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December 13, 2011

The Deal Sheet; Hot for Hotels

You don't need to sample the contents of the mini-fridge to start feeling a warm glow about the hotel biz again. New York-based LW Hospitality Advisors president/CEO **Dan Lesser**, whom we spoke with **yesterday**, says that in terms of **fundamentals**, the industry is operating fairly well.



Dan, a panelist at *Bisnow's LA Hotel Investment Summit* this Thursday (Dec. 15) at the Hyatt Regency Century Plaza, tells us it's an interesting time. Usually there's an **ebb and flow** between good times and other periods where 95% of the work is distress-related. But right now, "There's a little bit of everything going on." LW is working on everything from **portfolio valuations** in connection with refinancings and **feasibility consulting** for new construction, to hotel **bankruptcy matters**. The firm has grown rapidly as it approaches its one-year anniversary next month. Last year LW started an asset and property management division to help owners **maximize revenues** and plans to open a Southeast office early next year, with offices in Chicago and the West Coast coming later in 2012. Dan worked in operations for a number of years, particularly with the Hilton chain, then segued into the real estate side. When he wants to get away, Dan heads to his place on **Martha's Vineyard**. (It's not a hotel, so don't barge in and ring for the bell cap.)



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We also chatted **yesterday** with Starwood Property Trust chief originations officer/managing director **Warren de Haan** (with son **Ian**). Think of the company as a **significant lender** in the hotel space: a **one-stop shop** for both first mortgages and mezz financings—about **40%** of its activities are hotel financing. “On some occasions we buy paper, but we mostly **originate** new loans.” Eg, Starwood recently completed a **\$165M** financing in which Starwood Property Trust provided a senior loan, a mezz loan, and a corporate loan on six full-service hotels. Separately, Starwood purchased a \$138M mezz loan on 28 full-service hotels valued at over **\$1B**. You might guess from Warren’s sports of choice—tennis, **cricket and rugby**—that he didn’t grow up in the US. He’s from South Africa, went to hotel management school in Switzerland and worked at luxury hotels in Europe (London’s **Dorchester**, Zurich’s **Baur au Lac**), then went to the School of Hotel Management at Cornell University. He’ll be speaking at our Hotel Investment Summit, too. Just one more day to [sign up](#).

SALES



Equity Residential bought The Encore at Sherman Oaks, a 174-unit multifamily community (4920 Van Nuys in Sherman Oaks), from **AEW Capital Management**, which sold the property on behalf of an institutional client. **Greg Harris, Kevin Green, and Joseph Grabiec** of Marcus & Millichap’s Institutional Property Advisors division repped both sides. According to Greg, The Encore presents an opportunity to

increase value through a **repositioning plan** focused on renovation and rebranding.

The **Swig Co** completed the sale of **Arco Center**, 200 & 300 Oceangate in downtown Long Beach, to the office complex's largest tenant: **Molina Healthcare**. The 460k SF, Class-A office complex was built in the early 1980s; Swig had owned it since 1986.

Held Properties bought a 15k SF religious building at 5180 Yarmouth Ave in Encino from **Temple Ner Maarav** for \$4M or \$258/SF. KW Commercial's **Adam Zunder** and **Michael Albert** repped the buyer, which plans to develop 50 Class-A units. Keller Williams VIP Properties' **Sam Heller** repped the seller, which is relocating and merging with another temple.



Hanley Investment Group's **William Asher** and **Jeremy McChesney** sold a single-tenant Walgreens, 31781 Mission Trail Rd in Lake Elsinore, to a private investor in Palm Desert for \$8M. The building, which is leased to Walgreens for **75 years**, was built this year. The deal included the purchase of the land (from a private investor in Seal Beach) and the building (from Walgreens Co) in two separate transactions that closed concurrently.

Residential Investments of Hermosa Beach sold the Radford Apartments, a 16-unit building at 6836 Radford Ave in North Hollywood, to a partnership of local investors for just over \$1.3M. Hendricks & Partners' **Brent Sprenkle** repped the seller.

