

Marriott Focusing On High-Profile Projects

BY BRUCE SERLEN

PHOENIX— Not to be outdone by its competitors, which have debuted new brands and completed major acquisitions, Marriott International last month introduced a slate of high-profile upcoming projects.

The trio of properties— located in downtown Los Angeles, downtown Boston, and Lake Tahoe, CA— is the latest evidence of the strength of the market industry-wide for the upper upscale and luxury segments. Whether the metric used is occupancy, ADR, demand growth or RevPAR, hotels in these tiers have continued to perform well throughout 2006, and the prospects remain strong for 2007 and into 2008 at the least. From a development standpoint, an abundance of capital has encouraged owners to proceed while conditions remain favorable.

“Our pipeline continues to be robust. We’ve said in the past

that we expect to add between 25,000 and 30,000 new rooms annually across all our brands and we’re hitting those numbers consistently,” said Anthony Capuano, Marriott’s executive vp



Anthony Capuano
Marriott International

of development for North American full-service hotels. “We see strong owner and franchisee attraction to the full-service

brands. There was some concern post-9/11 that these brands might be the hardest hit, but we’ve seen just the opposite.”

From a growth velocity perspective, a luxury brand like Ritz-Carlton is among the most rapidly growing of Marriott’s brands on a percentage basis, said Capuano, who spoke at the 12th annual Lodging Conference here. “We continue to see interest in the luxury tier driven largely by the strength of branded for-sale product, whether it’s whole or fractional ownership,” he said.

This has continued despite the declining fortunes of the primary residential condominium market. “In luxury second-home markets, however, we continue to see strong brands. If there is any softening around the edges, you see the flight to recognizable names and quality,” Capuano noted. “Quality names still give the buyer a great deal of confidence.”

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HB HEARS

STRATEGIC ACQUIRING CHICAGO RESIDENTIAL SPACE

Strategic Hotels & Resorts, Inc. is set to acquire new hotel development space in the to-be-built Aqua Building in Chicago. The space will include 15 floors within the 82-story mixed-use residential building. Strategic will pay Lakeshore East LLC, an affiliate of Magellan Development Group, \$82.4 million for the building space. Once the space is complete, Strategic will furnish and install hotel finishes in the square footage.

The hotel will consist of about 200 luxury suites averaging 650 sf each, a 20,000 sf glazed ballroom with an outdoor terrace overlooking Lakeshore East Park, prefunction space, boardrooms and other general hotel support facilities. Both the building and the hotel are expected to be fully complete by the end of 2009. The building is located within the 28-acre Lakeshore East development and is adjacent to Strategic’s Fairmont Chicago hotel. Therefore, Strategic anticipates that the new hotel, which will eventually be physically linked to the Fairmont, will be operated in conjunction with the Fairmont.

AMSTAR, DAVIDSON PICK UP RI HYATT REGENCY

Amstar Group, LLC and Davidson Hotel Co. have partnered in the purchase of the 264-room Hyatt Regency Newport Hotel & Spa in Newport, RI.

H.E. Newport Equities, LLC, an affiliate of Global Hyatt Corp., sold the hotel to the two firms and was advised by Jones Lang LaSalle Hotels in the deal. The price was not disclosed.

Located on Goat Island, which is one half mile from downtown Newport, the hotel will remain as a Hyatt Regency and will be operated by Davidson. Furthermore, Davidson and Amstar will now spend \$23 million on property renovations.

BLACKSTONE SELLING OFF THREE MORE HOTELS

Blackstone Real Estate Acquisitions V LLC has put three assets on the selling block. The properties include the 489-room Sheraton Safari Hotel and Suites in Orlando, FL, the 297-room Hilton Houston Westchase in Houston; and the 204-room Embassy Suites Tucson International Airport in Tucson, AZ.

HYATT REPORTEDLY EXPANDING IN NEW YORK

Global Hyatt Corp. reportedly is acquiring a midtown Manhattan office building that was in the process of being converted to residential condominiums. Hyatt plans on making the asset into a hotel. Hyatt acquired the project from Belfonti Capital Partners and the Carlyle Group for \$136 million. The building, located on Fifth Avenue across from the New York Public Library, formerly housed the offices of clothing manufacturer Tommy Hilfger.

NOBLE CONVERTS WYNDHAM TO SHERATON N. ORLEANS

The former Wyndham Metairie Hotel here has been converted into and renamed the Sheraton Metairie-New Orleans. Noble Investment Group owns the property and is finishing up a multi-million-dollar renovation project at the asset.

As part of the renovation project, the 182-room hotel’s exterior was enhanced and a sundries alcove, business center and Sheraton Club lounge were added.

HB ON THE SCENE

HD Boutique Explores Hospitality Design’s Future

BY LAUREN BOVICH

MIAMI BEACH, FL— The focus was all about the future of hospitality design at the fourth annual Hospitality Design Boutique Expo and Conference that took place here last month. More than 550 vendors displayed the latest in highly styled products to the 4,000 attendees and a series of information sessions explored a variety of topics such as the “lifestyle” hotel trend, marketing and brand differentiation.

One particularly noteworthy session took a look at blending the latest in design and technology in future hotels. Called “HOT: Hotel Of Tomorrow,” the session chronicled the project that brought together designers and a host of supplier partners— as well as Starwood Hotels and Resorts World-

wide— to create a think tank focused on building, branding and operating hotels over the next 20 years.

Ron Swidler, senior vp at the Gettys Group, the design firm that led the project, discussed the basis for the project: “What are the consumers of the future looking for?” he said.

Hotel Of Tomorrow Trends

He also provided 10 macro trends upon which the hotel of tomorrow is based. They include: robotics; experience economy; total connectivity; nanotechnology; personalization; world flattening; biotechnology; creative commerce; modularity; and renewable resources.

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HAMA Examines Market Fundamentals; Promotes Education, Networking

BY STEFANI C. O’CONNOR

BOSTON— Dozens of members of the Hospitality Asset Managers Association (HAMA) gathered here last month at the Sheraton Boston to network and get a keener perspective on key industry trends during the group’s fall meeting.

In addition to executive board and budgeting

Mark Elliott of Hodges Ward Elliott discussed supply issues at the recent HAMA fall meeting.

meetings, during the event HAMA provided to an estimated 80 asset managers a fairly wide scope of information from a variety of industry speakers, much of which targeted trends that could benefit the organization’s members.

HAMA President Chad Crandall told HOTEL BUSINESS® honing in on business operations, investment and performance trends for hotels is a key part of the autumn conference

(HAMA also holds a n annual spring meeting).

“Our mission regarding these meetings focuses on two primary

areas: education of our members, in which we provide topics and forums where we’re educating them on how to do their jobs and their work better. The other is a networking opportunity, where we can get a chance to know each other and open up a dialogue, which is important, and begin the opportunity to share best prac-

tices and form a collegial relationship with other hotel owners and asset managers,” he said.

Keynote speaker Chris Nassetta, president and CEO of Host Hotels & Resorts, expressed optimism over the fact that while there may be some shifts, overall industry fundamentals indicate a bright picture in the near term.

“You’ve got a scenario where we’ve had a great three-year run, a scenario where demand by most measures— while it’s the harder part to predict— is going

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HB ON THE SCENE

