

Real Estate

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Lone Star Funds managing director

Hyatt Offers Portfolio of Sele

Hyatt Hotels is marketing 32 select-service and about \$500 million, amid a flurry of deals for similar

The offering encompasses 4,200 rooms at 21 Hyatt hotels scattered across the U.S. The properties, list-cumbered by management contracts, but with 20 flags in place.

The listing comes as three big transactions in extended-stay hotels are in the works. **Blackstone** is selling extended-stay properties from New York-based **Choice Hotels** for \$1 billion. Meanwhile, **Starwood Capital** of Greenwood Village, Colo., is offering \$1 billion to acquire **TMI Hospitality** of select-service hotels. And **NorthStar Realty Finance** is purchasing an 89.7% stake in 47 hotels from **Cerberus**.

Investment Firm Acquires Fu

Investment manager **StepStone Group** has entered the real estate sector by acquiring fund shop **Clairvue Capital**.

Clairvue operates vehicles that recapitalize real estate companies and other property owners. The San Francisco-based firm raised \$400 million of equity for two funds and sidecar vehicles last year. StepStone Real Estate.

The transaction closed in the past week. The purchase of Clairvue principals **Josh Cleveland**, **Jeff Giller** and **John Giller** joined StepStone as partners. Meanwhile, StepStone added **Dev Subhash** as a partner. He previously worked for **and Citi Real Estate**, both of New York.

The real estate group will now look to hire associates in New York, San Francisco and London. It will also look to

Developer Bullish on NY Hotels

Undeterred by the heavy construction pipeline, investment shop **Cedar Funds** is betting on hotel development in New York.

The firm, which hotel specialist **Rani Gharbie** founded last year, plans to develop three properties over the next six years, starting with a 125-room hotel in Midtown Manhattan that would cost \$50 million.

Gharbie previously was regional director of development for the Middle East and Africa for London-based **InterContinental Hotels**. Before that, he worked at **JLL**, where he advised Middle East clients.

Cedar's strategy is to construct hotels in Manhattan and Brooklyn that integrate technology into the amenities in order to appeal to young professionals. The New York firm intends to eventually branch out to other major cities in the U.S. and overseas.

Cedar will team up with a mix of domestic and foreign equity sources eager to own New York hotels, but unsatisfied with the low capitalization rates prevailing for existing properties.

The game plan comes at a time when hotel construction is already exploding in Manhattan. Some 6,400 rooms are slated to come on line this year, increasing the inventory by 8% and tempering revenue growth, according to JLL. Supply is projected to grow by another 9%, to 98,408 rooms, by the end of 2016.

But Cedar, which will hold properties for the long term and operate them itself, isn't discouraged. For one thing, the increased supply is expected to be absorbed because of the growing demand for rooms, particularly among foreign visitors. What's more, Manhattan's per-room revenue remains the highest in the country. And, Gharbie noted, hotel valuations are rising at a faster pace than construction costs.

Cedar's equity partners like the market's outlook. "They are understanding the economic dynamics," Gharbie said. "They want to be a part of this game." ❖

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