

Terra Closes Mezzanine Loan on Greystone's Miami Development

By Jeffrey Steele
June 29, 2016

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Terra Capital Partners has closed a \$6.25 million mezzanine loan to finance the construction of an apartment building in the Coral Gables area of Miami.

The 14-story, 100-unit property from Greystone Development is to be called 1501 SW 37th Avenue. Designed by Borges and Associates, it is located within walking distance of the downtown area of Coral Gables, will offer approximately 6,400 square feet of retail space and will feature a broad selection of common area amenities.

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“The greatest challenge was separating this opportunity from the noise of all the construction and potential new supply and shadow supply—condo owners renting their units—currently occurring in the Miami MSA,” Terra Capital Partners’ Chief Originations Officer Dan Cooperman told MHN. “A drive up U.S. 1 from Brickell through Midtown Miami could be overwhelming with all the new buildings. We seized the opportunity through a combination of local knowledge and diligence.”

The apartment property will feature one- and two-bedroom apartments, all of which will offer private balconies. Two townhouse-style units will feature rooftop terraces. Among the luxury amenities will be an outdoor pool and spa, club room and fully-equipped 24-hour fitness center. Construction is expected to be complete in early 2018.

“In addition to some pretty deep knowledge of Miami via historic investments, a member of our team has a family member that used to live just a few blocks from this site, so he knew the area better than most,” Cooperman reported.

“We have a loan on a nearby retail and office building. Through a series of inquiries and meetings, we verified there was a true separation of Coral Gables from the other markets in the Miami MSA, largely due to traffic patterns and employment centers. This is true Coral Gables submarket, which separates it [from] most of the competition, in Brickell, Downtown and Midtown.”

Added Dan Hartman, managing director of Terra Capital Partners: “This is a beautifully designed and well-conceived project breaking ground just as another nearby Greystone project was successfully sold. The sold project, The Mile, located just a few blocks to the south, proved the sponsor’s capabilities and market acceptance, which gave us confidence. We are very pleased to partner with a top-quality developer such as Greystone, and look forward to many more partnerships of this kind in the future.”

The financing market has cooled considerably for Miami ground-up construction, noted Jeff Baevsky, senior managing director of Greystone & Co.

“It was refreshing to find capital sources like Terra Capital that made the effort to understand our project,” he added. “The reality is that while there may be some shadow inventory concern, there are few well-located, purpose-built rental apartment buildings in the Miami MSA. We successfully built and sold a very similar project, The Mile, in the Coral Gables submarket, and remain bullish.”