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## Featured Stories

### Capital returns to its investment roots



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NEW YORK—What comes around, goes around, and for Capital Hotel Management, the time to go around is now. The company is returning to its roots by forming a new division to acquire hotels with other equity partners.



Ken Wilson

Beverly, Massachusetts-based CHM has no specific dollar figure set aside for acquisitions, but CEO Ken Wilson said during a break at the recent New York University International Hospitality Industry Investment Conference that the company's sweet spot will be in the US\$30-million to US\$100-million range.

"We feel we can do as many of those deals as come available to us," he said.

The company formed CHM Partners LLC to handle the acquisitions. To expedite the process, CHM hired Roger Clark as a managing partner. Clark most recently was senior VP of acquisitions and development for HEI Hospitality, where he was responsible for the acquisition of more than US\$1 billion in hotel transactions.

"The market timing is perfect to get back into it," said Chad Crandell, CHM's president. "When we started 10 years ago, the platform was to co-invest. We think the conditions are good to repeat the success and we'll do it with more firepower."

Clark said "opportunistic" is the key word for CHM's new platform.

"We don't have to find an asset that fits our management company," he said. "Select-service, full-service, urban, suburban. They are all targets. We want to do value-add transactions. There's such a wide spectrum of assets available in the transactions market ...we don't

want to limit ourselves."

Wilson said CHM will act as the general partner in any deal and provide asset-management services for the property. "If there's an opportunity to reposition, we have ultimate flexibility to get the best group in the best market," he said.

CHM has more than 13,500 guestrooms under its asset-management umbrella. The company historically has been attracted to large, mixed-use, urban convention center hotels.

"That's still a primary market for us, but there's a small tier of investors that invest in that type of property," Wilson said. "We are expanding into what I'd call the larger middle market. We will look at some select-service but that won't be primary focus."



Roger Clark

Crandell said the company will also target hotels that need repositioning. "It might not be the best hotel in a market now, but we'll turn it into one," he said.

CHM's focus will be on the East Coast "because that's where the better opportunities are, but we're not limited to that," Crandell added.

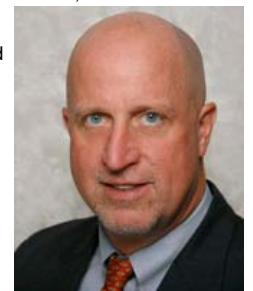
"We also want to be in mature, strong markets that have been hit by the economy but will inherently come back," Wilson said.

Clark believes opportunities will emerge during the next several months, because there will be a number of unexpected sellers trying to unload assets.

Crandell added that the company will look at cash flow as the chief way to value hotels.

Then, according to Wilson, the company will be able to apply its programs to maximize value.

"We get 15-(percent) to 25-percent premium out of a property by applying our program to the asset," he said.



Chad Crandell

The executives said they are in ongoing discussions with a number of potential partners—many of whom they have previously worked with.