Education Realty Trust, Inc.
Form 424B5
January 04, 2011

The information in this preliminary prospectus supplement and the accompanying prospectus is not complete and may be changed. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell these securities and they are not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

Filed pursuant to Rule 424(b)(5)
Registration No. 333-161493

Subject to completion
Preliminary Prospectus Supplement dated January 4, 2011

PROSPECTUS SUPPLEMENT
(To prospectus dated September 10, 2009)

9,500,000 Shares

Common Stock

We are selling 9,500,000 shares of our common stock, par value $0.01 per share.

Our common stock trades on the New York Stock Exchange under the symbol EDR. On January 3, 2011, the last sale price of our common stock as reported on the New York Stock Exchange was $7.94 per share.

To assist us in continuing to qualify as a real estate investment trust for federal income tax purposes, among other purposes, our charter imposes certain restrictions on the ownership of our capital stock. See Description of Capital Stock in the accompanying prospectus.

Investing in shares of our common stock involves substantial risks that are described in the Risk Factors sections beginning on page S-8 of this prospectus supplement and in our most recent Annual Report on Form 10-K, our Quarterly Reports on Form 10-Q and other information that we file from time to time with the Securities and Exchange Commission which is incorporated by reference into this prospectus supplement and the accompanying prospectus.

	Per Share	Total
Public offering price	$	$
Underwriting discount	$	$
Proceeds, before expenses, to us	$	$

The underwriters may also exercise their option to purchase up to an additional 1,425,000 shares of our common stock from us, at the public offering price, less the underwriting discount, 30 days after the date of this prospectus supplement to cover overallotments, if any.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The shares of common stock will be ready for delivery on or about January , 2011.

Joint Book-Running Managers

BofA Merrill Lynch **KeyBanc Capital Markets**

The date of this prospectus supplement is January , 2011.

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Prospectus Supplement

Prospectus

You should rely upon the information contained or incorporated by reference into this prospectus supplement, the accompanying prospectus and any related free writing prospectus required to be filed with the Securities and Exchange Commission, or SEC. We have not, and the underwriters have not, authorized any other person to provide you with different or additional information. If anyone provides you with different or additional

information, you should not rely upon it. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where such offer or sale is not permitted. You should assume that the information appearing in this prospectus supplement, the accompanying prospectus, any such free writing prospectus and the documents incorporated by reference herein or therein is accurate only as of the respective dates of these documents or such other dates as may be specified therein. Our business, financial condition, liquidity, results of operations, funds from operations, or FFO, and prospects may have changed since those dates.

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ABOUT THIS PROSPECTUS SUPPLEMENT

This document is presented in two parts. The first part is comprised of this prospectus supplement which describes the specific terms of this offering and certain other matters relating to us. The second part, the accompanying prospectus, contains a description of our common stock and provides more general information, some of which does not apply to this offering, regarding securities that we may offer from time to time. To the extent that the information contained in this prospectus supplement differs or varies from the information contained in the accompanying prospectus or documents that we previously filed with the SEC, the information in this prospectus supplement will supersede such information.

This prospectus supplement is part of a registration statement that we have filed with the SEC relating to the securities offered hereby. This prospectus supplement does not contain all of the information that we have included in the registration statement and the accompanying exhibits and schedules thereto in accordance with the rules and regulations of the SEC, and we refer you to such omitted information. It is important for you to read and consider all information contained in this prospectus supplement and the accompanying prospectus in making your investment decision. You should also read and consider the additional information incorporated by reference into this prospectus supplement and the accompanying prospectus. See Where You Can Find More Information in this prospectus supplement.

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SUMMARY

This summary is not complete and may not contain all of the information that may be important to you in deciding whether to invest in shares of our common stock. To understand this offering fully prior to making an investment decision, you should carefully read this prospectus supplement, the accompanying prospectus and the documents incorporated by reference herein and therein, including the Risk Factors sections beginning on page S-8 of this prospectus supplement and in our most recent Annual Report on Form 10-K, our Quarterly Reports on Form 10-Q and other information that we file from time to time with the SEC which is incorporated by reference into this prospectus supplement and the accompanying prospectus. Unless otherwise expressly stated or the context otherwise requires, all information in this prospectus supplement assumes that the overallotment option granted to the underwriters is not exercised.

