U.S. Hotel Industry Performance:
That was then, This is now, What about tomorrow?

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Benchmarking your world

Agenda – Oct 21, 2019

Total U.S. Review

California's Market Overview

Pipeline Outlook & Forecast

No Need To Take Notes   **Download This Presentation**

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Total U.S. Review

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Longest RevPAR Upcycle (with three interruptions)

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111 Months
(out of 112)

56 Months

112 Months
(out of 115)

1990   2000   2010
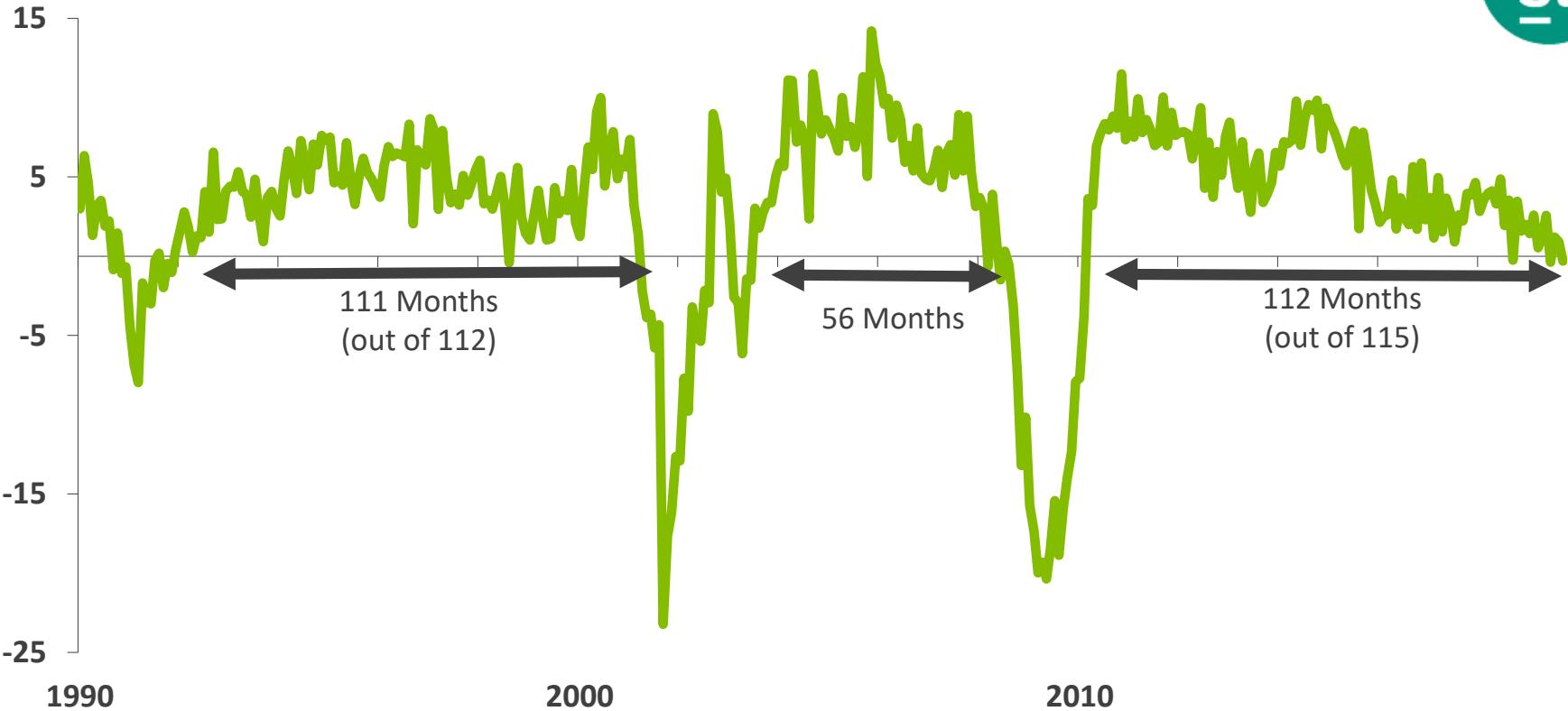
Total U.S., RevPAR % Change by month, 1/1990 – 09/2019

Little (or no growth) Story Continues

	Actual	% Change	
Room Supply		2.0%	▲
Room Demand		2.0%	▲
Occupancy	67.6%	0.0%	▲
ADR	$132	1.0%	▲
RevPAR	$89	1.0%	▲

