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Hipster quarters, corporate owners

Big hotel firms unveil trendy properties, but keep brands separate

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New York City has plenty of boutique-style hotels—the intentionally trendy, unique lodgings meant to appeal to guests who don't want to stay in a cookie-cutter Sheraton or Hilton.

A bevy of hotels bearing such quirky names as Andaz, Indigo and Aloft opened this year. And even more are on the way. About half of the 20 hotels set to open this year and in 2011 can be classified as boutique properties, according to PKF Consulting, which tracks the hotel industry.

But what most travelers checking in for a night don't know—by design—is that these new, self-consciously hip quarters in fact belong to some of the biggest, best-known hotel companies in the world. This year, six such hostelries will have opened in Manhattan, with hardly a word about the staid corporations that run them.

Welcome to the stealth Hyatt, InterContinental and Starwood.

“Customers told us they want to stay in a boutique hotel without the mother name,” says John Wallis, global head of brand strategy for Hyatt Hotels Corp., which opened two Andaz properties this year, one on Wall Street and the other on Fifth Avenue.

Hyatt and others are making their incognito debut in the segment that was invented nearly 30 years ago by nightclub impresario-turned-hotelier Ian Schrager when he launched Morgans Hotel.

But it was Starwood Hotels & Resorts that created the game-changing property in 1998, when the first W Hotel opened at 541 Lexington Ave. and spawned 38 more, proving that even big companies can produce über-cool hotels. This year, Starwood plans to more than double the number of W hotels worldwide.

“Everyone is looking to duplicate the success that W has had,” says Sean Hennessey, chief executive of Lodging Investment Advisors. Even Mr. Schrager now has a three-year-old partnership with Marriott Hotels & Resorts to create a new brand.

HANDLING HIPSTERS

Even Starwood is stepping up its game. It opened its first New York Aloft property—a less expensive version of W—in Harlem this month. The company will also unveil its first New York Element Hotel—an upscale, eco-friendly hotel—in Times Square by year's end.

But playing in the same sandbox as hipsters requires a different approach than most of these conservative, shareholder-driven companies are accustomed to. Hyatt, for example, hired a theater company to show its new Andaz employees how to greet guests and anticipate their every need. Manhattan-based Chicago City Limits Improvisational Theater Co. held a three-hour workshop, using acting techniques to teach Andaz staffers to be “good listeners and to practice being in the moment,” says Linda Gelman, a producer with Chicago City Limits.

“We are in the entertainment business,” adds Hyatt's Mr. Wallis.

Indeed, acting skills seem to be high on the list of desired employee attributes. Harlem's Aloft held a job fair in June at the Apollo Theater in which it asked candidates to "audition" for their positions.

"We are looking for the self-expresser who says 'Hi' first," says Brian McGuinness, senior vice president in charge of the Aloft and Element brands.

The 30 people who were hired have since written a song about the hotel, set to the tune of Rod Stewart's 1978 hit "Da Ya Think I'm Sexy?" They belt it out when a Starwood executive visits the property, as a sort of rally exercise, says Mr. McGuinness.

As for Mr. Schrager, he and Marriott are partners on a new luxury brand, the first of which, the Waikiki Edition, opened late last month in Hawaii. And although it is part of Marriott's reservation system and rewards program, the two brands are intentionally separated by geography and corporate culture.

The Edition's headquarters is in the meatpacking district on Greenwich Street, more than 300 miles away from Marriott's main office in Bethesda, Md. Edition also has its own website, unlike any of the other Marriott properties, with the exception of the Ritz-Carlton—another brand Marriott owns but was not keen on publicizing, at least initially.

"There are a lot of brands that needed to be endorsed by Marriott, such as Courtyard and Fairfield Inn," says Dan Flannery, managing director of Edition Hotels. "But Edition doesn't need that."

GOING SEPARATE WAYS

It will be at least two years before an Edition hotel opens in New York, adds Mr. Flannery.

Sometimes marriages between big hotel companies and their independent mates don't work out. Take Fashion 26, a 280-room hotel that opened in April on West 26th Street as part of the Wyndham Hotel Group. Late last month, it dropped its affiliation with Wyndham when its owner, Steve Kassin, managing partner of Infinity Real Estate, sold the hotel for \$121.8 million—an offer he couldn't refuse.

Sources say the new owner, RLJ Development, is exploring an alignment with another hotel brand, such as Hilton. A spokeswoman for Wyndham, which is now without a boutique property here, says, "We are always exploring new opportunities."

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