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MATT SPENCE

On teaming up with
the Rockefeller family

DANIEL GAUTHIER

The co-founder of Cirque du Soleil on how his
latest project is redefining the ski experience

Mark Sesnan

GLL's plans for the London Aquatics
Centre and Multi-Use Arena

**THE WORLD'S
MOST INSPIRING
PLAYGROUNDS**

**How Kensington
and Chelsea is
putting culture
at the heart of all
development**

PEARL OF THE ADRIATIC

What is now Croatia has gone from Europe's top holiday destination to a war zone, and is now emerging as a new market. IO Adria was one of the first leisure operators to put up its flag. Kath Hudson reports



“Croatia is one of the last remaining unspoilt canvases in Europe,” says Julian Houchin, commercial director of UK company iO Adria, “and we aim to be the country’s leading provider of leisure and hospitality, competing with the top tourist destinations in Europe.”

With a stunning coastline, where the mountains drop into the sea and with more than 100 islands to explore, Yugoslavia – which Croatia was once part of – was Europe’s number one

tourist destination in the 1980s. Then the Balkans war started in 1991 and the tourism industry disappeared. Now, Croatia is coming back stronger than ever and iO Adria is blazing a trail. “In the 80s, Yugoslavia was high volume, low spend, but now tourism is moving towards the luxury end of the market,” explains Houchin. “Croatia is now a playground for the rich and famous.” Annual tourist numbers are estimated at around 2 million.

PIPELINE OF SITES

iO Adria (formerly Jupiter Adria) spotted Croatia’s potential over seven years ago, and set up the business under the auspices of Jupiter Fund Management in 2005. Having looked at everything for sale in the country, it acquired Dubrovnik Sun Gardens – just 20 minutes outside the historic city – and has seven other sites to develop. Three are in Istria and will be designed as small boutique golf estates. Three boutique marina resorts in northern



Dalmatia will cash in on the trend for sailing in Croatia. Finally, an island resort is planned for Sipan in the Elafiti Islands, near Dubrovnik Sun Gardens.

The economic climate has stalled the development of the other sites, but has allowed time to fine tune the concepts and get the flagship, five-star integrated resort, Dubrovnik Sun Gardens, running smoothly. "Our research has shown families are a strong market and people want multi-generational get togethers," says

Houchin. This has driven the focus on families at the resort, with the option of self catering accommodation, as well as a hotel. There's a children's only pool, a nursery, kids' club, juniors' club and sports and activities to keep teens occupied.

The 207 apartments range in size from 44sq m to 111sq m. An important aspect of the business model is the phased, freehold sale of these as holiday homes, which will pay for the development. Prices

start at €170,000, for a one-bed ground floor apartment with a garden view, rising to €608,000 for a three-bed apartment with a sea view. Under Croatian law, they have to be let out when not in use and iO Adria manages the lettings on behalf of the owners for 50 per cent of the rental income. Annual ownership fees are €110 per sq m. Houchin says rental returns are up to 4 per cent, after fees, and that last year one of the owners covered their annual fees after just six weeks



RESORT FACILITIES

- 13 restaurants, with an emphasis on local ingredients, including olive oil, truffles and the excellent wine and cheese
- Sports centre with a five-a-side football pitch, tennis courts, a volleyball court, squash courts, a Technogym gym and an exercise studio
- Self-contained conference rooms and facilities
- Spa with 12 treatment rooms, a gym, a heat experience area with salt sauna, sauna, steamroom and hammam, supplied by Klafs. A plunge pool and a freshwater swimming pool
- 3 outdoor pools: one adults only, one for families
- A man-made beach, as the coastline doesn't allow for natural beaches

of rental during the peak season.

When full, the resort holds 1,200 guests, but even then it's designed to feel spacious, as the infrastructure is in place to cater for 1,900 guests. This is the size it will be when a second, 120-bed, five-star hotel and a further 200 residences are completed.

Development right next to the sea is restricted in Croatia, so Dubrovnik Sun Garden's coastal location is a major asset. Although the Radisson Hotel is a more recent addition, the apartments have a history. In the 1980s, rich communists holidayed there and during the war they were occupied by the Yugoslav army, which did the site clearance when it left.

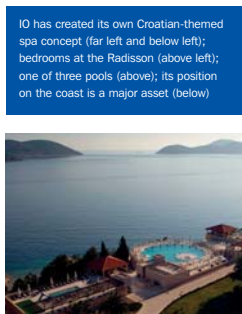
FULL OCCUPANCY

iO Adria acquired the resort in 2009 and by the end of 2010, when targets weren't being met, the contracts with Radisson were re-negotiated and Houchin and his team were parachuted in. "I rolled up my sleeves, and came in

as sales and marketing director and we put £1.75m on the rooms revenue in 12 months, achieving a 24 per cent uplift, and up to 46 per cent growth in rooms revenue in the last 18 months," says Houchin. "Turnarounds is what I do."

In high season, two-bed apartments are fetching a price tag of up to €660 a night and a whopping €1,000 for the three-bed apartments. "The booking system runs to the same model as the budget airlines, where as availability lessens, the prices rise," explains Houchin. "From 1 June, until mid-September, the resort runs at pretty much full capacity and the average stay in the summer is 7.2 nights, which is the highest in Dubrovnik. We also have many long stays of upwards of three to four weeks, many of whom are repeat customers having visited us now for the last three years."

Currently, the season is eight months, but iO Adria is pushing hard to bring visitors all year round, with the MICE market being the main



iO has created its own Croatian-themed spa concept (far left and below left); bedrooms at the Radisson (above left); one of three pools (above); its position on the coast is a major asset (below)

I ROLLED UP MY SLEEVES, AND CAME IN AS SALES AND MARKETING DIRECTOR AND WE PUT €1.75M ON THE ROOMS REVENUE IN 12 MONTHS

target for off season. Visitors come from 145 countries, with 18 per cent of them being British and the rest fairly evenly split across the rest of the world. "We are focused on generating business during the low and shoulder season," says Houchin, "and as a result the first three months of this year saw room revenues increase by 77 per cent." According to figures from the Dubrovnik Tourist Board, of the 3,500-plus five sleeper nights booked in Dubrovnik from January to March, Dubrovnik Sun Gardens captured 75 per cent of this growth.

CROATIAN SPA BRAND

Another important ingredient is the resort's spa: there are plans to make this a destination spa, which will further boost the off-peak

business. Radisson's original spa partner was Anne Semonin, but this arrangement ended at the same time as Houchin and the iO Adria team took over the operation of the resort and they took the decision to launch their own brand.

"The spa operators we spoke to projected profits by year 10, but we want profit in three," says Houchin. Working with UK-based spa consultant, Anna Doyle, iO Adria created the first Croatian spa concept and skincare brand, Occo. Each of the iO Adria's sites will feature an Occo spa, but all will have a distinctive character. Central to this is the product range: every spa has its own products based on the local foliage, for example a coastal feel for Sipan, and Istrian vineyards for the site in Mirnavina.

Spa manager, Adriana Barfala, has put together an interesting treatment menu, with gold therapy and shell massage new additions for this year. These treatments join the seasoned favourites of holistic massage, signature facials, bathing and couples' rituals, as well as the usual fare of manicures and pedicures. "My aim is to keep developing programmes which will bring people here just for the spa," says Barfala, "as well as appealing to customers from the local market outside peak season."

For Houchin, after repositioning the resort to compete with other leading five-star integrated resorts across Europe, he is focused on selling the resort's residences, before moving on to work on developing the other sites. ●