

Is 4% Enough?

CapEx Historical
Trends & What
the Future Holds



Chad Sorensen

CHMWarnick

HOTEL ASSET MANAGERS + BUSINESS ADVISORS

CSorensen@

CHMWarnick.com



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- Chad Sorensen – Principal, CHMWarnick; President, ISHC
- Presentation on the findings from the Fourth Edition of the “ISHC CapEx 2014 – A Study of Capital Expenditures in the Hotel Industry”
- Collaboration between the ISHC and HAMA
- More than 20 industry experts from these two preeminent industry organizations contributed to the publication
 - Supported by data collected from over 500 U.S. hotels
- Study covers the six-year period from 2007-2012



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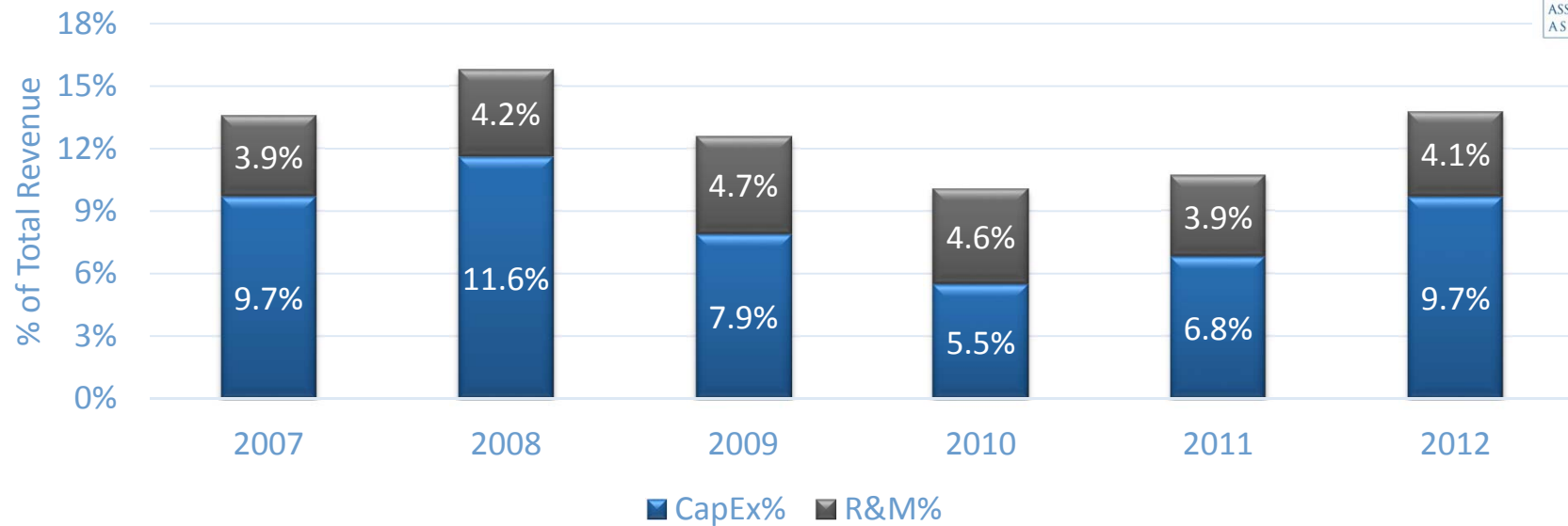
All Properties



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All Properties – By Year

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All Properties – Ownership Type

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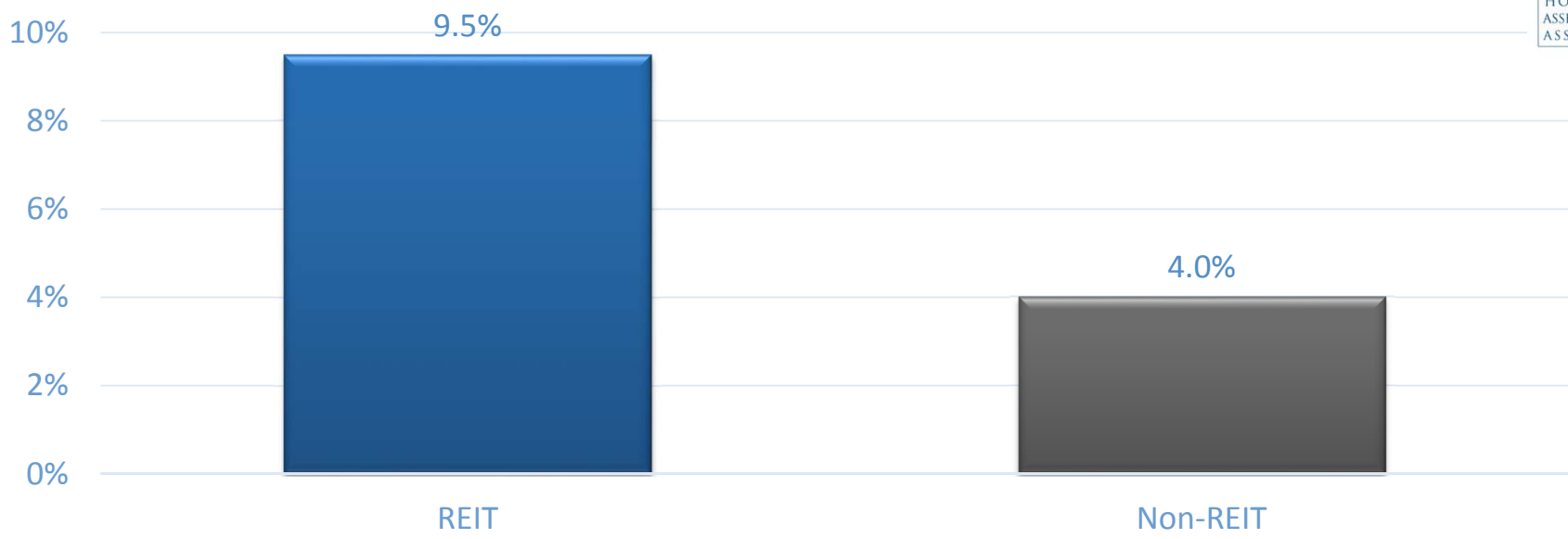
Capital Spending by Ownership Type All Properties 2007 - 2012				
	By Total Revenue		Per Room Per Year	
	CapEx	CapEx + R&M	CapEx	CapEx + R&M
Total Sample	8.3%	12.9%	\$3,702	\$5,755
REIT	9.5%	14.0%	\$4,965	\$7,371
Non-REIT	4.0%	8.7%	\$1,171	\$2,518



