



Jeffer Mangels  
Butler & Mitchell LLP

# stimULI Breakfast Presentations

## Back to the Future:

*The Renaissance of Hotel-Retail and Other Mixed-Use*

**Moderator: Jim Butler, Chairman, Global Hospitality Group®**

### **Panelists:**

**Guy Maisnik, JMBM—Slide 3**

**Les Melcher, Woodbine Development Corporation—Slide 20**

**Steve Mermell, City of Pasadena—Slide 25**

**Bruce Baltin, PKF Consulting**

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Guy Maisnik, Partner  
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The "best hard" data on the synergies of hotel-retail mixed-use we have seen comes from GGP's presentation at JMBM's 2007 Hotel Developers Conference.

Here are selected slides from that presentation explaining GGP's experience with this product, giving examples and the conclusions they drew from their own data on their shopping malls and retail centers where hotels were added to the mix of uses.



# GGP & Retail

Second largest Retail REIT



# GGP & Retail

Owner, Developer, and Manager of over 200 shopping and mixed use centers in 44 states



# Hotel Alliance & Positioning – *Mixed Use Projects*

GGP properties are capable of supporting 80 near term hotel developments ranging from extended stay to select and full service product



# Hotels at GGP Properties & MPCs

## Woodlands Waterway Marriott (Luxury Hotel)

- Hotel on out-parcel adjacent to a regional mall & town center
- Seven additional hotels in The Woodlands



## Hotels of Columbia, MD (Multiple Hotels)

- Total of 15 hotels at the MPC
- Top Chains: Hilton, Sheraton, Courtyard, Homewood Suite



## Ritz-Carlton Tyson Galleria (Luxury Hotel)

- Hotel semi-attached to a regional mall



## Westin Dallas Galleria (Luxury Hotel)

- Hotel integrated with a regional mall



## Ritz-Carlton Water Tower Place (Luxury Hotel & Condominiums)

- Hotel integrated with an urban, vertical mall



## Red Rock Hotel / Summerlin Town Centre

- Hotel adjacent to future Town Center
- Two additional hotels in Summerlin



# Hotel / Tourism Brings Shopper Traffic

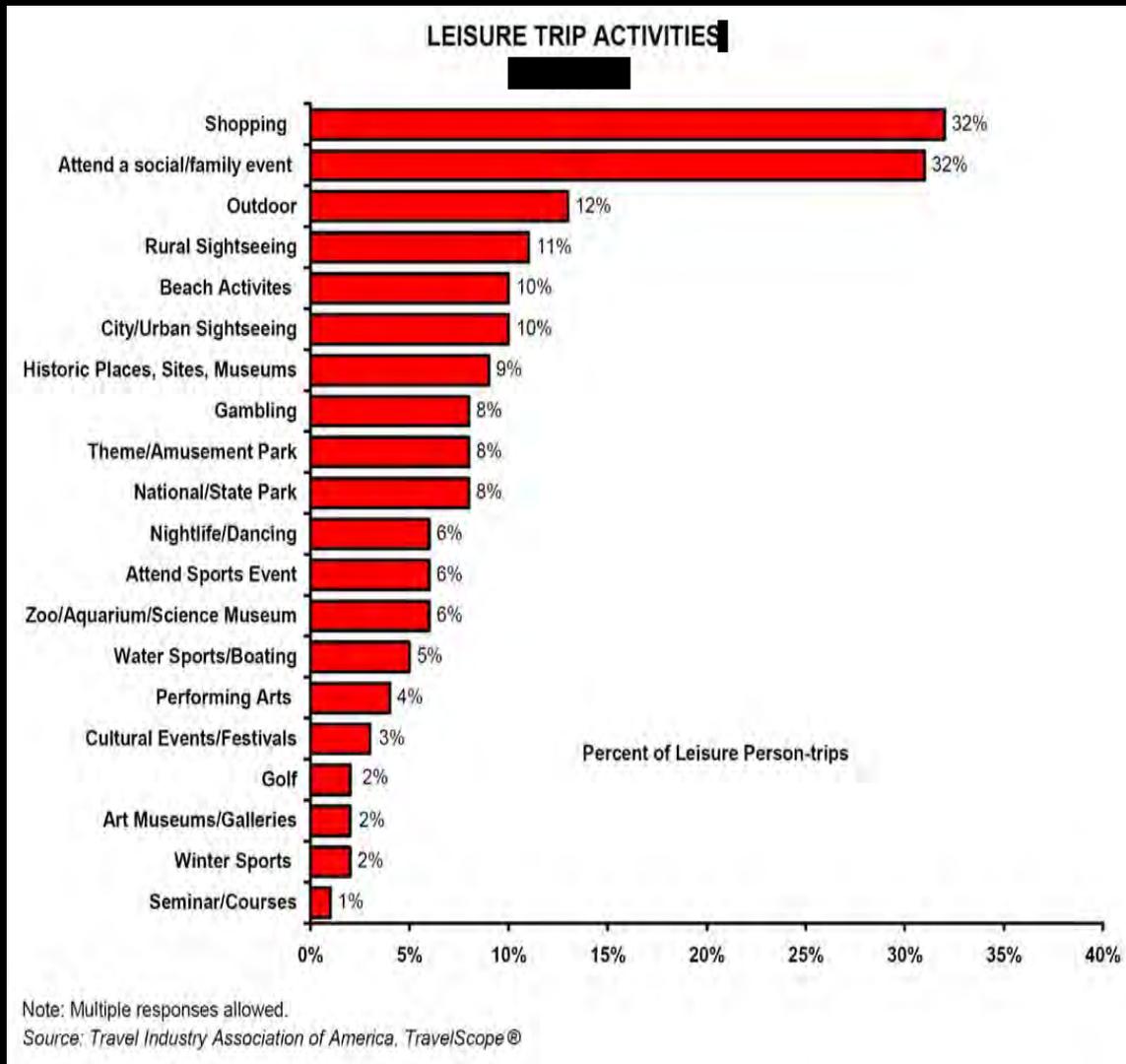
**32% of US domestic leisure travel activities are spent on shopping**

