

REPORT





PRESIDENT AND CEO
LATINO HOTEL ASSOCIATION

FOREWORD

The Latino Hotel Association is dedicated to serving people with a passion for the hospitality industry and is committed to expanding the community of Latino and Hispanic hotel owners and operators.

In partnership with major hotel franchise companies, LHA provides educational and networking opportunities for up-and-coming Latino hotel entrepreneurs. We're here to help the Latino community become owners and leaders in the hospitality industry.

As advocates for Latino entrepreneurs, we feel an imperative to showcase the explosive growth of the Hispanic population in sheer numbers and economic power and to clearly delineate the opportunities and barriers facing Latinos striving to achieve long term wealth for their families. As depicted in the NAHREP (National Association of Hispanic Real Estate Professionals) Hispanic Wealth Project reports, owning a business is the greatest single contributor to household wealth and our goal is to showcase to hotel franchise companies the necessity of recruiting Latinos into hotel ownership and to help provide clear direction and guidance for Latino entrepreneurs considering an investment in hotel ownership.

This report is the inaugural edition of a planned annual report entitled The Latino Hotel and Entrepreneurship Investment Report (LHEI). Our intent is to provide an annual resource that will coalesce data and research detailing Hispanic entrepreneurship, economic and population growth, and specific opportunities and barriers to Latino business ownership within and outside of the hospitality industry.

It will also serve to advocate for specific policy needs necessary for Latinos to successfully navigate the steps necessary to own their own businesses and for hoteliers to operate their firms more successfully and profitably.



JULIE ARROWSMITH

PRESIDENT & INTERIM CEO

G6 Hospitality, parent company of the Motel 6 & Studio 6 brands

Letter from G6 Hospitality's Julie Arrowsmith

At Motel 6 and Studio 6, we have always believed that everyone has the right to travel. But it is just as important that everyone has the right to hotel ownership. With this in mind, we are proud supporters of the inaugural Latino Hotel and Entrepreneurship Investment Report.

We are proud of our diverse franchise owner population and are committed to seeing that diversity continue to evolve. And with Latinos projected to make up 78% of the labor force growth over the next 10 years, it is more important than ever to ensure we're doing our part to bring more Latinos into hotel ownership.

In 2022, we launched our "Light Her Way" program, a franchise roadmap providing knowledge and dedicated expertise for female entrepreneurs on the path to hotel ownership. This year, we will launch additional programs for underrepresented ownership groups, including Latinos, that will provide insight into construction and renovation, market identification, financing, and the brand application process, as well as access to additional resources to support the launch and continuing operations of a Motel 6 or Studio 6 franchise property.

We are committed to advocating for greater representation in Latino hotel ownership. Together with the Latino Hotel Association, we are paving the way to help Latinos on the path to not only owning their own business but guiding them to profitability to create a better future for themselves, their families, their communities, and the entire hotel and lodging industry.

INTRODUCTION

Something is amiss when Latinos are 19% of the U.S. population yet comprise only 9% of hotel entrepreneurs. Latinos are America's fastest growing population, have the fastest growing number of new businesses in the country, are young and increasing in education, income, and economic buying power, but their presence is noticeably meager in hotel ownership. While inequalities exist and persist for reasons we will discuss, some minority groups have succeeded in the hotel industry given its unique franchise structure suitable to family businesses. Minorities have made impressive inroads in the industry where over 50% of U.S. hotels are owned by minorities and being an immigrant bootstrapper has been their uniqueness and their superpower, particularly among Asian Indian Americans.

The Asian Indian hotelier success story embodies the American Dream where family pulls together resources, employs family or other immigrants in jobs, exhibits a strong work ethic, endures uncertainty, and takes risks that are familiar to millions of other immigrants and Hispanics. Many Asian Indians started in lower-level hotel motel positions, another similar Hispanic trait, which adds internal knowledge of operations, workforce and the potential to mobilize workers with language ability and cultural understanding and empathy that others wish they had. Diversity is not an impediment to new hotel ownership, it's a strength that has been proven emphatically by the Asian Indian American population.

Americans are starting new businesses at a record pace since the pandemic with an uptick from 3.5 million new businesses in 2019 to 4.4 million in 2020 and 5.4 million in 2022. The disruption of the pandemic has led millions to reset, rethink and recreate their futures by taking the reins and the risks of ownership. If the time to start a new business is now, then how do we get hotels into the consideration set of would-be Hispanic entrepreneurs?

The first challenge is awareness and that's why we've created this initiative. Awareness needs to be directed both to prospective entrepreneurs and to the creation of an infrastructure of education, mentorship, and funding to support them. Importantly, closing the equity gap will require access to capital that Hispanics don't have and that they have struggled to find. There are high performing new Hispanic hotel owners, who are primed for investment and expansion. Hispanic dedicated business accelerators and incubators can play a support role in helping advance their progress. Finally, Hispanics will need inclusive spaces for education, networking and mentorship. This will facilitate the spread of ideas to improve on past performance and the exchange can spur cross-learning and innovation.



LATINO HOTEL ASSOCIATION BOARD OF DIRECTORS

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Rita Santillanes, Co-Owner & CEO, Peppertree Hospitality Group

THANK YOU

With deepest gratitude to all who contributed to this inaugural LHEI report.







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SECTION I -

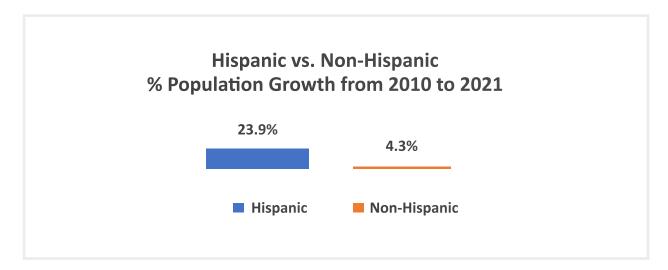
THE DEMOGRAPHIC IMPERATIVE: LATINO GROWTH & YOUTH

Diverse Americans are now responsible for all the population growth in the United States, making America's prosperity intricately tied to the economic success of diverse Americans, led by Hispanics. Hispanics are growing faster than all other population groups causing the US to diversify faster than predicted. Hispanics are outnumbering the non-Hispanic white population in more geographies including Texas, California, and New Mexico.

Hispanics are also the youngest population demographic, over a decade younger than non-Hispanic Whites, an up-and-coming market whose big earning years and ambitions are ahead of them.

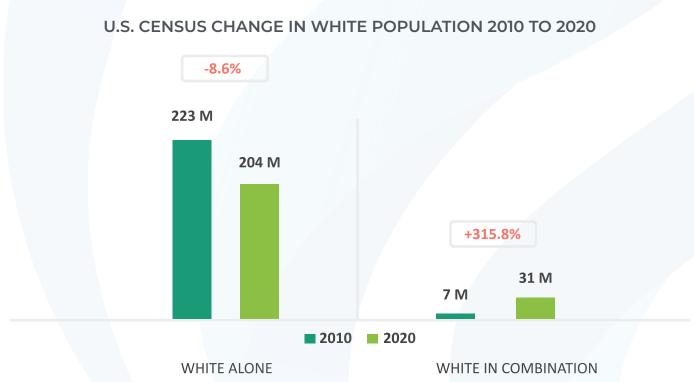
OUTSIZE POPULATION GROWTH

The Hispanic Population Grew by 12 million Outnumbering all Non-Hispanics, Who Grew by 11 Million. Hispanics made up almost one-fifth (18.9%) of the U.S. with 62.5 million Hispanics in 2021, an increase from 16.3% in 2010. The Latino population in the U.S. grew by 24% since 2010 vs. non-Hispanic growth of only 4.3% during that same period.



