

Mission Capital Sees Hospitality Transactions Rise

June 5, 2014 – Samantha Rowan

Mission Capital Advisors is seeing a rise in hotel financing opportunities. The New York-based advisory company recently arranged \$15 million of first mortgage finance for the Palihouse West Hollywood, a 37key boutique hotel, and has a number of other hospitality transactions in the pipeline, said Jordan Ray, managing director.

The property, owned by **Beverly Pacific**, is notable given a location that is close enough to Sunset Boulevard to benefit from the bustle but far enough away to be peaceful and private, Ray said, noting that he'd stayed at the property a number of times before Mission Capital got the financing assignment. The property is a long-stay hotel, with kitchenettes in its rooms, and sees a lot of demand from Hollywood types, he added. The rooms range from studios to two-bedroom suites and also have washer-dryers.

Beverly Pacific acquired the property on an all-cash basis and sought the financing in part to refresh the rooms and complete some capital improvements on the roof of the building. Although Ray declined to disclose the lender, he noted that it was a regional bank. Pricing is in the low 200 area over LIBOR. The deal was well-received in the capital markets and saw five or six serious bidders, he added.

Mission West, which recently opened a West Coast office with the hire of **Gregg Applefield**, found that having an executive on the ground in the city was key to getting the deal done quickly, Ray said.

"The hotel sector is definitely on the upswing. There is a lot of capital out there and yields are getting compressed," Ray said. "We're seeing a lot of folks buying and rehabbing assets and we're also seeing some ground-up transactions."

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