



Counselors of Real Estate hold annual convention

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Students, young professionals and seniors are enjoying more choices and better housing options, according to a trio of commercial real estate industry experts who spoke before The Counselors of Real Estate (CRE) annual convention. CRE is the invitation-only professional association for senior level commercial real estate advisors.

In a presentation session titled "The Housing Continuum," James Lee, CRE, senior principal, Kensington Realty Advisors; Patrick Kennedy, owner, Panoramic Interests; and Chuck Archer, senior VP, development, The Springs Living, said the next generation of lifestyle housing is a product of both innovation and shifting consumer preferences.

Lee, who is 2014 second vice chair of CRE's organization, said after Hollywood emphasized college students' bad behavior antics in 1970s movies such as "Animal House," there was "little traction in the development sector to build new student housing." But because of today's emphasis on acquiring a college education, and the large numbers of children born since 1980, the industry has been taking note of increased opportunity, and is more open to building within this niche.

Lee said off-campus college housing is often of poor quality and is unappealing to students who want more independence than a dormitory provides but desire the amenities they have at home. To meet demand and market expectations, Lee pointed to The Courtyards, a project developed by his company as an off-campus 896-bed student community near the University of Michigan campus in Ann Arbor. It features private bedrooms and bathrooms; in-unit full-sized kitchens, washers and dryers; granite countertops; leather furnishings; high-speed internet access; and satellite television. In addition, students can take advantage of outdoor grilling areas, a fitness center, communal social areas, private study rooms and a scaled-down on-site movie theater.

Parental guarantees are routinely required throughout the student housing sector, but according to Lee, "giving students nicer surroundings, paired with an effective property management company, generally results in predominantly good behavior, and a good opportunity for investors."

Kennedy addressed post-college housing for young professionals who are increasingly attracted to urban centers. He said this "Generation Rent" is often encumbered with high student loan debt and is less likely to opt for buying a home or condo, so it makes sense to create smaller housing options for them. Infill development builders such as Kennedy's company report that micro apartments allow renters more financial flexibility than traditional housing options.

He said Panoramic Interests tested small square footage "mock apartments" built inside a warehouse to assess the livability of floor plans ranging in size from 166 to 365 square feet. Young people who lived in the test spaces for several weeks agreed that a range of 275 to 295 square feet was comfortable - and large enough when access to a large outdoor deck for entertaining was included. Kennedy noted that the inclusion of dramatic ground-floor common spaces can promote interaction, the kind of "creative collisions" that lead to new partnerships, both personal and

professional.

"This new generation has grown up with technology. There is less of a need for stacks of paper, books, record albums or CDs, photos and file cabinets," Kennedy said. "They just have less 'stuff' than the prior generation did, and they are comfortable working in a caf   or coffee shop -- so it's likely they will spend less time in their apartment, creating less need for a spacious layout."

Seniors can expect an increasing number of improved housing options, too. Addressing the growing number of independent seniors, Archer said demand increases as seniors attain age 75 but people can start exploring options much earlier. He said his company is currently mainly serving "The Silent Generation" (those born between 1925 and 1942) but the demand is going to hit the development community "like a tsunami wave" as Baby Boomers age, because the industry is currently at a 26-year low for seniors' housing supply. "Development is just around the corner for the Boomer generation," Archer said.

As an owner, developer and operator of retirement facilities, he said making a senior community attractive today requires offering "the features of a cruise ship", including a theater, lounge, five-star restaurant and beautiful common spaces as well as comfortable living space. He said as people age-in-place, services can increase from independent to assisted living and even to memory care options. He also said, "It's important to focus on the operations. If you're not taking good care of the people inside, it doesn't matter what the outside or the grounds look like." He stressed the importance of delivering exemplary service on all levels. The Springs Living operates ten retirement communities in Oregon and Montana.

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