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Shvo Scores \$190M Loan for Historic Miami Beach Redevelopment

BY JULIA ECHIKSON JULY 28, 2023 1:54 PM



THE RALEIGH REDEVELOPMENT PROJECT.

Michael SHVO, in partnership with **Deutsche Finance America** and a group of German institutional pension funds, landed \$190 million to redevelop the historic **Raleigh** property in Miami Beach.

The loan from **BH3 Management**'s Debt Opportunity Fund II will go toward adding a 17-story condo tower, designed by **Peter Marino** and **Kobi Karp**, and restoring the eight-story hotel, which was originally completed in 1940. In all, the oceanfront development will house 42 condo units and 60 hotel suites, managed by **Rosewood Hotels & Resorts**.

“This transaction underscores the reality that despite today’s challenging capital markets environment, liquidity remains readily available for proven sponsors determined to develop unique assets in established markets,” **Aaron Appel**, senior managing director and co-head of the New York capital markets team at **Walker & Dunlop**, who brokered the debt, said in a statement.

The mortgage, which closed last Wednesday, replaces [\\$146.8 million in debt](#) amassed since 2019, said a spokesperson for the lender. Construction has been underway since 2022, and The Raleigh is expected to reopen in 2026.

Shvo’s financing comes shortly after Witkoff [secured \\$430 million](#) — likely South Florida’s largest construction loan — to complete a similar development. Witkoff is redeveloping the historic **Shore Club** just one block north of The Raleigh, in a similar fashion: restoring the existing property, which dates back to 1938, and adding a condo tower.

Shvo and Deutsche Finance America, the U.S. real estate private equity platform of Munich-based **Deutsche Finance Group**, acquired the property and two buildings just south of it, at **1751, 1757 and 1775 Collins Avenue**, four years ago for a combined \$220 million, property records show. Together, the parcels amount to 2.8 acres.

Besides The Raleigh project in Miami Beach, Shvo is [developing](#) a 250,000-square-foot office on Alton Road and redeveloping the clock tower building on Lincoln Road, both of which boast **Norman Foster** as the architect.

Outside Florida, the New York-based developer's portfolio includes the iconic **Transamerica Pyramid** office building in San Francisco and the **Mandarin Oriental Residences** in Beverly Hills.

In addition to providing both debt and equity today, BH3 Management— led by **Gregory Freedman** and **Daniel Lebensohn**— is a prominent developer in South Florida. The Fort Lauderdale-based firm is the developer behind **Privé at Island Estates** in Aventura, and in April it [purchased a 10-acre ground](#) lease on Watson Island, a publicly owned enclave between Downtown Miami and South Beach, where it plans to build a mixed-use development in partnership with **Merrimac Ventures**. In New York, its projects include **125 Greenwich** and **Bloom on 45th**.

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Correction: *The \$190 million loan will replace, not add to the existing debt as previously reported.*