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THE BOCA BEACH REPORT

July 2014

*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.*

Move A Building - A Big Opportunity

Chances for profits can come along and most people will never see them. Have you ever seen a sign on a house or other building that says, "For Sale, To be Moved?" This could be an opportunity for anyone, particularly if that person owned or can acquire a vacant lot nearby.

What if there is a \$300,000 structure offered for sale for \$40,000—the land has been condemned to make way for a municipal use, and the house or other use building must be moved or torn down. It could be a good investment to buy the building and have it moved to a new location. The asking price is low because of the expenses of moving it.

The costs will vary greatly in different areas. So, let's assume that the movers may charge \$30,000 or so; a new foundation may cost \$20,000. The buyer will have to check in advance with governmental and utility companies for permit costs to obtain and charges to pay to remove traffic lights, street signs, telephone, gas and electric lines along the route. For our example, let's say those cost \$20,000. If the cost of the new lot were \$75,000, then the total outlay of cash would be \$185,000. If, after the work was completed

the building in the new location would be valued at \$300,000, it could be a nice profit in an unusual real estate investment.

Moving a building can be smart in other situations. Here are a couple of ideas:

- * A house sits in the center of a large property that could be subdivided. Move it to one side of the lot, subdivide and sell parcels or build on the lots for sale.
- * A commercial building is for sale because a two-lane highway in front is being widened. If the sale price is low enough and the lot deep enough, maybe it would be practical to move the building to the back of the property.

Nearly any house is capable of being moved. The question that separates the shrewd investors from those who get into trouble is whether it should be moved. In most cities there are yellow page lists of House and Building Movers. These professionals can help evaluate any certain building.

Some large houses can be cut into two parts and reassembled at the new location. Take care with very old, historic houses. They might not survive a move and still be the same gem of a structure they were before. ❖

Facts About Appraisals And Values

Prices of homes have leveled from the steep declines of last year. In some areas, prices have gone up. When the public is questioned about the state of residential real estate today, a high percentage (23%) say they are ready to buy as soon as prices drop "a little more". We are very close to a recovery in real estate. If those "buyers" become convinced that prices are stabilized, the boom will begin.

Anything to do with original financing or refinancing real estate usually leads to a professional appraisal. About the only way to avoid an appraisal is to pay all cash and own a home free and clear of loans.

When you watch the traveling "antiques" programs on TV, you see demonstrations of appraisals in action. The idea is nearly the same in real estate valuations, but in real estate there is no "snap judgment" like on TV. Even when the appraiser is quite familiar with the area and houses nearby, every step of the appraisal is taken. There are never "snap judgments" with a professional appraiser.

Each parcel of real estate is unique, and the appraiser uses his or her general expertise and specific research to arrive at an opinion of current value.

Since appraisals are not an everyday experience for most consumers, they have some misconceptions about how the appraiser arrives at the value. Here are some facts and myths:

Myth: The primary purpose of an appraisal is to protect the buyer so that he pays only what the property is worth.

Fact: While the finished appraisal gives valuable information to the buyer and the seller, the appraiser's primary job is to protect the lender. The lender insists on the appraisal. Lenders do not want to own overpriced property any more than they take pleasure in lending money to irresponsible borrowers. That is why the appraisal must be completed before the lender approves of the buyer's loan.

Myth: The Appraiser uses a price per square foot formula to figure out how much each home is worth. (This is like the cost of building it again.)

Fact: There are many factors that go into the appraisal. For instance, the location of the house, its proximity to desirable schools and other public facilities, the size and shape of the lot, the square footage and condition of the

structure itself. Recent sales prices of comparable properties in the area are taken into consideration.

Myth: Getting the home in spotless condition before the appraiser arrives can improve a home's valuation.

Fact: Appraisers aren't interested in how clean the home may be. They do look at the overall condition of the home for signs of neglect like cracked walls, worn or torn carpets, chipped paint, broken windows, damaging flooring and inoperable appliances.

Myth: It is not difficult to learn to be an appraiser. Anyone can call himself/herself an appraiser, get a clipboard and start in.

Fact: States are required by federal law to establish minimum standards and licensing practices for real estate appraisers. In some states, trainees must take several college-level courses, pass an examination and complete 2,000 hours of supervised experience.

Myth: Appraisers report only to the lender and do not have to reveal home defects to buyers.

Fact: It depends on the type of loan. If the mortgage will be insured by the Federal Housing Administration (FHA), the appraiser must survey the physical condition of the home and disclose potential problems to the buyer. If it is for a non-FHA mortgage, no such obligation exists. The person paying for the appraisal can request a copy.

Myth: If the home is appraised, no home inspection is needed. The appraisal is identical to a home inspection.

Fact: An appraisal is not a substitute for a professional home inspection. The appraiser is there to form an opinion of the property's value for the lender, while the inspector works for the buyer to inform the buyer of the condition of the home and its major components.

Myth: If the appraiser's value of the home does not "come in high enough" and is lower than the purchase price in the contract, the buyer will not be able to purchase the home.

Fact: It is true that this can make the transaction difficult, but the transaction can sometimes survive a "low" appraisal if the buyer and seller renegotiate the purchase price, or if the buyer makes a larger down payment. A separate escrow account could be set up to make repairs that will increase the value of the home.

