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THE BOCA BEACH REPORT

November 2015

Privileged information about your real estate

In This Issue

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

List Your Home During The Holidays?

Good Things Happen when you list your home for sale during the holidays. You'll never have a better time to sell. Everything is in the seller's favor!

The holiday season is the busiest and most frantic time of the year! The question is: Should you put off listing the home or take it off the market if it is already listed?

Here are some of the reasons we have heard to wait until after the holidays to list your home:

- If the home goes off the market, you will save the trouble of "showings".
- If it was to sell during this period, you could be faced with packing and moving in the busiest time of the year.
- Anyway the showings will be way down in December, right? Maybe you should wait until January.

The Very Best Time To List

The holiday season is a wonderful selling period, maybe the best of the year! The house certainly cannot sell if it is off the market, and a sale is the goal, isn't it? Let us handle it.

Sure, fewer people will be looking. But they are the most precious buyers. Motivated buyers, the ones who really want to buy, often are able to take time off during the season. Real estate agents like the holidays because only the buyers and sellers who need to buy or sell (the most motivated) are in the market. The "just looking" people don't have the time.

Here Are Some Of The Reasons

When someone receives a job transfer, particularly a promotion, there is usually no choice of when to make the move. Even the majority of transferring families who have children must move during the school year. These may be the most motivated buyers in the market. They often want to get a property into an escrow so the children can start school in January. A purchase during the holidays is

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perfect for them.

• Some other sellers in your area will choose to take their home off the market. With a lower inventory of homes for sale and motivated buyers looking, your chance for a quick sale may be better than during another time of the year.

• Our experience over the years is that there is no slow down in sales during the holiday season. If this might be a truly “slow” selling season, why is the “summer vacation” season, when many people are out of town, considered a prime sales period?

• Buyers who have no children, or have grown children may do their shopping after the so-called summer real estate season. They often feel that the decreased activity might make negotiations easier.

• Is there any other time of the year that your home looks more warm and inviting? We all decorate and spend time making our homes the most beautiful that we can, not for potential buyers, but for family and friends.

• Don’t worry about having to move on December 24th or on New Years day. The buyer won’t want to move then either. Choosing the home and getting the contract accepted is the usual motivation of any buyer. As in any other season, the closing will usually be set 30 to 60 days away. Possession of the home and closings are always negotiable. ❖

Use Equity Line To Finance Improvements

Rather than move to a larger home, you may have decided to add on and remodel your present home. Your banker suggests that it would be best financially to use an equity line of credit to make the improvements and refinance the first mortgage later. That may sound like some of the costs of borrowing might be duplicated.

Maybe not. The costs to set up the equity line may be quite low. Some banks have no fees at all for the equity line. The lender’s suggestion may be a good one.

Here’s why:

Let’s say the improvements will cost about $75,000. Your mortgage balance is now down to $150,000. The home should be worth approximately $500,000 when the remodeling is done. By using the equity line for paying “as you go” you pay interest just on the outstanding balance each month. If you financed the whole $75,000 up front, the interest would be on the total amount.

Here’s an example. The contractor bills you just $14,000 at the end of the first month. Your payments and interest are based on that amount only. If you had borrowed the entire $75,000 with a traditional second mortgage or refinanced the first loan you would be paying interest on that full amount. The line of credit gives you the flexibility to borrow only what you need, when it is needed.

If you had refinanced the existing mortgage into one new, larger loan, the amount of the loan would have been based on the property’s value before the improvements, not the value after. It is possible you could be short of money.

Also, getting all of the money up front by refinancing the existing mortgage could require private mortgage insurance since you might need a loan that exceeded 80% of the property’s current value. This would increase your monthly payment.

So, there is homework to do with the lender. You must get the costs of the equity line, then the total estimated costs to refinance once improvements are completed. Then compare. If those costs using the equity line do not save significantly, then do the refinance at the beginning. There could be a saving.

While you are working with the lender initially, it might be a good idea to get a commitment on the final refinancing when the work is completed.

As is always recommended, obtaining financing counsel initially from more than one lender can give you the best idea of options and related costs. ❖

Why A “For Sale By Owner” May Not Be A Good Idea

We can’t think of another reason for the owner to try to sell a home than the saving of the real estate commission. That decision is often being “penny wise and pound foolish.” There are very many reasons for the owner not to try to sell his own home.

Recently a homeowner who wanted to list a home for sale contacted us. The man and his wife had tried to sell it themselves for two months. They told us of their bad experiences with the potential buyers who looked. Here are a few of the problems they had and some others that we have added.

• The asking price may not accurately and objectively reflect realistic local market conditions. A price that is initially set too high wastes time and gives the house a negative reputation.

• An owner’s information about sales of similar properties in the area will be sketchy at best and will be received with skepticism.

• A sign on the lawn or an advertisement in the newspaper will often be missed by interested buyers who have already visited a broker’s office.

• The sign encourages “lookers” who consider it an open invitation to see how you live. Owners waste much time with lookers who are not genuine prospects under any circumstances.

• Prospects do not confide in the owner about their personal finances. It’s easier for such prospects to say they simply cannot afford the house and move along.

• Owners typically cannot explain the various mortgage possibilities (ARMs, Conventional, FHA, VA) so as to give prospective buyers something positive to think about.

• Prospects rarely will insult an owner by saying what they object to about the house. On the other hand, prospects will not hold back at all when they deal with a real estate agent.

