
With 2017 Approaching, South Florida's Real Estate Market Is Still Kicking

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The office tower at 1601 Washington Ave. in Miami Beach traded for \$80 million.

Keeping up with South Florida tradition, a number of big-dollar real estate deals have marked the last few weeks of the year. Starting with a major step forward for the \$2 billion Miami Worldcenter project, developers CIM Group and Falcone Group scored a hefty construction loan for the project's 444-unit apartment complex. The \$89 million loan will fuel construction of the development's east tower — the first phase of the Seventh Street Apartments, a two-tower rental community near Northeast First Avenue and Northeast Seventh Street in downtown Miami, according to a news release.

Fifth Third Bank in Ohio and Boston's Santander Bank were the lenders — a prized catch for developers racing to secure capital to propel their projects forward.

Landing a construction loan has become increasingly difficult for new residential product in South Florida, especially from traditional bank lenders. Howard Taft, senior managing director with Aztec Group Inc., has noted that banks have all but exited the construction lending market. While alternative lenders have stepped up to fill the void, they tend to up their loan pricing and deal strictly with top-tier developers, essentially squeezing smaller builders out of the marketplace.

The \$89 million deal, which closed Dec. 19, marks one of the largest loans for new apartment towers in downtown Miami this year, said Nitin Motwani, managing principal of Miami Worldcenter.

"This financing underscores the strength of Seventh Street Apartments' location within Miami Worldcenter and in the heart of downtown, the credibility of our development team, and the surging demand for transit-oriented apartments we're experiencing in downtown Miami."

One of the largest loans to close this quarter — a \$225 million construction loan for One Thousand Museum — came from a global investment manager based in New York, not a traditional bank.

Miami Worldcenter's developers broke ground on the Seventh Street Apartments six months ago and expect to deliver in the fall of 2018. Its construction coincides with that of Paramount Miami, a high-end condominium, as well as the first phase of Worldcenter's open-air retail component.

Despite the tightened lending market, another group of developers nabbed a construction loan for a new apartment tower before year-end.

Greystar and Carlyle Group, which are building the Overture Dadeland Apartments, a senior living apartment project at 7400 SW 88th St. in Kendall, closed a \$64 million loan with Bank of America on Dec. 23.

Commercial Acquisitions

Moving on to commercial real estate buys, Miami Beach will close out the year with another multimillion-dollar deal, further solidifying the region's appeal to Northeastern investors.

A company linked to New York-based real estate investment firm Nightingale Group dropped \$80 million on a single-tenant office building, Newmark Grubb Knight Frank announced Tuesday. Lincoln Place, an eight-story, Class A office tower at 1601 Washington Ave, serves as the headquarters of Miami-based LNR Partners.

"This transaction reflects the consistent demand for core assets within Miami Beach with long-term redevelopment value," said Michael Lapointe, executive managing director with NGKF Capital Markets. Lapointe represented the buyer along with managing director Michael Lohmann and associate director Clay Sidner.

"Over the past 18 months, our buyer was able to achieve an excellent value by working through this complex transaction including a ground lease with the City of Miami Beach," Lapointe said.

The seller was Cousins Properties Inc., an Atlanta-based real estate investment trust. Lincoln Place offers over 110,000 square feet of office space, 30,000 square feet of retail and a 500-car parking garage. LNR Partners completed a sale leaseback for the space in 2006.

The year-end investment activity rippled north to Broward County, where a newly built apartment complex fetched \$59 million. A 232-unit community developed by the Related Group sold to Swedish real estate firm Contentus AB, marking yet another large commercial transaction with an international investor.

The Town University Luxury Apartments at 5500 South University Drive traded for about \$254,310 per unit Dec. 22. Related purchased the land where the apartments now stand two years ago for \$6 million.

Meanwhile, Miami-based Lennar Corp. is planning to transform over 100 acres of vacant Hialeah land into hundreds of new homes. The housing developer purchased 102 acres west of Interstate 75, according to The Real Deal.

Property records show the seller was Atlas Hialeah Heights LLC, a company linked to Dacar Management in Dania Beach. The deal follows an earlier buy this year when Lennar swept up 130 acres sandwiched between I-75 and Northwest 97th Avenue for \$41 million. The nation's second-largest homebuilder also purchased 143 acres directly east of that piece of land for \$74 million in early January.