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Student Housing's Scorching Q3 Start: ARA Newmark Closes Six Deals in Two Weeks

Deals Affirm Sector's Strength, Diversification of Investors and International Demand

Austin, TX (October 2017) — In a torrid start to Q3, ARA, A Newmark Company (ARA Newmark) announces the sale of six student housing properties in the last two weeks across Texas, Colorado and Kentucky. Half of the transactions involved new equity in the sector and two sourced capital from outside the U.S., underscoring the trajectory of the segment and diversification of investors in University-focused apartments.

Ryan Lang, executive managing director and head of ARA Newmark's Student Housing group, along with Brandon Buell, transaction manager and Trent Houchin, senior financial analyst, represented the sellers in all six deals totaling 625 units, 1894 beds and nearly \$200 million in consideration: Two undisclosed assets; Encore at Sam Houston and Student Quarters in Huntsville, TX; The Lex in Lexington, KY; and the first-ever student housing trade in Colorado Springs, CO, The Lookout at Cragmor. Five of the assets were constructed within the last 10 years and three of those assets involved new construction.

"As Student Housing has proven to be recession-resilient, outpacing every other sector since 2008, investors have noticed," said Lang. "The product class has never been more accepted by institutional and international capital, or those seeking more diversified portfolios. That's attracting a lot of new equity to the space."

According to ARA Newmark research, more than a third of student housing transactions to date tapped international capital, up from approximately 20 percent in 2016.

Huntsville, TX – Encore at Sam Houston and Student Quarters Huntsville

New York-based Vesper Holdings sold **Encore at Sam Houston** to an undisclosed private fund. The 132-unit/528-bed, value-add asset sits less than a mile from Sam Houston State University, putting it within biking distance or a private shuttle ride to all classrooms and athletic facilities. Built in 2007, Encore at Sam Houston offers some of the largest floor plans in the market combined with the convenience of on-campus luxuries including private conference rooms, a coffee and breakfast bar, and 24-hour fitness center. At sale, the asset was 100 percent leased and 78.1 percent pre-leased for the 2017-2018 academic year.

Atlanta-based Student Quarters sold the fully-occupied **Student Quarters** to an undisclosed private fund. The 48-unit/192-bed complex is strategically located on Montgomery Avenue, within short walking distance to all classrooms and athletic facilities as well as restaurants, entertainment and nightlife – contributing to 96 percent pre-lease for the 2017-2018 academic year. Built in 2007, Student Quarters offers an unprecedented opportunity to reposition one of the best-located assets near Sam Houston.

“Given both properties boast strong year-to-year occupancy rates on the doorstep of Sam Houston, new ownership can reposition each and exponentially increase net operating income in subsequent years,” said Lang.

Colorado Springs, CO – The Lookout on Cragmor

Kansas-based Newsome Development traded **The Lookout on Cragmor** – the first student community available for sale in the city’s history – to Student Quarters for an undisclosed price. With immediate core-campus walkability to the University of Colorado-Colorado Springs (UCCS), the newly-built asset’s 71 units/151 beds are the only apartments approved by the University as an official vendor, providing increased exposure and synergy within the community. UCCS’ rapid growth and the city’s decade-long dearth of apartment development has created a sizable gap in available housing, leaving 10,000+ students to the private market each year with no plans for additional on-campus housing.

“The Lookout on Cragmor was a one-of-a-kind opportunity to acquire student housing in Colorado Springs as well as a brand new asset at the fastest-growing university in the state in terms of new facilities and enrollment, up 60 percent since 2005,” said Lang.

Lexington, KY – The Lex

Cincinnati-based Eagle Realty Group traded **The Lex** to Campus First Student Living and CF Real Estate Services for \$41.6 million. The Class A trophy community built in 2009 offers 266 units/649 beds in downtown Lexington, the best location for student housing at the University of Kentucky as it continues to set new enrollment records. The property is within walking distance to all classrooms as well as 172 restaurants, bars, and nightlife venues. The Lex is also home to 23,444 square feet of prime retail space with significant upside to its new owner.

About ARA, A Newmark Company

ARA, A Newmark Company (ARA Newmark) is the leading investment advisory firm in the multihousing industry. From marketing the sale of single assets and portfolios to sourcing acquisition and development equity and financing, ARA Newmark provides 360-degree solutions for clients. In addition to market-rate and mixed-use properties, we offer specialized services in land, student, seniors, manufactured and affordable housing.

With the industry’s deepest bench of multihousing advisors, ARA Newmark provides the insight and experience to ensure world-class execution. Our advisors average 20 years’ experience and are the most skillful negotiators in the industry. They are experts in 300+ markets and provide asset-specific customization

that yields highly effective transaction strategies. By leveraging our proprietary database that identifies 200 percent more investor interest, each advisor has ready access to unique market intelligence to drive demand.

Backed by the global resources of Newmark Knight Frank, ARA Newmark matches each client's assets to a robust group of investors – from private and institutional owners to global entities – and accesses nearly every commercial real estate class for options to diversify and profit.

The firm's combination of asset sales, debt and equity services and specialty practice groups yields more than \$19 billion in transaction volume annually. For more on ARA Newmark's multihousing-exclusive services, visit www.aranewmark.com.

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Newmark Knight Frank (NKF) is one of the world's leading commercial real estate advisory firms. Together with London-based partner Knight Frank and independently-owned offices, NKF's 15,000 professionals operate from more than 400 offices in established and emerging property markets on six continents.

With roots dating back to 1929, NKF's strong foundation makes it one of the most trusted names in commercial real estate. NKF's full-service platform comprises BGC's real estate services segment, offering commercial real estate tenants, landlords, investors and developers a wide range of services including leasing; capital markets services, including investment sales, debt placement, valuation and advisory services; commercial mortgage brokerage services; as well as corporate advisory services, consulting, project and development management, and property and corporate facilities management services. For further information, visit www.ngkf.com.

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