

Hotel Brokers International Completes 22 Transactions in 2008 Second Quarter, 43 in First Half

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Price Per Hotel Up Significantly

Hotel Brokers International (HBI), the nation's largest hotel brokerage organization with more than 30 offices from coast to coast, today announced that its members sold 22 hotels in the 2008 second quarter, up from 20 properties in the same period a year earlier, for a total of 43 transactions in the first half. Total transaction volume in dollars rose by more than 52 percent for the second quarter and was up 30 percent for the 2008 first half. Average price per room increased 11 percent for the second quarter and 41 percent for first half, compared to the 2007 first quarter and first six months, respectively.

Concurrently, HBI said that its TransActions Data Services Division recorded a total of 206 hotels sold in the 2008 first half for an aggregate \$4.58 billion, down significantly from 486 hotels sold for more than \$15.7 billion in the first six months of 2007. HBI's TransActions Data Services Division tracks all publicly announced sales across the nation.

'Larger transactions, those of more than \$10 million, have declined significantly, with only 73 deals above that amount reported in the first half, compared to 258 in the same period last year,' said H. Brandt Niehaus, CHB, president of HBI and Louisville-based Huff, Niehaus & Associates, Inc. 'Mid-market hotel transactions have declined, but there still is a lot of active trading taking place, especially in the \$10 million and under range. HBI has not seen the sharp declines experienced by the hotel brokerage community as a whole. We are seeing a lot of brokers who traditionally don't deal in or have experience in transactions of under \$10 million now seeking listings in this category. That, probably more than anything, describes the current 'big-box' hotels market. Fortunately, we have seen minimal impact on our business.'

Capitalization rates for the 2008 first half rose to 10.2 percent from 9.3 percent in last year's first half. 'Any time there is a significant shift in the economy, the expectations gap between buyer and seller widens. The buyer is looking ahead at the economy for his pricing and the seller is looking at the past year. Currently, there is about a 50 to 100 basis point spread between buyers and sellers.'

'While it may sound self-serving, buyers and sellers need brokers more than ever in today's market,' he noted. 'A third party can build the necessary bridges and find creative ways to get deals done.'

Transactions are taking about 30 to 60 days longer to complete than a year ago, as lenders are requiring more due diligence. 'Equity requirements generally have increased from a range of 15 to 20 percent in early 2007 to 25 to 35 percent today. However, SBA loans under \$10 million are still available with as little as 20 percent equity. Personal guarantees also are becoming a factor. Nonetheless, financing remains available at historically attractive rates. HBI brokers are playing a larger role in helping to identify funding sources and in putting the packages together.'

About HBI

Hotel Brokers International, with more than 100 hotel brokerage specialists, is the world's leading hotel sales organization. The organization annually accounts for the greatest market share of mid-market transactions in the United States. In addition to the Hotel Investor's Marketplace, HBI sponsors the Certified Hotel Broker program and publishes TransActions Recap, the leading source of hotel real estate sales data.

HBI currently has more than 150 properties listed for sale in its proprietary database and access to more than 15,000 hotel investors and owners. In addition to broker services, HBI offers affiliate membership to professionals in allied fields, including franchising, lending, appraisals and investment services. For more information about HBI's hotel listings or to become a broker or affiliate member, HBI may be reached at (816) 505-4315 or via the Internet at www.hbihotels.com.

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