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Yellowstone Club
Big Sky, Mont.
Members share private,
40-run ski mountain.

The Vacation-Home Frontier

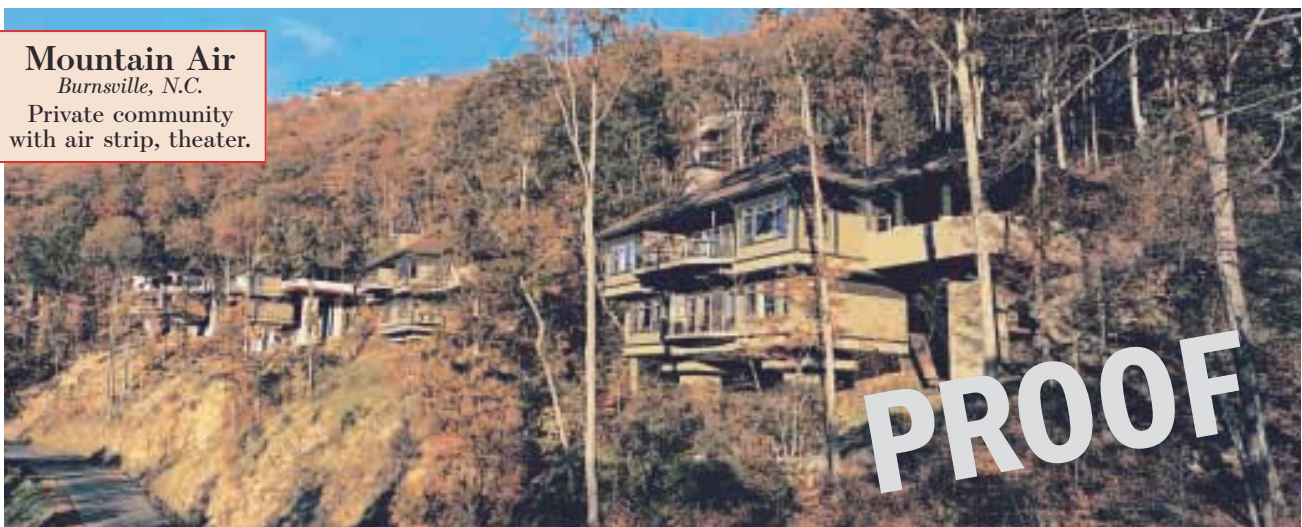
Georgia marshlands. Montana foothills. Developers are pitching members-only communities with airstrips, ski hills and way-out addresses. Danielle Reed and June Fletcher on who's buying.

AFTER MORE THAN A DECADE vacationing in Aspen, Colo., Tom Oreck wants to escape the crowds. But when real-estate agents showed him ranches in Wyoming, Mr. Oreck balked. He says they were a little too remote,

and he worried his two young children would be bored.

Now when he wants to get away from it all, the 52-year-old president of vacuum-cleaner maker Oreck Corp. flies his private plane to a remote corner of North Carolina's Appalachian Moun-

tains—and drops into a vacation-home community with restaurants, tennis and a spa. Between an on-staff naturalist who conducts “salamander safaris” and an activities director who teaches whittling, the kids stay entertained. “This gives a good balance,” Mr. Oreck says.



Mountain Air
Burnsville, N.C.
Private community
with air strip, theater.

(over please)

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DOW JONES

The CEO Subdivision

Prices and amenities vary at gated vacation-home communities. Below, what buyers get at 10 developments around the country, including whether members can golf without a reservation and what the policies are on tipping staffers.

