



RR 2018-19



TOTAL ENROLLMENT

UP 1.55%

The University of Michigan enjoyed a third-consecutive year of record-breaking total enrollment, with 46,716 students attending classes at the flagship Ann Arbor campus in Fall 2018, an increase of 714 students. Since Fall 2015 enrollment has grown by a total of 7.02%, averaging an annual increase of 1,002 students during that span.

FRESHMAN ENROLLMENT

DOWN 2.22%

A total of 6,695 first-time students enrolled at U of M this fall, 152 fewer students than last year's record breaking freshman class of 6,847. The dip isn't due to a lack of interest from prospective students - admissions officials received 65,684 applications from across the globe, a 10.57% increase over Fall 2017 applications. Part of the jump in applications is being attributed to the Go Blue Guarantee, which began last year and has granted free tuition to roughly 7% of students from the state of Michigan. The University noted that there was a 24% jump in applications from the state's lowest-income students, which resulted in a 6% increase of freshman students from households with incomes less than \$65,000. Considering that just 22.6% of all applicants were accepted - well below the recent average of 27.17% - it would appear that admissions officials are wary to balance their mission to serve Michiganders from all socioeconomic backgrounds, while also maintaining the institutions' prestigious academic pedigree.

INTERNATIONAL ENROLLMENT

DOWN 0.96%

International student enrollment dropped for the first time in more than a decade. While the numerical drop of 68 students is rather insignificant for a school the size of Michigan, it is certainly of interest to student housing owners and developers, who have come to rely upon wealthy foreign students to occupy the luxurious and pricey new developments close to campus. The decline of international student enrollment is also part of a macro trend seen across the country, as nationalist and anti-immigration rhetoric continues to dampen the prospects of one the United States' most lucrative exports - education.

2018–2019 OCCUPANCY

DOWN 0.72%

Occupancy levels have been inching up towards 100% for the past several leasing cycles, peaking last fall at 99.04% occupancy. The addition of 1,247 beds across 3 true purpose-built student housing assets, the largest single year addition to the off campus housing market in the university's history, resulted in a slight regression, recording a weighted average of 98.32% occupancy for Fall 2018 - slightly below the five-year market average of 98.35%.

AVERAGE RENTS

UP 4.64%

An apples-apples comparison of rents - excluding the new developments - yields a much lower average increase of 1.81%. Studio and One Bedroom units increased by 12.52% and 10.50% in the blind averages, while Two and Three bedroom saw decreases of -3.75% and -1.17% respectively. Given that those results are inverse of the rents reported in Fall 2017, when Two and Three bedroom units showed strong growth and Studios and One's were stagnant, it would point to a market correction - with the premium clearly being on single occupancy rooms. Perhaps not surprising, considering that just 9.73% of the 2,406 beds added to the market since 2013 have been either Studio or One bedroom units.



\$15,262RESIDENT TUITION & FEES
[+2.94%]**\$49,350**NON-RESIDENT TUITION & FEES
[+3.95%]**\$11,534**STANDARD ROOM & BOARD
[+3.00%]

25% OF UNDERGRADUATE WOMEN JOIN SORORITIES | 17% OF UNDERGRADUATE MEN JOIN FRATERNITIES

98% OF FIRST-YEAR STUDENTS | 32% OF UNDERGRADUATES LIVE IN UNIVERSITY AFFILIATED HOUSING

5:4 APPROXIMATE RATIO OF ENROLLMENT GAINS TO BEDS ADDED 2013–2018

3,006NET ENROLLMENT
GAIN/LOSS 2013–2018**2,406**NUMBER OF OFF-CAMPUS
BEDS ADDED 2013–2018**10,000**APPROXIMATE NUMBER OF
BEDS ON CAMPUS**MARKET ADDITIONS**
FALL 2018:
1,247 BEDS

Fall 2018 marked the largest addition of private student housing beds in the University of Michigan's history, with three new complexes contributing 1,247 new beds of inventory. Two of the projects added further density to existing, premium location sub-markets, while the largest new-comer tested the waters on the boundaries of what has traditionally been student housing territory in Ann Arbor.

On the northwest side of Central Campus, the Core Spaces developed, now ACC owned Hub Ann Arbor added 310 beds on the same block as 2016's Foundry Lofts (518 beds), which is across the street from 2013's Varsity Ann Arbor (399 beds). Hub features a vast array of premium amenities, features, and fixtures - a fact reflected in rents which are among the highest in the market, demanding in excess of \$4.25/sf.

On the southeast side of campus, a partnership between Collegiate Development Group and Campus Apartments wrapped construction on Six11, adding 349-beds on the same block of East University as Zaragon Place (248 beds) and directly behind Arbor Blu (242 beds). Six11, which - for the next year at least - is probably the best located student housing asset in the market, is leased up at an average of \$4.39/sf.

The same group, Campus Apartments and CDG, completed their 588-bed project - The Yard - on the fringe of what has historically seen student oriented residential development. While The Yard - which is located west of campus at Main and Madison - is less than mile walk from most classes, the area had seen little development, presumably due to the "industrial feel" of neighborhood that has been home to the Fingerle Lumber Company since 1931. Campus Apartments' bet to "lean in" to its rustic surroundings by naming their development after the lumber yard it overlooks seems to have paid off - The Yard is 100% leased for 2018-19 with rents in excess of \$3.00/sf.

