COURSE NUMBER: TSTD 6221.10
COURSE TITLE: Hotel/Resort Market Analysis

COURSE DESCRIPTION: Analysis of market demand & industry supply for accommodation in a tourism destination; valuation methods for determining market value of a hotel/resort project; project management for hotel/resort development.

PREREQUISITES:

PROFESSOR: Larry Yu
Department of Management
Office: Funger 301Q
Office Hours: Tuesday 2 – 6 pm, Thursday 4 – 6 pm or by appointment
Phone: 202 994-8740
E-mail: lyu@gwu.edu

LEARNING OBJECTIVES:
1. Gain a historic perspective of worldwide hotel/resort development
2. Know the data sources for hotel/resort market analysis
3. Analyze market demand for transient accommodations in a destination
4. Evaluate industry supply of transient accommodations in a destination
5. Forecast hotel/resort operating revenues & expenses
6. Apply valuation methods to determining market values of hotel/resort project
7. Plan project management for hotel/resort development and soft opening
8. Implement quality service management for sustainable business operations
9. Enhance management knowledge of hotel/resort operational functions
10. Introduce students to the Certification in Hotel Industry Analytics (CHIA) program
11. Assist students who are interested in preparation for CHIA examination


Case packet from HBP

GRADING: Students are evaluated by their performance in the following academic requirements:

- Case analysis (10%)
- Guest lecture review (8%),
- Market supply and demand analysis (15%)
- Hotel valuation analysis (15%)
- Hotel market research project presentation (10%)
- Final exam (35%)
- Class participation/attendance (7%)

Grades for this course will be curved. That is, the percentage points that you obtain from the case write up, guest lecture critique, market analysis exercises, class participation, and exam will be added up and sorted from high to low. Students at the top of this ranking will get an A. The cut-off points for A-, B+, B, B-, etc., will be determined in accordance with the School's policy on grade distribution. In particular, no more than 40% of the class will receive an A, and the average grade of the class will not be higher than 3.8.

ASSIGNMENTS: **Explanation of Course Requirements**

1. **Case analysis (10%)**
   Students are expected to study and analyze two HBS cases related hotel investment and development. Access link to HBP coursepack is provided under Required Readings in the syllabus on Bb. Students will apply the knowledge and methods studied in this course to analyzing these cases. The following is the guideline for the case study:

   Your written analysis of a case should generally contain five sections:

   1. Executive Summary
   2. Brief overview of key case facts
   3. Identification of the case problem or central issue
   4. Discussion of 2-3 alternative solutions to resolve the problem
   5. Selection of the preferred solution and explanation of how it solves the problem

   The body of your case analysis should be no longer than 4.5 pages, double-spaced. Allow yourself an average of one page per section (2-5 above) and a half-page for the executive summary. Part of the learning experience is the distillation of notes, ideas and opinions into succinct presentations of your thinking on a particular case. Articulately state your points. You are encouraged to use other resources. The due dates for case write-up are indicated in the Outline section in Bb.

2. **Guest Lecture Review and Critique (8%)**
   During the course of the semester, several hotel industry professionals and market analysts will be invited to speak to our class. The topics of the guest presentations are typically tied to the study topics scheduled for that week.

   Guest lecture is always one of the highlights for academic studies since the hotel executives, managers and analysts share their management and research experience and perspectives with the students, and answer student questions with industry implications. It also provides a networking opportunity for the students to know industry professionals and keep contact for research advice and future professional opportunities.
To make the guest lecture most productive and educational, students are required to raise questions during the lecture and then to write a short review of the guest lecture afterwards. The length of review should be 3 double-space pages. The review can cover, but not limited to, any of the following aspects of the guest lecture:

- Professional development of the guest speaker
- Organizational information of the guest speaker’s company
- Any particular aspect of the company’s management functions that interests you, such as market trends, research methods, development strategy, etc.
- What aspect of the guest lecture that strikes you the most?
- What are the take-aways you get from this guest lecture?

