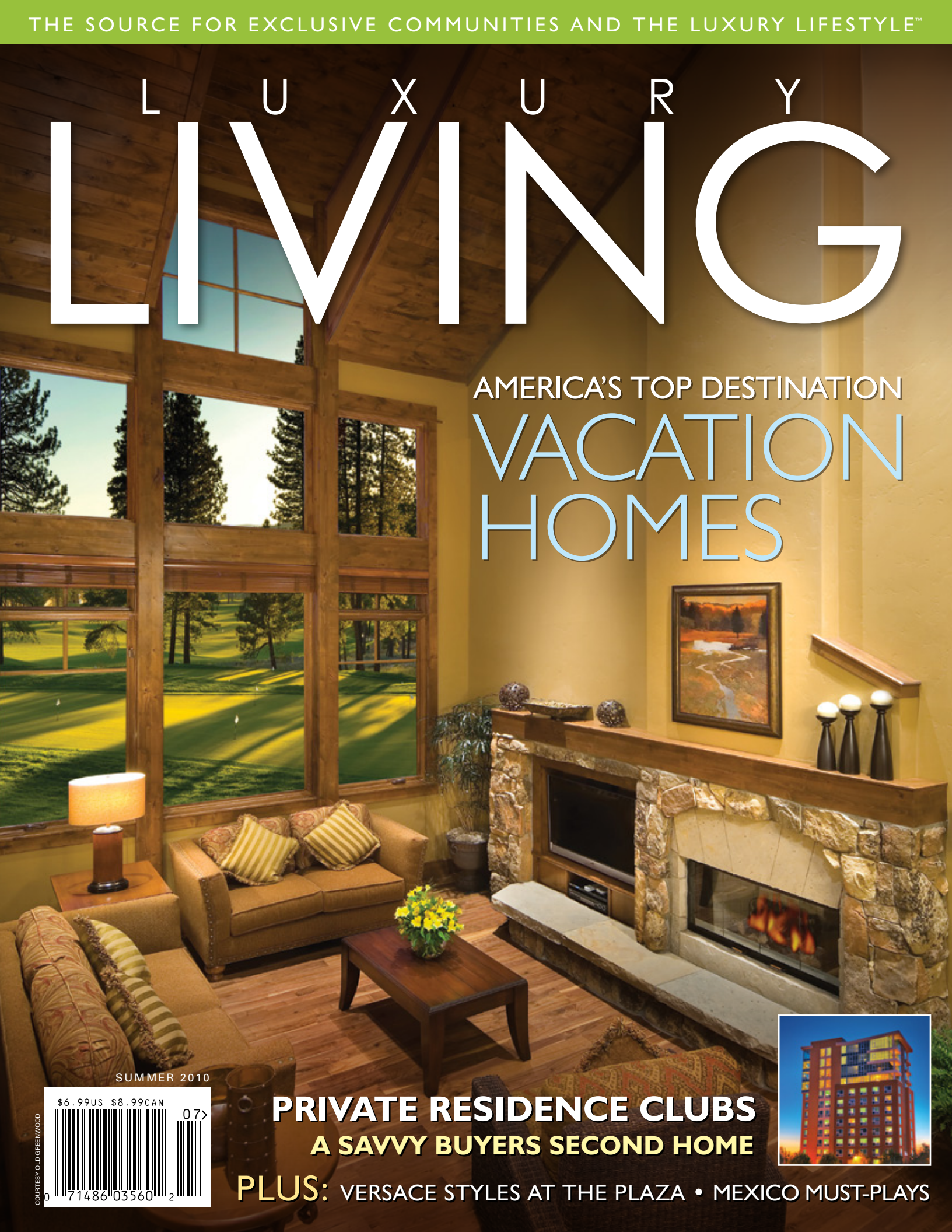


L U X U R Y L I V I N G

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SUMMER 2010

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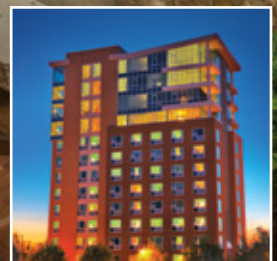
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COURTESY OLD GREENWOOD

PRIVATE RESIDENCE CLUBS
A SAVVY BUYERS SECOND HOME

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If Only George Vanderbilt Could Have Been A Private Residence Club Owner

Private Residence Clubs may just be the smartest and easiest way to own a second home in Asheville.

