

Glyn Aeppel on music's inspiration, taking risks



Is the music telling the leader of New York City-based Glencove Capital it's time to start building again? Aeppel also discusses her quest to bring the Mob hotels to the U.S.

NEW YORK CITY – Glyn Aeppel is a hotel developer and a music composer who finds inspiration and spark her business creativity.

She is also not averse to taking some risk and is hard at work to find an entrée for a bohemian-style brand she helped create first in Paris and wants to bring to the States.

Watch her talk to Hotel Investment Today about all this and hear her advice to women who want to go into hotel development.

Full interview transcript

Hi, I'm Jeff Weinstein, editor in chief of Hotel Investment Today and welcome to On the Money.

I'm excited to have as our guest today Glyn Appel, founder, president and CEO of New York City-based Glencove Capital, a boutique and lifestyle hospitality investment and advisory company, founded in 2010.

Glencove has invested in hotels, restaurants, hotel operating brands, all in partnership with high-net-worth investors and developers. Most recently, Glencove launched a lifestyle hospitality investment platform. Their first investment is in Europe, a brand called Mob Hotel of the People, which defines a new vision for hospitality and human well-being.

Glyn spent many years as a senior corporate executive, raising capital, asset managing and investing in hotel companies and assets for major corporations, including Marriott, Interstate Hotels, Le Meridien Fairmont and Lowes Hotels. Glyn, thanks for being here. Welcome.

Glyn Aeppel: Thank you for having me. I'm looking forward to this.

Jeffrey Weinstein: You've had a lot of experience, having been on various sides of the fence when it comes to the investment world. When you think

about what you're doing today, how do you find inspiration? What gives you the juice to do what you do – to figure out which direction to go?

***I actually turn to music for my inspiration. Lots of ideas come from music while I'm listening. And also, I'm a composer of music, although you have to generally have a clear head, with no distractions to compose, which is rare. But Victor Hugo always had this quote that I always think about and respect, which is 'music expresses that which cannot be put into words, and that which cannot remain silent.'* - Glyn Aeppel**

Aeppel: That's a great question. I mean, firstly, you have to have passion for what you're doing, and passion for the business, and that in and of itself is very inspiring and motivating. I actually turn to music for my inspiration. Lots of ideas come from music while I'm listening. And also, I'm a composer of music, although you have to generally have a clear head, with no distractions to compose, which is rare.

But Victor Hugo always had this quote that I always think about and respect, which is 'music expresses that which cannot be put into words, and that which cannot remain silent.'

I sort of thought that all-encompassing, sort of unconstrained, sort of thought process I think for me is where I get my inspiration. And sometimes, getting inspiration and also sometimes getting a reset is important, although it's hard to do.

Weinstein: From your history, from your background, from all your experiences – what has been a kind of a guiding light?

Aepfel: You know the guiding light? There's always some an expression I learned years ago, which is the 3 Cs – choices, chances and changes. And the guiding light is whenever you have a juncture of a moment in time when you have to make a choice, you're always inevitably taking a chance in terms of what you're doing and ultimately making a change.

And I think the guiding post for me, because I really worked for a lot of companies over time is, it was hard to always leave the companies, but I knew by leaving the companies I was taking a chance and taking a risk. But through that was change.

And looking back at my career, my corporate career, each step along the way was nerve wracking in of itself. But the change overall was really important for me as an individual, and so I tried not to, as one gets older, you start to sort of walk away from change. But actually, change can be very, very important and keeping your mind open to opportunities.

Choices, chances is important. So, those 3 Cs is sort of critical.

The other thing that I love is creativity in others. I'm not a really creative person myself. I'm very disciplined financially, but the guiding and focus for my company has been to try to balance the unlimited, unconstrained creativity of individuals, and balancing that with sort of constrained financial discipline and the combination of the two to really generate outsized profitability and returns. And I think there are very creative individuals, Andre

Balazs, Cyril Auizerate, the founder of Mob hotels. And then my value add being sort of this discipline combining the two is, I think, a magic bullet, but hard to attain.

Weinstein: So, keeping that in mind – the creativity balanced with the discipline – and keeping in mind what type of environment we’re in right now, which is transitory, perhaps. Where would you invest right now if you had to give somebody some advice on where to put their money into hospitality assets right now?

Aeppel: It’s actually an interesting question because if you have a high-risk profile you would start to look at some really quality ground-up development opportunities – not because you need to finance them today, not because you need to get equity for them today because today getting financing for ground-up development is very, very hard. But you can use this period of time to really get zoning and permitting, get control of and design very good projects, so that 18 months from now, 12 months from now, you’re in a much better position.

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The problem with the market today is that on the acquisition front replacement costs, with high construction costs, high interest rates, are generally higher than acquisition costs of assets. And the challenge is that finding acquisitions at reasonable prices is also a challenge. But I do think that there's going to be some disruptions on the debt financing side, where we've been waiting for that, where owners will need to recapitalize, refinance, and that will require more equity. And that could, in fact, create more opportunities for acquisitions.

So, I'm pausing on acquisitions right now. But I intend fully to start acquiring hotels when I think that the market is right. But in the meantime, I think it's not a bad thing to be pursuing ground-up development if you're not looking for capital right now.

