

STR Industry Overview

HANYC 141st Annual Meeting

Grand Hyatt New York
November 12, 2019

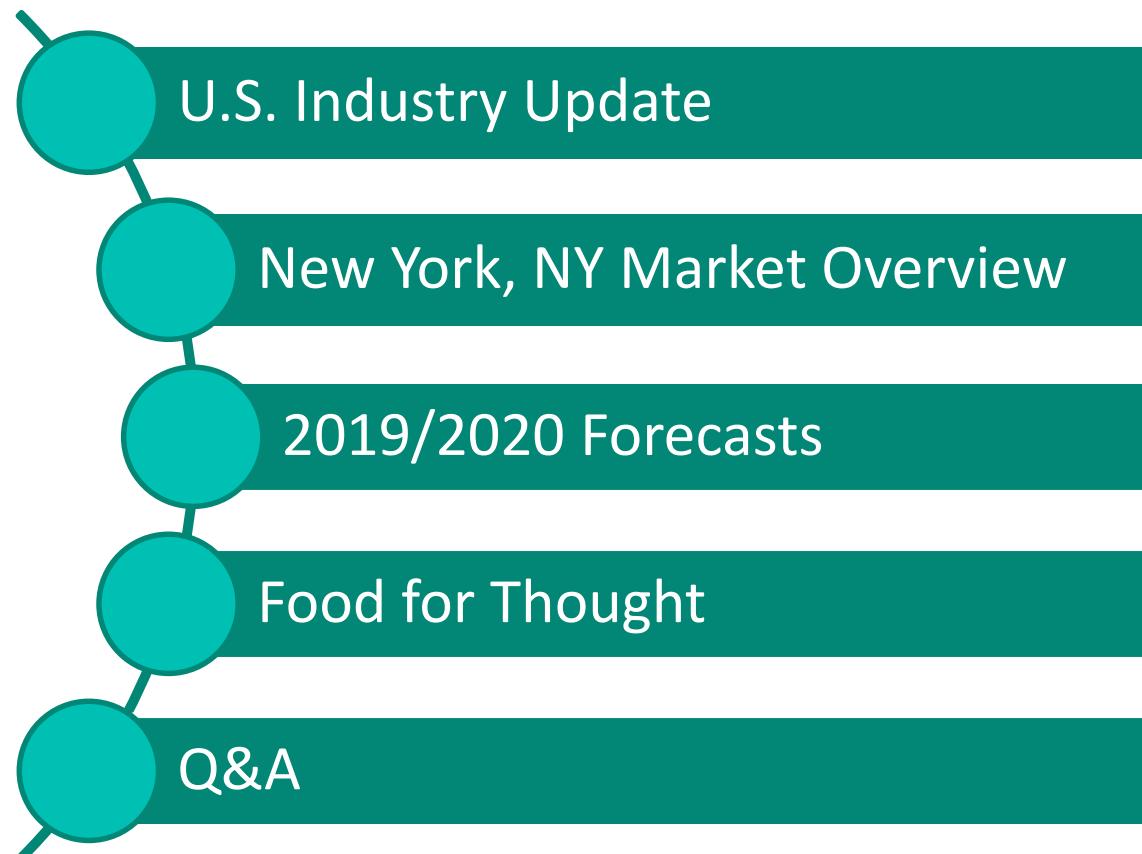
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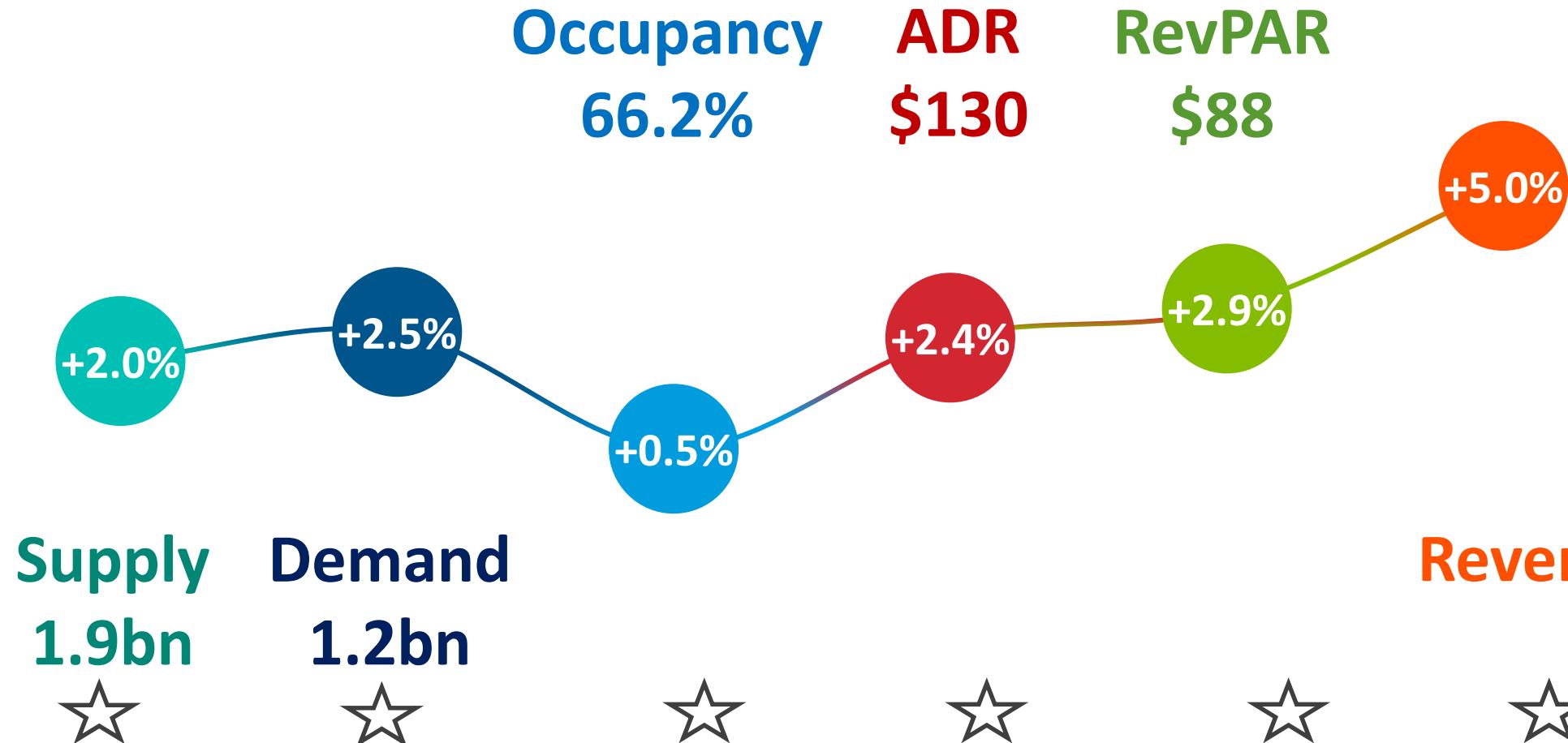
Agenda



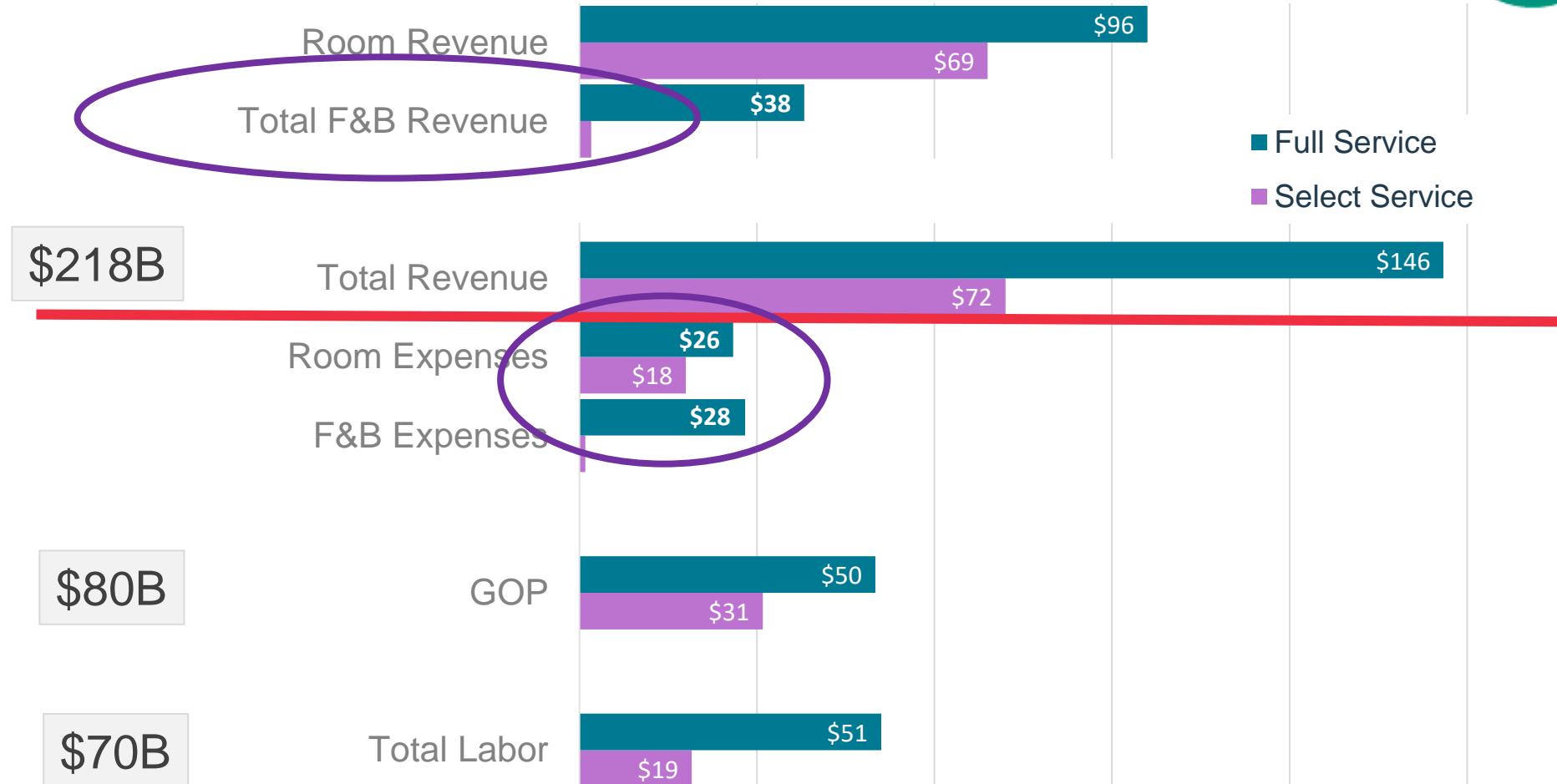


U.S. Industry Performance

U.S. 2018 Performance: A Good Year

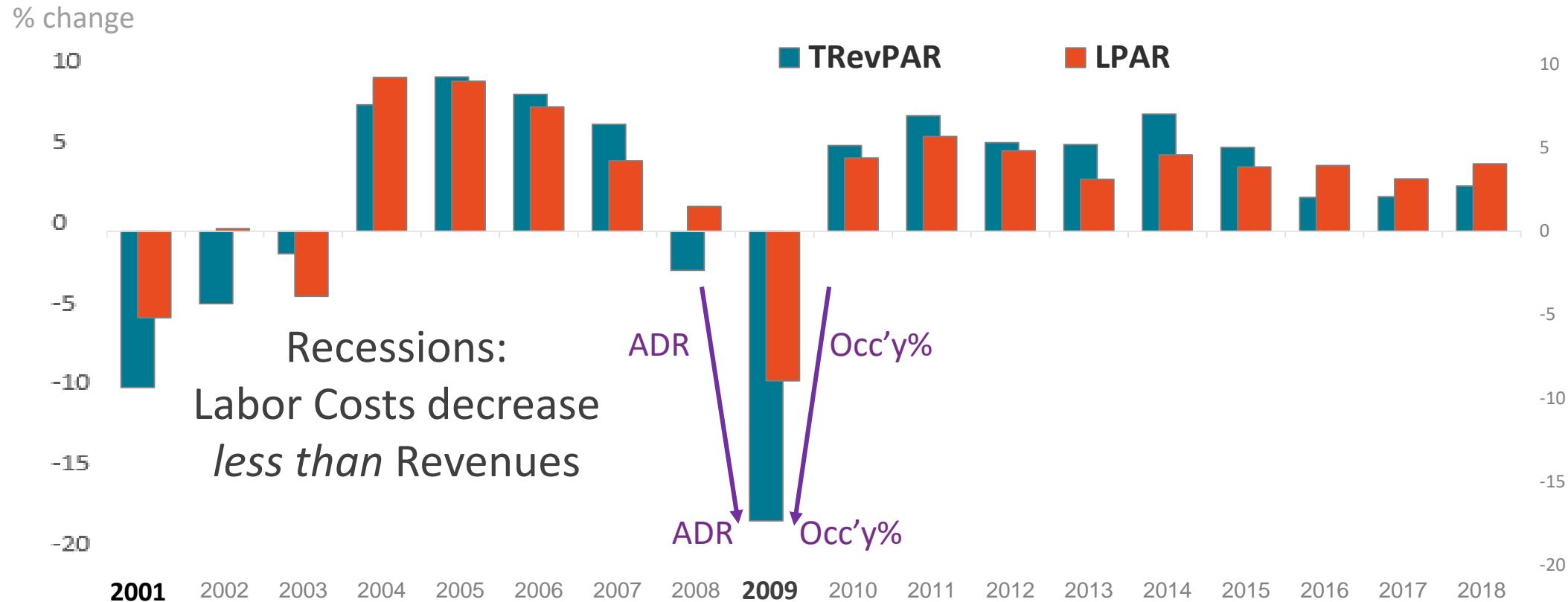


Total Revenues and Profits continue all-time high streak



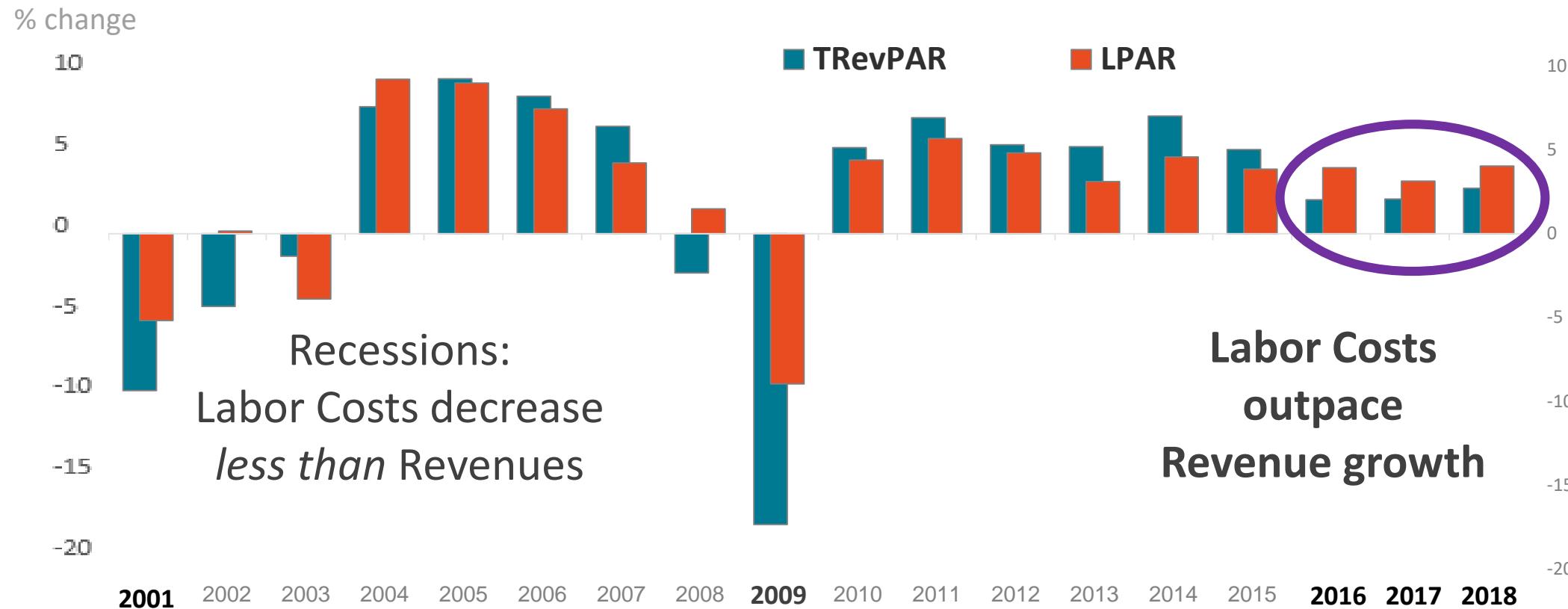
Revenue and Labor Trends

Total Revenue and Labor Costs Per Available Room – Year-over-year growth



3 Year Trend: Labor Outpaces Revenue Growth

Total Revenue and Labor Costs Per Available Room – Year-over-year growth



Total U.S.

