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New hotel opens in downtown San Antonio after an \$8 million upgrade

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Just in time for Fiesta, hospitality industry veteran Ed McClure has re-opened the former Radisson Downtown Market Square hotel.

This time around, the 250-room hotel is being rebranded as the DoubleTree Hotel San Antonio Downtown — the official grand opening will be held in about two weeks. The DoubleTree brand is one of several lines under the umbrella of Beverly Hills-based Hilton Hotels Corp.

The hotel's debut marks the culmination of an \$8 million investment to turn a site — which dates back to the mid-1980s — into a property that, as McClure puts it, "is relevant in 2010." The investment capital was provided in part by McClure and business partner Chris Hagee.

The \$8 million price tag may seem modest in the scheme of hotel makeovers, but the timing of the investment could not have been much better. The tough financial times that have wrecked havoc on the construction industry — driving down the costs of labor and materials — also made it possible for McClure to do quite a bit with that \$8 million.

"As we expanded our war chest, we started getting more and more excited (about the project)," McClure says.

Boerne-based McClure Hagee Management (MHM) served as the developer for the project. MHM was founded in 2007 by McClure and Chris Hagee.

Overseeing management of the hotel is **Phoenix Hospitality Group**, which was founded by McClure in 1986. Like MHM, Phoenix is based in Boerne.

Local firms SA Partnership and Metropolitan Contracting Co. Ltd. served as the architect and general contractor, respectively, on the project.

Speaking of timing

Having excitement for a project is great. But what about having good business sense?

“You’re asking if we’re out of our minds?” McClure quips. “Yes, we have risk. Yes, we have concerns.”

But the owners also have some factors in their favor — including the fact this hotel will be locally owned and managed.

“We have the corporate and group relationships,” McClure says. “And we’re the decision makers.”

Because the \$8 million for the renovation was raised by the owners, there is no debt on the hotel property. That allows the owners to be “very competitive” when it comes to room-night rates, McClure adds.

And while the local hotel business has been somewhat lackluster due to the recession, there are some signs that business may be looking at brighter days.

Referring to the latest STAR report by Nashville-based hotel tracking firm STR Global, Scott Larsen notes that for the three months ended March 31, 2010, demand for hotel rooms in San Antonio, compared with the same period in 2009, was up 11.5 percent, while supply was up 9.5 percent.

The March figures mark the first time in a while in which demand has outpaced supply in San Antonio, adds Larsen, who is the president of the San Antonio Hotel and Lodging Association and general manager of the Holiday Inn San Antonio International Airport.

San Antonio’s hotel occupancy rate year to date through March 2010 was 56.7 percent. It was 55.7 percent during the same period in 2009, the latest STAR report shows.

An almost never-was

Could there be some challenges with the new hotel? Yes, says McClure.

But he's seen this property go through challenges before.

McClure first began looking into property in the mid 1980s. At the time, it was a shuttered hotel site — the original developers having fallen on hard times after the real estate crash. The owners had come as far as bringing in the linens and soaps for the hotel, but it never opened and was ultimately repossessed by lender Southern California Savings, McClure recalls.

"I had my eye on it," he says. "It was just sitting there."

In 1990, McClure brought together a group of private investors from California, worked out a new loan with Southern California Savings. Two years later, the hotel debuted under the Radisson moniker.

"It was a successful hotel from day one," McClure says. "We never looked back."

Then in early 2008, McClure got the bright idea to rehab the hotel and re-brand it under one of the Hilton lines — a project that seemed, at the time a "no-brainer."

Then came the financial crash in late 2008.

"Everything went sideways," McClure says.

After putting the project on the back burner for about six months, McClure worked out a new deal with his California investors from the Radisson days. Of the \$8 million raised for the rehab, about \$2 million came from McClure and his wife, Elisa; Hagee and wife, Brooks; and business partner Emily Swope.

Fair share

All of the work, says McClure, has been worth it to have such a quality product on the ground today.

McClure's efforts to bring the property back into relevance included an update of all the guest rooms and some dramatic changes to the lobby and ground-floor amenities. What was once a lobby bar has been turned into what McClure calls an

“IT oasis.” This oasis includes several computers and printers, and large ottomans with ports on four sides to accommodate laptops.

WiFi access is available “from floor to ceiling,” says McClure, adding that guests can print documents from anywhere in the hotel.

This DoubleTree also includes an upscale coffee/wine/cocktail bar on the ground floor, and room service.

“As I sit here today, I love all the things we’ve done,” says McClure of the new DoubleTree property. “I’m more excited about this (property) than anything I’ve ever done.”