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THE BOCA BEACH REPORT

May 2013

*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.

Real Estate Markets Are Heating Up

Hot real estate markets are coming and are already here in some places. Prices are inching up. Inventory is thin. Buyers are frantic because they miss out on some houses because their offer is beaten by others. Real estate agents get caught in the middle as they try to negotiate purchase contracts that are acceptable to both sides of the transaction.

Along with jangled nerves, hot markets mean multiple offers will be received for just about every for-sale home. These bidding wars are great for sellers, but they add to the “frustration” factor for buyers. How can you buy the home of your dreams when several other people are also bidding on it? Here are six tips:

1. Make your best offer. Let’s face it, the bottom line is the most important consideration for most sellers. They’re naturally looking to sell their home for the highest possible price. If you want to win a bidding war, offering the highest price—something attractively above the asking amount—is a sure way to get the seller’s attention. Most sellers who receive

multiple offers only seriously consider those at the top of the price heap.

2. Cover the seller’s costs. Of course, price is only part of the equation when it comes to the seller’s net proceeds from the sale. An offer with a slightly lower price can triumph if the buyer agrees to incur more of the transaction costs. Pay 100 percent of the escrow fees. Purchase your own home warranty, instead of asking the seller to buy it.

3. Show you’re serious. Offer to make a large earnest-money deposit and as large a down payment as you can. Putting more money on the table up-front shows the seller you’re serious about the transaction and willing to put your money behind your intentions.

4. Get pre-approved. Attach a copy of your mortgage preapproval letter to your purchase offer. A prequalification letter is helpful, but a full approval, subject only to an appraisal of the property, is even better. Sellers favor buyers who demonstrate that they’re financially able to close the transaction. Agents advise getting your

preapproval letter from a local mortgage broker or lender who has a good reputation among the local agents.

5. Work with a real estate agent who is successful and well-known to other agents.

Your agent's professionalism - or lack of it - reflects on you. Also, if your agent will be faxing your offer instead of presenting it in person to the seller, a cover letter might be attached. The letter should be addressed to the sellers and should outline the strengths

of your offer. (Making sure the paperwork is neat and legible helps too.)

6. Don't add unusual or unnecessary contingencies or requests to your offer.

Sellers know extra contingencies (e.g., the approval of in-laws, the sale of another residence) can delay the transaction or create a loophole for the buyer to bow out of the agreement. Special requests (e.g., the right to purchase appliances or move in early) complicate the offer and distract both sides from more important

elements. On the other hand, don't waive standard inspection and financing contingencies unless you thoroughly understand the considerable risks.

Tip: Ask your real estate agent to go over the standard contract with you before you receive or make a purchase offer. That way, you'll know what to expect and be prepared to negotiate the best deal you can get. ❖

Real Estate Transactions May Need Negotiations

The natural focal point of a real estate purchase contract is the selling price of the home, but the price isn't the only factor that determines the net bottom line for both the buyer and the seller. Is a bargain for the buyer really a bargain if he or she is paying all the transaction costs? Is a top price for the seller really a top price if the buyer wants all the furniture to be included in the purchase price? What if the buyer can't come up with the down payment or qualify for a mortgage?

Before you decide to go ahead with a great price, here are five other bottom-line points to consider:

1. What are the estimated transaction costs and who will pay for what?

Typical costs include the brokers' commission, a home inspection, a termite inspection, escrow or attorney's fees, a title search, an owner's title insurance policy, transfer taxes and recording fees. The price tags on these items vary greatly around the country. Who pays for what is a matter of both local custom and negotiation.

2. How much money is the buyer putting into escrow and how soon?

A big deposit—called “earnest money”—and a substantial down payment are generally seen as a sign that the buyer is serious about completing the transaction. From the seller's point of view, the more

money the buyer places in escrow and the sooner the money is transferred, the better.

3. Is there a mortgage financing contingency and how specific is it?

The mortgage escape clause is a must for buyers, unless they're paying all cash for the home. Without this contingency, buyers can be legally obligated to purchase the home even if they can't obtain financing. Further, an open-ended statement that says the buyer will obtain a loan “at the prevailing rate of interest” leaves the buyer completely exposed to interest rate fluctuations. A statement that says the

loan must be at an interest rate "not to exceed xx percent" and on specified terms is preferable.

