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Tourism

Outrigger sale 'a vote of confidence'

Outrigger's sale to Colorado investors could be good for Hawaii tourism, one expert says**🔑 SUBSCRIBER CONTENT:**

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This week's announcement that Outrigger Hotels and Resorts is selling its portfolio of 37 hotels in Hawaii and the Pacific to Colorado-based KSL Capital Partners came as a shock to local hotel leaders, though the decision to retain the company's local management was reassuring.

"It was a huge surprise and shock," [Andre Tatibouet](#), principal of Hawaii Hotel Consultants, said. "The company has been an integral part of this community and I am crossing my fingers that will not change."



COURTESY OUTRIGGER ENTERPRISES GROUP
The Outrigger Reef Waikiki Beach Resort

Financial details of the transaction, which is subject to shareholder approval, were not disclosed. The management team will remain in place with [David Carey](#) as president and CEO of Outrigger, which is a good thing according to Tatibouet and Mufi Hannemann, president of the Hawaii Lodging and Tourism Association.

"The main thing is that the Outrigger name and management will still be in place, so even though a Mainland owner is taking over we will still have the same team that has done so many positive things for the community," Hannemann said. "There hasn't been any talk of folks being laid off, but it may happen in the future as things settle. Only time will tell."

KSL Capital is not new to Hawaii as it once owned the Grand Wailea on Maui.

"I'm certain that the KSL folks will want to retain Hawaiian culture," Tatibouet said. "They're intelligent investors, and I don't anticipate there being much change in that aspect."

Founded in 1947 by Roy and Estelle Kelley, family-owned Outrigger is the largest locally owned hotel chain in Hawaii. The company and the family have been prominent figures in Waikiki over the years, contributing to the revitalization of Waikiki and making the area a more affordable place to visit.

"[Roy Kelley](#) was the [Henry Ford](#) of Hawaiian tourism," Tatibouet said. "The family has been amazing citizens and I hope they will continue to be because they truly are wonderful people."

Tatibouet said he holds the highest regard for the company's chairman emeritus, Richard Kelley, who "made a huge difference in the creation of the Hawaii Convention Center, which is a great establishment that is now finally in the black."

Tatibouet and Hannemann could only speculate as to why the company was sold, but it most likely came down to the bottom line.

"I really don't know what drove the decision," Tatibouet said. "There may be some members of the family that may have need for capital that would be derived from this transaction."

Hannemann hopes an increase in capital would enable Outrigger to complete projects the company has promised, such as the revitalization of the Outrigger Reef Waikiki Beach Resort.

"Will they bring in the capital to follow through with the promises they made? The expansion and revitalization of the Outrigger Reef was put on hold because of the market, so hopefully they can pick that up again," Hannemann said. "With all of the challenges in Waikiki, it's important to have Outrigger's strong presence moving forward."

Overall, Tatibouet thinks the deal will be a positive sign for Hawaii's tourism.

"KSL is a huge enterprise with many resources, and they may up the game here," Tatibouet said. "It's a vote in confidence for Hawaii and Hawaii tourism when someone of this stature invests in a local company. The increased capital being invested in tourism will help maintain and improve our image."

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