

## Student Housing - Frostburg State University - Frostburg, Maryland, 21532

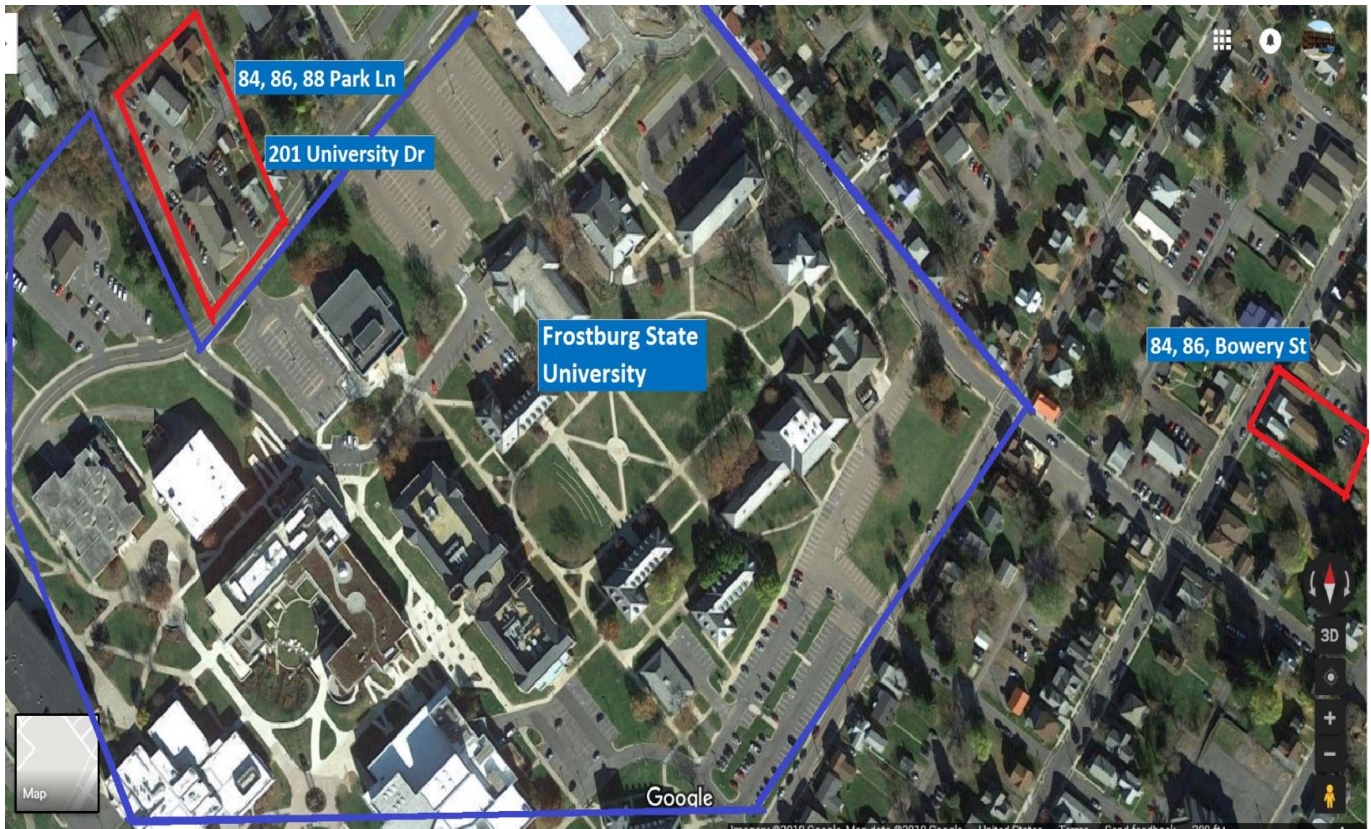
201 University Dr is the CLOSEST to all of the classroom buildings... Nobody is closer - Not even the Dorms!!! These pictures were taken standing on campus.





