Duff on Hospitality Law

Rebound! Day 1 of 2012 Americas Lodging Investment Summit (ALIS) at LA LIVE, Los Angeles

01.24.12

It has been reported that the producers of the conference this year were torn between an exclamation point and question mark in the program title. As you can see, the optimistic decision was made to include an exclamation point. As I explain below, I tend to agree with that decision.

Monday marked the opening of the 11th annual ALIS here in Los Angeles. This year's attendance of 2400 makes the 2012 conference the third largest in its 11 year history. From the many conversations I had throughout the day, the optimism expressed in pre-conference survey results was shared by many.

The first day included an opening presentation by Wells Fargo chief economist John Silvia. According to John, five key economic fundamentals that he regularly follows (growth, profits, interest rates, inflation, and currency) lead him to believe that the United States will continue to enjoy sustained growth in 2012, though at rates lower than prior economic recoveries.

John's presentation was followed by very brief presentations by each of the industry's usual cast of economic forecasters – Smith Travel (Jan Freitag), HVS (Susan Mellen) and PKF (Mark Woodworth). Here are the highlights:

1. Smith Travel

- World is recovering in majority of hotel markets
- 2011 REVPAR was up 8.2%, driven largely by occupancy
- 2012 forecast: 4.3% REVPAR growth driven by 3.8% ADR growth and .5% occupancy growth

2. HVS

- Hotel transactions in 2011 by dollar volume increased over 70%
- 2011 average price per key exceeded $200,000
- REITs accounted for 43% of transactions in 2011
- Cap rates will continue to fall in 2012

3. PKF

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- 2012 forecast: Occupancy 60.5% and 4.7% ADR growth
- “Headwinds diminish and tailwinds develop”

Stay tuned for more details from ALIS later this week.

Posted in Conference Notes

Tagged as ALIS, HVS, Jan Freitag, John Silvia, Mark Woodworth, PKF, REVPAR, Smith Travel, Susan Mellen, Wells Fargo

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