



CAPSTONE ON-CAMPUS MANAGEMENT



Case Study

BREATHING NEW LIFE INTO AN AGING RESIDENCE HALL

Innovative Purchase of Duquesne University's Brottier Hall



In June of 2017, Duquesne University issued an RFP for a developer to purchase and renovate Brottier Hall, a 1960's vintage apartment building on the Duquesne campus.

Brottier has 314 apartment units, housing approximately 660 students. The community was in need of major renovations to continue attracting students. We sat down with Dave Yeager of Radnor Property Group, Michael Leonczyk of Harrison Street Real Estate and Alton Irwin of COCM, to discuss the project and how it all came together.

PROJECT TEAM:



Dave Yeager
President
Radnor Property Group, LLC



Michael Leonczyk
Vice President
Harrison Street Real Estate Capital, LLC



Alton Irwin
Chief Marketing Officer
COCM

COCM: How did this partnership come together? And, what makes it such a good fit for Duquesne's project?

Dave: Over the last 10 years, Radnor Property Group has been undertaking P3 projects concentrated in Pennsylvania. Being a fiduciary-oriented company, our goal from the outset was to focus on helping Duquesne University meet its goals by leaning on our strong understanding of Higher Ed processes from years of experience. Radnor's executives are intimately involved in every project, therefore the university has a direct line of communication with us. We are not formula driven, so we can be creative and flexible in our approach to address the specific needs of our university partner - and working with HSRE only further enhances that capability.

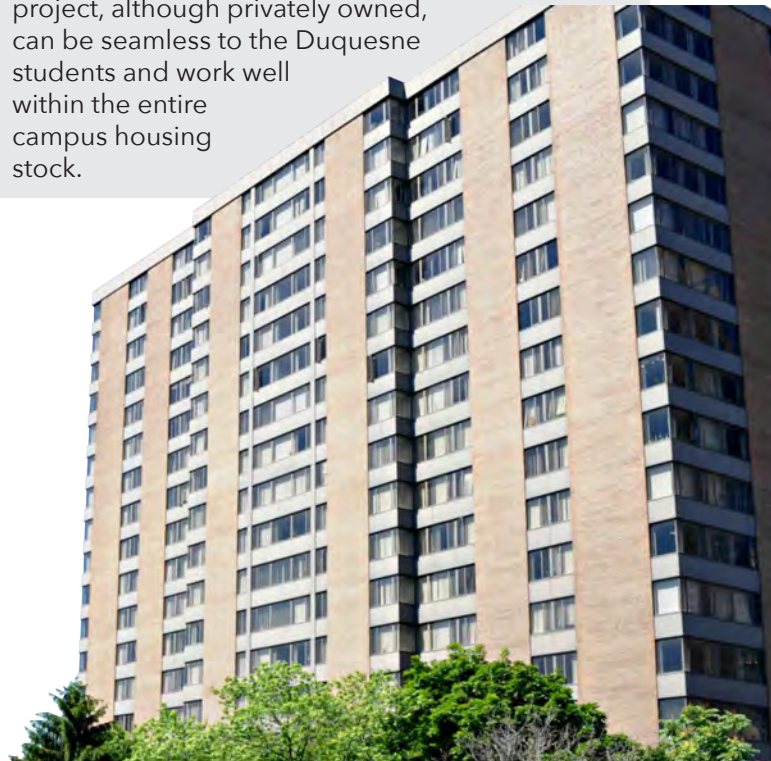
Alton: We were introduced to Dave and the Radnor Group through another RFP process. Interestingly, we were not teamed together for that opportunity, but after the competition (Radnor was awarded the project), the consultant introduced us. We liked Radnor's philosophy and approach: to act as a fiduciary and to not take on any project for which you cannot guarantee top-down focus and support.

COCM: What makes the opportunity with Duquesne most exciting?

David: Well to start, it is the first time that Radnor, HSRE, and COCM have worked together. It is also Duquesne's first P3 project. The building itself has good bones, but much room for improvement. DU's leadership has embraced the opportunity and over the next four years, we will implement a planned renovation scheme that does not shutter the building and jeopardize our market share to the off-campus

market. In working with Duquesne and the Student Housing Professionals at COCM, we have a strong understanding of how to maintain strong on-campus housing reputation during the project and we are excited to execute the program as promised and establish Radnor's reputation with a great partner in HSRE and Duquesne as well as COCM to do more in the future together.

