



Even amid this fruitful activity, uncertainty has crept into the industry, much of it tied to the rise of Airbnb. Many are concerned that this disrupter will negatively impact all hotel financing.

Despite those worries, high-end full-service hotels will continue to garner competitive terms and ample lender demand. Guests who choose these options are seeking a full-service experience, including concierge services, upscale restaurants and spa options –amenities that cannot be matched by Airbnb.

## TIGHTER PURSE STRINGS

Construction financing continues to be a challenge in the hospitality industry, primarily because of the Basel III capital requirements for high-volatility assets. These standards call for a strict 15 percent equity requirement, and leverage cannot exceed 80 percent without penalties.

In spite of these policies, however, construction financing is available for borrowers with sound investment strategies. Lenders will consider submarket occupancies and average daily rates when financing a new development, and typically favor markets marked by strong tourism and fundamentals.

An uptick in new product deliveries has raised concerns of an oversupply in hotel product and weaker fundamentals. That said, today's caution is less about oversupply and more about daily rates reaching a plateau.

Despite an uptick in new construction, demand continues to outpace supply, especially in markets where tourism is flourishing, such as Los Angeles. To that point, a [report \(http://abc7.com/news/tourism-business-thriving-in-los-angeles-state-report-says/1321511/\)](http://abc7.com/news/tourism-business-thriving-in-los-angeles-state-report-says/1321511/) by the California Travel and Tourism Commission found that 46 million tourists visited Los Angeles last year, contributing over \$20 billion to the local economy.

In short, lenders are still willing to finance new hotel projects, provided they are located in markets where RevPAR growth is robust and tourism is thriving. Despite challenges associated with high-leverage loans and construction financing, lender appetite for high-quality hotels in attractive locations remains healthy.

Moving forward, borrowers will need to be open to creative solutions, and those who seek out those solutions from experienced financial intermediaries will fare well. The hotel sector remains an exciting and lucrative place for investors with solid strategies in place.

*Mitch Paskover is the president of [Continental Partners \(http://www.contipartners.com/\)](http://www.contipartners.com/), a national mortgage banking firm that provides capital and financial services to investors and developers nationwide. The company specializes in delivering debt, mezzanine and joint venture equity solutions ranging from \$5 million to \$200 million for multifamily, office, retail, industrial, hotel, mixed-use and self-storage properties.*

[Airbnb Inc. \(/tag/airbnb-inc/\)](#) [Continental Partners \(/tag/continental-partners/\)](#)

## YOU MAY ALSO LIKE

### AHIP Closes \$407M Hotel Portfolio Purchase

9 hours ago

[\(/post/ahip-closes-407m-hotel-portfolio-purchase/\)](/post/ahip-closes-407m-hotel-portfolio-purchase/)

---

### Economy Watch: Hotel Development Still Strong

1 week ago

[\(/post/economy-watch-hotel-development-still-strong/\)](/post/economy-watch-hotel-development-still-strong/)

---

### Delta Hotels Unveils Bold Strategy

1 week ago

[\(/post/delta-hotels-unveils-bold-strategy/\)](/post/delta-hotels-unveils-bold-strategy/)

---

### Hilton Adds Global Head of Full-Service Brands

2 weeks ago

[\(/post/hilton-adds-global-head-of-full-service-brands/\)](/post/hilton-adds-global-head-of-full-service-brands/)

---

## RELATED POSTS

### **Condor Hospitality Trust Boosts Acquisition Fund**

1 month ago

(/post/condor-hospitality-trust-boosts-acquisition-fund/)

### **IHG to Launch New Midscale Brand**

4 days ago

(/post/ihg-to-launch-new-midscale-brand/)

### **Summit Closes \$163M Portfolio Deal**

4 days ago

(/post/summit-hotels-grabs-163m-xenia-portfolio/)

### **Modular Sofa Adds Design, Functionality**

6 days ago

(/post/modular-sofa-adds-design-functionality/)

### **Hilton Garden Inn Grows With 4 More Hotels**

1 week ago

(/post/hilton-garden-inn-grows-with-four-more-hotels/)

## TOP STORIES (/NEWS/)

### **CBRE Trades Charlotte Office Building**

(/post/cbre-trades-charlotte-

22 hours ago

### **Waverly Lands 4 New Tenants**

(/post/waverly-lands-4-new-

22 hours ago

### **Skanska Closes \$56M Prague Office Deal**

(/post/skanska-closes-56m-

22 hours ago

### **Nashville-Area Industrial Building Lands**

**\$18M Loan**

22 hours ago

### **Woodmont to Lease Tennessee and North Carolina Properties**

1 day ago

[More Top Stories \(/news/\)](#)

