

THE DWIGHT LOFTS IN CHICAGO FEATURE SLEEK AMENITIES SUCH AS FLAT-SCREEN TELEVISIONS, SWEDISH-STYLE FURNITURE AND RECREATIONAL AREAS. PHOTOS © THE SCION GROUP



# Living in Luxury



UPSCALE DESIGN TRENDS AND SERVICE  
MEET CHANGING DEMOGRAPHICS IN STUDENT  
HOUSING BY CLAIRE BUSHEY

*I*t would be hard to call the space beautiful, although the view of downtown Chicago from the floor-to-ceiling windows certainly is. The room is completely open, except for the support pillars holding up the building. There's no furniture. Instead, there's graffiti; lots of it all over the concrete floor and climbing up the walls. Doodles and words in every color are scrawled underfoot like a carpet.

It's all the handiwork of the residents who live at the upscale Dwight Lofts in Chicago's South Loop, but property manager Jackie Pingel isn't upset.

The building is marketed to students who attend the rash of nearby colleges, including the School of the Art Institute, Flashpoint Academy and Columbia College. Many are pursuing artistic degrees. The Chicago-based Scion Group, which owns and operates the building, designed the 11th-floor room as an all-purpose creative space, equally useful as a film set, dance lot or art studio. It started with white walls and clean floors, but the students soon envisioned it differently.

Instead of trying to whitewash the graffiti, Pingel and her team decided



THIS STUDENT HOUSING IN TAMPA, FLA. IS A GATED COMMUNITY LOCATED ACROSS THE STREET FROM THE UNIVERSITY OF SOUTH FLORIDA (USF). IT FEATURES TROPICAL GARDENS, A NATURE PRESERVE AND A VARIETY OF MODERN AMENITIES.

PHOTOS © THE SCION GROUP

to embrace the artistic talent of their tenants and allowed them to transform the room in a way that fit the vibe dreamed up by the developers. Now, when the maintenance crew paints over the walls, it's only to give the residents a new canvas.

The graffiti room is just one amenity in a property that has many. The rooms are furnished with flat-screen televisions and Swedish-looking furniture with clean lines and bright colors. The kitchens boast granite countertops. There's a workout room, lounge and soundproof practice chambers for music students (and their grateful roommates). All of it begs the question: *This* is student housing?

#### LUXURY ACCOMODATIONS

"When I was in college, 'luxury' and 'student housing' definitely would be an oxymoron," said Miles Orth, executive vice president of Campus Apartments in Philadelphia, one of the nation's largest developers and managers of student housing. "People think of [the movie] *Animal House*. But college housing has evolved."

*In* the last 15 years a new niche market has developed, encompassing places like Dwight Lofts. These properties are far from the stereotype of decrepit appliances and nasty couches parked on the porch. Instead, luxury student housing is characterized by high-end amenities and high-priced rents just off campus, but close enough to serve as student housing to neighboring campuses.

These days, Orth said, "Every new project that comes online is better than the last."

The baseline for luxury can



## LUXURY STUDENT HOUSING IS CHARACTERIZED BY HIGH-END AMENITIES AND HIGH-PRICED RENTS JUST OFF CAMPUS, BUT CLOSE ENOUGH TO SERVE AS STUDENT HOUSING TO NEIGHBORING CAMPUSES.

vary, depending on the local market, but some of the features that have popped up around the country include tanning beds, fitness centers, gaming rooms, huge clubhouses for socializing, laundry service and the ubiquitous granite countertops in the kitchen. Certainly, most of what's on the market beats the "barracks on campus" that housed the parents of today's college students, said William Levy, CPM®, who heads Best Management Onward Campus (BMOC), Inc., in Madison, Wis, and has worked in student housing since 1978.

*Developers* have been happy to serve the luxury niche market because of the potential for profit. According to Orth, there's a "substantial premium" on luxury units.

Professionals in the field estimate the rents run 10 to 25 percent higher than in conventional student apartment buildings. Some student housing is rented by the bed, rather than the unit, and strangers are placed together like in campus dorms. A bed at Dwight Lofts rents for between \$925 and \$1,335 per month, including the utilities, and most units contain four beds.

"There are a lot of young people who just want to live a certain way," said Georgianne Carli, Scion Group's vice president for property management. "There's a certain demographic that wants more, and they [or their parents] will pay for it."

The current restricted access to

capital will likely prevent the overbuilding of the sector, Orth said. This year the usual leasing period of four months for high-end student properties has taken closer to six months, Carli said. Bad economic news between November 2008 and February 2009 paralyzed parents, right at the time they'd usually be considering their offspring's living arrangements for the following year.

"It was a little scary for a while," Carli said.

But if development has slowed, there are still hundreds of thousands of upscale student apartments already in existence across the country. These residences present a new set of challenges to property managers, who must market buildings to multiple audiences through multiple channels, provide exceptional customer service and, quite often, protect the property from the rambunctious residents who live there.

### MAKING THE BRAND

The most obvious difference between marketing a luxury student property versus a regular multifamily building is that property managers must appeal to a greater number of audiences than the final name on the lease suggests. They have three constituencies: students, parents and college administrators.

