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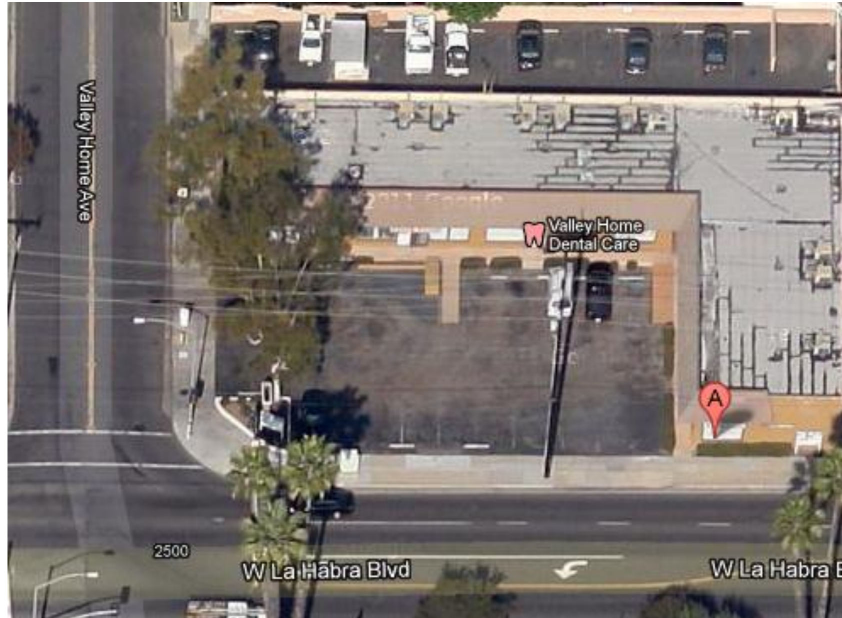

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2011 Spending by Tourist in U.S. is on Record Pace, to Top the Previous Annual High Mark in Tourist Expenditures Set in 2008

2011 年外國遊客在美支出再創新高，超越 2008 年的紀錄

By Hugo Martín (Los Angeles Times)

International tourists continue to spend record amounts in the U.S. and are on pace to top the previous annual high mark in tourist expenditures set in 2008, according to new data from the U.S. Office of Travel and Tourism Industries.

A monthly report by the federal agency, which is part of the Commerce Department, said international visitors spent $13.1 billion on travel to the U.S. and tourism-related activities while here in October, a 13% increase over the same month last year.

About $10 billion of that total came from spending on hotels, food, souvenirs and other expenses after visitors arrived in the U.S.

Foreign visitors spent $127 billion in the U.S. in the first 10 months of 2011. Meanwhile, the total spent by Americans traveling abroad reached $91.9 billion in the first 10 months, an 8% increase over the same period in 2010, the agency reported. The result is a balance-of-trade surplus of $35 billion for the U.S.

The agency, which released the report Tuesday, predicted that international tourism spending will surpass $152 billion for 2011, up from the previous record of $141 billion in 2008.

Four countries are expected to account for two-thirds of the projected growth in international visitation to the U.S. over the next five years. About 31% of the growth will come from Canada, 13% from Mexico, 10% from China and 7% from Brazil, the agency said.

The U.S. Travel Assn., the nation's largest travel trade group, recently pushed the federal government to adopt changes to make it easier for international tourists to visit the U.S. The group recommended speeding up the process for getting tourist visas and expanding the program that waives the visa requirement for more countries.

"Research shows that U.S. visa system reform would bring additional international business and leisure travelers to the U.S., creating additional jobs and economic output for our struggling economy," the trade group said in a statement this month.

Investors See Commercial Real Estate as a Good Bet

投資者看好商業地產

By Roger Vincent (Los Angeles Times)

As 2011 came to a close, some commercial real estate experts found promising signs in often troubled markets.

The office market is gaining interest from investors amid a mixed bag of property-related economic fundamentals such as improvement in employment and business expansions, a recent survey showed.

Commercial real estate continues to offer attractive yields compared with alternative investment vehicles, said respondents to a quarterly poll by consulting firm PricewaterhouseCoopers.

"Despite a sluggish U.S. economic outlook, the majority of surveyed investors view commercial real estate as favorably priced and a good play," said Mitch Roschelle, the U.S. real estate advisory practice leader at PwC, as the firm brands itself.

Investors are bullish on the general prospects for office buildings, the largest commercial real estate sector. They expect to see occupancy stabilizing and rents rising in many markets this year. Most attractive are office districts that have abundant tenants in technology or energy businesses.

Rent growth is expected to be highest in San Francisco, New York and the Pacific Northwest. Los Angeles ranked ninth among 51 markets as a desirable place to invest.

Newer, well-located industrial and retail properties are sought out by investors, but apartments took the crown as the most favored real estate category.

"Investors continue to view the apartment sector as an attractive play in delivering steady cash flows driven by solid rental demand and rising rents," said Susan Smith, editor in chief of PwC's survey. "As a result, investors view this sector as a hotbed for further investment activity."

Architects report rise in contracts

The nation's architects reported a slight improvement in business in November, the first uptick in four months.

