
STUDENT HOUSING DEMAND ANALYSIS REPORT PREPARED FOR

FLORIDA POLYTECHNIC UNIVERSITY

OCTOBER 2014



PREFACE

In September 2014, Florida Polytechnic University (“Florida Polytechnic” or the “University”) engaged Brailsford & Dunlavey (“B&D”) to conduct a Student Housing Demand Analysis (the “Study”). The purpose of the Study was to assess student demand for on-campus housing, by classification and preferred unit-type, in order to inform the University’s strategic delivery of additional housing in response to anticipated enrollment growth.

The following report summarizes B&D’s findings with respect to the various market conditions characterizing student demand at Florida Polytechnic. The findings contained herein represent the professional opinions of B&D’s personnel based on assumptions and conditions detailed in this report. B&D conducted research using both primary and secondary information sources that are deemed reliable, but whose accuracy cannot be guaranteed. B&D does not represent or warrant that the estimates and projections contained herein will be realized, as the actual performance will be influenced by market and other external factors.

B&D would like to thank the following individuals for their insight and direction throughout the process:

Dr. Steve Warner, Director of Student Affairs

Mr. Kevin Calkins, Director of Institutional Research & Effectiveness

Mr. John Gray, Director of Special Projects

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SCOPE OF WORK

The methodologies employed as a part of this Study included the following:

- ◆ ***An in-depth tour of existing campus housing*** and a comprehensive review of inventory data and occupancy statistics.
- ◆ ***Focus groups and intercept interviews*** with Florida Polytechnic students, living both on campus and off campus, created a qualitative understanding of student satisfaction levels with current housing facilities and preferences for future housing facilities.
- ◆ A ***demographic analysis*** was completed to understand key components of the University's student population in order to better understand the potential market for on-campus student housing.
- ◆ ***An Internet-based survey*** was administered to quantify student demand for a range of unit types and estimated price points. The survey tested student interest in particular amenities, spaces and services in order to help quantify the potential demand for on-campus living and to better inform the program and subsequent design for any potential new housing development. A total of 243 students completed the survey, representing 44% of total enrollment. The high level of student participation provided a sample sufficiently representative to permit in-depth analysis of sub-population preferences.
- ◆ A ***student housing demand analysis*** was performed using B&D's proprietary demand-based programming (DBP) methodology, combined with supplemental survey analysis and B&D's national database of student survey responses, to project the quantity of beds demanded by Florida Polytechnic students, by enrollment classification and unit type.

EXECUTIVE SUMMARY

INTRODUCTION

Florida Polytechnic University, which officially opened its doors to students in the fall of 2014, engaged Brailsford & Dunlavy to conduct a Student Housing Demand Analysis (“Study”) to assess the demand for additional housing on its newly opened campus. Located along the Interstate 4 corridor in Lakeland, Florida, the University is the newest member of the Florida State University System. Its mission is to prepare 21st century learners in advanced fields of science, technology, engineering, and mathematics (STEM).

B&D sought to inform the University’s strategic decisions related to on-campus housing by not only quantifying student demand, but also by evaluating the unique motivations and sensitivities of students experiencing University’s highly dynamic environment. The quantitative data gathered from a statistically significant survey of University students confirmed the qualitative feedback B&D gathered in focus group conversations and intercept interviews with students. Namely, Florida Polytechnic’s students are bound by a characteristically pioneer spirit which highly disposes them to living on campus, and will require the University to respond with the timely delivery of new housing to accommodate both incoming and returning students.

Specifically, B&D recommends the delivery of two new residence halls, totaling 525 beds, to accommodate projected demand among freshmen and sophomores in 2016-2017. The first residence hall should offer approximately 275 beds in independent-style configurations (e.g., full suites or apartments), similar to the unit typology currently provided on campus. Additionally, 250 semi-suite, or pod-style, beds should be delivered in a new residence hall characterized by more shared bedrooms and lower rental rates.

IMPORTANCE OF HOUSING

Recruitment

Florida Polytechnic has established on-campus housing as a priority, through both the delivery of a 241-bed residence hall as well as implementation of a live-on requirement for first-year, non-local students. On-campus housing is critically important to the experience incoming Florida Polytechnic students are seeking, and will play a critical role in the University’s ability to recruit future students, especially from outside the immediate local area. Of the 113 students who responded to the student survey that currently live on campus, 69% live outside of the local area, defined as Polk County in addition to adjoining counties (Hillsborough, Pasco, Sumter, Lake, Orange, Osceola, Okeechobee, Highlands, Hardee, and Manatee). Additionally, 88% of students

