

Eagle Rock and UOB Global hold \$200m close on second U.S. multifamily fund

BY JODY BARHANOVICH, AUGUST 2017



Eagle Rock Advisors and UOB Global capital have held a \$200 million final close for their second Northeast U.S. multifamily fund, UOB Eagle Rock Multifamily Property Fund II.

UOB Global capital, the asset management arm of leading Singapore bank UOB Group, has committed nearly \$65 million in the aggregate to Eagle Rock's multifamily funds. The firm's strong family office and HNW investor network comprised a significant portion of the equity in Fund II. A U.S. public pension fund also made a commitment to Fund II.

The vehicle aims to produce a net return to investors of approximately 13 percent and a yield of 7 percent or more by following Eagle Rock's value-add strategy of purchasing class B workforce housing apartment properties in the Northeast. The firm favors communities near public or easily accessible transportation, strong employment centers and often in good school districts, with an average deal size of \$45 million.

"Over the last fundraising cycle, we have seen tremendous interest in the owner-operator model," said Mark Seelig, CEO/founder of Eagle Rock. "Additionally, there is a growing interest for suburban multifamily as investors seek higher-yield opportunities in less-saturated markets. We have been fortunate to have the backing of a large pool of high-net-worth investors throughout our firm's history. As our AUM has surpassed \$1 billion and we have exceeded expectations in our prior investments, interest from institutional investors has grown significantly."

The first fund in the series, UOB Eagle Rock Multifamily Property Fund, launched in 2011 and has fully invested its \$136 million of equity.

"Our strategy for Fund II mirrors that of Fund I, to target workforce housing multifamily communities in under-supplied markets along the Northeast/Amtrak commuter rail corridor," said James Hausman, portfolio manager/co-founder at Eagle Rock.

With leverage, this vehicle will have approximately \$700 million of purchasing power. The fund already has deployed \$80 million of equity in acquisitions totaling \$230 million. Most recently it paid \$43 million for five apartment complexes in New York's Westchester County.

"Fund II has already acquired \$225 million of multifamily properties totaling 1,300 units in New York and New Jersey. We have experienced favorable pricing on those acquisitions with average acquisition cap rates of over 6 percent, in part because of our ability to stand out as an institutional discretionary equity buyer for small-to-mid-sized deals," said Hausman.

New York-based Eagle Rock Advisors and its affiliated property management arm, Eagle Rock Management, control and operate more than 6,000 apartment units, worth more than \$1 billion, in 43 communities throughout the Northeast.