

By Erika Morphy of GlobeSt.com

Hilton DC Portfolio Trades for \$42M

Friday, August 17, 2007 - NORTHERN VIRGINIA-A four-asset hotel portfolio has traded for \$41.5 million. Consisting of highly coveted Marriott and Hilton brands, all of the hotels are located in Northern Virginia: the Fredericksburg Fairfield Inn by Marriott, Chantilly Fairfield Inn by Marriott, Potomac Mills Fairfield Inn by Marriott and Hampton Inn Woodbridge.

Hunter Realty Associates, Inc. in Atlanta represented the seller, Palmer-Gosnell. The 331-key package was divvied up between Hermani Management of New Jersey and Realty Exchange Corp. which acted as intermediary for Rozi Enterprises and GMV Hotels, LLC. Rozi Enterprises and GMV Hotels, LLC acquired the Fairfield Inn Fredericksburg for \$6 million; the other three properties went to Hermani.

According to Teague Hunter, EVP of Hunter Realty Associates, there were 26 bidders making a play for the properties, a considerable number for hotel assets. "These hotels, though, are well located in strong submarkets in DC and are top brands. Everybody wanted them," he tells GlobeSt.com. The entire marketing process took about six months.

For Palmer-Gosnell the sale marks the company's departure from the DC area market, at least in terms of portfolio holdings, Hunter says. As part of the transaction Palmer-Gosnell retained management of the three hotels that were sold to Hermani. "Palmer thought this was a good time to take advantage of the strong prices in the DC market," Hunter says. For its part the main buyer, Hermani, thought the upside was worth the premium price it paid. According to Hunter, the four properties have a 77% occupancy at approximately \$100 ADR. Hermani is planning to make modest cosmetic improvements to its new holdings, Hunter says, of roughly \$500,000 to \$750,000 per asset.