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Renaissance Hotel Cleveland is on verge of landing a new owner

By **Stan Bullard**



Photo by STAN BULLARD Toronto-based Skyline International Development is in line to be the next owner of the Renaissance Hotel Cleveland.

Cleveland's most venerable downtown hotel may yet gain a new owner as Toronto-based Skyline International Development says it has the Renaissance Hotel Cleveland under contract.

If Skyline, which also owns the Hyatt Regency Cleveland at The Arcade, consummates the deal, it will be the first time the nearly 500-room property has changed hands since 1993. Undertaking the purchase also puts the Canadian real estate developer and hospitality firm at the reins for a multimillion-dollar renovation expected to be essential — if it wishes to retain the prized Marriott affiliation.

Michael Sneyd, Skyline CEO, confirmed the firm has a purchase agreement in place for the inn in a phone interview with *Crain's*. He acknowledged the firm is in a due diligence period on the transaction. Skyline bested at least three other major hotel operators to buy the hotel, according to three Cleveland real estate sources familiar with the situation.

A pending deal to buy the property may explain why the current owner, the Hong Kong-based Cheng family, which owns multiple Renaissance-branded properties globally, retained Dallas-based Aimbridge Hospitality to manage the hotel effective July 1. Such a move might allow the operation and its Marriott affiliation to remain intact through an ownership change as corporate Marriott previously managed it until the end of June.

Asked why Skyline wants to own the property, Sneyd said “that's a longer discussion” and had to end the conversation for a looming conference call on another line.

However, the why is clear. Skyline is an aggressive, expansion-oriented real estate and hotel concern that also has a penchant for top-flight old hotels. The 1918-vintage Renaissance Hotel Cleveland is of such pedigree, for it has a federal landmark designation and a lavish marble-floored lobby with a fountain and large arched windows with a sweeping view of Public Square and the city's skyline. The Renaissance also has substantial meeting rooms and banquet halls as well as its own exhibition floor capable of competing for conventions in its own right. The Hyatt purchase that brought Skyline to Cleveland has the landmark Arcade as its centerpiece.

Sneyd declined to comment on the proposed purchase price for the grande dame of Cleveland hotels.

However, the city has been in a frenzy of downtown hotel development since the Global Center for Health Innovation, along with a massive rebuilding of the Cleveland Convention Center, opened in 2013. Hotel prices are on the climb nationally. Cuyahoga County land records value the inn at 24 Public Square at \$25 million for property tax purposes; it last traded to the Cheng family as part of a portfolio with multiple properties in 1993.

At the same time, the explosion in the number of downtown hotel rooms that helped the city win the Republican National Convention in 2016 also makes owning one a dicey proposition later on. The city will need to consistently win massive conventions that the 600-room publicly funded Hilton Convention Center hotel is designed to attract to keep the hotel market healthy on a long-term basis.

Moreover, if Skyline wants to keep the Marriott flag and its much-vaunted reservation and reward system, that comes with a pretty price tag that might lower the selling price.

David Sangree, president of Lakewood-based Hospitality and Leisure Advisors, said keeping the flag will mean a substantial renovation and updating to the tune of more than \$30 million. The property's public areas were last updated in 2010. The plush carpet at the building's Superior Avenue entrance and lobby shows obvious wear.

Landing another marquee flag would also require similar investments, he said. However, going it alone as an independent hotel — should Skyline go that route — would let it captain its own fate without chain costs — or benefits.

Sangree was encouraged that Skyline, which already knows the Cleveland market, might be the prospective buyer.

"Toronto is the New York of Canada. It's a much more vibrant lodging market than Cleveland," Sangree said. And Skyline was birthed by such a competitive market.

Skyline's Cleveland entry reflects its daring. Skyline entered the sole bid — nearly \$8 million — for the Arcade at a Dec. 5, 2011, Cuyahoga County sheriff's sale of the property, which had been put into foreclosure by its lender, Bank of America. The previous owner, L&R Corp. of Chicago, had spent \$60 million in 2001 to convert much of the Arcade to a hotel from little-used office and shop space. However, retail space that survived on the first two levels of the Arcade remains largely empty. Skyline is now on its third brokerage firm for selling space at the Cleveland jewel.

Skyline International Development, according to its website, owns more than 2 million square feet of real estate, has over 2,600 acres with development rights for more than 7,000 residential units and nearly 1,300 rooms in its holdings. It employs more than 1,500. Its lodging interests include part ownership of Toronto's iconic Omni King Edward Hotel, as well as ownership of, under the Skyline Hotels & Resorts brand, the Pantages Hotel and Spa.

Skyline has been active on the sell-side recently. On July 8, it sold Cosmopolitan Hotel Toronto, a 50-room boutique it developed in 2005, to Vancouver-based Executive Hotels and Resorts. The transaction includes the sale of 29 Skyline owned rooms, lobby restaurant, conference rooms, spa space, parking and other amenities.

Skyline was founded in 1998 by Gil Blutrigh, its chairman, and has traded on the Tel Aviv stock exchange since 2014.

Parties on the sell side of the Renaissance deal remained mum. Jackie Brown, the asset manager of Washington, D.C.-based CTF Development, which represents Cheng U.S. interests, did not return an email and phone call by July 23. Aimbridge also did not return two phone calls. Aimbridge surfaced as the manager of the hotel after CTF ended Marriott Corp. management of the property June 30, when many local observers originally expected a new owner to gain control of the structure.

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