Asian Hospitality

Welcome to My Place

- Judy Maxwell (Assistant Editor)

New extended-stay brand launched by iconic economy-segment hotelier…

Tuesday, April 29, 2014 – A NEW EXTENDED-STAY brand hopes to take America's plains and mountains – and other parts of the country – by storm in the next few years.

My Place Hotels of America has launched an aggressive plan to grow by promoting its economy-segment product to value-conscious franchisees and customers. Based in Aberdeen, S.D., the company was founded by industry veteran Ron Rivett and his grandson Ryan Rivett. It has seven hotels in upper Midwest states such as South Dakota and Montana.

The elder Rivett is an industry icon mostly known for co-founding Super 8 Motels Inc. nearly 40 years ago with the late Dennis Brown. Ron Rivett said that after Cendant (now Wyndham Hotel Group) purchased the brand in 1993, he continued to thrive in the hospitality business as a Super 8 franchisee as well as an owner and developer of other brands until 2011.

Super 8 business model

When Rivett sold the Super 8 brand, it was the fastest-growing economy brand in the U.S. Now chairman and CEO of My Place Hotels, Rivett hopes to do the same thing with the new brand, taking the Super 8 business model into the extended-stay market.

My Place Hotels has properties in operation in four states and plans to license 17 hotels in more than 12 states in the next couple years. A new My Place Hotel is opening in May and the company has eight signed contracts. Construction recently got underway on a 64-room My Place Hotel in Billings, MT, with completion expected in July. Other states where development is taking place include Wyoming, Colorado and Pennsylvania.

Heading the growth-through-franchising effort is Terry Kline, another industry veteran who recently oversaw development for Boomerang Hotels.

Ryan Rivett joined his grandfather in business about two years ago. During that time, said Ryan, who serves as president and COO, the business concept has proven itself, and My Place Hotels fills a void in the market of economy extended-stay products.

It is also coming up against some formidable competitors in the form of Value Place and InTown Suites. Multi-million-dollar investments in both of those brands in the past year is driving the growth in economy extended stay, said Mark Skinner of The Highland Group / Hotel Investment Advisors Inc., which releases a semi-annual report on the U.S. extended stay market.

Investors wake up

Last year, Lindsay Goldberg LLC, a private equity firm, pumped $100 million into the Value Place brand, enabling the company to grow the number of owned and franchised properties. Kyle Rogg, COO of Value Place, based in Wichita, Kan., said the company has long-ago exhausted that initial influx of capital and Lindsay Goldberg is committed to investing as long as the brand continues to perform. "When an investment bank makes that large of a play, it drives interest," said Skinner.

Following the Value Place deal, Starwood Capital Group of Greenwich, Conn., purchased InTown Suites in June for $735 million from Kimco Realty Corp., majority owner of the InTown Suites Hospitality Fund, a portfolio of 138 hotels.

"You have the number-one and number-two players in extended stay receive major capital injections, and it wakes up the community," said Skinner, who has followed the U.S. extended stay market for 15 years.

Economy extended-stay is underserved in a large number of markets in the U.S., noted the consultant, and My Place Hotels has plenty of room to stake its claim as do regional brands considering an expansion. "Value Place and InTown Suites are national brands, but even they are still not in many large markets," said Skinner. "I expect to see a number of new brands and new hotels come online."

Midscale markets

Ryan Rivett said My Place Hotels is targeting markets where there are midscale select-service hotels. Its value proposition, said Ryan, is My Place Hotels is an economy build for the franchisee with midscale amenities and services for the guest. For that reason, the company does not consider Value Place part of its competitive set. "We want to draw from the success of midscale products in the market such as Courtyard by Marriott, Hampton Inn & Suites (Hilton), Fairfield Inn & Suites (Marriott)," while keeping in line with the rate and franchise structures of such brands as Super 8, Mainstay Suites (Choice) Hawthorne Suites (Wyndham).

No conversions are planned at this time as My Place Hotels is a new-build product. Ryan said the goal is to remain flexible with the exterior and building design and keep the interior layout and décor relatively the same in each hotel. By staying flexible with the footprint, the franchisor keeps construction costs low and creates efficiencies for the owner, he said, adding he believes the value proposition will be understood and embraced by Asian American hoteliers, one of the communities the brand is targeting for licensing opportunities.

So far, said Ron Rivett, My Place Hotels' platform has enabled owners to focus on long-term business, "which promotes consistent occupancy as a podium for profitability. Working off the extended-stay platform affords the operator a substantially greater level of flexibility to maximize the value of their last dollars in."