Total U.S. Results, September YTD 2019

Demand and supply growth in sync

Supply & Demand % Change, 12 MMA

- Supply % Change
- Demand % Change

2.0%
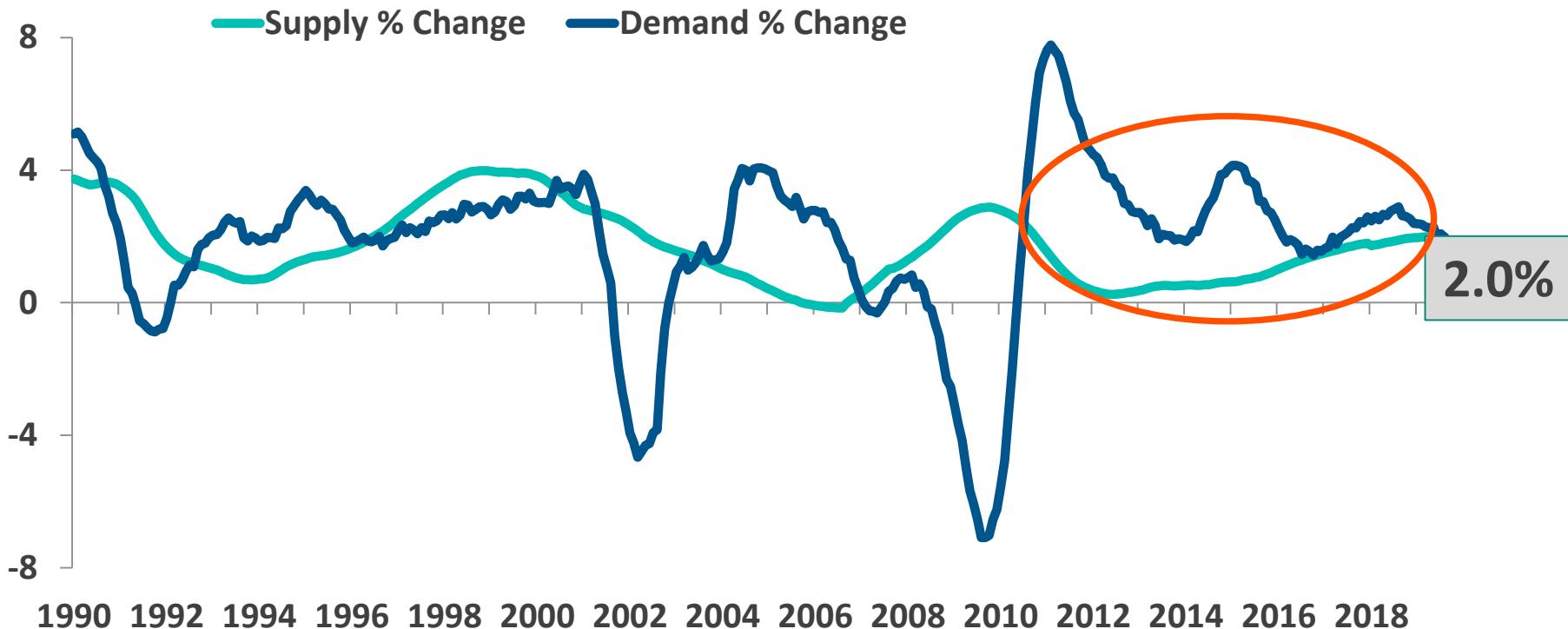
Total U.S., Supply & Demand % Change, 12 MMA 1/1990 – 9/2019

ADR growth positive however slowing

Legend: **Occ % Change** (blue), **ADR % Change** (red)

Annotations: **1.2%**, **0.1%**

Y-axis: 10, 5, 0, -5, -10

X-axis: 1990 1992 1994 1996 1998 2000 2002 2004 2006 2008 2010 2012 2014 2016 2018
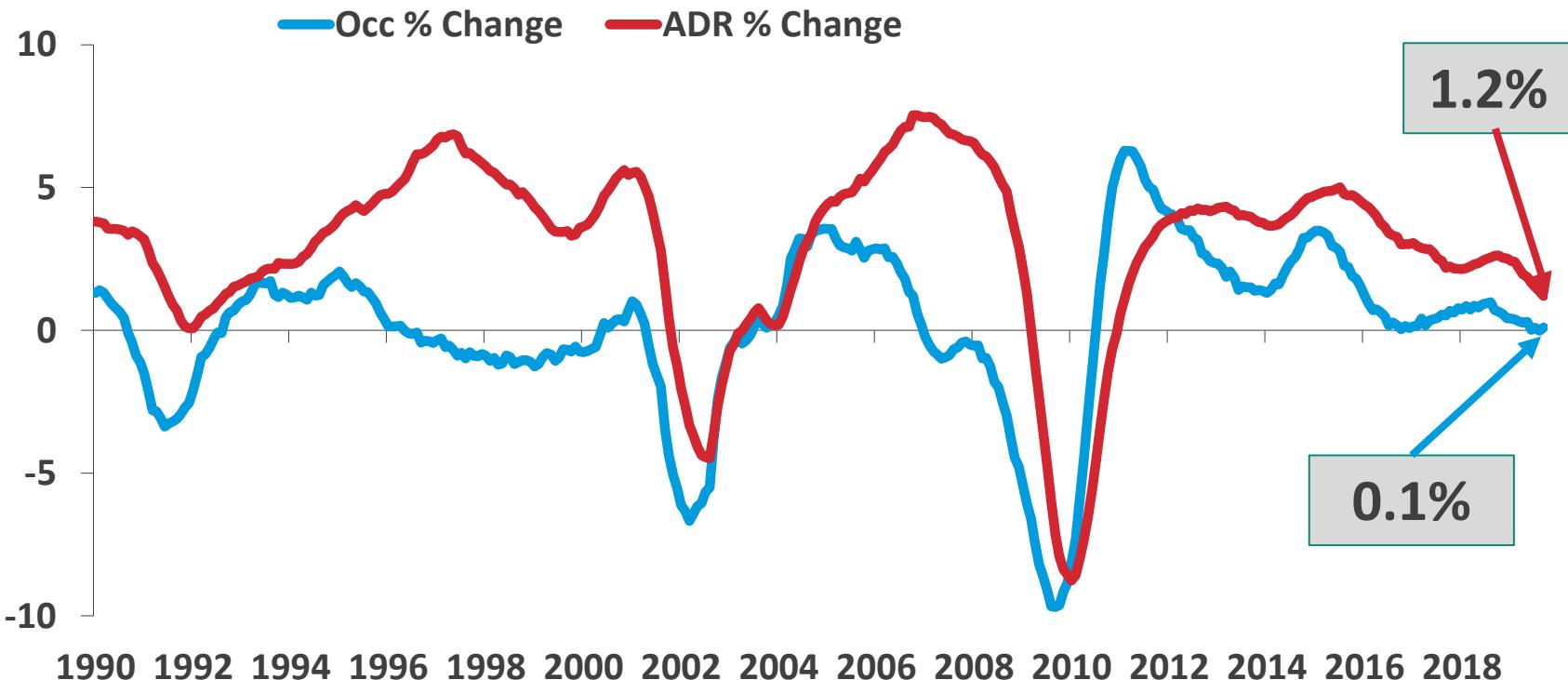
Total U.S., ADR & OCC % Change, 12 MMA 1/1990 − 9/2019

