



# EAST TENNESSEE STATE UNIVERSITY

## HOUSING MARKET & DEMAND ASSESSMENT

# Agenda

## ETSU HOUSING & MARKET ASSESSMENT

- ◆ ETSU Vision for Housing
- ◆ Key Findings
  - *Student demographics*
  - *Off-campus market*
  - *Satisfaction / Engagement*
  - *Student Demand*
  - *Freshman Live-On Policy Analysis*
- ◆ Recommendations
- ◆ Next Steps



# Project Status

## ETSU HOUSING & MARKET ASSESSMENT

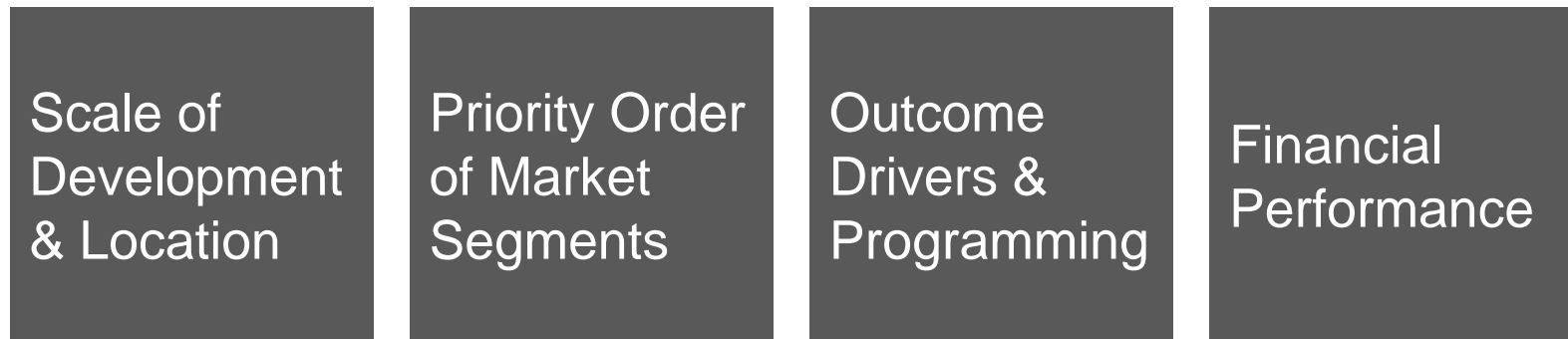
- ◆ Project Kick-Off
    - *Strategic Asset Value Work Session*
    - *Student Focus Groups*
    - *Tour of Existing Facilities*
    - *Administrator Interviews*
    - *Affirmation of Strategic Drivers*
    - *Self-Guided Off-Campus tour*
  - ◆ Off-Campus Market Analysis
  - ◆ Campus-Wide Student Survey
    - *704 Respondents*
    - *3.7% Margin of Error with a 95% Confidence Level*
  - ◆ Housing Demand Analysis
  - ◆ Strategic Considerations
  - ◆ Final Documentation
- 
- 100% Complete
- In progress

# The SAV Concept

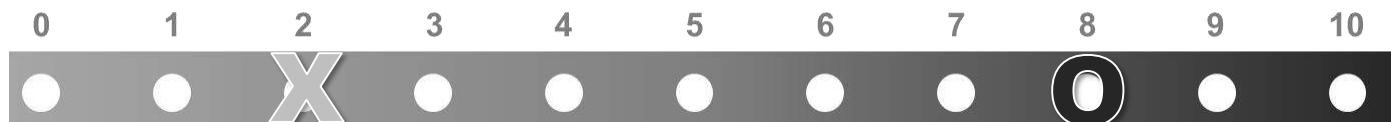
CREATING A NARRATIVE

## MIND THE GAPS

The gap analysis results are synthesized into four “Chapters” that articulate the attributes that the Plan must achieve:



## Strategic Asset Value Story



# What's the Vision?

SAV STORY

- ◆ The housing system must be positioned to enhance the ETSU experience and meet enrollment growth
  - Housing will compliment initiatives for providing a dynamic campus experience
- ◆ First-time freshmen represent the primary target market
  - Will be served in units conducive to maximizing exposure to academic and social resources
- ◆ Housing must serve as a recruitment asset against cross-applicant institutions
  - Should help ETSU expand its traditional service area without compromising its commitment to serving the region
- ◆ New projects must be financially self-sufficient
  - ETSU is willing to explore alternative financing structures (P3)

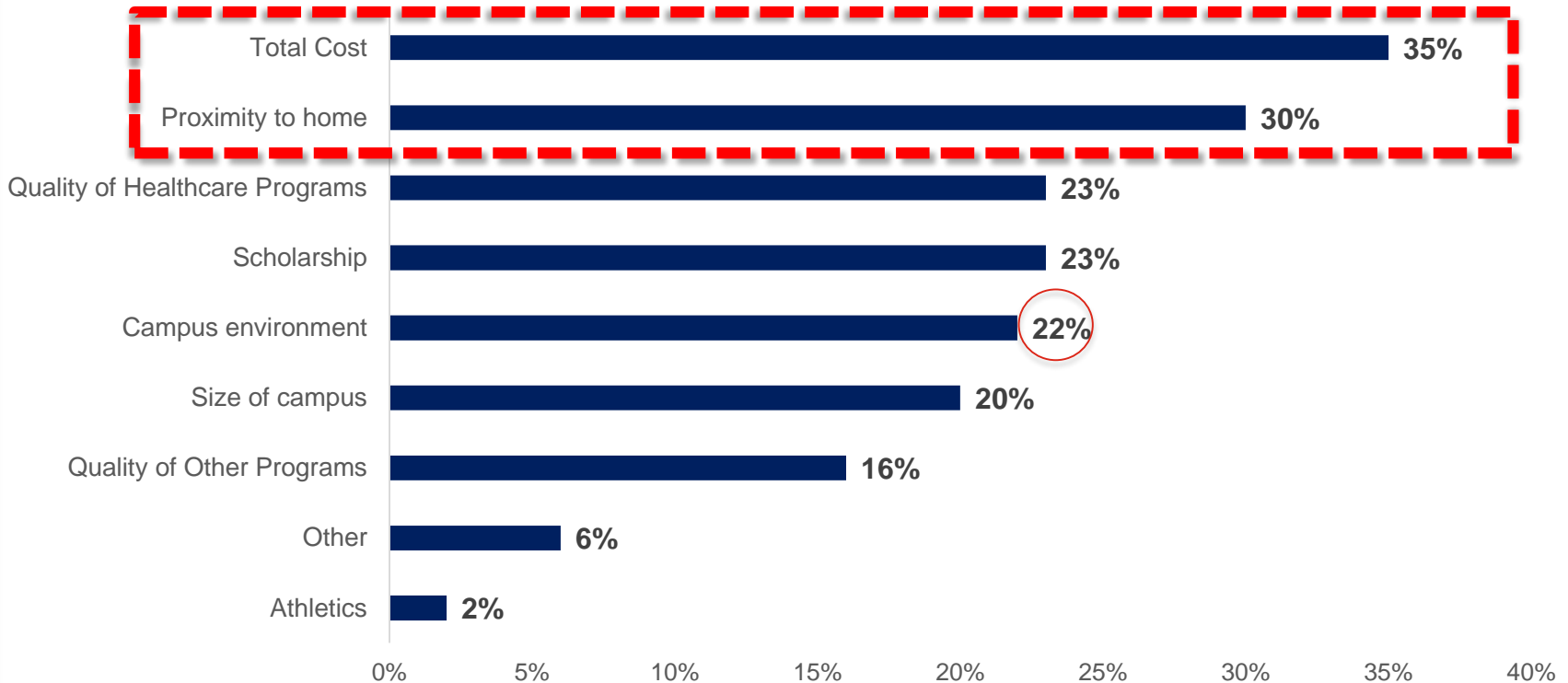
# What's the Story?

## ETSU HOUSING & MARKET ASSESSMENT

- ◆ ETSU's current campus population is highly cost sensitive
- ◆ The off-campus market offers proximity, affordability, and a high level of independence for residents
- ◆ ETSU has fully met student demand for housing
  - Current over-supply of 387 beds
- ◆ A freshman live-on requirement would have added 275 campus residents under a typical policy
- ◆ Freshmen in non-apartment units are more highly engaged
- ◆ Achieving housing vision is tied to comprehensive campus transformation

# Reasons for Selecting ETSU

STUDENT PROFILE

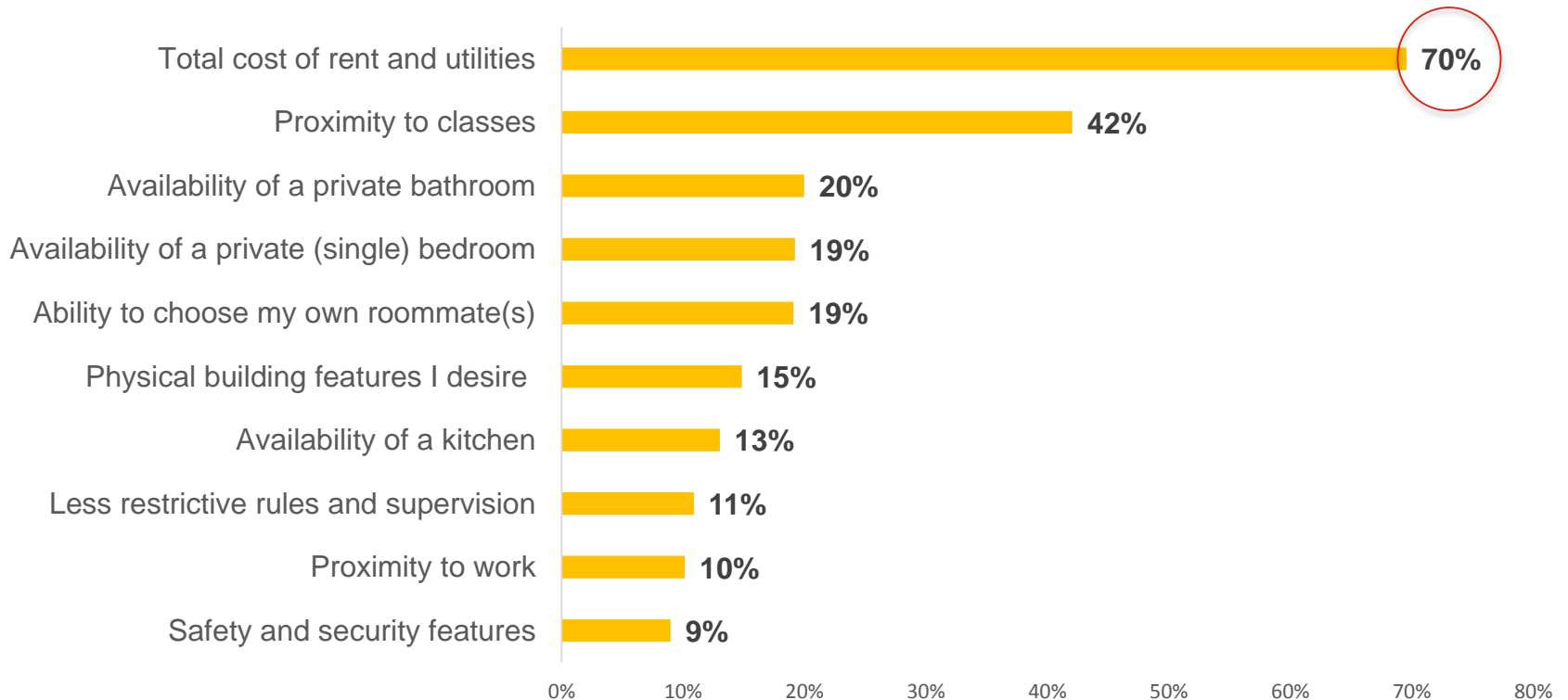


*Cost and permanent residence are more important to ETSU students than the campus experience*

