

Foreign buyers are flocking to Florida condos again

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Nearly 800 Canadians will jam a hotel ballroom near the Toronto airport Sunday to hear the gospel of Florida real estate.

High-end Brazilian buyers prefer to be wooed more intimately -- perhaps at a cocktail party or a small private dinner -- but they are just as pumped.

Lured by rock-bottom prices, international buyers are now flocking to buy Florida properties. It's especially true in countries where the currency is strong against the dollar.

"We're telling Canadians this is a once-in-a-lifetime opportunity -- the perfect storm," said Brian Ellis, who heads Toronto-based Florida Home Finders of Canada. "The prices are just incredible and the Canadian dollar has been so strong."

At least three of five buyers in the Greater Downtown Miami condo market are coming from abroad, estimates Jenny Huertas, international sales director for Condo Vultures, a real estate advisory and research firm.

The stampede from overseas is "kind of like a foreign subsidy helping us resolve our real estate problems," said Peter Zalewski, a Condo Vultures principal. "This time the assistance isn't coming from Washington. It's coming from Caracas, London, Milan, Bogot_."

The buying frenzy was set off by developers lowering prices on new units to below what it cost to build in today's market, Huertas said.

"There were many people on the sidelines watching for the floor. In the last three or four months there's the perception that we're there," said developer Edgardo Defortuna, president and chief executive of Fortune International.

CASH CUSTOMERS

Most of the foreigners are cash buyers like Leroy Jean Francois, who has snapped up 47 properties since January for the two real estate firms he works for in France and Switzerland. The plan, he said, is to buy, fix up if necessary, rent out for the next five years, then sell -- for a profit.

The Frenchman has already made a paper profit on a unit he closed on in January at Marquis Residences, a 67-story luxury tower in downtown Miami where prices for a one-bedroom apartment start at \$375,000. His unit cost \$317 per square foot -- "a great price, incredible,"

he said.

A recent plunge in the euro -- it's now worth \$1.23, down from its high of more than \$1.60 in 2008 -- could cool things off a little. To buy a \$1 million condo, it now takes around 814,000 euros compared to 625,000 euros under the old exchange rate.

Meantime, prices at Marquis Residences also have strengthened to around \$400 per square foot.

But even the declining euro has barely given Francois pause.

"I think the euro will weaken more. But even if the exchange rate is \$1 to 1 euro, South Florida real estate is still a great bargain for us," said Francois, who is president of The Bridge, a real estate fund consultancy.

AVERAGE JOES

Luxury condos are once again popular among Latin America buyers who purchase them as investments but also as a home base while their children attend school here, they attend to business interests or escape strife at home.

But for his Canadian buyers, Ellis scours South Florida for condo units at around the \$150,000 price point. "We're basically the Wal-Mart. We're for the average Joe."

And these days average Joe Canadian can afford much more. For decades the U.S. dollar was worth more than the Canadian dollar and buying in the U.S. was always more expensive for Canadians. But in September 2007, the Canadian dollar reached parity with the greenback for the first time in 31 years. It fell back again, but now the Canadian loonie, which takes its name from the loon pictured on the one-dollar coin, is near parity at around 95 cents.

So Ellis has been offering his Florida real estate seminars to packed houses in Ontario and is thinking about taking the show on the road to Montreal. There was so much interest in the latest seminar that he had to schedule two sessions for 400 people each this Sunday.

Most of his Canadian buyers are what Ellis calls "end-vestors," meaning they plan on renting a unit out for now with an eye toward using it themselves down the road.

Since Home Finders is licensed as a brokerage only in Canada, it works with Florida brokers who complete the sales and pay the Canadian firm referral fees. By year's end, Ellis said he expects to have facilitated 500 Florida closings.

PRICES HALVED

Though Home Finders is now working with one Sunny Isles Beach property where condos are listed for up to \$350,000, the Sun Vista Gardens in Tamarac is a more typical offering.

There, buyers can find a one-bedroom for under \$75,000 and a two-bedroom for under \$100,000. That same one-bedroom, used to cost \$190,000, according to Florida Home Finders' website.

Ellis said he's actually having a hard time coming up with enough Florida properties in the \$150,000 range. Of course, he's picky. He's looking for good value, a good location and properties without legal complications. Most of the Canadians want condos, but Ellis said he

has some requests for single-family homes.

Though buyers from Europe, Latin America -- most from Argentina, Brazil, Colombia, and Venezuela -- and Canada predominate in the South Florida market, a smattering of Chinese investors and African buyers also are starting to make purchases.

"We recently sold a \$7.5 million penthouse at Jade Ocean to a Nigerian buyer," said Defortuna. "They were here and they loved it."

CHINA, TOO

At Fortune's 237-unit Artech building, Defortuna said 11 condos were sold to Chinese investors. Units in the building are selling for almost half of the original asking price.

"I think China is still a marginal market," said Defortuna. "The Chinese are more focused on the West Coast and New York, but small pockets [of Chinese buyers] can make a big difference in a building."

With international offices in Mexico and Argentina, Fortune can tap directly into those markets, and it frequently holds seminars on the legal and financial aspects of owning property in the United States. At one recent event in Buenos Aires there was space for just 200 people, so Fortune decided to charge a \$60 fee. "We still had to close reservations," said Defortuna.

One big concern of foreign buyers is what happens to their properties when they lock up after a vacation, said Defortuna. But Fortune International's property management division will take care of things like paying utilities and condo fees -- and even turn over a client's car engine once a week so the battery doesn't die.

A number of local brokerages have country specialists on staff who work with their counterparts abroad to bring in buyers.

Elite Global Reality, for example, has sales associates who specialize in the French, Italian and Chilean markets, said Thiago Costa, executive director and sales associates.

Costa, who is Brazilian, travels frequently to his homeland where local partners have set up meetings with potential buyers in Sao Paulo, Rio de Janeiro or Belo Horizonte who are "willing and able to buy."

He prefers to present one South Florida project at a time to 10 to 20 people at a cocktail party or even a dinner at the home of a potential buyer.

With Miami prices so low, the Brazilian currency (the *real*) strong, the Brazilian economy robust and real estate prices on the rise in cities like Sao Paulo, where a luxury property might cost \$800 to \$1,000 per square foot, Brazilians like what they see in South Florida.

'IMPOSSIBLE TO LOSE'

"They feel it's almost impossible to lose money," said Costa.

Africa Israel USA, the New York-based developer of the 292-unit Marquis Residences, also works with the brokerage community in target markets like Venezuela, the South of France, Mexico and Brazil. Working with brokers, it has put on events ranging from fashion shows to

invitation-only cocktail parties and dinners, said Lori Ordovery, the managing director.

“It needs to be someone they know, that they have a one-on-one relationship,” she said. So that means even an event at a synagogue or someone's uncle's pool party can be a selling opportunity.

Though most international buyers pay cash, there's an international financing program at Marquis that has proven popular. Some 57 percent of Marquis' foreign buyers have chosen it.

While the program's 45 percent down payment for a five-year ARM seems steep, Bob Wuan, managing director of Americore Mortgage/Vacation Finance, said, “We find international buyers are more than willing to put 50 percent or more down. They want to put money in U.S. real estate as a currency hedge or an inflation hedge.”

Meanwhile, Ellis keeps telling Canadians what a great deal Florida is: “We believe Florida is in for quite a rebound. We just don't know when.”