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Q&A: Mob Hotel's Aouizerate builds 'concrete utopia'

By Jeff Weinstein on 2/27/2017

Imagine entering a hotel where the lobby is a market promoting a rotating selection of local and handmade goods. You are greeted by two artisans at handmade pop-ups who describe their wares and offer you a small arrival gift, maybe a pen. Then you check in at one of two big rotating table in the market with a multi-tasking staff member who is allowed to be personal and maybe even offer a brief touch on the arm to express a warm welcome to the Mob Hotel, not a concept, but a movement for rich and poor, black and white.

It was created by the same gentleman who founded Mama Shelter, one-time French philosophy professor Cyril Aouizerate.

Mob Hotel, "a concrete utopia that is totally porous to its environment," has the backing of entrepreneur and hotel owner Michel Reybier of La Reserve; designer Philippe Starck; Steve Case, founder of AOL and Revolution LLC; and Glyn Aeppel, founder of Glencove Capital and former partner at Standard Hotels. The group plans to develop and manage eight hotels over five years in Europe and the United States. The first just opened in Paris by the Le Puces flea market with Lyon, France, scheduled for May.

The investors plan to hold the original eight and thereafter, Aouizerate says, consider partners to spread "the movement" if they fit the philosophical beliefs of the founders, which is about creating ethical cooperatives designed to be conducive to the emergence of new ideas, the sharing of cultures, and the desire to move forward together – an approach to hospitality, the partners believe, whose time has come.

The hotel design is an open environment designed for continuous movements with its bar-restaurant, organic produce from cooperatives, food trucks and well-tended gardens. Entertainment facilities include an outdoor cinema and a live stage. And activities from meditation to cookery, music to books and film to workshops, will exist to create lasting bonds between guests as well as welcome locals. Each project will have a huge garden and a rooftop, and preferably rooms with terraces, or Aouizerate says he will not proceed.

Aouizerate also put a lot of time organizing the business model. With room rates ranging from €89 to €200-plus (US$95-US$212) and staffing levels 35% less than traditional boutique hotels, he expects to to turn a profit.

Hotels in the U.S. are under development in Pittsburgh's Strip District (120 rooms in 2018), Washington, D.C.'s Union Market (150 rooms in 2019), and Los Angeles' Chinatown (150 rooms in 2020). Aouizerate says a deal in Rome is pending.

HOTELS' Investment Outlook interviewed Aouizerate in January to learn more about his unique approach to development and why Mob Hotel is the right concept for the times.

Outlook: What is every other developer missing that you have found?

Cyril Aouizerate: It's complicated. I don't want to critique other entrepreneurs in the hotel business as I have huge respect for Andre Balazs, Ian Schrager, the Ace team, etc. For me to have a hotel it is more something of a responsibility instead of just having a company. I feel more like I have a mission. I'm an entrepreneur, too, but I think we are in a world if you don't believe what you are going to do 1000%, you have no chance to succeed. Everything is online in a second if you do something, say something, etc. This is the reality of today's world. I believe 1000% that we have this mission to create real moments to meet others, artists, and have music, song, light and show. The spirit of Mob Hotel is reflected in the identities of sight, sound, smell, taste and touch.

HIO: Do you have to own every project?

CA: In the movement of the Mob, we want to control the real estate, as nowadays when you want to change your space to make something new that is the exact moment to do it. You need to have control. When you want to create something very close to the people, you want to create a project that will have different lives. In two years, you may need a new concept in the restaurant or bar, so you need to have an obsession to change and have the capacity to do so.

HIO: What can you share about investment costs?

CA: This project works with obsessive respect to investment banking. For Mob Hotel, we have an investment cost per key that includes everything, including land, construction, design, etc. In Paris, the first hotel is €140,000 (US$148,700) per key. The only way to provide security is with projected occupancies and rates. Again, in Paris, we have small rooms from €99 to €180 (US$95 to US$192) for bigger rooms with the average at €130 (US$138).

We don't have a location yet in New York City because the land is so expensive, including all the boroughs. I say stop, don't be stupid, forget an obsession for New York. Let's go to Washington, D.C., where the market is hot but not priced like New York. In D.C., costs are US$180,000 to US$200,000 per key and rate will be US$150 to US$200.

HIO: How is Mob Hotel different than Mama Shelter?

CA: Mama was my reflection at the end of the 1990s. It was an answer to how to create a low-cost vision. That was 16 years ago. Think about how world now is so different and why Mob Hotel is a movement. We are creating gardens
where people can eat under trees or watch films. There is a real library with 4,000 books; hand-made popup shops; food trucks on weekends; an organic market once a week in the garden with three or four farmers selling apples, small cheese, etc. It is very different.

For me the Mob Hotel vision is something between jeans and pizza. You can find jeans for a billionaire or for a worker, and there is no social affront. Pizza is the same: It is for before the football match or for the billionaire who jets to Italy and wants something completely fantastic.

HIO: What advice can you offer based on what you've learned?

CA: I'm too young (age 47), and developers don't need advice from me. But for the younger generation, don't be a fast thinker (sell too quickly). If you think like this, it is because you don't believe in your own project.