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News Palm Beach County and Treasure Coast

Madoff clients selling Palm Beach mansions

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PALM BEACH — Palm Beach mansion prices kept rising despite a global economic meltdown, but some fear the Bernard Madoff investment scam will puncture the island's bulletproof housing market.

Madoff raised billions from investors around the world. His alleged fraud hit hard in Palm Beach, where Madoff worked the Palm Beach Country Club for clients.

With Madoff's clients facing steep investment losses, a few have put their houses on the market to raise cash.

"It is already apparent that the high-priced luxury market will be impacted by the alleged fraud," Palm Beach hedge fund manager Doug Kass wrote in his daily note to investors. "On Sunday, a real estate friend reported to me that already a number of high-priced Palm Beach homes were put on the market over the weekend by victims who have been nearly wiped out financially."

Paulette Koch, an agent at Corcoran Group in Palm Beach, said she took on two listings over the weekend, although she declined to name the owners or repeat what they told her about Madoff. Koch said most homeowners who lost money to Madoff aren't panicking.

"Most people have a wait-and-see attitude," Koch said. "We don't anticipate a glut."

The Wall Street Journal reported that four condos at Two Breakers Row were put on the market over the weekend by sellers who invested with Madoff.

But Palm Beach real estate attorney Leslie Evans predicted the Madoff scam will only boost demand for Palm Beach mansions. According to Evans' most recent study of Palm Beach home prices, the median mansion price rose 3.8 percent in the first nine months of 2008 compared with the same period in 2007.

That's the sort of return that looks attractive to investors who fear another Madoff-style scam, Evans said.

"For every person who has been hurt here, there are 10 other people who are looking for a safe place to put their money," Evans said, and luxury real estate fits the bill: "They can see it and touch it and they know it isn't being manipulated."

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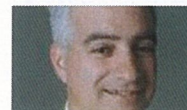
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