The US is Diversifying Faster than Expected. The U.S. Census has changed the methodology for capturing information about race and ethnicity beginning with the 2020 decennial Census to better capture the true diversity of Americans and the fusion of cultures. Utilizing these new methods over the past decade, there has been an 8.6% decline in people reporting their race to be "white alone." In 2021, less than two-thirds (61%) identified as white alone, while the rest of the population were of diverse background. Demographers attribute this decline partially to the changes in how they ask the question, now allowing people to easily mark more than one race or ethnicity.

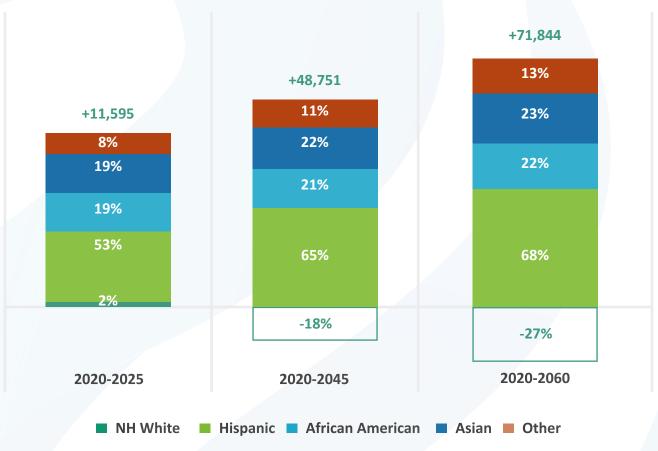
In addition, more children have been born to parents of different races and ethnicities. This change in self-identification reflects a broader change in U.S. cultural norms about identity and belonging in conjunction with the fact that deaths have exceeded births for the Non-Hispanic White population since 2012. As the compound effects of an aging White population and a youthful diverse population, led by explosive Hispanic growth, continue to shape the new mainstream in America, the imperative to offer opportunities and better serve a diverse workforce will take center stage.



Latinos are the Nation's Primary Population Contributors. For the next 40 years, Latinos will remain the primary contributors to total US population growth, comprising 53% of the growth from 2020 to 2025, and 68% of the growth to 2060 according to U.S. Census projections. Latinos will contribute more growth than any other population segment, a factor compounded by a projected decline among the non-Hispanic white population.

^{1.} The Census has changed the way race and ethnicity are classified beginning with the 2020 Census. There are now up to 6 combinations of race coded rather than 2 and the open-end question about race and ethnicity increased from 30 characters to 200, allowing for a fuller description of people racial and ethnic origins.

% CONTRIBUTION TO TOTAL POPULATION GROWTH BY RACE/ETHNICITY

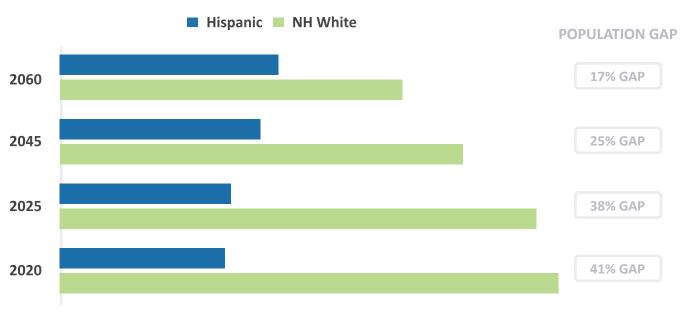


Source: 2018 American Community Survey

Hispanic Texans and Californians are the Largest Demographic in Those States; a Trend Growing Nationally.

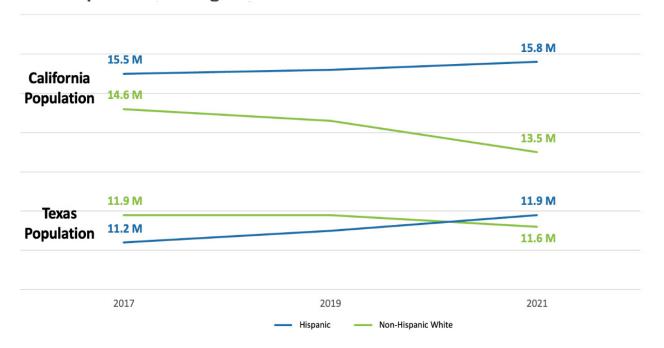
Big Hispanic growth trends are changing market dynamics across the country. In Texas, California, and New Mexico, Hispanics are already the largest population group and in 7 of the top 12 Metro areas in the U.S., Hispanics make up over a 1/3 of the population. In 2020, there was a 41% gap between the population share of Hispanics and non-Hispanic whites. Continued trajectories over the next 40 years will result in a significantly decreased gap of only 17% between these populations where Hispanics will represent 27% of the U.S. and non-Hispanic whites will make up less than half.

% OF TOTAL US POPULATION 2020-2060



Source: 2018 American Community Survey

Population Change in California & Texas from 2017 to 2021



TOP HISPANIC METROS

There are 12 Metros With 1M+ Hispanics. There are 12 U.S. metropolitan areas with over 1 million Hispanics, where they comprise at least 17% of the total population. The largest Hispanic population in the U.S. is in Los Angeles, with almost 6 million Hispanics, making up 45% of this area's population. This is followed by New York/New Jersey with 4.9 million Hispanics, Miami with 2.8 million, and Houston with 2.7 million.

TOP 12 HISPANIC METRO AREAS IN 2021

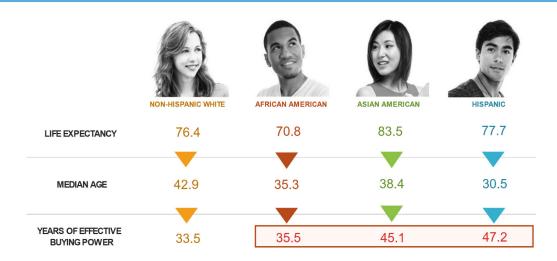
	METRO AREA	TOTAL POPULATION	HISPANIC POPULATION	HISPANIC % OF TOTAL
01	Los Angeles-Long Beach-Anaheim, CA	12,997,353	5,905,582	45%
02	New York-Newark-Jersey City, NY-NJ-PA	19,768,458	4,993,041	25%
03	Miami-Fort Lauderdale-Pompao Beach, FL	6,091,747	2,815,483	46%
04	Houston- The Woodlands-Sugar Land, TX	7,206,841	2,777,223	39%
05	Riverside-San Bernardino-Ontario, CA	4,653,105	2,492,300	54%
06	Dallas-Fort Worth-Arlington, TX	7,759,615	2,300,315	30%
07	Chicago-Naperville-Elgin, IL-IN-WI	9,510,390	2,192,451	23%
08	Phoenix-Mesa-Chandler, AZ	4,946,145	1,577,949	32%
09	San Antonio-New Braunfels, TX	2,601,788	1,463,055	56%
10	San Diego-Chula Vista-Carlsbad, CA	3,286,069	1,145,183	35%
11	Washington-Arlington-Alexandria,DC-VA-MD-WV	6,358,652	1,064,701	17%
12	San Francisco-Oakland-Berkeley, CA	4,623,264	1,029,041	22%

Latinos are the Youngest of All Race and Ethnic Groups. Latinos have a median age of 30.5, over 12 years younger than non-Hispanic Whites. Almost half (42%) of the Latino pop is 24 or younger, just coming into their prime working and earning years versus 27% of the NH White population. Further, the most recurring age among Latinos is 19 years old, more than 4 decades youner than non-Hispanic Whites with 61 being their most recurring age. The youth of Latinos contrasted with the aging of non-Hispanic Whites means that business owners and consumers of the near-term future will increasingly be people of color and largely Latino.



