

Commercial Real Estate

Coconut Grove Doubletree sells for less than '95 price

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By: Paola Iuspa-Abbott

In a sign of the weakening market for hotel properties, the Doubletree Hotel Coconut Grove has sold for less than what the seller paid in 1995.

Coconut Grove PT Ltd., an affiliate of General Electric Pension Trust, sold the 196-room hotel on Friday for about \$13 million, according to Holliday Fenoglio Fowler, which brokered the deal. Coconut Grove PT acquired the hotel for \$13.85 million 14 years ago, according to Miami-Dade County property records.

One expert said the hotel may need \$5 million to \$8 million in upgrades, justifying the price.

"It's a fair price for that property," said Guy Trusty, president of Lodging & Hospitality Realty in Coral Gables. He wasn't involved in the deal.

Bay Harbor Islands-based Robert Finvarb Cos., headed by Robert Finvarb, bought the property to convert it to a Courtyard by Marriott. Finvarb said he plans extensive renovations for the hotel but for now will work on improving the public areas like the lobby, the pool deck and the meeting space.

Finvarb, who negotiated with the GE affiliate for nearly seven months, said he saw the deal as a chance to enter Miami's Coconut Grove market at a very reasonable cost.

"I feel there are tremendous opportunities right now on the market because everything is undervalued in light of the recent performance in the hotel market over the last year," he said.

The 16-story building at 2649 S. Bayshore Drive was built in 1972 and renovated in 2004. Trusty said the hotel was in "very poor" condition. He is familiar with the property because two of his clients submitted offers about six months ago. Their offers were higher than \$13 million, or about \$66,000 per room, but they were contingent on a property inspection. If the building needed repairs, the sale price was to be reduced according to the cost of renovating the property. GE didn't go for that, he said.

The Doubletree Hotel has 9,000 square feet of meeting space, a restaurant and lobby bar, an outdoor heated pool, a fitness center, business center and two lighted tennis courts.

Holliday Fenoglio broker Daniel Peek said the hotel sold at below replacement cost, making it appealing to investors interested in renovating, repositioning and reflagging the hotel.

"During the Doubletree sale process, we saw the beginning of what is continuing in other transactions we have in the market today — a significant demand for value-add hotel investment opportunities and an expanding pool of lenders prepared to finance transactions," Peek said.

Robert Finvarb Co. specializes in developing Marriott branded hotels. The company owns and operates eight hotels across the country, including three in Miami-Dade County and one in Broward County. Finvarb said he hopes to rename the hotel before the end of the season.

"Finvarb is very successful at doing Courtyard conversions and developments from the ground up," said Trusty, who has worked with Finvarb in the past. "They know what they are doing and have consistently pursued projects in good times and bad."

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