

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

Tuesday, May 22nd

11:45AM – 1:00PM

Lexington Suite

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

Moderator Summary

The session began with an introduction of the Mixed-Use Spa and Residential trend and its history. Projects such as the Bighorn Community in Palm Desert, Canyon Ranch in Miami and Miraval Living in New York have been among the leaders in bringing the spa lifestyle real estate trend to the forefront in the past few years. It was noted that there are now a variety of players in this niche. Some have spa backgrounds (Canyon Ranch, Miraval, Red Mountain, etc.) some have hotel/resort backgrounds (La Costa, Ritz Carlton Residences, Fairmont Residences, etc.) and some come from the private community perspective (Cliffs Communities, Big Horn, Laughlin Ranch, etc.).

Each panelist shared their experience and viewpoint. Raoul Andrews spoke about several current Aspen Spa Management projects in Nicaragua, Morocco and Mississippi emphasizing that in each case the spa was the key to selling real estate because it was a differentiator.

Scott Beville shared what they have learned at the Cliffs Communities where each of their six communities has a golf course and wellness facilities. Their newest community will have an even stronger focus on wellness. He mentioned that their research clearly showed a declining interest in golf and an increasing interest in wellness in the near and distant future.

Steve Kass presented seven lifestyle center & spa concepts that American Leisure is working on including several in New York, Florida and Chicago. He noted that there can be a variety of business models including a combination of residence owners, their guests as well as community club members and in some cases even day spa guests who might avail themselves of spa lifestyle facilities.

John Vanderslice shared the vision of Miraval Living expressing their goal of opening 5-8 more Miraval resorts and 10-12 Miraval Communities. He also mentioned the very interesting statistic which states that a resident saves approximately 1 and ½ hours per day due to the convenience of easily available spa lifestyle amenities.

The question and answer period got into more detail in terms of numbers - specifically what premium was garnered due to the addition of the spa lifestyle aspects. There was variation between panelists and between projects but the following numbers were mentioned:

39%
32% - 35%
29%
15% - 40%
15% - 20%

The average of all of these figures is a 28.8% increase.

Panel Takeaways:

- The trend of buying real estate where one can easily live the spa lifestyle (because of all the facilities and programs available) is just beginning.
- This trend may be most visible in the U.S. currently, however it is definitely a global trend.
- There seems to be many variations in terms of how the idea of residential and spa coming together are being executed.
- There is general optimism in terms of demand staying strong and possibly becoming stronger.
- It is too early to tell how these projects will develop financially in the long term.
- There is concern that if the emphasis is just on selling real estate and not on the actual spa lifestyle program, people could be disappointed.
- There is concern that the upkeep of these spa lifestyle communities could be costly to its residents.
- There is general agreement that it is in everyone's interest for all the projects currently on the drawing board to be successful. Any failure could reverberate and possibly affect every other project globally. It is best that we support each other.

Next steps:

It might be useful for all the players in this arena to come together to fund some research as well as jointly promote the idea of spa lifestyle living in order to educate and reach a broader audience.