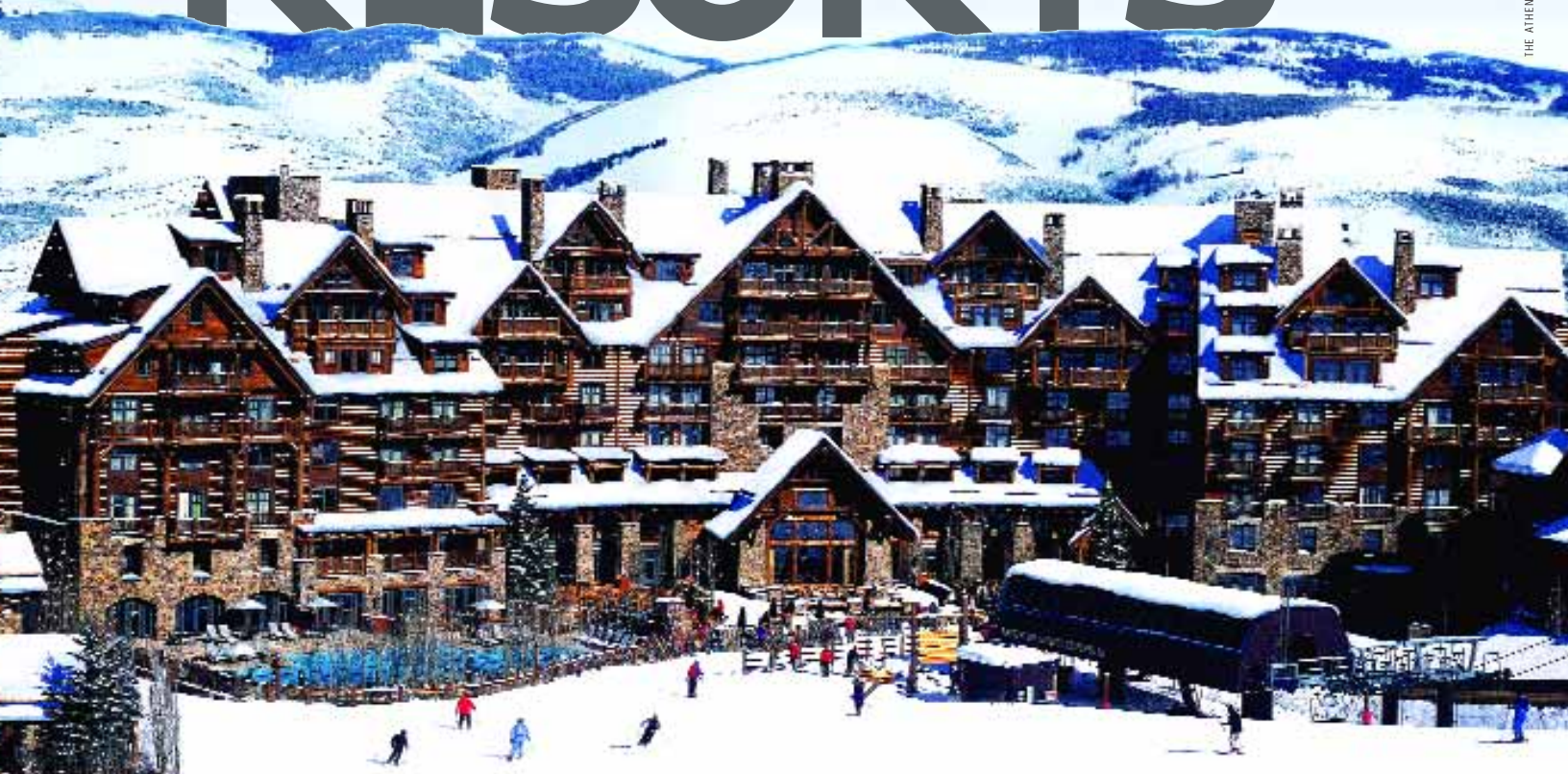


# REDEFINING RESORTS

THE ATHENS GROUP



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BECAUSE THE BABY BOOM GENERATION CARES ABOUT ENVIRONMENTAL STEWARDSHIP, NATURAL BEAUTY, AND HISTORIC SENSITIVITY, DEVELOPERS, DESIGNERS, AND RESORT OPERATORS ARE REDEFINING THE CONCEPT OF LUXURY.

