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From the San Francisco Business Times:

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# Hotel investors check in big gains selling 2 properties for \$350 million

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Apr 17, 2017, 1:44pm PDT Updated: Apr 17, 2017, 1:47pm PDT

Two of San Francisco's most prominent hotel properties have traded hands — again — for a collective \$350 million.

New buyers have checked into the [Holiday Inn Fisherman's Wharf](#) and the [InterContinental Mark Hopkins](#) despite peak pricing, which is a testament to the rising demand for stable hospitality assets in the San Francisco area. The two deals closed earlier this year.

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FJM Investments, a locally based real estate investment firm, sold the Holiday Inn property at 1300 Columbus Ave. for \$144 million, a massive markup from the \$53.3 million price tag when it was last sold in 2008. The group sold the 585-room asset to Westbrook Partners LLC, a real estate investment trust based in Palm Beach, Fla.

The bulk of the city's recent hotel activity, however, came from the sale of the [InterContinental Mark Hopkins](#) — a 383-room hotel at 999 California St. in Nob Hill. The luxury asset was last sold in early 2014 for a whopping \$120 million, but the recent deal blew that price tag out of the water.

The hotel's former ownership group — affiliates of [Michael Rosenfeld's Woodridge Capital Partners](#) — recently sold the property for more than \$205.9 million to Hong Kong-based investor [Leadwell Global Properties](#).

It's unclear whether the asset was an off-market deal and what the hotel's future will be, but [Holden Lim](#), president of consulting firm [Hospitality Link](#), said rumors have been swirling that the [InterContinental's](#) new owners will be investing roughly \$300,000 per room in upgrading the property. With that math, [Leadwell](#) could be putting in an additional \$61.8 million in improvements.

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Woodridge Capital Partners, along with funds managed by Oaktree Capital Management, acquired San Francisco's [InterContinental Mark Hopkins](#) for \$120 million in 2014. They just sold it to [Leadwell Group](#) for \$205.9 million.

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Lim said the rooms were dated and in need of some renovations and upgrades to bring the hotel back up to par with other luxury properties in the city.

On the lower end of the rate spectrum, the Fisherman's Wharf Holiday Inn is what Rick Swig calls "a solid bond."

The hotel consultant and president of RSBA & Associates said it operates consistently year over year, and is largely resistant to serious economic changes.

"It always has the highest rate of occupancy, and is a great asset in a consistent location," Swig said, adding that because the tourism industry is more rate sensitive, rooms at the Holiday Inn property post attractive — read lower — rates."

The two deals are on opposite ends of the spectrum in terms of location, buyer and price, which is a sign that even though prices are at their peak, investor interest continues to climb. However, Swig said that may not be the case for long.

"Just about every asset in the city has turned over or recapitalized," the consultant said. "Transaction activity was down 40 percent last year, so don't expect much for the San Francisco area this year. At some point there will be a correction — that's code for downturn, not a crash."