Student housing property managers publicize their buildings through Web sites and social networking sites like *Facebook*, *MySpace* and *Twitter*. The property must catch the eye

of the students. Branding is Scion Group's fundamental strength, Carli said. A small team spends four weeks considering possible names and color schemes to arrive at an individual concept for each building the company develops.

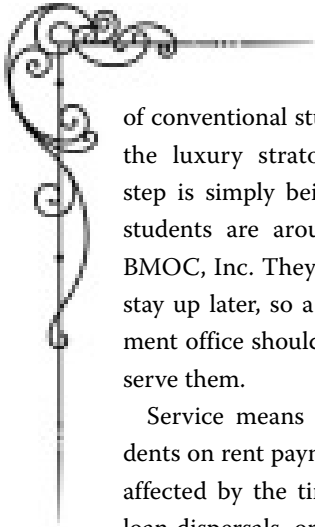
"Once [prospects] become interested in the building, we show ourselves as being good landlords," Carli said.

That's often what's important to parents. Parents want to know the building is secure and clean. They also want reassurance their children won't miss out on "the college experience" if they choose to live off campus as freshmen or sophomores, which is why many buildings offer some organized activities.

*Property managers* also need to market their buildings to the local college's student housing office. Without the office's respect and cooperation, an off-campus property will flounder. Scion staff invites administrators to tour their new buildings when they open. If students give a building good reviews, the housing office may list it with other off-campus housing options, steering more students to the building's doorstep. If the relationship improves even further, the office may lease blocks of beds when on-campus housing fills up.

### SERVICE PLANS

Service is as important as amenities in pushing a property from the realm



of conventional student housing into the luxury stratosphere. The first step is simply being available when students are around, said Levy, of BMOC, Inc. They wake up later and stay up later, so a property management office should stay open later to serve them.

Service means working with students on rent payment, which can be affected by the timing of grant and loan dispersals, or lack of communication between divorced parents over whose turn it is to pay. It means handing out maintenance tips to young adults who often have never lived alone before. It's offering a choice between a standard 12-month lease and one that runs only for the nine-month school year.

Responding quickly to maintenance requests is critical, property managers said. Upscale properties frequently have larger staffs on-site so non-emergency work orders can be filled quickly. At many properties, a 24-hour turnaround is the standard and expected. With the Internet, displeased students can easily vent their frustrations in public.

"A lot of those customers might write a dissertation (on the Internet), but they never come into the office to tell you," Orth said.

Upscale student housing also is different in that it tries to provide some aspects of dorm life without a parental tone. Scion Group hires "community managers" at each property to guide younger students, answer their questions and encourage them to interact with each other, Carli said. They put together events on recycling and personal finance, and

host Super Bowl parties and fashion shows.

"We want to differentiate ourselves a little bit from the dorms," Carli said. "People who move off campus want a little more autonomy, a little more freedom. They're putting their toes in the water. They're growing up."

#### DAMAGE CONTROL

It's a truism that students tend to create more wear and tear on a property than other types of apartment dwellers. Orth recalled his "favorite" story of destruction, which occurred between five and 10 years ago at the University of South Florida in Tampa. A property manager entered the unit—a gorgeous, ceramic-tiled kind of place—for a quarterly inspection and found a battered dresser, a rank smell and a series of oddly shaped holes in the wall.

The goat was found on the balcony.

"I remember the manager telling me about the call he made to the parents," Orth said. "There was stunned silence at the other end of the phone."

Quarterly inspections are a commonly used tool among property managers at high-end student buildings to combat the effect of goats and other, more mundane threats to cleanliness and order. The first inspection at buildings managed by Campus Apartments happens just in time to mail damage notices to parents before Thanksgiving. Having a face-to-face conversation with mom and dad about charges for damaged property tends to significantly reduce problems for the rest of the year,

Orth said.

Property managers and developers often make decisions geared to minimize damage before students even move in, a process Pingel likened to "toddler-proofing your house." For example, many high-end buildings come furnished with stylish, durable pieces. It's easier to market furnished properties to a mobile demographic that doesn't want to deal with hauling a futon up a flight of stairs, and it reduces the maintenance costs incurred when that futon knocks against a hallway light and smashes it. A dose of forethought can save plenty of money, like when developers installed tile carpeting at Dwight Lofts. Now, if a student burns a hole in the carpet with a dropped cigarette, it costs \$25 to replace one panel, not \$1,300 to re-carpet the room.

Stories like these illustrate why managing student housing, even the upscale variety, isn't for everyone. Students tend to act the same way, no matter how luxurious their surroundings, Orth said.

The people who live in Levy's buildings are at a point in their lives where they're open to learning, and one of things they're learning is how to live independently. For those who lack the patience and temperament, teaching them how to do it can feel like babysitting. But for Levy, who often refers to his former residents as "my kids," it's an opportunity he relishes.

"Everyone in property management thinks I'm nuts for doing student housing," Levy said. "[But] if I do my job well, I make a friend for life." ■

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