

MULTI-HOUSING NEWS

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October 2012

# 2012 Excellence Awards

Meet the Winners

**Student Housing Case Study:  
A Public-Private Partnership**

**Will LIHTC Survive Tax Reform  
and Budgetary Pressures?**

**Social Media: Work  
Smarter, Not Harder**





# GOLD | Transaction of the Year

## LCOR/CalSTRS (California State Teachers' Retirement System)

On May 23, 2012 the California State Teachers' Retirement System (CalSTRS) acquired a majority interest in LCOR, a leading real estate investment, management and development company, in combination with extensive real estate holdings owned by LCOR's former partner, Lehman Brothers. The resulting joint venture between LCOR and CalSTRS (the "Company") owns 14 apartment properties representing nearly 5,000 units and a development pipeline that includes over 8 million square feet of future development potential. Under a previous joint venture with CalSTRS, LCOR also owns 2,000 operating units in seven assets and 600 under construction units in two assets.

CalSTRS was attracted to the transaction given its ongoing successful relationship with LCOR (joint venture partners since 2003) and their interest in sourcing build to core development opportunities. The transaction, completed in partnership with LCOR management, values the Company and the related real estate at greater than \$800 million. LCOR is expanding their CalSTRS relationship from one that was strictly centered on

residential assets to one that now includes every aspect of LCOR's business including build to suite office space and public/private ventures, a hallmark of LCOR. Morgan Stanley acted as exclusive financial advisor to LCOR and Lehman Brothers in the transaction. CalSTRS was advised by Principal Real Estate Investors and GI Partners. GI Partners will act as ongoing advisor for CalSTRS' interests in the platform.

The Company acquired ownership stakes in 14 multifamily assets comprising nearly 5,000 apartment units in New York, Connecticut, Georgia, Florida, Nevada, Virginia, Illinois, Indiana, California, Arizona and Ohio. Among the key assets included in the transaction are 308 apartment units at the historically landmarked 25 Broad Street in Lower Manhattan and 462 condo quality units in Greenwich, CT, as well as assets in Aventura, Fla. and Tysons Corner, VA with significant redevelopment opportunities. Key development pipeline opportunities include transit oriented, high-growth locations in Tysons Corner, VA; Montgomery County, MA; Hoboken, NJ; and Lower Manhattan.

# GOLD | Best Marketing Program

## Cardinal Group for WestMar Student Lofts

**Program Implemented:** August 2010

**Occupancy as of 3/31/2011:** 44.3 percent

**Change in Rent per Square Ft. from Jan. 1 to Dec. 31, 2011:**

+\$0.33 (from \$1.35 to \$1.68)

**Platforms Program Comprised:** Website, print collateral, social networking, guerilla marketing

Denver-based Cardinal Group purchased MetroPointe Lofts in August 2010 and implemented a full-scale marketing and rebranding campaign that included renaming the property to WestMar Student Lofts and a \$2.5 million renovation program. The property had a tarnished reputation, but substantial capital improvements and extensive rebranding were successful in attracting students back, and within 12 months the management team had 98 percent of the property leased, this from a 30 percent occupancy rate at acquisition. The student housing leasing cycle is unique, with pre-lease season starting around November each year. WestMar was at 44.3 percent at the end of March 2011 because students already had signed leases and were living in their



*Pool Improvements – “Blah to Bling!”*

current communities. But it only took one student housing cycle to turn the project around. The lease-up was a proactive “create your own market demand and go find your residents” campaign. This was full-scale marketing warfare that required a collective effort between operations, leasing and marketing.