



# LAND DEVELOPMENT OPPORTUNITY

Whitehall Road and Blue Course Drive, State College, Pennsylvania



Investment Offering Memorandum





## LAND DEVELOPEMENT OPPORTUNITY WHITEHALL ROAD AND BLUE COURSE DRIVE CENTRE COUNTY, PENNSYLVANIA

### CONFIDENTIALITY & CONDITIONS

The information contained in this Offering Memorandum is confidential, furnished solely for the purpose of review by a prospective purchaser of **Land Development Opportunity on Whitehall Road and Blue Course Drive in State College, Pennsylvania** (the "Property") and is not to be used for any other purpose or made available to any other person without the expressed written consent of Cushman & Wakefield, Inc. ("Cushman & Wakefield") or Pennsylvania State University (the "Owner"). The material is based in part upon information supplied by Owner and in part upon information obtained by Cushman & Wakefield from sources it deems reasonably reliable. Summaries of any documents are not intended to be comprehensive or all inclusive but rather only an outline of some of the provisions contained therein. No warranty or representation, expressed or implied, is made by Owner, Cushman & Wakefield, or any of their respective affiliates, as to the accuracy or completeness of the information contained herein or any other written or oral communication transmitted to a prospective purchaser in the course of its evaluation of the Property. No legal liability is assumed or to be applied in connection with the information or such other communications. Without limiting the generality of the foregoing, the information shall not be deemed a representation of the state of affairs of the Property or constitute an indication that there has been no change in the business or affairs of the Property since the date of preparation of the information. Prospective purchasers should make their own projections and conclusions without reliance upon the materials contained herein and conduct their own independent due diligence, including

engineering and environmental inspections, to determine the condition of the Property and the existence of any potentially hazardous material located at the site.

This Offering Memorandum was prepared by Cushman & Wakefield and has been reviewed by Owner. It contains select information pertaining to the Property and does not purport to be all inclusive or to contain all of the information which a prospective purchaser may desire. All financial projections are provided for general reference purposes only and are based on assumptions relating to the general economy, competition and other factors beyond control and, therefore, are subject to material change or variation. An opportunity to inspect the Property will be made available to qualified prospective purchasers.

In this Offering Memorandum, certain documents and other materials are described in summary form. The summaries do not purport to be complete nor, necessarily, accurate descriptions of the full agreements involved, nor do they constitute a legal analysis of such documents. Interested parties are expected to independently review all documents.

This Offering Memorandum is subject to prior placement, errors, omissions, changes or withdrawal without notice and does not constitute a recommendation, endorsement or advice as to the value of the Property by Cushman & Wakefield or the Owner. Each prospective purchase is to rely upon its own investigation, evaluation and judgment as to the advisability of purchasing the Property described herein.

Owner and Cushman & Wakefield expressly reserve the right at their sole discretion, to reject any or all expressions of interest or offers to purchase the Property and/or to terminate discussions with any party at any time with or without notice. Owner shall have no legal commitment or obligation to any interested party reviewing this Offering Memorandum or making an offer to purchase the Property unless a written agreement for the purchase of the Property has been fully executed and delivered by the Owner and such party and any conditions to Owner's obligations thereunder have been satisfied or waived and then only to the extent expressly provided for therein. Cushman & Wakefield is not authorized to make any representations or agreements on behalf of Owner.

The Offering Memorandum is the property of Cushman & Wakefield and may be used only by parties approved by Cushman & Wakefield and Owner. The Property is privately offered and, by accepting delivery of this Offering Memorandum, the party in possession hereof agrees (i) to return it to Cushman & Wakefield immediately upon request of Cushman & Wakefield or Owner and (ii) that this Offering Memorandum and its contents are of a confidential nature and will be held and treated in the strictest confidence. No portion of this Offering Memorandum may be copied or otherwise reproduced or disclosed to anyone without the prior written authorization of Cushman & Wakefield and Owner.

The terms and conditions set forth above apply to this Offering Memorandum in its entirety.

### CUSHMAN & WAKEFIELD OF PENNSYLVANIA, INC.

1717 Arch Street - 30th Floor  
Philadelphia, PA 19103  
(215) 963-4000 phone / (215) 568-2604 fax

#### GILBERT C. PIERCE, JR.

Broker  
(215) 963-4019  
gilbert.pierce@cushwake.com

#### JEFFREY L. WILLIAMS

Broker  
(610) 772-2003  
jeff.williams@cushwake.com

#### BYRON MOGER

Broker  
(813) 223-6300  
byron.moger@cushwake.com





# Land Development Opportunity

Whitehall Road and Blue Course Drive  
Centre County, Pennsylvania

## TABLE

## OF CONTENTS

### 4 EXECUTIVE SUMMARY

- Offering Overview
- The Opportunity
- PSU Housing
- Offering Highlights
- Offering Procedures

### 10 PROPERTY DESCRIPTION

- Asset Overview
- Development Potential
- Site Plans
- Zoning
- Due Diligence Information

### 12 LOCATION OVERVIEW

- PSU Story

### 14 MARKET INFORMATION

- Existing Student Housing Complexes
- National & Regional Market Information





## EXECUTIVE

## SUMMARY

Zoned property near  
Penn State University.

### OFFERING OVERVIEW

Cushman & Wakefield of Pennsylvania Inc. ("C&W") has been retained by The Pennsylvania State University ("Owner"; "PSU") as its exclusive agent and advisor to effect the disposition of a land development opportunity (Lots 3 and 4) located on Whitehall Road and Blue Course Drive in Ferguson Township, Centre County, State College, Pennsylvania ("Property").

This 41.275 acre parcel is located on Whitehall Road and Blue Course Drive in State College, close to The Pennsylvania State University's main campus.

The land use within the borough is dominated by the University Park Campus of The Pennsylvania State University. The University Park Campus encompasses  $\pm 7,339$  acres and is improved with  $\pm 700$  university owned low- to mid-rise (up to  $\pm 15$  stories) academic, administrative, residence hall, and sporting/cultural buildings and hotels. The sporting facilities include a 16,000-seat arena, a 107,000-seat football stadium and two championship golf courses.

The ongoing and sustained expansion, renovation and development of university facilities for academic administrative, student residential, sporting and cultural uses is evident based on the existing and future needs of the university. The University Park Campus has virtually tripled since the late 1950's to early 1960's from  $\pm 14,000$  to a current enrollment of  $\pm 44,000$  undergraduate and graduate students with 23 additional campus locations, and a total university enrollment of 95,833.

Non-university land uses are interspersed throughout the immediate area which includes single family homes and a multifamily housing stock which includes 3- and 4-story walk-up apartments and  $\pm 4$ - to 8-story elevator apartment buildings. The most extensive non-university development activity appears to have occurred during the 1960's through the early 1970's. In addition, houses of worship, schools and local retail are also interspersed throughout the immediate area.



## THE OPPORTUNITY

The Property offers a purchaser the unique opportunity to buy into one of the most robust student housing markets in the nation. The 41.275 acres of residential zoned undeveloped land can potentially support development of between 450 – 475 units, thus giving the purchaser the ability to create critical mass within close proximity to PSU.