All references to we, our, us, EDR and the Company in this prospectus supplement and the accompanying prospectus mean Education Realty Trust, Inc. and its consolidated subsidiaries, except where it is made clear that any such reference means only Education Realty Trust, Inc.

The Company

We are a self-managed and self-advised real estate investment trust, or REIT, organized in July 2004 to develop, acquire, own and manage high quality student housing communities located near university campuses. We were formed to continue and expand upon the student housing business of Allen & O Hara, Inc., a company with over 40 years of experience as an owner, manager and developer of student housing. As of September 30, 2010, we owned 40 student housing communities located in 19 states containing over 25,400 beds located near 35 universities. We will own 31 student housing communities located in 19 states containing over 21,700 beds located near 30 universities after taking into account the acquisition and disposition transactions discussed below under Recent Developments Repositioning of our Owned Portfolio. As discussed below, certain of these transactions have been completed since September 30, 2010 while others are still pending. We currently provide third-party management services for 23 student housing communities located in 10 states containing over 11,900 beds at 19 universities. We selectively develop student housing communities for our own account and also provide third-party development consulting services on student housing development projects for universities and other third parties. Currently, we have under contract or have recently been awarded over $330 million in third-party development projects.

All of our assets are held by, and we have conducted substantially all of our activities through, Education Realty Operating Partnership, LP, or our Operating Partnership, and its wholly owned subsidiaries, Allen & O Hara Education Services, Inc., or AOES, and Allen & O Hara Development Company, LLC, or AODC. The majority of our operating expenses are borne by the Operating Partnership, AOES or AODC, as the case may be.

We are the sole general partner of our Operating Partnership. As a result, our board of directors effectively directs all of the Operating Partnership s affairs. We own 98.5% of the outstanding partnership units of the Operating Partnership. Our ownership interest in the Operating Partnership will increase upon consummation of this offering. See Use of Proceeds. The remaining Operating Partnership units are held by former owners of certain of our student housing communities, including certain current and former members of our management team, a member of our board of directors and such member s affiliate.

University Towers Operating Partnership, LP, or our University Towers Partnership, which is our affiliate, owns and operates our University Towers student housing community located in Raleigh, North Carolina. We own 72.7% of the outstanding partnership units of the University Towers Partnership, and former owners of our University Towers student housing community, including certain current and former members of our management team, a member of our board of directors and such member s affiliate, own 27.3% of the University Towers Partnership units.

Our executive offices are located at 530 Oak Court Drive, Suite 300, Memphis, Tennessee 38117, and our telephone number is (901) 259-2500. Our website address is *http://www.educationrealty.com*. However, the information located on, or accessible from, our website is not, and shall not be deemed to be, a part of this prospectus supplement or the accompanying prospectus or incorporated into any other filings that we make with the SEC.

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Our Industry and Market Opportunity

Significant Demand Driver for the Collegiate Housing Market

We believe that the significant demand driver for collegiate housing this decade will be the emergence of the Echo Boom generation (categorized as those individuals who were born between 1977 and 1997), much of which is entering or has yet to enter adulthood. According to the latest U.S. Census Bureau estimate in 2008, the Echo Boom generation is comprised of approximately 88.5 million Americans. Moreover, according to a March 2009 report issued by the Rosen Consulting Group, or the Rosen Report, in 2008, the number of Americans that turned 18 years of age is estimated to have peaked at 4.5 million, though that figure is projected to remain above 4.0 million annually through 2020. Despite this forecasted slower growth of the U.S. population turning 18 years of age, according to the Rosen Report, undergraduate enrollment is expected to grow steadily at a 1.5% compound annual rate between 2006 and 2016 as an increasing percentage of high school graduates are choosing to attend institutions of higher learning. The Rosen Report additionally provided that the average time taken to complete a degree is also bolstering undergraduate enrollment rates as approximately 56% of students enrolled in traditionally four-year institutions graduate within six years of entry. Thus, we believe that the Echo Boom generation is currently creating and will continue to create a renewed upsurge in college enrollment levels for the foreseeable future.

