



# WHITE PAPER

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## **The Lodge Depreciation Curve – and How Shared Ownership Fixes It**

**How fractional sales improve value retention, reputation, and recurring  
income**

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## 1. The Depreciation Problem Hurts Everyone

Park sales teams often tell buyers: “It’s just like buying a car — it will lose some value over time.”

But that comparison is misleading. Cars depreciate, yes — but they have a transparent resale market with finance, trade-ins, and dealer networks that support confidence.

Lodges, on the other hand, can lose **40–50% of their value within a very short timeframe**, with no established resale mechanism to support owners. This erodes trust and slows new sales.

The result? Owners feel mis-sold, resale expectations aren’t met, and future buyers hesitate. A lodge that’s quickly depreciated from £200,000 to £110,000 becomes a **silent advert for lost value** sitting on-site.

For many years, operators and owners could, if they wished, rely on Glass’s Guide to benchmark second-hand lodge values, but the guide has been discontinued for this sector. Its withdrawal reflects the increasing complexity and inconsistency of lodge resale pricing and some basic realities— **no two identical lodges on different parks carry the same value influences**. Licence terms, geographical region, on-park location, pitch type, running costs, and park management reputation all affect resale pricing in different ways.

By contrast, the automotive sector’s version of Glass’s Guide remains robust precisely because **car valuations are comparatively straightforward**: a vehicle’s worth is determined by a small number of objective factors such as age, mileage, condition, and specification. The lodge market has no such uniform parameters — each park operates within its own commercial ecosystem.

This lack of standardisation makes like-for-like comparisons extremely difficult, and it explains why transparent, evidence-based resale frameworks are now essential for restoring buyer confidence and protecting park reputations. Recent negative press coverage around lodge mis-selling and resale pricing has only heightened that need for transparency and consistency.

As we'll show, fractional pricing, built on verifiable cost-per-night logic, can provide exactly the sort of framework the sector has lacked since Glass's valuations ceased.

## 2. Why Fractional Changes the Equation

Fractional ownership removes the inflated single-buyer entry point that drives large nominal losses.

Instead of one buyer overpaying 40–50% above build cost, the same lodge can be divided into four affordable shares — **each priced according to a clear cost-per-night metric** that demonstrates transparent, lifestyle-based value to the purchaser.

This cost-per-night metric is examined in detail in our companion paper, '**Cost per Night - The Most Powerful Metric in Fractional Lodge Ownership**', which analyses how affordability, usage patterns, and perceived value combine to sustain resale demand.

***The cost-per-night approach reframes ownership value around usage efficiency rather than speculation.***

- ***It calculates the true economic cost of ownership by dividing total annual expenditure (purchase, site fees, maintenance, insurance, management) by the number of nights enjoyed.***
- ***This produces a transparent, like-for-like benchmark that can be compared with the cost of hiring an equivalent lodge or villa.***
- ***Fractional ownership typically delivers a lower cost per night than either outright ownership or repeat rental, while still giving owners the same quality of experience.***
- ***By focusing on measurable value rather than perceived asset appreciation, the model anchors expectations, protects satisfaction, and builds trust in resale pricing.***

***In the companion white paper this is demonstrated with worked examples showing how fractional owners often enjoy 25–30 % lower effective costs per occupied night compared with outright owners — even before factoring in inflation or depreciation***

