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## Breaking News: 2008 deals fo\_

### 2008 deals forecast at half 2006 level 16/01/2008 12:37:00

The total value of hotel transactions will reach just half 2006's \$20bn (£10bn) total, it was forecast at last night's New Year Hotel Investment Summit.

Conrad Bigham, director at Cushman & Wakefield Hospitality, which hosted the event, blamed the ongoing credit crunch. He also warned that yield compression would continue to affect the sector.

Bigham did, however, name August as a date when the industry and wider banking community may start to see a recovery.

Until then only single asset and small portfolio deals were likely to succeed.

James Chappell, managing director of The Bench, also speaking at the event, said that the growth in revpar seen in 2007 would not be repeated in 2008.

Revpar rose by 11% in 2007 in the UK, against an increase of 12.53% in 2006.

For Europe, revpar was up by 8.1%, down from an 11.61% rise in 2006. Middle East and Africa was up by 12.5%, an increase on the previous year's 11.4%.

The US was up 5.7% against 7.5% and Asia rose by 11.1% against 8%.

Chappell said: "We have reached, or will reach very quickly, the average room rate reached in 2000. As growth will be predominantly through rate, the levels of 2007 are not sustainable."

Chappell added that as rate growth has been driven largely by the luxury sector and this was limited by how much customers would bear, further increases were unlikely.

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