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Uptown Project Achieves Major Milestone Construction Starts on First Phase; Largest Element of Mayor Brown's 10K Housing Initiative and Centerpiece of Downtown Oakland's Residential Revival

Oakland, Calif., Dec. 14, 2005 – Construction of the Uptown residential project in the heart of downtown Oakland began today, signaling the transformation of the long-underutilized site into a dynamic new neighborhood.

At ceremonies in Oakland, City officials touted the first phase of the Uptown residential project as the centerpiece of Oakland Mayor Jerry Brown's 10K Downtown Housing Initiative, a transit-oriented development and a key element to reviving a once-storied entertainment district. Uptown is the largest component of the 10K initiative focused on bringing 10,000 new residents to downtown Oakland. The project is a joint venture between Forest City Development and MacFarlane Partners.

"We've been trying to get this site developed for 25 years. Every day 70,000 people come downtown to work. Now they'll be able to stay downtown and enjoy this part of the City like I do," said Mayor Brown. "Today we are seeing the rebirth of a neighborhood. I commend Forest City and MacFarlane Partners for their vote of confidence in downtown Oakland."

Developers call Uptown the quintessential example of smart growth. The new neighborhood is only a few blocks from the Oakland City Center and Lake Merritt. The transit-oriented development is located at the 19th Street BART station and at the center of one of AC Transit's major hubs. The project reuses existing land already served by utilities and roads creating the ultimate form of sustainable development and smart growth.

"We are very positive about the future of Oakland. We are investing nearly \$190 million in Uptown because this is an ideal location to live, work and play," said Forest City Residential West President Greg Vilkin. "Residential growth is a catalyst for retail and entertainment growth that will contribute to the prosperity of the City."

Victor B. MacFarlane, founder and managing principal of MacFarlane Partners, said, "Uptown was several years in the making, but it will reenergize this area for decades to come. Uptown offers an excellent mix of market-rate and affordable housing, street-level shops and a public park right downtown. On top of that, its access to mass transit is excellent."

Once the center of Oakland's arts and entertainment district, the Uptown area is bounded by San Pablo and Telegraph Avenues and 18th Street and Thomas Berkeley Way.

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The first phase of the project, to be built by Forest City, consists of 665 rental apartments, 9,000 square-feet of neighborhood-serving retail space, and a public park. Twenty five percent of Forest City's units are designated for affordable housing. The first units will be delivered in September 2007. Completion of the first phase will occur by the end of 2008.

Additional elements of the project include an 80 unit affordable housing development to be built by Resources for Community Development, Inc., a non-profit affordable housing developer, and Phase II of the Forest City project, including 200 residential units and approximately 20,000-square feet of retail space. The Oakland Redevelopment Agency will issue a Request for Proposal for a developer of a third parcel, currently owned by the Agency, sometime in 2006. That site can accommodate up to 270 units.

“In addition to providing badly needed housing for the area, we are contributing to the revitalization of the nearby entertainment district and encouraging investment in new retail,” said Susan Smartt, Senior Vice President, Forest City Residential West, Inc. “The project will complete the much needed connection between Lake Merritt, City Center and Jack London Square. With its central location, Uptown Oakland is perfectly situated for high density housing and an urban lifestyle.”

This project, combined with the revival of the historic Fox Theatre and regeneration of existing retail, will help spur the rebirth of the Oakland Uptown district.

The project architect is MVE & Partners. With offices in Oakland and Irvine, California, it is one of the country's most influential and diverse architecture, planning and interiors organizations.

Uptown is expected to provide extensive community benefits including jobs, revenue to the City's General Fund, increased consumer spending in the area. The developers will be working with the community to implement a local and small business-hiring program.

About Forest City and MacFarlane Partners

Forest City Enterprises, Inc. is a \$7.4 billion NYSE-listed national real estate company. The Company is principally engaged in the ownership, development, acquisition and management of mixed-use projects, retail centers, apartment communities, office buildings and land development in public-private partnerships throughout the United States.

MacFarlane Partners is the leading minority-owned real estate investment management firm in the United States, with \$2.2 billion in investor equity and \$9 billion in properties completed and under construction. Founded in 1987, the firm leverages its unique combination of institutional investment management experience and internal development expertise to deliver top-quality properties and superior investment performance to its pension fund clients.

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