

HOW TO...

Buy your dream villa



We've all daydreamed about owning a place in the Floridian sun, whether for holidays, retirement or as an investment – but where do you start? Right here, with **Lesley Dolby and Steve Schaffer's** 'before you buy' guide

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There's something special about a typical Florida day where you get hot in the sun, jump in the pool to cool off, get out and start sizzling again. You enjoy your days at the world's best theme parks, or try to beat the heat in one of the numerous modern shopping malls. Nothing beats being out on those warm, balmy evenings, feeling refreshed and tanned, wearing only shorts and t-shirts even in the middle of winter, spending quality time with your family or friends. If only you could put all this in your suitcase and take it back home!

Perhaps you have been to Florida many times and often considered the possibility of owning a place here. Maybe you've never been, but like what you've heard about it. One thing is for sure: Florida will always be one of the most popular UK holiday destinations. We share a common culture and language, but there is something about its relaxed lifestyle, hospitality and of course its weather that continues to attract people like a magnet.

Whether your idea of a great holiday is loading up on shopping bargains, immersing yourself in the theme parks, playing some fairweather golf, working on your tan on the beach or poolside, or getting up close to the wildlife, then this is the place for you,

especially in the winter. The fact that it costs less to do all that here in Florida has always been part of the attraction! Perhaps that's why, according to *The 2005 Profile of Homebuyers* by the National Association of Realtors, a whopping one third of all Florida's properties are now being bought by Brits.

STEP 1: DECIDE ON PROPERTY USE

So you quite fancy a place in the Sunshine State. But what do you want from it? Brits buy homes in Florida for all sorts of reasons. Firstly, there is the second home, where your property will sit vacant and ready to welcome you any time you feel like it, for up to six months of the year.

Secondly, and probably the most popular option – particularly in the Disney area – is the short-term rental investment home. This is rented out on a week-by-week basis, helping to offset some of your costs. Rentals are an attractive choice because you can also use the property for personal vacations or let family and friends stay there. The third option is to invest in a long-term rental property, or commercial property, where the resident tenant rents from you the entire year and pays their own operating costs – this



Photo: Visit Florida



Photo: Gateway Parc

required by foreign nationals is 20 per cent of the selling price, but most people put down 25 or 30 per cent. You will also need an extra five or six per cent for closing costs and reserves. Some buyers use their savings as a deposit, but many use the equity in their UK home to borrow funds to bring to Florida, either for the deposit, or for the entire amount.

We have some good advice for those considering the short-term rental property option: to keep yourself on a safe footing, right from the start, you need enough funds to pay your first few months' operating costs, just in case rental income is slow in coming. If you are completely dependant on rental income, then you should remember that you're effectively running a business, and will need to be actively involved in the marketing and booking of your property. We have found that owners who do this are more successful than those who put their fate in the hands of others. It seems obvious, but if you want to rent out your property and don't put much effort into ensuring that your advertising is adequate or that the property is up to scratch, then you shouldn't expect to see much money back quickly.

Whichever option you choose, when it comes to the capital appreciation of your property, you should always think of a real estate investment in terms of five or more years. The trend of 'quick flips' and big profits of the past year or so is an exception, rather than the rule.

STEP 3: FIND THE RIGHT ADVICE

Once you've counted your pennies, where do you go for the most accurate and up to date information, and find representation that protects your interests? You've already picked up this magazine, which is a good start. You could also buy a copy of *Buying a Property in Florida* (£9.99 from WH Smith). There's a wealth of information on the internet, as well as regular property shows around the UK; talking with knowledgeable friends is also useful.

The next step is usually to choose a realtor, and the safest and most popular option is to choose a brokerage whose agents are Florida resident realtors and members of the National Association of Realtors. As well as being licensed and regulated by the State

is a great, hassle-free option for keeping the rent money coming in, but you can lose out on personal access to the property.

Lastly, for those who are considering a complete move to Florida, there is the option of retiring or emigrating there on a permanent basis.

Ultimately, the type of property you decide upon, and its location, really depend on what you want to use it for and whether you want to use your property personally. Of course, your budget is also an important factor.

But don't be afraid to invest overseas. In the US, property rights are considered sacred and its federal and state governments are geared towards consumer protection, with laws and professional standards being a foundation for security, ensuring a safe investment, whatever type you choose.