• The key “attractive” features of the home will not be properly stressed. The owner will often not even try to discover what a particular buyer wants and is looking for. Owners will concentrate on what they like about a house and ignore what a buyer may need or want.

• Prospects will feel free to arrive at any hour, on weekends, evenings, and other times when the owner might simply prefer to be tending to other business. Selling your own home ties you down full-time for as long as it takes.

• A sale cannot be closed quickly. When a buyer says I’ll buy, what does the owner do? Is he ready to present a contract of sale?

• Most prospects must first sell their own home. That creates a period of prolonged uncertainty. A real estate broker can help speed both sales along, suggesting bridge loans and other ways to solve problems. ❖

Real Estate–Risks And Returns

Anyone that owns just one parcel of real estate is an “investor” in property. When we talk about investments, what we really mean is profit - an increase in our capital at the least risk for the highest return. But, always remember, there is a risk. That is why the returns are so high!

The increase can come in various ways. An increase in value is still one of the best ways of making money in real estate investments. Here are a few basic ideas to keep in mind when dealing in real estate; a few of the things the professionals are doing:

1. Buying and upgrading houses and income property. This is one of the primary ideas. Upgrading a property by making it more valuable to someone else, then selling it, or maybe refinancing it and holding it.

2. Investing in real estate paper without a direct real estate purchase. Buying mortgages, contracts, leases. By purchasing these instruments at a discount whenever possible, an investor can get a very high percentage return on the investment with only a small amount of risk.

3. Making a tax deferred exchange of business or investment real estate rather than just selling and making a taxable profit. Putting off paying taxes keeps those dollars working until a later year.

4. Borrowing money on property already owned. You can borrow on property owned without incurring a tax liability in that year.

5. Investing in land. Splitting properties that are large into a number of smaller parcels. Buying wholesale and selling at retail!

Each owner has his/her own idea of the type of real estate investment plan that would be the most desirable.

Some feel that a real estate investment is a highly leveraged residential income property. Others want the income property, but want no residential income. They only want a leased commercial property. A retail store, a bank, grocery store or an office building would be the only investment or tenant worth considering.

Among those preferring residential property, some investors would only consider single family homes or duplexes as investments. Some investors own dozens of them.

What is your plan? There are many ideas and plans used by investors in property to make profits. We have been exposed to most of them and know them. We use them for ourselves in our own estate planning and in the planning for our clients. ❖

Boca BEACHFRONT Availability

The following is a summary of the available and pending residences located on the East (BEACH) side of OCEAN Blvd. (A1A) 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	Price Range	Average	PC
2150	Aegean	8	0	0.0%	0	SOLD OUT	N/A	0
2070	Athena	4	0	0.0%	0	SOLD OUT	N/A	0
2066	Ocean Reef Towers	55	2	3.6%	239	699K to 859K	729K	0
2000	Brighton	39	1	2.6%	71	2.395M	2.395M	0
S/T	**North Beach**	**106**	**3**	**2.8%**	**183**		**1.284M**	**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	Price Range	Average	PC
250	Marbella	155	2	1.3%	46	875K to 995K	935K	0
310	Boca Mar	38	1	2.6%	9	495K	495K	1
350	Beresford	53	1	1.9%	229	$1.099M	1.099M	1
400	Excelsior, The	27	3	11.1%	171	2.95M to 5.995M	4.632M	0
500&550	Chalfonte, The	378	4	1.1%	78	499K to 799K	673K	6
600	Sabal Shores	125	3	2.4%	79	619K to 989K	761K	1
700	Sabal Point	67	0	0.0%	0	SOLD OUT	N/A	1
750	Sabal Ridge	31	0	0.0%	0	SOLD OUT	N/A	0
800	Presidential Place	42	1	2.4%	27	5.75M	5.75M	0
1000	One Thousand Ocean	52	4	7.7%	248	3.995M to 6.585M	5.343M	0
S/T	**Boca Beach**	**968**	**19**	**2.0%**	**127**		**2.603M**	**10**

South Beach

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

Address	Condo Name	TA	AA	%A	ADOM	Price Range	Average	PC
1180	Cloister del Mar	96	2	2.1%	84	665K to 899K	782K	0
1200	Cloister Beach	128	2	1.6%	50	499K to 595K	547K	1
11400&1500	Addison, The	169	2	1.2%	48	1.195M to 2.375	1.785M	1
1800	Placide, The	54	2	3.7%	139	1.15M to 1.275M	1.213M	0
2000	Whitehall	164	2	1.2%	44	599K to 729K	664K	1
2494	Aragon, The	41	4	9.8%	160	2.499M to 5.25M	3,610M	0
2500	Luxuria, The	24	2	8.3%	190	4.95M to 9.95M	7.45M	1
2600	Stratford Arms	120	1	0.8%	7	1.3M	1.3M	0
2800	Whitehall South	256	4	1.6%	12	695K to 895K	809K	0
3000	3000 South	80	2	2.5%	105	729K to 1.375M	1.052M	1
S/T	**South Beach**	**1132**	**23**	**2.0%**	**83**		**1.998M**	**5**

Totals	**Nov. 2015**	**2206**	**45**	**2.0%**	**108**		**2.206M**	**15**
Totals	**Nov. 2014**	**2206**	**57**	**2.6%**	**121**		**1.555M**	**21**

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 FlexMLS on October 19, 2015. This representation is based in whole or in part on data supplied by FlexMLS.
FlexMLS. does not guarantee or is not in any way responsible for its accuracy. Data maintained by FlexMLS may not reflect all real estate activity in the market.