

Hotel Rooms as an Investment: An Analysis on Investment Opportunities in Major Markets across the Globe

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Abstract— Worldwide hotel industry is taking a new shape in today's emerging trends of consumer's perceptions; earlier hotels rooms were used by the guest to stay for their holidays, business trips etc., and the guest pay the rent for the rooms accordingly. Later concept of Condo hotels came in, here buyers of condo hotel units can use the room when needed, when the owner isn't around, management rents the unit as just another hotel room. Room owners share the profit, if any. Condo hotels differ from time shares, which give buyers, use of a property for a fixed number of days each year but not outright ownership. Now the trend is changing Hotel rooms as an investment across the globe is something that's beginning to surface in today's business markets, says Mark Woodworth, senior vice president in PKF Consulting's hotel practice. Investing in a unit in a hotel is just like a Buy to let investment; you buy the unit and "let" it out to paying guests. The hotel acts as a management company by overseeing the process for the investor (IPIN Global, Peter Mindenhall). In 2013, Jones Lang LaSalle Hotels & Hospitality Group forecast global deal volume of \$33 billion, in line with the most recent three-year average. My thesis will provide a comprehensive analysis of the global hotel investment market, revealing key drivers of investment, emerging trends, markets to watch and investment opportunities in major markets across the globe.

Index Terms—BRICS (Brazil, Russia, India, China, and South Africa), Hotel Room Investment, Revenue Per Available Room, EMEA (Europe, the Middle East and Africa)

1 INTRODUCTION

1.1 Background

Global hotel transactions reached \$31.8 billion in 2012, a 5% decrease on 2011. For 2013 we are expecting a slight improvement to \$33 billion, despite continued economic uncertainties, with activity supported by the primary investment markets of the U.S., U.K., France, Germany, Japan and Australia. (Jones Lang LaSalle, 2013)

Property investments is a good opportunity to build the portfolio for many people for years especially from emerging countries like BRICS and Asians peoples raise in income level have increased buying potential as well. Many people have excess money at their disposal and just want to have a diversified investment portfolio for themselves by investing in different ventures. Now the trend of Hotel Room Investment (HRI) is a catch in most of their minds and corporates is key-in investing in Hotel rooms.

Well, here's how it usually works; let's say a developer is building a new hotel. Rather than borrowing money from a bank they invite individual investors to buy a room (or even a share of a room) in it, often for just a few thousand pounds. In return, the developer pays you a share of the income the room generates for as long as you own it. You don't have to do anything; the hotel manages the room for you. (Mark Hempshell, 2012). There are many hotel management firms have come up with many scheme that need to be explored by the investors before investing in the concept of room investment.

1.2 Problem Discussion

HRI Concepts is not new, it was existing for a quite long time but not known to many till it become a potential market

for investment and more public awareness is created by the corporate in today's environment has boosted the investors to look for investment in this sector. Downfall of share markets, economic recession world-wide and return on investment was not fixed and it was subject to market risk, so the investors were caught in a middle of mind set were to go for a at least few fixed return come from grantee investment, this made the HRI a key venture for investment by many corporates and business man. Only issues and challenges lying behind the HRI is the credibility of its return on investment as said by the promoters they will be giving 6- 8% per annum return on their investment, how far this can be achieved, since the law and standard for this is not yet set with clear guidance; so the investor can be confident enough to play his cards. The study will explore the issues and challenges that need to be looked into it before taking any decisions on long time investments.

Do the HRI is the next buzz word for corporates, business man to look for the investment in this sector and what is the future trends need to be seen, whether economic recession will have an impact on the HRI and how we need to build our portfolio in this sector of investment need to explored. More facts and data's will be provided so that investor have their choices wider and in one nut shell this thesis will provide an overall picture of HRI covering Europe, US, Middle East, Canada their present and future trends as well explore the Asian market, which is coming up quite well due to the economic boom in the Asian markets which is not that badly effected compare to European market.

1.3 Research Question and Issue

1. Is it HRI Concepts will a stronger potential market for investment and can it be trusted by the investors for a long term investment opportunity?
2. What are the key challenges and factors that need to be addressed / considered by the investment firms as well by the investors while investing in hotel room as an investment options.
3. What is the Customer's preference in HRI will be explored for Asia region (India, Singapore, Malaysia only) through a questionnaires' and collect the feedback form the real estate experts, Hotel management groups, and Corporates and Business firms.

1.4 Research Objectives

The main objective for the proposed study of research is to find and identify the key issues, challenges and its opportunities in HRI in global market; its current and future trends will be analyzed and whether the present trend will attract more investment in this HRI concepts and whether it is just a boom or a long time investment opportunity will be also explored.

Descriptive analysis of HRI will be analyzed from the Hotel Investment Outlook reports 2013 by Jones Lang LaSalle; other European Hotel reports 2013; UK Hotel Performance and Investment Report 2012 by TNS, Hospitality Insights from Indian CEO's desk by PWC 2012, Canada 2013 National Hotel Outlook by CBRE HOTELS and data's gathered will be consolidated to get an idea on HRI position in the global market.

1.5 Limitation

Key limitation will be getting inputs from the corporates and Business tycoon since most of them due to tax issues they won't give the actual facts of their personal investments in HRI. Secondly I'm looking into global aspects of HRI investments and doing a comparative study through facts gathered from different sources as mentioned earlier, but my data collected through questionnaires will cover 100% from India, Singapore, Malaysia since I have access to these country to get the feedbacks in person or in some cases data's will be collected through emails as well if can't get it in person.

2: LITERATURE REVIEW

HRI is an area of hot topics in today's global investment point of view. Some articles and publications have been written by many researchers on HRI earlier, but not so specific to what we have seen in this past 5 to 10 years span of time; now it is the talk of the town. Since seeing the growth potential the outcome of this investment sector is the key focus, HRI has been deeply explored and shown in this part of literature review.

2.1 Prior Research

Hotel investment is therefore characterized by a 'high operating leverage'. The cost composition of hotels includes a large

component of fixed costs and a small share of variable (operating) costs. In these circumstances it becomes difficult to rely on a pricing system as operating costs are not a good indicator of prices (Wanhill, 1994). It creates an atmosphere that hotels are at risk to down fall. Hotels which are having more operating cost will be the most effected in their overall profit margins. A question comes up whether the real estate investment and hotel investment are similar or is it a different kind of a business investment altogether. In the past, hotel investment was considered as an investment in an operating business and its' real estate character was not considered unique (Corgel and de Roos, 1997). Now this investment is considered efficient for the purpose of creating diversified portfolios and may even act as a good hedge against inflation (Petersen and Singh 2003). There is also evidence to show that while hotel investment may be considered a volatile component in a real estate portfolio it is considered a risk-moderating influence in a regular investment portfolio (Quan, Li and Seghal, 2002).

A comparative study of hotel returns across 400 hotels in the US show considerable variability across both equity yields (from 5.6 percent to 38.4 percent) and total property yields from (9.8 percent to 22.7 percent) (Lesser and Rubin). These rates are of course partially determined by the standard, size, location and market orientation of the hotel with the larger hotels (above 75 rooms) generally out-performing the smaller ones. Nicolau (2005) has shown that the rate of return on an individual hotel investment can influence the performance of the whole chain with which it is affiliated. This is mainly due to the large fixed costs than have a direct effect on the operating leverage of the whole chain.

