



MEET THE MONEY®
National Hotel Finance &
Investment Conference



Hotels Values & Cap Rates

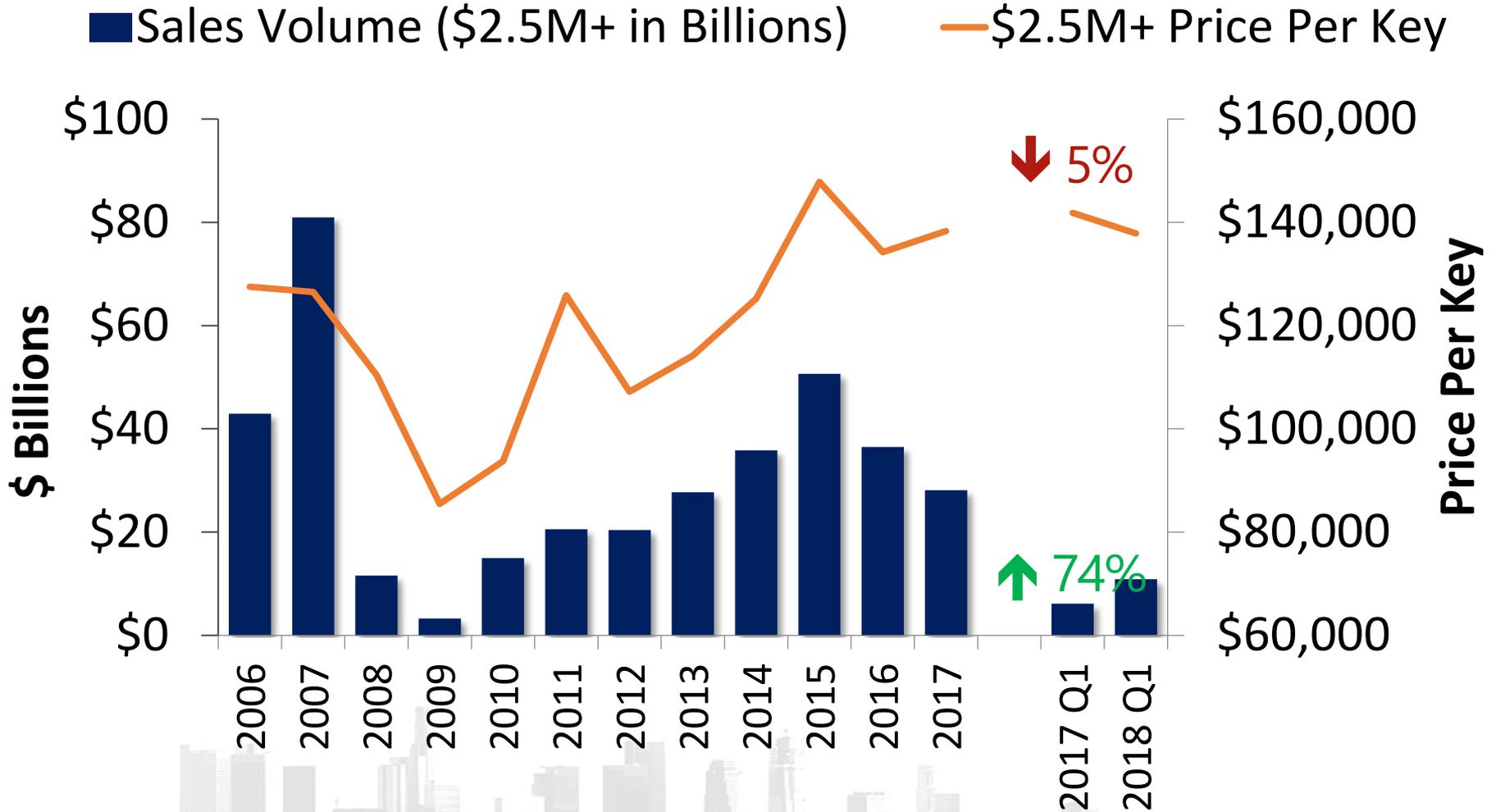
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SUNNY, HAZY SKIES AHEAD