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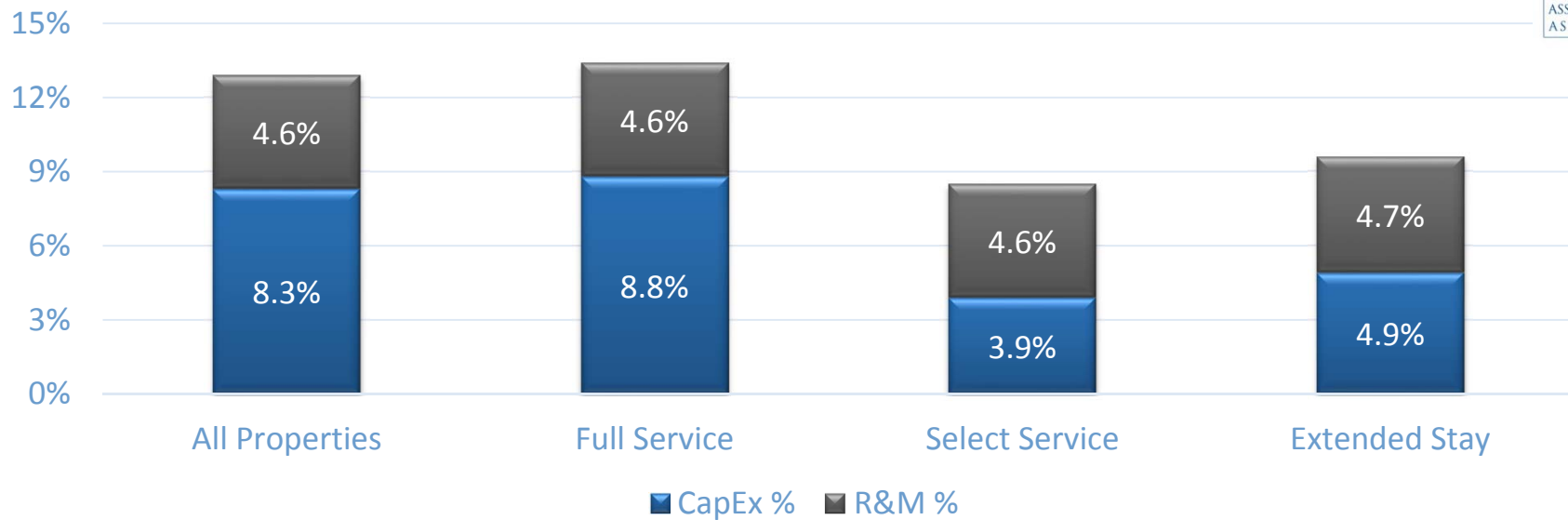
All Properties – CapEx Spend by Ownership Type

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All Properties – Property Type

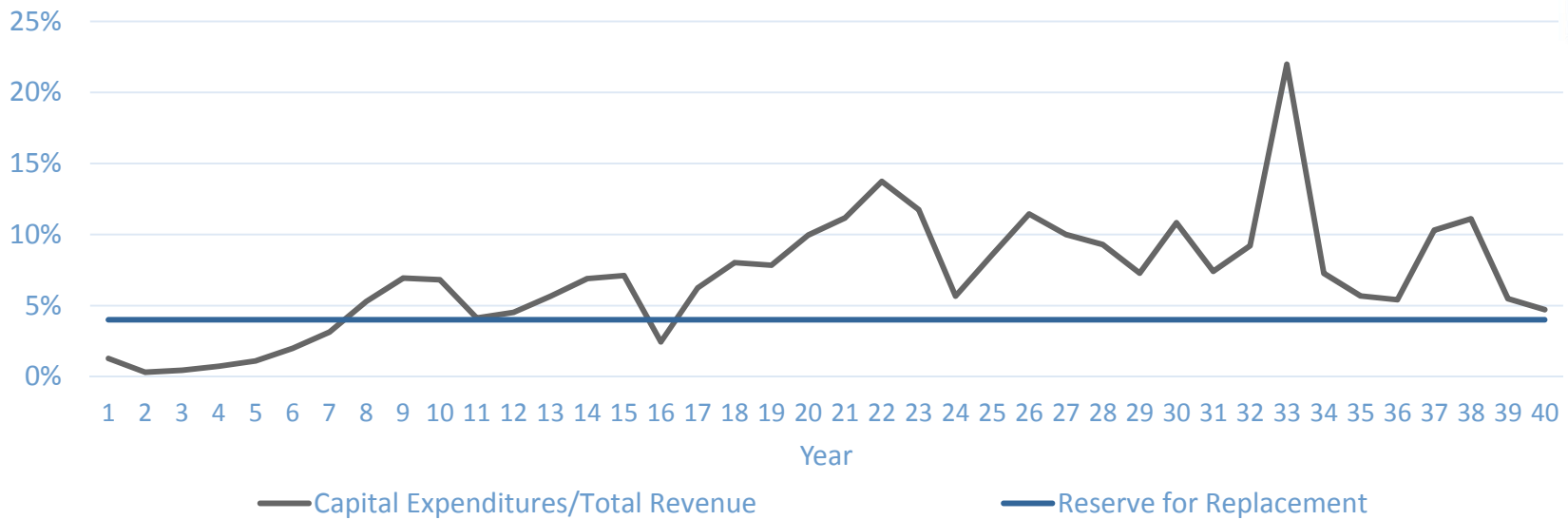
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All Properties – Spend Percentage by Age

