

Figures reinforce segment's strength

By Jeff Higley
H&M MANAGING EDITOR

ATLANTA—The extended-stay segment continues to grab a foothold in the lodging industry.

Figures from a recently completed study indicate the segment is gaining popularity among consumers while providing developers and owners with increasingly higher returns on their investments.

The "Report on the extended-stay lodging industry in the United States: Mid-Year 2000"

Extended stay still growing

Segment	Roomnights sold mid-1999	Roomnights sold mid-2000	Mid-1999 occupancy	Mid-2000 occupancy
Economy	6,436,000	7,989,000	75.3%	76.2%
Mid-price	9,618,000	10,894,000	72.5%	77.2%
Upscale	8,604,000	10,169,000	78.3%	77.9%
Total	24,658,000	29,052,000	75.2%	77.2%

Source: The Highland Group's "Report on the extended-stay lodging industry in the United States: Mid-Year 2000"

showed that extended-stay hotels of 1999. It said occupancy increased 2 percent to 77.2 percent year-to-date in 2000. The 2000 compared with the first half

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Speakers stress satisfaction

The Lodging Conference focuses on services to guests and franchisees

By Robert A. Nozar
H&M EDITOR-AT-LARGE

PHOENIX—The U.S. lodging industry came together for the last major investment conference of the year last month at The Arizona Biltmore. The message again was one of moderating supply growth and a renewed emphasis on customer satisfaction.

The Lodging Conference 2000, put on by Morris Lasky, president of Lodging Unlimited, and Harry Javer, president of The Conference Bureau, presented its usual array of general sessions and break-out presentations with scores of speakers. Among those speakers were numerous company and brand leaders.

Leading off in the first day's



James Evans (left), president of Best Western International, and Brown Kessler, v.p. of sales and development at Bass Hotels & Resorts, said franchisees should take advantage of programs and services offered by hotel companies.

opening general session was "A View from the Top," which brought together Stephen Holmes; vice chairman of Cendant Corp., which ranked No. 1 in HOTEL & MOTEL MANAGEMENT'S Top 200

Hotel Companies listing [Sept. 18, page 35]; Michael Leven, chairman and c.e.o. of US Franchise Systems, which ranked No. 17; H.P. Rama, chairman and c.e.o. of JHM

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Hospitality International fosters kinship

Biennial conference promotes partnership, progress

By David Frabotta
H&M ASSOCIATE EDITOR

ATLANTA—Many franchisors refer to their customers as family. But rarely does the entire corporate team know each franchisee by face, name and property location. But Hospitality International makes good on the otherwise hackneyed

reference to kin by fostering an environment of partnership, progress and prosperity—the theme for the organization's biennial business meeting, which took place Sept. 18-19 at the Marriott Century Center in Atlanta.

"The major difference between a small company like ours and a

larger company is that we have to be more responsive to be more competitive," said Manly McWilliams, president of Hospitality International Real Estate.

"We're striving for a partnership with our franchisees for the progress that we are all trying to achieve together, and at the end of the day, we're all in business

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A Look Back

As HOTEL & MOTEL MANAGEMENT celebrates 125 years of serving the hospitality industry—our first issue was published in August 1875 as The Hotel World—each issue in 2000 will look back at hotel-related events.

1922: The first col- | the American Hotel

installs a television set in every guestroom.

1954: Howard Dearing Johnson initiates the first lodging franchise, a motor lodge in Savannah, Ga.

1988: The extended-stay segment gains attention as Marriott's Residence Inn and Holiday Corp.'s Homewood Suites take the spotlight.

1993: Radisson

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Material upgrades, bigger spaces and flexible floor plans are helping developers gain a competitive advantage.

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Extended-stay figures

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overall lodging industry's occupancy rate for the first half of 1999 was 63.5 percent, according to Smith Travel Research.

"You've really got a situation in which all of the fundamental measures of performance took a step ahead even though there was a 15-percent increase in supply," said Mark Skinner, principal with The Highland Group, the Atlanta-based consulting compa-

ny that authored the study.

Jim Anhut, chairman of the American Hotel & Motel Assn.'s extended-stay council and senior v.p. and brand manager of Staybridge Suites by Holiday Inn, said the report's findings are good news, but the news wasn't unexpected.

"It's a segment that continues to outperform the market, and demand continues to exceed supply," he said. "That's indicative of

a product that's well-matched with its customer group and indicative of an economy that continues to drive this kind of business."

Extended-stay customers are those guests who stay at a property for five or more nights. Hotels are considered extended-stay if they accept reservations, have a fully equipped kitchenette in each guestroom and do not require a lease.

