

Recreational Property

– Today’s Retreat, Tomorrow’s Legacy



Photo courtesy of BOGA DESIGN

These are very special times for those working in the Canadian oilpatch. Working long and hard has resulted in a growing number of affluent individuals seeking opportunities to invest.

One choice for many people is recreational real estate – an investment that they and their families can enjoy now, and for years to come. Recreational property can be a multi-faceted investment – for your bottom line, for your enjoyment, and for your own well-being.

Why can an investment in recreational real estate be a good move? There are a wide range of reasons. “The need for a retreat or sanctuary that is purpose-built for relaxing and recharging has dramatically increased with the hustle and bustle of today’s fast-paced world,” says Leona Snider, president of The Rise, an upscale resort community in British Columbia’s Okanagan. But it doesn’t come cheap. As vacation properties are becoming increasingly popular, prices are escalating, says Rod Turnbull, a real estate agent with RE/MAX First in Calgary. That demand is fueled by a number of factors, Turnbull notes, including demographics: the baby boomers are coming to a point in their lives where they have both the financial means and the time to start enjoying these things. And younger couples are entering the market because they can afford to, thanks to Alberta’s vibrant economy and people’s higher earning power.

Whatever stage you’re at, recreational real estate is an area well worth investigating. “I am

a big believer in real estate, and I feel that recreational property in particular is going to become even more valuable over time," says Enbridge Inc. president and CEO Pat Daniel, who owns two recreational properties that he believes are also potentially good investments. The Daniel family purchased the first property about five years ago: a quarter section of land in the mountains north of Radium, B.C., where they built a Linwood custom home. "It's a beautiful place to go hiking, mountain climbing and exploring — and just relax and get away," Daniel says. "We love to hike and climb, and our property in B.C. is perfect for that. It's quite remote and a very peaceful location."

And two years ago, the Daniels purchased a home in Scottsdale, Arizona which serves as a great warm weather getaway. "It's a place we will probably spend much more time at after retirement," says Daniel, explaining they purchased this home again in part as an investment, and also as a place for family gatherings. "Our sons like to go down there. It's a great place to get the family together, and so is our place in B.C. We all have busy schedules and being able to get together for Christmas, Easter or New Year's at one of these locations has a lot of value in terms of relaxation and a family gathering point."

If someone is considering purchasing recreational property, Daniel suggests orienting your purchase toward something you like to do, and not just think of it as an investment. Accessibility is also very important. For the Daniels, Radium is just two-and-a-half hours away, and Scottsdale is only a three-hour flight — so getting there is easy.

Good accessibility is one reason that investors are snapping up properties in

Canmore, just an hour's drive west of Calgary. Ann Keith, associate broker and realtor with RE/MAX Alpine Realty in Canmore, is seeing many clients in the oil and gas industry who are coming to the Bow Valley searching for resort property. "Our prices continue to hold strong and continue to go up," says Keith, noting that Canmore is recognized around the world as a pristine and safe recreation destination. What makes Canmore even more desirable, she adds, is the town is surrounded by parkland, and is criss-crossed with wildlife corridors. "There is a finite amount of land you can build on, and we have such a small amount of land that the demand is very high."

Shawn Irwin, president of Petroland Services, a Calgary-based land broker, has purchased two homes in Canmore in the past decade and he's been very happy with his investments. The first was a condominium, which he later sold; the second, a higher end half-duplex built by Alpine Homes. "It was perfect, backing onto a creek and right across the street from a playground," Irwin says. "It's a great playground for the kids when we're not skiing, biking or hiking. With Canmore being a four-season town, there is always something to do. And it's nice that on the nights you can't leave Calgary until 7 p.m., you can be up in Canmore an hour later, relaxing at your place."

Investors who are seeking a mountain getaway where the prices aren't as steep as Canmore might need to go further afield, since recreational property in close proximity to a large urban centre is becoming more scarce. The Crowsnest Pass in southwestern Alberta is one area that offers a variety of opportunities.

While property values have risen by more



than 30 per cent in the past year, good condominiums can still be had for under \$300,000, says John Pundyk, a realtor at Royal LePage South Country. Located within a two-hour drive of southwest Calgary, the Crowsnest Pass offers excellent access to a wide range of recreational activities including hiking, biking, downhill and cross country skiing, snowmobiling and world-class fly fishing. Instead of being at one ski hill, the Crowsnest Pass puts you right in the middle of the Rocky Mountain playground.

For someone who is looking for recreational property, Pundyk offers a couple of suggestions: one, buy land, because it's a scarce commodity; and two, get in on a development that will provide you with accommodation. "A condominium will offer you an investment plus recreation," Pundyk says. "Most condominiums have appreciated in a significant way in last few years, so people buy it as an investment — yet they can also enjoy it for their recreation and health." Pundyk also recommends full ownership as opposed to fractional — because even though fractional ownership is less expensive, full ownership will allow you to visit your property whenever you wish.

Still, with even a little flexibility, shared ownership can be a good option for investors.

A new development in the Crowsnest that offers a variety of choices to investors is Ironstone Lookout, a condominium complex situated between Blairmore and Coleman on the northern slope of the valley, overlooking the southern Canadian Rockies and Ironstone Mountain. "What Ironstone Lookout offers investors is an opportunity to get in at the ground level in an area that is set to take off," says Shane Stewart, president of Clans West Development Ltd., a local developer.

For oil executives in particular, purchasing recreation property is not only about money — it's about choices, says Ken MacLean, vice president, Sales and Marketing with M Private Residences, a luxury residence club based in Calgary offering exclusive access to vacation residences in prime resorts around the world. If you want a traditional recreational property investment, MacLean says, choose a market you think is going to grow, invest in it and enjoy that one place. On the other hand, "if you want a diversified product, come with us — we'll provide a big savings in time. It's about simplifying your travel needs — it's a hassle-free choice."

Time share is a choice that has worked well



Photo courtesy of Three Sisters Mountain Village

for Terry O'Connor, senior vice-president at Silver Wing Energy Inc., a Calgary-based oil and gas producer. When O'Connor was in his late 20s and working as an oil and gas landman, he bought time shares so that his family could visit safe recreational properties, eventually purchasing five time shares around the world. A few years ago, the O'Connors bought land close to the beach at Abaco, an island in the Bahamas. In another year, after O'Connor, 63, retires, he and his wife Lynda plan to spend their winters in the Bahamas, where their children and grandchildren will come visit them for vacations. "They'll love it. There is great swimming, boating and fishing; and the scuba diving is absolutely phenomenal," O'Connor says. "You can get down 30 to 40 feet and see all those beautiful different colored fish — it's really interesting underwater there."

As far as advice goes — for someone who wants to purchase recreational property, O'Connor suggests: "Anything you can buy on a waterfront — buy it, even if you have to stretch."

Whatever you're drawn to, there are many, many options available, both in Canada and the United States. The National Association of Realtors chief economist, David Lereah, just reported that 40 per cent of all residential real estate sales in the entire U.S. were in second homes and investment real estate. Lereah is expecting the third best real estate sales year on record in the U.S. in 2006, but of special note, he expects the second home/investment market to set an all-time record in 2006.

Greg Carter, broker/owner and president of Rocky Mountain Real Estate, based in Whitefish, Montana, thinks that recreational property is an excellent investment choice for a number of reasons. In the U.S., national real estate markets go through an approximately eight-year cycle from medium to very active and back, he explains. "But recreational property markets continually

