"LIIC TOP 10"
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“LIIC TOP 10”
What About a Recession?

“Once bitten, twice shy” LIIC members still see a national recession in our near future:

- 43% anticipate a recession in 2021
- 25% anticipate a recession in 2020

“U.S. GDP grows by 3.2% in first quarter, topping expectations”

- Bureau of Economic Analysis
Investing in Opportunity Zones?

• Only 36% of LIIC investors plan to concentrate future lodging investments within Opportunity Zones.

  Motivations:
  
  o 34% cited Tax Advantages
  o 2% cited helping rebuild economically-distressed communities

After the Survey was sent out, Trump announced long-awaited updates to improve the appeal of Opportunity Zones.

• Might this change the LIIC opinion?
Markets NOT to Invest in:

1. Norfolk/Virginia Beach (33%; up from 4th last year)
2. Nashville, TN (31%; down from 1st place last year)
3. St. Louis, MO-IL (28%; down from 2nd place)
4. New York, NY (24%; up from 5th place)
5. Detroit, MI (21%; improving, down from 3rd)

Sleeper - where to buy? New Orleans!
Only one vote against, time to buy in The Big Easy.
Hotel Buyers Frustrated?

**Quantity**

- 36% believe *above average quantity* is available for purchase
- 39% believe *average quantity* is available for purchase

**Quality (Desirability to Purchase)**

- 66% believe *average quality* of product is currently available
New Hotel Development: Investors Remain Contradictory

- 64% cringe about the negative impact of new lodging supply
- Meanwhile, 67% are pushing forward and believe it is still a good time to build, if selective about product and market
  - 82% have new hotels actively under development
  - 85% believe Select Service is the best product type to build
Hotel Debt:

- 78% of owners plan to refinance in next 12 months
- 58% believe hotel acquisition lending conditions will be stable with current levels
- 25% believe the availability of debt will improve, frequently citing more debt fund activity
Hotel Transactions for Calendar 2019:

Dollar Volume
43% believe that hotel transaction dollar volume will *increase* from 2018 levels, while 28% believe volume will be *flat*.

Number of Sales
Overall Positive:
- 39% up, 36% flat, 25% down from 2018
Top Three Threats to Your Hotel Investment:

1. **Low Unemployment (Availability of Labor):** Of the respondents, 67% believe the lack of suitable employees is the number one threat to hotel investment
   - An increase from 49% in 2018 and 26% in 2017

2. **New Lodging Supply/General Oversupply:** Viewed as a top threat by 64% of respondents
   - However, 82% are currently building new lodging assets

3. **Federal and/or State Minimum Wage Hikes:** Minimum wage hikes on the horizon, potentially worsening impact of low RevPAR growth environment
   - 27% view minimum wage hikes as a hotel investment threat
Hotel Property Values: Still Increasing Over the Next 12 Months

- 40% predict lodging real estate values will increase slightly (up to 5%)
- Similarly, 37% believe values will be flat in comparison to 2018
- 64% believe Upscale/Upper Upscale lodging assets represent the best purchase opportunity going forward
Hotel Real Estate: Mostly Sunny Days Clouded by Labor Issues

- 2019’s survey results indicate “mostly sunny skies”
- Labor difficulties squeezing margins
  - 90% believe the limited pool of labor has directly impacted property level GOP in the last 12 months

How can owners solve the labor problem?

- 67% advise investing more in current employees
- 46% suggest targeting young high school talent
- 41% believe increased use of immigrants
LIIC Bonus Questions

**Twitter?**
You won’t reach LIIC members on Twitter:
- 78% do not use Twitter at all
- Only one member uses Twitter more than 30 minutes per day…
LIIC Bonus Questions Continued

Should NCAA D1 college athletes be additionally compensated?

YES
- 39% - it is a crime that they are not already
- 11% - only if they win
- 5% - except for those Ivy Leaguers

NO
- 39% - because they get a free education
- 6% - exploitation is capitalism
LIIC Bonus Questions Continued

No to Check-Out!

Only 12% of LIIC members visit the front desk to finalize their hotel check-out.
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4. Hotel Transactions for Calendar 2019
5. Hotel Debt
6. New Hotel Development: Investors Remain Contradictory
7. Hotel Buyers Frustrated?
8. Markets NOT to Invest In
9. Investing in Opportunity Zones?
10. What About a Recession?
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