Number of Months with Positive ADR Growth of *Less Than 1%*



2011 – 2018

0

YTD 2019

5

**New York, NY Market:
Number of Roomnights At or Above 95% Occupancy**



2018 YTD

401

2019 YTD

299

September YTD 2019:

RevPAR Growth Now at 1%; The No Growth / Slow Growth Story Continues



		% Change
Room Supply		2.0%
Room Demand		2.0%
Occupancy	67.6%	0.0%
ADR	\$133	1.0%
RevPAR	\$89	1.0%
Room Revenue		3.0%

September 2019 12MMA: Weak ADR Growth Trend Continues

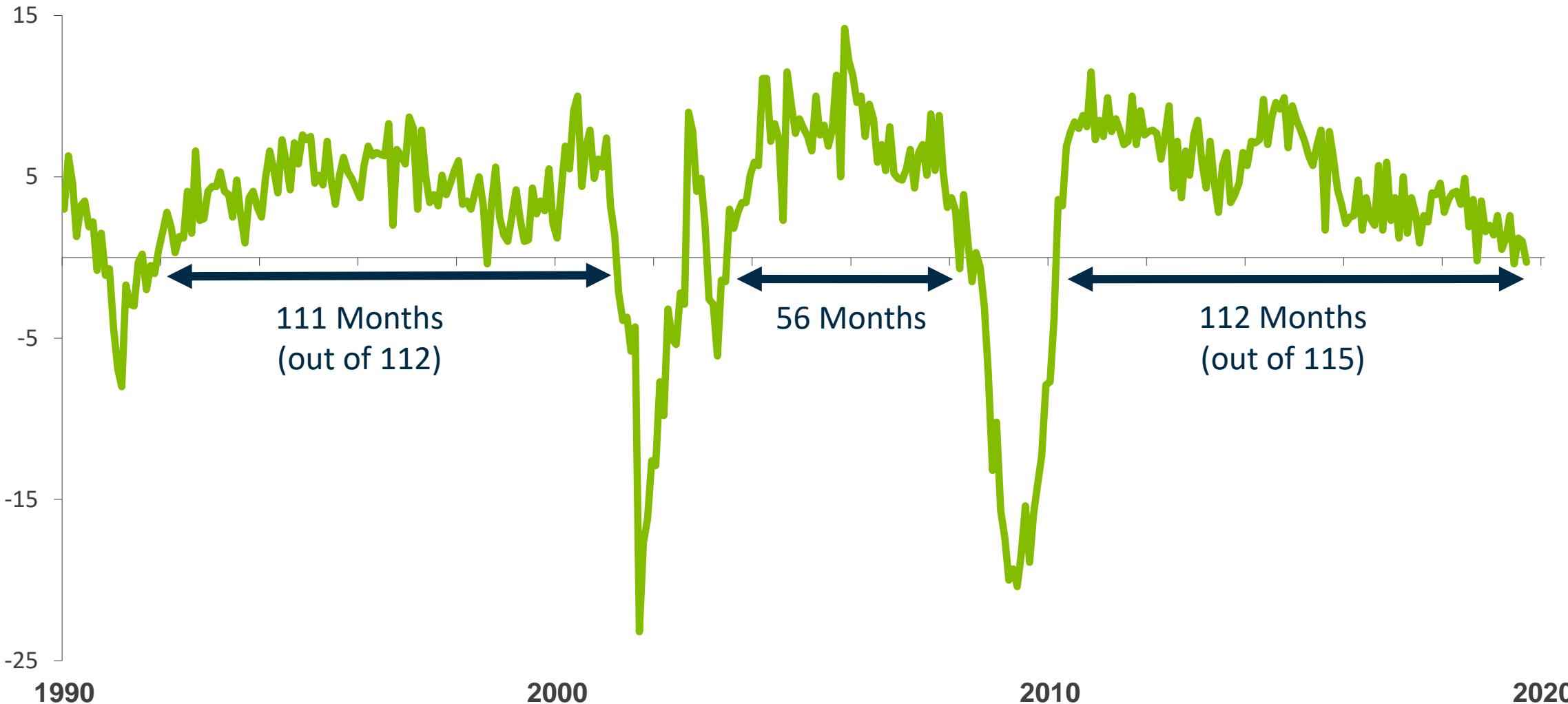


	Highest Ever?		% Change
Room Supply	<input checked="" type="checkbox"/>		2.0%
Room Demand	<input checked="" type="checkbox"/>		2.1%
Occupancy	<input checked="" type="checkbox"/>	66.2%	0.1%
ADR	<input checked="" type="checkbox"/>	\$131	1.2%
RevPAR	<input checked="" type="checkbox"/>	\$87	1.3%
Room Revenue	<input checked="" type="checkbox"/>		3.4%

Total US Key Performance Indicators - September 2019 12 Months Moving Average

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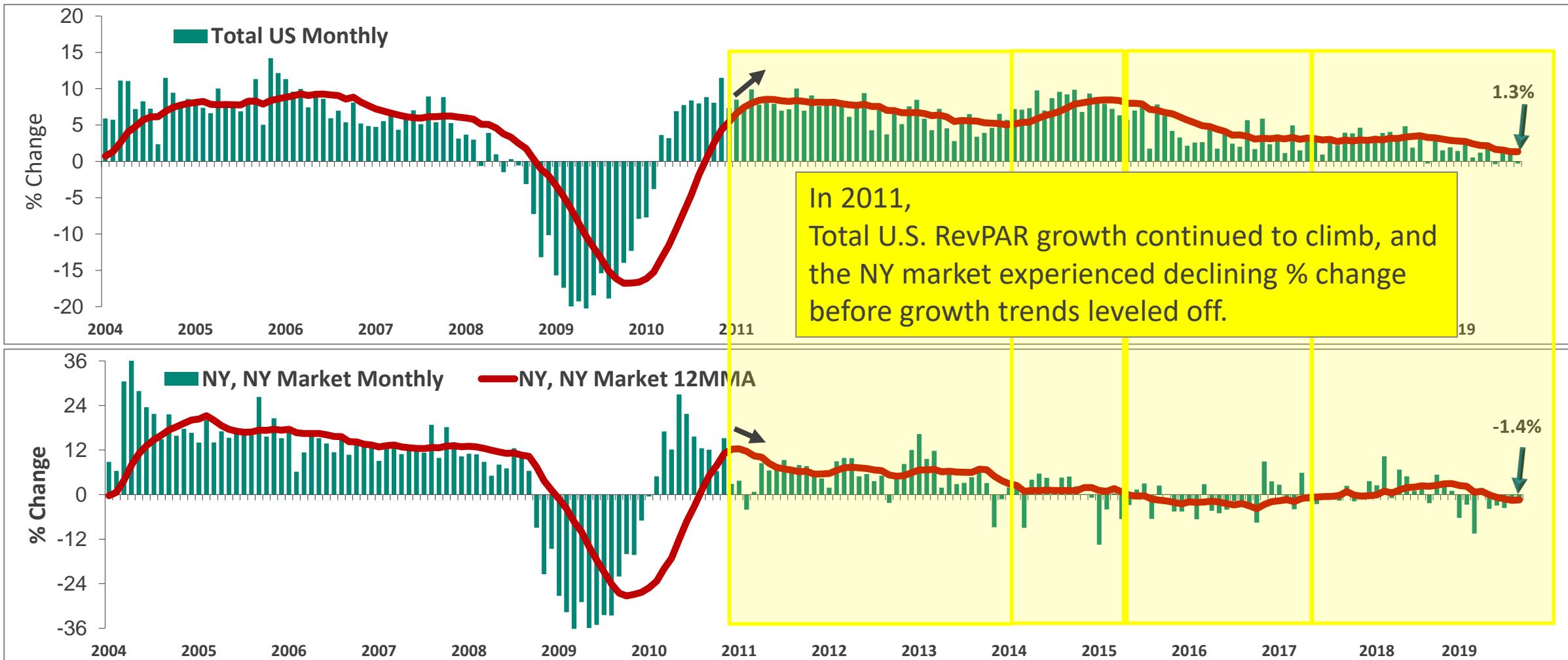
RevPAR Growth: Longest Run of Positive Traction Experiencing Slower Growth



Total U.S. - RevPAR % Change, January 1990 – September 2019

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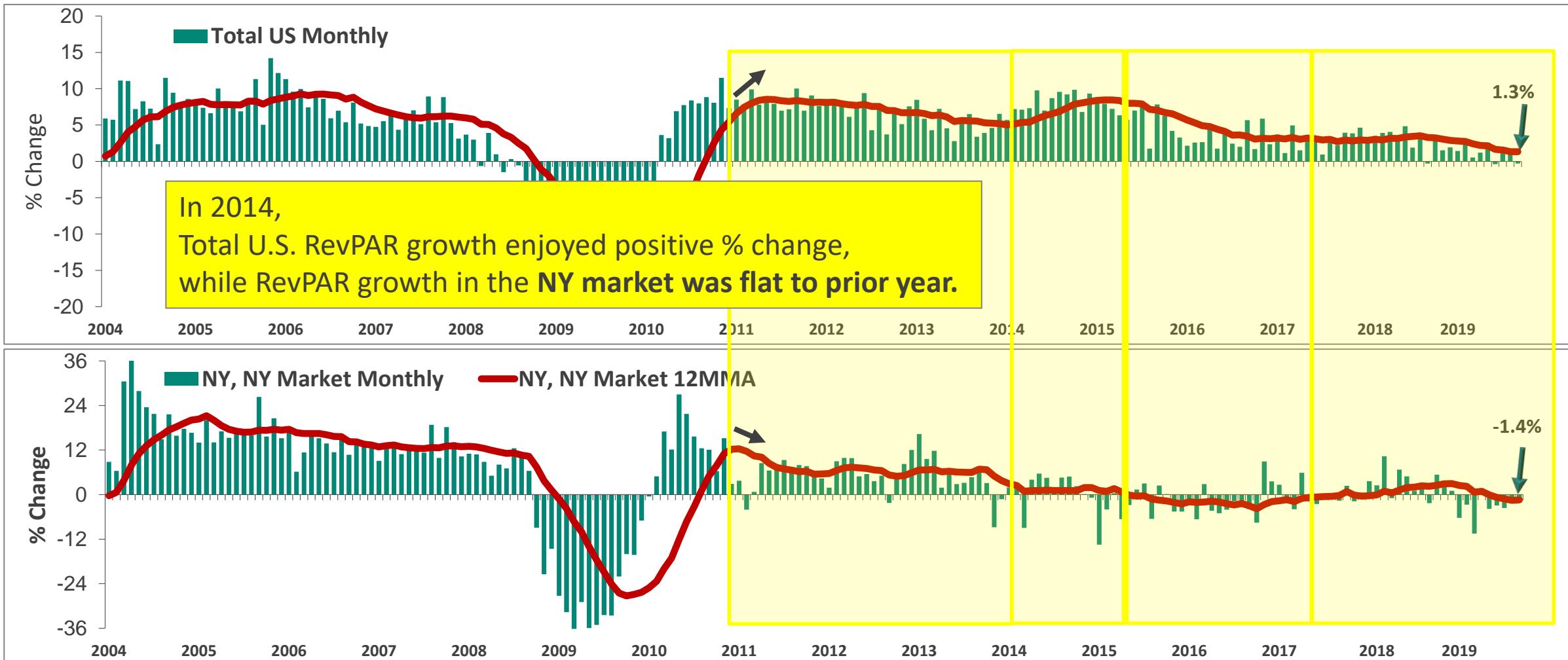
US Industry RevPAR Growth: Erratic Monthly Numbers, Overall Trend Is Positive And Slowing



Total U.S. and New York, NY market RevPAR % Change by month and 12MMA - January 2004 – September 2019

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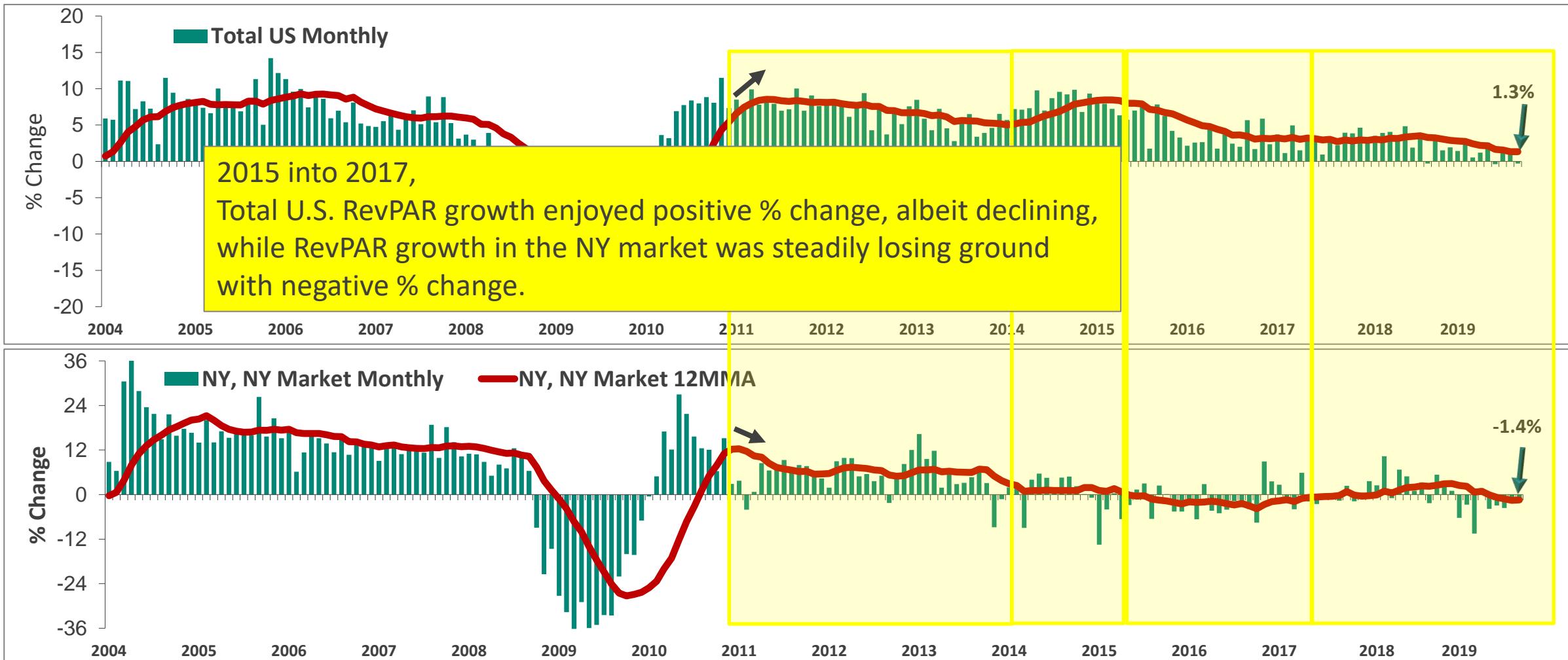
US Industry RevPAR Growth: Erratic Monthly Numbers, Overall Trend Is Positive And Slowing



