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Homebuyers find bargains as downturn lingers in South Florida

FORT LAUDERDALE, Fla. – Oct. 29, 2007 – For almost two years, South Florida's housing market has been decidedly dreadful for sellers.

Sales and prices are down, inventory and foreclosures are up, and experts predict more misery for another year.

But there is a bright side. Buyers are getting deals, if not outright steals, as sellers, banks and builders cope with the downturn. Savvy buyers are spending tens of thousands of dollars less now than they were during the boom years of 2000 to 2005. They're paying reduced closing costs or avoiding them altogether and scoring freebies such as plasma TVs, granite countertops and even a year's worth of homeowner fees or property taxes.

Some used to look only at existing homes because they figured that was all they could afford. But builders have drastically cut prices and offered incentives for new homes.

Many consumers still refuse to buy, certain that prices will keep dropping. Others say there's no better time to be house-hunting.

J. Paul Getty said do the opposite of what everyone else is doing, and you'll make money," said Bob Graeve, a real estate agent for Illustrated Properties in Palm Beach Gardens. "If everyone else is selling, it's time to buy. It's true in the stock market, and it's true in real estate."

The price was right

When Lisa Kane decided to move back to Broward County this year, she went right to the Internet, spending hours looking at houses and comparing prices.

In August, she found listed for \$274,900 a three-bedroom Plantation home with a foyer on the first floor and living quarters on the second. It was the lowest price in the Bridgewater II subdivision off Nob Hill Road. She liked the development, with its barrel-tile roofs, water views and tree-lined streets.

Kane, a buyer for a catalog retailer, thought the sellers were still asking too much. She and her real estate agents, Marisa DiLenge and Heather Richards of Prudential Florida 1st Realty, negotiated the price down to \$235,000.

They persuaded the sellers to take less because Kane was a serious buyer approved for financing, a rarity today as lenders tighten credit standards.

The same model in the same development sold in the summer of 2006 for \$345,000, a \$110,000 difference.

"All you can do is ask," said Kane, a Philadelphia native who was returning from a short stint in Arkansas. "Sellers can accept or not."

Kane said buyers should hire an experienced agent but also do plenty of research themselves. That includes looking for clues that might reveal a seller's mind-set.

"If somebody has put their home on the market for two weeks and is asking a little more than they paid, you know they're not going to make a deal," she said.

In Kane's case, the sellers, a young couple, originally listed the property for sale in February and were ready to move on. They had lowered the price twice before she made an offer.

"I think it's timing," DiLenge said. "It's a matter of finding the right seller who is motivated."

Boca Raton

How did Tracy and David Fink spend their summer? Looking at condominiums near the Florida Atlantic University campus in Boca Raton for their daughter, Morgan, 20, an FAU junior.

They noticed that about 40 of the 300-plus condos in the gated Lake Windwood development east of FAU were for sale. They hoped that would play to their advantage.

"We figured somebody was going to be desperate," Tracy Fink said.

The sellers of a two-bedroom lakefront unit had reduced the list price to \$194,500 from \$208,000. The Finks offered \$150,000, knowing it needed new tile and appliances and other improvements. The sellers countered at \$185,000.

"We moved on," Tracy Fink said. "That was way more than we wanted to spend."

Two weeks later, while the Finks were looking at other condos, the sellers called back and agreed to cut the price. The two sides settled on \$155,000.

At the height of the market in 2005, the condo would have sold for about \$200,000, said their real estate agent, Pamela Orr of Balistreri Realty in Lighthouse Point.

Orr said she doesn't like to lowball sellers, but buyers shouldn't be bashful in this market.

"Don't be embarrassed," she said. "A lot of people are just happy to get an offer."

Tracy and David Fink, who live outside Philadelphia, say bargain-hunters shouldn't fall in love with any one property because that could cause them to overpay. Also, they advise buyers to get their finances in order and not muddy the deal with contingencies.

"The stronger you are financially," Tracy Fink said, "the more leverage you have."

Lantana

Nelson Corona and Martha Pimentel wanted a three-bedroom house in the Lantana area of central Palm Beach County. There are plenty of those available, just not in their low- to mid-\$200,000 price range.

"I said, 'Listen, if you don't mind jumping through a few hoops, I think I can make you happy,'" said their real estate agent, Mike Kleinrichert.

These days, jumping through hoops means waiting while a homeowner tries to persuade a lender to allow a house to sell for less than is owed on the mortgage. This type of transaction is called a short sale.

Kleinrichert had a home listed for \$279,900 in a working-class neighborhood of homes on small lots near Lantana and Jog roads. It was perfect for the couple and their two daughters, provided they could get it for a lot less than the list price. Corona and Pimentel offered \$200,000. The lender, Washington Mutual, countered at \$240,000, and the couple came back with a take-it-or-leave-it \$220,000. The bank took it.

Kleinrichert estimates the house would have sold for about \$300,000 during the housing boom.

Corona and Pimentel closed on the sale in July. The money they saved on the house they put into renovations, including a new ceramic tile floor in the living room and a pink and lavender paint job in their 5-year-old daughter Neila's bedroom.

"Everybody looks for a deal where they have money left over," said Corona, 35, a construction worker and native New Yorker whose family is originally from the Dominican Republic.

While the end result is satisfying, buying a property through a short sale can be exasperating, Kleinrichert said.

The process can drag for weeks or even months. Corona and Pimentel, for example, had to wait almost two months for Washington Mutual to respond to their initial offer.

"You've got to sit there and wait," Kleinrichert said. "But, in the end, you can strike gold."

Coconut Creek

One by one, Carlos E. Ortega trudged through existing homes for sale in Margate, Lauderhill and Coral Springs, never quite finding what he wanted.

Then a friend suggested he visit K. Hovnanian Homes' Whispering Trails, a 76-unit townhouse community off Sample Road in Coconut Creek.

He and his wife, Alexandra, settled on a four-bedroom, 3 1/2-bath townhouse with a two-car garage, a security system and a balcony with a lakeview. Their two children, ages 4 and 5, have their own rooms and plenty of space to play.

The Ortegas paid \$276,340, more than \$100,000 less than what they would have spent earlier this year. But that was just the beginning of their savings.

Hovnanian threw in \$5,000 toward closing costs and gave the couple free upgrades, including marble countertops, stainless steel appliances and tile on the bathroom walls.

"I was like, 'Wow,'" said Ortega, 50, a technology company salesman who moved last year from the San Francisco Bay area. "All that for a brand new unit."

Buyers are pleasantly surprised to find that new homes now are within their budgets.

"When the market goes down, you have to correct," said Mark Hodges, South Florida division president for Hovnanian. "It's the nature of the business."

"Today there are great deals everywhere. Could prices drop a nudge further? Perhaps. But you never know when prices will hit the bottom until they go back up."

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