



American Campus Puts Bought as Schools Close, Occupancy Concerns for Fall 2020

Ticker/Price: ACC (\$29.82)

Analysis:

American Campus (ACC) seeing bearish positioning recently with May \$25 put open interest climbing above 6000X in a name with very little other open interest. ACC shares are lower by 36.5% YTD breaking a long-term uptrend in February and a long term topping pattern targeting a move down to \$15 or lower. The \$4.25B REIT is the largest owner, manager and developer of student housing communities and clearly faces major headwinds from University closings as well as lack of demand and ability to meet rental commitments. On 3-9 a Director bought 10,000 shares at \$42.50/share. ACC posted results on 4-20 beating on FFO and Revenues (+3%). It noted "total volumes have slowed and are currently at a pace that is roughly 60 percent of prior year activity." ACC also has \$785.8M in its development pipeline. As of March 31, 2020, the company had approximately \$177 million in cash and over \$390 million available on its unsecured revolving credit facility. The company has no remaining debt maturities in 2020 and approximately \$230 million in planned development expenditures for the remainder of the year. ACC trades 18.7X FY19 FFO and has a 6.3% dividend yield. From a higher level view it sees an addressable market of 6.9M students and currently its 113,000 beds represents a 1.5% market share while the other Top 25 owners have 490,000 combined beds, a highly fragmented market. ACC has been a strong operators with a fifteen year NOI CAGR of 21% with 2.5% average rental rate growth and 97.5% occupancy. Analysts have an average target of \$41 and short interest remains muted at 1.4% of the float. Goldman upgraded to Buy on 4-2 with a lowered \$38 target noting its earnings and rent growth are more insulated to economic downturns than peers and sees students returning to campus for the 2020/2021 school year. Hedge Fund ownership rose 1.3% in Q4 filings, no notable concentrated holders.

Hawk Vision:



Hawk's Perspective: ACC looks like a nice short under last week's low and if we start hearing more Fall 2020 school delays it could really suffer.

Confidence Ranking: \$\$