



US Hotel Overview

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Q North America English  

The Stockdale Paradox



“You must never confuse faith that you will prevail in the end—which you can never afford to lose—with the discipline to confront the most brutal facts of your current reality, whatever they might be.”

Admiral Jim Stockdale

Good To Great, by Jim Collins
The Stockdale Paradox
Chapter 4, pages 83–85

Agenda



1 Total US Review

5 Pipeline

2 Class Review

6 Canary In the Coalmine

3 Segmentation

7 Compression Night Analysis

4 Markets

8 Forecast



www.hotelnewsnow.com

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March 2020



RevPAR
-51.9%

ADR
-42.3%

Transient RevPAR
-60.3%

Group RevPAR
-68.1%

March Room Demand
65 Million

In Construction Rooms
+7%

The Recession Is Here

Total US, March 2020



		% Change
Room Supply		2.0%
Room Demand		-41.2%
Occupancy	39.4%	-42.3%
ADR	\$111	-16.5%
RevPAR	\$44	-51.9%
Room Revenue		-50.9%

Q1 Points At (Bad) Things To Come

Total US, YTD March 2020



		% Change
Room Supply		2.0
Room Demand		-14.2
Occupancy	58.5	-15.9
ADR	\$128	-4.0
RevPAR	\$75	-19.3
Room Revenue		-17.6

One Month Skews 12 MMA Data Way Down

Total US, 12 MMA March 2020



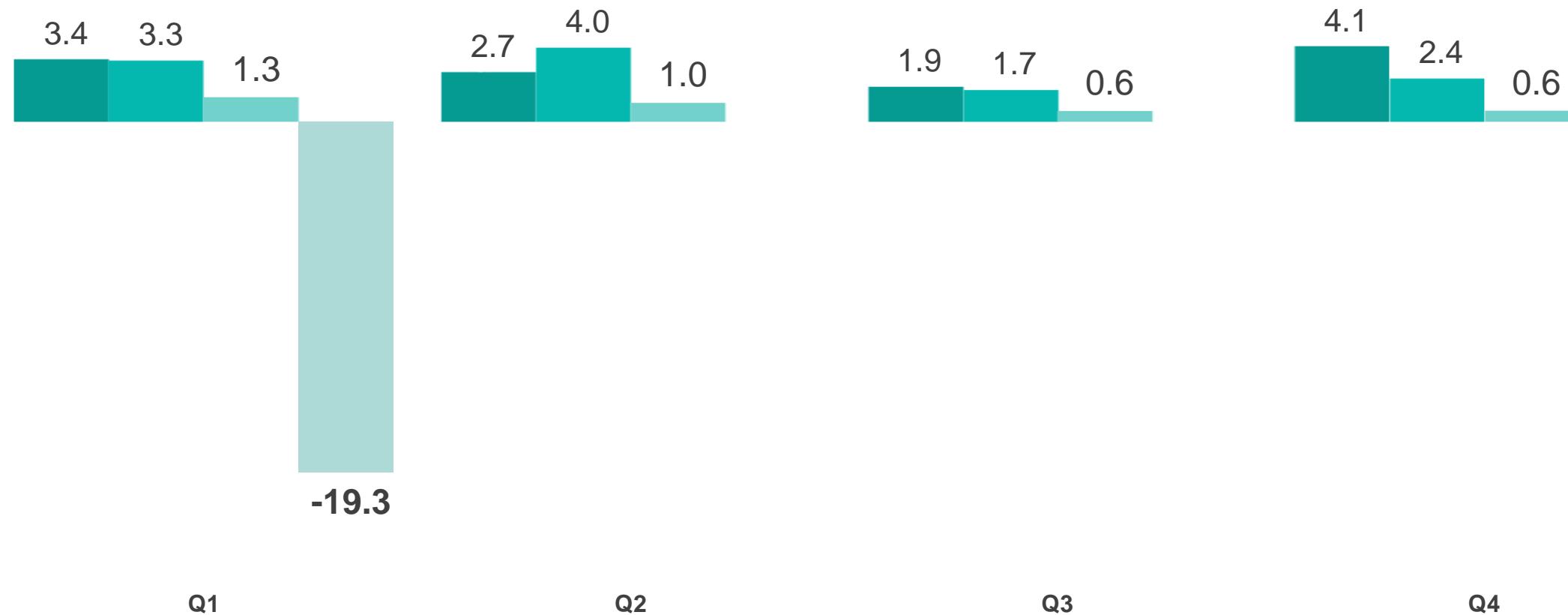
		% Change
Room Supply		2.0%
Room Demand		-1.8%
Occupancy	63.7%	-3.8%
ADR	\$130	-0.1%
RevPAR	\$83	-3.8%
Room Revenue		-1.9%

Past Quarters Not An Indicator Of Anything

Total US, RevPAR % Change, by Quarter, Q1 2017 – Q1 2020

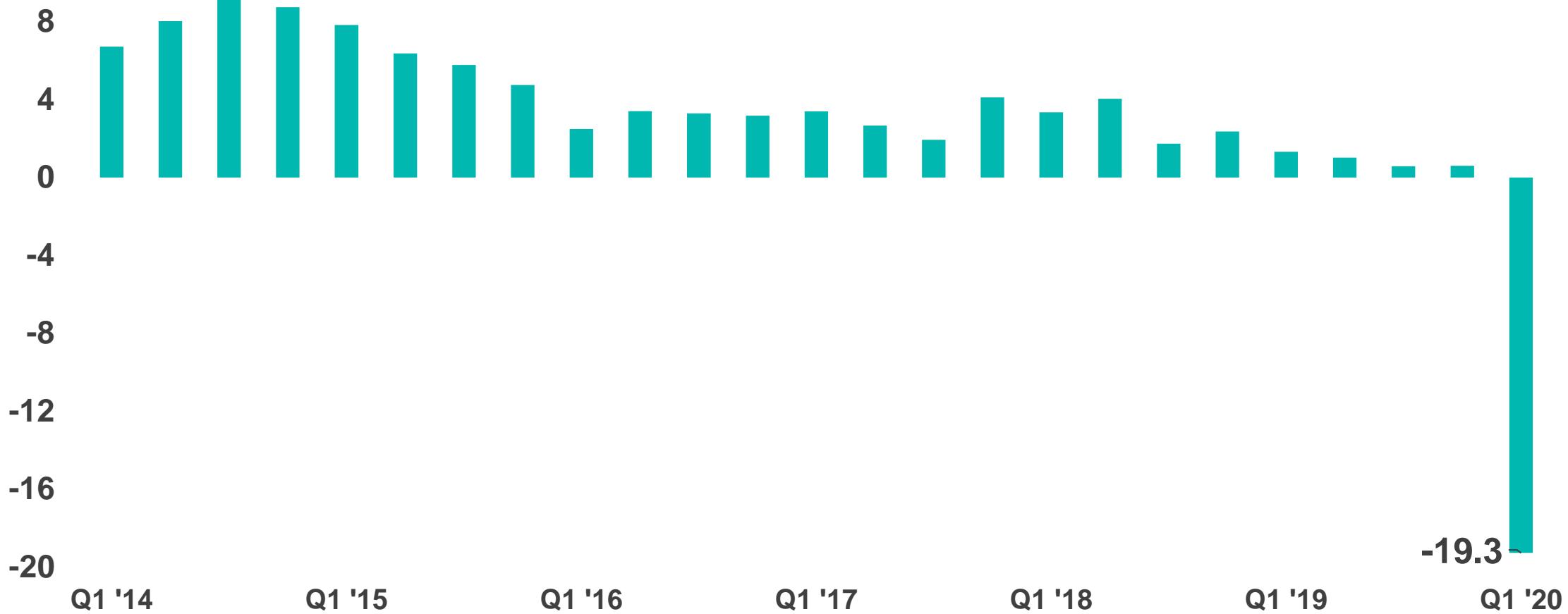


■ 2017 ■ 2018 ■ 2019 ■ 2020



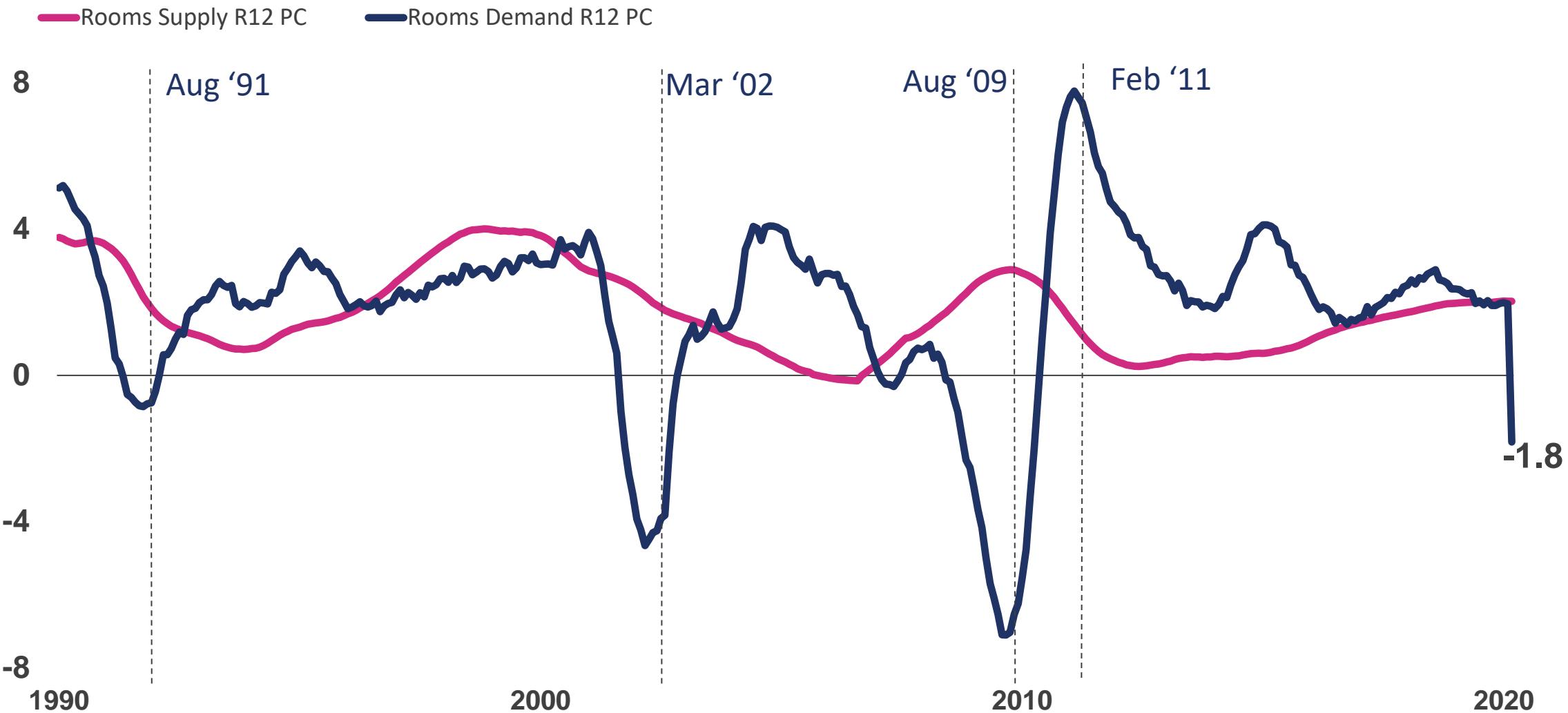
Jarring Quarterly Results

Total U.S., RevPAR % Change, Q1 2014 – Q1 2020



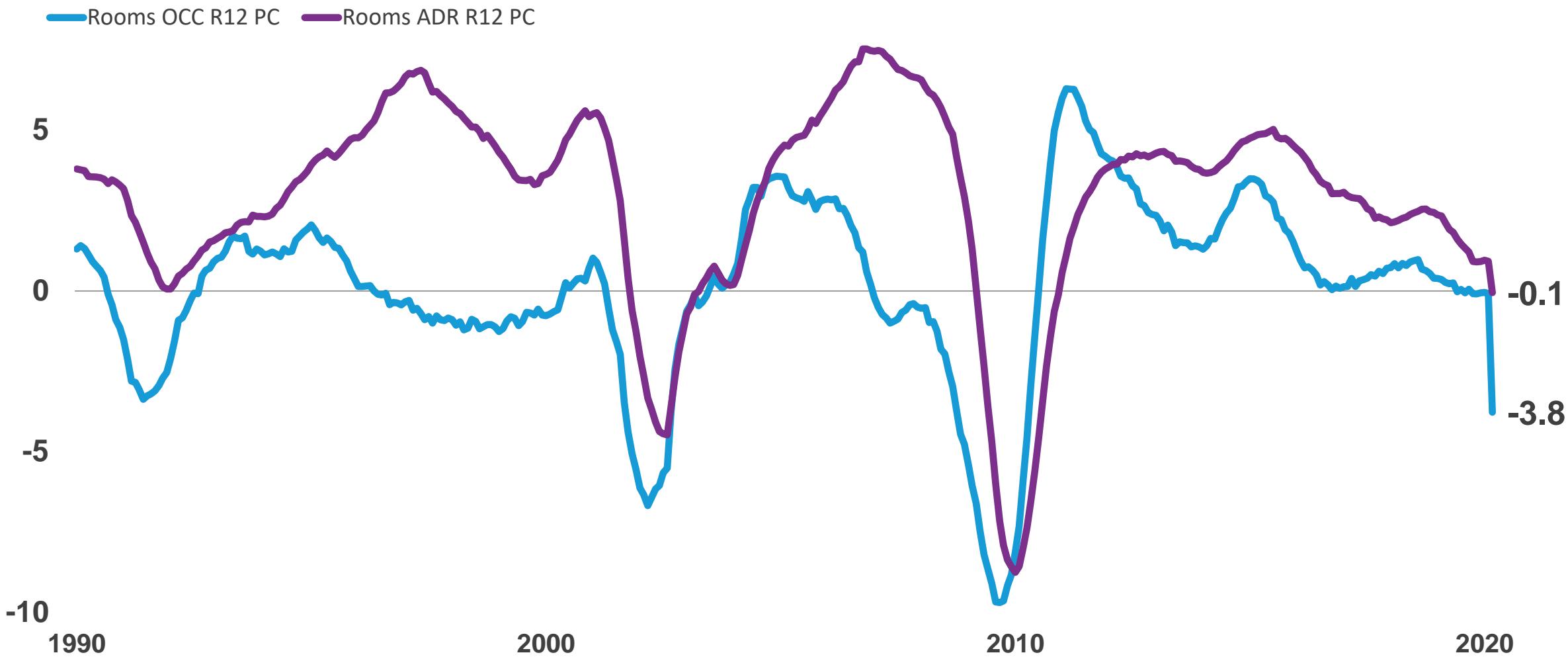
Supply & Demand Growth Completely Unhinged

Total U.S., 12 MMA 1/1990 – 03/2020



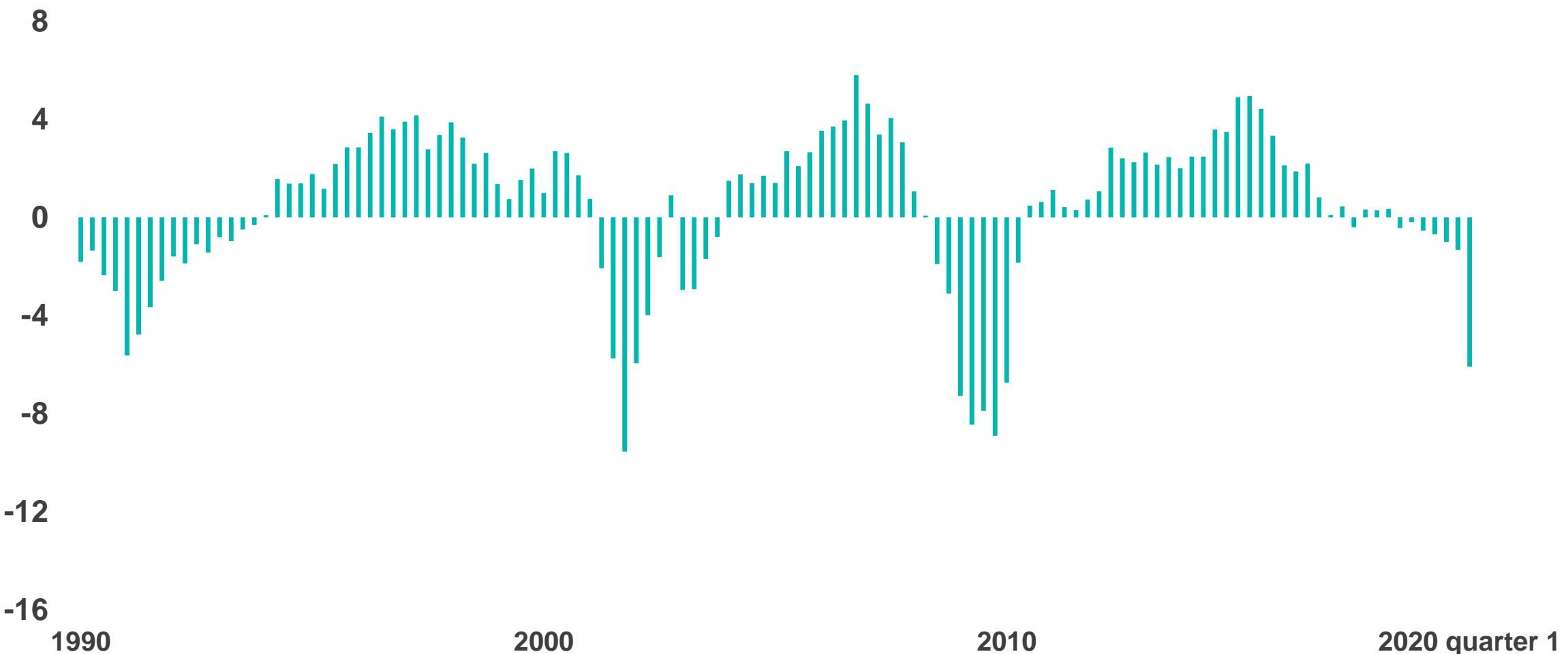
Long Run Trends Crater

Total U.S., 12 MMA 1/1990 – 03/2020



Real ADR (ADR%-CPI%) Decline Close To Prior Downturns

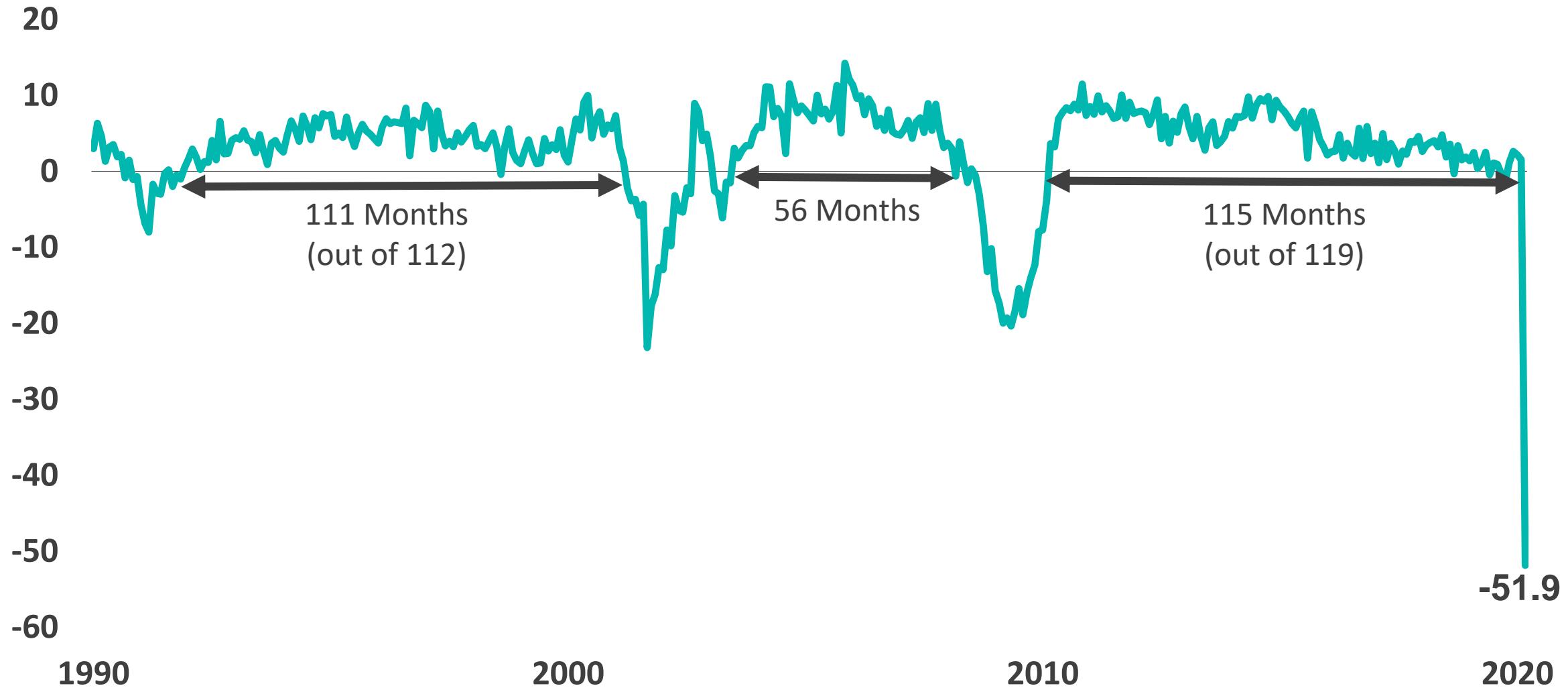
Total U.S., by quarter, Q1/1990 – Q1/2020



RevPAR Growth: This One's Gonna Hurt

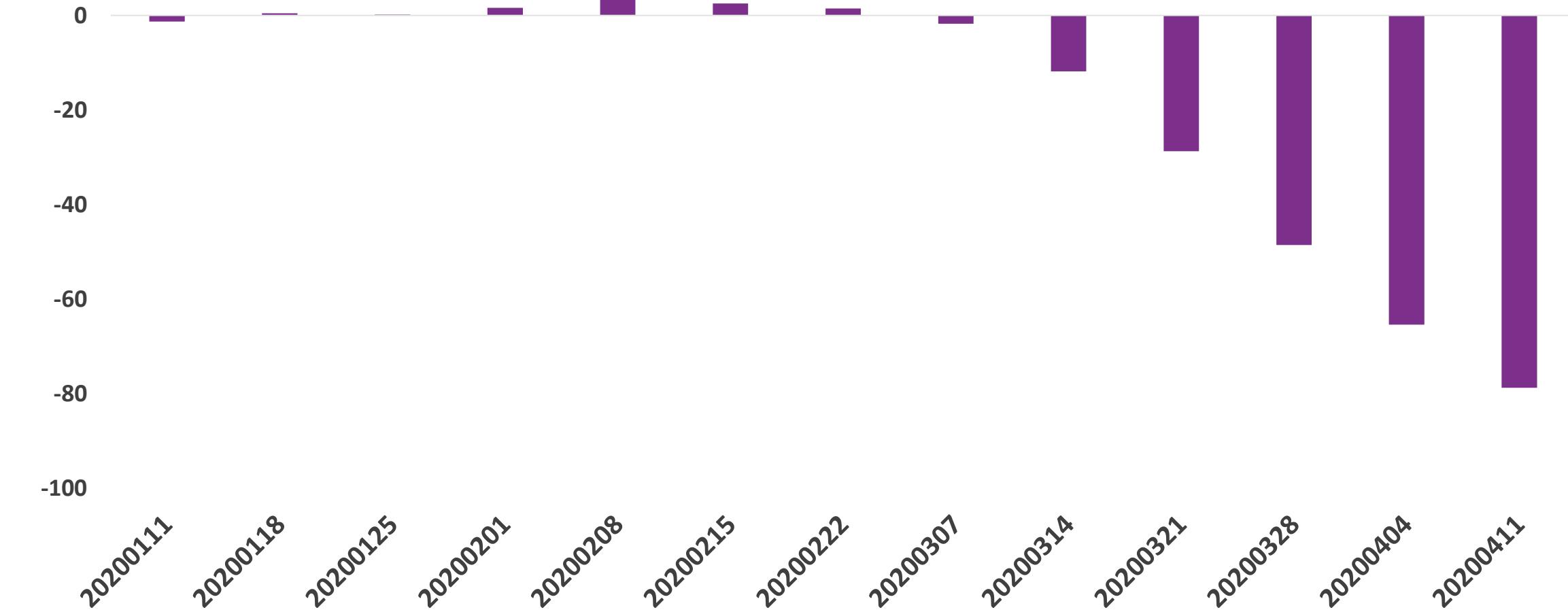


Total U.S. 1/1990 – 03/2020



28 Day RevPAR % Change: May Not Be The Bottom

Total U.S., 2020, by Week





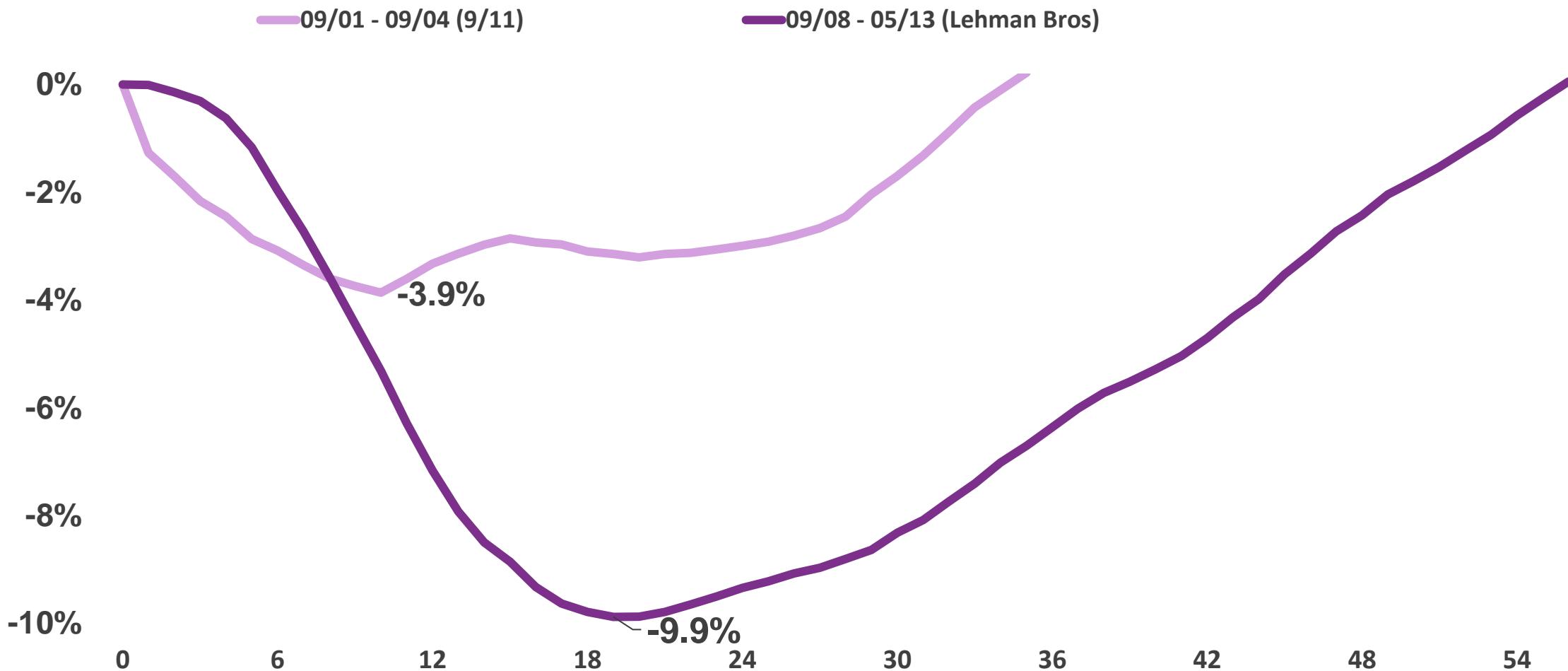
Looking The Last Two Downturns: 9/11 and 2009