Economic headwinds kept a lid on overall global volume improvement. Specifically, growth was tempered by the slow-down in emerging markets, as well as concerns about the U.S. debt ceiling and Eurozone woes. Reached total transaction \$31.8 billion, which is a 5% softening, compare to 2011 levels. While Americas region held steady at \$17.5 billion, Europe, Middle East and Africa (EMEA) and Asia Pacific slowed down by 10% and 30%, posting deal volumes of \$11 billion and \$3.3 billion, respectively. . (Jones Lang LaSalle, 2013).

2.2 Present Trends in Hotel Investments

London is likely to see supply growth of around 7.2% and 3.8% in 2012 and 2013 respectively. In the regions pockets of supply also remain above average levels and new branded budgets force down average rates. Supply growth is driven by high occupancies and Average Daily Room rates (ADR), and may result in a period of adjustment while new supply is absorbed. It will be strong Brands in the right location and with a relevant product who will be able to sleep easier than others. (The key issues facing UK hotels, PWC 2013).

Despite the problems facing the global and European economy, the hotel sector in most of the cities examined have proved remarkably resilient. While not exactly bucking the trend, many cities thrived during 2012. The story is a little different in scale if we compare growth in euros or in local currency. In terms of the euro story, four cities are expected to have enjoyed double digit RevPAR growth in 2012: St Peters-

burg (14.1%), Dublin (13.9%), Prague (13.1%) and Moscow (12.9%), with almost double digit growth in Berlin (9.6%) and Paris (9.0%). In fact 2012 performance looks likely to have been above the long term 10-year RevPAR average in nine cities: Amsterdam, Berlin, Brussels, Edinburgh, Frankfurt, London, Moscow, Paris and Vienna. (Thriving or surviving: European cities hotel forecast, PWC 2013).

Hotel investments returns are mostly linked to the tourist demand that consist of both local and foreign tourist. In a way both hotel industry and tourism industry have to go hand in hand and establish a good relationship for the successful business. We can say that no hotel industry can exist with tourist and same applies if no hotel then there is no place for tourism industry can exist. Hotel investment needs to be a tricky and viable source of investment for long term provided the tourism industry growth boom and people travel more. The future trend for the worldwide hotel industry seems and continue to be in unrest; since lot depends on the external factors that influence the influence; for example political and economic events, political instability of a nation, European sovereign debt crisis, Syrian conflict, Middle east conflict, South china sea disputes between the nations, has shown some point of uncertainty in the markets whether it is emerging or developed markets globally.

With all the uncertainty looming around the world, hotel industries globally have showing higher demand and the occupancy rate in hotels have improved during 2012.

The US hospitality sector, most notably New York, San Francisco, Chicago and Los Angeles, continues to display signs of expansion and growth. Driven by gains in occupancy and average daily rate (ADR), it is anticipated that 2012 revenue per available room (RevPAR) averages in the US will return to 2007 levels. While US hotels overall have experienced improved operating fundamentals, upper-tier lodging segments are expected to achieve the highest RevPAR gains in 2012, as occupancy levels in these segments have already met or exceeded pre-recession levels. (Global Hospitality Insights-Top thoughts for 2013, Ernst &Young, 2013)

In the wake of continued economic and political uncertainty, real estate capital markets have displayed mixed results, and there are signs of pent-up investor demand. While expectations for returns have decreased, investors continue to seek high-quality assets with higher yields in stable gateway cities with consistent cash flows. (Source: Emerging Trends in Real Estate 2013, Urban Land Institute and PwC, 2012.)

In the EMEA region – Europe, the Middle East and Africa – hotels remain an attractive alternative investment, while in the Asia-Pacific region, there have been fewer transactions in key gateway cities compared with last year and, instead, greater activity in the resort and destination markets. (Source: Asia Pacific Hotel Investment Highlights, Jones Lang LaSalle Hotels, September 2012)

As of September 2012, the top three countries for hotel investment in EMEA were the United Kingdom, France and Germany, while the top three countries for hotel investment in the Asia-Pacific region were Australia, China and Thailand. In keeping with the trend of investors focusing on global gateway cities, London, Paris, Sydney and Hong Kong have been

the cities in their respective regions with the most hotel transaction activity in this same period. (Source: Hotel Investment Highlights, Jones Lang LaSalle Hotels, September 2012).

In contrast, the Asia-Pacific region, Australia in particular, experienced several record-breaking deals and has seen considerable transaction volume, comparable to peak 2007 levels. (Source: Asia Pacific Hotel Investment Highlights, Jones Lang LaSalle Hotels, September 2012). In fact, opportunity in HRI investments is getting stronger due to the strong growth outlook for the sector. When we look into Singapore huge investments are been made to hotel and tourism industry, for instance S\$6.59 billion (US\$4.93 billion) resort is developed by Genting Singapore, listed on the SGX. It is one of the world's most expensive casino properties, after Marina Bay Sands. The resort occupies over 49 hectares (121 acres) of land and, when fully open, will employ more than 10,000 people directly. Resorts World Sentosa is a sister resort to Resorts World Genting, Pahang, Malaysia and Resorts World Manila, Philippines. (Wikipedia, 2012).

Marina Bay Sands is an Integrated Resort fronting Marina Bay in Singapore. Developed by Las Vegas Sands, it is billed as the world's most expensive standalone casino property at S\$8 billion, including cost of the prime land. (Asiaone.com, 2009)

With the casino complete, the resort features a 2,561-room hotel, a 1,300,000-square-foot (120,000 m²) convention-exhibition centre, the 800,000-square-foot (74,000 m²) The Shoppes at Marina Bay Sands mall, a museum, two large theatres, seven "celebrity chef" restaurants, two floating Crystal Pavilions, an ice skating rink, and the world's largest atrium casino with 500 tables and 1,600 slot machines. The complex is topped by a 340m-long SkyPark with a capacity of 3,900 people and a 150m infinity swimming pool, set on top of the world's largest public cantilevered platform, which overhangs the north tower by 67m. (Channel NewsAsia, 21 June 2010)

In spite of US economic slowdown has not shown much effect on the hotel industry from the data available. Higher demand, more occupancy rate, RevPAR is projected to grow at 5.7% and 6.0% for 2012 and 2014. To put this into perspective: until the past few years, RevPAR growth of 5-6% would have been at the high end of 30-year averages. These are healthy numbers. (Source: Jim Butler and the Global Hospitality Group, 2013)

UK, USA and Germany account for as much as 55% to 60% of the business in most of the premium hotels in India. These source markets have begun to put out and we have got to realize that, but what is a very positive thing and I think most hotels chains should do is that we must have a clear look east policy. (Nakul Anand, 2012)

The key benefit of this research is to find the viability and the sustainability of HRI and its future. Hotel investment opportunities can't be measured correctly especially to get a clear forecast of their earnings and their expenses the property will fetch. So analysis will focus on this accepts to give an insight knowledge for the investors what they need to look out for. This proposal is mainly about the information's on the research methods, theoretical concepts and practical experiences from which the main research will be undertaken.