Youth Means More Years of Effective Buying Power. The imperative to serve the needs of diverse consumers in the new mainstream becomes even more focused when considering the average lifespan of today's diverse population. Despite declines in life expectancy, as reported by the Center for Disease Control during the pandemic, the life expectancy for Latinos in the U.S. is longer than non-Hispanic Whites or African Americans. The compound effect of a much younger population and a longer life expectancy means that earning the loyalty of a Latino consumer will result in almost 14 more years of buying power from that consumer vs. a non-Hispanic White consumer. Further, the years of effective buying power are greater for Hispanics than any other group of consumers.

Investing in Multicultural Consumers Will Have the Highest Return



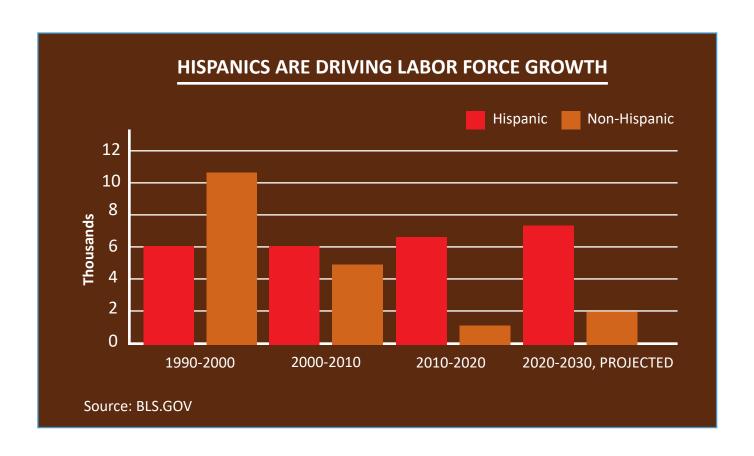
Source: U.S. Census 2021 ACS, CDC Life Expectancy (August 2022 release of statistics)

SECTION II -

WORKFORCE GROWTH, EDUCATIONAL ATTAINMENT, & UPSKILLING

Hispanics were responsible for almost all U.S. workforce growth over the past decade and have the highest rate of labor force participation. Hispanics are earning bachelor's degrees at a faster rate than the general population resulting in more high-paid occupations.

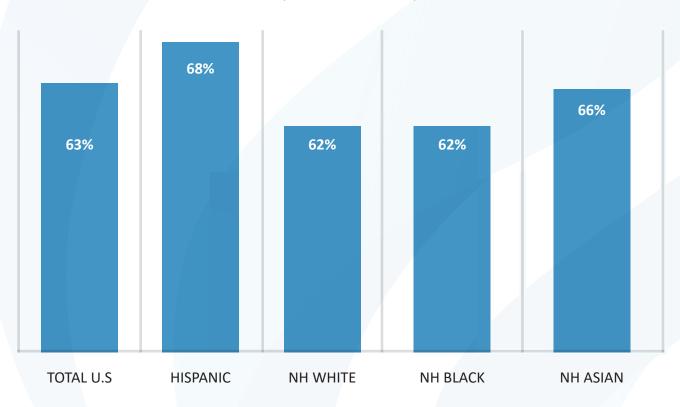
Workforce Growth is Driven by Latinos. The chart below shows that 91% of labor force growth between 2010 and 2020 was Hispanic. It also projects that this trend will continue with Latinos projected to make up 78% of labor force growth over the next 10 years.



Latinos Have Highest Rate of Labor Force Participation. There are 31 million Hispanics in the labor force, making up 18% of U.S. workers in 2021. Latinos have the highest rate of workforce participation at 68% of their population, compared to 62% of non-Hispanic whites, 62% of African Americans, and 66% of Asian Americans.

LABOR FORCE PARTICIPATION IN 2021

(AMONG AGES 16+)



Source: 2021 American Community Survey

Latinos are Upskilling. The share of Latinos in skilled and higher-paid occupations has increased by almost five percentage points in the past decade. Yet Latino workers are overrepresented in lower-wage occupations, underrepresented in higher-wage occupations, and generally paid less than non-Latino White workers ².

^{2.} McKinsey & Company. "The economic state of Latinos in America: The American Dream Deferred." December 2021.

EDUCATION ADVANCES

Latinos have seen a 50% Increase in 4+ Year Degrees. Hispanics are making educational advancements and have seen significant increases in overall degree attainment over the last decade. While the percentage of Hispanics over age 25 who have a bachelor's degree or higher is still lower than the national average (20% vs 35%), Hispanics are quickly making up for these differences. From 2010 to 2021, there was a 50% increase in Hispanics who earned a bachelor's degree or higher, compared to a 24% increase for total population.

INCREASE IN DEGREE ATTAINMENT FROM 2010 TO 2021

(BACHELOR'S DEGREE OR HIGHER, AGES 25+)

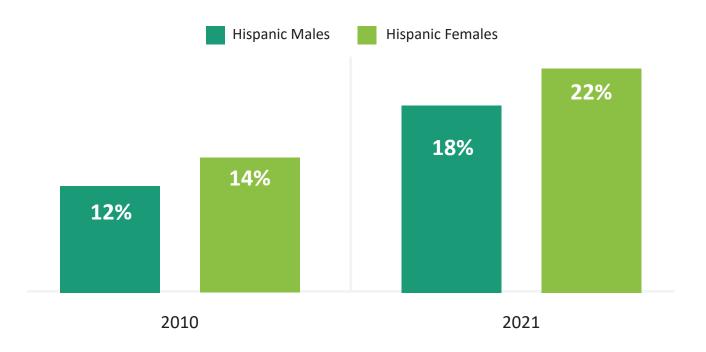


Source: 2010 & 2021 American Community Survey

Latinas Are Earning 4+ Year Degrees at Faster Rates than Latino Males. Latinas are leading the path for higher rates of degree attainment, with a 57% increase since 2010, compared to a 50% increase for Latino males. Upward trends among all Latinos indicate a closing of the college education gap between Latinos and non-Latinos.

DEGREE ATTAINMENT AMONG HISPANICS FROM 2010 TO 2021

(BACHELOR'S DEGREE OR HIGHER, AGES 25+)



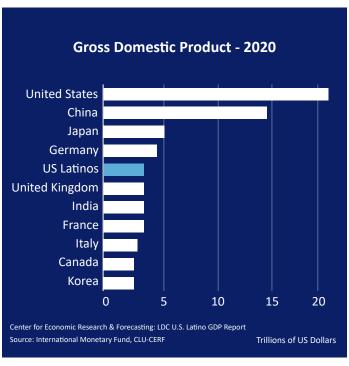
Source: 2010 & 2021 American Community Survey

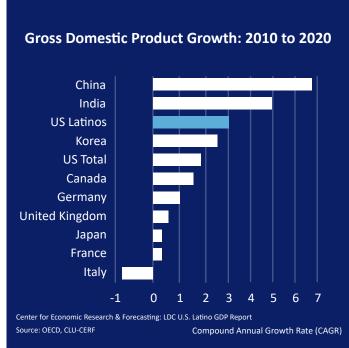
SECTION III -

EXPONENTIAL LATINO GDP AND BUYING POWER INCREASES

The U.S. Hispanic population was particularly hard hit during the pandemic, however, they persevered at working at a higher rate and their resilience has paid off in outsized Buying Power and GDP growth. This youthful population segment is a key advantage to the United States in the global economy.

