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## W luxury hotels 'doing very well' in Fort Lauderdale, South Beach

BY BILL FROGAMENI

The W Fort Lauderdale and W South Beach have weathered the storm that hit the tourism sector during their first year in business.

Though they opened at a brutal time for the market – April 2009 for the 517-room W Fort Lauderdale and July for the 408-room W South Beach – their owners say the luxury properties are doing just fine.

"Business is doing very well, considering the economics we've had," said John Yanopoulos, CEO of Miami-based DYL Group, the properties' developer. "We've exceeded in our first year what we thought we'd have in average daily rates and occupancy rates. We were looking around, thinking that if we got 30 percent to 40 percent, we'd be lucky."

Instead, the hotel's average occupancy has been in the upper 60th percentile, Yanopoulos said.

Rates, however, were more disappointing, GM Scott Brooks noted.

"We were hoping to hit the upper \$200 range, the \$290 range for the full year," he said. "We're coming in a little south of \$250."

Now that the worst of the downturn is over and the hipster hotel is taking hold on Fort Lauderdale's beach, Yanopoulos predicted that the W would have about 10 percent revenue growth in its second year.

But, the hotel struggled to sell condo-hotel units. As of June, the W Fort Lauderdale had not sold any condo-hotel units – a fact it hopes to change when it ramps up a sales push in the fall, Yanopoulos said.

The developer should be able to meet its loan payments and stay profitable, even if no condo-hotels are sold, he noted. DYL affiliates received a \$245 million loan for the W in 2006, Broward County property records show. Some of the loan has been paid down, Yanopoulos said, though he declined to be more specific.

### BRISK OCCUPANCY

The W South Beach is performing well, too, said David Edelstein, co-owner of New York-based TriStar Capital, which co-owns the property with RFR Realty, also of New York.

Since Jan. 1, the hotel, on average, has been 74 percent occupied and the rate has been \$527 a night, Edelstein said. The brisk occupancy made W South Beach the No. 1 W hotel in the world in that category, he noted.



'We've exceeded in our first year what we thought we'd have in average daily rates and occupancy rates,' developer John Yanopoulos says of the W Fort Lauderdale, left. Below, the W South Beach.

PHOTOS BY MARK FREEMAN



Fee, an affiliate of TriStar Capital and RFR, to \$378.4 million from \$370 million. While Miami-Dade County property records showed that the loan value had increased, Edelstein said that the full amount has never been drawn down.

"We owe \$186 million to Hypo as of May 28," he said. "We have not and we will not have any trouble meeting our loan obligations."

Hypo did not return calls seeking comment.



Brush

The occupancy and rate figures each W cited bode well for them, said hotel analyst Scott Brush, of Miami-based Brush & Co.

If a hotel is commanding adequate rates, it is typically profitable when it hits 60 percent to 62 percent occupancy, Brush said. Both properties said their occupancy exceeded that.

"That's pretty respectable for their first year," he said. "I think it shows the power of the W name that they've been able to come in and initially do those kinds of numbers."

Representatives of Starwood Hotels and Resorts, which owns the W brand, did not return phone calls or e-mails seeking comment about occupancy and rates.

When it comes to selling condo-hotel unit, the W South Beach has fared better than its counterpart to the north. According to data

assembled by Bal Harbour-based Condo Ventures Realty, the hotel sold 75 units for a total of \$123.7 million as of June 24.

"Over the next year, we'll probably sell another \$125 million," Edelstein predicted.

On May 28, Hypo Real Estate Capital Corp. increased the loan to 2201 Collins

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Left, the infinity-edge pool at the W Fort Lauderdale. Above, the ground-floor lobby.