

Senior management

Chicago-based Harrison Street and New York-based Kaplan Development Group have joined forces to develop and acquire senior housing properties on the East Coast.

Private equity real estate firm Harrison Street is working with Kaplan Development to acquire and develop \$350 million (€248 million) worth of senior housing properties.

The firm's interest in the sector is fueled by the demographic trends in the US, where baby boomers are retiring, according to Christopher Merrill, co-founder and managing director of Harrison Street. "You can't get away from that momentum," he said, adding that new construction has slowed and less supply is being added.

The new joint venture was launched with the recapitalization of six senior housing properties located in New Jersey, Pennsylvania, Delaware and Georgia. The properties are comprised of 540 units and include independent living, assisted living and memory care units in Philadelphia and Harrisburg, Pennsylvania; Savannah and Atlanta, Georgia; and Princeton, New Jersey.

"Glen [Kaplan, the founder of Kaplan Development] has already built a portfolio and taken it public," Merrill said. Kaplan began investing in senior living properties in 1970, eventually establishing assisted living company Senior Quarters. Merrill added that the firm seeks to continue aligning itself with the leading operators and developers in the senior living space.

While the joint venture with Kaplan will focus on opportunities on the East Coast, Harrison Street has invested in senior living facilities across the US, including a portfolio of properties in Minnesota and a property in Florida.

The firm has committed \$100 million in equity to the venture, Merrill said, which comes out of the firm's debut fund, Harrison Street Real Estate Partners I, which closed this spring on \$210 million. The fund is focusing on niche plays like student living, self-storage and marinas, in addition to investments in senior living.



Merrill: looking at demographics

"It's significantly invested," Merrill said of the fund, adding that it has acquired more than 50 assets.

Harrison Street was founded in 2005 by Merrill, formerly a partner at Chicago-based private equity real estate firm Heitman, and the Galvin family of Chicago, the founding family of Motorola. Kaplan Development Group operates 14 senior communities in the US and currently has seven new senior housing projects under development.

Senior living centers in the US have become increasingly popular with private equity real estate firms. Earlier this summer, Westport Capital and Reichmann Healthcare acquired a controlling interest in Wellington Healthcare Services, a healthcare provider based in Roswell, Georgia that owns 11 long-term care and senior living centers in the Southeast US.

Last year, The Blackstone Group formed a joint venture with Seattle-based Emeritus Corporation, which owns and operates senior living facilities, to acquire 25 assisted living facilities and one skilled nursing facility throughout the US for \$190 million.

First Equity makes Beverly Hills buy

Dublin-based First Equity Group and US real estate development company HDS Group have acquired two sites in Beverly Hills for the development of premium residential and mixed-use developments worth \$300 million (€215 million). Located at 9200 Wilshire Boulevard, the first site will be a mixed-used development with 54 luxury condominiums. The property, which will also include 14,000 square feet of retail space, is in close proximity to the city's famous Golden Triangle shopping district. The second site, at 450-460 North Palm Drive, will comprise of 35 luxury condominiums in two buildings. First Equity is currently raising mezzanine capital to underwrite the development. The investment will offer investors a return of 30 percent annually with an approximate investment period of two to three years.

RREEF acquires New Orleans hotel

RREEF, a division of Deutsche Bank, is working with private real estate investor Loeb Partners Realty to acquire the Astor Crowne Plaza Hotel in New Orleans' French Quarter. Terms of the deal were not disclosed, but the firms reportedly paid New Orleans-based Decatur Hotels \$93 million (€67 million) for the property. The 707-room hotel was opened in 2002 and is situated on the corner of Bourbon and Canal Streets. According to the firms, the hotel has 27,500 square feet of meeting space and 22,500 square feet of ground floor retail space. RREEF and Loeb said they plan to renovate the hotel, though details were not provided. The firms say the hotel suffered little damage and did not flood during the Hurricane Katrina disaster in September 2005. The hotel will remain under the Crowne Plaza banner and Prism Hospitality will take over the management of the hotel.

Carmel acquires multifamily portfolio

San Francisco-based Carmel Partners has acquired six multifamily properties in California, Seattle and Denver for \$191 million (€137.5 million). The properties were purchased through the firm's latest vehicle, Carmel Partners Investment Fund II. Carmel has planned capital improvements on all the properties including renovating common-area amenities, upgrading unit interiors, putting in washers and dryers and adding new shared space. Carmel's second real estate investment fund closed in 2005 on \$400 million in equity. Like the firm's debut fund, Carmel Partners Investment Fund II focuses on the acquisition, development and renovation of multifamily properties. Carmel, founded in 1992 by Ron Zeff, focuses on multifamily transactions in the US and is currently pursuing value-add apartment properties, condo reversions, ground-up developments and joint venture deals.