

Developers Are Increasingly Buying Residents Out to Start Fresh: Edgewater Property Trades for \$150M

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By Melea VanOstrand



South Florida-based developer Two Roads Development has bought Biscayne 21, a 191-unit condominium, for \$150 million in Miami's Edgewater neighborhood.

The sales mark the acceleration of a trend that attorney Joe Hernandez of Weiss Serota Helfman Cole + Bierman in Coral Gables says started 10 years ago. More developers are buying residents out of their condos to tear down and build a newer residences. The collapse of Champlain Towers South in June 2021 has really accelerated the trend as there's now more desire to get out of, or rebuild and replace, older buildings.

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Hernandez represented the sellers, owners of 176 units at Biscayne 21, who were bought out by the developer so that they can redevelop the property into a large luxury residential complex.

The waterfront property, at 2121 N. Bayshore Dr., sits on 3.5 acres. Developer Taylor Collins, managing partner of Two Roads Development, said the company has helped put the Edgewater district on the map over the last decade.

"Plans for our newest development, which will feature a signature architectural design by Bernardo Fort-Brescia of Arquitectonica, include a mix of ultra-luxe condominiums and signature branded residences that will elevate Edgewater's global appeal as Miami's premier enclave for luxury high-rise living," said Collins in a press release.

Avison Young principals John Crotty, Michael Fay, David Duckworth, and vice president Brian C. de la Fé helped negotiate the sale on behalf of some unit owners.

"We received multiple offers for Biscayne 21 and ultimately selected a proven buyer who offered the best price and has substantial expertise in the Edgewater area having recently completed the waterfront Elysee tower to the north," said Fay in a press release. "Two Roads Development agreed to provide the sellers the option to stay in their units temporarily, while plans are being finalized to replace the current building with an ultra-luxury residential development that could rise as high as 650 feet with all units having views of Biscayne Bay."

Wondering 'Whether the Deal Was Going to Happen'

Hernandez said the biggest challenges in the transaction included figuring out if the group of unit owners was enough to provide a buying opportunity to the developers, agreeing on the price and terms, and land use hurdles.

"Developers had to get site plan approval, a new plat. They estimated at the time the front end of the deal was going to take in the vicinity of nine months. It actually took longer," said Hernandez. "When the unit owners are waiting nine, 10, 11 or 12 months, they start wondering whether the deal is going to happen. During the period where the buyer was dealing with land use issues, we had to field a lot of questions and deal with a lot of unit owner concerns."

Allocation is a key component to getting a large transaction done. Although the amount each owner gets in the sale was not disclosed, Hernandez said the purchase price is allocated based on what percentage the owner has of the property's common elements and what type of unit they own.

"Even when it's fair and equitable, that doesn't mean that everybody agrees. That can be a very big issue," said Hernandez. "Fortunately, this group, they figured it out."

A large transaction takes good legal skills, but great communication and delivery are extremely important for attorneys to remember, especially while having multiple clients, according to Hernandez.

"And patience. Most transactional lawyers like me are used to dealing with clients that are in the business who understand the risks, understand the process, and most of my developer clients know as much about the law as I do," said Hernandez. "In this area, it's a very big, complicated transaction with a lot of moving parts that you have to really communicate very efficiently with your client who may not always understand it."