Crittenden Resort Report™
Crittenden Research, Inc. P.O. Box 1150 Novato, California 94948 Customer Service (800) 421-3483

Vol. 15, No. 7 **February 2, 2009**

DESTINATION CLUBS TRAVEL IN NEW DIRECTIONS

The wacky world of destination clubs gets more topsy turvy as bankruptcies, restructuring and special assessments pop up on a regular basis. Clubs like **Abercrombie & Kent**, **Exclusive Resorts** and **Equity Estates** look to distance themselves from their troubled counterparts. And it's no wonder why. The second largest destination club, **Ultimate Escapes**, wants $20M in special assessments from its members. **Quintess**, the third-largest club, sells some of its properties and gets approval from its members to more than double its annual fees. Fourth-ranked **High Country Club** files Chapter 7 and No. 5 on the list, **LUSSO**, files Chapter 11.

Troubled operators can blame numerous reasons for their problems. Many bought their real estate at the peak and now see substantial decreases in value, while accruing massive debt. Also, with the economic tsunami hitting the global community, members that want to get out can't thanks to three-in one-out resignation policies, leaving many defaulting on their annual dues. Since properties are over leveraged, operators will be forced to consolidate and sell off homes, which then leaves a lot of members and few homes to stay at. It takes approximately $60K to $70K to maintain a $3M house each year, and clubs that tried to keep annual dues low for members, failed to keep up. Ultimate Escapes seeks at $15K/member assessment to cover operational costs, something that should have been figured into the original model. And some who question UE's upper management, see this year's assessment as just a stopgap for a few more months. LUSSO plans to file a restructuring plan by early February. The execution time for the options the company considers range from 45 days to several months. Quintess increased dues and introduced a $275/night occupancy fee. The company also looks to reduce the size of its home portfolio by around 15% from 80 to about 70 homes. HCC was in the midst of restructuring but filed Chapter 7 last week, listing hundreds of creditors, claiming $25M in debt and $20M in assets.

Despite all the chaos hitting the segment, some models are secure, so look for mergers as smaller clubs look to grow. It's likely some big hotel operators like **Starwood** and **Marriott** will join the fray by year's end as well, picking up some of the stronger clubs with profitable models that will quickly put them in the destination club market. Below, *Crittenden Resort Report* takes a look at some industry giants like Exclusive Resorts, as well as new up and comers with trendsetting models, like Equity Estates, **M Private Residences** and **Everlands**.

EQUITY ESTATES

The luxury vacation home fund grew by 20% in Q4, and President **Adam Capes** believes January will finish strong as well. Equity Estates, a Reg D private offering, is one of the most interesting models out there and one that is sure to be duplicated by others. You can bet on Equity Estates adding additional funds in the future with different price points and market segments targeted as well. Equity Estates will sell up to 300 full shares of Fund I at a cost of $325K/share. Annual dues are $16.5K or $550/night, which covers taxes and maintenance on the homes that average $3M. Only accredited investors can apply and a key component is that the fund's debt is capped at 23%. By keeping debt low, annual dues can remain low. The fund will close in 2021 and real estate will be sold at that time. At the close of the fund, owners will get back their initial investment as well as an 80% share of any real estate appreciation. So, if the fund's property values grow by just 7% over 12 years that will result in owner/members not only getting all their money back but having enough equity leftover to have paid for all their annual dues as well. Equity's fund will only buy new properties as it sells new memberships. The fund owns 7 properties around North America and is set to close on another on the East Coast in the next several weeks. The fund looks to have 35 destinations in three to four years. Properties will hold a 7:1 member/home ratio and are booked on a first-come first-serve basis. The fund has 61 members, with 47 full memberships. Full memberships are 30 nights per year and the fund offers a one-in one-out resignation policy.

Continued on Next Page

Destination Clubs Travel In New Directions...

