

Sonesta in deal with Mutiny Park developer

Condo-hotel concept gains acceptance

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Roger Sonnabend, the patriarch behind Sonesta International Hotels, sees Miami as such a desirable location that he's multiplying his company's presence here.

While Sonesta has operated a 300-room oceanfront hotel in Key Biscayne for three decades, the upscale Boston-based chain now is adding hundreds of rooms in Sunny Isles, Coconut Grove and, possibly, Miami Beach.

Most recently, Sonesta signed a preliminary agreement with the developer of Mutiny Park, a 224-unit condo-hotel in the Grove, where the Ritz-Carlton also is building. The deal is expected to be completed in about a month, said Sonnabend, Sonesta's chairman and chief executive.

Last year, Sonesta struck a deal with the Dezer family, the developers of the 362-unit Ocean Grande Beach Resort, another condo-hotel, in Sunny Isles.

Furthermore, Sonesta is looking at Miami Beach, especially South Beach,

to strike another deal. Three years ago, the hotelier considered planting its flag at Sassoon on the Ocean, a project on Collins Avenue at 20th Street, but backed out when construction costs exceeded projections.

Sonesta's choices, Sonnabend said, reflect Miami's "two distinct markets": visitors wanting a beach resort atmosphere and those wanting a city hotel.

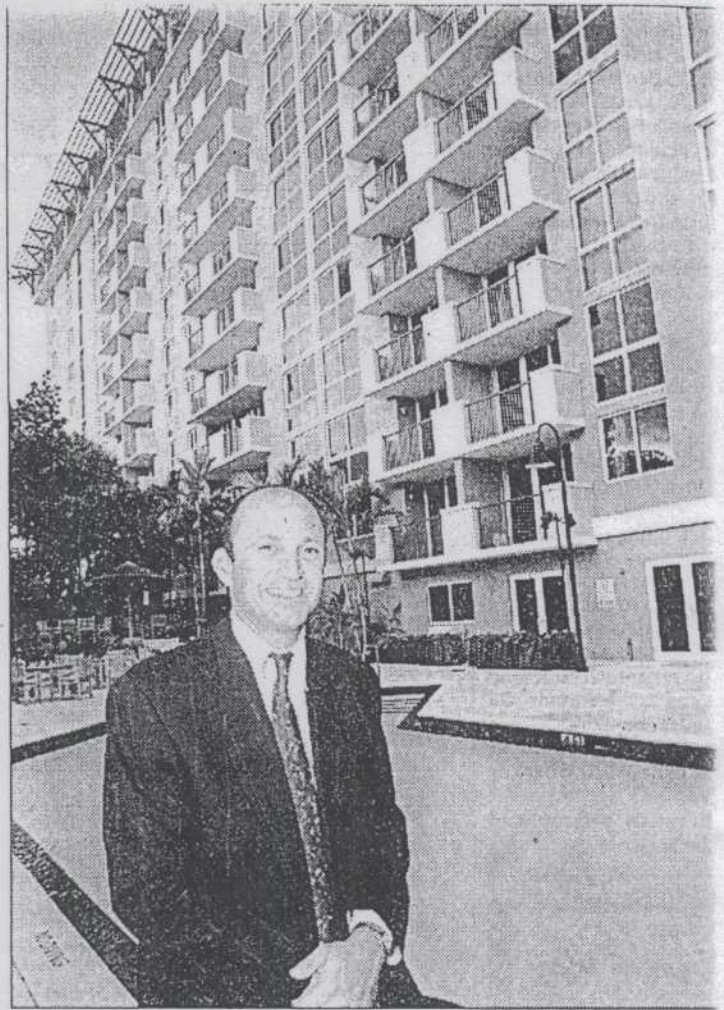
"Miami is such an exciting cultural and social center that it attracts people who never even go near the beach," he said.

Miami's features mesh with Sonnabend's business philosophy that centers of finance, entertainment and technology/communications make lucrative hotel locations, and Sonnabend said, "a lot of that is wrapped up into Miami."

But Mutiny Park developer Ricardo Dunin, who pioneered the condo-hotel concept in South Florida three years ago with the neighboring Mutiny Luxury Apart-Hotel Condominium, interprets the Sonesta contract as more than an endorsement of Miami.

It signals acceptance on the part of major hotel operators of the burgeoning condo-hotel industry, he said.

At a condo-hotel, people can buy individual apartments that can be rented out when not in use. They also



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PIONEER: Developer Ricardo Dunin pioneered the condo-hotel concept in Florida with the Mutiny Luxury Apart-Hotel Condominium in Coconut Grove.

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Sonesta eyes South Beach

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have the service and amenities found at four- and five-star hotels.

"The flags before were skeptical on the concept," Dunin said. "A lot of the big names in the hotel business are really now starting to believe in this condo-hotel business, like Ritz Carlton, Four Seasons."

Having a brand name, or a flag, is considered a plus for developers who might otherwise have difficulty attracting customers.

"It's no guarantee, but it does give you a better chance of success," Dunin said. "They have credibility, reservations

systems and professional people."

So far, Mutiny Park — without the Sonesta name — sold half its 224 units, with current sales topping \$30 million, Dunin said. Now, the developer can use Sonesta's name in its advertising, Sonnabend said.

Sonesta might not have considered getting involved with a condo-hotel project five years ago, Sonnabend said, but since then the concept has gained acceptance. Sonnabend knows personally. He bought two condo-hotel apartments in New York City to experience the concept as a customer.

"The concept's a good one because it provides for a hotel client not only control of his

own accommodations when he wishes to use those accommodations, but also income when he doesn't," Sonnabend said.

"We know that we've got our own facility. We leave our things there in a locked-off space. It's always available to us, at the same time when we don't use it, unlike a normal condo, it can be rented. We have important income that offsets expenses."

Of course, skeptics say the concept can be difficult as a manager.

"In operating a condo-hotel, we're taking on the responsibility of satisfying many many owners — not just ourselves or one developer, but 250 owners," Sonnabend said. "That's an interesting challenge."