

INVENTORY IS DOWN, SALES ARE UP – AND IN SOME CASES SO ARE PRICES. **WHO SAYS IT'S A BUYER'S MARKET?**

By Chauncey Mabe

After selling luxury waterfront real estate in east Fort Lauderdale for 14 years, Susan Rindley had seldom seen an international buyer. That is, until earlier this year. Now she's working with wealthy homebuyers from around the world – South Africa, Brazil, Canada, Rome, and London. "It's strange," says Rindley, a broker with Sotheby's International Realty. "I never even thought of China, but recently we've had a few even from there."

By "strange," Rindley means "strangely wonderful." The surge of international buyers, most with cash in hand, has contributed to an upswing in South Florida's high-end real estate market during the first six months of the year, especially in the region encompassing Boca Raton to Aventura, Fort Lauderdale beach to Weston. Could this activity mean the prolonged real estate slump is finally coming to an end?



Bill Bentz
W.A. Bentz Construction



Susan Rindley
ONE Sotheby's International Realty

To find out, we talked to six high-end brokers, contractors and developers in Boca and Broward. All are at least cautiously optimistic, like Bill Bentz, of W.A. Bentz Construction, whose company builds custom homes in east Fort Lauderdale. That's significant, because the market for new construction has not been as vigorous as the appetite for resales or existing new homes and condos.

"We've certainly had more home activity," says Bentz, who started his company in 1977. "We've had more meetings with prospective purchasers. People are buying, including new homes. The inventory is shrinking, people are definitely moving into a more positive mind set. Architects are drawing conceptual plans. Some may not be ready to pull the trigger, but they are setting themselves up."

Bentz kept his company profitable every month of the downturn by being flexible: He switched from new construction to renovations. "We just did a million-dollar job for a couple," he says. But he adds, "Now is a good time to build. Contractors are hungry, construction costs are competitive." While the next three-to-six months may be relatively "lean" for new construction, Bentz is optimistic. "We've had enough bad news," he says. "South Florida is a good place to live. I have two new jobs with former clients in negotiation right now. Our company is looking strong."

While each of these business leaders has a slightly different take on the improving situation, given his or her particular slice of the luxury market, most have a few observations in common. One is shrinking inventory, another is an improving stock market, and a third is a pool of buyers wealthy enough to make cash purchases of homes ranging from \$500,000 to \$20 million. Another is, as always, location.

"Without question our segment has shielded us," says Jamie Telchin, president of development for LXR Luxury Resorts & Hotels, whose One Thousand Ocean

in Boca Raton is among the top "trophy buildings" in the region. "One of our big units recently sold. It's the buyers' fifth home. An all-cash buyer is a completely different market."

Even with such an elite clientele – One Thousand Ocean's "ultra-luxury" condominiums range from \$3 million to \$15 million – LXR made adjustments to weather the downturn. Originally the company planned fourteen developments in California, Puerto Rico, the Keys and other Florida locations, but once the real estate market and the economy faltered, the company pulled back to concentrate on its most desirable property, the condominium which sits on a private peninsula next to its Boca Raton Resort & Club.

"It's been a healthy challenge to get where we are," Telchin says, adding that LXR is considering whether it's time to launch some of its other projects. "I would love to ride the trough up. I feel comfortable starting a presale to see what traction we get on a lower price-point property. The other problem is if you wait too long you can miss the sweet spot on the up cycle."

Like Telchin, Betsy Rauch, vice-president at Robinette Homes, represents a unique property – Hawks Landing, a prestige 350-acre housing development in Plantation where the homes range from the high \$500,000's to more than \$3 million. "There really isn't any competition," Rauch says of Hawks Landing, which started selling in 1997. "You're not just buying a house but investing in a community. The owner lives here. I live here. Barbara Link, my associate, also lives here. It really adds to the credibility."

Over the past 12 months, Rauch has seen "a major change" in her market, which had ground to a standstill in 2006. "We were in a holding pattern for several years, but now I'm seeing the re-emergence of buyers in the strong luxury home marketplace," says Rauch, who adds that 25 Hawks Landing home sites remain, out of the original 540. "My inventory is the lowest it's been in five years. That's the indication of stabilization in the market."

When the market stalled, Hawks Landing was in the



Jamie Telchin
LXR Luxury Resorts & Hotels, One Thousand Ocean



Betsy Rauch
Robinette Homes, Hawks Landing

midst of preselling the final stage. Robinette responded by putting new construction on hold, finishing spec homes "at our own pace," and concentrating on resales. "We didn't want to put ourselves in the position of many builders who didn't fare so well," Rauch says. "Fortunately, we owned our property outright. We had no lenders to answer to. When we did start to build spec homes again, we were able to build what we wanted, with the features we wanted. The interesting thing that happened, and this is a big change, we are selling new construction now."

While Robinette is proceeding cautiously, building ten spec homes a year instead of the 40 to 50 at the height of the boom, Rauch says she is "banking" on the market continuing to increase over the next 12 months. "Every spec home we build now, as soon as we finish we sell it," she says. "When I tell friends in the business what's happened here in the last 18 months they are astounded. That's location and reputation."

At Choice Realty in downtown Fort Lauderdale, owner Sandy Levy and his associate Tom Cappadona emphasize another factor each of these high-end developers and agents have in common. They build relationships and offer personalized service. "We don't worry about commissions," Levy says. "We'll talk people out of buying a house if we think it's wrong for them."

Levy is a retired CPA, while Cappadona has a deep background in development and property management, and with other members of their team they can offer a wide slate of services, including advice on taxes and money management, at no additional cost. That's a plus for high-net-worth buyers who consider a primary or secondary residence to be an important financial asset. For example, Choice recently handled the sale of a \$4 million dollar home fully furnished. By allocating \$2.98 of the price to real estate and \$980,000 to furnishing, Levy says he was able to save the buyer more than \$20,000 a year in property taxes.