With student enrollment growing 9.5% from 2000 to 2010 and a 2011 potential enrollment of 45,000 students, this opportunity is an incredible choice for student housing. Reference chart on historical enrollment on page 6. Also complementing this growth is a faculty and staff of 13,388. PSU currently provides housing for students in seven on-campus complexes, East Halls, Eastview Terrace, Nittany Apartments, North Halls, Pollock Halls, South Halls & West Halls. These complexes hold 14,273 beds, well short of the 45,000-bed need for students. This leaves the private sector to accommodate the extra demand. Anything above the number of 14,000 students is considered to be "supplemental housing" with lounge and other common areas turned into housing. It is reported that in 2010, the fall and spring semesters were fully occupied. This is confirmed in the 98-100% occupancy rates of surrounding complexes and the time long tradition of "camping out" in October for next year's need for housing. PSU has been expanding the campus with new development such as the Millennium Science Complex (250,000 SF), Lewis Katz Building (114,000 SF), Medlar Field at Lubrano Park (130,000 SF). Since 2000, 13 new projects have been completed totaling 1,505,400 SF for educational advancement, but none in the development of additional housing stock.

As can be seen on pages 14-15 in the table on Existing Student Housing, there are only 25 developments in the immediate market area with more than 100 beds servicing the needs of PSU. These 25 developments represent a total of 3,656 units in the market. With a conservative per unit per bed rate of 3 (3,656 units x 3 beds) this equals only 10,968 beds. Since 1996 only seven new projects over 100 beds were developed, representing 2,318 beds. Projects downtown typically can demand higher rent due to that fact they are within walking distance to the University. Rents range from a low of \$688 per bed to high of \$3,150 per unit depending on the number of rooms and amenities associated with each project. For projects outside the downtown area rates are between \$474 per bed to \$1,969 per unit.

The Property has numerous site advantages in place to make it a successful development.

- 41.275 properly zone acres of multi-family residential (R-4) in Ferguson Township. **This is the last piece of undeveloped R-4 ground in the Centre Region COG (Council of Governments) which encompasses 150 square miles of State College Borough, College, Harris, Ferguson, Halfmoon Townships.**
- Sweetland Engineering has engineered the necessary development obligations from the subdivision plan. **A copy of all plans will be accessible on the Due Diligence flash drive.**
- **Offering unobstructed views of the surrounding area**, the site will be adjacent to regional township and county recreation ball fields, water authority watershed green space and agricultural land still retained by PSU.
- Transportation-CATA has a **bus stop one block away**, offering bus service to/from the University and downtown State College for students.
- Whitehall Road is now being widened and improved with a signalized intersection at Whitehall Road and Blue Course Drive. **PSU has coordinated with PennDOT to relocate, upgrade and size all necessary signalized utility poles to accommodate the future development of Lots 3 & 4.**
- Purchaser may be **required to conduct a Traffic Impact Study for the project** and install any necessary improvements identified by the study, including but not limited to a 4th light signalization at this intersection.

## PSU HOUSING

PSU has seven dormitory areas encompassing 81 buildings with a total of 14,273 beds servicing the student body. PSU Freshmen are required to live on-campus within a student residence hall during their first year. However, upperclassmen and graduate students are permitted to live off campus. These housing requirements are partially handled by the University, with the University relying on the private sector to accommodate the growth in student and faculty population. The chart and map show all the on-campus student housing



# PSU HISTORICAL ENROLLMENT BY LOCATION - UNIVERSITY PARK

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Total University	40,571	40,828	41,445	41,795	41,239	40,709	42,789	43,041	44,112	44,832	44,817
Undergraduate	34,406	34,539	34,829	35,002	34,824	34,637	36,612	36,815	37,988	38,630	38,594
Graduate/ Medical/Law	6,165	6,289	6,616	6,793	6,465	6,072	6,177	6,226	6,124	6,202	6,223

Source: Penn State University Budget Office, 2011.

## PSU RESIDENCE HALLS

EAST HALLS		NITTANY		NORTH HALLS	
	NUMBER OF BEDS		NUMBER OF BEDS		NUMBER OF BEDS
Bigler	243	Nittany Apts 11	16	Beam	238
Brumbaugh	341	Nittany Apts 12	16	Holmes	232
Curtin	303	Nittany Apts 13	16	Leete	230
Geary	302	Nittany Apts 14	28	Runkle	237
Hastings	246	Nittany Apts 15	8	<b>TOTAL</b>	<b>937</b>
McKean	312	Nittany Apts 16	16		
Packer	310	Nittany Apts 17	20	POLLOCK HALLS	
Pennypacker	305	Nittany Apts 21	16		NUMBER OF BEDS
Pinchot	341	Nittany Apts 22	28	Beaver	597
Snyder	309	Nittany Apts 23	28	Hartranft	258
Sproul	341	Nittany Apts 24	16	Hiester	286
Stone	252	Nittany Apts 25	36	Mifflin	252
Stuart	309	Nittany Apts 31	32	Porter	262
Tener	341	Nittany Apts 32	32	Ritner	288
<b>TOTAL</b>	<b>4,255</b>	Nittany Apts 33	16	Shulze	284
		Nittany Apts 34	32	Shunk	264
EASTVIEW TERRACE		Nittany Apts 35	16	Wolf	288
	NUMBER OF BEDS	Nittany Apts 41	16	<b>TOTAL</b>	<b>2,779</b>
Brill	86	Nittany Apts 42	32		
Curry	117	Nittany Apts 43	16	SOUTH HALLS	
Harris	150	Nittany Apts 44	16		NUMBER OF BEDS
Miller	95	Nittany Apts 45	28	Atherton	547
Nelson	125	Nittany Apts 51	36	Cooper	136
Panofsky	125	Nittany Apts 52	16	Cross	140
Young	110	Nittany Apts 53	16	Ewing	148
<b>TOTAL</b>	<b>808</b>	Nittany Apts 54	16	Haller	139
		Nittany Apts 55	12	Hibbs	134
WEST HALLS		Nittany Apts 56	32	Hoyt	168
	NUMBER OF BEDS	Nittany Apts 57	32	Lyons	143
Hamilton	624	Nittany Hall	126	McElwain	649
Irvin	86	<b>TOTAL</b>	<b>776</b>	Simmons	707
Jordan	134			Stephens	147
McKee	282			<b>TOTAL</b>	<b>3,058</b>
Thompson	449				
Watts	95				
<b>TOTAL</b>	<b>1,670</b>				

