

Lehman Bros. seizes Canyon Ranch Miami Beach

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In a \$301.2 million deal, affiliates of **Lehman Bros. Holdings** took control of the remaining 336 units in the Canyon Ranch residential and hotel condominium in Miami Beach.

In a deal first reported by Condo Vultures LLC and verified in Miami-Dade County Circuit Court records, the units (across three towers) were transferred for an average of \$672 a square foot. That does not include the amount paid for the excess land and common areas. However, cash did not change hands in this deal.

Kimberly MacLeod, a spokeswoman for New York-based Lehman Bros., which is undergoing **bankruptcy court restructuring**, said the Canyon Ranch units were acquired as deeds in lieu of foreclosure.

Such deals often are done to avoid the long and costly process of a foreclosure lawsuit. The lender must pay documentary stamp taxes on the amount of debt forgiven for each unit, but the deal can happen quickly, as long as the developer cooperates.

LB Carillon Construction, a subsidiary of Lehman Bros., last modified two mortgages covering Canyon Ranch at a combined \$418.7 million in April 2008. They were set to mature in April 2009.

According to its bankruptcy case, Lehman Bros. supplied \$239 million of that loan with borrowings from **Fortress Credit Corp.**, which demanded repayment from Lehman Bros. in June 2009. In June, the bankruptcy judge authorized Lehman Bros. to repay the \$142 million remaining on that loan so Fortress would not take complete control of the mortgage and leave Lehman Bros. with nothing.

On Nov. 20, FL 6801 Collins North LLC took 178 units with 295,000 square feet from North Carillon, the project's developer and a unit of Miami-based **WSG Development Co.** At the same time, FL 6801 Collins South LLC took 158 units with 139,000 square feet from Carillon South Joint Venture. Both of the purchasing entities are managed by Lehman Bros.

The price per square foot on these deals was very high, said Peter Zalewski, Condo Vultures principal, who noted that the county records don't mention anything about the lender taking over the project. People looking to buy units there might think those prices represent the market value, he said.