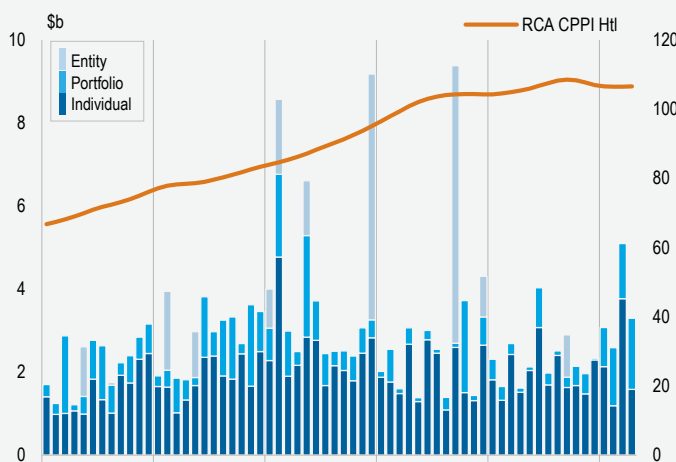


# US CAPITAL TRENDS | HOTEL

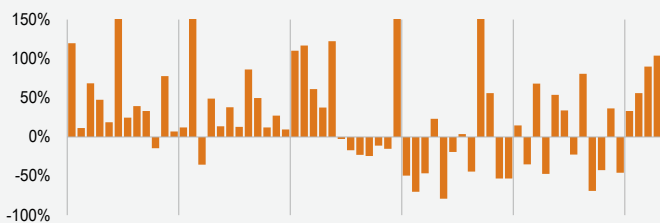
The hotel sector stands out as the only major commercial property type to post growing deal volume in April. This growth was boosted by portfolio and entity-level transactions, but even without these megadeals volume would still have matched last year's level.

**\$3.3b** Transaction volume  
**104%** YOY volume change  
**1.1%** YOY price change

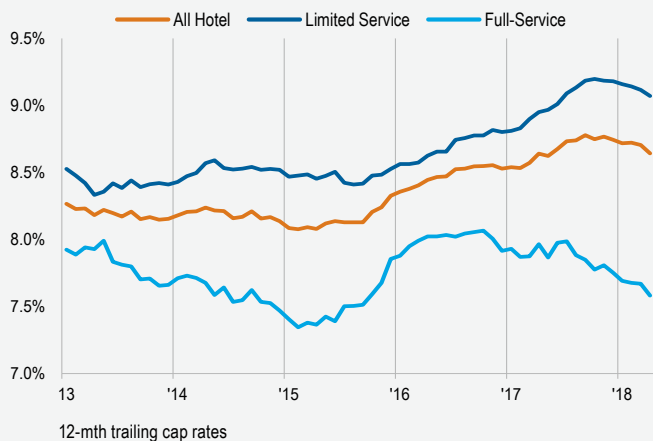
Monthly Transaction Volume & Pricing



Year-Over-Year Volume Change



Cap Rates



**If growth in hotel sales were only driven by megadeals, it would suggest investor expectations of underlying weakness in the hotel market.** The underwriting around the sale of a single building, after all, is driven by expectations on the health of an asset and the local submarket in which it is located. Falling single asset sales would indicate investor fears across a broad swath of submarkets.

**The fact that single asset sales for the hotel sector grew at a 5% YOY pace in April is a sign that investors are still confident in the hotel sector.** This pace of growth, while still positive, is down from the 28% YOY pace of growth set in the first three months of 2018. So while the hotel sector is unique with growth last month, there is at least a deceleration of activity.

This deceleration did happen in a period of growing financial market uncertainty as the 10yr UST was climbing in the month and crossed the 3% threshold. Deals are simply more difficult to complete in the face of uncertainty and a 30 bps increase in the 10yr UST.

**Despite uncertainty on interest rates, cap rates have not shown upward pressure.** Cap rates for limited-service assets stood at 9.1%, up 10 bps from April '17, but essentially unchanged. Full-service assets saw cap rates at 7.6%, down 40 bps from a year earlier.

**Growth in hotel property prices has been decelerating.** The RCA CPPI for hotels came in at 1.1% YOY growth in April, down from a 1.5% YOY pace in March and a faster pace in January and February.

