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Waldorf becomes most expensive hotel ever sold: \$1.95 billion

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What will Hilton do with Waldorf cash?

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Hilton Worldwide announced it will sell the Waldorf Astoria in New York City to a Chinese insurance company for nearly \$2 billion. CNBC's Robert Frank and Simon Hobbs discuss how Hilton will spend the money from the deal after it closes.

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The hotel famously called "the greatest of them all" is now the most expensive of them all.

Hilton Worldwide Holdings said it's selling the famed Waldorf Astoria hotel in New York for \$1.95 billion to China-based buyer Anbang Insurance Group.



Barry Winiker | Getty Images

The price makes the Waldorf the most expensive single hotel ever sold in

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Waldorf, most expensive hotel ever sold

The famed Waldorf Astoria hotel, famously called "the greatest of them all," is now the most expensive of them all.

the U.S., according to Daniel Lesser, CEO of LW Hospitality Advisors, which counsels the hotel industry.

Until the sale, the most expensive single-hotel deal was believed to be the sale of The Cosmopolitan hotel and casino in Las Vegas to **Blackstone** for \$1.73 billion, but that transaction also included the casino.

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"This is the largest single-hotel transaction period," he said. "Certainly in the U.S., and maybe for the world."

By comparison, a controlling stake in New York's other iconic hotel—the Plaza—sold for \$570 million in 2012, though that building is again for sale.

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Lesser said the Waldorf deal works out to about \$1.4 million per room key.

For their money, the Chinese buyers get one of the most iconic—if not the most iconic—hotels in the world as well as a full square block of real estate in the heart of Manhattan. As part of the deal, Hilton will continue to operate the property for 100 years and the hotel will undergo a major renovation.

The sale shows how foreign flight capital is transforming the U.S. real estate market, especially hotels in big metro areas. And while some analysts liken the deal to the Japanese buying Rockefeller Center in the late 1980s, which ended with a bust, Lesser said this time is different.

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Today's foreign investors are a more diverse group, coming from multiple countries, he said. "On a relative basis, the U.S. is the safest place to invest, especially given all the unrest in the world."

Hotels have become especially attractive to foreign buyers because they offer strong investment returns and income, according to Lesser.

"When done correctly, hotels are an incredible investment," he said. "Especially with technology allowing hotels to reprice rooms instantly for demand."

 **Robert Frank**
CNBC Reporter and Editor

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