Architectural contracts are a leading indicator of construction activity, with a lag time of about nine months to a year between the awarding of contracts and construction spending.

The American Institute of Architects, the leading trade group for the profession, said its index of "work on the boards" reported by architects was 52, following a score of 49.4 in October. Any score above 50 indicates an increase in billings.

"Hopefully, this uptick in billings is a sign that a recovery phase is in the works," said Kermit Baker, the institute's chief economist. "However, given the volatility that we've seen nationally and internationally recently, we'll need to see several more months of positive readings before we'll have much confidence that the U.S. construction recession is ending."

The West lagged behind the rest of the country in November billings with a score of 45.6.

Law firm to occupy Riverside tower

One of Riverside's oldest law firms, Best Best & Krieger, has agreed to rent 35,000 square feet in the Citrus Tower office building being built there.

The domed, six-story tower at 3390 University Ave. is the only office building under construction in Riverside and San Bernardino counties, according to Lee & Associates. The real estate brokerage represented landlord Regional Properties Inc. in the lease.

Real estate specialists familiar with the Inland Empire valued the 10-year deal at more than $14 million. Citrus Tower is expected to be complete by April.

Panda Express Owners to Move from Fast Food to Dry Cleaning

中式快餐 Panda Express 的東家進軍乾洗行業，計劃未來五年在全國範圍開 200 家店

By Tiffany Hsu (Los Angeles Times)

The San Gabriel Valley entrepreneurs who brought Panda Express Chinese food to malls and airports throughout the country are now betting that Americans will want the same standardization in something a little less tasty — dry cleaning.

Co-Chief Executives Andrew and Peggy Cherng, who built a fast-food empire of quick-serve Asian cooking, now want to bring the same chain-venue principle to clothes.

The Cherngs' new Rosemead-based company, Panda Dry Cleaning, plans to open as many as 200 standardized shops nationwide in the next five years in conjunction with consumer goods giant Procter & Gamble.

The first of the franchised shops, under the name Tide Dry Cleaners, opened Tuesday in the Las Vegas suburb of Henderson.

"There isn't any consolidation in this particular industry," Andrew Cherng said. "There is no McDonald's of dry cleaners. We see this as an opportunity."

The closest is probably Martinizing, a 62-year-old Ohio-based chain that claims to be the country's largest dry-cleaning franchiser, with locations across the U.S. and in eight other countries and territories.

Panda is set to open at least five more Tide cleaners in 2012. Many of the future shops could be planned for California, where they have exclusive rights to develop the facilities.

As it did decades ago with Chinese food, the Panda team hopes to take a scattered market and create a dominant national brand. With the Panda fast-food restaurants starting to crowd one another in key markets, the Cherngs looked to dry cleaning as another way to stretch their entrepreneurship muscles.

"The restaurants are already pretty saturated," Cherng said. "Doing another line of business presents us with more real estate opportunities."

The Panda plans brought a major boost to the Procter & Gamble dry-cleaners franchising venture, which launched a year ago and has six outlets in Ohio and Kansas. They feature drive-through concierge service and customer access to 24-hour lockers and drop boxes.

The cleaning machines look like large orange boxes of Tide, a Procter & Gamble signature brand.

The $9.2-billion dry-cleaning industry is made up of nearly 39,000 establishments across the country, according to the research group IBISWorld. The market is highly fragmented, with the top four companies generating 2.5% of total revenue. More than 90% of dry cleaners have only one facility.

Analysts believe dry cleaners are headed for a revival over the next few years amid heightened demand from hospitals, restaurants and hotels. But the last five years have been rough, with the number of dry-cleaning companies shrinking nearly 2% each year between 2006 and 2011 as consumers scaled back spending and operators struggled with rising utility costs, more stringent environmental regulations and concerns that too much dry cleaning wears out clothing.

Jack Hakopyan, who co-owns two Los Angeles cleaners with his brother, laid off employees to get through lean years. But he said many locally owned dry cleaners are offering — or planning to offer — services equal to and beyond those promoted by the new chain.

Among them: same-day delivery service, all-day drop boxes and dry-cleaning vending machines.

"I've got the same stuff going on for myself," Hakopyan said.

Jeff Wampler, chief executive of Agile Pursuits Franchising, which manages the Tide dry-cleaners business at Procter & Gamble, said that the standardized nationwide system will provide better service for customers.

"They've generally been dissatisfied with the poor physical environment, routine errors with garment care and unremoved stains common at many dry cleaners," Wampler said. "We're trying to elevate the industry."

But Jack Yerevanian, who owns Jack's Cleaners in Pasadena, predicted that Panda will not find it easy to apply chain-restaurant principles to the business.

"It's not like fast food, where you can open 50 stores in one location and hire anyone off the street," he said. "If it were that easy, I'd open up 10 locations myself."

A second-generation dry-cleaner operator, Yerevanian said he works long hours and searches for experienced employees to maintain the operation's reputation. He said the Panda-owned cleaners could siphon away customers, especially if they offer discount pricing, but he was skeptical that the chain model will have much of a shelf life.

"They're going to start big," he said, "but then lose market share once customers see the difference in quality."