The Highland Group's mid-year report said demand in the first half of 2000 increased 17.8 percent compared to first-half demand in 1999. In the first six months of 2000, more than 29 million extended-stay hotel roomnights were sold, according to the report.

Critical mass

Skinner said the extended-stay figures are becoming more impressive than in the past because there is more critical mass in the segment than ever. The extended-stay hotel room supply grew to 205,733 rooms at the end of June 2000, a 14.7-percent year-over-year increase.

"The results are not from a tiny base anymore," Skinner said. "To move average occupancy in that big of a way is significant."

Skinner said he was anticipating a 1-percent increase in occupancy. He attributed the occupancy-rate increase partially to better operated extended-stay properties.

"Some of the major companies historically have been among the fastest growing in the segment," he said. "They have now changed their focus from growing to managing. That means more heads in beds."

The report predicted the extended-stay room supply will reach more than 311,000 in 2004, an average annual growth rate of about 10 percent.

"If that growth rate is maintained and the total U.S. hotel room supply grows at its historical rate, you'll have 7 [percent] to 8 percent of the total supply being extended-stay in the next five years," Skinner said. "I don't think that will be oversupply in general, although some larger areas may be somewhat overbuilt."

Following are other findings of the report:

- The number of extended-stay hotel rooms under construction fell 19.4 percent at the end of the first half of 2000 (24,442) compared with the year-earlier period (30,332).
- All extended-stay rate segments increased average rate and rev-

Making money

Segment	Mid-1999 average rate	Mid-2000 average rate	Mid-1999 RevPAR	Mid-2000 RevPAR
Economy	\$27.05	\$29.37	\$20.36	\$22.38
Mid-price	\$48.99	\$50.62	\$35.52	\$39.08
Upscale	\$97.47	\$99.79	\$76.30	\$77.75

Source: The Highland Group's "Report on the extended-stay lodging industry in the United States: Mid-Year 2000"

Looking ahead

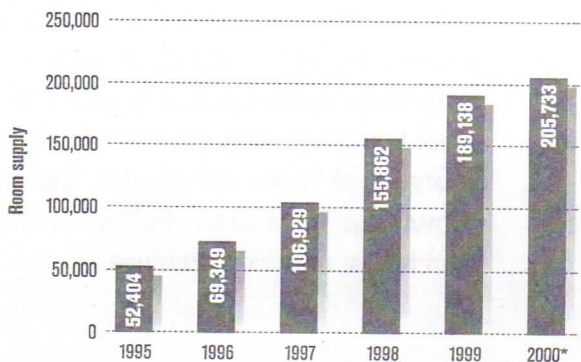
Projected U.S. extended-stay hotel room supply

Segment	Mid-2000	2004	Average annual change
Economy	57,302	91,002	11%
Mid-price	77,111	113,034	9%
Upscale	71,320	107,099	9%
Total	205,733	311,134	10%

Source: The Highland Group's "Report on the extended-stay lodging industry in the United States: Mid-Year 2000"

Looking back

The growth of the extended-stay room supply since 1995:



*through June
Source: The Highland Group's "Report on the extended-stay lodging industry in the United States: Mid-Year 2000"

ment's first positive movement in three years. As a whole, the extended-stay segment's average daily rate increased 3 percent to \$61.99, while its RevPAR climbed 5.7 percent to \$47.83.

A complete copy of The Highland Group's mid-year extended-stay report can be obtained by calling (404) 872-4631. The cost of the report is \$250.

jhigley@advanstar.com

UnderConstruction

■ The second phase of a \$3-million renovation of the 16,500-square-foot convention center at the **Wyndham Palace Resort & Spa**, Lake Buena Vista, Fla., is under construction by Morris Architects.

■ Suburban Lodges of America and IMIC Hotels broke ground on a **Suburban Lodge** extended-stay hotel in Myrtle Beach, S.C. The hotel is scheduled to open in January.

■ Construction is more than half complete on **The Ritz-Carlton, Naples Golf Resort at Tiburon** in Naples, Fla. Construction on the 287,000-square-foot resort began in December of 1999 and is slated for completion in late 2001.

■ The 450-room **Hyatt Regency Coconut Point Resort** is under construction in Bonita Springs, Fla. The resort is scheduled to open in the fall of 2001.

■ Hilton broke ground on the **Mahwah Homewood Suites** in Mahwah, N.J. The 108-suite hotel is expected to open in the spring or summer of 2001 and will be the ninth Homewood Suites in the state.

■ Construction began on the 858-room **Westin New York** at



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