

HELLO BUDGET SEASON

TIM'S THOUGHTS



timh@nhghotels.com



TLDR

TEACHING • LEARNING • DOING • REINFORCING

BY TIM HAYES
DIRECTOR OF
FINANCIAL ANALYSIS

With budgets coming up soon, I'd like to take the time to review the STR Projection Tool that we have used in recent years. This year, I have added a feature that will allow us to segment our rooms sold and room revenue before we begin entering our budgets into Targetvue. At the time of this writing, the property STR Projection Tools are located in Teams under Newport - Property Leadership > (Your Property Name > Reports > 2023 Business Plan).

First, let's review the Forecast tab. We'll start off by forecasting the market on both an occupancy and ADR basis. Doing this, gives us a baseline to work off for our own property.

COMPSET												
Compset Occupancy	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2018	62.5%	70.2%	76.7%	78.1%	68.0%	77.9%	73.9%	68.3%	73.1%	84.0%	65.8%	54.9%
2019	59.9%	73.3%	83.9%	82.1%	76.9%	79.8%	75.9%	76.2%	71.5%	73.0%	71.4%	54.3%
2020	54.6%	75.3%	46.3%	34.3%	36.2%	51.4%	56.0%	62.1%	58.0%	58.5%	54.1%	48.8%
2021	50.6%	61.1%	73.9%	72.0%	73.4%	75.8%	79.9%	75.9%	69.1%	78.3%	68.6%	59.4%
2022	56.1%	70.5%	74.9%	80.5%	74.1%	76.5%	80.7%	76.7%	69.8%	79.1%	69.3%	60.0%
2023	56.7%	71.2%	75.7%	81.3%	74.8%	77.3%	81.5%	77.4%	70.5%	79.9%	70.0%	60.6%

Compset Occ % Chg	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2018	1.2%	5.1%	0.6%	(5.4%)	(8.1%)	0.3%	(1.1%)	(8.9%)	7.3%	10.4%	(7.5%)	(9.2%)
2019	(4.2%)	4.4%	9.4%	5.2%	13.1%	2.3%	2.7%	11.4%	(2.1%)	(13.1%)	8.6%	(1.1%)
2020	(8.8%)	2.7%	(44.8%)	(58.2%)	(53.0%)	(35.5%)	(26.1%)	(18.5%)	(18.9%)	(19.8%)	(24.3%)	(10.3%)
2021	(7.3%)	(18.8%)	59.7%	109.7%	102.9%	47.4%	42.5%	22.2%	19.1%	33.8%	26.8%	21.8%
2022	10.8%	15.3%	1.3%	11.8%	0.9%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
2023	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%

Compset ADR	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2018	\$106.66	\$108.42	\$110.71	\$124.66	\$110.78	\$108.89	\$105.79	\$107.38	\$117.83	\$120.92	\$108.06	\$101.85
2019	\$100.98	\$103.97	\$111.69	\$113.47	\$108.14	\$104.28	\$102.94	\$103.72	\$119.83	\$108.38	\$105.97	\$95.30
2020	\$98.17	\$103.13	\$102.55	\$96.26	\$86.10	\$87.48	\$87.83	\$84.19	\$86.31	\$89.95	\$85.72	\$79.18
2021	\$80.27	\$82.21	\$89.43	\$95.08	\$108.44	\$103.55	\$103.76	\$103.74	\$109.58	\$110.00	\$111.63	\$94.24
2022	\$95.44	\$102.83	\$107.15	\$118.50	\$114.47	\$104.59	\$104.80	\$104.78	\$110.67	\$111.10	\$112.75	\$95.18
2023	\$96.39	\$103.86	\$108.22	\$119.68	\$115.61	\$105.63	\$105.85	\$105.83	\$111.78	\$112.21	\$113.88	\$96.14

Next, we can begin setting our Index Goals.

