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Hotels Continue to Push Profits

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The Ameswell Hotel will feature local design with a strong emphasis on art and technology.

MOUNTAIN VIEW, CA—The US lodging industry will enjoy continued growth in all major metrics in 2018, at a faster pace than originally forecast, GlobeSt.com learns. RevPAR for US hotels is expected to continue growing through 2018 into next year, leading STR and [CBRE Hotels](#)' Americas Research to revise 2018 forecasts upward. CBRE increased its RevPAR forecast for the year from 2.5% to 2.8%, and STR's RevPAR forecast rose from a 2.2% increase to an expected 2.7% increase.

These RevPAR numbers are helped by a slight decrease in construction of new hotel rooms. The number of rooms under construction declined in six of the last seven months through April and overall construction activity was down 2.2% from last year, according to [Trepp](#).

This low revenue growth environment makes difficult to grow profits. This is especially true given the labor shortages and resulting upward pressure on compensation rates. Nonetheless, US hotels will once again achieve high occupancy levels and continued growth in profits this year, according to CBRE Hotels.

Numerous projects with out of the box thinking are making a difference in occupancy and indicate that hotels, especially those within mixed-use projects in the Bay Area, are [still in demand](#). These projects work quite well in suburban locations, offering travelers and employees choices for entertainment, dining and retail, Holden Lim, president of Hospitality Link Inc., tells GlobeSt.com.

“Hotel Nia, for example, is up and running in Menlo Park. It’s an affiliate of the Marriott Autograph Collection,” he says. “We are seeing a lot of linking up of hotels with big retail centers, in some cases, using vacant big-box space to develop a hotel.”

Ameswell Mountain View is another example. This fully entitled mixed-use project is comprised of a 255-room independent hotel and a 216,700-square-foot class-A LEED-Platinum office building. It recently received \$250 million in capitalization for its development.

“Ameswell Hotel, next to an office property, is convenient for consultants and general business travelers,” Lim tells GlobeSt.com. “With full-service hotels, restaurants are included and perhaps event space, so there is synergy between the two components.”

Ameswell is positioned off of Highway 101 and Moffett Boulevard, and has access to Highways 85 and 237 and Interstate 280. The development is surrounded by venture capital, a highly educated workforce and of course, tech. Google, Amazon, Microsoft, Apple and Intuit are within a 2.5-mile radius of the project and the Mountain View Baby Bullet Caltrain station is less than 1 mile from the property.

The Ameswell Hotel will feature local design with a strong emphasis on art and technology, 6,258 square feet of premier meeting and event space, a destination bar and restaurant, and curated grab-and-go market, spacious guestrooms, abundant outdoor gathering spaces with a swimming pool, fire pits, bocce ball court and a large lawn, and sustainable operating practices.

The five-story creative office building will feature floor-to-ceiling glass lines, 14-foot ceilings and 47,000-square-foot floorplates. Amenities include a 2.5-acre park, terraces and break-out areas to meld workspace and nature, dedicated bike and pedestrian trails, and electric vehicle charging stations. A six-tier parking structure will support the development.

An HFF team worked on behalf of the developer, Broadreach Capital Partners LLC, to arrange a joint venture equity partnership with Rockwood Capital LLC. Additionally, the HFF team worked on behalf of the parties to secure the \$140 million construction financing with Wells Fargo Bank.

The HFF equity and debt placement team consisted of senior managing directors Bruce Ganong and Michael Leggett, co-head of HFF’s West Coast team; senior director Ben Bullock, director Thomas Foley, and analysts Austin White and Bercut Smith.

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