



COSTA SUR

Resort & Spa









 **LEE & ASSOCIATES**
COMMERCIAL REAL ESTATE SERVICES

GARRICK BENABE
Principal, Lee & Associates
954.993.5520
gbenabe@lee-associates.com

SEBASTIAN MISIEWICZ
Principal, Lee & Associates
305.904.5956
smisiewicz@lee-associates.com

MARCO A. ROCA SR.
CEO-Partner, Reveille Hospitality
678.975.0555
marco.roca@reveillehospitality.com



 160 Guest Rooms	 Ocean Views
 Direct Beach Access	 Private Lagoon
 Two Outdoor Pools	 Lush Sun Deck
 On-Site Restaurant	 On-Site Bar

OVERVIEW:

Costa Sur Resort is a 160 key (including Penthouse) 4-star beachfront resort located 10 minutes from downtown Puerto Vallarta, Mexico on the South Shore of the Bay of Banderas. This beautiful property, a Puerto Vallarta classic, is being offered for sale for the first time in almost 21 years.

Costa Sur is currently soft-branded by Sonesta International Hotels in its Classico Collection. The resort property consists of two towers nestled in its own private beach alcove. The common areas and numerous amenities are situated between the two towers. The proposed sale is for the 160-unit North Tower, plus amenities (see photos). The North Tower consists of large ocean front studio units with kitchens and kitchenettes and is best suited to operate as a hotel. The North Tower also includes a stunning penthouse with a private pool and deck.

Costa Sur was originally developed for timeshare use. For decades it operated primarily to host its timeshare owners and supplemented timeshare use with customary rental. Since the purchase of the resort in 2004, the timeshare component of usage has dropped, it now accounts for approximately 13% of the annual occupancy, with the balance of the inventory used as hotel inventory. There is a natural attrition that occurs with timeshare consumers as they age and travel less. Since ownership has not been in active timeshare sales for 15 years this trend of declining use by timeshare owners will continue until the end of 2030 when the remaining 1,000 (estimated) legacy/ fixed week owners usage will expire. Approximately 980 Club Costa Vida and Playa del Sol members will remain. These members' usage is based on availability.

COSTA SUR HAS BEEN UNDERGOING A COMMERCIAL TRANSFORMATION.

- The ongoing attrition in timeshare usage frees up room nights for higher yielding hotel usage.
- For the first time in the property's lifetime, it is included within a brand network (in late 2024 it was branded as Classico Collection by Sonesta International Hotels). The brand affiliation will provide a natural ramp-up in top line performance.
- In late 2024 and continuing into 2025 it undertook significant improvements to both public areas and infrastructure.
- Units at the property are being brought back online, including the Sky Suites on the 14th floor of the North Tower, which will generate additional occupancy and revenues. During 2023 and 2024 total units offline were 55 and 61 units respectively.
- Recently created flexible meeting space to capture group and business travel. The addition of the meeting space is expected to capture \$67,000 of revenue in its inaugural year. It also opens up an additional room demand channel.
- Recent upgrades and improvements totaling \$4,079,682 USD.
- The property has significant room rate upside. Based on the most recent STR Report the current RevPAR for the subject of \$70/night is 41% of the comp set. Attaining 80% penetration of competitive set RevPAR would double the total Room Revenue.



HISTORY:

The hotel was built between 1979 and 1983 by John Noyes. It was originally developed, sold and operated as a timeshare property. It was the first timeshare property in Puerto Vallarta. The resort was originally named "Costa Vida".

In 2004, a group headed by Ken Molinaro and Antonio Moreno purchased the property and renamed it Costa Sur. They continue to run it as a hotel with a residual timeshare component.

Extensive renovations and remodeling's have been accomplished over the years, including most recently a new efficient air conditioning chiller for the hotel tower and a complete remodeling of the entrance lobby and front desk (see "Recent Improvements").

In late 2024, Costa Sur entered into a brand relationship with Sonesta International Hotels under their Classico Collection. Sonesta provides the hotel with additional marketing and sales force. On-boarding of the property into the Sonesta system was completed in late 2024. It is early into the affiliation but already Sonesta generated room nights that would contribute 5.5% (annualized) increase in occupancy at ADR's 17% greater than non-Sonesta channels. Ownership maintains an excellent relationship with Sonesta and negotiated a low commission fee structure, a combined 5.25% royalty and marketing cost.

