

Chesapeake pays \$2.5M for OKC hotel

by Brian Brus

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Chesapeake Energy's real estate development unit has purchased a Super 10 Motel at 5725 SW Fifth St. in south Oklahoma City for \$2.5 million, according to public records. (Maika Sabolich)

OKLAHOMA CITY – Chesapeake Energy's real estate development unit has purchased a Super 10 Motel in south Oklahoma City for \$2.5 million, according to public records.

The transaction between The K Group Hospitality Inc. and Chesapeake Land Development Co. LLC was completed Jan. 10 and filed with the Oklahoma County clerk's office. The agent representing K Group is listed as Satish Patel, who could not be reached for comment. Chesapeake spokeswoman Lindsay McIntyre said her company does not comment on real estate transactions.

The property at 5725 SW Fifth St. is less than an acre, according to county assessor records, and its most recent transaction price in 2006 was listed at \$1.2 million. Its current market value is \$650,000. Peter Holmes, chief operating officer for Oklahoma City-based Hotel Broker One, said the sales price seems steep.

"We would have to see the room sales and operating income to give an absolutely firm value. But it's my sense that the value of the hotel would have been greatly less than what Chesapeake purchased it for, as a hotel," Holmes said, adding that by construction standards today, such a hotel couldn't be built on less than about 1.5 acres.

The unoccupied property directly to the east of the motel, formerly a Kenworth semi lot, is also owned by Chesapeake. Those 5 acres were acquired in September from H.M. Partners, also at a price of \$2.5 million. The property has easy access to Interstate 40 by MacArthur Boulevard.

To the west of the motel is a Line X truck bed coating company and an auto dealership.

Chesapeake is the second-largest producer of natural gas and the most active driller of new wells in the United States. The Nichols Hills-based company reported revenues of \$3.9 billion and net income of \$879 million for the third quarter of 2011. The company's fourth-quarter and full-year operational update and financial results are scheduled for release Feb. 21.