



## Endless Summer Rentals

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Memories of this year's summer may have faded as fast as your tan, but is it too early to plan for next year? Not at all. The summer rental business is as cutthroat as anything else in real estate, and smart renters who have the foresight, and the money, to get that perfect oceanfront or lakefront home often have these properties locked down by Labor Day.

Real estate brokers already report strong bookings for the 2001 season at some of the nation's most popular summer destinations. "The early bird catches the worm," says Carolyn Klemm, a broker who covers Litchfield County, Conn. "We already have a number of people who have committed for next year."

The U.S. vacation rental business is a \$60 billion juggernaut, according to Internet travel site Expedia. Industry experts say that during the last three years, this sector has grown at least 10% every year, and they forecast sustained growth as long as the economy remains strong. The country's economic health has created lots of extra disposable income, affording families the opportunity to travel together for longer lengths of time. And these are the people who tend to find more comfort in renting a house than in crowding dad, mom and the kids in two hotel rooms.

The Internet has made it easier for vacationers to shop for rentals and sign deals directly with landlords. "Vacation rental rates seem to be rising higher than hotel revenues," says Greg Slynstad, an Expedia senior vice president. He says the site has seen a 15% to 20% increase in rental bookings in the past two weeks.

Indeed, real estate brokers from Aspen to Cape Cod say they experienced a flurry of activity right after Labor Day. Since then, Kinlin Grover GMAC Real Estate on Cape Cod has fielded at least five inquiries per day from people seeking summer rental listings. "We're already concerned there might not be enough inventory for next year," says Paul Grover, a firm principal. "There seems to be a sense of urgency to lock it up."

Last year, luxury rentals on Cape Cod ranged between \$20,000 and \$50,000 per month, depending on location. At these prices, vacationers can typically expect a 3,500-square-foot waterfront home, which were it for sale would net at least \$1.5 million. In its region, Kinlin Grover already sees a 10% to 15% jump in rental rates for 2001.

To place a hold on one of these coveted spots, Kinlin Grover clients are asked to pay half the rental fee as deposit, with the balance expected on the move-in date. Cook Pony Farm in the Hamptons requires one-third of the rent as an initial payment, one-third in December and the final third paid one month in advance of the family's arrival. Technically, if a prospective renter changes his plans and cannot use the property next summer, the deposit

is forfeited. "But most people who rent know other people who rent, so it's fairly easy to replace tenants," says Cook Pony Farm's Judi Desiderio.

A robust selling market is the main driving force for rate increases. As more Americans buy second homes to use themselves, it reduces the supply of summer rentals and pumps up the prices for what's left. "People wish they had more inventory," says Michael Sarka, executive director of the Vacation Rental Managers Association in Santa Cruz, Calif.

In Litchfield County, Klemm Real Estate just rented a ten-acre property with 4,500-square-foot house for next summer in Washington, Conn., for \$60,000, a 30% increase from the previous year. The firm's most expensive rental this past season was \$120,000 for a 15,000-square-foot house with a swimming pool, tennis court and screening room.

Brokers say renting is an attractive alternative for the turnkey aspect and lack of responsibility to the property. Clients are advised to rent for one season before making a long-term financial commitment to a particular town or region. As a general rule, it's better to exercise caution than create anxiety about an impulse buy.

Desiderio of Cook Pony Farm says one of her firm's priciest rentals this past summer was a two-acre oceanfront Southampton estate with a 7,000-square-foot house that rented for nearly half a million dollars for the season. "If you don't have \$12 million to buy the property but have \$410,000, you can still enjoy the best part of the year here."

Sound tempting? Fortunately, it hasn't been rented--yet.