BY KIMBERLY MILLER

When George Washington Vanderbilt visited Asheville, North Carolina, in 1888 he fell in love with the area's fresh air, great weather, vibrant culture and views of the Blue Ridge Mountains. Vanderbilt, heir to a family fortune, returned to Asheville the following year to begin building his summer estate modeled after a 16th-century French châteaux. He created his "little mountain escape" so he could pursue his passion for art, literature, and horticulture. Today, Vanderbilt's home, known as Biltmore Estate, is the largest privately owned "vacation home" in the U.S. At an incredible 175,000 square feet it is larger than most hotels.

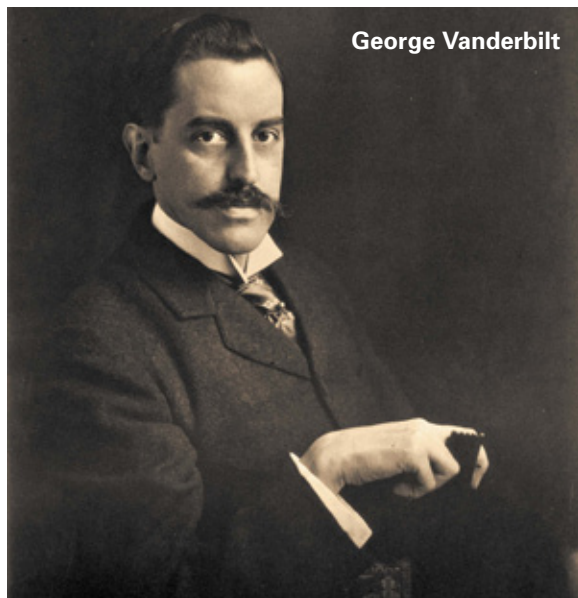
More than 100 years after Asheville captured the heart and imagination of George Vanderbilt, the city still lures vacation home buyers with its

unique amalgam of dramatic mountain vistas, sophisticated urban diversions and close proximity to world-class recreation. So it's not surprising that a recent report by Barron's places Asheville at Number 1 among the top 10 places to buy a second home. And while vacation home sales dropped sharply in most markets during the last few years, Asheville's market remained relatively stable and is now beginning to evidence signs of growth.

Many envision vacation homes as an oasis of relaxation with a satisfying bit of "I've made it" built in. However, the reality can be far from the dream. Even in the "Paris of the South," as Asheville is nicknamed, owning a second home can be burdensome—exactng a toll in time and money that is disproportionate to the actual enjoyment. George Vanderbilt learned this painful



The Biltmore Mansion



George Vanderbilt

truth a century ago. He spent more than his annual income maintaining Biltmore Estate and depleted his inheritance. Consequently, some of the mansion's rooms were never completed.

So, in today's volatile financial times, how do second homeowners resolve the contradiction of purchasing a relaxing retreat that is also a source of aggravation and financial stress? For many it's an ownership model that was born on a Rocky Mountain ski slope in 1991.

Steve Dering, founding partner of DCP International, introduced the world's first-ever private residence club at top-rated Deer Valley Resort in Park City, Utah. This high-end form of fractional real estate became the fastest growing segment of the luxury vacation home market and prestigious residence clubs are now found at many of the world's most popular vacation destinations. They offer an intelligent alternative to the expense and hassles that come with a second home, leaving owners more time and money to enjoy it.

Residence clubs work like this: you purchase a deeded fractional interest in a vacation home, most often a luxury villa or condominium, and share the cost of upkeep and services with six to ten other owners. (The number of fractional owners per residence typically depends on the seasonality of the location.) Owners of DCP clubs use their homes as often as they like, subject to club reservation policies and availability. Additionally, owners do not have maintenance responsibilities—a club staff provides hotel-type services and takes care of all operational details. Luxury hoteliers such as Ritz-Carlton, Four Seasons and St.Regis now offer private residence clubs at some of their most prestigious luxury hotels worldwide.