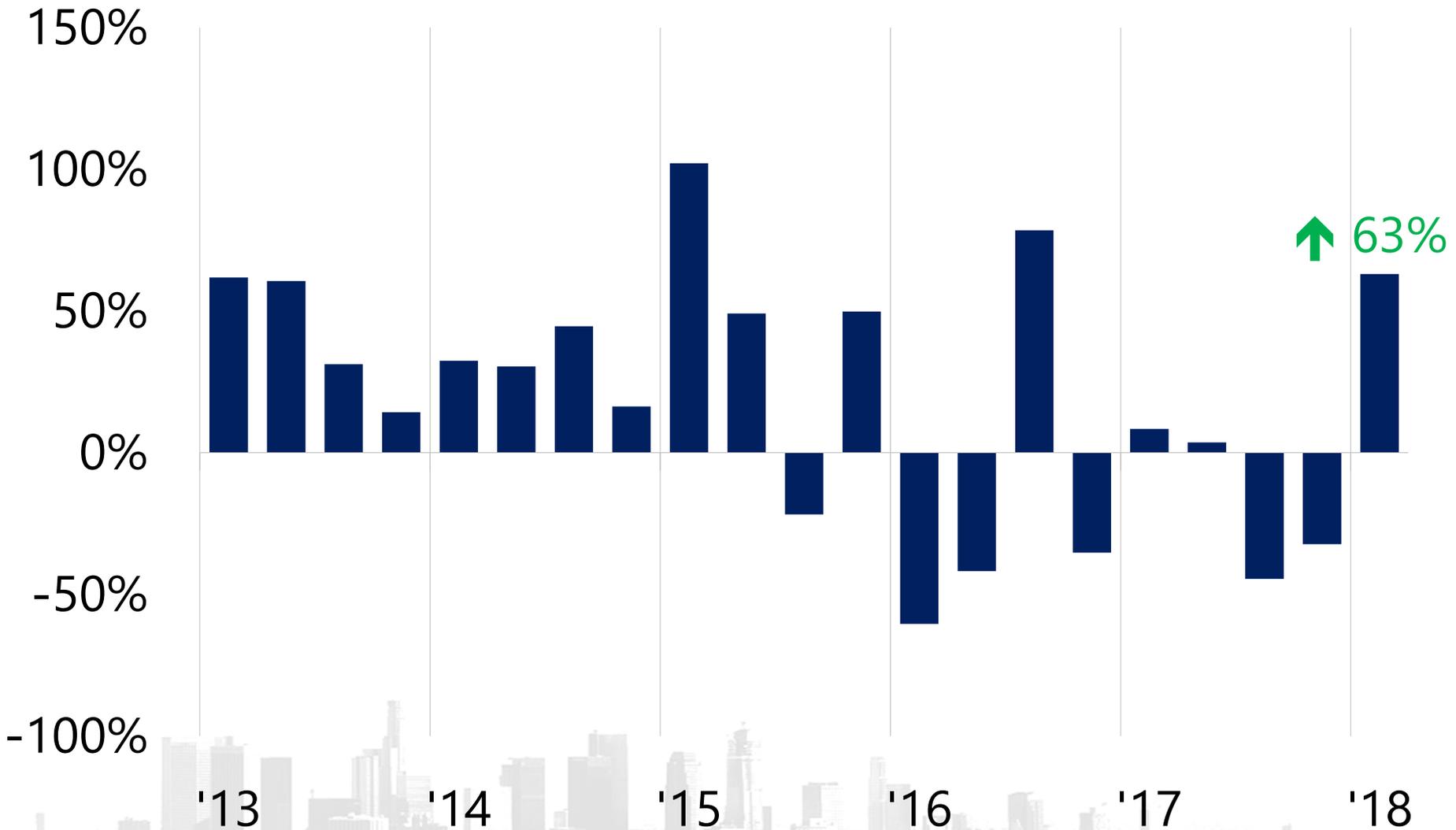


Historical Sales (Total Sales \$2.5M+)



Source: HVS, RCA

Year-over-Year Transaction Volume Change



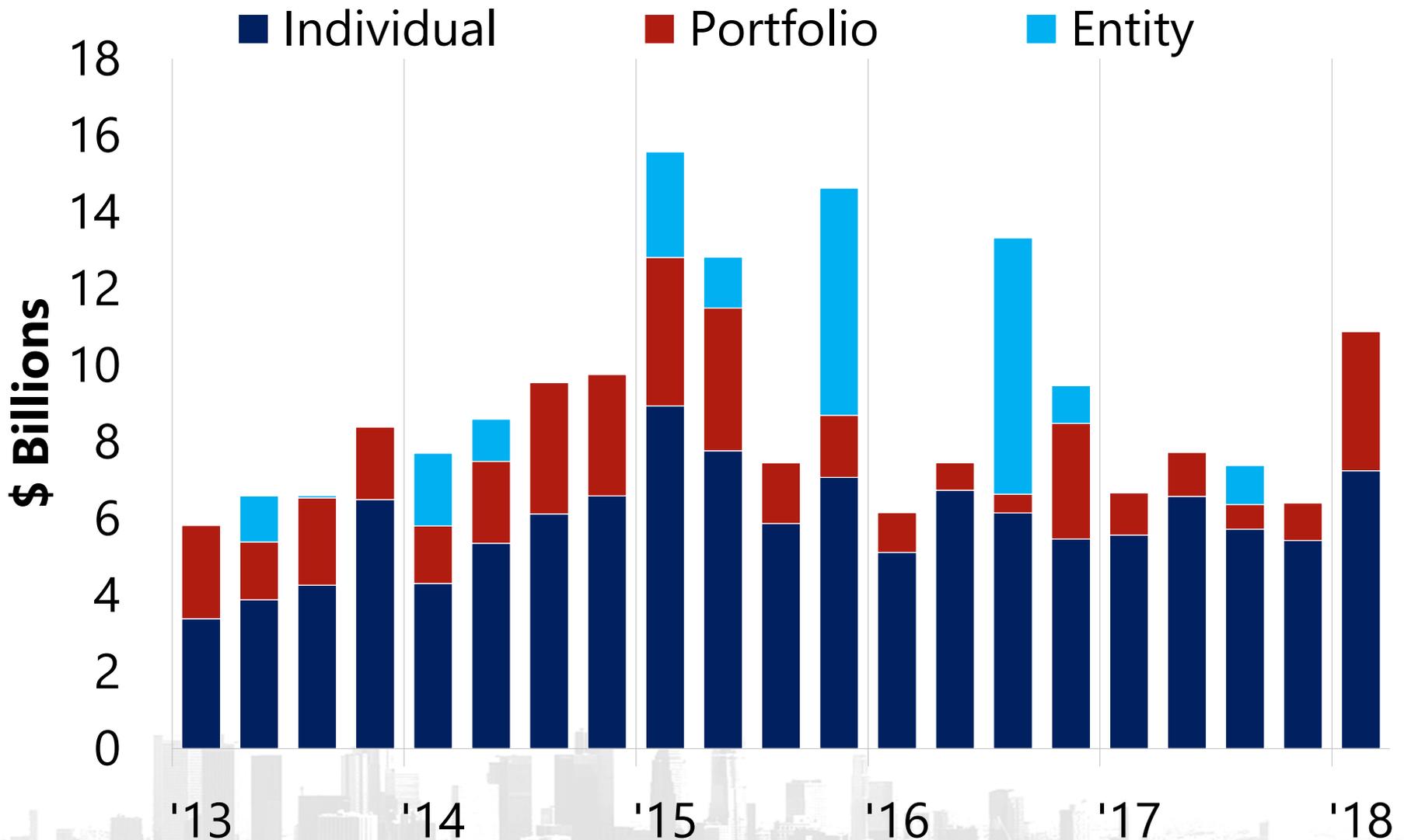
Source: HVS, RCA

Q1 2018 Quarterly Volume Breakdown

	Vol (\$ Billions)	YOY
Hotel Total	10.9	63%
Full-Service	7.2	63%
Limited-Service	3.6	63%
Single Asset	7.2	30%
Portfolio	3.6	229%
Major Metros	4.3	101%
Secondary Mkts	3.6	39%
Tertiary Mkts	2.8	48%

