



Article Title

Effects of economic conditions and other factors on hotel sale prices.

Citation

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Abstract

This study aims to examine previously identified hotel automated valuation models (AVMs) using a more extensive and updated sample of hotel sale transaction data, introduce economic conditions as a new determinant for hotel market value and test the moderating role of economic conditions on the relationship between the previously identified indicators and market value, operationalized as sale transaction price.

Methods

This study performs simple and multiple regression analyses to examine the proposed relationships. The sample period is from 2000 to 2012, because the economy prior to 2000 is likely to have been a less-relevant economic environment for the contemporary business world.

Results

As hypothesized, there is an insignificant main effect of economic conditions on hotel sale prices. A moderating role of economic conditions on the relationship between average daily rate (and net operating income) and market value was found, while no moderating effect was found for occupancy rate and hotel size. Results also find certain support for AVMs previously presented in the literature, as described herein.

Conclusion

The findings of this study confirm that all three AVMs that have been empirically tested in the previous literature still appear to be relevant during the recent period of 2001 to 2012. Next, results also suggest that ECON appear to negatively moderate the effect of ADR and positively moderate the effect of NOI on hotels' sale prices, while ECON do not moderate the effect of OCC and hotel size (ROOMS) on hotels' sale prices.