

HOTEL ACQUISITION OPPORTUNITY



The Monterey Hotel

407 Calle Principal, Monterey, CA 93940

Exclusive Offering Memorandum

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EXECUTIVE SUMMARY

The Monterey Hotel, located at 407 Calle Principal in Monterey, CA, was originally built in 1904. Well located in an excellent position on one of the busiest streets in downtown Monterey, this historic property has undergone additional construction and extensive renovation that was recently completed in 2016 and included the addition of 24 new rooms. The 39,096 SF boutique hotel sits on 0.41 acres and features 69 rooms. Seven retail spaces provide additional revenue and upside potential. The Monterey Hotel is within walking distance of Monterey Bay, Fisherman’s Wharf and Monterey Bay Aquarium, as well as the convention center, many fine restaurants, retailers and other amenities.

PROPERTY HIGHLIGHTS

- Historic boutique hotel with 69 rooms
- Ample meeting/conference space
- Excellent location to Downtown Monterey, one of America's top tourist destinations
- Close to dining, shopping, Monterey Bay, the Monterey Bay Aquarium and Fisherman's Wharf
- Walking distance to the Monterey Convention Center, which recently reopened after undergoing a major renovation project
- 2016 renovation includes the addition of 24 new rooms, creating an additional revenue stream
- Supplemental income from street-level retail spaces

HOTEL PERFORMANCE STATISTICS:

2017 – Room Revenue: \$2,256,910.00 / ADR: \$135.38 / Occupancy: 66%

2018 – Room Revenue: \$2,294,786.00 / ADR: \$153.38 / Occupancy: 71%

2019 – Room Revenue: \$2,757,674.00 / ADR: \$157.60 / Occupancy: 69%



HOTEL AMENITIES:

- Complimentary Breakfast
- Valet Parking
- Pet-Friendly
- Fitness Room
- Hot-Tub
- Business Center

ROOM CONFIGURATIONS:

New Building

Deluxe King Suite	3
Deluxe King	9
Standard King (ADA)	3
Deluxe Double Queen	6
Deluxe Queen	3

Historic Building

Petite Queen	4
Queen	15
King	13
King with bay-view	2
Double Double	5
Junior Suite	2
Fireplace Suite	4

LAND DESCRIPTION:

Area: 0.41 acres or 17,842 SF

Zoning: VAF – Visitor accommodation Facility

Assessor's Parcel Number: 001-572-026-000



IMPROVEMENTS:

Year Opened: 1904 | Renovated: 2016

Property Type: Limited Type Lodging Facility

Building Area: 39,096 SF

Guest Rooms: 69

Floors: 4 plus basement

Elevator: One

Food and beverage facilities: Breakfast dining area

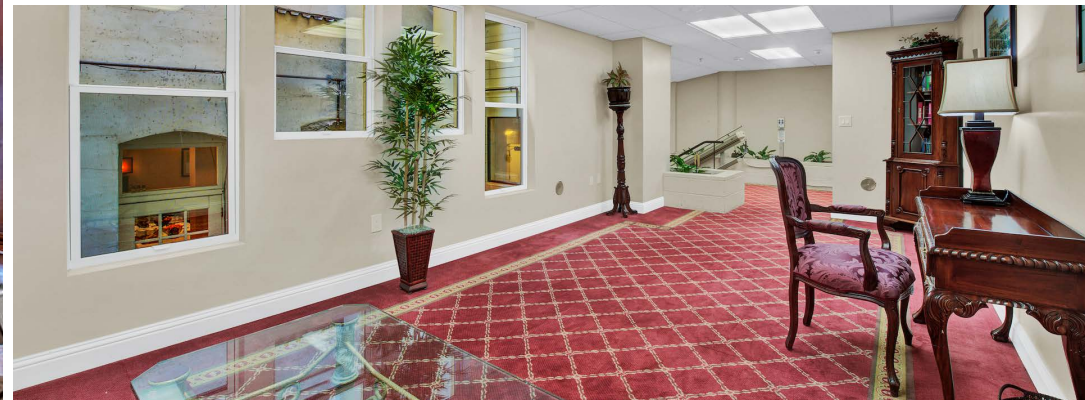
Meeting space: 1,142 SF – Meeting Room A: 688 SF

