

Harrison Street holds first close on \$165m

The Chicago-based firm is raising its third fund, targeting \$500m of equity and focused on off-campus student housing, senior housing, medical offices and storage properties.

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Harrison Street Real Estate Capital has held a first close on its third institutional fund raising \$165 million in equity from US and European investors.

The Chicago-based firm is targeting \$500 million of commitments for Harrison Street Real Estate Partners III, having raised \$430 million for Fund II in 2008 and \$208.5 million for its debut fund in 2007. A final close of Fund III is expected by the end of 2010.

Harrison Street co-founder Christopher Merrill said the firm was continuing its strategy of targeting "recession-resistant" real estate sectors, also dubbed "needs-based", including off-campus student housing, senior housing, medical offices and storage properties.

Over the past year, the firm has acquired a nine-property self storage portfolio in Texas, originally marketed for \$71 million; acquired off-campus student housing at Indiana University and is developing off-campus student housing property at Texas Tech.

Merrill said the deals were made on behalf of the firm's first two funds, which are now fully invested. The firm is expected to close its first Fund III acquisitions in the summer, with senior housing, student housing and medical office assets already under contract. Harrison Street's typical deal size ranges from \$10 million to \$20 million.

Harrison Street owns and manages 178 real estate assets in 32 states in the US, including 13,780 student housing beds; 3,615 senior housing/assisted living units; around 61,000 self-storage units; almost 3,000 boat storage spaces and roughly 900,000-square-feet of medical office space.

Fund III has raised capital from more than 10 new and existing US and European investors, including corporations and pension funds, foundations, family offices and endowments.