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EVENT COVERAGE

More Levered Buyers Come Forward

By [Natalie Dolce](#) | National

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LAS VEGAS—More levered buyers are coming back into the student housing market, according to **Shawn Sweeney**, SVP of **TSB Capital Advisors** and moderator of the “Capital Sources and Financing” panel at RealShare Student Housing. “We are seeing cap rates compress and are seeing a more liquid market. While some markets give us pause, we are still bullish on the student housing market as a whole.”



“I would love to do more acquisitions, but I just don’t see the deals to hang my hat on,” said Harrison Street’s Justin Gronlie.

Construction in this sector seems to be a better bet for some than acquisitions. According to panelist **Justin Gronlie**, VP of **Harrison Street Real Estate Capital LLC**, “For the past 12 months, we have done a tremendous amount of development. It has been increasingly difficult to find acquisitions where we aren’t taking on an enormous amount of risk. I would love to do more acquisitions, but I just don’t see the deals to hang my hat on.” Going forward, Gronlie said, “I think you will see more of the same...we will continue to do as much with our partners as we can.”

On the opportunistic acquisition side, **Walt Templin**, SVP of **Blue Vista Capital Management**, said his firm is also having difficulty finding these assets. “There is increased competition for those transactions.”

According to Templin, “a lot of buyers that weren’t able to previously play in that space are now back in. For us to realistically execute on our value-add plan for the asset, it’s more difficult to be successful when development is happening.”

While **rising construction costs** have resulted in some deals that just don’t make sense, as mentioned in earlier panels, “We see opportunity on the development side,” Templin added. “There are still opportunities out there on the core side, and there is a significant number of investors looking to come in there.”

On the other hand, **Oliver Swan**, managing partner of **Treesdale Real Estate Partners**, said the availability of smart development deals is low. “We see the same number of deals, but not as many that make sense. Some of the deals that don’t make sense to us are still being done. We are seeing a number of transactions that can’t find the capital to be built and shouldn’t be built.”

As for primary versus secondary and tertiary, Swan said that when it comes to student housing, “I don’t believe in core markets at all. The spread in debt yields between tertiary and primary markets is really very modest. I would rather be at a school with 10,000 students and better demographics than a 30,000-student school where you have five developers coming in and you don’t know what’s in the pipeline until they start building.”

On the volume side of acquisitions, there has been a significant slowdown, said Templin. “There has not been as many transactions trading on the core side. There are plenty of buyers willing to purchase those cores, but the sellers are looking at a portfolio premium. In the next 12 months, we expect to see some big portfolios trade.”

Gronlie said that to date, his firm has defined core conservatively, but he noted that one thing Harrison Street must do is to loosen its core threshold. “Instead of 30 targeted universities, we will have to open it up and maybe look at 50.” He predicted more volume in the second half of the year, leading to more stability in the sector as a whole.

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Natalie Dolce, national executive editor of GlobeSt.com, is responsible for working with editorial staff, freelancers and senior management to help plan the overarching vision that encompasses GlobeSt.com, including short-term and long-term goals for the website, how content integrates through the company's other product lines and the overall quality of content. Previously she served as editor of the West Coast region for GlobeSt.com and *Real Estate Forum*, and was responsible for coverage of news and information pertaining to that vital real estate region. Prior to moving out to the Southern California office, Natalie was Northeast bureau chief, covering New York City for GlobeSt. Dolce's background includes a stint at *InStyle Magazine*, and as managing editor with *New York Press*, an alternative weekly New York City paper. In her career, she has also covered a variety of beats for *M* magazine, *Arthur Frommer's Budget Travel*, *FashionLedge.com*, *Co-Ed* magazine and the *Daily Orange* newspaper. Dolce has also freelanced for a number of publications, including MSNBC.com and *Museums New York* magazine.

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