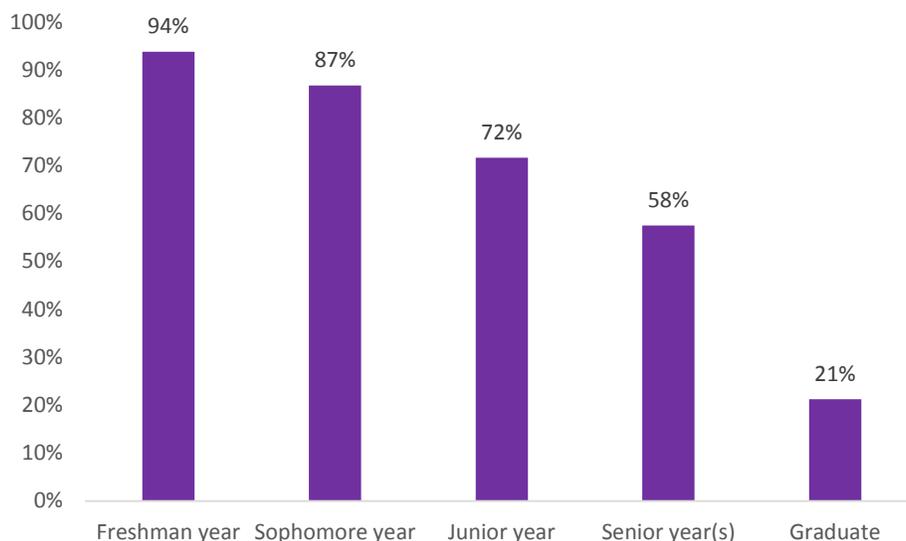
living on campus responded that the availability of on-campus housing was “Very Important” (60%) or “Important” (28%) in their decision to attend Florida Polytechnic.

Existing Residents

Not only is the availability of housing important to the recruitment of new students, but it will also play a vital role in the retention of students, according to feedback gathered from students. On-campus students are highly satisfied with their living situations and in many cases are expecting the continued availability of a similar experience as they advance through the institution, despite some expressed concerns over the affordability of rental rates,.

As shown in Figure 1 below, 87% of current on-campus residents indicated their desire to live on campus during their sophomore year, should similar accommodations be available, and 58% indicated their preference to live on campus through their senior year. In a separate survey question, over half (51%) of on-campus residents indicated that the availability of on-campus housing was “Very Important” in their decision to remain at the University beyond the current year. With deep connections as inaugural campus citizens, and with limited options in the private rental market, students living on campus will comprise a significant portion of future housing demand.

FIGURE 1: YEARS CURRENT ON-CAMPUS STUDENTS WOULD CHOOSE TO LIVE ON CAMPUS



On-Campus Experience

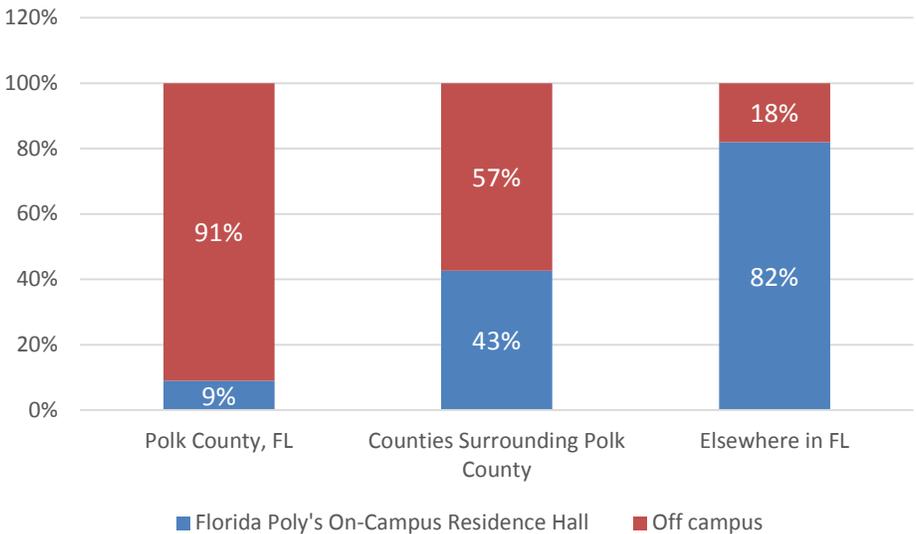
Although most students report high rates of satisfaction in their brief experience at the University, students living on campus are reporting added value in key areas, compared with students living off campus. Specifically, 99% of students living on campus report that their housing has allowed them to connect with other residents, compared with just 58% of those living off campus. Additionally, the University’s on-campus students are 47% more likely than off-campus students to feel like they have access to the academic resources available on campus.

