

# Key Takeaways: Lodging Conference

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**Economic Outlook** – Baring political and geopolitical uncertainty, the economy is anticipated to continue to expand by 2.5% to 3.0% annually for the next two years.

**Lodging Fundamentals** – Demand continues to outpace supply, a relationship that is forecast to change in 2018.

**New Supply** – The supply pipeline continues to grow, but remains well below the peak set in 2008.

**Brand Growth** – Brand companies continue to look for opportunities to increase scale in order to provide consumers with more options, which present both opportunities for new development and concerns over market saturation for owners and developers.

**Lifestyle Semantics** – With the growing proliferation of “lifestyle” brands, one of the breakout sessions aimed to define what exactly is lifestyle. While no universal definition was reached, the most compelling argument came from John Cohan, CEO of Margaritaville Hotels, who contended that to truly be a lifestyle hotel, the consumer has to have a preconceived idea of what experience to expect before showing up to the property. This is most easily achieved by new “lifestyle” brands that have other business lines beyond hospitality.

**Natural Disasters** – Hurricanes, floods, and fires have impacted hotels across the country in the last several months. Owners in affected areas will need to manage short-term increases to labor and material costs throughout rebuilding, and long-term increases to insurance costs.



**Valuation Factors** – Rising interest rates are a concern for investors; however, the more substantial factor influencing valuation and closing transactions is the substantial PIP requirement that is becoming more common place.

## Summary

These are the key takeaways from the 2017 Lodging Conference.

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## About **J. Carter Allen**



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