

Business

Luxury returns to the Cape

After slumping with the economy, resorts say bookings, rates on rise

By Robert Preer

When the economy lapsed into recession in late 2008, Cape Cod's luxury resorts were hit hard. Not only did leisure travelers cancel plans for pampered stays by the sea, but many companies — stung by public outrage over corporate excess and worried about falling profits — called off business retreats, a major revenue source for resort complexes.

This spring, a long-awaited revival may be underway. Bookings are up and room rates are pushing higher, according to managers.

Cape Cod luxury resorts bounce back

“Last year, our [room] rates fell 9 percent, which actually wasn't as bad as some of our competitors,” said Robert Newman, general manager of the Cape's largest luxury complex, Ocean Edge Resort and Golf Club in Brewster. This year, he said, they are up 17 percent. “We're finally up higher than what we lost,” Newman said.

Having weathered the worst economic times in a generation, resort managers say they are looking forward to a busy summer.



Andrew Herald wiped chairs at the Wynchmere Harbor Club. The Wynchmere's owners want to compete in the Cape's luxury resort market

“It has changed in a very favorable manner,” said Mark Novota, managing partner of the Wequassett Resort and Golf Club in Chatham. “Bookings are up 7 percent for the year. We expected a much more sluggish recovery.”

Paul Zuest, general manager of Chatham Bars Inn in Chatham, said: “Our corporate business has increased, and our transient business also is improving. It started last fall and early this year. The phones started ringing.”

Another sign of the health of the market came earlier this month, when an important new player arrived on the scene. Longwood Events founder Jim Apeteker and partners bought the private Wychmere Harbor Club in Harwichport for \$24 million, and said they would renovate and reposition the property to host more private and corporate events.



Bookings are up 17 percent at the Ocean Edge Resort and Golf Club in Brewster.



Wychmere should provide competition for the Cape's three large established luxury resorts — Ocean Edge, Chatham Bars Inn, and Wequassett.

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Apeteker, whose firm owns the State Room in Boston, as well as the Veronique function complex in Brookline and Belle Mer in Newport, R.I., said he plans to reopen a long-closed hotel at Wychmere.

“The previous owners did a great job with the club, but we are going to take it to a new level,” Apeteker said.

Across the United States and much of the world, luxury resorts saw business plunge in late 2008 and all of 2009. According to STR, an Ohio firm that tracks the US hotel industry, the occupancy rate for classic luxury resorts averaged 56 percent last year, down 11.5 percent from 2008. Room rates also fell 11 percent last year.

Some of the better known names in the industry became casualties. West Virginia’s Greenbrier Inn, a historic property that has drawn Washington’s elite for over two centuries, filed for bankruptcy. The W Hotel in Scottsdale, Ariz., narrowly avoided foreclosure last year, and Amelia Island Plantation in Florida and Ritz-Carlton Lake Las Vegas filed for protection from creditors.

For many resorts, the most important part of their trade is corporate events. Those suffered from the backlash that followed reports that bailed-out insurance giant AIG spent \$440,000 to send executives to a weeklong retreat at the St. Regis resort in Monarch Beach, Calif.

What became known as the “AIG effect” sent the industry into a tailspin, prompting businesses everywhere to cancel conferences. The hotel where AIG officials gathered in October 2008 was hit with foreclosure last year.



Employees at the Wychmere Harbor Club in Harwich cleaned up the terrace for a wedding.

Cape Cod’s venues have an edge in that they lack the reputation for excess that surrounds Las Vegas and Caribbean resorts. Corporate event planners believed they could hold more modest conferences on the Cape without sparking public outcry.

“The Cape is under the radar,” Zuest said. “It’s not as glitzy” as some other business conference destinations.

And leisure travelers have kept coming to the Cape, despite the recession and the slow recovery from it. Proximity to New York and Boston allowed resorts to take advantage of last year’s “staycation” trend.

Also, competition is not as fierce as it is in some other resort regions. That’s partly because none of the big luxury hotel chains, such as Ritz-Carlton or Four Seasons, have properties on Cape Cod.

“There is not as much supply here,” Novota said.

As the corporate and leisure business dropped off last year, Cape resorts shifted more of their focus to weddings and family events. Ocean Edge, which was in the midst of a \$30 million-plus renovation and ex-

pansion when the recession began, capitalized on a new ballroom and terrace to attract smaller celebrations.

Last year, it hosted about 60 weddings, double the number from the year before. In 2010, the number should double again to about 120, according to Newman.

Apeteker said Belle Mer in Newport is booked almost solid for the rest of the year. “Weddings don’t stop even when the economy stops,” he said.

While business from leisure travelers has picked up, some patterns have changed, resort executives said. People now favor shorter stays, and they don’t make plans far in advance, managers said.

“On Tuesday, they look to see what the weather is going to be like on the weekend,” Zuest said.

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