Source: HVS, RCA

Total Hotel Quarterly Transaction Volume



Source: HVS, RCA

Q1 Portfolio Sales > \$500 million

Portfolio Name	GIC Iconic U.S. Hotel Portfolio	Hyatt Hotels	MassMutual U.S. Hotel Portfolio	Woodspring Suites Hotel Acquisition
Date	Apr-18	Mar-18	Jan-18	Feb-18
No. of Properties	3	3	7	107
No. of Rooms	2,327	1,414	2,041	12,340
Total Price	\$1,635,000,000	\$1,000,000,000	\$800,000,000	\$767,500,000
Average PPK	\$702,621	\$707,214	\$391,965	\$62,196
Buyer	Blackstone	Host Hotels & Resorts	Junson Capital	Brookfield AM
Seller	GIC	Hyatt Hotels	Mass Mutual Life Insurance	WoodSpring Hotels, Lindsay Goldberg

Source: HVS, RCA

Notable Sales: GIC Iconic U.S. Hotel Portfolio



Arizona Biltmore Resort & Spa

\$403,400,000

\$566,573 PPK

Cap Rate: 6.5% *

Grand Wailea Resort & Spa

\$1,100,000,000

\$1,312,649 PPK

Cap Rate: 5.0% *

La Quinta Resort & Spa

\$148,790,500

\$191,494 PPK

Source: HVS, RCA. * Estimated

Notable Sales: Hyatt Hotels Portfolio



Hyatt Regency Coconut Point Resort

\$136,413,179
\$300,470 PPK
Cap Rate: 5.0% *



Andaz Maui

\$288,198,471
\$960,662 PPK
Cap Rate: 5.0% *



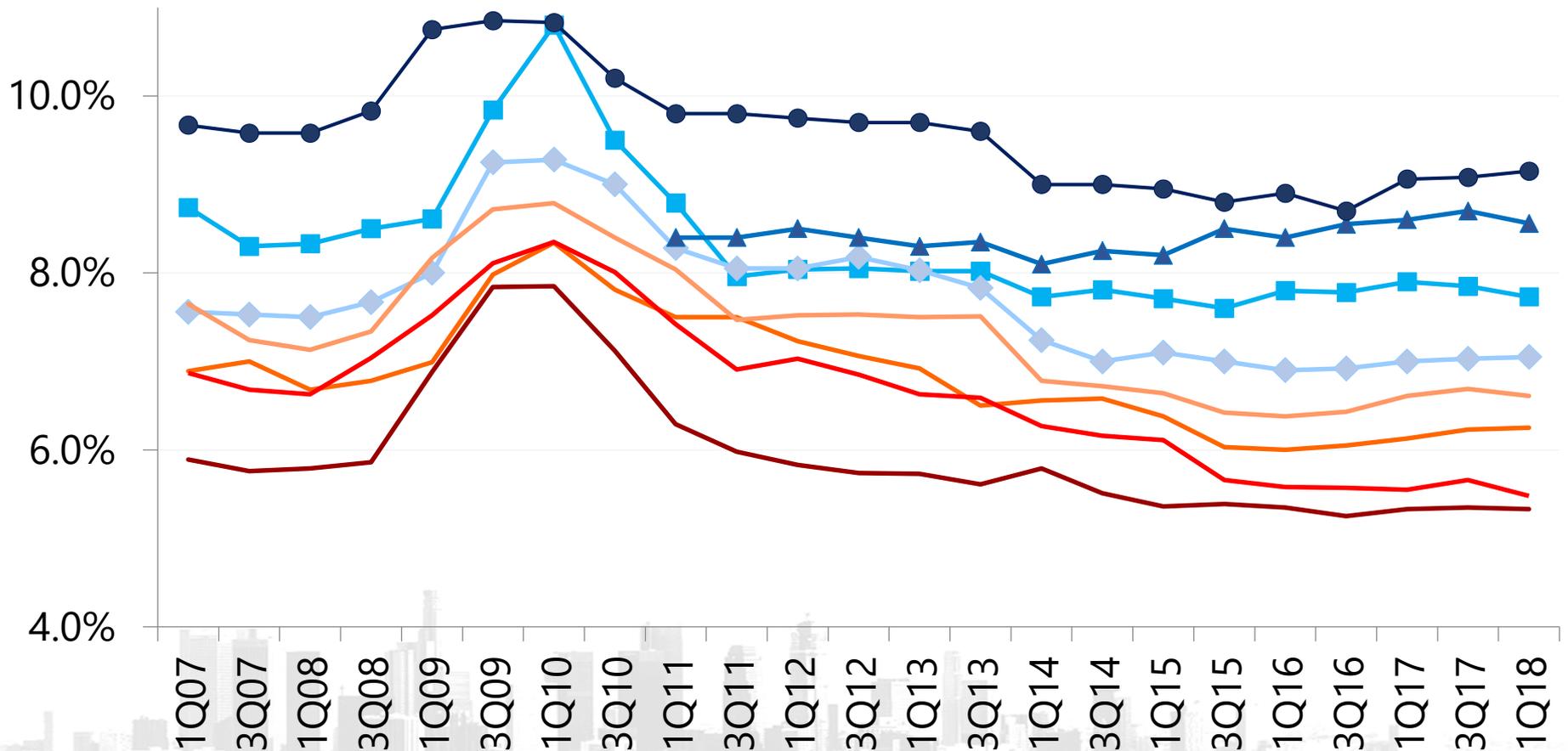
Grand Hyatt San Francisco

\$575,388,247
\$871,800 PPK
Cap Rate: 5.0% *

Source: HVS, RCA. * Estimated

PWC RE Investor Survey Cap Rate Trend Data

- Full-Service Lodging
- Luxury Lodging
- Select-Service Lodging
- Limited-Service Lodging
- Regional Mall
- CBD Office
- Suburban Office
- Apartment



