

MCR Development's Morse Sees Resurgence of Business Traveler

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Tyler Morse, CEO of MCR Development LLC, joined REIT.com for a video interview at the St. Regis Hotel in Washington, D.C. during NAREIT's 2014 [Washington Leadership Forum](#).

New York-based **MCR Development** is one of the 20 largest hotel owner-operators in the country.

Morse was asked about the **relative strength of the business and leisure travel segments** of his company's customers.

"The business traveler is coming back with great strength right now. Corporate CEOs are sending their sales forces out on the road. We're seeing that in both occupancy and rate across the country," Morse replied.

The **leisure traveler is also coming back**, he said, helped in large part by the prevalence of low-cost airlines.

Morse was also asked whether opportunities exist in the current market for securing acquisitions from over-extended sellers.

"Everybody loaded up their gun ready to buy a lot of assets on the cheap from distressed sellers, and you just haven't seen as many of those as many people thought you'd see," he responded.

Morse noted that even with an "impending wall of (commercial) debt" coming due in 2014 and 2015, distressed sales will remain limited.

"A lot of that debt is going to get refinanced through capital markets. The commercial [mortgage-backed securities \(CMBS\)](#) market is back with a vengeance. Banks are flush with cash, they have strong balance sheets, they are lending again, (and) the mezzanine funds are lending again, so I just don't think you're going to see a lot of distressed purchase opportunities," he said.

Morse also discussed trends prevalent in MCR's segment of the [hotel industry](#). He noted that the options in the select-service model segment, represented by chains such as Courtyard by Marriott, Residence Inn, Hampton Inn and Hilton Garden Inn, have improved.

"It used to be non-institutional-grade real estate, but (it's) come a long way in market acceptance, both from a customer standpoint and an institutional investor standpoint," Morse said. "I think it's a great product for the customer. For roughly \$100, you get free breakfast, free dinner, free Wi-Fi, the parking lot's very close, the check-in process is easy and you get your (loyalty) points. It's a great value for a business traveler and the leisure traveler. I think Wall

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Street is acknowledging that... and that's where you're really seeing good appetite for investment for the next couple of years," Morse said.

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