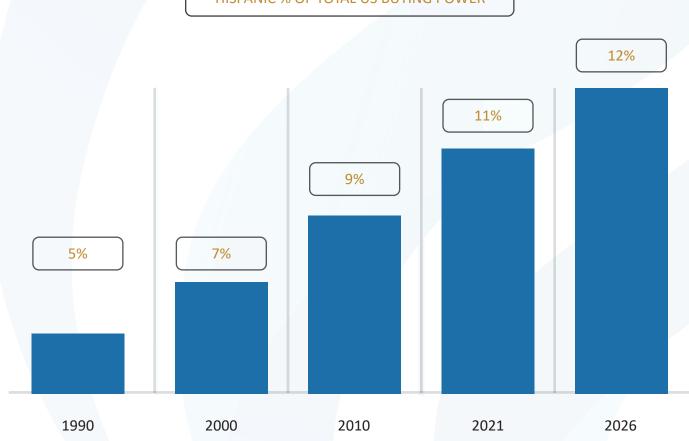
Latino GDP is Growing Faster than the U.S. Latino GDP (Gross Domestic Product - buying power and economic output) has grown 2.6 times faster than non-Latinos in the past decade, and is now the 3rd fastest growing, just behind China and India. Latino GDP has also surpassed major countries like the UK, India, and France, making it the 5th largest in the world.





Latinos Contribute \$2.1 Trillion in Buying Power. In 2021, Hispanics are responsible for \$2.1 trillion in buying power, contributing 11.3% of total buying power. Hispanics are expected to reach \$2.8 trillion by 2026 claiming 12.1% of US share. Since 2010, Hispanics have grown their buying power by 99%, compared to a 59% increase in non-Hispanic buying power³.

HISPANIC BUYING POWER 1990-2026 HISPANIC % OF TOTAL US BUYING POWER



Selig Center for Economic Growth- Multicultural Economy Report 2022

^{3.} Selig Center for Economic Growth - Multicultural Economy Report 2022

SECTION IV -

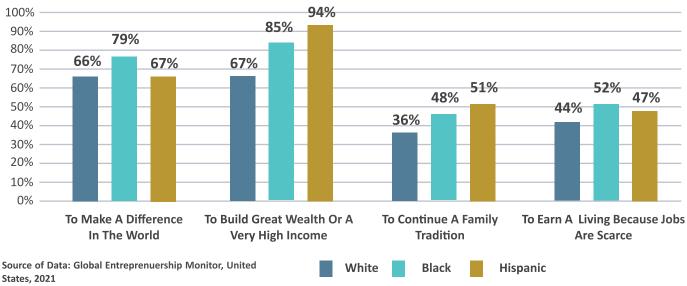
THE LATINO DESIRE FOR ENTREPRENEURSHIP

Latinos start more businesses, have faster growing revenue than most, and provide the fastest growing payrolls vs. all others as job creators in today's diverse America. Over half of all new businesses started in the U.S. are by minority owners, and nearly 1 in 4 new businesses are Hispanic owned. Almost 5 million Hispanic owned businesses contribute over \$800 billion to the U.S. economy annually. In the decade preceding the pandemic (2009 to 2019), the number of Hispanic business owners increased 34% compared to an increase of just 1% among non-Hispanic business owners.

Hispanics are likely entrepreneurs for many reasons, including wealth creation, economic need, and leaving a legacy for family. From 2017 to 2019, Hispanics have grown their businesses faster than all others and experienced greater payroll growth, with Latinas leading the trends.

Hispanics are likely entrepreneurs because they are driven by a desire to create wealth, a bigger factor for Hispanics than for whites. Other motivations are: to make a difference, continue a family tradition, or as a means of economic survival because other opportunities were not available, flexible, or not good enough. Latino entrepreneurs often want to build a legacy for their families and children and take tremendous pride in creating value to pass to the next generation.

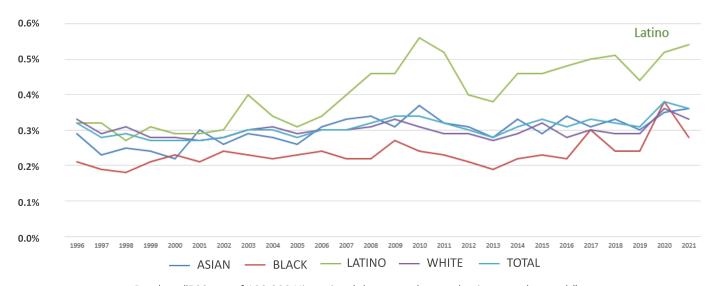
Motivation for Total Entrepreneurial Activity by Race and Ethnicity



Since 2003, Hispanics have overtaken other races/ethnicities in entrepreneurship. In 2010, Hispanics reached peak levels of entrepreneurship, with about 550 out of every 100,000 Hispanics creating a new busness each month.

Latinos Lead All As Entrepreneurs

Rate of New Entrepreneurs by Race/Ethnicity (1996-2021)



Read as: "500 out of 100,000 Hispanic adults created a new business each month"

Source: Kauffman Indicators of Entrepreneurship

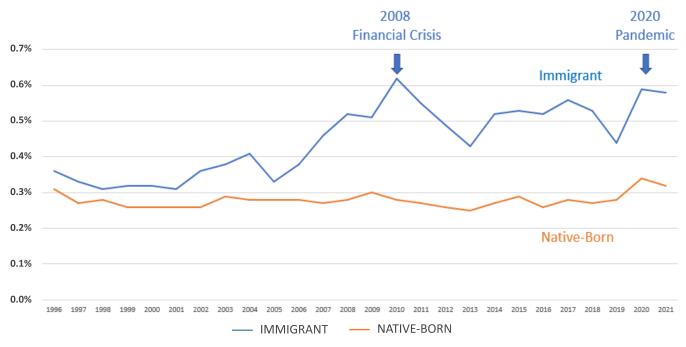
Immigrant Hispanics are about twice as likely as native-born Hispanics to start their own business.

The financial crisis of 2008 caused a huge spike in immigrant Hispanic-owned businesses as did the COVID-19 pandemic in 2020. Entrepreneurship rates went from about 0.45% in 2019 to 0.6% in 2020; roughly 600 out of every 10,000 immigrant Hispanics created a new business each month.

