

FOUNDATION FOR SUCCESS

FOUNDATION for SUCCESS : **CREATIVITY** + COMMITMENT + QUALITY = PROVEN RESULTS

Westin Charlotte

Charlotte, North Carolina

Description: 700-room convention hotel with 32,135 s.f. (2,990 sm) of meeting space and 1,650 parking spaces.

Issue: Position Charlotte to accommodate and foster larger conventions at the lowest possible public investment; also provide additional parking at the site for the convention center.

Background: When the City of Charlotte wanted to increase its convention business, they conducted several studies. All pointed to the same solution: Bring a first-class convention hotel to Charlotte, and conventions will follow. A competitive RFP process ensued, and Portman Holdings was awarded the bid based primarily on our creativity in addressing the City's two primary concerns: cost and parking.

Creativity in Action I: Portman Holdings' innovative approach to financing characterized several phases of the project. During the RFP phase, Portman Holdings devised a strategy to underbid the competition by \$10 million. The plan: rent the land for the project under a ground lease. The result: a dramatic solution to the City's primary concern: managing cost and value.

Within the first year of its opening, the hotel sold out 68 times, and after 15 months it had the highest market and room penetration in the city.

Creativity in Action II: Creativity came into play again during the financing phase when Portman Holdings helped the City secure financing for its \$16 million equity grant by structuring an ownership package that provided sufficient collateral for the City to issue certificates of participation.

During this process, the Russian debt crisis hit, dramatically changing hospitality lending standards. The resulting limits on financing left the project \$25 million short of reaching its capital requirements. Rather than postpone the project until the markets recovered, Portman Holdings acted quickly with the City's support to create a credit enhancement package. This enabled Portman Holdings to cover the funding shortfall through an innovative combination of a taxable bond issue, mezzanine and construction loans, and equity.



Creativity in Action III: Creating additional parking was a major project goal. Portman Holdings proposed an innovative plan to increase the number of spaces by incorporating City-owned land beneath a trolley track into the project site, and then excavating it in order to enlarge the hotel's parking garage. The City agreed. Portman Holdings secured the land for the nominal rent of \$1 per year — successfully converting unused dirt into revenue-producing parking spaces.

Proven Results: The Westin Charlotte has proven to be a resounding success. Within the first year of its opening, the hotel sold out 68 times, and after 15 months it had the highest market and room penetration in the City. The hotel's overall economic impact to the City in year one was estimated at \$66 million, and it continues to draw significant convention and business bookings to Charlotte. The facility also benefits from ample parking that will generate a perpetual revenue stream for the City, the hotel, and project shareholders for years to come.

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