
Editorial

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Biographical notes: A.J. Singh is the Professor of International Lodging, Finance and Real Estate Finance in The School of Hospitality Business. He has co-authored four textbooks, on International Hotel Management (2008) and Hospitality Asset Management (2009, 2015), and Best Practices in Sustainable Hotel Development and Operations was published in March, 2011. He was jointly responsible for the establishment of The Hospitality Business Real Estate Investment Management Minor in The School of Hospitality Business at Michigan State University. He currently teaches the Hospitality Business Real Estate, International Lodging Development and Management and Financial Management courses at The School. He is an active member of Hospitality Asset Managers Association; Council of Hotel, Restaurant and Institutional Education; Association of Hospitality Financial Management Educators; International Society of Hospitality Consultants; and Urban Land Institute. He works closely with the Center for International Business Education and Research (CIBER) at Michigan State University. He has over 15 years of

hospitality business experience in various management positions in the USA and India. He has worked for Oberoi Hotels, Stouffer Hotels, Hyatt Hotels and Laventhol & Horwath.

John W. O'Neill, MAI, ISHC, Ph.D., is Professor and Director of the Center for Hospitality Real Estate Strategy at The Pennsylvania State University. In addition, he has served a term as Director of the School of Hospitality Management, as chair of multiple doctoral committees, on the Editorial Board of top hospitality journals and as Real Estate Editor of a leading hotel industry professional trade magazine, and as President of his local chapter of the Appraisal Institute and Chairman of his local Planning Commission. Also, he has been author of over 100 articles plus the authoritative text book regarding hotel market analysis and valuation, named one of the ten most prolific authors in the hospitality field, quoted on a variety of topics related to the hotel industry in multiple national media. He previously held unit-, regional-, and corporate-level management positions with Hyatt and Marriott in a variety of cities.

Spenser J. Robinson, D.B.A., is an Assistant Professor and the Director of Real Estate at Central Michigan University. He instructs in Entrepreneurship, Finance, and Real Estate. He is well published in leading real estate journals and is an invited author for the Counselors of Real Estate Financial Council. He is an Associate Editor for the *American Journal of Business*. He currently chairs the Research Committee of the American Real Estate Society (ARES) and is an elected member of their board of directors. He is the recipient of multiple research awards, the ATT Innovation and Excellence in Teaching Award, and private sector sustainability research grants. He is a frequent industry speaker and panelist. Prior to earning his D.B.A. from Cleveland State University, he was a commercial lender and consultant.

Christopher Manning, PhD, a Full Professor in the College of Business at Loyola Marymount University, has taught entrepreneurship, finance, and real estate investment for more than 35 years. He is a past President of the American Real Estate Society, has been on the editorial board of the *Journal of Real Estate Research* for more than 25 years and published more than 30 peer-reviewed articles. Since 2013, he has organised and chaired four Hotel/Lodging Real Estate panels at the Annual Meetings of the American Real Estate Society and coordinated the co-authored 2015 *Journal of Real Estate Literature* (23:1) article: 'The Emergence of Hotel/Lodging Real Estate Research'. He also worked to redevelop the Solitude Ski Resort in Utah between 1975 and 1995. Further details of his real estate investment, venture capital and financial consulting career are summarised in *Marquis' Who's Who in America*, 2016, 70th edition.

The purpose of the special issue was to highlight the importance of research themes in hospitality real estate investment management. The issue incorporated submissions from scholars currently researching teaching hospitality real estate investment management globally and also those who are currently exploring the potential to conduct and collaborate with researchers in the area. Furthermore, the special issue included submissions from hospitality industry real estate practitioners currently conducting applied research in hospitality business real estate investment management.

The editors of the *International Journal of the Built Environment and Asset Management* selected six articles for inclusion into the special issue of the journal. The articles were varied in subject matter, scope, methodology and geographical reach. A

summary of the articles and their significance for the special issue is outlined below. Individually and collectively the submitted articles have improved our understanding of Hospitality Real Estate Investment Management.

