



**Global
Hospitality
Group®**

Hotel Lawyers
Aggressive and passionate advocacy
for hotel owners and lenders

Jim Butler
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The hotel lawyers of JMBM's Global Hospitality Group® recently hosted an event for hotel industry leaders held during the Phoenix Lodging Conference. The meeting was both a high level networking opportunity and a planning session for the Firm's national hotel finance conference – Meet the Money® 2017, which will be held at the Hyatt Regency LAX, May 8-10, 2017.

For more information, visit www.MeetTheMoney.com.

U.S. Lodging Industry Analysis: Daniel Lesser, LW Hospitality Advisors

To help establish the setting, Daniel Lesser, President and CEO of LW Hospitality Advisors, gave a presentation on his view of the lodging strengths, weaknesses, opportunities and threats (or SWOT analysis).

Among the industry strengths and opportunities Dan discussed were the U.S. economy, strong inbound foreign tourism, CMBS maturities, and the rise of secondary markets. Some of the weaknesses and threats included slowing U.S. travel growth, changing regulations, the rising influence of labor unions, cyber security risks and travel industry disrupters such as Airbnb and HomeAway.

Dan's presentation is below.

[View this document on Scribd](#)

[Click here to download a PDF of this presentation.](#)

This is **Jim Butler**, author of www.HotelLawBlog.com and hotel lawyer, signing off. Why don't you give us a call (or send an email) and let us know what you working on? We would like to see if our experience might help you create value or avoid unnecessary pitfalls. Who's your hotel lawyer?

Our Perspective. We represent hotel owners, developers and investors. We have helped our clients find business and legal solutions for more than \$71 billion of hotel transactions. As of June 30, 2016, we have closed more than \$1 billion of EB-5 financing for our clients, and sourced more than \$700 million for their projects.

As a client, our unparalleled experience means that you get:

- better, faster, more cost-effective results
- greater certainty of execution while avoiding costly missteps or missed opportunities
- added credibility from our experience and reputation
- greater confidence that you will get the best deal possible

If you would like chat about how we might help you achieve your hotel goals—with EB-5 financing or otherwise— please contact **Jim Butler**. And of course, there is no charge for our initial discussion.

Jim Butler, Chairman

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U.S. Lodging Industry – 2016 SWOT Analysis



Presented by:

Daniel Lesser, President & CEO

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September 27, 2016

LWHA
LW HOSPITALITY ADVISORS

U.S. Hotel Industry SWOT Analysis- Strengths

- U.S. economy chugs along slow and steady
- Gasoline prices remain relatively low
- Strong inbound foreign visitation
- Industry experiencing record high occupancy levels
- Late cycle real U.S. RevPAR at record highs
- New construction limited however escalating
- Technology increases operating efficiencies
- America is worlds beacon for safety & security
- Availability of equity and low cost debt
- Inbound overseas capital chasing yield
- Record setting hotel prices

U.S. Hotel Industry SWOT Analysis- **Weaknesses**

- Underwhelming U.S. economic recovery
- U.S. travel growth slowing
- Strong U.S. dollar relative to Euro & other currencies
- U.S. Presidential election uncertainty
- OTA's place negative pressure on room pricing
- AirBnb now impacting business travel
- Real U.S. RevPAR growth decelerating
- Rising influence of labor unions
- Rising hotel property taxes
- Forever changing regulations
- Rating agencies underwriting 2015 cash flow as peak and in some cases average of 2013-2015
- International brands expanding competition

U.S. Hotel Industry SWOT Analysis- Opportunities

- Industry well positioned to react to any inflation
- Physical and/or functionally obsolete hotel product situated on excellent sites/locations
- CMBS maturities: 2016 – 2018
- Hotel company/REITs ripe for M&A
- Unlock value: Hilton to spin off owned hotel into REIT
- Virtual reality has become an ROI reality
- Ancillary revenue opportunities similar to airlines
- Industry and regulatory blowback against Airbnb
- Rise of secondary markets provides opportunities

U.S. Hotel Industry SWOT Analysis- Threats

- U.S. lodging expansion now in its seventh year
- Rising interest rates & tighter underwriting
- Volatile overseas economies creates unpredictable U.S. economy
- Global stock & bond market turmoil creates investor fear
- There will be another recession between now and 2020
- U.S. bank risk retention
- Labor unrest
- Cyber security risk
- America's crumbling infrastructure; airport, roads, electric
- Brands pushing standards updates
- Event risk: terrorism, war, domestic civil unrest, spread of disease
- Proliferation of new hotel brands
- New brands by intruders: West Elm, Equinox, Restoration Hardware
- Airbnb, Homeaway and other travel industry disrupters
- Rise of hostels
- Obsolescence risk that is difficult to understand: Autonomous vehicles
- NLRB Browning-Ferris ruling altering definition of "joint employer"



Random Dan Lesser Thoughts

- At best: hotel values flat; at worst down 20% from peak
- Hotels are fundamentally long term hold assets
- Off market does not equal below market
- Be vigilantly aware of new supply
- Brand overload / One new independent is now a brand
- Without Airbnb data its impact cannot be fully defined
- A hotel company should merge with Airbnb
- Flight to yield expanding to secondary/tertiary markets
- Increase implementation of fees and surcharges
- Industry should tighten reservation cancellation policies
- Industry obsession with “millennials” and now “Gen Z”
- “Newbies” once again entering the hotel space
- Industry should aggressively raise room rates
 - Airline industry moves in tandem



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