

today's hotelier

February 2019 | todayshotelier.com

THE OFFICIAL PUBLICATION OF 

INDEPENDENT PROPERTY OR BIG BRAND?

Taking a look at the booming soft-brand hotel trend and unique properties

C-SUITE: Essential partnerships by Jim Hopper, president & CEO, Oklahoma Hotel & Lodging Association

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Hotel properties that have undergone unique renovations

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AAHOA welcomes new changes

HITESH (HP) PATEL
AAHOA Chairman (2018-2019)

WITH THE NEW year comes new changes at AAHOA and as you may already be aware, Chip Rogers has stepped down from his role as president and CEO. He has accepted the same positions with our industry partner, the American Hotel & Lodging Association (AHLA).

I am grateful for Chip's unparalleled dedication and commitment to AAHOA and our members. Since his time in the Georgia state legislature, Chip has been an advocate for all small-business owners and has consistently promoted the interests of hoteliers. When Chip joined AAHOA, there was no one more suited or prepared to build the robust and thriving government affairs department we have now. His efforts have made him a true friend and advocate for hoteliers everywhere. But it is his dynamic and innovative leadership as our president and CEO for the past five years that have helped take our association and our industry to new heights.

During his tenure, AAHOA membership growth has reached all-time highs, our brand relationships have been stronger and more fruitful, and our reputation as an industry leader has been widely embraced by leading hospitality organizations and figures. Most notably, his keen focus on expanding our advocacy efforts on Capitol Hill and in statehouses across the country has solidified AAHOA's unique role as a trusted authority and resource on policy issues facing the entire hospitality industry.

While it is hard to say goodbye to our distinguished leader and friend, I am excited to continue working with him to promote the interests of hoteliers through our relationship with AHLA. From collaborating on important policy initiatives and

“While it is hard to say goodbye to our distinguished leader and friend, I am excited to continue working with him to promote the interests of hoteliers through our relationship with AHLA.”

participating in industry conferences to hosting our combined Legislative Action Summit, AAHOA and AHLA will work even closer together and will develop a stronger partnership. AAHOA is proud that Chip will continue to be an advocate for America's hoteliers, and we wish him great success in his new role.

This is a promising time for AAHOA. A new leader brings more opportunities for our association, and we are eager to set and accomplish new goals. A comprehensive search is underway to find AAHOA's next CEO, one who will build off the many successes Chip has helped us achieve. In the meantime, our COO, Rachel Humphrey, will take up the mantle and act as interim CEO until a decision is made.

I look forward to celebrating AAHOA's 30th anniversary with all of you at our 2019 convention in San Diego, CA, and working together to make our future stronger and brighter than ever before.

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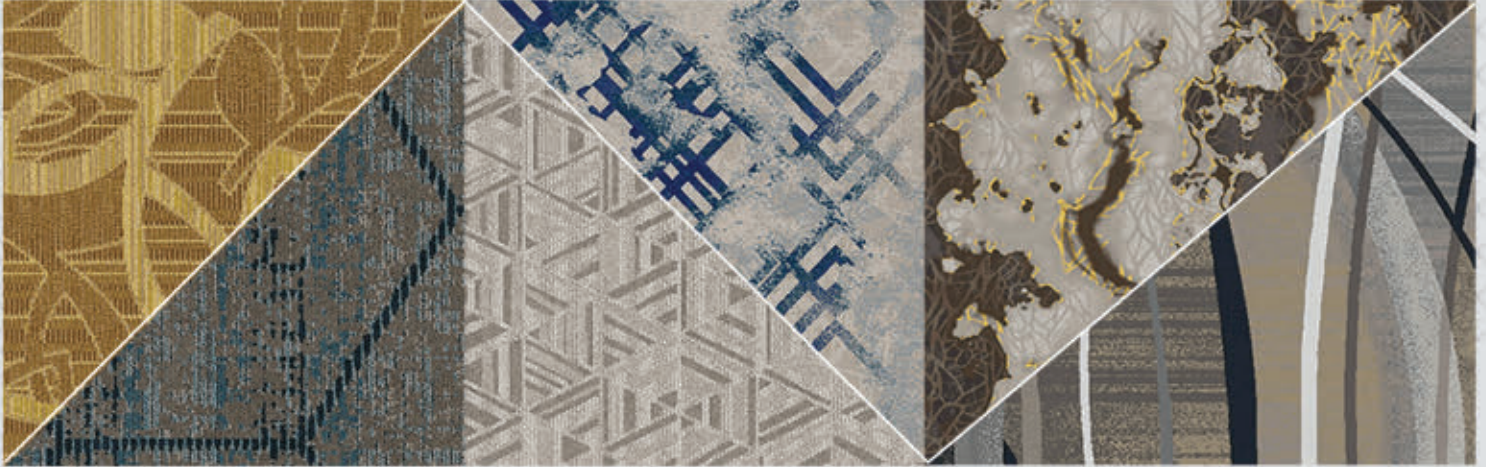
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May we meet again

CHIP ROGERS
AAHOA President & CEO

THE GREEK PHILOSOPHER Heraclitus once famously stated: “There is nothing permanent but change.” As I move to a new life chapter, I realize that change, while inevitable, can be painful. However, it also can be good.

For the past nine years, I’ve had the opportunity to work with some of the most impressive people I have ever met. They are entrepreneurs, risk takers, dreamers, leaders, and builders. Collectively, they are AAHOA.

Rarely does one get the chance to change his life in such a positive way as I have following my introduction to AAHOA in 2009. Little did I know at the time that I was embarking on a journey that would lead me to make hundreds of friends among the hotel owners who make our industry all that it is for millions of people.

Among them, I’ve met leaders who could stand shoulder to shoulder with the most successful and recognized names in business and politics, people like past Chairman Mehul Patel. I would trust Mehul to captain anything I was involved with. Men like him are rare in life, and I am blessed to have spent time in his presence.

When I think of human decency, Bruce Patel comes to mind. Altogether, I probably spent 1,000 hours with him, and believe me, after that much time, you really get to know a person. He is an example of the type of man you would want your son to grow up to be.

When I think of fun, the list is too extensive for this column, but I’ll start with Pratik Patel. He and his family turn every moment you’re with them into a smile. And Vipul Dayal and Timmy Patel have a knack for making every occasion a joyous one. If you’ve ever been around those two, even briefly, you know exactly what I mean. I also am reminded of Tarun Patel

and Bhavesh Patel and the many hours I spent with them. They are the kind of people you just want to sit around and talk to, especially about football. Thoughts of inspiration bring Champ Patel, Heetesh Patel, and Jagruti Panwala immediately to mind. But they are just three of the dozens of AAHOA members who have inspired me in so many positive ways.

And no list would be complete without Binita Patel, one of my absolute favorite members. AAHOA needs more people like her in its ranks. In fact, it needs more women, in general. Their presence would only serve to make a great organization better.

Space limitations prevent me from naming the hundreds of others who have been instrumental in my personal and professional growth over the years. But please know that each and every one of you has had a profound impact on my life, and I am truly grateful for the time we’ve spent together.

As my time at AAHOA draws to a close, I want to give heartfelt thanks to the most important group of all - the staff I have been blessed to work with for these past years. Whatever accolades I have received and whatever milestones we have achieved were because of their hard work and dedication to me and this organization. It is the realization that I will be spending less time with these dear friends that makes this life change more painful. Yet, it is the knowledge that I will continue to help lead our wonderful industry that fills me with hope and optimism for the future.

So, with that, I’d like to again say thank you to each and every member for allowing me to be a part of the AAHOA family, and I wish you all the very best life has to offer.

5 THINGS TO KNOW ABOUT AAHOA THIS MONTH

1

Stay Boutique Live by BLLA will be held Feb. 11-13 in Los Angeles. With over 3,000 registered attendees, the Stay Boutique conference is a place for thought leaders and movers and shakers in hospitality to gather. This event is inclusive for professionals across a wide range of industries such as hotels, restaurants, wellness, technology, art, travel & tourism, and more. Read our exclusive Q&A with Frances Kiradjian, founder & CEO of the Boutique & Lifestyle Leaders Association on page 36.

2

AAHOA Chairman Hitesh (HP) Patel will be a featured guest speaker at the University of Houston Career Fair on Feb. 21. As a Texas-based hotelier and community leader in Austin, HP will share his strong entrepreneurial background and leadership strategies with attendees of this event.

3

The early registration deadline for AAHOA’s 2019 Convention & Trade Show is quickly approaching. Register online at aahoacon.streampoint.com by Feb. 23 for a discounted rate. We will be celebrating our 30th anniversary this year by taking over San Diego’s historic Gaslamp Quarter with a Block Party that will include live music, food, and networking opportunities. Visit the AAHOACON website for a full agenda and registration information.

4

Know someone who deserves to be Hotelier of the Year? The award nomination process is ongoing and will be presented at our convention. Nominate your colleagues for a wide variety of awards such as the AAHOA Award of Excellence, Outreach Award for Philanthropy, Outstanding Woman Hotelier of the Year, and more! Don’t miss this chance to nominate someone who deserves to be recognized.

5

The deadline for AAHOA 2019-2020 board nominations is Feb. 26. Each candidate seeking to become an elected member of the Board of Directors will need to comply with the qualifications set out in the AAHOA Bylaws. Visit AAHOA.com for qualification information and to access the election nomination form.



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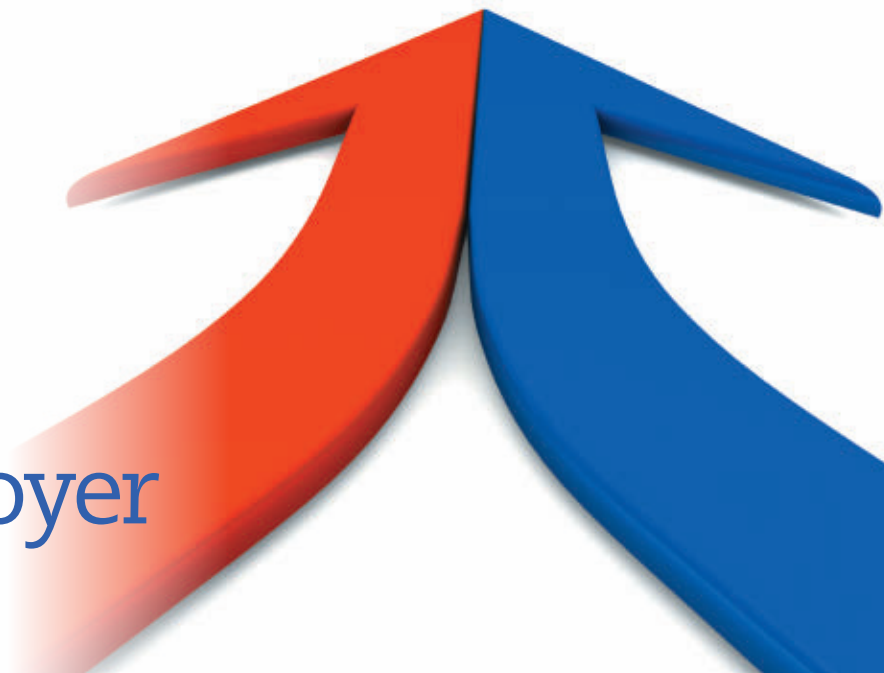
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Seeking a statutory fix for the joint-employer standard

by TONI-ANNE BARRY



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THE RELATIONSHIP between franchisors and franchisees has been strained in recent years by the ongoing battle between what does and what does not constitute a “joint-employer.” Under the discretion of the Obama administration, the NLRB ruled in the decision of the *Browning-Ferris Industries* labor dispute to move away from the original classification that the employer must be directly involved with the management to be considered a joint-employer. Instead, this precedent had given small business owners stability and predictability for years was expanded to include indirect entities, like franchisors, who do not participate in day-to-day management decisions.

Sharing the role of employer entails making decisions jointly, such as hiring, firing, employee compensation, and all other management functions. This shift is burdensome for both parties. Small business owners want to keep control over their business, and franchisors don't want to be saddled with the liability

that comes with making such decisions. When franchisors who are located hundreds, if not thousands, of miles away are responsible for employees or any issue that occurs on the franchisee property, the franchisees are burdened with higher fees and increased oversight or rules from the brand company.

Current NLRB Chairman John Ring made returning to the original joint-employer definition a priority for the board and in 2017 undid the harmful Obama-era ruling. But the work is not done. The board is in the process of rewriting the joint-employer rule to narrow the definition and provide even more clarity to small business owners as to where the line is between franchisors and franchisees. From September to January, the board opened up the initiative for a comment period so the public could submit their thoughts on creating a rule that would fit the needs of small business owners.

A new NLRB rule is a great start and could be a big win for our hoteliers who rely on this distinction. But as long as the definition of joint employer is left up to the whims of each incoming

administration, small business owners will be left without the predictability and clarity they need to run their businesses effectively and with confidence. Franchising is fundamental to the business models of hoteliers, and by making the process more complex and unclear, it will slow growth in our industry and discourage entrepreneurship.

