

The slide features a dark blue background with a large, light blue diamond shape in the center. A vertical yellow bar is on the left side. The text is centered in a yellow, serif font.

**Atlas Hospitality Group
2009 Sales Survey**

2009 Predictions

- Prices will fall 20% - 40%
Result: Median Price per Room down 38%
- The number of lender-owned deals will increase dramatically
Result: Hotel foreclosure up over 300% and notice of default up 480%
- RevPAR will continue to decline 15% - 20%
Result: Down 19.3%
- Sales volume to pick up in the second half of the year and will be dominated by lender sales
Result: Sales in 2nd half increased over 20%

THE PERFECT STORM



- ❖ Record decline in RevPAR
- ❖ Record number of hotels available for sale
- ❖ Record low in number of sold hotels
- ❖ Record increase in the number of distressed hotels

California Distressed Hotel Market

- **347 Hotels in Default**
- **87 Foreclosed on**
- **1,000+ Operating Under Forbearance Agreements**

Foreclosures

- **73% of the foreclosed hotels were financed 2005 - 2007**
- **82% of the hotels were independent**
- **Riverside County accounts for the highest percentage of foreclosed hotels with 13%**
- **Only 10% of the foreclosed hotels have been re-sold**
- **CMBS accounts for a very small percentage of the foreclosed hotels – less than 3%**

Defaults

- **80% of the hotels in default were financed 2005 – 2007, with 48% of these in 2007**
- **60 % are franchised hotels**
- **Los Angeles County accounts for the highest percentage of hotels in default (13%), followed by San Diego County (10%)**
- **CMBS loans account for 45% of the defaults**

Forecast

- **Lenders will finally realize that “extend & Pretend” is not working**
- **Sales volume will jump 50% - 70% in 2010**
- **Lender/Distress deals will dominate the market**
- **Huge back log of deals will put downward pressure on hotel values in “B” and “C” markets**
- **Tremendous buyer demand for quality assets and “A” locations; Prices already driven up**



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