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Tom Corcoran, chairman of the board for FelCor Lodging Trust and chairman of the American Hotel & Lodging Association, opened the final day of the Americas Lodging Investment Summit in Los Angeles by delivering an AH&LA update and co-moderating the opening panel.

Deal makers: So far, business as usual

By Jason Q. Freed
ASSOCIATE EDITOR

LOS ANGELES—If a looming national recession is supposed to add momentum to the lodging industry snowball already rolling downhill, it wasn't evident at the Americas Lodging Investment Summit in Los Angeles. A record number of deal makers came together during the last week of January at the Hyatt Regency Century Plaza to do just that—make deals.

"Recession" may have been the word of the day, and many of the speakers and educational panels focused on how to prepare for it. But in talks with the everyday movers and shakers—the brand development leaders, private investors, independent property presidents, and hotel owners and operators—2008, so far, is business as usual.

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LIIC identifies growth, labor as top issues

By Jason Q. Freed
ASSOCIATE EDITOR

LOS ANGELES—Before the opening address at the Americas Lodging Investment Summit in Los Angeles, key members of the Lodging Industry Investment Council sat down with H&MM to discuss issues

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INFO CONCIERGE

Digital innovations top 2008 travel industry trends

1. Travel metasearch
2. Mobile travel applications
3. Continued consolidation
4. Social marketing
5. Media-based pricing
6. On-plane wireless communication
7. Older travelers going online

Source: PhoCusWright

Brands emerge in uncertain times

NYLO's XP targets select-service market

By Jason Q. Freed
ASSOCIATE EDITOR

LOS ANGELES—Banking on the success of the brand's first full-service property opening in Plano, Texas, NYLO Hotels recently launched a brand extension, XP by NYLO, and franchising opportunities are officially open for both.

XP will target the select-service market and resemble the progressive urban-loft design of its parent



XP by NYLO is designed to have an urban-loft feel similar to NYLO, but with lower room rates and per-key costs. The brand extension launched in January.

hotel, but per-key costs, and therefore room rates, will be significantly less. NYLO c.e.o. John Russell announced the brand launch and franchise availability during the Americas Lodging Investment Summit at the end of January in Los Angeles.

"We see a void in the cool, select-service market," Russell said. "XP is for the business traveler with a budget."

Russell outlined the differences between NYLO and XP:

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Marriott, Schragger plan latest Edition

By Jeff Higley
EDITORIAL DIRECTOR

LOS ANGELES—Bill Marriott's latest addition is an Edition like none previously launched by the hotel giant.

In a stark white room at Los Angeles' hip Ace Gallery, Marriott and hotel icon Ian Schragger unveiled "Edition" as the name for their joint-venture boutique hotel brand. The coming-out party, held in conjunction with the Americas Lodging Investment Summit, officially brings Marriott into the boutique-hotel segment.

Arne Sorenson, Marriott International's executive v.p., c.f.o. and president of Continental European Lodging, said executives were shooting for five deals by the time it named the brand, and it ended up

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LIIC panel

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facing the industry. A halt in large transactions because of the lack of debt available dominated the conversation and provided a preview to the theme of the investment conference. But when each member was asked to discuss the biggest challenges the industry faces, topics varied.

Mike DeNicola, executive v.p. and chief investment officer, FelCor Lodging Trust:

"Getting quality employees into our industry, into locations, into markets where we can main-

tain profits and provide good services is difficult. We need the government to let us have foreign workers. We need an industry that provides career opportunities for people, health care, enough money to live comfortably, but at the same time enough money so owners can pay the mortgage and make profit on the risks they're taking. Employees are the biggest cost in our industry and the biggest challenge long term."

Glyn F. Aeppel, executive v.p., acquisitions and development, Loews Hotels:

"What I worry about most is how many hotel companies can continue to grow smartly. In a

down market, the pressure points are different, particularly with the debt challenges and the amount of equity out there. You have to be cautious and smart with how you approach your growth."

Jim Butler, attorney, Jeffer Mangels Butler & Marmaro:

"Whenever there are major changes, there are pitfalls and opportunities. It's like the shifting of the tectonic plates—what used to be firm land will suddenly become dangerous and there will be some problems and some unusual opportunities. The challenge will be to avoid those pitfalls and find those opportunities and see if you can be in position for them. Not everybody can take advantage of Middle Eastern money coming in, not everybody can figure out how to train people for Middle Eastern hotels or Indian hotels."

Rick George, principal, HREC Investment Advisors:

"I have an investment banking view. I worry about increasing transaction volume for our firm at a micro level. I hope the components will be in place in the marketplace to make sure that happens; not only buying and selling hotels for certain clients but also placing debt and equity. The trickle down from some economic issues—the soft dollar, figuring out and understanding how you use

LIIC's mission

The Lodging Industry Investment Council (www.liic.ws) is the premier think tank in the hotel industry. Its members include a diverse mix of 70 influential leaders in the real-estate and finance fields. Membership is by invitation.

■ **Co-chairmen:** Mike Cahill, president and founder, HREC—Hospitality Real Estate Counselors; Sean Hennessey, c.e.o., Lodging Investment Advisors, Jim Butler, partner, Jeffer Mangels Butler & Marmaro

Mike
Cahill

Jim
Butler

Sean
Hennessey

foreign money—that's going to be a great opportunity for my side of the business, for sellers this year."

