Hotel Valuation Subject Guide

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Hotels are some of the most complex properties due to the combination of real estate and an operating business. This guide applies to both full-service and limited-service hotels and also addresses the issues surrounding the valuation of intangible assets. There are several publishers of reliable hotel data listed in the last section of this guide that provide operating statistics, market overviews, and investment data.

The hotel industry has its own unique vocabulary that is reflected in this guide such as Average Daily Rate (ADR), Revenue Per Available Room (RevPAR), and Occupancy (Occ). A helpful online glossary is available from Smith Travel Research. Assessors should become familiar with this terminology to better understand the valuation methodologies discussed in this guide.

Articles & Books in LibraryLink Catalog

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**Development of a hotel/motel capitalization rate from the marketplace** by Dan Craig. *Assessment Journal*, 2003, 10 (2), 53-59.


Improve hotel, resort, and casino assessment by Grant Olson, Orville Lim, and Russell Reynolds. Presented at the 77th Annual International Conference on Assessment Administration, 2011.


Valuing limited-service hotels: a pragmatic framework from a broker’s perspective by Byron B. Hinton. 


Zen and the art of hotel valuation by Tim C. Wilmath. Presented at the 80th Annual International Conference on Assessment Administration, 2014.

**Online Reports and Articles**


Brief guide to winning a hotel property tax appeal by Erich Baum. *Hotel Valuation Service*, April 2015.

Comparative capitalization rate study: A review of the differential in capitalization rates based on location and property type over a ten year period by Anne R. Lloyd-Jones. HVS Hospitality Valuation Services, 2010.


Hotel valuation: A look at the main approaches and key valuation components by Russ Reynolds. *International Hotel Appraisers Blog*, April 4, 2011.


Lodging sees another year of record-setting metrics: Select major U.S. hotel sales survey Q4 2017

Methodology guide: Valuing hotels in Ontario by Municipal Property Assessment Corporation.


Steady cap rates support strong hotel value gains by Suzanne Mellen. HVS Consulting and Valuation, 2015, 1-9.

Understanding intangible assets and real estate: A guide for real property valuation professionals by IAAO Special Committee on Intangibles. Journal of Property Tax Assessment & Administration, 2017, 14 (1), 41-91


Websites & Software

American Hotel & Lodging Association (AHLA) compiles snapshot reports of the hotel industry in every state.


Hotel News Now is an online newsletter that reports weekly, monthly, and quarterly data from Smith Travel Research in dashboard style such as RevPAR growth, occupancy, and average daily rate.

Hotel Valuation Software 5th edition, Version 5.1, 2018 from Cornell University, School of Hospitality Administration. Developed by Jan A. deRoos and Stephen Rushmore. It is the only free, non-proprietary
computer software designed specifically to assist in the preparation of market studies, forecasts of income and expense, and valuations for lodging property. (Download available to the public at no charge.)

**HVS Global Valuation Services** is a leading provider of hotel valuation services and data. Publishes market reports regularly on every U.S. state and valuation indices listed below.

- **Africa Hotel Valuation Index** (2017) compiled by HVS Global Hospitality Services.
- **Asia Pacific Hotel Valuation Index** (2017, 2018) compiled by HVS Global Hospitality Services.
- **Canada Hotel Valuation Index** (2017, 2018, 2019, 2020) compiled by HVS Global Hospitality Services.
- **Europe Hotel Valuation Index** (2017) compiled by HVS Global Hospitality Services.

**PricewaterhouseCoopers’ Real Estate Investor Survey** is widely recognized as an authoritative source for hospitality capitalization rates, cash flow assumption data, and property market information. (fee subscription service)

**Smith Travel Research** is the leading provider of hotel data in North America and the world. STR tracks top-line performance, segmentation, profitability, supply and demand across global markets covering historical trends to future performances. (fee-based service)