



A+ Performance: Student Properties Outperform the Market Up to 14%

RealPage® Revenue Management Report Card

High Occupancy ≠ Optimum Revenue Performance

If you want to outperform the market term after term, focus less on occupancy and more on strategic lease pricing.

The constant churn of the student housing market with its perpetual lease-up cycle has repeatedly raised the question, “What kind of impact can revenue management have on such a challenging and highly competitive asset class?” Without accurate data analysis to rely upon, the short-sighted response to this question has been to focus on reaching 100% occupancy driven by concessions and other reduced pricing. This methodology presumes the more beds filled means the more NOI achieved.

However, flat revenue performance in student housing over the last several years—despite a national average occupancy rate of 95 to 96 percent—reveals that concessions and traditional pricing mechanisms employed to increase leasing velocity are not what’s best for the bottom line. RealPage’s joint study with Campus Advantage, the nation’s sixth largest student housing owner and operator, demonstrates that by leasing each bed at its maximum revenue potential—using RealPage Revenue Management and RealPage AxioStudent—properties can accelerate revenue growth by up to 14%—even with below average occupancy rates.

Making concessions to increase leasing velocity is not always what’s best for the bottom line.










“Our performance speaks for itself. While our peers are all focused on achieving occupancy the quickest way they can—whether that be concessions or reduced rates—we’re focused on achieving a revenue goal instead of being so focused on occupancy.”

This analysis highlights the key components of the study, including the regional location, timeline, performance results and methodology used to maximize returns utilizing a holistic and scientific approach to student asset optimization that goes beyond occupancy trends and seasonal rent adjustments.

Honor Roll: 6 Out of 7 Properties Outperform the Market

Seven active properties in six geographically diverse university markets were analyzed during the 2017-2018 leasing season. Revenue performance, number of beds, number of market competitors, and occupancy rate performance to market are noted for each property. Even with occupancy growth underpacing the market, several properties still outperformed their respective markets, including the top two performers.

2017-2018 Revenue Performance Compared to Market

	PROPERTY A - Southeast - 576 Beds		
	Outperformed Market	→ +14.1%	Market Size = 16 Occupancy Change YoY = -0.7%
	PROPERTY B - Midwest - 630 Beds		
	Outperformed Market	→ +.2%	Market Size = 4 Occupancy Change YoY = -2.5%
	PROPERTY C - West - 732 Beds		
	Outperformed Market	→ +1.9%	Market Size = 6 Occupancy Change YoY = +0.9%
	PROPERTY D - Midwest - 702 Beds		
	Outperformed Market	→ +9.1%	Market Size = 13 Occupancy Change YoY = -4.2%
	PROPERTY E - Southeast - 710 Beds		
	Outperformed Market	→ +.5%	Market Size = 19 Occupancy Change YoY = +0.4%
	PROPERTY F - Southwest - 687 Beds		
	Underperformed Market	→ -3.3%	Market Size = 11 Occupancy Change YoY = +1.3%
	PROPERTY G - Southeast - 930 Beds		
	Outperformed Market	→ +7.3%	Market Size = 19 Occupancy Change YoY = +1.4%

JOINT STUDY KPI SNAPSHOT

The following KPIs are easily evaluated in partnership with RealPage Revenue Management when optimizing your student portfolio. See a description of each in the Appendix.

- New Executed Rent
- New Lease Rent PSF
- Average SF
- Applications
- Average Lease Term
- Average Vacant Days
- New Lease Rate Change
- New Lease Term Variance
- Renewal Executed Rent
- Renewal Rent PSF
- Expirations
- Expirations Renewed
- Renewal Conversion
- Renewal Rate Change
- Occupancy
- Rent Roll (Rev/OSF)
- Revenue (Rev/ASF)

How to Get to The Head of The Class (And Stay There)

To stay ahead of the class in their respective student markets (only one of the seven properties underperformed), each of these properties implemented a premium revenue management solution with exclusive student housing market research and reporting that provided deep visibility into internal portfolio supply and demand dynamics of unit types unique to each of their student properties. These dynamics involved the measurement of current supply, forecasted demand expectation and leasing activity compared to expectation. The real-time accessibility of this data was critical to widening the margins for above market performance.

Conclusion: Earning A's Term-Over-Term In Student Housing

Improving student asset value and achieving consistent A-grade level performance requires a holistic approach, integrating enhanced analytics and cross-platform optimization that begins with revenue management.

