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'Canadians can buy homes in ... Florida that they couldn't afford two years ago'

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SPECIAL TO THE STAR.

Many Canadians will likely be looking for more than beaches, palm trees and sunshine as they head south for the March break.

Some will also be looking at for-sale signs on houses, townhouses and condominiums. And in Florida, there will be lots to see.

There have never been more residential properties on the market in the Sunshine State than there is now, according to the Florida Association of Realtors. Many of these homes are wearing price stickers reduced 50 per cent from this time last year.

There are sad stories to go with the bargain prices. Many of the homes were previously owned and occupied by families, many of whom paid nothing down and were given low-interest mortgages for the first few years. But when it came time to renew those mortgages at higher, market-level interest rates, millions of owners throughout the United States discovered they couldn't afford the higher payments and their mortgages went into default.

Mortgage lenders seized the properties and put them back on the market to recoup their loans. But with hundreds of thousands of foreclosed homes placed on the market simultaneously, prices fell dramatically.

While this meltdown was happening in the resale market, homebuilders were busy, particularly in Florida, still building new homes. But now homebuyers were having trouble getting mortgages from nervous lenders. And homebuilders found themselves competing against plunging prices on homes only two or three years old just down the street.

That's why Lucaya looks like it does today. Lucaya is a subdivision of luxury new homes standing nearly empty in Fort Myers on Florida's southwest coast. The homes were built by Taylor Woodrow, the parent company of Monarch Construction, one of Canada's most prominent homebuilders.

To try and move these finished, landscaped homes, plus hundreds of others Taylor Woodrow has standing empty in other high-end housing projects it launched in southwest Florida, the builder has dropped prices by nearly 50 per cent. Brian Johnston, president of Monarch Corp. and an executive with Taylor Woodrow, calls Florida's housing market "the perfect storm."

It is for Canadian buyers.

"With the strength of our loonie and new-home prices in Florida so depressed, it's the perfect time for Canadians to buy a home down here," Johnston said during a

recent trip to Fort Myers. "We'll never see these conditions again in my lifetime," says Johnston, immediate past-president of the Ontario Home Builders' Association. "Eventually this glut of new homes will be absorbed and prices will rebound strongly. Canadians can buy homes in southern Florida that they couldn't afford two years ago and won't be able to buy two years from now."

Johnston pointed out the first of America's 80 million baby boomers – a woman born Jan. 1, 1946 – received her first government social security cheque this month. He says many of those boomers will be looking at southern states for their retirement years.

Magnolia Landing is a Taylor Woodrow golf course project in Fort Myers where bungalows with 1,752 square feet, three bedrooms, two bathrooms and a single-car garage are priced starting at \$248,000. But they'll listen to other offers and you can negotiate those altered offers in the dining room of a spectacular clubhouse. At Lucaya, a Taylor Woodrow project closer to the heart of Fort Myers, the builder has similar new homes for \$203,000. They have an entire finished subdivision with similar prices of homes, which were in the \$400,000 range when the project opened about two years ago.

It's not a typical new home site with mud and construction trailers. It is a beautifully landscaped neighbourhood surrounding a community centre with a party room, a full recreation centre and a spacious outdoor swimming pool, where you can swim year-round.

Although Taylor Woodrow has dramatically cut prices, other new homebuilders in Florida are using different incentives to attract buyers. Orlando realtor Matt Brown concentrates on new home sales and says 75 per cent of his clients are from Ontario. Brown's company, VacationHomeWorld.com, is hosting a free seminar in Toronto on buying Florida real estate next Saturday at the Airport Radisson Hotel.

Brown says some builders selling existing new homes are trying to maintain the listed price, but are offering incentives, such as a \$65,000 furniture package, or no condo fees for two years, or a lease-back agreement to guarantee a monthly income while the home is rented out to vacationers – likely from Ontario. He knows of some \$700,000 condominium units that returned \$144,000 in leaseback payments to the owner over two years. Plus the owner got two free weeks of occupancy each year in their unit.

Developers will often pay for your flights to and from Florida to look at properties, if you buy, said Brown.

Many of the properties handled by Brown are in Kissimmee, an Orlando suburb close to Disney World, Universal Studios and other amusement parks.

One thing Brown says Canadians should know is that mortgage lenders are nervous. The days of no, or low, down payments are gone. Lenders now want a 25 or 30 per cent down payment.

Brown represents Canadian developer Intrawest, the creator of Blue Mountain Village in Collingwood. Intrawest is building Westin Imagine, a high-rise condo-hotel that

will be part of Imagine Village, Orange County Convention Centre on the Orlando-Kissimmee boundary.

More than 2.1 million Canadians visited Florida in 2006, up 3.2 per cent from 2005, according to Florida tourism figures. In the first three-quarters of 2007, Canadian visitors to Florida increased 3 per cent and visits were up 6.8 per cent in July, August and September over the same period in 2006.

The real estate meltdown, triggered by the failure of what are called "sub-prime borrowers" to make mortgages payments, has resulted in potential foreclosures of more than 2 million homes across the United States.

Florida is the second hardest hit state in the U.S. next to California, according to RealtyTrac, a California-based realty data firm. Florida had 165,271 foreclosures in 2007, double the number of 2006.

Florida's real estate collapse has taken many jobs down with it. Thousands of construction trades have fled Florida to look for work rebuilding the Katrina-ravaged coastlines of Mississippi and Louisiana. Professions involved in marketing, selling, decorating and servicing new homes have been hard hit with layoffs.

There are other sad stories with this meltdown. When families are evicted from homes they often have to move to rental accommodation where no pets are allowed. Thousands of family pets have been turned loose to fend for themselves, or starve to death in abandoned houses.

Paul Fox was a police officer in Guelph before permanently heading to Florida 15 years ago. He sells used homes in Cape Coral, on Florida's west coast and says his market currently has a three-year supply of homes for sale.

"There are lots of bargains on lots of homes, here in Cape Coral and throughout Florida. But the market is still extremely slow because the qualified buyers believe that prices are still going down. So, they're waiting for the bottom."

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