

## Vacation homes are growing market

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By Cami Reister

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Cindi Shell and Bob Brazda have been tearing up carpet, painting floors, updating curtains and trying to improve the tiny bathroom in their newly acquired cottage on Morrison Lake in Ionia County.

"We're getting to know the plumber personally," Shell said. "It's kind of a fun project."

Amid a real estate market where traditional housing is recording declining sales with prices to match, Shell and Brazda are part of a market segment that is remaining steady: second homes.

"It's holding its own," said Jeannine Lemmon of Patriot Realty, which specializes in cottages and vacation homes. "In our practice, we're about 14 percent ahead over last year in terms of sales."

A look at statistics from the Grand Rapids Association of Realtors shows comparable sales numbers of lakefront property going back to 2004.

One difference Lemmon has noticed: an increase in the number of properties for sale. A look last week at lakefront listings showed more than 600 on the market.

"I know just from our own activity that inventory is up," she said.

"There is more property available out there for people to choose from."

Realtor Jim Harpe, who brokers deals on expensive property along Lake Michigan, said he also sees a stable market.

"It's steady," he said. "It's not anything accelerated, but overall, it's keeping pace."

Statistics show a healthy second-home market nationally, too. Vacation-home sales rose 4.7 percent to a record 1.07 million last year, according to the National Association of Realtors.

What insulates it from the struggling traditional housing market? The buyers are baby boomers in their prime earning years.

"That's going to keep this market really healthy," Lemmon said.

"They are the largest demographic group. Every time they've gone to do something, it's affected the market one way or another."

As the reality of retirement sets in, boomers are considering their options.

"The idea of having a family cottage where the kids and grandkids can come up becomes really important," she said.

They also are considering their investments. An NAR study of the baby boomer demographic showed diversifying their portfolio is a significant motivation for entering the second-home market.

And considering their buying power, many pay with cash. In 2005, 32 percent of vacation home buyers paid with cash nationally. At Patriot Realty, Lemmon said about half of her clients pay with cash.

"They either have the money saved or they have sufficient equity in their primary residence that they end up taking out a home equity loan," she said.

Shell and Brazda fit the profile of a second-home buyer.

She is 49, he is 55. They didn't pay cash, opting instead for a land contract they could refinance when Brazda retires.

And they are thinking about making the cottage their retirement home if they enjoy "cottage life."

"If nothing else, it's an investment," Shell said.

"Lake property in Michigan hopefully will still hold some value."

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