

# The Weekly Take

## You Learn: Why investors increasingly love student housing

3.19.2024

### **Spencer Levy**

When campuses shut down and universities turned virtual during the pandemic, conventional wisdom was that the kids would head home and turn college towns into ghost towns, that student housing could become a failing class. On this episode, we'll find out why it didn't fail and how this specialized residential asset type has made a comeback.

### **Brian Dinerstein**

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### **Spencer Levy**

That's Brian Dinerstein, CEO of the Dinerstein Companies, a development, construction, and property management company that's one of the top rated multifamily developers in the country. Based in Houston, with six decades of history that includes some 25 years of experience in the student housing space, Dinerstein also specializes in developing sustainable communities.

### **Jaclyn Fitts**

It took us longer to come out of COVID with all of the restrictions related to virtual learning and now we're outperforming the multi-family sector by a pretty great margin.

### **Spencer Levy**

And that's Jaclyn Fitts, a CBRE Executive Vice President who's also based in Texas and is a co-leader of our national student housing practice. Jaclyn started her career in multifamily and joined her current team in 2011. She's helped transact more than \$12 billion in student housing properties nationwide. Coming up, the state and future of student housing. I'm Spencer Levy, and that's right now on The Weekly Take.

### **Spencer Levy**

Welcome to The Weekly Take, Brian Dinerstein. Brian, thanks for coming out.

### **Brian Dinerstein**

Spencer, thank you so much for having me. Really excited to be here.

### **Spencer Levy**

Thanks for coming, Brian. And then a repeat guest, Jaclyn Fitts, one of the leaders of student housing in the entire industry. Jaclyn, thanks for coming out.

### **Jaclyn Fitts**

Thanks for having me.

### **Spencer Levy**

So, Brian, let's just start real simple. What exactly student housing is versus market rate or non-student housing? Can you just put a brief definition on it?

### **Brian Dinerstein**

Absolutely. And it can mean a variety of different things. And there's all kinds of derivatives, whether it's on campus product, older product that students live in. But in its simplest form, to me, it's purpose built, threes, four bedrooms, fives and such. That's priority one. But even more important, the bulk of the kids, if not all of them, are leaving and moving in August of each school year.

### **Spencer Levy**

Tell us a little bit about the current state of the industry and how it's different than it was pre-COVID.

### **Brian Dinerstein**

Oh my gosh. I mean, it's like we've lived – I say this all the time – it's like we went through ten years of living in about 8 or 10 months. I mean, you go back to 2020, 2021, our business was literally against the law – which is a whole nother kind of surreal conversation and just whole thought patterns and I think back to those days – we didn't know what was going to happen. We believed in what we were doing. We knew that the world was going to be okay. It certainly went a lot choppier than I originally envisioned and then it got better much quicker than I thought. So we go through this sort of historic mess in 2020 and to some extent in 2021. And by 2022, the business fundamentally has never been in better shape. And we've come off of two straight years of sort of all time rent growth, all time occupancy, and the '24-'25 lease up is shaping up to be as robust and as strong as the last couple of years. You talk about the cliché or term up and to the right – we've absolutely not had that. We've had it, up and down and up and down and ultimately up. But wow, what a position we're in now, and just so excited about the future and for everybody in the space.

### **Spencer Levy**

Jaclyn, back to the same question – this very big picture of the evolution of the industry – which Mark Brian says, you died a thousand deaths and you lived a thousand lives in the last three years.

### **Jaclyn Fitts**

I think we've been very fortunate that we've come out of COVID stronger, kind of like Brian said. I mean, the multi-family sector saw a huge run up in rents in late 2020 and '21 and through '22, really, and the student housing sector lagged the multifamily sector, and we really didn't see that great increase in rents that Brian alluded to – as the highest we've ever seen in the sector – until the '23-'24 academic year where we saw rents over 9% across the whole sector, and then we're trending to almost 9% right now pre-lease for '24-'25. Why I think that's meaningful is we're outperforming the multifamily sector now. We were underperforming them because it took us longer to come out of COVID with all of the restrictions related to virtual learning. And now we're outperforming the multifamily sector by a pretty great margin when you look kind of nationally. Yardi said that multifamily rents were 0.3% growth over the last quarter and we're trending closer to 9%. So it kind of makes us the darling of the ball, if you will, because we're, you're able to underwrite rent growth, coming forward or going forward, where, where you're not in other asset classes right now.

