

WHOLE OWNERSHIP MEETS DEMAND

Here's a simple yet efficient plan: Develop where there's a need — and where others can't follow — and you'll do just fine. That's the strategy **Criswell-Radovan LLC**, **Poipu Beach Villas LLC**, **S&P Destination Properties** and **The Soleil Group** employ as they set up whole-ownership opportunities in areas where demand is high but the offerings are virtually nonexistent. Land may be expensive in certain areas and the red tape may be thick, but developers see payoffs for setting up whole-ownership, amenity-laden properties where buyers fork over big dollars to own, live and rent out properties offering high status because of their convenience in unique locales.

Criswell-Radovan's ability to obtain enough parcels of subdividable land in California's Napa Valley allows the company to develop 17 multi-acre sites for custom homes at its upcoming redevelopment of the **Aetna Springs Resort**. Don't expect to see similar custom home resort communities in the Napa Valley because of the area's commitment to agriculture above tourism, high land prices and difficulty acquiring enough parcels to subdivide for home sites. Any parcel purchased for subdivision in the region outside of Napa must be at least 320 acres, and only one home is allowed on each 160-acre subdivided parcel. Aetna Springs' home sites will begin at \$2.9M. Expect buildout of the resort at the start of Q3 2008.

Criswell-Radovan's strategy focuses on keeping the authenticity of the late-19th century resort intact and recreating the former agrarian feel of the property, which was originally constructed as a high-end, hot-springs resort in the late 1800s. The developer selected architectural historian and former Dean of USC School of Architecture **Scott Johnson** to design the project because of his understanding of which of the property's buildings have historical significance and which do not.

In addition to the home sites, the 5,000-acre project includes 48 one- and two-bedroom villas ranging from 500 s.f. to 1,200 s.f., which can be entered into a rental pool through resort management. Criswell-Radovan also will construct 30 private vineyard estates next to Lake Luciana, with some of the estates sitting on 70 acres. Lake Luciana residents are provided access to resort amenities by purchasing memberships, which start at \$180K. The estates also feature 1,000 acres of open space. Amenities include a **Michael Mondavi** winery, a **Tom Doak**-designed golf course and a spa. The 3,200-acre golf course is believed to be California's oldest and was reshaped by Doak himself without the use of a contractor. The course is completed and is scheduled for opening along with its clubhouse in August.

Poipu Beach Villas and S&P Destination team up in Poipu Beach in Kauai, which hasn't seen new development on its shores in approximately 20 years. The 25-acre, \$300M **Koloa Landing at Poipu Beach** will feature 323 one- to four-bedroom condos measuring 1,000 s.f. to 2,800 s.f. and priced between an estimated \$900K and \$2M. There are no use restrictions, and residents will also be afforded the opportunity to rent out their residences via the hotel's yet-to-be-announced brand name property manager. Expect dirt to begin moving for Phase I's 129 units at the end of Q4. Phases II and III should begin in 2008. The project could hit buildout in two years. **Group 70 International Inc.** designed the project.

Despite the presence of a pair of other presale condo projects within Poipu's vicinity, neither project can offer prospective buyers oceanfront property nor the same level of amenities as Koloa Landing. Thus, the developers don't view the projects as direct competitors. On top of that, there are no other parcels of land so close to the beach available to build upon. The majority of existing hotel and condo units along the Poipu coastline are aging properties, and the developers plan to transform Koloa into one of Hawaii's top resorts.

Koloa's amenities include direct ocean access, four pools, a waterslide, a poolside bar/grill, a spa and a fitness center. Because of Koloa's uniqueness, S&P's target customers are current Poipu condo owners, many of whom live in aging residences lacking modern amenities such as air conditioning. The developers also look to attract second-home buyers from throughout Kauai and other Hawaiian islands, along with regular Kauai visitors. S&P expects half of Koloa's buyers to be between 45 and 60 years old, a quarter to be between 35 and 45 years old and 15% to be more than 60 years of age.

Continued on Next Page

WHOLE OWNERSHIP MEETS DEMAND...

Continued from Page 1

S&P currently is working with a private golf community called **Hokuli`a** on the Big Island, where it will release home sites of one acre and above this fall. Poipu Beach Villas' strategy is to identify unique real estate, complement the site with great architecture and environs, and then deliver high quality product. **Poipu Beach Villas**, is currently in negotiations on an unnamed project on the Big Island and will continue to explore other opportunities as they come. The company is a big proponent of the long-term outlook for Hawaii real estate.