WeiKai Low, Prashant Das, and Christophe Piffaretti evaluated the question of the role of hotel investments in mixed asset portfolio. This paper examined the role of hotel assets in Markowitz's mixed assets portfolios. First, they compared the efficient frontiers from portfolios of pure-play assets, namely S&P indexes, and hotels (REITs, REOCs and NCREIF). Further, they break the hotel stocks into asset-heavy versus asset-light categories and found that mixing pure-play hotel assets into the portfolio pushes the frontier favourably in the north-west direction. Including commercial hotel real estate assets (NCREIF) in the portfolio tilts the allocation further towards hotels. Contrary to popular expectation, they find that asset-heavy hotel enterprises are favoured compared to asset-light stocks.

Graeme Newell and Stanley McGreal examined the significance of hotel investments in global capital flows to real estate. They discovered the contribution that hotel investment makes to total commercial real estate transaction activity at a global, regional and country-specific level over 2007–2014. By assessing over 174,000 major real estate transactions worth over \$4.35 trillion, hotel investment accounted for over \$382 billion or 8.8% of global real estate transaction activity. Clear regional and country differences were evident. Their study identified role of the various types of hotel investors and ongoing strategic implications for global hotel investment were assessed.

Given the growth in recent years of worldwide terrorist groups targeting hotels, Sofia Dermisi studied the performance implications of hotel terrorist attacks in the USA and globally. Her paper analyses terrorist activity targeting hotels with transnational casualties (from 1Q1996 through 1Q2014) by: (a) assessing their cyclicity, (b) identifying factors affecting their frequency and (c) exploring their financial fallout [Average-Daily-Rate (ADR) and Revenue-Per-Available-Room (RevPAR)] among luxury, mid-price and economy hotels. The results affirm the cyclical behaviour of the terrorist activity and casualties (8 and 3 years, respectively). A pivotal point in the frequency increase on hotel attacks was 11 September 2001 which led to an increase by 75% through the 1Q2014. Countries with 70% or more Muslim population also experience a 52% increase in the frequency of hotel attacks. However, only the ADR and RevPAR of luxury hotels decreased by 6.9% worldwide and 1.7% in the USA when hotel terrorist attacks occurred. Other socioeconomic variables (e.g. GDP/capita, oil prices, recessions etc.) applied had either a non-effect or a diverse effect on attack frequency and hotel revenue.

Stephen Sewalk, K. Sunny Liston, Amrik Singh, and Lauren Apsokardu provided a descriptive understanding of hospitality projects and their use of EB-5 program to finance the development. Starting with the 2008 recession, banks became risk adverse and equity investors, wanting to ensure that their investments pay-off, have demanded high rates of return on these projects. Owing to the lack of financing since the financial crisis in 2008, funding available through EB-5 visas caught the attention of hospitality projects and in particular small hotel developers and demand for this type of funding has been increasing. Congress created the Immigrant Investor Program (EB-5) in 1990 to stimulate the US economy through job creation and capital investment by foreign investors. This source of funding is important to hospitality developers and can make the difference between projects getting funding and succeeding or remaining on the sidelines. Using a case study approach the authors present the mechanics of EB-5

funding, discuss how to structure a project and show the value of using this type of funding for hospitality projects, specifically by analysing the proposed construction of a Hilton Garden Inn in California.

Barry A.N. Bloom centred his study on hotel renovations, a major capital expenditure project for hotels, to assess their impact on guest satisfaction. His study discovered a negatively correlated relationship between the time elapsed since a hotel's last guestroom renovations and overall guest satisfaction. The study also identifies a relationship among guest satisfaction scores and common measures of revenue and profitability. In the ongoing discussions between hotel operators and hotel owners regarding capital expenditures, the impact on guest satisfaction should be an important consideration as this study indicates that there is an implicit positive relationship between a recently renovated hotel and higher guest satisfaction scores and profit.

Christopher M. Hannum and Kerem Yavuz Arslanli used a LASSO regression model to examine the relationship between changes in RevPAR and exchange rates. In an era of exchange rate volatility, performance of hospitality industry assets may be highly sensitive to currency shocks which effect international demand, such as the fall in the value of the Russian Rouble in late 2014. The authors created a systematic and meaningful predictive model to give insight for managers and investors in the hospitality industry in this region regarding which bilateral exchange rates to watch most closely and particularly the timing of anticipated effects. This study examined the relationship between revenue per available room (RevPAR), the key measure of operational performance in the hospitality industry, and bilateral exchange rates in eight countries of the Balkans and Eastern Mediterranean. The study methodology follows an LASSO penalised regression model for simultaneous and systematic selection of variables and lag lengths and estimation of model parameters.