

September 2011 Newsletter

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Greetings from Busy South Florida,

Please bookmark this page as it will be very helpful in analyzing actual data from the very specific Real Estate market in which I practice. You will be finding yourself 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. Please go to this bookmarked page on the 1st day of each month in order to get the most up to date information immediately, or anytime throughout the month when you have the time. 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.

The first portion of this newsletter is hand selected data that I track every month, in the very specific market in which I practice. This data is for Miami Beach (South Beach, Mid Beach and North Beach), Fisher Island, Bal Harbour, Surfside and Bay Harbor Islands. **The trend of percentage of active inventory selling over percentage of active inventory expiring continues for the 6th month in a row for condos and 5th month in a row for single family homes.**

I like this data point because it is taken as a percentage of current active inventories. I believe it is a good broad indicator of our market, since it is taken as an overall statistic. Too often, data is taken out of context, and in this market where a 1BR is listed at \$1.678M and 3 blocks away a 1BR can trade at \$175K, both in oceanfront buildings, context is crucial.

FANNIE MAE INCENTIVE FOR LIMITED TIME ONLY – GET A UNIT UNDER CONTRACT SOON SO YOU CAN TAKE ADVANTAGE:

- **Owner occupants purchasing a HomePath property can receive up to 3.5% of the final sales price to be used toward closing cost assistance, but you must close by 10/31/2011, so email today to learn more.**
- **First-time buyers prepare for best market in recent history: <http://www.floridarealtors.org/NewsAndEvents/article.cfm?id=257121>**

Call me to learn about Fannie Mae's First Look Initiative, for owner occupant buyers, it is by far the best opportunity for you to buy an amazing deal, have priority over cash investors, and obtain financing with as little as 3.5% down. Work with me as a Fannie Mae listing agent, to get access to the best deals as soon as they come to market, don't pass up this opportunity, let's work on a strategy together to get you in your own home before the end of the year! I can help...

The below chart is data from the past **90 days for Condominiums, ending 8/31/11**. 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.

CONDO DATA

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.

HOME DATA

If you are worried about the pitfalls of distressed property, but still consider yourself a bargain hunter looking for such, please [contact me](#) so that I may setup an automatic short sale or foreclosure search notification for you. I have found that the best deals usually go the quickest, and to be proactive in your distressed property search is the best way to go about finding a bargain. Please understand that this service I provide adds significant value to the process, and only contact me if you are serious about buying and planning to be loyal. Please don't hesitate to [contact me](#) directly for any such information.

BETTING ON MIAMI:

The Genting Group may not be a household name in the United States when it comes to gaming, but it's a safe bet that Chairman KT Lim intends to get there. The company's recent purchase of The Miami Herald property – with plans to create a \$3 billion destination resort, hopefully with casino gaming – is Lim's latest step to extend the family-owned company from a significant Asian player to a global high roller. "If you talk to Asians, everybody knows them. But outside of Asia up until recently they were probably unknown," said Melvyn Boey, head of research for Bank of America / Merrill Lynch in Southeast Asia, who follows the Genting companies. "Last July they decided to take a more proactive role in exploring investments in the U.S. Miami is a natural extension of that. It's part of their long-term aspiration to be one of the Top 3 global gaming companies."

The decision to spend \$236 million for the 13.9 acre Miami property was a relatively easy one, says Lim, who knew he was getting one of the remaining prime waterfront development sites downtown. It helps that he has a fondness for South Florida dating from his first trip here 40 years ago as a college student in the United Kingdom. Plus, the area's climate and international gateway location remind him of home. "Personal exposure to a place always helps, especially when it leaves a good impression," Lim said. "Miami is a place I understand. Downtown has really been cleaned up in the last 20 years. I've literally seen the transformation."

Genting chairman KT Lim may be one of Malaysia's wealthiest individuals, but he still drives his own car, carries his own bag, answers his own phone and periodically travels economy class. The latter came as a surprise to Colin Veitch, former CEO of Norwegian Cruise Line. Lim had just hired Veitch to run the cruise company; both were flying on the same plane. When Veitch saw his new boss walking past his own business class seat to the economy section, he worried he had started off on the wrong foot. Later he learned that Lim travels economy class if he feels the fare for business or first class is too steep. Quickly he realized that working for a chairman who also is the company's major owner would present a major change from a typical corporation. "It's his company and his money," said Veitch, who worked closely with Lim on turning around the brand during his eight-year tenure as Norwegian's chief executive. "He's very focused on protecting the owner's interests."

