

## Larkspur branches out with new brand

By Heather Gunter

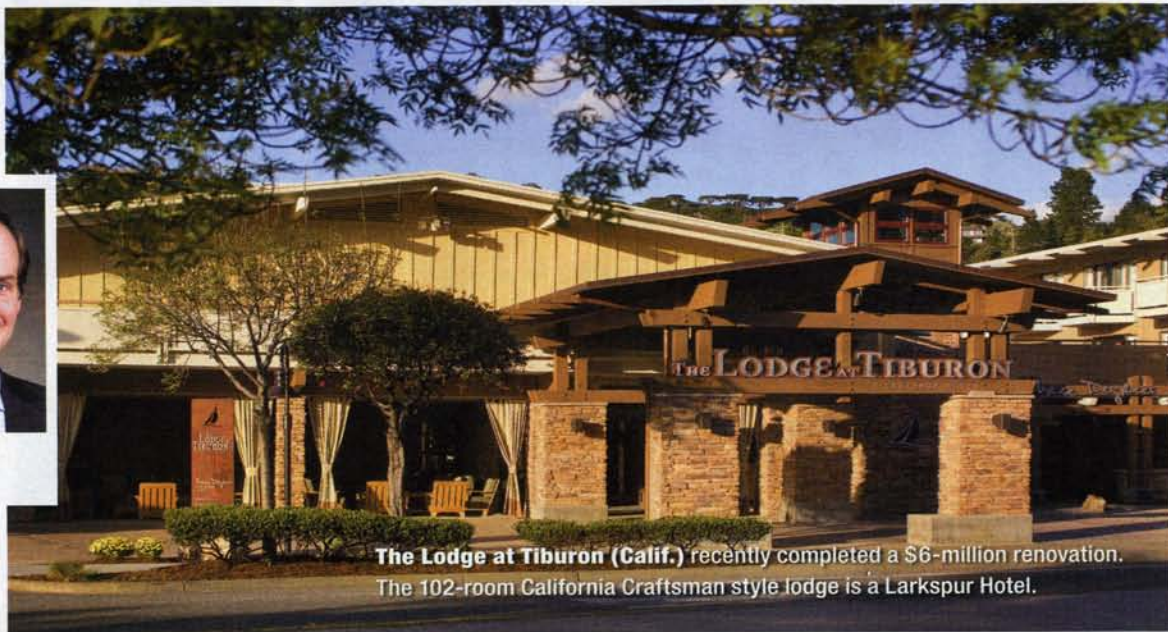
ASSOCIATE EDITOR

LARKSPUR, CALIF.—Larkspur Hotels & Restaurants is further segmenting its portfolio with Larkspur Hotels, a three-star brand. The Larkspur Hotels brand joins Larkspur Collection, the company's four-star independent hotels, and Larkspur Landing, its extended-stay brand.



Hoagland  
LARKSPUR

"Our company is in a real transition point," said Karl Hoagland, chairman and c.e.o., who co-founded See **Larkspur Hotels** | page 40



The Lodge at Tiburon (Calif.) recently completed a \$6-million renovation. The 102-room California Craftsman style lodge is a Larkspur Hotel.

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## Larkspur Hotels

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the company in 1996.

The transition was sparked by the sale of 11 Larkspur Landings to Starwood Capital Group in 2007, Hoagland said. Starwood Capital Group retained the Larkspur flag and management.

"We weren't sure that was how that transaction was going to play out. The best buyer did want to keep [the Larkspur flag]. That makes the Larkspur Landings more of a relevant brand," he said, citing the involvement of Barry Sternlicht, chairman and c.e.o. of Starwood Capital Group.

Some recent acquisitions also were a catalyst for the company to focus more on branding and management. In late 2006, the company acquired The Belamar Hotel in Manhattan Beach, Calif., and the Cartwright Hotel and the Monticello Inn, both in San Francisco. It then bought a Holiday Inn Express and a Best Western that Hoagland said were in great locations in California.

"All these transactions came together and facilitated us looking at a new brand strategy," he said.

The creation of Larkspur Hotels will allow the company to grow in the three-star segment, Hoagland said.

"We had some hotels that were not of a four-star quality and couldn't get to that level because of room size or bath size, and so we needed a three-star segment," he said.

The Cartwright Inn reopened in June as the Larkspur Hotel Union Square. Hoagland anticipates good growth for the Larkspur Hotel brand.

"There are a lot of two-and-a-half-star hotels that could be repositioned in the three-star segment," he said.

Larkspur is entering a significant growth phase, which will be benefited by the broader brand umbrella, Hoagland said. The company could double its 23-hotel portfolio, comprising 2,794 guestrooms, in three to five years.

"After we get up to 50 hotels or so, I could see us going to the East Coast," he said. "We would look for a downturn in those markets before looking there."

The current portfolio is confined to California, Oregon and Washington. There still is big potential for growth on the West Coast, Hoagland said. The company is looking to acquire independent hotels that may not have had a lot of investment or ones that have been undermanaged.



The 127-room Belamar Hotel in Manhattan Beach, Calif., is part of the Larkspur Collection, a division of Larkspur Hotels & Restaurants that includes four-star independent hotels.

LARKSPUR HOTELS

Finding opportunities has been a challenge with the downturn and the credit crunch, Hoagland said.

"It's having a depressing effect on the transactions because buyers don't want to pay as much," he said. "At the same time, operating results are still good, so there's not a mandate for people to sell."

Hoagland said Larkspur has succeeded because customers value an experience.

"The overall brand is warm and genuine service—personalized service," he said. "The culture here really reflects that. Every hotel company in America says that, but

we've been saying that a long time and doing it."

Amenities at the hotels include the FeatherBorne bed and Your Home Office @ Larkspur, which includes free business center services and free high-speed Internet access in guestrooms.

Larkspur policy requires general managers to respond to every guest survey comment.

"When you don't have a big brand and a frequent-stay program, you need to focus on the guest more closely to be able to compete," Hoagland said.

Larkspur often is compared to Kimpton Hotels and Joie de Vivre

Hospitality.

"They are great at what they do," Hoagland said. "Together, the three of us are putting more emphasis on independent brands, and we're doing well against the major brands. The fact that we're all on the West Coast, it's a fertile ground for new ideas. By operating unaffiliated hotels, we are all able to get our fair share without the loyalty programs."

Going forward, all the company's acquisitions will have a Larkspur brand affiliation.

"It's a bigger umbrella to acquire and grow," Hoagland said.

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