

Shopping for High-End Real Estate is the Latest Thing in Luxury Vacations

by
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From ultra-luxe log homes in Tennessee's Smoky mountains to lavish spreads on Caribbean islands, affluent travelers have been hunting for resort real estate since primitive nomads first wandered south for the winter. While vacation home ownership is nothing new to those who can afford it, planning entire vacations with real estate shopping as a primary activity is a trend that's catching on worldwide.

One of the reasons shopping for vacation homes has become a recreational diversion rather than an investment strategy is because the real estate market is flat *everywhere*, and in many regions, prices are dropping fast. Homes of all types and at all price levels are more affordable than they were a few years ago, which makes it a great time to buy a second home if you're in it purely for the enjoyment rather than the investment potential. Buyers are catching on to this, as evidenced by statistics that show sales of vacation homes increasing as sales of investment homes drop. According to the 2006 Investment and Vacation Home Buyers Survey, vacation home sales rose 4.7 percent in 2005, while investment-home sales were down by 28.9 percent.¹

The deals are so appealing that even average folks with average incomes get smitten with the idea of owning a vacation home, and realtors in resort communities have seen an increase in the number of vacationers who stop in to the local real estate office for a casual look around.

Rex Anderson, a realtor in the exclusive Florida resort town of Cape San Blas has definitely noticed this trend.

"While most people don't *initially* visit Cape San Blas to shop for real estate, many of them are so impressed with the area that they make return trips for a buying excursion," Anderson says.² "Prices in our region are dropping, but that doesn't mean these homes aren't good investments. In our region there's a massive beachfront restoration in progress, so properties on that shoreline are going to benefit enormously."

¹ <http://www.prnewswire.com/cgi-bin/stories.pl?ACCT=109&STORY=/www/story/04-30-2007/0004576821&EDATE=>

² <http://www.rexandersonrealty.com>

While vacation homes can be bargains in today's market, there are variations from region to region. For example, a luxury ski retreat in Aspen will always be more expensive than a comparable home in the winter resort areas of Oregon. In many popular Florida destinations, there's an oversupply of condo units, which makes them very affordable, but in extremely high-priced markets such as the Hamptons, owners who can afford to hold on to their properties are in no hurry to sell, so prices often are less likely to drop.



Fred Roven is a realtor with Martha's Vineyard Buyer Agents³, and specializes in high-end homes. He's noticed that there are indeed more visitors coming to the Vineyard for the specific purpose of shopping for vacation properties.

"A lot of people are watching the market here because prices are down and there are plenty of listings, so they're likely to plan a trip just to check out the bargains," Roven observes. "Believe it or not, weather actually plays a part in the decision to shop for homes while on vacation. When it's not beach weather, many visitors shop for real estate as a form of recreation."

One such shopper is Marilyn Rose, a Los Angeles resident who found a home while vacationing in Palm Desert, California simply because it was raining.

"We were sunning by the pool with the radio on and kept hearing commercials about a new resort community being built in the area. We weren't in the market for a vacation home but when it started to rain and we had nothing else to do, we drove out there and investigated it. We fell in love with the home and purchased it on the spot."

Offshore, in places like the Caribbean, Maui, Italy, Paris and Costa Rica, jetting off to tropical islands for a real estate shopping spree is nothing unusual for the very wealthy. Lavish vacation spreads can be purchased in all the trendy vacation spots, and with prices so low, people who can afford it are traveling for the express purpose of shopping for villas, condos and timeshares and destination club memberships

One of the hottest new residential vacation developments in the international marketplace is *Goldeneye*, located on the site where writer Ian Fleming, creator of the legendary James Bond books, lived and worked. The property was developed into a swank hotel several years ago, and is now slated to expand into an exclusive collection of 80 private residences being offered to a select international clientele. Prices range from \$600,000 to \$3.5 million. At that income level, fluctuations in market price don't mean much. But this group of buyers is much more likely to combine vacationing and real estate shopping into one fun-filled, very expensive holiday.⁴

World-class vacation homes span the spectrum from private villas to destination clubs that include everything from stocking the residence with groceries to planning a child's birthday party. One example is Denver-based Exclusive Resorts, which offers destination clubs worldwide that provide top-of-the-line amenities and a 24-hour concierge staff to tend to a member's every need. The average value of these residences is \$3 million.⁵

David Hehman runs a website called *EscapeHomes.com*⁶, which educates affluent buyers about high-end homes in resort locations all over the world. He points out that it's quite common for people to plan trips solely based on properties they've viewed on his website.

³ www.mvbuyeragents.com

⁴ www.islandoutpost.com/goldeneye

⁵ <http://www.heliumreport.com/destination-clubs/exclusive-resorts>

⁶ www.escapehomes.com

“People definitely take scouting trips of this sort,” says Hehman, “and it directly relates to their use of the internet for finding properties. They’ll fall in love with a home they’ve viewed on our website, and when they contact us, we connect them to a realtor in the area who will assemble a selection properties that meet their criteria. At that point they will plan a trip specifically for the purpose of visiting those properties.”

Bottom line? If you’re in the market for a high priced, high-status home, whether you’re buying for love (recreation) or money (investment), it’s not considered lavish. extravagant or gauche to fly off to the Caribbean or the French Riviera for a weekend of house hunting. Just remember to bring a notebook and a camera.

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