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Best, Gary G.

Robust hotel development colors Greater Raleigh market

By Stefani C. O'Connor
Executive News Editor

RALEIGH, NC—With some 150 hotels—and rapidly counting—the Greater Raleigh market, situated in Wake County in the state's Piedmont region, has been experiencing a surge in hotel development and proposed projects.

The existing and evolving revenue generators in the state capital, nicknamed the City of Oaks, and adjacent cities such as Cary have been drawing owners and developers to pump up their portfolios. These include the high-tech and internationally known R&D hub Research Triangle Park, which lies within the areas of Raleigh, Durham and Chapel Hill. The park has some 200 companies and tens of thousands of employees. Also well known is SAS (Statistical Analysis System), considered the largest privately held software company in the world. Its founder and CEO, Jim Goodnight, and his wife, Ann, are the owners of the Forbes Five-Star, AAA Five-Diamond Umstead Hotel & Spa in Cary.

The 145-square-mile Raleigh, with a population of more than 431,000, also is home to nine colleges and universities, medical centers, thriving cultural activities and a strongly emerging revitalization push by businesses large and small in once-moribund neighborhoods.

According to Loren Gold, EVP of visitRaleigh/Greater Raleigh Convention & Visitors Bureau, the traditional hotel product in Wake County has been "more along the lines of limited- and select-service hotels with small amount

of meeting space. Of the 150-plus hotels in the county, about 36 of those we would consider full-service."

While the market welcomes some 13.2 million visitors annually, it has not been a strong group business destination historically, "until we started to see some development," said Gold.

Cary, for example, is considered an amateur sports hub, and the town has invested in three major sports complexes geared toward soccer, baseball and select NCAA tournaments.

Among the hotel projects under way is The Mayton Inn, an independent boutique property slated to open this fall with 33 rooms and 11 suites. It will feature a library, bar and restaurant, meeting rooms, gym and spa, and free WiFi. It is owned by Colin and Deanna Crossman, who are adding two historic homes to the site: one to live in, the other to rent.

Capstone Development recently acquired two hotels in the market—Homewood Suites by Hilton Raleigh-Crabtree Valley and the Hampton Inn Raleigh Cary—as part of a larger deal [see story on page 17]. Commenting on the market, Capstone President Norman Jenkins said, "I've always been intrigued by Raleigh-Durham. I like the Southeast. I like markets that have a healthy business climate and substantial university resources. It generally means employment numbers are going to be a bit better. You're going to have a lot of smart people around creating new technologies and new businesses that will drive business into our hotels. Research Triangle is an area we've always pursued... We were looking to go into a market like Raleigh, it's a great market."

Also in Crabtree Valley, owner Winwood Hospitality Group is bringing a 149-room Hilton Garden Inn out of the ground that will feature 6,050 sq. ft. of meeting space. According to Area General Manager Hector Jeyakaran, the property is expected to open June 25.

Two Alofts also are under construction, both with openings slated for this summer. Under development by Bell View Partners and The Bernstein Cos., the 135-unit Aloft Raleigh at 2100 Hillsborough St., will offer a fitness center, outdoor pool, signature restaurant, bar



RIGHT: Capstone Development recently acquired two hotels in the market: Homewood Suites by Hilton Raleigh-Crabtree Valley (top) and the Hampton Inn Raleigh Cary.

BELOW: A rendering of the 135-key Aloft Raleigh under development by Bell View Partners and The Bernstein Cos.



and 1,600 sq. ft. of meeting space, while the 144-room Aloft Raleigh-Durham Airport Brier Creek being developed by NARSI Properties at 10020 Sellona St. will have similar amenities, an indoor pool and 1,760 sq. ft. of meeting space.

New Marriott-branded product also is coming onto the Raleigh scene this month. Owner SREE Hotels is constructing a dual-brand hotel at 10600 Little Brier Creek Ln. in Brier Creek Commons off U.S. 70. A Courtyard by Marriott and a Residence Inn, both with 128 rooms, will occupy a five-story building and share a fitness center and indoor pool. Also featured will be a bistro-style restaurant and bar, as well as 3,500 sq. ft. of meeting space.

At North Carolina State University's Centennial campus, a joint venture between Arlington, VA-based Concord Eastridge, Inc. and Noble Investment Group of Atlanta is constructing the 164-room StateView Hotel, with a conference center, as part of the Marriott Autograph Collection. Slated to open in summer 2016, the hotel is being built

on 10 acres overlooking Lake Raleigh at the university. Some 9,000 sq. ft. of meeting space is planned, along with a restaurant, bar and outdoor pool.

Gold said, in addition to new hotels, owners/operators of existing properties are making significant capital infusions into assets in order to keep competitive with the new and anticipated supply. For example, he said, "The Midtown Hilton has pumped in probably \$3 million to \$4 million; the DoubleTree on Hillsborough Ave. has literally remade its product, converting from a Holiday Inn; and the Marriott Crabtree Valley is getting ready to undergo a \$30-million renovation."

While the market is seeing robust activity, it is not without its losses in inventory. According to the CVB, 104 rooms came out of inventory last year with the closure of three independent hotels: Cameron Park Inn, Velvet Cloak and Milner Inn. However, the opening of the 130-room Springhill Suites by Marriott Raleigh Cary provided a positive overall gain of 26 rooms for 2014. **HB**



Loren Gold
visitRaleigh/Greater Raleigh CVB