Total U.S. and New York, NY market RevPAR % Change by month and 12MMA - January 2004 – September 2019

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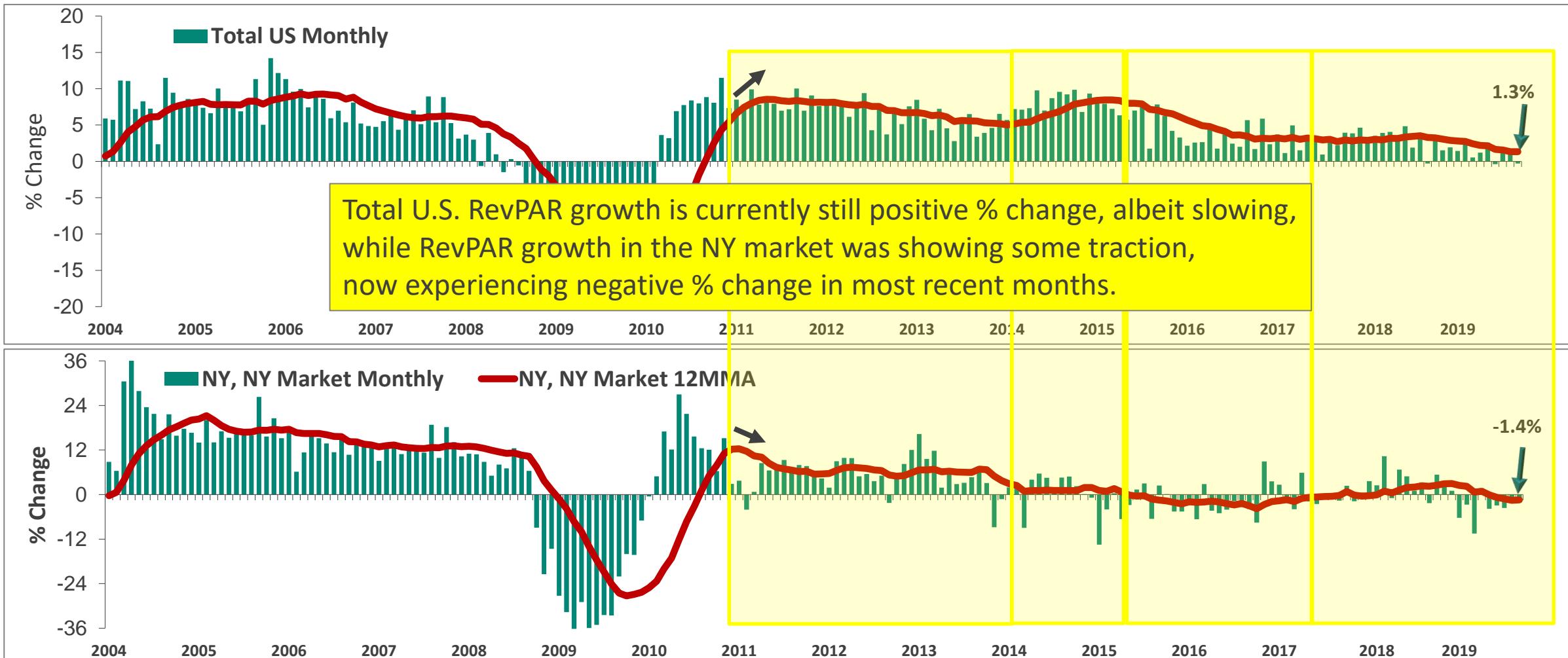
US Industry RevPAR Growth: Erratic Monthly Numbers, Overall Trend Is Positive And Slowing



Total U.S. and New York, NY market RevPAR % Change by month and 12MMA - January 2004 – September 2019

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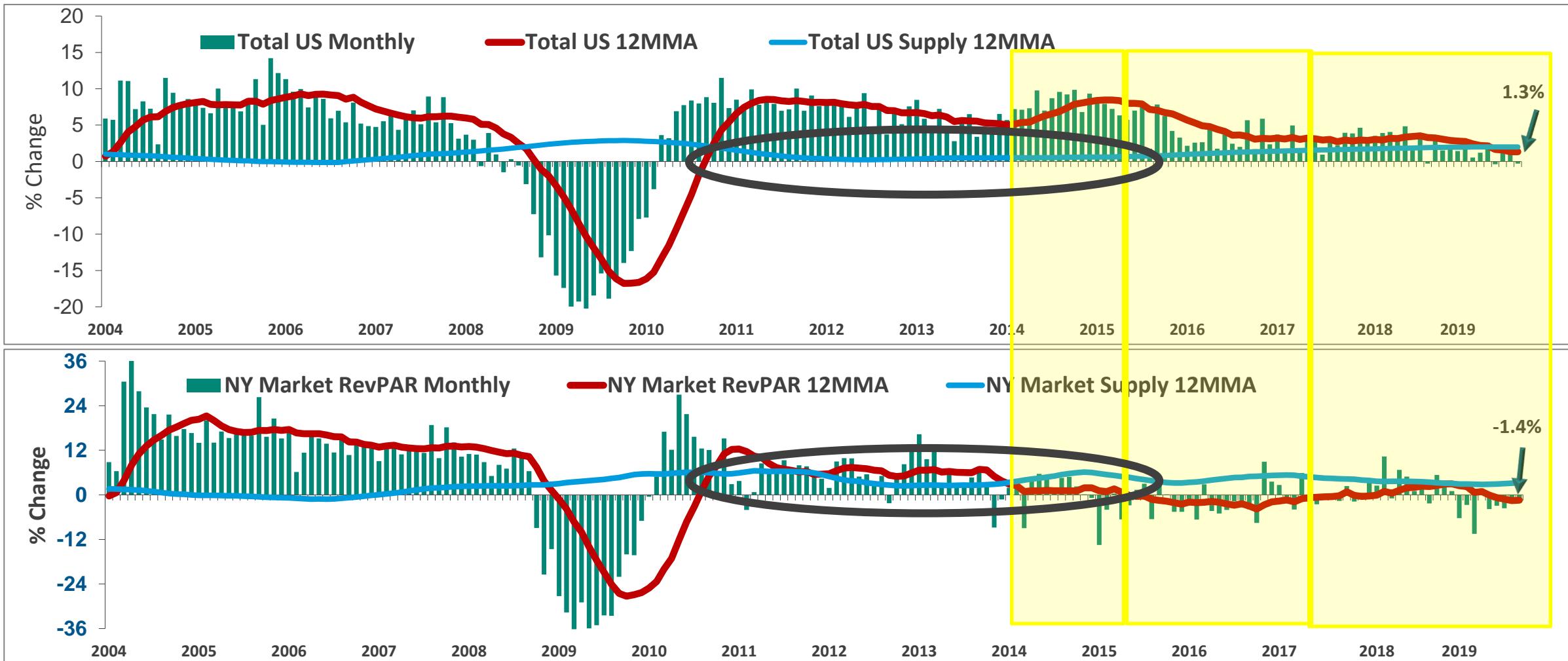
US Industry RevPAR Growth: Erratic Monthly Numbers, Overall Trend Is Positive And Slowing



Total U.S. and New York, NY market RevPAR % Change by month and 12MMA - January 2004 – September 2019

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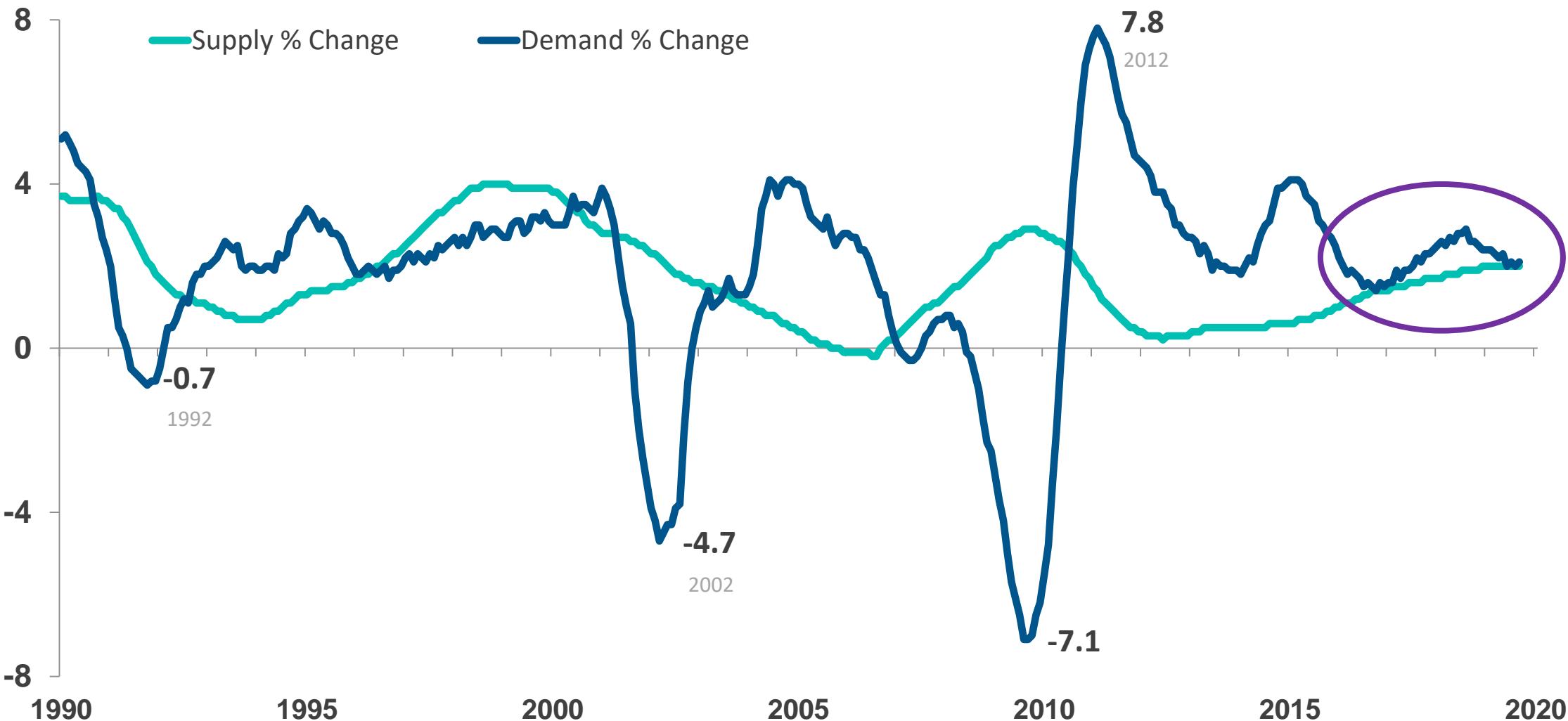
New York, NY Market: Erratic Monthly Numbers, Overall Trend Declining, Influenced by Supply Growth



Total U.S. and New York, NY market RevPAR % Change by month and Supply Growth, 12MMA - January 2004 – September 2019

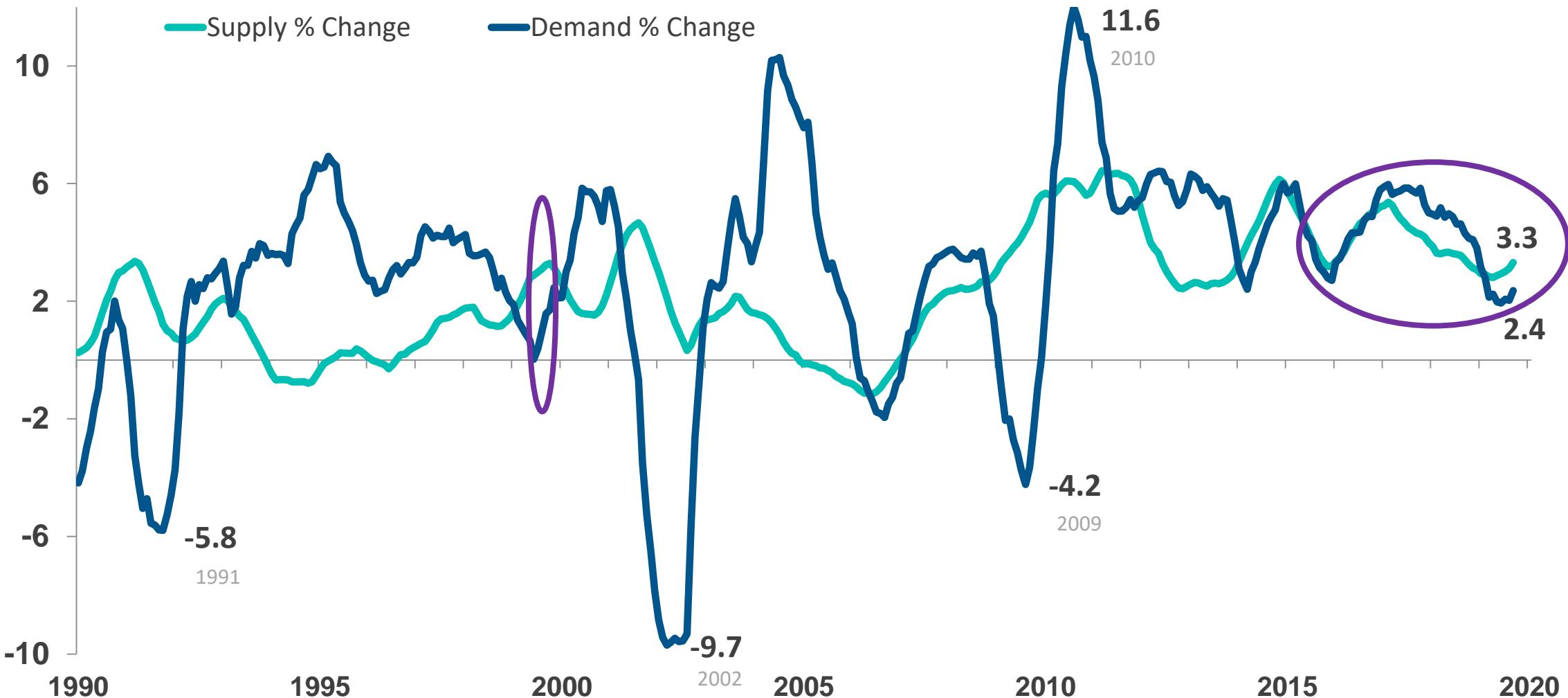
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Total U.S. Supply & Demand Growth In Balance, Driving 2019 /2020 Results



