

## Sheraton Jacksonville



### OPPORTUNITY:

The Sheraton Jacksonville was built in 2008 and located in the desirable Deerwood Park office and retail submarket of Jacksonville, FL. The seller gained ownership of the hotel as part of a larger company transaction and it wasn't a strategic asset for them. Therefore, they were motivated to sell the property at pricing dictated by the market which resulted in a loss. PHG was not the high bidder but won the deal after another group failed to close. Peachtree was the sole party approached after the hotel fell out of contract, due to their strong execution capabilities and track record in the Jacksonville market.

### STRATEGY:

PHG pursued upside potential through the implementation of a Property Improvement Plan ("PIP") renovation, leading to future rate growth and opportunities for improved management. Although Sheraton is a full-service brand and PHG had historically invested in limited service hotels, the property's smaller-than-average room count and efficient layout allowed Peachtree to operate the hotel similar to a select-service hotel. The former management company focused primarily on larger full-service hotels and resorts, leading them to overlook potential avenues for lower cost operations.

### RESULTS:

The hotel was originally built in 2008 at a cost of \$27.5 million. PHG purchased the hotel for \$15.8 million in June of 2015 and immediately executed the renovation for \$5.08 million, and then sold the hotel for \$26.3 million in November of 2018 resulting in an IRR of 28.15%.