A long-term, permanent solution can come only from a statutory fix. The definition of joint-employer must be codified into law so that it cannot be changed with a simple rule change. In 2017, AAHOA actively supported H.R. 3441, *Save Local Business Act*, legislation that would have done just that and prevented future administrations from arbitrarily changing the definition. Unfortunately, the bill failed to find sponsorship in the Senate. But with the new Congress convening on Capitol Hill, there is a renewed opportunity to make this a reality.

AAHOA continues to advocate for similar legislation that would clarify the definition because it is up to Congress to give small business owners one of the most fundamental tools for success - authority over their own business. ■

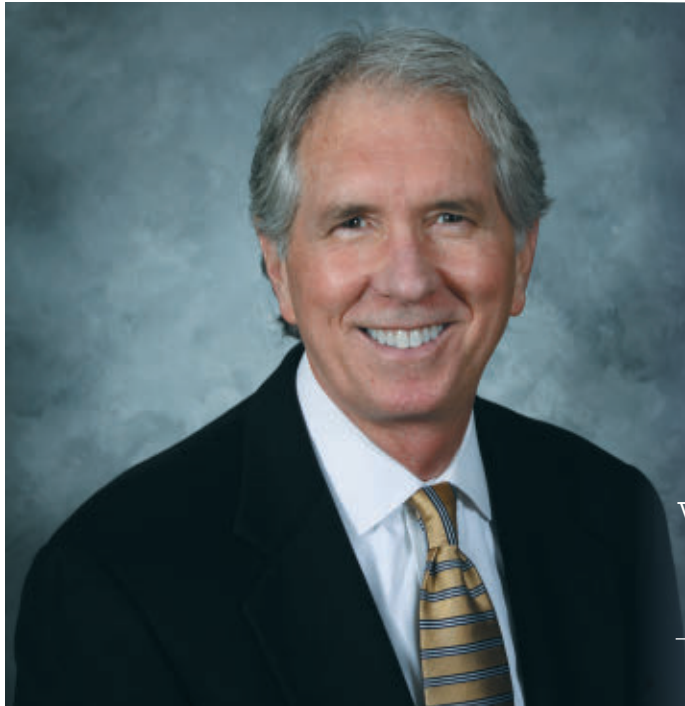


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Essential partnerships

by JIM HOPPER
PRESIDENT & CEO,
OKLAHOMA HOTEL & LODGING ASSOCIATION

“We could not have accomplished this without working together and having this essential alliance with AAHOA and other organizations.”

AT SOME POINT IN OUR lives, we’ve all heard the saying, “There’s strength in numbers.” As trite as it may be, it’s true. Collectively, our work will always be more successful and impactful than our individual efforts. This could not be truer than in the arena of legislative advocacy.

Let me share with you a case in point. In the spring of 2018, during a session of the Oklahoma Legislature, a proposal surfaced (somewhat unexpectedly) to impose a \$5 per room per night statewide hotel tax. As proposed, this \$5 tax would be in addition to the state and local sales taxes AND in addition to any local lodging taxes already being collected on hotel room nights. Suddenly, Oklahoma’s two major metro areas would have been No. 1 and No. 3 in the nation in the percentage of taxes imposed on guests staying in our hotels. In some instances, it’s good to be at the top of the list – Can you say college sports?! – but in the area of taxes, that’s a list no one wants to top. This proposed \$5 hotel tax was part of a larger package to fund a much-needed pay raise for our teachers. As we told our legislators, we

were not opposed to fair pay for teachers; we just didn’t believe this was the proper way to achieve that goal.

When this \$5 tax surfaced over a weekend during our legislative session, the Oklahoma Hotel & Lodging Association began the task of rallying our members, arming them with facts and talking points, and calling upon them to meet at the State Capitol and lobby our legislature to remove this tax from the package. We had a good story to tell, but we needed the help of several like-minded groups to make the biggest impact when explaining why this tax would be so regressive to our industry and to tourism in general. It wasn’t hard to imagine group and/or convention business choosing out-of-state locations at which to hold their meetings if this tax was approved. We were joined in our efforts by several state convention & visitor bureaus, travel and tourism entities, operators, and, most importantly, our partners within AAHOA. For four days in a row, these partners joined together at the Capitol, over 100 strong each day, to take our message directly to the legislature about why this tax was a bad idea for our industry – hotels, restaurants, tourism in general, and

other partners who rely so heavily on a welcoming environment in Oklahoma.

Although the \$5 tax was ultimately approved as part of the overall package of tax increases to fund the teacher pay raise, we were able to convince the leadership in both the House and Senate to take up a repeal bill immediately afterward to repeal only the \$5 tax per night on hotel room stays. Honestly, at the risk of dating myself, I have been involved in lobbying in one form or another for more than 35 years. In all that time, I have never seen the legislature repeal a tax they have just passed. That was extraordinary and if I am being truthful, I would tell you I never thought that could happen. But we did it. We told our story with the help of outstanding partnerships like AAHOA, and we were able to convince the legislature to repeal this tax. We could not have accomplished this without working together and having this essential alliance with AAHOA and other organizations.

This story isn’t over. I’m pretty sure we’ll see this issue brought up again during the current session of the legislature. Our partnership will have to endure as we work together to tell our good story. ■

COMMON GROUND

Creating a level playing field for short-term rentals and hotels

by TONI-ANNE BARRY



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These days, it seems like politicians cannot agree about anything. That's because it's convenient for the media to use a gridlock narrative as shorthand for the contrarian and obstinate behavior that defines how our elected representatives address a few big issues. However, a different, more nuanced picture emerges when one takes a closer look at the actual lawmaking process – the pursuit of positive change. Common Ground profiles two members of opposing parties who are working together to advance issues important to hoteliers.

THE ISSUE

Creating a level playing field for short-term rentals and hotels.

The rise of short-term rentals brings welcome competition to hoteliers. Home-sharing platforms have given homeowners the ability to open their homes to travelers to generate extra income. But data shows that a large portion of hosts are actually commercial operators who rent out multiple units on a full-time basis. These operators are functioning as hotels but have different tax rates and can operate without having to adhere to the same regulatory standards, giving them a significant and unfair advantage over hotels. As short-term rental listings continue to grow, more commercial operators are trying to take advantage of the system, and state legislatures across the country are looking for ways to increase transparency of who is functioning as a host and promote fairness in the lodging industry.

COMMON GROUND

Massachusetts lawmakers have taken this issue head on and found a bipartisan solution to encourage fair competition between short-term rentals and hotels. Democrats and Republicans in the state legislature came together and passed H.4841, *An Act Regulating and Insuring Short-Term Rentals*, legislation that requires short-term rental hosts to register with the state, carry proper insurance, and pay the same 5.7-percent state tax that hotels are required to pay. The bill also gives more authority to towns and cities to add additional regulations to fit the specific needs of their communities. Political opposites, Gov. Charlie Baker (R-MA) and Speaker of the House Robert DeLeo (D-MA) both advocated on behalf of the bill, citing the need for comprehensive regulatory reform and the importance of fostering an environment that allows hotels and short-term rentals to compete on the same level. Gov. Baker signed the legislation into law in January, and the new regulations will take effect on July 1, 2019. ■



Gov. Charlie Baker (R-MA)

First Elected: 2015

“Our administration has long supported leveling the playing field for short-term rental operators who use their properties as de facto hotels, and I appreciate the Legislature’s work to reach a compromise

on this bill that adopts our proposal to avoid placing undue burdens on occasional renters.”



Speaker Robert A. DeLeo (D-Winthrop-MA)

First Elected: 1991

“The House took a thoughtful and holistic approach to regulating short-term rentals. For the first time in Massachusetts, we go beyond taxation and implement

a necessary regulatory framework to ensure public safety and accountability.”

INDEPENDENT PROPERTY OR BIG BRAND?

The booming soft-brand hotel trend

by AMY BELL

When a traveler stumbles across a quaint little boutique hotel nestled in a city's historical district, they usually assume it's an independent property. After all, it's more than a century old and exudes Old World charm – and there's not a hotel chain logo anywhere in sight. Of course, as a hospitality professional, you know it's highly likely that picturesque property is owned by a major hotel brand.

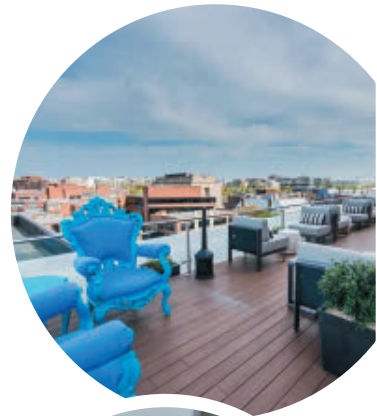
It's no wonder why the soft-branded hotel trend has been exploding throughout the industry in recent years. This strategy allows major hotel chains to acquire independent hotels without changing the distinctive identity of the property. It's a brilliant way to attract a wider range of travelers and increase bookings.

A DECADE OF SOFT BRANDS

Soft brands first entered the scene back in 2008, when Choice Hotels International introduced its Ascend Hotel Collection. Soon after, all the major hotel brands started launching their own soft-brand collections. In 2009, Marriott debuted its Autograph Collection by Marriott, focusing on upper-upscale properties. In 2014, Hilton followed suit with Curio, a Collection by Hilton. A few months later, Best Western International announced its BW Premier Collection.

The list goes on and on. Today, major brands from Starwood and AccorHotels to Hyatt and Red Roof all have soft-brand collections. More recently, in 2017, Hilton introduced the Tapestry Collection, an upscale complement to its Curio collection. Later that year, Wyndham Hotel Group announced The Trademark Hotel Collection, which consists of three- and four-star independent properties.

Why do soft-branded hotels continue to skyrocket in popularity? First of all, from the hotel owner's viewpoint, there's the security factor. In this day and age of constant consolidation, many independent hotel owners are seeking out the security and earning power that often comes with being backed by a major hotel chain. Secondly, the soft-brand hotel trend is a response to shifting consumer desires. Today's travelers, particularly those from younger generations, are seeking out local experiences that give them a genuine taste of their destination. That's why they often choose to stay in historical hotels and independent boutique properties.



IMAGES COURTESY OF TAPESTRYCOLLECTION3.HILTON.COM

Many of these young tourists have turned to alternative travel services, such as Airbnb, which allows them to rent a local home or condo directly from the owner. In fact, recent research shows that in the 10 U.S. cities with the largest Airbnb market share, hotels have seen a 1.5-percent loss in revenue. In an effort to compete with Airbnb and boost bookings, more and more major hotel brands are jumping on the soft-brand bandwagon.

UNIQUE BOUTIQUE: THE GRAHAM GEORGETOWN

The Graham in Georgetown is the perfect example of a successful soft brand. Located on the banks of the Potomac River in the heart of Washington D.C.'s most affluent and historic area, The Graham is a distinguished residential hotel where "cultured sophistication meets modern luxury." The property is nestled between the Georgetown Waterfront and the lively M Street thoroughfare, a popular destination for dining, shopping, and entertainment.

The boutique hotel was named after Georgetown resident, Alexander Graham Bell, inventor of the telephone, and draws inspiration from the historical figure's ingenuity and poise. With spectacular views across the Georgetown neighborhood and its beautiful waterfront, the seven-story Federalist building features 57 luxurious guest rooms, including 32 spacious one-bedroom suites.

The Graham is located near Georgetown University, the Washington Harbour, the National Cathedral, the Kennedy Center, and a number of other important historic landmarks. It's also within walking distance of an array of shops and restaurants. The property features a couple of distinctive on-site venues, including the Alex Craft Cocktail Cellar & Speakeasy, a Victorian-style venue offering weekend entertainment, hand-crafted cocktails, and a full menu of American fare. The Graham also includes an open-air rooftop bar, where guests can enjoy a fresh raw bar, an imaginative drink menu, and breathtaking panoramic views of the nation's capital.

With a simple brick façade and Colonial-inspired sash-over-sash windows, the hotel blends beautifully into the traditional architecture of the prestigious Georgetown neighborhood. From the property's refined style and gracious customer service to its surrounding setting of weathered cobblestone streets and centuries-old buildings, The Graham genuinely feels like an independent boutique hotel. In fact, until just a year ago, it was an independent hotel. However, The Graham is now part of the Hilton family.

In 2018, The Graham joined the Tapestry Collection by Hilton, a growing group of original upscale hotels. As part of this collection, The Graham maintains its original character while offering guests an independent hotel experience backed by the value of the Hilton name and its Hilton Honors program.

"In our pursuit to offer guests the best of both worlds – through hotels that are as unique as they are reliable – The Graham truly embodies the travel experience we are



IMAGE COURTESY OF TAPESTRYCOLLECTION3.HILTON.COM

The Graham Washington D.C. Georgetown

committed to delivering," Mark Nogal, global head of Tapestry Collection by Hilton, said in a press release. "With its rich background, distinct personality, and historic location, we look forward to welcoming this charming, local property to our collection."

