Spring 2015

TSTD 6221.10 Hotel/Resort Market Analysis
Duques 254
Tuesday 7:10 - 9:40 pm
Professor Larry Yu
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Office Location 2201 G Street, NW, Suite 301Q, Washington, DC 20052
Office Hours Monday 1:00-3:00 pm Tuesday 3:00 - 6:00 pm or by appointment

Course Description

This course is a study of hotel and resort development and management. It introduces students to two important aspects of hotel and resort development and operations: hotel/resort market & investment analysis and hotel/resort project management. It analyzes in depth market demand for lodging services and industry supply of transient accommodations, studies hotel/resort valuation methods, and discusses detailed aspects of hotel/resort project management. It emphasizes both analytical skill for hotel/resort market research and operational skill for hotel/resort project management.

Course Objectives

At the completion of this course, students will be able to:

- gain a historic perspective of worldwide hotel/resort development
- know the data sources for hotel/resort market analysis
- analyze market demand for transient accommodations in a destination
- evaluate industry supply of transient accommodations in a destination
- forecast hotel/resort operating revenues & expenses
- apply valuation methods to determining market values of hotel/resort project
- plan project management for hotel/resort development and soft opening
- implement quality service management for sustainable business operations
- enhance management knowledge of hotel/resort operational functions
- introduce students to the Certification in Hotel Industry Analytics (CHIA) program
- assist students to prepare for CHIA examination

Required Readings


- Case packet from HBP: Coursepack link: To be announced
Recommended Readings


Recommended References:
Cornell Quarterly
Journal of Hospitality & Tourism Research
International Journal of Hospitality Management
- Recommended subscriptions to hotel news services
  HotelNewsNow - daily hotel news services by Smith Travel Research. Subscription link: https://www.hotelnewsnow.com/users/UserRegistration.aspx
  HVS Reports - weekly reports by HVS on global hotel development. Subscription link: http://www.hvs.com/Register/

**Method of Instruction**

This course is a blend of lectures, class discussions, textbook readings, video presentations, case analysis, field experience (time permitting), and guest speakers. Students are expected to participate in all class activities.

**Method of Evaluation**

Students are evaluated by their performance in the following academic activities:

<table>
<thead>
<tr>
<th>Activity</th>
<th>Points</th>
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<tbody>
<tr>
<td>Case analysis (1 @ 30 points)</td>
<td>30 points</td>
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<tr>
<td>Guest lecture review (2 @ 20 points)</td>
<td>40 points</td>
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<tr>
<td>Market supply &amp; demand analysis exercise</td>
<td>30 points</td>
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<tr>
<td>Hotel valuation analysis exercise</td>
<td>30 points</td>
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<tr>
<td>Final exam</td>
<td>100 points</td>
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<tr>
<td>Participation</td>
<td>20 points</td>
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<td><strong>Total</strong></td>
<td><strong>250 points</strong></td>
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Letter grades are assigned based on the distribution of total points for the course:

- **A** = 230 - 250 points (92%-100%)
- **A-** = 225 - 229 points (90% - 91%)
- **B+** = 220 - 224 points (88% - 89%)
- **B** = 205 - 219 points (82% - 87%)
- **B-** = 200 - 204 points (80% - 81%)
- **C+** = 195 - 199 points (78% - 79%)
- **C** = 180 - 194 points (72% - 77%)
- **C-** = 175 - 179 points (70% - 71%)
Policy and Services

Academic Integrity
GW is committed to the highest standards of academic integrity and students will be held responsible for the violation of these standards. Please refer to GW Code of Academic Integrity for detailed policies: http://www.gwu.edu/~ntegrity/code.html

Disability Services
Any student who feels s/he may need special accommodation based on the impact of a disability should contact the instructor privately to discuss specific needs. Please also contact GW Disability Support Services office at 202 994-8250, Suite 242 in Marvin Center, to establish eligibility and to coordinate reasonable accommodation. For additional information, please see: http://gwired.gwu.edu/dss/

Course Outline

Session 1 - Jan 13 - 2015

Syllabus & Introduction

Tourism and Lodging Development - A Historical Perspective

- Origins of the lodging business
- Mass tourism & hotel development after WWII
- Arrival of hotel chains
- The 1970s hotel boom
- The 1980s - A decade of change
- The 1990s - Recession, recovery and expansion
- The 2000s - Recession, terrorism, expansion, financial crisis
- The 2010s - Recovery and growth
- Learning from history & future trends

