



2006 Hotel Sales Continue Robust

KANSAS CITY, MO, June 5, 2006 - Over \$9.5 billion in hotel sales transactions have been recorded year to date, according to data compiled by Hotel Brokers International's TransActions Data Services Division. Since the beginning of the year, more than 250 assets have sold at an average price per room of \$162,000. Although the total number of properties trading hands is slightly lower than in 2005, the dollar volume represents a 55 percent increase over the amount posted during the comparable period last year.

"Based on our analysis of the current market, 2006 will be another record year for hotel real estate transactions," said Teague Hunter, CHB, and president of Hotel Brokers International. "The market is still very active. Hotel values are strong and funding is readily available. Investors are aggressively looking for product and they are willing to pay to get what they want. "

Sales of economy and midscale hotels accounted for 48 percent of all transactions. Since the beginning of the year, economy properties sold at an average price per room of \$24,000 and a room revenue multiplier of 3.7. Midscale hotels averaged \$73,000 per room with an average cap ratio of 9.54 percent.

"In 2005 we saw double digit RevPAR growth," added Hunter, whose brokerage firm, Hunter Realty Associates, services the Southeast and Mid-Atlantic regions. "Currently RevPAR growth has slowed but is still impressive at around 7 percent. Occupancy and average daily rates continue to grow for all segments of the market. This bodes well for anyone who is interested in investing in the hotel market."

Tony De George, CHB, who recently closed on five transactions for a total of \$22.7 million, noted, "We are seeing a huge demand for properties in the economy and midscale segments. In Florida and the South Atlantic region there isn't much available inventory and hotels are selling at above the 2005 rates." Florida, where De George's firm is located, recorded 15 percent of all hotel transactions in 2006, second only to California. According to De George, the state currently has 3,000 less available rooms as a result of property conversion to condo hotels during the past few years.

In the midscale market, Hampton Inn was the most popular brand selling at an average price per room of \$59,000. In the economy segment, Microtel was a big seller at an average price per room of \$30,000.

Upscale hotel sales were also healthy with close to 100 properties selling at an average price per room of \$200,000. Ten luxury properties also sold since the beginning of the year at an average price per room of \$648,000. The most notable transaction was the sale of the Four Seasons Resort, Hawaii, for \$515 million. The 243-room luxury hotel sold along its related golf course and several parcels suitable for the development of residential or hotel condominiums.

HBI's TransActions Data Services Division tracks hotel real estate transactions and provides detailed analyses of the real estate market. The division recently published TransActions Recap, a review of recent hotel transactions, available for \$175 per copy. For additional information, contact transactions@hotelbrokersinternational.com.

Hotel Brokers International, with more than 100 brokerage specialists, annually accounts for the greatest market share of mid-market hotel real estate transactions in the United States. For information on HBI's property listings or to become a broker or affiliate member contact HBI by calling 816.505.4315 or visit the company on the web at www.hotelbrokersinternational.com.

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