

# PERE

## Annual Review

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# 2019

## PERE AWARDS

The logo for PERE Awards 2019 features a vertical red bar to the left of the word "PERE" in a large, bold, black sans-serif font. Below "PERE" is the text "Awards 2019" in a smaller, black sans-serif font.

# PERE

Awards 2019

## Alternatives Investor of the Year: North America

### **Harrison Street**

One of the pioneering private real estate fund managers to focus on alternative assets – specifically student housing, life science office and self-storage – Harrison Street had a banner year on the fundraising trail and explored new methods for public-private partnerships. The Chicago firm raised \$1.3 billion for its seventh US-focused fund, clearing its \$950 million target. It also secured another \$300 million in co-investment capital. Additionally, the manager raised \$1.1 billion for its core open-end fund and it raised \$525 million for its newly-established Social Infrastructure Fund, which pursues sale and leaseback opportunities from universities, health systems and government organizations.

## KEYNOTE INTERVIEW

Investing in real estate  
people need

*Demographic-driven real estate provides lower volatility and strong income returns in good and bad times, says Harrison Street co-founder **Christopher Merrill***

**Q What have been the key events for your firm over the past 12 months?**

2019 was a very active year for our firm. We built upon our proven approach and global platform, executed on opportunities across our sectors, entered into new geographies and further deepened relationships with universities and health systems.

We acquired more than 130 properties at \$7 billion gross cost, bringing our total investments in alternative real estate to over \$30 billion in more than 1,000 properties. Opportunities continue to be robust.

In North America we acquired our first properties in Canada, expanded our health-care delivery strategy to include behavioral health assets and broadened our life sciences exposure, including the exciting acquisition of Osborn Triangle, a three-property portfolio adjacent to MIT in Cambridge, Massachusetts. We executed Michigan State University's first public-private partnership to develop a cutting-edge research and clinical facility on its health campus in Grand Rapids.

We were also active on dispositions with the sale of 50 assets during the year, bringing our gross dispositions to \$9 billion since inception. We raised about \$4 billion of discretionary capital across our unique strategies in North America and Europe in both closed-end and open-end fund formats.

**Q What has the operating environment been like?**

We continue to focus on our targeted sectors – senior housing, healthcare delivery, life



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**HARRISON STREET**

sciences, student housing, storage, and social and utility infrastructure – because these are resilient sectors regardless of where we are in the cycle. As more and more institutional investors increase their allocations to real estate, they are looking to invest in high-quality assets with downside protection, low volatility and that offer strong income returns in all cycles. That plays into the thesis of focused managers like us as we invest in sectors for which demand is needs-based and demographic-driven – it is about people going to school, getting older, living longer, going to the doctor. These life events happen regardless of where we are in the economic cycle.

**Q What key challenges did you have to overcome?**

When we started, many people did not think there was the need for an investment manager who focused exclusively outside of traditional real estate. Add to that the time we launched: 2006, two years before the global

financial crisis. So, the first challenge was one of educating the industry on the merits of our segments. When we went to launch our open-end Core Fund we heard repeatedly that our asset classes are not core. We explained that core investing should be focused on managing risks, which people have now begun to understand and see the merits.

The other challenges we faced were the investment into building the right ecosystem to attract domain experts to our team and to line up with the best operating partners in the markets we focus on. We couldn't be prouder of our 150-strong team and best-in-class operating partner network. The development of this ecosystem has taken well over a decade.

The final challenge, and an area we think makes our platform so resilient, is the relationships we have continued to expand and enhance directly with universities and health systems. These relationships create unique investment opportunities but require focus, expertise and the right capital structures.