Those who have worked with Lim and Genting say "their style is to do very serious due diligence, but they are also capable of making relatively quick decisions," said long-time Miamian Walter Revell, who helped him coordinate the South Florida team. Revell is a board member of Norwegian and has known Lim since Genting purchased the company. "These are smart people who do their homework. Right now they know more about Miami than many people in Miami."

Genting has a global view but a local focus.” Lim admits the downturn in the real estate market spurred the Miami acquisition and the timing of the U.S. expansion. But that’s not the only attraction. “It’s not just because it’s cheap,” he said. “I think the potential for the market turning around in Miami is better than anywhere else in the United States.” That vision for Miami includes a plan to secure state legislative approval for Vegas-style resort casinos in Florida, something Lim and top execs at other gaming firms began lobbying for during this year’s session. Currently the only high-stakes gaming allowed in the state is on Indian reservation lands like the Seminole Hard Rock Hotel & Casino.

While most companies have historically viewed a Las Vegas casino presence as the lynchpin of any U.S. gaming empire, Genting takes a different view. The company has been approached many times to take over or build a casino in Las Vegas, but the deals didn’t make financial or practical sense, said Christian Goode, senior vice president of development for Resorts World. “We just don’t think the long-term prospects of the market are rich enough in terms of growth,” Goode said. “As the proliferation of gaming in other locations continues, it’s going to get harder and harder to draw people to Las Vegas. I don’t think you can create a distinctive property there that hasn’t already been done. “We love looking at places where we can find new opportunities,” he said. “As more and more new gambling markets open up, we don’t think Las Vegas is as critical as it used to be.”

Capitalizing on the allure that exists for South Beach and Miami’s warm winter weather, Resorts World Miami could become an attractive weekend getaway for anyone in the Northeast. “If you set it up properly, you could have a destination that really attracts a customer that wants a Vegas experience but wants the ability to get there easier,” said Brian McGill, gaming and lodging analyst with Janney Capital Markets. “Miami in itself is already an attractive destination; you’re just going to heighten that. You could easily take a potential trip away from Vegas. Rather than flying 5 hours to Vegas, I can get to Miami in 2 hours. There’s no question that’s a great way to start if you’re coming from outside the U.S. and trying to build a reputation.” Goode says the company currently remains focused solely on Miami and New York, denying rumors that Genting is searching for additional properties elsewhere in South Florida, around the state and in other key U.S. markets. Between Genting’s Resort World Sentosa and its competitor Marina Bay Sands, owned by Las Vegas Sands, they boosted Singapore’s tourism by 20 percent. The two resorts posted revenues in 2010 just slightly less than the entire Las Vegas Strip and this year the performance is expected to eclipse Vegas.

That ability to capitalize on its Asian tourism base is an asset Genting also aims to bring to the Miami project. Lim envisions Miami as the gateway city connecting Asia, the United States and Latin America. He believes the Asian market is anxious for new destinations outside of California and New York for vacations and real estate investments. The key is getting direct flights from Asia to Miami. “Florida can be the new California for the Asian market,” Lim said. “There’s a huge pent-up demand waiting to be released. We can be the lead factor to open up that flow. I’m confident this is going to be a transformational thing for Miami.”

-Source: The Miami Herald 8/1/11

HOUSING UP, DOWN IN AREA:

In South Florida’s location-specific housing market, some neighborhoods are enjoying 20 percent appreciation since last year, while others continue to plunge, down as much as 30 percent, according to a new report from real estate research firm Zillow. Neighborhoods in negative territory – mostly low-income and inner-city locales – outnumber the region’s affluent ZIP Codes, which are on the upswing, so overall numbers still show a downward trend. Looking at the various ZIP Codes in the region paints a picture of how fragmented South Florida’s real estate market is. The gainers: Areas with large concentrations of new luxury and waterfront condos, solid bedroom communities in well-established suburbs and the city of Miami Beach. The losers: Foreclosure-riddled areas in the southernmost stretches of Miami-Dade County and inner-city neighborhoods.

