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MANAGEMENT COMPANIES



Above. Hotel Equities manages the TownPlace Suites by Marriott-Alpharetta. The 88-room property is located in a northern suburb of Atlanta. At right. Hotel Equities' portfolio includes the 114-room Fairfield Inn & Suites by Marriott-Perimeter Center in Atlanta.



The 97-room SpringHill Suites by Marriott-Mall of Georgia is located just north of Atlanta. Hotel Equities is also developing a Courtyard by Marriott in the area.



Cerrone Launches New Management Company

BY CATHY URELI

ATLANTA- Hospitality industry veteran Fred Cerrone has formed a new hotel management, development and consulting firm called Hotel Equities, Inc. The new entity has assumed the management contracts for an existing portfolio of 14 hotels, primarily Marriott and Hilton branded, that were previously handled for 11 years by Cerrone and his team at Sivica Hospitality.

The portfolio includes 12 hotels in metropolitan Atlanta, one in Macon, GA, and one in Hilton Head, SC.

The new firm came about when Cerrone decided to split off the hospitality division of Sivica, which continues to operate its communities, homes and retail divisions. Cerrone originally started a management firm in 1989, which subsequently evolved into an arm of Sivica.

"I was concerned about the Sivica brand and decided to relaunch the company as I originally intended it to be, that is to develop, own and manage select-service hotels in the Southeast," he said.

"From a surface standpoint, it's the same [as Sivica's hospitality division] with the same people, the same concept, but it was time to break away," said Cerrone, who is president and CEO of the new entity.

Hotel Equities' 12-member corporate staff is relocating from Sivica's headquarters in Alpharetta, GA to offices in the Perimeter Center area of Atlanta.

There will be "a seamless transition" for guests and hotel owners of the properties in Hotel Equities' portfolio, Cerrone said. Among the owners of hotels in the portfolio are Ashford Hospitality Trust, Moody National Companies and several individual investors, he noted.

In addition to the 14 hotels currently in the portfolio, Cerrone is partnering with Sivica CEO Kevin Reece on the development of a 110-room Courtyard by Marriott at the Mall of Georgia just north of Atlanta. Hotel Equities currently manages a Hampton Inn and a SpringHill Suites in the area where the new hotel is being developed.

The new Courtyard is scheduled to break ground this month and open in July 2007, according to Cerrone.

As for his partnership with Reece, Cerrone said, "We will continue to do some things together."

There are a number of other projects in Hotel Equities' pipeline, Cerrone noted. "We have two sites under contract in Orlando-- the brands have not been decided- and we also have a site in Rome, GA for a Courtyard," he said. "We're also bidding on some management contracts."

As for ownership of the properties, "going forward, we expect to have an ownership position in 50% of the properties in the portfolio and 50% will be third-party management," Cerrone said.

Noting that he wants growth to be "well balanced," Cerrone noted: "We're poised to grow at the rate of one property per quarter, and we would like to double our portfolio over the next two to three years."

Some of that growth may be in segments other than select-service, he indicated. "We've been very successful with select service in the last 12 years- I have been personally involved in developing many of them in the Southeast," he said. "We like the Marriott and Hilton brands but are also looking at other opportunities. And I see us eventually getting into full-service- it doesn't scare me, I started there- but you have to gear up for that and it will probably take a year to do."

In terms of geographic regions, Cerrone said he is comfortable with the Southeast. "We like the Carolinas, Georgia and Florida and plan to continue to grow in Atlanta but we will look at opportunities outside the Southeast," he said.

Cerrone expressed enthusiasm about the years ahead. "I'm 59 and have been in this business for 39 years. This is the first time I'm truly on my own. I'm excited about our new company, our new offices and our tremendous staff. We expect the next four to five years to be good for the industry, based on where we are in the cycle, and for us as well," he said.