

## Carey Watermark Investors 2 Completes \$154 Million Acquisition of San Jose Marriott

*Top performing Silicon Valley property connected to San Jose Convention Center*

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NEW YORK, July 14, 2016 /PRNewswire/ -- Carey Watermark Investors 2 Incorporated (CWI 2), a non-traded real estate investment trust (REIT) focused on investing in lodging and lodging-related properties, announced that it has acquired the San Jose Marriott. The recently renovated hotel includes 510 guestrooms and is located in downtown San Jose, CA, one of Silicon Valley's strongest lodging markets. The acquisition price was \$154 million (\$302,000 per key) and has been financed with \$88 million of senior debt.



### Key Facts

- **Recently renovated, high-quality asset:** The high-quality 27-story hotel was built in 2004 and is located in a prominent area of downtown San Jose. The property benefits from \$10 million of capital improvements completed since 2014, including a soft goods renovation of the guestrooms and corridors, the addition of four guestroom keys and a complete renovation of the lobby, as well as updates to the public space and concierge lounge.
- **Strong San Jose market:** The San Jose market is fueled by the high-growth technology sector. As a result, the San Jose lodging market has shown exceptional performance, with a RevPAR compound average growth rate (CAGR) of 15.6% from 2011 through 2015. With over 109 million square feet of office space in Silicon Valley, 29 million square feet in the greater San Jose area and 14 million square feet in downtown San Jose, the hotel benefits from significant corporate demand. In addition, with an additional 17 million square feet of office development proposed or currently under construction in Silicon Valley, as well as the addition of nearly 10,000 residential units in downtown San Jose alone, continued growth within the region is anticipated.

- **Desirable location:** The property benefits from a convenient downtown San Jose location, with a direct connection to the newly renovated and expanded San Jose McEnery Convention Center. In addition to corporate demand generators, the hotel is in close proximity to San Jose State University and attractions such as the Tech Museum of Innovation, the San Jose Museum of Modern Art and the SAP Center, home of the NHL's San Jose Sharks. The region's primary airport, the San Jose Mineta International Airport, is located just 3 miles away. The recent development of Levi's Stadium, which is home to the San Francisco 49ers, and the proposed expansion of the Bay Area Rapid Transit (BART) are expected to further increase the desirability of the Marriott's location.
- **Attractive all-in investment:** The total \$159.8 million investment includes the \$154 million purchase price, as well as \$5.8 million of planned capital expenditures and other acquisition-related costs.
- **Strong brand affiliation and management:** The hotel will continue to be managed by Marriott International and benefit from Marriott's strong reservation system and loyalty program, as well as its superior brand recognition and demand among both domestic and international travelers.
- **Property and amenities:**
  - 510 guestrooms
  - 23,000 square feet of meeting and event space
  - Three food and beverage outlets
  - Concierge lounge
  - Business center
  - Fitness center and outdoor swimming pool

### Management Commentary

Michael Medzigian, Chief Executive Officer of CWI 2, said: "Given the limited supply of institutional quality assets in the Silicon Valley market, the San Jose Marriott represented a unique investment opportunity. The property is the newest hotel in downtown San Jose and the acquisition adds a top performing, well-located asset in a high growth market with high barriers to entry to CWI 2's portfolio. With a strong current yield and expected solid risk-adjusted returns, the property's central location and superior access within Silicon Valley should allow it to continue to outperform within its competitive set."

### Carey Watermark Investors 2

Carey Watermark Investors 2 (CWI 2) is a publicly registered REIT that was formed to make investments primarily in the lodging and lodging-related sectors. Affiliates of W. P. Carey Inc. and Watermark Capital Partners advise CWI 2 and manage its overall portfolio. [www.careywatermark2.com](http://www.careywatermark2.com)

*This press release contains forward-looking statements within the meaning of the Federal securities laws. The statements of Mr. Medzigian and those regarding San Jose's growth prospects, the proposed expansion of the BART and the impact of future developments are examples of forward-looking statements. A number of factors could cause CWI 2's actual results, performance or achievement to differ materially from those anticipated. Among those risks, trends and uncertainties are the general economic climate; the supply of and demand for hotels; interest rate levels; the availability of financing; other risks associated with the acquisition and ownership of hotels; and risks related to CWI 2's offering of shares. For further information on factors that could impact CWI 2, reference is made to its filings with the Securities and Exchange Commission. Statements about past performance (including regarding RevPAR growth), are presented for informational purposes only and are not a guarantee of future results.*

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# Carey Watermark

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