



2022 Housing P3 “State of the Industry” Report

REPORT RESULTS & LOOK AHEAD

June 15, 2022



Introductions



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Meeting Agenda

- 01** Evolving Industry Context
- 02** Annual Survey of Higher Education
P3 Transactions
- 03** Spotlight on the University of South Carolina



01

Evolving Industry Context

Evolving Industry Context

P3S/OUTSOURCING IS GROWING AT MOST CAMPUSES

83%

Of college leaders say their campuses are increasing partnerships with private firms

53%

Of college leaders say they are interested in turning to P3s to develop campus facilities and infrastructure

42%

Of college leaders see an opportunity to outsource online program expansion

39%

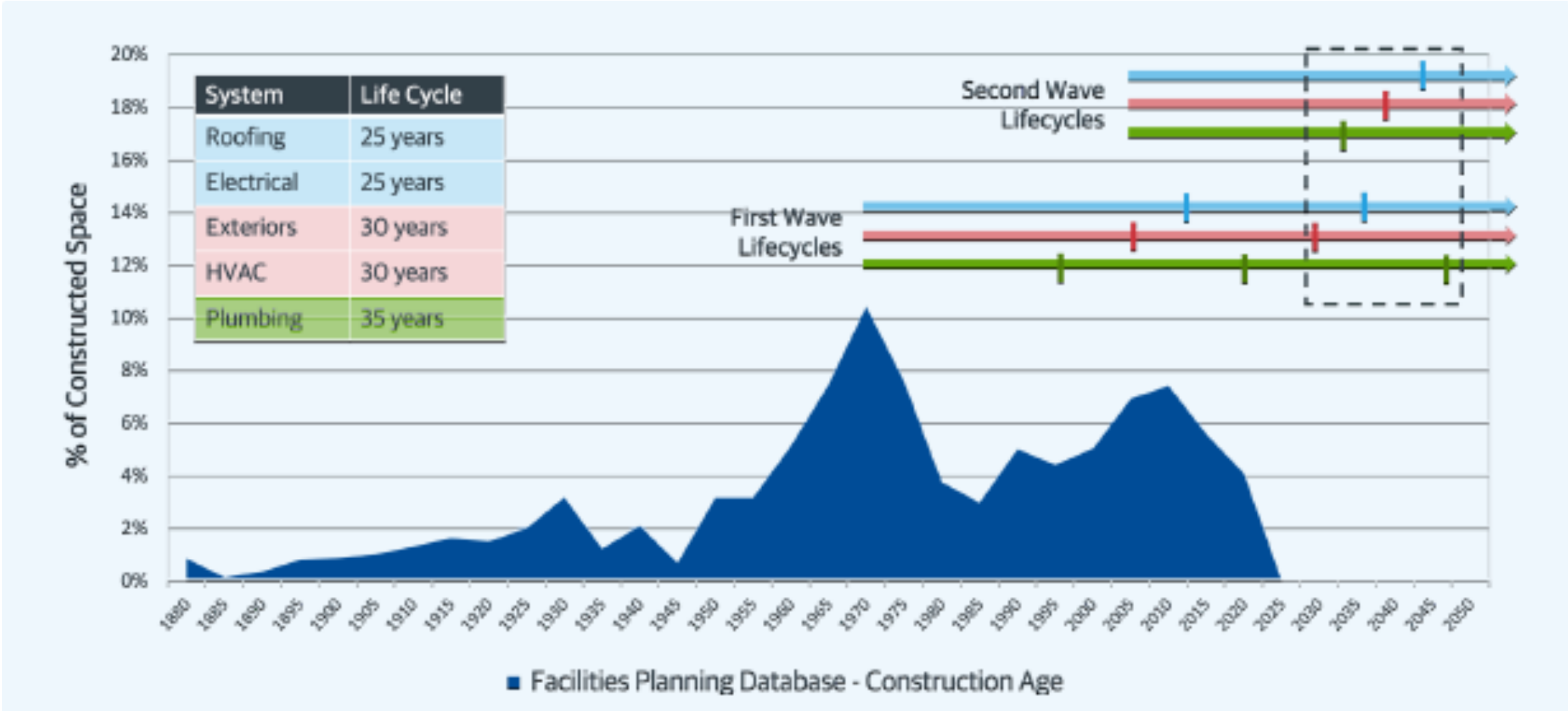
Of college leaders see an opportunity to outsource student housing

(Source: Education Dive, "Outsourcing is growing at most campuses, college leaders say")



Evolving Industry Context

AGING CONTINUES UNABATED



(Source: Gordian)

