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EXCLUSIVE REPORTS

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Marriott Downtown under contract to Lodging Hospitality

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The [St. Louis Marriott Downtown](#) will soon have a new owner and a new moniker. [Lodging Hospitality Management](#) (LHM) has the 675-room hotel under contract from [Cornerstone Real Estate Advisers](#). Sources said the new owners plan to turn it into a Hilton property.

When the hotel, at Broadway and Market Street, was listed in April, the asking price was about \$25 million. "We're in active negotiations with the potential buyer," said Cornerstone Vice President Benjamin Matanga.

LHM President and Chief Executive Robert O'Loughlin said he plans to pour \$15 million into redeveloping the hotel. The hotel will not add rooms, he said, but instead will add conference space. "There will be major changes," O'Loughlin said. When the deal is complete, the redevelopment would start within the six months following.

O'Loughlin teamed with developer McGowan|Walsh Historic Renovators in June to purchase the two-story former Mark Twain Bank building at 620 Market Street next to the hotel. That building also will be renovated, O'Loughlin said.

LHM owns hotels throughout the area, including Sheratons, Holiday Inns and Best Westerns. "We have 16 hotels in the metro area, and we don't have one in downtown," O'Loughlin said.

Cornerstone opted to sell the Marriott Downtown after an annual review of its holdings, Matanga said. Cornerstone has more than \$6 billion under management. "We always go through our portfolio annually and look at hotels that have matured in their cycle -- how long we've owned it and its general maturity."

Formerly the Marriott Pavilion Hotel, the Marriott Downtown was built in 1976 and started a planned \$17 million renovation project in 2003. Marriott General Manager Dan Gustafson said the massive renovation is temporarily on hold, pending the outcome of the sale to a new owner. Of the planned renovations, \$6 million has been spent on modernizing elevators, renovating 340 rooms in the east tower and renovating one ballroom.

The Marriott Downtown has 28,000 square feet of conference space consisting of two ballrooms and several meeting rooms. The last major renovation at the hotel was in the late 1990s, when the lobby and west tower guest rooms were remodeled.

If the hotel does become a Hilton, it will face competition from the recently opened Hilton down the street. In May, Charles Drury, owner of Drury Development Corp., opened the 195-room Hilton St. Louis Downtown at the Merchants Laclede Building at Fourth and Olive streets. There are 230 hotels with the Hilton name in the United States. Sixty are company owned, and the remainder are franchises or joint ventures.

David Ziegler, regional manager for Drury Development Corp., said the company does not release occupancy rates, but the downtown location has done well since it opened just before the NCAA Men's Final Four Tournament. "We are very pleased with the opening results."

With a second Hilton franchise in downtown St. Louis, guests would be offered the choice between the two locations on Hilton's Web site and central reservation system. "If there was another Hilton, they would choose on a number of factors, including rates, amenities, location and service levels," Ziegler said.

Removing the Marriott affiliation could be a boon for the Marriott-operated Renaissance Grand and Renaissance St. Louis Suites convention center hotels a few blocks away. A name change would channel reservations through Marriott's central system solely to the 1,056 Renaissance rooms for downtown bookings. Last year, the Renaissance hotels' occupancy was 50 percent, according to a report issued by consultants House Park & Dobratz and Jeffrey K. Marvel & Associates, both based in Kansas City.

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