

EXAMPLES OF BOUTIQUE HOTELS APPRAISED OR EVALUATED

DELANO

“America’s coolest hotel” *Vogue*



According to *Vogue* magazine The Delano is America’s coolest hotel. It was not always considered cool. When we conducted a feasibility/appraisal on the property in 1993, *South Florida Business Journal* reported that success for our client was unlikely and quoted many well know industry analysts. Our analysis was positive; however, *Ian Schrager’s success far exceeded our study’s expectations*. His success in the operation of this boutique hotel was unprecedented and fortified his hotel empire. He is now the leader in the field of upscale boutique hotel operations and considered the founder of this concept.

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DELANO HOTEL-SOUTH BEACH



“America’s coolest hotel” is recognized as the model and inspiration of many boutique hotels. In 1993 Ian Schrager engaged our firm for feasibility/valuation services and visited our offices to ensure we understood his concept. “It’s the entertainment business” he explained. Our feasibility and appraisal was positive, however there were many skeptics at that time that were quoted in the *South Florida Business Journal*. He far exceeded expectations and the Delano became the catalyst for rejuvenating his hotel empire. The rest is boutique hotel history.

VICTOR HOTEL-SOUTH BEACH



In September 2001, **HCI** was engaged by Zom Inc.’s lender to conduct a feasibility study/ valuation on the Victor Hotel. The company purchased the historic Art Deco building and adjacent site next to Gianni Versace’s famed mansion ‘Casa Casuarina’ on Ocean Drive. Zom Inc. proposed a \$50 ml re-development and expansion to a five star luxury boutique hotel. Facilities program includes 91 unique rooms, an upscale a 7,500 sq.ft. Spa, 4,000 sq. ft. retail space and an exclusive restaurant. A hotel designed to suit style-conscious customers.

THE SAVOY ON SOUTH BEACH



The Savoy on South Beach is a renowned boutique all-suite resort. A beachfront property is located on a quieter section of Ocean Drive. Sunterra operated it as an interval ownership resort until its acquisition by The Arden Group Inc. in Dec. 2000. **HCI** was engaged by the lender to provide a due diligence valuation. Our company had also been engaged by another potential purchaser on a prior assignment. **The new owners planned a major repositioning and the Feasibility/Appraisal was based on this significant repositioning.**

THE BLUE MOON – COLLINS AVENUE



Television producer and hotelier Merv Griffin assembled the Art Deco style Lafayette and Les Suites and developed the upscale Blue Moon. The hotels redevelopment cost was around \$12 million. The hotel features 75 rooms and The Cheeky Monkey an upscale restaurant. **The hotel was purchased by the Simon Group from Griffin in November 2000. **HCI** was engaged by the lender, a local bank.** The Simon Group already operated two other hotels in the South Beach area and was well positioned to benefit from the synergies of operating three boutique properties.

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THE CARLYLE-OCEAN DRIVE



The historic Carlyle was purchased by Carlyle Deco Inc. in 1990 for approx. \$3 ml. **The purchaser, the founder of Deisel Jeans, also owns the Pelican Hotel and hired our firm in 1997 to conduct a feasibility/valuation study** on this non-operating hotel. The original concept was to position it marginally above Ocean Drive's boutique hotels, but with the success of the Astor, Tides and its own Pelican Hotel the project was substantially upgraded to target a more upscale clientele. The restaurant, an important component of this development is expected to gross \$2 ml.

THE WINTERHAVEN-OCEAN DRIVE



The Simon Group purchased The Winterhaven in 1998 for \$6 ml. from Ocean Drive Realty Associates. Their acquisition costs were \$1.056 ml in 1986. The new owners restored the property at a \$5 ml redevelopment cost and their manager Coral Beach Hotel & Resorts re-opened the hotel in mid-2000. **HCI was engaged by the bank, very active in boutique hotel lending in Miami Beach, for a feasibility/valuation analysis prior to redevelopment.** An update appraisal was also required once the hotel opened.

THE ESSEX HOUSE - COLLINS AVENUE



The property was originally built in 1938 and was purchased by the Winslow Group in 1997 for \$3.8 ml. In the \$3.5 ml. renovation, a total of 19- rooms were added to the property. **HCI was engaged by the bank, to perform an Economic Study and Appraisal for collateral valuation purposes.** The 79 room hotel is also managed by Coral Beach Hotel & Resorts. This company now operates three hotels in South Beach, The Essex House, Winterhaven and Blue Moon.

THE SOVEREIGN HOTEL - COLLINS AVENUE



This oceanfront boutique hotel was purchased by the Talon Group in 1998 for \$7.1 ml. The 107-room property is located within the middle portion of Miami Beach south of the Hilton Fontainebleau Spa building. After a complete restoration the total redevelopment cost reached \$14.5 ml or \$135,000 per room. A swimming pool, Jacuzzi and balconies were added. The rehabilitation was of superior quality and the hotel opened in Feb 2000. **HCI was engaged to perform a valuation for collateral purpose. The firm was not involved in the feasibility study.**

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ROYAL PALM/SHORECREST



Our firm was engaged as consultants to assist HCF in their bid for Miami Beach's African-American allocation of development funds for a convention quality hotel. Our role included the negotiation of \$5 million in equity from ITT Sheraton and the negotiation of the hotel contract. We also introduced the major development team members to the project including the architectural firm that completed the winning presentation package. The HCF group later incorporated Peebles Development into the project and it is now being developed as a Crowne Plaza Hotel.

