

Need to know info for purchasing Lake Property.

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Your Castle Rock & Petenwell Lake Property Expert

Let's start with the Personal Choices you should consider.

Every year agents in our office hear a variety of reasons why someone is selling their lake property. It could be a vacant lot that they hoped to build their "Dream Home" on or a condo or a home on the lake. It seems that in too many cases, these folks should have put more thought into their purchase before signing on the dotted line.

Some of the most important things you may want to consider before making a lake property purchase are:

Proximity to your primary home – how far do you really want to drive after a long week at work to get to your chosen retreat? For many, that magic distance is no more than 3-4 hours. This allows you to skip out a little early from work & get to your lake home in time for supper. You will find that you will use your vacation property much more if you do not have to drive 6-8 hours one way to get there.

What do you want to be close to if you cannot be enjoying the lake – At some point, you are going to have bad weather or someone in your family will want to do something besides being on the water. Give some thought to other things your family would enjoy like ATVing / Snowmobiling in the winter / shopping / hunting / gambling. You may be able to get your whole family to the lake if they know there is a variety of activities to enjoy while there.

What lake activities will you most enjoy – Do you prefer a quiet get-away for canoeing, sailing or fishing? Do you prefer the excitement of power boating and socializing on the water? Do you want a safe place to take the kids skiing or tubing? Different lakes offer different "Lifestyles". Be sure you know what to expect from the lake you choose.

Home vs. Condo – There are significant differences in how you spend your time at a condo vs. a house. They both have advantages and disadvantages depending on your own personal preferences.

Home: It's all yours to do with as you please as long as you do not violate any association or governing body's restrictions. But you are also responsible to paint the trim, mow the grass, trim the shrubs and shovel the snow. If you are OK with that, owning a home is great.

Condo – The nice thing about a condo is that for the most part you come & enjoy it and then just lock the door when you leave without worrying about the maintenance. The downside could be that you have less privacy and need to pay association fees for all those things that you no longer have to do yourself. You will also usually get a much nicer view and access to the lake for the same money with a condo vs. a home. Unless you really can't accept the lack of privacy and the need to get along with your neighbors, you shouldn't rule a condo out. They really can be great options. My wife & I have lived in both on Castle Rock Lake and we would both tell you that they both have their merits.

Waterfront vs. Off-Water with Pier Rights – There are many waterfront communities that offer both waterfront and off-water properties within their boundaries. The off-water properties usually offer “Pier Rights” which means that you would be entitled to a boat slip for the season even though your home is not right on the lake.

When my wife & I purchased our first waterfront property, the developer we bought it from told me: “You're either on the lake or you're not.” And as much as that is true, there is still a place for off-water properties for those who either just choose not to be on the waterfront or who just cannot afford to be.

You can save anywhere from \$150,000 - \$500,000 on the same house in the same development if it is on an off-water lot vs. a waterfront lot. You will sacrifice the view and will have to either walk or drive a short distance to your boat slip, but you will still have your vacation home with convenient access to the lake.

Trade-offs – What is more important to you for the money? One of the things I end up pointing out to buyers more than any other choice is to decide if for whatever their price range is; do they want more house or more lot (view & location). If you are willing to spend enough money, you can have it all, but most lake property buyers need to find a balance between how much house they need and how nice their view and location need to be within their price range.

You can get much more house for the money if you are willing to accept a waterfront lot that is either on a canal or in a more secluded (sometimes weedy) bay. These less popular locations will usually be safely navigable to the main part of the lake, but may not offer a “big lake view”. One of the advantages in a more secluded location is that your boat will be more protected in bad weather in a bay or canal vs. the main body of water.

Unless your budget is big enough you will need to find a compromise between lake size & popularity / size & quality of a home and the location and view it offers. It could be helpful to prioritize your needs before looking at properties.

Differences in Lakes and Lake vs. River.

Different lakes offer different lake activities. Some buyers want to be “where the action is” while others are looking for a more peaceful environment. There are “inland lakes” with no navigable waters flowing through them. These types of lakes will limit your travel more than a lake that has been created as part of a flowage where you usually can navigate up or down the primary tributary to the next dam. Examples of a flowage would be lakes created as part of the Wisconsin River. With a flowage, you can usually find a place out of the main flow of traffic if you do not want to be in the middle of whatever action usually occurs on a busy lake. Castle Rock Lake and Petenwell Lake are perfect examples of this. Lake Wisconsin would be another good example.

There are also some lakes that form a “chain of lakes”. These can also offer good boating opportunities, but you need to pay attention to how big each lake is and if there is an opportunity to “let her rip” if you like speed. Some chains are so narrow and busy that the only thing you can do is get in line and parade from one lake to another.

This can also be the case with some smaller lakes that are spring fed. They may not be large enough to do any serious water-skiing or tubing, but they may be ideal for someone who prefers fishing or pontooning. Be sure to know what type of boating traffic a lake can support before you buy.

Another consideration should be if you want to be able to boat to a restaurant for food or beverage and if you would like to be able to purchase gas right on the lake. Many lakes do not offer these opportunities at all. Some are even a significant distance by car. We live on Castle Rock Lake and have 8 different restaurants we can boat to and 3 places to purchase gas right on the lake. We really enjoy having all of those choices. Be sure to look for a lake that offers as much of what you really enjoy as possible.

