



# Lodging Performance Outlook 2023

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*Update on hotel performance nationwide and locally*

*Kathleen Donahue | Senior Managing Director - Dallas*

*September 2023*

# Who We Are



*HVS Provides Expertise Through Every Phase of Ownership Across a Wide Range of Hospitality Assets*

Hotel owners  
Developers  
Investors  
Lenders  
Management  
Companies  
Public Agencies



Hotels  
Mixed Use  
Shared Ownership  
Lodging  
Golf & Country Clubs  
Casinos  
Convention, Sports &  
Entertainment  
Facilities  
Wellness

*Market Research and Industry Publications:  
Broker Survey, Development Cost Survey, and more!*

# Agenda

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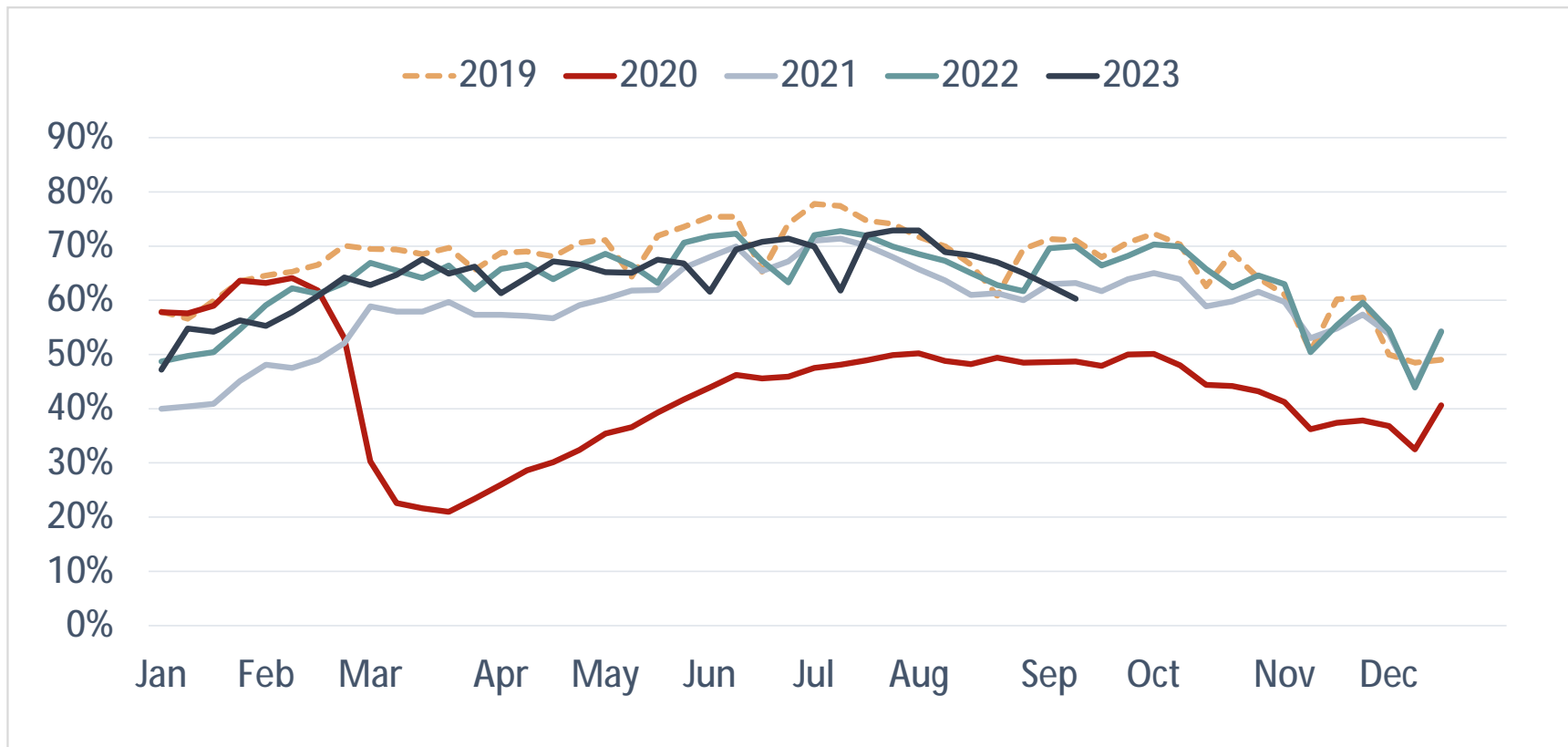
1 National Lodging Trends and Industry