Gap between Group and Transient has continued
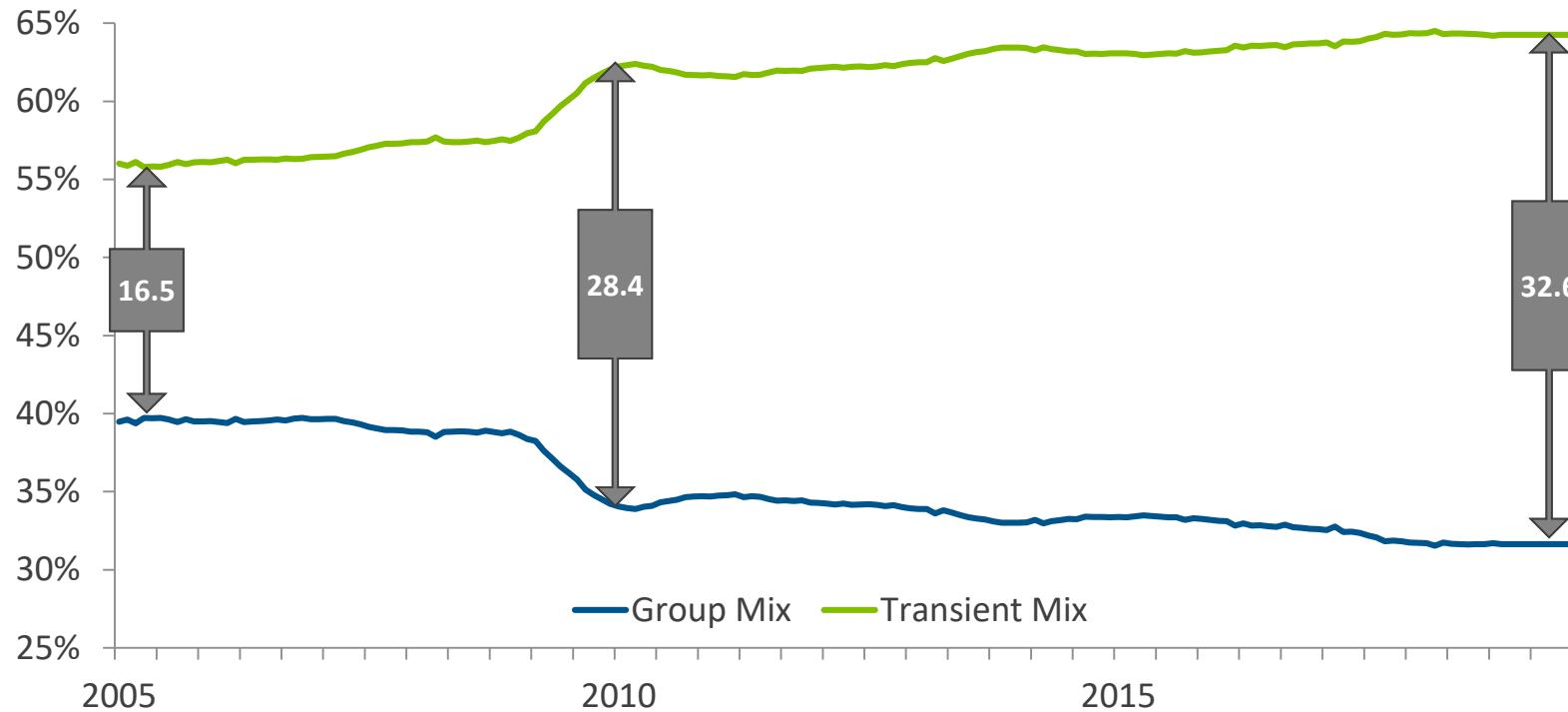
Group and Transient Mix, 12 MMA January 2005 – September 2019 (Luxury and Upper Upscale Class only)

9

Real ADR Growth (ADR% minus CPI%) Negative For Four Qtrs

Total U.S., Real ADR % Change (ADR minus CPI), by quarter, Q1/1990 – Q2/2019

10
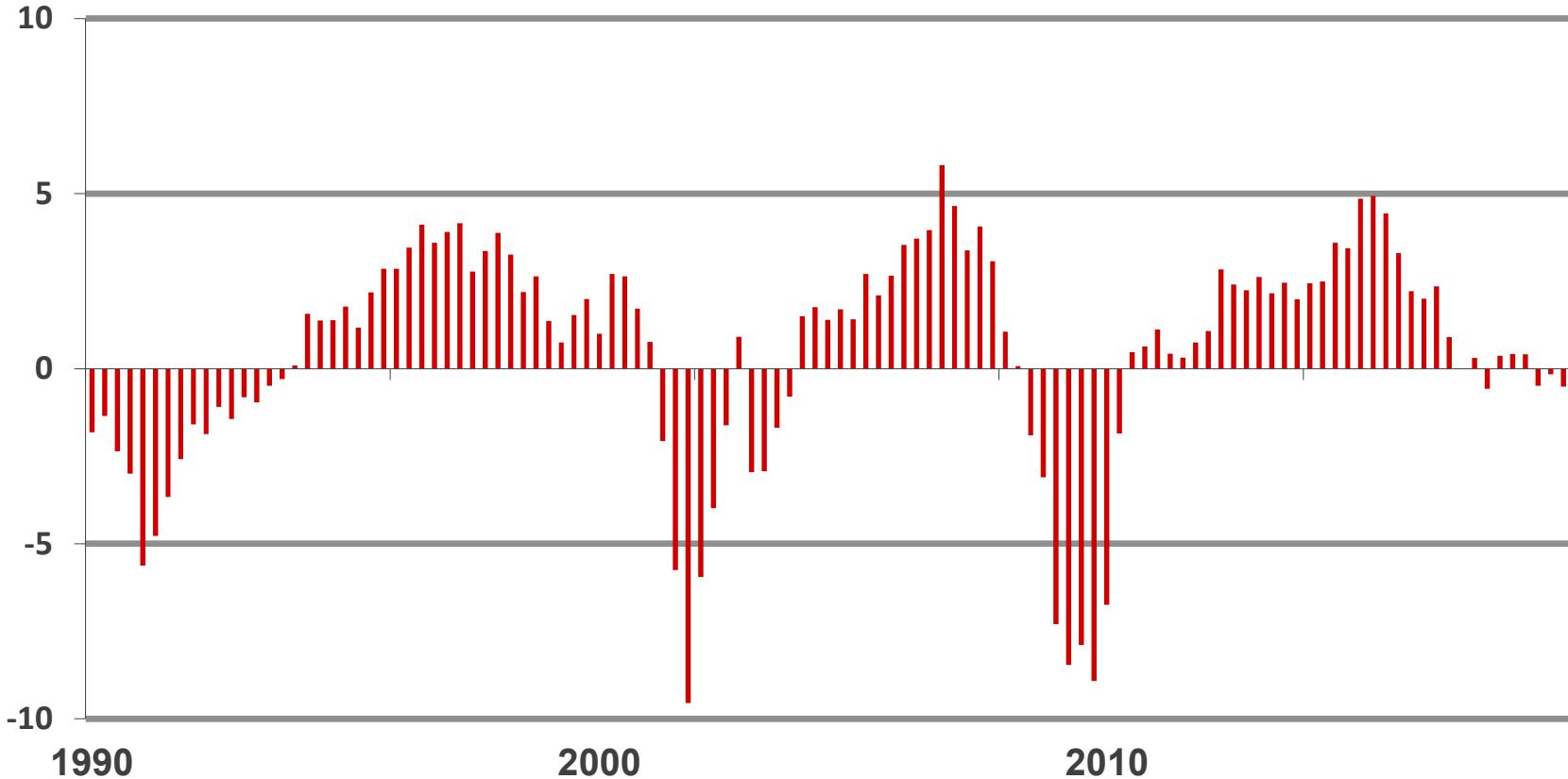
# Top 25 Market Performance: Despite High Occupancies a Very Mixed Bag

