

Legacy Resorts: Secrets to Staying Relevant in Changing Times

BY JUDY KENNINGER

Timeshare resorts from the 1970s and '80s are often referred to as *legacy* resorts. One definition of “legacy,” according to Merriam-Webster, is “something transmitted by or received from an ancestor or predecessor or from the past.” Now, the first buyers of these resorts are passing their interests to grown children, selling them, or even deeding them back to the resort.

How that legacy is received depends on the resorts’ intrinsic assets and the abilities of their management. To be sure, some resorts have lost a bit of luster over the years, but others continue to retain happy owners and attract new ones. Here, *Vacation Industry Review* shares some secrets behind the success of four legacy resorts that shine on year after year.



Diamond in the Desert

“Our resort is truly a gem,” says Brian Bowcock, president of the homeowners’ association at **Desert Breezes Resort** in Palm Desert, California. “That’s because we have a true family of employees, with everyone working together to create great memories for our guests.”

The resort’s many amenities include three pools, and a sports center with five tennis courts, putting greens, hot tubs, and exercise equipment. Golfing and shopping are nearby, and the activities program includes wine-and-cheese parties, ice cream socials, and cookouts where guests can mingle. The units are being updated according to schedule.

Success Secret: Bowcock credits the resort’s management company, Trading Places International (TPI), which brought in resale company Great Destinations in 2013 to help clear a backlog of HOA-controlled inventory. “Great Destinations has probably sold nearly 300 intervals for us,” he says. (See sidebar on page 24.) Having an outlet for this inventory allows the association to purchase intervals at the county tax sale to sell back to Great Destinations at costs, usually about US\$500.

“My objective is clear: I want to get the maintenance fees paid,” Bowcock explains. “The best thing would be to have every week sold. Our new owners are excited about the resort and the things that are happening here.”

For the weeks the resort still owns, TPI has been successful in renting inventory, often for more than the maintenance fee would be. “This helps us keep our maintenance fees in check while still making the updates needed. The property really looks great.”

A Little of Austria ... A Lot of Vermont!

Situated on 2,500 acres (1,012 hectares) in Stowe, Vermont, Trapp Family Lodge has Austrian-inspired architecture and European-style accommodations. The 100 vacation ownership units of **Trapp Family Lodge Guest Houses**, built in 1983, feature large, two-bedroom family suites. Owners enjoy activities such as cross-country skiing on 37 miles (59.5 kilometers) of groomed trails and 62 miles (99.8 kilometers) of backcountry trails, snowshoeing, farm-to-table dining, indoor pools, horse-drawn sleigh rides, and historical tours.

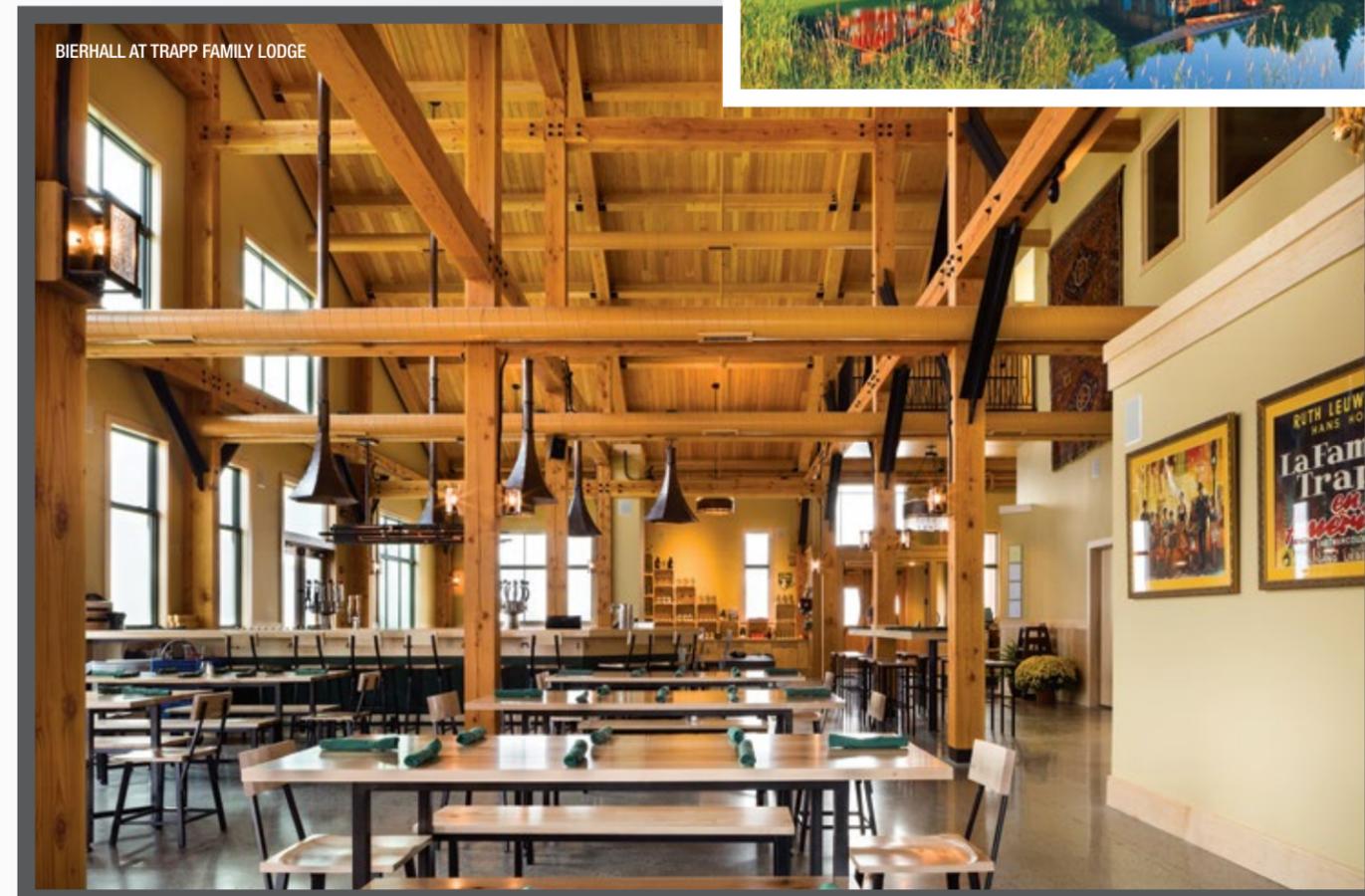
The resort is undergoing a five-year refurbishment that guts the units down to the studs and adds all new furnishings. The renovations are being paid for with reserves funded by maintenance fees of US\$990 a year, which includes access to the resort's recreational assets.

