

# Hotel Business

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## BRIEFS

### Columbia adds five to management portfolio

Columbia Hospitality Management LLC has added five hotels to its management portfolio. The new hotels include, the Baymont Inn & Suites in Oxford, AL; three Microtel Inn & Suites located in Atlanta, Shelbyville, TN and Dothan, AL; and a Best Western Suites in Georgia. Columbia Hospitality now manages 16 properties totaling 2,245 rooms nationwide.

### Hyatt closes on deal for 17 LodgeWorks hotels

Hyatt Hotels Corp. has closed on its acquisition of a portfolio of assets from LodgeWorks, LP, for \$600 million with one additional hotel acquisition to close during the fourth quarter. The acquisition also includes the management or franchise rights to four other hotels that were part of LodgeWorks. The hotels include 17 Hotel Sierra properties, four Hotel Avia properties, one Hyatt Place, and two Hyatt Summerfield Suites.



B Hotels will open its second property in South Beach.

## South Beach is next hot spot for B Hotels

By STEFANI C. O'CONNOR

MIAMI—Nine months after debuting its first property in Fort Lauderdale, the nascent lifestyle brand B Hotels & Resorts (BH&R) is into its second conversion and repositioning project, this time here on Collins Ave. in the city's Art Deco district.

With the 250-room Continental Oceanfront South Beach Hotel on 18th St. as the foundation, BH&R is in *continued on page 62*

## Marriott's newest project will stand tall in NYC

By LAUREN ESPOSITO

NEW YORK—Marriott International is bringing its Courtyard and Residence Inn brands to the enviable Central Park area of Manhattan with a dual-branded structure that will become the Big Apple's tallest hotel.

Owned by Granite Broadway Development, the 68-story Courtyard and Residence Inn Manhattan/Central Park will be located at

Broadway and 54th St. Slated to open in late 2013, the hotels will both be managed by Arlington, VA-based Interstate Hotels & Resorts. The project is already under construction and is in the foundation phase.

Although the official announcement for the property was made only recently, the project has been in various stages of development for several years, according to Tom Brinkman, *continued on page 66*

## the stat corner

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## Carey Watermark to enter New Orleans with historic property

By STEFANI C. O'CONNOR

NEW ORLEANS—Carey Watermark Investors, Inc. (CWI) has a second deal under its belt, giving

Michael Medzigian, Carey Watermark Investors, Inc.

the REIT its third property this year.

In a \$45.7 million joint venture with HRI Properties, a locally based real estate development company, CWI acquired the Chateau Bourbon, A Wyndham Historic Hotel, located at the foot of the French Quarter at Canal and

Bourbon Streets.

The landmark property, built in 1849 as the D.H. Holmes Co.'s flagship department store, originally was acquired by HRI and transformed into a 251-room hotel in 1995.

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# Carey Watermark to enter N. Orleans with conversion of historic hotel

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The overall investment includes the hotel; approximately 20,000 square feet of leased commercial space on the first floor—most of it fronting Bourbon St.; and a separate, 300-space parking garage in an adjacent building.

According to CEO Michael Medzigian, CWT's investment into the joint venture is \$31.3 million. The property is held under CWI-HRI French Quarter Hotel Property, LLC and is on ground leases with the city as landlord. An affiliate of HRI, HRI Lodging, manages the hotel.

"Our new venture bought the building from HRI," said Medzigian. "They went from being the sole owner to being a partner."

The hotel is slated for a major renovation and the JV has received Historic Tax Credits for the effort. The property will be reflagged as the Hyatt French Quarter hotel when the overhaul is complete next year. The HRI affiliate will continue to manage the property.

In looking at the deal for CWT's second investment Medzigian characterized the building as "very unique."

## Comeback story

"New Orleans is a very attractive city for hotel ownership today. If you look at some of the transactions that have taken place, there have been a number of investors targeting the city. If you look at the way business has come back [post-Hurricane Katrina], the convention calendar for 2012, 2013 is extremely strong," said Medzigian. "So, as a starting point, we like the market very much. Next, there's the building itself. If you step away from the historical significance for a moment, it's got some of the largest rooms in the market—all of the rooms have 12-foot ceilings—so there are very unique things about the structure itself. And the location is one of a kind. You're on Bourbon St., you're in the Quarter, but you're also on Canal St., which gives you vehicular access that you can't get [to the same degree] at the other French Quarter hotels," he contended.