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Market	OCC %	RevPAR % Change	Influenced By
Atlanta, GA	71.3	65.6	Super Bowl LIII
Phoenix, AZ	72.1	4.9	0.6% Supply Growth
San Francisco/San Mateo, CA	82.5	4.4	Groups Return Full Force
Denver, CO	76	3.9	8.3% Demand Growth
Nashville, TN	74.5	3.6	NFL Draft +Bachelorettes
Seattle, WA	75.5	-5.4	6.6% Supply Growth
Houston, TX	64.2	-5.0	Hurricane Comp & 4% Supply Growth
New York, NY	84.9	-3.6	Surprisingly Weak
Minneapolis/St Paul, MN-WI	68.7	-3.1	Superbowl LII
Orlando, FL	78.1	-2.3	-4.1% Group OCC Decline

RevPAR % Change & absolute OCC in Top 25 Markets:
5 Leading / 5 Lagging Performing RevPAR % Markets, YTD 2019

STR monitoring the Number of Submarkets with Negative RevPAR %

U.S. Tipping Point
43.5%

57% | 33% | 24% | 14% | 15% | 25% | 24% | 28% | 33% | 23% | 70% | 54% | 46% | 9% | 8% | 8% | 14% | 63% | 97% | 18% | 9% | 12% | 16% | 4% | 12% | 23% | 26% | 27% | 26% | 37%

1991 | 1994 | 1997 | 2000 | 2003 | 2006 | 2009 | 2012 | 2015 | 2018 | YTD '18 | YTD '19
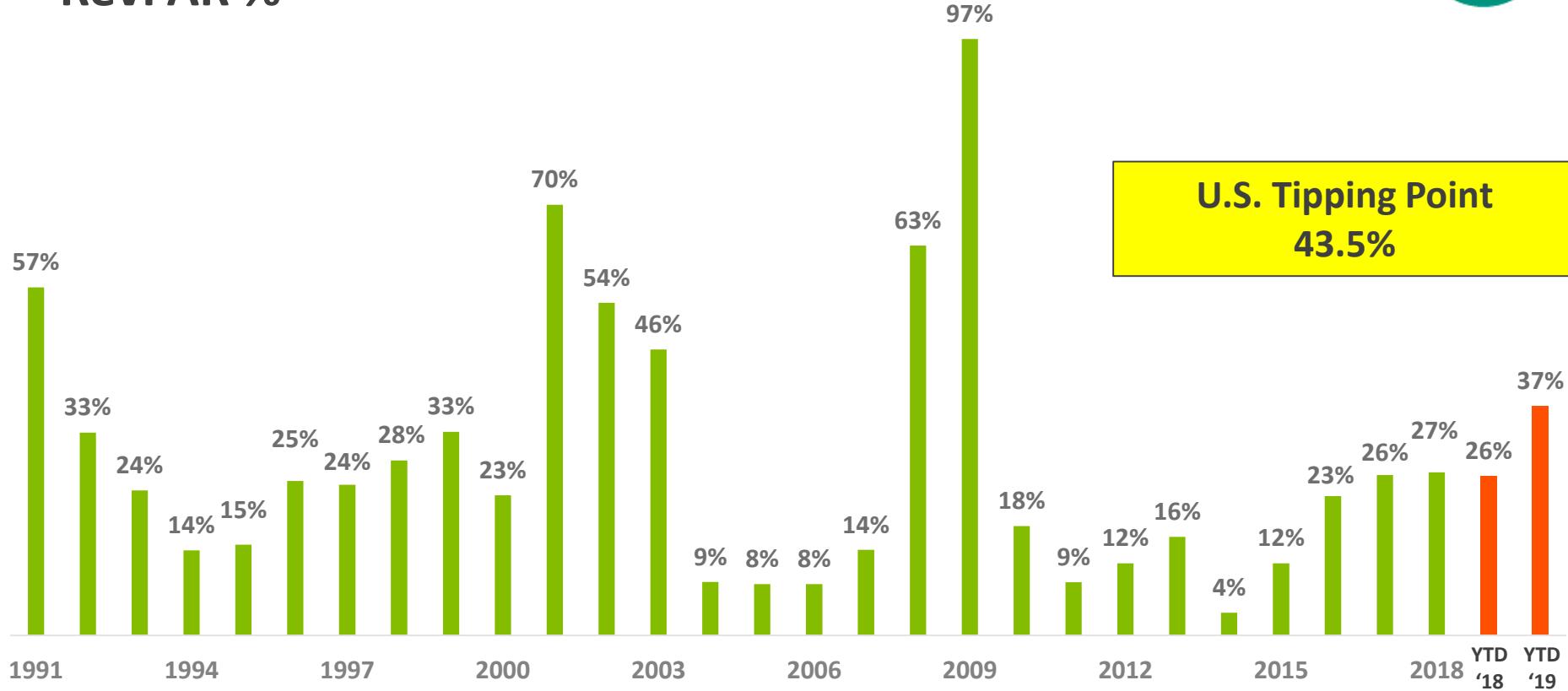
Submarkets with Negative RevPAR % Change out of all 649 Submarkets, by year 1991 – 2018, YTD 2018/2019