Success Secret: Honoring the past while staying current keeps the resort relevant. “We try to listen to what our guests like to do on vacation, and the resort keeps evolving,” says Walter Frame, executive vice president. “Owners who bought here in the 1980s are now in their 70s and 80s; it’s their children who want to come up and recreate, and they have different wants and desires. Still, we do everything with respect to our Austrian heritage.”

Two of the most popular activities here prove the point. The newest addition to the on-site amenities is a regional brewery that can produce

up to 50,000 barrels of beer each year, along with a Bierhall restaurant patterned after Bavarian beer halls. Guests can now take beer-making classes and sample their own craft brews with what Frame calls “a healthy interpretation of Austrian food,” none other than grilled sausages and spaetzle.

A longtime favorite is a program on the facts and fiction of the famous movie, *The Sound of Music*, inspired by the von Trapps’ story of fleeing Nazi-occupied Austria. Guests can watch a documentary, followed by a question-and-answer session with a von Trapp family member, which may be Frame’s wife, her brother, or her father, resort president Johannes von Trapp, a son of the Baron and Maria. During high season, the program runs seven days a week with 20 to 75 people attending each session.



Sierra Nevada High

David Walley’s Resort in Genoa, Nevada, is a year-round destination in the Sierra Nevada, with six mineral pools, a heated outdoor swimming pool, and a full-service spa. The resort features studios and one- and two-bedroom suites. Nearby are championship golf, skiing, water activities on Lake Tahoe, and nightlife with entertainment and gambling.

The HOA has remodeled the units extensively and is in the process of a total makeover, with new flooring, appliances, and kitchen and bath cabinetry.

In the past seven years, TPI has helped David Walley’s reduce both its maintenance fees (ranging from US\$750 to US\$900 for two- and three-bedroom units) and delinquency rate from 17 percent to less than 7 percent of its 5,500 owners. TPI conducted a communications campaign to members, and also brought in Meridian Financial Services to assist with collections. With the influx of new revenue, the HOA was able to remodel the units extensively, and it’s now in the process of a total makeover that will replace flooring, appliances, and kitchen and bath cabinetry.

Success Secret: “With Trading Places International, the management is better, so the resort is running better and the owners are 100-percent happy; they want to come to David Walley’s Resort,” explains HOA president Marlina Forst. “When you have happy campers, they pay their dues.”

The right mix of organizational talent also played a critical role in revitalizing the resort, according to Doug Wilcox, senior vice president of resort operations at TPI.

“We hired staff who love their jobs and the owners and guests. The new general manager taught these principles to all employees. The front desk is friendly and glad to welcome owners and guests. The housekeeping and maintenance also make sure the owners’ vacation experiences are the best.”

The resort has a program to sell HOA-owned inventory. Some of it has come from its deed-back program — for which the resort charges US\$250 — eliminating the cost and need to ultimately foreclose on the units. “We take deed-backs for hardships or for elderly owners; if you’re 88 and won’t be coming anymore, it just makes sense to do it,” Forst says.

