

California and the West



OSCAR HIDALGO Associated Press

NEW MANAGEMENT: "We want to be part of downtown in a big way," said Gary Bedian, Namco's investment advisor.

Downtown L.A. Marriott is sold

Namco Capital plans as much as \$30 million in renovations, a vote of confidence in the area.

By **ROGER VINCENT**
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The downtown Los Angeles Marriott Hotel has been sold in yet another sign of robust investor demand for hotel properties and the growing strength of the downtown hospitality market.

Los Angeles investment company Namco Capital Group bought the 469-room hotel at Figueroa and Third streets from Blackstone Real Estate Acquisitions, Namco founder Ezri Namvar said Monday.

The property, which includes a four-story office building and four-screen theater, soon will undergo extensive renovation valued at as much as \$30 million, Namvar said. It will continue to be operated as a Marriott.

He declined to say what his company paid for the hotel. But a real estate expert, who asked not to be identified because details of the transaction are confidential, valued the sale at as much as \$115 million.

The 14-story hotel, completed in 1983 as a luxury Sheraton Grande, has "good bones" with its larger-than-average rooms, high ceilings and big windows, said hotel analyst Bruce Baltin of PKF Consulting. The hotel was converted to a Marriott after it was sold for \$54.5 million in 1997.

"It could be a four-star hotel with a little renovation," he said.

Investors have placed "a huge amount of capital" in U.S. hotels since mid-2004 because occupancy and room rates have been growing and few new hotels have been built, Baltin said.

Occupancy in downtown Los Angeles reached 73% last year, "the highest I have ever seen," he said. In 2002, occupancy was about 50%.

Rates of more than \$200 a night are poised to become the norm in downtown Los Angeles, compared with the current \$150 to \$170, said broker Arthur Buser of Jones Lang LaSalle Hotels, who represented the seller.

"This deal is a good yardstick to indicate the market believes in downtown," he said.

Namco is betting heavy on the district, which has seen a residential boom in recent years and has billions of dollars' worth of commercial development in the works. Projects include the \$2.5-billion LA Live development underway near Staples Center and the \$2-billion Grand Avenue project scheduled to break ground this year.

"The dynamics are changing," said Gary Bedian, Namco's investment advisor. "We want to be part of downtown in a big way."

Namco owns several properties in downtown's Garment District and is a partner in a planned 1.3-million-square-foot mixed-use development north of Pershing Square on 5th Street. It also owns the Hotel Angeleno in Brentwood and the Wilshire Bundy Plaza office building in West Los Angeles.

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