

HOSPITALITY giants

Rockwell Group [H4], designed the New York Edition hotel. >

*a
warm
welcome*



They say the one constant is change, and that's a valuable lesson we've learned since 1985. Yes, the *Interior Design* list of 75 Giants firms in the hospitality sector hits the big 3-0 this year—and doesn't look a day over 29, we must say. Does this coming of age imply a change in overall trends for the group? Let's go to the numbers.

Hospitality is their name and their game. As a group, 41 percent of overall fees come from hospitality work, and that number has seen little recent fluctuation. For some perspective, the next-in-line category is corporate office at 26 percent. After that, categories such as government drop off into the single digits.

Fees for hospitality jobs alone had seen steady growth, 13 percent in last year's report and 12 percent the report before that. Based on those rosy numbers, another 10 percent rise was predicted. So what did these Giants get instead? A 1 percent drop, to \$693 million.

That's not to say business is bad. Total design fees,

derived not only from hospitality but also from other areas, did rise 6 percent, to \$1.68 billion. And 51 of the 75 firms reported growth. That's less than the high of 58 growing firms three reports ago, however optimism remains high. These Giants are again forecasting a jump in hospitality fees, to \$762 million, with 67 firms predicting growth—almost 90 percent.

No one can say there's been a shortage of projects either. The hospitality Giants worked 4,800 gigs, up from 4,600. However, this uptick is a far cry from the 900-job jump the group made last time. Square footage was a similar story. The 223 million forecast turned into 199 million in reality. And yet...optimism rules again, with 231 million now predicted.

Nearly 60 percent of hospitality projects involve hotels. That number hasn't fluctuated much, and these Giants expect it to remain consistent and, even better, the fees currently earned for that level of activity, \$402 million, to increase 10 percent. And what about

those hotels? They are *nice* hotels.

Luxury hotels—where the biggest growth has been, as determined by the past two surveys—were clients for 86 percent of the hospitality Giants, and 68 percent worked on boutique brands. Compare that to 53 percent for mid-level or economy.

Where else do the hospitality dollars come from? Almost 74 percent of the group did restaurant work, \$106 million worth. Meanwhile, 55 percent visited resorts, nearly 50 percent hung out in bars and nightclubs, 43 percent underwent a spa treatment, and 22 percent played the casino game. It was 20 percent for honorary memberships in country clubs.

This next batch of numbers really highlights the trending. Furniture and fixtures, plus construction, came in at \$20 billion. Which, yes, is robust but is also flat year-to-year. Not to mention that these Giants had forecast a whopping \$35 billion. Their optimism is slightly more cautious for next time: up 11 percent to \$22 billion.

Renovation continues to trump new construction, now by 58 percent versus 42. Almost half the firms said renovation made up at least 60 percent of their work, while 16 firms said 90 percent. The fixer-uppers are predominantly in the U.S.: 72 percent of Giants projects were domestic, the highest number in six surveys. Looking ahead, 85 percent of firms say the U.S. shows the greatest promise, with the West Coast and South the expected hotbeds.

What about the people doing all the work? Their trends mirror the financial and project stats. Design

staff positions dropped slightly, to 8,144 from 8,212—compare that to the jump from 6,850 previously. Still, that optimism remains, as firms now predict hiring 400.

When the hires start, they'll be earning more. Hourly pay rates rose across the board, with designers making \$128 per hour, up from \$125; project managers averaging \$175, up from \$170; and principals getting \$250, up from \$237. This corresponds to what the hospitality Giants say is one of their biggest business challenges: attracting and retaining quality talent. Even without an explosion in profits, when business is healthy, you have to keep great staff around.

That's the story, it seems. A good year though not a growth year, with potentially better ahead.

As for the last 30 years—and the next 30—here's a tidbit. We asked the hospitality Giants to tell us about the biggest changes both over that period and going forward. The answer wasn't unanimous, but it was close. Technology. It influences virtually every choice a hospitality designer makes today. As the Gettys Group puts it, "Technology has transformed the guest experience. We have to think now, more than ever, about each moment in the space. How can we help guests stay connected? Share their experience? Engage them through social media and technology platforms while there? We are constantly asking ourselves these questions to enhance our design." The future is now.

