

HEALTHCARE REALTY TRUST INC

Form 424B3

September 22, 2008

The information in this preliminary prospectus supplement and the accompanying prospectus is not complete and may be changed. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell these securities and are not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

**FILED PURSUANT TO RULE 424(b)(3)
REGISTRATION NO. 333-150884**

SUBJECT TO COMPLETION, DATED SEPTEMBER 22, 2008

PROSPECTUS SUPPLEMENT

(To prospectus dated May 13, 2008)

7,000,000 Shares

Common Stock

Healthcare Realty Trust Incorporated (**HR**) 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 with the delivery of healthcare services throughout the United States.

HR is offering and selling 7,000,000 shares of its common stock with this prospectus supplement and the accompanying prospectus.

HR's common stock is listed on the New York Stock Exchange under the symbol **HR**. On September 18, 2008, the last reported sale price of HR's common stock on the NYSE was \$30.50 per share.

Investing in the common stock of HR involves certain risks and uncertainties that are described in the Forward-Looking Statements and Risk Factors section beginning on page S-7.

Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus supplement or the accompanying prospectus. Any representation to the contrary is a criminal offense.

	Per Share	Total
Public offering price	\$	\$
Underwriting discount	\$	\$
Proceeds (before expenses) to HR	\$	\$

The underwriters have an option to purchase, within 30 days from the date of this prospectus supplement, a maximum of 1,050,000 additional shares to cover over-allotments of shares, if any, at the price set forth on the cover page of this prospectus supplement, less underwriting discounts and commissions. If such option is exercised in full, the total

proceeds to HR before deducting estimated offering expenses will be \$ million. It is expected that the shares will be available for delivery on or about , 2008.

Joint Book-Running Managers

**Wachovia Securities
Banc of America Securities LLC**

**J.P.Morgan
UBS Investment Bank**

Co-Lead Managers

Stifel Nicolaus

Morgan Keegan & Company, Inc.

Co-Managers

**Calyon Securities (USA) Inc.
Barclays Capital**

**KeyBanc Capital Markets
BMO Capital Markets**

**SunTrust Robinson Humphrey
Deutsche Bank Securities**

Prospectus Supplement dated September , 2008

**University Medical Campus Clinic, Round Rock, TX Sarasota Medical Center, Sarasota, FL
Baptist Women's Physician Office, Memphis, TN Pali Momi Medical Center, Honolulu, HI Baylor
Pavilion I, Plano, TX**

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**Pyramids at Park Lane, Dallas, TX Yakima Valley West Pavilion II, Yakima, WA St Thomas
Heart Institute, Nashville, TN Kerlan Jobe Medical Center, Los Angeles, CA Baylor Medical Of_ce
Building at Irving, Irving, TX**

You should rely only on information contained in this prospectus supplement, the accompanying prospectus and any free writing prospectus the Company authorizes to be delivered to you. If any information in this prospectus supplement is inconsistent with the accompanying prospectus, you should rely on the prospectus supplement. Neither Healthcare Realty Trust Incorporated nor the underwriters have authorized anyone to provide you with information different from that contained in this prospectus supplement and the accompanying prospectus. HR and the underwriters are offering to sell, and seeking offers to buy, shares only in jurisdictions where offers and sales are permitted. The information contained in this prospectus supplement and the accompanying prospectus is accurate only as of the date of this prospectus supplement and the accompanying prospectus, regardless of the time of delivery of this prospectus supplement and the accompanying prospectus or of any sale of the shares. The information in this prospectus supplement and the accompanying prospectus is current as of the date such information is presented. HR's business, financial condition, results of operations and prospects may have changed since such dates.

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ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first is this prospectus supplement, which describes the specific terms of this offering. The second part, the accompanying prospectus, gives more general information, some of which may not apply to this offering. This prospectus supplement also adds to, updates and changes information contained in the accompanying prospectus. If the description of the offering varies between this prospectus supplement and the accompanying prospectus, you should rely on the information in this prospectus supplement. The accompanying prospectus is part of a shelf registration statement that HR filed with the Securities and Exchange Commission. Under the shelf registration process, from time to time, the Company may offer and sell common stock, warrants to purchase common stock, preferred stock, senior debt securities, subordinated debt securities, or any combination of these securities, individually or as units, in one or more offerings.

It is important that you read and consider all of the information contained in this prospectus supplement and the accompanying prospectus in making your investment decision. You should also read and consider the information in the documents to which HR has referred you in Incorporation of Certain Information by Reference below and Where You Can Find More Information on page S-16 of this prospectus supplement and page 20 of the accompanying prospectus. Unless the context otherwise requires, as used in this prospectus supplement and the accompanying prospectus, the terms HR and the Company include Healthcare Realty Trust Incorporated, its subsidiaries and other entities in which Healthcare Realty Trust Incorporated or its subsidiaries own an interest.

