A holiday from ownership

International property Buyers seeking variety are learning their fractions. By Richard Holledge

Borgo di Vagli in Tuscany, where architect Fulvio Di Rosa spent 10 years recreating the 600-year-old community

A holiday home once meant a house in the Dordogne or a bougainvillea-fringed villa in Andalusia. You only had time to visit it a few weeks a year and the first days were spent phoning the pool man and buying new towels, but it was yours, all yours. How old-fashioned. These days any individual worth their high net is not content with just one property, but a score.

For those who want to enjoy many different properties without the hassle of full possession, one solution could be fractional ownership. Started in the US in the early 1990s by groups of friends who pooled resources to buy holiday homes, it has developed from simple part-ownership of a property in one location to an elaborate and increasingly upmarket share in hundreds of properties around the globe.

Put simply, investors buy into a fund that entitles them to limited use of a portfolio of properties – usually about four weeks per year – but, crucially, they have a share in the equity. It may not be romantic but it is functional, if somewhat corporate.

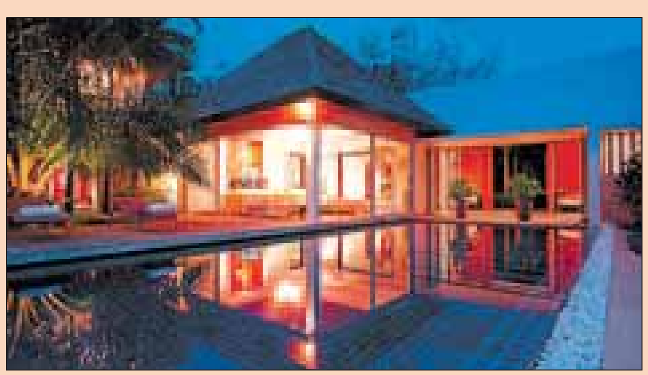
One scheme which combines individuality with the hard-headed imperative of a possible return on the investment is Borgo di Vagli, a hamlet deep in wooded hills near Cortona in Tuscany, Italy. Ten years ago it was an abandoned village of tumbledown walls with trees growing out of the ruins. Architect Fulvio Di Rosa, who has restored four other villages in Tuscany, took 10 years to recreate the community of 21 houses, using the footprint of the original buildings and much of its original stone, timber and tiling.

"The structure of the village is exactly as I found it," he says. "We have struck the balance between modern needs and the respect for the authenticity of a place that dates back 600 years."

Every house is different and, unlike some schemes with global reach, this one concentrates on creating the atmosphere of the tight-knit community it once was. A monthly newsletter is posted online with updates from its clientele of Brits, Americans, Dutch and Norwegians.

Harald Kobbe, a lawyer from Bergen, Norway, who bought a two-bedroom share without visiting Borgo di Vagli and has now bought a second, says: "Fractional ownership isn't an appropriate name for what Vagli is, because it has negative connotations. I rather use the word 'togetherness' to describe what we have here."

Villa Layan in Phuket, Thailand, one of the properties in the Hideaways Club portfolio



Borgo di Vagli has the capacity for 100 ownerships, of which 60 offer two bedrooms and 20 offer one. Strictly speaking the owner is entitled to four weeks a year but a "space available" scheme can extend that to more stays. The cost for one bed is £63,000 with annual fees at £1,708 including local taxes, pool and maintenance. Two bedrooms are £99,946 with £2,163 fees.

The first properties sold in 2006 were valued at £54,000 for two bedrooms and £41,288 for one, so the price has risen – though, as marketing director Lee Cogher points out, " profit is not guaranteed." Just in case that "togetherness" gets too much, Vagli is also connected to the Registry Collection, which offers more than 100 destinations from Mexico to Bali. It is this access to expensive properties in the rest of the world that makes the scheme so appealing to many.

Take the Hideaways Club, which owns more than 100 properties in destinations such as Portugal, Mauritius and South Africa. The club offers two tiers of ownership: £250,000 (with annual dues of £14,000 for concierge service) buys four to six weeks' use depending on peak times, while the second tier at £135,000 with annual fees of £7,000 buys two to three weeks. Again, the buyer has a share in the equity of the properties which can be sold at any time.

The properties are invariably four or five bedrooms with en suite – the kind that would cost more than £1m to buy and at least £10,000 a week to rent. The arrangement suits former tennis player Tim Henman who has become an ambassador for the club. "It has been a massive success for our family," he says. " We thought about buying a place abroad in Tuscany or the south of France. Then all of a sudden skiing was on the agenda . . . Now we can meet all those choices."

Owners with the Hideaways Club can sell their asset at any time, but Rocksure destination club sets up a fund to buy a portfolio which is redeemed at the end of 10 years. Founder David Rogers says: "Our properties, which are in the £1m to £1.5m bracket, have all been bought with cash. We don't have mortgages so investors know their money is safe. Our first fund, the Alpha, opened in 2006 and closed in 2007 at the height of the good times. Then it cost £159,000 to join now it is valued at £202,000 – a 27 per cent increase."

Rocksure has recently launched the Crystal Fund at £238,000 per investor and plans to sustain prices by buying in places such as Brazil, Portugal and Morocco, which are popular with a wide range of international buyers.

Not everyone is enthusiastic about fractional ownership, however. Paul Humphreys of estate agency Knight Frank, which is not involved with the fractional market, says: "I agree that you can get access to a luxury property and have a nice holiday at a smaller share of the normal price but it is always difficult to mix lifestyle choices with investments. I think the benefit of the lifestyle is more evident – great holidays in any number of places – but the value of the investment is more tricky to assess.

"You need to check the maintenance charges and you need to buy well – ensure that the properties are worth the money spent on them and that they will keep their value."

In an attempt to protect buyers, the EU issued the European Fractional Ownership Directive in 2009, which is expected to be made law by the end of this year. It rules that each buyer must be given 14 days to change their mind without financial consequences; that there must be full disclosure of all necessary information in each contract; that fractional interests cannot be marketed or sold as investment opportunities and that documents may need to be written in more than one language.

Richard Holledge was a guest of Club Borgo di Vagli

Buying guide

Pros
- Little effort required. Send for the concierge
- Holidays in big, well-equipped properties
- You can make money

Cons
- It's not yours. It's impersonal
- You have to accept that scores of other people will use it
- You can lose money

What you can buy for . . .
£100,000 One of 120 flats around the world from the Hideaways City Collection, 23 nights for £120,000
£1m Four shares at £241,815 in Castello di Casole, Tuscany, each offering three to four weeks a year

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- Rocksure www.rocksure.com, tel +44 (0)1993 823809