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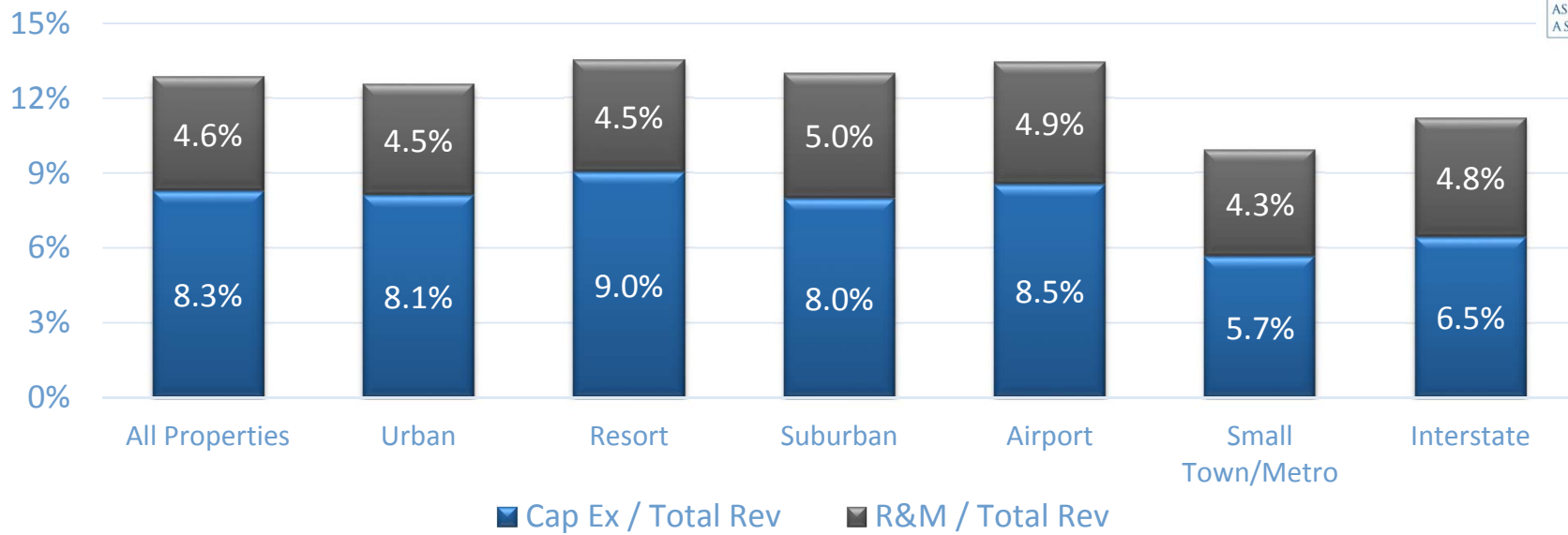


*Please note that in Year 33, there is an outlying data point that impacts the results for that year.



All Properties – Percentage by Location

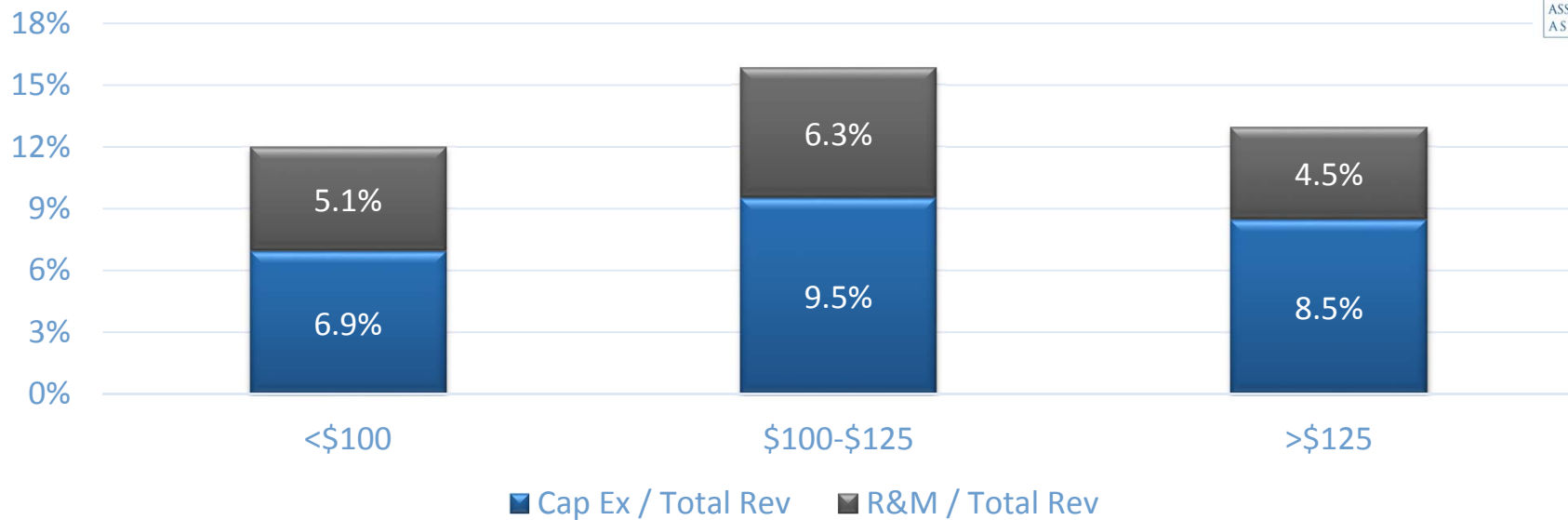
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All Properties – Percentage by ADR

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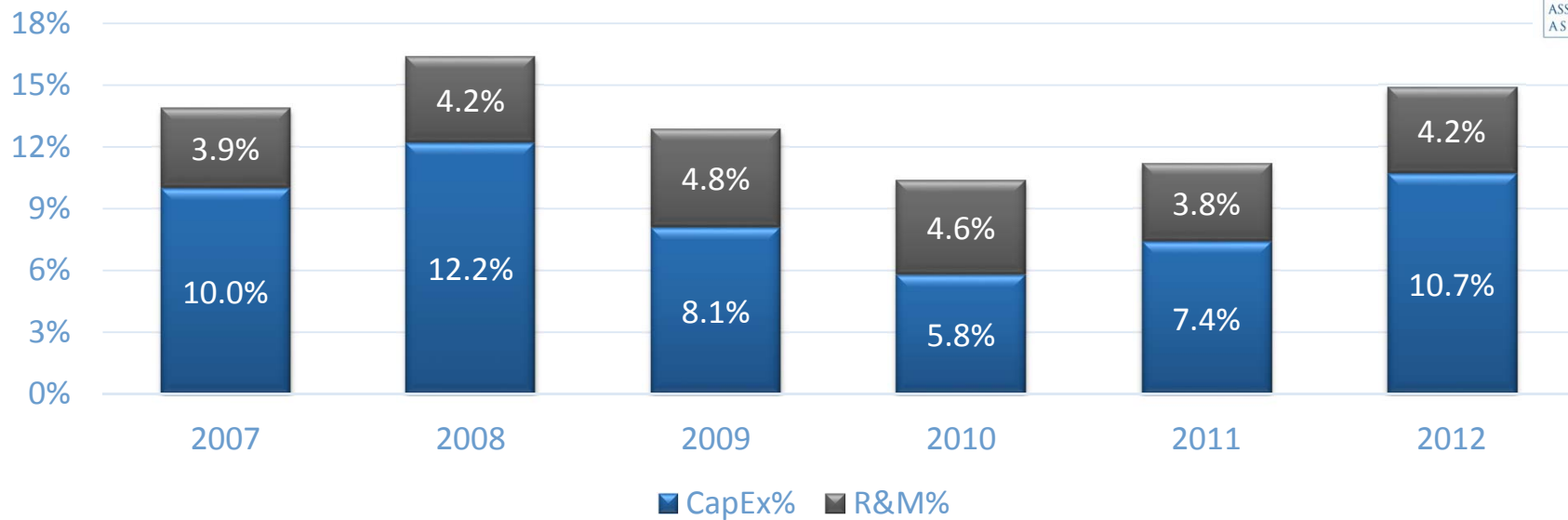
Full Service



