



Special Presentations



LIIC TOP TEN

Mike Cahill

Lodging Industry Investment Council

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Clearer Skies Brighter Future



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Hotel Guestroom Demand?

An interesting juxtaposition:

- **65%** are cautiously optimistic that corporate travel will recover
- Out of all demand segments, **74%** anticipate group travel will be the fastest growing



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New Hotel Development?

- **As expected!**
- Extended-stay hotels are expected to dominate the construction pipeline
- **50%** of LIIC believes it is a good time to initiate the new construction process

New Extended-Stay Hotel Brands





Where NOT to Buy a Hotel:

1. St. Louis, MO (44%)
2. San Francisco, CA (39%)
3. Minneapolis, MN (38%)
4. Detroit, MI (32%)
5. Chicago, IL (29%)
5. Los Angeles, CA (29%)



**8**

Where to Buy a Hotel:

1. Boston, MA (40%)
2. Tampa, FL (32%)
3. Nashville, TN (22%)
3. New York, New York (22%)
3. Phoenix, AZ (22%)

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Hotel Buyers Struggling to Find Product?

Quantity

71% believe the quantity available for purchase is **similar or slightly better than 2023**

Quality (Desirability to Purchase)

54% believe the quality of product available is **same as 2023**

***Bonus!** In the 2023 survey, **53%** believed the quality was the same as 2022.*

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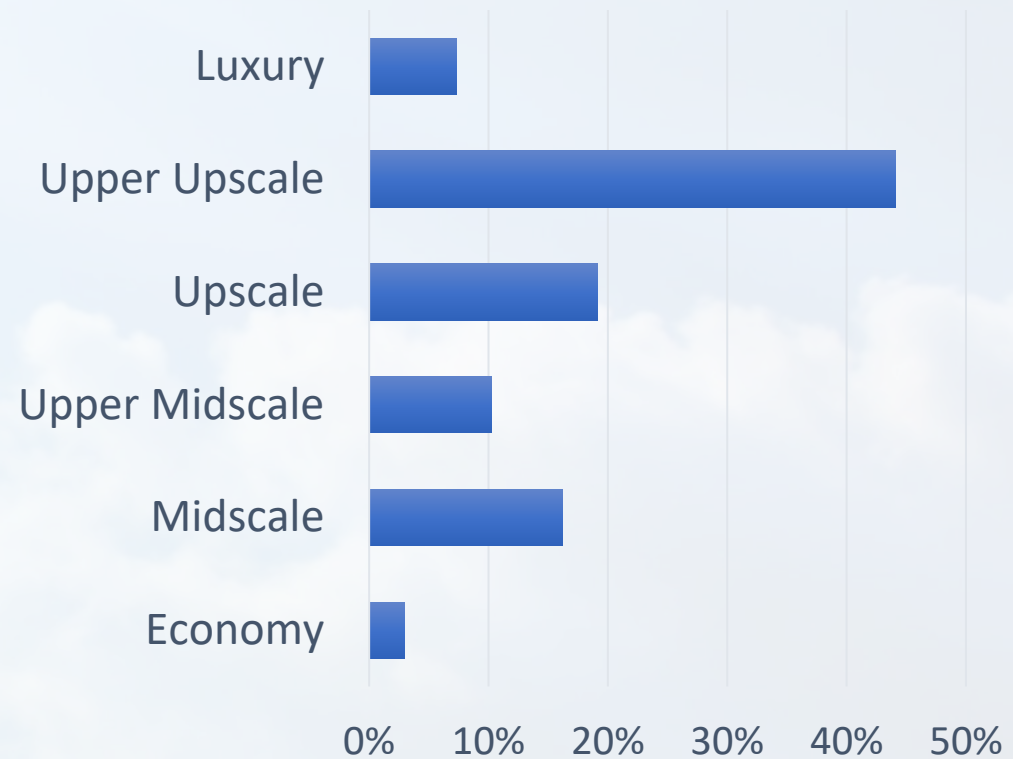
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What Do Lodging Investors Want?

