FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

(MARK ONE)

(x) QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2000

OR

(   ) TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from .... to ....

Commission file number 1-9321

UNIVERSAL HEALTH REALTY INCOME TRUST

(Exact name of registrant as specified in its charter)

MARYLAND	23-6858580
(State or other jurisdiction of Incorporation or Organization)	(I.R. S. Employer Identification No.)

UNIVERSAL CORPORATE CENTER
367 SOUTH GULPH ROAD
KING OF PRUSSIA, PENNSYLVANIA 19406

(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code (610) 265-0688

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No

Number of common shares of beneficial interest outstanding at July 31, 2000 - 8,980,064

UNIVERSAL HEALTH REALTY INCOME TRUST

I N D E X

Part I. Financial Information
Universal Health Realty Income Trust
Condensed Consolidated Statements of Income
(amounts in thousands, except per share amounts)
(unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2000	1999	2000	1999
Revenues (Note 2):				
Base rental - UHS facilities	$ 3,521	$ 3,444	$ 7,041	$ 6,887
Base rental - Non-related parties	2,442	1,647	4,825	3,247
Bonus rental	765	747	1,547	1,526
Interest	-	47	-	281
	6,728	5,885	13,413	11,941
Expenses:				
Depreciation & amortization	1,103	948	2,191	1,895
Interest expense	1,501	919	2,919	1,940
Advisory fees to UHS	339	299	664	599
Other operating expenses	689	486	1,394	1,014
	3,632	2,652	7,168	5,448
Income before equity in limited liability companies	3,096	3,233	6,245	6,493
Equity in income of limited liability companies	704	578	1,471	1,246
Net Income	$ 3,800	$ 3,811	$ 7,716	$ 7,739
Net Income per share - basic	$ 0.42	$ 0.43	$ 0.86	$ 0.86
Net Income per share - diluted	$ 0.42	$ 0.42	$ 0.86	$ 0.86
Weighted average number of shares outstanding - basic	8,980	8,953	8,982	8,953
Weighted average number of share equivalents	16	26	15	25
Weighted average number of shares and equivalents outstanding - diluted	8,996	8,979	8,997	8,978

The accompanying notes are an integral part of these financial statements.

Universal Health Realty Income Trust
Condensed Consolidated Balance Sheets
(amounts in thousands)
(unaudited)

Assets:	June 30, 2000	December 31, 1999
Real Estate Investments:		
Buildings & improvements	$ 160,067	$ 154,792
Accumulated depreciation	(39,964)	(37,800)
	120,103	116,992
Land	24,279	23,128
Construction in progress	3,558	1,247
Net Real Estate Investments	147,940	141,367
Investments in limited liability companies	37,059	35,748
Other Assets:		
Cash	377	852
Bonus rent receivable from UHS	765	723
Rent receivable from non-related parties	232	67
Deferred charges and other assets, net	108	64
	$ 186,481	$ 178,821
Liabilities and Shareholders' Equity:		
Liabilities:		
Bank borrowings	$ 84,184	$ 75,600
Note payable to UHS	1,327	1,289
Accrued interest	421	411
Accrued expenses & other liabilities	1,134	1,367
Tenant reserves, escrows, deposits and prepaid rents	336	404
Minority interest	67	75
Shareholders' Equity:		
Preferred shares of beneficial interest, $.01 par value; 5,000,000 shares authorized; none outstanding	-	-
Common shares, $.01 par value; 95,000,000 shares authorized; issued and outstanding: 2000 - 8,980,064 1999 - 8,990,825	90	90
Capital in excess of par value	129,104	129,255
Cumulative net income	148,146	140,430
Cumulative dividends	(178,328)	(170,100)
Total Shareholders' Equity	99,012	99,675
	$ 186,481	$ 178,821

The accompanying notes are an integral part of these financial statements.

