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VULTURE INVESTORS Home prices slashed 50 percent and more

FINDING BOTTOM HELPS MOVE PROPERTIES

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Although the open house signs were not yet up, people began to pour into the sales office of Enclave at Blackpoint Marina in Cutler Bay.

They were looking for bargains and they found them. By the end of Halloween weekend, nearly half of the 46 single-family homes in the Enclave had sales contracts signed by buyers who had been pre-qualified to get mortgages.

Many more prospective buyers left without deals because they did not have financing in place.

"I haven't seen that activity in three years," said Robert Suris, whose company took over the community after acquiring the note and foreclosing on it early last month. "It was like the old days all over again — except prices were 50 percent off."

As unsold properties continue to languish, more owners of residential developments are likely to follow the lead of Suris and Miami's 1060 Brickell and cut prices by 50 percent or more to move units, according to real estate experts.

"When you have that kind of response it means you found the bottom," said George Cadman III, president of South Dade Realty in Palmetto Bay. "You always need to have a bottom before you can start up."

Cadman was not involved with the Enclave.



RICHARD M. BROOKS

Marcos Egipciano, Arnaud Karsenti and Robert Suris were able to make deals after buying the developer's \$21.5 million loan from Regions Bank at a substantial discount and foreclosing.

The original developer of the Enclave priced the houses from \$300,000 to the mid \$500,000s four years ago, according to real estate broker Marcos Egipciano, president of Sovereign Real Estate Group in Kendall. Egipciano worked with Suris and his partner Arnaud Karsenti on the new sales effort. The partners are asking from \$169,900 to \$259,900 per home,

Egipciano said.

The recent scene at the Enclave was reminiscent of the mid-decade's housing boom when people stood in line outside sales centers across South Florida to buy new condos, townhouses and single family homes. That ended when the real estate and lending markets began to sour in 2007.

Suris and Karsenti, principals of 13th Florida Investments in Miami, knew that to compete with the thousands of distressed and foreclosed homes on the market, they'd have to drastically cut prices. With thousands of empty homes in foreclosure, the area surrounding the Enclave is one of the regions hurt the worst by the housing crisis.

The partners hired Egipciano to set prices that would hold up to bank appraisals that often come in below the contract price.

Egipciano looked at recent conventional, foreclosure and short sales of newer single-family homes in the vicinity and came up with a median price of about \$101 per square foot. With that benchmark, he priced the Enclave houses at from \$88 square foot to \$99 per square foot.

Suris said their cost was about \$55 per square foot, meaning they stand to make more than a 60% profit if the homes sell in the price range.

"If you lower your price significantly, that's going to attract buyers, said Coral Gables real estate consultant David Dabby. "The market in South Miami-Dade is showing that."

Dabby said the average price per square foot for all residential properties in the area around the Enclave is about \$85 per square foot. The price per square foot throughout South Miami-

Dade County \$69 per square foot, down from \$182 per square foot in 2006.

Dabby said nearly 90 percent of all deals in South Miami-Dade now involve foreclosed homes or short sales, in which a seller obtains a lender's consent to sell a house for less than the debt on the property.

Zala Moodie never thought she could ever afford a five-bedroom single-family home — until she visited the Enclave.

"I have been looking at homes around Miami and for that quality and square footage, I haven't seen any deal like that at all," said Moodie, who signed a contract to buy a five-bedroom home of about 2,300 square feet for \$234,000.

"For that money, I was mainly looking at townhouses," said Moodie, a supervisor for the telephone maintenance division at the U.S. Southern Command in Doral. "This home was out of my reach four years ago, and I feel that if I wait, I will miss this opportunity."

She plans to finance the purchase with a Veterans Administration loan.

Enclave developer Quail Hunter Trail, led by Guillermo Carrillo, planned to build 240 homes near the extension of Florida's Turnpike and Southwest 216th Street, also called West Old Cutler Road.

The developer substantially completed 46 houses before it quit paying construction and development loans held by Regions Bank. The lender filed a foreclosure suit in December 2008, saying it was owed \$21.5 million.

In May, Karsenti and Suris bought the note and took title of the project, including 194 undeveloped lots, in early October. The partners plan to sell the lots to a national developer.

The partners wouldn't disclose how much they paid for the note. They said buying the note, putting the finishing touches on the homes and completing infrastructure work — including sidewalks and water and sewer systems — will cost them nearly \$6 million.

One expert predicts there will be more investors like Karsenti and Suris taking over abandoned projects and reviving sales with big discounts.

"We are just now beginning to see that," Esslinger Wooten Maxwell president Ron Shuffield said. "As we move

into 2010, a lot of properties are going to be placed into the market at the proper prices. It is a healthy thing. It helps stabilize the neighborhood, and property values will increase again."

Shuffield was not involved in the Enclave sales.

1060 BRICKELL DISCOUNT

Offering properties at 50 percent of their original asking price has helped other developers who can afford the discount.

The developer of 1060 Brickell sold almost half of the complex's 570 condos when broker Walter Defortuna took over sales efforts earlier in the year. He convinced New York-based Extell Development to drop prices from about \$450 per square foot to \$220.

After the discount, Defortuna sold the remaining 350 units in three months, said Defortuna, chairman of Miami-based Fortune International Realty.

"If you price properties at market price, you'll find out that we still have a pretty aggressive market," he said.

Most buyers were foreign investors who paid cash. In a time of tight financing, that also helped move units.

Robert Hale is paying \$219,000 for a three-bedroom, three-bath house with more than 2,800 square feet at the Enclave. Hale, a security and maintenance supervisor at a condominium in Coral Gables, and his wife, Marilu Santamaria, a nursing assistant, were looking for a retirement home. Hoping to pick up a distressed resale for a bargain, they made offers on several properties in foreclosure. None resulted in sales.

Hales said the discounted houses in the Enclave easily competed with foreclosed homes, many of which are in disrepair.

"They needed fixing, a lot of fixing at that price," said Hale, who currently owns a townhouse in Homestead he plans to rent out.

"This is a brand new home with a pretty nice size and has everything we want at a descent price," he said. "This is something that doesn't happen too often."

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ENCLAVE AT BLACK POINT MARINA

Location: Florida's Turnpike Extension and Southwest 216th Street, Cutler Bay

Property: 46 single-family homes

Price range: \$169,900 to \$259,900

Original pricing: \$300,000 to the mid \$500,000s

Developer: Quail Hunter Trail

Seller: 13th Floor Investment, Arnaud Karsenti and Robert Suris, principals

Broker: Sovereign Real Estate Group, Marcos Egipciano, principal