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 September 30, 1999

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 October 31, 1999 - 8,964,552

UNIVERSAL HEALTH REALTY INCOME TRUST

I N D E X

PART I. FINANCIAL INFORMATION
UNIVERSAL HEALTH REALTY INCOME TRUST
Condensed Statements of Income
(amounts in thousands, except per share amounts)
(unaudited)

	THREE MONTHS ENDED SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
	1999	1998	1999	1998
REVENUES (Note 2):				
Base rental - UHS facilities	$3,443	$3,443	$10,330	$10,320
Base rental - Non-related parties	1,684	1,597	4,931	4,749
Bonus rental	655	652	2,181	2,269
Interest	-	2	281	6
	5,782	5,694	17,723	17,344
EXPENSES:				
Depreciation & amortization	946	962	2,841	2,946
Interest expense	970	892	2,910	2,540
Advisory fees to UHS	306	291	905	854
Other operating expenses	333	485	1,347	1,395
Provision for investment losses, net	1,583	-	1,583	-
	4,138	2,630	9,586	7,735
Income before equity in limited liability companies	1,644	3,064	8,137	9,609
Equity in income of limited liability companies	622	407	1,868	959
NET INCOME	$2,266	$3,471	$10,005	$10,568
NET INCOME PER SHARE - BASIC	$0.25	$0.39	$1.12	$1.18
NET INCOME PER SHARE - DILUTED	$0.25	$0.39	$1.11	$1.18
Weighted average number of shares outstanding - basic	8,957	8,952	8,954	8,952
Weighted average number of share equivalents	22	18	24	21
Weighted average number of shares and equivalents outstanding - diluted	8,979	8,970	8,978	8,973

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

UNIVERSAL HEALTH REALTY INCOME TRUST
Condensed Balance Sheets
(amounts in thousands)

ASSETS:	SEPTEMBER 30, 1999	DECEMBER 31, 1998
	(unaudited)	
REAL ESTATE INVESTMENTS:		
Buildings & improvements	$140,279	$142,871
Accumulated depreciation	(36,829)	(34,006)
	103,450	108,865
Land	21,061	21,061
Construction in progress	321	28
Net Real Estate Investments	124,832	129,954
Investments in and advances to limited liability companies	36,074	38,165
OTHER ASSETS:		
Cash	237	572
Bonus rent receivable from UHS	660	681
Rent receivable from non-related parties	31	24
Deferred charges and other assets, net	44	10
	$161,878	$169,406
LIABILITIES AND SHAREHOLDERS' EQUITY:		
LIABILITIES:		
Bank borrowings	$58,900	$64,800
Note payable to UHS	1,270	1,216
Accrued interest	569	281
Accrued expenses & other liabilities	1,236	1,300
Tenant reserves, escrows, deposits and prepaid rents	444	374
Minority interest	79	87
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: 1999 - 8,963,459 1998 - 8,955,465	90	90
Capital in excess of par value	128,848	128,685
Cumulative net income	136,463	126,458
Cumulative dividends	(166,021)	(153,885)
Total Shareholders' Equity	99,380	101,348
	$161,878	$169,406

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

UNIVERSAL HEALTH REALTY INCOME TRUST

Condensed Statements of Cash Flows

(amounts in thousands, unaudited)

	NINE MONTHS ENDED SEPTEMBER 30,	
	1999	1998
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$10,005	$10,568
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation & amortization	2,841	2,946
Amortization of interest rate cap	62	93
Provision for investment losses, net	1,583	-
Changes in assets and liabilities:		
Rent receivable	14	75
Accrued expenses & other liabilities	20	90
Tenant escrows, deposits & deferred rents	70	192
Accrued interest	288	105
Deferred charges & other	(54)	3
NET CASH PROVIDED BY OPERATING ACTIVITIES	14,829	14,072
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investments in limited liability companies	(8,774)	(13,329)
Repayments of advances received from limited liability companies	10,041	-
Capital expenditures, net of dispositions	(366)	(121)
Proceeds received from sale of assets	998	-
Cash distributions in excess of income from LLCs	823	760
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	2,722	(12,690)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Additional borrowings	-	9,600
Repayments of long-term debt	(5,900)	-
Dividends paid	(12,136)	(11,730)
Issuance of shares of beneficial interest	150	-
NET CASH USED IN FINANCING ACTIVITIES	(17,886)	(2,130)
Decrease in cash	(335)	(748)
Cash, beginning of period	572	1,238
CASH, END OF PERIOD	$237	$490
Supplemental disclosures of cash flow information:		
Interest paid	$2,506	$2,291

See accompanying notes to these condensed financial statements.