New York, NY Market

Supply & Demand Growth Reverses Course in 2019





Class Review

Examples of Brands by Classification

<https://str.com/data-insights/resources/documents>

Luxury: Four Seasons, Grand Hyatt, Loews, Ritz-Carlton

Upper Upscale: Hilton, Kimpton, Omni, Westin

Upscale: Courtyard, DoubleTree, Sonesta, Wyndham

Upper Midscale: Best Western Plus, Holiday Inn, Home2 Suites

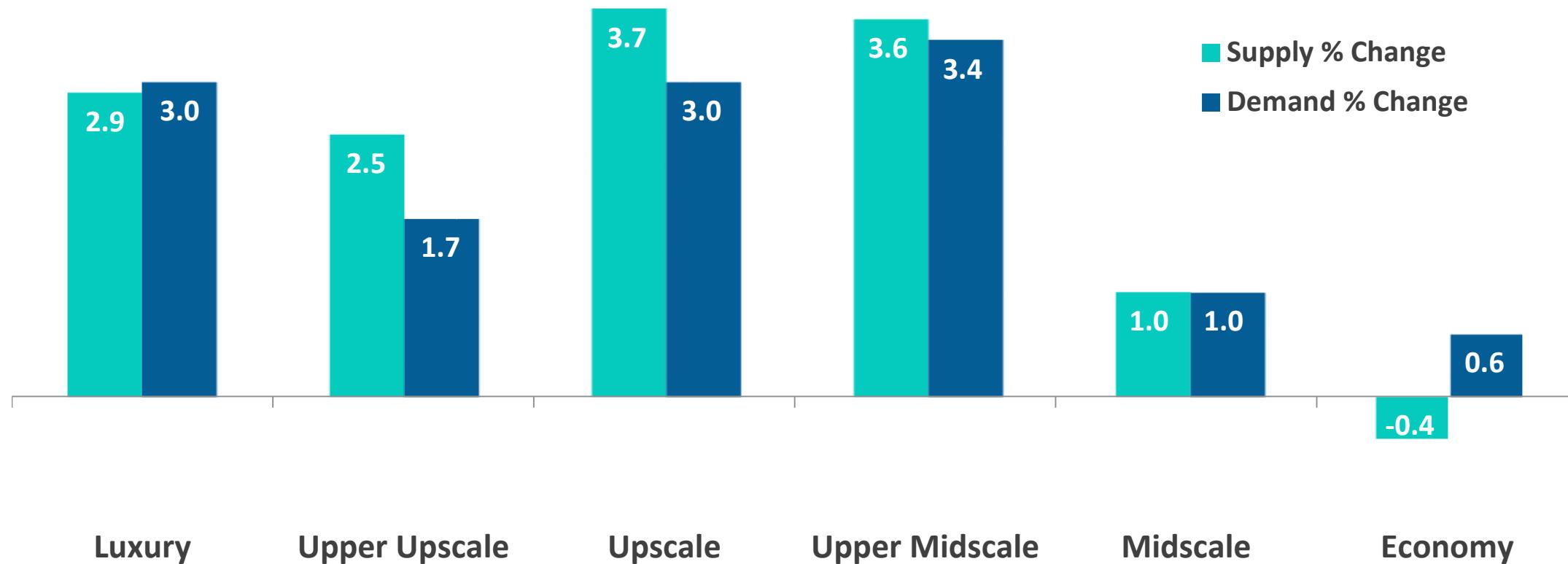
Midscale: Candlewood Suites, Quality Inn, Ramada, Tru

Economy: Days Inn, Motel 6, Red Roof Inn, Rodeway Inn

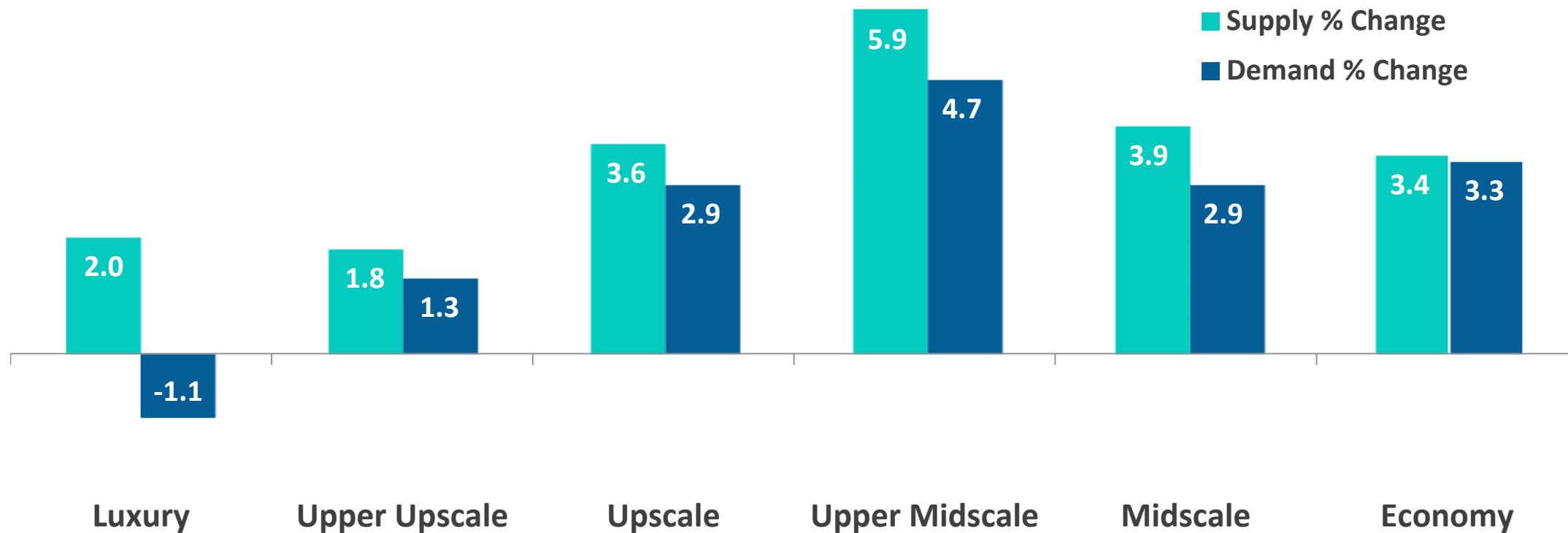


U.S. and NY Market Performance by Hotel Class

Total U.S. Class: Supply Growth Will Impact Results Going Forward



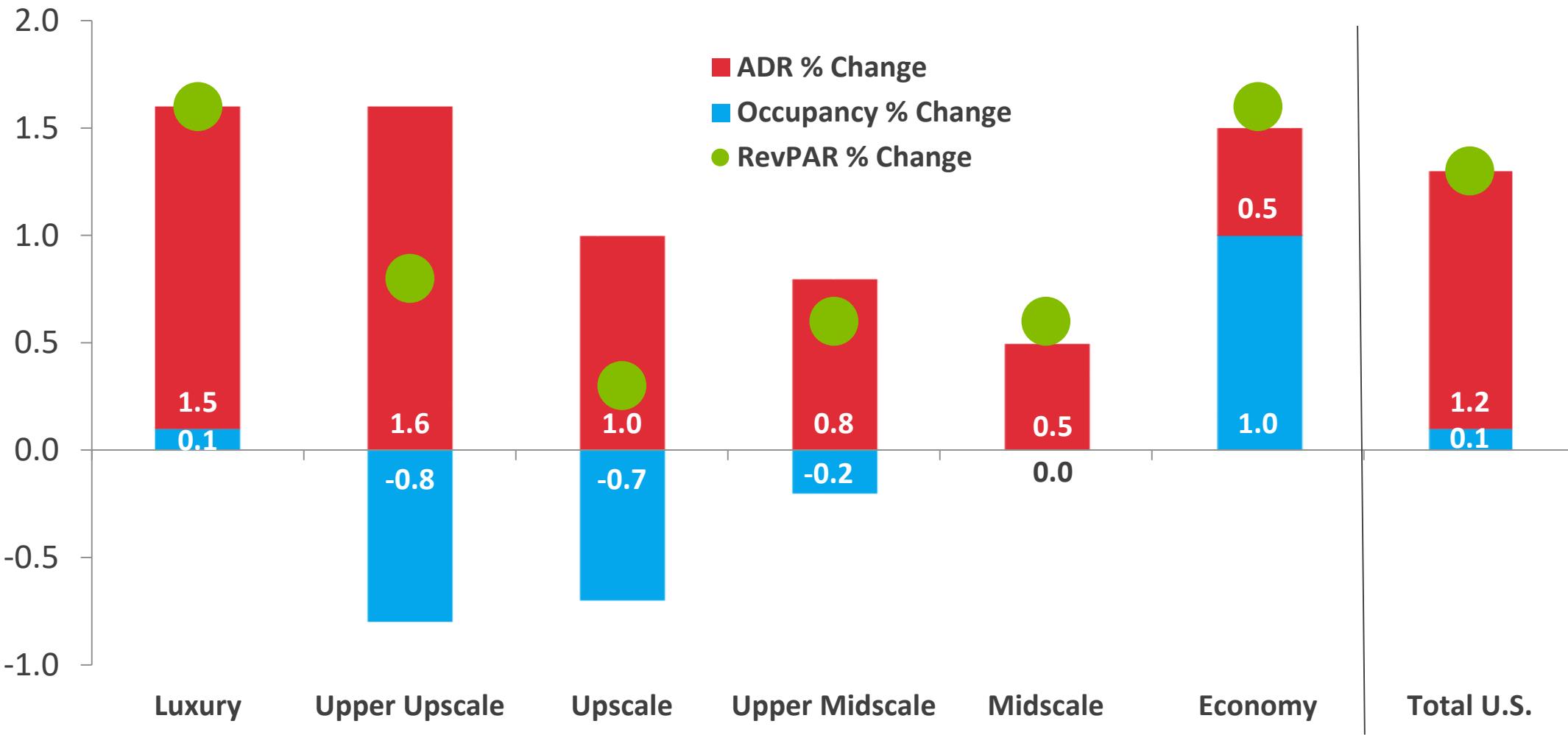
New York, NY Market Class: Supply Growth Telling the Story



Total U.S. - Supply and Demand % Change, by Class – September 2019 12MMA

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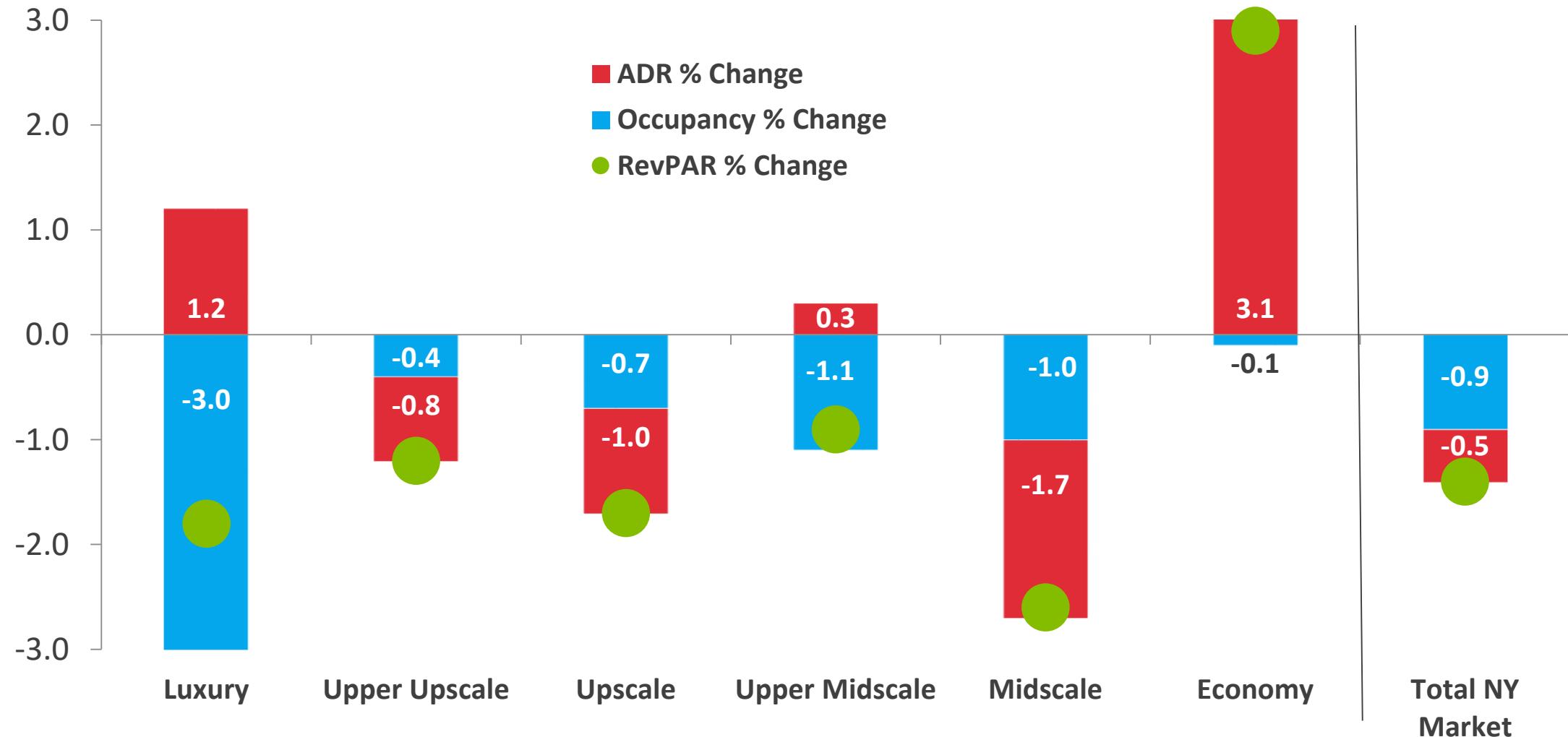
Total U.S. RevPAR Results by Hotel Class: 3 Classes Lose Occupancy, While All Grow ADR



Total US - RevPAR % Change by Contribution of Occupancy and ADR % Changes, by Class - September 2019 12MMA

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New York, NY Market RevPAR Results by Hotel Class: All Classes Lose Occupancy, While 3 Grow ADR