The Cherngs' entrance into the clothes cleaning business brings a modern twist to the timeworn stereotype of Chinese laundry workers. Thousands of Chinese immigrants who came to the U.S. in the 19th century ended up toiling in commercial laundries because racial prejudice kept them out of other lines of work.

"The hand laundry served as their first long-term avenue to economic survival," said John Jung, author of the 2007 book "Chinese Laundries: Tickets to Survival on Gold Mountain."

Andrew Cherng, who was born in China, opened the first Panda Inn restaurant in 1973 in Pasadena before being invited a decade later to open a food court version in the Glendale Galleria. Cherng and his wife eventually grew that operation into a fast-food empire that had sales of $1.4 billion last year, according to the Technomic research company.

And now, to learn the laundry business, they have to bring in experts. Panda is buying Summit Cleaners of Colorado Springs, Colo., for an undisclosed sum to provide trainers for its new venture.

"We obviously don't have operating experience in running dry-cleaning sites," said Mark Tarzian, who is heading the Panda cleaners venture. "It was a tactical move to gain experience.

"We need to gain expertise rapidly."

Subway Plans to Open 2,500 Stores in 2012

快餐店 Subway 計劃 2012 年新開 2,500 家店

Source: QSRWeb.com

Subway Restaurants opened more than 2,100 locations in 2011, adding a total of 21,000 jobs globally.

With more than 35,800 franchised locations, Subway this year became the world's largest restaurant chain in terms of number of locations, and was just named the top ranked restaurant brand in Entrepreneur magazine's annual Franchise 500 listings (No. 2 overall, behind Hampton Hotels).

Subway's 2011 openings included 1,000 new locations in the U.S. and Canada alone. A big part of the chain's growth came from nontraditional spaces such as convenience stores, department stores, train stations, museums, hotel lobbies and movie theaters. This year marked the company's 8,000th nontraditional opening.

Subway's growth is expected to continue into 2012, with plans to add 2,500 more restaurants, adding approximately 25,000 jobs.

Subway now exists in 98 countries.

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Sales and Leasing Trends: Falling Levels of Distress Reflect Improving Financial Picture for Smaller Tenants

買賣租賃趨勢：士氣高漲反映出較小房客改善的財務狀況

By Randyl Drummer (CoStar)

In a trend that may bode well for a broadening recovery in CRE markets, small business owners are feeling more optimistic -- or at least less pessimistic -- about sales, hiring and expansion prospects over the next three to six months, according to the latest national index.by the National Federation of Independent Business (NFIB).

The NFIB Optimism Index rose 1.8% in November, with small business owners anticipating improved sales, hiring and capital spending amid a 'less negative' outlook for business conditions over the next three to six months.

Eight of the 10 index components improved or remained unchanged in this month’s report, based on the responses of 781 randomly sampled small businesses in NFIB’s membership surveyed throughout November.

While encouraged by the results, the advocacy group was careful not to portray the report as unrealistically sunny during a time of continued difficulty for many small businesses struggling in the tepid recovery.

"The numbers have been depressing for so long, any little progress looks good," said NFIB Chief Economist William Dunkelberg, who co-authored the monthly Small Business Economic Trends report with policy analyst Holly Wade. Dunkelberg noted that the November reading is still "eight huge points" below its pre-2008 average and 14 points below the comparable recovery period in 2001.

A seasonally adjusted 7% of owners are planning to add jobs over the next three months -- a four-point improvement over the previous month and the strongest reading in 38 months -- although the number should be at double-digit levels in a solid economic recovery.

"Optimism appears to have climbed because fewer owners expect business conditions or sales to be worse in six months, indicating some hope on the horizon," the NFIB said. "Improvement, although small, was widespread, with the forward-looking components indicating positive trends for the first time in many months.

"Still, our current reality is still very much the ongoing economic winter."

The sentiment of small business owners contains much significance for commercial real estate and its investors, as more than 70% of job growth is generated by companies of less than 1,000 employees. The health of smaller businesses is an important factor in office and retail market fundamentals, particularly occupancies and rental rates in non-investment grade properties.

Those non-investment grade properties are starting to stabilize as their tenant base begins to gradually recover from the recession. The CoStar General Commercial Index, derived from repeat sales of non-investment quality properties, increased by 1.4% in October -- the sixth straight month of rising prices since the general property index reversed 32 months of price declines dating back to September 2008, according to the latest CoStar Commercial Repeat Sale Index (CCRSI).

Accordingly, with smaller tenants and mom-and-pop retailers finally seeing light at the end of the tunnel, the level of distress sales as a percentage of total general commercial property sales has fallen from a high of 33% in March 2011 to 24% in October 2011.

In the office market, leasing trends also reflect the improved financial position of those tenants, many of which delayed or canceled business expansions or lease extensions. CoStar data shows that smaller tenants have returned to the marketplace over the last year. As of the third quarter, more than half of all new leases signed during the previous 12 months involved smaller tenants, while large office tenants occupying over 25,000 square held steady at 6% of new office leases.

Smaller businesses have been slower to recover in part due to excessive leverage and lack of access to capital. Smaller businesses have had more difficulty securing credit, unlike large corporations and REITs, which have very good access to capital. Nearly half of small business owners own their business premises and 39% own investment real estate, increasing their debt levels and hampering their ability to invest directly in their business.