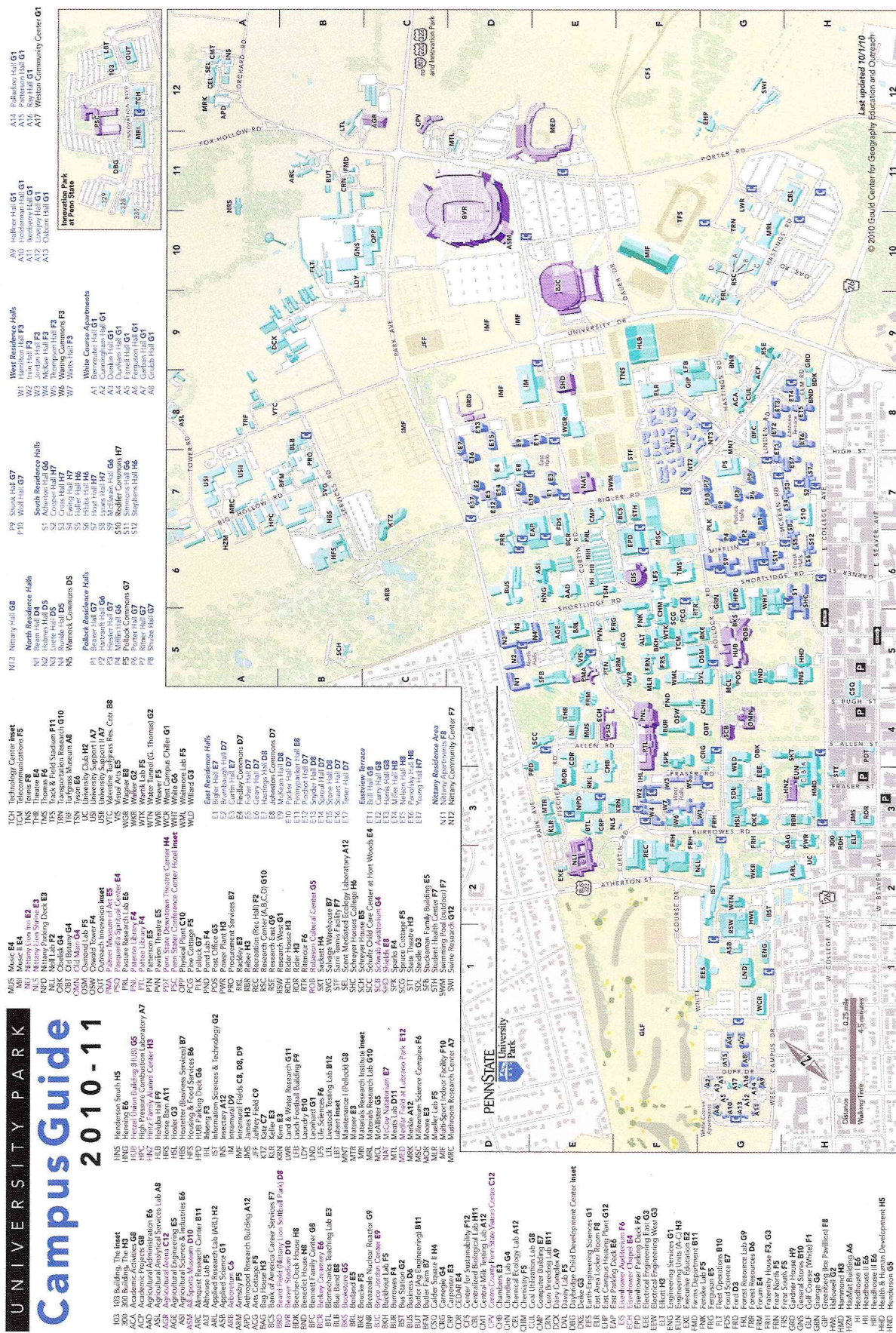
**GRAND TOTAL: 14,273**



## UNIVERSITY PARK

## Campus Guide

2010-11





## OFFERING HIGHLIGHTS

- Located within two miles of the University Park main campus of PSU, with a 2011 total enrollment of 45,000 students.
- Only R-4 Zoned, (High Density Multi-Family) land in Ferguson Township and Centre Region COG available for development.
- Potential construction of between 450-475 units.
- Development obligations defined in approved subdivision plan dated February 27, 2008.
- All utilities are to the site – public water & sewer, gas, electric.
- With only seven apartment projects with more than 100 beds built since 1996, this opportunity gives the purchaser an opportunity to develop and own a site in one of the most robust student housing markets nationally.



## OFFERING PROCEDURES

Owner has not established an asking price, but is a market-oriented seller, with expectations that are consistent with the quality of the asset and the nature of the property. In evaluating offers, owner will consider all circumstances relating to each proposal, including without limitation the offering price, amount of contingencies, period to close, acceptance of seller's purchase and sale agreement, and ability of each purchaser to perform.

## EXCLUSIVE REPRESENTATION

Cushman & Wakefield of Pennsylvania, Inc. is exclusively representing the ownership in this transaction.

## OFFERING STRUCTURE

The Property is being offered on an "All Cash" basis to qualified purchasers.

Seller's objective is to close this transaction by 3Q2012 and reserves the right to accept an offer at any time during the marketing period. To schedule a property inspection or receive answers to questions, please contact the representatives listed on the inside cover. Please do not contact PSU directly. Seller reserves the right to remove the offering from the market. Seller expressly reserves the right, in its sole and absolute discretion, to reject any and all proposals or expressions of interest in the offering, to terminate discussions with any party at any time or to extend the deadlines set forth in the time schedule.

## OFFER REQUIREMENTS

All offers should include:

- Proposed purchase price
- Timing for due diligence, approval conditions, if any, and closing
- Amount of earnest money, including the amount that is non-refundable
- Source of funds for the acquisitions
- Summary of closed transactions
- Commitment of timelines for proposed development

## PURCHASE AND SALE AGREEMENT

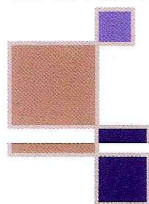
Interested parties will be supplied with an Agreement of Sale to submit with their final offer letter.

## PROPERTY VISITS

Property tours can be arranged through Cushman & Wakefield of Pennsylvania, Inc.

## COMMUNICATION

All communications, inquiries and requests should be addressed to the C&W Team listed below as representative of Seller. Gilbert C. Pierce, Jr., Jeffrey L. Williams and Byron Moger.







## PROPERTY

DESCRIPTION

### ASSET OVERVIEW

Location	Whitehall Road (Lots 3 and 4) Ferguson Township State College, Centre County, PA 16801
Parcel Identification	24-004-76 and 24-004-76A
Acres	41.275 acres (total) 38.20 acres net after road improvements <ul style="list-style-type: none"><li>• Lot 3 = 22.942 acres</li><li>• Lot 4 = 15.258 acres</li></ul>
Zoning	Multi-family Residential (R-4) District – Ferguson Township
Utilities	All utilities are located at site on Whitehall Road
Electric	Allegheny Power Company
Water	Center County Borough Authority
Sewer	University Area Joint Authority
Gas	Columbia Gas Company
Telecommunications	Comcast, Verizon, AT&T Communications, Huntington & Centre County

### DEVELOPMENT POTENTIAL

The site is currently Zoned R-4 which allows for high-density, multi-family development and the highest allowable density for residential land uses within Ferguson Township. It should also be noted that the Township does not differentiate between traditional multi-family and student housing in terms of the potential density of development. It is estimated that between 450 – 475 apartment units could be constructed on the property.

The site consists of a total 41.275 acres. Because of approved development requirements the site will be bifurcated by the extension on Blue Course Road. This will create two lots – 3 & 4, with net acreage totaling 38.20. Lot 3 will be 22.942 acres and Lot 4 will be 15.258 acres.

