





Hotel Industry Update

Fort Worth, TX, August 24th, 2023



June 2023: Demand Declines YOY, But Only Just

Total U.S., Jun 2023

	Actual	2019 % Chg.	YOY % Chg.
Room Supply	169m	2.9%	0.3%
Room Demand	117m	-2.1%	-0.1%
Occupancy	69.7%	-4.9%	-0.4%
ADR	\$158	18.0%	2.3% 
RevPAR	\$110	12.2%	1.9% 
Room Revenue	\$19b	15.5%	2.2%

Overheard at HDC



Normalization

Been Drunk on
Leisure Biz

Understanding
New Normal

ADR Has
Softened

Market Fatigue

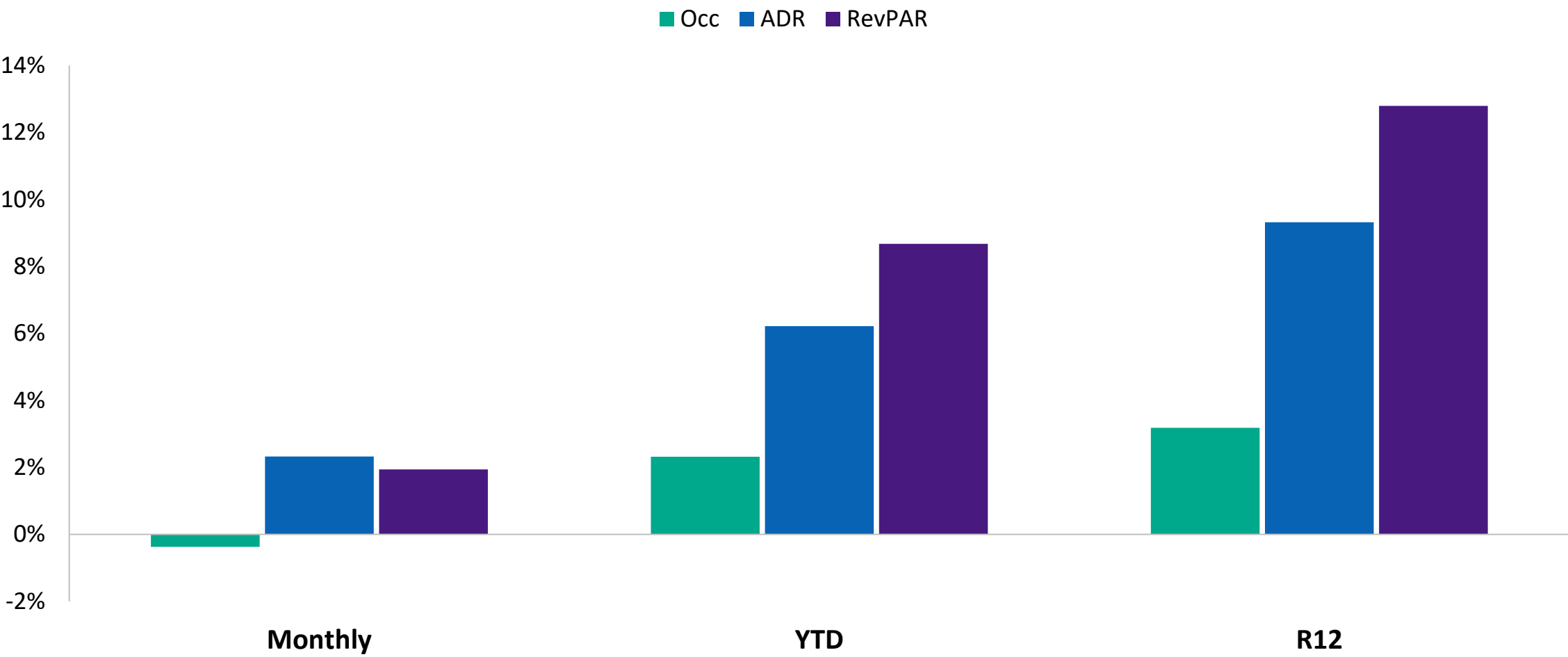
RevPAR Growth

Group Biz
is Alive

*Everything is going
to be OK.*