Continued from Page 1

EVERLANDS

Everlands makes big changes to kick off the New Year and to make sure they don't follow the doomed destination club path. The company, which highlights conservation, looks to recapitalize, while lowering its member cap from 1,800 to 900 members and its property count from 40 to 25. This will allow Everlands to spend 33% more per property, or on renovations. Membership fees are discounted to $625K right now, but will grow to around $1M once more properties are online. Everlands properties are owned by the development company and will be passed over with no debt to the membership club once the club officially activates and launches. Annual dues of $40K cover all amenities, and most unique is there is no time-sharing involved. Members can book on first-come first serve basis for one week at a time as often as they want. Everlands looks into escrowing some members' money, along with various other scenarios to keep the company viable. The company has 8 properties under contract and looks to add several more before year's end. Everlands didn't start taking memberships until spring 2008 and has 60 members. Memberships are invitation only and marketing is done on a relationship basis from referrals, socializing and targeted individuals. To minimize financial risk, a 15% deposit is required by each member at the time of commitment, which will be returned with interest if initial membership goals are not achieved. The balance is due when the club secures 100 members, at which time the properties will be available to members only.

M PRIVATE RESIDENCES

The company has sold one share since Dec. 28, and that was bought through M's new redemption program, which runs through March. Not wanting to burden members who might be struggling to make their annual dues, the company created a secondary market for share resales, opting for a one-in one-out model. The buyer got a 21-day membership for $120K, a savings of about $90K minus the 8% transfer fee. Membership fees range are $210K (21 days), $295K (42 days) and $420K (60 days). Annual dues are $16,650 ($792/night), $27,750 ($660/night) and $32,750 ($545/night), respectively. VP of Sales **Michele Beitel** believes the company was proactive by restructuring in September before the economy completely tanked.

M's real estate portfolio is owned entirely by the members and the entire board is made up of members. Homes in the portfolio range from $1.5M to $3M for three to five bedrooms and 1,200 s.f. to 5,000 s.f. Currently the company has 152 members. M has a debt cap of 25%, but plans to never go over its current rate of 6%, and it even looks to sell a property to take that down more. High on undervalued properties in the U.S. right now, M is looking for a $3M property where it can pay $1.5M to $1.8M. Look for a purchase in La Quinta, Calif., in the very near future. The company eyes Phoenix as well. A 6:1 ratio is targeted with 265 days of membership per house. The largest destination club in Canada, the company even looked at Quintess and UE to grow its membership, but after seeing their balance sheets M said no thanks. Both companies had a lot of debt that has to be paid in 2011, something M Residences didn't want to be a part of. Over 90% of capital raised goes to new home purchases.

ABERCROMBIE & KENT RESIDENCE CLUB

A&K shows lots of promise and most feel it has the muscle to succeed. The firm added 4 new properties for about $12M — 2 in Turks and Caicos, 1 in Mauna Lani and 1 in Snowmass, Colo., late last year. A&K gets off on a good foot backed by its 46-year-old travel services company, which even though it's had image problems of late, still holds a strong appeal. The **Jarvis Slade**-led residence club is an equity model with no debt on homes and members own the portfolio. A&K created a Delaware-based corporation for the club and members get all the proceeds if there is liquidation. Bylaws state that 100% of the deposits go into acquiring real estate. Dues run about $17K/year to $42K/year, or $900/night to $1.1K/night. A&K was smart in jumping into the market with a strong membership base after acquiring equity clubs **BelleHavens** and **Crescendo**. The club launched with a soft sell in September. It held presentations for family and friends of the A&K travel brand, which brought in more than 30 members that are in some stage of joining the club. Including inherited members from the acquisition, the club now has about 155 members. The company offers up a transition program to current members of the existing destination club. Members can delay funding up to 80% of their membership capital contribution for a period of six months, interest free. Problem is, with clubs having a three-in three-out resignation program and no one buying, who can transfer?

