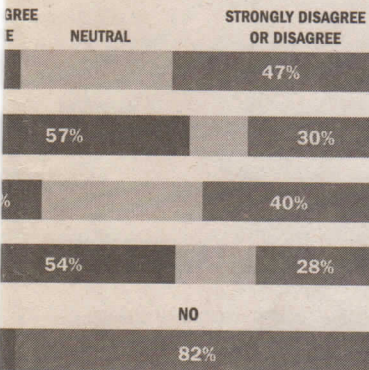


...preparedness have changed since last fall, "I would argue primary-care doctors are better prepared than they were a year ago, when there was a lot of eye-rolling" about whether bioterrorism was a serious threat, says Frederick M. Then, the family physician who co-authored the survey for AHRQ.

Send comments to Informedpatient@wsj.com

dent about their preparedness for dealing



Academy of Family Physicians. Survey was conducted

Stem-Cell Bank Prevention of Diseases

Parkinson's.

Though stem cells can be obtained from fetuses and even adult tissue, many scientists prefer to experiment with cells obtained from embryos because they are easier to manipulate in the lab. Anti-abortion groups and religious organizations have opposed the creation of the bank mainly because it will hold stem cells derived from human embryos, which are destroyed in the process. (The bank will also hold stem cells obtained from fetuses and adult tissue.)

Britain already has one of the most relaxed laws permitting human-embryo cloning for the purposes of medical research. A central, closely monitored repository could help it efficiently supply high-quality stem-cell lines to researchers. Equally important, it hopes to better manage the tricky ethical issues surrounding embryo research, while providing an incentive to attract the best scientists in the field. One prominent U.S. scientist, Roger Pedersen, moved his stem-cell research to the University of Cambridge, England, two years ago.

Still, despite fears of an exodus of prominent U.S. scientists to Britain, a "reverse brain drain" has largely failed to materialize. One big reason: Funding in Britain lags behind U.S. funding.

The bank, which opens its doors in January, will be run by Britain's Medical Research Council, the equivalent of the U.S. National Institutes of Health.

City. —Katy McLaughlin

RESTAURANT	ON THE MENU AS	PREPARATION	PRICE
Jane New York	Ahi Tuna Roll	Raw ahi tuna, pineapple, cucumber and basil wrapped in a flour tortilla and sealed with a mustard crust	\$9.75
The Prado Restaurant San Diego	The Vegetable Sushi Roll	Chevre cheese, asparagus and radicchio, rolled in thinly sliced eggplant and cut into sushi sized pieces	\$9.95
Karma Mundelein, Ill.	Fruit Sushi, served as a special	A rice crust layered with custard and cut into sushi-like pieces, topped with guava, papayas, and kiwis	\$9

Hotels Fare Better Than Expected Partly Due to Low Interest Rates

By STEPHANIE PATERIK

The hotel industry is holding up better than expected in the post-Sept. 11 downturn due to low interest rates, flexible bankers and, in the case of smaller owner-operators, a growing reliance on Small Business Administration loans.

About 19.2% of hotels didn't generate enough revenue to pay their debt in 2001, according to an analysis of nearly 4,000 hotel financial statements by Hospitality Research Group, a division of PFK Consulting. About 2.5% to 5.5% of the properties surveyed defaulted.

That's a sharp contrast to the last big hotel recession in 1992, when about 16% of hotels in the U.S. defaulted and many owners lost their properties. While the lodging industry isn't expected to recover until at least 2003, owners and analysts alike say they don't expect the foreclosure rate to grow substantially this year and the next.

"It's not nearly what we expected when we first did this analysis last year," said Jack Corgel, managing director of the PFK division. "We expected a lot worse."

Low interest rates have been the key to the industry's survival during a downturn that has seen occupancy rates slide and revenue per available room—the standard industry measurement of profitability—plummet in some cases. More than three-quarters of the sampled hotels refinanced last year, reducing their interest expenses by an average 9%. And while lenders have been hesitant to grant new loans, they have generally been flexible and have allowed hotels to restructure their obligations.

"Lenders are willing to forbear a little more than in the past," said Joe Green, chief financial officer of Winston Hotels Inc., Raleigh-Durham, N.C., which owns and operates limited-service properties such as Homewood Suites by Hilton and Marriott's Residence Inns. He can't name a single property in danger of going under, partly because "you have a lender base that isn't willing to foreclose and own a bunch of hotels. At the end of the day, they don't want to be in the hotel business."

Interest rates were much higher in the early 1990s, and banks were far less forgiving due to regulatory pressures from Congress. Now, "lenders aren't pushed to drive

borrowers into default as ruthlessly," Mr. Corgel said.

Lenders have also received a nudge from the SBA, which guarantees loans for small businesses. Since October, the SBA has facilitated 188 loans totaling \$26.9 million to hotels outside of New York City and Washington, D.C., that lost business because of the Sept. 11 attacks. The SBA also regularly funds new hotels and renovations in the name of economic development.

An increasing number of small hotels and motels, typically classified as having fewer than 100 rooms, are relying on such loans to stay afloat, according to Peggy Berg, president of Highland Group, an Atlanta-based hotel-research firm.

But the goodwill could backfire, Ms. Berg adds. The SBA's guarantee has made banks less discerning, encouraging growth in an industry where little demand exists. Average occupancy for small hotels bottomed out at 58% last year.

"SBA has provided much-needed financing for an industry that has sometimes had trouble getting capital for a decade," Ms. Berg said. "The concern is, at the pace the SBA finances new construction, is it going to overshoot the market and end up hurting the businesses it's tried so much to help?"

In fact, the Asian American Hotel Owners Association, which groups together 17,000 hotels and motels, around one-third of the U.S. total, posted information on the SBA's disaster loan program soon after Sept. 11 and has facilitated meetings with SBA officials. Fred Schwartz, the president of the Association, says that both lenders and hotels are much smarter about financing than they were a decade ago. "Unlike the last recession, with the way banks made loans, people are a lot better leveraged now, and hotels are run much more efficiently than ever before," Mr. Schwartz said.

Indeed, says Mr. Corgel, hotels have coped more efficiently with the downturn this time around, moving quickly to shed thousands of workers hired during the travel boom of the mid- and late 1990s. Nonetheless, PFK believes that fewer hotels will be able to cover their interest obligations this year than last from operational cash flow and that it won't be until 2003 when revenue increases that the trend will reverse.