

## Fractional and Co-Ownership of Real Estate



## Fractional and Co-Ownership of Real Estate

Fractional ownership, also known as co-ownership, as a model for property ownership is becoming increasingly popular throughout the world. It is, however, still sometimes confused with Time Share. Therefore, it is important to clear up any confusion.

With a Time Share, you are not actually buying a property but buying the right to spend time in a home. So if the property increases in value you have no right to any of that capital gain and, with the ease of finding cheap accommodation on travel websites these days, the benefit of paying for time share has been very much eroded.

Fractional Ownership, on the other hand, means that owners purchase a freehold title in a particular residence. This presents an excellent opportunity to purchase a second/vacation home in a cost-effective manner.

Think of it like this – if you only plan to spend 10% of your time at the property, why be saddled with 100% of the costs? There is little reason to pay 100% of the cost of the vacation home when you will only get the benefit from it for a fraction of the year.

Or, to look at it another way, you may not have the capacity to live full time in a \$10million home but you might be delighted to spend 35-36 days each year and pay \$1million to enjoy the benefits. With the National Association of Realtors in the United States reporting that the average use of second homes in the United States is approximately four weeks annually, such a concept makes great sense.

You then have access to use any residence of the same type, providing greater flexibility and availability as well as benefitting from any capital increase in the value of the property. And, with such ownership, you can of course sell your deeded interest at any stage. The added plus point of this is that, with a lower price point, there is a larger pool of potential purchasers.

*A recent survey stated the top 5 most important benefits of a Fractional property to be:*

- ‘appreciation of property values’
- ‘no maintenance hassles’
- ‘access to beach’
- ‘quality fitting and furnishings’
- ‘ability to exchange weeks for holidays in other destinations’

Fractional ownership is certainly the future of luxury property ownership. Buyers are presented with a way to own a luxury vacation home, without the astronomical price tag.

**To see properties on MarquetteTurner.com throughout the world where Fractional Ownership is available [CLICK HERE](#)**