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Recent Trends in Lodging and Casino Firms

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Editor's Note...

Recent Trends in the Hospitality Industry

The year 2006 posted strong revenue growth for both lodging and casino industries in the United States. According to recent estimates from Pricewaterhouse Coopers and Smith Travel Research, the pretax profits for US lodging industry exceeded 25 Billion US Dollars in 2006. Expecting history to repeat itself, (2006 estimated occupancy and ADR of 63.5% and \$97.06 respectively) lodging industry experts project lodging and casino pretax profits to beat 26 Billion US Dollars in 2007 with over 63% occupancy and an average room rate of approximately \$103.17. Two important factors supporting such healthy financial projections, per Standard and Poor's experts, are - continued increased spending on business and leisure travel and fast global expansion.

Expansion across international boundaries is an emerging trend for hotels and casinos in the US. Leading the emerging international markets new growth opportunities in China and India have attracted several hotel firms in the US. According to Bloomberg News, Starwood plans to double the number of its hotels in China to 100 by 2010. Hilton recently formed an alliance to open more than 20 hotels throughout China. Marriott plans to open as many as 11,000 hotel rooms in Asian markets between 2007 and 2009. In line with this trend, American casinos are also reaching out to international partners. Macau, a Special Administrative Region (SAR) of the People's Republic of China has successfully attracted several international firms from the west (Las Vegas Sands Corp., Four Seasons, St. Regis, Hilton, Fairmont and MGM Mirage) to operate its casinos. In 2006, Las Vegas Sands Corp. was also granted a license to build Singapore's first casino property.

Such a trend of increasing globalization in the hospitality industry brings us to a point worth considering – the growing importance of international issues in hospitality education. Could this possibly suggest the need to further broaden and enrich our hospitality finance and accounting curricula with more global perspectives? Is it important for tomorrow's hotel investor to be familiar with the basics of international investments, PPP and currency hedges? Is it important for an accountant of tomorrow's multinational hospitality firm to be aware of common controversies in international reporting or the prerequisites for international auditing? Not only are such questions important for finance and accounting experts in today's hospitality industry, they are also directly relevant to hospitality educators in today's changing business environment.