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infinityblu

Understanding Fractions

Why it is the fastest growing form of real estate ownership

Fractional Ownership

- The 76 million Baby-boomers, which account for 1/3rd of the U.S. population, has dominated consumer demand for all products in every stage of its lifecycle, and is now dramatically affecting demand for second home real estate.*
- The second home market has accounted for nearly 40% of all new home sales since 2004, that according to the National Association of Realtors.
- 2nd homes provide investment diversification, which has become a critical concern of consumers since the stock market crash in 2000 and 2001.
- Two thirds of the 2nd home owners spend four weeks a year or less in their home, thus making second home ownership impractical for about 80% of the households in the U.S. earning \$150,000 per year or more.*
- In response to demand, the resort industry has undergone substantial change in the last 5 years. In order to broaden the market, new products have been invented to better respond to people's needs and pocketbooks.
- Fractional Buyer's benefit by buying at a much lower price point for a luxury resort condominium than what they typically may be able to afford, and/or they are buying what they only have time to use.
- Industry Size – 170 fractional interest resorts have been identified as of March 2005, an increase from 151 in 2004 and 138 in 2003.**
- Fractional interest sales totaled \$1,075 million worldwide during 2004. Including \$31.5 million of re-sales and \$436.7 million of presales were generated in 2004 for a grand total of over \$1.5 billion.**
- Consumer Recognition – Half of U.S. households with an annual income of \$150,000 or more have been introduced to the concept of fractional ownership.**
- Average Price of a Fractional Interest was \$221,600 in 2004, up from \$207,800 in 2003.**
- 93% of Fractional Owners tend to be satisfied with their purchase!**

Information Provided By: * Hobson Real Estate Advisors ** Ragatz Associates

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