

# 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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**Business value allocation in lodging valuation** by Eric E. Belfrage. *The Appraisal Journal*, 2001, 69 (3), 277-282.

**Capital layer evaluations: Hotels and more** by Tom Troll. *The Appraisal Journal*, 2016, 84 (3), 231-257.

**Check-in time for hotel property tax valuations** by Rachana Kalelkar, Wei-Chih Chiang, and Xiaobo Dong. *Valuation Strategies*, 2014, 18 (1), 26-31.

**Cost approach and hotel valuation: A classic solution to a modern problem** by Timothy A. Jorczak. *Journal of Property Tax Assessment & Administration*, 2016. 13 (2), 35-49.

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

**Effects of economic conditions and other factors on hotel sale prices** by Seoki Lee and John W. O'Neill. *International Journal of Contemporary Hospitality Management*, 2016, 28 (10) 2267-2284.

**Emergence of hotel/lodging real estate research** by Chris Manning, John W. O'Neill, A.J. Singh, et. all. *Journal of Real Estate Literature*, 2015, 23 (1), 3-25.

**Going concern property transactions: The necessity of value allocations** by Michael Allen and Cutchin Powell. *Valuation Strategies*, 2011, 14 (6), 4-9, 36-38.

**Hotel asset allocation: Separating the tangible personality** by Heather J. Reichardt and David C. Lennhoff. *Assessment Journal*, 2003, 10 (1), 25-31.

**Hotel capitalization rates on the rise** by Suzanne R. Mellen. *The Real Estate Finance Journal*, 2009, 50-57.

**Hotel market analysis and valuation: International issues and software application** by Stephen Rushmore, Jr., Stephen Rushmore, and John W. O'Neill. Chicago, IL: Appraisal Institute, 2012.

**Hotel values in transition: An appraisal technique for these uncertain times** by Suzanne R. Mellen. *The Real Estate Finance Journal*, 2009, 33-42.

**Hotel/motel valuation: a basic overview** by Ron Bain. *Issues in Appraisal and Assessment Subscription Series*, July/August 2003, 1 (4), 1-8.

**Hotels and motels: Valuations and market studies** by Stephen Rushmore and Erich Baum. Chicago, IL: Appraisal Institute, 2001.

**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.

**Inhospitable debate: Why can't we agree on how to value a hotel?** by Michael Allen. *Valuation Strategies*, 2013, 17 (2), 4-17, 42-44.

**Intangible assets in an operating first-class downtown hotel: A comparison of sources of information in a profit center approach to valuation** by William N. Kinnard, Jr., Elaine M. Worzala, and Dan L. Swango. *The Appraisal Journal*, 2001, 69 (1), 68-83.

**Measuring business enterprise value in hotel and motel valuation** by Tim Wilmath. *Issues in Appraisal and Assessment Subscription Series*, May/June 2003, 1 (3), 1-7.

**New option in hotel appraisals: Quantifying the revenue enhancement value of hotel brand** by A. Scruggs Love, Bruce H. Walker, and Douglas W. Sutton. *The Appraisal Journal*, 2012, 80 (3), 223-234.

**Strategy for estimating identified intangible asset value: Hotel affiliation contribution** by John W. O'Neill and Eric E. Belfrage. *The Appraisal Journal*, 2005, 73 (1), 78-86.

**The mass appraisal of hotels** by Ken Engel and Tim Wilmath. *Journal of Property Tax Assessment & Administration*, 2005, 2 (1), 15-31.

**Total assets of the business and lodging facilities: What should be the final chapter?** By Daniel H. Lesser. *Journal of Property Tax Assessment & Administration*, 2004, 1 (4), 37-45.

**Trends in the hotel industry** by Pannell, Kerr, Forster and PKF Consulting. New York, NY: Pannell, Kerr, Forster, 2016.

**Valuation of hotels and motels for ad valorem taxation** by Steve Sneddon. Presented at the 66th Annual International Conference on Assessment Administration, 2000.

