



Success Story 2: Wolfe Springs Resort

QBC Students



Wolfe Springs Golf & Waterfront Resort

Success Factors and Strategic Recommendations

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Agenda



- ◆ Company Overview
- ◆ Fractional Ownership
- ◆ Success Factors
- ◆ Strategic Recommendations
- ◆ Conclusion



CLERMONT

- Privately-owned real estate firm
- Kingston, Ontario
- Functions include
 - Real estate development
 - Construction
 - Investment
 - Consulting



















Mission Statement

“Clermont’s mission is to design, create and maintain exceptional working, living, and vacationing environments for our clients, tenants, and staff that reflect our high standards and commitment to excellence. We develop the highest possible value by being defined as ‘Best in Class’ in all our development, operating, and cultural endeavors.”

Timeline

Fall 2007 **Construction Began**

Spring 2008 **Phase I Completed**

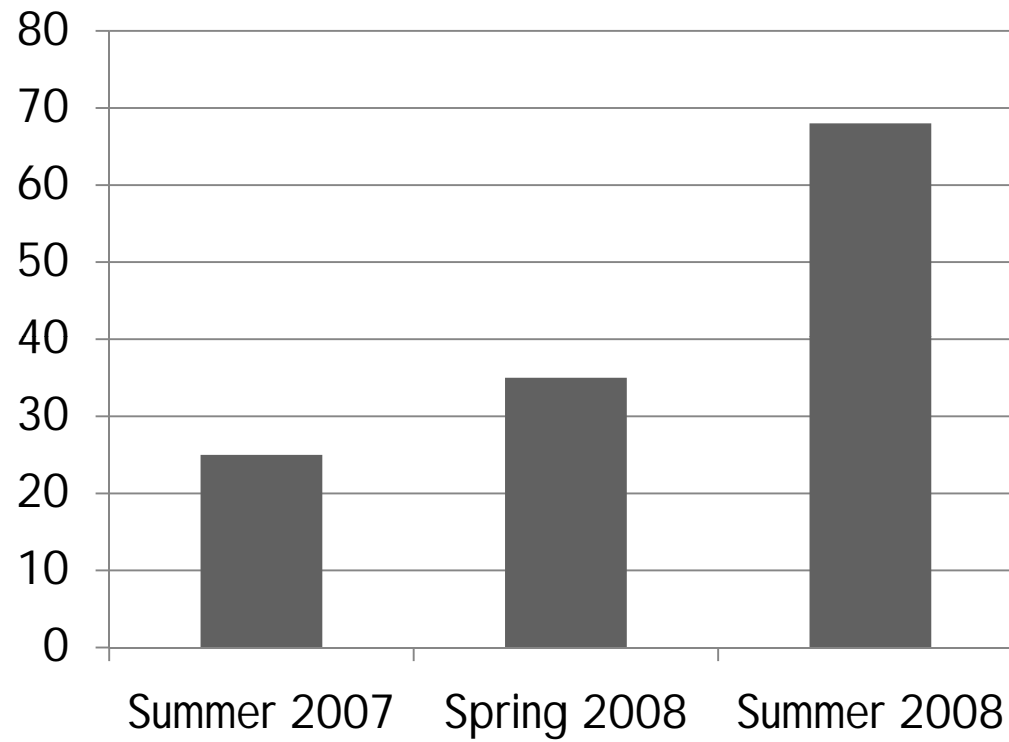
June 2008 **Begin Selling Shares**

November 2008 **66 Shares Sold**

December 2008 **68 Shares Sold**

Spring 2009 **Phase II Completed**

Cumulative Shares



Target Market

1. Young Professionals with families
2. Young Professionals without families
3. Adults over 55+

**Affluent people from Eastern Ontario*

**Need a luxurious hassle-free getaway*

Factional Ownership – *What is it?*

- Shared ownership of a property
- Wolfe Springs: 15 cottages divided into 10 shares of 5 weeks each
- NOT a time-share
- Independent management company maintains grounds
- High expected future growth

Fractional Ownership - *Benefits*

Advantages

- Maximum usage of property
- Only pay for time used
- Can rent unused weeks
- Ownership is transferrable/can be sold
- Investment opportunity (capital appreciation)
- High growth
- Luxury at a more affordable price
- Care-free vacation (maintenance is done for you)
- You control the management of the property

Disadvantages

- Privacy
- New concept (1999)
- Christmas-vacation effect
- Locked into planned vacation periods
- Not for people who aren't looking for a 'resort-type' vacation
- Can't spontaneously go up on a weekend
- Wealthy people don't like to share

Fractional Ownership

Customer Financial Benefits

	Time-Share	Cottage	Wolfe Springs
Initial Investment	\$30,000	\$100,000	\$72,000
Mortgage Payments	\$0	\$16,000	\$0
Maintenance Fees	\$2,500	\$2,500	\$2,500
Total Yearly Costs	\$2,500	\$18,500	\$2,500
Resale Value	\$0	\$500,000 x Capital Appreciation	\$72,000 x Capital Appreciation

Wolfe Springs Resort offers the best of both worlds:

- Low initial investment
- No mortgage payments
- Similar maintenance fees
- Re-sale value

Key Success Factors

- **Locations**
 - Pristine lake & centrally located
- **Uncompromised Quality**
 - Villas developed with luxury and comfort in mind
- **Owners Association**
 - Owners have control over important management decisions
- **Ownership without Maintenance**
 - Cottage living without burden of maintenance



Key Success Factors

- **Limited expansion**
 - 15 units maximum
- **Cost effective ownership**
 - Less equity tied up
- **Vision and forward planning**
 - Expanding to an 18-hole golf course
- **Network of strong business relationships**
 - Canadian Tire & Lazy Boy



Current Strategic Initiatives & Recommendations

Current Initiatives

- Games Room
- Sense of Community
- Cleaning
- Website
- Marketing & Sales

Recommendations

- Market Expansion
- Advertising
- Partnerships

Current & Future Strategic Initiatives

Games Room

- Common recreation rooms built into new units
- Noise concerns relevant to new buyers, but mitigated by quality of construction

Sense of Community

- Facilities: Waterfront Products, Community Boat House, Fire-Pit, and Welcome Center
- Future Improvement: Community building activities

Cleaning

- Currently changeover is \$250 each week
- Management deems the quality to be "excessive"
- Future reductions in quality would not be noticeable

Website

- New website launched in Nov 2008
- Currently used to provide information about properties
- Future uses include feedback collection and community portal

Marketing & Sales

- Currently sold 68/110 shares
- Future positioning as a less expensive alternative to cottages

Recommendations

Market Expansion

- Shift target from local to larger cities
- Current: Targeting Ottawa and small cities in Eastern Ontario
- Future: Expand to Montreal and Toronto markets

Advertising

- Currently does not advertise as much as competitors
- Current: Trade shows, local media, referrals & signage
- Future: "Choose Your Neighbors" and viral marketing

Partnerships

- Partnership with Queen's "Sales" course
- Balances seasonality of sales
- Provides mutual benefit to company and school

*Through the Wolfe Springs initiative, Clermont has displayed **exceptional vision, innovative approach** to real estate development, and the importance of cultivating **strong business relationships.***