

Bailout, down market and economy debated by experts... After a rough 2008, experts see a brighter outlook in coming year

By YVONSLAVY FERNANDEZ

From Realtors to developers to lenders who attended the Residential Real Estate Outlook forum last Thursday, all looked for answers to the topics on everyone's mind: the market, the economy, the bailout.

The roundtable was sponsored by the Realtor Association of Greater Miami and the Beaches, the Coral Gables Chamber of Commerce and media sponsor Miami Today.

Though uncertainties remained, panelists agreed on a brighter outlook for 2009. Panelist Kandy Hill, president of Southern Hill Real Estate Inc., began on a positive note.

He said relative to the ill state of the real estate market, his company is doing well.

Southern Hill is reinforcing the customer service aspect of the business, said Mr. Hill, who specializes in real estate acquisitions, development and brokerage.

Mr. Hill recently completed 55 Merick, a mixed-use project with 167 condos, office space and a retail component in Coral Gables.

He said he has attended many of those closings to thank buyers personally for trusting his company during this rough ride.

More than 90% of all residential units are sold and closed. He attributes part of this project's success to building in Coral Gables, a market he said is not inundated with flippers.

But he said he can see why many Realtors are suffering, because the drop in consumer confidence he saw in the second quarter was worse than ever.

"It opened our eyes to how serious this (market crisis) was and how appreciative we are of our buyers," he said.

Another side effect of the residential real estate market's severe cold is the impact on property values, said Estrellita Sibila, a lawyer with Weiss, Serota, Helfman, Pastoriza, Cole & Boniske P.L.

He said the values of some properties in a neighborhood drop, but also impacts the value of your house," said Ms. Sibila.

The bottom line is that home seekers need to find a lender willing to help them get a loan, she said, adding that she continues to see many people who find "a place they want to call home, but it doesn't become a reality."

"It's time for change and opportunities," she said.

Panelist Clay Wilson said he thinks those opportunities are coming. "There is some improvement," said Mr. Wilson, executive vice president of commercial real estate for BankUnited.

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Estrellita Sibila

But the problem in real estate is that market players don't learn from history, said Mr. Wilson, who has 20 years in banking and commercial real estate.

"No one thinks when things are too good that they are going to change," he said.

But Mr. Wilson, who has ridden the real estate roller coaster many times, predicted "things are going to get better."

He cited the real estate slump of the late 1980s, when residential real estate and other industries were in a deep hole, but things improved.

Mr. Wilson said the question now is, "What are we going to do to fix it?"

One step taken is the federal government's housing relief bill designed to help return consumer confidence.

South Florida can also count on the substantial international investments that continue to grow as some European and South American economies bal-

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Clay Wilson

loon, he added.

This year, Florida ranked with 25.4% of international buyers selecting to buy real estate here, according to 2008 data from the National Association of Realtors.

California, Arizona and Texas made the next three spots.

The Sunshine State controlled the most buyers from North America, Latin America and Europe and took second place for Asia, data showed.

Mr. Wilson said some Harvard University studies indicate a potential decrease in housing starts — number of new housing units — could help absorb excess inventory in housing. Favorable interest rates are also needed to aid responsible borrowers get mortgage credit.

Lender Claudine Claus blames subprime lenders for part of this mess.

"I am shocked at all the irresponsible lending that went on," said Ms. Claus, president and CEO of Coral Gables-based Home Financing Center with 20 years in mortgage lending and the real estate industry.

The bad decision-making of some has affected the lives of many through the trickle-down effect, she said. "People out there are struggling."

But help is on the way. Fannie Mae is working to help borrowers keep their homes and providing mortgage assistance programs.

The federal government is tossing a life preserver to Florida — ranked No. 1 in foreclosures — through the housing relief bill set to hand \$5.4 billion to the state. Of the funds, \$62.2 million are earmarked for Miami-Dade County, receiving the most of all 67 counties.

"I think there are a lot of good things happening," Ms. Claus said. But she warns that it's time for some homeowners to think carefully before refinancing their homes.

