

HOSPITALITY giants

Rockwell Group (#4), 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 PUSHSELBERG Toronto, yabupushselberg.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, simeonedearry.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

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		FEES <i>(in millions)</i>	VALUE <i>(in millions)</i>	SQ. FT. <i>(in millions)</i>	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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Hotel project in the United Arab Emirates in 2011

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hourly rates

principals/
partners \$250

project managers \$175

designers \$128

other billable \$90

principals/
partners \$157,500

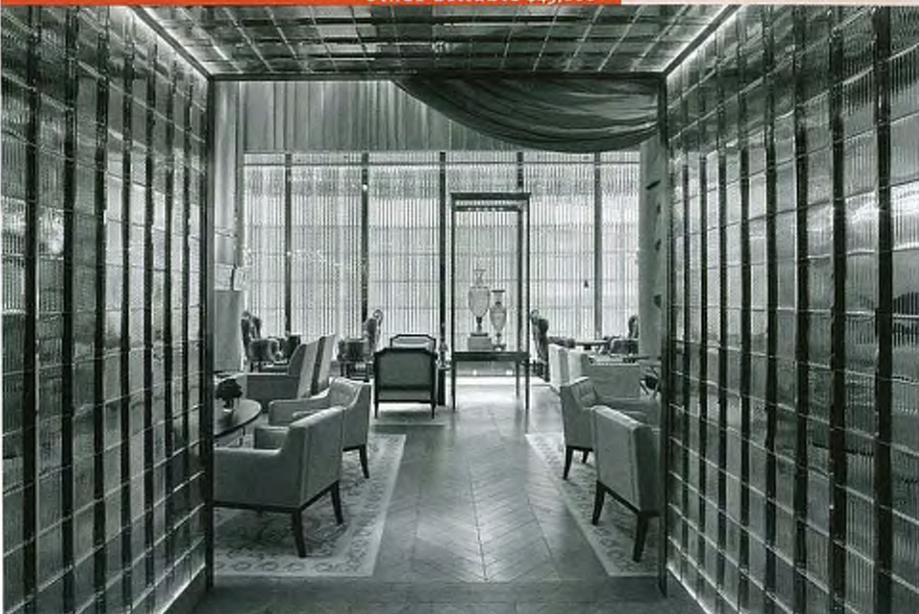
project managers
\$97,500

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





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. ➤

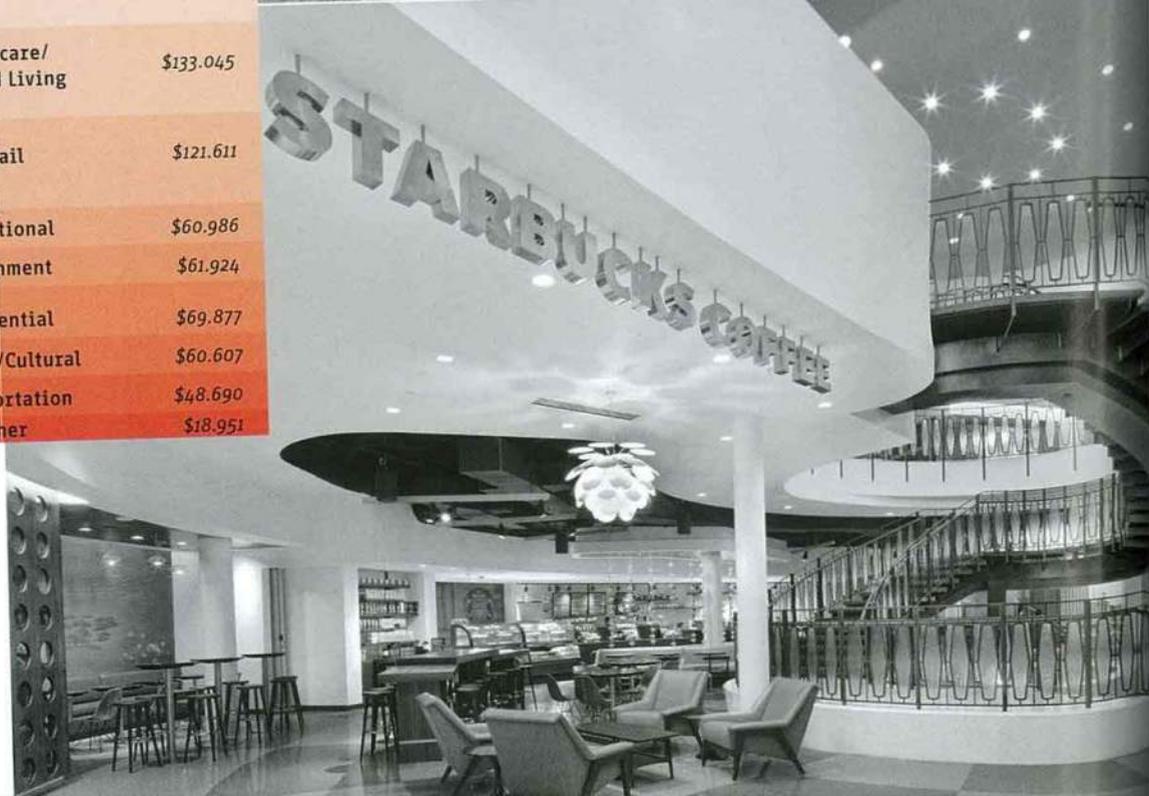
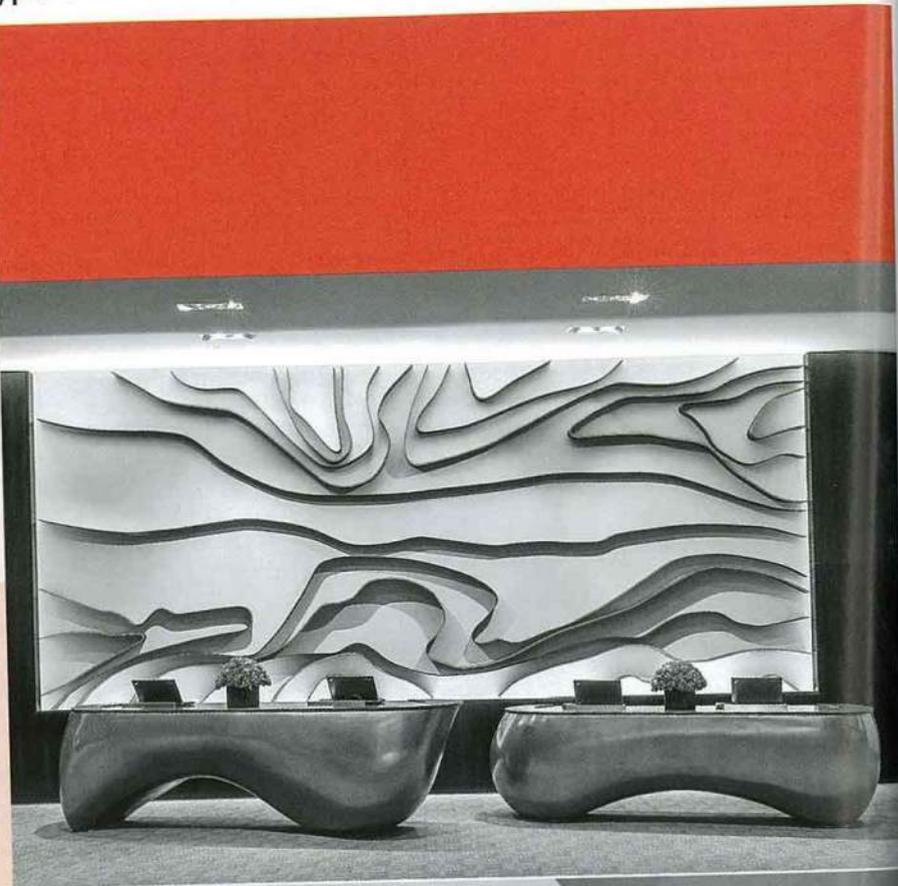


From top: Looney & Associates [#30] designed Hyatt Regency Tysons Corner Center in Virginia. Cabana Bay Beach Resort in Orlando, Florida, is by Daroff Design + DDI Architects [#15]. ➔