The Graham originally opened in 1962 as the Monticello. The hotel changed its name to The Graham to honor Bell, who pioneered countless inventions just minutes away from the hotel at the famous Volta Laboratory and Workshop. For decades, The Graham Georgetown has been a treasured anchor within the local community.

"Lynn and I are excited that our Graham Hotel will be joining the Hilton family as a part of its new Tapestry Collection," says Dwight Curry, co-owner of The Graham Hotel, in a press release. "Our family has enjoyed our strong business relationship with Hilton for two decades, opening the first newly constructed Hilton Garden Inn in 1998. We are thrilled to again be a part of the launch of another great new Hilton brand, and couldn't ask for a better fit for our historic Georgetown hotel."

AN ONGOING TREND

When it comes to the growth of soft-branded hotels, there seems to be no end in sight. As of January 2018 (a decade after soft brands first came into existence), soft-brand rooms represented 0.7 percent of total U.S. inventory, according to STR Global research. That figure is expected to climb to more than 1 percent.

As hotel chains keep creating new collections and adding to their current ones, this category will continue to boom in the coming years. In 2017, Marriott International announced it will grow its three global collection brands – The Luxury Collection, Tribute Portfolio, and Autograph – by 50 percent by 2019. Ascend, which already has the largest portfolio of any soft brand, continues to add more to the pipeline. Hilton's Curio and Tapestry collections, and Wyndham's Trademark collection also have plans to expand.

And these chains still have plenty of independent properties to choose from to add to their collections. According to STR Global, independent hotels account for almost a third of the total U.S. room supply, and 41 percent of that inventory sits in the upper-midscale segment or higher.

Will your independent property be next? ■



Successful Soft-Brand Properties

At first glance, they may look like independent properties, but these stylish hotels are actually big brands in disguise.



IMAGE COURTESY OF WWW.MARRIOTT.COM

Epicurean Hotel in Tampa, FL
Marriott Autograph Collection



IMAGE COURTESY OF WWW.WYNDHAMHOTELS.COM

Galt House in Louisville, KY
Trademark Collection by Wyndham



IMAGE COURTESY OF WWW.CURIOCOLLECTION3.HILTON.COM

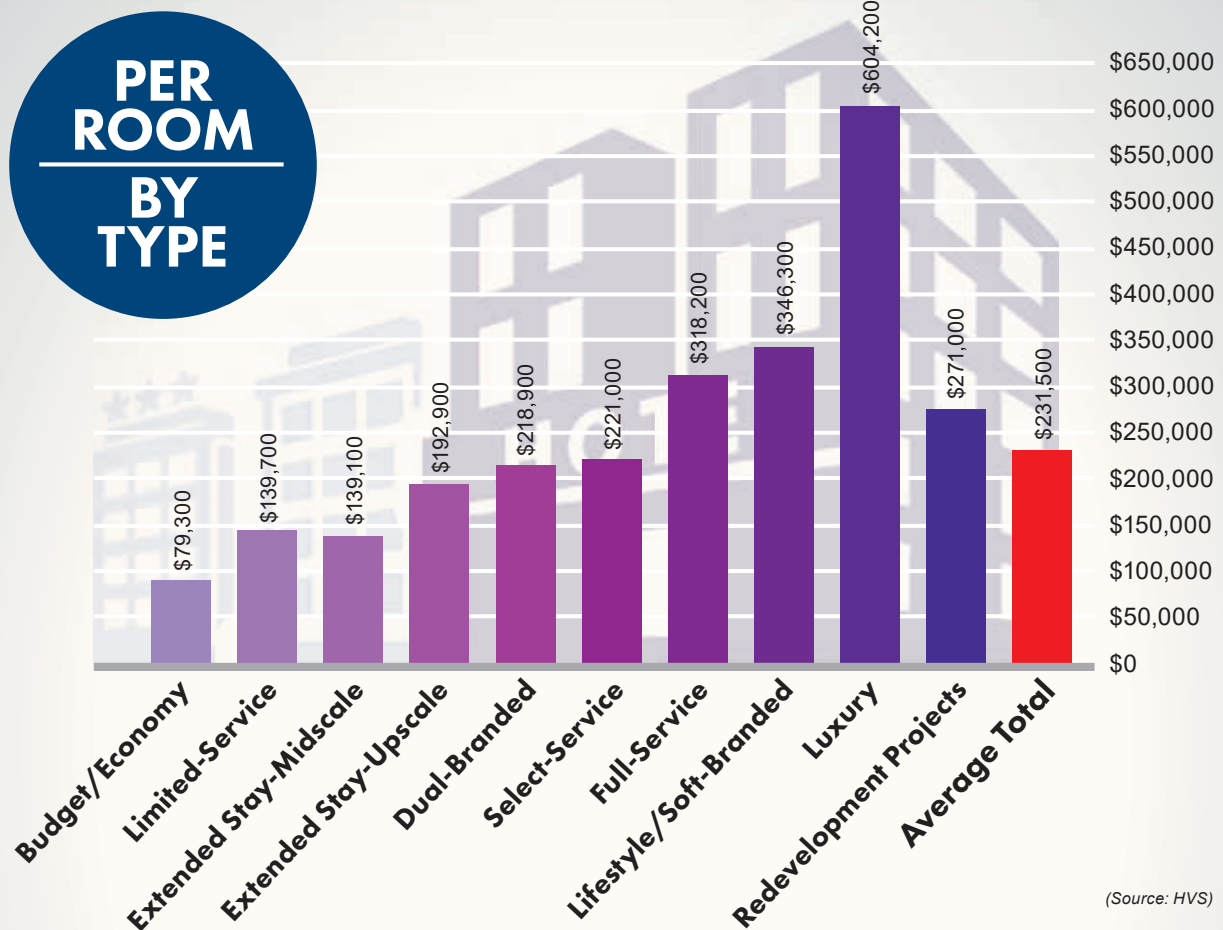
H Hotel in Los Angeles, CA
Curio Collection by the Hilton



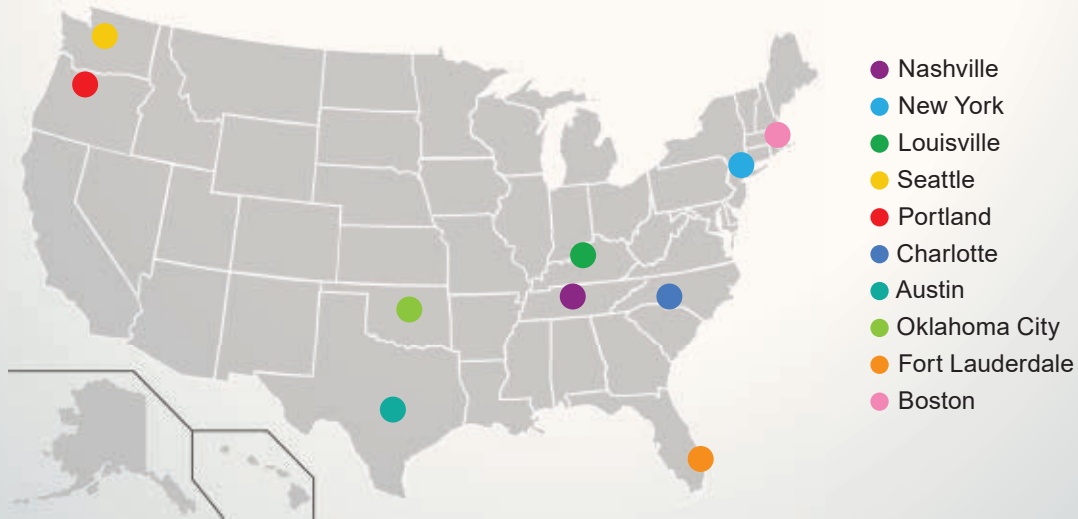
IMAGE COURTESY OF WWW.HYATT.COM

The Bellevue Hotel in Philadelphia, PA
The Unbound Collection by Hyatt

2017/18 HOTEL DEVELOPMENT COSTS



2018: TOP MARKETS FOR NEW PROJECTS



FEATURE

EXTRAORDINARY

No guest enjoys checking into a hotel that feels tired or rundown. In these days of social media and crowd-sourced reviews on Yelp, TripAdvisor, and the like, torn upholstery, faded paint, or past-their-prime mattresses stand out like sore thumbs. Some hotels renovate just to keep things fresh, while others are in fast-growing markets with a lot of new openings and need to compete, especially in places like Austin or Nashville. At the luxury end, and especially in bigger tourist cities like New York and Las Vegas, there is a constant need for reinvention just to keep up. There are many different reasons owners choose to renovate and many levels to do it on – from a simple facelift to a top-to-bottom remodeling. Here are some examples of recent renovations across a variety of types of properties in different markets.

HUTTON HOTEL, NASHVILLE, TN

Architect: Tuck Hinton Architects

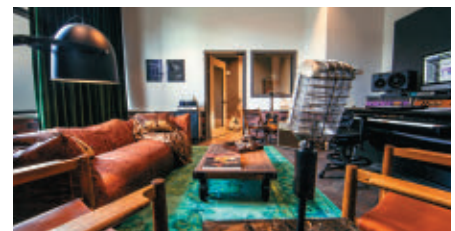
Interior Designer: Studio 11 Design/GreenLight Media & Marketing



Before and after of Analog at Hutton Hotel



Lobby space



The Writers Studio

IMAGES COURTESY OF HUTTON HOTEL

The Hutton Hotel jumpstarted Nashville's trendy ascent a decade ago as the city's first hip boutique hotel. But several others have since opened, and after 10 years, it was time for an update.

The Hutton wanted to stand out as a place to experience the local flavor unique to "Music City USA," so the large-scale renovation (completed mid-2018) focused on a sense of place. They hired Studio 11 Design, which added several new thematic elements, including a vinyl record library, in the common areas, and most notably Analog, a new bar/theater that is part social club, part live-music performance venue. The 5,000-square-foot, 300-person venue was designed in partnership with Tuck Hinton Architects and immediately began drawing guests and non-guests alike. The main restaurant also was redesigned and rebranded as WestEnd Kitchen and Bar, with a contemporary inventive take on Southern cuisine, a focus on local spirits, and a bold design using elements such

as metallic floor tiles and iron and brass finishing surrounding dining banquettes and tables.

Analog was the biggest new addition, but the property also added a feature that sets it apart from every other hotel in the country, The Writers Studios at Hutton Hotel. These two new spaces were co-designed by star performers Dierks Bentley and Ryan Tedder of OneRepublic, and each is fully outfitted with state-of-the-art recording equipment including everything from isolation areas for instruments and a vocal booth to a slate of custom Gibson guitars. This has helped the Hutton attract many musicians who routinely visit, and also gives it more "Nashville cache" with tourists. All guest facilities were renovated, from the lobby and common areas to the 247 guest rooms, which got new furnishings and a residential design with a "rock and roll edge." The rooms are highlighted by a new color palette of soft blue and gray tones accented by pops of color, like a cobalt blue pendant next to the bed and music-themed artwork on the walls.

RENOVATIONS

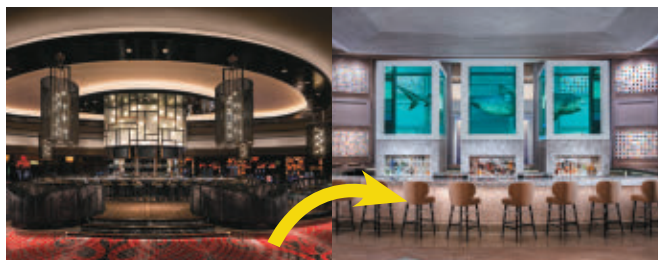
Hotel properties that have undergone unique renovations

by LARRY OLMSTED

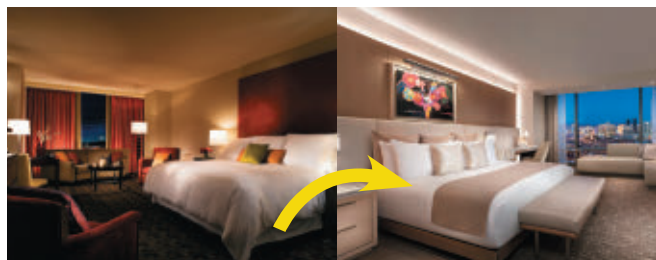
PALMS, LAS VEGAS, NV

Architects: Freidmutter Group Las Vegas, KGA Architecture, Klai Juba Wald Architects, YWS Design & Architecture, Moser Architecture Studio

Designers: Friedmutter Group Las Vegas, YWS Design & Architecture, Avenue Interior Design, Bentel & Bentel, Studio Munge, Rockwell Group, Parts & Labor Design



Before and after of Palms center bar



Before and after of Palms guest room

The Palms was opened in 2001 by the owners of an NBA team, and was popular with pro athletes and celebrities. It was used as the set for a season of MTV's "Real World," and became famous for its fantasy suites, including the nation's only hotel room with a private basketball court. But many new or remodeled properties have opened in Las Vegas in the 17 years since, and the new owners decided the most competitive solution was a top-to-bottom reimagining, from the Sky Villa suites, 700 regular guest rooms, and the common areas to the bars, restaurants and nightclubs, as well as the casino itself. The \$690-million effort is the nation's biggest hotel renovation completed in 2018 and remodeled practically every square inch of the property.