Currently the property is self-managed.

Because the units were originally designed for timeshare use, all the units have kitchens or kitchenettes.

1979 & 1983
Years Built & Operated
as "Costa Vida"

2004
Sold & Renovated,
Rebranded to "Costa Sur"

2024
New Brand Relationship
with Sonesta Classico



LOCATION AND SETTING:

Located on Puerto Vallarta's fabled Gold Coast, the Costa Sur Resort boasts its own private beach and swimming lagoon. Just 10 minutes away from the nightlife of downtown Puerto Vallarta, Costa Sur sits in a tranquil setting, directly on the beautiful Bay of Banderas.

The unique features of the resort's location define its identity and much of its competitive advantage. Costa Sur presents a striking mountain-to-sea natural setting. The structure of the resort is itself anchored to a mountain escarpment that drops to the sea where it forms a sandy beach with smooth pebbles characteristic of its South Shore location.

The resort's natural configuration creates privacy that is unusual within such close proximity to a major vacation destination, Puerto Vallarta. All rooms have floor to ceiling ocean views.

Because of its extraordinary natural beauty, the South Shore of the Bay of Banderas has long been recognized as a world class area for luxury hotel and residential development. However, for builders, the mountain rimmed South Shore has been a challenge by comparison to the gradual elevations of the more developed areas of the bay.

In the relatively few locations where building is possible, the South Shore has attracted an elite group of hotel brands. The Hyatt Ziva is the first luxury hotel to have opened in the area. There continues to be development of the nearby Garza Blanca Preserve with its new, ultra-luxury Hotel Mousai, however their ADR's are much higher than at Costa Sur. Less than one quarter of a mile south of Costa Sur, the Hilton Hotel and Convention Center boasts 440 rooms. For more than 15 years, the Spanish hotel chain Barcelo has operated a large hotel complex a few miles further south in Mismaloya.

The South Shore captures the elevated views of the Bay of Banderas. Unlike the properties in the dense crowded downtown, the developments along the South Shore are surrounded by natural beauty. The South Shore is now the setting for some of the most luxurious residential homes anywhere in the Vallarta region. The ruggedness of the South Coast landscape assures that both hotel and residential densities will remain low.

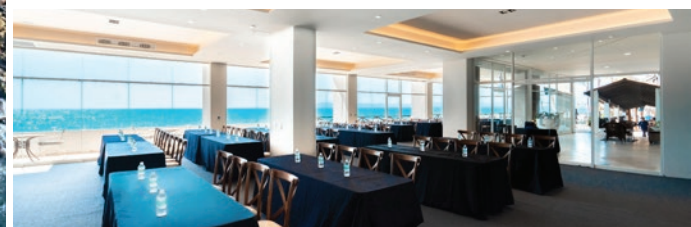
HOTEL ZONE

DOWNTOWN

ROMANTIC ZONE



COSTA SUR



PRIVATE LAGOON:

Costa Sur has approximately 460 feet of ocean frontage, all of it protected by a rock breakwater that forms a swimming lagoon in front of the hotel. The lagoon has become a "signature" feature for the resort. The beachfront and the breakwater are both formally permitted through concessions from the Mexican federal government. Kayaking and snorkeling are among the favorite guest activities in the lagoon.

WEDDINGS:

Costa Sur hosts numerous weddings throughout the year on the outdoor terraces and decks. The property has its own in-house wedding operations and sales staff. In 2025 the revenue from occupancy and F&B attributed to weddings is expected to be \$295,000 USD. Projected wedding income for 2027 is \$527,000.00 including approximately 190,000.00 from indoor weddings during the summer season.

MEETING SPACE:

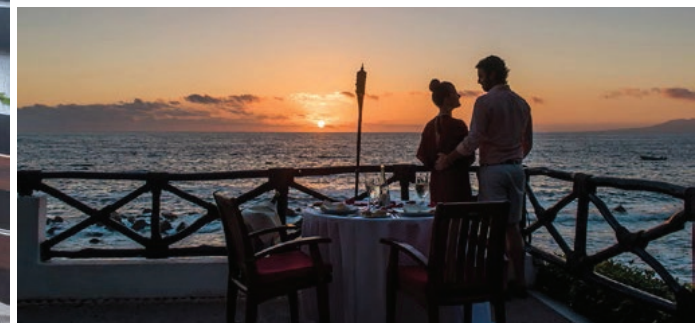
A newly completed, multi-purpose ocean front conference facility has 2,600 square feet that can be used for weddings, group activities, meetings, and other functions. The cost to create the conference space was \$130,000.00 and during its inaugural year is expected to generate \$67,000 from additional hotel occupancy and F&B. The addition of the meeting space also opens a new room demand channel for the property.

