

HOTEL JOURNAL[®]

ICD
PUBLICATIONS

Inside Real Estate

Breaking NEWS

▶ **SAVA HOLDINGS, LTD.** plans to build a 123-room Element Hotel in Irving, TX, that is projected to open in the fourth quarter of 2008.

▶ **LAKESIDE PRINCETON CONFERENCE CENTER & HOTEL** in Princeton, NJ, is now set to become the 364-room Wyndham Princeton Forrester Hotel & Conference Center with Wyndham Hotels & Resorts as the operator. The asset is owned by Merritt Capital Investors, LLC.

▶ **SPECIALTY FINANCE GROUP**, a subsidiary of the Bankers Bank, has closed on a \$51-million construction/mini-perm loan with Impact Properties for Impact's Westin Tampa Bay resort project. Slated to open in December 2008, the waterfront Westin is located on Rocky Point Island. The 16-story hotel will feature 255 guestrooms and suites.

PRE-SORTED
STANDARD
US Postage
PAID
NO. 306
Eaton, PA.

HOTEL JOURNAL[®]
P.O. Box 854
East Setauket, New York 11733-0663

Las Vegas' Sahara set for rejuvenation

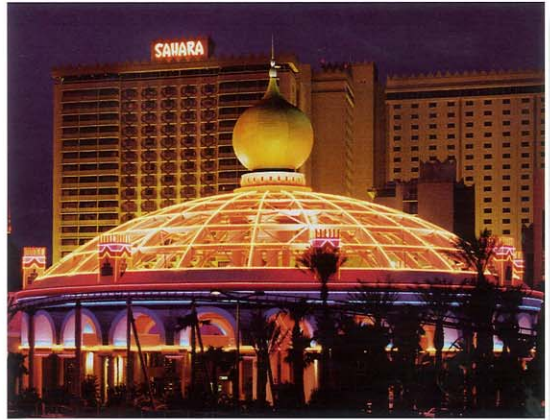
JV buys hotel with big plans

BY CHRISTOPHER OSTROWSKI

Las Vegas' perpetually active redevelopment machine is now moving its focus north along the famed Las Vegas Strip to the site of the Sahara Hotel & Casino, which has been acquired by a partnership between SBE Entertainment Group, LLC and Stockbridge Real Estate Funds that, in typical Las Vegas style, holds grandiose plans for the 55-year-old property.

Selling the more than 1,700-room asset, which has hosted during its time such performers as Johnny Carson, Tina Turner, Buddy Hackett, the Beatles, Dean Martin and Jerry Lewis, was Gordon Gaming Corp. for an undisclosed price. Following the sale, SBE Entertainment's SBE Hotel Group took over the operations of the hotel and food and beverage outlets. The casino portion, meanwhile, is now being managed by Navegante Group.

continued on page 6



SBE Entertainment Group, LLC and Stockbridge Real Estate Funds acquired the Sahara Hotel & Casino in Las Vegas from Gordon Gaming Corp. with plans to revitalize the property.

by the NUMBERS

Price per key hits another milestone



Property	Sales Price (\$mil)	Price Per Key (\$mil)
Resorts East Chicago (E. Chicago, IN)	\$675M	\$2.3M
Maui Prince/Makena Resort (Makena, HI)	\$575M	\$1.9M
Westin Boston Waterfront	\$330M	\$416
Hilton Washington	\$290M	\$259
Boston Marriott Long Wharf	\$228M	\$568

SOURCE: CB Richard Ellis (Daniel Lesser)

Recently, CB Richard Ellis revealed in its mid-year 2007 Select Major U.S. Hotel Sales tally that the pending \$675-million deal for the 291-room Resorts East Chicago Hotel & Casino in East Chicago, IN, is not only the highest price deal of this year, but is the highest price-per-key deal of all time at \$2.3 million per room. Colony Capital's Resort Holdings is set to sell the asset to Ameristar Casinos Inc. in the fourth quarter. Listed along with that deal in the chart to the left are the other top transactions of 2007.

HOTEL JOURNAL[®]

Ex-REIT back in hotels with Dallas Ritz

BY CHRISTOPHER OSTROWSKI

FORT WORTH, TX— It has been a whirlwind 2007 to say the least for Fort Worth, TX-based Crescent Real Estate Equities.

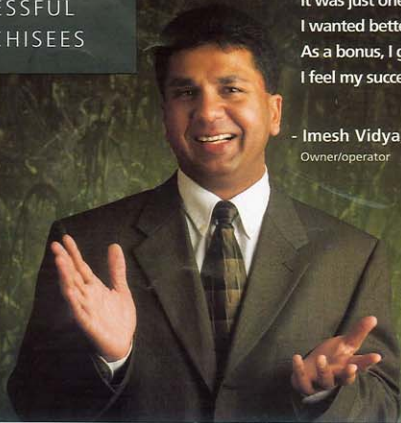
The company has transformed from a REIT investing in primarily office assets along with hotels to a singularly-focused office REIT to a part of Morgan Stanley Real Estate, which acquired and took Crescent

continued on page 4

A PORTRAIT OF SUCCESSFUL FRANCHISEES

You can own one La Quinta[®] or five. You're treated the same. It was just one year ago that I converted my property. I wanted better marketing, reservation services and name recognition. As a bonus, I got corporate owners with a vested interest in the brand. I feel my success is tremendously important to them.

- Imesh Vidya,
Owner/operator



In the past five years, La Quinta[®] has invested over \$240 million in our company owned properties. All the while sharing what we've learned with franchisees to maintain quality, exceed guest expectations and build brand loyalty. We're all about customer satisfaction and a great value. Not to mention setting a stellar example for the industry. Just like Imesh does on a daily basis. That's the promise of La Quinta. Call 1-866-TEAM-LQI (832-6574) for franchise information.