DEMAND

Target Market

The target market for on-campus housing includes in-state students from beyond the immediate local area, as Polk County residents are unlikely to choose to live on campus, regardless of age. However, students hailing from the counties surrounding Polk County are a key target market sub-group, as they must decide between the convenience of living on campus, making mid-range commutes while living with their parents, or entering the private rental market. As shown in Figure 2 below, survey respondents from counties immediately surrounding Polk County were fairly evenly distributed between those who chose to live off campus and those who elected to live on campus this academic year, while those from outside the local area were highly likely to live on campus.

FIGURE 2: STUDENTS LIVING ON- VS. OFF-CAMPUS, BY PERMANENT RESIDENCE



2016-2017 Demand

Demand for on-campus housing in 2016-2017 will be driven by incoming freshmen and sophomores who lived on campus the prior year (2015-2016). B&D projects a total demand among 2016-2017 freshmen and sophomores of 792 beds, 551 beds above the 241 beds currently offered on campus. Reflecting the price sensitivity of Florida Polytechnic students, there is demand for approximately 250 communal-style (traditional, semi-suite) beds in addition to 301 beds of additional independent-style units (full suites, apartment). While most students (69%) preferring independent-style living want a private bedroom, 50% of students preferring the communal-style arrangement would prefer to have a roommate, along with the lower associated rental rate.

Affordability

While on-campus students indicated high rates of satisfaction with their housing experience, concerns over the affordability of rental rates persist among a portion of the student population. Over half (53%) of surveyed students living off campus said the lack of affordable options on campus was “Very Important” in their decision to live off campus. In focus group discussions with students, there was a strong sentiment that, given the live-on requirement, the University should provide a range of unit types that offered more affordable options. This sensitivity was further reinforced by housing preferences selected by students in the survey. By 2018-2019, demand for communal-style (traditional, semi-suites) beds will total 358 beds, or 37% of net student demand.

RECOMMENDATIONS

The delivery of additional student housing in response to robust demand from a highly pre-disposed student population is critical to the University's recruitment and retention goals. Furthermore, the inability to accommodate all freshmen and non-freshmen that want to live on campus in the coming year could result in a diminished campus culture and lost opportunity to market the University as a traditional, residential college experience. As a result, B&D recommends the following responses, categorized by academic year:

2015-2016

- ◆ Reserve the existing on-campus residence hall to accommodate projected freshman demand for 405 beds.
 - Use leasing policy (i.e., single occupancy vs. double occupancy) to increase capacity. One important positive externality of this approach is it will allow the University to offer more affordable on-campus living options, albeit in a different occupancy category, to incoming freshmen.
- ◆ Enter into a short-term lease agreement(s) (e.g., two to three years) with a third-party housing provider to offer approximately 175-200 beds of University-affiliated housing to rising sophomore students.
 - Rates should not exceed \$400-\$450/bed in order to remain competitive with the existing off-campus market.
 - The short-term, University-affiliated housing, must have the look and feel of Florida Polytechnic's existing on-campus housing and be located in close proximity to campus. Furthermore, the unit offerings and community amenities should be responsive to the demands and preferences of University students, as detailed in this report.
 - Utilize *The Preserve at Lakeland Hills*, located just over seven miles from campus, as a competitive benchmark in terms of unit type offerings, amenities, and rental rates, due to its popularity among Florida Polytechnic students.
- ◆ Given the feedback from survey respondents, the University must ensure that Florida Polytechnic's campus life infrastructure (e.g., recreation spaces, leisure / social spaces, dining spaces, student spaces, etc.) is appropriately positioned to support the required growth in the number of on-campus residents, as well as off-campus residents who currently lack sufficient quality-of-life offerings within their residences and in the

surrounding area. The consequence of not providing appropriate resources will be a decrease in customer satisfaction from both on- and off-campus students, which will have its own negative externalities with regard to the University pursuing its targeted campus experience and culture.

2016-2017

- ◆ Reserve the existing, independent-style residence hall for incoming freshmen, as sufficient demand exists among this classification for this particular living arrangement (312 beds), as described in Figure 3 below.

FIGURE 3: 2016-2017 FRESHMAN/SOPHOMORE DEMAND SUMMARY

Class	Communal-Style Beds			Independent-Style Beds		
	Demand	Currently Available Inventory	Net Demand	Demand	Currently Available Inventory	Net Demand
Freshman	200	0	200	312	241	71
Sophomore	50	0	50	230	0	230

- ◆ Deliver another independent-style residence hall with 275 beds to accommodate sophomore demand (230 beds), plus overflow freshman demand (71 beds) for independent configurations.
 - With a total freshman/sophomore demand for 542 independent-style beds, assignment policies can be utilized to ensure the appropriate occupancy balance between the two independent-style halls. With that said, to the extent possible, one building should be reserved for freshmen and the other for sophomores, with only limited exceptions to this guideline.
- ◆ Deliver 250 semi-suite, or pod-style, beds in a new residence hall that offers more communal space, a greater percentage of shared bedrooms and lower rental rates.
 - Respond to students' price sensitivity by evenly providing single-occupancy and double-occupancy bedrooms, according to demand preferences.
- ◆ Annually reassess Florida Polytechnic's housing needs through the enrollment ramp-up period utilizing the latest data and projections related to enrollment, growth in student-support infrastructure (e.g., dining, recreation space, etc.), the emerging campus culture, and the competitiveness of the evolving off-campus housing market.