2 Fort Worth Hotel Market Summary



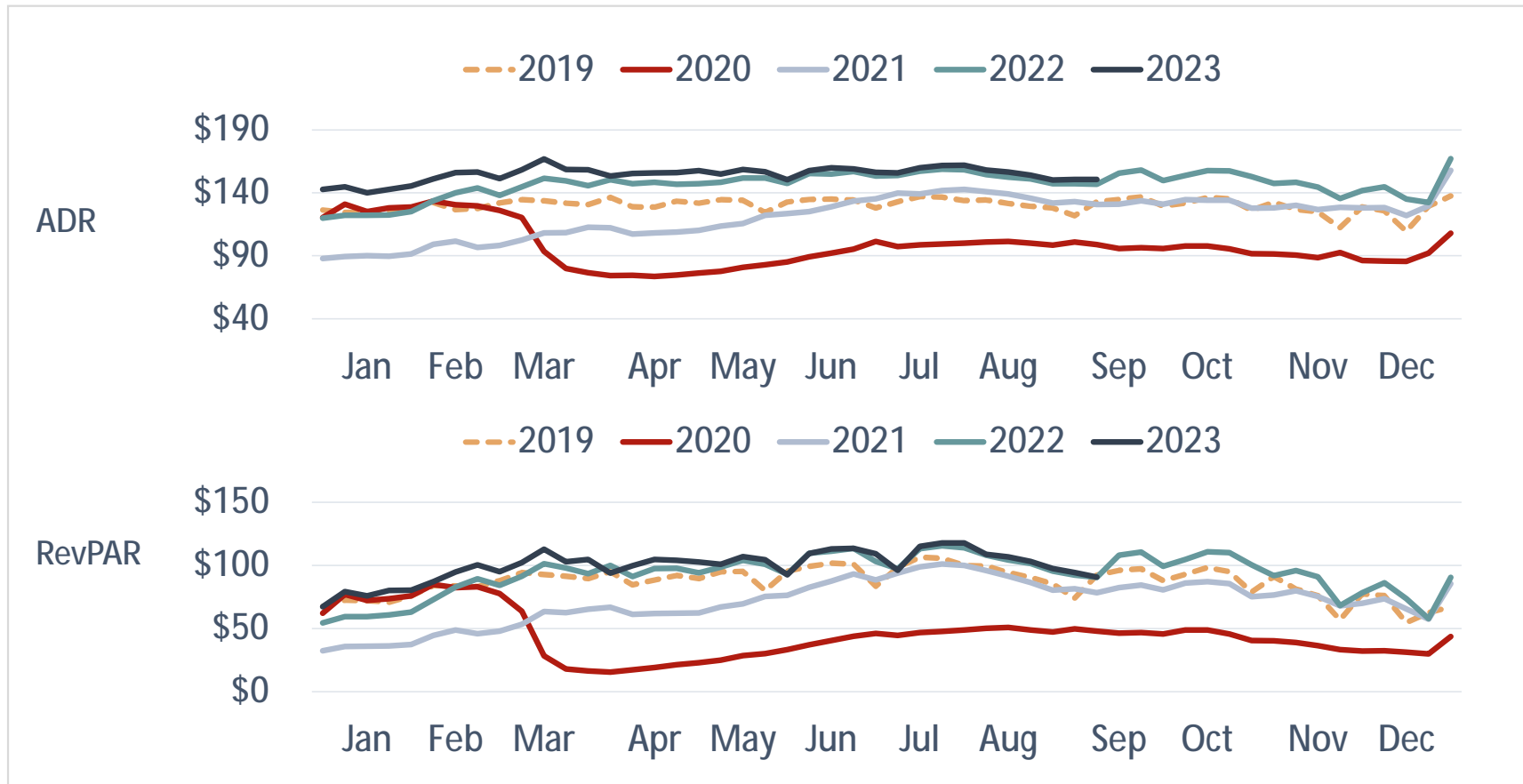
## National Trends

## Occupancy Growth Slowing in 2023



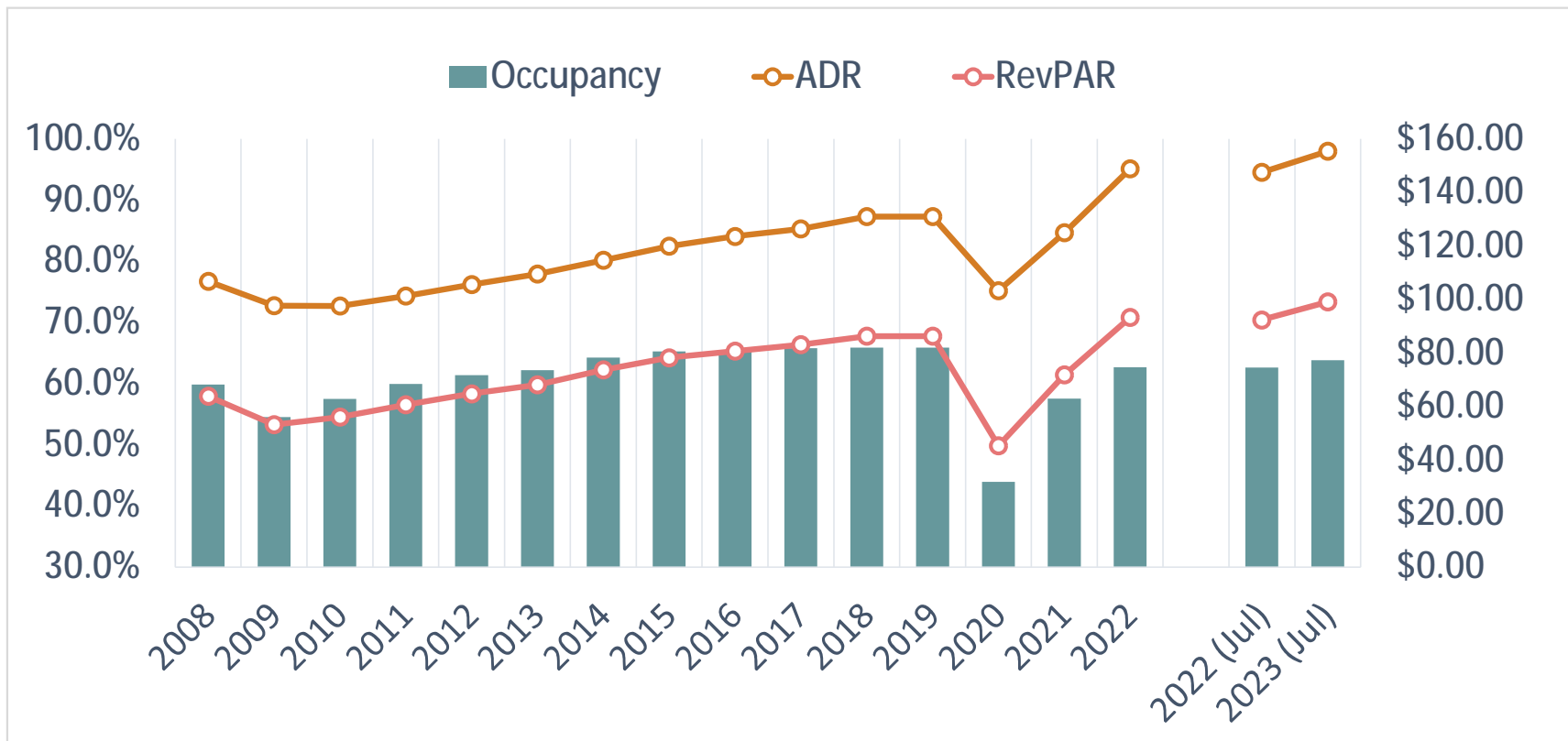
Source: STR

# RevPAR Growth Stabilizing



Source: STR

# Historical Perspective on Lodging Performance



Source: STR

# Factors Keeping Sector Under Prior Peak

*A return to prior peak occupancy is not expected in the near term.*



## INTERNATIONAL TRAVEL

Asia



West Coast



## SHORT-TERM RENTALS

Increased Popularity



Siphoning off Demand  
from Traditional Hotel  
Sector



## HYBRID/VIRTUAL MEETINGS

Format Remains



Many Prefer Face-to-  
Face, Some Would  
Rather Attend Virtually



## WORK FROM HOME

Proliferation of Remote Jobs



