



PRIVATE EQUITY REAL ESTATE

Harrison St close on \$430m for second fund

The Chicago-based private equity real estate firm led by former Heitman partner Christopher Merrill and the grandsons of the Motorola founding fathers, Christopher and Michael Galvin, will expand its "recession-resistant" investments in the US education, healthcare and boat storage real estate sectors.

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Harrison Street Real Estate Capital has closed its second fund on \$430 million (€274 million) in equity commitments from more than 40 investors in the US and Europe.

The fund, Harrison Street Real Estate Partners II, is already 30 percent committed and with leverage is expected to acquire \$1.7 billion of assets.

Harrison St co-founder Christopher Merrill said in a statement the firm would build on its strategy of investing in "recession-resistant" niche markets such as in student and senior housing, medical office and related healthcare assets and storage facilities including self-storage and boat storage in the US.

Already the fund has acquired student housing near the Universities of North and South Carolina and the Texas State University; storage facilities in Palm Beach, Florida, Chicago and California; senior housing properties in Phoenix, Michigan and Minnesota and is developing a boat storage unit in Fort Lauderdale, Florida.

Merrill said however that despite the fund being oversubscribed, ultimate "success can only be measured once we have delivered on our return expectations." Investors included US and European pension funds – Arizona Public Safety Pension Retirement Systems made an \$80 million commitment with a \$45 million co-investment to the fund – insurance companies, endowments, foundations and family offices, Merrill added in the statement.

Harrison St closed its debut fund, Harrison Street Real Estate Partners, on \$208.5 million last year. Both funds were raised without a placement agent. Merrill said the firm would continue to raise funds every 18 to 24 months to take advantage of "pricing inefficiencies that currently exist at the smaller end of the market."

In the June issue of *PERE* magazine, Harrison St was named as one of 10 emerging fund managers to watch in the future. Merrill was formerly partner, owner and managing director of Heitman, spearheading the investment firm's operations in Europe. He founded Harrison St with Christopher and Michael Galvin, the grandsons of the Motorola founding fathers, in 2005 – naming the firm after the street where Motorola first started its life in Chicago in 1928.

Christopher Galvin previously served as chairman and chief executive officer of the communications giant, while Michael Galvin was president of Galvin Enterprises, a venture capital portfolio of biotechnology and real estate development services.