

## Hodges Ward Elliott Led The Hotel-Sales League Table Again Last Year

### TOP BROKERS OF HOTEL PROPERTIES IN 2008

Brokers representing sellers in deals of \$25 million or more

|    |                          | 2008<br>Sales<br>(\$Mil.) | No. of<br>Prop. | Market<br>Share<br>(%) | 2007<br>Sales<br>(\$Mil.) | No of<br>Prop. | Market<br>Share<br>(%) |
|----|--------------------------|---------------------------|-----------------|------------------------|---------------------------|----------------|------------------------|
| 1  | Hodges Ward Elliott      | \$927.3                   | 23              | 29.9                   | \$4,651.1                 | 140            | 31.8                   |
| 2  | Eastdil Secured          | 766.5                     | 14              | 24.7                   | 3,005.8                   | 41             | 20.6                   |
| 3  | Jones Lang Lasalle       | 563.3                     | 9               | 18.2                   | 2,405.1                   | 36             | 16.4                   |
| 4  | Molinaro Koger           | 291.3                     | 4               | 9.4                    | 1,756.0                   | 46             | 12.0                   |
| 5  | Cushman & Wakefield      | 158.0                     | 3               | 5.1                    | 605.5                     | 7              | 4.1                    |
| 6  | CB Richard Ellis         | 126.8                     | 4               | 4.1                    | 491.8                     | 17             | 3.4                    |
| 7  | HREC Investment Advisors | 98.4                      | 2               | 3.2                    | 0.0                       | 0              | 0.0                    |
| 8  | Plasencia Group          | 88.0                      | 1               | 2.8                    | 515.4                     | 13             | 3.5                    |
| 9  | Holliday Fenoglio Fowler | 52.8                      | 1               | 1.7                    | 174.8                     | 7              | 1.2                    |
| 10 | Hotel A.G.               | 25.0                      | 1               | 0.8                    | 0.0                       | 0              | 0.0                    |
|    | OTHERS                   | 0.0                       | 0               | 0.0                    | 1,019.7                   | 20             | 7.0                    |
|    | <b>Brokered Total</b>    | <b>3,097.4</b>            | <b>62</b>       | <b>100.0</b>           | <b>14,625.1</b>           | <b>320</b>     | <b>100.0</b>           |
|    | No Broker                | 2,801.6                   | 46              |                        | 5,280.5                   | 92             |                        |
|    | <b>TOTAL</b>             | <b>5,899.0</b>            | <b>108</b>      |                        | <b>19,905.6</b>           | <b>412</b>     |                        |

The ranking was based on transactions of \$25 million or more that closed last year. The figures include sales of full interests or majority stakes in hotel properties.

**Hodges Ward Elliott** was the top broker again last year, even though its \$927.3 million of trades was down 80% from the year before. It captured a 29.9% market share, followed by **Eastdil Secured** (24.7%), **Jones Lang LaSalle** (18.2%), **Molinaro Koger** (9.4%) and **Cushman & Wakefield** (5.1%). None of the other five brokers that worked on hotel transactions last year captured more than a 4.1% slice of the business.

## Hodges Ward Elliott Tops Eastdil In Hotel Ranking; Sales Near Record

**Hodges Ward Elliott** dethroned Eastdil Secured last year as the most-active hotel broker as sales in the sector remained at a historically high level.

Bolstered by several significant transactions that closed in the second half despite the credit crunch, **Hodges** brokered \$4.4 billion of large hotel sales last year, up 9% from 2006. Meanwhile, Eastdil's volume plunged by 40%, to \$32.2 billion from \$5.3 billion.

**Hodges** saw its market share soar to 31.9% from 24.7% in 2006, when it ranked second. Eastdil's market share fell to 23.2% from 32.8%, according to **Real Estate Alert's** Deal Database, which tracks transactions of \$25 million or more.

**Jones Lang LaSalle Hotels** and **Molinaro Koger** once again ranked third and fourth. Jones Lang brokered \$2.4 billion of transactions, flat with 2006. Its market share was 17.6%. Molinaro Koger's volume jumped by 29% to \$1.8 billion.

**Cushman & Wakefield**, bolstered by its midyear acquisition of **Sonnenblick-Goldman**, vaulted to fifth place, from eighth in 2006. Its volume increased by 67%, to \$605.5 million. Sonnenblich, which consistently ranked high in hotel sales, closed a \$69 million deal prior to the merger that wasn't included in Cushman's total. Combined the two firms captured a 4.9% market share.

Overall, sales totaled \$18.4 billion, down less than 4% from the record \$19.1 billion in 2006. It was the second-highest total in the six years the Real Estate Alert has tracked hotel sales. That's impressive volume, given that sales dropped off in the second half of last year with the onset of the credit crunch.