^{4. 2019} U.S. Census CBP and NES combined data for NAICS code 72

The "Immigrant Imperative" for Entrepreneurship

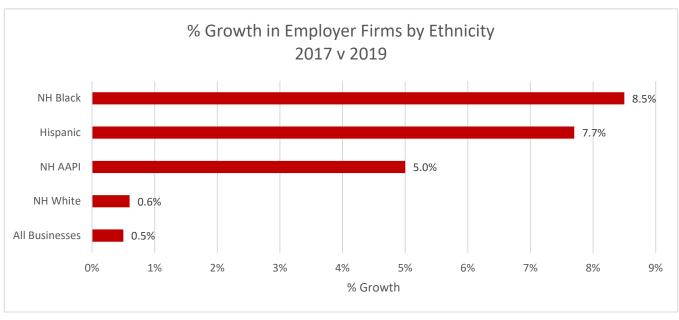
Rate of New Entrepreneurs by Nativity (1996-2021)



"Read as: "600 out of 100,000 immigrant adults created a new business each month"

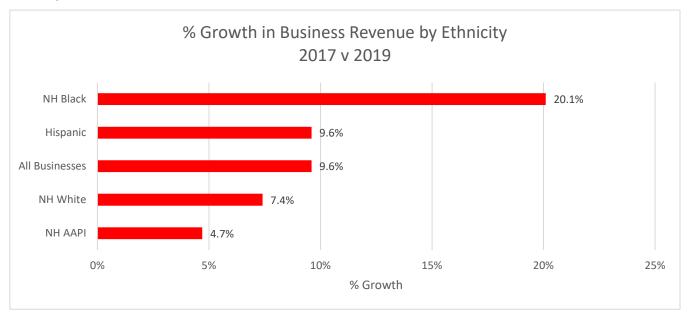
Source: Kauffman Indicators of Entrepreneurship

Hispanic firms are employing more people. From 2017 to 2019, Hispanic firms with employees grew by 7.7% while total employer businesses grew by less than 1%. Hispanics entrepreneurs have a strong work ethic, propensity for risk taking, and the ability to adapt to uncertainty, making them great employers.



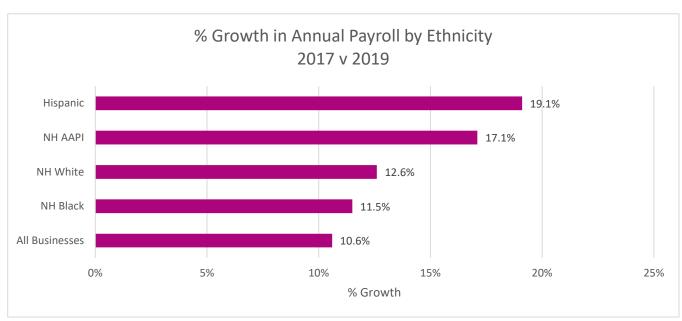
Source: EthniFacts Analysis of 2019 v. 2017 Annual Business Survey

Hispanic businesses are growing in revenue at the same rate as all businesses. Motivated by their ambitions to create long-lasting wealth and businesses to be passed down to future generations, Latino entrepreneurs saw 9.6% growth in revenue from 2017 to 2019. This growth rate is on par with all businesses, calling for more incentives and support to significantly increase overall economic impact. The energized revenue growth among Black firms resulted in recent monumental growth, forging pathways that Hispanics can follow.



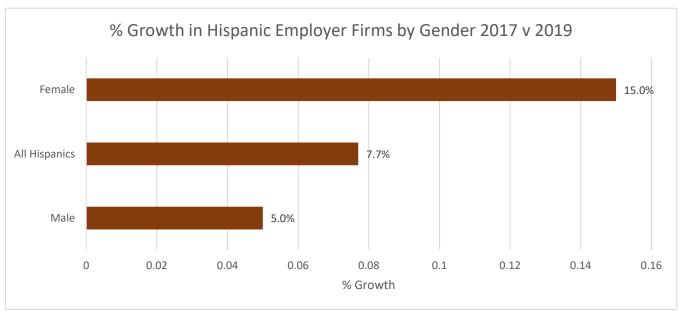
Source: EthniFacts Analysis of 2019 v. 2017 Annual Business Survey

Since 2017, payrolls of Hispanic owned employer firms have grown 19%, more than all other groups in their average annual payroll. As their businesses become more profitable and grow their number of employees, so does their payout of total wages. All growth factors point to the significance of Latinos and other multicultural entrepreneurs as they continue to lead the labor force as employees and employers.



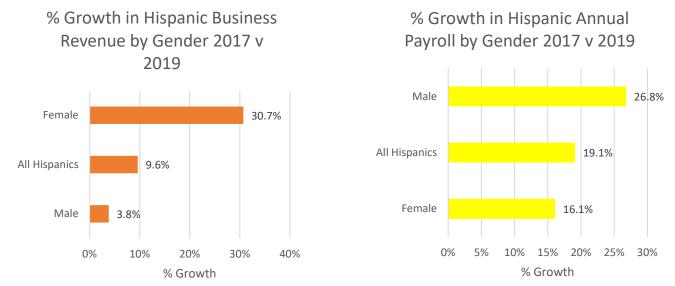
Source: EthniFacts Analysis of 2019 v. 2017 Annual Business Survey

Latinas outpaced total Hispanic Business Growth. Even more impressive trends can be seen in the success of Latinas leading and growing their own businesses. Latina owned businesses grew 15%, outpacing Latino males who grew 5%. Latina entrepreneurs find that owning their own business, no matter the size, provides greater opportunity for independence and flexibility and can make the most of their talents and abilities.



Source: EthniFacts Analysis of 2019 v. 2017 Annual Business Survey

Similar outcomes can be seen for Latinas in growth in annual payroll and business revenue, where they are successfully leading the charge and taking on new business challenges. Most impressively, Latina business revenue grew 3-times faster than it did for total Hispanic businesses during that period, just as payroll also outpaced their fellow Latino businesses.



Source: EthniFacts Analysis of 2019 v. 2017 Annual Business Survey

It is evident that Latinos are business-minded entrepreneurs, with an eye on growing revenue, jobs, and setting up for long-term success. Coupled with their growing population, younger age, and advancements in education, Latino-owned businesses are poised to be major contributors to our economy and labor force.

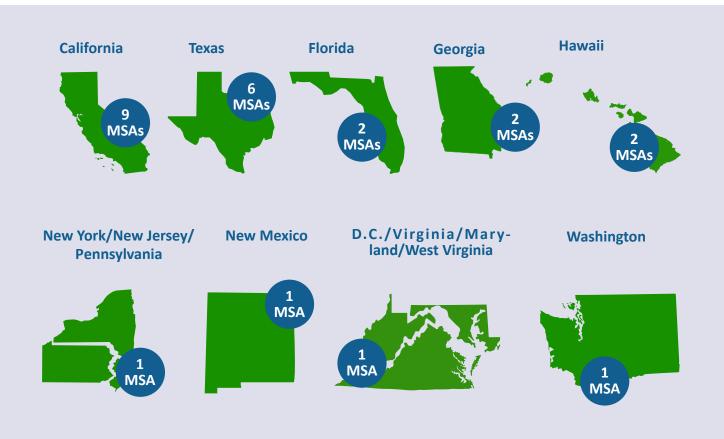
Business Ownership Is the Most Important Determinant of Latino Household Wealth. As depicted in NAHREP's Latino Wealth Project reports, owning a business is the greatest single contributor to Latino household wealth. Self-employment results in household wealth for Latinos that is almost 5 times greater than those who are not self-employed. The effect of owning a business surpasses homeownership and having a college degree as the most impactful determinants of household wealth. As such, the Latino Hotel Association is dedicated to help ease the path for Latino entrepreneurs to own businesses in the hospitality industry and build legacies of wealth for their families.

