

Morgans Hotel Group to Launch International Expansion with New Delano in Dubai

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Morgans Hotel Group Co. (NASDAQ: MHGC) announced the development of Delano Dubai with a leading real estate development firm, marking the commencement of MHG's international expansion. Delano Dubai will be operated by MHG under a long-term management contract and is expected to open by 2012.

Delano Dubai will be located at the epicenter of the Dubai Waterfront. The project is expected to consist of a three-building complex overlooking the iconic Palm Jebel Ali, with panoramic views of the Persian Gulf, the open spaces of the waterfront and beachfront parks. The hotel is expected to have approximately 200 guest rooms and 100 branded residences, and will include a restaurant, bar and spa. Adjacent to the property will be another 360 residences with hotel services, rising 44 stories over the waterfront. Visitors and residents of the complex will have access to a retail promenade lined with luxury boutiques, which stretches to the beachfront. Plans also call for a vast cabana bar built into the pier that will offer a dock for boats and gondolas which will shuttle guests to a floating saltwater pool, the only one of its kind in Dubai.

'At MHG, our growth strategy has been to expand our properties to 24-hour gateway cities, both in the U.S. and internationally,' said Marc Gordon, Chief Investment Officer of MHG. 'We are pleased to announce MHG's entry into the Middle East, a major milestone in the execution of our strategy to expand our brand to the world's most exciting destinations. MHG has extended its efforts and resources in developing business outside of the US, and this transaction is the first of what we hope will be multiple new hotels in other parts of the world. Our properties are renowned by guests throughout the world and we look forward to leveraging our reputation as we enter new international markets.'

'Dubai has become a true center of international business, style and luxury, and we are confident that Delano Dubai will become the ultimate beach location for the sophisticated international traveler,' said Fred Kleisner, President and Chief Executive Officer of MHG. 'As one of the most upscale, dynamic business and leisure markets, attracting nearly five million investors and tourists annually, Dubai is a key target market for us, particularly given our strong presence in the UK. With its central location, rich architecture and luxury amenities, we are confident that Delano Dubai will become one of the most popular hotspots in Dubai.'

Upon completion, MHG is expected to operate the hotel under a 20-year management contract with two 10-year extension options. In addition to hotel management fees, MHG will also realize fees from the developer's sale of both the branded and unbranded residences.

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