MEMBERS OF THE BABY BOOM GENERATION, MORE widely traveled than their predecessors and having more disposable income, increasingly are looking for resort experiences that combine luxury and authenticity. In a highly competitive market, a standard luxury experience is no longer enough: customers seek extras such as signature restaurants and high-end spas, more expansive suites, and the opportunity to learn about the culture and history of the place they are visiting.

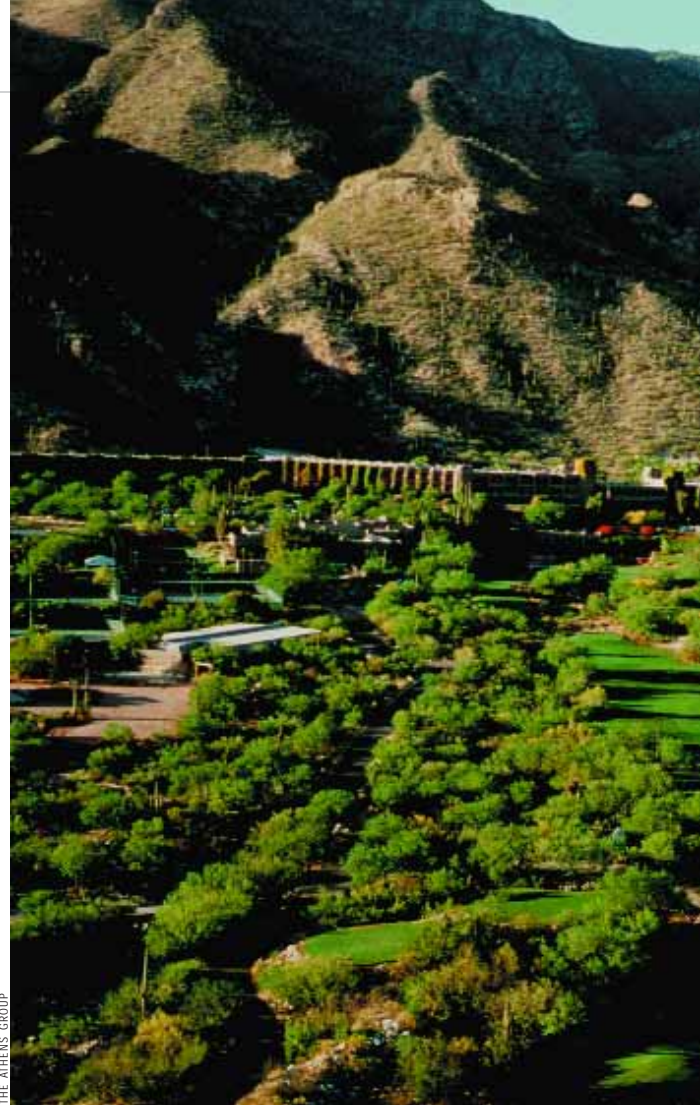
At the same time, construction costs are increasing rapidly, land suitable for resort development is growing scarce, and environmental concerns and the pressing need to preserve open space have become more prominent in the public eye. All these factors are changing the luxury resort and hotel market significantly by influencing financing strategies, the design and organization of buildings, and the selection of sites.

**The 237-room Ritz-Carlton Bachelor Gulch in Vail/Beaver Creek, Colorado, draws inspiration from the historic lodges of U.S. national parks.**

Travelers are looking for resorts that genuinely reflect the aesthetic of their surroundings and capture what is unique about it—a change from previous decades when major luxury hotel operators were more likely to emphasize a consistent look, regardless of location.

For example, starting in the middle of the 20th century, resorts in Hawaii typically were designed in a stereotypically bland and generic style, taking no inspiration from nature or historic precedent. In contrast, the 700-acre (280-ha) Four Seasons Resort Hualalai in Ka'upulehu-Kona on the big island of Hawaii, completed in 1996, was designed to draw on the model of 1930s Hawaiian resorts, relying on the natural beauty of the site. Strategies included restoring native vegetation, preserving the natural anchialine ponds, and weaving a golf course through an ancient hard black lava flow.

