



Rancho Penasquitos Doubletree resort fetches \$13M
By **THOR KAMBAN BIBERMAN**, The Daily Transcript
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An entity of the Los Angeles-based **Laurus Corp.** has paid \$13 million for the Doubletree by Hilton Golf Resort in Rancho Penasquitos.

The purchasing partnership was **SD Golf Resort Partners LLC** -- formed as an investment vehicle to both acquire and reposition the property.

The seller (assessor's parcel 313-060-01-00) was **Massachusetts Mutual Life Insurance Co.** by **Cornerstone Real Estate Advisors LLC**, of Hartford, which had owned the property since buying it for \$17 million in 1999.

Cornerstone reportedly put about \$8.2 million into upgrades thereafter. The property was owned by **Daishin USA** prior to that time.

Robert Rauch, a hotel developer and consultant who happened to be on the first tee of the golf course Friday afternoon, said \$13 million seemed like a reasonable price.

"It's a nice, small resort. I don't know what the cash flow is. The property needs some work, but that's a good buy," Rauch said. "There's no way you could build it for that today. It's way below replacement cost. This will come back and it helps that it's part of the Hilton family."

Morgan Abbott, a senior underwriter with **CB Richard Ellis'** Golf & Resort Group (NYSE: CBG), agreed with Rauch that the price seemed fair.

"It doesn't sound unreasonable," Abbott said. "The property has the course and tennis courts. It doesn't have a real driving range."

When asked if the golf course is a loss leader in a property such as this, Rauch said while that might have been the case in late 2008, the course should be about breaking even today.

Still, the course was not only impacted by the recession and significant competition from neighboring Carmel Mountain Ranch, but increasing water costs are impacting courses throughout Southern California.

Alan Reay, **Atlas Hospitality Group** president, also said \$13 million is a good price for the property "since the hotel alone is probably worth \$17 million. You're essentially getting the golf course for nothing."

Arnold Palmer Golf Management has managed the course since 2002.

While the golf course dates back earlier, the hotel was opened in 1989.

Situated on a 130-acre site on Penasquitos Drive, the 174 room hacienda style resort features an 18-hole, par 72 championship golf course, more than 18,000 square feet of flexible meeting space, two food and beverage outlets, five tennis courts and a fully equipped 5,500-square-foot health and fitness club.

The new owners plan an extensive renovation to include a reconfiguration of the lobby, pool deck upgrades and a guest room makeover.

Reay said a proposal to sell the resort for \$25 million fell through in 2004. In 2007, Cornerstone proposed a mixed-use development that would have replaced the golf course.

Reay noted that the project called for 200 residences, a 150-room hotel, a community center and pool, but it was not clear as to whether the owner would keep the tennis courts.

That plan was put on the back burner during the recession, and it was unclear Friday whether or not it might be dusted off at a future date.

Laurus Corp. is a boutique style domestic and international real estate development company specializing in hotels and resorts, masterplanned communities, mixed-use properties, multifamily and office buildings.

Calls and e-mails to Laurus Corp. officials were not returned.

At the beginning of the year, Laurus sold a site for a planned 35-unit condominium property in the "Platinum Triangle" area of Beverly Hills.

According to its website, projects currently owned by Laurus entities include the Le Meridien Resort in Cancun; The Diablo Grande Golf Country Club & Residences in Patterson, Calif.; The Palms Condo Development in Beverly Hills; the Villaitana Wellness Golf & Business Resort in Spain; the Capital at Brickell Hotel in Miami; and the Bella Vista Hotel in San Antonio.