# Factors in Housing Choice

STUDENT PROFILE

## Factors Influencing Housing Decision



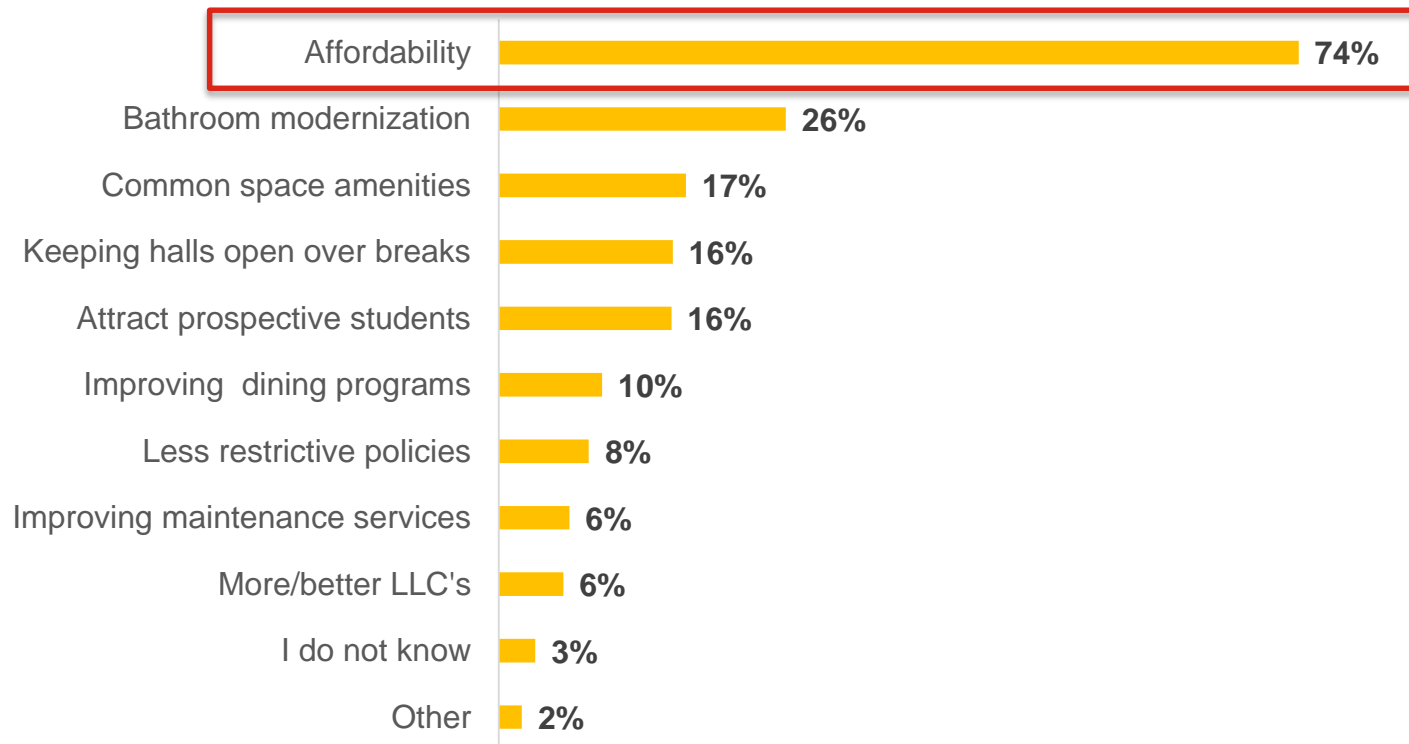
*Cost is a predominant factor in where ETSU students choose to live*



# Desired Improvements

## ETSU HOUSING & MARKET ASSESSMENT

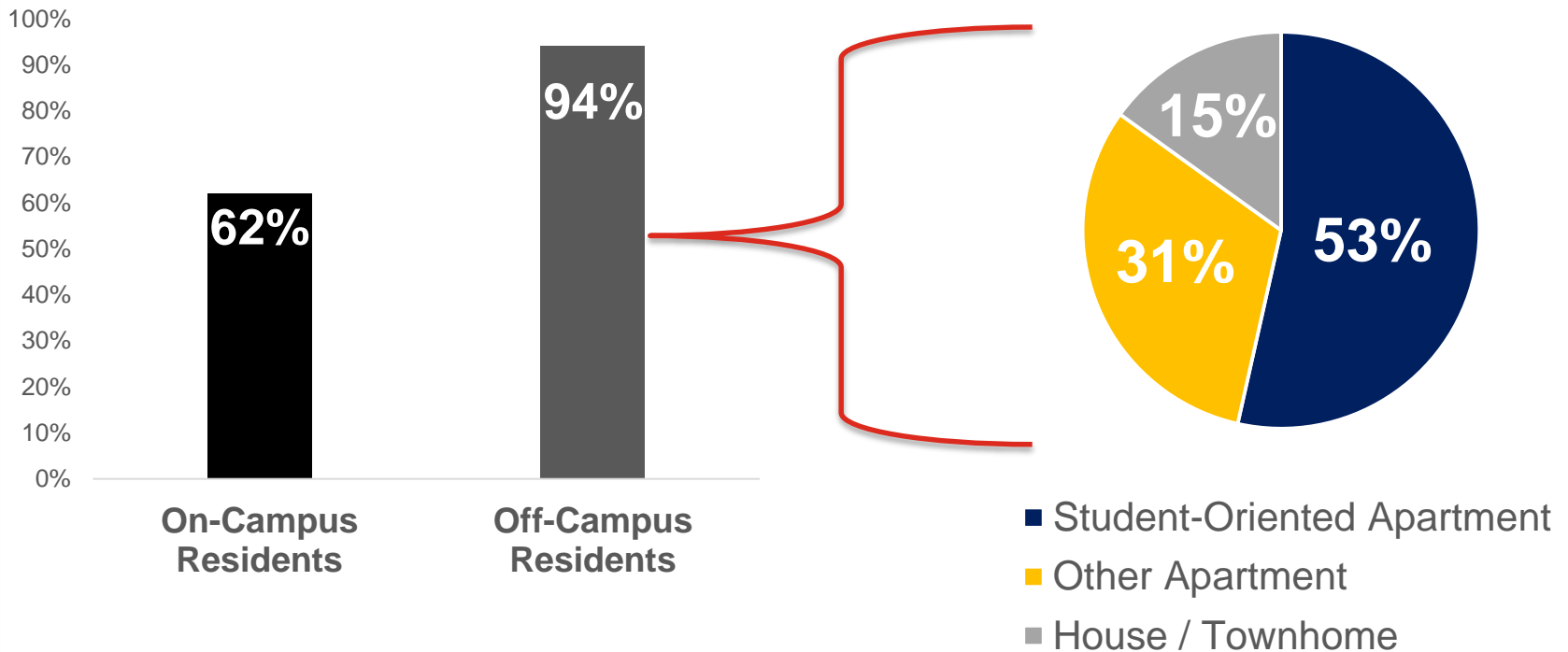
What should ETSU prioritize when making housing improvements?



# Factors in Housing Choice

STUDENT PROFILE

*Student perception of current living arrangement's cost effectiveness*

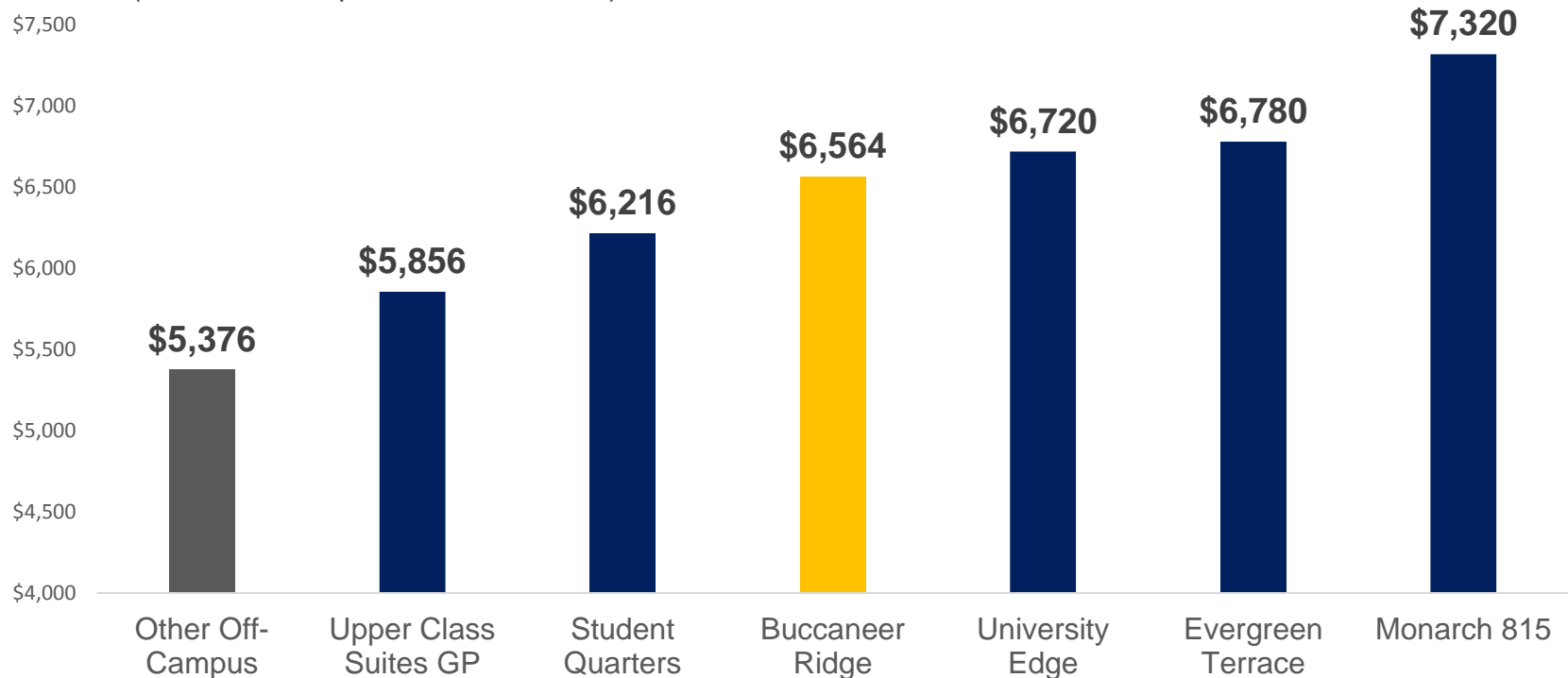


# Off-Campus Market Analysis

ETSU OFF-CAMPUS MARKET

*Average annualized cost of housing*

*(Utilities and deposits accounted for)*



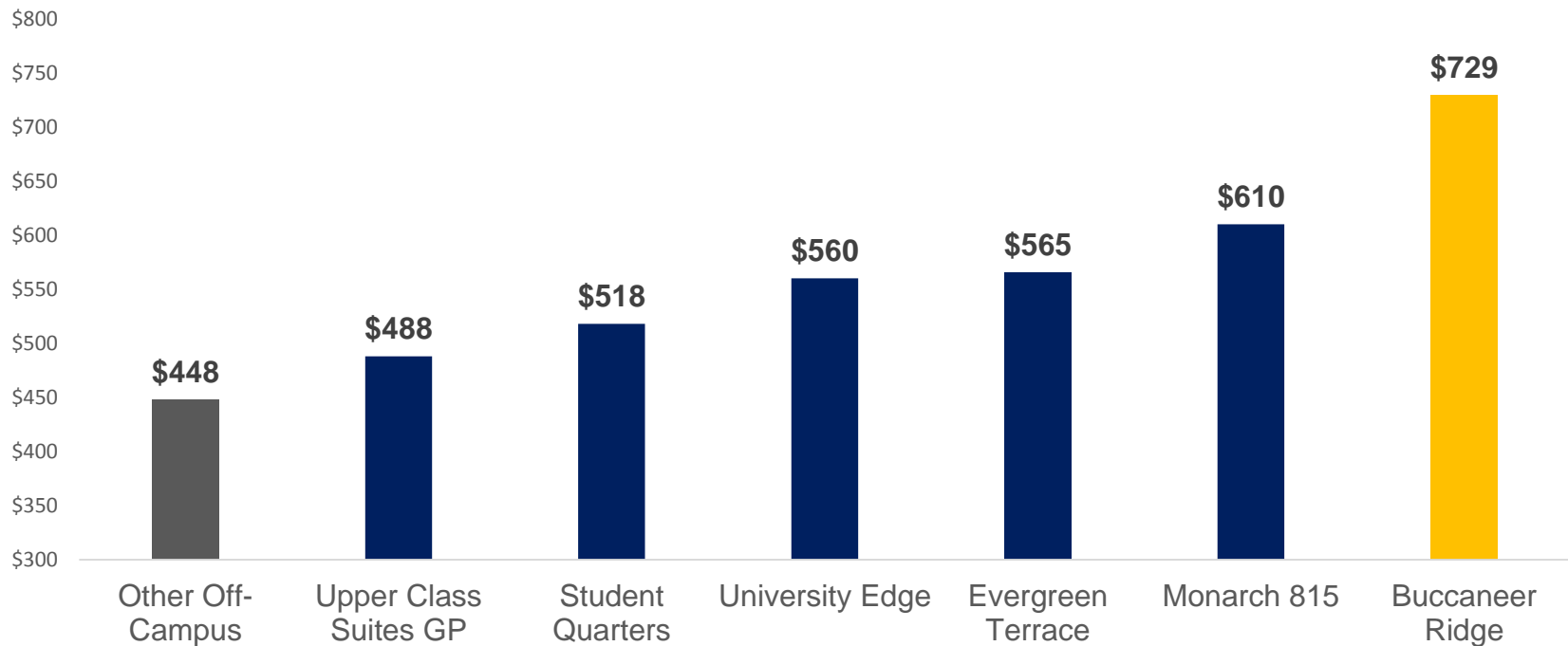
*Buccaneer Ridge is competitively priced when viewed on an annual basis*

