

October 2010 Newsletter

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Designations and Certifications are explained at the end of the newsletter
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Hello from Exciting South Florida,

Below is hand selected data that I track every month, in the very specific market in which I practice. This data is for Miami Beach (South Beach, Mid Beach and North Beach), Fisher Island, Bal Harbour, Surfside and Bay Harbor Islands. It is broken down by price ranges to be even more relevant to you, and you can [click here for graphs](#) of the data points that are extremely helpful to analyze trends in the market place. Please make note of these trends over time as this will be important regarding the purchase or sale of a property to your benefit. Also, it is more important than ever to look carefully at what the data tells you for this local market, every local market is its own and can differ greatly from a nearby market. Please make your own decisions about this market, it is a unique market with domestic and international appeal, and I will tell you it is a lively one. I especially find the percentage of condos and homes to sell in comparison to the percentage of condos and homes to expire, with the steadily decreasing inventory to be some of the more important statistics I tend to look at. Below the data are brief summaries on key issues that also have an effect on South Florida Real Estate and the economy.

MIAMI-DADE’S MARKET BUCKING TREND: Comparing South Florida to some of the headline markets in the most troubled states – Nevada, California and Arizona – gives a more nuanced picture of the factors that have distinguished the Miami area from the rest of the country. Also a surprising indicator is comparisons to cities like Austin, Texas that is considered one of the country’s most stable housing markets:

AUGUST HOME SALES (as a percentage increase or decrease)

Miami-Dade County	Broward County	U.S.	Las Vegas	Phoenix	Austin
Up 31.3 year-over-year	Down 11.6 year-over-year	Down 19 year-over-year	Down 12.7 year-over-year	Down 7.9 year-over-year	Down 15 year-over-year
Down 0.3 since June	Down 18.7 since June	Down 22.5 since June	Down 32.5 since June	Down 20.9 since June	Down 25 since June

--Source: The Miami Herald 9/24/2010

The below chart is data from the past **90 days for Condominiums, ending 9/30/10**. 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.

Price Range	Active	Closed	Listings Expired	% Listing Expired	% Sold	Avg DOM	Average Discount	New vs Resale
\$0 - \$199,999	991	232	168	16.95%	23.41%	107	3%	10 vs. 222
\$200,000 - \$249,999	272	31	54	19.85%	11.40%	95	3%	6 vs. 25
\$250,000 - \$299,999	297	30	50	16.84%	10.10%	137	8%	12 vs. 18
\$300,000 - \$349,999	204	28	33	16.18%	13.73%	146	6%	11 vs. 17
\$350,000 - \$399,999	231	17	41	17.75%	7.36%	232	3%	11 vs. 6

\$400,000 - \$499,999	309	29	50	16.18%	9.39%	178	13%	22 vs. 7
\$500,000 - \$599,999	208	27	38	18.27%	12.98%	198	9%	15 vs. 12
\$600,000 - \$699,999	156	9	16	10.26%	5.77%	320	10%	7 vs. 2
\$700,000 - \$799,999	93	9	13	13.98%	9.68%	350	11%	8 vs. 1
\$800,000 - \$899,999	89	4	15	16.85%	4.49%	191	10%	4 vs. 0
\$900,000 - \$1,179,999	119	12	14	11.76%	10.08%	128	8%	10 vs. 2
\$1,180,000 - \$1,399,999	92	7	13	14.13%	7.61%	259	10%	7 vs. 0
\$1,400,000 - \$1,799,999	95	5	8	8.42%	5.26%	166	16%	5 vs. 0
\$1,800,000 - \$2,199,999	79	5	8	10.13%	6.33%	82	7%	5 vs. 0
\$2,200,000 - \$2,699,999	69	2	5	7.25%	2.90%	414	12%	2 vs. 0
\$2,700,000 - \$3,199,999	37	4	3	8.11%	10.81%	156	20%	3 vs. 1
\$3,200,000 - \$3,999,999	41	4	3	7.32%	9.76%	187	23%	3 vs. 1
\$4,000,000 - \$4,999,999	34	0	5	14.71%	0.00%	NA	NA	0 vs. 0
\$5,000,000 +	57	3	4	7.02%	5.26%	307	13%	2 vs. 0
Totals:	3473	458	541	15.58%	13.19%	203	10%	143 vs. 315

