

Fractionals – What's next?

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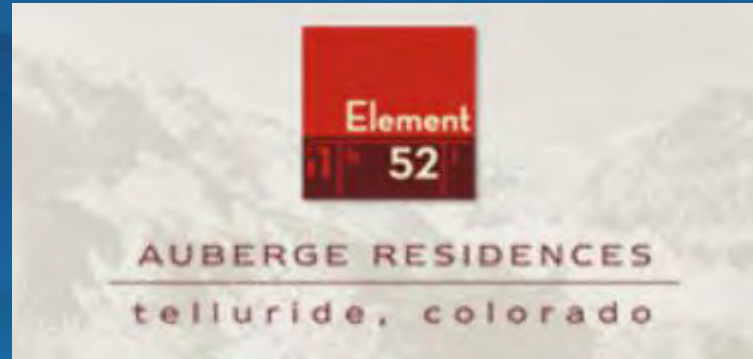


Valhalla Associates is an international advisory and management company servicing developers and investors in **luxury mixed-use hotels & resorts**.

Our focus is on delivering **turn-key project management** for **Fractional Ownership, Private Residence Clubs and Branded Residences**.



Valhalla Associates



The Residence Club at the Baglioni Marrakech



The Baglioni Marrakech – master plan



The Baglioni Marrakech – Resort Components

- 80 room 5-star boutique hotel managed by Baglioni Hotels & Resorts
- 1,800 sqm Six Senses destination spa
- 15 Residences designed by Jade Jagger for yoo and managed by Baglioni Hotels
 - 4 or 5 bed room
 - 675 – 840 sqm Gross Interior Area
 - 3,000 – 4,400 sqm land plots
- Hotel opening start 2012 and residences in second half 2012



The Baglioni Marrakech – Product Development

- Whole Ownership - Private Use
- Whole Ownership – Rental Programme
- The Residence Club at Baglioni Marrakech
 - 10 members per Residence (5 weeks/year)
 - Rotational priority 3 weeks guaranteed plus remaining weeks space available reservations
 - Interiors designed by Jade Jagger for yoo
 - Rental programme
 - Registry Collections luxury exchanges



The Baglioni Marrakech – Pricing

- **Whole Ownership**
 - 4-bedroom € 1.96M (€ 2,900 per sqm)
 - 5-bedroom € 2.3M (€ 2,740 per sqm)
 - Furnishing € 240,000 & € 300,000
 - Annual Service Charge € 36,000 & € 45,000
- **Residence Club**
 - Membership price 4-bed € 290,000
 - Membership price 5-bed € 345,000
 - Annual Service Charge € 9,000 & € 11,000



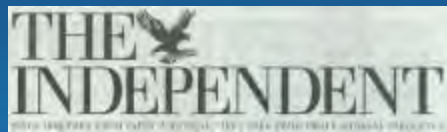
The Baglioni Marrakech – Events Marketing

Soft sales launch events :

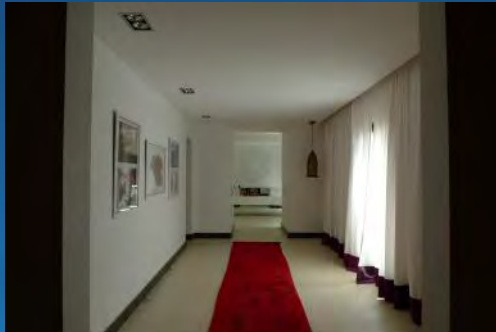
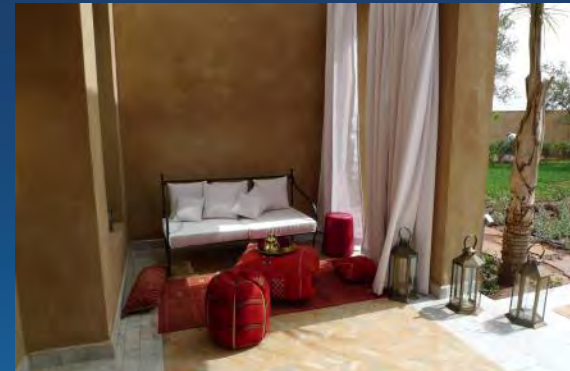
- London
- Paris
- St Paul de Vence
- Rome
- Milan
- Morocco