# Student Perception of Cost

ETSU OFF-CAMPUS MARKET

*Average monthly cost of housing*

*(Utilities and deposits accounted for)*

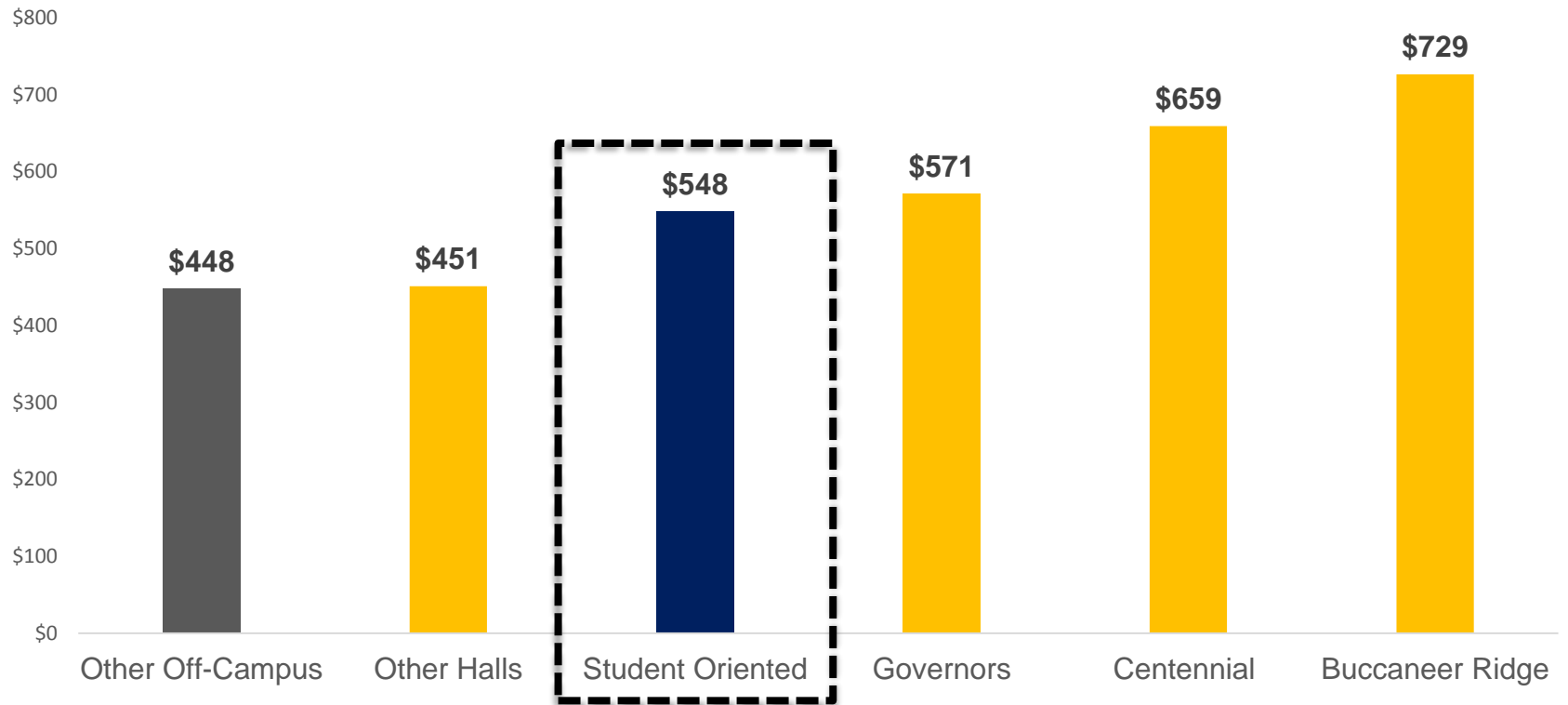


*Buccaneer Ridge becomes more expensive when compared on a 9-month basis*

# Campus vs Off-Campus Rates

## ETSU HOUSING & MARKET ASSESSMENT

*Average monthly cost of housing (Utilities and deposits accounted for)*



# Off-Campus Market Analysis

## ETSU OFF-CAMPUS MARKET

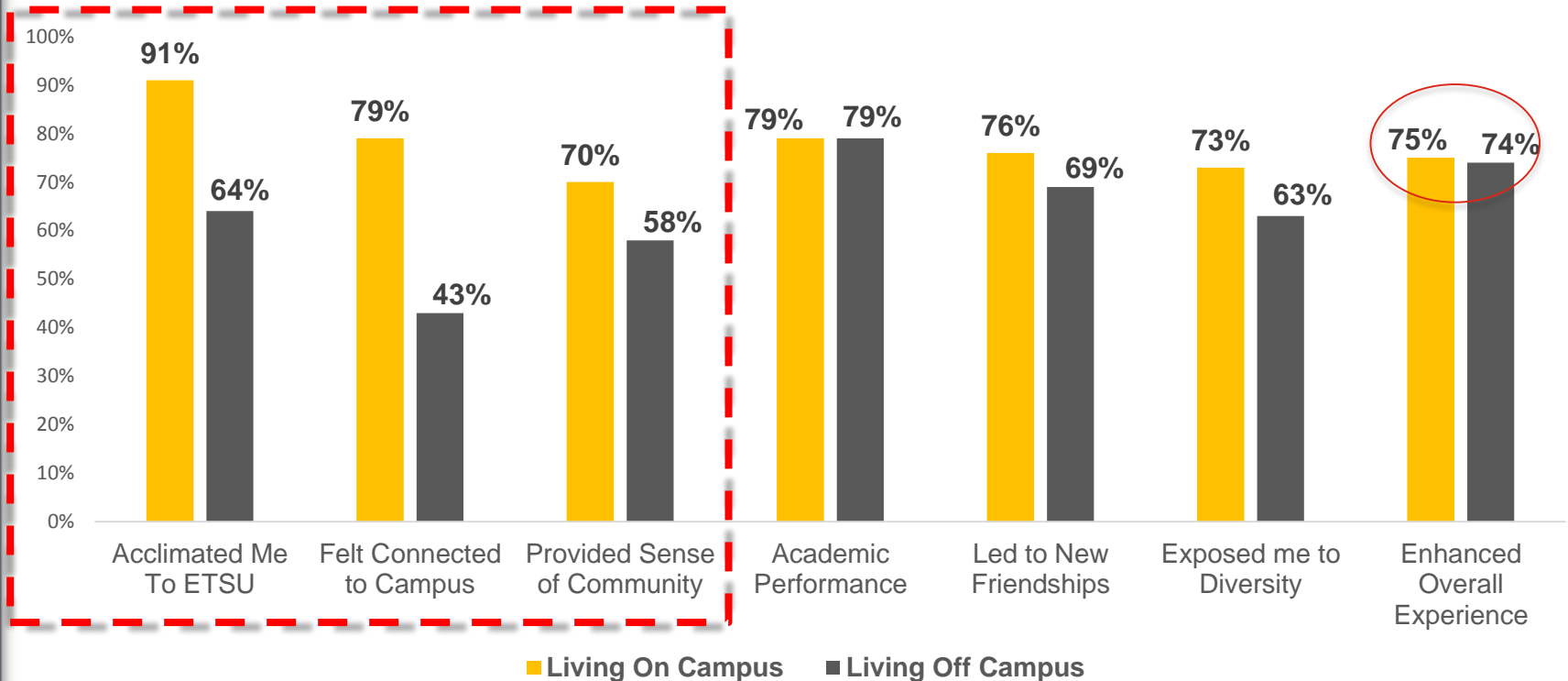
Student-Oriented Amenities	Monarch 815	University Edge	Upper Class Suites GP	Evergreen Terrace	Student Quarters	Buccaneer Ridge
Pool	X	X		X	X	X
Dishwasher	X			X	X	X
In-Unit Washer & Dryer	X	X	X		X	X
All-inclusive utilities	X				X	X
Pet Friendly	X	X		X	X	
Private Patio/Deck	X		X	X	X	X
Internet Included	X	X	X	X		X
Furnished Available	X	X	X		X	X
Grills/Outdoor Space	X	X		X	X	X
Business Center	X	X			X	X
Walk-in Closets	X	X	X		X	
Shuttle to Campus		X	X		X	X
On-Site Mgmt/Maintenance		X		X		X
Basketball Court						X
Volley Ball Court	X			X	X	X
Individual Lease			X		X	X
Flexible / Academic Lease						X
Roommate Matching	X	X			X	X
21 year-olds can have alcohol	X	X	X	X	X	
Ability to Stay over breaks	X	X	X	X	X	
On-Site Fitness Center	X	X		X	X	
<b>Total</b>	<b>16</b>	<b>14</b>	<b>9</b>	<b>11</b>	<b>17</b>	<b>16</b>

- Identified **5** student-oriented properties out of **25** analyzed
- Average distance from campus = **0.54** miles
- Utility payment range: **\$0 – \$35** per month
- Policies more attractive to older students

# Student Engagement

## ETSU HOUSING & MARKET ASSESSMENT

Those who agree their current living arrangement benefits them in the following ways

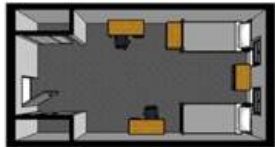


Students on campus feel more engaged than their off-campus peers

# Demand-Based Programming

SURVEY TESTED UNITS AND RATES

Pod



Singles = \$3,621 - \$3,970  
Doubles = \$2,897- \$3,202

Semi-Suite



Singles = \$3,943 - \$4,358  
Doubles = \$3,155- \$3,487

Apartment (4-BR)



Singles = \$4,635 - \$5,123

Studio



Singles = \$5,150 - \$5,693  
Doubles = \$3,708- \$4,099

COMMUNITY ORIENTED



STUDENT INDEPENDENCE

Hotel



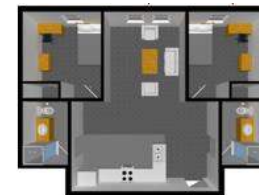
Singles = \$4,104 - \$4,536  
Doubles = \$3,283 - \$3,629

Full-Suite



Singles = \$4,426 - \$4,892  
Doubles = \$3,541- \$3,914

Apartment (2-BR)



Singles = \$5,022 - \$5,550  
Doubles = \$3,616 - \$3,996



# Demand Methodology

STUDENT DEMAND

## Target Market Definition

- ◆ Full-time
- ◆ Main campus only (No Online)
- ◆ Age 17-24
- ◆ Single, no dependents
- ◆ Living on campus or paying at least \$500 monthly rent off campus

