LODGING

Link to Article

Keeping Investor Interests In Mind During Brand Development

Posted by: Kate Hughes in Brand News, Industry News July 14, 2017

Though the current lodging cycle is thought to be winding down, it hasn't stopped the deluge of new hotel brands joining the market. However, it has affected the way that the big hotel companies are developing them. As these companies choose to invest in launching new brands, there is careful consideration given to developers' return on investment.

An example of this phenomenon is the new midscale brand Tru By Hilton. Launched just last January at the 2016 Americas Lodging Investment Summit, Tru is already seeing massive investment from the lodging community at large. As of February of this year, the brand has accumulated more than 170 signed deals in the U.S. and Canada and has more than 400 more in various phases of negotiation.

This level of interest from the hotel community was not entirely unexpected—Tru was conceived and developed to be a smart investment for hoteliers. The hotels can be built on as little as an acre and a half of land, giving it a market flexibility that other flags might not offer. Additionally, Tru properties require less capital upfront, which makes financing easier.

Hilton also saw opportunities in the midscale segment, an area of the market that the company has not really explored in the past. "It's always a good time to invest or buy in the midscale segment," says Alexandra Jaritz, global head of the Tru by Hilton brand. "I don't want to say that the segment is recession proof, but it's definitely safer," she adds.
The first Tru property is due to open May 25 in Oklahoma City, Okla., and eight more will follow this year. Sixty more properties are set to open in 2018. As it stands, Tru is the fastest growing brand in Hilton's history.