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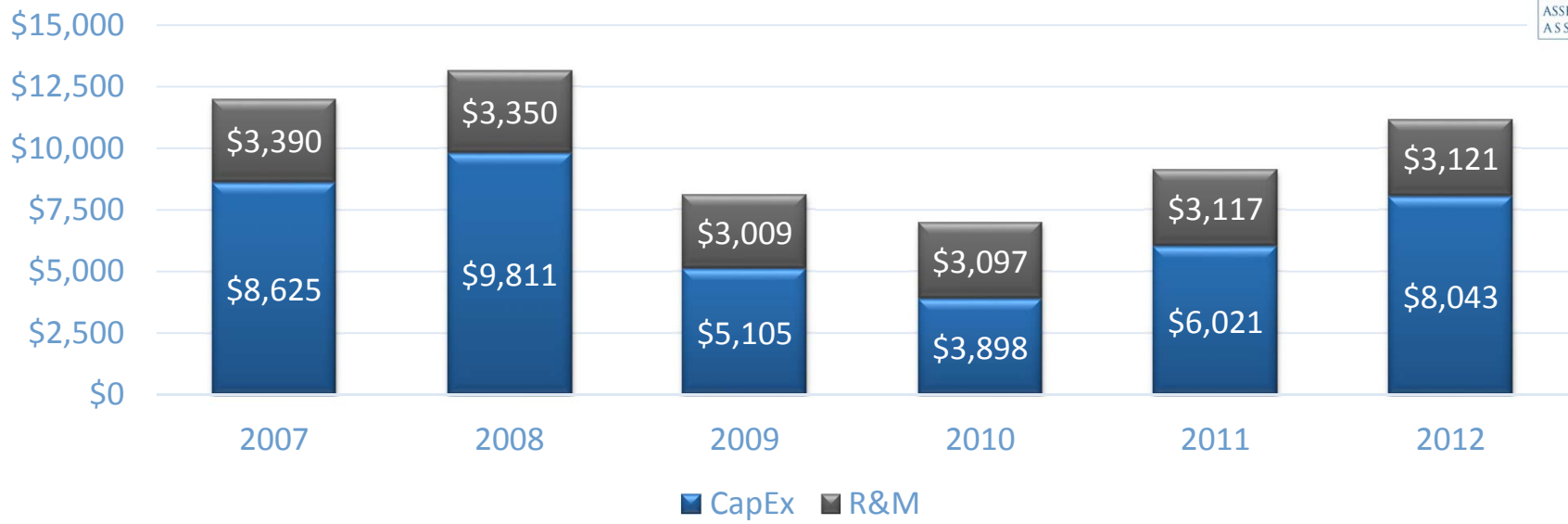
Full Service – Percentage by Year

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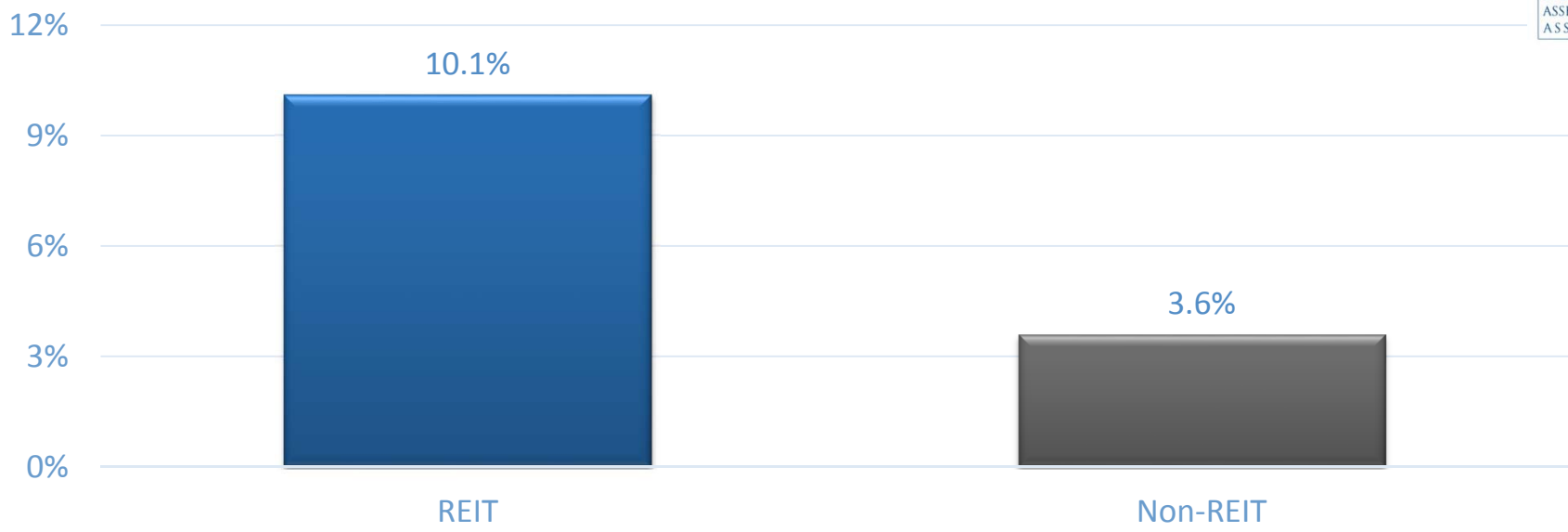


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Full Service – Per Available Room

