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Hotel Equities/Alliance ink deal to join forces

By STEFANI C. O'CONNOR

ATLANTA—In what the principals involved are calling a “joint venture” rather than a merger, Hotel Equities and Alliance Hospitality Management, LLC, have melded their resources in an effort to grow their now-blended portfolio of 55 hotels in 14 states.

Raleigh, NC-based Alliance Hospitality, which, effective Oct. 1, brought 20 managed hotels to the table, is now considered a division of Hotel Equities, based here, and the 10-year-old company's North Carolina headquarters will be retained as a regional office of Hotel Equities.

“Everything will be renamed Hotel Equities,” said company President/CEO Fred Cerrone.

Alliance Hospitality's president/CEO Rolf Tweenen is now titled as a development partner and a member of



Alliance Hospitality Management helped double Hotel Equities' U.S. presence, bringing in such states as Texas and Illinois, where it has product, including DoubleTree by Hilton in Dallas (above) and Hilton Garden Inn in O'Fallon (top), respectively.

Hotel Equities' board of directors, and is tasked with growing the development side of the business.

In explaining the move, Cerrone said, “During conversations we were talking about what are we passionate about and one of the things that came up is I'm passionate on the operations side and he's [Tweenen] passionate about the development side. So we talked

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West Coast leverages opportunistic approach

By NICOLE CARLINO

MONTECITO, CA—For over 10 years, West Coast Asset Management (WCAM) has dealt in investments ranging from oil and gas to technology, but last fall, the company entered a new arena—hospitality.

“We think of ourselves as opportunistic,” said Andrew Firestone, SVP, who also holds the distinction of being featured on the ABC reality television series *The Bachelor* in 2003. He added that the company has been looking seriously at hospitality over the past two years. “Having seen the dip that it took, there was an opportunity going forward. Looking at where the lending markets were and what our clients are looking for, it made sense,” he said.

Though WCAM is experiencing its first foray in hospitality, Firestone noted that the company isn't without experience. He himself worked for both Shilo

Inns and Ty Warner Hotels & Resorts, while Jess Parker, associate, alternative investments, comes from a family that's involved in the hotel business.

With a background in both high-end luxury resorts and limited service, Firestone said he's much more attracted to limited-service deals, which is something that might not be expected from someone with an asset management background, since they tend to look at “sexier” deals. “There are fewer variables in limited-service,” he said.

The company bought its first hotel last fall, and this August officially reflagged it from a Days Inn to La Quinta Inns & Suites. Built in the 1960s, the 68-room Santa Barbara hotel was run as an independent, the

El Prado Inn, until a few years ago, when it was branded to Days Inn. “When we looked at it, it was in dire need of renovation and rebranding,”

Firestone noted. “Band-Aids had been put on the property for many, many years.”

However, the company was attracted to the A+ location, and Firestone noted that the bones of the building itself are strong. “Santa Barbara is very concerned with keeping its heritage and the theme of the city,” he noted, “so we had to be careful with what we could do

in terms of timing and permitting. It's a 68-room hotel; it's never going to be a 200-room resort. We can't grow it, but we can maximize the footprint.”

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Andrew Firestone,
West Coast Asset
Management

West Coast Asset Mgmt

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WCAM was very aware of its own limitations due to the fact that it had never owned a hotel, and partnered with a management group, Pacific Inns. “We brought Rodger and Rodney Forni [president/CEO and COO of Pacific Inns, respectively] down to look at the property,” Firestone said. “They said that there’s a diamond in the rough here. Because Santa Barbara is a tight hospitality market, there’s not a lot of room for development, so there was an opportunity if we had the patience and vision to transform the property.”

In looking for a new franchise, Firestone noted that the hotel didn’t qualify for a lot of systems because it was an exterior corridor, 68-room hotel. One interested party, however, was La Quinta Inns & Suites. “We did a lot of digging into La Quinta from an analysis standpoint—what the partnership would be like, how we would fit into the portfolio—and it’s been a really great relationship,” Firestone said. “We got great attention from them; Raj [Trivedi, EVP, franchise and chief development officer] came out and spent a couple of days with us, showing us how we could be successful.”

Firestone acknowledged that there have been some hiccups with the property. Since acquiring the hotel, it’s been undergoing extensive renovations, including a lobby refresh that required check-in to occur in a mobile trailer in the driveway. Twenty-six of the guestrooms have been completely renovated, with some on track to begin in November when the busy season fades. But with the lobby renovation completed, many guestrooms refreshed (the remainder are set to finish

in March) and the rebranding official, Firestone said the property is off to the races.

“It’s been tracking as we expected, which is great,” he said about the property’s ADR and occupancy since the rebranding. “There’s a little bit of an adjustment period when you change brands, but September has had great occupancy. We’ve had great ADRs, certainly higher than last year.”



The La Quinta Inn & Suites in Santa Barbara, CA, is one of the properties in the West Coast Asset Management portfolio.

In the future, WCAM will primarily be looking in central and southern California for opportunities. “These are places we understand and know very well,” Firestone said. In addition, he noted that a portfolio that’s relatively close geographically enables a company to share resources. At press time, the company was in escrow for another development opportunity in California. “We’re really excited about it,” he said. “It’s a unique opportunity in an ideal location that fits all the things we were looking for.”

When asked how large the company’s hotel portfolio

could potentially grow, Firestone said it would depend on the deals. “In a perfect world, we would do good deals, two or three a year, in limited-service, tertiary markets,” he said, noting that the current opportunity fits that mold. “In a perfect world, we would have a portfolio of 7-8 hotels, but we’re not going to reach to hit that number.” He also said that the firm would be content with less deals than that or more deals depending on the opportunity.

