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## Limited, not Limiting

### Is it Time to Start Booking Select Service Properties?

by **Terah Shelton** | Published in **May 2007** Focus on Event Sites

Chances are, your knowledge of limited service properties is, well, limited. That's about to change, however. A fast-growing trend in the hospitality industry, limited service properties are just beginning to come into favor among planners — and with savings of as much as 25 to 50 percent over traditional options (with the difference filtering down to attendees), it's easy to see why.

#### What's a Limited Service Property?

Just exactly what is a limited service property? Simply put, limited or "select service" properties are hotels without all the luxuries and services a traditional hotel offers. While some of the amenities found at regular hotels are often available — free breakfasts, parking, Internet, televisions, in-room coffee machines and access to health clubs — other aspects are scaled down.

"A limited service property is typically a property that doesn't have room service. Many times they don't have their own restaurant, although some of them do. Usually they work out an arrangement with a restaurant next door," explains Toby Brenner, president and CEO of Los Angeles-based Par Avion Meetings & Conventions, a housing, registration, travel and meeting management company.

In her experience with citywide conventions, she has noted this nascent trend among planners toward using limited service properties.

And, she believes, they offer many advantages. "They're new, they're clean, and they're also affiliated with some of the [major hotel brands], and yet they're more affordable," she says.

Budget pricing is another key point, of course, but she also notes that rooms at limited service properties are often suites, which makes room sharing easier, and they offer discounted rates for longer-term stays.

For associations, conventions and property owners, it's a win-win situation, she says.

#### A Growing Hospitality Sector

Most of the major hotel chains have created brands in this growing arena. Hyatt now has Hyatt Place. Marriott offers Fairfield Inn, Residence Inn and Courtyard. Hilton has Hampton Inn and Hilton Garden Inn. Starwood offers Four Points by Sheraton, while Holiday Inn (a brand owned by InterContinental Hotels Group) has Holiday Inn Express.

Currently, about 60 select service hotel brands are in operation, and new ones are springing up every year. In 2005, Starwood Hotels & Resorts Worldwide announced plans to "raise the bar in the select service category" with its new hotel,

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Select service properties, such as this Hilton Garden Inn Dallas/Duncanville (Texas), offer many of the same amenities available at traditional hotels, although they may be in a more self-service format.  
Courtesy: Hilton Garden Inn Dallas/Duncanville

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Why are they so popular in the hospitality industry? "Most of the hotel chains would say that's one of their most profitable areas right now," Brenner explains.

However, this craze did not happen overnight. According to a Jones Lang LaSalle Hotels survey, the select service hotel sector is ready for an increase. The firm's report, *Hotel Investment Highlights — Select Service*, placed the select service hotel business at roughly \$3 billion in 2006, or approximately 650 transactions, an increase from the 2005 totals.

For Gary Schirmacher, a certified meeting professional and senior vice president, Western region, for Experient, the motivation behind the growth in select service properties, from the planner's perspective, is value.

"Full-service hotels are becoming more and more expensive for the consumer. Attendees are looking for those kinds of properties because they don't necessarily need all of the services that are available at a full-service hotel," he explains. "And as select service hotels are enhancing their room products, brightening their lobbies and including things like breakfast, it really becomes a great option for people."

Schirmacher also believes the transient business and leisure traveler is driving the demand for these types of properties, with owners of these hotels recycling the money back into them.

"It used to be that you went to a select service hotel and maybe the bathroom amenities weren't as nice. Maybe the bed wasn't a king, but a queen. And they maybe seemed a little bit older," he explains. "Owners are putting more money in these types of properties. Many are now providing the same type of room product you can get at a regular hotel."

Most of these limited service hotels are located downtown, near the airport or outside of the cities, where the land is cheaper. But the placement and location of these properties can work very well for planners and attendees.

"Many times these select service properties are being intentionally put near large hotels. If you look at Orlando, Florida, you've got a major hotel like the Marriott Orlando World Center and there's a Holiday Inn Family Suites across the street," Schirmacher explains. "Then you have scenarios like Grapevine, Texas. Gaylord built this huge property and all of sudden within a mile or so from the property you see select service hotels that are catering to people attending meetings at the Gaylord who may not want to pay that rate or the rooms might be booked as an overflow once the Gaylord is filled."

### Selecting Select Service

For the planner interested in coordinating or planning a meeting at a select service hotel, Brenner suggests using them for events in which the headquarters hotel may not be able to accommodate all guests.

"I wouldn't suggest one of these [select service properties] as a headquarter hotel for an event. Even in-house conferences are going to overflow to other properties," she adds.

She also notes that these properties can work very well for accommodating exhibit builders and other workers you're bringing into town. "A lot of times they're working very long hours and it's a lot more convenient for them," she says.

One thing to remember, however, is that these types of properties do not always show up on the hotel radar screen, so it's up to you to remind your national hotel reps, convention bureau contacts and housing bureaus about this option, according to Brenner.

Schirmacher adds that using these properties depends on the meeting or event planner's knowledge of the attendee.

"For the planner, choosing select service properties has several advantages. They may need more rooms or want a different price point for some of the attendees," he explains. "Much of it boils down to the number of rooms they need."

### So What's the Catch?

A few downsides to select service hotels include a limited sales staff, housekeepers and maintenance department. Another drawback, according to Schirmacher, is that their ability to reinvest dollars into renovation might be on a longer cycle than their full-service hotel counterpart. "The TVs might not be as nice as the TVs are at a full-service hotel. The bedding product may be very different than the full-service counterpart," he explains. "But, I think you going to find the higher-end select service properties will continue to enhance their room product so that they don't have as many noticeable differences."

Despite a few minor shortcomings, Schirmacher believes this sector wouldn't be growing so consistently if there wasn't a demand for it.

"They fill a very important need for travelers. It gives people more options. Marriott wants to capture a traveler's business no matter where they go. So having these types of properties available really allows

the traveler or company to keep their business in one place.”

Overall, consistency is what’s important with these properties, according to Brenner.

“Before the advent of limited service properties, when you got a cheap hotel room, you never quite knew what you were going to get,” she explains. “The consistency of the branding is also a comfort level for a lot of people. And the fact that most of them are fairly new, especially in urban areas, gives you that level of comfort that you’re going to have those modern conveniences.”

About the author: **Terah Shelton**

Terah Shelton is a freelance writer based in Atlanta.

Contact: [terahs\\_46@yahoo.com](mailto:terahs_46@yahoo.com)

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