The percentage of owners planning capital outlays in the next three to six months rose 3 points to 24% in November, according to the NFIB, the highest reading in 40 months. But it's still 5 to 10 points below expected levels in a growing economy. Despite improving conditions, just 8% described the current period as a good time to expand facilities -- still very low, but only a point below the best reading over the past 38 months.

Access to credit markets did not appear to be a concern among the NFIB respondents, with just 3% reporting financing as their top business problem -- far below weak sales, and excessive taxes and regulation -- and 93% reporting that they either have adequate credit or don’t need to borrow.

However, traces of concern about creditworthiness are embedded in the survey findings. One-quarter of the owners reported that weak sales ruled out investment in new equipment or new workers because they're not likely to generate enough additional earnings to repay loans required to finance the expansion. The average reported interest rate on short-term loan maturities of 12 months or less was 6.3%, basically unchanged since 2008 in spite of the Federal Reserve’s efforts to lower lending rates for small firms.

"The weak recovery provides little incentive to borrow to support expansion or buy new equipment, even if interest rates are low," NFIB said.

Los Angeles and Long Beach Ports See Market Share Trickle Away

洛杉磯港和長灘港的貨運市場份額被東岸港口分走

By Ronald D. White (LA Times)

A key reason for the slower activity at the ports of Los Angeles and Long Beach has been that India and Singapore are becoming major shipping hubs, and routes there favor the East Coast, especially the Port Authority of New York & New Jersey and the fast- growing Savannah, Ga., port. Above, a crane operator loads containers onto a ship at the Port of Long Beach. (Allen J. Schaben, Los Angeles Times)

The ports of Los Angeles and Long Beach, long the nation's dominant shipping harbors, lost a bit of market share to East Coast docks this year.

The nation's two top ports expect to end this year on a slightly sour note, moving 200,000 fewer cargo containers than last year at a time when total trade at the nation's 10 biggest harbors has grown by about the same amount.

A key reason for the slower activity has been that India and Singapore are becoming major shipping hubs, and routes there favor the East Coast, especially the Port Authority of New York & New Jersey and the fast-growing Savannah, Ga., port.

Asian trade accounts for 40% of imports at the Los Angeles and Long Beach harbors, so any loss of market share is cause for concern.

"There are hundreds of thousands of containers of cargo at stake here," said Jim MacLellan, director of trade development for the Port of Los Angeles. Singapore "is the dividing line between routes that go East and West. It's the battleground."

International trade has been one of Southern California's most important providers of jobs, with firms from Ventura County to San Diego County and inland employing about 639,200 workers at the end of November, said economist John Husing, whose firm Economics & Politics Inc. focuses on the industry's effect on the Inland Empire.

So with the abutting ports moving about 14 million cargo containers this year, a drop of 1.2% from last year, Los Angeles and Long Beach are beefing up efforts to win back business.

Both ports, for instance, are nurturing companies such as business consulting firm Elvie Corp. in La Quinta. Officials at the L.A. port have helped Elvie build lucrative Asian markets for its clients, said John Aguero, the company's executive vice president.

Elvie finds Asian customers for domestic goods from across the U.S. The list includes a U.S. coffee brand from Virginia, chicken and other poultry from the Midwest and frozen foods from Arizona. Elvie moves all of it through the Port of Los Angeles.

"We are a facilitator for about eight U.S. companies now," Aguero said. "And we have another 15 companies that we are finalizing deals with. This is already beyond our expectations. We are totally explosive."

Aguero said his company's sales are expected to increase to $65 million next year from $5 million eight years ago.

The Port of Los Angeles has been taking its export help directly to businesses "almost like speed dating," MacLellan said.

"These companies don't have a lot of time to spend outside of their businesses," he said. "The No. 1 thing is helping them find an overseas market."

It's already begun to pay off. Despite the slight downturn in overall trade, Los Angeles set a record this year for the number of containers exported.

The neighboring Port of Long Beach has made similar efforts, such as hosting a forum for small U.S. businesses with the Export-Import Bank of the United States. J. Christopher Lytle, the port's new executive director, said there's a need to constantly promote the strengths of the local ports.

"Ultimately, it comes down to which ports have the better facilities, the best efficiency and the greater numbers of options for destinations and sailing times," Lytle said. "Marketing our strengths is important. We will not be complacent about this."

The ports have long benefited from having the fastest sea routes to China, Taiwan, Japan and South Korea — Asia's major exporters.

But southern Asia and South Pacific nations are rising in international trade. Australia has displaced Taiwan for fourth place in trade with the Los Angeles Customs District. Close behind are Singapore, Thailand, India and Malaysia.

With the option of heading west through the Suez Canal, shippers in those countries need to be convinced that Los Angeles and Long Beach are better destinations.

These days, the East Coast ports are booming. At the New York and New Jersey port authority, the third-largest U.S. port, the number of cargo containers moved through the docks has risen 5.3% this year. Savannah, the fourth-largest port, has seen a 3.6% increase this year.

Despite those increases, Los Angeles and Long Beach remain strong. Overall, the twin ports' share of international cargo containers moved by the 10 largest North American ports has fallen to 41.7% this year from 42.6% last year.

