



BARRY SLOAN

## INN DEMAND

HOTELS OPENING IN 2017 SEEK TO CAPTURE VISITORS

BY VICTOR OCASIO  
victor.ocasio@newsday.com

Four new hotels with more than 500 rooms are expected to open next year on Long Island, as strong occupancy rates and rising tourism spending create a wave of lodging construction.

The hotels, one in Nassau and three in Suffolk, are a \$35 million,

165-room Hilton Garden Inn expected to open in Port Washington in March; a \$24 million, 131-room extended-stay Marriott Residence Inn, to open in April in Riverhead; a \$16.8 million, 125-room Courtyard by Marriott in Central Islip opening in the second half of 2017; and a \$21.6 million, 124-room extended-stay Hilton Homewood Suites in

Ronkonkoma planned to open late next year.

The surge comes after two hotels opened earlier this year — a SpringHill Suites in Carle Place in April, and a Courtyard by Marriott in Westbury in July — and none in 2014 and 2015.

All six of these hotels offer lower prices, and fewer ameni-

ties and rooms, than large hotels catering to corporations seeking grand exposition spaces and guests looking for restaurant options.

Lodging plays a major role in Long Island's tourism industry, which had estimated revenues of \$5.5 billion in 2015, up about 3 percent from 2014, according to a recent report by Tourism

Economics, a global analyst of travel data based in Philadelphia. Tourism generated \$676 million in state and local taxes last year, the firm estimated.

Hotels here can take nearly a decade to build and open because of the Island's limited available land and strict municipi-

See HOTELS on A40



Co-developers Adam Levine, left, and Paul Amoruso discuss the progress of construction on the 165-room Hilton Garden Inn at 3 Harbor Park Dr. in Port Washington.

# ROOM for growth

## HOTELS from A39

pal permitting and zoning. But strong demand is encouraging developers to build despite the obstacles.

"We're starting to see growth again in the visitor market and demand for hotel rooms," said Robert Lipper, a tourism industry consultant and former Newsday advertising executive who has tracked the hotel industry for more than 20 years. Hotel construction typically follows a cycle and in peak years "we would see four or five hotels opening and we seem to be getting

## Strong demand is inspiring hotel development on LI

back to that."

Average occupancy at Island hotels this year is 72.9 percent, compared with 66.4 percent for the nation, according to recent data from Smith Travel Research, or STR, a Tennessee-based analyst of hotel industry performance and trends. And this year's 2.9 percent growth in room revenue here contrasts with a 3 percent decline in New York City.

Average room rates on Long Island in August — the peak of the summer season — hit \$178.60 per night, a record here, STR said. And average occupancy for this August and last August climbed to more than 85 percent, the highest percentages since the same month in 2000, when occupancy hit 91.4 percent, according to the firm.

"Demand is outpacing supply," said Alison Hoyt, director of consulting and analytics for STR. The Island has seen a 3.4 percent growth in demand this year, compared with a supply increase of only 1.2 percent. "Those are very strong metrics," she said.

Next year, occupancy at Island hotels is projected to flatten or dip by 0.5 percent partly because of the increase in supply, although daily rates — a measurement of hotel revenue per room — are expected to continue to grow by 3.3 percent, putting the region ahead of the na-

tion, STR projected.

"People are staying more and paying more for Long Island," said Kristen Jarnagin, president and chief executive of the Long Island Convention and Visitors Bureau and Sports Commission, the local tourism marketing organization.

### Years in the making

Patience is often required for hotel developers.

The Marriott Residence Inn is being built in Riverhead by Lee Browning Sr., chief executive of Riverhead Realty Management. Browning said he



Lee Browning Sr., CEO of Riverhead Realty Management, at the site of new Residence Inn.



The Courtyard by Marriott hotel on Privado Road in Westbury opened in July. Another is under construction in Central Islip.

has been trying to build the hotel, which is next to his 114-room Hilton Garden Inn that opened in 2008, for more than eight years.

"It's a business that takes a lot of planning, a lot of patience and a lot of money," Browning said. Two of the biggest hurdles, he said, are navigating the zoning process and securing financing.

By his estimate, hotel developers must be able to put up at least 35 percent of the total project cost to qualify for bank financing. Other upfront costs include buying a franchise license from brands such as Hilton or Marriott — typically more than \$70,000 — and hiring an architect approved by the brand at around \$400,000.

"The entry fee is very high in this business," he said. "You have to be into hospitality."

The four-story Hilton

Homewood Suites in Ronkonkoma is being developed by Arlington, Virginia-based real estate investment firm Excel Group, which owns 18 hotels nationwide.

