

SOUTH FLORIDA Sun Sentinel

Money

"The hotel business in South Florida is just booming and we're very excited."

James Hansen, Kolter Hospitality vice president of sales and marketing



COURTESY/PRIME HOSPITALITY GROUP

An aerial photo of the 95-room Fairfield Inn & Suites in Delray Beach that's set to open in December.

Hospitality companies busy expanding portfolios

BY ARLENE SATCHELL
Staff writer

Several new hotel investment, development and management firms are sprouting up across South Florida as investors regain confidence in the area's hospitality sector.

Industry observers say flourishing tourism is helping to fuel the trend, among other factors. Local companies are being aggressive with acquisitions and renovations in the hot market.

"As far as South Florida is concerned, Palm Beach, Broward, Miami-Dade and Monroe counties have all shown strong and improving [tourism] results," said Scott Brush, a Miami-based hotel industry consultant.

It's been that way for a while, with no signs of slowing down. Broward County had had 56 consecutive months of hotel occupancy growth; Palm Beach County has had 50. Room rates are also up in both counties.

Florida Development Group, which launched in April 2013, has been busy grabbing its share of properties. It has invested more than \$60 million to purchase six hotels and small inns in Lauderdale-by-the-Sea.

The Boca Raton-based company, led by Ukrainian real estate developers, plans to redevelop the

properties — including Captain's Quarters, Lauderdale Beachside Hotel, Villa Caprice and Lauderdale-by-the-Sea-Resort & Beachclub — into new lodgings.

"Florida Development Group is a big believer in the potential of Lauderdale-by-the-Sea," said Mark Ellert, president of IAG Florida in Fort Lauderdale, which is overseeing the properties' redevelopment. "They stumbled into South Florida and have decided there's great opportunity in this little community."

For Ellert, who moved to Fort Lauderdale from New York in the 1980s, some of South Florida's key draws for hotel investors include its wealth of design firms, geographic proximity to the Caribbean and its easy access point to South America.

It's also a gateway where global sources of capital converge. Hence, the portfolio growth of hotel developers in South Florida.

Hollywood-based Prime Hospitality Group is nearing completion of a new 95-room Fairfield Inn & Suites in Delray Beach — part of a public-private partnership with the city's Community Redevelopment Agency.

The new hotel is slated to open in December along West Atlantic Avenue and is expected to help

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revitalize the area.

"It's a market segment that's been missing in that area," said Prime Hospitality CEO Larry Abbo of the limited-service Marriott brand. "It will be a very modern interpretation of a Fairfield."

In April, real estate development and investment firm The Kolter Group of West Palm Beach announced the launch of a new hotel management division — Kolter Hospitality — to manage four affiliated hotels.

Those properties are Hyatt Place Fort Lauderdale 17th Street Convention Center, Hyatt Place Delray

Beach, Hyatt Place West Palm Beach/Downtown and Hilton Garden Inn Palm Beach Gardens.

Five months later, Kolter Hospitality is in final planning stages for a 200-room Hyatt Place hotel in downtown Boca Raton, which could break ground in 90 days, said James Hansen, vice president of sales and marketing. A 300-room hotel in North Palm Beach is also part of its future development plans.

"The hotel business in South Florida is just booming and we're very excited," Hansen said.

In March an affiliate of Boca-based Waramaug Hospitality purchased a 156-room Holiday Inn Express Hotel & Suites hotel in

Plantation. The deal marked the fourth acquisition in the past six months for Waramaug IS Hotels, which formed in 2013 as the limited-service hotel arm of the privately-held investment group.

"South Florida is a very strong market and we're happy to be in Plantation," said Jay Litt, Waramaug executive vice president. "We're very active in acquiring hospitality assets."

In past three years, Waramaug has purchased 22 hotels, including the Plantation property and three others in Florida in Tampa, Maitland and the Orlando area, he said.

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