



GlobeSt.com Commercial Real Estate News and Property Resource
Last updated: June 14, 2007 07:25am

Niche Is Focus for \$800M Harrison Street Fund

By Gina Kenny

CHICAGO-Harrison Street Real Estate Capital, based here, has closed Harrison Street Real Estate Partners I LP. The final closing of the fund was done with a total of \$208.5 million in equity, and the total value of the fund is expected to be between \$800 million and \$1 billion when fully committed, says Christopher Merrill, co-founder and managing director of Harrison.

The fund plans to invest in specialty sectors, primarily including senior housing, student housing, self-storage, parking and medical office properties, Merrill says. Harrison Street decided to focus the fund on niche areas of real estate that are more "fundamental" than "momentum" and "that will fare well even if the economy slows," he says.

The fund is more than 50% committed and owns or is developing about 40 properties with a gross value of approximately \$400 million. There are 10 joint-ventures in the fund, including a \$200-million student housing joint-venture with the Preiss Group, based in Raleigh, NC, to construct two student housing communities at the University of North Carolina in Charlotte and one community at the University of Texas.

Harrison Street is partnering with the Praxeis Group, based in Jacksonville, FL, for at least eight senior housing communities affiliated with universities. A partnership with a Minnesota-based company for about \$120 million in assisted living communities is part of the fund as well. There is also a joint venture with Philadelphia-based United Storage for 14 self-storage properties valued at \$150 million on the East Coast and a venture with Charlotte, NC-based Morningstar Properties for self-storage properties in North Carolina and South Carolina.

More than 30 investors groups committed equity to the fund, which was launched last August. Harrison Street had decided to raise a minimum of \$150 million in capital for the fund. Merrill says he believes the raising of capital was so successful because it is a focused fund. "It is focused in areas that we think will outperform traditional asset classes in the coming years," he says.