

CASE STUDY

The Sail Club at Clear Lake – 355 unit Development Site
719 Executive Center Drive, West Palm Beach, FL
\$12,500,000



BACKGROUND

The Sail Club at Clear Lake was an 11 acre development site that was previously a dilapidated affordable housing complex. In 2005 the site was entitled for 596 condominium and townhome units. However, due to the onset of the Great Recession, the project never broke ground.

Further, straddled with \$16M in debt, the borrower filed for Bankruptcy protection. Once this was resolved, the syndicate lender also filed for Bankruptcy protection. The property was in and out of Bankruptcy Court in excess of 10 years from 2005 - 2015

Over the course of these 10 years, there were numerous attempts to sell the property, including marketing efforts by nationally recognized commercial real estate firms. The highest offer that was produced was \$6,500,000.

RESULTS

Mark studied the market for multi-family development sites throughout South Florida and was able to identify numerous comparable sales through the utilization of various commercial real estate databases. The research indicated a market value range of between \$20,000 and \$35,135 per unit land value. As this property had a use-by-right of 355 units, there was a suggested value range of between \$7,100,000 and \$12,472,925.

However, the demand for development sites with clearly defined unit densities in urban in-fill locations far out-numbered the existing supply of these types of sites. Therefore, Mark counseled the Lender-turned-Owner that it was in their best interest to undertake a marketing strategy that did not publish an asking price. Through this “Subject to Offer” pricing strategy, the upper limit of value was not defined and allowed the market to determine the final sale price. This proved to be incredibly valuable advice.

Mark was approved as the listing broker by the Bankruptcy Court in the middle of June. The subsequent marketing effort generated 12 offers in 20 days! Three Billionaires focused their attention on this property offering and one of them ultimately purchased it. By early August, the Ownership had a fully executed purchase agreement for \$12,500,000 and the property closed escrow for that amount before the end of the year.