Universal Health Realty Income Trust
Condensed Consolidated Statements of Cash Flows
(amounts in thousands, unaudited)

	Six months ended June 30, 2000	1999
Cash flows from operating activities:		
Net income	$ 7,716	$ 7,739
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation & amortization	2,191	1,895
Amortization of interest rate cap	-	62
Changes in assets and liabilities:		
Rent receivable	(207)	(24)
Accrued expenses & other liabilities	(67)	(52)
Tenant escrows, deposits & deferred rents	(68)	78
Accrued interest	10	55
Deferred charges & other	(34)	86
Net cash provided by operating activities	9,541	9,839
Cash flows from investing activities:		
Investments in limited liability companies ("LLCs")	(1,885)	(8,512)
Advances received from LLCs	-	10,041
Acquisitions and additions to land, buildings and CIP	(8,903)	(343)
Cash distributions in excess of income from LLCs	574	397
Net cash (used in) provided by investing activities	(10,214)	1,583
Cash flows from financing activities:		
Additional borrowings	8,615	-
Repayments of long-term debt	(31)	(3,400)
Dividends paid	(8,228)	(8,060)
Payment of financing costs	-	(166)
Repurchase shares of beneficial interest	(181)	-
Issuance of shares of beneficial interest	23	64
Net cash provided by (used in) financing activities	198	(11,562)
Decrease in cash	(475)	(140)
Cash, beginning of period	852	572
Cash, end of period	$ 377	$ 432

Supplemental disclosures of cash flow information:		
Interest paid	$ 2,871	$ 1,787

See accompanying notes to these condensed financial statements.

UNIVERSAL HEALTH REALTY INCOME TRUST
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2000
(unaudited)

(1) General

The financial statements included herein have been prepared by the Trust, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission and reflect all adjustments which, in the opinion of the Trust, are necessary to fairly present results for the interim periods. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations, although the Trust believes that the accompanying disclosures are adequate to make the information presented not misleading. It is suggested that these financial statements be read in conjunction with the financial statements, accounting policies and the notes thereto included in the Trust's Annual Report on Form 10-K for the year ended December 31, 1999.

In this Quarterly Report on Form 10-Q, the term "revenues" does not include the revenues of the unconsolidated limited liability companies in which the Trust has various non-controlling equity interests ranging from 33% to 99%. The Trust accounts for its share of the income/loss from these investments by the equity method.

(2) Relationship with Universal Health Services, Inc.

Approximately 64% and 71% for the three month periods ended June 30, 2000 and 1999, respectively, and 64% and 70% for the six month periods ended June 30, 2000 and 1999, respectively, of the Trust's consolidated revenues were earned under the terms of the leases with wholly-owned subsidiaries of Universal Health Services, Inc. ("UHS"). UHS has unconditionally guaranteed the obligations of its subsidiaries under the leases. Below is the detailed listing of the revenues received from UHS and other non-related parties for the three and six months ended June 30, 2000 and 1999:

	Three Months Ended June 30,		Six Months Ended June 30,	
	(in thousands)			
	2000	1999	2000	1999
Base rental - UHS facilities	$3,521	$3,444	$ 7,041	$ 6,887
Base rental - Non-related parties	2,442	1,647	4,825	3,247
Total base rental	5,963	5,091	11,866	10,134
Bonus rental - UHS facilities	765	709	1,547	1,431
Bonus rental - Non-related parties	0	38	0	95
Total bonus rental	765	747	1,547	1,526
Interest - Non-related parties	0	47	0	281
Total revenues	$6,728	$5,885	$13,413	$11,941

UHS owned approximately 8% of the Trust's outstanding shares of beneficial interest as of June 30, 2000. The Trust has granted UHS an option to purchase Trust shares in the future at fair market value to enable UHS to maintain a 5% interest in the Trust. The Trust has no salaried employees and the Trust's officers are all employees of UHS of Delaware, Inc., a wholly-owned subsidiary of UHS.

UHS of Delaware, Inc. (the "Advisor"), serves as Advisor to the Trust under an Advisory Agreement dated December 24, 1986 between the Advisor and the Trust (the "Advisory Agreement"). The Advisory Agreement expires on December 31 of each year, however, it is renewable by the Trust, subject to a determination by the Trustees who are unaffiliated with UHS, that the Advisor's performance has been satisfactory. The Advisory Agreement may be terminated for any reason upon sixty days written notice by the Trust or the Advisor. The Advisory Agreement has been renewed for 2000. The Advisory Agreement provides that the Advisor is entitled to receive an annual advisory fee equal to .60% of the average invested real estate assets of the Trust, as derived from its consolidated balance sheet from time to time. The Advisory fee is payable quarterly, subject to adjustment at year end based upon audited financial statements of the Trust. In both 1999 and 2000, the Trustees awarded a $50,000 bonus to the President of the Trust who also serves as a Trustee. Also in both 1999 and 2000, UHS of Delaware, Inc. agreed to a $50,000 reduction in the annual advisory fee paid by the Trust. Advisory fees paid to UHS amounted to $339,000 and $299,000 for the three months ended June 30, 2000 and 1999, and $664,000 and $599,000 for the six month periods ended June 30, 2000 and 1999, respectively.

