

Snapshot: BD Hotels' Richard Born

24 JUNE 2015 7:56 AM

Richard Born of BD Hotels has played the boutique hotel game for three decades. Here's what he's learned along the way.



NEW YORK CITY—When Richard Born first began developing hotels in the late 1980s, there was only one neighborhood in New York City: Midtown Manhattan.

To expand one's footprint beyond was to blaze a trail into the uncharted wilderness, the principal of BD Hotels said.

“We reached mostly south, going into areas like Chelsea and SoHo and Tribeca. Those were frontiers. Then Brooklyn became the frontier,” he said.

And now?

“I don't think there are any other frontiers that I can see,” Born said during an onstage interview at the Boutique Hotel Investment Conference.

A lot else has changed in the hotel industry since then. Brooklyn, once the edge of the new world, is now an epicenter of hotel development, Born said.

And boutique hotels, once an outlier, are now more mainstream—thanks in part to BD Hotels' role in turning around aging or alternative assets into relevant independent hotels such as The Blakely New York and The Greenwich Hotel, the latter of which is owned in partnership with actor Robert de Niro.

Born's experiences in the midst of such change has lent him a unique perspective on a variety of industry topics, several of which he shared during the 15-minute session.

On the boutique sector

What makes boutique hotels so compelling? They're less "fungible," Born said. (Or in layman's terms, they're more difficult to replicate or replace.)

"Aside from the allure of nightlife and food and beverage, the one thing that the boutique hotel does for the owner/operator is it makes its product less fungible," he said.

Traditional brands offer niche experiences at various price points, but only a true boutique property offers a one-of-a-kind stay that appeals to more than just the pocketbook.

"By building unique products, our customers want to stay with us ... and they're not going to be lured away because another hotel is just \$5 less," Born said.

On the proliferation of brands

"I don't think the boutique is apart from it," Born said. "I think it's a part of it."

He warned boutique operators from laughing off competition from large hotel chains—as he did when he heard Starwood Hotels & Resorts Worldwide was launching W Hotels.

"I had no faith in their ability to do it," Born said. He admitted he couldn't have been more wrong.

"It was the focus and doggedness of Barry Sternlicht that got that chain built and launched, and he did a very good job of doing it," Born said.

Now it seems every major chain has a boutique brand in the offing, if not several.

"We can't laugh these off," Born said.

On marketing to millennials

Trying to market to millennials is a mistake, Born said—with the exception of youth hostels.

He knows firsthand after launching The Pod hotel brand. Designed with penny-pinching 20-year-olds in mind, the small-room concept has since proven itself a hit with travelers in their 50s, 60s and even 70s, Born said. Now the company has two Pod hotels in New York City.

“Our generation is a generation of middle-aged people who consider themselves to be young—or some of us do. Building for millennials is correct in the psychology, but don’t expect them to be your guest,” he said.

On finding difficult developments

“I like renovation. New construction is too clean,” Born said of BD Hotels’ development philosophy.

“We are very stingy buyers.” Renovations often have issues or challenges that chase a lot of buyers away, which means less competition and a lower acquisition cost, Born explained.

On partnering with celebrities

BD Hotels can provide a lot of expertise to any deal. It can also provide money.

The one thing it can’t provide? Celebrity.

That’s why it’s a good thing celebrities often pick BD Hotels, Born said.

“We work really well with celebrities. We work really well with creative people,” he said.

<http://www.hotelnewsnow.com/Articles/26631/Snapshot-BD-Hotels-Richard-Born>