

Kelsey & Norden Resort Real Estate Survey

Consumer Trends Emerging from Economic Crisis

Fall 2010 – Consumer Survey

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Kelsey
&
Norden

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- Report Key-

Prospective Customers and Owners

Throughout the report, there are charts rendered in green, red and blue. The green signifies responses from Prospective Customers. The red signifies responses from Existing Owners. The blue signifies responses from Industry Professionals from previous surveys.



Prospective Customer Responses



Existing Owner Responses

Respondent Write-in Comments

Respondents’ write-in comments are routinely quoted in this italicized format.



Professional Responses (Previous Surveys)

Introduction

This report summarizes the results of a substantial research effort in which over 6,000 resort real estate consumers were surveyed regarding their intentions and preferences toward purchasing and owning resort residential real estate. The purpose of the research was to identify consumer trends emerging from the current economic crisis, with a focus on the identification of actionable intelligence useful to developers to modify their products and the efforts required to market them. Although this report is only a summary of the findings, we believe that it is the most comprehensive and current assessment of resort real estate consumer trends available today.

Resort Real Estate Survey: Three Preceding Surveys of Industry Professionals

In the spring of 2009, the Kelsey & Norden Resort Real Estate Survey was launched as an effort to understand potential changes in consumer behavior emerging from economic crisis and to estimate how long resulting trends may last. The survey was targeted toward industry professionals with significant experience in the field of resort real estate development. At the time, it was our belief that consumers were so disoriented by the financial crisis that industry experts would be better equipped to forecast the future of consumer behavior.

The professional surveys were repeated in the Fall of 2009 and Spring of 2010 to benchmark evolving opinions as the economy worked its way through the recession. In addition to revisiting milestone

questions, we investigated current topics such as mountain-resort specific issues, club restructuring, social media marketing trends, and potential shifts in the focus of the Baby Boomer generation from vacation properties to retirement oriented properties.

The Spring 2010 professionals' survey results concluded that the mood in the industry had shifted from "fearful uncertainty" to a "resolved commitment to reposition resort residential communities to meet the new reality." This "new reality" included discounted values of 20-40% (depending on location and region) and a belief that pricing would remain suppressed for the foreseeable future given significant standing and shadow inventories. Success in this ultra-buyers market was perceived to be dependent on several factors:

- ▶ developer integrity and willingness to fully disclose the status of the project,
- ▶ demonstration of value, and
- ▶ creative packaging of compromises to products, services and exclusivity required to limit costs.

Professionals indicated that high carrying costs are unacceptable to cash-flow sensitive buyers. They also thought the limited set of active buyers are end-users who are focused on usage, a lifestyle experience that provides quality time with family and friends, and taking advantage of the availability of discounted deals. Consumers, in general, were projected to have an increased desire for vital

communities with recreational and cultural programming, health and wellness programming, and strong commitments to protecting the environment. Many professional respondents also believed that Baby Boomers have shifted or will shift the focus of their second home purchase to accommodate their retirement plans.

Right Time for Direct Consumer Research

Although the economy was far from full recovery, many resort real estate developers reported significant increases in sales activity in the first half of 2010. Given this news and the passage of 18 months since the initial financial failures that triggered the crisis, it was clear that many of the industry's core consumers were finding more stable footing and were now ready to provide input valuable to our ongoing research.

Accordingly, we created partnerships with 21 upper-tier resorts through which we surveyed over 6,000 consumers – a mix of roughly 80% prospective customers and 20% existing owners. The data was gathered from May to July of this year. The consumer version addressed many of the same topics previously queried to professionals with an expectation that a comparison of opinions of industry leaders with the opinions of their customers would be instructive.

Purpose of the Survey: Actionable Intelligence

In the design of our consumer questionnaires, we wanted to know the answers to the following general questions:

- ▶ Have aspirations to own a second home dissipated in the wake of the financial crisis?
- ▶ Does a resort real estate market still exist? How much of the market vanished?
- ▶ Who's buying, what do they want, and how are they going to get it?
- ▶ How have specific preferences changed regarding products, amenities and services?
- ▶ Are these changes long lasting?
- ▶ What is required to sell in today's market?
- ▶ What should we be planning today to sell in tomorrow's market?

In our analysis of the resultant data, we looked for the answers to these questions with the specific mission of separating the most valuable actionable intelligence from a vast collection of interesting but not necessarily useful findings.

Executive Summary

While this report is more lengthy and detailed than our previous efforts, it is nonetheless an executive summary that provides only the highlights of our most notable findings. Given the breadth of the data set, we were able to segregate the responses by age, income, location, product preference, prospective customers vs. owners, and near-term vs. longer-term

buyers. Comparative analyses of these filtered sets provided significantly more outcomes and details that can either be contained in an industry white paper or produced on a pro bono basis. We are, however, interested in sharing more detail and will respond to limited inquiries for additional detail as best we can.

Full Disclosure

Although the authors of this report believe the data and findings presented herein are sound given the breadth and depth of the study, we are neither specialists nor experts in the area of market research and analysis. The primary objectives behind this research, as with our previous survey work, remain consistent. We are working to gather meaningful and timely information to best guide our own projects as well as our clients' projects. We also want to give something back to our industry and the professionals who have helped us along the way.

The Authors

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Christopher Kelsey is a partner of Steeplechase Development Advisors, a provider of project management as well as work-out and project repositioning services to a number of lenders and equity investors. Chris lives and works in Whitefish, Montana and has focused the majority of his career in mountain resort environments. He has management experience in entitlements, general development, sales & marketing, operational assets and green design. Among other leadership

assignments, he served as a Senior Vice President for Lowe Enterprises' \$1B+ Suncadia and Project Manager for Hines Interests' \$90M River Valley Ranch.

David Norden

David Norden is founder of Owls Head Partners LLC, a development advisor serving as owner's representative for resort real estate developers and land owners worldwide. His most recent assignment is an engagement as Executive Advisor for La Estancia de Cafayate, a 1500-acre property located in the emerging wine region of Argentina. Prior to this, David served as Vice President of Development for Stowe Mountain Resort's \$500M Spruce Peak at Stowe in Vermont and Hines Interests' \$280M Aspen Highlands Village in Colorado. Having successfully delivered several projects from inception to operations, his expertise encompasses all aspects of the development process, including concept development, financial feasibility, sales and marketing, construction management, and asset conveyance. David currently resides in Stowe, Vermont, where many of the trends cited here currently unfold.

Claire Humber

Claire Humber is the Director of Resort Planning with SE Group, a multidisciplinary consulting firm specializing in the planning, design and development of mountains, resorts, and communities. Claire has been a part of the SE Group team for over 20 years, and has led mountain resort

development projects throughout Canada and the United States, Scandinavia, Iceland, Korea and Japan.

Alana Izzo

We would like to extend a special thank you to Alana Izzo for providing technical assistance during the research and results tabulation phases of the project. Alana is a junior at the University of Vermont majoring in Business Administration with a double concentration in International Business and Management in the Environment. She is also a Division I student athlete and captain of the Field Hockey team.

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materially altered and the material is attributed to the authors.

Disclaimer

Any decisions corresponding to the investment in and the development of projects are the sole responsibility of the entities in control of those projects. The authors of this study assume no liability related to any decisions made based on any use or interpretation of the findings within this study and do not recommend its use for such.

Research Methodology

21 Resort Partners

Kelsey & Norden collaborated with a geographically diverse set of 21 “resort partners” to invite a cross section of North American and international resort property consumers to participate. Resort partners included:

- ▶ Blue Mountain, ON
- ▶ Crystal Mountain, MI
- ▶ Durango, CO
- ▶ Gran Caribbean, Costa Rica
- ▶ Gran Pacifica, Nicaragua
- ▶ Grand Baymen, Belize
- ▶ Hampton Lake, SC
- ▶ Honua Kai, HI
- ▶ Mammoth, CA
- ▶ Okemo, VT
- ▶ Punta Mita, Mexico
- ▶ Snowshoe Mountain, WV
- ▶ Steamboat, CO
- ▶ Stowe, VT
- ▶ Stratton, VT
- ▶ Tremblant, QC
- ▶ Whistler Blackcomb, BC
- ▶ Winter Park, CO
- ▶ Wintergreen, VA
- ▶ Anonymous, CO
- ▶ Anonymous, CO

The partner set is generally well-balanced across regions, product types, and price points but is partially skewed towards mountain-oriented resorts as opposed to warm

weather beach or desert environments. This is a result of the authors’ predominant experiences and therefore relationships in this segment of the business.

Prospective Customer and Owner Questionnaires

Two separate, standard questionnaires were created: one specifically for prospective customers and the other for existing property owners. Partner resorts then had the option of appending the standard questions with up to five of their own to gain property-specific information and opinions from their customers. Most partners invited their databases to participate with one e-mail and the potential of a free trip to be given away by lottery. The standard questionnaires were comprised of up to 45 questions on general trends depending on how a person answered and 12 on their specific demographic characteristics.

Data Collection

The surveys were conducted between May and July, 2010. In total, 6,251 responses were tabulated including 1,090 existing resort property owners and 5,161 prospective customers. Out of 143,728 total invitations, the response rate was 4.3% which is consistent with response rates in comparable successful research endeavors.

The resulting data produced a massive amount of valuable information. Over 90% of respondents who started, completed the entire quantitative portion of the survey. And over 4,700 write-in comments were collected, the majority of which were substantive in nature. As you will see from the small sample of quotes reprinted in this report, the write-in comments were often thoughtful, lengthy, and offer more detail and nuance than can be captured via multiple choice questions.

Data Analysis

Our initial analysis of the two data sets – prospective customers and owners - in their entirety revealed a number of apparent trends. Given the breadth of the data sets, we were also able to analyze the information by segregating responses by age, income, location, product preference, prospective customers relative to owners and near-term vs. longer-term buyers. The comparative analysis of these filtered sets provided the opportunity to explore in depth our initial findings to validate, invalidate or enhance these findings as well as to determine trends specific to certain consumer subsets.

We further tested our findings by conducting information exchange work sessions with several of our resort partners and other industry professionals. Receiving their collective feedback to our nascent conclusions allowed us to test their validity relative to our partners' actual experiences with their customers in the field. We also compared the findings with our own work in the field on active projects. This cross examination process allowed us to better qualify the assertion and refine our early assumptions.

In the final analysis, we tightened our focus to determine trends and characteristics that provide actionable intelligence – not just interesting data points. In particular, we also focused on trends that we perceive to be longer lasting. This report summarizes the larger findings that we identified as the most useful across all segments of the resort real estate industry.

Balanced Set of Respondents

As a result of the distribution of our resort partners, the respondents sets for both prospective customers and owners was well balanced in terms of regions, ages, incomes and other demographic attributes. The vast majority, 80%, of respondents are married and 92% are still working. A series of charts on the following page describes respondent characteristics.

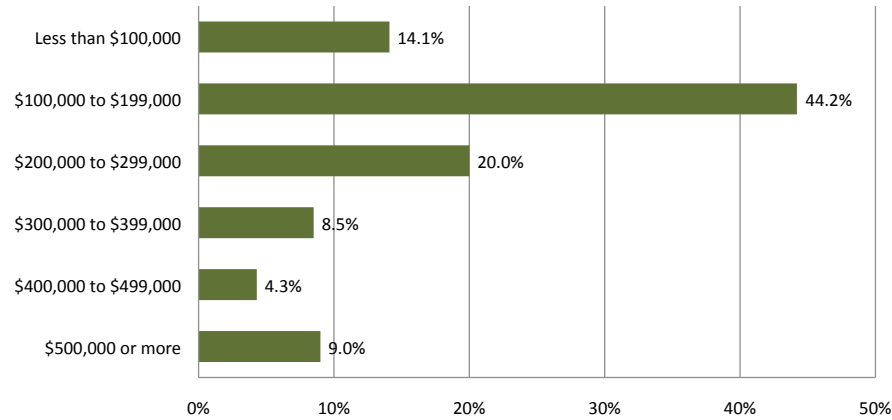
Thanks to the Participants

A hearty thanks to all our resort partners. Gaining access to their customer databases yielded responses from more than 6,000 active consumers. Additionally, many of our partners provided suggestions and information during both the design of the questionnaires and the analysis of the resulting data.

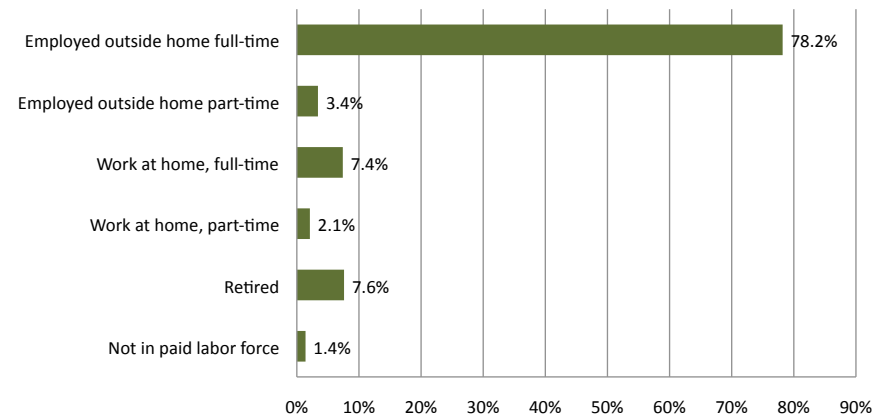
We are most grateful for your contribution to the efforts.

