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Commercial Project Closer to Reality Near Coconut Grove Metrorail Station

Carla Vianna, Daily Business Review

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A new deal secured between Miami-Dade County and a local developer is the first step in launching a long-anticipated project on a prime real estate site caught in ongoing litigation.

GRP Grove Metro Station LLC, an affiliate of Grass River Property, signed a long-term lease for about 5 acres of county-owned land at the northwest corner of Southwest 27th Avenue and South Dixie Highway, near the Coconut Grove Metrorail station. In doing so, the developer agreed to settle a lawsuit that has left the site untouched for years.

Albert E. Dotson, a partner at Bilzin Sumberg Baena Price & Axelrod, said the complex transaction closed Dec. 15.

"You had a fairly aggressive timetable tied to our client's and the bank's agreement to close before year's end, and a pending lawsuit that also needed to be settled," said Dotson, who represented Grass River.

Negotiations gave way to a 90-year lease agreement. The developer got the site, the bank got a settlement and the county got a neatly drawn-out lease deal — a win-win for all.

Miami-Dade has sought development on this particular spot for more than a decade. But a 2000 lease agreement with Coconut Grove Station Development Ltd. that promised to breathe life into the site was terminated in 2010 after both parties filed lawsuits against one another. The county prevailed in that lawsuit, but another lingered on.

First Citizens Bank sued Miami-Dade for \$6.5 million over a loan it advanced to the previous developer.

As required in the lease agreement, Grass River relieved the county of this lawsuit and reached a settlement with the bank for a confidential amount, said Peter LaPointe, a partner with the development company.

Grass River will pay the county \$500,000 upfront, while annual rent will start at \$200,000 and go up to at least \$450,000 in the third year and each year thereafter, or 3 percent of revenues. The lease agreement will bring an estimated \$263 million to the county, as well as a slew of improvements for the Metrorail station, according to Miami-Dade legislative documents.

Among other enhancements will be the replacement of escalators and elevators, an upgrade of the station's bus terminal and kiss-and-ride lane, and at least 204 parking spaces reserved for riders.

Grass River plans on transforming the now barren parking lot into a mixed-use development featuring 180,000 square feet of office, 40,000 square feet of retail, 180 hotel rooms, 250 market-rate apartments and 850 parking spaces, preliminary plans show. The exact combination of commercial and residential space will depend on the market's fluctuations, LaPointe said.

"Our focus is on these urban nodes that service the local community," he said. "This site is one of the few remaining pieces of vacant land on the U.S. 1 corridor. It serves as an opportunity to build a project that services the local community."

Grass River made its presence known in Coconut Grove and South Miami last year, buying into both CocoWalk and The Shops at Sunset Place when the retail centers changed hands. The developer also recently completed a 184-unit multifamily apartment, the Grove Station Tower, near the Coconut Grove Metrorail station, LaPointe said.

"The opportunity is right up our alley," he said about the company's latest deal.

What lured developers to this site was its proximity to a Metrorail station, said Scott Sime, a broker with Sime Realty involved with the transaction. Miami's traffic woes have pushed transit-oriented developments onto developers' radar screens.

Grass River's venture will be a prime example of Miami's newest real estate commodity — projects connected to public transit stations.

"This is where the future is heading," Sime said.

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