- For **44%** of respondents, Upper Upscale is the preferred target scale
- Upscale (**19%**) ranked next, followed by Midscale (**16%**)



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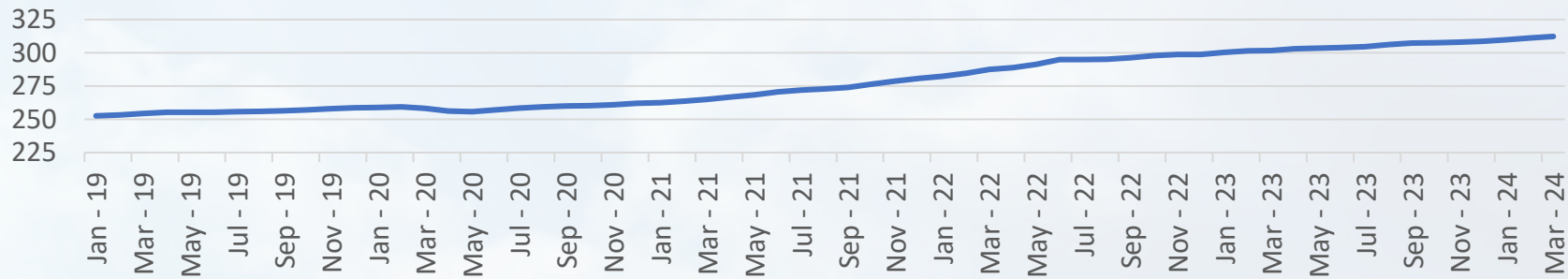


Impact of Inflation?

73% of investors believe that our current inflationary environment has resulted in a value reduction

54% of respondents believe overall hotel operating fundamentals are worse than the pre-pandemic environment

Consumer Price Index for All Urban Consumers (CPIAUC)



Source: St. Louis Fed



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Impact of Hotel Debt?

- Interestingly, unfavorable hotel debt refinancing costs have not impacted the decision to sell or hold for **79%** of respondents
- **57%** plan on refinancing existing debt

Anticipated Lender Activity

Private Money



Debt Funds



Mega Banks

SAME

CMBS



Regional Banks

SAME

Local Banks

SAME

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Hotel Cap Rates and Transactions Market?

Cap Rates: 64% expect to be stable or slightly increasing

Total # Sold: 74% expect to increase relative to '23

Total \$ Volume: 75% expect to increase relative to '23

Bonus! 30% expect the total dollar volume to increase over 10%

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Greatest Four Threats to Your Hotel Investment

- 1. Interest Rate Costs for Acquisition Debt**
- 2. Change-of-Ownership PIP Mandates from Brands**
- 3. Availability of Suitable Acquisition Assets in Your Targeted IRR Range**
- 4. Mortgage Refinancing Challenges**

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Hotel Property Investment: Currently Stagnant with Slightly Positive Improvements Expected over the Coming 12 Months

- Liquidity: Transaction volume increasing
- Debt markets remain challenging
- Highly desirable assets not entering the marketplace
- Bid / Ask is still a lingering problem

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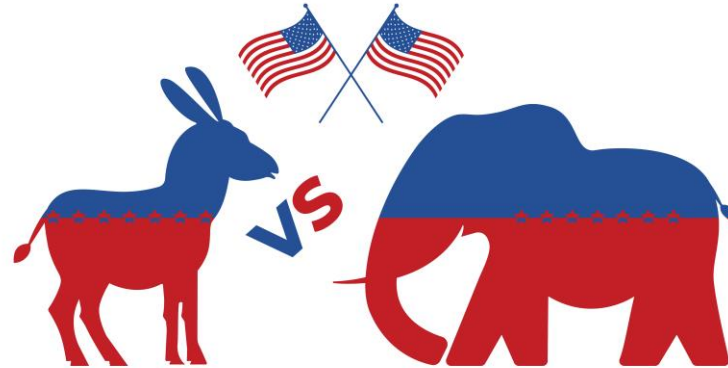
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LIIC BONUS QUESTIONS

2024 Election?

50% of LIIC anticipate that a Republican will win the 2024 presidential election, while **44%** foresee a Democratic win, leaving **6%** to favor other outcomes.





LIIC BONUS QUESTIONS

Public Hotel REIT Stock for Personal Investment?

Not Buying!

- ✗ 61% would not consider this investment
- ✓ 39% would consider this investment





LIIC BONUS QUESTIONS

Daily Housekeeping?

For midscale to luxury transient hotels, **43%** do not expect daily housekeeping.





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6 What Do Lodging Investors Want?

7 Hotel Buyers Struggling to Find Product?

8 Where TO or NOT TO Buy a Hotel:

9 New Hotel Development?

10 Hotel Guestroom Demand?

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For more information on LIIC,
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