

Today's DAILY BUSINESS REVIEW

LUXURY REAL ESTATE Incentives offered

BROKERS ENTICED BY TRIPS AND CASH



J. ALBERT DIAZ

Jeanne Nicastri is selling condos at the Ritz Carlton Residences in Singer Island to get an all-paid round-trip to Toronto, Los Angeles or Hong Kong.

by Paola Iuspa-Abbott, DBR. A growing number of condo investors and developers are offering generous incentives to outside brokers, aiming to fuel deals during the slow summer sales season.

The bonuses range from trips to cash payments to supplement the established fee commission.

The sellers are especially trying to capture wealthy South

Americans who are visiting South Florida to escape the Southern hemisphere winter.

Wealthy South Americans and other foreigners are behind more than half the condo sales in South Florida. They're desirable because many pay cash at a time when buyers who need financing continue to face a tight credit market.

SEE STORY, PAGE A7

BUSINESS OF LAW



Loumiet

Appeals court awards defense fees to Loumiet

by John Pacenti, DBR. The Office of the Comptroller of the Currency has been ordered to pay the legal bills of Miami attorney Carlos Loumiet, who successfully defended himself against regulatory charges tied to the failure of Hamilton Bank.

Loumiet was accused of vouching for Hamilton executives who ended up in federal prison.

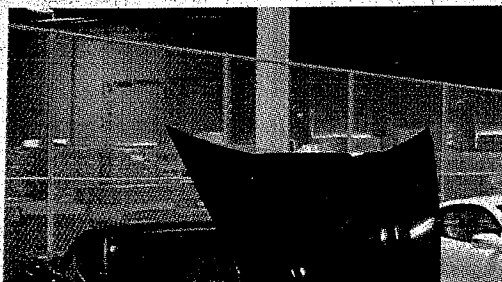
Richman Greer's Alan Greer may be in line for as much as \$1 million.

SEE STORY, PAGE A2

ON APPEAL

Bankrate fights fraud allegation

by Adolfo Pesquera, DBR.



ROTHSTEIN SAGA

Schemer's loot draws big crowd

by Julie Kay, DBR. The second auction of Ponzi schemer Scott Rothstein's mail drew

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LUXURY RESIDENTIAL Brokers given generous incentives to fuel deals

DEVELOPERS OFFER CASH, TRIPS TO SELL CONDOS

by Paola Iuspa-Abbott
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Jeanne Nicastrì usually sells luxury condos in exclusive Miami-Dade County areas like Bal Harbour, South Beach and Key Biscayne. But when she learned brokers were getting an all-paid round-trip to Toronto, Los Angeles or Hong Kong by selling condos at the tony Ritz Carlton Residences in Singer Island, the offers piqued her interest.

Soon, she was pitching the luxurious project to her clients.

"I don't think people would sit down and go through their entire database if there wasn't an incentive to make the effort worthwhile," the Coral Gables broker said.

Nicastrì recently referred a European client to broker Carolyn Block Ellert, who is handling sales at the Ritz-Carlton Residences on behalf of Miami-based Lionheart Capital.

Last year, Lionheart acquired 146 units in the new 242-unit tower, formerly known as 2700 North Ocean, from developer Dan Catalfumo. Early this year, Lionheart repositioned the project under the Ritz-Carlton brand.

Lionheart represents a growing number of investors and develop-



J. ALBERT DIAZ

Coldwell broker Jeanne Nicastrì said being offered incentives to sell condos is a good way to get people to "sit down and go through their database."

ers offering generous incentives to outside brokers to fuel deals during the slow summer sales season. They're especially trying to capture wealthy South Americans who are visiting South Florida to escape the Southern Hemisphere winter.



Block

South Americans and other foreigners are behind more than half the condo sales in South Florida, according to brokers. They mostly pay cash at a time when buyers who need financing continue to face a tight credit market.

So investors like Lionheart and developers such as Boca Raton-based Altman Management Co. are competing to land well-heeled

foreign buyers. One of their tactics is to dangle incentives to motivate brokers to give their projects top priority.

"We are looking to stand out to the brokers because there is more competing inventory that anyone has anticipated today," said Block Ellert, who is also helping Altman to market the Sapphire condominiums in Fort Lauderdale.

Altman is offering a \$5,000 bonus, on top of the customary 3 percent commission, to brokers who sell the remaining six units at Sapphire. The incentive program started May 30 and will run until Labor Day, Block Ellert said.

The 172-unit Sapphire, at 2821

SEE INCENTIVES, PAGE A9

OFFICE LEASING Newspaper moving to Broward Financial Centre

Sun-Sentinel leaving longtime home



by Eric Kalis
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With the South Florida Sun-Sentinel's upcoming relocation — and downsizing — from the New River

FROM PAGE A7

INCENTIVES: South Americans behind most condo sales in South Florida

N. Ocean Blvd., was mostly pre-sold during the housing boom. But by the time construction was completed, the market had collapsed and contract holders walked away from the deals. After reducing prices by 40 percent, most of the units have sold for between \$200,000 and \$1.1 million.

Block Ellert said Altman is offering incentives because the company wants to sell out the project to move on to new ones.

Generous broker incentives, ranging from exotic cars to trips, flourished in late 2006 and early 2007, as the economy began to slow and wealthy buyers became harder to find.

When the housing and financial markets collapsed in 2008, many developers' lost their partially sold projects to lenders, buyers failed to close and brokerage firms had massive layoffs. Incentive programs weren't enough to solve such daunting problems.