Now that the cost of **The Soleil Group's** five-star **Soleil Center** condo hotel in Raleigh, N.C., has skyrocketed to \$170M from its original estimate of \$100M, Soleil teams with **AFC Hotel Finance Group** for financial advising. AFC's role focuses on advising Soleil on the acquisition of a \$136M loan, which will provide the majority of the financing for the project. When **Bovis Lend Lease** wraps up construction in Q2 2009, the Soleil Center will be Raleigh's tallest building. Expect groundbreaking to happen in Q4 and for the 42-story, 620,000-s.f. building to feature a **Westin** hotel, 49 condos, a spa, a fitness center and 30,000 s.f. of meeting space.

Soleil expects the center's five-star status to attract wealthy, educated professionals who work in the immediate area's two million s.f. of office space and who are looking to relocate within proximity to their place of employment. Competition virtually is non-existent for the Soleil Center, and 60% of condo inquiries have come from Raleigh-Durham residents. Condo prices range from \$700K to \$3M.

With mixed-use projects in Raleigh high in demand, but more than short on supply, Soleil is looking to stay ahead of the game in the coming development boom. Soleil seeks approval to develop a 16-story project next door to The Soleil Center, which will measure 100,000 s.f., include 80,000 s.f. of office space and 20 to 25 condos. The project will take a year and half to complete. Look for The Soleil Center's success to fill the sister project's \$32/s.f. of office space due to the proximity of Soleil Center's meeting rooms, spa, fitness facility and restaurants. **Perkins and Will** is the architect of both projects.

DESTINATION CLUBS TOUT SERVICES

In the resort industry, destination clubs are in the stratosphere, offering the affluent fabulous homes scattered around the globe. As new destination clubs appear on this rarified scene, they try to offer singular experiences that existing clubs lack. Clubs like **Ciel**, **The Oyster Circle** and **My Global Playground** take the amenities and services up a few notches, touting "superlative" and "experiential" services to set themselves apart. The presence of these new clubs will have a domino effect on the destination-club segment of the resort industry, causing club owners to reassess the amenities and services they offer to compete for the attention of the wealthy. For example, **Exclusive Resorts** just launched a series of members-only journeys that it's touting as an industry first.

Ciel is the brainchild of **Joe Ricketts**, the founder of **TD Ameritrade**. Ciel's parent company is **Preeminent Global Experiences**. Ricketts is passionate about travel and wanted to provide an opportunity for members to have unique experiences they wouldn't have unless he facilitated them, like bison roundups at his ranch in Wyoming. It's an uber-luxury club where the experience trumps the destination. There are two classes of membership, each of which is 100% refundable: The executive membership requires a \$500K deposit and \$70K in annual dues while the explorer membership requires a \$1M deposit and \$100K in annual dues. The club's demographics tend to be those with a net worth of \$30M or more.

It took more than \$100M to start up the club, which has six homes in places such as New York City, Aspen and Jackson Hole, Wyo. The ultimate plans call for 20 homes. One strategy that has changed since the club debuted last fall is that the focus on finding homes has switched from a global search to a domestic one. Originally, Ciel was looking at a 60/40 split between international and American properties. Now it's more of a one-third international versus two-thirds domestic split, so look for the bulk of Ciel's properties to be in the Pacific Northwest, Hawaii, California and the Caribbean. The change was based on members' desires. Ciel also is looking for a beach-house property and has identified some potentials in St. Bart's. The company is poking around in Hawaii and Napa as well.

Continued on Next Page

DESTINATION CLUBS TOUT SERVICES...

Continued from Page 2

Ciel's explorer members get more flexibility in reserving residences and are typically baby boomers in the 55- to 65-year range. Executive members typically are still working or have kids at home and therefore use less vacation time. They tend to be in the 40 to 55 age group. The club issues experience credits, which don't come with a dollar value, but can be used to create customized tours and itineraries. They can also be used for personal endeavors like helping members fulfill their dreams of running in a marathon or playing in a symphony orchestra.

The Oyster Circle is based in Ireland and touts itself as Europe's first property-based destination club. The club also provides services typically found at exclusive resorts and private clubs. It has homes in New York and the Bahamas and has more planned for San Francisco, Napa, Calif., and Barbados. CEO **Paul Crowe** spent 14 years as director of golf and deputy chief executive at **The K Club**, a golf resort outside of Dublin. The Circle is available to 400 members and sports a ratio of one property for every six members.

