Remember when?

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> Roughly 18 months ago, shortly after the onset of the global pandemic permeating the U.S., there were a flurry of announcements of permanent hotel closures. This was particularly evident in New York City, a market which was facing significant challenges pre-COVID including overbuilding. Examples included the Hilton Hotel Times Square, New York Marriott Eastside, W New York Downtown, Courtyard by Marriott Herald Square, Courtyard Fifth Avenue, Blakely New York, Times Square Edition, Omni Berkshire Place and the Roosevelt Hotel.

After the dramatic and swift halt in domestic and international travel during mid-March 2020, hotel owners and operators throughout the world were faced with the challenge of determining mitigation of anticipated loss of net income. The analysis included estimating expense(s) to remain open compared with absorbing holding costs of shuttering operations such as security, utilities, property taxes and debt payments.

In May 2020, Marriott International announced that the 452-room Times Square Edition, which originally debuted during 2019, *"provided advance notice to employees, government officials and union officials"* that it expected to cease operations of the property on or about August 13, 2020. Fast forward one year later, the Times Square Edition reopened for business on June 1, 2021.

During October 2021 it was announced that the 399-room Omni Berkshire Place in New York City was "getting a new lease on life." The owner, TRT Holdings, revealed that the hotel will again welcome guests by November 1, the deadline to reopen a hotel before it is required to commence severance payments to laid-off staff under a city law passed earlier this year. Except for announced permanent closures of hotels slated for conversion to alternative uses, including office and multifamily, the legislation, which is the subject of a legal challenge, mandates that any hotel that does not reopen to the public by November 1, 2021, and with at least 25% of its workforce, will be required to compensate staff members US$500 per week in severance for 30 weeks commencing the same date.

I will be surprised if additional previously announced "permanently" closed New York City hotels such as the Hilton Hotel Times Square and the W New York Downtown end up not re-opening, albeit potentially under new ownership, management and/or identity. These relatively young purpose-built hotels, and/or their locations do not lend themselves to conversion to alternative uses, and it is inconceivable to me that they will remain boarded up forever.

> On March 18, 2020, investor and hedge fund manager Bill Ackman, founder and CEO of Pershing Square Capital Management (Pershing) on a CNBC broadcast warned that *"hell is coming"* and implored the Trump administration to *"shut down"* the country for a one-month *"spring break."* Less than one week later, Ackman monetized a US$27 million defensive bet on an increased risk of corporate default due to the pandemic, which netted a profit of roughly US$2.6 billion or an astonishing 9,500% return in less than one month. Subsequently, Ackman invested those proceeds to wager that existing Pershing bets, including hotel operator Hilton Worldwide (Hilton), would rebound. The fact that Ackman added to his Hilton position was notable, particularly given the grim forecast he issued for equity the prior week when he stated, *"It's going to zero along with every other hotel company in the world. Every hotel is going to be shut down in the country. Every one."* He further went on to say, *"Again, I'm a major shareholder. [But] if we allow this to continue the way we allow it to continue, every hotel company in the world is done."*

Ackman also stated, *"Beginning in late January (2020) I was getting increasingly bearish, and I woke up with a nightmare. And my nightmare was you have this virus that replicates and infects incredibly rapidly,"* and he revealed that he "*went into lockdown almost a month ago (mid-February 2020) to save the life of his father, who is immuno-compromised."* It is interesting that Ackman waited to sound the alarm after it had already gone off.

> In November 2020, without providing any empirical support, Bill Gates opined, *"The coronavirus will fundamentally alter the way people travel for and conduct business, even after the pandemic is over,"* and furthermore stated, *"My prediction would be that over 50% of business travel and over 30% of days in the office will go away."*

In February 2021, the world's largest private jet operator, United Kingdom headquartered Signature Aviation Plc (Signature), was taken private in a US$4.7 billion transaction led by Bill Gates' Cascade Investment LLC (Cascade), Blackstone and Global Infrastructure Partners.

Fast forward to the September 2021 announcement that Bill Gates' Cascade acquired control of Four Seasons Hotels and Resorts by purchasing roughly half of Saudi Arabian Prince Alwaleed bin Talal's stake in the hotel operator for approximately US$2.21 billion.

I find it intriguing that within less than one year after his infamous declaration, Gates essentially expanded and enhanced bets that travel, particularly corporate related, will rebound. Furthermore, it is remarkable that earlier this year a book authored by Bill Gates, *How to Avoid a Climate Disaster: The Solutions We Have and the Breakthroughs We Need*, was published. Interesting that Signature reportedly handles 1.6 million private jet journeys annually and according to a 2019 report by aviation firm Honeywell Aerospace, compared to regular commercial flights, such trips emit up to 40 times as much carbon per passenger.

The moral of this story (blog) is, do not necessarily believe everything that you hear and/or read. By the way, Bill Gates reportedly owns a fleet of four private jets and according to a study conducted by Lund University in Sweden, during 2017 Gates took 59 flights by private jet, which emitted roughly 1,600 metric tons of $CO2$, compared to the global average of fewer than five metric tons per person.