



## Recreational property opportunities abound south of the border

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A strong Canadian dollar and falling U.S. home prices may add up to a short window of opportunity for Canadians to scoop up recreational properties in border states or the sun belt.

Danielle Babb, author of a new book on foreclosures, says one bright side to the subprime mortgage crisis is that aging baby boomers can now afford retirement properties in such previously overpriced retirement destinations as Florida, Arizona or Nevada.

In *Finding Foreclosure: The Insider's Guide to Cashing in on this Hidden Market*, Babb and mortgage broker Bill Nazur argue the subprime crisis is "creating excess supply and pushing down prices for everyone, including boomers who need a place to retire."

They suggest one strategy is to pull out equity from principal residences, buy sun-belt homes now, then wait for a housing rebound. When it happens, they could sell their original homes and pay off their new retirement properties.

In an interview, Babb says several states sporting the highest foreclosure rates are adjacent to Canada. Two of the top ten are Ohio and Michigan. Others are Nevada, California and Colorado.

Number nine on the list is Connecticut: a day's drive from central Canada. It's suffered the largest percentage jump in foreclosures: 489% year over year. Massachusetts, number 15 on the list, saw a jump of 334%, with 18,000 in some stage of foreclosure, or one in 146 homeowners.

Florida, always a popular desination for jetsetting snowbirds, is the fifth hardest hit state. One in 81 of its properties are in foreclosure. Hardest hit are coastal communities like Miami Beach, South Beach, Orlando and Boca Raton.

In the boom, Florida home prices rose faster than all but two states. However, it may be hard to get flood insurance there, Babb says.

Bobb views only the top 12 states on the foreclosure list as providing substantial investment opportunities.

Opportunities in New York State are less dramatic because of an influx of foreign money. There are 26,000 filings for foreclosure, but that's actually down 1% from a year ago. "All the cheap property is getting purchased immediately," Babb says, "Prices have actually risen in New York City."

Foreclosures in Buffalo, N.Y. were down 2% in the first half of 2007 versus a year earlier, while Rochester's were down only 1%.

Those in British Columbia may be disappointed to learn Seattle is only 21st on the list, while Maine at 46 may not provide much opportunity for Atlantic Canadians.

Overall, the national U.S. foreclosure rate is 2.4%, compared to the historical rate of 1.8%. Subprime foreclosures are at 12%.

Foreclosure statistics used by the U.S. federal reserve can be found at [www.realtytrac.com](http://www.realtytrac.com). There were 980,000 foreclosures in the first half of 2007 and the total is forecast to reach 2 million by year's end. "It's not getting any better," Babb said.

She figures the window of opportunity for buyers is six to 12 months. "After that demand will start to pick up because the Fed will drop rates again. Once that happens, there won't be as many deals."

While Babb views foreclosures as the buying opportunity of the decade, in the stock market she also sees an opportunity in financials and home builders.

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