

Dubliners offered deep discounts in Florida



Eamonn Curley, left, and Phillip Hegarty of Castleroc Estates, at their office in Harcourt Street, Dublin 2. Photograph: Dara Mac Dónaill. Right: condominiums in Florida

DUBLIN'S CASTLEROC Estates is offering Irish investors an opportunity to buy shares in a fund investing in Florida condominiums that have dropped in price by over 85 per cent.

The fund, which is being assembled by a well-established finance house in Chicago, is seeking €5.6 million from Irish buyers to acquire bank-repossessed developments.

The Irish tranche will be part of a much larger investment chest that is targeting properties in Naples and Orlando, Florida. There are 56 shares at \$100,000 (€73,810) a share.

Values are thought to be close to or at the bottom in Florida which was one of the worst

affected states in the US real estate crash. The collapse in values has left many condominium developments partially sold and bankrupt.

The Chicago-based team has identified low-rise developments which have prospects to be rehabilitated and the units sold on. It plans to purchase 129 one, two and three-bedroom units at a discount of approximately 85 per cent, from the peak price of the units in 2006. With prices starting at \$35,000 (€25,828) per condominium, the fund is aiming to purchase units in bulk and sell them on, having refurbished the buildings and put new management structures in place.

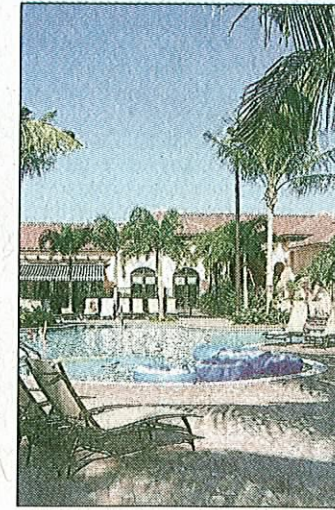
In addition to the 56 shares, there will also be an opportunity to

purchase individual units. However, the attraction of the share option is that the investor will have no management obligations.

The appeal of the fund is likely to be the exit strategy. Once the development has been upgraded and a management company put in place, the units will be marketed by a US auction-based firm specialising in the disposal of distressed units.

It's planned that around 75 per cent of the units will be auctioned off with the remaining held and leased out, with the plan being to sell them at enhanced prices within two to three years.

"This is going to appeal to the cash investor and someone who



wants to dip their toe in the market, without taking on too much risk," says Phillip Hegarty, managing director of Castleroc Estates. "Yields are high right now because of where the prices are. They won't stay like that forever."

This is likely to be the first of a few such deals being offered through Castleroc Estates which sees an 18 to 24-month window for would-be investors.

"We have looked at over 100 deals in the last year in the US. This is the first offer we have taken up because we haven't seen prices like this. Once liquidity starts coming back into the market, prices will start to rise again," says Hegarty.