

Kayne Anderson launches core fund – Exclusive

The open-ended, alternatives-focused vehicle was seeded with \$410m worth of assets from the firm's opportunistic fund.

Kayne Anderson Real Estate Advisors is expanding into core real estate, PERE has learned.

Boca Raton, Florida-based KAREA, which focuses on alternative real estate property types, launched an open-ended core fund called Kayne Anderson Core earlier this summer. The firm declined to comment, but PERE understands that the vehicle was seeded with a \$410 million portfolio of six senior housing assets.

KAREA is seeking a 9-10 percent net internal rate of return for the fund and a 6 percent current yield. The firm plans to invest about 70 percent of KACORE's capital in medical office and senior housing, and will invest the remainder in student housing and self-storage.

Two initial institutional investors that have committed to the firm's opportunistic funds participated in the \$225 million fundraising for the seed portfolio, and the firm is understood to be looking at new sources of institutional capital for future fundraising.

KACORE's initial portfolio came from Kayne Anderson Real Estate Partners III, which closed on \$750 million in 2013, PERE previously reported. Five of the assets were a Texas portfolio of independent senior living facilities in Houston, Austin and Dallas. KAREA acquired the private-pay properties at 77 percent occupancy in February 2014 and raised the occupancy to 96 percent. The sixth property is a 180-unit, age-restricted senior community in Allen, Texas that the firm purchased in December 2014. The property is now 98 percent occupied.

KAREA joins alternatives-focused peer Harrison Street Real Estate Capital in the alternatives-focused core fund space. The Chicago-based private equity real estate firm launched Harrison Street Core Property Fund in 2011, PERE previously reported.

As of May, Harrison Street's fund was capitalized with about \$4.2 billion of equity from over 90 institutional investors and held 167 properties in self-storage, medical office, student housing and senior housing. HSCPF generated a one-year annual return of 9.5 percent as of June 30, PERE understands.

KAREA manages \$4 billion in real estate assets, according to its website. - See more at: <https://www.perenews.com/news/2017-08-21/kayne-anderson-launches-core-fund-%e2%80%93-exclusive/#sthash.mtuTNW5t.dpuf>