My Global Playground has five properties in locales such as St. Thomas and Miami, and seven under development, including in South Carolina, Arizona, New York and Colorado. For My Global Playground, going above and beyond includes a 24/7 concierge service 365 days/year, even when members are not at the destinations. This service can shop for birthday presents, procure coveted tickets for special events or find a restaurant that serves wild venison. Also, the club provides personal vehicles at the destinations.

Exclusive Resorts' new *Once in a Lifetime* experiences include a cultural immersion tour of the Himalayan Kingdom of Bhutan, a naturalist's expedition to the Galapagos Islands, a private Eastern African villa safari at the base of Mt. Kilimanjaro and an ultra-luxury, members-only cruise in the Mediterranean. To offer these experiences, Exclusive is working with renowned people and institutions such as **Jack Hanna** and **Lindblad Expeditions**, in partnership with **National Geographic**, and is contributing to their charitable and conservationist programs as well.

In the last three months, Exclusive also entered into agreements to acquire 50 new luxury residences at **Sea Island**, Georgia, **Mandarin Oriental**, Chicago, and **One Steamboat Place**, Colorado. Another coup by Exclusive: It surpassed the \$1B mark in the value of its residential resort real estate, which the company believes is greater than the owned portfolios of all other destination clubs combined.

RESORT SHORTS

❖ Central Oregon isn't just the domain of burley, furry-chested, ax-wielding mountain men basking in their rugged glory any longer. **BGJJ LLC** plans to build a \$370M resort and indoor waterpark on 40 acres of land it purchased from the **city of Redmond** for \$3.3M. The **Redmond Waterpark Resort** should generate \$1M in room taxes for the city, \$1M of property tax revenues and provide another \$14M of annual employee earnings. Redmond and BGJJ currently are cutting through rezoning red tape, which will allow the developer to build the resort within proximity to local fairgrounds, a golf club and expo center. BGJJ's strategy centers on using the indoor waterpark to attract families and conferences to Central Oregon beyond the region's three-month summer window that provides 80% of annual tourism. The developer expects the resort to boost local tourist traffic from its current rate of 600,000 annually to two million.

Expect groundbreaking of the \$120M first phase to begin by Q2 2008. The phase will include construction of a Western-themed resort, 370 condo-hotel units, one-acre waterpark, spa, retail, restaurant, entertainment center, meeting space and fitness facility. The \$250M second phase includes construction of a second waterpark, additional retail and a museum. Look for the project to include at least two more phases beyond the initial development and for all phases to take at least two to three years to complete.

❖ **RFR Holding LLC** enlists **Shangri-La Hotels and Resorts** to manage RFR's Manhattan condo-hotel project, which is expected to break ground in Q1 2008. **The Shangri-La Hotel, New York** will stand 64 stories and 709 ft. tall at buildout in 2010. It's an extension of Shangri-La's strategy of inserting itself in key international cities and expanding its presence in North America and Europe. RFR's focus continues to center on acquiring Manhattan trophy properties, and to add to its collection of 2,500 residential units in the city.

Continued on Next Page

RESORT SHORTS

The property features 206 rooms, with 66 units sold as condo-hotel units, and 17 sold as ultra high-end residential units measuring 1,500 s.f. to 3,000 s.f. on the building's top 10 floors. **Foster and Partners** designed the structure to have what is expected to be the largest collection of guestrooms (size-wise) in Manhattan. Rooms in the collection will measure between 500 s.f. and 900 s.f. One-third of the hotel's rooms are classified as suites and will start at more than 1,000 s.f. Amenities will include 5,000 s.f. of meeting space, retail, restaurant, fitness center and 80-ft. swimming pool covered by a retractable roof.

❖ **JMA Ventures** wants to make its **Homewood Mountain Resort** the apple of every tree-hugger's eye in the Western U.S. In order to meet that lofty goal the company hires the **Sierra Business Council** to develop sustainability programs that will ensure Homewood will become a leader in "green" resort developments. Sierra currently is considering whether to employ wind, solar or hydro-powered energy at the resort, and the company serves as JMA's liaison with the surrounding community. Expect JMA to eventually construct fractionals at the development, along with retail, a hotel, a market and upgraded ski-lifts.

