HEALTHCARE REALTY TRUST INC
Form 424B5
December 10, 2010

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CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	Proposed maximum aggregate offering price	Amount of registration fee (1)
5.75% Notes due 2021	$ 400,000,000	$ 28,520

(1) Calculated in accordance with Rule 457(o) and Rule 457(r) of the Securities Act of 1933. Payment of the registration fee at the time of filing of the registrant s registration statement on Form S-3, filed with the Securities and Exchange Commission on May 13, 2008 (File No. 333-150884) (the Registration Statement), was deferred pursuant to Rules 456(b) and 457(r) under the Securities Act of 1933, as amended. The registrant paid $54,599 with respect to $439,937,000 aggregate initial offering price of securities that were previously registered pursuant to registration statement No. 333-120595, initially filed on November 18, 2004, which was withdrawn on May 13, 2008 in connection with the filing of the Registration Statement. In accordance with Rule 457(p), $8,068, $1,921, $16,627 and $7,434 of the unutilized registration fee was applied to the filing fee payable in connection with the registrant s filing of prospectus supplements pursuant to Rule 424(b)(5) on September 24, 2008, January 20, 2009, December 3, 2009 and February 22, 2010. Additionally, pursuant to Rule 457(p), the remaining amount of $20,549 of the unutilized registration fee is being applied to the filing fee payable in connection with this offering. This Calculation of Registration Fee table shall be deemed to update the Calculation of Registration Fee table in the Registration Statement.

Filed Pursuant to Rule 424(b)(5)
Registration No. 333-150884

Prospectus Supplement
(To Prospectus dated May 13, 2008)

$400,000,000

Healthcare Realty Trust Incorporated
5.75% Senior Notes due 2021

The notes will mature on January 15, 2021. Interest on the notes will be payable semi-annually in arrears on January 15 and July 15 of each year, beginning on July 15, 2011. Interest will accrue from December 13, 2010. We may redeem the notes, in whole or in part at any time, at the redemption prices described under Description of Notes Optional Redemption.

The notes will be our senior unsecured obligations and will rank equally with all of our other senior unsecured indebtedness.

Investing in the notes involves risks. See Supplemental Risk Factors beginning on page S-8 of this prospectus supplement and under Risk Factors in our Annual Report on Form 10-K for the fiscal year ended December 31, 2009, which is incorporated by reference in this prospectus supplement and the accompanying prospectus.

	Price to Public(1)	Underwriting Discount	Proceeds, Before Expenses, to HR
Per Senior Note	99.20%	0.65%	98.55%
Total	$ 396,800,000	$ 2,600,000	$ 394,200,000

(1) The public offering price set forth above does not include accrued interest, if any.

The notes will not be listed on any securities exchange or quoted on any automated dealer quotation system.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The Company expects that delivery of the notes will be made to investors on or about December 13, 2010 only in book-entry form through the facilities of The Depository Trust Company.

Active Book-Running Managers

Barclays Capital **UBS Investment Bank**

Passive Book-Running Managers

Credit Agricole **J.P. Morgan** **BofA Merrill Lynch**
Morgan Keegan & Co., Inc. **Wells Fargo Securities**

Senior Co-Managers

Fifth Third Securities, Inc. **SunTrust Robinson Humphrey**

Co-Managers

BMO Capital Markets **Scotia Capital (USA) Inc.**

The date of this prospectus supplement is December 8, 2010.

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Prospectus Supplement

Prospectus

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ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first part is the prospectus supplement, which describes the specific terms of this offering and also adds to and updates information contained in the accompanying prospectus and the documents incorporated by reference. The second part is the accompanying prospectus, which gives more general information, some of which may not apply to this offering. To the extent there is a conflict between the information contained in this prospectus supplement, on the one hand, and the information contained in the accompanying prospectus, on the other hand, the information in this prospectus supplement shall control.