Excel last year paid Browning \$37 million for the Ronkonkoma property, including a 15-year-old, 154-room Courtyard by Marriott, two adjacent restaurants, and the site of the Homewood Suites for which Browning laid the foundation in 2014. Excel expects the hotel to open in 12 months.

Excel disclosed last year in an application for tax benefits to the Brookhaven Town Industrial Development Agency that it expected the hotel to cost more than \$21 million. Excel declined to give a cost estimate when called recently.

"We believe there's a sufficient demand base today and we believe that demand is

going to continue to grow," said Shoham Amin, managing partner at Excel Group.

The Roslyn Hilton Garden Inn in Port Washington, on the border of Roslyn, takes the place of an abandoned sports facility in the Harbor View Corporate Park. Paul F. Amoruso, Larry Levine and his son, Adam Levine, co-developers at Melville Hospitality, are building the project.

The hotel, which took four years to reach construction, was "fast tracked," Amoruso said, by municipal leaders.

Construction on the four-story Courtyard by Marriott in Central Islip started this summer. Its Livingston, New Jersey-based developer, The Briad Group, expects it to open in the second half of 2017.

The developer told the Islip Town Industrial Development Agency in 2013 that the project would cost nearly \$17 million. A spokesman for Briad didn't respond when asked about the cost.

While the four hotels are being built by different devel-

opers, they are all national brands that cost less than their larger full-service counterparts, and are often referred to as select-service hotels.

**Fewer corporate clients**

Full-service hotels, such as the 615-room Long Island Marriott in Uniondale and the 369-room Melville Marriott, the largest and second-largest hotels on Long Island, generally offer premium-priced amenities, including restaurants, large meeting spaces and room service.

Large corporations are mainstays of full-service hotels, said Ken Walles, president of the Long Island Hospitality and Leisure Association, a local hotelier organization. "The strength of full-service hotels is corporate business," said Walles, who owns the 30-room Oceanside Beach Resort in Montauk and is former vice president and general manager of the 1,700-room Hotel Pennsylvania in Manhattan.

And since Long Island has lost major companies in re-

cent years, demand for full-service hotels has weakened, he said.

Corporations that have left the Island in recent years include OSI Pharmaceuticals, Arrow Electronics and Forest Laboratories.

Extended-stay and select-service hotels typically offer lower room rates with more modest services and amenities.

"With business expenditures getting tighter, lower price-point hotels become more attractive," consultant Lipper said.

While rates vary considerably over time, select-service hotels typically charge \$20 to \$40 less than their full-service counterparts, Lipper said.

In the Melville area recently, a full-service hotel posted room rates of \$179 a night, compared with \$159 for two nearby select service lodgings.

Challenges facing the hotel industry on Long Island include the building boom itself, Walles said.

"Every time you get new product on line, some of the existing properties will see a drop in business," he said.

And hoteliers worry about the long-term impact of home-sharing services such as Airbnb, which allow homeowners to rent out their dwellings online similarly to small hotels.

Excel's Amin said he expected growing industries on Long Island, such as health care and biomedical research, to continue to boost the hotel industry.

"As those industries continue to expand they will bring a large amount of demand to the hotels in the market," Amin said.

Amoruso, of Melville Hospitality, said select-service hotels, such as the Hilton Garden Inn in Port Washington his company is building, give him access to markets that full-service hotels can't enter.

"The reality is, until we get the proper amount of corporate demand, we will not have those big-brand hotels being built on Long Island," said Amoruso, who has developed and owns several hotels locally, including another Hilton Garden Inn and a Homewood Suites, both in Plainview.

"The market share will be taken away by these small, more nimble properties," he said.

PHOTO BY RANDIE DADDONA

PHOTO BY JEFF BACHNER

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— Shoham Amin, managing partner at Excel Group

LI BUSINESS

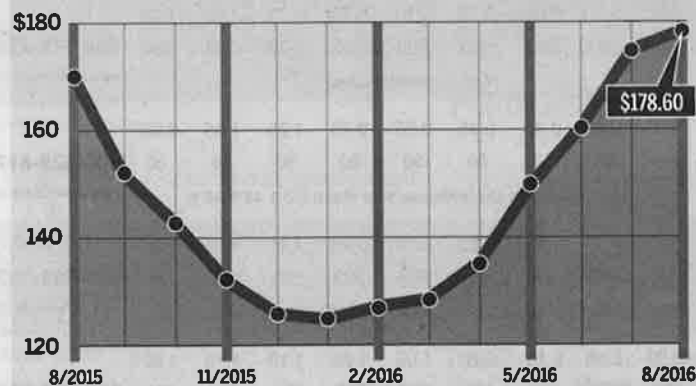
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# StatPack