## Occupancy Coverage Ratio

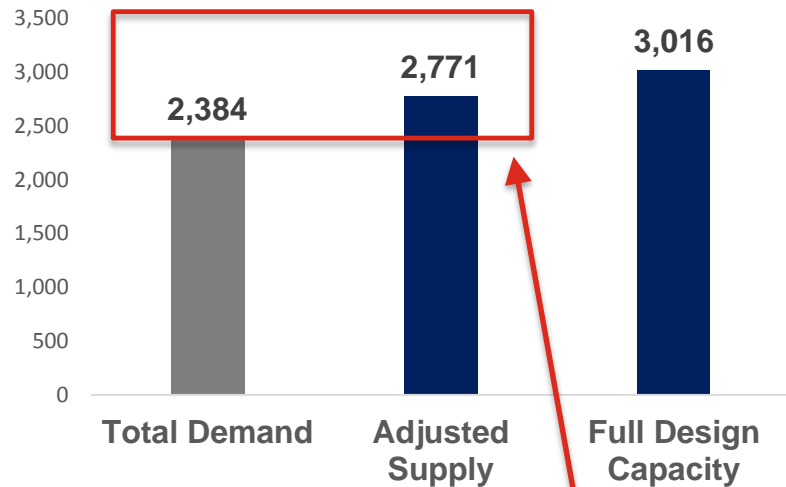
- ◆ Freshman = 1.00
- ◆ Sophomore = 1.10
- ◆ Junior = 1.25
- ◆ Senior = 1.35
- ◆ Graduate = 1.50

*Example: 150 beds of demand are required to build 100 beds of supply*

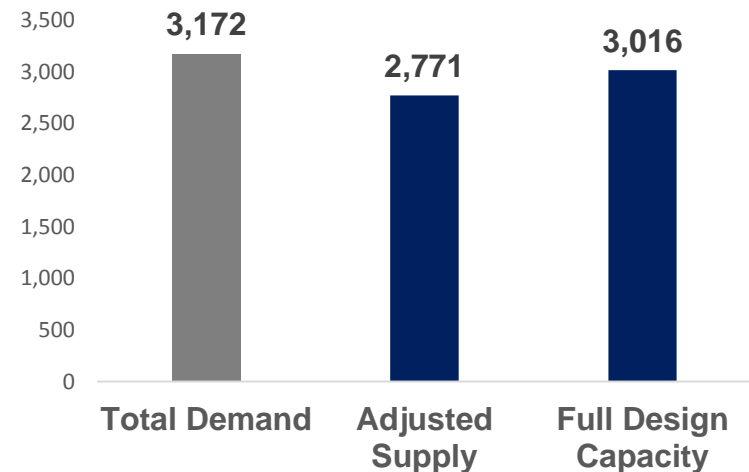
# Supply / Demand Reconciliation

## ETSU HOUSING & MARKET ASSESSMENT

**2016-2017** Housing Supply vs. Demand



Housing Supply vs. Demand at **18,000** total enrollment

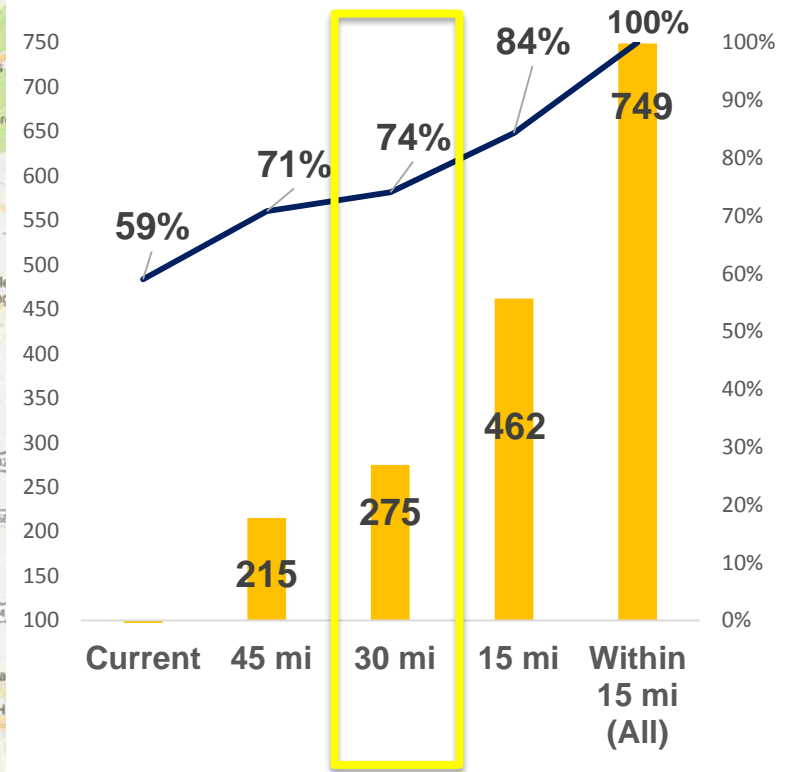
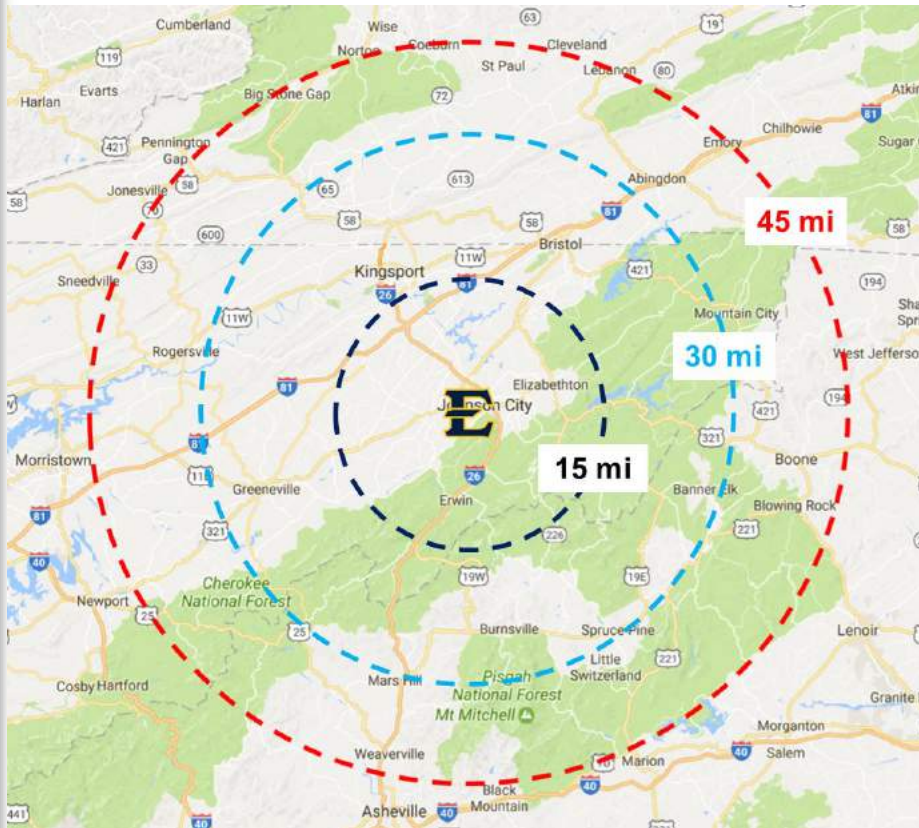