Illi Commercial Real Estate's **Greg Offsay** repped both the buyer and seller of a 3,100 SF building at 6300 Crenshaw Blvd in LA. The corner parcel was purchased by a **coin laundry developer**.



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California Eastern bought **The Farmhouse**, a 10-unit apartment building at 301 Pleasant St in Pasadena, for \$1.8M all-cash. Hendricks & Partners' **Kevin Hurley** and **Kevin Lutz** repped the seller, an LLC. Built in 1956, The Farmhouse features **Dutch-door entrances**, covered porches, and interiors with exposed wooden beams.

LEASES



Things are rosier for **Saiful/Bouquet**, which leased more than 19k SF feet at 155 N Lake in Pasadena in a relocation. The structural engineering firm outgrew its previous space in the Western Asset Plaza, 385 E Colorado. UGL Services' **Josef Farrar** and **Matt Sasaki** repped the tenant. CBRE's **Patrick Church** repped landlord **Equity Office Properties**.

Capital Realty Solutions' **Ash Joshi** has signed tenants to more than 75% of a recently vacated, 25k SF industrial building at 814 San Fernando Rd in the Glassell Park area. Nearly half the building will be occupied by an **indoor soccer arena**. Other tenants include a church and a printing company. Ash repped landlord **BLK International**, the building's former occupant, in all three deals. He also assisted BLK in its relocation and expansion to 2552 E Olympic Blvd.

Lastline, an Internet security firm, leased 2,281 SF at the Storke Hollister Research Center in Goleta. Towbes Group's **Traci Taitt** and Radius Commercial's **Mike Chenoweth** repped landlord **Nassau Land Co**. Founded by computer science professors at UC Santa Barbara and Northeastern University, Lastline develops products and



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Ciggys 4 Less, a specialty tobacco store, and **Fantasy 2000 Art and Framing** each leased 1,560 SF in Sepulveda Plaza, 6265 Sepulveda Blvd in Van Nuys. Illi Commercial's **Greg Offsay** repped the landlord in both deals, as well as Fantasy 2000. Centers Business Management's **David Guardado** repped Ciggys 4 Less.

FINANCINGS

Lucent Capital arranged a \$23.5M construction loan for **Highway Partners LLC** for The Barlow, a 216k SF adaptive-reuse project in Sebastopol. The development is designed to allow local industrial tenants and **specialty product manufacturers** such as glass blowers and cheese makers to produce their wares and sell direct to consumers through an **onsite retail outlet**. The Barlow is 78% preleased and will be anchored by **Kosta Browne Winery** (whose pinot noir was voted 2011 Wine of the Year by *Wine Spectator*). Construction will take place in two phases beginning **this month**.

CapitalSource provided \$16.8M to Beverly Hills Apartments LLC for the acquisition of the Beverly Hills Triangle Apartment Portfolio, consisting of three Class-B multifamily properties at 330 & 350 N Crescent Dr and 415 N Oakhurst Dr. The borrower is a JV between **Xenon Investment Corp**, which owns and manages more than 1,000 units throughout LA, and **L.A. Housing Solutions**.

AWARDS

The Klabin Co/CORFAC International president **David Prior** was named 2011 recipient of the **Roy C. Seeley Perpetual Award** by the LA chapter of the Society of Industrial and Office Realtors. Established in 1971, the award is given in memory of **Roy C. Seeley**, the founder of the former Seeley Co who helped organize SIOR in the early part of **WWII**.

Tell Julie@bisnow.com all about it. She's a great listener.



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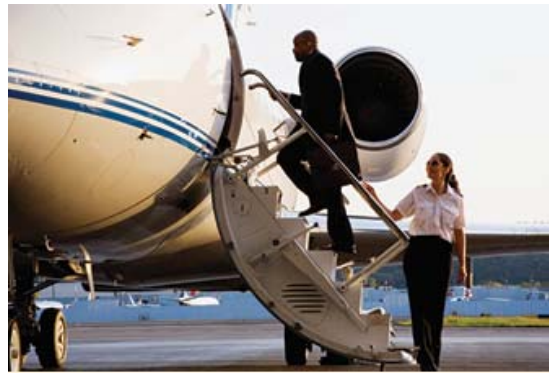


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