

Bargain hunters boost home sales

News Date: 06/27/2008
Outlet: Miami Herald
Contact: Hatcher, Monica

South Florida's long-dormant housing market showed further signs of life in May: Home sales picked up from April, the third consecutive monthly increase in condos and single-family houses, while prices in Broward remained essentially flat.

Real estate professionals, ever hopeful, pointed to the month-to-month improvements as evidence the market is feeling for a bottom -- with some saying restoring boom-like excitement to certain parts of town.

The number of closings we had in [2006 and 2007] we did the same amount in May, said Jay Phillip Parker, a title attorney and owner of Miami Beach sales and much more momentum, more vigorous negotiations.

Monthly sales figures released Thursday by the Florida Association of Realtors showed that year-over-year local figures remain grim, and few would expect sales volume does not equate with price appreciation, not in the short-term, and there is a huge inventory, cautioned William Hardin, director of real estate. I hate to be the naysayer, but we're in a weak economic environment and ultimately what drives demand for housing is jobs, Hardin said.

He did agree, however, that swiftly sliding prices, abetted by record foreclosures, are starting to draw buyers into the market.

The median price of an existing single-family house fell in both counties by roughly 20 percent in May, dropping to \$320,900 in Miami-Dade and \$296,000 in Broward, a 20 percent rise between April and May in Miami-Dade and 2 percent in Broward, sales were down 31 percent in Miami-Dade and 8 percent in Broward.

Richard Barkett, chief executive of The Realtor Association of Greater Fort Lauderdale, said summer is typically the busiest of the year for the industry.

Compared to houses listed for sale, the raw sales numbers are striking. In both counties, 33,678 houses were offered for sale, yet fewer than 900 were listed and sold by licensed agents.

Existing condo sales dropped dismally from last year but, like houses, inched up in May from April. The median price in Miami-Dade rose by 3 percent from a year ago.

In Broward, the median plunged 31 percent to \$138,900. Real estate agents have attributed Broward's steeper declines to the high number of conversions: 49,255 units for sale; 1,059 were sold.

FORECLOSURE SALES

Foreclosures, a main driver of sales among houses and condos, made for a decidedly strong month for Chris Vane, an agent with Douglas Elliman F&B Realty.

On South Beach, he said, foreclosures were selling for 50 cents on the dollar in many cases, sparking bidding wars among all-cash buyers from Europe. Buyers usually have multiple contracts. It's been crazy, Vane said. The Beach is a highly desirable market and is recovering faster than most other areas, he said.

One heavily discounted example: A one-bedroom, renovated unit in the Roney Palace Oceanfront Condominium on Collins Avenue, last purchased for \$1.2 million, drew multiple offers and will sell above the asking price to a buyer from out of state, Vane said.

TOO GOOD TO PASS UP

Baton Rouge, La. investor Jerry Harper bought a second home last month at the Cosmopolitan, a luxury condo at 110 Washington Ave. The unit was sold for \$1.2 million.

He also bought a second unit overlooking the water for \$155,000, which he plans to rent.

Well, gee, when that stuff prices at what my stuff in Louisiana is pricing for. . . , it's a no-brainer, Harper said.

Still, for every sale, there is someone who can't sell fast enough to avoid foreclosure.

In 2004, Gabhan Kenna, a real estate investor and landlord, saw an opportunity to expand his business providing affordable rentals in Broward. He added to his portfolio to nine homes. He rented several as Section 8 housing. Four years later, under mounds of property tax debt, insurance bills and rising mortgage payments because the rental market won't support the overhead.

I am a landlord for 10 years. . . I have three kids in school. I am 47 and I have hit a brick wall, Kenna said.

All nine homes are for sale at less than \$200,000.

Ron Shuffield, president of Esslinger-Wooten-Maxwell Realtors, said the market would return to health in a piecemeal fashion, with some neighborhoods recovering faster than others.

He said the tough times are reflected in inventory numbers, which show growing numbers of homes for sale in the lower ranges.

That's where the foreclosures are happening. People who bought in the lower price range financed them at 95 and 100 percent, said Shuffield, adding that many are now in foreclosure.