

Getting a slice of the cottage life

When Peter Symons, 59, and his family head to their cottage, they review a calendar to make sure they are showing up at the right cottage, on the correct date, in the right season.

"I live in fear of showing up to the wrong cottage. We double check every time before we set off," Mr. Symons says.

The Symons, residents of Thornhill, Ont., just north of Toronto, are not millionaire jet-setters figuring out which of their multiple compounds in different countries to visit.

Instead, the family has joined the growing legion of cottage goers that have bought into the concept of fractional ownership. Some call it cottage lite. The Symons' three partly owned cottages are scattered across Ontario.

"We weren't really looking for anything. My wife saw an ad in the paper and it was an intriguing ad and an interesting concept. We've always liked the cottage concept but we never really had the spare money to buy one, because we have four kids," Mr. Symons says.

Here's how it works: You purchase one or more shares in a cottage, often part of a development, and are assigned proportional weeks of usage. Normally, owners have access to their cottage five weeks per year, one week in every season, plus an additional week. The cottage remains empty a couple weeks a year for maintenance and repairs. In addition, co-owners pay approximately \$2,000 per year into a general management account used to pay for a property manager, insurance, repairs and cleaning.

The movement toward fractional ownership is a sign of the economic times. "The front half of the Boomers have done economically very well," says University of Toronto professor of economics David K. Foot, who is co-author of the best-selling book *Boom Bust & Echo: Profiting from the Demographic Shift in the New Millennium*.

"The second half of the Boomers -- those born from 1957 through 1966 -- and particularly the back quarter, have not done economically quite as well. You might expect the second half of the Boomers will not be able to afford the stand-alone piece of [cottage] real estate."

And price seems to be the main attraction.

Mr. Symons bought his three fractional cottages in three different developments by Torontobased Chandler Point Corp. (www.chandlerpoint.com).

In 2002, he and his family paid \$48,000 for one-tenth ownership of a cottage on Lake Kashagawigamog, near Haliburton, Ont. In 2004, he paid \$58,000 for one-tenth ownership of a cottage at Tory's Landing, located on Sparrow Lake, about 90 minutes north of Toronto. And in 2008, Mr. Symons paid \$70,000 for a part ownership at Marcus Beach, also located on Lake Kashagawigamog in the Haliburton Highlands.

Cottage Life magazine editor Penny Caldwell has been following the trend.

"There was one family that has five shares in two places on two different lakes. So, I think over the course of the year they have something like 25 weeks to use. And yet when they look at their total investment, it is still significantly less than what it would have cost them to buy their own cottage," says Ms. Caldwell.

In addition to value, fractional or shared ownership represents a break for families who are tired of the grind of a weekly pilgrimage to the cottage. With only five weeks per year of access, the pressure is off to be cottage-bound every weekend from May to September. Fractional ownership reduces other stresses as well. "When we build, we build everything -- the furniture, the dishes, everything inclusive. There's no decision making," says John Puffer, president of Chandler Point.

And for those who can think of no worse nightmare than cutting the grass, doing repairs, painting and worrying about a leaking roof, the fractional ownership solution is what the marriage counselor ordered.

"When we were just married, we used to go up to a cottage of a friend. We would work on Saturday and play on Sunday. That was always the deal. There was always work to be done. That didn't seem terribly attractive," Mr. Symons says.

Despite conventional wisdom that fractional investments don't appreciate, this need not necessarily be the case. Mr. Puffer says that in 1999, a 1,600-square-foot, three-bedroom unit in the original Chandler Point development, about three hours northeast of Toronto, started at \$29,900. Today he says the same units are going for more than \$55,000. In other developments across the province, similar units might go for \$70,000 or more.

And selling one's fraction doesn't seem to be all that difficult. With several other "partners" in the cottage, there's often a few that want additional shares to increase their weeks of usage. Glenn Scott, 56, paid \$48,000 for a one-tenth share of a three-bedroom, 1,600-square-foot cottage at William's Landing in December, 2003, and bought another unit for the same price in January, 2004. Mr. Scott sold both William's Landing units in 2006 for \$130,000. Mr. Scott and his extended family then purchased three units at Marcus Beach for about \$200,000.

Fractional ownership communities often come with attractive amenities. For example, in addition to an extensive shoreline, Chandler Point developments include tennis courts, playing fields, trails, bikes, canoes, kayaks, fishing and paddle boats.

But fractional ownership is not for everyone. It's a highly structured arrangement. For example, for the couple that enjoys planning their next decorating project by leafing through a stack of decorating magazines, it's best to leave them at home.

"If they want to change the interior of the cottage at a later date, [all owners] have to collectively agree on it and it's ultimately approved by the board of directors," says Mr. Puffer. In some developments one cannot even bring up a picnic table, hang clothes out to dry or allow a dog off the leash. And, if the cleaning crew needs more than 3 ½ hours to get things ready for the next owner, you could get fined. At Chandler Point Properties, a smoker could face a \$500 fine, plus clean-up costs. And it's hard to call it home. "Because it is not your own place you can't really leave any personal items," says Cottage Life's Ms. Caldwell.

Looking ahead, the Symons might not have to triple-check their calendars and destinations. They have thought about selling one of their three fractional units. "Frankly, we find it difficult to find enough time to get up to them," says Mr. Symons. "We both still work so we don't get 15 weeks of vacation. So we go up on weekends when we can't go up on the full week. And sometimes we don't even have time to do that."