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Jimmy Patel is AAHOA's new chairman. He shares his vision and strategy, p. 16.

HB ON THE SCENE

Power of Progress: AAHOA celebrates record year

By Nicole Carlino
Associate Editor

LONG BEACH, CA—Good feelings about the industry are at an all-time high, and the same could be said for the Asian American Hotel Owners Association's (AAHOA) outlook for its own future. The organization held its annual Convention & Trade Show here at the Long Beach Convention & Entertainment Center with a theme of

the "Power of Progress."

Jimmy Patel, AAHOA vice chairman and 2015 convention chair, as well as the incoming chairman, noted, "The theme is a perfect description of what AAHOA has accomplished. It was a record-setting year for AAHOA by almost every measure possible."

Pratik Patel, chairman, noted in his Chairman's Report, "This team elected by you has worked tirelessly to make

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Starwood launches new soft brand

By Stefani C. O'Connor
Executive News Editor

NEW YORK—Doubling its efforts in the industry's fray of soft branding, Starwood Hotels & Resorts Worldwide, Inc. last month launched its second entry into the sub-segment: Tribute Portfolio.

The new brand, which will focus on upper-upscale, four-star independent hotels, will build on the foundation of its first committed hotel, the Royal Palm South Beach in Miami, which is owned by lodging REIT Chesapeake Lodging Trust (CLT).

Additional properties are slated to take on the Tribute Portfolio mantle shortly in Asheville, NC; Charleston, SC; Nashville, TN; and Savannah, GA.

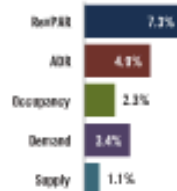
The move gives Starwood its 10th brand and second independent hotel

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U.S. Hotel Industry at a glance

March 2015



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HB ON THE SCENE

Ocean House expands focus on the 'inn' crowd

By Stefani C. O'Connor
Executive News Editor

WATCH HILL, RI—Since literally building its reputation here on breathing lodging life into the re-created sticks and stones of a 1860s grande dame hotel, Ocean House Management (OHM) in five years has gone from a skeptically viewed addition to this affluent seaside neighborhood to a lauded community asset and preservationist of a certain way of life.

Led by President and Managing Director Daniel Hostettler, the luxury management company oversees Ocean House, a butter-colored hotel that stands on a bluff overlooking the Atlantic Ocean. The Forbes Five-Star hotel had operated continuously from 1868 until it fell on hard times in the mid-2000s and was sold to a developer who planned to tear it down and build houses on the 14-acre site. Following protests, the hotel and site were subsequently wrested from the developer by a group of high-power business partners, including Wall Street investor Chuck Royce of Royce and Associates, LLC, who sought to bring the hotel back to its glory days. The group had the hotel taken apart, saved what it could and, then, whatever could not be saved, was cataloged, re-created by master craftspeople and put back at its original location. Following a \$140-million reconstruction and restoration, the hotel opened in 2010 and, in high-season 2014, had an average rate of \$1,310 and an annualized ADR of \$875, according to Hostettler.



ABOVE: A \$140-million re-creation of the 1868 Ocean House sits on a bluff in Watch Hill, RI.

LEFT: Ocean House Management's Daniel Hostettler said his company has an "Autograph Collection" point of view.

Since then, OHM has added a sister property, the Weekapaug Inn. Overseen by Innkeeper Simon Piers Dewar, it features 27 guestrooms and four signature suites, as well as its own naturalist, Mark Bullinger. A member of Relais & Chateaux, the inn was originally established on the coastline in 1899; however, it was later destroyed in a hurricane and rebuilt about a half-mile away on Quonochontaug Pond.

Dewar, who recently joined the inn, is intent on matching its sister property's Five-Star status and raising occupancy during the off-season months. "The natural beauty here, the location, the peace and quiet [guests have to request a television room, and there are no telephones in the guestroom, only an intercom system] are fabulous year-round. We have to pass on that message to potential guests that it's a great place to come," he said. "I think, within our local community, we do have a potential market we haven't tapped into yet."

The acquisition of the Weekapaug Inn, which reopened following a major renovation in 2012, set OHM's sights on further expansion.

