



Chief Growth Officer John Schultzel has been with Olympia Hospitality since 2001.

With college niche, Olympia plans selective growth

John Schultzel of Olympia Hospitality said the company has found a niche in the college hotel space, which offers a nice mix with its destination and select-service assets.

PORTLAND, Maine — Olympia Hospitality has found a niche and a space it wants to be in. The company's portfolio is divided roughly into a third in destination/resort locations, a third in hotels in or adjacent to a college and another third in more traditional select-service hotels.

"If you think about destination locations and you think about distinctive select-service... There's an opportunity to command higher rates if you execute above the brand standard... You can be at a 70% market premium if you're doing that well," said John Schultzel, chief growth officer of Portland, Maine-based Olympia Hospitality.

"Then, if you extend that to the college and university space, each hotel is bespoke to that campus. The level of distinction is the common theme that we're looking for," he said.

Olympia isn't looking for assets at exits off major highways or suburban locations, Schultzel said.

“We want the hotel to be specifically leaning into the destination storytelling on the boutique side, but ultimately, we want the hotel to be the gem in its group,” he said. “If we can find those opportunities, those are the ones that I think we excel at.”

Schultzel came to Olympia in 2001. The company was founded in the 1970s with Holiday Inn franchising up and down the I-95 corridor on the East Coast. Olympia launched its third-party management business in 2010 and now has about 42 locations, with roughly a third that it owns.

While its current portfolio is more based in the East Coast and Midwest, Olympia opened a hotel in Denver about 18 months ago and hopes to “hop over the Rockies and get to the Pacific” in the coming years, Schultzel said.

“We’ve been selectively developing all along the way, but we do it gradually,” he said.

“Then we do see some transaction work.

We’re always looking for the right fit to acquire. We do have capital to put to work.”

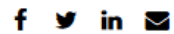
Most of Olympia’s equity in deals is from its principal, with investors and friends and family following the company from deal to deal, Schultzel said.

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John Schultzel

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Olympia has a number of assets in college locations, like the Heartwood at Vassar in Poughkeepsie, New York.

Niche in college hotels

If Olympia has a niche, it's the company's hotels in college markets that are either owned by the college or university themselves or strategically located near campus. The commonality of those assets, Schultzel said, is that their primary purpose is to serve the schools' needs and then find other demand sources to fill in the blanks.

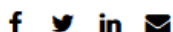
"That's what makes the projects sing. In some cases, that's easy," he said. "But in a case like Oberlin, Ohio, where Oberlin is a very small rural community, the school is the source of business. What makes them similar is that each tries to reflect the heritage, culture and identity of the campus where they sit.



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"They're all leaning into the campus demand first, and then they are able to touch leisure travelers and select corporate travelers who don't want the standard experience. Then suddenly, your Tuesdays and Wednesdays are doing what they're supposed to do in hospitality. But your weekends are almost all school-related."

Some of the college hotels located on urban campuses or larger, land-grant universities usually can find a developer that the school doesn't have to participate in the ownership of, Schultzel said.

"[Colleges] are more than happy to get it off their balance sheet," he said. "But the smaller liberal arts schools and the more austere, higher-ed destinations typically don't have enough demand for private developers to take

that risk on their own. So, [the school] ends up wanting to or needing to own the asset... They're not developers by trade and they certainly don't want to operate a business like that."

That's where Olympia steps in to operate the asset.

"This is not to throw shade on the schools, but they're a little less motivated by returns and traditional real estate development parameters," he said. "What they really care about is making sure that the property is reputationally aligned with the school."

When the school is the owner of the hotel, it ends up being a hub of activity, whether it be a meeting, a place to interview potential faculty members or where prospective students and families stay when they are visiting campus, Schultzel said.

“They’re very cautious and thoughtful and responsible employers. So, even though the employees of the hotel properties are employees of our company, there’s a relationship where the employee feels like the school and the school are employing them wants that to work,” he said.

Having that niche does present growth opportunities, Schultzel said.

“The niche for us is really on that mid- to small-school side, where the school is going to own the asset and they need the hospitality expertise, either in development or operations and that’s what we will continue to chase private development opportunities on college markets,” he said.



Olympia also has independent assets like The Alford Inn at Rollins in Winter Park, Florida.

Growth plans

Schultzel said Olympia expects to add six to eight properties this year, which is a busy year for the company.

“We’re traditionally more on the two to four per year range,” he said.

The third-party management business offers an easier path to growth. Pre-COVID, the company had a growth plan of having 50 in its portfolio by 2030. Schultzel said that given the company's recent rate of growth, Olympia could exceed that number in the next five years.

"I don't think that's the limit of our aspirations for the next five years. Given our recent pace of growth, we'll have an excellent chance to be somewhere in the 60 to 75 range," he said. "The path to adding a management agreement is a lot less rigorous than building a hotel. We're very reputationally driven in our growth progress with the management company, and so, to some degree, growth begets growth on the third-party side. That pace of expansion is going to be more rapid for us."

All the consolidation in third-party management doesn't concern Olympia. Schultzel said it's to the company's benefit.

"We think the consolidation is actually better for us. What I mean by that is I think the consolidation is a desire to improve scale," he said. "The management company business as a profit center isn't particularly profitable, especially if you're focused on supporting boutique or independent because they require a lot of support on the sales, revenue, management, marketing and food and beverage.

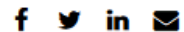
"For us, it's staying the course. We have no desire to merge with a larger firm partly because we've built our practice on the promise that they'll have availability to us," he said. "I start these relationships when we add a hotel, but the relationship doesn't dissolve because we've moved on to the next five things. Keeping our connectivity to the hotel, the customer and the client first, and making sure that we don't ruin that in the place of growth."

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