



NEW PROTOTYPE

La Quinta sees bright future ahead as Del Sol prototype catches attention of developers

DRIVING DOWN A QUIET STRETCH OF ROAD IN MORGAN HILL, CALIF.,

past vineyards and historic farmland, a sleek and modern La Quinta Inn & Suites rises above a line of trees. Located off Highway 101, in the southern limits of Silicon Valley, the 104-room hotel became the first La Quinta on the West Coast to feature the brand's new prototype, called Del Sol, last July.

Owners Andrew Firestone and Jess Parker, founders of Santa Barbara, Calif.-based hospitality firm StonePark Capital, built the La Quinta Inn & Suites Morgan Hill-San Jose South with the hope of replicating the success enjoyed

by their first La Quinta franchise. That first project was anything but prototypical: A conversion of a mid-century, exterior corridor hotel in downtown Santa Barbara, the property doubled revenue in the first year following a \$65,000-per-key facelift. So when La Quinta announced its next-gen prototype in 2014, Firestone and Parker wanted to be among the first owners to champion the new design.

The Morgan Hill property ramped up quickly, earning about \$300,000 in revenue the first month. Firestone attributes their strong start to pre-selling efforts in the local market and the fact that they

didn't cut any corners prior to opening. "If you come out of the gate stumbling, it takes so much longer to make that back up again," he says. "We had to make sure we put our best foot forward."

With California cities among the slowest to recover since the Great Recession, many towns across the state have not seen new hotel construction in over a decade. "We're the newest hotel here for the last 10 to 15 years, and you can see that in a ton of market tracts all over the country," Parker says. "Over that long period of time, things have fundamentally changed in design. So we can come in and easily compete with some





of the biggest brands just by having a new product.”

The Del Sol prototype was the outcome of a three-year project in which five separate architectural firms competed to submit the final design, explains Rajiv Trivedi, executive vice president and chief development officer of La Quinta. “We put a lot of thought behind the prototype prior to production,” he says. “It’s not just a concept, it’s a tested vision we incorporate into putting designs in place.”

The guest-centered design combines iconic brand elements with clean geometric lines while maximizing revenue-per-square foot for owners. Key

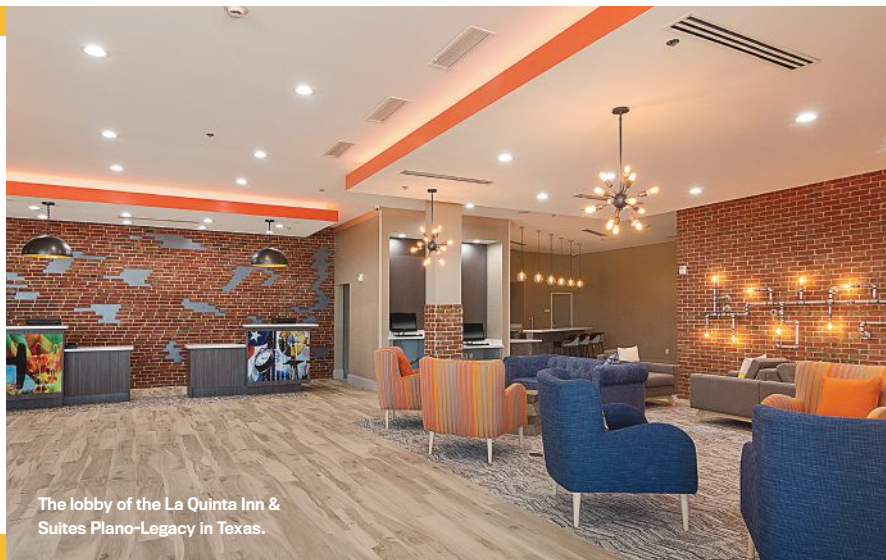
priorities, the back-of-house is equally as important, Firestone says. “You can have the most beautiful building in the world and the best guest experience, but if you can’t operate it efficiently, then it doesn’t work.” One design element that saves time for room attendants is a chute on all four floors that goes straight down to the laundry room. The property also uses La Quinta’s mobile operating platform (MOP) to streamline the room-cleaning process, describes Rodger Forni, president and CEO of Pacific Inns, the management company for StonePark’s hotels. Housekeepers receive real-time notifications about existing and arriving guests on WiFi-enabled devices, and if

construction, you can see what they’re doing and how they’re doing it and tiny variations that are specific to the region. Overall, you can see why it makes sense to build the product.”