Business Travel Elected  
on Tuesday/Wednesday

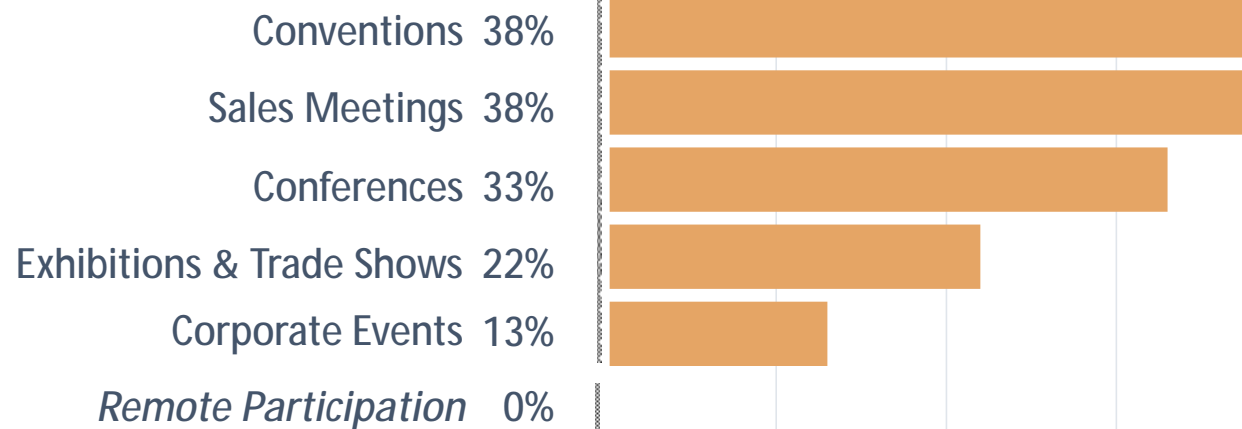
# Group Demand on the Rise



*A Feb/Mar 2023 survey of 350 travelers to business events revealed that more expect to travel in 2023.*

## Estimated Change (2022 vs. 2023)

### In-Person Participation



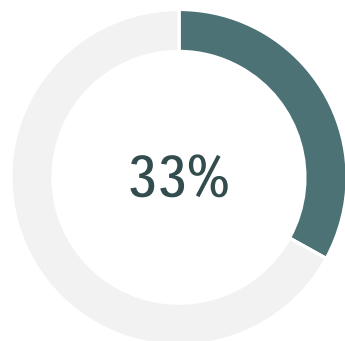
Source: HVS and Access Intelligence



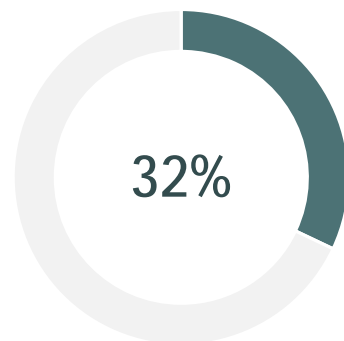
# Many Group Travelers Plan to Extend Trips

*The reported change from actual 2022 travel to the expected travel in 2023 reflects new trends.*

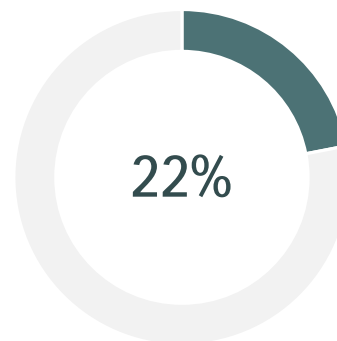
When attending business events, are you more or less likely to do the following?  
2022 vs. 2023 Net Change\*



