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## Chinese Investors Buy Los Angeles Hotel

### More Asians Are Acquiring Real Estate in the U.S. To Protect Their Money

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LOS ANGELES — A group of Chinese investors has acquired the Hotel Inter-Continental in downtown Los Angeles for about one-third of the \$125 million that it cost its Japanese owners to build, say people familiar with the transaction.

The acquisition, which closed Friday, is part of a growing tide of investment in U.S. real estate, particularly in California, by wealthy Asians from Hong Kong, Taiwan, Indonesia and mainland China who are seeking to park some of their money out of the reach of political instability back home. Looking for bargains, they quietly have been acquiring hotels and office buildings in out-of-favor areas such as downtown L.A.

The trend "is going to continue and expand. There's an increasing amount of money coming from Hong Kong, Taiwan and mainland China." said Richard Alter, an investment banker who, together with his Taiwan-born partner Eddy Chao, has arranged a number of these transactions, including the latest acquisition of the Hotel Inter-Continental.

Buying into southern California real estate, and downtown Los Angeles in particular, is still a risky proposition. While the commercial-property market has perked up in some suburbs, especially Burbank, the downtown area remains depressed. Gross vacancy rates are running at about 23%, rents haven't budged on office properties. Hotels in the area are running at about 60% occupancy.

That's certainly the case with the Hotel Inter-Continental. The 433-room hotel was one of the last major luxury hotels built in Los Angeles. It was completed by its developer, the Japanese construction company Tobishima Development Co. in 1992, shortly before the market hit the depths of the recession. According to public records, the hotel was financed to the tune of \$79 million by the Long-Term Credit Bank of Japan.

Mr. Alter wouldn't discuss details of the acquisition, citing a confidentiality agreement. But other real-estate sources said that the Long-Term Credit Bank sold its note on the hotel for about \$45 million to the Asian investor group put together by Mr. Alter's Los Angeles-based company, Financial Capital Investment Co. Tobishima essentially lost the \$46 million in equity that it put into the project, these sources said.

The Long-Term Credit Bank had no comment on the transaction, and Tobishima couldn't be reached.