25 September 2008

Hospitality Lawyer in Phoenix. The Lodging Conference 2008. Where are we now? Where are we going?

Let’s face it. Last week was essentially a financial panic in the United States — particularly in New York City. The biggest danger to pedestrians was investment bankers jumping out of windows or defaulting on their Rolls Royce payments. New York City’s financial crisis has rocked the world and the hospitality industry along with it. Here is the latest . . .

Everybody wants to know what everybody else is doing

I am here along with 1,400 of my closest industry friends to “find out what is happening” in the hotel industry. This has been a little like a final exam in high school. There were always a couple of kids in the back who — instead of working on their own exam — were craning their necks to look at their neighbor’s work. Except in this movie, EVERYONE is looking at their neighbor and NO ONE is working on their own paper! No one knows what to do.

Here is a typical sound bite from industry friends meeting in Phoenix today as the Lodging Conference kicks off:

   How are things with me? Me? Sure, . . . uh . . . things are good (sort of) . . . but what are YOU seeing? Are you buying/selling/being foreclosed? Who is lending today? Uh, what do YOU think is happening?

The real truth is that no one knows what is going to happen. We are in uncharted waters. No one has ever been here before, and everyone came to the Phoenix Conference this year to see what everyone else is doing. A very unique situation. Here is my take . . .

The Lodging Conference 2008 — the attendance and mood

The Phoenix Lodging Conference is one of my favorite industry events. Great setting. Great people. A physical layout that makes it easy to see everyone and plenty of places to sit down and meet if you are not inside one of the sessions.

This year the temperatures have been over 100 degrees, but that just contributes to the casual atmosphere where everybody lets their hair down and talks more candidly.

Despite the downbeat economic headlines that we’ve been reading, the 14th Annual Lodging Conference was once again sold out as 1400 hotel developers, investors and executives met at The Arizona Biltmore Resort in Phoenix. In one of the next installments, I will give you more details on the Conference, but it is clear that deal volume was slowing from last year’s record pace and 2008 was going to be a very profitable year by historic standards….until the events of the last few weeks that have really created a new environment . . . and it is not a good one.

Conference Co-founders Morris Lasky and Harry Javer said they were not surprised by the sell-out crowd saying that in uncertain and challenging times, conferences become more important than ever as executives need to get out and understand the pulse of the industry. They felt that overall, conference attendees were remarkably hopeful or even bullish.
on the long term industry prospects. While the general mood of the conference was upbeat (considering all factors), most in attendance were concerned about the economy and its effects on demand and credit availability. In my opinion, this is a high water mark of uncertainty and change, and the next few postings will really focus on the insights of a few thought leaders on the implications and forecasts for the hospitality industry.

The Panic — Where will it end?

Last year at this conference in September 2007, we saw a split in views between ebullience and caution.

This year there is no ebullience. The optimists are cautious and hope for a “quick fix” of the economy with a turnaround in 12-18 months. The pessimists think this could be a 4-5 year downturn or something of major proportions, like 1988 or 1989. Fortunately, Mark Woodworth — one of the brightest in the industry — thinks that the hospitality industry is relatively well positioned, and he believes there are good indications that this should be one of the mildest downturns in the past 20 years.

Mark was both moderator of a great panel and a presenter. I will have my own comments and analysis on some of Mark’s selected slides in the next posting or two. But here is the presentation today from Mark Woodworth, President, PKF Hospitality Research (mark.woodworth@pkfc.com or (404) 842-1150 x222).

Presentation for Mark Woodworth, PKFC:

Stay tuned. You do not want to miss this!

This is Jim Butler, author of www.HotelLawBlog.com and hotel lawyer, signing off. We’ve done more than $50 billion of hotel transactions and more than 100 hotel mixed-used deals in the last 5 years alone. Who’s your hotel lawyer?

- Hospitality Lawyer: $700 billion bailout bill is now law! Warren Buffett insights on (1) Why the Bailout Bill had to pass, (2) The key to making the bailout work, and (3) How the Treasury an make a profit.
- Hotel Lawyer: $700 billion financial rescue bill is signed! Full text of the “Emergency Economic Stabilization Act of 2008”
- Hospitality Lawyer: Fortunes will be made . . . or lost . . . in the wake of The Financial Bailout Bill and the Panic of 2008. What happens AFTER the Bailout Bill . . .
- Agreement on Bailout Bill. The “Emergency Economic Stabilization Act of 2008” likely to pass. Sets up the “TARP” for the U.S. economy and the hospitality industry
- Hospitality Lawyer with Outlooks and Predictions for U.S. Lodging Industry from The Phoenix Lodging Conference.
- PKF Consulting’s Mark Woodworth’s presentation.
- Hospitality Lawyer: Pulse of the industry from the Phoenix Lodging Conference. Where are we now? Where are we going?

Our Perspective. We represent developers, owners and lenders. We have helped our clients as business and legal advisors on more than $50 billion of hotel transactions, involving more than 1,000 properties all over the world. For more information, please contact Jim Butler at jbutler@jmbm.com or 310.201.3526 or go to www.HotelLawBlog.com.

Jim Butler is one of the top hospitality attorneys in the world. GOOGLE “hotel lawyer” or “hotel mixed-use” or “condo hotel lawyer” and you will see why.

Jim devotes 100% of his practice to hospitality, representing hotel owners, developers and lenders. Jim leads JMBM’s Global Hospitality Group® — a team of 50 seasoned professionals with more than $50 billion of hotel transactional experience, involving more than 1,000 properties located around the globe. In the last 5 years alone, Jim and his team have assisted clients with more than 100 hotel mixed-use projects — frequently integrated with energizing lifestyle elements.

Jim and his team are more than “just” great hotel lawyers. They are also hospitality consultants and business advisors. They are deal makers. They can help find the right operator or capital provider. They know who to call and how to reach them.