Pipeline



New Construction



Expansion

U.S. Pipeline: Rooms In Construction Increase, Still Manageable

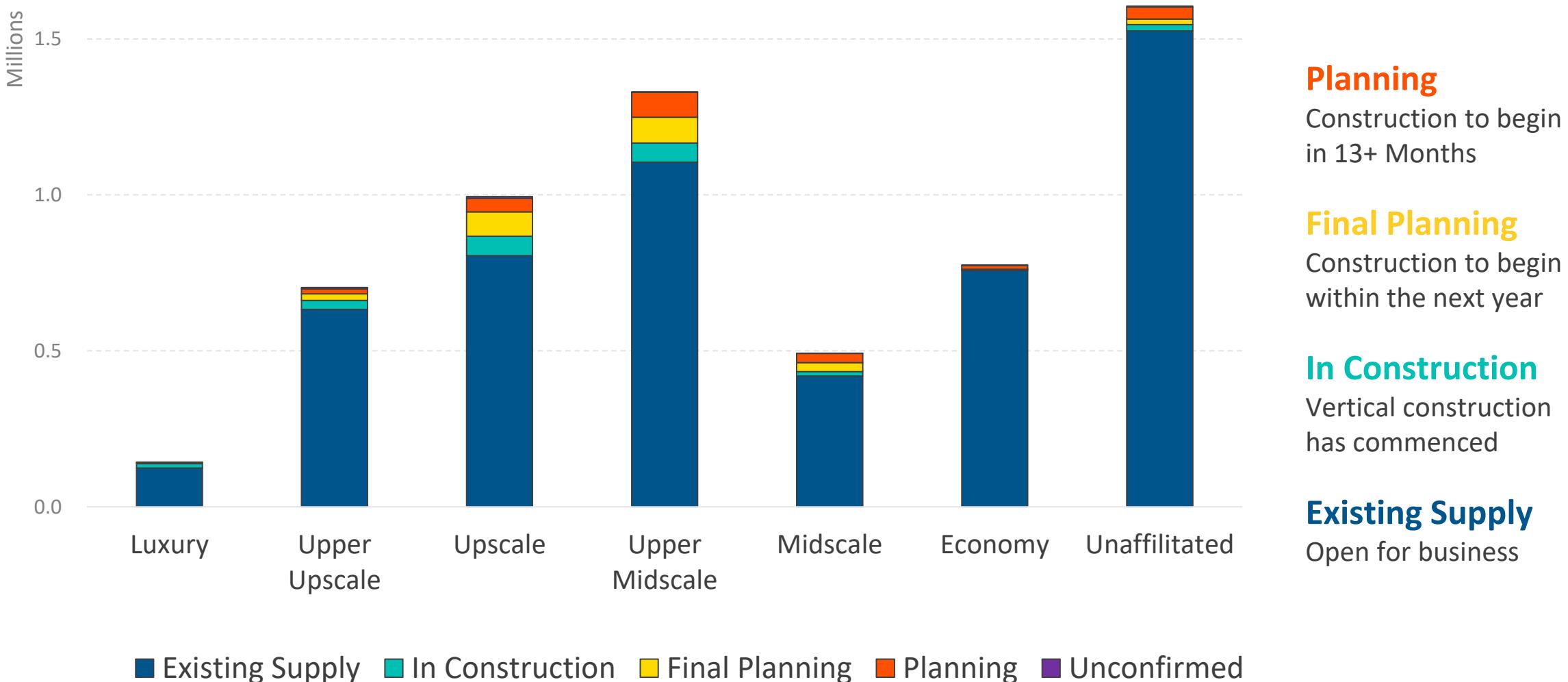


<u>Phase</u>	<u>2019</u>	<u>2018</u>	<u>% Change</u>
In Construction	204	188	8.2%
Final Planning	231	207	11.5%
Planning	221	218	1.6%
Under Contract	656	614	7.0%

Total US Pipeline - by Construction Phase, '000s Rooms – September 2019 and September 2018

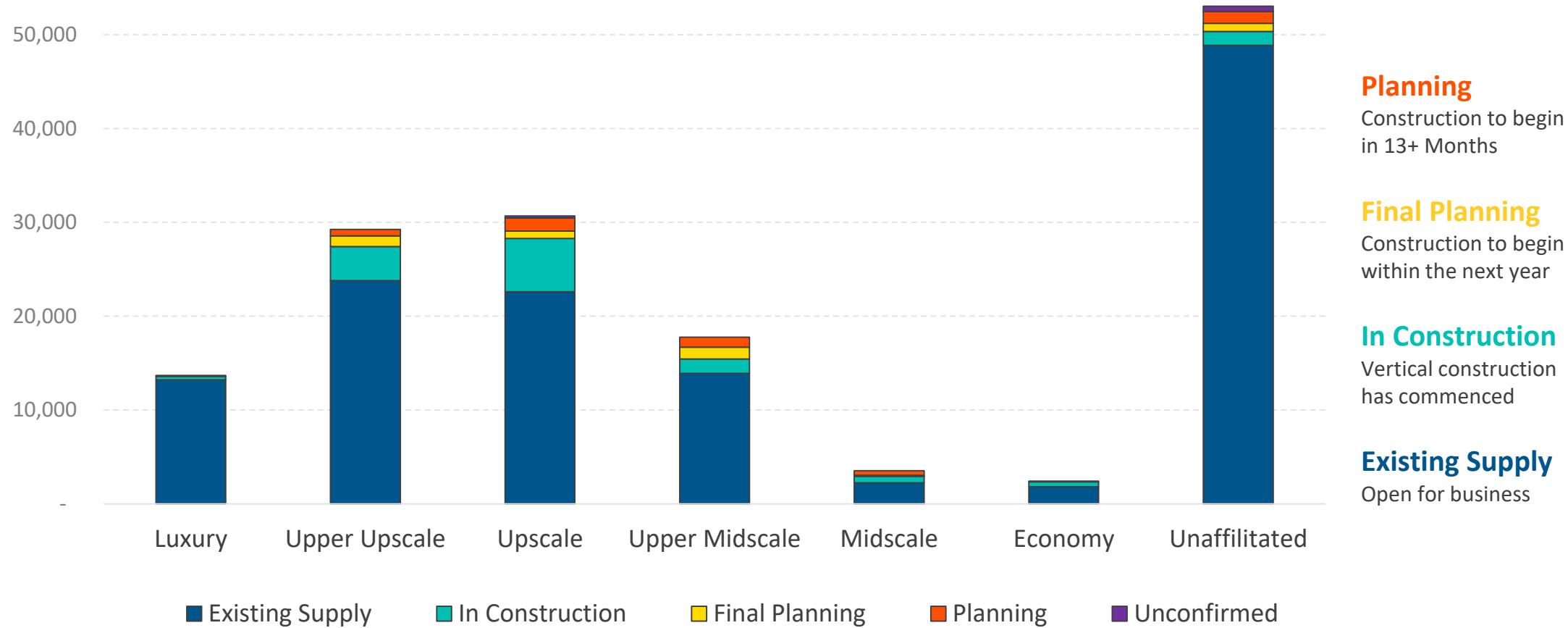
Total U.S. Hotel Inventory and Pipeline

8.2% increase in rooms supply on the horizon



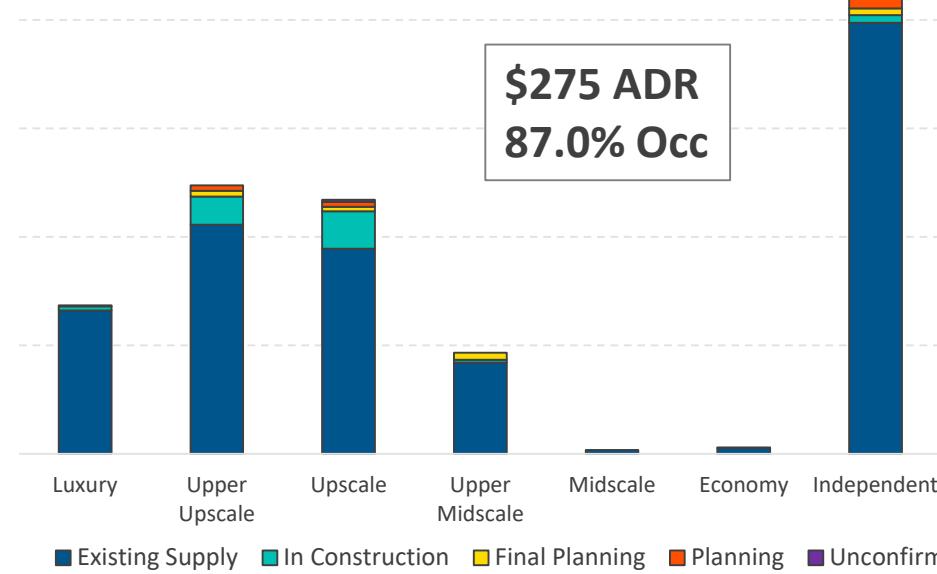
How does the New York, NY Market's inventory stack up?