DEMAND ANALYSIS

OBJECTIVES AND METHODOLOGY

Brailsford & Dunlavy developed a student housing demand model to quantify student demand for on-campus housing at Florida Polytechnic University. Due to the University's unique and highly dynamic context, B&D employed a multi-faceted approach utilizing statistically significant survey data, student focus group feedback, market research, and B&D's national higher-education database to project realistic housing demand by classification.

Freshman housing demand was derived from electronic survey responses as well as current and projected enrollment figures provided by the University. Excellent survey participation rates (50.0% of 390 full-time freshman students) from a demographically representative sample of University freshmen enabled B&D to utilize its proprietary demand-based programming model to project demand based on unit type and occupancy preferences submitted by students in the survey.

Following their review of descriptions of potential on-campus housing options that included sample floor plans along with associated rental rates, respondents were asked to indicate which unit type and occupancy option they would have selected to live in had it been available at the beginning of the current academic year (Fall 2014). In addition, a response option was provided to allow students to indicate whether they would have preferred off-campus housing over the proposed unit types and rates.

B&D's methodology for projecting sophomore demand was adjusted to account for the heightened interest in on-campus housing among next year's sophomore class relative to 2014-2015 sophomores, based on a demographic analysis and feedback from the survey and focus groups. Less than 20% of sophomore survey respondents were from outside the local area, resulting in lower utilization of on-campus housing than what is projected for future sophomore classes. By contrast, 45% of freshman respondents were non-local, with 87% of all freshmen living on campus indicating their preference to live on campus the following year, as sophomores. Therefore, to accurately project sophomore housing demand, B&D relied upon the housing preferences of current freshmen for the following year, according to information gathered in the survey.

Likewise, the sample size and current composition of upper-division students (juniors, seniors, and graduate students) at the University limits one’s ability to accurately project future housing demand based on the survey results from current upper-division students. To project future behaviors of eventual Florida Polytechnic upper-division students, B&D relied upon an analysis of survey responses from its extensive database of institutions with a similar demographic and market profile, resulting in a 50% year-to-year campus housing retention rate among these classifications.

For all projections, demand was adjusted according to an Occupancy Coverage Ratio (OCR), which is a proprietary B&D tool utilized to adjust demand projections, by unit type, according to the client’s risk tolerance for housing and the competitiveness of the off-campus market. A higher OCR value assignment indicates a more competitive off-campus market and a lower risk tolerance from the client. For example, a 1.30 OCR is a moderate assignment for apartment-style beds, and requires 13 beds of gross demand to justify the delivery of 10 beds of supply. As shown in Figure 4 below, the OCR values, as they relate to Florida Polytechnic, were increased annually by unit type to reflect the anticipated maturation of the off-campus market. The OCR assignment for freshman beds, however, was held at the 2014-2015 rate, resulting in a constant potential capture rate due to the University’s first-year live-on requirement.

