

Patel's growing pains

by Kirby Lee Davis

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Andy Patel, president of Anish Hotels Group, at his newest Tulsa hotel, the Hampton Inn Tulsa Central. (Rip Stell)

TULSA – Andy Patel admits to some stress of his own making.

At a time when most real estate developers went involuntarily dormant, either due to shrunken revenue, dampened opportunities or dry financing wells, Patel's Anish Hotels Group opened six hotels around the Tulsa area through the last two recessionary years.

He has a Hilton Garden Inn plotted for construction next year overlooking the busy Broken Arrow Expressway and St. John Health System's Broken Arrow hospital, plus two other hotels under development for 2013 or '14.

All that growth didn't come easy. Had he not already committed himself to these projects, Patel said he might have put some on the back burner.

"The whole world was slowing down and we were going faster," Patel said, sitting in the lobby of his newest property, the 93-room Hampton Inn Tulsa Central, which

opened on June 9. "The stress level was there. 2009 and '10 was probably, for the hotel industry, was the most stressful years."

With occupancy rates falling, business travel declining, some Tulsa executives did an about-face through this downturn and questioned whether Tulsa's hospitality sector had more rooms than it needed. Patel understood that.

"Our market is still strong," he said. "The problem is, we did add a little too many rooms. I'm probably one person to blame. I'm one of them to blame. We added too many rooms too quickly compared to the growth in demand. We put in more supply than there was demand."

For that reason Patel said his eight-year-old company actually delayed some commitments, like his Broken Arrow construction start, as long as he could. But through it all, his growing chain continued to scratch out profits, aided by the lower overhead of its select service operations.

"Even with this rough economy, our hotels still do generate some profit," he said. "Maybe less, but our profit margin's still there. With even a lower occupancy we can still function."

That proven track record notes one reason why Anish continued to land financing deals through Regent Bank, Arvest Bank, First Bank of Owasso and others, said Mike Craddock, vice president with the Oklahoma City-based hospitality brokerage HotelBrokerOne.

"The bankers who finance my projects, we had a long-term relationship," said Patel. "I think they look at me not for this year or two. They look at me and our growth as long-term growth. We all get our global financing put together. I think they figure we can easily survive more than two years."

Having sold his year-old Comfort Inn in Glenpool for \$4.8 million in September, Patel estimated

his eight-hotel chain, with around 200 full- and part-time workers, would chart \$10 million-plus revenue this year.

"We should be around \$20 million or more, but keep in mind six are new hotels," Patel said. "They're ramping up. We'll be over \$20 million next year."

Year-round occupancy rates at his eight hotels range from 55 to 73 percent.

"I'm comfortable with my locations," Patel said of his portfolio. "I'm lucky enough. I feel lucky."

"Bartlesville was one of the locations I kind of regret, myself," he added, speaking of his 2009 Fairfield Inn. "For a while there I beat up myself. 'Oh, boy, why did I pick that location?' But surprisingly, it's turning around so fast. Bartlesville was one of my weak locations, but it's turning around so quickly, I know I'll be proud of it next year."

Outside of the Comfort Inn, which a wing of his company built with the intent to sell, Patel said he buys and builds to hold and own. He sees that as another element of his stability, one that can sustain him while demand in Tulsa's hospitality sector catches up with supply.

"If we don't build any more, I think 2014, 2015 looks better to me," he said.

But with business up this year, he foresees a restful period ahead.

"My construction commitments are almost to the end," Patel said with a smile. "My stress level is a lot better."

That allows him to look back at his recessionary expansion with some pride.

"We invested more than \$30 million in the last two years into this market," said Patel. "We created new jobs, over 150 jobs full time."

"And we never got any benefits from the government," he added.

Anish Hotels Group portfolio

- Aloft Hotel – 6716 S. 104th East Ave., Tulsa.
- Fairfield Inn and Suites – 2107 SE Washington Blvd., Bartlesville.
- Fairfield Inn and Suites – 1650 N. 32nd St., Muskogee.
- Fairfield Inn and Suites Tulsa Central – 3214 S. 79th East Ave.
- Hampton Inn Tulsa Central – 3418 S. 79th East Ave., Tulsa.
- Hampton Inn Tulsa South – 7004 S. Olympia Ave., Tulsa.
- Homewood Suites by Hilton Tulsa South, 4900 W. Madison Pl, Tulsa.
- La Quinta Inn & Suites Tulsa Central, 6030 E. Skelly Dr., Tulsa.

Under development

- Hilton Garden Inn outside St. John Broken Arrow, projected to be five or six stories, 120 rooms, 5,000 square feet of meeting space
- Two others, their brands not finalized