Continued on Next Page

Destination Clubs Travel In New Directions…

Continued from Page 2

A&K looks good with inventory for the first half of the year, but destinations like Paris, Rome, Morocco and Thailand are on the radar for future destinations. A&K has three populations of properties, homes, villas and European boutique hotels. The company owns 19 homes and has multi-year relationships with 100 private villas in Europe. Twelve of those have been identified for PRC members. A&K has a deal with the villa to book 40 weeks of time during June, July and August. Every year the company will add or take away units based on membership growth and wants and needs. A&K also has the marketing advantage of its parent company's customer base, which has tens of thousands of names and more than $500M in annual sales.

EXCLUSIVE RESORTS

The jury is still out on Exclusive Resorts, as it has little transparency and many wonder how much debt is on the company's books. But it's likely CEO **Jeff Potter** is watching the downfall of others and making sure his ship has any holes plugged to ride out the storm. And with more than 3,500 members and 400 properties around world in 37 destinations, it's likely this big boy can ride the wave. The company owns 80% of its properties, with the remainder being seasonal leases. Exclusive Resorts tallies 10 new homes coming online in Tahoe in February and plans new homes in Tuscany over the next 12 months as well. Potter claims new membership sales, but holds the numbers close to the vest. Potter does admit renewals are down 1% for 2008, from 95% to 94%, but even that is not nearly as bad as he expected. Since Potter must balance acquisitions with membership gains, he does admit to getting conservative of late as sales have slowed. Twenty new residences at **Cloisters Hotel** at Sea Island, Ga., are taking bookings now for April. Sea Island is the first destination where Exclusive ran the entire process, including developing the 3,500 s.f. residences with the company's own internal architects and designers. Potter would also love to get his hands on more European destinations, but in the current climate that will wait. Ten-day deposits are roughly $160K and high-end memberships run about $485K. Deposits are 75% to 80% refundable. Dues are straight line at about $1K per night or $13.9K for a 10-day plan and $59.9K for the high-end 60-day term. The average home value is $3M. The company carries a three-in, one-out resignation policy.

SOL MELIA VACATION CLUB

Unlike equity clubs, Sol Melia bets on its relationship with **Sol Melia Hotels and Resorts** to make its vacation club model work, and it seems to be succeeding. SMVC continues to ramp up so membership sales haven't been as high as EVP **Denis Ebril** would like. With more than 20,000 members, SMVC adds its inventory on a just-on-time basis, which keeps the model efficient and profitable. The company recently added 63 units **Gran Melia Puerto Rico**. SMVC estimates future sales and most hotel rooms are converted to vacation club residences with minimal cost. Members have a 50-year right to use and members can use their SMVC home resort, as well as the *Resort & Urban Collection*, the more than 350 Sol Melia Hotels & Resorts in over 30 countries and on five continents, and the more than 3,800 vacation resorts through **RCI**. Membership fees range in the low $20Ks for a week up to more than $100K. Annual maintenance fees start at about $500/year. SMVC has a rescission period that allows purchasers time to consider their purchase and to change their minds if they so choose. Various lengths of rescissions are available in accordance with the state or country laws where the purchase is made. In many cases it is five days from the time of purchase but can be as many as 10 days or more.

GOLF, AIR AND WATER FUEL RESORTS

Developers up the ante to sell second homes by offering not only golf but other niche attractions that include a host of benefits for early contracts. **Carling of America** and **Bay Creek Resort and Club** partner golf with aviation and marinas to capitalize on as many prospective buyers as possible at a time when buyers are few and far between. Carling targets golfers and aviates for its **Paradise Ranch Resort** with a $12M **Jack Nicklaus-Jack Nicklaus II** 18-hole golf course and a partnership with an adjacent airport in Grants Pass, Ore. **Bay Creek Resort** releases the first new homesites its Cape Charles community in more than four years, which features two 18-hole courses designed by **Jack Nicklaus** and **Arnold Palmer**, as well as world-class marina.

