We are seeing an interesting trend with our hotel clients that is worthy of note. More and more retailers, nail bars and local restaurant concessions are popping up in hotel lobbies and people are asking why?

Hotels have long outsourced their health and beauty offer to third parties. But, what is new is the introduction of product retailers and service providers one would normally find in a shopping centre within hotel lobbies, and it's not just the big hotel chains either – boutique hotels are getting in on the act as well.

It seems clear that the trend is moving towards offering a holistic lifestyle experience all within a hotel environment so guests can have all their needs under one roof.

For many years, the more upscale the hotel, the more selective it was about such partnerships, in order to fully control the guest experience.

But times have changed. Not only millennials, but discriminating, time-limited travellers generally are ever more determined to make their own brand choices.

There is no universal way of contracting between hotels and occupiers. It can be a simple landlord/tenant relationship with a fixed rent like any other landlord/tenant relationship or it can be any one of the number of complex contractual relationships we discuss below. From the operators’ perspective, they are looking to increase their brand presence and the built-in customer traffic hotels offer is attractive together with the opportunity to take space in prime locations with little fit out cost (the walls and floors are already there as are the utilities and luxury elements typical of hotel lobbies – the brands just need to add their branded fit-out and design to the mix).

Hotels, especially in option-rich environments such as major urban centres and destination resorts, have come to realise that guests expect leading edge dining, shopping, personal care, fitness, private film screening rooms and other experiences along with their lodging experience.

And similarly, hotels have come to appreciate they cannot hope to replicate on their own the offerings of celebrity chefs, haute couture designers, Bond Street jewellers and the like who are just around the corner from their hotel.

These branding partnerships can be legally complex. Firstly, many hotel owners will often decide to directly control major sub-lettings rather than delegate this to their hotel operator. This is especially true where the hotel is part of a large mixed-use complex with significant retail, entertainment, residential and other components. The result is often a tangled network of overlapping traders, leases, management agreements, licences, shared utilities agreements, common access agreements with a variety of parties and timelines that are constantly changing.

We are seeing more varieties of contractual relationships in this sphere than ever before.

For example, profit-sharing arrangements have also become popular with a focus on turnover rent from third party operators where both the hotel and the operator are motivated to make a success of the business generated by the operator.

In the restaurant arena, some hotels have opted for franchise arrangements where the hotel pays a franchise fee and employs staff itself, using the name of a celebrity chef or recognised high-end restaurant chain for its in-hotel restaurant offer.

On the other hand, some hotels have opted for expanding their retail, restaurant and service offer under their own brand. These branded concepts are intended to encourage guests to stay in the hotel for their meals, treatments and shopping, opting for the own-brand leisure options rather than high street chains. The obvious benefit to the hotel is expansion of its brand with full control and exclusive benefit of the income stream. The risk may be greater but so is the potential reward.

Whichever direction hotels are choosing to take, it is clear that focusing only on overnight stays may have less and less relevance and the line between hotel operators and landlords is becoming more blurred, even as we write. As complex as some of these arrangements may be, they are clearly the wave of the future!