

## Carey Watermark Investors 2 Acquires San Diego Marriott La Jolla

*High-quality, recently renovated asset in strong market with high barriers to entry*

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NEW YORK, July 25, 2016 /PRNewswire/ -- Carey Watermark Investors 2 Incorporated (CWI 2), a non-traded real estate investment trust (REIT) focused on investing in lodging and lodging-related properties, announced that it has acquired San Diego Marriott La Jolla. The hotel includes 372 guestrooms and is located in La Jolla, one of San Diego's strongest and most affluent submarkets.



### Key Facts

- **Renovated, high-quality asset:** A total of \$21 million of capital improvements have taken place since 2011, including a \$17 million comprehensive renovation completed in 2013. During the renovation, all guestrooms received a full soft and case good replacement and the property underwent a complete lobby and public space renovation, which included the creation of additional meeting space.
- **Strong San Diego submarket:** The San Diego lodging market has exhibited very strong long-term performance, achieving a compound annual growth rate in revenue per available room (RevPAR) of 7.3% from 2010 to 2015, outpacing the national average of 6.8%. As of March 2016, the trailing twelve month RevPAR for the La Jolla market increased 6.5% over the previous twelve month period.
- **Attractive La Jolla location:** The property is located within the Golden Triangle, just north of downtown San Diego and minutes from the oceanfront village of La Jolla and the Pacific Ocean. The hotel's strategic location places guests within convenient reach of multiple demand generators, including many of La Jolla's most popular leisure attractions, leading corporations and professional firms, and top research institutions, such as the University of California at San Diego. Located in the University Towne Centre (UTC) development, the hotel is surrounded by over four million square feet of Class A office space and enjoys direct access via a sky bridge to the upscale Westfield UTC mall anchored by tenants including Nordstrom and Macy's.
- **Strong brand affiliation and management:** As a member of the Marriott International family, the hotel benefits from Marriott's industry-leading reservation system and loyalty program, as well as its superior brand recognition and demand among both domestic and international travelers. The hotel will remain under the management of HEI Hotels & Resorts, a hospitality owner and operator that operates 60 full-service, upper-upscale, luxury and premium select-service hotels and resorts throughout the United States, including 11 that are owned by CWI 2 and its affiliate, Carey Watermark Investors 1.
- **Property and amenities:**
  - 14-story institutional quality, high-rise building
  - 372 guestrooms
  - 24,000 square feet of meeting and event space

- o Three food and beverage outlets
- o 467-space parking garage
- o Outdoor pool and sundeck
- o Fitness center
- o Business center

### Management Commentary

Michael Medzigian, Chief Executive Officer of CWI 2, said: "The opportunity to expand our West Coast presence and at the same time acquire a recently renovated, high-quality property allowed us to add a strong cash flowing asset in a submarket with very high barriers to entry. We believe the hotel's prime La Jolla location will allow us to continue to benefit from the strong demand generators in greater San Diego, while at the same time mitigating long-term supply risk as a result of the high degree of difficulty and expense that go along with new construction in this area. The acquisition also provides CWI 2 with the opportunity to geographically diversify its portfolio with an acquisition in a strong Southern California market. We are extremely pleased to continue to expand on our already important relationships with both Marriott International and HEI Hotels & Resorts."

### Carey Watermark Investors 2

Carey Watermark Investors 2 (CWI 2) is a publicly registered REIT that was formed to make investments primarily in the lodging and lodging-related sectors. Affiliates of W. P. Carey Inc. and Watermark Capital Partners advise CWI 2 and manage its overall portfolio. [www.careywatermark2.com](http://www.careywatermark2.com)

*This press release contains forward-looking statements within the meaning of the Federal securities laws. The statements of Mr. Medzigian are examples of forward-looking statements. A number of factors could cause CWI 2's actual results, performance or achievement to differ materially from those anticipated. Among those risks, trends and uncertainties are the general economic climate; the supply of and demand for hotels; interest rate levels; the availability of financing; other risks associated with the acquisition and ownership of hotels; and risks related to CWI 2's offering of shares. For further information on factors that could impact CWI 2, reference is made to its filings with the Securities and Exchange Commission. Statements about past performance (including RevPAR growth) are presented for informational purposes only and are not a guarantee of future results.*

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