

## November 2008 Newsletter

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Greetings from South Florida,

I hope this email finds you well and looking forward to comparing this month's data with last month's data to spot trends and decide for yourself the status of the local Real Estate market, of which I work within 24/7. You are receiving this because we have been in touch about Real Estate here in the South Florida area, most likely property at the Beach. As you read the newsletter from month to month it will contain data that will help you to analyze market conditions. In addition, it is an unobtrusive way to stay in touch with you regarding my Real Estate Consulting Services.

Please remember to view the Trends and Graphs to analyze where the market has been and make predictions on where you think the market is heading: <http://www.miamipropertiesandparadise.com/professional11.shtml>

New this month on the website is the following link that will take you to some of the [short sales and foreclosures](#) in the same specific target market I track data for in this newsletter:

In addition to this, there is another link that will take you to a chart that outlines some of the differences in consequences between a foreclosure and a short sale, it is vital to understand the processes and differences between the two: <http://www.miamipropertiesandparadise.com/professional27.shtml>

The below chart is data from the past 90 days for **Condominiums**, ending 10/31/08. The data is taken from South East Florida's Multiple Listing Service (MLS) for the cities and townships of Miami Beach (South Beach, Mid Beach, & North Beach), Surfside, Bal Harbour, Bay Harbor Islands, and Fisher Island. The paragraph below the data will explain in more detail what is included in this analysis. Please don't hesitate to pose any questions you may have, or simply give me a call or send me an email to discuss Real Estate in general. This data will help to analyze market conditions from month to month.

<u>Price Range</u>	<u>Active</u>	<u>Closed</u>	<u>Listings Expired</u>	<u>% Listing Expired</u>	<u>% Sold</u>	<u>Avg DOM</u>	<u>Average Discount</u>	<u>New vs Resale</u>
\$0 - \$199,999	873	72	202	23.14%	8.25%	120	8%	4 vs. 68
\$200,000 - \$249,999	439	27	83	18.91%	6.15%	141	13%	0 vs. 27
\$250,000 - \$299,999	475	26	109	22.95%	5.47%	182	11%	1 vs. 25
\$300,000 - \$349,999	295	27	64	21.69%	9.15%	118	7%	9 vs. 18
\$350,000 - \$399,999	389	25	111	28.53%	6.43%	174	7%	14 vs. 11
\$400,000 - \$499,999	458	40	102	22.27%	8.73%	137	11%	19 vs. 21
\$500,000 - \$599,999	331	26	83	25.08%	7.85%	153	11%	19 vs. 7
\$600,000 - \$699,999	245	20	53	21.63%	8.16%	181	10%	13 vs. 7
\$700,000 - \$799,999	178	8	40	22.47%	4.49%	290	9%	7 vs. 1
\$800,000 - \$899,999	128	5	26	20.31%	3.91%	263	11%	4 vs. 1
\$900,000 - \$1,179,999	174	10	30	17.24%	5.75%	111	11%	9 vs. 1
\$1,180,000 - \$1,399,999	130	9	42	32.31%	6.92%	206	16%	8 vs. 1
\$1,400,000 - \$1,799,999	149	12	29	19.46%	8.05%	121	12%	12 vs. 0
\$1,800,000 - \$2,199,999	82	5	8	9.76%	6.10%	125	16%	5 vs. 0
\$2,200,000 - \$2,699,999	95	3	17	17.89%	3.16%	210	5%	3 vs. 0
\$2,700,000 - \$3,199,999	41	4	7	17.07%	9.76%	395	11%	4 vs. 0
\$3,200,000 - \$3,999,999	64	2	8	12.50%	3.13%	172	5%	2 vs. 0
\$4,000,000 - \$4,999,999	45	2	4	8.89%	4.44%	350	11%	2 vs. 0
\$5,000,000 +	84	2	11	13.10%	2.38%	91	15%	2 vs. 0

**Totals:**                    4675      325      1029      22.01%      6.95%      186      11%      137 vs. 188

As you can see, I have broken the data into price ranges, and then you can see the amount of **Active** condos for sale, how many Real Buyers **Closed** on a condo for sale, how many of those listing agreements **Expired** unsold, then further calculated what **percent** of the Active condos for sale **Expired** and **Sold**. Then I calculated the Average Days on Market (**Avg DOM**), which is the amount of days it took the condos that sold to obtain a Real Buyer. Then I show the **Average Discount**, which is the percentage the Listed Price was discounted to the Actual Sale Price for all Closed Sales. The last column is for Closed Sales that were **newer construction**, which I considered to be anything built after 1995, **versus older buildings** built before 1995. I track this data for Condominiums and Single Family Homes separately due to their differences. I also track the data for the more luxurious buildings of South Beach, please feel free to email or call for that data.

