
Boomers turn attention to vacation properties

Sales Set To Soar

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As Baby Boomers look toward retirement, many are investing in real estate, often purchasing vacation properties.

According to an Angus Reid Strategies poll conducted in May, one in seven Canadians owns a vacation property and one in four would like to purchase recreational real estate in the future. Forty-one per cent of vacation property owners surveyed are over the age of 55, at the top end of the Baby Boomer bracket.

Analysts anticipate that peak Baby Boomers will go on buying vacation homes until the end of the decade, while the next group of Boomers is likely to continue the trend until 2014 or later.

"Luxury recreational property sales are set to soar as affluent baby boomers drive demand for upscale product from coast to coast," says the 2007 RE/MAX recreational property report.

Particularly for the most prosperous Boomers looking to invest their wealth, concerns about stock-market fluctuations are among the main reasons they choose real estate, says David Cork, Ottawa-based ScotiaMcLeod director and senior investment executive.

A Boomer himself, Mr. Cork specializes in the impact of demographics on social and economic life. The co-author of the bestselling *The Pig and the Python: How to Prosper from the Aging Baby Boom*, he says, "The stock market blows real-estate markets out of the water over time, but doesn't work out for a lot of investors because they see its volatility and don't handle it very well. With real estate, it's out of sight, out of mind, and you get to hang out in it, too."

Other factors also steer the Boomers toward the lakefront property or ski lodge. "It's a natural time for people to want to own that cottage and they can afford it," Mr. Cork says. "It is also a time when Boomers' parents are starting to pass away. That obviously has negative emotional implications, but it has positive implications from a financial perspective, in that they are starting to inherit.

"Significant amounts of wealth have been created in this country since the end of the Second World War and we are now seeing the results. A massive wealth transfer is taking place. So, there's the element of wealth storage. When you have excess wealth, what do you put your money into?"

He says the four main investment possibilities are cash, bonds, stocks and real estate.

"Obviously, some of your money goes into RRSPs, but that brings you no joy," Mr. Cork says. "I work in this business and I don't think people are able to build a family outing around their RRSPs."

But, with cottages in particular, "there's the element of building that generational place, where families stay connected and memories are retained.

There is no doubt that Boomers are putting significant pressure on the market, especially given the common wisdom that there is a limited supply of wonderful lakefront property."

RE/MAX realtor John Roberts, who specializes in properties in Constance Bay and other parts of Ottawa's far west end, says many of his clients are Boomers. Often, they are seeking lakeside cottages with the intention of converting them into high-end permanent homes when they retire.

"Then they sell their other home in the city," he says. "Their profit depends on the market at the time, but real estate is a very stable place to put money and their vacation property has given them plenty of enjoyment in the meantime. There is no doubt that real estate is a good investment over the long term."

The wealthiest Boomers seem to be showing similar interest in the luxury segment of the vacation-home market, again with the dual objective of profit and enjoyment. For example, Les Constructions Mont-Tremblant's multi-million Le Maitre golf community at Mont Tremblant, Que., is attracting Boomers from its home province and Ontario. It is also bringing in investors in the same demographic from Bermuda, France, South Africa and the United Kingdom, says Pascal De Bellefeuille, company director of sales and marketing.