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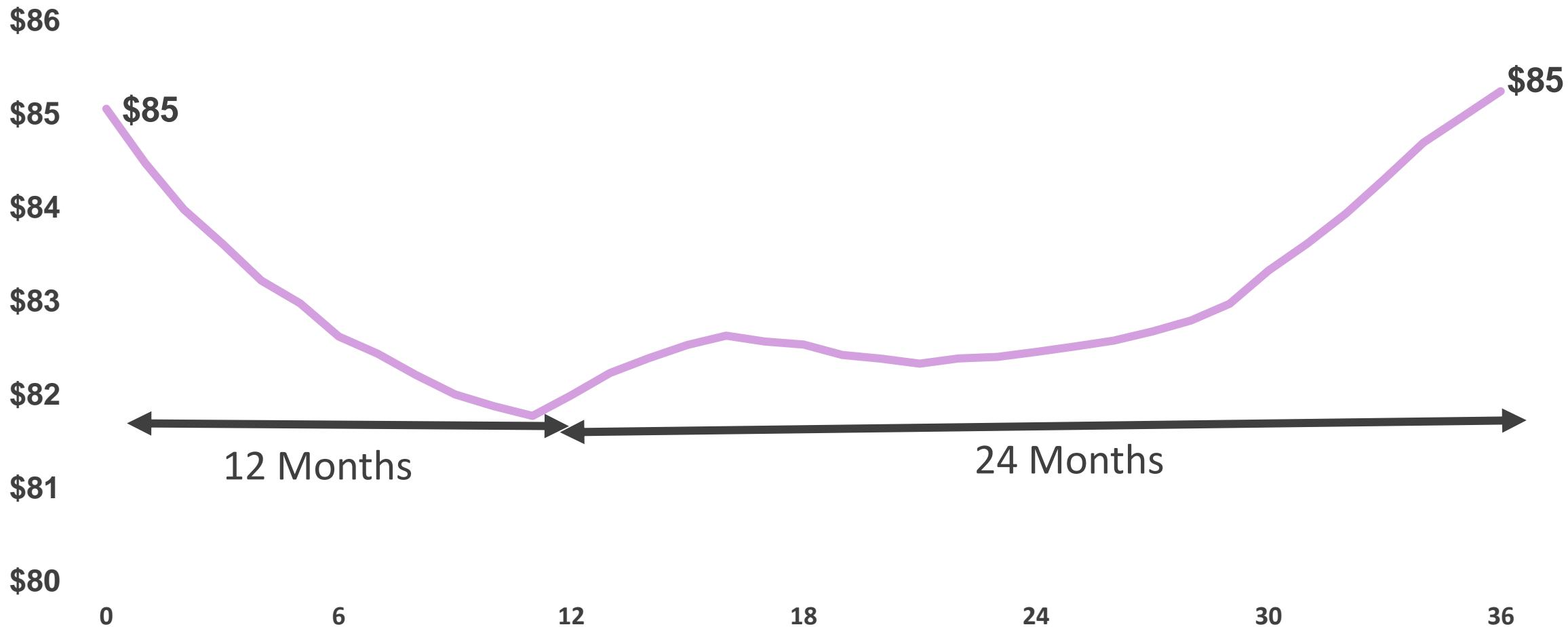
ADR Rebound After External Shock Takes Time

Total U.S., 12MMA, Monthly ADR % Change, Indexed to Event



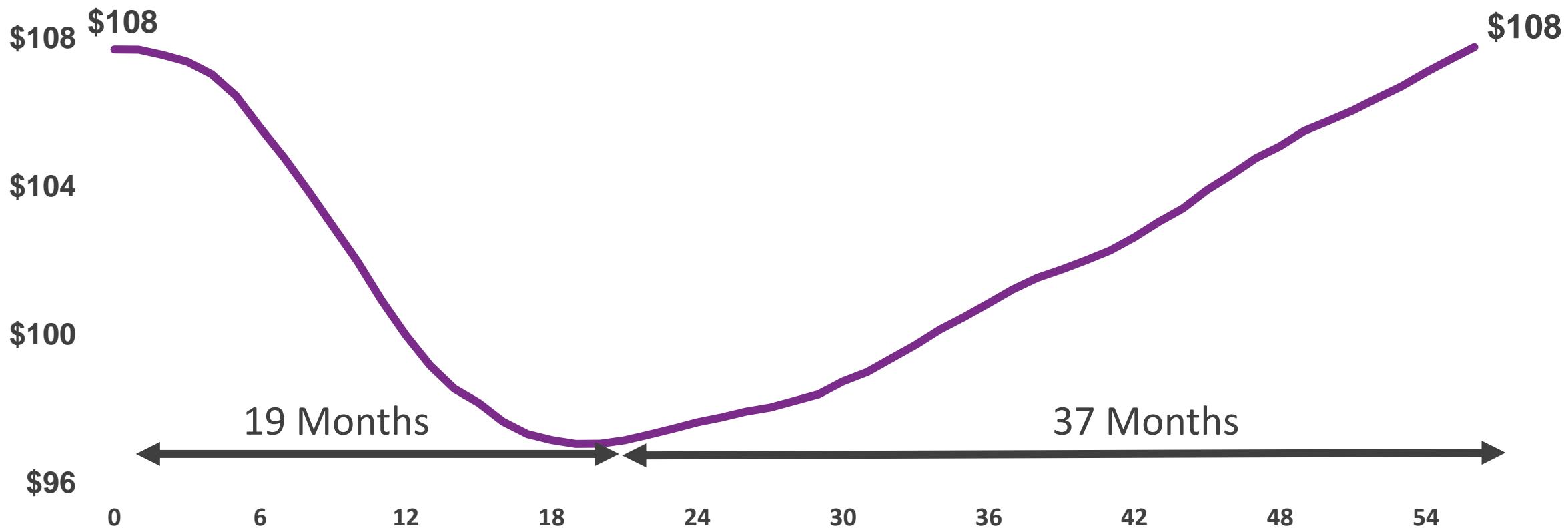
ADR Rebound After External Shock Takes Time

Total U.S., ADR \$, 12MMA , Post-9/11



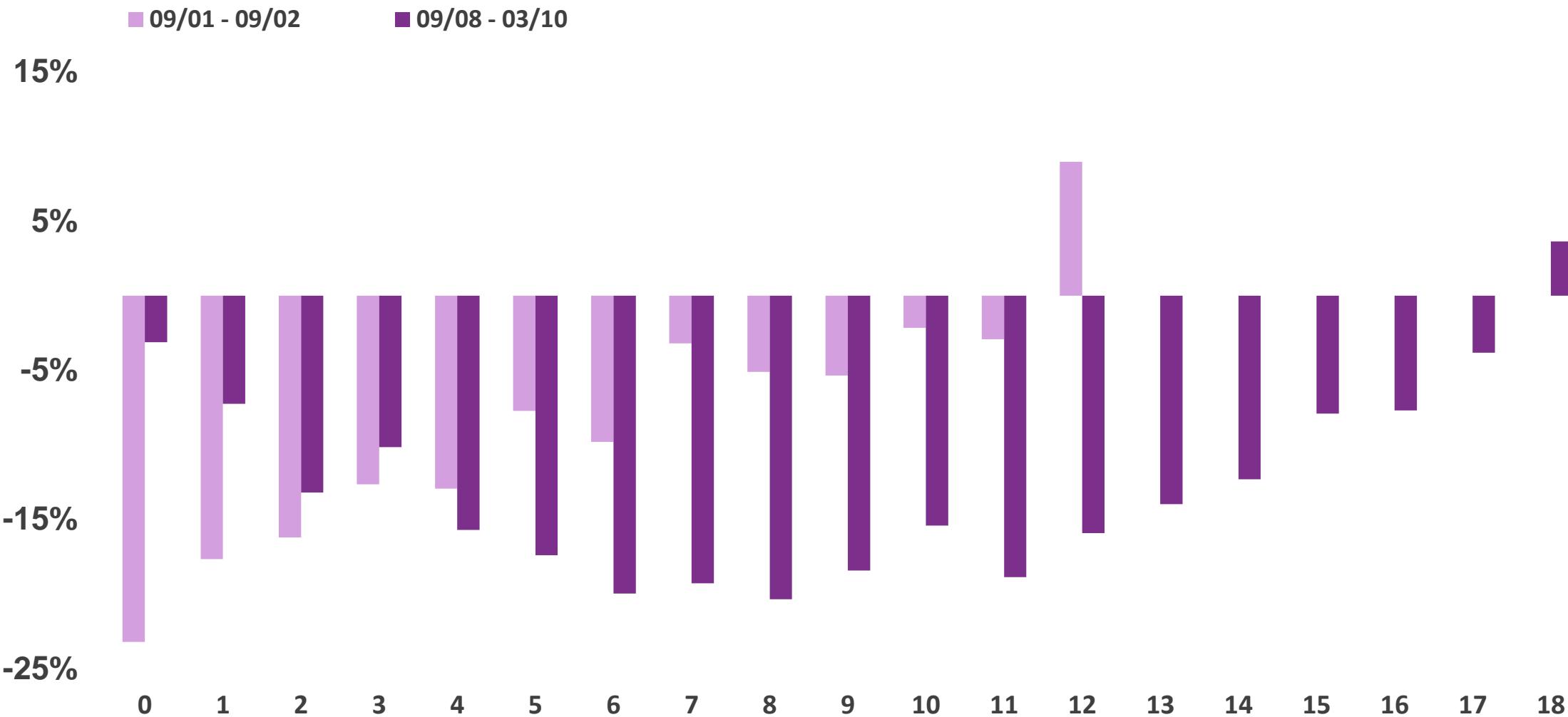
ADR Rebound After External Shock Takes Time

Total U.S., ADR \$, 12MMA , Post Lehman Bros Bankruptcy (09/2008)



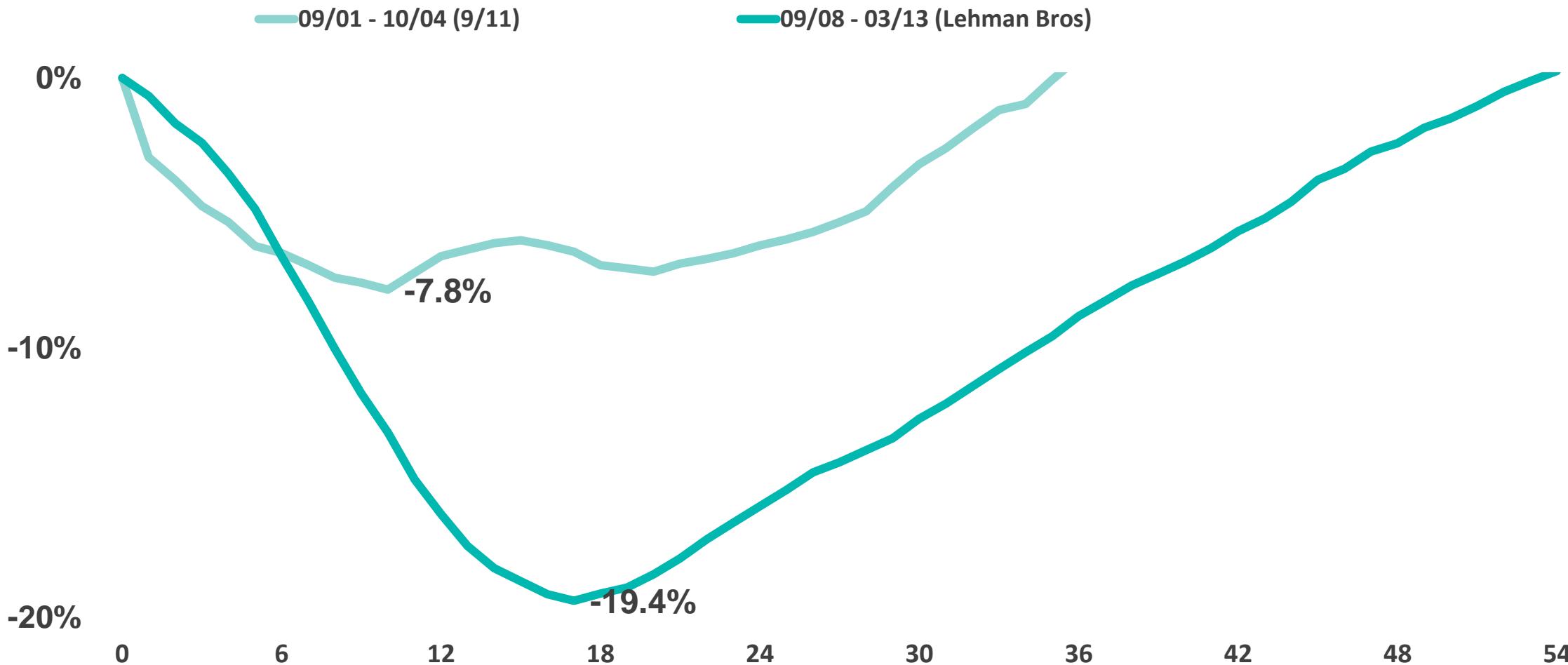
Monthly ADR Declines After External Shock

Total U.S., Monthly ADR % Change, Starting 9/11 and Lehman Bros Bankruptcy



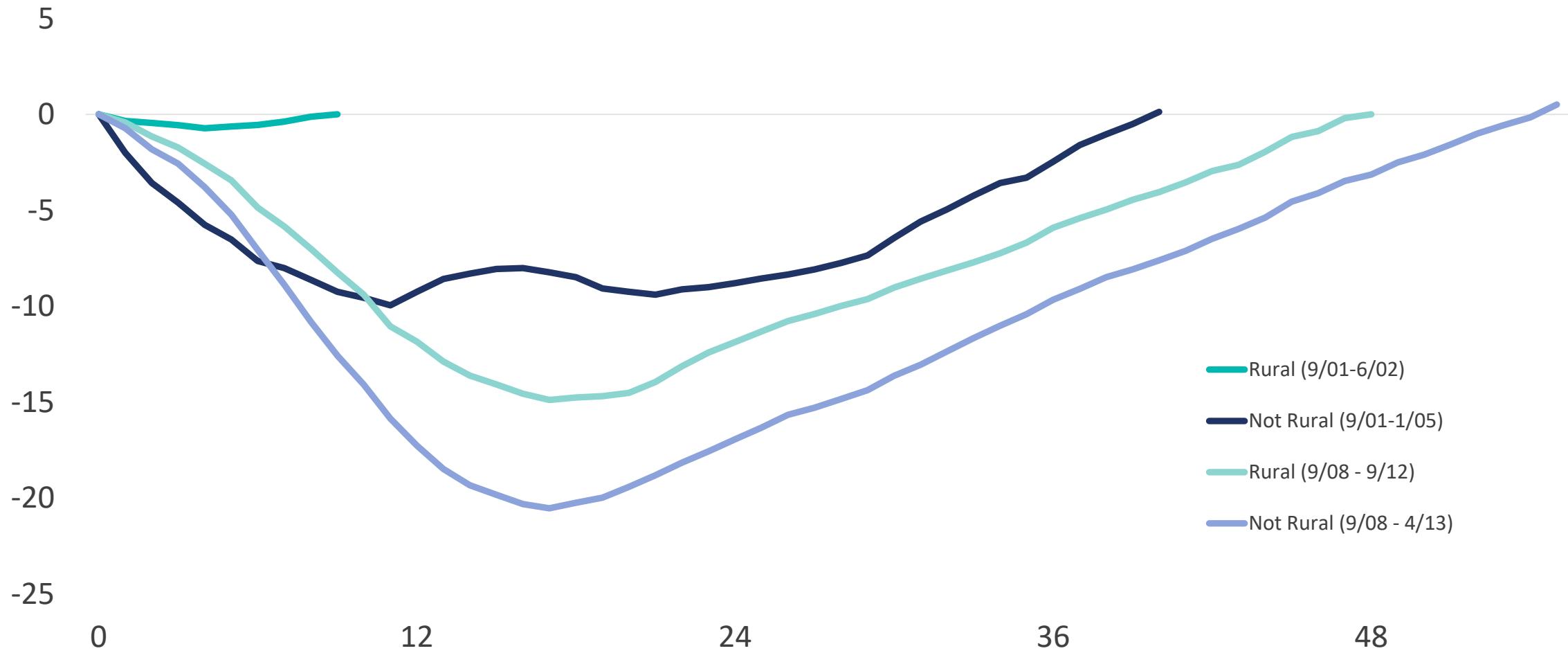
RevPAR Rebound After External Shock Takes Time

Total U.S., 12MMA , Monthly RevPAR % Change, Indexed to Event



Rural Hotels Recover RevPAR Quicker

Total US, 12MMA, Monthly RevPAR % Change, Indexed to Event





2009 Segmentation Data: Top 25 and Luxury Resorts



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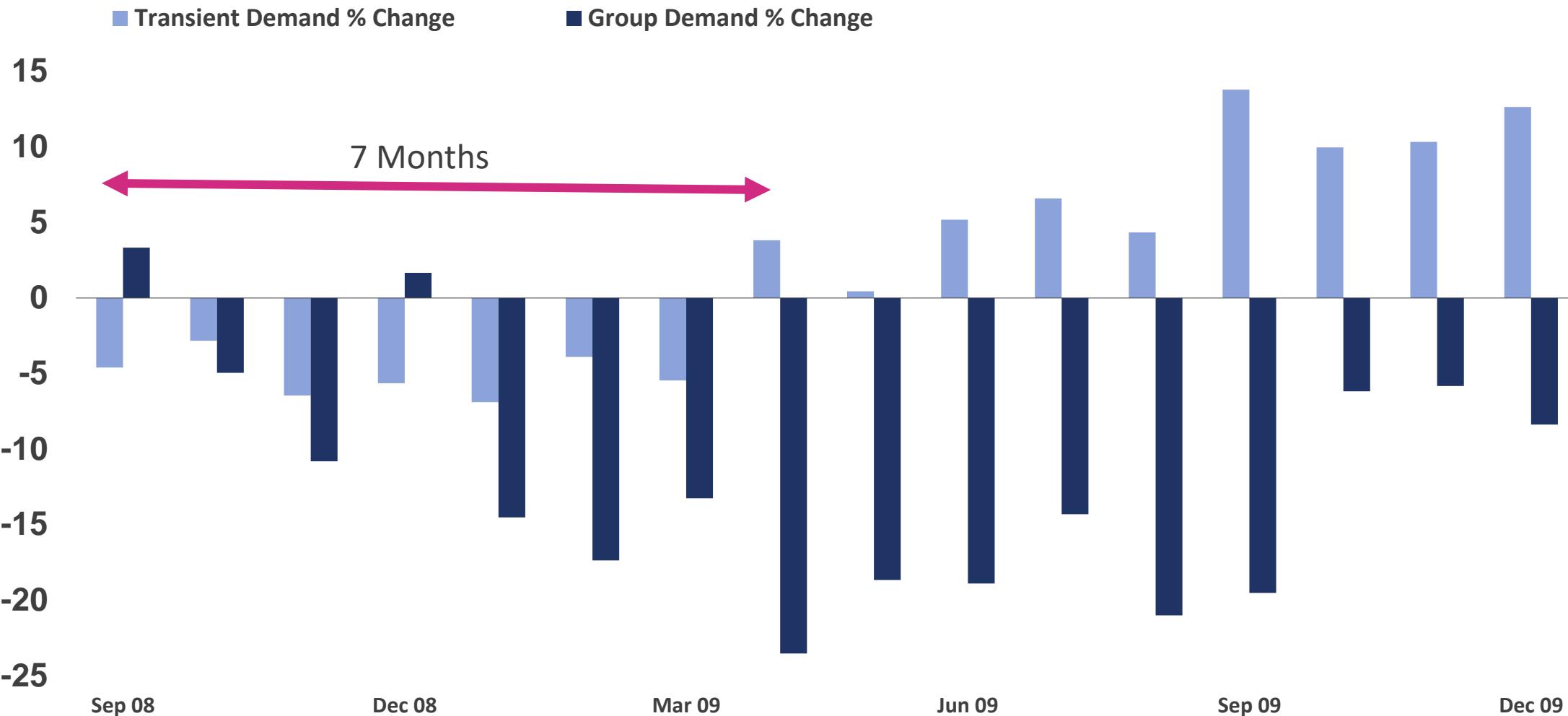
2009: Total US vs Top25: RevPAR % Change Similar

Lux + UU class vs. all Classes, by Month



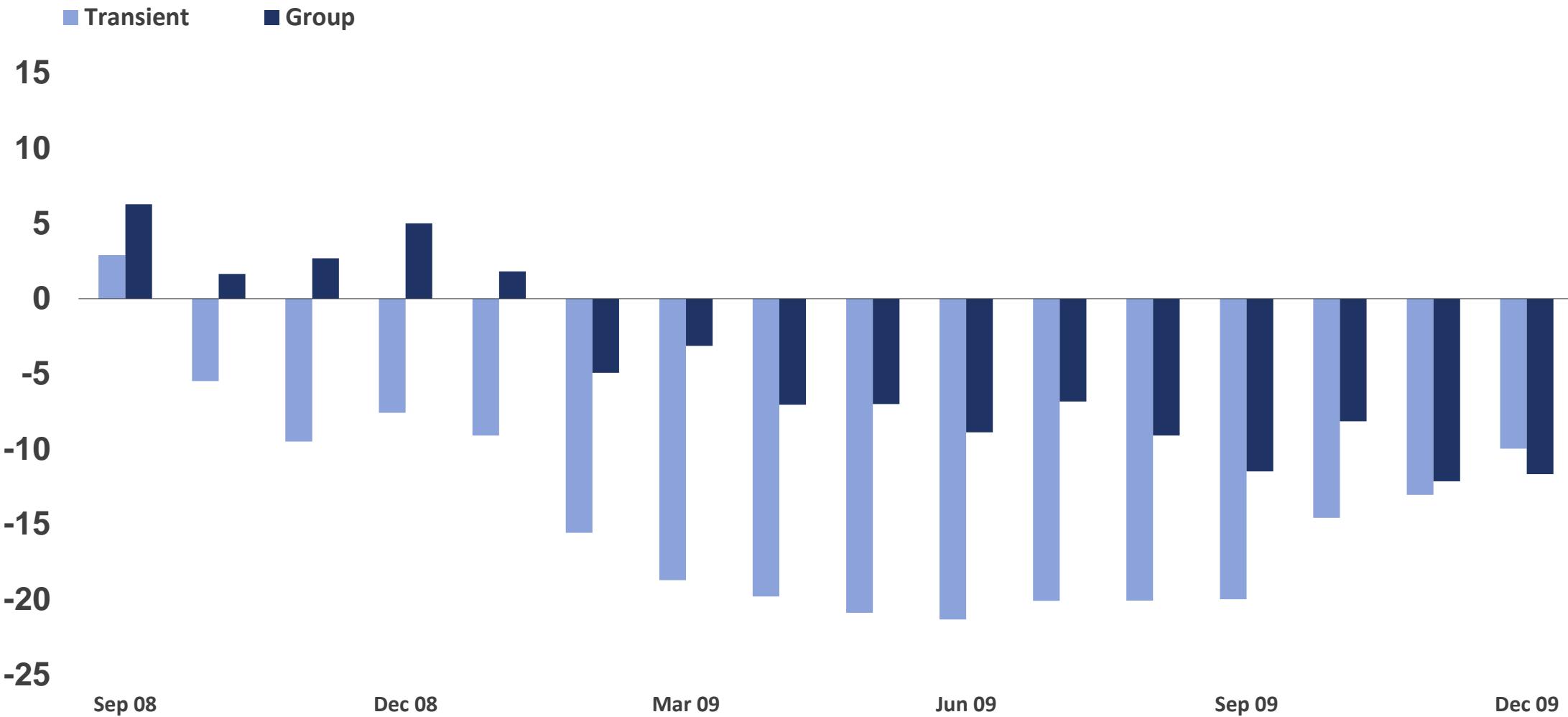
2009: Top25 Transient Demand Rebounds Quickly