"The new vision for the property was bold, dramatic, and really broke its own iconic mold," says Andrea DeRosa, principal designer for Avenue Interior Design. "The ownership team's desire to continue to push the box aesthetically allowed us to create intriguing, one-of-a-kind interiors that you won't find anywhere else in the city."

Avenue Interior Design was one of several firms, including award-winning Bentel & Bentel Architects, that worked on the massive redo.

Such touches include private infinity pools in the Sky Villas cantilevered over the streets below with views of the Strip. The six Sky Villas also have spa bathrooms with walk-in steam showers, media/theater rooms, saunas, billiard rooms, and private gyms. Guest rooms also have great views from floor-to-ceiling windows, along with new custom furniture, and all-new marble bathrooms with walk-in showers. On the ground level, the remodeled casino showcases an expansive modern-art collection that includes Andy Warhol, Jean-Michel Basquiat, and Damien Hirst. Most of the restaurants and bars were replaced with new ones, including efforts by celebrity chefs Michael Symon (Mabel's) and Marc Vetri (Vetri Cucina), a new eatery by superstar Bobby Flay (Shark), Vegas' hottest new steakhouse, Scotch 80 Prime, and the city's first outpost of Hong Kong's Michelin-starred Tim Ho Wan, along with three new bars and cocktail lounges.

IMAGES COURTESY OF THE PALMS

MELVILLE MARRIOTT, LONG ISLAND, NY

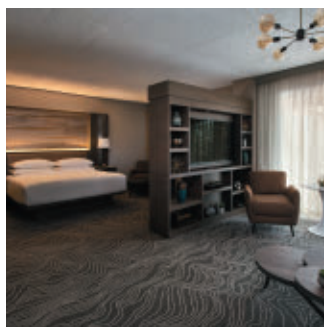
Architect: Columbia Sussex
Interior Designer: Tanja C. Wick, Design Director



Lobby space before renovation



Great Room



Guest room suite

IMAGES COURTESY OF MELVILLE MARRIOTT

Columbia Sussex is one of the largest Marriott franchisees in the country, and it is currently undertaking an aggressive renovation program at nine of its properties. Most recently, it completed a \$10 million-plus renovation of Melville Marriott Long Island. The work included upgrades to the new Marriott brand standards of architectural aesthetic and design, while taking inspiration for colors and materials from Long Island’s vineyards, beaches, parks, and the sea.

All 371 guest rooms were redone in a new color palette and included dark woods, brushed metal, contemporary murals, and caramel-colored leather that evoke the professional yet relaxed vibe of Long Island. The guest rooms were furnished with new mattresses and bedding, mini-fridges, large desks with plug-in panels and high-speed Wi-Fi, and 44-inch flat-panel TVs with Enseo In-Room Entertainment.

A 10,000-square-foot ballroom was also renovated, representing more than half of the hotel’s 19,000 square feet of indoor-outdoor meeting space. Most visibly, the “Great Room” common area on the lobby level, 10,000 square feet of lounging space and a popular hub of activity for guests, was redone. This broke the space into different style areas, including new banquette seating with individual inlay plasma screens for small groups, plus more of the increasingly popular private deuce seating, ideal for one-on-one meetings. The entire Great Room is now equipped with all the necessary technology and plug-ins to keep guests productive. The work was planned by Tanja C. Wick, design director for Columbia Sussex.

THE OASIS, DEATH VALLEY, CA

Architect: OZ Architecture
Interior Designer: Johnson David Interiors



Freestanding casitas



Before and after of the Ranch restaurant

IMAGES COURTESY OF THE OASIS

Built in 1927, the historic mission-style inn is uniquely located next to the Visitor Center within Death Valley National Park. It is owned and operated by Xanterra Travel Collection, which has the concession for many national park lodging properties. After more than 90 years of continuous hotel operation, Xanterra decided to do a total renovation and expansion, a \$100-million project completed in February 2018. All 66 rooms were redone down to the studs, with new electrical wiring, plumbing, drywall, and bathrooms.

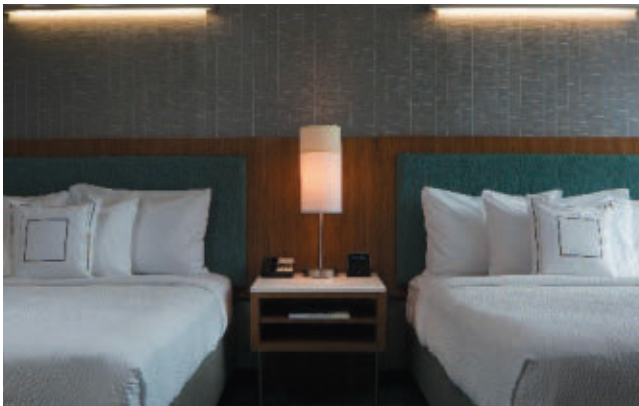
The existing restaurant and cocktail lounge were renovated; they added a spa, a wedding/event facility, and a café alongside the outdoor pool patio. But the biggest addition was the construction of 22 one-bedroom freestanding casitas, increasing lodging capacity by 33 percent and adding a higher-priced room category. “Ultimately, the decision to renovate was based on our commitment to preserve and protect such an iconic experience,” Andrew Todd, president & CEO of Xanterra, says. “The Oasis at Death Valley is a unique American experience that is worthy of such an investment, so it can continue to provide legendary hospitality with a softer footprint in one of the great American national parks.”

SPRINGHILL SUITES DOWNTOWN/ MEDICAL CENTER, MIAMI, FL

Interior Designer: ID & Design International



Renovated lobby



Guest room

IMAGES COURTESY OF SPRINGHILL SUITES MIAMI

Convenient to the University of Miami, Marlins Park stadium, the city's downtown, and especially the medical center, this property just completed a \$2.9-million refresh in October 2018. The work included a complete redesign of the public spaces and all 198 guest rooms, bringing the latter in line with the needs of the modern traveler by adding ergonomic workstations, complimentary Wi-Fi, flat-screen TVs, and mini-refrigerators and microwaves. The budget property is all suites, and the renovated accommodations are 25-percent larger than traditional hotel rooms in the Miami market.

Sitting areas, including couches and coffee tables in addition to the main bedroom area, were redone in a contemporary color palette and custom furnishings. The lobby transformation focused on changing usage trends among today's guests and the growing interest in open workspaces. It now features more comfortable seating where guests can gather with friends and colleagues or finish last-minute work before a meeting, with a mix of modern lounge chairs, couches, and tables. Contemporary lighting and artwork were added to give the city property an air of urban style. ■

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FEATURE

MODULAR CONSTRUCTION MAKES SAVING MONEY, TIME, AND RESOURCES EASIER

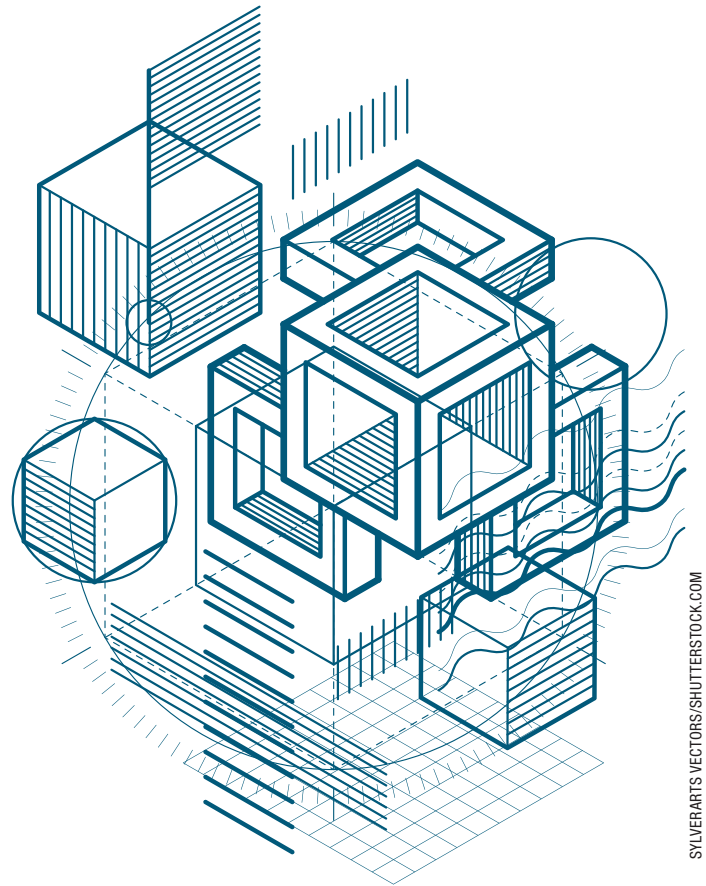
by GLENN HASEK

IN DOWNTOWN SEATTLE, A CITIZENM HOTEL IS being constructed using modular units stacked atop a traditionally constructed concrete podium. The design and delivery method – structural modular design – has been widely adopted in Europe, Asia, and Australia but is relatively new to the United States. The citizenM in Seattle is the first full-modular hotel in North America.

A dual-branded Marriott hotel is expected to open in the Gateway area of Murfreesboro, TN by the end of this year. The 160-room SpringHill Suites/TownePlace Suites property will be mostly built using modular construction. The first floor of the five-floor structure will be built on site, as is normal for construction. The top four floors will be installed as modular units. Each module will have two guestrooms, which will be largely finished and furnished prior to shipping to the site. Exterior building details will be added once the modules have been installed.

Between eight to 10 modules a day can be set in place, so it will take about 19 days to erect the upper floors. Additional

The use of modular construction techniques has opened up a world of opportunities for developers wishing to build at a lower cost but with greater efficiency.



SYLVERARTS VECTORS/SHUTTERSTOCK.COM

work must be done once the modules are placed, such as connecting utilities and building out corridors. The Murfreesboro hotel's modules will be built either in Indiana or Pennsylvania.

The use of modular construction techniques has opened up a world of opportunities for developers wishing to build at a lower cost but with greater efficiency.

WHAT IS MODULAR CONSTRUCTION?

Modular construction is a process in which a project is built off site in a controlled environment to produce “modules” that are then assembled on location. This building technique allows for faster construction time without sacrificing quality, especially in high-barrier-to-entry markets where available skilled labor is limited.

In the case of the Home2Suites by Hilton San Francisco Airport North, which is being built using modular construction, the property will have a distinctly green edge; solar panels will produce close to 50 percent of the hotel's energy, a bio-retention pond will filter water run-off, and additional measures will help to reduce the hotel's overall carbon footprint.

Modules can vary from entire guest rooms to just the bathrooms. In the case of the citizenM hotel in Seattle, modular units – entire guest rooms – were assembled at citizenM's factory in Europe. Hotel units left the factory fully finished, down to the toilet paper holder. The modules even came with hung televisions and doors. They were wrapped in plastic, pressurized to keep windows in place, and shipped. The only items to be post-factory installed were the mattresses, pillows, and towels.

OFF-SITE CONSTRUCTION IN A CONTROLLED ENVIRONMENT

At the 612-room Omni Hotel that opened March 2018 in Louisville, bathroom pods were built off site in a controlled factory setting, then trucked to the job site for “plug and play” installation. The largest green-building benefit of using modular bathrooms is reduced construction material waste – in the short-term during initial construction and in the long-term during hotel remodels and upgrades.

When it was time for bathroom remodeling at the Courtyard by Marriott in Hagerstown, MD, there were no mold or water leaks in any of the hotel’s 100 guest-room bathrooms. Originally built with modular construction, the bathrooms held up well. Not needing to replace drywall not only reduced scrap from the remodel, it also helped reduce labor time. Another benefit of modular bathrooms is their role in improving air quality by reducing the potential for harmful molds. The bathrooms also are more energy efficient because of their airtight design.

TECHNIQUE CONTRIBUTED TO LEED PLATINUM DESIGNATION

When Yellowstone National Park Lodges needed to construct a new employee residence in Old Faithful Village in Yellowstone National Park, a modular construction process was used. It allowed for a swift schedule while minimizing waste and maximizing efficiency during the construction process. Constructed in Boise, ID, the modular units were transported into the park for final assembly and finishing. This approach meant that in the fall, when the temperatures dropped, crews were able to continue to work inside the building instead of putting the project on hold until spring. The project earned the rare LEED Platinum designation from the U.S. Green Building Council.

