

## College town condos

For parents and alumni, buying property makes sense. They can house children and have a place to stay on football weekends.

by Otesa Middleton Miles

Melissa Farley's search for a vacation home didn't include the usual choices of a house at the beach or a cottage in the mountains. Instead she chose a two-bedroom, 750-square-foot condominium in Blacksburg with amenities she loves: stainless steel appliances, open floor plan, granite-like countertops and, best of all, easy access to her college-student son and a short trip to Lane Stadium, home of the Virginia Tech Hokies.

Farley wasn't a Tech football fan and had never been to a game before she bought the condo last summer. "No one in the family is an alum," she says. "But it's easy to become a Hokie fan very quickly." The condo, about a mile and a half from the stadium, serves as a place for Melissa and husband Bill to crash when visiting their son, who is a freshman. In the first few months after the Farleys purchased the condo, Melissa made the hour and 45 minute drive from their Lynchburg home eight times.

Farley didn't know she'd bought into a new baby boomer fad: buying property near big college campuses. Some people buy because they'd rather pay a mortgage than pour money into a dorm room for a son or daughter. Others are avid football fans who prefer sleeping and celebrating at their own place after home games.

Ronald L. Coleman Sr. of Richmond, a member of Tech's Class of 1964, falls into the later category. A season ticket holder to Tech's football games, Coleman has a personal box and three reserved parking spaces immediately outside Lane stadium. In addition to his love for football, Coleman, a lawyer, serves on numerous Tech boards, including the Pamplin College of Business.

Because he's in town frequently, he bought a 4,200-square-foot town house four years ago for about \$300,000. Situated in The Orchards on the boundary of Blacksburg and Montgomery County, the home offers mountain views of nearby Catawba Valley. "The fall foliage is tremendous overlooking the valley," says Coleman. Another selling point: "I can be in my box in approximately 20 minutes from the time I leave my home."

This is Coleman's fourth home — the others are in Midlothian, Wintergreen Resort and along the Patuxent River in Maryland. The Blacksburg town house is his favorite. "I could sell it now for \$400,000. Construction has just gone crazy up here," he says.

One example of the near-Tech frenzy is a planned luxury condo development called The Legends of Blacksburg, just 250 yards from Lane Stadium. If the town council gives it a nod, Palmetto States Enterprises plans to start building next summer. The 80 one-, two-, and three-bedroom units with 800 to 1,600 square feet will be priced from \$350,000 to \$585,000. The project is slated to finish just in time for the 2008 football season and has already received seven reservations from alumni and football fans wooed by the prospect of a gated community with balconies and a roof-top deck.

A 2006 survey by the National Association of Realtors found that 8 percent of second-home buyers purchase property to provide so their college children will have a place to live. Another 6 percent are looking for a family retreat. While condo construction has cooled around the country, that doesn't seem to be the case in college

towns where rising real estate values are not tied to the same factors — such as higher mortgage interest rates — that helped cool down housing prices in major cities.

Michael H. Zaransky, a college-town real estate investor who wrote a book on how to profit by investing in student housing, says increased enrollments and the growth of universities are what influence home prices in college towns. “More students means more professionals and professional staff in search of housing,” says Zaransky. “There is a shortage of good, quality, close-in housing in most college towns.”

The Farleys’ purchase started out to be practical, as housing for their son, but that plan is now in flux since the couple uses the condo so often. Their son is living on campus during his first year at Virginia Tech, and after that Melissa figured he could live in the condo and rent out the second bedroom. Farley paid roughly \$120,000 for the unit and now regrets not buying a larger, three-bedroom unit in her building, Cascades Pointe. “Never in my wildest dreams did I think we’d be going to football games,” she says.

Buying homes for kids in college isn’t a new concept. The campus sports condo, however, is relatively a new trend often credited to Gary Spillers, founder of Gameday Centers in Atlanta. Spillers, who has been in commercial real estate and land development for 35 years, played college football at Troy University in Alabama and combined those two interests. Spillers wanted a real estate product to sell to the ever-growing, asset-rich alumni base. Before starting Gameday Centers, he says the only way people made money on college-town real estate was renting to students, which can be risky and time intensive.

Well-heeled graduates looked far more attractive to him. So in November 1999, Spillers completed his first project — a 32-unit building close to Auburn University’s Jordan-Hare Stadium. The smallest units sold for \$98,500 then. Now, Spillers says those same units are re-selling in the \$190,000s “if you can find one.” One of his newest projects, Tallahassee Center near Florida State University, just closed on two penthouse units for \$750,000 each.

