



'Condo Vultures' Zero In on a Dwindling Market

Company Seeks to Match Aggressive Sellers With Desperate Buyers



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South Florida's skyline is crammed with the telltale signs of a condominium bust.

A huge construction boom led to a condo market that peaked two years ago. Since then sales have stalled and prices have been in a freefall while the construction continues -- creating headaches for sellers but an unlikely opportunity for a handful of realtors who call themselves "Condo Vultures."

Real estate agent Peter Zalewski established his company early this year and named it for the buzzards that descend on South Florida each fall. His mission: introduce aggressive buyers to desperate sellers.

Condo Vultures is a small operation, but Zalewski has big ideas. Because Florida law requires real estate brokers to maintain a physical location, Zalewski rents a small office tucked into a second-story corner of a commercial building, with a cafe on the first floor and a Cadillac dealership across the street. There's barely enough room in the office for the three desks

squeezed inside, a refrigerator and a coffee-maker to fuel Zalewski's caffeine and nicotine-buzzed days. His 16 agents rotate in and out to check on leads from Zalewski and his Web site manager.

Condo Vultures has only sold three dozen properties since the year began, but the company thinks it will be well-positioned when the market does hit bottom, which Zalewski predicts will be sometime next year.

Agents use a copyrighted database that baseball statistic fanatic Zalewski helped develop. He culls key statistics from real estate listings and bank foreclosure filings in search of potential "vulture" targets.

To win the dubious honor of a place on the vulture list, a property must be on the market for more than 100 days or have its listing price reduced already by \$100,000 or 10 percent. Zalewski said the bigger the price drop and the longer a property is on the market, the more likely an owner will be desperate enough to accept a low bid. He said some owners are so desperate that they are merely trying to salvage as much of their mortgage as they can.

Feeding Frenzy

"He's already upside down," Zalewski said about one owner listed on the database. "He's essentially trying to cut the cement block attached to his ankle and get up to the surface, realizing that even after he gets to the surface he's still likely to be required to cover the difference."

This owner is not alone -- South Florida has become a feeding frenzy for condo vultures. According to Zalewski, about a dozen 50-story towers with four 500-unit complexes are being built on a narrow stretch of the barrier north of Miami Beach in communities like Sunny Isles and Hallandale.

In the Miami area, speculators predict that 24,000 new condos will be completed in the next two years -- properties that have already been bought by speculators who hoped to "flip" them when the latest building boom began two years ago. It was then -- October 2005 -- that prices were at their peak.

Now, after overbuilding, hurricane woes and a glut of new construction on the market, owners will be forced to pay up or bail out and lose the 20 percent deposit most have invested. That is creating an opportunity for savvy buyers looking for a bargain.

Until now, Neptune Simal, a professor at Florida International University in Miami, could only dream of a beachside condo, but as prices dropped he turned to Condo Vultures -- in part because of its telling name -- to buy a condo.

"If he had a name like 'Condo Sellers' or 'Condo Finders' I would've never have called him," Srimal said of Zalewski. He likes the firm's aggressive image.

"When the price was going up it was aggressive in the other direction," he said. "It was totally reasonable when the price went up. So if we have to bring it to a reasonable level it should be aggressive in the other direction."

Condo Vultures led Srimal to a property that has been on the market for more than a year and has dropped in price from \$585,000 to \$325,000 -- a decrease of 44 percent -- the perfect conditions to go in for the kill.

"The market was overbloated. The average income is \$50,000," said Srimal. "No way an average family could afford this house. Now it's coming down to what people can afford."

The Condo Eclipse

According to Zalewski, there are many buyers like Srimal fueling his business.

"I like to joke around there are so many buyers kicking the tires looking for a discount that we're going to have an eclipse this winter," said Zalewski. "They're going to be so many vultures in the sky the sun won't be able to penetrate to get through to the ground."

This eclipse isn't good for investors like Anthony Modrono, who is trying to sell his condo in a new high-rise building along the Miami River. Modrono bought the condo in April of 2003 and said he was hoping to double his initial investment of \$350,700 in a two-story loft. He sunk an additional \$60,000 into the property, paid the monthly mortgage and condo fees of \$2,600 for eight months while it was empty and now he just wants to break even or realize a modest profit. And he is glad to have Condo Vultures' help.

"If they can find a buyer for my unit, if I can get what I need to get out of it, I'll sell it," Modrono said.

Even with the help of Condo Vultures, Modrono might still have trouble selling his condo anytime soon. According to agent Marcela Ayon-Siervo, many buyers believe prices will bottom out if they wait even longer.

"I've noticed there's a lot of people just kicking the tires in terms of wanting to see how low they can go," said Ayone-Siervo. "It's still very hard. Just because they want to get the property at the lowest possible."

Florida real estate has a long history of boom and bust cycles. Zalewski is betting on Condo Vultures because he is convinced its just a matter of time before this market comes back.

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