RealPage Revenue Management assesses the metrics that matter most in the student housing market including:

- Perpetual lease-up by applicable year, semester or quarter
- Actual lease transactions and pricing data
- Waitlist factors
- Distinct leasing patterns of student renters
- Monitoring renewal conversions

RealPage Revenue
Management +
RealPage AxioStudent =
A+ Performance



“RealPage Revenue Management gives us an edge. We understand the supply and demand of what’s happening at our property, and we’re able to make decisions based on these factors, despite what’s happening in our markets.”

– Jennifer Cassidy, Senior Vice President of
Asset Management, Campus Advantage

It can also optimize marketing, measuring leasing velocity demand against expectation and indicate the inflection points where performance is not meeting expectation. Leasing and marketing teams can be effectively mobilized to address performance shortfalls on a daily, weekly and monthly basis.

A+ Performance Requirements

Achieving A+ performance requires pairing RealPage Revenue Management with RealPage AxioStudent. This combination catapulted the joint study revenue results. Only RealPage AxioStudent has both micro-level detail and macro-level visibility to deliver revelatory supply and demand trends based on exclusive enrollment, population and graduation data. Its ability to identify new opportunities and advantageous discrepancies against competitors can maximize revenue and occupancy.

“It takes a purpose-built revenue management solution that can accurately balance supply, demand and price to maximize revenue throughout perpetual lease-up, along with insights into other portfolio factors affecting overall performance to experience superior results.”

— Keith Dunkin, SVP Asset Optimization, RealPage

Appendix

Defined KPIs Used In Joint Study Analysis

New Executed Rent: Average effective rent for new lease applications signed during the period.

New Lease Rent PSF: Average effective rent per square foot for new lease applications signed during the period.

Average SF: Average square feet for new lease applications signed during the period.

Applications: Number of new lease applications signed during the period.

Average Lease Term: Average lease term for new lease applications signed during the period.

Average Vacant Days: Average number of days between the previous lease end date to the current lease start date. Units vacant longer than 90 days are excluded from this metric. Leases where previous and current lease type are not both conventional are excluded.

New Lease Rate Change: Percent change in effective rent from the previous lease to the current lease for the same unit for applications signed during the period. Units vacant longer than 90 days are excluded from this metric. Leases where previous and current lease type are not both conventional are excluded.

New Lease Term Variance: Change in lease term from the previous lease to the current leases for the same unit for applications signed during the period. A negative term variance indicates that current leases are shorter than previous leases on average, and a positive term variance indicates that current leases are longer than previous leases on average. Units vacant longer than 90 days are excluded from this metric.

Renewal Executed Rent: Average effective rent for renewals signed during the period.

Renewal Rent PSF: Average effective rent per square foot for renewals signed during the period.

Expirations: Number of actual lease expirations in the period. Expirations include any leases that ended during the period, scheduled or unscheduled. This includes any leases that have terminations entered into the property management system, such as MTM leases, skips, and evictions.

Expirations Renewed: Number of expirations that signed renewals during the period.

Renewal Conversion: Percentage of expirations that signed renewals during the period.

Renewal Rate Change: Compares the previous lease effective rent to the renewal effective rent as a percent change.

Occupancy: Average occupied square footage for the period.

Rent Roll (Rev/OSF): Average revenue per occupied square foot for the period.

Revenue (Rev/ASF): Average revenue per available square foot for the period. ASF = total number of units x average unit SF. Portfolio values are weighted by square footage or lease count depending on metric.

About Campus Advantage

Campus Advantage® is an Austin-based real estate firm fostering financially prosperous higher education student housing communities through its management, development, acquisition and consulting services. Since its founding in 2003, Campus Advantage has been creating successful communities that provide rewarding living, learning, and career experiences, and as a result has become one of the fastest growing private student housing companies in the nation. The company's asset acquisition and management strategies combined with its dedication to residence life and student development has made Campus Advantage the 6th largest student housing owner/operator in the United States. Learn more at www.campusadv.com.

About RealPage, Inc.

RealPage is a leading global provider of software and data analytics to the real estate industry. Clients use our platform to improve operating performance and increase capital returns. Founded in 1998 and headquartered in Richardson, Texas, RealPage currently serves over 11,400 clients worldwide from offices in North America, Europe and Asia. For more information about the company, visit www.realpage.com.