

THE RECOVERY: Hotels
NEW SECTION!


Hoping for 'No Vacancy' Signs

Hotels are still in a brutal battle with COVID-19-related losses but hope to hang on for a strong recovery.

By David Levine

▲ The Tarrytown House Estate has shifted its focus from business travel to being a "transient leisure destination" to attract more visitors.

Asked to describe what it's been like running a hotel the past 10 months or so, Sean Meade doesn't pull any punches, saying the environment has been brutal. "Our hotels are in desperate need of capital to continue to operate," says Meade, general manager of Cambria Hotels White Plains Downtown and president of the Westchester Hotel Association.

Of course, this should surprise exactly no one. Since the COVID-19 pandemic arrived, everything that keeps hotels operating and in the black vanished. No corporate travel. No meetings. No weddings or bar mitzvahs. No romantic weekend getaways. Nothing.

The numbers tell the sad story: Since March 1, 2020, New York State travel spending has declined 73% (down \$38.1 billion), according to the New York State Department of Labor. And as of November 2020, the overall hotel occupancy in Rockland and Westchester was down 30.8% year to date, Meade says. The average daily room rate was

down 18%. "The important number is revenue, and that's down 43.2 percent year to date," he reports. "Our hotel, which usually runs at an 85 percent occupancy, ran eight percent in April and May."

That led to massive layoffs and furloughs across the board. "We went down to a handful of people working in our hotels," Meade says. The crisis hit fast and furiously, and hotels struggled to survive. Some didn't. "The Westchester Hilton [in Rye Brook], a staple in this area, has closed," he says. Five hotels decided to suspend operations, including the Ritz-Carlton in White Plains, which is undergoing renovations as it transitions to a Marriott-brand hotel, The Opus. "It was a good time for the Ritz-Carlton to renovate their hotel, as business levels are extremely low throughout the county," Meade says.

For instance, DoubleTree by Hilton Hotel in Tarrytown is fighting battles on several fronts. For one, the parent Hilton company demanded \$595,000 in profits and royalties by November 18,

2020, according to published reports, and threatened to suspend DoubleTree from its reservations system and terminate the franchise agreement. Under the current agreement, the hotel owes Hilton 4% a month on gross room revenues and 3% to 5% in royalties.

In response, DoubleTree sued Hilton on November 20 in Westchester Supreme Court, claiming that the pandemic has resulted in historically low occupancy rates and substantial financial losses. However, DoubleTree withdrew the lawsuit on November 25, "with no indication of where the dispute stands," according to reports. The hotel is fighting a mortgage foreclosure in court, as well.

The hoary proverb claims that "Necessity is the mother of invention," and the pandemic may be the mother of all mothers. Creative hotel-management teams put together new business models, which, if not enough to keep staff fully employed, at least brought in enough revenue to keep the lights on. And because this region was the first true hotspot in the nation, "being at ground zero put us on the forefront of how to keep guests and staff safe," Meade says. At first, the Cambria and other hotels donated empty rooms to medical facilities, including WMCHealth and White Plains Hospital, for first responders who couldn't or didn't want to go home while they worked ungodly hours.

Getting creative is also helping Hyatt House in White Plains, which is largely a business hotel but has shifted toward a leisure audience, with a few weddings already booked for 2021, says Christine Zipparo, the hotel's director of sales. "The advantage we have is, we are an extended-stay hotel. We are lucky to have these guests keeping us afloat," explains Zipparo, who notes that the hotel is "running a very tight ship, doing things to control expenses, because [lost] revenue changes so much." The pandemic, she says, "is shifting how we are operating. We are trying to shift our strategy to capture any business that's out there. It's a matter of survival, keeping ourselves relevant in the market."

After suspending operations for about three months, the Tarrytown House Estate, in Tarrytown, reopened in July as what general manager Chris Costabile calls a "transient leisure destination." Its prepandemic business was dependent mainly on meetings, conferences, and special events. "COVID-19 affected that business greatly. But sitting on 26 acres that offer lots of opportunity for outdoor recreation, the hotel marketed itself as a quick, safe, nearby getaway for COVID-weary city dwellers.

"[Having] a resort setting worked to our advantage," he says. Family-friendly amenities, like the pool, gardens, firepits, picnic areas, tennis, bocce, basketball, and more, appealed to "people who had been cooped up in the house for months. We had packages for work-from-home people who

wanted to get away. And we had tremendous success, believe it or not." Every weekend was sold out from July through September, he says. The hotel even hosted about 10 weddings over the summer and fall, all with 50 people or fewer. "One had just 10 people. They said, 'We're gonna get married no matter what,'" Costabile notes.

Better weather in the spring and summer also helped The Abbey Inn & Spa, in Peekskill, a large, new facility that had the misfortune of opening in mid-March, right as the pandemic shut everything down. "Being new in the market made it even more difficult," explains general manager Gilbert Baeriswil. A preopening article in *The New York Times* generated early interest, but "that didn't kick in until mid-May," he says. "Until then, we were hosting first responders and local clients who wanted to see what [the hotel] was all about."