Continued on Next Page

GOLF, AIR AND WATER FUEL RESORTS…

Continued from Page 3

Incentives are the key to selling single-family homes and developers are tacking on a bunch to land some contracts. A golf course will no longer suffice, so aviation facilities, marinas, as well as hiking trails, and water parks need to be added to draw more buyers. Besides a **Troon Golf-**operated golf course, Carling brings a 12,000-s.f. heated airplane hangar and a small executive terminal for guests and residents at the Grants Pass Airport, which backs up against the resort. Members and guest will be able to fly in directly to the ranch without having to drive. Bay Creek tacks on close to $100K in incentives for 15 charter memberships. Charter members will receive 18 months of interest paid, full sponsorship sports membership ($11K value), no club dues or POA fees for two years ($7K value), preferred pricing on marina slips ($5K value) and first opportunity to purchase in future homesite releases.

Carling of America reaps more than 15 reservations for single family homes its Paradise Ranch Resort Phase I of marketing takes aims at golfers and aviates on the U.S. West Coast and Canada. A five-year sales schedule is planned for the more than 200 single-family home sites that range from $300K to $1.2M. Although the golf course is scheduled to open in June 2010, preview play may be launched to help boost sales. Excluding the 10 estate lots, the average lot price is $425K. Ninety percent of the lots are located on the fairways of the 18-hole, 7,345-yard, par-72 championship course — the longest in Southern Oregon. Deposits of $5K for contracts with normal closing timelines are required, or 15% down for owner carry contracts. HOA dues will run about $100/month. The first model home will be completed this spring. The resort also includes 75 luxury villas that can be converted to 150 keys for large groups. Purchasers of real estate must apply for membership but it's mandatory with a real estate purchase. A limited number of separate memberships will be offered, with a 350-member cap for the club. Memberships fees will be $475/month, after initiation fee. Charter memberships include two years complimentary initiation fee, a value of $11.4K. With airport hanger, aviation enthusiast members will have secured overnight parking for corporate jets, privacy, and the ability to fly in and out of most metropolitan cities on West Coast.

Bay Creek Resort sells 3 homesites at its **Bayside Village** development where the company recently released a new assortment of homesites. Homes are available from $389.9K. Ground has also broken on the one-, two- and three-story villas and the models will open mid-February. The first phase has 135 homesites, but only a selected number are released to maintain the architectural planning concept and design theme. All homes must have front porches and specific architectural detailing. The available homesites vary from the Chesapeake Bay waterfront on a private white sand beach to golf and water view lots, homesites with views of the replica Plantation Flats authentic lighthouse all in the character of Cape Charles downtown.

Keyser Capital, a Maryland-based private equity firm, invested into the southern portion or golf side of the Bay Creek Resort early last year. The current golf club will be replaced with a newer 38,000-s.f. clubhouse in the future including a golf hall of fame and golf academy. A new beach club will also be included. Developer and Principal **Richard Foster** maintains 100% control of the marina portion, or northern portion. Bay Creek's long-term plans are flexible. Foster desires a total of 2,500 residences, most likely single-family detached homes, townhomes, condos and possibly assisted living. The zoning that allows for 2,500 homes does not include the 38 new **Island House Villas** or any future luxury inn and spa plans. Prices for the villas, which are condo hotel units, start in the low $200Ks and include all window treatments, furniture, wall art, linens, dishes, silverware, plasma TVs. Bay Creek Resort has sold more than 600 homesites and has over 300 residences built. Homesites are available in the mid-$100Ks to more than $1M.

FOUR-SEASON RESORTS STAY ON ROUTE WITH DRIVE-TO MARKET

East West Partners, **Duval Development** and **Fernie Vacation Properties** find sales in drive-to customers from around North America. With consumers being more cautious with their money, and the ever fluctuating and sure-to-rise gas prices, many second-home buyers focus on drive-to destinations. East West nabs 20 sales since October, as buyers from the Bay Area flock to the developer's **Northstar-at-Tahoe Resort**. Duval Development gets more than 10% of its sales at **Dakota Mountain Lodge** from drive-to clients and the rest are buyers taking advantage of the 30-minute drive from Salt Lake City Airport. British Columbia's Fernie targets buyers from Alberta, a three-hour drive from the company's resorts.

