

# What we can learn from the French?

## Intrawest at Les Arcs

The resort of Les Arcs was the brainchild of Robert Blanc, a skier who wanted to create a series of villages at different altitudes on the mountain above his home town of Bourg-St-Maurice in the French Alps. The first village, 'Arc 1600', opened in 1968. Les Arcs has come a long way since then. Villages at 1,800 and 2,000 metres altitude have been followed much more recently by 'Arc 1950'.

'Arc 1950' was the first commercial foray into the Alps for Intrawest, the giant North American resort developer and operator. Intrawest has often been criticised for what has been dubbed a faux Disney approach to development but at Les Arcs it acted in partnership with Compagnies des Alpes, the firm that operates ski lifts at Les Alpes, La Plagne and other alpine resorts. This gave the plans credibility and helped to allay any worries that the local authorities might have had about working with Intrawest.

The Intrawest formula is based on the principle that a successful resort can maintain its appeal throughout the year not just winter or summer and 'Arc 1950' certainly does this. It is a four-star rated pedestrian-only village, boasting 2,500 beds. The chalet-style residences offer a mix of one, two, three and four-bedroom residences, each of which is built from authentic materials following local traditions. Internally, all properties are furnished in a traditional Savoyard style. All properties have a balcony, terrace or loggia as well as use of a ski locker and heated storage room. During the skiing season, guests can ski without having to avoid traffic (all parking is provided in a single underground car park). Throughout the rest of the year there are plenty of other activities to choose from - horse-riding, walking, climbing, cycling and parascending. There are also 40 shops and restaurants for guests to choose from.

With sympathetic architecture and reasonably priced apartments, 'Arc 1950' has become the focal point of the whole resort. Sales-wise, 'Arc 1950' has been a phenomenal success. Many phases of the development sold out in just a day and around 80% of the properties have supposedly been snapped up by British buyers. The last apartment building will be completed in 2008. Prices for the final phase start at £180,000 excluding VAT for a one-bedroom property.

Apart from the village's location, year-round appeal and excellent facilities, one of the main reasons for the success of 'Arc 1950' is the fact that its apartments have been sold on a leaseback basis. Leaseback is a sales mechanism that was introduced by the French government two decades ago in order to increase the volume of quality holiday accommodation available in areas capable of attracting more tourists. The leaseback scheme enables investors to purchase the freehold to a property and then earn a guaranteed rental income from it. At 'Arc 1950', Intrawest maintains all properties and lets them out on behalf of the owners, giving them a guaranteed rental income. An added perk is that leaseback owners can also reclaim the VAT on their purchase from the French government - a saving of up to 19.6% of the property's value.

Intrawest has enjoyed such success with 'Arc 1950' that it has committed to a second project at Les Arcs, 'Edenarc 1800', a four-star resort that will have 360-degree views of Mont Blanc and the Tarentaise Valley. The company is also widening its European portfolio by developing a new 500-apartment resort at Flaine-Monseil, near Geneva. Like 'Arc 1950', both new developments will be ski-in/ski-out, year-round resorts sold to investors on a leaseback basis.

And while Intrawest are enjoying their European adventure, achieving fantastic returns on investment, the local economy is benefiting greatly from their presence, as the influx of visitors to the region has created a substantial service economy. The foresight of the French government has paid off, creating a win-win situation: a great addition to what was an ailing resort and happy customers who are prepared to make a long-term investment in the area.

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**Intrawest:** Vancouver-based Intrawest is North America's biggest ski resort operator and builder of resort villages. Founded in 1976, the company employs more than 20,000 people and its portfolio includes Whistler-Blackcomb, Blue Mountain in Ontario and Copper Mountain in Colorado. Outside the ski world, Intrawest also owns and operates golf and other recreational businesses. In 2006, Intrawest was acquired by Fortress Investment Group LLC.



**Compagnie des Alpes:** Founded in 1989, CDA is the world's largest ski resort operator, with more than 13 million skier-visits at 14 resorts in France, Italy and Switzerland. Like Intrawest, CDA is moving into summer tourism activities in order to boost revenues throughout the year.