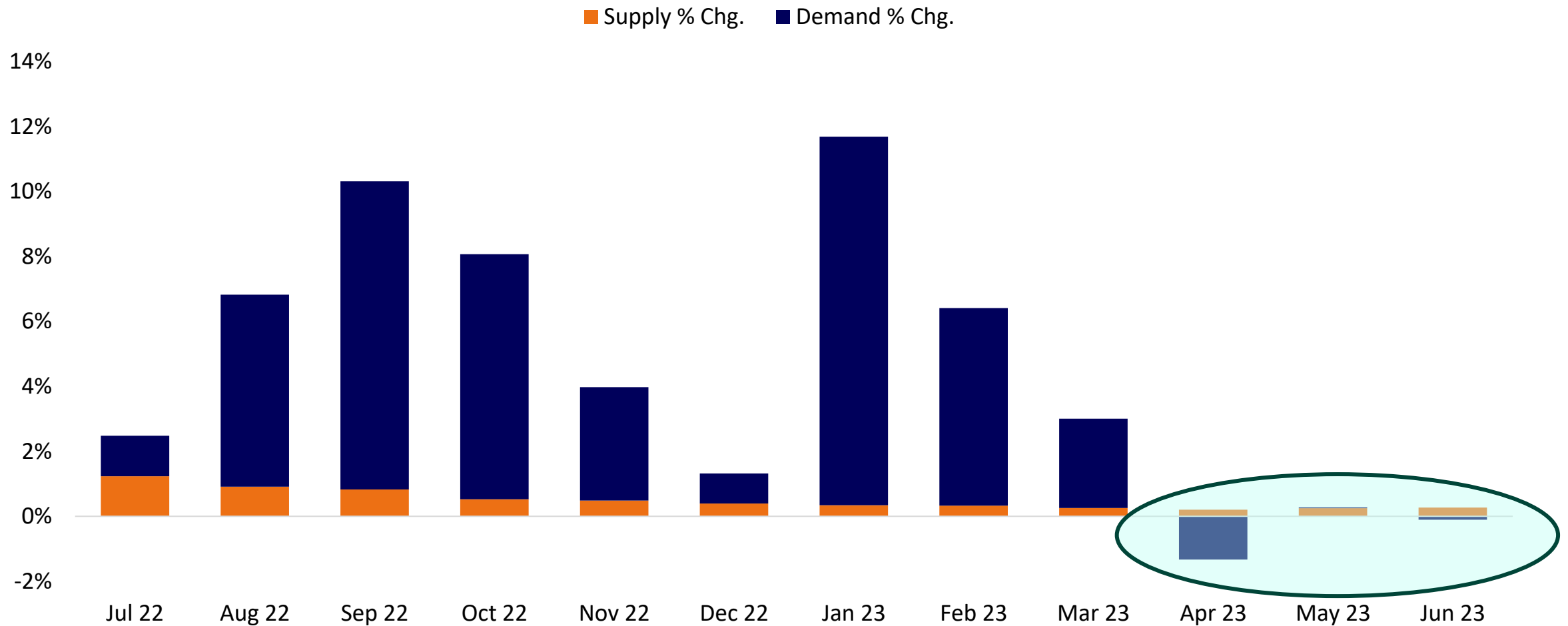
Don't Build a Trend on One Month's Data

US, YOY % Change, June 2023



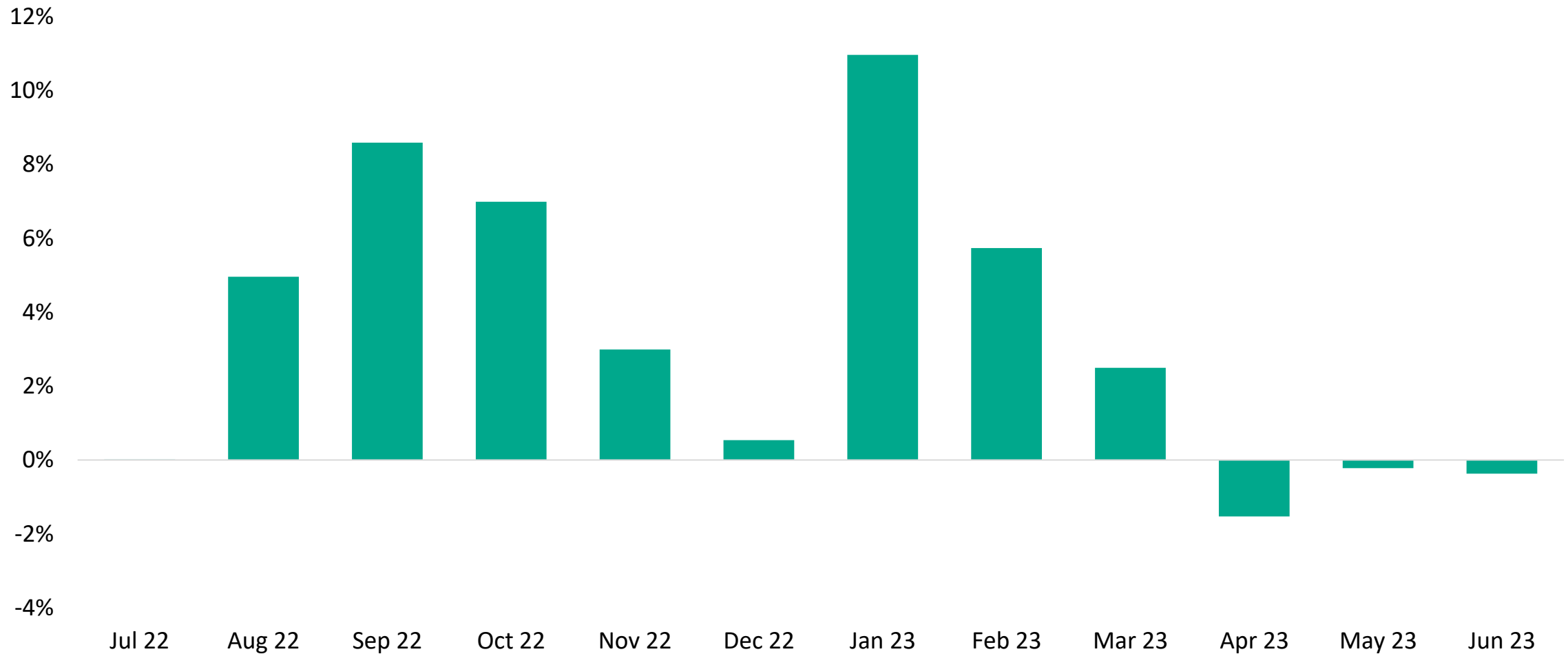
Modest Supply, No Demand

Total US, Supply and Demand % Change YOY, Jul 2022 – Jun 2023



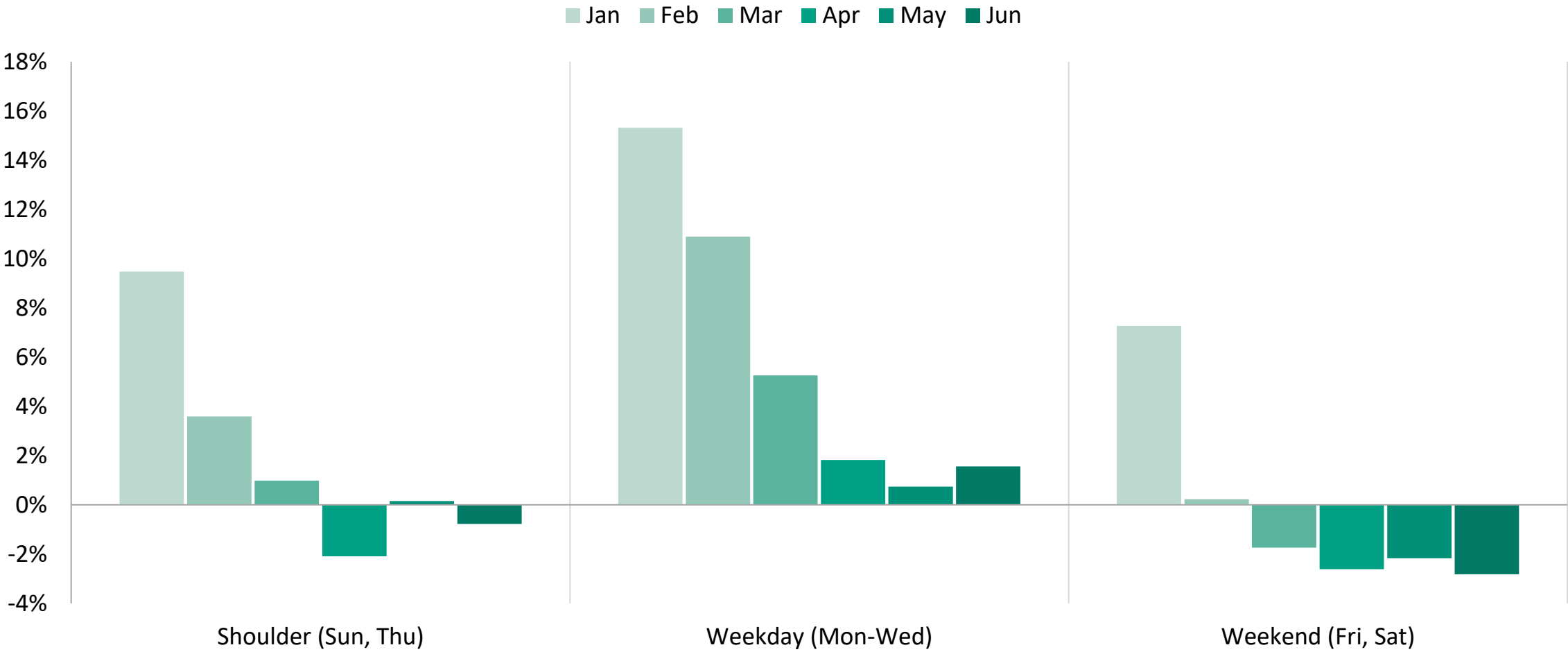
U.S. Braces For an “Average” Summer

US, Occupancy % Change YOY, Jul 2022 – Jun 2023



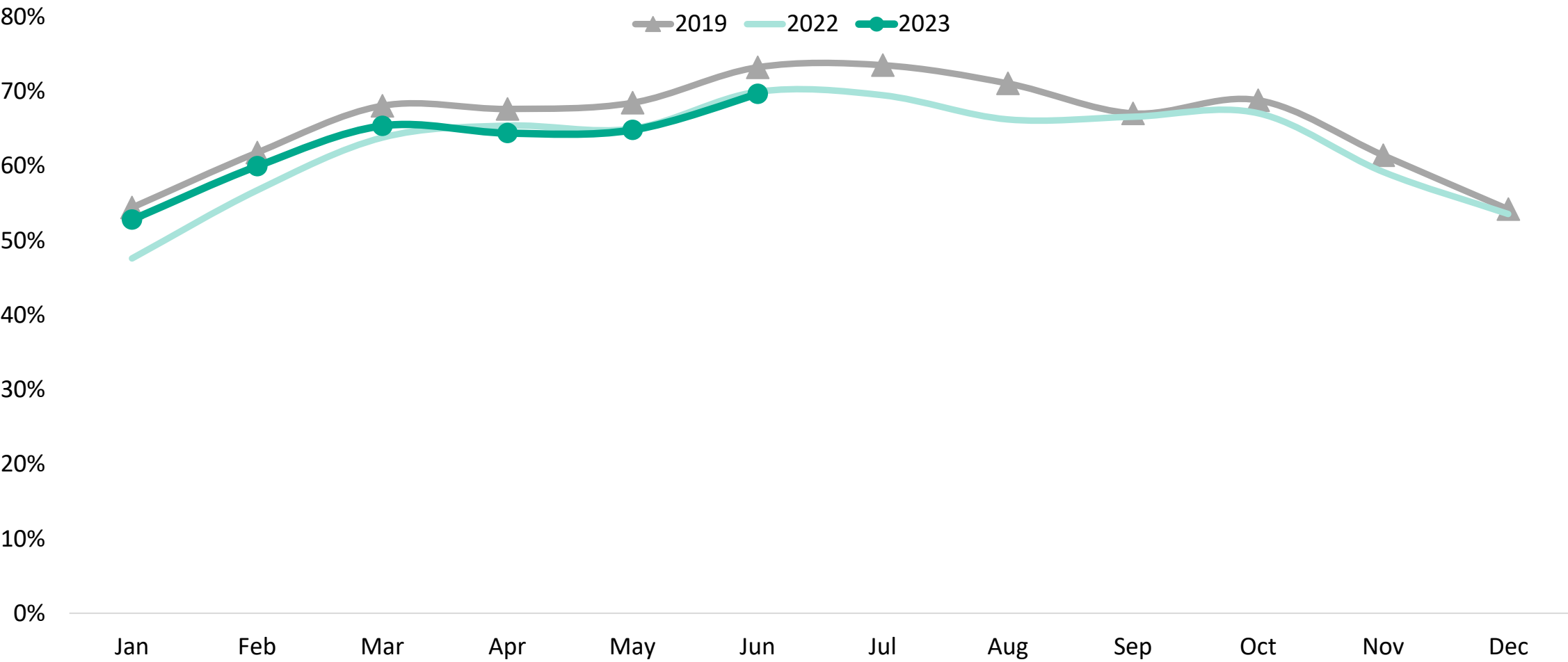
Weekend Travel Continues to Soften

US, Occupancy % Change YOY, Jan 2023 – Jun 2023



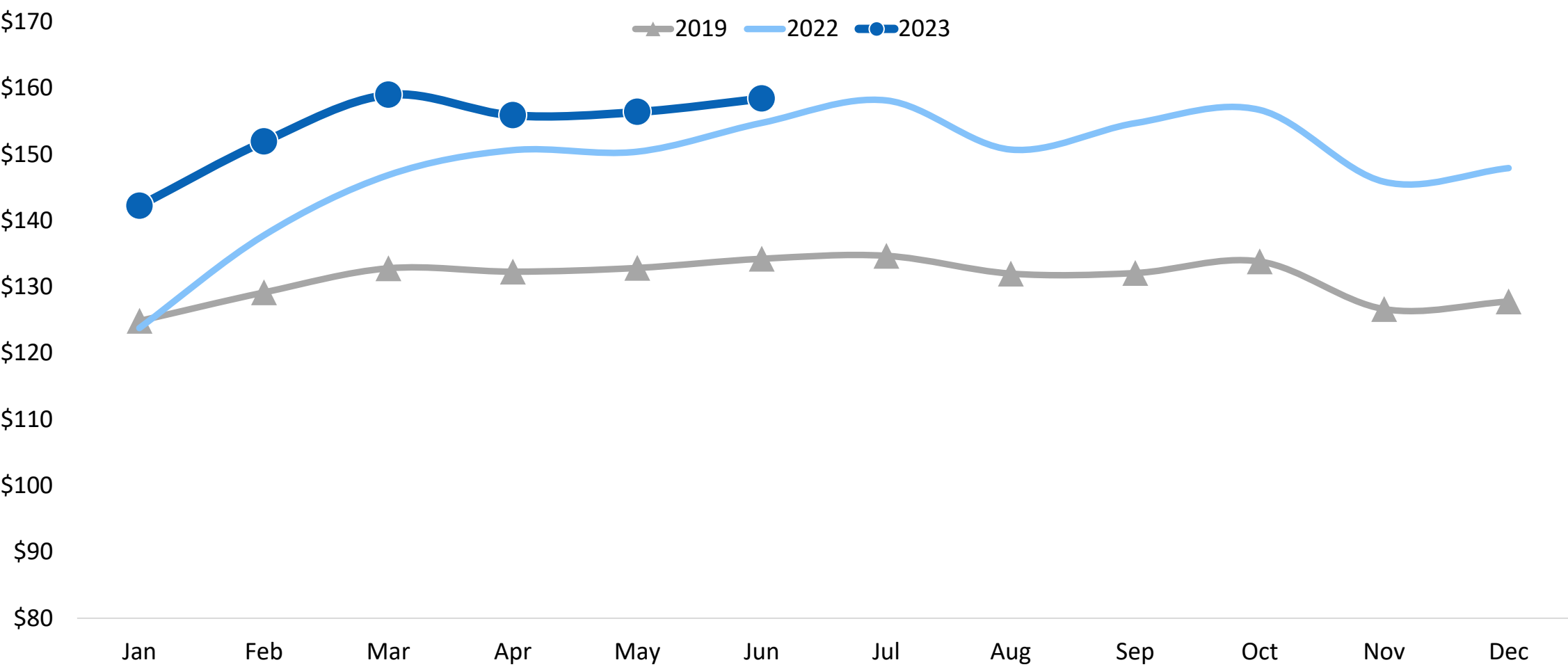
Returning to Normal; Overlapping Last Year's Trendline