Prospective Customer Demographic Characteristics

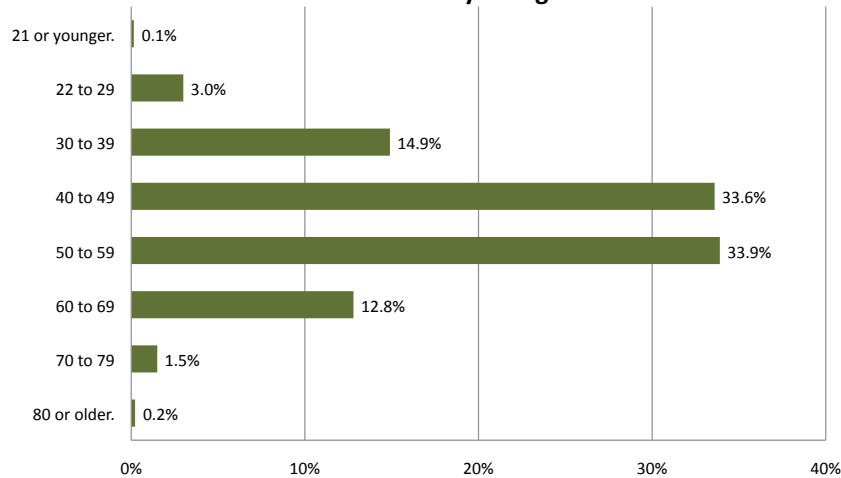
For statistical purposes only, please estimate your total annual household income, before taxes in 2010?



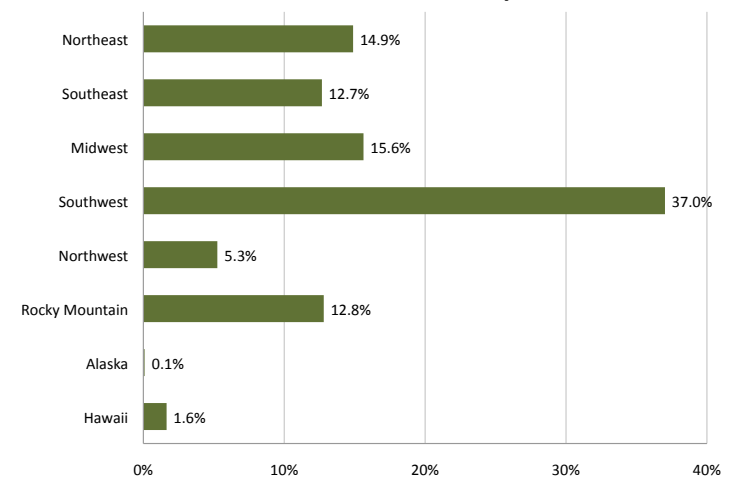
Please indicate the employment status of the primary income provider in your household.



Please indicate your age.

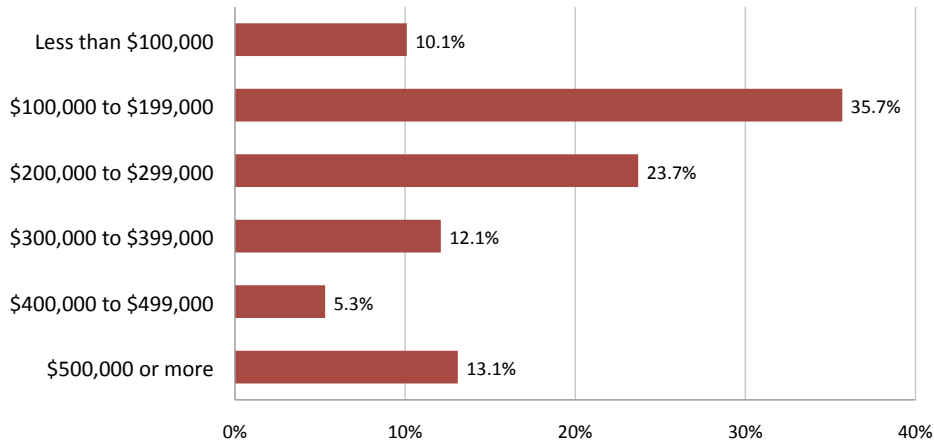


Please indicate the state in which you reside.

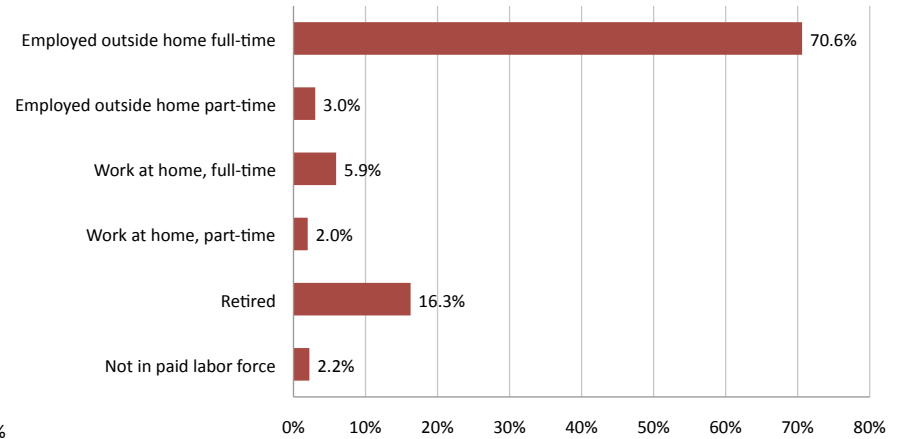


Existing Owner Demographic Characteristics

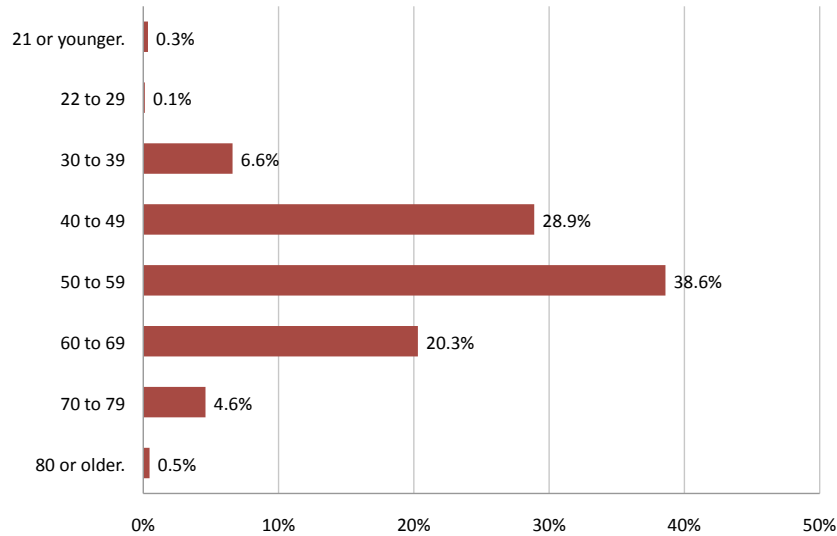
For statistical purposes only, please estimate your total annual household income, before taxes to be in 2010?



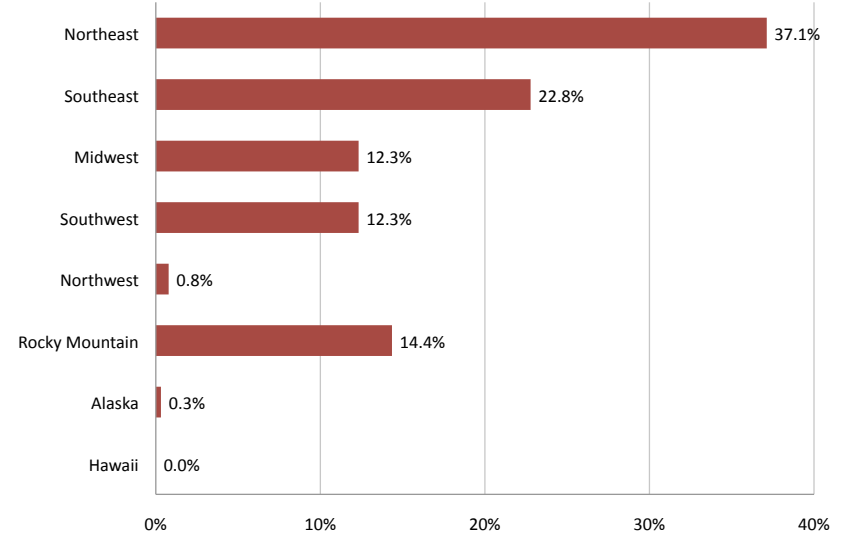
Please indicate employment status of the primary income provider in your household.



Please indicate your age.



Please indicate the state in which you reside.



Finding #1

Encouraging News: Active, Interested Buyers and Happy Owners

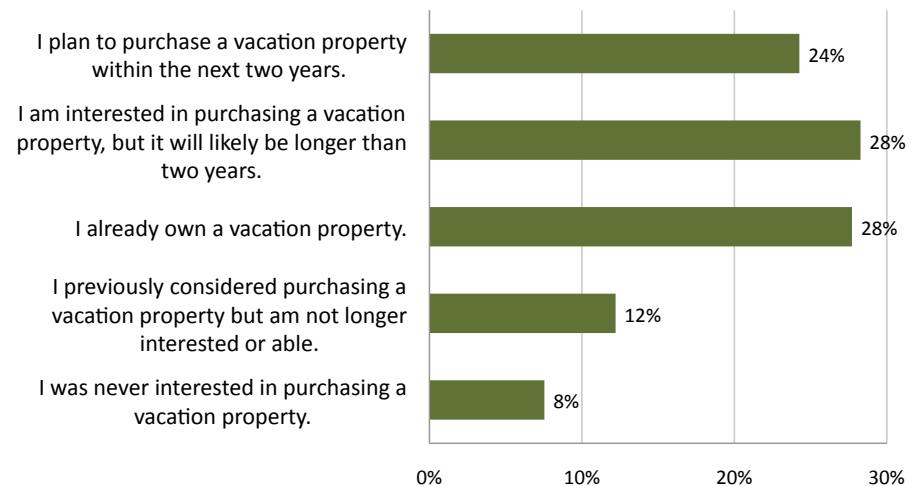
The resort real estate industry could use a bit of good news; so this makes for an excellent beginning.

1,252 Respondents Plan to Buy within Two Years

Out of 5,161 prospective customers that participated, 1,252 (or 24%) indicated that they plan to buy within two years and an additional 29% say they plan to buy, just not in the immediate future. The 47% balance indicated that they either already own (28%), are no longer interested or unable to purchase (12%), or were never really interested (7.5%). While this is not a measurement of actual market depth, it is strongly encouraging that a random sampling could turn up such a large number who indicate near-term intent to purchase. Furthermore, our resort partners reported that a majority of these potential near-term buyers were not identified as having such strong interest by their sales teams. We think that this is an indication that many interested prospects are reticent to engage with sales people and divulge their real level of interest.

In addition to the quantitative statistics, the over 4,700 write-in comments indicated that many think that now is a “great time to buy” and that “friends and family are more important than ever.”

Which of the following best describes you?



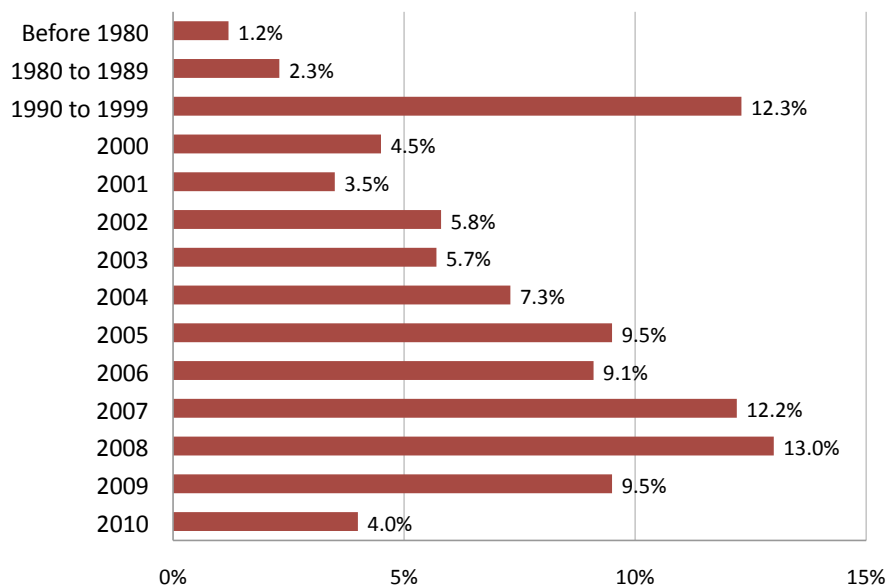
This encouraging news was also reflected in reality as our partners reported commensurate upticks in sales volume in 2010 relative to 2009, particularly in primary markets.