Continued on Next Page

FOUR-SEASON RESORTS STAY ON ROUTE WITH DRIVE-TO MARKET…

Continued from Page 4

The popularity of drive-to destinations across the U.S. goes hand-in-hand with gas prices and the rotten economy. Many of the sales took place when prices were averaging over $4/gallon, and now, even though prices are much lower, most expect them to reach the $4 level again. For families, drive-to destinations are also just flat out more convenient than a trip to the airport and all the hassles that entails. As many today find little time to take a real vacation, a three-day weekend, is easily accessible at a drive-to resort.

East West Partners banks on its drive-to market to grab 20 townhome sales (7/month) in the last three months at **Northstar Village** and **Northstar Highlands**, much to Sr. Partner **Blake Riva**'s surprise. The 2 properties are part of Northstar-at-Tahoe Resort. Buyers are primarily from the Bay Area and Riva credits this to the short three-hour commute. Northstar Village calls for a total of 350 residences, of which 260 are built with 90% of those sold. The remaining 90 units will be built in the next few years depending on the market and economy. The units range from studio to four bedrooms that range from 600 s.f. up to 3,000 s.f. Prices start at $500K and go as high as $3.2M. HOA dues are approximately $1K/month. The company spends an average of 3% of sales on marketing. Northstar is marketed toward families and East West uses a one-on-one style rather than a direct-mail campaign. East West grabs all four seasons as summer and spring months stay busy due to the lake, a tennis and fitness center and three Tahoe Mountain Club golf courses — **Coyote Moon**, **Gray's Crossing** and the **Jack Nicklaus**-designed **Old Greenwood**. Also, count on 135,000 s.f. of commercial retail space and an outdoor ice rink.

Northstar Highlands sits on the mountaintop and will be home to 1,000-plus residential units over the next 15 to 20 years, as well as a **Ritz-Carlton** hotel. Phase I and II each call for 16 town homes that come in at about 3,400 s.f. and sell for an average of $3.4M. Phase I is sold out and Phase II begins construction this spring. The homes and hotel provide ski-in and ski-out access. Anticipate the Ritz to open in November of this year just in time for the 2009/2010 season. The 170 hotel rooms and 23 residences range from two to four bedrooms, 1,200 s.f. to 3,700 s.f. and prices will start at $2.5M up to $7.5M.

Duval Development's Dakota Mountain Lodge in Park City, Utah, sees about 10% of buyers taking advantage of the condo hotel's drive-to aspect. Part of the **Waldorf Astoria Collection**, the new lodge notices sales over the past few months slowing as contracts fall from 3/week to 4/week to 3/month to 4/month. Phase I calls for 104 units that translates into 201 keys for the hotel Duval released 94 for sale, of which 92 are already sold. Phase II already pre-leased 22 units and will begin sales this summer with plans for 65 units that translates into 135 keys. The company originally didn't count on drive-to as part of target sales but is pleasantly surprised to see units selling to residents of Salt Lake City, Provo and Ogden, Utah. The resort also captures buyers due to its proximity and short straight-shot 30-minute drive from SLC International airport, which allows for many people to jump on a direct flight. Duval Development Principal **Lee Hindin** believes that part of why the project is selling so easily is not only because of the Waldorf Astoria brand but also due to the variety of unit types that range from studio to four bedrooms. Prices start at about $300K for a studio and average out to about $1K/s.f. overall — in some cases is $500/s.f. to $700/s.f. less than nearby Park City competitors. Expect the project to cost in the ballpark of $125M and buildout to be completed in five years. Buyers also come from California, including San Diego, Los Angeles and San Francisco, as well as the East Coast from states such as Maryland, Virginia, New York, Connecticut and Florida. Dakota appeals to a wide demographic with smaller units selling to younger couples, while many grandparents pick up the three- and four-bedroom units. Park City provides year round activities with fly fishing, hiking, mountain biking, reasonably priced golfing along with a downtown with shopping and restaurants. Hindin believes that Dakota has gained value since starting sales as the project gained the Golden Door Spa and a San Francisco's **Spruce** restaurant along the way.

