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▼ **DOW** 245.40 at 81.76/91.70 | ▼ **NASDAQ** 53.32 at 1,599.06 | ▼ **AMEX** 52.43 at 1,421.46 | ▼ **NYSE** 16,979 at 57,993.05 | ▼ **S&P 500** 28.05 at 906.65

▲ **10-YEAR NOTE YIELD** 2.491%, up from 2.450%

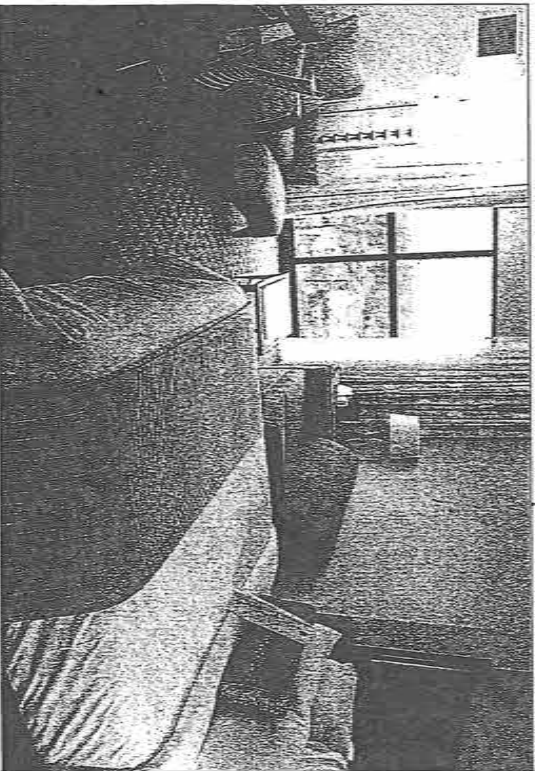
COMMERCIAL REAL ESTATE

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SEE WHAT LOCAL BUILDERS HAVE ON THEIR DRAWING BOARDS.



The Renaissance Raleigh Hotel, with 229 rooms, opened at North Hills the day after Christmas.

STAFF PHOTOS BY TAKAARI WADU

Slowdown isn't holding Raleigh company back

Developer is finishing hotel, moving forward with other projects

By JACK HAGER,

STAFF WRITER

RALEIGH — Workers are caulking and painting and leveling art, adjusting lights — finishing touches — at the Renaissance Raleigh Hotel, the tony hotel that opened quietly at North Hills the day after Christmas.

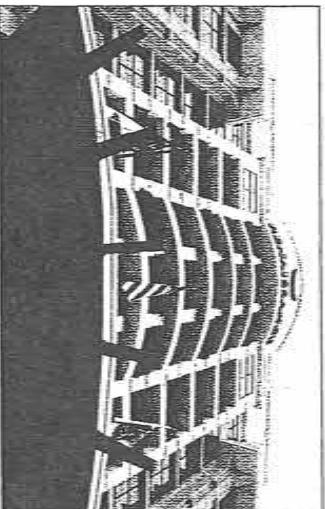
The 229 rooms are an important addition to a part of town that has undergone its own rebirth. It towers between Interstate 440 and the 50-acre site of North Hills Mall, which was razed in 2003 to make way for the open-air mix of offices, shops, theaters, restaurants and residences that has replaced it in the years since.

But the hotel's arrival is perhaps more significant to its developer and operator, Concord Hospitality Enterprises.

The \$55 million hotel is the Raleigh developer's flagship — the latest of a handful of projects that the company has moved forward with amid a lending storm and a travel slowdown.

Despite the adversity, Concord isn't adopting "The company wants to double its portfolio to at least 100 hotels by 2012."

It's a daunting task, especially as lenders, whose lax standards fueled



The \$55 million hotel stands between Interstate 440 and North Hills Mall. Concord Hospitality Enterprises, its developer and operator, is one of the most active hotel developers in the region.

a building and buying boom in recent years, tighten up in a slow economy. Many investors have since been edged out.

Concord's aggressive strategy was born in the boom, blessed by smart, good timing and luck.

Its success will rely on more of the same. In 2007, investors were pouring

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CONCORD

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"We knew the market was very frothy," Laport said. "What we didn't know — and nobody knew — is that shortly after we sold it, the market could go backwards."

In September 2007, at the tip top of the market, Concord unloaded 20 of its hotels for \$440 million. They were among the \$75 billion in U.S. hotel sales that year, a total that topped those of the previous two years combined, according to Real Capital Analytics of New York. In 2008, only about \$12 billion in U.S. hotel sales were closed.

The sale gave Concord ample cash to finance new projects and pay down debt. And it allowed Concord to continue to operate the hotels, generating millions of dollars in revenue.

Concord, which now owns stakes in 27 hotels and is a third-party manager of 26 more, is building nine hotels, making the company one of the most active hotel developers in the region.

Challenges

To be sure, the company faces some of the challenges that are plaguing all hoteliers. Travel is down, which is dragging on revenue. Concord recorded flat revenues at its existing hotels last year over 2007 — the first time it hasn't seen an annual increase since the early 1990s, Laport said.

And because much of the company's construction was financed before lenders pulled back, they also carry high materials costs — prices negotiated atop a boom in commodities such as steel. So while its new hotels will be positioned to open ahead of sidelined competitors, their costs may limit Concord's ability to compete with latecomers who may benefit from falling materials costs. Laport said the projected cost of one planned hotel in Florida has dropped 22 percent since June.

Due to the tight lending environment, that project and at least 15 others are on hold. And Concord, which initially expected to double its portfolio by 2010, now hopes to meet its goal by 2012.

But that it still expects to meet its goal that soon speaks to how nimble the company has grown under Laport. Laport founded the company in Cleveland 1986, specializing in hotels with the

CONCORD HOSPITALITY ENTERPRISES

FOUNDER, 1986

HEADQUARTERS, Raleigh
TOP EXECUTIVE, Mark Laport, chief executive

EMPLOYEES, 2,720

BUSINESSSES, Developer and operator of hotels.

PORTFOLIO, Owns 27 hotels; is third-party manager for 26 more hotels; 16 more are planned.

Hampton Inn brand. He moved it here in 2003.

"He has built a company by making the right choices over a consistent period of time," said Bob Whinston, a Raleigh hotelier who sold his company, Whinston Hotels, atop the market in 2007. "Opening up a lot of hotels in this economy is a challenge. He'll survive because he's astute enough to have measured the risk properly."

Concord has paid at least 30 percent equity into most of its hotels, and it stayed away from boom-time offers of 89 percent lending.

The company has also spread its risk across dozens of investors. And it has avoided using hotels that it owns as collateral for other acquisitions, which makes it easier to refinance debt or sell properties.

It also was wise to clear its balance sheet of debt expiring this year and next — when developers are having a hard time refinancing. The company still owes about \$300 million to lenders. But only \$4.7 million is owed by 2011, Laport said. Meanwhile, the company has leftover cash from its sale and access to more equity from faithful investors who became believers after the well-timed sale — a position that will allow Concord to pounce on fire-sale properties unloaded by distressed sellers. A flood of them are expected this year and in early 2010.

"If we have the opportunity to buy a portfolio in the coming two years, we're all over it," Laport said.

"We're going to be flexible and opportunistic based on what circumstances this economy gives us to grow. But one thing that hasn't changed is we're still in a very liquid position and we can do the right thing at the right time."

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