12

California Trends

Los Angeles Market: Demand growth > Supply growth

■ Supply   ■ Demand

San Francisco: Supply 0.7, Demand -0.3
Los Angeles: Supply 1.3, Demand 1.7
Anaheim: Supply 0.3, Demand 0.3
San Diego: Supply 1.9, Demand 1.5
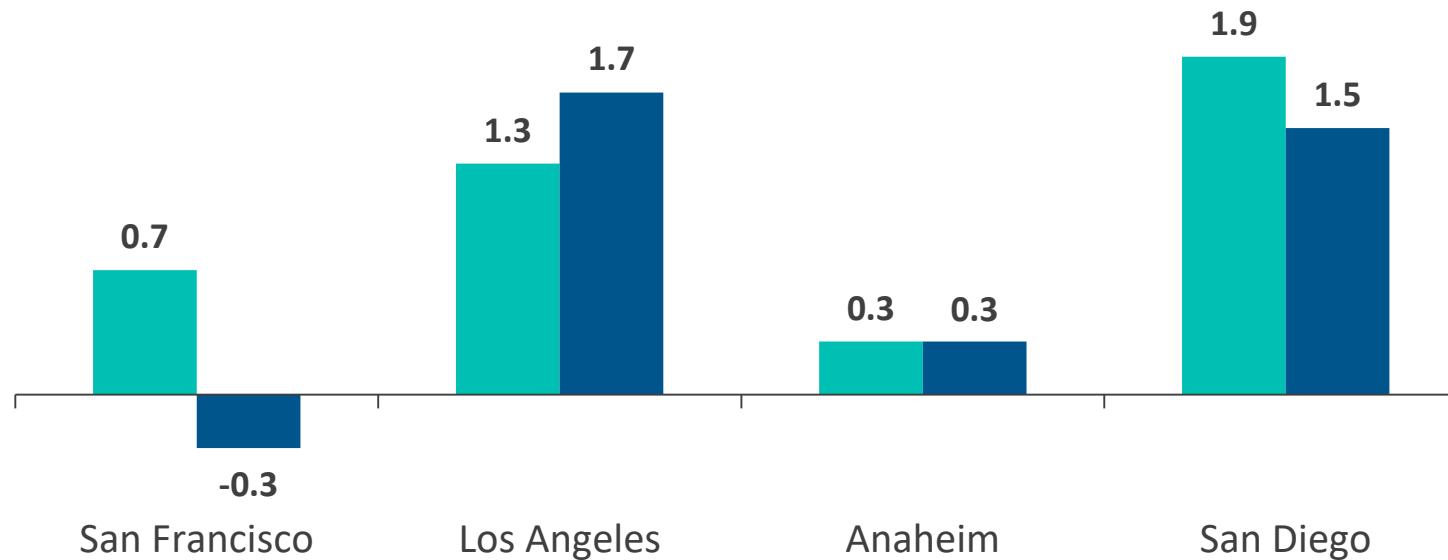
California Markets
Supply / Demand Percent Change
Twelve Months Ended September 2019

14

ADR driving RevPAR growth across the board…exception Los Angeles

ADR % Change   **Occ % Change**

San Francisco — 3.0% RevPAR — ADR 4.0, Occ -1
Los Angeles — 0.6% RevPAR — ADR 0.2, Occ 0.4
Anaheim — 2.2% RevPAR — ADR 2.2, Occ 0.1
San Diego — 2.2% RevPAR — ADR 2.7, Occ -0.4

California Markets
Occupancy / ADR Percent Change
Twelve Months Ended September 2019