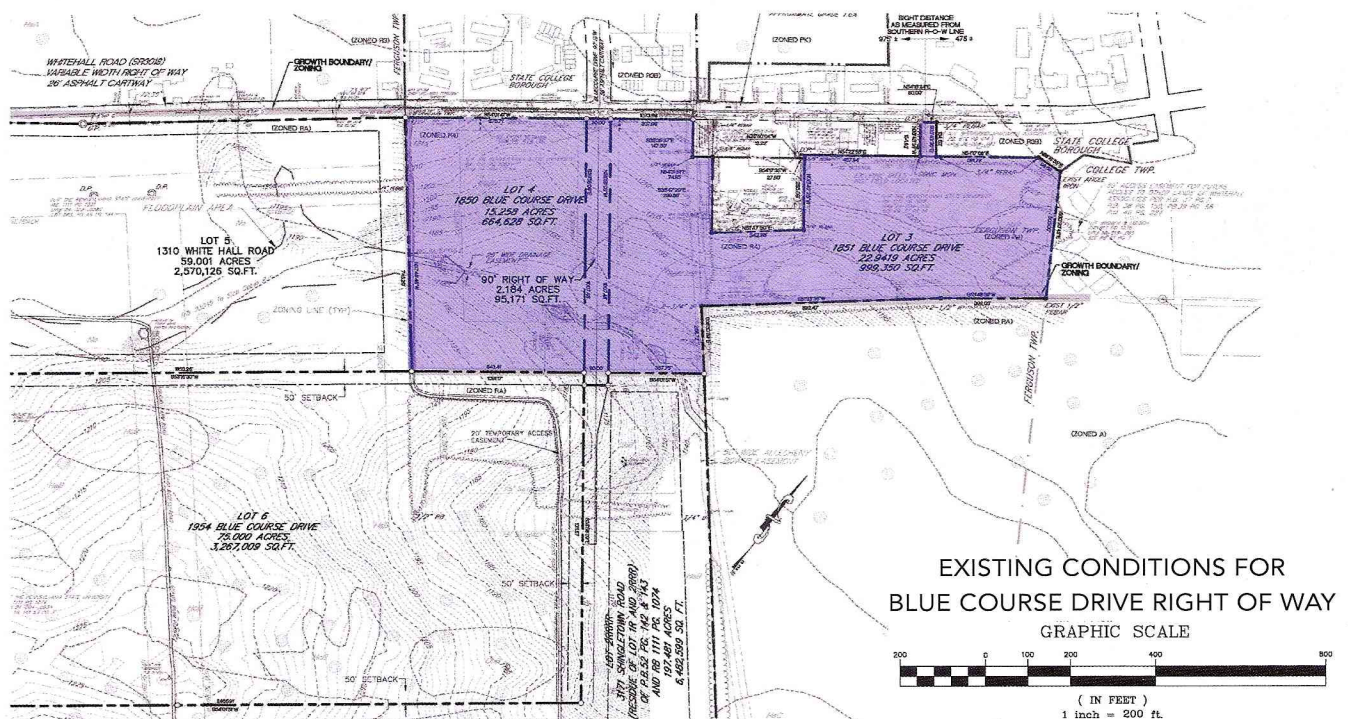
The property was part of a larger mixed-use subdivision called PSU Whitehall Road Subdivision totaling 397 acres. This subdivision plan was approved by Ferguson Township on February 27, 2008. As a condition of the approved subdivision plan, there are four required development conditions that must be met.



1. The developer is responsible for all related costs in analyzing the current and projected traffic volume and related movement of automobile traffic within the overall site and the immediate area.
2. The developer must design and install a sewerage pumping station which must be capable of connecting with the municipal system. The pumping station must also be available to the recreational tracts within the southwest quadrant. PSU will provide the necessary easements and ground for the pump station and storm water detention offsite.
3. The developer must develop a southerly extension for Blue Course Drive which will extend  $\pm 1,007$  feet within its westerly elevation. The extension will be paved, lined, and lighted with sidewalks. The extension will be conveyed to the township subsequent to its completion. The extension will represent a future point of ingress/egress to the Whitehall Road regional park lands. (This extension comprises approximately 2.185 acres of land.)
4. The developer must widen Whitehall Road by 36 feet along the northeast quadrant. (The road widening comprises approximately 0.89 acres of land.)

Ownership has engaged Sweetland Engineering & Associates Inc. to develop schematic designs of the necessary off-site improvements. These designs are available on the Due Diligence flash drive.

## SITE PLANS



## ZONING

Multi-Family Residential (R-4) District – Ferguson Township. A copy of the Zoning Ordinance and Subdivision & Land Development Ordinance is available on the Due Diligence flash drive. Ferguson Township appears to be amenable to reducing the current 200 feet agricultural setback to 50 feet. To achieve this a new subdivision plan would need to be submitted.

## DUE DILIGENCE INFORMATION

C&W can make available and provide the following due diligence information to potential purchaser:

1. Engineering plans of Blue Course Drive extension.
2. Ferguson Township zoning book.
3. Ferguson Township subdivision and land development.





## LOCATION

### OVERVIEW

### PSU STORY

For decades, The Pennsylvania State University ("PSU") has stood out as one of the most reputable universities in the country. A huge number of college-bound students are attracted to Penn State for a myriad reasons, but the university's excellent academic program is what puts it at the top of many students' lists. Penn State's

size allows for a diverse offering of majors and fields of study, so that all students can receive a quality education, wherever their interests may lie. Penn State itself is nationally ranked by the Princeton Review, among other sources, and the University also boasts several particularly outstanding colleges and programs. The Smeal College of Business, for example, consistently ranks as one of the top business schools in the country, rivaling those of the most prestigious private universities. In fact, U.S. News and World Report ranks the supply chain/logistics major number seven in the country. The College of Engineering also continually prevails in the rankings, with several of its specialized programs making the U.S. News and World Report's top ten list. Penn State's other top-ranking programs include education, social sciences, nursing and law. Penn State truly offers a superior education at a competitive price, a combination that makes it almost irresistible for many students.

In order to provide the best possible learning environment for these and all of its programs, PSU takes pride in its state-of-the-art facilities, such as the brand new IST Building and the Law Building. The Millennium Science Complex, a ground-breaking 275,000 square foot research center, is expected to be completed by the fall of 2011 and will be recognized as one of the largest buildings on any college campus.

Students' growing interest in Penn State is reflected in the application and enrollment numbers. Both figures have steadily increased in the past, and the trend is expected to continue in the coming years. In 2010, Penn State received 115,000 applications, approximately 6,000 more than the previous year. The increase in enrollment has been more gradual in order to maintain high admissions standards for the most talented students, but the change is still significant. Enrollment in 2005 reached an all-time high of 42,039 students, and by 2010 grew to 44,034, an increase of 2,000 students. Enrollment for the 2011-2012 school year is expected to reach 45,000 students, despite the end of the recent surge of college-bound high school students the nation experienced – a clear indication that Penn State is growing in popularity.

