Hyatt Begins Construction at SJ Convention District

By AURA N. ALFARO

Hospitality Partners LLC kicked off its $28.7 million construction of Puerto Rico's first extended-stay Hyatt House brand hotel, at the San Juan Convention District, Monday, marking Hyatt's return to the island after a 10-year hiatus.

The Hyatt House, located on 2.2 cuerdas (1 cuerda is 0.96 acre), will be a six floor structure with 126 studio apartments and 96 one- or two-bedroom suites, each with an equipped kitchen, is Hyatt Hotels Corp.'s latest concept, unveiled by the chain in Sept. 2011.

It is scheduled to be completed by the third quarter of 2014, operate with 50 employees, offering an average rate of $140 per night, said Puerto Rico Tourism Co. Executive Director Luis Rivera Marín during a press conference at the construction site.

Touted as "A place to live, not just stay, "the hotel's concept is that of a five- or more-day stay in a social and modern environment where guests feel like residents of an upscale apartment community.

The brand caters primarily to mid- to upper-income transient and interim individual guests looking for spacious accommodations and the comforts and conveniences of a space that allows them to live like they were in a home. It serves small groups and business and social gatherings representing a wide range of industries and organizations.

Federico Stubbe Jr., Prisa Group president, said Hyatt House San Juan – the brand's first in Puerto Rico and the Caribbean – is aimed at two main groups, the larger being business travelers on long-range assignments, convention organizers, event equipment set-up teams, people relocating to the island, federal government personnel, and Puerto Ricans who live off island who come for an extended visit with family and friend.

The last group represents two thirds of passengers traveling to the island, Stubbe said.

Hyatt House San Juan's second major group is expected to consist of vacationing families, who prefer the amenities of a hotel-style residence; vacationers, and others about to leave on a cruise, or arriving from a cruise who wish to stay several days on the island before flying home.

Financing for the hotel included $18.5 million from Banco Popular, with a partial guarantee from the Puerto Rico Development Fund, which is a subsidiary of the Government Development Bank.

Also, the Hotel Development Corp. invested $2,863,000, and another $7,188,000 in capital was provided by the project's investor and developer.

The new hotel's design integrates the structure to San Juan's future San Antonio Satour light rail train station, and will connect with the Urban Bay Project, and Puerto Rico Coliseum through a water taxi system at the adjacent pier, scheduled to begin operating in 2013.

Both the light rail and water systems will provide Hyatt House guests with easy access to Old San Juan, local restaurants, museums, shopping centers, other tourism areas, as well as the Hato Rey banking district, and the Luis Muñoz Marín International Airport in Isla Verde, Rivera Marín said.

"We are very pleased to be working with Island Hospitality in developing Hyatt House San Juan, our third Hyatt hotel project with Prisa Group and McConnell Valdés," said Pat McCudden, executive vice president of Real Estate and Development for Hyatt Hotels & Resorts.

Island Hospitality Group is a consortium of Prisa Group and McConnel Valdés Consulting which, under the name Island Hospitality Partners LLC, combine their experience and resources in the planning, development, construction, and operating of hospitality, residential, and multi-use projects.

In 2012 Hyatt rebranded to Hyatt House its entire portfolio of 38 Hyatt Summerfield Suites hotels, as well as 16 Hotel Sierra hotels that the corporation acquired from LodgeWorks LP, all located in the U.S.

Fed Pledges to Maintain Stimulus

A new home in Miami on Wednesday. Sales of new homes rose 5.7 percent in September, the Commerce Department said.

By CATHERINE RAMPELL

The Federal Reserve said Wednesday that it would continue its economic stimulus campaign, aimed at reducing unemployment, amid fresh evidence of a housing recovery that could help to bolster those efforts.

Sales of new homes rose 5.7 percent in September to the highest level since 2010, when the government was offering tax credits to first-time buyers, the Commerce Department said on Wednesday. The report joins other recent data showing rising prices and increased construction in affirming that the housing market is recovering from its prolonged downturn.

The Fed acknowledged that consumer spending, including spending on housing, has strengthened, but it said that it remained convinced that its efforts were necessary to bolster an inconsistent and lackluster recovery.

Unemployment remains stubbornly high, the domestic economy is growing slowly, the global economy is struggling and a so-called fiscal cliff looms at the end of the year.

"The committee is concerned that, without further policy accommodation, economic growth might not be strong enough to generate sustained improvement in labor market conditions," the Fed's policy-making committee said in a statement released after a regularly scheduled two-day meeting.

This was the Fed's last meeting before the presidential election. In holding its course, the Fed again defied the criticism of the Republican nominee, Mitt Romney, who has described the central bank's efforts as ineffective and inflationary and who has promised to replace its chairman, Ben S. Bernanke.

Indeed, the statement from the policy unit, the Federal Open Market Committee, once again emphasized that it remained prepared to expand its efforts "if the outlook for the labor market does not improve substantially."

The decision was supported by 11 members of the committee. The only opposition came from Jeffrey M. Lacker, president of the Federal Reserve Bank of Richmond, who has dissented at each meeting this year.

The Fed announced after its last meeting, in September, that it would buy $40 billion in mortgage securities each month until the jobs outlook improved, a significant expansion of its stimulus campaign. It also said it intended to keep short-term interest rates near zero at least until mid-2015.

The new policy is aimed specifically at helping the housing market by reducing interest rates on mortgage loans. The more people who buy homes, the greater the benefit to the housing market and to the economy in general.

The housing market remains depressed by historical standards. New home sales have reached an annual pace of 389,000, better than the last two years but significantly worse than any other year since 1963.

And housing remains anchored to employment. People need jobs to buy homes.

"All the housing data has taken a turn for the better. Clearly, mortgage rates at such a low level and what appears to be an increase in banks' willingness to make loans has boosted activity off the lows," Steven Richiutto, chief economist at Mizuho Securities, wrote in a note to clients. "But I would still not read too much into this unless employment picks up. We have seen false starts before."

The Fed's next meeting, scheduled for Dec. 11 and 12, will be more consequential. Under a separate program begun last year, the Fed also is buying about $45 billion in long-term Treasury securities each month. Those purchases are scheduled to end in December. Officials have said they will consider extending the program depending on the condition of the economy.

The central bank appears determined to press its campaign until it is certain of the results, so long as inflation remains under control. It has been chastened by a series of misjudgments, after declaring several times in recent years that the recovery was gaining strength only to conclude that more stimulus was needed.

William C. Dudley, the president of the Federal Reserve Bank of New York, said in a speech this month that, as a consequence, the Fed had not done enough to support the economic recovery. "With the benefit of hindsight," he said, "monetary policy needed to be still more aggressive."

A number of Fed officials also argue that the current policy would be more effective if the Fed defined a clear target for its efforts, like a level of unemployment or economic output. But consensus about the right target so far has proved elusive.