Developing green resorts provides owners with the opportunity to ease the anxiety of locals who fear losing access to and the serene features of their long-time playgrounds. In this case, Homewood has long been an attraction for local families, that have enjoyed taking advantage of slopes that provide skiing opportunities for downhillers of all levels.

❖ Minneapolis-based **Carlson Hotels Worldwide** pours \$80M into renovations and new construction at the defunct **L'Habitation de Lonvilliers Resort** on the French side of St. Martin. Carlson will reopen the resort in Q4, re-christening it the **Radisson Resort St. Martin**. It will serve as a sister resort to the **Radisson Resort** in Aruba and help further Carlson's strategy of expanding at key locales across the Caribbean. The property boasts 1,600 ft. of shoreline and features 189 guestrooms and 61 suites, a 150-slip marina that will hold yachts up to 90 ft., restaurants, a spa and 5,000 s.f. of meeting space.

❖ A new resort is coming to resort row in Paradise — Paradise Valley, Ariz., that is. **Crown Realty and Development** is building the approximately \$250M **InterContinental Montelucia Resort & Spa** at the foot of Camelback Mountain. The development will include a close-to-300-room hotel and 34 villas sold as whole ownership. The villas, which range from 3,800 s.f. to 4,700 s.f., are selling from \$2M to \$4M. **Scheurer Architects** designed the resort, and renowned spa designer **Sylvia Sepielli** lent her vision for the spa. There will also be a Spanish-designed wedding chapel. The villas will offer a concierge lifestyle with services from picking up dry cleaning to detailing cars. In addition to developing the Montelucia, Crown recently purchased the closed **Mountain Shadows Resort**, also on the renowned resort row.

❖ **Behringer Harvard** stakes a claim in the Caribbean by acquiring a major interest in **Royal Island**, an ultra-luxury resort development under construction in the Bahamas. The transaction is in partnership with **Cypress Equities**, an affiliate of **The Staubach Company**. The acquisition was driven by the ongoing demand for vacation homes and the current desire by many for an exclusive Caribbean vacation destination close to the U.S. The Staubach Company has been exploring opportunities to work with Behringer Harvard for the past year, and this project provided the perfect match. Resort plans include a boutique hotel with 80 rooms and 44 villa residences, 98 beachfront estate home sites, more than 100 villa lots and 15 townhomes. Owners and guests of Royal Island will have access to a village center, various restaurant venues and beach clubs throughout the island. The heart of the island is a 140-acre harbor, one of the largest naturally protected, deep-water harbors in the Caribbean.

❖ The **Princeville Resort** in Kauai is about to get more princely. It is poised to be re-branded as Hawaii's only **St. Regis Hotel**, which will reportedly require a \$60M infusion to transform it to the white-glove standards of a St. Regis. The resort contains 250-plus rooms and might get a spa and a celebrity chef restaurant. **Princeville Associates**, a partnership that includes **Morgan Stanley** and **Cornerstone Real Estate Advisers**, owns the hotel. Looks like **Starwood Hotels & Resorts Worldwide** suggested the hotel become a St. Regis because of the quality of the golf courses, the overall beauty of Princeville and the history of service and reputation of the hotel.

CONTACTS

AFC Hotel Finance Group: 111 W. 57th St., Suite 520, New York, NY 10019. Peter M. Berk, President, (212) 245 2050. berk@afcrealtycapital.com

Behringer Harvard Real Estate Investments: 15601 Dallas Parkway, Suite 600, Addison, TX 75001. Robert M. Behringer, President/CEO, (866) 655-3600, fax (866) 655-3610.

Bellstar Hotels & Resorts: 8989 Macleod Trail S., Suite 401, Calgary, AB T2H 0M2 Canada. Ed Romanowski, President, (403) 695-3441. ed@bellstar.ca

BGJJ LLC (Schertzingler Party Architecture): 515 S.W. Cascade Ave., Suite 3, Redmond, OR 97756. Bill Schertzingler, Partner, (541) 548-8884. bschertzingler@asterdes.com

Bovis Lend Lease: 200 Park Ave., New York, NY 10166. Peter Marchetto, CEO Americas, (212) 592-6700.

Carlson Hotels Worldwide: P.O. Box 59159, Minneapolis, MN 55459. Marilyn Carlson Nelson, Chairman/CEO, (763) 212-5000. smacalus@carlson.com

Ciel (Preeminent Global Experiences): 603 Park Point Drive, Suite 200, Golden, CO 80401. Jonathan Harding, President/COO, (303) 962-0021. jonathan.harding@cielclub.com

Cornerstone Real Estate Advisers: 1 Financial Plaza, Suite 1700, Hartford, CT 06103. David Reilly, President, (860) 509-2200.

