

National Hotel Transaction Results



By **Scott Biethan, MAI, CRE, FRICS**
Senior Managing Director
Valuation & Advisory Services

INTRODUCTION

CBRE Hotels is pleased to present an analysis of historical hotel sales data, covering U.S. transactions from 2009 through Q3 2013. The results represent select completed sale transactions with researched and reported prices and rates-of-return indications (overall capitalization rates), and display the aggregation of actual deal points. With the combined insights of our Brokerage and Valuation professionals, this report illustrates broad market trends in hotel sale transactions, and provides a look at recent and current pricing metrics. Further, given that the data is generated by CBRE Hotels professionals, the resulting averages are prepared with industry-specific knowledge.

Key points from the survey include:

Overall (Capitalization) Rates

- Between 2009 and 2012, overall cap rates for full-service hotels remained relatively flat, moving from 8.27% to 8.13%, a net change of 14 basis points (bps). In Q3 2013, the year to date (YTD) average overall rate for full-service hotels was 7.77%, somewhat lower compared to the 2012 year-end average. It should also be noted that the average asset size was lower in the 2013 survey set, and the third quarter transaction activity resulted in a decline in the YTD overall rate from last quarter.
- Overall cap rates for limited-service hotels moved from 9.46% in 2009 to 9.68% in 2012, a net change of 22 bps. In Q3 2013, the YTD overall rate was 9.26%, a small decline from the previous quarter YTD average.

Room Revenue Multipliers

- Between 2009 and 2012, room revenue multipliers for full-service hotels increased fairly dramatically, from 3.42 to 4.51. The room revenue multipliers remained mostly flat, with an average of 4.44 in YTD Q3 2013.
- Room revenue multipliers for limited-service hotels stayed in a relatively narrow range between 2009 and 2012, edging down from 3.36 to 3.10. For Q3 2013, the room revenue multiplier increased to 3.15, demonstrating continued demand in this asset class.

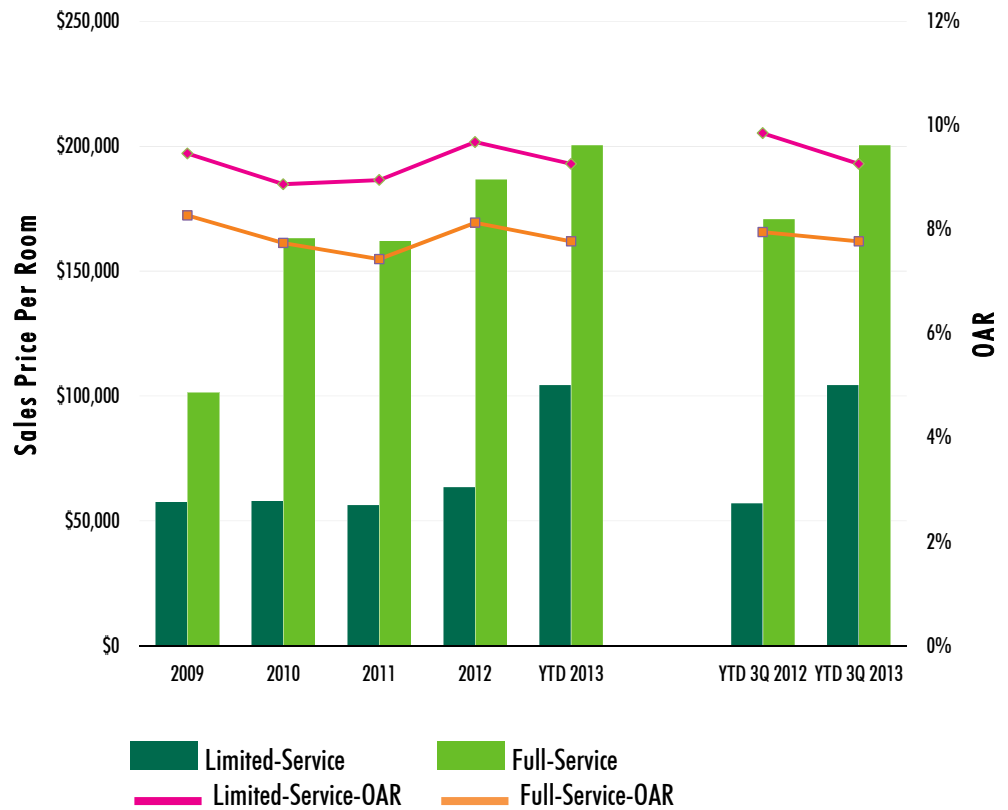


Average Sales Price per Room

- Between 2009 and 2012 the average sales price per room for full-service hotels rose from \$101,359 to \$186,790. In Q3 2013, the average increased to \$200,527. In the year to date results, there were some selected transactions that raised the overall average to the current figure.
- The average sales price per room for limited-service hotels increased from \$57,686 to \$63,572 during the same period. In Q3 2013, the average increased to \$104,400. Like the full service results, in the year to date results, there were some selected transactions that raised the overall average to the current figure.