You should read this document, and any free writing prospectus we authorize to be delivered to you, together with additional information described under the heading Where You Can Find More Information and Incorporation of Certain Documents by Reference. You should rely only on the information contained or incorporated by reference in this document and any other offering materials the Company authorizes. Neither HR nor the underwriters have authorized anyone to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. You should assume that the information in this prospectus supplement and the accompanying prospectus, as well as the information the Company has previously filed with the Securities and Exchange Commission (the Commission) and incorporated by reference in this document, is accurate only as of its date or the date which is specified in those documents.

The distribution of this prospectus supplement and the accompanying prospectus in some jurisdictions may be restricted by law. Persons who receive this prospectus supplement and the accompanying prospectus should inform themselves about and observe any such restrictions. This prospectus supplement and the accompanying prospectus do not constitute, and may not be used in connection with, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

FORWARD-LOOKING STATEMENTS

This prospectus supplement, the accompanying prospectus and other materials the Company has filed or may file with the Commission, as well as information included in oral statements or other written statements made, or to be made, by our senior management, contain, or will contain, disclosures which are forward-looking statements. Forward-looking statements include all statements that do not relate solely to historical or current facts and can be identified by the use of words such as may, will, expect, believe, intend, plan, estimate, project, conti other comparable terms. These forward-looking statements are based on the current plans and expectations of management and are subject to a number of risks and uncertainties that could significantly affect our current plans and expectations and future financial condition and results.

Such risks and uncertainties include, among other things, the following:

- the unavailability of equity and debt capital, volatility in the credit markets, increases in interest rates, or changes in the Company s debt ratings;
- the Company may become more leveraged;
- covenants in the Company s debt instruments limit its operational flexibility and a breach of these covenants could materially affect the Company s financial results;

the financial health of the Company s tenants and sponsors and their ability to make loan and rent payments to the Company;

the ability and willingness of the Company s lenders to make their funding commitments to the Company;

the Company s long-term master leases and financial support agreements may expire and not be extended;

restrictions under ground leases through which the Company holds many of its medical office properties could limit the Company s ability to lease, sell or finance these properties;

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the ability of the Company to re-let properties on favorable terms as leases expire;

the Company may incur impairment charges on its assets;

the Company may be required to sell certain assets through purchase options held by tenants or sponsors and may not be able to reinvest the proceeds from such sales at equal rates of return;

the construction of properties generally requires various government and other approvals which may not be received;

unsuccessful development opportunities could result in the recognition of direct expenses which could impact the Company s results of operations;

construction costs of a development property may exceed original estimates, which could impact its profitability to the Company;

time required to lease up a completed development property may be greater than originally anticipated, thereby adversely affecting the Company s cash flow and liquidity;

occupancy rates and rents of a completed development property may not be sufficient to make the property profitable to the Company; and

changes in the Company s dividend policy.

HR describes some additional risks and uncertainties of investing in the notes below under the heading Supplemental Risk Factors. Other risks, uncertainties and factors that could cause actual results to differ materially from those projected are detailed from time to time in reports filed by HR with the Securities and Exchange Commission, including Forms 8-K, 10-Q and 10-K (including those identified in our Annual Report on Form 10-K for the fiscal year ended December 31, 2009). HR undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Investors are cautioned not to rely unduly on such forward-looking statements when evaluating the information presented in this prospectus supplement and the accompanying prospectus or HR s filings and reports.

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SUMMARY

The information below is a summary of the more detailed information included elsewhere or incorporated by reference in this prospectus supplement and the accompanying prospectus. You should read carefully the following summary together with the more detailed information contained in this prospectus supplement, the accompanying prospectus and the information incorporated by reference into those documents, including the Supplemental Risk Factors section beginning on page S-8 of this prospectus supplement and the Risk Factors section beginning on page 4 of the accompanying prospectus and in our Annual Report on Form 10-K for the fiscal year ended December 31, 2009. This summary is not complete and does not contain all of the information you should consider when making your investment decision.

