

Crittenden Resort Report™

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NEW PRC TARGETS LESS AFFLUENT SEGMENT

Richard Keith, a former COO at **Abercrombie & Kent's Private Retreats**, has resigned from the luxury destination club pioneer to form his own destination club and compete with his ex-employer. Keith's newly launched **Private Escapes** offers upscale vacation living at select destinations for a one-time membership fee of \$75,000 and annual fee of \$6,000, a fraction of the cost for memberships in higher-end exclusive clubs.

Private Retreats charges \$250,000 for membership with annual fees of \$8,750. **Abercrombie & Kent's Distinctive Retreats** carries a \$445,000 membership and \$12,750 annual fees. Another competitor, **Brad and Brett Handler's Exclusive Resorts**, charges membership fees ranging from \$120,000 to \$195,000 and annual fees ranging from \$8,000 to \$16,000. And **Portofino Club** offers memberships for \$210,000 and requires annual fees of \$15,000.

Keith and his partners **Karen Siwek** and **Ed Powers** expect Private Escapes to attract the less affluent by offering lower-priced, high-quality beach, golf and ski residences with superior amenities, much like the other clubs. To ensure costs are down, Private Escape residences will be priced between \$500,000 to \$600,000, unlike Exclusive and Distinctive's million-dollar plus homes.

Keith believes his club, to be viable, has to implement a real estate model different from its competitors' super-huge floor plans that can overwhelm vacationers who are spending four days max at a location. Private Escapes is starting out with two acquisitions -- a slope side condo at Steamboat Springs and a villa at the **One & Only Palmilla** in Los Cabos, Mexico.

The club also is under contract to purchase two condos -- one at the **Trump International Towers** in New York City and the other at **Montelago Village, Lake Las Vegas**. Keith is counting on having a dozen properties available to members by year's end at such locations as Hawaii's Wailea, Lake Tahoe and Florida's Naples.

As Private Escapes grows its membership, so will its fees, which are expected to range between \$80,000 and \$100,000 in the next year. And, the rise in fees likely will result in the purchase of higher-priced properties.

In its first month, Private Escapes has 20 registered members and 20 in contract and hopes to reach a maximum of 400 in 18 months. Distinctive has acquired 100 members since its launch in January. The year-old Exclusive has more than 100. Two-year-old Portofino now has 15 properties and 80 members. Private Retreats has capped out at 400.

Coincidentally, Abercrombie & Kent, Private Escapes, Exclusive and Portofino all are headquartered in Colorado. Keith is not ruling out alliances or consolidations with his competitors at some point in time. In the meantime, he's making sure Private Escape ads are appearing in the same publications as his competitors are in like *The Wall Street Journal*, *Robb Report* and the *Mercedes-Benz* and *Lexus* magazines.