### **Brian Dinerstein**

I think if you look back five years pre-COVID and all that good stuff, I think the very smart money in the room – the sort of institutional opinion – was that a huge risk to the space was online learning. The people that knew what they were doing or the people that had kids that were of college age, knew how ridiculous that idea was, but it's never been proved out. I think that COVID did the space a huge service by showing sort of the fallacy of online learning. The number one – it's not effective – it doesn't work for parents and it certainly doesn't work for students. So I do think that, as you hear this sort of the noise and the concerns of the space, I feel like that, that particular one that has been sort of in the background for my entire career, I don't think is a concern anymore. I think people realize that there's a lot more to school than just sitting on a zoom every day. And I do think that that is a concern that has been solved – or not solved – but has been proven out as an unfounded concern. Don't you think that's the case, Jaclyn?

### **Jaclyn Fitts**

Yeah, absolutely. I mean, what we saw during COVID is that the schools were, that were virtual, the units and beds in those student housing properties were still full – because they lived at home the spring semester after school closed in March 2020 – and the parents were like, get the heck out of here, in the fall of 2020. And so we saw higher occupancy than what you would have thought even though those students were going to school virtually. They didn't want to live at home and their parents didn't want them at home either. So.

### **Spencer Levy**

But from a personal side, I will tell you that my second son is now in the process of getting into several colleges and my wife is like look – the number one concern we have is – pick one so we can get good housing because there just isn't a lot of it. And the quote, best housing goes first. So it's a – I can tell you from direct experience – this is a significant concern among parents like myself.

### **Brian Dinerstein**

Well you made my morning. So thanks for saying that.

### **Spencer Levy**

So Jaclyn, I think the biggest concern in real estate today is this massive rise in interest rates, which just doesn't seem to be going away. How is that impacting the student housing capital markets?

### **Jaclyn Fitts**

A couple of things. On the debt side, we're fortunate that the agencies, Fannie and Freddie, lend on the student housing sector. So we have had, unlike other asset classes besides multi, the good fortune to have kind of a consistent lender. But yes, I mean from the interest expense and the interest rate side, certainly the rise in interest rates has impacted us as well. Our transaction volume for 2023 was down around 50% – when you don't count in that Blackstone take private of ACC – so that is down less than the multifamily sector. So we've seen our volume hold up a little bit better, but we're definitely still seeing some decline in overall transaction volume because of the rise in interest rate and that bid-ask spread. I think the good news is, with the rent growth that we've had, it's offset some of the increases we've seen in cap rates. And so our values have been less impacted, which I think is great just from an overall bid-ask spread perspective. It might not be quite as large as multifamily because that rent growth has helped bolster us.

### **Spencer Levy**

What would you say is the delta – the difference between the average cap rate of a student housing deal versus a non-student housing deal – and how much have they increased since the rise in interest rates?

### **Jaclyn Fitts**

I actually have real numbers. We did our client call last week that talked about the state of the sector. So for 2023, we have the average multifamily cap rate, according to Real Capital Analytics, at five and a half and the average student housing cap rate, according to our CBRE data, at 5.89 for student housing. So you're seeing almost a 40 bid differential between student and conventional and I think why that's so interesting and what opportunity that allows, is that, like we've talked about, there's rent growth in our sector. So you're not only getting a higher cap rate than multifamily, but you're also getting to underwrite rent growth. So I think overall your return fundamentals are stronger right now for investing in student and then investing in multifamily.

### **Spencer Levy**

When I went to college a thousand years ago, I was very content to have a very small room, a very small bed, a common bathroom, a common living area – and by the way, I'd be happy as heck to do it again today but I'm not so sure my kids would – tell us about how the student housing space has evolved in the last 30 years and maybe accelerated post-COVID.