The limited availability of credit will likely continue to depress activity this year. "In the first half of 2008, a large number of the deals that trade will trade with assumable financing," said **Mark Elliott**, senior managing director of Hodges.

A number of large portfolio transactions and spinoffs resulting from various company buyouts bolstered last year's activity. For example, in an off-market transaction, **Ashford Hospitality** bought a \$2.4 billion portfolio from **CNL Resorts & Hotels**, which was in the process of being acquired by **Morgan Stanley Real Estate**. In preparation for the buyout, CNL also sold a \$402 million portfolio to **Whitehall Street Real Estate** in a deal brokered by Hodges.

Jones Lang brokered the largest single-property transaction of the year: The \$575 million sale of Makena Resort in Maui, Hawaii, to a Morgan Stanley Real Estate partnership by **Seibu Holdings**.

Cap rates hit a low for the current cycle last year – a weighted average of 7.51% down from 7.8% the year before, according to **Real Capital Analytics**, which tracks deals of at least \$5 million. But ongoing woes in the debt market will likely push up yields for properties in secondary and tertiary markets by as much as 1.5 percentage points, brokers predicted. High-end properties in lending markets such as New York and Washington are expected to retain more of their value.

Lodging fundamentals remained relatively strong last year, according to **Smith Travel Research**. Overall occupancy remained almost flat at 63.2%, while average room rates climbed by 5.9%, to \$103.64. That translated into revenue growth of 5.7%, to \$65.50 per room.

## TOP BROKERS OF HOTELS IN 2007

Brokers representing sellers in deals of \$25 million or more

|    |                          | 2007<br>Sales<br>(\$Mil.) | No. of<br>Prop. | Market<br>Share<br>(%) | 2006<br>Sales<br>(\$Mil.) | No of<br>Prop. | Market<br>Share<br>(%) |
|----|--------------------------|---------------------------|-----------------|------------------------|---------------------------|----------------|------------------------|
| 1  | Hodges Ward Elliott      | \$4,372.5                 | 44              | 31.9                   | \$4,001.6                 | 36             | 24.7                   |
| 2  | Eastdil Secured          | 3,175.8                   | 32              | 23.2                   | 5,303.0                   | 34             | 32.8                   |
| 3  | Jones Lang Lasalle       | 2,404.1                   | 36              | 17.6                   | 2,418.0                   | 39             | 14.9                   |
| 4  | Molinaro Koger           | 1,756.0                   | 46              | 12.8                   | 1,358.4                   | 21             | 8.4                    |
| 5  | Cushman & Wakefield      | 605.5                     | 7               | 4.4                    | 361.9                     | 4              | 2.2                    |
| 6  | CB Richard Ellis         | 491.8                     | 12              | 3.6                    | 1,239.8                   | 16             | 7.7                    |
| 7  | Plasencia Group          | 315.4                     | 7               | 2.3                    | 633.7                     | 13             | 3.9                    |
| 8  | Holliday Fenoglio Fowler | 174.8                     | 2               | 1.3                    | 0.0                       | 0              | 0.0                    |
| 9  | O'Connell Hospitality    | 100.0                     | 5               | 0.7                    | 0.0                       | 0              | 0.0                    |
| 10 | Snyder Nationwide        | 87.3                      | 2               | 0.6                    | 0.0                       | 0              | 0.0                    |
| 11 | Sonnenblick-Goldman      | 69.0                      | 1               | 0.5                    | 363.5                     | 4              | 2.2                    |
| 12 | HVS Capital Corp.        | 58.0                      | 1               | 0.4                    | 0.0                       | 0              | 0.0                    |
| 13 | Colliers International   | 57.5                      | 2               | 0.4                    | 298.2                     | 6              | 1.8                    |
| 14 | Marcus & Millichap       | 27.0                      | 1               | 0.2                    | 0.0                       | 0              | 0.0                    |
|    | OTHERS                   | 0.0                       | 0               | 0.0                    | 202.0                     | 2              | 1.2                    |
|    | <b>Brokered Total</b>    | <b>13,694.6</b>           | <b>197</b>      | <b>100.0</b>           | <b>16,180.2</b>           | <b>174</b>     | <b>100.0</b>           |
|    | No Broker                | 4,701.3                   | 88              |                        | 2,884.2                   | 29             |                        |
|    | <b>TOTAL</b>             | <b>18,395.9</b>           | <b>285</b>      |                        | <b>19,064.4</b>           | <b>203</b>     |                        |

The ranking was based on transactions of \$25 million or more that closed in 2007. When multiple brokers shared a listing, the dollar credit was divided evenly, but each broker was credited with one property. Only brokers for sellers were given credit. Portfolio transactions were included if at least one property was valued at more than \$25 million.