



## Hotel Asset Management—Substance Over Form

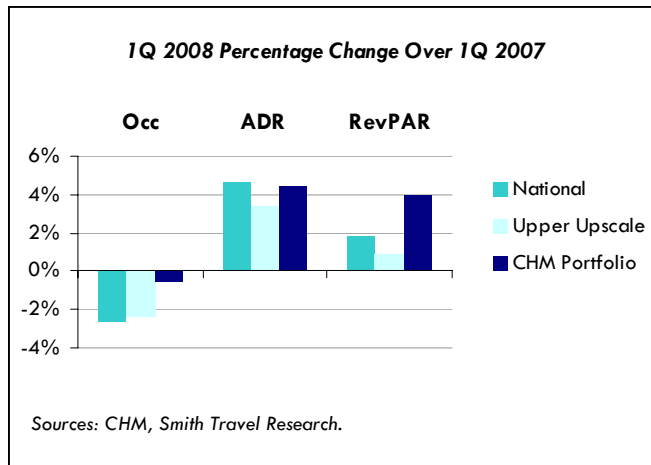
“Top Five Tips”, “Top Three Hints”, “Top Ten Thoughts” .....if only enhancing hotel value were that easy and that obvious. Although the presence and practice of hotel asset management has evolved considerably over the past ten years, many of the articles written on the subject focus more on the “how” than on the “why” asset management is so effective. Our industry is routinely reminded that hotel asset managers develop strategic plans, utilize best practices and watch for emerging trends, all important components of the bigger picture of what is required to truly move the needle on hotel value. What hotel owners and investors may not see on a regular basis, however, is the execution of many steps in a well-conceived plan resulting in tangible, incremental value that professional hotel asset management delivers. While economists continue to grapple with what to label the pending recession, lodging industry experts are busy revising forecasts, operating costs continue to increase and cap rates continue to rise—the reality for hotel owners is that they will need to work even harder to preserve and enhance asset values. Rather than another “how to” article, we offer the following perspective on hotel asset management and how it can deliver “what” owners need....**results.**

### It’s Not A Checklist, It’s An Approach

Effective hotel asset management is not a singular service, but rather a dynamic approach to maximizing value that revolves around an overall investment strategy aligned with ownership goals and objectives. This strategy serves as a road map for identifying opportunities and executing strategies to unlock “hidden value”. Given the changing market conditions, opportunities may be realized through a combination of operating adjustments, market rate re-positioning, re-concepting or re-development of existing space to capitalize on amenity demands and revisiting cash flow and financing alternatives, to name just a few. Through applying expertise and strategic vision to existing hotel assets, as well as identifying potential investment opportunities, asset managers can be instrumental and extremely successful in enhancing investment returns.

### It Really Works

Asset management is the most proactive and progressive approach to hotel ownership practiced today. While it is no mystery that dedicated attention to an asset, coupled with customized tools, resources and extensive experience would yield only the highest possible results, we always want proof! Perhaps as an industry peer group, we should look to study performance and value of those hotels that are asset managed versus those that are not. Until that time, however, what we have available to share are our own results to demonstrate a brief snapshot of success. For the 1Q08, RevPAR was forecasted to grow over 6% nationally, when in fact the estimated actual growth was closer to 2%. Fortunately, CHM’s portfolio of hotels under asset management, exceeded the national average, posting a RevPAR growth of 4%. We are proud of these achievements, but is this proof positive, beyond a reasonable doubt that asset management works? No, it is simply one asset manager’s attempt to provide substance over form.



### Not All Asset Managers Are Created Equally

The good news is that hotel asset management is widely practiced today, providing a greater selection of qualified firms from which to choose. As approach and resources may vary considerably across asset management companies, be sure to weigh your options carefully. Look for firms that specialize in hotel asset management, rather than those offering a more generalized menu of consulting or brokerage services including other real estate classes. Look for related experience and a proven track record...OR, look no further and call us today at 978.522.7000 or visit our website at chmhotel.com.

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## **Asset Management Goes Public—CHM Government Services**

CHM is pleased to announce the launch of **CHM Government Services**, a new division dedicated to assisting government and public agencies, and their partners, with complex issues surrounding the ownership and operation of hospitality and recreation assets. The **CHM Government Services** core team includes Geoff Baekey, Margaret Bailey, Larry Trabulsi, Susan Mann and Carey Stavrevski, all formerly working together as part of PricewaterhouseCooper's Washington Federal Practice.



"We were fortunate to have the opportunity to expand our practice to include a highly-specialized team of hospitality professionals who have dedicated their careers to advising state, federal and international land management agencies on a wide-range of visitor-based assets" said Ken Wilson, CEO of CHM.

The **CHM Government Services** team has assisted with developing market, financial, concession and investment strategies for over 20 National Park units including destinations such as Yellowstone National Park, Statue of Liberty, Grand Canyon National Park and Grand Teton National Park, to name a few.

"Having expanded resources available to focus on adapting private sector best practices will certainly strengthen our ability and effectiveness in advising public agencies and their partners who have the responsibility for overseeing visitor services in natural, cultural and historical environments. We are excited to continue to work in partnership with our public clients and their partners, offering them the level of expertise on which they have historically relied with an expanded depth of resources and innovative strategies to draw from in addressing their needs", concluded Bailey, Senior Vice President, **CHM Government Services**.

For more information on **CHM Government Services** please call us at 978-522-7000.

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