The Loews Ventana Canyon Resort in Tucson, Arizona, draws on the geology and vegetation of the Sonoran Desert for architectural inspiration. Completed in 1984, the 398-room resort hotel blends into the landscape, with a ribbed facade of exposed aggregate block



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**TRAVELERS** are looking for resorts that genuinely reflect the aesthetic of their **SURROUNDINGS** and capture what is unique about it.

and towers that recall the indigenous saguaro cactus forests. Care was taken to have minimal impact on the desert landscape surrounding the hotel building: the developer mandated that the contractor erect a temporary fence just outside the building foundation perimeter to protect the vegetation. As a result, mature desert plants grow right at the hotel's exterior wall, and javelinas, coyotes, cactus wrens, and other desert animals are frequently seen. Large balconies and floor-to-ceiling windows further connect guests to the outdoors.

At Montage Resort and Spa in Laguna Beach, California, the design reflects a modern adaptation of the informal craftsman/bungalow-style architecture found throughout the area. The Ritz-Carlton Bachelor Gulch in Vail/Beaver Creek, Colorado, was designed as part of a larger master-planned community in which the houses drew on a national park aesthetic with heavy timbers—a difficult look to adapt for a large-scale hotel building. To fit the 237-room hotel into its rustic environment, the design team studied the historic lodges

of U.S. national parks and created a contemporary version of that design.

Program offerings at resorts are also expanding and often are tailored to the particular history and culture of the place. At the Four Seasons Resort Hualalai, guests can take guided tours of the island and its lava beds, learn Polynesian celestial navigation, and visit the resort's cultural center to learn about the island's history. At the Montage Resort at Laguna Beach, located in an artists' colony, the programming has a strong arts component, with arts and crafts classes and an on-site gallery.

Resorts are going beyond the traditional definition of luxury toward an emerging "six-star" form, offering an even higher level of service and amenities. For a long time, the golf course occupied the top spot among resort amenities, but in recent years, spas have surpassed them in popularity among guests at the luxury level. The popularity of the spa is partly attributable to the emphasis baby boomers place on health and wellness, but it also reflects the scarcity of time in modern





**The 398-room Loews Ventana Canyon Resort in Tucson, Arizona, connects guests to the landscape, drawing on the geology and vegetation of the Sonoran Desert for architectural inspiration (above). Likewise, the 243-room Four Seasons Resort Hualalai on the big island of Hawaii relies on the natural beauty of the site's native vegetation and follows the trend toward resort decentralization, where smaller, individual components create a sense of intimacy and privacy (right).**

life: while a game of golf requires a major time commitment, it is possible to have a high-quality spa experience in a just few hours.

Resorts are also boosting the number and variety of amenities they offer to encourage year-round patronage, especially those resorts in mountain areas, where the biggest crowds tend to come in the winter for snow sports. Bowling, swimming, fly fishing, skeet shooting, archery, and mountain bike riding are all potential offerings extending the length of the fall and spring seasons. Signature restaurants also can be a draw; for example, Studio, consistently voted one of the nation's top restaurants, is located at the Montage Resort at Laguna Beach on a blufftop cliff overlooking the Pacific Ocean.

As urbanization increases across the globe, travelers are seeking lower-density resorts to get a break

from the pressures of everyday life. At Hualalai, the project was decentralized—broken into smaller, individual components to create a sense of intimacy and privacy, with the conference and arrival facilities given their own freestanding buildings. The layout was planned so guests can see no more than 25 percent of the project from any viewpoint on the site—an approach that extends to the lobby as well, an individual structure and small in scale.

In the 1980s, typical resorts consisted of 400 to 500 rooms—perhaps 250 at the small end. Today, 200 to 250 rooms is a more common size, with smaller resorts having as few as 50 to 80 rooms. However, the proportion of suites to individual rooms is rising. At the high end of the market, clients want more space and are more likely to be traveling with family members—sometimes even with an au pair or other caregiver. In the 1980s, resorts tended to dedicate about 10 percent of their guest rooms to suites, but in recent years that number has risen to 25 or even 35 percent. Hotel operators also are asking for more creative room designs for their guests, breaking



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out of the box with unusual geometries to give each property an individual look. Even bathrooms are becoming larger and more luxurious, with five fixtures common and six a likely possibility for the future—for example, a free-standing tub, a separate shower, two sinks, a toilet and bidet, or an outside shower.