Criswell-Radovan LLC: 1336-C Oak Ave., St. Helena, CA 94574. (707) 963-0313. robert@aetnasprings.com

Crown Realty and Development: 4949 E. Lincoln Drive, Paradise Valley, AZ 85253. Rick Carpinelli, SVP of Residential Development, (602) 956-9400. info@montelucia.com

Cypress Equities: 15601 Dallas Parkway, Suite 400, Addison, TX 75001. Chris Maguire, President, (972) 361-5097. chris.maguire@staubach.com

Exclusive Resorts: 1515 Arapahoe St., Tower 3, Suite 300, Denver, CO 80202. Rachel Neumann, Director of Corporate Communications, (303) 493-6106. neumann@exclusiveresorts.com

Foster and Partners: Riverside, 22 Hester Road, London SW11 4AN, United Kingdom. Lord Norman Foster, Sr. Partner/Chairman, 44 (0) 20-7738-0455.

GenerX: 200 W. Beaver Creek Road, Suite 1A, Richmond Hill, Ontario, L4B 1B4 Canada. Walter Thompson, President, (905) 762-9696. walter@generxcorp.ca

Group 70 International Inc.: 925 Bethel St., Fifth Floor, Honolulu, HI 96813. Francis S. Oda, Chairman/CEO, (808) 523-5866.

InterContinental Hotels Group: 67 Alma Road, Windsor, Berkshire SL4 3HD, United Kingdom. Claire Williams, Director, External Communications, 44 (0) 1753 410100. media@ihg.com

Intrawest Corp.: The Landing, Suite 326, 375 Water St., Vancouver, BC, V6B 5C6 Canada. T. Dean Kneider, Director of Global Exchange Business, (604) 689-8816. dkneider@intrawest.com.

JMA Ventures LLC: 706 Mission St, Ninth Floor, San Francisco, CA 94103. Art Chapman, President, (415) 546-7766.

Lake Tahoe Development Co.: 585 W Lake Blvd Ste. 1, Tahoe City, CA 96145. Phone: (530) 581-2242

Lindblad Expeditions: 96 Morton St., Ninth Floor, New York, NY 10014. (800) EXPEDITION.

Morgan Stanley: 1585 Broadway, New York, NY 10036. (212) 761-4000.

My Global Playground: 951 Old Country Road, Suite 297, Belmont, CA 94002. Joyce Kohn, President/CEO, (866) 677-3900.

NK'MIP Cellars: 1400 Rancher Creek Road, Osoyoos, BC V0H 1V0 Canada. Donna Faigaux, Manager of Hospitality Relations, (250) 495-2985. donna.faigaux@nkmip.ca

NK'MIP Resort: 8000 45th St., Osoyoos, BC V0H 1V6 Canada. Chris Bower, Director of Operations, (250) 498-9337. chris@campingosoyoos.com

Osoyoos Indian Band: RR#3, Site 25, Comp 1, Oliver, BC V0H 1T0 Canada. Chief Clarence Louie, (250) 498-3444. chief@oib.ca

Oyster Circle, The: Oyster Point, Temple Road, Blackrock, Co., Dublin, Ireland. Paul Crowe, CEO, 353 1 2799525.

Perkins & Will: 330 N. Wabash Ave., Suite 3600, Chicago, IL 60611. Ray Clark, Principal, (312) 755-0770. ray.clark@perkinswill.com

CONTACTS

Poipu Beach Villas LLC (The Argent Group): 10701 S. River Front Parkway, Suite 13, South Jordan, UT 84095. (801) 446-0110.

Princeville Resort: P.O. Box 223040, Princeville, HI 96722. Info@Princeville.com

RFR Holding LLC: 400 Park Ave., New York, NY 10022. Aby J. Rosen, President.

RockResorts (Vail Resorts Development Co.): P.O. Box 7, Vail, CO 81658. Keith Fernandez, President, (970) 845-2535, fax (970) 845-2555.

