



OPEN HOUSE

Buying Fast and Selling Faster: The Newest Get Rich Quick Plan; Moving Scams and How to Avoid Them; Weekend Project: Bathroom Update on a Budget

Aired March 19, 2005 - 09:30 ET

THIS IS A RUSH TRANSCRIPT. THIS COPY MAY NOT BE IN ITS FINAL FORM AND MAY BE UPDATED.

ANNOUNCER: Today on OPEN HOUSE, buying, then selling real estate, sometimes even before the contract ink is dry. Can you get rich quick, or just take on too much risk? Then, moving scams. Federal laws provide little protection, but you can protect yourself as well as your stuff. We'll walk you through the options.

And our weekend project, keep your home's value from slipping down the drain. It's a bathroom update on a budget.

All that and more, next on OPEN HOUSE.

GERRI WILLIS, HOST: Hello, and welcome to CNN OPEN HOUSE. I'm Gerri Willis.

From buying and selling to renovation and design, we show you how to make the most of your biggest investment, your home.

Today, we go beyond that to look at a popular strategy for real estate investing, that's buying a place before it's built, and selling it at a profit almost immediately.

We went to Palm Beach County, Florida, for a closer look.

(BEGIN VIDEOTAPE)

WILLIS: Genay Leitman feared missing the boat, so she jumped on the latest hot money trend, buying and selling property fast.

GENAY ANN LEITMAN, REAL ESTATE INVESTOR: I have seen how the growth has occurred in the last 10 years that I've been living in Florida. And I've missed opportunities where I could have doubled and tripled my money on condominiums near the water and on the water. And when I saw this property opening in Boynton, I said, That's for me.

WILLIS: Before the builder even broke ground, she snapped up five properties in Marina Village valued at \$2 million, of course, putting down a percentage of that.

(on camera): You've already invested, what, \$200,000?

LEITMAN: At least.

WILLIS: Yes. LEITMAN: Yes.

WILLIS: And what kind of return do you expect to get in these properties?

LEITMAN: Right now, I would think I could probably double my money.

WILLIS (voice-over): Jack Alkovich (ph), Leitman's real estate agent, and, you could say, investment adviser, expects she will do it. These condos are so hot, they were snapped up right after the plans were announced.

UNIDENTIFIED MALE: This complex, Marina Village sold in three days.

WILLIS: That's the trick, find preconstruction properties so popular investors can buy and sell at a profit, often before closing on the mortgage, and before the building is complete.

But this trend is also creating a vicious circle, sending real estate prices beyond the reach of many of those living where this kind of investment is rampant.

(on camera): Condominiums are clearly popular with south Florida investors, but as demand grows, prices rise. Adding to that house inflation, increased prices for land, labor, and materials.

(voice-over): In Palm Beach County, for example, the median price for a home is more than \$383,000, up 34 percent just this past year. Only in Las Vegas and Riverside, California, are prices rising at a faster clip.

And this has even some developers complaining.

Tom Laudani, Principal, Southpoint Realty: The land prices wouldn't be escalating at the rate that they are if the investors weren't buying up the units and causing developers like myself to have to go out and replace that inventory.

WILLIS: For Leitman, though, if it makes money, it makes sense.

LEITMAN: I still have money in the stock market. But I'm slowly putting it into real estate.

WILLIS: And this is the kind of investment she can also call home.

LEITMAN: I'm planning on living in the two-bedroom.

(END VIDEOTAPE)