### **Brian Dinerstein**

It's pretty amazing. So our original – what I call kind of our first gen product – we had 28 properties that sold to GMH in 2004 when they went public. Those deals – I probably should get CB or myself to figure it out – but I'll bet you they have traded an average, probably, of four times, maybe more at this point. It was very commodity products. We built these kind of silly – we used to call them like choo choo train pools – they had these kind of big decks, they all looked the same regardless of where they were. The space was very small, it was basically us, JPI, and Fairfield, and there was a few kind of smaller regional groups. But at that time – when GMH went public and then American Campus was a small public company – that was sort of the business in its infancy. You fast forward to – let's see – call it five or six years ago, it was sort of an amenities arms race. We built a few deals that actually had – if you can believe it – lazy rivers in them, which was so cool. Part of the operating expense was lifeguards, that to me was sort of the peak of, of that arms race, to today, where the business on some level has come full circle and some level is totally different. Huge premium on location. The deals are designed driven. Bedrooms are fairly small – that probably isn't very different from when you were there, Spencer – but the common areas, whether it's in the unit or certainly the amenity areas, are incredible. We're doing a development right now that will have, not one, but two elevated swimming pools, which we've never done in a conventional deal. We'll have a huge community area on the seventh floor and then a top one on the roof of the high rise as well. So I think it depends. We also used to build kind of ones, twos, and fours. It's now ones, twos, fours and a lot of times we'll build fives and even six bedroom units, six bedrooms, kind of a cool two storey sort of three stacked on three floor plan. So it's evolved very much. Affordability, not dissimilar to the conventional space, is very much a focus today. I would say it's not dissimilar to the evolution in the conventional apartment space over the last 20 years, but it's probably even more pronounced in terms of what's happened and how elegant and

creative and distinct each deal is. Each deal is completely different than the others – that would be another massive difference from when we used to make widgets going back 20 years.

### **Spencer Levy**

In terms of that affordability question – I don't want to get into the pro forma for any one job – but when you are looking at a job today, how much more expensive is it to build that one bed today versus ten years ago because of the amenitization?

### **Brian Dinerstein**

If you made me guess – I'd have to really sit down and put a pencil to it – I mean, I'd say costs are up 40 to 50% just since, call it 2019 or so – certainly doubled over ten years – and it's a huge challenge. And it's a variety of things, some of it is fees, a lot of it is time. I mean, we used to be able to build in 15, 18 months and now we're using 25 to 30 months. And then it's labor, it's labor and materials, but mainly labor. Materials kind of get bucketed in with that – you know, electrical contracts, and that includes, sir, all of the above – but it's everything. But if I had to pinpoint it, I'd say it's time and I'd say it's labor. I had a call yesterday with one of our partners who said, how much is replacement cost a factor and or cost going down? And I said, I think they are going down, but that's too simple an answer. In a vacuum, they could go down – they could be anywhere from flat to down. Call it 3% to 5% this year, but we're coming off of two and a half years of a percent a month – and by the way, we didn't hit our numbers. This year I do expect them to go down 2% to 5%, which is not that meaningful, but it is compared to going up 12% to 15%. Costs never go back to where they are. I don't think there's any scenario that comes even close, but I think if we can get a year of down somewhat, I would expect that they'll be flat to increasing by next year again – so it's a huge concern.

### **Spencer Levy**

Jaclyn, let's now turn to the different types of colleges – this is not to knock any college. There's the big state schools, there's the big private schools, and the small liberal arts schools, and you know, it's unfortunate, but many of these small liberal arts schools are struggling right now and some have closed. How does that impact your valuation? How does that impact the market for these different types of assets?

### **Jaclyn Fitts**

You're right. First of all, there's a lot of small liberal arts schools are, are really struggling and in some instances closing. It hasn't really impacted our sector because those are not the schools where developers developed – Bryan did not go to any small liberal arts schools – and so we have not seen a massive impact to our sector from a student housing perspective, just because they're not going there. We kind of bucket schools into, for technical terms – division one, non-division one, division one non-power five and then power five – those are kind of big buckets of investment types when we're thinking about what is transacting. The power five act universities transact almost double the total number of transactions of non-division one schools. Not quite, but almost. So there are a lot more transactions at those power five schools. So to go back to your initial question, what we've seen over the last few years is, the power five or major state schools have increased their enrollment. So we're seeing a consolidation at some of these major schools where they're growing, actually more substantially than I think most people thought. Sometimes it's to overcome budgetary issues within their states – so if they grow enrollment. Other times is because there were less foreign students that were able to get visas – kind of right around the end of the Trump administration and COVID – and so they were backfilling by allowing in more domestic students. But we've really seen substantial growth at some of these

major state schools – which happened to be a lot of times power five – and so that has really helped our sector because we're just seeing a lot of enrollment growth at the universities where we see the most student housing – and so that's just driving demand.

