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OFF-CAMPUS REVIVAL

Two Lubbock projects lead the charge in student housing.

By Jon Ross

Next fall, students at Texas Tech University in Lubbock will have two brand-new, off-campus housing options — Asset Plus Companies' 562-bed 25Twenty project and the 218-unit, cottage-style The Retreat Lubbock by Landmark Properties and Harrison Street Real Estate Capital. Both projects are results of the university's predicted rise in enrollment. By focusing on Texas Tech's impending population increase, these companies are playing out a trend seen throughout the state. Simply put, student housing is big in Texas. Universities both public and private are ballooning, and the need for keeping an ever-expanding student body close to campus is growing every year.



The Retreat Lubbock.

"[Texas is] having a demographic boom right now — having ever increasing numbers of seniors in high school graduate," says Wes Rogers, CEO of Landmark Properties. He adds that Texas Tech grew by about 1,600 new students last year, and the university didn't add any student housing. "Demand for universities in the state is increasing, and it's putting pressure on these universities to grow their enrollment."

To get construction off the ground, The Retreat at Lubbock is making use of a \$42 million loan financed by Wells Fargo. The development will open in fall 2011; this is just in time for new students to move into the two- to five-bedroom cottages configured into duplex and quadplex structures.

Landmark is pursuing another student housing project in Denton, which will be open to students at the University of North Texas. It's a similar concept, but the market can only bear a 500-bed development. The company also is looking for additional opportunities in the Longhorn state. "The state of Texas' budget has held up better than any other state's budget," Rogers says. "There hasn't been the negative repercussions that some of these other states like Florida and California have seen to their education system, where they're having to cut funding to their schools, which is in turn leading to larger classrooms and in some situations decreases in enrollment."

Last summer, Asset Plus developed Lofts at Wolf Pen Creek in College Station. Building on the success of that project is 25Twenty, a four-story complex that will sit near Jones AT&T Stadium just outside the Texas Tech University campus. Asset Plus arranged to build on a parcel next to a mixed-use parking structure, which has ground-level retail, a rooftop bar and will serve as gameday parking during football season. 25Twenty includes two courtyards that will feature a pool, an outdoor BBQ kitchen, a hammock area and a competition horseshoe pit. Additional amenities will include an Internet cafe, a business center, a theater with stadium seating, an exercise facility and tanning room, and a 9,600-square-foot clubhouse. The clubhouse will deliver late this year, and the entire project will be completed by July 2011.

While these developments might seem like no-brainers given the school's dearth of housing, developers still have to be careful. While student housing is somewhat recession resistant, says Barrett Kirk of Asset Plus, the project still needs to make sense. "It's like any other asset class; if you overbuild it, which can happen in any market, you'll struggle. We look for markets that have high barriers to entry," he says. "For student housing to have a successful project, it comes down to location, the product you build, the amenities and the management company."

The Lubbock projects mirror a shifting trend toward more privacy in the units and projects with less of a dorm-type feeling. Four-bedroom/two-bathroom configurations are obsolete in new off-campus housing; students demand something more. "These kids leaving home these days, they want something comparable," Kirk says. "They don't want to step backwards; they want to keep the status quo or actually upgrade in some cases."

Lubbock and other cities throughout Texas are ripe for additional student housing projects. While developers have to be careful not to overbuild one area, the future of off-campus housing in Texas is bright.

"You're going to see enrollments continue to increase at your second-tier Texas universities," Rogers says. "The problem with a lot of the Texas markets are there are very few barriers to entry, so there is a pretty significant risk of overbuilding in these markets."