

CRITTENDEN Real Estate Investors™

Crittenden Research, Inc.
 P.O. Box 1150
 Novato, CA 94948-1150
 Customer Service: (800) 421-3483

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AGGRESSIVE HOTEL INVESTORS

PROJECTED 2015 ACQUISITIONS AND INVESTMENTS; PUBLIC INVESTORS' REVPAR GROWTH

BUYER	VOLUME	DETAILS
American Realty Capital Hospitality Trust	\$2.5B+	Upper-upscale, full-service and select-service; midscale select-service and extended-stay; has grown portfolio by \$1.8B+ in three months; has contracted to buy \$743M of additional hotels.
Ashford Hospitality Trust	\$1B	Upper-upscale, full-service hotels nationwide; has purchased and contracted to buy nearly \$800M YTD; marketing estimated \$400M/4,300-key portfolio of select-service; AHT doesn't plan any more spinoffs, but sponsor Ashford Inc. works on Ashford Select Hotels division.
Hospitality Properties Trust	\$600M+	Upscale, select-service and extended-stay nationwide; likes portfolios; acquisitions and purchase contracts on nearly \$600M of assets, such as \$400M sale/leaseback of existing and presale travel centers and \$85M contract on nine extended-stay hotels to close in a couple of weeks; plans \$45M renovations to upscale brand Sonesta; de-escalating \$850M+ multiyear renovation program; \$661M available on \$750M credit line; projected 6% to 8% RevPAR growth.
LaSalle Hotel Properties	\$500M+	\$446M buys YTD in Calif., Fla.; value-add; upscale full-service convention and resort hotels in primary urban markets nationwide; Chicago, Boston, San Diego and Seattle among big first quarter RevPAR gainers; 4.5% to 6.5% RevPAR forecast; estimated \$430M available credit; \$1.4B outstanding debt.
Apple Hospitality REIT	\$500M	Upscale select-service and extended-stay; projected 5% to 7% RevPAR growth; no new development planned; up to \$60M planned renovations; contracts to acquire \$146M of properties with 680 rooms in Calif., Conn., Fla. and Ga.; has \$345M credit facility with \$355M accordion, nearly \$200M is outstanding.
Pebblebrook Hotel Trust	\$500M	Upper-upscale full-service hotels in urban and gateway markets; has acquired \$300M-plus YTD; projected 6.5% to 7.5% RevPAR increase; has \$750M combined credit facility with \$40M outstanding.
Noble Investment Group	\$425M	Select-service and extended-stay nationwide; value-add strategy; recently acquired a 139-key hotel in northwest Houston.
Strategic Hotels & Resorts	\$425M	Luxury urban locations, upper-upscale, gateway cities and resorts; has acquired \$197M YTD, bought \$441M in 2014; \$750M credit line with \$250M accordion option; has drawn \$380M; increased RevPAR 6% to 8%
Chesapeake Lodging Trust	\$400M+	Has spent \$350M-plus YTD; bumped up credit facility to \$450M, 6.5% to 8.5% RevPAR increase.

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HOTEL INVESTORS

AMERICAN REALTY CAPITAL HOSPITALITY TRUST: Michael Stein, Associate, 405 Park Ave., 14th Floor, New York, NY 10022, (212) 415-6500, mstein@rcscapital.com

ASHFORD HOSPITALITY PRIME: Brian Hughes, SVP, Acquisitions and Sales, 14185 Dallas Pkwy., Suite 1100, Dallas, TX 75254, (972) 778-9333, fax: (972) 490-9605, bhughes@ahpreit.com

CHATHAM LODGING TRUST: 50 Cocoanut Row, Suite 200, Palm Beach, FL 33480; Peter Willis, EVP, Chief Investment Officer, (561) 802-4477, pwillis@cl-trust.com; Dennis Craven, EVP, COO, (561) 802-4477, dcraven@cl-trust.com

HOST HOTELS & RESORTS: 6803 Rockledge Drive, Suite 1500, Bethesda, MD 20817; Nathan Tyrrell, SVP, Treasurer, Managing Director, Investments, EAST, (240) 744-1000

INTERSTATE HOTELS & RESORTS: 4501 N. Fairfax Drive, Suite 500, Arlington, VA 22203 (703) 387-3100; Leslie

NEW FUNDS

BERKSHIRE GROUP: 444 Madison Ave., Suite 5A, New York, NY 10067, Larry Ellman, Managing Director, Head of Venture Investments—BRV PARTNERS FUND I, (646) 278-9690, larry.ellman@berkshire-group.com; Jason Grossman, Managing Director, VENTURE INVESTMENTS, (646) 278-6115, jason.grossman@berkshire-group.com; Matt Medearis, SVP, Client Relations, (646) 278-6115, matt.medearis@berkshire-group.com; Matt Medearis, SVP, Client Relations, (646) 278-6115, matt.medearis@berkshire-group.com

