



To sell or not to sell...that is the question

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have a question about the real estate market? Ask the Pink Realtor: E-mail Rochelle@PinkRealtor.com.

As a tropical paradise, South Florida's real estate market is counter-cyclical.

For most of the country, real estate sales wind down in the fall while people are busy getting ready for back to school. As the season progresses, the number of listed homes and real estate sales slow to a trickle into the winter and into the new year only to gradually increase in the spring and summer months – the high season for home sales across the US.

The opposite is true for South Florida. Our season begins to ramp up in September/October. By Thanksgiving, the real estate market is flooded with buyers from all over the world eager for their own slice of paradise. As the new year approaches, the number of home sales build into a crescendo which lasts well into the spring, subsiding around Passover.

We are experiencing a number of factors, which paired together with our normal real estate market cycle, creates a unique opportunity for both buyers and sellers.

Sales are up, prices are down, money is plentiful, and foreign currencies are strong.

The volume of South Florida home sales continued its historic upward trend in June while prices showed a mix of results driven by investors' appetite for all-cash deals on distressed properties.

For real estate agents and investors, times are good, as both cash in on the rapid sales pace and international appetite for low-priced properties.

According to an article published in The Miami Herald last week, real estate agents sold 1,274 single-family homes in Broward County in June – a 6 percent increase from the year before. Month-over-month, the sales increase was 11.6 percent. In the condo market, Broward saw year-over-year sales increase 7 percent to 1,511. Compared to May, sales slipped 1.7 percent. Agents say they have not been this busy since 2006, when speculators and flippers flooded the market and real estate commissions hit record highs.

If the current sales pace continues through December, 2011 will set a record for the number of homes trading hands in a year. There have been 12,369 home and condo sales through the first six months of 2011, up 79.3 percent from last year and the highest January-to-June total on record.

Mike Pappas, who owns South Florida-based Keyes Realty, said he sees no sign of a slowdown after the busy spring selling season. June was the strongest month for the company in as long as he can remember, and the interest from international investors has kept his offices buzzing.

"We've been running hard since March," he said. "We haven't had four months like that since 2006."

Inventory levels have declined rapidly since last year, and the number of homes for sale stands at about 30,000, down from 45,000 last June.

"I'm confident that we're out of the bust and on our way to a recovery," Pappas said.

Real estate investors are enjoying this market just about as much as local agents. Both individual investors, mostly foreign, and multibillion dollar investment firms have swarmed to South Florida's distressed housing scene looking for steals. In many cases, they've found them in the booming foreclosure market.

Miami-based investor group BH III scooped up 175 units at the \$355 million Trump Hollywood condo tower in a \$160 million bank note sale last year. After buying the note in November, the investors relaunched sales with an over-the-top condo party in January.

BH III said sales so far in 2011 have already topped \$100 million, and the investors are well on their way to realizing their costs and making a profit.

"The summer has been very strong," said Greg Freedman, a partner at BH III, predicting the project could sell out much earlier than the expected 2014 closeout target. "We did not think that the market would have the appetite that it has, and we were certainly surprised by the volume of sales."

For individual investors with cash, the 2011 South Florida housing market has been a free-for-all fire sale, with prices down 55 percent from their peak, back to 2002 levels.

International buyers have the luxury of slashing additional percentage points off already discounted prices, thanks to the strength of some foreign currencies against the dollar. The Brazilian real, for example, has gained nearly 40 percent against the dollar since 2008. The Canadian dollar has been consistently above parity for nearly a year.

For buyers, the opportunity is to get a home or investment property at an incredible price. For sellers, the opportunity is to provide inventory to a market short on listed properties for sale – especially move-in ready homes. The number of properties listed which are ready for move-in and are desirable is surprisingly quite low.

As the high season approaches, there is an opportunity for South Florida sellers to get a foothold in what has been a buyer's market for nearly three years.

 Lecavalier 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, is a licensed Real Estate Agent, an Accredited Residential Manager (IREM, ARM) and a Certified Investor Agent Specialist (CIAS).