



A Sense of Place



**An Interview with George Filopoulos,
President, Metrovest Equities**

Gurney's Newport (left); a view from a Residence at Gurney's Montauk (above)

EDITORS' NOTE *As an investor in distressed real estate, George Filopoulos has saved hundreds of co-op owners from losing their homes. Filopoulos got into real estate after dropping out of college in 1990. In 1996, Filopoulos founded his own firm, Metrovest Equities. He is also Principal Owner of Gurney's Newport Resort and Marina and Gurney's Montauk Resort and Seawater Spa.*



George Filopoulos

COMPANY BRIEF *As a leading authority in marketplace trends, Metrovest's (metrovest.com) projects have set the standard for superiority, and have become the benchmarks for urban planning. The company has successfully acquired and redeveloped obsolete institutionally owned properties; restructured, rehabilitated, and re-energized challenging HUD-subsidized properties; and envisioned highly praised plans for urban renewal. From new construction to community renewal, Metrovest has the capacity to undertake the most complex, high-end construction projects.*

Will you discuss Gurney's performance over the past season?

It has been remarkable. In September, our occupancy was at 92 percent and our ADR was \$720 per night. With 146 rooms, we have great compression on site. We did 50 weddings this year and we also had several large groups coming in for retreats during the week. The Montauk property is ideal for corporate retreats whereas the Newport property is a true conference center.

October was not far behind. It is generally quieter after Columbus Day weekend, but our occupancy was at 80 percent and our ADR was around \$600 per night.

How have The Residences in Montauk been received?

They have done extremely well. We introduced 12 Residences Memorial Day weekend in 2016 and six more in 2017. We sold seven of the homes, which represented about 80 percent of the oceanfront sales in the Hamptons over the last summer season.

What was the vision for creating the Newport property?

This is the second location for Gurney's Resorts, which is in its 91st year. The expansion is quite selective. Our involvement began in Montauk when we bought the brand in 2013. The success of Montauk, which has exceeded all

expectations, caused us to start focusing on taking our brand into different markets. We are driven by two requirements: it must be in a market that has high barriers to entry and that also has scarcity.

In Newport, we identified a property that was similar to Montauk, which we believed to be best in class in that market.

In 2017, there were 3.5 million visitors to Newport and there are only 1,300 hotel rooms there. There is some Airbnb competition but, overall, there are very few rooms for this large of a market.

Montauk has almost 3,000 hotel rooms for 800,000 visitors and we can still achieve the type of occupancy we do there, so Newport looks very strong.

Was it important to have a commonality between the properties?

Gurney's Newport feels appropriate for that market and we have worked hard at understanding and developing its sense of place. The similarities to Montauk are there as well – the culture and staff are similar, as well as the service standards.

Both properties are surrounded by water and almost every room has a view of the water. Both properties have seawater pools. They are true resorts in their marketplaces, as well as the only year-round resorts in their respective destinations.

Scarpetta Beach did so well in Montauk that we felt it was a natural fit for Newport, which offers phenomenal restaurants, but many are similar to each other. Scarpetta offers something different and has found its place.

In terms of differences, we have a marina in Newport since it's a nautical town. Montauk is all about the ocean.

Would you highlight the conference offering at Gurney's?

Gurney's Newport is the largest conference space in this market with over 32,000 feet of group meeting space and over 25 rooms including a ballroom that seats 800. We also have what we believe to be the premiere wedding destination, offering incredible views and indoor and outdoor space.

Montauk offers more of a corporate retreat experience. We have one ballroom and three small meeting spaces, but it's also a really compelling setting.

How critical is it to be open year-round?

It's critical. When we bought Gurney's Montauk in 2013, they had a year-round occupancy of 38 percent and an ADR of \$190 per night. This

year, we'll do 65 percent year-round occupancy with an ADR of \$650 per night.

We've identified that the market services a very large and powerful demographic. We're quicker to get to in the winter than in the summer and we have been included on top lists of destinations accessible from New York City within a reasonable period of time. This has led to a great pick up in leisure business coming here.

The property is different throughout the year. In high seasons, we could rent three times as many rooms as we do. The strong wedding business makes the spring and fall rooms easy to sell. We also have our wellness and fitness component, which is a big part of our lifestyle brand, and our retreats in this area begin in January.

How challenging is it to find opportunities to expand the brand?

It's challenging because we want to be cautious about where we take Gurney's. We do receive a lot of calls from the South Florida marketplace, which we believe is a logical marketplace for Gurney's. However, there are already a lot of hotel rooms in South Florida. Our demographic does gravitate there in winter and our staff gravitates there as well. Between the two current Gurney's, we have 800 employees. Many who work in food and beverage tend to come from South Florida.

Our service standards and staffing make that a logical market for us along with the demographic tie-ins. In addition, we are considering a west coast location and possibly a ski destination.

If you go back to 2013, could you have imagined this level of success in such a short period of time?

We put a lot of time into turning Gurney's around. The property physically needed an upgrade. The first thing we needed to do was to approve a portion of the physical plan in order to determine the depth of the market we would be able to approach.

We first rebuilt 38 of the rooms on the ocean to see what the market was going to be for those rooms once they were no longer falling apart. Early tests allowed us to stage the renovation program in a logical way. Our firm then went all in on being involved in every aspect of the property from managing the day to day operations to controlling every message and branding effort. Nothing went through without approval from me and that remains the case today out of respect for what it takes to create a brand like this. ●