Despite the fact that future freshman classes are expected to continue to increase in number, according to the Rosen Report, 20 of the largest four-year universities in the U.S. had an aggregate of 11% on-campus housing capacity as a percentage of total enrollment in 2007, a statistic which evidences the stress upon colleges and universities to expand their existing student housing facilities. We believe that new dormitory construction starts, however, have been adversely affected by national and state budgetary constraints, recessionary pressures and lack of availability and increased cost of credit. Additionally, we believe that much of the existing stock of dormitories is nearing the end of its lifespan and will need to be either renovated or replaced. Further compounding these issues is the evolution in student demands for more amenities from their housing accommodations which results in increased costs to construct new student housing facilities. We believe that the funding for future collegiate housing will increasingly come from alternative sources and that colleges and universities will increasingly rely upon the private sector to assist in the financing of new and the renovation of existing student housing facilities.

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Our Market Opportunity

We believe that we are a leader in the ownership, development and management of collegiate housing and that our scalable internal resources and platform will allow us to continue to grow our business in a cost-effective manner. As part of our operating strategy, we focus on key student housing markets within particular geographical areas. According to the Rosen Report, student enrollments in the Southwest and Southeast regions (which includes the Appalachian region) of the United States are projected to grow between 1.8% and 1.9% annually through 2016 and currently account for almost 32% of total U.S. student enrollment. Because a significant number of our student housing communities are located in these key regions, we believe that we are well-positioned to benefit from these projected enrollment increases.

The following map displays expected enrollment growth by state and the locations of our owned, joint venture and managed student housing communities taking into account the following transactions discussed below under Recent Developments Repositioning of our Owned Portfolio (i) the October 2010 acquisition of The GrandMarc at The Corner, (ii) the November 2010 sale of The Reserve at Clemson, and (iii) the closed and pending disposition of nine student housing communities as discussed below under Summary Recent Developments Repositioning of our Owned Portfolio Place-communities and The Gables, on a pro forma basis.

Source: Rosen Consulting Group. The National Privatized Student Housing Market Outlook, March 2009.

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Recent Developments

Repositioning of our Owned Portfolio

We have entered into the following transactions that have resulted in a meaningful repositioning of our owned portfolio. We believe that these transactions, which represent the execution of our strategy of recycling capital from non-strategic assets to vibrant, younger student housing communities at larger universities, improve the overall quality of our portfolio and create increased long-term growth potential.

The University of Texas at Austin

In July 2010, the University of Texas Board of Regents selected us to be the ground tenant and to develop, own and manage a new high-rise student housing community near the core of The University of Texas at Austin campus. The student housing community is expected to be 16 stories and contain approximately 612 beds. This project represents our third wholly-owned development and the second development under our ONE Plan^{SM}, a program through which we use our equity and financial stability to fund and own projects on university land. Construction of this $64.2 million project is expected to begin in the summer of 2011 with an opening planned for the summer of 2013. We expect to fund approximately $7.2 million of development costs within the next twelve months.

University of Connecticut

In September 2010, we entered into an agreement to develop the first two phases of student housing at Storrs Center adjacent to the University of Connecticut. Located in Storrs, Connecticut, Storrs Center will be a $220 million, mixed-use town center that will include new retail, restaurant, office and residential development within a planned community of pedestrian walkways, green spaces and conservation areas. We will own and manage the student housing at Storrs Center, and the two phases will include 290 units for a total cost of approximately $45.5 million. We expect to fund approximately $18.8 million of development costs within the next twelve months. This project represents our fourth wholly-owned development. Construction is expected to begin in 2011 with the opening of the first phase planned for the summer of 2012 and the opening of the second phase planned for 2013.

The GrandMarc at The Corner, University of Virginia

In October 2010, we completed the purchase of The GrandMarc at The Corner, or The GrandMarc, a 641-bed student housing community at the University of Virginia in Charlottesville, Virginia, or UVA. The GrandMarc opened in 2006 and is conveniently located within two blocks of campus and The Corner, a popular destination for students due to the wide variety of restaurants, shopping and entertainment venues. UVA enrollment for the 2009/2010 academic year was approximately 24,400. As of September 30, 2010, The GrandMarc was 90.8% occupied at an average monthly rental rate per bed of approximately $670. The purchase price of The GrandMarc was approximately $45.5 million with related acquisition costs of approximately $1.5 million that will be expensed during the fourth quarter of 2010. We funded this acquisition with existing cash and a draw on our revolving credit facility.

The Reserve at Clemson

In November 2010, we closed the sale of The Reserve at Clemson for a total purchase price of $14.4 million and net proceeds of $1.5 million after the repayment of $12 million of debt and the payment of other related closing costs.