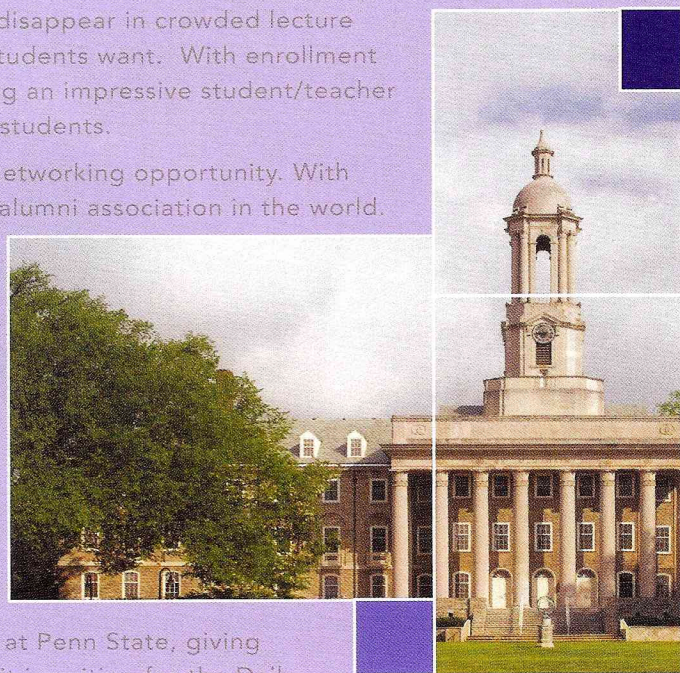


While Penn State can seem overwhelmingly large, students do not disappear in crowded lecture halls. Penn State provides the personal academic experience that students want. With enrollment well over 40,000 Penn State tends to students' needs by maintaining an impressive student/teacher ratio of 17:1. Furthermore, over 30% of classes have fewer than 20 students.

Students are attracted to Penn State also because of the amazing networking opportunity. With over 160,000 members, Penn State boasts the largest dues-paying alumni association in the world. Students who attend Penn State know they will form lasting relationships with fellow Penn Staters, connections sure to benefit them in the working world and beyond. Penn State has made a name for itself especially in the corporate world. The Wall Street Journal reports that corporate recruiters rank Penn State students most desirable for hire, meaning companies favor Penn State students over students from any other school. Recruiters claim that Penn State students are the most well rounded and prepared, and they tend to be the most successful in their firms.

Aside from academics, students love Penn State because of the opportunity to participate in any number of clubs, sports and activities. There are several hundred student-run organizations at Penn State, giving all students the chance to engage in virtually any activity. Whether it is writing for the Daily Collegian, joining a sorority or fraternity, participating in service projects, or playing intramural sports, students enjoy coming together outside of the classroom to do what they enjoy and meet new people who share their interests.

The notorious Penn State "WE ARE!" chant echoes throughout the world. Whether students are cheering on the Nittany Lions and legendary Coach Joe Paterno in Beaver Stadium, or spilling out of the Bryce Jordan Center to participate in THON, the 46-hour dance marathon is the largest student-run philanthropy in the world. The proceeds of THON aid the families of children with pediatric cancer and also go to research for a cure for childhood cancer. The Penn State spirit is overwhelming. The Penn State network is vast and ubiquitous, but the undeniably proud spirit of Penn State makes all members of its worldwide community feel like part of a tight-knit group.



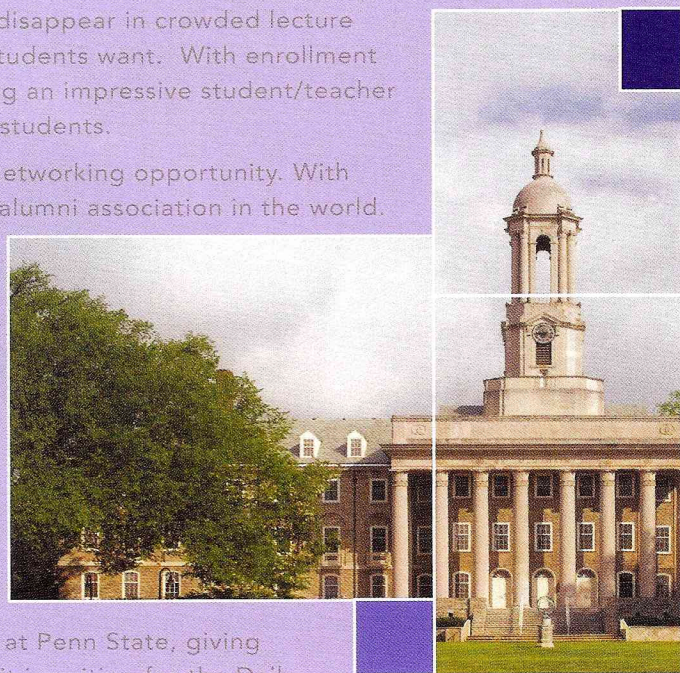


While Penn State can seem overwhelmingly large, students do not disappear in crowded lecture halls. Penn State provides the personal academic experience that students want. With enrollment well over 40,000 Penn State tends to students' needs by maintaining an impressive student/teacher ratio of 17:1. Furthermore, over 30% of classes have fewer than 20 students.

Students are attracted to Penn State also because of the amazing networking opportunity. With over 160,000 members, Penn State boasts the largest dues-paying alumni association in the world. Students who attend Penn State know they will form lasting relationships with fellow Penn Staters, connections sure to benefit them in the working world and beyond. Penn State has made a name for itself especially in the corporate world. The Wall Street Journal reports that corporate recruiters rank Penn State students most desirable for hire, meaning companies favor Penn State students over students from any other school. Recruiters claim that Penn State students are the most well rounded and prepared, and they tend to be the most successful in their firms.

Aside from academics, students love Penn State because of the opportunity to participate in any number of clubs, sports and activities. There are several hundred student-run organizations at Penn State, giving all students the chance to engage in virtually any activity. Whether it is writing for the Daily Collegian, joining a sorority or fraternity, participating in service projects, or playing intramural sports, students enjoy coming together outside of the classroom to do what they enjoy and meet new people who share their interests.

The notorious Penn State "WE ARE!" chant echoes throughout the world. Whether students are cheering on the Nittany Lions and legendary Coach Joe Paterno in Beaver Stadium, or spilling out of the Bryce Jordan Center to participate in THON, the 46-hour dance marathon is the largest student-run philanthropy in the world. The proceeds of THON aid the families of children with pediatric cancer and also go to research for a cure for childhood cancer. The Penn State spirit is overwhelming. The Penn State network is vast and ubiquitous, but the undeniably proud spirit of Penn State makes all members of its worldwide community feel like part of a tight-knit group.





# MARKET

## INFORMATION

### EXISTING STUDENT HOUSING COMPLEXES

In identifying the market availability of student housing the chart below shows 25 complexes with greater than 100 beds in the immediate PSU market area. All of this development activity has occurred within Ferguson Township, Patton Township and the Borough of State College.

We have broken out the Top 11 complexes that would compete with new development. These are the most competitive complexes to the property and are represented on the aerial map (pages 16-17).