—Mike Zimmerman

Four Friends Kitchen in Denver is by Rowland+Broughton [#71]. ➤

| RANK 2015 | FIRM headquarters, web site | HOSPITALITY | WORK INSTALLED | | | RANK 2014 |
|--------------|--|------------------------------|-------------------------------|---------------------------------|-----------------|--------------|
| | | FEES <i>(in millions)</i> | VALUE <i>(in millions)</i> | SQ. FT. <i>(in millions)</i> | DESIGN STAFF | |
| 1 | HBA/HIRSCH BEDNER ASSOCIATES Los Angeles, HBA.com | \$126.800 | \$7,608.00 | 72.46 | 1,507 | 1 |
| 2 | GENSLER San Francisco, gensler.com | \$73.914 | NR | NR | 1,997 | 2 |
| 3 | WILSON ASSOCIATES Dallas, wilsonassociates.com | \$39.060 | \$3,000.00 | NR | 360 | 3 |
| 4 | ROCKWELL GROUP New York, rockwellgroup.com | \$24.087 | NR | NR | 162 | 8 |
| 5 | BILKEY LLINAS DESIGN Palm Beach Gardens, FL, bilkeyllinas.com | \$23.950 | NR | NR | 109 | 5 |
| 6 | HOK St. Louis, hok.com | \$21.000 | \$637.00 | NR | 295 | 7 |
| 7 | LEO A DALY Omaha, leoadaly.com | \$18.196 | NR | NR | 125 | 6 |
| 8 | STEELMAN PARTNERS Las Vegas, steelmanpartners.com | \$18.050 | \$23.00 | NR | 88 | 12 |
| 9 | VOA ASSOCIATES Chicago, voa.com | \$14.523 | \$90.00 | 12.00 | 102 | 9 |
| 10 | PIERRE-YVES ROCHON Chicago, pyr-design.com | \$14.108 | \$250.00 | NR | 59 | 11 |
| 11 | WIMBERLY INTERIORS New York, wimberlyinteriors.com | \$14.000 | \$1,200.00 | 5.50 | 81 | 13 |
| 12 | GETTYS GROUP Chicago, gettys.com | \$12.848 | NR | NR | 79 | 17 |
| 13 | YABU PUSHELBERG Toronto, yabupushelberg.com | \$11.730 | NR | NR | 102 | -- |
| 14 | HKS Dallas, hksinc.com | \$11.666 | NR | 6.00 | 367 | 41 |
| 15 | DAROFF DESIGN + DDI ARCHITECTS Philadelphia, daroffdesign.com | \$11.330 | \$400.00 | 3.00 | 45 | 18 |
| 16 | AVROKO New York, avroko.com | \$11.030 | NR | NR | 79 | 16 |
| 17 | STONEHILL & TAYLOR ARCHITECTS New York, stonehilltaylor.com | \$10.967 | \$250.00 | 2.75 | 79 | 20 |
| 18 | DILEONARDO Warwick, RI, dileonardo.com | \$10.260 | NR | NR | 75 | 15 |
| 19 | REBEL DESIGN + GROUP Marina Del Rey, CA, rebeldesign.com | \$10.244 | \$423.86 | 1.24 | 64 | 22 |
| 20 | BASKERVILL Richmond, VA, baskervill.com | \$9.949 | \$264.85 | 6.42 | 21 | 19 |
| 21 | JEFFREY BEERS INTERNATIONAL New York, jeffreybeers.com | \$8.400 | NR | NR | 29 | 30 |
| 22 | HFS CONCEPTS 4 Long Beach, CA, thehfsgroup.com | \$8.100 | \$100.00 | NR | 50 | -- |
| 23 | SIMEONE DEARY DESIGN GROUP Chicago, simeonedeary.com | \$8.075 | NR | NR | 50 | 34 |
