



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](http://www.FloridaBeachRealty.com) • E-mail: [RLD@FloridaBeachRealty.com](mailto:RLD@FloridaBeachRealty.com)

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# THE BOCA BEACH REPORT

June 2011

*Privileged  
information about  
your real estate*

## In This Issue

- Real Estate –Top Investment For All
- Water And Fire Safety In Your Home
- Why Rent When Buying A House Has So Many Benefits
- News From Our Area

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

## Real Estate –Top Investment For All

Since there has been a "correction" in the prices of homes everywhere, it only makes them a more attractive investment. With continued low interest rates, there is an opportunity to acquire more investment real estate. If you don't want or need to move into a newer home, this might be the time to consider taking advantage of these rates to make money in real estate investments. You know that prices must recover. They are lower than replacement value of homes in many areas.

Other kinds of investments, like stocks, have no comparison to real estate.

**Leverage:** Most improved real estate can be purchased with a small down payment. The purchase of a \$250,000 property might be made with just 10% (\$25,000) down. If the property increased in value by just 10%, you would have an increase in your equity of 100%. Where else can you get that kind of profit with a 10% increase?

**The use of money:** Suppose you own a property valued at \$400,000 that is encumbered by just a \$50,000 mortgage. You can

refinance the property and take out a great amount of cash—tax-free. If you had the same type of appreciation in a stock, you would have to sell it in order to get the use of the capital—a taxable event.

**Control of the investment:** With the real estate investment, you make the decisions that might enhance the value. You can improve or remodel the property, change the usage, or make other changes. With an investment in a stock, all of the management decisions that might affect the value are out of your control.

### Choices For Investors

There are different ways that investors may use to make profits in real estate. One way is to invest for the long term by owning apartments or commercial properties. Some investors pick only land investments, spending a great deal of time choosing the areas that have the best potential for increases in value. There are some other investors that move quickly in and out of houses or small income properties, rehabilitating the neglected ones that will increase in value after a fix up.

Investors have been investing ➡



## 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                    |
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| <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.

*(continued from page one)*

in rundown properties for a long time. Sometimes a homeowner may see an opportunity for profit right next door. With hard work and a small investment, an inexpensively purchased property that was in a rundown condition might be transformed into an attractive home.

Some owners lease the property for rental income while they hold it for long-term capital appreciation. Sometimes they refinance, getting their original down payment back, and then hold the property as a long-term investment.

### Things To Watch For In A Fix Up

Before the property is purchased, the investor must determine whether the property can be profitably fixed up. Some owners do the work themselves and others hire people to do it. Either way, planning is necessary. Here are some of the things that can be done to make a profitable fix up job:

1. **General clean up and painting.**
2. **Replace carpets and window coverings.**
3. **Repair any broken or cracked windows.**
4. **Replace outdated bathroom fixtures.**

### 5. **Repair or replace broken gutters or downspouts.**

### 6. **Complete new landscaping of the yard.**

Here are some of the things that can be very difficult and may make a fix up job unprofitable:

1. **A serious termite problem.**
2. **A wet basement.**
3. **Inadequate plumbing or plumbing needing replacement.**
4. **Broken seals on thermopane windows.**
5. **Building is structurally unsound. (Severe cracks, uneven settling or buckling.)**
6. **A new roof. While this can sometimes be handled in the ordinary fix-up, it is expensive. If all other things are favorable, check with a roofing contractor to see if the roof can be repaired rather than replaced.**

Making a mistake in the purchase of a property for rehabilitation can be disastrous. Before making the offer to purchase any house that is to be fixed up for profit, hire an engineer or a competent inspector. The report from this professional will tell you what repairs are essential and some idea of costs. ❖

## Water And Fire Safety In Your Home

Homes are in more danger from fire during winter months than in other seasons. With heaters of various kinds plus fireplaces, there are more flames to touch off the disasters. Everyone has been told over and over about fire safety.

Fires can kill people and do damage to property. But, speaking of damage, did you know that your home is **six times** more likely to suffer damage from water than fire? That is what a major insurance company's claim results show for 2010.

Here are a few tips to use to reduce fire risk and water damage in your home.

### First - Water Safety

- Find out where your main water shutoff valves are located. If a special tool is needed, get one.
- Inspect plumbing and waste lines for leaks or damage.
- Replace washing machine hoses every 2 – 3 years. (A friend that owns a coin laundry replaces all hoses every 12 months.)
- Replace the water heater after 7 – 10 years.
- Clean gutters regularly and inspect roof annually.
- If you have a sump pump, test and maintain it regularly.

- Consider installing a water flow/leak detection device.
- With more people buying second homes, owners should consider turning off water at main shutoff valve when leaving either home unoccupied.
- Encourage builders to install easily accessible shut-off valves in all retrofitted and newly built homes.

