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## An Eastern Edge

*Realstar Hospitality  
Focuses on Growth*



+ BATHROOMS & AMENITIES • GREEN LAUNDRY • IN-ROOM ENTERTAINMENT

# An Eastern Edge

By Melanie Franner

With the acquisition of the Canadian master franchise rights for Motel 6 and Studio 6 in 2003, Realstar Hospitality cemented what was already a strong relationship with the Canadian hospitality industry. The company has gone on to invest in the brand and to set upon a path of continued growth and commitment for the years ahead.

## A View from Above

In 2003, there were only four Motel 6 properties and one Studio 6 property in Canada – all in the Greater Toronto Area (GTA). Realstar Hospitality set to grow the brand across the country — initially through new construction and more recently through a combination of new construction and conversions.

Motel 6 provides owners with an iconic brand, outstanding recognition and a focused approach to branding.

“About 75 per cent of the 30 Motel 6 and Studio 6 locations in Canada today were purpose built new construction,” says Irwin Prince, president and COO of Realstar Hospitality. “We are taking more calls from hotel owners wanting to convert from an existing brand or from being an independent to a Motel 6 or Studio 6.”

And why wouldn't they? Motel 6 is well-known in the economy segment as the go-to place for comfortable

night's sleep at a great price.

“Motel 6 is a disciplined brand — we don't offer amenities that our guests don't require and that allows us to be moderately priced, and provides greater flow-through to our owners,” states Prince. “Our owners are focused on offering guests a quality product with a great service.”

The Motel 6 brand is complemented by its extended-stay sister brand Studio 6. Both have been targeted for robust growth in the years ahead.

“Motel 6 is geared to the individual who will probably stay between one to four days, while our Studio 6 is focused on the individual who plans to stay longer so is in need of a full kitchen, but not necessarily a full-service restaurant or bar,” says Prince.

## Sister Brand

Prince acknowledges that the economy extended stay market is still under-developed, but in Canada he believes that the growth is assured and that Studio 6 will be in prime position to benefit.

“Studio 6 is a leading brand in the extended stay economy segment,” he says. “And it's generating a lot of interest; we've had great feedback from the properties already developed.”

Like Motel 6, the Studio 6 brand delivers economic value — while at the same time providing a quality product. Although lesser known among Canadians, the Studio 6 brand has the benefit of looking very similar to a Motel 6 on the outside — and in. Both feature the award-winning Phoenix design (think wood-effect flooring, a 32-inch flat panel TV, granite

bathroom countertops, linens and cookware, and a chic, modern design and colour scheme).

## Full-steam Ahead

Although Prince speaks of a robust growth for both the Motel 6 and Studio 6 brands, he is adamant that the growth be with the right product.

“An integral element of our mandate is to find owners who share our vision and want to invest in upgrading their properties to our brand standards,” he says. “We're not interested in growing with sub-standard hotels, hence our focus on disciplined conversions.”

Prince envisions a future of continued success. “I can easily see us reaching 100 properties across the country within the next decade,” he says. “There's a definite need in the market for the positioning of



Irwin Prince

# Realstar Hospitality focuses on growth.

Motel 6 London



# Eastern Winds



Motel 6 Kingston

Motel 6 and Studio 6. Our contemporary look and feel resonates with millennials and boomers giving us great bandwidth across these segments.”

## Keeping it in the Family

When Stella Gan opted to move to Switzerland to attain an education in hospitality and tourism, her father advised her that no hospitality career would ever be successful without ownership of an actual hotel property. In the meantime, Gan’s sister, Stefani Choy, had pursued her own path, establishing her accounting career with KPMG.

“We were both very comfortable doing our own thing and didn’t want to get involved in a family business,” states Gan. But their father eventually won out. And the two sisters soon found themselves set upon a new path to success. “Our father managed to pull us out of Ontario to start a new company in 2001.”

That new company introduced the two sisters to Realstar Hospitality. And it eventually led them to the operation of the Motel 6 in Kingston, Ontario.

“We finalized the deal on Motel 6 in Kingston in 2008 and opened it in 2009,” explains Choy. “It was a new build.”

The decision to go with the Motel 6 brand was one that was carefully thought out.

“The Kingston market already has so many hotel rooms of similar type,” says Gan. “Plus our location just off Highway 401 made it the perfect choice for quick, over-night stays at the right price. We felt Motel 6 was the right choice for the location in that it offers clean, comfortable accommodation without all of the extra frills or fees that most of the other hotels offer.”

Today, Gan and Choy operate the family-owned company, Liberty Hospitality Corp. Their father has since retired.

