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THE BOCA BEACH REPORT

April 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.

A Good Time To Start Real Estate Investments

Loans are now available for houses and small apartments. Buyers with a decent down payment can buy excellent rental properties. Prices and values have declined in real estate to the point where almost any investment will give the investor cash flow. We recommend real estate, not just because it is our business, but also because it has the best track record during recent years. Sales have slowed in real estate, which is the best time for investment.

When you own a rental house or houses in your home community, you are well on your way to wealth in the future. Another possibility is an investment home or condo at your favorite vacation spot.

There are three common types of residential real estate commonly used as rental units in most areas. Privately owned rental houses, cooperative housing projects and condominiums. Since there is a large market for rental housing, residential rental properties can be a very lucrative investment.

Each of these investments involves a basic human need, which is living space.

Homes And Co-ops

Individual ownership of a home is quite familiar to most everyone. Joint ownerships are different. The way joint ownership is achieved is what distinguishes condominiums from co-ops. In a typical co-op, a cooperative housing corporation is the title owner of the entire property. The unit owners are tenant-shareholders of the corporation whose stock holdings entitle them to lease to occupy a unit and use the common grounds. The corporation runs the property and the tenant-shareholders are each responsible for a pro-rata share of all operating expenses.

Condos

The condominium is the more common type of joint ownership. In a condominium, each unit owner owns an interest in real estate and is responsible for taxes, assessments, mortgage financing, and repair and maintenance work on the unit. The deed to the condominium unit also grants the owner an undivided interest in the common elements of the development. So the condominium unit owner enjoys almost all the benefit—and shoulders the same responsibilities—that a private homeowner does.

Vacation Areas

A leisure or vacation condominium →



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- Checking on current value of my property
- Long Distance Relocation
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- Please contact me between these hours _____

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

Investments...*(continued from page one)*

can take many forms. It may be a project consisting of detached houses, townhouses, garden apartment or high-rise apartment buildings. Condominium units may run from one-room studio apartments to four-bedroom houses. Equipping each bedroom with its own bath and providing a foyer can provide flexibility. A two-bedroom apartment with a sofa bed in the living room could rent to three separate couples sharing the unit.

A condominium may even be in the form of a condominium hotel, in which rooms are sold to investors and, when not occupied by them, are rented on a day-to-day basis. Room owners get the rental fees less a charge for management, maintenance, taxes, etc.

The Rentals

When owners rent vacation rentals, a rental agent in the resort community normally handles the rental. An owner might handle a long-term

rental in his hometown, but short-term rentals, as short as a week-end should be handled by a management specialist. The management company in a resort will have a staff comparable to a hotel staff, with cleaning persons, maintenance personnel and full time bookkeepers and office staff to handle the turnover and keep the house or unit available.

Management fees will vary widely. They will be a higher percentage than a management company would charge in a non-resort area for a month-to-month rental of a home or apartment. The tenant in a month-to-month rental may stay for years, while the resort rental may change many times in a month.

Rental Arrangements

The rental may be handled as a direct rental or on a pooled rental arrangement, depending on the agreement with the management company.

In the direct rental, each rental of the individual unit is reported separately, the management fee

is deducted and the balance is sent to the owner, usually on a monthly reporting basis.

Under a rental-pool arrangement, condominium-unit owners agree to place their units in a common pool. They all share the expenses of the rental operation and receive a share of the net rental income. This is figured on the basis of the proportion that their unit bears to all the units in the condominium for the particular accounting period. The proportion is computed by determining the number of days that the unit was in the rental pool (i.e., the total rental days in the accounting period less the days in that period during which the owner occupied the unit himself).

The manager leases pooled units according to the terms of the agreement, collects and pools the rental income, pays all the rental pool's expenses, and pays each owner his net share. ♦

Problems With "For Sale By Owner" Homes

Recently homeowners 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.

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. Here are twelve that we came up with.

- 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.
- 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.
- Potential buyers, who have been discouraged or reluctant in the recent past, may be interested now. But owners do not know where or how to reach them.
- 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 will first have to 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. ♦

Your Inspection Before The Professional Inspector

Whether you buy a new home from a contractor or purchase a used home from a home owner, you should get a professional inspection to locate any problems before the closing. Before you settle on a home, while you are still looking, here is a short list of things to look for yourself. This can help you settle on the right home, then have the professional inspection.

