

November 2, 2006

Mail Stop 4561

Mr. Donald K. Daniel
Principal Accounting Officer
National Health Realty, Inc.
100 Vine Street, Suite 1402
Murfreesboro, TN 37130

Re: National Health Realty, Inc.
Form 10-K for the year ended December 31, 2005
Filed March 8, 2006
File No. 1-13487

Dear Mr. Daniel:

We have reviewed your filing and have the following comments. We have limited our review to only your financial statements and related disclosures and will make no further review of your document. Where indicated, we think you should revise your document in response to these comments. If you disagree, we will consider your explanation as to why our comment is inapplicable or a revision is unnecessary. Please be as detailed as necessary in your explanation. In some of our comments, we ask you to provide us with information so we may better understand your disclosure. After reviewing this information, we may raise additional comments.

Please understand that the purpose of our review process is to assist you in your compliance with the applicable disclosure requirements and to enhance the overall disclosure in your filing. We look forward to working with you in these respects. We welcome any questions you may have about our comments or on any other aspect of our review. Feel free to call us at the telephone numbers listed at the end of this letter.

Form 10-K for the year ended December 31, 2005

Consolidated Financial Statements

Note 3 – Relationship with National Healthcare Corporation, page 30

1. In light of your advisory services agreement with NHC and considering that NHC is your primary tenant, please tell us how you considered whether NHC is a related party as defined in SFAS 57 and whether disclosure of material related party transactions is appropriate.
2. In all future filings, please present summary financial data for NHC.
3. We note the disclosure of your commitments related to paragraph 2 of Amendment No. 3 to the Master Operating Lease. Please explain to us how you intend to account for the transaction once NHC constructs additional beds. Tell us whether you will record any asset or liability related to the transaction and how you will account for the Expansion Rent. Additionally, please clarify who will hold title to the additional beds prior to lease termination and clarify whether you have the same reimbursement obligations upon expiration rather than early termination.

* * * *

As appropriate, please respond to these comments within 10 business days or tell us when you will provide us with a response. Please furnish a cover letter that keys your responses to our comments and provides any requested information. Detailed cover letters greatly facilitate our review. Please file your cover letter on EDGAR. Please understand that we may have additional comments after reviewing your responses to our comments.

We urge all persons who are responsible for the accuracy and adequacy of the disclosure in the filing to be certain that the filing includes all information required under the Securities Exchange Act of 1934 and that they have provided all information investors require for an informed investment decision. Since the company and its management are in possession of all facts relating to a company's disclosure, they are responsible for the accuracy and adequacy of the disclosures they have made.

In connection with responding to our comments, please provide, in writing, a statement from the company acknowledging that

- the company is responsible for the adequacy and accuracy of the disclosure in the filing;

Mr. Donald K. Daniel
National Health Realty, Inc.
November 2, 2006
Page 3

- staff comments or changes to disclosure in response to staff comments do not foreclose the Commission from taking any action with respect to the filing; and
- the company may not assert staff comments as a defense in any proceeding initiated by the Commission or any person under the federal securities laws of the United States.

In addition, please be advised that the Division of Enforcement has access to all information you provide to the staff of the Division of Corporation Finance in our review of your filing or in response to our comments on your filing.

You may contact Rachel Zablow, Staff Accountant at (202) 551-3428 or the undersigned at (202) 551-3403 if you have questions.

Sincerely,

Steven Jacobs
Accounting Branch Chief