

COAST

REFLECTING ORANGE COUNTY'S FINER LIFESTYLE | OCTOBER 2006







OWN YOUR OWN ADVENTURE

When it comes to five-star accommodations, today's must-have amenity is a share in the real estate.

BY TIFFANY HAWK

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When someone suggests buying a hotel condo, what's the first thing that comes to mind? Florida? Time share? Aunt Edna? Never-ending sales pitches over watered-down coffee and stale cookies reminiscent of an AA meeting? Well, that was then. This is now: private chefs, soaring high-rises, personal butlers, European estates, Ian Schrager designs, rooftop pools, Michelin three-star restaurants, and perhaps most importantly, a genuine opportunity to build equity in some of the world's most happening urban centers and most sought after vacation destinations.

In 1994, Steve Dering, president of DCP International, started a revolution in travel ownership when he unveiled the world's first luxury residence club, the Deer Valley Club in Park City, Utah, which was (and still is) renowned for its premier skiing, posh amenities and an ownership model that just makes sense. Although most of the property's buyers could have purchased whole second homes in the area, they didn't need to. By studying the typical Park City vacation-home owner's needs, Dering was able to offer all the

A rendering of the upcoming W Residences in Las Vegas.





A home at The
Plaza Hotel; The
Plaza Hotel



GETTING PRACTICAL

Fractional

Although there are more programs and properties than we could ever mention – all with unique benefits and nuances – here are a few practicalities to keep in mind. With the better programs, while owners have a deed to a specific unit, they aren't restricted to or guaranteed use of just that property. If two owners of the same villa wanted to visit on the same weekend and 10 other villas were empty, it would be silly for one of them to have to stay home. Much like the fractional private jet market, owners share each other's properties, and in many cases can enjoy extreme flexibility. For example, if an owner has four weeks in the villa, he could use that time in four villas for one simultaneous week. And as long as a villa is available, often times he could use much more than his guaranteed time.

As for the investment, not only does it offer the possibility of appreciation (like a traditional home) but the home can also be rented out when the owners aren't using it to the profit of both the hotel and the owners. The branding power associated with big-name hospitality companies like Starwood and the Four Seasons not only attracts buyers to the properties, it can help those buyers rent out their units, thus defraying the cost of their own precious escapes.

If you like variety, ask about alliance programs that will let you buy a fraction of one property in your favorite getaway spot and also allow you access to affiliated private homes in other regions or countries.

Whole Ownership

Whether buying in a condo, in a boutique hotel or a villa in a residential resort, the process will be much like any other home purchase: Think: down payment, mortgage, interest rates. The big difference will be amenities and marketing. Properties will almost unilaterally offer a rental program where hotel guests will stay in your home. While this will offset your costs, the hotel will take a large cut and/or charge fees for their marketing and reservations efforts. Although some resorts will allow you unlimited time in the unit and an opt-in rental scheme, most will restrict your own usage and require rental participation.

Destination Clubs

Although they do not offer a real estate investment, destination clubs (to confuse you, they may even call themselves "residence clubs"), are an incredible opportunity for flexible and luxurious travel. Programs like Quintess, Catch the Dream (see page 286), Ultimate Resort, and Exclusive Resorts provide access to opulent private homes throughout the world in return for a membership fee and annual dues. More like a traditional time share – without the time and place restrictions – these clubs are pre-paid vacations where you're buying vacation experiences, not property. While fractional-ownership is ideal for those in love with a particular place, destination clubs are perfect for the traveler who wants to feel at home anywhere in the world.

benefits of a second home without the hassles or the high cost. The key was designing a home-sharing opportunity that would allow owners to use the property as often as they would if it was theirs alone and to guarantee availability when they wanted it (i.e. ski season). The model he created is now an industry standard. In most fractional programs, members purchase a deeded stake (often between a 1/4 and 1/10 interest) and are guaranteed a certain amount of time varying from weeks to months, at the property. The number of owners and days are carefully calculated and scheduled to fit each destination's characteristics.

After wild success in Deer Valley, DCP

International has since helped developers custom design programs for fractional properties throughout the country from Napa to Santa Fe to Manhattan, where the first urban residence club, the Phillips Club, proved the model works in cities as well as tourist destinations.

For several years, Dering's idea slowly spread to developers, hotel chains and resorts. Then in August 2005, the movement that began in Park City was catapulted to new heights by the trend-setting Setai in Miami, a sleek, modern 40-story high-rise with multi-million dollar private residences and a "member's only" ownership club that includes access to chauffeur-driven luxury

A condo at
the Fairmont
Chicago; The
Castello di
Casole in
Tuscany



GET A ROOM (OR A HOUSE)

Chances are you can find a residence or club anywhere you'd like to be

For the skier

The Ritz-Carlton Club A 1/12 interest at The Ritz-Carlton Club, Aspen Highlands, lets owners spend 28 days per year at the most celebrated ski destination in the country. www.ritzcarltonclub.com

The Residences at the Chateau, Deer Valley Near the original residence club at one of the most luxurious properties in Park City, The Chateau brings fractional ownership to a new level. www.chateauresidences.com.