Source: HVS, PWC

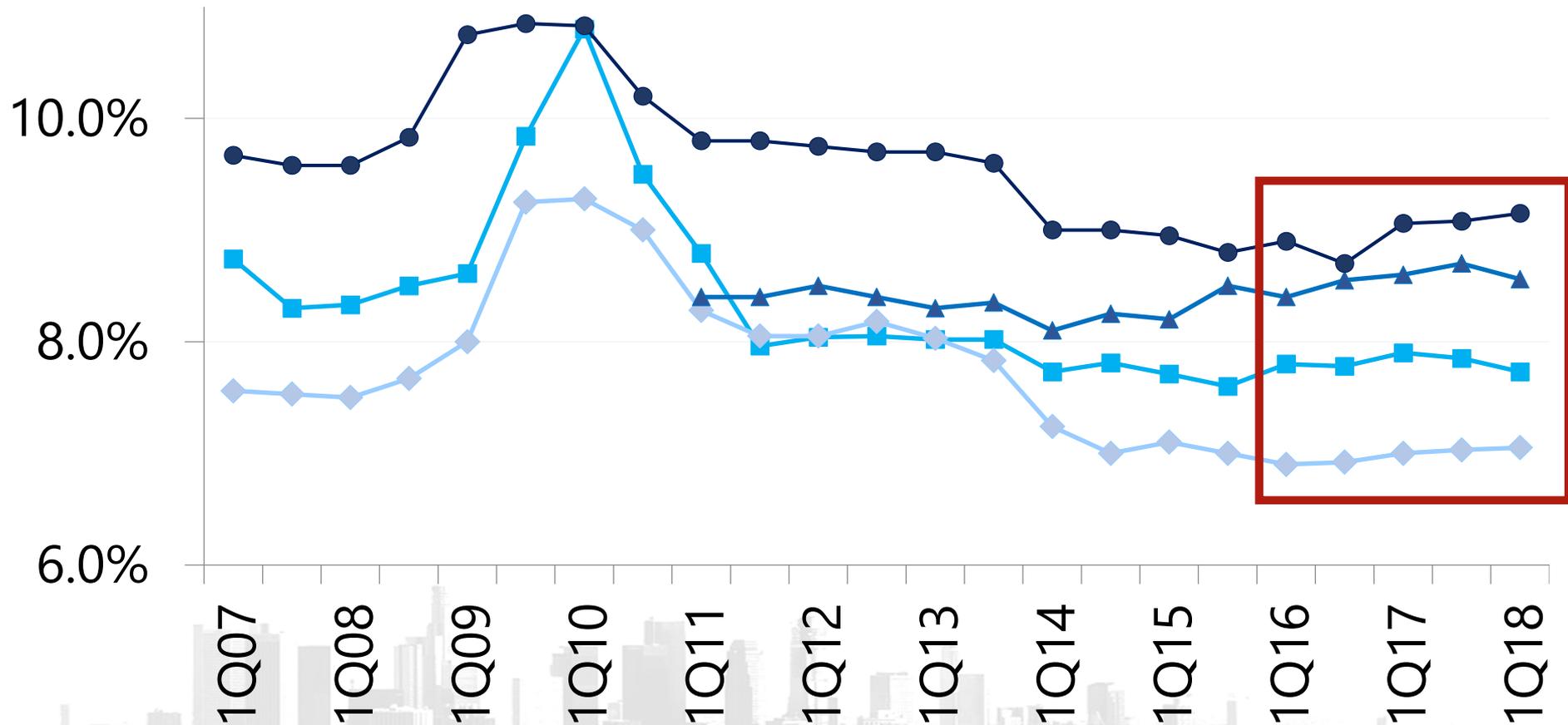
PWC RE Investor Survey Cap Rate Trend Data