Unless the context otherwise requires, as used in this prospectus supplement and the accompanying prospectus, the terms HR, the Company, we, us and our include Healthcare Realty Trust Incorporated, its subsidiaries and other entities in which Healthcare Realty Trust Incorporated or its subsidiaries own an interest.

Information About Healthcare Realty Trust Incorporated

Healthcare Realty Trust Incorporated was incorporated in Maryland in 1993 and is a self-managed and self-administered real estate investment trust, or REIT, that owns, acquires, manages, finances and develops income-producing real estate properties associated primarily with the delivery of outpatient healthcare services throughout the United States.

The Company operates so as to qualify as a REIT for federal income tax purposes. As a REIT, the Company is not subject to corporate federal income tax with respect to that portion of its ordinary income or capital gain that is currently distributed to its stockholders.

The Company had investments of approximately $2.4 billion in 209 real estate properties and mortgages as of September 30, 2010, excluding assets classified as held for sale and including an investment in one unconsolidated joint venture. The Company s 202 owned real estate properties, excluding assets classified as held for sale, are comprised of six facility types, located in 28 states, totaling approximately 13.0 million square feet. As of September 30, 2010, the Company provided property management services to approximately 9.0 million square feet nationwide.

Business Strategy

The Company s strategy is to own and operate quality medical office and other outpatient-related facilities that produce stable and growing rental income. Consistent with this strategy, the Company selectively seeks acquisition and development opportunities located on or near the campuses of large, stable healthcare systems. Additionally, the Company provides a broad spectrum of services needed to own, develop, lease, finance and manage its portfolio of healthcare properties.

Management has streamlined the Company s portfolio to focus on medical office and other outpatient-related facilities associated with large acute care hospitals and leading health systems because it views these facilities as the most stable, lowest-risk real estate investments. In addition, management believes that the diversity of tenants in the Company s medical office and other outpatient-related facilities, which includes physicians of nearly two-dozen specialties, as well as surgery, imaging, and diagnostic centers, lowers the Company s financial and operational risk.

Principal Executive Offices

The principal executive offices of Healthcare Realty Trust Incorporated are located at 3310 West End Avenue, Suite 700, Nashville, Tennessee 37203. The telephone number of the principal executive offices is (615) 269-8175.

THE OFFERING

The following summary contains basic terms of the notes. For a more detailed description of the notes, see Description of Notes in this prospectus supplement and Description of Debt Securities in the accompanying prospectus.

Issuer	Healthcare Realty Trust Incorporated.
Notes Offered	$400,000,000 aggregate principal amount of 5.75% Senior Notes due 2021.
Interest Rate	5.75% per annum.
Maturity	January 15, 2021.
Interest Payment Dates	Semi-annually on January 15 and July 15 of each year, beginning July 15, 2011.
Use of Proceeds	HR will use the net proceeds from the sale of the notes to repay outstanding borrowings under our unsecured credit facility, repay our Senior Notes due 2011 at maturity and for general corporate purposes. See Use of Proceeds.
Conflicts of Interest	HR expects that more than 5% of the net proceeds of this offering may be used to reduce outstanding indebtedness under its unsecured revolving credit facility, and certain of the underwriters or affiliates of the underwriters are lenders under the Company s unsecured credit facility. Accordingly, this offering is being made in compliance with the requirements of NASD Rule 2720 of the Financial Industry Regulatory Authority, Inc. (FINRA) (which will be known as FINRA Rule 5121 effective December 15, 2010).
Ranking	The notes will be senior and unsecured obligations of HR and will rank equally with all other senior and unsecured indebtedness of HR. The notes will be effectively subordinated to all existing and future indebtedness and other liabilities and commitments of our subsidiaries, including guarantees by our subsidiaries, if any, of other indebtedness of HR. The notes will also be effectively subordinated to our existing secured indebtedness and any secured indebtedness the Company or its subsidiaries may incur to the extent of the assets securing such indebtedness.
Optional Redemption	The notes may be redeemed in whole at any time or in part from time to time, at the Company s option, at a redemption price equal to the sum of (i) the Outstanding Principal Amount (as hereafter defined), (ii) the accrued and unpaid interest on the Outstanding Principal Amount, and

