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THE BOCA BEACH REPORT

February 2011

*Privileged
information about
your real estate*

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This publication is not a solicitation but is an information service from this real estate office.

Investing In And Managing A Portfolio Of Houses

The current slowdown in sales of homes may be an opportunity for investors who specialize in that type of investment. If you might think of this as a small investment, think of some investors who own 100 or more homes in the \$300,000 value range!

When you think of a large real estate management company, you may think of them managing high-rise office buildings, huge apartment complexes and condominium homeowner associations. You may not think of owners of single-family homes as big management clients. But over the past twenty years, those real estate investors who specialized exclusively in homes have increased greatly.

Many of these investors have had the enormous increase in value of these homes that took place in the last decades.

They are managed like any other real estate investment; the houses are like apartments that are in scattered locations, and are managed the same way but without an on-site manager.

Now might be the time to look into an investment in houses! Buy

an extra one for a rental - buy several scattered rental houses and you have the equivalent of scattered apartment units, or as one owner calls them, "horizontal apartments".

An Investment For Anyone

The potential for higher returns is better in real estate than in some alternatives, such as the stock markets. Many investors are "stock shy." Investing in single-family homes can be particularly attractive, since they will have little chance of taking any huge drop in value at one time. Instead, over the years, the values have had a sure steady increase. Compared to the stock market, the amount of capital required can be remarkably small. The leverage is better, with down payments still as low as 10% of the value. You may be able to make an investment in a significant property with just a down payment in the \$25,000 to \$30,000 range (or even less). Someone else, either a lender or maybe the seller of the property will put up the rest of the investment capital. Real estate is always the perfect place for the use of borrowed money. ➔



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- Purchasing or selling investment property Please contact me between these hours _____
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Address _____

City _____ State _____ Zip _____ Phone _____

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If your property is now listed with a broker, please disregard this offer. We will cooperate with other brokers.

Investing ..(continued from page one)

After you have made the purchase, you must plan for some monthly expense. Even if the tenant pays all of the utilities and upkeep, you still can face a negative cash flow situation. The monthly negative cash flow may be offset at the end of the year by the tax shelter from the "residential income" property.

You could set up a cash reserve to cover any problems on the investment, such as in a money market account. It might be smarter to obtain a line of credit to cover this. Since the idea is to have a "leveraged" investment, why not borrow as much of the needed cash as possible?

The Return On The Investment

If the increase in value in

homes resumes like it was a few years ago (and it will), the potential for capital gains on a leveraged OPM (other peoples money) investment can be significant. Remember, an increase in value affects the whole value of the property, not just your equity.

The Best Locations

Remember the old saying about the most important thing in value when searching for any kind of real estate. It is still location, always location. This will remain the same in homes as in any other real estate investment. What should you look for?

An owner-occupied community

You will probably be able to get higher rents in an area where the other houses are owner-occupied. Owner-occupied houses will usually be better maintained and the neighborhood will be more stable. We can check

the neighborhood by looking at the property-tax register. Since the name and address of the owner is provided, simply see if the address of the owner is the same as the property address.

Since the objective in this investment is increase in value, we are looking for the possibility of the resale. We will always have greater appreciation in a neighborhood where people maintain their property with pride.

Be aware of the location of schools, churches, shopping - just as you would if you were purchasing the property for your own residence. Your ultimate buyer of the property will be doing the same. Make sure of the zoning of the neighborhood and any adjoining areas. This will insure that you will not have any sudden surprises after you make your purchase. ❖

Trouble-free Security For Your Home

Every year there are over six million burglaries committed in homes and apartments.

No home can be completely secure from burglars. While we can never make a property totally secure and still have it livable, you can make it a more difficult "target" for a burglar and discourage trying. Don't presume that the home is safe during the daylight hours – more than 50% of burglaries take place during the day:

Outside Of The Home

An intruder starts on the outside, so work on that first. Prune lower limbs and branches on large trees near the house. This keeps thieves from climbing to a second floor window. You should trim trees and bushes so doors and windows are visible to neighbors. Keep ladders and tools locked up so that they cannot be used to climb and break in. Trellises are attractive, but place them where they can't be used as ladders to second floor windows or balconies.

