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## Trio of Leased Fee Positions in Hotels is Acquired

| By [Rayna Katz](#)

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Van Tuyle: “These properties create an even more secure environment for us to invest going forward.”

NEW YORK CITY—BH Properties has closed on its \$338 million acquisition of three leased fee positions under three hotels here, GlobeSt.com has learned **EXCLUSIVELY**. The trio of holdings was a portfolio and the seller was Lexington Realty Trust.

The positions sit under The Element hotel at 311 W. 39th St., in Midtown and—in Lower Manhattan—the Sheraton Tribeca at 370 Canal St. and a Doubletree Hotel at 8 Stone St.

The acquisition by BH, a Los Angeles-based investment firm, is its first in Manhattan and the largest transaction the company has completed. Structured as a reverse 1031 exchange, BH Properties had to restructure its balance sheet in order to acquire the assets, and plans on disposing of up to 25 properties throughout the country in the next six months. Eastdil Secured was the only broker involved in the transaction.

Ascott Residence Trust, a REIT listed on the Singapore stock exchange, owns The Element hotel and the Sheraton Tribeca. The Element has 411 hotel rooms in 40 stories, while the Sheraton is a 21-story building with 369 rooms. Magna Hospitality owns the 43-story, 399-room Doubletree and it manages all three assets.

All three hotels were built in 2010, opened in 2011 and were stabilized in 2012. Magna was the original developer of the three hotels and brought in Lexington Realty Trust in 2013 as the original ground lessor. About the same time and as part of its recapitalization of the project, Magna also sold The Element and Sheraton Tribeca to Ascott Residence Trust.

“This portfolio is another example of BH Properties’ ability to close difficult transactions within sellers’ expected time frames,” says chief acquisitions officer Andrew Van Tuyle. “These properties create an even more secure environment for us to invest going forward.”

While the leased fee positions are a departure from the company’s traditionally opportunistic investment strategy, president Steve Gozini notes that “the company will continue to invest in value add or distressed assets. This portfolio provided an opportunity to dispose of some properties that are outside of our target market or are no longer a focus for our investment strategy.”

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