Fernie Vacation Properties puts a new pricing strategy in place for 2009 with a price reduction for all of its properties and sees an uptick in interest. The main market comes from Alberta, which is a three-hour drive from the resort. After selling 25% of its 42 **Juniper Lodge** 1/4th fractionals, sales exec **Deb Trand** saw no sales in last three months. The 842-s.f. fractionals are now $79K down from $94.9K (CDN) and whole ownership two-bed, two-bath suites start at $349.9K (CDN). At **Polar Peak**'s Phase VII, 2 of the 4 available homes have sold for $835K (CDN) for platinum finishing. Polar Peak will offer 12 phases of four 2,200-s.f. homes when the development is complete. **Fernie Alpine Resort** is located in the Southeast corner of British Columbia in the heart of the Elk Valley surrounded by the Canadian Rocky Mountains. **Michael Delich,** president and founder of Fernie Vacation Properties, developed and built many of the properties at Fernie Alpine Resort and the surrounding community including **Fernie Golf Estates**, **Snowcreek Lodge and Log Cabins**, **Bear Paw Lodges** and **Timberline Lodges**.

CONTACTS

Abercrombie & Kent: 1411 Opus Place, Downers Grove, IL 60515. Jarvis Slade, President, (630) 418-4510. jslade@akresidenceclub.com

Balance Associates: 80 Vine St., Suite 201, Seattle, WA 98121. Tom Lenchek, Principal, (206) 322-7737, fax (206) 322-0465. tom@balarc.com

Bay Creek Resort: 3335 Stone Road, Cape Charles, VA 23310. Jim Cramer, Director of Sales, (757) 331-8756. jcramer@baycreek.net

Canyon Equity: 101 Larkspur Landing Circle, Suite 310, Larkspur, CA 94939. Homi Vazifdar, Managing Director, (415) 925-8000. hvazifdar@canyonequity.com

Carling of America: 7000 Monument Drive, Grants Pass, OR 97526. Daniel Charbonneau, Principal, (541) 956-1204. carling@charter.net

Duval Development: 1840 W. Sunpeak Drive, Suite 3B, Park City, UT 84098. Lee Hidin, Principal; Cindy Lawrence, Director of Marketing & Communications, (435) 647-5500. cindy.lawrence@hilton.com

East West Partners: P.O. Drawer 2770, 100 E. Thomas Place, Fifth Floor, Avon, CO 81620. Blake Riva, Sr. Partner, (530) 550-2710. briva@ewpartners.com

Equity Estates: 120 W. Wieuca, Suite 105, Atlanta, GA 30342. Adam Capes, President, (404) 531-8982, fax (404) 420-2083. adam@equityestatesllc.com

Everlands: 10 E. 33rd St., Eighth Floor, New York, NY 10016. Kenneth May, CEO, (212) 774-3690. kmay@everlandslife.com

Exclusive Resorts: 1515 Arapahoe St., Tower 3, Suite 300, Denver, CO 80202. Jeff Potter, CEO, (303) 493-6106, fax (303) 474-7910. jpotter@exclusiveresorts.com

Fernie Vacation Properties: 4559 Timberline Crescent, Fernie, BC V0B 1M6 Canada. Deb Trand, Sale Executive, (250) 423-6873. deb@ferniepropertie s.com

High Country Club: 1350 17th St., Suite 300, Denver, CO 80202. Christian Kirschner, President/CEO, (303) 991-2300, Ext. 103. christian@highcountryclub.com

International Developments and Investments: 9250 Reseda Blvd., Suite 161, Northridge CA, 91324. Joseph Flores, President, (818) 700-8209. president@cascadasdelmar.com

Keyser Capital (Sinclair Broadcast Group): 10706 Beaver Dam Road, Hunt Valley, MD 21030. (410) 568-1500.

