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Boutique Hotels Expand to Smaller American Towns

Small, upscale properties look to woo hip travelers to Bethlehem, Pa., and Sewanee, Tenn.



Sewanee Inn, a boutique hotel in Sewanee, Tenn., caters to visitors to the nearby university and draws new customers from nearby cities such as Nashville and Atlanta. PHOTO: CHARLESTOWNE HOTELS

By *Esther Fung*

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Boutique hotels have swept across big U.S. cities over the past decade. Now they are pushing into smaller towns that don't necessarily conjure images of luxury accommodations.

Bethlehem, Pa., and Sewanee, Tenn., are two of the latest locales for small, upscale hotel properties geared toward hip travelers.

Until now, boutique hotel operators largely focused on major cities in hopes of attracting people traveling for business or pleasure.

But Charlestowne Hotels, a management company, currently operates 14 boutique hotels in second- and third-tier cities. It plans to open the Collector, a 30-room hotel in St Augustine, Fla., the Abernathy, a 41-room hotel in Clemson, S.C., and the 65-room Bristol Hotel in Bristol, Va., later this year.



“There is a certain amount of civic pride: Hey, my town has a boutique hotel, just like the big cities,” said Larry Spelts, vice president of business development at Charlestowne, of the local reaction in these new destinations.

Hotelier Ian Schrager introduced the concept of the boutique hotel in the 1980s, and the category, also known as lifestyle brands, eventually fanned out to smaller cities such as Pittsburgh, Cleveland, New Orleans and Austin, Texas.

The properties are trying to attract younger travelers, offering luxurious digs at a more affordable price than five-star hotels.

Now that boutiques are moving into small towns, the properties themselves are shrinking as well. In New York, boutique hotels might have 200 to 300 rooms, said Mr. Spelts, and only a fraction of that in smaller towns.

Some of the biggest hotel companies also are active in boutique properties. [Hilton Worldwide Holdings](#) Inc. this year launched Tru, a stylish midscale hotel brand that will feature more open spaces for social engagement. It plans to open its first property early next year.

“Travelers seeking experiences are an increasingly significant customer base,” said Noah Silverman, [Marriott International](#) Inc. ’s chief development officer in North America for full-service hotels. Marriott has five brands in the boutique category.

Some hoteliers buy historic buildings that are underutilized or vacant and convert them into boutique hotels preserve their character—a draw for customers looking for an authentic, local experience, said Lauro Ferroni, head of hotel research at real estate services firm JLL.

In Tennessee, the 43-room Sewanee Inn, located near the campus of the University of the South, features a stone facade and shingle roofs to blend with the Gothic architectural features of the university.

Occupancy at the inn rose to 75% at the end of the fiscal year in June, a feat for a hotel in its second year of business. It got a boost because it catered not only to visitors to the university but also to those from nearby cities like Atlanta and Nashville, looking for a quick getaway.

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