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—Gilbert Baeriswil, General Manager, The Abbey Inn & Spa



Since then, however, bookings "far exceeded our expectations, with many sellout nights," Baeriswil says. As of early December, "that has not tapered yet, thank God." Still, the restaurant is operating at 50% capacity, per state guidelines, "so volume is not as great as it would be," he adds. Considering that normally, peak restaurant events, like Easter and Mother's Day, were strictly to-go, and the restaurant only opened for seating in June, he's pretty content with where they stand for now. "We are definitely not where we would like to be, but we are fortunate to have the support of the community," he says.

Winter will be challenging, no doubt, for all area hotels. Baeriswil believes that "at current capacities, we will be okay, but if there are

▲ Though it opened in Peekskill right as the pandemic hit, The Abbey Inn & Spa has seen bookings exceed expectations.

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PHOTOS COURTESY OF TARRYTOWN HOUSE ESTATE (LEFT), THE ABBEY INN & SPA

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the senate. He described David Singer as being “smart as a whip and a truly honest businessperson.”

“David’s mom interviewed me for the job,” says Spano, who, in his capacity as founder and president of the Albany-based lobbying firm Empire Strategic Planning, recently made the *City & State New York* “Westchester Power 100” list. “David and I had something in common: We both had oil running through our veins. Like the Spanos, they were all about service and people in the community,” Spano says. “It is a whole lot more than hooking up a hose. The Singer family welcomed me into the business like I was part of the family.”

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—Nick Spano, Former NYS Senator

Outside of the business, you won’t be rubbing shoulders with Singer at the country club. He still plays competitive softball, basketball, and touch football. Sure, he’s pushing 60, and the pros scouts aren’t calling, but it doesn’t stop him from getting out there. “After some games, I don’t want to even get out of bed the next morning, I’m so sore, but I love it,” he says. Singer also loves to ski; his wife of 24 years, Holly, introduced him to the sport. Skiing takes him out of town in the winter — something that is usually verboten in the home-oil world, but Singer has worked that out.

That part of Singer that draws him to the community isn’t just something he does for business purposes. He’s actively involved in philanthropy, supporting Muscular Dystrophy, March of Dimes, White Plains Hospital, and the Boys and Girls Clubs, to name just a few.

“My grandfather and father were always donating. That’s how we were raised,” Singer says. “You know, you can spend your money on a Porsche, or you can do other things with it. It’s all what turns you on in life.” ●

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further restrictions, we will need to re-evaluate, like everybody else.” Costabile says that they have weathered the viral storm so far by “re-evaluating” expenses. That means, in part, cutting services that aren’t needed or appropriate at the moment, like grand-buffet breakfasts. But it also means having to furlough staff, as labor accounts for the greatest percentage of costs. “It’s an unfortunate thing,” he concedes, sadly.

Indeed, all hotels and furloughed staff need a helping hand. “It’s imperative we get some support from the federal or state government. If not, we will struggle to stay open,” Meade says. “The truth is, unless corporate travel comes back, hotels will continue to be in trouble.” It comes down to how much cash the company has on hand to continue to pay the bills and taxes. “Everybody is just hanging on,” he admits.

“Full-service hotels are also bearing the burden of thousands upon thousands of empty square feet of restaurant, banquet, and conference space, which we are basically unable to use because of restrictions, with no end in sight,” adds Marie Palomba, general manager of the Radisson Hotel, New Rochelle. “We couldn’t imagine anything with more devastating consequences to the entire industry as a whole,” she says, though notes that her hotel has not had any layoffs thus far.

Palomba anticipates things beginning to ramp up for travel in Q3 2021, with recovery to “normal” around Q1 2022, if a vaccine is widely available by Q2 2021. “But this is a moving target, and it speaks nothing of what the new landscape will be for business travel,” she says. “While there is certainly a need for face-to-face business, what will that new demand be? Is the age of the business conference over? With the advent of Zoom and remote work, how many companies will spend capital on business travel when they no longer have to? There are many unanswered questions. Only time will tell.”

The industry’s resiliency will be key for whatever that new landscape looks like, adds Meade. “The hospitality industry in New York and Westchester is resilient. We will bounce back; however, we need to compress the timeline to get back to

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normal business levels while keeping our employees and teams safe and healthy. We do see things coming back, and by 2023-24, we expect to be back to pre-COVID revenue levels,” he says.

Natasha Caputo, director, Westchester County Tourism & Film, adds that she expects a boost in 2021. “We anticipate there will be a steady wave of improvement for Westchester tourism as the vaccine becomes more widely available and traveler confidence returns,” she notes, adding that the interest in close-to-home getaways could bode well for area hotels. “We continue to see road trips as king for 2021, with travelers opting to drive over fly. Many of Westchester’s communities will benefit from the national interest in ‘small-town’ getaways.”

Baeriswil, too, says he hopes to go back to some kind of normality by next spring. And Costabile is very bullish. “We already have over 70 weddings contracted for 2021, which we are optimistically looking forward to hosting. We see things getting better in the future, and, God willing, it should be a very successful year for us and others.”

“We have seen more ebbs and flows in the Westchester market than most other markets. While we are in an ebb right now, the worst we could have fathomed, one day this will be just another ebb we all got through together,” Palomba says. “But one thing is for sure: The landscape of our industry is forever changed.” ●

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