Evolving Industry Context

ENROLLMENT CHALLENGES

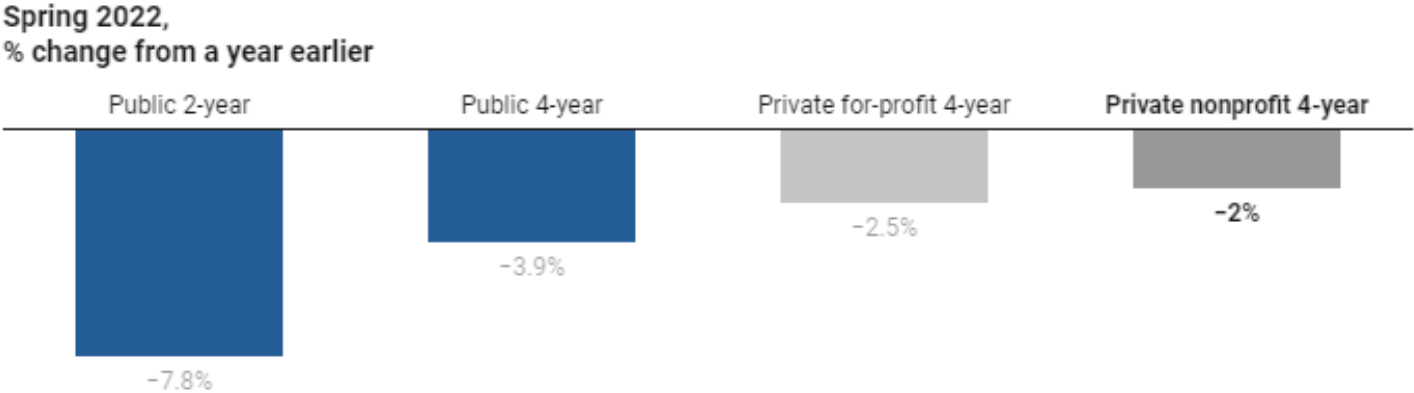
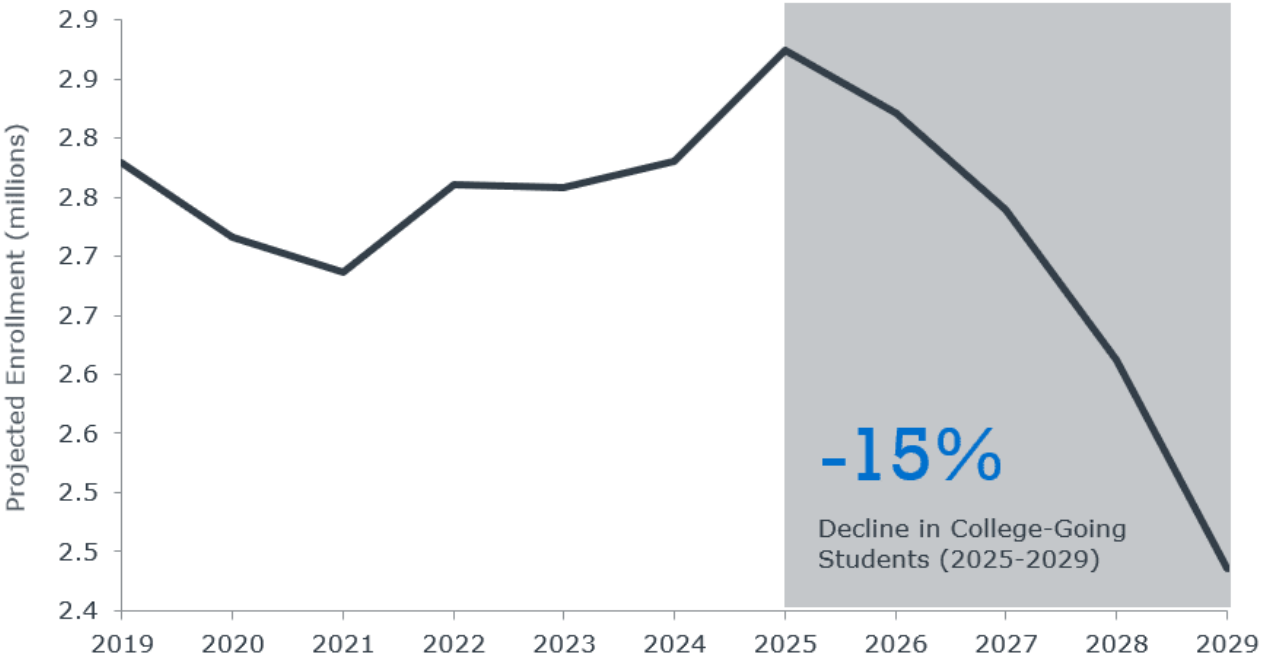


Chart: Audrey Williams June • Source: [National Student Clearinghouse Research Center](#) • [Get the data](#) • Created with [Datawrapper](#)

(Source: The Chronicle of Higher Education)

Enrollment Projected to Drop Sharply After 2025
Forecasted Number of College-Going Students in the U.S. (millions), by Year of High School Graduation

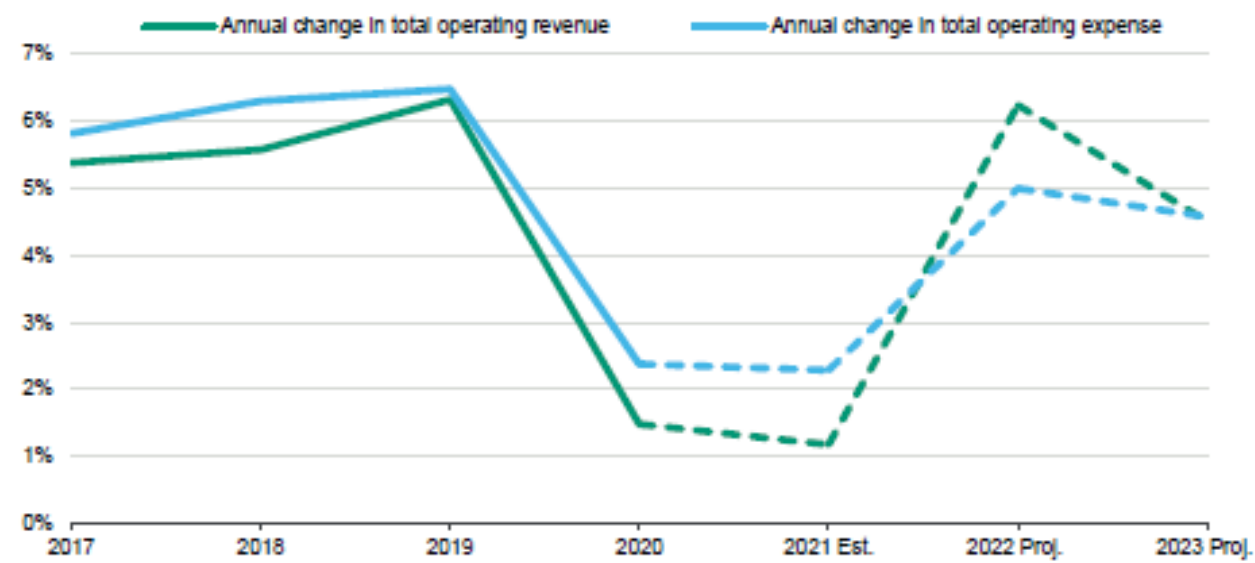


(Source: EAB)

