Why buy one villa when you can use 50? The rise in luxury fractional ownership

Villa Ombak, Nusa Lembongan, Indonesia

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If you have a bit of money these days, enjoyment comes less from "owning" and more from "being" and "experiencing". So says Stephen Wise, co-founder of The Hideaways Club (http://www.thehideawaysclub.com/), the fractional ownership company that is celebrating 10 years of buying luxurious holiday homes all over the world for its 500 or so members to share in owning and using.

"The top end of the socio-economic spectrum is moving further away from the tangible show of wealth," Wise adds. "Many have realised that owning that second or third home overseas can come with huge downsides and not actually deliver the true goal of an incredible experience."

Hideaways, on the other hand, knows how to do experiences. One member was holidaying in Podere Le Sensaie, a restored stone farmhouse near the Tuscan hilltop village of Lajatico, where opera singer Andrea Bocelli lives and hosts an open-air concert every summer. One morning, the lady in question heard singing. She looked out into the garden to see Bocelli on horseback, regaling her with a private concert as he rode through the countryside.

Inside The Old Mill in Sicily, with the original mill stone

Or take the Hideaways investor who was holidaying at the club's Sri Lankan property, Maliga Kanda. She mentioned to the concierge that her daughter, who was turning six the next day, would love to see an elephant and enquired how she might arrange it. "The next morning, her daughter awoke to find an elephant waiting in the garden. Someone had walked through the night to deliver it from the nearest sanctuary," says Wise.

Gran Vista near Cala d'Or in eastern Mallorca - one of The Hideaways Club's first purchases

Never mind the elephant in the garden, though. It's the one in the room that has always troubled fractional ownership companies – namely, people's confusion with the tarnished world of timeshare. In essence, the difference is that with timeshare, you own nothing; you buy weeks to be spent in a particular resort, or any of its affiliates that belong to the same club. With fractional ownership, you own a share in the property or, in The Hideaways Club's case, a collection of properties – which means you can use the property, or properties, and benefit from their potential uplift in value when you sell your share.

"We prefer to call it asset share. It's a way for likeminded people to pool their money and buy a portfolio of assets they co-own," says Wise, an accountant and management consultant, who came up with the idea for Hideaways when three things happened.

First, he was outbid – by twice as much – on the one and only holiday home he tried to buy for himself. Second, he realised – from personal experience of holidays with his wife and three daughters – that it's almost impossible to satisfy everyone with one location. And third, he watched the growing popularity of destination clubs in the US and realised there was scope for a similar model that also offered capital appreciation through ownership.

Chalet Etoile, Nendaz, Switzerland

"We were desperate to avoid the timeshare perception in the early days," says Wise. "Now the issue seldom comes up. Prospective members understand the benefit of joining The Hideaways Club, where they are actually owners via the fund of collective properties. Our 10 years in business have proven the shared ownership approach to enjoying stress-free, high end holidays."

When the club began investing in property – the first two were a honey-hued stone villa on the Cote d'Azur, and a sprawling villa in eastern Mallorca – there were some guiding principles. No off-plan property (the company launched at a time when Ponzi schemes were rife). And although some locations fall in and out of fashion (Marrakech is one), some turn out to be less popular than expected (the Caribbean, oddly) and some are almost universally loved (Ibiza), no property could be obviously better than any other.

One of the first properties bought by The Hideaways Club

Luckily, though, in a club whose members range from sports stars (Tim Henman was an early adopter) to dot-com entrepreneurs and Asian billionaires who want a safe way for their kids to holiday abroad, everyone's taste is different.

"If every member were the same, they would all want to go to the same places at the same time, but they don't. One Singaporean member wanted Puglia in January – not a European's idea of fun, but he loved the idea of rain and 13 degrees," says Wise, who says the nationality split among buyers is 40 per cent London-based (though not necessarily British), 40 per cent European, including lots of Scandinavians, and 20 per cent Middle Eastern, expats in Asia and a few Americans.

Investors can buy one of six share types across two funds - the City fund, where a share in a portfolio of luxurious city apartments starts at £69,500, or the Classic fund, where you have your pick of holiday mansions from £88,000. Usage-wise, it's all based on points, but that typically gets you about two to four non-peak weeks a year. For a premium share in the Classic fund costing £230,000, you would get up to about six week's annual access, including at peak times.

Gran Vista in eastern Mallorca

So far The Hideaways Club has spent £60m on buying 54 properties worldwide, with little leverage – and no sales so far. The average purchase price per property is around £1.2m, but it varies massively among destinations. Half that amount in Turkey or Morocco buys a palace, but you'd need to double the budget for something of a similar quality in the south of France.

On average, the properties have risen in value by about 20 per cent, says Wise. "If we were purely a financial model, we would take a lot more borrowing, but most members don't buy for growth. They see it as a way to make their savings relatively safe," he says.

They also buy for the hassle-free experience of being able to holiday in high-end properties that come with concierges and, in some cases, live-in staff. "Everyone who turns up is an owner – they're not a guest or visitor – and they love having the concierge know which restaurants of golf courses they like, or when it's a special anniversary," Wise says.

It is also a cheaper way to holiday in this type of property. Members pay an Annual Cost Contribution (ACC), which ranges from £3,750 to £15,000 depending on their share type, and that covers the cost of running and improving the properties. Wise reckons that members save up to 60 per cent of what they would pay if they booked a comparable property through another source.

The Old Mill in Sicily

The British appetite for buying overseas homes may be waning in the wake of Brexit, thanks largely to the feeble Pound, but downturns can play into the hands of fractional ownership clubs. "In 2008, we were going through equivalent turmoil – the collapse of Lehman and so on – but soon after that was our busiest ever time for enquiries," says Wise. "Suddenly properties in Europe were costing 30 to 40 per cent more for British buyers, European banks weren't lending, and it seemed a more economical way to invest. The current situation might be the same."

The current geopolitical climate is certainly ripe for making us all want to escape. Tellingly, though, the first question that most Hideaways members ask on arrival at a property is "What's the wifi code?" These wealthy proponents of the sharing economy may be all about enjoying new experiences – but being disconnected clearly isn't one of them.