

## Beacon Hill Property Group Closes \$8.6 Million Sale of Coral Gables Apartments

by Lidia Dinkova

Beacon Hill Property Group principal Matthew Martinez represented the buyer of two Coral Gables residential buildings with plans for renovations and higher rents.

Capri Elite Holdings LLC bought the buildings, which are adjacent to each other at 800 and 801 Capri St., for \$8.6 million from New York-based Capri Street Partners LLC. The buildings have a combined 42 units, which means the deal breaks down to \$204,762 per unit. The cash transaction closed Oct. 30.

The four-story buildings fronting on Southwest Eighth Street east of Granada Boulevard were constructed in 1969, Martinez said. Of the 42 units, 11 are one-bedroom, one-bathroom units; 29 are two-bedroom, two-bathroom units; and two are studios.

Martinez declined to disclose the buyer except to say it's a European investor.

Ivan Ryabushkin of Coral Gables is the manager of Capri Elite Holdings, according to state records.

The property is appealing on two fronts, according to Martinez. It's in Coral Gables, one of the most desirable cities in the state, and it's close to employment centers such as downtown Coral Gables as well as downtown Miami and the Brickell district.

"The mantra in the multifamily market is that you want to buy and own apartment buildings near employment areas. You are five minutes away from downtown Coral Gables, and you are 10 minutes away from downtown [and] Brickell," he said.

He added this is a typical value-add property that would yield a higher net operating income.

"We felt that with a long-term strategy of renovating the units as they became vacant and upgrade those units, we anticipate in our pro forma anywhere between a 20 percent to a 30 percent increase in annual rent income per unit with about \$10,000 to \$15,000 investment per unit," Martinez said.

The buyer plans to replace carpets with hardwood-looking floors, old countertops with granite and old appliances with stainless steel, Martinez said. The buyer also plans to install new lights and renovate the bathrooms.

Projected rents would increase for the studios to \$1,100-\$1,200 monthly, up from the current average of \$950, he said. Rents would increase for the one-bedroom units to \$1,350-\$1,500 monthly, up from \$1,157, and the two-bedroom units would run \$1,700-\$1,900, up from \$1,438, he said.

"This is a prototypical value-add deal on a well-located, 40-plus apartment building, so we have economies of scale where by a modest investment in each of the buildings as they become vacant, making improvements to those buildings would yield higher net operating income, Martinez said.

## Law Firm Guides \$59 Million West Miami Apartment Sale



Alejandro M. Arrieta, left, and Gregory Hernandez represented Gables Gate Tower II LLC, which is affiliated with The Estate Cos.' real estate investment and development arm Estate Investment Group.

by Lidia Dinkova

Miami attorneys advised on the sale of a newly built apartment building on behalf of a developer who has targeted the tiny community of West Miami for multifamily construction.

"Typically you wouldn't see a sale occur prior to the stabilization of the project," said Alvarez Arrieta & Diaz-Silveira associate Gregory Hernandez, one of the attorneys who worked on the deal.

Buyers prefer a low-vacancy building with a defined cash flow, noted partner Alejandro Arrieta, who also worked on the transaction.

In this case, however, the buyer was comfortable with the investment because of the robust multifamily market in the immediate area and because the buyer and seller worked together in the past, Arrieta said.

Arrieta and Hernandez represented Gables Gate Tower II LLC, which is affiliated with The Estate Cos.' real estate investment and development arm Estate Investment Group.

Estate Investment Group, along with partners Mattoni Group and Fortune Capital Partners, sold the 221-unit apartment building at 2001 Ludlam Rd. for \$59 million to Chicago-based real estate investment and property management company Waterton. The transaction breaks down to \$266,968 per unit.

The deal for the property east of the Palmetto Expressway between Southwest Eighth Street and Coral Way closed Oct. 20.

This sale marks the third West Miami apartment building developed by Estate Investment Group that's been sold — with Arrieta and

Hernandez representing the seller in all of the transactions.

In August 2016, the nearby 206-unit apartment building at 2101 Ludlam Rd. was sold for \$57.4 million also to Waterton. That transaction broke down to \$278,597 per unit.

The buildings are across Southwest 21st Street from each other. Now, both are called District West Gables.

And in June, the 196-unit Soleste Club Prado at 950 Red Rd. was sold for \$61 million to Denver-based Grand Peaks, records show. That transaction was worth \$311,224 per unit.

These Estate Investment Group projects and others in the pipeline are transforming the multifamily market in the small city targeted by the developer.

West Miami had 7,459 residents in 2016 in three-quarters of a square mile south of Miami International Airport and west of Coral Gables, according to the U.S. census data. But the opportunities for development were big.

When Estate Investment Group tapped into West Miami, the city had the demand for new housing but lacked the product, said Robert Suris, founder and principal of The Estate Cos.

"Those are the types of opportunities that we really look for — to be the first company in a new area that has a built-up demand for people who want to be there and they don't have the product available," he said.

The location also attracted Suris, he said. Its boundaries are Red and Ludlam roads and from Southwest Eighth Street south to roughly Coral Way, although part of the southern boundary ends before Coral Way.

"We are literally in the middle of the county," Suris said. "We are close to everything."

He noted the western part of the county is home to several employment centers, including Miami International Airport, Miami Children's Hospital and Florida International University.

The renter of "our product in West Miami is looking for convenience because they are closer to their jobs," Suris said.

Estate Investment Group has two other West Miami apartment buildings, Soleste Alameda and Soleste Twenty2, in the pipeline.

In the latest transaction, Arrieta and Hernandez negotiated a unique option to close the deal before leasing and before the developer obtained a final certificate of occupancy, the attorneys said.

"That is unique from what you would typically see," Arrieta said.

A certificate of occupancy is the last official step before people can move in.

Nevertheless, Estate Investment Group obtained the certificate before closing, Arrieta and Hernandez said.

"The deal included some contingencies in the event that final certificate of occupancy had not been obtained prior to closing, but our client is a very experienced developer and contractor and was able to really exceed expectations and obtain final certificate of occupancy by closing," Arrieta said.

Construction finished in September, Suris said. The grand opening was Oct. 11, little more than a week before the sale.

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