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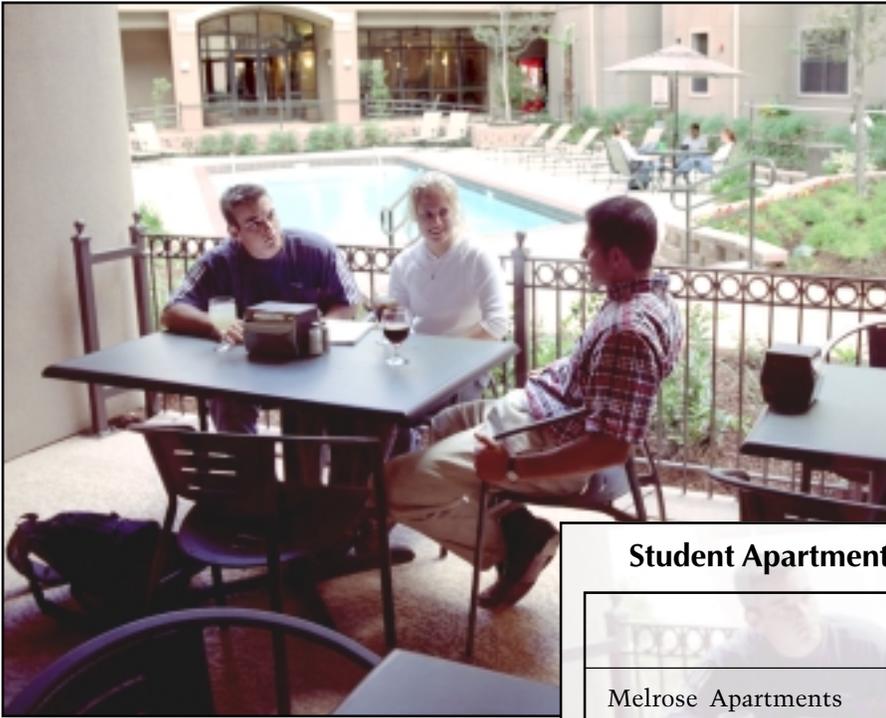
Rooms for Rent

Trends in Student Housing

By Jennifer S. Cowley
and Trisha D. Spillmann



Thinking about investing in student housing? Many Texans buy houses, duplexes and fourplexes to rent to local college students. Prudent investors should be aware of a new student housing trend that is proving to be a popular alternative to traditional dorms and apartments: student apartment communities.



AMENITIES SUCH AS shuttle services, dining facilities, pools and fitness centers are sometimes available in new types of student housing.

The company has plans for another apartment community adjacent to Texas A&M University in College Station.

Other development companies are diving into student housing as well. Fairfield Residential is building a 288-unit furnished student

Several firms are capitalizing on this new concept in student housing, which differs from traditional student housing. Each resident has a private bedroom-bathroom suite under an individual lease while sharing common living areas in a two-, three-, four- or five-bedroom apartment. These communities provide amenities such as meals, computer labs, pools and workout facilities.

Student apartment communities are cropping up in college towns across the nation. Sterling University, a company headquartered in Houston, owns 15 complexes nationwide. Its latest project, Sterling University in Austin, is expected to be ready for occupancy by August 2000. Melrose Apartments, owned by Integroup Inc., of Jacksonville, Florida, owns six student apartment communities, two of which are in Texas. Capstone Companies develops on- and off-campus student housing. The Alabama-based company has developed 20 off-campus University Commons apartment communities.

JPI, an Irving-based company, constructs student apartment communities in addition to traditional apartment complexes. Under the name Jefferson Commons, JPI has 14 projects either built or under construction. Within JPI's Lubbock apartment community, apartments range from efficiencies to four-bedroom units; rents range from \$320 for a room in a four-bedroom unit to \$510 for a one-bedroom apartment. At Southwest Texas State University in San Marcos, a five-bedroom model is available, with rents ranging from \$350 to \$575.

Student Apartment Complex Rates in College Station*

	Rent per Month	Square Feet	Rent per Square Foot
Melrose Apartments	\$1,008	861	\$1.17
Sterling University Village	\$940	1,059	\$0.89
University Commons (Capstone)	\$780	800	\$0.98

Source: Apartment Management
*Double occupancy, two-bed, two-bath

housing community in Denton. The company has traditional apartment communities statewide. Campus Park Student Housing of San Antonio is expected to complete a complex with 192 furnished units in Denton in August 2000, with a second phase planned to open in 2001.

College Station currently has the most student apartment communities in Texas. Rental rates for student apartment communities are higher than for traditional apartments, but residents have the convenience of an individual lease and

Average Apartment Rental Rates per Square Foot

	Two-Bedroom Apartments Built in the 1990s	All Two-Bedroom Apartments
Austin	\$0.97	\$0.85
Bryan-College Station	0.81	0.66
Lubbock	0.59	0.58
Waco	0.71	0.60

Source: Apartment MarketData Research Services, April 2000

Private Dorm Rental Rates in Bryan-College Station

	Meals per Week	Rent per Month*	Square Feet	Rent per square foot
Callaway House (new American Campus concept with individual rooms)	Unlimited	\$2,122	736	\$2.88
University Tower	19	1,633	360	4.54
The Forum (poolside room)	19	1,200	288	4.17
The Horizon	Optional Plans	690	315	2.19

Source: Dormitory Management
*Assumes double occupancy, shared bath and excludes parking or other fees

furnished living quarters in some cases. Rents are ten to 20 cents more per square foot than for other new apartments built in the area.

Priate dormitories, another student housing trend, continue to be developed across the state. While private dorms have higher rental rates than student apartment communities, they offer extra amenities such as shuttle services to campus, dining facilities and programming for residents.

The Callaway House, an example of the newest concept in private dorm living, opened in College Station in fall 1999. American Campus Communities of Austin manages and co-developed the complex with Callaway Development Company of San Antonio. The first of its kind in the nation, the Callaway House differs from an ordinary private dorm because students have their own bedrooms and a common living area in each unit.

Callaway House amenities include a dining facility, kitchenettes in the rooms, a game room, movie theatre, exercise center and even maid service. American Campus Communities also has student communities offering furnished apartments with kitchens or kitchenettes at Texas A&M



Callaway House residents enjoy the security of individual leases in multibedroom units with common kitchen, dining and living areas.

International in Laredo, the University of Texas at Austin and Prairie View A&M University.

The Horizon, another private dormitory, opened in 1995 in downtown Bryan. In College Station, plans are underway for another private dorm to open in the fall of 2001, in the Northgate area near Texas A&M University.

Developers are able to command higher rents for private dorms and student apartment communities than for traditional apartment units, in part because students and parents alike find them so appealing. Because these residences are restricted to students, they often are perceived as being safer environments than traditional apartment complexes. The trend toward these alternative forms of student housing is expected to

continue in cities with large student populations. ❖

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