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CocoWalk sold to national REIT and partners for \$88M

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CocoWalk, the retail hub of Miami's bustling Coconut Grove neighborhood, was sold for \$87.5 million to national REIT **Federal Realty Investment Trust** and two local partners.

The 198,000-square-foot, four-story lifestyle center at 3015 to 3059 Grand Ave. has tenants such as the Cheesecake Factory, Paragon Grove 14 Theater, Duffy's Sports Grill, the GAP, Starbucks, and Victoria's Secret. There is also some office space in the complex.

Rockville, Md.-based Federal Realty (NYSE: FRT) acquired an 80 percent interest in CocoWalk from New Orleans-based PMAT Real Estate Investments. The minority stakes were acquired by Miami-based Grass River Property and the Miami Beach-based Comras Co.

The price equates to \$442 per square foot.

"CocoWalk is the focal point of Coconut Grove's historic village center, a short walk from Biscayne Bay and some of Miami's most prominent residential neighborhoods," Jim Taylor, executive VP and CFO of Federal Realty said in a news release. "Surrounded by new residential towers, hotels, offices, schools, parks and marinas, CocoWalk's tenants serve more than 150,000 Coconut Grove residents and millions of visitors each year. Partnering with neighborhood experts, we see significant opportunity to transform and remerchandise a property at the center of Miami's most authentic district."

CocoWalk was built in 1990 and last traded for \$87 million in 2006. Because of the recession, its value didn't increase much over the years.

The complex was hit with a foreclosure lawsuit in 2009, but PMAT retained ownership after agreeing to a modified \$79.4 million mortgage in 2010.

Grass River partner Tom Roth said the property was 80 percent occupied, with most of the vacancies on the third floor. However, some space will fill up once YoutFit Health Clubs move in, he said.

Roth said Grass River will manage the property and Comras will handle the leasing. The partners plan to invest significant capital in improving CocoWalk, but they haven't detailed their plans yet, Roth said.

"CocoWalk is in the middle of a walkable pedestrian environment," Roth said. "While many pedestrian areas in South Florida are contrived, Coconut Grove is authentic."

Roth said the partners hope to attract unique retailers that enhance the merchant mix and better serve local residents.

"Local, regional and national retailers and restaurateurs are increasingly seeking walkable environments where they can connect year-round and throughout the day with their customers," Michael Comras said. "Their enthusiasm for CocoWalk's location will drive a powerful merchandising mix that captures the Grove's vibe."

Coconut Grove has seen an influx of residential development, including several large condominiums. That should allow for more customers at CocoWalk. However, it could also face competition from the new mall under construction at Brickell City Centre.



FILE PHOTO

Cocowalk sold for \$87.5 million.

"Locals are embracing Coconut Grove's resurgence as a destination that's home to quality retail, entertainment and dining reflecting their needs and lifestyle," Grass River Property principal George Spillis said. "As we move forward, we plan to better integrate CocoWalk into the historic and evolving fabric of the surrounding neighborhood and the larger Grove community."

Stearns Weaver Miller Weissler Alhadeff & Sitterson attorney Peter Desiderio, who represented Grass River in the deal, said the transaction took several months to put together. One of the most completed parts was reviewing the rent roll.

"The joint venture between Federal Realty, Grass River and Comras was very complex and involved substantial amounts of structuring and other legal work," Desiderio said. "Fortunately the partners had an excellent working environment that facilitated the process."

Brian Bandell

Senior Reporter

South Florida Business Journal

