

Minnesota Snapshot

Cobblestone Hotels aims to grow in Minnesota

Editor's note: Minnesota Snapshot reports interesting sales and development projects happening throughout Minnesota. The transactions are based on the certificates of real estate value filed with the state Department of Revenue, copies of which are available with the story at finance-commerce.com. Other items may come from government agendas and news releases.

BY ANNE BRETT'S
Special to Finance & Commerce

Duluth developer and Minnetonka native Brian Forcier has teamed up with Wisconsin-based Cobblestone Hotels to help the growing company expand its presence in Minnesota.

Forcier is starting with a \$5.5 million, 54-room hotel in Hutchinson.

Why Hutchinson?

"In the fall of 2015, I was in Hutchinson for family reasons," he said. "I stayed in some hotels there and decided the community could use more options."

The relatives he visited are about to see him a lot more often.

The Hutchinson City Council this month agreed to sell to Forcier's company, Titanium Partners, a city-owned, 2.86-acre site on the northeast quadrant of highways 7 and 15, at the eastern tip of Otter Lake. Because the state highways have limited access, the council also agreed to pay for an access road from the site to Prospect Street Northeast, just east of the site.

The price of the land is \$300,000, but Forcier can reduce that to \$1 if he completes the hotel on schedule.

Forcier's proposal offered a welcome new attraction at one of the busiest intersections in the city, said Miles Seppelt, the city's economic development director.

"There's no question it's the highest and best use for the site," Seppelt said. The corner has been vacant for a decade since the state demolished two gas stations as part of a highway reconstruction project, he said.

The hotel will offer new options for businesses in town and act as an anchor for the north end of downtown, Seppelt said.

BriMark Builders LLC, a company related to Cobblestone, will provide design-build services, while WHG management, another related company, will operate the property.

Forcier will own the new Hutchinson franchise, providing the development skills and financial investment. He praised Anthony Hanson of the Citizens Bank branch in Hutchinson for his help in putting the financing



SUBMITTED PHOTO: TITANIUM PARTNERS

This photo shows a hotel similar to the 54-room Cobblestone Hotel & Suites that Duluth-based Titanium Partners plans to build on the northeast corner of highways 7 and 15 in Hutchinson.



together.

"It was important to me to bring in a local aspect to this," Forcier said of his decision to work with Hanson.

Forcier didn't just choose Hutchinson on a hunch. He commissioned a market study that outlined its potential.

The city, located about 60 miles west of the Twin Cities, has a population of 14,130 and a pair of major employers in 3M Co. and Hutchinson Technology Inc. It also has a new aquatic center and is a hub for a variety of youth sports tournaments. And the Crow River Winery, just east of town, has become a popular attraction, hosting dozens of weddings, wine tastings, tours and other events each year.

Forcier started researching hotel

brands and found Brian Wogernese, CEO of WHG Cos. in Neenah, Wisconsin.

Wogernese has been in the hospitality business since 1990, operating hotel franchises under several brands before launching Cobblestone Hotels in 2008.

"We wanted to build small hotels, but we couldn't find brands that would let us build 30 or 35 rooms," he said.

The Cobblestone concept worked, he said.

"We built for ourselves and finally people started calling us," he said. Today the company has 76 hotels in 17 states under the Cobblestone Hotel & Suites, Cobblestone Inn & Suites and Boarders Inn & Suites brands. There are six more under construction and four other deals signed and ready to go in other states.

The company has tiptoed into Minnesota, building one Cobblestone Hotel & Suites in Crookston and converting an existing property in Faribault to the Boarders Inn & Suites brand. Wogernese is working with Forcier and other developers, as well as his own team, on up to 10 locations in Minnesota, though he declined to say where. Forcier also declined to discuss specific future projects.

Forcier describes the brand as "upper mid-scale," competing with

Hampton by Hilton and similar brands. Hotels range between 30 and 65 rooms, depending on location.

"We have a 53-room [hotel] in Marquette, Iowa, and they have only about 500 [residents]," Wogernese said, noting that the hotel works because it's near a popular riverboat casino.

"Population doesn't matter as much as traffic," he said.

Forcier tested the small-hotel concept in 2016 when he bought the 42-room Voyageur Lakewalk Inn in downtown Duluth, a highly competitive tourist destination. He hired WHG to run the hotel while he decided whether to keep it or redevelop the site.

The property is exceeding expectations.

"I can't tear it down," he said.

Forcier said the key to making the smallest hotel properties work is keeping costs low. Cobblestone does that by designing the front desk as a hub where one employee can do everything from serving guests to managing the breakfast area and doing laundry, supplemented by a part-time housekeeping team.

With the brand, builder and city approvals in place, Forcier expects to start construction this fall and open the new venue in 2018.

He's already looking for more locations.



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