| 24 | KNA DESIGN Los Angeles, knadesign.com | \$7.700 | NR | NR | 42 | 21 |
| 25 | AB CONCEPT Hong Kong, abconcept.net | \$7.442 | \$260.08 | 1.51 | 90 | 26 |
| 26 | DESIGN DUNCAN MILLER ULLMANN Dallas, designdmu.com | \$6.926 | \$68.00 | 65.00 | 63 | 31 |
| 27 | ARIA GROUP ARCHITECTS Oak Park, IL, ariainc.com | \$6.882 | \$95.00 | 0.80 | 93 | 25 |
| 28 | CHAMBERS Baltimore, chambersusa.com | \$6.408 | \$70.00 | 0.65 | 23 | 32 |
| 29 | FRCH DESIGN WORLDWIDE Cincinnati, frch.com | \$6.353 | \$3.00 | 2.00 | 167 | 14 |
| 30 | LOONEY & ASSOCIATES Dallas, looney-associates.com | \$6.305 | \$750.00 | 2.10 | 44 | 29 |
| 31 | FORRESTPERKINS Dallas, forrestperkins.com | \$6.197 | NR | NR | 38 | 39 |
| 32 | ROTTET STUDIO Houston, rottetstudio.com | \$6.160 | NR | NR | 44 | 24 |
| 33 | EDG INTERIOR ARCHITECTURE + DESIGN Novato, CA, edgdesign.com | \$5.997 | \$166.00 | 0.60 | 60 | 28 |
| 34 | CBT ARCHITECTS Boston, cbtarchitects.com | \$5.760 | NR | NR | 55 | 27 |
| 35 | ICRAVE New York, icrave.com | \$5.029 | \$48.48 | 0.60 | 38 | 38 |
| 36 | PERKINS EASTMAN New York, perkinseastman.com | \$4.900 | \$24.38 | 0.90 | 217 | 43 |
| 37 | RTKL, Baltimore, rtkl.com | \$4.887 | \$9.00 | NR | 94 | 40 |
| 38 | TAL STUDIO Las Vegas, tal-studio.com | \$4.695 | \$60.00 | NR | 22 | 36 |
| 39 | DAWSON DESIGN ASSOCIATES Seattle, dawsondesignassociates.com | \$4.100 | \$185.00 | NR | 29 | 47 |
| 40 | DESIGN DEVELOPMENT COMPANY Agoura Hills, CA, designdevelopment-group.com | \$4.000 | \$10.00 | 0.25 | 12 | 46 |
| 41 | JOI-DESIGN Hamburg, Germany JOI-Design.com | \$3.800 | \$50.00 | NR | 32 | 37 |
| 42 | SMITH-FIRESTONE ASSOCIATES Santa Barbara, CA, sfadesign.com | \$3.520 | \$1.43 | NR | 22 | 62 |
| 43 | PARKER-TORRES DESIGN Sudbury, MA, parkertorres.com | \$3.100 | NR | NR | 25 | 45 |
| 44 | SHEA DESIGN Minneapolis, sheadesign.com | \$3.080 | \$45.50 | 0.15 | 24 | 51 |
| 45 | AREEN London, areenhospitality.com | \$3.010 | \$85.00 | 2.20 | 23 | 56 |
| 46 | C2 LIMITED DESIGN ASSOCIATES Fairfield, CT, c2limited.com | \$2.975 | \$5.95 | NR | 11 | 49 |
| 47 | PUCCINI GROUP San Francisco, puccinigroup.com | \$2.900 | \$4.50 | 0.21 | 26 | 69 |
| 48 | HATCH DESIGN GROUP Costa Mesa, CA, hatchdesign.com | \$2.894 | \$107.20 | 0.31 | 25 | 50 |
| 49 | BRAYTONHUGHES DESIGN STUDIOS San Francisco, bhdstudios.com | \$2.758 | NR | NR | 24 | 35 |
| 50 | KAY LANG + ASSOCIATES Los Angeles, kaylangassocs.com | \$2.720 | NR | NR | 19 | 59 |
| 51 | BAR NAPKIN PRODUCTIONS Phoenix, bnp-llc.com | \$2.660 | \$70.00 | 0.08 | 19 | 65 |

