

THE PROPERTY REPORT

Private Clubs Come to Midsize Cities

Developers bet on growing affluence in markets such as Savannah, Ga.

BY KATE KING

When Britt Morgan-Saks moved to Jacksonville from Brooklyn in 2020, she found the Florida city lacking the vibrant social scene she enjoyed in New York. So the former consultant and real-estate executive decided to create a members club for people who felt the same way.

"If someone is looking to move from a major market to one of these less-known markets, the big question is, 'Will I find my people there?'" said Morgan-Saks, 45 years old. "Will I have all of the cultural opportunities that I'd have in bigger cities?"

Her answer is "The June," a private-member club in a Neoclassical building that once housed a Federal Reserve Bank branch. Members can join for an initiation fee starting at \$5,000, plus monthly dues of at least \$425, depending on membership tier. It will feature a cabaret, indoor and outdoor bars and private restaurants.

The club is poised to open in late fall with more than 450 members, including Jacksonville Jaguars quarterback Trevor Lawrence and Shanna Khan, a property developer and part owner of the team.

Membership clubs like Soho House and Zero Bond for years proliferated in cities like New York and Los Angeles. They offer wine tastings, author readings, film screenings, live music and access to private restaurants for those with the means to pay thousands of dollars in initiation fees and dues.

Now, developers are betting this formula can work in the country's largely untapped midsize markets. They are pitching member clubs to a growing affluent class in smaller cities.

In Savannah, Ga., members drink a revolving menu of specialty cocktails by the pool at Club Bardo. In Lexington, Ky., Camel Club opened in the spring in a former art gallery featuring co-working spaces and a garden terrace. And in Albany, N.Y., the Green House Social Club, opening in November, will include a sushi



Camel Club's downstairs bar in Lexington, Ky., above. The club features co-working spaces and a garden terrace.



bar, DJs and rooftop restaurants.

Stephen Davis, 36, moved from the Detroit suburbs to Lexington and said he joined Camel Club as a way to meet new people. "A lot of the social circles here are really built on people who grew up together and know each other," he said. "I joined because it's a space that's intentionally meant to bring people together."

U.S. households making \$275,000 a year or more now account for nearly half of all spending, a record in data going back to 1989, according to an analysis by Moody's Analytics.

Plenty of secondary cities have a growing number of these high earners. In Jacksonville, the number of households earning more than \$200,000 annually is up roughly 15% since 2021, according to the U.S. Census Bureau. In Savannah, that number has grown about 8% since 2021.

Club owners say there is enough wealth and interest in these smaller markets to support membership fees that can rise to \$5,000 a year or more. These smaller city clubs are marketing to the many white-collar professionals who relocated from larger cities during the pandemic.

Savannah's growing affluence helped convince Jon Kully to open Club Bardo last year inside his new luxury hotel. Club members, who pay a \$12,000 initiation fee, have access to the hotel's pool, restaurant, spa and fitness classes.

The club's 250 members are typically between 30 and 60 years old. Many work as artists, doctors, lawyers, professors and architects.

"People love to dress up. Nights are late, music is loud," said Kully, who is managing partner of New York-based Left Lane Development.

Adding a private club to a



LUKE SHARRETT FOR WSJ

hotel provides a guaranteed revenue stream without much added cost, Kully said. He plans to roll out Bardo-branded hotels with clubs in Bozeman, Mont., Pittsburgh and Providence, R.I.

In Lexington, a mini boom in private clubs is under way, with three new ones opening this year. Members say these establishments are a welcome addition to the city's social scene, which has centered on Lexington's fondness for horse racing and bourbon.

Brent Bruner said the Moroccan-themed design and trendy crowd at the Camel Club is a nice change of pace from

the town's typical equestrian decor and khaki-with-blue-blazer dress code. "I can wear clothing that I like to wear," said Bruner, 63, who recently donned a black T-shirt with pleated jeans at the club.

Many clubs offer a discount rate to younger members. At Camel Club, a junior couple's membership for people under 32 years old requires a \$3,000 initiation fee and monthly dues of \$250.

Stapleton Arnold, a 25-year old Lexington native, joined with her fiancé. Arnold, a real-estate agent and fitness-boutique owner, brings clients and friends visiting from out of town to the club's restaurant. She attended events such as a watch party for "The White Lotus" and trips to the horse races.

Private clubs are often easier to join than traditional country, golf or beach clubs. In Jacksonville, the Ponte Vedra Inn & Club requires a \$150,000 initiation fee and has a two-year wait list. Most of the new membership clubs require little more than filling out an application, or sometimes a referral from existing members.

Craig Mandeville, an entrepreneur and longtime Jacksonville resident, joined The June.

He said he plans to use it for private business discussions that he wouldn't want to have at a public restaurant.

"This is going to really enable leveling up the business, professional networking in Jacksonville," he said.

Common House, a chain of private clubs that opened in Charlottesville, Va., in 2017, added locations in Richmond, Va., Chattanooga, Tenn., and New Orleans.

Morgan-Saks is at work on a second June location near the beach in Jacksonville. She plans to expand the brand into a collection of clubs, with locations in rapidly growing cities such as Savannah, Greenville, S.C., and Louisville, Ky.

Jeff Klein, founder of the celebrity-frequented member club San Vicente Clubs in the Los Angeles area and New York City, said private clubs are as appropriate for residents of midsize cities as those in Manhattan.

"These clubs are serving a purpose for people as a community," he said. "Having a community, having an IRL experience is an incredibly valuable thing."