

FLORIDA

INTERNATIONAL MAGAZINE

CULTURE NOW

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FASHION ROCKS
COLOR, SILHOUETTE & DANDY STYLE

IN THE CENTER OF THINGS

Sometimes, it's all about style and center stage action. The positioning of the dining counter in this kitchen from **Dawn Harmon of Robb & Stucky Interiors** can't help but remind us of theater seating — a perfect spot to take in the daily show that is culinary work. The showtime theme is further alluded to with the backsplash of metallic mosaics behind the stove, which is reminiscent of a theater curtain. Clean lines combine to form a geometric pattern in the space, creating a dramatic focal point.

Looking big on a small scale, the one-room concept really works in this installation by **DKOR Interiors**. The kitchen, of course, is only second to the magnificent views. Here, the galley kitchen becomes the backdrop, much in the same way as a wall unit in a living room. The design team opted for rich wood veneers for texture, including a spacious island counter bar with an integrated stovetop that offers extra surface space. The glass and stainless steel backsplash offsets the warmth with a cooler feel. □

DKOR INTERIORS



BOUNCING BACK

As the national recession nears its end, Florida's real estate market begins to show signs of slow recovery. A look at who's buying and what's selling, from the Panhandle to Miami

BY OMAR SOMMEREYNS

The town of WaterSound is undeniably picturesque — a thoughtfully planned gated community created by the St. Joe Company along a scenic coastline of northwest Florida. To many, it would be considered a prototypical example of fine Florida living. For Jim O'Neill, an architect and Montana native, it's paradise incarnate.

"An awful lot of people in this area, prior to last year, were buying because value was going up so rapidly," he says. "I've heard a lot of people saying that buying one of these homes was better than putting your money in the bank, but all that came to a halt. It didn't matter for my wife and I, though, since we never planned on coming in to flip our property — we bought for the long-term. I mean, it's nice to hear that your property is worth more than you paid for it, but that was never our intention."

Just a year and a half ago, O'Neill bought a second home at WaterSound Beach in the \$650,000 range, and he says he's found his Eden and feels completely unbridled by the down-market. Unlike speculating buyers who lost their properties to the banks once the Florida bubble burst, O'Neill made a sound investment with the aim to simply enjoy the kind of quality of life that's expected (or at least fantasized about) in this region of the U.S. — the warm climate, the beach, the serenity.

WHAT'S SELLING?

And O'Neill is not alone. People are starting to buy real estate again in Florida and many realtors and pundits will argue that now's the best time to purchase properties for first-time buyers, given the low prices and the promise of rising value down the long-term line. According to the latest statistics available for existing home residential sales from the Florida Association of Realtors, the numbers are going up. For instance, July saw statewide sales of 15,882 existing single-family homes and 5,035 existing condos, up from 11,595 and 3,396, respectively, in July of last year. Since the beginning of the year through July, total sales of homes reached 90,400 compared to 72,236 last year, and 29,919 condos compared to 23,593 in 2008.

"I do think we are all still cautious on using our cash or leveraging equity and/or debt," says Cynthia Shelton, a broker and director of investment sales with Colliers Arnold in Orlando. "There are still individuals buying real estate, but just fewer of them for the moment. And what a great deal these buyers and investors are getting. Years from now, we will all look back and say, 'Wow, why didn't I buy that property? They were smart and got a good deal.'"

As for luxury properties, sales seem to be slow, but steady. "I think sales of luxury real estate in South Florida have gone up significantly during the last four to six months, including ours," says Edgardo Defortuna, president and CEO of Fortune International Realty. "Buyers recognize that luxury projects with great amenities have solid value, and the developers who adjusted their pricing have been able to move their inventory very successfully. The prognosis for the near future appears to be very encouraging, but the progress most likely will not increase significantly."

"The quality of life in Florida, the natural attributes and climate — those things haven't changed," says Jerry M. Ray, senior vice-president of external affairs at the St. Joe Company in Jacksonville. "Great natural beauty — that's certainly a constant." And with about 78 million baby boomers expected to retire in the next two decades, it's likely that many of them will want to retire somewhere warm and sunny like Florida. Plus, real estate prices are quite attractive now, especially with the preponderance of foreclosures. "It is obvious that foreclosures create a downward pressure on price," adds Defortuna. "Until the remaining new inventory gets absorbed, the existing inventory will have the presence of foreclosures, but my feeling is that by the end of the year, the number of foreclosures will start to decrease."

Elana Spitzberg, a developer from Chicago, recently took advantage of this, purchasing a three-bedroom unit in a building on Williams Island in Aventura for \$718,000. "It ended up being a foreclosure in a building I wanted to be in, and the price was actually less than half of what it was originally, so I definitely got a good deal."

Still, many of the higher-end luxury properties aren't slashing their prices as easily. "I have personally sold several \$1 million and up properties in the past few months and my buyers are always looking for a deal, but I have found that the high-end properties have been holding their value much better than the average home," says Isos Monroe, VP of sales and managing broker at Skyline Equities Realty in Miami. "Properties in the \$1 million-plus range have dropped anywhere from 10 to 25 percent from 2007 prices, but nowhere as significant as properties in the \$200,000 to \$750,000 range."

New Yorkers Daniel and Liz Ansell were elated to recently buy property in South Florida, fulfilling their dream of having a home on the ocean. This past April, they bought a condo in the Jade Beach building on Sunny Isles Beach. They wouldn't reveal for >



This page: A beach house in the town of WaterSound in North Florida (top), a community developed by the St. Joe Company based in Jacksonville, where architect and Montana native Jim O'Neill (above) has purchased a second home. Opposite: The ASIA highrise on Brickell Key in Miami, a building from Swire Properties.