Owners Surprisingly Happy

Contrary to expectation, the response set from the 1,090 owners that participated indicated a high level of satisfaction with low numbers of complaints. Of note, only 14% indicated that

they want or need to sell their properties. This was particularly interesting in light of the fact that the majority of the owner respondents purchased during the peak pricing years; 58% purchased between 2003 and 2008.

In what year did you purchase your vacation home?



When asked questions about what they would purchase if they were shopping for a vacation property today, the vast majority indicated that they would purchase the same size home at the same price in the same location. These trends were also consistent with fractional owners who made up 24% of the owners' set.

In the write-in comments, there was also a surprising absence of themes of dissatisfaction. While there were a handful of scathing critiques, the overwhelming majority of comments were either endorsements or constructive advice intended to assist their developer hosts with information about their changing needs and desires.

It is certainly possible to question this conclusion on the grounds that this type of survey work may be prone to attract the extremes – either the highly satisfied or the highly frustrated, excluding a potential middle ground of owners who are lulled into apathy by a sense of futility fueled by challenging conditions. It is also possible that the set of resort partners willing to work with us in this survey are, as a group, both better positioned and better communicators with their ownership base creating a skew towards happier owners that is not consistent with the overall marketplace.

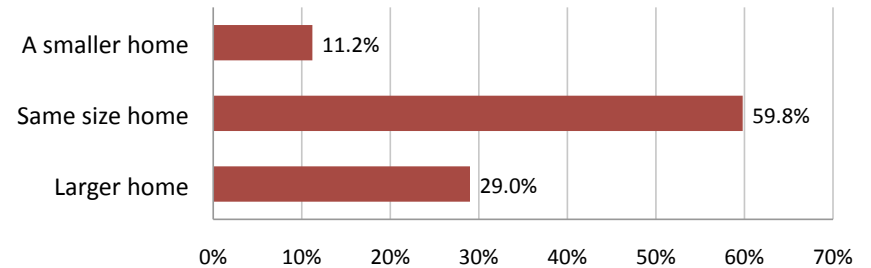
“Current ownership has confirmed our desire to own a second home.”

“It has kept our family together. When we spend the weekend in the city we are all in different rooms, or activities. A country place makes us spend more time together than we would in the city home.”

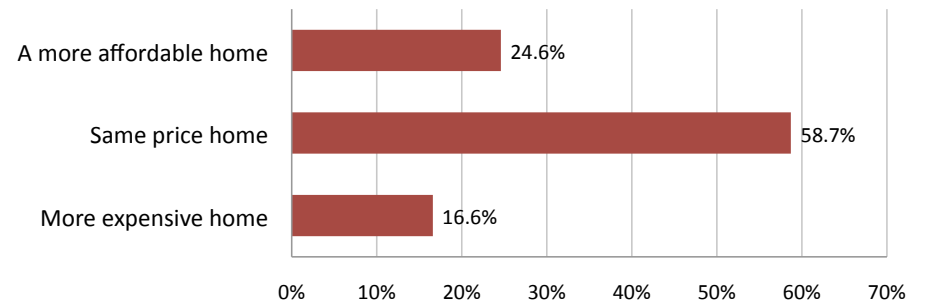
“Desire to continue ownership will increase over time as my children marry and want to use the property.”

“It has helped to bring our families together for vacations and a place that is very easy for us to get to...in driving distance...and a place to feel really relaxed.”

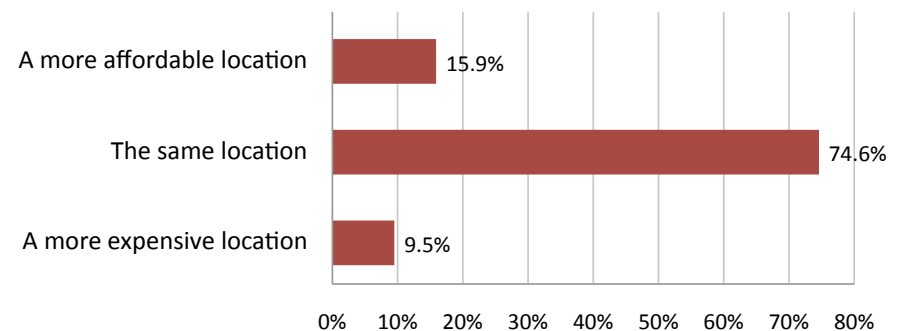
If I were shopping for a vacation home today, I would purchase ...



If I were shopping for a vacation home today, I would purchase ...



If I were shopping for a vacation home today, I would purchase in ...



Finding #2

Near-Term Buyers: Who are they and what motivates them?

In Finding #1, we identified 1,252 near-term buyers. Learning who they are and what motivates them was our highest priority. So our initial comparative analysis focused on what differentiated those who plan to buy within two years from the rest of the pack. We were determined to ascertain who these people are, where to find them, what they are interested in and, most importantly, how to communicate with them.

Two Primary Differentiators: Cash and Attitude

Two primary characteristics differentiated the buyers who plan to buy within two years: a distinct shift in attitude and better access to cash. This near-term buyer set indicated that both “owning a vacation home” and “spending time with family and friends” have become more important to them in the past two years at a significantly higher rate than longer-term buyers. In contrast, we found that neither age, income, location, recreational interest nor product interests contributed significantly to determining the likelihood that an individual or family will move forward with a purchase.

Prospective customers: "Much More Important" or "Somewhat More Important" in the past two years ...

	Buy in <2 Yrs	Buy in 2+ Yrs	Delta
Owning a Vacation Home	45%	26%	19%
Time with Friends/Family	53%	39%	14%
Health / Wellness	29%	21%	8%
Good Value	68%	62%	6%
Second Home = Retirement	48%	47%	1%
Living w/in Budget	56%	58%	-2%
Green	26%	30%	-4%

Similarly, analysis of other categories of personal

values or desires such as living within budget, purchasing at a good value and living in a green home did not produce notable differences between the near-term and long-term buyer sets.

So our conclusion: the factors that make a near-term buyer are simple. First, they appear to have greater access to necessary cash. Second, and more importantly, their values have shifted during the course of the financial crisis such that they more strongly desire the experience of owning a vacation home in which they can spend time with family and friends.

High Quality at Good Value Required

While it's no surprise that these near-termers want a value (68% said that "purchasing at a good value" is more important to them now), they are also strongly reticent to sacrifice quality or experience. A large percentage of the write-in comments described extensive efforts to find the "right home" at the "right price." When asked about potential cost savings measures, the near-term set reacted significantly more negatively than longer-term buyers who appear to be more sanguine about the potential need to compromise their desires. This was particularly true in the response to our question about "lower quality finishes" as a potential means of reducing costs. It should be noted that the near-term buyer set is likely to include a small group of individuals that were not in the market prior to the recession; reduced pricing has opened a new market to those that were once priced out.

"We purchased recently and were only able to do so because we could take advantage of the down real estate market. If we had to buy at prices of two years ago we would not have bought."

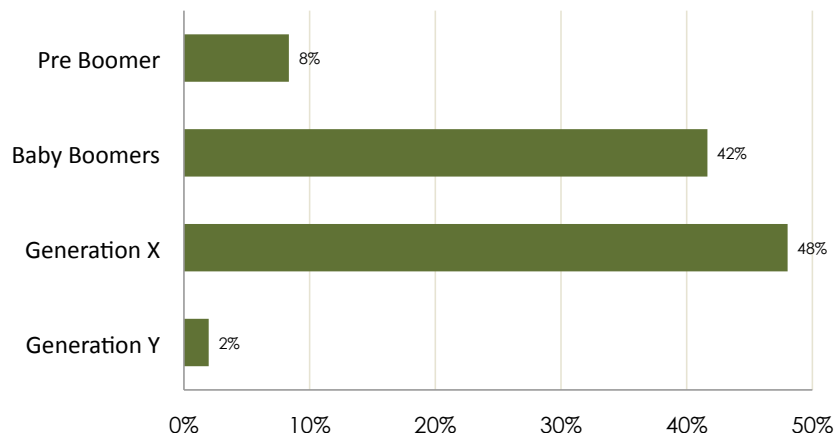
Prospective customers: "Very Negative" or "Somewhat Negative" ...

	Buy in <2 Yrs	Buy in 2+ Yrs	Delta
Lower Quality Finishes	66%	47%	19%
Shared Bathrooms	36%	20%	16%
Smaller Common Rooms	59%	50%	9%
Smaller Homes	33%	27%	6%
Less Luxury/Smaller Common Facilities	27%	22%	5%
Reduced HOA Services	37%	34%	3%

New Kids on the Block: Gen X Now Half the Market

One of the most significant findings of this survey is the near-term buyer set is almost evenly split between the Baby Boomers and Generation X. We believe that this is the first time that a resort real estate consumer group includes more Gen Xers than Boomers.

Age Groups of Prospects Who Plan to Buy Within Two Years



This finding has major implications for developers as it signals a changing of the guard in our industry and a significant requirement to provide products and experiences that meet the current needs of our historic customers, the Boomers, while also creating products and experiences tailored to the needs of a generation that comes with a number of unique differences in behavior and preferences. It is so important, in fact, that Finding #3 described in this report is a comparative analysis of the two groups’ responses to our questionnaires.

Deliberate Buying Process Requires Demonstrated Value and Stability

At the same time, the written comments indicate that prospective customers are highly focused on how and how often they will use their properties. In their search for the “right” choice they indicate a willingness to take advantage of buyer’s market conditions by taking their time to decide, and by supporting their decision making process with extensive research and substantially more information from sales professionals. In the sales process, the impact of the “magic” of our “stories” is largely negated; instead buyers require completed infrastructure and amenities as well as hard facts to demonstrate the value of the property, define the exact costs of ownership, qualify the stability and integrity of the developer, and confirm the stability and future of the greater community-at-large.

Reinforcing the need to provide these buyers consistent and accurate data is the fact that they appear to be proficient at sharing information between themselves. Sales professionals provide anecdotal reports that both facts and rumors make their way through both prospective customer and owner groups quickly. Additionally, this ready-to-buy group indicates that it is connected via the internet and social media; 97% e-mail at least daily or weekly and 42% use Facebook at least daily or weekly. Even the affluent group (reporting \$400,000 or more annual income) is connected with 36% on Facebook either daily or weekly. And don’t be fooled into thinking this is the younger generation’s influence, Boomers and Gen Xers demonstrated no difference in their adoption of these new platforms.

As a result, clear and accurate communication through multiple channels including electronic means appears to be critical to not only stay ahead of the rumor mill but also to gain trust of both potential buyers and, perhaps more importantly, existing owners.

I plan to purchase ...

	Buy in <2 Yrs	Buy in 2+ Yrs
Whole Ownership Home	77%	70%
Fractional Share of a Home	21%	27%
Vacant Lot	3%	3%

Fractional Buyers More Hesitant

In the complete set of interested purchasers, almost 25% indicated that they plan to purchase a fractional ownership (or Private Residence Club) home. But when the near-term buyers were segregated, the percentage dropped to 18.5%. Review of the write-in comments revealed similar hesitancy in purchasing fractional in the immediate future based on concerns about both their future potential for re-sale and their long-term financial stability to operate without significant increases in ongoing costs of ownership.

Some Preference for Private Clubs and Exclusivity

Consistent with their desire for high quality and their more negative reaction to potential cost savings measures, the near-term buyer group indicated incrementally greater preferences for private clubs and exclusive environments. 24% of near-term buyers said they will join a club relative to 19% of longer-term buyers. Almost one-quarter of near-term buyers said that exclusivity had become more important to them in the past two years relative to only 15% of the longer-term buyers. While this difference is interesting, it suggests little or no relief in the resolution of the dilemma facing so many of the private clubs in resort environments.

I am in less of a hurry to purchase than I was two years ago. Two years ago we were looking at single family ownership, now we are looking at fractional.

Market Misgivings

Despite their declared intention to move forward, the near-term buyer set expresses a surprisingly high level of misgivings about conditions in the market. Only 23% of near-term buyers say it's a "great time to buy" while a larger number, 28%, say prices will continue to fall and 23% say that there is "too much uncertainty to predict the near-term future."

Additionally, near-term buyers exhibit only a marginally superior understanding of current discount levels relative to the balance of the prospective buyer set. On average, near-term buyers believe that properties are discounted 13% relative to two years before (spring 2008 to spring 2010) relative to an average belief of 11% expressed by the larger prospect set. This is important in light of assessments in the previous professionals surveys that indicate an average discount of 29% during the same period and anecdotal evidence of even deeper discounts in most markets. This phenomenon and its implications are discussed in detail in Finding #5.

Finding #3

Boomers Shifting / Generation X on the Rise

Perhaps the most important finding from this research is the first time realization of a large prospective customer set with a plurality of Gen Xers in lieu of the historic super majority of Baby Boomers.