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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



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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 10%

africa 7%

canada 7%

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

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). ➔

\$220.919

\$238.43

Luxury hotel

Restaurant

Mid-level hotel

Boutique hotel

Resort

Country club

Gaming

Bar/Lounge/Nightclub

Time-share

Spa

Cruise ship

Other

\$105.771

\$115.148

\$92.831

\$105.776

\$88.049

\$97.021

\$58.324

\$68.594

\$26.912

\$28.736

\$26.443

\$31.104

\$19.316

\$20.496

\$17.910

\$16.479

\$15.378

\$13.492

\$13.034

\$15.243

\$9.002

\$11.638

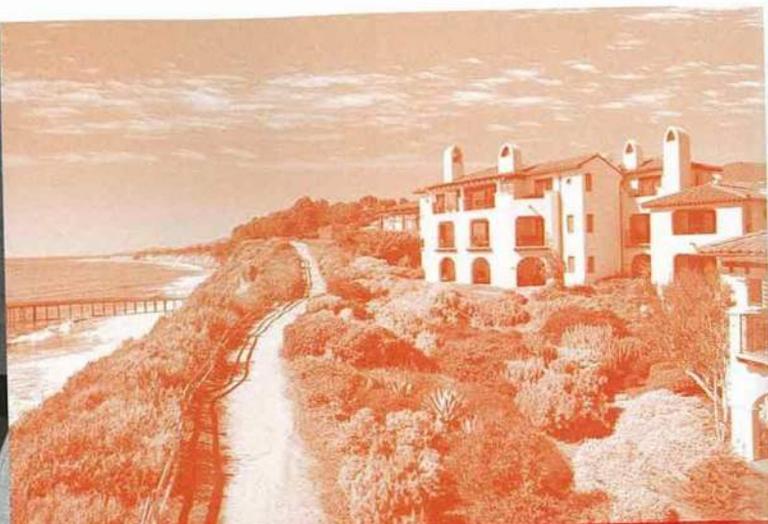
■ actual
■ forecast

Fees by hospitality project type (*in millions)

