

# LODGING

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Tempered Optimism at NYU Conference

Hotel executives express enthusiasm about demand and occupancy, wonder about rates.

by Len Vermillion

**NEW YORK, N.Y.**—Hotel executives continue to gain more optimism concerning the lodging industry's recovery as demand returns but remain on the look out for when rates will begin to increase. That's what many of the industry's top executives expressed at the 32nd Annual New York University International Hospitality Industry Investment Conference, held June 7th and 8th at the New York Marriott Marquis.

During the opening panel, David Kong, president and CEO of Best Western International; Mark Hoplamazian, president and CEO of Hyatt Hotels Corporation; and Andrew Cosslett, CEO of IHG; expressed cautious optimism about signs of the industry's recovery. Meanwhile, Arne Sorenson, president and COO of Marriott International, said he was "wildly optimistic." He pointed to the numbers showing occupancy and demand returning.

Kong said that last year there was a "perfect storm" of factors that led to dismal numbers industrywide. He noted that in 2009 demand decreased nearly 6 percent, while supply increased nearly 3 percent, but those trends have turned around for this year.

In addition, the four executives discussed the proliferation of brands in today's environment. "If you have a brand that means something to people, you're fine," Cosslett said. "If you're a fly by night, you're probably dead."

Later, Cosslett told reporters, "We are trying to make sure we have brands that appeal to particular people. You can have brands in the future that are quite small. You have to have distinctiveness."

In other happenings from the conference, hotels executive tackled several other topics. In a press conference held Monday, Jay Shah, CEO of Hersha Hospitality Trust, expressed optimism about group bookings by saying, "A lot of group bookings that are on the books are starting to be replaced with bookings at a higher rate." Meanwhile, Monty Bennett, CEO of Ashford Hospitality Trust, said his company has seen an increase in group bookings. "We've met our group goals for the first time in two years," he told reporters.

While executives expressed optimism about occupancy and demand numbers, many were still wondering when increased rates would return. Sorenson expressed that he believes rates would begin to increase very soon, saying some markets have already seen increases. In fact, shortly after the conference, Marriott International reported its first room rate increase in two years.

Meanwhile, some executives at the conference were announcing funding and searches for acquisitions. Capital Hotel Management, a hotel investment, advisory, and asset management firm, announced that it has formed CHM Partners to acquire hotels primarily as a co-investor with other equity partners. CEO Ken Wilson said, "We believe the timing is right to return to our original strategic platform and to again invest in hotels to take advantage of the coming next cycle." At the conference, Wilson and President Chad Crandall told *Lodging* that they believe the next 12-18 months is an ideal time to invest in hotels. "The pipeline is beginning to accelerate," Crandall said.

Likewise, Lance Shaner, chairman and CEO of Shaner Hotel Group told *Lodging* that he also thought the next 12 months was a window of opportunity. Shaner Hotel Group announced plans to acquire between \$300 million and \$500 million in hotel assets, possibly as soon as the end of the year.

In announcing the company's intentions, Shaner said, "The availability of assets coming to market is finally beginning to expand, which has allowed us to put our plan in action. Capital has not been the problem in hotel real estate transactions, it has been available product."

