

Sonesta sells Coconut Grove hotel to Nevada firm

Boston hotel company sold the property's 31k square feet of common space



Sonesta International Hotels Corp. sold its Coconut Grove hotel to the Kishan Group, a Reno, Nevada-based hotel company that will rename it the Hotel Aria, *The Real Deal* has learned.

Boston-based Sonesta sold the 31,000 square feet of common space, which included the lobby, restaurant and event space at 2889 McFarlane Road, for an undisclosed amount. The deal closed on Monday and is the first acquisition for the Nevada company, Kishan Group owner Bal Gosal told TRD. It will be converted to Hotel Aria over the next three months.

The brand is an independent boutique flag – a “soft brand” – that’s part of Best Western’s Premier collection, Gosal said. Room rates are expected to rise about 15 percent.

“Soft branding allows a hotel franchisee to be affiliated with a distribution system that a particular brand has and give the franchisee a lot of leeway in terms of design and the actual product they want to deliver,” said Bo Ashbel, managing director of Aztec Group.

The deal excludes any hotel rooms or condo units. About 140 keys of the condo-hotel are currently part of the hotel rental program, Gosal said. JLL’s Andrew Dickey represented the seller, Sonesta. He and Gosal declined to provide a sale price. A spokesperson for the Sonesta said that the hotel is being licensed as a Sonesta “for the near future.”

Ashbel, who considered buying the hotel, said it had been on and off the market for awhile, at some point asking between \$7 million and \$8 million. “The condo-hotel world is a challenge to all involved,” Ashbel said.

The Sonesta's rental program had been losing units to owners opting instead to rent them out themselves on websites like Airbnb, VRBO and HomeAway.

"Either owners elected not to stay and be part of the management system, or Sonesta decided that certain owners were not keeping up with the units," he said. "You have an operator with a bunch of comparables in-house. The consumer is probably confused or plays one against the other. The bottom line is as fewer units were part of the rental management program, the less economically viable the front desk was becoming."

Property records show the 22-story building, completed in 2001 as the Mutiny on the Park, has more than 300 hotel rooms within the roughly 210 condo units. Texas Vertiente Financial LLC, led by Brazilian investors Joao Rego and Francisco Heráclio do Rego, owns 50 units, which amount to 78 keys, according to real estate agents Alex and Debora Pludwinski. They said the units are all part of the hotel's rental program.

Lionheart Capital developed the then-224-unit condo-hotel and sold the commercial component to Sonesta in 2010 for \$7.85 million, according to property records.

The sale comes as development is ramping up in the Grove – with a handful of new hotels in the pipeline. Nearby, the Cipriani family and Arquitectonica's Fort family are building a [Mr. C hotel](#) at 3401 and 3405 Main Highway, adjacent and behind the Engle Building. Developer Ricky Trinidad of Metronomic also has two boutique hotels in the works, one on [Grand Avenue](#) and one on Commodore Plaza.