Weinstein: You tend to gravitate toward more unique assets, a little different. Mob is a perfect example. It's really different. Again, asking the bigger question, where would you put your money right now? What asset class are you stoked about at the moment?

Aepfel: I am watching like a hawk on the acquisition front the mid-market, mid-tier. The old Holiday Inns, old Comfort Inns. We're actually looking at a strategy right now of trying to position Mob in the U.S. so that we can start acquiring these old hotels that have sort of lost their mojo, if you will, and to use those vehicles to really try to scale a Mob in the U.S.

But I think that the opportunity going forward for this is in secondary tertiary markets. It's not at all New York City, etc. Not all primary markets.

I'm anticipating that there will be this opportunity, and I plan to be very active in that sector. In terms of ground-up development, I am focused predominantly on the higher end, the more luxury end. But, more importantly, in high barrier to entry markets because you have to segment yourself and separate yourself out from the past.

You really have to have an incredible site, but also a very unique opportunity that can't be replicated. Otherwise, it's hard to do ground-up development.

Weinstein: So, we've had this conversation before. You want to really become a mentor for women coming up in the space as investors, as developers. Why has it been so hard to get more women in that position? And what's your strategy? What do you think needs to be done to change that?

Aeppl: Well, that's a really insightful question.

The barriers to entry frankly for anybody, entering, owning, and operating an investment firm. There's a couple of things that have to happen. One is, you have to have access to capital, and generally through access to capital you sort of need to have deep investment experience as well as sort of an entrepreneurial mindset. All those three legs of the stool are very critical, and it takes years for those three to align. I mean, I only set up Glencove Capital when I was 50 years old, and part of that was I refer to myself as a 'corpreneur' because I started out with a big corporation, Marriott, and ended up with a small company Andre Balazs Properties, and at age 50 started my own company. So, you sort of have to have a 'corpreneur' career track before you start.

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mojo, if you will, and to use those vehicles to really try to scale a Mob in the U.S.

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The other challenges that women investing, entering this investment world – there aren't that many women that are in the pipeline. It is not that large. So, when you just dissect sort of experience and pipeline, you come up with a limited pool of individuals. And the pipeline, by the way, is much larger today than it was when I was in my 20s and 30s. But I think the change needs to occur because it'll be a natural evolution to encourage more women to enter this investment world.

The problem in the hospitality world is that the path most trodden is legal, human resources, operations, marketing and sales. That's where most women land in in this world of hospitality, or you're in franchise sales, which is not really investment.

So, I think, trying to encourage women to join investment firms and the investment side of hospitality early on in their career so that they can gain the traction and the experience, and then, if they have an entrepreneurial mindset, are well positioned to a raise capital and execute on that.

I'm trying to make myself available and through talking to universities, etc., to encourage it, encourage women who have the mindset and an interest in

investment to come in and join investment companies early on in their career because they do need to get experience and traction. Then they have the opportunity of doing anything in terms of the investment world.

Weinstein: But it has to start early.

Aepfel: Exactly. That's the challenge.

Weinstein: So, let's talk about Glencove. I know you've been investing in the Mob brand out of Paris. What else have you been up to? How's business?

Aepfel: Yeah, that's a great question. It's not an easy environment right now. I'm talking to a lot of investors, a lot of capital providers. What is very interesting is, I am coming across some really spectacular and interesting ground-up development opportunities, and many of them have actually gotten zoning and approvals in place or are close to getting them.

Typically, I run a mile from that. But these particular projects, and I think they've been percolating for years in these high barrier-to-entry markets. It takes 8 years 10 years to get through permitting and approvals. And there's a handful of projects that are now being sent to me that are at that stage, and they're all boutique lifestyle. So, I'm... spending. I'm a little contrarian, but I am spending my time analyzing, dissecting them and trying to assess when we would need capital and how we would end up raising it.

So, that's on the ground up, and the other I'm spending a lot of my time is again pushing now on trying to take Mob hotels... Obviously, their presence is in Europe. I really feel very strongly, particularly now, with Standard having been absorbed, and Bunkhouse, by Hyatt that there's an opportunity in this mid-tier market to come up with a startup. A rebellious mid-market cool, but cheap and cheerful brand. I sort of want to be that rebellious nature. But, again, you can't do much without capital. So, I'm working through to see if there's a way in this next cycle of acquisition opportunities that we can actually grab it and try to be buying these Hiltons, these old Holiday Inns and Comfort Inns, etc., and try to see if we can make them into Mob hotels and be a very cool, energetic company.

Weinstein: It will be fun to watch. So, one last question, Glyn. If you were standing up in front of your contemporaries right now, considering where we are in the cycle, what the market looks like, what the future may portend with maybe lower rates, at least a little bit lower – what's your message to the investment community right now?

Aeppel: My message is to be cautious but hopeful.

I think good investment opportunities are there. There's a ton of capital waiting to pounce on good deals, and if you have a well located, solid asset in a good market, there is capital available. But it's finding the right capital for that right asset. And I think from an investment perspective, just be cautious and be smart, but also keep your eyes wide open because there are opportunities there.

Weinstein: Glyn Aepfel with Glencove. Capital, thanks for sharing your time today.

Aepfel: Thank you, Jeff.