Sierra, Northstar ski resorts may be sold

By David Sharp, AP

A real estate investment trust that's considering getting out of the snow business could sell more than a dozen ski resorts from Maine to California that are worth hundreds of millions of dollars.

CNL Lifestyle Properties owns 16 resorts including Northstar, Sierra-at-Tahoe, Sunday River and Sugarloaf in Maine, Bretton Woods, Loon Mountain and Mount Sunapee in New Hampshire, Okemo Mountain in Vermont, Crested Butte in Colorado, and Brighton in Utah.

If CNL sells them all to one buyer, industry officials say it would be the largest single ski resort transaction in the history of the sport — though skiers might not notice the sale at all.

"CNL Lifestyle Properties bought Sierra and Northstar a few years ago. Booth Creek Resort Properties manages the resort — the assets and special use permit are property of CNL. I work for Booth Creek, we pay rent to CNL," Sierra General Manager John Rice told *Lake Tahoe News*.

In October 2010, Vail Resorts acquired the stock of the companies that operate Northstar from Booth Creek and other sellers for $63 million. Vail also runs Northstar Village, which is owned by CNL. No one from Northstar or Vail Resorts was available for comment.

Rice said change in ownership would have no affect on Sierra.

"Whoever owns the permit would still need a tenant. Sierra is the tenant. A new owner of the assets would be our new landlord, if you will," Rice explained.

CNL will evaluate options for its remaining properties including ski resorts, theme parks and marinas "in the near future," said Steve Rice, senior managing director of CNL Financial Group, and no relation to John Rice. Besides selling them, alternatives include a private buyout or listing on a publicly traded exchange.

"We're taking a studied and careful approach," Rice said.

REITs are an investment vehicle for a variety of properties including hotels, office buildings and malls, but they are new to the ski industry in the last 15 or so years.

There's only one other REIT that's a big player in the ski industry, Missouri-based EPR, said Michael Berry, president of the National Ski Areas Association.

CNL Lifestyle Properties was valued at as much as $3 billion in 2012 with ownership of more than 100 water parks, ski resorts, marinas and senior housing developments before the value dropped in the aftermath of a real estate downturn. The REIT is nearing the end of its projected lifespan and anticipates having an "exit strategy" in place by Dec. 31.

In June, CNL agreed to sell 48 golf properties for $320 million. In December, it announced an agreement to sell its senior housing for $790 million.

Ideally, the remaining ski properties, theme parks and marinas would be sold, and the company enlisted Jefferies LLC, an investment bank, to evaluate options.

Any sale wouldn't have any significant impact on skiers because the resort operators' long-term leases will remain in place even if the properties change hands.

"At the end of the day, from a customer standpoint, it's not going to alter reality that much," Berry said.

Ski resorts, which are at the mercy of weather and the economy, can be good investments as long the owners have a long investment horizon, said Michael Krongel from Mirus Resort Capital in Burlington, Mass., who’s been involved in buying, selling and developing ski resorts for 45 years. REITs like Florida-based CNL bring in revenue through rent paid by ski resort operators.

Lake Tahoe News contributed to this story.