“We’ve had lots of experience working with other brands in our past lives,” says Gan. “At the end of the day, it comes down to the people you work with and the team at Realstar has been great. We have a very good relationship with them on the Kingston property and other properties in our portfolio.”

## Captivating conversion

Sterling Group Inc. currently has upwards of 20 different properties in its portfolio. One of these — acquired in 2012 — is the four-storey, 99-guest room Motel 6 in London, Ontario.

“The building itself was constructed in 2008,” explains Farhan Kassam, managing director, who adds that brand is perfect for the location, which is right off one of the city’s main arteries: Exeter Road.

So satisfied with the Motel 6 experience, Sterling Group converted an existing six-storey, downtown Toronto apartment building into a Studio 6 hotel.

“We purchased the property in 2011 and determined that Studio 6 was the best choice for us when we discussed hotel branding,” says Kassam. “With a low cost base we felt there was real potential to grow. Studio 6 is the best-kept secret in the economy extended stay market.”

The company opened up the 72 suites to extended-stay visitors on December 2013.

“We have had great feedback and response,” says Kassam. “We’ve managed to increase our revenue by around 30 per cent, thanks to the renovations, the branding and sales efforts supported by Realstar.”

Next up for the company is the conversion of an existing Canadian hotel to the brand. Kassam has chosen not to disclose the location at this point.

## The way forward

Having already grown the brand significantly in the past few years, Realstar Hospitality has demonstrated its commitment to building the Motel 6 and Studio 6 brands across Eastern Canada. And it would seem that there’s more of that to come.

“We have tremendous opportunity for growth,” concludes Prince. “We’re fortunate to have a very engaged group of owners who are committed to the success of Motel 6 and Studio 6 across Canada.” ●



Farhan Kassam, managing director, Motel 6 London



Stefani Choy, Motel 6 Kingston



Stella Gan, director of sales and marketing, Motel 6 Kingston

If all goes according to plan, the New Brunswick hotel industry will have a lot to look forward to in the coming years. The all-important tourism industry may be about to get a boost from several fronts, not least of which includes a regulated room tax to put toward a dedicated Tourism Marketing Fund and a new \$95.4 million multi-purpose facility to be located in downtown Moncton.

## By the Numbers

The latest numbers from the Tourism Industry Association of New Brunswick (TIANB) show that visits to and within the province in 2010 contributed an estimated \$1.1 billion in tourism-related expenditures on accommodations, restaurants, shopping, travel and travel activities.

The province saw an estimated 2.96 million visits of one or more nights in 2010 from New Brunswick residents, other parts of Canada, the United States and from overseas. Tourism spending from visitors outside of New Brunswick was estimated to be \$638 million in 2010.

Over 1.7 million room nights were sold in 2011. This was on par with the number recorded in 2010 but the 1.5 per cent

increase in room nights available served to drop the provincial occupancy rate by one point to rest at an average of 50 per cent for 2011. The average daily room rate for the province showed a slight decrease from 2010 down to \$112.73 in 2011.

“The numbers aren’t in yet for 2015,” states Kathy Weir, president (TIANB). “And the months of August and September are very important to us here because of the travel patterns that we experience.”

According to Weir, the Moncton-area operators, in particular, enjoyed a great year — thanks in large part to the city’s hosting of the FIFA Women’s World Cup Canada 2015.

“We were one of the six host cities,” she explains. “I think it showed everyone that there is value in sport tourism, as well as traditional family tourism. Being able to host the FIFA event enabled us to showcase the province and to raise our visibility. It shows everyone that we can handle an event of this nature.”

Weir adds that 2014 wasn’t the best year for hotel operators in that the economy took a bit of a hit and new builds were still generating more supply than demand.

“I think we’ll see things improve,” she says, adding that promising activity is taking place over almost all of the province. “This

province has invested a fair amount in infrastructure to build the Fundy Trail Parkway, which will be fully completed in 2018. The feedback from the portion completed to date has been amazing. We also have the Hoppel Rocks in the southern area of the province. Research has shown that this attraction is a significant draw for tourism. The northern area of the province has great winter activities and the east coast has a variety of festivals and cultural events.”

Weir is quick to add that the TIANB is hopeful that its years of hard work in trying to legislate a Tourism Marketing Fund may soon come to fruition.

“It’s currently with the government and their process of writing legislation,” she says.

## New Kid on the Block

The Fairfield Inn & Suites Moncton is one of the most recent hotels to enter the market. The two-year old property offers 82 rooms near the airport.

“Business has been extremely good,” says Adam DeGrace, general manager. “I’ve been here for only three months but we’ve seen about a 95 per cent occupancy during that time. I’m fortunate to have arrived during the busy season.”

**The best is yet to come for New Brunswick.**



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