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THE BOCA BEACH REPORT

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*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.

Buying In A New Condo Development

Be Informed when buying in a new condominium development. Many buyers of a condominium are familiar with how this type of property is sold in their state. When buying an existing condo, you can look and inspect the property, check existing records of monthly charges and fees. Buying a new condominium, often as a second home or retirement home in another state, the prospectus should be studied carefully. Another state may have laws you are not familiar with. Here are some of the things to watch:

- The prospectus will include a plan of the unit you are buying, showing the rooms of certain measurements. The plan is quite rough and omits closets. *The unit may be smaller than you think.*
- What if the prospectus includes this clause: *The interior design shall be substantially similar.* This might mean that the developer can alter the size and design of your unit.
- Often the estimated common charges sound unrealistically low. Rather than rely on the developer’s estimate of common charges, find out the existing charges on nearby units that are comparable.

Common charges usually include: Electricity for hallways and outside areas, water, clean-up, refuse

disposal, common areas insurance, pool maintenance, groundskeeping, legal and accounting charges, reserves for future repairs. Developer may have omitted some of the charges and reserves on unsold units.

- The prospectus does not mention parking spaces. Each unit must have spaces designated and marked. If not, you may be leasing spaces from the developer.
- What if the prospectus does not state exactly how many units will be built in the development in different phases? If many more units are built, pools and other facilities are not adequate for the number of residents.
- The prospectus specifies that the developer shall be the property manager of the completed condominium. If the language used to spell out the common charges and management fees is not explicit, the owner’s association may not be able to control monthly charges and fees.
- The prospectus might include this clause: *Transfer of ownership (of the common areas from the developer to the homeowner’s association) will take place 30 days after the last unit is sold.* What if the developer deliberately does not sell one unit, continues to manage the condominium with highly profitable operating contracts with his subcontractors? ❖

Negotiating For A Property

When looking for a new property to buy finding the right property may be the easiest part of the real estate purchase or exchange. When the negotiations begin and the buyer and seller do not agree on price and terms, the difficult part of the transaction starts. It helps in these negotiations for each of the principals to be as well informed on all aspects of the transaction, the property or properties and their values and current information on financing.

The Seller's Side

A complete list of comparable sales prices of similar properties should be furnished to the seller. This must be properties actually sold. Other properties still on the market with an "asking price" should be furnished but should be given less emphasis. Only properties that have had the final "appraisal" of a negotiated sale price should be taken into serious consideration.

The best possible information for any seller is to have a professional fee appraisal done on the property. The cost is usually small in comparison to the value, and is worth it. Some owners have found out too late that they sold too low!

In finding the value of a property, either by appraisal or by a carefully prepared list of comparable sales by a knowledgeable broker, a "range" of values will be given to the potential seller. Rather than a specific price, a small house may be worth from \$390,000 to \$415,000. A larger property might have a range of \$2,050,000 to \$2,200,000, for instance. A sale with much cash offered may be at the lower end of the price scale, with a higher price negotiated with less cash and a sale for terms.

This gives the seller confidence in the final decision on the asking price. They might list the property at the high end of the range, but have the knowledge to seriously consider an offer at the lower end. This seller might be totally comfortable in any negotiation that starts anywhere in this range. If a final agreement of the negotiation works out anywhere near the top of the range, it would be satisfying.

The Buyer's Side


When the buyer enters the market for a property, it also helps in the final transaction to have him/her as knowledgeable as possible. Buyers often only see the "asking" prices on properties being shown to them. They should know more. The buyer's agent should secure information on those comparable sales to give that buyer the same confidence in negotiation that the seller possesses.

Without sufficient information available, the potential buyer may make the decision based on a lack of information - the decision to do nothing!

The Broker

With knowledgeable and confident buyers and sellers entering into a negotiation, both will have the hope of working out a fair price and terms quickly, then closing the transaction.

Negotiations should begin with a broker, since the broker furnished the needed information in advance. In addition, brokers always use written documents, signed by the parties involved, to negotiate sales or exchanges. Negotiations are handled on a point to point basis, always in writing, so both parties have a complete written record. Here is an example of a simple negotiation between a buyer and seller in a sale transaction.

1. The seller lists a property for sale through his broker. Asking price after examination of comparable sales is \$300,000 for the property. It is free and clear of loans.
2. Broker brings an offer from a buyer. Offer is at \$270,000, with a cash down payment of \$90,000. The terms are the seller is to carry back a \$180,000 note secured by the property, at monthly payments of \$2,000.00 including interest at 8%, with the balance all due in five years. (Loans carried by the seller avoid bank approvals, appraisal fees, and "points".)
3. Seller counter-offers. The price is to be \$285,000. Buyer to pay the \$90,000 in cash and buyer to get new bank loan for \$195,000, giving the seller all cash in the sale. 

