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RealShare Preview

Student Housing: Best Deals are Off-Market Deals

By [Amy Wolff Sorter](#) | Dallas/Fort Worth

Time is running out: [RealShare Student Housing](#) comes to Four Seasons Resort and Spa in Dallas on May 13 and 14, 2013.



Vesper found Forum at Sam Houston through a survey and worked directly with the owner to buy it.

IRVING, TX—Once upon a time, **student housing** was considered somewhat of a difficult investment, primarily because it was a subset of a submarket unfamiliar to potential investors. In recent years, however, student housing has been a target of investors of all sizes, ranging from private equity to pension funds.

Isaac Sitt co-founder and principal of **Vesper Holdings**, tells **GlobeSt.com** in a recent interview that the student housing investment activity his company predicted in 2010-2011 has come to pass, and then some. Practically everyone wants in on what is considered to be a lucrative sector with decent yields. Given the assets have more liquidity than they used to, they're becoming more attractive to investors.

But Sitt, who is one of the speakers at the upcoming **RealShare Student Housing** conference, says the downside is that everyone is competing in the market, making deals more difficult to find and complete. Though the major student housing REITs are finding ways to get transactions closed, doing so can be somewhat more difficult for the private equity folks.

The answer? "We find deals off-market," Sitt says. Some of that involves building close relationships with brokers. And some of it involves being open to opportunities.

One example of this was Vesper's recent buy of the **294-unit, 450-bed Forum at Sam Houston**, which serves Sam Houston State University in Huntsville, TX. "We came upon it when doing general market surveys," Sitt explains. "My folks were calling around at the first of the year, and were told that by January, the property was already 40% pre-leased for the next school years. We thought those were good numbers, so we called the owner to see if he'd consider selling."

But Vesper didn't just happen in on the Huntsville market – the company already owned a property there, Encore at Sam Houston (formerly Aberdeen Place). Sitt believes a second holding in the area will help build economies of scale, providing another practical reason to purchase Forum at Sam Houston.

Another thing working in Vesper's favor with this recent transaction is that it's a secondary market when it comes to university housing. But "secondary" doesn't mean "not as lucrative."

"Huntsville isn't the most glamorous market," Sitt notes. "But it's a good, solid market where you can get good value. We ended up getting the best property in that market."