



## HOTEL ASSET MANAGEMENT CASE STUDY: THE DYLAN, AMSTERDAM

### THE CHALLENGE

In March 2004, Apollo Real Estate Advisors (now Ares Management) engaged Hamilton Hotel Partners in an asset management capacity to oversee their hotel operations. Included in the portfolio of hotels was The Dylan Hotel Amsterdam, a 41-bedroom luxury “boutique” property situated in the heart of Amsterdam’s traditional canal district.

They key issues that this hotel was experiencing were:

- Low midweek occupancy despite an excellent location in the centre of Amsterdam;
- Underutilised public areas and meeting spaces;
- Declining popularity of the hotel restaurant although still a fashionable hotspot;
- Vacant management positions;
- High operating cost base;
- Negative cash flow

### SOLUTION

After a strategic review and SWOT analysis of the business the following solutions were implemented:

- Implementation of a new revenue management and S&M strategy: price positioning, introduction of overbooking strategy, complete revision of rate structure, rationalisation of distribution channels, sales plan;
- Food & beverage analysis: room service and wine list changed, beverage cost analysis undertaken;
- Interim plan to improve bedroom functionality;
- Feasibility study in respect of ground floor refurbishment undertaken;
- Permanent GM appointed and strong management team built;
- Implementation of a 90-day forecasting model;
- Ground floor refurbishment plan approved and completed;
- Essential kitchen works completed;

- New web site designed and launched incorporating e-marketing facility;
- Marketing plan for new meeting / banqueting facilities initiated;
- New public relations representatives appointed in the three key markets (USA, UK and the Netherlands).

### RESULTS

- Optimisation of occupancy and ADR through the implementation of revenue management and S&M strategies. RevPAR CAGR of 3.9% from 2004-2007
- Increase in the volume of banqueting activity increasing the operating leverage;
- CAGR of 12.3% in GOP and 8.1% in GOI between 2004 and 2007
- Physical product more functional and raised to higher standards to keep up with the demanding expectations of guests and to stay competitive.
- Substantial increase in BAR revenue following refurbishment;
- Having been acquired in September 2002 the investors managed to achieve a sale price in 2007 of approximately €30m, which was almost double the valuation of the hotel prior to commencement of Hamilton’s management.
- The sale price enabled the investor to exit this investment at a level significantly in excess of the fund’s target returns.

If you’d like our help to maximise the returns on your hotel assets, please get in touch:

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