



Campus Living mines housing niche

Ben Wilmot

Transfield Holdings-backed student accommodation provider Campus Living Villages has struck a series of deals in Australia and New Zealand, as acceptance of its brand grows among universities.

The venture is also considering raising fresh equity after a split with its former partner, the Sydney developer Tuscan Corporation, last year.

Campus Living is now headed by the former managing director of Victory Real Estate Investment Funds, Patrice Derrington.

"We are finding more and more universities are keen to work in partnership with us," Dr Derrington said. "I was brought in to replicate the formula and roll it out more extensively."

The group and Macquarie University in Sydney's north yesterday unveiled plans to nearly triple on-campus student accommodation from about 370 residents to 900.

Campus Living has a 30-year lease to look after existing Macquarie University student accommodation.

It will also supervise the construction and management of the \$45 million expansion.

Campus Living Villages already operates Sydney University Village and the RMIT Village Old Melbourne. It recently struck a student accommodation partnership with

Massey University's Palmerston North campus in New Zealand.

Elsewhere in New Zealand, Campus Living is negotiating to take over the operation of the University Hall and Ilam Village, at the University of Canterbury. It wants to refurbish both residences and then develop another 500 beds.

Since Dr Derrington's arrival, Campus Living Villages has sought to diversify geographically and also to set up an all-in-one package for universities looking for a private operator to run student housing facilities.

At the University of Sydney, Campus Living operates student dwellings, but the project was a build-own-operate-transfer scheme backed by AMP.

In Melbourne, Campus Living refurbished the Old Melbourne Hotel in Flemington Road to accommodate 433 students under a deal with RMIT. Campus Living investigated strata titling the RMIT project in Melbourne, along with fund manager Calliva, but Dr Derrington said the group now preferred the efficiency of retaining property in a trust.

In the Macquarie University deal, an affiliated property trust will control the leasehold while a Campus Living operating company will run the accommodation, in a model the group is looking to replicate.

It is also developing apartments for 413 students at Kelvin Grove Student Village near a Queensland University of Technology campus and has also proposed a village near Griffith University for 490 students.

Campus Living's equity is closely held but Dr Derrington said that, given the group's rapid growth, it was looking at raising additional equity.

"It's a little too early to float," she said, noting the complex nature of the asset class. Dr Derrington said that the projects had moderate yields but their affiliation with the universities made the rate of return very attractive as accommodation was often fully occupied.

Giant US fund Fortress Investment Group provided a mezzanine loan on the RMIT project in Melbourne and Dr Derrington said the group was keen to do more with Campus Living.

KEY POINTS

- Campus Living says it is gaining acceptance as a one-stop shop for universities wanting a private operator for student housing.
- It has a 30-year lease to run Macquarie University's housing.
- It is in talks to operate and expand student residences at New Zealand's University of Canterbury.



Universities are in the business of education, not accommodation, and Campus Living wants to fill the gap.

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