

Hospitality

Growing Gansevoort



Gansevoort Turks+Caicos infinity pool

An Interview with Michael Achenbaum,
Co-Owner and President, Gansevoort Hotel Group, LLC

EDITORS' NOTE Michael Achenbaum has held positions at Bear Stearns and Nomura Securities. He has partnered with his father since 1999 and together they have developed more than \$1 billion in property. Achenbaum founded the George Mitchell/Archie Wilkins Scholarship at the University of Michigan, which provides financial assistance to local students who participate in the university's Big Sibling program. He has been a dedicated Big Brother to two underprivileged boys in New York.



Michael Achenbaum

Mr. Achenbaum earned a History degree from the University of Michigan and master's degrees in law and business from New York University.

COMPANY BRIEF Gansevoort Hotel Group, LLC (www.gansevoorthotelgroup.com; GHG) developed the first urban resort in New York as well as the first luxury hotel in the city's Meatpacking District with the 2004 opening of Gansevoort Meatpacking NYC. The brand has expanded with the opening of Gansevoort Park Avenue NYC and a third-party management deal in Turks & Caicos, Gansevoort Turks+Caicos. They are currently negotiating other agreements in high profile locations. GHG is a subsidiary of WSA Management Ltd., a real estate development and management firm whose principals have more than 70 years combined experience in the real estate trade, and have developed and/or owned more than seven million square feet of office and industrial space, 2,000 apartments, and 2,250 hotel rooms.

With the pressures on the travel industry, has your business come back and do you project growth?

Though we continue to see specific opportunities of continued growth in select global markets, this growth has slowed quite a bit. In New York, for example, the flood of select service hotel rooms into the market has contributed to slower growth rates, and I don't necessarily expect to see significant growth here for the next few years. The rate of absorption will be a function of a few things, most notably the impending European crisis – no one really knows what is going to happen over there and the potential affect on the New York/U.S. hotel market could be impactful as those rooms are absorbed at slower rates.

We have seen tremendous growth in the Caribbean. Last year, the island of Turks & Caicos

was negatively impacted as a result of a decision by American Airlines to cut daily direct service from New York, forcing our sales team to develop a new strategy that has proven successful.

Do your Park Avenue and Meatpacking properties complement one another?

There is a level of competition because there are clients that have tried the Gansevoort Park Avenue NYC (GPA) property and prefer it. The GPA property has a larger room product and it is more midtown central. However, there is also a core clientele that is loyal to the experience of the Gansevoort Meatpacking NYC property and prefers the downtown neighborhood.

There is also a complementary aspect to the relationship that gives me the option to push business to the property that it might be more suited for, such as group business to GPA because of the tremendous meeting space available there.

We intentionally chose an area for the GPA property that is desirable for guests looking to stay either in midtown Manhattan or downtown. Guests have access to some of the best nightlife that New York has to offer, in addition to a product that is suited for someone that might otherwise stay at Four Seasons or The Peninsula.

How broad is your competitive set?

Quite broad because of our room and amenity package. Corporate and group business represents approximately 40 percent of our room nights. Furthermore, our ability to integrate food and beverage, spa, fitness, and retail components into our overall property experience has proven to be quite successful.

Our focus on providing a high-quality nightlife experience is a great example of how we integrate various concepts that are almost separate from our "hotel" operations, as the majority of our non-hotel clientele consider the social aspect to be a separate experience. For example, learning from our experience in the Meatpacking district, we now design each new property with separate entrances for almost all of the additional property offerings.

What has made you so successful in the food and beverage area?

We have always partnered with excellent operators, including China Grill Management, The ONE Group, and Crown Hospitality, as well as Michael Satsky and Brian Geffer with Provocateur night club.

Not only have we successfully partnered with these best-in-class operators, but we have

utilized our own creativity in shaping the look, feel, and use of space when creating concepts that work for our clients.

Have you explored opportunities outside of New York?

We are currently looking to expand throughout Latin America, with an immediate focus on the ABCs – Argentina, Brazil, and Colombia. We see a tremendous opportunity throughout this region and also in the Caribbean, as there is a lack of branded product and consistent experience for the guest there.

Additionally, we have been pursuing several opportunities in Western Europe, and would like to identify the right opportunities in London and/or Paris before exploring the rest of Continental Europe.

In North America, we are very interested in Las Vegas, Los Angeles, Chicago, and Toronto. We would consider reentering the Miami market when we find the right opportunity, as it is also instrumental to our expansion efforts in Latin America.

How critical is the spa offering to your clientele?

I believe in providing all of the services that people perceive as important to them, even if they may be underutilized.

That said, our spas do very well, in part because we work with a great partner, exhale Spa, which has added value because they have their own client base and attract local patrons to the hotel for spa treatments, core fusion, and yoga offerings.

Do you seek out financial expertise in potential GMs?

In my opinion, the hotels that are run by a GM as an asset manager lack character and soul. What we're trying to create is that unique experience that people will remember, and if your GM's entire job is focused on the financial side of your property, then your guests are not being properly looked after. The personality of a property is almost as important as its physical attributes. Furthermore, GM leadership is crucial to fostering our company's culture and creating a great workplace for the team.

Has the word "luxury" lost some of its meaning?

Luxury is anticipating your guests' desires and needs and fulfilling them, and making them feel that it was seamless.

Our ultimate goal is to build our brand so that the public sees it as the young and social Four Seasons. We want to be known for always improving upon what we've done elsewhere so our client thinks the next product will offer an even better experience. ●