[About Us \(/about/\)](#)

[Contact \(/contact/\)](#)

[Advertising \(/advertising/\)](#)

[Editorial Guidelines \(/editorial-guidelines/\)](#)

[Industry Links \(/industry-links/\)](#)

[Archive \(/archive/\)](#)

[CPN \(/cpn-archive/\)](#)

[Tags \(/tags/\)](#)

[SUBSCRIBE TO CPE \(/SUBSCRIPTIONS/\)](#)

## NEWS BY CITY

- |                             |  |                                   |                                 |
|-----------------------------|--|-----------------------------------|---------------------------------|
| Albuquerque (/albuquerque/) | Honolulu (/honolulu/)                        | Orange County (/orange-county/)   | San Jose (/san-jose/)           |
| Atlanta (/atlanta/)         | Houston (/houston/)                          | Orlando (/orlando/)               | Seattle (/seattle/)             |
| Austin (/austin/)           | Indianapolis (/indianapolis/)                | Philadelphia (/philadelphia/)     | St. Louis (/st-louis/)          |
| Baltimore (/baltimore/)     | Inland Empire (/inland-empire/)              | Phoenix (/phoenix/)               | Tampa (/tampa/)                 |
| Boston (/boston/)           | Jacksonville (/jacksonville/)                | Pittsburgh (/pittsburgh/)         | Washington DC (/washington-dc/) |
| Charlotte (/charlotte/)     | Kansas City (/kansas-city/)                  | Portland (/portland/)             |                                 |
| Chicago (/chicago/)         | Las Vegas (/las-vegas/)                      | Raleigh-Durham (/raleigh-durham/) |                                 |
| Cincinnati (/cincinnati/)   | Los Angeles (/los-angeles/)                  | Richmond (/richmond/)             |                                 |
| Cleveland (/cleveland/)     | Miami (/miami/)                              | Sacramento (/sacramento/)         |                                 |
| Columbus (/columbus/)       | Minneapolis-St. Paul (/minneapolis-st-paul/) | Salt Lake City (/salt-lake-city/) |                                 |
| Dallas (/dallas/)           | Nashville-Knoxville (/nashville-knoxville/)  | San Antonio (/san-antonio/)       |                                 |
| Denver (/denver/)           | New Orleans (/new-orleans/)                  | San Diego (/san-diego/)           |                                 |
| Detroit (/detroit/)         | New York (/new-york/)                        | San Francisco (/san-francisco/)   |                                 |

**CONNECT WITH CPE**

**in**

**f** **t** **g+** **http://www.linkedin.com/groups?**  
**(http://www.facebook.com/CPEDigitalEditions)**  
**(http://www.twitter.com/CPEDigitalEditions)**  
**(http://www.google.com/plus/cpe)**

**YARDI COMPANIES AND AFFILIATES**

- |   |  |
|---|--|
| Point2 ( <a href="http://www.point2.com">http://www.point2.com</a> )  | Yardi Matrix ( <a href="http://www.yardimatrix.com/">http://www.yardimatrix.com/</a> )               |
| Point2 Homes ( <a href="http://www.Point2homes.com">http://www.Point2homes.com</a> )                          | Yardi Marketplace ( <a href="http://www.yardimarketplace.com">http://www.yardimarketplace.com</a> )  |
| PropertyShark ( <a href="http://www.propertyshark.com">http://www.propertyshark.com</a> )                     | Multi-Housing News ( <a href="http://www.multihousingnews.com">http://www.multihousingnews.com</a> ) |
| YES Energy Management ( <a href="http://www.yesenergymanagement.com">http://www.yesenergymanagement.com</a> ) | Optimus ( <a href="http://www.optimusemr.com">http://www.optimusemr.com</a> )                        |
| MCEnergy ( <a href="http://mcenergyinc.com">http://mcenergyinc.com</a> )                                      | RENTCafé ( <a href="http://www.rentcafe.com">http://www.rentcafe.com</a> )                           |

**DIGITAL EDITIONS**



(//www.bluetoad.com/publication/?i=414229)



(//www.bluetoad.com/publication/?i=413382)

Magazine Archive (/digital-magazine-archive/)