law. For non-personal use or to order multiple copies, please contact Dow Jones Reprints at 1-800-843-0008 or visit www.djreprints.com