



Centre County Association of REALTORS®

Home Sweet Homes

Despite economic challenges over the past year, consumers continue to invest in second home properties. Many Americans purchase second homes either as vacation retreats or investment properties.

According to the National Association of Realtors® 2010 Investment and Vacation Home Buyers Survey, vacation-home sales rose 7.9 percent to 553,000 last year, up from 513,000 in 2008.

Prices also rose. The median price of a vacation home was \$169,000 in 2009, compared with \$150,000 in 2008. The Centre County Association of Realtors says second home purchases are typically influenced by lifestyle or financial considerations.

“Consumers appreciate the value of homeownership - so much that many of them own second homes, either as vacation retreats or investment properties,” Steven Bodner, 2010 CCAR President said. “In addition, many second-home buyers want to diversify their portfolios.”

There are approximately 7.9 million vacation homes and 41.1 million investment properties in the U.S. compared with 75.0 million owner-occupied homes. Vacation homes are in every state, with the most popular locations by the water or in the mountains. Vacation-home owners prefer close proximity to areas they spend recreational time or to natural attractions.

Half of vacation homes purchased last year were in the South, 21 percent in the



Steven Bodner
President CCAR

West, 17 percent in the Midwest and 12 percent in the Northeast.

“Our local second home market is impacted by Penn State Alumni wishing to buy properties in which to stay when visiting for football games and other sporting events, arts and entertainment events, or outdoor recreational activities. In addition, we have a healthy investment market fueled in part by parents of Penn State students or the investors capitalizing on renting to students, faculty and staff,” said Bodner.

The typical vacation-home buyer in 2009 was 46 years old, earned a median household income of \$87,500 and purchased a property that was a median of 348 miles from his or her primary home; about one-third of vacation homes purchased were within 100 miles of the primary residence.

Investment homes sales accounted for 17 percent of the overall market in 2009, down from 21 percent in 2008. The median investment home sold for \$105,000 in 2009, which is 2.8 percent below 2008. Most investors purchased a home that was fairly close to their primary residence - about 24 miles.

Bodner says the long-term demand for second homes looks favorable.

“Demand for second homes will likely increase over the next decade,” he said. “About 40.1 million people in the U.S. are ages 50-59, which are some of the prime years for buying a second home. If you’re thinking about buying a vacation home, get to know the area if you’re not familiar with it, and work with a Realtor® who lives and works there who can provide valuable insight into the local marketplace.”