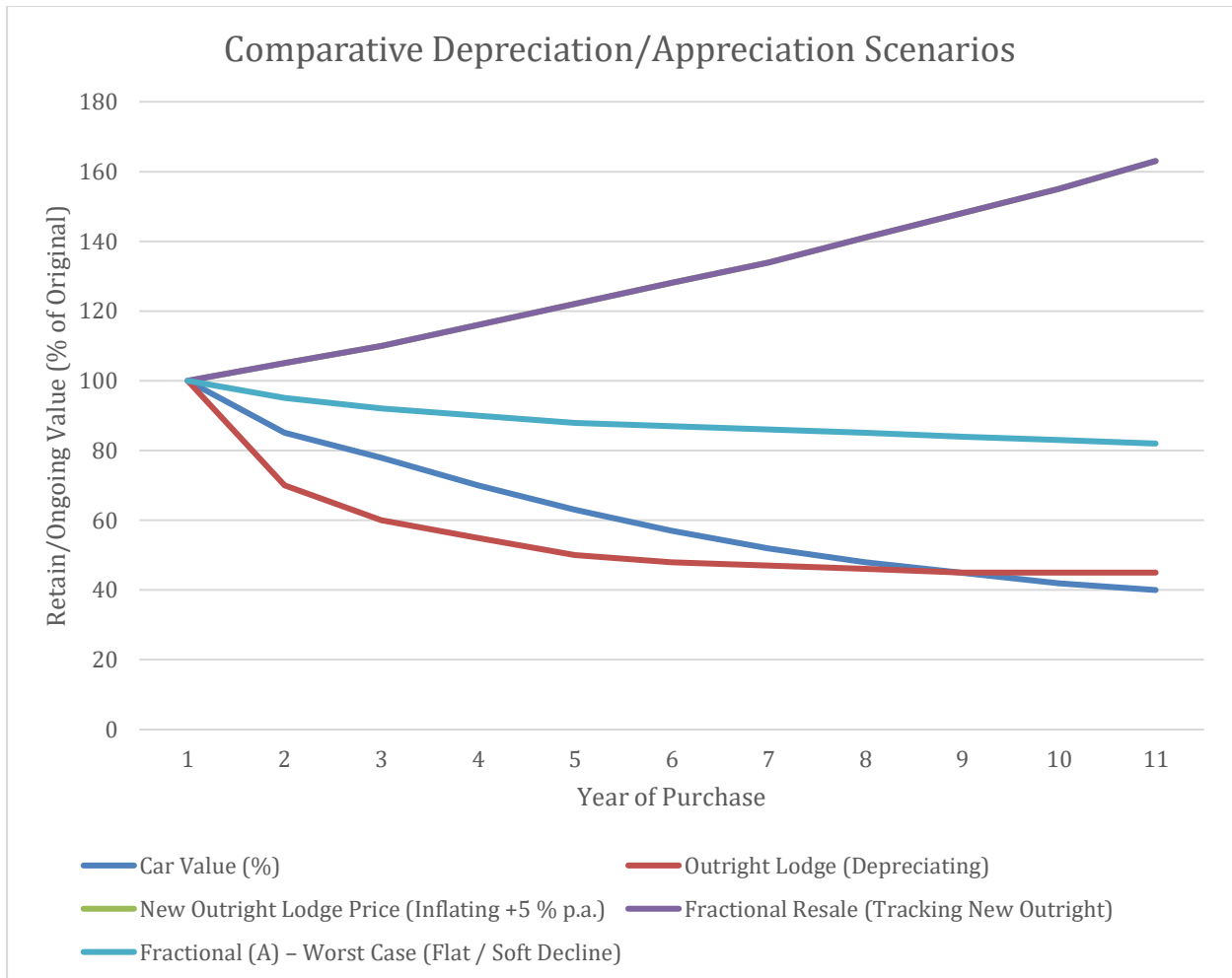
Owners understand exactly what they are paying for: a high-quality lodge experience at a known cost per night — **not speculative capital appreciation.**

This clarity aligns expectations from day one and stabilises resale prices.

This measurable, usage-based pricing model directly underpins value retention, as illustrated below.

**Figure 1: Fractional Ownership Resale Scenarios vs. Outright Lodge and Car Depreciation**

*Fractional ownership flattens (at worst) the depreciation curve and, where new lodge prices rise over time, can even track underlying sale values — protecting both owners and park reputation.*



### 3. The Value-Retention Advantage

Where outright lodge buyers experience the sharp, front-loaded depreciation described earlier, fractional owners face a far smaller nominal exposure even if pricing trends mirror those of outright sales.

Fractional shares can typically retain **85–90% of their original price** after several years of use due to affordability, shared upkeep, and professional maintenance. However, in many cases, fractional resale values may actually **track the broader lodge market**, as buyers naturally anchor their perception of value to prevailing new-lodge prices.