Looking at total 18% increase in rooms supply



Manhattan

\$275 ADR
87.0% Occ

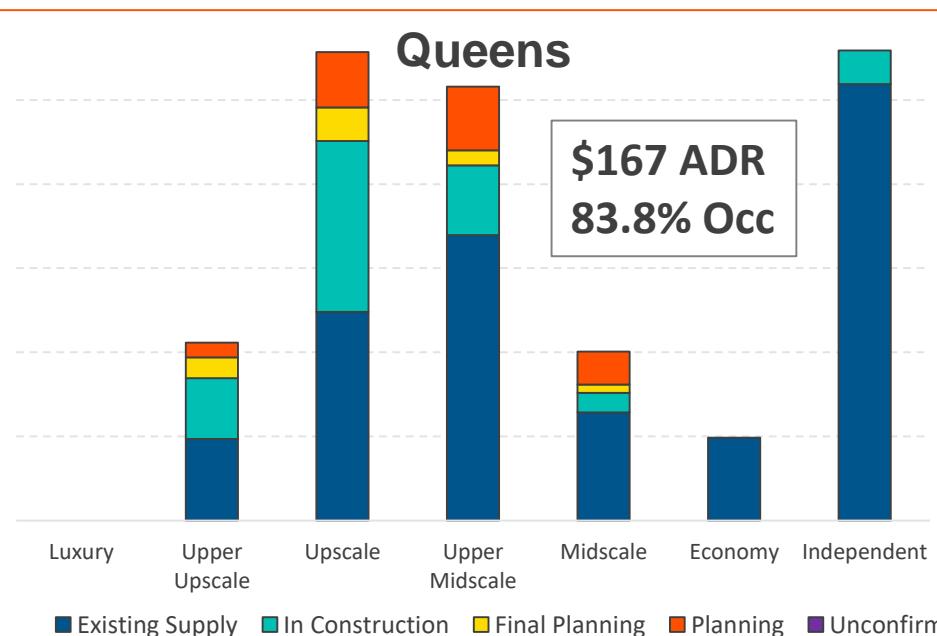


Let's Survey the Landscape

New York, NY Boroughs
Hotel Rooms by Scale

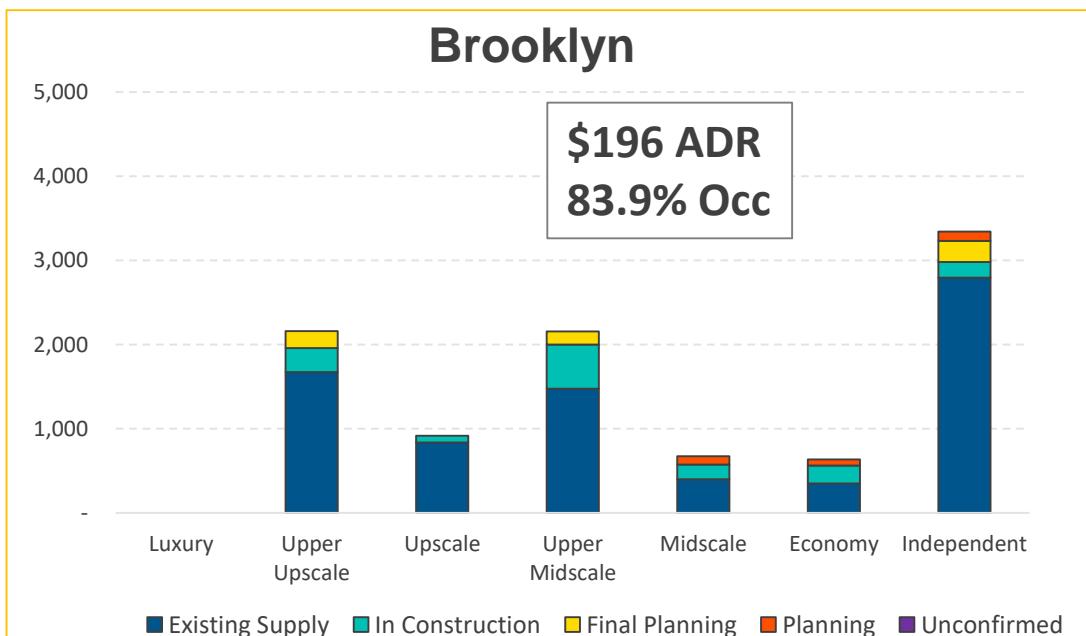
Queens

\$167 ADR
83.8% Occ



Brooklyn

\$196 ADR
83.9% Occ



Surveying the Landscape



New York, NY Boroughs Hotel Rooms by Scale

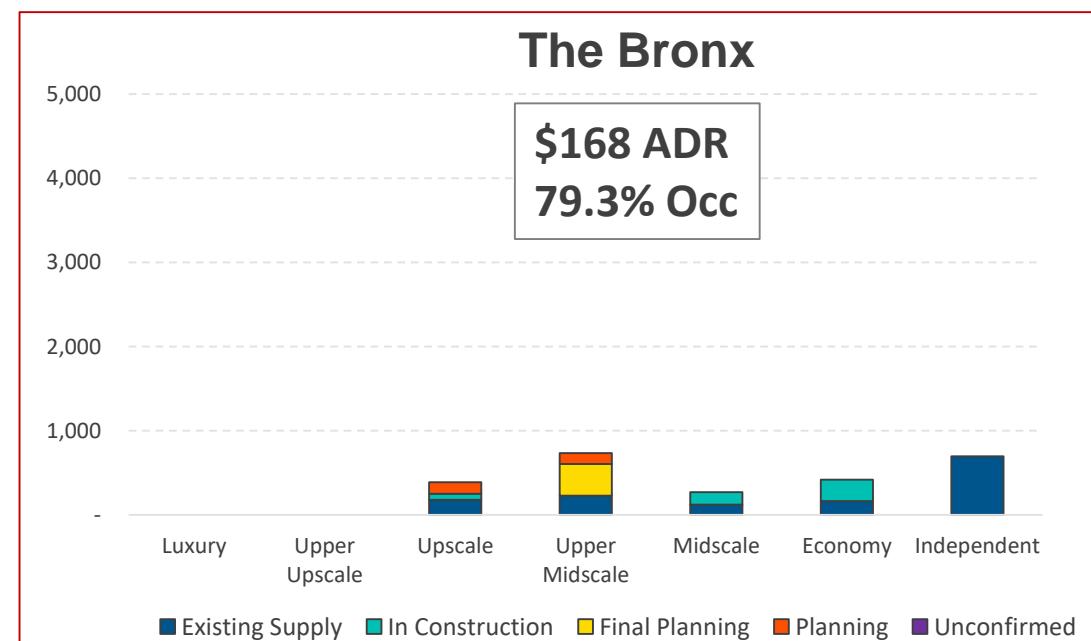
Staten Island

\$143 ADR
72.6% Occ



The Bronx

\$168 ADR
79.3% Occ



New York, NY Market

Performance Overview

By Borough

699 hotels

126,235 Rooms

87% Participation

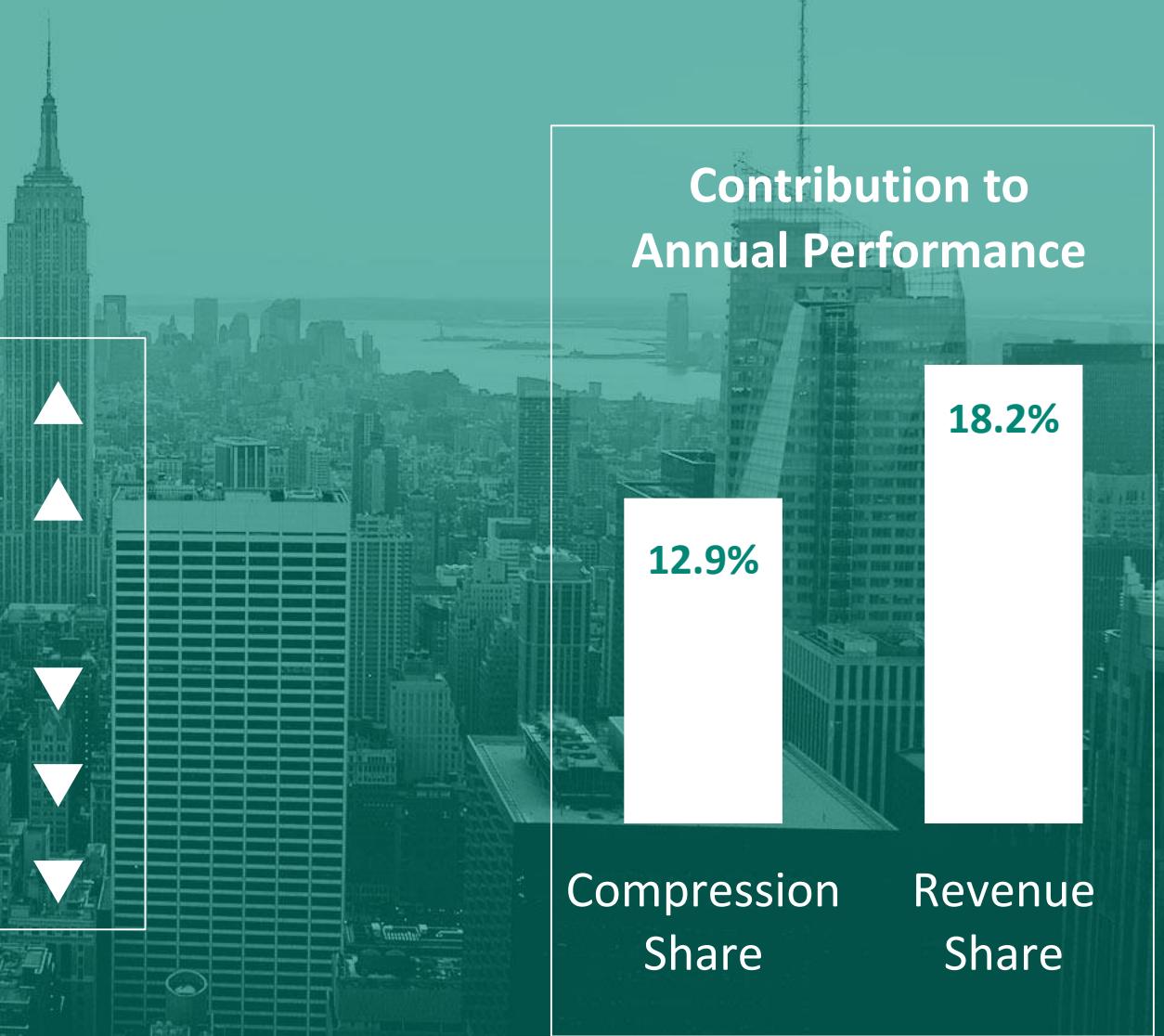


New York, NY Market

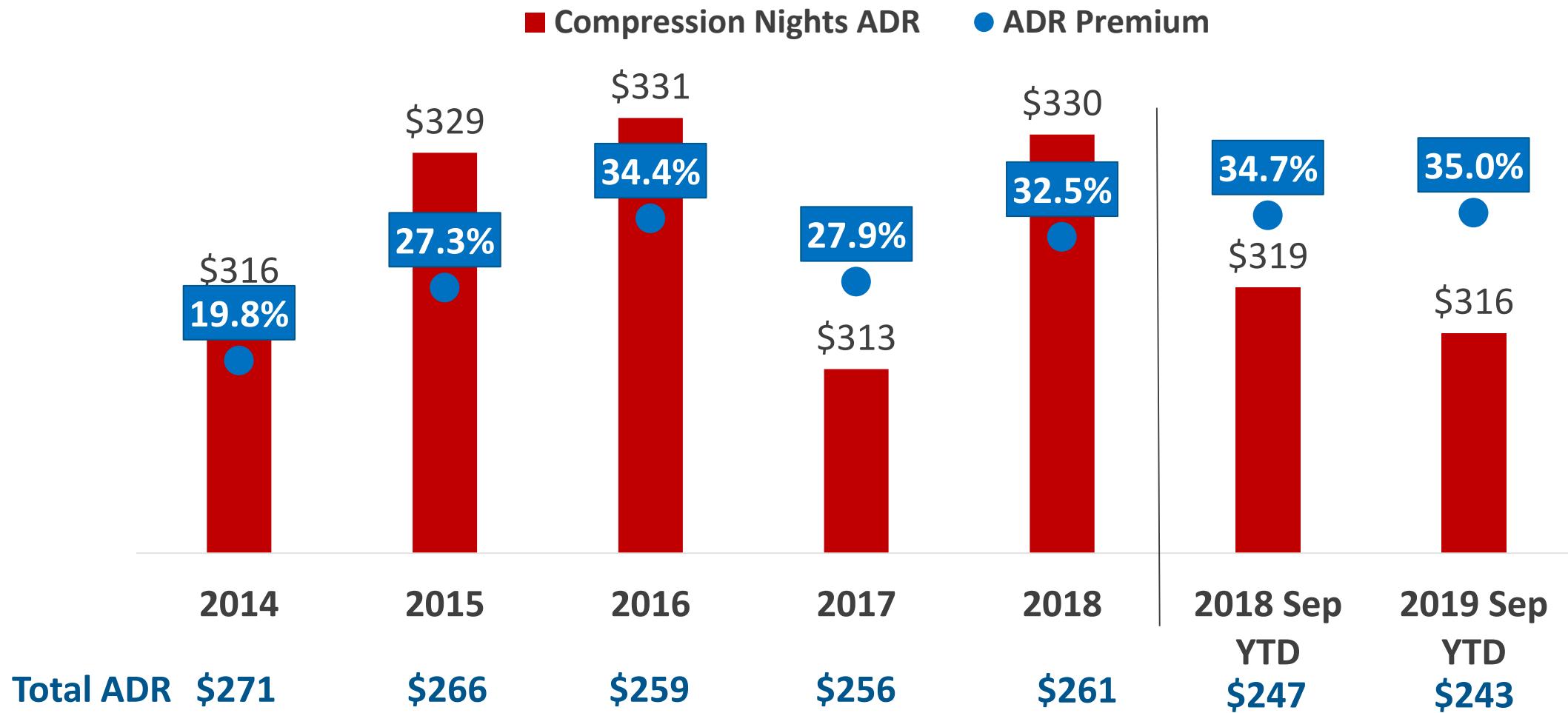
Performance Overview By Borough



	Supply % Change	Demand % Change	Occupancy	ADR	RevPAR
Supply % Change	3.3%				
Demand % Change	2.4%				
Occupancy	86.3%		86.3%	-0.9%	
ADR		\$257.59		-0.5%	\$222.37
RevPAR				-1.4%	



NYC Hotel Compression ADR: Down to STLY and Premium Flat



*Compression Night occupancy ≥ 95%

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- Manhattan
- Staten Island
- Queens
- Brooklyn

