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Bidding wars ignite condo sales

Some bank-owned units selling for 5-15 percent more than asking price

Orlando Business Journal - by [Anjali Fluker](#) Staff Writer

Private investors are returning to Orlando, as bank-owned condos — especially those priced at less than \$60,000 — generate a flurry of activity in the local housing market.

The result has been bidding wars among individual investors who have “\$50,000 sitting in a bank account,” said Realtor Marcus Burke, co-founder of Orlando-based **Condo Metropolis LLC**.

The buyers are coming from everywhere. Burke recently courted potential buyers from as close as Dr. Phillips — such as one buyer who already closed on three deals — as well as investors from Ireland, Norway and Iceland. “You still can’t get a loan on these things, so what’s happening is regular people who have \$50,000 in cash are coming out of the woodwork,” Burke said.

Cash quickly has become king, especially in the condo market. Nineteen — or 79 percent — of the 24 condo sales in the downtown Orlando ZIP codes of 32801 and 32803 during the last three months were cash deals, said Windermere-based **Appraisal & Consultant Services Inc.** The rest involved taking out mortgages.

The reason the cash deals are becoming so much more prominent: People see them as a way to make their investments work for them now — by collecting rent on a property that has no mortgage — while waiting to sell them for a larger profit three to five years from now, said Nicholas Pilz, a certified appraiser and owner of Appraisal & Consultant Services.

“When prices fall, it becomes more advantageous to buy,” said Pilz, adding that when the market was hot, speculators flipped properties for an almost instant return on their investments. “The shifting of the mentality of buyers now is significant.”

Although low prices are attracting so many interested buyers that some units are selling for 5–15 percent more than asking prices, it’s still a solid venture, said investor Marty Pozo.

Pozo, who’s working with Burke on buying his fourth Orlando-area condo, said he’s getting a nearly 30 percent return on his investments every month. “It gives us good cash flow.”

The lower prices aren’t attracting just individual investors, either, said Brenda Genant, vice president of sales in Florida for **Coldwell Banker The Condo Store**. When the prices are right, big investment firms will bid on them in bulk. “We were selling a property in Tampa, and we actually had at least five to six different bids come in on the property. It’s exciting to see activity coming back.”

However, it’s still a challenge for multifamily operators to have to deal with condo association rules, said Jon Wood, principal of Maitland-based **Urbanscape Properties Inc.**

Wood said he’s just “dipping his toe into” looking at bank-owned condo purchases. But unless he can buy 51 percent of the units, the property is still controlled by the condo association.

“You can get a great price, but you have to put up with the headaches,” which can include expensive assessments when other condo owners don’t pay their monthly maintenance fees, Wood said.

“The other challenge is when you don’t control the association, you don’t control how property is managed. You’re just along for the ride, whether you like it or not.”

Meanwhile, Condo Metropolis’ Burke welcomes the additional condo sales activity — even though it keeps him busy from 8 a.m. until midnight.

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Investor Marty Pozo meets with Realtor Marcus Burke to discuss buying a unit in the Tradewinds condo complex in MetroWest.

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