



Excellence in Hospitality Consulting
and Services Worldwide

Renovate Or Reposition:

Know the Difference

Anne R. Lloyd-Jones

HVS INTERNATIONAL

372 Willis Ave.
Mineola, NY 11501
516.248.8828 ph
516.742.3059 fax

November 2001

New York San Francisco Boulder Denver Miami Dallas Chicago Washington, D.C. Weston, CT Phoenix Mt. Lakes, NJ
Vancouver Toronto London Madrid New Delhi Singapore Hong Kong Sydney São Paulo Buenos Aires Newport, RI



Excellence in Hospitality Consulting
and Services Worldwide

Renovate Or Reposition:

Know the Difference

Jonathan C. Nehmer

Donald A. Noveau

JONATHAN NEHMER & ASSOCIATES

1300 Picard Drive
Suite 100
Rockville, MD 20850
301.670.1635 ph
301.670.9643

Summer 1997

New York San Francisco Boulder Denver Miami Dallas Chicago Washington, D.C. Weston, CT Phoenix Mt. Lakes, NJ
Vancouver Toronto London Madrid New Delhi Singapore Hong Kong Sydney São Paulo Buenos Aires Newport, RI



WYNDHAM GARDEN
HOTEL IN LEXINGTON,
KENTUCKY, AFTER
REPOSITIONING.

IDENTITY CRISIS

RENOVATION AND REPOSITIONING projects often have many physical and operational similarities. Construction activity can cause guest disturbances, seemingly endless meetings with architects, and considerable effort to complete the work on a tight schedule and tight budget. Surviving these difficulties should result in a fresh-looking property and an

improved bottom line. Yet, the difference between renovation and repositioning is like night and day.

Renovations vary from simple softgoods changes to major design and construction projects. Regardless of the scope of the work, the completed renovation is supposed to give a new look to an existing property. (As an example, restaurant or meeting

room composition may change in a renovation, but the hotel remains essentially in the same market tier.)

Regular renovation is needed if a hotel continues to serve the same clients who have supported it in the past. Resort properties and convention hotels are good examples. At these properties, wear and tear result in the need for replacement of FF&E, repairs, and maintenance. However, expectations of returning guests create the need to maintain the same "feel" from year to year. Repositioning these hotels to another tier is usually unnecessary and can cause a loss of repeat business.

Repositioning, on the other hand, is much more extensive because it is an effort to create a new identity and market niche. Physical changes in a repositioning must be aimed at creating a new character for the hotel. The scope of work in a repositioning is designed to help the hotel attract a different clientele. To accomplish this, all aspects of the property must change, from the name to how the hotel is operated. The design and construction aspects of the repositioning are essential to show guests they are entering an entirely new hotel.

Critical aspects of a repositioning normally include the following:

- Facade treatment.
- FF&E throughout.
- Repair of water infiltration, i.e., roofs, caulking.
- Windows.
- Reconfigured public areas.
- Replacement of major systems.
- Graphics and signage.

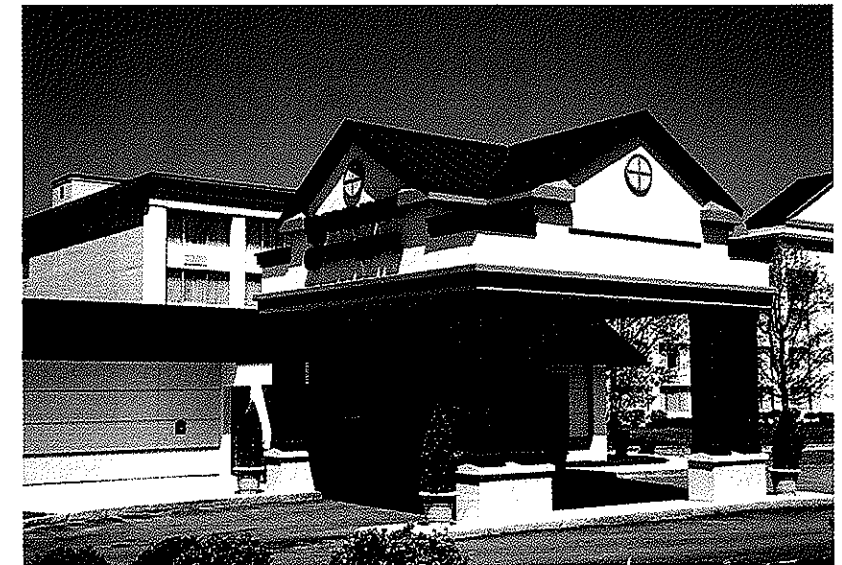
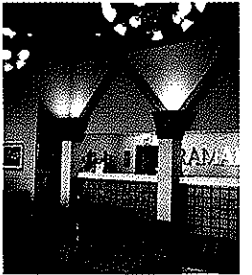
The decision to either renovate or reposition must be based on the quality of a hotel's market and be made while determining the project's feasibility.

Repositioning is warranted by several conditions:

- The property must be in a market not sustaining the desired level of operation.
- There must be an alternate market not being served.
- In most cases, the property should be obtained for a below-market cost to afford extensive construction

and FF&E costs associated with a repositioning. became a Ramada Inn. Over the years, as the market surrounding the hotel grew to include major research and manufacturing developments, the hotel continued to be geared toward the transient traveler. When purchased in 1996, it had extremely worn finishes throughout and a declining market share. Meeting space was underutilized and in need of renovation, and the large entertainment lounge no longer had a following.

