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NORTHERN CALIFORNIA'S LARGEST NEWSPAPER

Historic Sir Francis Drake has new owner

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David Armstrong

The doormen in British beefeater costumes will stay at their posts, but many other things about San Francisco's venerable Sir Francis Drake are scheduled to change under new ownership announced Thursday.

The 417-room hotel, built in 1928, was purchased for an undisclosed sum from Sir Francis Drake Hotel Associates, a unit of Kimpton Hotel and Restaurant Group, by San Francisco's Oxford Lodging and Advisory Group and Longwing Real Estate Ventures, a company run by former Prudential executives that is part of the Dubai Investment Group.

Kimpton, which bought the landmark high-rise just north of Union Square along the Powell Street cable car line in 1994, will continue to manage the hotel for the new owners' joint venture, SFD Partners LLC.

The new owners said in a statement that they will do a \$20 million, top- to-bottom renovation of the 77-year-old hotel. The makeover will transform guest rooms, meeting spaces and public areas. It also might include expansion of the bar in the ground-floor Scala's Bistro, a popular after-work watering hole.

Harry Denton's Starlight Room will continue to be one of the hotel's star attractions, said Mike Depatie, chief executive officer of Kimpton Real Estate. "The Starlight Room is a San Francisco institution, and Harry Denton is an institution," he said.

The venerable nightclub atop the Sir Francis Drake offers romantic, panoramic views of the city and the bay. Several generations of sighing couples have sipped drinks there, listened to music, dreamed big dreams and, during wartime, said their bittersweet farewells.

Kimpton Hotel and Restaurant Group, a San Francisco operator of 39 hotels in the United States and Canada, sold the Sir Francis Drake because the hotel market is coming back strong from post-Sept. 11 lows and would fetch a good price, Depatie said.

San Francisco hotels have recently rebounded from three slow years following the Sept. 11, 2001, attacks and the dot-com bust. Room rates and occupancy rates are rising, but they're still below the peak years of the late 1990s.

Kimpton, which has sold six San Francisco hotels during the past 18 months, is refocusing on higher-value hotels and expanding from its San Francisco base, Depatie said.

"The company is changing dramatically," he said. "We're refocusing from 2 1/2- and 3-star hotels to 4 and 4 1/2 stars. Some of the original hotels no longer fit the chain."

Kimpton is rolling out its Monaco and Palomar brands around the country, intending to expand its portfolio in the next five years to 60 hotels from 39, he said.

Oxford Lodging manages about \$1.25 billion in assets in the hospitality industry, according to its Web site. It operates 14 hotels in the United States and Japan under a variety of brands.

In San Francisco, it runs the Pan Pacific Hotel, which it bought from Japanese interests two years ago. It also operates a Hyatt Regency in Jacksonville, Fla.; a Wyndham in Wilmington, Del.; and the Shin-Urayasu Oriental at Tokyo Disneyland.

Oxford Lodging President Robert Kline did not immediately return telephone calls seeking comment.

In a statement, Oxford Lodging and Longwing Real Estate Ventures said they intend to honor the Sir Francis Drake's history as a leading San Francisco hotel.

The renovation is set to start immediately, the owners said. The hotel will stay open during the work, which is expected to be completed in late 2006.

The Kimpton organization, founded in 1981 by the late Bill Kimpton, a Wall Street veteran who reinvented himself as a hotelier, has pioneered development of small, personalized boutique hotels.

It has also led the way in installing upscale restaurants in its hotels, such as the ornate Grand Cafe in the Hotel Monaco and luxe Fifth Floor in the Hotel Palomar.

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