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New luxury chain has plans to open 6 hotels

By Roger Yu, USA TODAY

West Paces Hotel Group, an investment firm controlled by hotelier Horst Schulze, said Tuesday it'll spend \$700 million to launch a luxury hotel chain that will compete with Four Seasons and Ritz-Carlton.

The new chain, called Solis Hotels & Resorts, will initially open six hotels, the first coming next year in Chicago. Hotels planned for 2007 will be in San Antonio, the Phoenix suburb of Paradise Valley, the Atlanta suburb of Alpharetta, and Frankfurt, Germany. An Orlando hotel will follow in 2008.

Solis seeks to stand apart from other luxury brands by focusing on service and reliability, says Schulze, who once ran Ritz-Carlton. "We're not centering on design or architecture," he says. "There will be no defects and no mistakes. Keys will fit. It'll be immaculate. We will wash your bedsheets every day."

Schulze, 64, came up with the idea two years ago while conducting consumer research during a teaching stint at Auburn University. Given the lack of top luxury hotel rooms, the time could be right for another market entrant, he says.

"There are enough people at that level to support it, and Horst thinks he can do it better than anyone else," says Joe McInerney, president of the American Hotel & Lodging Association. "He's the one who put Ritz-Carlton on the map." Solis could be competitive because the number of luxury hotels in development is relatively small, McInerney says, but much depends on location. "Only certain markets can take it," he says.

West Paces will manage the hotels. Outside investors, including former Coca-Cola CEO Douglas Ivester, will fund construction and development costs.

West Paces already manages L'Auberge de Sedona in Sedona, Ariz.; the Parkhotel in Euskirchen, Germany; and Hotel Avandaro Golf & Spa in Valle de Bravo in Sierra Madre, Mexico.

Solis hotels will provide gourmet restaurants, spas, shopping, meeting spaces and "archaeology expeditions," West Paces says.

The hotel industry has been recovering in recent years as the economy improves and business travel returns. Business has been particularly robust at luxury hotels. Hotels in the luxury segment saw 2005 revenue per available room at the end of June up 11% to \$176.88 from a year ago, says Smith Travel Research. Across all segments, it rose 8%.

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