

## Living in luxury - some of the time

### Fractional ownership finds a market with investors as vacation preferences change during downturn

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For sale: A lakefront property in the heart of Muskoka; sleeps four to 10; professionally decorated with resort-style amenities. No maintenance required.

Asking price: 1/10 of the going rate.

Sound too good to be true? It probably is ... unless you're willing to share your piece of paradise.

Fractional ownership is one of the fastest-growing segments of the vacation home market. It is said to be the brainchild of Steve Dering, who is credited with pioneering the first fractional ownership property at Deer Valley Resort in Park City, Utah.

Fractionals, or private residence clubs – upper-tier properties that offer a host of amenities like those found at a high-end hotel – are becoming a popular choice for many Canadians. Fractional ownership is especially attractive to those individuals who wouldn't normally be able to afford, or simply don't want, the responsibility of owning a traditional vacation home.

Fractionals allow owners to buy only what they need. The costs associated with ownership, such as property taxes, are proportionate to the time used.

Owners are also responsible for their share of common element fees, which cover the costs of ongoing property maintenance and other services and amenities. For example, a unit owner with 12 weeks would only pay one-quarter of the share for property taxes and common element fees. This cost sharing makes fractional ownership a financially viable option for many.

Although they are often confused, fractionals are not timeshares. Fractional owners have deeded interests – which they can will, sell or put into trust – virtually the same things you can do with a conventional deeded property.

Many people maintain that fractionals are true real estate products – holding value and sometimes appreciating in comparison to timeshares, which typically lose value.

The investment benefit of fractionals is a hotly debated topic, but it has its advantages, according to PanFinancial Group founder Gordon Berger.

His company provides "wealth care" solutions to high-net-worth individuals and he sees fractionals as a good option for people of varying income levels, especially baby boomers who don't want the hassle of individual ownership. Berger bought his own piece of paradise at Touchstone on Lake Muskoka, one of the newest developments to hit the fractional market.

Located between Bracebridge and Port Carling, the luxury resort and vacation home community sits on a spectacular expanse of Muskoka shoreline.

Upon completion, the property will feature 75 fully furnished maintenance-free cottages and villas set amidst 12.14 hectares of spectacular granite outcroppings and long-needled pines.

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Each of the two-, three- and four-bedroom units offers breathtaking views of the lake and lavish amenities like gourmet kitchens, luxurious baths, Muskoka rooms, spacious decks, Weber barbeques, outdoor fireplaces and private hot tubs. The property also features a main lodge that includes a casually elegant dining room, spa, white sand beach, wind sports dock, fitness centre and infinity pool.

As is the case at Touchstone, many fractional developments are managed by well-known hotel brands like Four Seasons and Ritz Carlton, a concept that has been gaining popularity in the United States for the last two decades. Touchstone's management is provided by boutique hotel specialists Sequel Hotels and Resorts, which staffs the operation and manages the inventory of units.

Similar to a high-end resort, Sequel provides an array of services including check-in, housekeeping, concierge, airport transportation and pre- and post-arrival services.

"Our team will customize any request," says Sequel Hotels president Anne Larcade. "From stocking groceries in your refrigerator to arranging a private dinner in your suite – you just unplug, unwind and relax."

It was this maintenance-free lifestyle that first attracted Berger to fractional living.

"Fractional ownership was the perfect solution for me. I was tired of fighting traffic just to arrive at the cottage to find something was broken or needed repair," says Berger.

In some cases, fractional owners are able to submit their unused weeks into a rental pool, which is a great way to offset costs.