

July 2008 Newsletter

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Designations and Certifications are explained at the end of the newsletter

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Greetings from South Florida,

I hope this email finds you well and looking forward to comparing this month's data with last month's data to spot trends and decide for yourself the status of the local Real Estate market, of which I work within 24/7. You are receiving this because we have been in touch about Real Estate here in the South Florida area, most likely property at the Beach. As you read the newsletter from month to month it will contain data that will help you to analyze market conditions. In addition, it is an unobtrusive way to stay in touch with you regarding my Real Estate Consulting Services.

The highlight of the past month was the International Real Estate Congress I attended at The Biltmore in Coral Gables from 6/10 – 6/12. It was a great way to see all the various resources out there for the International Real Estate market. Similar to what you are reading and hearing about with regards to Globalization, it is very much so happening in the Real Estate Industry as well. Miami is one of the leading International destinations within the world, thus positioning itself for continued growth and importance in this ever 'shrinking' world we live in. I could write an entire paper on this 3 day event, but this is something that everyone might not be interested in. So please click on the below link to view more detailed information about this event: <http://www.miamipropertiesandparadise.com/professional15.shtml>

The below chart is data from the past 90 days for **Condominiums**, ending 6/30/08. The data is taken from South East Florida's Multiple Listing Service (MLS) for the cities and townships of Miami Beach (South Beach, Mid Beach, & North Beach), Surfside, Bal Harbour, Bay Harbor Islands, and Fisher Island. The paragraph below the data will explain in more detail what is included in this analysis. Please don't hesitate to pose any questions you may have, or simply give me a call or send me an email to discuss Real Estate in general. This data will help to analyze market conditions from month to month.

<u>Price Range</u>	<u>Active</u>	<u>Closed</u>	<u>Listings Expired</u>	<u>% Listing Expired</u>	<u>% Sold</u>	<u>Avg DOM</u>	<u>Average Discount</u>	<u>New vs Resale</u>
\$0 - \$199,999	771	62	155	20.10%	8.04%	115	10%	3 vs. 59
\$200,000 - \$249,999	424	34	117	27.59%	8.02%	144	7%	0 vs. 34
\$250,000 - \$299,999	505	34	128	25.35%	6.73%	175	10%	4 vs. 30
\$300,000 - \$349,999	338	35	72	21.30%	10.36%	140	10%	8 vs. 27
\$350,000 - \$399,999	436	30	106	24.31%	6.88%	142	9%	10 vs. 20
\$400,000 - \$499,999	528	41	106	20.08%	7.77%	141	8%	20 vs. 21
\$500,000 - \$599,999	360	41	95	26.39%	11.39%	143	10%	26 vs. 15
\$600,000 - \$699,999	310	16	57	18.39%	5.16%	129	10%	12 vs. 4
\$700,000 - \$799,999	192	20	44	22.92%	10.42%	179	9%	14 vs. 6
\$800,000 - \$899,999	142	14	28	19.72%	9.86%	154	10%	8 vs. 6
\$900,000 - \$1,179,999	174	7	36	20.69%	4.02%	166	14%	6 vs. 1
\$1,180,000 - \$1,399,999	138	20	34	24.64%	14.49%	158	13%	19 vs. 1
\$1,400,000 - \$1,799,999	156	23	30	19.23%	14.74%	168	11%	22 vs. 1
\$1,800,000 - \$2,199,999	77	8	13	16.88%	10.39%	183	11%	8 vs. 0
\$2,200,000 - \$2,699,999	84	9	11	13.10%	10.71%	70	10%	9 vs. 0
\$2,700,000 - \$3,199,999	46	9	8	17.39%	19.57%	186	12%	8 vs. 1
\$3,200,000 - \$3,999,999	53	7	5	9.43%	13.21%	175	11%	7 vs. 0
\$4,000,000 - \$4,999,999	45	6	11	24.44%	13.33%	96	13%	6 vs. 0
\$5,000,000 +	78	3	16	20.51%	3.85%	91	10%	3 vs. 0
<u>Totals:</u>	4857	419	1072	22.07%	8.63%	145	10%	193 vs. 226

As you can see, I have broken the data into price ranges, and then you can see the amount of **Active** condos for sale, how many Real Buyers **Closed** on a condo for sale, how many of those listing agreements **Expired** unsold, then further calculated what **percent** of the Active condos for sale **Expired** and **Sold**. Then I calculated the Average Days on Market (**Avg DOM**), which is the amount of days it took the condos that sold to obtain a Real Buyer. Then I show the **Average Discount**, which is the percentage the Listed Price was discounted to the Actual Sale Price for all Closed Sales. The last column is for Closed Sales that were **newer construction**, which I considered to be anything built after 1995, **versus older buildings** built before 1995. I track this data for Condominiums and Single Family Homes separately due to their differences. I also track the data for the more luxurious buildings of South Beach, please feel free to email or call for that data.