### Closest to Campus !!

- 28 units are within 25 ft to campus
- Office is within 25 ft to campus
- 15 units are within 200 ft to campus
- 8 units are within 1 block to campus
- A total of 43 units (73 bedrooms) are within 200 feet to campus - Nobody is closer!!
- Dorms are further to campus - majority of students walk by office and 201 university daily as they walk from dorms to campus - Free advertising to all of the potential tenants



## **The University at a Glance - (Fall 2017 Data is from FSU website)**



- Majority of Students need housing when they attend FSU, because they live several hours away in the Washington DC, Baltimore, Virginia and Pennsylvania areas.
- The majority of students walk to campus, compared to other universities that have apts/housing several miles from campus. Since they walk, everyone wants to be as close to campus as possible.
- Total students: 5,396: 4,725 undergraduate, 589 graduate and 82 doctoral
- 229 international students
- 47 undergraduate majors, 13 master's degree programs and one doctorate program
- 89% Maryland residents
- Freshman-to-sophomore retention rate: 77%
- 17 to 1 student to faculty ratio
- FSU is one of 12 institutions in the University System of Maryland.

## **AWARDS AND RANKINGS**

- Frostburg State University is one of ***MONEY* magazine's 2017 Best Value Colleges**. *MONEY* looks at U.S. colleges and universities to determine which delivered the most value in terms of a great education, an affordable price and preparing students for rewarding careers.
- FSU was ranked #147 among all four-year public colleges and universities studied for the Class of 2016 in terms of **lowest average student debt per borrower** in LendEDU's "Student Loan Debt Ranking."
- FSU was ranked 100th in the U.S. by *The Economist* among all four-year non-vocational colleges and universities in terms of **value added**, based on U.S. Department of Education College Scorecard data.
- Best Value MBA rated FSU's MBA **number 46 among its top 50 best MBA programs for its value and affordability**.
- Brookings Institute ranked FSU in the **top-25 percent of all U.S. four-year colleges and universities** in terms of value added, based on U.S. Department of Education College Scorecard data.

## **Student Housing - Frostburg State University - Frostburg, Maryland, 21532**

**201 University Drive, Office, 84/86/88 Park Lane, 84/86 Bowery Street**

### **PROPERTY OVERVIEW**

**This student housing portfolio consists of 5 apartment buildings and a stand alone office. There are 51 units - (15) 1 bedroom, (28) 2 bedroom, (7) 3 bedroom and (1) 4 bedroom apts. There are a total of 96 bedrooms.**

**201 University Dr** - 28 unit (42 bedroom) brand new apt building - Built September 2016 - directly across the street from campus. This building is comprised of (14) one-bedroom apartments and (14) two-bedroom apartments. This is the closest building to all of the classrooms and is even closer than the dorms. This building has a fire sprinkler system and also a fire alarm. It is equipped with stainless steel appliances, upgraded maple cabinets, granite in the bathroom, vinyl plank flooring, upgraded name brand faucets and fixtures. Everyone thinks this building is part of the university due to how close it is to all of the classroom buildings.

**84, 86, 88 Park Lane** - Two apartment buildings located 200 feet to campus and directly behind 201 University Drive. 88 Park is a 12 unit (24 bed) building comprised of (1) one-bedroom apt, (10) two-bedroom apts and (1) three-bedroom apt. 84/86 Park is a 3 unit (7 bed) building and is comprised of (2) two-bedroom apts and (1) three-bedroom apt. 88 Park Lane includes a fire sprinkler system and a new roof was just installed this past Summer 2017. These buildings are also closer to the classroom buildings than the dorms. It is equipped with stainless steel appliances, upgraded maple cabinets, granite in the bathroom, vinyl plank flooring, upgraded name brand faucets and fixtures.

