



If You Dream It, You Can Do It: How To Manage The Process Of Buying A Second Home

Owning a vacation home in your dream destination doesn't have to be a fantasy. Experts weigh in on how to go about buying a second property—and how to offset the cost.

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“Boy, I could use a vacation.” How many times has this thought crossed your mind—or passed through your lips as you whispered it into a freezing winter breeze? It’s no wonder an estimated nine million homes across the U.S are used as vacation properties. Between creating idyllic personal getaways and generating revenue as investment properties, the second home industry is growing. In fact, Reportlinker estimates that the worldwide vacation rental market will increase at a compound annual growth rate of over 7% between 2017 and 2021. Get it, retiring Baby Boomers. Interested in dipping a toe in the vacation home market—and, if it’s your style, a humming blue ocean just steps outside your door? We spoke with two second-home real estate specialists to find out more about how to manage this process. Before you

know it, you'll officially be bicoastal. Think about what you want to get out of your home away from home. [Nancy Tallman](#), Real Estate Strategist at Summit Sotheby's International Realty in Park City, Utah, says the concept of a second home is especially gaining traction among folks with grownup children. "I meet a lot of empty nesters with large homes who are ready to downsize," she said. "So, they buy two smaller homes in two different places instead. We get a lot of clients who raised their families in the suburbs, and want something different to come home too: mountains, green spaces and recreation options." Second homes are often purchased in locations that buyers consider their "happy place," said Tallman. "They find a place that really speaks to them, vacation there a few times, and want to spend more time there, but living there full time isn't realistic due to their careers, children, grandchildren or other various reasons," she said. "People can keep everything they need for vacation in their second home so that, for example, they don't have to drag their skis, golf clubs or mountain bikes around the country. Coming back to all their belongings in one place makes people really happy." [Lael Wheeler](#), Branch Manager and Senior Vice President at Coldwell Banker Pacific Properties in Honolulu, says that a well-known vacation destination like Hawaii can offer several different avenues for relaxation and fun, and each island is unique. "Honolulu has a symphony, an opera and a lot of fun activities that people may think of along the lines of an urban resort lifestyle, while on the outer islands, there's a slower pace," said Wheeler. "So, if you're thinking about coming to Hawaii, consider what you want. Do you need quality medical resources close by? Go to Honolulu. Or, if you don't care about all of that and want to get more off the grid, you can go to one of the other islands." Find a local agent who knows the market well. A home is one of the biggest purchases most people make in their lifetime—even if it's not your first rodeo. A little professional help never hurt. Tallman advised asking a friend or trusted hometown agent to recommend a local expert in the location you're eyeing. "A lot of us agents have extensive networks," said Tallman. "I think the worst way to find an agent is to just walk into a real estate office and say, 'I'm looking to buy something!' You're going to end up with whoever happens to be on the floor that day." A personal touch can go a long way—both from a buying experience standpoint and from a legal one. "Looking online is a fine place to start your research, but working with a professional makes a big difference," advised Wheeler. "It's important to get the advice of a professional who understands the zoning laws and which locations will give a great return on the purchase." That brings us to the next point. Renting your vacation home can be a great option, but be informed and prepared. When purchasing a primary residence, buyers often weigh the availability and quality of area schools, medical care and transportation options. When it comes to second homes, however, it's all about having fun, chillin'—and maybe even making a pretty penny. According to [HomeAway](#), the average income per U.S. vacation rental property is \$27,360. Not bad for a little post-retirement cash. "In Salt Lake City, prices have appreciated considerably in the last five years," said Tallman. "This is an investment that you can enjoy, versus just watching your stocks go up and down." Buyers interested in renting through Airbnb or VRBO.com should proceed cautiously, as there are several key factors to account for—including wildly varying state and local laws. Many top second-home cities have strict municipal zoning restrictions about who can rent and for how long. New Orleans, for example, [prohibits renting](#) to anyone for fewer than 60 days in the French Quarter and fewer than 30 days elsewhere in the city. While tax rules can certainly be "[mind-numbingly complex](#)," don't let them scare you away from learning more—restrictions can actually be a good thing. "Where I bought my second home, you can't do any kind of rentals, not even long-term. That factored into my decision," said Tallman, who recently

realized her 10-year dream of owning a home near Zion National Park. “For me, it was a positive—I liked that it’s all fulltime people there.” If renting, contract with a property management company so you don’t get burned out. Once all the rental details are fleshed out, Tallman recommends working with a local property management company to snag projections on how much you can expect to make based on area rental histories and other variables. She also recommends working with such a company to manage the rental while you’re out of town living your regular, non-vacation life. This is a common practice—according to [PhoCusWright](#), 44% of all vacation rentals are professionally managed. Local companies on the ground are there to provide every service needed by renters, from cleaning to booking stays to fixing issues within the home. “You don’t want to get a phone call at midnight because a renter can’t find the wine corkscrew,” said Tallman. “Unless you work from home or have a ton of flexibility, most people aren't best equipped to respond the way a management company with a full-time staff would.” Remember, and this is important: your second home is your home. Wheeler said it best: “Visit it as often as you can, and remember to allow it to be available for you to enjoy, too.”