S&P Destination Properties: 1750-1500 W. Georgia St., Vancouver, BC V6G 2Z6 Canada. Rick Davis, VP, (604) 909-2111. rdavis@sprealestate.com

Scheurer Architects: 20411 S.W. Birch St., Suite 330, Newport Beach, CA 92660. Sylvia Sepielli, (949) 752-4009, fax (949) 752-8737. SPAd@sylviaspa.com

Shangri-La International Hotel Management Ltd.: 21/F CITIC Tower, 1 Tim Mei Ave., Central Hong Kong SAR. Giovanni Angelini, CEO, (852) 2599-3000. slim@shangri-la.com

Sierra Business Council: P.O. Box 2428, Truckee, CA 96160. David Mattocks, President, (530) 582-4800. dmattocks@sbcouncil.org

Soleil Group, The: 1120 S.E. Cary Parkway, Suite 201, Cary, NC 27511. Sanjay Mundra, Principal, (919) 719-1010. smundra@soleil-group.com

Sonora Dunes Golf Course: 1300 Rancher Creek Road, Osoyoos, BC, V0H 1V0, Canada. Gary Johnson, Operations Manager, (250) 495-4653, sonora13@telus.net

Spirit Ridge Vineyard Resort & Spa: 1200 Rancher Creek Road, Osoyoos, BC V0H 1V0 Canada. Mohamed Awad, GM, (250) 495-5445. mohameda@bellstar.ca

Starwood Hotels & Resorts Worldwide: 1111 Westchester Ave., Fourth Floor, White Plains, NY 10604. Sergio Rivera, President of Real Estate Development, (914) 640-8496, fax (914) 640-8458.

Vail Resorts Inc.: 390 Interlocken Crescent, Suite 1000, Broomfield, CO 80021. Jeff Jones, SEVP/CEO, (303) 404-1802. jwjones@vailresorts.com.

Water's Edge Realty LLC: P.O. Box 688, 1525 Boston Post Road, Westbrook, CT 06498. Claudio Marasco, ECP, (860) 399-5901. cmaraso@watersedgeresortandspa.com

Whistler and Blackcomb Mountains: 4545 Blackcomb Way, Whistler, BC VON 1B4 Canada. Bob DuFour, (604) 932-3141. bdufour@intrawest.com

Wilderness Tours: 503 Rafting Road, Foresters Falls, ON K0J 1V0 Canada. Joe Kowalski, Founder, (888) 723-8669.

Windmill Development Group: 15 Fitzgerald Road, Ottawa, ON K2H 9G1 Canada. Jonathan Westeinde, Managing Partner, (613) 820-5600, Ext. 158. jonathan@windmilldevelopments.com

Winter Sports Inc.: 3910 Big Mountain Road, Whitefish, MT 59937. Fred Jones, CEO, (406) 862-1900, (406) 862-2955.

FRACTIONALS BOOM UP NORTH

Fractional fever is infiltrating Canada, as companies like **Bellstar Hotels & Resorts**, **Wilderness Tours**, **GenerX** and **Intrawest** favor today's hot segment of resort development with differing strategies. Fractional awareness among consumers is only about 5% in Canada, so the prices developers can fetch haven't quite achieved the same premium as in the U.S. Prices typically are two to three times higher in the U.S. on a price-per-s.f. basis. Conversely, these fractionals are a good investment for buyers who can then sit back and enjoy capital appreciation as prices ascend toward those down in the states.

Fractional financing is the real challenge in Canada. The banking industry there — which essentially comprises five big banks — has not yet jumped on the fractional bandwagon. So fractional developers like Bellstar turn to credit unions, other banks and offshore banks like **HSBC**. Bellstar President **Ed Romanowski** thinks the big banks will eventually warm up to fractionals as other banks eat their lunch. Bellstar realizes how difficult it is for consumers to obtain fractional financing, so the company finances some projects in advance. But that only leads to challenges on the resale side. Romanowski sees a trend of consumers buying a whole unit and then fractionalizing it into quarter interests upon closing, so Bellstar offers that as an option.

Continued on Next Page

FRACTIONALS BOOM UP NORTH...

Continued from Page 6

Bellstar is developing the second phase of its **Spirit Ridge Vineyard Resort & Spa** in Osoyoos, B.C. This is part of an approximate \$90M master-planned destination resort community called **Nk'Mip** (pronounced *ink-meep*) in partnership with the **Osoyoos Indian Band** and one of only nine, four-star resorts in British Columbia. Phase II will include more than 130 luxury resort residences sold in quarter interests.