The younger set has arrived: interested and ready to buy. For over two decades, the resort real estate industry has focused its product design and messaging to accommodate the skiing, golfing, beach-going Baby Boomer. The news of Gen X's arrival signals the time to change that focus to allow two new perspectives: first, a new assessment of the needs of Gen X and, second, a re-look at their predecessors to determine how Boomer needs are changing with age and economic anxiety.

This section of the report provides a new look at both groups to aid in determining how best to tailor packages to each.

Comparing and Contrasting Two Generations

Generation X, commonly abbreviated Gen X, is the generation born approximately between 1963 and 1981 ¹ that follows the Baby Boom generation. The leading edge of Generation X is

¹ Definitions of the terminal birth year of the Baby Boomers and the first birth year of Generation X vary but generally range from 1960 to 1965. For the purpose of this research, the authors have chosen the mean years of 1962 and 1963 respectively.

“As I approach retirement, actually finding a home where I can retire has become more important.”

now in its mid-forties. Given the old adage in our industry that people buy second homes when they turn 49 ½ years old, Gen X appears to be right on schedule – if not a bit early.

The Baby Boomer generation includes those born approximately between 1946 to 1962. Next year, the first Baby Boomers will turn 65, the traditional retirement threshold. Take note: as the Boomers age, our surveys indicate that their inclinations are changing.

To understand the differences in their perspectives, we sorted the data sets by age. Given that our questionnaire asked people to report their ages within brackets of even decades, we were compelled to split the data between respondents under 50 and those 50 or older. While not entirely precise, this breakdown more or less divides along the boundary between Boomer and Gen X.

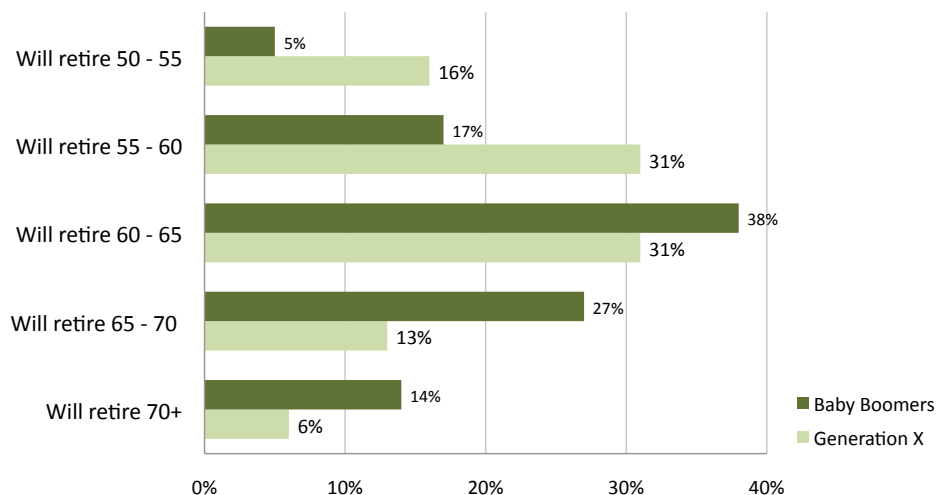
Boomers Reevaluating Their Futures

While most Boomers still want a vacation home, many exhibit high levels of financial stress in their survey responses. With the market crash, most put their plans to purchase on hold and many cancelled them entirely. Some Boomers indicate they have delayed their retirement to make up for lost wealth. Relative to their younger counterparts, they project on average their retirement to come 5 years later.

Offering additional evidence of anxiety, Boomer owners who want to sell their vacation homes indicate various forms of financial stress as the primary reason they want to sell.

Complicating matters, our resort partners have learned via their sales operations, that the Boomer group is divisible into two camps. First, there are some who have been severely wounded by the recession and cannot purchase. The majority of the balance who are still producing strong incomes can buy but are hesitant for other reasons.

When do you plan to retire? Boomer v. Gen X



In addition to these financial issues, the Boomers also strongly indicated a natural shift in interests resulting from advancing age. Aching knees and the early indicators of more serious maladies are leading them to a greater focus on health and wellness.

Many of the Boomers still in the hunt indicate that they have shifted their focus to include consideration of how and when they will retire. 42% of Boomer prospect respondents say that “owning a retirement home” is more important to them than it was two years before, compared to only 27% of Gen X respondents.

“We are two years closer to retirement, now about three or four years away, so we focused in on things a bit more.”

“Finding it more difficult to get to my vacation home, due to age and health factors.”

Many Boomer comments cited a real focus on getting kids through college, which in turn defers the decision to a period beyond the traditional purchasing years. When these prospects re-emerge, and we believe they will, they will be closer to retirement age.

“I have lost money on this investment and we use it less than we thought and now I see retirement in the near future so needs have just changed a bit.”

Gen X Optimistic by Comparison

By contrast, the younger set is more upbeat and optimistic, less shaken up by the economic collapse and less burdened by the concerns of age. In contrast, their focus is raising their children as they indicate preferences for children’s programming and family oriented activities such as outdoor education. This generation appears eager to provide their children more of the experiences that they enjoyed while visiting resort environments when they were growing up.

The Gen X respondents indicate that they believe they have time to recover from the economic crisis and will still be able to retire at a relatively early age.

The New Boomer: In Search of Lifestyle Longevity

The once invincible, now wounded Boomers are clinging to their youthful aspirations of active lives filled with recreation and cultural experiences. They are in search of what we call “lifestyle longevity” – the extension of their youthful lives in active, healthful environments.

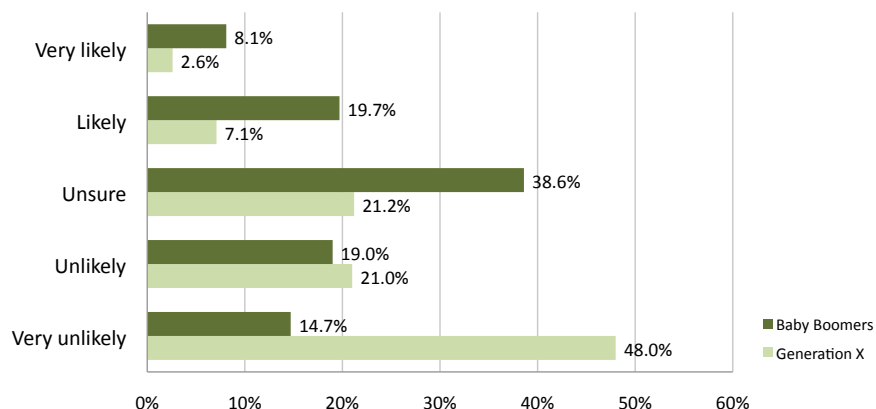
53% of Boomer prospects say that it is “Very Likely” or “Likely” that their vacation home will become their retirement home.

Demonstrating this desire, over half of the Boomer respondents indicate that their vacation home will “likely” or “very likely” become their retirement home. For those whose resort property cannot become their retirement home, they aspire at least to extend the years that they are able to enjoy it. In either case, they will need programming and services to support that desire.

As an additional point of interest, our Boomer set expressed a surprisingly high interest in Active Adult Communities. 27% of Boomer prospects said that they will “likely” or “very likely” move to an Active Adult Community. It is not clear how this potential impacts their interest in purchasing a second home. It does, however, illustrate a propensity for “resort style” amenities and programs within primary communities and reinforces the validity of our concept of “lifestyle longevity.”

This new focus on retirement and lifestyle longevity compels developers to consider whether their projects and products can be modified to accommodate the resulting needs. Communities with access to quality health care, cosmetic surgery, temperate climates and lower altitudes may be ripe for the addition of health and wellness services targeted at aging Boomers.

How likely is it you will purchase a home in an active adult community?



Gen X Focused on Family, Friends and Community

Consistent with contemporary demographic research on Gen X, our survey results indicate that this generation prioritizes time with family and friends over status symbols and luxury. They also ascribe more value to the quality and characteristics of their community than they

do to the quality of their individual homes. Sales and marketing professionals report that Gen X owners and prospects are more likely to participate in organized community events than Boomers; while this belies their reputation for independence, it supports their interest in connection to community.

The series of questions on potential cost saving measures is particularly revealing. Inside their homes, they are more willing to sacrifice quality finishes and to accept downgrades like shared bathrooms. But at the same time, they are less willing to accept smaller homes with smaller common rooms because they need the room to host their friends and family.

In their communities, they are less willing than their Boomer counterparts to sacrifice the service levels, access and quality of their common facilities. On the other hand, they are less interested in exclusivity and, accordingly, more willing to accept public access to common facilities.

Gen X In the Family Way

Some Gen X preferences distinct from the Boomers are simply the result of their different stages of life. The Gen X set prefers outdoor education and children’s programming, while the Boomers are more interested in life-long learning and performing arts.

Gen X Ascending the Resort Property Ladder

While Gen X has its peculiarities, they are in many ways following in their predecessors’ footsteps. Gen X owners are exhibiting the first signs of climbing the property ladder as the

Very Negative or Somewhat Negative ...

	Gen X	Boomer	Delta
Higher Density Neighborhood	54%	63%	-9%
Prefabricated Construction	52%	59%	-7%
Lower Quality Finishes	63%	69%	-6%
Shared Bathrooms	28%	33%	-5%
Smaller Homes	33%	26%	7%
Smaller Common Rooms	58%	49%	9%

Very Negative or Somewhat Negative ...

	Gen X	Boomer	Delta
Reducing Open Hours and Seasons	55%	43%	12%
Reducing Services and Programs	53%	42%	11%
Reducing the Size of Club Facilities	41%	36%	7%
Less Luxury/Smaller Common Facilities	38%	33%	5%
Reduced HOA Services	23%	20%	3%
Public Access to Common Facilities	29%	34%	-5%

"Won't Buy Without" or "Very Important" ...

	Gen X	Boomer
Outdoor Education	39%	31%
Children's Programming	42%	13%
Life Long Learning Programs	26%	36%
Performing Arts	26%	38%

“We could use a bigger home as our children want to bring friends with them.”

“We purchased a main floor 2 bedroom townhouse. I would like the same thing only 3 bedrooms with a larger living area - also on the main floor. Also the amenities in my neighborhood are minimal - it would be nice to have a children's play area, larger pool, tennis courts - the land is there and vacant, why not put it to use.”

Boomers did before them: purchasing the entry level home and then upgrading to larger properties as their situations change.

Second Homes – Not Vacation Homes

Of particular note was the discovery that many Gen X respondents prefer to think of their resort property as a “second home” instead of a “vacation home.” This distinction is important to them because they don’t see

their resort property as a place for vacation. Instead, they think of it as an extension of their regular lives, a second home where they are connected to a community of like-minded friends and can provide their kids an alternative experience to their urban or suburban neighborhoods. And with the shift comes a similar shift in vocabulary.

Interestingly, Boomers are making a similar shift. But their shift is driven by their new focus on lifestyle longevity and retirement. To them, this means the resort home is no longer just a retreat, it’s a place to live.

An additional trend that we identified outside of the survey is the reversal of primary and secondary homes in which families make the decision to spend more time in the resort location than their historic primary home. A new cohort of second home owners are now extending their use such that the spouse and children live there full time while the bread winner commutes back to the urban, primary home as required by their business obligations. If the transition is successful, it is then common to downsize the urban home or even eliminate it if work conditions allow.

A New Customer or Just Repeat Business

The combination of economic crisis and the emergence of the next generation of buyers compels developers to seriously rethink their products and positioning. The fundamental question is whether or not there really is a difference between the two groups’ preferences. Some argue that Gen X is just going through the same cycle their predecessors did and that their preferences are more or less the same as the Boomer’s were 20 years before. Others believe that the inclusive, community-oriented, family-focused Gen X buyer really is a

different animal who will eschew gated communities, private clubs and trophy homes while gravitating towards communities that provide some of the trappings of the New Urbanists but in a form that at least seems more organic.

Regardless of the answer, we believe what is most important is that this new group believes itself to be different from the Boomers even if their differences may be only perceived instead of material. So different or not, the outcome is the same. To sell to this group, our industry needs to do its homework to understand our new customers to ensure that we deliver the right products in the right packages, even if the ultimate result is that the wrapping paper is all that has changed.

Don't Throw the Baby Boomer out with the Bath Water

At the same time and despite the new emphasis on Gen X, Boomers are still half of the near-term market. They are, however, increasingly focused on retirement and lifestyle longevity. See Finding #4. While this is not much of a surprise given economic conditions and their advancing age, it will be important for resort developers and operators to come to grips with what this change means to them – not only for the sake of selling property to Boomer customers but also to keep them in their existing properties as long as possible. Therefore, developers with projects and products that they can tailor to accommodate retirement and lifestyle longevity requirements should do so.

Basic Reason to Buy is the Same

Despite these important differences, the basic reasons that either group purchases resort homes are the same: they are attracted to the lifestyle and recreational benefits of second home ownership. Nonetheless, this serves as a reminder that successful developers focus on the fundamentals during downturns. Reinvigorated sales and project turn-arounds will be derived from the combination of understanding current preferences of our customers, delivering efficient packages of products, amenities and services that address their specific needs and communicating the benefits of these packages in language that resonates among them.

“I don't consider our second home to be a vacation property.”