In this scenario, owners have the **prospect of gains** as fractional resale prices rise in line with new-lodge price inflation.

Both outcomes are illustrated in Figure 1:

1. **The “worst-case” scenario** — where depreciation remains proportionally softer than outright lodge ownership, protecting both owner sentiment and park reputation; and
2. **The “best-case” scenario** — where fractional resale pricing tracks new-lodge price increases, at least for a number of years, after which normal lifecycle factors such as age, styling, and condition begin to influence resale values.

### 4. Commercial Benefits for the Park

For operators, the improved resale profile delivers direct business advantages:

- **Brand trust** through transparent resale values.
- **Faster turnover** from more affordable price points.
- **Broader and more predictable management income** through multiple owners, diversified fees, and additional service functions.
- **Reputation protection** through sustained owner satisfaction and advocacy.

#### What Makes Income from Fractional Different

While both outright and fractional owners pay ongoing site fees, the fractional model **diversifies and strengthens** this income stream.

Each lodge has several owners contributing smaller payments, which **reduces default risk and smooths cashflow**. In addition, fractional ownership introduces new, legitimate, service-based revenues — such as **cleaning and handover charges, booking coordination, administrative management, and oversight** — which provide real, recurring income rather than one-off cost recovery.

This means the park’s management income becomes **broader, more predictable, and directly linked to service quality and occupancy**, not just initial sales volume.

## 5. Outright vs Fractional Ownership Comparison

Aspect	Outright Lodge Sale	Fractional Lodge Ownership	Impact on Park
Initial Pricing	40–50% above build cost	Cost-per-night-based pricing but with increased profit per unit	Improves affordability and turnover speed
Resale Value	Loses 40–50% in a short period	May track lodge market but with smaller nominal losses	Reinforces reputation and confidence
Value Retention Over Time	Typically 40–50% loss	May track underlying price increases or retain 85–90% medium term, depending on market	Demonstrates stability, transparency, and trust
Resale Liquidity	Few buyers, limited activity	Broader resale market	Supports consistent demand
Customer Sentiment	Loss aversion, post-sale regret	Aligned expectations and clarity	Higher advocacy and referrals
Operator Revenue	One-off sale margin	Increased aggregate profit per unit AND broader, service-linked management income	Improvements to EBITDA via predictable, increased and inflation-resilient cashflow

## 6. Conclusion

The lodge market's depreciation problem is not a failure of product quality but of pricing structure and expectation management.

With the disappearance of independent benchmarks such as Glass's Guide, the sector has lost a common language for valuing second-hand stock.

Fractional ownership restores that language — but in a more modern, transparent form.

The familiar “**car comparison**”, often used in sales conversations, is in fact part of the problem.

While cars do depreciate, buyers accept that loss because values are transparent, measurable, and supported by established resale systems.

Lodges, by contrast, can depreciate even faster — yet without that same visibility or infrastructure.

Using the car analogy to justify this reality risks highlighting steep value loss and inadvertently undermines trust in both the park and the wider sector.

Fractional ownership corrects this imbalance.

By basing prices on verifiable **cost-per-night logic**, it ties value directly to real-world use and to the rising replacement cost of new lodges.

Owners understand exactly what they are paying for, parks regain control over resale transparency, and future purchasers have confidence in what they are buying.

For operators, the model converts a one-off sale into a trusted **long-term service relationship**, generating predictable and increased, inflation-linked income while protecting brand reputation and customer satisfaction.

For owners, it transforms depreciation risk into lifestyle value — offering the enjoyment of premium accommodation without the potential for the financial erosion that has historically undermined the sector.

In short, **fractional ownership is not merely an alternative sales method; it is the foundation for a more transparent, resilient, and trusted lodge-park economy.**

## 7. Next Steps

The next stage is practical implementation.

Parks that want to protect resale values, enhance owner satisfaction, and convert one-off sales into sustainable recurring income can benefit from exploring how fractional frameworks work in practice.

**Fractional Park Solutions** assists park operators and manufacturers in developing transparent, compliant, and commercially viable shared-ownership models — each designed to fit individual park structures and long-term revenue goals.

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