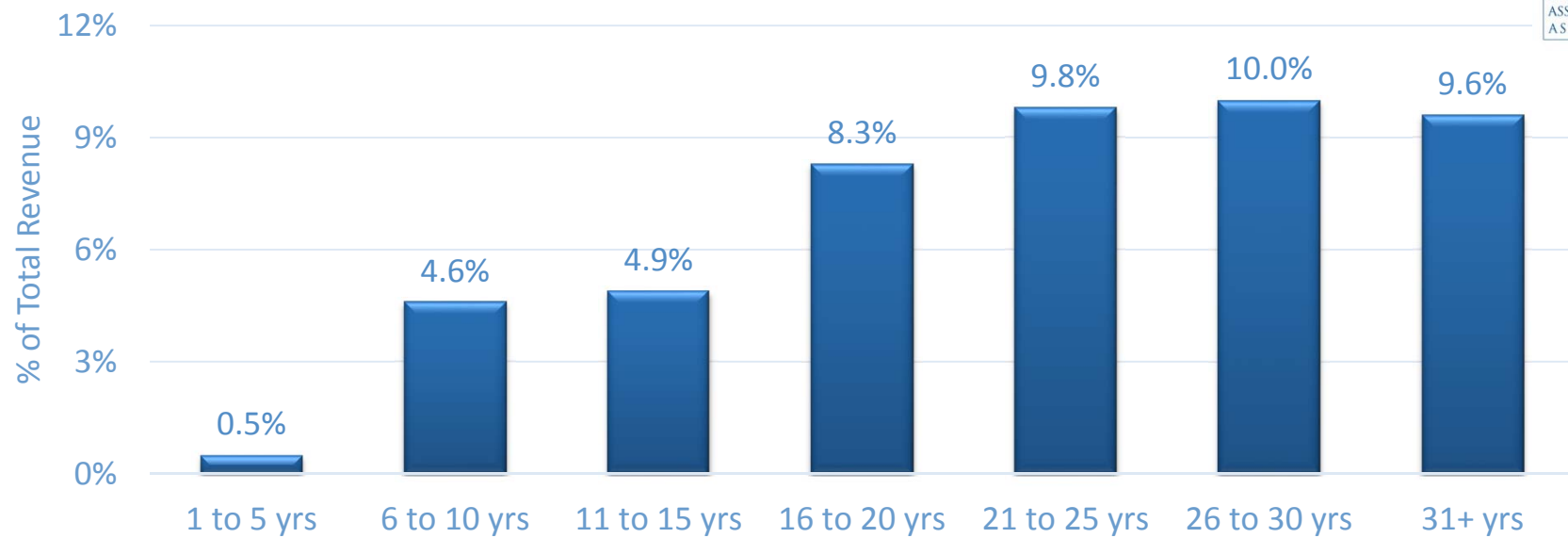


Full Service – CapEx Spend by Ownership Type



Full Service - CapEx Spend by Age

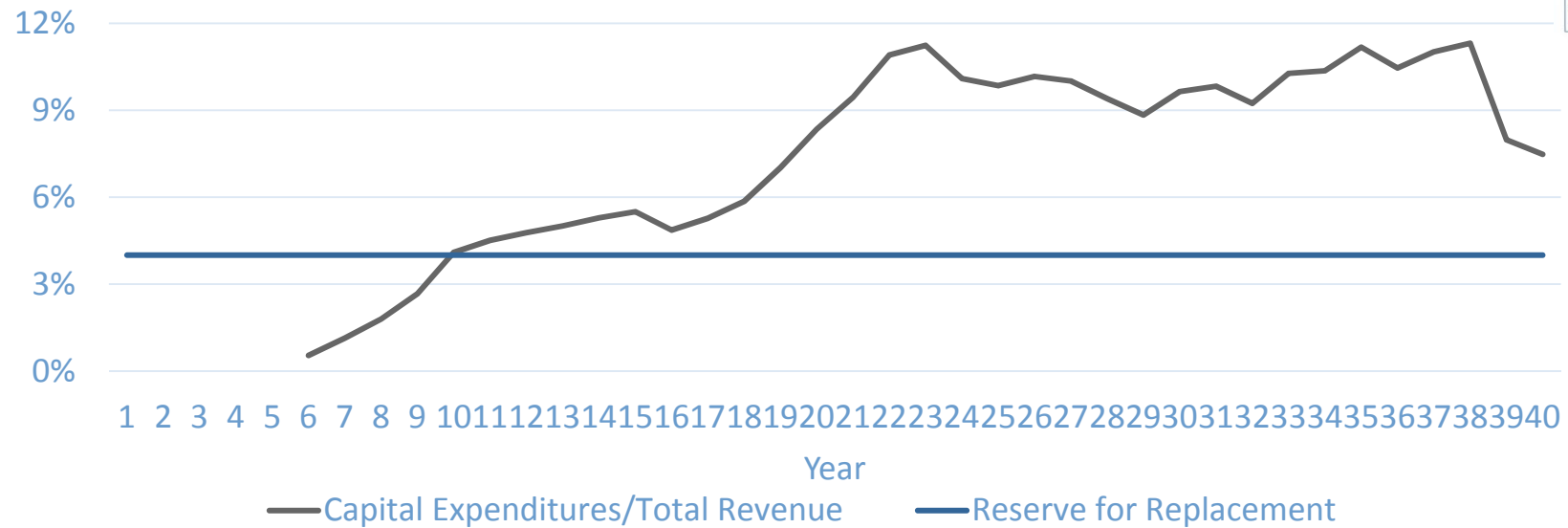
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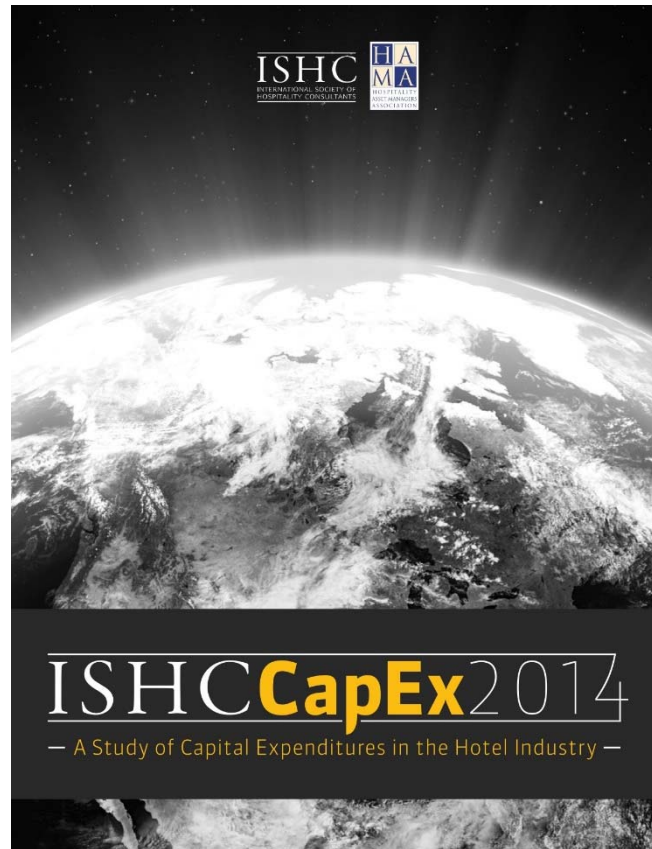
Full Service – 6-Year Running Average