Perhaps no other hotel in North America is more modular than the Days Inn by Wyndham Sioux Lookout in Sioux Lookout, Ontario. The 60-room Days Inn is comprised of 120 sea shipping containers on two levels. The modular units were prefabricated off site in Calgary, Alberta. The location of the Days Inn, in a remote northern Ontario area where the winters are long, helped sway the owners to build as much of the hotel off site as possible. By building the hotel that way, the overall construction time was reduced from 2.5 years to 13 months. The modular approach also reduced the cost of the project.

Most of the interior finishing, about 80 to 90 percent, was done in Calgary. Once the containers arrived in Sioux Lookout, they were connected in “Lego-like” fashion. There, electrical connections were made and the final finishing was conducted on the interior and exterior. A spray-foam insulation was used to ensure energy efficiency. Also making the property efficient, LED lighting was placed throughout, and low-flow water fixtures were used. On the exterior, vinyl siding and cultured rock were added. ■

Glenn Hasek is editor of Green Lodging News. He can be reached at editor@greenlodgingnews.com.

WHERE ‘WASTE’ BECOMES PART OF A HOTEL’S SUSTAINABILITY STORY

Just as hotel developers are finding new ways to assemble hotels, so too are designers finding new ways to add a local and sustainable touch to hotel design. Many hotels are using common objects or materials to help tell a story.

1,500 BEER BOTTLES

When you check into The Brewhouse Inn & Suites in Milwaukee, WI, you will see a front desk that reflects the unique history of the property. It is composed of more than 1,500 beer bottles – appropriate for the 90-suite, upscale hotel that was a Pabst brewery from 1882 to 1996. The Brewhouse Inn & Suites is part of a LEED Platinum Neighborhood Development.



IMAGE COURTESY OF THE BREWHOUSE INN & SUITES

PINE AND WALNUT

The 1 Hotel Brooklyn Bridge features a 54 percent ratio of regional and reclaimed materials including original heart pine beams from the former Domino Sugar factory, walnut from the Brooklyn Botanical Gardens and pine flooring from the Old Crow Distillery in Kentucky.



IMAGE COURTESY OF 1 HOTEL BROOKLYN BRIDGE

TWIGS, ACORNS, AND MOSS

At the 1 Hotel Central Park, a total of 16,000 fallen twigs are artfully embedded into two large steel doors that welcome guests to the hotel. On every floor, unique artistic renditions of the floor numbers are revealed as the elevator doors open; each number is represented in a different design using repurposed materials, such as penny nails or acorns. Preserved moss fills hallway niches.



IMAGE COURTESY OF 1 HOTEL CENTRAL PARK

RECLAIMED WOOD AND SAPLING

The Hotel at Oberlin in Oberlin, Ohio features reclaimed wood from a historic farm building in the bar area. At John Muir Lodge in Kings Canyon’s Grant Grove Village in California, much of the wood furniture is crafted from sustainably-sourced hickory saplings that would not be able to grow healthily in nature and would have to be removed, while other pieces are constructed from reclaimed wood.

This past year awareness of the dangers from ocean plastic and other waste has grown exponentially. Already, recycled ocean plastic and fishing nets are showing up in hotels in items such as amenity bottles, office chairs, and carpet tile.



IMAGE COURTESY OF VISITSEQUOIA.COM

FEATURE



in hotel construction: Changing hospitality one hotel at a time

by MARINA IVAKHNENKO

UTTHAI PR/Shutterstock.com

LARGE, SLEEK SKYSCRAPER TOWERS MADE OF glass and metal stand in the middle of downtown Beijing, China. After seven years of construction, the China Zun skyscraper is reaching the final stages to officially become the tallest building in the city, providing 1,732 feet of offices, luxury apartments, a rooftop garden, and a 300-room hotel spanning 20 floors.

The concept of **BIM, or Building Information Modeling** technology, has existed since the 1970s. It's a software supporting the decision-making in construction projects. It helps individuals, companies, and government institutions design, plan, and operate complex building infrastructures – water, gas, electricity, communication utilities, and so on. BIM connects all construction teams to track each one's progress and simplify workflows while ensuring safety and quality.

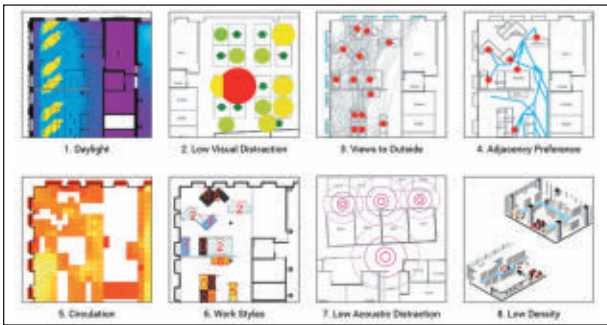


IMAGE COURTESY OF AUTODESK

Generative design applied on building

GENERATIVE DESIGN

Borrowed from nature itself, this concept simulates behavior of individuals staying in a building – their patterns, preferences, common routes, even views they see from the windows. These patterns are found iteratively and can be described both by humans using pen, paper, and meticulous observations, and also by AI. These algorithms promise to be helpful in designing interior spaces.

PLANNING AND OPTIMIZATION

This plan goes through every stage of the project lifecycle and navigates through complex schedules, budgets, and manpower. Since you simply cannot schedule structural and MEP (mechanical, electrical, and plumbing) work to happen at the same time, BIM technology eliminates the time wasted and prevents the scenario where one task is delayed because of the other.

A specialized scheduling assistant takes numerous options and picks one optimized for both time and cost. A similar tool

uses autonomous robots scanning the construction progress and AI that detects quality mishaps, makes schedules and forecasts, and calculates earned value.

THE TRANSFORMATIONAL POWER OF HOTEL-BUILDING TECHNOLOGY

One of the first steps of architecture design is to define the activities that will take place in a building. Then, these activities are allocated to specific spaces and space needs. That's why while an apartment building and a hotel may have similar designs, the activities that happen inside are different. Thus, infrastructure, housekeeping, and vertical transportation are all prominent parts of any hotel's functionality. AI helps ensure all of these needs are addressed when constructing a hotel building.

SUSTAINABILITY AND ENERGY MANAGEMENT

Many hotels today take pride in their green initiatives: installing LED lights, automatic lighting, air conditioning, and of course, persuading guests to reuse towels. Although these initiatives are great, their results often are lost in the energy and resource consumption a hotel experiences daily. While a bigger impact can be made with recycling or composting, the effort should start at the construction phase. By focusing on landscape design to save on water and fertilizers or the shading structures that will reduce the need for cooling, hotels can expect better sustainability results from the ground up.

COMFORT AND PERSONALIZATION

The biggest field for AI adoption in hospitality comes in the post-construction phase. Hoteliers are eager users of IoT, Internet-of-Things, (both for guests and back-of house tasks), sensors, monitoring equipment, and even smart glass. Such technologies not only allow visitors to interact with the building in their own way (see Alexa in Marriott rooms, app-controlled thermostats, and digital keys), but they also give employees a toolset to do their jobs better. ■

Marina Ivakhnenko is an editor at AltexSoft, a travel and hospitality technology consulting company. AltexSoft works with online travel agencies, travel management solution providers, hotels, and travel tech startups to build custom software. In business for more than 10 years, they help implement new or modernize existing solutions, improve the experience of your customers, and utilize available data science and machine learning opportunities to accelerate revenue growth and optimize your expenses.

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Daniel Kwon, *Partner, Apollo Global Management LLC*
Chad Cooley, *Co-Founder & Managing Partner, AWH Partners, LLC*
Shaun Kelly, *Bank of America Merrill Lynch*
Zach Shull, *SVP - Hospitality Strategy & Investments, Colony Capital*
Leon Hurley, *Managing Partner, Cypress 16 LLC*
Kevin Rohani, *VP of Development, Dream Hotel Group*
Sal Tarsia, *Managing Director, Principal Transactions, Hannon Armstrong Sustainable Real Estate*
Toby Moskovits, *Founder & CEO, Heritage Equity Partners*
Abie Hidary, *Chief Executive Officer, Hidrock Properties*
Joseph Ginex, *Managing Director of Development, Hidrock Properties*
Brad Weiser, *Principal, Hostmark Hospitality Group*
Stephen Kallahaer, *VP Corporate Real Estate Development, Hyatt*
Timothy Barton, *Chief Executive Officer, JMJ Development*
Will Obeid, *Vice President of Hotel Acquisitions, Kushner*
Bruce Blum, *Founder & President, Liberty Hotel Advisors, LLC*
Daniel Lesser, *President & CEO, LW Hospitality Advisors*

Todd Ruff, *Vice President of Development, The Americas, Mandarin Oriental Hotel Group*
Alan Roberts, *Global Head, Embassy Suites by Hilton*
Sean Mullen, *President, Noble House Hotels & Resorts*
Alexander Ferrini, *Alex Ferrini, Olshan Frome Wolosky*
Todd Lemmis, *Founding Partner, Pacific6 Enterprises*
Brian Waldman, *SVP, Peachtree Hotel Group*
Amish Naik, *VP - Development & Owner Relations, PM Hotel Group*
Paul Arnold, *Vice President of Development - Americas, Rosewood Hotel Group*
Nolan Hecht, *Senior Managing Director, Square Mile Capital Management LLC*
Matthew Livian, *Senior Vice President and Chief Investment Officer, Sydell Group, Ltd.*
Thomas Prins, *Principal, TQP Capital Partners LLC*
Mitch Garrett, *Vice President - Acquisition & Development, Trump Hotels*
John Keeling, *Executive Vice President, Valencia Group*
Sagar Desai, *Vice President - Acquisitions & Development, Viceroy Hotel Group*
Rani Gharbie, *Vice President of Development, Virgin Hotels*
Andrew Gindy, *Principal, Walton Street Capital LLC*
Michael Blank, *Principal, Woodmont Lodging, LLC*
Jason Hsiang, *SVP of Development, Yotel*

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How can I use non-traditional financing tools to add or create value in commercial real estate?

by RUSHI SHAH



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AT THE MOST BASIC LEVEL, creating value in commercial real estate relies on owners taking an asset that is underutilized and adapting it to its highest and best use. This outcome is determined by calculating the amount of cash flow the asset will be able to generate, and assessing the valuation the property can achieve after applying the cap rate that best matches the level of cash-flow risk.

Financing plays arguably the biggest role in how you craft a business plan for your asset, and your plan determines what financing you can obtain. For adaptive reuse projects, short-term bridge financing that allows time to execute your plan is the standard. Because your business plan hinges on projections for the property's success after it is adapted,

bridge lenders are focused on the property's market and the sponsor's proven ability to turn around an asset. Lenders must be confident that you and your projections will generate sufficient cash flow to cover the revenue and service the bridge debt they provide. Therefore, it is not a surprise that bridge loans are much easier to procure in high-demand markets such as New York or Chicago and harder to obtain in tertiary markets like Iowa or a small city in Alabama.

Adaptive reuse is a value-add strategy that applies to all asset classes but aligns especially well with hospitality due to a hotel property's often high-demand locations, building structure, creative architecture, and sometimes, historical significance. Let's take a look at a several ways to leverage these strategies in your portfolio and the related financing options.

#1: ADAPT AN OFFICE OR RETAIL ASSET TO A HOTEL

This is a popular value-add strategy, especially in densely populated markets such as Miami, Los Angeles, New York, or Chicago. Developers buy existing buildings at below-replacement costs and convert them to a select-service or full-service hotel, all at costs lower than ground-up construction. These projects often leverage the existing unique architectural elements and include diversified revenue centers such as retail, a celebrity chef-led bar or a restaurant, or rooftop event space. New energy is breathed into the buildings and historical elements are preserved.

Because these projects require a high level of construction to change their use, lenders label them as needing a "heavy lift." Lenders care because during construction, there is no in-place

cash flow, and the ramp up will start from scratch and require extensive marketing. To mitigate this risk, lenders will require a contingency reserve over and above the budgeted renovation costs, as well as an interest reserve for the amount of time it will take for the asset to be cash-flow positive. An asset reaches this milestone after it is paying all of the expenses from the revenue and the debt service. To hedge against the added risks of the conversion and project delays, lenders also may ask the sponsor to put more skin in the game as equity. Financing is typically structured as a non-recourse bridge loan with a two – or three-year term and several one-year extension options. At the time of writing, interest rates ranged from 6 percent to 9 percent.

#2: ADD A FLAG, RE-FLAG HORIZONTALLY OR UP-FLAG YOUR HOTEL

This is one of the most common value-add strategies for hotel owners. In analyzing whether it is feasible to add a flag, change a flag, or upgrade a flag, it is extremely important to first look at the aspirational competitive set as defined by your STR report. This peer group is a set of properties that your future property will compete with AFTER you have successfully opened as the newly branded hotel. Consequently, developers should focus on the RevPAR for this comp set before devising any projections. A lender still will allow modest increases in RevPAR growth to accommodate for future inflation.

