



Welcome to the Asset Management Olympics—Let The Games Begin!

This is it, the moment of truth, full steam ahead, where the rubber meets the road.....it's the official downturn in the lodging cycle! While certainly not happy about the current state of the economy, we recognize that this period in the cycle tests the real value of asset management. Sure, asset managers add value during the "off season" when the profits are soaring. But, it is for this stage of the cycle that we train so hard. The nature of our crazy wonderful industry is cyclical, and we, at CHM, have grown increasingly more sophisticated in how we posture for and manage through the downtimes. What keeps things interesting are the distinct nuances that surround each economic lull, leaving behind its very own "Downturn DNA" and marking the unique nature of each cycle. While hotel owners and investors spend countless hours tracking every prediction, prognosis and metric in an attempt to get a handle on the market, asset managers are limbering up, armed with an arsenal of history and tools to tackle this downturn faster, stronger and smarter than ever before. We liken the second half of 2008 to the Opening Ceremony, minus the singing, happy faces and fireworks, and declare 2009 the official **Asset Management Olympics**. However, unlike the World Olympics, asset managers typically wait roughly 10 years for the big show, where we can flex our muscle, break records and jump hurdles to implement strategies to preserve value during a downturn. Let's turn to the highlights...



Stick That Landing

Recently, there have been articles addressing the tough stance corporate travel planners are taking during this year's rate negotiations. While management must be sensitive to these demands to ensure a base of business in the face of 2009's economic prognostications, before lowering rates across the board, be creative. Consider shifting to a lower rate with more restrictions for truly price-sensitive companies allowing for greater flexibility to turn the rate off and on. Or perhaps negotiate a higher base rate, but incorporate rebates as different production hurdles are met on a quarterly basis. Be wary of brand strategies that revolve around throwing large lump sums of rewards points at meeting planners. While attractive, this strategy may be more costly than simply lowering the rate and may not speak to the core budget issues with which the meeting planners are faced. **Stick** to offering value and concessions that are meaningful and you will **land** the business and remain ahead of the game.

Watch Your Pace

During an economic downturn, the phrase "revenue management" seems to minimize the position and the task. Revenue managers cannot use the shot put approach—spinning around wildly, exerting all energy just to hurl a heavy ball and hope it lands where they wanted it to go. Rather, their job now requires balance beam precision—where every mistake counts and the slightest bobble results in disqualification. The ability to read the market and anticipate the slightest change in trends and pick-up by segment is necessary to proactively mitigate potential impact. Multiple business strategies should already be in place for each market segment that can be implemented immediately. Be sure to consider the impact of each strategy not only in terms of occupancy and rate, but also in terms of ancillary spend, cost to deliver and net operating income.

Keep Your Head Up & Eye On The Prize

It is not a matter of whether or not you will get through it, but more likely a question of the shape you will be in once you emerge. Manage through the now, but maintain a focus on the future. Consider strategies that might be implemented today to help improve a hotel's position for the future. Now may be the perfect time to execute a capital plan, taking advantage of lower occupancy levels. Likewise, now may also be a time to consider a brand change or even disposing or acquiring assets to further diversify your portfolio. Staying focused on the future will shine a light on opportunities that can be initiated today.

Pass The Baton

For more than a decade, CHM has been partnering with hotel owners and investors to add value achieved through strategies proven effective during all stages of the investment cycle. We are ready with our hand outstretched to take the baton and run with it on your behalf. CHM is a leading favorite for the **Asset Management Olympics**, and is going for the gold! Call us today at 978.522.7000 or visit our website at www.chmhotel.com.

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Home Opener—Hilton Baltimore Makes Its Debut

What do you get when you cross a brand new, purpose-designed headquarters hotel, connected to a state-of-the-art convention center and a location overlooking one of America's most beloved ball parks in the heart of a beautiful city?...**The Hilton Baltimore**. After 5 years of planning and construction, the 757-room Hilton opened its doors on August 22, 2008 to reveal the City's crown jewel and the result of careful, strategic planning and a lot of hard work.

Representing property asset management, CHM's Michael Doyle and Samantha Muna were present to celebrate the "on time, on budget" delivery and opening of the Hilton Baltimore, alongside Irene Van Sant, Project Director of the Baltimore Development Corporation and the rest of the development team.

"The Hilton Baltimore project represents the culmination of a dedicated and actively involved City authority, demonstrated commitment from senior brand representatives, close coordination with and strong support from the convention and visitors bureau, and collaborative efforts and sharing of tools between CHM and the operating team," remarked Michael Doyle, EVP of Asset Management for CHM. "Together, the pre-opening effort of this Team represented the fundamental keys of success, particularly important for this type of publicly-financed project, which must achieve extremely strong operating targets right out of the gate", concluded Doyle.



Michael Doyle, EVP Asset Management CHM
Linda Norman, General Manager
Hilton Baltimore - Baltimore, MD

The Hilton Baltimore represents CHM's fourth convention headquarters hotel opening and one of 20 hotels (12,000 rooms) currently under asset management. *"Working with CHM provided our team the additional resources, tools and perspective necessary to ensure the Hilton Baltimore was well-positioned from a market, group sales and pricing standpoint, to be able to achieve our operating goals in year one and beyond", shared Linda Norman, General Manager of the Hilton Baltimore.*

For more information about CHM's involvement with The Hilton Baltimore or other public projects please visit www.chmhotel.com or call us at 978.522.7000.