The next set of data below is the same information for **Single Family Homes**. The one difference is that the last column is the **Average Age** of the homes Sold.

<u>Price Range</u>	<u>Active</u>	<u>Closed</u>	<u>Listings Expired</u>	<u>% Listing Expired</u>	<u>% Sold</u>	<u>Avg DOM</u>	<u>Average Discount</u>	<u>Average Age</u>
\$0 - \$399,999	18	9	1	5.56%	50.00%	130	7%	1942
\$400,000 - \$499,999	38	4	8	21.05%	10.53%	168	14%	1950
\$500,000 - \$649,999	53	3	16	30.19%	5.66%	179	13%	1952
\$650,000 - \$799,999	53	3	8	15.09%	5.66%	67	8%	1947
\$800,000 - \$999,999	61	3	16	26.23%	4.92%	67	8%	1940
\$1,000,000 - \$1,299,999	47	3	9	19.15%	6.38%	191	15%	1940
\$1,300,000 - \$1,599,999	55	2	13	23.64%	3.64%	103	9%	1934
\$1,600,000 - \$1,999,999	48	2	10	20.83%	4.17%	287	7%	1972
\$2,000,000 - \$2,999,999	61	3	9	14.75%	4.92%	579	8%	1986
\$3,000,000 - \$3,999,999	44	1	4	9.09%	2.27%	610	12%	1932
\$4,000,000 - \$4,999,999	24	2	5	20.83%	8.33%	384	22%	1954
\$5,000,000 - \$5,999,999	13	0	2	15.38%	0.00%	n/a	n/a	n/a
\$6,000,000 - \$6,999,999	11	1	0	0.00%	9.09%	20	10%	1933
\$7,000,000 - \$9,999,999	18	3	1	5.56%	16.67%	183	19%	1941
\$10,000,000 +	22	1	3	13.64%	4.55%	63	11%	1998
<b>Totals:</b>	<b>566</b>	<b>40</b>	<b>105</b>	<b>18.55%</b>	<b>7.07%</b>	<b>216</b>	<b>12%</b>	<b>1951</b>

Don't forget to look at the overall data I have been collecting and determine for yourself what trends, etc. you see; please click here to take you to some graphs that should prove to be very insightful:

<http://www.miamipropertiesandparadise.com/professional11.shtml>

Below are very brief summaries on key issues that have a direct affect on South Florida Real Estate:

**PROPERTY TAXES & INSURANCE:** As a property owner or potential property owner, I urge you to keep up to date on the various progress, legislation, and proposed legislation in order to help you better understand how these important issues affect you; please see the below links that will take you to the Florida Association of Realtors Legislative Center and the Miami Herald Property Tax forum, both of which will help to explain the numerous moving parts concerning both issues:

<http://www.floridarealtors.org/LegislativeCenter/TopInitiatives/index.cfm>

[http://www.miamiherald.com/news/legislature/property\\_tax/index.html](http://www.miamiherald.com/news/legislature/property_tax/index.html)

**A MATCH MADE IN MID BEACH:** The Eden Roc spent \$200 million gutting its original 1956 building and constructing a new 21-story hotel tower. Next door, the Fontainebleau is scrambling to finish a \$500 million rehab of its main buildings, along with spending another \$500 million on two condo-hotel towers with 658 new rooms. Both construction projects

will end within weeks of each other. The Eden Roc's main building reopened 10/24/08 and the Fontainebleau plans a lavish return 11/14 on the eve of a televised Victoria's Secret fashion show. The Eden Roc's new tower is expected to open a month later. With 1,504 rooms and a sweeping rehab, including a new glass-walled spa, 11 restaurants and bars, and an elaborate pool deck, the Fontainebleau will set the pace for the adjoining hotels. "There hasn't been anything opened like this outside of Vegas in a long time, something this extravagant, with all the bells and whistles," said Victor Lopez, a former Hyatt executive now working for his own lodging firm Caribbean Resort Advisors. Combined, the two hotels offer 76 percent more rooms than they could 3 years ago, and all of them are either new or newly renovated; making that the spot on Mid Beach a far more attractive convention destination than in the past. Stuart Blumberg, president of the Greater Miami and the Beaches Hotel Association sees the 2 hotels combining with less expensive rivals nearby to form a critical mass far more attractive to conventions than before. Analysts and competitors agree their return to the marketplace will bring a sea of change to South Florida's hotel industry. Some say the promotional splash from the Fontainebleau and Eden Roc will give Miami Beach a broad boost. "The destination marketing outweighs the business they will take from us," said Jeff Lehman, manager of the Claridge Hotel, which sits about 10 blocks from the Fontainebleau. -- Source: The Miami Herald 10/25/08