River properties can also be unique, especially if there is no larger lake to access. Some rivers can get too shallow to navigate for many larger boats, but may offer a near perfect opportunity for canoeing, kayaking or fishing as you may never encounter any large boat traffic. Often times, these properties are less expensive than those on more popular larger lakes or flowages.

You really need to decide if you want to be “where the action is” or prefer to feel like you are “away from it all”. A few lakes will offer the best of both worlds. Make sure that the agent you choose to work with knows what lakes (or rivers) will provide what you are looking for in a property.

The next thing to consider is elevation from the water. Some lakes (or rivers) offer a gentle slope to the water, while others may be elevated as much as 20’ which means you may need to go down 40-50 steps to get to your boat and then climb back up those same steps after spending a day on the water. You will also need to carry whatever gear, coolers and small children up & down those steps. This is certainly something to consider before buying a lake property.

If you really don’t plan on doing a lot of boating, but just like a great “lake view”, a property with more elevation may be just what you are looking for. There is also an advantage in having enough elevation to include a basement without having it built completely above grade. I have seen that done on several lake homes.

How deep is the water right off from your shoreline? This can be very important if you want to be able to swim or have a larger than average boat that drafts more water. You don't want to have a sharp drop off too close to the shore if you want to be able to swim (especially if you have smaller children) and you don't want to have a strong current either. That could be a problem for both swimming and keeping a boat tied to your dock. On the other hand, if you will be keeping your boat on a lift, you want to be sure there is enough depth to use a lift, yet it cannot be too deep. Be sure that the water depth works for your own personal needs.

Large Lot vs. smaller lot. Because frontage is so valuable, many waterfront lots are less than 1/2 acre, but there are some that are 1-3 acres and a few that offer 5-10 acres. This will have a significant impact on the amount of privacy you end up with. You can definitely expect to pay more for a larger lot on a popular lake than a smaller one on the same lake.

Large Lake vs. Small (man-made) lake: In some areas (like ours) there are also options to purchase a property on a small 20-40 acre man-made lake. These usually will not allow motorized boats with the possible exception of electric motors. They can be great for swimming / canoeing / kayaking or fishing. They usually include small lots with limited privacy. Sometimes they may include "pier rights" to a larger lake. These can be a great choice for the right scenario. Just be sure you know exactly what you are getting and how you are allowed to use the lake

Investment Buying

There are 2 primary reasons that lake related properties are purchased; Personal Use or Investment. Sometimes these are combined, but the process in choosing a lake property for personal use can be very different than that in choosing a property strictly as an investment.

One of the first choices you could be faced with is to decide if you will work directly with a "**developer**" or an "**independent agent**". There can be advantages in either of these depending on what you are looking for. A developer will be representing only those properties that they have to offer and if you have done your homework and are sure that what they are offering is what you want, you may be able to save some money purchasing directly from the developer.

One of the advantages in working with an independent agent is that they will be representing a much more diverse group of properties and will be in a position to help you determine if one development or type of lake property is best suited for your individual needs. They may also be aware of any "Foreclosure" properties in the area.

If anyone tries to pressure you into a making a decision and signing a contract on the spot, it should, in most cases be a red flag and I would recommend walking away. Purchasing real estate is usually a significant purchase and as a rule you should always be able to take a reasonable amount of time in making that decision. However, there are exceptions to every rule and in some isolated instances you may need to take action sooner than later to obtain a specific property.

If you are purchasing a lake property for investment purposes, you will need to consider whether you are seeking a short term investment or a long term investment.

A long term investment offers more flexibility in what you purchase as well as more room for error in that you will be able to take more time in deciding when the market is right for you to get a solid return on your investment. You should always consider your holding costs for a long term real estate investment. These would include: property taxes, interest (if you have a loan) and association fees.

A short term investment requires paying more attention to current market conditions as well as any trend in the market that may be occurring. Many buyers were blindsided by the change in the real estate market in late 2007 after purchasing property to flip in 2005-2007. Some things to consider in making a short term real estate investment are:

Supply and Demand

How much inventory is there at the time of investing?

Are there other planned developments in the area in the future for properties similar to what you are considering?

If you are not sure - Check with the governing township to see if additional development is planned for that area and if so, how many lots?

The last thing you want to be doing is competing with the developer. Be sure to find out how long a developer will be selling properties similar to what you are considering whether it is in the same development of another in the same area.

Track Record – What is the track record for re-sales for comparable properties?

Who controls the development (Developer or Property Owners)?

If the developer is still in control, they usually have the power to change the restrictions and bylaws as they see fit. This could affect your ability to flip your investment. (4-Sale Signs / ability to rent / anything & everything)

Review the Restrictive Covenants and By-laws. Be sure that they have been **recorded** – otherwise they do not mean anything.

No matter what your reason is for purchasing a lake property, it is very important to do your homework before spending your hard earned money.

This is a great time to buy as there are many motivated sellers and even a few foreclosure properties out there.

If you have any questions, please feel free to contact me. I would always look forward to hearing from you.

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