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Extended-Stay Elevated

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MXR Hospitality's Eric Watts and Brent McDowell

Extended-Stay Elevated

MXR Hospitality blends real-estate strategy & management experience to set new standards

By Adam Perkowsky
Managing Editor

Great partnerships often begin in unexpected ways. For MXR Hospitality—a new, fully integrated hotel management and development company dedicated exclusively to the extended-stay sector—the origin story involves two industry veterans, a pair of boats and a lake.

Eric Watts, now president of MXR Hospitality, was serving as director of construction, extended-stay hospitality at RREAF Holdings, a real estate firm with nearly \$5 billion in assets under management, with a heavy focus on multifamily housing and beachfront hospitality. Brent

McDowell, now CEO of MXR, was EVP of business development at McNeill Hotel Company, a group deeply ingrained in hotel management and operations.

“The way we met is a very typical Southern business story,” McDowell recalled. “By complete chance, Eric and I were on our respective boats on the lake, and we had guests on each of the boats who were related and they wanted to see one another. So, we ended up meeting on the lake. After an hour or two of conversations and beer, we figured out we were in the same space—hotels.”

That chance meeting on the lake catalyzed the formation of MXR Hospitality, a 50/50 joint venture between RREAF Holdings and McNeill

Economy Hospitality, owned by longtime industry veteran Phillip McNeill Sr. Their shared vision? To aggressively develop new assets across emerging extended-stay brands and become the best-in-class third-party operator for the segment.

The extended-stay sector has proven its resilience time and again. For guests, these properties offer convenience and serve as affordable short-term housing for contract workers or those transitioning between permanent homes, helping to address the nation's broader housing shortage.

For investors and developers, the model is highly attractive. “Having come through a number of downturns—9/11, the Great Financial Crisis and COVID—the resiliency of the extended-stay model has shown that it is just more survivable and less apt to have big disruptions as compared to a normal transient hotel,” McDowell noted. “People are typically there for a reason, and the

economic blips less often disrupt that than they would in typical business travel.”

However, the extended-stay model requires a fundamentally different operating approach than traditional select-service hotels. The labor models are leaner, and the profit dynamics are unique.

“Rather than try to put a square peg in a round hole and adapt a current management company to a different operating model, we just decided to build it on its own, focused on the extended-stay needs,” McDowell explained.

Watts echoed this sentiment, drawing parallels to RREAF’s experience in multifamily real estate. “We got into multifamily 10 years ago and realized that third-party management wasn’t gonna get it done,” he said. “We bought a property management company, stripped it and built it back up in-house. It now manages all 15,000 of our units, and we wanted the same thing over here.”

Enter the majors

A significant catalyst for MXR’s formation was the entry of hospitality giants into the economy extended-stay segment. With Hilton’s LivSmart Studios, Marriott’s StudioRes and Hyatt Studios hitting the market, MXR saw a window of opportunity.

“The development of these brands provides a greenfield opportunity,” McDowell stated. “They give us the opportunity, with fewer restrictions and areas of protection for existing assets, to build new, premium-branded extended-stay hotels in places where we wouldn’t have the opportunity to develop a Home2 Suites or a TownePlace Suites hotel.”

MXR Hospitality launched with a two-hotel portfolio consisting of the Extended Stay America Premier Suites – Nashville - Smyrna and the Extended Stay America Premier Suites-Boise - Meridian. In the pipeline, the company is developing a 121-room LivSmart Studios by Hilton hotel within The Lake District mixed-use development in Lakeland, TN, which is expected to open next year.

MXR’s development strategy is highly calculated. The team is currently evaluating more than 150 markets and submarkets, aiming to identify 30 to 50 locations for new development over the next few years. Their target areas include the Mountain West, Southwest, Upper Midwest and the Sunbelt—regions characterized by strong economic growth and fewer regulatory hurdles.

The executives said they are looking for markets that are underserved by extended-stay

supply but feature strong demand generators such as major medical centers, military bases and large-scale corporate expansions.

“With the brands having greenfields, it allows us to go find the markets we want to be in, find the premier sites and then back into the product that fits best for that market,” Watts said. “We look to do 50 to 60 projects over the next five to six years. The goal is to hit 10, plus or minus, a year.”

Focus on sales

While the extended-stay model is renowned for its low overhead—driven by limited amenities and reduced staffing requirements—MXR’s leadership team firmly believes that cost-cutting alone isn’t the key to success. The true secret to profitability in this segment is a relentless focus on revenue generation and sales.

“These hotels are modeled with such a low employee base and very few amenities that they are very simple operations to run,” said McDowell. “There aren’t many ways for costs to get out of control.”

He added, “I’m convinced that when you don’t have the revenue piece correct or the mix of sales correct, it almost doesn’t matter what you do operationally. It’s really more about how you’re able to drive the dollars into the door, more so than how you manage the dollars that come in.”

To achieve this, MXR places a heavy emphasis on in-market, direct sales efforts. Unlike many competitors who rely solely on GMs to drive sales, MXR plans to deploy a hybrid approach with dedicated sales professionals. They also focus heavily on pre-opening sales efforts to ensure new properties debut with a strong foundation of business on the books.