■ Full-Service Lodging

◆ Luxury Lodging

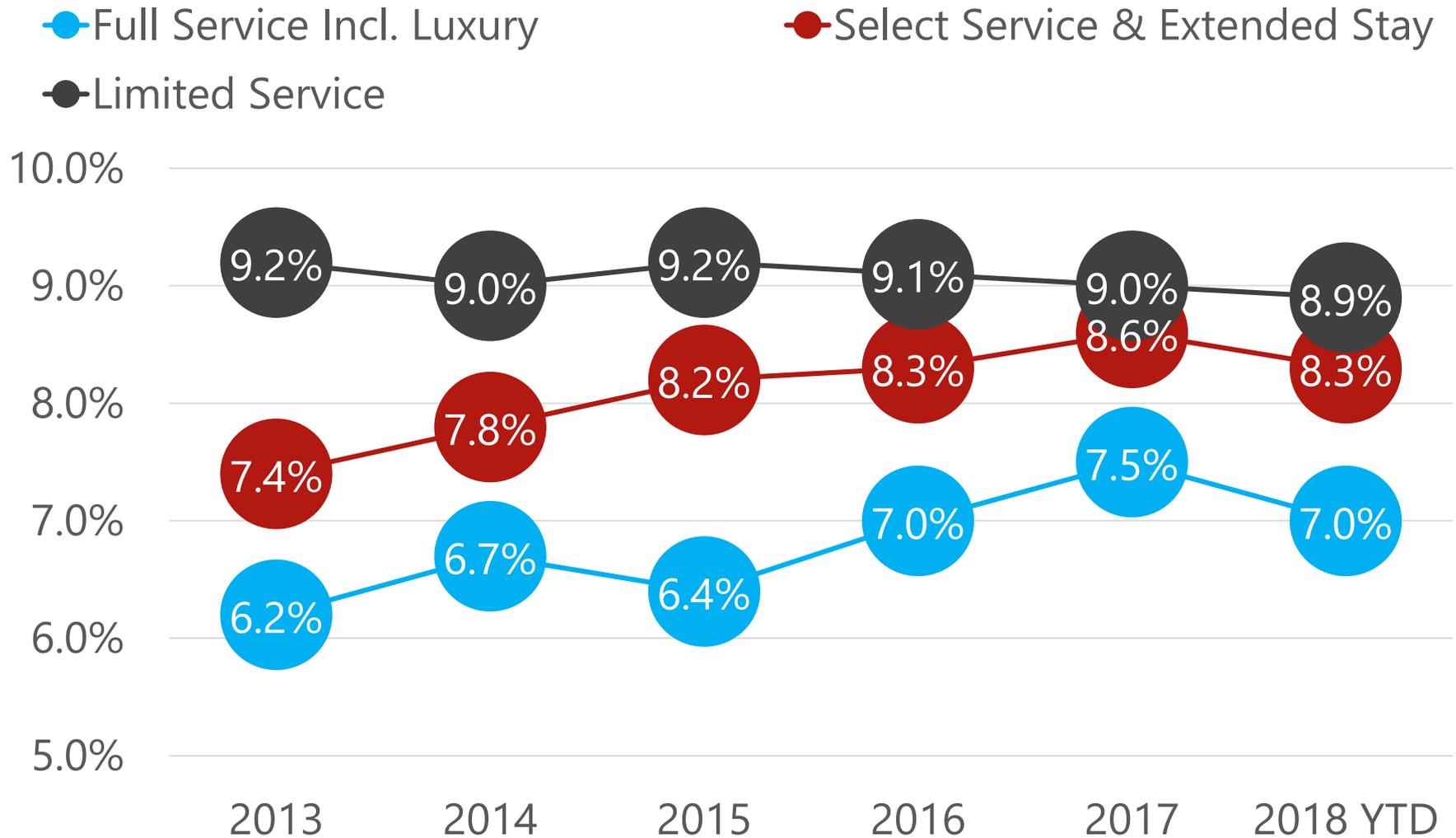
▲ Select-Service Lodging

● Limited-Service Lodging



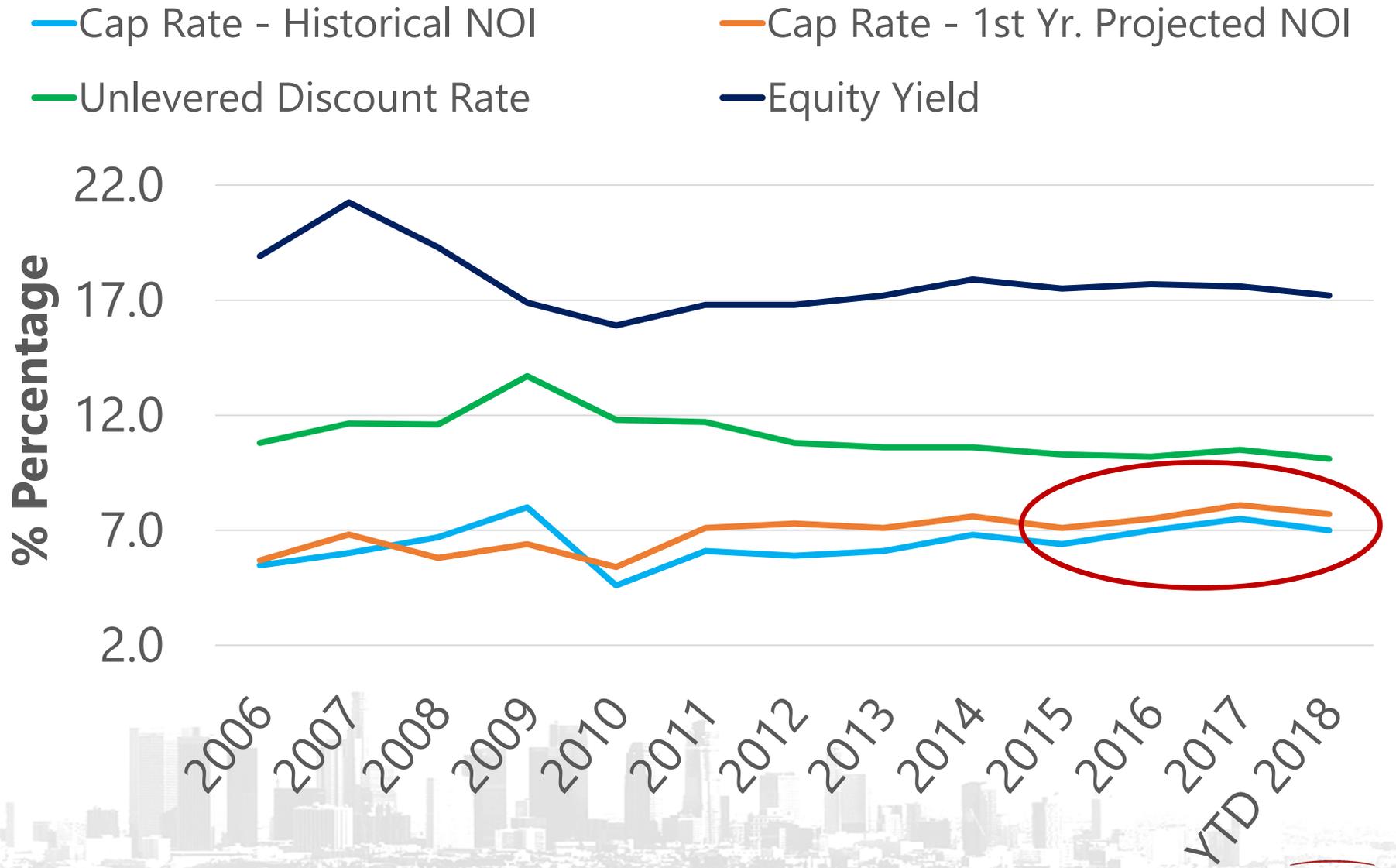
Source: HVS, PWC