### **Brian Dinerstein**

One other delineation that we do is – right or wrong – is we're focused on the big state schools – or state schools – let's say. So, private schools are great, but but the two challenges are on some level, their enrollments don't grow that much, and they usually are incentivized and have a plan to put everybody on campus – or if not to put everybody – to continue to move more folks on campus, which is something that artificially deflates the sort of demand side of the market. So we're focused on state schools.

### **Spencer Levy**

Bryan, you have a huge portfolio – actually a larger portfolio in traditional multifamily – and the struggles in larger multifamily are that you are flattening rents and you have subject to the same capital markets as you are in student housing. Tell us about your point of view and compare and contrast traditional multis versus student.

### **Brian Dinerstein**

That's a great question. And just to give some context – I looked this up – we're about 40% student, about 55% conventional, and the rest is, is in the build to rent space. So – got a pretty good perspective – and we are Southern Cal, Sun Belt, through the southeast, through the Carolinas, and through Florida – have a little bit in the student space in the Midwest – really, at this point, nothing at all in the northeast. Just to give you guys an idea of where I'm speaking to – if you look at the conventional business in a one year vacuum, it looks so-so, but let's peel back a couple of our markets. Orlando and Phoenix – you know the rents in your opinion is probably more important than mine – but the rents will be somewhere between – down 2% to 3%, up 2 to 3% – in those markets and that doesn't feel very good. But if you look at it on a three year or five year window, it's incredible. And those markets – I mean we saw ten years of regrowth and basically 6 to 10 months in, in Phoenix and in Orlando and in Tampa – so it was – you talk about a reversion to mean – we'd have to have rents drop 15% to have it look closer to what a ten year rolling average is on rent growth – a 2% to 3%, 4%. I think in both of those markets, even on a five year basis, I would think the rents still have grown probably an average of five, five and a half points versus the historical – which is probably two to two and a half to three – so I would say over the last five years, a lot of our markets have had 2x the historical rent growth. But to your question or your insinuation, in the short term, there's going to be some challenges and it's very different than the student business. I mean, you think about Orlando and Tampa, those are so-so to good conventional markets right now, but we love them on the Student – and then you certainly think about Phoenix versus Tempe, I still really believe in the Phoenix story, in the, even the intermediate term and short term getting through the next, call it six months of supply. But the Arizona state market – look if I did it again, I wish I only was a landlord there and I didn't do business anywhere else. I mean it's been an all timer every which way. And look, that can go both ways. The University of Texas is doing great right now. But when Austin was soft – which by the way is getting pretty soft again – all of those conventional apartment landlords will go back to courting students and offering them nine, nine month leases with a month free – so that will absolutely impact the student market. When it's good, the conventional folks don't want the students, and they're not offering them, targeting them with the shorter term leases – that very much tightens it up. But when it gets softer in the conventional, it's inevitable that on some level it will impact the conventional market. I think you could use that same parallel – because we're in

Raleigh, Durham, and both the student and conventional – you can use that same example there as well.

### **Spencer Levy**

Let's talk about the crossover between the two spaces. Why would you do student if you don't have to? If you're building a multifamily building, in one of these power five areas, what's the advantage of building pure student versus building market rate and having a mix of students and conventional renters?

