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Hotel industry gathers momentum in Southeast

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The first in a series of new hotels proposed for Southeast Washington is scheduled to officially open today.

The Courtyard Washington Capitol Hill/Navy Yard, at 140 L St. SE, will be only the second hotel in the quadrant, but it soon could be joined by up to four more in a hotel boom inspired by new office buildings and the Washington Nationals' new baseball stadium.

The stadium and new offices -- including the new Department of Transportation building and Southeast Federal Center -- promise to bring tens of thousands of people into the area, including up to 41,000 baseball patrons on game days at the stadium, igniting a flurry of development activity, including housing, retail and hotels.

FRP Development Corp., a Sparks, Md., development company, has submitted plans to the city to build a 235-room hotel as part of a nearly six-acre mixed-use project immediately south of the baseball stadium site. And land immediately north of the stadium was sold last week to Western Development Corp., a District company, to construct a hotel as part of a mixed-use project.

Four blocks north of the stadium, Rockville's Cohen Cos. has said it wants to build a mixed-use project including a hotel, condominiums, retail and underground parking. And further east, Lincoln Property Co. has said it intends to expand its Maritime Plaza office park with two more office buildings and a hotel.

Mike Dickens, president of Hospitality Partners, the company managing the new Courtyard by Marriott, said the local office construction is driving the hotel building, not necessarily the baseball stadium. Construction on the Courtyard hotel began in early 2004, before the Montreal Expos moved to Washington, but just as construction began on the U.S. Department of Transportation building.

"The stadium is a critical component in the activity, but from the hotel standpoint, the Department of Transportation building across the street is even more significant in terms of the volume of business," he said. "Baseball is 80 days per year, the Department of Transportation is 365."

Courtyard, which is part of the business-traveler chain of Marriott International Inc., has 204 rooms and includes amenities for business travelers such as a large desk and extra outlets in guest rooms and a wireless Internet bar in the lobby.

It is owned by NJA Development Partners LP, an entity of Valhal Corp., a New York property manager. It is managed by Hospitality Partners, a Bethesda hotel-management company.

Capitol Hill Suites, a business suite hotel at 200 C St. SE, was the only other hotel in the quadrant until recently. Courtyard said it is the first hotel to open in Southeast in more than 25 years. Capitol Hill Suites' parent company, Starwood Hotels, did not return calls yesterday.

Officials at the Anacostia Waterfront Corp., the quasipublic agency responsible for developing the waterfront area, said the hotels fill an underserved area.

"Even if all four of these [planned hotels] happen, we don't believe it would be an overconcentration," said Uwe Brandes, project manager for the waterfront redevelopment. "This is a huge neighborhood. That has been a concern in other parts of the city ... but this is a robust neighborhood with, over the long term, an appeal to the business sector and the tourist sector."

Mr. Dickens said the strength of the Washington hotel market -- the average room night rose 11 percent in the District last year to \$179 per night, according to Smith Travel Research -- protects the area from overdevelopment.

"Overbuilding, in the hotel industry, is always something of a concern. The industry is very cyclical in that way," Mr. Dickens said. "But D.C. is a consistently strong market. Frankly, the costs are so high in D.C., of the four deals, maybe only half of them will get done."

But for now, Mr. Dickens is going to enjoy having an almost-monopoly in Southeast. "We're going to be the only hotel in the area for a while," he said. "I think this hotel is well located to take advantage of what's happening in Southeast."

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