

# Margate City Center

## Overview of Short Listed Proposers Strengths and Weaknesses






March 12, 2025

Prepared by: Colliers





# Developer Submission Summary

			
SCENARIO	<b>BROOKFIELD PROPERTIES</b> 250 Vesey Street, 15th Floor New York, NY 10281 (212) 417-7000 <a href="http://brookfieldproperties.com">brookfieldproperties.com</a>	<b>MICHAELS ORGANIZATION</b> 2 Cooper Street Camden, NJ 08102 (856) 596-0500 <a href="http://tmo.com">tmo.com</a>	<b>RELATED GROUP</b> 2850 Tigertail Avenue, Suite 800 Miami, FL 33133 (305) 460-9900 <a href="http://relatedgroup.com">relatedgroup.com</a>
RSF - Civic	Not Specified	65,000	80,000
RSF - Retail	40,000	2,257,000	87,000
RSF - Residential	844,660	2,525,600	696,300
RSF - Total	884,660 (not including Civic)	4,847,600	863,300
Residential Units	911	2,415	800
Unit Mix	1 Bedroom: 441 units 2 Bedroom: 398 units 3 Bedroom: 72 units	Apartments: 2,257 units Townhomes: 158 units	Studios: 72 units 1 Bedroom: 336 units 2 Bedroom: 324 units 3 Bedroom: 68 units
Rent PSF per Unit	1 Bedroom: \$3.65 2 Bedroom: \$3.26 3 Bedroom: \$2.87	TBD	Studios: \$3.63 1 Bedroom: \$3.21 2 Bedroom: \$2.86 3 Bedroom: \$2.52

# Rent Structure

BROOKFIELD PROPERTIES		MICHAELS ORGANIZATION	RELATED GROUP
Phase 1:		<p>Michaels will work with the City to negotiate land lease payments for the multifamily housing and will also negotiate a percentage of revenues for the retail and entertainment portion of the project. Michaels has a Partnership with Provident Resources Group to provide Bonds for the Civic, Infrastructure and Attainable Housing portions of the project. Provident is a committed partner with Michaels and has provided lower cost financing through Tax-Exempt market rate bonds, where <b>surplus revenues are transferred to the Partner through Ground Lease Payments.</b></p> <p>Example Terms: Maximum 50 year ground lease with 3% annual escalators</p>	<p><b>\$100,000/year, payable quarterly, with 5% increases every five years plus 50% of all retail net operating income.</b> The first ground lease payment for Phase 1 will occur on the “Base Year Start Date Phase 1”, which is the date that is the earlier to occur of (i) the date which is three months after Phase 1 obtains its final certificate of occupancy or (ii) three years after the Approvals have been obtained. Prior to the Base Year Start Date Phase 1 (x) the ground lease payment will be fully abated prior to receipt of the Approvals and thereafter (y) the ground lease payments will equal \$50,000 per year while the Intended Use is under development and construction and continue until the Base Year Start Date. The first ground lease payment for the Phase 2 will occur on the “Base Year Start Date Phase 2”, which will occur no earlier than two (2) years from the Base Year Start Date Phase 1, or earlier at Related’s choice with 60 day prior notice to Owner.</p>
Construction	\$100k/year / commence upon construction start / ends 1st TCO		
Operations	3.25% of EGI / commence upon 1st TCO / 99 yr term		
Phase 2:			
Construction	\$100k/year / commence upon construction start / ends 1st TCO		
Operations	5.25% of EGI / commence upon 1st TCO / 99 yr term		
Phase 3:			
Construction	\$100k/year / commence upon construction start / ends 1st TCO		
Operations	5.25% of EGI / commence upon 1st TCO / 99 yr term		
To ensure a stable revenue stream to the City, a minimum base rent will be established 60 months after a phase is placed into service. This minimum will be calculated as 75% of the average lease payment over the prior 60-month period and will be recalculated every 60 months.			

