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Auberge Broadens Its Horizons With Plans For New Solage Brand

BY STEFANI C. O'CONNOR

MILL VALLEY, CA— Auberge Resorts, which has carved a niche as the owner/manager of small, eclectic properties at the ultra-luxury level, is widening its position with the launch of a new hotel concept: Solage Hotels and Resorts.

The brand is deliberately designed as a departure from the company's high-end offerings, which include its flagship Auberge du Soleil, Calistoga Ranch (both in the Napa Valley); Esperanza Resort, Cabo San Lucas, Mexico; and The Inn at Palmetto Bluff in Bluffton, SC. The new effort will target a broader base of guests with hotels that offer a contemporary style and price point approximately 50% lower than its existing hotels.

The first Solage, which is corporate owned, already is under construction in the Napa Valley.

The 89-cottage Solage Calistoga will be a full-service resort and is slated to open next May proximate Calistoga Ranch, which has 46 guest lodges and 27 private residences.

"We wanted to make it a little more approachable, we wanted to differentiate it from the other properties that are a very highly rated business and we wanted it to be someplace that had

a little more lively, younger kind of atmosphere, with a lot of sports, a great gym, a hiking program and bicycles," said Mark Harmon, Auberge Resorts' principal/CEO.

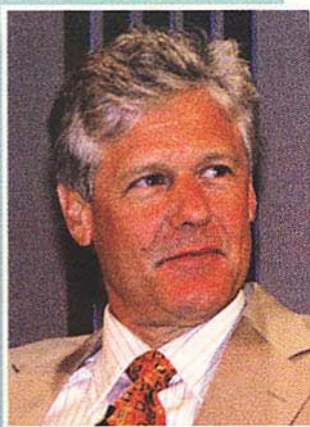
The 25-acre resort will cater to a variety of contemporary guests' needs. For example, a 130-foot pool surrounded by cabanas will be one of the focal points. A restaurant and bar will open onto outdoor terraces, and guests may gather at fire pits or try their hand at the bocce ball courts.

In terms of food, Harmon noted: "It's not going to be the five-star dining experience that we have at Auberge du Soleil; it's going to be fun food, healthy, superb local product and cuisine."

Another key feature will be the proprietary Solage Spa, where guests can recall pioneer times at the mud bar, a treatment that places them on marble slabs where they're then coated with locally gathered volcanic mud. They may also soak in pools harnessing the areas geothermal springs.

The executive said the company was being opportunistic in locating the first Solage in Calistoga, although getting to this point has been in the works for some time.

"It's always difficult in California to get properties entitled and approved, so after about seven or eight years we finally got approvals...We realized what a great opportunity it was in Calistoga to move forward with an emphasis on wellness—the mud bath, the geothermal springs—all these things that resonate with people now...We got excited because



Mark Harmon
Auberge Resorts

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The 89-cottage Solage Calistoga in California's Napa Valley is already under construction and working towards a May 2007 opening. A 130-foot pool surrounded by cabanas will be one of the property's focal points.

New Solage Hotels Could Be Positioned Near Established Auberge Properties

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it's a great outdoor environment with the wraparound of being one of the great destination hot springs so many years ago and that's something we want to resurrect," said Harmon.

Other key considerations for the resort will be its emphasis on preserving the environment and ensuring conservation of water and lighting usage. Toward that, the hotel will form a "green team" to focus on such issues.

The brand also will look to accommodate more families than at Auberge properties (often positioned as adult romantic getaways), offering two-bedroom cottages with connecting rooms, as well as suites and queen-queen rooms.

While Solage may differ in décor and target market, Harmon said the new brand will not stray from the level of service expected of an Auberge Resort property. However, the level of services will get some twists. "Instead of room service, we might deliver a basket to the room with a lot of goodies in it. So it's not going to be the 'do anything you want' at the other properties— order anything you want. Here, we're going to shape the experience to be a little less intensive on the labor side so we can deliver the room at a more affordable price," said Harmon.

At press time, a deluxe room at Solage Calistoga was tagged at \$275 and a one-bedroom suite at \$850.

Harmon stressed he doesn't think of the new effort as "Auberge Light. What we've tried to do is not strip out things from Auberge du Soleil and try to make it work with less and therefore be less expensive. What we've tried to do is focus on elements that would really drive kind of a great, cool experience that people will appreciate for what it is. No, it's not really 'light'; it's a whole other experience altogether," said Harmon.

One commonality between the two brands is that each Solage property, like Auberge, will be unique in its décor and furnishings.

The development outlook for Auberge Resorts is to double the portfolio in the

near term and it has three non-Solage projects in the pipeline. These include Rancho Encantado with 62 casitas on 57 acres, opening next year in Santa Fe, NM; The Inn at Campagna, which will be situated along with a spa in Sonoma Valley, CA, and open in 2008; and its first Caribbean property, a 50-room luxury resort that it is bringing out of the ground in partnership with developer J.B. Turbidity of Aspen, CO, under an agreement with the Government of St. Kitts. The hotel is expected to open as part of a planned community.

As with the first Solage, which is near Auberge's other Napa Valley properties, Harmon sees clustering the new brand with other company properties as a way to leverage the existing brand with the new one.

"It makes a lot of sense. For example, in Cabo we've got a terrific management team and they would be really helpful for us if we had the opportunity to open a new property there. It would be a factor we would consider to be important in opening new properties for Solage," he said.

The CEO noted Tim Harmon, an Auberge Resorts' partner overseeing real estate development, is scouting locations for the new brand in California, Hawaii and Mexico. He also will become CEO of Solage Hotels and Resorts.

While building a new brand from scratch has its challenges, Mark Harmon felt creating the concept that way keeps the company true to its core values.

For instance, asked if Auberge had considered acquiring a small hotel portfolio to jump-start Solage, Harmon said the company hadn't found the right group of hotels. "Sometimes that's characterized by a financial strategy and our strategy is to be more quality driven and staying true to our mission and goals. So, rather than be actively spending a lot of time looking for portfolios, we focus on trying to do it ourselves."

Harmon said residential and condo components within the brand would be looked at and while Auberge would consider city settings with urban spas for Solage—a giant leap away from its cottage

offerings— its comfort zone remains with the resort model.

"We're going to stick to our knitting there," he said. "We haven't seriously considered any urban locations. If something great came up in Los Angeles, San Francisco— terrific— but it's not going to be a focus of ours initially."

Harmon emphasized Solage would not "mushroom overnight" as a brand "because of our very careful strategy on growth. We have a few in the pipeline, and within the next couple of years we'll have two or three more properties," he said, adding: "It's got a significant growth potential."

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