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From the Los Angeles Times

Residence club makes vacation home abroad a dream come true

Members buy a share in a resort residence in places like Tuscany, Maui and Aspen, Colo., and can stay for several weeks a year.

By Jennifer Lisle

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Los Angeles resident and admitted Italo-phile Vera Campbell wanted a vacation villa in Tuscany. Not just any old house -- she wanted a place where she could host a dozen friends, sip a little Vino Nobile and savor *la dolce vita* without worrying about burst pipes or leaky roofs.

"If I had tried to find all of that in a private home, with all of the maintenance costs, it would have been in the millions," Campbell said.

Then, she toured Castello di Casole, a private residence club set on 4,000 acres of rolling hills on the outskirts of Siena. It includes a 17th century castle that is being reinvented as a boutique hotel as well as eight large renovated farmhouses. For \$600,000, Campbell bought a one-tenth share of one of the houses and, paying \$15,000 in annual dues, is guaranteed at least four weeks a year in her 4,000-square-foot villa and full use of all amenities.

Before she arrives on visits, a phone call ensures that her kitchen is stocked, her hot tub is bubbling at exactly the right temperature and her artwork is hung just so. She faxes the concierge her itinerary with special restaurant and private winery tour requests. Staff members plot out the trip, complete with driving directions and estimated driving times.

"I knew what all the complications and costs could be on buying and maintaining a foreign property that would be sitting empty most of the time," said Campbell, so she considered the residence club a good option.

Among shared vacation home alternatives, private residence clubs like Castello di Casole are a relatively new concept that has grown quickly over the last few years as prices for prime resort real estate have topped out and residence club developers have refined the concept to appeal to upscale buyers.

In a residence club, members purchase a deeded share in a resort residence and, after paying annual dues, can stay for three to 12 weeks a year and use all of its amenities. Most clubs also have space-available provisions that allow members to stay for an unlimited number of days on a last-minute basis without charge.

Since the residences tend to be high-end properties in fabled locations (think slope-side in Aspen, oceanfront in Maui) with top-of-the line services, these clubs can present a more affordable way to vacation like a rock star than owning a second home outright. Some clubs have reciprocal agreements with others that allow members to swap reserved time for time at another location, but what sets residence clubs apart from condo hotels is that owners are not allowed to rent their shares to the general public.

Richard Ragatz, president of Eugene, Ore.-based Ragatz Associates, a consulting firm that specializes in fractional resort real estate, said that part-ownership has a very practical side: "The amount of time you spend on vacation is typically such a small fraction of the time you own a home . . . and people are recognizing that."

Still a fledgling industry, the number of private residence clubs selling shares worldwide jumped from 40 in 2004 to 300 in 2007, according to Ragatz's yearly study of the industry. Although the rate of increase in membership sales slowed over the last year in the down real estate market, the study found that memberships among the 153 clubs selling shares last year amounted to \$1.2 billion.

This is in contrast with time shares, but Ragatz said the clubs are more upscale and generally have fewer owners (five to 12 on average versus up to 50).

Members have access to a group of residences, which increases the overall time available and offers a better shot at prime holiday vacations.

Residence club memberships can be resold, with resale rates varying with the local market.

James Chung, president of New York-based Reach Advisors, a market research firm that specializes in resort and real estate information, said that potential buyers should examine a club's resale level before buying.

"But I always advise people not to buy resort property as an investment unless they're really going to use it," Chung said.

Avid golfer Sharon Tso, who owns a one-ninth share at the Residence Club at PGA West in La Quinta, said that she and her husband, Leslie, were attracted by the high-end amenities. As members of the private residence club, she and her husband were able to buy memberships at the Club at

PGA West, a six-course golf club that only offers private memberships on a limited basis. And since the residence club is associated with the La Quinta resort, members can use its pool, restaurants and spa.

The club accommodations -- a 3,500-square-foot villa with private splash pool and guest casita -- are much bigger and nicer than a home the pair could have purchased on their own in the same area for their \$600,000 vacation home budget. They paid \$180,000 for their membership.

"It costs a little more than what we would have spent on a house to maintain," Tso said of the \$1,100-a-month fee, "but since there's no work for us, it is worth it."

A full staff attends to their every need.

"The back of our car was scraping along the driveway when we were there once, and after we told them about it, we came back one afternoon to find they had constructed a metal ramp to keep our car from scraping," Tso said. "They bring it out every time we go now."

Unlike destination clubs, in which members choose from a diverse selection of properties, private residence clubs appeal to people who want to return to the same location over and over for the skiing, golf, hiking or wineries. Being entrenched in a location, in turn, enables the clubs to offer unique amenities. Ski resorts can offer season-pass and other frequent-user discounts, while beach and desert clubs can offer exclusive access to local tennis and golf club memberships.

At Palazzo Tornabuoni, a renovated 15th century Medici palace that is due to reopen as a residence club in Florence in the spring of 2009, co-owner and developer Byrne Murphy said members tend to be culture vultures entranced with the region's art, food and wine. Since Murphy's partner, Jacopo Mazzei, is from an old, well-connected Florentine family, club members gain special access to recreational activities and civic functions as well as art collections, gardens and wine cellars rarely seen by the public.

According to Chung, who conducts membership satisfaction reports for residence clubs, the biggest complaint among members generally is that they sometimes don't get as much access as they would like. Although many clubs have space-available provisions, which allow members to stay there on a whim, it's not as easy for some to get there.

"Those who aren't tied to a school vacation schedule, like retirees and empty nesters, tend to make out like bandits, and it can cause some resentment," he said.

To confront this issue, Chung said, some clubs have limited their memberships or geographically dispersed members to lower the potential for members' school vacations to coincide.

Tom Fulton, chief executive of Epiphany Clubs, who developed one of the first private residence clubs in 1993, the Franz Klammer Lodge in Telluride, Colo., said that he has tried to address this issue with the club at Tristant, a recent venture in Telluride. The club guarantees its members 100% availability, and Fulton insures this policy by keeping the number of owners per unit very low (five versus eight to 12) and securing extra local accommodations for members to use during peak times.

"We want people to use the club exactly as they would their own home," Fulton said. So even though members don't always stay in the same unit, they are guaranteed access to one of the units at all times.

Clubs that have fewer members, however, are more expensive. Memberships at Solaris, Fulton's latest venture in Vail, Colo., will start at \$1.9 million.

For that price, some potential members might resort to the old-fashioned idea of buying a home of their own.

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