| RANK 2015 | FIRM | headquarters, web site | HOSPITALITY | WORK INSTALLED | | | RANK 2014 |
|--------------|--|--|-----------------------|------------------------|--------------------------|-----------------|--------------|
| | | | FEES (in millions) | VALUE (in millions) | SQ. FT. (in millions) | DESIGN STAFF | |
| 52 | CHIL INTERIOR DESIGN | Vancouver, BC, childesign.com | \$2.653 | NR | NR | 81 | -- |
| 53 | DESIGN DIRECTIONS INTERNATIONAL | Marietta, GA, designdirectionsinc.com | \$2.653 | \$18.78 | 1.68 | 7 | 53 |
| 54 | INDIDESIGN | Los Angeles, indidesign.com | \$2.500 | \$40.00 | 0.80 | 15 | 52 |
| 55 | DAS ARCHITECTS | Philadelphia, dasarchitects.com | \$2.468 | \$3.29 | 0.31 | 17 | 57 |
| 56 | SKIN DESIGN STUDIO | San Francisco, skindesignstudio.com | \$2.398 | NR | NR | 11 | 55 |
| 57 | SOSH ARCHITECTS | Atlantic City, sosharch.com | \$2.240 | \$58.35 | 0.60 | 14 | -- |
| 58 | R.D. JONES & ASSOCIATES | Baltimore, rdjones.com | \$2.219 | NR | NR | 29 | 48 |
| 59 | DLR GROUP | Overland Park, KS, dlrgroup.com | \$2.198 | NR | NR | 131 | 42 |
| 60 | ELKUS MANFREDI ARCHITECTS | Boston, elkus-manfredi.com | \$2.140 | NR | NR | 62 | 44 |
| 61 | RPW DESIGN | London, rpwdesign.co.uk | \$2.130 | \$94.00 | 1.23 | 26 | 58 |
| 62 | COLE MARTINEZ CURTIS & ASSOCIATES | Marina Del Rey, CA, cmcadesign.com | \$2.125 | \$150.00 | 1.50 | 8 | -- |
| 63 | KRAUSE+SAWYER | New York, krausesawyer.com | \$2.080 | \$30.04 | 0.32 | 12 | -- |
| 64 | HEITZ PARSONS SADEK | West Palm Beach, FL, heitz-parsons-sadek.com | \$1.887 | \$18.00 | NR | 13 | 61 |
| 65 | WOODS BAGOT | Adelaide, Australia, woodsbagot.com | \$1.884 | NR | NR | 181 | -- |
| 66 | THOMAS HAMILTON & ASSOCIATES | Richmond, VA, thomashamiltonassociates.com | \$1.832 | \$40.31 | NR | 10 | 64 |
| 67 | SMALLWOOD, REYNOLDS, STEWART, STEWART & ASSOCIATES | Atlanta, srssa.com | \$1.823 | NR | NR | 38 | 63 |
| 68 | GREYMATTERS | Singapore, grey-matters.com | \$1.800 | \$150.00 | 1.00 | 28 | 54 |
| 69 | CLEO DESIGN | Las Vegas, cleo-design.com | \$1.697 | NR | NR | 15 | 71 |
| 70 | HAPSTAKDEMETRIOU+ | Washington, hd-ad.com | \$1.650 | \$8.00 | 0.15 | 21 | -- |
| 71 | ROWLAND+BROUGHTON | Aspen, CO, rowlandbroughton.com | \$1.644 | \$29.91 | 0.22 | 15 | 68 |
| 72 | K2M DESIGN | Cleveland, k2mdesign.com | \$1.634 | \$50.00 | 0.50 | 13 | 67 |
| 73 | LAWRENCE GROUP | St. Louis, thelawrencegroup.com | \$1.629 | \$50.00 | 0.36 | 58 | 66 |
| 74 | DESIGNONE STUDIO | Atlanta, designone-studio.com | \$1.583 | \$45.00 | 4.10 | 14 | -- |
| 75 | J BANKS DESIGN GROUP | Hilton Head Island, SC, jbanksdesign.com | \$1.580 | \$10.00 | 1.20 | 19 | -- |

