

## Outlook for the Industry

Participants in ARDA's Construction & Design Committee were asked to share their views on issues and trends in their respective industry sectors that may impact vacation ownership resorts in the year ahead.

From the newest colors in kitchen sinks to negotiating your construction contracts, their comments are insightful.

### Kitchen and Bath

"We expect kitchen and bath remodeling to continue but on an as-needed basis and with low-cost options, such as resurfacing cabinets and counters, more common than complete tear-outs. Neutral colors are very strong, with white, bone, and almond leading the way. Stone effects will remain very popular. Landfill restrictions continue to tighten; to protect your resort, make certain your contractor is aware and complies with the most current local regulations."

— Jim Keith, Partner, Reliable Kitchen & Bath; [jim@reliablekb.com](mailto:jim@reliablekb.com)

### Technology

"Our members are seeing increasingly advanced, integrated electronic systems in customers' homes. One growing trend is green home technology. Consumers are looking for features like lighting control, smart shading and thermostat control, solar panels, and more efficient components to reduce consumption, improve indoor air quality, and reduce their home's carbon footprint."

— Utz Baldwin, CEO, Custom Electronic Design & Installation Association; [ubaldwin@cedia.org](mailto:ubaldwin@cedia.org) (ARDA Committee Advisor)

### Security

"The biggest trend in electronic locks will be the growth in the use of RFID for owner unit access. Using RFID, or proximity type cards, eliminates the issue of key cards losing magnetization and also improves guest satisfaction, staff efficiency, and ease of use. In the future,

this technology will also enable owners to access their units with their cell phone, driving even greater owner convenience and lower cost for the resort."

— Dominic Locascio, Director, Key Accounts, VingCard Elsafe Timelox; [dlocascio@vcegroup.com](mailto:dlocascio@vcegroup.com)

### Insurance

"The main issue in the current economy is cost-cutting. Many companies are reviewing their policies and asking brokers to modify their major contracts to cut costs. To coin a phrase, 'words matter,' and it is critical that the resort manager work with a broker that understands vacation ownership and HOA management. Demand an explanation of any unclear word or phrase in a new or revised policy. Lower rates rarely mean the same coverage."

— Tom Provost CPCU, Area Vice President, Arthur J. Gallagher Hospitality Insurance and Services; [Thomas\\_provost@ajg.com](mailto:Thomas_provost@ajg.com)

## 2010: Key Construction & Design Trends and Issues

- Re-finishing and re-surfacing versus complete renovations
- Neutral colors
- Outdoor appliances and cooking areas
- Furniture from sustainable materials
- Mid-project redesigns
- Integrated electronic systems
- RFID technology in security systems
- Construction costs slowly increasing
- New renovation projects starting
- Current projects stalling or slowing
- Asia and Middle East emerging as design export markets
- Artificial turf in landscaping

### International Markets

"Vietnam is in the midst of a large resort and hospitality infrastructure building boom, presenting opportunities for a wide range of designers, materials suppliers, and consultants. High-end, quality North American woods and wood products are finding markets in Asia, with strong potential seen in the Middle East."

— Terri Batch, Team Leader-Global Design & Construction Team, U.S. Department of Commerce; [terri.batch@mail.doc.gov](mailto:terri.batch@mail.doc.gov) (Committee Advisor)

### Artificial Turf

"We anticipate increased concerns about water restrictions in virtually all resort markets, as well as even more interest in taking advantage of LEED credits by using synthetic grass in landscaping option. The current economic environment has also resulted in a new focus on the true maintenance cost of turf in public venues."

— Jim Karmie, ForeverLawn Inc.; [jim@foreverlawn.com](mailto:jim@foreverlawn.com)

### Legal

"In the year ahead, both developers and HOAs may face uncertainty in the completion of their current and planned projects, as their contractors, subcontractors, or material suppliers continue to be battered by the recession and possibly delay, or even cease, work. Legal help is critical to minimize the impact of these formidable issues."

— Gregory K. Smith Esq., Attorney, King & Spalding; [gksmith@kslaw.com](mailto:gksmith@kslaw.com) (Committee Legal Issues Content Group Lead)

### Construction

"2010 may be the last year for quite a while that those responsible for resort renovations will be able to capitalize on the currently volatile construction market. To do so, they must select a project team committed to maximizing value and

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We would also like to thank the U.S. Virgin Islands Hotel & Tourism Association and the Caribbean Hotel and Tourism Association for the spirit of collaboration both organizations continue to demonstrate. Working hard to ensure the long-term health and viability of the Caribbean hospitality marketplace is a top priority shared among our respective industries and organizations. **D**

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◀ ARDA-Caribbean hosts dinner for Governor John P. de Jongh Jr., and Lieutenant Governor Gregory R. Francis.

## Construction & Design

### Outlook for the Industry (cont)

increasing ROI. Establishing a realistic market-adjusted budget and schedule is critical to ensuring value for money, and a proactive, client-specific approach to project management will guarantee an improved IRR. We estimate that the deflated market will start to normalize around Q1 2011.”

— *Derek J. Hutchison, Executive Vice President, Cumming Corporation; [DHutchison@ccorpusa.com](mailto:DHutchison@ccorpusa.com)*

“Although funding is still very tight, lower construction costs are finally resulting in our customers starting new projects, which for the vacation ownership business are mostly renovations. They are getting more value for their money versus 2008, but we expect costs to start increasing again in 2011.”

— *Alan Wilson, MRICS, MHS, LEED® AP, Hospitality & Leisure Sector Manager Faithful+Gould; [Alan.Wilson@fgould.com](mailto:Alan.Wilson@fgould.com) (Committee Sustainability Content Group Lead)*

### Value Engineering

“Looking at the year ahead, re-evaluate the uses proposed on any project still in design, such as changing the mix of hotel, fractional, timeshare, and full ownership units. Consider adding sustainable or green-construction elements; possibly even integrating a renewable energy source within the overall project. Value-engineer your project with a peer review engineer or contractor—there is a proven saying that ‘the savings in construction cost is hidden within the plans.’”

— *Eric Schwarz, PE, LEED AP, Langan Engineering & Environmental Services; [eschwarz@langan.com](mailto:eschwarz@langan.com) (Committee Vice Chairman)*

### Design Trends

“An important design trend in the year ahead will be furniture made of sustainable materials, such as managed forest wood, Forest Stewardship Council (FSC) certified wood, and bamboo. Other new materials of interest are plywood or

medium density fiber board made from soy, bamboo or recycled cardboard—all formaldehyde-free with low VOCs. We are also seeing increased use of oriented strand board made with SFI-certified wood flakes and Kirei board made from reclaimed sorghum straw.”

— *Dina Belon, Principal, RUSH Hospitality; [dbelon@rushhospitality.com](mailto:dbelon@rushhospitality.com)*

### Appliances

“We’re finding that consumers are increasing aware of the ENERGY STAR® designation and, in fact, seeking it out in their desire for energy-efficient appliances. In terms of design, outdoor kitchens are something to keep an eye on—whether an outdoor grill at each unit or expanding a food and beverage facility’s reach, this can be an affordable way to add both functional space and attractive design.”

— *Kelly Safis, National Director, Contract Sales, Whirlpool Corporation; [kellene\\_g\\_safis@whirlpool.com](mailto:kellene_g_safis@whirlpool.com) **D***