Lux & UU Class, Segmentation, by Month



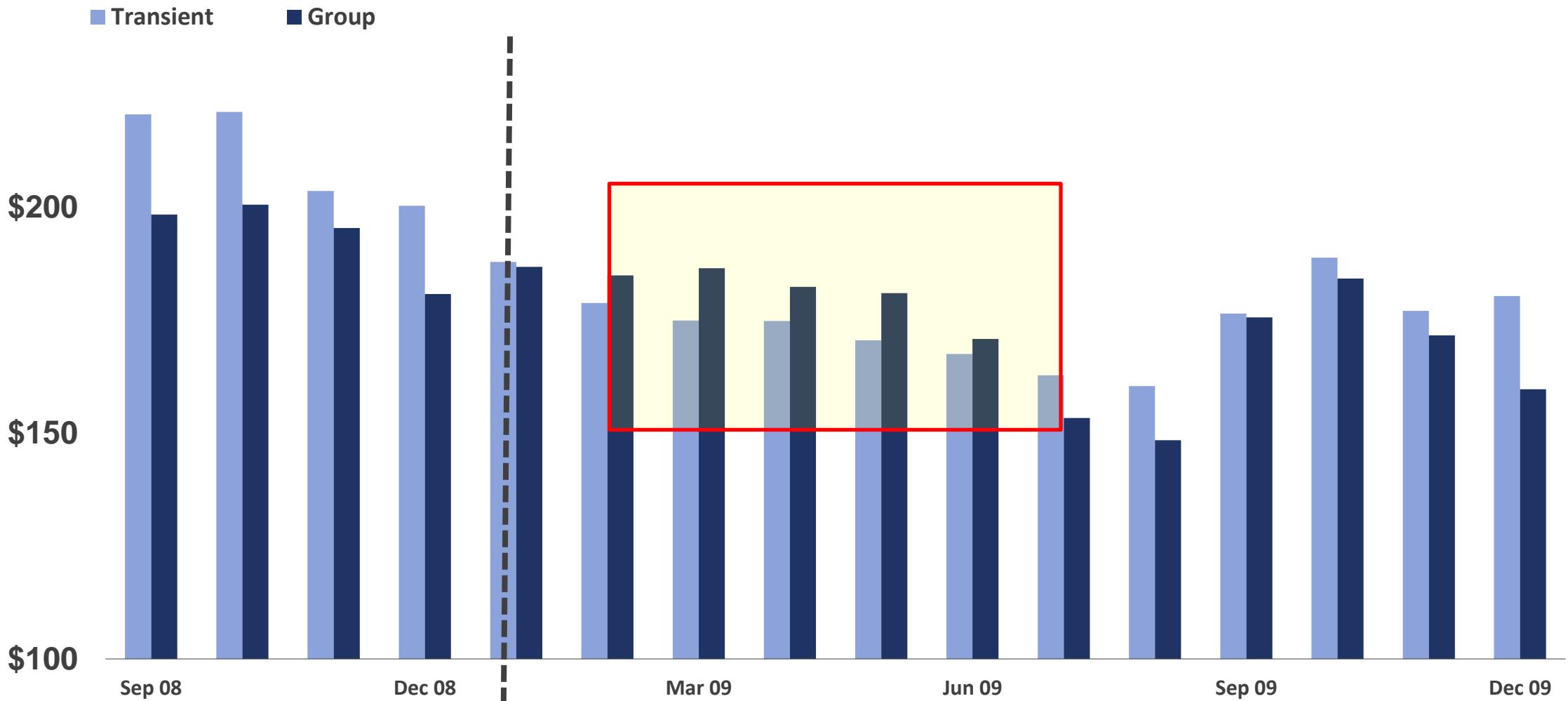
2009: Top25 Segmentation ADR Drops Sharply

Lux & UU Class ADR % Change, by Segmentation, by Month



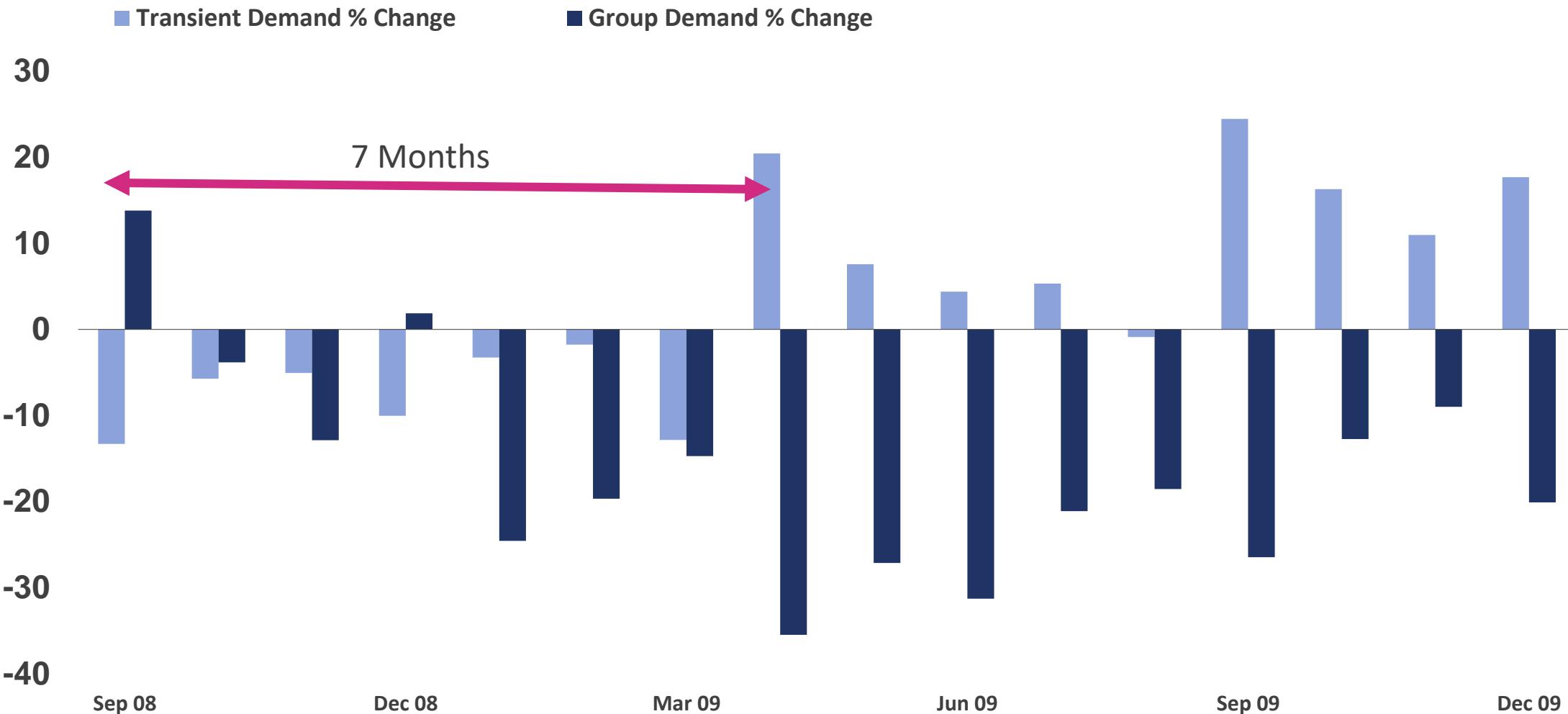
2009: Top25 Group ADR > Transient ADR

Lux & UU Class ADR, by Segmentation, by Month



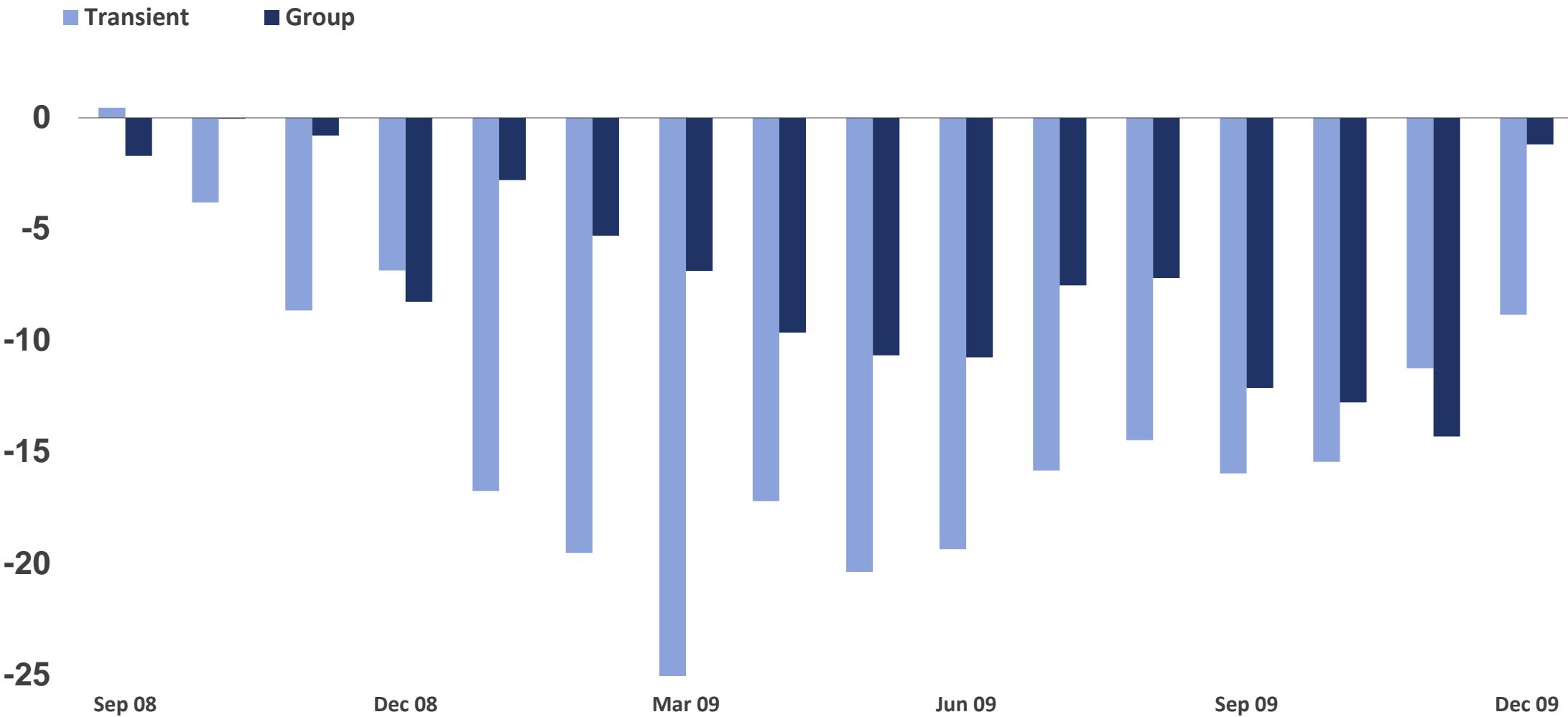
2009: Luxury Resort Transient Demand Rebounds

Luxury Class, Resort Location, Segmentation, by Month



2009: Luxury Resort ADR % Change Drops Sharply

Top25 ADR % Change, by Segmentation, by Month



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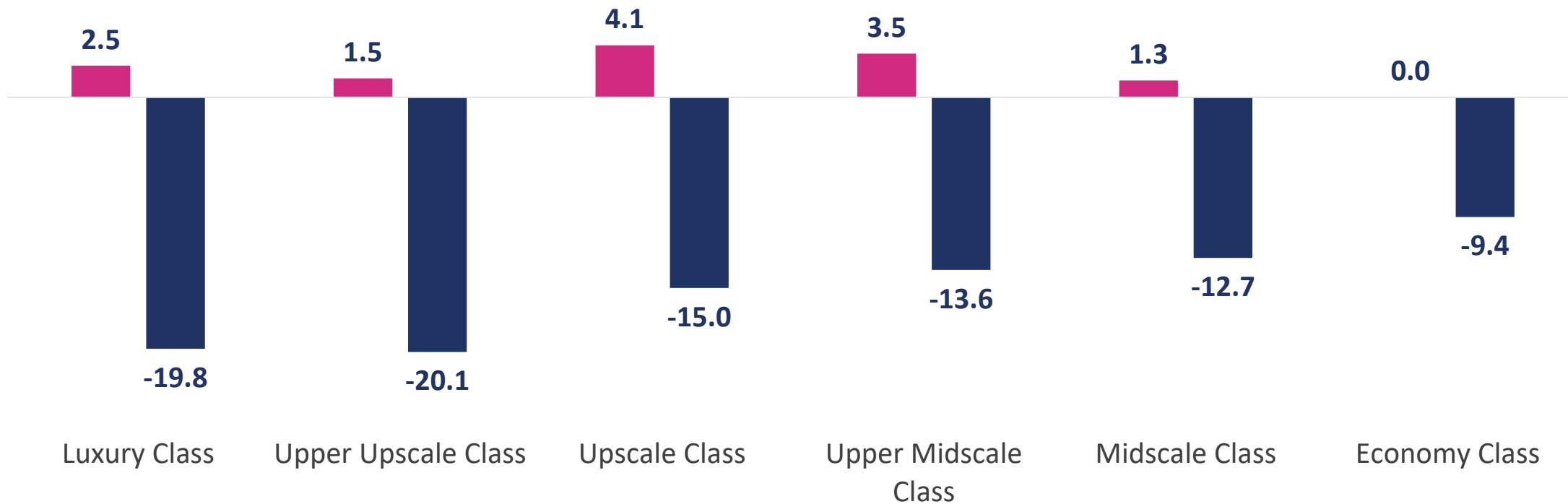
8 Forecast

Class: Demand Drops Sharply

YTD March 2020

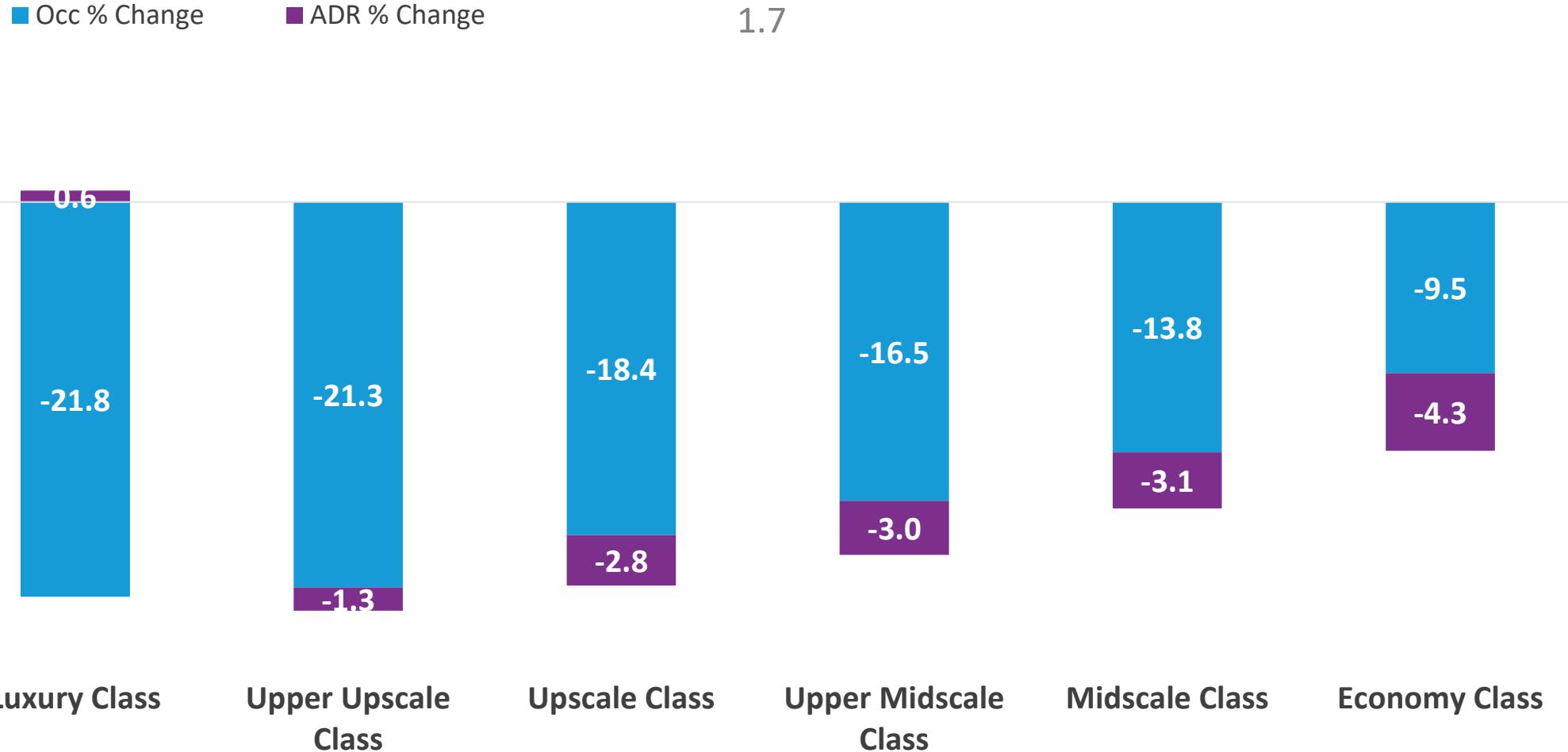


■ Supply % Change ■ Demand % Change



Class: No Demand = No Occupancy

YTD March 2020



RevPAR Growth Declines Sharply

YTD March 2020



Luxury Class

Upper Upscale Class

Upscale Class

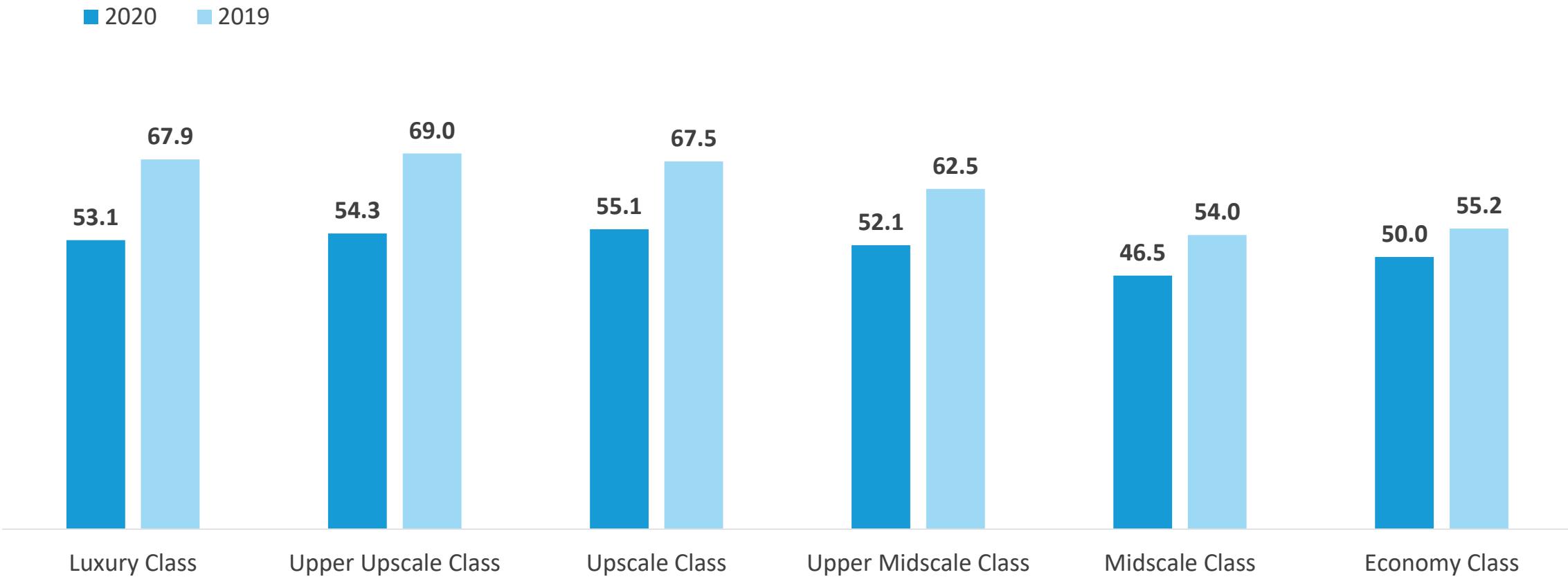
Upper Midscale Class

Midscale Class

Economy Class

As Expected: Occupancy Drops Sharply

YTD March 2020 & 2019

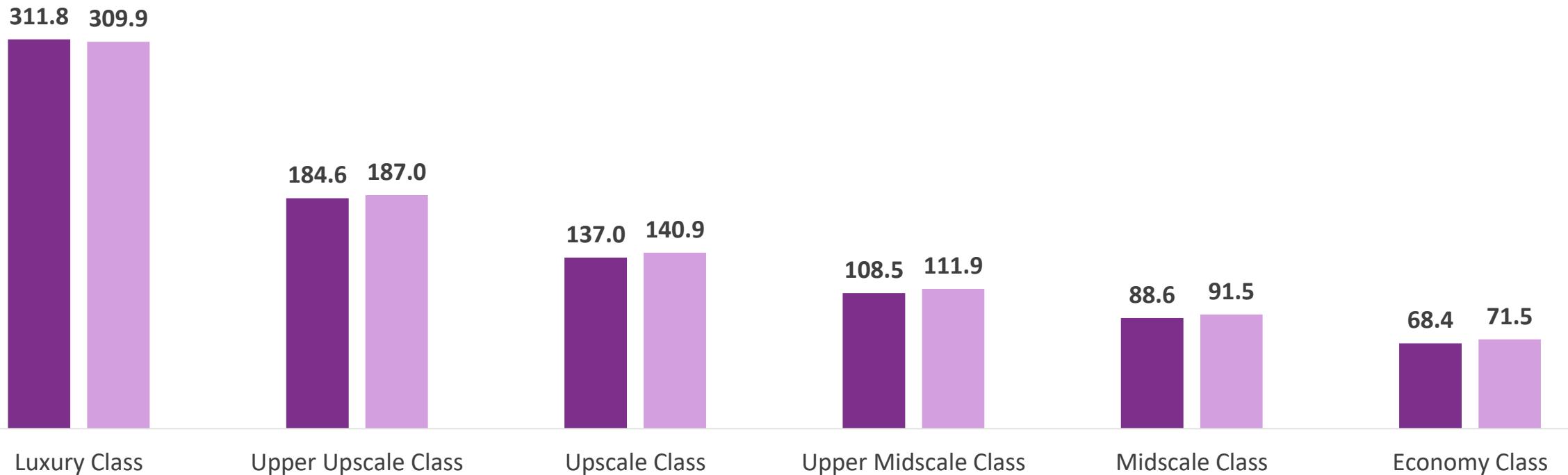


ADRs Will Decline Further

by Class, YTD March 2020 & 2019



■ 2020 ■ 2019



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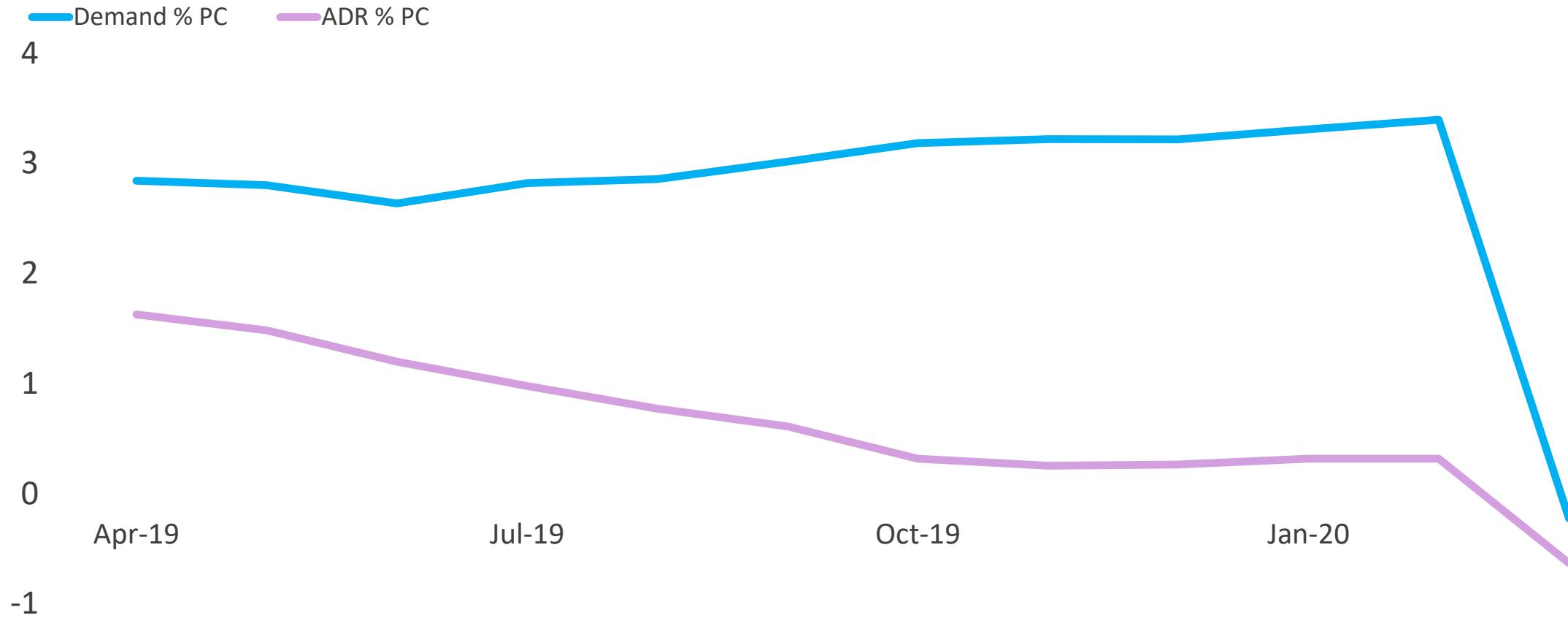
7 Compression Night Analysis