FINANCIAL BENEFIT TO THE CITY OVERVIEW (NON-DISCOUNTED)	BROOKFIELD PROPERTIES	MICHAELS ORGANIZATION	RELATED GROUP
Total Project Costs	\$304,192,000	TBD	\$264,366,520
Stabilized NOI (Year 8)	\$18,570,598	TBD	\$15,892,930
Fixed Ground Rent	\$100,000/year/phase until % EGI is greater than \$100,000	TBD	\$100,000/year
Fixed Ground Rent Increases	N/A	TBD	5% every 5 Years
Ground Rent from Operations	3.25% of EGI (Phase 1) 5.25% of EGI (Phase 2) 5.25% of EGI (Phase 3)	TBD	50% of Retail NOI
Total Annual Ground Rent Payment (Year 8)	\$1,563,016	TBD	\$1,722,500
Ground Rent from Operations Annual Growth	3.00%	TBD	2.50%
Total Ground Rent Payments	\$805,600,395	TBD	\$606,338,078
Total Impact Fees	\$9,888,654	TBD	\$7,474,517
Total City of Margate Tax Revenue	\$1,384,104,414	TBD	\$623,980,887
Total Financial Benefit to the City	\$2,199,593,463	TBD	\$1,237,793,482
PROJECTED FINANCIAL BENEFIT TO THE CITY NPV @ 4.00%			
Total Ground Rent	\$72,919,405	TBD	\$65,199,228
City of Margate Tax Revenue	\$125,858,980	TBD	\$80,671,563





# Overview of Strengths and Weaknesses





### STRENGTHS

**Proven Track Record:** Brookfield has extensive experience managing large-scale mixed-use developments, including many successful Private Public Partnerships, ensuring successful project execution and delivery.

**Financial Stability:** As one of the world's largest real estate investors, Brookfield has the capital resources necessary to self-fund and sustain a long-term development project.

**Sustainability Expertise:** Known for its commitment to sustainable practices, Brookfield can incorporate green building technologies and environmental stewardship into the development.

**Market Insight:** Brookfield's global footprint and deep market research capabilities provide valuable insights into aligning the project with current market demands and trends.

**Local Economic Benefits:** The company's developments often generate significant economic activity, including job creation and increased local revenue.

**Financial Benefit to the City:** Brookfield's proposed development yields the highest return, with the City sharing in income for all of the proposed uses.

### WEAKNESSES

**Potential Cost Premium:** Brookfield's reputation for high-quality developments may result in higher upfront costs compared to smaller, local developers.

**Long Approval Processes:** Brookfield's global operations and rigorous standards may sometimes lead to longer planning and decision-making timelines, potentially delaying project milestones.

**Team Location:** Brookfield's team is primarily located in New York City, so in person meetings will be more challenging.

**Aggressive Projections:** While Brookfield's proposal yields the highest returns for the City, they also used more aggressive growth and revenue assumptions than the other proposers.





## STRENGTHS

**Affordable Housing Expertise:** The Michaels Organization has a strong reputation for developing affordable and workforce housing, making it well-suited for addressing Margate's diverse housing needs.

**Community-Focused Approach:** Known for prioritizing community engagement, Michaels actively collaborates with stakeholders to ensure developments align with local interests.

**Mixed-Use Development Experience:** With a portfolio that includes residential, commercial, and retail components, Michaels can deliver a balanced and functional mixed-use project.

**Sustainability Commitment:** The organization incorporates environmentally sustainable practices, aligning with modern development priorities.

**Proven Track Record:** Michaels has successfully delivered large-scale projects across the U.S., demonstrating the capability to manage complex developments effectively.

## WEAKNESSES

**Narrower Market Appeal:** The organization's focus on affordable housing might limit its ability to attract higher-income demographics or premium tenants for commercial spaces.

**Potential Funding Challenges:** Reliance on public-private partnerships and subsidies for some projects may introduce additional complexity and delays in project financing.

