

For Immediate Release

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Hotel Brokers International's Transactions Activity Outpaces Industry Through 3Q

Industry-wide Transactions Down by \$11 Billion Through September

KANSAS CITY, Mo., December 22, 2008—Hotel Brokers International (HBI), the nation's largest hotel brokerage organization with more than 30 offices from coast to coast, today reported that hotel real estate transaction activity nationwide declined by more than 67 percent during the first three quarters of 2008. The organization said that transaction activity among its member brokers also declined during the period, but at a lesser rate than the industry average. Part of the difference is attributable to the availability of financing for mid-market hotels, which account for the majority of properties sold by HBI.

“The lack of financing has had its most dramatic impact on hotels that sold for more than \$20 million,” said H. Brandt Niehaus, CHB, president of HBI and Louisville-based Huff, Niehaus & Associates, Inc. “Hotel transactions under \$15 million, which makes up the bulk of the hotel industry inventory and HBI's sales, continue to get done because financing, primarily from local banks, continues to be available. The key is to have a proven track record as an operator and a long-term relationship with the lender. Major brands also are preferred product types.”

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For the 2008 first three quarters, HBI tracked 216 public transactions across the industry, compared to 582 in the same period a year earlier. Average transaction size declined from 199 rooms to 167 rooms and the average price per room fell to \$108,000, compared to \$120,000. Total dollar volume for the 2008 first three quarters was \$6.4 billion, compared to \$17.4 billion.

HBI reported 57 transactions for the 2008 first three quarters, compared to 118 for the like 2007 period. Capitalization rate for HBI transactions fell to 8.67 percent, compared to 9.17 percent, which was not statistically significant. First mortgage loan to value was 71.0 percent with a 7.2 percent average first year interest rate, compared to a 74.5 percent first mortgage loan to value with an average first year interest rate of 8.0 percent.

“We expect to see a mini-surge of activity at the end of year for owners who want to sell in this tax year,” he noted. “We expect 2009 to start off a little slowly and then begin to pick up as the year progresses. Our members have been in contact with more than 100 financial institutions in the past few months. They find that a lot of loans will be coming due in 2009 and the properties now are assessed lower than the loan value, and banks will likely take many of those properties back and place them on the market. With the hotel economy expecting to have a tough year, the gap between buyers and sellers will likely narrow.”

Niehaus noted that closing of transactions continues to take one to two months longer to wrap up than in 2007. “Lenders are being more cautious and require more equity, usually 30 percent or more. We see that trend continuing through 2009. The key exception is SBA loans under \$10 million which require as little as 20 percent equity. Fortunately, interest rates are declining and are at historically attractive rates. As in past cycles, cash is king.”

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.