Now, Asheville, NC boasts its first private residence club. The Asheville Club at 151 sits atop chic Hotel Indigo-Asheville Downtown and offers stunning views of both the city below and the Blue Ridge Mountains to the west. This new residence club consists of elegantly furnished, two-bedroom luxury condos that are just steps from the city's vibrant



The Asheville Club at 151

“For 20 years our company has been creating residence clubs for those who love a particular destination, visit numerous times each year, want the benefits of luxury home ownership, and desire personalized services.”



Hotel Indigo - Asheville Downtown



Hotel Indigo - Asheville Downtown Lobby

downtown. Owners have use of all Hotel Indigo services and amenities, including restaurant, bar and fitness center.

Why are so many choosing this real estate option? Dr. Richard Ragatz, president of Ragatz and Associates, a research firm that focuses on the worldwide resort industry says, “Research shows that the typical household uses their wholly owned vacation home no more than four to five weeks a year. The rest of that time it sits idle, accumulating maintenance costs, taxes and repair fees.”

Ragatz noted that, thanks to the housing bubble burst and the recession, many individuals have changed their thinking when it comes to buying real estate. “People don’t buy for appreciation anymore,” he said. “They buy to enjoy it. Even though they can afford the \$1M price tag, they are more comfortable in spending \$200,000 on a very high-end, quality vacation home than on something [a whole ownership home] that sits vacant most of the year”. Not to mentioned they still have \$800,000 in their pocket.

Dering, who is working with the Hotel Indigo owners and Residence Club Partners, LLC on the new Asheville Club at 151, agrees with Ragatz.

“For 20 years our company has been creating residence clubs for those who love a particular destination, visit numerous times each year, want the benefits of luxury home ownership, and desire personalized services. What they don’t want is the disproportionate costs and maintenance worries of a vacation home,” said Dering. “We believe residence clubs are a smarter way to own and feedback from our buyers during the past two decades reinforces that belief.

“The popularity of residence clubs is based on simple logic,” Dering continued. “The ownership cost is commensurate with actual use and the club staff frees owners from all responsibilities.” The residence club pioneer noted that most club buyers can afford their own vacation home but can’t rationalize the purchase, knowing they will only use it four to six times per year.

DCP has designed and launched more than 30 residence clubs around the world, ranging from luxury ski-in, ski-out Rocky Mountain retreats to sumptuous residences in a meticulously renovated 15th-century Italian palace.

One of DCP's most spectacular private residence clubs is The Reefs Club in Bermuda, consisting of luxury villas perched on a spectacular private pink-sand beach. This exclusive location has a very intimate feel by offering just 19 two-and three-bedroom residences, all with unobstructed ocean views. Residences are furnished in contemporary Bermudian style and feature amenities such as spa bathrooms and gourmet kitchens.


Steve Comeau, an owner at The Reefs Club had a unique way to sum up his residence club experience, "For those considering a fractional residence, it all comes down to the math," he explains. "Take the best services of a five-star hotel, plus all the space and amenities of a beautiful new home, minus 1000 headaches. Then, put it in Bermuda."

Also among the DCP clubs is the world's first

urban residence club. Sales at The Phillips Club, located in Manhattan next to Lincoln Center, have exceeded \$150 million. The Phillips Club allows owners to live large in the world's most exciting city without the Madison Avenue price tag.

The residence club model makes it feasible for buyers like Joan Jernigan a single middle-aged woman, a self-described "type-A personality, first-wave boomer" - to contemplate second homes without stressing over upkeep.

"I wanted it to be a destination, not just a place to stay," Jernigan said of her Residence Club ownership in Vail. "This was truly an impulse buy but one that was a perfect fit for my lifestyle. I said, 'I'm going to treat myself because I deserve this and because it's a wonderful way to get my brother, sister and parents to spend a week or 10 days together as a family.'"

Whether it's a lavish Florentine apartment, a home on a pink sand beach in Bermuda, or an amazing location overlooking downtown Asheville, the past 20 years have proven that fractional real estate and residence clubs are here to stay. 

The Reefs Club, Bermuda

