HM ON LOCATION

Extended-stay segment in focus at My Place conference

BY CHUCK DOBROSIELSKI
@CHUCKDOBRO

SAN DIEGO – Day two of the 2019 My Place Hotels of America Convention found hospitality leaders focused on the extended-stay market: how it can respond to issues affecting the hotel industry at large, what the latest data show about the future and the ways in which hotel owners can maximize revenue in this particular segment.

THE ALL-STAR PANEL

True to its name, this session brought together a half-dozen industry insiders to discuss the state of hospitality, and how extended-stay hotels like My Place may be suited to respond to the current environment in a way in which other markets may not be able. Glenn Hausman, host of the No Vacancy podcast, moderated.

The panel cited increases in both construction and labor costs. Joe Dinger, VP development at My Place, said hard construction costs are increasing 15 percent to 20 percent, while Hitesh (Hf) Patel, past chairman of the Asian American Hotel Owners Association, estimated labor currently accounts for 40 percent of a typical hotel’s bottom line. If the minimum wage keeps rising, he warned, that figure could increase to 50 percent. “At the end, there’s nothing left for hotel owners to take home,” said Patel.

Patel emphasized the importance of worker efficiency and stressed following a guideline of keeping the number of hotel staff under 15 in the segment; My Place averages about 13, according to Hausman. “If you try to run an extended-stay hotel like a daily hotel, you just lost opening the gate; it’s not going to happen,” said Patel.

David Gustafson, president/owner of Heavy Construction, highlighted one aspect of extended-stay hotels that lends itself to increased efficiency: day cleaning. A less-frequent housekeeping model helps lower operational costs.

Chip Rogers, president/CEO of the American Hotel & Lodging Association, said as travel grows overall, the extended-stay segment will expand with it, particularly as younger generations become more of a driving force. “My kids traveled more by the age of eight than I traveled by the time I was 18 or 20,” said Rogers.

REVENUE MANAGEMENT

My Place’s director of revenue management, Kory Burdick, moderated a discussion among three executives involved in operating and managing the brand’s hotels: T. Kevin Nelson, co-owner of Kamp Hotels and Texas territorial developer for My Place; Anna Watson, regional manager of “Team Texas” at Thirty Nine 23 Management; and Katie Seitz, regional manager at Legacy Management.

“We budgeted and agreed to pay that base,” he said. “That’s the same as one guy needing one room for a month, right?”

The key to revenue management, they agreed, is to know what’s going on in your market, whether it’s a college team’s game schedule months away, when a hotel could reasonably raise its rates, or noticing rising rates at a competitor that could indicate a special event of which the hotel staff may not be aware.

While transient travelers for special events may drive a large share of traffic in a given week, Nelson said Kamp is looking to extended-stay guests to be its consistent base. He said it’s targeting a three-way split with equal parts extended-stay, negotiated rate and transient rate.

“So you know someone’s coming into town and they need 15 rooms for two nights and you think: ‘Well, that’s a wonderful piece of business,’ he said. “That’s the same as one guy needing one room for a month, right?’

EXTENDED-STAY

At a dedicated extended-stay session, Mark Skinner, partner at research firm The Highland Group, broke down the state of the segment and where it’s headed.

He said there are 470,000 extended-stay rooms in the U.S. and in 2018, the segment brought $13.3 billion, compared to $2.5 billion 20 years ago.

According to his research, extended-stay hotels averaged approximately 76.5 percent occupancy in 2018, about 10 percent above the overall lodging industry. Last year marked the seventh consecutive year the segment’s occupancy came in around 76 percent, above the long-term average of about 74 percent. This high occupancy, he noted, was achieved despite 8 percent average annual growth in supply.

Looking at the near term, Skinner offered attendees some takeaways: supply growth is slowing; occupancy is above the long-term national average; and average daily rate and revenue per available room are seeing moderate growth nationally. He did not foresee a major economic contraction. “It’s very, very good time to be in the hotel industry and the extended-stay hotel industry,” Skinner said.

MY PLACE LOYALTY PROGRAM DEBUTS JUNE 3

In his closing talk, My Place President/CEO Ryan Rivett provided attendees with a start date for the company’s guest-loyalty program Stay Rewarded: June 3. At the time, a little over a month from the launch date, around 7,000 people already had preregistered.

Rivett admitted several times in the past the company had felt close to launching the program, now about four years in the making. “What we learned through the process is that there will always be more [to consider], and we will need to continue to grow, but we’ve finally come to a point where we’re ready to get started,” he said.

Besides giving members a way to earn points they can use toward discounted stays, the program also will give guests a platform to learn more about each My Place hotel and to communicate directly with the staff.

[From left] My Place’s director of revenue management, Kory Burdick; T. Kevin Nelson, Kamp Hotels co-owner and Texas territorial developer for My Place; Anna Watson, regional manager at Thirty Nine 23 Management; and Katie Seitz, Legacy Management regional manager, talk about revenue management.