UNIVERSAL HEALTH REALTY INCOME TRUST
NOTES TO CONDENSED FINANCIAL STATEMENTS
SEPTEMBER 30, 1999
(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, 1998. Certain prior year amounts have been reclassified to conform with current year financial statement presentation.

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 71% and 72% for the three month periods ended September 30, 1999 and 1998 and 70% and 71% for the nine month periods ended September 30, 1999 and 1998, respectively, of the Trust's 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 nine months ended September 30, 1999 and 1998:

	THREE MONTHS ENDED SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
	1999	1998	1999	1998
	(IN THOUSANDS)			
Base rental - UHS facilities	$ 3,443	$ 3,443	$ 10,330	$ 10,320
Base rental - Non-related parties	1,684	1,597	4,931	4,749
Total base rental	5,127	5,040	15,261	15,069
Bonus rental - UHS facilities	655	652	2,086	2,040
Bonus rental - Non-related parties	-	-	95	229
Total bonus rental	655	652	2,181	2,269
Interest - Non-related parties	-	2	281	6
Total revenues	$ 5,782	$ 5,694	$17,723	$17,344

UHS owned approximately 8% of the Trust's outstanding shares of beneficial interest as of September 30, 1999. 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's officers are all employees of UHS.

UHS of Delaware, Inc. (the "Advisor"), a wholly-owned subsidiary of UHS, 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 1999. 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. Advisory fees paid to UHS amounted to $306,000 and $291,000 for the three months ended September 30, 1999 and 1998 and $905,000 and $854,000 for the nine month periods ended September 30, 1999 and 1998, respectively.

(3) DIVIDENDS

A dividend of $.455 per share or $4.1 million in the aggregate was declared by the Board of Trustees on September 1, 1999 and was paid on September 30, 1999 to shareholders of record as of September 15, 1999. Pursuant to the terms of the Dividend Reinvestment and Share Purchase Plan established in the second quarter of 1999, $87,000 of the third quarter 1999 dividend was distributed in the form of 4,951 newly issued shares.

(4) SUBSEQUENT EVENTS

During the fourth quarter of 1999, the Trust acquired a single-tenant medical office building located in Las Vegas, Nevada for $1.6 million. The building is located on the campus of Valley Hospital Medical Center (a UHS majority-owned hospital that also owns and leases to the Trust the land on which the building is located) and is currently leased to the Orthopaedic Specialists of Nevada. Additionally, during the fourth quarter of 1999, the Trust acquired additional newly constructed assets from Chalmette Medical Center (a UHS owned facility) for $3.2 million.

(5) NEW ACCOUNTING PRONOUNCEMENT

In June 1998, the Financial Accounting Standards Board ("FASB") issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." 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. In June 1999, the FASB issued SFAS No. 137, "Accounting for Derivative Instruments and Hedging Activities - Deferral of the Effective Date of FASB Statement No. 133," which delayed the effective date of SFAS No. 133 for one year until January 1, 2001. The Registrant does not expect the adoption of this statement to have a material impact on its financial position or results of operations.

The Trust expects to adopt Statement 133 in January 2001 and has not yet quantified the impact on the financial statements. However, the Statement 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 September 30, 1999:

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
Willetta Medical Properties	Edwards Medical Plaza
DesMed	Desert Springs Medical Plaza
PacPal Investments	Pacifica Palms Medical Plaza
RioMed Investments	Rio Rancho Medical Center
West Highland Holdings	St. Jude Heritage Health Complex
Santa Fe Scottsdale	Santa Fe Professional Plaza
653 Town Center Investments	Summerlin Hospital Medical Office Building
Bayway Properties	East Mesa Medical Center

	FOR THE THREE MONTHS ENDED SEPTEMBER 30,		FOR THE NINE MONTHS ENDED SEPTEMBER 30,	
	1999	1998	1999	1998
	(amounts in thousands)			
Revenues	$4,918	$3,243	$13,286	$9,039
Expenses	4,236	2,779	11,150	8,014
Net Income	682	464	2,136	1,025
UHT's share of net income	622	407	1,868	959

As of September 30, 1999, these LLCs had approximately $78 million of non-recourse debt payable to third-party lending institutions. Upon securing long-term, third-party financing, these LLCs repaid loans payable to the Trust totaling $10 million during 1999. While outstanding, the loans payable to the Trust earned interest at a combined average annual rate of 10.0% during 1999.

