

Gold Krown Financial Purchases 538-Unit Block of Miami Condos, Apartments

By Barbra Murray, Contributing Editor

Gold Krown Financial has picked up 538 condominium and apartment units at the mixed-use Midtown Miami development in Miami's Uptown Wynwood District. The company took the residences off the hands of HSBC Bank.

The parties involved in the transaction have not disclosed the price tag attached to the purchase, but Gold Krown most certainly acquired the assets at a significant discount. "Banks are pricing units in bulk below construction cost and investors see the upside," Jordan Millman, owner & broker of West Avenue Realty, told Commercial Property Executive.

With Mission Capital Advisors orchestrating the financing, part of which Ladder Capital provided, Gold Krown acquired 62 condominium units in the Midtown 2 building, 304 units in Midtown 4, as well as a 94-percent leased group of 172 rental apartments in the Midblock East building. "My partners in this transaction, Gary Goldbloom, Sam and Harold Beznos and the Bush Financial Holdings, look forward to continuing to offer units for rent and we will evaluate condominium sales sometime in the future," M. Ronald Krongold, managing partner of Gold Krown Financial, said.

Gold Krown is just one of a list of investors that have snapped up large blocks of distressed condominium units from lenders to position themselves to capitalize on a recovering for-sale market. **According to the Miami Downtown Development Authority, at midyear, just 4,000 of the 23,000 new condo units that came online before the big housing crash had yet to be sold.** Investors that made the bulk buys are seeing the benefits of the turnaround. But individuals are getting in on the game, too, acquiring single units at significant discounts. "The Icon Brickell had 1,800 units when the bank released the inventory in 2009, but now there are only 50 units left and the buyers were mostly individuals," Millman said.

The turnaround in condo sales, he added, began in mid-2011, but some of the deep-pocketed companies that acquired groups of residences are still holding out for the Miami market to regain even more of its luster. "Some investors are renting the units and getting 4 to 6 percent on their cash in the meantime," he said. The apartment sector is steaming hot in Miami, but investors are well aware of the growing demand for condos in the area, too, as evidenced by the emergence of new projects. Newgard Development Group recently announced that in the second quarter of 2012, it plans to commence construction of the \$170 million BrickellHouse, the first newly-conceived condo project to get off the ground in the city since 2008.

It is an international crowd that is driving demand for condos in Miami. "Foreign buyers are very strong," Millman said. "We're seeing a lot of buyers from Canada, Brazil and other locations in South America. Africa-Israel USA launched sales at the new Marquis Residences in January 2010 and, by summer of 2011, 70 percent of the luxury 292-unit high-rise ad sold, with 60 percent of the new homeowners coming from beyond U.S. borders."