

## Ten Trends Affecting Mountain Resorts

**From offering new amenities to affordable housing to regional planning, mountain resorts across the country are responding in innovative ways to market changes.**

MOUNTAIN RESORTS are businesses. Though regarded primarily as recreational venues, they are large-scale entertainment real estate ventures that compete for consumer dollars in much the same way as theme parks, tropical resorts, or European destinations. Thus, they must employ business strategies to retain their current customer base while also reaching out to attract new customers. However, as the overall skiing (and snowboarding) population remains relatively stagnant, mountain resorts must constantly fine-tune their image and adjust their offerings to appeal to a broader customer base.

Mountain resorts are evolving to become increasingly year-round destinations. Some areas that were traditionally summer destinations—such as Jackson Hole, Wyoming, which is close to Yellowstone and Grand Teton National Parks—and other areas that were traditionally winter destinations—such as ski-haven stalwart Vail, Colorado—have expanded their offerings in an effort to become four-season destinations and shrink the less profitable “shoulder seasons.” These changes, however, will result in an almost year-long influx of tourists—good for the economy, but challenging for the local community.

Equally paradoxical is the amount of money that tourists bring into the community and what it does to the economy. Tourist dollars obviously drive local businesses and create wealth that can be further spread through the community as local residents spend. But, tourism also increases the divide between socioeconomic levels. The tourist industry relies on sometimes seasonal, often

low-wage employees. Rising costs of living, however, threaten the viability of resort economies by making it increasingly difficult for lower-wage employees to live in, or even near, the community in which they work.

Resorts court most aggressively those tourists with the most money to spend in the local economy. Thus, the resorts begin developing environments with higher-end amenities. Again, the results are conflicting. These amenities are highly management-intensive, creating a need for more staff to meet the expectations of the upscale patrons. Therefore, more demand is created for workforce housing. These higher-end amenities and affluent tourists drive the economy, yet, the need to provide for the workforce is also essential, much as in any city, large or small. As such, populations grow and new destinations are created.

As resorts have grown in scope and size, so, too, have the communities around them. These communities provide the workforce for the resort and, in many cases, have grown into multifaceted economic centers for the larger region. As they face and address many of the same issues that even the largest cities must confront, they sometimes outgrow their original quaint mountain town ambience. Some communities have confronted these issues head on, while others suffer from “urban denial.” But, it is undeniable that many mountain resort communities suffer from issues of traffic, sprawl, and loss of identity, among others.

To compete in the sometimes shrinking, somewhat homogenizing, and somehow urbanizing mountain resort business, resort owners, oper-

ators, and municipalities must remain agile and dynamic and willing to address an ever-growing list of needs and issues. Following are ten trends that are driving the changes occurring in mountain resorts today.

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THE RITZ CARLTON

## 1. Redeveloping Older Resorts

With numbers of skiers relatively stagnant, and human nature often gravitating toward the shiny and new, older resorts are faced with the need to reinvent themselves to compete, not only with the likes of the Aspens and Vails, but with other family vacation offerings. Many older resorts can no longer rely on their image as a small homey local mountain resort to sustain themselves. Without high-speed chairlifts, off-slope dining, lodging, retail amenities, and family entertainment options, these older resorts will flounder.

To make themselves more competitive with each other and with other vacation and entertainment destinations, mountain resorts such as Brian Head, in southern Utah, and Mammoth Mountain, in California, are undertaking large-scale redevelopments. In Brian Head, an approximately 1,700-acre parcel may be developed as a combination of any number of uses: golf club, residential townhomes or condominiums, hotel, and/or commercial and retail uses. In Mammoth, parts of a phased base village have been completed, while other parts are still under development. Starwood Capital Group recently acquired a majority interest in Mammoth from Intrawest, which remains as a minority owner, and will continue to work toward realizing Mammoth's vision of becoming a major destination resort.

Unlike other resorts that have to fight to maintain their identity, some older resorts must re-create their identity, and their destiny, by redeveloping their villages into true family destinations that just happen to be next to a mountain.