Although many of his buyers purchase property out of love of their school, Spillers says there is money to be made. He points to a \$41,000 average profit on the first 18 re-sales at the University of Georgia. So, who’s buying Spillers high-end, sports-themed condos? The average buyer, he says, is a hair over 57 years old, has held a season ticket for 17 years and has a net worth of \$2.5 million. Roughly 7 to 10 percent of his owners have children living in the units. The concierge-style management at Spillers’ buildings will rent out the condos for the owners, set up a golf tee time or schedule a tennis game.

Spillers’ company also has projects going up near Texas Tech, the University of Texas, the University of Tennessee and in South Bend, Ind., located near the College Football Hall of Fame and the University of Notre Dame. He has his eye on both the University of Virginia and Virginia Tech as well. “We’ve done site selection work at both schools,” he says.

Georgia Byrd bought one of Spillers’ one-bedroom condos at the University of Alabama in 1999 for \$119,500. Byrd, who lives seven hours away in Savannah, Ga., was spending \$1,000 on hotels, food and gas for each home-game weekend and thought her \$700 per month mortgage made more sense, particularly since her daughter was a freshman at ‘Bama then. “Because we own property here, she established residency after

a year,” Byrd says, allowing them to pay cheaper, in-state tuition rates. “Plus we get the tax write-off on the interest.”

Byrd’s unit came fully stocked with furniture, linens, towels and dishes. At first, she rented it out during the off season. “When I did rent it out,” Byrd says, “I could make the mortgage payment with the rent.” The management company cleaned the place and booked the renters, which often included members of visiting sports teams.

Although football is a big selling point, the lure of college towns includes more than tailgating. Tim Merrick, associate broker at Wintergreen Real Estate Co. says people want to own property near state-of-the art entertainment and health facilities associated with a college area. Wintergreen Resort is about 35 miles from Charlottesville, home of the University of Virginia and its hospital. Therefore, Merrick is able to sell the wilderness surrounding Wintergreen plus the university’s amenities, including the new John Paul Jones Arena, which hosts basketball games and concerts. “We’ve got a retired alumni community of people who want to be close to the school, but not on top of it.”

Radford University, which unlike Va. Tech and U. Va. doesn’t have a football team, also is seeing some new high-end construction. Across the street from the school, Unlimited Construction is building seven town homes that should be complete in February. Joyce Bennett, general manager for the construction company and the listing agent, says she’s already getting calls, and she hasn’t done any advertising. One unit under contract was sold to a parent of a Radford student. When that daughter leaves Radford, Bennett will rent out the house for the owner for one year and then the owner plans for his younger daughter to move in while she attends Radford. The two- and three-bedroom units cost from \$279,900 to \$349,900.

Sometimes, parents don’t plan on buying a place. But after the apartment search fails, they change their mind. That’s what happened to Stacie Powell, a Chesapeake real estate agent. Her 19-year-old son, Chris, attends Pitt Community College in Greenville, N.C., and will transfer to nearby East Carolina University next year. She says the place her son lived in last year was “cheaply built and the utility bills were awful.” So this past summer Powell went to Greenville to help him find a suitable apartment and spotted a for-sale sign five blocks from campus. In August, Powell, who has owned rental property for 15 years, paid in the \$160,000s for a three-bedroom Cape Cod. Her monthly payments of \$1,100 are mostly covered by two students who pay \$425 each.

In other cases, parents know from the start that they’d rather buy a place for their children rather than rent an apartment. In April, Richmond real estate agent Sarah Goble sold a two-bedroom condo to two Virginia Beach siblings whose children attend Virginia Commonwealth University. The cousins live in the middle condo of a three-unit building and may rent out the living room as a make-shift third bedroom, says Goble.

For Tyna Gaylor, of Fairfax Station and her husband, Randy — both Tech alums — the purchase of a two-bedroom condo near Virginia Tech last fall was primarily a fun investment. The Gaylors paid \$100,000 for the condo, plus another \$10,000 for the furnished model unit. “It had a flat-screen TV on the wall already,” says Tyna.

Before they bought the condo, the Gaylors stayed at a local hotel during football weekends until it closed down. Then they found a new hotel, but, “It’s a hotel,” says Gaylor. Like many near-campus property owners, Gaylor did a bit of math. After tallying up how much the couple spent on each home-game weekend, she says, “We thought ‘What the heck?’ ”