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## **Institutional investor preference for lodging stocks**

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# **Institutional investor preference for lodging stocks**

## **Abstract**

Although previous studies showed evidence of increasing institutional investors in the lodging industry (Corgel & DeRoos 1994, 2003; Leung & Lee 2005; Ciochetti et al. 2002), no empirical study has reported the determinant of institution's preference for lodging stocks. Since institutions act as agents for other investors, their investment patterns may be different from individual investors. In the case of litigation, the court accepts an institution's prudent investment based on the characteristics of assets in isolation. Thus, institutions will prefer lodging stocks with high liquidity, low book-to-market ratios, low long-term debt ratios and high short-term debt.