STATE OF THE LODGING ECONOMY

A Spring supplement to Hotel Business (www.hotelbusiness.com) indicates that “Construction firms see slight uptick in projects as economic rebound takes hold.” That doesn’t mean we’re going to see a massive increase in new construction, but it does mean that those properties than can are looking hard at renovations and a few construction projects (adaptive re-use of office buildings, condominiums and other buildings along with a moderate number of new builds) are taking place. The article quotes new development pipeline numbers from Bobby Bowers of Smith Travel Research (www.STRglobal.com) that show a 3.4% increase in rooms under construction at the beginning of this year compared to the start of 2012 – a small increase from last year’s very low growth levels. The stats also show a 120.2% increase in the number of rooms in “Final Planning” – potentially an indicator of an expected easing of the development process and the availability of more funds, both equity and debt, being available to the industry.

Average rate growth is back! (potentially). A recent article at hotelNewsNow.com was headlined “Pricing power becomes evident in hotel metrics.” The article addresses the fact that since the nadir, it has been demand that has led the (painfully) slow recovery but since demand seems to have hit new peaks, it is time for all good hotel managers to start once again to emphasize the pricing side of the revenue management equation. Although one seems to be expecting double digit percentage increases in attained rates, most industry gurus are expecting better rates in 2012. STR predicts a 3.8% increase in ADR in 2012 followed by 4.4% in 2013. Although it won’t bring us back up to where we should be (most pundits are looking to 2014 and 2015 for that growth), it will be a welcome increase for many of the US markets.

DEFINITIONS

Last March we asked: Boutique hotel. Can you define the term? Well, the Boutique & Lifestyle Lodging Association has attempted to do just that. An article in a recent Hotel Business (www.hotelbusiness.com) outlines the BLLA’s approach with three rounds of questions, each round being influenced by the previous answers, to a panel of 41 industry professionals. Some of the output indicates common perceived characteristics of “boutique” include unique services, social living spaces, frequently independent and that “boutique” properties are perceived as smaller than “lifestyle”. The panel considered “Lifestyle” hotels more innovative and modern and more likely to have unusual design and architectural features with a strong emphasis on wellness and enrichment. There is much more information in the full article.

THE NEW “NORMAL”

A recent article introduced by Jim Butler of JMBM’s Global Hospitality Group (www.jmbm.com) indicates significant and growing interest in EB-5 financing for hotels. MAY be affected by US Citizenship and Immigration Services questions about whether to count new employees (required of the hotel investment) as employees of the hotel or of the management company. The March 30, 2012 article “EB-5 Lawyer with the Latest Wrinkle in EB-5 Financing for Hotels – The Tenant Occupancy Issue” published in Hotel Online (www.hotel-online.com) contains Catherine Holmes and Victor Shum (JMBM attorneys) explanation of the issue and why employees should be treated as employees of the hotel project.