INCORPORATION OF CERTAIN INFORMATION BY REFERENCE

The Securities and Exchange Commission, or SEC, allows HR to incorporate by reference information into this prospectus supplement and the accompanying prospectus. This means that HR can disclose important information to you by referring you to another document that HR has filed separately with the SEC that contains that information. The information incorporated by reference is considered to be part of this prospectus supplement and the accompanying prospectus. Information that HR files with the SEC after the date of this prospectus supplement will automatically modify and supersede the information included or incorporated by reference in this prospectus supplement and the accompanying prospectus to the extent that the subsequently filed information modifies or supersedes the existing information.

The following documents are incorporated by reference (other than any portions of any such documents that are not deemed filed under the Securities Exchange Act of 1934 in accordance with the Securities Exchange Act of 1934 and applicable SEC rules, except as expressly provided otherwise below):

HR's Annual Report on Form 10-K for the fiscal year ended December 31, 2007;

HR's Quarterly Reports on Form 10-Q for the quarters ended March 31, 2008 and June 30, 2008;

HR's Proxy Statement relating to its annual meeting of shareholders held on May 13, 2008;

HR's Current Reports on Form 8-K filed on March 5, 2008, April 21, 2008, July 30, 2008 and September 18, 2008 (the furnished language in the Form 8-K filed on September 18, 2008 is incorporated herein by reference);

Any future filings HR makes with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 until all of the securities offered by this prospectus supplement are sold; and

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The description of the Company's common stock in its Registration Statement of Form 8-A, dated April 8, 1993, and any other amendment or report filed for the purpose of updating such description.

You may request a copy of any of these filings at no cost by writing to or telephoning HR at the following address and telephone number:

Healthcare Realty Trust Incorporated
3310 West End Avenue, Suite 700
Nashville, Tennessee 37203
Attention: Gabrielle Andrés
(615) 269-8175
Communications@healthcarerealty.com

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PROSPECTUS SUPPLEMENT 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 Risk Factors section beginning on page 4 of the accompanying prospectus, in the Company's Annual Report on Form 10-K and in its Quarterly Reports on Form 10-Q for the quarters ended March 31, 2008 and June 30, 2008. This summary is not complete and does not contain all of the information you should consider when making your investment decision.

Unless otherwise expressly stated or the context otherwise requires, information in this prospectus supplement assumes that the option granted to the underwriters to purchase up to 1,050,000 additional shares from the Company has not been exercised.

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 with the delivery of 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 net income distributed to its shareholders.

The Company had investments of approximately \$1.8 billion in 181 real estate properties and mortgages as of June 30, 2008, excluding assets classified as held for sale and including investments in three unconsolidated joint venture limited liability companies. The Company's 174 owned real estate properties, excluding assets classified as held for sale, are comprised of six facility types, located in 24 states, totaling approximately 10.8 million square feet. As of June 30, 2008, the Company provided property management services to approximately 7.2 million square feet nationwide. The Company's owned real estate property information by facility type as of June 30, 2008 is detailed in the table below:

Facility Type	Number of Owned Properties	Investment (Dollars and square feet in thousands)	Square Feet
Medical office	102	\$ 1,090,110	7,756
Specialty inpatient	13	232,469	977
Physician clinics	32	176,299	1,047
Ambulatory care/surgery	11	98,901	429
Other	10	53,798	498
Specialty outpatient	6	27,700	118
Land held for development		16,379	
	174	\$ 1,695,656	10,825

The Company's real estate portfolio is diversified by facility type, geography, tenant and payor mix, mitigating its exposure to fluctuating economic conditions, tenant and sponsor credit risks, and changes in clinical practice patterns. In an effort to limit operator exposure, only one healthcare provider accounted for 10% or more of the Company's revenues for the year ended December 31, 2007 (HealthSouth Corporation at 11%).

At June 30, 2008, the Company's leverage ratio (debt divided by (debt plus stockholders equity less intangible assets plus accumulated depreciation)) was approximately 44.9%, or 33.5% on an as-adjusted basis to give effect to this offering, and approximately 79.3% of its existing debt portfolio had maturity dates after 2010. As of September 18, 2008, the Company had borrowings of \$247 million outstanding under its unsecured credit facility and had remaining borrowing capacity of \$153 million under the facility.

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You should carefully read the section titled "Capitalization" on page S-9 of this prospectus supplement to see the effect on the Company's debt of the issuance of shares in this offering.

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 development and acquisition 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.

Tenants of medical office and other outpatient-related facilities have historically received more than half of the national healthcare spending each year. Management believes that the diversity of tenants in 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.