**Valuing limited-service hotels: a pragmatic framework from a broker's perspective** by Byron B. Hinton. *The Appraisal Journal*, 2008, 76 (1), 47-53.

**Why the 'Rushmore Approach' is a better method for valuing the real property component of a hotel** by Stephen Rushmore. *Journal of Property Tax Assessment & Administration*, 2004, 1 (4), 15-27.

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

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## Online Reports and Articles

[2016/17 United States hotel franchise fee guide](#) by Kasia M. Russell and Bomie Kim. HVS Global Hospitality Services, 2017.

[Automated valuation model for hotels](#) by John W. O'Neill. *Cornell Hotel and Restaurant Administration Quarterly*, 2004, 45 (3), 260-268.

[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.

[Do property characteristics of cash flow drive hotel real estate value? The answer is yes](#) by Crocker H. Liu and John B. Corgel. *Cornell Hospitality Report*, 2017, 17 (6), 3-9.

[Examination and application of current lodging valuation practices](#) by Leonard A. Jackson. *Journal of Retail & Leisure Property*, 2008, 7 (3), 234-247.

[Hospitality directions US: Our updated lodging outlook](#) by PricewaterhouseCoopers LLC. January 2018.

[Hotel valuation in China: A case study of a state-owned hotel](#) by Ming-Hsiang Chen and Woo Gon Kim. *Cornell Hospitality Quarterly*, 2010, 51 (3) 429-445.

[Hotel valuation myths and misconceptions revisited](#) by David C. Lennhoff and Heather Reichardt. *Insights*, Winter 2011, 85-93.

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

[Hotels and motels: A short excursion into the gnarly questions of how to value](#) by Lawrence J. Golicz. *Real Property E-Journal*, 2012 (6), 1-4.

[Impact of publicly owned hotels on competing properties](#) by Robert R. Nelson, Jan A. deRoos, and Andrey D. Ukhov. *Cornell Hospitality Quarterly*, 2016, 57 (4) 348-366.

[Lodging sees another year of record-setting metrics: Select major U.S. hotel sales survey Q4 2017](#) by Daniel Lesser. *LW Hospitality Advisors*, January 4, 2018.

[Methodology guide: Valuing hotels in Ontario](#) by Municipal Property Assessment Corporation. Pickering, Ontario: MPAC, 2016.

[Outlook for U.S. hotel profits 2018](#) by Robert Mandelbaum and Bram Gallagher. *Lodging*, March 2018.

[Predicting hotel tax assessments in Cook County](#) by Hans Detlefsen. *Hotel News Resource*, 2010.

[Recent trends & key considerations in hotel valuation](#) by Leah Dauer Murphy. Presented at the 12th Annual Southern California Chief Appraiser Meeting, October 28, 2015.

[Sale prices and brands: Historical trends in hotel sale prices](#) by Scott Lewis & Hans Detlefsen. HVS Consulting and Valuation Services, 2010.

[Seventy-five years of hotel revenues, expenses, and profits](#) by R. Mark Woodworth and Robert Mandelbaum. *Cornell Hospitality Quarterly*, 2010, 51 (1) 20-26.

[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

[U.S. hotel development cost survey 2016/17](#) by Stacey E. Nadolny. HVS Global Hospitality Services, 2017.

[Valuing hotels as business entities](#) by Marie Nilsson, Peter Harris and Russell Kett. *Journal of Leisure Property*, 2002, 2 (1), 17-28.

[Viewpoint national hospitality report](#) by Integra Realty Resources. New York, N.Y.: Integra Realty Resources, 2018.

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## Websites & Software

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

[CBRE Hotels Property Information Portal](#) provides hotel industry forecasting, analysis, trends, and benchmarking. Publishes an annual outlook for the hotel industry ([2018](#)).

[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](#) 5<sup>th</sup> 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.

[United States Hotel Valuation Index](#) (2017, 2018, 2019) 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)