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## DEALS

# Harrison Street sells 75% stake with eye toward succession planning

*The firm's founders have sold all or part of their interests to property services company Colliers, which is expanding into the investment management space*

Harrison Street Real Estate Capital is the latest in a string of private equity real estate firms to sell a partial company stake.

Property services company Colliers International Group is acquiring a 75 percent interest in the Chicago-based firm for \$450 million, according to a Monday statement. If Harrison Street achieves particular performance targets, Colliers will pay another \$100 million in 2022.

The deal marks Toronto-based Colliers' entrance into the investment management business.

"The investment in Harrison Street is transformational and the most significant in our history," Colliers chief executive Jay Hennick said in a statement. "The transaction establishes us as one of the major players in global real estate investment management, providing an important new growth platform that also facilitates the integration of our existing operations in Europe."

Harrison Street was founded in 2005 by Chris Merrill and brothers Mike and Chris Galvin, whose father co-founded electronics company Motorola.

PERE understands that the Galvin brothers sold their 50 percent stake, while chief executive Merrill and other executives sold half of their interest. Merrill remains Harrison Street's largest individual shareholder.

"For us, we thought about 'How can we enhance the business? How can we create more stability with our platform including long term incentives for the next generation of leaders?' We've been fortunate in that we haven't had much turnover and wanted to make sure we won't going forward," Merrill told PERE. "We had to think about the transition from our existing partner, the Galvins, to the right long-term strategic capital partner. A lot of this has to do with creating the right alignment with our investors and autonomy for our employees."

As part of the deal, Harrison Street is expanding its equity participation for some of its employees. Merrill has long talked about the importance of succession planning to PERE and at industry forums. He has no plans to leave, however, and senior management will remain in place.

Merrill said Harrison Street will benefit from Colliers' deep research team and global presence – the firm has offices in 59 countries, while Harrison Street has offices in London and Chicago. He added there will be no major changes to Harrison Street's investment strategy or product offerings. The firm runs opportunistic funds focused on the US and Europe, along with a US-focused, open-ended core fund.

"We're not going to change our strategy; we're going to try to continue to innovate in



**Christopher Merrill**

the space," Merrill said.

The deal is expected to close by the third quarter. Harrison Street manages about \$14.6 billion in assets, according to Monday's statement.

This year has seen significant activity in firm-level mergers, acquisitions and interest sales. Through its fund of firms, for example, Blackstone picked up minority stakes in PAG in April and Rockpoint in March. In February, New York Life bought a 40 percent stake in Tristan Capital Partners, the European investment manager. Also in February, Macquarie Group more than doubled the size of its real estate investment platform with the purchase of GLL Real Estate Partners.