**US domestic travel for leisure purposes accounts for 81% of trips**

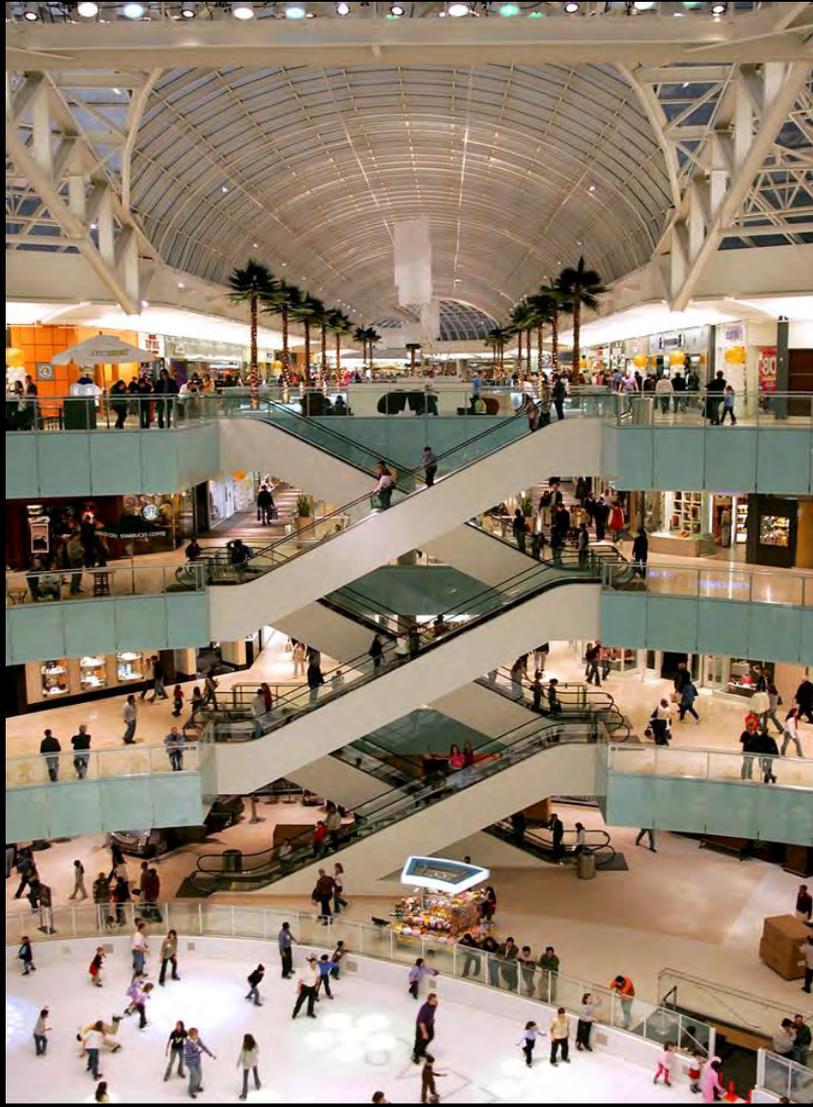
Sample Statistics of leisure travelers:

- Household Trips: 490.1M trip volume
- \$372 average spending on household trip (Excluding transportation)
- 23% day trips / 77% overnight trips
- 49% one trip activity / 44% two or more activities / 7% no activities
- 2.9 nights at a hotel/motel/B&B

Note: Leisure Trip is defined as: "Any trip where the primary purpose of the trip is given as "visit friends or relatives, outdoor recreation, entertainment/sightseeing, or other pleasure/personal."



# Hotel/Tourism Retail Customer Base Example



**Dallas Galleria Mall Customer Profile**  
64% of the customer base is non-local



# Hotel – Master Planned Community

Woodlands Waterway Marriott



# Hotel – Urban Core Town Center



## Reston Town Center, Hyatt Regency

Reston, VA

Opened: 1990

Number of Rooms: 514



# Hotel – Urban Vertical Mixed Use

## Water Tower Place, Ritz Carlton

Chicago, IL

Opened: 1976

Number of Rooms: 422



# Hotel – Regional Center Integration

## Tyson's Galleria, Ritz-Carlton

McClean, VA

Opened: November 1991

Number of Rooms: 398



# Hotel – Regional Center Integration

## Dallas Galleria, Westin

Dallas, TX  
Opened: June 1982  
Number of Rooms: 432



# Hotel Property Performance Premium Summary

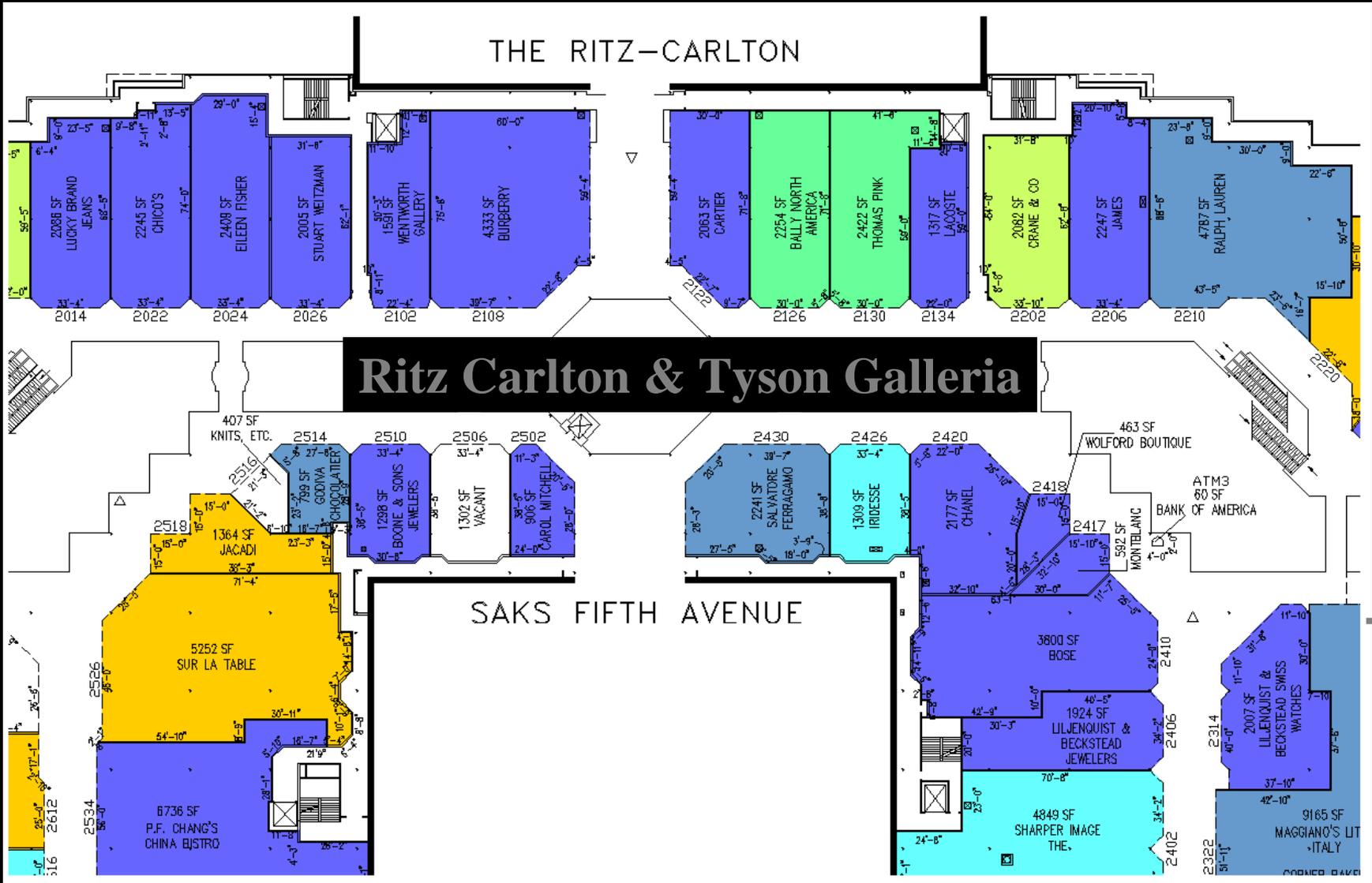
## Summary:

