

Aruba, August 11, 2015 - The 41-storey clock tower at Five Madison Avenue was once the domain of insurance clerks working for Metropolitan Life. Now, the building in New York is a swanky hotel, called the Edition, where beautiful people air-kiss in the lobby. The hotel sector has undergone a similar switch from toil to glitz of late. Arne Sorenson, boss of Marriott, an American hotel firm that owns the Edition brand, says that business has rarely been better.

The hotel industry ought to be in a worse state than a hung-over guest who has drained the minibar. The financial crisis caused commercial-property prices to collapse and rooms to remain vacant. Hotels have suffered relentless disruption from the internet.

Online travel agents, such as Expedia, take hefty commissions for bookings and sharing-economy upstarts such as Airbnb offer a cheap alternative. Yet the large American and European hotel firms are thriving.

The industry's favoured measure of success, revenue per available room (RevPAR, revenue divided by rooms available in a given period), has climbed for the past five years in America, surpassing peaks in 2000 and 2007, according to Smith Travel Research. Meanwhile, money is pouring in from private-equity firms and Chinese and Middle Eastern investors, keen to take advantage of the growth. Properties worth \$42 billion changed hands worldwide in the first half of 2015, a 56% jump over the same period last year, according to JLL, a property broker.

Read more at

<http://www.economist.com/news/business/21660530-hotel-chains-are-thriving-now-thanks-innovation-and-bit-luck-life-suite#UaFO3uZcDITUwvOj.99>