Method Homes: 2711 E. Madison St., Suite 211, Seattle, WA 98112. Brian Abramson, Co-Founder, (206) 790-2852. brian@methodhomes.net

Marriott International Inc.: Marriott Drive, Washington, DC 20058. Arne Sorenson, CFO, (301) 380-0000. thomas.marder@Marriott.com

M Private Residences: Suite 804, 322-11th Ave. S.W., Calgary, AB T2R 0C5 Canada. Michele Beitel, VP Sales, (403) 699-1133. mbeitel@mprivateresidences.com

Nicklaus Design: 11780 U.S. Highway #1, North Palm Beach, FL 33408. Paul Stringer, SVP, (561) 227-0300.

CONTACTS

Quintess: 11101 W. 120th Ave., Suite 300, Broomfield, CO 80021. Ben Addoms, Founder/EVP, (720) 217-2037. ben@quintess.com

Skylab Architecture: 1221 S.W. Alder St., Portland, OR 97205. Jeff Kovel, Founder, (503) 525-9315. info@skylabarchitecture.com

Sol Melia Vacation Club: 4700 Millenia Blvd., Suite 240, Orlando, FL 32839. Denis Ebrill, EVP, (407) 264-5685, fax (407) 264-5686. denis.ebrill@solmeliavc.com

Starwood Hotels & Resorts Worldwide: 1111 Westchester Ave., Fourth Floor, White Plains, NY 10604. Ross Klein, President, Luxury Brands Group, (914) 640-8496. kleeman@starwood.com

Tom Fazio II Designs: 224 Shelter Lane, Jupiter, FL 33469. Tommy Fazio, Owner, (561) 745-1019, fax (561) 745-8302. info@faziogolf.com

Ultimate Escapes: 3501 W. Vine St., Suite 225, Kissimmee, FL 34741. Gregg Amonette, SVP Business Development, (407) 483-1914, fax (407) 483-1935. gregg.amonette@ultimateescapes.com

RESORT SHORTS

Offer Sheets Sizzle

❖ U.S.-based **International Developments and Investments** (IDI) fends off offers from more than 18 North American investor groups for its eco-friendly master-planned **Cascadas del Mar** luxury resort communities on the Southern Pacific beaches of Costa Rica. With a combined sales forecast of $1B on a profitability basis, almost $100M in construction financing lined up through **Merchant Bank** and no debt, it's no wonder IDI's development is drawing heated interest. The project's infrastructure is complete. IDI President and CEO **Joseph Flores** stopped development before going into debt vertically. The plans features four resorts with five-star amenities within walking distance of each other. Penthouses, condos, rental pools, hotel components, casinos, spas, eco tourism and gift shops will all contribute to sales. Prices should range from $350K for condos to $1.7M for penthouse suites. The 15-year project includes 66 acres of beachfront and 134 acres of ocean views, rivers, waterfalls, creeks, lakes, fresh organic food grown onsite for in-house eateries, a protected virgin rain forest and natural spring water. A new international airport is scheduled to open late 2010 near the resort.

IDI forecasts billions of dollars on a profitability basis for its company in the years to come, and a short-term forecast of zero debt on millions of dollars in lands, aggregates, entitlements, entities and companies in the U.S., Costa Rica, Canada and Cuba. Flores has approximately 29% (290,000 shares) still available and is in negotiations for a substantial capital infusion from third parties for the remaining shares. IDI intends to apply those funds to the parent company in order to expand operations to several other projects also under consideration.