However, five years ago, the local ports moved 1.7 million more containers than expected for 2011 and employed 69,000 more workers. And port officials and business leaders are concerned that more business will be lost starting in 2014 when an expanded Panama Canal makes it possible for larger cargo ships to head to docks on the Gulf Coast and East Coast.

In March, the two local ports got a boost when President Obama pushed his export initiative during a Southern California visit, said Vance Baugham, president of the World Trade Center Assn. Los Angeles-Long Beach.

"The most aggressive world markets today are in Asia," he said, "and we have to reflect that through our ports."

L.A./Long Beach Ports Struggle to Meet Panama Canal Challenge

洛杉磯和長灘港口的貨運地位將因巴拿馬運河拓寬受到挑戰

By Ronald D. White, Los Angeles Times

A major expansion of the Panama Canal is raising alarms in Southern California, where business, labor and public officials are warning that the project threatens to dent the region's role in international trade.

The $5.25-billion project will make the canal wider and deeper, allowing huge freighters from Asia to bypass West Coast ports and head straight to terminals on the Gulf Coast and East Coast. The neighboring ports of Los Angeles and Long Beach, which together handle about 40% of the nation's imported Asian goods, could lose as much as a quarter of their cargo business by some estimates after the Panama expansion is completed in 2014.

The ports, neighboring towns and railroads have launched improvement projects aimed at keeping them competitive. One proposed project, for instance, would speed the loading of cargo onto trains; others eliminate bottlenecks or increase capacity so that the ports remain alluring to importers. But a coalition of business, labor and government contends that these efforts are jeopardized by opposition from some residents, environmental groups and others.

Two members of the Long Beach City Council, for example, sought to block the construction of a new railroad freight complex near the ports, saying it would increase pollution and force small businesses to relocate.

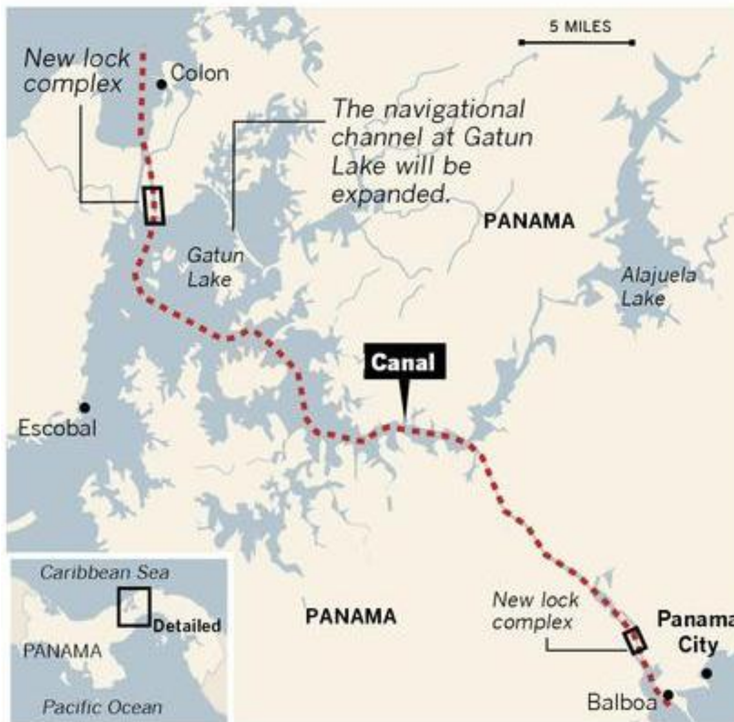
The coalition, which calls itself the Jobs 1st Alliance, says the rail and other projects are crucial if Southern California hopes to keep its place as a center for international trade. Directly and indirectly, economists say, cargo movement employs more than 500,000 people in the region.

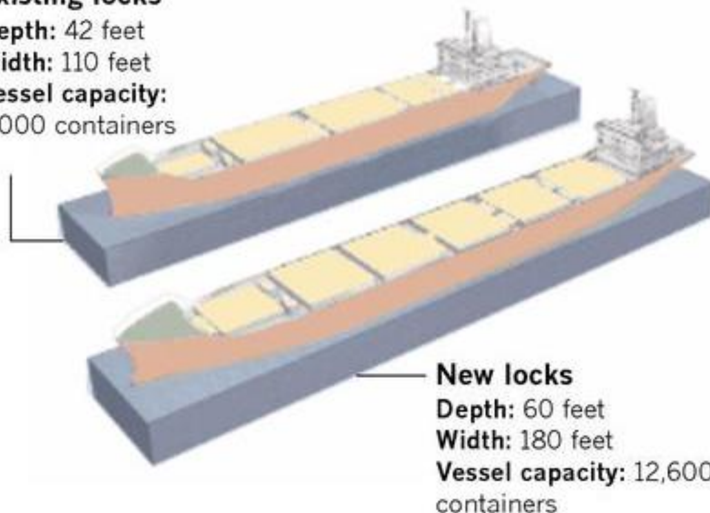
"To protect these jobs, we need to get these projects completed," said Wally Baker, president of the alliance and a former executive with the Los Angeles County Economic Development Corp., a jobs promotion group. "But every time it looks as though progress is being made, someone tries to move the finish line."