INDEX TARGETS												
Property Occ. Index	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
	2018	115.0	120.8	116.4	113.0	127.1	111.3	109.9	112.7	106.5	100.2	106.9
2019	112.1	108.8	103.2	102.3	104.2	104.3	101.7	106.3	114.0	112.8	110.2	116.6
2020	131.2	113.1	95.4	49.4	64.4	78.7	100.7	86.4	91.8	101.5	92.6	104.7
2021	97.4	102.2	110.9	89.9	78.2	81.3	76.5	63.7	87.6	94.7	108.7	95.6
2022	110.5	125.3	116.2	107.6	102.0	82.9	78.0	64.9	89.4	96.6	110.8	97.5
2023	112.7	127.8	118.6	109.8	104.0	84.6	79.5	66.2	91.2	98.5	113.0	99.5

Occupancy Index % Chg	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
	2018	1.1%	(5.5%)	1.5%	11.6%	13.9%	4.3%	4.2%	0.3%	(5.4%)	(8.2%)	(6.6%)
2019	(2.5%)	(9.9%)	(11.4%)	(9.4%)	(18.0%)	(6.3%)	(7.5%)	(5.7%)	7.0%	12.6%	3.1%	10.7%
2020	17.0%	4.0%	(7.6%)	(51.7%)	(38.2%)	(24.6%)	(0.9%)	(18.7%)	(19.5%)	(10.0%)	(15.9%)	(10.2%)
2021	(25.8%)	(9.6%)	16.3%	82.0%	21.5%	3.3%	(24.1%)	(26.3%)	(4.6%)	(6.7%)	17.3%	(8.7%)
2022	13.5%	22.6%	4.8%	19.7%	30.4%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
2023	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%

ADR Index	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
	2018	105.0	110.1	112.0	112.8	112.2	111.1	112.6	111.7	101.0	110.8	109.5
2019	109.7	112.3	115.5	114.9	112.5	108.4	109.7	107.6	107.1	107.9	108.6	106.9
2020	104.9	106.1	106.1	101.5	106.7	106.9	99.3	104.9	101.4	100.2	98.0	95.4
2021	100.7	109.1	102.4	107.1	103.0	105.0	107.7	110.2	112.3	111.1	112.9	111.2
2022	112.6	110.6	115.3	120.8	118.1	107.1	109.9	112.4	114.6	113.3	115.1	113.5
2023	114.8	112.8	117.6	123.3	120.4	109.3	112.1	114.6	116.9	115.6	117.4	115.7

After these steps, the projection tool will figure out what occupancies and ADR we will need to reach in order to reach in the index goals we set.

PROPERTY												
Property Occupancy	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
	2018	71.9%	84.8%	89.3%	88.2%	86.5%	86.7%	81.2%	77.0%	77.8%	84.1%	70.3%
2019	67.2%	79.7%	96.5%	84.1%	80.2%	83.1%	77.1%	90.9%	81.5%	82.3%	78.7%	63.4%
2020	71.6%	85.2%	44.2%	17.0%	23.3%	40.4%	56.5%	53.6%	53.3%	59.4%	50.1%	51.0%
2021	49.3%	62.5%	82.0%	64.8%	57.4%	61.6%	61.1%	48.3%	60.5%	74.1%	74.5%	56.8%
2022	62.0%	88.4%	87.1%	86.7%	75.6%	63.4%	62.9%	49.8%	62.4%	76.4%	76.8%	58.5%
2023	63.9%	91.0%	89.8%	89.3%	77.9%	65.4%	64.8%	51.3%	64.2%	78.7%	79.1%	60.3%

Occupancy % Chg	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
	2018	2.4%	(0.6%)	2.1%	5.6%	4.7%	4.6%	3.0%	(8.6%)	1.5%	1.3%	(13.7%)
2019	(6.5%)	(6.0%)	(3.1%)	(4.7%)	(7.3%)	(4.1%)	(5.0%)	5.1%	4.8%	(2.1%)	11.9%	9.6%
2020	6.6%	6.8%	(49.0%)	(79.8%)	(70.9%)	(51.4%)	(26.8%)	(33.8%)	(34.7%)	(27.9%)	(36.3%)	(19.4%)
2021	(31.2%)	(26.6%)	85.7%	281.7%	146.5%	52.3%	8.2%	(9.9%)	13.7%	24.8%	48.8%	11.3%
2022	25.8%	41.4%	6.2%	33.8%	31.6%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
2023	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%

