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THE NEWS-PRESS

TUESDAY, MAY 11, 2010 | PUBLISHED SINCE 1884

FINAL 75¢

Euro's losses could be SW Florida's gain

Foreigners face possible 'last opportunity' to grab American real estate on the cheap

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The financial chaos that has gripped Europe and rattled Wall Street in the past week might not be so bad for the Southwest Florida real estate market.

That's the opinion of one banking executive who spent more than 30 years in Europe and the Middle East with Chemical Bank of New York, handling billions of dollars a month in foreign exchange.

"For a lot of Europeans, they might look at this being the last opportunity to buy that vacation or retirement home," said Arnold Haake, of Bonita Springs, who founded Royal Palm Bank of Southwest Florida in 2001 after leaving international banking.

"They will convert their euros to dollars quickly, which will accelerate their incentive. ... There would be a greater advantage to buy now than to wait.

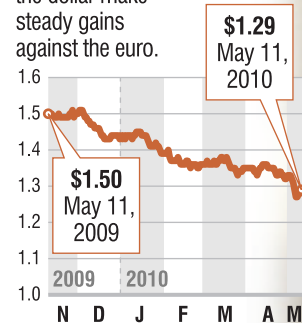
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Euro vs. dollar

The past six months have seen the dollar make steady gains against the euro.



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"They don't know what the euro to the dollar might be worth, but they know that if they have a piece of real estate they have something. ... They can touch it. Real estate ... people like buying physical assets."

Nils Richter, a Fort Myers real estate agent who specializes in the European market, agrees with Haake.

"In general, the uncertainty will push some to accelerate their decision," he said. "We are getting plenty of inquiries from Germany and all over Europe."

Richter said that because the American economy has improved in the first five months of the year, the euro should drop a little more.

The euro, the common currency of 16 European Union nations, has been eroding against the American dollar since last November.

It was worth \$1.51 American on Nov. 25. On Monday, after almost \$1 trillion was loaned to Greece to save it from bankruptcy, the euro had

fallen to \$1.28.

The Greek financial crisis appeared to be at the root of last week's Wall Street meltdown, when the Dow Jones industrial average fell 628 points.

The stock market loved the bailout. The Dow rocketed 404 points Monday, wiping out almost two-thirds of last week's losses.

"Investors are skittish," said David Jones, a FGCU professor who spent 30 years on Wall Street managing a bond company.

"They vividly remember the worst credit crisis of modern times. From the summer of 2007 to the spring of 2009, investors were walking in the shadow of death and they haven't forgotten."

But, Jones said, he didn't look at the Greek situation as anything more than a slight bump in American recovery.

"Fundamentally, we are in a recovery, which has evolved into a self-sustaining expansion. This did not have a chance of becoming another Lehman Brothers bankruptcy, which destroyed our economy," he said.

Strong vs. weak

A strong greenback has its positives as well as negatives.

For instance, a rising dollar means that an American multinational company will earn less from its sales abroad. And it will be more expensive for foreign visitors to come to the United States.

On the other hand, Americans can travel overseas more cheaply.

"Tonight I fly to Vienna for my son's wedding. I like it ... for me, the falling euro is making my vacation cheaper," Haake said.

Jones said a powerful American dollar is always preferable.

"You always want your currency stronger," Jones said. "It gives the Fed (the Federal Reserve) the abil-

ity to tighten interest rates, and in the long run, that will be positive. It might hurt a little at first, but over time it will make us stronger."

Haake, based in Europe until he moved to Southwest Florida in 1994, said the situation with Greece is the reason former Prime Minister Margaret Thatcher fought to keep the United Kingdom off the euro standard. The pound remains the British currency.

"It takes away from a country's sovereignty and ability to print money to give to their people if they need to.

"The Greeks ... they ran out of other people's money and they can't print euros."

He said investors should keep their eyes on the PIIGS — Portugal,

Italy, Ireland, Greece and Spain.

"The next shoes to fall ... will it be another trillion when any one of them goes belly up?"

Both Jones and Haake said that many of Greece's problems stem from socialism.

"You can retire at 52 with a government pension," Haake said. "Those rioters weren't anarchists. They were pensioners."

Jones sees both the irony and reality of this Greek tragedy.

"It was the cradle of civilization. ... They promised too much. They have become too inflexible, too immobile, less competitive. And they have gone bankrupt.

"It certainly tells you," he said, "just how interconnected our global markets are."