### **Brian Dinerstein**

And it's a really good question. And we've – I've made up the term Student Light – and we do some of that as well. And we look at that as a – by the way, that was an evolution of my first term which was terrible student ish – which was not a very, not a very compelling or catchy term. So Student Light, I like, and I'm as I'm looking at our book of business. We've got a decent amount of that in Phoenix, in San Diego, in Chapel Hill. To me, the big difference is student light is ones and twos. It targets sort of everybody, whether it's undergrads, people affiliated with the school, so on and so forth. Like our one in Chapel Hill, we target a lot on the medical school. We got a deal in Columbus, Ohio, that targets a lot of the dental students, graduates, people just out of school versus a purpose built student deal that is probably, on average, a four bedroom, four bath that got some fives, some sixes, some one, some twos. You know, nobody other than an undergrad is going to live there. And I'm generalizing a little, but call it 95%, 98% is going to be an undergrad student. To our initial discussion, our earlier discussion about affordability, the rent on a five bedroom, five bath is going to be probably half of what the rent on a one bedroom, one bath, would be. So all things equal, you'd always like to have the best product, the lowest rent, but all things are never equal. Doesn't work that way. So, I think it just depends. The beauty of a purpose built student deal, especially if it's fours and fives, is, you're not immune, but you're closer to immune to the conventional market forces. Let's think about Austin. A market that's probably going to be overbuilt pretty bad in the conventional space. If you've got kind of one and two bedroom student product, you're going to be competing with the nice conventional one and two bedroom conventional product – when they can offer a nine month lease or free rent versus the rents on a 4 or 5 bedroom in a high rise – that's really a different animal. It still is relevant, but it's not directly relevant.

### **Jaclyn Fitts**

I have some stats that I think are interesting. College House spoke on our call last week. Our client call, on the sector, and they did a comparison of large metropolitan student housing assets versus student housing assets in traditional college towns. And in traditional college towns, right now for pre leasing for '24-'25, rate growth is trending 8.9%. In metropolitan areas that have student housing, rent growth is trending 5.5%. So, we're seeing lesser performance in those metropolitan areas where student housing is located because of the Spider-Man factors and a lot of multifamily competition. So that would be Minneapolis, Austin, LA, areas like that that compete more head to head with the multifamily sector. I think that's really interesting. The occupancy is also lower by almost 3% in those markets, in those metropolitan markets that have purpose built state housing. So our traditional college towns are doing better right now.

### **Spencer Levy**

Well, let's keep pushing the envelope of what is or is not student housing, but let's just classify it for the purposes of this discussion – where students live – and it could be purpose built, it could be a traditional multifamily – but Brian, nothing personal – but nevertheless, there are risk factors of students living in a residential neighborhood, a

traditional single family residential neighborhood versus a high rise. But nevertheless, will we need housing, all forms of housing? What's your point of view there, Brian?

### **Brian Dinerstein**

I agree with everything you're alluding to. I wouldn't want to live next to – out west in some of the schools they call mini dorms – and, yeah, I mean, that's, it's not really good for anybody other than I guess it's cheap and it's probably really fun for the undergrads, but it's not good for the neighborhood. It's not good for the university. It's certainly not good for the brand that we want – the student housing business – sort of the low in absentee landlord, so on and so forth. I think it's a challenge for the neighborhood. The way to cure that is to have the neighborhoods help with density, help with the entitlements, and all that good stuff. I mean, the nice thing about this sort of high end student product is – you're talking about deals. I mean, our average high end product at this point probably starts at 100 million and goes up, which means it's got a big staff and institutional ownership, and it's got a long term view. And I mean, we evict people all day long. We screen our residents. These are big, serious deals with serious assets and they are not run just to squeeze every dollar out of the expense side and let the whole neighborhood deteriorate. I mean, we have a vested interest in the neighborhood.

### **Spencer Levy**

So, Brian, one of the things you mentioned that was a concern, for some of these smaller non-power five schools, is moving students back onto campus. So let me give you an analogy for just a moment. One of the spaces I used to cover a lot was the medical office space many, many years ago. And many, many years ago, the medical office buildings that were located on campus were much more valuable than those that were off – and that's now changed, actually. What, off campus, are at least as valuable, if not more so, because they're closer to the customer. So, let me, now let me turn the example on its head here. I don't think it's any mystery here that colleges are, many of them, are struggling financially, and because of which you would think there would be an opportunity to buy student housing or build it on campus for investment purposes. Are we seeing any of that?