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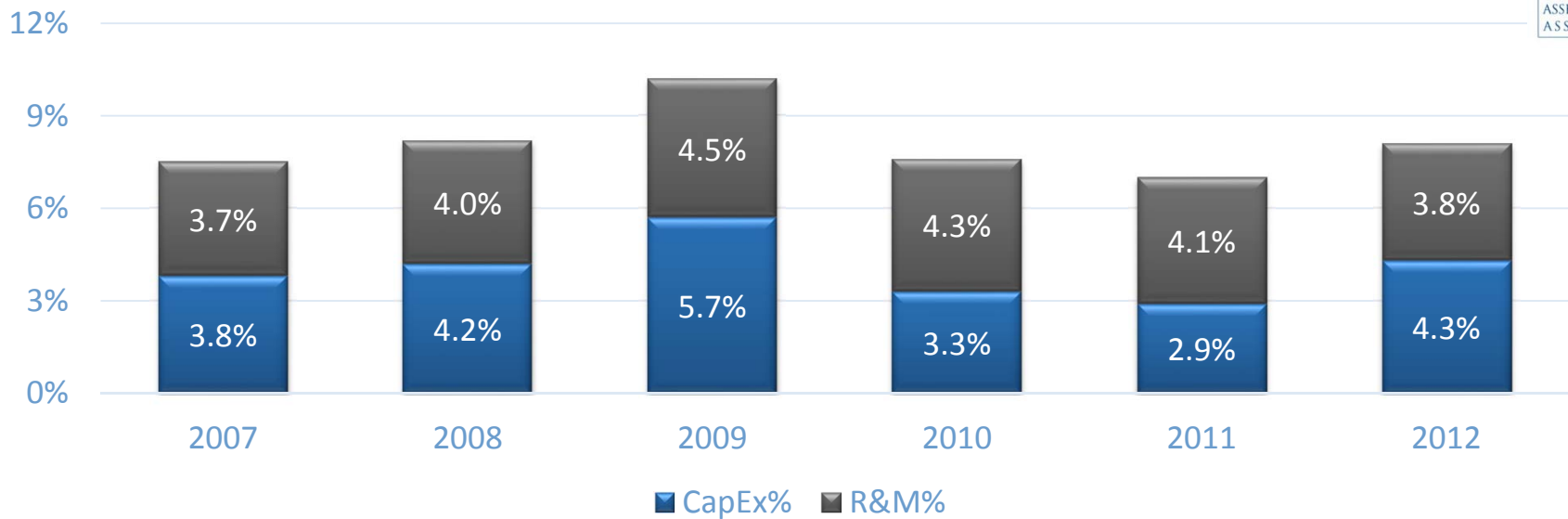
Select Service



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Select Service - Percentage by Year

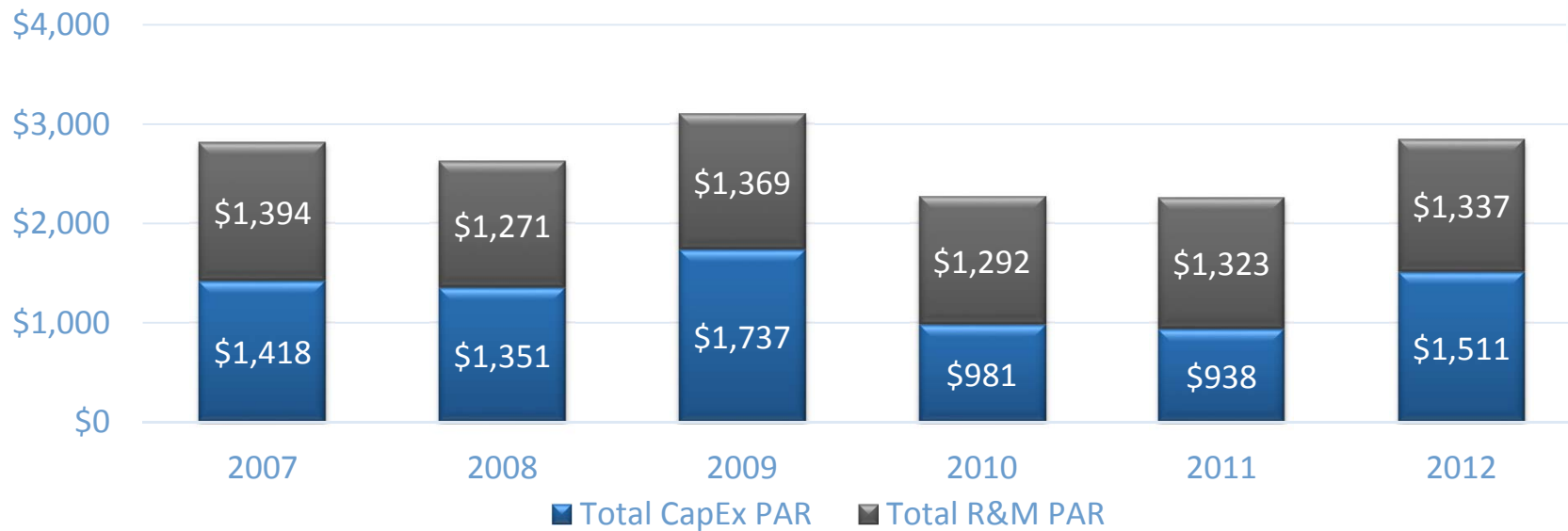
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Select Service – Per Available Room

