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Host Hotels & Resorts

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Introduction

Host Hotels & Resorts is a quintessentially American story of enterprise, transformation, and resilience—a journey that began with a simple root beer stand in Washington, D.C., and evolved into the world’s largest publicly traded lodging real estate investment trust (REIT). As the company approaches its centennial, it stands at the intersection of tradition and innovation, carrying forward a legacy built by visionary leaders and driven by adaptation to the ever-changing dynamics of the hospitality industry.

This book chronicles the full arc of Host Hotels & Resorts’ development, offering an in-depth look at its origins as part of the Marriott family, its evolution through corporate restructurings and market realignments, and its growth into a diversified, multi-brand portfolio of luxury and upper-upscale hotels. By tracing its beginnings back to J. Willard and Alice Marriott’s Hot Shoppes and mapping its ascendance through decades of expansion, acquisition, and innovation, we gain insight into the factors that have shaped not only the company but also the broader hospitality sector in America.

More than a mere history, the narrative delves into Host’s business strategies, its embrace of the REIT model, and its meticulous management of a high-quality portfolio in key urban and resort markets. Readers will discover how Host Hotels & Resorts has navigated complexities unique to the industry—economic downturns, fierce competition, expense challenges, and natural disasters—while continually reinventing itself to meet opportunities and mitigate risks. Each era reveals a company both responsive to the market and determined to carve its own path, especially in the high-stakes environments of hospitality finance and real estate.

This exploration would be incomplete without examining the company’s commitment to sustainability and responsible stewardship. In an era when climate considerations, social responsibility, and governance practices are integral to enduring corporate success, Host stands as an industry leader. Its ambitious environmental goals, strategic investments in green technologies, and initiatives for social and community engagement illustrate a forward-looking philosophy that aligns shareholder value with broader societal needs.

At the core of Host Hotels & Resorts’ story are its people—visionary leaders, skilled managers, and dedicated employees—whose collective expertise has steered the organization through periods of transformation. The company’s leadership culture, commitment to sound governance, and clear-eyed focus on both opportunity and responsibility have underpinned its continued performance and reputation as a trusted steward of world-class assets.

As we embark on this comprehensive account, the aim is not only to document milestones and analyze financial outcomes but also to capture the spirit of a company that has continuously redefined its place in the world of American business. Host Hotels & Resorts exemplifies adaptability and ambition, making its story not just relevant to specialists in real estate or hospitality, but essential reading for anyone interested in the evolving landscape of American enterprise.

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CHAPTER ONE: The Roots: Hot Shoppes and the Early Marriott Years

The story of Host Hotels & Resorts, a leading American real estate investment trust, doesn't begin with grand hotels or bustling resorts, but with a simple, nine-stool root beer stand in the sweltering Washington, D.C., summer of 1927. This humble establishment, opened by J. Willard Marriott and his wife, Alice, on May 20, 1927, at 3128 14th Street NW, was the unassuming seed from which a global hospitality empire would eventually sprout. J. Willard Marriott, born in Marriott Settlement, Utah, in 1900, was a man of innate business acumen and an indefatigable work ethic, qualities he honed from an early age by helping on his family's farm and even by selling lettuce he cultivated himself. After serving a two-year mission for The Church of Jesus Christ of Latter-day Saints in New England, he passed through Washington, D.C., in 1921 and immediately recognized the potent demand for cold drinks in the city's oppressive humidity.

Upon graduating from the University of Utah in 1926, Marriott, fueled by this observation, secured the franchise rights for A&W Root Beer in Washington, D.C., Baltimore, Maryland, and Richmond, Virginia. He then returned to Washington to open his first stand with business partner Hugh Colton. Just weeks after its opening, Marriott returned to Utah to marry Alice Sheets on June 9, 1927. Their honeymoon was a long, hot drive back to Washington in Marriott's Model T, a journey that set the tone for the relentless pace of their entrepreneurial life together.

The initial summer brought a healthy stream of customers seeking relief from the heat with frosty mugs of root beer. However, as the cooler autumn months approached, the Marriotts quickly grasped the seasonal nature of their business. This realization spurred a crucial pivot: they sought and received permission from A&W to expand their menu beyond just root beer. Alice, with a practical eye for the culinary, even learned to make tamales and chili con carne from a cook at the Mexican Embassy nearby, introducing Mexican food to the area.

With the addition of these hot food items, the little root beer stand transformed into "The Hot Shoppe." The new name, born from a casual conversation about the expanded menu, perfectly encapsulated their broadened offerings. The Hot Shoppes quickly gained popularity, offering medium-priced food in a family-friendly environment. The Marriotts' commitment to "square meals at a fair price" resonated with Depression-era Washingtonians, who flocked to their doors for good food and courteous service.

Ever the innovator, Marriott purchased the vacant lot next to one of his Hot Shoppes in 1928, removed the curb, and began offering the East Coast's first drive-in service. This move proved immensely popular, and by 1932, the Marriotts owned seven Hot Shoppes in the D.C. area. The business was officially incorporated as Hot Shoppes, Inc. in Delaware in 1929.

The 1930s saw steady expansion for the Hot Shoppes chain, with locations opening in Baltimore and Philadelphia. The company continued to innovate its service, with uniformed "Running Boys" dashing from kitchens to cars with trays of American favorites during warm weather. In 1937, J. Willard Marriott identified another opportunity: pioneering in-flight catering. He began providing boxed lunches for Eastern, American, and Capital Airlines flights departing from Washington's old Hoover Airport, laying the groundwork for what would become the world's largest airline catering business. This diversification underscored Marriott's knack for identifying unmet needs and building robust service operations around them.

During World War II, the business further expanded into managing food services in defense plants and government buildings, including the U.S. Treasury. The company's commitment to quality food and service, even amidst the challenges of wartime rationing, solidified its reputation. By 1953, Hot Shoppes, Inc. became a public company, with its initial public offering selling out in just two hours.

The transition from a single root beer stand to a successful regional restaurant chain with diversified food service operations was a testament to J. Willard Marriott's tireless efforts and keen business sense. He reportedly worked 15-hour days, constantly focused on refining procedures and expanding the enterprise. This period established the foundational principles of customer service, operational efficiency, and a willingness to adapt that would define the Marriott Corporation for decades to come. Though the Hot Shoppes themselves would eventually fade, with the last location closing in 1999, their legacy as the crucible for the Marriott hospitality empire is undeniable.

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