



# Hollywood Real Estate Market Q&A

BY ROCHELLE LE CAVALIER | Ask@pinkpalm.com

**Dear Rochelle,**

My husband swears that we have seen the last of the real estate crash here in Hollywood and home prices are now going back up. I think the worst is yet to come. With the government foreclosure-stopping programs preventing the inevitable, there is bound to be a bigger crash, isn't there? He keeps showing me articles and statistics from who knows where. What is the real story? (A backrub for the winner is riding on this.)

Sincerely,

**Waiting for the other shoe to drop  
Hollywood, FL 33021**

**Dear Shoe,**

For homeowners in South Florida, any positive real estate news is music to our ears. We read, "The numbers this month/quarter/year are higher than they were last month/quarter year," and hope sets in. Knowing what those statistics mean to you, my Dear Hollywood Gazette Reader, may be another story altogether.

Broward County pending home sales increased 4.3 percent from 8,173 in March to 8,525 in April. Home sales increased 11 percent from April 2009 to April 2010 for single family homes and 30 percent for condos. Median single family home prices rose from \$191,300 in April 2009 to \$204,300 in April 2010, up 7 percent from last year while condo prices fell by 1 percent. (Source: Florida Association of Realtors.)

The bottom line: Sales have increased for the past few months as home prices have been about stable. This is largely due to a few specific factors: the high number of bank-owned homes being sold, the (now expired) April 30 deadline for first-time home buyer tax credits and increased investor activity.

Some say the market is nearing the bottom (or is already there), while others claim there will be another substantial drop in Broward home prices between the end of 2010 and mid-2011. Many Broward residents are certain that the worst of the foreclosure avalanche is over and prices are going way up. Some hope for a return to 2006 prices soon.

What is the answer?

The reality is that there are thousands of foreclosures waiting in the wings that will take 18 to 36 months to complete the cycle. What is probable and reasonable to expect is that home prices in Hollywood (and most of South Florida) will continue to fluctuate only slightly (a little up

a little down) over the next two years as foreclosed homes make their way through the system – after which home prices can be expected to appreciate at a more "normal" rate equal roughly to that of inflation (about 3 percent annually).

Dear Rochelle,

With all the foreclosed houses around Hollywood, it seems like a great time to buy investment property. I own my home and have some retirement savings but have never owned an investment property. How can I capitalize on the opportunity? Am I too late?

Sincerely,

**Sitting on the sidelines in  
Hollywood, FL 33024**

**Dear Side Lines,**

Congratulations on taking the first step of wise investing: Ask an expert. I have been advising real estate investors for more than a decade. As with any investment of your hard-earned dollars, it is prudent to get the facts and ask yourself if this particular opportunity is right for *you*.

Real Estate Investors (and most Realtors®) will tell you that it is always a good time to buy real estate. Currently, it is indeed a great time to buy real estate. Prices are lower than they have been in decades in some cases, and this can make for an excellent opportunity to invest. However, market timing is not the only factor to consider.

The most important aspect of real estate investing is your exit strategy (i.e., what are you going to do with the property once you own it?). Sure, you can buy at a low price... but then what? The days of "flipping" (buying and immediately selling at a profit) are over.

I assume you are asking about residential investment property as you mentioned "houses." There are several ways to make money in this domain: buy at auction and sell wholesale to other investors, buy wholesale and sell at market price ("retail"), buy at a fair price and hold for long-term appreciation and numerous variations on the theme. There are investors who rehabilitate property, allowing them to get amazing deals and maximize profits.

All real estate investment options require some level of expertise to generate a worthwhile return on the investment. If you are not an expert, this does not have to be a dead end. Find someone who is an expert and pay them to provide that expertise to you. Some investors prefer to invest in a Real Estate Investment Trusts (REITS) or Real Estate Equity Funds for a solid

return with less risk and none of the work.

Since the beginning of people living in dwellings, there have been those who own and rent those dwellings to others. For the average part-time investor, this is the best option to invest outside of REITS and Equity Funds. In every neighborhood, there are people who own a home to live in and another to rent out. This is manageable for most people as the rental property is near by and can easily be looked after.

There are areas for which I recommend enlisting the help of a professional when investing in real estate. Property selection, financial analysis of the investment, property inspection, renovations, legal issues, leasing, property management, maintenance, etc. can add far more expense than most new investors realize. Managing these things on your own can be far more costly.

All expenses should be estimated (preferably with professional help) prior to acquisition of any investment property. If money is coming from your pocket every month and you are betting on appreciation alone, then it is not a good investment.

Whatever avenue you choose, it is indeed a great time to give real estate investing a closer look. Check with your tax professional about how you can use this investment vehicle to your advantage. Ask an expert for advice. Dependable resources are The Institute of Real Estate Management (IREM) [www.irem.org](http://www.irem.org) or a Realtor® specializing in residential investment real estate or property management (be sure to ask for references).

For most people, there are numerous reasons why real estate is a great investment. Bear in mind that the primary drawback is that real estate is not liquid. If you are in for the long haul and plan to hold for ten years or more, unprecedented market conditions provide a once-in-a-lifetime investment opportunity. 🌴

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*Rochelle LeCavalier has an extensive background in land development, construction, mortgage banking, real estate sales and marketing and management with more than 15 years experience in the industry. She serves as Fund Manager for SISCO Limited Partners, a private equity fund that rehabilitates foreclosed properties and rents them via affordable housing programs in Broward County, and she is a licensed Real Estate Agent and an Accredited Residential Manager (IREM, ARM). More information: [www.pinkpalm.com](http://www.pinkpalm.com)*