

Management Deals Boost Twenty Four Seven Hotels

HOSPITALITY: Firm taps trends, finds deals for owners

■ By PAUL HUGHES

Twenty Four Seven Hotels in Newport Beach closes a year of 50% growth with two management deals in Palm Desert and a third in Northern California.

It found the Courtyard by Marriott and an adjacent Residence Inn for OC investor **Mohammad Honarkar**, who paid \$36 million for them in October and hired the company to run both.

The hotels total 281 rooms, for a per-room price of \$128,000. Honarkar plans \$3 million in upgrades.

The properties are near satellite locations



Wani, Hardy: CEO, president rely in part on data analytics

of **California State University-San Bernardino** and the **University of California-Riverside**.

Jack Carr and **Harry Pflueger** of **Maxim Hotel Brokerage Inc.** in Newport Beach, represented the seller, Dallas-based real es-

tate investment trust **Ashford Hospitality Trust Inc.**

A different buyer anticipates closing on the Northern California property this month.

Funky Focus

Twenty Four Seven added seven management contracts this year and plans to add eight to 10 next year. It runs 21 hotels in four western states with a combined 2,750 rooms.

Chief Executive **David Wani** and President **Drew Hardy** describe a firm that's a potent pairing of funky and focused—tapping hotel trends and finding efficiencies through data analytics.

Wani said the work helps owners weather industry peaks and valleys. "You only want to buy or build into the next cycle."

► 247 8

247

from page 3

Twenty Four Seven has done deep data work for a decade to fine-tune daily rates based on demand. It was able to raise rates by 40% over three years at **TownPlace Suites Anaheim** with no change in occupancy.

"The major (hotel) brands are focusing on (this) dynamic pricing," said Vice President for Revenue Strategy and Distribution **Isaac Rodriguez**. "Data used to be a novelty—now it's a huge influence on management."

The company can usually unearth revenue from food and beverage efficiencies and sends "secret shoppers" into each property twice a year, Hardy said.

Top Trends

It works with hotel brands that include Marriott's Residence Inn and Hilton's Hampton Inn.

"The service is higher, and the expectations are higher" than in lower-scale brands, such as Comfort Inn, Hardy said. "You have to be what you are."

Twenty Four Seven has also begun to focus on Marriott's Moxy boutique brand.

It runs one in Tempe—Marriott's first in the U.S.—and plans to add at least one more next year.

"We have some capital partners with that specific focus," Hardy said. "The desire and the capital is there."

Moxy is an example of tying a trending, slightly upscale nameplate to the operations focus. It's considered a hipper hotel chain but at a lower register than, say, an AC Hotel—also a Marriott flag.

"It's a business hotel but with a design-centric, lifestyle vibe," Wani said.

That sets it in a sweet spot above a standard business-class property but below the high-end offerings that are a focus of other OC op-



TownPlace Suites Anaheim: company raised rates 40% in three years at property with no occupancy change

erators: the AC Hotel approach of **Pacific Hospitality Group LLC** in Irvine, the **Montage Hotels & Resorts'** Pendry brand, or an independent offering, such as the **Irvine Company-owned Hotel Irvine**.

Real Estate Resumes

Wani and Hardy each spent about 10 years with the former **Tarsadia Hotels** in Orange County. Tarsadia was one of the largest privately owned hotel operators in the U.S. before it split into three firms in 2011. They left a few years earlier to start Twenty Four Seven.

Wani before Tarsadia served in the Air Force, began his hotel career at the Flamingo

in Las Vegas, and did hotel finance for **Merv Griffin** in the 1990s. He holds a master's degree in hospitality and an MBA.

Hardy grew up in Idaho and helped start a San Diego-based specialty brokerage and advisory firm focused on hotels prior to joining Tarsadia's in-house real estate team.

Wani handles operations; Hardy oversees asset management and places equity and debt.

Ownership

Twenty Four Seven runs hotels for others, including individuals such as Honarkar and family offices.

The company has invested in some deals

but mostly sticks to management.

"Owners want you focused on their hotels," Wani said. "You don't want to confuse the issue."

Hardy said some company growth comes from current owners who, "when markets start to tighten will buy another hotel, spread some costs across multiple properties, and use the same manager."

Investors are getting 15% to 20% appreciation a year. The hotel franchise fees run about 5%, and Twenty Four Seven typically takes a 4% cut.

It employs about 25 at its Newport Beach office and 1,500 systemwide. ■