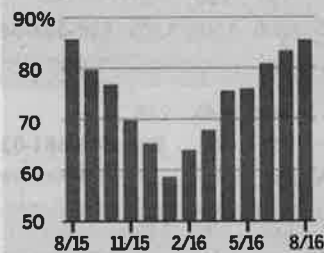
## HOTELS & INNS

### ROOM RATES



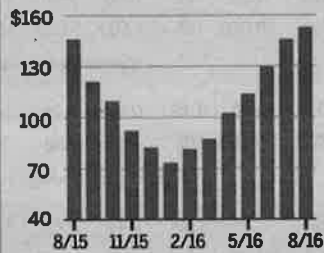
Per-night average, Nassau and Suffolk

### OCCUPANCY RATE



Percent of rooms filled, Nassau and Suffolk

### REVENUE PER ROOM



Revenue divided by number of available rooms

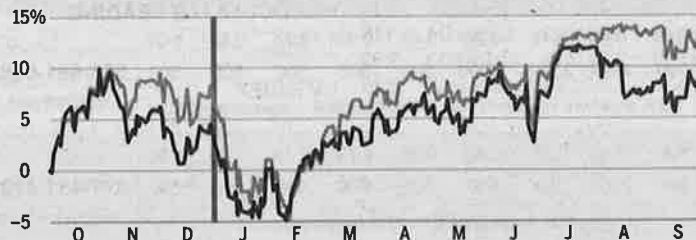
SOURCE: STR

## MARKET RECAP

Bloomberg

### Long Island vs. U.S.

● Newsday L.I. Index ● S&P 500 Index



### Gainers and Losers

Company	Close	Chg
<b>Lifetime Brands</b>	13.46	5.4%
<b>Planet Payment</b>	3.71	2.8%
<b>NAPCO Sec Tech</b>	7.19	2.7%
<b>Flushing Fin</b>	23.72	2.2%
<b>BioSpecifics Tech</b>	45.67	1.9%
<b>Kimco Realty Corp</b>	28.95	-1.2%
<b>Cedar Realty</b>	7.20	-1.4%
<b>BRT Realty Trust</b>	8.00	-1.5%
<b>Comtech Telecom</b>	12.81	-2.4%
<b>Arbor Realty</b>	7.42	-2.6%

### Market Snapshot

Index	Close	1-D move	1-Yr chng
Dow	18,308	164.70	12.4%
NASDAQ	5,312	42.85	15.0%
S&P 500	2,168	17.14	12.9%

### Commodity Prices

Commodity	Close	1-D move	1-Yr chng
Gold (t. oz)	1,317.10	-8.90	18.1%
Silver (t. oz)	19.21	0.03	32.3%
Oil (barrel)	48.24	0.41	7.0%

### Treasury Yields

2-year	0.76	10-year	1.60
5-year	1.15	30-year	2.33

### Value of U.S. Dollar in...

British Pound	0.77	Canadian Dollar	1.31
Euro	0.89	Japanese Yen	101.34

## TOP U.S. SAVINGS YIELDS

Nationwide high yields are based on a Bankrate.com survey of the minimum amounts required to open a deposit account. National average as of Wednesday is based on a weekly national survey of the 100 largest U.S. institutions. National yields are as of Tuesday.

Institution	Telephone number	Minimum to open	Annual % yield
<b>MMA/Savings National Average: 0.11%</b>			
iGObanking.com	888-432-5890	25,000	1.10
AloStar Bank of Commerce	877-738-6391	50	1.05
Ally Bank	877-315-2559	0	1.00
Barclays	888-720-8756	0	1.00
Radius Bank	800-242-0272	10	1.00
<b>6-Month CD National Average: 0.19%</b>			
TAB Bank	800-837-4136	1,000	0.95
Capital One 360	800-289-1992	0	0.90
Colorado Federal Savings Bank	877-484-2372	5,000	0.90
My e-BANc by BAC Florida Bank	855-512-0989	1,500	0.87
EH National Bank	888-392-5265	10,000	0.86
<b>1-Year CD National Average: 0.31%</b>			
Pacific National Bank	305-539-7500	1,000	1.27
iGObanking.com	888-432-5890	1,000	1.25
My e-BANc by BAC Florida Bank	855-512-0989	1,500	1.25
Synchrony Bank	800-903-8154	2,000	1.25
Colorado Federal Savings Bank	877-484-2372	5,000	1.25
<b>2.5-Year CD National Average: 0.49%</b>			
EverBank	855-228-6755	1,500	1.46
Salem Five	888-662-5500	10,000	1.45
Discover Bank	888-728-3151	2,500	1.35
5 Star Bank	800-776-2265	1,000	1.30
Astoria Bank	800-ASTORIA	500	1.05
<b>5-Year CD National Average: 0.81%</b>			
Salem Five	888-662-5500	10,000	2.00
First Internet Bank of Indiana	888-873-3424	1,000	1.92
EverBank	855-228-6755	1,500	1.91
Goldman Sachs Bank USA	855-730-7283	500	1.85
Discover Bank	888-728-3151	2,500	1.85

