

A new owner for Gunter

By Valentino Lucio

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More than a year after the Sheraton Gunter Hotel fell into foreclosure, the 103-year-old hotel has a new owner.

Denver-based Greenwood Hospitality Group, the entity that will manage the Gunter, announced Friday that Axle Capital Group, a California investment firm, has inked a deal for the 322-room hotel. Along with the purchase, the ownership group has plans for a multimillion-dollar renovation, which is expected to be completed in the next 18 to 24 months, said Tom Conran, a principal at Greenwood.

“We're looking at a hotel that has a very, very iconic stature in the marketplace,” he said. “The receivership status of the hotel limited the ability of this hotel to perform at a high level.”

The terms of the deal were not disclosed. The hotel is assessed at more than \$24 million, according to the Bexar Appraisal District.

The acquisition is the first venture for either entity in the San Antonio market, Conran added.

Among the planned renovations are updates to all the guest rooms and improvements to meeting rooms, public spaces and restaurants. Specific updates were not disclosed, but Conran did say there will be modifications to the food and beverage services, such as the updating the conceptual approach to the menus.

“The ownership entity wants to elevate the stature of this hotel to the level it once had,” Conran said.

There are no plans to close or move the hotel's barbershop, which has operated there since the Gunter opened in 1909, said the establishment's owner, Lee Bosmans. “It'll be here forever,” Bosmans said about his shop.

The ability for the ownership group to make updates to the hotel is an important step into making it an attractive option in the market, said Bruce Walker, president of hotel consulting firm Source Strategies Inc.

“Hopefully this group, and I can't say one way or the other, bought it at a price that will enable them to afford to throw a bunch of money into it, making it nice and fresh,” he said. “The key is to make it a nicer product and have it economically viable.”

In 2006, the Gunter received a \$7 million facelift with new paint, carpet, furniture and accessories.

In the 12 months ended June 30, the Gunter saw room revenues increase nearly 7 percent to 8.4 million, according to data Source Strategies provided. The occupancy rate grew 4.5 percent to 55.2 percent, and the hotel also saw an increase in revenue per available room, which jumped 4.6 percent to \$71.56. Still, the Gunter ranks 30th in the revenue per room category, compared to other hotels downtown. Early last year, the hotel's previous owners defaulted on a \$40 million note. An entity affiliated with J.P. Morgan Chase bought back the property for \$34.6 million at a foreclosure auction.

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