

Harrison Street wraps development co-invest fund

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The Chicago-based firm has held a first and final close on the co-investment vehicle that will invest alongside its fourth opportunistic fund, Harrison Street Real Estate Partners IV.

Chicago-based real estate investment firm Harrison Street Real Estate Capital has held a first and final close on \$100 million for a co-investment vehicle that will invest in development projects alongside its fourth opportunistic fund, Harrison Street Real Estate Partners (HSREP) IV.

The co-invest fund, which was launched in January, was offered to all investors in HSREP IV and brought in commitments from investors such as the San Francisco Employees Retirement System (SFERS), Liberty Mutual and Perella Weinberg. SFERS committed \$50 million to the vehicle in February, an amount that ends up being half of the total equity haul. Harrison Street also will make an investment of \$2 million in the vehicle.

Harrison Street co-founder, president and chief executive Chris Merrill told *PERE* that the firm chose to launch a co-investment vehicle in order to “manage the diversification elements of building the portfolio.” As HSREP IV has a limit of 30 percent for development projects, Harrison Street will use the co-investment capital to provide greater diversification for investors without changing the investment limitations of HSREP IV.

“We continue to find excellent opportunities within our needs-based [property types],” said Harrison Street principal Dean Ergeter in a statement. “However, for many interested investors, access to these [property types] continues to be very difficult.”

Merrill noted that the firm has identified a deal pipeline representing 60 percent to 70 percent of the co-investment fund’s buying power, including student housing projects at the University of Maryland, St. Louis University, Florida State and University of Virginia, along with senior housing opportunities in the Midwest and medical office opportunities in Texas.

Harrison Street closed HSREP IV in July after spending just a little more than six months on the fundraising trail. The fund brought in a total of \$750 million in commitments, exceeding its original equity target of \$600 million as well as its original hard cap of \$700 million, which was extended by \$50 million. To date, HSREP IV has closed and/or committed to 54 transactions, consisting of 69 properties in 22 states. These transactions equate to more than \$1.9 billion in gross cost, including more than \$417 million of the fund’s

capital or 56 percent of the total HSREP IV commitments.

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