STEP 2: WORK OUT WHAT IT COSTS

So now you may be thinking that a Floridian home could be for you, but how do you know if you can afford it? Even though property prices on both sides of the pond have recently soared, overall, you can still get much more for your money in Florida. There has been talk of a potential "housing bubble" in the US, but many experts agree that Florida, especially the Orlando area, will be far less affected than anywhere else in America. This is due to the growing demand for property in the area, as well as the unprecedented amount of foreign investment there.

Mortgages in Florida are still fairly easy to obtain for UK buyers, and interest rates are the lowest in years. The minimum deposit

SHARK WATCH

Follow our guide to what to look for in an agent, to avoid disreputable realtors and property sharks

- Do they have experience and knowledge in the market in which you are buying?
- Are they open about who owns and works for the company?
- Do they explain the zoning system clearly for rentals, and are they aware of which districts have zoning restrictions?
- Can your realtor explain the pros and cons of investing in the Floridian housing market compared with the British housing market?
- Are they licensed and regulated in Florida? It is illegal to sell real estate in Florida without a licence; you can find out if a company has had any licence complaints lodged against it and check to see if agents have a licence at www.myfloridalicense.com

Main: The beautiful weather in the sunshine state is a huge draw for second home-owners
 Above: Your very own Florida home is getting closer!
 Below: The chance to live the American Dream is very appealing





Photo: Visit Florida



of Florida, members have to abide by an additional Code of Ethics and continued education, as well as use the most up to date and accurate computer software to search for properties.

Whether a company is big or small, flashy or transparent, all realtors have access to the same tools, so once you've found an agent with the right qualifications, local experience and market knowledge, it really comes down to personal chemistry, quick responses, comfort and trust.

Once your groundwork is out of the way, you're ready for the fun part: viewing properties and finding your dream home.

Owning a piece of Florida is fairly easy if you have some cash to invest, but properly qualified people will make the road that much smoother and help you reach your goals safely and wisely. ☀

Before you buy...

Think about these key points in order for your realtor to understand what kind of property you are looking for

- 1) What is your intended use for your property? Investment? Retirement fund? Holiday getaway?
- 2) How much rental income will you need from this property in order to be able to maintain it? Can you afford to maintain a property if rental income is slow in coming in?
- 3) What is the maximum price you want to spend on a property in Florida?
 - What funds do you have available for the deposit and closing costs?
 - Are your required funds fully available in the accounts you will show to lenders? Borrowed funds are not allowed for purchases when taking a US mortgage and lenders need to see that funds have been in your accounts for at least two to three months prior to your application.
- 4) What type of property will most suit your personal criteria? A family villa is a good idea for holiday lets, but condos are cheaper and have sufficient facilities for a holiday home.
 - If you choose a short-term rental property, are you willing and able to devote the time and energy to marketing your own property, or would you prefer to sit back and let a management company handle everything?
- 8) Do some research: who will help you through this buying process? Is your agent recommended and qualified?

Above left Shopping is just one of Florida's many popular attractions

Above right The town of Celebration, near Orlando and just outside DisneyWorld, is proving popular with second home-owners and investors

Top buying tips

Gulf Coast realtor Andrew Bartlett offers his top tips for successful investment in Florida

- It is vital to select a property that will also appeal to the American market if you are buying an investment property, so that if you decide to resell later on, you can maximise your capital gain.
- You need to be aware of the different zoning regulations which determine the length of time you are allowed to let the property each year. Contact the Florida Planning and Zoning Association for more information, www.fpza.org
- Older buildings in prime locations such as waterfront or beachside can require a lot of work but could prove to be the best investment because they are in such good locations. Pre-owned homes can also often be purchased more quickly than a brand new build, with completion in 60-90 days; a new house can take up to a year to complete.
- Selling agents act on behalf of the seller and they are unable legally to disclose certain factors which might affect the price – such as reasons for selling, or anything that might be advantageous to the buyer but detrimental to the seller. So whether you are buying or selling, it's in your interests to have an agent acting on your behalf.
- The commission a seller pays for listing and selling their house is split between the buyer's agent and the seller's agent. It's in the interests of the seller's agent for you to buy direct through them, as they get all the commission. You may therefore experience pressure to buy straight from the seller's agent; but if you do you could lose valuable legal rights.
- Developers do not and legally cannot act exclusively on your behalf and are not independent; property 'extras' you may see in show homes on a new development that may not come with a more 'basic' property can include sinks, tiles, carpets and paint, so make sure you know exactly what each property includes.

With thanks to ANDREW BARTLETT, ReMax Properties, Tel: 01892 547447 www.andrewbartlettflorida.co.uk