Property ADR	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
	2018	\$111.99	\$119.35	\$123.94	\$140.57	\$124.26	\$120.93	\$119.18	\$119.97	\$119.01	\$134.02	\$118.34
2019	\$110.78	\$116.72	\$129.02	\$130.41	\$121.70	\$113.04	\$112.89	\$111.64	\$128.38	\$116.94	\$115.09	\$101.86
2020	\$103.02	\$109.44	\$108.77	\$97.75	\$91.87	\$93.56	\$87.26	\$88.31	\$87.53	\$90.10	\$84.01	\$75.51
2021	\$80.83	\$89.72	\$91.59	\$101.80	\$111.73	\$108.75	\$111.78	\$114.30	\$123.11	\$122.21	\$126.01	\$104.83
2022	\$107.43	\$113.68	\$123.50	\$143.20	\$135.14	\$112.03	\$115.16	\$117.75	\$126.83	\$125.90	\$129.82	\$107.99
2023	\$110.68	\$117.12	\$127.23	\$147.53	\$139.22	\$115.41	\$118.64	\$121.30	\$130.66	\$129.70	\$133.74	\$111.25

Once those are set, we can work in the Segmentation tab. Enter your Rooms Sold Mix for each segment in each month. The form will tie out to 100% by automatically calculating Other Discount for us. Then, we can enter the ADRs for each segment for each month. Again, the form will tie out to the ADR we settled on overall by figuring out the Other Discount ADR. In my example, the form figured out that my Other Discount ADR must be \$108.84 based on the Rooms Sold Mix and ADRs entered in my other segments.

ADP	Months	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	TTL
ADP	BAR	\$119.00												\$119.00
	CNR/LNR	\$105.00												\$105.00
	GOVT.	\$96.00												\$96.00
	OTHER DISC.	\$108.84	\$117.11	\$127.22	\$147.54	\$139.23	\$115.41	\$118.63	\$121.32	\$130.67	\$129.68	\$133.74	\$111.27	\$126.79
	GROUP	\$99.00												\$99.00
	Segment ADR	\$110.68	\$117.11	\$127.22	\$147.54	\$139.23	\$115.41	\$118.63	\$121.32	\$130.67	\$129.68	\$133.74	\$111.27	\$126.22
ADR Including NS/Allowance	\$110.68	\$117.11	\$127.22	\$147.54	\$139.23	\$115.41	\$118.63	\$121.32	\$130.67	\$129.68	\$133.74	\$111.27	\$126.22	\$0.00 Variance
Rooms Sold Mix	Months	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	TTL
Rooms Sold Mix	BAR	30.00%												2.24%
	CNR/LNR	18.00%												1.34%
	GOVT.	2.00%												0.15%
	OTHER DISC.	47.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	95.05%
	GROUP	3.00%												0.22%
	Mix Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Rooms Sold	Months	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	TTL
Rooms Sold	BAR	850	0	0	0	0	0	0	0	0	0	0	0	850
	CNR/LNR	510	0	0	0	0	0	0	0	0	0	0	0	510
	GOVT.	57	0	0	0	0	0	0	0	0	0	0	0	57
	OTHER DISC.	1332	3645	3979	3830	3451	2804	2873	2273	2755	3489	3393	2672	36497
	GROUP	85	0	0	0	0	0	0	0	0	0	0	0	85
	Target Rooms Sold	2833	3645	3979	3830	3451	2804	2873	2273	2755	3489	3393	2672	37998
Room Variance	-1	0	0	0	0	0	0	0	0	0	0	0	0	
Revenue	Months	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	TTL
Revenue	BAR	\$101,150	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$101,150
	CNR/LNR	\$53,550	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$53,550
	GOVT.	\$5,472	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$5,472
	OTHER DISC.	\$144,971	\$426,875	\$506,219	\$565,078	\$480,468	\$323,618	\$340,838	\$275,766	\$360,119	\$452,457	\$453,772	\$297,309	\$4,627,489
	GROUP	\$8,415	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$8,415
	Target Segment Revenue	\$313,558	\$426,875	\$506,219	\$565,078	\$480,468	\$323,618	\$340,838	\$275,766	\$360,119	\$452,457	\$453,772	\$297,309	\$4,796,076

After we finish, the projection tool provides us with the number of rooms sold for each segment for month and provides us with the room revenue for those segments as well. This way, when we're entering our topline budgets, we know exactly how many rooms and ADR we're aiming for in each segment. I hope this makes your topline budgets easier this year!

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