



# Patel Motels

By STEVE FOX

Travelers in the United States stop every night at hotels and motels owned by Indian Americans.

**A**merica's summer vacation season is in full swing and tonight, in towns all across the country, many travelers will check into a hotel or motel run by someone named Patel. The establishment will probably be what's called a middle-market property, perhaps 100 or so reasonably-priced rooms, and is likely to be located near one of the major interstate highways that crisscross America's landscape.

Indian Americans now own an estimated 40 percent of all the hotels and motels in America, according to the Atlanta, Georgia-based Asian American Hotel Owners Association, whose 9,300 members control more than 22,000 hotels

worth more than \$60 billion. Most association members share the family surname Patel, whose origins are described by the group's secretary, Alkesh R. "Al" Patel. He came to the United States in 1984 from Nadiad, Gujarat, bought his first motel in 1994, and now owns eight.

"The ancient kings in Gujarat appointed men to keep track of the crops that were being grown on parcels of land called 'pats,'" he says. "People started calling these men Patel, which means something like 'innkeeper of the land,' and the name has been passed down ever since."

While they may not know the history, American travelers—both business and

pleasure—are well aware of Indian American penetration of the lodging industry, with some travelers even using the words hotel, motel and Patel synonymously.

"Indian Americans are a very significant factor in the lodging industry and have been for at least 25 years," says Joe McNerny, CEO and president of the American Hotel & Lodging Association, the industry's primary trade group.

"They are becoming even more important because today the Indian American hotel owners have a significant number of properties and you're now getting into the second and third-generation, who have been educated

*The Best Western Inn and Suites in Battle Ground, Washington state, is one of Alkesh R. "Al" Patel's properties.*

Courtesy Magnolia Color, Inc.



# One Patel's Story Represents Those of Many Others

If you had to choose one person whose life story sums up the experience of Indian Americans in the motel industry, it might be ChandraKant "C.K." I. Patel, who lives outside Atlanta, Georgia.

Born in Kenya and educated in India, Patel came to the United States in 1979 to study mechanical engineering. He quickly found a job in the oil industry and also worked nights at a Dallas hotel. In 1982, with his employer laying off co-workers, he decided to look for a motel property.

"I had never refused any overtime, because my motive was to earn money, and I asked my boss for a month off," he recalls.

"I went to Knoxville (Tennessee) to see the World's Fair and from there I drove south on the scenic highway 441. I spent a night at a motel in Homerville, Georgia. I found out it was owned by a gentleman from Zambia who was also of Indian descent. We got to talking and I

found out he might sell. I had saved money from my job, my family helped me with some funding and a friend of mine and I made an offer."

Patel, then 23, was in the motel business. He and his 22-year-old wife, Alka, ran the 48-unit motel by themselves for the first two years.

"I was scared initially because I had paid a little higher than the place was worth and that's why my wife and I didn't hire anybody. We worked 24 hours a day for almost two years, and then my parents came and my brother came and we had some help."

Like other Indian American motel owners, Patel encountered some discrimination from competitors, lenders and insurers.

"There were a lot of difficulties in the early days," he said. "I don't blame anyone for it. I had come from a foreign country and the people here did not know my culture. They did not know if they could trust me. But when you leave your country of birth

and go to another country, there is a motive behind it. Your motive is to become someone, to make money. You are planting your roots to make sure your foundation is solid."

Patel went on to acquire another 10 hotel properties and a variety of other real estate. He also helped found an Atlanta bank that lends to Indian Americans. It's a long way from the original financing model.

"Patels are a very close network," he says. "We believe in close ties and in helping each other. Families come together and loan you \$5,000 or \$10,000 to help you buy your first business. They don't charge you interest, and when you start making money, they are the people you pay first. Then you do the same thing for someone else, and when his business grows you are happy for him and also because you know you don't have to support him any longer."

