

Sticking With Staybridge...

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Dellisart has at least 10 Staybridge projects in the pipeline, including the brand's largest hotel. The \$52M, 206-key project in Chicago being developed by **Miglin Properties** recently broke ground and will open in 2008. It also features 12,000 s.f. of retail. Dellisart Chairman and CEO **Douglas Artusio** wants to build and manage Staybridge hotels, and will add three projects in the first half of this year. An 82-room property and a 103-room project in Iowa and Tallahassee, Fla., respectively, will open in Q3.

Development Opportunity Corp. will use the Staybridge flag in its mixed-use development that should break ground soon. The 135-room, 30-condo Staybridge in downtown Milwaukee will include a retail component. The project serves the extended-stay need for the area, which is bustling with hotel development. **Amin Bros. Partnership** recently broke ground on an \$8M, 88-room project in Chattanooga, Tenn. The six-story hotel should be complete in 2008.

Pressure To Profit

Fierce buying competition sends one JV looking for an edge outside top markets, while another goes thick into one of the toughest. **GoldenTree InSite Partners**, **Aimbridge Hospitality** and **JF Capital Advisors** take aim with half a billion dollars in buying power for entry into markets outside of the nation's top 15. **Oxford Lodging Advisory & Investment Group** adds to its big-city portfolio with its third Chicago location in a year, partnering on deals with **Dubai Investment Group** and **Perry Capital**.

As the cycle ticks on, pressure to be accurate with asset allocations increases. Sale prices trend higher as cap rates stay at historic lows. Bigger funds paying record amounts for top markets find comfort in dynamic economies. As the adage goes, you get what you pay for. But smaller funds vying for an edge have little room for error when buying into less durable markets. Markets with limited exposure to multiple industries hinge on the few that sustain them. The Dallas Route 75 area's sole reliance on the telecom industry is an example. But optimism for the industry fuels the mantra that you don't have to be perfect, just profitable.

The JV of GoldenTree InSite Partners, Aimbridge Hospitality and JF Capital Advisors looks to deploy \$500M over the next two years. About \$150M in capital comes from GoldenTree and will fill the equity component, with the remainder coming in loans to be negotiated by former **Bear Stearns** investment bankers, JF Capital Advisors. Aimbridge Hospitality serves as the deal-sourcing component. Headed up by original **Wyndham** partners **Dave Johnson** and **Les Bentley**, Aimbridge is a four-year-old operation looking for ground-up development and acquisitions. The company's goal is to time the cycle well enough to have cash on the downturn, so expect Aimbridge to hold acquisitions for two to five years before ringing the cash register. Ideal buys are full-service, undercapitalized properties with a potential for brand change. But don't expect to see them in the top 15 markets. Expected IRRs are in the 20s range. Anticipate the group bringing the **Aloft** brand to places like suburban Dallas, Denver and Detroit. Aimbridge has walked away from potential California deals due to high land, construction and fee costs, but will be bringing an Aloft outside of San Diego. Three Texas locations are also in the works.

Oxford Lodging Advisory & Investment Group goes heavy into Chicago with the acquisition of the **Holiday Inn City Centre** for \$80M. Also acquired in the last year are **The Allerton** for more than \$70M and the **Inn of Chicago** for about \$40M. The purchases by Oxford in Chicago's Magnificent Mile district represent 1,400 rooms in one of the highest barrier-to-entry markets in the country. Oxford formed **CCC Hotel Partners LLC** with Dubai Investment Group for the **Holiday Inn** and forged a JV with Perry Capital for the Allerton. The Allerton loses its **Crowne Plaza** brand to become independent. The Inn of Chicago gets a new \$57M loan to replace the initial \$37M loan. There is also talk that it will lose its **Best Western** affiliation to become independent. With an estimated worth of about \$70M, the 357-key Inn of Chicago's ADR rose about 35% last year. Oxford spent about \$5M on renovations. Oxford will rename the Holiday Inn the **Chicago City Centre Hotel & Sports Club**. The 26-story, 495-key property is scheduled for a redesign of guestrooms and meeting space, as well as the addition of three restaurants. Oxford also operates a hotel management division, **Kokua Hospitality LLC**.

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The Crittenden National Conference will be held April 25-27 in San Diego at the Hyatt Regency Islandia Hotel. For more information visit www.CrittendenNational.com.

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