FACTORS IMPACTING MEDIAN HOUSEHOLD WEALTH General Non-Hispanic Latinos White **Population WEALTH OVERALL** \$36,050 \$189,100 \$121,760 College Degree **3X** \$397,000 \$308,800 \$112,000 Homeownership **5X** \$299,900 \$254,900 \$171,900 Self-Employment **5X** \$504,500 \$379,800 \$174,920 SOURCE: FEDERAL RESERVE, NAHREP State of Hispanic Homeownership Report

Minority Owned Firm Concentrations. Understanding where the highest concentrations of diverse entrepreneurs exist can be critical to those recruiting franchise owners for their operations. The following data examines where diverse firms are most heavily concentrated in the top 25 MSAs with the highest percentage of minority owned firms per 100K residents. The top five metropolitan statistical areas in the U.S. with the highest concentration of minority-owned firms fall into four different states. Laredo (TX), Miami (FL), Honolulu (HI), San Jose (CA) and the Los Angeles (CA) MSAs are the top five metros when ranked by number of minority-owned firms per 100K residents in areas with at least 75K minority workers employed.

	MINORITY OWNED FIRMS PER 100K RESIDENTS	TOTAL EMPLOYED		MINORITY EMPLOYED		% MINORITY
METROS WITH AT LEAST 75,000 MINORITIES EMPLOYED		TOTAL EMPLOYED	MEDIAN WAGES+ SELF EMPLOY INCOME	MINORITY EMPLOYED	MEDIAN WAGES+ SELF EMPLOY INCOME	INCOME VS TOTAL
United States	319	193,593,471	31,314	73,208,629	\$28,284	90%
Laredo, TX	1010 137,611 24,243		24,243	132,170 24,041		99%
Miami-Fort Lauderdale, west palm, FL	995	3,563,435	30,304 2,503,860 2		27,274	90%
Urban Honolulu, HI	936	596,256	36,365	478,949	36,365	100%
San Jose-Sunnyvale-Santa Clara, CA	886	1,193,099	50,507	818,010	48,487	96%
Los Angeles- Long Beach-Anaheim, CA	831	7,804,464	32,325	5,343,348	30,304	94%
San Francisco-Oakland-Hayward,CA	731	2,984,345	50,507	1,773,354	41,921	83%
New York-Newark-Jersey City, NY-NJ-PA	624	11,756,316	40,406	6,140,439	33,335	83%
McAllen-Edinburg-Mission,TX	615	418,864	20,203	395,363	20,203	100%
El Paso, TX	615	453,782	23,233	396,743	22,526	97%
Kahului-Wailuku-Lahaina,HI	612	145,909	32,325	98,091	31,618	98%
Brownsville-Harlinggen, TX	580	199,884	21,819	182,328	21,011	96%
Washington-Arlington-Alexandria DC-VA-MD-WV	557	3,931,520	46,467	2,117,189	38,790	83%
Savannah,GA	522	178,198	25,254	89,233	23,334	92%
Orlando-Kissimmee-Sanford, FL	510	1,502,127	30,203	805,708	25,254	84%
Oxnard-Thousand Oaks-Ventura,CA	500	497,455	33,739	262,743	30,304	90%
San Diego-Carlsbad, CA	486	2,012,016	34,345	1,062,810	30,304	88%
Houston-The Woodlands-Sugarland, TX	484	4,125,942	32,325	2,567,860	29,294	91%
Salinas,CA	476	282,506	28,587	188,361	25,254	88%
Riverside-San Bermardino-Ontario, CA	457	2,483,712	30,304	1,695,280	28,284	93%
Atlanta-Sandy Springs-Roswell, GA	454	3,575,662	35,355	1,874,343	30,304	86%
Curpus Christi, TX	435	270,064	27,274	175,868	25,254	93%
Vallejo-Fairfield, CA	432	262,017	37,577	159,893	33,739	90%
Stockton, Lodi, CA	428	402,370	30,304	272,315	28,284	93%
Albuquerque, NM	417	543,091	28,284	326,649	25,254	89%
Seattle-Tacoma-Bellevue, WA	414	2,562,192	43,436	940,585	38,386	88%

The top 25 MSAs in the U.S. with the highest concentration of minority-owned firms all fall primarily within the nine states below:



SECTION V -

LATINO GROWTH IN THE ACCOMODATIONS AND HOTEL INDUSTRIES

There were 182,576 firms operating in the accommodations industry in the U.S. in 2019 according to data provided by combined surveys of the U.S. Census. Of those, 62% had no employees and were up and coming startups, while 38% did have employees and were more established firms. For our purposes, we will concentrate on those firms that have employees and are producing the vast majority of revenue in the industry.

The Dynamic Hospitality Industry is Vital for Economic Growth.

The hospitality industry is a vital and dynamic cog in the U.S. economy. Between 2008 after the recession and 2020 at the beginning of the pandemic, the thirst for travel and leisure has resulted in growth statistics for accommodation firms that far outpace that of total U.S. industry with growth rates 3 times that of total for all sectors.

Growth in Number of U.S Establishments 2020 VS. 2008



Total for All Sectors

Total for Accomodations

Providing Hope and a Step for New Business Owners.

Most firms in the accommodations industry started as small business and have grown exponentially. Business Dynamic Statistics from the U.S. Census show that 73% of businesses operating in the accommodations industry in 2020 initially started with 1-19 employees and have expanded from there. Only 2% of those in existence started their business with 500 or more employees offering hope and a step for entrepreneurs seeking to operate profitable businesses and build wealth in this industry.



Latinos are Essential to the Hospitality Industry

The hospitality industry is first and foremost a service industry. According to the Department of Labor, almost a quarter of hotel, motel and resort desk clerks are Latino and more are in maintenance, service, cleaning and food service positions providing critically important services to the hotel and travel industry. In the service arena, many Latinos are native Spanish speakers who have important language abilities for International and Hispanic travelers, which are also growing. Many Hispanics Speak Spanish at Home where they bring language and culture as a defining part of their identity and community. In areas of the country with a dense Latino population, Spanish can naturally take over as a de facto primary language. Overall, 68% of Hispanics over age 5 speak Spanish at home despite well over half (68%) being US born.

The Latino Workforce is Already Present in the Accommodation Industry.

Latinos are extremely active and essential to the hospitality industry with participation in the broad accommodation and food service industry indexing 30% higher than the general population. This affinity for the hospitality industry has not progressed adequately to management positions and ownership stakes and points out the need for education and mentorship so entrepreneurial Latinos can pursue these wealth building opportunities.

Hispanics make up a much greater share of desk clerks (+33%) and porter/concierge positions (+15%) and near 1/3 to almost 50% of janitorial and housekeeping occupations within the accommodation industry, however they underindex by 22% in managerial positions, occupying only 14% of these total positions. Hispanics are well represented in the hospitality industry, but are not advancing fast enough to these higher positions and ownership.