### **Brian Dinerstein**

We are and it depends. I think it makes a lot more sense when they buy than when they build, because when they build, most schools have prevailing wage issues – they've got to do RFPs. It's like anything else, there's just no scenario that the government or the university can build something or design something as efficient and as quickly as the private sector – as I can do it or the rest of my terrific peers in the space. The idea of them buying product, I think, is interesting. I think it can make sense because we do the heavy lift, they come in, they can buy it – almost always then get the property taxes waived – and I do think that actually can make sense and I think that that's probably a pretty compelling part of the equation. The other one that would seem to make sense would be some level of sort of a master lease – I think is usually the school's last resort because it's a contingent liability on their balance sheet and they don't have any ownership or upside. I mean, I think it depends on the school and their infrastructure and their board and how they're thinking about things in the long term. But the idea of them buying to me makes a lot of sense. Now, it's got to be close enough and quality enough that it improves or reflects on their existing brand, and there's probably not that many examples of it. The other thing is, some of these schools accumulate land near their school so they can grow, or almost as either a strategic or defensive play, whether it's student housing or whatever else it is. There's some other components like that, but I would say that it matters. I think about going towards the northeast again. I think Yale was one of the first schools that

figured it out pretty quickly, that their area and their neighborhood matter, and the more of a challenge it was, the more would impact the school, even though in a very narrow lens, it's neither here nor there. The school's its own self-contained universe, but it matters. It matters for crime, so on and so forth. So I think the schools and cities that have done a good job working together, which is not as many as you think, I think that that's sort of a win-win for both. And as an area deteriorates and the school doesn't pay their fair share – which they're not really required to do – I think that can hurt them both. And the ones that can really think longer term, kind of get that and understand that.

### **Spencer Levy**

Well, here is the 30 seconds of gripe portion of today's podcast, because I am a proud graduate of Cornell and Cornell had college town and it's still technically there, but there's a lot of new student housing there and I applaud all the student housing. I don't applaud the fact that they got rid of Rule Offs, The Nines and every other small little restaurant there, that was there, when I was there, and so, some of the character of college town is now gone. And if you're listening, my good friends at Cornell, please bring them back. But nevertheless, how do you balance the character of the town versus the need for more housing?

### **Brian Dinerstein**

It's really tough. Now you're talking about an issue everywhere, but I think it probably applies even more so to a college town which has its own unique feel and soul, if you will. I think it's a challenge, and I just think it has to be done with very, very intentional long term planning and thought and you can't have everything. So if they want to keep the ground floor retail, which I get and they should, it's going to require tradeoffs, whether it's reductions in parking or help on density, or whatever the case. I mean, these are kind of the same challenges that we're facing as a country on the affordability. You can't have everything. You've got to decide what's important and then and then work to accomplish that. But I'm with you. What makes some of these towns great, I want to keep and do everything that we can to do that. On the other hand, if that's your only focus, you're going to go by way of the dinosaur. You're going to have a tired, blighted, place with, that's incredibly unaffordable and a terrible value proposition. So it's somewhere in the middle, and it requires the community's involvement, the universities, and certainly the developers.

### **Jaclyn Fitts**

I want to give an example, Brian, and I know you've had a lot of experience in this town – Ann Arbor. You've built there. You've bought there. There's some great retail that has surrounded that university. It's an amazing college town, but I have seen so many assets in that market that just have vacant retail that's just sitting vacant in Maine and main locations, in downtown or over on the other side of university. So, I mean, there's a trade off, right? I mean, you see this amazing old retail but then you see so much vacancy.

### **Spencer Levy**

I want to ask both of you for your final thoughts on the future of the student housing industry, any challenges, opportunities, over the next couple of years? So why don't we start with you, Jaclyn? What do you see coming down the pike, student housing, next several years?