Note: Accounts are FDIC insured to \$250,000 per person, including principal and interest. Rates are subject to change without notice. <sup>1</sup>National Average for MMA/Savings is specific to Money Market Accounts only.

## BEST CREDIT CARD DEALS

Long Island and New York City area  
Here are large FDIC-insured banks and thrifts offering Platinum bank cards. Annual percentage rates are as of Tuesday.

Institution	Telephone number	Annual % rate	Annual fee	Grace period
Apple Bank for Savings	914-902-2775	14.24V	\$0	21/billing
Astoria Bank	800-ASTORIA	14.24V	\$0	21/billing
Bank of America	800-678-2632	16.24V	\$0	25/billing
Capital One	800-955-7070	24.99V	\$0	25/billing
Chase Bank, NA	800-432-3117	18.24V	\$0	21/billing
Citibank	800-950-5114	18.24V	\$0	23/billing
HSBC Bank USA	800-975-4722	17.24V	\$0	25/billing
Santander Bank, N.A.	877-768-2265	17.74V	\$0	21/billing
TD Bank, NA	888-561-8861	18.24V	\$0	25/billing
Wells Fargo Bank	800-642-4720	20.32V	\$0	25/billing

Note: Long Island and New York City area rates are for Platinum credit cards, and information applies to purchases only. V=Variable rate and F= Fixed rate. Offers listed do not require membership or any other relationship.

## COST OF FUNDS

The prime rate, as reported by the Wall Street Journal's bank survey, is among the most widely used benchmark in setting home equity lines of credit and credit card rates. It is in turn based on the fed funds rate, which is set by the Federal Reserve. The COFI (11th District cost of funds index) is a widely used benchmark for adjustable-rate mortgages.

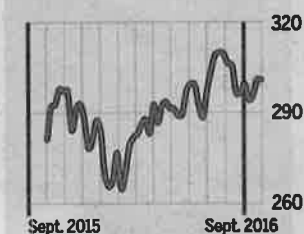
	Prime Rate	Fed Funds Rate	11th Dist. COF
This week	3.50	0.50	0.690
Last change	3.25	0.25	0.690
Last Year	3.25	0.25	0.643

Bankrate National Index	6 Mo CD	1 Yr CD	5 Yr CD
This week	0.19	0.31	0.81
Last change	0.18	0.30	0.81
Last year	0.17	0.28	0.86

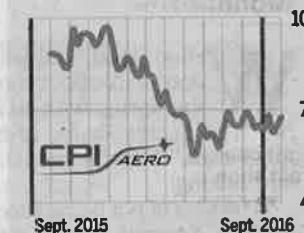
## LI INDEX

299.93 (week's change: -0.3%)  
52-week return: +8.3%



The Newsday Long Island Index ended the third quarter with a slight weekly loss despite a big market rally on Friday. Dividend-paying and financial stocks were the biggest drag on the index last week, with Port Washington shopping centers operator Cedar Realty Trust (-4%), Great Neck commercial real estate owner One Liberty Properties (-4%) and New York Community Bancorp (below) leading the decliners. Year to date, the index is up 5.5 percent.

## LI STOCKS



**CPI Aerostructures (CVU)**  
Edgewood  
6.86 (week's change: +5.4%)  
52-week return: -23.2%  
The aircraft-parts maker said it received a \$2.7 million contract from Raytheon to manufacture door and duct assemblies for a radar component to be installed on U.S. Navy fighter jets.



**N.Y. Community Bancorp (NYCB) Westbury**  
14.23 (week's change: -3.7%)  
52-week return: -17.2%  
Concerns over the health of German giant Deutsche Bank and issues surrounding Wells Fargo pushed shares of bank companies lower, including NYCB, which hit a 52-week low.

- PETER KING