During the second quarter of 2000, Meridell Achievement Center, Inc., a subsidiary of UHS, exercised its option pursuant to the lease to purchase the leased property upon the December 31, 2000 expiration of the initial lease term. The purchase price, which is based on the fair market value of the property as defined in the lease, will be $5,450,000 which will result in a gain of approximately $1.8 million that will be recorded at the time of sale.

(3) Dividends

A dividend of $.46 per share or $4.1 million in the aggregate was declared by the Board of Trustees on June 1, 2000 and was paid on June 30, 2000 to shareholders of record as of June 15, 2000.

(4) Subsequent Events

Subsequent to the end of the second quarter, the Trust committed to invest $1.9 million in exchange for a 74% non-controlling interest in a limited liability company that will construct and own the Mid-Coast Hospital Medical Office Building located in Brunswick, Maine. This building, which is 100% pre-leased and which will cost approximately $11.2 million to construct, including $8.9 million of third-party, non-recourse debt, is expected to be completed and opened during the fourth quarter of 2001.

(5) Accounting Pronouncement Not Yet Adopted

In June 1999, the FASB issued SFAS No. 137, "Accounting for Derivative Instruments and Hedging Activities - Deferral of the Effective Date of SFAS No. 133", which deferred the effective date of SFAS No. 133 for one year. The Statement establishes accounting and reporting standards requiring that every derivative instrument (including certain derivative instruments embedded in other contracts) be recorded in the balance sheet as either an asset or liability measured at its fair value. The Statement requires that changes in the derivative's fair value be recognized currently in earnings unless specific hedge accounting criteria are met. Special accounting for qualifying hedges allows a derivative's gains and losses to offset related results on the hedged items in the income statement, and requires that a company must formally document, designate, and assess the effectiveness of transactions that receive hedge accounting.

The Trust will be required to adopt SFAS No. 133 effective as of January 1, 2001 and has not yet quantified the impact of adopting this statement on its financial statements. Further, the Trust has not determined the method of adoption of SFAS No. 133. However, SFAS No. 133 could increase the volatility in earnings and other comprehensive income.

(6) Summarized Financial Information of Equity Affiliates

The following table represents summarized unaudited financial information of the limited liability companies ("LLCs") accounted for by the equity method. Amounts presented include investments in the following LLCs as of June 30, 2000:

Name of LLC	Property Owned by LLC
DSMB Properties	Desert Samaritan Hospital MOBs
DVMC Properties	Desert Valley Medical Center MOBs
Parkvale Properties	Maryvale Samaritan Hospital MOBs
Suburban Properties	Suburban Medical Center MOBs
Litchvan Investments	Samaritan West Valley Medical Center
Paseo Medical Properties II	Thunderbird Paseo Medical Plaza
Willeta Medical Properties	Edwards Medical Plaza
DesMed	Desert Springs Medical Plaza
PacPal Investments	Pacifica Palms Medical Center
RioMed Investments	Rio Rancho Medical Center
West Highland Holdings	St. Jude Heritage Health Complex
Sante Fe Scottsdale	Sante Fe Professional Plaza
653 Town Center Investments	Summerlin Hospital Medical Office Building
Bayway Properties	East Mesa Medical Center
23560 Madison	Skypark Professional Medical Building

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2000	1999	2000	1999
	(amounts in thousands)			
Revenues	$5,272	$4,562	$10,413	$8,368
Expenses	4,435	3,917	8,706	6,914
Net Income	837	645	1,707	1,454
UHT's share of net income	704	578	1,471	1,246

As of June 30, 2000, these LLCs had approximately $83 million of debt (non-recourse to the Trust) payable to third-party lending institutions.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Forward-Looking Statements

