



Elliott & Associates
PROPERTY TAX ATTORNEYS

Understanding and Slowing the Head Winds of Real Estate Taxes for your Hotel

Tuesday, September 18, 2018

8:00 am – 10:30 am

8:00 – 8:30 Breakfast & Networking

1. Welcome and Introduction 8:30 - Lauren Elliott, Attorney with Elliott & Associates

2. Hospitality Outlook 8:40

- a. Brian Silberman, Senior Vice President of Hotel Brokerage & Investment Sales with CBRE
 - i. 2018 Chicagoland area hotel market overview
 - ii. 2019 Chicagoland area hotel market forecast
- b. Jerome Cataldo, President and Executive Officer with Hostmark Hospitality Group
 - i. Revenue Optimization in today's Hospitality world –Sales and Digital Marketing; overview of latest Industry techniques and resources
 - ii. Cost control and profit maximization – Cost saving opportunities and preventive maintenance programs

3. Understanding and Slowing the Head Winds of Real Estate Taxes

Ingredients for successful hotel appeals 9:00

- a. Joanne Elliott, Partner at Elliott & Associates
 - i. Why are Hotel real estate assessments set so high
 - 1. Sales Price
 - 2. Cost of construction
 - 3. Sales comps
 - ii. What arguments are used to dispute high assessments
 - 1. Income analysis
 - 2. Vacancy
 - 3. Appraisals
 - iii. What tax incentives are available
 - 1. Sales tax abatements
 - 2. Real estate tax abatements
 - 3. Tax classification Incentive opportunities
 - iv. Factors outside our control

1. Rising tax rates
2. Rising market values
3. One year only reductions

b. Tom Glynn, Senior Analyst with Elliott & Associate 9:20

- i. Income valuation approach... *Main Aspects to the Argument...Income, Expenses, Cap Rate –*
- ii. Developing stabilized Income
- iii. Developing expenses/expense ratio
- iv. Extraordinary Factors affecting the income analysis
 1. Room closures
 2. Below Market Contracts
 - Lower revenue but higher occupancy
 - Higher expenses eg room cleaning
 3. Renovations
 4. New competition?

c. Adam Zimmerman, Vice President at Hilco Real Estate Appraisal 9:40

- i. Appraising the Fee Simple value of hotels
 1. Cost approach
 2. Income approach
 3. Theories on the depreciation expense
 4. Fee simple vs. Leased fee
- ii. Why is my appraised real estate value so much lower than what I paid for my hotel?
 1. Adjusting for FF & E
 2. PIP considerations

4. Recap Questions and Answers– Joanne Elliott 10:00