

A Buyer's Guide to Co-Ownership

We recently had the opportunity to sit down with industry expert Jim Whitteron to discuss the current state of the luxury co-ownership industry and what its future looks like.

Q. What is the state of the co-ownership industry?

A. Like most segments in the vacation home industry post-Covid, the co-ownership industry has rebounded as individuals are looking to spend more quality time with family at their favorite resort destinations – without the burdens and expense of whole ownership. Major national co-ownership brands have emerged, offering various luxury vacation home options.

Q. How does co-ownership compare with timeshare?

A. Among potential luxury home purchasers, the term “timeshare” conjures up stories of aggressive sales techniques, lack of transparency, crowded facilities, small condominiums, and few options to solve or mitigate problems.

Co-ownership involves a few like-minded people purchasing a large luxury vacation home, at a small portion of the full ownership cost. A co-ownership provides frequent and flexible use of the vacation home while only paying for a small part of what would normally be expensive maintenance, replacement, management, and HOA fees.

While timeshare has a stigma, its basic idea is more common than you might think. It is different from co-ownership, but like co-ownership it is based on people joining together to acquire, use, manage, and maintain a luxury asset. Imagine the reaction if you told a member at Augusta National Golf Club or an owner of NetJets (the largest private jet company in the world) that they were timeshare owners. They would be horrified.

Q. What are the differences between a timeshare and a co-ownership?

A. There are lots of differences.

- With timeshare, you are purchasing vacation time. With co-ownership you are purchasing real estate with deeds and titles recorded.
- With timeshare, you are typically purchasing the right to use a 1,400



Jim Whitteron

Jim is the Founder and President of Spring Creek Partners, who created the world's first luxury co-ownership vacation homes with the development of the Deer Valley Club in 1993. Now with 35 co-ownership projects worldwide, Spring Creek Partners has had a significant impact on expansion and innovation in this fast-growing industry.
SpringCreekPartners.net

A Buyer's Guide to Co-Ownership (continued)

square-foot, two-bedroom condominium in a high-density resort location. With co-ownership, you are purchasing a share of the luxury vacation home (typically four bedrooms and 3,000 square-feet) in the most sought-after location in a resort destination.

- With timeshare, you usually have the right to use your condominium one week per year – the same week every year. With co-ownership, you usually have 6-12 weeks of use per year – often with more flexible usage options.
- With timeshare, often you may share your condominium with 51 other households. With co-ownership, you are typically sharing ownership with 7 other households.
- It has been very difficult for owners to resell their timeshare, whereby a co-ownership is listed and sold through local real estate brokerages.

Q. Why would a co-ownership be an alternative to a full ownership purchase?

A. On average, owners use their vacation home for approximately 4 weeks per year. A typical co-ownership allows owners to use their vacation home 6 weeks per year. A person who fully owns their vacation home pays the full property taxes, HOA fees, maintenance fees, and management fees. In co-ownership, they pay only around 1/8th of those expenses annually.

Q. Why is the usage plan the critical element in a co-ownership project?

A. I mentioned the potential flexibility of usage. An interesting feature with most co-ownership projects is owners' ability to use their vacation many weeks consecutively, or to use multiple adjacent vacation homes at the same time. This can be helpful for larger families or hosting multiple guests.

Q. What advice would you give a vacation home purchaser?

A. Every purchaser has unique vacation home needs to consider. What is your budget? How much will you and your guests use your vacation home? What type of vacation home are you looking for? What is your annual budget for managing and maintaining your vacation home? What type of amenities are you looking for? What type of services are you looking for?

Recognizing my bias on this topic, a co-ownership allows a vacation home buyer to own and use their dream vacation home in a spectacular location – at a small portion of the cost that full ownership would be.