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	32	3	9	28.13%	9.38%	92	13%	1946
\$400,000 - \$499,999	27	9	3	11.11%	33.33%	228	11%	1953
\$500,000 - \$649,999	39	12	7	17.95%	30.77%	206	7%	1949
\$650,000 - \$799,999	33	3	6	18.18%	9.09%	248	42%	1939
\$800,000 - \$999,999	48	5	8	16.67%	10.42%	88	9%	1947
\$1,000,000 - \$1,299,999	29	3	7	24.14%	10.34%	249	11%	1951
\$1,300,000 - \$1,599,999	39	3	5	12.82%	7.69%	198	20%	1944
\$1,600,000 - \$1,999,999	41	0	6	14.63%	0.00%	NA	NA	NA
\$2,000,000 - \$2,999,999	58	5	12	20.69%	8.62%	577	16%	1959
\$3,000,000 - \$3,999,999	32	1	4	12.50%	3.13%	841	17%	1932
\$4,000,000 - \$4,999,999	15	0	2	13.33%	0.00%	NA	NA	NA
\$5,000,000 - \$5,999,999	12	0	2	16.67%	0.00%	NA	NA	NA
\$6,000,000 - \$6,999,999	11	1	0	0.00%	9.09%	91	24%	2009
\$7,000,000 - \$9,999,999	16	0	1	6.25%	0.00%	NA	NA	NA
\$10,000,000 +	24	1	0	0.00%	4.17%	163	18%	2009
Totals:	456	46	72	15.79%	10.09%	271	16%	1958

Don't forget 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>

REBOUND IN SOUTH FLORIDA RESIDENTS PROMISING: Miami-Dade’s population has returned to pre-recession levels, another sign of a fragile economic recovery, according to a University of Florida report. The slight increase – less than 1 percent – follows a statewide trend that had Florida’s population grow by a barely noticeable 0.1 percent to 18.77 million. But the new 21,285 Florida residents signal a welcome reversal from the declines measured during an economic downturn that interrupted more than 50 years of consecutive growth for the Sunshine State. “Two years ago, the economy was deteriorating rapidly, while over the past year there have been some signs that it is leveling off or even improving slightly,” said Stan Smith, director of UF’s Bureau of Economic and Business Research. “I think that’s the reason we’re seeing a small increase in populations.”

Both Broward and Miami-Dade posted population gains of 0.3 percent in 2010, according to the study’s population projections. Broward is expected to finish the year with about 1.75 million people and Miami-Dade with 2.48 million.

--Source: The Miami Herald 9/3/2010

SNAPSHOT OF SOUTH FLORIDA: A deluge of Census data released crystallized some of the trends under way as South Florida reckons with a wrenching economic downturn, a tepid recovery and a transformed real estate market. One side effect: Thousands of cheap urban condos built during the boom are now attracting renters and bargain hunters. The city of Miami, the center of the nation’s condo building binge, saw its population surge 25 percent this year to about 433,000, according to the numbers. “A lot of people are moving to Miami,” said Dario Gonzalez, a researcher at Florida International University’s Metropolitan Center.

--Source: The Miami Herald 9/29/2010

FORECLOSURE SNAPSHOT: Banks are repossessing distressed homes at an increasingly fast pace, but fewer homes are falling into delinquency, a sign that the region’s foreclosure crisis has entered a new phase, with properties working through the system.

