

## Hersha Hospitality Trust Expands Boutique Hotel Portfolio

2008-01-10

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Hersha Hospitality Trust (AMEX: HT), owner of nationally franchised premium full service and limited service hotels, today announced that it has acquired the 45-room boutique Duane Street Hotel in the Tribeca area of New York City for \$24.75 million. The independent luxury hotel, purchased from Hersha Development Corp., includes a lobby level restaurant.

Mr. Jay H. Shah, Chief Executive Officer, commented, 'The Duane Street Hotel, which was opened this month, represents several positive accomplishments for Hersha. The property is our second independent boutique hotel in New York City. The independent boutique hotel is a great segment for us as it provides strong rate and yield management flexibility. As a luxury full service property, its design and amenities also provide incremental diversification as compared to our limited service assets in the metro-New York City area. Additionally, the acquisition of this hotel demonstrates the benefits of our development loan program having been sourced to us through that avenue.'

The Company will assume the \$15.0 million of fixed rate mortgage financing on the property, pay \$2.0 million in cash and issue 779,585 Hersha Hospitality Limited Partnership Units for the property. The mortgage bears interest at a fixed rate of 7.15%, has an initial three-year interest-only period and a 10-year term.

Separately, the Company has purchased a 'condominium interest' in a 93-room independent upscale hotel project at 75 Smith Street in Brooklyn, New York for \$17.24 million from Atlantic Court, LLC. The mixed-used project, which will also contain 50 residential units, 2 ground level retail units, a community unit and a garage unit, was developed by Boymelgreen Development, LLC. Hersha will spend approximately \$6.0 million to upfit the hotel and to provide final furniture, fixtures and equipment for the property. The hotel, which will be named the 'Nu Hotel,' is expected to be open by the end of the third quarter of 2008. The development costs are expected to be funded from the Company's credit line and cash proceeds from the recent sale of the Hampton Inn Linden, NJ and Fairfield Inn Mt. Laurel, NJ.

The site enjoys very good access to multiple demand generators from government offices, seven colleges and universities with over 32,000 students and businesses in the MetroTech Center, with tenants such as JPMorgan Chase, Goldman Sachs, Verizon and Bank of New York. Additionally, the property is within a short walking distance to the New York City subway system and only 1.5 miles from downtown Manhattan and 4.5 miles from mid-town Manhattan.

### **About Hersha Hospitality Trust**

Hersha Hospitality Trust is a self-advised real estate investment trust, which owns interests in 73 hotels totaling 9,266 rooms, primarily along the Northeast Corridor from Boston to Washington DC. The Company also owns hotels in Northern California and Scottsdale, Arizona. Hersha focuses on high quality upscale hotels in high barrier to entry markets.

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