(7) PROVISION FOR INVESTMENT LOSSES

It is the Trust's policy to review the carrying value of long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of such assets may not be recoverable. Measurement of the impairment loss is based on the fair value of the asset. Generally, fair value will be determined using valuation techniques such as the present value of expected future cash flows.

During 1999, the operating performance declined significantly at one of the Trust's behavioral health services facilities operated by, and leased to, a wholly-owned subsidiary of UHS. Changes in CHAMPUS utilization and the increasing influence of managed care have led to shorter lengths of stay for patients at this facility which is operated as an adolescent residential treatment center. During the nine months ended September 30, 1999 patient days and average length of stay at this facility decreased 9% and 15%, respectively, as compared to the comparable prior year period. In the twelve month period ended September 30, 1999, this facility had earnings before interest, taxes, depreciation, amortization and base rental expense (EBITDAR) of 0.4 times the annual rent payable to the Trust. For the twelve month period ended December 31, 1998, this facility had EBITDAR of 1.1 times the rent payable to the Trust. The lease on this facility expires in 2000 and represented 6% and 5% of the Trust's rental revenue for the nine month period ended September 30, 1999 and twelve month period ended December 31, 1998, respectively. Management of the Trust can not predict whether the lease on the facility will be renewed, or if not renewed, on what terms the facility could be leased to UHS or a non-related party. However, management of the Trust has concluded that, based on an analysis of future cash flows, there has been a permanent impairment in the carrying value of this facility. As a result, the Trust recorded a $2.6 million provision for investment loss during the third quarter of 1999.

Also during the third quarter of 1999, the Trust sold the real estate assets of Lakeshore Hospital for net proceeds of $998,000. Since the book value of this facility was reduced to zero in a prior year, this amount was recorded as a gain and netted against the provision for investment loss during the third quarter of 1999.

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 the 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 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 growth on favorable terms; the impact of Year 2000 issues; liability and other claims asserted against the Trust or operators of the Trust's facilities, and; other factors referenced in the Trust's 1998 10-K or 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 industry factors will have on the operating results of its lessees, including the facilities leased to subsidiaries of UHS, or on their ability to meet their obligations under the terms of their leases with the Trust. Additionally, management of the Trust cannot predict whether the leases with subsidiaries of UHS, which have renewal options at existing lease rates, or any of the Trust's other leases, will be renewed at the end of their initial or renewed lease terms (see Note 7 to Condensed Financial Statements). 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

The Trust has investments in thirty-five 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, childcare centers and medical office buildings.

The third quarter dividend of $.455 per share or $4.1 million in the aggregate was paid on September 30, 1999.

For the quarters ended September 30, 1999 and 1998, net income totaled $2,266,000 and $3,471,000 or $.25 and $.39 per diluted share, on net revenues of $5,782,000 and $5,694,000, respectively. For the nine months ended September 30, 1999 and 1998, net income totaled $10,005,000 and $10,568,000 or $1.11 and $1.18 per diluted share on net revenues of $17,723,000 and $17,344,000, respectively.

The $88,000 increase in net revenues during the 1999 third quarter as compared to the 1998 quarter was due primarily to an increase in base rental revenue from non-related parties. The $379,000 increase in net revenues for the nine months ended September 30, 1999 over the comparable prior year period was due primarily to: (i) $277,000 of interest income earned on short-term loans advanced to three separate LLCs in which the Trust has ownership interests; (ii) a $182,000 increase in base rentals from non-related parties; and (iii) a $88,000 decrease in bonus rent. The increases in base rentals and decreases in bonus rentals is primarily the result of the Tri-State Rehabilitation Hospital lease amendment commencing June 1, 1999. Pursuant to the terms of the lease, as amended, the minimum rent has been increased and the additional rent provision has been eliminated.

