



EXPERIENCE, EXPERTISE AND ENERGY!

### **Oceanfront Rewards and Risks**

Outer Banks oceanfront property can be a very exciting and rewarding investment for the right owner. The views are better; the rents are higher; the risks are greater and the prices are steeper with oceanfront homes compared with most other Outer Banks property. Some owners and renters will only consider oceanfront homes. Some will never consider oceanfront homes. The choice is yours---and in today's real estate market oceanfront buyers have more choices than ever before. Consider your options carefully.

#### **Oceanfront Rewards**

Everything is intensified on the oceanfront--the sound of crashing waves is louder, the breeze is stronger, and the smell of salt air lingers longer. No matter the weather, a day spent watching the waves from a deck chair or a comfortable sofa will help restore perspective to anyone's life. This spiritual renewal is priceless.

#### **It is smart to have a thorough understanding of an insurance policy's limitations.**

Oceanfront owners often enjoy the best views on the island. Although some oceanfront homes are tucked behind the dunes, most homes built recently capture as much view as possible with big windows, top floor living areas, ocean viewing decks, and in some cases even elevated pools.

Oceanfront owners enjoy higher rents in-season, more weeks rented, and more demand in all rental markets. Most visitors come to the Outer Banks to be as close as possible to the ocean. This trend is not likely to change.

In strong rental markets and in weak rental markets, oceanfronts are always in more demand. While these homes have other risks, from a rental income standpoint, oceanfronts are among the safest real estate investments on the island.

#### **Oceanfront Risks**

Beach erosion is the biggest threat to many oceanfront investment properties. Smart oceanfront buyers familiarize themselves with how the beach has changed over the years and minimize their risk.

The North Carolina Division of Coastal Management has maps that show the historical long-term erosion rates for different areas of the beach. The Federal Emergency Management Agency (FEMA) also has information online that an oceanfront buyer should consider. Other valuable sources of information include local owners, older surveys of a property and aerial photographs. All of these information sources provide insights into the past. What will happen in the future may be difficult to predict.

Once an estimate of how quickly a stretch of shoreline is moving, a potential buyer should try to picture how their property could look in 10, 20, and in 50 years. Beach width, dune width, and lot size should also be considered carefully.

Some oceanfront owners may feel that flood insurance will cover losses that may occur. Currently, most flood insurance policies cover up to \$250,000 in damage to a structure.

This is substantially less than the cost to rebuild many homes. If the home is lost and one is not able to rebuild on a lot because the lot size is substantially smaller, this loss in land value is not insurable. It is smart to have a thorough understanding of an insurance policy's limitations.

Maintenance costs for oceanfront homes are generally more than for other island homes. Because oceanfront homes are exposed to more salt, metal parts such as heat pumps and door knobs corrode more quickly. Paint does not last as long, windows do not stay clean for long, and more sand may get in the pool. Because oceanfront homes get more use, flooring and interior features may become worn faster as well.

When looking for oceanfront property, it is important to weigh your options carefully. For good counsel, find an experienced REALTOR who is willing to help you understand the risks and rewards of Outer Banks oceanfront home ownership. Each property is different and professional assistance is highly recommended when making this type of investment.

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