New airport-area hotel will be rarity in market

Hotel construction outside downtown has been rare in the metro area since the recession took a big bite out of business travel and tourism.

But the building of a $12 million Holiday Inn near Indianapolis International Airport might be signaling the start of a turnaround.

South Bend-based Holladay Properties is partnering with locally based Schahet Hotels Inc. to develop the hotel. Construction started in April and should finish by February, in time for the city's hosting of the NCAA men's basketball Final Four in April 2015, said Chris Wilkes, a partner of Holladay Properties.

"What we are seeing with the rebound in the economy is more demand in the hotel segment," he said. "That's why we saw an opportunity to launch the Holiday Inn, when all the economic indicators are trending in the right direction."

The full-service, five-story Holiday Inn will total 82,000 square feet and feature 122 rooms. (Image courtesy Holladay Properties)

Holladay Properties is developing AmeriPlex-Indianapolis, one of the area's largest industrial parks based on rentable square footage, near the airport and south of Interstate 70 on the far-west side. A portion of the park includes a 17-acre commercial and retail development called Stansted Landing that so far has attracted a free-standing Subway restaurant.

Holladay Properties and Schahet (pronounced shock-it) are building the Holiday Inn on the west side of Ameriplex Parkway in Stansted Landing, where Holladay also in discussions with a few restaurants and service-station providers, Wilkes said.

Across Ameriplex Parkway to the east, Schahet already operates the Hampton Inn & Suites, which opened in October 2008, and Hilton Garden Inn that followed in November 2008, as the recession gained steam.

Hotel construction otherwise has been relatively quiet, except for the opening of the downtown JW Marriott in February 2011 and The Alexander at CityWay in January 2013.

The full-service, five-story Holiday Inn will total 82,000 square feet and feature 122 rooms, in addition to 3,500 square feet of meeting space and a restaurant and sports-themed bar.

Both Holladay and Schahet are interested in attracting even more hotels to Ameriplex, which still has about 225 acres of undeveloped land. High on the list is a Residence Inn, to complement the other lodging options.

"First we want to see what the Holiday Inn does and get that stabilized, but we're confident it will do well," said Greg Schahet, the company's president and chief financial officer. "Once we see that, there should be another opportunity."

Including the Holiday Inn and a Double Tree by Hilton under construction in Schenectady, N.Y., Schahet

will operate 11 hotels, all but two in the Indianapolis area. Its holdings include the downtown Hampton Inn and another Hampton in Carmel on North Meridian Street south of West Carmel Drive.

The Holiday Inn and two existing hotels in AmeriPlex represent an attempt to capture airport traffic from the new midfield terminal that opened in February 2009 with a reconfigured entrance and exit off Interstate 70.

About 2,200 rooms are spread among 14 hotels in the vicinity of the old terminal, said Mark Eble, regional vice president of San Francisco-based PKF Consulting/Capital. Whether that much hotel development sprouts up in AmeriPlex or other areas surrounding the airport remains to be seen.

"Unfortunately, we have this beautiful billion-dollar airport that hit the market as the economy was going down and the airline carriers were consolidating," Eble said. "People are still trying to game out what the right hotel combination is at the airport."

Another new hotel planned for the metro area is a 10-story Drury Plaza Hotel, with freestanding restaurant, that St. Louis-based Drury Hotels plans to build at the northeast corner of Meridian and 96th Streets, just south of Interstate 465. The hotel, with 304 rooms, is expected to open in late 2015.