The Baglioni Marrakech - Public Relations



The Baglioni Marrakech – On-site Sales Centre



The Baglioni Marrakech – Award



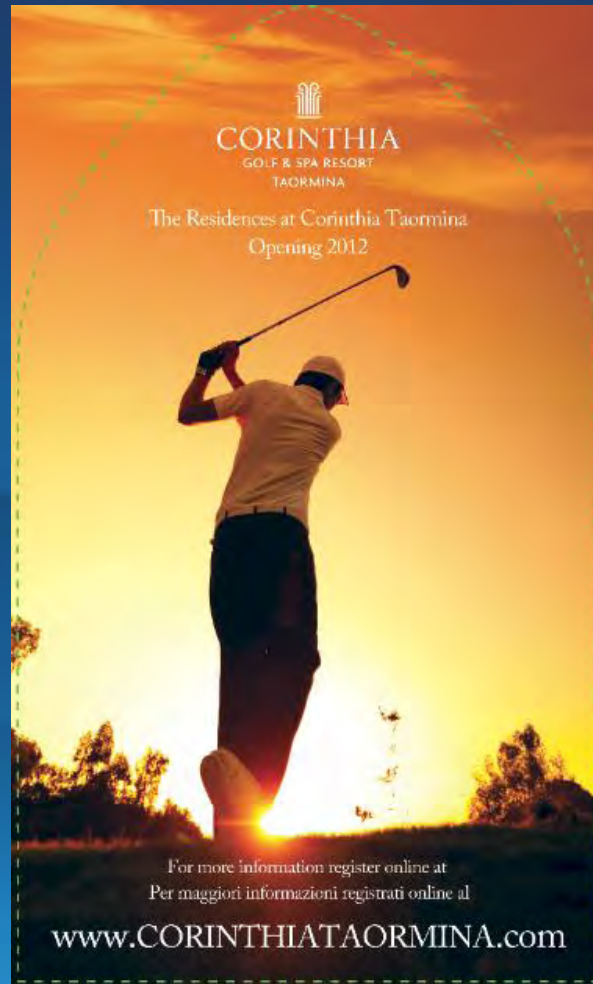
Perspective
Magazine
Awards

BEST FRACTIONAL RESORT
WORLDWIDE

The Residence Club at Baglioni Marrakech

2011 WINNER

The Residences at Corinthia Taormina



The Corinthia Taormina

- Located in orange groves overlooking Mount Etna 15 min drive from the bay of Taormina
- 158 room luxury hotel managed by Corinthia Hotels & Resorts
- Magnificent spa managed by EPSA
- 18 holes gold course designed by Constantino Rocca
- Private beach with views on the old Taormina town
- 68 Residences (1, 2 and 3 bedroom) all sold as Fractional Ownership
- 8 owners per Residence
- Developer funded consumer finance
- Resort opening and sales launch targeted October 2012

Fractional Ownership – in the current economic environment

- **Economic uncertainty**
- **Lack of project finance and marketing funding**
- **Lack of consumer finance**
- **Over-supply of vacation homes in some markets**
- **Reduced luxury hotel rates**
- **Reduced vacation home prices**

Fractional Ownership – is the model valid ?

- Fractional Ownership is an intelligent way of vacation home ownership
 - Pay what you use and share running cost with other owners
 - Hassle free
 - Flexibility through exchange
 - “Prestige” through branding and life style
- 2009 Ragatz study during last economic downturn:
 - Fractional and PRC down 44% YOY
 - Whole Ownership Vacation Homes down 60% YOY
- Special applications
 - Challenged whole ownership (in certain cases)
 - Defaulting whole ownership buyers (in certain cases)

Fractional Ownership – who are selling in the current environment

- **Unique property**
- **Finished property ready to use**
- **Established client base or marketing channels**
- **Mixed-use resort**
- **Credible branding and experience**
- **Prime location with existing affluent loyal visitors**
- **Prudent marketing spending**
- **Realistic pricing and sales expectations**



Thank you



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