### EXISTING STUDENT HOUSING

Name of Complex	Number of Units/Beds	Address	Year Built	Rent	Amenities	Cable	Internet	Electric	Furnished
Parkway Plaza	635 units	1000 Plaza Drive State College, PA 16801	1960	\$670-\$1,407	Pool and gas grills; computer lab; fitness center	Yes	Yes	Yes	Available
Toftrees	541 units	501 Toftrees Avenue State College, PA 16801	1970	\$685-940	Pet friendly; close to Toftrees golf course; fireplaces available	No	No	No	Available
Vairo Village	410 units	10 Vairo Boulevard State College, PA 16803	1972-74	\$565-\$1,200	New pool; new fitness center; bus pass; resident lounge	No	No	No	Available
State College Park	684 beds	348 Blue Course Drive State College, PA 16803	1996	\$474-629 per person	Bus pass, free tanning, recreation center	Yes	Yes	No	Yes
Nittany Crossing	752 beds	601 Vairo Boulevard State College, PA 16803	1991 - renovated	\$475-\$634 per person	Upgraded fitness center, media room, computer center	Yes	Yes	No	Yes
Lions Crossing	696 beds	201 Vairo Boulevard State College, PA 16803	1996 - renovated	\$479-\$639 per person	Pool; fitness center; volleyball, basketball and tennis courts	Yes	Yes	No	Yes
The Allenway	156 units	315 South Allen Street State College, PA 16801	1975	\$630-\$1,210	Covered parking; on-site laundry; close to campus	Yes	No	No	Available
Briarwood Apartments	219 units	679-A Waupelani Drive State College, PA 16801	1958 - renovated 2006	\$729-\$1,969	Pet friendly; free parking; patio or balcony	No	No	No	No
Executive House	145 units	411 Waupelani Drive State College, PA 16801	Late 1960s	\$660-\$995	Hardwood floors; sliding glass doors to balcony; pet friendly	Yes	No	Yes	No
Lions Gate Apartments	244 units	424 Waupelani Drive State College, PA 16901	1970s - renovated	\$710-\$1,245	Pet friendly; tennis and basketball courts; walk-in closets	Yes	No	No	Available
Nittany Gardens	359 units	445 Waupelani Drive State College, PA 16801	1970s - renovated	\$851-\$1,268	Pool; wall-to-wall carpeting; additional on-site storage	Yes	No	Yes	Available
The Pointe	294 units/ 984 beds	501 Vairo Boulevard State College, PA 16801	2000	\$499-\$609	Fully furnished, pool, indoor basketball, tanning	Yes	Yes		Yes



Name of Complex	Number of Units/Beds	Address	Year Built	Rent	Amenities	Cable	Internet	Electric	Furnished
Park Crest Terrace	240 units	1400 Martin Street State College, PA 16803	1993	\$769-\$869	Community pool; playground; students/elderly community	No	No	No	No
The Meridian on College Avenue	227 units	646 East College Avenue State College, PA 16801	1990	\$795-\$1,800	On-site laundry; fitness center; study lounge	No	No	No	Yes
Beaver Hill Apartments	186 units	340 East Beaver Avenue State College, PA 16801	Late 1970s - renovated	\$688-\$2,580	Close to campus, study lounge; computer lab; fitness room	Yes	No	Yes	Yes
Cedarbrook	140 units	320 East Beaver Avenue State College, PA 16801	Late 1970s - renovated	\$799-\$2,508	Close to campus, fitness room, on-site laundry	Yes	No	Yes	Yes
Alexander Court	254 beds	309 East Beaver Avenue State College, PA 16801	Late 1970s - renovated	\$1,059-\$1,896	Close to campus; study lounge; computer lab; fitness room	Yes	No	Yes	Yes
Centre Court	200 beds	141 South Garner Street State College, PA 16801	2006	\$3,100	On-site laundry; fitness room; private bedrooms	Yes	No	Yes	Yes
Campus Tower	100 beds	419 East Beaver Avenue State College, PA 16801	2006	\$2,355-\$3,150	Luxury furnishings; fitness room; wall-to-wall carpeting	Yes	No	Yes	Yes
Penn Tower	Over 400 beds	255 East Beaver Avenue State College, PA 16801	1970s - renovated	\$795-\$2,200	Wall-to-wall carpeting; close to campus; balcony	Yes	No	Yes	Yes
Beaver Terrace	100 units	456 East Beaver Avenue State College, PA 16801	1980s - renovated	\$985-\$1,950	Close to campus; on-site parking; on-site laundry	No	No	No	Yes
Armenara Plaza	60 units/ over 100 beds	131 Sowers Street State College, PA 16801	1970s - renovated	\$725-\$1,580	Close to campus; wall-to-wall carpeting; on-site laundry	No	No	No	Yes
Bryce Jordan Tower	54 units/over 150 beds	463 East Beaver Avenue State College, PA 16801	2003	\$2,355-\$2,900	Luxury furnishings; full-size beds; parking available	Yes	No	Yes	Yes
The Palmerton	200 beds	316 West Beaver Avenue State College, PA 16801	2003	\$1,361-\$2,721	Newest apartments in State College; parking available; close to campus	Yes	Yes	Yes	Yes
Nicholas Tower	Over 150 beds	301 South Pugh Street State College, PA 16801	1990s	\$1,324-\$2,541	Central air and heating; covered parking; private balconies	Yes	No	Yes	Yes

Since 1996, seven projects totaling 2,318 beds were built. Twenty-five buildings exist with more than 100 beds. Of those buildings there are 3,656 total units with an average of three beds per unit totaling 10,968 beds.