BACK OF HOUSE:

In addition to the numerous amenities the North Tower acquisition incorporates back of the house facilities including:

- The main lobby
- Front desk
- Executive and accounting offices
- The commercial laundry
- Housekeeping rooms/facilities
- A full kitchen to supply the F&B operations
- A smaller kitchen and employee dining rooms,
- Men's and Women's locker rooms and bathrooms
- Chef's offices, etc.





PROPERTY DESCRIPTION

DESCRIPTION: Costa Sur Resort is located on private, beachfront property in Puerto Vallarta, Mexico. All of the units have direct full ocean front views over the Bay of Banderas, the largest and perhaps the most beautiful bay on the Pacific Coast of Mexico. The property consists of two separate towers. The North Tower (subject) is 160 all-suites units, including a penthouse. The South Tower has 48 one-bedroom and two-bedroom condominium style units.

USE: Costa Sur primarily operates as a hotel resort with a small residual timeshare component.

OWNERSHIP: The original developer was the only owner until the property was sold to current ownership approximately 21 years ago.

DESIGN: Concrete structures, erected as two towers with all units directly facing the bay. The 160 key North Tower and associated public areas, F&B, Spa and resort market profit centers are included in this sale.

AGE: The project was built in two phases with the North Tower (160 units) built in 1978-79 and the South Tower (48 units) built in 1983-84.

UNIT MIX: Every unit has a kitchenette. The unit mix is as follows: 160 Studio Units with one penthouse.

UNIT SIZES: The units are larger than standard hotel rooms.

- Studios: 412 - 463 sq. ft. average
- Penthouse 2,152 sq. ft.



AMENITIES

ONSITE AMENITIES:

- Private lagoon inside seawall
- Onsite snorkeling in lagoon
- Beachfront location
- Two swimming pools
- La Casada Restaurant (main restaurant - pool level)
- Barefoot Bar (ocean view)
- The Seahorse Grille (ocean view)
- Palapa Sports Bar
- Full Room Service to all units.
- Newly refurbished, well-equipped fitness center
- Onsite spa
- Onsite convenience store
- Guest laundry services
- Popular activities programs
- Convenient location to downtown Puerto Vallarta

SUITE AMENITIES:

- All units have full ocean views
- Satellite TV
- Microwave, coffee maker, toaster
- Refrigerators and stoves

FOOD AND BEVERAGE:

- La Cascada restaurant serves breakfast, lunch and dinner and can accommodate up to 120 guests in a 2,400 square foot facility. The two bars are in the pool area and both have ocean views, as does La Cascada.
- The popular Barefoot Bar is a traditional meeting place for members and guests. Live music is featured during high season "theme nights".
- The Seahorse Snack Bar offers a separate menu with a distinctive variety of light seafood specialties in addition to traditional sandwiches and snacks.

MEETING & BANQUET SPACE:

- A large glass enclosed multi-purpose group meetings and events area (2,600 sq. ft. or 242 sq. meters) overlooks the Bay from the base of the South Tower.

BACK OF THE HOUSE:

- Fully equipped laundry
- On-site carpentry shop
- Accounting and HR offices (2,900 sq. ft. or 261 sq. meters)
- The main water supply is a dedicated well from the nearby village of Nogalito. The property is also connected to the municipal water system as a backup.
- Dedicated on-site treatment plant
- Two elevators (14 floors) at North Tower, One at South Tower (9 floors)
- A freight elevator located between the two towers allows delivery of heavy equipment or furniture between the common area and the delivery level (lobby level)
- Full kitchen to supply all F&B outlets
- Smaller kitchen and employee dining room
- Housekeeping rooms/facilities

MEETING & BANQUET SPACE: 85 parking spaces at the lobby level.



