

EXCLUSIVE REPORTS

From the August 5, 2005 print edition

Hotel Indigo checks into vacant Galleria building

[Jennifer Dawson](#)

Houston Business Journal

A new boutique hotel concept by [InterContinental Hotels Group](#) is coming to the Galleria area in place of a former senior living facility.

The [Hotel Indigo](#) will make its local debut by Thanksgiving, making Houston only the third city to house the fledgling concept. The first Hotel Indigo opened in Atlanta last November, and a second site opened in Chicago two months ago. Another Hotel Indigo is currently under construction in Chicago.

Houston's Hotel Indigo will be located at 5160 Hidalgo near Sage Road, which was home to The Regency Park senior living facility from 1999 to 2002. The current developers bought the vacant property last December for \$6.5 million, and are spending \$3.5 million to renovate the six-story building.

An experienced hotel development team is creating the local site under a franchise agreement with InterContinental Hotels, a United Kingdom-based company which has an American headquarters in Atlanta.

The team includes Texas newcomer Gustin Property Group of Albuquerque, N.M., which has built 25 hotels over the last two decades. Ten of those properties were built with Gustin's partner on the Houston deal, Tucson, Ariz.-based Capri Inc.

Once the 132-room hotel opens, it will be managed by Driftwood Hospitality Management LLC of Jupiter, Fla., which will also have an equity interest in the property.

Hotel Indigo is a departure concept for InterContinental Hotels Group, which is one of the world's largest hotel companies. The firm owns and manages hotel

brands such as InterContinental, Crowne Plaza, Holiday Inn, Staybridge Suites, Candlewood Suites and Holiday Inn Express.

The Hotel Indigo concept is based on the premise that consumers are willing to pay more for affordable luxury -- think Starbucks versus regular coffee.

Jim Anhut, senior vice president of brand development for InterContinental Hotels in Atlanta, says the company worked with retail consultants to create Hotel Indigo. One feature that the hotel concept borrowed from retailers is an ever-changing visual environment.

Each quarter, Hotel Indigo will replace overall mood elements, such as background music, scents in the hotel's common areas and the way employees answer the phone. Since Houston's hotel is scheduled to open in November, it will likely begin with a winter theme, Anhut says.

Room elements -- such as duvet covers, area rugs, art work and furniture slipcovers -- will be changed every three to four years.

"We're trying not to be cookie-cutter in this brand," Anhut says. "It's a unique concept."

Another goal is to provide peace to business travelers through the furniture design and blue tones in the decor.

"Many of our competitors are more about an office with a bed in it," Anhut says.

Hotel Indigo also features an esoteric storytelling element, expressed through graphics and other accents, that works to connect guests to the facility.

Bob Gustin, president of Gustin Property, says the local Hotel Indigo will have a cafe, wine bar and exercise room, and guest rooms will feature wood flooring, high ceilings and oversized walk-in showers.

"It's a fresh new brand," Gustin says. "It has a bed-and-breakfast feel to it."

Hotel Indigo will seem like an independent hotel, but will offer an advanced reservation system and rewards program through its connection to the large InterContinental hotel chain, Gustin says. The published room rates will average about \$100 a night, he says.

Room for growth

The Hotel Indigo developers began renovating the 90,000-square-foot property last week under the name CGD Houston LP. Mitchell Carlson Stone of Houston is the architect, while California-based Comren Inc. is the contractor.

The developers selected the Galleria area for Hotel Indigo because of the submarket's mix of retail and office properties, Gustin says.

"The Galleria area is the strongest part of the Houston market for hotels," Gustin says.

Mike Jaynes of Hall Financial Group, which provided \$8.49 million in financing for the project, says Gustin Property has a good track record of establishing quality hotels. Jaynes also worked with Gustin on a 106-room boutique hotel in Napa, Calif., called River Terrace Inn.

"We know they're visionaries," Jaynes says. "We really liked the concept -- a boutique hotel under a large flag like InterContinental."

With Hotel Indigo properties currently under construction in both Chicago and Houston, the hotel chain plans to open up to 10 more locations in 2006.

InterContinental's Anhut says the company wants to cement the brand before executing a massive rollout. When and if that time comes, InterContinental has targeted roughly 100 U.S. submarkets where the area's demographics and high visibility lend themselves to the Hotel Indigo concept, such as the Galleria area.

"That's an ideal location for us," Anhut says. "We like the dynamics of the city."