The next set of data below is the same information for **Single Family Homes**. The one difference is that the last column is the **Average Age** of the homes Sold.

<u>Price Range</u>	<u>Active</u>	<u>Closed</u>	<u>Listings Expired</u>	<u>% Listing Expired</u>	<u>% Sold</u>	<u>Avg DOM</u>	<u>Average Discount</u>	<u>Average Age</u>
\$0 - \$399,999	17	0	2	11.76%	0.00%	n/a	n/a	n/a
\$400,000 - \$499,999	37	1	8	21.62%	2.70%	117	10%	1951
\$500,000 - \$649,999	60	3	18	30.00%	5.00%	88	15%	1961
\$650,000 - \$799,999	52	2	15	28.85%	3.85%	66	5%	1936
\$800,000 - \$999,999	63	2	18	28.57%	3.17%	185	14%	1938
\$1,000,000 - \$1,299,999	59	8	16	27.12%	13.56%	159	12%	1947
\$1,300,000 - \$1,599,999	61	1	12	19.67%	1.64%	279	13%	1955
\$1,600,000 - \$1,999,999	57	3	9	15.79%	5.26%	344	14%	1950
\$2,000,000 - \$2,999,999	60	5	7	11.67%	8.33%	116	9%	1940
\$3,000,000 - \$3,999,999	36	3	3	8.33%	8.33%	281	11%	1949
\$4,000,000 - \$4,999,999	25	1	4	16.00%	4.00%	8	0%	1949
\$5,000,000 - \$5,999,999	17	3	1	5.88%	17.65%	206	10%	1981
\$6,000,000 - \$6,999,999	11	3	1	9.09%	27.27%	317	16%	1965
\$7,000,000 - \$9,999,999	14	2	1	7.14%	14.29%	369	21%	2001
\$10,000,000 +	21	2	0	0.00%	9.52%	200	30%	1970
Totals:	590	39	115	19.49%	6.61%	195	13%	1957

I now invite you to look at the overall data I have been collecting and determine for yourself what trends, etc. you see; please click here to take you to some graphs that should prove to be very insightful:

<http://www.miamipropertiesandparadise.com/professional11.shtml>

Below are very brief summaries on key issues that have a direct affect on South Florida Real Estate:

PROPERTY TAXES & INSURANCE: As a property owner or potential property owner, I urge you to keep up to date on the various progress, legislation, and proposed legislation in order to help you better understand how these important issues affect you; please see the below links that will take you to the Florida Association of Realtors Legislative Center and the Miami Herald Property Tax forum, both of which will help to explain the numerous moving parts concerning both issues:

<http://www.floridarealtors.org/LegislativeCenter/TopInitiatives/index.cfm>

http://www.miamiherald.com/news/legislature/property_tax/index.html

BARGAINS STIMULATING HOME SALES: South Florida's long-dormant housing market showed further signs of life in May: Home sales picked up from April, the 3rd consecutive monthly increase. With declining prices and rising foreclosures, a tide of buyers, both end users and investors, have come into the market looking for and finding bargains. The Beach being a highly desirable market, has caused all cash investors and European buyers to come in and quickly

snatch up properties at discounted prices, causing speculation that the Beach will recover quicker than most other markets. – Source: The Miami Herald 6/27/08

QUICK HEADLINES:

- Pending Home sales were up in April to the highest level since October of 2007, and up from the March reading which was the lowest level ever recorded since the index started in 2001. – Source: The Miami Herald 6/10/08
- According to Realty-Trac, the number of South Florida homes in foreclosure dropped from last month, and the 1st decline in month over month since the last 18 months. Miami-Dade County ranked 9th in foreclosures in the state of Florida, with 1 out of every 196 homes in foreclosure. Miami-Dade and Broward Counties saw foreclosures fall 17 percent between April and May of this year. --Source: The Miami Herald 6/14/08

