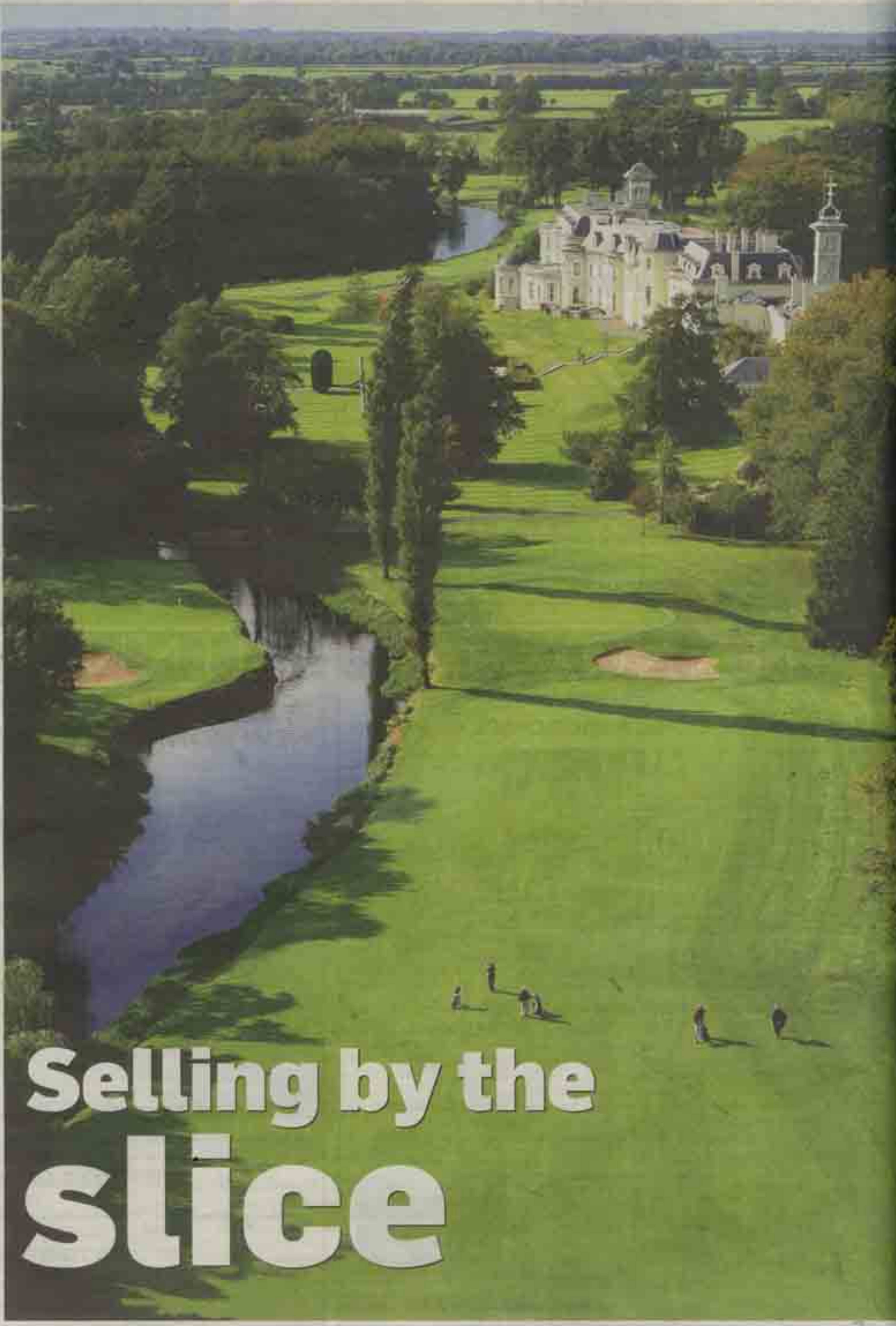
Selling by the slice

The once-exclusive K Club is offering part-ownership — or should that be 'timeshares', asks **Siobhán Maguire**



Since its establishment in the heyday of the Celtic tiger, the K Club has been Ireland's most exclusive country club. With its unrivalled concentration of millionaire residents — Ben Dunne, Ronan Keating and John Magnier have all owned properties there — the Co Kildare address became synonymous with wealth. In 2006, it stepped on to the world stage, hosting the Ryder Cup.

Its fortunes have turned, however. During the slump, prices of homes on the 550-acre estate in Straffan have plummeted, some by two thirds.

Although price cuts are par for the course in this market, few would have predicted the resort's next strategy for shifting unwanted stock — selling part-ownership.

Last month the club announced a partnership with Firstlight International, a shared-ownership specialist with holiday properties in Australia, New Zealand, Asia, America and Europe. They will offer part-ownership of K Club properties to Irish and foreign buyers.

The scheme, which will eventually include 48 apartments and holiday homes in the Ladycastle area of the estate, entitles buyers to an eighth of ownership (six weeks' use a year) and full family membership of the K Club — a contentious offer as joining fees are usually about €80,000 and annual subscriptions cost up to €7,000, charges that existing residents must pay.

Michael Smurfit, who launched the club in the early 1990s and co-owns it with the builder Gerry Gannon, was keen to sing the praises of the project.