Ready to Pounce

❖ **Canyon Equity** puts its 8 **Amangiri** villas in Southern Utah on the market this quarter after taking them off the block last year thanks to the economy. Now might be the right time for Managing Director **Homi Vazifdar** as Canyon's ultra-luxury **Aman Resort and Spa** adjacent to the villas plans its soft opening for July. Phase II of the resort promises 20 more villas for the 600-acre plot. Canyon also owns about 1,300 acres next to the resort that are in the entitlement phase and eyes a 27-hole signature golf course and other components for Phase III. Don't be surprised to see a top designer like **Tom Fazio** or **Tom Doak** show off their handiwork during the next five to six years at the resort. The 8 villas Vazifdar will market this quarter cost between $8M and $9M. The four-bedroom villas sit on home sites from 1.3 acres to 10 acres and are designed to blend into the Canyon will likely rifle shoot Aman Resorts' large list of "Aman Junkies, " as well as a whisper campaign to other prospects. The 8 planned villas at Encantado, an **Auberge** resort that opened in September in Santa Fe, N.M., have also been put on hold. Another whisper campaign for the four-bedroom and two-bedroom residences is planned for March with sales prices from mid-$5M to mid-$6M range.

Continued on Next Page

READY TO POUNCE…

Continued from Page 7

Sonnenblick Goldman Cushman Wakefield has been retained to look for some money and Vazifdar was excited to have two term sheets come in, but had to turn them down because the terms were unacceptable as lenders look for full recourse or a secondary from of collateral. Canyon's land banks that are in pre-development like in Papagayo, Costa Rica, are on hold with little point in moving ahead with no debt available.

Since all of Canyon Equity's land was purchased with 100% equity, there isn't a gun to Canyon's head, but there is also no IRR. The company also owns land in Malibu, Calif., Utah and Fiji, much of it next to company-owned resorts. Vazifdar can't even find 60% LTC loans right now. In the meantime, he waits. When lenders finally do start loosening their purse strings, Canyon will be ready to pounce.

A New Method

❖ New company **Method Homes** already boasts 6 projects in the works for its green pre-fab homes. Co-Founder **Brian Abramson** can't claim any multi-unit sales or deals with developers yet, but the debut of the **Balance Associates** SML series of self-contained one module homes has interest from two developers for a project on Lake Michigan and one in Stanley, Idaho. The 6 cabins in the works are Method Cabins in Packwood and Lake Wenatchee, Wash., 1 in Mendocino, Calif., and a Balance L Cabin for Whistler, B.C., not to mention a multi-family town home in Seattle and a three-story custom home in Portland, Ore. Method also partners with **Skylab Architecture** on its new Urban Series for urban infill typologies. Abramson sees a big market for his cabins in the resort segment with clusters of 10 to 20 cabins, as the product is a good fit for developers that want to decrease construction costs and time. The units start at about $150/s.f., plus site work and delivery costs. The company offers wholesale pricing for developers and homes can be completed and delivered in four to six months. The homes feature cantilevered roofs, large windows and contemporary interiors. All homes are insulated with recycled insulation and can be constructed with radiant floor heating, air conditioning and solar options.

The Crittenden Resort Report Team
Email: editor@crittendenresortreport.com

Customer Service
Tel: **(800) 421-3483** Fax: (415) 475-1516
E-mail: market@crittendenonline.com

Newsroom Tel: (949) 900-3717
Newsroom Fax: (949) 900-3760

Resort Report™ is published by Crittenden Research, Inc., 45 Leveroni Court, Suite 204, Novato, CA 94949. Send address changes to *Resort Report*™, P.O. Box 1150, Novato, CA 94948-1150. Contents copyright © 2008 Crittenden Research, Inc. Sample newsletters may be viewed online at http://www.crittendenonline.com.

Crittenden publishes *The Crittenden Report on Real Estate Financing*™, *Real Estate Buyers*™, *Retail Space News*™, *Restaurant Insider*™, *Hotel/Lodging News*™, *The Apartment Report*™, *BuildersReport*™, *Real Estate Developers*™ *and Resort Report*™. For more information on our publications go to http://www.crittendenonline.com.