*Based on pure market demand, ETSU currently has an oversupply of 387 beds*

# Freshman Live-On Requirement

## ETSU HOUSING & MARKET ASSESSMENT

Impact of exemption policy on Freshman Capture Rate

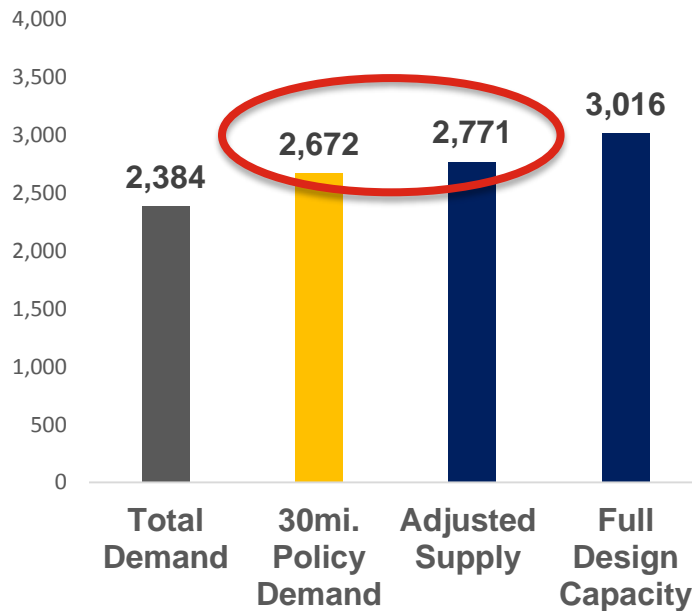


■ # of New Residents

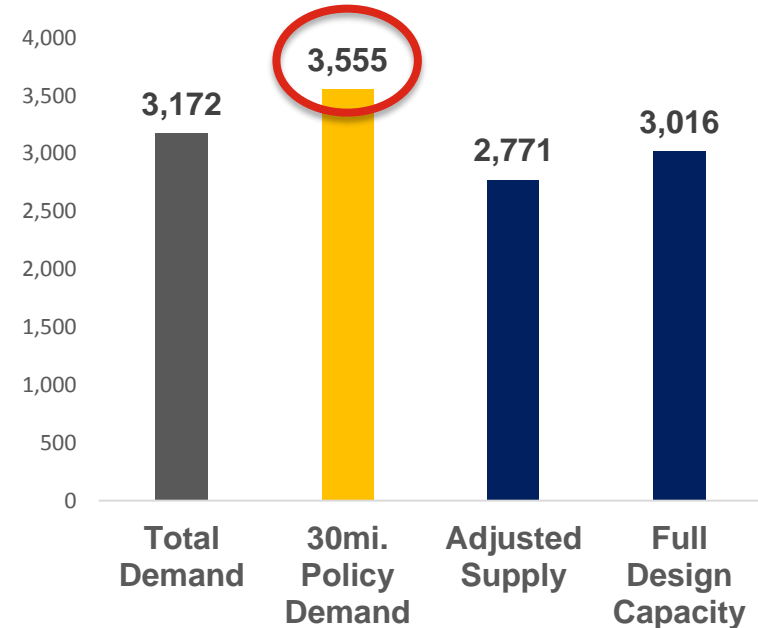
# Supply / Demand Reconciliation

## ETSU HOUSING & MARKET ASSESSMENT

**2016-2017** Housing Supply vs. Demand



Housing Supply vs. Demand at **18,000** total enrollment

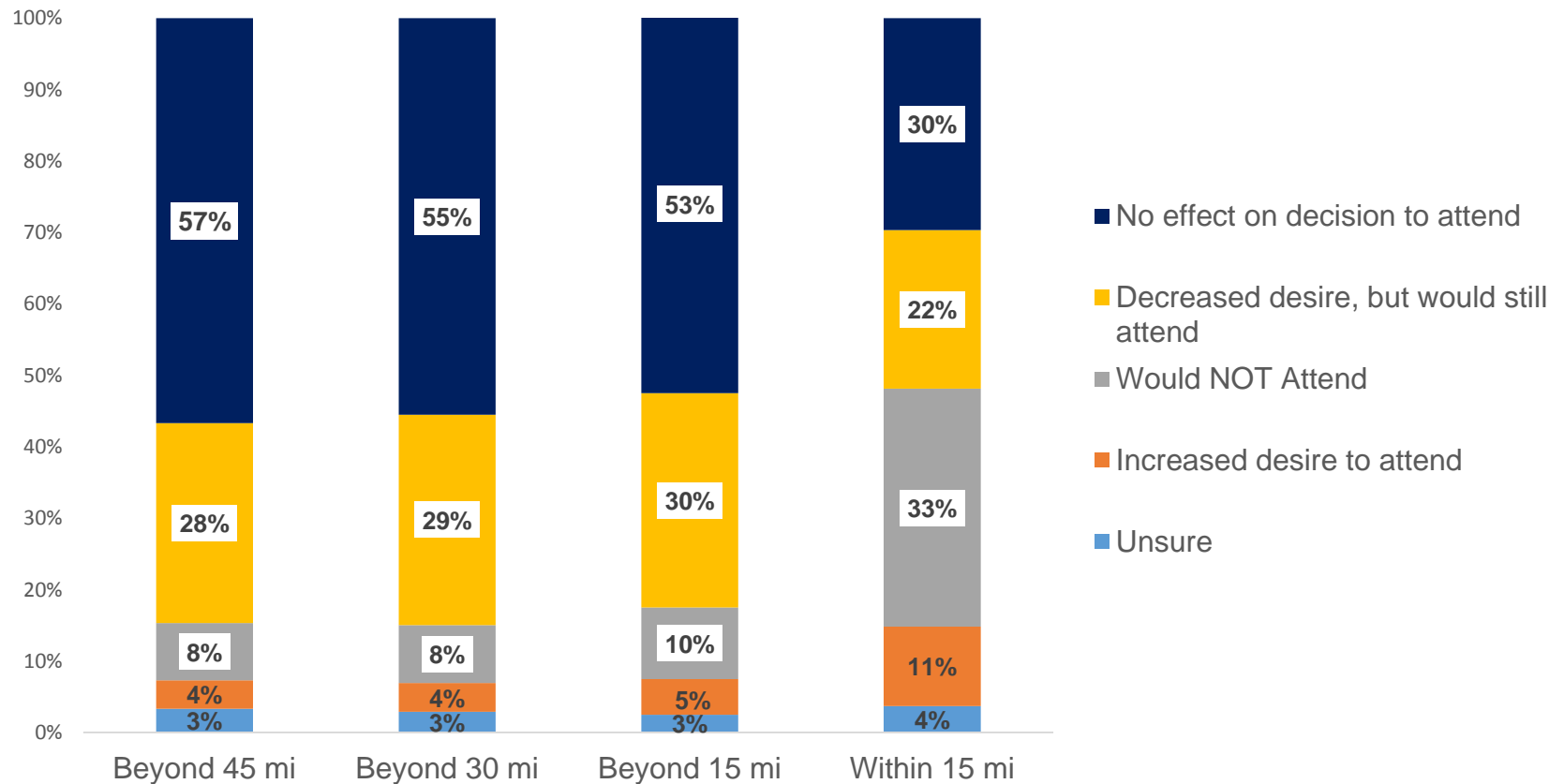


Assuming enrollment projections are met, a standard freshman live-on policy is essential to reaching strategic goals

# Freshman Live-on Requirement

## CAPTURE RATE SENSITIVITY

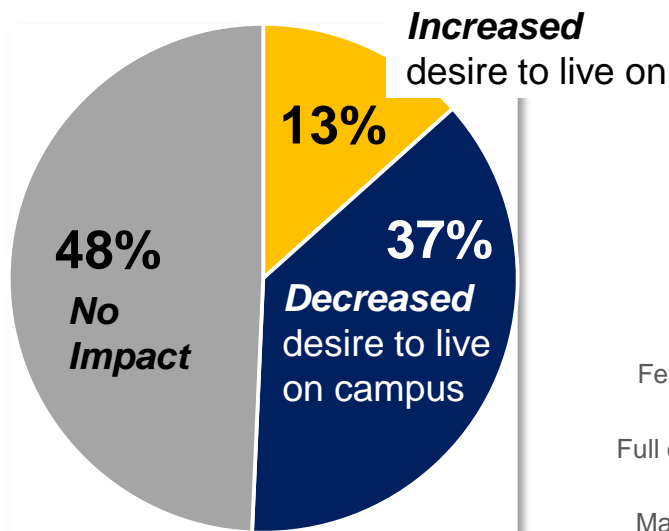
*Freshman attitude towards live-on requirement by permanent residence*



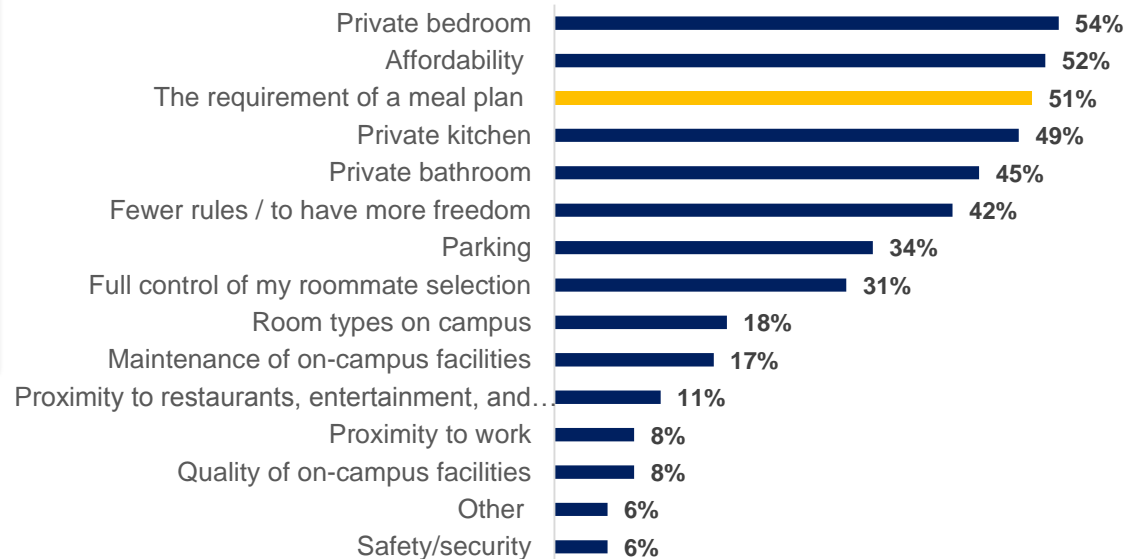
# Meal Plan's Impact

## ETSU HOUSING EXPERIENCE

Meal Plan requirement's impact on housing decision of freshmen



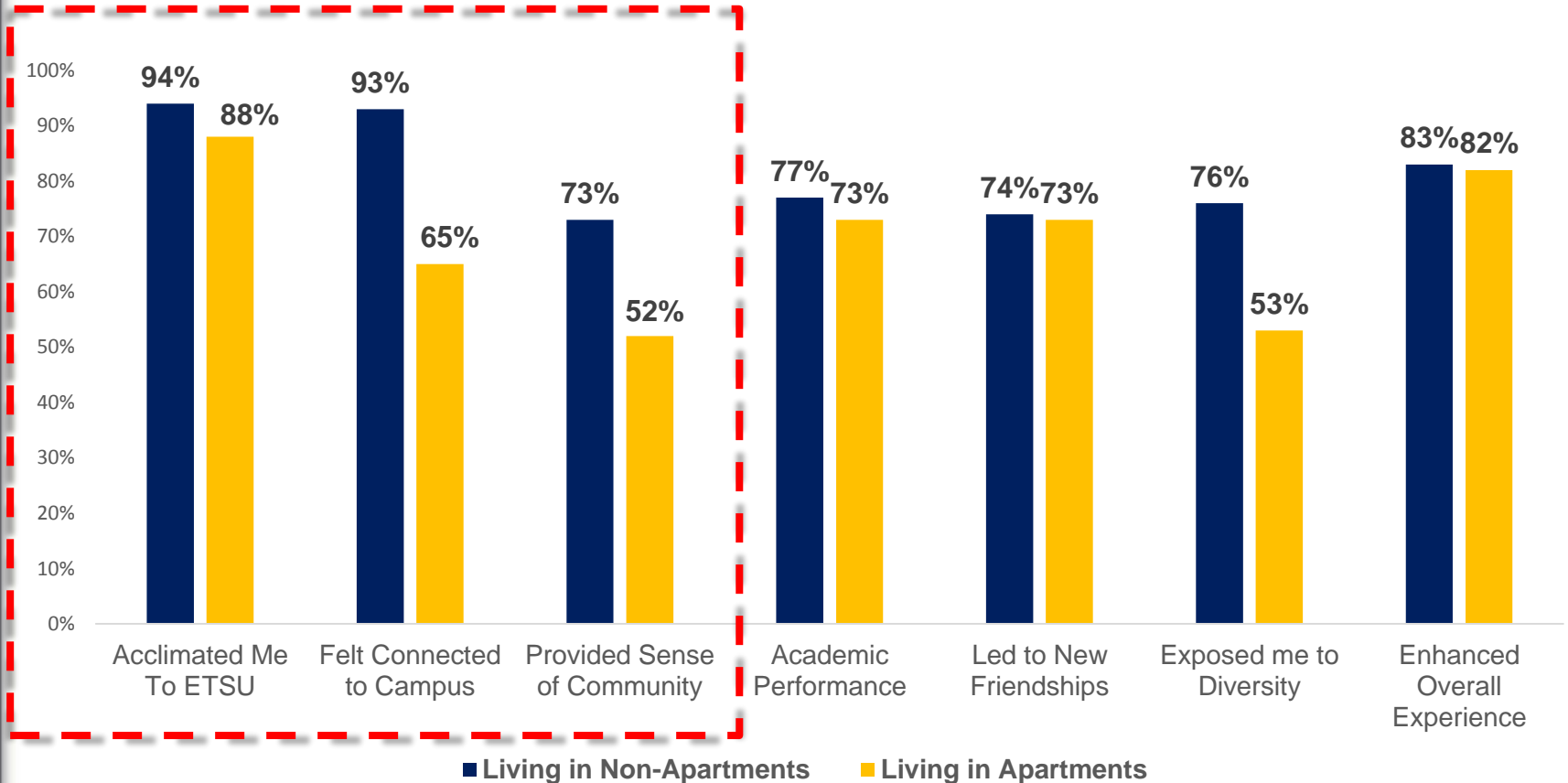
FTF Reasons for living off campus *next* year  
(select all that apply)



*Student responses indicate that ETSU's meal plan policy adds occupancy risk for the housing system*

# Engagement By Unit-Type

ETSU HOUSING & MARKET ASSESSMENT



Students in community housing feel more engaged than those in apartments

# Current Pure Market Demand

## ETSU HOUSING & MARKET ASSESSMENT

### 2016-2017 Pure Market Demand by Unit Type

Classification	Traditional/Pod	Hotel Style	Semi-Suite	Full-Suite	Efficiency Apartment	2 BR Apartment	4 BR Apartment	Total
Freshman	211	109	77	150	121	294	103	1,065
Sophomore	107	83	46	59	129	177	110	711
Junior	79	21	21	38	72	58	45	333
Senior / Other	33	8	8	26	65	47	51	239
Graduate / Other	17	3	0	0	9	3	3	35
<b>Total Demand</b>	<b>447</b>	<b>224</b>	<b>151</b>	<b>273</b>	<b>397</b>	<b>579</b>	<b>312</b>	<b>2,384</b>
Existing Supply	772	551	126	371	547	555	94	3,016
<b>Net Demand (Surplus/(Deficit))</b>	<b>325</b>	<b>327</b>	<b>(25)</b>	<b>98</b>	<b>150</b>	<b>(24)</b>	<b>(218)</b>	<b>632</b>

