



Entertainment

## Holidays without hassles in destination clubs

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By Patricia Reaney

NEW YORK (Reuters Life!) - Having lived in Europe and the United States and with family in England, British-born Emma Campbell and her husband were toying with the idea of buying a second home but couldn't decide where.

So instead of spending a hefty amount for a vacation home in a location they were unsure about, they joined a destination club that would enable them to spend holidays in luxury homes around the globe.

"We just could never settle on what would be the right place," said Campbell, who lives in Massachusetts. "As we have travelled all of our lives, and so have our kids, we also didn't like the idea of being tied to one place."

What she and her family did like was the ability to spend Christmas skiing one year and on the beach the next in million-dollar homes complete with a concierge and cleaning services.

"Another attraction was the lack of headaches and maintenance that you get with a second home," she added.

The Campbells are not alone. Industry experts estimate that about 6,500 people belong to destinations clubs, which were first launched about a decade ago.

### INDUSTRY IS ITS INFANCY

For an initial fee that can range from \$70,000 to 450,000 depending on the club, annual dues and a minimal charge per night, destination club members have access to homes dotted around the world for a limited numbers of days each year.

In most clubs members do not have a stake in the properties, only the right to use them. The initial fee is usually refundable for 80 percent of its future value.

Unlike time shares in which investors buy set times at a resort each year, destination clubs are similar to country club membership.

"It's a nomadic traveler's product," said Rich Keith, co-CEO of Ultimate Escapes, the first publicly owned and publicly traded destination club. "The number one driver is this ability to have a sense of wanderlust and be nomadic."

He says the club's membership, at 1,200, has remained stable since the start of the recession. Members travel, on average, about 27 days a year to the club's many destinations.

About 95 percent of its members are from North America, but Keith sees Europe as an untapped market, which he says is about a decade behind the United States in embracing the concept.

Even in the U.S. and Canada, Keith believes the expansion potential is enormous. He believes current members represent only a tiny fraction of the potential market.

But critics warn that destination clubs are not without risk and the industry is self-regulated. There have been bankruptcies and law suits filed against clubs.

"I would say, 'Buyer beware.' You need to understand that when you give people an initiation fee that is supposedly 80 percent refundable that you understand that the refundability is based on consumer sales velocity and the financial health of the club," said Harold Nusbaum, the president and CEO of American Resort Development Association (ARDA), which represents the vacation ownership and resort development industries.

"The member of that club doesn't own anything but a membership, so if the club doesn't work anymore the membership is not worth anything," he added.

But Campbell has nothing but praise for destination clubs.

"It works for us ... I prefer having it to a second home," she said.

Keith is convinced there are enough well-heeled customers willing to dig deep into their pockets to assure the future of the industry.

"As long as people travel, as long as people vacation, we are going to be a viable product and a viable solution." he said.

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