PROPERTY/YEAR COMPLETED (EST.)	ACRES	TOTAL PROPOSED HOMES	STARTING COST FOR CUSTOM HOME*	NO WAIT GOLF?*	NO TIPPING ALLOWED?*	MARKED WITH SIGN?*	RATIO OF MEMBERS TO GOLF HOLES	MILES TO HUMMER DEALER	COMMENTS
Carnegie Abbey Portsmouth, R.I. 2005	500	122	\$3.5 million	✓	✓	✓	21	35	Members at this Scottish-themed property (Sean Connery belongs) host 'Carnegie cocktails' to recruit new ones; decisions are often made over a round of golf. A \$150,000 'joining deposit' isn't fully redeemable for 30 years.
Cherokee Plantation Yemassee, S.C. 2005	7,500	28	\$4 million	✓	✓	✓	1.4	43	At this club, one of the most expensive in the country, membership is limited to 25; buyers pay \$2.5 million and share ownership. It has quail and turkey-hunting areas; horse-drawn carriages are available to ferry members around.
Cliffs at Keowee Springs Six Mile, S.C., 2007	1,500	600	\$1 million	✓	✓	n/a	n/a	44	This development's sales office opened just last Saturday. It's the newest of six such private residential clubs started in the Carolinas since 1991 by Cliffs Communities. Members have use of sister properties in Chile and British Columbia.
Ford Plantation Richmond Hill, Ga. 2005	1,800	400	\$1 million	✓	✓	✓	19	24	The oak-tree lined property, former winter retreat of auto company founder Henry Ford, markets itself specifically as a "safe haven." Amenities include a wildlife center that tends to injured birds of prey.
Grand River Ranch Kremmling, Colo. 2007	19,000	19	\$4 million	✓	✓	✓	n/a	73	This 19,000-acre property is bigger than the city of Boca Raton, Fla. Most homeowners arrive by private jet and come for the fishing, clay-shooting and riding (no golf). Founder was corporate turnaround specialist Charlie Gallagher.
Hampton Island Riceboro, Ga. 2007	4,000	110	\$2 million	✓	✓	✓	14	26	Club is setting up 130 stewardships that include no land but use of the facilities. The price starts at \$250,000 and rises in intervals to \$500,000 as the property is built out. Developer promises to keep roads unpaved to add to rustic experience.
The Hideaway La Quinta, Calif. 2006	590	446	\$1.5 million	✓	✓	✓	14	16	The look is Spanish Mission but the pitch is security: Property is fully gated, with five security guards on duty 24 hours a day. Members here include baseball Hall of Famer Don Sutton.
Mountain Air Burnsville, N.C. 2009	1,000	850	\$800,000	✓	✓	✓	20	66	Club markets outdoor program for kids, plus a 14-foot-tall rope swing indoors. The community below the mountain is less scenic; sights include a used-car dealership. Some Mountain Air members: Tom Oreck, former Shell Oil CEO Philip Carroll.
Stock Farm Club Hamilton, Mont., 2005	2,600	124	\$1 million	✓	✓	✓	19	169	Charles Schwab was a founder. Membership fee is \$125,000 but a handful of locals were invited in for \$25,000. Thirsty? Stock Farm has its own bottled water.
Yellowstone Club Big Sky, Mont. 2009	13,400	864	\$3.8 million	✓	✓	✓	48	139	Members here face tough restrictions on the homes they can build, including one limiting the number of windows (to prevent glare). But there's no line for the ski lift: club members like Dan Quayle can ski 40 runs on the private mountain.

* These properties do not require members to reserve a tee time.

From the West Virginia woods to the peaks of Montana, developers are borrowing the gated-community approach from established resort towns such as Palm Beach, Fla., and transplanting it to some unlikely locations. In the marshland near Riceboro, Ga., a development called Hampton Island sells lots for \$1.5 million and up, promising residents an equestrian center, use of a seaplane and a working sorghum mill powered by donkeys. At the Hideaway in La Quinta, Calif., where homes range from \$1.5 million to \$6 million, cabanas on the golf course serve members hot hors d'oeuvres after the ninth hole. Montana's Yellowstone Club, where owners include former Vice President Dan Quayle and cyclist Greg LeMond, has its own private mountain and ski lifts.

Developers and home buyers say the vacation migration is partly driven by the growing crowds at traditional spots. Nantucket, Mass., saw the number of homes grow 31% between 1990 and 2000, while the population of Hilton Head, S.C., rose 43% over the same period. And with vacation-home prices nationwide continuing to rise faster than the overall market, some buyers say it's worth going to a lesser-known locale to try to get more for their real-estate dollar.

But without established cachet, the investment potential is uncertain, and many of these developments haven't been around long enough to form a resale track record. The Stock Farm Club, a community founded in Hamilton, Mont., by brokerage-firm Chief Executive Charles Schwab, has 19 of its 94 lots unsold after five years. No turnovers

have been recorded; one house listed in April at a sale price of \$3.15 million hasn't found a buyer. ("The Stock Farm isn't about resale values, it's about lifestyle," says spokesman Alan Rosenberg.) Selling can be complicated, too, because many of these communities are structured as private clubs and require board approval for prospective purchasers.

Getting along with the neighbors is no small matter. These developments often push membership as a selling point, saying they offer a sense of community that can't be found at an ordinary rural vacation home. In addition to the usual golf and tennis, there's typically a central clubhouse with full-time staffers coordinating activities, which can range from bridge tournaments to ice-cream socials and teen dances.

Themed Dinners

The Yellowstone Club—where marketing materials invoke “golf with your best friend and . . . time with your family”—stages an annual festival called Camp YC. In addition to kid-oriented events such as potato-sack races, it includes wine tastings and themed dinners with skits performed by residents. Last year, one couple dressed as Julius Caesar and Cleopatra to read Shakespeare. Another family did a hula dance wearing coconut bras and grass skirts, coaxing a guest, Harry Martz, up on the stage while his wife, Montana Gov. Judy Martz, watched from the audience. This year’s camp in August will include a rodeo-themed dinner and a “Pirates of the Caribbean” night, with members invited to wear eye patches and swords.