Developers also should identify the true operating costs of the rebranded asset. It is important to benchmark your projected Earnings Before Interest and Taxes (EBIT) or Net Operating Income (NOI) numbers to those of the market. For example, a typical limited-service hotel in an average market won't produce more than 35 percent NOI as a percentage of revenues, while a full-service hotel under the same criteria will generate closer to 28 percent

NOI. Sponsors that aren't cognizant of these market metrics won't be taken seriously by lenders. This demonstrates why it is important to talk to an experienced investment banker to validate your assumptions against real-market data before you start your financing search.

The type of brand you are adding or re-flagging to also impacts the financing. You want to choose a brand that gives you higher RevPAR penetration than what your existing asset has been able to provide.

#3: CONVERT A HOTEL INTO APARTMENTS, RETAIL, PARKING OR AN ALTERNATIVE HOSPITALITY ASSET

Taking a look at the overall supply and demand in the market may reveal insights that can be leveraged in your value-creation plan.

For example, an owner of a 200-key full-service hotel in a tier 1 or 2 market may be able to increase future value by reducing the room counts to 100 keys and converting the remaining keys into 50 apartment units, along with converting lobby/event space into parking and retail.

These highly strategic projects require extensive planning and likely won't show results for three to five years. They won't be a quick hit with immediate gains. Lenders like these conversions because the capital markets value apartments and parking more aggressively than hotels, and the hospitality portion's RevPAR is likely to increase due to less supply.

In addition, apartments and parking garner lower cap rates because they offer lower perceived risk. Retail cap rates are slightly higher in comparison but still lower than hospitality cap rates. This strategy is more viable for urban or convention-driven markets, as opposed to rural or transient ones.

Transactions are more complex, increasing the need for owners to rely on the experience of an expert intermediary to secure the right financing.

Owners seeking favorable debt terms should plan conversions with the intention to help lenders. This means outlining project plans that do not disrupt in-place cash flows.

#4: TAKE ADVANTAGE OF CHEAP AND "FREE" MONEY

Value-add and adaptive re-use hotel projects also offer a great opportunity to utilize available government and tax incentives.

Programs such as Historic Tax Credits (HTC), newly rolled-out Opportunity Zone tax credits, New Markets Tax Credits (NMTTC), Tax Increment Financing (TIF), Low-Income Housing Tax Credits (LIHTC), and local sales and property tax credits are widely available. The larger the project, usually the more lucrative it is for everyone (including the lender), and the lower the perceived risk because of easier execution.

As you can see, adaptive reuse and the right financing must go hand in hand to create value. Navigating the landscape can be onerous and it's easy to take a wrong turn. Doing your homework, looking at your competitive set, and validating your plans and projections with an experienced intermediary early in the process will impact your eventual success. ■



Rushi Shah is principal and CEO of the commercial mortgage and real estate investment banking firm and AAHOA Club Blue member Mag Mile Capital.

As a leader in hospitality financing, Shah specializes in structuring and placing high-leverage, non-recourse bridge and permanent debt with cash out for full – and limited-service hotels nationwide. Since joining the firm's predecessor, Aries Capital, in 2015, Shah has structured and closed hundreds of millions in financing for all property types. Shah has held previous positions at Northern Trust and has an MBA from the University of Chicago's Booth School of Business.



by ALFREDO ORTIZ

GUSTAVO FRAZAO/SHUTTERSTOCK.COM

AS THE 116TH CONGRESS settles in and begins to pursue its legislative agenda, one item that is likely to be included on the docket is the \$15 minimum wage. Although the politically split Congress will be plagued with gridlock, some Democrats will push the issue in order to raise support for the 2020 election.

There is significant public support behind raising the federal minimum wage from the current level of \$7.25 an hour. According to recent polling from the Job Creators Network and scottrasmussen.com, nearly three-quarters of Americans support higher mandated pay.

However, though polling shows a majority of Americans are behind raising the minimum wage, roughly the same number are aware of the associated consequences. Sixty-eight percent believe a \$15 minimum wage would result in fewer jobs and 72 percent say the policy would force businesses to reduce working hours.

The public's understanding of the economic impacts are quite accurate. One

example is Seattle, WA, which started to slowly move to a \$15 minimum wage beginning in 2015 and officially hit \$15 an hour at the start of 2018.

According to a study from the University of Washington, which measured the intermediary impact of the city's rising minimum wage, employers were forced to reduce worker hours in order to keep up with rising labor costs. More specifically, employees earning the new mandated wage received, on average, a 9-percent cut in working time.

Many businesses, especially small ones, have tight budget constraints and low profit margins. So, when the price of labor increases significantly, employers must either reduce hours or cut staff in order to stay open. In some cases, even these drastic measures won't make enough of a difference and businesses may be forced to shut their doors for good.

But what about the claim that workers will be more fairly compensated for the hours they do work?

Employees making the higher minimum wage are now earning more

per hour by definition, but there is a cost. While the same study from the University of Washington does support that assertion and reveals average wages increased by 3 percent, average monthly earnings for low-wage workers actually fell by \$125. When employees are given the option, they would prefer a larger income overall, rather than being better compensated for fewer hours.

A minimum or entry-level wage is intended to act as training wheels, giving entry-level workers the opportunity to learn necessary skills that will help them attain higher-paying employment in the future. Forcing these rates upward likely will cut down on the number of these valuable learning experiences.

Some may argue that a minimum wage should be a "living wage," whereas others say it should remain a teaching one. That way, more Americans will have the opportunity to climb the career ladder and pursue the American Dream. ■

Alfredo Ortiz is the president and CEO of the Job Creators Network.



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Audiovisual technology redefines the modern hotel from top down

Interactive displays, video walls, and smart lighting give hoteliers new tools to attract customers and improve branding

by BRAD GRIMES

INTEGRATED AUDIOVISUAL technologies are helping hoteliers reimagine the guest experience and exceed the expectations of the modern traveler. Touchscreens, high-definition content, and wireless connectivity are ubiquitous in daily life, and hoteliers are leveraging their popularity to deliver true value from lobbies to guest rooms.

According to Dave Kepron, vice president of Global Design at Marriott International, intelligent placement and use of digital technologies can greatly influence how guests perceive the brand and remember their stay.

“Architecture, design, materials, finishes, and furniture make up the physical environment,” Kepron says. “Digital pieces and the audiovisual overlay must be integrated into the overall design thinking. Providing digitally immersive audiovisual environments can engage and empower guests, making hotel stays more relevant and memorable.”

PLACING INFORMATION AT GUESTS’ FINGERTIPS – LITERALLY

Marriott’s Renaissance New York Midtown Hotel sets a high-tech tone before guests even enter, thanks to a four-story LED clock atop the building that changes every second, showing 86,400 images every day. The eclectic shapes and colors enhance the city skyline, while a replica clock located just above one of the hotel’s entrances mirrors the content in real time for guests to view up close.



Renaissance Hotel, Midtown Manhattan

Once inside, guests interact with digital artwork projected along the walls of a corridor that spans an entire city block. The display doesn’t change on its own. It uses 3D cameras, motion detectors, and reflective wallpaper to respond to human movements, creating an interactive wall that imbues guests with a unique high-tech vibe. It’s the kind of experience selfies were designed for.

The hotel also partnered with local New York lifestyle publication *Time Out New York* to launch the “Discovery Portal,” a digital concierge that allows guests to explore local sights and events in a fun and engaging way. Just beyond the interactive corridor, the hallway opens up to reveal a large curved display with graphical buttons projected on the ground in front of it.

Guests step on the buttons to select the time of day and distance they want to travel, which displays content showcasing local restaurants, live music, shopping, and more. Once it appears on the interactive screen, guests can access more in-depth information with just the point of a finger using the portal’s gesture-recognition technology.

According to Justin Etheridge, executive vice president of *Time Out North America*, the localized publication shares a common goal with the hotel: Help visitors experience the best local entertainment.

“The Discovery Portal Powered by Time Out is an evolution of that mission, an outstanding interactive feature for guests who want to ensure they make the most of their time in New York,” Etheridge says.

IMAGE COURTESY OF MARRIOTT INTERNATIONAL

TAKING TECHNOLOGY TO THE GUEST ROOM

Most hotel lobbies and public spaces are incorporating advanced features like touchscreens for navigation, weather, and tourist information, but many hotels also are focusing on the in-room environment, recognizing that guests often want more than just a place to sleep.

“Our guests are saying that they want to connect their devices,” says Mari Balestrazzi, Hyatt Hotels vice president of design. “We want all of our televisions and sound systems in guest rooms to connect to your devices so that you can watch your own content and listen to your own music. We need to facilitate you having your own personalized space.”

At Hyatt’s Regency-branded locations, each room now includes a 65-inch HDTV, which Balestrazzi says received incredible feedback.

“Our guests are loving it,” she says. “They like watching whatever they brought with them, along with what’s available on cable. It feels like an all-encompassing experience. It makes the stay in the guest room feel a bit more special, with the same high-quality image and scale they have at home.”

Hyatt also is experimenting with tunable LED lighting in guest rooms and, with a focus on wellness, is studying the effects different hues can have on jet lag, circadian rhythm, and mood. Tunable white and color lighting also are on the rise in the hotel’s public spaces, especially in meeting rooms, whether programmed by the hotel or adjusted by guests.

“We found that customers really like the ability to change the color of the light in large ballrooms and meeting spaces because they can customize the experience for their event,” Balestrazzi says. “They can make colors that are on-brand for them.”

However, it’s not only the large hotels that are benefiting from integrated audiovisual experiences; boutique hotels that place a premium on design and style also are getting in on the AV action.



Sofitel Paris Baltimore Hotel

NO SUBTLETY HERE

At the Sofitel Paris Baltimore, a 19th-century townhouse hotel located near the Eiffel Tower in France, a recent renovation added a thrilling new guest experience: a 100-square-foot interactive “Welcome Wall” in the entrance hallway.

“Because they were renovating the hotel, the owners wanted to create something new and exciting that would make a statement every time a guest returns, and I think the digital Welcome Wall really achieves that goal,” says Alexandre Simionescu, managing partner and creative director of Float4, designers of the Welcome Wall.

“It’s not meant to be subtle. It’s meant to really attract attention and initiate interaction in a way that is not invasive. After their interest is piqued, guests notice that it’s interactive and are excited to actually touch the wall. The Welcome Wall is there to break the ice.”

The wall showcases playful artwork that responds to human movements, while also offering a photo booth and virtual concierge where guests can explore Paris with an interactive map. Any guests wishing to create a personalized walking tour can use the map, in

“It’s the kind of experience selfies were designed for.”

coordination with hotel staff, to generate a two-hour long tour that can be downloaded onto smartphones and used as a guide through the city. The size of the wall attracts guests, the interactivity keeps them involved and excited, and offering useful technology instills positive memories of the hotel brand.

LOOKING TO THE FUTURE

As consumers become more reliant on popular technologies, they will increasingly expect hotels they visit to provide the same, or better, experiences than they get at home. New technologies such as voice and mobile device control of in-room TVs, lights, and climate will give travelers a unique, memorable experience, and an opportunity to connect with the hotel’s unique branding.

Overall, the trend toward greater AV integration will continue to accelerate as new technologies allow hotel operators to incorporate more interactive, novel experiences. Hotels of all sizes will be able to improve the guest experience by simplifying wayfinding, information gathering, and check-in, while offering unique entertainment options.

Thanks to the illumination and engagement afforded by today’s cutting-edge audiovisual technologies, the future of the hotel industry has never been brighter. ■



Brad Grimes is senior director of communications for AVIXA™, the Audiovisual and Integrated Experience Association. AVIXA

represents the \$178 billion global commercial AV industry and produces InfoComm trade shows around the world. For more information, visit www.avixa.org/hospitalityAV.

A NIGHT BEHIND BARS

Hoteliers reinventing abandoned prisons as luxury properties

by IAIN SHAW



THE LIBERTY HOTEL

NOBODY WANTS TO spend a night behind bars, but hoteliers around the world are enticing guests to stay in luxury accommodations created in disused prisons.

Over the past few decades, developers and hoteliers have renovated abandoned jails, giving them new life as high-end hotels.

If it seems counter-intuitive to open a luxury hotel in a building with the negative connotations of a prison, think again. Yes, some “prison” hotels prefer to gloss over the history of the structures that house them. However, the hotels that stand out are those bold enough to embrace their unique past.

The Liberty Hotel in Boston, MA, is an example of a prison that was transformed into a hotel. The Liberty opened in 2007 in the former Charles Street Jail, which was built in 1851 and is listed on the National Register of Historic

Landmarks. Famous inmates included Boston Mayor James Michael Curley and civil rights leader Malcolm X.

The renovations successfully preserved much of the original architecture, including reinventing the jail’s famous 90-foot tall rotunda as The Liberty Hotel’s spectacular lobby. The team even paid tribute to Charles Street Jail architect Gridley James Fox Bryant by incorporating elements of his original design, now more than 150 years old, which had never been fully realized in the jail’s construction.