"The current trend towards fractional ownership within luxury resorts offers a real opportunity for The K Club to enhance its position as one of the world's leading destinations and to entice visitors from across the globe thanks to the option for exchange amongst the world's most exclusive residences," he said last month.

Some property observers are not convinced, however. "There is no difference between fractional ownership and timeshare — they are one and the same," says John Mulligan, an Irish travel writer and former foreign property salesman. "In my experience, timeshare is usually brought in to sell the unsaleable. If there were buyers for this stuff, they wouldn't go to timeshare."

Catherine Monaghan of Firstlight The K Club, the official name of the partnership, disagrees. "There is a stigma and a misconception that timeshare is fractional ownership," she says. "The fact is that it is different. You do have an undivided titled interest in the property — you do have a saleable asset that there is a regional market for. You're not selling just time within the resort.

"There is a certain amount of education but, for the most part, the clients we are talking to are au fait with fractional. They have either purchased fractions in European or American resorts or have been looking at this place for a long time."

As times get tougher, the K Club is

The club is co-owned by Smurfit, right, the kitchen at No 938 Ladycastle

The Ryder Cup was played to its conclusion at the K Club's 18th hole; Tiger Woods, below, was part of the American team that lost in 2006

scaling back on projects such as K, its in-house magazine. K used to charge €8,600 for a double-page advert and aimed itself at wealthy residents with "unlimited spending power".

Some of the club's homeowners are feeling the pinch in the downturn, however, and they are concerned about the service charges and golf fees.

One source told The Sunday Times that residents held a meeting last month to discuss the charges. Some are unhappy that the price of annual golf membership for residents has not been reduced when rounds of golf for non-residents have been heavily discounted. In July, it was reported the club was advertising golf at €99 per round, a discount of nearly 70%.

"There is a lot of disquiet among some [residents]," the source said. "The average service charge is supposed to be between €6,000 and €7,000, while the average golf membership for a husband and wife is between €10,000 and €12,000. One member said to me, if he were to pay green fees as a non-resident on a Saturday or Sunday, he wouldn't pay as much as his annual sub, about €8,000."

The K Club first landed in the rough in the years after the Ryder Cup. The tournament was meant to launch the resort internationally, but it did little for its commercial fortunes. Figures released last November show that losses continued to mount — €5.5m in 2007, a 32% increase on 2006. Sales at the club fell by almost 10% to €20.2m in 2007. A round of golf for a non-resident last November cost just under €380.

Three months before the Ryder Cup began, Ronan Keating's former home at No 6 Churchfields was on the market for €5.5m. In 2007, the same mansion, then owned by Paul Tiernan, a property developer, was for sale at just €5m. Tiernan paid about €1.2m for the property in 2002.

Ben Dunne, the retail giant-turned-fitness mogul, was one of the first to flee the resort, offloading his mansion, No 2 Churchfields, for about €4m in January 2007. He originally paid less than IR£1m (€1.27m) for the 3,500-sq-ft three-bedroom property.

By September 2007, the development was hit by more falling prices. No 15 Churchfields, a 4,251-sq-ft home on the same street where Smurfit has a property, went on the market for €7.5m in the spring, but that had dropped to €5.25m by the autumn. Up the road, No 20 Churchfields was on sale for €4.75m.

The picture today is even gloomier. A two-bedroom apartment in the Fountain Courtyard, beside the resort's hotel, is selling for about €380,000; it was valued at more than €1.1m before the Ryder Cup. The property originally sold for €550,000 more than a decade ago and carried section 23 tax breaks, which have now been used up.

John O'Reilly, an auctioneer in Co Kildare, has two other K Club properties on his books, including No 938 Ladycastle, in the area earmarked for the fractional-ownership scheme. This three-bedroom detached house is on the market for €895,000. Neighbouring homes have asking prices of up to €2m, while a four-bedroom part-ownership share starts at €310,000.

Despite the slump, the K Club is keen to push on with fractional ownership. And it is not the only Irish golf club to do so. Doonbeg in west Co Clare has linked up with Timbers Resorts, which operates private residence clubs in Italy, America and Mexico.

Supporters of these schemes say the K Club should be commended for tapping into the psyche of second-home buyers, who no longer want to be lumbered with entire properties.

"The days of conspicuous consumption are over," says Piers Brown, the founder of FractionalLife.com, a web portal on shared ownership.

"This downturn has made the consumer think long and hard before committing to any whole ownership purchase, but it's clear they still wish for the lifestyle, luxury, location and any potential investment upside associated with a second property purchase.

"Fractional ownership suits many people who are hankering to experience this at a fraction of the cost and the great thing about it is the majority of developments offer deeded interest — an important attribute that keeps fractional ownership well apart from timeshare."

The K Club and Firstlight team say the scheme's first two weeks have gone well, with a large number of inquiries from the UK. This week a former Premier League footballer is arriving to inspect one of the shared-ownership properties.

Some K Club residents have come out in support of the fractional-ownership project too. "This kind of scheme will only work in a top-class place," says one homeowner. "Anything that gets the wheels turning in this climate is brilliant. This will increase footfall for the K Club and for the hotel, and the standard of properties elsewhere don't compare with here.

"The K Club is doing miles better than any of its competitors. Do I think fractional ownership will devalue my property? Not in a million years."