FIGURE 4: OCCUPANCY COVERAGE RATIOS, BY UNIT TYPE AND YEAR

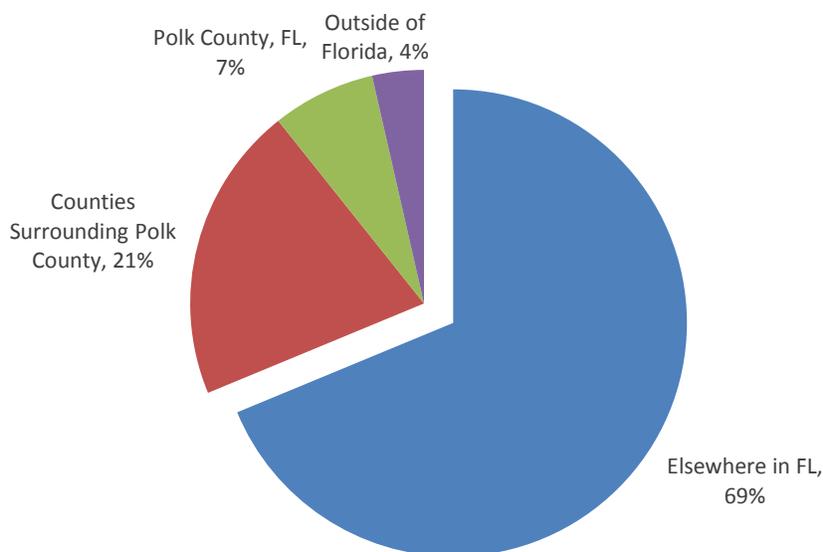
Unit Type	2014-15	2015-16	2016-17	2017-18	2018-19
Traditional <i>Single</i>	1.00	1.00	1.00	1.10	1.15
Traditional <i>Double</i>	1.00	1.00	1.00	1.10	1.15
Semi-Suite <i>Single</i>	1.00	1.00	1.00	1.10	1.15
Semi-Suite <i>Double</i>	1.00	1.00	1.00	1.10	1.15
Full-Suite <i>Single</i>	1.20	1.20	1.25	1.30	1.40
Full-Suite <i>Double</i>	1.20	1.20	1.25	1.30	1.40
Efficiency <i>Single</i>	1.20	1.20	1.25	1.30	1.40
Efficiency <i>Double</i>	1.20	1.20	1.25	1.30	1.40
2-BR Apartment <i>Single</i>	1.20	1.20	1.25	1.30	1.40
2-BR Apartment <i>Double</i>	1.20	1.20	1.25	1.30	1.40
3-BR Apartment <i>Single</i>	1.20	1.20	1.25	1.30	1.40
4-BR Apartment <i>Single</i>	1.20	1.20	1.25	1.30	1.40
4-BR Apartment <i>Double</i>	1.20	1.20	1.25	1.30	1.40

DEMAND PROJECTIONS

Target Market

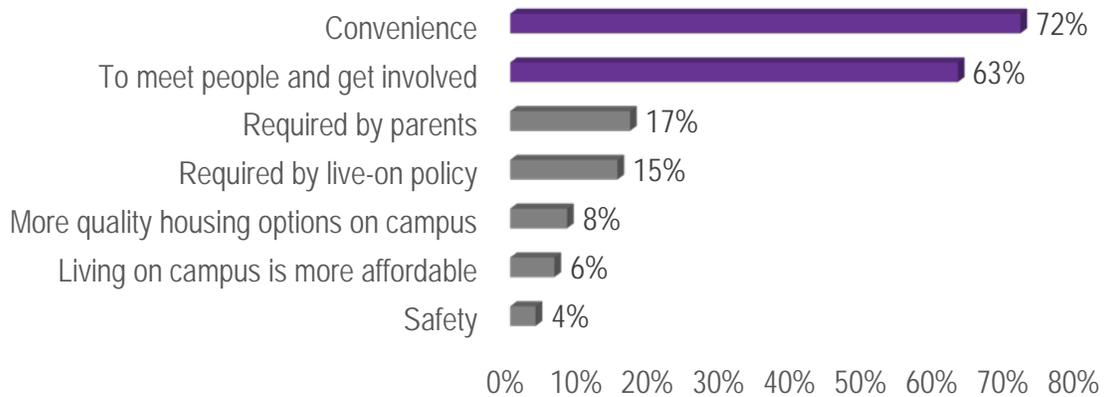
In-state students from beyond Polk County seeking a rich campus life experience characterize the target market for on-campus housing at Florida Polytechnic. As shown in Figure 5 below, 69% of on-campus survey respondents have a permanent residence within Florida, but outside of the local area. In contrast, 86% of off-campus survey respondents are from Polk County or surrounding counties, indicating that students coming to the University from outside the area are highly likely to desire on-campus housing over rental options available in the private market.

FIGURE 5: PERMANENT RESIDENCE OF ON-CAMPUS SURVEY RESPONDENTS



Students within this target market indicated in focus groups that although they had opportunities to attend other institutions, they elected to attend Florida Polytechnic for the unique experience to shape the legacy of a new university. As such, these students are looking for an engaging campus experience to complement their educational pursuits. For these students, as shown in Figure 6 below, the live-on requirement had little to do with their decision to live on campus, compared with convenience (72%) and the opportunity to meet new friends and get involved on campus (63%).

