

Westin St. Francis Hotel in San Francisco is Up for Sale

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Image courtesy of Wikimedia

By Jon Peterson

The Westin St. Francis Hotel in San Francisco is now on the market for sale. The property had been under the ownership of China-based Anbang Insurance Group. However, this asset recently was taken over by the Chinese government as one of 15 hotel assets that the government is planning to sell.

Anbang had acquired the Westin St. Francis as part of a \$5.5 billion portfolio investment in 2016. The allocation price for the San Francisco hotel at the time was one billion dollars, according to published reports. The other properties in the portfolio included assets located in Manhattan, Chicago, Miami and Jackson Hole, Wyo.

The sales price this time around will depend on how the property may be packaged for the new buyer, and if the hotel is sold by itself or as part of a portfolio. "In a portfolio sale, I would expect that the sales price would be somewhere around \$1 billion for the St. Francis. If the property were to be sold by itself, that the price would go up by 10 percent to 15 percent, or around \$1.2 billion," says Alan Reay, president of Irvine-based Atlas Hospitality Group. His company tracks hotel sales in markets like San Francisco and across the entire state of California.

But one industry insider feels that the preference for the Chinese government is to sell the San Francisco asset as a portfolio deal. "This desire would limit the number of buyers that could acquire a portfolio of this size. Some potential types of buyers would include Mid-Eastern sovereign wealth

funds, capital sources from Hong Kong or Singapore and maybe some REITs in the United States," says Holden Lim, president of Hospitality Link International, a hotel consulting and advisory firm based in San Mateo.

The overall San Francisco hotel market is still performing at a high level. The average annual occupancy through the second quarter of this year was 83 percent with an average room rate of \$285 per room, according to industry sources. RevPAR in this market is up at 4.7 percent from last year through the same time period.