BRAD PEATROSS/MAMMOTH MOUNTAIN SKI AREA

## 2. Going Upscale

Lost on the average skier is the fact that mountain resorts essentially are real estate ventures with the mountain as an amenity, much as golf courses are amenities for residential developments. Although sometimes hard to believe with lift ticket prices surpassing \$70 per day in some locales, real estate remains a resort's largest revenue generator. With supply tightly constrained due to existing development and, in most cases, extensive public landholdings, resorts are apt to draw as much value as possible from remaining parcels. As such, resorts must continue to offer higher and higher levels of service and amenities to keep attracting real estate money, whether hotels, condominiums, homes, or other products.

Upscale hotel chains have found success at mountain resorts. The Ritz-Carlton Hotel Company operates a property at Bachelor Gulch in Beaver Creek and in Aspen, complete with spas and package deals that include wine tastings and gourmet dinners. In Jackson Hole, Wyoming, a formerly sleepy cowboy town is home both to a Four Seasons and an Amangani. The latter is operated by Amanresorts, known mostly for its superior properties in places such as French Polynesia, Sri Lanka, and Thailand. The 40-room Amangani is Amanresorts' first U.S. location, and includes spa and pool amenities, as well as an art gallery, a lounge, and a library. The Four Seasons Resort in Jackson Hole is the Four Seasons' first U.S. mountain resort property and includes a residence club and private residences in addition to its guest rooms, suites, and master suites.

Of course, upscale hotels at ski resorts are not entirely new. But, the presence of larger chains signals the start of a trend. This puts added pressure on other resorts to include higher-end offerings to attract the type of clientele that provides the needed economic boost.



THE RITZ-CARLTON

### 3. Keeping Beds “Hot”

A new type of ownership structure has emerged at mountain resorts—fractional ownership. Also called private residence clubs, fractional ownership allows the buyer to purchase a deeded share (anywhere from one-quarter to one-thirteenth) in a residence. This share provides a set number of weeks during which the buyer may use the property and the amenities included with the development. According to Condo Hotel Center, prices can range from about \$40,000 to over \$1 million, depending on location, number of weeks, size, and level of luxury (most, however, range from \$100,000 to \$500,000). Basically, the benefits to buyers are that they acquire ownership of a second home at a lower price point without the hassles of upkeep and with the ability to capture appreciation upon resale. At the Deer Valley Club in Park City, Utah, for example, prices have been consistently appreciating. According to Tom Ward of Jess Reid Real Estate in Park City, a two-bedroom membership unit that sold for \$70,000 in February 2005 recently sold for \$105,000. Similarly, Ward notes current three-bedroom memberships sell for \$195,000, whereas in January 2005, the same membership unit sold for \$150,000. The benefits to sellers or operators basically are that they are able to capture more revenue



from sales of fractional units than from selling a single unit to a single buyer. For example, selling four four-week packages yields more revenue than selling that same unit to a single buyer as a condominium. Also, since all 52 weeks are not accounted for with any single fractional unit, these units can be rented out on a weekly or nightly basis when the owners are not present, thereby presenting further revenue opportunities to the operator.

The benefit to the community is that beds are kept occupied, or “hot,” by either fractional owners or daily or weekly guests. This is an important factor in the life cycle of a mountain

resort because it is the constant influx of visitors that drives the economy. Single condominium units often are unoccupied, with the average owner staying less than four weeks out of the year and with nearly half of the owners electing not to be included in the rental pool, whereas, with hot beds, a relatively constant cycle of guests will be coming and going, spending money at local businesses, and, overall, keeping a place active and exciting. Coupled with the stock of regular hotels, which also captures hotel tax revenue, fractional units, when active in the rental pool, can be a key component of a mountain resort community’s municipal budget.



### 4. Events/Venues for the Younger Crowd

With skier numbers stagnant, resorts have had to reinvent themselves and adjust their offerings to attract families and, especially, the younger crowds. With the popularity of snowboarding continuing to grow almost exclusively with the younger generations, most major resorts throughout the country have added terrain parks or halfpipes specifically designed for snowboarders.

