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## Big Man On Campus

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David Adelman leads Campus Apartments in revolutionizing student housing

It is almost reflexive when meeting a young child to ask them what they want to be when they grow up. Typically, answers can range from a policeman or fireman, doctor or lawyer and of course, a major league ballplayer, such are the idealistic rites of youth. However, as most of us know, many times those dreams remain just that as we continue to journey through life's travails and take directions that could not have been foreseen. But there are a few who know early on what path they will travel and maintain an unyielding commitment to that end. They are the rare individuals who remain focused with incomparable passion toward their goals, who steadfastly believe in themselves and demonstrate a unique perseverance that translates into success. Ultimately, these individuals become true leaders, setting the example and inspiring others, creating a vision and bringing it into reality. Though they are qualities to which many aspire but very few achieve, they are on ample display in David Adelman, President and Chief Executive Officer of Campus Apartments.

"I never wavered all through school about doing this for a career," said Adelman recently in the boardroom at the company's corporate office in the University City section of Philadelphia. "My partner, (Campus Founder and Chairman) Alan Horwitz always said, 'If you don't get up every day and love what you do, then you are doing the wrong thing'. And I live by those words and tell that to everybody. I have this quote: 'Success without fun is not success; it has got to feel good.'"

It is not often that one will ask a child about their ambition and get a response of "real estate developer" but shortly after his 11th birthday that is what Adelman would have offered. Horwitz was a very close family friend, actually referred to as an "uncle", who was at the Adelman house in Penn Valley one day shooting hoops with young David, as they often did together. "I said that I could beat him in a game of P-I-G," recalled David. "He said back to me that, 'I am going to teach you about betting.' Well, I wound up losing my basketball, baseball glove, football and soccer ball. My parents thought it was great, figuring that I was going to learn a lesson about values. In addition to the equipment, I was also required to come down here every Saturday morning and sweep out the sawdust from the wood shop to earn them back."

"A couple years later, I had received about \$2000 in gifts for my Bar Mitzvah and gave the money to Alan. He drove me by a building at 45th and Pine Street and told me that I could own a piece of it. From that point on, I worked every job there throughout high school and college including painting apartments, maintenance, construction, plumbing and being in a ditch to put sewer lines together during my senior year," he remembers proudly. "For me, this was all fun; I loved the concept of it all. Especially in University City, to buy an old beat up building and turn it into something new was the greatest of challenges. It's not like taking a blank piece of paper but more so working within the box. And I loved it, how to create something, how to make it work and how to show our people to have pride in what we do."

What Campus Apartments does primarily is provide superior housing on and around college campuses, and they do it better than anyone else. Begun in 1958, they are the oldest company of its kind and will shortly become the largest private company for student housing in the nation. Horwitz was 17 when he started the business and being a minor, was forced to have his mother sign the first deed. "His father had passed away and they had a little bit of money to invest," explained David. "Alan realized that he could buy property in this area for \$2000 per unit as opposed to the suburbs where it was more like \$8000 per unit. One day he saw a line of students outside a real estate broker's door and knew he would have a captive audience so he just started buying and buying to grow the business. The concept was to build a place where parents would feel good about leaving their kids

while they went to school.”

School for David was first at Harriton High followed by Ohio State University, which he chose after a long and meticulous search of numerous institutions before ultimately deciding to head to Columbus. “It was great going to a school in the Midwest, the people are slower paced and much calmer. Columbus is a great college town and my friends were from places like Cincinnati, Detroit and Chicago among others. And now, I have property there.”

However, he brought with him many of the lessons he was learning while working at Campus. “The best story I can tell is when I was a senior and took a seven bedroom house with some friends that was off campus and was run by the town slumlord. When I moved in, I noticed there was only one outlet in my room. I could not plug everything into just one, even though we did not have computers back then but I did have a stereo, TV and other electrical items. I went to the landlord and said I needed another outlet in there. He told me they had no intention of doing that. So, I went downtown to the State House and pulled out the building code which said you have to put in an outlet every eight feet. I showed it to the landlord and he reluctantly complied.”

He was accepted to Temple Law School, thinking that it would be great training for the real estate business, but deferred entering for a year, wanting instead to work for a while. “I left college on a Thursday and began at work the following Monday, never taking any time off. I always wanted to do this.”

