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SOUTH FLORIDA



BH, Kolter under contract to pay \$100M for Naples condo complex

Built in 1950s, it can be replaced by 45 beachfront condos



A nine-figure deal is in place for a beachfront community in Naples, adding to the condo-buyout frenzy in South Florida.

BH Group and Kolter Group are under contract to pay \$100 million for all 36 units at the Bahama Club, at 1121 Gulf Shore Boulevard, according to a source involved in the deal. JLL had been marketing the property on behalf of the condo owners.

Forty-five condos can be built on the site by right, according to a JLL brochure. It spans 2.5 acres and has 220 feet of beach frontage.

The required approval rate for a condo property to change hands in Florida is 80 percent of owners. However, a sale can be blocked by 5 percent of unit owners, essentially upping the required rate to a tick above 95 percent.

In the case of the Bahama Club, the condo association put the building on the market, indicating that a majority buy-in was already established.

A 125-acre Four Seasons Beach Club & Hotel is under construction on the adjacent site. That will include 158 luxury condo units priced at about \$4,000 per square foot. Rosewood Residences Naples, another luxury condo complex, is also in the works nearby.

Condo buyouts have permeated South Florida in recent years. But a handful of deals have either fallen apart, stalled or resulted in messy legal battles. High interest rates and construction costs, a tough lending climate and pushback from some condo owners have all contributed to deals blowing up.

Once a buyout is completed, the properties are often redeveloped into new condo towers, raking in hundreds of millions of dollars. Older waterfront properties with favorable zoning are prime targets. The Bahama Club condos were built in the 1950s.

Last week, Miami-based Related Group went under contract to buy the majority of the Miami Beach Club, an oceanfront condo building at 19051 Collins Avenue in Sunny Isles Beach, for \$145 million. That 107-unit complex was built in 1951.

In Miami Beach, Mast Capital is working to acquire the 107-unit property at 5255 Collins Avenue in another condo buyout.

For **BH** and Kolter, meanwhile, the Bahama Club deal extends a successful partnership. The firms paid \$24 million for the Crystal Beach Suites Miami Oceanfront Hotel in November. The venture also recently bought the former White House Inn property in North Miami for \$20 million, with plans to redevelop it into a boutique condo.

Their plans to redevelop the Bahama Club are unclear.