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Ashford Hospitality Trust Inc. Q1 2009 Earnings Call Transcript

Question-and-Answer Session

Operator

Thank you, sir. (Operator Instructions) Our first question comes from the line of Will Marks from JMP Securities. Please go ahead with your question.

Will Marks - JMP Securities

Thank you and good morning Monty, Doug, David. A question on just the transaction market; I know it's well known that the transaction markets are dead, but have you seen any deals? Can you talk about cap rates at all, based on maybe rather than trailing on 2009 operating income?

Monty Bennett

Yes, we're seeing a little bit of activity, it's not much, but as far as cap rates, and we haven't experienced, we haven't sold any property, but what we are hearing and what we are seeing is that if you look at 2009 numbers and the realistic 2009 numbers and to take a good haircut along the lines of what all the analysts think is going to happen in the marketplace, then the cap rates could still be in the high-single digits for those kinds of assets. So, that's what we hear. I can't say we've seen a lot of traits in that period, but it seems like the market is starting to loosen up along those lines right now.

Will Marks - JMP Securities

Great, okay and then different subject, on supply; I have seen conflicting studies on U.S. supply growth that show this year anywhere from 2.5% to 3.5% and next year is still even in the high 2% range and these are for the U.S. as a whole, but any thoughts on those numbers and what you are seeing?

Monty Bennett

We've relied usually on Smith Travels supply numbers and that's what we found to be the most reliable. Randy Smith the other day said that on a monthly year-over-year basis, the last two or three months, we have peaked at 3.3% and that's starting to come down.

I think he said something like by the end of the year, it will be on a month-over-month basis of 1.8 or something like that; which would mean that for the year it'd be in the mid 2s or so, but then that trend should continue, so according to that data, next year it should be below 2%, but again this is Smith Travel's data and that's what we generally find to be the most reliable.

Will Marks - JMP Securities

Okay and then I have just a couple of modeling questions. One, and you may have hit on these or they maybe in the press release, but I missed it. Can you give us a sense of where, assuming rates hold where your interest expense would be for the year?

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