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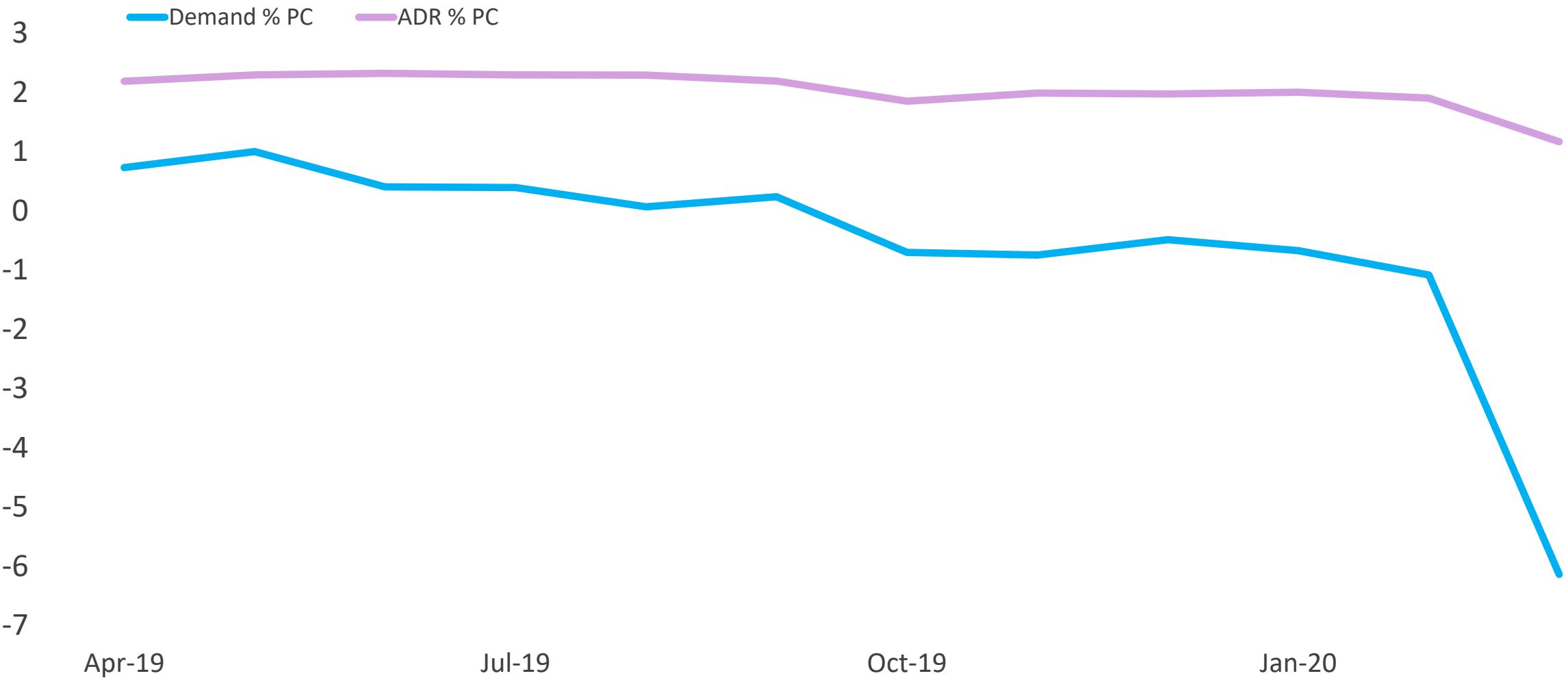
Transient ADR Will Deteriorate Further

12 MMA, 1/2019 – 03/2020



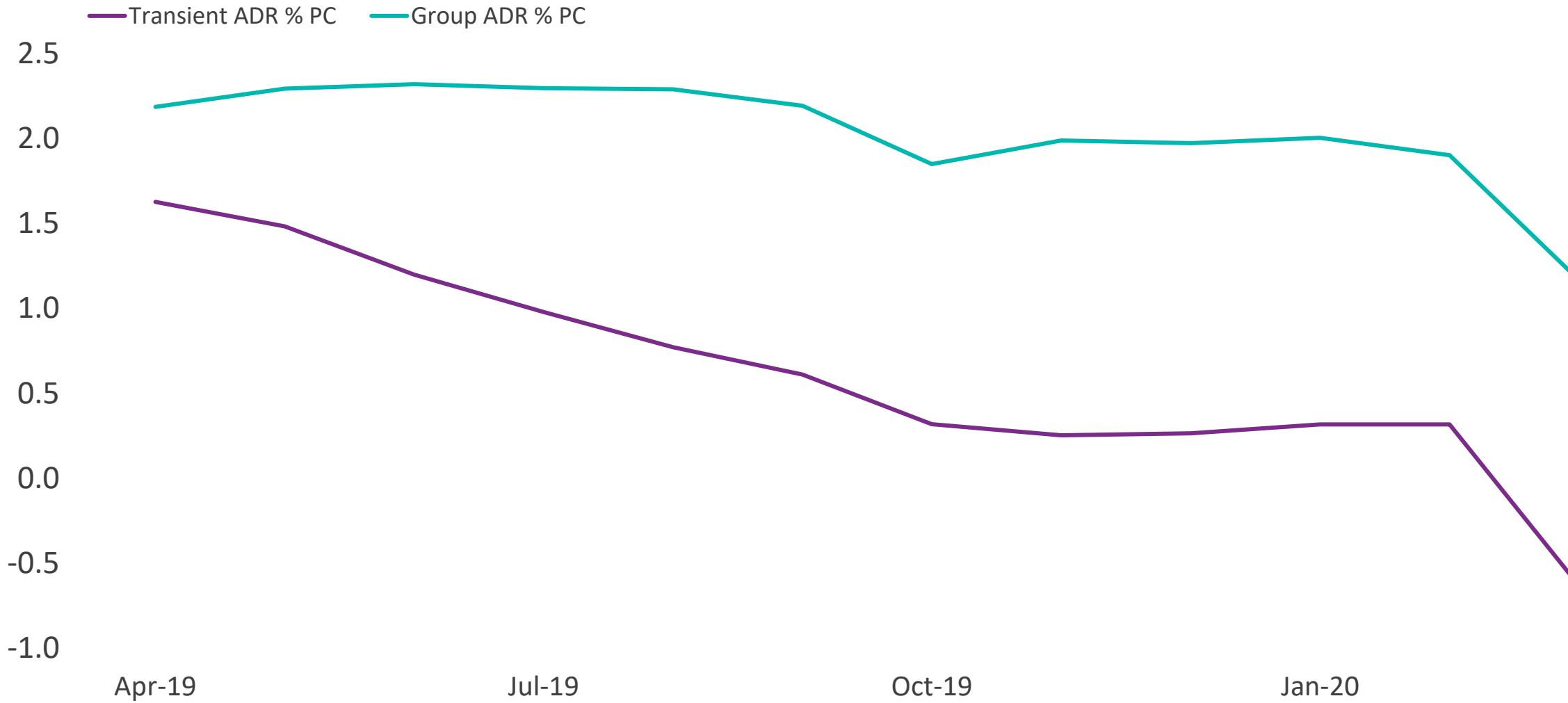
Group ADR Will Drop

12 MMA, 1/2019 – 03/2020



Segmentation ADR Likely In Free Fall Soon

12MMA, 1/2018 – 03/2020



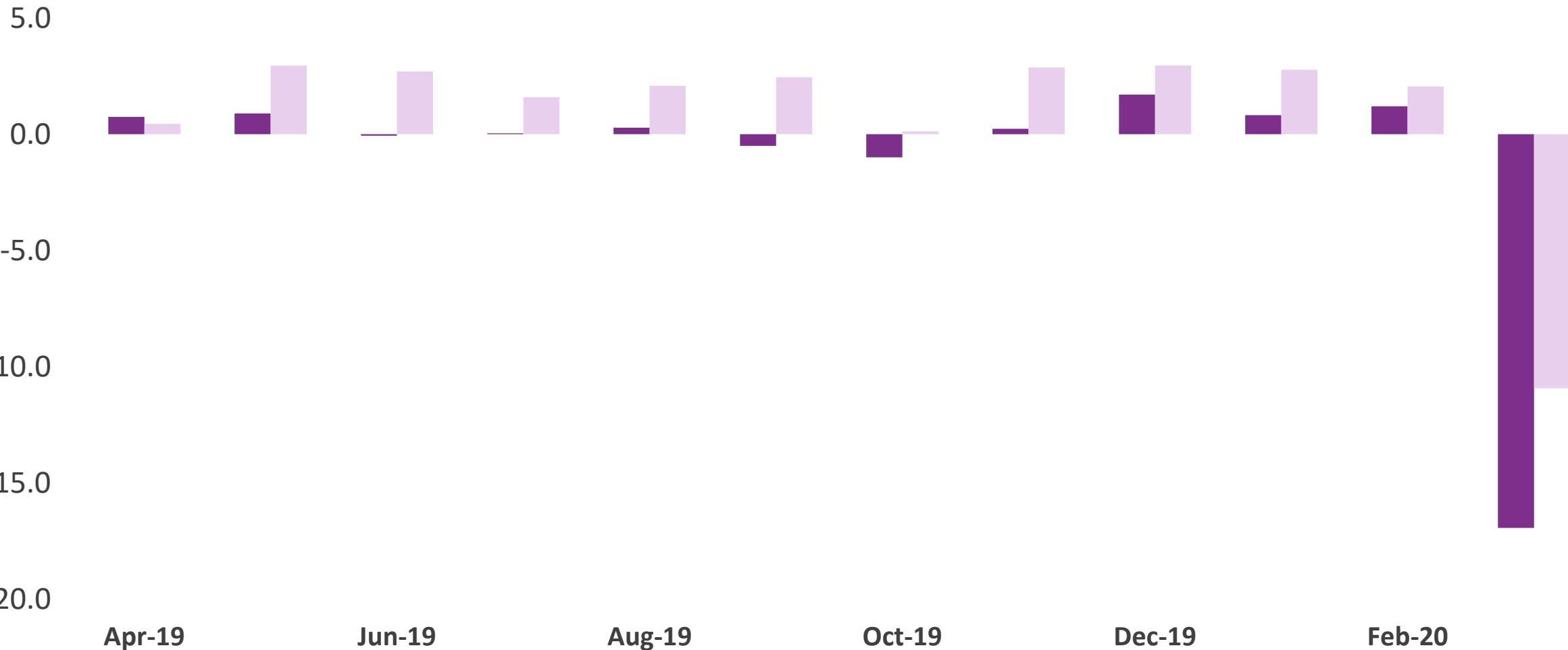
Monthly Transient ADR Falls Faster

Last 12 Months



■ Transient ADR % PC

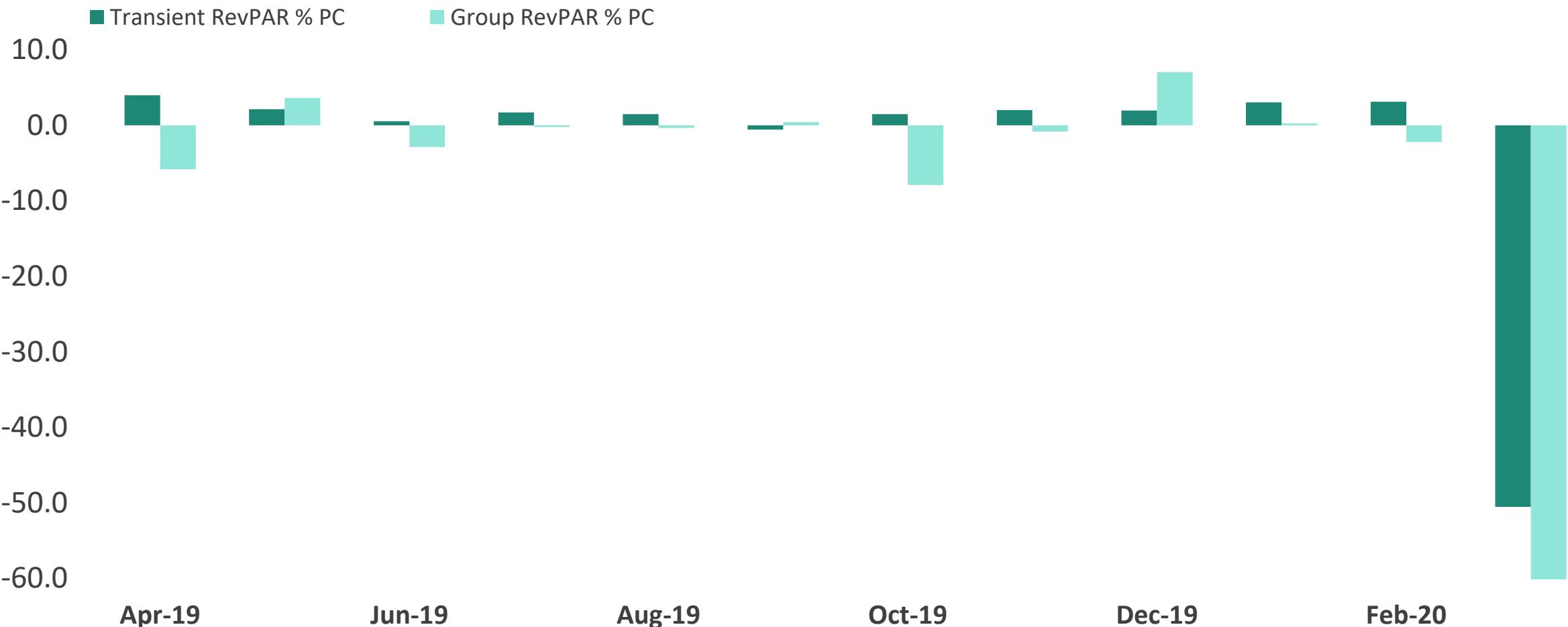
■ Group ADR % PC



Source: STR. 2020 © CoStar Realty Information, Inc.

Group RevPAR Declined Faster

Last 12 Months



Las Vegas: ... But Today The Strip Is Closed



LAS VEGAS	Feb 2020	Feb 2019	YoY Change	Feb 2020 YTD		
				Feb 2020 YTD	Feb 2019 YTD	YoY Change
Visitor Volume	3,333,200	3,189,900	4.5%	6,878,300	6,602,000	4.2%
Convention Attendance	760,300	748,600	1.6%	1,477,400	1,432,000	3.2%
Available Room Inventory (as of Feb)	148,376	148,168	0.1%	148,376	148,168	0.1%
Total Occupancy	86.8%	87.0%	-0.2	86.3%	85.4%	0.9
Weekend Occupancy	94.8%	91.9%	2.9	92.5%	90.3%	2.2
Midweek Occupancy	82.6%	84.6%	-2.0	83.2%	83.3%	-0.1
Strip Occupancy	88.0%	88.3%	-0.3	88.2%	86.6%	1.6
Downtown Occupancy	85.9%	85.7%	0.2	83.5%	83.3%	0.2
Average Daily Room Rate (ADR)	\$132.20	\$130.06	1.6%	\$143.15	\$143.74	-0.4%
Strip ADR	\$141.62	\$140.05	1.1%	\$154.52	\$155.23	-0.5%
Downtown ADR	\$71.78	\$69.19	3.7%	\$75.80	\$76.29	-0.6%
Revenue Per Available Room (RevPAR)	\$114.75	\$113.15	1.4%	\$123.54	\$122.75	0.6%
Strip RevPAR	\$124.63	\$123.66	0.8%	\$136.29	\$134.43	1.4%
Downtown RevPAR	\$61.66	\$59.30	4.0%	\$63.29	\$63.55	-0.4%
Total Room Nights Occupied	3,735,600	3,607,300	3.6%	7,725,700	7,468,300	3.4%
Total En/Deplaned Air Passengers	3,864,182	3,628,594	6.5%	8,018,347	7,525,844	6.5%
Avg. Daily Auto Traffic: All Major Highways*	106,675 e	103,828 e	2.7%	106,860 e	105,362 e	1.4%
Avg. Daily Auto Traffic: I-15 at NV/CA Border*	38,291	37,372	2.5%	38,757	38,207	1.4%
Gaming Revenue: Clark County	\$897,532,000	\$892,734,000 r	0.5%	\$1,802,086,000	\$1,753,607,000 r	2.8%
Gaming Revenue: Las Vegas Strip	\$596,198,000	\$591,738,000	0.8%	\$1,168,323,000	\$1,123,984,000	3.9%
Gaming Revenue: Downtown	\$55,626,000	\$58,004,000 r	-4.1%	\$114,743,000	\$110,104,000 r	4.2%
Gaming Revenue: Boulder Strip	\$65,011,000	\$65,330,000	-0.5%	\$136,865,000	\$147,189,000	-7.0%

Sources: Las Vegas Convention and Visitors Authority; McCarran International Airport; Nevada Department of Transportation (NDOT); Nevada Gaming Control Board

r - revised

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Top 25: Basically Same Results Everywhere

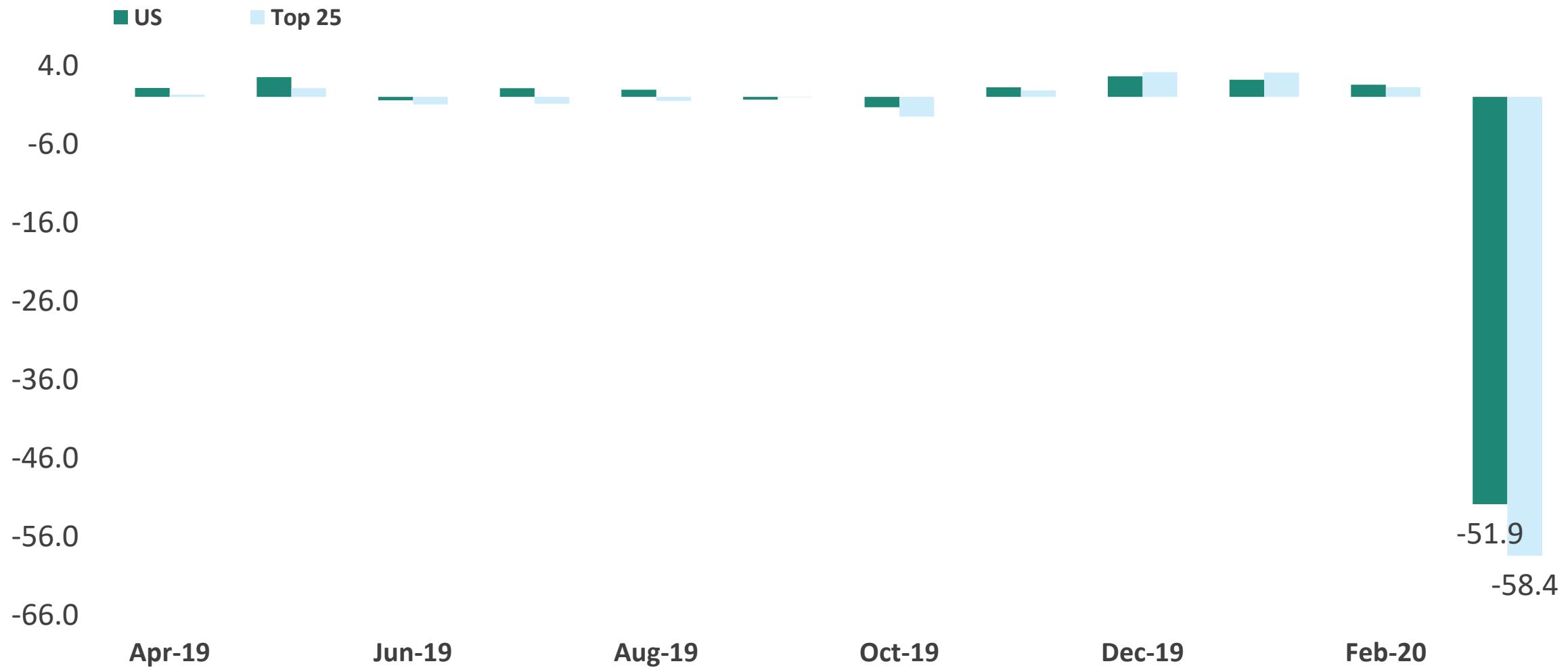
YTD March 2020



Market	OCC %	RevPAR % Change	Influenced By
Oahu Island, HI	71.9	-10.3	COVID19
Miami/Hialeah, FL	69.1	-11.7	COVID19
Norfolk/Virginia Beach, VA	45.7	-14.9	COVID19
Tampa/St Petersburg, FL	70.2	-16.1	COVID19
Dallas, TX	57.5	-17.2	COVID19
New Orleans, LA	58.7	-24.9	COVID19
Seattle, WA	52.9	-25.3	COVID19
New York, NY	60.9	-28.0	COVID19
Atlanta, GA	57.5	-29.2	COVID19
San Francisco/San Mateo, CA	58.2	-29.9	COVID19

Total US vs. Top 25 RevPAR % Change

Last 12 Months



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Pipeline



US Pipeline: I/C Rooms Increase Slowly

by Phase, '000s Rooms, March 2020 and 2019



<u>Phase</u>	<u>2020</u>	<u>2019</u>	<u>% Change</u>
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In Construction	215	201	7%
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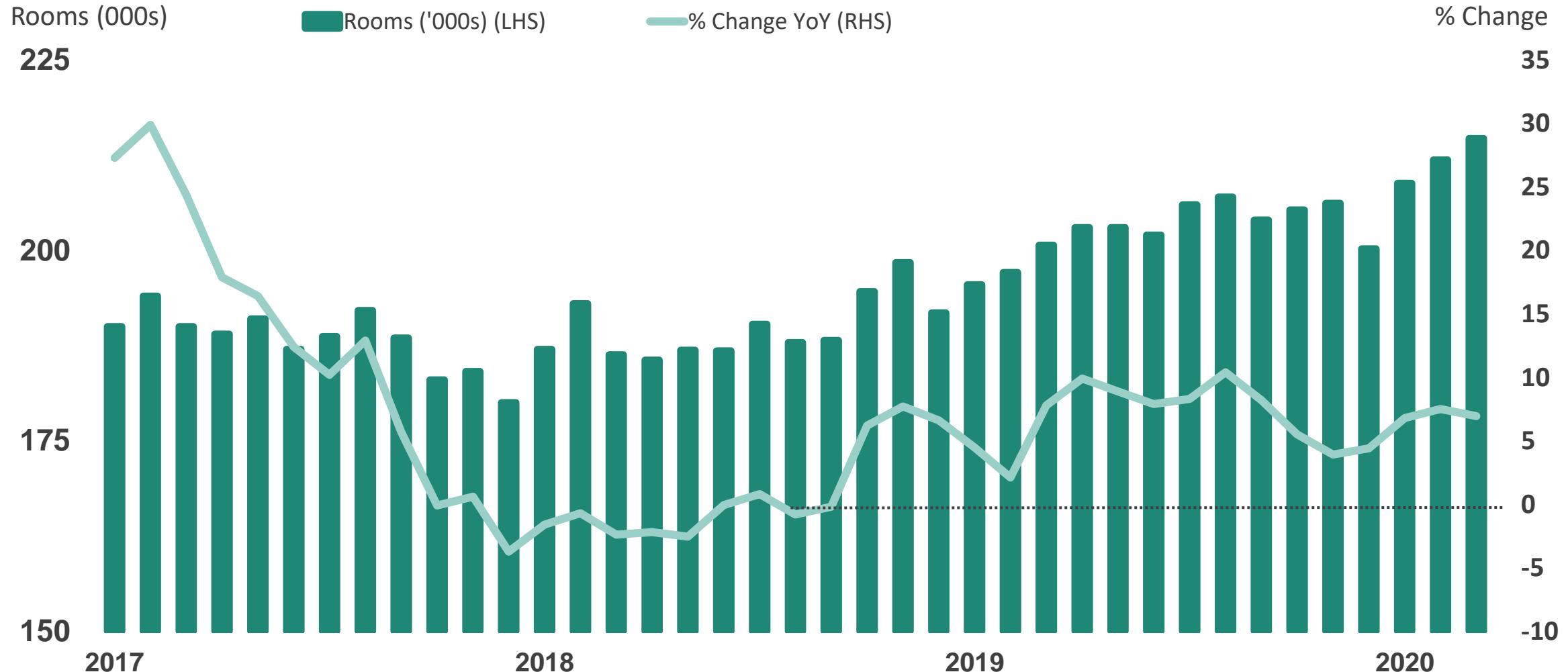
Final Planning	248	197	26%
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Planning	220	260	-16%
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Under Contract	682	658	3.6%
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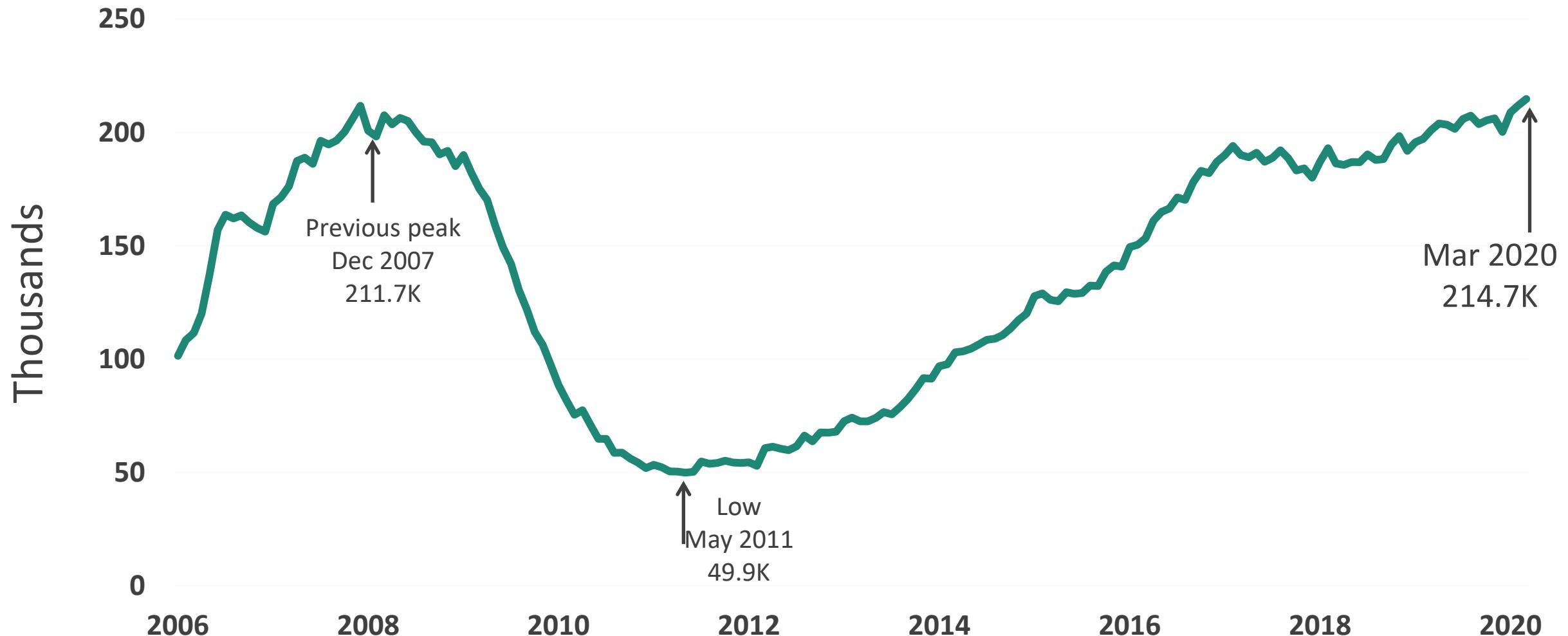
I/C Rooms Growing Less Than 10%

