



General Course Information

Instructor(s):	Karim Ismail, MBA / Justin Taillon, MBA
<i>Email</i>	ismailk@uoguelph.ca / taillon@uoguelph.ca
<i>Office Location/Hours</i>	Sessional Office, MACS, Room 104 by Appointment
<i>Department/School</i>	School of Hospitality, Food & Tourism Management
Class Schedule:	Tuesdays, 7:00PM - 9:50PM in MACS, Room 200
Pre-requisites:	ECON*2560 or ECON*3460 and HTM*3060
Co-requisites:	MGMT*3320

Course Description

This advanced course on lodging real estate investment integrates many of the concepts, tactics and analytical techniques that you've been introduced to in earlier courses within your HFTM curriculum. The goal is to provide you with the specialized knowledge and skills that consultants and managers within the lodging sector need in order to make effective decisions about market feasibility and valuation of hotel properties. We cover both theory and application, and you will be encouraged to draw on your own relevant professional experience. Our teaching/learning approach is multi-faceted. Come prepared to listen, interact, and reflect.

This course also offers an **optional** on-site consulting experience in Houston, Texas over Winter Break. Students who choose this option will be faced with a real-world management situation pertaining to lodging real estate investment. In teams, you will meet with hotel investors, understand their management issues, and offer recommendations in the form of a consulting report and presentation. See page 2 for details.

Course Learning Outcomes

Upon successful completion of this course, you will have assumed the role of a hypothetical hotel investor, which will require you to rely extensively on Microsoft (MS) Excel in order to apply the following knowledge, skills and abilities to a hotel investment decision:

1. Understand the concept of supply and demand as it specifically applies to hotels and in turn have an increased awareness of competition within the hotel industry and the impact of market saturation
2. Forecast income and expenses of a hotel using the lodging industry standard of the Uniform Systems of Accounts and perform due diligence of the resulting bottom-line cash flow
3. Estimate current market value of a hotel real estate investment and analyze this valuation to verify hotel investment feasibility

By the end of the course, you will also have

4. Reinforced your personal written and oral communication skills, including listening and presentation skills via quantitative and qualitative case analysis required by hotel consultants and managers

And one final, important objective: the course aims for you to

5. Affirm your enthusiasm and even passion for the hotel industry – because without that, none of the rest matters.

Course Assessment

			Associated Learning Outcome	Due Date/ Location²
Assessment 1:	10.00%	STAR Report Assignment	1,4	January 27
Assessment 2:	10.00%	Theme #1: Room Night Analysis (RNA) Report and Model of Residence Inn by Marriott Case	1,4	February 10
Assessment 3:	10.00%	Theme #2: Fixed & Variable Income & Expense (FIXVAR) Report and Model of Residence Inn by Marriott Case	2,4	March 3
Assessment 4:	10.00%	Theme #3: Hotel Capitalization Software (HCS) and Market Valuation Report and Model of Residence Inn by Marriott Case	3,4	March 17
Assessment 5:	30.00%	Final Feasibility and Valuation Report and Model of Residence Inn by Marriott Case (combination of all three themes)	1,2,3,4	March 31
Assessment 6:	10.00%	Feasibility and Valuation Industry Panel Presentation of Residence Inn by Marriott Case	1,2,3,4,5	March 31
Assessment 7¹:	20.00%	Field Trip Consulting Report and Presentation	1,2,3,4,5	February 20
Total	100.00%			

¹Assessment 7 is optional and is only required if you are partaking in the Field Trip component of this course. If you are not partaking in the Field Trip then the 20.00% allocated for Assessment 7 will be distributed equally to Assessment 5 and 6 respectively (i.e. Assessment 5 will be worth 40.00% and Assessment 6 will be worth 20.00%).

²Deilverable location details for each assignment/report above can be found in the Written Submission Format section on Page 4 and the Lecture Schedule on Page 4/5. The location of the Feasibility Study and Valuation Industry Panel Presentation will be revealed at a later date. The location of the Field Trip component of this course is described below.

Teaching and Learning Practices

Lectures	Our teaching/learning approach includes lectures, large and small group discussion, case workshops using MS Excel and individual consultations. See proposed lecture schedule on the last page of this course outline for details. In addition, a live lodging industry panel of experts will be used to evaluate the presentation component of this course.
Site/Field Trip	This <u>optional</u> Houston, Texas site visit to Long Acres Ranch with Justin Taillon over Winter Break examines synergies between consulting, operations management, and ownership within the lodging Industry. Our teaching approach for this real-world exercise begins with a classroom component where we discuss the world of consulting and prepare you on how to approach a live case study. Once we arrive on-site, we learn from the perspectives of real-world consultants and hotel Investors, as we assist in their decision-making process for the issues we are presented.

Course Resources

Coursepack (Required):

HTM*4140 Hotel Market Feasibility and Valuation Coursepack Winter 2015 (Available at the University Bookstore). The Coursepack is on reserve at the University of Guelph J.D. McLaughlin Library.