(TOP) LOBBY OF THE WYNDHAM GARDEN HOTEL IN LEXINGTON, KENTUCKY, BEFORE REPOSITIONING; WYNDHAM GARDEN HOTEL EXTERIOR IN BURLINGTON, MASSACHUSETTS, AFTER REPOSITIONING (CENTER) AND BEFORE (BOTTOM).



Repositioning of this property was aimed at turning it into a major player in the commercial market created by surrounding manufacturing plants and R&D offices. The hotel's location at the junction of I-75 and I-64 made it convenient for business travelers from nearby Cincinnati, as well.

Physical changes included the addition of a larger prefunction area to increase use of the ballroom and meeting rooms, as well as reworking of the lobby,



Renovate or Reposition: Know the Difference.

BY JONATHAN C. NEHMER AND DONALD A. NOVEAU

and FF&E costs associated with a repositioning.

Hotels that have experienced a change in the market they serve should always be candidates for repositioning.

This condition is exemplified by the Wyndham Garden Hotel in Lexington, Kentucky. Originally, this hotel was built as a roadside Hilton Inn and then

lounge, and restaurant. To cater to the business traveler, guestrooms were redone with new softgoods and casegoods.

One of the most important changes was a makeover of the exterior, which included windows and extensive waterproofing. The facade was redone with an EIFS skin to give the property a more con-

temporary look. The final product has taken on a new character more conducive to attracting the business traveler.

Hotels built in rural or suburban areas that have become urbanized are also candidates for repositioning. The Wyndham Garden Hotel in Burlington, Massachusetts, is an example.

The property is located on the Route 128 corridor in an area of tremendous and ongoing growth. In the early 1960s, when the hotel was a Days Inn, the area was more suburban: Route 128 was used primarily for long-distance travel and as a bypass around Boston.

STRATEGIES

Successfully changed the character of the property to that of an upper mid-priced hotel. A new restaurant and lobby lounge changed the way the hotel's food and beverage operation is perceived, yet it is still a "three-meal" facility.

Hotels that were located to take advantage of projected economic growth but were bypassed by the actual path of devel-

GUESTROOM OF THE WYNDHAM GARDEN HOTEL IN LEXINGTON, KENTUCKY, BEFORE REPOSITIONING (LEFT) AND AFTER (RIGHT).



Today, a more cosmopolitan clientele exists in the much more densely populated area. Consequently, medium-priced hotels in this area once geared toward automobile and truck travelers have been supplanted by hotels that offer limited service specifically to this market.

These new travel-oriented hotels are "downscale" from those they replaced and are in great demand. This trend has left the medium-priced hotels with a smaller client base and less appeal to travelers. However, the new hotel market that arose from growing high-tech businesses along Route 128 seeks a sophisticated and up-to-date type of property. These guests want a fresh, upscale contemporary style, updated cuisine, and business-oriented amenities such as dataport telephones, large guestroom desks, and improved meeting room environments.

Conversion of the Days Inn to a Wyndham Garden Hotel fills this need. Without closing the property, it was gutted and rebuilt. The work included new guestroom decor, new and reconfigured public areas, and the addition of an indoor swimming pool building. A new facade changed the outward appearance of the hotel and suc-

opment in the local economy are also good candidates for repositioning.

A 450-room hotel in downtown Atlanta was located at a freeway interchange but was not surrounded by roadways when it was built. Because of the advent of the Atlanta freeway system and deterioration of the hotel's surrounding areas, profitability decreased and the resulting deferred maintenance took its toll. In addition, the 20-year-old architectural style of the property reduced its appeal. The original market had relocated, and the local highway development created a physical barrier to the property.

The new owner realized an untapped "overflow" market exists from nearby downtown Atlanta. While one 450-room, full-service hotel did not suit the market, the owner's investigation revealed there was a need for two types of hotel rooms at this location—an "upper mid-priced" room and "upper economy" room. Thus, the idea of splitting the hotel into two smaller properties was conceived. The layout of the property included an interior corridor guestroom tower and several low-rise exterior corridor units. The interior corridor building became a Courtyard by

Marriott, and the exterior corridor low-rise buildings became a Fairfield Inn. Each hotel has a separate entrance, yet much of the back-of-house area is shared for economies of scale. Dividing a single property into two new hotels with separate entrances and separate identities was key to this repositioning.

Without repositioning, hotels in these situations probably would experience declining room rates and/or declining occupancies. These factors often result in deterioration of the physical plant through deferral of maintenance and, consequently, a downward spiral of the hotel, both phys-

ically and in terms of revenue stream.

However, if changes are made to attract a new clientele, significant profitability gains may be realized from higher room rates, higher occupancy, and lower operational costs. Appealing to a new clientele is the core of the repositioning process.

The decision to reposition or to renovate is based on many factors and both require significant capital investment. But, when conditions are right, repositioning can create much greater benefits than a mere renovation. ■

Jonathan C. Nelmer, AIA, ISHC, is president, and Donald A. Noveau is director of project management for Jonathan Nelmer + Associates, Inc., a Rockville, Maryland-based architecture and construction project management firm that specializes in the hospitality industry.

JN+A

JONATHAN NEHMER + ASSOCIATES, INC.

ARCHITECTURE • PRODUCT MANAGEMENT • DESIGN AND CONSTRUCTION CONSULTING

1300 Piccard Drive • Suite 100 • Rockville, MD 20850

E Mail: jnehmar@nehmar.com

301.670.1635
Fax 301.670.9643