	(iii) the Make-Whole Amount (as hereafter defined), if any. The Make-Whole Amount shall be payable not only upon an optional redemption, but also upon accelerated payment of the notes.
Certain Covenants and Events of Default	The Indenture for the notes contains various covenants including the following: debt will not exceed 60% of Total Assets liens will not secure obligations in excess of 40% of Total Assets Total Unencumbered Assets will not be less than 150% of Unsecured Debt

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	Consolidated Income Available for Debt Service will be at least 150% of Consolidated Interest Expense for the most recent four previous consecutive fiscal quarters
	These covenants are complex and are described more completely under Description of Notes Certain Covenants. The Indenture provides for certain events of default, including default on certain other indebtedness.
Denominations	The notes will be issued in minimum denominations of $1,000 and integral multiples of $1,000 in excess thereof.
Form of Notes	Each note will initially be issued in book-entry form only. Each note issued in book-entry form will be represented by one or more fully registered global securities deposited with or on behalf of The Depository Trust Company (or another depositary) and registered in the name of the identified depositary or its nominee. Interests in the global securities will be shown on, and transfers thereof will be effected only through, records maintained by the identified depositary (with respect to its participants) and its participants (with respect to beneficial owners). Except in limited circumstances, notes issued in book-entry form will not be exchangeable for notes issued in fully registered certificated form.
Trustee, Registrar and Paying Agent	Regions Bank, Nashville, Tennessee.

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SUMMARY CONSOLIDATED HISTORICAL FINANCIAL INFORMATION

A summary of selected historical consolidated financial data is set forth in the table below. The financial data for each of the years in the three-year period ended December 31, 2009, were derived from the Company s historical consolidated financial statements and have been revised for properties classified in discontinued operations as of September 30, 2010. The financial data as of and for the nine months ended September 30, 2010 and 2009 have been derived from the Company s unaudited interim condensed consolidated financial statements and include all adjustments necessary for the fair presentation of the data in all material respects. Results for the interim periods are not necessarily indicative of the results to be expected for the full year. The information below is only a summary and should be read together with, and is qualified in its entirety by reference to, the Company s historical consolidated financial statements and notes thereto and the section entitled Management s Discussion and Analysis of Financial Condition and Results of Operations included in the Company s Quarterly Reports on Form 10-Q for the fiscal quarters ended March 31, 2010, June 30, 2010 and September 30, 2010 and Annual Report on Form 10-K for the fiscal year ended December 31, 2009, which are incorporated by reference herein, and the section of this prospectus supplement entitled Capitalization.

	Nine Months Ended September 30,		Year Ended December 31,		
	2010(1)	2009(2)	2009	2008	2007(3)
	(Dollars in thousands, except per share data) (Unaudited)				
Statement of Income Data:					
Revenues	$ 193,368	$ 186,635	$ 249,407	$ 208,957	$ 192,656
Expenses	141,033	136,959	182,884	156,005	136,612
Other expense	(46,483)	(26,155)	(39,280)	(35,586)	(46,849)
Income from continuing operations	5,852	23,521	27,243	17,366	9,195
Income from discontinued operations	2,012	23,212	23,905	24,394	50,885
Net income	7,864	46,733	51,148	41,760	60,080
Less: Net income attributable to noncontrolling interests	(44)	(12)	(57)	(68)	(18)
Net income attributable to common stockholders	$ 7,820	$ 46,721	$ 51,091	$ 41,692	$ 60,062
Basic earnings per common share:					
Income from continuing operations	$ 0.10	$ 0.40	$ 0.47	$ 0.34	$ 0.19
Discontinued operations	0.03	0.40	0.41	0.47	1.07
Net income attributable to common stockholders	$ 0.13	$ 0.80	$ 0.88	$ 0.81	$ 1.26

