

Want a vacation home? Prices are falling



By Les Christie, CNNMoney

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NEW YORK (CNNMoney) -- Been dreaming of a vacation home? Somewhere warm to get away? Or maybe a cabin in the woods? Prices are right if you can afford it.

The median price of a vacation home was \$150,000 in 2010, down 11.2% from a year earlier, the National Association of Realtors reported Wednesday. In contrast, the national median for primary residences fell only 4.5% in 2010, according to NAR.

"The fall in prices has opened opportunities for more families to enter the second-home market," said Lawrence Yun, NAR's chief economist.

Still, vacation homes accounted for just 10% of all sales last year, and investment

properties made up another 17%.

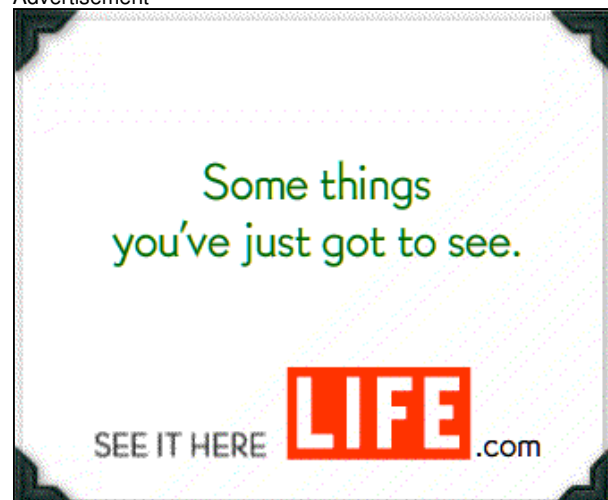
Those percentages were little changed for 2010 as home sales declined across the board. There were 543,000 vacation homes sold, down from 553,000 in 2009; investment purchases fell to 867,000 from 940,000.

One factor depressing sales was the difficulty in getting mortgages due to tight credit markets. Buyers often did an end-around this problem by paying cash. Nearly 40% of vacation home sales were cash deals, while nearly 60% of investment deals were handled that way.

Those buyers who did get mortgages brought big down payments to the closing tables, according to Walter Molony, a NAR spokesman. For vacation homes, the average was 30%, far more than the standard 20% down. Investment buyers with financing paid an average of 32% down.

Many of the second homebuyers targeted distressed properties. About 17% of investment purchases were foreclosures,

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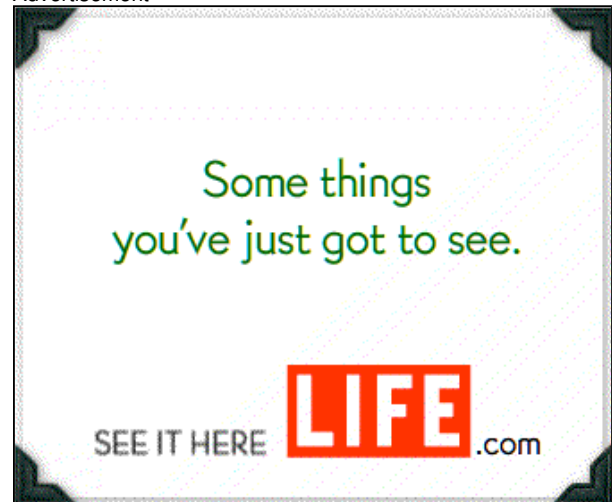
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while vacation homebuyers chose distressed prosperities 10% of the time, NAR said. Only 10% of families buying primary residences last year went with foreclosures.

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