TOTAL FORECLOSURE ACTIVITY

Broward County	7,393	Down 27.3 percent
Miami-Dade County	7,393	Down 4.5 percent
Monroe County	134	Down 37.7 percent
Palm Beach County	6,035	Up 45.4 percent

BANK REPOSSESSIONS

Broward County	1,764	Up 24.7 percent
Miami-Dade County	2,144	Up 206.7 percent
Monroe County	35	Up 133.3 percent
Palm Beach County	509	Up 282.7 percent

--Source: The Miami Herald 9/16/10

With the strong fundamentals of an underlying economy poised with continued growth in the International World, opportunities will continue to present themselves. Investors enjoy the safety of the United States, and Florida has a lot of positive aspects with incredibly depressed prices that make this a great place to develop a real estate investing business plan and reap the profits when done correctly. Please contact me should you want to seriously discuss in more detail [distressed sales of multiple units](#). This market presents various unique opportunities that very well may never be seen again in one’s lifetime. Please let me help you take advantage of this situation. I have many strategic

relationships with the decision makers regarding distressed projects, and the resources to carry out the objective, right down to the day to day operations.

QUICK HEADLINES:

- International buyers have helped buttress Florida's real estate market with 22 percent of all foreign clients nationally choosing property in the Sunshine State. That makes Florida tops for attracting foreign interest, according to a summer report by the National Association of Realtors. California came in a far second with 12 percent of the International market. --Source: The Miami Herald 9/11/10
- Florida received another \$208.4 million in federal aid to help improve neighborhoods hardest hit by the foreclosure crisis. The money, announced by U.S. Housing and Urban Development, is part of \$1 billion allocated nationally in a third round of Neighborhood Stabilization funding. Florida's share is the highest of all the states, followed by California, which is receiving \$149.3 million. The money can be used to buy land and property, demolish or rehabilitate abandoned properties and offer down payment and closing cost assistance to low- to moderate-income home buyers. Included in Florida's stipend is \$20 million for Miami-Dade County. --Source: The Miami Herald 9/9/10
- As the 'AIG Effect' fades, groups are returning to South Florida Hotels. But companies still pay close attention to the cost – and their image – as they plan meetings. --Source: The Miami Herald 9/9/10
- Terra Beachside Villas, the once-distressed Miami Beach condo building that has sat empty for two years, is searching for new life as its owners look to complete a rapid turn-around from foreclosure to full health. In the past 9 months, Miami Beach-based partnership BH III has bought the distressed property from the bank, restarted construction and secured buyers for more than half of the units, said Gregory Freedman, a principal at BH III. --Source: The Miami Herald 9/3/10
- Aventura Mall will be one of 10 locations nationally to have a temporary FAO Schwartz store for the holidays. Expected to be open by October, it will remain operational until mid-January 2011 with the possibility it could remain open over the long-term based on numerous criteria. --Source: The Miami Herald 9/16/10

LEGISLATION, PROPERTY TAXES & INSURANCE: There was some **very beneficial** legislation affecting South Florida Real Estate, it is vital to understand the positive impacts this will have on the real estate market. Below are some highlights and a summary of some of the issues most directly affecting real estate:

Help for condo owners - and ways to spur sales. There was a single 103-page bill encompassing many of these reforms: [SB 1196](#) by **Sen. Mike Fasano (R-New Port Richey)**. It includes the Florida Realtor-supported "bulk buyer" language that seeks to reduce inventory levels by encouraging investors to purchase blocks of condo units. This is accomplished in part by protecting bulk buyers from some of the liabilities faced by condo developers. Other provisions in [SB 1196](#) accomplish the following:

- lower the cost of condo ownership by repealing the requirement that owners purchase individual unit owner insurance coverage;
- remove the requirement for mandatory retrofits of sprinkler systems in condos over 75 feet high;
- require lenders to pay more in past-due assessments on foreclosed properties;
- allow associations to deny owners or occupants the use of common areas and recreational amenities when the owner is more than 90 days delinquent in paying financial obligations due to the association; and
- allow associations to divert tenant rents to pay for delinquent assessments owed by unit owners.

