



Asset Management

How asset managing in the Midwest is a job all its own

by [Alicia Hoisington](#) | Jul 25, 2016 3:06pm



The Hilton Cleveland Downtown opened in June, just in time to help host the recent Republican National Convention.

Asset management will be a topic of interest at **NATHIC Midwest**, operated by Questex Hospitality Group, Nov. 16-17, at the InterContinental Chicago Magnificent Mile.

When it comes to hotel operations, the Midwest is unlike its East or West Coast counterparts. From seasonality issues to drive-in traffic, owners and operators have to think about their assets in different ways.

Asset-management company **CHMWarnick** has a broad footprint, with properties ranging from coast to coast. Chad Sorensen, managing director who oversees the company's Midwest office, broke down the pros, cons and nuances of asset-managing hotels in the Midwest.

1. CHMWarnick has a broad geographic footprint when it comes to asset management. Looking at your Midwest hotels, what are the pros of being asset managers in these locations?

We've done work, or have in the past, in every primary or secondary market in the Midwest. We're familiar with both the big and the small markets in the Midwest. Our asset-manager footprint is truly a function of where our clients are looking to invest. That's what drives our asset-

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management platform. We've been in the Midwest for years. We know all the markets intimately.



The pro of being an asset manager in the Midwest market is having those resources that live in the market and understand the nuances of Middle America; there's a higher level of drive-in traffic in secondary markets in the Midwest than you see on the East or West coast, so having people here and understanding all of those intricacies is a big competitive advantage overall.

Another pro that we see is there's a high percentage of clients compared to the East or West Coast in the Midwest that own assets for long term. That allows us to be involved for a longer period of time, with the opportunity to be involved with ownership at a much more strategic level. ... We truly become discipline experts of submarkets within those markets in everything that's driving the business, the economic factors. We end up being really submerged in the longevity of those asset-management contracts.

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2. Are there any cons?

Honestly, no. I struggle to come up with any cons to balance this out. Resources in the market, long-term clients, we focus on a lot of domestic investors in the Midwest—it's all upside for us.

3. How does being an asset manager in the Midwest differ from other locations in your portfolio?

The two big areas really end up being the seasonality in the Midwest markets and understanding how to work with the operators to make sure that they're adjusting their strategies accordingly.

In the first quarter in the majority of Midwest markets, just because the weather is soft, and understanding how to drive the management team and stay on course during those months is as important as taking advantage of the high-demand leisure time over the summer or in the meetings months like October. So, understanding the seasonality is really important along with the—and this is more secondary market—understanding who the customer is, and understanding that consumer being a Midwest customer at a higher percentage you may see in other areas of the country.

4. Do you see more opportunity in the Midwest for asset-management contracts? If so, where? Any particular Midwest market that you're targeting?

Our clients or potential clients or investors really take us to the markets. Chicago, we have deep experience in. ... We've worked literally on dozens of hotels in that market. That will always be important for us and continue to drive additional asset-management contracts there.

When you get into some of the secondary markets, there's a lot of opportunity, whether it's in Minneapolis, which is on the edge of a secondary, primary market to Kansas City. There are a lot of new investors in this cycle that have been priced out of major markets, and so there's been a lot of activity in those secondary markets. We think it's a target-rich environment for asset management.

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