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Hilton goes on the block

New hotel near Convention Center an open issue

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Hilton Americas-Houston, downtown's 1,200-room convention center hotel, is officially up for sale.

Houston Convention Center Hotel Corp. has hired real estate firm CB Richard Ellis to sell the property through a process that also will seek development proposals for a second convention hotel.

"The ideal buyer will buy the existing hotel and build the new one," said Richard Campo, chairman of the city-chartered group that owns the property and contracts with Hilton Hotels Corp. to manage it.

Earlier this year, city officials said they were considering putting the hotel up for sale, a move that could pave the way for a second to be built on a parcel just north of Discovery Green next to the George R. Brown Convention Center.

The idea was that another hotel would make Houston a stronger competitor for major conventions.

Experts said meeting planners look for large blocks of hotel rooms in close proximity to convention venues, because busing attendees is

expensive.

In about 30 days, an offering memorandum outlining the details of the sale and, most likely, a solicitation for development proposals, will be sent to a targeted group of investors.

Analysts have said the hotel could fetch \$350 million.

The hotel corporation said it will let the market determine the property's value.

Mary Carolan of CB Richard Ellis said in this time of tight credit, investors are seeking "quality" real estate, and that Houston is being targeted by domestic and international funds because of its strong economy relative to other parts of the country.

Carolan said she's been getting inquiries from international pension funds that never would have returned her calls to them just two years ago.

"They want to know when product in Houston is coming available," she said. "We're not just domestically desirable, but globally desirable."

The City Council would have to approve the sale of the hotel and any public involvement in a new one.

Mayor Bill White has said he would like to see the hotel financed with private capital. But outside of Las Vegas, New York and Orlando, major convention hotels have required public assistance.

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City Controller Annise Parker said she isn't certain whether the city should sell the hotel outright and walk away, or use that transaction to finance another hotel near the convention center.

"There's apparently some feeling among the convention professionals that Houston would benefit from it," she said. "I understand the need to have sufficient hotel rooms close to the Brown, but it's taken us a few years to crawl out of the post-9/11, post-Enron doldrums and for the hotel bookings to tick up. I would have to see numbers on what kind and type of hotel would make sense, and why the city should get involved again."

Councilman M.J. Khan said he hadn't been briefed on the issue but would be skeptical until seeing more facts.

"I want to see whether this current environment is most conducive to this type of deal," he said. In real estate, "many times the timing is really a big issue."

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