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THE BOCA BEACH REPORT

July 2009

*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.

Opportunities For Wealth Are Better Than Ever

With the foreclosures and the recession, the real estate market has changed to an extreme "buyer's" market. The investor interested in long-term ownership is getting in on the low prices. There are some incredible bargains out there.

Real estate is still booming. It is still the best investment for the long term. Five years from now we will look back at 2009 as the opportunity year of our lifetime.

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

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

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This Is The Time For Investing

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,

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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.

- Purchasing a home or second home Long distance Relocation
 Selling a home or second home Other _____
 Purchasing or selling Investment Property Please contact me between these hours _____
 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.

Opportunities For Wealth ...*(continued from page one)*

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.

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 di-

versified into several properties, such as \$50,000 down on each of four \$200,000 rental houses.

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, some homes have been increasing in value. Real estate owners who have not had great amounts of ready 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 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 ➔

Opportunities For Wealth ... (continued)

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-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. Under the present tax law, 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. ▲

This Is The Time For Investing ... (continued from page one)

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, 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 longer 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. These are the benefits to keep in mind when dealing in residential income or investment real 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	ADOM	List Price Range	PC
2150	Aegean	8	0	0.0%	0	SOLD OUT	0
2070	Athena	4	1	25.0%	65	2.95M	0
2066	Ocean Reef Towers	55	4	7.3%	465	549K to 798K	1
2000	Brighton	39	3	7.7%	369	599.9K to 1.7M	0
S/T	North Beach	106	8	7.6%	379	1.141M	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	ADOM	List Price Range	PC
250	Marbella	155	6	3.9%	166	269K to 950K	4
310	Boca Mar	38	1	2.6%	96	329.9K	0
350	Beresford	53	3	5.7%	567	1M to 1.85M	0
400	Excelsior, The	27	7	25.9%	299	3.4M to 7.95M	0
500&550	Chalfonte, The	378	13	3.4%	340	329.9K to 875K	5
600	Sabal Shores	125	6	4.8%	179	359K to 1.195M	0
700	Sabal Point	67	2	3.0%	516	800K to 819K	0
750	Sabal Ridge	31	3	9.7%	83	849K to 1.648M	2
800	Presidential Place	42	2	4.8%	395	3.65M to 3.995M	1
S/T	Boca Beach	916	43	4.7%	290	1.648M	12

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%	231	399.9K to 599K	1
1200	Cloister Beach Towers	128	4	3.1%	245	349K to 565K	0
1400&1500	Addison, The	169	9	5.3%	398	849K to 3.85M	3
1800	Placide, The	54	4	7.4%	204	649.9K to 1.495M	0
2000	Whitehall	164	11	6.7%	258	345K to 1.399M	6
2494	Aragon, The	41	6	14.6%	165	1.495M to 7.25M	1
2500	Luxuria, The	24	1	4.7%	100	4.5M	0
2600	Stratford Arms	120	6	5.0%	146	739K to 1M	1
2800	Whitehall South	256	21	8.2%	151	449K to 2.89M	3
3000	Three Thousand South	80	6	7.5%	298	515K to 695K	2
S/T	South Beach	1132	71	6.3%	223	1.122M	17

Totals	Boca's Oceanfront	2154	122	5.7%	257	1.309M	30
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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 May 29, 2009. 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.