“What used to be a vacation home for my family has become a permanent residence for me. In the years since we had this house built, a vibrant community has grown up here. It has made the prospect of staying here into my retirement years first conceivable, then downright desirable.”

*“[My future home] needs
to continue to be
functional as I age and
become less functional.”*

Finding # 4

The Implications of Lifestyle Longevity

As we identified in Finding #3, the Boomers are newly focused on issues associated with age.

While they may be feeling a bit decrepit – physically and perhaps financially – they are approaching this new phase of life as they always have before: by breaking old rules. Armed with replacement knees, Botox and yoga, they plan to tackle age as no generation has done before.

Before the economic upheaval, Boomers purchased resort homes at historically high rates for a variety of reasons: perceived wealth was at an all-time high; financing was readily available; consumer confidence was over flowing; and the generation was feeling young, energetic and invincible. The crash resulted not only in a pricing re-set, but more importantly may have exaggerated the humbling re-evaluation that comes with age.

The first born of the generation is now in their mid-60's and the trailing edge is in the process of turning 50. Their aging joints are aching and the challenges of caring for their parents have taught them that living longer is not necessarily the most important goal.

Living younger longer is.

As they face these realizations, they are newly focused on securing their futures in retirement and extending the longevity of their active lifestyles. As we described earlier, over 50% of Boomers indicated that they plan to transition their second home into their retirement home and they indicate increased desire for health and wellness services and programs.

Access to emergency care will no longer be sufficient. Boomers will be attracted to communities that have easy access to a wide variety of medical services. The baseline will start with orthopedic and wellness services that promise mobility and continued ability to engage in favorite recreational pursuits. Youthfulness will be enhanced with cosmetic procedures that will compliment active lifestyles with protracted good looks. Ultimately, the offering will expand into requirements for oncology, cardiology and other life preserving services. Resorts that boast farm-to-table freshness and provision of locally grown ingredients will register high marks with this group. Resort communities that already have the base infrastructure required to provide these services and then elect to leverage this strength will no doubt enjoy a major competitive advantage.

We found it curious that 27% of Boomers indicate they are “very likely” or “likely” to move into Active Adult Communities. This seemed surprisingly high given the group’s desire to maintain its youthful self-perception and to be connected to younger people. So it must be the “active” part of these age restricted communities that they find attractive.

We also learned from Active Adult Community providers the idea that “retirement” is a dirty word for this generation. Either they maintain a part-time presence in their long-term work environments, opt for entrepreneurial pursuits, seek out volunteer endeavors, or even take on public service roles. As retirement communities have transitioned with the addition of life-long learning centers, fitness facilities, farmers markets, town squares and other resort style features, resorts must now transition to include traditional retirement services. Doing so will attract new Boomer purchasers.

More importantly, providing for the aging Boomer will keep current Boomer owners in their resort homes longer, spending money on goods and services and keeping their properties from hitting the competitive re-sale market.

Lifestyle Longevity in Mountain Resorts

If your base village is at 8,000 feet with the nearest hospital hours away, lifestyle longevity may not be your panacea.

But it may be a powerful tool for resorts with access to medical services, reasonably easy air or drive-to access to get to the grandkids, comparatively temperate climates and an existing, vibrant year-round community. Coalesce a robust wellness services package; adjust your spa from luxurious rubs to therapeutic treatments and lifestyle coaching; create platforms for life-long learning, the arts, and volunteerism; and ensure your electronic infrastructure supports telecommuting.

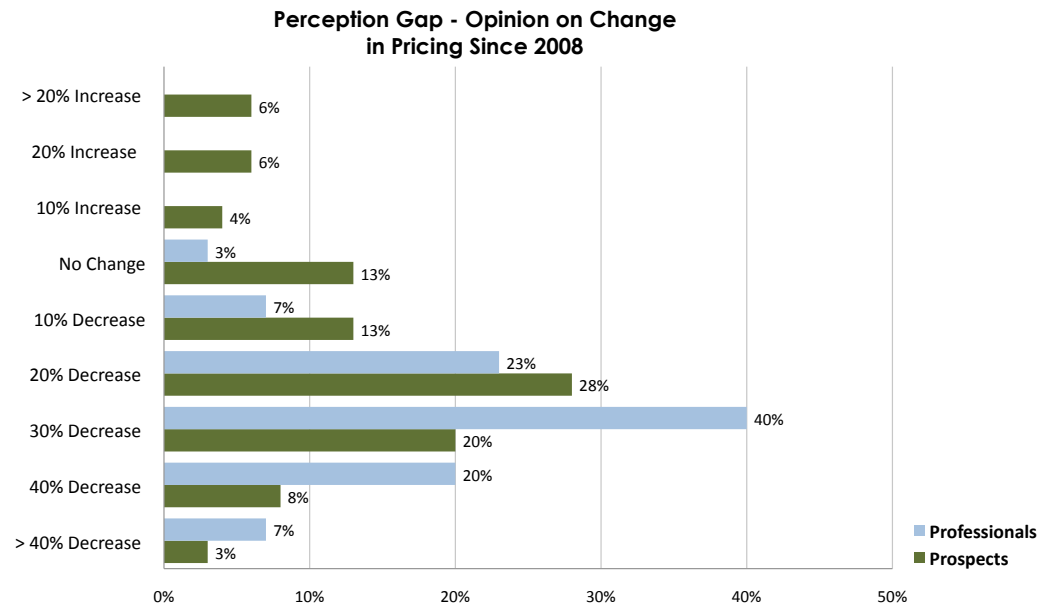
Finding #5

Consumer Perspective: Defining Value

Pricing Perception Gap

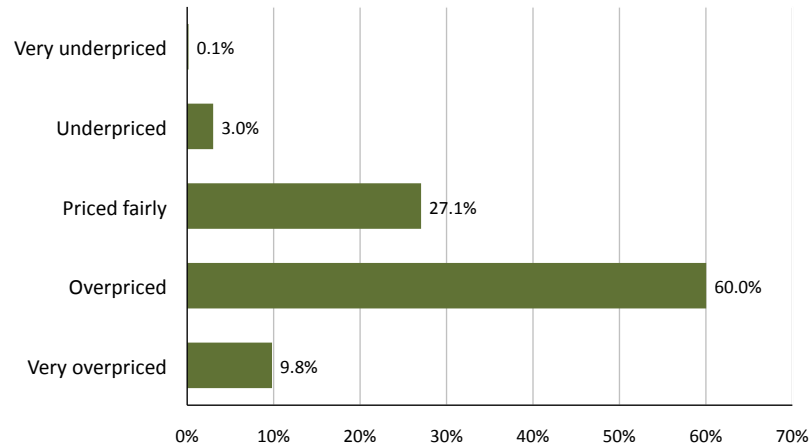
One of the most interesting and potentially vexing findings is a disparity between the perspectives of industry professionals (last surveyed in April 2010) and our prospective customer set regarding how much property values have changed in the wake of the recession. On average, professionals reported via the survey a 29% discount relative to pre-crash levels and many report larger discounts in actual sales prices. By contrast, the set of prospects who still intend to purchase perceive, on average, an 11% discount with some indicating that they believe that prices have actually gone up in the past two years. Even more interesting, when we isolated the near-term buyers group, there was almost no change in this belief. As described earlier, only 23% of the near-term group described current conditions as “a great time to buy” while 70% said they believe properties are “over-priced.”

On its face, the 18% perception delta (29% to 11%) between professionals and prospects means that our best potential customers don’t understand the extent

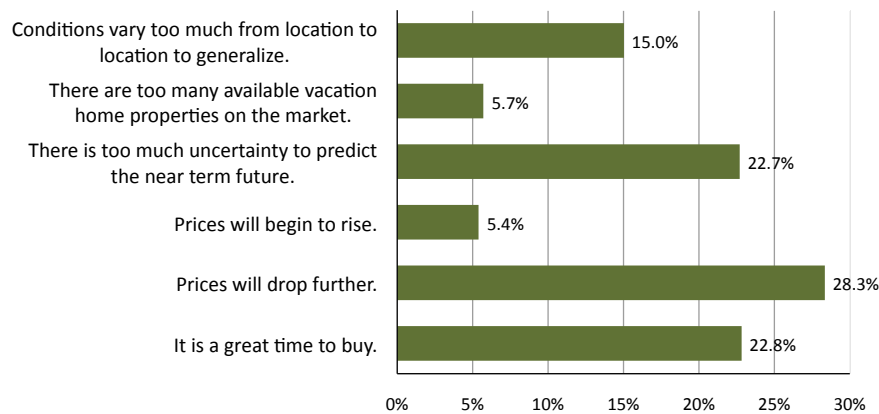


Notable Findings

Would you say that prices of vacation properties in the areas where you are interested in purchasing are:



Which of the following best describes your thoughts about vacation property market conditions?



of available discounts relative to 2008 pricing and, accordingly, the scale of the value opportunity available to them in the current market. Part of the misperception is due to the inconsistency of the pricing reset. Consumers assume that they deserve discounts consistent with those offered in over-supplied markets, less favorable markets, or on greatly distressed properties.

Partners Report Well-Educated Buyers

On the other hand, our resort partners and other industry relationships report that customers who are engaged in a real decision making process are well-educated about the discounted sales occurring in their respective markets. In fact, they report aggressive buyers who expect the best properties to be sold at the highest discounts. This news is consistent with our earlier descriptions of deliberate buyers doing their homework before making a purchase.

Owners Perceive Fair or Below Value Pricing

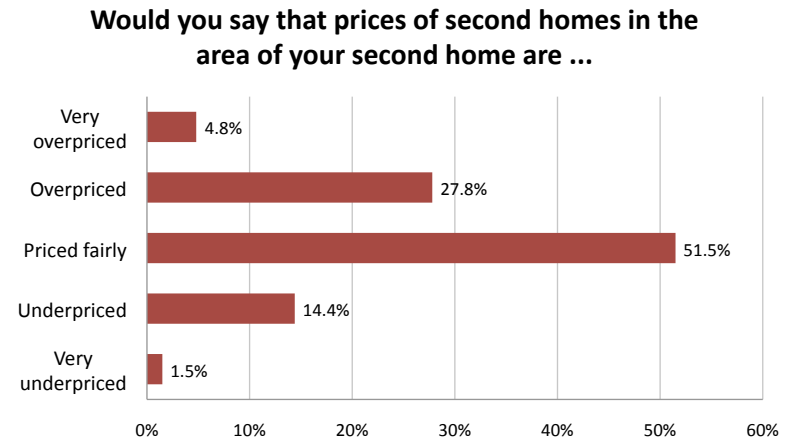
We also found a different perception within the set of owner respondents. We were not able to ask them to quantify their perception of changes in values because several of our partners were reticent to include the question. We did, however, receive their generalized responses. 66% of owners say they believe vacation properties are now “priced fairly” or “under priced.”

Marketing Opportunity

Given these varied perspectives, we believe that this perception gap of prospective customers is an important realization. Our interpretation of the market situation is that the customers actively engaged in the buying process are highly educated about market conditions. Beyond this active group, there is a much larger group of highly interested prospects who have not yet engaged in a meaningful search and are not aware of the magnitude of the opportunity for value purchasing. The resultant opportunity is to

determine marketing and sales tactics to close the perception gap to increase their enthusiasm and engage them in the sales process.

Resultant outreach programs must be deftly handled to balance this near-term opportunity with long term value protection and positive relationships with existing owners. One method to achieve this balance is the utilization of survey tools similar to the methods employed in this research. Honest efforts to gather customer feedback have the additional benefit of generating customer specific intelligence. Cross referencing respondents who express near-term interest with your database creates the platform from which you can deliver customer or small group-specific materials and sales calls that directly address their particular desires. As described earlier, several of our resort partners reported that the majority of survey respondents expressing near-term interest had not been identified by their sales teams as likely buyers. While the approach is data-intensive, it does create the opportunity for highly targeted outreach tailored to address the individual customer’s specific needs and desires.

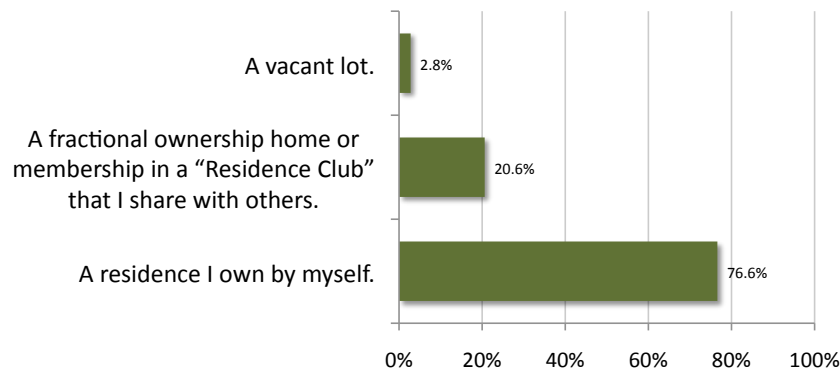


Finding #6

The Challenge: Build Your Way Out

Through the boom years, our industry prospered on campaigns that sold the Dream, the Vision, the Magic, and other intangibles while selling the most tangible of assets – real estate. High-concept sales centers lured prospects with bird’s eye view renderings, detailed models and lifestyle photos offering the promise of a dream home surrounded by a host of amenities. We created frenzied enthusiasm and fear that quick decisions were required to prevent the next person in queue from snapping up either the dream home, the chance to get on the value escalator or both. In that process, we sold an amazing amount of vacant lots and condominiums that came with ongoing association dues, stand-by water and sewer fees and property taxes.

