

Uber Renovation

Richmond McCoy, founding partner and CEO of UrbanAmerica details the massive overhaul of their first hotel, the DoubleTree Resort-Orlando



DoubleTree Orlando

In 2006, UrbanAmerica LP, a pioneering brand in the area of urban real estate funds, grasped an investment opportunity with the purchase of a hotel formerly known as Sheraton World Resort in Orlando that culminated with the dramatic \$35 million makeover of the resort. The minority-controlled registered investment advisor founded in 1998 has an urban investment niche targeting properties in healthcare, government and academic spheres, along with mixed-use projects and retail markets. But as September approaches, UrbanAmerica's first hotel renovation is nearing completion and will soon become brand affiliated and known as the Doubletree Resort Orlando – International Drive.

"UrbanAmerica has been a long-term investor in Florida since its inception. We have purchased over \$200 million in Florida real estate, representing over two million square feet of property," explained Richmond McCoy, founding partner and CEO of UrbanAmerica. "We have found Florida very desirable for investing because historically – that is over the last ten years -- we have seen population growth, affordable housing, and a good and abundant labor force that has been under-retailed."

By the time the renovation and Doubletree conversion is complete, the guest

rooms will be completely refurbished with high quality fixtures and furnishings, and the grounds newly landscaped complete with Balinese inspired bridges, ponds and lush foliage. The newly-transformed property offers 1,094 guest rooms and suites situated in resort style buildings and a 17-story tower, a fitness center, day spa, restaurant, lounge, deli, poolside bar, kids game lounge, putting green and mini golf course and on-site car rental and attraction tickets. The resort's three swimming pools all have been enhanced with relaxation areas and natural brick paver-lined sun decks and walkways. Business accommodations include high-speed Internet access throughout the property, and 60,000 square feet of meeting and banquet space with two grand ballrooms.

"It was the above-market returns of many of the round trip investments in Fund 1 that enabled us to engender the confidence of many of the institutional investors and allowed us to tackle larger projects with even greater upside potential," Mr. McCoy said. It was this more aggressive investment strategy that was employed to purchase the International Plaza Resort and Spa, once flagged by Sheraton. "Three years ago, hospitality was very strong and the hotel was a great buy in a desirable location. We knew with renovations the hotel had the potential to be transformed into an upscale, resort property for both families and convention guests." The hotel is ideally located next to SeaWorld Orlando, directly across from Aquatica (SeaWorld's Water Park), and a few miles from the Disney and Universal theme parks. The Resort is also only minutes away from the Orlando Convention Center.

The final phase of the resort's makeover will be its brand affiliation and renaming to the Doubletree Resort Orlando - International Drive in September. The resort caters to both the vacation traveler and the business traveler, and offers all guests a warm chocolate chip cookie upon arrival.

"While renovating, we wanted to assure the leisure traveler looking for a fun-filled family getaway and the business traveler or convention seeker that the property would be ideally suited for both experiences." The dramatic overhaul has transformed the hotel into what McCoy describes as "a warm and tranquil travel oasis redefining the meeting and vacation experience."

One of the inspirations for the resort's renovations was the tropical island of Bali. As part of its makeover,



Renovated Room

the hotel offers three distinct floor plans all featuring Balinese-inspired fixtures and furnishing, native dark woods and bamboo furnishings. State-of-the-art amenities include 32-inch flat-screen televisions, wireless Internet access and iPod-compatible radios. The guest rooms are really the highlight of the resort. McCoy wanted the same thing for his guests that he seeks in a hotel, and that is affordable luxury. "The care with which each room was renovated is hard to find in today's world where craftsmanship is seen as cost preventative. I believe, however, quality is an investment in success and longevity in a competitive marketplace."

The resort's natural landscape offers a variety of environments throughout the 28-acre property. Visitors can seek quiet solace in one of the resorts palm-shaded hammocks or in one of several intimate gathering spaces. As previously mentioned, the grounds are also newly landscaped, complete with Balinese-inspired bridges, Indonesian Stone Ceramics, ponds and lush foliage.

While renovating the resort, UrbanAmerica wanted to ensure that "green" standards and energy conservation were used. The Doubletree Resort Orlando - International Drive is certified as a Green Lodging Facility through the Florida Department of Environmental Protection, which rewards environmentally conscious lodging facilities. In order to receive this standing, the resort implemented practices such as water conservation, recycling and energy reduction. These initiatives include water conservation measures through low-flow plumbing fixtures, a linen reuse program, Energy Star appliances and programmable thermostats. Waste reduction programs have also been implemented, recycling including ink and toner cartridges, purchasing items in bulk and purchasing recycled materials. All air filters in the resort are high efficiency.

With an established investment track record and the experience from the Doubletree Resort Orlando - International Drive hotel renovation, in June, UrbanAmerica delved further into hospitality investments by being named to fund the new convention center hotel in Nashville as part of a public-private partnership with the Metropolitan Development and Housing Agency. The estimated \$350 million hotel will be adjacent to the planned new Music City Center in the downtown area. Plans for the hotel feature approximately 100,000 square feet of meeting space and ball-

rooms, 1,000 guest rooms, retail outlets and restaurants. For UrbanAmerica, this project will continue the tradition of working with local economic development organizations to stimulate the economy while returning market rate returns to investors.

"Bringing goods and services to emerging domestic markets while providing market based returns to investors is what UrbanAmerica was founded on," Mr. McCoy explained. This philosophy, once seen as risky by many investors, has recently been embraced by many institutional investors. UrbanAmerica currently manages over \$1 billion in real estate assets for some of the nations largest public and private pension funds, as well as top banks and insurance companies, including Citicorp, General Mills Pension Fund MBNA, Met Life, Nationwide Mutual Insurance and Prudential Financial.

The State of Florida has figured into the UrbanAmerica's eleven-year history prominently, beginning with the acquisition of the Tampa Festival Center in January of 2000 and, notably Northside Shopping Center in September 2002, located in Dade County. Northside is home to two government agencies, as are the majority of the properties in UrbanAmerica's portfolio, past and present. Once the largest landlord to the State of Florida, UrbanAmerica has long seen the advantage of leasing to government agencies because of the low credit risk and the potential for long term leases. Northside, a 465,000 square foot open-air, mixed-use community center, is still owned by UrbanAmerica and is seeing revitalization in terms of a \$4 million renovation – another example of UrbanAmerica's dedication to providing economic stimulus to its investment locales.

McCoy is looking toward the future and believes with the passing of the recent stimulus legislation we will see an increased importance of the urban core. "We can see the federal government recognizes the strategic importance of investing in the urban core. We think the impact of the legislation that focuses on the green movement, mass transit locations and strengthening our educational system is a compliment to our long standing investment strategy," stated McCoy. In fact, now winding down the deployment of the capital in UrbanAmerica's second fund, McCoy doesn't see the urban investing trend ending any time soon. McCoy will be looking to Florida for his next deal to continue the work UrbanAmerica, began there nearly nine years ago.



DoubleTree Lagoon Pool