

Aventura developer secures \$106 million construction loan

by Paola Iuspa-Abbott

piuspa@alm.com

The Echo Aventura condo developer secured a \$106 million construction loan to build the project, which is nearly 60 percent pre-sold.

The size of the loan makes it a rarity when most traditional banks are reluctant to lend large sums to for condominium construction. The loan came from New York-based NorthStar Real Estate Income Trust, a real estate investment trust.

The developer is a joint venture between the Property Markets Group and JDS Development Group in New York. Mission Capital Advisors in New York arranged the financing, which is about 50 percent of the project's construction cost, company managing director Jason Cohen said.

The deal for the \$200 million condo high-rise at 3250 NE 188th St. in Aventura closed July 28, but the mortgage has yet to be recorded.

Like most condo projects, the developer is collecting 20 percent of the purchase price when purchase contract are signed, 20 percent at ground-breaking and 20 percent at the building's top-off. So far, the developer has collected 40 percent, but the lender went ahead and considered the 60 percent to be on hand when making the loan, Cohen said.

"Part of the deal is that we were able to get the lender to recognize the last 20 percent deposits even though we hadn't received it," he said. "They gave us credit

The deal for the \$200 million condo high-rise at 3250 NE 188th St. in Aventura closed July 28.

for deposits we are going to be getting in the future."

A traditional bank would give credit only for deposits on hand, Cohen said.

By law, developers can use 90 percent of the deposits to help pay for the construction.

Between the deposits and the loan, the developer will have only 5 percent cash equity in the project, Cohen said. That percentage contrasts sharply with traditional banks, which want to see developers have significant skin in the game before lending money.

"Banks are looking for the sponsor to have a larger vested interest in the deal equity wise," Cohen said.

Many nonbank lenders limit loans to 50 percent of the building cost, he said.

The loan appears to be the second largest condo construction loan in South Florida since the housing crash. Mansions of Acqualina in Sunny Isles Beach secured a \$160 million construction loan earlier this year. The project is being built by an affiliate of the Trump Group led by Williams Island developers Eddie and Jules Trump.

Paola Iuspa-Abbott can be reached at (305) 347-6657.