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How on-campus hotels are catalysts for long-term university value and impact - by Harry Wheeler

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The new year will be a pivotal moment for campus-based hotel developments. The convergence of resources, financing, and benefits makes this approach increasingly viable, with the profitability of such projects creating a long-term return on investments (ROI) for higher education entities and developers alike. Universities have increasingly embraced these as multi-functional assets, blending hospitality elements with academics and community engagement. This marks a shift that allows institutions to act as both developers and long-term holders, facilitating creative design and operational flexibility.

Market Trends Driving Campus-Based Hotel Projects

Learning institutions find themselves in a unique position regarding development; typically, they possess the land, resources, and financial backing to bring hotels to the premises in a tailored and impactful way. For example, the Graduate Storrs Hotel (formerly Nathan Hale Inn) at the University of Connecticut highlights the emerging trend of universities partnering with well-known brands to develop assets that serve academic and hospitality needs. Its connection to both the university and graduate brand fosters familiarity while establishing a sense of place.

Financially, universities benefit from economic advantages that make on-campus hotel projects particularly appealing. The existing ownership of land is a major advantage, giving colleges and universities a leg up over third-party developers. Additionally, their tax status provides benefits to the development of educational buildings; the ROI for the universities has a much longer horizon, therefore the returns can be lower than the traditional developer. Higher education institutions' borrowing power is also favorable with their banking organizations, while equity can be generated through fundraising or alumni/trustees.

Graduate Storrs Hotel at the University of Connecticut - Storrs, Conn.

Hotels in these settings serve a broad range of audiences, adding layers of connectivity for every stakeholder. For example, a recent project for a private university is specially designed to foster connection, whether it be providing accommodations for alumni to return to campus or hosting entrepreneurial events to expand student outreach. Institutions see these projects as valuable amenities for communities, particularly those lacking local accommodations.

The "University-Backed Hospitality" Model: Advantages and Opportunities

Universities' long-term ownership fosters distinct planning and quality standards, allowing for a broader view of the investment's returns. These developments are a generational asset, not just something to be developed and flipped, as these buildings will become part of the fabric of the campus and thus need to be designed and integrated appropriately.

For example, the Graduate Storrs Hotel pays homage to the Storrs region and celebrates the distinctive and diverse culture of UConn., immersing guests in all that the school and the

surrounding area have to offer. UConn.-inspired guest rooms feature unique details for visitors to discover, including blue and white plaid furnishings, New England motifs, and wall art displaying notable UConn. athletes.

Hotels often serve as a visitor's first introduction, making integration with the university's identity essential. The property needs to stand on its own as well: a local family may not look to have their wedding or family event at a "college hotel," but if it emulates a unique boutique experience that happens to be on the campus, that's a different story. The design needs to speak to different markets, but still offer the same high level of experience and service.

The Wylie Inn at Endicott College - Beverly, Mass.

Furthermore, these developments can evolve to meet an institution's needs over time; if the circumstances arise, such as the recent pandemic, the buildings can easily be transitioned to student housing. A good example of this continued evolution comes from The Wylie Inn at Endicott College, which is in construction now. The renovation strategy is not only about enhancing existing assets, it is ensuring the facility can serve multiple purposes — both for visitors and university needs.

Challenges and Best Practices for University-Led Hospitality Projects

Integrating the hotel as an allowed part of the campus program and master plan is critical, otherwise, there may be long-term permitting hurdles ahead. Permitting is always important, and some state schools may have different codes or thresholds that are more stringent than the locale they are in. Being equipped with a complete understanding of the code and jurisdictions is integral to the enduring success of a project.

Through a solutions-oriented approach, design teams must work closely alongside not only college leadership, but also the donors, trustees, alumni, and other stakeholders to ensure that the program and design direction is aligned with that of the university. Branding and operations teams should also be closely involved to identify the needs that the hotel is trying to fill, exploring opportunities where it can benefit the larger goals of the institution.

Teams should also begin the budgeting as early as possible with contractors to ensure the budget goals set and authorized by the trustees are accurate and equipped with the appropriate contingencies — it is difficult to get these budgets revisited once they are voted on and funding is in place. It's also important for developers to truly understand what is required to operate the hotel. These are unique assets that have constant staff and marketing needs that must be maintained through continual review and evaluation. They are not stagnant office buildings or educational structures that get looked at every few years for a needs assessment, as many institutions are used to. These are living, breathing operational buildings that need constant attention and re-evaluation.

What to Expect Ahead

Moving into the future, we are seeing more colleges and universities look at hotels as essential assets to the overall master plan. These types of developments provide a level of sophistication to the campus and an added layer of engagement with prospective guests and alumni. Fueled by the idealistic circumstances that set institutions up to create these projects, they can be great revenue-generating assets to the overall bottom line of the university as well as vehicles to drive the cultivation of relationships with students in addition to the surrounding community.

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