What do you plan to purchase?



Vacant Lots: A Tough Sell

Today’s buyers have little interest in buying a plan, an idea or a promise, and, for the vast majority, no desire to buy a vacant lot. Of the near-term buyer set, only 2.5% indicate that they plan to buy a lot as their first choice. When the same set was asked via a different format question, 14% indicated that they are “very interested” in purchasing a vacant lot and 29% said that they were “somewhat interested.”

It is clear that our consumers have learned that the design

and construction of a home can be a painful process that includes the risk of cost and time overruns. This trend began long before the recession in an environment in which buyers were seeking certainty; the associated risks of buying a lot and building a custom home exacerbate buyer concerns.

In the short-term, most markets have inventories of completed homes that can be purchased at significant discounts, often below their replacement costs. As these inventories are absorbed, there will be demand for new finished products. Pricing will need to remain at the same levels for this new inventory requiring sellers to deliver product for lower costs. This means either smaller homes, smarter design, lower quality homes or all of the above. At the same time, sellers sitting on large inventories of vacant lots will be pushed, despite massive challenges with financing construction, to build homes for the sake of selling the dirt beneath them.

“I don’t want to buy a lot and build a house. I want to buy a home.”

What will these new products look like to be successful? We asked a raft of questions about potential cost savings strategies ranging from using less expensive finishes to using shared bathrooms for secondary bedrooms.

10 Pounds in a 5 Pound Bag

The responses to questions about cost savings measures present a troublesome dilemma. Many prospective customers tell us that they want to spend less and generally that they are willing to accept a smaller home. Yet, they also tell us that they are generally unwilling to give up anything but the superfluous extras.

In testing this finding with our architect colleagues, we were reminded that this is not the first time that customers have said they want smaller homes in concept but not in practice. Scope creep has been the standard operating procedure for years as homes intended to be 3,000 square feet became 4,500 square feet during the design process. So what makes the situation different this time? We think the answer is that the new reality of financing limitations will force people to make compromises. Consistent with this hypothesis, our resort partners indicate that real customers are proving more willing to make sacrifices when it comes to the actual decision to purchase or to the final design of their custom home.

Notable Findings

Nonetheless, efficient design solutions that deliver the most return on investment, including delivering the sense of luxury, will be in high demand. Architects should be gearing up to deliver cost effective design based on their understanding of the nuances of current consumer preferences.

Since you answered that you want to spend less, please rate your impression of the following possible ownership cost reducing measures:

	Very Negative	Somewhat Negative	No Impact	Somewhat Positive	Very Positive
Tolerable					
Eliminate Amenity Rooms such as Media Centers	4%	16%	34%	28%	18%
Reduced Owners Association Services	6%	18%	28%	39%	8%
Smaller Home	7%	23%	31%	36%	3%
Rental Income Potential	9%	11%	28%	46%	7%
Smaller / Fewer Common Amenities and Facilities	8%	26%	26%	26%	14%
Split Decision					
Less Luxurious/Smaller Common Amenities / Facilities	6%	29%	29%	30%	6%
Shared Bathrooms for Secondary Bedrooms	9%	21%	37%	22%	10%
Public Access to Community Facilities / Programs	11%	22%	37%	25%	5%
Negative					
Fractional Club Ownership Structures	32%	20%	18%	8%	22%
Smaller Bedrooms	10%	40%	30%	16%	5%
Smaller Outdoor Spaces	10%	39%	27%	18%	6%
Smaller Common Rooms	14%	39%	23%	20%	3%
Bunk Room in lieu of two Separate Bedrooms	22%	28%	21%	15%	13%
Highly Negative					
Smaller Kitchen	16%	40%	22%	19%	3%
Fewer Bedrooms	17%	40%	19%	19%	5%
Higher Density Neighborhood	22%	38%	29%	9%	2%
Prefabricated Construction (Modular or Panelized)	26%	30%	26%	14%	5%
Lower Priced / Lower Quality Finishes	28%	39%	16%	15%	3%

Smaller Homes at a Premium

During the boom, many markets, particularly top-tier environments, experienced the curious phenomenon of larger homes selling for more per square foot than smaller homes.

With the end of the previous age of excess, the required shift to lower price products and therefore smaller homes will likely result in a return to the traditional, and more logical, order in which smaller properties are sold at a premium when measured by value relative to unit of area.

Cost Savings in Common Areas and Facilities

When we queried consumers about potential cost savings measures relative to common facilities within their resort communities, we found a similar desire to reduce cost and a willingness to sacrifice scale. But equally, we found reticence in giving up the core luxury amenities. While prospects demand reduced association, club, management and other fees, they tell us they are unwilling to give up the spa, fitness center and golf course. They did, however, express tolerance for sharing facilities with outsiders in order to protect the provision of the services and facilities they expect.

“[This resort] has exclusivity like a country club now but bills itself as a resort. Resorts are typically open to all who stay there and pay as they go or who pay a fee. It is now closed by membership like a country club and I believe this is hurting the atmosphere and the market. I would not buy here again and I am frustrated because that is not what I was sold and it is wrong to change the rules for those who already purchased under the earlier agreements of sale.”

“Be careful about trading [this resort’s] high standards for a few bucks off association dues, or a less perfect recreation experience. We had endless resort home choices. We chose [this resort] because you are a cut above across the board. Look for efficiencies, but don't lose that.”

Finding #7

Major Sales Hurdles: Antipathy for Carrying Costs and Master Planned Communities

“The cost of home is one thing.

The other costs such as escalated property taxes just because it is resort property, utilities, dues, etc. are getting more attention. Total cost of ownership!”

“Carrying charges must come down for more people to afford due to hard economic times, low wages and uncertainties.”

Analysis of consumer responses to our surveys revealed two major hurdles facing sellers: significant frustration with high ongoing costs of ownership, and growing antipathy for the idea of a master planned community.

Assault on Carrying Costs

Owners and prospects alike indicated significant frustration about high carrying costs. Our resort partners report that this is the most frequent objection they face in the sales process as buyers prove less concerned about upfront price than they are about ongoing fees, assessments and taxes. Interestingly, wealthy Boomers often express concerns not about their ability to afford these costs, but about their children’s future ability to afford them when they ultimately inherit the property.

As we learned in the previous finding, there is no easy road map for designing the perfect set of services that provides just enough at a tolerable cost. This problem is going to have to be solved project by project as each determines what its customers require and what they will live without. There is, however, no doubt that the gilded age of 50,000 s.f. clubhouses and 24 hour concierge service is over.

The Paradox of Antipathy for Master Planned Communities: Happy Owners and Experience-Oriented Prospects

As a corollary to their frustration with carry costs and control issues, consumers expressed significant negativity about the idea of “Master Planned Communities.” 55% of near-term prospects say that they are “not interested” in buying in a master planned community. Only 3% said they won’t buy without.

Compounding the question, Gen X respondents voiced even greater negativity, as 61% said they were “not interested” in buying in a master planned community. 71% said they are “not interested” in buying in a gated community (compared to 54% of Boomers).

The paradox of this finding, of course, is that the same set of people tell us they generally want the characteristics, experiences and amenities that come with master planned communities. So before you get your hackles up, let’s examine what this really means.

We surmised that negativity might drop with the more affluent. But when we segregated near-term prospects with income in excess of \$400,000, the percentage declaring they were “not interested” in buying in a master planned community remained the same at 55%; on the other hand, there was a small increase in positive perceptions as 12% of this group said they “won’t buy without” a master planned community. Only 9% of the same affluent set said they “won’t buy without” a gated community and 54% said they were “not interested” in them.

After talking with many of our resort partners, we concluded that this negativity is not about the physical characteristics of master planned communities. Instead it is predominantly anger at home owners associations spawned from frustration with carrying costs, lack of individual control, covenants & restrictions and the wide variety of challenges owners face with home owners associations, property management providers and clubs. Owners in developer-controlled associations are particularly prone to be frustrated by lack of control issues, particularly when owners believe that the developer has broken promises.

The increase in negativity expressed by Gen X is consistent with the group’s tendency to be independent. And their particularly large distaste for gated communities is consistent with

“Although I love our vacation home I have learned that my HOA fees are way too much and not a good value! They are also overly restrictive...”

“Home owners fees are too high because they are unfairly calculated. I have lost confidence in the developer because of that. I feel the developer will always hurt the owners in the future. This frightens me. These two reasons are why I want to sell and are the biggest reasons TODAY why no one is buying [this product] at the original prices.”

Notable Findings

“Did not realize there were so many costs (Resort Association fee) etc. for which we would receive little value.”

“Constantly being nickelled and dimed to death”

“Management’s fees excessively high. Don’t provide value commensurate with fees.”

“I do not like the high cost to participate in resort amenities. This should be automatically included in home ownership.”

“While concept of condo hotel is a good one, execution of this could be done better. There should be a sense that owners have privileges, this has not been the case ... on the contrary sometimes the sense is that we are beholden to management and their decisions about our own property. Not customer-centered focus.”

their heightened desire for inclusivity and tendency to eschew status symbols.

While it is easy to eliminate the gate, the solution to the dilemma with owners associations is elusive; associations are not easily replaceable as there are limited alternatives for governing structures. And they are almost impossible to restructure or dismantle once implemented. Nonetheless, developers should consider limiting services and controls in future iterations (or in communities in which they still control the association) as a means of reducing fees and increasing individual control. And at a minimum, the language of how we describe owners associations needs to be redefined – even potentially creating new names for them that reflect their positive virtues. Changing how we talk about owners associations would serve as both an acknowledgement of their problems and also a means of repackaging them, particularly to Gen X buyers. One of our partners concluded that our guests love the thought of community, yet have a general distaste for the association, so why not modify the nomenclature – a “master-planned community” should simply be presented as the “community.”

Finding #8

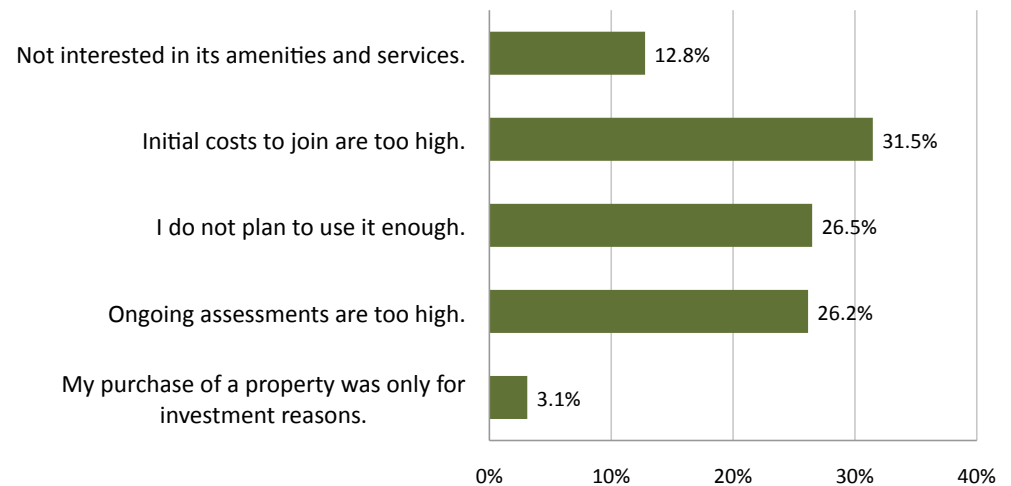
Focus on Usage

A New Age of Usage

While prospective customers express uncertainty about what size second home they want, they are certain about their desire to have a home that they will truly use. If this is the end of an age of excess, we appear to be shifting back to a period focused on practicality and maximum usage. Owners are weighing costs against how much and what they actually use and are ready to trim services and amenities to reduce ongoing costs.

The highly mobile Gen Xers are focused on high frequency use as they continue to blur work with play, and share their frenetic lives with family and friends. Boomers are focused on enhancing their golden years by using their resort properties more; some because they need to maximize stretched resources and others in the pursuit of lifestyle longevity. Fractional buyers demand flexible use plans more than any other attribute to create the most potential for them to use their time allotments. Club members and HOA members are weighing their actual usage against high fees; as a result they express new willingness to open the gates to public access to increase facility utilization

Why would you choose not to join a club? Check all that apply.



Value has become a relative term based on use.

Getting that much older, thus closer to that time when a vacation home can be used more and becomes an important part of your social and physical well being.

Important as long as the property is used on a regular basis to justify the investment.

and reduce membership costs. Owners are increasingly willing to put their properties to work when they are absent and are becoming more open to renting them to others. Prospects want to determine how much they will actually use a property before they buy.

In short, it's all about usage.