Meeting Room B: 454 SF

Additional facilities: An indoor whirlpool, a fitness room,
lobby workstation and spa

THE RETAIL SPACES:

Address	Tenant Information	Size in SF
402 Alvarado St	Salon A	1,100
406 Alvarado St	Perfect Touch	240
408 Alvarado St	Aiello Jewelers	800
412 Alvarado St	Comanche Cellars	497.5
405 Calle Principal	Willem Photographic	600
407 Calle Principal	Monterey Design	405
409 Calle Principal	Silcon Construction	900



PROPERTY SUMMARY

Property Name	The Monterey Hotel
Offering Price	\$17,000,000
Address	407 Calle Principal, Monterey, CA 93940
APN	001-572-026-000
Number of Rooms	69
Total Building Size	39,096 SF
Year Built	Old Wing: 1904 New Wing: 2016
Parking	Street and Valet
Zoning	VAF - Visitor Accomodation Facility
Number of Stories	4 (plus basement)
Construction	Wood or Steel Stud-Framed Exterior Walls

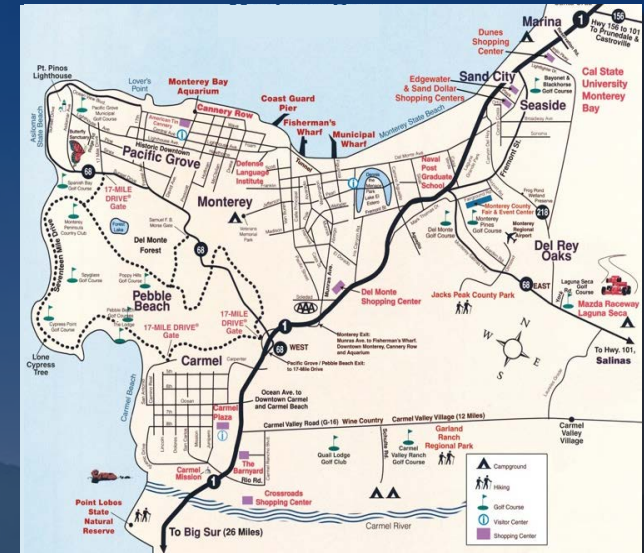
The property can benefit by an affiliation with a major hotel flag with a soft branding to increase occupancy. The hotel is also eligible to be registered as a historic hotel of America. Hotels rates have been kept low due to ongoing construction. With the construction of the new wing being complete, rates can be more aggressive and in par with nearby comparable lodging properties. In a very high barrier to entry market, this historic property is well suited for new ownership to capitalize on higher returns.

The apartment complex next door, commonly referred to as Monterey Hotel Apartments is not part of the sale and the building is owned by a separate entity. The retail spaces below the apartment complex is owned by the The Monterey Hotel and is included as part of the sale.



