



Between the lines: Hoteliers realize benefits of leveraging parking operations

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NATIONAL REPORT—Parking garages and parking lots often go overlooked by hotel owners and operators. But smart hoteliers are turning their parking operations into sizable profit centers, resulting in incremental revenue and even more heads in beds.

"At the end of the day, hotel operators need to look at the parking stall in the same way as a room," said Brian Falvey, c.o.o., HVS/Ultimate Hotel Parking Solutions, which works with hotel owners and developers to help them better utilize their parking operations.

"Every minute that is not sold, that revenue is gone forever," he said. "It's all about yield management. If you manage your garages as you manage your rooms, then you will have greater success at it."

This is not lost on Susan McClain, g.m. of the Comfort Inn Downtown, Cleveland.

The 130-room property has nearly 140 parking spots available between an inside garage and a lot on top of it, and McClain tries to fill them all with hotel guests and nonguests alike. The hotel charges \$6.50 a night for parking and between \$5 and \$15 for parking for special events in the area.

"When we are slow at the hotel, 75 percent of the parking is not from our guests," McClain said, adding that the property is in an ideal location to take advantage of this. "We are within walking distance of Jacobs Field. Cleveland State University is across the street and you can walk to Playhouse Square [from the hotel]," she said.

The Quicken Loans Arena and the Rock and Roll Hall of Fame and Museum also are within walking distance.

These attractions not only bring customers to the parking lot but also result in overnight guest stays, McClain said.



Wright WIP

Larry Wright Sr., president of Wright Investment Properties, realized early on the added value a properly run parking operation could mean to a hotel operation. The hotel development and management company has made it common practice to turn parking garages and lots into profit centers by applying different strategies to each property depending on the circumstances.

For instance, Wright Investment Properties purchased the Marriott Courtyard Vanderbilt hotel in Nashville two years ago for \$18.4 million and flipped it a few months ago for \$29 million. During the time Wright owned the property, the company revamped the 226-room hotel's parking operations and turned them into a significant revenue generator.

"There was a 200-car parking garage adjacent to the hotel, but they were



Making parking into a revenue generator is a goal of Wright Investment Properties, which has the Holiday Inn Select Memphis Downtown in its portfolio.

not charging for parking," Wright said. "We immediately began charging \$10 a night because our major competitors in the area charge. The total cost to start this up was simply adding two gates to the garage's entrances. There was no revenue coming into the hotel from this initially and the value we created was about \$3.5 million."

Although Wright sold the property, his company still manages the hotel. He has brought in a valet parking service to increase guest satisfaction. That also allowed him to raise the rates for parking to \$14 a night for valet and \$12 for self-parking and open the business to the public, he said.

But the Marriott Courtyard Vanderbilt isn't the only property where Wright is maximizing parking operations. The 90-room Marriott Residence Inn in downtown Memphis utilizes a public parking garage near the property and a valet service for guest parking. Wright has negotiated a reduced rate with the public parking garage and is able to charge guests \$10 a night, he said.

"We valet 100 percent of the parking because the garage is public," he said. "We also use our internal staff. By using our in-house labor, we are able to turn a nice profit."

The Ramada Plaza Hotel in West Hollywood, Calif., is benefiting from being in an urban market and leveraging its parking operations to take advantage of its location, according to its g.m., Bill Karpiak.

The 176-room property has nearly 200 parking spaces.

"One of the great challenges we face here [in this area] is the parking situation," Karpiak said. "But in our speaking with city hall and to be a good corporate citizen, we opened the lot up for nonhotel guests, for retail customers and for the public," he said.



Falvey HVS/UHPS

The hotel now charges \$1.50 for 30 minutes of parking but that soon will be raised to \$2.

Hotel guests are charged \$20 per day to park and are given a pass to come in and out of the lot, Karpiak said. In addition, the property makes monthly parking available for those companies in the neighborhood that have employees needing long-term parking, he said.

"Historically, for liability reasons, we did not open parking to the public," Karpiak said. "But after speaking with [city hall] we realized there is a real problem here. We thought we would do something about it. That was seven years ago and it has become a real profit center."

"We were the first hotel in West Hollywood that started to charge for parking," Karpiak said, adding that the property offers self-parking as well as valet service.

Turning parking operations into profit centers does not always mean charging nonguests for hourly parking if they are attending an event in the area. While the Comfort Inn Airport in Bloomington, Minn., does not charge the public for short-term parking, it does have a thriving "park and fly" business because it is only four miles from the airport, according to Don Peterson, director of operations at the 273-room property.

The hotel has a parking area with about 450 spaces that it shares with an Outback Steakhouse and a convention facility. The property has allocated 175 of these spaces for long-term parking where customers can leave their cars for up to seven days, Peterson said. The hotel then provides a shuttle service for these customers to and from the airport.

"Our lot is jam-packed," Peterson said. "During winter in Minnesota, everybody wants to get in a warm climate, so our parking service is in high demand. It's a good program for us that gives us an advantage."

Peterson estimates the hotel's "park and fly" program adds between \$300,000 to \$350,000 in revenue to the property.

"GMs need to understand that it's the rule, not the exception, that parking operations are underperforming at hotels," Falvey said. "Generally, it's mismanagement. Parking operations is a unique business and basically it is put in the hands of folks who are usually running different businesses in the hotel."

Karpiak agreed and added that the revenue from parking can make up for lost revenue in other areas.

"With the reduction in telephone revenue and Internet revenue, [parking operations] have picked up some of that slack with incremental revenue," he said.

Not only can hotel managers make a profit, but they can please the guest as well, according to Wright.

"Parking operations can increase guest satisfaction and be a significant profit center if managed properly," he said.

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