

Rebchook on Real Estate

Financing will be tough for hotel on Burger King site

by John Rebchook, Rocky Mountain News

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You may have seen the [Denverinfill.com](#) blog about Ranko Mocevic's plan for a new hotel on what old-timers call the (former) Burger King site at 15th and Stout streets.

Mocevic has yet to return my call, but I discussed the project with hotel guru John Montgomery.

Montgomery, of Horwath Horizon Hospitality Consulting/Montgomery & Associates, said Mocevic will have his work cut out for him.

Montgomery estimated the 17-story, 264-hotel project could cost about \$66 million. And the dozen condominiums would likely be in the market for well more than \$1 million each, he estimated. "There's a lot of condo product in downtown," Montgomery noted.

While most people responding to Ken Schroepfel's [Denverinfill.com](#) blog were wowed by the architecture of the proposed building, Montgomery said a bigger issue than the design (by Oz) will be getting the money to build it.

"To try to finance anything today, you have to have tons of experience," Montgomery told me. "Deals are still being done, but it takes a real quality project, an experienced developer, and an excellent franchise. You have to have all the pieces together to get it completed."

When I asked him about the location, Montgomery said: "It works. All of those blocks, when you look at them work. Would you rather be closer to Larimer Square or Writer Square? Yes, probably. But long-term, 15th Street will be real desirable."

He said the flag for the hotel won't be that of an obstacle, once he gets financing.

Financing, in these days, of course, is no longer a given, especially for full-service hotels.

"Any (hotel) company that is not here now, wants to be here," Montgomery told me. "And if you can get the financing for a project, the flags will follow."

Moody's Investors Service, which rates different types of income-producing real estate as either "green," "yellow" or "red," by markets across the country, gave full-service hotels in Denver its only red designation, in its most recent report.

Full-service hotels received a score of 28, and anything less than 33 is red, or the worst score.

The composite score for full-service hotels for all of the metropolitan areas ranked by Moody's was 59, for a yellow. In other words, the outlook in most cities for those type of hotels is twice as good as in Denver, according to Moody's.

I hope that Mocevic calls me back soon. I would love to report on his take on the deal.

Meanwhile, here is a look at the proposed hotel. I lifted the image from [Denverinill.com](#), which received it from the LoDo office of Oz Architecture.