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Condos Rented After The Housing Crash Are On The Market Again

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Mark Pordes *Melanie Bell*

A telling shift in condominium positioning is a sign of economic improvement across South Florida. Unlike seven years ago when developers converted some of the plushiest condominiums to rentals to mitigate losses at the bottom of the housing market, owners are now sprucing up apartments and offering them for sale as condo reversions.

That's what happened with Peninsula on the Intracoastal, a gated Boynton Beach development with 40 luxury waterfront condominiums and 30 oversized townhouses—all turned apartments during the lean days.

Built in 2008 and 2009 with decorator touches, gourmet kitchens and porcelain-tile floors, developers meant to attract buyers, not renters, to the 1,400 to 1,900-square-foot waterfront homes at 2700 N. Federal Highway.

"You would never put rentals there to begin with," said Mark Pordes, CEO of Pordes Residential Sales and Marketing, who purchased the development with Peninsula Boynton Property LLC for \$22.5 million and is now offering it for sale. "It's just too valuable. The property was built with the standard of a condo—the level of finish, the wide water views, the surrounding multimillion-dollar homes. It's a gem."

Lending conditions have improved and the market has recovered to such an extent, that instead of generating rents of about \$2,000 to \$4,000, Peninsula on the Intracoastal condominiums can sell for \$390,000 to about \$700,000, Pordes and his partners say. They plan to begin sales efforts by the end of this month.

Deals In Pipeline

At the former Oaks at Biscayne Landings condominiums in North Miami, a similar repositioning campaign is underway.

The once beleaguered complex at 15051 Royal Oaks Lane was in foreclosure three years ago. But after a \$5 million face-lift, when even the name was changed to One Fifty One at Biscayne, New York-based iStar Residential put 160 of the 373 units up for sale.

Now the two- and three-bedroom units that recently rented for \$1,500 to \$2,500 are for sale starting at \$240,000.

iStar hired the DevStar Group, a Miami-based real estate development and investment firm, to rebrand the property. It refurbished the lobby, replaced furniture and wall coverings, upgraded the landscaping, got new televisions, recreation centers and acquired land from the city for a pool deck. "We updated and changed everything that wasn't an actual structural change," said Anthony Burns, a DevStar Group principal. "We believe that essentially by spending the \$5 million we'll get a significant return on that investment. As the building stood, it was selling in the \$100-a-foot range. By installing the improvements, it's in the \$200-a-foot range. You bring that across 100,000 square feet, and that's significant value."

Last week, DevStar started going to contract on its first set of units.

At Terrazas Miami, a sales team is at work on 15 deals, with the first closings expected this week for units in two sleek towers in a gated riverfront community of luxury penthouses, lofts and townhouses at 1861 NW South River Drive.

"It's a good start for just two weeks," said Michael Sadov, director of sales. "There's a lot of interest." Rents were \$1,500 to \$3,000 for the units with stainless-steel appliances, granite counter tops, Miami skyline and river views, 24-hour concierge service, sauna, Jacuzzi and expansive private

balconies. But after \$2 million in capital improvements to upgrade the lobby, cabanas, fitness center, barbecue area and build sales models, the company is offering 120 of the 324 units for sale. The average asking price is \$350 per square foot, with units ranging from around \$271,000 to \$500,000. And with lending conditions improving, developers say they expect this to be the onset of a long-term trend of property repositioning.

"This would be a perfect time for an investor to buy," Sadov said. "We'd like to slowly raise prices after a lot of our capital improvements take place."