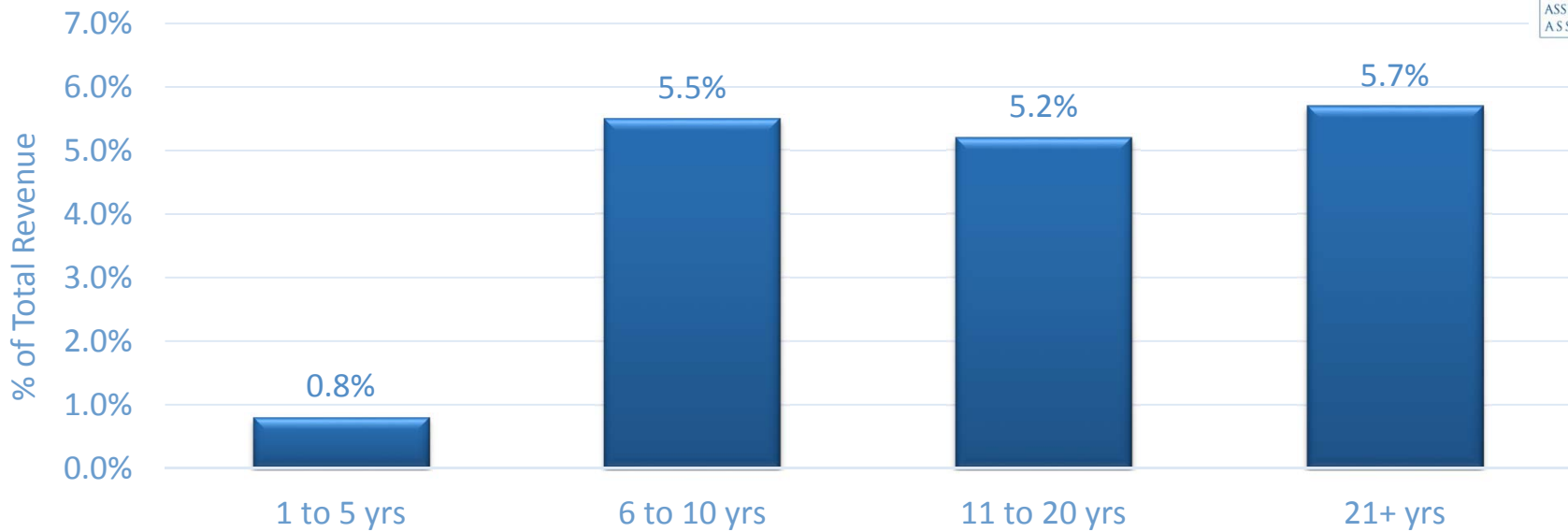
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Select Service - CapEx Spend by Age

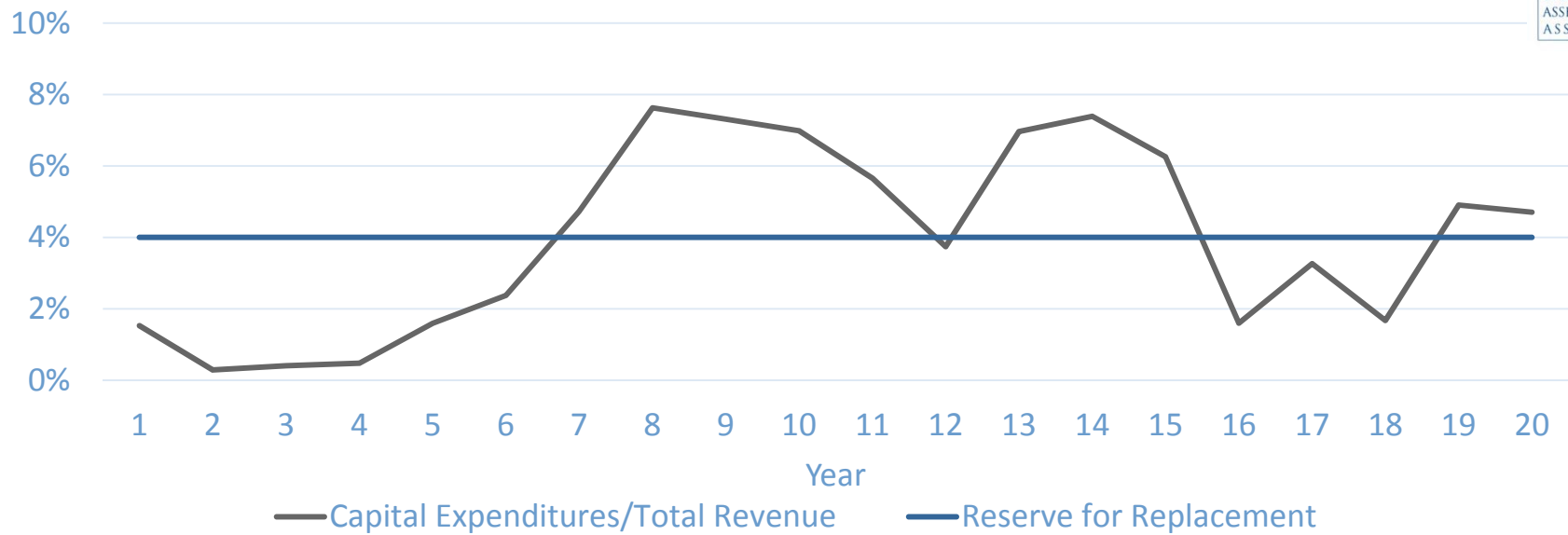
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Select Service – 6-Year Running Average

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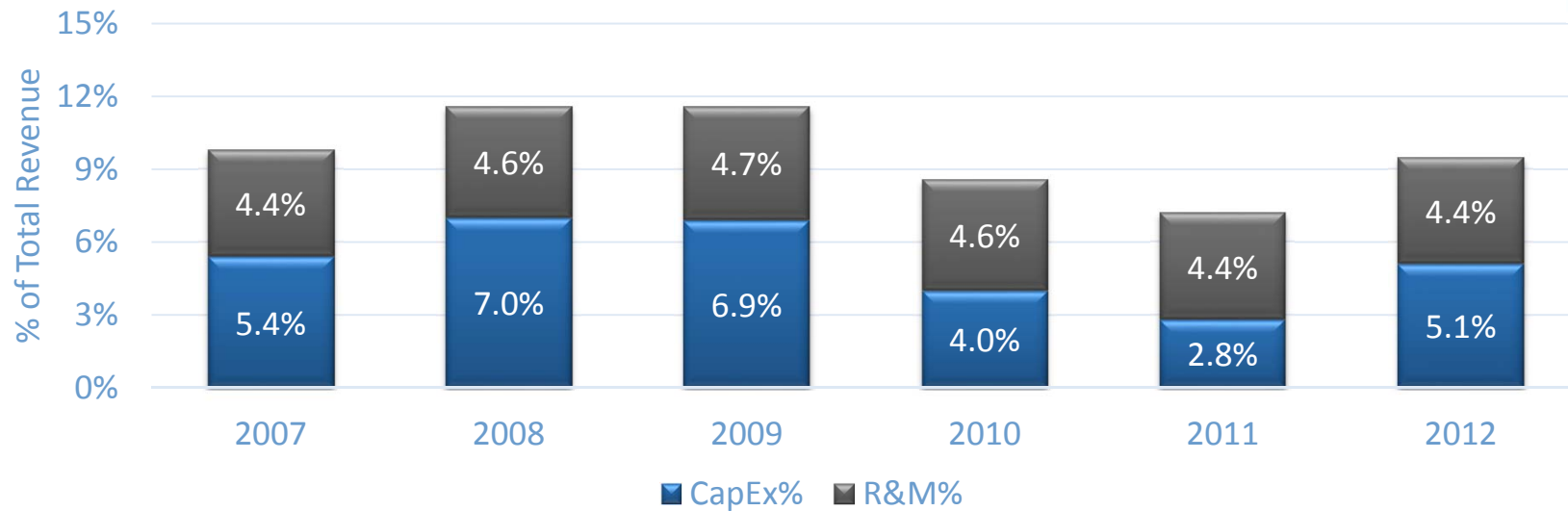
Extended Stay