StonePark isn’t the only hospitality firm buying into the product. Back in August, Kriya Hotels, a hotel investment, management and consulting firm based in Irving, Texas, opened a new construction property with the new design in Plano, Texas. The 106-room La Quinta Inn & Suites Plano-Legacy is within minutes of the corporate campuses for JCPenney, FedEx, and Toyota, among others, and only about 20 miles from La Quinta’s corporate

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SVP of Development, La Quinta



The lobby of the La Quinta Inn & Suites Plano-Legacy in Texas.

features include a scalable building design, distinctive architectural elements, a spacious great room with community seating, a separated breakfast serving area that enables the use of the great room as a lounge, and pod-style front desk counters to create an enhanced check-in experience. The brand also eliminated two-bedroom suites because they do not produce revenue equal to two rooms, Trivedi says. Instead, they offer extended king guest suites, which have living area space with a couch and a second flat-screen TV.

While great curb appeal and enhanced guest experience are top

they discover any issues while cleaning a room, they can take a photo and immediately notify maintenance.

Now that the new prototype is gaining momentum, potential franchisees have the opportunity to visit multiple locations with their architect or contractor to see iterations of the design firsthand. (StonePark toured the inaugural Del Sol prototype, which debuted in College Station, Texas, in May 2015.) “If you visit a property, you can understand the operational efficiencies of the building, look at the guest experience and curb appeal, and look at the guts,” Firestone says. “And if you look at one under

headquarters. This marks the second La Quinta that Kriya Hotels built and owns (the first is in Grand Prairie, Texas), and it manages two others.

One of the main challenges with any new prototype is building awareness among travelers, says Raj Chudasama, managing partner at Kriya. “Everyone is used to a certain La Quinta product, and this is different.” And he means different in a good way: Many guests have shared their pleasant surprise about the value, style, and level of service provided, Chudasama reports. “If you go through TripAdvisor reviews, people are saying,

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"This is not what I expected when I booked a La Quinta." The hotel has ramped up faster than Kriya budgeted for, but Chudasama says there is still room to grow when it comes to average daily rate. As the property attracts more corporate travelers and becomes less reliant on online travel agencies for new business, he expects ADR to stabilize.

THE NEW NORMAL

Developers long associated La Quinta with the Southwest, but their perception began to shift as the brand started penetrating major markets across the country, says Senior Vice President of Development David Wilner. "As we started growing in the mid Atlantic, developers started taking notice of us. And with the introduction of our new prototype, they took an even closer look at us," Wilner says.

As of third quarter 2016, La Quinta had 239 properties in the pipeline, of which 87 percent is new construction. Close to 60 percent of La Quinta's agreements come from existing franchisees, Wilner adds. StonePark, for example, has two more La Quintas in the pipeline—one under construction in San Luis Obispo, Calif., and one scheduled to start in

the next six months in Santa Rosa, Calif. All future construction for the brand will use the Del Sol prototype, except for select locations that were under construction prior to the prototype's introduction.

Even with an owned and franchised portfolio that consists of nearly 900 properties, La Quinta still has plenty of untapped markets it can enter, Wilner says. There are 10 hotels with the Del Sol prototype currently open, with another 21 under construction in urban markets including the Gaslamp District in San Diego and at Boston Logan International Airport. "The Del Sol prototype has enabled us to enter some of these markets," Wilner says. Moving forward, La Quinta will continue to focus on high-barriers-to-entry markets such as Washington, D.C., Philadelphia, Manhattan, Miami, San Francisco, and Chicago.

The company also is seeing greater commitment from the development community because La Quinta is reinvesting more than \$160 million in its corporate assets, Wilner says. "Commitment to the repositioning of the brand is solid. Developers are noticing that," Wilner says. "They want to see they are doing business and investing with a company

that is equally as invested."

The Del Sol prototype is ideal for properties with at least four stories and 100-plus units. For secondary markets that can't justify more than 100 keys, the company has introduced a Del Sol B design, which can be built from three to five stories with 75 to 100 units. Existing hotels can also integrate aspects of the Del Sol prototype design into their next renovation project or property improvement plan.

Adapting old properties to the new look has been a fun challenge for the design team, says David Hildebrandt, director of design and construction at La Quinta. "We like those challenges on the design side," he says. "It is complicated in some instances because a lot of buildings in our current portfolio are so different, we don't have that one rectangular box or cube to work off of every single time. We're trying to stay as true as possible to the overall look and drive consistency throughout brand."

The mindset internally is that the Del Sol prototype design is the new normal for La Quinta, Hildebrandt concludes. "My team has bought in—this is who we are now. As more of that product gets out, consumers will realize that as well." 🍌

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