Room *and* Board

The Benefits and Risks of Expanding Your Concept by Partnering with Independents Hotels

By Howard Riell

Even though the U.S. hotel industry is dominated by major brands, independent hotels were a $15.8 billion industry in 2016. Annual growth in this sector is expected to exceed 3% a year, according to STR, a globalhotel data benchmarking, analytics and marketplace information firm.

Boutique hotels are often renovations of tired, even dilapidated, hotels, motels, and even bank buildings whose heydays were decades ago. In many cases, they offer a retro style and hip ambience, which appeals to younger guests. And they look to partner with restaurants that complement their vibe, which offers independent restaurant concepts an opportunity for growth.

At first blush, partnering with a boutique of lifestyle hotel seems like a natural fit. Boutique hotels want to offer authentic experiences, including food and drink; however, they do not necessarily want to operate their own restaurants. Independent restaurants offer one-of-a-kind concepts and their culture is often a good match for independent hotels.

Careful Negotiation and Planning

These relationships can prove mutually beneficial when carefully negotiated and planned. Brand identity, menu, liability, insurance and premise responsibility are among the issues that need to be addressed.

Depending upon the agreement, working within a hotel environment "can be problematic in that the relationship is not always clear," says Arlene Spiegel, FCSI, president of Arlene Spiegel & Associates in New York City. "It could be based on a management fee, or rent plus a percentage of sales."

"The relationship in a conventional location is a well-defined tenant/landlord lease agreement that spells out who is responsible for repairs; exclusively; liquor license ownership; penalties and landlord's rights."

Be sure you fully understand and blueprint expectations, and not depend upon the hotel to bring you guests as they are looking at you for the same reason. **RS&G**