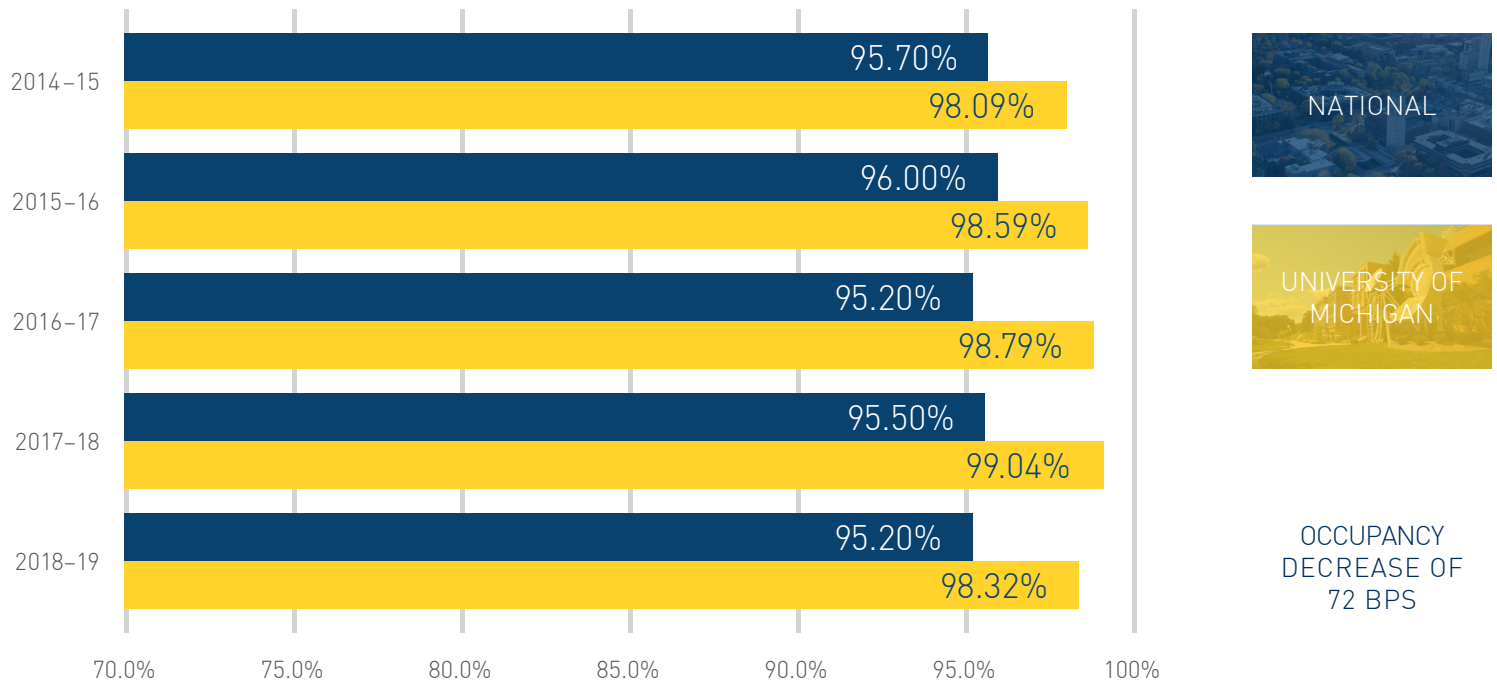
EXPECTED MARKET ADDITIONS
FALL 2019 & BEYOND:
1,000+/- BEDS

Metro-Detroit based Hughes Properties is currently under construction on Vic Village North (AKA Collegian North), which will occupy the northeast corner of the iconic intersection of South and East University Avenue, a location held down by Ulrich's Bookstore since 1934. "The Vic's" marketing materials tout that the 253 students lucky enough to live there will be just "28 steps from the Diag".

Hughes Properties also has plans for a series of sibling properties along South University, entitled Vic Village East, South, etc. Vic Village East was originally conceived for 166 beds and 1,700 square feet of retail although the project is currently on hold. The South project, a redevelopment of the south side of the 1100 Block of South University, is in initial planning.

Southfield-based REDICO received approval in September for a 171-unit, 182-bed development on the entire neighborhood block bordered by Hoover, Brown, Davis, and Greene near Michigan Stadium. Lastly, Landmark Properties of Athens, GA recently submitted preliminary plans for a new project at the southeast corner of Main and William. As currently conceived, The Standard at Ann Arbor would have 390 beds with 11,315 square feet of retail, opening in either 2021 or 2022.