The coalition has launched a campaign called Beat the Canal, using Facebook and a website (BeatTheCanal.com), and plans to act as an advocate for specific projects, pushing for faster action and fighting against environmental and other reviews that become excessive, Baker said.

One of those on board is Maria Elena Durazo, executive secretary-treasurer of the Los Angeles County Federation of Labor.

"We're trying to put the point across that business and government and labor need to be on the same page," she said. "We need to work together and recognize the ports for their broader importance to the economy of Southern California."





Source: Times research

MATT MOODY Los Angeles Times

Few places host a system as complex as the Southern California seaports and the vast regional network of truck routes, rail lines, bridges, freeways and warehouses that serve it. The ports of Los Angeles and Long Beach are the biggest U.S. port complex and the world's sixth-busiest harbor.

The Jobs 1st Alliance fears that the ports could lose as many as 100,000 jobs when the Panama Canal overhaul allows much larger ships to bypass California.

"Worst case, there could be a 25% diversion from Los Angeles-Long Beach," said Paul Bingham, the group's chief economist. "That's upwards of 3 million cargo containers. That's a lot of dockworkers who don't get work, truckers with less to haul and trains that don't run."

The biggest ships that can squeeze through the Panama Canal now carry 4,400 to 5,000 containers. But modern cargo vessels routinely hold three times as many of the big metal boxes.

So importers often use West Coast ports to land their products from Asia. Then the containers crammed with apparel, toys and other goods move from ships to trucks or trains and on to warehouses and retailer shelves throughout the U.S.

A wider Panama Canal would accommodate some of the biggest ships afloat — 12,600-container vessels — which will present a vastly improved "all water" cargo movement option for Asian goods bound for the southern and eastern U.S.

Jobs 1st Alliance is worried by the efficiency that Panamanian authorities have shown in keeping the project on schedule and their

zeal in pursuing business with other ports, Baker said.

By contrast, U.S public and private efforts launched in response to the Panama project are being slowed by red tape and lawsuits, said Baker, who noted that he has lent Jobs 1st Alliance about $200,000 of his own money. The group does no lobbying and is registered with the Internal Revenue Service as a 501(c)(4) social welfare organization, Baker said.

So far, Baker said, he's recouped about half of the loan from donations from Alliance members, such as the International Brotherhood of Electrical Workers Local 11, the International Longshore and Warehouse Union, BNSF Railway, Union Pacific, the Southern California Assn. of Governments and the Southern California Leadership Council.

The biggest share of the money — $65,000 — went to produce a video the group has on its website that makes the case for expediting infrastructure improvements. It ends with several politicians and others, even Mary Nichols, chairwoman of the California Air Resources Board, chanting, "Beat the canal." She is joined by the likes of Los Angeles Mayor Antonio Villaraigosa, former Gov. Gray Davis, former Assembly Speaker Willie Brown and business leaders such as Greg McWilliams, president of Newhall Land & Farming Co.

Other efforts include an assessment of every project underway involving competing ports.

About 65 projects totaling about $7.5 billion need to be expedited to keep Southern California on top, Baker said. Among those is BNSF Railway's Southern California International Gateway Project, designed to speed rail movement and reduce truck traffic and diesel emissions.

The project was proposed in 2005. But its 4,690-page draft environmental impact report wasn't completed for six years, a measure of the difficulty answering the objections.

And it's still not adequate, said Long Beach City Council members Rae Gabelich and James Johnson, who introduced a memorandum this month opposing the location of the yard.

The council meeting drew a crowd of Jobs 1st Alliance representatives, mostly union workers, to argue against the memorandum. The council voted to request more information from the ports about other possible locations and how many businesses would need to relocate.

Opponents of some of the projects say they are concerned because port-side neighborhoods already bear an inordinate burden of air pollution and traffic.

Community activist Jesse Marquez said that not enough had been done to assess health effects of various projects.

"How can the ports mitigate public health impacts when they do not know how many people are already sick, with what illness, the degree of illness and the cost of healthcare?" he said.

The Natural Resources Defense Council contends "giving people an either-or, promoting jobs or promoting public health, is a false choice," said Melissa Lin Perrella, a senior attorney at the council. "The environmental review processes are important and make sure that these projects provide good jobs and protect public health."

Baker says his group isn't promoting a full-speed-ahead agenda that would sacrifice public health.

"We're doing this to show people there is a threat to our regional economy and that we can do something about it," Baker said. "Who's the target? The target is anyone who doesn't believe that we have to be more competitive."

Industry Analysts Expect Slow Hotel Growth in 2012

行業分析師預測 2012 年酒店業增長放緩

By Danny King (Hotel Weekly)

Everything in moderation.

That seems to be the mantra of hotel industry analysts for 2012 after better-than-expected hotel demand this year appeared to put a brutal 2009 out of memory.

Analysts say revenue per available room among U.S. hotels will advance by about 5% or so, down from about 8% this year, as continuing questions about the global economy and tougher year-over-year comparisons will slow occupancy growth to a crawl.

The difference between this year and next, though, is that any gains in demand will likely push pricing more than occupancy rates, as hotel owners look to take advantage of the combination of rising demand and stagnant supply.