Other Resources:

CourseLink (D2L) will be used in this course. If you are registered for this course, then a link to the HTM*4140 site will automatically appear when you login to D2L. You are required to login to D2L on a regular basis to download course material such as lecture notes and course readings and to receive course updates such as course news and grades.

Field Trip (Optional):

The costs and details regarding the field trip to Long Acres Ranch in Houston, Texas can be obtained by contacting Justin Taillon. If you were registered in the course before the end of the Fall 2014 semester, you should have received payment instructions from Justin Taillon. If you have selected the field trip option, please e-mail Karim Ismail by Lecture 2.

University Policies

Academic Consideration

When you find yourself unable to meet an in-course requirement because of illness or compassionate reasons, please advise the course instructor in writing, with your name, id#, and e-mail contact. See the academic calendar for information on regulations and procedures for Academic Consideration:

<https://www.uoguelph.ca/registrar/calendars/undergraduate/current/c08/c08-ac.shtml>

Academic Misconduct

The University of Guelph is committed to upholding the highest standards of academic integrity and it is the responsibility of all members of the University community, faculty, staff, and students to be aware of what constitutes academic misconduct and to do as much as possible to prevent academic offences from occurring.

University of Guelph students have the responsibility of abiding by the University's policy on academic misconduct regardless of their location of study; faculty, staff and students have the responsibility of supporting an environment that discourages misconduct. Students need to remain aware that instructors have access to and the right to use electronic and other means of detection. Please note: Whether or not a student intended to commit academic misconduct is not relevant for a finding of guilt. Hurried or careless submission of assignments does not excuse students from responsibility for verifying the academic integrity of their work before submitting it. Students who are in any doubt as to whether an action on their part could be construed as an academic offence should consult with a faculty member or faculty advisor.

The Academic Misconduct Policy is detailed in the Undergraduate Calendar:

<https://www.uoguelph.ca/registrar/calendars/undergraduate/2014-2015/c08/c08-amisconduct.shtml>

Accessibility

The University of Guelph is committed to creating a barrier-free environment. Providing services for students is a shared responsibility among students, faculty and administrators. This relationship is based on respect of individual rights, the dignity of the individual and the University community's shared commitment to an open and supportive learning environment. Students requiring service or accommodation, whether due to an identified, ongoing disability or a short-term disability should contact the Centre for Students with Disabilities as soon as possible.

For more information, contact CSD at 519-824-4120 ext. 56208 or email csd@uoguelph.ca or see the website:

<https://www.uoguelph.ca/csd/>

Course Evaluation Information

Please refer to the Course and Instructor Evaluation website: <https://courseeval.uoguelph.ca/>

Drop date

The last date to drop one-semester courses, without academic penalty, is **March 6, 2015**. For regulations and procedures for Dropping Courses, see the Academic Calendar: <https://www.uoguelph.ca/registrar/calendars/undergraduate/2014-2015/index.shtml>

Written Submission Format

1. All assignments/reports must be handed in as a paper copy and e-mailed to the instructor in PDF format by class time on the schedule due date. If the report accompanies an MS Excel file then be sure to attach it along with the report within the e-mail. The finished assignment/report must be bound or stapled securely. Do not submit loose pages or pages held together with a paper clip or plastic folios.
2. Papers must be typed using Times New Roman font (12 point), double spaced, with 1" margins, printed on one side only and have a title page. Each page excluding the title page must be numbered in sequence.
3. Write clearly, concisely and in an organized manner with correct spelling, grammar and punctuation. Use headings and sub-headings and be specific and detailed in your analysis. Do not use abbreviations, slang, contractions or undefined acronyms. Paragraphs must be between 3 and 5 sentences long and written in the active (not passive) style.
4. Financial statements, graphs and charts must be computer generated. Every exhibit, table or figure must have a title and a number. The title of a table is placed above the table; the title of figure is put below the figure.
5. Papers must be properly referenced, following APA format guidelines (references do not count towards any page counts): <https://www.lib.uoguelph.ca/get-assistance/writing/citations/apa-american-psychological-association-style>

