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Hospitality design: Inspired renovation increases profits

During these challenging economic times, it can be difficult for hospitality property owners to justify investing in their businesses. From a profitability standpoint, it is one of the best strategies to implement on an aging property. Recently, our firm assisted owners of The Little Nell, Hotel Aspen and Molly Gibson Lodge with property renovations, which served to increase profits, maximize brand recognition and boost market competitiveness. On average, hotels renovate every seven years in order to maintain high occupancy, as well as justify higher room rates. This strategy shouldn't stop because the economy slows down. In fact, now more than ever, savvy hotel owner/operators understand the necessity of hospitality renovation.



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Hotel Aspen/ Molly Gibson Lodge: Affordable Redo

Hotel Aspen and Molly Gibson Lodge, sister properties in Aspen, are affordably priced hotels with a combined total of 98 rooms. For the year 2009, the city of Aspen's lodging tax revenue is down 27 percent. Reinforcing how renovations can increase profits, the Hotel Aspen and Molly Gibson Lodge tax revenue is down only 22 percent.

"Currently we are outperforming the market," stated Michael Brown, owner of the Hotel Aspen and the Molly Gibson Lodge. Even affordable hotels need to renovate

to stay competitive. "Be memorable with what you offer; the value is more than a bed, it's an experience. If you let them (properties) get long in the tooth without being unique, it becomes a rate game," said Brown. The average price to renovate the two hotels was about \$5,000 per key. The renovation of Brown's hotels consisted of new case goods, accent lighting, upholstered furnishings and updated artwork.

The Little Nell: Renovation as Brand Recognition

The Little Nell Hotel, Aspen's legendary five-star hotel, recently completed a renovation of 86 rooms.

"As we were approaching our 20th anniversary and looking for opportunities to grow our brand, we felt that it was important to ensure that our guest room product was consistent with our direction for the future including a strong emphasis on sustainable operations," explained John Speers, general manager of The Little Nell. "We are fortunate to have great owners who have a long-term vision for The Little Nell. They felt strongly that this was

the best time to invest in the hotel so that we were positioned at the top when the economy turned around."

Currently, The Little Nell is receiving an increased interest in bookings. It currently leads its competitive set in revenue per available room.

It is important that your market understands that you are doing a renovation, which will create demand and excitement, particularly if you have strong brand recognition, like The Little Nell has with its guests.

"The response from our guests has been overwhelmingly positive – while the rooms have a contemporary feel, they are warm and inviting. Several guests have commented on how residential they feel – like someone's apartment," Speers continued. "This is exactly what we had envisioned."

Renovations of Aspen's premier property included updated interior furnishings in modern color palettes, advanced in-room smart technologies for multimedia use and new lighting.

Client/Designer Communication

Creating and maintaining proper expectations is essential to a successful renovation project. Below is a list of keys to success that are necessary to maintain organized project management throughout the renovation process.

Expectations should be defined and agreed upon from the very beginning.

- Clearly define the budget and a budget contingency, especially for a remodel. Situations can come up during the construction processes that demand more resources.

- Clients should be active participants during the process. Weekly meetings and on-site reviews should be conducted. Timelines are essential, both in terms of making decisions and having a set completion date.

- Make timely decisions and demand that the designer provide an organized presentation of items to review in a succinct and expedited manner. Extra consideration should be given to material selection; think long-term durability, how the materials age and what is their quality.

- When scheduling a renovation, take into consideration the season and how it affects your market. It's best to plan a renovation at the most optimal time when there are fewer people in the hotel.

Considering the return on investment for property renovation, owners and managers should evaluate how a renovation can enhance their bottom line through staying competitive and fresh in design, as well as increasing brand recognition. In the short- and long-term, reinvigorating a tired property will serve to boost the overall sales strategy. With effective team communication and collaboration, a renovation can be straightforward and profitable.▲