

What's a View Worth?

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By MELISSA GRIGGS, Business Writer

Stephen Fox, an avid fisherman, has spent three years looking for the perfect waterfront home. He found it in Ormond Beach.

"We've been everywhere. We've been to the Gulf and the Atlantic side, but we kept coming back to Daytona," said Fox, a contractor and developer in Georgia.

Fox thinks the riverfront house on John Anderson Drive, now under contract for \$2 million, was a steal. "When the market was booming, it would have been considerably more expensive," he said. "The value of this particular home is down about 30 (percent) to 40 percent. We are very, very pleased. It was an excellent value."

Despite the real estate bust, some million-dollar homes are still selling in the area, just not as many.

"All of the market is being affected equally," said John Adams at Adams, Cameron and Co. Realtors.

Property appraisers in Volusia and Flagler counties show sales of homes priced at \$1 million or more are down so far this year. In Volusia County, six single-family homes priced at \$1 million or more sold in the first quarter this year, compared with 19 in the first quarter of 2007, according to the appraiser's office. No condos sold for \$1 million or more in the first quarter this year, compared with eight in 2007.

Flagler County has had two sales of \$1 million or more in the first quarter this year, compared to seven last year. The figures include condos and houses.

But Aswin Suri, a REMAX All Pro agent, said his sales of luxury waterfront homes and condominiums is holding steady. Suri said Volusia and Flagler beachfront property is a bargain compared to other parts of the state and of the country.

"There has been a pullback in the market, but for folks in Florida and out of state, waterfront here is less expensive than other waterfront property," Suri said. "We have an easy time showing to customers who have a lot of money."

Suri believes this year will end up better than last. He said he has about \$13 million in sales so far this year, whereas his entire year was \$30 million last year. "We've seen an uptick," he said. "2008 will be even stronger."

Suri points to year-end figures on just waterfront property. The Daytona Beach Area Association of Realtors shows 42 sales of waterfront property priced at \$1 million or more in 2005; 36 in 2006; 35 in 2007 and seven sold, with six more under contract, so far this year.

So, Suri argues by the end of the year the market will see 35 sales again.

Clarence Cloak, a Realtor with Adams, Cameron, said he also is seeing interest from out-of-state and even foreign buyers. "I'm amazed at the number of people from India," he said. "We also have Canadians and the snowbirds, people from Minnesota, Michigan and Colorado."

Cloak said many Orlando residents with condos on the beach are looking for homes. "They are thinking of more permanent residences now and thinking it may be time to retire," he said.

Cloak said he has five listings of homes in the \$2 to \$3 million price range on Ocean Shore Boulevard in Ormond Beach.

"We are seeing good activity," Cloak said. "On the Internet, we are getting from nine to 16 hits a week on each property. That's a very positive sign."

There are signs some prices may be dropping on luxury properties. Cloak has one listing that dropped from \$2.3 million to \$2 million last month. The house sits on a 100-square-foot, oceanfront lot.

"It was built in the '50s, so it is in need of updating," Cloak said. "Or someone may tear it down to build the big Kahuna."

But with luxury homes, whether the prices will drop depends on the seller's motivation, Cloak said. "We have some estate homes and the sellers are motivated, but others who are owner-occupied may not be as motivated. They will look at realistic offers, but they're not looking to give it away."

Cloak said he is seeing some low-ball offers these days. "Buyers are bold, making low offers. That's OK, but it doesn't mean sellers have to take them," he said.

Even well-heeled buyers may be feeling the impact of the country's persistent financial market turbulence. "The big problem is not that luxury homes are not selling," Suri said, "but that it is very difficult to get super jumbo financing with good (loan-to-values) and rates. The problems are related more to the lending institutions."

Suri is handling sales in two developments in Ponce Inlet, which are priced at around \$2 million each, built by Andrew Howe of HCM Construction in Jacksonville. The Beach Club is a four-unit cluster of beach houses. Two of the houses have been built so far. Suri said one sold for \$1.9 million, but the buyer could not get approved for a loan.

"It possibly won't close," Suri said. "The developer will give the earnest money to the next buyer for it."

The other development called the Beach Club Cottages at Ponce Inlet is a seven-unit condominium colony near the Ponce de Leon Inlet Light Station. Three of the cottages sold for around \$2 million, Suri said. One is being resold by the new owner for \$2.5 million. Four more cottages will be built.

The cottages in Ponce Inlet appeal to buyers who want something a little different from a condo, Suri said. "The owner owns the oceanfront sand when they purchase these," he said. "It is like a home, but there's no yard work or maintenance. They are very high end."

Stephen Fox, 56, said he and his wife, Deborah, 52, plan to move from Georgia to their new home in Ormond Beach. The new 5,000-square-foot house was built by Ray Toutouchian of Ray's Homes.

"It is a marvelous place," Fox said. "We love John Anderson (Drive), and we ride up and down it every time we are here looking for the perfect home. I think we finally found it."

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