



Granville Towers

Best Renovation of Existing Project — Off Campus

University of North Carolina at Chapel Hill

STUDENT HOUSING
BUSINESS
AWARDS

2012

Chapel Hill Foundation Real Estate Holdings, Inc. (CHF) in 2009 acquired Granville Towers, a landmark privately owned and managed residence hall that's served Chapel Hill students since 1964. The new owner was supportive of creating a new vision for the aging property. Working together, CHF and EdR, as manager, began a renovation that revitalized the community and maximized occupancy. The \$900,000 revitalization program covered the spectrum, from interior renovations to information technology (IT) upgrades, to a new brand and logo campaign.

Through these coordinated efforts, in 2011 Granville Towers reached 100% occupancy for the first time in the past five years. Net operating income (NOI) grew to \$3.6 million in 2011, an 86.5% increase over 2009. With other upgrades to the property's food service and exterior stairwells, overall renovation costs totaled \$1.5 million.

How the renovation improved the look and living conditions of the property

Granville Towers was stuck in time, with stark walls, bare floors, and rooms that looked the same as when our residents' parents lived there. (Continued)



Bedroom: Before, left, and after, right



South Study Lounge: Before, left, and after, right



Best Renovation of Existing Project — Off Campus: Granville Towers, UNC-Chapel Hill

(Continued)

Occupancy had been lingering in the mid-70%-80% range. With new ownership came a debt service that had to be satisfied via increased revenue. The goal wasn't to maintain status quo while the property was being redeveloped, but to exceed CHF's occupancy and NOI expectations. To achieve these goals, EdR instituted a total interior renovation.

To help meet occupancy goals, a floor of single units was converted to doubles, making 25 more beds available. By opening 2010, we completed renovations to most of the interior common spaces and five residential floors. These renovations continued throughout the next year and the property opened 2011 with half of the student rooms/floors complete.

To achieve the greatest impact immediately, renovations began in our common areas and rooms. We started with the lobbies that had not been updated since the early 1990s in the South and West Towers. Walls were removed, opening up space in the South Tower. Stark wall vinyl was replaced with a modern, colorful paint scheme. Dated industrial lighting fixtures were replaced with softer, recessed lighting. Basement renovations in all three towers included expanding the fitness center in the West Tower, relocating the recreation/game area to the East Tower basement. All three basements were painted in fresh contemporary colors; carpet tiles then replaced worn carpeting. Sleek gray-and-black tables, offering more versatility due to size, replaced old, bulky study tables in the South Tower study lounge. More-comfortable matching chairs also were provided.

Simultaneously we focused on the student rooms. Designed with student input and CHF's approval, the changes resulted in fresher, homier spaces. We replaced carpeting with hardy laminate flooring that mimics wood. The old vinyl was removed from walls, which were then painted in a neutral, light tone.

We refreshed existing furniture by painting the dressers and desks and adding chrome handles. The dressers were reconfigured as closet built-ins. With the addition of shelves and hanging bars, the closets now appear custom-built. Vanities were modernized and light fixtures throughout were updated.

We approached the student room renovations as a whole-floor project, so hallways and lounges also received new, contemporary paint and carpet. The changes have made a huge impression on current residents as well as those touring the property.

The changes didn't stop there. While Granville had always offered popular amenities — fitness center, pool, and onsite dining — our goal was to offer even more conveniences. A significant addition was property-wide wireless internet and cable TV services. In 2010, we switched to an IT company that provided upgraded services at a fraction of the previous cost.

EdR saved approximately \$120,000 while improving services for the students. Smaller-scale changes with significant impact included community printing capabilities and a community kitchen. An underutilized closet was transformed into a gift-wrap station while an outdated Xbox room was transformed into a Group Study Room, complete with a conference table and white-board wall.

Because Granville has a thriving summer conference business, floor renovations were scheduled around those bookings. We successfully completed three floors the first year and an additional seven floors the following year without impeding any conferences.

The last piece of the puzzle was how to get Granville's new image out to our market. A new logo and ad campaign were created to promote this fresh, clean look of the "new" Granville Towers. Once known as "The Place to Be at UNC," through these collaborations and transformations, Granville has been reinvented as "The NEW Place to Be at UNC."

How the renovation improved the occupancy and rental rates of the property

Occupancy was at 76% in 2009, when CHF acquired the 1,301-bed property comprising three, nine-story buildings. In 2008, the exterior was renovated extensively, which proved disruptive to residents and negatively impacted 2009 leasing. In 2009, capital project efforts focused on refreshing, renovating and remodeling rather than just maintaining the current facilities. As a result, leasing reached 100% in 2011 and NOI grew 86.5% over 2009 returns.

How the renovation performed relative to budget/timing

Because it housed many of the great basketball players of the past including Michael Jordan, Granville Towers is a revered part of the UNC campus. The CHF considered demolishing and rebuilding, but this \$1.5 renovation has revitalized the building. With the successful leasing and rates, the CHF saved money as well as a campus institution, and it will recoup its investment within a faster timeline than the costs to rebuild.

By actively completing renovations on an aggressive timeline, marketing our strong partnership with UNC's Department of Housing and Residential Education and using the local design talent to revamp ad campaigns, we met our primary objectives of increased occupancy and revenue.

EdR continues to build on Granville's legacy as a premier housing option for UNC students while presenting a new, exciting image that has yielded phenomenal occupancy increases. Returning resident numbers are rising, as are leases for incoming students. EdR will continue to implement creative ideas to meet the growing demands from students and is confident that the Granville Towers Community will continue to grow and thrive.