

FRACTIONAL OWNERSHIP IN THE UK

Fractional ownership is an established concept in the USA and Caribbean, but can it work in the less than ideal climate of the UK? This article was triggered by reading a report that was very negative about fractional ownership in the UK.

What's the Problem?

The suggested problem seems to be that fractional ownership is only suitable for resorts with year-round warm climates or places with a very long season for other reasons, e.g. Summer/Winter use of an apartment in the French Alps or a city-break location. This long season would mean less pressure on the time allocation and allow smaller fractions to be practical. Of course it does help if the season is longer, but I think that what is really being said is that fractional ownership in the UK (outside of London) is not really suitable for developers looking to make huge profits.

Why Fractional Ownership Can Work in the UK

To see why the worries about fractional ownership in the UK are incorrect, you only have to review the leisure industry that already exists in the UK/England. If the fractional ownership model can't work in the UK why are there so many people with second homes who rent them out for part of the season? The whole cottage rental business would not exist if this were true. Also fractional ownership's much derided "cousin" - timeshare is established in the UK, concentrating on resorts with either a lot of indoor facilities or year-round appeal (e.g. the Lake District). For developers to ignore the UK market is to ignore potentially lucrative opportunities to sell a different type of holiday experience. As the green market grows and ever-increasing oil prices drive up the price of air travel there will be a larger market in the UK for UK-based holidays.

Who Would Buy UK Fractional Property?

Part of the problem is that developers often only seem to be considering a limited range of holiday experiences (basically luxury beach and/or golf) when it comes to developing fractional schemes. In the UK there are a number of existing leisure concepts which fractional developers could tempt consumers away from, the most significant being timeshare. Also as mentioned above there are a large number of second homes in the UK. The owners of these could be tempted either to sell fractions in their existing assets or to buy new fractional developments as a way of releasing capital.

From the consumers point of view the development of fractional ownership in the UK would open up the possibility of second home ownership to new groups who had not previously believed they could afford it, and had been unwilling to buy timeshare because of the bad publicity/poor investment returns.

My final point is that "Centre Parcs" in the UK in the Lake District is always booked well in advance and is a leisure facility that manages to be busy throughout the year, despite the English weather.