

Commercial Real Estate

New Lake Placid hotel is latest investment for Clifton Park development company

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The new Cambria Hotel in Lake Placid.

OAKFIELD HOSPITALITY/MATRIX HOTELS



By Michael DeMasi – Reporter, Albany Business Review
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The 185-room Cambria Hotel is the newest to open in Lake Placid, a \$35 million investment by a Clifton Park-based development company that isn't rushing to pursue its next commercial real estate deal.

Higher construction and borrowing costs are causing Bhavik Jariwala, principal of Matrix Hotels/Oakfield Hospitality, to pause and see where the market is headed.

"We kind of want to wait it out a little bit and see how things change," Jariwala said.

"We're going to be entering a very political year soon [with the 2024 presidential election], so we won't be putting a shovel in the ground soon."

Matrix Hotels owns and operates Homewood Suites by Hilton in Glenville, Hampton Inn & Suites near Albany International Airport and a half-dozen other hotels between East Greenbush and Plattsburgh.

The Cambria Hotel, a Choice Hotels brand, opened Oct. 18 at 2127 Saranac Ave. on a hillside in North Elba, just outside the village of Lake Placid.

The resort community, best known for hosting the 1932 and 1980 Winter Olympics, is about 140 miles north of Albany.



Bhavik Jariwala is principal of Matrix Hotels/Oakfield Hospitality.

DONNA ABBOTT-VLAHOS

Matrix Hotels is among the investors that have collectively spent more than \$125 million over the past three years buying and renovating hotels and inns in North Elba and Lake Placid.

Jariwala started pursuing his plans in 2017, several years before the Covid-19 pandemic upended the hospitality industry. The project went through a few iterations before it was approved by the town in January 2020 and financing was in place.

"We were ready to start construction but then ran face first into the pandemic," he said. "That's when the bank that had committed to the financing pulled out."

Resort hotels in the U.S. benefited greatly as Americans resumed traveling in large numbers in 2021 as Covid-19 restrictions eased and vaccinations took hold, according to CoStar, a global provider of real estate data formerly attributed to STR. Average room rates soared.

"People were actually taking more vacations and longer vacations, which helped leisure markets," Jariwala said.

"We pivoted toward a brand that had a restaurant and was more fitting for event space like a banquet center," he added.

The new \$26 million financing package was led by Pioneer with four other participants in the deal: Rondout Savings Bank in the Catskills, Lee Bank in the Massachusetts, Catskill Hudson Bank and Atlantic Community Bankers Bank of Pennsylvania.

The average daily rate at Cambria Hotel is about \$200.

Across the industry, rates are softening for domestic luxury resort properties compared to the double-digit growth that was happening earlier in the pandemic. One reason appears to be American travelers are taking more trips abroad, according to Jan Freitag, national director of hospitality analytics at CoStar.

Jariwala said the higher costs for labor in resort markets is more challenging than room rate growth.

"Maybe in Albany you can pay \$15 to \$17 an hour to get a qualified employee, but in a resort market where there's no labor pool you may pay \$20 to \$25 an hour just to get someone to move and absorb the cost of living," he said.

One strategy he has used is to provide low-cost housing to his employees.

The property where Cambria Hotel was built was previously a Quality Inn with four buildings. One of those was demolished to make way for the new construction. One of the others has 12 units that can accommodate 24 people. Nine of his employees are living there.

"It's very common," he said of the arrangement. "Most of the hotels up there do that. Lake Placid only has a population of 1,500, which is nowhere near the number of people you need [for the workforce.]"



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