Amenities will include an adobe-style building that will house services including a wine-bar café and theater room. This phase will be split into two segments — the first will have 77 units, and more than 80% of them have been sold. The final 55 units are expected to be released in the next month or so. Look for Phase II to open in the spring of 2009. The fractionals are being sold from \$75K for 650 s.f. to \$169K for 1,400 s.f. Future phases will add about 325 more units. The Osoyoos Indians invested 25% into the second phase. The entire Nk'Mip destination includes the **Nk'Mip Cellars Winery**, the first Aboriginally-owned and operated winery in North America, and the **Sonora Dunes Golf Course**.

The challenge for Bellstar in building the first phase was securing a long-term, prepaid lease on Indian land. Bellstar negotiated a 97-year, prepaid lease. So as the company sells its fractionals, it's already taken care of the leasehold interest for the consumers for almost a century. Also, to get acclimated to building in the only desert environment in Canada, Bellstar took a 15-person team on a field trip, visiting 25 resorts in desert environments in the U.S. Team members learned the best type of soil material to use and how to deal with heat in creating sheltering spaces. Part of the result of that trip is the **Sonora Spa at Spirit Ridge**, which will open later this month, and include an outdoor treatment area. Many of the treatments are derived from the Aboriginal culture.

Wilderness Tours Co-Founder **Joe Kowalski** is exploring adding fractionals to the company's property along the Ottawa River. He sees the fractional concept as a business model made in heaven. He was introduced to the concept at **Mt. Tremblant**, an Intrawest resort where he listened to a sales pitch. Mt. Tremblant and **Whistler** are Canada's two biggest ski resorts and both had been on financial and ownership roller coasters until they were acquired by Intrawest, which applied real estate techniques to the ski industry with great success. Kowalski was impressed that Intrawest was able to save these two resorts and was inspired to consider joining the fractional party.

Since Kowalski doesn't have any experience in real estate, and after working on the project on his own for the past two years, he hired **Windmill Group** to help with the project. The development would be built on about 35 acres and contain 32 single-family residences that could be sold in 1/8th interests. The cottages would have three to five bedrooms and occupy about 1,500 to 2,000 s.f. There also are plans for a condo-type building that would house more fractionals. The project would be built in phases and 80% presales would be necessary to build Phase I.

The goal would be to affiliate with **RCI** or **Interval** so the owners would have an opportunity for exchanges. While the initial game plan was to launch sales this month, Kowalski would prefer to wait a year, which would not really be a concern to him as waterfront property only seems to rise in value. Wilderness Tours' peak visitor season is the summer. It typically gets about 25,000 visitors a summer.

GenerX is building the \$100M **Touchstone on Lake Muskoka**, an Ontario resort town that has attracted the affluent for centuries. It more recently has been dubbed Hollywood North since various Hollywood stars and sports figures have built retreats there. GenerX's core business is commercial real estate, and this is its first foray into resort development. President **Walter Thompson** scored a prime property that is the only one zoned for resort development among the three main lakes in the Muskoka area. There were two non-performing hotels on the property so it was purchased for its redevelopment potential. Thompson touts the development as Canada's first premiere private residence club.

Touchstone will contain 80 units sold in one-quarter interests. The two-bedroom residences start at \$150K, and the larger ones go for around \$350K. Look for the first 30 units to be delivered in September. GenerX is partnering with Intrawest on the project for exchanges. The residences will be part of a rental pool when not in use. The goal is to create a Great Gatsby lifestyle and provide amenities and services that don't intrude upon residents' privacy. Amenities include an infinity pool on the cliffs overlooking Lake Muskoka, a gourmet restaurant and a full-service spa. Buyers have been coming from the Northeast U.S. and Ontario, but Thompson expects more interest from the rest of North America as awareness of the project and the region spreads.

Quotation not permitted. Material may not be reproduced in whole or in part in any form whatsoever. Copyright © 2007 Crittenden Research, Inc.

REDEVELOPMENT A KEY PLAY

Taking short cuts normally doesn't pay off. Except when developers have the ability to utilize existing facilities to enhance the redevelopment of reputable properties. **Vail Resorts Inc., Lake Tahoe Development Co., Winter Sports Inc. and Water's Edge Realty LLC** bypass the starting-from-scratch phase. They do it either by adding existing properties as a means of growing their projects or by completely recreating a defunct property to help boost local economies.