Advancing the bottom line

"Owners and operators are now focused on more aggressive pricing policies, which in turn will translate into strong growth in hotel profits," Mark Woodworth, president of PKF Hospitality Research, said in a statement. "We believe market conditions during the next few years will allow them to achieve these goals."

Granted, it's not yet time for hotel operators to celebrate or for travelers to bemoan the prospect of surging hotel-room prices, at least in most markets. Bjorn Hanson, divisional dean of New York University's school of tourism and hospitality management, estimated that U.S. room demand will increase by about 2% next year, down from a 5% increase in 2011.

Additionally, both Smith Travel Research and consultant PricewaterhouseCoopers cut their forecasts late in the year, indicating that stubbornly high unemployment rates and a still-stagnant housing market will partially offset the effect of higher business-travel spending.

STR's forecast reduction was more dramatic. In November it reduced its 2012 growth forecast for U.S. RevPAR to 3.9% from its prior 2012 forecast of 7%. Unlike this year, STR said, the 2012 increase will stem almost exclusively from room-rate increases, as occupancy will edge up just 0.2 percentage points.

Meanwhile, PwC last month slightly muted its enthusiasm for 2012 growth in hotel demand, cutting its RevPAR growth forecast to 6.5% from its May forecast of 7%. The consultancy said 2012 occupancy would surpass the 60% mark for the first time since 2007, while room rates would advance 5.2%. And this month, PKF said U.S. hotel RevPAR would increase 6.1%, about the same as its forecast in November.

"Continued improvement in travel in general and the return of corporate meetings and events, particularly in primary U.S. markets, is expected to drive RevPAR recovery in 2012," Scott Berman, PwC's principal and U.S. industry leader of hospitality and leisure, advised in a November statement. "However, economic factors, both at home and abroad, continue to weigh on the lodging sector, elevating the risk that further disruption or erosion of confidence may impact performance into 2012."

Much of the reason why hotel companies will be able to raise rates is because supply will be little changed, as hotel-development financing virtually stopped in 2009 and many of the projects that have been green-lighted since then are still years away from coming online.

Moreover, investors are still wary. The North American hotel-development pipeline is just about half as large as it was in 2008 just prior to the financial meltdown, according to the Portsmouth, N.H.-based research firm Lodging Econometrics.

Because supply will remain at a virtual standstill, U.S. markets that performed the strongest this year, such as San Francisco, Oahu, Nashville and Los Angeles, will likely continue to see gains, especially in rates, in 2012.

New York could be the exception, because it's one of the few markets experiencing substantial hotel-room growth.

"Rate forecasts are strong, 5% to 7% growth, in some major markets that have returned to historical occupancy levels," said Rick Swig, president of hotel consultancy RSBA & Associates. "I think that these may even go higher."

Meanwhile, performance within hotel sectors will mirror that of the U.S. economy in that, sector-wise, the rich will continue to get richer. PKF estimated that the top three hotel tiers -- luxury, upper-upscale and upscale -- will have a collective occupancy rate next year about 10 percentage points better than the 60% threshold that the market as a whole will cross next year. On the flip side, midscale and economy hotels will have occupancy rates in the 55% range next year, according to PKF.

Top tiers will boom

"The most positive 2012 RevPAR increases will be in luxury, upper-upscale and upscale, the three highest ADR segments, all around 7%," Hanson predicted. "But the percentage increases in luxury and upper-upscale are in part because they experienced the largest decreases this cycle."

How much these rate increases translate to hotel owners' bottom lines remains to be seen, however. Many hotel operators and franchisers eased requirements for repair, maintenance and improvements in recent years to help hotel owners survive during the 2008-2009 period when occupancy dropped below the 55% threshold and rates plunged by about 20%. Now these operators are expecting more capital expenditures among their owner-partners.

A case in point is InterContinental Hotels Group, which said this year that it will try to push its Crowne Plaza brand upmarket to compete with Hilton, Hyatt, Sheraton and Marriott in the upper-upscale sector. IHG expects

to bounce 10% of its approximately 400 hotels as a result of hotel owners who won't comply with the upgrades.

Meanwhile, countries like China, India and Brazil will continue to experience some of the world's fastest growth rates in terms of both supply and demand. China alone accounts for about a third of the world's hotel-development pipeline, with U.S. companies such as Starwood, Marriott and Hilton racing to join China-based hotel groups like Home Inns and Jin Jiang to take advantage of what's likely to be a continued surge in both local and inbound travelers.

Additionally, Moscow's expanding wealth and the expected influx of travelers to Sochi for the 2014 Winter Olympics will feed hotel development in Russia, while hotel demand in Western Europe, save for a London market propelled by the 2012 Summer Olympics, will remain in flux amid questions surrounding the European debt crisis.

"China still will boom," Swig predicted. "Europe may be iffy, but it's day to day depending on currency games and politics. The big U.S. question is New York, which is the only major market with supply increases."

Commercial Owners to Face Higher Rates

商業地產房東將面臨更高貸款利率

By AL Yoon (Wall Street Journal)

Interest rates are at the lowest levels in decades, but commercial property owners looking to refinance shouldn't expect to lock in those rates any longer.