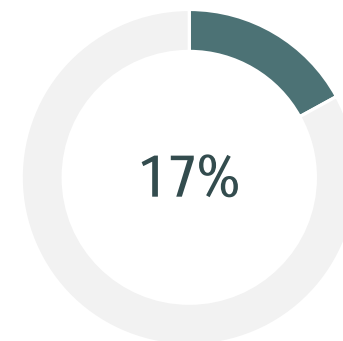
Extend Travel Time for  
Recreation and Leisure



Travel with Family and  
Friends



Extend Travel Time  
for Work



Book Short-Term  
Accommodations

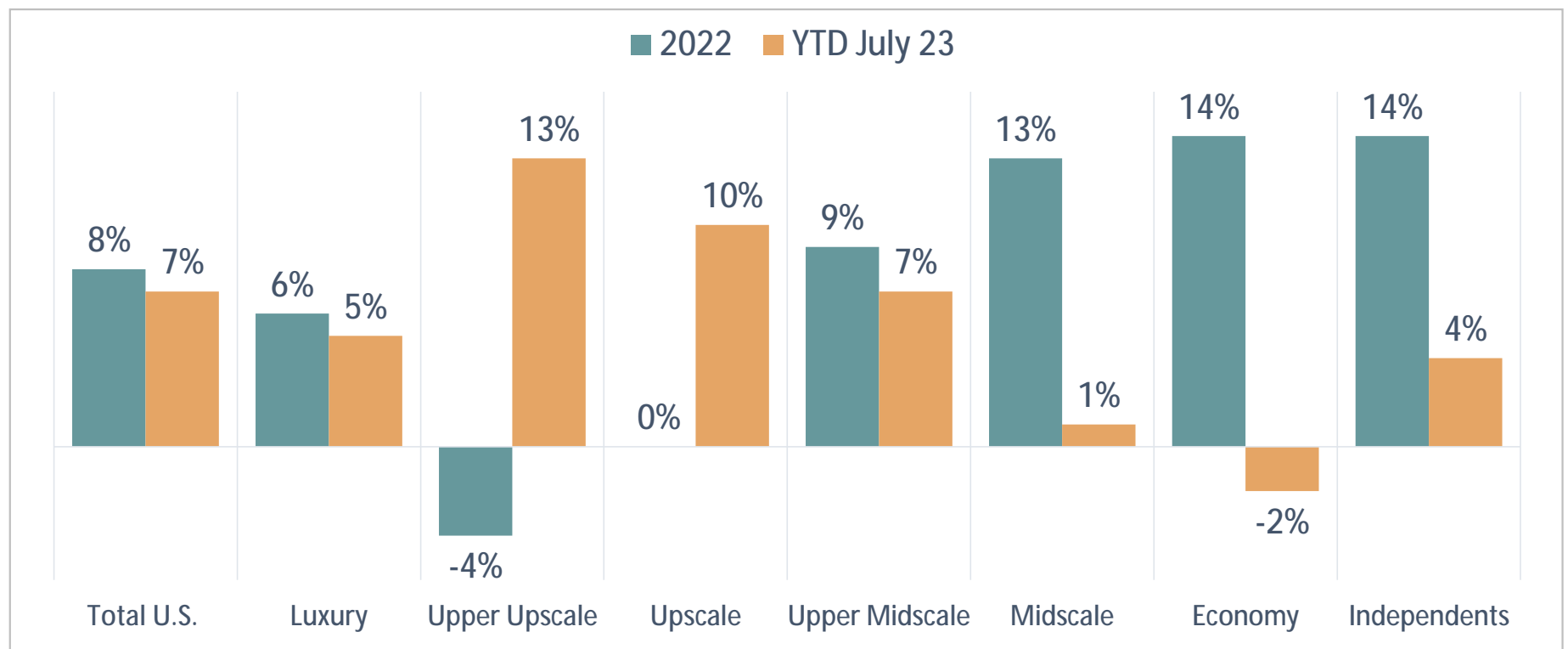
\* Weighted average of all respondents by type of event

