

**LODGING
HOSPITALITY** IDEAS
FOR HOTEL DEVELOPERS & OPERATORS

Renovating Your Hotel Cost Effectively

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The recently renovated lobby of the Holiday Inn San Francisco Civic Center

A lot of properties will be renovated in the coming year with the mounting number of hotel owners contemplating sales and investors viewing acquisitions. Hotels are often spruced up before a sale and usually renovated after a purchase and reflagging. However, with money tight, renovations must be done cost effectively and with an eye toward a good return on investment. Here are some ways you can renovate more cost effectively, while still dazzling your guests.

Renovate sooner rather than later. Because of the recent downturn in construction, building and materials costs are lower than in a decade, but this won't last forever. Naturally, demand will affect capacity and pricing, so don't be the last hotel owner in your town to hire a design and build team.

Schedule work during low occupancy. The only upside to low occupancy rates is that it's a good time to make property renovations. Select a design-contractor team with experience working on sites that are still operational, and you'll be able to use most of your property while rebuilding the rest. This can be done on a floor-by-floor basis for areas above the lobby. Strategies to carefully protect lobby and food-service areas from noise and atmospheric pollution are essential.

Keep pace with recovery. The economy is edging toward prosperity, which will result in more travel. The sooner you get your property renovated, the faster you will be able to raise rates. Having a just-renovated property makes it much more marketable for group, business and leisure travel.

Renovate to improve ROI. Hospitality trends change and with that so should the configuration of your hotel. Personal technology has outdated the need for elaborate business centers, as most travelers come equipped with all the gadgetry they need. This means you can reduce non-performing business center space and increase your marketable area. In some market segments, less lobby space is required. Again, that permits you to add meeting or function space that produces revenue.



Popular design. Is the layout of your property appealing to your guests? Some research on guest comment websites could be revealing. What do your guests complain about? Can it be fixed? What do they like? Use customer surveys and social media to research what will be a better renovation.

Design that reflects demographics. Younger travelers are often much more social than older generations. Does your property accommodate their interest in gathering together for social or business interaction? Some hotels open up their food service and lobby areas, combining them with group tables and creating a social atmosphere that generates a pleasant buzz. Also, retired people enjoy social interaction when they travel, another plus for more engaging lobby designs.

Green means green. Budget-conscious hotel operators understand investing in more environmentally friendly properties is not just good global citizenship. It cuts operational costs. Some architects, engineers and contractors are trained by the U.S. Green Building Council to provide building owners and operators with designs that save energy and significantly cut environmental pollution. Make sure your team contains LEED-certified professionals who can help you take advantage of greener opportunities. Being green also ensures you'll be short-listed by green-conscious groups, business, government, and leisure travelers. They are more sensitive than ever to the need for a more sustainable travel experience.

Build marketing into renovation. Is your design intended to make your hotel more appealing with interesting features that induce groups and guests to enjoy the experience of being in your property? Is it "people friendly" or utilitarian? Often a little imagination costs no more—and maybe even less—and can produce a great public relations ROI as you market the unique features of your property.

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