Lighting is probably the best protection against intruders. Porches, yards, and all entrances to the home and garage should be well lighted. A well lit door has another advantage – helping law enforcement or fire departments to locate the house in an emergency. The house number should be clearly visible from the street and in direct lighting.

Getting Into The Home

With the entrances exposed and lighted, a burglar is reluctant to approach. Then if he sees doors and locks that will

delay him for several minutes, he'll get discouraged and leave. Keep doors locked. Make sure that it is difficult to jimmy the lock and pry open the door. Entry doors should be solid core wood (at least 1 3/4 inches thick). Hollow core doors can be easily broken through. The door should fit its frame tightly. If there is too big a gap, you can bolt a sturdy metal strip to the door edges.

Sliding glass doors attract intruders because they are often easy to open. Bolster the existing locks on sliding glass doors by placing a solid strip of wood or a broom handle in the track of the closed door.

Adequate Deadbolt Locks

Usually the contractor who installed the original locks had economy in mind rather than security. Many houses have inexpensive key-in-knob locks. These are easy to slip open with a credit card or break open with a screwdriver. Don't depend on a chain lock. An average person pushing against them can easily break most chain locks. Deadbolt locks are the best bet for security. When you buy a deadbolt lock, make sure the bolt extends at least one inch from the edge of the door (has a one inch throw). The connecting screws that hold the lock together must be on the inside of the door. The strike plate should be attached to the door frame with screws that measure at least two inches, and the cylinder must have a steel guard.

Many times your local police will provide tips on the right locks for the doors. Even better, many police and sheriff's departments will do a security check of a home.

Keep Track Of Your Keys

Don't give a burglar a key! Victims report that as many as half of all burglaries take place without forced entry. In many cases the burglar

used a key. Do not put identification tags on your keys. If you've recently moved into a new home, have the locks re-keyed or changed. Take care that your keys do not fall into the wrong hands. Don't give keys to maintenance or delivery people. And don't hide your key outside—burglars know all the hiding places.

Windows

Windows are an obvious target. Keep them locked—including basement and second floor ones. If the windows are wood frame sliding windows, an easy inexpensive way to add to the existing window lock is to use the "pin" trick. Drill an angled hole through the top frame of the lower window partially into the frame of the upper window, then insert a nail. Neither window will move until the nail is removed.

For especially vulnerable windows consider installing grates or grills. Make sure grates are equipped with a quick release feature for emergency exits.

Alarm Systems

Burglar alarm systems range in expense and, depending on quality and capability, can go as high as several thousand dollars. There are such innovations and rapid changes in electronic products and closed circuit TV today, we can only recommend that you consult the security experts in your community.

Don't forget. One of the best alarm systems is a good watchdog. Crooks do not like noise and a barking dog may persuade a burglar to move on. ❖

Boca BEACHFRONT Availability

The following is a summary of the available and pending residences located on the East (BEACH) side of OCEAN Blvd. (AIA) in Boca Raton. 0.1% to 3.9% is Low Inventory * 4.0% to 6.9% is Balanced Inventory * 7.0% to 9.9% is High Inventory * 10.0% + is Excessive Inventory

North Beach

(North of Palmetto Park Road on North OCEAN Blvd. - Listed from North to South)

| Address | Condo Name | TA | AA | %A | ADOM | List Price Range | PC |
|------------|--------------------|------------|-----------|--------------|------------|------------------|----------|
| 2150 | Aegean | 8 | 0 | 0.0% | 0 | SOLD OUT | 0 |
| 2070 | Athena | 4 | 1 | 25.0% | 208 | 3.35M | 0 |
| 2066 | Ocean Reef Towers | 55 | 10 | 18.2% | 422 | 299K to 992K | 0 |
| 2000 | Brighton | 39 | 2 | 5.1% | 275 | 1.175M to 1.4M | 0 |
| S/T | North Beach | 106 | 13 | 12.3% | 383 | 949K | 0 |