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

link that will take you to the Florida Association of Realtors Legislative Center, which will help to explain the numerous moving parts concerning these issues: <http://www.floridarealtors.org/LegislativeCenter/TopInitiatives/index.cfm>

INTEREST RATES & RELATED NEWS: Rates continue to remain unchanged and at historic lows. *Mortgage rates are at astonishingly low levels.* It is important to note that different types of loans are 'pegged' to different rates, so please make sure to stay in touch with your mortgage broker or banker to keep up to date on interest rates, as this can directly affect many Real Estate related decisions. In addition to the lowered rate when securing a mortgage to buy property, another common question you will see with rates near historic lows is whether or not it is a good idea to refinance. This discussion might be a good one to have with a reputable mortgage broker or your banker and see if this would make sense financially. Or feel free to visit my website and the [Mortgage Center](#) for more helpful information. This is the website to the Federal Reserve's Monetary Policy section: <http://federalreserve.gov/monetarypolicy/default.htm>

INTEREST RATE SCENARIO, AS OF THE WRITING OF THIS A 30 YEAR FIXED RATE WAS 4.47% ACCORDING TO BANKRATE.COM:

I would like to illustrate an example of how important an interest rate can be in one's decision to purchase when financing. Suppose you were to have purchased and to be conservative secured a higher rate than what they are currently averaging, you locked in at 4.75 percent, as opposed to waiting for another 8 months because you felt prices were going to be 5 percent lower, but in that time interest rates rose 1 percentage point. You wanted a 30 year fixed rate mortgage:

	4.75 Percent Interest Rate	5.75 Percent Interest Rate
Purchase Price	\$300,000	\$285,000
Loan Amount with 25% Down	\$225,000	\$213,750
Monthly Payment	\$1,173.71	\$1,247.39
8 Months worth Principle	\$2,296.28	\$0
8 Months worth Tax Deductible Interest	\$7,093.38	\$0
8 Months worth of Rent Saved	\$12,000.00	\$0
8 Months worth of Expenses Saved	\$0	\$4,000.00
Interest Rate Savings 8 Months	\$589.44	\$0
Interest Rate Savings 2 years	\$1,768.32	\$0
Interest Rate Savings 7 years	\$5,304.96	\$0
Interest Rate Savings 30 years	\$26,524.80	\$0

This example is meant to show you that there are important factors that go into trying to 'time the bottom' and in turn, consequences. No one can predict the future and I want to stress that this is merely an example to show the potential amount of savings one could realize due to the nature of the interest rate affecting the bottom line payment for what could be a mortgage you have for 30 years. Plus, it illustrates the opportunity costs of sacrificing a lower rate for the uncertainty of an additional drop in prices. One must consider how long they feel they will be in this property, personal financial situation and credit score, opportunity to refinance if rates go lower but sacrificing that opportunity should rates never go that low again, and other items such as these. I did not tabulate any sort of totals in an attempt to have you analyze the numbers based on your personal situation to decide for yourself what your best decision would be. Please [click here to take you to the mortgage calculator](#) I used for this example. Again, this chart is strictly meant as an example of some various considerations that you should think about if you are contemplating a real estate purchase.

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/>

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.

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 the 4 following quotes:

"Character is like a tree and reputation like a shadow. The shadow is what we think of it; the tree is the real thing." – Abraham Lincoln

"People seem not to see that their opinion of the world is also a confession of character." – Ralph Waldo Emerson

"Faced with the choice between changing one's mind and proving that there is no need to do so, almost everyone gets busy on the proof." - John Kenneth Galbraith

"Growth is a painful process." - Wilma Mankiller

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.D.P.E. – Certified Distressed Property Expert, member of Distressed Property Institute; Designation shows education and experience in the continually evolving and complicated short sale and foreclosure markets.

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.

R.E.O.S. – Real Estate Owned Specialist, shows extensive experience and knowledge in the distressed property class known as REO, also known as foreclosures or bank owned properties.

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