



F&B TRENDS
FOCUS ON
FOODSERVICE
Page 4



Top
104
 2010 Independent
 Third-Party Management Companies

SPECIAL REPORT
NEWCOMER TAKES
THE TOP SPOT
Page 26



NEWS
URBAN TIMESHARE
DEVELOPMENT
Page 20

HotelWorldNetwork.com

Hotel & Motel Management

News Analysis, Trends and People Since 1875

A HotelWorld Network Publication | Vol. 225, No. 3 | March 2010

Sign Up Now!
 Subscribe to
 The Daily e-newsletter
HotelWorldNetwork.com/enewsletters

2010 optimism in question

ALIS panelists plot,
 prepare for recovery

By Jason Q. Freed
 SENIOR EDITOR

SAN DIEGO—It's official: Flipping the calendar page from 2009 to 2010 didn't cause an avalanche of available cash to tumble down or open up a clear path to recovery.



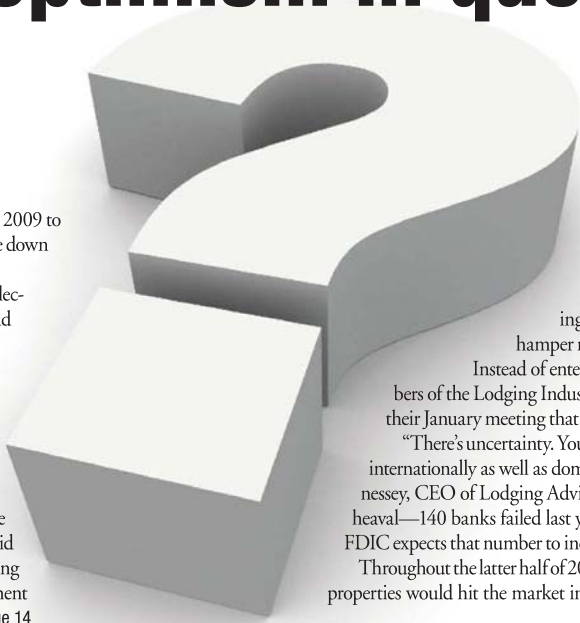
Walter
 HOST HOTELS

While hoteliers have breathed a collective sigh of relief that 2009 is over and were prepared to kick off 2010 with optimism, the data isn't quite there to support it. Instead, hoteliers and brand leaders are focused on the best comeback strategies, and forecasters are all over the map trying to pinpoint how long recovery will take.

"I'm not sure any of us have a true sense of what 2010 will look like," said

Ed Walter, CEO of Host Hotels & Resorts, at the opening session of the ninth annual Americas Lodging Investment

See **Recovery** | page 14



More uncertainty in
 transactions market

By Jason Q. Freed
 SENIOR EDITOR

SAN DIEGO—2010 may offer more clarity than 2009 in terms of opportunities in the hotel transactions market, but many investment players warn that issues looming outside the industry could further hamper recovery.

Instead of entering 2010 entirely optimistic, members of the Lodging Industry Investment Council said during their January meeting that there is still plenty of ambiguity.

"There's uncertainty. You have it in the political world—both internationally as well as domestically—there's a lot up in the air," said Sean Hennessey, CEO of Lodging Advisors. "The financial markets are certainly still in upheaval—140 banks failed last year, up from 25 the year before, and the head of the FDIC expects that number to increase dramatically in 2010."

Throughout the latter half of 2009, many brokers were predicting a wave of distressed properties would hit the market in the first quarter of 2010 and spark a flurry of hotel



See **LIIC** | page 15

SPECIAL REPORT: MANAGEMENT COMPANIES

Smooth openings hinge on owner, operator strategies



Hilton Garden Inn has a VP of brand performance and sales support who works with owners and managers when a new property opens.

By Stephanie Ricca
 EDITOR IN CHIEF

NATIONAL REPORT—In an environment where every day and every dollar are scrutinized more than ever, hoteliers are challenged to open properties seamlessly and often with fewer resources.

But not many hoteliers have to do it in a spotlight as bright as the one surrounding Aria Resort and Casino, the centerpiece of Las Vegas' CityCenter development, which opened in December. The

project is enormous—12,000 employees spread across 67 acres—but what Aria president and COO Bill McBeath learned during the last leg

of Aria's opening process was more about the value of careful planning than anything else.

See **Openings** | page 24



“There’s uncertainty ... There’s a lot up in the air.”

SEAN HENNESSEY, LODGING ADVISORS

INDUSTRY COVERAGE

LIIC panel

Continued from page 1

deals. Mike Cahill, CEO of Hospitality Real Estate Counselors, suggested in January that quality product will hit the market in the next six months. But the majority of buyers and sellers say property valuations still are unclear and bringing a hotel to the market now is too risky.

“Right now a lot of owners haven’t reached the point yet where something worse is going to happen to them if they don’t sell,” Hennessey said. “They can extend, they can hold on, they can wait to fight another day.”

Lenders simply are too busy to deal with stacks of paperwork on owners who are behind on mortgage payments. But Cahill said if you’re an owner who’s underwater on non-recourse debt, giving back the keys may be the best answer.

“Just get out of the deal. Move on,” he said. “Get on with your life and be one of the buyers who are going to buy hotels that are going

to double and triple their money. “The real issue right now has to do with some of the guys who are recoured and trying to work out the logistics on that,” he said.

As the industry follows the economy and tries to work out of the depths of the current downturn, LIIC members said they

were unsure whether fundamentals would return to 2007-like numbers. Cahill said property values were down 50 percent since 2007, and he feared the industry would recover only a portion of that.

Dan Lesser, senior managing director of CBRE’s hospitality and

gaming group, said recovery could be set back by events taking place throughout the world—terrorism and politics—that industry leaders seem to be ignoring.

“There is stuff going on in the world that is going to impact the hotel industry one way or the other,” he said. “Nobody’s really fo-

cused on that, and we probably should be. Not necessarily plan for it, but understand the implications under different scenarios.”

jfreed@questex.com

ONLINE EXTRA: For more LIIC perspectives, visit www.HotelWorldNetwork.com/LIIC310.

Give Your Guests a Room to Remember



Hospitality Cleaning Solutions
Elevating Guest Satisfaction

From the moment they walk through the door, your guests are our top priority. Whether it's fresh smelling rooms, shining bathrooms, soft sheets, polished common areas or sparkling kitchens, delight your guests with the **P&G Professional Hospitality Cleaning Solutions**. Our products help your staff take cleaning to the next level so your property shines and your guests always feel welcome.



For more information or a property evaluation visit pgpro.com/hospitality or talk to a P&G Professional representative at 1-800-817-6710 today!

Procter & Gamble Professional®



LIIC & H&MM THINK TANK

LIIC's mission

The Lodging Industry Investment Council (www.liic.ws) is the premier think tank in the hotel industry. Its members include a diverse mix of 70 influential leaders in the real estate and finance fields. Membership is by invitation.

Co-chairmen: Mike Cahill, CEO and founder of HREC—Hospitality Real Estate Counselors; Sean Hennessey, CEO of Lodging Investment Advisors; and Jim Butler, partner, Jeffer Mangels Butler & Marmaro

H&MM is the sole media sponsor of LIIC and provides exclusive coverage of the council's membership meetings and private roundtables throughout the year.