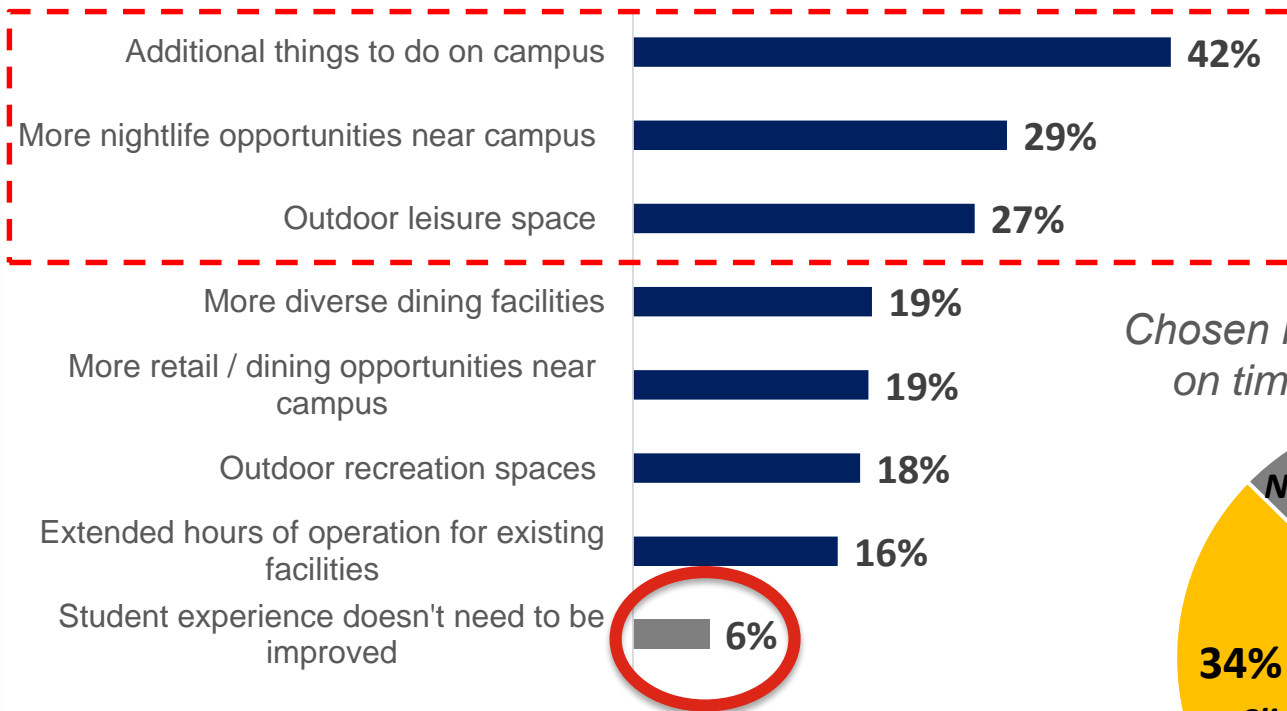
49% of freshmen would prefer apartment housing on campus



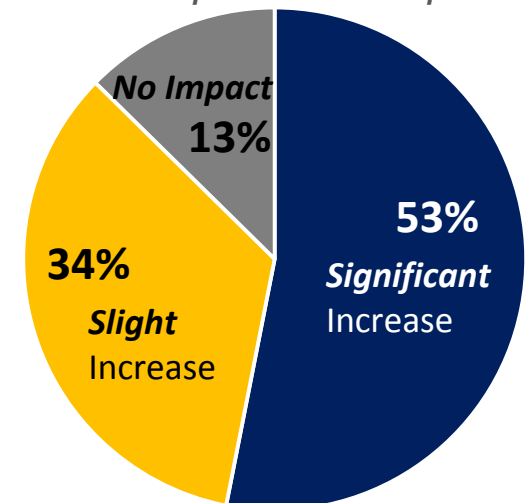
# Campus Improvements

CAMPUS LIFE

*Most effective improvements to ETSU (select up to two responses)*



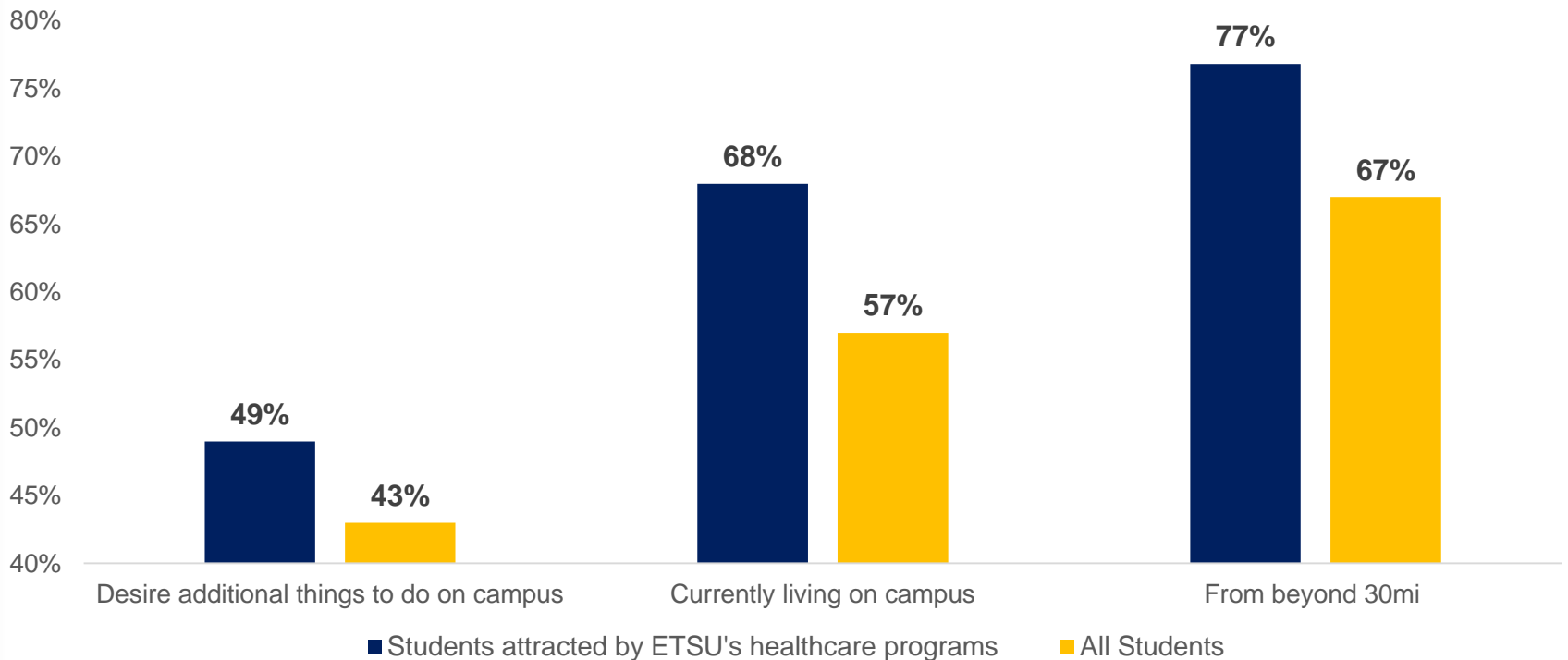
*Chosen improvement's impact on time spent on campus*



***Two-thirds*** of students spend ***less than half*** of their weekends around campus

# Healthcare Programs & Recruitment

ETSU STUDENTS

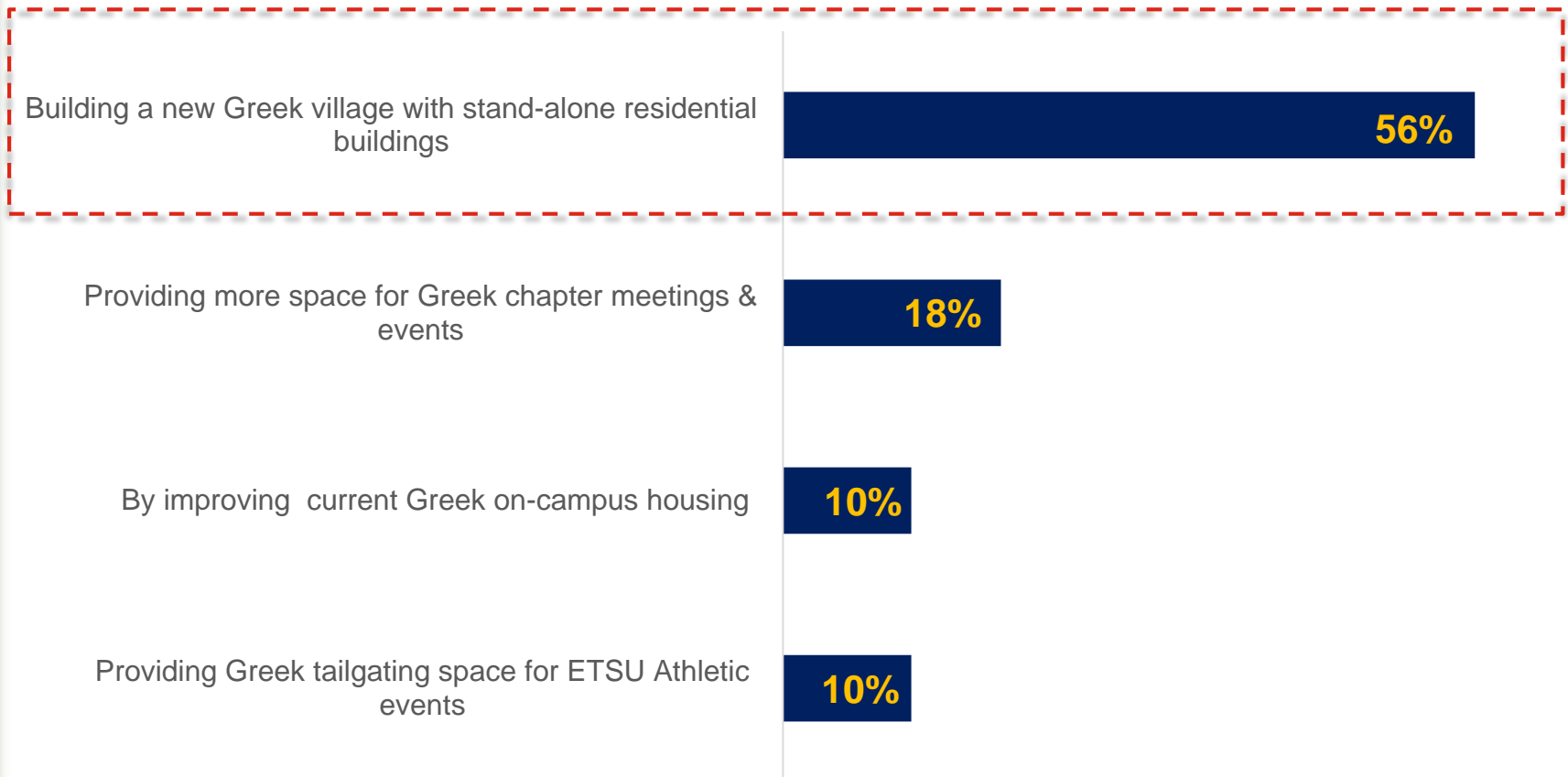


*Students coming to ETSU for its healthcare related programs are an attractive target market for Housing*

# On-campus Greek Village

CAMPUS LIFE

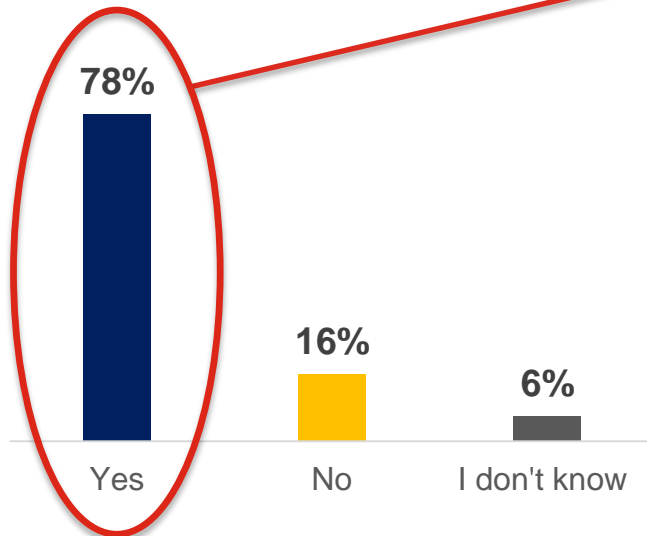
## *Top Improvements to the ETSU Greek Experience*