Patel's daughter, Shama, is going into medicine. His son, Deepum, is a



Courtesy C.K. Patel

From left: Deepum, Alka, Shama and ChandraKant "C.K." I. Patel.

management consultant. "He'll come back into my business eventually but I wanted him to work in the corporate world, know how to make a dollar and learn how things work in this country before he joins my company," he says.

Although he's sold many of his holdings, Patel kept that first motel.

"That's where my family grew up," he says. "My parents lived there with us, and my brother. We raised my sister's kids there and my brother's kids, too—14 in all. There are a lot of good memories there." —S.F.

here in the U.S. at hotel or business schools and are now moving their family businesses out of the economy segment and up into the higher-end and luxury hotels."

McInerney, a 48-year veteran of the lodging industry, gives this capsule description of how and why Indian Americans came to be identified with the hotel and motel business:

"Many of the Indians who came to the United States had been professionals in India or Africa or wherever they came from, but in their new country they couldn't be a lawyer or doctor or whatever they were. So they pooled their money as a

family and bought a motel, which gave them a place to live, and they banded together as a family to operate the property. They worked very, very hard. They had to be successful because if they failed, they had no place to go. They had to make things work and they put in 18 and 20 hours a day to make certain they would be. They should be very proud of what they have accomplished."

Although the exact chronology is unclear, veterans of the hotel business generally agree that Indian American ownership of U.S. lodging properties dates to the 1940s, when an immigrant named Kanjibhai Desai bought a San Francisco hotel.

Some years later, another immigrant, Bhulabhai Vanmalibhai Patel, acquired a hotel in the San Francisco area. Other Patels followed, but the trend remained largely confined to California until the mid-1970s, when several factors came

together to spread Indian American ownership nationwide. David Mumford, senior principal at the Mumford Company, a leading hotel brokerage firm, picks up the narrative from there.

"When the (1973-74) Arab oil embargo hit, travel ground to a halt and lenders took back a lot of motels from owners who couldn't make the payments anymore,"



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## For more information:

Asian American Hotel Owners Association

<http://www.aahoa.com/>

*Patels: A Gujarati Community History in the United States*

<http://www.amazon.com/Patels-Gujarati-Community-History-United/dp/0934052395#>



*Alkesh Patel (left) owns the Hampton Inn in Clackamas, Oregon (above).*

Mumford says. “The lenders employed brokers such as ourselves to dispose of these properties and what we found was that a lot of the buyers who stepped up were people from the Asian/Indian community who saw an opportunity to buy assets at distressed prices and, through hard work, turn them around.”

Motels, which proliferated in the United States after World War II and the completion of the interstate highway system in the 1950s, were attractive to Indian Americans for several reasons, according to Mumford.

“First of all, it was a cash business they

could operate that didn’t require the skill sets from a communications or marketing perspective that other businesses did,” he says.

“If they bought something in a good location next to a major highway and offered good value, they had a good chance of making it go. Another thing was that they could employ a lot of relatives. If they had family members back in the home country, they could bring them in, put them to work and get them a green (legal immigrant) card and they could earn a way into this country. Most of these properties had living quarters, so the extended family also got a place to live.”

The early reluctance of lenders and insurance companies to work with Indian

Americans is long gone, Mumford says.

“What lenders and insurers found is that Indian American operators would get in there and run their motels very well and build great relationships,” he says. “Today they are regarded as people who have a great work ethic, are very frugal and have a reputation for paying their obligations.”

Business considerations aside, Patels are simply good hosts, says ChandraKant “C.K.” I. Patel, a Georgia hotelier. (See box.)

“We believe in hosting people,” he says. “If someone I know is in town and he doesn’t come to visit me, I feel bad. We believe in keeping up relationships. And we are also very savvy entrepreneurs. If you go to any part of the world, you will find a Patel.”



*Steve Fox is a freelance writer, former newspaper publisher and reporter based in Ventura, California.*

*Below left: Ron Patel at the Super 8 motel he owns in Richardson, Texas.*

*Below: The board of directors of the Asian American Hotels Owners Association.*



Courtesy Asian American Hotel Owners Association