Total US, Monthly Occupancy, 2019, 2022, 2023



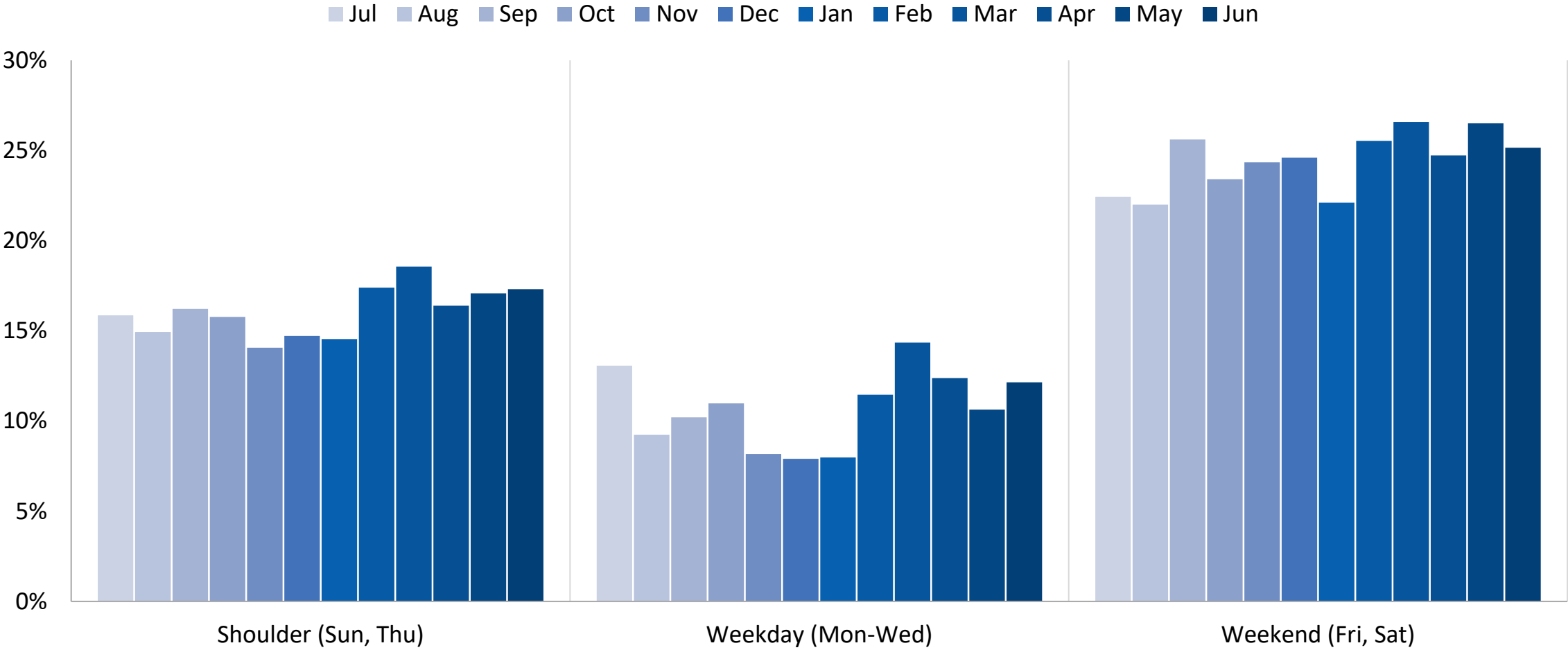
Rate Curve Flattening, More Normal

Total US, Monthly ADR, 2019, 2022, 2023



Weekends Lead with Strong Premium

US, ADR % Change to 2019, Jul 2022 – Jun 2023



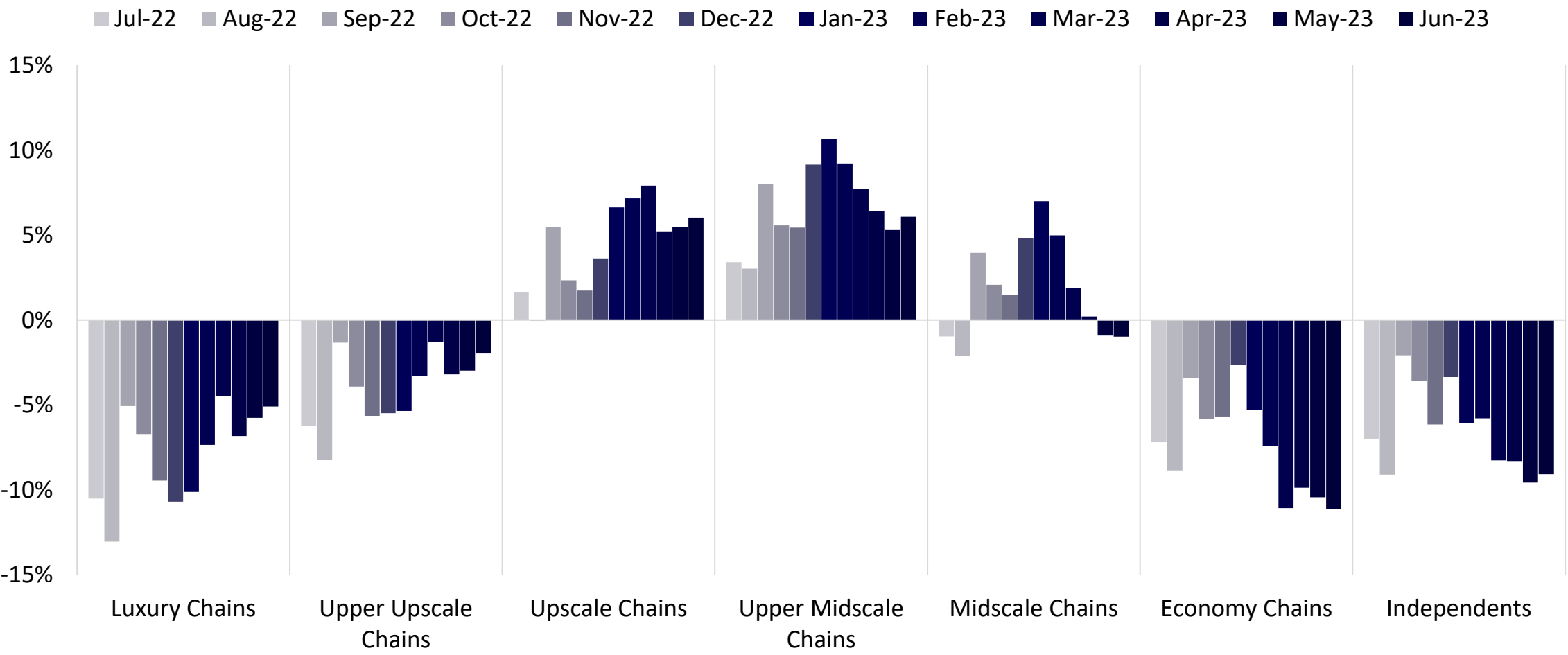


Chains



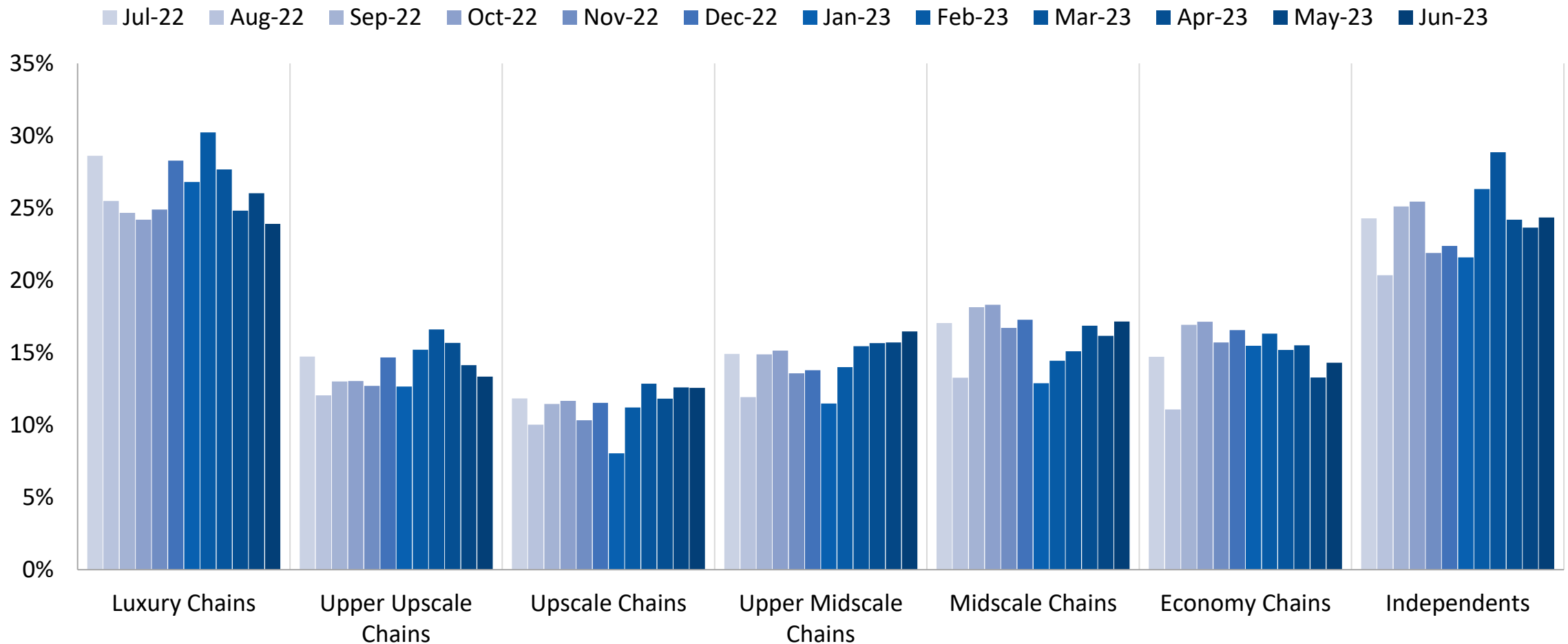
Select Service in Higher Demand

Total U.S., Demand, % Change to 2019, Jul 2022 – Jun 2023



