

[sun-sentinel.com/business/realestate/fl-home-flippers-20130511,0,3619564.story](http://www.sun-sentinel.com/business/realestate/fl-home-flippers-20130511,0,3619564.story)

South Florida Sun-Sentinel.com

Flippers playing role in South Florida's housing recovery

By [Paul Owers](#), Sun Sentinel

11:52 AM EDT, May 11, 2013

Home flippers got a bad name during the housing boom. They sold properties for big profits in days or weeks, and the rapid price appreciation created a frenzy that led to the eventual bust.

advertisement

But today's flippers are getting credit for helping the market recover. They're taking time to add value, sprucing up the landscaping and putting in new floors and appliances.

"When I put a house back up for sale, it usually goes very quickly," said Bruno Duarte, a 34-year-old former stock broker.

"Prices since last year have risen a lot," he said. "Houses I used to buy for \$70,000 or \$75,000 cost \$80,000 now. They're costing a little more to buy, but they're also selling for higher prices, too."

A recent study showed that South Florida is one of the most profitable areas in the country for flipping homes.

The metro area of Palm Beach, Broward and Miami-Dade counties ranked sixth nationwide, with a 37 percent gross profit on flipped homes, according to [RealtyTrac](#) Inc. The firm counted a flip as a sale that occurred within six months of the previous transaction.

South Florida investors flipped 4,299 homes last year, up 36 percent from 2011. They bought at an average price of \$138,064 and resold at an average of \$189,291.

Orlando was the top market for flipped homes, with a 63 percent gross profit, RealtyTrac said.

The best areas for flips are those where prices fell the most, industry observers say. In South Florida, values tumbled by about half before hitting bottom in 2012.

Flippers also are drawn to the region because of the strong demand from foreign buyers. With European economies in turmoil, foreigners view U.S. housing as a safe place for their money, said Ken H. Johnson, a professor and economist at Florida International University's Hollo School of Real Estate.

In many cases, flippers are paying cash for dilapidated properties that other buyers won't touch or can't get a lender to finance, said Daren Blomquist, a spokesman for RealtyTrac.

"There will always be some bad players, but overall, flippers seem like they're filling a necessary gap in the

market," he said.

Although South Florida investors are enjoying robust returns, their biggest problem these days is a lack of homes for sale.

Many owners are holding off until prices rise, or they can't sell because they're "underwater," owing more than the house is worth. Also, large investment funds have swooped into South Florida and other markets and are buying foreclosed homes in bulk, depleting already-thin inventories.

Lex Levinrad, founder of the [Boca Raton](#)-based Distressed Real Estate Institute, said individual investors looking for homes to buy should target short sales rather than bank-owned homes.

In a short sale, the homeowner needs the bank's permission to sell for less than the loan amount. To find delinquent homeowners in need of a short sale, investors can search public records or team with an experienced real estate agent, he said.

"Short sales are easier than foreclosures because there's not as much competition," said Levinrad, who trains investors. "Some of the best deals are short sales, hands down."

Powers@tribune.com, 561-243-6529 or Twitter @paulowers

Copyright © 2013, [South Florida Sun-Sentinel](#)