



# Driving Hotel Revenues



ONLINE COURSE



**Length**

3 x 5 weeks



**Effort**

8 hours / week



**Language**

Taught in English

# Course Content

## WEEK 1

*Orientation* is an introduction to real estate markets and looks at real estate perspectives, understanding of value and the first steps of financial analysis. Topics covered are hotels and real estate, markets and their efficiency, valuation fundamentals, opportunity costs, time value of money (TVM), discount rate, return on investment.

## WEEK 2

*Financial analysis* applies financial mathematics using hands on exercises such as present value (PV) and future value (FV), net present value (NPV), internal rate of return (IRR), annuities & perpetuities, annuities and loans calculations, developing an amortization schedule, perpetuities calculations, hotel loans and mortgage basics, loan underwriting: LTV & DSCR.

## WEEK 3

*Valuation analysis* walks through the process of estimating the market value of a hotel and covers direct capitalization, determination of cap rate, capex adjustment for cap rate, direct capitalization method, DCF approach, financial assumptions, pro-forma development, sales comparison approach, cost approach, recap-valuation methods and company structures: REITs /SNL database.

## WEEK 4

*Investment valuation* looks at other information needed by investor and introduces the notion of leveraged cash flow, and its importance in hotel investment analysis. Topics covered are value reconciliation, depreciation, debt schedule, leveraged IRR, after-tax cash flow IRR.

## WEEK 5

Week five is dedicated to the final assessment. To successfully pass the assessment, a minimum of 60% of the total points available need to be obtained. The type of assessment may range from multiple choice quizzes (MCQ) to more open response evaluations, like a case study.

# Course Content

## FEASIBILITY ANALYSIS, DEVELOPMENT AND NEGOTIATIONS

### WEEK 6

*Strategic aspects of hotel investments* casts light on the main factors to consider before investing in a hotel such as important factors, what does feasibility mean? and who will operate and how?

### WEEK 7

*Feasibility analysis* discusses the macroeconomic factors and key elements such as project overview, facilities & site analysis, supply & demand analysis, occupancy & rate and using STR reports.

*Financial Feasibility* analysis explores the steps to project revenue and expenses in order to prepare a hotel proforma.

### WEEK 8

*Stakeholders* goes over the different stakeholders that you should consider such as equity investors, lenders, developers and hotel operators

*Franchise debt* has a number of characteristics that are crucial in the hotel investment outcome such as overview of debt, effects of debt, lender's underwriting analysis, hotel debt terms and main points for lenders.

### WEEK 9

*Hotel operators and owners* looks at opportunities to grow and reviews the pros and cons from such growth. The topics covered are hotel operators, history of ownership, operating structures, hotel management contract terms

*Investment process* covers the steps of investment committees as they have the last say in the investment process

### WEEK 10

Week ten is dedicated to the final assessment. To successfully pass the assessment, a minimum of 60% of the total points available need to be obtained. The type of assessment may range from multiple choice quizzes (MCQ) to more open response evaluations, like a case study.

# Course Content

## HOTEL ASSET MANAGEMENT

### WEEK 11

*Understanding hotel asset management* explores various topics such as what is hotel asset management?, history of asset management, definition of hotel asset management and the principles of hotel asset management.

*Why hotel asset management is necessary* looks at the hotel asset manager's mission: operator & owner interests' dilemmas, asset manager's interaction with key stakeholders, the hotel management contract and Reality outside HMA: communication & transparency.

### WEEK 12

*Taking on a hotel asset management assignment* explores the data and information required and covers basic information received, starting an asset management assignment, monthly package and ownership of information.

*Analysis, tools and department strategies* explores various topics such as general market benchmarking, P&L overall review, room, F&B, Spa focus, analysis of other departments, undistributed operating expenses and below GOP responsibilities.

### WEEK 13

*Budget - owner's perspectives* is of paramount importance in hotel asset management. The weekly content will go through the budget approval process and discusses key elements of the budget package as well as some of the common challenges encountered during the process.

*Asset management plan (AMP)* is a key deliverable that an asset manager prepares for the owners. What is the objective of the AMP? Is this a standard document or adapted to each owner? How often is the AMP updated?

# Course Content

## WEEK 14

*The various stages of asset management* explores the on-going asset management, asset manager's role and take over.

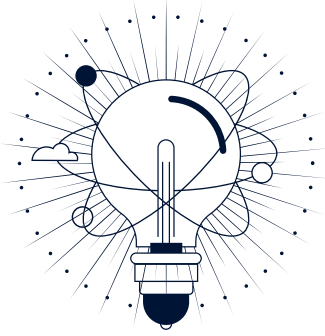
*Investing in existing physical assets* discusses the factors that may influence the capital expenditure (capex) requirements for a hotel property.

*Hotel development* focuses on hotel real estate cycles and how these favor geographical investment diversification.

*Hotel investment ventures* covers the buy, hold or sell analysis, as well as capital structuring.

## WEEK 15

Week fifteen is dedicated to the final assessment. To successfully pass the assessment, a minimum of 60% of the total points available need to be obtained. The type of assessment may range from multiple choice quizzes (MCQ) to more open response evaluations, like a case study.



# Learning objectives

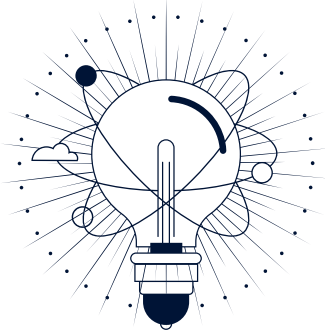
## Valuation of hotel Investments

**1.**

**Explain the principles of the capital structure (debt and equity) and give examples of their application in hotel valuation**

**2.**

**Examine the different methods of hotel valuation and apply them to real life examples**



# Learning objectives

## Feasibility Analysis, Development and Negotiations

**1.**

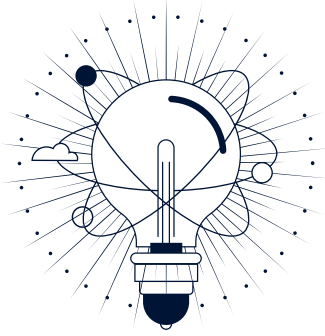
Explain the entire hotel development process, from evaluating a site, space planning, recommending facilities, to conducting a feasibility and evaluation of the project viability

**2.**

Construct a project plan for the development of a new hotel

**3.**

Break down the key commercial HOT's and levers of the main contract types



# Learning objectives

## Hotel Asset Management

- 1.**      **Defend the crucial perspective of hotel asset management, in order to meet investment objectives and create sustainable profits**
- 2.**      **Analyze the components of the hotel sector in terms of types of hotel products, international brands and various business models and contracts**
- 3.**      **Develop an 'asset management' toolkit for evaluating projects**