Readings: Rushmore et al_, Chapter 1

Session 2 - Jan 20 - 2015

Hotel/Resort Market Analysis & Project Development

- Defining hotel/resort market Analysis
- Phases in hotel/resort market analysis
- The nature of hotel/resort project development
- The process of hotel/resort development
- The management system for effective hotel/resort project management
- Design a program of action to suit the project process
Readings: Rushmore et al. Chapter 2

Session 3 - Jan 27 - 2015

Hotel & Resort Development - Uncertainty and Risk Analysis

- Defining uncertainty & risk
- Uncertainty in hotel & resort development
- Sources of risk in hotel/resort development
- Quantifying risk - techniques for processing, correction & evaluation of data

Handout reading provided by professor

Session 4 - Feb 3 - 2015

Demand for Hotel/Resort Accommodations

- Four categories of data for macro demand
- Macro demand by market segment
- Macro travel price data
- Determine micro demand - room night
- Quantify micro demand by using build-up approach
- Forecasting room night demand

Readings: Rushmore et al. Chapter 3

Session 5 - Feb 10 - 2015

Demand for Hotel/Resort Accommodations
Readings: Rushmore et al. Chapter 3
Plan for guest speaker

Session 6 - Feb 17 - 2015

Supply of Lodging Accommodations

- Classification of hotel/resort facilities
- Overview of macro supply - occupancy, ADR & RevPar
- Measure micro supply - total exiting guest room supply in a destination
- Determine latent demand

Readings: Rushmore et al. Chapter 4
Session 7 - Feb 24 - 2015

Analysis of Accommodation Supply

- Projection of market supply
- Unadjusted & adjusted market-wide occupancy forecast
- Calculate allocation ratio for unaccommodatable demand
- Allocate area demand to all competitive hotels/resorts
- Determine penetration factor, market share & room night captured
- Forecast average room rates for a proposed hotel

Readings: Rushmore et al. Chapter 4

Session 8 - March 8 - 2015

Revenue and Expense Forecasting

- Existing property vs. proposed property
- Uniform system of accounts for hotels
- Fixed & variable component approach to forecasting - Theoretical Basis
- Nine-step application of the approach
- Forecast of revenue & expense - The Westin Hotel example

Readings: Rushmore et al. Chapter 5

Session 9 - March 17 - 2015

Revenue and Expense Forecasting
STR HOST report
Readings: Rushmore et al. Chapter 5
Plan for guest lecture

Session 10 - March 24 - 2015

Project Market Value and Valuation Process - Part 1

- Two aspects of hotel/resort business: operations & real estate
- Three approaches for studying market value of real estate
- Apply income capitalization method
- 10-year forecast using an equity yield rate
- 10-year forecast using a discount rate
- 10-year forecast using a debt coverage ratio

Readings: Rushmore et al. Chapter 6
Session 11 - March 31 - 2015

Project Market Value and Valuation Process - Part II

- Two aspects of hotel/resort business: operations & real estate
- Three approaches for studying market value of real estate
- Apply income capitalization method
- 10-year forecast using an equity yield rate
- 10-year forecast using a discount rate
- 10-year forecast using a debt coverage ratio

Readings: Rushmore et al. Chapter 6

Session 12 - Apr 7 - 2015

Hotel and Resort Development

- The design of management & control system
- Team building & the formation of team relationships
- Influences & constraints
- Development in urban centers
- Environmental conservation
- The creative solutions to constraints

Handout readings provided by professor

Session 13 - Apr 14 - 2015

Hotel/Resort Project Commissioning & Operations

- Commissioning: Planning to complete the process
- Organizing the executive committee of hotel management
- Strategic planning for the new hotel/resort
- The critical path - 100 days before the grand opening
- Project completion & post contract analysis

Session 14 - Apr 21 - 2015

Hotel and Resort Management Operations

- Front office and housekeeping operations
- Food & beverage services
- Meetings & groups
- Quality assurance program for guest satisfaction
Session 15 - May 5 - 2015

Final Exam
Duques 254
7:40 - 9:40 pm