Occasionally, an appraiser will reconsider his or her opinion if compelling evidence supports a higher valuation. ❖

Managing Your Rental Vacation Home

Second homes are a great investment residential real estate! After you buy one in a seasonal resort, you find that the expenses of that ownership go on for the whole twelve months of the year. During the year you only use the home for part of that time. Many owners have solved the expense problem by renting the property part of the year. If you rent it, you can use a management firm or manage it yourself.

When You Hire A Management Firm

Whether you choose a local Realtor's management office or a large firm specializing in management of hundreds to thousands of properties, you should get the same professional attention. A company's past performance and depth of experience are important considerations when selecting a property management organization. Interviewing a management company's clients, tenants, vendors and others in the real estate community, and inspecting properties being managed by the organization gives a good indication of the organization's management experience, effectiveness, methods and style.

The Small Firm. A local Realtor with an excellent reputation can do an excellent job as your rental agent. The firm will advertise widely and build up a clientele of repeat guests who are known to them. The smaller organization with limited rentals available can handle them professionally and efficiently.

The Large Management Company.

The large company does the same basic job of management as the smaller firm. There may be advantages as the bigger firm managing many houses and condos will have a large staff for maintenance and cleaning which could mean a quick turnover in readying a property for a new rental.

Some large rental and management companies have an office open 24 hours like the front desk of a hotel. A "vacancy"

sign out front invites guests with no reservations during slack seasons. Guests are sent out to the home or condo with keys and a map or escorted out by maintenance personnel.

The Contract

The Rental Management Agreement has many provisions. Here are some of the most common:

- The agreement is usually an exclusive agreement which stipulates that owners may not personally rent the unit. However, owners may reserve the condo or home for a certain number of days per season.
- The revenue split is usually 50% - 50% split between agent and owner, although some may be 40% - 60%. Turnover of tenants many times a month is expensive. Credit card fees are usually paid by rental agent and travel agent; commissions charged to owners.
- The agent's expense covers all that are associated with renter occupancy, replacement of missing table place setting items, front office operations, reservations, group reservations, marketing and sales programs, key control, minor maintenance and monthly accounting.
- Owner expense includes utilities, major maintenance, replacement due to normal wear and tear, annual cleaning and upgrade. Owner must obtain public liability insurance and proof of insurance must be provided to agent.

These are the major items on the list. There will be others, many depending on the specific location of the property being managed.

Manage It Yourself

If the owner just rents the home occasionally to friends and relatives, the management might be quite simple and can be done at home. If the home is rented more often, professional management must be considered. Professional management, as we have shown, consists of proper maintenance, administration of a budget and bill payments. If the owner lives away from the rented property, the smallest detail can be difficult for him but not for a Realtor. ♦

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	1
2070	Athena	4	1	25.0%	266	3.2M	3.2M	0
2066	Ocean Reef Towers	55	1	1.8%	68	510K	510K	1
2000	Brighton	39	0	0.0%	0	SOLD OUT	N/A	0
S/T	North Beach	106	2	1.9%	167		1.855M	2

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%	275	275K to 1.3M	765K	1
310	Boca Mar	38	2	5.3%	121	169K to 465K	317K	0
350	Beresford	53	1	1.9%	47	1.25M	1.25M	0
400	Excelsior, The	27	6	22.2%	165	2.95M to 6.2M	4.125M	0
500&550	Chalfonte, The	378	3	0.8%	54	625K to 895K	732K	1
600	Sabal Shores	125	8	6.4%	168	365K to 859K	677K	0
700	Sabal Point	67	4	6.0%	209	529K to 1.75M	1.151M	0
750	Sabal Ridge	31	0	0.0%	0	SOLD OUT	N/A	0
800	Presidential Place	42	0	0.0%	0	SOLD OUT	N/A	0
1000	One Thousand Ocean	52	2	3.9%	100	2.995M to 6.75M	4.873M	0
S/T	Boca Beach	968	34	3.5%	177		1.609M	2

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	1	1.0%	172	469K	469K	1
1200	Cloister Beach	128	2	1.6%	16	318K to 399K	359K	0
1400&1500	Addison, The	169	5	3.0%	144	999K to 2.599M	1.619M	1
1800	Placide, The	54	2	3.7%	89	649K to 659K	654K	1
2000	Whitehall	164	0	0.0%	0	SOLD OUT	N/A	3
2494	Aragon, The	41	6	14.6%	213	1.95M to 5.999M	3,381M	0
2500	Luxuria, The	24	0	0.0%	0	SOLD OUT	N/A	0
2600	Stratford Arms	120	1	0.8%	118	750K	750K	1
2800	Whitehall South	256	2	0.8%	181	795K to 895K	845K	2
3000	3000 South	80	3	3.8%	87	520K to 1.199M	773K	1
S/T	South Beach	1132	22	1.9%	141		1.620M	10

Totals	July, 2014	2206	58	2.6%	163		1.622M	14
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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 FlexMLS on June 18, 2014. This representation is based in whole or in part on data supplied by FlexMLS.
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