Interest expense increased $78,000 or 9% for the three months ended September 30, 1999 as compared to the comparable prior year period, and increased $370,000 or 15% for the nine months ended September 30, 1999 as compared to the comparable prior year period. The increase in interest expense for the three and nine months of 1999 as compared to the 1998 comparable periods was due primarily to increased borrowings used to finance additional investments during 1998 and the first nine months of 1999.

Depreciation and amortization expense remained relatively unchanged for the three months ended September 30, 1999 and decreased $105,000 for the nine months ended September 30, 1999 compared to the comparable prior year periods. The decrease during the 1999 nine month period as compared to the comparable 1998 period was due primarily to the 1998 second quarter including an additional $45,000 of amortization expense to write-off the remaining financing costs related to the Trust's old revolving credit agreement which was terminated and replaced with a new revolving credit facility during the second quarter of 1998.

Other operating expenses decreased $152,000 or 31% during the third quarter of 1999 and decreased $48,000 or 3% during the 1999 nine month period as compared to the comparable prior year periods. These decreases are primarily due to $165,000 of favorable adjustments recorded in the third quarter of 1999, adjusting expense reserves recorded in prior periods relating to Lakeshore Hospital, which was sold during the third quarter of 1999 for net cash proceeds of $998,000. 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 $249,000 and $269,000 for the three month periods ended September 30, 1999 and 1998, respectively, and $732,000 and $731,000 for the nine month periods ended September 30, 1999 and 1998, respectively. The majority 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.

During the third quarter of 1999, the Trust recorded a provision for investment loss of $2.6 million related to a behavioral health services facility operated by, and leased to, a wholly-owned subsidiary of UHS. Also during the 1999 third quarter, the Trust sold the real estate assets of Lakeshore Hospital for net cash proceeds of $998,000. Since the book value of this facility was reduced to zero in a prior year, the net cash proceeds received were recorded as a gain and netted against the provision for investment loss during the third quarter of 1999.

Included in the Trust's financial results was $622,000 and $407,000 for the three months ended September 30, 1999 and 1998 and $1,868,000 and $959,000 for the nine months ended September 30, 1999 and 1998, 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, amortization of interest rate cap expense and net provision for investment losses, totaled $5.4 million and $4.9 million for the three months ended September 30, 1999 and 1998 and $16.2 million and $14.7 million for the nine months ended September 30, 1999 and 1998, 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 $14.8 million for the nine months ended September 30, 1999 and $14.1 million for the nine months ended September 30, 1998. The $757,000 net favorable change during the first nine months of 1999 as compared to the comparable prior year period was primarily attributable to: (i) a $884,000 favorable change in net income plus the addback of the non-cash charges (depreciation, amortization, amortization of interest rate cap expense and provision for investment loss, net) and; (ii) $127,000 of other net unfavorable changes.

During the first nine months of 1999, the $14.8 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, the $823,000 of cash distributions in excess of income from LLCs, the $998,000 proceeds recorded from the sale of Lakeshore Hospital and the $335,000 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) invest additional capital in existing LLCs ($1.0 million); (v) repay debt ($5.9 million); (vi) finance capital expenditures ($366,000), and; (vii) pay dividends ($12.1 million).

During the first nine months of 1998, the $14.1 million of cash generated from operating activities, the $760,000 of cash distributions in excess of income from LLCs and the $9.6 million of additional borrowings were used primarily to: (i) purchase a 99% interest in a limited liability company that owns the Desert Springs Medical Plaza located in Las Vegas, Nevada ($9.4 million); (ii) purchase a 95% equity interest in a limited liability company that owns the Edwards Medical Plaza in Phoenix, Arizona ($3.8 million), and; (iii) pay dividends ($11.7 million).

During the second quarter of 1999, UHT amended its revolving credit agreement which matures in 2003, to increase its borrowing capacity to $100 million from $80 million. The Agreement provides for interest at the Trust's option, at the certificate of deposit rate plus 5/8% to 1 1/8%, Eurodollar rate plus 1/2% to 1 1/8% or the prime rate. A fee of .175% to .375% is required on the unused portion of this commitment. The margins over the certificate of deposit rate, Eurodollar rate and commitment fee are based upon the Trust's debt to total capital ratio as defined by the Agreement. As of September 30, 1999, the Trust had approximately $38 million of unused borrowing capacity under the terms of its $100 million revolving credit agreement. Also during the second quarter of 1999, the Trust created a Dividend Reinvestment and Share Purchase Plan pursuant to the terms of which up to 900,000 newly issued shares of beneficial interest are authorized for issuance. Since inception, 9,087 shares have been issued pursuant to the terms of this plan.

