

Hotel Valley Ho has plans to add guest rooms, pool

REAL ESTATE

Hotel Valley Ho plans to add 55 rooms, meeting space and a pool south of its existing property.

The expansion, subject to city approval, would be built on about 4 acres the hotel acquired in October for an undisclosed price.

Construction of a two-story addition could begin as early as next year, said Andrew Chippindall, Valley Ho general manager.

"Obviously we're anticipating somewhat of a rebound in tourism," he said, noting that hotel occupancy is up in Scottsdale but room rates have not yet recovered.

Scottsdale tourism surged this past winter season after a 25 percent drop in hotel revenue in 2009 from the previous year.

In the first quarter, occupancy was up

12.6 percent from 2009 but rates were off 8.4 percent, according to Smith Travel Research.

The Scottsdale area has about 12,000 rooms out of 60,000 in the Valley.

Hotel revived in 2005

Hotel Valley Ho, built in 1956, was expanded and remodeled in 2005. It has 194 hotel rooms and about 35 condominiums in a seven-story tower.

There are four full-time residents in the condos. Part-time residents occupy other units, which are often available nightly as hotel rentals. Plus, a few penthouses and two-story lofts are for sale, Chippindall said.

The Valley Ho wants a small increase in hotel rooms so it can accommodate larger groups, he said.

The hotel's zoning request for the

property indicates a parking structure might be needed depending on how much meeting space is added.

The new hotel wing would be similar to the crescent-shaped wing in the original building.

Hotel officials acknowledged that financing the expansion will be challenging.

Hotel Valley Ho has been the most stable of downtown Scottsdale's urban hotels, which rely on contemporary design and nightlife to lure younger business travelers. W Scottsdale Hotel faced foreclosure not long after it opened in 2008 and the Mondrian Scottsdale is now the Hotel Theodore after the lender foreclosed on the property late last year.

Townhouse plan scrapped

The Valley Ho's expansion site was planned for 62 townhouses in a project called the Regency.

Toll Brothers halted that project when

the housing market collapsed and it sold the property. The builder also sold the adjacent Mark condominium project in October to Detroit-based Silverman Co.

Toll Brothers sold 13 units in the six-story building before sales stalled, said Joe Bushong of Russ Lyon Sotheby's International Realty. He is director of sales at the Mark Residences.

Silverman has sold 30 of the remaining 72 condos since Jan. 30, Bushong said.

Prices at the Mark have been cut as much as 50 percent, well below construction costs, Bushong said.

Condos range in price from \$300,000 to \$800,000 for 1,250 to 2,500 square feet.

One of the early buyers at the Mark was Nick Swisher, a New York Yankees outfielder. He paid \$2.28 million for his condo in October 2008, according to Maricopa County property records.

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