

Hunter Conference 2024 Takeaways

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- There is still a material gap on bid/ask in brokered deals, but buyers are nevertheless active and looking increasingly toward deals outside of the top 25 MSAs, which may produce better yields. Fewer listings in general were launched at Hunter than at ALIS. Several buyers mentioned that some ALIS listings were owners/brokers trying to "test the market."



- Although Fed rate cuts may start by early summer, there was understanding that enough meaningful change to boost the transaction market will not come until the third rate cut towards the end of the year or after the election. Nevertheless, refinancing activity is warming up, as owners are accepting available rates to access loan proceeds and further their investment goals.
- Top lines look good compared to 2019, but bottom lines do not in all cases. Insurance and labor costs have been challenging, making the alignment with a talented management company all the more important. Property tax

increases have also been a limiting factor. One owner reported an insurance cost increase of 300%. Insurance cost increases were noted as a particular challenge for Florida deals.

- PIPs that cannot be further delayed should intensify some decisions to sell rather than renovate. Owners who choose to renovate are managing longer project timelines; for example, renovations that used to take six to seven months can now take a year.
- In brand talk, Marriott may be developing a new conversion brand, likely their version of Spark by Hilton. White label and transition brands are likely to grow in popularity as renovation costs rise. Additionally, Aloft and Sleep Inn prototypes were relaunched. Development in the economy, extended-stay space remains hot given high flow-through and cheaper construction costs.
- One bright spot is Airbnb trends, which are illustrating less of a direct threat to hotels. Primary unit growth is occurring in 3+-bedroom units, rather than those types directly comparable to hotels. Moreover, Airbnb retains only 20% of new guests for a second stay.

We are looking forward to the next industry gathering at the AAHOA Convention & Trade Show in Orlando from April 2 through 5. Our full brokerage and advisory team will be present. If you would like to schedule a meeting, let us know at or . See you then!



HVS staff members Jack Mahan, Josh Williams, and Ryan Karawan at the Hunter Conference

