



Business

Inland area bucks trend on hotel sales

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By **KIMBERLY PIERCEALL**
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Shopping for a hotel hasn't become any easier.

Wary lenders and sellers, unwilling to unload properties for less than what they were worth in boom times, aren't just affecting housing. Hotel buyers and sellers are also adjusting to a slower lending atmosphere.

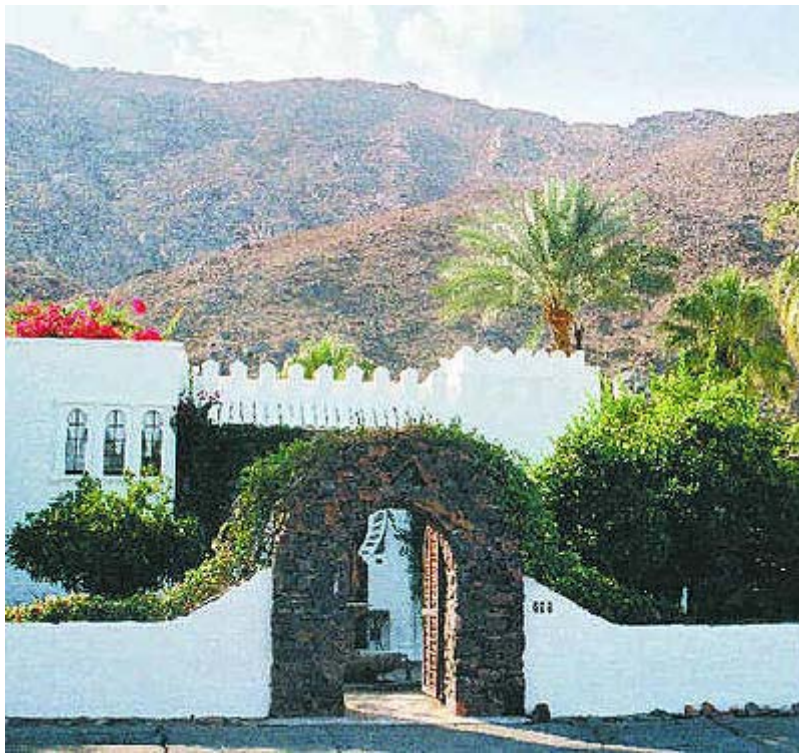
California hotel sales were down 44 percent, with San Diego County feeling the brunt of the hesitant market, the mid-year Atlas Hospitality Group report indicated. Irvine-based Atlas Hospitality researches the hotel industry and acts as a hotel broker.

San Diego County sales were down 50 percent with the total paid for the properties plunging 95 percent.

Nonetheless, hotel sellers sold 12 properties in Riverside County, 36 percent more than they had the previous year. The hotels sold in San Bernardino County in the first half of 2006 and 2007 were unchanged.

"At the moment, things are tough," said Steven Siegel, partner and chief operating officer of KSL Capital Group based in Denver. Its KSL Resorts operation is based in La Quinta. Much like the housing market, hotel sellers still believe their properties are worth far more than what lenders are now willing to spend, Siegel said.

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The Moroccan-themed Korakia Pensione in Palm Springs sold for \$7.5 million in the first half of this year.

Hotels trading hands in the Inland region included in figures for the first six months of the year included the 29-room Korakia Pensione in Palm Springs for \$7.5 million and the 163-room Courtyard by Marriott in Riverside for \$21.2 million.

"The market was so strong for so long ... and I think it's hard for people to say suddenly what they had is worth less," Siegel said.

KSL Capital hasn't bought a hotel property since it agreed to acquire ClubCorp and its Barton Creek Resort & Spa in Texas last October. Siegel said the company is still seeking good fits for its portfolio of hotels, typically large properties that could use some improvements, but it's become more challenging.

"We have been anticipating it and we've been very patient," he said, referring to the slowdown.

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Sold

Some of the properties that traded hands in Riverside and San Bernardino counties in the first half of 2007:

Embassy Suites Palm Desert: \$21 million

Courtyard by Marriott in Riverside: \$21.2 million

Hampton Inn Chino Hills: \$16.8 million

Holiday Inn Express Temecula: \$12.2 million

Holiday Inn Express Corona: \$10.5 million

Comfort Inn Riverside: \$10 million

Best Western Big Bear Chateau: \$7.7 million

Korakia Pensione in Palm Springs: \$7.5 million

Best Western Hemet Motor Inn: \$6.4 million

Source: Atlas Hospitality Group
