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Surge of new hotels on the rise in South Florida's underserved downtowns



KARA LUNDGREN
General Manager/ Circ Hotel

General Manager, Kara Lundgren from Circ Hotel in downtown Hollywood, shares the renovations and modernization of the heart of downtown Hollywood with it's first hotel in the the last 39 years.

By **David Lyons**
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In 2016, when Jake Wurzak's company bought land for its twin-bill hotel project north of downtown **Fort Lauderdale**, it mattered little that the site had been a funeral home, in a neighborhood where "there was half as much going on" as there is now.

This summer, Wurzak Hotel Group's The Dalmar and Element hotels will open for business at 299 N. Federal Highway in a 25-story high-rise **topped off by a bar that celebrates interior designs** from the 1950s and '60s. The two hotels will sit on top of each other in the same building: The Element, which is a Westin brand, occupies the seventh to 12th floors. The Dalmar, which Wurzak calls the "main draw," travels under **Marriott International's** Tribute Portfolio brand and occupies the 14th to 25th floors.



It also will feature a coffee bar and a restaurant on the street level, and a lobby lounge and bar and “sip ’n dip” pool bar on the sixth floor, all open to both hotel guests and local visitors.

The idea, the developers say, is to make the building a cultural and entertainment hub for the city.

The Philadelphia-based Wurzak Hotel Group’s property isn’t the only downtown hotel act opening in South Florida. From Miami to Hollywood to Fort Lauderdale to **West Palm Beach**, the region’s city centers are prime targets for a new wave of hotel development that hasn’t been seen in years.

The region, developers and analysts say, has matured to the point where visitors want more than sunshine and seaside fun. They want to sample cultural life and institutions. And if they’re here on business, they want easy access to local contacts and meeting places.

Wurzak, whose company is developing eight high-end hotels around the United States, said the main reason for the urban hotel outbreak “is that South Florida is a multi-dimensional market. There are serious businesses here. There are serious concentrations of wealth.

“If you look at travel among millennials — the beach is great, but they’re really drawn to the cultural aspects of the city.”

A short walk down Federal Highway from The Dalmar and Element, local hoteliers Jay and Sandy Patel **opened a Fairchild Inn & Suites by Marriott** last Thursday in a bid to capture mostly business travelers.

“I think downtown has been underserved for the longest time,” Jay Patel said. “Fort Lauderdale is booming as far as construction. New residences and office buildings are going up all over the place.”

In Hollywood, the boutique Circ Hotel — part of the **\$200 million, mixed-used Hollywood Circle development** — staged

its grand opening Thursday on the northern edge of Young Circle, showing off a high-end cafe and bar adjoined by a private dining room with enough storage for 900 bottles of wine. A rooftop bar and pool area affords visitors unimpeded views of the Atlantic Ocean and adjacent cities.

The hotel is joined at the hip by residential rental towers that sport a 66,000-square-foot pool deck. **Publix** grocery and liquor stores in the complex serve both visitors and residents. A parking garage can house 900 cars.

While scouting potential locations, Charles Abele, CEO and chairman of the project's developer, Gold Coast Florida Regional Center, said he and his team surveyed an area in a 4- to 5-mile ring around Fort Lauderdale-Hollywood International Airport. They concluded, he said, that most of the area's hotels "were either on I-95 at an interchange or you walked out of the building onto a parking lot and you'd have to get in an automobile to go get a bite to eat." They also took note of the high-end resort hotels along the beach.

"And we felt there was an opportunity between those two places that really makes sense," he said. The downtown Hollywood location would be ideal for business travelers who would spend money at a hotel restaurant and welcome the chance to walk to "service areas and nightlife."

"For these laptop warriors, I thought this would be the right answer," he said.

Other developers and hotel operators are on the same wavelength. This past week, a **208-room Marriott hotel was announced** as part of a \$145 million waterfront development in downtown West Palm Beach. In late 2016, The Kolter Group of West Palm Beach **planted a Hyatt Place** in downtown Boca Raton. And at the 46-story, high-rise, condo-hotel tower at 100 E. Las Olas Blvd. in downtown Fort Lauderdale, Kolter plans a Hyatt Centric "lifestyle" hotel set to debut in early 2020.

"We looked at Fort Lauderdale many times," said Jim Hansen, sales and marketing vice president at Kolter Hospitality. "And we were just waiting for the right opportunity to be in the downtown market."

The time is now, he said, thanks to the city's commercial growth through additional office space and the arrival of new businesses.



“Yes, [the city] is emerging and going through a revitalization,” he said. “People ultimately are going to need a place to stay and a place to conduct small meetings. We saw there was sort of a void that we found in that downtown area.”

For years, the only hotels in downtown Fort Lauderdale have been the Riverside — built in the 1930s on Las Olas Boulevard — and a Hampton Inn constructed in 2002 on Andrews Avenue north of City Hall. The Riverside nearly doubled its room count to 231 units in 2001, said Michael Weymouth, president of the hotel’s owner, The Las Olas Co.

“There was demand that continued to increase, and I think this is the next step of it,” he said of the newcomers. “It makes us up our game.”

Analysts say there is more demand to be met in Miami, despite the presence of a slew of prominent hotel brands such as the Four Seasons, Conrad, JW Marriott and Mandarin Oriental.

In late May, a Hyatt Centric opened in the 83-story Panorama rental tower in the Brickell district. The SLS LUX Brickell, a joint project of luxury hotelier Sam Nazarian and Jorge Perez of The Related Group, is scheduled to open this coming week. Later this year, a groundbreaking is expected for the first phase of the Marriott Marquis Miami Worldcenter Hotel & Expo Center — a complex of 1,700 hotel rooms, 500,000 square feet of event space and yet another boutique hotel. The project is part of the \$2 billion, mixed-use Miami Worldcenter project in downtown Miami, west of Biscayne Boulevard.

South Florida’s urban construction surge essentially created fertile ground for the hotels, said John Wijtenburg, a vice president at Colliers International South Florida. “I think you see the same thing in West Palm Beach and markets like Delray Beach. They have new retail supply and multifamily and new office [space].”

Colliers, a real estate services company, says 2.8 million square feet of hotel space is under construction in South Florida, with 4,163 rooms to be delivered in the next two years. While not all of the projects are in downtown areas, developers and analysts say that central urban areas are the prime beneficiaries of the boom.

“These downtowns are growing up and there is no [hotel] product to support” Wijtenburg said. “A lot of the hotel supply is supporting those hotel gaps.”

Abele, the Circ developer, said there are more gaps to fill in Hollywood — just across Young Circle from the Circ.

He is seeking a building permit to convert a decrepit building that once housed the 1920s-era Great Southern Hotel into a Hilton. He sees both the Hollywood Circle and Great Southern projects as a joint venture with the greater Hollywood community.

“It should be not just great for us, but great for Hollywood,” he said. “We hope and believe the city and people who live there will embrace us. We’re going to embrace them.”