Increased ski school offerings, snowtubing parks, ice skating, expanded terrain for beginners, more diverse restaurants and retail shops, and other amenities are all now part of resort programming in the effort to make mountain resorts full-family destinations. Even traditional ski resort stalwarts such as Jackson Hole and Crested Butte, Colorado, have added such amenities in trying to shed their image as havens for experts only. However, as family offerings tend to be similar, resorts may find it difficult to maintain their identities. Combating the “sameness” image are places such as Alta, Utah, which remains closed to snowboarders and is a “skiers’ mountain.” This, along with other aspects, certainly drives Alta’s uniqueness, but may come at the cost of keeping some families at bay.

There are, nevertheless, ways to offer unique attractions while still drawing all age cohorts. Aspen, for example, has hosted ESPN’s Winter X Games for the past several years, an event targeted at the under-25-year-olds. And, Vail has opened an MTV studio atop the mountain, with U.S. Olympic mogul skier Jeremy Bloom as program host. However, these attractions are extremely difficult and expensive to replicate.

## 5. Maintaining Community Identity

The once tiny airport at Jackson Hole used to welcome ranchers carrying nothing more than a saddle with saddle bags, as well as the occasional skier toting bags of gear. The formerly sleepy town square is framed by elk antler arches and wooden sidewalks, but today these features front such ubiquitous chains as the Gap or the Rocky Mountain Chocolate Factory, while fast-food chains line the road leading from town to the mountain. In an age of globalization, resorts must maintain their identities both to meet the desires of their visitors and to differentiate themselves from other resorts.

Historic and attractive mountain towns, such as Park City or Telluride, Colorado (both originally mining towns), need to promote economic development without losing their charm. It is a vicious cycle—tourists come to unique places to escape their everyday lives, and they bring their dollars with them. The larger chain stores follow, hoping to capture those dollars, and the uniqueness disappears as the same stores appear from resort to resort. Those resorts with unique identities are most in danger of losing them. But, those that do maintain their identities are positioned to gain the greatest benefits. Communities must be vigilant and balance the need to preserve their identities with the need to develop their economies. Just as suburbs must fight to create a sense of place, resort communities must fight to maintain their sense of place.

## 7. Public Transit Options

Choking traffic, long commutes, and hard-to-find parking should not be factors in mountain resort communities, but they have become so. From workers displaced by housing prices and forced to commute to geographical constraints at some resorts—for example, because many resorts have only one road in and out, they must funnel all traffic on this one road—there are simply too many vehicles on the road. To deal with this congestion, viable transit options are an absolute necessity.

If visitors can get to the mountain, around town, and, perhaps, to neighboring resorts without a car, much of this congestion can be relieved. And, if workers can take transit from outlying areas to the center of town, even more congestion can be relieved.

Communities like Park City provide free in-town shuttles that connect to places farther outside of town and provide a relatively substantial transportation network. Likewise, Aspen and Pitkin County, through the Roaring Fork Transit Agency (RFTA), provide a commuter bus service that serves park-and-ride lots along the length of the highway that leads in and out of the city of Aspen. RFTA's ridership numbers rival those of major U.S. cities. Providing public transportation limits the need for tourists and workers to drive cars in the town center, thereby reducing traffic, congestion, and the need for parking.



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## 6. Providing Affordable Housing

Much like many large cities, mountain resort communities face a growing affordable housing crisis. As resorts continue to offer higher priced and higher-end real estate options, surrounding properties summarily increase in value. Housing options are scarce for the workforces of most resort communities—primarily low-wage seasonal workers

working in retail, restaurant, and mountain operations, and in construction. Similarly, full-time residents who provide city services—teachers, police, municipal workers—make less than what is needed to purchase a home.

