

## Buyers and Sellers and Brokers -- Oh My!

Article By:

Corporate Practice

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At the [North America Hotel & Tourism Investment Conference \(NATHIC\)](#), held in Washington, D.C., November 1-2, there was a “buzz” in the crowd as to where the hospitality industry is heading in the next few years. As the moderator of the session on “Buy, hold, sell, build - what is your best strategy in today’s market?,” I was able to engage in an honest conversation with some of the industry’s most sophisticated and knowledgeable brokers and asset managers. Following is just a sampling of the wisdom our distinguished panelists shared with us.

- There is a disconnect between buyers and sellers - sellers think their assets are worth more than buyers are willing to pay. This has led to a stagnant market, with assets and capital sitting on opposite sides of a perceived value gap.
- Brands have been fairly patient and reasonable about time frames for renovations and implementation of updated brand standards. However, they see the sale of a hotel and the change of ownership as an opportunity to upgrade the asset and put in place Property Improvement Plans (PIPs) that are far more extensive than brokers, sellers and buyers have anticipated - in some cases reflecting a 20 percent increase in anticipated costs.
- Portfolios are the way to go for brokers and sellers. One panelist noted that it takes just about as much legwork to sell one asset as it does to sell a portfolio - so with portfolios you get more bang for your buck. When deciding which properties to include in a portfolio, some key factors to consider include market sectors, location, price and size of the asset. Luxury products are not typically incorporated into portfolios - however, luxury products are hitching their wagons to brands for the reservation volume and publicity.

The bottom line is that there are still deals to be done. The brokers and asset managers on the panel are busy and keep a close eye on the trends. The formal sessions, as well as the informal discussions, during NATHIC were filled with predictions as to what will happen between now and 2015. Only time will tell...

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