

SECOND HOME MARKET - What to look for? By Luisa Balderas



There has been a growth in the second home and vacation home markets, the baby boomer generation is growing and so is their search of a place to retire near their children or to have a place to stay while they vacation.

Buying a property for any reason is a very important decision that takes time and research, if you have decided to buy a second home you should have in mind certain information that will make your decision easier and safer.

Analyze objectively your current financial situation and decide whether the purchase of a Second Home makes sense. Even if you consider the purchase an investment, you'd want to have no doubt that this would be a safe financial move.

Most of the second home buyers usually complain that the cost of the house is more than what they had expected. The buyer should calculate any extra costs, previous to the actual purchase, based on the fact that the house will not be used every day and will need to build up a cash reserve. If the buyer plans on renting out the property, it needs to be determined how much the rental income will be, this will probably be enough to cover the monthly costs.

If you are buying a second home for vacationing or retiring you'll need to decide where, and what type of home you want. You will be spending many days in a different place where you are looking to feel comfortable and relaxed. Look into market factors and variables like the strength of the local economy, trends in house resale values, convenience and amenities, property tax rates, the quality of local schools and medical care, and don't forget your own personal preferences.

The type of home affects the cost; the cost of owning a single-family home is different from owning a condo, townhouse, or a fractional, that usually demands less maintenance, since the areas of the property outside your unit are managed by a community association.

Second homeowners need to worry about property taxes, which vary by country, state and locality and income tax, if you're thinking of renting the place.

With real estate prices at near-record highs, it is now harder to own a second home. One alternative of financing your second home is to borrow from parents, siblings, or close friends, this will let you keep the dollars in interest you'll pay of your mortgage loan within your circle, rather than paying it to a bank.

Another approach for saving money is shared ownership, that has become a trend in second home real estate, and the latest trend in Baja.

An important issue is to protect your property, this should start before you buy and continue long afterwards. Get a proper home inspection prior to purchasing, and purchase title insurance in case problems or debt claims on the property surface after the purchase.

Taking protective steps towards the purchase of your second home will only guard the property and secure your best interests.

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