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Perkins Eastman [#36] completed Park Hyatt Abu Dhabi Hotel and Villas in the United Arab Emirates in 2011. ➤

CHRIS CYPERT

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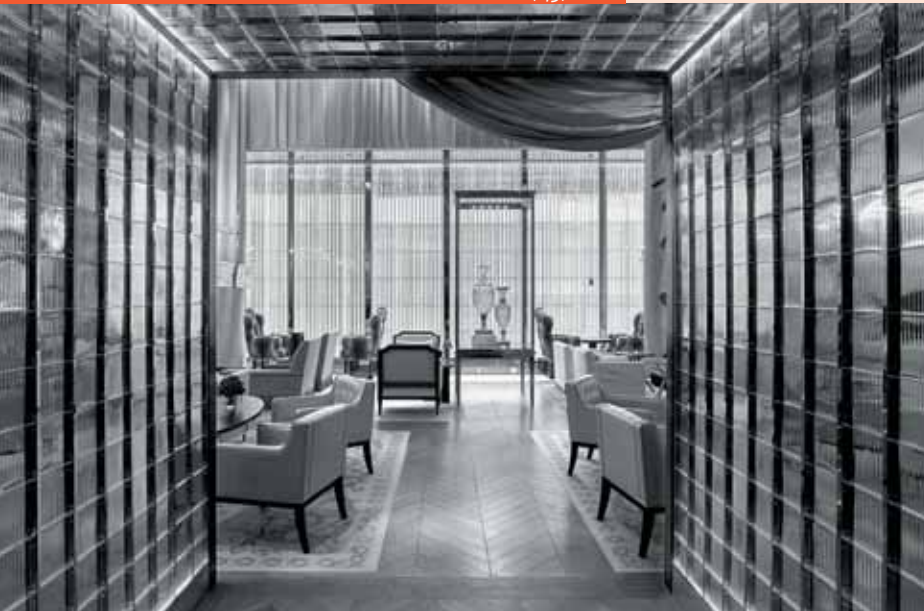
hourly rates

| |
|-------------------------------|
| principals/ partners \$250 |
| project managers \$175 |
| designers \$128 |
| other billable \$90 |

| |
|-----------------------------------|
| principals/ partners \$157,500 |
| project managers \$97,500 |
| designers \$65,000 |
| other billable \$45,000 |

annual salaries

From top: Woods Bagot [#65], in collaboration with Gilles & Boissier, designed the Baccarat Hotel New York. The One West End sales center in New York is by Jeffrey Beers International [#21]. ➔



| | firm | rank | fees |
|--|-------------------------------------|------|----------|
| | Yabu Pushelberg | 13 | \$11.730 |
| | HFS Concepts 4 | 22 | \$8.100 |
| | CHIL Interior Design | 52 | \$2.653 |
| | SOSH Architects | 57 | \$2.240 |
| | Cole Martinez Curtis and Associates | 62 | \$2.125 |
| | Krause+Sawyer | 63 | \$2.080 |
| | Woods Bagot | 65 | \$1.884 |
| | HapstakDemetriou+ | 70 | \$1.650 |
| | DesignOne Studio | 74 | \$1.583 |
| | J Banks Design Group | 75 | \$1.580 |

New to the list

* fees in millions



FROM TOP: ERIC LAIGNEL; EVAN JOSEPH



Clockwise from top left: Wilson Associates [#3] completed Armani Hotel Dubai in the United Arab Emirates in 2010. ICrave [#35] designed Ocean Prime in Los Angeles. [17] The Press Hotel in Portland, Maine, is by Stonehill & Taylor Architects. GreyMatters [#68] completed Tippling Club in Singapore in 2013. ➤



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CLOCKWISE FROM TOP LEFT, COURTESY OF WILSON ASSOCIATES; ERIC LAIGNEL; IRVIN SERRANO; OWEN RAGGETT

From top: Looney & Associates [#30] designed Hyatt Regency Tysons Corner Center in Virginia. Cabana Bay Beach Resort in Orlando, Florida, is by Daroff Design + DDI Architects [#15]. ➔

