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The recession: Is it a good time to invest in your property assets?

April 15, 2009 - Front Section

Many ideas came to mind when I sat down to write this article, unfortunately, not one of them was overly happy or optimistic. This is a difficult time for all, and based on industry experts, the end is still a ways off. For this reason, the following article will not focus on the current economic condition or the recession as a negative but as our new reality. A time where opportunities are available for those willing to embrace it. Traveling is not as glamorous as it was once was and with the tightening of budgets to maintain costs, it continues to get tougher every day.

Air travel in particular has been significantly affected by our current reality. I travel frequently on a variety of the major airlines. Four out of my last six flights have either been canceled or rerouted at the mysterious pretext of "mechanical reasons." The airlines accommodate you by re-booking your direct flight through one or two of their major hubs, turning a quick flight into an all day affair. During your inadvertent layover and hours on the runway you are subjected to over crowded airline terminals, bad food and irritated fellow travelers.

After this arduous ordeal you get the privilege of waiting in the mile long taxi line to embark on a smelly unconditioned car ride to arrive wearily at your hotel destination. This is a critical moment for the relationship between hotelier and guest. As the weary warrior walks through the entrance and into the lobby, there should be a tremendous sense of ease, relaxation and warmth helping that disenchanted guest to feel welcomed and appreciated. They have walked into an oasis from increasingly taxing, stress filled, downbeat reality.

There has been a recent trend in the hospitality industry that focuses on this exact scenario. The hotel lobby, which was formerly a pit stop, is no longer a transient waiting room between the front door and the guest room. It has changed drastically in aesthetics, function and program, ultimately becoming the epicenter of the hotel. To accommodate this trend, hotel chains across the industry are incorporating the concept of "multi-functional" schemes into their lobby designs.

Various major hotel brands are already implementing these changes into their properties and the owners are reaping the rewards. For instance, Sheraton has introduced the "Link" into their properties which is a place for people to stay connected in a setting that is closer to a lounge feel rather than an enclosed business center. Hampton Inn, by Hilton has created their Perfect Mix Lobby that features fresh, contemporary finishes, communal tables and the ability to close off the buffet area in order to transform the space after breakfast hours into a casual, comfortable gathering area. Marriott is reinventing their full service lobbies by creating multiple zones such as "Relaxing, Individual and Business" all within the same lobby space. Courtyard has also unveiled their new lobby, which creates a welcoming space with flexible seating, private media centers, and an intimate lounge area with communal spaces. In addition to promoting social interaction, brands have replaced the traditional front desk with welcome podiums which encourage the guests to interact

and establish a more personal connection with their host.

Owners are faced with the requirement of various upgrades to these lobby areas in addition to ongoing refreshers to their guest rooms. These changes include flat panel televisions and/or general PIP improvements. The current state of the economy does not change these requirements, and owners are requesting extensions to the brands for anywhere between 12 to 24 months to complete this work. When faced with these costs versus keeping the cash reserves on hand the immediate course of action is to freeze all spending.

Although this tactic might make sense in the short term; we are finding that our clients are evaluating the benefit of spending the money more wisely. This investment strategy in these tough times will allow the hotel to maintain its market share and potentially gain on the competition as consumers are now spending more wisely and want to have the best experience for their dollar. In past years through the height of the market, travelers were focused on the new experience, now that focus has shifted to the best experience.

To provide the best experience possible owners and operators must look at their basic amenities. These include the welcoming experience, the bedding and bath experience, the television and channel listings, and the type of food being offered during the breakfast hour. Perhaps offering a complimentary wine tasting social hour for guests to promote interaction with the property. Although these items do cost money to change, it is the subtle more focused changes that will affect the guest in dramatic ways in the long run.

Group One Partners, Inc is proud to announce its recent completion of the renovation and refurbishment of a portfolio of six Sheraton properties in as many states for exactly the above reasons. The program's intent was to re-establish each of these properties as leaders in their market segments with fresh new public areas and upgrades to portions of the guest rooms. Through careful property analysis, the team successfully implemented budget dollars in area that had the greatest impact refurbishing and making the most of the bones of the buildings while creating a fresh new experience with updated technology, finishes and furnishings. Overall the properties have been very well received by the brand, the ownership, and most importantly the guests.

Even though this recession is forcing companies to hold on to cash and its operating reserves, it can prove beneficial to invest wisely. When the economy and rates rebound in the future, the increased loyalty and occupancy will show good returns on the minimal investments made. 2009 just might be the best time to invest in the/your property assets. This brings to mind the story of coming across a bear in the woods while hiking, you do not have to be the fastest to outrun the bear, you just need to be faster than your competition.

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