Alton: COCM was very excited to have our first P3 project with Radnor, and to once again work with HSRE. We make up a team of professionals committed to excellence and share a very similar philosophy and approach: ensure the project, although privately owned, can be seamless to the Duquesne students and work well within the entire campus housing stock.



COCM: What are the benefits for DU and its student residents?

Michael: For Duquesne, Brottier Hall is strategically important because it is their only upper-division housing. Because the facility was in need of significant investment, partnering with HSRE and Radnor has allowed DU to monetize the asset while ensuring that the reinvestment is made and the housing will remain available for its students. In terms of students, DU's upper division cohort is going to gain a more modern and proximate apartment-style option at a reasonable price point.

Alton: Our approach to partnering with Duquesne and Radnor/HSRE is the same as with all our projects: share operational control with the University for the best outcomes. Our shared governance approach has two important objectives: affordability and making the living process as seamless as possible to the student residents. Duquesne was able to monetize and improve a living option while retaining important roles for the project -- one being residence life.

COCM: How do you approach renovating student on-campus housing differently than other housing developments?

Dave: Well, we understand that it is vital to minimize disruption to student and campus life as much as possible. It is also important to be an "extension" of the university by being "invisible" - and therefore ensuring that all the credit goes to the University in their investment of Brottier Hall. We start the process of housing developments by relying on the University's expertise and historical knowledge of the asset. Then, throughout development, we strive to communicate with the University to minimize any surprises that come up along the way. In this partnership, we are fortunate to work with a great operational partner - COCM - who serve as a resource and consultant by pulling from their years of experience as on-campus housing experts.

COCM: How does this partnership open opportunities for other campuses with aging residence halls but no financial resources to renovate them?

Michael: Well, last year, the Wall Street Journal estimated that deferred maintenance in on-campus infrastructure exceeds \$40 billion, and that is most likely on the low end. The important thing is proving that institutions can monetize an asset while still maintaining its use and function within campus, and a certain amount of control. This realization is what can open a lot of doors for new opportunities.

Dave: To echo Michael a little bit, nationwide there is a large inventory of aged facilities with renovation potential as a lower cost option than new construction. It is also a green alternative. At Radnor, we have specialized in working with historic tax credit opportunities that helps universities in the reutilization of important assets that contribute to the campus's identity. It has been a great opportunity working with HSRE as we are expanding our business in Eastern states to be available to work with more university partners.

Alton: We believe the Duquesne story should be of great interest for many other institutions. There is an option to breathe new life into older residence halls without using debt capacity and with an operating partnership that's seamless to your students.



The COCM team would like to thank Dave Yeager of Radnor Property Group and Michael Leonczyk of Harrison Street Real Estate Capital for sharing their time and their insights with us. Our hope is that this information will be helpful to those considering making improvements to housing on their campuses.



About Radnor Property Group

Radnor Property Group of Wayne, PA is a leading real estate development company which specializes in complexed urban development projects in Educational and Medical corridors, involving non-profit institutions in public-private partnerships. Over the past 10 years, Radnor has undertaken development projects involving 25 institutions of higher education, all in the Northeast. For more information, please visit www.radnorproperty.com.



About Harrison Street Real Estate Capital

Harrison Street Real Estate Capital LLC is one of the leading real estate investment management firms exclusively focused on the Education, Healthcare and Storage sectors. The firm has created a series of differentiated investment products across multiple risk/return strategies. Headquartered in Chicago with an office in London, the firm employs a 115-person team and has approximately \$14.6 billion in assets under management. For more information, please visit www.harrisonst.com.



About COCM (Capstone On Campus Management)

COCM is a company of talented Student Housing Professionals focused on leveraging on-campus housing to enhance recruitment and retention as well as student satisfaction and success. Headquartered in Birmingham, Alabama, COCM currently provides management services for 33,498 beds at 38 campuses. They also offer Fresh Eyes Consulting for helping campuses with strategic housing planning. For more information, visit: www.cocm.com



COCM is a team of student housing professionals that can help you navigate the process of adding campus housing - from the conceptual phase, through financing and development, and management. If you're considering adding housing to your campus, we'd like to talk with you.

Please contact Gray Bekurs, COCM's Vice President for Business Development, at gbekurs@cocm.com.