PUERTO VALLARTA HOSPITALITY MARKET

Puerto Vallarta is an increasingly attractive destination for hospitality investment for several compelling reasons:

1. STRONG TOURISM DEMAND

- Consistently high visitor numbers: Puerto Vallarta welcomes over 5 million tourists annually, with steady growth from both U.S. and Canadian markets.
- Year-round tourism: Unlike some destinations that are seasonal, Puerto Vallarta benefits from favorable weather nearly all year, supporting steady occupancy rates

2. FAVORABLE INVESTMENT ENVIRONMENT

- Government support for tourism: Federal and local governments actively promote tourism and infrastructure investment.
- Pro-business climate: Investors benefit from relatively low property taxes and reduced bureaucratic red tape in designated tourism zones.

3. EXCELLENT AIR CONNECTIVITY

- International airport with over 50 direct flights from major North American cities (e.g., Los Angeles, Dallas, Vancouver, Toronto), facilitating strong access for leisure travelers.

4. DIVERSE HOSPITALITY SEGMENTS

- Wide range of demand: The region supports everything from luxury resorts and boutique hotels to budget-friendly vacation rentals.
- Appeal to multiple traveler types: Wellness tourism, destination weddings, LGBTQ+ travel, ecotourism, and adventure travel all thrive here.

5. STRONG ROI POTENTIAL

- High occupancy and ADR: Puerto Vallarta often sees hotel occupancy rates above 70% and growing Average Daily Rates (ADR), especially in the high-end segment.

6. URBAN AND NATURAL INTEGRATION

- Scenic appeal: Mountains meet the ocean, offering dramatic landscapes that enhance the destination's value.
- Walkable downtown (Zona Romántica): Vibrant, charming, and highly desirable for hotel development and vacation rentals.

7. RISING INTERNATIONAL PROFILE

- Increased media exposure: Consistent ranking in global travel magazines and high-profile influencer promotion bolster interest and brand recognition.
- Repeat visitation: A high percentage of visitors return, reflecting satisfaction and brand loyalty—key for hospitality success.

8. INFRASTRUCTURE AND DEVELOPMENT

- Ongoing investment in roads, port, and airport expansion improves accessibility and long-term viability for tourism growth. The "New Road" from Guadalajara to Puerto Vallarta opened in middle 2024 and has greatly increased travel to Puerto Vallarta.
- Luxury brand entry: The presence of brands like Marriott, Hilton, and Hyatt signals confidence in the market's stability and demand.

Currently there are no additions to room supply within a reasonable distance to Costa Sur Resort.



PRICE AND PROCESS:

The Hotel is owned by CV Resorts, S de RL de CV, which is owned by a U.S. Limited Liability Limited Partnership, Costa Vida, LLLP. The sale can be structured as either in the U.S. or in Mexico.

We have established a sales price for the North Tower of Costa Sur Resort of USD \$28,000,000. The price was determined based on; 1) trailing history, 2) substantial attainable upside potential, and 3) replacement cost.

The proforma is for the North Tower trailing EBITDA of \$924K in 2024 with projected EBITDA of \$3.3MM by 2027. This is attained by growth in market penetration and rate increase with the Sonesta brand and the benefit of rate growth and occupancy from recent improvements. There is reasonable continued growth in both occupancy and rate, driven by the uplift from institutional management, to increase RevPAR penetration from 41% currently. **Estimated replacement cost inclusive of depreciation also supports the price:**

ITEM	COST	DEPRECIATION	CURRENT VALUE
Land (2022 Appraisal Plus 10%)	\$12,000,000	0%	\$12,000,000
Construction Costs Buildings (\$125/sf)	\$22,865,000	30%	\$16,005,500
Retaining Walls, Sea Wall, Pools, etc.	\$2,000,000	10%	\$1,800,000
FF&E - 160 Rooms	\$2,400,000	25%	\$1,800,000
FF&E - Public Space	\$500,000	40%	\$300,000
Total Replacement Costs	\$39,765,000	-	\$31,805,500

CONTACT:

GARRICK BENABE
Principal, Lee & Associates
954.993.5520
gbenabe@lee-associates.com

SEBASTIAN MISIEWICZ
Principal, Lee & Associates
305.904.5956
smisiewicz@lee-associates.com

MARCO A. ROCA SR.
CEO-Partner, Reveille Hospitality
678.975.0555
marco.roca@reveillehospitality.com