Note: With the results of the recent election we have a number of people “elated” and probably an equal number “devastated” - to say nothing of the “satisfied” and the “unsatisfied”. I realize I am being naïve, but I would hope that we could get a number of people willing to work together to help “fix” things. I especially hope that the “hard right” and the “hard left” can see that we are all in this together and that working with the “moderates” from both sides (not sure how many of those are left) is the only way to avert a self-inflicted economic “disaster”. There are a number of us out here that are pretty exasperated with the state of politics in this country and the ensuing apparent lack of progress out of Washington. Some real consensus would give us all something to be “thankful” for at the holiday table. Maybe Mitt & Hillary could co-chair a “compromise committee”????????

STATE OF THE LODGING ECONOMY

Smith Travel Research, in its HotelNewsNow.com publication, indicated that “Hotel Values Continue Upward Trend” (26 Oct 2012) to a reading of 78.4 (versus 100 in April 2007) consistent with HVS’s “2012 US Hotel Valuation Index” (HVS.com) that predicts one of the longest stretches (2010 – 2016) of hotel value increases with values passing 2006 next year. The HVS report also found that price per key during 2011 increased by 16% from $189,000 to $214,000. Not every market is seeing the same increases – another HotelNewsNow.com article highlighted “5 US Hotel Markets Ripe for Development”: Tucson, AZ; Tallahassee, FL; Sacramento, CA; Hartford, CT; and West Palm Beach/Boca Raton, FL. Another article (31 Oct 2012)

Those of us who have been around for a while know that the industry operates in cycles and that those who succeed best are those that pay attention and plan with the cycles in mind. I have never been able to convince a bank that in good times just because everyone is lending on hotel projects that there still are “bad” deals out there and equally, in bad times when nobody is lending on hotels, there are still extremely “good” deals out there. You just need to be able to sort the wheat from the chaff. While you may still make a profit selling a hotel in a bad market, you are not making as much as you would if you sold at the top of the curve. Equally buying at the top of the curve makes it that much harder to profit even if it is a top performer.

TRENDS

What lenders want from hotel franchisors is the title of a recent article on STR’s HotelNewsNow.com from Bob Coleman’s “Coleman Report”. In short, lenders want information; they want the “comfort” of a brand name, background data and support (training, advertising, etcetera) that will help the project reach success - i.e. be able to repay the loan. This has become even more true in today’s market as lenders raise the underwriting bar on all investments.

Not only do “concierge” and “preferred” guest floors help a hotel create both an image and a “point of difference” in their market, but “women-only” floors are becoming more popular in commercially oriented hotels in markets with sufficient demand as women become a larger portion of the commercial traveler segment. Not only are the floors restricted to women and typically have added security such as limited-access elevators, the decor and amenities tend to be focused as well including cosmetics mirrors, different skin and hair care products, and even women-oriented television channels. Typically the added amenities are used to justify a small increase in the room rate.

FLORIDA INTERNATIONAL UNIVERSITY

Volunteers have filled all the guest speakers and case study judgeships for the upcoming semester of my seminar course - Hospitality Asset Management. A varied mix of owners, developers, chain executives, management companies, real estate brokers, debt/equity experts, legal experts and other stakeholders in the hospitality industry have come together to make the course more pertinent and provide differing perspectives. I am, however, still looking for comments, suggestions, articles and opinions on information to include in the course and would appreciate any input you would care to provide at – 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 (Achten) 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.ahtf.org) is now in 12 high schools and celebrating 25 years of success. Upcoming on December 18th is the annual South Florida Tourism Professional of the Year Award Luncheon. For tickets or more information call 305.995.7379.