- Hotels attached to retail outperform against national hotel trend and competitive hotels
- Hotel premium evident for upscale hotels attached to retail and town centers
- Hotel occupancy premium evident during holiday seasons
- Rapid increase in premium as confirmed by performance at The Woodlands Waterway
- Increased hotel premiums are sustained at these locations despite economic downturns
- Performance premium has significant impact on valuation of hotels attached to retail

<u>Performance Premium</u>	<u>ADR %</u>	<u>Occupancy</u>	<u>REVPAR %</u>
Hotel within MPC	20-30%	10% - 15%	25-40%
Hotel within MPC & Retail	25-35%	10%	20-30%
Hotel adjacent to Retail	35-40%	10% - 20%	30-40%



# Hotel Impact on Retail Merchandising



← Macy's

→ Neiman Marcus





# Summary

## •Hotels contribute to the strength of luxury retail merchandising

- Especially evident at Dallas Galleria and Tyson Galleria where a high percentage of international destination travelers seeking global luxury brands.
- Westin Dallas attracts a large share of Mexican and Japanese nationals, while the Ritz Tyson attracts a large share of European and Middle Eastern nationals.

## •Hotels alone will not attract luxury tenants

- Combination of luxury anchors (Neiman Marcus, Saks, Nordstrom) and hotel (upscale and luxury brands) creates the luxury premium evidenced at both Tyson's Galleria and Dallas Galleria.
- Both the Ritz Tyson and the Westin Dallas luxury retailers share customers from the hotel.
- This is especially evident during holiday seasons (30% of Louis Vuitton's annual sales volume at Dallas Galleria are during Nov. and Dec.).

## •Reston Hyatt at Reston Town Center served as the primary anchor that drew initial retail tenants

- Retailers have committed to the Reston Town Center because of the Hyatt Hotel and the outdoor town center design.

### Reston Town Center

William Sonoma	Chico's
Pottery Barn	Talbot
JoS A. Bank	Ann Tayler
Morton Steak	Eddie Bauer
McCormick &	Nine West
Schmick's	GAP

### Westin Dallas

Saks	Macy's
Nordstrom	
Louis Vuitton	Cartier
Max Mara	Coach
Thomas Pink	BCBG
Tommy Bahama	Gucci
Armani Exchange	Versace

### Tyson Galleria

Saks	Macy's
Neiman Marcus	Cartier
Salvatore	Bose
Ferragamo	Burberry
Thomas Pink	Chanel
Hugo Boss	Lacoste
Ralph Lauren	



# Hotel-Retail Mixed-Use Projects

Les Melcher, Senior Vice President - Business Development  
Woodbine Development Corporation



# Woodbine Development Corporation

- Private company founded in 1973
- \$2 billion in commercial real estate projects, including acquisitions, renovations, development and dispositions
- \$1.4 billion in hospitality and mixed-use projects
- Developed, owned and/or asset managed more than 6,000 hotel rooms (14,000+ with renovations), 126 holes of championship golf and 18,000 acres of land