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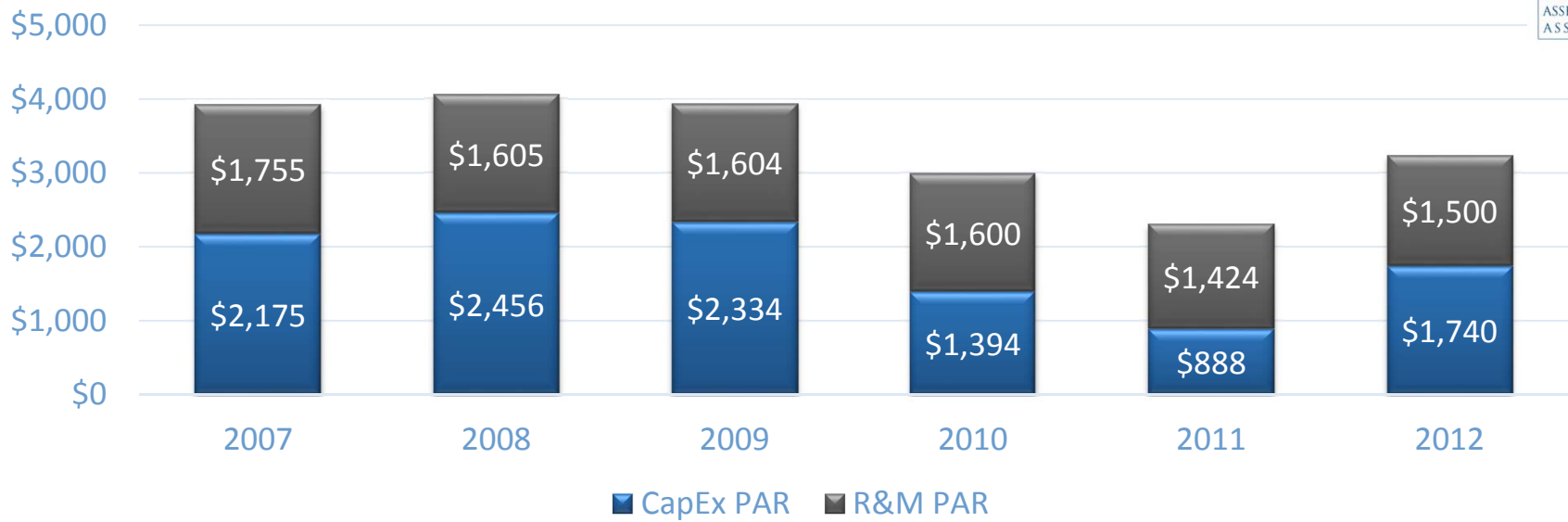
Extended Stay – Percentage by Year

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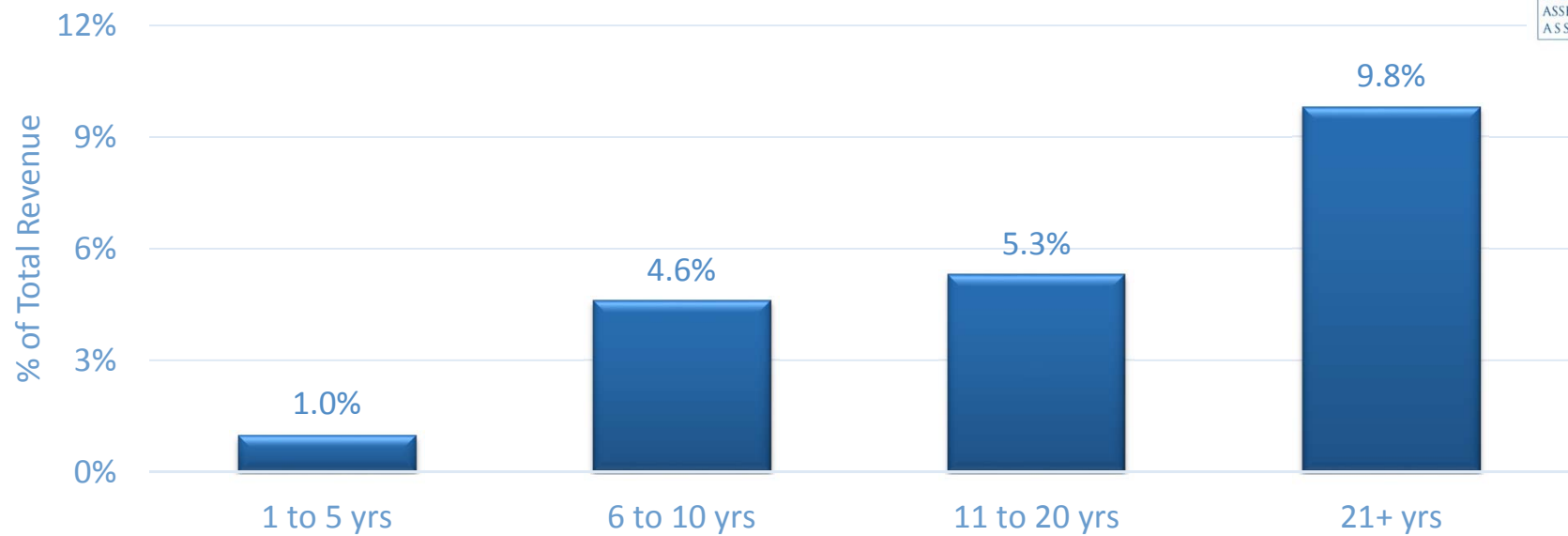
Extended Stay – Per Available Room

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Extended Stay – CapEx Spend by Age

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ISHC CapEx 2014 – Key Takeaways

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- 4% is Not Enough!
- Year 8: Point of No Return
- REITs Spent Twice as Much
- R&M: Narrow range over the course of the study - 3.9% to 4.7%



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ISHC CapEx 2014 can be ordered at

[https://www.ahlei.org/
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