“We’ve quickly come to find out that when you have money coming in the door, it makes the process and the model work as intended,” McDowell said. “And you can tweak it around the edges with your mix of business, extended stay and transient, but you still have to have that sales effort—and we are very passionate about that.”

Business balance

Crucially, MXR understands the delicate balance required in managing the mix of business.

“Extended-stay is all about your length of stay and what percentage of your base is that group base,” Watts noted. “Expenses get out of hand when your guest is staying one to three day, and you’re turning rooms over and over and over again with less of a staff.”

The MXR Team



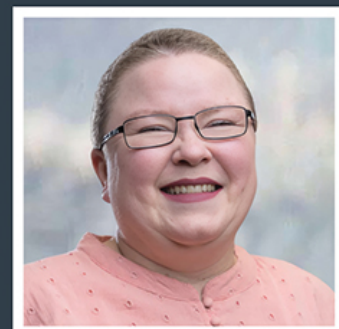
Travis Murray



Kim Knop



Valerie Bolton



Dawne Brado

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McDowell elaborated on the tightrope walk of rate management: “Generally speaking, we need a decent amount of 30-plus-night business to provide that base and give us a lot of revenue with very minimal cost tied to it. But those are considerably lower rates, putting a little pressure on the margin side. But if you get the mix right—where you can get the right amount of that and the right amount of the one-to-four-night stays where the rate could be double what you’re selling for an Extended-stay—there’s a ton of profit to be made in there.”

Determining that exact mix is a localized process. Depending on the market, a successful hotel might need 60%, 40% or 30% of its business to come from 30-plus-night stays. Finding and maintaining that precise number is, as Watts described it, “a daily, granular grind to get that business. And that’s what others are missing.”

To execute this strategy efficiently, MXR is heavily leaning into technology. Leveraging a Power BI platform originally built by RREAF’s engineers, MXR provides its executive team and asset managers with deep, real-time insights into property performance.

“It’s a great tool, where if anyone—from the

C-suite to the asset manager—has any questions, the platform can provide the answers,” said Watts. “We rely on it heavily at RREAF, and we’re going to do the same here.”

At the property level, MXR utilizes cloud-based, AI-driven systems to handle maintenance tickets and administrative tasks. “It’s all AI-based and in the cloud, and it frees the GM up to do their job,” Watts explained. “They go check rooms, they get out in the market and sell instead of being bogged down at the desk with paperwork.”

McDowell also anticipates technological support trickling down from the company’s major brand partners. “I can easily see—and some hotels have already moved to this—virtual or digital check-in, where you won’t necessarily have a person at the desk,” he noted. “I could see that happening pretty quickly.”

Pointing to the rapid evolution of AI across the hotel industry, McDowell foresees a near future in which AI reshapes everything from daily pricing strategies to direct guest communication in the extended-stay segment.

“All the systems that the brands use for revenue management and pricing get better every day,” he said. “It will be interesting to see how

they want to utilize AI on the brand platform. I called Delta this week to look at changing a flight, and the prompt has gone full AI. It’s much better than the old text-based prompts; now it’s an interactive AI asking questions. I can easily see the hotel brands following suit. But I’ll leave that to the young people.”

Building the team

To bring this vision to life, McDowell and Watts have assembled an executive team of trusted, like-minded industry veterans, a mix of former RREAF and McNeill employees.

“It’s important for us to get people who are like-minded,” said McDowell. “We’ve seen as we built our legacy company that culture matters, and consistency of leadership is probably the most important component of developing a good culture within the company.”

The leadership roster includes Travis Murray as EVP of operations, who worked with McDowell as president of McNeill Hotel Company. He brings nearly 30 years of experience to oversee sales, revenue management and property operations at MXR. Another former McNeill executive, Kim Knop, has joined

The MXR pipeline includes a LivSmart Studios by Hilton property in Lakeland, TN.



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as VP of business development, bringing deep extended-stay experience dating back to the early days of the Residence Inn brand. Valerie Bolton serves as EVP of human resources and also has a long-standing working relationship with McDowell from their days at McNeill.

From RREAF, Dawne Brado has joined MXR as VP of development. Watts described her as “irreplaceable” due to her extensive legal, banking and construction background.

“She had been at RREAF for almost four years, and when I went to bring her over, I had to fight all five RREAF verticals to get her away from them,” said Watts.

While MXR Hospitality has ambitious development plans for its own portfolio, its primary immediate focus is on establishing itself as the premier third-party management company for the extended-stay sector.

“I’d like to see us at a point where we’re managing more third-party properties than we’re managing of our own assets,” said McDowell. “While it’s likely going to take us five years to build 50 hotels, we could have 50 third-party management contracts next week.”

Extended Stay America Premier Suites – Nashville - Smyrna is one of the two properties in MXR’s portfolio at launch.



The founders believe that by strictly adhering to their specialized operating model and maintaining a relentless focus on sales and revenue generation, they can deliver performance to owners that generalist management companies cannot match.

When asked how he hopes the industry will view MXR Hospitality in five years, Watts

said, “We want to improve this space, from an operating standpoint, for all the owners out there who are frustrated.”

McDowell concluded, “I really want to be a disruptor in that area and make that the first and foremost priority for us as a company of being the best hotel manager at driving dollars into the hotels and making them as profitable as they can be.” 