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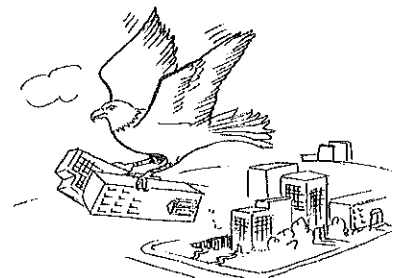
## MACKLOWE DEAL FOR 300 PARK AVE. IS NIXED

Macklowe Properties' attempt to acquire Colgate-Palmolive's headquarters building at 300 Park Ave. in midtown Manhattan has fallen apart. Although the exact reason could not be confirmed, one insider said he believed that Macklowe could not arrange financing on terms he wanted. Fresh off the completion of the purchase of the GM Building for \$1.4 billion, Macklowe signed a tentative agreement to acquire the 725,280-square-foot glass and aluminum property for \$387 million (REFI, 10/2). Steve Solomon, a spokesman for Macklowe at Rubenstein Associates, declined to comment. Officials at seller Tishman

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## CALIFORNIA INVESTOR PLANS ACQUISITION BOOM

Orange County, Calif.-based Eagle Real Estate Group could spend up to \$1 billion on multifamily acquisitions over the next two years, targeting properties primarily in the southern California region. "There is a lot of pent-up demand for housing because of rapid job growth in this area," said Randall Friend,



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## WACHOVIA PLACES BULK OF CONDUIT WITH FREDDIE MAC

Wachovia Securities has placed the entire triple-A tranche of its new \$1.01 billion conduit with Freddie Mac. Although issuers often have placed portions of commercial mortgage-backed securities deals with Freddie Mac or Fannie Mae, it is unusual for one of the agencies to buy the entire triple-A portion. In fact, no issuer has done so since J.P. Morgan completed a similar transaction with Freddie Mac approximately two years ago. Wachovia officials were unable to comment by press time. A Freddie Mac spokesman declined to comment.

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## Quarterly Financing Record

## REITS BINGE ON COMMON STOCK

Real estate investment trusts sold a whopping \$2.424 billion in common stock during the third quarter of 2003, continuing a strong trend toward equity issuance. Common stock made up more than one-third of the \$5.485 billion of debt and equity issued during the quarter, according to research from the National Association of Real Estate Investment Trusts.

In the first and second quarters, REITs raised \$257 million and \$2.665 billion, respectively, in common stock. About \$1.4 billion of the second quarter issuance came from

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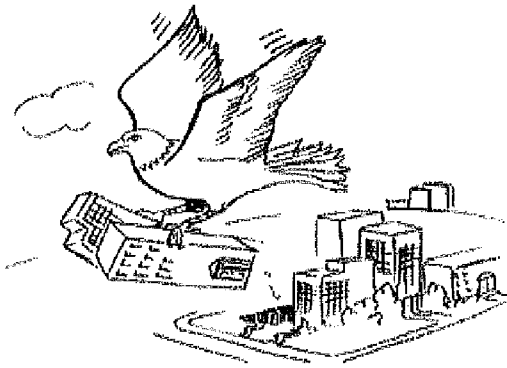
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October 19, 2003

## California Investor Plans Acquisition Boom

--Veronica Belitski



Orange County, Calif.-based **Eagle Real Estate Group** could spend up to \$1 billion on multifamily acquisitions over the next two years, targeting properties primarily in the southern California region. "There is a lot of pent-up demand for housing because of rapid job growth in this area," said **Randall Friend**, principal. He added that the company expects to see that demand increase if long-term interest rates go up, which will deter Southern California residents from buying homes.

Since its inception in June 2000, Eagle's pipeline has grown exponentially. In 2002, it invested \$117 million in southern California housing. It is likely to exceed \$150 million in 2003 and plans to spend several hundred million in 2004. The company will target Class B and C properties or "workforce housing," Friend said. Eagle stays away from Class A properties, focusing on properties that it can reposition from either a management or capital improvements perspective.

The company works with institutional investors, including pension fund advisors, to finance acquisitions, forming funds and joint ventures, and uses tax-exempt bond financing for rehab and affordable-housing acquisitions. It also benefits from low-cost financing from the government agencies. Most recently, Eagle financed its \$71 million acquisition of the 460-unit California Oaks and the 318-unit Somerset Apartment Homes in Temecula Valley and Murrieta Valley, respectively, with a 10-year **Freddie Mac** loan that carried a fixed rate of 5%. **Bank of America** was the capital partner for this transaction. The bank has worked with Eagle in the past, and is likely to remain a long-term partner, Friend said.

The California Oaks and Somerset Apartment Homes properties are located in the valley alongside freeways I-15 and I-215, which are lined by multiple distribution centers. "Murrieta is one of the fastest growing cities here because of the infusion of jobs into this market," Friend said. Eagle plans to continue investing in the area, where it owns more than 10% of all units. Using leverage of 60-75%, the firm targets deals of greater than \$20 million, although it is not constricted by square footage. Eagle out-sources day-to-day property management functions to regional companies.