

Harrison Street makes largest healthcare exit to date

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The Chicago-based investment firm has sold a portfolio of 12 healthcare properties for \$283 million.

Harrison Street Real Estate Capital has sold a 12-property healthcare portfolio for \$283 million, marking the largest healthcare exit for the Chicago-based firm. The portfolio was purchased by two unnamed groups, a publicly traded REIT and a non-listed REIT.

The portfolio received a significant amount of interest, receiving multiple qualified offers, according to Harrison Street. “The interest garnered by this portfolio is indicative of the demand for healthcare real estate,” said Christopher Merrill, co-founder and chief executive of Harrison Street, in a statement. “Institutional investors have made significant allocations to this property type as they recognize the attractiveness of demographic-driven, needs-based real estate.”

The portfolio, which totals 655,661 square feet, is comprised of seven medical office buildings, three inpatient rehabilitation hospitals and two short-term acute care hospitals. The assets, which are primarily newly constructed Class A buildings, are located in Florida, Texas, Nevada, Oklahoma, South Carolina and Indiana.

The properties are an average of 99.6 percent occupied by tenants such as national and regional health systems and hospitals, as well as local and regional physician groups, all of which provide services throughout the acute and post-acute care spectrum.

“The landscape of healthcare delivery is changing,” said Brian Mutchler, co-head of Harrison Street’s asset management group, in a statement. “The traditional hospital is not necessarily the setting for acute care, as evidenced by the advent of properties designed for and dedicated to the treatment of specialized conditions.”

Harrison Street assembled the portfolio through single-asset acquisitions and development with four operating partners using capital from Harrison Street Real Estate Partners III, the third private vehicle in its

opportunity fund series. That fund closed on \$595 million in June 2011.

The news marks the second big deal by Harrison Street in less than a week. On Wednesday, the firm announced that it had purchased a senior housing portfolio worth \$520 million. Since inception, Harrison Street has realized more than \$2 billion in asset sales, reportedly making it the largest real estate manager in the industry to acquire, develop and sell assets within the education, healthcare and storage sectors.