The matters discussed in this report, as well as the news releases issued from time to time by the Trust, include certain statements containing the words "believes", "anticipates", "intends", "expects", and words of similar import, which constitute "forward-looking statements" within the meaning of Private Securities Litigation Reform Act of 1995. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Trust's or industry results to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among other things, the following: a substantial portion of the Trust's revenues and income are dependent on one operator, Universal Health Services, Inc., ("UHS"); a substantial portion of the Trust's leases are involved in the healthcare industry which is undergoing substantial changes and is subject to possible changes in the levels and terms of reimbursement from third-party payors and government reimbursement programs, including Medicare and Medicaid; the Trust's ability to finance its growth on favorable terms; liability and other claims asserted against the Trust or operators of the Trust's facilities, and other factors referenced herein. Additionally, the operators of the Trust's facilities, including UHS, are confronted with other issues such as: industry capacity; demographic changes; existing laws and government regulations and changes in or failure to comply with laws and governmental regulations; the ability to enter into managed care provider agreements on acceptable terms; competition; the loss of significant customers; technological and pharmaceutical improvements that increase the cost of providing, or reduce the demand for healthcare; and the ability to attract and retain qualified personnel, including physicians. Management of the Trust is unable to predict the effect, if any, these factors will have on the operating results of its lessees, including the facilities leased to subsidiaries of UHS. Given these uncertainties, prospective investors are cautioned not to place undue reliance on such forward-looking statements. The Trust disclaims any obligation to update any such factors or to publicly announce the result of any revisions to any of the forward-looking statements contained herein to reflect future events or developments.

Results of Operations

As of June 30, 2000 the Trust had investments in thirty-eight facilities located in fourteen states. The Trust invests in healthcare and human service related facilities including acute care hospitals, behavioral healthcare facilities, rehabilitation hospitals, sub-acute care facilities, surgery centers, child-care centers and medical office buildings.

The second quarter dividend of $.46 per share or $4.1 million in the aggregate was paid on June 30, 2000.

For the quarters ended June 30, 2000 and 1999, net income totaled $3,800,000 and $3,811,000 or $.42 and $.42 per diluted share, on net revenues of $6,728,000 and $5,885,000, respectively. For the six months ended June 30, 2000 and 1999, net income totaled $7,716,000 and $7,739,000 or $.86 and $.86 per diluted share on net revenues of $13,413,000 and $11,941,000, respectively.

The $843,000 and $1,472,000 increases in net revenues during the three and six month periods ended June 30, 2000 as compared to the comparable 1999 periods were due primarily to increased base rental revenue from non-related parties. These increases resulted primarily from the revenues generated from the Sheffield Medical Building, Orthopaedic Specialists of Nevada Building and the medical office building located in Danbury, Connecticut, all of which were acquired subsequent to the third quarter of 1999.

Interest expense increased $582,000 or 63% for the three months ended June 30, 2000 as compared to the 1999 second quarter, and increased $979,000 or 50% for the six months ended June 30, 2000 over the comparable prior year period due primarily to increased borrowings used to finance additional investments and from an increase in the average cost of borrowings. Depreciation and amortization expense increased $155,000 or 16% for the three months ended June 30, 2000 and $296,000 or 16% for the six months ended June 30, 2000 compared to the comparable prior year periods due primarily to the depreciation expense related to the fourth quarter, 1999 and first quarter, 2000 acquisitions.

Other operating expenses increased $203,000 or 42% during the second quarter of 2000 and increased $380,000 or 37% during the 2000 six month period as compared to the comparable prior year periods. Included in the Trust's other operating expenses were the expenses related to the medical office buildings in which the Trust has a controlling ownership interest which totaled $511,000 and $249,000 for the three month periods ended June 30, 2000 and 1999, respectively, and $1,038,000 and $483,000 for the six month periods ended June 30, 2000 and 1999, respectively. A portion of the expenses associated with the medical office buildings are passed on directly to the tenants and are included as revenues in the Trust's statements of income.

Included in the Trust's financial results was $704,000 and $578,000 for the three months ended June 30, 2000 and 1999, respectively, and $1,471,000 and $1,246,000 for the six months ended June 30, 2000 and 1999, respectively, of income generated from the Trust's ownership in limited liability companies which own medical office buildings in Arizona, California, Kentucky, New Mexico and Nevada.