Source: HVS and Access Intelligence



## Performance by Chain Scale (RevPAR)

*Independent, Economy, and Midscale hotels overperformed in the recovery*

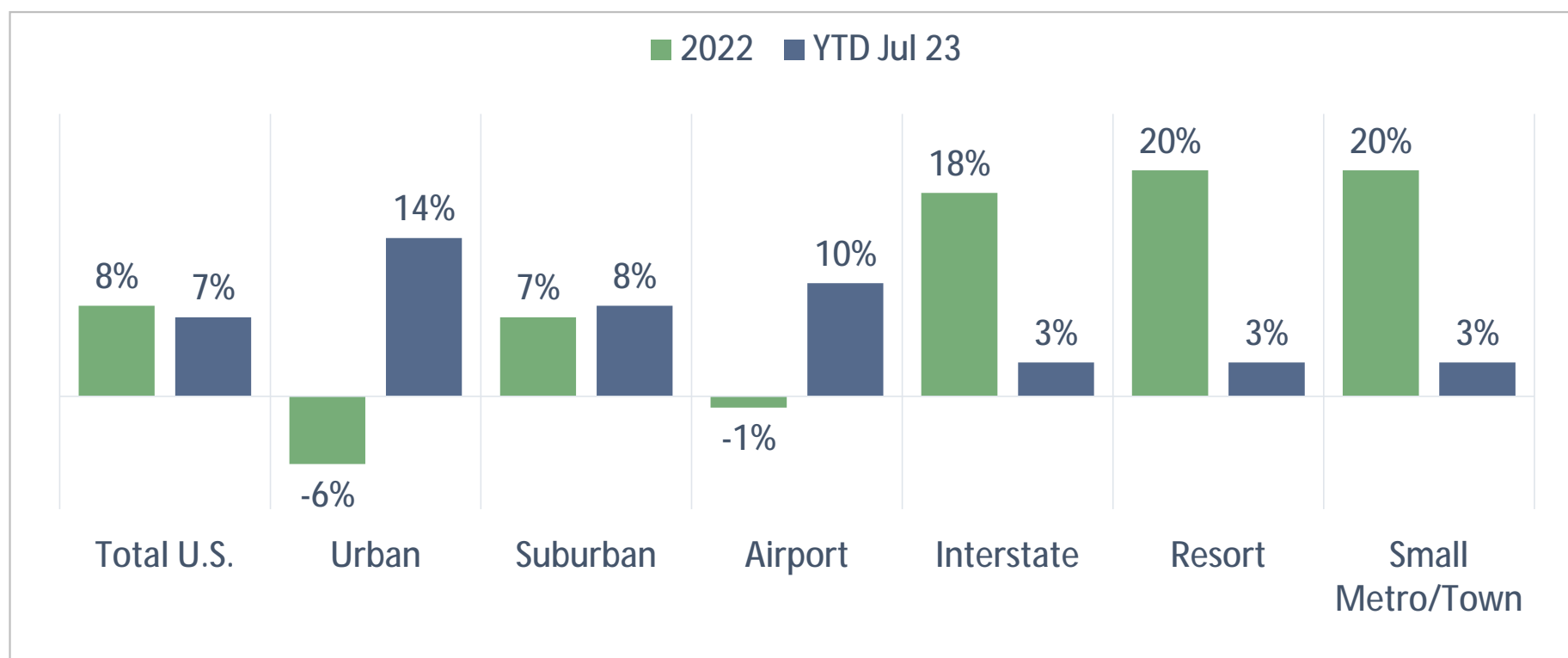


Source: STR



## Performance by Location (RevPAR)

*Smaller Metros, Resort, and Interstate Locations overperformed in the recovery*

