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A Section Page 01A

Omni snapping up pair of luxury River Walk inns

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Two of San Antonio's premier hotels on the River Walk will be acquired by the Omni Hotels chain, according to a joint announcement Wednesday by Omni and the owner of the La Mansión del Rio Hotel.

Patrick J. Kennedy, chairman and chief executive officer of La Mansión del Rio Inc., agreed to sell the 337-room La Mansión del Rio and the 99-room Watermark Hotel and Spa for an undisclosed amount.

Irving-based Omni is getting more than the River Walk presence it has sought for year, it is buying a piece of San Antonio history.

La Mansión, which has been host to actors and even heads of state for nearly four decades, began its life as a place of learning a century before it became the lap of luxury. Along with the Hilton Palacio del Rio, it was one of two luxury hotels to open in time for the 1968 HemisFair.

Kennedy owned the hotel through most of its history and went on to develop La Mansión hotels near San Antonio International Airport and in Austin; those two hotels were sold and became Doubletree hotels.

Omni has no intention of changing La Mansión's name, said Tom Chevins, Omni senior vice president of sales and marketing.

"When you take a look at that hotel and its heritage," Chevins said, "it has great history and name recognition."

At a staff meeting Wednesday afternoon, Kennedy informed the 490 employees of both hotels, some of whom have been with company since the beginning. For the most part, the ownership change won't affect employees.

"I think it went really well," Kennedy said. "Their concerns were alleviated."
The deal is expected to close March 16.

While the sale price on the deal was kept secret, Bert Wristen, a certified hotel broker in Austin, estimated it was at least \$100 million, based on revenues per available room. Downtown San Antonio hotels earned an average of \$94 per room last year, vs. a reported \$170 per room at the Watermark and \$139 per room at La Mansión del Rio, Wristen said.

Kennedy, 75, retained ownership of all trademark rights to the Watermark Hotel and Spa and its restaurant, Pesca on the River, and is licensing those names to Omni for the original site. He intends to pursue development opportunities for the Watermark in cities like Chicago, Seattle and San Diego, hoping to make it a national brand. The Watermark opened two years ago on New Year's Eve in a remodeled historic building and has established itself as one of America's finest hotels.

The Watermark earned numerous accolades from such outlets as the Zagat Survey, Travel + Leisure, and was recently voted by readers of Condé Nast Traveller as one of the top 10 hotels in the United States.

"The luxury travel segment continues to flourish and we see opportunities in mixed-use development of luxury projects that include hotel, residential and spa components," Kennedy said, adding some Watermarks could include condominiums.

"The Watermark is such a fine concept and such a fine property I think it'd be a winner any place he'd like to take it," said **Bob Crittenden**, president of Project Control, which got its start 25 years ago helping Kennedy oversee construction of his hotels.

The only Omni Hotel in San Antonio is the former Wyndham on Colonnade Boulevard at Interstate 10.

Kennedy said he received many offers over the years to sell the two downtown properties. He chose a deal with Omni because of its commitment to excellence.

"We share a bond with Omni in our Texas roots, independence, entrepreneurship and, most importantly, their reputation as one of the world's leading hotel companies," Kennedy said. "These qualities all factored into the decision to sell these two outstanding hotels to a company that I respect."

La Mansión was a Catholic school for boys when it opened in 1853, and became the site of St. Mary's College. In 1923, the college, now known as St. Mary's University, moved to its current campus at Woodlawn Avenue. A Catholic high school remained in the building at 112 College St. until Central Catholic High School opened in 1931.

The building remained empty until 1934, when St. Mary's Law School was founded. The law school left the site in 1966 and moved to the university's main campus in 1967, making way for the hotel.

The transaction marks the exit of one of downtown San Antonio's veteran entrepreneurs from the River Walk hospitality scene. While there continue to be many local owners -- among them the Hixon Properties Inc. interest in Hotel Contessa and H.B. Zachry Co.'s interest in the Hilton Palacio del Rio -- San Antonians have raised concerns that growth of national chains is affecting the River Walk's unique character.

"It'll be sad to see Mr. Kennedy leave," **Crittenden** said. He "has contributed so much to the fabric of downtown."

Kennedy, a San Antonio lawyer, was visiting his wife at the nearby Nix Hospital when he peered out at the vacant law school on the River Walk. It occurred to him that it would be a picturesque location for a hotel to capture the influx of international tourists expected for HemisFair.

The success of La Mansión grew as development along the River Walk flourished and Kennedy purchased the original San Antonio Savings Association building next door. It was demolished to make way for an additional 165 rooms, the Iberian ballroom and Las Canarias restaurant.

La Mansión underwent a \$10 million, 15-month makeover and construction project that was completed in 1986. When the dust settled, the result was dubbed a "romantic renaissance" with a colonial Spanish flair.
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The new jewels in chain's crown La Mansión: In 1989 it became one of 23 Texas hotels to earn four stars from Mobil Travel Guide. Political guests: Presidents Clinton and Ford, Henry Kissinger, Benjamin Netanyahu, Barbara Bush, Lady Bird Johnson. Celebrity guests: Prince, Jerry Seinfeld, Luis Miguel, Elton John, Neil Young and Frank Sinatra; many NBA players, including Michael Jordan and Kobe Bryant. Royal guests: Prince Albert of Monaco and Prince Sahid of Morocco. The Watermark: Made Conde Nast Traveler's 'Hot List-100 Best Hotels in the World.'