Doug Dreher, president, The Hotel Group:

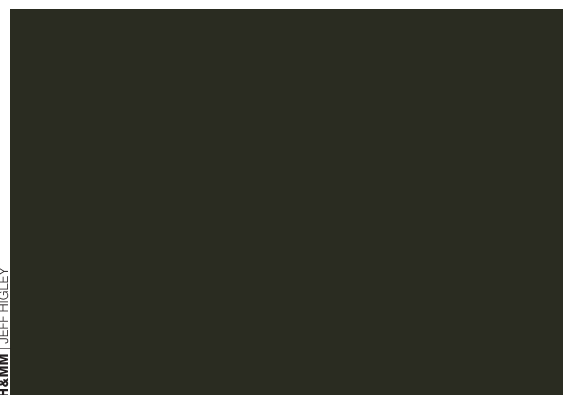
"Employees in the short term and the long term—that's a huge issue. You've got some markets with a 1-percent unemployment rate and it's hard to find help at the right price. You still have cases where benefits are unaffordable. It's difficult to afford what you really need. That transcends the bottom line—managing the bottom line during this time frame."

C.A. Anderson, executive v.p., acquisitions and development, Interstate Hotels & Resorts:

"When these shifts happen, you've got to maintain your core strategies. If you're in the lodging business and you're an owner/op-

erator, you have two fundamental strategies: 1) Grow your real-estate piece and know when to buy and when to sell, and 2) You have to work with your teams. It goes back to the fundamentals, the blocking and tackling, in the hotel business, [and] providing service to the customer at a profit. You have to keep both of those in alignment, whether it's new money coming in from Abu Dhabi, whether it's new money coming in from Europe ... People come and people go, dollar goes up, dollar goes down, but keeping track of what your mission is and fulfilling that mission for both your employees and stakeholders, [and] not losing track of where you want to be during the next turn of the cycle [is what's important]."

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LIIC members Mike DeNicola, executive v.p. and chief investment officer of FelCor Lodging Trust, and Glyn Aeppel, executive v.p., acquisitions and development, Loews Hotels, discussed market changes.

NYLO

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■ NYLO is a full-service brand; XP will be select-service.

■ NYLO properties feature 160 to 200 guestrooms; XP will feature 90 to 150.

■ To build a property, NYLO has a hard cost of about \$69,000 per key; XP is expected to be \$46,000 to \$50,000 per key.

■ All-in cost to build a NYLO is \$125,000 per key; XP is expected to be \$88,000 to \$95,000.

■ NYLO properties will have a pool; pools are optional at XP properties.

■ Average daily rate at a NYLO is about \$220; XP is expected to be \$90 to \$220.

Russell said XP will be similar to NYLO from a design perspective. Guestrooms will resemble lofts, featuring 10-foot ceilings and exposed brick. Each property will have a wine bar.

"Many times, if a guest is led

blindfolded into a room and the blindfold is removed, the person has no idea what hotel he is in," Russell said. "You stay here, and you'll know where you are. A hotel needs to tell a story."

The NYLO in Plano opened in December, and Russell said it is off to a great start. He said he purposely opened the first property in a slow period so managers had time to train employees.

A NYLO in Warwick, R.I., was expected to open in February, and three others were expected to break ground then as well.

"We hope to have 50 (NYLOs and XP's combined) in the ground by the end of 2010," Russell said.

Russell understands that NYLO is unique in that a brand extension was launched with only one parent property open.

"With the advent of the Internet, you can do that," he said. "W did it. Broadmoor did it. Opryland did it. These days, you're a brand with one hotel."

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Marriott

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having nine, including Paris; Madrid, Spain; Costa Rica; Miami; Washington; Los Angeles; and Scottsdale, Ariz.

The two parties are in advanced discussions involving 20 more hotels with as many as 30 agreements in prime locations expected by the end of 2008.

The Paris Edition will be the first to open, and plans call for it to be unveiled in 2010. The South Beach Edition in Miami is scheduled to be the first U.S. property to open, in late 2010 or early 2011.

Marriott said he likes the name because each property can be identified by its city or specific location. Schrager said the name reinforces the individual experience of each guest.

Each Edition will have between 150 and 200 guestrooms. Schrager is leading the effort on concept, design, marketing, branding and food and beverage for Edition, while Marriott International is

overseeing the development process and will operate the properties.

The partnership has flourished since it was announced last summer, Schrager told the crowd.

"A lot of people thought it would be the partnership from hell," he said. "Nothing could be farther from the truth."

Schrager said he would like to do 500 Edition hotels to make the brand globally accessible; however, the venture previously announced it would concentrate on having about 100 hotels.

"We will approach each as a new project and have a different creative team for each," Schrager said.

Marriott said no average development costs have been established. The 75-year-old Marriott used his sense of humor, saying he hadn't been to a party this hip since high school.

"It proves opposites attract," Marriott said.

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Ian Schrager will oversee concept, design, marketing, branding and F&B for the new Edition brand he launched with Marriott.