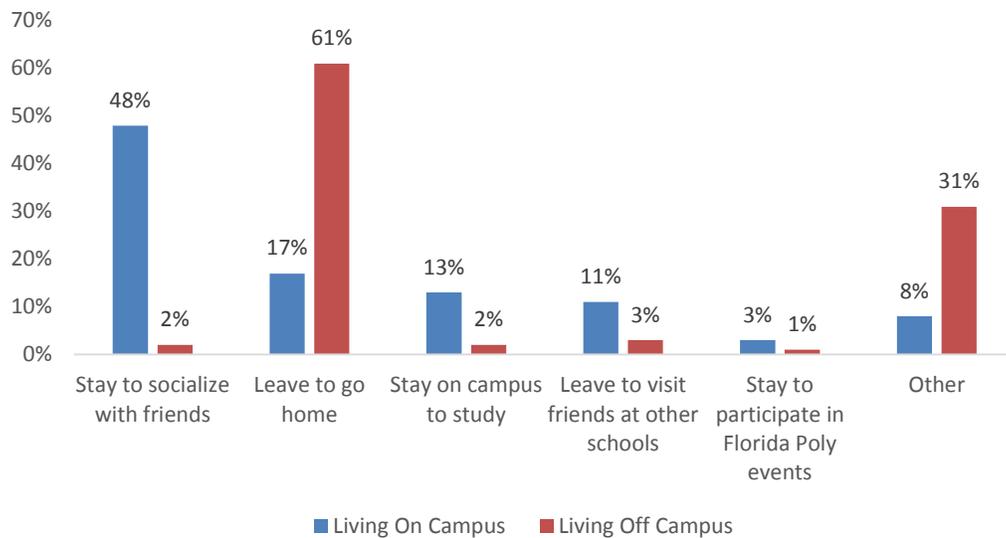
FIGURE 6: REASONS STUDENTS CHOSE TO LIVE ON CAMPUS



**Survey allowed for more than one response*

Importantly, this population is also pre-disposed to staying on campus rather than leaving to go home on weekends, despite limited quality-of-life offerings on campus or entertainment off campus. As shown in Figure 7 below, students living on campus are over three times as likely to stay on campus for either social or academic reasons than they are to leave campus to go home, while just 5% of off-campus students come to campus for any reason on a typical weekend.

FIGURE 7: TYPICAL WEEKEND PLANS, ON-CAMPUS VS. OFF-CAMPUS STUDENTS



Demand by Classification

Driven by the large number of freshmen, relative to other classifications, a total of 367 students could have potentially lived on campus during the 2014-2015 school year, had additional housing been available. As shown in Figure 8 below, despite capturing 43% of students, there was additional demand for 126 beds for the current academic year. For the students forced to live in the off-campus market due to on-campus capacity limitations, survey results indicate that they felt significantly less engaged, on average, than students living on campus. According to survey data, students living on campus were over 70% more likely to feel socially engaged, and 47% more likely to be satisfied with access to academic resources, than were students living off campus.

FIGURE 8: CAPTURE RATE ANALYSIS, 2014-2015

Class	Enrollment	Current Capture Rate	Current Occupancy	Potential Capture Rate	Projected Demand
Freshman	394	57%	226	74%	290
Sophomore	127	3%	7	59%	74
Junior	7	71%	5	29%	2
Senior	0	0%	0	15%	0
Graduate / Professional	26	12%	3	7%	2
Sub-total	554	43%	241	68%	367
Housing Capacity					241
Unmet Demand					(126)

Totals include application of B&D's proprietary Occupancy-Coverage Ratio (OCR)

Demand by Unit Type

Although Florida Polytechnic students, reflecting the popular preferences of students nationwide, prefer the privacy, space, and added amenities of apartments, their price sensitivity results in substantial demand for communal-style units. Compared with projects characterized by independent-style units, communal-style residence halls typically have fewer square feet per bed and thus can achieve financial feasibility at lower rental rates.

B&D tested the living preferences of Florida Polytechnic students according to 13 separate unit configurations. Each configuration tested can be more broadly categorized into a communal-style arrangement (traditional and semi-suites) with less in-unit personal space and typically more common areas, and an independent-style arrangement (full suites and apartments) with a focus on individual space and a broader menu of unit amenities (e.g., kitchen, living room, in-unit

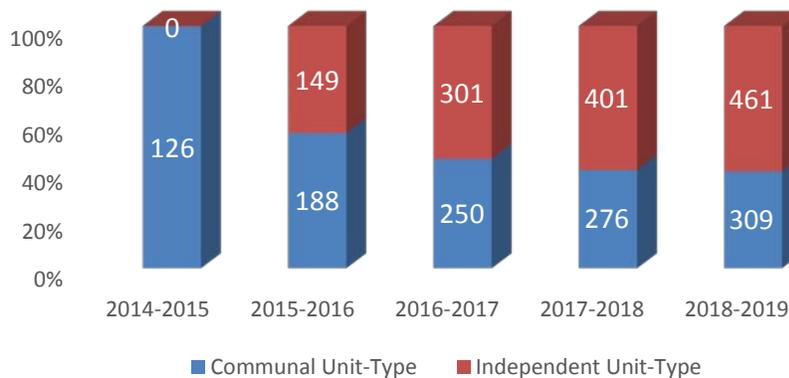
laundry, etc.). Figure 9, below, describes annual demand according to communal-style and independent-style typologies.