#### **QUICK HEADLINES:**

- Statewide, home sales jumped after a nearly three-year slumber. Single-family home sales were up 24 percent in September compared with the same period last year; condo sales were up 11 percent. --Source: The Miami Herald 10/25/08
- Nationally, Economists had expected sales of new, single-family homes to drop from August levels, but instead they rose 2.7 percent in September to a seasonally adjusted annual rate of 464,000 homes, the Commerce Department reported on 10/27/08. --Source: The Miami Herald 10/28/08
- Pending home sales rose 7.4 percent from July to August. The National Association of Realtors' index of pending sales for existing homes rose to 93.4 from an upwardly revised July reading of 87. The reading was the highest since June 2007. Home sales are considered pending when the seller has accepted an offer, but the deal has not yet closed. --Source: The Miami Herald 10/9/08, NAR
- Four miles under the ocean's surface off Brazil's lush coast lie billions of barrels of recently discovered light crude, enough to transform the country into an oil superpower. But before it can become a reality, Brazil must first get to the underwater reserves, among the world's deepest, and then manage a massive influx of wealth, a formidable task. --Source: The Miami Herald 10/20/08, Associated Press, Petrobras

**\$2 MILLION AD BLITZ WILL TOUT MIAMI AS GLOBAL DESTINATION:** Miami-Dade business leaders will unveil a \$2 million advertising campaign tonight to promote the county as a great place to do business. The ads will appear in newspapers, magazines, websites, and on television in New York and in six foreign countries: Argentina, Brazil, Canada, France, Italy and Spain. They're designed to get companies interested in bringing money and jobs to Miami. Miami-Dade Beacon Council, the Greater Miami Convention and Visitors Bureau, American Airlines, Miami-Dade County, the Port of Miami and Miami International Airport are the campaign's sponsors and organizers. The campaign also will target six key industries: life sciences/biomedical; fashion design and architecture; aviation and aerospace; financial services; technology and tourism. More information on the campaign, titled "Miami: Where Worlds Meet," can be viewed by visiting the following website, [www.miamiwhereworldsmeet.com](http://www.miamiwhereworldsmeet.com). -- Source: The Miami Herald 10/2/08

#### **PLEASE SEE SOME STATISTICS AND FIGURES CONCERNING THE INTERNATIONAL MARKET AND SOUTH FLORIDA:**

South Florida is a major trade hub, imports and exports totaled \$43.8 billion as of June 30, 2008. Our top 5 trading partners, in billions:

BRAZIL \$6.43; VENEZUELA \$2.96; COLOMBIA \$2.78; CHINA \$2.24; DOMINICAN REPUBLIC \$2.18

South Florida is a center for multinationals, home to more than 1,200 multinationals from 56 countries. Here's a sampling of areas where the multinationals are based:

LATIN AMERICA AND CARIBBEAN 116; ASIA 76; UNITED KINGDOM 59; SPAIN 59; FRANCE 46

South Florida is a tourism hot spot for foreigners. Here's where Miami-Dade's 12 million visitors in 2007 came from: UNITED STATES 54 percent; LATIN AMERICA 29 percent; EUROPE 11 percent; CANADA 5 percent; OTHERS 1 percent

--Source: WorldCity, Beacon Council, county tourism bureaus

Another place where you can view some research more specific to Real Estate, please go to the following link and you will find a 2008 NAR Profile of International Home Buying Activity and 2007 NAR Profile of International Home Buying Activity in Florida, as well as some other resources. This page will continue to expand with various reports and statistics:

<http://www.miamipropertiesandparadise.com/professional37.shtml>.

Eight Central Banks Interest Rates after an orchestrated, Global Rate Cut:

Bank of Canada down .5 points to 2.5 percent	Bank of England down .5 points to 4.5 percent
European Central Bank down .5 points to 3.75 percent	Sweden's Riksbank down .5 points to 4.25 percent
Swiss National Bank down .5 points to 2.5 percent	U.S. Federal Reserve down .5 points to 1.5 percent
Reserve bank of Australia acted alone, down 1 point to 6 percent	
Hong Kong Monetary Authority acted alone, down 1 point to 2.5 percent	

--Source: The Miami Herald 10/9/08, Bloomberg, Associated Press

Exchange rates play a vital role in Real Estate related decisions for foreign buyers or sellers, a good source to track currency exchange rates is: <http://www.xe.com/ucc/>

**INTEREST RATES & RELATED NEWS:** The Federal Reserve led a globally coordinated half-point cut in interest rates with five other central banks on 10/8/08. It lowered the benchmark U.S. federal funds rate to 1.5 percent. A further half point rate cut to the current 1 percent target for the federal funds rate was also announced at the regularly scheduled FOMC meeting on 10/29/08. At the same meeting, the Fed lowered the discount rate a half point to 1.25 percent.

