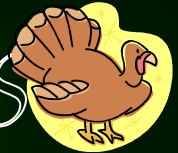


Happy Thanksgiving



LODGING NOTES

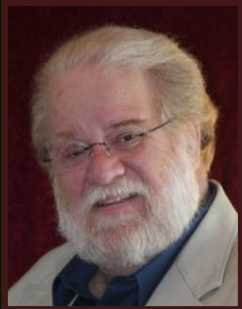


AND RANDOM THOUGHTS



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BRUSH &
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LODGING INDUSTRY
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Founded 1993

16410 SW 77TH COURT
MIAMI, FL 33157

TEL. 305.253.7415
SKYPE. SCOTT.BRUSH
EMAIL. SCOTTBRUSH@
BRUSH-AND-COMPANY.COM

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Note: I replaced my computer system in October and had a problem transferring my Outlook files to their new "home". Some names were missing while names previously dropped from the mailing list appeared as if by magic. If you had asked to be dropped from the list but find yourself here once again I ask that you "unsubscribe" again (and forgive me). If you're not here and wish to be I'd like to be told, but since you won't see this I guess it's not really worth asking – sort of like requesting those missing at a meeting to please say "aye".

STATE OF THE LODGING ECONOMY

Ed Watkins (editor of Lodging Hospitality (www.LHonline.com) in the November editorial addresses the good feelings about improvements in the industry by reminding us (correctly I believe) that "The problem is the U.S. needs jobs now and it needs lots of them. Unless millions of unemployed and underemployed people get back to work soon, the economy is in serious danger of falling back into recession, and all the lodging industry's hard-won performance gains will quickly slip away." He goes on about "self-serving, pin-headed dimwits in Washington" (perhaps treating them better than they should be treated) but if you haven't read the whole editorial you should.

When is a hotel sales contract not a contract? In Tampa it's when the Republican National Committee believes they can get a discount on the 15,000 guestrooms booked (in August 2010) for the 2012 convention next summer. It seems that a hired consultant has indicated to the RNC that they can get a better price for the rooms so the committee has reneged on the contracts. The committee also wants to raise the fee the hotels pay to help cover convention operating costs. (St. Petersburg Times – www.sptimes.com) Seems the politicians get us both coming and going.

COST SAVINGS

Recently ran across a term new to me - "Cost Segregation" that can save tax dollars, and got more information from M&E Cost Segregation (www.costsegleader.com): "A cost segregation study for your existing or to-be-developed hospitality properties identify certain project costs that can be properly classified as tangible personal property or land improvements rather than 'real property' that is depreciated over 39 years. 20-30% of total project costs can typically be reallocated into 5, 7, or 15-year categories resulting in substantial tax benefits.

Whether the property was acquired or newly constructed in the past several years, you could realize significant value from an engineering based cost segregation study. Current tax laws allow you to "catch up" depreciation for prior years and realize the benefit in the current year without an amended return. Even if you have recognized some benefits, M&E's engineering based studies consistently identify additional benefits for existing owners and investors. Contact Tom Miller (tmiller@costsegleader.com) for more information.

FLORIDA INTERNATIONAL UNIVERSITY

Guest speakers are still being actively sought for one hour talks with graduate students at my seminar course - **Hospitality Asset Management** on Monday afternoons starting in January 2012. Owners, developers, chain executives, management companies, real estate brokers, debt/equity experts, legal experts and other stakeholders in the hospitality industry help to make the course more pertinent and provide differing perspectives to a class (usually less than 24) most with industry experience. If you think you might have some interest, email me for more information – scottbrush@brush-and-company.com.

On a related subject, I'm looking for articles or other information on Asset Management internationally I'd like to give the students additional background in asset management outside the USA and I seem to be having difficulty finding published pertinent information.

"ODDS & ENDS"

The Academy of Hospitality & Tourism (AOHT) is a high school career program under the auspices of the National Academy Foundation. If you have one in your community, support it! The Miami-Dade County program (www.aoh.org) is now in 12 high schools and earlier this year had its 20th annual Visitor Industry Student Conference. Upcoming Nov 22nd is the annual South Florida Tourism Professional of the Year Award Luncheon. For tickets or more information call 305.995.7379.

Hotel fees and surcharges hit will hit a record \$1.8 Billion this year (up 80% from 2001) according to Bjorn Hanson at NYU. An article (11/1/11) in www.HotelNewsNow.com by Joe McInerney, President of AL&HA, emphasizes the need to be "transparent" with charges such as mandatory "resort fees" that can reach \$25/night in Las Vegas. Charges for things that a guest assumes are included in the room charge (housekeeping, bag storage, use of gym or pool) might be resented while charges for bundled "extras" such as faster internet or other services/amenities can be both useful to the guest and profitable for the hotel. Be careful, fees and surcharges shouldn't be more than the room rate even if airfares seem less than baggage, change, meal, towel, blanket, etc. fees.