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Co-founder Dering Pioneers First Successful Luxury PRC



by Kathryn Mullan

Steve Dering has come a long way from his East Coast roots. Now a partner of DCP International in Utah, which specializes in private residence clubs (PRCs), he is the lead development expert who evaluates potential club sites, conducts preliminary business discussions, and supervises club design and marketing planning.

And it's not just the fact that years ago he moved 1800 miles away from D.C. to Park City, to create this newer hybrid luxury product—his journey of radical change and openness to a different land seems to reflect a path of change that the shared vacation ownership industry was taking on a much larger scale. A different way of looking at things, a new perspective, a change from East to West, and a branching out in someone's personal career while also creating a new business model. Dering's story is that of a Western

pioneer's approach to the vacation home ownership model that we see now ever changing—combining elements of whole ownership, traditional timeshare and luxury hotels to alternative forms with many more perhaps lingering on the horizon.

The Start of the Journey

Steve Dering grew up in the D.C. metropolitan area, a University of Maryland College Park economics major whose first job was as a systems analyst for the National Security Agency (NSA). Following a lifelong passion, downhill skiing, he decided after two years at NSA to move out west to Park City, UT, where the white-powder snow for Alpine and Nordic skiing was prime in winter and summers yielded great mountain-biking. He became a founder, owner, and editor of the local Park City newspaper and then served as an elected member of the Park

City Council.

Over the years, he began to work more in the resort industry from a marketing perspective. In the early 1980s, he assumed the first marketing director position at Deer Valley Resort, launching it as a top-rated ski destination. It was at Deer Valley that he met Jim Whitterton. Together, they began to collude on what would become a highly successful alternative shared vacation ownership model.

PRC: Spark of the Fire

This new real estate concept—although a similar attempt was made with the Melrose Club on Dufskie Island near Hilton Head, as a kind of destination country club with particular activities like golf or beaching—was based more on the market demand for high-level real estate beyond just hotel accommodations and certain locations. The business model was



based on equity golf country clubs but with owners reserving luxury condominiums rather than tee times. Dering notes that one of the biggest challenges in the beginning was a \$100,000 price point for what most considered to be timeshare. Even though many in the industry laughed at and were critical of this idea, the club took hold and never stopped growing. In 1992, the Deer Valley Club idea was born and it became the prototype for today's hot high-end fractional product: the private residence club.

When he first started, Dering thought the target buyer would be a recurring Deer Valley guest (in the age range of 45-65), who couldn't afford to buy a condo or a second home. This was not the case, however—he discovered the buyers for the first Deer Valley Club *could* afford to purchase a vacation property. They just liked this club arrangement better. It was a sound, equity-based real estate investment, with predictability, security, and open opportunity for exchange to different

with \$1.6 billion under contract.

"But you can't apply the same club parameters everywhere in cookie-cutter fashion—the structure has to be customized for each individual project based on locale, real estate prices, government regulations, seasonality, etc." Dering is still integrally involved with many project component details like this; it's what he enjoys the most about his work. Having seen the concept and product take off, he's inspired knowing that he's selling beautiful places, wonderful travel experiences and a proven real estate concept in a business "where both the developer and the consumer win."

The Open Road

In terms of future growth and a continued path for pioneers of high-end equity residence clubs, Dering and DCP International's projection is nothing but positive. They expect the hot-growth market to continue to expand dramatically, as (1) awareness of the ownership concept



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properties. There were luxury amenities available, too, all at a price much lower than what they'd have to invest in a home (and with no maintenance responsibilities). And, from the exchange perspective, these affluent buyers were more open to sharing ownership with others like themselves.

When asked about his impressions of where he thought their idea and this new segment of the industry would go, Dering says, "It took longer to catch on than we'd expected. Most developers thought it would only work at ski resorts. But then they started to figure out that anywhere people are spending a huge amount of money on a vacation home, a residence club is the more sensible option."

Obviously so. Today's PRC market is running \$2 billion in sales, a 30-percent increase in just the past two years. DCP International's projects alone—19 around the world, including the Residence Club in Teton Springs and the Palazzo Tornabuoni in Florence, Italy—boast more than \$600 million in sales to date,

grows; (2) member exchange opportunities increase with the rising number of residence clubs; and (3) the Baby Boom generation enters its prime spending years.

From an overall state-of-the-industry PRC perspective, he says to expect that most new high-end boutique hotels will include a PRC component, especially in the non-branded independents. Europe is a hotspot now, too, as are many other emerging regional markets. But North America remains the "epicenter" of action for this particular vacation product, as there are still many desirable locations (both beachfront resorts and world-class cities) that don't yet have private residence clubs.

The road ahead for Dering, DCP International, and the numerous other companies now all over the world certainly looks promising—and as with those first American settlers who went West to explore, the industry will always remember the names of pioneers who first led the way. **D**