

Developer: Building hotel by convention center poses challenges

by Brian Brus

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Site of the new convention center. (Maiké Sabolich)

OKLAHOMA CITY – The success of the new convention center promised in the voter-approved MAPS 3 tax issue will rely heavily on access to a hotel nearby, developer John D. Williams said.

He said an appropriate hotel will cost about \$150 million – well over half the price of the convention center's price tag of \$252 million. City leaders said big names in the hospitality industry have already started inquiring about development.

"The convention center hotel is the big elephant in the room, so to speak," Williams recently told attendees at the

Greater Oklahoma City Chamber's annual Breaking Through Luncheon. "To make a convention center work, you need a large hotel adjacent to it. ... And here's a staggering number: To build a 600-room hotel, with the appropriate meeting space, garage, public areas and all that stuff, runs about a quarter of a million (dollars) a (room) key.

"So it's going to be a tricky thing to get a 600-room hotel built in Oklahoma City," he said. "But absolutely, positively, we must do this."

Mayor Mick Cornett has said that during preliminary planning for the MAPS 3 package of infrastructure projects, city officials expected a hotel would be developed near the convention center. However, the hotel itself was not part of the \$777 temporary tax issue and was infrequently cited in public discussions. Councilman Ed Shadid has since raised questions in his first year in office about a 2009 study commissioned by the Greater Oklahoma City Chamber that said the convention center would need about 650 rooms in a hotel nearby to be successful, and that such a project would require public subsidies of about \$50 million.

A citizen advisory board decided this year that the convention center should be built at the site of a defunct Ford dealership just south of the Myriad Gardens. Williams and others have said that when it's time for the hotel to go up, it will need to be very near the convention center, and if not directly adjacent then within walking distance. The decision on a hotel site is still at least a year ahead and will depend on the creative input of designers and interested developers.

"Proximity is important," said Mike Carrier, president of the Oklahoma Convention & Visitors Bureau. "I've been in this business almost 30 years. I've never had a meeting planner tell me that they want a hotel anywhere other than on top of a convention center. If it can't be on top, they want it attached and adjacent. If they can't have that, they want it across the street."

Williams said a hotel of that size and importance would probably be developed by a major player such as Marriott, Hilton, Omni or Starwood and its sub-brands such as Sheraton.

"There have been a number of meetings with various national hotel companies to inform them of what we're doing, the process that we'll be going through and things of that nature," Carrier said. "And there's interest from all of the major hotel companies. But nothing specific yet that we can discuss."

The convention center is scheduled to open in late 2018. Carrier said his organization and others involved in the project will start working on hotel development within the next year to

18 months, with a lot of work prior to that.

"There will be discussion with a variety of interests," he said. "And I'm sure that once we, as a city, let people know that we are moving forward, there will be developers and companies step forward to ask questions.

"Experts and analysts around the country know about markets that are doing well," he said. "That's part of the reason we have seen such a significant increase in the number of hotels that we have here."

Williams said the metro area's hotel industry has stabilized and is now upbeat after weathering the recession. Oklahoma City alone has 16,000 hotel rooms available on any given night at 154 properties, he said. The Sheraton downtown is the largest, with nearly 400 rooms. The only hotel now under construction in the market won't open until January 2013.

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