SHOW OF CONFIDENCE

Nicastri said the return of broker incentives shows sellers are confident they will recover their investments even if they spend extra money to spur their marketing efforts.

"When developers go back to proven techniques that produce buyers, you know we are in a better real estate market than we were," she said.

Miami-based Related Group recently began offering outside brokers a 7 percent commission to sell three units or more at Related's Veranda at Plantation. That tops the customary 3 percent to 5 percent fee.

In 2008, Related acquired 123 units in Veranda, which at that time was a failed condo conversion at 510 NW 84th Ave.

Now, ISG Related, a Related affiliate, hopes to move units by boosting the broker commissions. There are 60 condos for sale at Veranda ranging in



“Incentives are being offered all over town. In order to get on that list, you are going to have to participate in some sort of a broker incentive program.”

CRAIG STUDNICKY
PRINCIPAL
ISG RELATED

price from the \$220,000s to the \$300,000s, said Craig Studnicky, an ISG Related principal.

"Incentives are being offered all over town," he said. The incentive program will run until Labor Day.

Canyon Ranch Miami Beach, a high-end condo and hotel project on the ocean, is also offering incentives through the summer. Brokers who bring buyers to the closing table get a 5 percent commission on the first unit sold and a 6 percent commission on every additional sale. They also receive a \$500 gift certificate for the Canyon Ranch Hotel & Spa, according to Aventura-based Pordes Residential. Pordes is marketing the project on behalf of the owner, an affiliate of Lehman Brothers Holdings.

The bankrupt Wall Street financial giant took title to the

unsold units during the housing and financial crisis. The condos, at 6801 Collins Ave., are priced from the \$400,000s to more than \$3 million.

Outside brokers often maintain short lists of projects they show their clients, Studnicky said.

"In order to get on that list, you are going to have to participate in some sort of a broker incentive program," he said.

The bulk owners bought their units at deeply discounted prices and have some room to spend money on bonuses and trips.

"What you are seeing is an attitude from the secondary developer, who is technically the new owner, to simply accelerate sales," Studnicky said.

Studnicky is also offering up to 7 percent commissions at the Harbour House at 10275 Collins Ave. in Bal Harbour. In 2009, investor Thomas Daly bought 101 Harbour House condos from the developer, an affiliate of the Related Group. Today, nine units remain on the market, he said.

Incentive programs are a proven strategy to increase traffic to projects, said William Hardin, director of Florida International University's Jerome Bain Real Estate Institute.

"The quicker they can sell the condos, the higher the return they get," he said.

Hardin said broker incentives are a cost effective way to target people who have already made a decision to buy in South Florida.

"In today's market, the one way to get to a buyer is to go through the brokers because that's who they are dealing with," he added. "The quickest way is to incentivize the people who have influence over those buyers."

Lionheart managing partner Ophir Sternberg said his company expected to sell out Singer Island's Ritz-Carlton in three to four years. But in less than six

AT A GLANCE

A sampling of broker incentives being offered by some South Florida condo projects:

■ Canyon Ranch, Miami Beach

5 percent commission on first sale and 6 percent commission on additional sales, plus a \$500 gift card for Canyon Ranch Hotel & Spa

■ Promenade, Boynton Beach

\$3,500 bonus for each sale on top of a 3 percent commission

■ Ritz Carlton Residences, Singer Island

Trip to the Ritz-Carlton in Toronto or \$10,000 for one condo sold; trip to the Ritz-Carlton in Los Angeles or \$15,000 for two condos sold; trip to the Ritz-Carlton in Hong Kong or \$20,000 for three or more condos sold. The incentives are in addition to a 3 percent commission

■ Sapphire, Fort Lauderdale

\$5,000 bonus on top of the customary 3 percent commission

■ Veranda, Plantation

7 percent commission to brokers who sell three units or more

months, Lionheart sold 50 percent of its condos, from prices ranging from \$700,000 to \$10 million, he said.

"We are exceeding our projections," he said, adding that he hoped the new incentives will keep the momentum going during the summer.

Lionheart's incentives include a trip to the Ritz-Carlton in Toronto or \$10,000 to brokers who sell one condo, according to Block Ellert, whose company, Premier Sales Group in Fort Lauderdale, markets the Singer Island condos.

Brokers who sell two condos get a round trip to the Ritz-Carlton in Los Angeles or \$15,000. Sellers of three units can receive a trip to the Ritz-Carlton in Hong Kong or \$20,000.

The incentives are in addition to a 3 percent commission. The program will run until September.

Block Ellert is also marketing the 370-unit Promenade, a new condo project in Boynton Beach. The community sold out during the pre-construction phase. But buyers had gone away by the time the two-tower project was completed last year.

After a 40 percent price cut, condos are selling for \$150,000 to \$600,000, she said. About half of the units are already sold.

The developer, Miami-based Panther Real Estate Partners, is offering outside brokers a \$3,500 bonus for each condo they sell, on top of a 3 percent commission.

"The incentives are a great motivation," said Nicastri, with Coldwell Banker Previews International. "I am selling Promenade to people in Europe who don't need to be in Miami, but want to have a place in Florida to spend the winter."

Certainly, not all projects are dangling incentives. Edgardo Defortuna said he doesn't need them to boost sales at his projects. He said he pays the typical 5 percent commission.

He does help brokers pay for marketing and events abroad if they sell multiple units in his projects, Defortuna said.

He said incentives are often offered in projects that are not easy to sell, either because of the prices or the condo layout.

"In projects like Icon Brickell and Trump Hollywood, we don't need to give financial incentives," said Defortuna, president and chief executive of Miami-based Fortune International.

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