

## Campus Apartments' Student Housing Investment Strategy

President & Chief Investment Officer Dan Bernstein describes the appeal of this sector and the key to successful planning.

by Keith Loria



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Campus Apartments, under the leadership of President & Chief Investment Officer Dan Bernstein, is one of the U.S.'s largest providers of on- and off-campus student housing.

Since joining the Philadelphia-based company in 1993 while still in college, Bernstein has risen through the ranks and now oversees Campus Apartments' investments, operations and asset management groups. During his 25 years, he has created high-profile public-private partnerships and has been involved in more than \$2 billion of development and acquisitions.



Bernstein took some time to talk to MHN about his student housing investment strategy.

### Why is student housing your main focus?

**Bernstein:** With less cyclical volatility than other sectors, it still offers excellent risk-adjusted returns. The value of a college degree remains very strong, particularly when projecting future earning potential, and we continue to see enrollment growth in many of our target markets.

We've also had success implementing a broad range of strategies within the space and have come to appreciate the innate transparency of student housing markets.

### With the first half of 2018 behind us, what are the trends you've seen in the multifamily investment market?

**Bernstein:** As a student housing investor, I don't think the market's ever been more competitive, and we're seeing this through cap rates, which have compressed to historic lows, despite the near-term threat of rising interest rates. This is being driven by a tremendous influx of capital from offshore investors, as well as the widespread acceptance of student housing as a defensive investment that provides portfolio diversification.

### What's the key to planning a successful strategy?

**Bernstein:** For us, it's about creating transparency around as many variables as possible, which isn't easy. When investors make bad decisions, it's often due to lack of information. So, we do everything we can to thoroughly understand our target market. Then we evaluate the strength of our investment's value proposition and stress for the downside. If we can look back without feeling that we missed anything, then our process was successful and hopefully the investment performs as planned.

### What's currently on your radar and why?

**Bernstein:** We've responded to the current investment climate by turning to development as the best path for driving yield. We'll be delivering four new assets this summer: two properties, featuring over 900 beds at the University of Michigan, one at The University of Tennessee and one at The University of Pennsylvania.

### Anything surprising happening so far in 2018?

**Bernstein:** The announcement that one of the two publicly traded companies in our industry, EDR, is being taken private. It shows the strength and institutionalization of the student space.

### What's your biggest piece of advice with today's current market?

**Bernstein:** It's still all about the fundamentals. The buy and the sell are obviously important, but investors must also look to drive value through operations—particularly as we return to a rising cap-rate environment.