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Denihan Takes James Hotel Brand to Miami Beach

By Kris Hudson



Rottet Studio

A rendering of what the hotel would look as the James Royal Palm.

Closely held Denihan Hospitality Group will extend its luxury-boutique James brand to a third hotel next year: The historic Royal Palm hotel in Miami Beach, Fla.

Denihan, the hotel company owned by the Denihan family of New York, agreed to brand and manage the 409-room hotel for new owner KSL Capital Partners LLC. KSL plans a \$42.6 million renovation of the 72-year-old hotel to be completed next year.

KSL bought Royal Palm last month from Sunstone Hotel Investors Inc. for \$130 million, with Sunstone providing seller financing of \$90 million. Sunstone had purchased the hotel last August at a bankruptcy auction for \$126 million, but the real-estate-investment trust later shuffled its top management and decided that the Royal Palm didn't fit its strategy.

The Royal Palm, to be renamed the James Royal Palm, is the fifth hotel in the portfolio of Denver-based KSL, which manages more than \$3 billion of equity.

Denihan manages 14 hotels, half of which it owns. But only two carry the James brand: the 297-room James hotel in Chicago that opened in 2006 and the 114-room James that opened last year in Manhattan. The brand is known for featuring the work of local artists in its hotels.

KSL and Denihan plan for the Royal Palm's renovation to overhaul the hotel's rooms under the guidance of interior designer Lauren Rottet. The project also will add a spa and children's center, among other amenities.

Brad Wilson, Denihan's chief operating officer, acknowledged that Miami Beach is a highly competitive market for hotels. It already features stylish hotels such as Morgans Hotels Group Co.'s Mondrian South Beach, the Fontainebleau, the Shore Club and the Gansevoort South.

"It's a market that really welcomes more independent and artistically minded brands," he said in an interview. "We think it's a perfect match for the James."

Added KSL managing director Eric Resnick, "There are a lot of big-box hotels around with all of the typical brands. We think this brand position will be unique, something that both the leisure and corporate traveler will be attracted to."