



**Ask Me Anything
“Hotels are Hard”**

Wednesday, May 30, 2018

Discussion Agenda

1) Philosophical Approach

- a) What makes a hotel project a success?
- b) How do we make it happen?

2) Types of Hotels

- a) It's all about Supply & Demand
- b) Full Service Hotels: Meeting Space, Bars, Restaurants - “Demand Generators”
- c) Limited Service Hotels: Consume Existing Demand (Partially) - “Ankle Biters”
- d) Over-built vs. Under-Demolished. New demand characteristics.

3) “Unaccommodated Demand”

- a) People who would like to stay in the market but don't or can't because no acceptable hotel is available.

4) Cities Interested in PPP

- a) Full Service Hotels with Conference Centers
- b) Create a rising tide which will lift all boats. Affect the entire market dynamic and stimulate office demand, retail demand, create a more vibrant and economically thriving area which then creates residential demand.
- c) Place-making!

5) Why don't Developers want to Build a Full Service Hotel in my town?

- a) Risk & Returns
- b) Time Frame
- c) Complexity
- d) Cost of Conference Space
- e) Heads in Beds!

6) The Hotel Industry Players

- a) Brands
- b) Operators
- c) Developers
- d) Investors
- e) Lenders
- f) Municipalities, Counties, Taxing Authorities, Development Authorities
- g) Architects, Designers, Engineers, Contractors, Consultants

7) Constraints

- a) Feasibility
- b) Legal
- c) Financial
- d) Political
- e) Design

8) Private Capital for Hotels

- a) Pension Funds & Endowments
- b) Only one singular interest → Net Cash Flow!
- c) Competing with Other Investments
- d) It's Your Money!

9) Beneficiaries of Full Service Hotels

- a) Jobs, taxes, economic development, improved blight, stimulated demand
- b) Norfolk, VA 1991 example
- c) If all beneficiaries contribute to the cost then maybe we can make it happen! How can we balance the investment and benefits of a PPP hotel project so as to satisfy all stakeholders?

10) So how can a municipality entice Full Service Hotel Development?

- a) Reduce Private Investment
- b) Reduce Operating Expenses
- c) Increase Operating Revenues

11) Public-Private Hotel Development Examples

- a) Chart of Stormont PPP Projects
- b) See Stormonthospitality.com for more details & case studies

12) Teamwork

- a) It WILL NOT HAPPEN if it is not a “win” for all stakeholders!
- b) Every single project has unique constraints and it is hard work to overcome them all.
- c) The entire team needs to work positively and productively, with lots of legal expertise, and a goal of trying to find solutions not obstacles

13) Q&A