Interestingly, but not surprisingly, there is a pronounced gap between prospective customers who desire robust amenity and service packages and existing owners who have learned from experience they don't really use all of the bells and whistles of their amenity packages. As an example, prospective customers expressed a requirement for fitness centers while the majority of owners understand that these private gyms sit empty and are ready to reduce operating hours and seasons.

As our consumers struggle to rationalize either a purchase or continued ownership based in part on their perception of their ability to cost effectively utilize their properties, the implications for developers is significant. At one end of the spectrum, developers will be well-served to get ahead of this curve by focusing on all areas possible to reduce ongoing costs of ownership – from making owners associations more efficient to analyzing means to reduce utility and tax bills. At the other end, sellers will realize benefits by developing language and messages that directly address the new consumer focus on maximizing utilization. Consumers will no doubt respond positively if they believe that the goals of their community and its sponsor are aligned with their own.

A few of our resort partners have established new programs centered on growing rental income per unit and reducing the annual cost of ownership as a method to combat prospect hesitancy towards a purchase and to offset the negative effect the economic news has on prospects' willingness to act.

Finding #9

Noteworthy Fractional Buyer Differences

A considerable number of prospective customer respondents indicate they plan to buy a fractional property – almost 25% of the total sample.

These fractional buyers are clearly motivated by the lower cost of shared ownership. Furthermore, we found that their perspective on the benefits of ownership is different. In lieu of connection to a community, they view fractional properties more like vacation clubs and want a robust lineup of amenities and services. Accordingly, relative to whole ownership prospects, they are less tolerant of potential cost savings measures that would reduce the amenities and services. One of our resort partners reported that their private residence club has won over women that see whole-ownership as just another home that needs to be cleaned while the rest of the family is out having fun. The services of the club give her a true vacation from domestic duties.

There was no surprise that fractional products are by measure of the surveys more attractive to the less affluent and the younger.

However, the near-term buyer set was less inclined to purchase fractional products. Based on their written comments, one of their primary reasons for increased hesitancy is concern about their future ability to re-sell their fractional shares. We also surmise that there is a resistance to complicated ownership structures in the aftermath of an economic crisis accelerated by the creation of intricate financing schemes.

It seems as if being a fractional owner is a much better value for me.

My impression was that fractional ownerships were in less attractive facilities and that the unit suffered some abuse through time from thoughtless occupants, including renters. I'm currently staying in a friend's fractional ownership, and I'm very impressed with it.

Notable Findings

Past three or four years the values have dropped 20 to 40%. This is not an investment but now a luxury. The idea of a vacation home as an investment should not be considered. To market vacation homes today I believe fractional ownership or strong rental programs are more important.

Have not considered fractional property in the past, but are considering it now.

The following table on fractional program structures provides a great look at prospect and owner preferences regarding usage plan structures. Flexible usage is the most critical element for interested consumers.

Please rate each of the following in terms of importance to you in considering a fractional residence purchase.

	Won't Buy Without	Very Interested	Somewhat Interested	Not Interested	Not Applicable
Smaller Fractions with Shorter Available Timeframes to Reduce Ownership Costs	3%	32%	45%	14%	6%
Larger Fractions with Longer Available Timeframes to Increase Available Usage	3%	29%	45%	20%	2%
Flexible Scheduling Plan	24%	55%	19%	2%	1%
Guaranteed Fixed Timeframes Each Year (e.g. - always having the same week each year)	6%	21%	37%	26%	10%
Guaranteed Access to the Same Unit	13%	35%	35%	16%	0%
Access to Other Properties in Other Locations	16%	38%	35%	10%	2%
Ability to Utilize the Property more than an Owner's Allocated Time When Unoccupied by Other Owners	14%	46%	33%	5%	1%

Finding #10

Differences Between Income Brackets

Product, Amenity and Program Preferences

The more affluent set expresses a greater interest in the performing arts and recreational amenities like golf, swimming pools and dog parks. However, their interest in more active pursuits like alpine skiing or trail networks differs little from the less affluent set.

Won't Buy Without / Very Interested

	Golf	Swimming Pool	Trails	Ski/Board	Spa	Dog Park
Less than \$200	39%	77%	77%	77%	39%	62%
\$200 to \$399	43%	79%	79%	71%	35%	60%
\$400+	50%	84%	78%	72%	38%	69%

Very Negative or Somewhat Negative

	Fractional	Smaller Home	Bunk Rooms	Shared Bath	Less Lux
Less than \$200	48%	25%	49%	58%	58%
\$200 to \$399	51%	31%	49%	56%	57%
\$400+	61%	40%	40%	56%	44%

Won't Buy Without / Very Interested

	On Golf	Ski In/Out	Gated	Master Plan
Less than \$200	16%	33%	9%	12%
\$200 to \$399	16%	37%	13%	16%
\$400+	22%	44%	18%	21%

Psychographic Factors

When we segregated the responses of prospective customers reporting incomes in excess of \$400,000, we found surprisingly few attitudinal or psychographic differences relative to their less affluent counterparts.

The more affluent is generally less interested in owning a green home, health & wellness programming, living within a budget and converting their second home to a retirement home. Interestingly, they tell us they plan to retire slightly later than their less affluent counterparts.

Relative to two years ago, please rate how the following have changed in importance to you.

	Owning a Vacation Home	Time w Friends and Family	Owning a "Green" Home	Luxury Finishes and Amenities	Living within a Budget
Less than \$200	33%	42%	31%	29%	70%
\$200 to \$399	37%	49%	27%	35%	55%
\$400+	34%	42%	23%	45%	46%

Projected retirement age.

	<50	50-55	55-60	60-65	65-70	70+
Less than \$200	2%	11%	26%	35%	19%	8%
\$200 to \$399	2%	11%	25%	34%	17%	11%
\$400+	5%	11%	20%	30%	20%	13%

Won't Buy Without / Very Interested

	Performing Arts	Children's Prog	Life Long Learn
Less than \$200	42%	27%	32%
\$200 to \$399	50%	30%	31%
\$400+	52%	28%	27%

Finding #11

Regional Cohesion

We anticipated that we would find differences in attitudes and preferences when we segregated consumers by region. Accordingly, we conducted a lengthy analysis, filtering the data by major geographic areas. What we found, however, was that there were almost no differences of note from region to region. The only significant variance we could identify were differing projections about retirement age as Midwesterners told us that they plan to work much longer than people from the coasts or the sunbelt.

While this finding may seem dull, we think it is significant. This regional cohesion in the data means that the reported findings are not dependent on location. Instead, it supports the applicability of our generalized conclusions regardless of location.

Conclusions

In the introduction, we stated that the purpose of this research was to identify consumer trends emerging from the current economic crisis, with a focus on the identification of actionable intelligence useful to developers. Accordingly, we have summarized our interpretation of the findings in the following conclusions.

Conclusion #1

There is a Market!

When we started this project, we wondered if we would find a materially substantial cohort of willing buyers. The discovery of such a large set – 1,252 people who intend to buy within two years – was very encouraging. Is there a market? Definitely yes!

This data point is no measure of actual market depth nor an accurate predictor of how many of these people will be able to follow through with their plans. And there is no doubt that this number of near-term buyers is significantly lower than it would have been before the crash. Responses from people, particularly Boomers, who are no longer active prospects confirm what we already knew. Many were hit hard by the recession, losing their jobs, savings, or both and many were dependent on easy financing that is no longer available. Speculators are gone. And the arrival of Generation X to the buying years may be good news because the group is generally more optimistic; but it also represents additional market constriction because there are simply fewer of them.

Given all of these factors, we recognize that the resort real estate market has contracted significantly. Yet, in light of the extreme decline in sales in the past two years, the discovery of such a substantial volume of interest via a random sampling is nonetheless welcome news.

Many of these potential buyers appear to be stalled. Some are stuck in deliberation looking for the perfect home at the perfect price, while others are waiting for either personal financial stability or the perception of greater market stability. Many, of course, are waiting for financing to become more readily available. Given the long lists of inventory and the lack of urgency in the marketplace, many of these prospects seem overwhelmed by the options. When asked why they haven't purchased yet, they claim that the reason is that they simply "have not found the best product, in the best location, at the best price."

On the other hand, there is clearly a segment of prospective customers that are energized by the availability of discounts; this is evident not only in the survey but in real experience in sales centers. Resorts around North America are reporting increased activity by bargain hunting buyers. These people have proven to be challenging buyers - they typically come to the sales center armed with knowledge of deep discounting and demand the best properties at the deepest discount.

Despite the focus of current buyers on finding good value, the key characteristics that differentiated the near-term buyers are more positive. What distinguishes them from the rest of the group was not market perception, age, income, region, or product interest. Instead, the distinguishing factors were access to cash and a simple increase in their desires to own a vacation home and to spend time with family and friends. The recession forced people to reevaluate their priorities and values. Many families concluded that spending quality time together away from their regular stressful, time-constrained lives is now more important than ever.

This is positive because it means that their primary compulsion is not opportunistic bargain hunting. Instead, it is the best reason of all – the basic desire to own and enjoy resort properties. When you couple this knowledge with the volumes of information about their desires and concerns, you are newly armed with potential new tools to help them move forward with a purchase. These tools include both strategic changes to products and new language to describe how our products meet their needs.

Two years ago I was all about working my _ _ s off to build for my future, now I realize that it's about living in the 'now'. Working hard, playing hard ... rejuvenation and wellness are so incredibly important in acquiring professional success! I work in a high-stress, fast-paced industry and now more than ever I need an escape!

"I continue to believe it to be the best financial decision I have made in 10 years."

Conclusion #2

Generational Shift Underway

Generation X Half the Market

In light of the old adage that people buy second homes when they turn 49 ½, it's not a complete surprise that we found more Gen Xers in the buying set than we did Boomers. The first born in the generation are, after all, are on the threshold of 50.

But their arrival as such a large percentage of the market is a hugely significant finding. It represents a market shift in an industry that has tailored its products and messages to the Baby Boomers for the past 20 years.

When isolated, the Gen X respondents indicate that their motivations and preferences are different from their predecessors. This led us to the conclusion that it's time to focus on their distinguishing characteristics to identify how to tailor new product and messages to meet their needs.

Some industry veterans counter this assertion with the idea that this is just the normal evolution of our industry, the natural cycle of people coming of age and repeating the behavior of their predecessors. They argue that people have a set of wants and needs specific to raising families and have a different set of wants and needs when they become empty nesters.

Historically characterized to be independently minded, the Gen Xers, however, do not want to be sold the same package as the Boomers. They see themselves as family-focused, hyper-inclusive and community-oriented. They are the first generation that is profoundly adept technologically and relish their resulting mobility. They express a distinct preference for “second homes” instead of “vacation homes.” This semantic distinction is important because it reflects their desire to integrate their primary life with their resort life, using their resort home as an extension of their primary home. This means higher frequency visits and a strong desire to develop a community network within the resort environment, particularly for the benefit of their children.

We conclude, therefore, that careful study of Gen X preferences is critical to future success in converting them from prospects to owners. This generation expresses a casual disdain for the systematic approach of previous generations. If true to their word, they really do want something different. If true only to their place in the cycle of life, they need products that meet the needs and budgets of families with children. No matter which is true, the language and messages that will attract them is different from what worked for the Boomers.

Boomers in a New Phase

We caution, however, that the Boomers remain half of the market in the near-term and therefore deserve similar study to address their evolving needs. The combination of their survey responses and reports from our survey partners reveal that they are going through an important shift in attitude and preference.

The timing of the recession coincided with the Boomers’ first taste of the dilemmas of advancing age. They are not only experiencing their own aches and pains but are also raw from the experience of watching their parents convalesce. Add serious financial upheaval to the mix and the result is a new outlook on resort property ownership.

Our resort partners find a strong distinction between Boomers who have been severely wounded by the recession and those that have come through with incomes and, at least, a portion of their portfolios intact. While this distinction is important, its implication is not complicated. The severely wounded will likely not become buyers unless and until they are

“We are looking at where we would like to retire, as well as get a place where our families can visit and have a little vacation while doing so.”

ready and able to trade their existing primary home for a resort home on a full-time, retirement oriented basis; so the focus is on finding those who still have the means to fulfill their dreams of second home ownership.

Regardless of their current financial condition, the events of recent years and the natural cycles of aging have conspired to change their focus to determining their retirement plan, extending their limited resources and, more importantly, extending the longevity of their active lifestyles.

Over half of Boomer respondents indicate that they want their resort home to become their retirement home. Fitness, wellness and continued active recreation are among their highest priorities. Products and services that promote this lifestyle longevity will be critical not only in continuing to attract new Boomer buyers but also in keeping them in their current properties. This potential of retaining them in their current properties longer not only avoids additional competition from re-sale inventory but also keeps customers who are prone to spend money in the resort.

Conclusion #3

Uncertain Buyers Delay Purchase Decision

Despite the enthusiasm expressed by the 1,252 near-term buyers, they indicated significant uncertainty about market conditions. Less than one-fourth described current conditions as a “great time to buy” while a larger group thought, in contrast, that “prices will continue to fall.” Additionally, consumers believe that sizable price appreciation and easy re-sales are part of the past. Knowing there is no easy exit, they are determined to find the “right” property the first time. They need to believe not only that the chosen home meets their usage requirements but also that it will likely hold its value in the future.