Recent Trends and Impact of Recent Market Conditions

Over the last few years, management believes that the market for quality medical office and other outpatient-related facilities has attracted many non-traditional and/or highly-leveraged buyers, resulting in a significant increase in competition for these assets. With the recent and continued turmoil in the credit markets, the Company has begun to see fewer buyers competing for such properties. While management has observed only a slight decrease in asset prices, the Company's relatively conservative capital structure positions it well to take advantage of the current credit market dislocation and any resulting future diminution in asset prices.

In recent years, the Company has focused much of its efforts towards developing medical office and other outpatient-related facilities. Management believes that development can provide better investment returns and higher quality buildings over the long-term, notwithstanding the longer timelines associated with development projects. Construction can take one to two years and leasing can take two to three years.

The developments that the Company pursues are either relationship-based, with a particular operator or hospital system, or market-driven, where the underlying fundamentals in a particular market make the development of medical office and other outpatient-related facilities, without an existing healthcare system relationship, compelling. The Company's market-driven development opportunities are generally located near acute-care hospitals and in markets with strong population growth. These developments are advantageous because of fewer use and leasing restrictions, shorter development timelines, and the prospect for higher investment returns.

Property Activity

New Investments

On July 25, 2008, the Company purchased two fully-leased, six-story office buildings, each containing 146,000 square feet, and a six-level parking structure, containing 977 parking spaces, in Dallas, Texas for \$59.2 million. These buildings are located near three of the largest medical campuses in Dallas—Presbyterian Hospital, Medical City Hospital, and Baylor University Medical Center. Medical tenants, including affiliates of Baylor Health Care System, occupy one of the two buildings under long-term leases. The second building is entirely leased to a single corporate tenant who will vacate the building when its lease expires in July 2010. Efforts to re-lease the space are underway. This acquisition expands the Company's existing Dallas/Fort Worth portfolio to more than two million square feet. The Company purchased these properties with borrowings from its unsecured credit facility and intends to permanently

finance this acquisition with proceeds from this common stock offering.

In addition to the \$59.2 million acquisition described above, the Company anticipates entering into and closing acquisitions of approximately \$100 million in the next 90 to 120 days and is in various stages

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of negotiations with respect to the acquisition of another \$20 to \$40 million in new properties. The Company's ability to successfully enter into and close these transactions is subject to numerous risks and uncertainties. You should carefully read the section of this prospectus supplement titled "Forward Looking Statements and Risk Factors."

Development

The Company has nine development projects underway with budgets totaling approximately \$259 million. In connection with these projects, as of June 30, 2008, the Company had approximately \$174 million, including tenant improvement allowances, remaining to fund. The Company expects completion of the core and shell of four of the projects during 2008 and expects stabilization to be achieved by the fourth quarter of 2011. The Company expects the core and shell of the remaining five projects to be completed in late 2009 and 2010 and expects stabilization to be achieved by the first quarter of 2013.

In addition to the nine projects currently under construction, the Company is pursuing several other projects on sites that it either owns or controls that, if completed, would have project budgets totaling approximately \$210 million. Projections and estimates of project budgets, completion dates and leasing are subject to numerous risks and uncertainties. You should carefully read the section of this prospectus supplement titled "Forward Looking Statements and Risk Factors."

Asset Dispositions

By the end of the first quarter of 2009, the Company anticipates gross proceeds from the sale of real estate assets and the repayment of mortgage loans receivable of approximately \$85 million to \$100 million. The Company generally intends to use the proceeds from these sales to fund its development activity.

Common Stock Dividends

The Company's Board of Directors declared common stock cash dividends for the past four quarters as shown in the table below:

	Dividend per Share Amount	Date of Declaration	Date of Record	Date Paid
3rd Quarter 2007	\$ 0.385	October 23, 2007	November 15, 2007	December 3, 2007
4th Quarter 2007	\$ 0.385	January 29, 2008	February 15, 2008	March 3, 2008
1st Quarter 2008	\$ 0.385	April 29, 2008	May 15, 2008	June 3, 2008
2nd Quarter 2008	\$ 0.385	July 29, 2008	August 15, 2008	September 3, 2008

As described in the Company's Annual Report on Form 10-K for the year ended December 31, 2007 under the heading "Risk Factors," the ability of the Company to pay dividends is dependent upon its ability to generate funds from operations, cash flows, and to make accretive new investments. While the Company has no present plans to change its quarterly stock dividend policy, no assurance can be given that the Company will maintain its quarterly dividend at current levels in the future.

