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Real Estate

Buyers rescue distressed properties at major discounts

Premium content from South Florida Business Journal by Brian Bandell

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The wave of foreclosures against commercial properties has a bright side for some buyers, who have scooped up projects at a discount in an effort to turn them around.

The latest foreclosure rescues were of a shopping center in Coral Springs and an apartment complex in Coral Gables.

The owner of the Publix-anchored Coral Landings II said he was about to get hit with foreclosure on its \$22.7 million mortgage with **Regions Bank** when TW Plaza Holdings stepped in. **Alan I. Wasserstein** said his group purchased the delinquent mortgage from the bank and worked out a deed in lieu of foreclosure to acquire the property from its owner, Safety Harbor-based Monroe's Prestige Group.

Wasserstein said he could not disclose the purchase amount, but it was at a discount. TW Plaza partially financed the deal with a \$7.3 million mortgage from Regions Bank.

Wasserstein said his Miami Lakes-based LeaseFlorida LLC has the largest stake in the joint venture, which also includes North Miami-based Tate Capital and Miami-based Rock Group.

The 104,000-square-foot Coral Landings II, at 6264 W. Sample Road, is 73 percent occupied between Publix and a Baptist Health South Florida outpatient center, **Wasserstein** said. It was completed in March 2008.

"Most of the shopping centers with Publix as an anchor are good centers," **Wasserstein** said. "This just needs time."

Wasserstein said he's talking to Monroe's Prestige Group about helping it deal with lenders on four other Florida shopping centers, including two projects facing pending foreclosure cases: the Best Buy-anchored Coral Landings III in Coral Springs and the Publix-anchored Quantum Village in Boynton Beach.

"Alan [Waserstein] has the ability to make a deal with banks, and the banks seem to be very happy to work with Alan," said developer Charles H. Monroe III, head of Monroe's Prestige Group.

With more than 70 shopping centers under his belt, Monroe said banks are showing little patience with his projects, even though he has quality anchor tenants.

With Coral Landings III, Monroe said Wachovia Bank stopped funding additional construction, which scared away a major tenant. After the project opened late due to hurricane delays, Best Buy refused to pay rent, he said.

At Quantum Village, prospective tenants had difficulty getting financing to build out leased space, which sank many deals, Monroe said.

"The loans are huge. I can't reach into my pocket and pay them off," he said. "How do you get a new loan when banks look at it like you were bringing them something that had leprosy?"

Buyer gets 64% discount on apartments

In another deal for a distressed project, St. Louis-based Quadrant Properties bought a foreclosure judgment on a Coral Gables apartment building from BankUnited at a 64 percent discount off the mortgage note.

Miami resident David Larson, a principal of Quadrant Properties, said his company paid \$1.3 million in cash to the Coral Gables-based bank and then foreclosed on the 16-unit apartment building, at 625 Santander Ave. The property was formerly owned by Coral Gables-based Tech Developers.

The developer bought the property in 2007 for \$4.8 million and got a \$3.6 million mortgage from the BankUnited, which won a \$4.2 million judgment in January.

Although Tech Developers received approval to build 12 townhome units on the property, Larson said he would operate it as an apartment complex until the economy improves, then sell it to a development company. The apartments are 90 percent leased, he added.

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