



American Starts a Luxury Resort to Share the Argentina He Loves

Wine serves as a centerpiece. Guests can spend a day with an agronomist planting malbec vines in the spring or helping with the harvest in the fall. At the on-site tasting room, they can learn to blend grapes or sample a 2013 torrontés directly from a stainless steel cask. Construction has started on a winemakers village. The village will bring together top winemakers like Santiago Achával, the founder of Achával-Ferrer Winery, which specializes in malbec.

VISTA FLORES, Argentina — It is hard to find fault with lunch at Siete Fuegos, the restaurant at the new Vines Resort & Spa in the Mendoza province. The steak is grilled to medium-rare perfection. The sparkling torrontés wine nicely complements the homemade dulce de leche ice cream. The open-air dining room looks upon acres of vineyards set against the snow-capped Andes.

But Michael Evans, the American entrepreneur behind the Vines, wants to nitpick. As lunch comes to a close, a waiter delivers a cortado — an espresso with warm milk — and a plate of cookies to a guest. Mr. Evans quietly suggests to his team in Spanish that if one person at the table gets cookies, everyone should get cookies.

To Mr. Evans, the details matter.

Mr. Evans and his partners are plowing \$16 million into the Vines Resort, on a 1,600-acre property aimed at giving guests an “experience” in the Argentine countryside, albeit a highly pampered one. Rooms go for \$510 to nearly \$2,000 a night, and Mr. Evans wants to make sure that the resort has all the amenities, activities and accouterments — even the cookies — to justify those prices.

“Our focus on everything is: What is this going to do for the customer?” Mr. Evans said. “I am much more a customer than a winemaker or a hotelier.”

The team at the Vines is among a growing number of investors who are building or expanding high-end properties here, in the belief that Mendoza has the potential to be the next Napa Valley, Calif., or Bordeaux, France.

As demand outstripped supply at the nine-year-old Cavas Wine Lodge, the owners recently added three villas, bringing the total rooms to 18. José Manuel Ortega Gil-Fournier, a former Goldman Sachs investment banker who founded the O. Fournier boutique winery, is hoping to break ground on a 40-room hotel early this year. Youngwoo & Associates, the New York developer behind the redesign of Pier 57 in Manhattan, is working on a private vineyard project just south of Mendoza city, with plans to eventually open a luxury hotel.

“For the longest time, we have been interested in South America. It was really gaining a lifestyle that we hadn’t really seen before on this continent,” said Bryan Woo, the director of acquisitions for Youngwoo, who is leading the Mendoza project. “People are going to discover Mendoza. We’re banking on that.”

Mendoza is decades behind more established wine regions in the United States and Europe, so developers still have room to grow. Land prices are relatively low. And beyond the city center, there are few high-end hotels. Competition here is friendly, even supportive.

When Mr. Evans decided to open the Vines Resort, he sought the counsel of the established players like the founders of Cavas. "People talk about competition, but it is such a small pool at the high end," he said. Other hoteliers, he said, are willing to provide guidance. The more players, the thinking goes, the better it will be for Mendoza broadly.

But Argentina presents its own challenges. Inflation runs high. Official government figures put it at more than 10 percent, although economists estimate that it is more like 25 percent. In the United States, inflation is less than 2 percent.

In such an environment, labor costs and other expenses can jump substantially each year. But hotels cannot necessarily increase their rates in tandem. Cecilia Diaz Chuit, who founded Cavas with her husband, Martín Rigal, decided to expand last year to bolster revenue and help offset increased costs.

"We cannot raise our rates anymore. We have reached a limit," Ms. Diaz Chuit said. Rooms at Cavas cost roughly \$700 a night in the high season. "So we have created different products at Cavas. That was our way to fight inflation."

In Argentina's hit-or-miss economy, investors have to be willing to ride out the ups and downs. Mr. Ortega Gil-Fournier, who set up his winery in 2000, planned to build a hotel in 2007. But then the global financial crisis hit, Argentina's economy swooned, and he mothballed the plan. While Argentina remains on shaky ground, Mr. Ortega Gil-Fournier said he was now willing to take the risk, citing the potential of the country.

"It's really challenging. You have to pay a lot more attention to the macroeconomic factors," Mr. Evans said. "You certainly wouldn't invest unless you think long term."

Mr. Evans, 48, first saw the promise of Mendoza a decade ago. After working on John Kerry's failed presidential campaign, Mr. Evans, a political consultant, took a vacation in Argentina to rest, relax and enjoy wine. He never left.

Enamored of Argentina, Mr. Evans and a friend decided to start a business selling vineyards. The company would do all the work — planting, harvesting, blending and bottling — for investors who want to create their bespoke wine. He initially bought 100 acres in the Uco Valley for about \$500,000. The area, about two hours south of Mendoza city, was largely undeveloped. And the terroir — the land, the soil and the altitude — offered the potential for high-quality wines.

That business, the Vines of Mendoza, now has 135 vineyard owners and creates 225 wines, including its own brand, Recuerdo. An acre goes for \$85,000. And the company has a tasting room and a wine bar in the city, where tourists can sample a variety of wines from the area. As the business evolved, a resort, Mr. Evans said, seemed like a natural extension of the business.

Like many developers in Argentina, Mr. Evans has largely relied on outside investors to help finance expansion. Mortgages are not common. And while investors can tap into government loans, the bureaucratic process can be tricky and time-consuming. In 2013, Mr. Evans raised nearly \$8 million from angel investors, mainly friends, relatives and vineyard owners.

At Vines, Mr. Evans says he is trying to create a sense of place. In doing so, he is drawing on the landscape and history of Mendoza. A dusty running path winds through acres of malbec, cabernet sauvignon and other grape vines. The walls are built with stones dug from around the property. The top Argentine chef Francis Mallmann draws upon open-air cooking techniques for Siete Fuegos, which means seven fires in Spanish. Guests get their own personal "gaucho" — a play off the traditional Argentine cowboy — to set up winery excursions, horse rides, or even helicopter trips for backcountry skiing.

Wine serves as a centerpiece. Guests can spend a day with an agronomist planting malbec vines in the spring or helping with the harvest in the fall. At the on-site tasting room, they can learn to blend grapes or sample a 2013 torrentés directly from a stainless steel cask. Construction has started on a winemakers village. The village will bring together top winemakers like Santiago Achával, the founder of Achával-Ferrer Winery, which specializes in malbec.

As workers put the finishing touches on the resort late last year, Mr. Evans, with Maria Uco, his dog, at his side, talked animatedly about the next steps. He pointed to nearby vineyards, and laid out plans for a yoga platform. Off in the distance, he says, he wants to upgrade an old ramada, an outdoor pavilion that can be used for asados, Argentine barbecues. The soon-to-be-built gym will be elevated, giving treadmill-runners the sense that they are floating above the vineyards.

"It's about coming to Mendoza," Mr. Evans said. "I came here on vacation, fell in love with the place, and stayed. So how do I give people that?"