At the height of the boom years, many owners of office buildings, hotels, shopping malls and other commercial real estate financed their properties using five-year mortgages, most of which are set to mature next year.

But lenders are warning property owners that refinancing won't be automatic, and the low mortgage rates in the headlines probably won't apply to them anymore. If properties are underwater, lenders are requiring owners to put in additional cash. In other cases, lenders will offer to refinance, but at substantially higher interest rates.

Analysts say the hard line that lenders are taking could be especially harsh on adjustable-rate, or floating-rate, loans, where the difference between the old rate and the new rate will be greatest. Some ARMs, which followed interest-rate benchmarks in recent years, are currently under 1%. The rates are tied to the international interest-rate benchmark—the London interbank offered rate, or Libor, and are often reset monthly or quarterly.

According to Trepp, a company that tracks mortgages packaged into securities, of the $70 billion in commercial mortgage-backed securities outstanding that are coming due next year, $15.5 billion of fixed-rate mortgages and $12.2 billion of adjustable-rate mortgages have been flagged as potentially facing tough hurdles when they try to refinance.

In the past few years, low rates have reduced the borrowers' expenses and masked problems the properties may be facing. But those days are ending. "The merry-go-round will stop, and they are not all going to get financing," said Eric Thompson, a managing director at Kroll Bond Rating Agency.

Rates on some commercial ARMs could rise to over 5% when refinanced, representing a huge additional expense that could turn some marginally profitable operations into money-losers.

Consider LXR Luxury Resorts, a 12-property portfolio including Puerto Rico's El Conquistador and El San Juan hotels owned by Blackstone Group LP. In 2007, Blackstone refinanced the portfolio with $1.3 billion in adjustable-rate debt.

The rate, which was above 5% when the loan was made, fell to under 1% as rates have dropped. The rate decline helped to offset the portfolio's lower-than-expected annual operating income, which at $65 million as of the second quarter of 2011 was short of the $225 million assumed when the loan was underwritten,

according to Trepp. The servicer has put the mortgage on its "watch list," indicating concern for possible default, Trepp data show.

With the loan coming due next year, Blackstone will likely have to make concessions if it wants to hold on to the properties. On more than $800 million in debt for its Boca Resorts Hotel portfolio, for instance, Blackstone in August won a two-year extension after putting in $20 million and agreeing to terms that effectively increased its rate to 4.25% from about 1%.

Without the low interest rates, some borrowers are simply giving up because they can't earn enough to justify paying a higher rate or throwing in additional equity. A venture including Goldman Sachs Group Inc.'s Whitehall funds had been current on its $203 million mortgage on the Park Central Hotel in Manhattan that matured in November. Unable to refinance, the group is asking the lender to accept a discounted payoff on the loan, according to Trepp, which also showed the mortgage flagged for imminent default. A Goldman Sachs spokeswoman declined to comment.

To be sure, credit conditions have improved in the past year, which has made it easier for some borrowers to refinance, especially borrowers whose buildings have risen in value. That's especially true for owners of trophy office buildings and apartment complexes in the top-tier cities. But for properties that remain underwater—including many hotels, shopping centers and properties in second-tier markets—conditions remain difficult.

David Viklund, a real-estate lawyer at Paul Hastings in New York, says he represented a borrower who had been paying about 2% on a $100 million adjustable mortgage on a Houston hotel.

To win fresh funding, the borrower had to add millions of dollars in equity, get a creditor to provide a principal guarantee and settle for a new interest rate of about 3.25%. "Even though (rates are) so cheap right now, if borrowers can find financing they are not going to find it anywhere close to what they had," Mr. Viklund said.

Analysts and industry executives say it's difficult to predict how many of the maturing commercial property loans will wind up in default because they can't secure a new mortgage. But the delinquency rate that has risen from 0.3% to 9.5% in the three years through November will likely rise further, according to Trepp and other analysts.

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Consumer Money Rates (Mortgage Rate, Prime Rate, etc.)

消費者市場利率：房貸、基本利率、等等

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	Yield/Rate (%)		52-Week		Change in PCT. PTS	
Interest Rate	Last	Wk Ago	High	Low	52-week	3-yr
Federal-Funds rate target	0-0.25	0-0.25	0-0.25	0-0.25	-	-0.00
Prime rate*	3.25	3.25	3.25	3.25	-	-0.00
Libor, 3-month	0.58	0.58	0.58	0.25	0.28	-0.83
Money market, annual yield	0.49	0.49	0.66	0.49	-0.17	-1.60
Five-year CD, annual yield	1.42	1.42	2.08	1.42	-0.65	-1.70
30-year mortgage, fixed	4.07	4.12	5.16	4.06	-0.96	-1.35
15-year mortgage, fixed	3.44	3.46	4.43	3.43	-0.93	-1.95
Jumbo mortgages, $417,000-plus	4.83	4.86	5.86	4.83	-0.90	-2.20
Five-year adj mortgage (ARM)	3.10	3.11	4.02	3.00	-0.92	-2.90
New-car loan, 48-month	3.84	3.86	5.43	3.75	-1.59	-2.87
Home-equity loan, $30,000	4.82	4.82	5.17	4.71	-0.30	-0.64