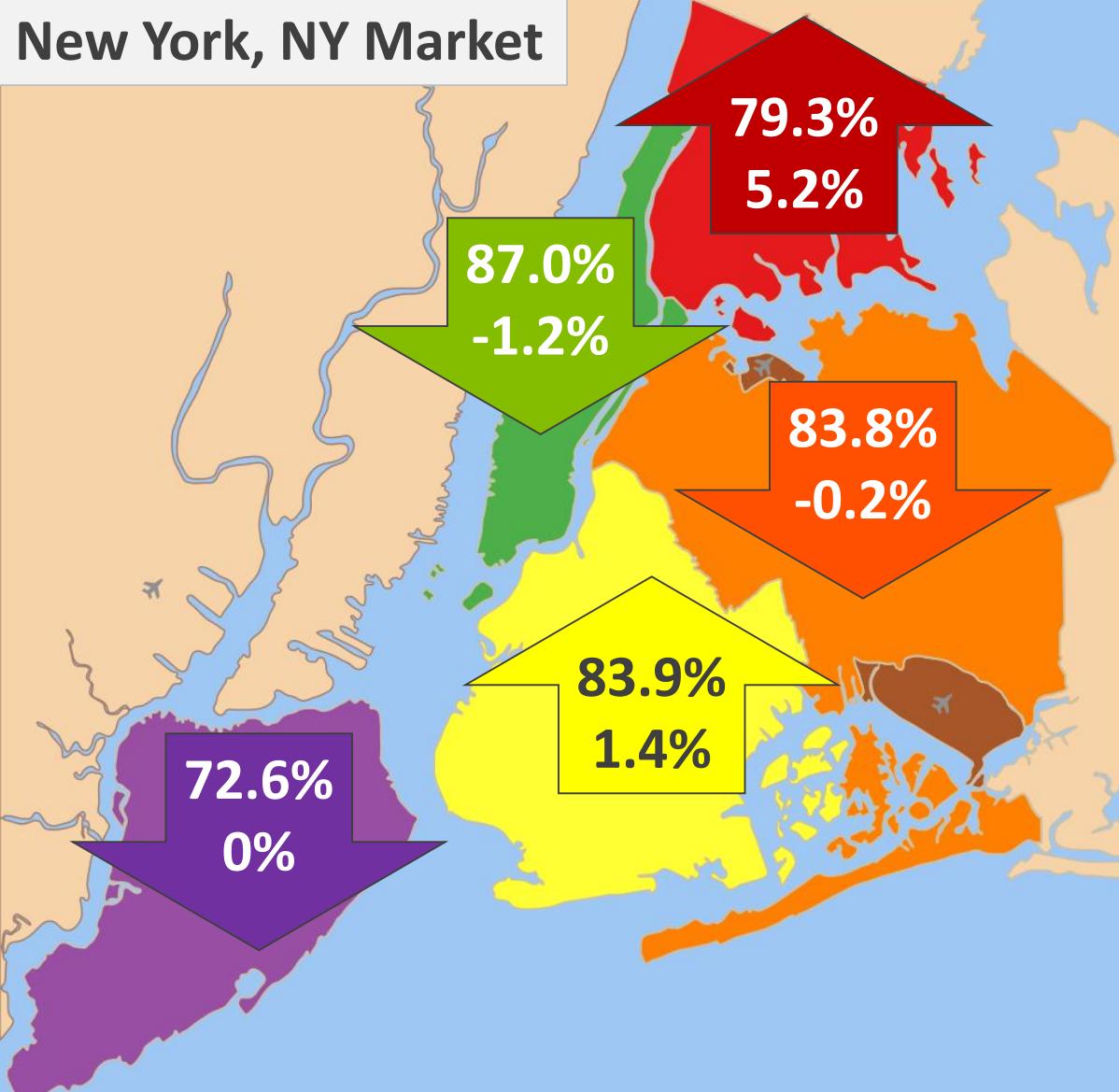
- The Bronx



Key Statistics

New York, NY Market - September 2019 12MMA

		<u>% chg</u>
Occ	86.3%	-0.9%
ADR	\$258	-0.5%
RevPAR	\$222	-1.4%



● Staten Island
● The Bronx

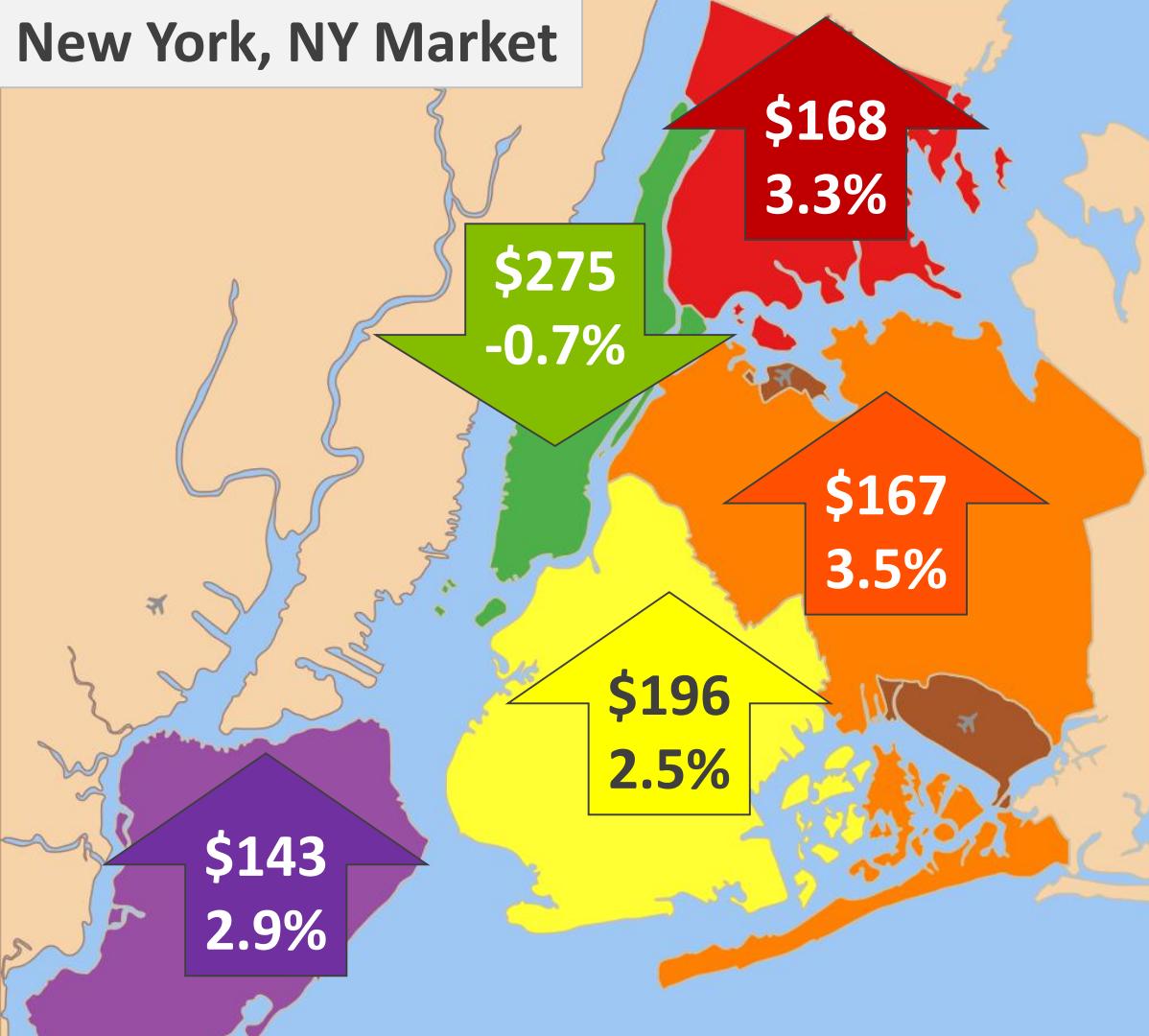
● Manhattan
● Queens
● Brooklyn



Occupancy
86.3%
-0.9% change

New York, NY Market - September 2019 12MMA

New York, NY Market



● Staten Island
● The Bronx

● Manhattan
● Queens
● Brooklyn

ADR

\$258

-0.5% change

New York, NY Market - September 2019 12MMA



Recap: KPI Growth by New York, NY Boroughs and Market

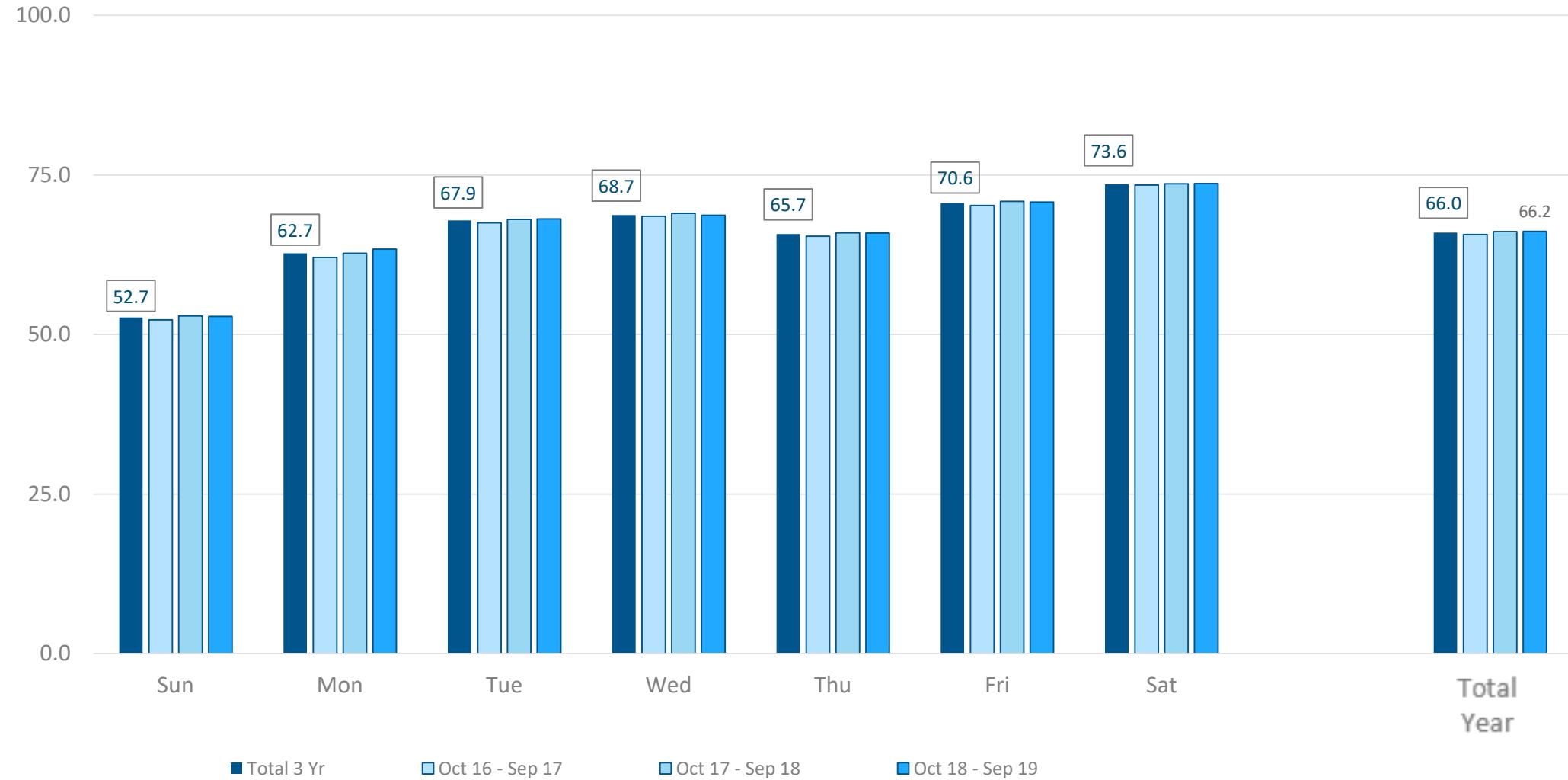
	Occupancy	ADR	RevPAR	Supply	Demand
Manhattan	-1.2%	-0.7%	-1.9%	+2.8%	+1.6%
Queens	-0.2%	3.5%	3.3%	+5.2%	+5.0%
Brooklyn	1.4%	2.5%	3.9%	+6.3%	+7.7%
Staten Island	0.0%	2.9%	2.8%	-0.2%	-0.2%
The Bronx	5.2%	3.3%	8.7%	6.6%	+12.1%
New York, NY Market	-0.9%	-0.5%	-1.4%	+3.3%	+2.4%



Day of Week Trends

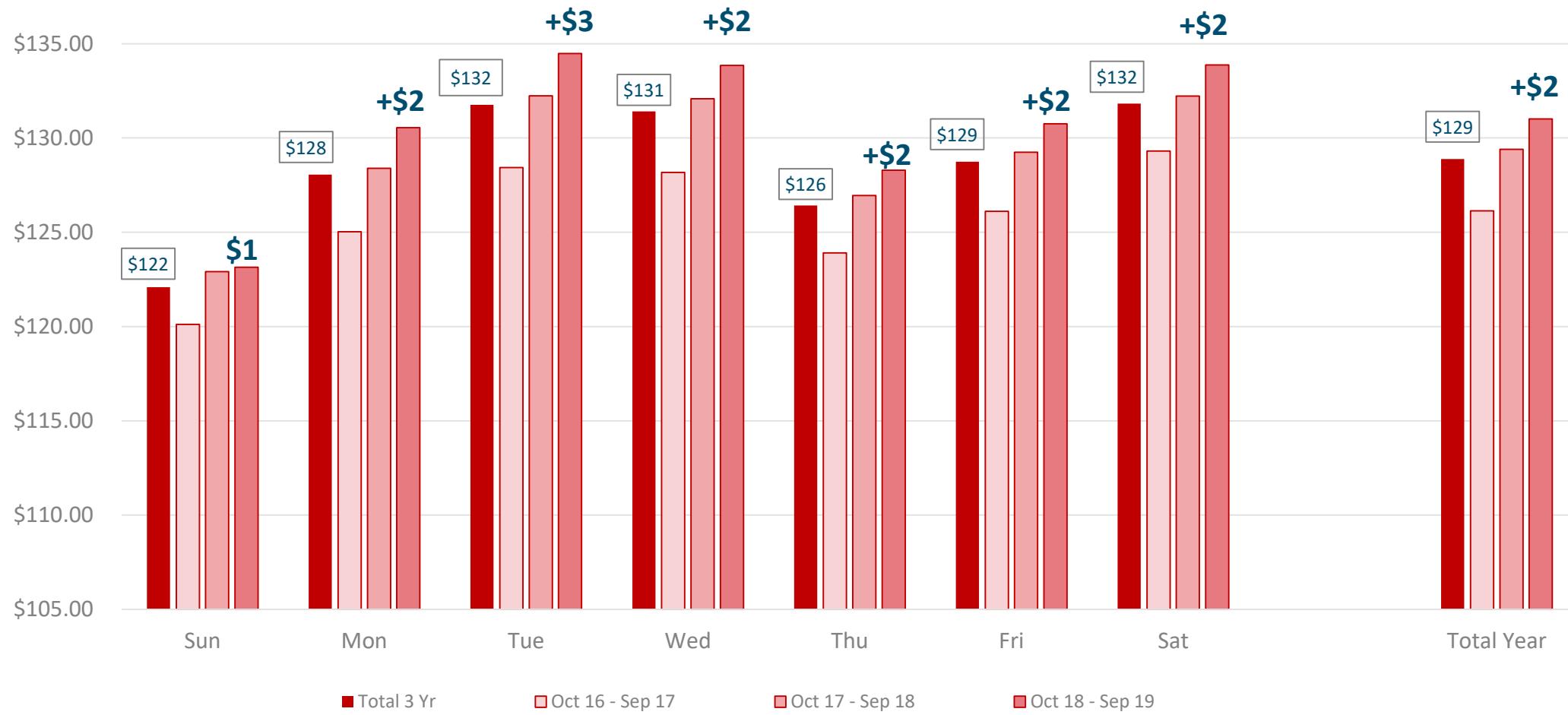
Total U.S. – 3 Year Occupancy by Day of Week

12MMA



Total U.S. - 3 Year ADR by Day of Week

12MMA



+\$ represents current year premium over 3 year average – September 2019 12MMA

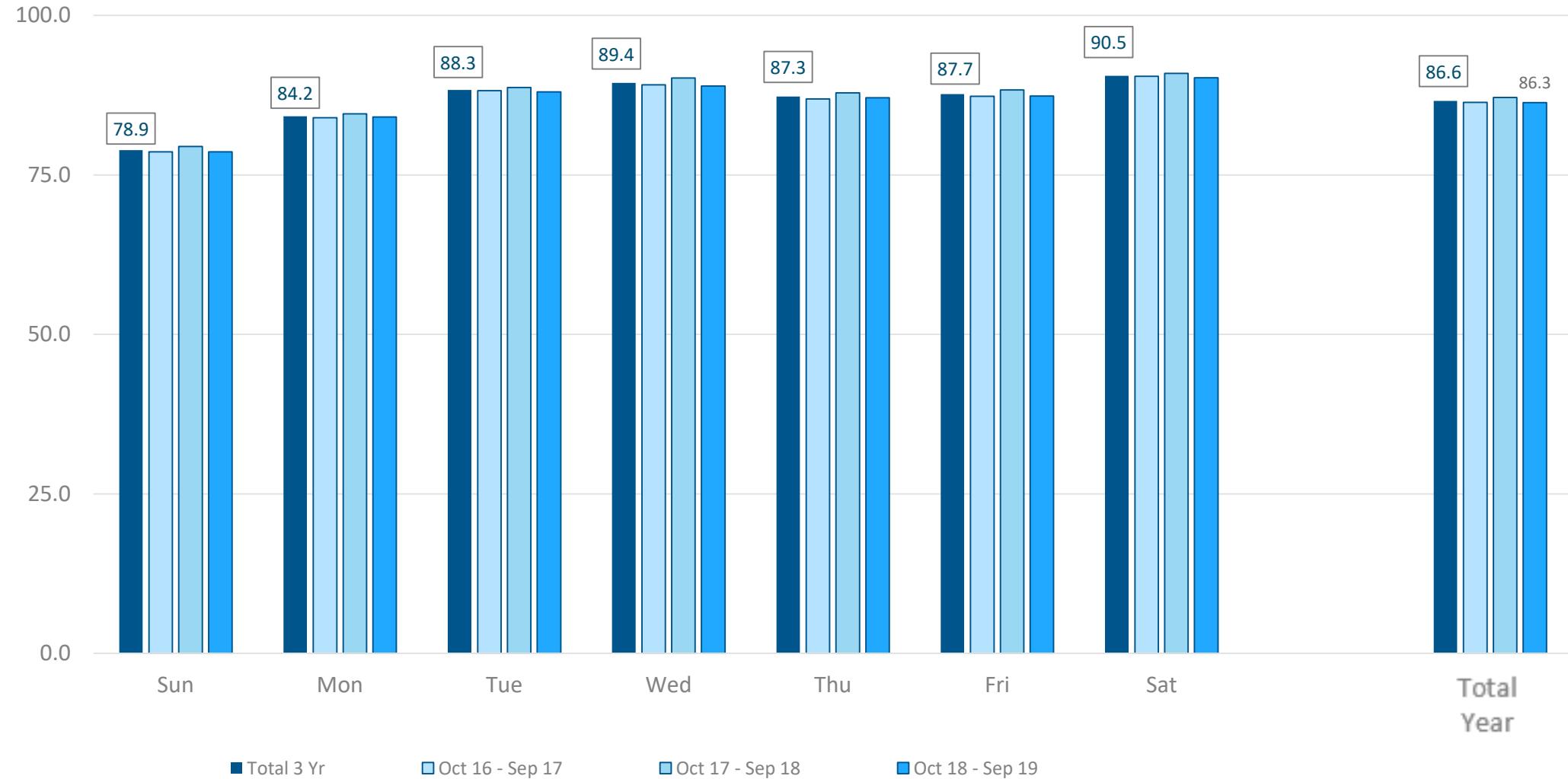
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New York, NY Market