HOSPITALITY giants

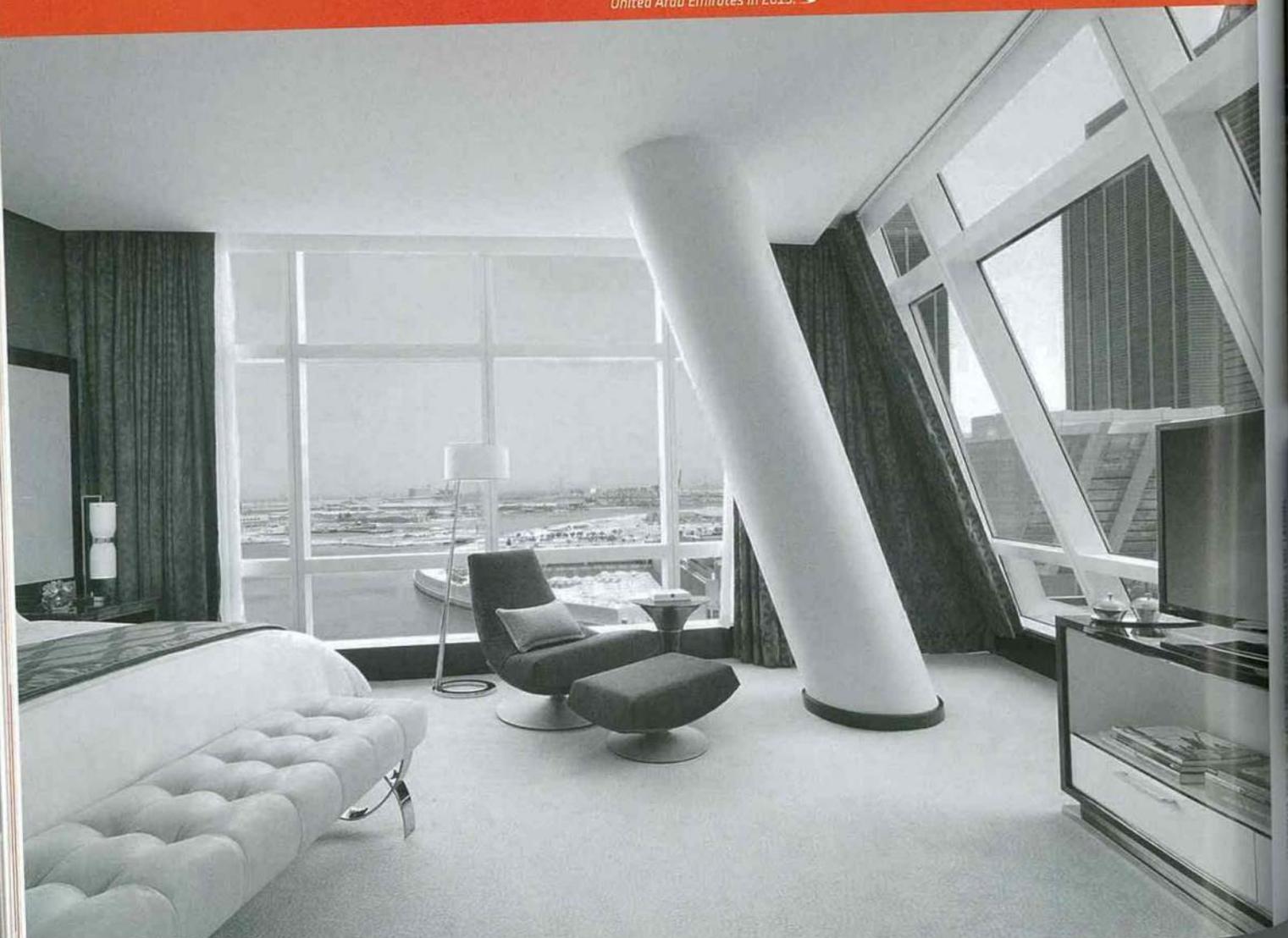
From top: The Verb Hotel in Boston by Etkus Manfredi Architects (H60) dates to 2014. Renaissance Cincinnati Downtown Hotel is by FRCH Design Worldwide (R29).





HOSPITALITY giants

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



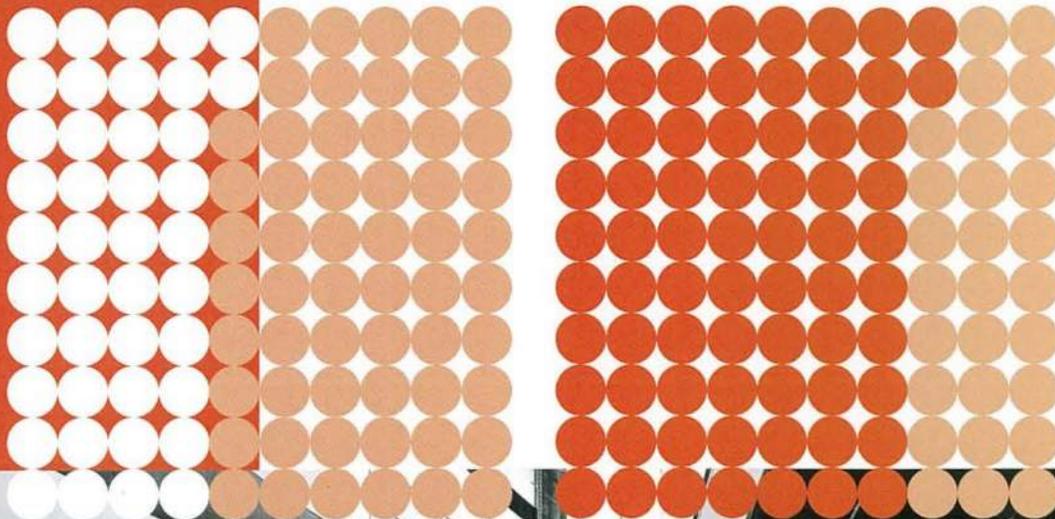
Hospitality project types completed last year

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.