



Westin Riverfront Resort, Avon, CO



Westin Snowmass, Snowmass, CO

Hospitality Trends: Recession Recovery

By Rebecca Stone, AIA, LEED AP



Westin Verasa, Napa, CA

Since late 2011, the hospitality industry has seen slow but steady growth from the worst recession in years. While it will take some time for this market sector to regain the growth numbers seen in 2000-2006, the curve has definitely trended upward over the past couple of years.

This slower recovery has seen some adjustments on the part of the hospitality industry in response to a new normal of more cautious investment, a shift in ownership, and a new traveler focus for their vacations: on memorable experiences that take precedence over luxury.

Cautious Optimism

For now at least, the days of large projects and mixed-use megasettings are gone. As the travel industry slowly comes back to life, investors are looking for a different kind of project to track along with a flatter rate of industry growth. Rather than plan a large, high-density multi-unit building, investors are looking at low density new builds like single-family homes or duplex units. Utilizing stick frame or lightweight metal stud construction, these structures

are easily phased in when the economic conditions reach full recovery. Easier to site, permit, and plan, these projects fill a growing niche in a number of resort areas.

What a Difference a Year Makes

The recession thinned the ranks of owners in resort areas worldwide. For the most part, only the largest and the most well-funded owners were able to weather the economic storm and hang on to their properties. Owners who couldn't do so sold both built properties and land to investor groups, which are now struggling to achieve a different business model than what was originally intended. Rather than build a property with the intention of owning and managing it for the foreseeable future as direct owners, the new model finds investors looking to build or improve a property and then put it on the market for sale rather than operate it. Their focus is very much a short-term perspective rather than a long-term investment.

There are a couple of complications for this model from an investor's point of view. Proformas were often created during rougher economic times (possibly years prior to development moving forward). These proformas anticipated the current conditions would remain unchanged. However, two important conditions that affect building costs in turn had a negative impact on proforma costs.

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THOUGHT LEADERSHIP



The Village at Northstar, Lake Tahoe, CA



Viceroy Resort, Snowmass, CO

Against expectations, the cost of construction materials has not decreased consistently with the economic times. In fact, many material costs remain the same as in the height of the market. In addition, the cost of labor hasn't decreased appreciably, partly due to much of the labor heading out of Colorado to other destinations that are flourishing. This relocation of the labor force leaves very skilled, but expensive, labor in the local subcontractor base.

This dynamic especially affects resort areas where cost-of-living expenses are higher and work is scarce: Finding laborers who are skilled and willing to work for low wages is virtually impossible. Both of these costs complicate the process of transforming a project that works on paper to a built project.

New Traveler Expectations

Investing in travel and vacation experiences now involves careful planning and increased expectations for the ultimate outcome. Multi-generational travelers are looking for shared experiences that are out of the ordinary. Health and wellness, adventure, family time, spirituality and enhanced education: a vacation is no longer just a relaxing time away from routine, but also an investment in a memorable experience.

From a design standpoint, this multi-generational demographic is looking for opportunities to share time together. This translates into fewer food and beverage venue options within the resort or hotel, and each venue having more choices for family members to select from (the cafeteria approach). The restaurant and bar in many hotels is becoming an extension of the lobby, a place to gather, socialize with family and other guests, a place hopping with life and a place to be seen. Amenity spaces such as pools, spas and retail are being allotted far less square footage today than in the past. Helping our clients envision these different uses and then customizing design for this more individualized experience is key.

Smaller boutique hotels are also investing in this "crafted experience" approach on a smaller scale tailored to their locales and facilities. Whether renovating an existing structure or planning a new hotel, an emphasis on condensed experiences that create lifetime memories leads planning and design.

Hospitality is an industry, more than most, in which anticipating change makes all the difference in predicting success. While the recession may have slowed the pace of change for a moment, it is once again accelerating rapidly as the industry recovers momentum.



Wildwood Snowmass, Snowmass, CO