YEAR 2000 ISSUE

The Year 2000 issue is the result of computer programs being written using two digits rather than four to define the applicable year. Computer programs, certain building infrastructure components (including elevators, alarm systems and certain HVAC systems) and certain computer aided medical equipment that have time-sensitive software may recognize a date using "00" as the year 1900 rather than the year 2000. This could result in system failures or miscalculations causing disruption of operations or medical equipment malfunctions that could affect patient diagnosis and treatment.

Management of the Trust recognizes the need to evaluate the impact on its operations of the change to calendar year 2000 and does not expect the total cost of required building related modifications to have a material impact on its results of operations. Approximately 71% and 72% for the three month periods ended September 30, 1999 and 1998, respectively, and 70% and 71% for the nine month periods ended September 30, 1999 and 1998, respectively, of the Trust's revenues were earned under the terms of the leases with wholly-owned subsidiaries of UHS.

UHS has undertaken steps to inventory and assess applications and equipment at risk to be affected by Year 2000 issues and to convert, remediate or replace such applications and equipment. UHS has completed its assessment of its major financial, clinical and peripheral software and believes that such software is substantially Year 2000 compliant. UHS also believes its biomedical equipment is substantially Year 2000 compliant and it will replace equipment that is not Year 2000 compliant before year end. UHS believes that Year 2000 related remediation costs incurred through September 30, 1999 have not had a material impact on its results of operations. UHS also believes that the total capital costs to be incurred for equipment replacement will not have a material impact on its results of operations. Some replacement or upgrade of systems and equipment would take place in the normal course of business. Several systems, key to UHS's operations, have been scheduled to be replaced through vendor supplied systems before Year 2000. The costs of repairing existing systems is expensed as incurred. UHS has allocated a portion of its 1999 capital budget as Year 2000 contingency funds and expects that all of the capital costs can be accommodate within that budget. UHS presently believes that with modifications to existing software and conversions to new software, the Year 2000 issue will not pose material operational problems for its computer systems. However, if such modifications and conversions are not made, or are not completed timely, the Year 2000 issue could have a material impact on the operations of UHS and UHS's ability to meet its obligations under the terms of its lease with the Trust.

The majority of the software used by UHS is purchased from third parties. UHS is relying on software, (including UHS's major outsourcing vendor, which provides the financial and clinical applications for the majority of UHS's acute care facilities), hardware and other equipment vendors to verify Year 2000 compliance of their products. UHS also depends on: fiscal intermediaries which process claims and make payments for the Medicare program; health maintenance organizations, insurance companies and other private payors; vendors of medical supplies and pharmaceuticals used in patient care; and, providers of utilities such as electricity, water, natural gas and telephone services. As part of its Year 2000 strategy, UHS intends to seek assurances from these parties that their services and products will not be interrupted or malfunction due to the Year 2000 problem. Failure of third parties to resolve their Year 2000 issues could have a material adverse effect on UHS's results of operations and on its ability to provide health care services.

UHS developed contingency plans for its hospitals that it believes will reduce disruption in service that may be caused by the Year 2000 problem. As part of the contingency plan, each hospital has a disaster plan, which is reviewed regularly. These disaster plans are designed to enable the hospital to continue to function during natural disasters and other crises. The plans contemplate moving patients to other facilities if the hospital is not able to continue to care for them. In some cases, the facility may not be able to develop contingency plans which allow the hospital to continue to operate. For example, the affected hospital may not be able to secure supplies of fuel to operate its backup generators if electrical supplies fail for an extended period. Despite these contingency plans no assurance can be given that UHS's facilities will be able to continue to operate in all circumstances.