4. What furniture, fixtures and appliances, if any, are being sold with the property?

Technically, anything that's permanently affixed to or installed in the home is real property. Everything else is the seller's personal property. This distinction is a narrow one and it naturally leads to a fair amount of confusion. Are built-in appliances real property or personal property? What

about a shelving system? A chandelier? Window coverings? Potted plants in the backyard? Sellers who intend to remove anything that's attached to the home should have that spelled out in the contract. And the same goes for buyers who expect to acquire any of the furniture or other movables.

5. What will happen if either side breaches the contract?

Unless an unmet contingency triggers the abandonment of the contract, it's a binding legal document. Buyers who fail to perform can lose their

deposit money. Sellers who try to back out can be sued for "specific performance," which forces the sale of the home to the buyer. Many contracts also specify that disputes must be brought in small-claims court or presented for arbitration or mediation.

Tip: Like our previous article, ask your real estate agent to go over the standard contract with you before you receive or make a purchase offer. That way, you'll know what to expect and be prepared to negotiate the best deal you can get. ❖

Need To Know Value? Help Is Here

It pays to have a good idea of the equity in your home. There are many reasons to keep tabs on your value. While most real estate agents are not appraisers, we do have a feel for the market in our area. We can give you a very accurate market analysis which can give you a good idea of value.

Here are a few ways that a market analysis can help you:

- Determine the investment soundness of a room addition or remodeling.
- Make realistic judgments in planning your estate or writing a will.
- Set the right selling price in line with other recent sales which might save thousands of dollars.

• To know if your insurance coverage is adequate. While most insurance companies try to keep up with inflation or downward changes in value, it is good to have another opinion.

• Make the decisions necessary if you are refinancing the home. Take advantage of today's low rates.

Making a fair-market analysis is an exact, detailed skill. For instance, in arriving at the value, the calculations include the following.

1. Measuring the size of the home and the lot. Checking the age of the structure and its condition. Evaluating the number of rooms, baths, number of bedrooms and extras such as decks, spas, size of garage.

2. Examining the condition of the exterior and interior. If selling soon, I can help to determine what repairs and refurbishing can bring you the top dollar.

3. Comparing the home with similar properties in the immediate area for sale or have recently sold. This may be close to what a professional appraiser might do for you.

4. Looking at current interest rates and lender's criteria and market conditions with my experience in real estate sales and listings. Interest rates that buyers will pay affects value of homes.

I can help you to know the value of your home today. Only a careful inspection and calculation can establish its unique position in the real estate marketing arena. Call me for an early inspection of the home. ❖

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	3	5.5%	709	559K to 799K	636K	0
2000	Brighton	39	0	0.0%	0	SOLD OUT	N/A	0
S/T	North Beach	106	3	2.8%	709		636K	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	15	9.7%	124	599K to 1.775M	907K	0
310	Boca Mar	38	0	0.0%	0	SOLD OUT	N/A	0
350	Beresford	53	1	0.9%	25	1.395M	1.395M	0
400	Excelsior, The	27	4	14.8%	621	2.249M to 5.45M	3.811M	0
500&550	Chalfonte, The	378	7	1.9%	140	450K to 1.375M	748K	3
600	Sabal Shores	125	5	4.0%	517	375K to 875K	574K	1
700	Sabal Point	67	3	4.5%	71	369K to 1.895M	898K	0
750	Sabal Ridge	31	1	3.2%	183	1.149M	1.149M	2
800	Presidential Place	42	0	0.0%	0	SOLD OUT	N/A	0
1000	One Thousand Ocean	52	5	9.6%	256	2.9M to 12.95M	6.479M	1
S/T	Boca Beach	968	41	4.2%	241		1.819M	7

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%	184	268K to 650K	459K	0
1200	Cloister Beach	128	5	3.9%	74	265K to 699K	379K	1
1400&1500	Addison, The	169	18	10.7%	432	675K to 3.8M	1.185M	3
1800	Placide, The	54	2	3.7%	165	549K to 799K	674K	2
2000	Whitehall	164	5	3.0%	191	475K to 899K	653K	3
2494	Aragon, The	41	5	12.2%	220	2.295M to 6.5M	4.036M	1
2500	Luxuria, The	24	2	8.3%	85	5.95M to 7.95M	6.973M	0
2600	Stratford Arms	120	1	0.8%	14	795K	795K	1
2800	Whitehall South	256	10	3.9%	114	499K to 995K	618K	1
3000	3000 South	80	3	3.8%	188	569K to 655K	625K	2
S/T	South Beach	1132	53	4.7%	241		1.376M	14

Totals May, 2013 **2206** **97** **4.4%** **256** **1.540M** **21**

Totals May, 2012 **2154** **104** **4.8%** **257** **1.061M** **26**

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 2, 2013. 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.