

Business First of Columbus - June 5, 2006

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Easton getting another hotel

Continental, RockBridge go for lodging in Columbus, Pittsburgh

Business First of Columbus - June 2, 2006 by [Brian R. Ball](#) Business First

A **Continental Real Estate Cos.**-led partnership is plunging into hotel development with plans for a 150-room Hampton Inn & Suites next to Easton.

Continental's joint venture with **RockBridge Capital LLC** also has proposed to build a full-service hotel in downtown Pittsburgh.

"We've explored some ideas, and we're going to try a few deals," said David Kass, president of the developer's Continental Retail Development division.

RockBridge "has unbelievable experience with hotels," he said "We're the development-construction guys."

The partners' Easton venture, **Continental Hotel One LLC**, expects to get construction started in July, Kass said.

RockBridge Managing Director James Merkel said the financier of hotel projects now is interested in equity stakes in properties it underwrites.

"As we've grown, we've been looking more and more to do equity deals where the opportunities become available, and we think there's an opportunity (with the Easton Hampton)," he said.

The joint venture bought 3.2 acres off Stelzer Road north of Morse Road from **Drury Hotels Corp.** May 11 for \$2.23 million, according to public records.

The Hilton Columbus, Residence Inn and Courtyard by Marriott hotels at Easton have done well, with occupancies above 80 percent in 2005, according to statistics from Experience Columbus, the region's convention and visitors bureau.

"Our location is not quite in the bull's-eye as their locations are, and we're not going to meet the same market," Kass said. "We think we'll kind of draft off those hotels at a little lower price point."

St. Louis-based Drury Hotels secured a 4.9-acre site at Stelzer and Morse in April 2002 through a land lease with **Wizzard Properties Inc.** The hotel operator bought the properties for \$3.6 million in September, including \$2 million for the property it sold to Continental Hotel One last month.

Joe Pereles, Drury vice president of development, said the company plans to sell the remaining land, the site of a BP gasoline service station, to the tenant this year.

"Our operations folks said (the northeast Columbus property) was not a typical Drury site and that we should pass on building a hotel there," Pereles said.

The site may not suit Drury, but hotel real estate consultant Eric Belfrage said the strength of Easton's corporate and retail development should make the property a strong site for Continental and RockBridge to start their partnership.

"I think, for a first hotel project, it's a dream," said the managing director of hospitality for **Integra Realty Resources Inc.**, a national real estate brokerage.

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High occupancies at the Easton hotels and healthy room prices mean some business will go to other hotels, Belfrage said. Also, Easton has proven to be a draw for leisure and group market business.

Kass said the partnership also has plans for a full-service Embassy Suites or Hyatt hotel of at least 200 guest rooms on a site in Continental's North Shores project in Pittsburgh that could start late this year or in early 2007.

The developer's move into hotels marks a progression given its practice of buying large tracts for commercial projects, Kass said.

Continental typically sold hotel sites to other developers when building its retail projects, and its construction affiliate has built several hotels with other developers.

The hotels by Continental's retail projects "have performed extremely well largely due to the activity we've created," Kass said. "Rather than continuing to sell off the piece next door, we thought we'd consider doing that (hotel site) for ourselves."

The partnership, for now, has no plans beyond Easton and Pittsburgh.

"We're taking it pretty slowly," Kass said. "We're going to try a couple and see if we do a good job."

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