*Kierland  
Scottsdale, Arizona*

**Kierland Commons**

Land Size: 38 Acres

Retail: 278,454 SF

Restaurant: 64,034 SF

Office: 124,214 SF

Residential: 233,063 SF

**The Westin Kierland  
Resort and Spa**

Land Size: 262 Acres

Room Count: 732

Meeting Space: 199,000 SF





⑩ SOUTH WEST BUILDING –



② SOUTH EAST BUILDING – NORTH FACADE

*San Antonio, TX*

Mixed-Use Redevelopment

Project Start: 2011

Leasable Area: 157,000 SF

Pearl Parkway North: 58,000 SF  
(retail, restaurant, office)

Pearl Parkway South: 98,600 SF  
(retail, multifamily residential)



# Tyson's

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Tyson's Corner, VA  
(Washington, DC)

Hyatt Regency Hotel

Project Start: 2012

Site Size: 30,000 SF

Building Size: 290,000 SF

Stories: 17 floors

Guest Rooms: 300

Meeting Space: 15,000 SF



# **Paseo Colorado**

**Steve Mermell**

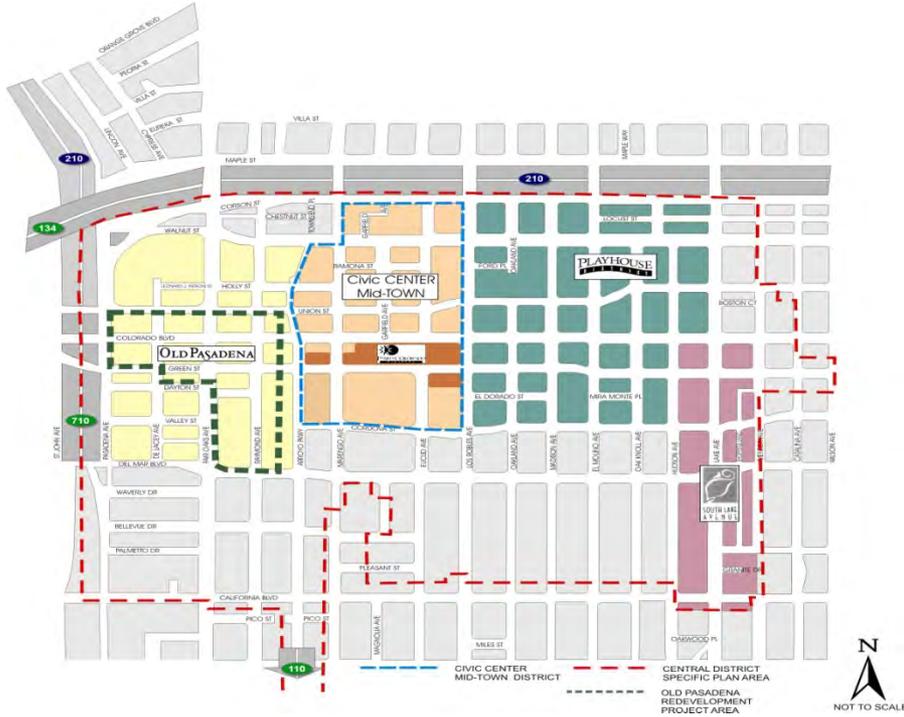
**Assistant City Manager, City of Pasadena**





# Project Site

## Economic Development





# The Opportunity

## Economic Development

Existing 1970's  
650,000 s.f. regional  
mall on 11 acres  
Major Tenants:  
Macy's and Penney's  
– 150,000 square feet  
each  
3,000 parking spaces  
in subterranean and  
adjacent garages  
One block east of Old  
Pasadena in the heart  
of Pasadena's Civic  
Center



1999 Aerial Photograph – Plaza Pasadena  
Taken Prior to New Development



# The Project

## Economic Development

**Site Area: 649,000 square feet (s.f.)**

**Total Project Square Feet: 1 million s.f.**

**Retail Gross Leasable Area: 565,000 s.f.**

Retail: 374,000 s.f.

Cinema: 66,000 s.f.

Restaurant: 64,000 s.f.

Supermarket: 37,000 s.f.

Health Club: 24,000 s.f.