1/2017 – 03/2020



U.S. Hotel Rooms In Construction At Peak

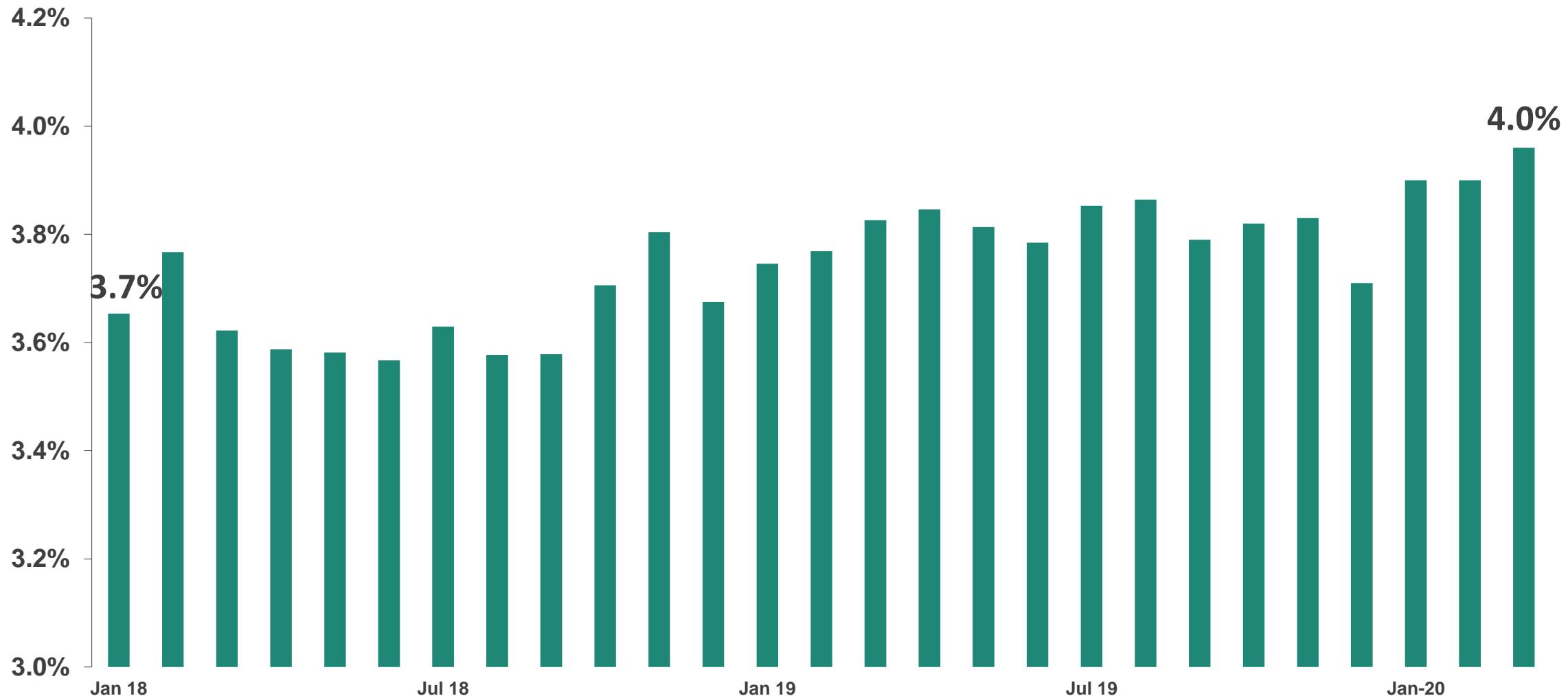
January 2006-March 2020



Source: STR. 2020 © CoStar Realty Information, Inc.

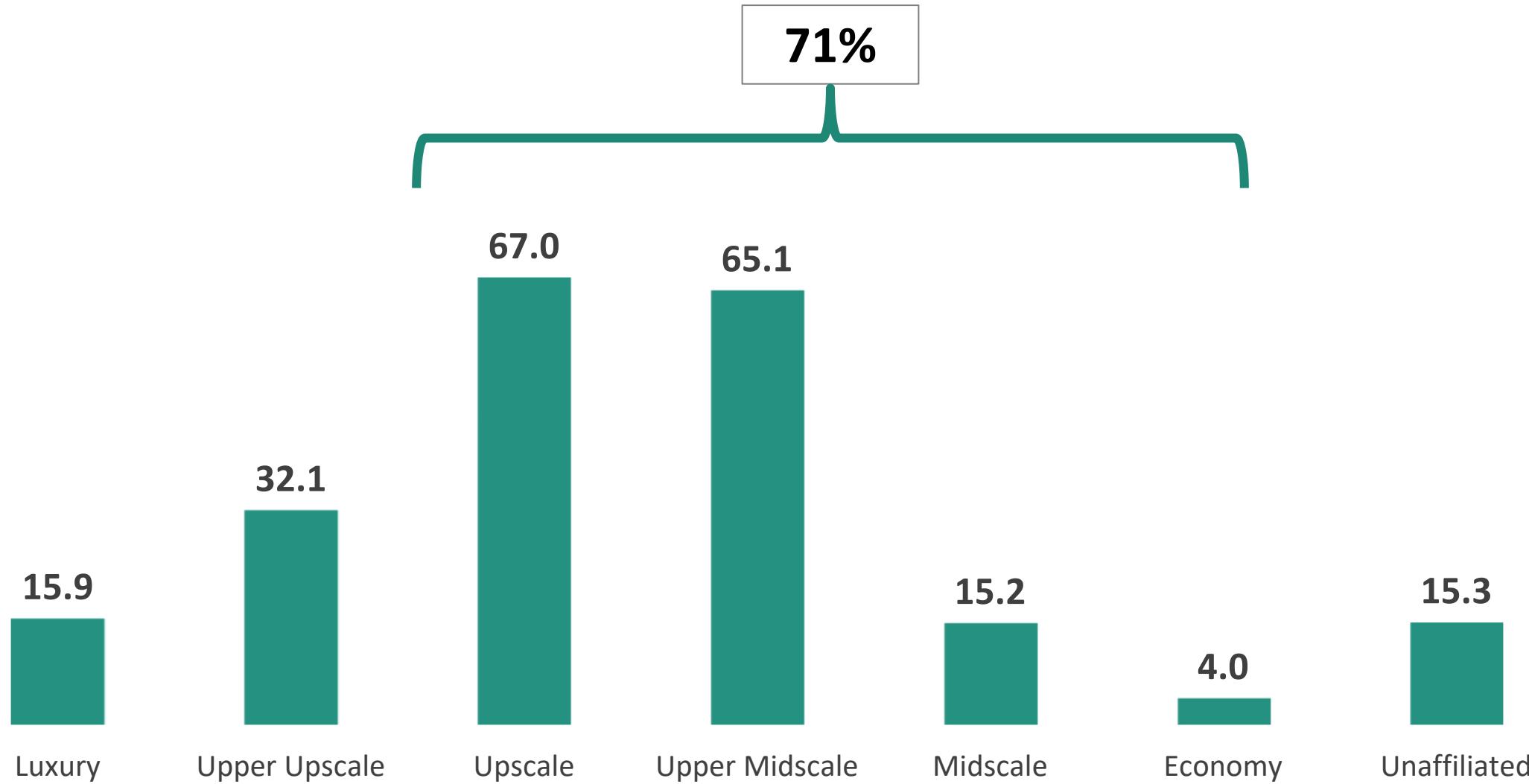
I/C as % of Existing: Steady As She Goes

01/2018 to 03/2020



Limited Service Construction Dominates

I/C Rooms, '000s Rooms, by Scale, March 2020



Luxury Scale Will See Strong Supply Growth

by Scale, March 2020



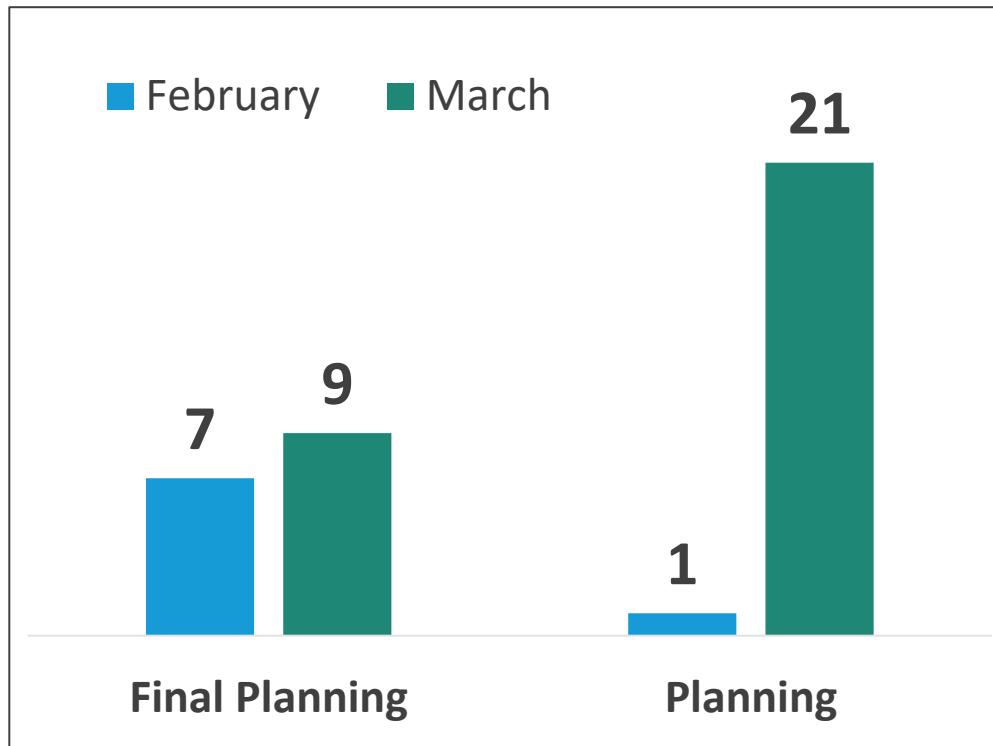
Scale	Rooms In Construction	% Of Existing
Luxury	15,934	13%
Upper Upscale	32,134	5%
Upscale	67,023	8%
Upper Midscale	65,088	6%
Midscale	15,227	4%
Economy	3,970	0.5%
Unaffiliated	15,328	1%

Pipeline: More Projects Move to Deferred / Abandoned

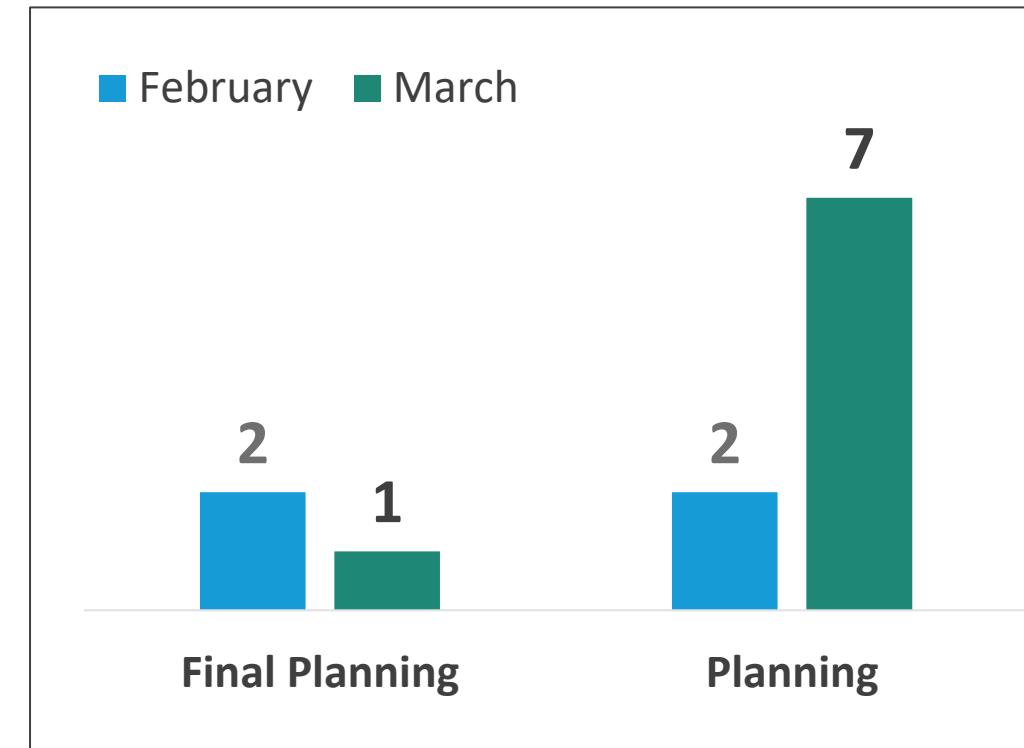
U.S. Pipeline, Move to Deferred & Abandoned from Prior Phase



Projects Move To Deferred from

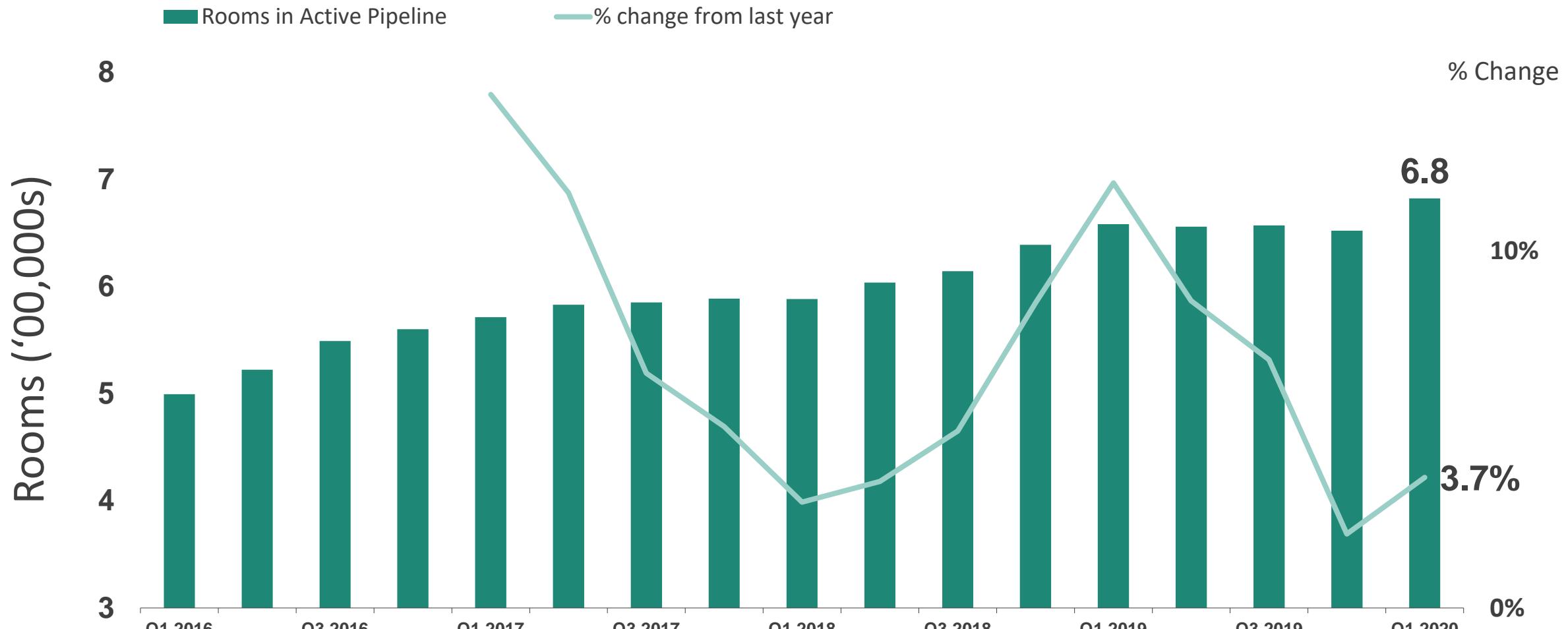


Projects Move To Abandoned from



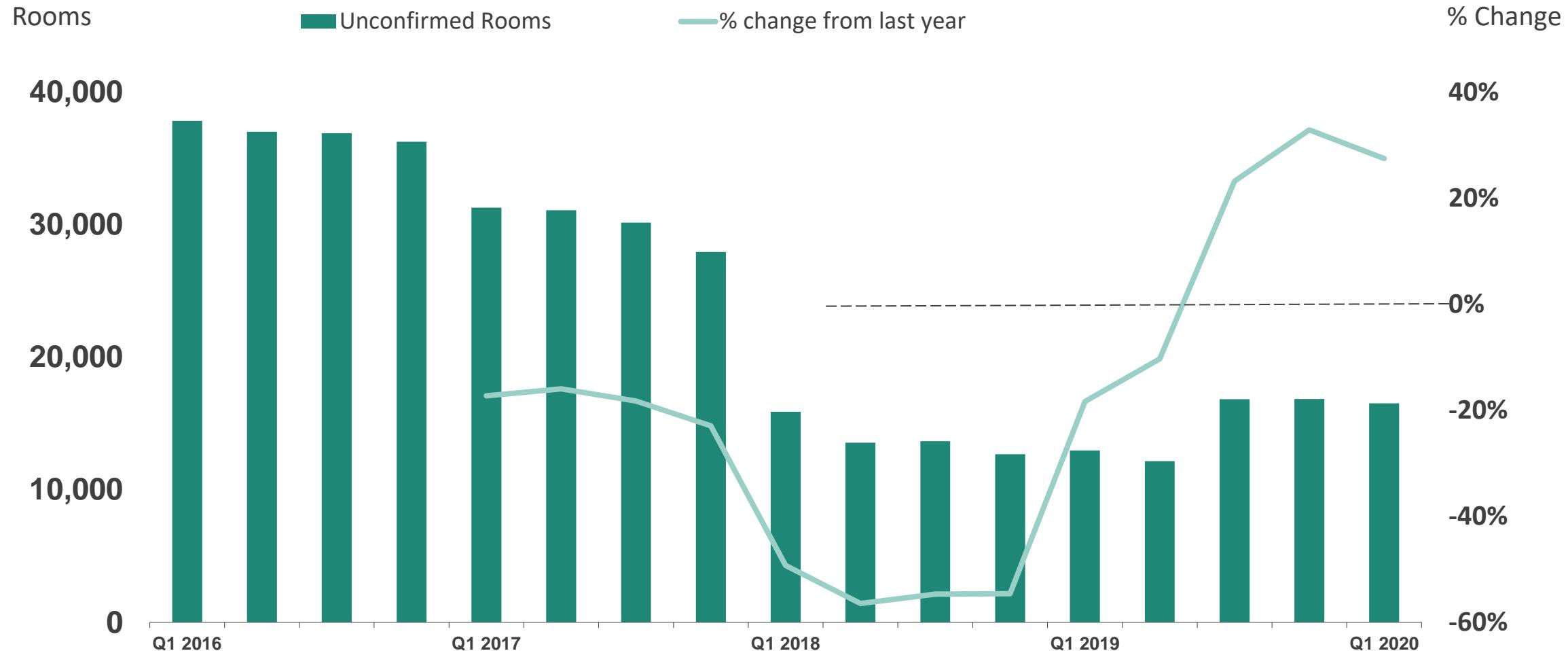
Under Contract Room Count Is Growing Slowly

by Quarter, Q1 2016 – Q1 2020



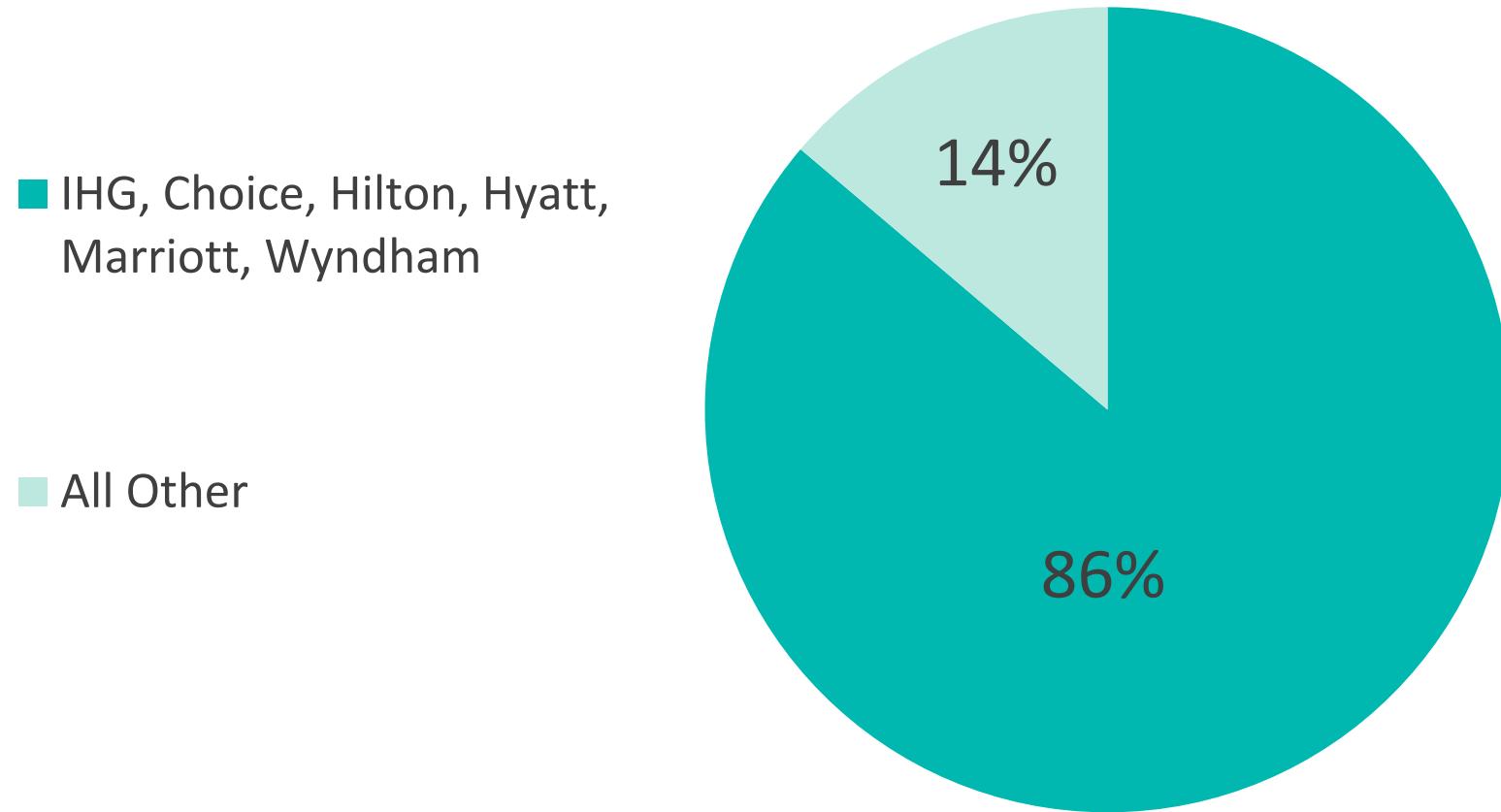
Unconfirmed Pipeline Increases (Off A Small Base)

