



IREN

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TOP STORY

NYC Apartment Properties on the Block for \$5 Billion

Metropolitan Life is selling Stuyvesant Town and Peter Cooper Village, two apartment complexes comprising 110 apartment buildings on 80 acres along the East River in New York City, for nearly \$5 billion. The target price would make it the biggest sale for a single American property, according to *The New York Times*.

Rumors of a possible sale began several years ago when MetLife launched a \$300 million renovation project on the properties that included new air conditioning, landscaping, wiring and new playgrounds. In July, MetLife said it was considering selling the two apartment complexes, which the life insurer built almost 60 years ago. Currently, 25,000 people live in the apartments. Two-thirds of the residents pay regulated rents at about half the market rate.

"It'll be the largest sale of a single property in U.S. history," Dan Fasulo of Real Capital Analytics told *the Times*. "No doubt in my mind. It's truly an unprecedented offering and an irreplaceable property. It would be impossible today to get a property of that scale in an urban location. And that neighborhood has become so desirable."

The bidding is expected to be competitive. *The Times* quotes one executive: "This is the ego dream of the world: 80 acres, 110 buildings, 11,000 apartments, covering 10 city blocks in Manhattan." The list of prospective buyers includes REITs Archstone-Smith (NYSE: ASN) and Vornado Realty Trust (NYSE: VNO); the Blackstone investment firm; Glenwood Management; Tishman Speyer; international bank UBS; and the Durst, LeFrak and Rudin real estate families. *Source: The New York Times, 8/30/06*

OFFERINGS

Harrison Street Raises \$75 Million for First Closing of Fund

Chicago-based Harrison Street Real Estate Capital (HSRE) has completed the first closing of its first real estate fund, Harrison Street Real Estate Partners I, raising \$75 million in equity commitments. With 16 institutional and high-net-worth investor groups signed on, the firm intends to accept additional investors through the end of 2006.

The fund has closed or has under contract a number of investments. In January, HSRE formed a \$200 million joint venture with The Preiss Group, which recently broke ground on a \$25 million student-housing asset in Charlotte, N.C. In August, the firm teamed up with United Stor-All to acquire and develop a \$300 million portfolio of self-storage assets predominately located on the East Coast. The duo already has acquired nine self-storage assets for about \$90 million.

HSRE, formed in 2005 by managing director Christopher Merrill and the Galvin family of Chicago, has additional investments in the medical office and senior housing sectors totaling more than \$100 million that will close in the coming months.

"We have developed a focused investment strategy, one in which we invest where there are demonstrable levels of demand such as universities or hospitals," says Merrill. "[These] sectors [offer] the ability to create value through consolidations, or those that benefit from the aging population base. We believe this to be a more prudent way to invest in today's real estate market." *Released 8/28/06*

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