### **Jaclyn Fitts**

Well, I think this speaks directly to Brian and what he does, which is development. Our development pipeline is, is very small for the next few years compared to multifamily and then to historic student housing development. So I think that that really lends towards

continued great fundamentals in our sector, specifically for these power five division one universities that have strong enrollment fundamentals as well. So, I think that we'll continue to see strong enrollment growth and strong rent growth along with that, just because we've got these muted development pipelines. So it's a great time for our sector and kind of, I spoke to this already, but I think that when you look at the cap rate that you can invest with the fundamentals, it just makes for a really strong investment, unlike some other asset classes that are struggling at this point in time.

### **Spencer Levy**

Brian, your point of view, you've been in the business a long time. I know it's hard to have a crystal ball coming through COVID, but nevertheless, hopefully it's clearer than it was two years ago. Where are we going in the next several years with student housing?

### **Brian Dinerstein**

I think it's full speed ahead. I would expect to see, this time 12 months from now, at least one private REIT in the space. I think that the narrative is that good and I think it resonates with everybody, from domestic pension funds institutions to global investors, I think to the retail market. So, if you make me bet and I'll bet on anything, that would be bet number one is that there'll be at least one private REIT within the next 12 months. That's one thought. I would like to see over the next, call it, couple of years some new faces in the public space. I think it's a real industry, in a real food group, and I think that we need to be represented. I feel better about the space than I did, go, call it, five years ago. Again, I think one of the concerns that folks had about the online education being a real factor, I think, has been solved for, and I think that on some level, it'll be a game of haves and have nots between universities that have won and some that have not won. And it is a very tough space. We are in a very challenging capital markets environment. So I do think that there will be, I hope not, but I think there'll be some blood in the streets and that's really due from, really, the poor deliveries and executions or busted capital stacks. But, yeah, I'm excited for the future and look forward to seeing what happens.

### **Spencer Levy**

One more question, Brian. You mentioned earlier that you expect at least one private REIT in the student housing space, maybe another public REIT. Why do you think that and what does it mean for the space?

### **Brian Dinerstein**

I think it's a huge plus for the space. I think more information, more transparency, more people that are investing in the space – I think is definitely good. I think on the private REIT side, the Blackstone's, the JPMorgan's – everybody is focused on this private REIT space. The investor goes that, gosh, who else KKR are all of the above are focused on the space, and I think that the student narrative makes sense. And as Jaclyn mentioned earlier, the yields can be compelling. So I think that the retail investor will go down that path and I think that that makes sense. The other one is more aspirational. I hope that there is a couple of student REITs. I think that the ones that have been public, specifically American Campus and Education Realty, really represented our space well and I think that that information and that data was really, really powerful. I'll give you a quick parallel, a corollary, if you will. The build to rent space, including with people like me, I never thought that the expenses would be as tight as they were and that the residents were being sticky as they were. And it took the bond offerings, and that transparency, and ultimately the public companies that showed the durability on the expense side, the durability of the revenues, and ultimately the NOIs, where I think that the business made more sense.

**Spencer Levy**

So on behalf of the Weekly Take, I want to thank Brian Dinerstein, CEO of the Dinerstein Companies. He's talking about student multis in some other areas, but what a great perspective given your long standing in this space, Brian. Thank you.

**Brian Dinerstein**

Thank you.

**Spencer Levy**

And I want to thank again, Jaclyn Fitts, a repeat guest on our show, Executive Vice President, CBRE, one of the leaders of our student housing practice. Jaclyn, well done. Thanks for coming back.

**Jaclyn Fitts**

Thanks for having me.

**Spencer Levy**

For more on student housing and related content, please check out our website [cbre.com/TheWeeklyTake](https://cbre.com/TheWeeklyTake). And while we're on the subject of students, we recently aired another episode about campus life, specifically about the ways the next generation of talent is learning and being prepared for careers in our business with the administrators of three major university real estate programs. If you missed that episode, I'd encourage you to look that up as well. For now, don't forget to share this show with your network as well as send us your feedback and subscribe, rate and review us wherever you listen. We'll be back with episodes featuring a look at the investment side of the business. Is the market for deals warming up? A leader from a powerhouse private equity firm, KKR will share his insights, plus a sit down with bestselling author Ben Nemtin, for stories and insights about leadership, resilience, and making impossible things happen. We hope you'll join us for those shows and more. I'm Spencer Levy. Be smart. Be safe. Be well.