

Carey Watermark continues deal activity

26 February 2013 9:01 AM
By Shawn A. Turner
Finance Editor
Shawn@HotelNewsNow.com

Story Highlights

Carey Watermark Investors has closed on a total of 13 hotel transactions.

The REIT is looking for an approximate 50/50 split of select- and full-service hotels in its portfolio.

"Everything feels a little more bullish today than people were feeling even a few months ago," CWI's Michael Medzigian said.



The 114-room Hampton Inn & Suites Memphis-Beale Street was one of the hotels Carey Watermark Investors acquired from entities managed by Fairwood Capital LLC.

REPORT FROM THE U.S.—Carey Watermark Investors is continuing to churn out hotel deals.

CWI, a public non-traded real estate investment trust, last week acquired the 632-room portfolio of Hilton-branded hotels from entities managed by Fairwood Capital LLC for approximately \$104 million, including acquisition costs and \$64.5 million of debt. The hotels involved in the deal include the:

- 119-room Hampton Inn & Suites Atlanta-Downtown;
- 144-room Hampton Inn & Suites Memphis-Beale Street in Tennessee;
- 133-room Hampton Inn Birmingham Colonnade in Alabama;
- 105-room Hampton Inn & Suites Legacy Park-Frisco in Texas; and
- 131-room Hilton Garden Inn Baton Rouge Airport in Louisiana.

"We like high-quality, urban, select service, and this really fit that," Michael Medzigian, president, CEO and director of CWI, said.

CWI in December acquired the 317-room Courtyard by Marriott San Diego Mission Valley/Hotel Circle as part of a \$90-million deal, and in October, the company acquired the 372-room Westin Atlanta Perimeter North as part of a joint venture with The Arden Group and Marcus Hotels & Resorts. All told, CWI has closed on 13 assets.

"All in all, we've seen a pretty strong pipeline currently," he said.

Medzigian declined to say how many additional hotels the company might look to acquire during 2013.

Transaction checklist

Medzigian said the company is trying to keep a balanced portfolio of full- and select-service properties.

The balance between full-service and select-service hotels the company is looking for is "closer to that 50/50. If we were 40/60 one way or another, we'd be happy," he said.

As for geography, the company is focusing its efforts for now on the U.S. market, Medzigian said.

"It's really driven by what's going on in the submarkets with their economic growth, so every market is a little different," he said.



Michael Medzigian
CWI

Branded properties are also sought by CWI, though Medzigian did not rule out a potential deal for boutique hotels. "We believe there's a great deal of (value) in the powerful brands," he said.

Medzigian said the overall transactions environment is conducive to deal making. While deal volume in 2012 might have been down from the peak, there was still strong momentum, especially at the end of the year.

"Generally, my view is it was a pretty active year for a lot of investors," he said.

He's also encouraged by the recovering debt markets. "Everything feels a little more bullish today than people were feeling even a few months ago," he said.