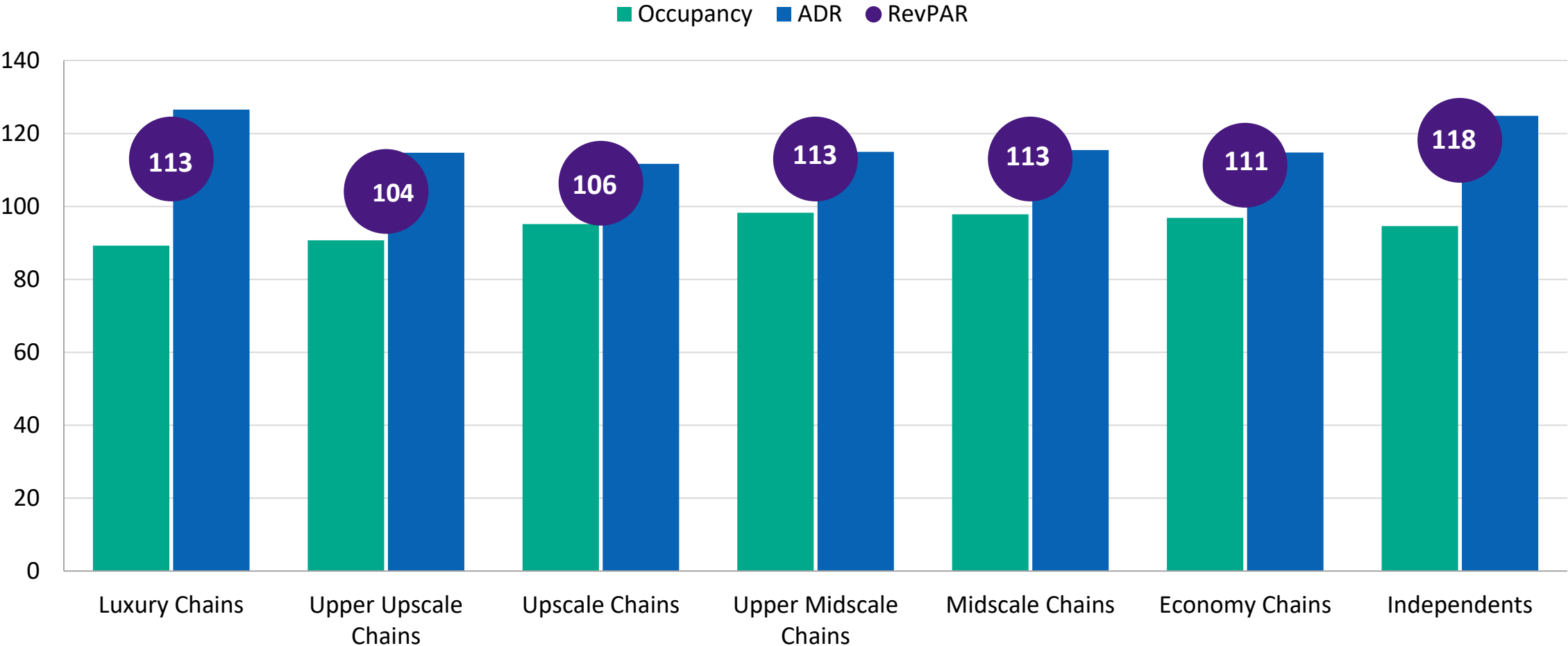
Rate is Not the Issue

Total U.S., ADR % Change to 2019, Jul 2022 – Jun 2023



RevPAR Indexes Aligned Across Four Chains YTD

U.S., Index to 2019, YTD Jun 2023



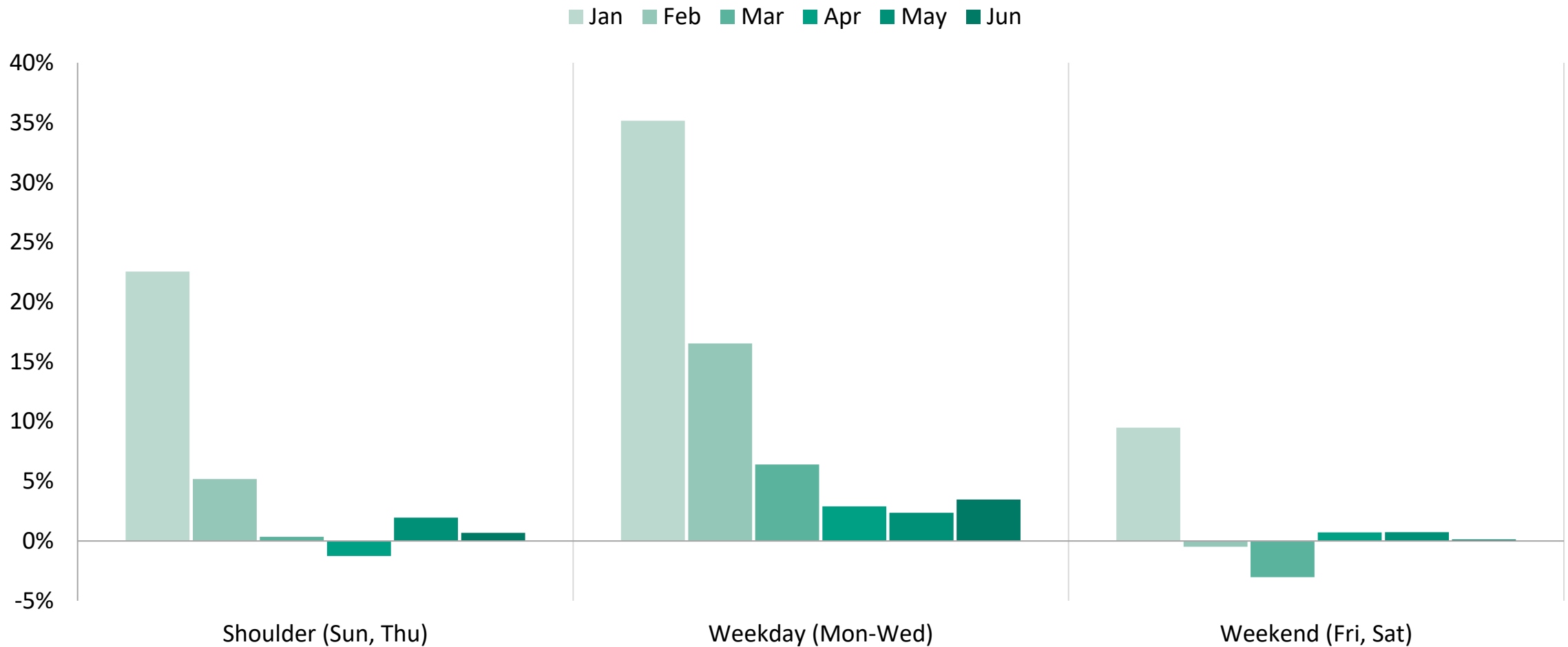


Segmentation



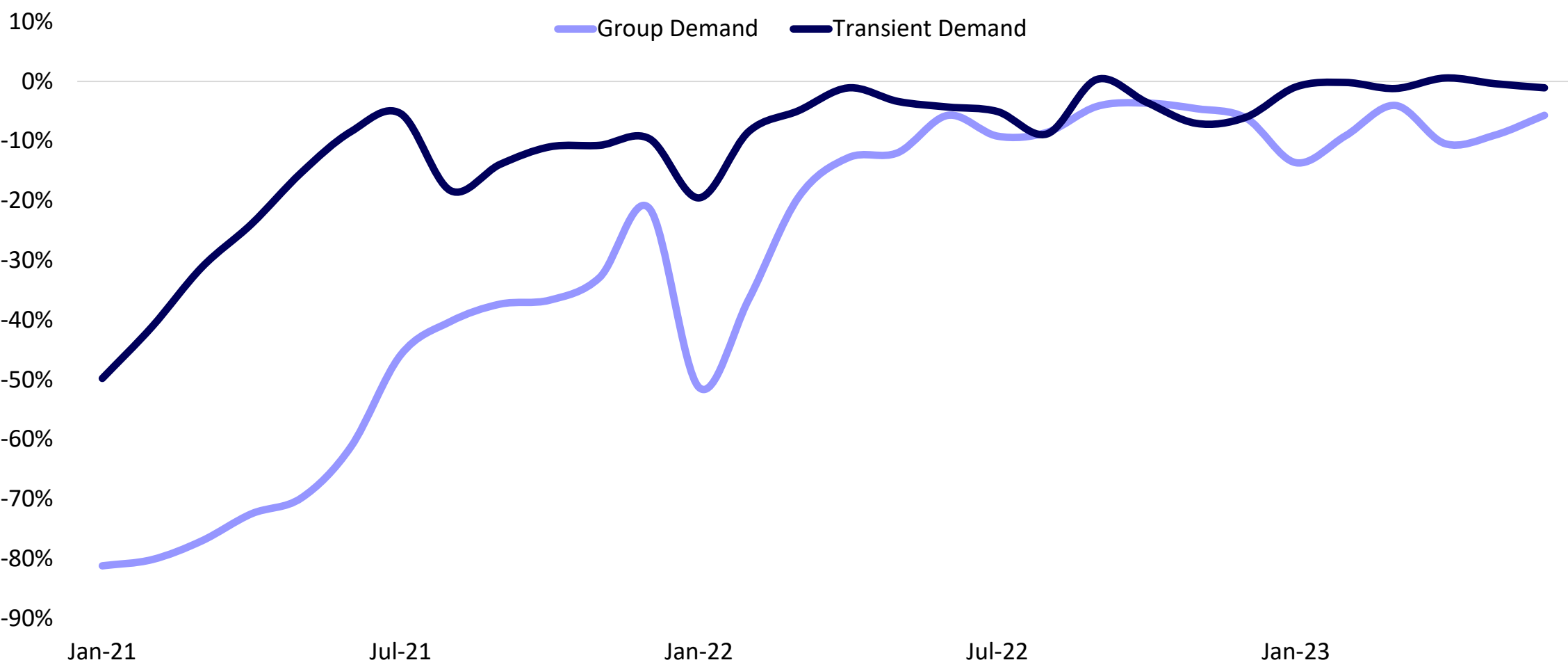
Business Travel Keeps Coming

US, Lux & Upper Upscale classes, Transient Occ % Change YOY, Jan 2023 – Jun 2023



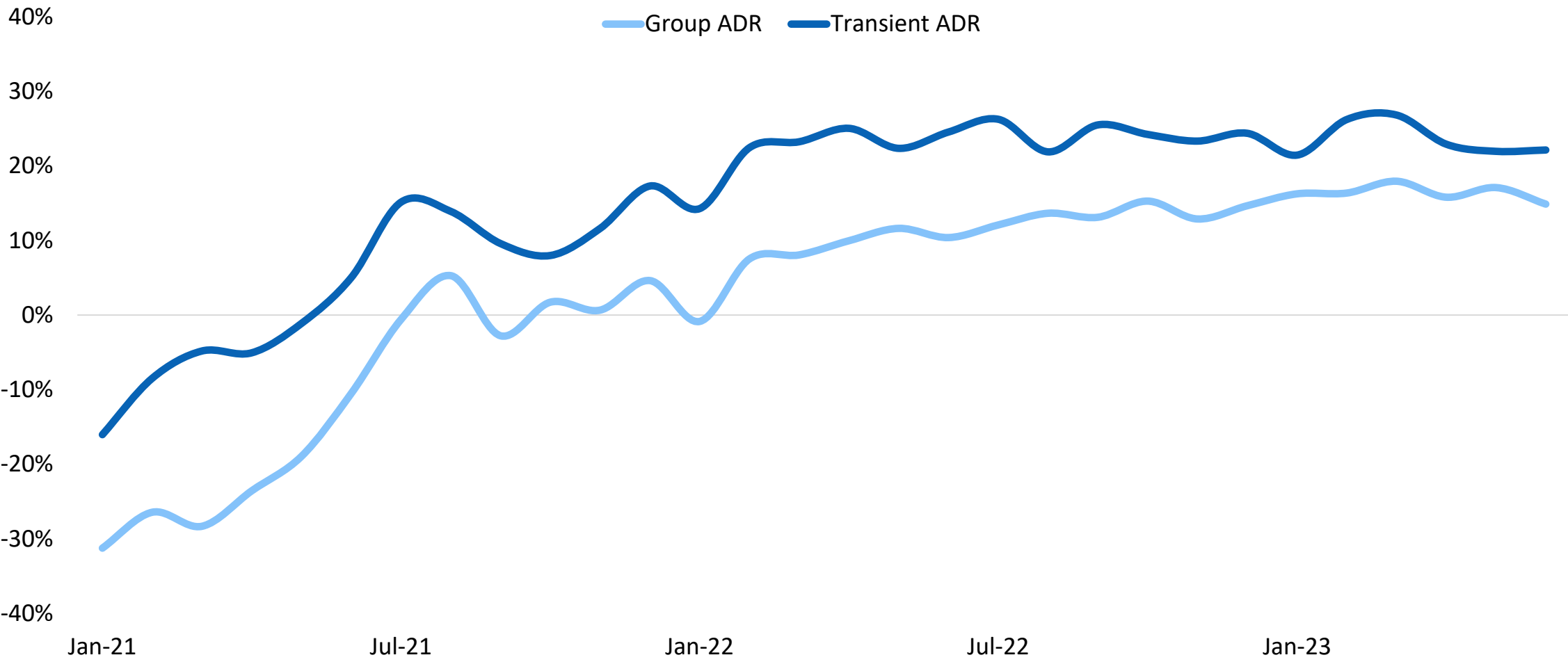