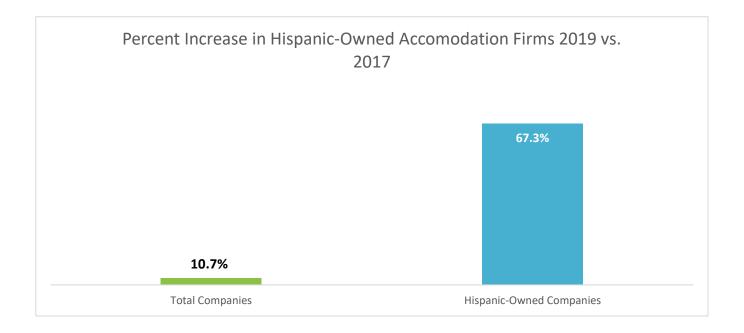
Accommodation Industry Occupations	Total employed	White	Black or African American	Asian	Hispanic or Latino*	Latino Index to Total %
Total, 16 years and over (Occupations in all sectors)	152,581	77.5	12.3	6.6	18.0	
Lodging managers	116	75.1	10.3	12.5	14.1	78
First-line supervisors of housekeeping and janitorial workers	338	81.2	13.1	3.4	30.0	167
Janitors and building cleaners	2,113	73.8	18.1	3.5	31.5	175
Maids and housekeeping cleaners	1,357	74.9	15.2	5.2	48.2	268
Baggage porters, bellhops, and concierges	84	62.4	17.4	9.6	20.7	115
Hotel, motel, and resort desk clerks	119	67.1	16.1	7.2	24.0	133

^{*}Index represents percentage in each occupation vs. Latino percent in occupations in all sectors

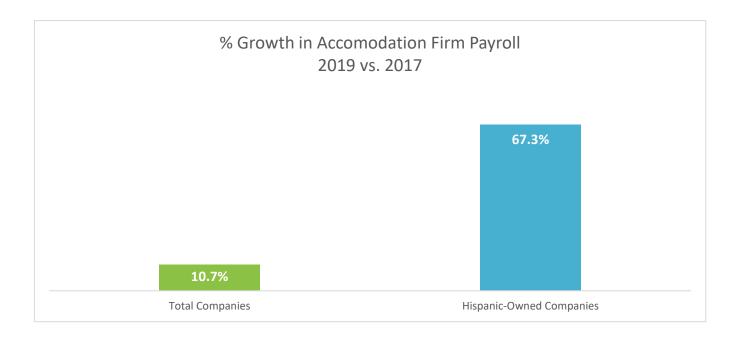
Mentorship and education are essential to aid entrepreneurial Latinos in their path to ownership.

Latino Ownership in the Accommodations Industry

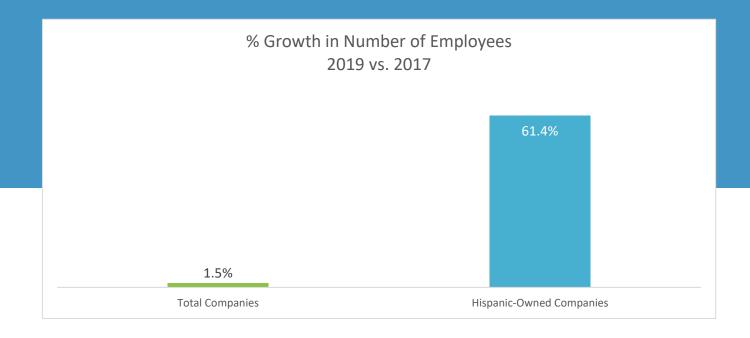
- Total Hispanic accommodation firms increased by 74% from 2017 to 2019 vs. an increase of 3.2% for the total industry.
- Minority owned firms in the Accommodations industry make up 43.1% of the total employer firms. Equally minority/non minority owned make up another 8.1%, meaning that minorities through sole or shared ownership make up over half (51.2%) of the ownership of Accommodation firms in the U.S.
- Hispanic owned Accommodation firms make up only 1.2% of total firms with an additional 7.9% of firms having equally Hispanic/non Hispanic ownership, resulting in Hispanics through sole or shared ownership making up 9.1% of the total ownership of Accommodation firms in the U.S. The largest minority group owning Accommodation firms are Asians, owning 41.4% of total employer firms.



Annual payroll for Hispanic-run companies in the accommodations industry increased from \$226 million in 2017 to \$378 million in 2019. This equates to a 67.3% increase. However, across all companies in the accommodations industry the increase from 2017 (\$57 billion) to 2019 (\$64 billion) was only 10.7%. This means that, from 2017-2019, Hispanic-run companies in the accommodations industry have grown their payroll over 6 times faster than the average.



The same trend was identified in the number of employees. In particular, the number of employees for Hispanic-run companies in the accommodations industry increased by 61.4% from 2017 to 2019. However, across all companies in the accommodations industry the increase was only 1.5%. This means that the number of employees working for Hispanic-run companies, from 2017-2019, in the accommodation industry increased 10.76 times faster than the average.



SECTION VI -

HOTEL OWNERSHIP BARRIERS & OPPORTUNITIES

Addressing barriers to Latino hotel ownership is imperative as Latinos become the dominant demographic and economic growth engine of America's future. The bottom line is that if Hispanic workers and entrepreneurs receive the attention, encouragement, and investment they demand, the industry can generate millions of incremental jobs and billions of incremental dollars.

BARRIERS:

The first barrier for Hispanic ownership is awareness that the hotel industry could be an excellent opportunity. The lack of adequate information about the success among existing Latino hoteliers has left a void in understanding the potential opportunity in hotel ownership. Since hotels require a larger capital investment than many other businesses, Hispanics may find difficulty envisioning how they could access the capital to make the investment. This lack of knowledge and uncertainty leads to the perception that this business is too difficult and risky.

Lack of Awareness

Lack of Visibility of Successful Minority Hoteliers

Lack of Hotel Operations Knowledge

Lack of Capital

Too Much Risk



Lack of Awareness, Visibility & Knowledge -

Because there are fewer Hispanic owners in existence, there is a lack of exposure and visibility of hotel ownership as a viable new business track. Most Hispanics are not aware that hotel ownership is a franchise structure that provides planning, incentives and support to help establish and run their businesses. They may assume they need hotel knowledge or management experience, but they may have other skills well-suited to ownership. Outreach and education initiated by hotel chains and mentorship initiated by successful Latino hoteliers is critical to fill this gap in awareness, visibility, and knowledge.



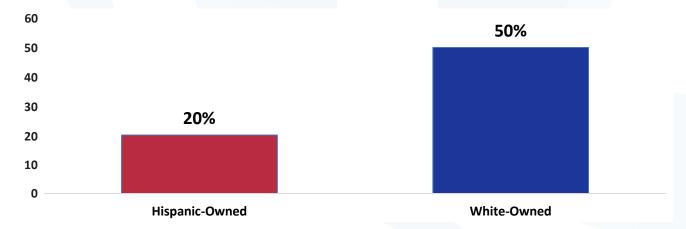
Lack of Capital -

Latinos have the lowest rate of using banks and financial institution loans to start their businesses compared with other racial and ethnic groups—12 percent compared with 17 percent of White employer businesses —and are less likely than White-owned employer businesses to receive all the funding they apply for. Even once established, Latino-owned employer firms continue to depend on personal sources of funding, making them potentially vulnerable to personal financial risk. If they do not have the funds, they can partner with other family members. Many may not know there are incentives offered by hotel chains. Some can be financed with an SBA loan for the upfront funds needed, or Latinos can pool family funds together.

Hispanic Entreprenuers are Less Likely Than White Entreprenuers to Secure Large Loans

Share of business recieving funding of \$100,000+ from national banks, 2020

Source: Standford Latino Entreprenuership Initiative, Survey of U.S. Business Owner, 2020



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Feel Risk is Too Great -

If Latinos are using personal capital to create a business, then they will seek out more familiar businesses unless the risk is diminished by some assertion of security. Education on the fact that franchising can mitigate these risks through mentoring and guidance opportunities is critical and must be made more readily available.

