

Major investors zero in on Fort Lauderdale Beach hotel market



Private equity giants and publicly traded investment firms are taking a closer look at Fort Lauderdale Beach's hotels as a number of large properties have hit the market for sale.

"What we're seeing is that Fort Lauderdale is attracting investors who like South Florida, and are maybe finding that Miami is becoming a little too pricey for them," said Boaz Ashbel, an Aztec Group managing director.

Fort Lauderdale Beach is undergoing significant redevelopment, including the Gale hotel and condo project, the Paramount condominium, and Adagio, a boutique condo project.

And at least three major hotels in Fort Lauderdale Beach and the surrounding area are on the market.

Private equity firms including Rockbridge Capital and Goldman Sachs are scoping out the hotels, a source said.

The Related Companies is looking to sell the W Fort Lauderdale, a 346-room beachfront condo-hotel at 401 North Fort Lauderdale Beach Boulevard, according to a source. JLL is marketing the property, asking \$795,000 per key, or about \$275 million. A spokesperson for the developer and for JLL could not immediately be reached for comment.

Related bought the project from the Y Group for \$90 million in 2009, and later completed a \$55 million renovation of the property.

HFF recently listed two properties in Fort Lauderdale: the B Ocean Resort, a 481-room property at 1140 Seabreeze Boulevard, and the 236-key Renaissance Fort Lauderdale Cruise Port Hotel at 1617 Southeast 17th Street.

Both hit the market unpriced. RE Alert reported B Ocean, previously known as the historic Yankee Clipper hotel, is worth \$447,000 per room, or about \$215 million. Carlyle Group and InSite Group paid \$107 million for the 3.29-acre property in 2014, and embarked on a \$40 million renovation of the hotel about two years later, property records show. Its net operating income is expected to exceed \$11 million in its first full year of operations following the major overhaul, according to marketing materials.

The Renaissance is worth about \$305,000 per key, or about \$72 million, according to RE Alert. Property records show Noble Investment affiliate NF III Ft Lauderdale LLC paid \$48.1 million for the property in 2015. The 3.3-acre site is on 17th Street, which leads to Fort Lauderdale Beach. Noble renovated the guest rooms, common areas, meeting space and food and beverage components in 2016.

HFF could not immediately be reached for comment.

About a year ago, the Courtyard Fort Lauderdale Beach by Marriott traded hands for about \$83 million, or nearly \$318,000 per key. Fillmore Capital Partners sold the beachfront property to Summit Hotel Properties.

Shortly after, the Blackstone Group put the 589-room Hilton Fort Lauderdale Marina on the market. The 9-acre property is reportedly under contract to sell to Brookfield Asset Management, which owns the Diplomat Beach Resort in Hollywood through its Thayer Lodging Group. While unpriced, brokers have expected the Hilton to sell for about \$175 million.

Hotel construction is also up across South Florida with a number of properties slated to come online this year. Nearly 4,200 new hotel rooms and 2.8 million square feet of space will be completed within the next two years in the tri-county area, data analyzed by Colliers International Realty shows.