

## Ace Hotel seems poised to fill necessary local niche

**Hotel industry experts say demand is right for new venture**

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Portland's newest old hotel will quietly reopen in February while workers put the finishing touches on a restaurant and other features.

The Ace Hotel, formerly the Clyde, will start booking guests in early February. The restaurant will come on by March, said Ace co-owner Alex Calderwood, who has spent more than a year and a half bringing Seattle's Ace brand to Portland's Burnside Triangle.

The down-to-the-studs renovation brought new electrical, plumbing and HVAC systems to the building but retained as much of the existing fixtures as possible.

Bathubs and other fixtures were reconditioned. Dealing with the vintage 1912 structure revealed lots of unexpected issues.

"We assumed there would be challenges along the way, and there were," Calderwood said.

Overall, Calderwood said he's pleased with the success of the project.

"I think that the character of the building is showing through fantastically."

The odyssey from Clyde to Ace began in early 2005, when A & R Development, owned by Robert and Ann Sacks, bought the Clyde Hotel from Adam Patel for \$3.3 million.

The hotel had 93 rooms and an elegant persona, but operated at the literal fringes of downtown.

A & R owns the building; Calderwood and company own and operate the hotel.

Much has changed since the property was sold and the project started.

Its Southwest Stark Street neighborhood is in the midst of its own renovation, marked most recently by the debut of the upscale Living Room Theater in a formerly empty showroom in the same block. The theater is located in the block just immediately south of Powell's Books.

Businesses that once operated on the Clyde's ground floor, including a dry cleaner and a nightclub, have moved to different locations, freeing up space for a hotel restaurant and other amenities.

The hotel is changed as well. The Clyde's 93 rooms have been replaced with 79 rooms featuring Ace's chic-minimalist decor.

Some share bathrooms, which is another hallmark of the Ace brand.

The Ace casts itself as a chic value brand, with room rates in the low \$100s.

Calderwood is confident the new Ace will be well received.

The company put a postcard function on its Portland Web site as a placeholder until the hotel -- and Web site -- are fully operational. Visitors can fill out the post card, indicating their interest in the Ace Portland.

The unadvertised site is fielding 10 inquiries a day from would-be visitors, Calderwood said.

Inexplicably, many of those interested in booking rooms are from Australia, he said.

A "value-chic" hotel will be a welcome addition to the Portland market, said Ed Dundon, a hotel broker who monitors occupancy rates for his biannual report on the industry.

Dundon said the recent conversions of historic hotels into boutiques with higher prices has left Portland with a hole in the market for \$100-a-night rooms.

The Mallory Hotel, for example, reopened last year as the Hotel deLuxe, with room rates starting at about \$150 per night.

Closer to the heart of downtown, hotel rooms routinely command \$200 or more per night, putting them out of reach for younger, tech-savvy visitors that Portland covets.

"The higher-end stuff keeps going higher," Dundon observed.



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Alex Calderwood may have just the right idea for a hip hotel that doesn't cost an arm and a leg.  
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The Portland Oregon Visitors Association too is celebrating the return of 79 reasonably priced rooms to the downtown market.

Deborah Wakefield, spokeswoman, agreed with Dundon's assessment that Portland needs more midpriced downtown rooms. Rising occupancy rates are great for hotel operators.

For 2006, through November, Portland downtown hotels posted an occupancy rate of 76.1 percent, more than 11 points higher than the national average, according to Smith Travel Report figures cited by POVA.

Rising occupancy rates push up room rates, which creates a void in the market that serves Portland's vaunted "creative class."

"Portland does attract a certain number of visitors who appreciate a cool hotel and want to stay in one that is different and unique," she said.

But those visitors tend to be younger and can't pay the \$200-plus rates of other downtown hotels.

"This is a nice way for them to still be downtown in the midst of everything and not break their pocketbooks," she said. "I wish they had more rooms."

Portland is the Ace chain's second location. Calderwood said the company's next step would probably be another West Coast location such as San Francisco or Vancouver, British Columbia.

"Any city that is culturally interesting or has a cultural vibe could be a good market for us," he said.

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