3: RESEARCH DESIGN AND METHODOLOGY

Under this I will be discussing the research paradigms, philosophy and methodology, mentioned in the research paradigms, quantitative versus qualitative approaches and followed by how the data collected and created the portfolios with its validity and reliability of the study. At the end of this chapter will represent the methods and technique used to collect the data will be illustrated. Solving the research problem in a systematically way can be said as research methodology. We need to take into account for any research that both its methods and methodologies what we are using or planning to use should be clear. According to the Saunders, et.al (2003) illustrates research process on for various research approaches that can be used in research study (Oulu University library, 2006) Research methodology refers to the procedures by which researchers go through about their work of explaining, describing, and predicting the phenomenon. Methods comprises of the procedures used for generating, collecting and evaluating data.

3.1 Research Philosophy

Sunders indicate the importance and understanding of research philosophy to support the assumptions of viewing the world (Sunders, 2009). It determines both the research strategy and the methods of conducting the research (Trochim, 2006). In case of research philosophy one should bearing in their approach epistemological ontological issues. Study about or gaining relevant knowledge about the social world as well natural science is Epistemological. Main sources of getting knowledge;

1. Intuitive knowledge is from belief, faith, intuition based on the mostly on feelings. It is coming up with an initial idea of my research regarding diabetes.
2. Authoritative knowledge is something that we get as information either from reading books, info from people, or through some a greater leader etc. This knowledge I got from reading the books regarding diabetes.
3. Logical knowledge from reasoning of generally accepted knowledge to a new knowledge.
4. Empirical knowledge is from demonstrable and objective facts through observation and experimentation. (Philosophy, 2011) (Trochim, 2006)

Ontological issues deals with whether the social world is regarded as something external to social actors or something that people are in the process of fashioning (Bryman and Bell, 2007).

3.2 Research Paradigms

Before doing a research, the researcher has to design the appropriate methodology and decide the method and collecting of data it is necessary to understand the two paradigms or worldviews applicable to study. A paradigm is a worldview or set of assumptions about how things work. Ross man and Rollins defines paradigm as a shared understanding of reality (Nyame, 2009). Collis and Hussey (2003) states that, "the term paradigm refers to the progress of scientific practice based on people's philosophies and assumptions about the world and

nature of knowledge." (Collis.J, 2003). According to Lincoln and Gobi (1985) paradigm holds a worldview that for its holder, the nature of world, the individual place and the range of possible relationship to that world and its parts (Lincholin .Y., 1985).

Positivist or quantitative and phenomenological i.e., Qualitative are the two methodological paradigms suggested by Collis and Hussey and Lincoln and Gobi and provides differing views on how research should be conducted.

3.2.1 Quantitative Approach or Positivist

Quantitative approach requires the measurement of the particular phenomena in a statistical way and making a comparison. In this research, regarding the HRI quantitative research based on statistical ratio analysis with global market investment will be consider for comparison. The nature of reality or ontology in quantitative research paradigm is more objective or purpose and separate from researcher. (J.W, 2007)

3.2.2 Qualitative Approach or Phenomenological

The inductive research or interpretive paradigm is on qualitative data collection that essentially reverses the process found in the destructive research and its focuses on developing theories to explain the empirical observations in the real world. These empirical observations may stand on personal experience or actual observations (Collis.J, 2003).The qualitative approach in gathering information involves a number of knowledgeable people who have the expert knowledge in HRI will take in to account for the study.

3.2.3 Quantitative versus Qualitative Approach

Positivism refers to quantitative research while interpretive refers to qualitative research (Collis.J, 2003). According to Lewis and Thorn hill (2007), qualitative and quantitative approaches do not function in isolation and they complement each other and when combined offer a broader view that has found advocacy within business research (Saunders M, 2007).

According to Vogues (2005) quantitative (Positivist) approaches are concerned with measurement of definable constructs while qualitative (Phenomenological) approaches are concerned with uncovering meaning (Voges, 2005).

Here in this research both quantitative and qualitative approach is useful because Qualitative and quantitative methods are two ways of data acquisition. This thesis is using most of the statistical data gathered from different nations through their hotel industry investments and projection given by the top corporates and research organizations for the present and future trends in the HRI sector. In addition, the qualitative approach is adopts in this study because information is collected from the research and speaking with important personalities in the hotel industry segments.

3.3 Research Approach and Data Collection Methods

When conducting a research, the researcher can choose between two approaches; qualitative and quantitative method. The qualitative method involves the gathering of a lot of information from few examination units through interviews and

observations, while the quantitative method entails that the researcher collects little information from many investigation units through, for instance questionnaires (Halvorsen, 1992). To fulfill specific objective, quantitative analysis is used as the major research tool to process data. This is complemented by qualitative analysis. Quantitative research focuses on ensuring that any concept can be described in such a way that it can be quantified (Hussey, J., & Hussey, R., 1997). All collected data in this study are defined in a manner suitable for quantification.

Here in this thesis survey will be taken in three country India, Singapore and Malaysia only to key group of respondents will be taken into account, since the respondent focused are mostly corporates, business man and portfolio investment managers etc. are the key for the survey inputs since they are the correct person to give in their valuable feedback on the market trends and their interest and their concern when they look out for HRI as an investment option. Mostly the surveys have been taken in person by visiting to their office premises. Questionnaires' are prepared in such a way that it is easy to understand and taken extra care that no unethical questions have been included in the survey forms. Prior to the commencement of the survey, a trail study was also conducted to examine suitability and comprehensibility of these questionnaires and expert suggestions are also taken in to account to make the survey more realistic and gather more appropriate data.

3.4 Methods and Techniques

Research has been defined in a number of different ways. A broad definition of research is given by Martyn Shuttleworth - "In the broadest sense of the word, the definition of research includes any gathering of data, information and facts for the advancement of knowledge." (Martyn Shuttleworth, 2008)

Key aim of the study is to produce an understanding of the concept of HRI and know more about the topic and its new approach in today's market and where it is leading towards in the future. As such different techniques can be used in general we classify as Exploratory, Constructive and Empirical research. Exploratory the terms itself suggest that it helps to find a problem first, later define it or question it. Constructive test the learned theories and comes up with solutions to the given questions we have taken for study or problems. And finally through empirical research, which basically used to find out the feasibility of the given solution with proper empirical evidence.

Survey and qualitative methods were the two main basis of this research framework. The research design was the implementation of a data collection plan employing a technique of interview and survey of respondents. Information captured via interview had the advantage of extracting details that were rich and deep (Yeung, 1995). This study mainly uses primary data from the empirical survey and the secondary data from authoritative data sources. Key information will be gathered mainly by use of secondary research that will be done by the latest articles resource from internet and books, various government reports on hotel industry and its investment present and future trends and through various observation methods.