15

Actual occupancies still high

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San Francisco	Los Angeles	Anaheim	San Digeo
81.4	79.6	77.7	77.6
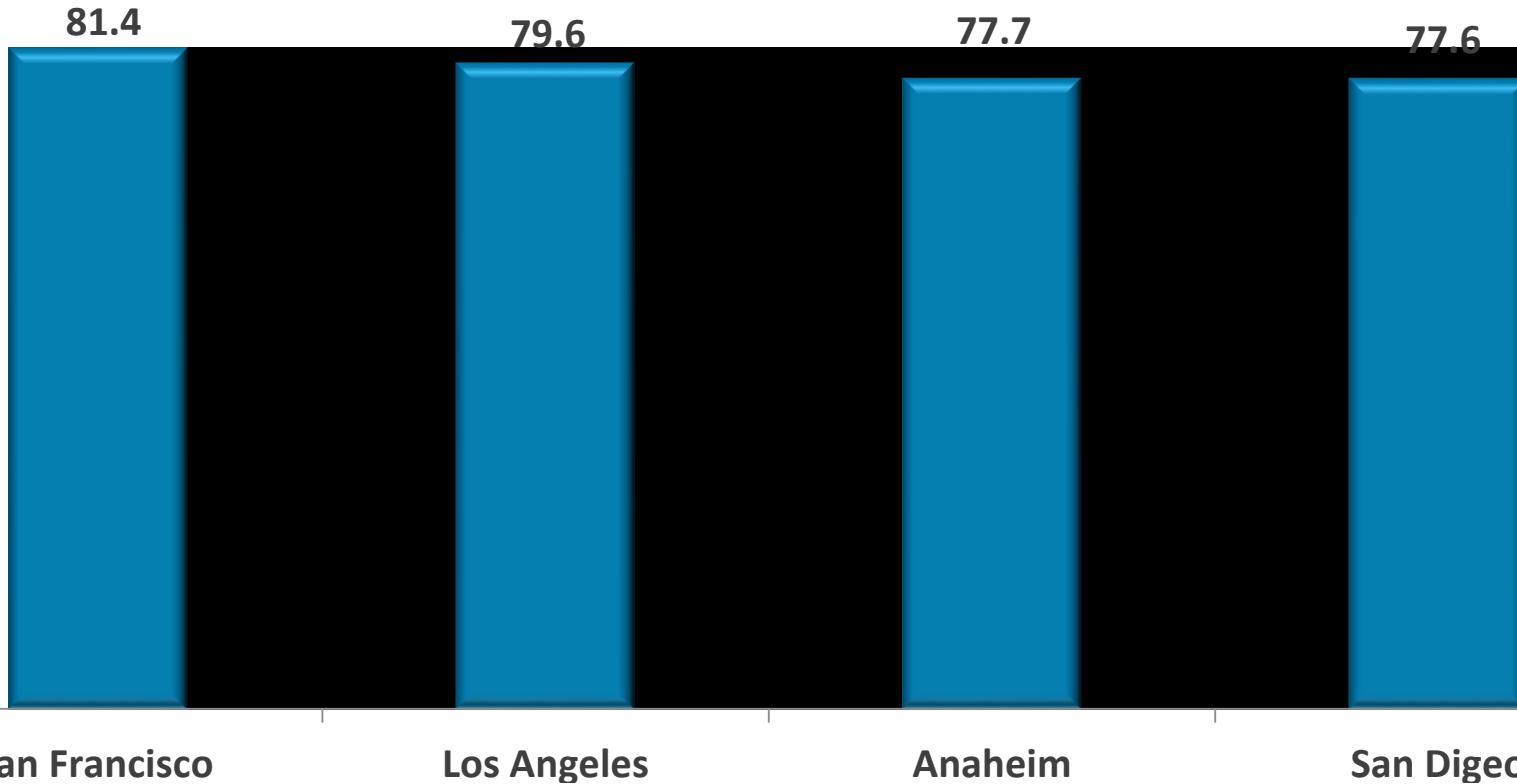
California Markets – Actual Occupancy
12MMA September 2019

No surprise San Fran has highest actual ADR

$249

$180

$128

$168

San Francisco   Los Angeles   Anaheim   San Diego
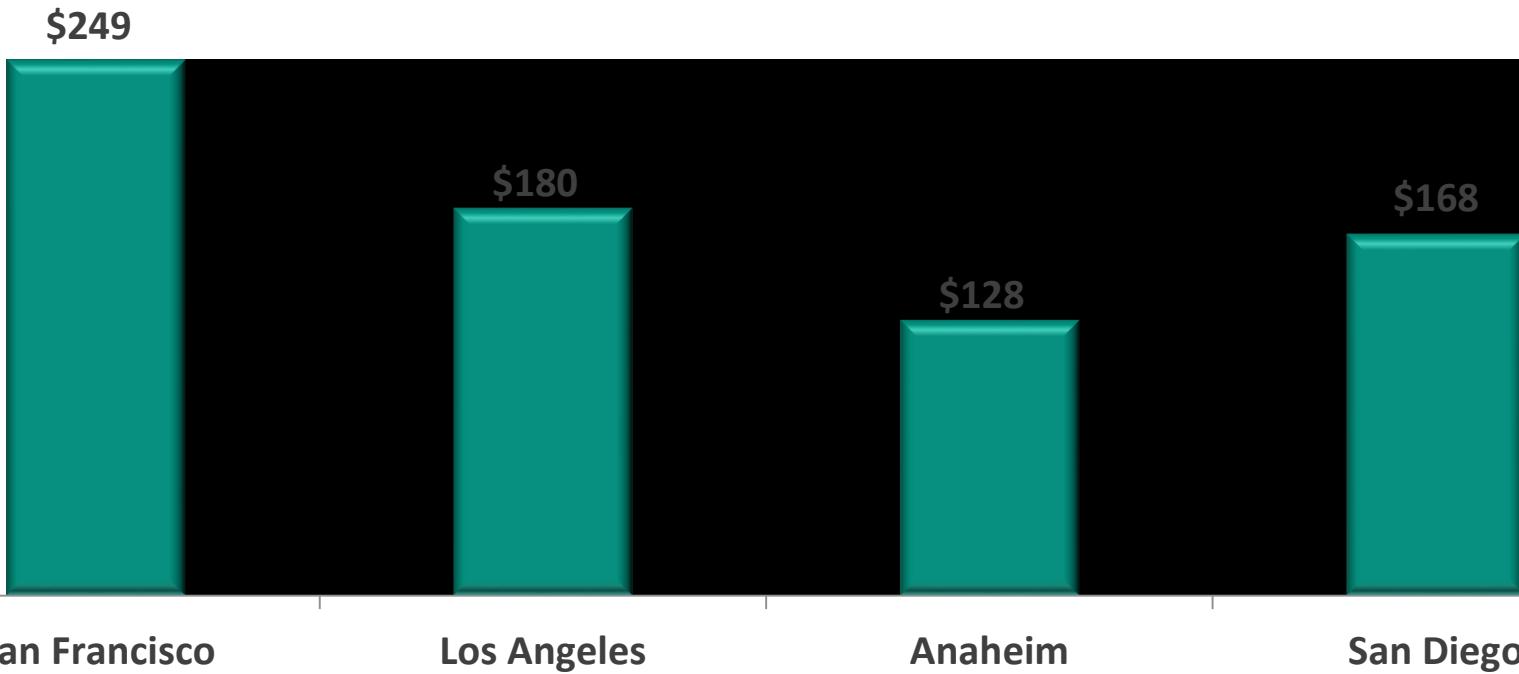
California Market – Actual ADR
12MMA September 2019

Customer Segmentation

Transient Segment – Rooms reserved at rack rate, corporate negotiated, package, government rate or rooms booked via third party websites.

