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In 2014, hotel sales have returned to levels we have not seen since 2007

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Looking back now it appears that the years 2012 and 2013 were the transitional years for the return of hotel profits and the beginning of a hotel sales boom. Now in 2014 hotel sales have returned to levels we have not seen since 2007. It does not happen often but it is currently both a good time to sell and a good time to buy hotels. Considering that revenues are on the upswing and that interest rates are still at low levels the hotel buyers are purchasing with the belief that values will continue to improve. Sellers are comfortable selling because the low interest rates create favorable pricing due to the low capitalization rates that accompany low lender interest rates.

This may all sound very basic but it is a quick review of what is driving the hotel sales market today. In many articles I have written for the New England Real Estate Journal I have pointed out the consolidation of hotel ownership that has taken place over the past 20 +/- years. It still continues to be the driving force in our hotel market today. One of my clients bought his first hotel in New England from me in 1992; he now owns 2300 quest rooms in New Hampshire alone. I believe this consolidation has had a very big impact on our role as hotel brokers. Obviously excellent relationships with all the owners of multiple properties is important but as I remember when I was a lot younger the term "it is not what you know but who you know" that leads to sales, however, it is now "who you know and what you know" that is an absolute requirement. As an example in our small firm of three associates we offer diversity of backgrounds, hospitality experience, real estate sales experience and over all great product knowledge. This includes a CPA, an individual with strong business skills and a CCIM (Certified Commercial Investment Member of the National Association of Realtors). Today's hotel broker is asked to do a lot more than just find the right buyer.

It is important that we as hotel brokers become trusted advisors for our clients. Complete knowledge of the market is an absolute necessity; knowing what is for sale, what has sold, how much it has sold for and who bought it are primary. Otherwise, setting realistic values and pricing to receive the best price possible for your client cannot be accomplished. The seller is our client and a broker should consider his or her needs and objectives as the priority.

As hotel brokers we have enjoyed many of the changes brought on by our high-tech society. The greatest benefit is to serve our clients and customers well in the "I want it now" society in which we live. The scanner is replacing the fax machine as we can have confidentiality agreements signed, scanned and e-mailed; due diligence information e-mailed and letter of intents completed in very short spans of time saved in a documents file on our computers and forwarded by e-mail to all parties. E-mail blasts with properties for sale, market changes, sold properties and timely information keeps our clients fully informed.

The most recent addition of the smart phone has created a huge benefit in that no matter where we

are in a matter of minutes we are able to supply information or respond to solve concerns or problems whether it is by texting, e-mailing, sending files, or as in the old days just talking. To some this is all old news, yet, I know a number of business people who have not bought into this. I hear, why text or e-mail if I can talk, well mainly because as it turns out these are all time savers. Yes, we still need to meet face to face, and enjoy a nice telephone conversation but there are more times when it is best to just get out the facts and keep focused on the important business decisions.

I have always believed that our responsibility as brokers really starts when the letter of intent is signed. It is most important to stay in constant contact with all parties, including the attorneys, the accountants and the lenders. We need to keep all aspects of the sale moving as agreed to in the letter of intent. Many times we will help supply much of the data to the buyer for presentation to the lender, discuss terms of the purchase agreement with the seller's attorney, review potential allocation of sales price numbers with the seller's accountant and keep all contingencies on schedule. Prior to closing we work closely with both parties in determining outside the closing adjustments for: advance deposits, gift certificates, inventory of food and beverage and a multitude of last minute details. We always go to the closing; no last minute problem is left to chance.

I cannot leave out of this article one of my favorite subjects. Many hotels are reaching the end of their economic and functional life. They usually have the best locations and for many it is time for demolition. We have now participated in a number of transactions such as this. Other business uses can afford higher prices for these sites; this trend will continue and be even more prevalent as the economy returns.

Our firm is enjoying a very strong 2014; some of our closings include a resort property near Lake Winnisquam in New Hampshire, and a fantastic 70 room property in the Village of Ogunquit Maine. We have scheduled closings on a Hampton Inn, a Marriott Limited service hotel, a wonderful full service property in Williamstown, Mass. and three other non-flagged properties.

We are receiving excellent owner and buyer inquiries and as I pointed out earlier it is a great time to be a seller and a great time to be a buyer, it does not happen often.

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Wason has brokered more than 150 hospitality transactions over the past 15 years and has fostered excellent relationships within the Northeast hotel industry. Wason has devoted a significant portion of his career to the commercial real estate industry and has held the CCIM designation since 1985.