

#55

The Hotel Group
Edmonds, WA

Of Hotels (end '10)26

Of Rooms (end '10)..... 3,984

Of Third-Party
Managed Properties:21

The Hotel Group leverages the strength of its personnel

BY LAUREN ESPOSITO

EDMONDS, WA—Experience can be a powerful tool and The Hotel Group (THG) is

proof of that. As many owners and operators took a sizeable hit during the downturn, the company buckled down and remained focused on keeping

its hotels thriving.

Ask CEO Doug Dreher what the key to the company's success is and he has an easy answer—the company itself. “It is all about

our team,” he said simply. “We build our team around what we like to refer to as ‘AEIOU.’ ‘A’ stands for ‘and then some,’ or always going the extra mile for our properties. ‘E’ is ego-free. ‘O’ is open for business, because we are a real-time company. ‘I’ is inspiring hospitality greatness and ‘U’ is for urgency, meaning speed and responsiveness. Our team is what makes it all work.”

THG enhanced its infrastructure last year opening an additional office in Franklin, TN. Part of the company's plan to centralize its regional operations team and support staff. The new office is under the direction of THG vp, Lara Latture.

But even the most seasoned of teams doesn't mean THG has been totally exempt from the



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Doug Dreher,
The Hotel Group

upheaval that has characterized the hotel industry over the last two years. “All through 2009, it was really all about survival. In 2010, it was about persevering on and it actually turned out to be a significant improvement from '09,” Dreher said.

Among the highlights of last year for THG was the opening of the Hilton Garden Inn Seattle/Bothell in Bothell, WA. The new construction hotel includes 128 guestrooms, an on-site restaurant, a business center, a fitness center and 3,500 square feet of meeting space. It is also the first Hilton brand hotel in the local market. The company also assumed management of the Guesthouse Inn & Suites Nashville-Music City in Nashville, TN.

“In addition to restructuring some of the internal debt in our third fund, we also acquired the Holiday Inn Santa Fe, NM, through our fourth fund,” Dreher said.

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The Hotel Group targets strong, select-service flags for portfolio growth

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her noted. A significant renovation is planned for the hotel that will encompass its 130 guestrooms, lobby, restaurant, bar and meeting space.

This year, THG will open a 149-room Hilton Garden Inn hotel in Springfield, OR, that is currently under construction. The company is also looking into numerous CapEx improvements for its existing hotels. “We did about \$40 million worth of renovations that were just finishing up in ‘09—we got lucky with that timing. So right now, the portfolio is really in fairly good shape. We’ve got some 10-year license renewals coming up and we continue to do the mandatory brand refreshes.”

Going forward, THG is targeting what Dreher terms “power-branded, select service” properties. “Brands like Courtyard and Hilton Garden Inn have done a great job when it comes to resonating with consumers, especially the ‘road warriors.’ There’s always a place for that



Following a \$13 million renovation, The Hotel Group rebranded a former Radisson Hotel & Suites as the Crowne Plaza Kansas City, MO. The company opened the Hilton Garden Inn Seattle/Bothell in Bothell, WA last year.



ing for deals on distressed hotels that are in need of repositioning. Dreher commented the company identifies properties that may be a good fit by having a list of three characteristics to look for.

“We seek distressed hotels that as a company we can transform through renovation, improve branding or improve operations—or all three,” he said. “A lot of these properties have very disconnected ownership so there’s been very little communication.”

product and because they are very solid and efficient and you can get a high yield. With the restaurants and meeting space, the line between select- and full-service is really blurring,” he said.

As far as new construction, Dreher re-

ported THG is working on approximately three development deals in the Pacific Northwest, but that financing still poses a challenge. “New builds are very tough, but they’re not impossible,” he said. “It’s still going to be challenging this year, but when financing really comes back we’re definitely going to see more.”

In the meantime, THG is actively look-

Reflecting on its goals, Dreher said first on the list is growth, but that THG is also cautious to not expand too quickly. “We really want to continue to grow, but not to the point where it’s absurd. We’ve got a nice base now with 25 hotels and want to build upon that by diversifying our client base and seeking new management opportunities.”

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