

# Experts Say Dual-Branded Hotels Are In, And '800-Room Marriotts' Are Out

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As the hotel industry learns to streamline costs and position itself to be more competitive against entities like Airbnb, many of the world's leading hotel owners have taken to combining multiple concepts under one roof in a trend known as dual-brand hotels.



Courtesy of Atlantic Hotel Group

An Aloft/Element dual-branded property near Love Field in Dallas

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“When was the last time you saw a new 800-room [Marriott](#)? That day is over,” said Tom Engel, head of Boston-based hotel advisory and asset management firm T.R. Engel Group. “They’re white elephants.”

While vast singular hotels serve their purpose in the market, especially as it pertains to large events and conventions, dual-brand properties are the future of the industry, Engel said. The concept became increasingly popular as developers aimed to own all corners of a market by pairing hotels from different cost segments under the same roof. The benefit of this effort was twofold: it brought the best of both brands to more guests, and consolidated

back-of-house operations like housekeeping.

“I think the idea of large and replicated is gone,” said Gary Isenberg, president of asset and property management services at New York’s [LW Hospitality Advisors](#). “People want individuality and local flare through smaller hotels.”

### **The Power Of Two**

It all comes down to competition, Isenberg said, and a dual-brand property is a great way to compete against other brands. The power of two different hotel flags operating under the same roof (albeit from a smaller footprint) can discourage developers from building new supply near the dual-branded concepts. It also gives hotel developers a tighter control of room inventory by having smaller room counts.

Another plus is lack of available space for such large concepts in today’s markets. Whereas a market may not be able to support a single 300-room hotel, it could accommodate two smaller brands, each with 150 rooms operating akin to a boutique hotel.



Courtesy of White Lodging

Rendering of the Le Meridien/AC Hotel dual-brand property opening summer 2017 in downtown Denver

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### **Maintaining Brand Distinction Is Key**

“Gone are the days that guests of a particular brand expect to have the exact same guest room and experience in South Florida as he or she did the week before in Louisville,” said Deno Yiankes, president and CEO of investment

and development at hotel management company [White Lodging](#).

Of the 165 hotels in White Lodging's portfolio, it operates eight as dual-brand properties in the U.S. with three more under construction. Maintaining brand distinction and integrity in these properties is crucial for success, and Yiankes said this is achieved by building separate lobbies and notably different room design. Each brand at these blended properties will then work independently of one another on the customer-facing side while back-of-house operations work for both brands.

Other developers take a more immersive approach with their dual-branded properties, as it is a way to introduce a different brand to customers.

"I definitely want my Aloft customers to see what Element has to offer and think about staying there the next time and vice versa," [Atlantic Hotels Group](#) CEO Perry Molubhoy said.

Molubhoy's company runs the Aloft/Element [near Dallas' Love Field](#) and has plans for two more dual-brand concepts. While he said many operational costs and experiences are streamlined with such amenities as one pool for both brands, the model could be perfected with further tweaks, such as eliminating redundancies like separate check-in, Mollubhoy said.



Courtesy of Spire Hospitality

Atlanta's Crowne Plaza/Staybridge Suites dual-branded property

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At the beginning of 2016, there were more than 40 multi-brand properties open in the U.S. with 25 under construction and more than 50 [in the planning stages](#), according to Hank Jones, a principal at hotel investment consulting firm Kallenberger Jones & Co. Though difficult to track which companies own the most dual-brand concepts since not all agree on the definition, Jones said [Marriott](#) is the hotel group with the most.

### **An Opportunity To Upgrade?**

While most of these shared properties are developed from the ground-up, some hotel groups find the concept a way to right-size older locations.

“Ours was too small to compete with a big convention hotel and too large for smaller groups,” Spire Hospitality president and CEO Bill De Forrest said. “We saw we needed to rebrand.”

Spire manages what was a 501-room Melia Hotel in downtown Atlanta that was reflagged as a 360-room [Crowne Plaza](#) and 102-room [Staybridge Suites](#) dual-brand property, the first for the two brands in the [InterContinental Hotels Group](#).

Its proximity to Emory Hospital and the IHG Americas headquarters made it abundantly clear there was a market for both brands, De Forrest said. The breaking up of an older brand into two is something he said could be seen in more stabilized markets as an option for developers looking to reposition an older, bigger property.

While dual-brand hotels seem to be on the rise, a potential downturn in the economy could lead to a slowdown. While the concepts are able to maintain distinct identities and room rates in the current strong market, it might be more difficult to do so in a flat economy.

“If you own a 400-room property split into a 200-room Hilton Garden Inn and a 200-room Hampton Inn, in theory the Hilton should be charging more,” Isenberg said. “In a softer market, those price points aren’t going to be as different, and you’re going to be competing against yourself.”