

**EXCLUSIVE** Last updated: March 27, 2007 07:56am

## **Hotelier Shifts Strategy With \$25M Pipeline**

*By Connie Gore*

DALLAS-A locally based hotel franchisee, previously a buyer of existing product, has shifted its focus to development due to the pricing levels of old versus new. The marquee change is under way with a \$25-million investment in four hotel projects.

Akal Corp., led by Paul Singh, will build three La Quinta hotels and one Hampton Inn as it steps into the development arena. Bobby Singh, the hotel company's vice president of development, says the cost of buying existing hotels is up to nearly \$79,000 per room in its acquisition category whereas ground-up projects are costing \$60,000 to \$70,000 per key. "It doesn't make sense to buy existing hotels right now," he tells GlobeSt.com. "The best choice is to build." He says the plan calls for developing "two or three" hotels per year once the initial pipeline is completed.

The five-year-old hotel company's sweet spot is 70 to 75 keys on 1.5- to two-acre tracts. Work is under way on a 70-room La Quinta at the intersection of US Highway 287 and Debbie Lane in Mansfield. It will deliver in June. Singh says construction begins in one month on a 71-key La Quinta at Quebec Street and Loop 820 in Lake Worth on the outskirts of Fort Worth. When it's about 50% complete, the in-house crew will break ground on a 75-room La Quinta at US Highways 380 and 75 in McKinney. And the last to rise in this year's plan will be a 70-room Hampton Inn in Kilgore, TX. Meanwhile, Singh says talks are underway for yet another flag.

Singh says the strategy will be build and hold, creating a portfolio of upscale mid-market properties. To complete the plan, the hotelier, which brokers, builds and manages its properties, is selling its older assets. The firm recently sold a 50-room Comfort Inn at 103 Mira Place in Terrell, TX for \$2.5 million. It's also selling a 116-room Baymont Inn & Suites at 1450 Airport Fwy. for \$3.4 million and the one-year-old, 82-key La Quinta at 8303 RL Thornton Fwy. in Dallas for \$4.9 million.

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