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Fees by project type (*in millions)

| actual | | forecast |
|-----------|--------------------------------|-----------|
| \$693.888 | Hospitality | \$762.161 |
| \$439.925 | Corporate workplace | \$452.234 |
| \$124.662 | Healthcare/ Assisted Living | \$133.045 |
| \$123.945 | Retail | \$121.611 |
| \$63.128 | Educational | \$60.986 |
| \$61.684 | Government | \$61.924 |
| \$57.981 | Residential | \$69.877 |
| \$55.021 | Museums/Cultural | \$60.607 |
| \$47.093 | Transportation | \$48.690 |
| \$17.467 | Other | \$18.951 |



FROM TOP: MICHAEL STAVARIDIS; GARRETT ROWLAND

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From top: Lawrence Group [#73] designed Jazz at the Bistro in St. Louis. AC Hotel New Orleans Bourbon is by Design Duncan Miller Ullmann [#26]. ➔



U.S. firms with most foreign hospitality projects

| firm | rank | % overseas work |
|------------------------------|------|-----------------|
| Bilkey Llinas Design | 5 | 95% |
| Dileonardo | 18 | 95% |
| Pierre-Yves Rochon | 10 | 90% |
| HBA/Hirsch Bedner Associates | 1 | 85% |
| Wilson Associates | 3 | 75% |
| Design Duncan Miller Ullmann | 26 | 60% |
| Rebel Design+Group | 19 | 55% |
| Wimberly Interiors | 11 | 50% |
| Perkins Eastman Architects | 36 | 50% |

Expected growth for the next 2 years

u.s. 85%
49% west coast
47% south
38% northeast
24% midwest

europa 10%
9% western
3% eastern

south america 13%

mexico 16%

middle east 40%
29% uae
22% other

caribbean 19%

africa 7%

canada 7%

asia 32%
16% china
4% india
21% other



FROM TOP: ALISE O'BRIEN; COURTESY OF DESIGN DUNCAN MILLER ULLMANN

Firms with largest increase in hospitality fees (*in millions)

| | 2014 | 2015 | increase |
|----------------------------------|-----------|-----------|----------|
| Gensler (2) | \$58.966 | \$73.914 | \$14.948 |
| HKS (14) | \$3.916 | \$11.666 | \$7.750 |
| Rockwell Group (4) | \$17.057 | \$24.087 | \$7.030 |
| HBA/Hirsch Bedner Associates (1) | \$119.879 | \$126.800 | \$6.921 |
| Steelman Partners (8) | \$11.400 | \$18.050 | \$6.650 |
| Simeone Deary Design Group (23) | \$4.752 | \$8.075 | \$3.323 |
| Wimberly Interiors (11) | \$11.200 | \$14.000 | \$2.800 |
| Jeffrey Beers International (21) | \$5.600 | \$8.400 | \$2.800 |
| Gettys Group (12) | \$10.100 | \$12.848 | \$2.748 |
| ForrestPerkins (31) | \$4.072 | \$6.197 | \$2.126 |



From left: DiLeonardo [#18] completed Al Faisaliah Hotel in Riyadh, Saudi Arabia, in 2000. Loews Chicago Hotel is by Simeone Deary Design Group [#23]. ➔

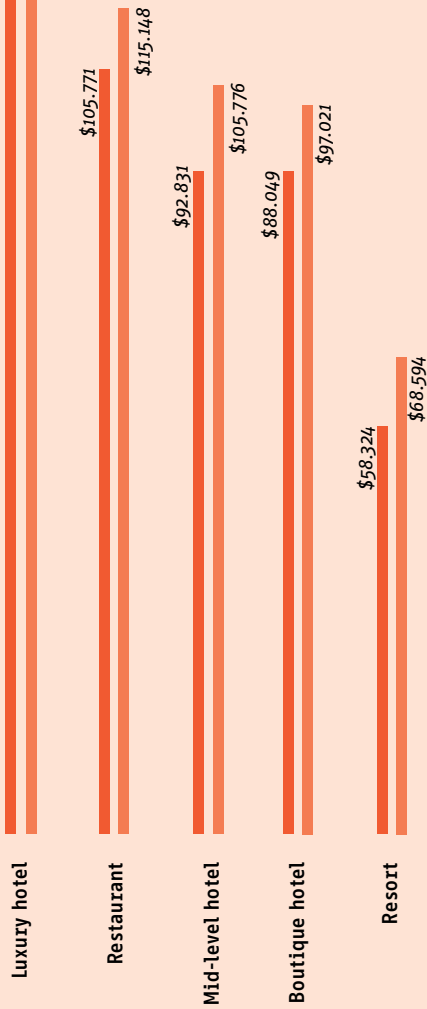
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\$220.919