**84 bowery** - 2 unit (7 bed) building - located one block from campus. It's comprised of (1) four-bedroom apt and (1) three-bedroom apt. It is equipped with stainless steel appliances, upgraded maple cabinets, and upgraded name brand faucets and fixtures. Everyone walks to campus from this location.

**86 bowery** - 6 unit (16 bed) building - located one block from campus and only 20 feet away from 84 bowery. This apt building is comprised of (2) two-bedroom apts and (4) three-bedroom apts. This building is partially sprinklered and also has an 1,100 square foot sprinklered basement with 9 foot ceilings and a laundry room with 2 coin-op washers and dryers. It is equipped with stainless steel appliances, upgraded maple cabinets, and upgraded name brand faucets and fixtures. Everyone walks to campus from this location.

**Office** - directly across the street from campus and next to 201 University Drive. It was just renovated and a new roof was installed this past summer 2017.

## **Property Highlights**

- **Closest** to campus (extremely quick walk) - 28 units are within 25 feet of campus, 15 units are within 200 ft of campus and 8 units are 1 block to campus - They're closer to campus than the dorms!!
- **Newest** - 28 units were just built in September 2016, 23 units were recently renovated
- **Quality** - the majority of the units have stainless steel appliances, upgraded raised panel maple cabinets, granite in the bathrooms, vinyl plank wood style flooring, name brand fixtures (moen, delta)
- **Office** - is directly across the street from campus and was just renovated. Having an office is a HUGE advantage. Most student housing owners only have a couple of properties and aren't big enough to have an office, which makes it extremely difficult for students to find out information about them. The office is right across the street from campus that everyone walks by everyday, so the majority of students come here first. Once they get a tour of the apts and see that the apts are the closest, newest, most upscale AND less expensive than the dorms, they stop looking and sign a lease with us. All that's needed is our sign and a flyer box, which gets 500+ views daily.
- **Competitive Advantage** - The properties offer a unique competitive advantage which is hard to duplicate anywhere - they are the newest and closest to campus and are a level above all the competition, plus they are less expensive than the dorms, which creates huge demand for the properties. The majority of student housing was built in the 1920's and 1930's and are completely run down. The students can either pick to live in a run down, old property that is further from campus, or an upscale, energy efficient apartment that's directly across the street from campus... AND they save money compared to the dorm. Plus, these properties are closer than the dorms, and the majority of students walk past them everyday, as they walk from the dorms to campus. This provides the best visibility and presence, which means they are self-marketed and there's no need to pay for advertising or market the properties.
- **Semesterly Payments** - The majority of students pay for the entire semester (4 1/2 months) of rent upfront when they receive their financial aid.
- **Guarantee** - The parents also guarantee the rent payments as a back up, even though almost every student uses their financial aid to pay the rent.
- **Vacancy** - the apartments are normally at 0% vacancy during the school year.
- **Turnover Rate** - is extremely low. Most students continue to re-rent our apts until they graduate, because it doesn't make any sense for them to move into a run down property that's further away from campus.
- **Comparison** - If you compare these apartments with other student housing that has sold throughout the US, these properties are newer and closer to campus but are being priced competitive to what the others have sold for in the US that are within 1/2 mile to campus. The majority of apts in this portfolio are within 200 feet to campus.



**Rent Pricing** - When you compare the total cost of the dorms and meal plan to the total cost of living in the apts (rent, utilities, food), the student will save between \$1,200 - \$3,500 annually living in the apartments compared to the dorms. Plus, the dorms are proposing raising their rates 8% annually for the next couple of years, so this gives a lot of price flexibility to raise prices. Just mirroring their rate increase, increases the rents by \$50,000 per year and the apts will still be \$1,200 - \$3,500 less expensive than the dorms.

**Property Manager** - The current owner manages all of the apartments by himself from Florida. The closest he has ever lived to the properties was 2 1/2 hours away in the DC area and he's owned and managed the Frostburg properties for the past 25 years. Even though he has never needed or used a property manager, there is a property management fee included in the expenses, in case you decide to use one. If you don't, that's additional income for you.