By Quarter, Q1 2016 – Q1 2020



Active Pipeline: “Big 6” Dominate

Q1 2020

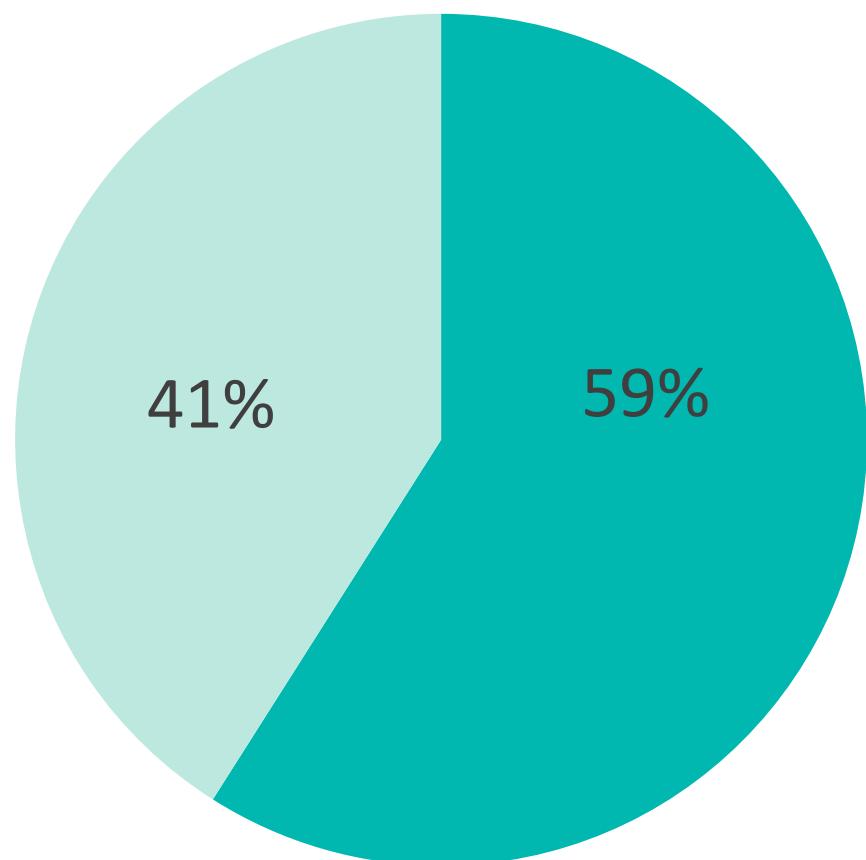


Active Pipeline: Clear Shift to The “Big 6”



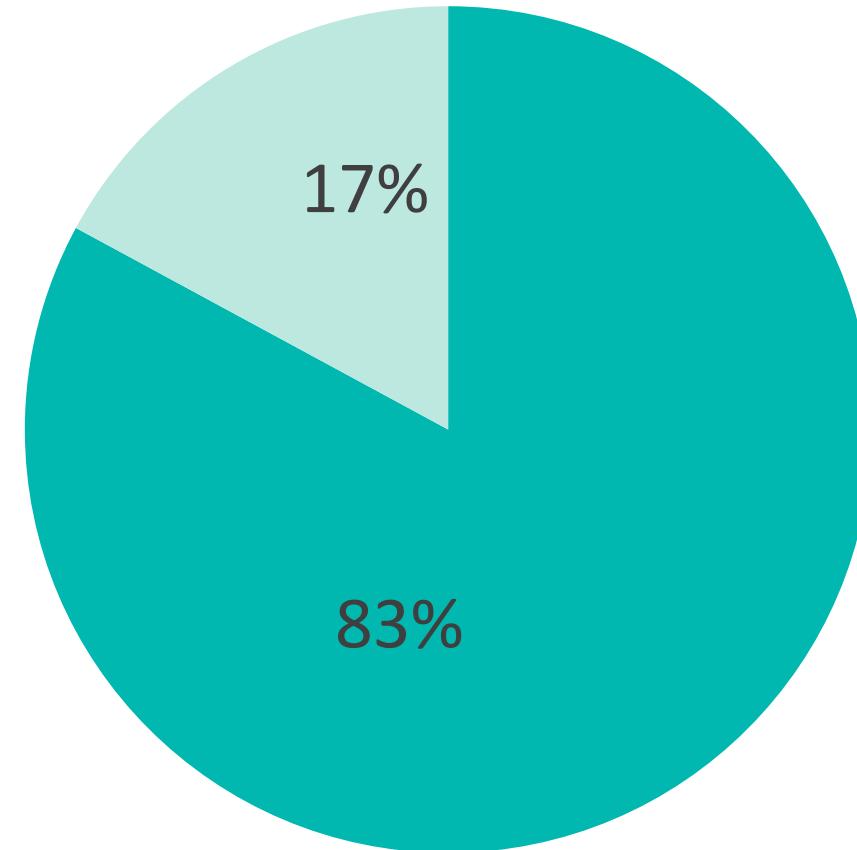
2010

■ IHG, Choice, Hilton, Hyatt, Marriott, Starwood, Wyndham ■ All Other



2019

■ IHG, Choice, Hilton, Hyatt, Marriott, Wyndham ■ All Other



Large Markets Grow Rapidly

Largest % In Top 26 Markets, March 2020

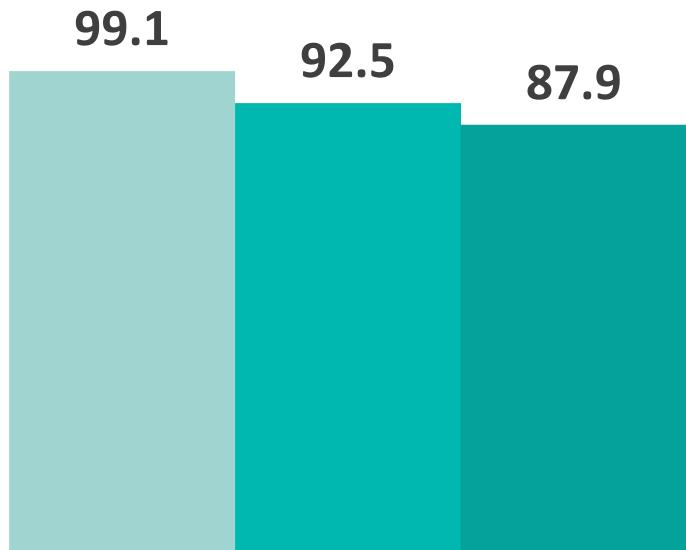


Market	Rooms In Construction	% Of Existing
Nashville, TN	5,878	12%
New York, NY	14,051	11%
Orlando, FL	8,737	7%
Miami/Hialeah, FL	3,897	7%
Boston, MA	3,802	6%
Los Angeles/Long Beach, CA	6,640	6%
Tampa/St Petersburg, FL	3,045	6%
Dallas, TX	5,751	6%
Detroit, MI	2,732	6%
Anaheim/Santa Ana, CA	3,211	6%

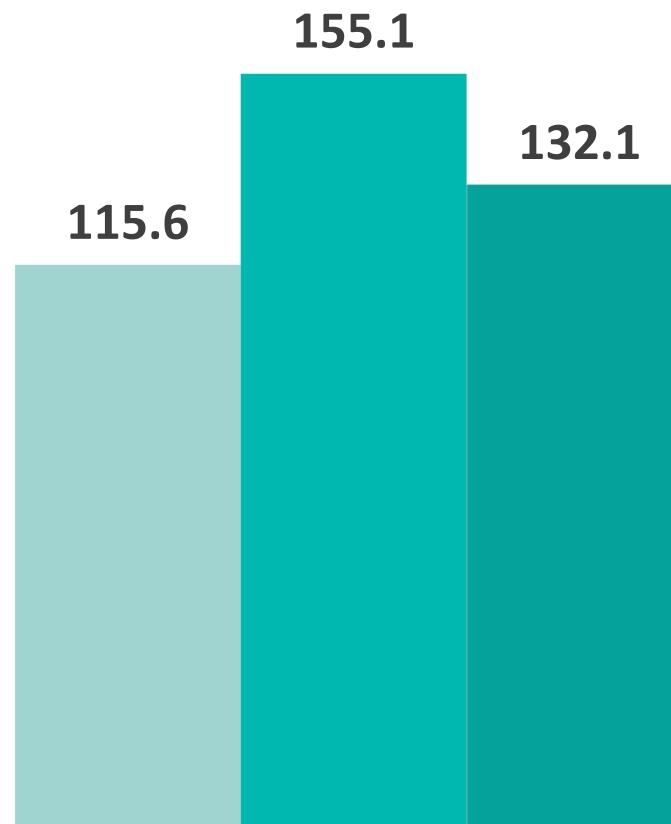
Top 26 Markets Have 46% Of I/C Rooms Rooms ('000s), March 2020



In Construction Final Planning Planning

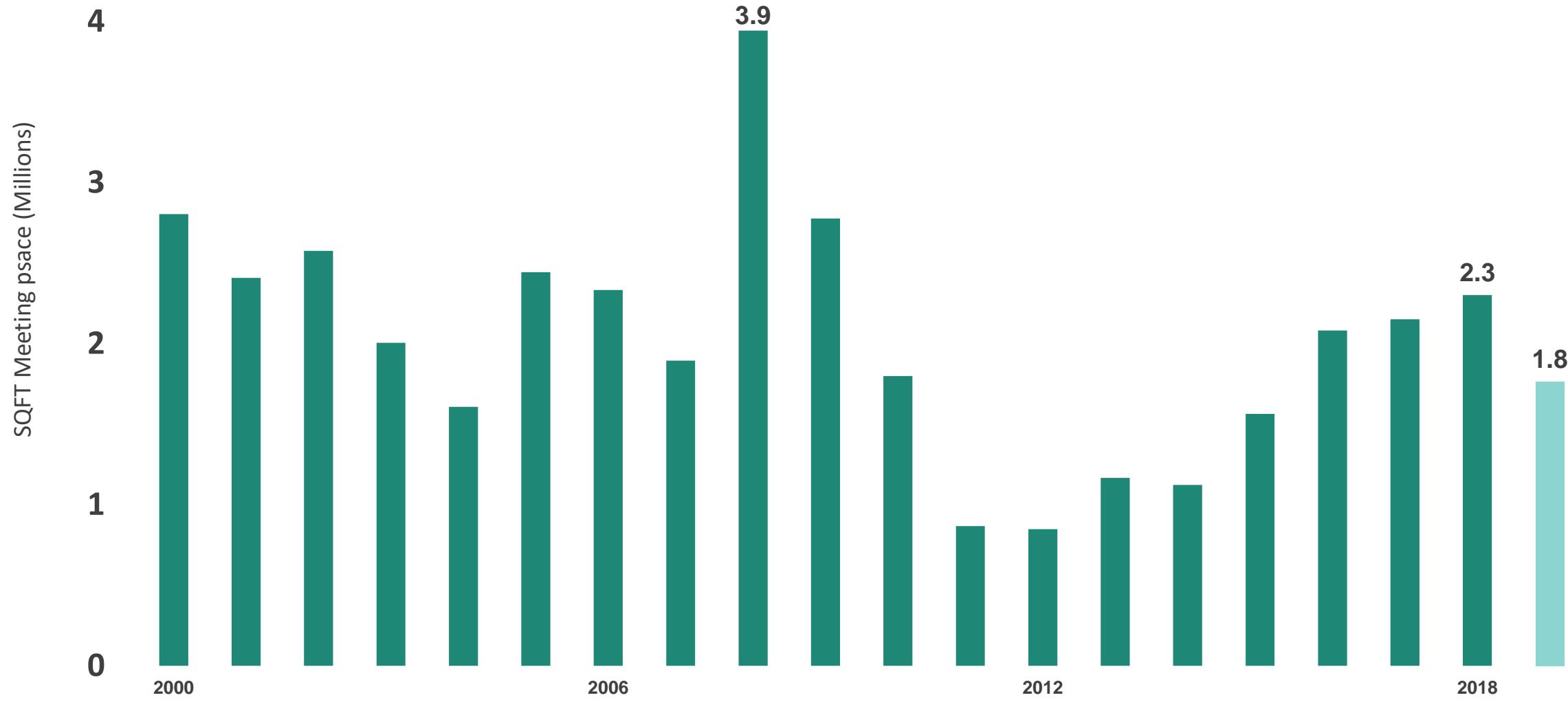


Top 26 Markets



Rest of the US

More Select Service = Less Hotel Meeting Space



Closed Rooms: Fewer Hotels Close

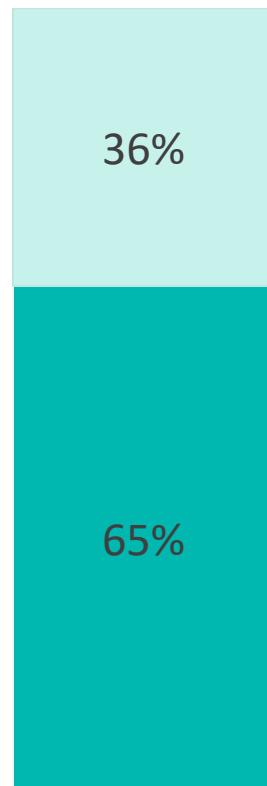


US Attrition Rates

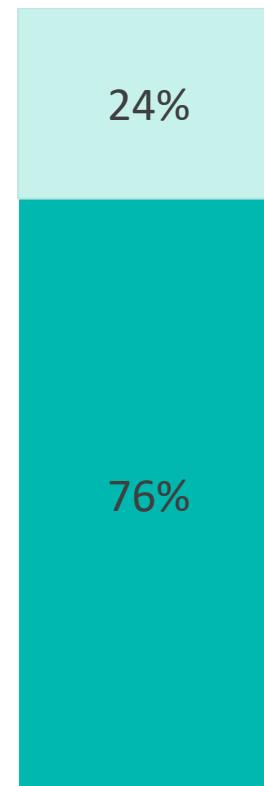
Long Term Average (2013 – 2016)