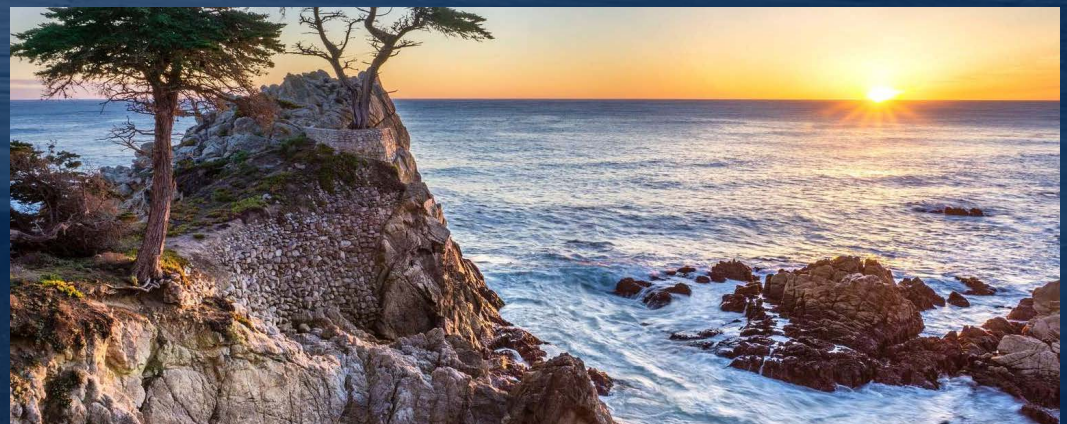
THE CITY OF MONTEREY BAY, CA

MONTEREY is a scenic California coastal city that rises from the pristine Monterey Bay to pine forested hillsides with sweeping bay views. The city's natural beauty and historic sites make it a quality residential community and premier tourist destination. A small, livable city that prides itself on being a clean and safe place to live, Monterey is known for its sense of community and hospitality and its culturally diverse residents. Monterey is located at the center of a Monterey Bay regional economy which is poised for growth. Monterey's tourist-based economy remains strong and healthy. The Monterey Bay economy of the future will be based on educational and research activities with special emphasis on marine biology and the environmental sciences.



MONTEREY is recognized as the “Language Capital of the World”, a designation used to denote the impact of the area's language institutions in helping its population succeed in global careers throughout the world. Key contributors to the City's language-skilled labor force include The Monterey Institute of International Studies and the Defense Language Institute Foreign Language Center. AT&T's Language Translation Services also are based in Monterey at Ryan Ranch. Monterey is the ideal location for companies seeking to enter or expand into the global marketplace. Other institutions involved in promoting Monterey as the Language Capital of the World include California State University at Monterey Bay, Monterey Peninsula College, CTB McGraw Hill, and the Naval Postgraduate School.

MONTEREY is one of the premier tourist destinations in the United States. Each year, the area attracts an estimated 4 million visitors. The area's diverse attractions, dramatic coastline, historic architecture, and access to marine wildlife all combine to drive this economic component. From the Monterey Bay Aquarium along Cannery Row, to the “Path of History” walking tour, to the world-renowned Pebble Beach Golf Course nearby, Monterey continues to be a destination for visitors, which helps sustain the area's economy for its residents.



RETAIL & HOTELS MAP



HOTELS

Monterey County's hotels, B&B's and inns range from romantic lodges to sprawling ranches. Business travelers will feel right at home too in hotels with lightning fast connectivity and modern upgrades. All offer convenience and comfort to fit every budget.

SHOPPING

Monterey has six main business districts and lots of local specialty shops. You can find unique, fun and affordable gifts and keepsakes of your time here.

- Alvarado Street & Downtown
- Cannery Row
- Del Monte Shopping Center
- Lighthouse District at New Monterey
- North Fremont Business District
- Old Fisherman's Wharf

DINING

Monterey offers a huge variety of great restaurants to enjoy. The link provided lists them with detailed information to help your palette decide! But we warn you, there are SO many to choose from it may make the decision of where to eat even more difficult!