This Year 2000 assessment is based on information currently available to UHS and the Trust, and UHS and the Trust will revise its assessment as it implements its Year 2000 strategy. UHS can provide no assurance that applications and equipment UHS believes to be Year 2000 compliant will not experience difficulties or that UHS will not experience difficulties obtaining resources needed to make modifications to or replace its affected systems and equipment. Failure by UHS or third parties on which it relies to resolve Year 2000 issues could have a material adverse effect on its results of operations, its ability to provide health care services and on UHS's ability to meet its obligations under the terms of its leases with the Trust. Consequently, the Trust can give no assurances that issues related to Year 2000 will not have a material adverse effect on its financial condition or results of operations.

With respect to the Trust's non-UHS properties, an assessment was conducted by the Trust which covered the compliance efforts of the tenants and based upon the responses received, these tenants do not expect Year 2000 related issues to have a material impact on their operations. Management of the Trust will continue to monitor the Year 2000 compliance efforts of its non-related tenants as well as the effects of potential non-compliance.

The Trust will develop contingency plans if, and to the extent, deemed necessary. However, based upon current information and barring developments, the Trust does not anticipate developing any substantive contingency plans with respect to Year 2000 issues. In addition, the Trust has no plans to seek independent verification or review of its assessments. The Trust believes that its expenditures for assessing and correcting Year 2000 issues have not been material. In addition, the Trust is not aware of any issues that will require material expenditures by the Trust or tenants of the Trust's facilities in the future.

Based upon current information, the Trust believes that the risk posed by the foreseeable Year 2000 related problems with its internal systems, (including both information and non-information systems) is minimal. Year 2000 related problems at certain third-party payors, service providers and non-related tenants is greater, however based upon current information, the Trust does not believe such problems will have a material effect on its operations. While the Trust believes that it will be Year 2000 compliant by December 31, 1999, there can be no assurance that the Trust or tenants of the Trust's properties will be successful in identifying and assessing all compliance issues, or that the efforts of the Trust or tenants of the Trust's properties to remedy all Year 2000 compliance issues will be effective such that they will not have material adverse effects on the Trust's business or results of operations.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

There have been no material changes in quantitative and qualitative disclosures in 1999 other than the changes as disclosed below. Reference is made to Item 7 in the Annual Report on Form 10-K for the year ended December 31, 1998.

As of December 31, 1998, the Trust had three outstanding swap agreements for notional principal amounts of $5 million (matured in May, 1999), $1.6 million (matures in May 2001) and $4 million (matures in July, 2002). These swaps effectively fixed the interest rate on $10.6 million of variable rate debt at 7.6% including the revolver spread of .625%. Also as of December 31, 1998, the Trust had an interest rate cap, which fixed the maximum rate on $15 million of variable rate revolving credit notes at 7.6% including the revolver spread of .625%, which expired in June, 1999. In May, 1999, the Trust entered into a new swap agreement for a notional principal amount of $10 million. During the third quarter of 1999, the Trust entered into an additional swap agreement for a notional principal amount of $10 million. These swaps, including the swap agreement entered into subsequent to the second quarter of 1999, effectively fix the interest rate on $25.6 million of variable rate debt at 6.6%, including the revolver spread of .625%

The table below presents updated information about the Trust's interest rate swap agreements as of September 30, 1999, including the swap agreement with a $10 million notional principal amount entered into during the third quarter of 1999:

Maturity Date, Fiscal Year Ending December 31

(Dollars in thousands)	2000	2001	2002	2003	2004	There-after	Total
Interest rate swaps:							
Pay fixed/receive variable notional amounts		$1,580	$4,000		$10,000(a)	$10,000(b)	$25,580
Average pay rate		6.8%	6.6%		5.7%	5.9%	
Average receive rate		3 Month LIBOR	6 Month LIBOR		3 Month LIBOR	3 Month LIBOR	

(a) Counterparty has the right to cancel in 2002.
(b) Counterparty has the right to cancel in 2004.

PART II. OTHER INFORMATION
UNIVERSAL HEALTH REALTY INCOME TRUST

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: November 11, 1999

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
0000798783
UNIVERSAL HEALTH REALTY INCOME TRUST
1,000
U.S. DOLLARS

9-MOS
DEC-31-1999
JAN-01-1999
SEP-30-1999
1
237
0
691
0
0
0
161,661
36,829
161,878
0
60,170
0
0
90
99,290
161,878
0
19,591
0
2,252
2,841
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2,910
10,005
0
10,005
0
0
0
10,005
1.12
1.11