Boca Beach

(South of Palmetto Park Road to the Boca Inlet on South OCEAN Blvd. - Listed from North to South.)

| Address | Condo Name | TA | AA | %A | ADOM | List Price Range | PC |
|------------|--------------------|------------|-----------|-------------|------------|------------------|----------|
| 250 | Marbella | 155 | 9 | 5.8% | 244 | 238K to 850K | 0 |
| 310 | Boca Mar | 38 | 0 | 0.0% | 0 | SOLD OUT | 0 |
| 350 | Beresford | 53 | 3 | 5.7% | 136 | 1.1M to 1.15M | 0 |
| 400 | Excelsior, The | 27 | 4 | 14.8% | 353 | 2.95M to 5.995M | 0 |
| 500&550 | Chalfonte, The | 378 | 15 | 4.0% | 161 | 330K to 795K | 3 |
| 600 | Sabal Shores | 125 | 14 | 11.2% | 177 | 315K to 1.15M | 2 |
| 700 | Sabal Point | 67 | 3 | 4.5% | 108 | 499K to 835K | 0 |
| 750 | Sabal Ridge | 31 | 0 | 0.0% | 0 | SOLD OUT | 0 |
| 800 | Presidential Place | 42 | 4 | 9.5% | 382 | 2.795M to 4.2M | 0 |
| S/T | Boca Beach | 916 | 52 | 5.7% | 207 | 1.178M | 5 |

South Beach

(South of the Boca Inlet on South OCEAN Blvd. - Listed from North to South)

| Address | Condo Name | TA | AA | %A | ADOM | List Price Range | PC |
|---------------|-----------------------|-------------|------------|-------------|------------|------------------|-----------|
| 1180 | Cloister del Mar | 96 | 3 | 3.1% | 382 | 359K to 394.5K | 0 |
| 1200 | Cloister Beach Towers | 128 | 5 | 3.9% | 132 | 259K to 475K | 2 |
| 1400&1500 | Addison, The | 169 | 20 | 11.8% | 290 | 750K to 2.399M | 0 |
| 1800 | Placide, The | 54 | 6 | 11.1% | 106 | 675K to 925K | 0 |
| 2000 | Whitehall | 164 | 8 | 4.9% | 211 | 228.1K to 550K | 3 |
| 2494 | Aragon, The | 41 | 6 | 14.6% | 269 | 1.99M to 6.5M | 0 |
| 2500 | Luxuria, The | 24 | 2 | 8.3% | 405 | 3.899M to 3.995M | 0 |
| 2600 | Stratford Arms | 120 | 8 | 6.7% | 139 | 649K to 795K | 0 |
| 2800 | Whitehall South | 256 | 13 | 5.1% | 251 | 449.9K to 2.199M | 1 |
| 3000 | Three Thousand South | 80 | 5 | 6.0% | 93 | 479K to 649.5K | 0 |
| S/T | South Beach | 1132 | 76 | 6.7% | 226 | 1.124M | 6 |
| Totals | February 2011 | 2154 | 141 | 6.5% | 234 | 1.128M | 11 |
| Totals | One Year Ago | 2154 | 136 | 6.3% | 275 | 1.402M | 15 |

Key:

TA = Total Number of Apartments in Development * AA = Number of Apartments Available For Sale
 %A = Percent of Apartments in Development For Sale * ADOM = Average Number of Days on Market per Listing
 PC = Number of Apartments SOLD and Pending Closing

This information is compiled from RMLS, Inc., on December 29, 2010. This representation is based in whole or in part on data supplied by the RMLS, Inc. RMLS, Inc. does not guarantee or is not in any way responsible for its accuracy. Data maintained by RMLS may not reflect all real estate activity in the market