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Waldorf Astoria brings brand power to Elysian Chicago

Purchase means new name, some other tweaks, but mostly more of the same

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A sunburst-shaped chandelier modeled after a brooch by Coco Chanel hangs in the lobby of the Elysian Hotel in Chicago. The Elysian will become the Waldorf Astoria Chicagostarting Feb. 1. (Zbigniew Bzdak, Chicago Tribune / January 13, 2012)

By Erin Chan Ding, Special to the Tribune

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The most visible changes to one of **Chicago's** most luxurious hotels will arrive in the coming weeks, not with a bulldozer or an interior makeover but with more subtle cues, such as a name and logo modification on bathrobes, stationery and, of course, an outdoor sign.

What will stay the same is nearly everything else that has cemented the hotel's reputation for refinement: heated cobblestones in the courtyard, staff members who greet guests with platters of Evian bottles and a

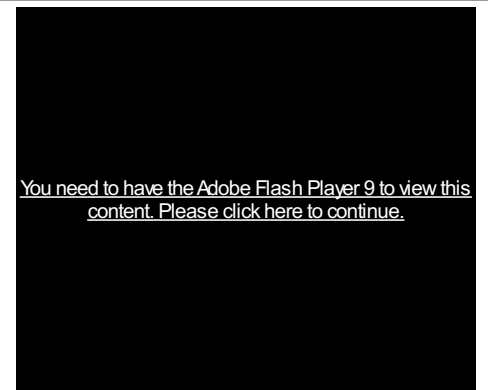
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stunning, sunburst-shaped chandelier in the lobby modeled after a brooch by **Coco Chanel**.

The renaming of the Elysian Hotel to Waldorf Astoria Chicago on Feb. 1 signifies the arrival of a venerable luxury brand to the city's lodging scene. Plus, with

Hilton Worldwide shepherding its way, the Waldorf Astoria Chicago will have all the backing of a hospitality powerhouse.

"We bring the worldwide sales engine of Hilton," said Thomas Loughlin, the Midwest area vice president for Hilton Worldwide, which owns the Waldorf Astoria brand. "This gives us a five-star presence in a major market, an immediate five-star presence."

Loughlin added that the marketing the company will do among its 26 million Hilton HHonors members will bring more interest to a hotel that has been awarded five diamonds by AAA and been crowned the highest-rated hotel in the United States by Conde Nast Traveler magazine's Gold List 2012.

The opportunity to place a Waldorf Astoria in Chicago by obtaining an existing five-star hotel was too compelling to pass up, said John Vanderslice, global head of luxury and lifestyle brands for Hilton Worldwide.

"The Waldorf Astoria Chicago is going to be marquee for the Waldorf Astoria brand," Vanderslice said. "What they were trying to do with the Elysian totally aligned with our brand. It was scary how perfectly aligned Waldorf Astoria was with what was created with this hotel."

Previously owned and managed by Elysian Hotels and Resorts and housed in a 60-floor building opened in December 2009, the 188-room hotel on Walton Street in the Gold Coast was bought in November in a joint venture between Hilton Worldwide, Sam Zell's Equity Group Investments and Elysian principals. Zell is also chairman of Tribune Co., parent of the Chicago Tribune.

Executives for Hilton Worldwide, which is owned by the **Blackstone Group**, one of the world's largest private equity asset managers, have not disclosed the purchase price of the 2-year-old hotel. But Mary Beth Malone, chief brand officer and managing partner of Elysian Hotels and Resorts, said the hotel cost about \$145 million to build.

Malone said she and her Elysian partners, David Pisor and Mario Tricoci, are "very happy" with the transition.

"It seems very in sync with what we had planned," she said. "It's a really good marriage of their vision and brand."

The Elysian Hotels and Resorts — the only hotel the company operates is the Elysian in Chicago — had hoped to expand the brand but could not find a new equity partner, Malone said. The Elysian's original equity partner, Arcapita, decided to sell the hotel last year.

"They're not in the business of owning hotels," Malone said. "They were partners in the development and they wound up as owners, but it was not part of their core investment strategy."

