

# Oliver Companies Buys San Francisco Hotel for \$28.2MM

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By **Jon Peterson**

Duluth Minn.-based Oliver Companies has paid \$28.2 million to acquire the 169-room Comfort Inn & Suites SFO property located in South San Francisco.

“This acquisition will represent the company’s first hotel investment in the San Francisco market,” says Eric Gunderson, a partner with Hotel AG in its San Francisco office. He represented both the buyer and the seller in this transaction. The seller of the property was a local private investor.

[contextly\_sidebar id="eLy5yXScG0EknT4S1fISyYK5MGb3EXUo"]The previous owner of the property had held it for a long time. “This owner had title to the property for 14 years. So, it had held the assets through several real estate cycles. I think that they believed it was a good time to sell the property now with so much interest in the greater San Francisco hotel market,” said Gunderson.

The cap rate on the property was at around 9.5 percent. “This return would be based on the income that is coming out of the property now. The property has been performing at a very high level for the past couple of years with the average current occupancy being 95 percent. This property has a history of keeping the occupancy of at least 90 percent,” said Gunderson.

The hotel is located just north of the main terminal of the San Francisco International Airport and is adjacent to the South San Francisco Caltrain station. The hotel sits on approximately 2.91 acres of fee simple land. 2015 marked a record year for the San Francisco Airport with over 50 million passenger boards and nine consecutive years of passenger growth.

The property in South San Francisco has a current average daily rate in the range of \$120 to \$125. Guests who stay at the hotel can get a significant savings in parking costs compared to the airport. Guests can park for \$6 a night versus \$30 at the airport, according to Gunderson.

Oliver Companies is a privately held company that owns a total of 12 hotels in several markets, according to its Web site. Its properties outside of San Francisco are located in Florida, Iowa, Minnesota and Wisconsin. The properties include Hampton Inns, Embassy Suites and one Holiday Inn Express.

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