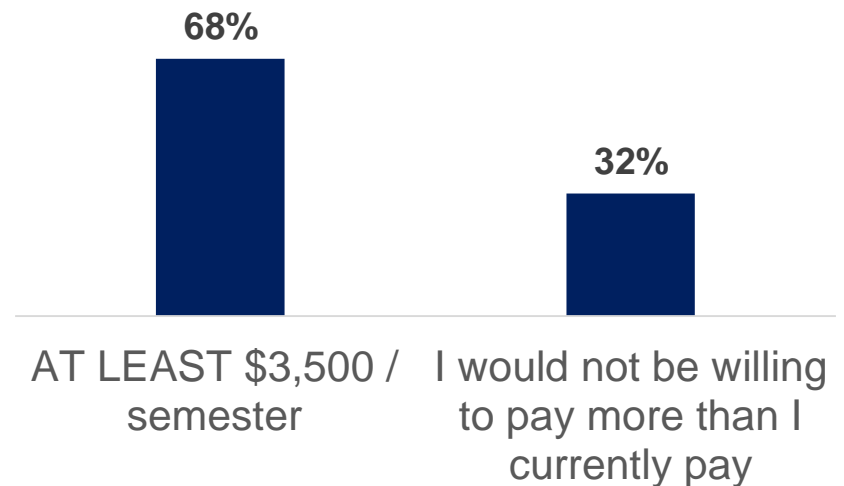
# On-campus Greek Village

CAMPUS LIFE

*Would you be interested in living in an on-campus Greek village?*



*How much would you be willing to pay?*





# RECOMMENDATIONS



# Recommendations

## ETSU HOUSING & MARKET ASSESSMENT

- ◆ Do not add net new inventory to the system
  - Focus on strengthening Housing's financial position
- ◆ Make targeted, cost efficient improvements in existing halls
  - Must continue to differentiate Buc Ridge from the off-campus market
- ◆ Consider incorporating first-time freshman live-on policy
  - Students with permanent residence within 30 miles should be exempt
- ◆ Gradually transition freshmen students from apartments
  - Consider expanding / requiring LLC's for freshmen in Buc Ridge
- ◆ House the Pre-Health LLC in a contemporary building
- ◆ Continue investing in campus life amenities!
  - Explore a Greek Village concept to catalyze campus transformation
  - Create student-centric "places" at the campus edge

# Recommendations

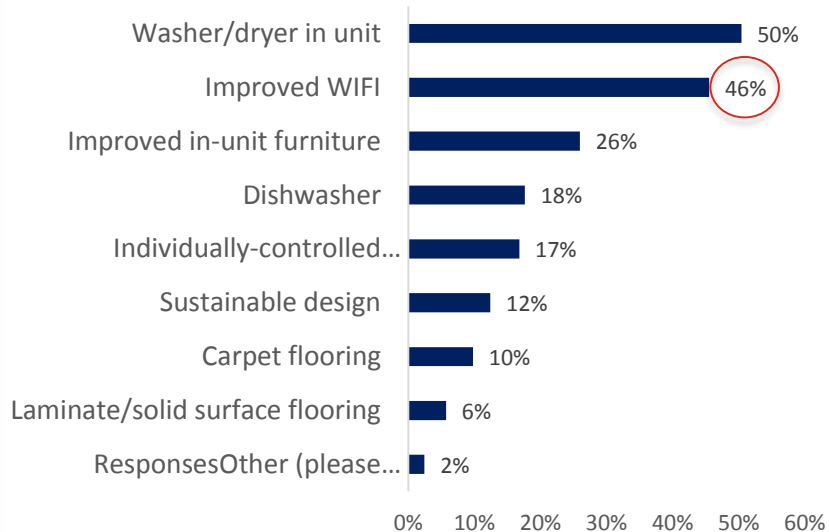
## ETSU HOUSING & MARKET ASSESSMENT

- ◆ Do not add net new inventory to the system
  - Focus on strengthening Housing's financial position
- ◆ Make targeted, cost efficient improvements in existing halls
  - Must continue to differentiate Buc Ridge from the off-campus market
- ◆ Consider incorporating first-time freshman live-on policy
  - Students with permanent residence within 30 miles should be exempt
- ◆ Gradually transition freshmen students from apartments
  - Consider expanding / requiring LLC's for freshmen in Buc Ridge
- ◆ House the Pre-Health LLC in a contemporary building
- ◆ Continue investing in campus life amenities!
  - Explore a Greek Village concept to catalyze campus transformation
  - Create student-centric "places" at the campus edge

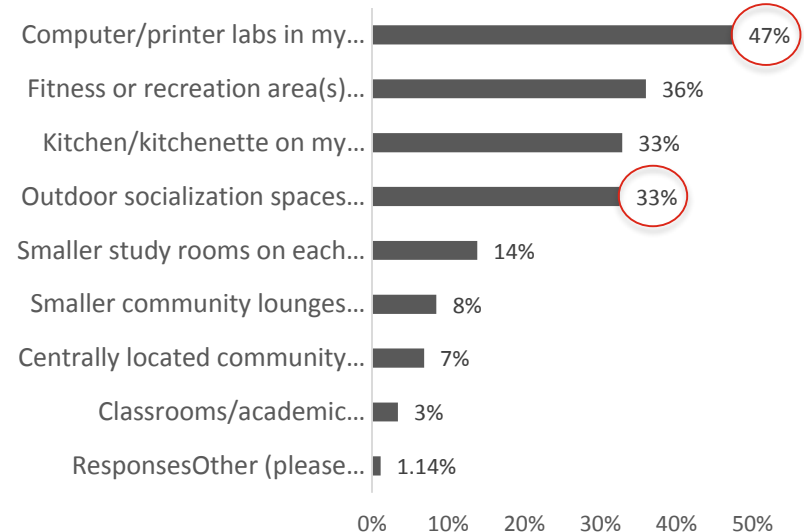
# Desired Improvements

## ETSU HOUSING & MARKET ASSESSMENT

### Top In-Unit Improvements



### Top Building Improvements



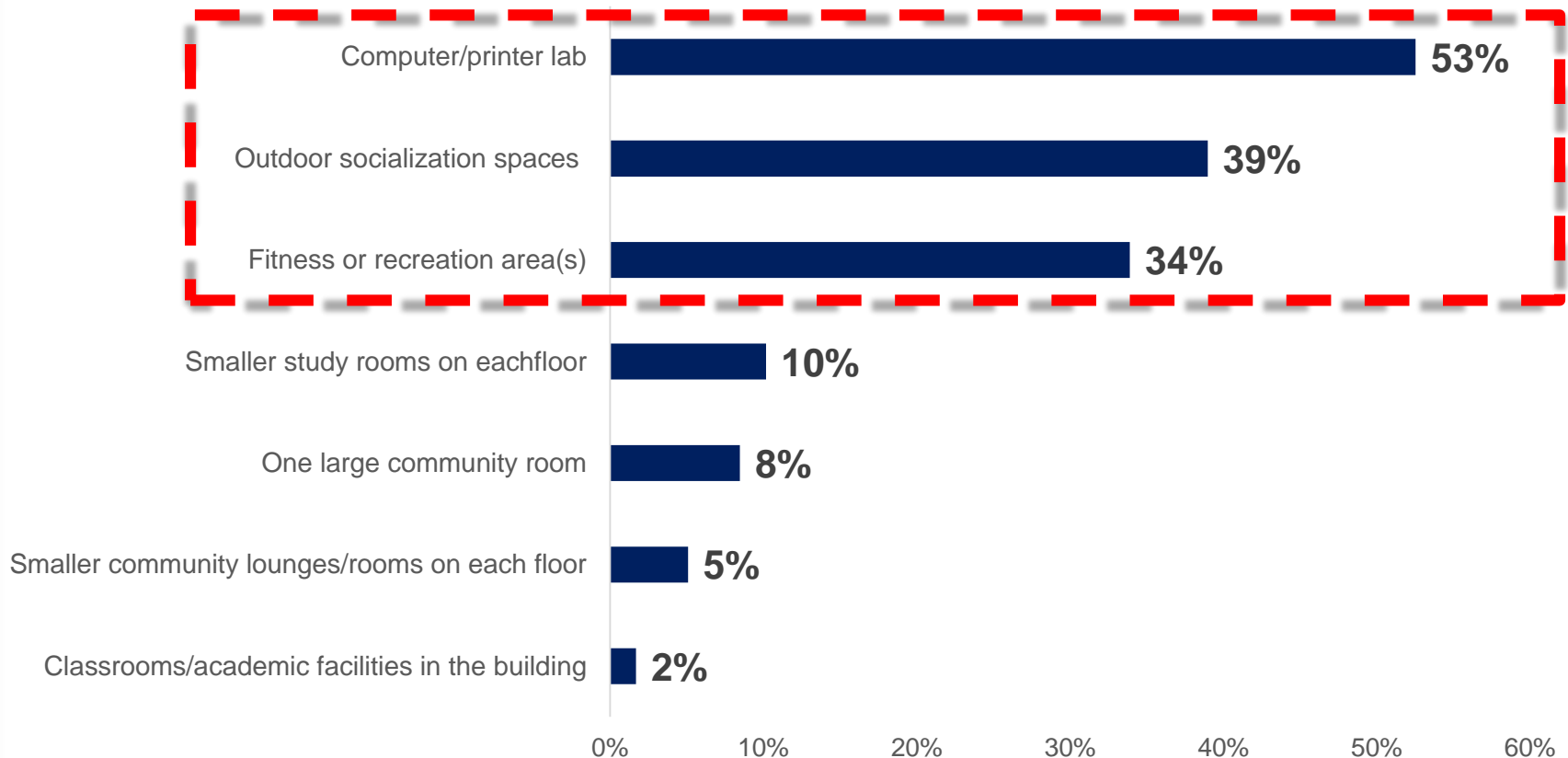
There are opportunities to address students top concerns at relatively low capital cost



# Buccaneer Ridge Preferences

IMPROVING EXISTING HALLS

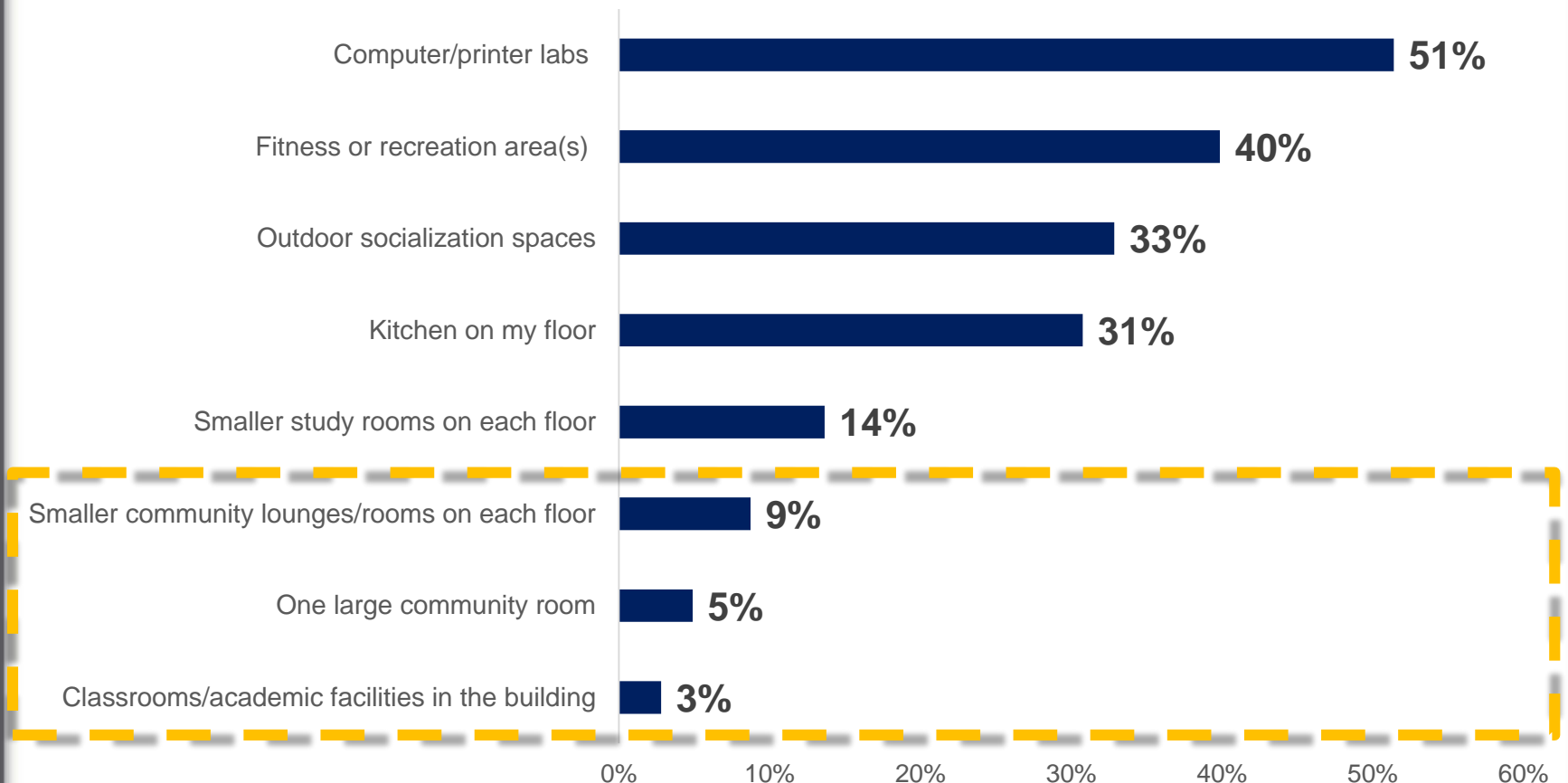
*Buccaneer Ridge Resident's preferred amenities (select up to two responses)*