3 Year Occupancy by Day of Week



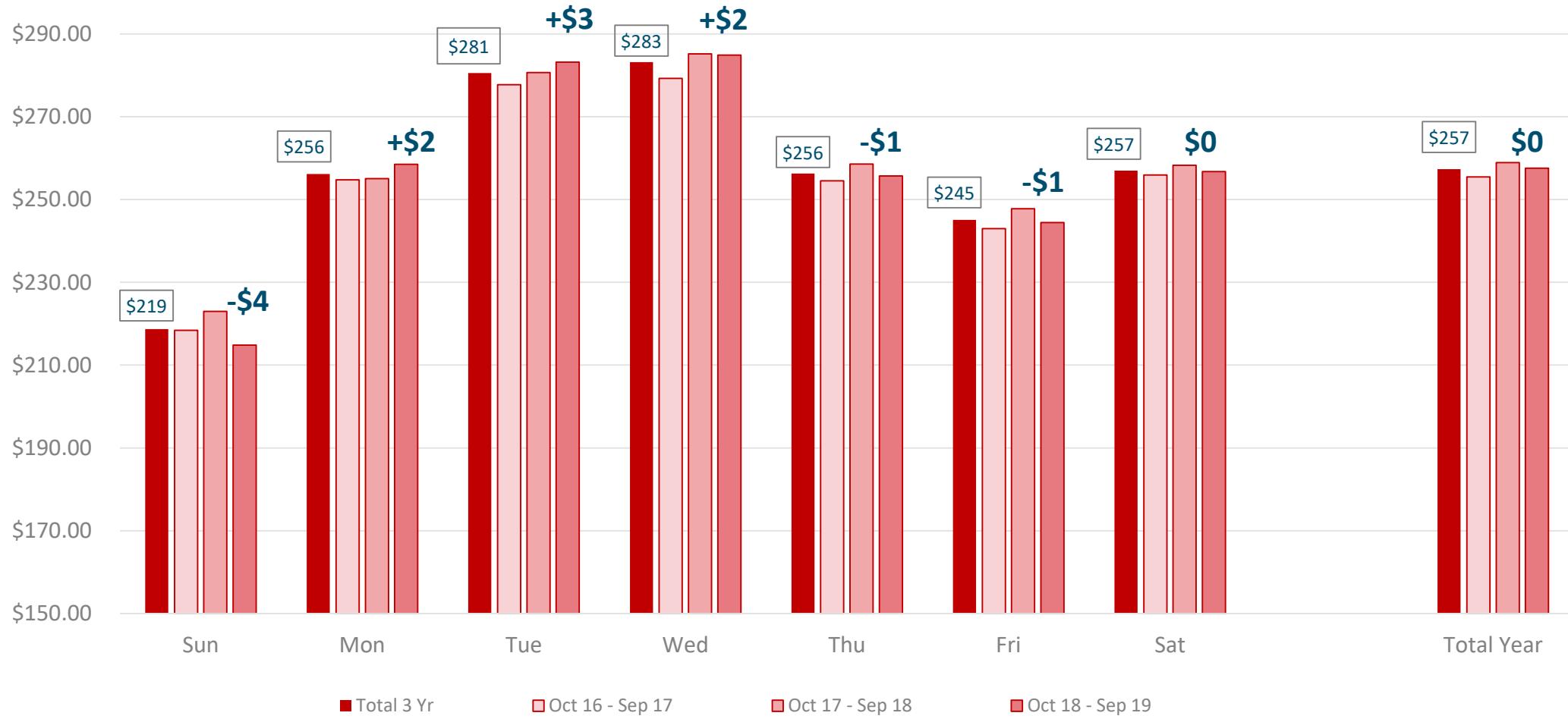
12MMA



New York, NY Market

3 Year ADR by Day of Week

12MMA



+\$ represents current year premium over 3 year average – September 2019 12MMA

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2019 / 2020 Forecasts

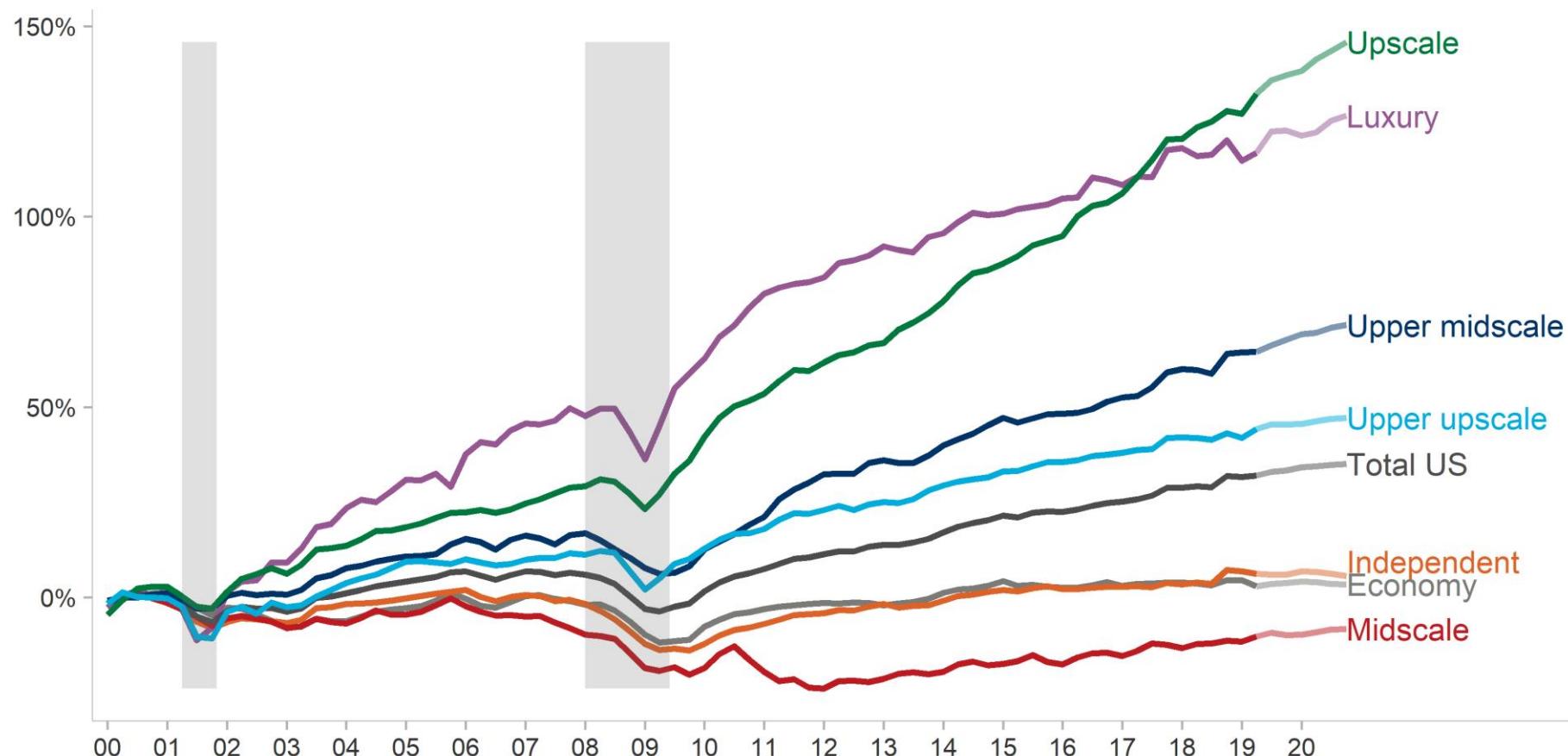


Demand has made the most gains on the upper end



Demand growth by chain scale

Room demand, growth since 2000



Note: Recessions shaded; data seasonally adjusted; history through 2019 Q2, forecast through 2020 Q4.
Source: STR; NBER; Tourism Economics

Total U.S. Key Performance Indicator Outlook

(% Change vs. Prior Year)

2018A – 2020F as of August 2019

TOURISM
ECONOMICS
AN OXFORD ECONOMICS COMPANY



	Outlook		
	2018 Actual	2019 Forecast	2020 Forecast
Supply	2.0%	1.9%	1.9%
Demand	2.5%	2.1%	1.6%
Occupancy	0.5%	0.2%	-0.3%
ADR	2.4%	1.4%	1.4%
RevPAR	2.9%	1.6%	1.1%

Total U.S.

Chain Scale Key Performance Indicator Outlook

2019F by Chain Scale (August 2019)



2019 Year End Outlook			
Chain Scale	Occupancy (% chg)	ADR (% chg)	RevPAR (% chg)
Luxury	-1.1%	2.4%	1.3%
Upper Upscale	-0.4%	2.0%	1.5%
Upscale	-0.7%	1.0%	0.3%
Upper Midscale	-0.1%	0.9%	0.8%
Midscale	0.1%	0.3%	0.4%
Economy	1.0%	0.8%	1.8%
Independent	0.8%	1.6%	2.4%
Total United States	0.2%	1.4%	1.6%

Total U.S.

Chain Scale Key Performance Indicator Outlook

2020F by Chain Scale (August 2019)



2020 Year End Outlook			
Chain Scale	Occupancy (% chg)	ADR (% chg)	RevPAR (% chg)
Luxury	-0.2%	2.0%	1.8%
Upper Upscale	-0.3%	1.8%	1.5%
Upscale	-0.4%	0.8%	0.4%
Upper Midscale	-0.2%	0.9%	0.7%
Midscale	-0.2%	1.1%	0.8%
Economy	-0.4%	1.1%	0.7%
Independent	-0.4%	1.5%	1.0%
Total United States	-0.3%	1.4%	1.1%

New York, NY Market

Key Performance Indicator Outlook

(% Change vs. Prior Year) 2018A – 2020F as of August 2019



	Outlook		
	2018 Actual	2019 Forecast	2020 Forecast
Supply	3.3%	3.2%	2.8%
Demand	4.1%	2.3%	2.4%
Occupancy	0.8%	-0.9%	-0.4%
ADR	2.7%	-1.3%	-0.4%
RevPAR	3.5%	-2.1%	-0.8%

2020 Year End RevPAR Forecast

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



-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	
	Washington, DC-MD-VA	
	Toronto, ON	

Note: RevPAR Growth forecast estimates are in local currency

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2020 Year End Supply Forecast

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



- 2% to 2%	2% to 4%	4% to 7%
Atlanta, GA	Anaheim-Santa Ana CA	Nashville, TN
Chicago, IL	Boston, MA	
Detroit, MI	Dallas, TX	
Montreal, QC	Denver, CO	
New Orleans, LA	Houston, TX	
Norfolk-Virginia Beach, VA	Los Angeles-Long Beach, CA	
Oahu Island, HI	Miami-Hialeah, FL	
San Diego, CA	Minneapolis St Paul, MN-WI	
San Francisco-San Mateo, CA	Nashville, TN	
St Louis, MO-IL	New York, NY	
Toronto, ON	Orlando, FL	
Vancouver, BC	Philadelphia, PA-NJ	
Washington, DC-MD-VA	Phoenix, AZ	
	Seattle, WA	
	Tampa-ST Petersburg, FL	

2020 Year End Demand Forecast

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



- 2% to 2%	2% to 4%	4% to 7%
Atlanta, GA	Anaheim-Santa Ana CA	Nashville, TN
Chicago, IL	Boston, MA	
Detroit, MI	Dallas, TX	
Minneapolis St Paul, MN-WI	Denver, CO	
Montreal, QC	Houston, TX	
New Orleans, LA	Los Angeles-Long Beach, CA	
Norfolk-Virginia Beach, VA	Miami-Hialeah, FL	
Oahu Island, HI	New York, NY	
San Diego, CA	Orlando, FL	
San Francisco-San Mateo, CA	Philadelphia, PA-NJ	
St Louis, MO-IL	Phoenix, AZ	
Toronto, ON	Seattle, WA	
Vancouver, BC	Tampa-ST Petersburg, FL	
Washington, DC-MD-VA		



Food for Thought...

Why Hotel F&B?

The real story about today's hotel F&B ...



Total U.S. F&B Key Performance Indicators, June 2019 12MMA



\$.84

Catering
& Banquets
RevPAS

\$48

F&B
Venues
Rev/Avail Seat

\$4.27

In-Room
Dining
RevPOR

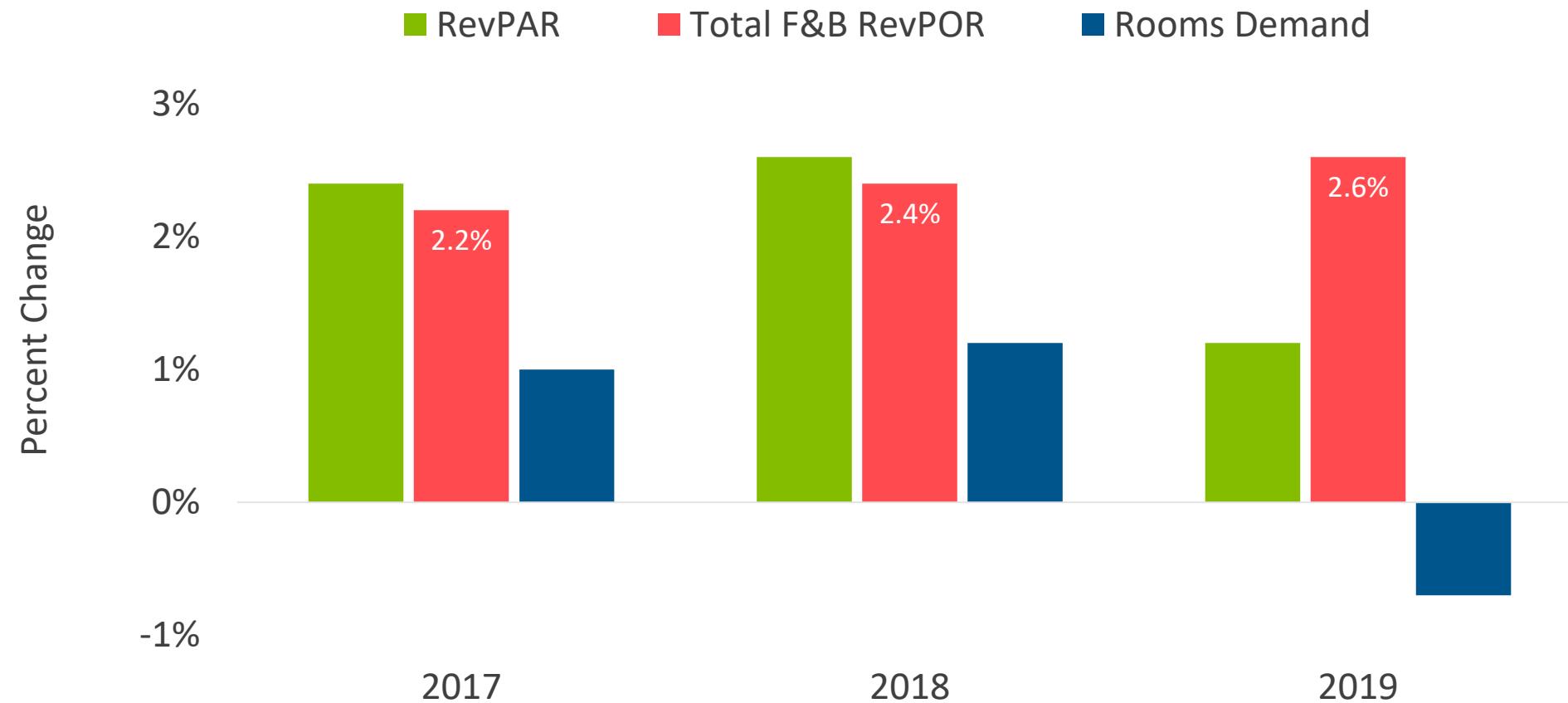
\$115

Total F&B
RevPOR

Hotel F&B enjoys increasing growth trend



Total U.S., RevPAR, Total F&B Revenue Per Occupied Room and Rooms Demand % Change
June 2019 12MMA



Source: STR monthly F&B data (Based on Eligible Properties with Minimum 24 Consecutive Months F&B Reporting)

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In-Room Dining: We're not in Kansas anymore.



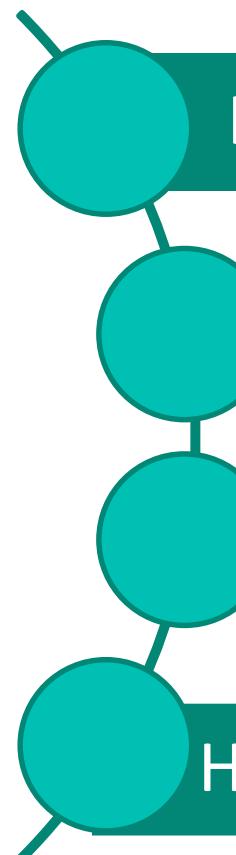
Total U.S., In-Room Dining Revenue per Occupied Room and % Change, June 2019 12MMA



Source: STR monthly F&B data (Based on Eligible Properties with Minimum 24 Consecutive Months F&B Reporting)

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Key Takeaways



- Know what's influencing *your* RevPAR growth
- Supply is central character in our story
- Demand growth tells more of the story
- Hotel F&B enjoys increasing focus

Questions?

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