

Do You Want a Second Home?

Tom Harris, RSPS
Principal, Colorado Resort Referrals

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So, you are thinking of buying a second home. Congratulations, you are not alone. According to recently published statistics by the National Association of Realtors®, 4 out of every 10 homes sold in 2005 were second homes. Vacation home sales increased 17% over the previous year.

There are several reasons for the rise in second home ownership. Let's take a look at these reasons and also look at several factors that you might want to consider before you purchase - just to make sure you are going about it the best way. First, let's quickly establish our definition of a second home. We are talking about a home, other than your primary residence, that you intend to own primarily for personal use and not a house that will be used for income like a long term rental property.

Here are the most often cited reasons buyers have given for purchasing a second home. These are in order and many buyers gave more than one reason:

1. Vacations and family retreats.
2. Diversify their investments.
3. Retirement, at a later date
4. Tax benefits

Buying a second home is a very emotional purchase. However, all of the above reasons can certainly help justify this emotional decision with some very sound, "left brain" logic. For example, when viewed as an investment, few can argue with the appreciation in value of second homes in many parts of the country. Particularly vacation homes in resort and recreational areas.

Now let's take a look at what is fueling the increased interest in second home ownership.

You are! Nearly 60% of all second home owners are baby boomers and we will continue to drive second home purchases for at least the next two decades. Baby Boomers are at the point in their lives where they are most interested in second homes. We are at the peak of our earnings, we want to diversify our investments and we are starting to make lifestyle choices for our own enjoyment.

So now that you are feeling good about yourself (and you should!), let's take a look at how we may want to go about the process of acquiring a second home.

O K, so where do we start? Let's assume that, for a variety of reasons (including some mentioned above), you have made the decision to purchase a second home. Let's also assume that you have a pretty good geographical idea of where you might like to purchase your second home.

The first thing you should do is (yes, you guessed it!) get on the internet. The amount of information available here is staggering. In 1995, almost no one used the internet to obtain information on housing. In 2005, 75% of those questioned in an extensive survey by the National Association of Realtors®, answered yes to the question “Do you use the internet to search for properties?” Another similar study done in 2006 suggested over 80% of those thinking about buying or selling a home had done research on the internet.

There is a lot of information available and research that can be done on line. For example, you can:

1. Access the local Multiple Listing Services (MLS) and look at properties in your desired price range.
2. Research your second home town’s economic, civic, cultural and educational strengths through the local Chamber of Commerce and Tourism boards.
3. View financing options, although more and more second homes are being paid for with cash.
4. Peruse different Realtor’s® web sites and get an idea of the type of agent you may want to help you in this endeavor.

A word of caution.....the internet is an area rich in content. So rich, in fact, that it can lead to “analysis paralysis.” Secondly, you need to “consider the source” and objectively determine the credibility of your research – particularly when it comes to real estate. This is where a knowledgeable, experienced real estate professional can be worth their weight in gold. Remember, there will probably be some distance from your primary home to the area you have chosen for your second home. This brings in a whole set of logistical factors. None of which will be in your favor.

The internet can help you with an immense amount of information. But remember that what you really need to make this very important decision is knowledge.

Tom Harris, RSPS

Tom is a Principal at Colorado Resort Referrals, a company that helps second home buyers and sellers in Colorado. He is one of only 130 Resort and Second Home Property Specialists in the United States

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