

## **The Time to Sell is ... Now**

Energy and optimism continue to spur on the lodging investment community – a pattern that promises to continue throughout the second half of 2007 and beyond, according to the knowledgeable brokers at Hotel Brokers International ([www.hbihotels.com](http://www.hbihotels.com)), Kansas City, MO. Performing properties are attracting unprecedented interest from buyers, say these professionals, and there's plenty of available money from a variety of sources to help finance projects. Commercial sources have turned their sights away from residential properties to the more profitable lodging market; banks and SBA lenders are now offering long-term loans with lower interest rates; and REITs retain their fascination with hotels and motels as assets. "In fact," says Tony DeGeorge, CHB, president at Clearwater, FL-based Greene, Canfield, DeGeorge, Ltd., "the hotel industry has always been cyclical, but this cycle has brought not only the Wall Street money as lenders, but also the Wall Street firms as buyers."

That means sellers are in a prime position – to sell or stay, notes Ronald R. McCord, CHB, president of Milmark Hotel/Motel Investments, LLC, Oconomowoc, WI. "At this point, the only downside to buyers is the competition for properties from other buyers, and that's the strength for the sellers," he explains. "However, the market itself is very strong and profitable and will continue to be profitable. If you have a well-run hotel, you should be making money. Then, you still have the underlying value of the land; most motels and hotels are built in very key locations, so you have a real value underneath your property."

Although lodging occupancies themselves are moving up in relatively small increments (one, two, or three percent), McCord and DeGeorge assert that room rates are rising much more rapidly than expected. As a result, revenues – a key factor in motivating buyers – continue to rise. "We should see incomes for the next three to five years continue to go up," says DeGeorge. "This will, in fact, increase values."

McCord and DeGeorge offer the following recommendations for success: "As a *seller* in a franchise situation, keep your property up to the franchise standard so there isn't significant renovation required at the time of exchange. Then, the reverse of that is true: Where do you stand with your franchise as a *buyer*? In all circumstances, the relationship between the new owner and the franchise is crucial. As a result, buyers *and* sellers should rely on HBI brokers who know many of the key people at the franchise companies and their standards. These skilled professionals regularly attend trade shows, and most franchises sponsor HBI events, keeping these brokers in tune with the ever-changing market."