"It would be nice to go back to the time when homes were cherished and not used as ATM machines," she said.

Some other market adjustments are on the way, said Hector Fernandez, senior project manager for Fullerton Diaz Architects.

Mr. Fernandez said adjustments to his firm's business model are paying off. Fullerton Diaz Architects' portfolio in-

cludes two major developments in Coral Gables, mixed-use development 1300 Ponce and 16-story office tower 1600 Ponce. One adjustment some developers are making is to move toward green building, he said, a concept that attracts many buyers nowadays.

Mr. Fernandez said more developers are employing Leadership in Energy and Environmental Design standards and renewable resource management when building to provide "better products to the end-users."

But what's next for the real estate market in South Florida? Panelists had some predictions.

Ms. Claus, the mortgage lender, said her company is focusing on financing the working-close-to-home movement. She said many employers are struggling with the issue of commuting as employees feel the pinch at the gas pump. Entities such as Baptist Hospital and University of Miami are embracing the idea of offering housing for employees, she said.

And for those units available in the market, BankUnited's Mr. Wilson said absorption is rising month-to-month, which could help stabilize home prices and increase confidence.

"Some of those things are starting to come together because of what we are seeing in the market," he said.

In another trend, more developers are shying away from high-rise condos and moving toward projects that meet the needs of niche markets, Mr. Fernandez added.

But for those fearing foreclosure, Ms. Sibila, the land-use lawyer, said help is out there. For example, the Florida Attorney's Saving Homes is a program that offers pro-bono legal services to residents facing foreclosure (*Details: 666-607-2187*). She said these services can help homeowners prevent or avoid foreclosures.

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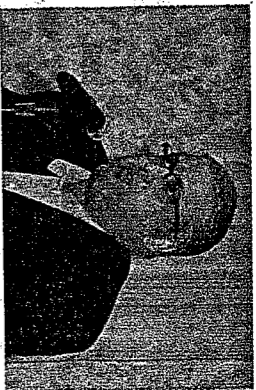
...during last week's residential real estate outlook forum



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'I am shocked at all the irresponsible lending that went on.'
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'[More developers are employing FIBED standards... to provide] better products to the end-users.'
Hector Fernandez

Many panelists believe federal bailout plan will bring stability, stimulate market

By YUDIS, ANDY FERNANDEZ

Panelists at the Residential Real Estate Outlook forum gave their predictions on what the \$700-billion federal bailout means for South Florida.

The bailout billions could help create jobs for a slumping South Florida job market and a boost in consumer confidence, said Clay Wilson, executive vice president of commercial real estate for BankUnited.

The rescue plan can help financial institutions move bad assets off their balance sheets and make room for the loans many prospective homebuyers are hoping to find, he said.

Others agree the bailout could stimulate home buying in South Florida and boost the financial sector as the country endures a financial crisis, but think it's too soon to know how.

Regardless, the economy continues to be the No. 1 issue for Americans.

"Everywhere I go people are talking about issues related to the economy. People want to know what's happening in residential real estate," said Mark Trowbridge, president and CEO of the Coral Gables Chamber of Commerce. "Most people's biggest asset is their home."

Claudine Claus, president and CEO of Home Financing

Center, thinks residential real estate could get a boost from the bailout because it could lower interest rates and slow down foreclosures in Miami-Dade.

With bailout money in hand, loans can be modified faster so that Floridians don't continue to lose their homes, she said.

In the real estate business, psychology plays a big role. So if buyers' confidence goes up, the entire market can benefit, she added.

But stabilization could also come within the market, some say.

Randy Hill, president of Southern Hill Real Estate, suggests that when a market is unstable, investors have to find stabilization somewhere else within the market.

For example, he said Coral Gables and South Miami are safer investment areas to pursue because these subdivisions of the market are seeing a growth in sales and fewer inventories.

But Mr. Hill said he hopes the stimulus package doesn't just reach high-ranking executives but also those people who "have been victims of bad lending practices."

