

HOTELS' INVESTMENT OUTLOOK[®]

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Q&A:

Starhotels' Fabri breaks the mold in Italy

Starhotels President and CEO Elisabetta Fabri has been around the family business since age 12.

In an Italian market long known as fragmented and dominated by family-run independents there is Starhotels, still independent but Italy's largest hotel group with a strategy increasingly focused on growing its owned and operated portfolio outside its native land.

Run from Florence by second-generation hotelier Elisabetta Fabri, the 29-hotel, 4,098-room system recently acquired four Royal Demeure Group hotels in Italy from TDA Capital Group. It also is about to open a third boutique hotel in London, a 35-room property overlooking the park in Knightsbridge designed by Anouska Hempel as part of its Collezione Starhotels. The Starhotels global portfolio also includes hotels in New York City and Paris as Fabri considers new ways to grow the 36-year-old company, including bringing in investment partners and welcoming strict management contracts.

HOTELS' Investment Outlook recently interviewed Starhotels President and CEO Fabri to learn more

about its commitment to growing in Italy and beyond, strengthening its management structure with international expertise, and combining everything with a five-year business plan.

HOTELS' Investment Outlook: Why does Italy's hotel business remain so fragmented?

ELISABETTA FABRI: Interest is starting to be much more intense now because obviously the Italian market is one that has potential to grow. The small cities, in the future, 10 years and on, will be very, very attractive because the global population knows Venice, Florence and Rome. But we have enormous richness in every city and the small cities that are not known can be new destinations for the tourist market.

HIO: You mostly invest on your own. Will you consider partners as you grow further outside Italy?

EF: That's something that could be taken into consideration. I don't exclude it. It could be good for the

growth of the company and obviously we are a good partner because we have the Italian market and great distribution. We need to find the right partner that has the same vision and some of the long-term goals.

HIO: By what markets are you intrigued?

EF: We definitely want to be in the major cities of Europe and probably another couple in the States would make sense like Miami, Washington, D.C., Chicago or something like that. But for that we definitely need partners.

HIO: How aggressive will Starhotels' growth become?

EF: We're not that aggressive right now even though we added three hotels in London between '15 and '16, and four hotels in Italy in '16. So it sounds very aggressive, but it's like seven hotels in three years.

We want to be the symbol of Italian hospitality in Italy and abroad with a very different approach that is warm and communicates the values and the passions of Italy.



A Junior Suite at Starhotels' newly developed third boutique hotel in London, The Franklin.

HIO: How might Brexit impact Starhotels' plans?

EF: The direct consequence is a strong psychological effect and uncertainty about the future. There is a potential threat in general – and especially toward business travelers – even though our hotels can count on different business markets and targets.

On the other hand, the Brexit effect on the pound exchange rate may encourage those traveling to the UK and thus present an opportunity for our London hotels to attract a larger scale of travelers from the European Union and United States. Moreover, London will certainly remain an important pole of attraction for investors from all over the world, once again proving to be a solid finance capital.

HIO: Do you sell assets?

EF: We are very long term. We never sell anything.

HIO: Where else are you turning your attention today?

EF: Our biggest opportunity is to be small enough to be flexible and fast in what we do, and to offer clients an experience that is not typical of a hotel group.

Our next focus is on the social lobby. We're working on making the hotels becoming a place to meet, to enjoy and to share experiences. It also could be based on common interests.

HIO: How are existing Starhotels evolving to compete for the next generation of guests?

EF: Millennials are frequent leisure travelers and they have very specific requirements.

We have recently improved our mobile version of the website, which is now user-friendly and offers a smart and easy booking experience which is an essential attribute for the digital generation's travelers, accustomed to

book experiences quickly and easily through mobile.

On the other hand, we're committed to providing eco-friendly hotels. All our properties have a green policy that reduces CO2 emissions and energy use with low-impact generators, low-energy LED lighting and high-efficiency heating systems. Starhotels continues to offer wonderful travel experiences while minimizing their impact on the environment.

HIO: How involved are you in the business?

EF: I grew up in hotels (and was one-time GM at New York's Michaelangelo) so I am very involved in the business and the details, development. Hotels are fun. The world, it comes in front of you every day in a different way. You don't have to travel. They're coming to you. So I think it's like a big theater and you always have a different scene.