ZIP Codes in downtown Miami and Brickell showed some of the strongest gains in the region, as cash investors have scooped up condos and new developments have emerged from foreclosure. Home values in 33130, which include Brickell, were up 21.6 percent for the year to \$166,400, while 33132 covering downtown Miami’s bay front neighborhood rose 17.3 percent to \$232,100. Single-family home prices in suburban cities like Coral Gables, Weston and Pembroke Pines, were up at least 5 percent, as international buyers boosted sales and helped shrink inventory. In Pinecrest (33156), median values are up 6.5 percent to \$429,200 and inventories are the lowest they’ve been in two years.

-Source: The Miami Herald 8/9/11, Zillow

BUILDING A NEW BIO-TECH HUB:

University of Miami's new venture hopes to grow from a lone office building to a sprawling cluster of research companies, medical start-ups, drug makers and other companies that could put Miami on the map as a bio-tech destination. The idea behind the eight-acre park is to create a commercial center that can feed off the more than \$200 million in research conducted each year by the nearby University of Miami Miller School of Medicine on the Jackson hospital campus. The university and its various arms are seen as magnets for entrepreneurs. Supporters see the transformation of a site on NW 7th Avenue once pocked by rail lines and auto yards as a milestone moment for Miami. They predict the new building, awash in green glass and high-tech flourishes like the digital mural in the lobby, will be the nucleus for a wave of hot ventures and high-paying careers. South Florida remains an emerging market in the bio-tech industry, an umbrella term for biological and medical development that can span everything from vitamin productions to cancer research. Ivax, the Miami generic drug maker founded by Phillip Frost, helped give the region standing in the last two decades, and Frost continues using his fortune to form start-ups and spinoffs that are players in the region.

"I'm seeing Florida evolve more quickly than other locations," said David Pierson, an owner of Intersouth Partners, a bio-tech venture capital firm in Durham, N.C. that specializes in the southeast. "There are lot of people down there in positions of authority who realize the long-term potential of bio-tech." UM ranks first on the NIH's list of top Florida recipients for 2010 at \$104 million. Nationwide, UM finished 55th last year on NIH's top list of recipients. The NIH figures don't capture all research dollars, but they do show why UM should act as a strong magnet for companies hoping to get rich on medical discoveries. A school like UM regularly license their research to private entities, collecting a share of the profits as a drug or treatment enters the market. One class of tenants Wexford hopes to capture is UM researchers themselves looking for office or lab space for spin-off companies that develop projects from their research. The Life Science building has hallways of tiny offices and shared lab space for academic entrepreneurs. "We need the vehicles to transform our new knowledge and discoveries into practical use," said William Donelan, chief strategy officer at UM's Miller School of Medicine. "You'll see companies develop. You'll see business enterprises develop. As companies are built up, they'll be bought by others."

-Source: The Miami Herald 8/29/11

QUICK HEADLINES:

- On the "over-performing" list – states creating a larger share of new jobs than the relative size of their workforce – Florida finishes 2nd behind Texas. –Source: The Miami Herald 8/16/2011, Bureau of Labor Statistics
- Standard & Poor's boosted Florida credit outlook from negative to stable, an upgrade that will translate into more favorable interest rates. The rating agency gave the state's long-term education bonds an AAA rating while maintaining an AA+ rating for legislative-bond issues. –Source: The Miami Herald 7/14/2011, Standard & Poor's
- According to preliminary data released by Visit Florida, 21.2 million people traveled to the state between April and June, an increase of nearly 7 percent from the same time in 2010. Visitor numbers for the second quarter are expected to be up almost 8 percent over last year, and some hoteliers reported this June was the best they've had in 7 or 8 years. –Source: The Miami Herald 8/17/2011, Visit Florida
- In the 2nd quarter this year, there were 882 sales of new and pre-owned homes and condos in downtown Miami, down 10 percent from the same period last year but up 12 percent from the 1st quarter. Rental activity rose 11 percent over last year, with 1,249 new leases signed in the quarter. Average sale prices reached \$371,205 in the 2nd quarter, down slightly from the first quarter but up 2.8 percent from last year. Rental rates are on the rise as well, up 7 percent from last year to an average of \$2,040. –Source: The Miami Herald 8/17/2011, Downtown Development Authority
- Miami-Dade County's apartment sector is expected to see vacancies decline and rental rates increase throughout the rest of the year. The report predicted that vacancy will fall from 5.7 percent to post-recession low of 4.7 percent this year, and average rental rates will increase 3 percent to \$1,039. Vacancy rates are around 5 percent in the small Class A segment and the large Class B/C sector. Rental rates are expected to rise, as the supply of properties tightens. –Source: The Miami Herald 8/17/2011, Marcus & Millichap
- About 60 percent of South Florida home sales are cash sales. In the condo market, cash sales account for a record

