

Five Hot Trends in the Vacation Home Market

Vacation home sales are heating up after a relatively slow 2015. As Indiana enters a recovery period for recreational properties, several key factors are shifting the way Hoosiers are buying and selling second homes.

Here are 5 hot trends in the vacation home market:

- 1. Get it while it's Hot.** As the summer heats up, REALTORS® in Indiana are reporting that many buyers are just now starting to get a pulse on the second home market. This is in contrast to years past when buyers would begin feeling out the market in early spring. Now, buyers are waiting until the true summer months to kick off their search. As Indiana enters its peak season for vacation property sales, consumer demand is reaching new heights. With many lakefront properties receiving multiple offers within 24 hours of their listings, Hoosier buyers are latching on while the market is hot.
- 2. Location. Location. Location.** Proximity is key in the second home market. The obvious "proximity to primary residence" factor has always been an important decision-making component when searching for a second home. Nationally, more than 80 percent of vacation-home buyers choose locations within driving distance of where they live, with half of all owners choosing a property within 50 miles of their current residence. But what is the primary residence? REALTORS® have started noticing a shift in what second home buyers consider their primary home. Many buyers are purchasing second homes that they plan to make their primary residence within the next five years. What's more, local REALTORS® are noticing an emerging trend of buyers purchasing lakefront property as a primary residence and making their homes, condos or apartments in the Indianapolis metro area their secondary, "weekend" home. When it comes to location, tradition has gone by the wayside.
- 3. Family Priorities.** Buyers purchasing a second home want to make a sound investment, but the trend for a second home favors recreational use in Indiana. According to local REALTORS®, this is a change from the past when the investment piece of a second home purchase was a significant factor for buyers. Hoosier consumers are becoming much more prudent in their decision-making throughout the recovery from the recession.

Whether you're seeking paradise or profit, talk to your real estate agent to rule out any potential problems for the future of your second home. Does your neighborhood allow you the freedom to rent your home out while you're away? What about joint ownership options? Do you know the construction



Investment home sales jumped 7% in 2015 compared to 2014.

National Association of Realtors® 2016 Investment and Vacation Home Buyers Survey



More than 80% of vacation-home buyers choose locations within driving distance of where they live, providing an additional cost savings.

National Association of Realtors® 2016 Investment and Vacation Home Buyers Survey

standards in case you plan to add on? Consider all factors that may adversely affect the long-term investment value of your second home purchase.

- 4. Budgets are Big.** The recovery from the recession has finally leveled out, making that bedroom lakefront view an affordable option. For 2015, NAR reported that the median household income for vacation-home buyers was higher (\$103,700) than it was in 2014 (\$94,380), yet despite the increase in income, buyers are watching how they spend their dollars more closely. REALTORS® in the Lakes Area are seeing buyers buy less than what they can afford.

One reason that REALTORS® speculate this is happening is because buyers aren't sure yet if a vacation home will be a long-term commitment or not. The younger buyers are purchasing homes at half of what they can afford knowing that if in a year or two they realize they aren't using it, they can sell without taking a loss.

- 5. Is What You're Looking for Out There?** Lakefront properties are a finite resource — you can't create more lake shore. Buyers have to decide if they want to find the "perfect" home, or if their plan is to tear down an imperfect home and build. According to local REALTORS®, Indiana's lakes are seeing a boom in cash flow back into lake property. In an effort to find housing in a low inventory market, traditional buyers are purchasing homes that would have been previously purchased by investors, and fixing them up to become the home of their dreams.

From a seller's perspective, this means making the property look as attractive as possible. Cleaning the beach areas and doing maintenance projects before listing the property will attract more buyers. Landscaping and exterior upkeep is paramount for this niche market.



The national median household income raised nearly \$10,000 from 2014 to 2015 from \$94,380 to \$103,700.

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In 2015, 37% of vacation home buyers planned to use their property for vacations or as a family retreat, while 16% bought for future retirement plans

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