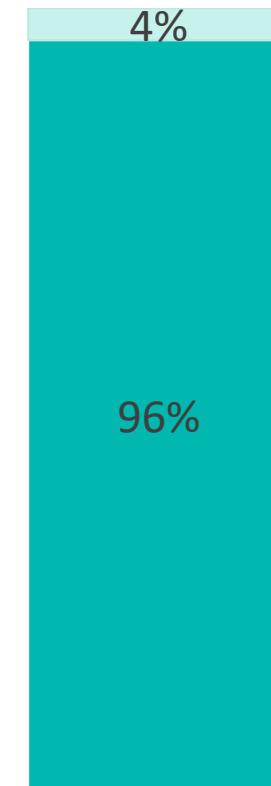
■ Opened ■ Abandoned



Planning



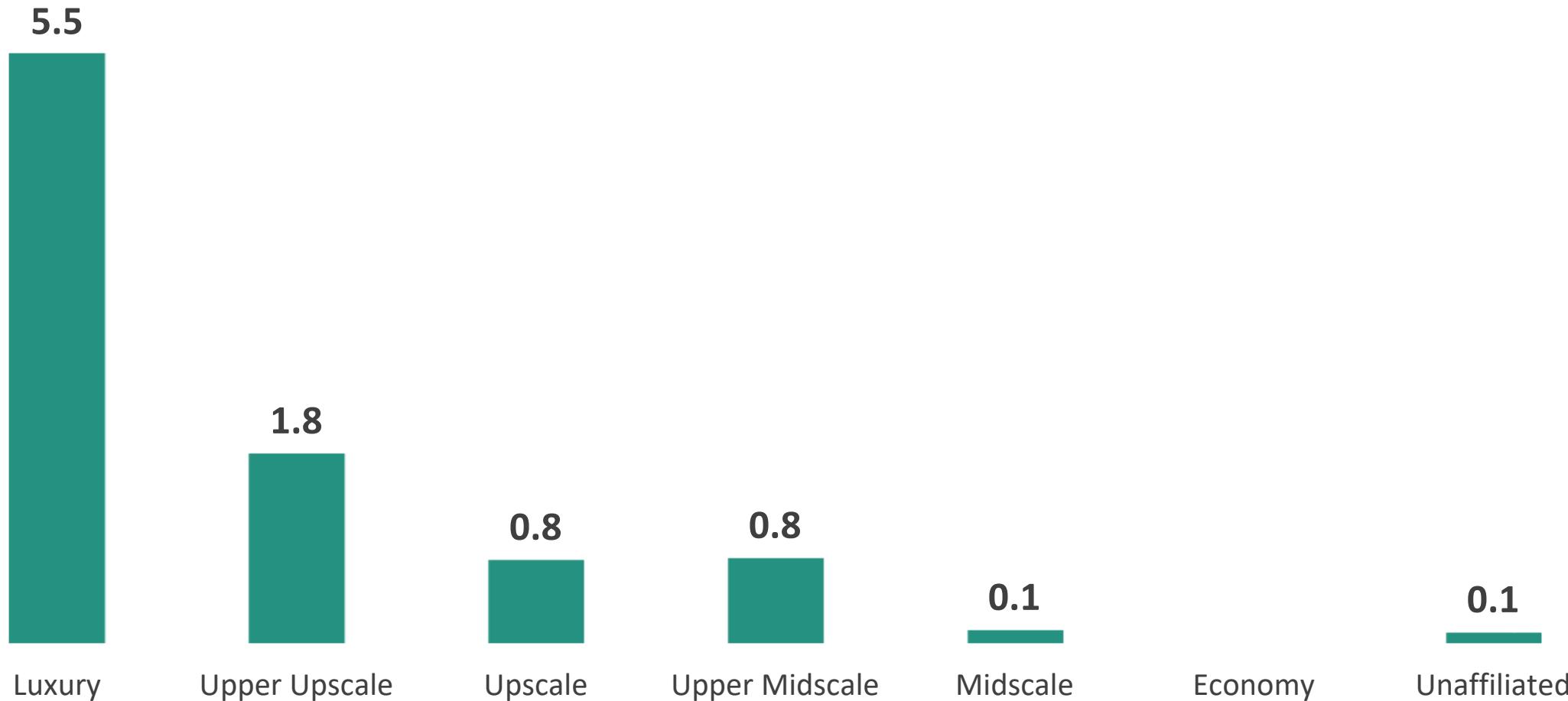
Final Planning



In Construction

Las Vegas: A Whole Other Animal

I/C Rooms, '000s Rooms, by Scale, March 2020

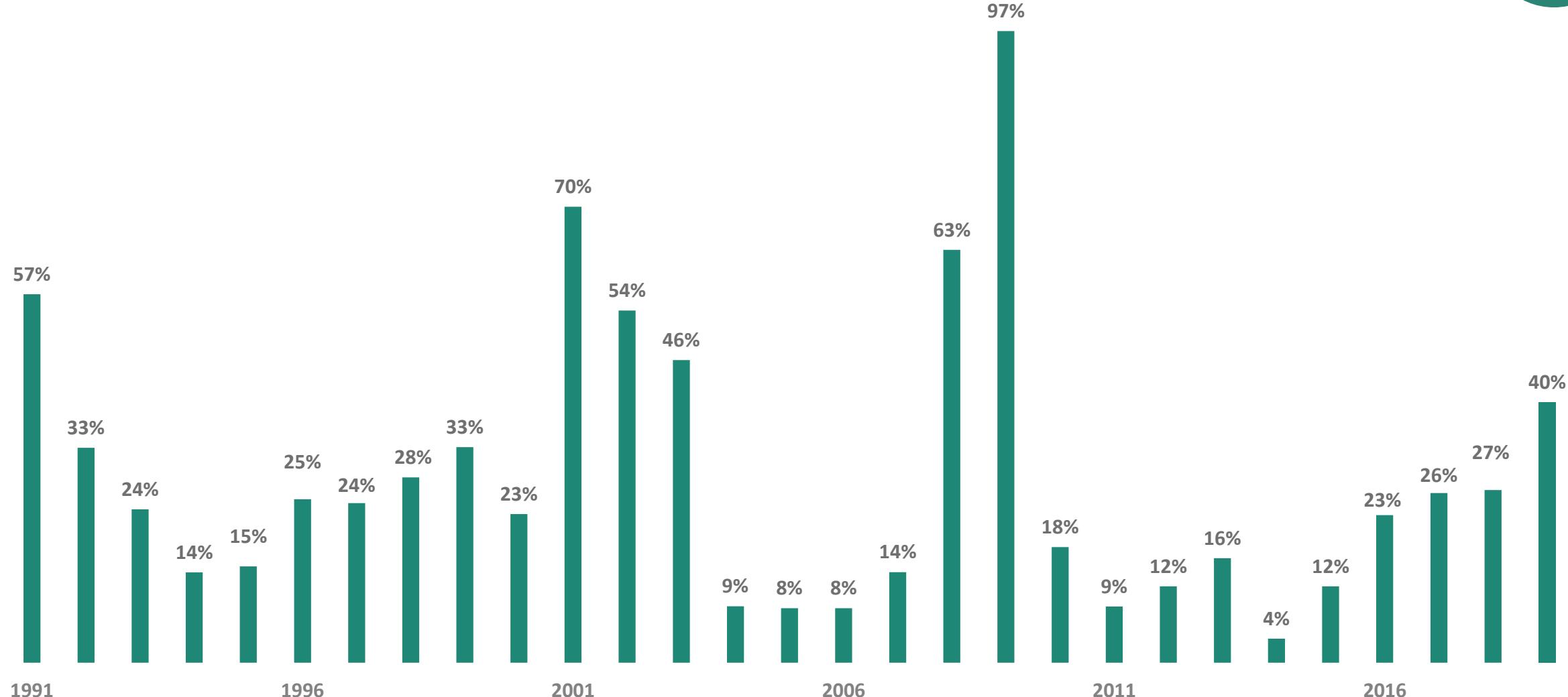




The Canary In The Coalmine

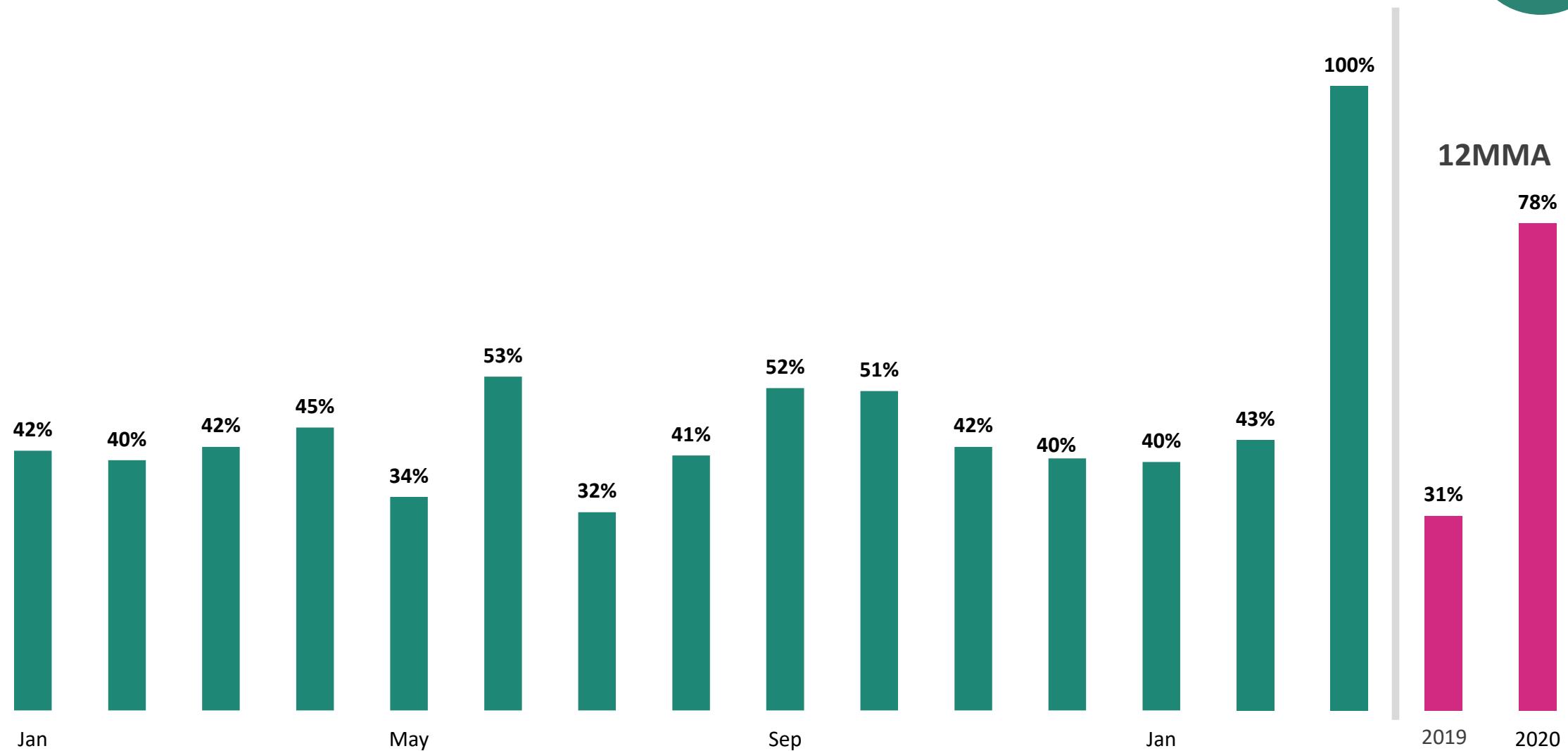
More Submarkets Show RevPAR Declines

Percentage of all 649 Submarkets, by Year



All Submarkets Show RevPAR Declines

Percentage of all 645 Submarkets, by Month, 2019 - 2020

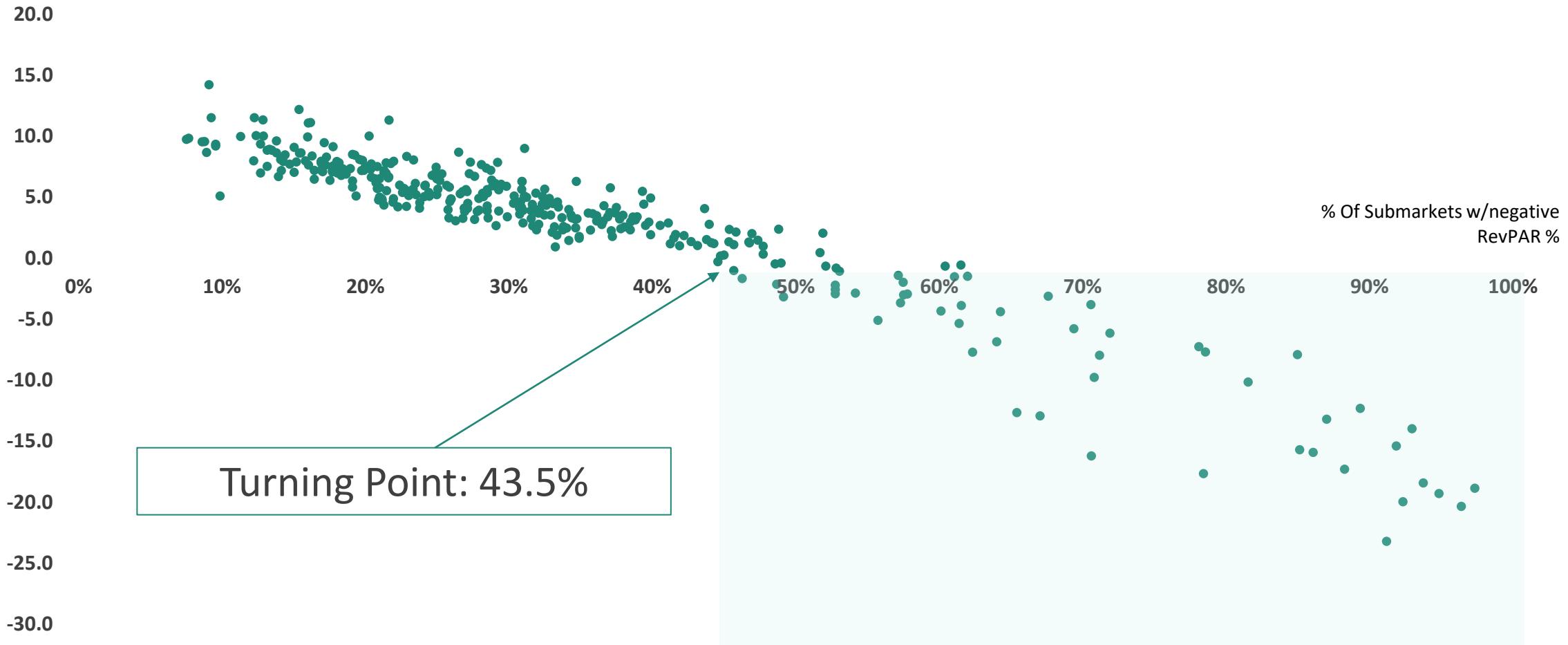


Turning Point For US Data: 43.5%

Percent of all 639 Submarkets, by month, Jan 1989 – Apr 2017



RevPAR % Change



*Submarkets with Negative RevPAR % Change out of all 639 Submarkets, by month Jan 1989 – Apr 2017

Source: STR. 2020 © CoStar Realty Information, Inc.

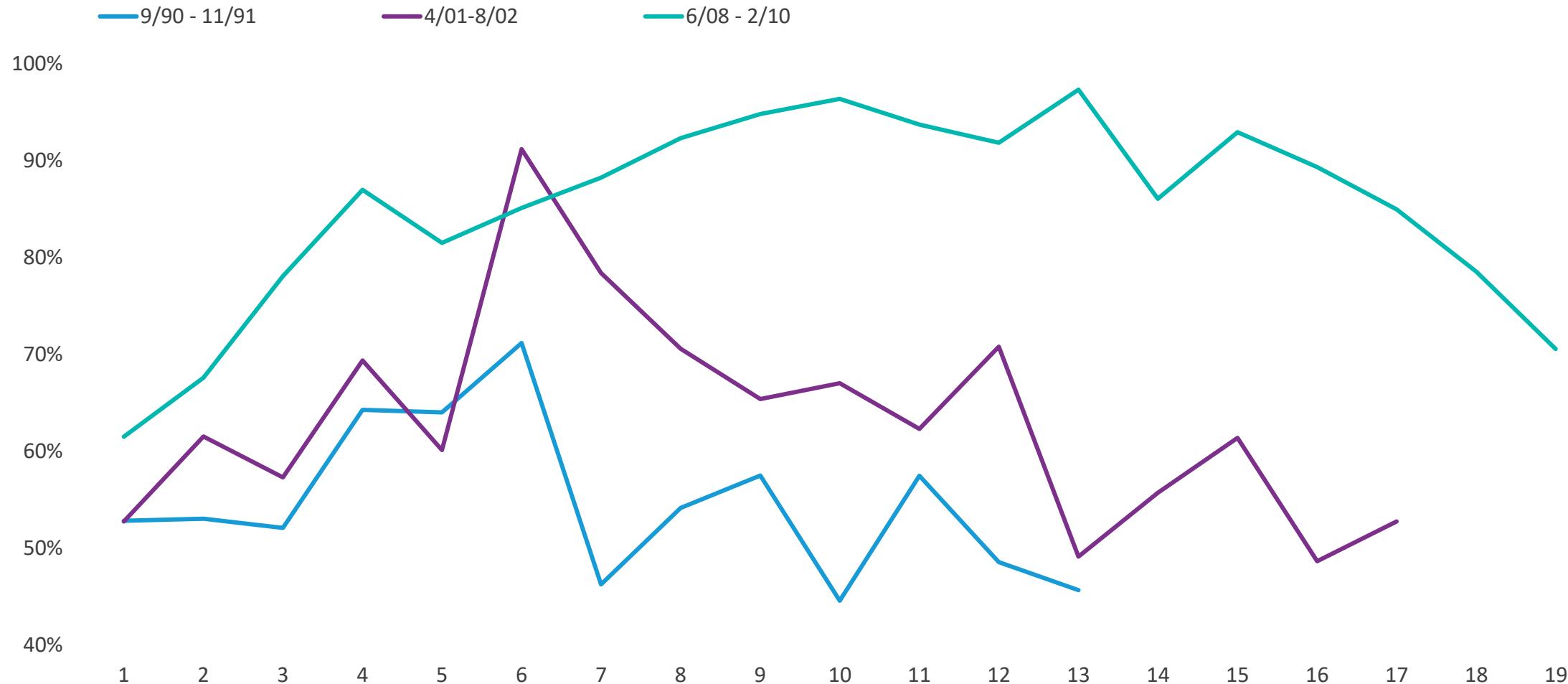
Look Back At US RevPAR Declines

Change of 639 Submarkets



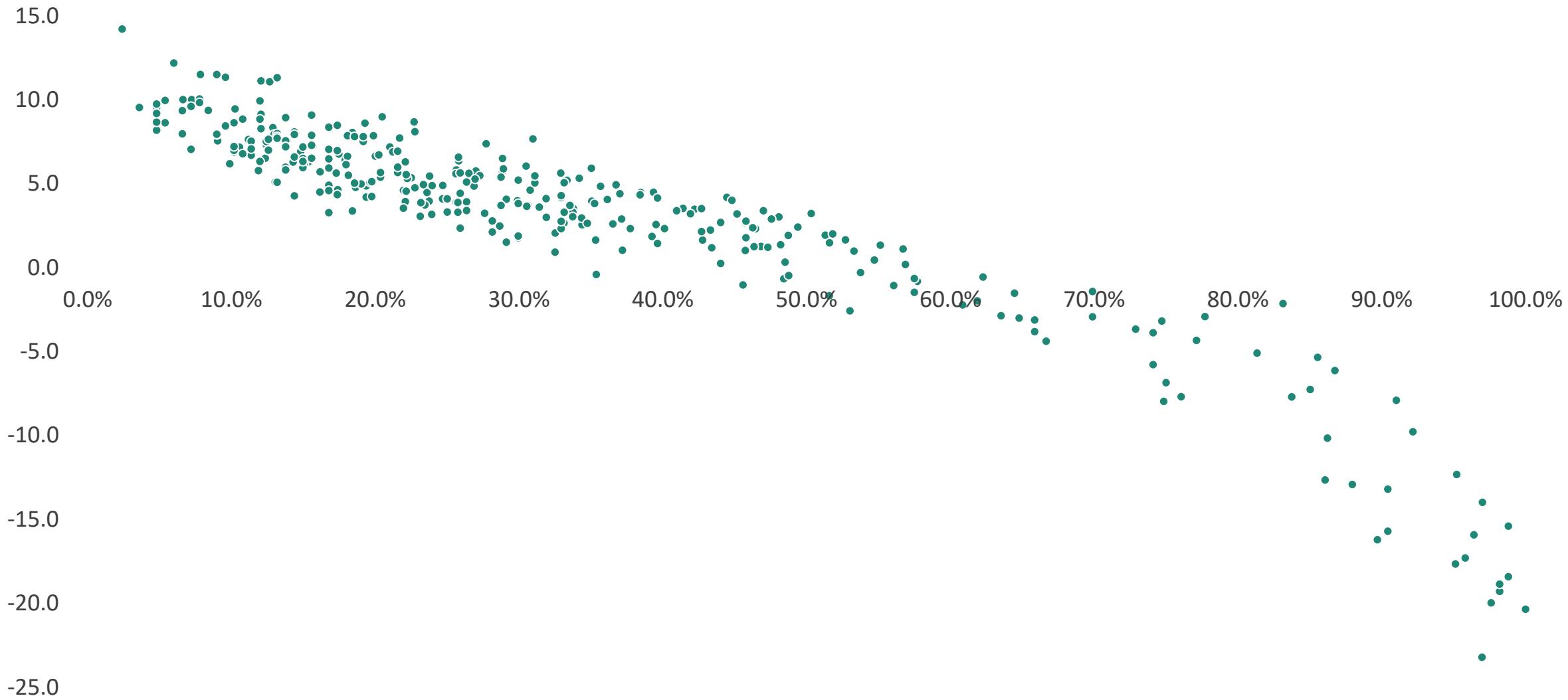
Month	% of Tracts with negative RevPAR % Change	US RevPAR
8/1/1990	37%	2.2
9/1/1990	53%	-0.8
3/1/2001	43%	1.4
4/1/2001	53%	-2.2
1/1/2003	47%	2.0
2/1/2003	53%	-2.6
5/1/2008	48%	1.0
6/1/2008	62%	-1.5

Look Back: % of Tracts with Negative RevPAR % by month, by downturn



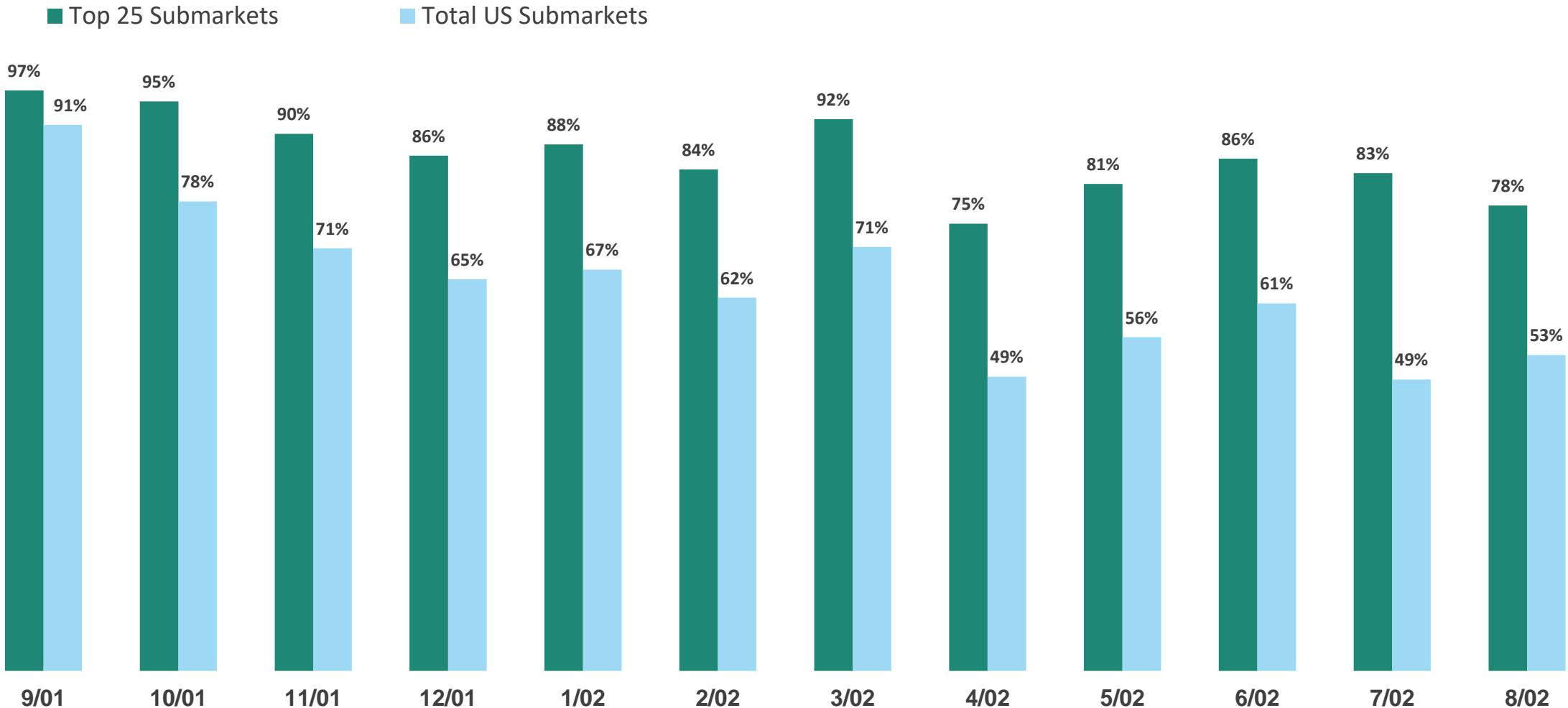
Turning Point For Top 25 Data: 45%

by month, Jan 1989 – Apr 2017



Top 25 : Submarkets Hit Harder After 9/11

by Month 9/01 – 8/02



US Compression Night Analysis

3 trends in hotel compression nights



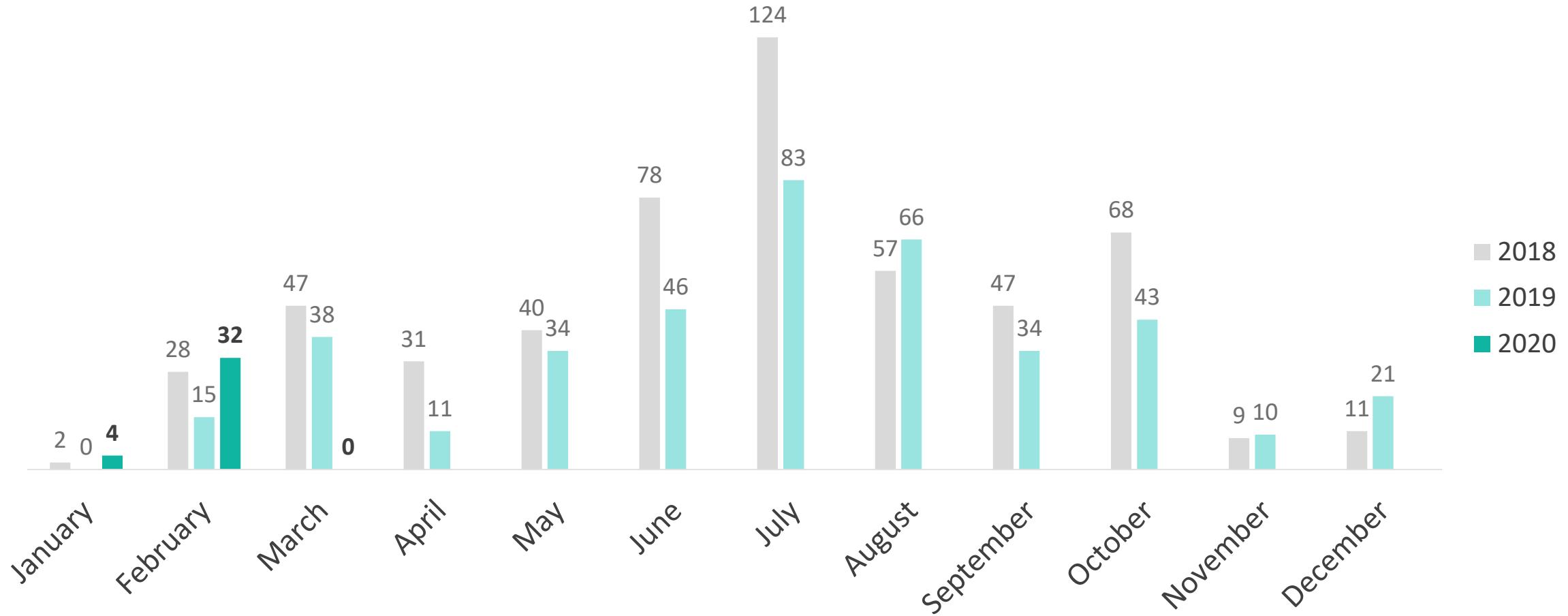
Source: 2020 STR, LLC / STR Global, Ltd., CoStar Group companies, trading as "STR".

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Number of Compression Nights

March 2020: 0 Compression night

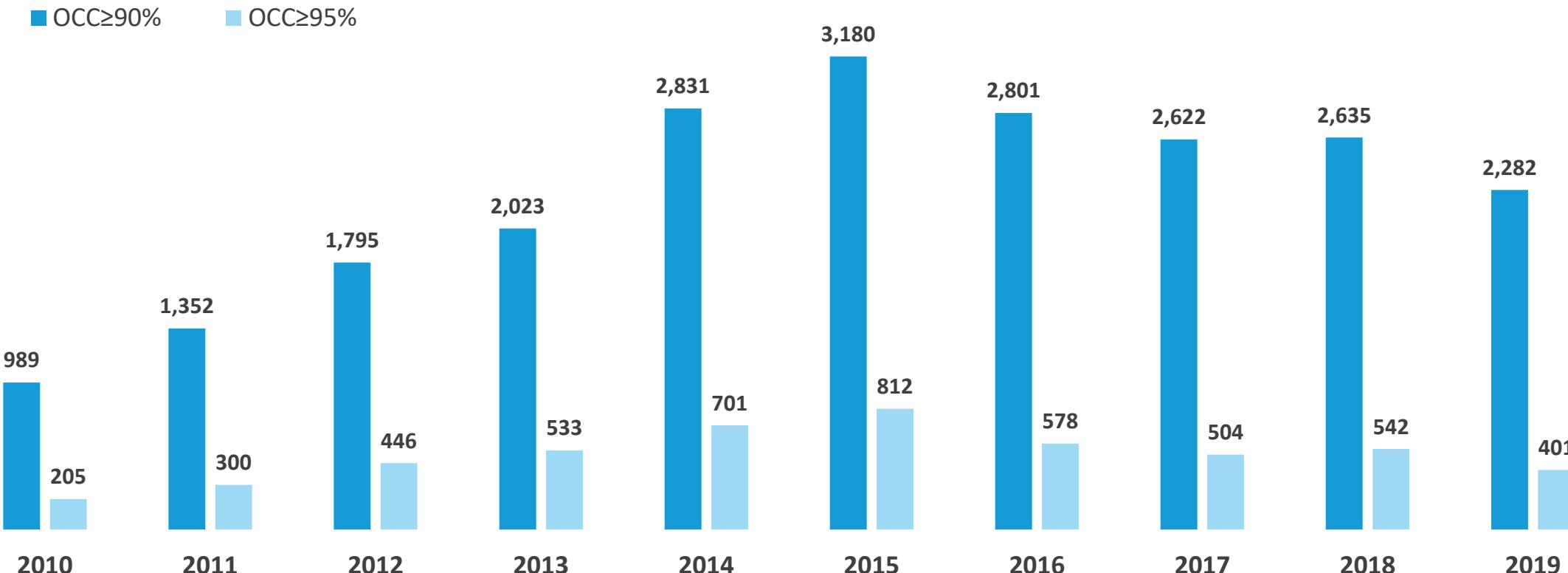


*Note: Compression Nights Occupancy $\geq 95\%$

Source: STR. 2020 © CoStar Realty Information, Inc.

US Compression Nights dropping for hotels

Number of Compression Nights in the US, 2010-2019

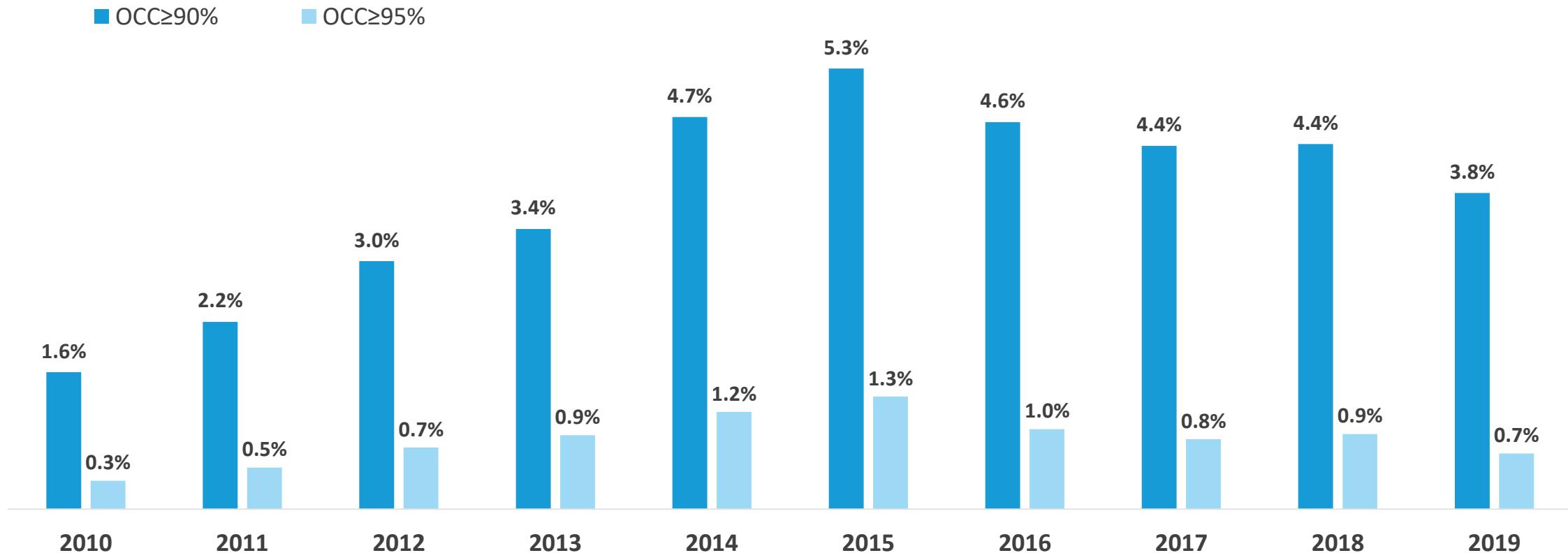


Note. Full year values for 2010–2019 for 165 U.S. markets combined.

Source: STR 2020 © CoStar Realty Information, Inc.