Because of rising construction costs, stand-alone hotels are no longer as economically feasible as they once were. Today's resorts are much more likely to have a strong residential component, whether in the form of

resorts, hotel operators are becoming more involved in the master-planning process for entire resorts, not just the hotel portion. In this way, they can ensure that the project incorporates the brand standards throughout, making it easy to extend housekeeping and other services to both residences and guest rooms.

Sites suitable for resort development have become more scarce over the past ten years, and they have also become more difficult to acquire. Acquisition of multiple parcels is sometimes necessary, making redevelopment

Resort projects have a natural potential to benefit communities because the **FEATURES** that attract guests also appeal to the public at large.

individual homes, condominiums, or fractional ownership. The sale of residences provides an early cash flow to support development of the overall project. Demand is high because a guest who has a good experience at a high-end resort will naturally consider it an attractive place for a third, fourth, or fifth home.

Residential owners also appreciate the opportunity to take advantage of the hotel's housekeeping, maintenance, and room service. As a result, resorts now need larger laundry and housekeeping areas, kitchens, food service spaces, and other areas for support functions, as well as spa and recreational facilities to accommodate the needs of residents in addition to guests. As more of a site is dedicated to residential uses and larger support spaces, hotel public areas are becoming somewhat smaller and more residential in feel, although they still need to be large and special enough to convey a sense of the destination.

Resorts may offer stand-alone homes or condominiums within the hotel building, as well as fractional ownership and timesharing arrangements. With individual homes or condominiums, buyers can use the residence for vacations, then during the rest of the year take advantage of rental income to offset the costs of ownership. In some cases, units are designed to be sectioned off, with part of the property available to renters and the rest secured solely for the owners' use. Owners also appreciate the ability to turn over property management to the hotel operators, who already have in place an efficient system for renting and maintaining rooms.

As a residential component becomes more commonplace and as more residences are integrated into



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**At Montage Resort and Spa in Laguna Beach, California, California arts and crafts design is reflected in places such as the mosaic sunburst pool. The resort garnered community support by opening public access to the beach and creating a new seven-acre (2.8-ha) public park.**





MONTAGE HOTELS AND RESORTS

Reflecting a trend toward public/private partnerships in resort development, the 201-room Montage Hotel currently under construction in Beverly Hills, California, includes a 24,000-square-foot (2,230-sq-m) commercial building on adjacent land that the city owns, as well as a new 30,000-square-foot (2,800-sq-m) public park and an underground parking structure shared with the city.

of existing resort properties sometimes the only way to enter certain markets. It is particularly challenging to find unspoiled land in the United States.

Twenty years ago, developers tended to focus on the California coast, Hawaii, and Florida. Now, mountain areas such as the Sierra Nevadas and the southern Cascade Range, as well as secondary markets like Idaho, Montana, and Oregon, are emerging as strong contenders because they still offer pristine landscapes. The Mammoth Lakes region in California, because of its proximity to Los Angeles and plans for increased air service, is likely to become a coveted destination as well. As places such as Lake Tahoe become fully built up and as traffic congestion worsens, vacation-goers increasingly are attracted to the idea of boarding a plane and arriving at a geographically remote area in 45 minutes, rather than driving the same amount of time—or even longer—along crowded highways. An increasing number of developers are looking for international destinations, such as the Caribbean or Costa Rica.

As with all large developments, luxury hotel and resort projects can trigger community concern, and as more of the world is built up, the public approval process is growing lengthier. Communities are more conscious of the need to preserve open space, as shown by the rising number of bond measures being passed—especially in the West—to acquire and preserve such areas. Communities have higher expectations today that resort developers will have a strong open-space preservation plan. Over the

past five years, many cities have begun imposing transfer fees on the sale of residential properties, with the revenue going toward acquisition of open space. At the Empire Pass resort community in Park City, Utah, for every sale or resale of a residence, 0.5 percent of the sales price goes to the city as a transfer fee, creating a fund that supports the city transit system and open-space preservation in perpetuity.