DEMOGRAPHICS



POPULATION

1-mile: 9,636
3-mile: 57,849
5-mile: 93,091



HOUSEHOLDS

1-mile: 5,015
3-mile: 25,162
5-mile: 38,506



TOTAL HOUSING

1-mile: 5,375
3-mile: 28,242
5-mile: 44,188



AVERAGE HOUSEHOLD INCOME

1-mile: \$99,030
3-mile: \$109,092
5-mile: \$111,010



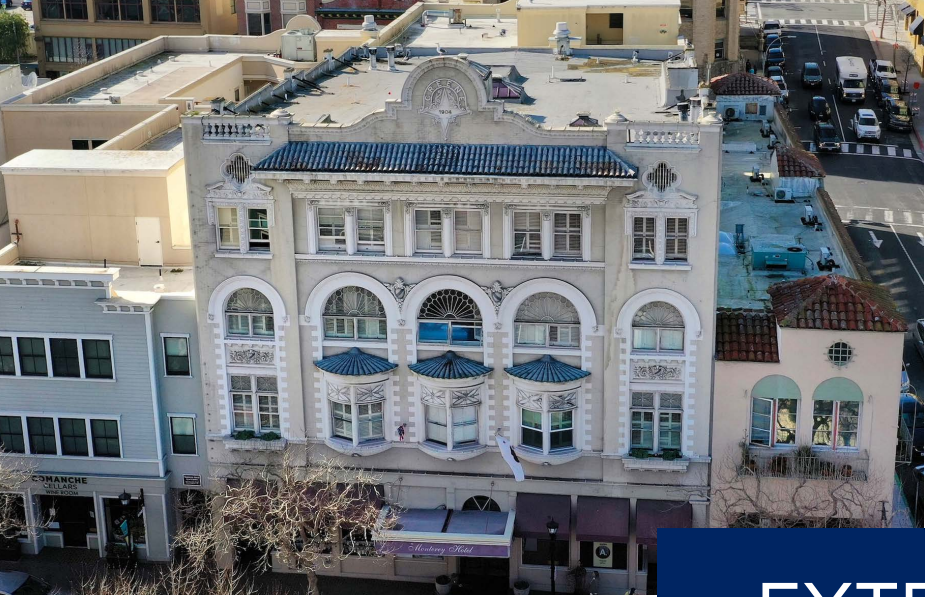
MEDIAN AGE

1-mile: 42
3-mile: 43
5-mile: 43

Population	1 Mile	3 Mile	5 Mile
2019 Total Population	9,636	57,849	93,091
2024 Population	9,804	58,702	94,537
2019-2024 Growth Rate	1.75%	1.45%	1.55%

Households	1 Mile	3 Mile	5 Mile
2019 Total Households	5,015	25,162	38,506
2024 Total Households	5,100	25,551	39,120
2019 Average Household Income	\$99,030	\$109,092	\$111,010

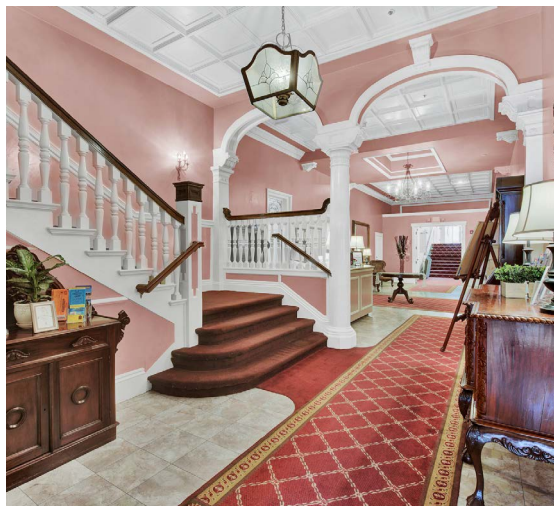
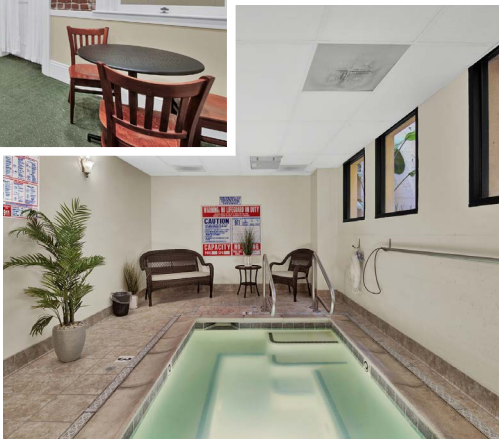
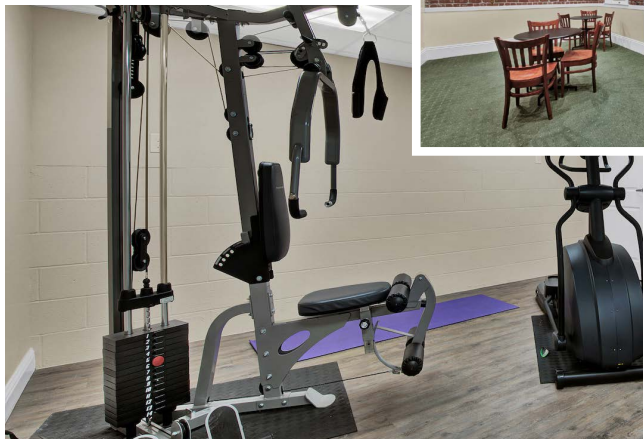
Age	1 Mile	3 Mile	5 Mile
2019 Median Age	42	43	43
2024 Median Age	43	44	44



