

Breakout Session: Outlook for Mixed-Use Developments That Include Spa and Residential

Tuesday, May 22nd

11:45AM – 1:00PM

Lexington Suite

Scribe: Fransisco Cunha

Moderator: Susie Ellis, President, Spa Finder, Inc., US

Panelists:

Raoul Andrews, President, Aspen Spa Management, Florida

Scott Beville, President, Sales and Marketing, The Cliffs Communities, South Carolina

Steve Kass, CEO, American Leisure, New York

John Vanderslice, CEO, Miraval Resorts, Arizona

Contributors:

Andrew Barnard, General Manager, the Bodyholiday LeSport, St. Lucia

Raj Chandnani, Director of Strategic Development, Wimberley Allison Tong & Goo, California

Susie Ellis: Introduces all guests.

Early signs of this trend was Bighorn, a residential golf property in Desert Springs, CA where sales skyrocketed after the creation of a Spa for members only.

The development point of view is that a spa is:

1. Value-add to real state
2. Marketing tool to differentiate their programs from the competitors
3. Way of getting government support when wellness and eco-tourism is a part of tourism ministry experience
4. Means to get additional income.

The consumer point of view (health & wellness conscious):

1. Convenient access to service
2. Being part of a community that makes Health & Wellness a priority
3. Investment in attractive real estate.

Raoul Andrews: Introduction of Aspen Spa Management's international projects in Nicaragua, Morocco, and Mississippi:

- In Nicaragua, the wellness center will derive income and the owner will pay the maintenance of the Spa.
- In Morocco there is going to be a Medical center.
- In Mississippi people will be able to buy time-share (no houses to sell).

Steve Kass: Millions of people are looking for a lifestyle and more leisure time. Some years ago properties themselves drove the market but today it is different.

Baby boomers are a more life-experienced group of people.

American Leisure provides:

- Conceptual planning
- Architectural design

- Financial budgeting
- Marketing

There are several factors we must know and consider in order to provide balance in a development. These are:

1. Good design
2. Spa
3. Sports
4. Water
5. Social intellectual needs
6. No business centers - Business centers inside is a bad idea. People are looking for privacy when buying mixed-use places.

John Vanderslice: Miraval Living is all about brand-building. Miraval was already an incredible brand before Steve Case bought it. And right now, as we heard in his session, the idea for this development is powerful.

The strategies for this are:

- Showcase place
- Product line extending the brand
- New resorts
- Living communities
- 5 to 8 Miraval resorts
- 10 to 12 Miraval communities

Communities save people approximately 1 and ½ hour per day!

Yoga, running, swimming with the kids, and Miraval advisors for fitness and wellness are some of the drivers for Miraval Living's success. We created a learning center to incorporate the kids, for example.

Sustainability is also a major concern for this company through LEED Certification (wood choice, clean air, paints with no VOC, water filter, etc).

Susie Ellis: Let's talk about numbers and how and if spas increase revenues for real estate.

John Vanderslice: There is a 39% revenue increase if the has a spa, and 15-20% increase in the Residential Spa concept.

Steve Kass: Estimating conservatively revenues increase would be around 15% and more optimistically above 40%.

Scott Beville: We've achieved an increase of 29% in a place where the golf course focus was replaced by a Spa & Wellness Resort focus.

Raoul Andrews: We've seen a 32-35% increase with a wellness program.

Q&A

- The panel talked about the importance of schools in Spa Residential Communities and about that designs need to take into account whether the resort/community will or will not have a rental pool. .

- There was general consensus that people want to live full-time in these facilities.
- It appears as if the variations of spa lifestyle real estate will be many and that the trend is only beginning.