**Group Segment** – Rooms sold simultaneously in blocks of 10 or more.

Transient Customer Segmentation: Anaheim only positive ADR & OCC

San Francisco: ADR 2.8, OCC -3.3
Los Angeles: 1.4, ADR -1.3
Anaheim: 1.3, 1.4
San Diego: 1.2, -1.0

■ Transient ADR % Change   ■ Transient OCC % Change

Transient Customer: RevPAR % Change by Contribution of OCC / ADR % Change, September 2019 YTD

Group Customer Segmentation: San Francisco group back strong

Legend: ■ Group ADR % Change   ■ Group OCC % Change

	San Francisco	Los Angeles	Anaheim	San Diego
Group ADR % Change	9.2	-1.2	1.7	2.9
Group OCC % Change	4.1	-3.2	2.4	-7.2

Group Customer: RevPAR % Change by Contribution of OCC / ADR % Change, September 2019 YTD
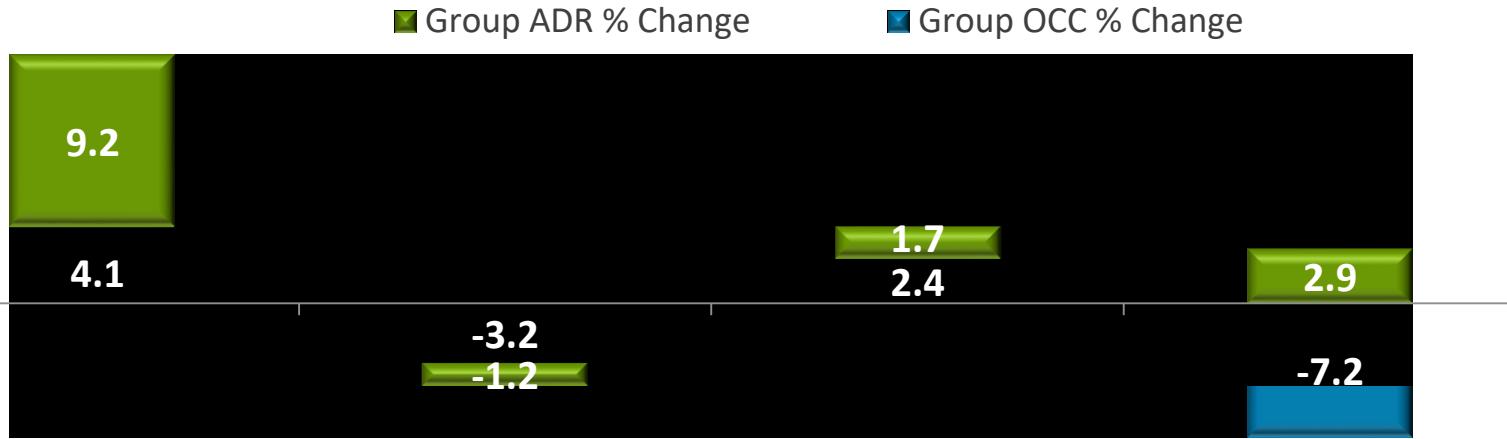
Transient ADR has premium...except in San Francisco & San Diego

Legend: ■ Transient ADR ■ Group ADR

San Francisco: $296.00 (Transient), $333.00 (Group)
Los Angeles: $267.00, $248.00
Anaheim: $264.00, $232.00
San Diego: $240.00, $243.00

Customer Segmentation: Actual ADR by market, September 2019 YTD Transient vs. Group

Top 10 Destinations For Future Meetings

Chart showing percentage of meeting planners who plan to use destination:
- New York, NY — ~23%
- Chicago, IL — ~22%
- Las Vegas, NV — ~20%
- Orlando, FL — ~19%
- Washington, D.C. — ~19%
- Atlanta, GA — ~17%
- San Diego, CA — ~16%
- Dallas, TX — ~16%
- Los Angeles, CA — ~15%
- Austin, TX — ~15%
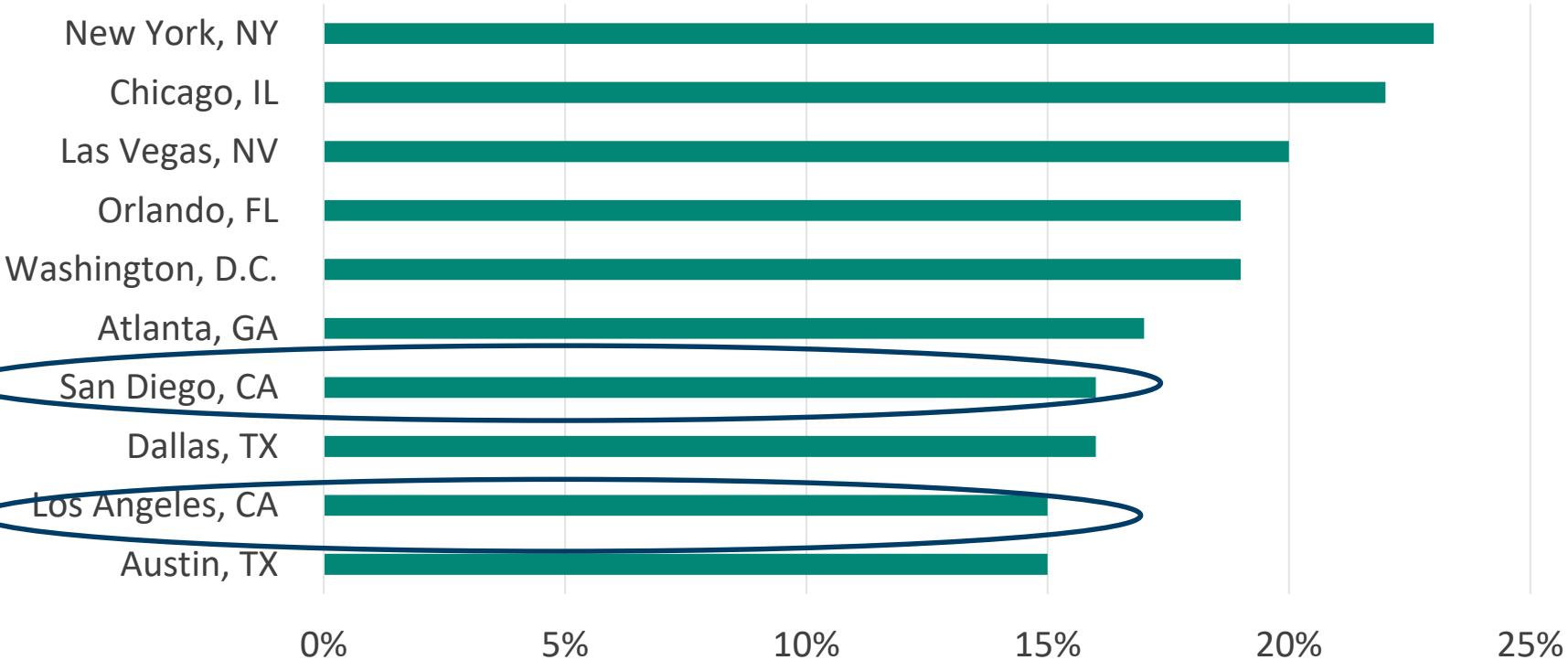
STR 2019 DestinationMAP: % of meetings planners who plan to use destination for a meeting in the next two years