To achieve the aim of the research I will be using data that is collected mainly by use of secondary research, that will be done by the latest articles resource from both internet and books, reports from Jones Lang LaSalle; PWC; TNS and through the hotel industry worldwide report in HRI and through observation methods. With respect to primary data, to conduct the customer's preference in HRI I will create a questionnaires' and collect the feedback form the real estate experts, corporates and business firms through mailers and in personal interview wherever needed, since my key research is descriptive I will restrict myself to sample of maximum 200 will be taken into account. Research methods and techniques used are stated below:

Table 1: Research Methods and Techniques

Type of Research	Descriptive Research and Exploratory Research
Research Question	India, Singapore, Malaysia HRI Profile Survey The types of questions will be employed are open-ended, multiple-choice and close-ended.
Sampling Technique	Convenience sampling
Sampling Size	A total sample size of 200 will be collected, from all the three countries depends on the respondent numbers it will vary in size from one country to another
Sampling Areas	India: Chennai/Bangalore/Kerala Singapore: Raffles Place, Marina Bay Financial Centre Tower, Orchard Malaysia: Kuala Lumpur, Putrajaya
Data Collection	A set of structured non-disguised questionnaires is the main source of data collection. The research work will be done through market survey technique. Primary Data: empirical questionnaire survey Secondary Data: authoritative data sources

3.5 Ethical Considerations

Ethics is a set of moral principles or values, which is the righteousness, or wrongness of doing a research in relation to individuals and organisations. In accordance with Sections 1.1 to 1.15 of the National statement of Ethical Conduct in research, every effort is to be made for maintain the privacy and confidentiality of participants, as they will not be identified in any reports arising from this research. Business organization has thereon ethics they has to think about the impact of its decision on people or stake holders for whom it is to be affected directly or indirectly (Trochim, 2006) . An ethical consideration is taken care off and any issues arises was taken care as well. At most care is taken and kept the word not to disclose any personnel information about the respondents of the survey and keep the values of respondents been taken care.

4: RESEARCH RESULTS AND DATA ANALYSIS

In this chapter I'm going to show the data collection results and how the data analysis is done through various methods.

4.1 Empirical Results

Empirical evidence (also empirical data, sense experience, empirical knowledge, or the a posteriori) is a source of knowledge acquired by means of observation or experimentation (Houghton Mifflin. 2000). A questionnaire is a means of eliciting the feelings, beliefs, experiences, perceptions, or attitudes of some sample of individuals. As a data collecting instrument, it could be structured or unstructured. The questionnaire is most frequently a very concise, pre-planned set of questions designed to yield specific information to meet a particular need for research information about a pertinent topic. The research information is attained from respondents normally from a related interest area. The dictionary definition gives a clearer definition: A questionnaire is a written or printed form used in gathering information on some subject or subjects consisting of a list of questions to be submitted to one or more persons (James P. Key, 1997).

Sekaran, suggests that questionnaires are an efficient data collection mechanism provided the researcher knows exactly what is required and how to measure the variables of interest. Questionnaires can be administered personally, mailed to the respondents or even electronically distributed depending on the situation (Sekaran, 2000).

For my thesis, the questionnaires were used to collect the necessary details and essential data. The survey questionnaire was completed by 200 respondents, from Singapore, Malaysia and India, and were consolidated together to achieve the survey results to be tabulated and present it with the graphs/charts for easier representation for the readers to understand. I have taken utmost care that the information provided by the individuals during the survey is kept confidential and none of their identities are reviled. Some of the individuals comprised of senior managers and top notch businessmen whose viable inputs were extremely helpful in completing the survey.

To determine further the issues and challenges faced in HRI in global market and their trends were also gathered from statistical reports of various agencies and experts opinion and

published articles.

Through this survey, the empirical results from the survey questionnaires are tabulated and its data analysis and interpretation are detailed in the next section.

4.2 Data Analysis and Interpretation

Research population is nothing but conducting a research with a group that the researcher want to get details for their study through the selected sample as a group, for instance one particular age group or a particular community of people etc. The targeted population for this study is the High-net worth individuals, corporate companies, commercial banks that invest in hotel projects, experts in the field of real estate and property business.

Table 2. Population Size and Responses Rates

	Singapore	Malaysia	India	Total Responses
Population Size	75	45	80	200

My target was to get 200 feedbacks from all the three countries Singapore, Malaysia and India which I could get it from Singapore 75, Malaysia 45 and India 80 respondents for the survey. It was a very difficult task to get the respondents to fill in the survey forms since most of them were business men, corporates company people and getting their 10 minutes of time was a great difficulty; but most of them I met and got the feedback were quite helpful and were happy to give their feedbacks, since the HRI concepts is new trend in India, Singapore and Malaysia when compare to US or European countries where it is been for a quite long time. All the feedbacks collected are consolidated and put it as a table and the description is presented neatly using graphs so the representation is easier for understanding as well gives a clear cut picture of what respondents thinking about the HRI present and future market trends and their views. Finally the feedback provided has given more insights of individual's property ownership and their long term vision of HRI.

Data in this study collected through questionnaire survey. Base on the results from the empirical survey, a comprehensive analysis and discussion of the results are detailed in section 4.2.1.

4.2.1 Survey Questions / Results and Interpretation on HRI from the Investors

Q1. What is your gender?

To conduct this research study, 200 respondents were conducted for the first section of the survey research. 75 respondents in Singapore out of which male respondents were 30 and female respondents were 45; In Malaysia total respondents were 45, out of which male respondents were 25 and female respondents were 20 only. Key reason for less respondents in Malaysia is due to their lack of knowledge in HRI and they were quite reserved type and don't want to fill the survey form fearing the details might be misused against them and their companies will not encourage them to do so. In India

total respondents were 80, out of which 50 were male and 30 were female; the response from both India and Singapore was quite good since most of them were familiar with the HRI and willing to share their experience and thoughts.

Q2. In which age group do you belong to?

The age groups figures that collected through this survey almost 85% of respondents were under 60 years old. Singapore the average age of the respondent age was less than 60 years were 85%; Malaysia the average age of the respondents age less than 60 years were 83% and India it was almost 90% respondents were less than 60 years of age. The minimum criterion for my survey was above 21 year of age.

Q3. What is your highest level of qualification?

The questionnaire survey was conducted over 4 categories of formal education background. Singapore under this category the highest percentage was professional degree at 35% respondent compare to the other education level Degree 30%, Master's degree 15% and Doctoral degree was only 2% and the remaining other qualification category it was 18%. Malaysia under this category highest percentage was other qualification at 52% respondent compare to the other education level Degree 25%, Master's degree 12% and Doctoral degree was only 1%, professional degree was 10%. Mainly in Malaysia the respondents said they do Diploma and technical courses more compare to degree and masters programmes. Finally India, the level of category were almost even levels; Degree, Masters and Professional degree level were 30% each and Doctoral was 8%; compare to the Singapore and Malaysia, India has more Doctoral and Master's degree holder in corporate world. The data showed that most of people in all the three countries are educated in today's highly competitive global economic environment.

Q4. Are you an investor in properties and real estate?

The respondent's data from the survey shows that most of them are quite keen in properties investment and real estate markets. Out of the three countries Singapore as 85% respondents saying they are investors in properties and real estate with higher score compare to India with 79% followed by Malaysia 65%. This give an impression that property market is good enough in all the three countries and the economy is sound enough in the property sector. Singapore, India governments have good policy in place so the economic downturn and bubble bust in property market as not made much impact on them compare to US and European markets.

Q5. Do you believe in saving for long term financial obligations or goals?