# Non-Buccaneer Ridge Preferences

## IMPROVING EXISTING HALLS

*Preferred amenities for residents of other halls (select up to two responses)*



# Recommendations

## ETSU HOUSING & MARKET ASSESSMENT

- ◆ Do not add net new inventory to the system
  - Focus on strengthening Housing's financial position
- ◆ Make targeted, cost efficient improvements in existing halls
  - Must continue to differentiate Buc Ridge from the off-campus market
- ◆ Consider incorporating first-time freshman live-on policy
  - Students with permanent residence within 30 miles should be exempt
- ◆ Gradually transition freshmen students from apartments
  - Consider expanding / requiring LLC's for freshmen in Buc Ridge
- ◆ House the Pre-Health LLC in a contemporary building
- ◆ Continue investing in campus life amenities!
  - Explore a Greek Village concept to catalyze campus transformation
  - Create student-centric "places" at the campus edge

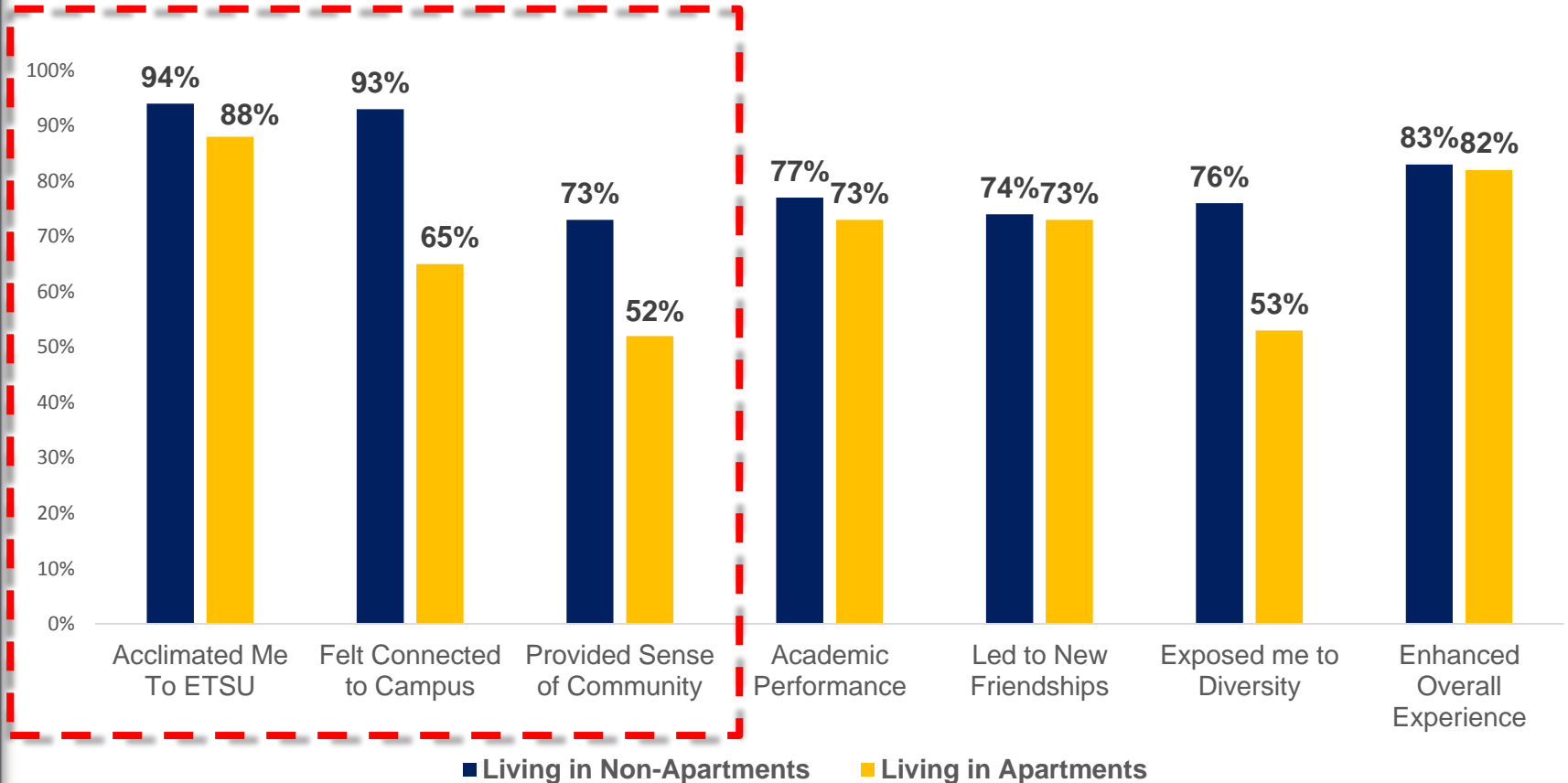
# Recommendations

## ETSU HOUSING & MARKET ASSESSMENT

- ◆ Do not add net new inventory to the system
  - Focus on strengthening Housing's financial position
- ◆ Make targeted, cost efficient improvements in existing halls
  - Must continue to differentiate Buc Ridge from the off-campus market
- ◆ Consider incorporating first-time freshman live-on policy
  - Students with permanent residence within 30 miles should be exempt
- ◆ Gradually transition freshmen students from apartments
  - Consider expanding / requiring LLC's for freshmen in Buc Ridge
- ◆ House the Pre-Health LLC in a contemporary building
- ◆ Continue investing in campus life amenities!
  - Explore a Greek Village concept to catalyze campus transformation
  - Create student-centric "places" at the campus edge

# Engagement By Unit-Type

ETSU HOUSING & MARKET ASSESSMENT



Students in community housing feel more engaged than those in apartments

# Recommendations

## ETSU HOUSING & MARKET ASSESSMENT

- ◆ Do not add net new inventory to the system
  - Focus on strengthening Housing's financial position
- ◆ Make targeted, cost efficient improvements in existing halls
  - Must continue to differentiate Buc Ridge from the off-campus market
- ◆ Consider incorporating first-time freshman live-on policy
  - Students with permanent residence within 30 miles should be exempt
- ◆ Gradually transition freshmen students from apartments
  - Consider expanding / requiring LLC's for freshmen in Buc Ridge
- ◆ House the Pre-Health LLC in a contemporary building
- ◆ Continue investing in campus life amenities!
  - Explore a Greek Village concept to catalyze campus transformation
  - Create student-centric "places" at the campus edge

# Recommendations

## ETSU HOUSING & MARKET ASSESSMENT

- ◆ Do not add net new inventory to the system
  - Focus on strengthening Housing's financial position
- ◆ Make targeted, cost efficient improvements in existing halls
  - Must continue to differentiate Buc Ridge from the off-campus market
- ◆ Consider incorporating first-time freshman live-on policy
  - Students with permanent residence within 30 miles should be exempt
- ◆ Gradually transition freshmen students from apartments
  - Consider expanding / requiring LLC's for freshmen in Buc Ridge
- ◆ House the Pre-Health LLC in a contemporary building
- ◆ Continue investing in campus life amenities!
  - Explore a Greek Village concept to catalyze campus transformation
  - Create student-centric "places" at the campus edge

# Key Next Steps

## ETSU HOUSING & MARKET ASSESSMENT

- ◆ Housing Financial Analysis & Capital Project Implementation Plan
- ◆ Public-Private Partnership (P3) Value For Money Analysis
- ◆ Greek Village Master Planning
- ◆ Campus Edge / Lifestyle District Opportunity Assessment

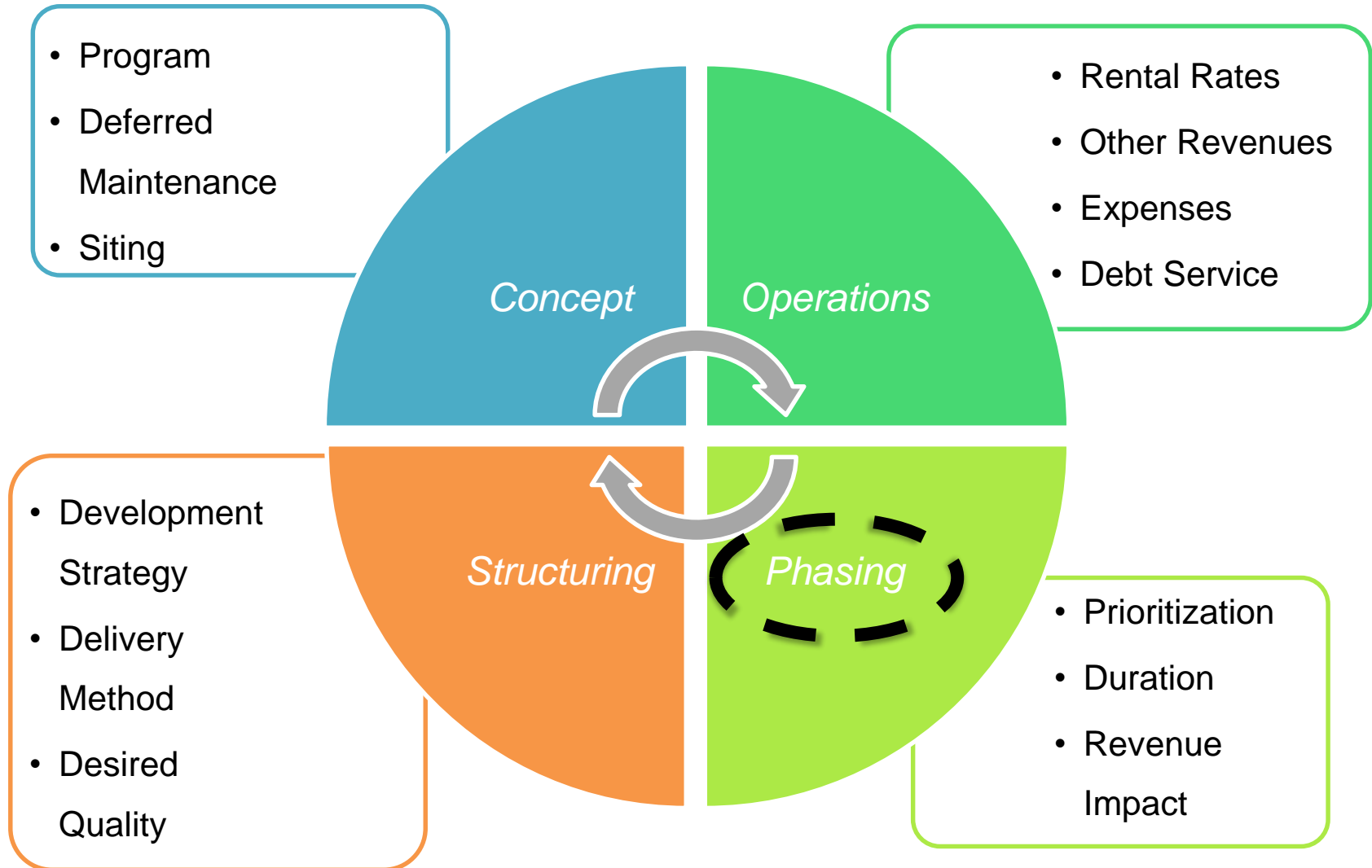


# FINANCIAL ANALYSIS OVERVIEW

## ITEMS FOR FURTHER ANALYSIS

- ◆ **PURPOSE:** *Determine the optimal renovation and/or replacement approach, both financially and strategically.*
- ◆ **APPROACH:** *Synthesis of project concept, operations, phasing, and structuring variables through an iterative financial modeling process.*
- ◆ **BENEFIT:** *B&D brings a national perspective of operation norms and considers complex future scenarios informed by industry experience*

# FINANCIAL ANALYSIS OVERVIEW





THANK YOU!

