

Boutique Vet Shifts Hotelier's HQ to Platinum Triangle

HOSPITALITY: Plans to add 2 OC properties to roster this year

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Broughton: transit links factored into move to Anaheim

Anaheim-based entrepreneurship consultant and hotel developer/manager BROUGHTONcompanies recently moved to new digs in the Platinum Triangle district of the city as it looks to re-enter the OC market.

Broughton is owned by founder and Chief Executive Larry Broughton. It consists of broughtonHOTELS, which handles boutique properties, and Bandera Hospitality on the branded side of the business. There's also BROUGHTONadvisory, which offers consulting to clients on entrepreneurship, team-building and leadership, with a client roster that includes the Pentagon and Atlanta-based Turner Broadcasting System Inc.

Hotels, Sales

broughtonHOTELS either owns or manages 15 hotels spread across Los Angeles, parts of Northern California and Chicago. The company employs about 400 workers across headquarters and its individual properties. Its 4,500-square-foot office in Anaheim, just steps from where dirt is being turned for the Anaheim Regional Transportation Intermodal Center, houses 14 workers. The company moved from Newport Beach in order to be closer to most employees' homes and public transit links, including a Metrolink station.

Another spur for the move was Broughton's personal interest in the area. "I've been intrigued by what's going on here in the Platinum Triangle for awhile," said the San Francisco transplant and veteran of the U.S. Army's Green Berets.

He sees the Platinum Triangle location as a good fit for a growing workforce and has plans to add as many as six employees over the next year in human resources and finance, among other departments. Staff at the headquarters will help support eight projects currently in various stages of acquisition or development.

Broughton declined to elaborate but said the company's current list of projects includes a boutique hotel in San Diego that's about 85% done.

There also are a couple hotel repositioning projects each in Orange County and Los Angeles on the boutique side, and a hotel buy in Silicon Valley that broughtonHOTELS hopes to close on this month. Plans there include a renovation from a branded property to an upscale boutique.

The recent moves come as investors return to the market, a development that's pushing up prices for hotels in urban centers such as New York, San Francisco and other markets along California's coast, Broughton said.

"There's money that's been sitting on the sidelines wanting to get into the market, and when these deals finally make it to market, then people, I think, are overpaying," he said. "That's one of the reasons why we tend not to look at any deals once they go to market. If they go to market, that means we haven't done our job by keeping our finger on the pulse. We would rather do deals that are off-market deals because we don't want to get into bidding wars with anybody else."

Broughton said he looks for properties as large as 300 rooms on the boutique end and more rooms on the branded side. broughtonHOTELS' smallest property is the 23-room Spanish Garden Inn in Santa Barbara. It's smaller than most deals Broughton likes to do, but with an average daily rate of more than \$350 and occupancy in the 90% range, "you can actually make a little bit of money on those."

Broughton's sweet spot has generally been in the boutique business, breathing new life into old properties. It's a strategy other hotel operators in OC are trying—some on a larger scale. Newport Beach-based developer Irvine Company converted the Hyatt Regency Irvine to Hotel Irvine Jamboree Center.

Broughton has a background in boutique hotels. He spent 13 years as vice president and partner at San Francisco-based boutique operator Joie de Vivre, which operates the Shorebreak Hotel in Huntington Beach, among other properties.

OC Can Be Tough

Orange County can be tough for boutique hotel operators to break into, Broughton said. "I think one of the hindrances to the Orange County market is the availability" of hotels that lend themselves to conversions, he said. "If you're going to take the brand off of a hotel, you better have a good operator," he said. "It's disappointing that there aren't more. You would think that—with the affluence here—there would be more boutique hotels."

Orange County abounds in exterior corridor motels with rooms that open onto balcony-style, open-air hallways—and those can be challenging to take upscale. "We're not putting people on the moon every day—we're not performing brain surgery—but there are millions of small decisions that need to be made each day in the hotel industry that people aren't even aware of, and it's a very intimate industry," Broughton said. "When somebody buys from us on the hotel side, the experience lasts not only from the time they book their reservation—once they walk through the doors they're with us for 24, 36, 48 hours."