Sale Derived Cap Rates



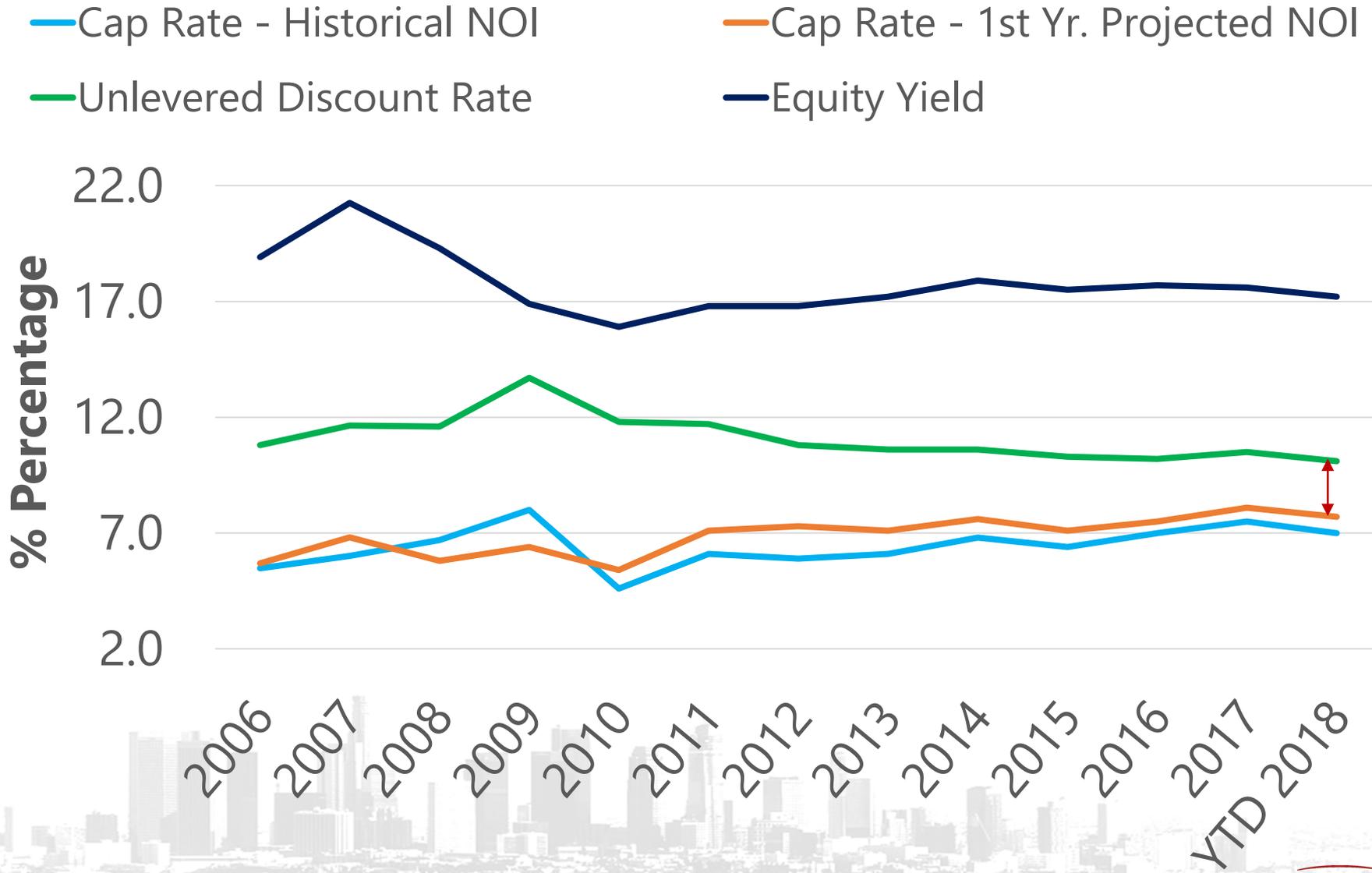
Source: HVS

Going-In Cap Rate Spread



Source: HVS

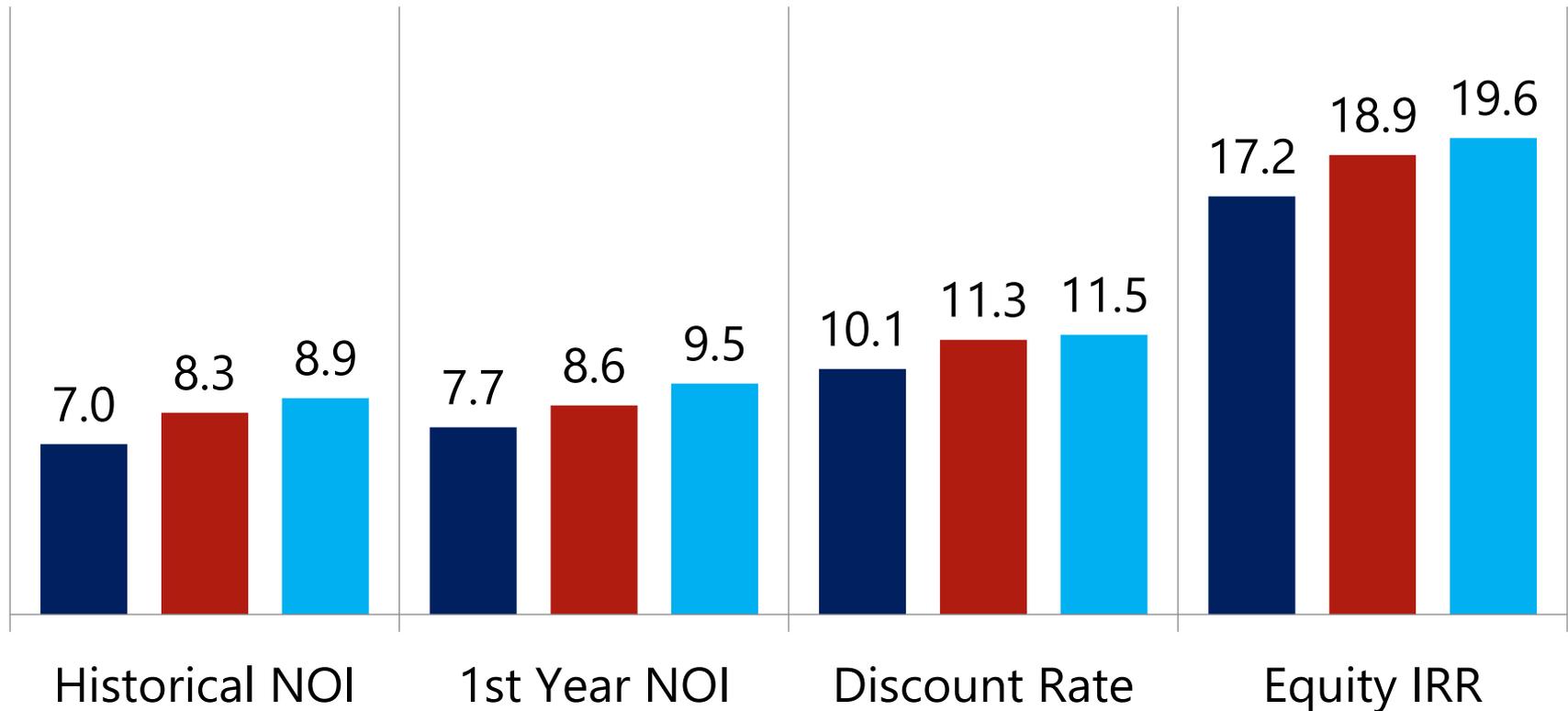
Discount Rate to Cap Rate Spread Tightened



