



Multifamily New

October 14, 2003 – Eagle Swoops in on \$70 Mil of Temecula Apartment Properties



Somerset Apartment Homes, Temecula

Full Story:

A pair of apartment communities in Temecula/Murrieta Valley, containing a combined total of 778 units, has traded hands for \$71.5 mil. The buyer, Orange County-based Eagle Real Estate Group, paid \$42 mil for California Oaks, a 460-unit property in Murrieta, and also spent \$29.5 mil to buy out its capital partner, Bank of America, in

Somerset Apartment Homes, a 318-unit complex in Temecula.

California Oaks, located along California Oaks Rd and Jackson Ave near the I-15 and I-215 freeways, is the largest multi-family community in Murrieta. In the transaction, Ed Rosen and John Chu of Burnham Real Estate Services represented Eagle and the seller. Bank of America was Eagle's capital partner in the transaction. Eagle secured a 10-year loan fixed at 5.25 percent backed by Freddie Mac. Sharon Klein and Troy Tegler of L.J. Melody facilitated the loan for Freddie Mac.

California Oaks consists of 22 buildings on more than 26 acres. The 460 units include both one- and two-bedroom units and a variety of floorplans. Most units include private patios or oversized balconies with mountain views. On-site amenities include a fully equipped fitness center, three swimming pools, spas, volleyball and tennis courts and a resident clubhouse.

Somerset Apartment Homes, which is located in Temecula on Stonewood Rd, adjacent to Margarita Rd and the I-15 freeway, was purchased eighteen months ago for \$23 mil. Eagle completed a \$2 mil renovation to the property and recently bought out Bank of America's interest to become full owner of the property. Due to this successful renovation and repositioning of the asset, Bank of America made a 35 percent return on its investment.

Somerset consists of 40, two-story buildings on approximately 15 acres. The 318-unit complex consists entirely of two-bedroom apartments and features such on-site amenities as a fitness center, swimming pool, spa, tot lot and BBQ areas.

According to Randall Friend, co-founder and principal of Eagle Real Estate Group, there are approximately 4,500 apartment units in the Temecula / Murrieta Valley. These two investments give Eagle approximately 17 percent of the region's entire stock. Founded in June 2000, by existing principals Randall J. Friend and Kenneth R. Melton, and joined by H. Gordon MacKenzie in August 2003, Eagle Real Estate Group acquires multifamily communities in targeted metropolitan markets. Currently, Eagle owns more than 2,500 apartment units representing value of more than \$250 mil.