

Courtyard Gulf Shores



OPPORTUNITY:

Built in 1997, the hotel was bank-owned and offered for sale by the Special Servicer after the previous owner defaulted on their debt. The distressed asset had excellent visibility and brand recognition but required a significant renovation to meet the latest brand standards. The hotel's competitive set experienced a 30.6% RevPAR increase during the January 2011 trailing twelve-month period compared to the same period of 2009 in this growing market near the Alabama shoreline.

STRATEGY:

PHG estimated the scope and cost of the renovation in order to increase the hotel's competitive stance and improve its physical condition for both competitive and compliance reasons. PHG's knowledge and experience in operating hotels of this size and offering allowed them to assess anticipated revenue increases to arrive at an agreed upon purchase value with the bank, and subsequently execute the renovation.

RESULTS:

The hotel was purchased in April of 2011 for \$3.275 million and renovated for an additional \$2.2 million. The hotel was sold in August 2014 for \$8.3 million with an IRR of 59.44%.