

REAL ESTATE

FRACTIONAL OWNERSHIP IS HOT!

By Don Berger

Fractional ownership is one of today's hottest resort real estate markets, with such "blue chip" names as Hyatt, The Ritz-Carlton, Four Seasons, Westin and Marriott taking the concept to new heights.

One reason highly respected companies have entered fractional ownership is that a high-end market has evolved over the years. "Many of these buyers can afford any type of vacation home they desire, but don't want the headaches or expense of maintaining these homes 52 weeks a year," says Chuck Madison of Vail Valley-based East West Partners, which has developed several such properties in Beaver Creek and Breckenridge. "This is especially true for the increasing number of people who have previously purchased multiple vacation homes and found they could not cost-justify the limited use of their homes. Also, they do not like being tied down to one single destination."

"Our purchasers see fractional ownership as a viable alternative to traditional real estate," Madison continues. "They are coming here for only two or three weeks a year so they don't want to pay \$800,000 to over \$1 million for a traditional property, but they do want value, equity and the other benefits of second-home ownership."

He noted that unlike some of the early "time-share" properties of the 1970s and 80s, most of today's fractional ownership properties offer fee simple deeded ownership complete with title policies. It's an ownership that can be passed down through the generations in perpetuity or resold like general real estate, often through traditional brokers.

Two of the newest resorts served by Colorado Mountain Express and Resort Express are the Hyatt Main Street Station in Breckenridge and The Ritz-Carlton Club slope side at Bachelor Gulch Village on Beaver Creek Mountain. Both are the second such clubs in Colorado for their respective companies: Hyatt opened the Hyatt Mountain Lodge in Beaver Creek several years ago and The Ritz-Carlton recently opened a

vacation club in Aspen Highlands.

Hyatt Main Street Station — located on the town's historic Main Street and within easy walking distance of the ski slopes — offers buyers a fixed week every winter, as well as an additional 10 days in the summer, spring or fall. "Unlike a lot of other vacation clubs, which simply offer a single week, we extend [the ownership time] so that owners can enjoy their resort home more than once a year," says assistant project manager Sharon Cole.

Owners may also trade their Breckenridge time for time at other Hyatt Vacation Clubs. "So you have the best of both worlds," says Cole. "You can have a ski trip and you can have a beach trip." And through an earned point system, owners may also stay at any traditional Hyatt hotel throughout the world, a real bonus for both business and vacation travelers. Other Hyatt Vacation Club Resorts include Hyatt Coconut Plantation, Naples, Highlands Inn, and Carmel.

"Another advantage of our vacation club is that a purchaser buys a specific unit," Cole explains. Many fractional ownership properties measure ownership in terms of time (days or weeks) and not in the units themselves. Because the owner gets the exact same residence every time they use their winter fixed week, it has more of a feel of a second home.

Owners at Breckenridge also enjoy membership in the Pioneer Club, with its many recreational, dining and social amenities, including a ski valet, fitness center and long-term ski storage.

Prices for the spacious and superbly appointed studio, two- or three-bedroom residences range from the low \$30,000s to the \$190,000s, the latter being for a three-bedroom during winter peak time. Cole adds that the Club also offers a "biennial share," which may be purchased for every other year rather than consecutive years. Yet, the additional 10 days — the floating time as opposed to the fixed week — can be used for the alternative years if desired. This gives the biennial owner potential usage every year.

Over in Bachelor Gulch Village, The Ritz-Carlton Club offers 1/12th ownerships in its 52 luxury one- and two-bedroom residences, which are

currently priced from \$190,000 to \$420,000. Like the Hyatt, each purchaser selects a particular residence rather than just a specific time.

The attention to detail for each residence of this ski in/ski out property matches or even exceeds that of luxury mountain resort homes. The Ritz-Carlton's reputation for service is abundantly evident. For example, a personal concierge ensures that an owner's personal belongings, stored between visits, are properly in place in the residence prior to the owner's arrival.

Owners also have the use of the neighboring Ritz-Carlton, Bachelor Gulch hotel's state-of-the-art spa and other amenities, as well as privileges at two local golf courses. They can also trade their ownership weeks with other Ritz-Carlton Clubs in the growing network.

One of the more recent additions to the extensive menu of Club services is the use, with 10 days notice, of a private jet from an owner's home base to the Vail Valley.

East West Partners' Chuck Madison says that while fractional ownership benefits certain buyers, it also benefits the host resort. "Fractional ownership, done right, dramatically broadens the market for resort vacation home ownership. Obviously, there are only a limited number of people who can afford to own in places like Vail, Beaver Creek and Aspen, so fractional ownership broadens the demographics dramatically."