To combat this affordability gap and preserve the way of life for local residents, some municipalities have tackled affordable housing development aggressively. Unfortunately, most are playing catch-up. With land and construction prices high and supply constrained, it is a daunting task. In Aspen, a 60 percent inclusionary zoning ordinance has produced tangible results both in the city of Aspen and throughout Pitkin County; over 2,000 deed-restricted affordable housing units exist today. In Park City, the mountain resort rents some properties at market rate and leases them to seasonal workers at below market rate, thereby subsidizing some, but not all, employee housing. But, in places like Crested Butte, a recent transfer of ownership has led to skyrocketing property prices, and without an inclusionary zoning policy in place, locals have been forced to find housing farther away from the resort, compounding traffic problems, among others.

To keep these small towns functioning as viable locales for residents and visitors, housing options must be available for all. Otherwise, the sprawl and congestion that everyone is trying to escape in the first place will be in their own backyards.

## 8. Open Space/Parks

Many people are drawn to mountain resort communities in the first place because of the feeling of openness. Ironically, this open space is now threatened. Increasingly, development consumes available land, chain stores and fast food restaurants line roads and block views, and community parks are nonexistent. The need to preserve open space is real. In Sun Valley, Idaho, a hillside ordinance limits development above certain points on mountains and along most ridgelines in order to preserve vistas. In Aspen, devel-



JULIE ANN WOODS

oping local parks is part of the city's economic development strategy, whereby the parks are programmed with events during the shoulder seasons to continually provide attractions. Even in places like Jackson Hole, where 97 percent of the land is publicly owned (by the U.S. Forest Service, the Bureau of Land Management, the National Park Service, and other such entities), a nonprofit land trust is active in purchasing land and conservation easements to curtail development on privately held real estate, such as scenic ranches, river-adjacent properties, and mountain roads.

## 9. Regional Resort Planning

Much like any metropolitan area, mountain resort communities must consider the larger picture in terms of growth and development. By doing so, they will address, and potentially solve, many of the issues that resorts face today, including transportation, housing, open space, identity, and others. Governmental cooperation across jurisdictions and the sharing of general information will help preserve the greater whole.

In Colorado, Pitkin County and the city of Aspen jointly address housing, transportation, and open-space issues. Known for its upscale level of living, this area is also one of the most progressive and successful among its peers in providing viable public transportation networks and affordable housing programs. Park City has enacted far-reaching transportation and open-space strategies that extend beyond its borders into

neighboring Wasatch County. And, as a great implementer of regional planning, the Tahoe Regional Planning Agency (TRPA) focuses on the environmental health and sustainability of Lake Tahoe, bordered by numerous municipalities and counties within two states. Under the general umbrella of environmental protection, TRPA has engaged the community in discussions of growth management that affects development, transportation, and open-space initiatives in its efforts to preserve Lake Tahoe as a regional draw.



TAHOE REGIONAL PLANNING AGENCY

## 10. Intermountain Connections

Eyeing the well-established trend in Europe of connecting numerous mountains into one megaresort, such as in the Alps resorts of Italy, France, and Austria, U.S. resorts are studying the notion of linking separate resorts. Some of these resorts already are linked in pairs—Aspen and Snowmass are under the same ownership (along with Aspen Highlands and Buttermilk) and are linked by shuttle, as are Vail and Beaver Creek, also owned by a single entity. But, recently, separate owners have come together to link resorts. In Utah, the neighboring Alta and Snowbird resorts offer a combination lift ticket that provides access to both mountains, made possible by Snowbird's opening of Mineral Basin. And, in Montana, Big Sky Resort and Moonlight Basin offer a joint ski pass.

Physical links among multiple resorts, not just two immediately adjacent neighbors, may well be the next big trend in United States skiing as a marketing ploy to provide seemingly endless terrain. This may help alleviate some of the transportation concerns, as well, as skiers would be able to arrive at one mountain and ski a number of others without ever getting in a car or boarding a shuttle. Preliminary studies have been conducted that show it is physically possible to link Park City, Deer Valley, and the Canyons in Utah, and perhaps even more. And, in Summit County, Colorado, links among its resorts may be a possibility. While such connections would require extensive networks of chairlifts, trams, and gondolas, the possibility of achieving the differentiation of a megaresort may be worth the complicated physical and business logistics that would need to come together to make it a reality. **U**



SNOWBIRD SKI AND SUMMER RESORT