Group Demand Closing In On Pre-Pandemic Levels

US, Lux & Upper Upscale Classes, Demand % chg. to 2019, Jan 2021 – Jun 2023



Group's New Normal: A Stronger Negotiated Rate

US, Lux & Upper Upscale Classes, ADR % chg. to 2019, Jun 2021 – Jul 2023



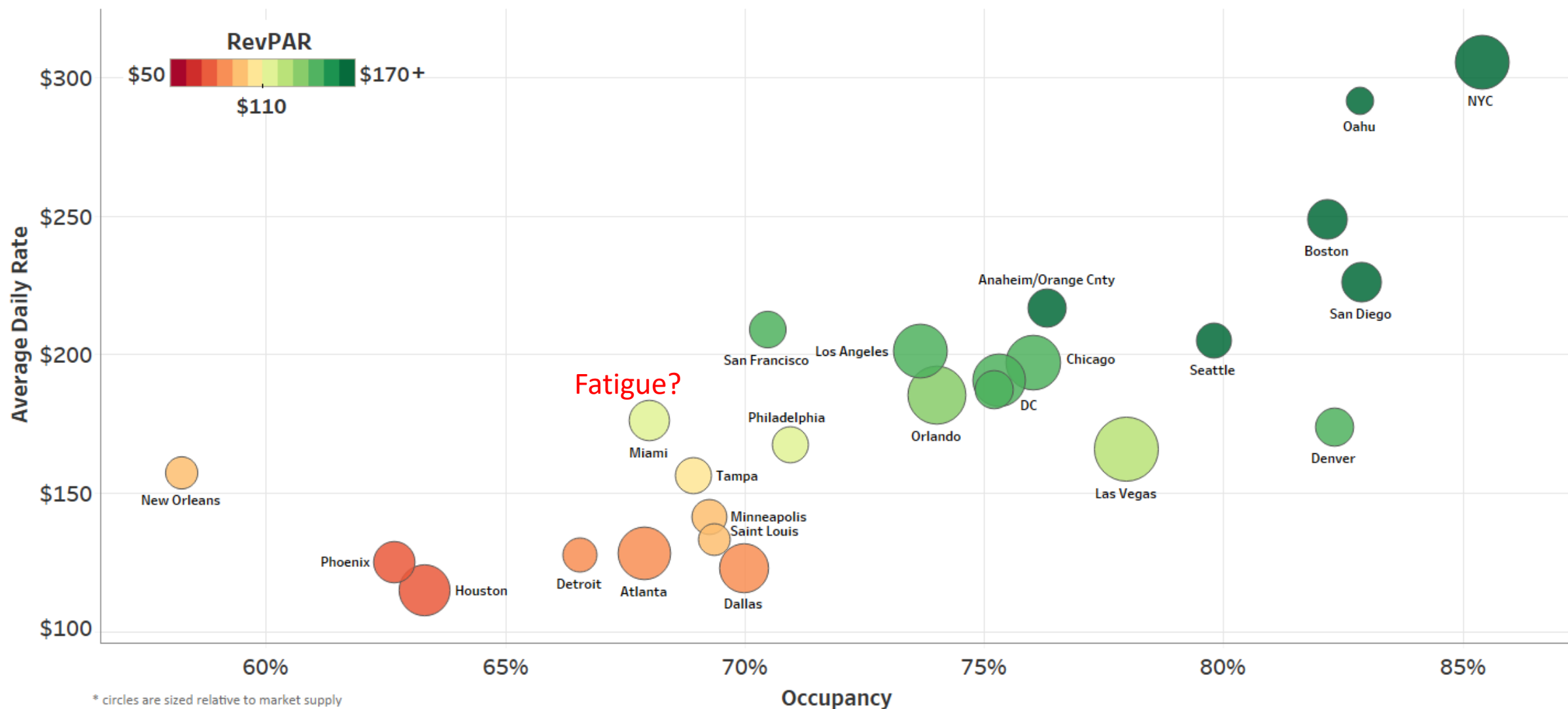


Markets



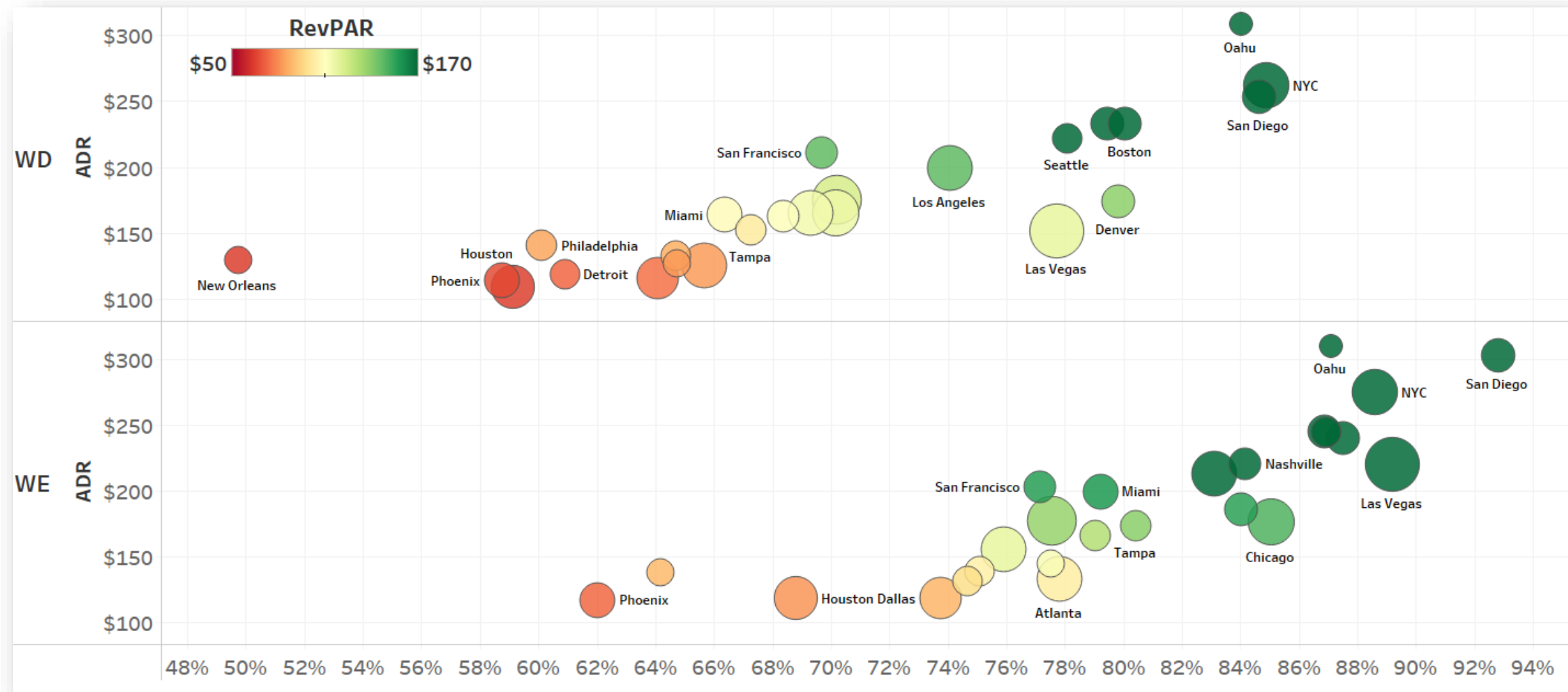
U.S. Top 25 Markets

(Monthly Performance June 2023)



Fridays & Saturdays Still Bring in the Green (\$\$\$)