### **Value - Add**

**Summer Rents** - The majority of the student don't live in Frostburg. They come to Frostburg for the 9 months and then go home. 10 - 15 years ago, it was impossible to rent out any apts during the summer. The last 2 years, the trend is students are now starting to stay in Frostburg during the summer to take summer classes because it's getting harder to graduate in 4 years. The current owner has never advertised for summer rentals. They would normally stay vacant for 3 months in the summer unless the current tenants asked to rent in the summer.. so there's an opportunity to generate additional income with this trend of more students renting in the summer....plus the university has a lot of summer camps and a lot of tourists drive through town so there's a large potential for airbnb in the summer. There are already 8 students that have signed leases for this upcoming summer without any advertising. This is a value add play, without any renovation costs.

Pictures of 201 University Dr - The **NEWEST** and CLOSEST to all of the classroom buildings.



New Apt Building - 201 University - Picture taken while standing on campus



Back of New building plus office (to the right) - picture taken on campus





(1) New Building, (2) Office - to the right of new building , (3) 88 Park Ln (somewhat hidden behind new building), (4) 84/86 Park Lane (behind office) - Picture taken from campus



This picture was taken from the new apartment building (201 University Dr), which is directly across the street from campus. These are the classroom buildings.



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## **201 University Dr**



Stainless Steel Appliances, Upgraded Raised Panel Maple Cabinets, Upgraded Countertops, Moen Kitchen Faucet, Vinyl Plank Flooring (Top of the line quality), Custom Painted Molding

## 201 University Dr



Vinyl Plank Flooring (top of the line - not the "cheap" stuff)





**201 University Dr**



Granite Vanity Top, Moen Bathroom Faucet



Granite Vanity Top, Upgraded Raised Panel Maple Vanity, Vinyl Plank Flooring, Soaking Tub, Moen Bathroom Faucet

**201 University Dr**



Soaking Tub, Moen Faucet



Bedroom - upgraded carpet, custom painted molding and window trim, upgraded windows

## 84/86 Bowery Street - Pictures



84 Bowery is on the right and 86 Bowery is on the left



Stainless Steel Appliances, Upgraded Raised Panel Maple Cabinets, Upgraded Countertops, Gooseneck Kitchen Faucet



## 84/86 Bowery



Stainless Steel Appliances, Upgraded Raised Panel Maple Cabinets, Upgraded Countertops, Moen Kitchen Faucet



## 84/86 Bowery



Large Living Rooms



Stainless Steel Appliances, Upgraded Raised Panel Maple Cabinets, Upgraded Countertops, Gooseneck Kitchen Faucet

## 84/86 Bowery



Stainless Steel Appliances, Upgraded Raised Panel Maple Cabinets, Upgraded Countertops, Gooseneck Kitchen Faucet, Vinyl Plank Floors (Not the Cheap stuff)



Large Bedrooms - easily fits full size bed, dressers, nightstand, desk, etc



## 84/86/88 Park Lane - Pictures



88 Park Lane Building



Stainless Steel Appliances, Upgraded Raised Panel Maple Cabinets, Upgraded Countertops, Kohler Kitchen Faucet, Vinyl Plank Flooring (Top of the line quality)

## 84/86/88 Park Lane



Granite Vanity Top, Upgraded Raised Panel Maple Vanity, Gooseneck Bathroom Faucet

