

Second Time Around for Resort Buyer

Investor **Joseph Smith** is going to see if he can turn a profit on a high-end New Mexico resort for the second time.

His year-old firm, **1754 Properties** of Coral Gables, Fla., last week teamed up with **PCCP** of Los Angeles to acquire the 158-room La Posada de Santa Fe Resort & Spa for close to \$30 million, according to market sources. **Jones Lang LaSalle** advised the seller, **Swedbank**, a Swedish lender that had seized the property.

Smith was a principal of **Glenmont Capital** in 2004 when that firm and **Trinity Hotel Investors** of New York acquired La Posada for \$40 million. Three years later, at the top of the market, the duo turned around and sold the resort to **Gencom Group** of Miami for \$60 million.

Like many other high-end resorts, La Posada saw its revenues plummet during the ensuing recession, and Gencom ended up handing over the keys to Swedbank. The Swedish bank had assumed a loan on the property in conjunction with the 2008 bankruptcy of **Lehman Brothers**, which had pledged a loan it originated on the resort as a collateral for a loan from Swedbank.

The resort's revenues are still some 40% below the peak level. PCCP and 1754 Properties will flag the property early next year under the Luxury Collection, a portfolio of high-end properties operated by **Starwood Hotels & Resorts** of Stamford, Conn.

La Posada is on a six-acre site at 330 East Palace Avenue in downtown Santa Fe. Water restrictions in the area severely limit the potential for new projects.

The original portion of the property — a three-story mansion — dates back to the 1800s. In 1930, a number of adobe-style "casitas" were added, and the property was converted into an inn.

Renovations over the years transformed it into a luxury property with a spa, a pool, a restaurant and other amenities. The buyer will plow some \$5 million into a renovation that will expand the spa and upgrade the restaurant.



Smith left New York-based Glenmont last year to form 1754 Properties. In anticipation of buying up to \$200 million of hotels over the next year, the company is staffing up. This year, **Casey Panzer**, formerly of Miami Beach-based **LNR Property**, joined as an associate. The firm is also looking to hire an asset manager. ❖