

# In Dreams Begin Responsibilities

Where Blacks Were Banned, R. Donahue Peebles Sees Opportunity

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MIAMI BEACH

**F**OR MANY HERE, the boarded-up, pastel shells of the Royal Palm and Shorecrest hotels in South Beach simply evoke a luxurious time gone by. But millionaire Washington, D.C., developer R. Donahue Peebles doesn't see them that way.

For 38-year-old Mr. Peebles, they symbolize a future stylish resort with two soaring towers and a rising share of this city's tourism bounty for himself and other African-Americans.

Mr. Peebles is founder and chief executive of Peebles Atlantic Development Corp., the nation's largest 100% black-owned hotel and real-estate development company. He is spending \$64 million to revamp the two hotels into a posh 422-room complex called the Royal Palm Crowne Plaza Resort. It will be managed by Crowne Plaza Hotels & Resorts, an international chain.

The Miami resort is part of Mr. Peebles's grand ambition to create 10,000 hotel rooms—between 20 and 25 hotels—in the next five years in cities around the country, that will welcome everyone as both guests and employees. "We're not just building buildings. We're building symbols of economic opportunity," he says.

#### 'MORE DISPOSABLE INCOME'

Last year, African-Americans spent an estimated \$35 billion on travel and tourism. San Diego, Atlanta, West Palm Beach, Fla., Memphis and Nashville, Tenn., are all interested in gaining black hotels, says Andrew Ingraham, president of Horizons Marketing Group in Fort Lauderdale, Fla. "African-Americans have more disposable income now," says Mr. Ingraham. "They're traveling more and have the propensity to seek out hotels owned by African-Americans."

Mr. Peebles has developed or owns more than one million square feet of commercial properties in Washington, his home base for many years. To finance his current dream, he has reached out to other investors. So far, Immo Realty Advisors, a Fort Lauderdale investment bank, has placed more than \$80 million in financing for Mr. Peebles's hotel projects, Michael Browarnik, Immo's president says. And Mr. Peebles is considering going public and establishing a real estate investment trust.

Radisson Hospitality Worldwide and Mr. Peebles are discussing development of six full-service, first-class, four-star hotels in San Francisco and Washington, and possibly Tampa, Fla., Philadelphia, Fort Lauderdale and San Jose, Calif. "If we can go beyond six hotels to twice that many, we'll be thrilled," says William Lanting, a Radisson vice president.

"Radisson recognizes that there is a large market out there that is fragmented and has no brand loyalty," Mr. Peebles says. To be sure, cities want all kinds of hotels. While Miami gave \$14 million in incentives to Mr. Peebles's Royal Palm resort project, mostly in the form of cash and land, they awarded



Caroli Fabricatore

R. Donahue Peebles and the Royal Palm Crowne Plaza Resort

\$55 million in incentives for an 800-room hotel being built next door by the Tisch family's Loews Hotels. The city will share revenue with both hotels.

#### PROJECTS IN THE WORKS

Mr. Peebles has more than \$200 million worth of projects under development, he says. Besides the Royal Palm Crowne Plaza Resort, which is about to break ground and will open November 1999, they include the \$72 million, 500-room Fort Lauderdale Convention Center Hotel, to open August 2000; a \$25 million, 188-room Marriott Courtyard in Washington, across from the new MCI Sports Arena, expected to open in February 1999; and an estimated \$70 million renovation of the Bath Club Resort in Miami Beach, to be finished in two years.

The Bath Club was once notorious for excluding blacks, Hispanics and Jews. Mr. Peebles says he became the club's first black member in 1996, after being sponsored by two members who own Arquitectonica,

a cutting-edge architectural firm that is working on his South Beach and Bath Club enterprises.

Ironically, blacks, once spurned by most of Miami Beach's hotels, now help to sustain the local hotel industry. The development of a black-owned hotel on Miami Beach was the No. 1 demand of black residents to end a costly, three-year boycott of the Miami area's tourism industry. The boycott was launched in 1990 after local officials snubbed South Africa's Nelson Mandela when he visited the area.

Mr. Peebles's Royal Palm project has been hit with delays, including a lengthy condemnation effort by the city to get some of the land. Two of his original co-investors have since dropped out and lawsuits are pending. One investor alleges that Mr. Peebles used money from the partnership to buy a race horse. Mr. Peebles denies that. In a suit of his own, he charges two investors with defaulting on their payments. Meanwhile, he took in as partners some local investors who tried early on to do the hotel deal and failed.

Mr. Peebles is determined to turn his projects into opportunities for blacks. He and the Crowne Plaza chain plan to fill at least 25% of the upper management jobs with African-Americans and use black suppliers when possible. A black architectural firm, Bellon & Taylor, helped design the Fort Lauderdale and South Beach projects. And he has been holding seminars with black business groups on the opportunities available and to push his vision of first-class accommodations and service.

#### AN EARLY EDUCATION

Mr. Peebles grew up in Detroit, where his mother Yvonne Poole ran her own real-estate brokerage firm, and in Washington. His father was a career administrator with the Nuclear Regulatory Commission.

After dropping out of college, Mr. Peebles joined his mother's real-estate business. He was an active fundraiser for Washington Mayor Marion Barry, who named him at age 23 to the District's influential tax appeals board. Mr. Peebles became its chairman. Later, he argued property owners' appeals before the board. As his wealth and influence grew, Mr. Peebles gave to charities and raised money for former New York City

Mayor David Dinkins, Maryland Gov. Parris Glendening and in 1992, Democratic presidential candidate Bill Clinton.

Looking for a vacation home two years ago, Mr. Peebles, his wife Katrina, and son Donahue, now 4, visited Miami. He read that Miami Beach was searching for a black to develop a hotel on the Royal Palm site and purchased an option to acquire the adjacent Shorecrest Hotel. Mr. Peebles ultimately emerged as one of three competing bidders to follow the city's suggestion that the two hotels might be joined as a single project.

Since then he has moved to Miami permanently, where he hopes his projects, jobs and related contracts ranging from construction to food service will enhance the quality of life for many residents.

"The beauty of a hotel is that it's more than just real estate," he says. "You have long-term, perpetual opportunities to effect change and bring economic benefits to a community."