Evolving Industry Context

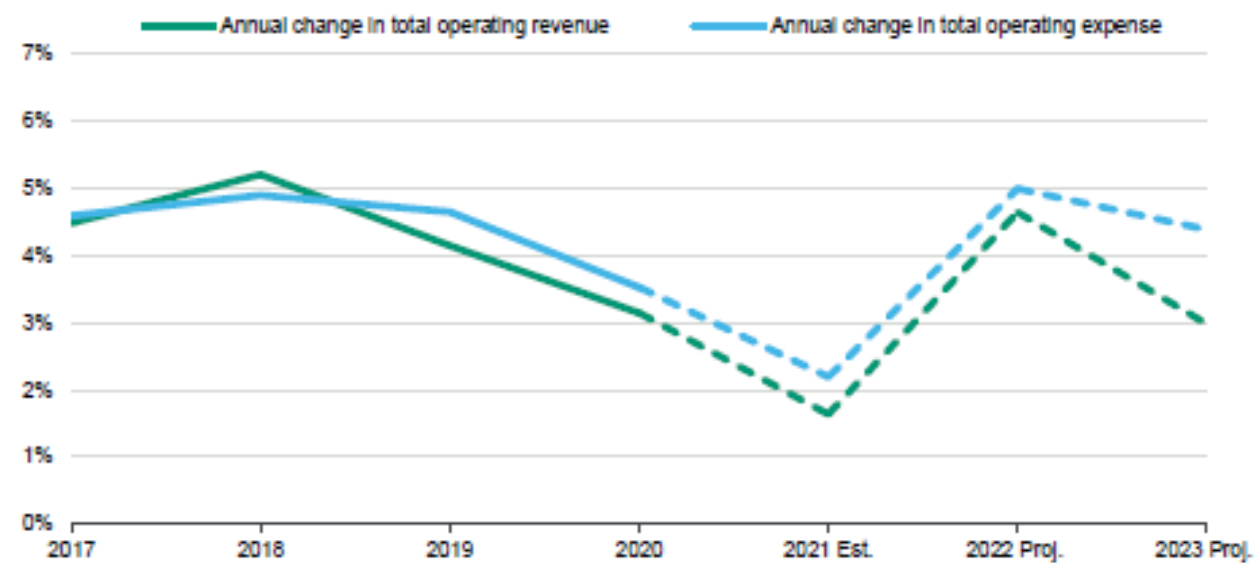
MARKET RATINGS

Revenue will grow faster at private universities, boosting margins...



Only includes four-year colleges

...while slower revenue growth at public institutions will leave them facing tighter margins



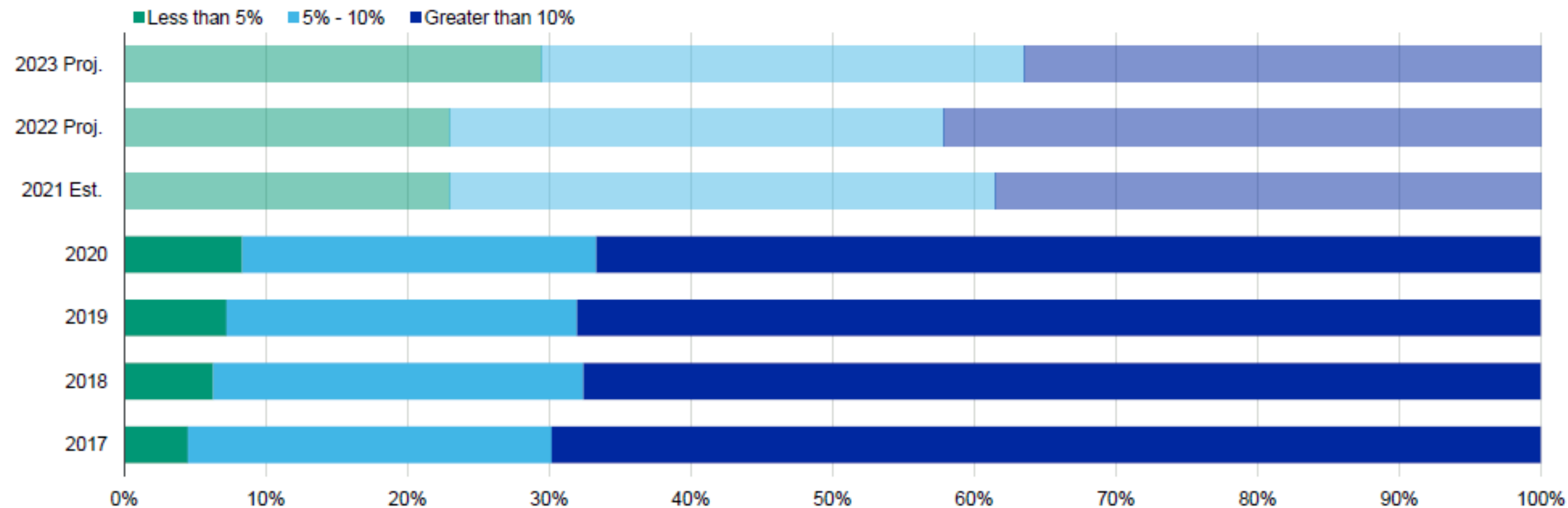
Only includes four-year colleges

(Source: Moody's Investors Service)

Evolving Industry Context

MARKET RATINGS

EBIDA margins will improve gradually but below pre-COVID levels
Public and private universities

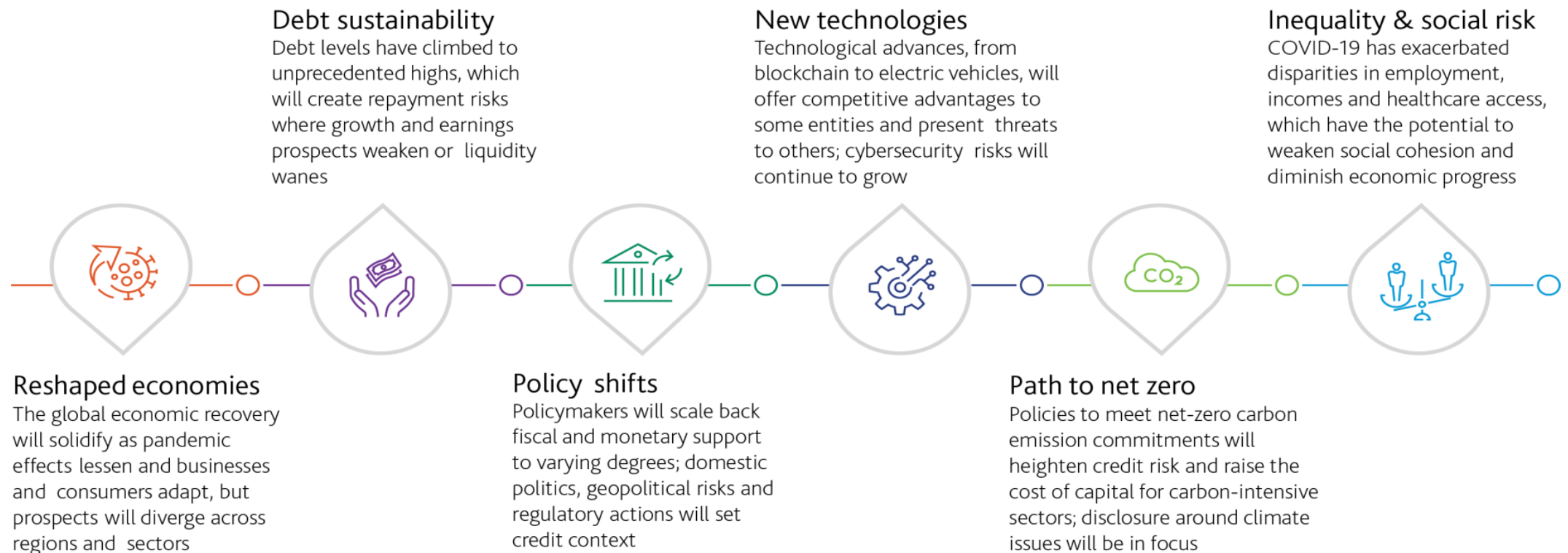


(Source: Moody's Investors Service)

