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New Mexico commits \$45m to niche real estate

Author: Reg Clodfelter

The \$14.2 billion New Mexico Public Employees Retirement Association has committed \$45 million to Harrison Street Real Estate Partners V, an opportunistic fund managed by Harrison Street Real Estate Capital, confirms Christina Keyes, real returns portfolio manager with New Mexico PERA.

Harrison Street's Fund V is looking to raise \$850 million to execute a strategy targeting niche real estate assets such as medical office, student housing, self-storage and senior housing/assisted living. The fund had a first close at the end of October.

According to Keyes, New Mexico PERA likes that the fund is focused on North American niche properties, and that it is targeting a steady return of 16 percent net IRR and 1.7x on invested capital over a 10-year period.

The commitment is PERA's first with Harrison Street. Fund V has received a number of commitments from institutional investors of late, including \$150 million from the North Carolina Retirement Systems (\$50 million of which went to a sidecar), \$150 million from the Oregon Public Employees Retirement Fund, \$40 million from the Texas County & District Retirement System and \$20 million from District of Columbia Retirement Board.

As of Oct. 31, 2014, New Mexico PERA had 3.18 percent of its assets invested in real estate, short of its 5 percent target allocation.

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Tel: +1 925-244-0500 • Fax: +1 925-244-0520 • Email: irei@irei.com • URL: www.irei.com

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