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Place-communities and The Gables

In October 2010, we entered into two separate sales agreements to sell nine student housing communities, comprised of eight of the former Place-communities and The Gables, for a total of $84.8 million. The sale of the first four communities closed on December 8, 2010. The gross sales price of these communities was $38.7 million with net proceeds of approximately $20.5 million after the repayment of related debt of $17.2 million and other closing costs. The remaining five communities are scheduled to close in the first quarter of 2011. The gross sales price of these communities is $46.1 million with expected net proceeds of approximately $29.6 million after repayment of related debt of $16.1 million and other closing costs. There can be no assurance that we will complete this sale as scheduled or on the terms described above or at all. Of the $33.3 million of indebtedness that we expect to repay in connection with the sales of these properties, $29.1 million is variable rate debt that matures in late 2013 and early 2014.

The following table sets forth our operating results for the nine months ended September 30, 2010 on an actual basis as reported in our Quarterly Report on Form 10-Q and on a pro forma basis solely to reflect the impact of the closed and pending sales of the nine student housing communities on our operating results.

	As of September 30, 2010 (In thousands, unaudited)		
	Actual	Adjustments	Pro Forma
Revenues:			
Student housing leasing revenue	$84,628	$10,917	$73,711
Other leasing revenue	77		77
Third-party development services	1,675		1,675
Third-party management services	2,335		2,335
Operating expense reimbursements	11,017		11,017
Total revenues	99,732	10,917	88,815
Operating expenses:			
Student housing leasing operations	44,702	6,365	38,337
General and administrative	11,661		11,661
Depreciation and amortization	22,592	3,239	19,353
Reimbursable operating expenses	10,101		10,101
Total operating expenses[(1)]	89,056	9,604	79,452
Operating income[(1)]	10,676	1,313	9,363
Nonoperating expenses:			
Interest expense	16,653	1,384	15,269
Amortization of deferred financing costs	974	45	929
Interest income	(402)	(1)	(401)
Total nonoperating expenses	17,225	1,428	15,797
Loss before equity in earnings (losses) of unconsolidated entities, income taxes and discontinued operations (excluding loss on impairment)[(1)]	(6,549)	(115)	(6,434)
Loss on impairment[(1)]	33,610	24,213	9,397
Loss before equity in earnings (losses) of unconsolidated entities, income taxes and discontinued operations	(40,159)	(24,328)	(15,831)

(1) Loss on impairment has been excluded from operating expenses and reflected after nonoperating expenses in this presentation to more appropriately reflect the impact of the closed and pending sales of the nine student housing

communities on our operating results.

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The Offering

Common stock offered by us

9,500,000 shares (or 10,925,000 shares if the underwriters exercise their overallotment option in full)

Common stock to be outstanding after this offering

68,444,620 shares (or 69,869,620 shares if the underwriters exercise their overallotment option in full)(1)

Diluted common stock to be outstanding after this offering

69,555,615 shares (or 70,980,615 shares if the underwriters exercise their overallotment option in full)(1)(2)

Use of proceeds

We estimate that our net proceeds from this offering will be approximately $ million (or approximately $ million if the underwriters exercise their overallotment option in full) after deducting the underwriting discount and other estimated offering expenses payable by us. We intend to contribute the net proceeds to the Operating Partnership in exchange for a number of partnership units to be issued by the Operating Partnership equal to the number of shares of common stock sold in this offering, thereby increasing our ownership interest in the Operating Partnership. The Operating Partnership intends to use the net proceeds to repay debt, fund its development pipeline, fund potential future acquisitions and for general corporate purposes. See Use of Proceeds.

Restriction on ownership

In order to assist us in maintaining our qualification as a REIT, for federal income tax purposes, among other purposes, ownership, actual or constructive, by any person of more than 9.8% in value or number (whichever is more restrictive) of shares of our capital stock is restricted by our charter. This restriction may be waived by our board of directors, in its sole and absolute discretion, upon satisfaction of certain conditions. See Description of Capital Stock in the accompanying prospectus.

Risk factors

An investment in shares of our common stock involves substantial risks, and prospective investors should carefully consider the matters discussed in the Risk Factors sections beginning on page S-8 of this prospectus supplement and in our most recent Annual Report on Form 10-K, our Quarterly Reports on Form 10-Q and other information that we file from time to time with the SEC which is incorporated by reference into this prospectus supplement and the accompanying prospectus.