



How much of a lake house can you get for your money?

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For Realtors who specialize in lake property, the most challenging aspect of selling lake houses is the process of helping their clients understand how lake homes are valued. The presence of a dock, the view, the proximity to the water – all these factors can add anywhere from \$50k to \$250k to the price of a lakefront home. The south end of the lake generally carries a higher price tag than the north end, and certain sought-after school systems also add to the value. Buyers often ask lake agents what they can get for the money. Here is a general guideline to help answer that question; but, keep in mind that every lake property is different. In fact, appraisers would agree that lake homes are some of the hardest appraisals they do because so many factors come into play. The following summary is just a general guideline.

There are several elements that go into determining the cost a lake house. The value of the structure is certainly important, just as it would be for any home. That includes the square footage, age, finishes, construction, size of the lot, neighborhood amenities – all those elements contribute to the value of the actual house. Homeowners can affect this number by keeping their homes up-to-date. That includes granite counters, stainless appliances, hardwood floors, removal of popcorn ceilings, fixtures in the current styles, removal of old wallpaper, neutral paint colors, etc.

You've probably heard the old real estate adage, "location, location, location." That's true of all homes, but especially the ones on the lake. Typically, the further south a home is, the higher the value. Most lake buyers have some connection to Atlanta, whether it's their primary home or work, so that proximity adds value to homes closer into town. That's not to say that many buyers don't prefer north lake, but the numbers of buyers with a preference for south lake drives up that area's prices. The other aspect of location is the neighborhood itself. Due to the diverse makeup of lake neighborhoods, it's not uncommon to find a mobile home on the same street as a million dollar mansion. For the record, if you're building a luxury home, try to find a neighborhood with similar style homes to preserve its maximum long-term value.

Then there's the lake factor. Due to the 100-year drought a few years ago, the depth of the water at the dock remains an important consideration in valuing a lake home. In addition, most buyers want a view and will pay a premium for it. An easy walk to the lake is a common request, and a double slip dock permit is definitely a plus. Though there are many exceptions, the most common Lake Lanier buyer is between the ages of 45 and 65; so, the ease of the walk and distance to the lake is often a key consideration for buyers. However, that can be overcome with a Corps-approved cart path if the homeowner has some kind of disability. Very few homes have a perfect score in all of these categories, so assigning a value to a home's lake situation is quite a challenge. It is almost impossible to find a past sale that is a perfect comp (comparable property) to any particular house. It's more of an art than a science, but here are some general rules of thumb on what to expect.

Under \$300k - It's very hard to find a house directly on the lake for under \$300k. If you do, it will probably have some combination of shallow water, a platform dock, no view, long walk to the lake, and a house that needs a lot of work. It may also be in a remote location. If you run across a fixer upper in this price range with a view and good water, you will probably find yourself competing with a number of investors who flip

houses in this category. Be careful how much you spend on a house with very shallow water. They are hard to sell no matter what improvements you make on the house.

\$300s – If you don't mind being a little off the beaten path, sometimes you can find a decent home in the 300s. If it has a good lake situation, the house may need some work. If it's a great house, you'll probably find a long walk to the lake or shallow water at the dock. A common home sale in this price range would most likely be a weekender, three modest-sized bedrooms/two baths, built in the '80s (or before) needing a fair amount of updating. It might have a seasonal lake view with less than ten feet of water under the dock. You probably could not find this combination of features on the south end of the lake for this price, but you may find it further north.

\$400s – In this price range, you can probably find a nice, updated house or a great lake situation, but not both unless you want to go to the more remote areas of the lake. There are also some nice homes in the 400s in the marina communities where you can buy or rent a slip in a shared dock. The Shores of Lynncliff is a gated, marina community in Gainesville with houses in this price range. One possible example of a lake home with a private dock sold in the 400s would be a 3 or 4 bedroom home built in the early 90s, could be a residence or a weekender, somewhat updated, fairly long but manageable walk to the lake, 10-15 feet of water under the dock and modest or seasonal lake view. Note that if you are looking for this house in Cumming, you have a lot of competition. Be prepared to move quickly when it hits the market. A really good deal in this price range could sell in the first 24 hours.

