

## Profiles

# Saunders Hotel Group stays local in Boston

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Now in its fourth generation of operating hotels, family-run Saunders Hotel Group is about to take on its most ambitious project yet: the 33-story, \$400-million Raffles Boston Back Bay Hotel & Residences, which has been in planning for eight years.



By [Harvey Chipkin](#)

BOSTON—Saunders Hotel Group has been a mainstay in Boston hospitality for 75 years, and the family that owns it is now in its fourth generation of owning and operating hotels.

While it currently has only two properties in its portfolio, [Saunders Hotel Group](#) is about to complete the most ambitious project in its history, the first mixed-use Raffles development in North America, scheduled to open early in 2022 at a cost of \$400 million.

The two open hotels, according to Chairman Gary Saunders, are The Lenox Hotel, the company's flagship property that has been in operation since 1963; and the Comfort Inn & Suites Logan International Airport, which opened in 2000.

The company has acquired and sold other properties in the last few years, including locations in Virginia and Connecticut. More recently, however, Saunders said the focus has been on Boston.

"We realized where our strengths were as we grew as a company," he said.

He said Boston is unique in many ways, one being that although it is a major city it's unusual in how important personal relationships are in doing business.

The company has one other project under construction—a Cambria property—in Somerville, Massachusetts, a town near Boston that “is undergoing a transformation,” Saunders said. That property is expected to open late in 2021. While Saunders is not sole owner, it is a large investor and will be the manager.

Despite exceptions over the years “We are first of all owner-operators,” he said. That has been a tenet since the family got into the hotel business, he said. Management companies can be “almost a commodity,” he noted. But Saunders has found, such as with its Comfort Inn & Suites Logan International Airport, that it can take a branded property and get more out of it than most other operators.

He attributes that to a holistic approach to running a hotel.

“In terms of the caliber of our executive team, we believe we are without equal because of our people skills, our philosophy of being part of the community and knowing our markets and demand generators,” he said.

The company suffered a loss to its executive team and to the family in January when Jeffrey Saunders, Gary’s brother, passed away.

“In our 40-year partnership, we always said that the only time we ever had a fight was over coffee. I like Starbucks, and he liked Dunkin’ Donuts,” he said.

Despite its size, Saunders Hotel Group has been an innovator in the industry. It was many years ahead of the industry in its awareness of and commitment to sustainability. Saunders said that in the late 1980s, family members noted how much paper was being used at the properties and that precipitated a mission of reducing waste and energy, which continues to this day.

### **Bringing Raffles to Boston**

The Raffles deal has been the product of almost eight years of planning and getting approvals, according to Saunders. It will be a 33-story building to be called Raffles Boston Back Bay Hotel & Residences and located at 40 Trinity Place. The project will feature 147 guestrooms, 146 branded residences and six food-and-beverage venues.

Saunders said that in 2012 the company decided there was sufficient demand for an upscale property in the Back-Bay neighborhood. He and other executives went to see Mayor Thomas Menino who told them the city would benefit from a tall tower in that area because of a need for more density. The company scrapped a smaller plan and partnered with developer Jordan Warshaw of the Noannet Group, who has a deep history in the city.

“We realized that there was not a five-star global quality hotel in Boston,” Saunders said, and the company went on a search and met with multiple brands. “It turned out we had a chemistry with Accor that went right up to the top. They were so atypical of a big company in a good way. We spoke the same language and had the same type of flat organization and urgency to get things done.”

Saunders said that although Raffles is a global brand, “its execution is local.” While there were some brand standards such as butlers that will be present in Boston, “they were all for being local and part of the community as opposed to following any brand formula,” he said.

While Saunders Hotel Group had not done residences before, Warshaw is a specialist in mixed-use development. Saunders, Warshaw and Cain International, a private equity fund, are the general partners of the development, responsible for every aspect of the project including putting together the capital stack. Madison Realty Capital, a New York-based lender, is providing \$314 million in construction financing.

The Raffles will mean a significant break in tradition, Saunders said, in that his company will not be managing the property.

“To execute at the (luxury) level, (Raffles needs) to control the guest experience,” he said.

Raffles, founded in 1887 in Singapore, currently has 14 properties around the world. Greg Doman, SVP of development, Accor North & Central America, said Boston was chosen for this project because “we found Boston-based partners that truly understand the brand and have what it takes to make it a reality.”

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He said the city provides a prime location that aligns with the brand’s affluent customer base. Doman said the brand is looking for other opportunities in North America and is in active discussions on that front.

Architecturally, the building will be “very interesting,” Saunders said, with a cantilever over the neighboring University Club. The bottom half of the building is the hotel and the middle floors will house the city’s first sky lobby (on two floors). The 19th floor, above the sky lobby, is dedicated to meeting space. Above that are the residences. There is a leased restaurant on the first and second floors but all other F&B outlets will be operated by Raffles. A spa is also in the plans.

The developers will provide more than \$22 million in public benefits in total, including street and public realm improvements, seven on-site affordable housing units and a contribution of more than \$13 million that will support additional affordable housing in Boston.

Looking ahead to the next generation, Saunders has two sons and Jeffrey had a son and daughter, all of whom are successful and “doing their own thing” at this point, Saunders said.

But, he concluded, “the die has not been cast.”