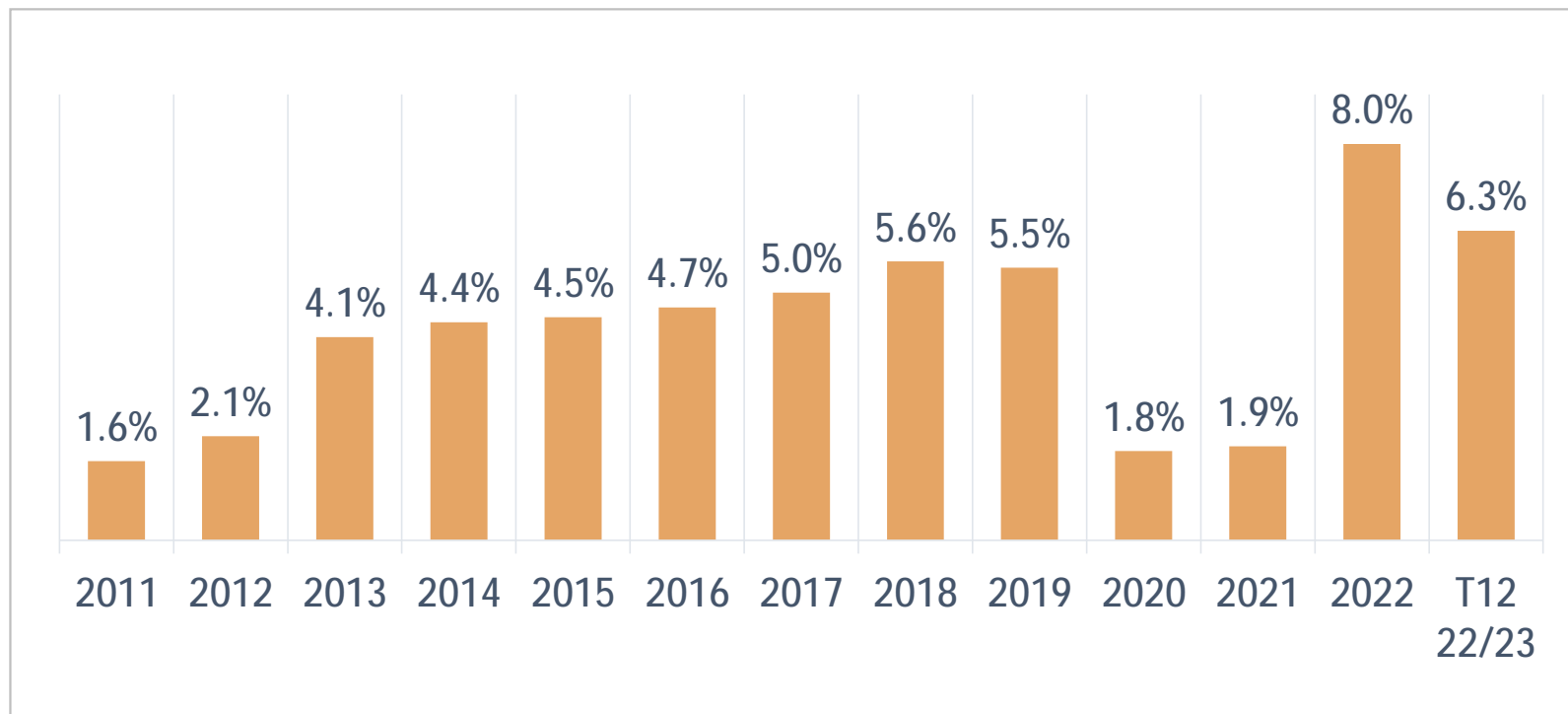


Source: STR

## New Hotel Supply Constrained by Growing Construction Costs



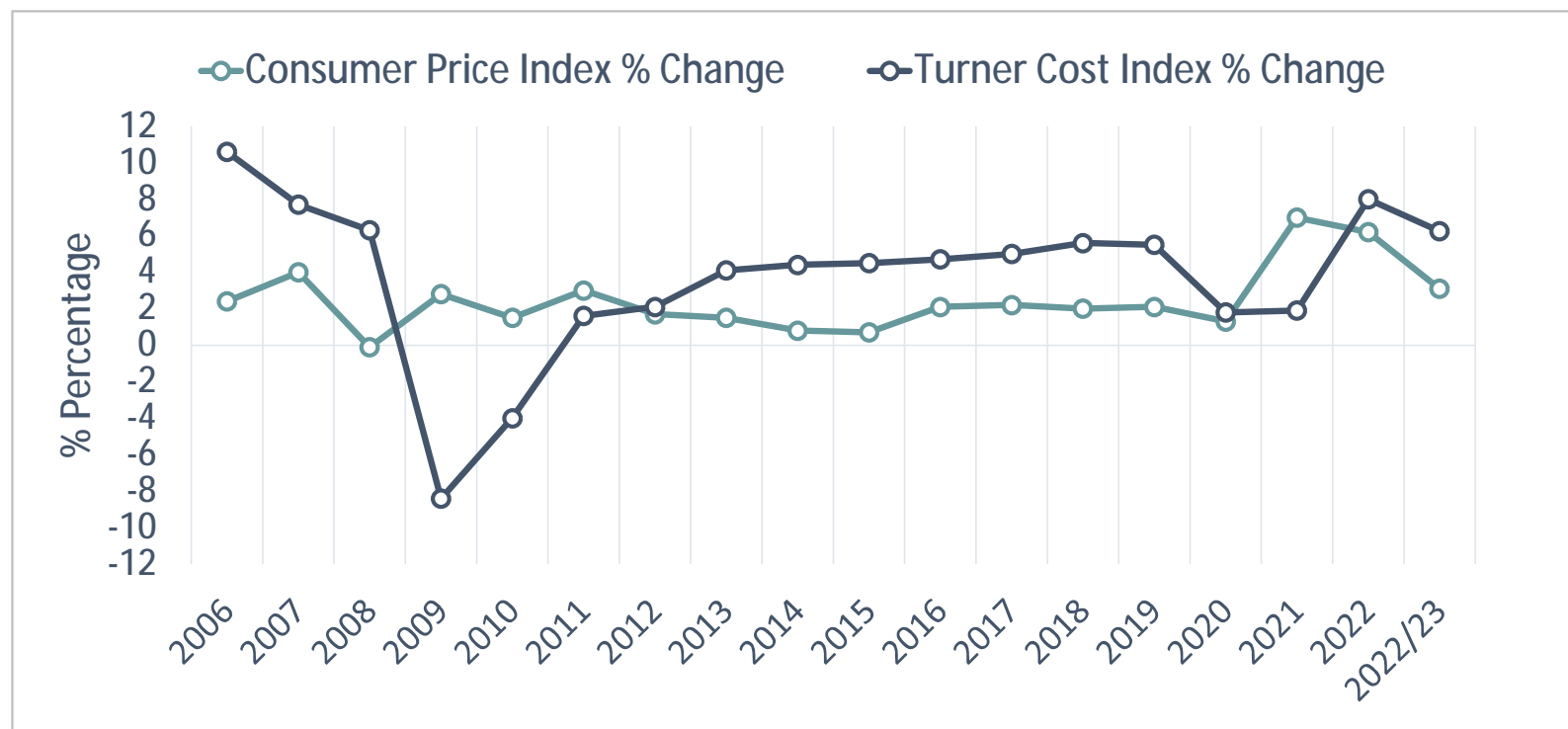
*Construction costs inflation significantly increased in 2022*



Source: Building Turner Cost Index (First Quarter 2023)