OPPORTUNITIES:

The Stanford Graduate School of Business reports that if Latinos' share of employer business ownership reached parity with their share of the population, about 735,000 new enterprises could be added to the US economy, which would create 6.6 million new jobs. And if the per-firm sales of those businesses were in line with those of non-Latino White-owned businesses, an additional \$2.3 trillion in total revenue could be generated in the U.S. economy. The opportunity is apparent for the Hospitality industry where these figures would more than double if Latino hotel ownership would mirror the 19% Hispanic share of the nation's population.

INDUSTRY ROLE:

- Campaign to promote Hispanic ownership to encourage Hispanics to consider hotel ownership tailored to high-potential candidates who are searching for entrepreneurial opportunities. Highlight the benefits and opportunities, including incentives to help Hispanic startup owners.
- Create mentorship programs featuring minority success cases to outline the pathways that others like them have taken to achieve success.
- Create an infrastructure of education, networking and support. Hispanics will need inclusive spaces for education, networking and mentorship. This will facilitate the spread of ideas to improve on past performance and the exchange can spur cross-learning and innovation.
- **Provide greater access to capital.** If there are high performing new Hispanic hotel owners, then invest in their expansion.

- Create Hispanic dedicated business accelerators and incubators to play a support role in helping advance their progress.
- Support targeted Hispanic initiatives for networking and advocacy. Culture and language are assets
 for Latino hotel owners as hospitality is expected to see increases in the booming Latino consumer
 base and increases in travel to and from Latino countries of origin as the Hispanic population becomes
 the dominant growth engine of the U.S.

GOVERNMENT ROLE:

- Increase availability of startup funds and visibility of existing incubation programs to Latino entrepreneurs.
- Address immigration issues which are creating confusion among potential Latino entrepreneurs and limiting available workers in the hospitality industry.
- Reduce health insurance premiums to help Hispanic hotel owners access quality healthcare for themselves and their employees.
- Consider tax incentives and a universal paid leave program to Hispanic owners who are more likely to have children under the age of 18.
- Add tax incentives for Hispanic capital investment to help narrow financing disparities.
- Increase the share of federal contracts going to Hispanic owned hoteliers which would help entrepreneurs acquire capital and grow their enterprise.

Summary of Steps Necessary to Encourage Latino Hotel Ownership

Create mentorship programs featuring minority success cases

Create an infrastructure of education, networking and support

Provide greater access to capital

Create Hispanic dedicated business accelerators & incubators

Support targeted Hispanic initatives for networking and advocacy

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CARLOS RODRIGUEZ SR.

FOUNDER, CHAIRMAN, AND CEO OF DRIFTWOOD CAPITAL

Driftwood Capital is an innovative investment business that sources, underwrites, structures and closes investments across diverse markets and asset types, from name brands to boutique properties while bringing extensive experience in hotel management to each investment. With a 30+ year track record in hospitality, an in-house operating capability, and deep relationships within the industry, they have created one of the best-in-class, vertically integrated commercial real estate private equity firms focused on the hospitality sector.

How did you get your start in the hotel industry?

It was a family tragedy that got me into the industry. My father and brother had finished building the first hotel that we got into as a family. The hotel was in financial trouble and unfortunately my brother who was running things passed away. My father asked me to take over and come back home to help him in the family business. From there I took over and never looked back. The industry grew on me and when my dad wanted to slow down, I decided to take off and form my own company.

What person, group, or other resources were most important to you in building your business?

Various people were an integral part of my success in business. First and foremost, my wife has supported my every move and has been a partner of mine in everything I do. My father was another important person in teaching me about business and the right way to do things. Then I had my first 3 investors and partners in my first hotels who believed in me when I had no track record and helped me instrumentally in getting started. Then came David Buddemeyer who introduced me to a whole new way of doing business and scaling up. Last but certainly not least my son (Carlos Jr) who together with me founded Driftwood Capital and took us to an entirely new level. His energy and innovative ideas certainly have made a big difference in our rate of growth.

What piece of advice would you give to other Latinos considering hotel ownership?

Pick an AAA location, pick a top hotel brand, and be careful on how you structure your capital stack. Money is made when you buy the hotel. When you sell you are just realizing the money you had made. So do your homework.

What would you tell hotel franchisors about the importance of recruiting Latino hotel owners?

Latinos are a fast-growing segment of our society. Don't miss out on that growth by not paying attention to it. We already represent an important number of workers that are in the industry. It's only a matter of time before more of us are in ownership roles. It's good practice to remember those that helped us get to where we are. So, it behooves the hotel chains to be seen as friendly to all sectors of society. There is no need for handouts. Education and guidance will go a long way.

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WALTER BARELA FOUNDER OF PEAK HOSPITALITY

Peak Hospitality is a full-service hospitality company that offers for-hire development, management, and accounting as well as services such as architecture, interior design, procurement, and project management. They are currently responsible for managing over \$50 million in assets with a commitment to maximizing ROI. Their executive team has over 80 years of combined experience in hotels around the U.S. that range from 1000+ rooms in urban centers to conference centers and resorts.

How did you get your start in the hotel industry?

How I got started is a long conversation, but it was a summer part time job as a bellman, and I got promoted quickly and with the promotions my pay increased.

What person, group, or other resources were most important to you in building your business?

There really wasn't any one person. It was 25 years of being a manager from Myrtle Beach, South Carolina to San Francisco, California. The one constant in my life was having a brother in the same industry that I was. That being said, working and learning the disciplines in an organization like Hilton helped me to set a great foundation that I was able to take with me throughout my career.

What piece of advice would you give to other Latinos considering hotel ownership?

There are many ways to enter the hotel business, one, like I did, being in the business and learning all that you can; most importantly, making the contacts to raise equity in order to get into ownership. You can treat it like a real-estate investment, by partnering with or bringing on a professional management company such as mine, to not only manage but help you with the investment strategies to raise equity. It isn't one size fits all.

What would you tell hotel franchisors about the importance of recruiting Latino hotel owners?

Dear brands, the Latino section of the population is the largest and growing portion of our population, and we are extremely loyal to those who support us. You can look around any village, town, or city and see the number of Hispanic-owned businesses. Once we start moving from the back of the house to the front of the house, ownership comes quickly.

A HEARTFELT THANKS TO OUR CORPORATE REPORT SPONSOR:



G6 Hospitality

G6 Hospitality LLC owns, operates, and franchises nearly 1,400 economy-lodging locations under the Motel 6 and Studio 6 brands in the U.S., Canada, and India. Headquartered in Dallas, Texas, G6 Hospitality was rated one of the top ten hospitality companies according to Hotel Management 2017 Top Hotel Companies ranking list.

Motel 6 and Studio 6 have quickly developed a reputation for quality, comfort and value with travelers. Motel 6 was founded in 1962 and offers owners one of the lowest operating costs in economy lodging. Backed by the iconic Motel 6 brand, Studio 6 has quickly developed a reputation for quality, comfort and value with extended stay travelers, and is one of the fastest growing extended stay brands. G6 Hospitality works hard to provide its franchisees with support, benefits, and shared goals.

...AND TO OUR RESEARCH PROVIDER AND COLLABORATOR:



EthniFacts is a company born out of frustration with the lack of available insights and tools for activating the New Mainstream....an America Reimagined where the "general market" no longer exists, but rather a marketplace that reflects and acknowledges consumers of all races and ethnicities as the source of new social trends and business growth and demands activation strategies based on this reality. By combining advanced research tools and techniques with innovative insights, EthniFacts helps marketers and advertisers unlock the power of the New Mainstream.

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