He added the mix of HRI Properties, which is well known for its adaptive reuse of buildings into hotel and residential spaces and for its management capabilities, the Hyatt brand—the first in the French Quarter—"along with the basis on which we're investing, we think it's a great combination."

Medzigian did not anticipate there would be impact on the French Quarter Hyatt from the reopening of the Hyatt Regency in the Central Business District. The nearly 1,200-room hotel on Loyola St.—whose shattered windows became

an icon of the damage wrought by Hurricanes Katrina and Rita—is slated to reopen in October after more than \$260 million in redevelopment and construction by Poydras Properties Hotel Holdings Co., LLC. The group consists of several entities, including AREA Property Partners, Poydras Hotel Members, LLC, and a subsidiary of Hyatt Hotels Corp.

Medzigian, who during his career lived in the Crescent City, noted, "There are some very distinct parts of New Orleans... That's [the Hyatt Regency] over by the Superdome. That's really an area unto itself."

"To some extent we think it's [the reopening] really is going to benefit us," added the CEO. "We think the Hyatt brand is underserved in New Orleans. When you look at the number of Marriott products in that market and the other major brands, Hyatt, historically, has had the one very large hotel and that's all."

Interestingly, in a separate deal this summer, affiliates of HRI Properties and Interwest Capital Corp. in a joint venture acquired the Hotel New Orleans located across the street from the Ernest N. Morial New Orleans Convention Center and plan to turn the 170-room, eight-story hotel into the city's first Hyatt Place next year following a renovation.

Medzigian indicated the JV with HRI is a strong plus in the marketplace. "Their core business is doing just this," said Medzigian, referring to the renovation and original adaptive reuse of the department store. "Working with in-fill, urban locations like this. They really kicked off the whole development of [the Warehouse District] with some of the multi-family projects they did there [i.e., the adaption of the Federal Fibre Mills into luxury apartments]. They've been involved with the building a long time, they're very well known and they know the process in Louisiana very well."

In terms of the commercial space, most of the tenants are on long-term leases.

"We are collectively the owner of that commercial space but HRI will not manage that space," said Medzigian. One of the major tenants is Red Fish Grill, owned and operated by Ralph Brennan and one of several restaurants owned by the city's well-known Brennan family. "We think that's a big asset to the property," said Medzigian.

He noted as part of the hotel's reposi-



The Chateau Bourbon, A Wyndham Historic Hotel, will be reflagged as the Hyatt French Quarter next year following \$18 million in renovations.

tioning, there would be the creation of modern food and beverage concepts for the property's existing restaurant and lounge, but acknowledged: "Therein is one of the challenges in renovating a hotel in New Orleans: What are you going to do with your food and beverage given all the great food in the city?"

He said rather than attempt to make the hotel's restaurant a destination eatery, the focus may be put on a lounge/beverage offering. "New Orleans hasn't seen a lot of that," said the CEO.

Las Vegas-based Blau + Associates has been brought in as a consultant in defining food and beverage concepts.

Medzigian said occupancy is very, very strong" at the hotel right now, adding, "You could continue to own this hotel just as it is and not make any changes; everything is fine. The business plan, though, is we see the opportunity in taking it upmarket to a Hyatt...the rooms

and the public space will be, effectively, brand new." The plan also calls for adding three rooms to the inventory.

There will be some mechanical back of house enhancements, but, beyond that, said Medzigian, "It's really an \$18 million budget that's for all things that the guest can see, which is obviously where you want to spend your money."

Earlier this year, CWI acquired two waterfront hotels in Long Beach, CA, marking the non-traded REIT's first transaction since forming last fall to invest in lodging properties.

The move was done as a joint venture with Ensemble Hotel Partners, LLC, the owner of the hotels.

The \$88 million deal, of which CWI invested approximately \$43.6 million, included the 194-room Hotel Maya, a Doubletree by Hilton and the 178-room, extended-stay Residence Inn by Marriott.