OCCUPANCY | NATIONAL VS UNIVERSITY OF MICHIGAN



AVERAGE RENT PER BED | 2014-2018

	2014-15	2015-16	2016-17	2017-18	2018-19
Studio	\$1,197	\$1,255	\$1,360	\$1,402	\$1,578
One Bedroom	\$1,292	\$1,424	\$1,513	\$1,522	\$1,681
Two Bedroom	\$981	\$1,122	\$1,142	\$1,253	\$1,206
Three Bedroom	\$1,017	\$1,042	\$1,081	\$1,156	\$1,142
Four Bedroom	\$1,006	\$1,078	\$1,094	\$1,085.07	\$1,140
Average Rent Increase	-	7.82%	4.33%	3.90%	4.64%

10 YEAR ENROLLMENT | 2009-2018

	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Freshman	6,079	6,496	6,251	6,171	6,225	6,505	6,071	6,689	6,847	6,695
Graduate & Professional	15,466	14,897	15,309	15,447	15,427	15,230	15,339	15,735	16,181	16,398
International	4,879	5,274	5,524	5,881	5,996	6,014	6,281	6,764	7,052	6,984
Undergraduate	26,208	27,027	27,407	27,979	28,283	28,395	28,312	28,983	29,821	30,318
Total Enrollment	41,674	41,924	42,716	43,426	43,710	43,625	43,651	44,718	46,002	46,716

ABOUT OUR TEAM

OVER **235** TRANSACTIONS
NATION WIDE

COMBINED TEAM
EXPERIENCE OF **70+**
YEARS

AGGREGATE VALUE OF OVER
\$1,100,000,000

Formed in 2010 by 3 partners with a combined 50 years experience in commercial real estate, Triad Real Estate Partners™ strives to be the best private student housing brokerage firm in the country. Triad has closed over 235 transactions covering over 24,000 multi-family & student housing units with an aggregate value of over \$1.1 billion. We are one of the few firms that truly specializes in student housing, completing valuations in 41 different university markets in 2017 and closing deals in 13 states. Based in Chicago, we're particularly strong in the Midwest, claiming a market share over 21% on individual student housing transactions since 2013.

Triad maintains its headquarters in Chicago with regional and partnership offices in New York, Los Angeles, Austin, Atlanta and Detroit. Historically focused on the Midwest, Triad has increasingly expanded nationwide and will be issuing reports across the country with an emphasis on the Southeast and Great Plains states in 2018-19. No other firm takes the time to understand the deep nuances of each of the markets they work in and this is the value we bring to our clients. Reach out and see how we can work together in 2018.

MARKET RESEARCH

Triad Real Estate Partners™ regularly conducts market research reports on off campus student housing at universities across the United States. We are the only firm providing free in-depth, hands-on reports on individual markets with enrollment trends, construction pipeline data & comprehensive rental & occupancy information. We believe our data is the most reliable in the business. This data is updated on an annual basis & is available for free by registering on our website. Please feel free to contact us to see data on a new or specific market.

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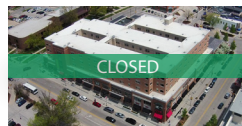
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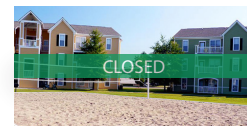
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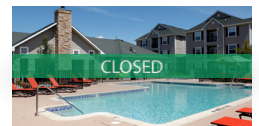
RECENT ACTIVITY



UPTOWN CROSSING
Illinois State University
210 Beds | Student Housing



THE RESERVE AT MARTIN
UT-Martin
384 Beds | Student Housing



BLOCK 36
Michigan State University
433 Beds | Student Housing



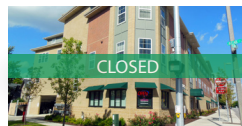
CAMPUS POINTE & MANOR
Western Illinois University
639 Beds | Student Housing



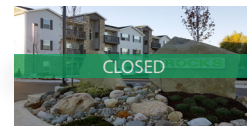
GATHER BELLINGHAM
Western Washington University
417 Beds | Student Housing



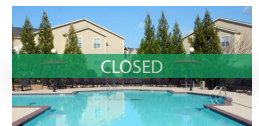
GRANT & S. STREET STATION
Purdue University
364 Beds | Student Housing



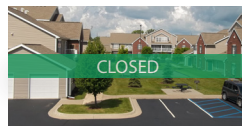
WOLF RIVER PORTFOLIO
Michigan State University
195 Beds | Student Housing



THE ROCKS
Michigan State University
376 Beds | Student Housing



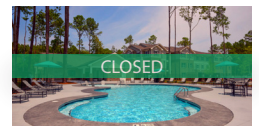
THE RESERVE-JACKSONVILLE
Jacksonville State University
504 Beds | Student Housing



HUNTERS RIDGE
Michigan State University
342 Beds | Student Housing



UNIVERSITY MILLS
University of Northern Iowa
481 Beds | Student Housing



THE LOFTS AT RANDALL
UNC - Wilmington
216 Beds | Student Housing

METHODOLOGY

Survey conducted in November of 2018 & consists of 1,247 student housing beds near the University of Michigan in Ann Arbor. Properties range in age from 1929-2018. All rents are asking rents.

DISCLAIMER

The information contained herein has been secured from sources we believe to be reliable, but we make no representations or warranties, expressed or implied, as to the accuracy of the information.