

'B' for Boutique in B&O
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Railroad's classical downtown headquarters to become new offices and a Hotel Monaco

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In an area emerging as a hub of boutique and small hotels, a Hotel Monaco is slated to open by 2009 in downtown Baltimore's historic B&O Building at Charles and Baltimore streets, part of a \$60 million project by Philadelphia-based ARCWheeler.

The developer settled on the purchase of the 13-story, century-old beaux-arts building yesterday for \$20 million from seller Baltimore and Charles Associates LLC. The former headquarters of the defunct Baltimore and Ohio Railroad Co., with a classical lobby designed with twin marble staircases, stained glass panels and a crystal chandelier, was built as the city's tallest structure in 1906 at what was then the city's most prominent commercial intersection.

Besides the 208-room boutique hotel, to be operated by San Francisco-based Kimpton Hotel and Restaurant Group on the top seven floors, plans calls for renovation of 60,000 square feet of office space on four floors. The developer will also refurbish the marble lobby and add a day spa and restaurant, which would also be operated by Kimpton. The hotel will include 15,000 square feet of meeting space and offer valet parking.

Kimpton Hotel operates luxury boutique hotels through the United States and Canada, and characteristically each has a different name and decor drawing on local flavor. Hotel Monacos are typically developed in historically significant buildings, such as an old bank in Salt Lake City, a former department store in Portland, Ore., and, in Washington, the city's former general post office, built in 1839 by the architect who designed the Washington Monument. Guest rooms feature brightly colored patterns to create an energetic environment, said Niki Leondakis, chief operating officer of Kimpton.

"The Monaco was inspired by the notion of a world traveler who went on exotic journeys all over the globe and collected artifacts on those travels that he brought back and decorated the home with all these globally inspired pieces," Leondakis said.

"It's very playful. There's a sense of whimsy in the interplay of color and pattern," Leondakis said.

The B&O Building, once headquarters to one of Baltimore's most important companies, will again play a role in the city's economic development, said John Voneiff, a partner with ARCWheeler.

"This is going to end up being the center of boutique hotels," Voneiff said. "You will have a concentration of hotels" along Charles, Calvert and Redwood streets.

The hotel and office project will also help anchor an area undergoing large-scale revitalization, from the conversion of the former Baltimore Gas and Electric Co. building into apartments to the redevelopment of the shuttered Morris A. Mechanic Theatre, just a block south, into housing and shops.

"This and the Mechanic represent two pieces of the puzzle to reconnect Charles Street to the Inner Harbor and to reactivate this corridor," said Jeffrey R. Pacy, a vice president with Preston Partners Inc., the commercial real estate company representing ARCWheeler.

The project is the second the developer has announced in the city. ARCWheeler is planning a 59-story skyscraper housing a hotel, condos, loft homes, offices and shops at 414 Light St. in the Inner Harbor on a parking lot where a McCormick & Co. spice factory once stood.

ARCWheeler is embarking on plans for the B&O at a time when a record 1,631 hotel rooms are under construction downtown, with the city-owned Hilton convention hotel accounting for nearly half of those, according to the Downtown Partnership of Baltimore. Another 842 rooms are planned.

"There's a lot of hotel development going on in downtown," said Robert Aydukovich, vice president of economic development for the Downtown Partnership. "It's certainly a lot more than in years past."

He attributed the boom to stronger interest from the capital markets in financing hotels outside huge tourist destinations such as Las Vegas and Cancun, Mexico.

While the Hilton targets convention business, the other hotels expect to capture part of the increased business expected from tourists, nonconvention groups and business travelers, Aydukovich said.

Expansion of numerous area hospitals and medical facilities is also expected to generate strong demand from patients seeking outpatient treatment and patient family members.

The downtown area has been able to average hotel occupancy rates in the mid 70s, considered a very profitable percentage range within the industry, and has maintained that level even as new hotels have opened downtown, including a Residence Inn and two Hampton Inns, Aydukovich said.

"We've met with many of the hotel companies that are coming into Baltimore and given them a very clear understanding of what hotels are being planned," said Kirby Fowler, president of the Downtown Partnership.

"The hotels have done their own market analysis and feel comfortable that there is sufficient market to make their projects successful."

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