Most of the respondents for the above question whether they believe in saving for long term financial obligations or goals have responded as "yes" they will compare to "no". Singapore respondent said 75% they do believe in their savings for long term, India respondents said 90% and Malaysia respondent have agreed 80%, this shows that almost everyone are more focused on their saving for long term. Respondents who said no are minimal and especially when you see the In-

dia only 4% of the respondents had said they don't believe in long term saving. Majority of the respondents believe in saving for the long term financial obligations so their future in their old age can be comfortably spend over.

Q6. Please tick which of the following long term financial goals are relevant to you

From the survey it was nice to know that people are quite interested in their long term financial goals and more keen towards their retirement savings compared to social service and others. But the key fact is property investment is everyone's favorite and it is contributing to an average of 20% is a good sign. Topping in retirement savings is India 78%, Singapore 75% followed by Malaysia 70%.

Q7. Select any one which you feel have given better return on investment for you in the last 10 years

The respondents were asked which sector they feel have given them better return on investment in the last 10 years of time in their investment period. Looking at the respondent's feedback Real Estate have been the top returns compare to saving accounts, IPOs and fixed deposits. Real estate is topping up the average of 50% overall, Singapore respondents feel their return are more in real estate by giving 54% scores, followed by Malaysia at 47% and India 41%. Second high return on investment will be fixed deposit especially India and Malaysia since their fixed deposit rate of interest are 8-10% which is what people at their retirement age put their savings in to it so that they can get a fixed return on investment comfortably without any tension of economic downtrend nor market crash, since it is fixed return and no change will take place, it can be called as safe haven for the long term investors. By seeing the figures it is quite clear that Indians do put their money in fixed deposit at 35% respondent's inputs and followed by Malaysia at 22% respondents favoring fixed deposits as their long term investment that gave good returns. But it was different when we see the Singapore respondents gave only 10%, the reason is fixed deposit rate of interest is very low in Singapore, it is less than 2%, that is why people prefer real estates, IPOs over fixed deposits even then the risk factor is there.

Q8. What is your current expectation of return on investment for the next 5-10 years?

The respondents were asked, what is their current expectation of ROI for the next 5-10 years. We got a mixed reaction and varying results in terms of their views. Taking the highest expectation of ROI from the three countries respondents; Singapore 4-6% if they get ROI they are happy at score of 54% favoring it; whereas India 7-9% if they get ROI they are happy at seeing the score of 53% favoring it; Malaysia 4-6%, 7-9% and 10% and above all scoring equal 30% favoring it. It was quite mixed reaction on seeing their levels of expectation; it is quite clear from the question 7 that India and Malaysia fixed deposit fetch high rate of interest so their expectation of high ROI is quite clear; were Singapore 7-9% of return if they get they will be happy too, but the respondents were quite clear by just 18% of them favoring it; so from the statistics collected it is quite clear that the inputs provided by the respondents are quite

perfect in their perception of what they are expecting in long term.

Q9. Do you agree that you have strong knowledge in the field of Hotel Room Investment?

The question was clear cut by asking whether the respondents have the knowledge of HRI, it was great to see that many are well aware of the HRI, only Malaysia respondents scored less, were 45% of them are not aware of HRI, Compare to 15% Singapore and 20% India were the respondents told they are not aware of HRI and the rest all either aware of its or well aware of it and some said they partially aware of it. Overall Singapore 65% of the respondents is well aware of HRI, followed by India 57%; but Malaysia only 25% of the respondents are aware of HRI. The reason is lack of awareness created by either property builders or agents compare to other two countries.

Some interesting facts shown will give you an impression of HRI popularity known to Singaporeans. Property firm NS Global Properties organised an exhibition last month for some business suites across the Causeway, in Malacca. The rooms - costing upwards of \$240,000 - are managed by international hotel chain Best Western and are said to reap 7 per cent net rental yield a year which works out to close to \$17,000 a year. The ad claimed that there would be 10 years of guaranteed rental income. Mr. Peter Thng, executive director of Reapfield Property Consultants, says that his firm is currently marketing Chifley Suites, a serviced apartment in Auckland. The initial lease offers a guaranteed return of 7 per cent net income a year for four years. Asian investors, including a good number of Singaporeans, have snapped up nearly 35 per cent of the units. (The Straits Times, September 16, 2012 by Amanda Tan)

Q10. What are the means by which you came to know about Hotel Room Investment?

The question was asked to the respondents by which means they know about HRI, the majority of the respondents selected the option Property Agents / Dealers as well the second option Property Developers / Builders compare to the other source of information. Market is getting quite attracted by the people due to the return they are getting it from their investments. Publicity and the advertisements posted by the property agents and builders attract large number of investors to their seminars and conferences. Around 35% of information is provided by Property Agents / Dealers or Property Developers / Builders; they are the key players in promoting the property to the high-net worth individuals and top corporate house for investment.

Q11. Do the governments should fund more on infrastructure towards Hotel/ Tourism Industry?

This is the crucial question put to the respondents to get their opinions; the outcome was fair enough. Mostly of them favored the government should fund infrastructure towards Hotel/ Tourism Industry to grow. Singapore respondents gave 40% favorable and 30% were not in favor of it and 30% voted somewhat government need to fund; overall on a rough basics around 50-60% feel government funding should be

there and that plays a key factor in development of hotel industry and its further growth in long term. Malaysia as well India respondents were also in favor to government should fund the infrastructure towards the hotel industry with the score of 45% Malaysia and 43% score by India.

Q12. Should banks support in lending Money/Loan for the investors for purchasing Hotel Room as Investment portfolio?

This was a hottest question and important for discussion, should bank lend money for investors to purchase HRI for their investment portfolio. It was nice to see that respondents favor as disagree option stating banks should not lend money for investment purpose; I thought respondent will be strongly agree for the banks to support and lend money for their investment but it turned to the opposite from the survey results; this shows that respondents are quite knowledgeable and aware of the consequence if bank start lending money; then it will become a mockery of the system. Strongly agree were not exceeding 10% were as disagree was an average of 45% shows the respondents market awareness and their responsibilities. Still few respondents want banks to lend money so they can invest in HRI and make some profits out of it. Singapore score under the agree category was 18%, Malaysia 15% and India 27%. Seems from all the three countries Indians want more support from the banks for their investments compare to the other two countries.

Q13. Do you think the Hotel Room Investment is lucrative industry today?

The survey result clearly shows that HRI is lucrative industry today. Singapore respondent selected 70%, India 72% favoring that the HRI is more lucrative industry today compare to the other investment options. But Malaysia respondent selected only 50% the market will be more lucrative compare to the other two countries respondents giving 70%. This difference from my research and interacting with the respondents of Malaysia I feel the knowledge level of HRI is not reached to the level what India or Singapore investors have.

