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Standard College Dorms... A Thing of the Past...

AUDIT, CONSTRUCTION, HIGHER EDUCATION
BY SCHNEIDER DOWNS PROFESSIONAL

While on-campus housing is typically mandatory for first-year college students, the luxurious off-campus housing options surrounding campuses across the country are increasing in popularity among upper classmen. Private student housing developments have proven to be beneficial to some universities, as they offer additional housing options and amenities without the university having to fund such projects. Additionally, many universities have faced challenges with the availability of housing on campus and aging dormitories. As some universities are beginning to be conscientious of how funds for student housing projects are utilized, residential investors have found a unique opportunity. According to a report released by TH Real Estate, transactional volume of student housing is on track to exceed \$9 billion for 2016 (based on estimated closed transactions as of January 2017).

The significant number of individuals enrolled in universities coupled with pressures at universities to maximize the utilization of funds has allowed this niche rental market to thrive. Luxury student housing developments have become increasingly common across many of the larger universities. This has also allowed for growth in the construction industry, as many of these student housing developments include several units in addition to a number of growing amenities. American Campus Communities (one of the largest developers of student housing apartment communities) has several projects currently under construction, eight of which are expected to be opening in the fall of 2017. These developments feature state-of-the-art fitness centers, swimming pools and volleyball courts, on top of fully furnished units.

Pittsburgh has also witnessed growth from student housing developments such as the Empire Apartments, which are currently under construction in North Oakland. This \$106 million development is expected to be open in the fall of 2018 and will serve as a prime location for students attending Carnegie Mellon University and the University of Pittsburgh.

Student housing developments have become a great opportunity for investors, as enrollment at universities has remained consistent and is expected to grow over the next ten years.

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