



- REJournals.com - <http://www.rejournals.com> -

## Harrison Street closes third fund; raises \$595M

Posted By [Staff Writer](#) On June 8, 2011 @ 6:55 pm | [No Comments](#)

Harrison Street Real Estate Capital LLC ("HSRE") has completed the final closing of its third real estate private equity fund, Harrison Street Real Estate Partners III, L.P. (HSREP III). The firm received commitments of more than \$595 million, exceeding its original goal of \$500 million. Investors in the fund include U.S and European pension funds, insurance companies, endowments, foundations and family offices.

The Fund already has invested more than 25 percent of the fund's commitments in 24 real estate assets. This third fund follows on the momentum of Fund I and Fund II, which raised \$208 million and \$430 million, respectively. Since the initial fund was launched in August 2006, the firm has raised over \$1.2 billion in third party equity capital. The firm does not use a placement agent when raising capital.

The firm dedicates its investments to the education, healthcare and storage segments of the U.S. real estate market. These property types include off-campus student housing, senior housing, medical office buildings and storage properties. These asset classes offer the ability to invest in real estate properties that have strong underlying drivers that exist in up and down economic environments. Given the demographic fundamentals in these areas coupled with the lack of supply, the coming decade bodes very well for these segments.

HSREP III, LP held its first closing last summer with a goal of raising \$500 million and limited the Fund to its hard cap of \$600 million. According to Merrill, the \$595 million in equity raised by the firm translates to investment power of over \$2.0 billion, when leverage is applied. To date approximately \$530 million of gross real estate investments in the fund have been made in 24 properties around the U.S. Some of the investments include:

- Six (6) assisted living / Alzheimer's care facilities around the Washington, D.C. market that combined are 90% occupied;
- Two (2) senior housing communities in Oregon and Montana totaling 350 private-pay rental units;
- A 120-unit senior housing development in an affluent suburb of Houston, TX. Upon completion, in late 2012, this property will offer 85 units of assisted living and 35 units of Alzheimer's space;
- A student housing development at Indiana University-Purdue University Indianapolis, in downtown Indianapolis that will be opening soon and is already 75% pre-leased;
- A student housing property at Oklahoma State University at a significant discount to replacement cost;
- A student housing development located adjacent to the University of Michigan in Ann Arbor. This off-campus community will be the premier property in the market and will offer housing for over 580 students for the 2012 school year;
- A student housing property located within walking distance to the University of California at Riverside. This 528 bed community offers top of the market amenity package and is currently over 90% occupied;
- A unique boat storage facility located directly across the Hudson River from Manhattan in Liberty State Park providing for the storage of over 500 boats;
- A medical office property located in Michigan that was purchased in a deed-in-lieu from a local bank. This property was purchased for 20% of replacement cost; and
- A medical office property located in North Florida on a long-lease to the leading physicians group in the market. This 110,000 square foot property is 100% occupied for 13 more years.

Copyright © 2010 REJournals.com. All rights reserved.