Proposed Lecture Schedule

Date ³	Item	Topics	Readings/Deliverables
Jan. 6	Lecture 1	Lodging Industry Round Table (Expect to talk!!!) Course Overview Key Players in the Lodging Industry Key Performance Indicators (KPIs) 70% of Your Course Grade Explained	In-class Group Discussion Course Outline Handed Out/Posted 2014 Top 50 Hotelier Magazine Article In-class Group KPI Case Study Sign Non-Disclosure Agreement (NDA) Performing a Hotel Market Feasibility Study and Valuation Requirements Handed Out/Posted Select Industry Panel Presentation Order
Jan. 13	Lecture 2	*STAR* Report Review US Lodging Industry – Current KPI Trends Hotel Investment Introduction to Hotel Valuation Introduction to Residence Inn by Marriott Case (Part 1)	STAR Report Assignment Handed Out/Posted Helpful Readings: 1) What is Your Hotel's Market Share and Market Penetration? 2) Lodging Economics - Supply & Demand Defined 3) How to Use the STAR Report PKF Hospitality Research Video In-class/Posted HVS Readings: 1) Making the Ideal Hotel Investment 2) Hotel Life Expectancy 3) Tiered Pricing and Yield – Key Drivers of Extended-Stay Success HVS Readings: 1) The Rule of Thumb Method 2) Crash Course in Cap Rates 3) How Design Affects Valuation
Jan. 20	Lecture 3	Introduction to Hotel Market Feasibility The Feasibility Appraisal/Report Introduction to Residence Inn by Marriott Case (Part 2) The Excel File: "Residence Inn Valuation Software.xls" Question Period: Ask Your Professor about Residence Inn by Marriott Case	HVS/Coursepack Readings: 1) How to Test Hotel Feasibility 2) Hotel Feasibility/Market Demand/Valuations and Appraisals 3) Hotel appraisal myths 4) Development Cost – One Step in Hotel Feasibility Analysis 5) Understanding Feasibility Studies Discussion Questions #Q1, #Q2 and #Q3 Helpful Reading: Hotel Valuation Software Explained

Jan. 27	Lecture 4	Supply & Demand for Hotel Accommodations Hotel Micro and Macro Analysis	HVS Readings: 1) Market Segmentation: Identifying Where Hotel Demand Comes From 2) If You Build It They Will Come 3) How to Identify a Hotel Competitive Set for a Hotel Market Study 4) The Facts About Induced Demand 5) Does Supply Generate Demand
	Workshop 1	Theme #1: Room Night Analysis (RNA) Model for Residence Inn by Marriott Case (Bring Your Laptop) Green Leaf Hotel Case Discussion STAR Report Assignment Discussion	Discussion Questions #Q4 and #Q5 In-class Group RNA of Great Leaf Hotel Case STAR Report Assignment Due
Feb. 3	Lecture 5	World of consulting and preparation of Field Trip case study conducted by Justin Taillon	
Feb. 10	Lecture 6	UQAM Case Study Competition training conducted by Justin Taillon	Theme #1: RNA Report and Model Due
Feb. 17	No Class	Winter Break - On-site consulting experience in Houston, Texas with Justin Taillon (Optional - See <i>Course Assessment</i> section)	Field Trip Consulting Report and Presentation Due (Optional - See <i>Course Assessment</i> section)
Feb. 24	Lecture 7	Forecasting Revenues & Expenses Hotel Operational Budgets – the PROFORMA	HVS Readings: 1) How Do Your Hotel's Property Taxes Compare? 2) Property Taxes in Canada 3) Maybe The Reserve For Replacement Should Be 7% to 11% of Revenue 4) GOPPAR, a derivative of RevPar! 5) Insurance premiums on the rise?
	Workshop 2	Theme #2: Fixed & Variable Income & Expenses (FIXVAR) Model for Residence Inn by Marriott Case (Bring Your Laptop) RNA Report and Model Discussion	Discussion Questions #Q6 and #Q7 Theme #1: RNA Report and Model Handed Back
Mar. 3	Lecture 8	Prep for Industry Panel Presentations – Oral Defense Question Period: Ask Your Professor about Residence Inn by Marriott Case	Theme #2: FIXVAR Report and Model Due
Mar. 10	Lecture 9	Estimating Market Value Advanced Hotel Valuation and Finance Concepts	HVS Readings: 1) What Can Hoteliers Do To Avoid Having The Value of Their Assets From Going South 2) Hotel Financing Parameters in Canada, 3) The Global Approach To Hotel Valuations 4) Low Cap Rates Drive Gains in Hotel Values
	Workshop 3	Theme #3: The Mortgage Equity Valuation Model *hotel capitalization software* (HCS) for Residence Inn by Marriott Case (Bring Your Laptop) FIXVAR Report and Model Discussion	Discussion Questions #Q8, #Q9, #Q10, #Q11, #Q12, #Q13 Theme #2: FIXVAR Report and Model Handed Back
Mar. 17	Lecture 10	Prep for Industry Panel Presentations – Oral Defense Question Period: Ask Your Professor about Residence Inn by Marriott Case	Theme #3: HCS Report and Model Due
Mar. 24	Lecture 11	Course Summary – Is it “Worth” it? Prep for Industry Panel Presentations – Oral Defense Question Period: Ask Your Professor about Residence Inn by Marriott Case HCS Report and Model Discussion	Theme #3: HCS Report and Model Handed Back
Mar. 31	Lecture 12	Industry Panel Presentations for Residence Inn by Marriott Case	Final Feasibility and Valuation Report, Model, and Industry Panel Presentation Due – Location TBA

³Every effort will be made to maintain the assigned dates; however, they may vary with the speed of the course. Students could be required to prepare earlier or later for topics given the nature of the previous class discussion.