Evolving Industry Context

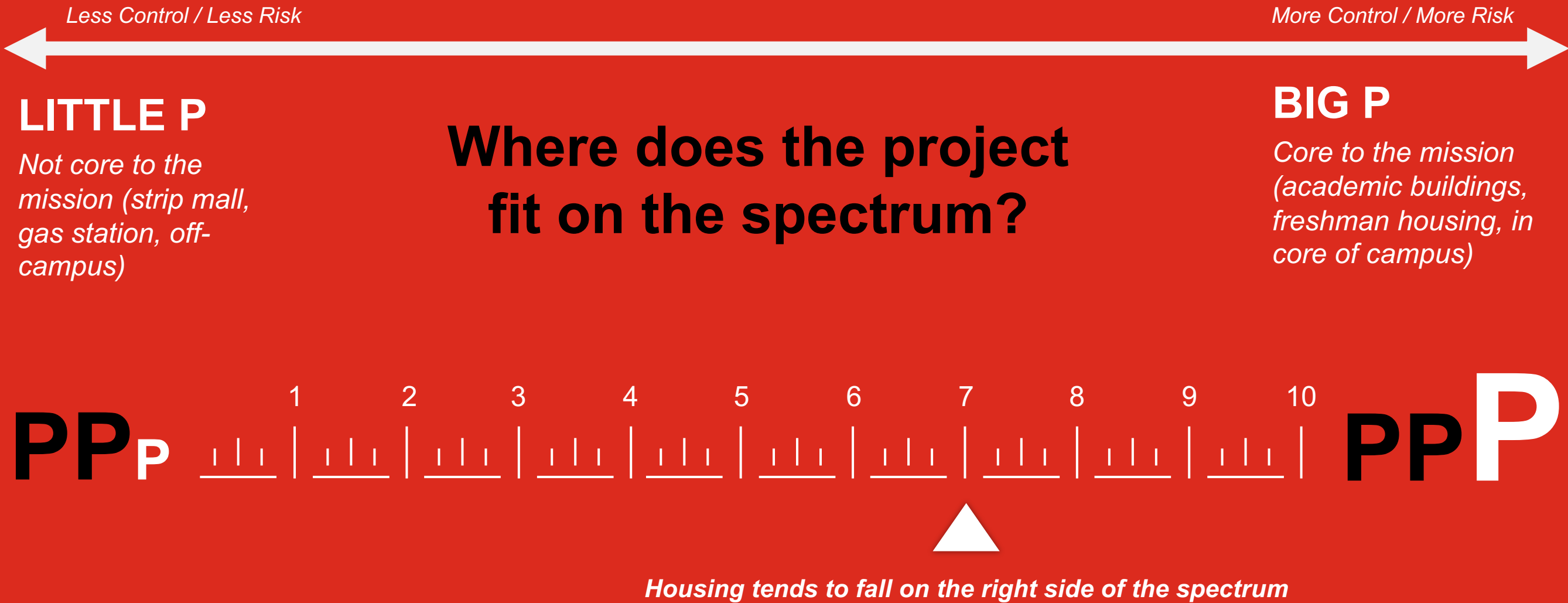
MARKET RATINGS

The credit landscape in 2022



(Source: Moody's Investors Service)

Public Private Partnership – it's all in the third 'P'



02

Annual Survey of Higher Education P3 Transactions

Annual Survey of Higher Education P3 Transactions

GUIDELINES

- › Must be on the University or University Foundation's land
- › Must include equity, 501©3, affiliated or unaffiliated foundations, fee development, or concessionaire structure
- › May or may not be privately managed