"We were approached by the owners of the Watch Hill Inn, which was a condominium property. It had been a hotel, the first in Watch Hill," said Hostettler. The interiors of the property had been

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Magnuson adds Russell to executive team

By Nicole Carlino
Associate Editor

SPOKANE, WA—Magnuson Hotels Worldwide, headquartered here and in London, has added John Russell, the former CEO and chairman of Cendant Hotels, to its roster. Russell will serve as strategic growth advisor to the company.



John Russell
Magnuson Hotels Worldwide

Russell's primary responsibility will be the national expansion of Magnuson

Hotels' brands, which include Magnuson Hotels, Magnuson Grand Hotels and M Star Hotels. "Rather than set big sales targets, we have always focused on taking care of one owner at a time, making sure he is successful in his respective marketplace," said CEO Thomas Magnuson. From Q1 2014 to Q1 2015, Magnuson Hotels Worldwide reported an average revenue growth of 31% across its portfolio. The company also reported a 36% increase in occupancy and a 10% increase in average daily rate.

"There are more than 25,000 U.S. hotel owners paying franchise fees averaging about 15% of their gross, when they could be paying 5%. Hotels owners are becoming aware of this. With John and KC Cook [executive director of business development], we've built a national field sales force to go out and meet owners in their hometowns, so we can leave no hotel behind," said Magnuson.

During his time as CEO of Cendant's hotel division, Russell oversaw eight hotel brands, including Days Inn, Ramada and Super 8. The number of franchises in the system grew by nearly 1,000 hotels. Russell has also served as EVP of franchise sales for Century 21 Real Estate Corporation, where he grew sales by 600% in the year from 1995 to 1996.

"John Russell will go down in history as the man who defined hotel franchising—he completely led the rebranding of the American hotel landscape," said Magnuson. "As Magnuson seeks to grow adoption of our membership

"As Magnuson seeks to grow adoption of our membership brands, [John Russell] was the man to turn to."

—Thomas Magnuson
Magnuson Hotels
Worldwide

brands, he was the man to turn to. He knows high growth, he knows the struggles hotel owners face and he is a man of the highest integrity. A key part of the Magnuson culture is agility—we are able to make decisions quickly and continuously evolve to meet our customers' needs. This environment is key in supporting John and our growth goals." **HB**

Ocean House

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redesigned to reflect Manhattan loft space, which was not in sync with Watch Hill style, he indicated, so OHM reconcepted the inn for the developer/owners, creating a "contemporary cottage" feel for all 20 suites.

"We positioned it to be for the thirtysomethings, Millennials," said Hostettler, adding it's "very child-friendly" in how the units are structured with two bedrooms, full kitchen and laundry. Those who stay at Watch Hill Inn have access to all the services of the nearby Ocean House, also a Relais & Chateaux member. "We have a golf cart that shuttles guests back and forth," he added.

Antonia Korosec, Ocean House's resort manager, noted it "is one of the only properties in New England with a private beach," making it good for children. "The property owns about 600 ft. of coast. We rope off 300 ft. for guests, set up cabanas and lounge chairs. There's a restaurant, changing rooms, showers, bathrooms, etc. Then, we keep 150 ft. of beach on each end open to the public. It was important to us that we were not just 'The Big Ocean House' that was



HERE AND BELOW: The Weekapaug Inn offers a relaxed atmosphere.

not part of the community," she said.

Unlike Ocean House and Weekapaug Inn, which are open all year, Watch Hill Inn is open for the summer season only: Memorial Day weekend through the end of October.

"The Ocean House demographic has always been the 50-plus-somethings and the [Weekapaug] Inn is very 40-plus, [catering to] a more nature-oriented, outdoorsy guest. And, now, Watch Hill is the contemporary one for families with younger children," said Hostettler.