**The megadeal activity in the month was largely driven by a single transaction.** Blackstone acquired a portfolio of hotels from GIC, with one asset – the Grand Wailea Resort & Spa in Maui – likely driving most of the pricing.

# Market Table | All Hotel

Hotel Transactions Reported Closed		Full-Service				Limited-Service				All Hotel				
		Volume		Price		Volume		Price		Volume		Price		
YTD through Apr'18		\$m	# Props	\$/Unit	Avg Cap Rate	\$m	# Props	\$/Unit	Avg Cap Rate	\$m	# Props	\$/Unit	Avg Cap Rate	
<b>Mid-Atlantic</b>	Baltimore	116.8	3	183,858		32.1	4	97,568		148.9	7	154,409	8.8%	
	DC	346.5	4	301,197						346.5	4	301,197	6.2%	
	DC MD burbs	44.4	1			37.9	3	108,596	6.7%	82.3	4	151,287	6.7%	
	DC VA burbs	499.9	5	221,807	6.8%	7.6	1			507.5	6	221,807	6.8%	
	Philadelphia	342.3	4	295,053		20.7	2	82,600		362.9	6	257,384		
	Pittsburgh													
	Richmond/Norfolk	40.9	3	68,323		20.1	4	50,540	8.8%	61.0	7	61,217	8.2%	
	Tertiary Mid-Atlantic	10.9	2	34,486		59.0	14	46,716		69.9	16	44,098		
	<b>Total</b>	<b>1,401.5</b>	<b>22</b>	<b>216,245</b>	<b>6.8%</b>	<b>177.4</b>	<b>28</b>	<b>66,354</b>	<b>7.8%</b>	<b>1,578.9</b>	<b>50</b>	<b>168,145</b>	<b>7.3%</b>	
<b>Midwest</b>	Chicago	217.0	6	178,000		10.1	3			227.1	9	178,000		
	Cincinnati					53.9	10	50,859		53.9	10	50,859		
	Cleveland	8.1	1			37.0	5			45.0	6	58,990		
	Columbus					20.7	3	79,566		20.7	3	79,566		
	Detroit	14.6	2							14.6	2			
	Indianapolis	138.0	3			85.5	14			223.5	17		8.3%	
	Kansas City	25.0	1			28.8	5			53.8	6	107,694		
	Minneapolis	38.3	1			33.2	5	77,030	11.1%	71.5	6	125,219	11.1%	
	St Louis					46.3	9	64,070		46.3	9	64,070		
	Tertiary Midwest	53.5	6	54,693		283.1	49	63,507	7.6%	336.6	55	60,985	8.8%	
<b>Total</b>	<b>494.4</b>	<b>20</b>	<b>129,563</b>	<b>9.1%</b>	<b>598.7</b>	<b>103</b>	<b>63,067</b>	<b>9.1%</b>	<b>1,093.1</b>	<b>123</b>	<b>88,808</b>	<b>9.1%</b>		
<b>Northeast</b>	Boston	477.5	4	310,248		24.9	1			502.4	5	317,924		
	Hartford					8.0	2	38,226		8.0	2	38,226		
	Long Island	7.3	1							7.3	1			
	Manhattan	1,147.5	1			93.7	3	377,621		1,241.2	4	377,621		
	No NJ	31.0	1			21.3	4	81,084	7.8%	52.3	5	81,084	7.8%	
	NYC Boroughs	20.1	2			67.9	2	300,221		88.0	4	302,483		
	Stamford													
	Westchester					4.5	1			4.5	1			
	Tertiary Northeast	170.4	7	219,633		46.3	6	55,605		216.7	13	138,473		
<b>Total</b>	<b>1,853.9</b>	<b>16</b>	<b>229,975</b>		<b>266.5</b>	<b>19</b>	<b>144,766</b>	<b>6.7%</b>	<b>2,120.3</b>	<b>35</b>	<b>191,267</b>	<b>6.7%</b>		
<b>Southeast</b>	Atlanta	237.0	6	233,761		67.0	10	47,992		304.0	16	131,744		