For the Golfer

The Residence Club at PGA West The 3,300-square foot villas at PGA West in La Quinta are worth mentioning in their own right, but owner's golf privileges such as preferential tee times and prices at PGA West make for a valuable investment. www.residenceclubpgawest.com.

La Costa Resort Villas Close to home and known for its golf courses, spa and tennis courts, La Costa is now selling privately owned residences from \$1 million that can be used up to 120 days per year (the homes are rented to guests for the remainder). www.lacostaresortvillas.com.

For the Blueblood

The Villas at Rancho Valencia can make you an insider in San Diego's Rancho Santa Fe, considered to be the most exclusive community in the country. With homes ranging from \$2.5 to \$25 million, owning a second residence doesn't come cheap, but with fractional ownership, \$425,000 will get you in and give you coveted access to the member's only polo grounds nearby. www.villasranchovalencia.com.

For the Oenophile

Auberge's Lodges Calistoga Ranch is Napa's only private residence resort and its romance includes 157 wooded acres complete with a private lakefront restaurant, a

wine cave and thermal spring-fed bathhouse offering spa treatments. www.calistogaranchliving.com.

For the Urbanite

New York Ian Schrager's new residences at the *Gramercy Park Hotel* will be this world-famous designer's first residential property. www.50gramercyparknorth.com.

Miami The trend-setting *Setai* offers 44 floors of chic Asian-inspired design and every amenity one could imagine. www.setai.com

Chicago *The Ritz-Carlton Residences*, Chicago, Miracle Mile. Construction on this expected-to-be-glamorous high-rise will begin any day and should be completed by 2008. Eighty-six elegantly appointed homes will range from 1,800 to 5,700 square feet and start at \$1.25 million for whole ownership – a fractional program is also available. www.ritzcarltonrealestate.com.

The Fairmont Chicago. Across from Millennium Park, this upscale hotel will offer luxury and flexibility. In addition to a fractional option, condos starting from \$299,000 will be whole-owned with unlimited visits and an opt-in, revenue sharing rental program. www.ownatfairmontchicago.com.

San Francisco *The St. Regis San Francisco*. This new 40-story tower in SOMA embodies the modernity and the luxury associated with the city's resurging tech boom (a.k.a. Web 2.0). www.starwoodhotels.com.

Los Angeles The 54-story *Ritz-Carlton Marriott Marquis* is expected to open its doors in 2010 at the much-hyped L.A. Live sports entertainment complex near Staples Center.

For the Europhile

Castello di Casole *Palazzo Tornabuoni*. The hotel ownership model has finally reached Europe and is launching in Italy with two new properties, Castello di Casole and Palazzo Tornabuoni.



Skiing in Deer Valley



The Residences at The Chateaux, Deer Valley.



Palazzo Tornabuoni



Playing polo in Rancho Santa Fe.



Golf at PGA West

cars and high-end cruising boats. This illustrious condo-hotel's exhaustive list of high-profile founders – names like Sheryl Crow, Janet Jackson and Lenny Kravitz – has created climactic hype for the own-your-own vacation. Now it seems no upscale resort would think of opening without a real estate component. Names like the Four Seasons, the W, the Ritz-Carlton, and the St. Regis are clamoring to sell their rooms as full-time homes, second home investments, fractional buy-ins, and destination club memberships.

Over the last few years, this trend has exploded out of its leisure-destination roots. In fact, posh residence hotels, where wealthy homeowners live fully-serviced lives of luxury are popping up everywhere. Dallas now has the W Dallas-Victory; Chicago's Millennium Park will soon be home to the Fairmont Chicago Residences; in 2010, Los Angeles will get the Ritz-Carlton Marriott Marquis;

San Francisco residents started moving into the St. Regis last November; Las Vegas is expecting new condo-hotels including the W Residences, Trump Towers and the MGM Residences; and in New York, two new Ian Schrager real-estate hotels, 50 Gramercy Park at the Gramercy Park Hotel and 40 Bond, are setting a new standard of urban refinement. Not to be outdone by the newcomers, even Manhattan legends like the Plaza are adding privately owned residences. And Americans hoping to own a little something under the Tuscan sun can buy, in part or in whole, at two properties: Palazzo Tornabuoni in Florence and Castello di Casole in the countryside near Siena.

Whether you're looking for city, country, action, or sophistication, and whether it's your second home or your primary domain, why not have access to maids, concierges, spas, restaurants, and a return on your investment? ☺