high 74 percent in Miami-Dade County and 79 percent in Broward County. –Source: The Miami Herald 8/19/2011

- Investment groups have intensified their efforts in 2011 to purchase developable sites – especially land that had previously been earmarked for new towers – in preparation for the next wave of new condominium development in Greater Downtown Miami, even if it may be years away. In the first 7 months of 2011, investment groups have purchased the deed or mortgage to at least 10 condo development sites for nearly \$300 million. This year’s activity follows the sale of at least 6 development sites for \$20 million in 2010, according to Miami-Dade County records. Investor interest is being propelled by intensifying rental, resale and new-sale activity over the last 18 months. Renters are leasing condos in Greater Downtown Miami at a pace of 360 units per month in 2011, leaving the area with less than 2 months of available inventory, according to data from the Florida Association of Realtors. –Source: The Miami Herald 8/22/2011, Miami-Dade County records, FAR
- Excluding foreclosures and distressed properties, Miami-Dade County has the fastest rebounding home market in the country this year, with prices up 12.5 percent since January, a new report from real estate research firm CoreLogic shows. But with foreclosures and short sales accounting for more than 50 percent of home sales, overall prices are up 0.9 percent since January in Miami-Dade. –Source: The Miami Herald 8/4/2011, CoreLogic
- South Florida foreclosures were down significantly from year-ago levels in July. Down 60.4 percent in Miami-Dade County and 58.4 percent in Broward County. –Source: The Miami Herald 8/11/2011
- Gov. Rick Scott had some encouraging words for Miami real estate saying “Everyone I talk to in Latin America has a place in Miami.” On a March trade mission to Panama, Scott said he was amazed at the city’s ties to the executives and political leaders he met. –Source: The Miami Herald 8/11/2011
- There are only 8 developer-owned condos remaining in the Hollywood/Hallandale Beach market, reflecting a 99.8 percent sellout rate. –Source: The Miami Herald 8/11/2011, Condo Vultures
- Miami-Dade’s school district – which is the fourth-largest in the country with nearly 350,000 students – is 1 of 4 finalists in the Broad prize, and has never won but was one of four finalists in 2006, 2007 and 2008. The winner will be announced in September. –Source: The Miami Herald 8/11/2011
- In a study of the nation’s 50 largest cities, Miami ranked as the eighth most walker-friendly city, according to a new report from Walk Score. –Source: The Miami Herald 7/20/2011, Walk Score
- U.S. News and World Report ranked the University of Miami’s Bascom Palmer Eye Institute tops in the country for eye treatment for the eighth year in a row. –Source: The Miami Herald 7/20/2011, U.S. News and World Report
- Royal Caribbean Cruises will keep its headquarters and some cruise operations at the Port of Miami through at least 2021 under the terms of an agreement approved by the Miami-Dade County Commission. –Source: The Miami Herald 7/20/2011
- In exchange for \$100 million, ranchers will give up the development rights to as much as 24,000 acres – some 37 square miles – in four counties near Lake Okeechobee and preserve them under permanent conservation easements. Plans call for eventually converting what is often marginal pastureland back into wetland, where it will provide habitat for wildlife and absorb damaging pollutants that now trickle into Lake Okeechobee and the Everglades. –Source: The Miami Herald 8/11/2011
- South Florida’s June home prices inched upward on the Standard & Poor’s/Case-Shiller price index from the previous month. It was the 2nd month of increases after a nine-month losing streak. –Source: The Miami Herald 8/11/2011, Standard & Poor’s Case-Shiller Index
- Electricity in Miami-Dade and Broward Counties is 14 percent cheaper than the national city average and has stayed virtually the same price in a year. –Source: The Miami Herald 8/31/2011, U.S. Bureau of Labor Statistics Consumer Price Index
- Backed by a quarter-billion dollars in fresh financing and a conviction that Coral Gables will be the first South Florida enclave to experience a real estate rebound, a handful of developers are building again in the City Beautiful. The downtown section of Coral Gables, around Ponce De Leon Blvd., is the epicenter of the mini-

building boom, with luxury apartments and office buildings – not condos – taking center stage. There are at least 7 new projects either under construction or scheduled to break ground soon in Coral Gables in the most active building flurry in the last 5 years. –Source: The Miami Herald 8/15/2011

