

How to Prepare to Sell Your Hotel

Although more hotel projects are moving through the development pipeline and into the construction phase, demand is still outstripping supply. As a result, many buyers are looking for reasonably priced properties that are performing well or those that, with renovations and a possible different franchise, could be turnaround candidates. Is there an opportunity for you? Better yet, what can you do to ensure you will get top dollar? Knowledgeable brokers can be vital in this process, helping you identify and overcome situations that might negate maximum returns on your investment, according to H. Brandt Niehaus, CHB, president of Huff, Niehaus & Associates, Inc., Louisville, KY, and one of the experienced brokers at Hotel Brokers International (www.hbihotels.com), Kansas City, MO.

Physical appearance of a property, as well as the clarity of its financial records, are key, says Ron McCord, CHB, president of Milmark Hotel/Motel Investments LLC, Oconomowoc, WI, and an HBI broker. “Be objective; put yourself in a buyer’s shoes.” That means paying particular attention to the same things customers notice – and going a step beyond. Determine what actually needs to be done.

He cites the importance of a physical inspection of your hotel with clipboard in hand. “Leave nothing to memory, but jot down all observations,” says McCord. Scrutinize your property’s curb appeal, including the condition of the exterior (roofing, façade, signage, landscaping, etc.). Is the roof in good repair? Would spot painting freshen certain areas? Do signs create a positive first impression? Examine such interior spaces as lobbies, common areas and guestrooms to uncover light maintenance tasks (such as wallcovering repair) or more in-depth cleaning needs that could further polish your property’s image. Don’t overlook environmental conditions that cause buyers concern – whether real or perceived – such as septic tanks and wells, buried oil and gas tanks, asbestos, mold and more. Know what’s there and be prepared to address tough questions.

Since the hospitality industry is primarily a cash-flow business, make sure all financial paperwork is in order, easy to understand and readily accessible. Prove the income viability of your hotel; maximize and report all income, and explore income enhancement (like calling cards, vending, call accounting, and specialty products). With respect to expenses, show the results of your lean-and-mean operations. Verify that low expenses (i.e. managing your employees and purchases) don’t correlate to a neglected property.

The bottom line, however, is to be proactive, says McCord: “Start planning your sale when you buy.”