Annual Survey of Higher Education P3 Transactions




PARTICIPATING ENTITIES

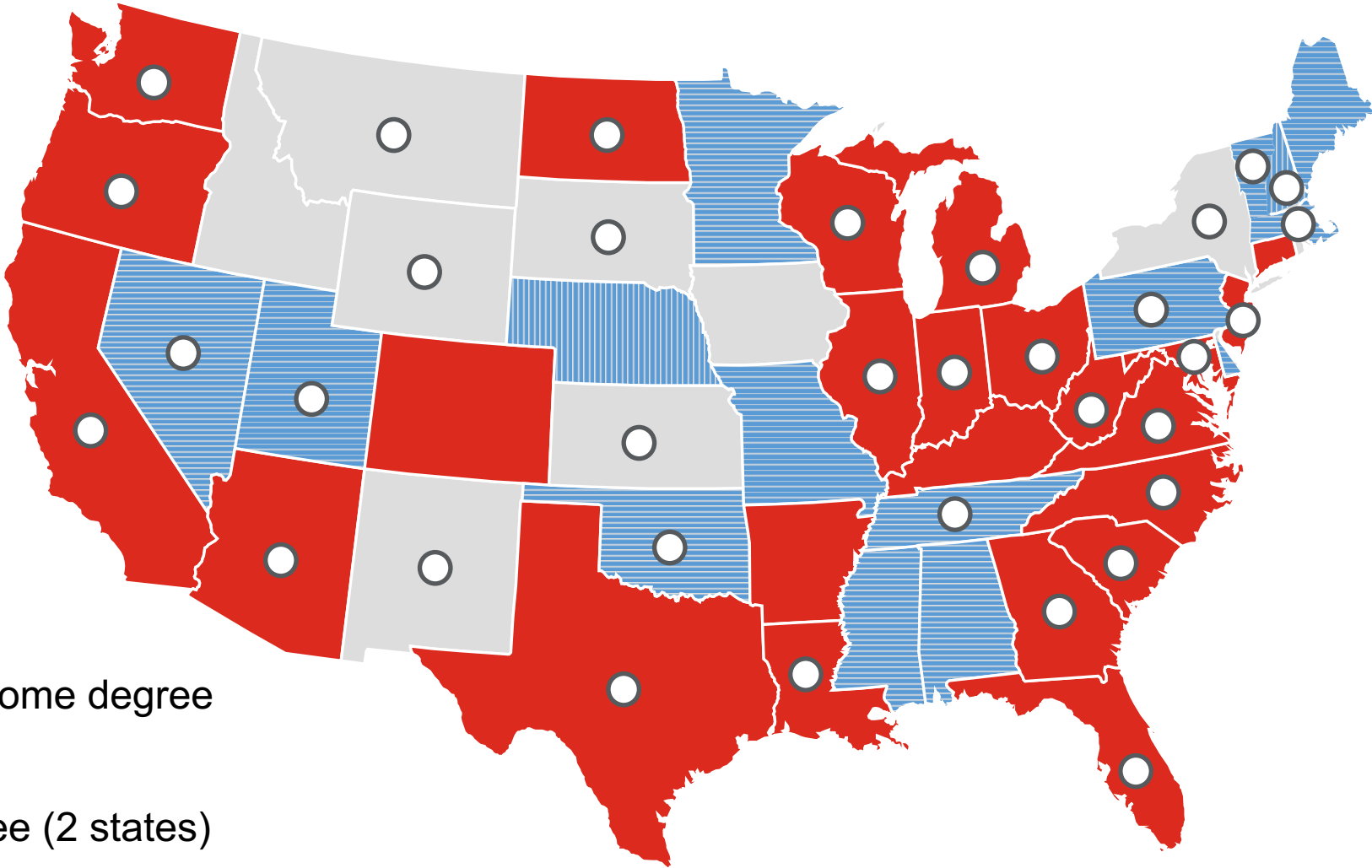


Annual Survey of Higher Education P3 Transactions

PARTICIPATING ENTITIES

41 states enable P3s as of August 2018

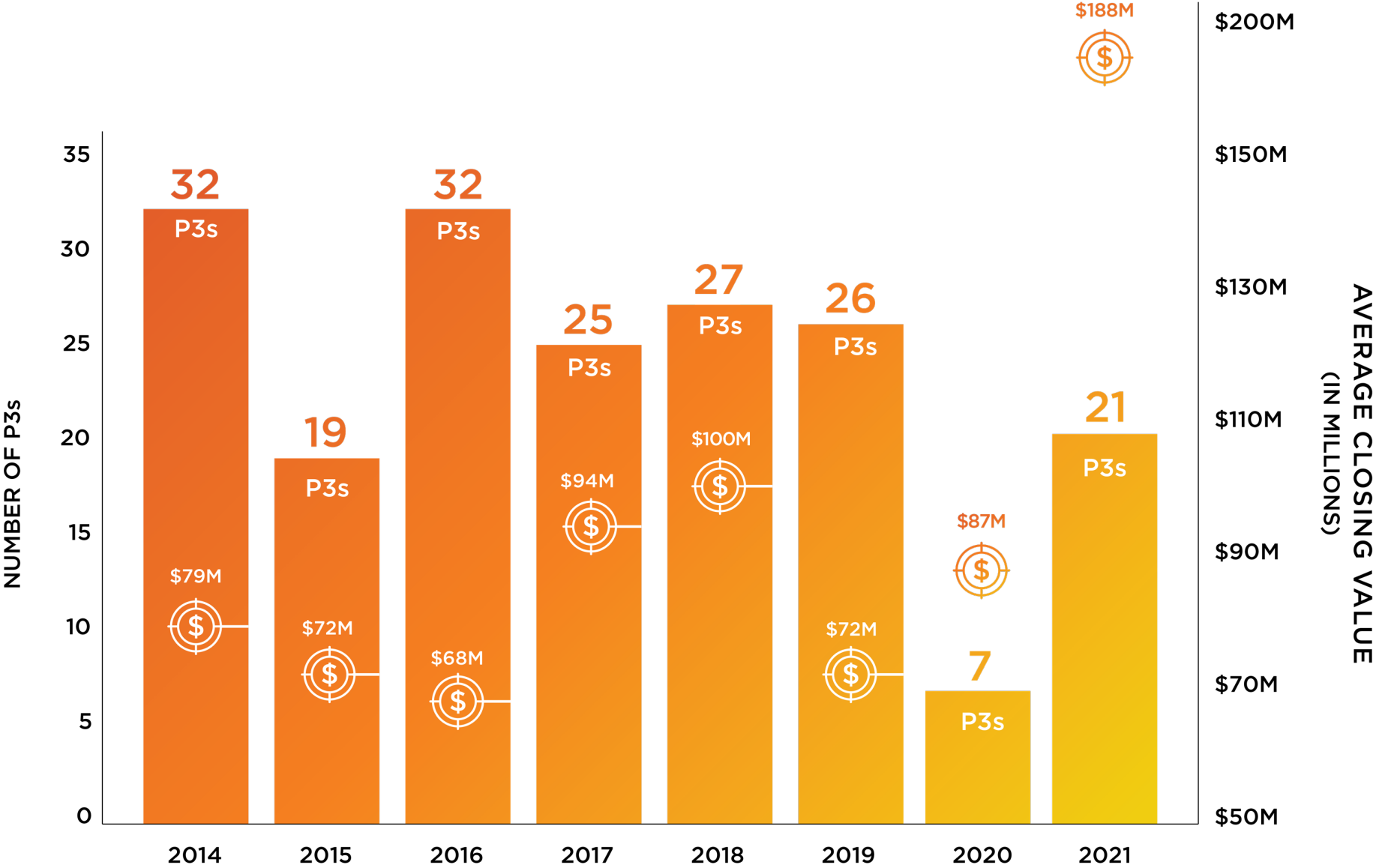
-  Enabling vertical and horizontal P3s to some degree (24 states and DC)
-  Enabling only vertical P3s to some degree (2 states)
-  Enabling only horizontal P3s to some degree (15 states and PR)