The 298-room Liberty Hotel incorporates playful nods to history. There are restaurants named CLINK (slang for “jail” or “prison”) and Scampo (Italian for “escape”). In The Liberty’s Alibi bar, located on the erstwhile site of the “drunk tank” at Charles Street Jail, real-life celebrity mugshots with tongue-in-cheek “alibis” hang on the walls. Rather than the traditional “Do Not Disturb” signs, guests hang jailer’s keys with tags reading

“Solitary” outside rooms to indicate their desire to be left alone.

While guests visiting from afar are usually fascinated by the concept of converting a jail into a luxury hotel, skepticism also is common.

Former prisons also are popular fodder for ghost stories, and no luxury hotel wants to be viewed as a haunted house. Glenn Sampert, general manager of The Liberty, says that just prior to opening, The Liberty held a blessing ceremony presided over by Buddhist monks. The goal, Sampert says, was “to rid the property of any negative spirits that might still be lurking around from the building’s previous life as the Charles Street Jail.”

By engaging their surrounding communities, hoteliers can transform these places with dark, painful associations into sources of local pride. By combining their business acumen with their creative talents, innovative hoteliers can create unique properties that are impossible to forget. ■



MARCIO JOSE BASTOS SIL VA/SHUTTERSTOCK.COM

BOSTON

by ASIF LAKHANI

BOSTON IS HOME TO 29 COLLEGES and universities and two community colleges, according to the Boston Planning and Development Agency. College students made up 7.32 percent of Boston's population in 2016, according to Citylab. As a result, graduation season gets quite busy in Boston. Commencement ceremonies also mark the unofficial beginning of summer, where tourism picks up due to a break from winter weather.

A popular destination for travelers sometimes isn't Boston itself, but rather Cape Cod, which is only an hour's drive away and home to Nantucket and Martha's Vineyard. Many Americans know these seaside villages to be popular vacation destinations for U.S. presidents.

The city itself is business savvy. The Hynes Convention Center is located in the heart of the city and is scheduled to host a handful of science gatherings in 2019, as well as the New England Cannabis Convention and Boston Tattoo Convention, both of which will take place in March.

In January of 2018, the city created a new ordinance that outlined the guidelines and regulations for short-term rentals. Signed into effect by Mayor Martin J. Walsh, the ordinance enables the city to collect data on short-term rental

“The Revolution Hotel, which opened in Boston's South End in December of 2018, pays homage to the city's unique history not only in name but also in design.”

units such as addresses, owners, and frequency of occupation to ensure its safety and stability remain intact. The rules also will “provide protections for occupants and minimize the impact on surrounding neighbors” of home-share units, according to a press release.

A secondary goal of the ordinance is to prevent monopolization. Monitoring how properties are used will “mitigate the loss of long-term housing units to a short-term market,” the mayor's office wrote in the proposal to the Boston City Council.

A study conducted by the *Boston Hospitality Review*, an interdisciplinary journal from Boston University, found that the city had more than 16,000 active Airbnb listings in June 2017 and has nearly 30,000 listings total. The ordinance from the mayor's office alludes to the popular travel website (and similar services) as a primary reason for the creation of the ordinance.

Founded by Puritans in 1630, Boston actually is older than America. The Revolution Hotel, which opened in

Boston's South End in December of 2018, pays homage to the city's unique history not only in name but also in design. Throughout the hotel, guests will find artwork and factoids that represent ideologies, people, and things that originated in Boston, such as Facebook, the Polaroid camera, and more.

Beyond art, there's also a co-working space inside the hotel called Conspire that is free for guests to use as part of their stay. The bar top inside Conspire is crafted from Boston elm trees that date back to the 1880s, according to boston.com. Perhaps what's most unique about the 163 rooms at the Revolution Hotel are the types of rooms it offers. There are studio suites for business travelers, bigger rooms for groups traveling together, and premium suites for intimate pairings.

All in all, Boston is one of America's most unique cities because of its location, history, cultural relevance, and innovative spirit. While it may have been settled and developed long ago, the future of the city still is very much indicative of where we are as a country today. ■

Renovate your property,

recharge your brand



ISOVECTOR/SHUTTERSTOCK.COM

How to boost your bottom line before the dust settles

by AARON GORDON

TODAY'S HOTEL OWNERS are spending more money than ever before upgrading their properties. A 2017 study from the NYU Tisch Center for Hospitality and Tourism found that capital expenditures within the U.S. hotel industry had reached \$6.85 billion, marking a 30-percent increase in the span of a decade.

With capital spending on the rise, hotel owners are in position to capture an even greater return on their investment by contemplating the branding and marketing implications of their renovation projects.

While each hotel property brings its own unique set of opportunities and challenges, we have identified a common set of factors that every ownership and management team should consider before construction begins.

BEGIN CRAFTING YOUR STORY EARLY

There will always be a segment of your clientele that's content with a comfy bed and a hot shower. But more and more, guests are craving hotels that go beyond the expected to deliver a memorable experience. Your renovation is a chance to reset that narrative.

This might mean further aligning your brand with the destination itself, offering new programming, or introducing amenities that will wow even the most discerning guest. Prior to construction, it's critical that you develop your hotel's story and that you've devised a plan to communicate that story when work is complete.

Begin by convening your full team – that includes your architects, interior designers, hotel management, PR and marketing firm, and social media agency – to brief everyone on what's

planned for the property and solicit input for how to maximize results. This way, your communications consultants can get to work developing the story and planning their strategy well in advance of completion.

LISTEN TO YOUR GUESTS

Your customers are the best gauge for deciding what will (and won't) work at your new-look property. By including consumers in the initial stages of the planning process – through focus groups, electronic surveys, and personal outreach – you can reinforce the idea that your team puts its guests first while avoiding costly missteps down the road.

For example, you may have strong ideas about the layout for your updated conference center, but the meeting planners and clients who will ultimately use the facilities may have an entirely different vision for how to effectively plan

the space. That input has the potential to deliver a significant revenue boost over time.

Beyond the practical value of collecting customer feedback, this also is a smart practice from a customer service standpoint. Your clients will appreciate your guest-first mindset and come away knowing that your renovation is all about them.



IMAGE COURTESY OF SCHWARTZ MEDIA

Havana Cabana Resort in Key West

FOCUS ON F&B

From enlisting a celebrity chef or rolling out a novel dining concept to introducing a new lounge or cocktail program, your food and beverage program can be instrumental in refreshing your brand and generating incremental revenue.

Use this opportunity to consider what will drive additional traffic and generate buzz. Think beyond the traditional three-meal-a-day restaurant model and determine what's right for your market and property from an operations, service, and branding standpoint.

At the newly relaunched Havana Cabana Resort in Key West, owner DiamondRock Hospitality is mixing things up by serving breakfast, lunch, and dinner from an Airstream trailer that has been converted into a full-service food truck stationed poolside. It's the perfect fit for a Cuba-themed property set in a tropical destination. Plus, the food truck is an efficient use of space

and resources, and the concept has created invaluable marketing and social media exposure.

THINK LOCALLY

Your guests may come from all around the world, but there's no substitute for building a loyal following of consumers in your own backyard. By seeding your hotel's clientele with locals, you'll create an army of brand ambassadors and open the door to recurring, long-term revenue.

A renovation is a chance to reintroduce your property to the very people who pass by each day. Enlist a digital marketing agency to stage an event for social media and lifestyle influencers, consider inviting journalists and bloggers to tour the property or spend the night, and charge your sales team with canvassing nearby businesses.

More likely than not, your faithful base of local customers will serve as a magnet for out-of-towners. After all, one of the most frequent questions asked of the hotel concierge is, "Where do the locals hang out?"

DON'T FORGET THE LITTLE THINGS

Renovations are expensive, time-intensive endeavors. Millions upon millions of dollars can be spent moving walls, installing new flooring, and swapping out furniture. But when the dust settles and you're ready to reopen, it's critical that you pay attention to the finer details that can make or break the guest experience.

Are your restaurant and bar menus up to date? Have your wayfinding signs and marketing materials been refreshed to reflect changes on the property? Do you have budget left over for soft costs, such as technology upgrades, a professional photo or video shoot, website updates, or new amenities that will pack a punch?

At the newly renovated Westin Fort Lauderdale Beach Resort, management rolled out a fleet of Peloton bikes, which

are a perk for guests looking to stay fit during their stay. Additions like these can bring a big branding boost for a relatively small price.

USE YOUR RENOVATION AS A RETRAINING OPPORTUNITY

In an era of online reviews and digital influencers, every moment counts – from the time a reservation is booked to a guest's final departure (and even the days that follow).

A hotel renovation is the perfect time to assess whether you are maximizing these touchpoints and tweak your operations accordingly, all with the goal of ensuring customer satisfaction and laying the groundwork for repeat business. Don't be afraid to examine the protocols you have in place, identify areas for improvement, and begin the process of retraining your team.

Communication often plays a vital role in this process. By emphasizing how you interact with guests before, during, and after their visit, your customers will come away knowing their business matters. It doesn't take much to make an impact. An email from the front desk prior to arrival, a text from housekeeping on day one of a stay, or even an engaging comment on social media can send the message that your guest is your first priority.

Ultimately, the goal of any hotel renovation is to stay competitive in a changing market landscape, while increasing occupancy, ADR and RevPAR. An integrated communications campaign and an appropriate dose of foresight and planning can go a long way toward winning new business and growing your bottom line. ■



Aaron Gordon is a partner at Schwartz Media Strategies, a public relations, marketing, and digital media firm that develops integrated communications campaigns on behalf of hotel owners and operators.

Five minutes with Frances

An exclusive
Today's Hotelier
interview with
Frances Kiradjian,
founder & CEO of
the Boutique &
Lifestyle Leaders
Association

by ZOHREEN ISMAIL



WHAT ARE SOME MARKETING STRATEGIES BOUTIQUE PROPERTY OWNERS USE TO SET THEM APART FROM BRANDS?

They ensure their marketing programs are the counter-culture of corporate. This means more transparency about their story, more personal interactions with guests, getting the founder or owner involved as well as their team. They get their audience more involved as well and show a very caring attitude. You might get a personal letter from the GM during your stay, whether or not you had an issue, or a customized

invitation from Guest Services to enjoy a free drink at the bar. Boutique hotels are great at the ability to design amazing digital strategies from websites to email campaigns to engaging ads. Their freedom of expression is not limited by policies and procedures, thus creativity is fueled by the imagination.

IN WHAT WAYS DO BOUTIQUE PROPERTIES APPEAL TO INTERNATIONAL GUESTS?

Boutique properties are more intimate and experiential than some branded hotels that call their sub-brands “boutiques.” Travelers are looking for that

Instagrammable moment and boutiques have a unique inner sense of how to create this. From being greeted with a warm genuine smile upon your arrival, to checking out and being told, “We hope your stay was amazing.” When those personal touch points hit home, that’s when you can tell that the staff genuinely cares about your experience. This is not to say that some branded hotels don’t also use these practices, but somehow, guests seem to be able to smell/sense the real from the forced, the small entrepreneur vs. the asset-controlled ‘bottom line matters most’ owner.

AS LABOR SHORTAGE IS A CHALLENGE RIGHT NOW FOR HOTEL OWNERS, HOW ARE BOUTIQUE OWNERS TACKLING THIS PROBLEM?

Boutique owners or managers, depending on their situation, are able to consider hiring recently retired staff members who may desire to work various positions within the hotel on a short-term or even longer-term basis. Modern elders (as Chip Conley coined the term) are associates in their 50s or 60s or even 70s who are enthusiastic to continue working much longer in life and thus, they bring a new sense of pride and passion to their work, let alone a ton of great experience. Owners may also seek out interns, not just from hospitality schools, but from other specialty institutions such as design, international relations, communications, culture and more who can bring their talent to the hospitality space and add their own sense of lifestyle and work ethic to the job.

DO OWNERS OF BOUTIQUE HOTELS USE DATA TO DRIVE REVENUE? WHAT KIND OF DATA ARE THEY LOOKING AT?

I would say that all boutique hotels pretty much use some form of data to drive revenue, whether it is utilizing a Revenue Management program like Rainmaker to ensure their ADR is strategic and rate-focused, or utilizing all the programs available to them today such as iVvy to help manage, market, and report on the value of utilizing/renting their spaces, i.e., restaurant/bar, event space, or their lobby. There are so many data elements to consider, so it is important for a hotel to take advantage of these and ensure it's included in their marketing, sales, and operational plans. Weighing in on Trip Advisor scores and Yelp for your F&B establishments must be a routine, daily check, as bad reviews could cause your guests to stay away. Your

website conversion data is of utmost importance, because if your visitors are not sticking around and getting to that booking link, your numbers will suffer. The experience you're giving them digitally needs to match what they can expect on property.

WOULD YOU SAY THE BOUTIQUE HOTEL MARKET IS A GLOBAL TREND?