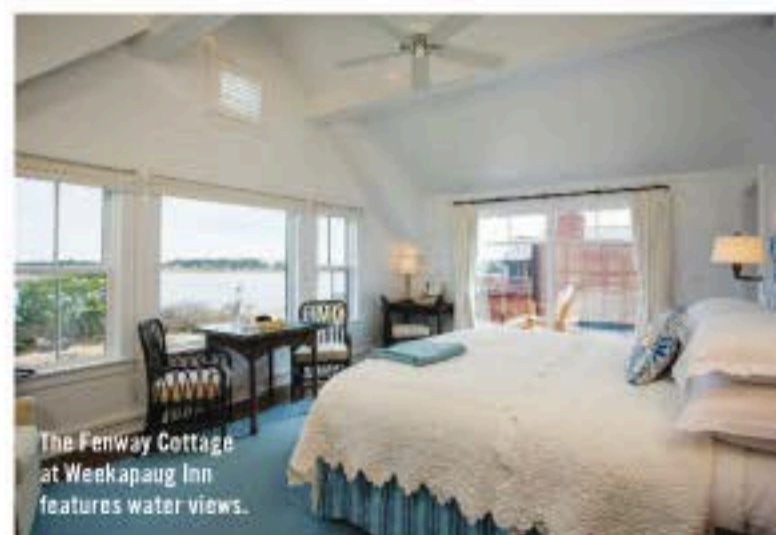
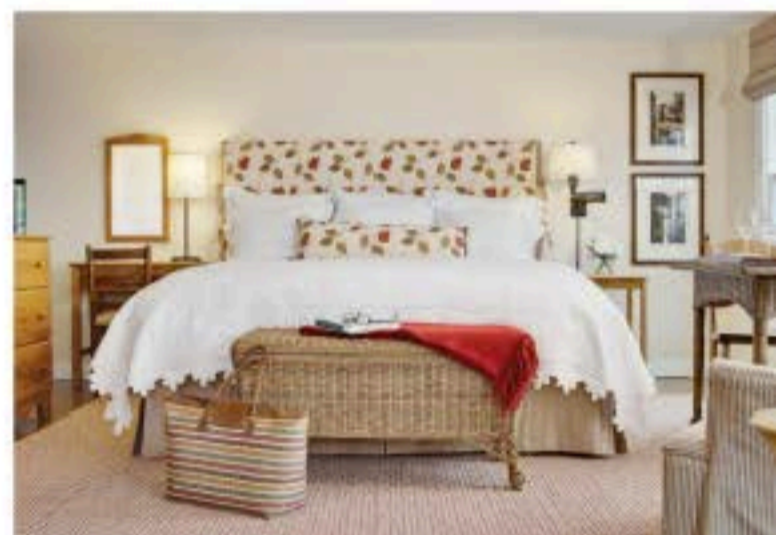
Similarly, OHM has taken on five "cottages" that it markets along with its OH Signature Suites inventory, a group of 20 residential suites, 17 of which are in the hotel inventory pool. The cottages—residences that range from 800 to 6,500 sq. ft.—sleep from four to 14 persons and are overseen by a cottage concierge.

OHM also is developing The Barn, a farm that includes an 1850s farmhouse. "We're renovating the farmhouse for guest chefs and guest lecturers, who will be at the three hotels so that we can have a visiting artist/lecturer series/chef series," said Hostettler. The OHM also is looking to revitalize the 10-acre site, which includes an original Olmstead [as in New York City's Central Park] garden. "We hired a restoration landscape architect to go back and find the original drawings of what Olmstead had done," he said. The intent is to keep it as original as possible with the exception of a grazing area, which will be turned into a vegetable/fruit garden and supply a culinary center currently under construction at Ocean House. It's one of several enhancements the hotel is making this year to support popular existing programs, such as complimentary daily cooking demonstrations that use local products and a wine tastings.

"We decided we need a permanent space if we're really going to grow this educational component and do more classes," said Hostettler, noting Ocean House is adding a wine cellar/tasting room as well.

TOP TO BOTTOM: A guestroom at the Ocean House offers a veranda.

Seasons Restaurant at Ocean House



The Fenway Cottage at Weekapaug Inn features water views.

Regarding OHM's continued expansion efforts, Hostettler said there are a number of ways it could grow: buy a particular property, co-invest or third-party manage.

"We have a different formula to growing the brand. We are more to the Autograph Collection point of view. We want each individual property to be a brand unto itself," he said, noting, for example, the Weekapaug Inn has a naturalist and Ocean House has a food forager. "We're less concerned about people knowing its 'Ocean House Collection'; we're more concerned about the level of the property." **HB**