RockResorts will manage Lake Tahoe Development Co.'s \$420M **Chateau at Heavenly Village** in South Lake Tahoe, Calif., to sit at the base of Vail Resorts' **Heavenly Mountain Resort**, which recently was approved by the Tahoe Regional Planning Agency. Vail Resorts' strategy is to bring RockResorts to the base of the Heavenly Mountain Resort project to extend its commitment to growing its luxury lodging portfolio, and to assist in establishing the resort as a top destination. The Chateau is expected to attract 180,000 visitors annually and generate \$23M annually in room revenue. The project will pump \$2.8M into the local economy in transient occupancy tax, add 500 jobs and bring another \$4M to local schools and government agencies.

The project utilizes native materials as part of its push to receive LEED certification from the U.S. Green Building Council as a "green-friendly" project. At buildout in Q1 2010, the 12-acre property will feature a pair of luxury condo hotels with a total of 477 rooms. Amenities at the Chateau will include a 16,000-s.f., two-story spa and swimming pool, along with retail, restaurants and access to the Heavenly Resort gondola. Look for construction of a 1.5-acre park with fire pits, a waterfall, a pond and a trail network as well as a 50,000-s.f. convention center with an additional 21,000 s.f. set aside to serve as a prefunction area.

Winter Sports begins a complete redevelopment of the **Big Mountain Resort's Big Mountain Village** in Whitefish, Mont., and will add 800 to 1,000 residential units over the next five to 10 years. Despite its age, the 60-year-old resort remains one of the top resorts in the country. Construction of a 250-unit condo hotel starts this quarter. Expect the eventual construction of townhomes to be sold as either 1/4th or 1/8th fractionals. The condo units are part of \$24M in improvements to the village — which will see \$5.2M go towards a complete rebuilding of the village's main high-speed chairlift.

Water's Edge Realty hopes to break ground in Q1 2008 on an expansion project at its **Water's Edge Resort & Spa** in Westbrook, Conn., which will see the company add 34 two-bedroom villas in a strategy aimed at making the most of its 25-acre property. Each villa is a single-level structure measuring about 1,300 s.f. to 1,400 s.f., and will be managed by **DGG Property Co. Inc.** Expect buildout in Q3 2008. The villas should rake in \$100K in yearly revenue for Westbrook. Water's Edge will market the villas to second-home buyers throughout New England as well as to people seeking a vacation destination. The company wants to continually add to the resort's retail, hotel and mixed-use aspects, and the villa project comes on the heels of adding 15,000 s.f. of retail space a year ago. Expect the villas to be made available for timeshare purchase.

The Crittenden Resort Report Team

E-mail: editor@crittendenresortreport.com

Customer Service
Tel: (800) 421-3483 Fax: (415) 475-1516
Email: market@crittendenonline.com



Newsroom Tel: (949) 900-3717
Newsroom Fax: (949) 900-3761

Resort Report™ is published by Crittenden Research, Inc., 45 Leveroni Court, Suite 204, Novato, CA 94949. Send address changes to *Resort Report*™, P.O. Box 1150, Novato, CA 94948-1150. Contents Copyright © 2007 Crittenden Research, Inc. Sample newsletters may be viewed online at <http://www.crittendenonline.com>

Subscription Rate: \$967 annually (also available via e-mail). Single Issues: \$100 each. Single issues are only available to current subscribers.

Crittenden publishes *The Crittenden Report on Real Estate Financing*™, *Real Estate Buyers*™, *Retail Space News*™, *Restaurant Insider*™, *Hotel/Lodging News*™, *The Apartment Report*™, *Manufactured Housing Report*™, *Builders*™, *BuildersReport*™, *Real Estate Developers*™, *Resort Report*™, *Golf Business & Real Estate*™ and *Pension Funds & Real Estate*™. For more information on our publications go to <http://www.crittendenonline.com>.

Resort Report™ is protected by copyright. It is illegal under federal law to make or distribute copies of this newsletter in any form without permission, including without limitation, photocopies, faxes, e-mails, digital scans and postings on an intranet site. Violators risk criminal penalties and up to \$100,000 in damages per offense. Please contact our customer service department at (800) 421-3483 for information regarding site licenses, to request reprints of articles or to inquire about permission to make copies.

Crittenden makes every effort to ensure the accuracy of information in *Resort Report*™. Crittenden uses only those sources it determines are accurate and reliable, but no guaranty or warranty with regard to the information is made or implied. Information in *Resort Report*™ is subject to change. Crittenden does not accept fees, nor is it a business partner with any of the companies mentioned in this publication. The newsletter is an editorial service.