CRESCENT/MCALPIN/OCEAN PLAZA



We evaluated oceanfront The Crescent, McAlpin and Ocean Plaza when first proposed for interval ownership resort use by the co-founder of Interval International. We also completed an appraisal on the Crescent for the lender for collateral valuation purposes. The development was later acquired by Hilton Grand Vacations who successfully completed the development. The collection of art deco buildings is now considered the premier interval ownership resort in Miami Beach. The 27 units at Crescent are used solely as hotel units as well as unsold interval inventory.

PARK WASHINGTON/BEL AIRE/TAFT/ KENMORE



HCI was engaged by Capital Advisors Group of Insignia/ESG Hotel Partners Inc., a global leader in its field of hotel real estate advisory services, to perform a feasibility study/optimal use study on these art deco hotels. They are located on Washington Avenue, just two blocks from the ocean. The conclusion was an upscale single boutique resort comprising a collection of art deco buildings. Facilities considered include a roof top mini-spa facility and upscale restaurant located in the historic Coral House. A well known Hollywood actor was an interested investor.

BRAZILIAN COURT-PALM BEACH



The Brazilian Court House is a upscale boutique hotel with a 1920's Spanish Mediterranean design. It is within the exclusive residential neighborhood on Palm Beach island and is within three blocks of renowned Worth Avenue. The property was being acquired by a developer whose intent was to renovate and reposition the property. **HCI** was engaged by the lender to value the property for collateral purposes. Our conclusion was to renovate and reposition or to position the property as a condo-hotel. We also evaluated the optimal use of an adjacent lot.

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PROPOSED BOUTIQUE HOTEL, YBOR CITY



HCI was engaged MDM to perform a strategic development plan and feasibility study. Their objective was to develop an upscale boutique hotel in Ybor City. After years of stagnation Ybor was in the early stages of revitalization and proposed (or completed) development was expected to exceed \$200ml. The Hilton Garden Inn that had opened was immediately successful. Our assignment included ranking of suitable sites as well as a review of the boutique concept for this market. An upscale restaurant facility was also proposed.

THE COLONNADE HOTEL CORAL GABLES



The Colonnade Hotel is a four star, upscale, full service 157 room suite hotel. Its design epitomizes the Mediterranean style that is indigenous of Coral Gables. Its grandeur earned it the Historic Landmark designation. In 2001 the property was purchased by the Arden Group and **HCI** was engaged by the lender to value the property for collateral purposes. The conclusion of the highest and best use analysis was that the property higher use was as a more upscale hotel. The developer intended to brand the property as a Westin or Marriott.

CHEECA LODGE-ISLAMORADA



Cheeca Lodge is a unique upscale resort in the Florida Keys. The owners, MAC NA, engaged us to conduct feasibility and financial analysis on contemplated additions. The assignment included optimal use analysis on an adjacent parcel that was under consideration for an acquisition. The owners' objective was to determine the economic viability of the site and to establish an offering price. We also completed an Economic Study and Appraisal Report. A subsequent assignment included an operational review and an assessment on the hotel management company.

LODGE & BEACH CLUB PONTE VERDE



A 66-room exclusive resort hotel located in Jacksonville, Florida. The property is more of a unique rather than boutique hotel. The hotel was purchased in 1997 by Ponte Verde Corporation an affiliate of Gate Petroleum. The hotel features restaurants, library lounge and meetings space. The firm conducted an Economic Study and Appraisal Report for its lender who required the report for collateral support. A renovation was completed in 1998. Gate Petroleum also owns the Ponte Vedra Inn & Club which was the subject of a prior assignment.

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PROPOSED GATSBY HOTEL-DANIA BEACH



A developer inexperienced in the hotel industry proposed the redevelopment of an old hotel as a boutique hotel. His concept was an exclusive full service hotel with conference facilities. **HCI** was engaged by the lender to value the property and to ascertain the highest and best. He also required assistance in the bank's decision making process in terms of financing the project. Our conclusion was that of negative feasibility. While the concept was good, the location was unsuitable for this property type. We advised the developer and lender not to proceed.

HOTEL EL OLIVAR DE SAN ISIDRO-LIMA



One of Lima's finest hotels is the 134 Hotel El Olivar De San Isidro. It is s owned by a division of Banco de Credito del Peru and is leased to ITUSA. The property features an attractive, secluded, park-front location unique to the city and yet is within blocks of the financial and upscale shopping districts. **The firm provided advisory services and conducted a market/economic and valuation study to determine an optimal strategy for the hotel that maximizes real estate value.**

CHARLESTON-BARRANQUILLA



The Charleston Hotel, Bogota is the leader within the "boutique hotels" classification of hotels in Colombia. This proposed 77-room hotel represented a franchise opportunity for Charleston outside the capital. Facilities proposed included a restaurant and spa and minimum meeting space. **Our firm was engaged by Corporacion Financiera del Norte, a well respected investment firm, to investigate the feasibility of this proposed development. HCI professionals have completed evaluations on 23 hotels throughout Colombia, several for this client.**