

Core stability

Inner-city hotels dim the blight lights

By Tom Crain

For the past couple decades, a former “no man’s land,” sitting a few miles south of Minneapolis’ gleaming and prosperous downtown, was the city’s seediest step-child, notorious for the usual roster of urban plagues, including drug dealing, hold-ups, panhandling and crumbling infrastructure. What’s more, throughout the neighborhood’s 100-or-so-year colorful history, it never once hosted a hotel of any sort.

Today, the Sheraton Midtown Minneapolis, which opened its doors last December, is considered the venerable crowned jewel of redevelopment in the area.

Wischermann Partners took a towering risk when they forged ahead with plans to co-develop and manage a Sheraton prototype with Starwood Hotels & Resorts Worldwide and Ryan Companies US.

“Our projections were for 50 percent occupancy going into first quarter ’06,” remarks Jackie Wischermann, co-principal of Wischermann Partners, responsible for the hotel’s management and operations. “We have been very surprised by the great reception we are experiencing from our customers. We are exceeding our expectations and have even sold out a few nights.”

Increasingly on the radar for franchise operators to plant hotels are the revitalized inner city mixed-use commercial areas. Dozens of budding urban corridors

throughout the U.S. are featuring hotels as an important part of their retail mix.

Starwood is keeping an eye on the encouraging early dividend returns of the Sheraton Midtown Minneapolis, seeking other similar opportunities in these corridors. The \$3 billion Victory Park mega-development in downtown Dallas will feature a towering 4-star W Dallas Victory Hotel, managed by Starwood. It is scheduled to open in summer 2006.

The Westin brand of Starwood is gearing up for participation in urban-core, mixed-use developments, including The Westin Huntsville, Ala., (part of a large lifestyle center with a branded residential component); The Westin Memphis Beale Street; and The Westin Town Center Hotel and Residences, Virginia Beach.

Hilton placed its Homewood Suites brand in the \$300 million St. John’s Town Center in Jacksonville, Fla., since spring 2005 and early returns are looking good.

Strategic partnerships

There are several reasons why the Twin Cities’ 136-room Sheraton prototype experienced an early victory out of the gate.

First and foremost, the Sheraton is located in the emerging master development of Midtown Exchange, formerly a Sears retail and catalog warehouse, built in 1928 and on the national Register of Historic Places. This \$190 million mixed-use redevelopment, one of the largest redevelopment projects ever in the history of Minneapolis, carefully follows the historic preservation guidelines led by Ryan Companies, Wischermann Partners’ strategic hotel development partner, and includes office space, residential units and a global marketplace. The site also houses Allina Commons, the headquarters for one of the nation’s largest not-for-profit health-care providers, Allina Hospitals & Clinics. The hotel has a direct connection via tunnel to two of the Upper Midwest’s major medical facilities, Abbott Northwestern and Children’s hospitals.

Neighborhood groups, commercial and residential developers, local businesses and city government were involved in the planning, design and placement of the Midtown Exchange project, and they also had input into the design of the Sheraton prototype. According to Mark Swenson, lead architect at Elness Swenson Graham Architects (ESG), who participated in the design of the Sheraton, “It was a real Rubik’s cube for the hotel’s developers to satisfy all parties.”

With initial plans to be located inside the Sears building, the hotel

We know what it feels like to be in your shoes.

With over 84% of loans initially declined due to presentation, it’s easy to find yourself walking in circles. At Diamond Financial, we give your lending needs top priority. And we make sure our lenders single you out for the same priority treatment. Diamond Financial has long standing relationships with a variety of lenders and we know how to get you the end results.

Diamond Financial is your single, nationwide source for loans of \$100,000 to \$3 million. We have no up front fees, no charge for pre-qualification letters, and our policies don’t change on impulse. Diamond Financial is the SBA specialist that works for your franchise.

Diamond Financial. We put your best foot forward.

www.easysba.com
888-238-0952

Diamond
FINANCIAL

just another lending source.