\$500s – In a conventional loan where the buyer puts 20% down, a home price over \$520k is considered a jumbo loan. (That's where the borrowed amount is over \$417k.) A jumbo loan is harder to get and carries a higher rate, so buyers in the \$500s are typically much more picky. Regardless of location, homes with a lot of square footage (3500 sq. ft. and up) often start in this price range. Typically, you will not find a fabulous house with a fabulous lake situation in the 500s, but you might find a fantastic house with a mediocre lake package or vice versa. At this level, you might also find a nice house in a marina community such as Marina Bay, Harbour Point, or St. Michael's Bay. In those communities, you can get an upscale home and purchase or rent a slip in their shared marinas. An example of a private-docked home in the 500s would be four or five bedrooms, built in the late 90s and fairly updated, year-round lake view, manageable walk to the lake, 15 feet of water under the single slip party dock and in a nicer community of similar houses.

\$600s – Homes sold in this price range usually have at least one very special feature that catches a buyer's eye. It is often a great view and close proximity to the water, but it might also be a home that looks like new construction. An example of a lake home sold in the 600s would be a building site close to the lake with deep water and big views, double slip dock, easy walk to the lake, pretty large home built in the late 90s and mostly updated, and a nice neighborhood. Also in this range, you often find an older home with fantastic big water views.

\$700s – Almost all the homes that sell in the 700s have a great lake situation. That includes some combination of a good view, easy walk, deep water, and nice dock. Homes vary in age and quality, but they are typically updated or like-new, big (4000 sq. ft. or more), master on the main and nice neighborhoods. In this range, the homes are more likely to be residences than weekenders; so, school systems and proximity to interstates matter to these buyers. Some of the mansion-style houses in the marina communities fall into this price range, so they often stand out to buyers in online lake searches. Regarding a home with a private dock in this category, a typical sale might be a five bedroom home, very close to the water, great views, deep water, double slip dock, five minutes from GA 400, completely updated and absolutely no work

required to move in. Unless they are priced below market, these homes typically take longer to sell than those in lower ranges.

\$800s-\$900s – This price range is one of the most difficult to sell on the lake. For whatever reason, there aren't a lot of buyers in the 800-1m range. Most of the sales that fall into this category are on south lake closer to Atlanta. A lot of these are showcase homes with all the latest bells and whistles. Because the market is so limited for these houses, sometimes buyers can get really good deals on these beautiful homes. Here is an example of a \$900k lake home sale: Six bedrooms, finished basement with a second kitchen, easy walk to a double slip dock on drought-proof water, year-round lake views, home looks brand new, open floor plan, high-end finishes, possibly a pool, great neighborhood, very close to Atlanta. If you look closely at the listing, it has probably been on the market for six months or more, and the price has been reduced several times. They are often second homes for wealthy Atlantans.

Over \$1 million – During the recession, there were very few buyers for lake homes over \$1 million. That market has picked up significantly in the past year. We are on track to close as many as 20 ultra-luxury lake homes in 2015, a huge improvement from the years when there were just three or four that sold. Obviously, buyers in this price range want everything. They want all the finishes to be state-of-the-art. They want million dollar views, deep water, double slip docks, easy walks to the lake, often a pool...the works. Most of these buyers want south lake though there is some demand in Gainesville and Dawsonville. It is very hard to sell a luxury home that is not completely updated. There are currently 50 on the market, so the competition is fierce. In this range, it's hard to give an example of a typical sale because each one is so different. But in general, the homes are fairly large, have stellar lake situations, adorned with showcase finishes, and are in very nice neighborhoods. Since the recession, the trend in ultra-luxury homes has gone from oversized to ultra-featured. The demand for 10,000 plus sq. ft. homes has virtually dried up. Instead, wealthy buyers are looking for beautiful finishes, feature-rich construction, and in many cases, privacy. As one luxury buyer recently put it, "I don't drive to the lake so I can take care of another big house. I can do that in Buckhead. I want a beautiful house that lets me escape from the rat race without giving up the conveniences I'm used to." That pretty much sums up the attitudes of most luxury buyers these days.

Ultimately, it pays to do your research before you start looking at lake houses. Don't rely on site estimates of lake home values such as Zillow's Zestimates. These are averages of the homes in the area and do not take into account the added value from the lake. Instead, talk to a real estate agent who specializes in lake property to see what the real value of a particular lake home should be, or go to a site that features lake homes to see what lakefront homes are selling for in your area. Lakehouse.com is a good resource, and local lake agents also have sites that allow lake-only searches. Make sure you're getting a good deal by doing your homework and familiarizing yourself with lake values. Whether you are buying or selling a home on Lanier, be realistic in your expectations. It is an ever-changing market, and it will pay in the long run for you to make your decisions based on the latest data available.

Bev Knight is the lead agent for The Good Life Group, Keller Williams Lanier Partners. You can email her at bevknig@bellsouth.net or visit her web site at housesonlanier.net.