This page, clockwise from top left: Isos Monroe, VP of sales and managing broker of Skyline Equities Realty in Miami, has sold properties in the \$1 million and up category to several buyers in recent months; The Jade Beach and Jade Ocean towers in Sunny Isles were developed by Fortune International Realty; New York transplants and new Jade Beach residents Daniel and Liz Ansell (with their daughters) are representative of the individuals buying luxury real estate in Florida now; Trump Hollywood, the newest property from developers Jorge Perez and Donald Trump, Jr.



how much, but seemed to be happy with the asking price and, following a state-of-the-art renovation and interior design by DKOR, they now value the unit in the \$1.5 million range. "At first, we were a little concerned about the market when we came down, but we took one look at the building and fell in love," says Daniel Ansell. "Sometimes we look at the ocean, and we really can't understand why more people are not doing what we're doing, but I think it's going to pick up in the future once people realize again the value of living in a place like Florida. This state is as close to paradise as you find anywhere on earth...or at least in the United States."

Luxe buildings like Trump Hollywood are also doing rather well in sales, with over 70 percent of units sold, according to developer (and real estate legend) Jorge Perez. "Here, the average is \$2 million-plus per unit," he says, "so these kinds of buyers aren't speculating — they're looking at this for long-term hold." Perez's partner on the project, Donald Trump, Jr., backs that sentiment: "We figured when we're doing ultra-luxury, there's going to be a market for those people with a different level of income."

Stephen L. Owens, president of Swire Properties, which developed the ASIA building on Brickell Key, is happy to see the market picking up as well and points out that they have been selling their exclusive luxury units without a discount. "Recovery of the residential market will necessarily be uneven statewide, with pockets of early resilience and problem areas, both in terms of geography and product type," he says. "In short, a damaging oversupply has been compounded by the global financial dislocation, which has eliminated mortgage financing until very recently. Fortunately, the market is improving. Buyers — especially internationals — are returning, and we are selling again. Because ASIA is unencumbered by a construction loan or any other bank financing, we have been able to wait out this recent difficult period without any price discounting whatsoever."

According to Skyline's Monroe, the future of real estate in South Florida looks promising, although it may take some time: "My prognosis is Miami has corrected itself and is getting back to being reasonably priced, making homes affordable to the average homeowner. Between January 2004 and April 2007, the price inflation of real estate got really out of hand and many individuals, financing institutions, developers and regulators are to blame for this. Real estate was treated as a trading commodity and not as real estate, as it should be. But Miami continues to be a very attractive area for investing. As long as buyers can hold their property for at least three to five years, they should be fine. Waterfront property, especially, will continue to be the best investment. Resort-style living within Brickell, Miami, Coral Gables, Coconut Grove and Miami Beach is always in high demand and will continue to attract baby boomers, snowbirds, investors, celebrities, locals and foreign buyers."

WHO ARE THE BUYERS?

Florida real estate has also seen an increase in international buyers. Many observers denote how the dollar is very weak in Europe, so condominium investment is perceived to be good value (especially when the Euro offers a 40 to 45 percent premium), along with wealthy buyers from countries where there is political unrest and unstable economies (i.e. parts of Latin America). In a recent study by the National Association of Realtors, researchers found that the typical Florida realtor worked with three international clients, and 10 percent of respondents worked with 11 or more international clients in the past year. In 2008, there were 119,956 members in Florida who completed an estimated 101,000 transactions with international buyers. Also, international clients in Florida represented an estimated 30 percent of existing home purchases in the past 12 months and foreign buyers in Florida were responsible for approximately 32 percent of new and existing home sales.

"Yes, we are receiving purchasers from all over Latin America, Canada and Europe, more specifically Venezuela, Colombia, Brazil, Argentina, Italy, United Kingdom and Spain to name a few," says Skyline's Monroe. "Fifty percent of the sales at Skyline Residences at Mary Brickell Village have been contracted for sale by Floridians and the other 50 percent from a variety of countries including the ones named above. The largest number of foreign buyers is coming from Venezuela due to the political unrest in that country. These buyers have a lot of money and are eager to buy and close, most times 100 percent in cash. Foreign buyers are buying here for many reasons, including political and financial security and stability, tax incentives, business opportunities, great real estate values and weather conditions, as well as international airports and ease of access to Europe, Central and South America, as well as the Caribbean and the entire USA."

Monroe delineates key factors when buying in today's market: location, quality of construction, property management and the property's financial status, i.e. reserves, number of foreclosures or short sales within a property that have a strong impact on assessments and pricing.

"A great deal may come by once in a while but it won't last long," he says. "As the economy strengthens, we can anticipate more people increasing their livelihood and buying into the luxury lifestyle. Real estate, over the long run, has proven to be a sound, safe and rewarding investment. I would imagine that any rich, savvy investor would have a portion of their portfolio invested in real estate."

Adds Jim O'Neill, the buyer at WaterSound in northwest Florida, "A lot of people had to have their properties given back to the bank and have become disillusioned by the whole thing, but that's not the case with us...For us, it's like finding heaven, and once you've found it, you're not giving it up." □

Throughout Florida, since the beginning of the year through July, total sales of homes reached 90,400 compared to 72,236 last year, and 29,919 condos compared to 23,593 in 2008.