Funds from operations ("FFO"), which is the sum of net income plus depreciation expense for consolidated investments and unconsolidated investments totaled $5.5 million and $5.4 million for the three months ended June 30, 2000 and 1999, respectively, and $11.2 million and $10.8 million for the six months ended June 30, 2000 and 1999, respectively. FFO may not be calculated in the same manner for all companies, and accordingly, FFO as presented above may not be comparable to similarly titled measures by other companies. FFO does not represent cash flows from operations as defined by generally accepted accounting principles and should not be considered as an alternative to net income as an indicator of the Trust's operating performance or to cash flows as a measure of liquidity.

Liquidity and Capital Resources

Net cash provided by operating activities was $9.5 million for the six months ended June 30, 2000 and $9.8 million for the six months ended June 30, 1999. The $298,000 net unfavorable change during the first six months of 2000 as compared to the comparable prior year period was primarily attributable to: (i) a $211,000 favorable change in net income plus the addback of the non-cash charges (depreciation, amortization and amortization of interest rate cap expense); (ii) a $183,000 unfavorable change in rent receivable; (iii) a $146,000 unfavorable change in tenant escrows, deposits and deferred rents; (iv) a $120,000 unfavorable change in deferred charges, and; (v) $60,000 of other net unfavorable changes.

During the first six months of 2000, the $9.5 million of cash generated from operating activities, the $8.6 million of additional borrowings and the $475,000 decrease in cash were used primarily to: (i) purchase a medical office building located in Danbury, Connecticut ($6.4 million); (ii) purchase a 95% equity interest in a limited liability company that owns and operates Skypark Professional Medical Building located in Torrnace, California ($1.8 million); (iii) finance capital expenditures ($2.5 million), and; (iv) pay dividends ($8.2 million).

During the first six months of 1999, the $9.8 million of cash generated from operating activities, the $10.0 million of cash received for the repayments of three short-term loans advanced to separate LLCs during 1998 and the $140,000 reduction in cash were used primarily to: (i) purchase a 95% equity interest in a limited liability company that owns the Santa Fe Professional Plaza located in Scottsdale, Arizona ($1.2 million); (ii) purchase a 98% equity interest in a limited liability company that owns the Summerlin Hospital Medical Office Building located in Las Vegas, Nevada ($5.0 million); (iii) purchase a 75% equity interest in a limited liability company that owns the East Mesa Medical Center located in Mesa, Arizona ($1.6 million); (iv) repay debt ($3.4 million); (v) finance capital expenditures and pay financing costs ($500,000), and; (vi) pay dividends ($8.1 million).

As of June 30, 2000, the Trust had approximately $16 million of unused borrowing capacity under the terms of its $100 million revolving credit agreement. The agreement expires on June 24, 2003, at which time all amounts then outstanding are required to be repaid. During the first quarter of 2000, the Board of Trustees approved a stock repurchase program under which the Trust is authorized to purchase up to 500,000 shares, or approximately 6%, of its outstanding stock. Pursuant to the terms of this program, the Trust repurchased a total of 12,200 shares at an average repurchase price of $14.82 per share ($181,000 in the aggregate) as of June 30, 2000.

PART II. OTHER INFORMATION
UNIVERSAL HEALTH REALTY INCOME TRUST

Item 4. Submission of Matters to a Vote of Security Holders

(a) The following information relates to matters submitted to the shareholders of Universal Health Realty Income Trust (the "Trust") at the Annual Meeting of Shareholders on June 1, 2000.

(b) Not applicable.

(c) At the meeting, the following proposals, as described in the proxy statement delivered to all the Trust's shareholders, were approved by the votes indicated:

Election by holders of Trust shares of two Class II Trustees

	Daniel M. Cain	James E. Dalton, Jr.
Votes cast in favor	8,350,036	8,346,121
Votes withheld	66,504	70,419

(d) Not applicable.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits:

27. Financial Data Schedule

All other items of this report are inapplicable.

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: August 11, 2000

UNIVERSAL HEALTH REALTY INCOME TRUST
(Registrant)

/s/ Kirk E. Gorman

Kirk E. Gorman, President,
Chief Financial Officer, Secretary and
Trustee

(Principal Financial Officer and Duly
Authorized Officer.)

5
UNIVERSAL HEALTH REALTY INCOME TRUST
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U.S. DOLLARS

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JAN-01-2000
JUN-30-2000
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