Summary Consolidated Historical Financial Information

A summary of selected historical consolidated financial data is set forth in the table below. The summary selected historical consolidated financial data for each of the years in the three-year period ended December 31, 2007, were derived from the Company's historical consolidated financial statements, and have been restated for discontinued operations presentation. The following summary selected historical consolidated financial data as of and for the six months ended June 30, 2008 and 2007 have been derived from the Company's unaudited interim consolidated financial statements and include all adjustments necessary for the fair presentation of this 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 Report on Form 10-Q for the quarterly period ended June 30, 2008 and Annual Report on Form 10-K for the year ended December 31, 2007, which are incorporated by reference herein and the sections of this prospectus supplement entitled "Capitalization" and "Prospectus Supplement Summary".

	Six Months Ended June 30,		Year Ended December 31,		
	2008	2007(1)	2007(1)	2006	2005
	(Dollars in thousands, except per share data)				
	(Unaudited)				
Statement of Income Data:					
Revenues	\$ 109,238	\$ 103,334	\$ 209,123	\$ 209,353	\$ 203,263
Expenses	\$ 99,382	\$ 97,385	\$ 194,883	\$ 195,757	\$ 185,710
Income from continuing operations	\$ 9,856	\$ 5,949	\$ 14,240	\$ 13,596	\$ 17,553
Income from discontinued operations	\$ 10,710	\$ 44,038	\$ 45,822	\$ 26,123	\$ 35,115
Net income	\$ 20,566	\$ 49,987	\$ 60,062	\$ 39,719	\$ 52,668
Basic earnings per common share:					
Income from continuing operations per common share	\$ 0.20	\$ 0.13	\$ 0.30	\$ 0.29	\$ 0.38
Discontinued operations per common share	\$ 0.22	\$ 0.94	\$ 0.96	\$ 0.56	\$ 0.75
Net income per common share	\$ 0.42	\$ 1.07	\$ 1.26	\$ 0.85	\$ 1.13
Diluted earnings per common share:					
Income from continuing operations per common share	\$ 0.20	\$ 0.13	\$ 0.29	\$ 0.29	\$ 0.37
Discontinued operations per common share	\$ 0.21	\$ 0.92	\$ 0.95	\$ 0.55	\$ 0.74

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Net income per common share	\$	0.41	\$	1.05	\$	1.24	\$	0.84	\$	1.11
Weighted Average Common Shares Outstanding Basic		49,422,391		46,575,554		47,536,133		46,527,857		46,465,215
Weighted Average Common Shares Outstanding Diluted		50,442,808		47,587,624		48,291,330		47,498,937		47,406,798
Dividends Declared, per Common Share, During the Period	\$	0.77	\$	6.07	\$	6.84	\$	2.64	\$	2.63

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The Offering

Common Stock Offered	7,000,000 shares
Common Stock to be Outstanding after the Offering	57,762,565 shares(1)
Use of Proceeds	The net proceeds from this offering will be used to invest in recently closed and anticipated acquisitions of medical office and other outpatient-related facilities and for other general corporate purposes. Pending such use, the Company will apply the net proceeds to outstanding indebtedness under its unsecured credit facility due 2009.
Dividends	The Company is currently paying dividends of \$0.385 per quarter, or \$1.54 per year, per share of common stock.
NYSE Symbol	HR

(1) The number of shares of the Company's common stock outstanding after this offering is based on shares outstanding as of September 18, 2008, and excludes, as of September 18, 2008, 2,314,420 shares of common stock reserved for issuance under HR's 2007 Employees Restricted Stock Incentive Plan, 24,827 shares of common stock reserved for issuance under its 1995 Restricted Stock Plan for Non-Employee Directors, 593,529 shares of common stock reserved for issuance under its Dividend Reinvestment Plan and 495,662 shares of common stock reserved for issuance under its 2000 Employee Stock Purchase Plan. This number also does not include 1,050,000 shares of common stock reserved for issuance in connection with the underwriters' option to purchase additional shares to cover over-allotments.

Transfer Agent

Computershare Trust Company, N.A. is the transfer agent and registrar for the Company's common stock.

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.

FORWARD-LOOKING STATEMENTS AND RISK FACTORS

Before making an investment in the common stock of HR, you should carefully consider, among other factors, the risks described below and elsewhere in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference. This prospectus supplement and the accompanying prospectus do not describe all of the risks of an investment in the common stock of HR. You should consult your own financial and legal advisors as to the risks entailed by an investment in these shares and the suitability of investing in such shares in light of your particular circumstances.

This prospectus supplement, the accompanying prospectus and other materials HR has filed or may file with the SEC, as well as information included in oral statements or other written statements made, or to be made, by senior management of HR, 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, anticipate, believe, intend, target, plan, estimate, project, and 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 HR's current plans and expectations and future financial condition and results.

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

The Company's ability to identify and acquire suitable properties;

The Company's ability to enter into and close acquisitions of new medical office and other outpatient-related facilities within the time periods set forth in this prospectus supplement;