**Lions Crossing**  
201 Vairo Boulevard  
696 Beds  
Built 1996 (renovated)  
\$479-\$639/person



**Nittany Crossing**  
601 Vairo Boulevard  
752 Beds  
Built 1991 (renovated)  
\$475-\$634/person



**The Pointe**  
501 Vairo Boulevard  
294 Units / 984 Beds  
Built 2000  
\$499-\$609/bed



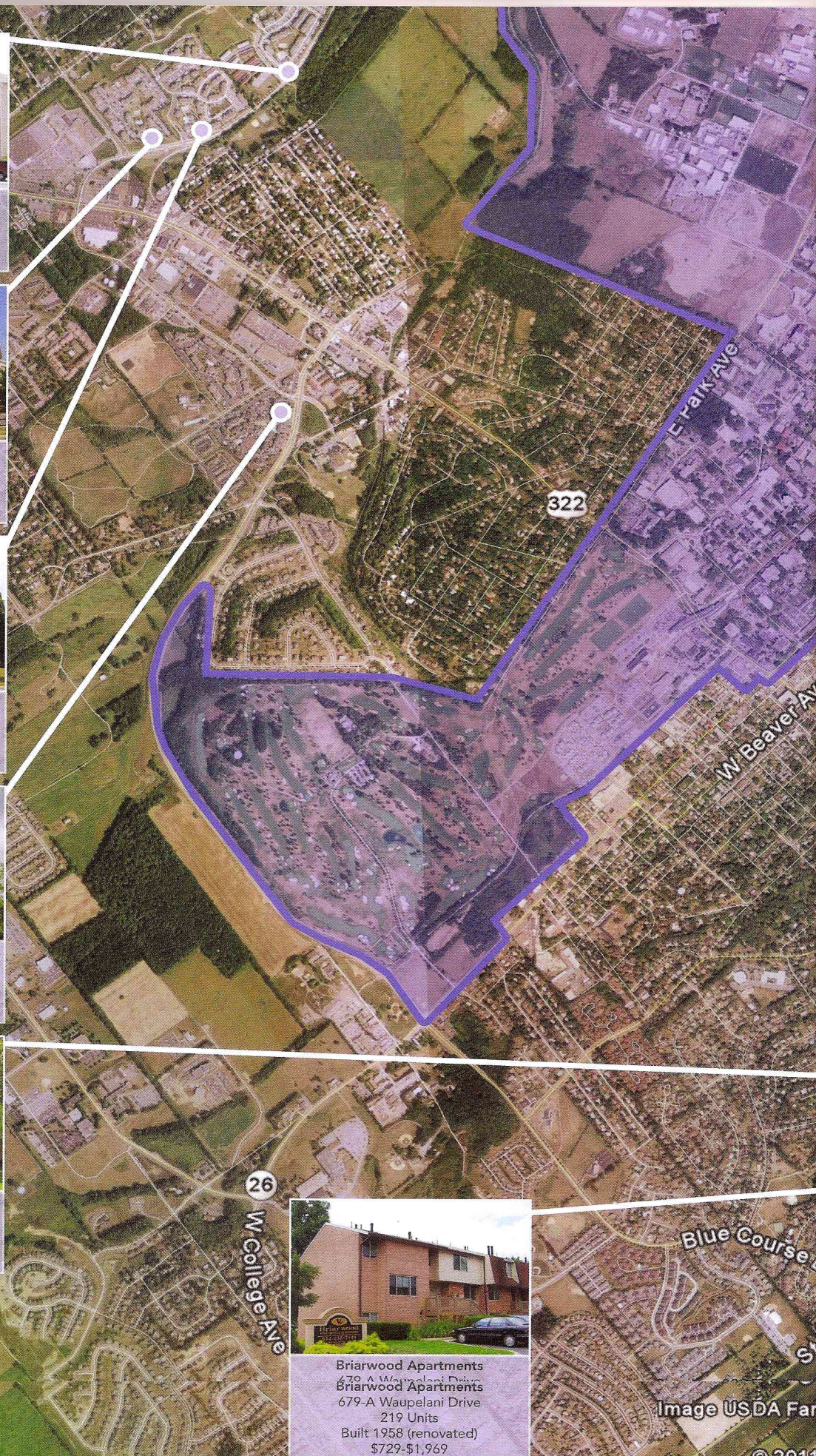
**State College Park**  
348 Blue Course Drive  
684 Beds  
Built 1996  
\$474-\$629/person



**Nittany Gardens**  
445 Waupelani Drive  
200 Beds  
Built 1970's (renovated)  
\$851-\$1,258



**Briarwood Apartments**  
670 A Waupelani Drive  
Briarwood Apartments  
679-A Waupelani Drive  
219 Units  
Built 1958 (renovated)  
\$729-\$1,969





## PENN STATE CAMPUS



**Campus Tower**  
419 E. Beaver Avenue  
100 Beds  
Built 2006  
\$2,355-\$3,150/4 or 4 beds per unit



**Bryce Jordan Tower**  
463 E. Beaver Avenue  
Over 150 Beds  
Built 2003  
\$2,355-\$2,900



**Centre Court**  
419 Garner Street  
200 Beds  
Built 2006  
\$3,100/4 beds per unit



**Penn Tower**  
255 E. Beaver Avenue  
Over 400 Beds  
Built 1970 (renovated) \$795-\$2,200



**The Palmerton**  
316 W. Beaver Avenue  
200 Beds  
Built 2003  
\$1,361-\$2,721

## THE PROPERTY



## NATIONAL & REGIONAL MARKET INFORMATION

### OVERVIEW

Student-Housing properties, such as the subject, are primarily referred to as apartment complexes that are located near college campuses, cater exclusively to students and rent by the bed. The demand for a student housing property is directly related to the enrollment trends of a university rather than general population trends. The off-campus student-housing facilities are designed specifically for those students who have the option of living off campus. Many universities require the freshmen and sophomore classes to live in on-campus dormitories, if space permits. The purpose of this section of the report is to analyze the national enrollment trends as well as historical and current patterns of student-housing properties. A general overview regarding investment opportunities within this niche market is also presented.

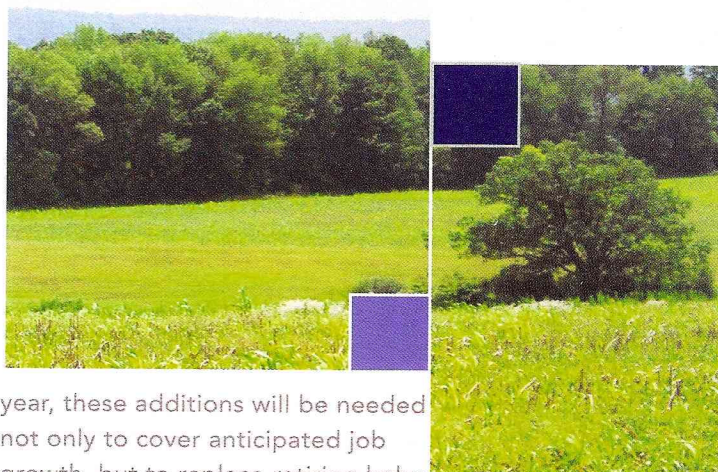
The statistics included in this section were obtained from the most recent Real Capital Analytics (RCA) report as well as other national sources such as the U.S. Department of Education (USDE) and the National Center for Education Statistics (NCES). We also referred to nationally published articles by various sources that track this particular market segment.

### STUDENT HOUSING DISCUSSION

A developing niche in the multi-family housing arena is the Student Housing market. Student-housing projects are being built off campus by private developers since universities, in general, have been unable to keep up with mounting demand due to high cost. The most recent off-campus housing trends have become more upscale, as students look for extra amenities that offer an apartment lifestyle with more privacy that does not exist in most dormitory environments. Given the heightened demand nationally, developers have responded with the delivery of more than 21,000 units between 2000 and 2008. An additional 8,500 units will reportedly be added by the end of 2010.

### DEMAND FOR STUDENT-HOUSING PROJECTS

According to various sources, enrollment at colleges is expected to increase over the next 20 years. Based on the U.S. Department of Education (USDE) projections, college enrollment is expected to increase from approximately 19,102,000 in 2008 (latest available figures) to 20,620,000 by 2018, representing an increase of approximately 13.30 percent. Stimulating the demand for more housing is the fact that more than 15 million workers with degrees will be needed nationwide through 2012. Despite the current recession, as the employment situation rebounds late this



year, these additions will be needed not only to cover anticipated job growth, but to replace retiring baby boomers.

The greatest increase will be among full-time students, where it is projected that 1.4 million, or nearly 16.0 percent, additional students will be attending college full-time over the next 10 years. Since full-time students are those students that are most likely to seek student-oriented rental housing, the future outlook of the student-housing market remains positive.