Baja Escape

Club Cascadas de Baja, in Cabo San Lucas, Mexico, offers amenities including a beachfront restaurant/bar, a coffee lounge, a beauty salon and spa, two swimming pools, a pair of whirlpool spas, a tennis court, a clubhouse, and a swimming beach. The area offers a variety of activities, including water sports, tours, and shopping in the town stores and open-air markets.

As is the case with many Mexican resorts, it was originally sold under a 30-year, right-to-use plan, which expired at the end of 2017. Twelve years prior, the resort began presales for a new term beginning this year, and, today, just 1,000 of the approximately 5,000 weeks are under the HOA's control. According to Mauricio Quezada, the resort's chief operating officer, less than 2 percent of owners are delinquent in paying their maintenance fees, ranging from US\$700 for a one-bedroom unit up to US\$5,600 for a five-bedroom unit. A total unit refurbishment program that started in 2017 will be completed in 2023.

Success Secret: "It's the uniqueness of the resort," Quezada says. "We have continued the developer's original philosophy, which means no TVs and no phones. That's become our theme."

He also credits the staff's pride of service. "They're very loyal to the resort, and turnover is less than 2 percent. You see the same faces year after year, and the owners even bring presents for the staff members when they visit."

Owners are loyal, too, coming back year after year. The impending end of the right-to-use term could have been a disaster, but strategic planning averted it. "When we started our sales program in 2005, prices were very, very low, just US\$1,000 a week," Quezada says. "Now, that



same week is worth US\$15,000." About 70 percent of the previous owners renewed their membership, and new sales have brought the HOA up to 81-percent sold out. A sales agreement with the developer's marketing arm means that sales should continue at a similar pace.

The remainder of the inventory is being rented out by the resort's management company, TPI, as well as owners' weeks that wouldn't have been used, which helps new owners learn about the resort. []

Judy Kenninger, RRP, is principal of Kenninger Communications and has been writing about the vacation real estate industry for nearly two decades.

CLUB INTERVAL GOLD

Pointing the Way Forward for Legacy Resorts

Vacation Resorts International and sister company Trading Places International provide professional management services to more than 140 vacation ownership resorts in the U.S., Canada, and Mexico. Many are single-site, legacy properties that had, through deed-backs and foreclosures, amassed large blocks of inventory. Although the firms offer a robust rental program, the long-term solution for these resorts is to attract new, dues-paying owners. That's where the Interval International® Club Interval Gold® — as sold by Great Destinations — comes in.

It works like this: Great Destinations couples an ownership interval at a participating resort with Club Interval Gold, allowing owners to convert their weeks into a vacation currency that makes them more desirable for today's buyers, says Rich Muller, chief operating officer of both VRI and TPI. "This way, buyers have all the security of traditional timesharing, but with all benefits of points."

"Club Interval Gold offers members the choice to exchange using points or weeks throughout Interval's entire exchange network," says Jay Wilson, vice president of resort sales and service at Interval International. "When members choose to exchange in points, they can move up and down in unit size or seasonality and retain any unused points for future use."

Also, Club Interval Gold permits exchange for hotel, cruise, spa, golf, and experiential vacations through Interval Options®. And the membership includes year-round leisure and lifestyle benefits.

According to Andy Gennuso, president of Great Destinations, packaging weeks with Club Interval Gold membership gives buyers more options. "They're still getting a deed at the resort. But our buyers are most interested in the flexible options that come with Club Interval Gold. It has a lot more appeal for today's buyers, who often don't vacation in one-week increments or may want a studio this year and a three-bedroom unit the next one."

Muller explains that legacy resorts considering a Club Interval Gold affiliation must still maintain their desirability. "There are many factors that determine the point value of a specific resort, such as location, but overall condition and ratings are chief among them," he says. "When consumers are at the sales table, they're going to consider how many points they're buying versus the maintenance fee they'll pay."

"Any legacy resort can benefit from participation in the Club Interval Gold program," says Wilson, "to help increase sales of association-owned inventory, drive incremental revenue through owner conversions, and increase owner satisfaction and engagement."



Over 30 Years of Success

RESORT MANAGEMENT THAT TARGETS RESULTS

VRI resort management services deliver results for your resort through our successful collection methods, a robust national rental program, and creative resales solutions. Allow our 200+ years of senior-level timeshare management experience to help your resort hit the bull's-eye. With management teams strategically placed across the country, we are able to provide regional and local expertise to your resort. More than 140 resorts throughout the United States, Mexico, and Canada already benefit from the vast array of services that we offer. Learn how your resort can hit its mark, too!

Call us today and take advantage of our expertise!

Vacation Resorts International
Jan Samson, Sr. VP of Resort Operations
863.287.2501 | Jan.Samson@vriresorts.com



Perfecting the Art of Hospitality

Find more information about our services by visiting:

www.vriresorts.com