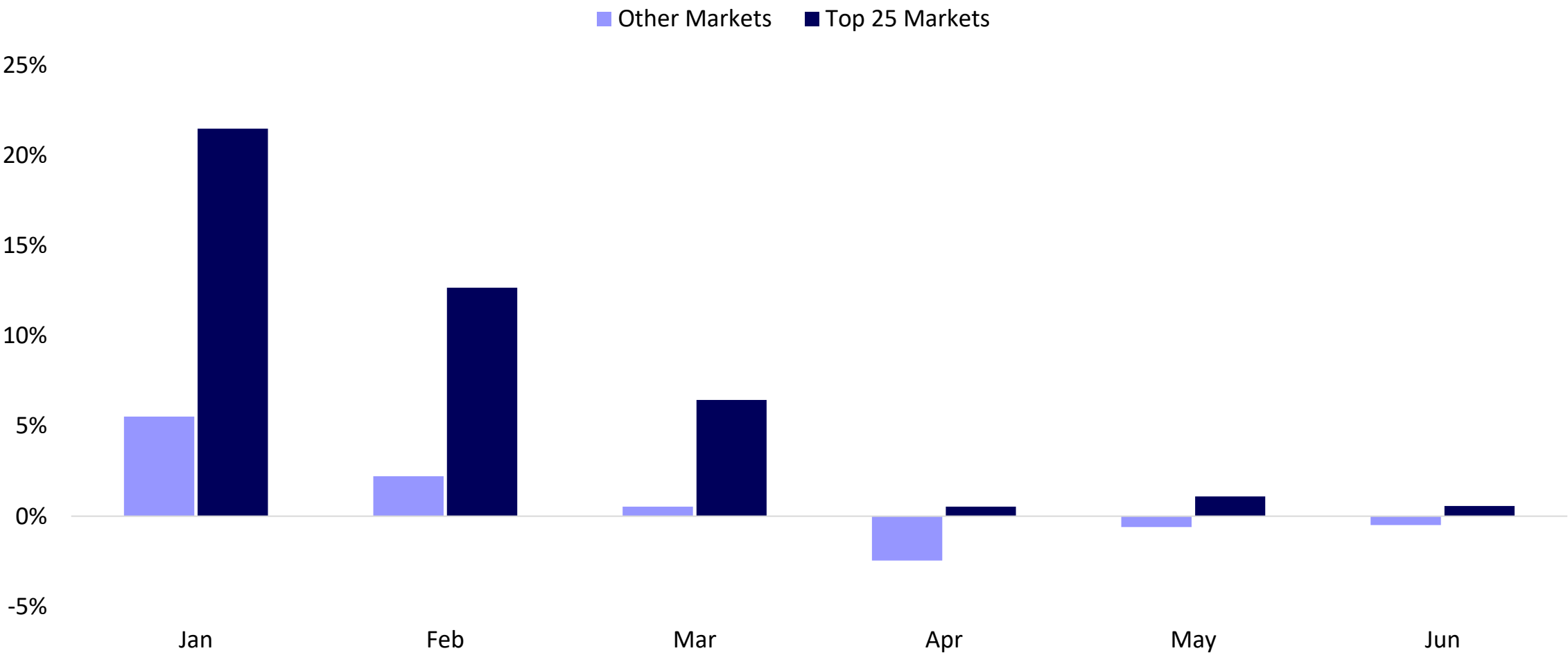
Top 25 Markets, Running 28 days, Weekday vs Weekend



Size of the circles represent room inventory

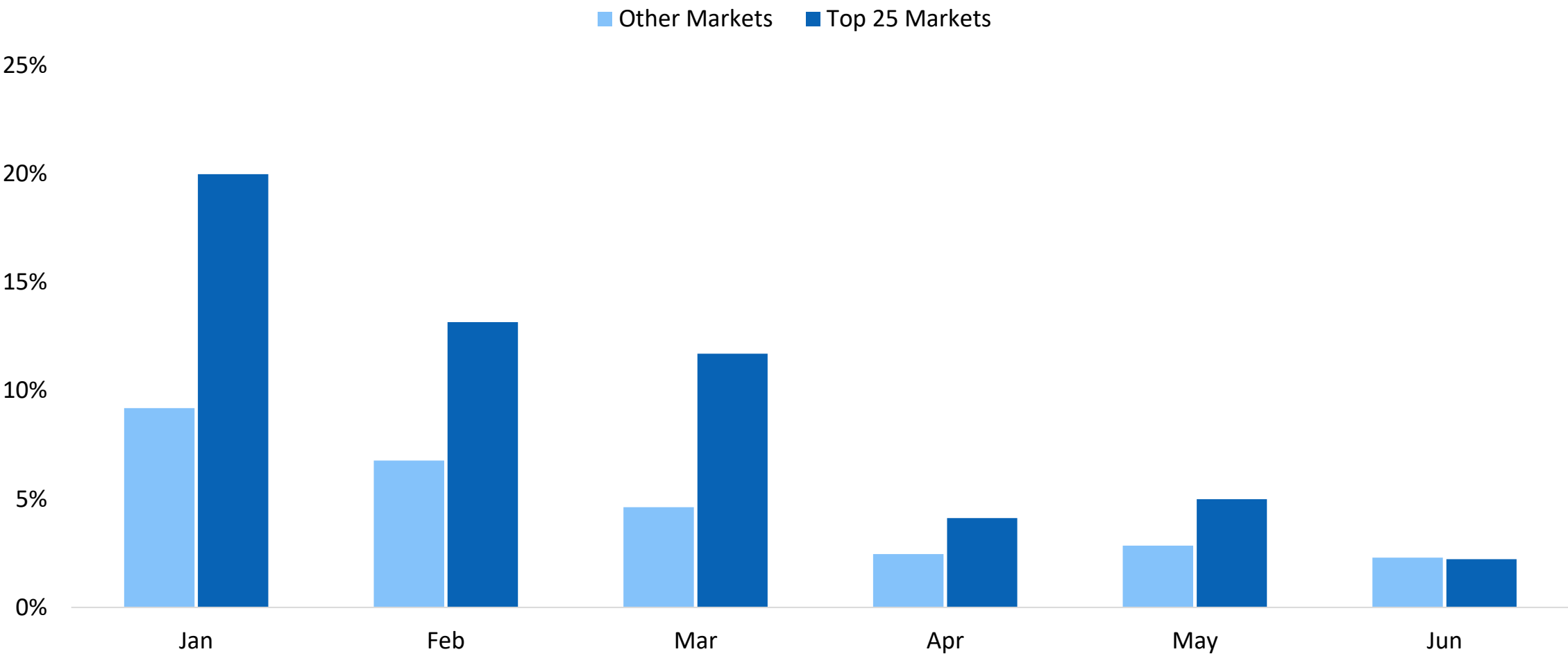
Top 25 Markets Eke Out Demand Growth in June

Total US, Demand, YOY % Change, Jan – Jun 2023



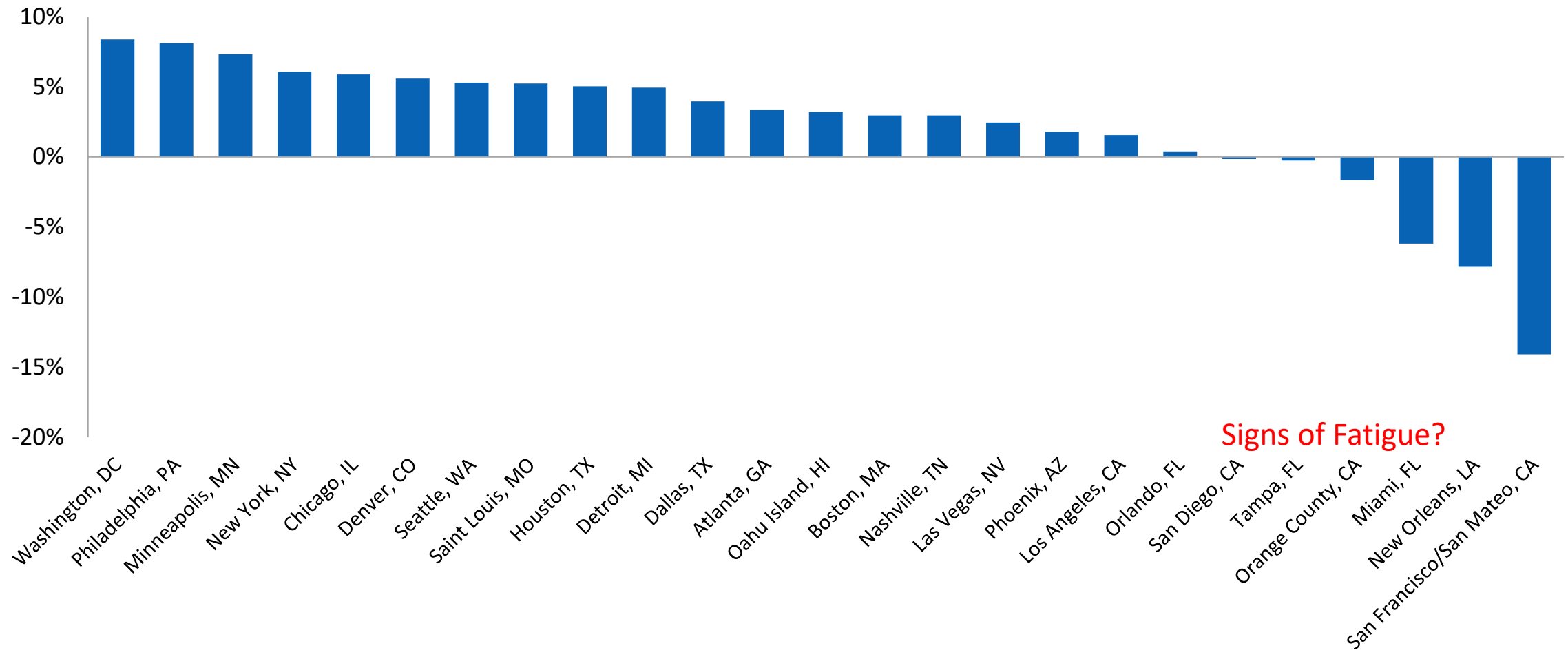
ADR Growth Equalizes Across Market Sizes

US, ADR, YOY % Change, Jan – Jun 2023



Normalization and YOY Comps

Top 25 Markets, ADR YOY % chg., Jun 2023





Pipeline



Construction is Flat

U.S., Pipeline rooms in thousands by phase, Jun 2023 and 2022

Phase	2023	2022	% Change
In Construction	150	149	0.2%
Final Planning	243	179	36%
Planning	241	281	-14%
Under Contract	633	609	4%

