

REPORT HIGHLIGHTS

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HE REASONS FOR PURCHASING A SECOND HOME VARY GREATLY. COMMON MOTIVES

include the desire for a vacation getaway, rental income, and increased portfolio diversification. But the ways in which second-home buyers search and purchase that additional property vary less. The overwhelming majority of second-home buyers use a real estate professional to assist them in their purchase. Second-home buyers are, by definition, experienced home purchasers, so they recognize the advantages of using a real estate professional for their home purchase.

Second-home buyers can be divided generally into two groups—those who purchase investment properties and those who purchase vacation homes. There are numerous differences between these two groups of second-home buyers. Vacation-home buyers typically spend more on their purchase than do investment-home buyers. Vacation-home buyers rarely rent out their vacation homes to others. Investment buyers are typically younger and more affluent than are vacation-home purchasers. Investment-home buyers often seek properties in a location that is relatively close to their primary residence and typically do not use their second home personally. Regardless of whether their second-home purchase was a vacation or an investment home, nearly all second-home buyers consider these properties to be good financial investments.

CHARACTERISTICS OF SECOND-HOME BUYERS

- The typical vacation-home buyer is 55 years old with a total household income of \$71,000. Investment-property homebuyers have a median age of 47 years with a typical household income of \$85,700.
- The majority of second-home owning households—71 percent of vacation-home buyers and 59 percent of investment-property buyers—have no children under 18 living in those households.
- Thirty-three percent of vacation-home buyers desired that their second home be close to their job or school; 24 percent wanted their vacation home close to their primary residence.
- Thirty-four percent of investment-home buyers looked for properties that were close to their primary residence.
- More than half of investment property buyers spend no time in their second home.
- Eighty-six percent of vacation-home buyers do not rent out their vacation homes.

CHARACTERISTICS OF VACATION HOMES

- The median distance between a vacation-home buyer's primary residence and second home is 49 miles.
- Eighty-eight percent of vacation-home buyers travel to the property by automobile.
- More than half of vacation homes are located in suburbs.
- Eighty-three percent of recently-purchased vacation homes are detached single-family homes.
- Vacation homes have a median size of 1,290 square feet and a median purchase price of \$190,000.

CHARACTERISTICS OF INVESTMENT PROPERTIES

- The median distance between an investment property buyer's primary residence and the second home is 18 miles.
- Eighty-six percent of recent investment-property buyers travel to the property by automobile.
- Forty-four percent of investment properties are in suburbs.
- Sixty-two percent of investment property buyers report that the property they purchased was smaller than their primary residence.
- The median purchase price of recently purchased investment properties is \$148,000.

ACQUIRING A SECOND HOME

- Eighty-three percent of vacation-home buyers and 84 percent of investment-property buyers used a real estate agent in their home search.
- Fifty-nine percent of second home buyers used the Internet to search for their second homes.
- Nearly half of second-home buyers used their savings for a downpayment.

THE ROLE OF THE REAL ESTATE PROFESSIONAL

- Forty-five percent of second-home buyers wanted their real estate professional to help them find the right home to purchase.
- Twenty-nine percent found their agent through a referral from a friend, neighbor or family member.
- More than 90 percent of second-home buyers felt it was most important that the real estate professional have knowledge of the purchase process.
- Sixty-nine percent of recent second-home buyers would use the same real estate professional again.