

TRAVEL AND HOSPITALITY

Ritz-Carlton San Francisco purchased by hospitality investor

January 3, 2017



Exterior of The Ritz-Carlton, San Francisco

By STAFF REPORTS

The Ritz Carlton, San Francisco is changing ownership following an acquisition by Carey Watermark Investors 2.

Subscribe to **Luxury Daily**
Plus: Just released
State of Luxury 2019 **Save \$246 ▶**

The non-traded real estate investment trust purchased the Nob Hill property based on its location as well as San Francisco's booming hotel business. While changing hands, the Ritz-Carlton will continue to be managed by the Marriott International hospitality brand, affording guests continuity.

Uphill outlook

In 2013, the Ritz-Carlton San Francisco was sold by Host Hotels & Resorts to Thayer Lodging Group. Thayer Lodging was acquired by Brookfield Asset Management the next year.

Since 2014, the hotel has undergone \$20 million of renovations, with updates to the guestrooms, lobby and other public spaces. These upgrades also included the addition of two retail stores and a fitness center.

The Ritz-Carlton, housed in a landmark status building, is located along the California Street cable car in downtown San Francisco, placing guests nearby to dining and shopping options as well as the Moscone Center, the city's main convention venue.



Inside The Ritz-Carlton, San Francisco

Carey Watermark Investors 2 notes the high barrier to entry to San Francisco's hotel market. With little undeveloped land to build on, hospitality companies have built no new luxury properties in the last decade.

The most recent addition to the luxury hospitality space in San Francisco was the St. Regis, which opened in 2005.

Revenue per available room in San Francisco had increased 4.3 percent in the year-to-date up to October, surpassing the U.S. average of 3.2 percent.

"As the highest-rated luxury property in a globally recognized destination, the acquisition of The Ritz-Carlton, San Francisco is a significant addition to the CWI 2 portfolio," said Michael Medzigian, CEO of CWI 2. "In combination with the strength of The Ritz-Carlton brand, the hotel represents a unique and attractive opportunity as we continue to build out our portfolio.

"San Francisco's consistently rising property values, limited land availability for hotel development and high cost of construction will support the long-term value of the asset," he said. "We believe the expansion of Moscone Center, as well as our ability to implement value-add enhancements, will increase profitability and reinforce the property's already enviable competitive position within the luxury sector of the market.

"We are extremely pleased to continue to expand on our already important relationships with both The Ritz-Carlton and Marriott International."

Other companies are taking advantage of San Francisco's growing hotel market with their own additions.

Hilton's Waldorf Astoria Hotels & Resorts is banking on the increasing desirability of San Francisco's Transbay neighborhood for affluent travelers with an upcoming opening.

The Waldorf Astoria San Francisco, set to open in 2020 or 2021, is the heart of a mixed-use development that will include entertainment, retail and office space. Situated on Mission Street between Ecker and 1st streets, the hotel is set to benefit from the redevelopment of the nearby Transbay Transit Center and its surrounding neighborhood ([see story](#)).

© 2020 Napean LLC. All rights reserved.

Luxury Daily is published each business day. Thank you for reading us. Your [feedback](#) is welcome.