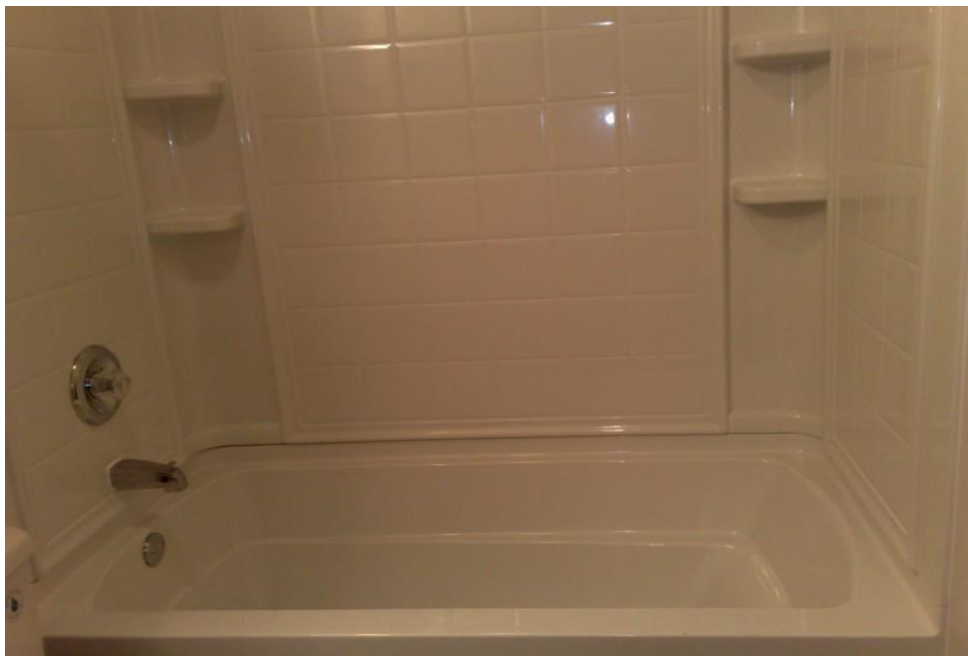


Large Living Room - This is the condition of the apt while the tenants are living here!!! These are not your typical student rentals. Kitchen features Stainless Steel appliances, upgraded Raised Panel Maple cabinets, Gooseneck kitchen faucet, Vinyl Plank Flooring

**84/86/88 Park Lane**



Granite Vanity top, Delta Gooseneck faucet, upgraded raised panel maple vanity



Large Soaking Tub, Delta Bathtub Faucet



## Financials for the entire portfolio

Rents - 9 months	578,800
application fee	6,370
Pet Fees	3,000
Laundry	600
Parking Pass	800
xtra fees - keys, etc	300
move in early	2,008
<u>Summer Storage</u>	<u>6,000</u>
Gross Income - 9 Months	597,878

<u>Potential Summer Income</u>	
Summer Rentals	120,000
<u>Vacancies - 75%</u>	<u>90,000</u>
Net Summer Rentals	30,000

Potential Gross Income - 12 mos      627,878

<u>Expenses</u>	
insurance	11,766
licenses permits	2,040
repairs and reserve acct	18,200
taxes	33,162
mgmt fee	25,000
snow removal landscape	1,300
fire alarm inspection	1,400
util and trash	31,750
<u>gross expenses</u>	<u>124,618</u>
Net Income	503,260

Note: The dorms are proposing raising their rates by 8% for the next couple of years, which is approximately \$520 per bedroom per year. With our current rent prices, the students are already saving between \$1,200 - \$3,500 per year compared to the dorm/mealplan, which is a huge savings. If we keep the savings the same and only mirror the dorm increase, the rents would increase by \$50,000 ( $\$520 \times 96$  beds) annually.

Note: The repairs at the apartments are lower than a normal rental property in another town. In Frostburg, there isn't a need for air conditioning, so there are no a/c units. For heat, it is electric baseboard heat, so if a heater needs replaced, it's approximately \$50 to replace it. Unlike other rental properties in other locations, there will be an a/c and heat unit, which could cost \$1,000 or more per unit, so the repairs and replacement costs are a lot more.

Note: There are already 8 tenants that have signed summer rental leases for this upcoming summer without any advertising.