

Panel discusses New Orleans' lodging challenges

By Lance Traweek

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The need for improvements to New Orleans' convention center district topped the list of challenges discussed at a recent roundtable of hotel owners and operators.

"Right now the city is losing business simply because it doesn't have available space at the convention center," said Lou Plasencia, CEO of The Plasencia Group, a hotel investment and consulting firm that hosted the meeting.

Its investment sales team has served as adviser of more than 20 hotel transactions in southeast Louisiana in the past 10 years, the most recent being the DoubleTree by Hilton on Canal Street in February.

Robert Wiemer, Plasencia Group's senior vice president, said the expansion of the Ernest N. Morial Convention Center and an adjacent hotel will help increase the convention base in the city.

Other challenges for New Orleans include an increased competition from other cities, larger property tax assessments and the need for more growth in corporate business travel.

The more than 20 roundtable participants, which were not disclosed by the group, cited positive efforts to attract the number of future group accounts now booked for the city, announced enhancements to the convention district and airport and focused efforts to provide a cleaner and safer French Quarter.

"Crime continues to be something the city is focused on and needs to continue to be focused on," Plasencia said. "We must get rid of that fear factor."

State police recently increased its presence in the French Quarter in an effort to deter crime.

Despite the challenges noted by the New Orleans lodging industry, Plasencia said there is vast opportunity on the horizon in terms of increasing hotel values for owners and investors.

Plasencia expects the market will experience notable transaction pricing and volume through at least 2019. He said this will be achieved by strong sales volume, historically high price-per-key metrics, growth in occupancy and strong revenue per available room figures.

"New Orleans is one of those markets that is highly attractive," Plasencia said.

One of the city's strongest assets to attract conventions is its walkability aspect. Other major destinations for conventions like Dallas, Chicago and Los Angeles lack that walkability, Plasencia said. Meanwhile Austin and San Antonio, Texas, have become viable players in attracting conventions, Weimer said.

"There is a central location that's compact with easy accessibility to an airport," Weimer said. "The city needs to keep moving forward, whether it's more convention and hotel space or more flights. There are so many appeals of New Orleans, and the city can capitalize on it."