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Last week: DJIA 10913.38 ▲ 141.90 1.3% NASDAQ 2415.40 ▼ 2.7% NYSE 8700.29 ▲ 1.6% STOXX 600 226.18 ▲ 4.6% 10-YR. TREASURY ▼ 1 3/32, yield 1.929% OIL \$79.20 ▼ \$0.65 EURO \$1.3387 YEN 77.04

Pritzker Heir Sets Hotel-Firm Merger

By KRIS HUDSON

Pritzker family heir John Pritzker and New York's Pomeranc family have combined their hotel businesses into a single operator of hotels ranging from West Coast boutiques to East Coast luxury hotels.

The new company, tentatively called JT Hospitality, combines the 33 boutique hotels operated by Mr. Pritzker's **Joie de Vivre Hospitality** with the 12 luxury hotels operated by the Pomeranc family's **Thompson Hotels**.

The two parties declined to reveal financial details of the merger other than to say that each group will own a 50% stake in JT Hospitality. They expect that the company will produce annual revenue of roughly \$500 million.

The merger is a bid by Mr. Pritzker and the Pomeranc family to gain heft in the burgeoning market for lifestyle hotels, loosely defined as stylish hotels designed to reflect the tastes of their neighborhoods while eschewing the standardization of giant brands like **Marriott International Inc.**

The market, pioneered by boutique hoteliers such as Ian Schrager and championed by brands like **Starwood Hotels & Resorts Worldwide Inc.**'s hip **W** hotels, has boomed in recent years with entrepreneurs and global hotel operators alike opening new lifestyle hotels.

But the deal comes at a time when global economic jitters have spawned uncertainty among investors about the hotel industry. The stocks of real-estate investment trusts that own hotels suffered in the third quarter, with several declining by double-digit percentages, as investors fretted that economic instability would curtail corporate and leisure travel.

Even so, U.S. hotel performance, on average, has yet to show a significant impact from those global worries. Nightly revenue per available room at U.S. hotels in August—the latest monthly data available—registered a 7.2% increase from a year earlier to \$67.64, according to Smith Travel Research.

The parties intend to announce the merger Monday. The co-chairmen of the merged company will be Mr. Pritzker, 58 years old, and Jason Pomeranc, 40, the youngest of the three Pomeranc brothers who own Thompson Hotels. Thompson Chief Executive Stephen Brandman, a veteran of **InterContinental Hotels Group PLC**, will be chief executive. Joie de Vivre's interim CEO, Gary Beasley, has returned to an executive role with Mr. Pritzker's investment fund, Geolo Capital.

JT Hospitality only manages hotels and will own none of those that bear the Joie de Vivre and Thompson brands. However, the company's various principals own stakes in several hotels. The Pomeranc family owns eight Thompson hotels. Mr. Pritzker's Geolo owns four Joie de Vivre hotels. And Joie de Vivre founder Chip Conley, a strategic adviser with an equity stake in JT Hospitality, owns stakes in 14 Joie de Vivre properties.

Those principals likely will use their capital to expand the merged company's Thompson and Joie de Vivre brands by buying additional hotels. Mr. Pritzker, who bought a majority stake in Joie de Vivre last year, set up a \$150 million fund at the time to acquire hotels to be converted to the Joie de Vivre brand. He'll now use that money to buy hotels for conversion to the Thompson brand, too.

"We'll use every device that is appropriate to the end goal" of adding more hotels to JT Hospitality's portfolio, Mr. Pritzker said in an interview.

Combining Joie de Vivre and Thompson will allow the merged company to offer travelers and hotel builders a range of options—luxury hotels as well as diverse, midmarket boutiques—to keep them within JT Hospitality's portfolio, according to Mr. Pritzker and Jason Pomeranc.

In addition, the company now has better national scope by putting Joie de Vivre's California hotels and Thompson's East Coast hotels under one umbrella. The company intends to eventually add resorts to the collection, too. "We believe this will redefine how people look at the lifestyle [hotel] industry" for guests and hotel owners, Mr. Pomeranc said.

Thompson runs 12 luxury hotels in major cities, including five in New York City, two in Los Angeles, one in Toronto and one slated to open later this year in London. Among Thompson's hotels are its flagship 60 Thompson in Manhattan and the Hollywood Roosevelt in Los Angeles. Joie de Vivre, founded by Mr. Conley in 1987, operates hotels including the Hotel Angeleno in Los Angeles, the Citizen Hotel in Sacramento, Calif., and the Hotel Vitale in San Francisco. **Morgan Stanley** advised Thompson Hotels on the merger.

For Mr. Pritzker, son of **Hyatt Hotels Corp.** founder Jay Pritzker, buying a majority stake in Joie de Vivre last year marked a return to the hotel industry after he concluded his 16-year career at Hyatt in 1988. His extended family is in the midst of a 10-year plan to divest many of its holdings, including its huge Hyatt stake.