

# Why Fractional Ownership?

## The Better Question is: Why Not?

*Five proven reasons private residence clubs are gaining popularity again as the smarter way to own a vacation home in some of the world's premier destinations in the United States and abroad*



Anne and Bruce Anderson knew what they wanted in a mountain vacation home for their family and thought they had a realistic budget. However, the couple soon found \$500,000 wasn't quite enough. "We didn't want a tear-down or a fixer-upper," Bruce says. "We wanted a place that was big enough for the kids, relatively new and somewhat luxurious right on the ski slope. Then we discovered a [private residence club](#) on the mountain, and knew we'd found something that just made sense for us."

The Andersons aren't alone. [Fractional real estate ownership](#) and private residence clubs have been embraced by affluent travelers and value-seeking consumers for more than 20 years. Still, many consumers looking for a second or vacation home are not familiar with the concepts. A recent rise in their popularity, however, indicates this may be changing.

Often described as "the smarter way to own," more and more people are finding that private residence clubs and the fractional ownership model are proven ideas that make sense. Even during the recent real estate downturn, residence clubs continued to grow in popularity. Many luxury resort companies, including [Four Seasons](#), Ritz-Carlton and others, saw value in the concept and now feature residence clubs at selected properties.

What does that mean? It means thousands of discriminating individuals and families now take pleasure in homes within a residence club in wonderful destinations around the world. Why? Because they've learned that the fractional private residence club model offers all the enjoyment of a vacation retreat at a fraction of the price and without the costly and time-consuming responsibilities that accompany second-home ownership.

Still not convinced? Here are five more reasons why fractional vacation home ownership at a private residence club really is the smarter way to own.

### **Reason #1: A Better Investment**

Number one on the list is money. Anyone who has ever owned a second home or vacation retreat knows why this comes out on top. First, most people come to realize they only use a second home four to six weeks per year, which is the national average according to National Association of Realtors. For that simple reason, paying only an eighth or tenth of the total price for acquiring a luxury home of your dreams is both more prudent, and easier to rationalize.



“The fundamentals of the vacation home market have changed,” says Dr. Richard Ragatz of Ragatz Associates. “The days of buying a \$2 million house on the beach or at a ski resort with the expectation of 20% annual appreciation are gone for the foreseeable future, maybe forever. Recent events will enhance the attractiveness of the high-end fractional products as compared to whole ownership.”

Paying less than \$200,000 for a well-furnished \$1.5 million [ski-in/ski-out home](#) or a [villa overlooking the Caribbean](#) saves you over a million dollars. And with today’s uncertain real estate market, you still get the use and enjoyment you seek, with virtually zero risk on your investment. In addition, the monthly costs to run and manage the place, from maintenance to property taxes, are divided equally among the owners, once again saving tens of thousands of dollars over time.

### **Reason #2: No Costly, Time-Robbing Responsibilities**

With a second home, an owner is responsible for all the maintenance and upkeep. This includes not just the bills, but also the time-draining hassles that take you away from simply enjoying your vacation time with family and friends. With a residence club, you still receive the security of deeded real estate but have other owners with which to split costs. The club management company handles all maintenance and repair issues, including regular upkeep and extraordinary circumstances such as the fallout from storms or other inclement weather. With the club concept, you sit back and enjoy your time while the club’s staff takes care of everything.

### **Reason #3: Much More Bang for Your Buck**

Consider this part of the equation: Although many people dream of owning a vacation home in their favorite destination, most either can’t afford the type of home they want or would not use it often enough to justify the substantial expense. Perhaps you have a budget of \$500,000 in mind for a vacation home, only to discover that will buy you surprisingly little in many top destinations. In many markets, this is quite often the price for a tear-down or remodel, which brings even more potential headaches. With private

residence clubs, you are able to purchase more and higher quality real estate than you would purchasing a home on your own.

Consider some examples: In [Asheville, NC](#), which has grown increasingly popular as a second home destination, you can have a one-tenth deeded share of a furnished \$1.3 million high-rise condo for \$169,000. In [Deep Creek Lake, Maryland](#), near Washington, DC, just \$159,000 will buy you a one-eighth share in a collection of \$900,000 four-bedroom, fully furnished ski-in/ski-out townhomes—not to mention access to a new boat and a championship golf course.

#### **Reason #4: A True Approach to Carefree Living**

To be blunt, very few vacation homes come with concierge and daily maid services, but most private residence clubs offer the services of a luxury boutique hotel as part of the package.

With shared ownership, your home is always kept in perfect shape so everything is ready for you when you arrive, right down to the fridge filled with your favorite groceries. The concierge can book restaurant reservations or tee times, secure lift tickets or arrange spa treatments, all of which allows an owner to maximize vacation time.



#### **Reason #5: More Than Just One Vacation Destination**

The vast majority of private residence clubs are members of networks and special programs that provide opportunities for owners to also visit and utilize [other clubs and resorts](#). This means you can enjoy your own vacation home just as you planned, but also travel to new and interesting places where you'll receive the same special treatment.

#### **All Good Reasons for Fractional Ownership**

When you stop and consider all the details and advantages, it's easy to see why shared ownership is an appealing concept now gaining widespread acceptance. The fractional approach to ownership is a clearly logical means to adding enjoyment and carefree living to your world. Look at the details and do the math; you'll discover it's difficult to argue against the wisdom of shared ownership, now or in the future.

Visit [www.fractionaljournal.com](http://www.fractionaljournal.com) for more information on fractional ownership, private residence clubs and other shared luxury opportunities.

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