Source: Federal Highway Administration, fhwa.dot.gov

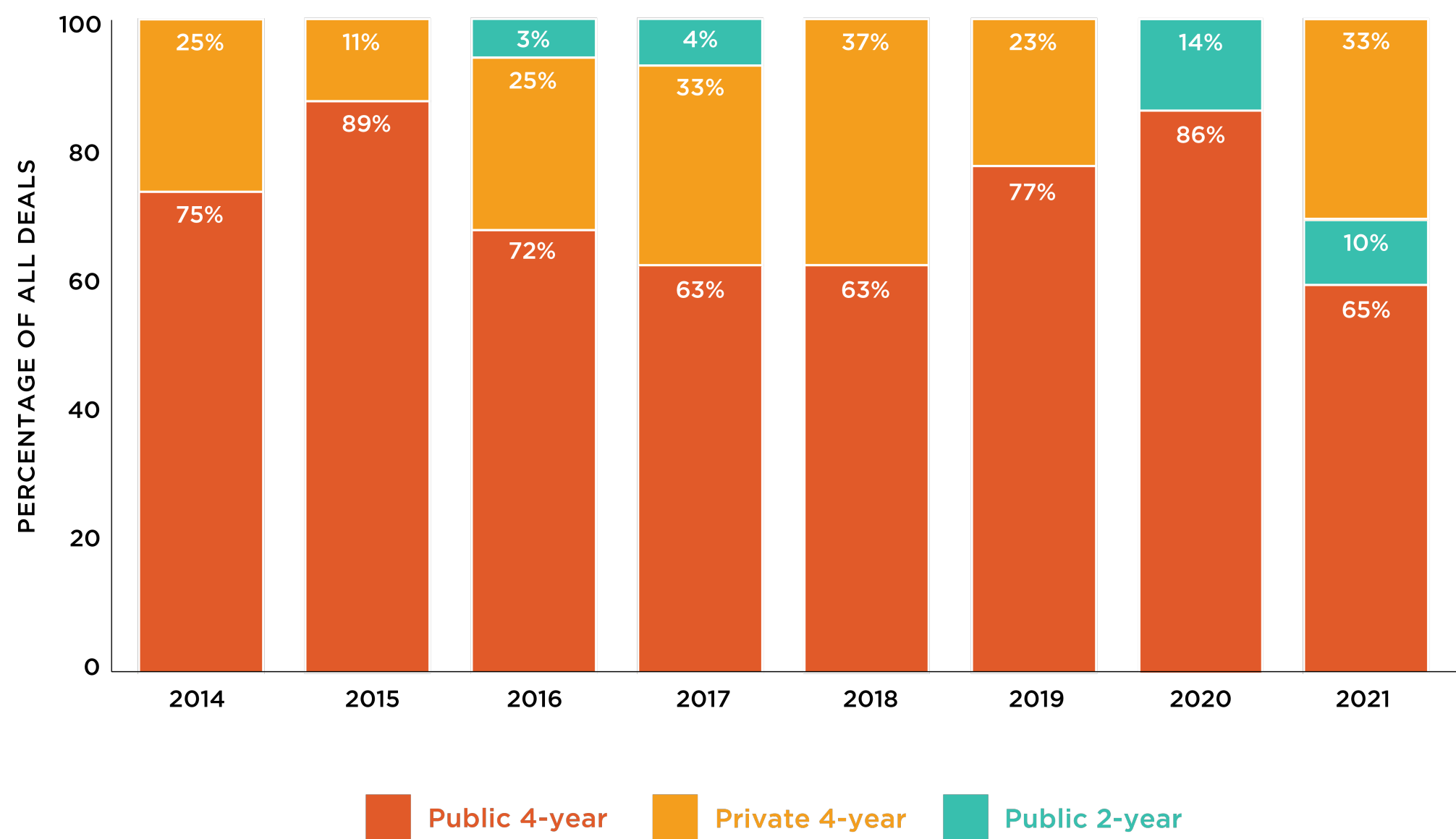
Annual Survey of Higher Education P3 Transactions