\$238.433



HOSPITALITY giants



From top: The Verb Hotel in Boston by Elkus Manfredi Architects [#60] dates to 2014. Renaissance Cincinnati Downtown Hotel is by FRCH Design Worldwide [#29]. ➔

Fees by hospitality project type (*in millions)



FROM TOP: ADRIAN WILSON; DOHN STUDIOS/MARRIOTT INTERNATIONAL



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Clockwise from top left: BraytonHughes Design Studios [#49] completed the Langham Huntington in Pasadena, California, in 2014. Kay Lang + Associates [#50] designed Bacara Resort & Spa in Goleta, California. HOK [#6] completed the Rosewood Abu Dhabi hotel in the United Arab Emirates in 2013. ➤



CLOCKWISE FROM TOP LEFT: FRED LICHT; JIM BARTSCH; ERIC LAIGNEL

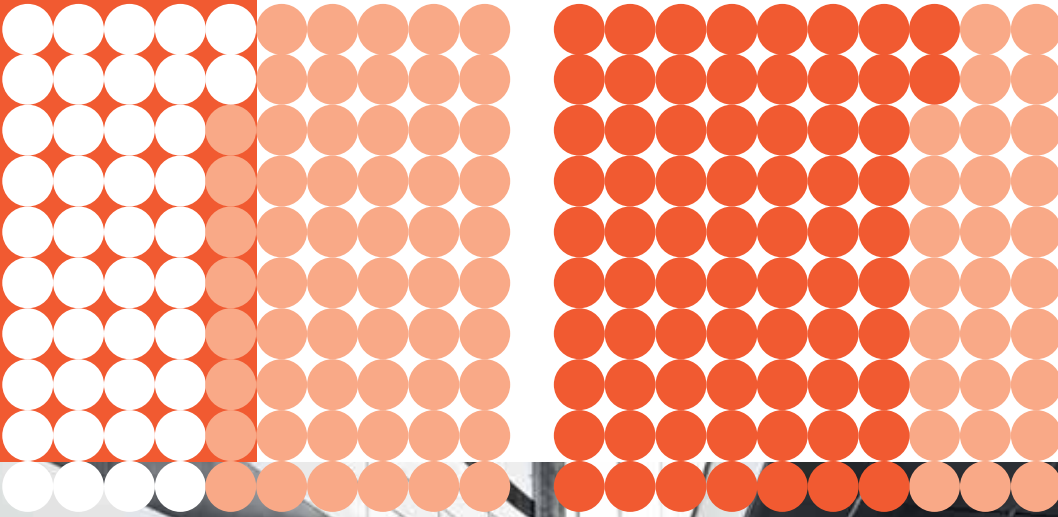
Hospitality project types completed last year

new construction 42%

renovation 58%

domestic 72%

overseas 28%



Renaissance Dallas Hotel is by K2M Design [#72].



most admired hospitality firms

Yabu Pushelberg

Rockwell Group

AvroKO

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methodology

The annual business survey of *Interior Design* Hospitality Giants ranks the largest design firms by hospitality design fees for the 12-month period from July 2014 through June 2015. Hospitality design fees include those attributed to:

1. All hospitality interiors work.
 2. All aspects of a firm's hospitality design practice, from strategic planning and programming to design and project management.
 3. Fees paid to a firm for work performed by employees and independent contractors who are full-time staff equivalent.
- Hospitality design fees do not include revenues paid to a firm and remitted to subcontractors that are not considered full-time staff equivalent. For example, certain firms attract work that is subcontracted to a local firm. The originating firm may collect all the fees and retain a management or generation fee, paying the remainder to the performing firm. The amounts paid to the latter are not included in fees of the collecting firm when determining its ranking. Additionally, where applicable, all percentages are based on responding hospitality Giants, not their total number. The data was compiled and analyzed by the *Interior Design* market research staff, led by Wing Leung, research director.