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THE BOCA BEACH REPORT

January 2019

*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.

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



(continued)

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 liens.
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.

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 Real Estate Brokers

How can we be of service to you? When you are buying or selling a home, of course. At other times, we can handle property management for any properties you might own. Let us help in determining the value of your home, anytime you need to know.

Call this office when you need services of an expert in this community's real estate. We have the records of all properties for sale at all times. Today's interest rates, availability of loans, and any other financial information that can affect your property is as close as your phone.

Keep our newsletter as a file of useful real estate information and to remind you to call us whenever you need "Professional Service".

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 main-

tenance, 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? ❖

Don't Remodel – Re-Do

Some owners move to a new home every 5 to 10 years, but many stay in their home for decades. Over time, a home can lose its charm and become old and boring. Redoing rooms within a home can give that old home a whole new life. Do the rooms in your home suit their present use? Could they be put to better use?

Examine Each Room

Take a tour of your home with your family and look at each room. Is it serving a distinct purpose? Has your teenage son's room changed since he was in middle school? Does your daughter's room still look like a princess castle? Could that very small bedroom make a great library or office?

If you determine they are not serving the needs of your family why not re-configure. Maybe moving to a new location is not the answer at this time, but a make-over (not a remodel) may solve the problem and you discover a new home within your old home.

Create A Plan & Set A Goal

Decide with your family which rooms would work better for them. Create a plan, set goals. What do you want to achieve with each room. Maybe your daughter has always looked at that very small bedroom, that is used as a guest room, picturing it as her room. Re-assign rooms based on the goals that the family has set and make a detailed plan of

what each room fits best with each goal.

Let each family member choose the paint colors for their new room. Let them make choices. Maybe bunk beds for the boys room, making a place for a visiting friend. The new paint colors, a new bed spread, window coverings, throw rugs and furniture will completely restore a room.

Plan A Week Per Roo

With the goal set, give older kids a budget for their room. No need to spend a lot, a little hard work and a new paint color can transform a room. Re-purpose old furniture with a little sanding and a new coat of paint to transform a chest of drawers or a bookcase.

Next step is to move out everything in the chosen room to a temporary location in your home, basement or garage. It may be inconvenient but think of it as a new adventure. Then clean the walls, carpet or floor, windows and closet. An empty room is like a blank canvas ready to reinvent the space.

Paint the walls and trim, install new carpet if the budget allows and install the window coverings. Finish other do-it-yourself projects, then move back in for a new completed space. Your children get to sleep in their new room that they helped to design.

Whatever the new space, whether a home theater, or an office, it will be new, clean and a fresh start. ❖

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	0	0.0%	0	SOLD OUT	N/A	0
S/T	North Beach	106	0	0.0%	0			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	5	3.2%	139	975K to 2.2M	1.395M	0
310	Boca Mar	38	2	5.3%	55	669K to 749K	709K	0
350	Beresford	53	2	3.8%	21	1.650M to 1.999M	1.825M	0
400	Excelsior, The	27	1	3.7%	83	4.9M	4.9M	0
500&550	Chalfonte, The	378	8	2.1%	96	625K to 1.035M	852K	1
600	Sabal Shores	125	4	3.2%	174	347K to 969K	609K	0
700	Sabal Point	67	5	7.5%	169	549K to 899K	753K	0
750	Sabal Ridge	31	2	6.5%	30	2.5M to 3.5M	3.0M	0
800	Presidential Place	42	1	2.4%	42	4.5M	4.5M	0
1000	One Thousand Ocean	52	9	17.3%	241	4.199M to 13.5M	6.217M	0
S/T	Boca Beach	968	39	4.0%	141		2.472M	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	5	5.2%	137	619K to 725K	641K	0
1200	Cloister Beach	128	0	0.0%	0	SOLD OUT	N/A	1
1400&1500	Addison, The	169	8	4.7%	116	1.25M to 2.5M	1.877M	0
1800	Placide, The	54	0	0.0%	0	SOLD OUT	N/A	0
2000	Whitehall	164	8	4.9%	94	600K to 1.795M	848K	0
2494	Aragon, The	41	4	9.8%	169	2.795M to 8.5M	4.541M	0
2500	Luxuria, The	24	0	0.0%	0	SOLD OUT	N/A	2
2600	Stratford Arms	120	1	0.8%	25	1,395M	1.395M	0
2800	Ocean Towers	256	8	3.1%	96	789K to 2.995M	1.462M	0
3000	3000 South	80	4	5.0%	42	799K to 1.745M	1.109M	1
S/T	South Beach	1132	38	3.4%	105		1.597M	4

Totals	Jan. 2019	2206	77	3.5%	123		2,040M	5
Totals	Jan. 2018	2206	82	3.7%	228		2,153M	14
Totals	Jan. 2017	2206	72	3.3%	158		1.711M	7

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 December 18, 2018. 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.