

KKR & Co. Continues Buying Spree of Hotels Adds Two Marriotts in Tucson for \$27 Million



TUCSON, ARIZONA – An affiliate of Kohlberg Kravis Roberts & Co., aka **KKR & Co.** of New York, has raised \$4.3 billion and is acquiring hotel properties in the past few weeks including the Courtyard by Marriott at 201 S. Williams Blvd.

in *Tucson* with 153 rooms, and Residence Inn by Marriott Williams Center at 5400 E Williams Circle in Tucson with 120 rooms. The aggregate total of these two transactions was \$27,271,000 for 273 rooms (\$99,994 per room), according to public records.

The seller, Chatham Lodging Trust, faced financial troubles as a result of the coronavirus pandemic last year and has been selling properties in North Carolina, New York, Alabama and other states in the past few days showing the sales of hotels to affiliates of New York private equity firm, KKR.

The entire portfolio contains 6,401 rooms and was last valued at \$1 billion.

The new fund, KKR Real Estate Partners Americas III, will focus largely on U.S. investments, according to the firm. It has already committed more than \$1 billion to industrial properties, rental housing, self-storage, student housing and lodging. Backers include new and existing investors from pensions to sovereign wealth funds.

KKR is ramping up real estate bets at a tenuous time for parts

of the sector. It's steering clear of segments battered by the Covid-19 crisis, such as office buildings from the 1970s and '80s in major markets. The firm is now seeking out investments in warehouses and single-family rentals and has been active in buying life sciences buildings. In March, it **paid about** \$1.1 billion for a San Francisco office complex it plans to repurpose for such tenants.

"We're leaning into the demand drivers that have been accelerated by Covid," Ralph Rosenberg, global head of KKR Real Estate, said in June at a Morgan Stanley conference.

KKR's latest Americas real estate fund is more than double the size of its second such pool, which brought in \$2 billion in 2018. The New York-based firm managed \$429 billion in total assets as of midyear.

To learn more, see **RED Comps #9240 and #9241.**