



# HOTEL MANAGEMENT

HOTELMANAGEMENT.NET

THE LEADING HOSPITALITY NEWS AUTHORITY SINCE 1875 | Vol. 231, No. 5 | April 4, 2016



## WHY I CHOOSE WYNDHAM HOTEL GROUP TO BE MY PARTNER

"Wyndham Hotel Group values our business and appreciates us as customers. We are not simply another number to them; they know who we are and I really find that relationship fulfilling. When the people that you work with regularly, to the CEO of the company, know you by name, you can rest assured that you and your investments are in good hands."

Shafik Tejani, Vice President of Acquisitions  
and Asset Management  
MTP Hospitality Solutions Inc.

**WYNDHAM**  
HOTEL GROUP

For more information visit  
[www.whgdevelopment.com](http://www.whgdevelopment.com)

ADVERTISEMENT



Boston has 68 properties in the pipeline, 22 of which are under construction. Another 22 are expected to break ground this year.

## New demand generators boost soaring Boston supply increase

BY GLENN HAUSSMAN  
@TRAVELINGGLENN

**NATIONAL REPORT** – As a diehard traveler and conference road warrior I get to see a lot of great cities, but I never seem to get to Boston. Which is a shame because the few times I've been there I have wanted to experience it more and more, and not just so I can get some cocktails at that Cheers bar or hang out with that

Ben Franklin impersonator.

It's walkable, approachable and has a really good vibe. But it'd be great if more hospitality industry event planners would do something there! Not that they need my business. That market seems to be bursting at the seams with development opportunity as sky high fundamentals, the introduction of new demand generators and a deficit

of hotel rooms is creating market opportunity.

### GENERATING DEMAND

The market is on fire and it is propelling the new construction pipeline. But the real solid news is the Boston boost should last for a while as new demand generators, such as a proposed massive downtown convention center expansion and impend-

ing casino construction including the Wynn in Everett, will prompt more people to head to Beantown.

"Overall, 2015 was a very healthy operating year in Boston. Expect to see the same in 2016," said Bruce Ford, SVP with Lodging Econometrics, which tracks hotel construction throughout the world.

According to STR, in 2015 Boston experienced a 2.9-percent demand jump, 1.7-percent occupancy increase to 76.5 percent and a 4.4-percent average-daily-rate increase to \$188.08. That all translates to a massive 6.3-percent revenue-per-available-room boost to \$143.81. Pretty heady numbers. Throw in a group RevPAR increase of 6.4 percent year to date through November 2015 and the case for new construction in that market—especially near the Boston Convention and Exhibition Center—starts to make a lot of sense.

The convention center has 516,000 square feet of exhibition space with several hundred thousand more proposed.

### POISED FOR GROWTH

"Boston as a city is still underdeveloped and has room for additional supply," said Harry Wheeler, principal of the design firm Group One. "It's still run-

ning way above the industry average for occupancy and ADR and the market is poised for new development. Due to the high barrier for entry, many of the major flags are [still] available throughout the city."

Ford said the new construction pipeline is soaring, and while it's the 14th largest market in the country it's seventh regarding current development. And Ford thinks the market can sustain considerably more hotels.

"The convention center is a robust new demand generator and has already seen a few properties open near it this year such as a Hilton Garden Inn, The Ervov Hotel (Autograph Collection) and we will continue to see more," he said. "Boston is also a city very attractive to public hotel companies. All the REITs own in Boston and many top destination hotels are run by the brands. Boston is commanding some of the top rates in the country."

Ford said that Lodging Econometrics numbers show 68 hotels currently in the pipeline representing 11,455 rooms. Of those, 22 properties are under construction with 2,920 rooms. There are another 22 hotels with 3,367 rooms scheduled to start in 2016, and 24 additional hotels have been announced, totaling 5,168 rooms.

"This is a very healthy pipeline," Ford said.

Some notable projects include a new 211-room Four Seasons set to open in March 2018 and a dual-branded 330-room Aloft and 180-room Element, which is just about to debut. Ford also said there are a couple of AC hotels in areas outside the downtown market, including a 150-room property in Cambridge set to open in October.

"I think some other companies are looking for their locations, but Boston also has independent lifestyle-type brands coming in. We have seen some already such as the Liberty Hotel and more coming along because the market has such a high rate," he said.

Ford also believes that many of the projects in the pipeline are ripe for sale near or upon their completion.

"I think you will see some sales when these properties open," he said. **HM**