\$1B INVESTMENT IN FLORIDA FOR BIG RETURNS: A London Company wants to buy luxury homes and hold them for up to 10 years, expecting big returns. The investments will be focused in oceanfront condominiums and undeveloped land approved for housing. The purchases will be made in cash, and expectations are for an Internal Rate of Return of more than 20 percent annually after a 10 year hold. The main target areas are said to be Miami Beach (specifically the South Beach district, Star Island and Hibiscus Island), Miami's Brickell Avenue district, Key Biscayne, and Palm Beach. Strong investment demand and second home purchasers from Europe, Latin America, the Middle East, and North America is one of the driving factors behind the potential for the Greater Miami Metropolitan area, and why the investors are focused on this location. -- Source: The Miami Herald 6/17/08

INTERNATIONAL APPEAL: With the weak dollar and falling prices, combined with the sound fundamentals Beach property has, numerous International 2nd home buyers and investors are increasingly finding amazing deals. Property in Miami Beach (South Beach), Bal Harbour, Surfside, Bay Harbor Islands, and Fisher Island has not seen the disproportionate growth in supply with respect to demand that Miami has. It is vital that buyer's understand that Miami is a separate city than that of the ones listed above. The fundamentals on the Beach are solid with growing foreign and domestic demand, premiere location, upside income and appreciation potential, and the stability with regards to property rights that other tropical destinations cannot guarantee. International and Domestic buyers are able to find amazing deals on properties they can rent out to generate some income, and/or use as a second home or primary residence, and are holders of the property. Savvy buyers are taking advantage of the negative media blitz focused on the entire state of Florida and the city of Miami, realizing Miami Beach is a separate Real Estate Market with its own very sound fundamentals. I kept this section from last month's newsletter because it is such an important part of this market, and truly distinguishes it from so many others in the United States. My attendance to the International Real Estate Congress of which I touched on in the beginning of this month's newsletter, only reaffirms this section which I continue to stress just how important the International Market place is to the local market in which I practice. Please feel free to call or email if you would like to further discuss this event or any similar issues.

Exchange rates play a vital role in Real Estate related decisions for foreign buyers or sellers, a good source to track currency exchange rates is: <http://www.xe.com/ucc/>

INTEREST RATES & RELATED NEWS: The Federal Reserve announced on 6/25/08 that they will keep the Fed Funds Target Rate unchanged at 2 percent. Please make sure to stay in touch with your mortgage broker or bank to keep up to date on interest rates, as this can directly affect many Real Estate related decisions. This is the website to the Federal Reserve's Monetary Policy section: <http://federalreserve.gov/monetarypolicy/default.htm>

MIAMI-DADE COUNTY HOTELS CONTINUE TO BE FILLED: Miami-Dade County hotels had little trouble filling rooms during the month of May, despite the national economic woes. Occupancy grew by 3 percent, even with rates increasing

by 7 percent to an average of \$154 per night. These numbers come from a new report from Smith Travel Research. The Keys saw occupancy rates slightly rise amid price cuts, which are down 4 percent from last year to an average of \$183 per night. Broward County saw occupancy rates drop 5 percent and rates dip nearly 3 percent for the month of May.
-- Source: The Miami Herald 6/26/08

That is all for this month's newsletter and I welcome suggestions, feedback, and of course I am here if you or anyone you know is thinking of buying or selling property here in South Florida. If you wish to further discuss any of the above issues in more detail, or any other Real Estate related topics, please don't hesitate to call or email. I would like to leave you with 2 quotes I feel are more relevant than ever, both by Investor and Philanthropist Warren Buffet:

"Price is what you pay. Value is what you get"

"Be fearful when others are greedy. Be greedy when others are fearful"

DESIGNATIONS AND CERTIFICATIONS:

These Designations and Certifications were specifically chosen by me to give my effort, time, and money, as well as meeting the required experience because I feel that this shows my dedication to continually learning and evolving as a Real Estate Consultant. Plus, the market that I practice in is a natural one to achieve such designations to separate myself from the other professionals within my field. Keep in mind these not only prove education but also transactional experience in order to obtain the designations and certifications.

Realtor® - Membership in the largest professional association known as the National Association of Realtors or N.A.R.

C.I.P.S. – Certified International Property Specialist, member of CIPS network; Designation shows education and transactional experience in the International Arena of Real Estate.

C.L.H.M.S. – Certified Luxury Home Marketing Specialist, member of Million Dollar Guild; Designation shows education and transactional experience in the top tier level within my market, Million Dollar Guild is the highest level of membership with proven experience in numerous \$1M+ transactions.

GREEN Certified – also known as GREP-GL, Green Certified Real Estate Professional – Green Leadership; Certification shows education and leadership within the Green Real Estate Industry.

T.R.C. – Transnational Referral Certification; Certification shows education in researching Real Estate throughout the world and allows me to refer and to be referred from 28 International Real Estate Organizations in the Global marketplace.

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