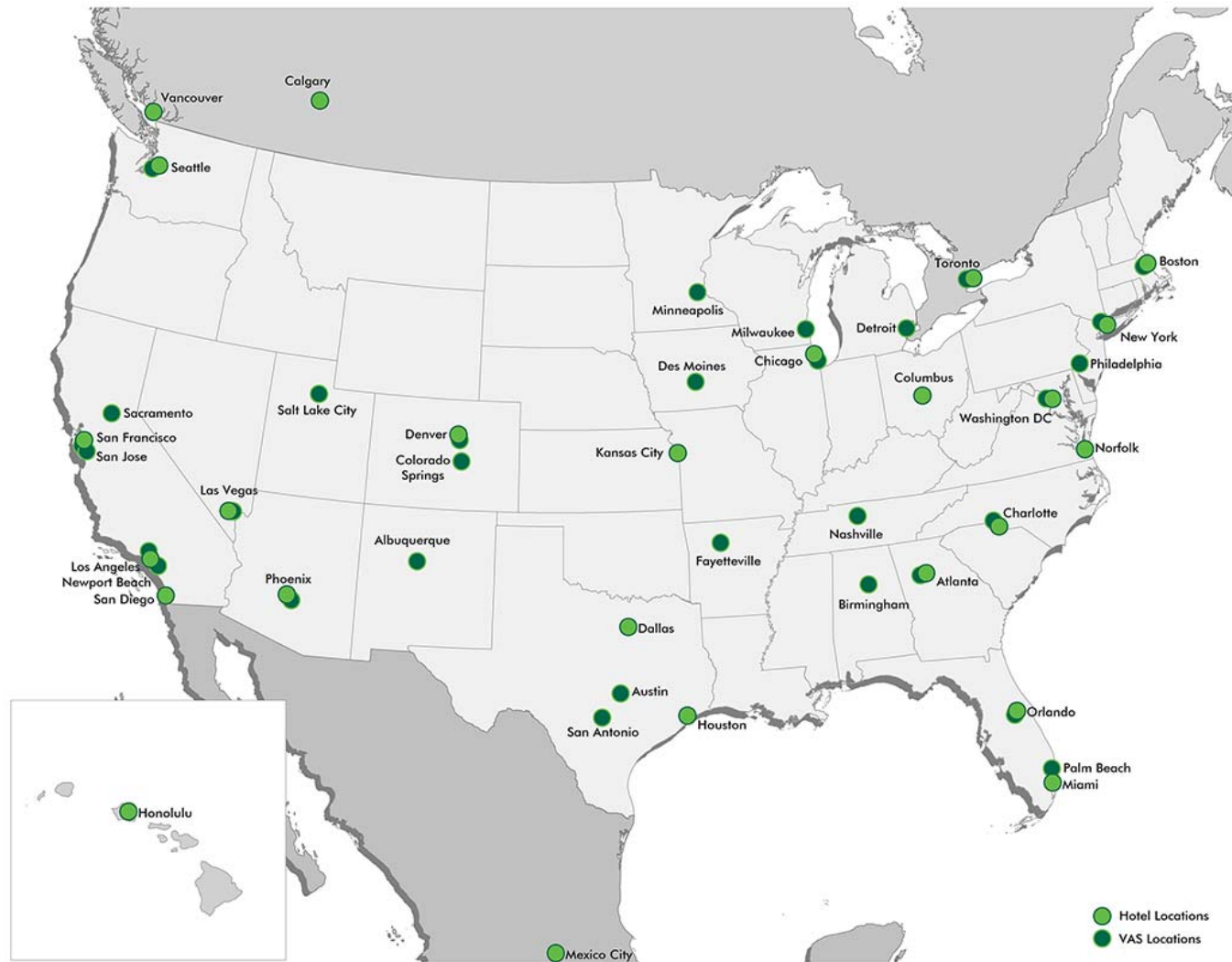
2013 continues with solid performance, with continued interest in both the limited service and full service sectors.

Table 1: Sales Price per Room, Overall (Capitalization) Rate and Room Revenue Multipliers 2009-YTD 2013



CBRE HOTELS LOCATIONS

CBRE has is pleased to offer a variety of services for all hotel related needs. We have hotel specific brokerage, advisory and appraisal, debt and equity and project management experienced professionals across the U.S. For a summary of where we have our professionals, please see the following map.



For more information regarding this analysis, please contact:

Scott Biethan, MAI, CRE, FRICS

Senior Managing Director
Hospitality & Gaming
Group Leader
Appraisal Services
t. +1 206 292 6198
scott.biethan@cbre.com

Kevin Mallory

Senior Managing Director
CBRE Hotels Global Head
Capital Markets
t. +1 312 935 1434
kevin.mallory@cbre.com

Kristen Kozlowski

Director
CBRE Hotels
Capital Markets
t. +1 303 628 7494
kristen.kozlowski@cbre.com