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Chicago Investor Snaps Up Carolina Hotels for \$70M

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In a move not so uncommon among hotel investors these days, Chicago-based Oxford Capital Group L.L.C. has bought six hotels in the Carolinas from affiliates of Fowler Hospitality for about \$70 million. All of the hotels are Marriotts, with two in Charleston, S.C., two in Columbia, S.C., and two in metro Charlotte, N.C.. All together, the portfolio totals about 700 rooms.

"Each of the properties, which are upscale select service or extended stay hotels, has upside potential in terms of revenue, and we believe each one is in a market that's going to grow stronger in the coming years," John W. Rutledge, president & CEO of Oxford, told *CPN* this morning, adding that his company also plans improvements on all the properties as part of the effort to grow revenue.

Rutledge characterized downtown Charleston, as a "high-barrier to entry market," noting that as a tourist draw the city has gained a lot of traction in recent years. Both of the properties acquired by Oxford are downtown, including the Residence Inn Charleston Downtown Riverview and the Spring Hill Suites Charleston Downtown Riverview (pictured).

As for Columbia, "we like state capitals," Rutledge said. "State government, universities and business travel are all strong drivers for the hospitality business in Columbia." In the capital of South Carolina, Oxford bought the Residence Inn Columbia Northeast and the Courtyard Columbia Northeast.

In greater Charlotte, Oxford picked up the Courtyard Rock Hill and Courtyard Charlotte-Matthews. As part of the Research Triangle, Charlotte, also offers strong growth potential, Rutledge added.

According to a survey published in December by Jones Lang LaSalle Hotels, hotel investors as a whole are keen on select service and extended stay hotels in the southern United States, including Alabama, Florida, Georgia, Louisiana, Mississippi, and the Carolinas. Some 57 percent of investors surveyed by the company will target this region for hotel acquisition and development in the next six months.

"This high interest level can be attributed in large part to the influx of auto industry and Fortune 500 relocations to this region, including such companies as BMW, Toyota and Hyundai," the survey noted. "Tax incentives, minimal union activity, and lower labor costs are also luring companies to the area."

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