

PKF Predicts NBA Champs Using Hotel Performance Data

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Should anyone really be surprised about this year's old-school NBA finals matchup? Not if they've been tracking the health of the hotel industry. According to PKF Hospitality Research (PKF-HR), the nation's leader in hospitality research and consulting, there is a strong relationship between hotel industry data and the NBA championship.

Hotel performance measures such as occupancy, room rates, and profits historically have proved to be accurate predictors of the NBA champions. In the years when the Celtics or Lakers have been champions, the performance of the U.S. hotel industry was surprisingly similar.

The 2007-2008 NBA season marks the 11th time that the Lakers and Celtics have met in the finals. These two historic franchises have combined to win 30 of the 61 NBA championships (soon to be 31 of 62). PKF-HR has been collecting data on hotels since 1930, or 17 years before the first professional basketball championship was played. Mark Woodworth, president of PKF-HR, explains, 'Being a Celtics fan, I wanted to get a better handle on the likely outcome of the series.'

Woodworth noted that the correlation between PKF's data and the NBA playoffs has significant historical precedence. When either the Celtics or Lakers have won the NBA championship, national hotel occupancy has historically decreased. In their most recent Hotel Horizonssm forecast report, PKF-HR reaffirmed their prediction of a national decline in hotel occupancy for the year end 2008. The reliability of PKF-HR's hotel data does not end there.

The average annual change in profits for the hotel industry in the 10 years that the Celtics and Lakers have met was 3.1 percent. PKF-HR forecasts that in 2008, profits will increase by 2.9 percent, leading the firm to suggest that these numbers are more than coincidence. 'We really should not have been surprised to see the Celtics and Lakers back in the finals. Two plus two equals four as far as I know,' Woodworth said.

The real question on everyone's mind is who will be this year's champion.

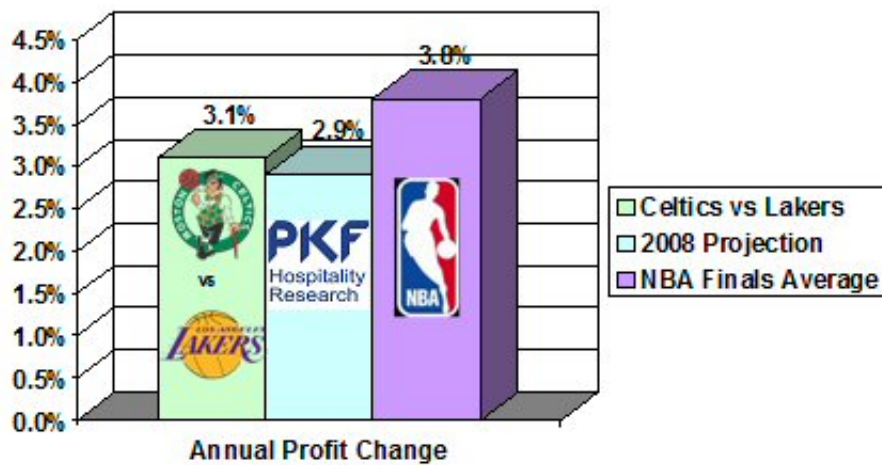
'At the risk of offending our clients and colleagues in Los Angeles, all trends point towards Boston being this year's NBA champion,' concludes Reed Woodworth, vice president of the PKF Consulting Boston office. 'National hotel occupancy is expected to decline this year, and of the eight times Boston has beaten the Lakers, occupancy decreased in five of those years.'

'To make Boston fans feel even more confident, we need look no further than the annual change in room rate,' Reed added. 'In the years that Boston has beaten the Lakers, rates increased by 3.9 percent. When Boston has won an NBA championship against any team, the hotel industry reported a 4.0 percent increase in rates. This year PKF-HR is forecasting a 4.1 percent increase in room rates, almost an identical match. Sorry, Lakers fans.'

Bruce Baltin, senior vice president of the PKF Consulting office in Los Angeles, jokes, 'I still expect the Lakers to win. But even if they lose, from a hotel owner's perspective, I am happy to be in Los Angeles, where hotel revenue is projected to grow at twice the rate expected for Boston hotels in 2008.'

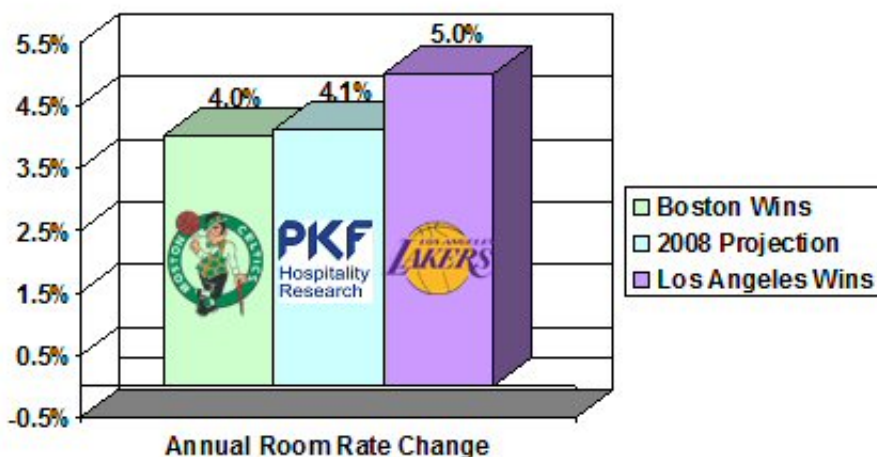
'Lest anyone think that I was able to influence how the data was interpreted, we had a Knicks fan, my colleague Robert Mandelbaum, check the numbers,' Woodworth added.

Change in Hotel Profits Called for a Celtics vs Lakers Final



Source: PKF Hospitality Research, www.nba.com

Change in Hotel Room Rates Suggests Boston will be NBA Champion



PKF Hospitality Research (PKF-HR), headquartered in Atlanta, is the research affiliate of PKF Consulting, a consulting and real estate firm specializing in the hospitality industry. PKF Consulting has offices in Boston, New York, Philadelphia, Washington DC, Atlanta, Indianapolis, Houston, Dallas, Bozeman, Sacramento, Seattle, Los Angeles, and San Francisco.

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