After China, Singapore has been the most active market this year, accounting for 27% of the total investment volumes. CBRE Hotels' latest analysis of hotel investment sales and room rates in Asia (excluding Southern Asia) in the third quarter of 2011 confirms its earlier outlook projection on the city's hospitality sector for the year. After China, Singapore has been the most active hotel investment market this year with nine transactions representing USD\$1 billion to date, accounting for 27 per cent of the total investment volumes. China accounted for 43 per cent. Robert McIntosh, Executive Director, CBRE Hotels, Asia Pacific said "Although investment sales in Asia were impacted slightly due to the events in Japan in the first quarter, investment levels have risen sharply elsewhere, particularly in China and Singapore." (Singapore Business Review, 2011)

Some of the facts from CBRE Singapore estimate a total of 2,400 rooms entering the market in 2012, possibly resulting in a 5.8% growth in the gazetted stock. CBRE adds that a further pipeline of 2,500 rooms is expected by end 2013 and hotel pro-

jects currently in planning stage could contribute another 2,400 rooms. Year 2013 will welcome the opening of Ramada Singapore, Carlton Project, Connexion, Holiday Inn Express, and Fairy Hill Point Hotel, queen Lavender Hotel, Modena Frasers Suite, Sofitel Singapore, and Aqueen Geylang Hotel. (Singapore Business Review, 2013)

Q14. Which investors do you think will be most active in 2013 - 14?

The results show a mixed response from the respondents. Mostly the preference was given to the Public sector firms compare to the high-net worth individuals in terms of who will be most active investor in 2013-14. Initially I was in an impression that high-net worth individuals score may be higher or corporate companies' investment will be higher, but it turned to the other way round from the survey results. The reason may be that today's market mostly governments are funding major projects and want their countries to be the key destination for hotel and tourism sector and it creates an key investment opportunity for both public and private sector and in turn benefit the society by providing employment to their people.

Q15. Do you consider Guarantee fixed return is the key factor for your Investment option in Hotel Room Investment?

Let us look from the survey results about the key factor that influence the investors to select HRI as the option for investment just because of its high yield of returns; is that true. Facts from the survey results show that mostly respondents agree that guarantee fixed return is the key factor for their consideration to invest in HRI. Let take Singapore 23% strongly agree, 34% agree and 18% somewhat agree and only 25% disagree. Similarly the case of India's respondents 30% strongly agree, 40% agree and 19% somewhat agree and only 11% disagree with it. So overall both Singapore and India mostly respondent are in favor of agreeing it; but Malaysia only 10% strongly agree and 26% disagree on it, but on an average when we look in it is fine not much variation.

Q16. How confident you are in Hotel Room Investment opportunities that it will grow in the next 5 years than what they are today?

From the trends of the market and the survey results it is perfect that most of the people are very much confident in HRI investment will grow at a higher rate in the next 5 years to come. Look at the **Appendix A** that shows the amounts spent on travel and tourism with key markets growing at a steady pace and the long term for hotel and tourism industry looks brighter. By 2015 emerging countries like China and India are looking for higher tourism growth equal or greater than the UK, France or Japan. In India shortage of Hotel room are the key factors for corporate to invest in Hotels down here to boost the fruits at an earlier stage. Malaysia and India the only problem is no clear process and straight forward procedures for multinational hotel companies to venture to into it on a major scale, the fear is the corruption, were compare to Singapore the process are straight forward and things gets faster for the multinational hotel companies to venture in to it with less

hazel. Now opening up of FDI's will bring in investment to India at the larger scale provided the government takes care of its commitments and support the companies as per the rules and regulations to tap the huge market.

For the economy, Marina Bay Sands is projected to stimulate an addition of \$2.7 billion or 0.8% to Singapore's Gross Domestic Product by 2015, employing 10,000 people directly and 20,000 jobs being created in other industries. (Kwek Leng Beng, 2006)

Singapore has been ranked the most active hotel investment market in Asia Pacific, accounting for S\$1.02 billion of the S\$2.6 billion transaction volume in the region, according to Jones Lang LaSalle's (JLL) Hotel Investment Highlights 2011.

London was the top performing hotel market in Europe in 2010 with 8.3% increase in RevPAR expected in 2011 and a record breaking year forecast for 2012 PricewaterhouseCoopers, UK Hotels Forecast 2011 & 2012.

Hotel transaction volumes totaled approximately US\$3.9b across Asia for the YTD September 2011, an increase of 50 per cent compared to YTD September 2010. China accounted for US\$1.4 billion, Singapore US\$1.0 billion, Japan US\$443 million, Hong Kong US\$329 million, Thailand US\$139 million and Taiwan US\$138 million. (Singapore Business Review, 2011)

According to STR Global, the European hotel development pipeline comprises around 870 Hotels totaling 141,000 rooms. Europe will have seen over 350 hotels and 45,000 rooms open in 2012, with more to come in 2013. In 2013, some 280 new hotels are expected to open in Europe adding another 45,000 rooms with most falling within the upscale segment. Upper upscale and upper midscale is also seeing sizeable increases. (PWC, 2013).

Q17. Where you see your new Hotel Room Investment business going to coming in future?

For this particular question I want to know the respondents views about where the new HRI business going to come in the future, the survey of the respondents shows that they are quite confident that most of the key market will do well and they see the Asia and Middle East coming well in the future as well. Potential of Asia market seems quite encouraging from the research done by top corporates and research firms as well.

"Globally, hotel operating fundamentals are poised to remain strong in 2013, but regional variances will persist. We forecast global deal volume of \$33 billion, in line with the most recent three-year average. Hampering transactional growth, however, are economic pressures in a number of the world's mature economies. Still, we expect that the global hotel investment market will be flush with equity capital that will support transactional activity" said by Mark Wynne-Smith Global CEO (Jones Lang LaSalle, 2013)

Globally, hotel operating fundamentals are poised to remain strong in 2013, but regional variances will persist. See the **Appendix B** that gives an idea about the future trend.

Q18. Where do you want to invest and which is your HOT SPOT countries for investment in 2014 and beyond?

The favorite question was where and which is your hot

spot countries for investments in 2014 and beyond on an average respondent have selected US at a higher scale next followed with UK and third Middle East and fourth India on an average from the three countries respondents survey. Even with the economic downtrend in US and Europe respondent still believe that these markets will grow in long term and their hot spot pick are still US and UK and the higher scale. The upcoming markets when you look into Middle east and India is growing at a tremendous pace, due to its vast resources and cheap labor followed with good economic data for the past 5 years have shown greater interest for the respondents to select India and Middle east as the next investment destination. Untapped markets and the emerging markets are the good source of potential in long term investment on seeing the projections and the facts provided by the leading research firms.

In 2012, most of the real estate investors made a good fortune by investing most of the excess revenue in hotel assets, with hotel investment volume holding steady at \$17.5 billion in the Americas. Transactions pace cruised at a stable momentum throughout the year, driven by private equity funds and real estate investment trusts (REITs). Debt returned to the market in a meaningful way, and is showing indications that it will continue its strong recovery. (Jones Lang LaSalle, 2013).