# Change in Construction Costs vs. CPI

*Inflation Moderating*

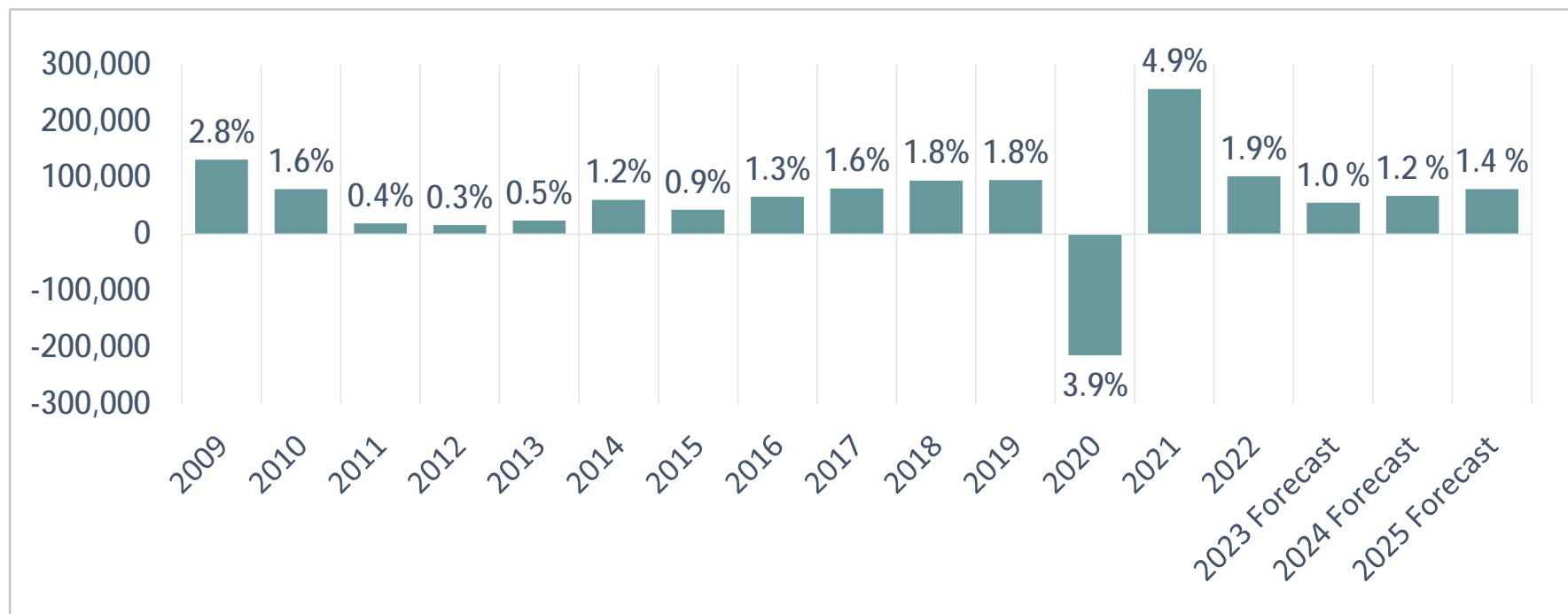


Source: U.S. Bureau of Labor Statistics, Building Turner Cost Index (July 2023)



# Historical New Supply

*Supply Growth Moderating due to Development Challenges*



Source: STR, HVS

# HVS Lodging Performance Forecast as of July 2023



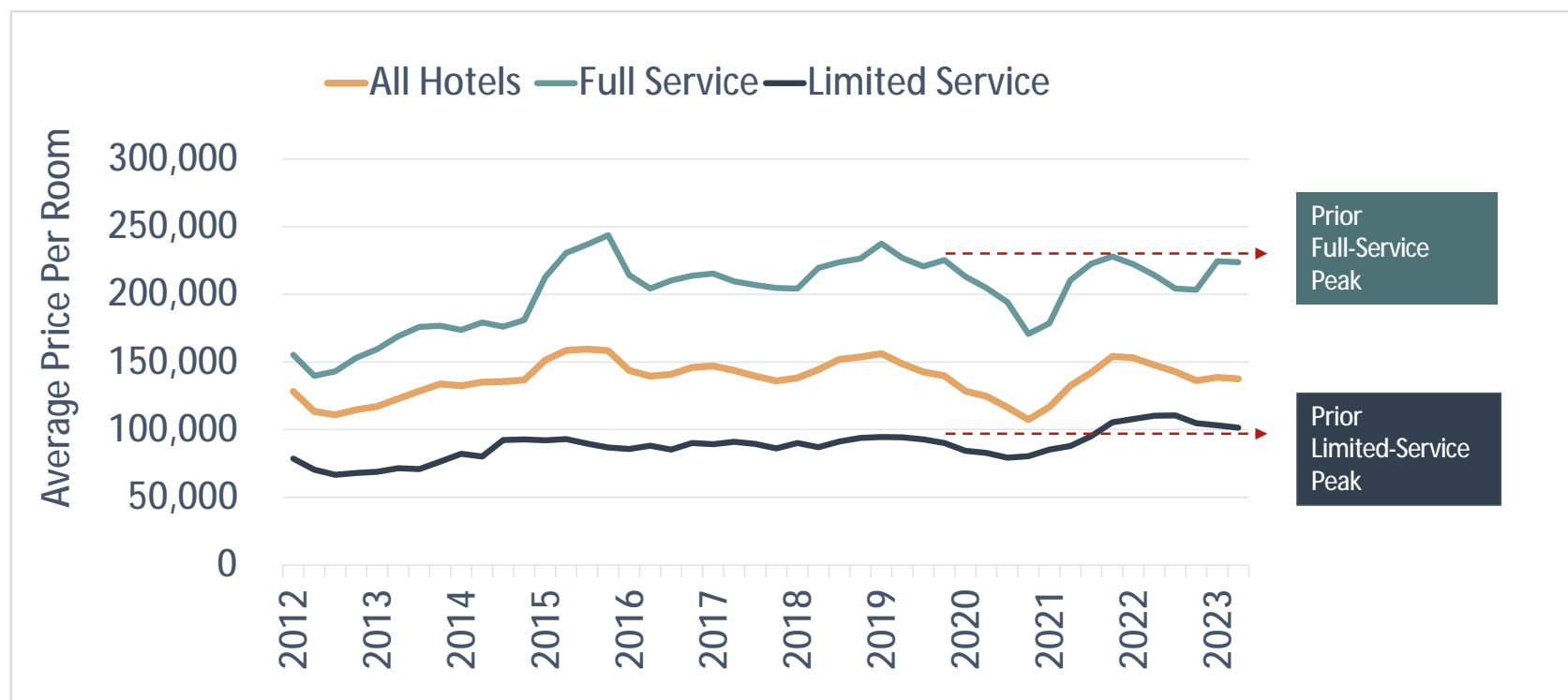
*Occupancy lags ADR recovery, with ADR having surpassed the 2019 level in 2022.*

