

Hotels are booking renovation splurge

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A healthy year in the hotel industry has helped spur an estimated \$50 million in renovations and upgrades at Center City hotels.

Hotel experts say it's the largest period of reinvestment in more than five years, since the hotel-building boom of the late 1990s, when Philadelphia's then-Mayor Ed Rendell challenged hotel developers to build 2000 rooms by the year 2000.

"Things are good right now and, whenever they're good, hotels have cash. When they have cash, they reinvest it to maintain a competitive position," said Peter R. Tyson, an analyst at PKF Consulting in Philadelphia.

According to Greater Philadelphia Tourism Marketing Corp., five Center City hotels will account for about \$46.8 million in renovations.

The hotels and amounts:

- Park Hyatt Philadelphia at the Bellevue, with a \$5 million makeover. This month, the Park Hyatt will reopen its grand 19th floor, transforming a sleepy restaurant into Nineteen, a restaurant offering a raw bar and entrees like "crispy black sea bass," ranging from \$19 to \$38. The space will feature a bar and café, capitalizing on the 40-foot domed ceiling and views of the city.
- Four Seasons Hotel Philadelphia, \$10 million. A six-month renovation included new furniture, fabrics, wall coverings and artwork for the 364 guest rooms. Upgrades include high-speed Internet access and wireless connections.
- The Wyndham Philadelphia at Franklin Plaza, \$12 million. Upgrades were done on the lobby, hallways and 758 guest rooms, fitting them out with new carpet, upholstery and Kohler bathroom fixtures.
- Loews Philadelphia Hotel, \$4.8 million. The Art Deco-era hotel was remodeled with new windows, bedding, furniture, wall coverings and carpet.
- Radisson Plaza-Warwick Hotel, \$15 million. The 70-year-old hotel, fresh off millions of dollars in improvements on guest rooms, public areas and meeting space, is now embarking on a much larger effort to convert over a third of the guest rooms to condominiums.

Center City hotel occupancy surged last year, averaging 74.5 percent through 11 months, up from 69.1 percent a year earlier. The average rate charged per room was better than \$143, up from \$132 a year earlier, according to Smith Travel Research numbers compiled by PKF Research.

Hotels are increasingly willing to invest in high-end restaurants and retail. Such offerings help increase revenue per guest, a hedge against declines in occupancy and room rates. Another Center City hotel, the Rittenhouse, has long made an art out of

getting the most out of its nonroom offerings, including restaurants LaCroix and Smith & Wollensky.

"For years, food and beverage was looked at as secondary. If you could break even, you were happy. Now, hotels are much more interested in food and beverage, spa services, this kind of thing," Tyson said. "It's looked at as a profit center rather than just an amenity."

For its makeover, the Park Hyatt hired noted restaurant designer Meg Rodgers, who designed Rouge and other Center City restaurants, and recruited a topflight chef, Richard Hebben, named a "Top U.S. Chef" by Condé Nast Traveler magazine.

Added features on the 19th floor include a private dining room for up to 14. A wine tasting room, with a cabinet that holds up to 600 bottles, enables the hotel to host wine events for up to 30 people.

As an added touch, Nineteen will allow guests to dock an iPod on their stereo system, allowing the guest to create the soundtrack for the evening.