Diluted earnings per common share:										
Income from continuing operations	$	0.10	$	0.40	$	0.46	$	0.33	$	0.19
Discontinued operations		0.03		0.39		0.41		0.46		1.05
Net income attributable to common stockholders	$	0.13	$	0.79	$	0.87	$	0.79	$	1.24
Weighted average common shares outstanding Basic		61,232,810		58,150,024		58,199,592		51,547,279		47,536,133
Weighted average common shares outstanding Diluted		62,269,413		58,950,870		59,047,314		52,564,944		48,291,330
Dividends declared, per common share, during the period	$	0.90	$	1.155	$	1.54	$	1.54	$	6.84

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	Nine Months Ended September 30, 2010(1)	Nine Months Ended September 30, 2009(2)	Year Ended December 31, 2009	Year Ended December 31, 2008	Year Ended December 31, 2007(3)
	(Dollars in thousands, except per share data) (Unaudited)				
Balance Sheet Data (as of the end of the period):					
Real estate properties, net	$ 1,923,098	$ 1,744,408	$ 1,791,693	$ 1,634,364	$ 1,351,173
Mortgage notes receivable	$ 27,134	$ 41,595	$ 31,008	$ 59,001	$ 30,117
Assets held for sale and discontinued operations, net	$ 17,592	$ 903	$ 17,745	$ 90,233	$ 15,639
Total assets	$ 2,069,863	$ 1,879,561	$ 1,935,764	$ 1,864,780	$ 1,495,492
Notes and bonds payable	$ 1,138,200	$ 997,037	$ 1,046,422	$ 940,186	$ 785,289
Total stockholders equity	$ 819,290	$ 776,823	$ 786,766	$ 794,820	$ 631,995
Noncontrolling interests	$ 3,719	$ 2,985	$ 3,382	$ 1,427	$
Total equity	$ 823,009	$ 779,808	$ 790,148	$ 796,247	$ 631,995

	Nine Months Ended September 30, 2010	Year Ended December 31, 2009	2008	2007	2006	2005
Other Data (unaudited):						
Ratio of earnings to fixed charges(4)	0.97x(5)	1.32x	1.21x	1.10x	1.15x	1.23x

(1) The nine months ended September 30, 2010 includes impairment charges totaling $7.4 million related to six properties classified as held for sale, gains on the sale of real estate properties totaling $8.3 million and an increase in interest expense of approximately $18.3 million compared to the prior period.

(2) The nine months ended September 30, 2009 includes gains on the sale of real estate properties totaling approximately $20.1 million and a $2.7 million re-measurement gain of equity interest upon acquisition of additional ownership interest in a joint venture.

(3) During 2007, the Company disposed of its senior living assets and recognized a gain on sale of approximately $40.2 million. The proceeds from the sale, in part, were used to pay a special dividend to stockholders of approximately $227.2 million, or $4.75 per common share.

(4) See Ratio of Earnings to Fixed Charges for an explanation of the calculation of these ratios.

(5) For the nine months ended September 30, 2010, earnings from continuing operations were insufficient to cover fixed charges by $1.9 million.

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SUPPLEMENTAL RISK FACTORS

You should carefully consider the supplemental risks described below in addition to the risks described under Risk Factors in our Annual Report on Form 10-K for the fiscal year ended December 31, 2009, which is incorporated by reference herein, as well as the other information contained in or incorporated by reference into this prospectus supplement or the accompanying prospectus, before investing in the notes. You could lose part or all of your investment.

Changes in our credit ratings or the debt markets could adversely affect the price of the notes.

The price of the notes depends on many factors, including:

HR s credit ratings with major credit rating agencies;