“Nobody is snooty,” says former congressman and pro football player Jack Kemp, who is building a home on a \$3 million lot at the Yellowstone Club. (Completed homes range in price from \$3.5 million to \$12 million.) Mr. Kemp says family played a large part in his decision. He has 15 grandchildren—and 13 of them ski—and says he prefers the security of the club’s private ski facilities over busy public mountains. “You don’t have to put a global-positioning chip on their arm before they leave the house,” he says.

Security and privacy are a major marketing point for these clubs. Developers say the relative obscurity of these places adds a level of insulation. Like any gated community, most have some version of an actual gate and guardhouse, but security provisions often go further. At Cherokee Plantation, in Yemassee, S.C., where custom-built homes start at \$4 million, bypassing the 24-hour guards means crossing the Combahee River on one side or navigating a maze of bogs and fields on other. Manager Mark Scott says staffers know almost everyone by sight. “Try to drive up,” he says. “You won’t get far.”

Real-estate agents say the approach doesn’t appeal to some prospective buyers. Because of the private-club structure, building a house can require board approval on architectural details. Some may prefer to build their own tennis courts rather than share facilities. And not everyone is keen on the idea of community mixers, says Laura Green, a Lake Toxaway, N.C., broker. Wealthy buyers “don’t need it—they can have their own weenie roasts.”

Establishing a big development in a relatively rural area can also have ramifications

‘Nobody is snooty,’ says former congressman Jack Kemp, member at a Montana community.

for nearby residents and towns. Shortly after construction began at the Yellowstone Club, Montana’s Department of Environmental Quality alleged in the fall of 2001 that construction of the golf course and ski runs had discharged sediment into tributaries of the Gallatin River. Bob Sumpter, Yellowstone’s vice president of real-estate development, says the club is glad to put the matter in the past and last month paid a \$200,000 settlement without admitting liability.

To launch the Hampton Island project, developer Wade Shealy decided to gamble on a gated community in eastern Georgia even without a well-known resort town nearby. Mr. Shealy discovered the property while he was scouting land for Intrawest, a resort-development firm where he was a vice president of sales and marketing. Intrawest passed, but Mr. Shealy, who had worked for years as a real-estate salesman for gated communities on Hilton Head Island, S.C., decided to quit and pursue the idea.

High-Profile Member

Gathering a group of investors, including local residents and brokers in resort realty, Mr. Shealy set out to buy 2,300 acres owned by retired Atlanta private money manager John Morgan, who had built a Greek-Revival plantation home and a handful of other small buildings in the middle of marshland that’s home to alligators, minks and wild hogs. Cutting a deal with the state of Georgia that 90% of the land would remain undeveloped in exchange for tax breaks, Mr. Shealy and his investors paid \$19 million for the land and compound, plus an additional 1,600 acres.

Early on, the group scored a success by attracting a high-profile member, actor Ben Affleck, who knew a friend of Mr. Shealy. Mr. Affleck paid \$7.1 million for Mr. Morgan’s compound and surrounding 83 acres, and shortly afterward vacationed at the property with his then-girlfriend, actress Jennifer Lopez. A spokesman for Mr. Affleck declined to comment.

Now, 15 months after starting, Hampton Island has sold 22 lots at prices of \$1.5 million or more, including the one-time club membership fee, which is currently priced at \$250,000. Mr. Shealy estimates that, if he succeeds in plans to sell a total of 110 homes to members, the property he and investors paid \$19 million for could eventually be valued at more than \$100 million. Right now, though, there’s little on the site other than Mr. Affleck’s compound and a series of construction projects expected to stretch into 2007.

Buyers at these private communities, especially those who get in early, are betting that the value of their real-estate investment will rise and, in some cases, that the value of the club membership will go up, too. Many of these clubs are structured as so-called equity memberships. Residents own their memberships and if the club decides to raise the fee, can sell them at a profit.

But selling can be more complicated than an ordinary real-estate transaction. A prospective buyer has to be approved by a membership committee. At the Stock Farm, until the clubs’ 350 memberships are sold out, anyone who wants to sell their membership must wait until 10 new members have joined. The member gets back the initial investment and splits the profit with the club. If the membership price hasn’t risen, there is a \$5,000 “transfer fee” to exit the club.

When a development catches on, investments can appreciate quickly. At the Hideaway, where the 423 available properties sold in 18 months, profitable resales followed the completion of a second golf course at the community. A lot that sold for \$475,000 in June 2003 resold last month for \$750,000, while a lot purchased for \$620,000 in January 2003 resold in May for \$875,000.

For Kerry Townsend, there are intangible benefits. Ms. Townsend and her husband, Conde Nast President and CEO Charles Townsend, purchased a membership at Carnegie Abbey, a four-year-old private vacation-home community in Portsmouth, R.I. The development affects a Scottish theme, especially at the golf course, which is staffed by people “who have Scottish accents,” Ms. Townsend says. “The golf pro will say, ‘brilliant, brilliant,’ when you hit a good shot,” she says. “When you hit a bad shot he’ll say: ‘That’s a bit dodgy.’”

—Brooks Barnes contributed
to this article.

