

dbbr

DAILY BUSINESS REVIEW

RESIDENTIAL AND COMMERCIAL REAL ESTATE Deals and Transactions

Lenders Find Favor With Beach Hotel Investments

by Eleazar David Melendez



Eden Roc Miami Beach, 4525 Collins Ave.

Wikimedia

Traditionally, summer is the offseason for South Florida hotels, a time when the crowds pack up and the locals get to relax.

The lawyers working for those hotels, it would seem, aren't much for tradition.

Two oceanfront hotel refinance deals that closed in June are among the biggest mortgages recorded in Miami-Dade County this year, public records show.

On June 25, the owners of the Eden Roc Hotel at 4525 Collins Ave. in Miami Beach scored a \$190 million loan from Cantor Commercial Real Estate and Citigroup, the third-largest financing recorded this year in Miami-Dade. About \$138 million was used to cancel a loan from Banco Bilbao Vizcaya Argentaria, while the rest will be used for renovations. The day before the loan closed, Eden Roc owners filed a notice with the county saying they are starting work on a hotel restaurant, entryway and adjoining areas.

In a deal that closed June 10, the owners of the Grand Beach Hotel at 9449 Collins Ave. in Surfside

obtained \$50 million from TotalBank. That qualifies as the 20th-largest mortgage recorded in the county this year.

Attorneys who worked the deals said the new mortgages are the result of a credit environment that's flooding hotel owners with loan and buyout offers.

"We get calls, and I can't tell you how many times a week, where people are just saying, 'Hey, we're looking for hotels to buy,'" said Karyl Argamasilla, of counsel in the



Fontainebleau and the Eden Roc

Photo via History Miami

real estate group at Bilzin Sumberg Baena Price & Axelrod in Miami. Argamasilla, who was 2014 president of the Miami chapter of Commercial Real Estate Women, represented the Grand Beach lender. "They're willing to take anything."

The Grand Beach deal is somewhat unusual because most of the money is meant for construction of a new hotel rather than renovations. Argamasilla said TotalBank felt comfortable doing the deal because the Grand Beach

ownership group is a long-time client with whom the bank executed a similar deal in the past.

Argamasilla said if TotalBank hadn't taken the deal, there were two other banks waiting in the wings, reflecting the frothy hotel financing market.

"Everyone wants the hot property out in the ocean," Argamasilla said. "You're seeing it all the way up to Fort Lauderdale and Palm Beach. On the borrower's side, they want to improve the property so it can keep up in a very competitive market."

Argamasilla said the interest in hotels is coming from both hotel investors and generalist financiers, driven by compressed returns in other real estate investment asset classes.

"These lenders are just fighting to make these loans," Argamasilla said.

Ari Tenzer, founder of Tenzer PLLC, told the Daily Business Review his law firm participated in the Eden Roc deal, and a New York firm took the lead.

In a deal that Tenzer worked on last year, Eden Roc announced a partnership with Nobu, the upscale Japanese restaurant brand with 33 locations worldwide and a hotel in Las Vegas. As part of the deal, Nobu will move its Miami location from the Shore Club at 1901 Collins Ave., while the Eden Roc will parcel out a renovated hotel-within-a-hotel with the Nobu brand.

Eleazar David Melendez can be reached at 305-347-6651.