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WEDNESDAY, NOVEMBER 26, 2008

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by Illinois Real Estate Journal Reports
Chicago

In one of the largest self-storage transactions of the year, Harrison Street Real Estate Capital LLC, a Chicago-based real estate private equity firm, has acquired 19 self-storage properties from a national lending institution.

The properties bring the total value of Harrison Street's 135-property real estate portfolio to more than \$1.7 billion. The acquisitions also position Harrison Street as one of the top 15 owners of self-storage assets nationwide, with a total self-storage portfolio now consisting of over 4.6 million square in 41,200 units located in 65 properties across 17 states valued at well over \$600 million.



"In the current economic climate, opportunities are known to arise for well-positioned buyers to respond quickly and add attractive assets," said Christopher N. Merrill, Harrison Street's co-founder and managing partner. "This is indeed a key acquisition for our firm, in that it demonstrates our ability to act quickly and allows us the opportunity to increase our self-storage holdings by purchasing these assets at an attractive basis."

The newly acquired properties are located in Chicago, Ohio, Florida, Rhode Island, New York and Nevada and consist of more than 1.4 million square feet of space in some 11,600 units.

Two of Harrison Street's exclusive self-storage property-management companies, United Storage and Morningstar Properties, will re-brand the assets and take over the day-to-day management of all 19 properties. Each property has been developed since 2000 and is located in a prime area. For instance, one of the Chicago properties is adjacent to McCormick Place, one of the world's largest convention and exposition centers.

"Each of these newly acquired properties meet or exceed our risk-adjusted return parameters," said Robert Mathias, a Harrison Street principal. "They are all well-located in markets with favorable supply/demand characteristics and considerable demographic momentum. We are excited to have great partners like Morningstar and United Storage take over the day-to-day management."

The acquisition was made on behalf of Harrison Street Real Estate Partners II, LP ("Fund II"), a recently launched \$430 million closed-end real estate opportunity fund that has gross buying power of approximately \$2 billion. With the acquisition, "Fund II" will have acquired or commenced development on over \$700 million of real estate in 2008 consisting of more than 60 properties.

Given the assets classes in which the fund operates and the size of its typical investment, Harrison Street is able to find lenders willing to finance its properties, notwithstanding the prevailing market climate.

Since its founding in 2005 Harrison Street has focused exclusively on "recession resistant" asset classes, particularly senior housing, medical office and healthcare properties, marinas, self-storage facilities and student housing properties that are minimally affected by the ebb and flow of market conditions.

Investors in both Harrison Street's investment funds include American and European corporations, pension funds, insurance companies, foundations, family offices and endowments.