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HOMES

An Easy Way to Own a Villa, or Two

Fractional Ownership Gives Holidaymakers the Comforts of Home, Without the Maintenance Headache

By Jemima Sissons

For some, the joys of owning a vacation property are numerous: a home away from home, the comfort of knowing where the linens and teabags are kept, getting to know the local baker.

But high maintenance costs and the desire to try out different destinations each year are two reasons others are thinking twice. For those who want a vacation home without the headache of expensive upkeep, fractional ownership is becoming increasingly popular.

Likened to a more luxurious and upmarket version of timeshare, fractional ownership means you actually own the bricks and mortar, buying a share of a single property or, in some cases, a whole portfolio of properties, which you are then entitled to enjoy. This can range from sprawling estates in Tuscany, luxurious, fully staffed and equipped villas in Thailand or Morocco, or residences in city centers that serve as an alternative to hotels for oft-traveling businessmen.

For venture capitalist Antony Hamilton, who bought a £159,000 share in Rocksure's Alpha Fund, which gives him access to six properties a year, it was an easy decision. "I joined three years ago because I liked the concept of having someone else worrying about maintenance," he says. "It is an opportunity to go back to different places, and it is favorable to get a company that is much better at negotiating prices than I would ever be to buy the property."

Most vacation-home plans work by raising capital from investors in order to buy houses for the fund. Each fund has a finite number of shareholders needed and, once the target is reached, the fund is closed. For example, Rocksure has two funds—Alpha and Bravo—that are already closed and three that remain open, with prices ranging from €57,500 for a half unit in the Capital Fund to £460,000 for a full unit in the Quintessentially Rocksure Platinum Fund. There are 170 units in the Capital Fund, 45 in the Crystal Fund and 37 in the Quintessentially Rocksure Platinum Fund. There is also a chance for inter-fund usage.

In some plans, such as Rocksure, each fund has a predetermined life and the properties will be sold off from between seven and 10 years, and the proceeds repatriated among investors. Others, such as the Hideaways Club, have no lifespan, and, as director Michael Balfour says, "it is something to be passed on to the next generation." Members have access to all the properties within the portfolio for varying weeks a year (generally four to eight), and some have no limit, so long as there is availability. If investors want to exit the plan, there are various strategies, which may include a "one-in-one-out" arrangement. The first properties are either bought with funds raised by the founders or from the money invested by shareholders buying into the plans.

Most of these high-end fractional-ownership properties come with all the services one would expect of a five-star hotel—often fully staffed, with a cleaner, cook and concierge services. "We didn't have to lift a finger," Mr. Hamilton says of his last trip, when he had six friends to stay in the five-bedroom Villa Arawan in Phuket, Thailand, complete with polished teak floors, Jacuzzi and infinity pool overlooking the Andaman Sea. "There was an exceptional chef. The food—freshly prepared from market ingredients every day—was out of this world."

Clockwise from top, Rocksure Property; the Hideaways Club; Marriott Grand Residence

Clockwise from top, Villa Arawan, Rocksure's property in Phuket, Thailand; the Hideaways Club's La Pieta in Majorca; a residence at Marriott's 47 Park Street in London.

Is there a downside? "As you invest in a finite period, there is a risk that you don't get all your money back," explains Mr. Hamilton. "But as the properties are internationally spread and they buy at sensible prices, the cards are stacked as best as possible in your favor."

Some fractional properties are more practical, catering to the business set who wish to stay somewhere more homey than a hotel. At the Marriott's 47 Park Street in London's Mayfair, members pay from £110,000 to £260,000, depending on the size of the residence. This entitles each to 21 nights a year in one of the comfortable, well-appointed apartments. Favorite pictures and photographs are hung on the walls in advance, furniture arranged to the member's specifications, and the fridge fully stocked (at extra cost) with the member's favorite food and wines. Offering the same services as a hotel, the concierge will organize everything from tables at top restaurants to babysitting. "Every time I arrive in London, I feel like returning to a part of my family," says Milan-based lawyer and member Daniela de Simone. "Everyone at 47 Park Street knows us, all our habits. And it is much more comfortable than being considered one among the millions of customers of an hotel."

For mother of two Rachel Beagles and her husband, Clive, from London, fractional ownership is a way of getting affordable holidays. She invested in Hideways, which was started in 2007 and now has a portfolio of 58 properties world-wide, including ski chalets, city apartments and villas. Her initial share of £190,000 and annual maintenance costs of £12,500 for eight weeks' holiday a year has paid for itself, she says, adding, "What really makes membership stack up is if you take a week's skiing, especially during half-term [school break]—then all your other holidays are almost free."

It also allows flexibility a permanent property cannot offer. "In the early days, when the kids were younger, we would go to European beach destinations, such as Faro in Portugal, or Majorca," she says. "However, what would never have worked three years ago, works now. We wouldn't have considered long-haul, but are now going to Thailand this summer. We wanted variety."

Not all use fractional ownership as a way of experiencing different villas. Some owners prefer to stay put. At the sprawling 1,680-hectare, Castello di Casole in Tuscany, shareholders buy into one of the estate's beautifully renovated Italian farmhouses, or *casali*. These range from old forges to corn and fruit stores, which overlook rolling vineyards and fruit groves. The majority come with their own swimming pool. As part of U.S.-based Timber Resorts' portfolio, fractional ownership is available at Castello di Casole from €275,000 for a 1/12 interest in a two-bedroom hotel villa and as much as €465,000 for 1/12 interest in a large four-bedroom home.

Christopher Rodrigues, of the Cotswolds in the U.K., invested years ago pre-renovation, when it was mere rubble. "We scrambled around the ruins and thought this one has most spectacular view, so went for that," he explains. "We looked at buying a house in Tuscany or Umbria. My daughter looked at me and said, 'How many weeks will we use it?' After talking to our friends, who have properties overseas, six weeks seemed to be the maximum. If you are very wealthy and have housekeepers to maintain it, that is fine, but we don't."

Each shareholder is allocated one guaranteed two-week block a year, and one one-week block, with the remaining weeks up for grab between each villa's shareholders, at a cost of €390 a week.

Mr. Rodrigues says it works well in terms of collaborating on changes to the villas: "We make decisions as a group—Do we move the barbecue? Put trees up the drive?"

Yet, there is still a personal touch. Mr. Rodrigues leaves a box with personal artifacts, photos and books with the concierge, who makes sure it is delivered before his stay each time. Each shareholder also has his own compartment within the villa's wine cellar.

His reasons for loving it are clear: "You get 90% of what you want, 110% of the service you need, for 15% of what it would have cost to buy in the same area."