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FORT LAUDERDALE

Ritz-Carlton weighs takeover of Lago Mar resort

Ritz-Carlton is considering a move to Broward County in a deal to take over Fort Lauderdale's Lago Mar resort.

BY DOUGLAS HANKS
dhanks@MiamiHerald.com

The Ritz-Carlton hotel chain is in talks to take over Fort Lauderdale's Lago Mar resort, a deal that would mark a milestone in the city's bid to become a luxury destination.

Executives with both companies described the negotiations as extensive and substantial. Bill Marriott Jr., chairman and chief executive of Ritz-Carlton's parent company, Marriott International, visited the 10-acre oceanfront property this month.

Ritz-Carlton would manage the property in a contract with owner Walter Banks and his family. The deal hinges on a \$100 million expansion of the 204-room hotel, including razing most of the buildings on the complex and adding between 70 and 110 units, Banks said.

"They tell us we're their first choice" for a Fort Lauderdale location, Banks said of Ritz-Carlton.

The venture would give Ritz-Carlton a resort between its Palm Beach property and the three it runs in the Miami area. It also would bring Fort Lauderdale its most prestigious brand yet at a time when the city is welcoming an influx of upscale hotels.

Two of Starwood's five-star brands, W and St. Regis, are opening hotels along Fort Lauderdale's beachfront. Two hotels bearing the Trump brand also are slated for the same area.

"I think Fort Lauderdale is well ready for a Ritz-Carlton," said Nicki Grossman, Broward's tourism director. "We have earned that right."

Banks, whose parents bought the resort in 1960, said the new upscale hotels on the beach are bound to cut into his business.

Though rates and occupancy remain healthy -- the average guest paid \$240 a night there in 2006, with 80 percent of the rooms sold -- Banks has been working to modernize the 1952 resort. He added a spa three years ago and plans on replacing tennis courts -- an anachronism for most modern hotels -- with a man-made lagoon.

The construction needed for a Ritz-Carlton transformation likely would take three years, Banks said. A Ritz-Carlton project could include a real estate component, Banks said.

He declined to discuss details, except to say as many as 40 of the 315 units contemplated for the hotel could be sold as residences. Banks said none would be sold as condo-hotel units.

The Lago Mar site, about two miles from Fort Lauderdale's commercial beachfront, could be an attractive site for a Ritz-Carlton Club, the chain's upscale timeshare product.

Marketed as "fractionals," each condominium-sized unit is sold off in three-week increments, and owners can trade their time for stays in other Ritz-Carlton Club properties. Ritz-Carlton plans a fractional club in Miami Beach as part of a condominium complex there, with fractional shares in a two-bedroom unit selling for about \$250,000, executives said.