

# FINANCIAL POST

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## Do the math on fractionals

It all adds up to luxury cottage ownership for less

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Sandra Hinton didn't need convincing when it came to getting into a fractional ownership deal on a cottage property. The director of sales and marketing for Wolfe Springs Golf & Waterfront Resort in Westport pretty much sold herself.

"Once I started promoting fractional ownership to customers, it made sense to buy in ourselves," she says. Now Ms. Hinton and her husband own a five-week share of a fully appointed, worry-free cottage property that overlooks the pristine spring-fed lake. And it's all just a 40-minute drive from Kingston, where the couple work.

Best of all, this upscale retreat comes without those laborious day-to-day chores that some cottage-owning wannabes love to hate.

Wolfe Springs is one of a number of fractional ownership properties springing up throughout cottage country in Ontario. Not to be confused with time-shares, fractional ownership is the up-and-coming thing for people who want to grab an equity position -- complete with a deed -- on a piece of specific cottage real estate for a fixed amount of time each year.

Typically purchased in increments (the range runs from one-tenth to one-quarter of a year), fractional-share owners enjoy the benefits of a cottage property with the added bonus of amenities that make it all so easy. These can include everything from the basics (housekeeping, property maintenance) to the downright decadent such as on-site spa and personal food shopping services.

Wolfe Springs' properties, for example, are sold in five-week increments (one week in summer, four weeks throughout the year), starting at \$69,900 for a two-bedroom, open-concept villa with ensuite bathrooms, soaker tubs and enough space to sleep eight.

## THE UPSIDE OF FRACTIONAL LIVING

A major draw of fractional ownership is that potential owners can buy into a property that is quadruple or more the value they can typically afford, notes Walter Thompson, president of GenerX Corp. in Richmond Hill, the developer of Touchstone on Lake Muskoka ([touchstoneonlakemuskoka.com](http://touchstoneonlakemuskoka.com)). This community of lavish fractional vacation properties near Bracebridge features everything a luxury-style cottager could want: expansive lake views, stone fireplaces, gourmet kitchens, spacious decks, heated floors, high-speed Internet, local spa, gourmet restaurant facilities and more. "You could be getting as much of a \$2-million cottage as you could ever use, for just \$500,000," Mr. Thompson notes. "That's a great value proposition."

Investments at Touchstone are sold in quarters that are typically meted out as two-week blocks in July and August, with additional one-week blocks for each month throughout the year. Prices start at \$169,000 for 1,200 square feet of living space and range to \$499,000 for a four-bedroom, 2,000-sq.-ft. interior (1,000-sq.ft. exterior) property-- complete with an on-deck hot tub and a few other extras.

Choices include the Grand Muskoka units located near the sandy beaches (perfect for active families); the Cascades, which sit higher up perched on a rocky cliff; and the Tree Tops, spectacular villas hidden in a woodland setting 75 feet above the lake.

## BIG THINKING ON A FRACTIONAL BUDGET

Besides the ability to get more square footage and amenities for their investment, there are number of other compelling reasons people are attracted to fractional ownership for their vacation properties.

For one thing, owners only pay for what they use. No need to worry about securing properties that are left empty for a good part of the year.

Perhaps the biggest plus is that they can enjoy their cottage lifestyle on a maintenance-free basis. "They can arrive 'unplugged,'" Mr. Thompson says. "They don't have to worry about messy details such as

landscaping, snow removal, housekeeping or upkeep. When you leave, you simply lock the door behind you and leave the mess to us. When you arrive, the place is always in perfect condition."

The whole notion impressed Toronto-based investment specialist Gordon Berger so much, he decided that a one-quarter share simply wasn't enough for his needs. So he picked up four fractional shares on a prime spot at Touchstone early in the game so he and his family could enjoy hassle-free luxury Muskoka digs whenever the mood strikes them.

"I'm not a fixer. I wanted a property I could go to and relax, take the heat off and not have to start putting in a dock, or anything else. I decided it was a good investment and a very good risk. After all, that's the business I come from."

Now that he's had his first official stay in his new property, he can't say enough about the experience. "The views are very, very pretty. The kitchen is spectacular. My God, there's the most wonderful little nine-hole golf course just across the road where you can play a round for \$30." Not to mention the fact that as an early entrant to the development, his property has already doubled in value.

Retiree Peter Nodwell, for his part, discovered that Frontenac Shores ([frontenacshores.com](http://frontenacshores.com)) in the Land o' Lakes region, was the right spot to enjoy fractional cottage ownership. A Belleville resident by day, he was intrigued by the idea when he saw a television ad. "I knew nothing about fractional ownership. So I called the owners to ask what it meant. Once they filled me in, it seemed like a good fit. And it was the perfect location since it was only one hour and 15 minutes from home."

Frontenac boasts well-appointed Confederation Log properties (ranch and loft-style options) that may have a rustic look but are far from that in execution. They feature solid wood construction, Canadian-made furniture, quality linens and cutlery, and all sorts of amenities. To top it off, the Nodwells get a front seat view of the beautiful spring-fed Mississagagon Lake. The fact that Mr. Nodwell and his wife were not interested in full-on rustic cottage life definitely tipped the scales in fractional ownership's favour. "We wanted an upscale place with enough space so our daughters and grandchildren could all gather together. Besides, we're not really summer people. We like the idea of a place for all four seasons."

Initial investment was \$78,000 plus a \$2,410 annual fee for maintenance and upkeep (fee includes insurance, taxes, etc.), which Mr. Nodwell says is well worth it. "Upkeep is very important to us, and we're happy to know this cottage will look the same 10 years from now." While he admits they could have

purchased a cottage property the usual way, he believes this is a wiser choice overall. "The question was, where would we get the most bang for our buck since we wouldn't be there full-time. I think we did."

#### FAMILY VALUES

Ms. Hinton says fractional ownership has brought an unexpected perk. "After we bought in, my father ended up doing it. He locked in the same week [in the summer] so we could have a vacation together every year. It's really neat how different families can share in the cottage decision to share vacation time."

Mr. Berger adds that despite the fact his kids are now adults, having a spectacular vacation property is already bringing the family together -- a bit more than they expected, in fact. "We bought the place to make sure the kids come back home once in a while. But we just spent our first two weeks there and they've been here the whole time -- they still haven't left!"