EXTERIOR PHOTOS

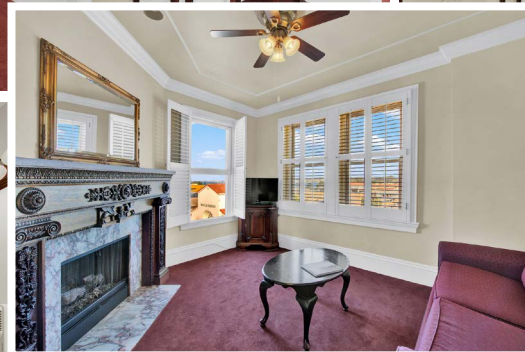
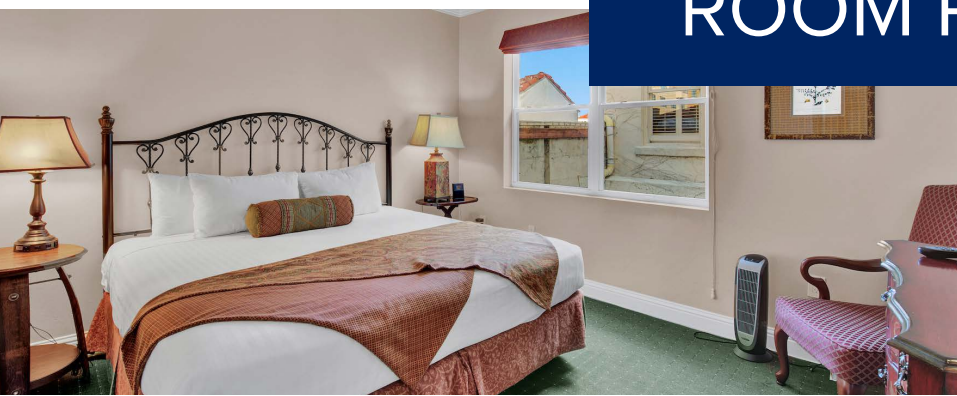


INTERIOR PHOTOS





ROOM PHOTOS



FINANCIAL STATEMENT

REVENUE AND OTHER INCOME	Total (\$)
Room Revenue	2,758,052.78
Other Income	130,237.93
TOTAL INCOME	\$2,894,290.71

EXPENSES	Total (\$)
Rooms Department Payroll	414,178.07
Administrative Payroll	134,483.99
Maintenance Payroll	100,586.10
Sales & Marketing Payroll	44,086.51
Additional Payroll Expenses	134,524.42
Employee Expenses	1,870.83
Rooms Department	198,007.54
Telephone & Computer	48,455.49
General & Administrative	137,106.76
Sales & Marketing	401,793.36
Pool, Spa & Recreation	3,188.12
Operations & Maintenance	83,841.23
Groundskeeping & Kitchen	375.22
Utilities	129,224.07
Fixed Charges	152,712.92
TOTAL EXPENSE	\$1,984,535.63
NOI	\$909,750.08



COMPARABLE SALES



755 ABREGO ST, MONTEREY, CA 93940

Sale Date	09/30/2019
Sale Price	\$27,450,000 Confirmed
Price/SF	\$543.56
Price/Room	\$295,161
Pro Forma Cap Rate	-
Actual Cap Rate	-
Bldg Type	Hospitality/Hotel
Year Built/Age	Built: 1954 Age: 65
GBA	50,500 SF
# of Rooms	93
Zoning	-
Sale Conditions	
Parcel No.	001-731-018-000
Comp ID	4910223
Research Status	Confirmed



200 FOAM ST, CANNERY ROW INN

Sale Date	06/11/2019; 166 days on market
Sale Price	\$9,600,000 Confirmed
Price/SF	\$781.44
Price/Room	\$300,000
Pro Forma Cap Rate	-
Actual Cap Rate	6.12%
Bldg Type	Hospitality/Hotel
Year Built/Age	Built: 1985 Age: 34
GBA	12,285 SF
# of Rooms	32
Zoning	VAF Visitor Dist.
Sale Conditions	1031 Exchange Business value included
Parcel No.	001-032-018-000
Comp ID	4805801
Research Status	Confirmed



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Offered by:
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Rick Lahkar is Managing Broker at Pro Real Estate Team,
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