

**ULI Chicago YL Small Group Discussion Series**  
**Checking In on Hospitality**  
**August 18, 2021**

ULI Chicago Young Leader's hosted the second session of a three-part Small Group Discussion Series, "Checking in on Hospitality". The panel of hospitality experts explored the performance of recently opened hotels, design/construction innovations following the pandemic, and the future of the hospitality sector over the next 1-2 years. Guest speakers included James Francque, *Global Head of Transactions*, Hyatt Hotels Corporation; Robert J. Habeeb, *Founder & CEO*, Maverick Hotels & Restaurants and Zack Lamp, *Vice President*, HKS.

Bob Habeeb summarized his work on Sabel, the new hotel on Navy Pier in Chicago. Conditions that limited progress included the pier's land lease and its designation as a 501(c)(3). His team had to go through many rounds of approvals, with surprising groups such as the US Coast Guard. Through COVID, this project took longer than projected but it successfully opened on March 18<sup>th</sup>, 2021 as restrictions throughout the city were lifted.

James explained how Hyatt recently sold a Regency in Austin, but purchased a resort in Big Sur. These changes in their portfolio occurred because their leisure resorts have continued to do very well. Hyatt also announced its purchase of Apple Leisure, expanding their all-inclusive resort portfolio. This purchase expanded Hyatt's presence in Europe by 60% and is number 1 in Mexico/Caribbean. Apple Leisure also brings in a travel agency booking platform and membership program. Hyatt's future includes selling off \$2 billion of real estate by 2023.

Regarding sales, there is a ton of capital out there for resorts, and their performance is equal to 2019. Select service hotels, such as Hyatt Place/House has also retained business. Challenges are strictly within urban markets that rely on business travel; therefore, pricing is down. Big group hotels are projecting a rebound in 2022. They may not match 2019 values but are hoping to be close. Bob mentioned that there was a prediction of discounted pricing, but it did not happen. There was a lot of back and forth hoping it would happen, to see how deals could play out, but leisure markets have held true.

Looking forward, there could be a change of convention spaces or creation of urban resorts. The market currently wants experiences when they travel. Bob believes that meetings will come back, but there needs to be a more creative use of space. At Sabel, he created the country's largest rooftop space that is flexible for multitudes of events including weddings to work. Another example is the Grand Hyatt in Nashville where people can move freely from indoor to outdoor spaces during events. This gives vacationers a different adventure each day while using various design perspectives.

New development is on the horizon for Maverick, while looking at new sites. The debt market is still unknown for hotels, but equity is available. Once acquisitions make a comeback, it will also mean that development is back. Hyatt rarely develops without a partner, but they are hopeful for "Caption", their new lifestyle brand will grow in the next few years.

Lastly, they covered they discussed labor as a continuous issue in all markets for both teams, both within the hotel and developing new construction. They are working on ways to rely less on humans within hotels, and stated how it may take a while to come back to fully staffed hotels. Currently, some hotels close off sections or floors of a hotel due to the lack of housekeepers. Alternatively, in new development, there are supply chain delays and construction prices continuously fluctuate. Overall, the panel was very optimistic about what's to come for the Hospitality industry.

*Summary written by Nisha Mishra, Senior Associate, Oxford Capital Group, LLC*



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