FIGURE 9: TOTAL ANNUAL DEMAND BY UNIT TYPE (ALL CLASSIFICATIONS)

Year	Communal Unit Type		Independent Unit Type		Total Demand	Net Demand
	Traditional	Semi-Suite	Full-Suite	Apartment		
2014-2015	61	65	35	206	367	126
2015-2016	88	115	68	369	641	400
2016-2017	115	167	101	533	915	674
2017-2018	125	196	126	650	1,098	857
2018-2019	141	217	136	706	1,201	960
Current Inventory	0		241		241	

In delivering 241 full-suite beds in 2014-2015, the University addressed student demand for independent-style units. However, substantial demand remains for communal-style beds with lower associated rental rates. Figure 10, below, shows the distribution of net demand by unit type for freshmen and sophomores, which represent the target market group for on-campus housing over the next several years. Although the unique market position of the University relative to the off-campus market does not require immediate response to demand for communal beds, over time it should balance unit typologies to both respond to student sentiment for a range of rental rates as well as to minimize exposure as the off-campus market matures.

FIGURE 10: NET ANNUAL DEMAND BY UNIT TYPE AMONG FRESHMEN/SOPHOMORES

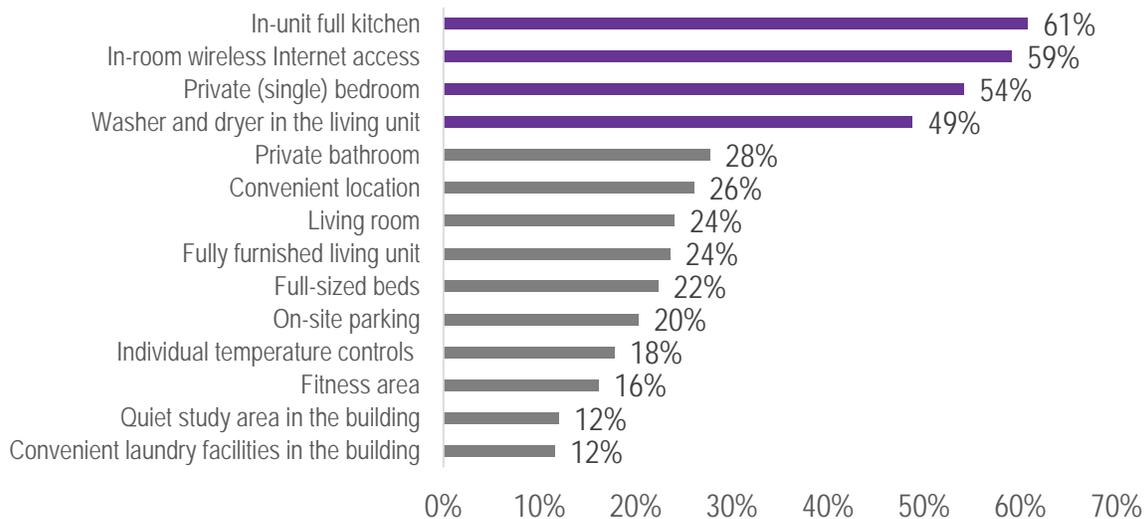


**Assumes no change to the current on-campus capacity (241 beds)*

Amenity Preferences

When asked about preferred unit amenities, with no associated rental rate implications, respondents to the student survey prioritized in-unit kitchens, in-room wireless access, private bedrooms and laundry access. As shown in Figure 11 below, 59% indicated that wireless Internet access was one of their top preferences, second only to the desire for an in-unit full kitchen. To promote its brand as the state’s only public polytechnic institution, the University should emphasize technological innovation in design consistent with its academic focus, where appropriate, as it delivers new housing.