NUMBER OF HOUSING P3S AND AVERAGE CLOSING VALUE BY YEAR



Annual Survey of Higher Education P3 Transactions

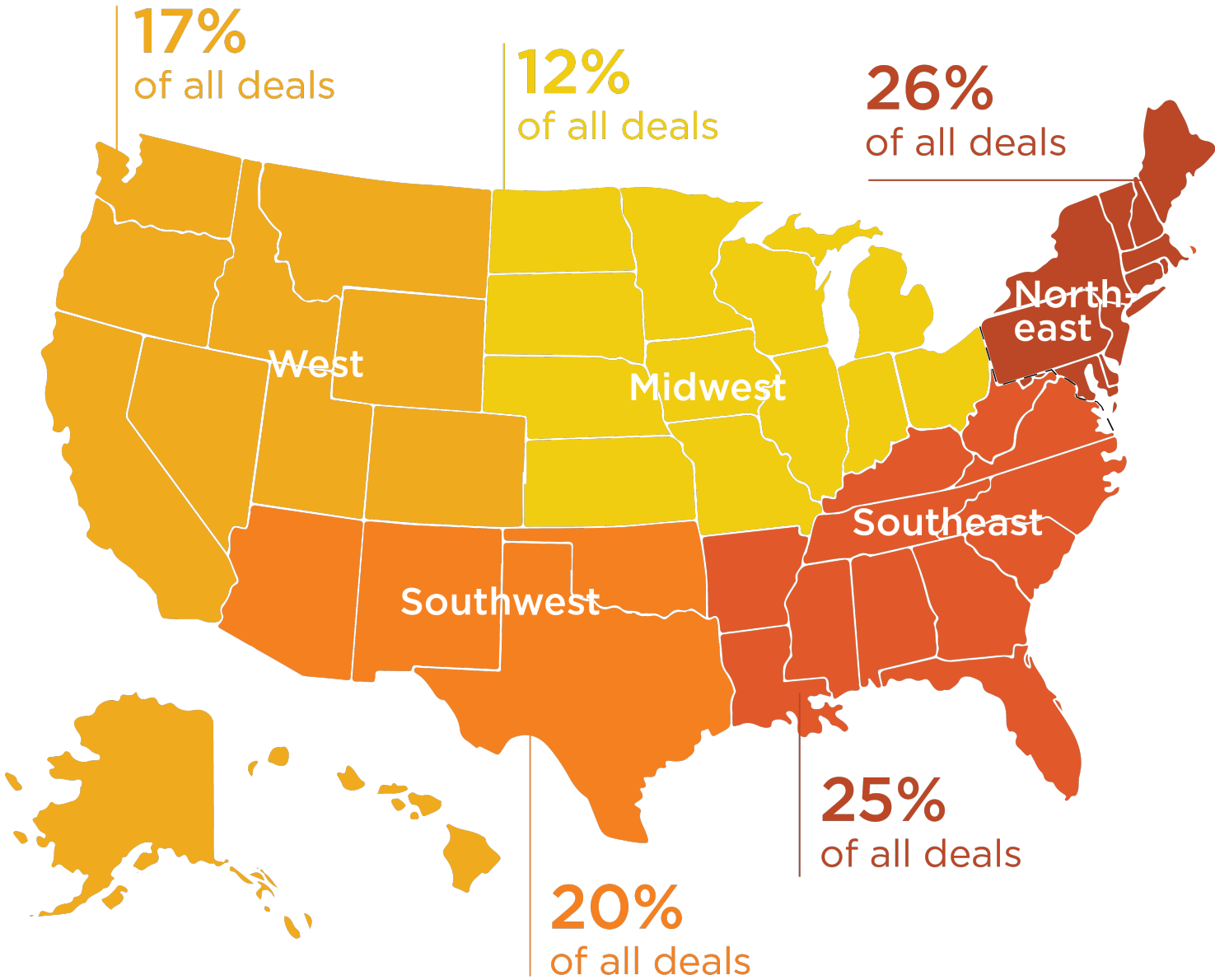
HOUSING P3S BY INSTITUTION TYPE BY YEAR



Annual Survey of Higher Education P3 Transactions

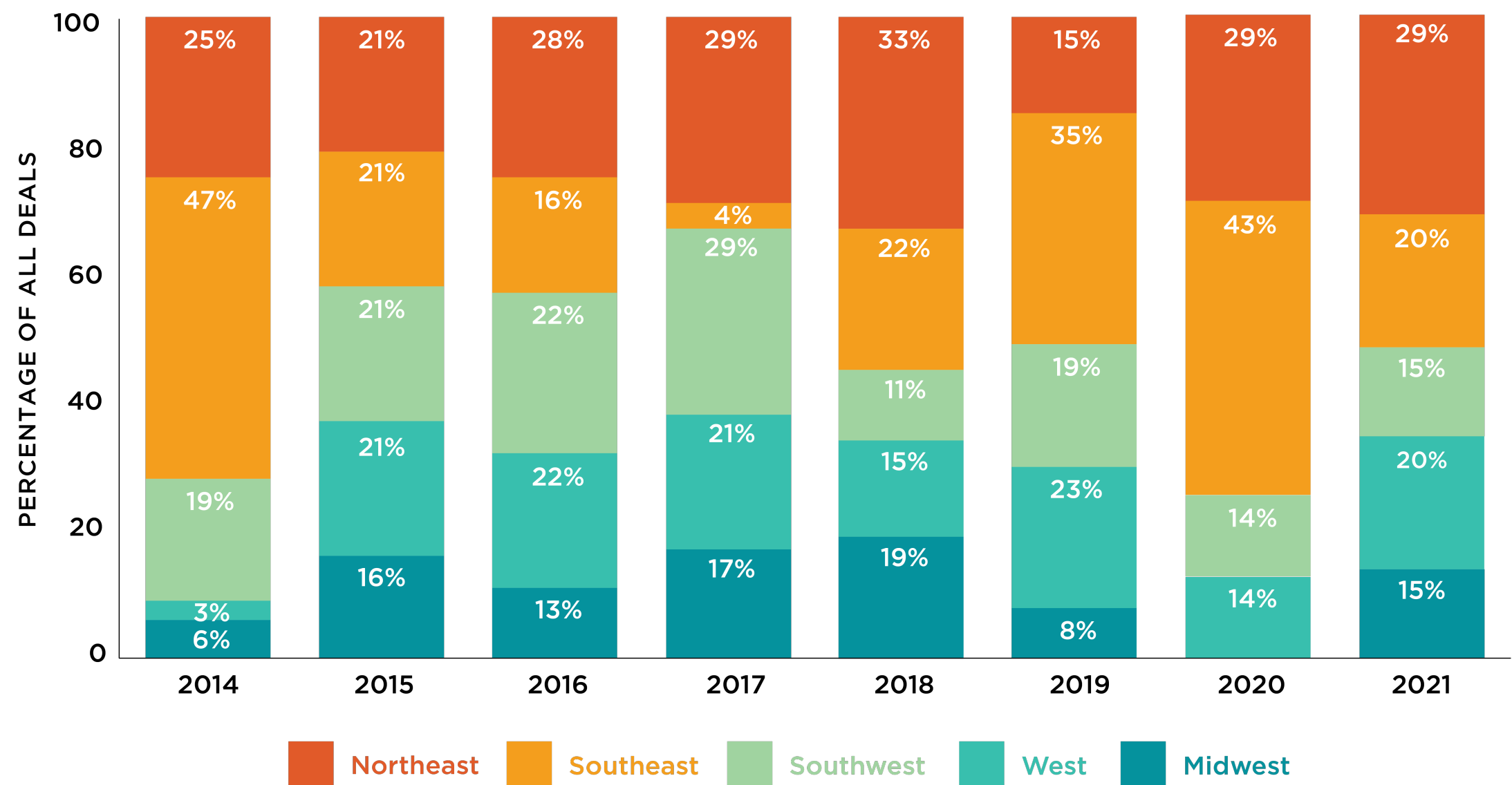
HOUSING P3S BY REGION, 2014-2021

Housing P3s by Region, 2014-2021



Annual Survey of Higher Education P3 Transactions

HOUSING P3S BY REGION BY YEAR



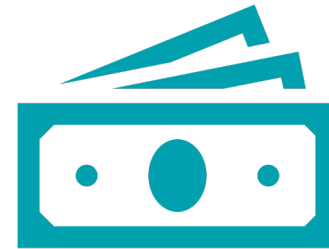
Annual Survey of Higher Education P3 Transactions

PIPELINE PROJECTS



89

Potential projects in
the pipeline



\$2.4B

Worth of P3
projects in the next
few years



78%

Of those projects
are in the northeast,
southeast, and west

Annual Survey of Higher Education P3 Transactions

DIVERSITY OF PIPELINE



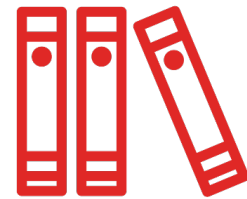
Housing



Mixed-use



Energy



Academic



Venues



**Innovation
Districts**



Parking



Other

Annual Survey of Higher Education P3 Transactions

A LOOK AHEAD



Pre-Development Risks:

