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Eagle Pays \$38M for Garden Grove Apartments

By Daniel Williams

Anaheim-based Eagle Real Estate Group LLC has paid \$38 million for 402-unit Bayport Apartment Community in Garden Grove in one of the largest apartment deals in Orange County this year.

The real estate investor said it plans to spend another \$5 million on upgrades to the late-1960s era apartments on Chapman Avenue near the Disneyland Resort, the block at Orange and the Crystal Cathedral.

"The project is a long-term hold for us," said Randy Friend, an Eagle principal. "We liked the location and the property."

Eagle financed the buy itself with a series of tax-exempt bonds, Friend said.

"We've raised \$75 million in equity so far," he said.

Bayport gives Eagle more than 2,000 apartments in Southern California, Friend said. The company plans to keep buying in the next year, he said.

"Our goal for 2003 is to acquire \$200 million in property," Friend said.

Founded in 2000 by Friend, Kyle C. Martin and Kenneth R. Melton, Eagle counts some big-name board members. They include Gordon MacKenzie, chief of Costa Mesa-based Polygon Development LP, Steve Layton, principal of Newport Beach-based Layton-Belling & Associates, and David M. Conant, president of Cerritos-based Conant Auto Retail Group.

Bayport was 89% full when Eagle went into Escrow on the complex. Eagle since has changed management companies, bringing on Trammell Crow Co. in place of Vista-based McBeth Apartment Systems. Bayport is now 96% full, Friend said.

Built in 1969, the 11 three-story wood frame buildings count 259,726 square feet of net rentable space and sit on 10.6 acres.

Eagle plans to set aside 81 of the 402 apartments for low-income renters. The planned upgrades include a facelift to the exteriors and new appliances, new flooring and granite countertops.

The renovation should be done within 18 months, Friend said. At that time, Eagle plans to look at market conditions and raise rents.

Scott Davis and Mary Ann King, partners with Costa Mesa-based Moran & Co., represented the seller, Klein Financial of Palo Alto in the deal. Eagle represented itself.