US Compression Nights dropping for hotels

Percentage of Compression Nights in the US, 2010-2019

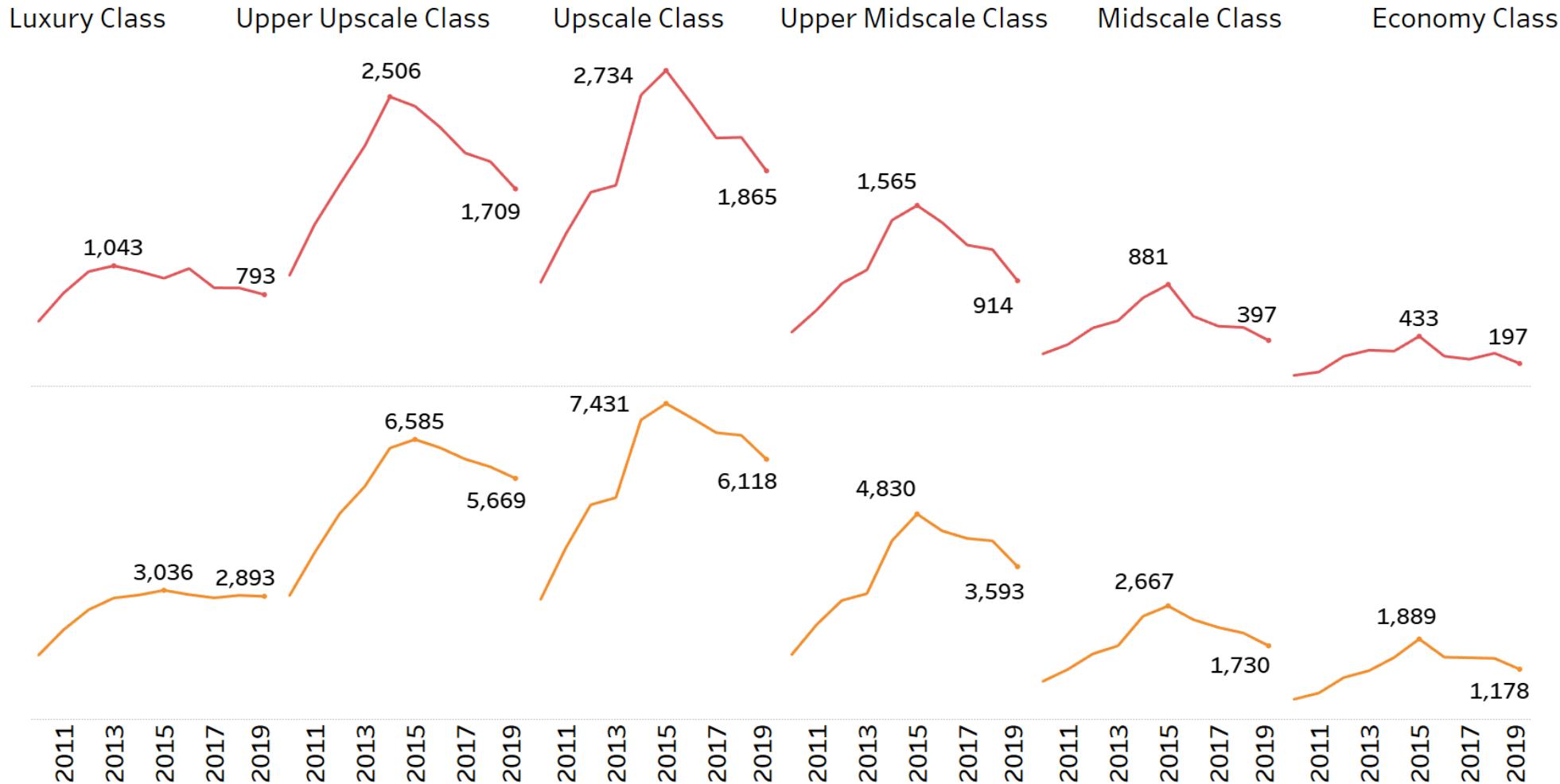


Note. Full year values for 2010–2019 for 165 U.S. markets combined

Source: STR 2020 © CoStar Realty Information, Inc.

Compression nights are becoming more rare in all six hotel classes

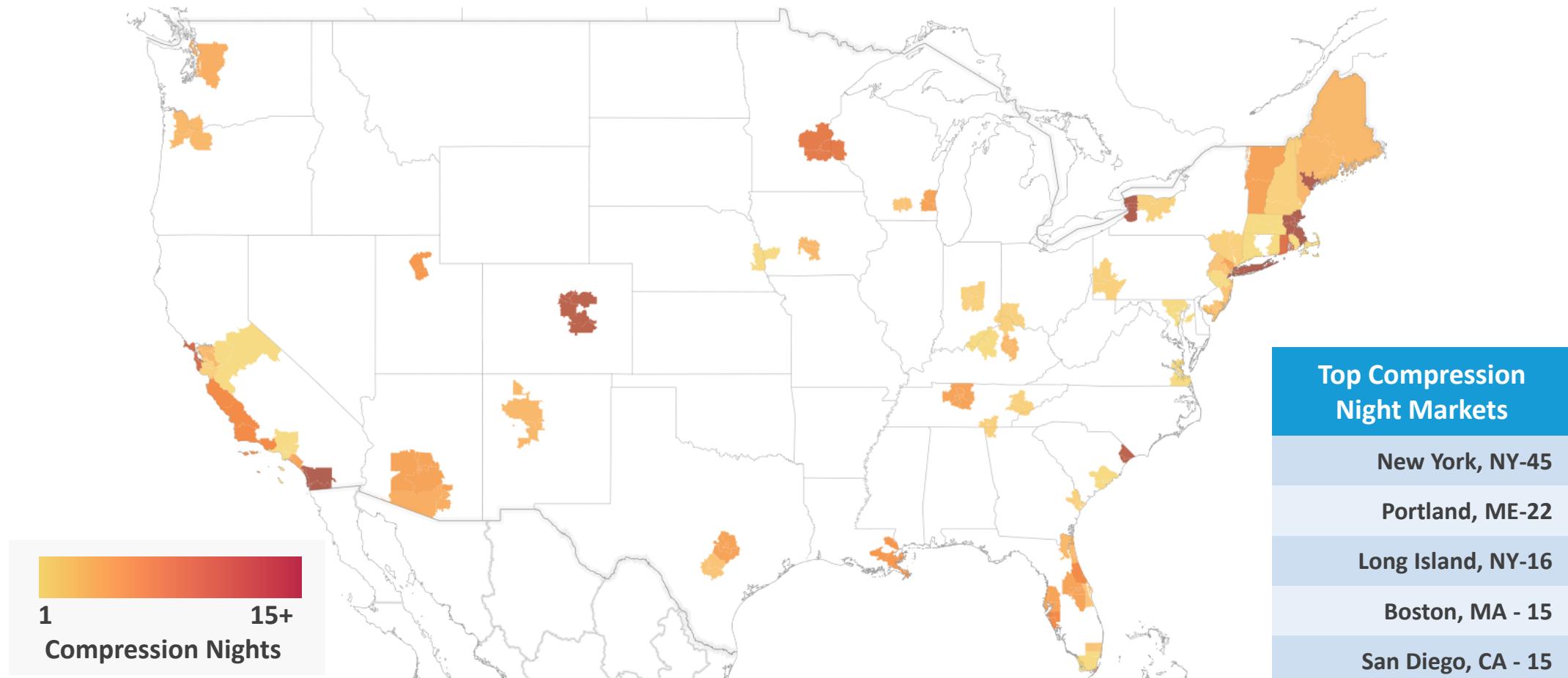
Number of Compression Nights by Hotel Class, 2010-2019



Note. Full year values for 2010–2019 for 165 U.S. markets combined; 2 data labels represent maximum and most recent value. Source: STR 2020 © CoStar Realty Information, Inc.

Top 5 markets for compression nights appear to be a mix of urban and leisure

Market Nights with **95%+** Occupancy





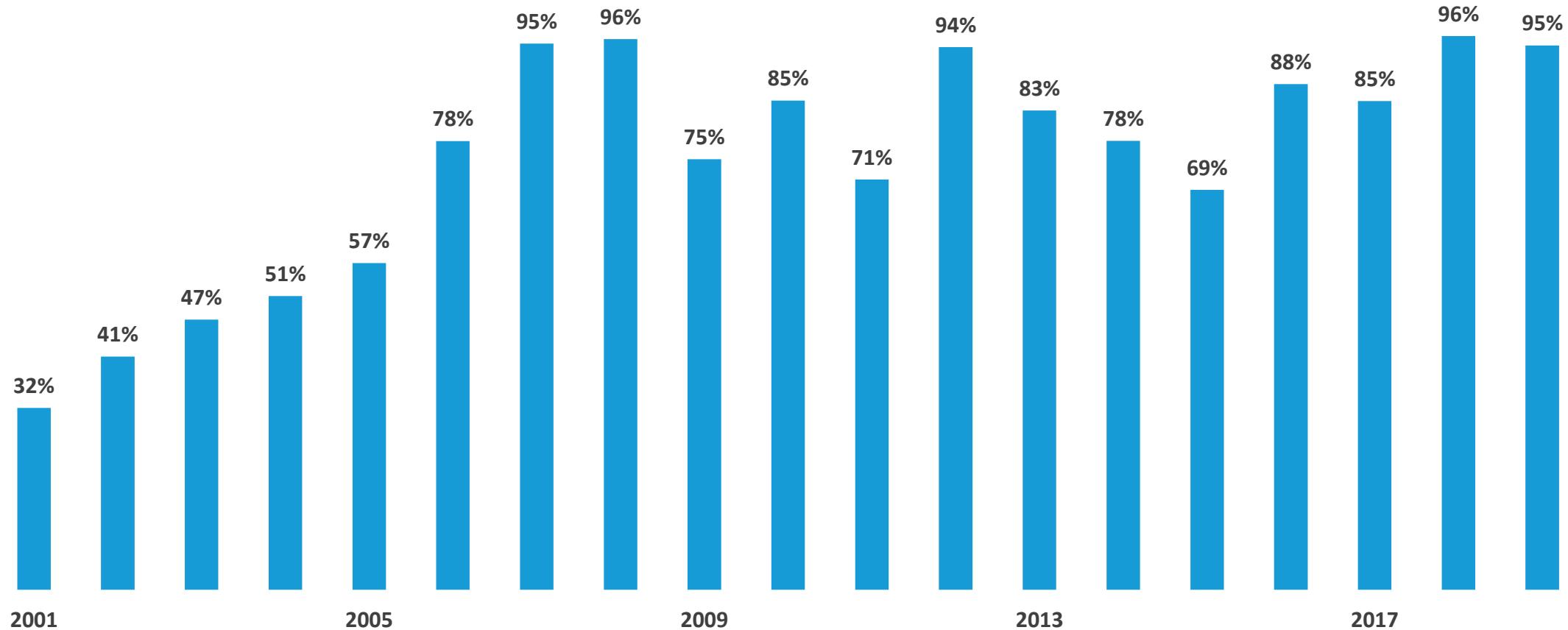
ADR Premium on Compression Nights

Source: STR
2020 © CoStar Realty Information, Inc.

Benchmarking
your world⁸¹

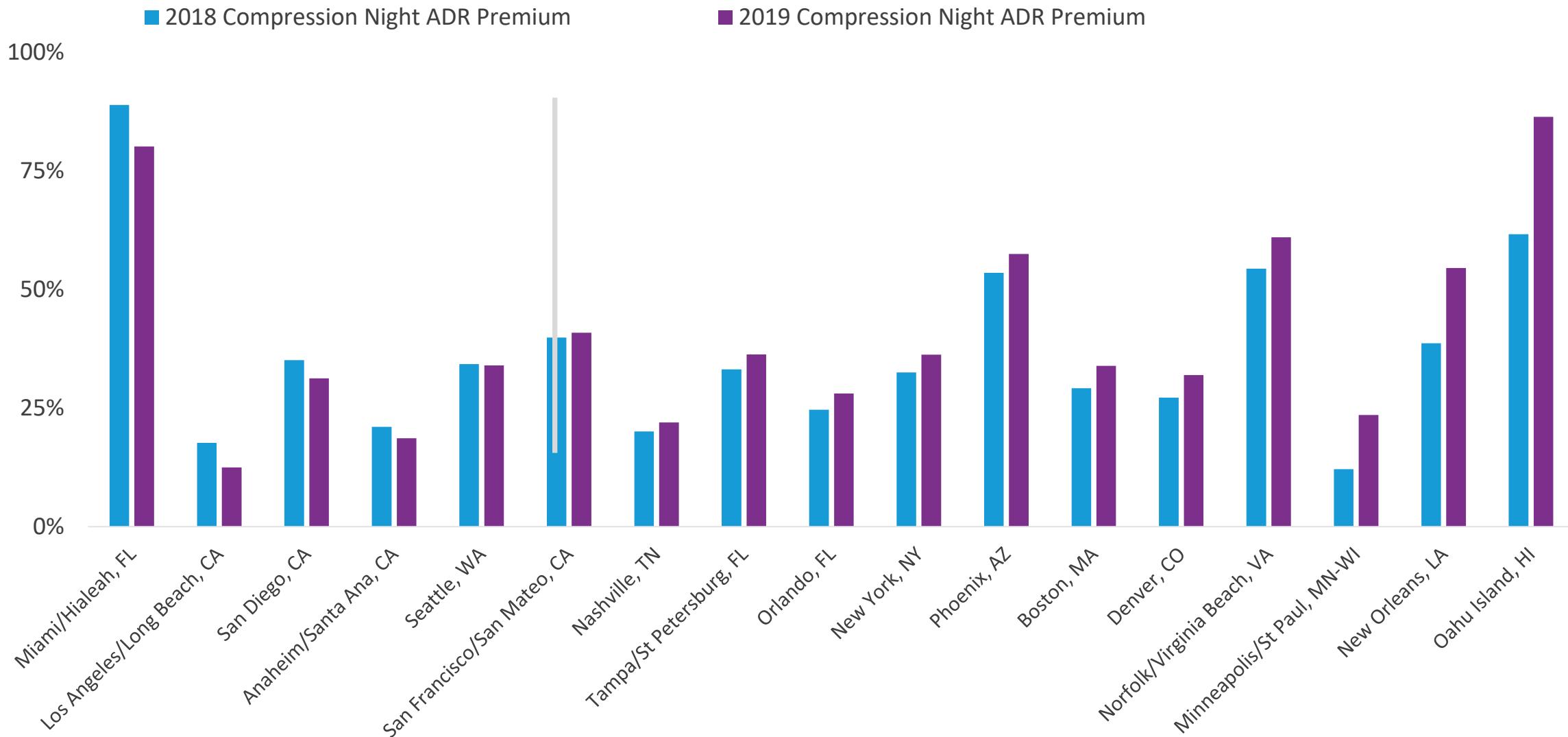
Pricing premiums remain robust

ADR premium over non-compression nights ($\geq 95\%$ Occ)



But: In some markets premiums are declining

Average ADR premium over non-compression nights, compression \geq 95% Occupancy

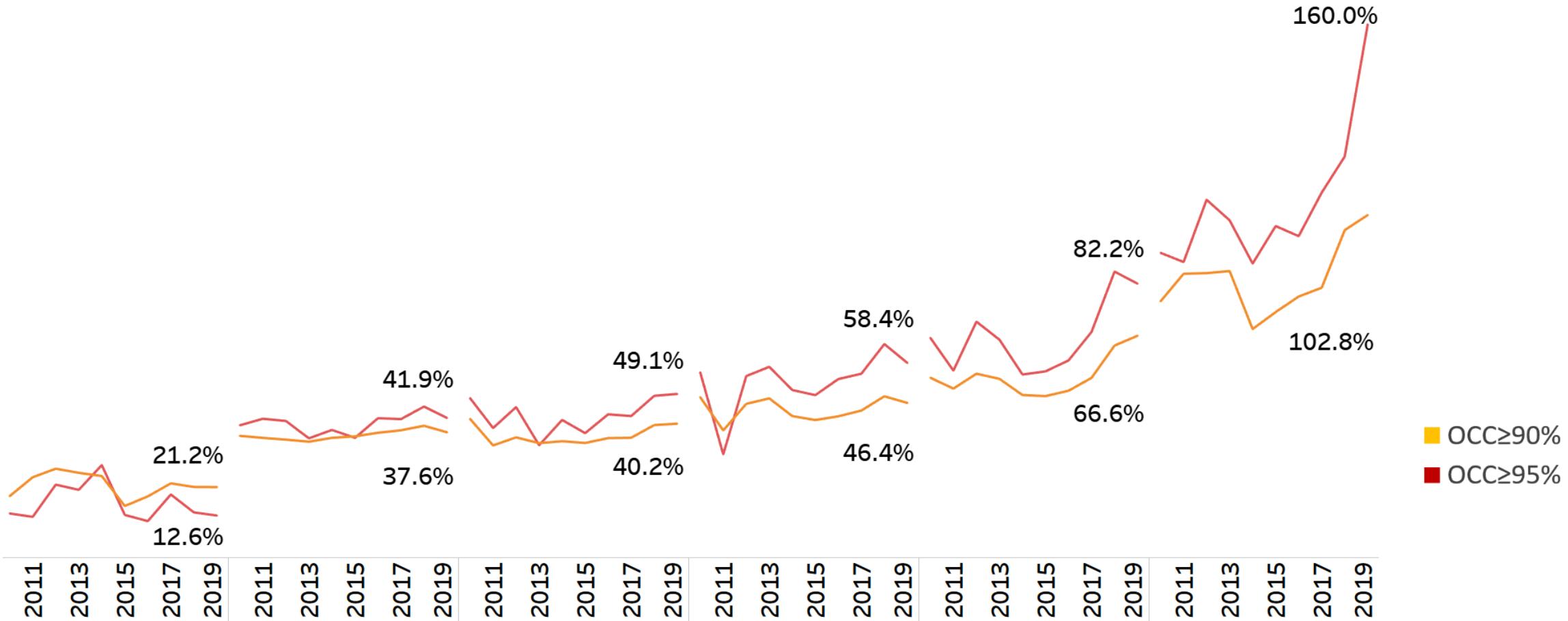


Pricing premiums on compression nights are higher than ever



ADR Premium on Compression Nights by Class, 2010-2019

Luxury Class Upper Upscale Class Upscale Class Upper Midscale Class Midscale Class Economy Class

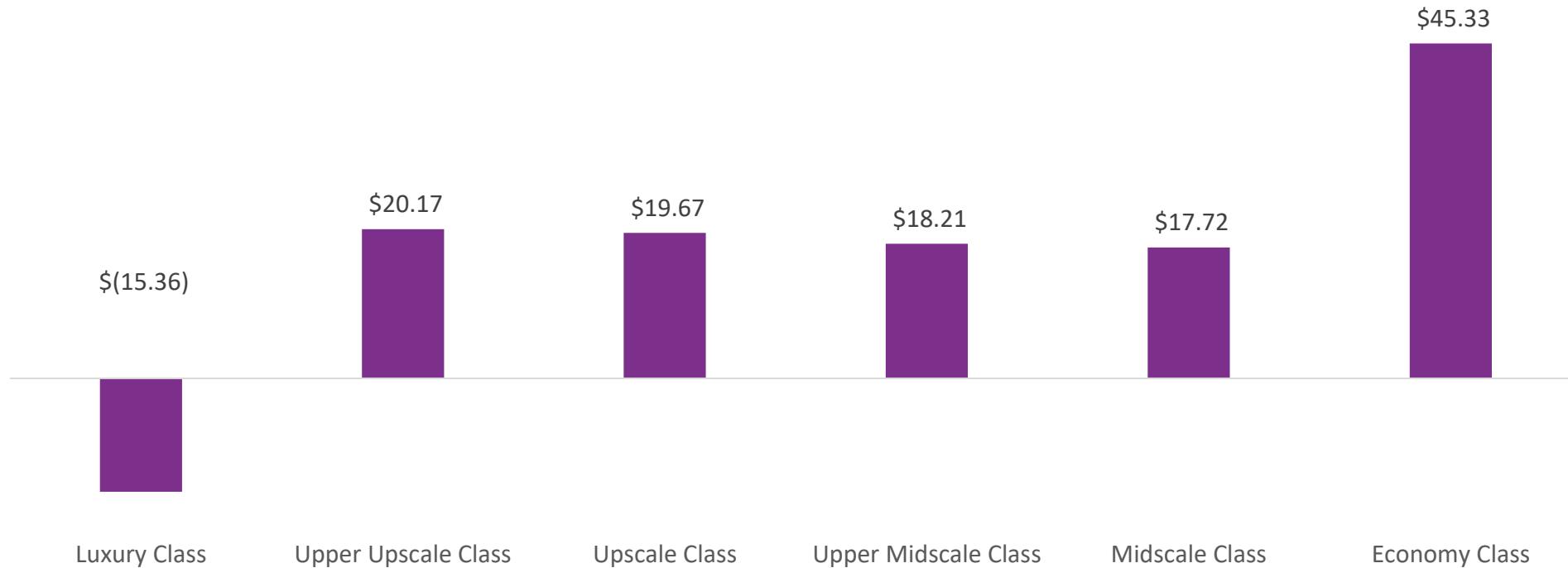


Note. Full year values for 2010–2019 for 165 U.S. markets combined. 2 data labels represent 2019 values.

Source: STR 2020 © CoStar Realty Information, Inc.

An unusual pricing behavior in the luxury class on compression nights

The Premium between ADR on 95% OCC Nights and on 90% OCC Nights



Note. Full year values of 2019 for 165 U.S. markets combined.

Source: STR 2020 © CoStar Realty Information, Inc.



Forecast



Forecast as of March 30

Key Performance Indicator Outlook (% Change vs. Prior Year)



U.S. Outlook		
Metric	2020 Forecast	2021 Forecast
Supply	-14.9	+15.6
Demand	-51.2	+81.8
Occupancy	-42.6	+57.3
ADR	-13.9	+3.7
RevPAR	-50.6	+63.1

Forecast as of March 30

Key Performance Indicator Outlook (Absolute Values)

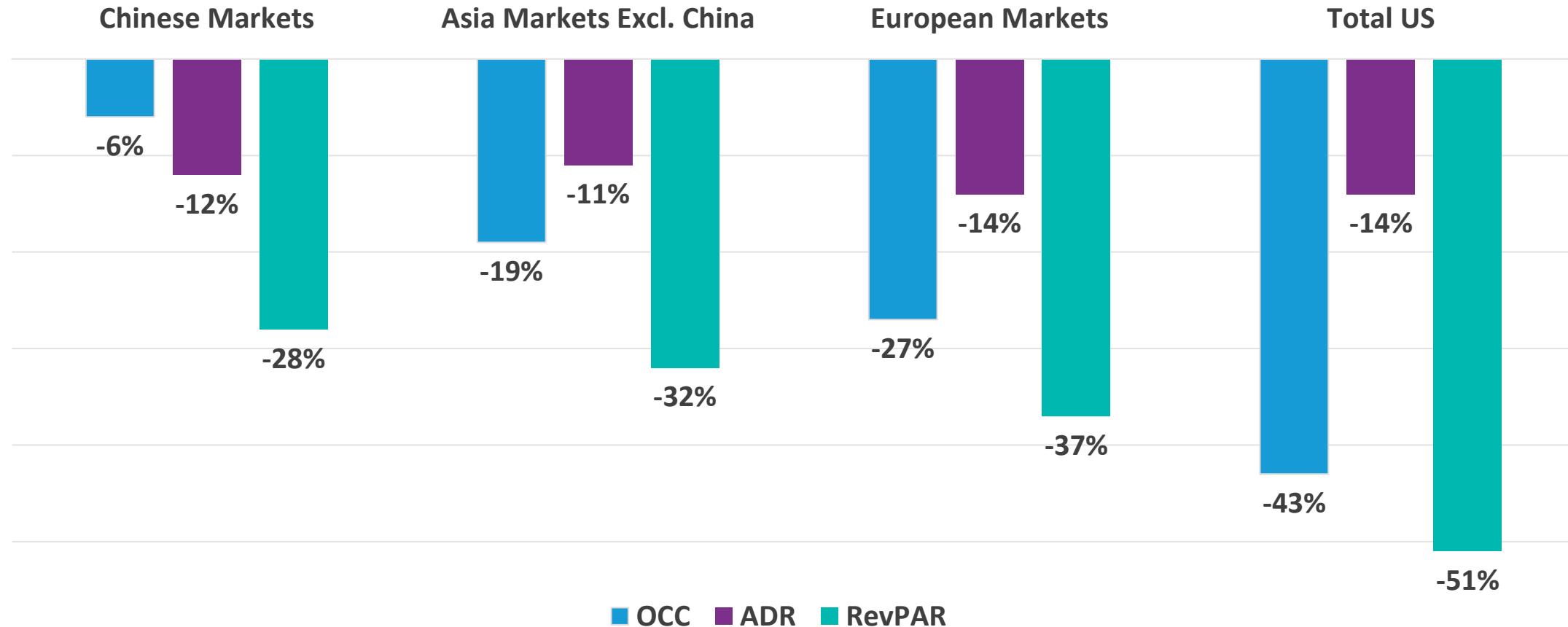
		U.S. Outlook		For Comparison
Year	2019	2020 Forecast	2021 Forecast	2013
Occupancy	66.1%	37.9%	59.7%	62.3%
ADR	\$131	\$113	\$117	\$110
RevPAR	\$87	\$43	\$70	\$68



Source: STR 2020 © CoStar Realty Information, Inc.

2020 Forecast by region

Average 2020 RevPAR % Chg, March 2020





Odds and Ends ...



CoStar Group™

The world's largest hotel performance sample



Data from
180 countries



68,000
Hotels



9.1 million
Rooms

Consulting & Analytics



Custom Forecasting

- 5 yr. and 18-months Forecasts
- 5 yr. and 18-months Forecasts



Custom Analysis

- Custom templates and analyses
- Corporate dashboards
- Radial searches
- Hotel Performance Mapping



Consulting

- Market evaluation for development
- Ramp up analysis
- Renovation analysis
- Comp Set Analysis & Grading



HOST

- Segmentation
- STAR Rooms data
- F&B STAR data
- Additional Revenue

FREE STAR Report for Non-Participating Hotels

Want to see this data for your hotel and market? Sign up below:



<https://surveys.str.com/s3/Hotel-Enrollment-Form>

Please note, even if the hotel is closed, we will still be sending out reports.

Please direct any inquiries to:



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