

Fractional Ownerships VERSUS Timeshare

The main difference between **fractional ownership** and a timeshare is in the way actual equity is distributed. In a fractional ownership arrangement, the purchaser actual owns a piece of equity in the property. If the property goes up in value, the fractional owner's share of the pie also becomes more valuable. With a timeshare, ownership is not distributed. The owner purchases only weeks or months of enjoyment in a property, and these weeks or months do not rise and fall in value with the value of the property. The title is still owned by the principal owner.

Benefits of Fractional Ownership

Fractional ownership allows an individual to take part of a valuable asset without putting up the cash to purchase the whole asset outright. This is very similar to owning stock in a corporation. In fact, fractional ownership can apply to assets other than real estate. In the case of real estate, fractional ownership allows multiple buyers to grab part of a property title. If the property declines in value, the owner can sell the asset and write off the capital loss. If it increases, the owner can sell the share and receive capital gains.