Rising Costs, Interest Rates Loom Over New Development

Labor Costs and Financial Uncertainty Add to Developers' Concerns

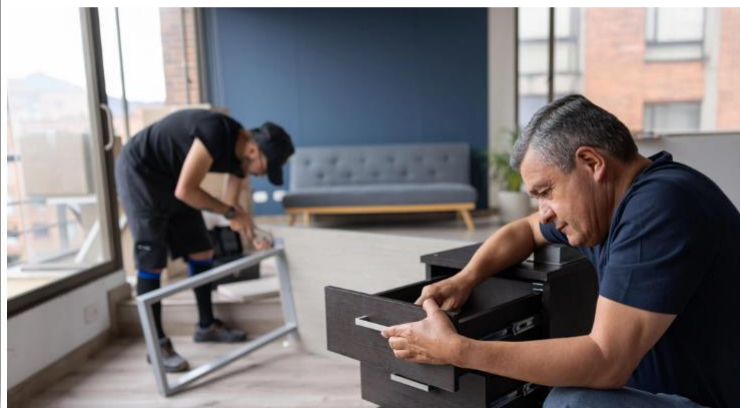
Interest Rate Hikes Could Slow US Hotel Development

With Higher Construction Debt Costs, Hotel Portfolio Growth Likely To Be Transactions-Based



Required Renovations for Branded Hotels Ramp Up, but There's Room for Negotiation

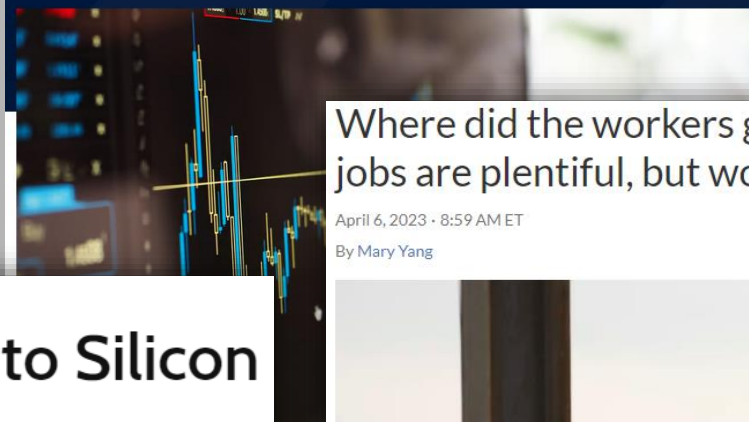
Hotel Owners Look for Ways To Stretch Their Renovation Dollars



What interest-rate hikes mean for the U.S. hotel industry

By Alicia Hoisington • Jul 31, 2018 12:13am

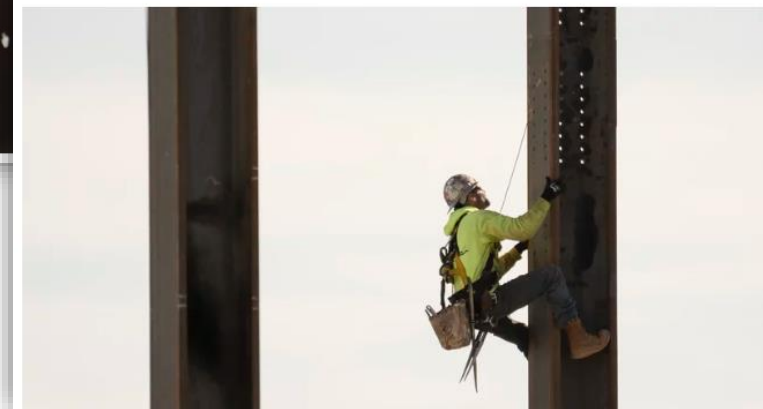
Construction Economic Factors Economic Trends economy



Where did the workers go? Construction jobs are plentiful, but workers are scarce

April 6, 2023 • 8:59 AM ET

By Mary Yang

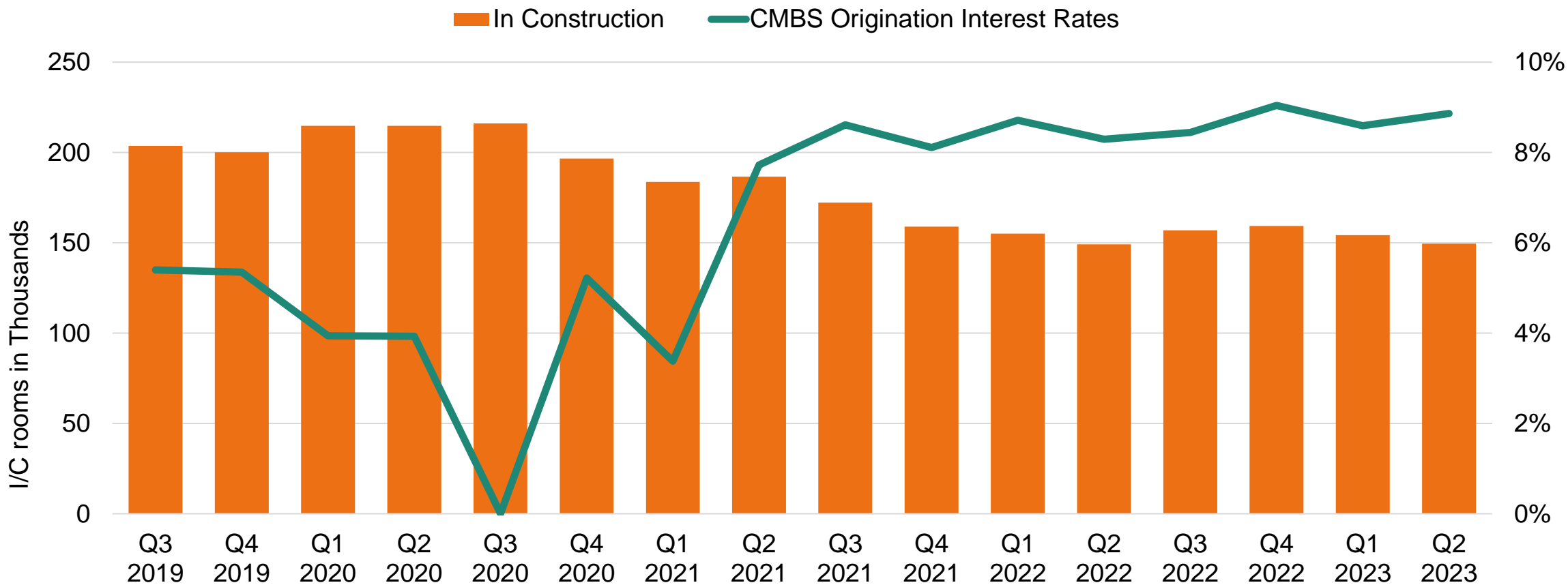


PERSONAL FINANCE > BANKING

What Happened to Silicon Valley Bank?

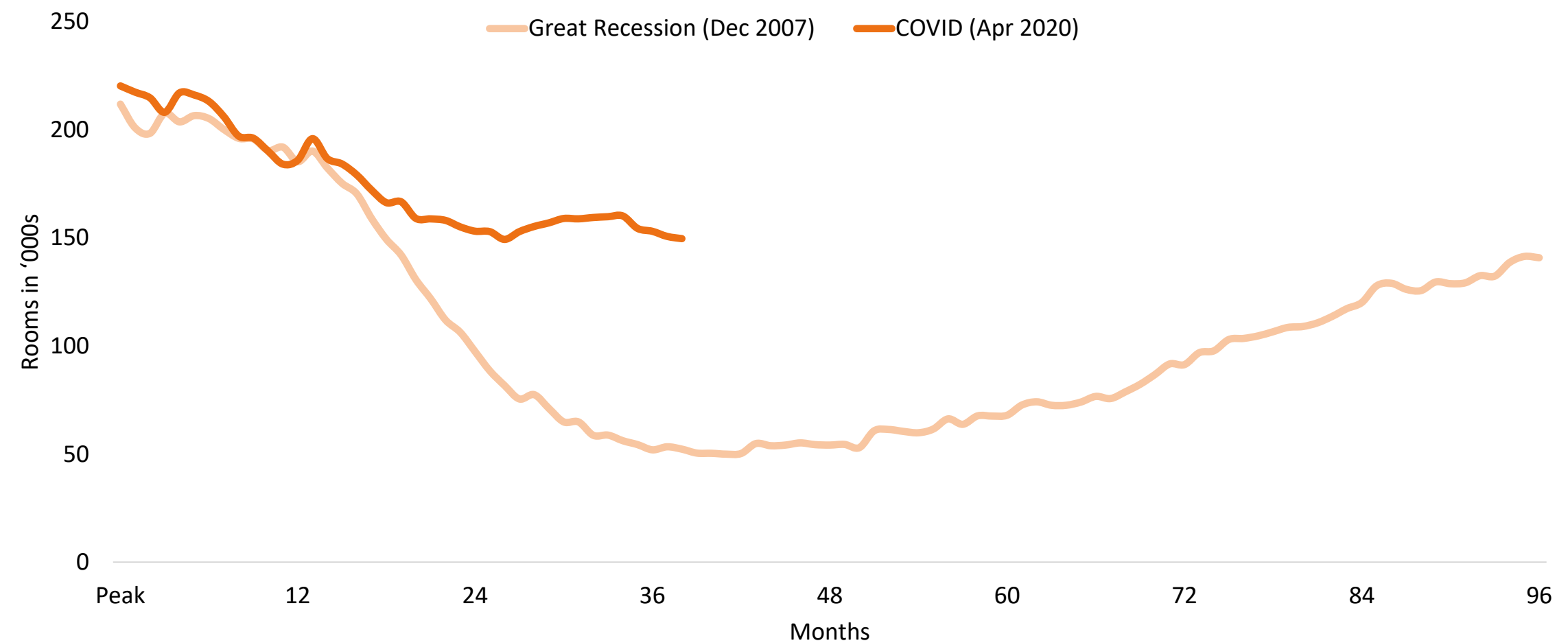
Rising Interest Rates Affecting Construction

U.S. June 2019 to 2023 Quarterly In Construction (Thousands)