Year	Occupancy	ADR	% Chg	RevPAR	% Chg
2019	65.9%	\$131		\$86	
2020	44.0	103	-21.1%	45	-47.4%
2021	57.5	125	21.0	72	58.3
2022	62.7	149	19.1	93	29.8
2023	63.0	155	4.0	97	4.5
2024	63.4	159	2.5	101	3.1
2025	64.0	163	2.6	104	3.6
2026	64.5	168	3.0	108	3.8

Source: STR (Historical), HVS (Forecast as of September 2023)

# Value Recovery Takes Different Trajectories

*Limited-service sector surpasses prior peak, while full-service sector below prior peak.*

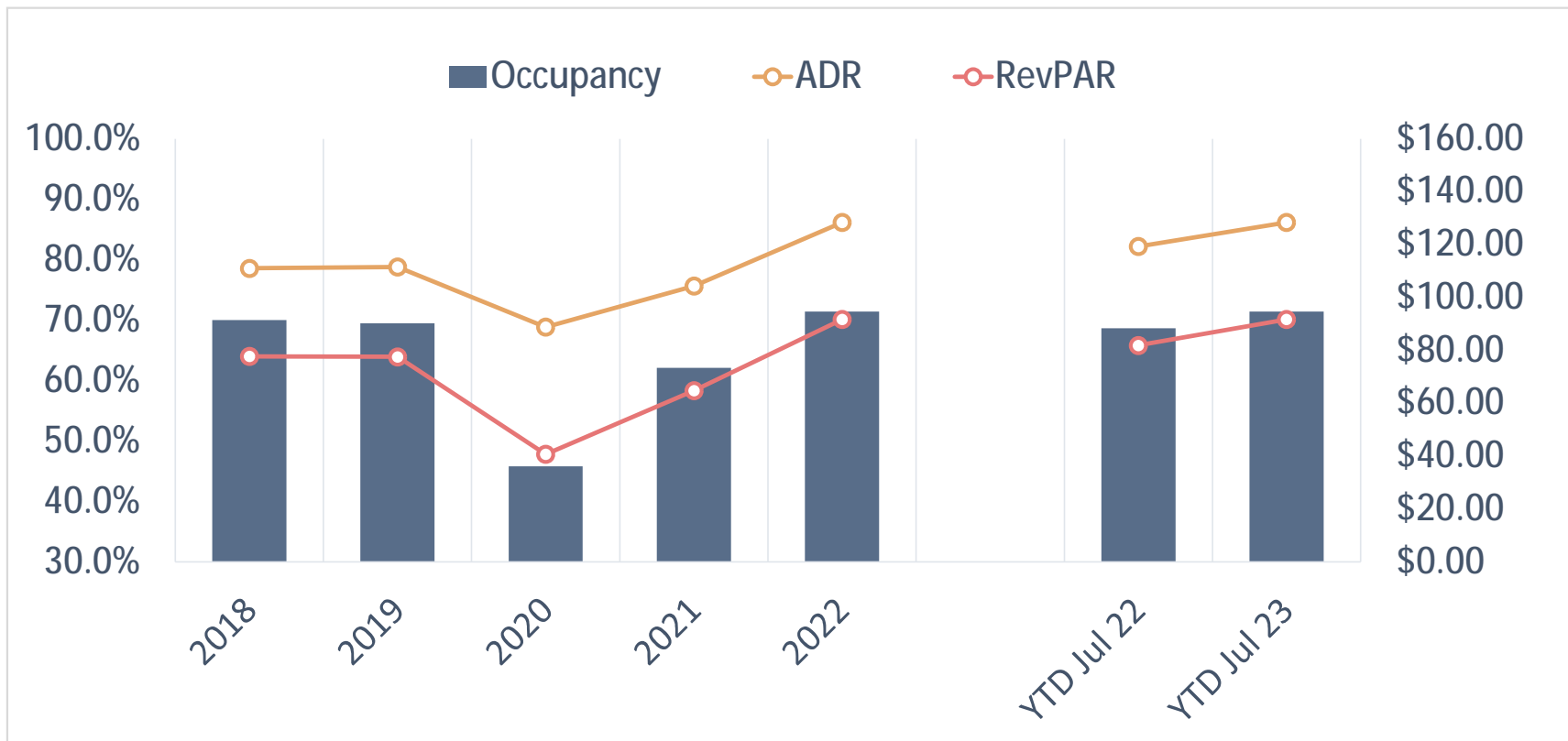


Source: Real Capital Analytics



## Fort Worth/Tarrant County Hotel Market Summary

# FW Metro/Tarrant County Lodging Performance



Source: Kalibri Labs

# Major Developments



# Notable Hotel Projects

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# Final Thoughts

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## Supply and Demand Expectations

Continued Supply Growth  
Continues to be Absorbed,  
Modest Occupancy Increase



## ADR Continues to Grow, Although Moderating

ADR Surpassing Prior Peaks,  
Momentum Supported by Elevated  
Hotel Supply



## Operating Leverage & Improved Efficiency

EBITDA Recovery



# Thank you!

Kathleen Donahue  
Senior Managing Director  
[kdonahue@hvs.com](mailto:kdonahue@hvs.com)  
+1 (972) 890-3548

