



Richard L. Dusik
President



FLORIDA BEACH REALTY
and Financial Services, Inc.

1515 N Federal Hwy, Suite 300, Boca Raton, FL 33432-1994 (USA)
Bus: 561.391.9196 • TOLL FREE: 800.817.6957 • Fax: 561.391.0219
Website: www.FloridaBeachRealty.com • E-mail: RLD@FloridaBeachRealty.com

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THE BOCA BEACH REPORT

July 2007

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your real estate*

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this real estate office.*

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Investing In Real Estate For Wealth

How is your part of the American Dream going for you? Most people expect to get rich, but not everyone makes it. Nobody ever gets a guarantee. However, in this country, everyone gets a fair shot at it. Real estate investments have been one of the most effective and surest methods of attaining wealth for decades. We all have heard that most of the greatest family fortunes in America have come from the ownership of real estate.

Another article in this issue is about the professional investor and how they operate, but anyone, all of us, can invest in real estate.

On the way to your fortune, risks are part of the game. There may be fewer risks in

owning a rental home in a good neighborhood than investing in the stock market.

As in any business or investment, hard work helps, too. Investing in real estate takes time, risks and gives you a few problems. Tenants who pay rent which pays all of the bills and mortgages are the most important part of the formula. Small investments, such as houses, can be self-managed, but larger multiple units need professional management to keep that cash flow coming.

Since investment and business real estate has had some changes in depreciation write-offs in past years,

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Investors Are Buying More Real Estate

The real estate market has changed to a “buyer’s market”. The investor interested in long-term ownership is getting in while the “short-term” speculators are being forced out. There are some bargains out there.

In some areas, though there is a slowdown

in sales, but an increase in prices. This may just mean that people may have gotten out of the habit of hard negotiation.

Real estate is still booming. It is still the best investment. You never hear anyone say it is not. Look at the equity in your home or other real estate.

Most everyone has a loan of some kind on their home or second home. Some have a second or a third note

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Please Clip and Mail or Call Me for More Information

As your real estate professional, I am available to assist you in your planning. Simply complete and return the following request for information or contact me today for immediate assistance.

- | | |
|--|--|
| <input type="checkbox"/> Purchasing a home or second home | <input type="checkbox"/> Long distance Relocation |
| <input type="checkbox"/> Selling a home or second home | <input type="checkbox"/> Other _____ |
| <input type="checkbox"/> Purchasing or selling Investment Property | <input type="checkbox"/> Please contact me between these hours _____ |
| <input type="checkbox"/> Checking on current value of my property | |

Name _____

Address _____

City _____ State _____ Zip _____ Phone _____

E-mail: _____

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

Investing for Wealth... (Continued)

should we consider some other place to put our money for growth? Probably not. There have always been many benefits for owning real estate. Tax shelter has just been one of them.

Choose an Agent Carefully

Many property owners think of a real estate agent as an occasional contact, needed only when the owner is buying or selling a home. Some real estate offices specialize in only that, just buying or selling homes, without giving any service in any of the other many areas of real estate that can be important to investors.

Others offer other services in addition, such as acquisition of income properties, property management, leasing, appraisals, and tax-deferred exchanges — services that concentrate on the enhancement of the owner's estate. Since the changes in the tax laws, limiting tax write-

offs, real estate now offers one of the few tax shelters available. Analyzing all of the benefits of owning real estate and applying it to your investments could be the most important service of all. Your need for having a personal real estate consultant or counselor will increase as investments become more complex. Property owners need an advisor who is a specialist in real estate investments, when they have questions or problems.

We represent buyers and sellers in complex transactions that result in long-term planning for their future wealth. Our experience keeps that risk at a minimum.

A Home and Investments

There are many ways to invest in real estate. Anyone that owns a home is already an "investor" in a substantial property. When you own more than one property you are a multiple investor and "capitalist" no matter what type of real estate it might be. A good

second investment might be another house or a duplex for a rental. More experienced owners will be interested in larger residential income properties, commercial buildings and land.

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 in value can come from various ways. With shorter depreciation life on income property because of tax law changes, more emphasis will be put on cash return from the investment, and increases in value. With lower overall tax rates, increases in value are still one of the best ways of making money in real estate investments. Here are the benefits to keep in mind when dealing in residential income or investment real estate. ♣

Investors Are Buying... (Continued from page one)

on the property. A very few owe large amounts on the property, but have no loans recorded against it. These owners may work for a large corporation or bank that advanced the money against the executive's personal account within the company.

If anyone could have a home free and clear of encumbrances, you would normally think it would be the very rich. However, most wealthy owners have all real estate mortgaged to the maximum. This gives them additional cash invested in their business or other investments, with a return higher than the interest rate on the loans. When mortgage interest rates dip to a low level, these investors buy more property or refinance what they have. They treat owning real estate as a business, and this is just one of their rules.

