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News

Aventura Investor Sells Southwest Florida Apartments for \$65.2M

Meyers Group sells the Channelside apartments for a 19% increase after three years.

By **Lidia Dinkova** | December 03, 2019 at 10:32 AM



Alan Losada, executive vice president and chief operating officer of Meyers Group in Coral Gables.
Courtesy photo

Value-add real estate deals are getting more difficult to find, so one Aventura investor got creative.

Meyers Group bought a new multifamily community in Southwest Florida over three years ago for \$55 million and sold it after upping rents for \$65.2 million.

The Aventura-based real estate development and investment company sold the Channelside apartment complex near Fort Myers on Aug. 1 to an affiliate of California-based WTI Inc., which is affiliated with cloud computing company Wyse Technology.

A value-add investment generally means a buyer acquires an older property with below-market rents, improves it, raises rents and sells at a profit. But with growing demand for these deals, value-add opportunities have become more difficult to find, said Alan Losada, Meyers Group chief operating officer.

“You come in and you buy it, you make the improvements and then you are back to market, and that’s where the money is. But everybody is trying to find those so it’s a lot of competition,” Losada said. “That model has been really difficult in the last two to three years, and it’s getting more difficult.”

Channelside was a variation on the value-add approach. Before Meyers Group bought the property in March 2016, seller McGregor 325 LLC had to meet a contractual obligation to achieve 90% occupancy at the new complex.

The requirement likely pushed the seller to rent Channelside units at below-market rates, Losada said.

“Since they had it for sale, they wanted to achieve the percentage of occupancy fast. So you go ahead and you go below market so you achieve speed,” he said.

Channelside has five residential buildings and a clubhouse with a pool on 29 acres at 15270 Ballast Point Dr. The complex is across McGregor Boulevard from the Caloosahatchee River near Gladiolus Drive.

The 325-unit complex offers one-, two- and three-bedroom units ranging from 791 square feet to 1,400 square feet. Channelside rents range from \$1,115 to \$1,698. It was 95% occupied when sold.

Meyers Group didn’t have to spend on improvements at the 2015-build Channelside, but the company sold it at a profit after raising rents about 10% on renewals and new leases.

“That’s where the value came,” Losada said.

Meyers Group sold the complex for \$200,615 a unit, up 19% from its purchase price of \$169,231 a unit. The company bought the complex shortly after the Hertz rental car agency moved its corporate headquarters to nearby Estero.

“There was growth on the horizon,” Losada said.

Meyers Group, founded and led by Stuart Meyers, focuses on development but also takes on U.S. value-add investments and recently expanded to hotels.

The company is developing several multifamily projects under an Avery brand. It’s building two Avery Dania Pointe buildings at the mixed-use Dania Pointe on 102 acres northeast of Interstate 95 and Stirling Road and about five miles from Fort Lauderdale-Hollywood International Airport.

The first eight-story, 264-unit tower has topped off, and renters are set to start moving in in April. Construction will start in May on a second eight-story, 366-unit building.

Meyers Group just started leasing the 144-unit Avery Pompano Beach apartments.

It also wants to build Avery MiamiCentral a block from the downtown Virgin MiamiCentral station. Still in the design phase, the project could be 33 stories with 230 units. Meyers Group hasn’t turned in an application to the city but says the lot has the requisite zoning.

Meyers Group generally commits to long-term holds.

“Our business model is to hold,” Losada said. “But if the right offer is made, we are willing to sell as well.”

Link: <https://www.law.com/dailybusinessreview/2019/12/03/aventura-investor-sells-southwest-florida-apartments-for-65-2m/?slreturn=20191104092842>