### NATIONAL ENROLLMENT TRENDS

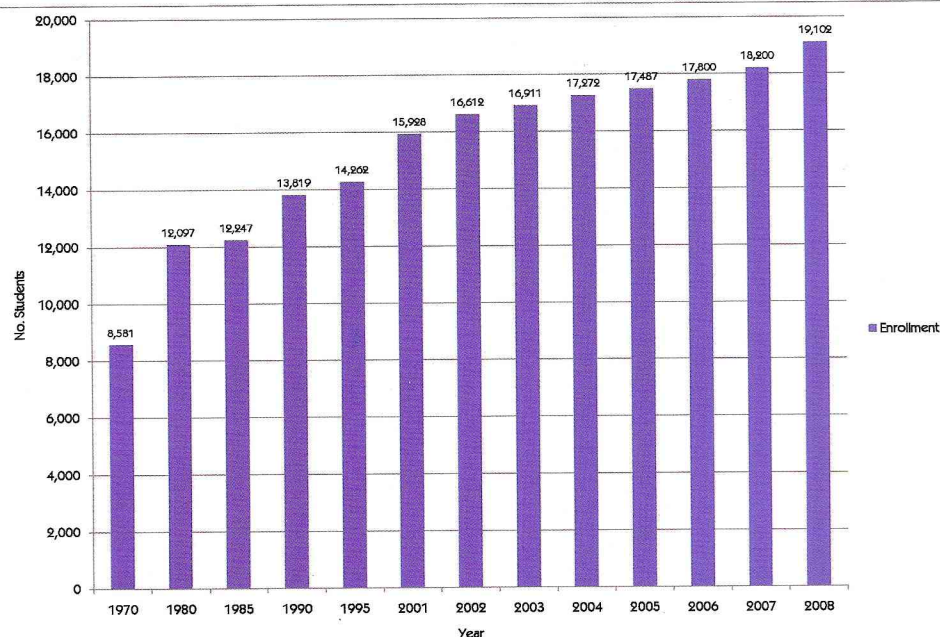
According to the National Center for Education Statistics (NCES), fall enrollment in degree-granting institutions has increased by more than 120.0 percent between 1970 and 2008 and by nearly 40.0 percent since 1990. Between 1995 and 2008, enrollment increased at a faster rate (23.0 percent), from 14.2 million to 18.2 million. Much of the growth between 1995 and 2005 was in female enrollment; the number of men enrolled rose 18.0 percent, while the number of women increased by 27.0 percent. During the same time period, part-time enrollment rose by 9.0 percent compared to an increase of 33.0 percent in full-time enrollment. In addition to the enrollment in accredited 2-year colleges, 4-year colleges, and universities, the student population at community colleges is up significantly from prior years. The American Association of Community Colleges (AACC) reports that community colleges experienced a 17 percent increase in enrollment from fall 2007 to fall 2009. The AACC statistics show that the nation's 1,177 community colleges enroll about 12 million students, serving about 44 percent of the undergraduate students in the United States. However, only about 320 community colleges offer on-campus housing according to the AACC. As of Fall 2008 (which is the most recent school year reported by the NCES), national enrollment in degree-granting institutions stood at 19.1 million, of which 11.7 million are full-time students.



## NATIONAL ENROLLMENT TRENDS (In Thousands)

Fall Year	Total Enrollment	Full-Time	Part-Time
1970	8,581	5,816	2,765
1980	12,097	7,098	4,999
1985	12,247	7,075	5,172
1990	13,819	7,821	5,998
1995	14,262	8,129	6,133
2001	15,928	9,447	6,480
2002	16,612	9,946	6,665
2003	16,911	10,312	6,589
2004	17,272	10,610	6,662
2005	17,487	10,797	6,690
2006	17,800	11,000	6,800
2007	18,200	11,300	6,900
2008	19,102	11,747	7,355
% Change - Annual	2.25%	1.97%	2.75%
% Increase - Total	122.61%	101.98%	166.00%

Source: NCES (National Center for Education Statistics), August 2010.



Enrollment trends have differed at the undergraduate, graduate and first professional levels. Undergraduate enrollment generally increased during the 1970's, but dipped slightly between 1983 and 1985. From 1985 to 1992, undergraduate enrollment increased each year, rising 18.0 percent before declining slightly and stabilizing between 1993 and 1996. Undergraduate enrollment rose 21.0 percent between 1996 and 2005. Graduate enrollment had been steady at about 1.3 million in the late 1970's and early 1980's, but rose about 66.0 percent between 1985 and 2008. Between 2008 and 2018, NCES projects an increase of 13.30 percent or approximately 1.5 million students.

## NATIONAL ENROLLMENT PROJECTIONS: 2010 and 2018 (In Thousands)

Fall Year	Total Enrollment	Full-Time	Part-Time
2013	19,710	12,290	7,421
2018	20,620	12,932	7,688
% Increase (2008 - 2013)	8.30%		
% Increase (2008 - 2018)	13.30%		

Source: NCES (National Center for Education Statistics), August 2010.







1/12/2012

## Aspen Heights

Revised L.D. Plan would be submitted to reduce 200' buffer to 50' buffer  
Need clarification of Riparian Buffer & how it is applied to intermittent stream.

35' min. up to 65' additional depending on flood plain designation  
Sewer Service - Bro has capacity but approval of sewer would need Council approval.

Need pump station  
Secondary Access in Bro - need HOP

Traffic Improvements based on TIS - PADOT HOP.

Blue Creek Dr. - developers obligation to Construct.

Subgrant - PSH will provide easement for pond if necessary

Sewer - tax fees through UASB

Water - " "

Parkland fee -  $2.54/\text{sq. ft.} \times 1133/\text{persons.}$

Blkg. separation 20' (?)

Concerned w/ net acreage for development

Minimum 5 units/acre - average 7-8 units/acre.



PSU - Whitaker  
Trust

12/29/2011



The Hotel Hershey®  
Since 1933

Phone 717-533-2471 • Hershey, Pennsylvania 17033 • Fax 717-534-8887

HersheyMeetings.com

Craig Rickards 865-1246  
777-1246

Long Contingency Periods for approvals.

Concerns with development approval process.

> Charles Elliott - Managing Director  
> Richard Keyser V.P. Commercial Acq. & Dev.  
Tulane Univ. B.A. / American MBA

The Mills @ Princeton Junction  
Mercer Co. New Jersey  
Dulles Green, Herndon, Virginia

Michael Jordan - PSU grad. Asst. V.P. & Controller



Toll Brothers  
America's Luxury Home Builder®

Toll Brothers Realty Trust  
Toll Brothers Commercial  
250 Gibraltar Road  
Horsham, PA 19044

CHARLES L. ELLIOTT  
Managing Director

■ Phone 215-938-8342  
■ Fax 215-293-5695  
■ TollBrothers.com  
■ celliott@tollbrothersinc.com

TOL  
LISTED  
NYSE

Toll Brothers  
America's Luxury Home Builder®

Toll Brothers Realty Trust  
250 Gibraltar Road  
Horsham, PA 19044

RICHARD L. KEYSER  
Vice President  
Commercial Acquisitions and Development

■ Phone 215-938-3058  
■ Fax 215-293-5695  
■ TollBrothers.com  
■ rkeyser@tollbrothersinc.com

TOL  
LISTED  
NYSE

CHARLIE VATTEROTT  
EXECUTIVE VP OF DEVELOPMENT  
P 512.389.3030 EXT. 330  
F 512.389.3454  
M 512.970.1317  
cvatterott@nyaspenheights.com  
1501 S. Capital of TX Hwy  
Suite B-201  
Austin, TX 78746  
www.nyaspenheights.com

ASPEN  
HEIGHTS  
RESIDENTIAL SOLIST TOWNS