Last Updated: November 16, 2011 08:06pm ET

Industrial Buyer Waits 18 Months to Win Doral Property

By Jennifer LeClaire

Emerald Farms

MIAMI-Eighteen months. That's how long it took for a distribution facility in Doral to make its way through the foreclosure process and land in the hands of its new owner.

K.G. International waited for the 44,100-square-foot Emerald Farms property to become available because it couldn't find another suitable building. The chemicals and packaging materials supplier paid $3.7 million for the property and plans to move in by March 2012, doubling its size.

Joel Kattan and **Hernan Prohaszka,** senior directors of **Franklin Street Real Estate Services** in Fort Lauderdale, represented the buyer, **GK Emerald, LLC,** the entity that includes K.G. International and a sister company. The seller is Wells Fargo Bank, N.A., as trustee for JP Morgan Chase.

K.G. first went under contract for the facility from RAM Cargo in July 2010. However, during the due diligence period, the bank discovered Emerald Farms was cross-collateralized with another property and would not allow the deal to close. Kattan and Prohaszka showed K.G. International many other properties, but none fit its needs as well as the class A facility, which had gone into foreclosure.

"When the property then went into receivership through the special servicer, we submitted multiple offers as instructed by the receiver and servicer," Kattan says. "Ultimately, they decided to market the property on the open market, after they received summary judgment and the ability to deliver the property's title via a fee-simple transaction. It was put out for final bid situation and, ultimately, we captured the deal."

Patience paid off for K.G. The delay meant that the final purchase price was about 15% below the original contract price. That equals a $500,000 discount. But no one said it was easy. Kattan says the biggest challenge was keeping K.G. focused on the end prize, which was the perfect facility for its needs. Emerald Farms, he says, is a very difficult type of property to find. The building enjoys an unusually high amount of office space compared to a typical warehouse configuration.

"It was not their intent to wait to purchase," Kattan admits. "They tried to purchase this property many times before. However, it was not deliverable. Their business has continued to grow to the point where they really needed to double the warehouse space. We ended up purchasing a class A, rear loaded, newer facility in one of the best locations in all of Miami-Dade County for $83 a square foot, which we believe to be well under market."

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