Source: HVS

Cap Rates Derived from Hotel Sales YTD 2018

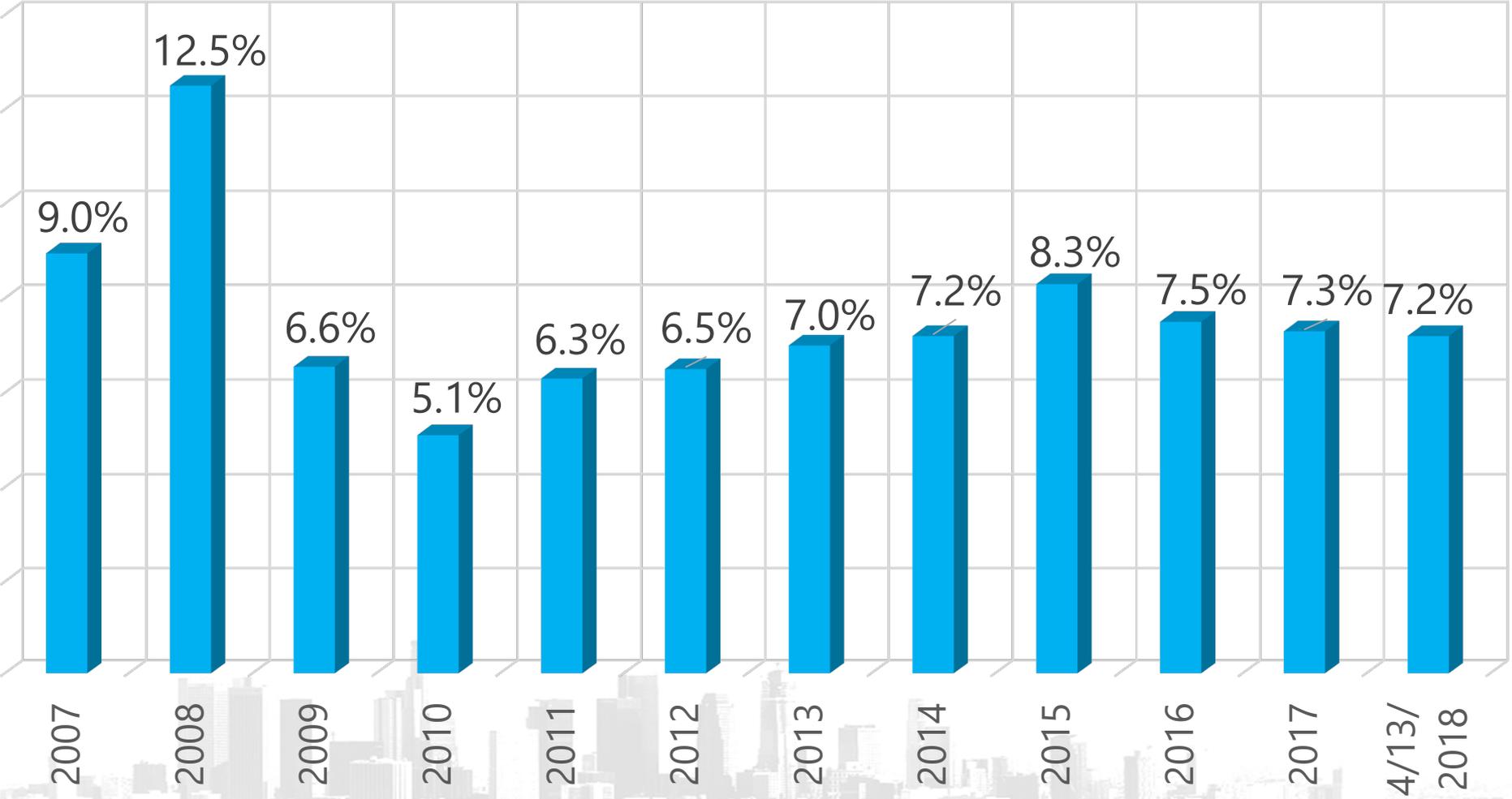
■ Full Service ■ SS & ES ■ Ltd. Service



* Cap rate and discount rates derived from actual transactions appraised by HVS at the time of sale.

