



New Luxury-Hotel Chain to Launch

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Hoping to crack the increasingly cluttered landscape at the upper end of the hotel market, veteran hotelier Horst Schulze and his closely held lodging company, West Paces Hotel Group LLC, plan to launch a chain to compete with top industry names like Four Seasons.

The new chain, called Solis Hotels & Resorts, has identified six initial properties, the first of which will open in 2007. Solis-branded hotels will be managed by West Paces, but the real estate will be owned by others. More than \$700 million will be invested in the first six hotels, with the money coming primarily from a group of outside investors to cover construction and development costs. Mr. Schulze, the 64-year-old former president of Ritz-Carlton Hotel Co., is a fixture in the upper reaches of the hotel industry, which once again is booming. He says the market is ripe for another entrant that combines luxury touches -- including spas, boutique shopping and world-class restaurants -- with impeccable service. Planning for the brand, he says, has been under way for about two years with a team of executives who bring experience from major upscale hotel chains.



Five properties are planned for Alpharetta, Ga.; Chicago; Orlando, Fla.; San Antonio; and Frankfurt. The hotels will be a mixture of new construction and existing properties that will be converted to the Solis name.

Mr. Schulze says the brand will target "upmarket individuals and the corporate meeting sector" and will compete directly with the titans of the luxury sector, including Four Seasons Hotels & Resorts, Ritz-Carlton and Fairmont Hotels & Resorts. To an extent, he says, the brand also will compete with some properties in **Starwood Hotels & Resorts Worldwide Inc.**'s Westin and W chains. Room rates, he says, will be on par with the luxury hotels in each market. After weathering three years of flat growth, the hotel market is hot again, with investors pouring money WSJ.com - New Luxury-Hotel Chain to Launch into hotel management companies and making real-estate plays. The big public companies, including **Marriott International Inc.** (which owns Ritz-Carlton), Starwood and **Hilton Hotels Corp.**, all continue to shed their real-estate assets to focus more heavily on management.

The upscale and luxury segments are leading the industry as room rates and occupancy rates continue to climb. In the week ended July 16, revenue per available room -- a measure of the industry's health -- was up 6.5% compared with last year, according to Smith Travel Research. But in the high-end and urban segments, revenue per room was up nearly 10% over the same week last year.

Douglas Ivester, a retired chairman and chief executive of Coca-Cola Co., is investing in the Solis project. Mr. Ivester says he has a diversified investment portfolio, but this is his first foray into the hotel world.

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