

Kimpton Hotels Announces First Property in Arizona

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Second Acquisition of KHP Fund Marks Kimpton's Official Entrance Into the Southwest

Kimpton Hotels & Restaurants Group, LLC, the leader in the boutique/lifestyle hotel segment, today announced the acquisition of Caleo Resort & Spa, located in Scottsdale, Arizona. It's the second hotel asset acquisition by the Kimpton Hospitality Partners Limited Partnership, an acquisition fund formed and managed by Kimpton earlier this year to acquire, develop and redevelop boutique/lifestyle hotel properties.

The Kimpton Fund acquired the Caleo Resort & Spa from AGL Investments, shortly after their completion of an extensive \$7.2 million transformation of the property, including structural renovations, room product upgrades, launch of an Indonesian-inspired spa and additional luxury enhancements. Caleo, pronounced (kuh-lay-o), is located in the vibrant and burgeoning area of Scottsdale, Arizona, within close proximity to Fashion Square, fine dining, museums and the dozens of art galleries that are part of historic Scottsdale. The location is ideal for business travelers to the Phoenix/Scottsdale area as well as leisure travelers seeking a more intimate environment with the conveniences of all the upscale shopping and nightlife that Scottsdale has to offer.

Caleo Resort & Spa is a strategic addition to Kimpton's portfolio of 38 boutique/lifestyle properties, which has achieved recent success with the Hotel Solamar, an urban-style resort property that opened in the Gaslamp Quarter of San Diego earlier this year.

"The Phoenix/Scottsdale region has been a key target market for Kimpton, and Caleo's premium offerings provides a welcome alternative to the sprawling resorts and larger conference hotels in this prime location," said Joe Long, Kimpton's executive vice president of acquisitions and development. "The combination of Kimpton's management expertise, Scottsdale's growth, and the quality features of Caleo, will undoubtedly attract consumer interest while also attempting to provide superior returns to our investors," added Long.

Situated amidst the Arizona palm trees, soothing fountains and flickering fire pits, Caleo Resort & Spa has 204 spacious guestrooms and luxurious suites, averaging 400 and 800 square-feet respectively, each with a private balcony or patio. Additionally, it has two expansive pools; a sand-bottom pool with a beach area and a main lagoon-like pool, separated by a quaint foot bridge. The property also features approximately 14,000 square-feet of multi-use function space, including 13 meeting rooms, each offering a unique and appealing setting capable of accommodating both larger group business and highly customized social events. Last year, the resort opened a 3,500 square-foot Indonesian-inspired spa and a newly designed, signature Kimpton restaurant will also be a significant part of the project.

"With the acquisition of the Caleo, we sought an opportunity to officially introduce the Kimpton brand to the Phoenix/Scottsdale area," said Tom LaTour, Chairman & Chief Executive Officer. "Acquisitions of existing hotels in desirable locations, including the resort segment, where an opportunity exists to reposition the property as a Kimpton hotel, is a strategy the Kimpton Hotels & Restaurants will continue to pursue nationwide."

The Caleo Resort & Spa is the Kimpton Fund's second acquisition succeeding the purchase of the former Radisson Hotel in Washington D.C., which is undergoing renovations to convert it to Kimpton's signature Hotel Palomar. The Fund will play a critical role in Kimpton's immediate future plans for growth, which includes 38 properties nationwide, with five new projects under development. The objective of Kimpton's \$157 million Fund is to acquire more than \$450 million in hotel properties over the next two years, following an opportunistic investment strategy.

The Caleo will continue to operate as a full-service resort as it undergoes additional renovations and improvements to elevate the property to Kimpton's signature brand style, services and amenities. It is scheduled for completion by year-end 2006.

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