

The Real Deal – What Drives Sale Prices in Today’s Market

Dealmakers

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- What are the steps in the process of a typical hotel acquisition?

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- What markets do buyers focus on and why?
- How important is the specific location of a hotel within a city?
 - Difference between full and limited service?

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- Which hotels are more marketable to potential buyers – hotels that need to be remodeled (upside) or hotels that are already in excellent condition?

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- Do you place much weight to cap rates from market surveys or other hotel sales?

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- How is the hotel's existing franchise sold?
- What role does the brand play in the transaction?

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- What is involved in the due diligence process?

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- Beyond the specific performance of the hotel, what other factors drive the sales price?
 - Buyer's cost of capital?
 - Buyer's need to place capital (REIT, 1031)
 - Barriers to entry
 - Limited supply
 - Buyer's need to be in a market
 - Synergy with other owned assets in a market

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- Does the hotel buyer's intended holding period impact the sales price?

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- Explain how values are typically allocated between hotels in a portfolio transaction

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- Are intangible assets typically allocated in a hotel transaction? If so, how?

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- What is more important to a typical buyer, the physical hotel building or the existing hotel business?

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- Additional Questions?