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REAL-ESTATE

Why a few owners wield big power in Portofino South fight | Exclusive

Tensions are rising inside the aging waterfront tower, where a small group of owners could derail a proposed bulk sale.

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Key Points

A development firm is attempting to buy out a 140-unit waterfront condominium in West Palm Beach.

Under Florida law, just 5% of owners can block the sale, and holdouts claim they have more than enough to do so.

The developer has increased its offer to \$295 million and extended the deadline to persuade more owners to sell.

Tensions have risen among residents, leading to accusations of harassment and a recall campaign against the condo board.

WEST PALM BEACH — The development firm seeking to acquire the [Portofino South Condominium](#) has a difficult hurdle to overcome.

[BEKO Equities](#) has been doing all it can to acquire the 140-unit waterfront building, but under Florida law, only 5% of unit owners, or seven, can block the bulk sale. The holdouts say there are more than 20 at this point.

BEKO wants to demolish the 55-year-old building, which is subject to ongoing maintenance assessments, and replace the 12-story condo complex with a new high-rise.

As owners consider the proposal, tensions at the West Palm Beach waterfront condominium have escalated. Residents have accused one another of

harassment. The board has been asked to investigate an elevator confrontation in which one woman says another owner confronted her over the buyout dispute.

“We’re seeing this level of drama in one buyout after another,” said Marnie Dale Ragan, a board-certified attorney in condominium law and a partner with the Miami-based Haber Law firm. “The holdouts have the leverage, as the 5% rule is very difficult to overcome.”

Ragan and the Haber law firm are not involved in the Portofino case.

Court case as well as resistant Portofino unit owners obstacles to BEKO

Beko has extended its offer deadline by three more months to Nov. 3. The current offer stands at \$295 million, nearly \$100 million higher than the initial one made in January.

A recent Florida appellate court ruling in Miami-Dade County strengthened the rights of condo holdouts by preventing developers from lowering owner-approval thresholds contained in a condominium’s original governing documents, prompting many buyout efforts to seek backing from at least 95% of owners.

“Developers are walking away. It is a very challenging environment for them.”
WHO SAID THIS?

But Beko shows no signs of walking away. It has told unit owners that it is pleased with the progress it is making in persuading owners to sell. It claims to already have more than 60% of the building under contract.

The holdouts claim that Beko is pressuring owners to sell. The buyout dispute has grown bitter. Supporters of the sale have launched a recall campaign, citing rising assessments and cost overruns.

Portofino South offers one-, two- and three-bedroom units with balconies overlooking the Intracoastal Waterway, Palm Beach and the Atlantic Ocean. Purchase prices vary by size and location.

The building offers views of the Intracoastal, and many units overlook President Donald Trump's Mar-a-Lago estate in Palm Beach. The holdouts say that any money they receive from the buyout will not come close to the cost of a unit in a new building with a similar view.

Attorney Ragan noted that Portofino South, unlike some other bulk-purchase targets, has passed its state-mandated milestone inspection, ensuring the building is safe.

Miami deal offers hope to BEKO, unit owners willing to sell

Could a recent bulk purchase situation pave the way for Beko to eventually buy out Portofino South?

In Miami, a developer recently paid \$46 million to complete the buyout of a condo building after settling a lawsuit brought by the holdout owners. Eight holdouts each received nearly \$6 million for their units at Biscayne 21 on North Bayshore Drive.

The building will be replaced by a 55-story complex featuring 182 units.

Four years ago, the developer acquired the majority of the 191 units for \$143 million. However, its plans to demolish the condo and build a new high-rise stalled after the holdout condo owners filed a lawsuit challenging the developer's termination of the condo association.

If Beko completes the purchases already under contract at Portofino South, it could control the board, which might terminate the condo association. But Ragan noted that the holdouts could challenge the move in court, as did the unit owners at Biscayne 21.