

Business

Exceeding norm in dorms

For-profit student housing to offer hotel-like amenities

12:44 AM PST on Thursday, December 23, 2004

By **LESLIE BERKMAN / The Press-Enterprise**

Swimming pools, spas and high-speed Internet are among the hotel-like amenities developers hope will help fill two for-profit student housing projects opening near UC Riverside.

In February a 526-bed high-rise facility in University Village will start accepting lease applications, said Robert Olson, president of Irvine-based R.D. Olson Development Co., which is finishing the project in partnership with Sequoia Equities Partnership of Walnut Creek.

University Village Towers - twin eight-story buildings - will compete directly with nearby Sterling University Palms, a garden-style four-story project planned to house 528 UCR students.

The two projects are part of a wave of private student housing developments sweeping Riverside County and much of the nation.

A unit of Dinerstein Cos., a Houston-based corporation that has developed 40 other off-campus student housing projects in 27 states, is building Sterling University Palms.

Sterling's project features 16,000 square feet of shops and restaurants on University Avenue not far from University Village. It is expected to be ready for occupancy in September. A leasing office was scheduled to open this week.

Investors apparently aren't worried that the Riverside student housing market may become overcrowded. GrandMarc, which was the city's first privately built and managed student housing, last month was purchased for almost \$55 million by GMH Communities Trust, of Newtown Square, Pa.

The 760-bed GrandMarc, located just across the street from the University Village Towers site, has only a 2 percent vacancy, said its manager, Laura Ramirez.

Joyce Powers, redevelopment area manger for the city of Riverside, said, "There are other student housing developers looking in the area for a project site."

She said at least one more student housing project may be started over the next couple years.

The addition of young residents in the redevelopment area close to the campus is a welcome economic stimulus, she said.

A wave of private student housing construction is sweeping not only Riverside but much of the nation, according to Joe Coyle, president of a division of GMH Communities Trust. GMH is one of two national real estate investment trusts that recently formed to raise capital to invest in student housing.

Children of baby boomers who will boost college enrollments over the next decade are fueling demand for private student housing, Coyle said.

These so-called "echo boomers," he said, tend to come from more affluent families than their parents' generation and want more privacy and comforts than they can find at a traditional dorm or in off-campus apartments.



Carrie Rosema / The Press-Enterprise

Robert Olson, president of Irvine-based R.D. Olson Development, is shown at the site of the University Village Towers project, which his firm and Sequoia Equities Partnership of Walnut Creek are finishing. The project will have two eight-story buildings.

At the same time, Coyle said, many college systems like the University of California are strapped for cash and don't have enough money to build sufficient on-campus housing.

Olson contends that private industry "can do a better job without the state having to tie up capital for student housing that could be used for education."

Unlike dormitories that usually require students to share bedrooms and lavatories, each student in private student housing typically has a private bedroom and bath and shares a living room and kitchen with three other students. At University Village Towers there will also be two-story townhouses for married students.

University Village Towers, a \$45 million project, will tout high-speed Internet access, an extensive security system, a computer lab, a fitness center, an outdoor pool, Jacuzzi, a theater-like multimedia room, study rooms and panoramic views from upper floors.

Olson said his goal is to create an exciting high-density urban setting close to stores and restaurants to serve what is otherwise a bucolic campus.

Sterling University Palms also will be loaded with amenities including a swimming pool, hot tub, volleyball court, and a washer and dryer in all the apartments.

Brian Dinerstein, a principal with Dinerstein Co., said a tanning room, which he claims is extremely popular with students nationwide, also will be offered in Riverside. And he said wireless Internet access will be available poolside.

The price of this luxury, including utilities, will start at about \$750 per month for a space in a four-bedroom apartment at both Sterling University Palms and University Village Towers, according to their developers.

But students also may pay \$850 for a space in a two-bedroom apartment at Sterling University Palms and about \$1,100 for a one-bedroom apartment at University Village Towers.

"They are like apartments but we rent by the bed and not the unit," said Olson.

By contrast, students pay on average \$950 a month to live in residence halls on campus, which includes meals and a full program of student counseling and activities, said Andy Plumley, UC Riverside's director of housing services.

"We are not competing," Plumley said of the private facilities. He said the university residence halls are more than housing.

One of their most important functions, he said, is "to make sure freshmen get the best possible start to their first year at college."

Plumley said on-campus housing accommodates just 25 percent of the student body. But he said 80 percent of the freshman class lives in residence halls. He said UCR ultimately would like to house half of its students.

"We are happy to see the private market step in," said Lisa Hjulberg, UCR's director of real estate services.

Hjulberg said UCR on-campus housing can't keep pace with a growing enrollment, which is projected ultimately to expand from 17,000 students to 25,000 students.

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