

Covid-19 pandemic hits Columbus hotel developer's business with 'utterly devastating speed'

By Hayleigh Colombo – Staff reporter, Columbus Business First
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In a matter of weeks, Columbus hotel developer and operator Indus Hotels has seen the performance of its portfolio take a nosedive as the coronavirus pandemic hits the hotel sector particularly hard.

“The sudden and utterly devastating speed, nobody could have been prepared,” Indus COO Alan Assaf told Columbus Business First.



The portfolio’s performance is significantly down, Assaf said. Indus owns and operates more than a dozen hotels.

“The numbers are very, very anemic,” Assaf said. “It’s just hard. It’s just depressing. To go from 80% occupancy down to a single-digit number in a matter of a few weeks, you just cannot plan for that.”

As a result, the company has laid off 650 of its 700 employees. All of its hotels remain open, however.

“We have what I would call skeleton crews at the properties,” Assaf said. “Everyone is wearing a number of different hats.”

Downtown properties have suffered the most, Assaf said, because they rely on convention business. Indus’ Canopy Hotel by Hilton opened last summer.

“Without the groups, the big leisure events, no concerts, they’ve been hit really hard,” Assaf said.

The company's properties near Riverside Hospital, meanwhile, are seeing volume fluctuate.

“When they did away with all the elective surgeries, that took a lot of business away,” Assaf said.

The company is staying afloat by using reserves. The company, founded by owner David Patel and cofounder David Kozar in 1977, has had a philosophy of having strong reserves from the start, Assaf said.

“It was really foundational for Patel to have cash reserves for a rainy day,” Assaf said. “The point was to have some extra money within each business to help sustain it during lean times.”

But a typical rainy day isn't on the scale of pandemic-level lean times, Assaf said. In a typical economic downturn, he might have expected a 10% or 15% hit to the business.

“There’s no such thing as a contingency plan for something like (the pandemic),” Assaf said.

And it could last awhile. Assaf said he doesn’t expect groups and conventions to be back in full swing until next summer.

“Most in the industry are coming to the same conclusion that this isn’t going to be a fast recovery for us. It will be more protracted,” Assaf said.

There are some bright spots in Indus’ business. Renovations are moving forward on a DoubleTree hotel in Newark, which will include adding Newark’s first downtown Starbucks. And the company's new Aloft hotel in Grandview is slated to be open May 15.

And Indus’ economy lodging properties, including Varsity Inn on Olentangy River Road, seem to be performing better than others in its portfolio during the crisis.

“That segment seems to have been spared,” Assaf said. “Part of it is people who can’t afford to get into a regular apartment or have been downsized. (Varsity Inn) is positioned near the hospital system. We do a tremendous amount of business with patients’ families. They want to be around but they can’t be there.”