As required assignments for this course, students are expected to write two reviews of the four guest lectures this semester. The due dates for submitting the two reviews are listed in the Outline section in Bb.

3. **Hotel Market Analysis – Part I (15%)**
   Market Demand & Supply Analysis Using Room Night Analysis Program
   **Objective:** This exercise introduces students to hotel market demand and supply analysis using the Room Night Analysis & Average Daily Rate (RNAADR) program by IIHS. It applies the Build-up Approach Analysis to quantify lodging demand by market segment in a particular destination area and then analyzes the supply of lodging inventory in both primary and secondary competitive markets with specific focuses on market shares and market penetrations. It also enhances students’ proficiency in reading and analyzing various STR reports and develops analytical skills in using HVS analytical methods and tools. Detailed requirements and instructions are provided in the Project section in Bb.

4. **Hotel Market Analysis – Exercise Part II (15%)**
   Hotel Revenue & Expense Forecast Using Fixed & Variable Component Approach and Hotel Capitalization Analysis Using Discounting Method
   **Objective:** This exercise is designed to provide students the knowledge of forecasting hotel revenue and expense using the fixed and variable component approach and then determine hotel capitalization based on the estimated future cash flows. Students learn to practice the cash flow forecast model and valuation model (FIXVAR Program) developed by HVS, and analyze and determine financial performance data for the proposed hotel project based on STR HOST reports and their own research. This exercise develops student analytical skills in hotel financial valuations and understanding of the driving factors for hotel values. Detailed requirements and instructions are provided in the Project section in Bb.

5. **Research Project Presentation (10%)**
   The final research project presentation is an exercise that demonstrates students’ research skills in applying hotel/resort development concepts and theories learned in class to various aspects of hotel/resort development and management. It demonstrates students’ research competency, written and oral presentation skills, and team work among classmates. It is an opportunity for students to share their
semester-long research projects with instructor and classmates. Students' presentations will be graded by the following criteria. Evaluation rubric for team presentation will be posted in Bb before the schedule's presentation date.

6. Final Exam (35%)
A comprehensive final exam is scheduled for this course during the final week. This exam will assess student learning outcome in hotel market analysis theories, methods and applications. The final exam consists of definitions, short-essay questions and problem solving questions applying the analytical methods for market analysis and hotel valuations.

7. Participation & Attendance (7%)
Class attendance and participation is mandatory and will be evaluated strictly and on an individual basis. Your grade will depend on quantity of your participation and, most of all, the quality of your participation. Your participation grade may be negatively affected by unprofessional behavior, e.g., inappropriate comments, classroom distractions, chatting with classmates.

It will be particularly important to prepare for the required sessions and activities where we have external guests. These people are experts in their domains and are willing to share their knowledge with us just for our benefit. Let's honor this by ensuring all are particularly professionally engaged during these sessions.

ACADEMIC INTEGRITY:
The code of academic integrity applies to all courses in the George Washington School of Business. Please become familiar with the code. All students are expected to maintain the highest level of academic integrity throughout the course of the semester. Please note that acts of academic dishonesty during the course will be prosecuted and harsh penalties may be sought for such acts. Students are responsible for knowing what acts constitute academic dishonesty. The code may be found at: http://www.gwu.edu/-ntegrity/code.html

UNIVERSITY POLICIES:
Religious Accommodation

Students should notify faculty during the first week of the semester of their intention to be absent from class on their day(s) of religious observance. Faculty should extend to these students the courtesy of absence without penalty on such occasions, including permission to make up examinations. Faculty who intend to observe a religious holiday should arrange at the beginning of the semester to reschedule missed classes or to make other provisions for their course-related activities.

