



Home Sweet (Second) Home - How Agents Can Capture a Piece of the Second-Home Market

by Bob Corcoran

Yes indeed, there is a delectable and juicy sweet spot in the real estate market today - and it's growing sweeter every day: the second-home market.

And if this next statistic doesn't cause your mouth to water, you'll want to pursue another profession: Nearly 40 percent of total home sales last year came from Americans buying second homes. Yes, *40 percent* and yes, *second* homes. That's a record!

But the really good news? I believe this is just the start of a long, tempting and tasty buffet table. Why? The buyers are baby boomers (those between the ages of 42 to 60) who are at the peak of their earning potential. That means this is the first of several scrumptious courses being served directly to you - the broker and agent.

And who can blame these boomers? They've learned that their first home - and all its equity - yielded some serious wealth. So they figure, why not go back to the well?

The obvious question is - How can you earn a spot in the buffet line? Here are four tips to get you that spot:

1. Know the buyer. Boomers are buying two kinds of properties: vacation homes and investment real estate. NAR reports that vacation-home buyers are 59-years-old, make \$120,600 and live a median distance of 220 miles from their vacation homes. Investors are 55, earn nearly \$98,600 and live only a median distance of 10 miles from their purchases. Also remember, vacation homebuyers are emotional buyers, while investment buyers are pragmatists. So be sure your marketing efforts reflect these facts. (NAR recently released its new "Second Home Survey." Visit <http://www.CorcoranCoaching.com/BrokerAgent> for even more helpful information on second-home buyers.)

2. Reach the buyer. The Internet is proving effective in reaching boomers. NAR reports that 74 percent of buyers use it as an information source. So make sure your Web site speaks directly to these folks and that you are able to respond within 15 minutes to any inquiries. You can also use the Internet to search for people by business types using standard industrial codes - search companies by size, and so on, then chisel the list down to the right candidates. Plus, many Sunday papers list demographics of local areas. Also, don't count out direct mail to target affluent areas. And consider teaming with your local chamber of commerce - a very popular way to target second homebuyers.

3. Be first in your class. The second homes market is a highly specialized segment of real estate and it pays to know your stuff, so take advantage of every educational opportunity you can find. Earning your GRI, MRE and CRS designations can all help establish referrals and a strong educational foundation, but you'll also want to checkout NAR's new Resort & Second-Home Property Specialist (RSPS) certification. Call (312) 329-8393 or visit www.realtor.org/resort. And brush up on 1031 exchanges, they're a huge part of the market.



4. Prefer to refer. Even if you don't live or work in a hot second homes market, you can still load your plate by referring clients to those agents who specialize in second homes. Begin developing a network of agents in the market. Referral fees are common. For example, in Colorado 's resort areas, referrals can be 50 to 75 percent of some brokers' business and outside broker referral fees can range from 10 to 25 percent of the selling side of the sale.

Please, take a few minutes now to consider this burgeoning and lucrative market. Are you positioned to meet this market's needs? If not, start putting these ideas in place so you can be first in the buffet line.

Bon Appetit!

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