

JV to Develop Mondrian on Miami Beach

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By Hortense Leon, Southeast Correspondent

The Morgans Hotel Group, in partnership with an affiliate of Hudson Capital, a Miami-based condominium developer/converter, bought a South Beach apartment building early this week, which it will turn into an \$170 million Mondrian condo-hotel. The joint venture paid \$110 million for the 16-story Mirador and intends to put approximately \$60 million into the renovation. MHG will operate the new Mondrian.

The new hotel will have 342 units, including studios, one- and two-bedroom units and four penthouses. **The Mondrian will also have a pool, spa, event, meeting space and private boat slips.** It will be the fourth Mondrian, after the one in Los Angeles and Scottsdale, as well as the property being developed in Las Vegas.

“With our Miami Mondrian, we are expanding MHG’s presence and the diversity of our brands in a market we know well and where we have had great success with the Delano and The Shore Club,” said Ed Scheetz, president & CEO of MHG.

To develop the Mondrian, MHG and Hudson Capital will each make an initial equity investment of \$15 million. The partnership will also receive \$124 million in financing from the New York branch of Eurohypo AG at a rate of LIBOR plus 300 basis points.

“The hotel-condo model is a good business model to finance a property,” said Guy Trusty, a commercial real estate broker specializing in hotels in Miami. “But it’s being held back by the slowdown in high-end residential condominium sales,” he said. The people who market hotel condos are generally large, residential real estate firms who sell to the general public, Trusty said. “What they should do is market to businesses with an interest in offsetting housing costs,” for out-of-town guests and/or employees of a company, he said.