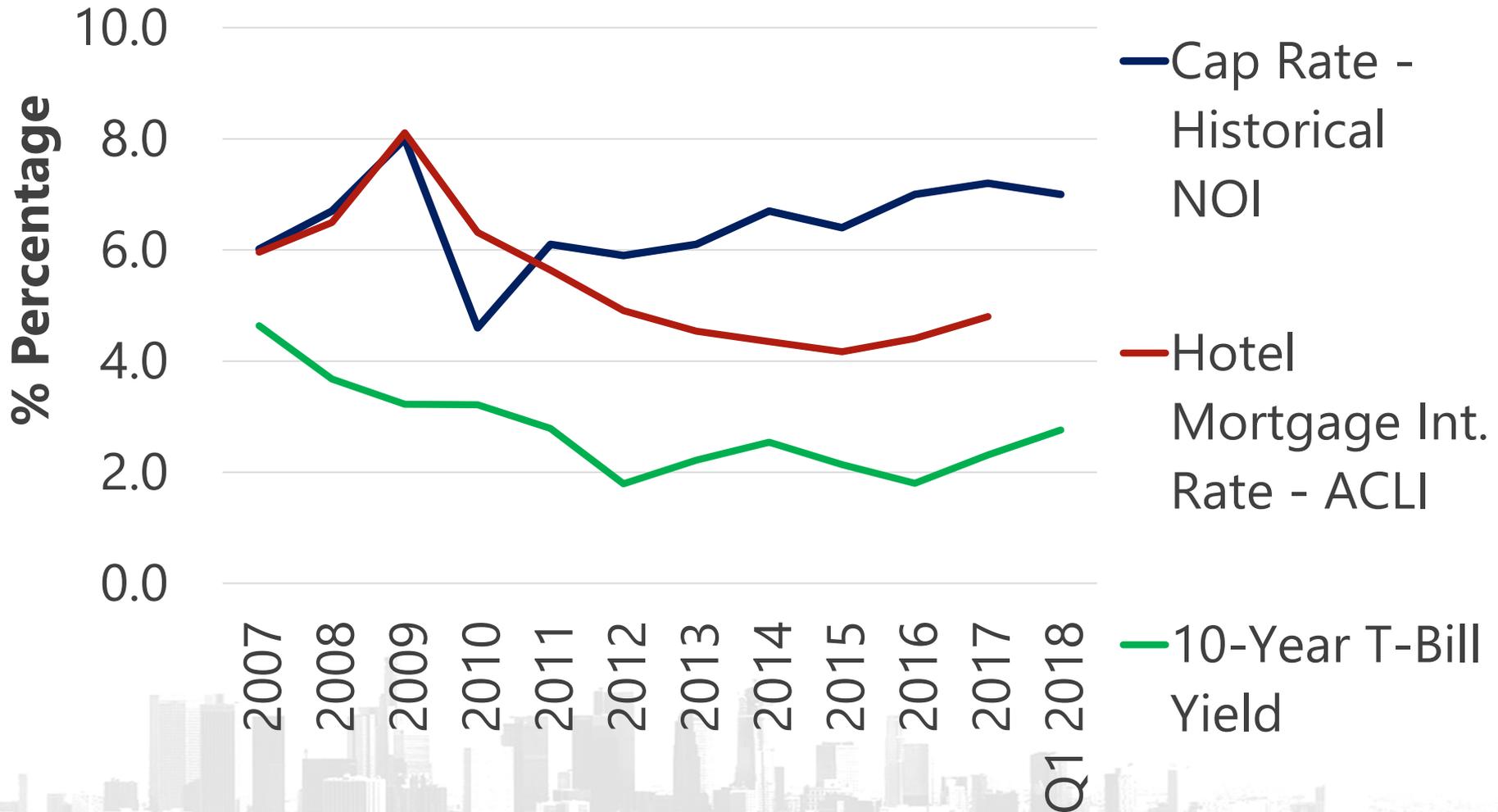
REITS – Cap Rates Decline Modestly

Implied REIT Cap Rates



Source: Investment Banking Bulletins, SEC, HVS

Hotel Cap Rates and Mortgage Interest Rates vs. 10 Year T-Bill Yields



Source: HVS

NOI Growth and Interest Rate Impact - Hotel Value Per Room

4 Year NOI CAGR	Hotel Mortgage Interest Rate				
	4.0%	4.5%	5.0%	5.5%	6.0%
-2.5%	200,000	196,000	192,000	188,000	185,000
0.0%	223,000	218,000	214,000	210,000	205,000
2.5%	245,000	240,000	235,000	230,000	226,000
5.0%	273,000	268,000	262,000	254,000	248,000
7.5%	292,000	286,000	280,000	269,000	263,000

Source: HVS

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Source: HVS

NOI Growth and Interest Rate Impact on Baseline Value

4 Year NOI CAGR	Hotel Mortgage Interest Rate				
	4.0%	4.5%	5.0%	5.5%	6.0%
-2.5%	-15%	-17%	-18%	-20%	-21%
0.0%	-5%	-7%	-9%	-11%	-13%
2.5%	4%	2%	0%	-2%	-4%
5.0%	16%	14%	11%	8%	6%
7.5%	24%	22%	19%	14%	12%

Source: HVS

NOI Growth and Interest Rate Impact on Baseline Value

4 Year NOI CAGR	Hotel Mortgage Interest Rate				
	4.0%	4.5%	5.0%	5.5%	6.0%
-2.5%	-15%	-17%	-18%	-20%	-21%
0.0%	-5%	-7%	-9%	-11%	-13%
2.5%	4%	2%	0%	-2%	-4%
5.0%	16%	14%	11%	8%	6%
7.5%	24%	22%	19%	14%	12%

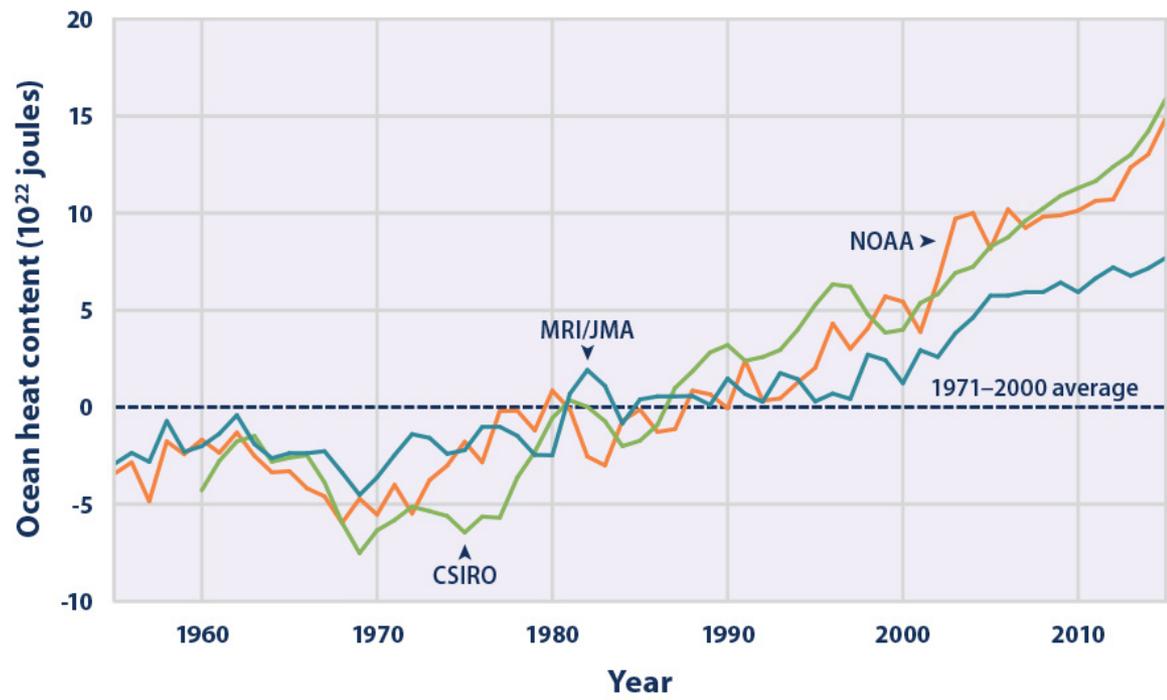
Source: HVS

NOI Growth and Interest Rate Impact - Cap Rate (Historical TTM NOI)

4 Year NOI CAGR	Hotel Mortgage Interest Rate				
	4.0%	4.5%	5.0%	5.5%	6.0%
-2.5%	9.1	9.3	9.5	9.7	9.9
0.0%	8.2	8.4	8.6	8.7	8.9
2.5%	7.5	7.6	7.8	8.0	8.1
5.0%	6.7	6.8	7.0	7.2	7.4
7.5%	6.3	6.4	6.5	6.8	7.0

Source: HVS

Cimate Change





Where are we?

Upside Factor

Higher GDP Growth

Higher Demand Growth

Higher Inflation

Tax Laws Favoring Real Estate

Looser Lending Standards

Reduced Regulation

Downside Factor

Postponed Risk of Recession

Labor – Shortage & Increased Cost

New Supply Slowing

Industry Disruptors

Socio/geopolitical Risks

Rising Interest Rates



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Any Questions?

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