#### Continued Growth Presents New Challenges

When David began full time with the company in 1994, (he was named President and CEO in 1997), Campus Apartments owned or managed less than 1500 units. Today, that figure stands at 5000 units with unlimited more in sight. They recently entered into a partnership with GIC Real Estate Ltd, which is the real estate arm of the Government of Singapore Investment Corporation, who will be providing enough capital to enable the company to purchase a billion dollars of real estate over the next three years with the bulk of the transactions taking place in the next 12 months. It is the first time that Campus has brought in an institutional investor and will make the company the largest private provider of student housing in the country.

They currently have interests involving Franklin & Marshall College, Ohio State, Drexel University, North Carolina Central University, University of Georgia, Georgia Southern University and Rowan University among others. There are pending deals and soon to be completed projects in several other college towns. A profound moment came in 2003 when they were chosen over numerous regional and national companies to be third party managers of 78 properties consisting of more than 900 apartments for the University of Pennsylvania, where they were already the leading provider of off-campus housing for Penn students. The Ivy League school selected Campus based on its “proven track record for developing and managing student housing.”

“For me, it is about how do I solve a problem within a niche and we are very careful about where we decide to go. Universities should not be in the real estate business. They are now outsourcing their book stores and food services, where they will bring in someone like Aramark to run it for them. I want to be that guy for them for real estate.”

The standard line in real estate is location, location, location and Campus Apartments expands on that notion. “I can tell you within 10 minutes if I want to be in a particular market. It does not matter where we go because it is about the growth of the school. You just sit and know it sometimes looking at the current housing stock, the ratio of students living on campus, the requirements, what are the off-campus rents and then you can just kind of figure it out.”

“Our business development group targets many schools that need our help as we do things both on and off campus. We will buy land and build a new product as well as things that are for sale. Our reputation is everything. Now, sometimes things may fall through the cracks and we cannot make everyone happy all the time. We are only as good as our last deal so everything is about referral and we go out of our way to do things right!”

As a testimonial to the outstanding reputation the company has earned with institutions, many have been extremely positive in their opinions of, and experiences with, the company. Tom Lussenhop, President and CEO of the Columbus Downtown Development Corp. and a former Managing Director of Real Estate for the University of Pennsylvania said, “Campus Apartments understands both the student housing market as well as the needs of students unlike any other owner/investor I’ve ever seen.

“They will give any college or university the confidence to manage its properties according to market trends –

and maximize its value – without sacrificing high standards." John Fry, President of Franklin & Marshall and former Executive Vice President at the U. of P. echoed those sentiments. "Consistently, the students at the University of Pennsylvania flocked to the Campus Apartments properties because they were the best run, the best maintained and best secured real estate. Campus Apartments sets the gold standard for campus housing."

"We have what I call the "Rah, Rah" approach," said David. "We get everyone excited about where they are living and market to our residents a little differently. We build things at a very high quality so that our big exposure when somebody moves out is usually only for paint and carpeting. We tile our bathrooms and kitchens for example and do everything for the long haul. When I build a new product, we will offer tanning beds, gyms, clubhouses, have lots of promotions, barbeques for the residents, iPod giveaways, and just different things to make it fun. These students live better than in Class A apartment communities. It is wild and they love it. Their parents cannot believe their kid is living like this."

"Another difference is that we are basically the de facto parent for these kids while they are in college. Their parents are relying on us to make sure their kids are safe. We put in alarms and security cameras and try to do the best we can to be their parent. I always want to do the right thing by them and by our entire team."

It is quite obvious that Campus Apartments is doing lots of things right as their occupancy has been 100% for some time. But providing student housing is not without a myriad of challenges, some familiar to property management companies and others that are unique to their facet of the business. "Student housing has kind of become the flavor of the month," said David. "There are companies who have been successful in low-income or senior housing who have built 'by the bed', which is kind of the metric we use in our industry. People will see what we are doing and think, 'I can do that, too.'"

"It's true that student housing has all the bells and whistles of normal property management but those companies have turnover all year long. For us, it all happens in June and September, all of them. Once you are leased up, you are finished for the year but that presents different kinds of challenges, which is both bad and good. We have to move thousands of kids in and out in a five day period."

