



GEORGE SMITH PARTNERS  
REAL ESTATE INVESTMENT BANKING

Contact:  
Katie Clendening / Miki Akil  
[Brower, Miller & Cole](#)  
(949) 955-7940  
[kclendening@browermillercole.com](mailto:kclendening@browermillercole.com)

**GEORGE SMITH PARTNERS SECURES \$50 MILLION IN  
CONSTRUCTION FINANCING FOR HYATT HOTEL REDEVELOPMENT  
NEAR LOS ANGELES INTERNATIONAL AIRPORT (LAX)**

**LOS ANGELES, Calif. (November 15, 2017)** – Commercial real estate investment banking firm [George Smith Partners](#) arranged \$50 million in construction financing for the redevelopment of a 258,000 square-foot, 13-story office tower. The property will be converted into a 129-key [Hyatt House](#) and a 272-key [Hyatt Place Hotel](#) adjacent to LAX. The senior construction financing, on behalf of 5959 LLC, an affiliate of California Real Estate Regional Center, LLC (“CaRE”), was arranged by George Smith Partners’ Vice President Zachary Streit.

“There is growing demand in the LAX submarket, and the current hotel stock is largely outdated,” explained Streit. “As a result, this new dual-branded offering, which will feature a trendy, mid-century urban design, will be of immediate interest to business and leisure travelers.”

The property is located on West Century Boulevard, one block away from LAX – the seventh busiest airport in the world.

**Brower**  
MILLER + COLE

Streit notes that the timing is right for this redevelopment, citing a 2016 report from STR Global showing a 91.5% hotel occupancy rate and a 12.7% year-over-year increase in average daily rate.

“Even with demand high and supply low, identifying the right lender was challenging based on several factors,” says Streit. “It was crucial to find a lender who was comfortable with hotel construction financing at this point in the cycle, as well as a mezzanine tranche of EB-5 financing, and an unsubordinated ground lease. Additionally, it was critical that the transaction was structured to comply with High Volatility Commercial Real Estate (HVCRE) banking regulations.”

According to Streit, George Smith Partners was able to source a lender with both extensive experience in ground-up hospitality transactions, and a deep understanding of the supply-constrained LAX submarket.

“George Smith Partners was able to close the financing by demonstrating the sponsor’s attractive basis in the property, the submarket’s strong fundamentals, and the project’s incredible location,” Streit adds. “Our team also assisted in structuring the transaction to ensure HVCRE compliance.”

Sized to 50 percent of total project cost, the non-recourse, interest-only loan will float at a spread of 425 basis points over one-month LIBOR and carries two one-year extension options.

Planned for completion in 2019, the redeveloped Hyatt House and Hyatt Place Hotel will feature a mid-century inspired urban design, rooms with 11.5-foot ceiling heights, and a host of amenities including a rooftop bar, pool, and restaurant with

unobstructed views spanning from Downtown Los Angeles to the Pacific Ocean, a variety of dining options and a state-of-the-art 24/7 fitness center.

“The dual-branded Hyatt Hotel is located in one of the strongest hotel markets in Los Angeles thanks to its proximity to LAX and central location to all major LA attractions. The city’s \$14 billion LAX modernization, along with new public transportation, the under-construction \$2.7 billion NFL Stadium, 2028 Olympics, proximity to Silicon Beach, and emergence as one of the great global cities will continue to stimulate market demand for years to come,” according to Steve Shpilsky, Principal of 5959 LLC and Co-Founder of CaRE. “The project successfully combines EB-5 mezzanine financing with developer equity and senior financing to complete the hotel, creating over 1,000 new jobs in Southern California.”

The property is located at 5959 West Century Boulevard in Los Angeles, California.

### **About California Real Estate Regional Center LLC (CaRE) & 5959 LLC**

Founded in 2011, CaRE has financed and developed approximately \$750 million of hotel developments in US gateway cities, including EB-5 financing of the Waldorf Astoria Beverly Hills Hotel. CaRE finances and develops commercial real estate opportunities combining traditional equity and debt with EB-5 financing. To date, CaRE has closed over \$230 million in EB-5 capital from over 450 investors. Additional information about CaRE is available at [www.EB5social.com](http://www.EB5social.com).

The principals of 5959 LLC have financed and developed hotel projects totaling over \$2 billion across the country and have a combined 50 years of experience in finance, accounting, and real estate.



## **About George Smith Partners**

Founded in 1992, George Smith Partners is a leading national real estate investment banking firm that specializes in arranging financing for commercial and multifamily properties, including acquisition, construction, bridge and permanent loans, as well as mezzanine loans, highly leveraged participating loans and joint venture equity. The company has arranged more than \$44 billion in financing since its inception. Additional information about George Smith Partners is available at [www.GSPartners.com](http://www.GSPartners.com).

###