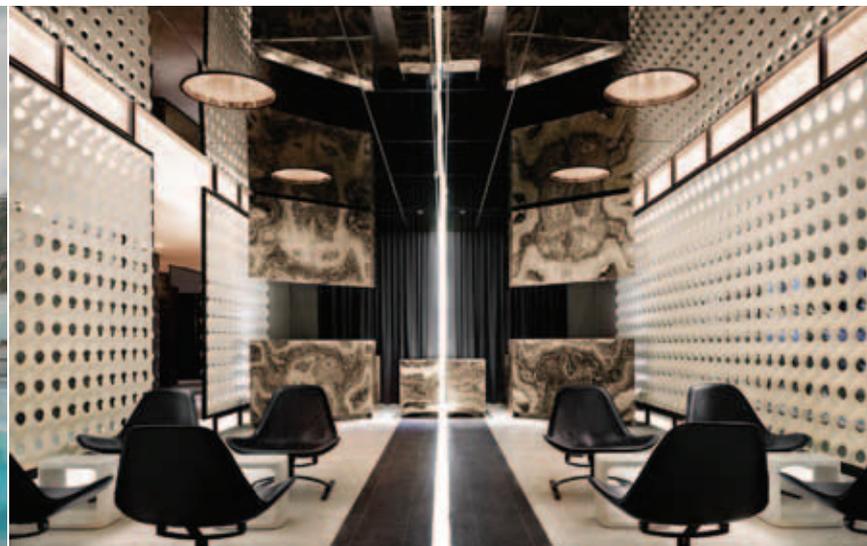


Hospitality's Global Impact

Attention to Detail

An Interview with André Balazs,
André Balazs Properties



EDITORS' NOTE André Balazs studied humanities at Cornell University and obtained a masters degree in a joint journalism and business program at Columbia University. While in school, he launched several newspapers and magazines. After a stint as a political consultant, he founded a biotech company with his father, an internationally renowned scientist. After a decade of investing in nightclubs and restaurants, he became a developer and hotelier with the 1990 acquisition of the storied Chateau Marmont. André Balazs was a founding trustee of the New York Academy of Art, has served on the boards of the New York Public Theatre and the Wolfsonian-FIU Museum, and is the recipient of the Cooper-Hewitt National Design Museum Design Patron Award.



André Balazs

COMPANY BRIEF André Balazs Properties (www.andrebalazsproperties.com) owns seven hotels in New York, Miami, and Los Angeles, including Chateau Marmont, The Mercer, Sunset Beach, and The Standard hotels (www.standardhotels.com). The four Standard hotels are located in Downtown Los Angeles and Hollywood, California, Miami, Florida, and New York City's recently opened property in Manhattan's Meatpacking District. André Balazs' residential projects include One Kenmare Square and the 40 Mercer Residences in Soho, as well as the William Beaver House in New York's Financial District.

When you look at these past 24 months, how much of an impact did you see on hospitality and were you surprised at how deep the impact was on the hotel business?

We're in Miami, Los Angeles, and New York, and each market is different.

Speaking just of New York, we have been fortunate because we operated on two market tiers: one at the top end with The Mercer, and the other at the mid-tier or affordable pricing with The Standard. In both cases, the properties are so distinct that they're outperforming their comp set for different reasons.

At The Mercer level, we have sophisticated travelers for whom the financial downturn is not an issue. We saw this after 9/11; notwithstanding the fact that we're in a downtown property and that tourism more or less dried up,

even in those circumstances, because of the unique nature of its following, we were virtually immune to any downturn.

At The Standard level in New York, we have a quality product and good pricing. We've always taken care to build value into the brand, so we've never practiced exploitative or opportunistic pricing.

Many who think of boutique hotels think of great bars and lifestyle with small rooms, but you have built things differently. Is

it well understood that there is more to your boutique hotel concept?

The boutique hotel phrase is greatly over-used these days. Steve Rubell and Ian Schrager came up with that idea and it was clever, if you understand it in the context of department stores versus boutiques.

In merchandising terms, the concept of a boutique is that it's a select limited offering, but highly focused. So you shop in a boutique because the owner has preselected items – you can't get everything, but if you are a client looking for that selection, it's ideal.

As long as the boutique phrase is used exactly as it's meant to be used in retail, then it makes sense, because it doesn't imply less or more – it implies a highly selected, highly focused offering.

So you can have a high-end boutique or a low-end boutique; it's just an offering with a very strong point of view, and by definition, a strong point of view is exclusionary as well. It will not appeal by design to a broad number of people.

When you created The Standard in the Meatpacking District, the area was not then what is has become today. Has the development in the area been what you expected?

This is the fourth Standard – we have two in Los Angeles and one in Miami, and that brand has had a strong following.

Three years ago, the Meatpacking area was perceived as largely marginalized and becoming a nightlife ghetto in the city.

The Standard is a product with a lot of depth and offering to it and it's very New York, unlike some of the other properties in that immediate vicinity. The High Line is itself a destination that has opened up the area.

The Standard being an authentic New York hotel had a lot to do with it being embraced by New Yorkers and, therefore, in that whole area,

the slide into a nightlife-only largely out-of-towners ghetto halted and the area came back.

How broad can The Standard brand become and do you want to limit the number of properties?

When it started out, I envisioned it would be a more youthful brand, and as it turns out, there is no way to categorize the age. We live in a time where both age and the pocketbook don't define what you want to consume.

For example, The Standard has a lot of cultural content. We embrace artists – it's part of the experience of being at The Standard. The consumers are not young or old – they are budget conscious. So there is no limit to it.

Our current objective is to move into key overseas gateway cities and one or two very active sports-related resort-type areas.

You have also had strong impact on the residential side. Is that a growing area for you?

We like it, especially in conjunction with hotel and hotel services because for the new urbanite who is international, moves around, and is easily in two or three cities at a time, the idea of having a service department is very compelling.

The hotel life as we generally define it – one of hot and cold running service, maids, room service – is a compelling adjunct to modern life. And having an apartment that delivers that is extremely compelling.

We got into the business shortly after 9/11, almost by default – converting some hotel projects to residential for financing reasons. But it has been very successful in every end of the market, whether it's the top end correlating to our luxury hotels or the mid-priced correlating to The Standard.

As the business has grown, has it been challenging to give up some of the control?

It's not hard at all to give up control. The point is to build an organization where other people are trained and have similar passions.

I spend most of my time on development and marketing. Because of the unique nature of our concept, marketing encompasses the experience of the hotel.

The issue for me and our top executives is trying to maintain the tone. Usually, the tone is defined by attentiveness to the details. There are many ways to do things as long as they're done with attention to detail. ●

Pool at The Standard Spa, Miami (left); The Standard New York Lobby (right)