	Broward	225.3	5	204,959		7.6	1			232.9	6	204,959		
	Charlotte					19.5	4	65,376		19.5	4	65,376		
	Jacksonville	25.3	3	61,707		30.3	4	82,417		55.6	7	70,021		
	Memphis	59.9	2	88,778		68.1	7	102,502		128.0	9	95,583		
	Miami	21.8	1			82.4	5	240,864		104.2	6	259,705		
	Nashville					64.2	5	150,776		64.2	5	150,776		
	Orlando	42.5	2	45,406		43.1	5	88,309		85.6	7	55,231		
	Palm Beach	140.7	3	323,398		28.4	2			169.1	5	268,721		
	Raleigh/Durham					16.1	3	50,003		16.1	3	50,003		
	Tampa	34.8	1			24.1	3	100,715		58.8	4	133,079	8.4%	
	Tertiary Southeast	427.9	14	196,832		654.1	100	68,955	10.4%	1,082.0	114	95,196	10.3%	
	<b>Total</b>	<b>1,215.1</b>	<b>37</b>	<b>170,030</b>	<b>8.0%</b>	<b>1,104.9</b>	<b>149</b>	<b>80,198</b>	<b>10.2%</b>	<b>2,320.0</b>	<b>186</b>	<b>115,054</b>	<b>9.9%</b>	
<b>Southwest</b>	Austin	53.7	2			134.9	11	145,484		188.6	13	144,189		
	Dallas	94.8	4			123.0	19	112,617	9.7%	217.8	23	112,617	9.7%	
	Denver					53.1	5	82,073		53.1	5	82,073		
	Houston					28.7	5	35,589		28.7	5	35,589		
	Phoenix	657.6	5	347,365		83.1	11	65,702		740.7	16	255,314		
	San Antonio	46.2	2	101,538		11.9	2			58.1	4	101,538		
	Tertiary Southwest	103.7	4	35,317		309.9	52	68,459	10.0%	413.6	56	56,788	9.8%	
	<b>Total</b>	<b>955.9</b>	<b>17</b>	<b>230,532</b>		<b>744.6</b>	<b>105</b>	<b>82,162</b>	<b>9.4%</b>	<b>1,700.6</b>	<b>122</b>	<b>147,784</b>	<b>9.4%</b>	
<b>West</b>	East Bay					5.4	1			5.4	1			
	Inland Empire	227.2	3	209,622	9.6%	26.2	3	103,545		253.4	6	189,549	9.6%	
	Las Vegas	177.9	1			13.5	1			191.4	2	283,167		
	Los Angeles	130.3	3			58.4	5	118,269		188.7	8	114,402		
	Orange Co					52.9	4	167,247	6.3%	52.9	4	167,247	6.3%	
	Portland	216.8	2	279,410						216.8	2	279,410		
	Sacramento	47.1	2	462,127		64.6	4	113,246	9.0%	111.7	6	166,201	8.5%	
	Salt Lake City					57.3	5			57.3	5			
	San Diego					39.3	4	95,388		39.3	4	95,388		
	San Francisco	799.3	4	337,234		192.9	8	270,980		992.2	12	302,951		
	San Jose	261.8	2	295,763		30.5	1			292.3	3	297,013		
	Seattle	298.6	4	330,343		88.4	9	117,524		387.0	13	234,620	7.1%	
Tertiary West	1,856.8	16	444,781	6.9%	506.7	40	132,411	7.6%	2,363.6	56	293,865	7.1%		
<b>Total</b>	<b>4,015.9</b>	<b>37</b>	<b>348,441</b>	<b>7.3%</b>	<b>1,136.1</b>	<b>85</b>	<b>143,102</b>	<b>7.3%</b>	<b>5,152.0</b>	<b>122</b>	<b>256,372</b>	<b>7.3%</b>		
<b>Total</b>	<b>Total US</b>	<b>9,936.7</b>	<b>149</b>	<b>239,992</b>	<b>7.5%</b>	<b>4,120.5</b>	<b>504</b>	<b>95,438</b>	<b>8.9%</b>	<b>14,057.3</b>	<b>653</b>	<b>166,087</b>	<b>8.5%</b>	

