

## NEWS

# RockResorts Breaks Ground On Mixed-Use Vail Resort Set To Open In 2007

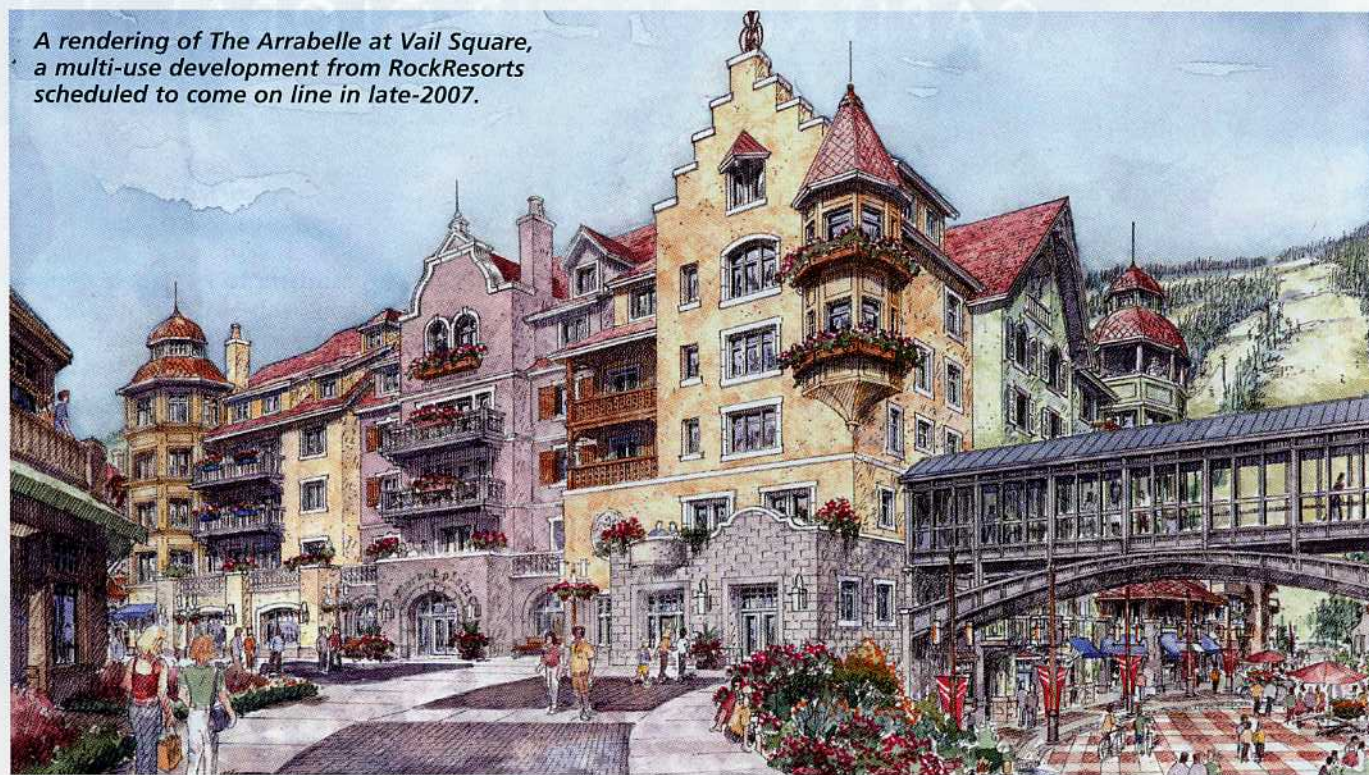
BY BRUCE SERLEN

VAIL, CO— While waiting for pending projects in Hawaii, Mexico, and the Caribbean to jell, Vail Resorts' RockResorts subsidiary has gone back to its home base here and broken ground on a mixed-use luxury development that will include hotel rooms, condo hotel units, and private residences as well as a full-service spa, retail, an ice rink, and direct access to the extensive ski facilities of Vail Mountain.

Given the dynamics of resort development in high-barriers-to-entry markets, The Arrabelle at Vail Square— as the 535,000-square foot project is called— is in many ways a primer for what is feasible today. Getting clearance to build was a lengthy and time-consuming process even though Vail Resorts already controlled the land. An existing gondola building on the site was demolished to make way for new construction.

“As prime development sites become increasingly scarce and local communities turn up the pressure on what they'll allow to be built in their midst, the development process turns into a real balancing act,” said RockResorts president Ed Mace. “Meanwhile, the luxury resort segment has become highly competitive, whether it's a ski, beach, or desert destination, while costs for new construction of any kind continue to escalate rapidly.”

Yet Mace sounds somewhat anti-development himself. “The high barriers to entry



*A rendering of The Arrabelle at Vail Square, a multi-use development from RockResorts scheduled to come on line in late-2007.*

are a good thing. Too much is going up too fast with too many developers in it for a quick return,” he said.

The Arrabelle, which is scheduled for completion in late-2007, will consist of 36 hotel rooms and 50 condo hotel units. In addition, there will be approximately 70 residences and penthouses

for sale. “For financial reasons, most resort development today is likely to have a mix of hotel and residential product. On the one hand, local planning boards are concerned about the environmental impact of new development and that includes overcrowding. Yet on the other hand, they're concerned

about generating an economic benefit to the town,” Mace said.

If the planning board in a town like Vail is going to approve including condo hotel units, for example, the board wants assurances the units will be booked sufficiently to generate that economic return.

*continued on page 16*



# RockResorts' New Mixed Use Project In Vail To Have Condo Hotel Units, Residences

*continued from page 3*

"They want what we call 'hot beds,'" Mace explained. In other words, they want to be sure owners of the units will place them in the rental program so visitors are able to book them. "It's not good for the local merchants and ski operators if the condo units are dark."

Accordingly, the condo hotel units are laid out in a way that discourages owners from wanting to live in them for extended periods. "Closet space is kept to a minimum, for instance," Mace said. "You can design for the eventual outcome you want."

To create more keys, owners

of the residences are welcome to have one of their bedrooms used as a "lock-off room," meaning it can double as a hotel guestroom. "But then they're required to furnish it in the same neutral colors and with the same finishes as though it was a regular hotel room," he said. Likewise, telephone and television service—not to mention the quality of the bed linen—have to be identical to what's offered in the hotel's guestrooms.

Vail Resorts hasn't broken out the cost of building The Arrabelle alone. However, factoring in the cost of other im-

provements the company is making in Vail, it expects to



**Ed Mace**  
**RockResorts**

spend an estimated \$500 million. The Arrabelle residences, priced from \$1.3 million to \$14 million, have all been purchased.

The Arrabelle is RockResorts' fourth property in Colorado, the flagship being The Lodge at Vail. Six additional properties comprise the remainder of the RockResorts portfolio with destinations ranging from The Lodge at Rancho Mirage in Palm Springs, CA, to Snake River Lodge & Spa in Jackson Hole, WY, and Cheeca Lodge & Spa in Islamorada, FL. In certain instances, RockResorts' role is

solely as a manager.

While Mace is as sensitive to competition as the next owner/manager, he welcomes Four Seasons, which has begun construction of a Four Seasons Resort & Residences in Vail. "We're happy to have them in the market. They'll bring a level of attention to Vail, which will benefit us all," he said.

The developer of the Four Seasons is Chicago-based Lodging Capital Partners, LLC. Ironically, Lodging Capital Partners acquired Snake River Lodge from Vail Resorts at the end of last year. RockResorts will retain the management contract.