Promises made. Promises kept.[®]



Individual results vary by hotel, market and experience of operator. This is not an offer. An offer can be made only through an offering circular MNPREGHF-4544. La Quinta Franchising, LLC, 909 Hidden Ridge, Suite 600, Irving, TX 75038

The \$200-million Ritz-Carlton, Dallas, is the only Ritz-Carlton in all of Texas.

Bill Mabus, Crescent Real Estate Equities



Despite eventful year, Crescent Equities opens Ritz

continued from page 1

private in August. Yet, through these organizational undulations, somehow hotel investment has remained alive at Crescent, as clearly exemplified by the firm's recent opening of the Ritz-Carlton, Dallas and the Residences at the Ritz-Carlton, Dallas, the only Ritz-Carlton now within all of Texas.

"This project technically started all the way back in about 2000 with some initial thoughts and those thoughts became a luxury hotel with a residential component. To do a high-end hotel today you almost have to have a high-end residential component," noted Bill Mabus, the vp of development at Crescent, which he said retains its identity under the ownership of Morgan Stanley. "Over a period of time, we started talking with Ritz-Carlton and it was evident they would be a great partner to have as the operator of a hotel and residences. So they became our partner and, now, this is the first Ritz-Carlton in the state of Texas and the first domestic Ritz-Carlton opening in the past four years. There was one in Houston eight years ago, but [Ritz-Carlton] stopped managing the hotel, so this is the first to come back to Texas. For Texas, that's a nice thing. And Dallas wanted a Ritz—the name and everything it brings with it."

Featuring 218 hotel rooms and 70 private condominiums that are not eligible to be entered into a hotel rental program, the Ritz-Carlton, Dallas that stands now is phase one of a larger project. Phase two of the project will feature another 96 residences and is scheduled to be completed in the third quarter of 2009. Phase one cost more than \$200 million to build.

As a result of that price, the 21-story, block-wide property features what is re-

portedly the largest luxury ballroom in Dallas at 9,500 square feet, a 12,000-square-foot Ritz-Carlton Spa and Fearing's Restaurant, which was created by celebrity chef Dean Fearing.

Robert A.M. Stern Architects designed the asset, which also offers, in its guestrooms, five-fixture bathrooms, Frette bed and bath linens, Bulgari bath amenities, flat-panel Sony high-definition televisions with both HD movies and HD programming, DVD players, iPod docking stations, wired and wireless Internet access and coffee and tea-making facilities.

"We asked Robert Stern to be the design architect for the project and we also had HKS involved on the design of the building," Mabus said. "It turned out to be a great partnership, with Stern bringing his world of expertise to the building, and that's been phenomenal for Dallas. The people are excited about the building and what it looks like. We wound up being 50% pre-sold on the residences before we even broke ground. Also, one of the things we did was determined with Ritz that we wanted a different concept for the restaurant. So Fearing's is really one of the most unique restaurants in all of the country."

Bringing the whole project together took

two years in the construction phase, Mabus added, noting that the next phase of residences is more than 50% pre-sold.

Adding to the allure of the property is the location and site, which sits along Dallas' historic McKinney Avenue, the shopping, dining and entertainment center for the city. "The site is the prime site in Dallas," Mabus said.

"It sits right next to the [central business district], which is also within walking distance of the arts district and high-end residences in the up-town area."

Judging by the events surrounding Crescent during much of 2007, it could be argued that the Ritz-Carlton, Dallas project seemed destined for another owner's portfolio, at the very least. Those events began with Cres-

cident Real Estate's March declaration that based on an extensive review of its strategic alternatives, it would simplify its business model and become a pure play office REIT concentrating on its core office real estate business. As a result, resort residential developments were put up for sale in addition to all of the company's resort and hotel assets.

Those for-sale assets included the 60-room Ventana Inn & Spa in Big Sur, CA; 190-room Park Hyatt Beaver Creek Resort

& Spa in Avon, CO; 613-room Denver Marriott City Center hotel in Denver; 388-room Renaissance Houston Hotel in Houston; 375-room Omni Austin Hotel in Austin, TX; and 228-room Fairmont Sonoma Mission Inn & Spa and Sonoma Golf Club in Sonoma, CA. The for-sale assets, however, did not include the Ritz-Carlton, Dallas.

Agreeing to acquire those properties for about \$620 million was Walton TCC Hotel Investors V, LLC. All of the property sales have closed, except for the deal involving the Fairmont Sonoma, which was originally expected to be finalized in the second quarter.

Subsequent to those transactions, like many REITs in recent times, Crescent was taken over by private money in the form of Morgan Stanley Real Estate, which bought Crescent for \$6.5 billion or \$22.80 per share. Ironically, Morgan Stanley has been one of the more active investors in hotel assets and companies during the past couple of years. Consequently, Crescent has almost come full circle with its involvement with the hotel asset class.

Regardless of this series of significant events, Mabus said the Ritz-Carlton, Dallas project was never in jeopardy in any shape or form. "The activity did not affect the project," he asserted. "We changed ownership at the top, but the project itself stayed the same."

With that said, and with Crescent now a part of a very lodging-focused Morgan Stanley organization, Mabus noted that the company will probably look to invest in other luxury level hotel-related properties and projects in the future. "Crescent and Morgan Stanley have a large appetite," he said, "to do both acquisitions and developments of hotels." 



A bathroom at the Residences at the Ritz-Carlton, Dallas.