# Selected Recent Transactions



Ritz-Carlton Sarasota, Sarasota, FL



Eilan Hotel & Spa, San Antonio, TX

Property Name Address Location	Units Year Built Notes	Price \$/Unit Qualifier	Owner/Buyer Seller Broker
<b>Mid-Atlantic</b>			
<b>Annapolis Marriott Waterfront</b> 80 Compromise St Annapolis, MD	<b>150</b> 1969 Full-Service	<b>\$41,500,000</b> \$276,667 confirmed	<b>O</b> Hersha from <b>S</b> Thayer Lodging by <b>++</b> JLL
<b>Westin</b> 100 Westgate Cir Annapolis, MD	<b>225</b> 2007 Full-Service	<b>\$41,250,000</b> \$183,333 approximate	<b>O</b> Crescent RE Holdings JV Goff Capital Partners from <b>S</b> Crow Holdings by <b>++</b> JLL
<b>Midwest</b>			
<b>Hyatt Regency Deerfield</b> 1750 Lake Cook Rd Deerfield, IL	<b>301</b> 1988 Full-Service	<b>\$31,500,000</b> \$104,651 approximate	<b>O</b> Phoenix Development Partners from <b>S</b> Ares Management
<b>Hampton Inn Columbia</b> 3410 Clark Lane Columbia, MO	<b>122</b> 1996 Limited Service	<b>\$14,250,000</b> \$116,803 confirmed	<b>O</b> Peachtree Hotel Grp from <b>S</b> Raymond Group by <b>++</b> CBRE
<b>Northeast</b>			
<b>Hyatt Regency Wind Watch</b> 1717 Motor Pkwy Hauppauge, NY	<b>360</b> 1989 Full-Service	<b>\$7,250,000</b> \$20,139 approximate	<b>O</b> Southern Land Company from <b>S</b> Ashford Hospitality Trust
<b>Southeast</b>			
<b>Ritz-Carlton Sarasota</b> 1111 Ritz Carlton Dr Sarasota, FL	<b>266</b> 2001 Full-Service	<b>\$171,000,000</b> \$642,857 confirmed	<b>O</b> Braemar Hotels & Resorts from <b>S</b> C Robert Buford
<b>Staybridge Suites Wilmington</b> 5010 New Centre Dr Wilmington, NC	<b>93</b> 2008 Limited Service	<b>\$13,880,000</b> \$149,247 confirmed	<b>O</b> Lodging Opportunity Fund from <b>S</b> TriGate Capital by <b>++</b> Hunter
<b>Southwest</b>			
<b>Biltmore Resort &amp; Spa</b> 2400 E Missouri Phoenix, AZ	<b>712</b> 1929 Full-Service	<b>\$403,400,000</b> \$566,573 confirmed	<b>O</b> Blackstone from <b>S</b> GIC by <b>++</b> Eastdil Secured
<b>Eilan Hotel &amp; Spa</b> 17103 La Centera Pkwy San Antonio, TX	<b>165</b> 2011 Full-Service	<b>\$34,300,000</b> \$207,879 approximate	<b>O</b> Bluegreen Corp from <b>S</b> Lone Star Funds by <b>++</b> HFF
<b>West</b>			
<b>Sheraton Grand Downtown LA</b> 711 South Hope St Los Angeles, CA	<b>496</b> 1973 Full-Service	<b>\$100,000,000</b> \$201,613 approximate	<b>O</b> National RE Advisors from <b>S</b> Ratkovich Co
<b>Hampton Inn &amp; Suites Bend</b> 730 SW Columbia St Bend, OR	<b>114</b> 2014 Limited Service	<b>\$19,445,841</b> \$170,578 approximate	<b>O</b> Jason Kotter from <b>S</b> Ameritel Inns

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## About Real Capital Analytics

Real Capital Analytics (RCA) is the authority on the deals, the players and the trends that drive the commercial real estate investment markets. Covering all markets globally, RCA delivers timely and reliable data with unique insight into market participants, pricing and capital flows. The most active investors, lenders and advisors depend on RCA's market intelligence to formulate strategy and to source, underwrite and execute deals. An industry pioneer since 2000, RCA has offices in New York, San Jose, London and Singapore. For more information, visit: [rcanalytics.com](http://rcanalytics.com)

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Capital Trends reports analyze and interpret trends in the global real estate market using RCA's comprehensive data. US Capital Trends is a monthly edition comprising an overview of the U.S. market and separate reports on the five main property types. Asia Pacific, Europe and Global Capital Trends are published quarterly.

## Methodology

Data based on properties and portfolios \$2.5m and greater unless otherwise stated.

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