Given all of these factors, prospective buyers are very slow to make decisions, looking for the best deal on the best properties while scrutinizing the project and the developer’s ability to deliver. Not only do they want the “right” home, they also want to avoid getting burned.

While their survey responses indicate a lack of understanding of the extent of currently available discounts, it is clear that prospects engage in unprecedented levels of due diligence before purchasing and arrive at sales offices highly educated about recent discounted transactions. Both owners and prospects exhibit clear understanding of the difference between resorts that communicate openly and honestly and that exhibit incremental improvement relative to “zombie” projects caught in the spiraling effects of recession.

Given all of this, today’s consumers have committed themselves to being more careful with their money, to the possibility of delayed retirement and to delayed economic recovery. They do, however, remain intent on giving their children and grandchildren a rich set of life experiences, spending time with family and friends and enjoying active, recreational lifestyles. Their aspirations haven’t changed but their frugality and pragmatism have. Positioning our resorts as an essential element to achieving these goals is critical.

*Buying homes is easy,
selling them is not so easy!
I want to make a very
educated, well thought out
investment decision in a
place that I'd be happy to
own (and could afford) for 10
years or more. I am looking
long-term, and until I can be
sure that I can afford that,
and that I'm sure of where
we'd like to be, I won't buy.*

“Will look at HOA fees and common assessment cost much more closely. They eat up most of any rental income and are simply too high at most locations.”

Conclusion #4

Immediate Barriers

Carrying Costs

The sensitivity to ongoing carrying costs is immense. Both the survey and feedback from our developer partners indicate this is the most common, if not largest, hurdle in the sales process today.

In addition to tackling costs in their immediate control, such as services provided by developer controlled home owners associations, developers need to further align themselves with their customers to fight costs. We learned of task forces established by one of our resort partners to address all ownership costs. They are working with county assessors to reduce valuations, talking to municipal districts to keep tax rates in check and sharpening their water company budgets, looking for even the smallest of savings. “Going to bat” for the customer will earn big points in the sales process.

Vacant Lots

Vacant lots are a tough sell. Savvy consumers understand the challenges of designing and building their own homes. Horror stories of cost overruns exacerbate fears of uncertainty in general and current distressed sales demonstrate that homes can be worth less than the costs to replace them.

Yet, much of the available standing developer inventory is vacant lots. So our industry is faced with the hard choice of having to build its way out. The lack of financing for speculative construction makes this an immediate impossibility for many, if not most; but financial partners will ultimately have to reconcile current limitations with the fact that building is often the only viable avenue to generating sales of any scale.

**Codes, Covenants, Restrictions, Dues, Special Assessments, Design Review,
Developer Control: The Dark Side of the Master Planned Community**

Our research uncovered general consumer hostility, particularly in the younger generation of prospects, to the idea of a master planned community. When we shared these findings initially with industry professionals, we encountered a defensive audience who found fault with our methodology or expressed general disbelief.

So before you reject this finding, take a quick breath and bear with us. This is important.

The paradox is obvious. These are the same people who express high levels of satisfaction with the physical realities of master planned communities and strong desires to enjoy the experiences offered by them.

With close readings of write-in comments and extensive discussions with our resort partners, we conclude that this anger is not with the place; it's about how it is governed, what it costs to operate, and sometimes the broken promises of its creator. While this may be a microcosm of larger political trends, it nonetheless has real impact on sales and customer retention.

In reality, home owners associations exist because traditional municipal governments either can't or won't assume responsibility for the level of services developers believe their customers require. They are therefore hard to replace and hard to modify once implemented. The reality is that they are imperfect, often secondary considerations for developers and sources of real frustration for their members. Add in a sense of betrayal by the people who sold them and the result is a negative reaction to the larger package, the Master Planned Community.

The opportunity inherent to this issue is the potential to re-think how they are structured, what services they provide, how they are managed and how they are packaged. No matter what, the issue needs to be addressed.

*“We still like the idea of
owning a vacation condo, but
not property we have no
control over.”*

Pricing

We also discovered that most interested prospects do not understand how deep available discounts really are. We found, however, that customers actively engaged in the sales process are highly educated including a detailed understanding of recent discounted sales. Our analysis of this contradiction is that there is a much larger group of highly-interested prospects who have not yet engaged in a meaningful search and are not aware of the magnitude of the opportunity for value purchasing. The resultant opportunity is to determine marketing and sales tactics to close the perception gap of these prospects to increase their enthusiasm and engage them in the sales process.

Conclusion #5

Marketing and Sales Implications

Address the Challenges

Consumers conduct extensive diligence before purchasing. And they are typically well-networked with current owners who communicate with alarming efficiency through both traditional and new technology means. So neither hiding from challenges nor attempting to gloss over them is an option. Developers who are direct and honest about current project status, their efforts to create stability and ongoing work to create incremental improvements are the only ones who stand a chance of succeeding.

New Language and Messages Required

Perhaps more important than the delivery of new products, marketing and sales organizations are pressed to craft new language and messages to address contemporary buyer requirements and concerns.

On the language side, we identified a few prime examples; certainly there are many more. Gen X consumers shared their distinction between “vacation homes” and “second homes,” expressing a clear preference for “second homes.” This is derived from their belief that this particular label better fits their aspirations for how they will use a resort property. Similarly, negative reaction to the term “Master Planned Community” presents a re-packaging opportunity. Communities need quality planning more than ever and they still require governance structures; but developers will be tasked with adjusting management, programming and service regimes to overcome frustrations over fees and lack of individual

control. These revisions will require new names and messages to explain how they are different. This revised nomenclature must be supported by clear and honest communication to counter heightened levels of skepticism.

We also contributed the idea of “lifestyle longevity” to describe the Boomer’s focus on extending their active, youthful lifestyles. This topic is ripe with opportunities for new terms and descriptions to appeal to this burgeoning demand.

The Implications of Social Media

Social media platforms such as Facebook and Twitter have generated significant interest and conflicting opinions about their utility in marketing resort real estate. The survey revealed that almost 100% of our consumers are on-line and almost half are routine Facebook users. Anecdotal reports from the field indicate that many resorts have generated parallel virtual communities, particularly via Facebook, in which their owners connect and communicate personal information, news, rumors and upcoming events.

Despite this activity, we do not believe these platforms present worthwhile opportunities for lead generation. Instead, they create real-time channels to gather customer feedback as well as opportunities for routine engagement of owners through news postings, event invitations and even mini-surveys. In practice, the most effective means of this form of engagement is via Facebook pages posted by individuals representing the project in lieu of creating project or community pages. A real person “Friending” another person is more effective than asking them to “Like” your product; it is, after all, “social” media.

Consumers Want to Buy, Not to Be Sold

One of the most consistent characteristics of today’s consumer is that they want to buy, not to be sold.

They are highly educated about market conditions and their extensive diligence includes research on the resort and its sponsor to ensure its long-term viability. They see the wreckage in the market place and are looking to make a smart purchase. In general, consumers are wary of developer promises and “visions.” They want facts, the ability to touch and feel completed amenities and infrastructure, and to require developers to

demonstrate their financial viability. This new skepticism makes them immune to the old “magic” of storytelling via sales center movies, touch screen story boards and the topography table showing acres of future development.

They are instead looking for fact based presentations with honest assessments of the future of the resort. Developers who can clearly communicate with their customers and demonstrate continuous incremental improvement will ultimately be successful. Sales professionals now need to provide consumers the information to confirm that they are making smart decisions.

As a side note, we also suggest demographic diversity of sales teams to reflect the demographics of target buyers. Given the differences, at least in language, between Boomers and Gen Xers, aligning buyers with like-minded sales professionals is likely to increase the development of critical relationships of trust.

Conclusion #6

Preferences Evolving

New pragmatism combined with financial requirements for lower prices makes efficient design of both homes and amenity packages more critical than ever.

We found that existing owners are much savvier about distinguishing between what they really use and what they thought they wanted. Hard lessons from high dues and under-utilized facilities have made them more pragmatic. On the other hand, it was no surprise that prospects lack the wisdom of experience. They agreed that they wanted lower prices but then found it almost impossible to agree to most potential sacrifices that might be required to get there.

Our resort partners indicate that buyers do, however, become more practical when faced with real purchase decisions, making sacrifices in size and quality to get below price point ceilings. The survey data offered some initial understanding of what they might accept; shared bathrooms are alright for secondary bedrooms while smaller kitchens are wholly unacceptable. Similar trade-offs will be required in amenity and service packages as developers are faced with prospective customers who outright reject high carrying costs but still want a minimum level of service. Given their reticence to give up as much as they probably need to, finding the right combination of services and cost will prove to be a complicated, evolving exercise. Developers will need to learn from the wisdom of their existing owners and tailor service packages accordingly. They will then have to educate their prospective customers about what they will really use relative to what they aspire to use.

New Products Required

To meet these evolving preferences, new products will be required.

Builder/developers will be faced with old challenges of identifying ideal price points and then balancing finish quality and size to achieve them. Architects who can deliver efficient but attractive floor plans will find increased demand for their services.

Gen X buyers entering the market will need new entry level products, as many will not be capable of stepping up to the large homes that characterize much of the standing inventory.

Boomer buyers will be focused more on available services, programs and amenity packages to meet their desire for lifestyle longevity. But, many of them will also be working with limited budgets and will have some basic requirements like first floor master bedrooms. They may also prove to be more willing to purchase smaller homes with fewer bedrooms as their friends let them in on a well-guarded secret: the grandkids don't visit as much as you thought they would.

“New Normal” or A Return to Normal?

Current industry discussions routinely ponder what will be the “new normal.” As we described, some experts remind us that the more things change, the more they stay the same. This, they say, is just another cycle. The industry has faced crisis before and will again.

In many ways, they are correct. But we offer a different perspective.

What seems clear now is that the recent boom years were in no way “normal.” In retrospect, an unsustainable age of excess has come to a close. The gilded years of 50,000 square foot clubhouses, surrounded by hundreds of \$3M homes and served by year-round, 24-hour concierges in remote, highly seasonal locations are over. These communities will inevitably require re-tooling and lengthy challenges as they reconcile themselves to new realities and try to weave together super luxury with the pragmatic.

In the “return to normal,” smaller houses will once again be worth more per square foot than larger homes. Buyers won’t spend more on their vacation home than on their primary home. And communities will offer more traditional product segmentation with more units at the lower end of the price spectrum than at the higher tiers. Purchase of a second home will be thought of as a long-term commitment not only to a home but also to its community. How and how often the property is used will be more important than its value as a status symbol.

This is not to say that there won’t continue to be super premium enclaves. But they will be limited to the best locations. For most in the industry, the future, at least in the near-term, will be found in traditional “bread and butter” projects that accommodate the family-oriented needs and price points of younger buyers and the retirement-oriented requirements of older buyers.

Back to the Basics: Consumer Driven Products and Messaging

In the same spirit, one of the strongest implications of our findings is a reminder to focus on the fundamentals that have always created success in the resort real estate industry. Our products are among the most expensive of all discretionary purchases. In normal times, we are an entirely consumer-driven industry. The frenzy of the boom years that made it possible to sell imperfect products is over. This research, however, reminds us to get back to the basics; this requires hard work of understanding evolving trends and preferences to tailor of products and packages to meet today’s customer requirements.

Conclusion #7

Your Customers Want to Talk to You

Finally, one of the biggest realizations from the survey process was the discovery of how willing many customers are to divulge large amounts of personal information. They want to talk to us about how to design and re-design the resort communities where they own or want to own. And we have a lot to learn from them.

Not only can we improve our products and messages by listening to them, we can also use the research process to identify those who are truly interested. When cross-referenced against their existing sales databases, our resort partners found that most of the people who expressed near-term interest had not been identified as highly interested by their sales teams. Using the immense amount of personal information that these people provided in the surveys, sales and marketing teams can design individualized outreach campaigns that respond to their specific interests and concerns.

On the Lighter Side

The Baker's Dozen: Top Consumer Quotes

The following are some of the more telling and humorous quotes pulled from thousands of consumer write-in comments.

13. "I have always wanted one."
12. "I've learned not to trust the word of the developer."
11. "That vacation home ownership is more realistic now that prices have come down from bubble levels."
10. "Please! Stop blaming your shortfalls on the economy. Be truthful and kind to your clients and the sugar coated promises you made."
9. "Did not realize there were so many costs (Resort Association fee) etc. for which we would receive little value."
8. "I have lost my butt in this investment, I would never do it again."
7. "Never buy from [this developer] again."
6. "I've learned that [the developer] is comprised of crooks that leave resorts after half finishing projects and hiding extended costs from purchasers."
5. "I am disappointed that the only way to eat at a good value and good quality restaurant is to drive to a non resort venue."

4. "Value has been reduced by 50%. It's a killer."
3. "What do I get for doing this, another wheel barrow of bull___t? Believe me I do not need it. My life is already complete with this bull___t."
2. "They are all worth much less. Oh well, the skiing is still good."
1. "Wife won't let me."

Kelsey & Norden Resort Real Estate Survey

Consumer Trends Emerging from Economic Crisis

Fall 2010 – Consumer Survey

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