Private equity funds unleashed some \$7 billion of capital in 2012 for hotel investments making them the largest net buyers. We expect this trend to continue in 2013. Together with REITs, we expect private equity buyers to involve around 70% of total getting hold by Americans. (Jones Lang LaSalle, 2013)

Even in the slowdown in economic and the issue faced in Europe, hotel investment in EMEA in 2013 are expected to move on further and from the projected estimate it is roughly \$11 billion. Although the economic situation in Europe will remain complex, several indicators give cause for optimism and could lead to an improvement in investor confidence in 2013. (Jones Lang LaSalle, 2013)

For 2013, Asia Pacific hotel transaction volumes are projected to reach \$3.5 billion, slightly above the 2012 volume but below the short-run average of \$4.1 billion. Australia and Japan will see the lion's share of investment dollars, but with pockets of activity across the rest of the region. Availability of stock in the key gateways and the willingness of sellers to close deals through transparent processes in emerging markets will dictate the overall investment landscape in 2013. (Jones Lang LaSalle, 2013)

The balance of power has shifted in India's hotel investment market with the dynamics in 2013 favoring both buyers and developers with a slowdown in development activity and more opportunities to acquire. The exuberance which was evident in 2007 has also softened while demand catches up with supply. (Jones Lang LaSalle, 2013)

Q19. What are the problems faced by you while investing in a Hotel Room Investment?

I have consolidated the feedbacks given by the respondents; key factors they highlighted are:

No standard procedures are in place (example like investment in foreign country); the rules and procedures are quite

different from country to country when investors want to buy a Hotel room in a different country not of their origin.

Tax laws and procedures are too complicated in certain countries for the investors to buy and sell the property as well for the long term aspect of holding the hotel room say for 5 years with fixed rate of interest 6% as promised by the builder / hotel management; during the government policy change in the country or some change in government will have an impact on the investors. Political stability of a country and its security is also a major factor for some of the respondents highlighted. No clear transparency shown during the final contract. Some countries were the law take long time to solve the disputes if arises between the investors and the hotel management.

5: REFLECTIONS ON THE RESULTS

This chapter will comment and reflect further upon the obtained results from the survey and compare the findings to similar studies with respect to the global market and discuss the present and future issues and challenges that need to be encountered in moving forward towards the investment pathway in HRI.

5.1 Comparison with Similar Studies

Here I'm going to look into all the latest studies conducted on the key markets about the hotel industry and its growth potential for the future and the present. It gives nut shell information about where the market is leading and where the investors can look for their investments in HRI.

The hotel industry faces a more competitive and challenging environment in 2013 with continuing economic headwinds likely to hold back growth. RevPAR growth is expected to slow in 2013 and there will be no double digit gains in any of the cities surveyed. Again the story is a little different in scale if we compare growth in euros and in local currency. In growth terms, the leaders in the forecast table can be called 'thrivers'. St Petersburg is expected to lead the euro rankings of the 'thrivers' with robust 7.3% RevPAR growth over 2012; followed by Moscow (5.2%) Paris (5.0%) Frankfurt (3.5%), Berlin (3.2%) and Dublin (3.1%). In local currency terms Paris tops the charts with 5.0% RevPAR growth - closely followed by St Petersburg, (4.8%), Edinburgh (4.0%), Frankfurt, Berlin and Dublin. (Source: Thriving or surviving in 2013, PWC 2013).

Piper's has conducted a research where majority of respondents hold senior positions within their firms, including CEO, Managing Partner, Managing Director and other senior director roles as well as business development and marketing roles in Hotel industry. Responses were from people based in 33 countries worldwide, with 91% based in Europe. 69% of responses came from delegates at this year's International Hotel Investment Forum (IHIF) which was carried out during January and February 2012

Historically, hotel investment in Africa has largely been confined to South Africa and the leisure tourism destinations on the continent's north coast, namely Morocco, Algeria, Tunisia and Egypt. However, several other African countries have recently experienced an increase in hotel investment activity, and the continent is slowly emerging from the shadows of

Brazil, Russia, India and China as a target market for international hotel developers and investors. In particular, the coastal regions of Sub-Saharan Africa currently stand out as a focal point in Africa's hotel investment landscape. Nonetheless, South Africa has experienced the greatest hotel investment activity on the continent, accounting for approximately 45.0% of the total annual transaction volume in Africa over the past six years (Real Capital Analytics, 2012).

Another study on Canada 2013 National Hotel Outlook by CBRE Hotels has suggested that Canadian Hotel investment activity remained stronger in 2012 in spite of economic uncertainty worldwide. The good news is further market growth is anticipated. PKF Consulting is projecting RevPAR to increase nationally in 2013 by 3.8%, with Western Canada leading at 4.8%, followed by Atlantic Canada at 4.3% and Central Canada at 3.8%. As top-line performance improves, greater operating efficiencies are attainable. PKF Consulting has forecasted Net Operating Income per Available Room to improve nationally by 7.3% in 2013, with the West increasing 6.8%, Central and Atlantic Canada by 7.5% and 5.0%, respectively (PKF Consulting, 2012).

While the long-term fundamentals for Asia Pacific hotel markets remain strong – wealthier travelling middle class, improved connectivity, rapid urbanisation, rising education, high savings rate and lower taxes – there has been a subtle softening in trading performance across the region, tempering investor enthusiasm. (Jones Lang LaSalle, 2013). Some of the statistics related to America, Asia and EMEA the HRI future growth potential refer the **Appendix C**

From the studies and the survey results from Singapore, Malaysia and India with respect to investors perception on HRI investment it is suggesting the long term the prospects are quite high and the investors have variety of choice in planning were to invest their money in the future on seeing the overall market projections and the growth in the respective markets for the present and future outlook. There are certain risk factors involved in HRI, which many of the investors are not aware off. Key for your hotel room to fetch you a good returns always go with better reputation of the company/hotel, past records of returns they have given to the investors, don't focus on just tourist occupancy should have flexibility to manage during non-peak seasons and generate revenue throughout the year. Check the contract clearly before signing up the investments, whether fixed return of investment committed in the contract will not be changed in case of economic downtrend or any other external factors and issues. And of course, any tourism slump could spell trouble, if the returns are not guaranteed as part of the contract need to be checked as well. Now is the time for the investors to plan their investment and try out their best fortune.

6: CONCLUSIONS AND RECOMMENDATIONS

Even in volatile environments, and economic downtrend in most of the European market the signs of growth in HRI at present and future looks imminent and sustainable recovery is seen faster and it is moving forward in a right direction. Many developed economies around the globe, were not in a position to stabilize their economic and still struggling to cope with

their inflation and dropping of GDP growth in one part and the another side emerging economy countries like India, China is growing in Hotel investments in a major scale where they could not able to meet up with the higher volume of tourist arrivals; they are shortage of hotel rooms are leading a high demands in this region.

The number of hotel rooms in Singapore is expected is to grow by more than 20 percent to about 53,000 rooms by 2015. This is according to a research report by property consultancy Knight Frank. (Channelnewsasia, Mar 2013)

Hotels will continue to appeal to the investment market, when the returns are higher and it has a strong strategy to accelerate growth in long term. With the economy situation in the developing nations are getting better and they want to improve their infrastructure and spend more money on tourism development, this will create more value and with the improved income levels of the people in the emerging market like India, China, Brazil, South Africa they can achieve higher capital investment, and with their asset they can reposition their focus and expand their overall economic and can stimulate demand. The outlook for 2013 may not be so high yield expectation, since still the Euro crises has not fully over, so the impact of US, UK will have a significant impact on Asia market one way or the other, but overall the trend is positive in Asia market as far the HRI is concern, looking back to 2011, 2012 it was not that bad nor excellent but the growth is on the cards and there is no reason to fall back as for hotel investment market is concern.