FIGURE 11: IN-UNIT AMENITY PREFERENCES



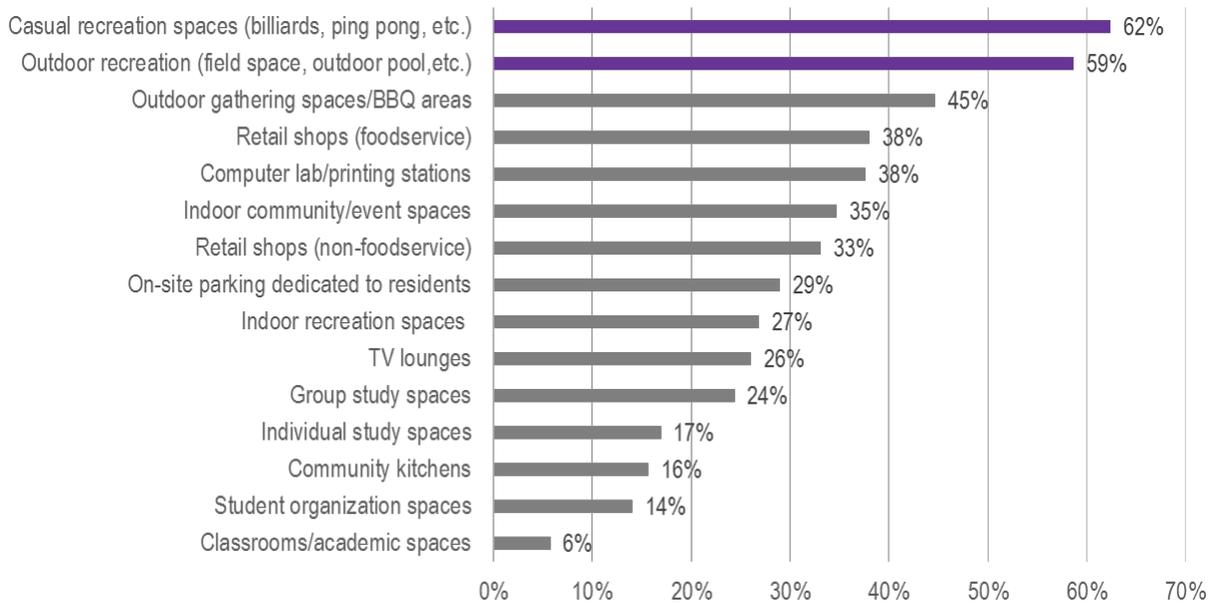
Community Preferences

Florida Polytechnic students also expressed an eagerness, in both focus groups and the student survey, for quality-of-life spaces that allow them to engage with other students and the campus community at-large. While the University works toward delivering quality-of-life spaces like lounge areas, recreation fields, and additional study areas, residence halls and their surrounding environs will play a heightened role in student life, both for on-campus and off-campus students.

In focus group sessions, students living off campus expressed disappointments over the limited spaces to engage campus outside of the Innovation, Science and Technology (IST) Building, as well as frustrations over being prevented from accessing the existing residence hall. Students’ desire for engaging common spaces was confirmed by their responses in the survey regarding the spaces that should be included with new housing on campus, as shown in Figure 12 below.

New housing, therefore, should be viewed not only as residence halls, but as an integral quality-of-life component for all students in the University's initial, growth phase.

FIGURE 12: SPACE PREFERENCES OF STUDENTS FOR NEW HOUSING



OTHER CONSIDERATIONS

FLORIDA POLYTECHNIC-AFFILIATED HOUSING

Given that Florida Polytechnic will not be building new on-campus housing for the 2015-2016 academic year, the University should consider engaging one or more third-party providers on a short-term basis to temporarily augment their on-campus offerings and accommodate projected demand. In order to remain competitive with the off-campus market, the University should target potential partners that are located in close proximity to campus, provide an independent living configuration, offer academic lease terms (i.e., 9-month leases) and ensure that rental rates do not exceed \$400-\$450/bed (excluding utilities).

The recommended affiliated rate follows an analysis of the student survey as well as independent research of the off-campus market. Florida Polytechnic students are particularly drawn to *The Preserve at Lakeland Hills* property, located approximately seven miles from campus. Over half (n=24, 51%) of respondents renting an apartment off campus are living at this property, which offers 1-, 2-, and 3-bedroom units, a swimming pool, a tennis court, a fitness center and access to shopping and entertainment. This property offers students short-term lease structures at an average rate of \$455/bed (not including utilities), according to B&D's analysis of survey respondents who currently have a short-term lease at the property. According to available Internet sources, rates range from a low of \$313/bed (3-bedroom) to a high of \$823 (1-bedroom). The University should competitively evaluate potential third-party providers' arrangements against *Lakeland Hills*, due to its current popularity among students.

Additionally, affiliated housing should overtly connect students to the University through branding and amenities (e.g. shuttle service). A projected 197 freshmen currently living on campus would return for the following year, based on survey responses. B&D estimates that interest from current on-campus freshmen as well as the general student population would be sufficient to support the provision of 175-200 beds, assuming competitive rates and amenities at a property in reasonable proximity to the University.

FINAL CONSIDERATIONS

For the University to maintain an accurate understanding of housing demand, it must continuously monitor change drivers and annually reassess demand until enrollment stabilizes. On-campus demand will continue to be driven by enrollment growth, but will also be highly influenced by the off-campus market's response to growth. That response is already underway, with a 550-unit development slated to begin construction in 2015 that is planned to target Florida Polytechnic students as a part of its primary potential tenant base. However, guided by a clear vision for the role of its on-campus housing and armed with a strategic and vigilant outlook, Florida Polytechnic University can both immediately deliver the appropriate housing experience for its students, as well as proactively prepare for dynamic change.