Please make sure to stay in touch with your mortgage broker or bank to keep up to date on interest rates, as this can directly affect many Real Estate related decisions. This is the website to the Federal Reserve's Monetary Policy section:

<http://federalreserve.gov/monetarypolicy/default.htm>

**MIAMI'S ADRIENNE ARSHT CENTER:** The honeymoon came late for Miami's performing arts center. After a budget-busting inaugural year marked by financial crises, empty seats and community outrage, the publicly owned Adrienne Arsht Center for the Performing Arts has closed out a second year that stands in stark contrast to the first. The budget is balanced, attendance has nearly doubled and elected officials no longer dress down leaders of the center in public meetings. Chairman of the independent Performing Arts Center Trust, Ricky Arriola, fired the former CEO and recruited Lawrence Wilker, a past president of the John F. Kennedy Center for the Performing Arts in Washington, D.C. Then, in January 2008, the center announced a record setting donation of \$30 million from Miami banker and philanthropist Adrienne Arsht, and what started as the Carnival Center was renamed for her. There's been no looking back since.

Among the other significant turnarounds at the center:

- The center's 3 stages, kept mostly dark in summer 2007, featured more than 125 performances seen by nearly 130,000 patrons this summer.
- Parking, an issue that once hung around the center's neck like an albatross, has increased to more than 3,000 spaces after the center leased 2 lots from the state.
- The utilities, security and maintenance costs that fueled the center's financial crisis in 2006-07 came in about \$1.5 million under budget this year after officials renegotiated unfavorable contracts.

- Other improvements include an upgraded website that facilitates online ticket purchasing, <http://www.arshtcenter.org/>, and increased training for volunteer ushers and staff.

Two hurdles that lie ahead are the \$2.5 million deficit carried over from the inaugural year that has caused a cash crunch which must be remedied with increased private donations, and long-term planning of programs also must be improved. Wilker states those are just some small steps toward achieving the center's overarching goal: creating an economic engine for the Omni district of Miami. Already, he says, the Arsht Center's success helps Miami-Dade's hotel and restaurant industries. Now that the center is on the right track it is poised to fulfill this broader goal and foster future cultural developments adding to the area's appeal. County Commissioner Gimenez says "The performing arts center was always meant to be the centerpiece of the revitalization of that area. In future years you'll see Museum Park going there in Bicentennial Park, and that will go a long way also to revitalizing the area." Still, a central part of the area's revitalization depends on a sizable residential community in the neighborhood. "Eventually that will happen," Gimenez says, "as those condos eventually fill up. And they will. Look what happened on Brickell Avenue in the 1980's. We had this condo glut, and they eventually filled up." -- Source: The Miami Herald 10/19/08

That is all for this month's newsletter and I welcome suggestions, feedback, and of course I am here if you or anyone you know is thinking of buying or selling property here in South Florida. If you wish to further discuss any of the above issues in more detail, or any other Real Estate related topics, please don't hesitate to call or email. I would like to leave you with 3 quotes I feel are more relevant than ever, the first 2 by Investor and Philanthropist Warren Buffet, and the third you will hear quite a bit over the coming months:

*"Price is what you pay. Value is what you get"*

*"Be fearful when others are greedy. Be greedy when others are fearful"*

*"Chaos brings opportunities"*

### **DESIGNATIONS AND CERTIFICATIONS:**

These Designations and Certifications were specifically chosen by me to give my effort, time, and money, as well as meeting the required experience because I feel that this shows my dedication to continually learning and evolving as a Real Estate Consultant. Plus, the market that I practice in is a natural one to achieve such designations to separate myself from the other professionals within my field. Keep in mind these not only prove education but also transactional experience in order to obtain the designations and certifications.

**Realtor®** - Membership in the largest professional association known as the National Association of Realtors or N.A.R.

**C.I.P.S.** – Certified International Property Specialist, member of CIPS network; Designation shows education and transactional experience in the International Arena of Real Estate.

**C.D.P.E.** – Certified Distressed Property Expert, member of Distressed Property Institute; Designation shows education and experience in the continually evolving and complicated short sale and foreclosure markets.

**C.L.H.M.S.** – Certified Luxury Home Marketing Specialist, member of Million Dollar Guild; Designation shows education and transactional experience in the top tier level within my market, Million Dollar Guild is the highest level of membership with proven experience in numerous \$1M+ transactions.

**GREEN Certified** – also known as GREP-GL, Green Certified Real Estate Professional – Green Leadership; Certification shows education and leadership within the Green Real Estate Industry.

**T.R.C.** – Transnational Referral Certification; Certification shows education in researching Real Estate throughout the world and allows me to refer and to be referred from 28 International Real Estate Organizations in the Global marketplace.

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