"We expect 2014 to be another strong year for hotel transactions," said Arthur Adler, Americas CEO of Jones Lang LaSalle's Hotels & Hospitality Group. "The United States remains the world's most liquid hotel investment market, which will lead the Americas region to transact approximately 55 percent of the global transaction volume. We should see global volumes top \$32 billion this year." Jones Lang LaSalle expects private equity funds to be the largest net buyers in 2013 as the funds unleashed more than \$6.5 billion of capital into Americas' hotel investments in 2012. During the next several years these funds will have a buying capacity with leverage of up to \$45 billion for hotel acquisitions. Coupled with REITs, private equity will likely comprise as much as 70 percent of total acquisition volume. (Jones Lang LaSalle, 2013).

Compared to other real estate investment trusts, hotel REITs are "moderately cheap," says Mark McAllister, a senior portfolio manager with ClearBridge Investments. He thinks many names will continue to see share prices rise over at least the next two or three years. "We're in the fourth or fifth inning of this cycle, and we have at least until the eighth inning before we need to start taking things off the table," he says. (Source: An investment with a view, Bryan Borzykowski, 2013)

Hotel room investments may be quite popular in US and other European countries for a quite long time, but as far Asia is concern it is new baby and still needs clarity to move ahead in a positive direction with clear cut law and procedures for the investors to be more confident in the industry to invest for their future. Look into the previous track record on hotel investment funds and returns of what it has given and

take a caution before investment whether you an investor or a lender. Before you decide on your hotel room investment which hotel you want to invest in, it is simple math's please do your homework. Important to take a note that whether you are liable for any tax on your returns need to be checked will investing in different country which is not of your origin. What is the lock in period of your investment, whether in one point if you are not satisfied with the returns then can you sell off or come out of the contract and don't land up in high loss, all the probabilities need to be cross checked with the builder/property developer before purchase of hotel room.

Overall HRI is best option on considering all the facts and figures from the survey and the research articles published by various hotel industry giants; to wrap up the benefits of HRI let me just highlight few investor can relax once bought the hotel room, since your assets managed by a professional and experienced Hotel Management Company and they see to that the income is maximized to the benefit of both the party. You no need to worry about maintenance of the room, since everything is taken care by the hotel management and you just need to collect your returns on regular basics depend upon your contract terms. If it is 7% return then you get the same and you don't need to worry about the downtrend or the uptrend since it is not real estate property where the market always fluctuate and the investor have to be cautious every time. So hotel room provides a stable income and it is hassle-free. Finally what I like to conclude is the ultimate deciding authority is the investors so you decide whether HRI is worth investing it for your long term benefits or not. The thesis has given a broader overview of all the markets so it is easier for the investor to do his maths before any investment in HRI.

7 END SECTIONS

7.1 Appendices

Appendix A

	Business	44	49	55	62	73.2%
India	Personal	63	70	76	82	53.1%
	Business	10	11	13	14	63.1%

* US\$ billion, expressed at 2000 prices and exchange rates (excludes the effect of price changes)
Source: World Travel and Tourism Council, Economic Data Tool, extracted 20 March 2010

Appendix B: Hotel transaction volume forecast snapshot

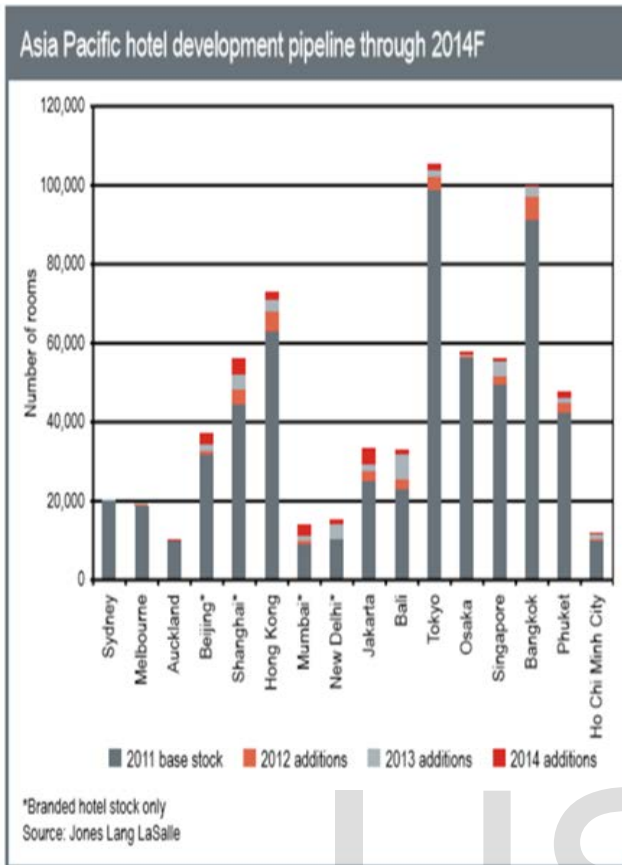
Hotel transaction volume forecast snapshot			
US\$ billions	2012E	2013F	Trend
Americas	\$17.5	\$18.5	↗
EMEA	\$11.0	\$11.0	→
Asia Pacific	\$3.3	\$3.5	→
Global total	\$31.8	\$33.0	

Source: Jones Lang LaSalle

Appendix C: Market Outlook America, Asia, EMEA

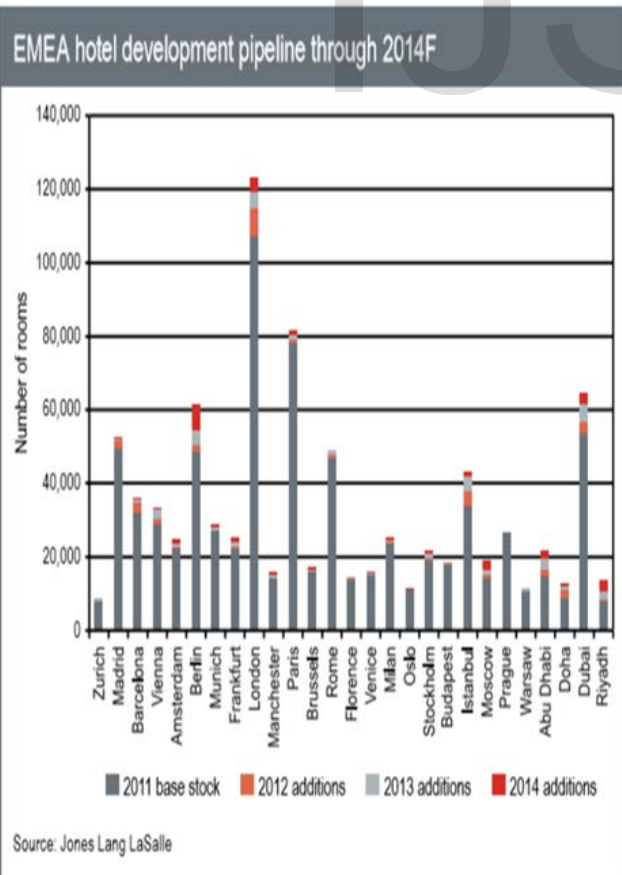


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