



News

HOTELS in Phoenix: Lodging Conference notebook

By Jeff Weinstein on 9/23/2011

HOTELS Editor-in-Chief Jeff Weinstein attended this week's Lodging Conference in Phoenix and here offers a roundup describing the tone and mood of the attendees, a brief roundup of some of the commentary made during sessions, as well as reports on news and insights from private interviews.

The tone

Optimism about the near-term future of hotel performance in the United States remained in tact at the Lodging Conference, despite the fact that serious declines on Wall Street were making headlines at the very same time of the conference.

When asked by a show of hands at the opening general session whether they were optimistic or pessimistic about their fortunes, about 95% of the attendees weighed in expressing their optimism.

Privately, some developers expressed serious concerns about the strength and staying power of any industry recovery, ready to lower their 2012 RevPAR growth projections below 5% — some even lower. If this turns out to be the case, more troubled loans might not get further extensions, which will like lead to more real estate receiverships.

Kudos to the Arizona Biltmore team for producing a great event, especially the pool party, which this year was over-the-top with creative and tasty food presentation. The party is one of the true highlights of the year among the numerous hotel investment conferences.

Opening session

In between the bashing of U.S. President Barack Obama by some of the general session panelists, some more responsible heads put things into perspective. Here are the editor's live Tweets from the discussion:

Hyatt's Haggerty: putting your balance sheet to work to drive your brands a necessary business model. Kickin it old school. Like it.

PIPs: most panelists agree brands asking for too much, wasting owners' money, in many cases. Phones in the water closet!

Ashford's Monty Bennett: The debt question is about to face us again. Will administration extend and pretend again.

Everyone: Block and tackle well and you will manage through the malaise.

Private interviews

A majority of the editor's time is spent doing interviews with the top executives in attendance and making news during the conference. Again, here is a summary:

Richfield Hospitality: The hotel management company has made 11 deals this year with four more hotels almost ready to be announced, according to Bill Linehan, chief marketing officer. Richfield expects to more than triple its original size of 20 managed hotels by the end of 2015. It currently stands at 34 hotels.

Driftwood Hospitality Management: Following a US\$400 million joint venture with an affiliate of Apollo Global Management, it just announced adding for hotels to its portfolio. Executive Vice President Brian Quinn said Driftwood continues to look for bigger, full-service deals in the United States and estimates a 20% growth path.

Choice Hotels International: CEO Stephen Joyce calls the growth of its Ascend Collection a real bright spot with expectations of reach 100 hotels from the current 48 by 2014. The other big story is the growth of its new-build Cambria Suites brand, which announced three big development deals on the heels of two deals in New York City. Choice is using its balance sheet to get Cambria deals done and has some 30 solid deals in the pipeline.

Hilton luxury: Matt Sparks is one month into the job as head of development for Hilton's luxury brands. Right now he is focusing on driving home several development deals with announcements imminent. He expects to double the size of Conrad within a few years, pointing to nine under development in China. Waldorf Astoria is up to 23 hotels with expectations to reach 35 by 2014 with a global focus on Asia and the Middle East.

HEI Hotels & Resorts: Senior Vice President of Development Russ Urban says the company has about US\$250 million to spend from its third fund and expects opportunities to pick up early 2012. He says there are still some bid-ask spread issues but expects upcoming maturities to create natural distress and consequent opportunity. He adds the values have come down 10% to 20% since April and RevPAR expectations have been adjusted to account for still-cheap leisure business, stumbling group business but strong corporate transient.

Wyndham Hotel Group: CEO Eric Danziger highlighted growth in Qatar and the UAE, as well as Turkey. The pipeline is also active in South America and Thailand. Danziger adds that Wyndham's new Dream brand has a global pipeline, while he expects its Night concept to debut as a design-driven 2.5-star play next year. Three Planet Hollywood hotels have been announced and several more urban Tryp-branded hotels are advancing in North and South America. Lastly, a new-look Howard Johnson brand should be launched in April.

Luxe Hotels: Founder Efram Harkham says a 4th branded hotel is very close in Dallas, while a fifth is under development in Miami. He is bullish about corporate business in 2012.

La Quinta: Mexico has been a bright development spot with 20 hotels now under development and more to come, according CEO Wayne Goldberg. Latin America, in general, is a big area of growth for the brand that also opened 30 hotels in the United States this year. India and spots in Asia are now under review for future growth.