Many projects
failing to close



Issues with **construction
pricing, supply chain
issues, and labor shortages**



**More political
involvement
and pressure**



**Developers are being
more strategic** about
projects/procurements



Shared governance
continues to grow



**Large, more
complex P3 projects**



Increased focus on
graduate housing
P3 opportunities



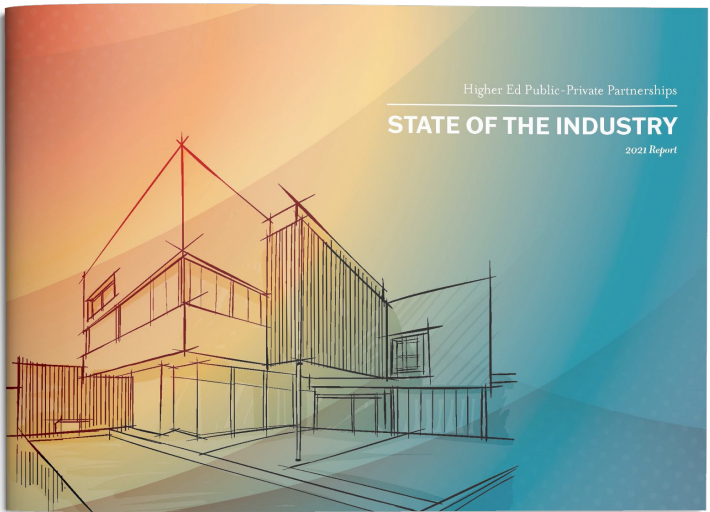
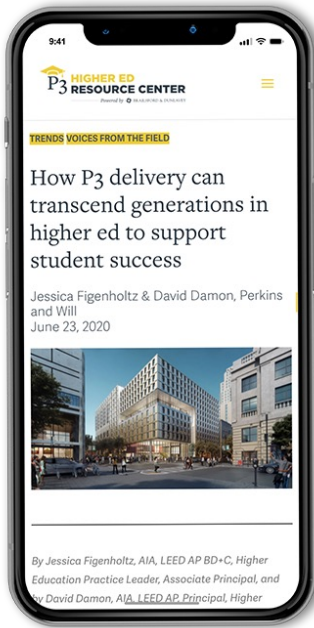
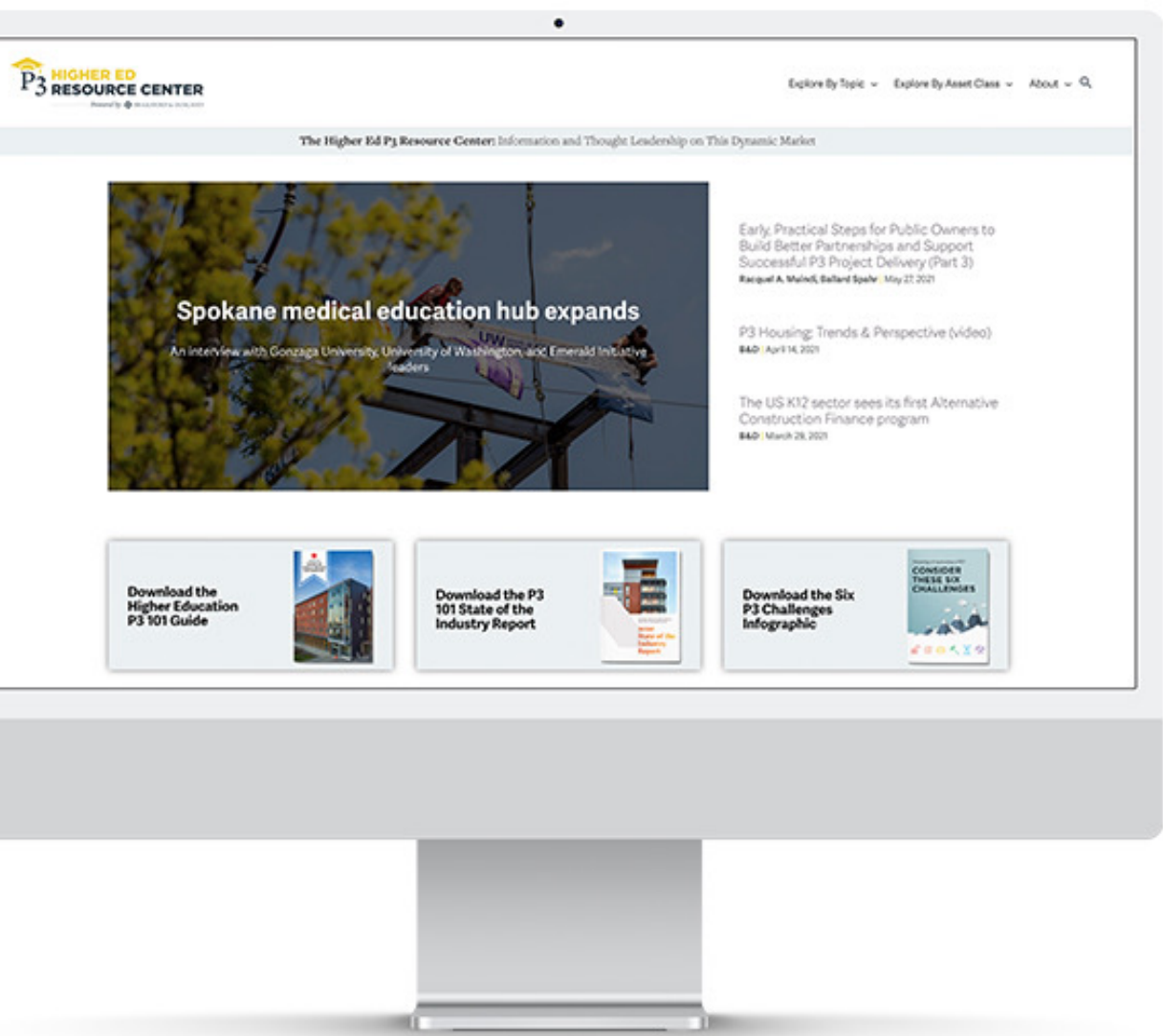
**Exploration of other sources
of funds** (tax credits, USDA,
and opportunity zones)



**Bundling of
procurements**

Annual Survey of Higher Education P3 Transactions

P3 RESOURCE CENTER



04

Spotlight on the University of South Carolina

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Spotlight on the University of South Carolina



Thank you.

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