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Union Investment acquires projected lifestyle hotel in Washington D.C.

Investment in growth location Navy Yard / Hotel scheduled to open early 2020

Union Investment has agreed to acquire a Thompson-branded lifestyle hotel development in Washington D.C. The hotel will be built in Navy Yard, which is currently one of the most exciting urban development areas in the US. The vendor, developer and future operator of the approximately 12,000 sq m property is Gone Yard Hotel Owner, LLC, a joint venture between Geolo Capital and JW Capital Partners. Transfer of the hotel will take place upon opening of the 11-storey hotel, which is scheduled for the beginning of 2020. Upon completion, the project will be added to the portfolio of the open-ended real estate fund Unilmmo: Global. The purchase price will be around USD 120 million and the lease has a term of virtually 30 years.

Following hotel acquisitions in Boston, Chicago, New York and Seattle, Washington D.C. is now the fifth hotel investment location in the US chosen by Union Investment. The new Thompson hotel will be located at the intersection of 3rd Street and Tingey Street. Navy Yard is a former shipyard on the Anacostia River and is currently being transformed into a vibrant new neighborhood comprising a wide range of uses.

“Washington’s Navy Yard is already being seen as a magnet for trendsetters, with strong appeal for residential, office, retail and restaurant uses,” said Andreas Löcher, head of Investment Management Hospitality at Union Investment Real Estate GmbH. “The Thompson lifestyle brand is an excellent fit with this location and also with our existing hotel portfolio.”

The Hotel will be leased to a Joint Venture of Geolo Capital, the San Francisco-based private equity investment arm of the John A. Pritzker Family Office; and JW Capital Partners which is a Boston-based real estate investment group.

The new Thompson hotel will offer 225 rooms, including 38 suites. Alongside the hotel rooms, there will be a lobby lounge, a signature restaurant on the ground floor and a rooftop bar with inside and outside space. A fitness center as well as 800 sq m of conference space will complete

the offering. Thompson is among the successful boutique hotel brands in the luxury category that are proving popular the world over and experiencing rapid growth. To date, some ten hotels in the US and Mexico operate under the Thompson brand. “We carefully monitor the emergence of young hotel brands and innovative accommodation trends globally. We are happy to invest in such concepts if we are convinced of their long-term viability, as is the case with Thompson, and our strict acquisition criteria as a conservative investment manager are met,” commented Andreas Löcher.

Union Investment currently holds 66 hotel properties across 9 national markets in its actively managed funds. The hotel portfolio is worth a total of EUR 3,9 billion, with further expansion of the US segment of the portfolio being a strategic priority.

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