

Acquisition of iconic resort announced by 3 companies



Competitors in the 2015 Galloway Captiva Tri compete at the South Seas Resort on Captiva Island. The resort has been sold to a trio of companies, including a Naples-based developer. JACK HARDMAN/NEWS-PRESS.COM

South Seas Island Resort on Captiva Island sells for an undisclosed price

Laura Layden

Fort Myers News-Press
USA TODAY NETWORK - FLORIDA

The South Seas Island Resort on Captiva Island has sold.

A trio of companies has announced the acquisition of the iconic resort.

One of the buyers is Naples-based developer The Ronto Group. Owner Anthony Solomon said the immediate focus will be to “elevate the guest experience” at the resort.

“For right now, we are very focused on hiring more people for the resort and getting them trained properly,” he said.

The new owners are making immediate improvements, including sprucing up the landscaping and catching up on routine maintenance, such as painting, which started Monday.

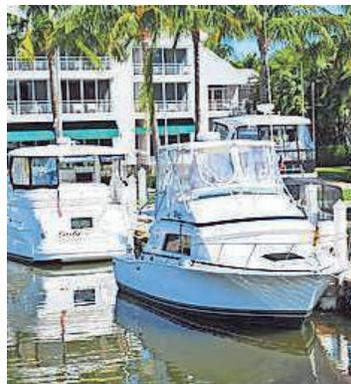
Bigger changes will come later.

They’ll require planning — and permitting, which are sure to take time, Solomon said.

Asked what sparked his interest in the resort, Solomon said: “It’s an amazing piece of property. It’s irreplaceable.”

The resort’s proximity to Naples and Fort Myers is a big plus, and there are other characteristics that make it highly attractive — and unique, Solomon said.

“It’s got some of the most magnificent beach in Florida and it’s got great



South Seas Island Resort on Captiva Island has been sold. NEWS-PRESS FILE

marinas and it’s got some of the best fishing in the state,” he said. “And, obviously, it’s a very established and well-known family destination.”

Founded in 1967, Ronto has developed residential and commercial projects worldwide, including in Southwest Florida.

South Seas was actively marketed for sale, but not for long before catching the eyes of its new owners, Solomon said.

‘Nimble and ready’

The other two investors are the Tim-

bers Co. and Wheelock Street Capital.

Last month, the two companies announced they had entered into a strategic partnership that would allow Timbers to be “nimble and ready to exploit opportunities, including stabilizing distressed assets, or acquiring hotels, land for ground up development, or pursuing value-add projects.”

Timbers has developed, sold and operated master-planned resorts around the world. It’s the company behind Timbers Resorts.

In a statement, Timbers CEO Greg Spencer said: “As a native Floridian and having vacationed on both Sanibel and Captiva growing up, I have an immense appreciation for just how special this resort is to all the generations that have visited over the last several decades. Securing a coastal Florida resort location was one of our primary goals when we relocated to Florida from Colorado.”

Timbers opened its new corporate headquarters in Winter Park, near Orlando, in December 2018.

Ronto and Timbers will partner on the development of the island property, while Wheelock is providing the financing.

In a phone interview Monday, Spencer said he especially liked the resort’s Old Florida charm, which is rare in a state that has been overdeveloped in so many parts.

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Resort

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The purchase price of the expansive resort property wasn't disclosed by the buyers.

Several news outlets reported a purchase price of more than \$50 million, but Spencer said that's not accurate.

"I'm not at liberty to share what the actual price was," he said. "But that's not the purchase price."

Over the next six to eight months, improvements will be made to the resort's amenities, including its marinas and dining outlets, to bring them up back up to the level that guests expect to see at a destination resort of its caliber today.

The resort, he said, wasn't kept up to the standards it should have been under the same ownership for so many years, so there's some catching up to do to make it current — and to bring it back to the expected service levels.

"Right now, we really want to improve the guest experience," Spencer said. "I think it has suffered."

The coronavirus pandemic hasn't helped matters.

Future plans

As for bigger improvements down the road, Spencer said nothing has been decided just yet, but he has some ideas.

"Frankly, we are going to look at other plans in the future, such as renovating the hotel and making further improvements to the conference center, the retail space and other parts of the property," he said.

Workforce housing will come down, as it's in bad shape, with two of the buildings already condemned, Spencer said.

"We are thinking about possibly buying a couple of apartment buildings elsewhere in the area and basically relocating workforce housing there," he said.

In the meantime, the employees who were living in the housing will get three months of free rent to move elsewhere, and could get a few more months of additional financial assistance after that if needed to help with the transition, Spencer said.

The bulk of the workforce housing, he said, had been used for visa holders, but the resort hadn't used the foreign exchange program for a few years.

There are plans to increase the staff



Greg Bates, of Nashville, Tenn., performs during the first day of the second annual Island Hopper Songwriter Fest in the Captiva ballroom at South Seas Island Resort. A trio of companies has announced the acquisition of the iconic resort for an undisclosed purchase price. The new owners are making immediate improvements, including sprucing up the landscaping and catching up on routine maintenance. Bigger changes will come later.

JACK HARDMAN/NEWS-PRESS FILE

by 20% to improve service levels, which would equate to an additional 40 or so employees, Spencer said.

He knows finding that many employees won't be easy, but his company plans to do its part to create a desirable — and fun — place to work.

"Frankly, it's tough trying to hire in this environment," Spencer said. "We are experiencing it throughout the globe. There is definitely a dearth of hospitality workers."

One of the biggest opportunities he sees is to grow the resort's wedding business, which may involve upgrading or adding on to its event and dining venues. This year, the property expects to host 78 weddings. Spencer sees the opportunity to grow that number to more than 250 a year.

"That's the business we're in," he said. "It's creating memories."

The new ownership will also encourage private owners to improve their properties, if they haven't done so recently, to elevate their vacation rentals.

Money to invest

Wheelock provided the capital for

the purchase and will help finance the improvements on the property.

Formed in 2008, the company has raised more than \$4 billion in capital commitments from well-known institutional investors. It focuses on real estate investment opportunities across the United States.

Wheelock has partnered with Ronto before. They've successfully developed more than 700 residential condominiums in Southwest Florida.

Wheelock's other hotel investments include the Chateau Elan Winery and Resort outside of Atlanta, Georgia and the 265-key all-suite, AAA Four Diamond Hotel Contessa in San Antonio.

Founded in 1946, the 330-acre South Seas Resort property includes a vast wildlife preserve and an estuary. The property takes up about one-third of the northern tip of the six-mile-long Captiva Island.

There are a total of 434 accommodations, including hotel guestrooms and suites, one- to three-bedroom condominiums and the private homes and cottages.

The amenities include 20 swimming pools, beachfront golf, tennis, water-

front dining and a full-service spa.

Bit of history

Originally a key lime plantation 100 years ago, the island property has seen many changes since then, evolving into a destination resort.

The property was previously owned by a limited liability company operating under the name BRE/South Seas Resort Owner, an affiliate of Blackstone.

Blackstone, an investment management company, acquired the resort along with nine other properties owned by MeriStar Hospitality for \$367 million in early 2006.

Later, Blackstone acquired the rest of MeriStar for \$2.6 billion.

After purchasing South Seas, Blackstone breathed new life into the property, helping it to recover from the devastation caused by Hurricane Charley in 2004. The company made big investments to not only rebuild the property, but rebrand it.

The local owners sold their interests in the property decades ago — in October 1998. Back then, property records show it went for \$28.25 million.