

Buyer-financed construction is 'obviously a viable model'

BY LAURA STACE

Ytech International is expanding its reach into South Florida's condominium market and executives say they will soon be developing new condo properties and following the buyer-financed construction model that has been embraced by many local developers.

"We are in the process of acquiring several sites, all of which are in different stages of contract negotiations and due diligence," said John Breistol, president of development for Ytech International.

"We are very active in the market right now and anticipate going vertical here in the near future with a few properties."

Mr. Breistol said the company has been very active in the multifamily market and has over 3,000 units in its portfolio.

Now, he said, the company is broadening its horizons and will soon be bringing product to market to sell, rather than to retain.

Of buyer-financed construction Mr. Breistol said, "It's obviously a viable model... People are comfortable with it.

"It's good for the developer... We know the buyers are serious and they intend on closing on their unit. It really filters out a lot of speculative buyers that are potentially going to try to flip the unit one, two, or three times prior to closing."

Mr. Breistol said two factors will continue to drive this fi-

ancing model.

The first, he said, is if buyers remain willing to put up significant deposits.

And the second are the lenders.

At what point, he asked, do the lenders say, "We are missing out on opportunities and loans and are willing to get back into the market."

Rilea Group Vice President Diego Ojeda said, "If you're putting down 50% cash, you are a real buyer. You're not speculating."

For the Rilea Group's current project, The Bond on Brickell, the developer is asking 10% at reservation, 10% at contract, 20% at groundbreaking and 10% at topping off of the building.

Mr. Ojeda said sales started in May and the project is 65% sold.

In January, the project broke ground at 1080 Brickell Ave. It is expected to be completed in 2016, he said.

The Bond will feature 328 units comprised of one-, two- and three-bedroom units, lofts and penthouses with the average price in the building at \$550 per square foot.

Mr. Ojeda said he hopes this financing model is here to stay. He describes it as the sound, responsible way of doing it.

For the project, Rilea Group is partnering with private equity investment firm MDR Toledo LLC, a subsidiary of Spain-based MDR Americana.



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