A buyer can be concerned about possible problems that do not exist and can take a very defensive position during an inspection. Another buyer might be so elated about the purchase that he/she can overlook things that might be easily fixed before the closing. Here are a few things that a new homebuyer can look for during an inspection. This is by no means a complete list, but just the usual and major things to look for:

1. Concrete. When the driveway and garage floor are new, there should not be major cracks. After some time, you can expect some small cracks, but there shouldn't be any that have

- opened up more than 1/8 inch or have displaced.
2. Sheet rock or plaster. The walls and ceilings should have an even texture without clumps of material in corners. Nail indentations, cracks or "nail pops" should be repaired. Seams should not show.
3. When a home is new, it should look new. The home should look and feel like it was put together with materials that look good. Examine the finish hardware and baseboards. Is everything sparkling new? Don't accept anything that looks used or damaged.
4. The floors may be hardwood, tile, carpeted and vinyl or linoleum.
 - Carpets have seams, but they should not "stand out." Some designs of carpet make seams that are more difficult to hide. If a seam stands out, pull the yarn back and see if the backing is tight and straight. If it is, then you have a good seam. If there is a space, it needs to be straightened. Wall-to-wall carpeting should be stretched tight to all walls. Look for any stains in the carpet.
 - Linoleum or vinyl should have seams that are clean and tight. Look for damage, tears and gouges.

- Hardwood floors. Check for an even finish and check everywhere for squeaks.
 - Tile floors. Check for loose tiles, cracks or chips.
5. When you check the paint, it should cover evenly without streaks, blotches or runs. Most builders will leave touch-up paint of each color for the buyer.
 6. Appliances, sinks, tubs, showers, and kitchen tile: Check for cracks, dents and chips. Find them now, so that there can be no later arguments with the builder.
 7. Operation manuals for all appliances, water heaters, etc. should be in the home. General information about the operation of anything should be provided.

All of these things are cosmetic in nature and are the things that can be inspected visually during the tour. Any problems with plumbing, heating, electrical, etc., will have to wait until the buyer lives in the home for a while. On a new home, the builder expects to be called back occasionally to correct minor things. ♦

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	1	25.0%	264	3.35M	3.350M	0
2066	Ocean Reef Towers	55	9	16.4%	425	299K to 899.9K	608K	1
2000	Brighton	39	2	5.1%	188	1.175M to 1.4M	1.287M	0
S/T	North Beach	106	12	11.3%	372		950K	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	Price Range	Average	PC
250	Marbella	155	8	5.2%	304	238K to 1.5M	735K	1
310	Boca Mar	38	0	0.0%	0	SOLD OUT	N/A	0
350	Beresford	53	3	5.7%	95	1.025M to 1.15M	1.092M	1
400	Excelsior, The	27	4	14.8%	409	2.95M to 5.995M	4.299M	0
500&550	Chalfonte, The	378	13	3.4%	114	295K to 1.099M	571K	6
600	Sabal Shores	125	14	11.2%	205	315K to 1.15M	687K	0
700	Sabal Point	67	4	5.9%	132	469K to 775K	617K	0
750	Sabal Ridge	31	1	3.2%	13	1.3M	1.300M	0
800	Presidential Place	42	3	7.1%	361	3.6M to 4.2M	3.917M	0
S/T	Boca Beach	916	50	5.5%	204		1.178M	8

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	4	4.2%	338	329K to 394.5K	360K	0
1200	Cloister Beach	128	5	3.9%	181	249.9K to 469K	330K	1
1400&1500	Addison, The	169	17	10.1%	319	699K to 2.15M	1.310M	2
1800	Placide, The	54	5	9.3%	130	675K to 898.5K	786K	1
2000	Whitehall	164	6	3.7%	160	359.9K to 550K	474K	1
2494	Aragon, The	41	8	19.5%	212	1.445M to 6.5M	3.116M	0
2500	Luxuria, The	24	2	8.3%	461	3.899M to 3.995M	3.947M	0
2600	Stratford Arms	120	7	5.8%	119	674.9K to 795K	724K	2
2800	Whitehall South	256	14	5.5%	189	435K to 2.199M	694K	2
3000	3000 South	80	4	5.0%	100	450K to 649.5K	555K	3
S/T	South Beach	1132	72	6.4%	219		987K	12
Totals	April 2011		134	6.2%	227		1.055M	21
Totals	One Year Ago		131	6.1%	237		1.308M	28

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 February 23, 2011. 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.

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