**Residential Development: 400,000 s.f.**

395 units in two buildings

Building 1: four levels over 2 retail floors

Building 2: six-story residential

**Parking: 3,046 total spaces**

Subterranean Parking: 1,819 spaces:

- Upper level for retail, lower level for residential

Satellite Garages:

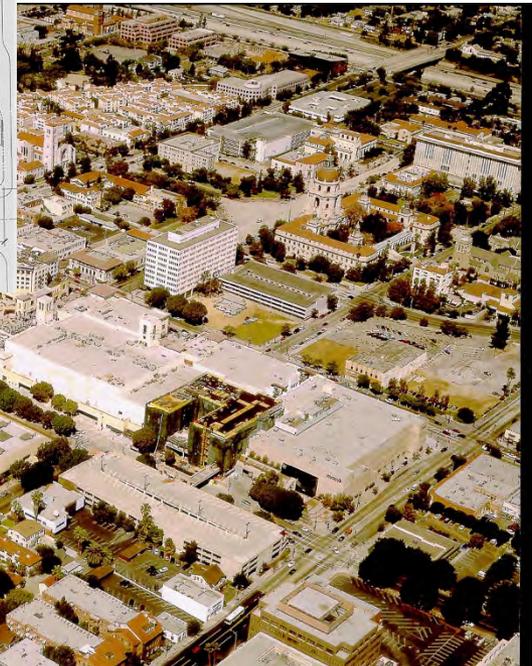
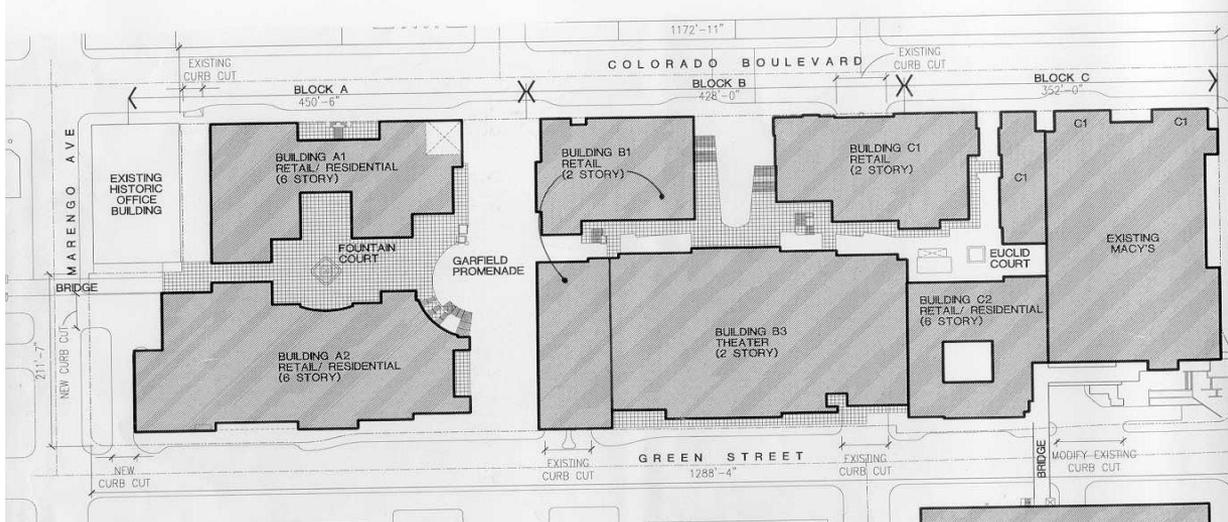
- Marengo Garage: 711 spaces

- Los Robles Garage: 516 spaces



# Project Site Plan

## Economic Development



**2002 Aerial Photograph – Paseo Colorado  
Taken Near Completion of Construction**



## Economic Development



**Looking West from Garfield Avenue  
And Colorado Boulevard**

**Garfield Promenade Looking West To The Civic  
Auditorium from Garfield Avenue And Colorado  
Boulevard**





## Economic Development



Looking West To The Paseo Apartments



Looking North To Second Floor Fountain Court Area



## Economic Development



**Second Floor Fountain Court Area**



**Looking West Into Garfield Court/ Promenade**



## Economic Development



Looking East Towards Euclid Court



Garfield Promenade Looking South Towards The Civic Auditorium



## Economic Development



**Euclid Court – 2<sup>nd</sup> Floor Looking West Toward  
Garfield Promenade**



# Eastward, Colorado at Euclid

Economic Development



Before Development



After



# View Corridor Re-established Through Garfield

## Economic Development



Before Development



After Development



# Eastward, Green at Marengo

Economic Development



Before Development



After Development



# Eastward, Colorado at Marengo

Economic Development



Before



After Development



# Hotel Opportunity

## Economic Development



Northwest, Los Robles at Green,



Northwest, Los Robles at Green,



## Economic Development



Southwest, Los Robles at Colorado

Southeast, Colorado at Los Robles