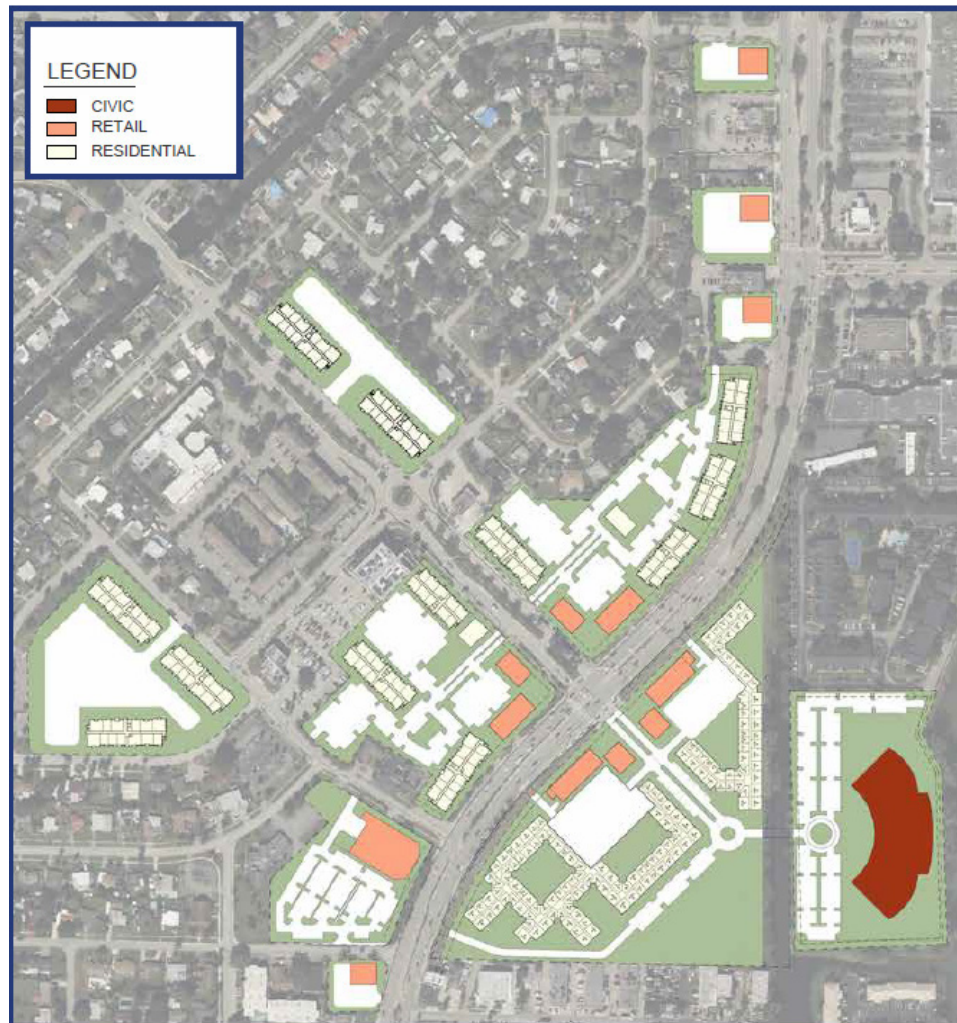
**Non-Responsive:** Still waiting on complete proforma and detailed responses.

**Project Scale:** The scale of the project presented is greater than what the City would like to see in regards to multi-family housing.

**Local Track Record:** Lack of South Florida product to compare to.

**Financial Benefit to the City:** Michaels has not provided any projections and the financial impact to the City is still unknown.





PHASE I



PHASE II

## STRENGTHS

**Local Expertise:** Based in South Florida, Related Miami has in-depth knowledge of the regional market, regulatory environment, and community preferences. With the team being local, it will be easy to arrange in-person meetings as necessary.

**Strong Portfolio:** Known for developing iconic properties in South Florida, Related has a track record of delivering successful residential, commercial, and mixed-use projects, including many successful Private Public Partnerships.

**Community-Oriented Design:** Related prioritizes integrating developments with the local community, enhancing livability and neighborhood identity.

**Financial Capability:** As part of the Related Companies, the firm benefits from substantial financial backing and access to in-house and third-party capital.

**Focus on Luxury and Innovation:** Their projects often emphasize cutting-edge design and high-quality finishes, appealing to upscale buyers and tenants.

**Realistic Projections:** Although Brookfield's projection yields higher returns, Related used less aggressive rent assumptions.

## WEAKNESSES

**Luxury-Oriented Focus:** The company's emphasis on high-end developments may not align with Margate's more mid-market demographic needs.

**Financial Benefit to the City:** While Related's proposal yields strong returns to the City, they only proposed profit sharing on the retail portion of the project.





# Margate City Center Next Steps

# Selection of Margate's Partner

## *Criteria to Consider*

### **DEVELOPMENT TEAM EXPERIENCE**

- Experience developing mixed-use projects of comparable size in comparable setting
- Experience working with municipalities
- Financial capacity to fund the project
- Key personnel and development team

### **PROJECT DEVELOPMENT AND DESIGN**

- Project's ability to activate the City
- Thoughtful mix of uses
- Quality of design and construction
- Density of the project
- Realistic project timeline
- Flexibility of design

### **FINANCIAL PLAN AND IMPACT**

- Development's financial feasibility and financial structure
- General understanding of underwriting
- Proposed deal structure to the City: fixed amount and profit sharing

### **NEW MUNICIPAL COMPLEX**

- Integration into overall development plan
- Experience with public administrative headquarters / City Hall projects



# Thank you. Questions?



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