



Value Place has room to grow

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San Diego—Say this about Value Place—it has good DNA. The upstart economy extended-stay brand was the brainchild of Jack DeBoer, who originally created the Residence Inn, Candlewood Suites and Summerfield Suites brands, eventually selling them to major lodging players.



Gina-Lynne Smith

With Value Place, he's created something that operates more like an apartment building than a traditional hotel. Five years in, Value Place now has 163 locations, all of which are new construction. Weekly rates, sometimes less than \$200, are shown on large LED signs on each property, enticing travelers to give the location a chance.

"Our customers expect a new product when they travel," said Gina-Lynne Smith, president.

"When people first look at it, it's an incredible value, but they're not certain what the experience would be at a place with that rate. So, it's very important to us to be located where, when people drive by, they can see the building; they look at the building and see that it's new. That is

something that generally entices them to turn off the highway, come in to take a look at the product, and then our conversion rate is about 90 percent."

About 60 percent of the customer base is comprised of people who would otherwise stay with family or friends, so Smith said they're not taking away from a traditional hotel base. Some 40 percent come from housing transitioners, which can include people who are between homes, those affected by a housing fire or other damage, and even people who are doing major remodeling to their existing residence. Beyond that, Value Place sees customers who have been foreclosed upon, are in the midst of a divorce or another difficult family situation, or people who are looking for a job in a new area.

Based on Value Place's research, customers cite the brand's low cost, followed by cleanliness, safety and simplicity as reasons for choosing the brand. But once customers are on site, they say that safety becomes the most important consideration. So, Value Place's prototype includes 15 video cameras and electronic locks on all doors and entrances.

Smith said total construction cost is about \$42,000 per key, and most of the properties feature 124, 113 or 108 rooms. Following the apartment building approach, two or three employees generally live on site, and the entire property operates with a mere 4.5 full-time equivalent positions.

The company is promoting itself under a "hotel convenience, apartment essentials" mantra to consumers, and Smith said she hopes to open 10-12 properties in 2010, if things go right.

"For expansion, we really want to get more into the Northeast, and we'd also like to expand more on the West Coast," she said.

Average construction time for a location is a speedy six months, and Smith said there are currently seven locations under construction.

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