

The word on Family Court project

Don Peebles spills the beans on his Kimpton Hotel enterprise with P&A



Natalie Kostelni
Reporter-
Philadelphia Business Journal
Email | Twitter

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Enlarge Photo

Chairman and CEO of the Peebles Corp.

Philadelphia CEO: R. Donahue Peebles

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What do you think of Philadelphia?

I like Philadelphia. Philadelphia is one of the greatest markets in the country. We looked at Philadelphia for quite some time. It offers a tremendous opportunity. We've looked at Philadelphia in the late 1990's when Rendell had a goal of 2,000 rooms by 2000 to attract one of the national political conventions. We were also helping Will Smith at the time with his project [at Washington Avenue and South Broad Street.] We didn't get an opportunity in that window, but I always liked Philadelphia. We also came close to bidding on a downtown casino but decided not to because we believe there is an oversaturation in the state of Pennsylvania and in downtown Philadelphia. I like Philadelphia personally.

Speaking of saturation, some say the Center City hotel market doesn't need more rooms.

The leisure and transient sector is undeserved. If you look at most of the hotels that were built, they are geared toward the convention center or geared to business travelers. Ours is located in a museum district. This hotel, with the ballrooms and entertainment, will bring in its own business, such as weddings, social events and bar mitzvahs. Having a smaller inventory and maximizing the hotel keeps you in a competitive place. Kimpton is a boutique-oriented management company that has access to a strong brand and reservation system.

What attracted you to 1801 Vine St.?

Hotels are a big part of our business and so is historic restorations. It's an amazing building architecturally and it's in an outstanding location for the social and leisure market. Inside it lends itself

to a grand, individualized hotel. It's not going to be an easy project. There's going to be challenges. Those challenges tend to be opportunities. It's not a cookie-cutter hotel.

There's an opportunity to build on top of the structure but your plans don't include that. How come?

Adding to the roof – that is a pipe dream. We looked at it and evaluated it. We looked at it and evaluated it. We have done many landmark buildings and converted landmark buildings into hotels and know the challenges that come with that. We understand the challenges that come with underwriting it. There were so many obstacles that the probability of adding to the roof was very remote. I have heard a bigger hotel would create more jobs and I agree with that but a bigger hotel can't be built there. I've been doing this for 30 years. We do know what we are doing.

Do you have a financing lined up?

We have our capital, we have private equity capital from MacFarlane Partners, which is based in San Francisco and did the AOL Time Warner Center in New York and other projects. They have a lot of experience and depth and have done a lot of hotels, too. They understand Philadelphia, too. We have debt and historic tax credits. We are forecasting 65 percent of debt.