Aside from the hotel, the 51 condominiums in the building, which range from 3,400 to 12,000 square feet, have all been bought, Malone said, for prices from \$2.5 million to \$8.5 million.

Industry analysts say the Elysian Hotel's transition from an independent hotel to the Waldorf Astoria brand appears promising for its backers.

"Chicago has plenty of luxury hotels," said Will Marks, a managing director at JMP Securities and a senior research analyst covering hotels and resorts, "but I think the Waldorf can compete as well as any, given its history and traditions.

"The Hilton has a really powerful distribution system, and for the Hilton and the Waldorf it's a great opportunity to have someone else own the hotel and have it essentially ready for you in a short period of time. It's a huge benefit."

Long known for its original hotel, the Waldorf-Astoria New York, famous for its opulent lobby and gilded clock, as well as for originating such comestibles as the Waldorf salad and Veal Oscar, the Waldorf Astoria brand has quickly symbolized the apex of luxury for Hilton Worldwide.

Hilton, which began expanding the Waldorf Astoria brand after its acquisition by Blackstone in 2007, operates 22 Waldorf Astoria Hotels & Resorts around the world,

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including the Arizona Biltmore and the Trianon Palace Versailles in France. The Waldorf Astoria Chicago will be the brand's 23rd property.

The launch of the Waldorf Astoria brand in Chicago will challenge other luxury names, like the Four Seasons Hotel Chicago and the Peninsula Chicago, which have maintained a presence here for decades, said Mark Eble, regional vice president for PKF Consulting, an advisory firm specializing in the hospitality industry.

"The brand, it'll be interesting," Eble said. "Because they're absolutely playing with the big boys, no question."

What's unknown, Eble said, is how much traction the Waldorf Astoria brand can gain in establishing itself among the top tier of luxury hotels in the city.

"In Chicago, I think the battle that's worth thinking about is the reason to spend upward of \$500 a night for a hotel room, and a substantial part of that is emotional," he said. "It's like buying a spouse a watch or diamond ring. It says a lot about your thoughts and things. It remains to be seen how Waldorf Astoria will fit into that luxury thing as imagined."

Competitors like T. Colm O'Callaghan, vice president and managing director at Trump International Hotel & Tower Chicago, called the imminent Waldorf Astoria a "really good fit" for the Hilton portfolio.

"It's a great endorsement of Chicago and the potential of the city that there is such interest in hotels and luxury hotels in the city," he said.

Laurence Geller, president and CEO of Strategic Hotels & Resorts, which owns the InterContinental Chicago and Fairmont Chicago, said that though he thinks the Waldorf Astoria will need to prove itself as a luxury power in the city, he's "delighted" to see the Elysian Hotel transition to a more recognizable brand.

"For all of their aspirations, I just don't see these unique independent brands competing with the major national chains," said Geller, who also sits on the board of the Chicago Convention & Tourism Bureau. "I'd rather see a major brand in there that will get more occupancy."

The Elysian name, Vanderslice said, will remain attached to the hotel's 14,000-square-foot spa and health club. The atmospheric Bernard's Bar will stay, as will the hotel's restaurants, Balsan and the two-Michelin-star-rated **Ria**, and its chef, Danny Grant.

Aside from bathrobe logos and signage changes, Vanderslice said, the Waldorf Astoria Chicago also will add a clock somewhere in the hotel lobby and will name the lounge area on the ground floor Peacock Alley, both allusions to traditions endemic to the Waldorf-Astoria New York, which dates back more than a century.

The decor that made the Elysian distinctive — like its gray and white theme and scroll patterns inspired in part by 1920s-era Chanel and **Christian Dior** designs, its velvet couches, its upholstered headboards and the fresh orchids that add bursts of fuchsia to the interior — will continue to greet guests as the hotel becomes the Waldorf Astoria Chicago.

"It's such a residential feel, and that's what the customer wants," Loughlin said while standing in one of the hotel's suites. Looking out the window onto Walton Street, Loughlin gave a wide smile, adding, "You're in the middle of the universe of Chicago."

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