Disability Support Services (DSS)

Any student who may need an accommodation based on the potential impact of a disability should contact the Disability Support Services office at 202-994-8250 in the Rome Hall, Suite 102, to establish eligibility and to coordinate reasonable accommodations. For additional information please refer
Mental Health Services 202-994-5300

The University's Mental Health Services offers 24/7 assistance and referral to address students' personal, social, career, and study skills problems. Services for students include: crisis and emergency mental health consultations confidential assessment, counseling services (individual and small group), and referrals.

counselingcenter.gwu.edu/

Schedule of Topics, Readings and Problems
(Assuming a Monday Class Session)

<table>
<thead>
<tr>
<th>Date</th>
<th>Topic(s) and readings</th>
<th>Assignment(s) Due</th>
</tr>
</thead>
<tbody>
<tr>
<td>January 17</td>
<td>Syllatus &amp; Introduction</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Tourism and Lodging Development</td>
<td></td>
</tr>
<tr>
<td></td>
<td>A historic perspective</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Research project discussion: Where to build in DC?</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Readings: Rushmore et al., Ch. 1</td>
<td></td>
</tr>
<tr>
<td>January 24</td>
<td>Hotel/Resort Market Analysis</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Hotel products and services</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Consumer trends</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Readings: Rushmore et al., Ch. 2</td>
<td></td>
</tr>
<tr>
<td>January 31</td>
<td>Hotel and Resort Development</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Uncertainty and Risk Analysis</td>
<td></td>
</tr>
<tr>
<td>February 7</td>
<td>Hotel/Resort Accommodation Demand Analysis</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Macroeconomic demand by market segment</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Quantify micro demand using build-up approach</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Readings: Rushmore et al., Ch. 3</td>
<td></td>
</tr>
<tr>
<td>February 14</td>
<td>Hotel/Resort Accommodation Demand Analysis</td>
<td>Case study 1 due</td>
</tr>
<tr>
<td></td>
<td>Forecasting room night demand</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Readings: Rushmore et al., Ch. 3</td>
<td></td>
</tr>
<tr>
<td>February 21</td>
<td>Lodging Accommodation Supply Analysis</td>
<td>Team request for STR data due</td>
</tr>
<tr>
<td></td>
<td>Ownership, classification, brand, chain, scale</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Readings: Rushmore et al., Ch. 4</td>
<td></td>
</tr>
<tr>
<td>February 28</td>
<td>Lodging Accommodation Supply Analysis</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Market-wide occupancy forecast</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Penetration factor and market share</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Readings: Rushmore et al., Ch. 4</td>
<td></td>
</tr>
<tr>
<td>March 7</td>
<td>Revenue and Expense Analysis and Forecast</td>
<td>Guest lecture review 1 due</td>
</tr>
<tr>
<td></td>
<td>Existing property vs proposed property</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Fixed and variable component approach</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Readings: Rushmore et al., Ch. 5</td>
<td></td>
</tr>
<tr>
<td>Date</td>
<td>Activity</td>
<td>Notes</td>
</tr>
<tr>
<td>------------</td>
<td>---------------------------------------------------------------------------</td>
<td>--------------------------------------------</td>
</tr>
<tr>
<td>March 13 – 17</td>
<td>Spring break</td>
<td></td>
</tr>
</tbody>
</table>
| March 21   | STR Report Review  
Revenue and expense forecasting  
Apply FIXVAR program  
Readings: Rushmore et al., Ch. 5 |                                            |
| March 28   | Project Market Value and Valuation Process I  
Three approaches for studying market value  
Apply income capitalization method  
Readings: Rushmore et al., Ch. 6 | Market demand and supply analysis due |
| April 4    | Project Market Value and Valuation Process II  
Apply HMAV program and HMAVREFI program  
Readings: Rushmore et al., Ch. 6 |                                            |
| April 11   | Hotel and Resort Development  
Hotel development project management  
Designs, constraints and regulations  
Readings: Penner et al., Ch. 13 | Case analysis 2 due |
| April 18   | Hotel/Resort Project Commissioning and Operations  
Critical path to grand opening  
Service quality assurance  
Readings: Penner et al., Ch. 14 | Guest lecture review 2 due |
| April 25   | Research Project Presentation  
Guidelines and rubrics are posted in the Project section in Bb | Hotel capitalization analysis due |
| May 9      | Final Exam                                                               |                                            |

NOTE: In accordance with university policy, the final exam will be given during the final exam period and not the last week of the semester.