

AUGUST 27, 2018 | MOLLY ARMBRISTER

# Denver's Ritz-Carlton Hotel Sells for \$100 Million, Setting a Record Per-Room Price

Florida REIT Pays \$496,000 Per Key, the Most for a Denver Hotel



The \$100.25 million sale price paid for the Ritz-Carlton in downtown Denver sets a new record for per-room price in the market.

Xenia Hotels & Resorts, a Florida-based real estate investment trust focused on hospitality properties, has acquired downtown Denver's Ritz-Carlton for \$100.25 million, setting a per-room price record that

reflects surging demand for hotels in Colorado's capital city.

Xenia purchased the 202-room luxury hotel from Chicago-based Pearlmark Real Estate for \$496,000 per key, a Denver record. The sale eclipses the per-key purchase price for the Embassy Suites by Hilton Denver Downtown-Convention Center, which sold in 2015 for \$170 million, or \$422,000 per key.

Denver's 14-story Ritz-Carlton, at 1881 Curtis St., was recently renovated for about \$60,000 per room, according to Xenia, and includes 13,000 square feet of conference and meeting space, as well as a spa and Elway's Restaurant. The hotel is part of a mixed-use development that also includes residences.

"While Denver has experienced significant lodging supply increases over the past few years, strong demand growth has allowed the market to absorb these supply increases and we view the long-term market fundamentals favorably," said Marcel Verbaas, chairman and chief executive of Xenia.

He added that "our asset management platform will be able to drive significant value at the property as the hotel is able to take full advantage of the recently completed renovations."

The sale is a "big confidence booster" for current hotel owners in downtown Denver, said Mike Cahill, chief executive of Greenwood Village-based Hospitality Real Estate Counselors.

The record price indicates the level of confidence in Denver to continue

its streak as a prime destination for tourists, business travelers and conventions, which add up to full hotel rooms, even as new product is delivered to the market, he said.

"It shows confidence that the new supply has been absorbed, and that people believe in Denver enough that the new supply that's still in the pipeline will continue to be absorbed," Cahill said.

In addition, the sale could prompt owners downtown to put their hotels up for sale, or to refinance them, Cahill said.

The Denver area has played host to record numbers of travelers for the last 12 years in a row, with 37.1 million people coming to the area in 2017, according to a report prepared for Visit Denver, the city's tourism bureau.

Planned updates to the Colorado Convention Center totaling more than \$230 million are expected to continue driving convention business to the city, a major component of Denver's tourism industry.

The Ritz-Carlton's revenue per available room over the year ending July 31 was \$247, according to the statement. The hotel was developed in the 1980s as an Embassy Suites, but was re-branded as a Ritz-Carlton in 2008.

Denver Ritz-Carlton is now the 39th hotel in Xenia's portfolio. The company owns properties across the country.

For more information on the transaction, please see CoStar Comp #4492532.

Molly Armbrister, Denver Market Reporter **CoStar Group**

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