

Crittenden Apartment Report TM

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REGIONAL APARTMENT INVESTORS INCREASE NATIONWIDE COMPETITION

Private regional investors gear up for increased competition in both the bond-financed and market-rate sectors in the hot Southern California and South Florida markets. Competition may increase when interest rates rise and create more demand for rental apartments.

Anaheim, Calif.-based **Eagle Real Estate Group** looks for both market-rate and bond-financed properties in the Southern California counties of Orange, Los Angeles, San Diego, Riverside and San Bernardino. Prominent private investors include the **Bascom Group**. Institutional investors are also snapping up properties in the Southern California market and nationwide, including public real estate investment trusts **Essex Property Trust, United Dominion Realty Trust and SSR Realty Advisors**. Private real estate investment trust **CAPREIT** considers properties mostly in the Southeast, Midwest and Mid-Atlantic states. Public REIT **AIMCO** considers both market-rate and bond-financed deals throughout the U.S.

Eagle Real Estate Group's principals are **Randall J. Friend, Kenneth Melton and Kyle Martin**. The concern aims for 14% to 20% internal rates of return during a three- to five-year hold period. Eagle Real Estate Group recently expands its Southern California presence with its recent \$38M purchase of the 402-unit **Nova Bayport** apartments in Garden Grove, Calif. The acquisition fits with Eagle Real Estate Group's desire to acquire Class B properties valued at more than \$20M. There's a 20% set-aside for tenants earning 50% or less of the area's median household income.

Also active in the sector is Irvine, Calif.-based **The Bascom Group**. **Scott McClave and Andrew Newton** are acquisition contacts at the private company. The investor looks for properties to reposition throughout California and may expand into new markets this year. The Bascom Group has a \$200M acquisitions budget for the next 12 months.

Essex Property Trust looks for Class A and Class B apartment complexes in the San Francisco and Southern California markets, along with Portland, Ore., and the Seattle, Wash., areas. **Craig Zimmerman** is the company's acquisitions contact for deals valued from \$10M to \$100M. The Palo Alto, Calif.-based investor's stock trades on the New York Stock Exchange under the symbol **ESS**.

Alexandria, Va.-based **United Dominion Realty Trust** also shops for Class A and Class B properties nationwide. The investor recently acquired a 240-unit Riverside, Calif., property that fits into its strategy of investing in Class B properties. The investor also develops apartment complexes. **Blake W. Clemens** is the acquisitions contact at the public company, traded on the New York Stock Exchange under the symbols **UDM and UDR**.

SSR Realty Advisors shops for both Class A and Class B apartment complexes throughout the U.S., including Southern California for its various clients. **Ron Zuzack** is the acquisitions contact at the San Francisco-based pension fund advisory firm.

AIMCO typically looks to acquire apartment complexes from \$5M and up nationwide for long-term holds. It will also consider joint ventures.