Venture Investments, (646) 278-9692, matthew.medearis@berkshire-group.com; Jed Gates, SVP, Client Relations—WEST, 455 Market St., Suite 1810, San Francisco, CA 94105, (415) 536-2704, jed.gates@berkshire-group.com; 1 Beacon St., Suite 1500, Boston, MA 02118, David Olney, Managing Director, Head of Multifamily Investments —ACQUISITIONS, (617) 646-2344, david.olney@berkshire-group.com; Eric Draeger, Head of Equity and Debt Transactions—NATIONAL

DEBT INVESTMENTS, (617) 646-2344, eric.draeger@berkshire-group.com; Brendon Sullivan, VP, Acquisitions—EAST, MIDWEST, (617) 646-2484, brendon.sullivan@berkshiregroup.com; Shane Fleniken, VP, Acquisitions—CENTRAL, SOUTH, 14800 Landmark Blvd., Suite 120, Dallas, TX 75254, (972) 788-7015, shane.fleniken@berkshire-group.com

CBRE GLOBAL INVESTORS | CBRE STRATEGIC PARTNERS US VALUE 7: 515 S. Flower St., 31st Floor, Los Angeles, CA 90071; Jeff Felder, Senior Director—STRATEGIC PARTNERS US, (213) 683-4288, jeff.felder@cbreglobalinvestors.com; Mike Burrichter, Principal, Acquisitions—EAST, (213) 683-4315, mike.burrichter@cbreglobalinvestors.com; Phil Hench, Principal, Acquisitions—WEST, (213) 683-4255, phil.hench@cbreglobalinvestors.com

KAYNE ANDERSON REAL ESTATE ADVISORS: 1 Town Center Road, Suite 300, Boca Raton, FL 33496, S. David Selznick, Chief Investment Officer, (561) 300-6200, ext. 6206, dselznick@kaynecapital.com; Max Newland, Managing Director, (561) 300-6200, ext. 6249, mnewland@kaynecapital.com; Bryan Cannella, Acquisitions Associate, (561) 300-6200, ext. 6247, bccalla@kaynecapital.com

TURNER IMPACT CAPITAL | TURNER-AGASSI CHARTER SCHOOLS FACILITIES FUNDS: Glenn Pier President, Education Initiatives—CHARTER SCHOOLS, 3000 Olympic Blvd., Suite 2120, Santa Monica, CA 90404, 752-9600, fax: (310) 752-9601, glenn@turnerimpact.com; Gee Kim, Principal—MULTIFAMILY FUND, 3000 Olympic Blvd., Suite 2120, Santa Monica, CA 90404, (310) 752-9600, fax: (310) 752-9601, gkim@turnerimpact.com

NEW FUNDS CHARGE INTO MARKETPLACE ...

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Look for Berkshire's apartment division to well exceed the estimated \$500M it spent on acquisition in 2014, as it pursues additional \$5M-plus acquisitions of core, core-plus and value-add units in primary markets nationwide.

The Berkshire Group moves outside its core apartment focus with a newly minted \$160M-plus BR Partners Fund I, seeking equity investments across most property types. Expect equity investments managers via single-asset entity, general partner and platform structures, as well as recapitalization buyouts and investments in new ventures. Additional deals in coming quarters will follow activity by hotel and senior housing managers and operators.

Increased attention will be paid to alternative assets and managers in coming months, supported by Ares Management's plans to buy private equity shop Kayne Anderson Capital Advisors and, by extension, its Kayne Anderson Real Estate Advisors (KAREA) unit. Its recently closed \$1B equity Kayne Anderson Real Estate Partners IV fund can be expected to shop medical office, senior housing, self-storage buildings and off-campus student housing. Typical deals range from \$15M to \$80M.

Count on more action from CBRE Global Investors, which has \$800M-plus remaining for all types properties needing renovation or lease-up. Deals will be booked for its recently closed \$3B-plus eq Strategic Partners U.S. Value 7 fund with a value-add strategy. Dealmakers seek \$20M to \$250M a transactions in primary and secondary markets nationwide. Although the company has focused on apartments, Class A office, hotels and retail may also be of interest in coming weeks.

Vacant big boxes, manufacturing facilities and land will be an acquisitions focus of the Turner-Aga Charter School Facilities Fund series, which could spend \$125M annually. Anticipate additional in urban sites as small as three acres for high-density development, up to 15- to-20 acres for dark sites previously occupied by Kmart, Mervyns, Walmart and other big-box retailers, as well as vacant fac manufacturing and office buildings. Existing ~~existing~~ facilities will range from \$10M-\$20M, runn

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Expect the fund's market focus to dovetail with the charter school-focused Turner-Agassi Charter Facilities

JV EQUITY PARTNERS PURSUE RETAIL

BUYER	TRANSACTION RANGES	DETAILS
Angelo, Gordon & Co.	\$20M-\$200M	Multitenant urban infill, primary markets; stabilized to redevelopment/renovation-quality; also buys and invests in all other CRE property types.
FCA Partners	\$15M-\$60M	Has \$75M equity investment target for 2015; teams with developers and operators in programming and exec-off.