In addition, a major factor is that the largest current property Campus operates is approximately 100 units and their portfolio includes 170 buildings ranging from as little as 5 units. "From an operations standpoint, I feel like I got baptized and went with the hardest stuff with which to deal. As opposed to a high rise or large garden style complex, that presents its own operational dynamic just in roofing alone for one example. From a financial standpoint, just imagine getting financing for small scattered buildings and convincing lenders that students are okay. Fifteen years ago, no one wanted to lend to me. A five year fixed rate loan was the best we could do even though we were known as good operators. But things have changed. It is now as attractive a financing as anyone else in the business because of our track record and credibility."

#### A Team Effort

A company is usually only as good as the people who work there and Campus has assembled a team, which is approaching 200 employees, that is one of the best. "I am having a great time and I want everyone here to have fun," he said enthusiastically. "We are working very hard but our people are enjoying it. We have very little turnover in personnel. There are probably a dozen people here who have been with us for more than 25 years and maybe another dozen or so for more than 15 years. I love watching people grow in their roles. We have some that started as leasing consultants who have become regional managers and some from our construction and development group who are now vice presidents."

When walking into the company's bustling headquarters, one quickly notices an atmosphere that is simultaneously both laid-back and intense. Everyone is upbeat and the camaraderie is immediately apparent. But what is it that the company offers to create such a positive synergy? "We have never lost that family atmosphere. We really want this to be a fun place. We encourage our employees to bring their families to our holiday party, and our guys love to participate in the AAGP softball league. We are having a wellness program for our staff that we are paying for. They will have their blood pressure checked, help them to stop smoking, weight loss programs, all the things for which they may not want to go to a doctor. Look, I want these people, who commit a lot of their time and energy to the company, to be healthy in their personal life. I strongly believe in treating everyone the way that I would like to be treated. I want to do the right thing by them. We have assembled a team of people that are better than me which is one of the smartest things I can do. All real estate people have an ego but I do not have one with people who are better than me when it comes to this place."

#### The AAGP

Although David's focus and commitment remain with the company, his expanding visibility and accomplishments have attracted associated organizations to him. He is the 2007 President of the Apartment Association of Greater Philadelphia. "It really is a great organization and as owners we need to look out for this group. There are a number of strong personalities, which I appreciate, and though time is somewhat limited, I will be involved as much as possible. In addition, I will try to get some personal agenda items on the table that will benefit the association. Personally, I have made a commitment to allow every vendor that is in the AAGP in our door, even if we already have providers in place. There are so many things we can do as a group to save money from a purchasing and credibility standpoint but we do have a ways to go."

Although the association is represented by virtually every significant owner and property management company in the region, there remain some that incredulously are not members and that is one question that David cannot fathom. "I cannot figure that out. I think belonging to our association professionalizes you. I learn about some things other owners are doing that I will implement into our own organization. Look, your way is not always the best way and through meeting other members you can learn other facets, other points of view. It can only be beneficial as we are not competitors, especially when it comes to legislation or vendor contracts."

"The education alone is fantastic, it is a no-brainer. The property management industry has no formal training and the association is the best we can do to get our people to learn the business and understand it. It makes them feel better about themselves and increases the pride they have in their career. Our trade show has been a huge success for years and will continue to expand."

In addition, Campus has been a founder and one of the major benefactors of the University City District. "It is like a de facto public services group. Most cities do not have the resources to do everything they should be doing, so a group of us in this area joined together to upgrade and help ensure the residents and businesses around here that it would be clean, safe and secure along with assisting in the marketing of the neighborhood. Several years ago there were issues around the Penn campus and we decided it was necessary to band together to make it a better place by pulling in private guys like us and the results have been incredibly effective. We want to give people a community that they can be proud of and feel safe in. UCD's success is in the numbers. Since 1997, the overall crime rate has gone down 44% and between 2000 - 2004 the housing value in West Philadelphia has risen 188% due to the improvements we have made. These kinds of results can be attributed to UCD's planning initiatives and capital improvements.

It is an attitude we bring to any new area we enter as we strive to be a part of the community in which we are involved." David also serves on the Philadelphia City Planning Commission as a mayoral appointee. "I bring the real estate guy perspective."

Campus Technologies, Inc.