(continued)

4. Buyer sets new terms with another counter-offer. The sale price of \$285,000 is accepted. Buyer to pay \$90,000 down payment. Buyer will get a new bank loan of \$150,000. Seller to carry \$45,000 balance at \$525.00 monthly including interest at 8%, with the balance due in five years.

5. Seller accepts these terms.

Even though these changes in negotiations are very simple, they might have fallen apart without the patient and professional help of the third party real estate broker.

Negotiations with Terms

Price is important in any sale; terms can be just as important. A seller might get his "price" but lose something more important in the terms.

Notes carried by a seller are usually at higher than bank interest. Accepting a lower interest rate on a note carried back can be the same as cutting the selling price. Think of the difference between a \$100,000 note at 6% or at 8%.

The 6% note might have payments of \$844.00 for 15 years while the payment at 8% for the same 15 years would be \$956.00 a month. This is a difference of \$112.00 a month. In the 180 months in the 15 years, this would be a difference of \$20,160.00.

Interest rates must be negotiated as carefully as the original price. The length of time covered by the note is just as important. In the note example, the 8% interest might have been a bad negotiation over the fifteen-year period. However, if the balance of the note became due in just one year, the \$112.00 a month would be for only 12 months, for a total difference of only \$1,344.00, an amount that the seller might find acceptable.

There are no limits to the things that can enter into the terms of a real estate transaction. Price might be sacrificed for an "all cash" sale. There might be considerations negotiated for a fast "closing" or a long wait until a close, for personal or tax reasons on either side. ❖

Your Home's Value Is Important Even When Not Selling

Most owners have a general idea of the equity in their home. If you want a very close estimate, call me. 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. I 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.
- Make the decisions necessary if you are refinancing the home.

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, It 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 recently sold.
4. Looking at current interest rates and lender's criteria and market conditions with my experience in real estate sales and listings.

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. ❖

Oceanfront In BOCA

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	0	0.0%	0	SOLD OUT	N/A	0
2000	Brighton	39	1	2.6%	260	1.30M	1.3M	0
S/T	North Beach	106	1	0.1%	260		1.3M	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	2	1.3%	35	775K to 1M	888K	0
310	Boca Mar	38	2	5.3%	320	324K to 459K	392K	0
350	Beresford	53	2	3.8%	234	1.385M to 2.4M	1.893M	0
400	Excelsior, The	27	1	3.7%	687	2.95M	2.95M	0
500&550	Chalfonte, The	378	5	1.3%	68	795K to 1.125M	918K	0
600	Sabal Shores	125	6	4.8%	249	529K to 995K	740K	1
700	Sabal Point	67	1	1.5%	55	899K	899K	0
750	Sabal Ridge	31	1	3.2%	237	1.8 M	1.8M	0
800	Presidential Place	42	4	9.5%	156	4.699M to 5.8M	5.237M	0
1000	One Thousand Ocean	52	2	3.9%	130	5.995M to 6.35M	6.173M	0
S/T	Boca Beach	968	26	2.7%	191		2.089M	1

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	7	7.3%	118	399K to 724K	494K	0
1200	Cloister Beach	128	4	3.1%	139	499K to 525K	515K	1
1400&1500	Addison, The	169	9	5.3%	145	1.39M to 3.15M	1.990M	0
1800	Placide, The	54	3	5.6%	108	1.05 to 1.499M	1.216M	1
2000	Whitehall	164	7	4.3%	162	550K to 1.29M	888K	0
2494	Aragon, The	41	3	7.3%	108	2.65M to 4.95M	3.483M	0
2500	Luxuria, The	24	2	8.3%	68	5.95M to 6.75M	6.35M	0
2600	Stratford Arms	120	2	1.7%	150	1.05M to 1.4M	1.225M	0
2800	Ocean Towers	256	7	2.7%	112	698K to 1.75M	1.233M	4
3000	3000 South	80	1	1.3%	450	657K	657K	0
S/T	South Beach	1132	45	4.0%	136		1.501M	6
Totals	Jan. 2017	2206	72	3.3%	158		1.711M	7
Totals	Jan. 2016	2206	65	3.0%	105		1.906M	16
Totals	Jan. 2015	2206	58	2.6%	113		1.794M	15

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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 BeachesMLS on December 19, 2016. This representation is based in whole or in part on data supplied by FlexMLS. FlexMLS does not guarantee or is not in any way responsible for its accuracy. Data maintained by FlexMLS may not reflect all real estate activity in the market.