

## Resort Change-up to Boost Sales

BY JEFF WEIR



*Jeff Weir is a California-based journalist who writes for various publications, including RedWeek.com. He is a former press secretary in the U.S. Senate and communications director for several Silicon Valley companies. His e-mail is [jeffweir1250@gmail.com](mailto:jeffweir1250@gmail.com).*

For most families, sun, sand, and water are just about all they need for a perfect vacation. Kids play in the pool while Mom catches up on her latest mystery novel and Dad plays golf—this is the Norman Rockwell version of many Americans on vacation.

So what happens to this picture if the Olympic-sized swimming pool turns into a 10-acre crystal clear lagoon—one that is equal in size to 35 Olympic pools, cheaper to build, and much cheaper to maintain? If you're the developer, it's time to fire the pool guy, hire more lifeguards, and double-down on high-tech developments along the waterfront.

That's what Ken Jowdy, developer of Diamante Cabo San Lucas (a 1,500-acre master planned community a few miles north of bustling Cabo San Lucas, Mexico) is doing at his luxury resort. Three years ago, in the midst of building a world-class Pacific Coast beachfront golf property—in the teeth of a global economic recession—Jowdy decided that he needed something else, something special to boost sales and allow water recreation for guests. So in 2012, he scrapped plans for traditional pool amenities and contracted with an international technology company to build the largest man-made lagoon in North America.

The lagoon at The Resort at Diamante utilizes a pioneering concept and technology patented by Crystal Lagoon Corp.; the lagoon opened in August 2013. Since then, Jowdy says, sales of lots, condos, villas, and residence club units at Diamante's have soared. Exceeding his expectations, this project transformed a flat patch of land into a shimmering lagoon, a "mirage" surrounded by a desert landscape of native cactus and rolling sand dunes. No surprise that it beckons buyers who view it from the golf course clubhouse, from one of the golf courses, or during a sales

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tour. The Lagoon offers space for guests to swim, kayak, paddle-board, or sail.

"When we first started, we were focused on golf, but our goal was always to be a family-centric resort with activities and amenities for everyone," Jowdy said in an e-mail interview. "We needed a water recreation area to attract families, and the Crystal Lagoons technology was a perfect fit. It is now the center of The Resort at Diamante and has become a huge attraction for our residence club and real estate members."

Jowdy's gamble, that a mega-waterpark facility would transform his resort and lure new buyers, is a bet that savvy developers contemplate daily as they try to find unique amenities to spike sales and differentiate their resorts from competitors. In addition to spas, fitness centers, and activity programs, water amenities are a common target because of their unending appeal to family travelers. Swim-up bars, infinity pools, and waterslides are commonplace for seaside resorts that want to give guests a beach experience without the hazards of the ocean—high surf, rip tides, coral reefs, and (on occasion) sometimes-unfriendly underwater creatures.



Kevin P. Morgan, CEO of Miami, Florida-based Crystal Lagoons U.S. Corp., talks about the history of the company, which he joined in 2012, and their foray into the U.S. resort marketplace. Since 2007, after a modest start in Chile, Crystal Lagoons has lined up more than 300 deals in 60 countries and patented its innovative water treatment technology in 160 countries.

In April, Morgan and his team huddled with U.S. developers at ARDA World 2014 in Las Vegas to introduce his company's technology. In so many words, he said, the company's efficient and eco-friendly lagoons could turn dirt (or old golf courses) into an "oasis of new sales." As a new member of ARDA, the company also set up shop in Florida to serve their North American customers.

Two weeks later, the company announced a mega-development deal for eight lagoon projects throughout the Middle East—including Egypt, Saudi Arabia, Oman, Jordan, and the United Arab Emirates. Those deals expand upon previous projects in this region, including a 96-acre multi-lagoon project in downtown Dubai, which looms as a global showcase piece for the



Views from the lagoon at The Resort at Diamante, Cabo San Lucas

company and upon completion will be the largest in the world.

In June, the company announced its first U.S. beachhead: a four-lagoon development deal in residential communities near Tampa, Florida, with a company called Metro Development Group.

"Our biggest challenge is keeping up with the global demand while doing this in so many different countries. Each location is unique," Morgan said. At present, he added, the company is evaluating over 70 U.S. markets and is

in negotiations to build 30 U.S.-based lagoons (worth an estimated \$9 billion). Florida, Arizona, California, Texas, and Hawaii are first in line because of their weather, tourism, and golf course options. But the company doesn't rule out colder weather climates, as the lagoons can be designed to freeze into a winter wonderland for ice-skating and other sports, allowing year-round operations. A lagoon could also help the operators of older resorts rejuvenate their product and expand their appeal to new customers, Morgan said.



# AMENITIES

## Inside Diamante Resort

Diamante Cabo San Lucas, launched in 2006, offers home sites, condos, estate homes from 2,000–9,000 square feet, residence club suites, bungalows and villas, two golf courses, and North America's largest man-made crystal clear lagoon. When build-out is complete, the one-time desert site will include a third golf course, boutique shopping center, a five-star hotel, and athletic fields for baseball and soccer.

For now, eight years into the project, Diamante averages 100 guests per night, 350 full-time staffers, and construction crews all around. Residence club shares run from \$50,000 for a summer week in a two-bedroom villa to \$200,000 for a four-bedroom villa in winter; both are available on a 50-year right-to-use (RTU) contract. Full ownership homesites, condos and villas range from \$400,000 to \$3 million.

Most of the current guests are golf aficionados drawn to the Davis Love III course—which is ranked #52 in the world—and a Tiger Woods designed course that is scheduled to open by the end of the year. Even without the golf courses, the resort's size is large enough to suggest a city-in-the-making. For starters, it has its own salt-water desalinization plant to off-set water shortages in Baja, California. It caters to high-end travelers who want a luxurious second home, a condominium, or a totally secure residence club vacation escape for their families.



### How It Works

The magic behind the company's marketing is technology, invented by scientist and innovator Fernando Fischmann, founder and chairman of Crystal Lagoons. The lagoons are covered with a white plastic liner that interacts with sunlight to create the turquoise hue of the water. They use a "pulse-based" disinfection system that allows adding chemicals only where needed, reducing chemical consumption up to 100 times (compared to conventional swimming pool technologies). Also, Crystal Lagoons' efficient filtration technology only uses 2 percent of the energy compared to a conventional pool filtration system. The crystal clear lagoons are cheaper to build and maintain than a conventional pool or a golf course (which they sometimes replace) and can be built anywhere, since the

technology is compatible with fresh, salt, and brackish water.

"It costs the same to build one Olympic-sized swimming pool as it does to build one 10-acre Crystal Lagoon," Morgan said. "The Diamante lagoon is equivalent to 35 Olympic swimming pools."

On top of that, the company monitors and adjusts water quality for all Crystal Lagoons, by telemetry from its Control Center, where information from all the lagoons around the world is received through the Internet.

"We're the custodians of water quality," Morgan explained. "Through a cloud-based system, we avoid the need to have skilled technicians onsite to manage water quality."

Many resort operators may be hesitant about adopting new technology. Jowdy,

however, has seen his golf resort morph into a multi-recreational family facility.

"Our sales have been tremendous since we completed the project," Dowdy said in an e-mail interview. "In fact, we even built a 4,000-square-foot sales bungalow right on the lagoon, which is now our resort sales center. The Crystal Lagoon turned a piece of property that was away from the ocean and not on the golf course into one of our most valuable pieces of property. It provided us with multiple swimmable beaches, which we previously lacked, and it has become a focal point for Diamante families. We are no longer considered a golf community but a family resort community." ■