Outlook

Under Construction Rooms Increase. Only 4K off from 2007/2008 Peak

Phase	2019	2018	% Change
In Construction	207	188	10.4%
Final Planning	238	215	10.6%
Planning	216	203	5.9%
Under Contract	**661**	**607**	**9.0%**

Total U.S. Pipeline, by Phase, '000s Rooms, September 2019 and 2018

Large Markets Grow Rapidly

Market	Rooms In Construction	% Of Existing
Nashville, TN	5,572	12%
New York, NY	14,437	11%
Minneapolis/St Paul, MN-WI	3,482	8%
Tampa/St Petersburg, FL	3,137	7%
Boston, MA	3,826	6%
Dallas, TX	5,913	6%
Los Angeles/Long Beach, CA	6,130	6%
Philadelphia, PA-NJ	2,866	6%
Phoenix, AZ	3,964	6%
Orlando, FL	7,099	6%

U.S. Pipeline, Rooms In Construction and as % of Existing Supply, Largest % In Top 26 Markets, September 2019

Notable Calendar Shifts Impacting US Lodging Performance Data in 2019:

Easter:	Shift from April to April (also affects Q1/Q2)
Passover:	Shift from March/April to April (also affects Q1/Q2)
Hanukkah:	Shift from 12/3 to 12/23, impacting weekly results
Weekend Night:	Jun/Sept/Dec loose. May/Aug/Nov gain.

Notable Market Level Events / Comps:

Super Bowl:	From Minneapolis to Atlanta
North Carolina:	Hurricane Florence 9/14/2018 and thereafter
Florida:	Hurricane Michael 10/10/18 and thereafter
California:	Wildfires 11/8 through 11/25/2018 and thereafter

Outlook		
Metric	**2019 Forecast**	**2020 Forecast**
Supply	1.9%	1.9%
Demand	2.1%	1.6%
Occupancy	0.2%	-0.3%
ADR	1.4%	1.4%
RevPAR	1.6%	1.1%

Total United States
Key Performance Indicator Outlook (% Change vs. Prior Year)
2019F – 2020F

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2019 Year End RevPAR Forecast

Top North American Markets, August 2019 Forecast (Markets sorted alphabetically)

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- 3% to 1%	1% to 3%	3% to 6%
Chicago, IL	Anaheim/Santa Ana, CA	Atlanta, GA
Dallas, TX	Boston, MA	Montreal, QC
Detroit, MI	Denver, CO	Nashville, TN
Houston, TX	Los Angeles/Long Beach, CA	San Francisco/ San Mateo, CA
Miami/Hialeah, FL	Norfolk/Virginia Beach, VA	Tampa/St Petersburg, FL
Minneapolis/St Paul MN-WI	Phoenix, AZ	Vancouver, BC
New Orleans, LA	St Louis, MO-IL	
New York, NY	Toronto, ON	
Oahu Island, HI		
Orlando, FL		
Philadelphia, PA-NJ		
San Diego, CA		
Seattle, WA		
Washington, DC-MD-VA		

Note: RevPAR Growth forecast estimates are in local currency

2020 Year End RevPAR Forecast

Top North American Markets, August 2019 Forecast (Markets sorted alphabetically)

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- 3% to 1%	1% to 3%	3% to 6%
Atlanta, GA	Anaheim/Santa Ana, CA	Miami/Hialeah, FL
New York, NY	Boston, MA	Montreal, QC
Philadelphia, PA-NJ	Chicago, IL	San Francisco/ San Mateo, CA
Tampa/St Petersburg, FL	Dallas, TX	Vancouver, BC
	Denver, CO	
	Detroit, MI	
	Houston, TX	
	Los Angeles/Long Beach, CA	
	Minneapolis/St Paul MN-WI	
	Nashville, TN	
	New Orleans, LA	
	Norfolk/Virginia Beach, VA	
	Oahu Island, HI	
	Orlando, FL	
	Phoenix, AZ	
	San Diego, CA	
	Seattle, WA	
	St Louis, MO-IL	
	Washington, DC-MD-VA	
	Toronto, ON	

Note: RevPAR Growth forecast estimates are in local currency

Threats looming on the horizon

Slower Profitability Growth

Anemic ADR Growth

Low Unemployment

Overall Economy

Thank You!

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