

# Meet the Money: Sunny skies continue

By Gregg Wallis  
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**LOS ANGELES**—The outlook on hotel financing was generally positive as more than 300 hotel industry leaders made deals, networked, exchanged nuggets of knowledge and caught up on the latest outlooks and trends at the 29th edition of Meet the Money at the Hyatt Regency here.

“Times are good and still generally getting a little better,” said conference organizer Jim Butler, chairman, global hospitality group, Jeffer Mangels Butler & Mitchell LLP. “No one is talking about what inning we are in or how much longer we can go. People seem to have their heads down and are focused intently on getting business done now.”

As is now a 15-year tradition,

Lodging Industry Investment Council (LIIC) released its Top Ten list of hospitality trends at the show, presented by Michael Cahill, LIIC co-chairman and founder/CEO of HREC.

“This is a highly regarded profile of investment sentiment and attitudes for the forthcoming 12 months based upon an exhaustive survey of LIIC members who own, buy and sell more than \$60 billion of lodging real estate,” said Butler. “One of the most provocative points in the LIIC Top Ten is a contradictory sentiment regarding new hotel development. While 64% of LIIC members cringe about the negative impact new lodging supply is having on their hotel investments, 67% are pushing forward and believe it is still a good time to build, if selective about product and market. Some 82% of relevant LIIC members actually



have new hotels actively under development, with 85% believing select-service is the best product type.”

The thread through most of the other presentations and panels was that there is nothing on the horizon that could plunge the industry into a down cycle until at least 2021. “Financing remains abundant for aquisition, rehab and even new construction,” he said. “Costs are reasonable. Markets are not frothy, and lenders are imposing a discipline that is likely to have long-term beneficial effects. Transaction volume and new developments are expected to rise significantly this year, but it is a lot harder to find deals that make economic sense.”

Labor, both in terms of the current shortage and its rising costs, continues to be an issue affecting the industry. During the opening session, “Views from the Executive Suite: What’s Important Now?” panelist Bill Blackham, CEO of Condor Hospitality Trust, offered one of the ways that his company is working to combat the issue. “Part of our investment strategy, besides being in secondary markets for the most part, is to focus on markets that have both population growth and job growth that exceed the national averages,” he said. “That has actually helped us—it doesn’t make it easy, but it certainly relieves some of the pressure that otherwise exists in other marketplaces that have

low unemployment, but are not growing in either jobs or population. We tend to adhere to that very strictly, and so far, it has helped us.” **HB**



Conference organizer Jim Butler addressed the crowd.



For the most part, panelists were optimistic.



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