### Fire Safety

- Don't run electrical cords under rugs. Replace any frayed or damaged cords. Make sure that extension cords are safety tested and can take an adequate amount of current. Don't use any electric heaters until you have checked if the home's wiring is adequate.
- Put safety covers over wall outlets if children are in the home.
- Keep drapes and furniture at least three feet from woodstoves, heaters and fireplaces. Have a screen over fireplace opening.
- Never leave cooking food on a stovetop unattended.
- Have home checked by electrician if there is any sign of bad wiring such as blown fuses.
- Have the chimney inspected and cleaned regularly. Like water safety, clean roof and gutters of leaves and debris. Trim dead branches from trees and bushes. Keep woodpile and flammable plants away from the house. ❖

## Why Rent When Buying A House Has So Many Benefits

**Another article in this issue recommended acquiring additional real estate as an investment. We forget sometimes that there are people that can afford to own a home, but still rent.**

Sometimes we have gotten a question from the person who is renting a house or apartment on why they should bother to own a home. They feel that there are benefits to renting that outweigh the problems of owning and keeping up a home. There may be a few advantages to renting—about the only one that we can think of is the advantage of lower costs if the person must move very often. It would take a few years of ownership to offset the closing costs on a sale if you must move. On the side of the benefits of home ownership, here is a short list that a renter can never have in his wildest dreams.

- The property taxes and mortgage interest payments are exceptional annual tax deductions.
- Under the current federal tax laws, the gain when a home is sold makes most capital gains for nearly all homeowners totally tax-free.

Many owners are planning the strategy of serial buying and selling. This can add many thousands of dollars to your net worth before retirement.

- If any financial emergency strikes the family, the homeowner can investigate the possibility of a home equity loan.
- There is a saving plan in making payments on a home. Each month, part of the monthly payment on an amortized loan goes to pay off the principal and the equity grows. Probably the home is also increasing in value.
- If the owner has a fixed rate mortgage, there is the security of knowing that the payment will not increase and no landlord can start an eviction. The renter has no control over rent increases and the possibility of eviction.
- The homeowner has the freedom to paint any room in whatever color, no matter how it looks. The property can be remodeled any time as long as the proper permits are secured; the garden can be changed to suit personal tastes. If any improvements make the value of the property go up, the owner gets the benefits of the increase at the time of the sale. ❖

# 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	10	18.2%	440	294.9K to 899.9K	587K	1
2000	Brighton	39	2	5.1%	246	1.175M to 1.3M	1.238M	0
<b>S/T</b>	<b>North Beach</b>	<b>106</b>	<b>12</b>	<b>11.3%</b>	<b>407</b>		<b>695K</b>	<b>1</b>

## 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%	342	535K to 1.45M	774K	0
310	Boca Mar	38	0	0.0%	0	SOLD OUT	N/A	0
350	Beresford	53	3	5.7%	153	1.025M to 1.1M	1.058M	0
400	Excelsior, The	27	4	14.8%	340	3.495M to 5.995M	4.435M	0
500&550	Chalfonte, The	378	8	2.1%	112	430K to 795K	604K	8
600	Sabal Shores	125	13	10.4%	237	299K to 1.15M	688K	1
700	Sabal Point	67	3	4.5%	212	469K to 725K	564K	0
750	Sabal Ridge	31	1	3.2%	71	1.3M	1.300M	0
800	Presidential Place	42	4	9.5%	323	2.995M to 4.2M	3.686M	0
<b>S/T</b>	<b>Boca Beach</b>	<b>916</b>	<b>44</b>	<b>4.8%</b>	<b>239</b>		<b>1.332M</b>	<b>9</b>

## 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	3	3.1%	165	339K to 377K	364K	0
1200	Cloister Beach	128	4	3.1%	199	289K to 475K	382K	3
1400&1500	Addison, The	169	19	11.2%	352	699K to 2.199M	1.334M	1
1800	Placide, The	54	5	9.3%	129	649K to 850K	727K	2
2000	Whitehall	164	5	3.1%	70	400K to 629K	506K	0
2494	Aragon, The	41	7	17.1%	300	1.99M to 6.5M	3.384M	1
2500	Luxuria, The	24	3	12.5%	92	3.85M to 4.995M	4.248M	0
2600	Stratford Arms	120	5	4.2%	147	649K to 762K	705K	3
2800	Whitehall South	256	12	4.7%	323	429K to 1.799M	698K	5
3000	3000 South	80	4	5.0%	111	450K to 750K	595K	1
<b>S/T</b>	<b>South Beach</b>	<b>1132</b>	<b>67</b>	<b>5.9%</b>	<b>245</b>		<b>1.256M</b>	<b>16</b>
<b>Totals</b>	<b>May 2011</b>		<b>123</b>	<b>5.7%</b>	<b>259</b>		<b>1.228M</b>	<b>26</b>
<b>Totals</b>	<b>One Year Ago</b>		<b>129</b>	<b>6.0%</b>	<b>184</b>		<b>1.249M</b>	<b>24</b>

### 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 April 25, 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.