"I thought back in the 90s that the internet would become as mainstream as the microwave oven. So, I located a company that would come in and wire our buildings and thought that this was a great business. I invested in the company, was on the Board of Directors and eventually wound up owning it. I contributed additional financing and said that I would discard the other properties that were using it and keep it all for ourselves and renamed it Campus Technologies."

"I wanted to figure out how we can use this technology to enhance property management and we continue to work towards that. I wanted to find a way to integrate it so that we can be more proactive with our on call guys and sub contractors who only have access to our buildings at certain times. So, in addition to phone, cable and internet services, we began something called Safe Lock, which is a lock system for our buildings that uses Smart Keys. Most of our buildings currently have our technology installed, though sometimes when we purchase a new property there is already a contract with another provider in place and we have to wait until that expires. And, sometimes our cost for getting a system built may not be efficient for that specific property and we will take that into consideration along with the fact that I now have investors and there is an obligation to do whatever is best for everyone concerned. We will also provide service to other property management companies although at this time we do not market to them."

"We recently acquired another company called IP3 Networks, which makes the gateway to the internet. For example, if you are in a coffee shop or at a hotel like a Marriott or Sheraton, which are two of our clients, and want to buy internet access while there, this company, which is either the number one or two market leader, makes the device that authenticates the charges. All we do is provide the billing service that turns it on and off. The reason for purchasing the company is that we were a customer of the product and could not find one that was any better. So, in essence, I guess you could say that we liked the product so much that we bought the company."

## Looking Ahead

With the continued success and expansion of the company, is there any chance that Campus Apartments will go public? “Zero!” David said emphatically. “We were approached to do it but I had no interest in going forward with it.”

It is interesting to note that, as opposed to traditional property management companies where occupancy can be affected by mortgage rates among a myriad of factors, enrollment at universities remains consistently strong. Even in a bad economy, statistics prove that it can actually increase. Thus, the pool of potential residents for student housing, which also includes professors, administrators and other on site personnel, will continue to be available, ensuring that Campus Apartments should never be lacking in that area. With the excellent reputation they have achieved along with the ambitious development programs Adelman has designed, issues such as how to operate more efficiently while maintaining the highest standards in the industry and consistently raising the proverbial bar will always need to be addressed.

“In reality, we are basically out of office space here. This really is a regional leasing office for the portfolio that is here but our corporate offices can be anywhere, such as downtown or perhaps in the suburbs. But I like being near the school as it keeps us very connected. Penn is one of our partners in some deals and we manage some of their properties. I would like to stay in this area and it is really great being around the college atmosphere, it is continually inspiring.”

On a personal level, David has been focused consistently for the past 24 years on the business which, for many in his position, could present the possibility that motivation and setting new goals could become a factor, if not burn out. “We are growing very quickly and expect to do a billion dollars worth of real estate in the next three years. Our goal may be to make sure that we don’t screw it up,” he said jokingly. “We must make sure that we have our systems and the right people in place so that the integration of our operations going forward is seamless. We spend a lot of time and energy on that but it is still very easy to trip up and that is what keeps me up at night. I only sleep about 4-5 hours per night but I am able to recharge. I have to balance my family with my business and sometimes, to be honest, it is a struggle but I am working on it. I do travel for work but I have young children (2 daughters, ages 3 and 5) and on the weekends I am with them. My wife has a great saying: ‘I don’t care how much you work but when you are here, you’re here!’ And, I am trying.”

So where does he see himself in ten years? “Hopefully laying on a beach somewhere but I doubt that will happen. As much as I love doing that, and I truly can relax when there, I am not at the point where I can disconnect for a week and I don’t know if that will ever happen. The bottom line is that I absolutely love what I do and always have. The whole thing is sometimes bizarre because I knew all along that this is what I always wanted to do. I was very fortunate to have someone teach me the business and be my mentor while allowing me the opportunity to take the company in my own direction.”

Recently, one of the most prominent and respected property management company owners in the region said, “David is going to go farther than all the rest of us.” A lofty prediction for sure, but don’t bet against him. After all, it was a simple bet while playing basketball that began his path in revolutionizing the student housing industry. Coincidentally, Ohio State, his alma mater, made it to the NCAA finals in both football and basketball this year, coming up just short of victory. But in David Adelman, they did produce a true champion several years ago and one whose winning streak will undoubtedly continue for many years to come.



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