Other concerns exist about the practicality of the hastily enacted rescue plan.

Ms. Claus, the lender, wor-

ries about how the plan will be put into action because the bill's language does not define specific steps, she said.

More money, she said, have gone to prosecute "the people who caused these problems and committed the fraud," she said.

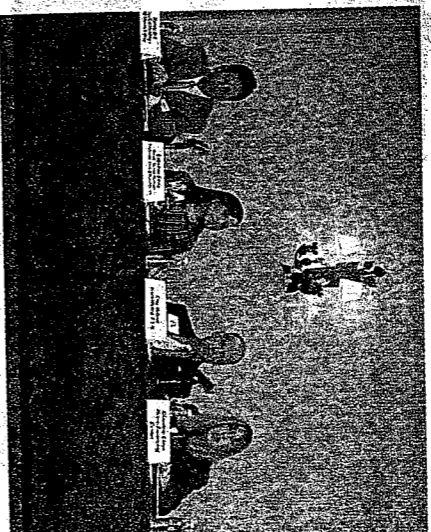
Ms. Claus's company has joined forces with other local lenders to put a stop to some of the fraud filtering through South Florida. Those bad actions cost everyone money, she noted.

Others agree on the importance of knowing soon what the plan will do.

Hector Fernandez, senior project manager for Fullerton Diaz Architects, said the government needs to iron out how the bailout will be put into action as "users are at a higher risk level need immediate help."

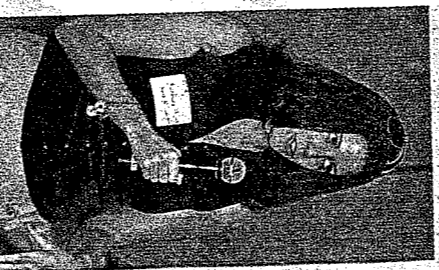
Some players of the real estate market who attended the forum agree that the bailout could help stabilize the economy.

"I think helping shore up Wall Street could bring back the liquidity banks are looking for," said Sean McCormick, private mortgage banker for Countrywide Home Loans, who attended the forum. "It's going to allow for deals on the table to come to fruition."

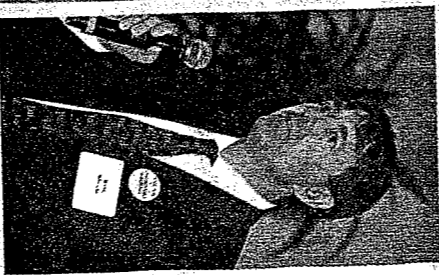


Photos by Marlene Gauroni

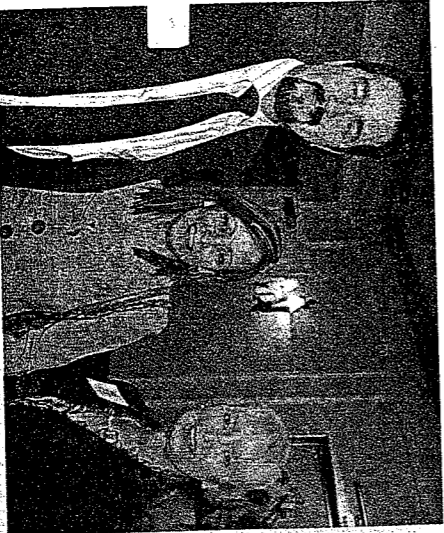
The real estate panel expressed optimism for the future and towards the federal bailout bill that should help out the slumping market.



Barbara Haley of Haley Properties and Keller Williams comments.



Todd Wheeler, Home Financing Center, gets a turn on the mike.



Brian Barakat, Barakat, Prempeh & Jacobs, left, and Amy Belancour and Meyra Eguez, both representing the Bank of Florida.



Marc Berenfeld, chairman, Coral Gables chamber, left, and Gail Ackermann, owner and interior designer, Paradigm Interiors Inc.



Teressa Kinney, Realtor Association of Greater Miami & The Beaches.