At the same time, city governments are more open to construction of hotels and resorts, recognizing the substantial economic benefits they can bring to a community. Hotels and resorts have an advantage over many other project types because they contribute an amenity to the community, as well as economic support in the form of occupancy taxes. The best strategy for a developer is to devote extensive time to speaking with local residents and listening to and addressing their concerns. Resort projects have a natural potential to benefit communities because the features that attract guests also appeal to the public at large.

The Montage Resort at Laguna Beach, for example, gave the community long-desired access to the beach. The 30-acre (12-ha) site had served as a gated trailer park for more than a half century, and various proposals from numerous developers fell to community resistance. After a lengthy city and California Coastal Commission entitlement process, the project gained approvals with a plan that includes a 262-room luxury hotel and spa, 14 lots, and 14 luxury villas, as well as a new seven-acre

(2.8-ha) public park with beach access for the entire community. The developer and design team restored the beach, constructed a rock jetty to reduce erosion, and worked with the city, community members, and environmental groups to create the park and a public parking structure.

Public/private partnerships are also becoming more common. For the Montage Hotel being built in the Golden Triangle district of Beverly Hills, California, the development team partnered with the city to turn 2.5 acres (1 ha) in the commercial district, previously occupied by vacant, dilapidated buildings and parking lots, into a 201-room, seven-story luxury hotel with residences. The private portion of the project includes the hotel, penthouse residences, and a four-level underground parking structure below the privately owned land, as well as a 24,000-square-foot (2,230-sq-m) commercial building on adjacent city-owned land. The two buildings will frame a new 30,000-square-foot (2,800-sq-m) public park with a topiary garden, a dining garden, and a lawn. The city will receive the rent for the commercial property, and in turn will invest \$32 million in the project's publicly owned components. The developer is also paying for an underground parking structure below the hotel that will be shared with the city.

Transportation is a crucial issue, both for those who use resorts and for people living in the surrounding communities. Traffic congestion is often among the top concerns expressed during the public approval process. However, resort and hotel guests are unlikely to be arriving and departing during peak commuting hours, and they are likely to remain on site and off roads through the length of their stay because resorts are designed to supply everything they need. For the Montage Resort, Spa, and Residences being planned for the Deer Valley ski resort in Park City, in order to mitigate traffic concerns, some of the resort employees will be shuttled in from remote parking lots, and dial-a-ride shuttles will be available to hotel guests seeking transportation to Old Town Park City and other local destinations.

For guests, how easy it is to reach a resort influences their experience when they arrive, as well as their associations with the place after they leave. As traffic congestion increases in North America and elsewhere, it makes sense to keep new resort projects within a 30- to 45-minute drive of an airport. Concealing parking areas and employing valet parking service are good strategies

for easing guests out of their outside-world mindset. While resorts of the past often required guests to drive their cars to get from place to place in the resort, new resort developments can cluster amenities in a pedestrian village. An alternative strategy, employed at Hualalai, is to place parking close to the entrance and supply guests with golf carts to help them get around the rest of the resort. Every residence at Hualalai is sold with an electric golf cart.

Sustainability is perhaps the most significant trend for the future. Incorporation of locally manufactured materials, recycled content, energy management systems, and water reclamation systems all help resort developments achieve greater environmental responsibility. Developers are recognizing not only the potential to enhance a project's appeal to guests and homebuyers, but also the opportunity to achieve greater operational efficiency and cost savings over the long term, offsetting the higher upfront costs that sustainable strategies can incur. At the Montage Resort at Deer Valley, for example, 30 percent of the resort's energy will come from alternative energy sources. The project is seeking certification under the U.S. Green Building Council's Leadership in Energy and Environmental Design building rating system, as are a number of other resort projects underway in the United States.

Providing comfort to today's resort clientele means not just offering more space, a higher level of service, and a greater range of amenities, but also creating a one-of-a-kind experience that is deeply rooted in a particular place and landscape. Because the baby boom generation cares about environmental stewardship, natural beauty, and historic sensitivity, developers, designers, and resort operators are redefining the concept of luxury to create destinations that guests and homeowners can take pride in. **U**

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