You always will have a group of travelers or investors that are more attracted to the boutique hotel experience for personal reasons. The trend has definitely grown though, particularly since our organization launched in 2009. We've seen a steady drip from both sides of the spectrum. I spoke at a business travel event recently and managers are ensuring they have a nice supply of boutique hotels in their corporate travel programs. Their travelers also are demanding more boutiques to select from. On the investor side, the capital markets are opening up more and more to smaller groups without a big chain attached to the asset. We hear this at all of our conferences and when we do surveys for hoteliers.

WHAT INDUSTRY DISRUPTORS ARE BOUTIQUE HOTELS FINDING TO BE MOST CHALLENGING?

Mixed-use buildings that may have a few rooms and create an experience but don't use the word 'hotel.' Airbnb still creates the need for an awareness that is necessary for owners and asset managers in order to monitor lost bookings. The VRBO's of the internet are also ones to be watched from both a leisure and business traveler perspective, particularly in major cities. The big chains' 'boutique' brands are growing exponentially as well. I wouldn't call them disruptors per se, but they have deep pockets and continue to add to their 'boutique' mix through acquisition.

OFTEN TIMES, U.S. BOUTIQUE HOTEL OWNERS ARE VIEWED AS THE MOVERS AND SHAKERS OF THE HOSPITALITY INDUSTRY. DO YOU THINK THIS PERCEPTION IS TRUE AROUND THE WORLD AS WELL?

In many places, they are the trend, the movers and shakers for sure. We call them "disruptors" as they are uncomfortable being put in a box without setting their own guidelines to follow. There isn't one large chain that is not following us on social media or subscribing to our weekly newsletter. The trend is set by the consumer; they are the ones driving the boutique movement. We see it as growing and growing with no end in sight. Let's face it, it's an exciting subject to talk about as well as experience. One of our late great hoteliers, Mike Muir of Best Western, once said in a BLLA interview, "There's a little bit of boutique in all of us!"

IN WHAT WAYS DO BOUTIQUE HOTELS PROVIDE A UNIQUE GUEST EXPERIENCE IN TERMS OF THE INTERIOR DESIGN OF BOUTIQUE PROPERTIES?

Per BLLA's past research White Paper, boutique design includes many high-quality, in-room features and social spaces. Living rooms, libraries with social events, and shared lobbies that have features like F&B hubs and co-working spaces all produce a vibe of activity and energy that guests may attribute to a more authentic, unique, and positive experience – one they're happy to share with their social audiences. Noteworthy is that the passion of the designer, whether self-propelled or suggested by owners, will have a profound effect on the resulting design. That's why it's so important to select a designer whose passions are aligned with the developer, whether that's the owner or the manager. ■

INFLUENCER MARKETING

Three reasons why hoteliers need to become the **micro-influencers** of this industry

by JANETTE GETUI

INFLUENCER MARKETING IS more than just a buzzword. It has now become mainstream marketing and is expected to continue being a viable channel for customer acquisition.

Ever heard the statement, “People buy from people”? That’s what makes influencer marketing so powerful. It’s integrating direct human

connection and stories with sales. From a hotel’s marketing standpoint, it’s also a smart, cost-effective, and creative way to connect directly with guests, while simultaneously increasing revenue in comparison to normal traditional methods.

An influencer marketer is someone who is an expert in his or her field, strategically sharing insights, advice,



used the product for more than 30 years. So for a guitar enthusiast, not only will they engage with and follow that campaign, they likely will purchase as well. As he shares in his own words the beauty of using that product, based on his years of experience, that story emotionally engages anyone watching. This is what true influencer marketing looks like.

Below, we have outlined three steps owners and operators can take to become micro-influencers of their properties and brands, while taking into consideration the role macro-influencers play.

1

YOU CAN TELL YOUR BRAND'S STORY BETTER THAN ANY OUTSIDER CELEBRITY.

Go narrow and target a specific audience you feel resonates with your brand mission, vision, and the type of guest you'd love to host. Telling your brand's story is something you already naturally do because you are at the heart of it all.

If you choose to establish yourself as a thought leader and influencer for your hotel, the knowledge you have, as well as the details, unique, eye-catching elements, and culture of your organization already are imbued in you, making your content feel authentic and emotionally engaging.

2

YOUR EXPERIENCE, SKILLS, AND PASSION GIVE YOU INSTANT CREDIBILITY, QUICKLY INCREASING BRAND EXPOSURE AND DIRECT BOOKINGS.

Brand exposure and credibility are important as travelers shift into the world of digital purchasing. Lifestyle travelers-turned-influencer marketers have a huge advantage when they come from a hospitality background. All you have to do is look around Instagram, Facebook, or LinkedIn, and you'll find

3

BY POSITIONING YOURSELF AS A MICRO-INFLUENCER FOR YOUR BRAND, YOU'RE APPROACHING THIS WITH A LONG-TERM VIEW, WHICH WILL END IN BETTER ROI.

Many smaller hotels don't have enough revenue to hire several online celebrities to become brand evangelists over an indefinite period of time. Most influencer marketing campaigns are one-time events. And even then, it only happens across one channel with one big influencer.

Picture this instead:

Run a campaign with a macro-influencer across one social platform while you simultaneously run the same campaign leveraging the online presence you've acquired as a thought leader in the hospitality industry, over the past two years.

The end result will be a greater reach. Not only will you foster greater loyalty among your current devotees, you'll create a positive, lasting impression that will exponentially increase your fan base.

A few years down the line, your hotel will not be dependent on social celebrities to stand out online. Your property will thrive and enjoy a more organic growth because of the foundational work you did in these early days to set yourself up for long-term success. ■

and content in a certain way. The audience therefore perceives him or her as a trusted advisor and peer. Hotel owners who hope to leverage influencer marketing need to realize it is becoming a mix-and-match game between macro- and micro-influencers.

For example, it makes sense to see Metallica's Kirk Hammett promoting Ernie Ball guitar strings because he's

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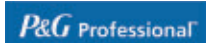
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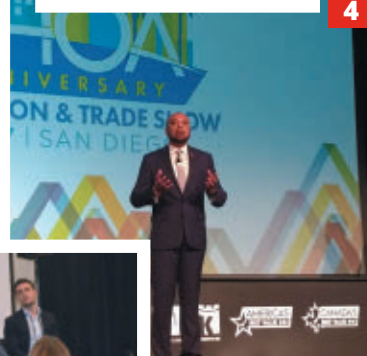
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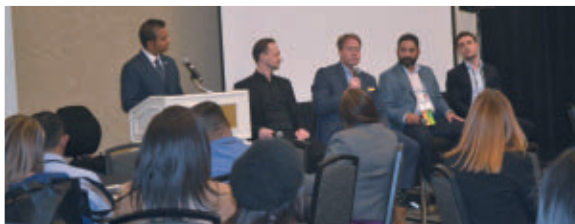
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5



6



7

1. Wyndham Hotels & Resorts CEO Geoff Ballotti and AAHOA leadership capped off a great partnership year with an executive team meeting in Dallas.
2. AAHOA sent best wishes and congratulations via Chairman Hitesh Patel to Mick Mulvaney, who will become White House Chief of Staff this year.
3. AAHOA Gulf Regional Director Girish Patel hosted a Lunch & Learn in Little Rock, AR, in conjunction with Lindsay M. Moore, Labor Standards Administrator from the Arkansas Department of Labor. Attendees learned about the most common labor issues affecting the hospitality industry.
4. AAHOA Chairman Hitesh Patel updated attendees at the RLH Corporation Conference on the state of the organization and stressed the importance of being politically active. "Participating in national and state lobby days and building relationships with lawmakers is simply good for business," Patel said at the Las Vegas event.
5. AAHOA Treasurer Biran Patel moderated the "Guest Satisfaction in an Age of Digital Communication" panel at the California Lodging Expo and Conference with panelists from AAVAGO, Beekeeper, OpenKey, and Protel.
6. Southwest Regional Ambassadors Dinesh S. Rama, Dharmesh Ahir, Ash Patel, and Nimesh Dinubhai were among the attendees as Radisson hosted a Development Day for AAHOA members.
7. Hilton hosted a Development Day for AAHOA members, including Southwest Regional Ambassadors Dinesh S. Rama, Dharmesh Ahir, and Nimesh Dinubhai.



8. North Central Regional Director Naresh Patel and the regional Ambassadors hosted a town hall featuring state Rep. Niraj Antani and Chief Fire Marshal Alan Smith, among others. Topics included the importance of advocacy involvement, changes to the Fire Code, cyber liability, and the proper way to handle BWC claims.



9. South Pacific Regional Director Mike Riverside and the regional Ambassadors hosted a town hall meeting featuring guest speaker Alpa Patel, founder and CEO of Spaceez, who explored ways to increase profits by repositioning independent hotels into boutique hotels.



10. The Boutique Design New York – BDNY Gold Key Awards, judged by top hotel industry executives, recognized top performers in major categories including Designer of the Year and the annual ICON of the Industry award. AAHOA Vice Chairwoman Jagruti Panwala served as one of the event's judges.



11. AAHOA President and CEO Chip Rogers participated in a panel on government affairs at the Marriott Select Brand Owners and Franchise Conference. Panelists discussed the hotel industry's role in advocacy and how to foster strong relationships with policymakers.



12. AAHOA President & CEO Chip Rogers and North Pacific Regional Ambassador and CHLA Vice Chair Bijal Patel attended CHLA's 125th anniversary celebration.

Affordable hotel resiliency is the new sustainability

by ROBERT JOHNSON

AFRICA STUDIO/SHUTTERSTOCK.COM

OVER THE PAST DECADE, leading hoteliers have embraced sustainability, proactively marketing their leadership in reducing energy and water usage and rejecting single-use plastics. That became increasingly important as research revealed millennials are twice as likely to choose brands that strongly manage environmental and social issues. In fact, some leading chains have positioned their entire go-to-market strategy on sustainability.

Nothing stands still in the hotel industry, so it comes as no surprise that the definition of sustainability is changing; educating guests to reuse towels is now “sustainability 101.” Leading chains are adding resiliency investments to keep the lights on when power goes out or protect the property during extreme storms.

WHY SUSTAINABILITY + RESILIENCY?

Resiliency is the ability for an owner to keep guests safe in a property graded to withstand extreme weather, including superstorms, extreme flooding, high winds, and related events like power outages or supply chain disruptions.

Superstorms are increasing. In the North Pacific, the storms classified as

“super typhoons” have doubled from 12 percent 30 years ago to 24 percent today. The Union of Concerned Scientists’ 2014 report “Encroaching Tides” states, “High tides matter more today than in decades past because our shores are more highly developed, and because these tides are occurring on top of elevated and rising sea levels.”¹ This leaves hotels prone to these threats.

SUSTAINABILITY + RESILIENCY IS AFFORDABLE

Ensuring guest safety and upgrading a property requires planning. For instance, the owner of a property along a shoreline may want to add natural gas-fire combined heat and power, renewable energy (solar panels) and energy storage, install LED lighting, and retrofit the HVAC systems. The costs for these improvements can run in the millions.

Traditional finance options can make the cost of capital too expensive to even consider these investments.

New financing options are available and can be structured to enhance property values, reduce capital costs and risks, and protect securitizations.

One key development is the Commercial Property Assessed Clean Energy (C-PACE) program. Depending upon the state, C-PACE provides

fixed-rate financing for 100 percent of building retrofits and upgrades for up to 25 years, repaid through an assessment on property tax bills. C-PACE financing can be used for energy conservation and efficiency retrofits as well as resiliency protections, such as combined heat and power, renewable energy systems, seismic, and water conservation improvements, depending on the jurisdiction.

One example is Hannon Armstrong Sustainable Real Estate (HASRE) helping the Hyatt Centric hotel in Sacramento, CA secure \$10.5 million in C-PACE financing. With a 25-year, fixed-rate term, the property will save \$1.5 million in interest over three years and save more than \$1 million in energy costs, while improving the property’s value and providing seismic strengthening, which is increasingly important in California.

For new construction hotel projects, C-PACE also reduces the amount of equity needed for the project, allowing the owner to achieve its return hurdles without diluting their ownership stake in the property. It also removes interest rate risk and term risk from the project.

The C-PACE program is an important option that is currently available in 35 states, plus the District of Columbia. Some states and jurisdictions also allow operators to pass along some of the costs by including a sustainability surcharge on guest bills, helping to drive sustainability investments that ultimately protect guests and property.

And for owners that recognize the importance of sustainability to today’s – and tomorrow’s – guests making these investments will help keep them competitive for years. ■

SOURCE

1. <https://www.ucsusa.org/sites/default/files/attach/2014/10/encroaching-tides-full-report.pdf>



Robert Johnson is the senior vice president of public sector investments at Hannon Armstrong.



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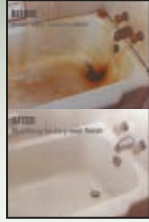


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To discover The Red Collection, contact Matthew Hostetler, SVP Franchise Sales & Development, mhostetler@redroof.com, 713.576.7426.

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