Firestone noted that the company is being careful with its transactions, particularly because when you have a small portfolio, even one bad deal can brand you a loser. “We’re in a neat position, where we don’t have to do 10 deals a year to keep the life going,” he said, noting that hospitality is only one arm of the company’s investment portfolio. Firestone said that this year, the company has bid on three deals that it missed out on. “It’s okay,” he said. “If every offer is getting accepted, you’re probably paying too much.”

“It’s easy to get caught up in the fever,” he continued. “We’re diligent in sticking to our own valuations.” Though the company is new to the hospitality space, Firestone said the same business values it uses in its other investment arms are relevant. “We don’t want to reach for something just because we want to participate in the space.”

He also said that the company isn’t expecting to teach the hospitality industry it can do it better. “We’re cognizant of our own limitations, but our advantage is we listen closely and we’re not afraid to take advice,” he said. “Partners like La Quinta and Pacific Inns—those guys fill a lot of those gaps. We’re willing to be patient and grow as able. We try not to let the tail wag the dog—we’re finding good opportunities that give us some sort of unique advantage.”

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Road to the Show

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*Best Guest Room: Midscale/Budget/
Focused-Service*

- White Jacket—The Daulat (Singapore)
- Stonehill & Taylor—The Refinery Hotel (New York, NY)

Best Hotel: Budget/Focused-Service

- The Design Agency—Generator Barcelona (Barcelona, Spain)
- 3north—Pan American Hotel (Wildwood, NJ)

Best Guest Room: Luxury/Upscale

- Rottet Studio—The James Royal Palm (Miami Beach, FL)
- The Gallery HBA London—The Alpina Gstaad (Gstaad, Switzerland)

*Best Guest Room: Midscale/Budget/
Focused-Service*

- White Jacket—The Daulat (Singapore)
- Stonehill & Taylor—The Refinery Hotel (New York, NY)

Best Hotel: Luxury/Upscale

- Foster + Partners—ME London (London, Westminster, UK)
- Ministry of Design Pte Ltd—Macalister Mansion

(Penang, Malaysia)

- The Gallery HBA London—The Alpina Gstaad (Gstaad, Switzerland)
- BBG-BBGM—Revere Hotel Boston (Boston, MA)

Best Hotel: Midscale

- Gensler—The Alexander Hotel (Indianapolis, IN)
- SERA Architects—Courtyard by Marriott - San Diego Downtown (San Diego, CA)
- Stonehill & Taylor—The Refinery Hotel (New York, NY)

Best Lobby: Luxury/Upscale

- Rottet Studio—The James Royal Palm (Miami Beach, FL)
- TAL Studio—Hotel Jerome (Aspen, CO)
- HBA Design—Four Seasons Hotel Guangzhou (Guangzhou, China)

Best Lobby: Midscale/Budget/Focused-Service

- HOK—Delta Ottawa City Centre (Ottawa, ON)
- Simeone Deary—Hilton Dallas Park Cities (Dallas, TX)
- Simeone Deary—Hilton ColumbusDowntown (Columbus, OH)

Best Resort

- J Banks Design—Hotel Castello di

Casole (Casole D’elsa, Italy)

- BLINK Design Group Pvt Ltd—Regent Phuket Cape Panwa (Phuket, Thailand)
- HKS—Mukul Resort (Rivas, Nicaragua)
- DPOVinteriors—Club La Pension Resort, Bluegreen Vacations (New Orleans, LA)

Best Restaurant: Fine Dining

- Thomas Schoos Design—Herringbone Restaurant (La Jolla, CA)
- CORE—minibar (Washington, DC)
- Thomas Schoos Design—Figue Restaurant (La Quinta, CA)

Best Spa

- ICRAVE—BASK Spa by Exhale (Atlantic City, NJ)
- HBA—Four Seasons Hotel Guangzhou (Guangzhou, China)

Best Suite

- The Gallery HBA London—St Regis Rome (Rome, Italy)
- The Gallery HBA London—The Alpina Gstaad (Gstaad, Switzerland)
- Rockwell Group—W Singapore Sentosa Cove (Singapore)
- TonyChi and Associates—Rosewood London | Lord Chancellor’s Suite (London, UK)

Judges So Cool

- Nikolas Weinstein Studios, Inc.—Glass Sculpture for Courtyard by Marriott Hong Kong Sha Tin (Shanghai, China)
- Jeffrey Beers—Toy (New York, NY)
- Josh Held Design—Marquee New York Redesign (New York, NY)

Judges for the 2013 Gold Key Awards were: Caroline Baumann, director, Cooper-Hewitt, National Design Museum; Ong Chih Ching, founder and CEO, KOP Group; Carlos Couturier, managing partner and creative force, Grupo Habita; Ted Jacobs, VP of global design, W | Le Méridien | St. Regis | The Luxury Collection, Starwood Hotels & Resorts; Richard Millard, chairman and CEO, Trust Hospitality; Priya Paul, chairperson, Apeejay Surrendra Park Hotels; Ian Schrager, founder and chairman, Ian Schrager Company; Claus Sendlinger, founder and CEO, Design Hotels AG; Petter A. Stordalen, owner and CEO, Nordic Choice Hotels, The Thief Hotel, Home Invest, Home Capital and Home Properties; Larry Traxler, SVP global design, Hilton Worldwide; and Glenn Wilson, VP, International Interior Design, Marriott International, Inc.

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