- In Miami-Dade, pending sales grew 19 percent in July over July 2010, and were up less than one percent from the previous month, June 2011. –Source: The Miami Herald 8/30/2011, MAR
- A new survey shows a decrease in household debt over the past year. –Source: The Miami Herald 8/19/2011, Credit Karma
- Overall trade across the U.S. dropped, but local ports posted trade surpluses – sending out more goods than they brought in. For every dollar of imports in South Florida, the region shipped out \$1.51, according to new figures from the Census Bureau. –Source: The Miami Herald 8/12/2011, U.S. Census Bureau

With the strong fundamentals of an underlying economy poised with continued growth in the International World, opportunities will continue to present themselves. Investors enjoy the safety of the United States, and Florida has a lot of positive aspects with incredibly depressed prices that make this a great place to develop a real estate investing business plan and reap the profits when done correctly. Please contact me should you want to seriously discuss in more detail [distressed sales of units](#). This market presents various unique opportunities that very well may never be seen again in one's lifetime. Please let me help you take advantage of this situation. I have many strategic relationships with the decision makers regarding distressed properties, and the resources to carry out the objective, right down to the day to day operations.

In the course of continually researching and familiarizing myself with the inventory of the very localized market in which I practice, along with the banking relationships I have cultivated, I have been able to do a lot of the research and legwork recognizing the best potential values in my target markets, or in some instances in other specific buildings or locations where there is excellent value for the product. Please don't hesitate to [contact me](#) directly for any such information. Many are in distressed situations ([foreclosures and short sales](#)), and I am very knowledgeable of how best to negotiate these types of scenarios in your best interest, please contact me so we can discuss important factors in more detail and how I can help you profit from these.

Brazil is quickly becoming one of the fastest growing and most lucrative economies in the world and Miami has a mutually beneficial relationship with this country that will only get stronger. So much so that a supplement in the Miami Herald will run monthly and this publication is dedicated exclusively to business, travel and bilateral trade with Brazil. The online version can be found [HERE](#):

In addition, here were two stories in the Miami Herald that I thought were very interesting, especially the first link outlining an exciting new strategy:

[Miami-Dade tries to boost ties to Brazil](#) – August 12, 2011

[Brazilian policymakers plot next steps](#) – August 19, 2011

LEGISLATION, 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 link that will take you to the Florida Association of Realtors Legislative Center, which will help to explain the numerous moving parts concerning these issues: <http://www.floridarealtors.org/LegislativeCenter/TopInitiatives/index.cfm>

INTEREST RATES & RELATED NEWS: It is important to note that different types of loans are 'pegged' to different rates, so please make sure to stay in touch with your mortgage broker or banker to keep up to date on interest rates, as this can directly affect many Real Estate related decisions. In addition to the lowered rate when securing a mortgage to buy property, another common question you will see with rates near historic lows is whether or not it is a good idea to

refinance. This discussion might be a good one to have with a reputable mortgage broker or your banker and see if this would make sense financially. Or feel free to visit the following mortgage section on our website, <http://buybeach.com/access/mort.htm> .

This is the website to the Federal Reserve's Monetary Policy section: <http://federalreserve.gov/monetarypolicy/default.htm>

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/>

Also, the use of a currency exchange service could save you additional funds; feel free to call me for more details about this.

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.

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 the 4 following quotes:

"Don't think, just do." – Horace

"It doesn't matter which side of the fence you get off on sometimes. What matters most is getting off. You cannot make progress without making decisions." – Jim Rohn

"I hooked up my accelerator pedal in my car to my brake lights. I hit the gas, people behind me stop, and I'm gone." – Steven Wright

"Keep your face always towards the sunshine – and shadows will fall behind you." – Walt Whitman