The long term trend in real estate has always been higher prices. When we see the threat (or opportunity) of inflation still in the future, we must consider the possibility of using whatever means that we have to control more real estate. Our existing equity can be an answer.

Your Home Equity

If you have owned your home for a few years, you may be surprised at the amount of equity that you have accumulated. Your wealth in equity builds up from the loan reduction from monthly payments and from increases in value. While inflation has not been in the news, most homes have been increasing in value. Real estate owners who have not had great amounts of ready

one property for the purpose of acquiring other real estate. If one property can make you wealthy from appreciation, why not own two, three, or more?

This kind of financing can be a good use of the equity in a home that the owners wish to keep. With other properties (like a rental you already own) there are other possibilities. Here are some ideas.

1. Sell the property and use the proceeds to purchase other real estate using leverage to the best advantage. On a rental, the tax may be low.
2. A second and perhaps a better idea. Exchange the equity up into a different leveraged position in another property, resulting in more income. (This can be a tax

Under the current federal tax laws, the gain when a home is sold makes most capital gains for nearly all homeowners totally tax-free.

If an owner has title to a total value of \$250,000 in real estate that increases in value by 10% in one year, the increase in equity is \$25,000. If he increases his overall holdings to a value of \$750,000 using leverage, the increase of 10% could amount to \$75,000, even though the owner's equity may be just the same in both examples!

Using \$200,000 in cash in a 25% leverage position could quickly mean an ownership of \$800,000 worth of property. This could be a \$200,000 down payment on an \$800,000 apartment or diversified into several properties, such as \$50,000 down on each of four \$200,000 rental houses.

cash before may find that they might easily have access to \$50,000, \$100,000, \$200,000 or more.

When you borrow money on something you already own, the proceeds of the loan is not taxable that year as income. There will be a normal tax liability on the gain, if and when the encumbered property is sold at some later date. (Check with your tax advisor.)

The borrower can use the borrowed money for anything. Some have invested in higher education to increase income. Others have used it to go into business. Many property owners borrow on

free event if handled for you by experts.)

Sometimes, option #1 (sale) can be done, without tax problems. In one case, the sale of the taxpayer's residence, it might be tax free. With the new tax law in effect, you may get up to \$500,000 of gain free of tax. Most of the cash from the sale can be retained, with no tax liability. Invest the proceeds in down payments on another primary home and in down payments on other investment properties.

Check with your estate planner, tax advisor and attorney before taking any action in using equity to increase your estate. ♣

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	List Price Range	PC
2150	Aegean	8	0	0.0%	TEMPORARILY SOLD OUT	0
2070	Athena	4	0	0.0%	TEMPORARILY SOLD OUT	0
2066	Ocean Reef Towers	55	6	10.9%	435K to 1.169M	0
2000	Brighton	39	3	7.7%	1.495M to 1.850M	1

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	List Price Range	PC
250	Marbella	155	7	4.5%	695K to 1.05M	0
310	Boca Mar	38	2	5.3%	615K to 649.9K	0
350	Beresford	53	5	9.4%	875K to 2.25M	0
400	Excelsior, The	27	4	14.8%	2.995M to 4.495M	0
500&550	Chalfonte, The	378	18	4.8%	475K to 2.75M	0
600	Sabal Shores	125	8	6.4%	399K to 2.2M	0
700	Sabal Point	67	2	3.0%	599K to 950K	0
750	Sabal Ridge	31	1	3.2%	1.45M	0
800	Presidential Place	42	2	4.8%	4.45M to 4.725M	0

South Beach

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

Address	Condo Name	TA	AA	%A	List Price Range	PC
1180	Cloister del Mar	96	6	6.3%	435 K to 669K	0
1200	Cloister Beach Towers	128	7	5.5%	449K to 899K	1
1400&1500	Addison, The	169	15	8.9%	1.295M to 2.495M	3
1800	Placide, The	54	4	7.4%	699K to 1.475M	0
2000	Whitehall	164	8	4.9%	574K to 993.5K	0
2494	Aragon, The	41	3	7.3%	2.595M to 4.9M	1
2500	Luxuria, The	24	1	4.2%	4.75M	0
2600	Stratford Arms	120	8	6.7%	850K to 1.195M	0
2800	Whitehall South	256	12	4.7%	599K to 1.399M	4
3000	Three Thousand South	80	4	5.0%	649K to 1.25M	0
TOTALS:		2154	126	5.9%		10

Key:

TA = Total Number of Apartments in Development * **AA** = Number of Apartments Available For Sale
%A = Percent of Apartments in Development For Sale * **PC** = Number of Apartments SOLD and Pending Closing

This information is compiled from RMLS, Inc., on April 23, 2007. 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.