**Q What or who is mainly responsible for your success?**

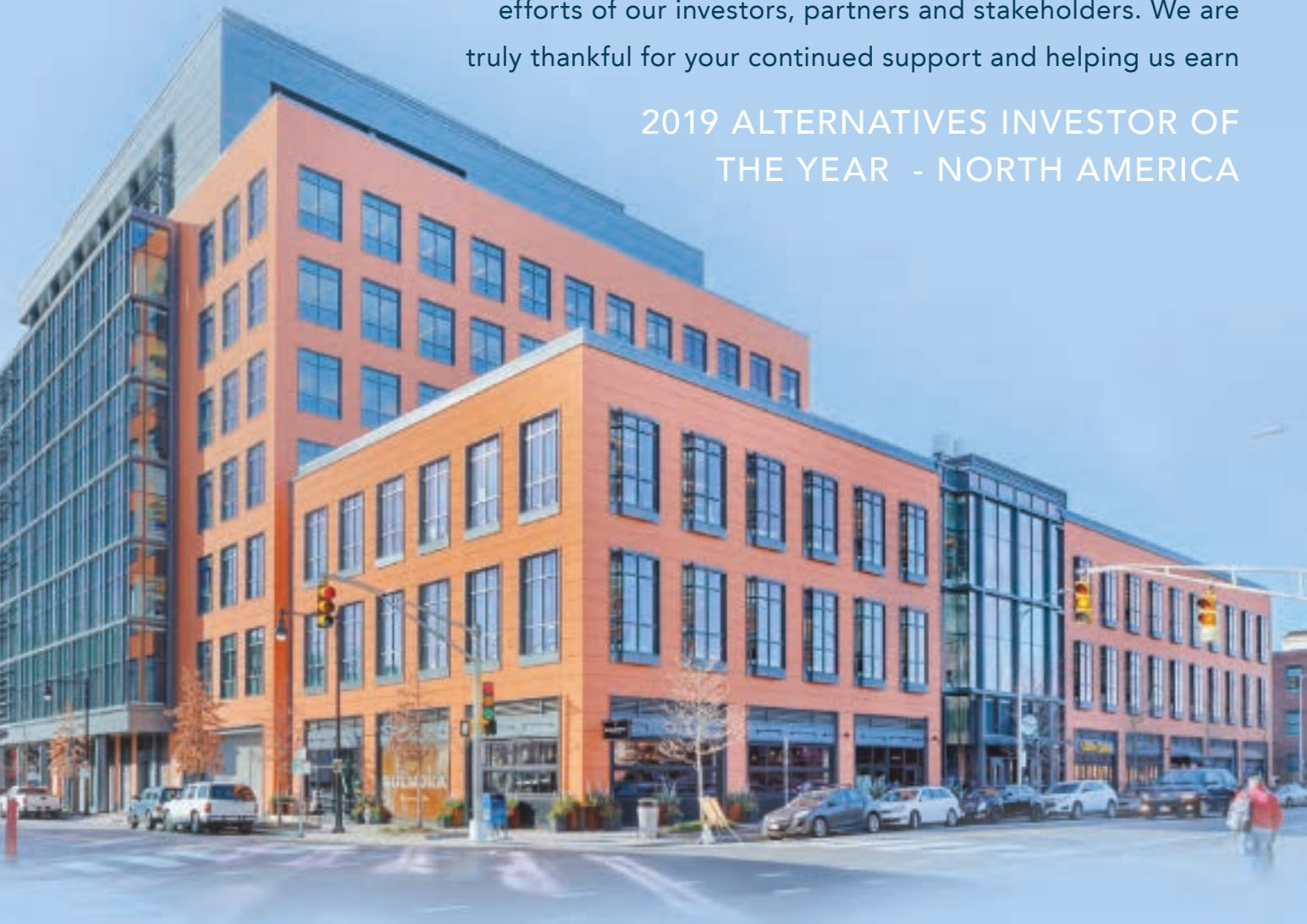
We have a great team, we're passionate about our business and we're collectively looking for ways we can innovate and drive performance for our investors. Our success is shared across the organization and none of this could be possible without the support and partnership of our investors and operators. But, to be clear, if it weren't for the investors and consultants who believed in our thesis and put trust in us, we would not be here today. We will never forget that. ■

# HARRISON STREET

## 15 YEARS OF *Making an Impact.*

As we enter our 15th year, we reflect on the impact Harrison Street has been able to make with the collective efforts of our investors, partners and stakeholders. We are truly thankful for your continued support and helping us earn

2019 ALTERNATIVES INVESTOR OF  
THE YEAR - NORTH AMERICA



**HARRISON STREET**  
*Making an Impact.*

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