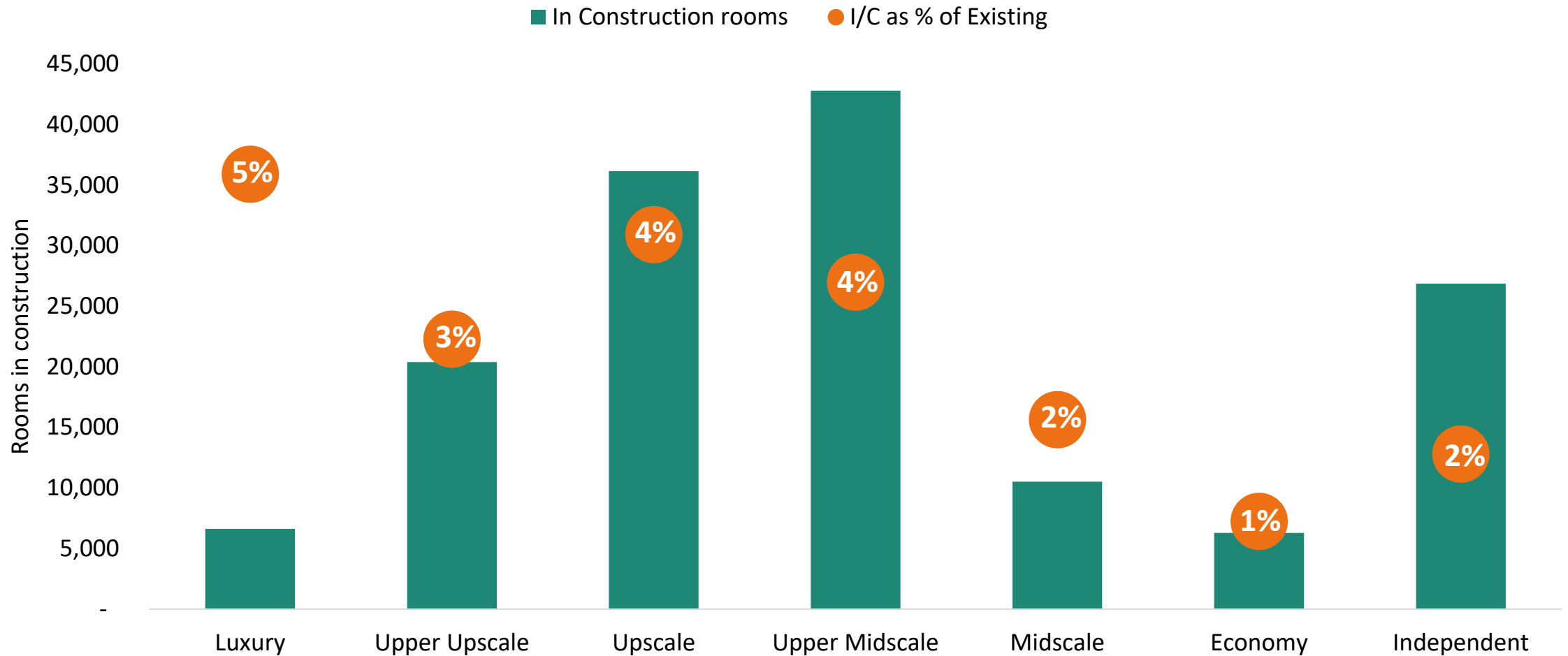
The Curve is Flattening, Good News

Total U.S., rooms in construction from prior peak, 2007 and 2020



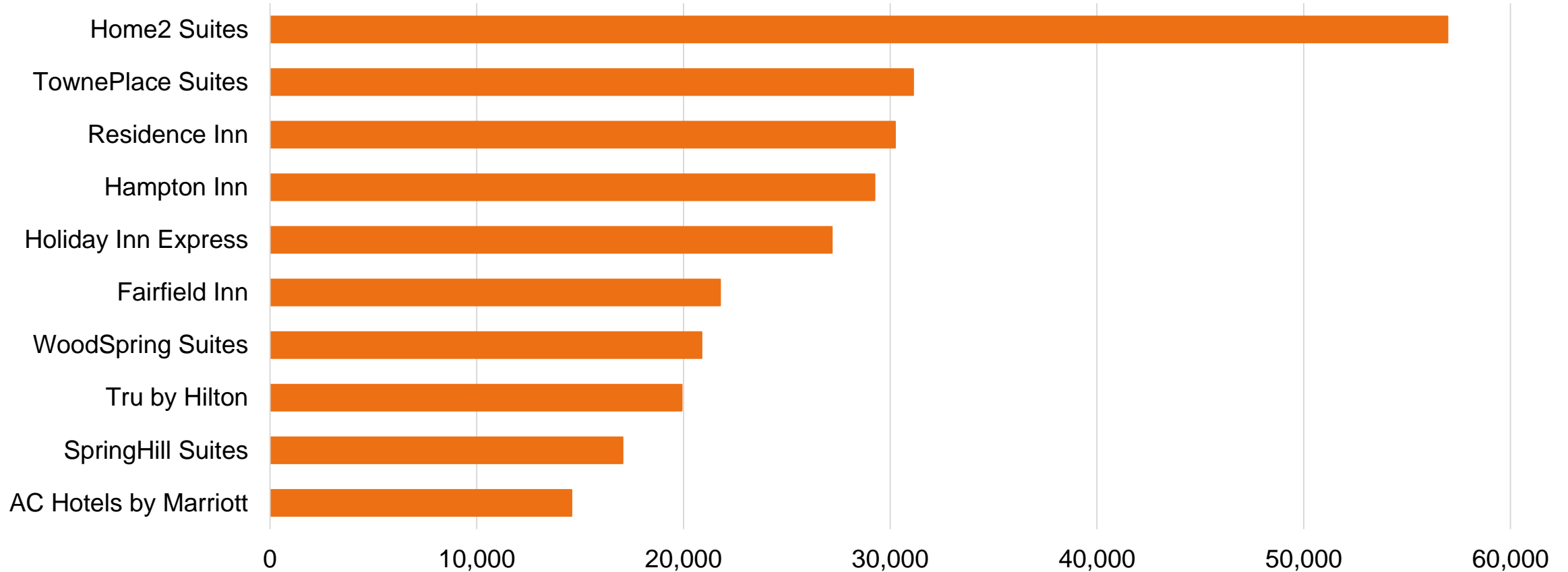
BT Isn't Dead: Upper Ups Well-Represented in Pipeline

US, rooms in construction by chain scale, Jun 2023



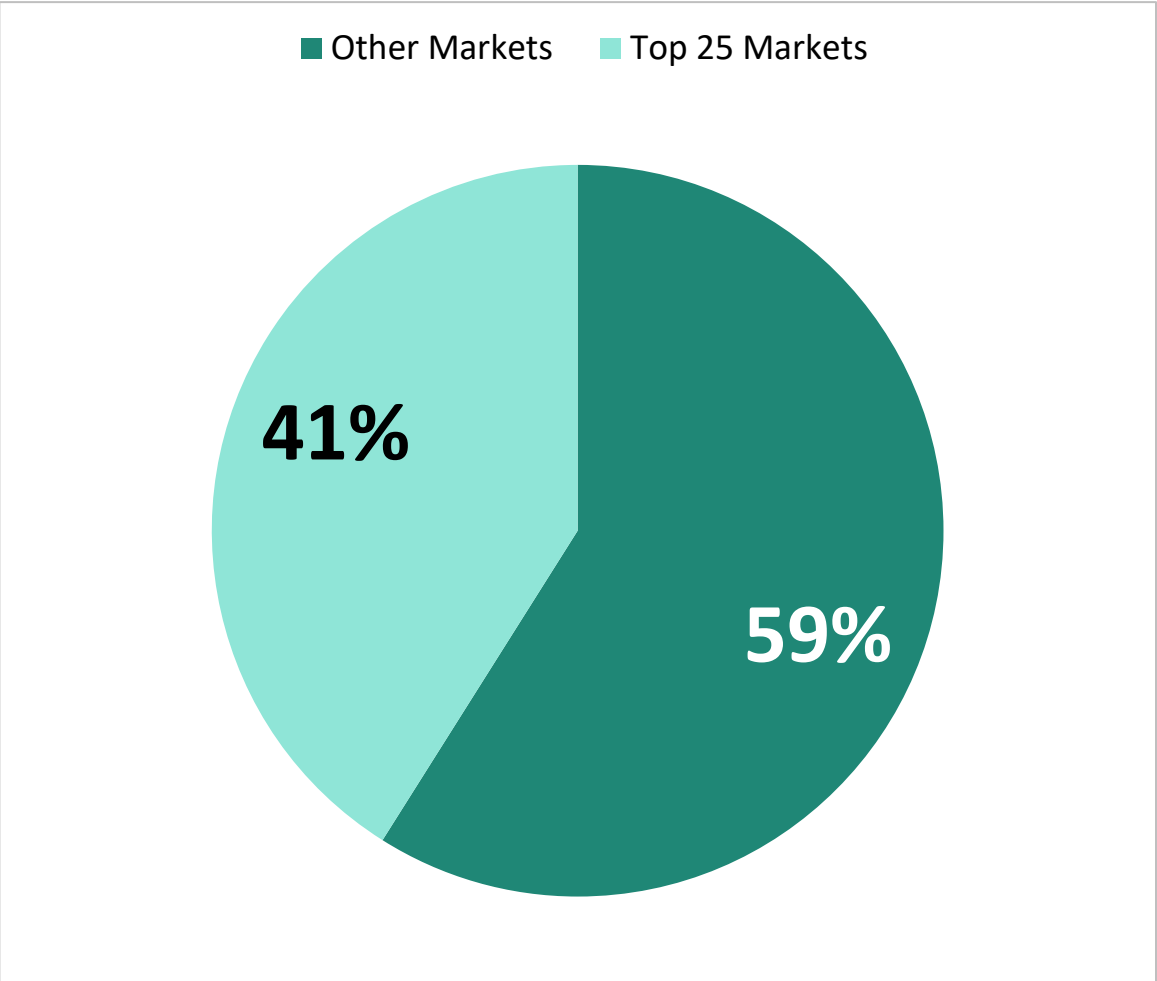
We're Seeing a Shift Towards Extended Stay

Top U.S. Brands by Rooms in Pipeline, 2023



25 Markets Account for 2/5 Rooms Under Construction

Total U.S., active pipeline by market type and % of I/C rooms by market type, Jun 2023





Forecast



Presented at STR Hotel Data Conference, Aug. 10th

2023–24 Growth Forecasts Lowered

0.5%

US Hotel Key Performance Indicators, Year-Over-Year Percentage Changes

	2022 Actual	2023 Forecast	2024 Forecast	2025 Forecast
Occupancy	+8.9%	+0.8%	+1.0%	+0.8%
ADR	+20.0%	+3.6%	+3.0%	+2.7%
RevPAR	+30.6%	+4.5%	+4.1%	+3.5%
RevPAR compared with 2019 (Real)	-9.1%	-5.1%	-1.2%	+2.3%

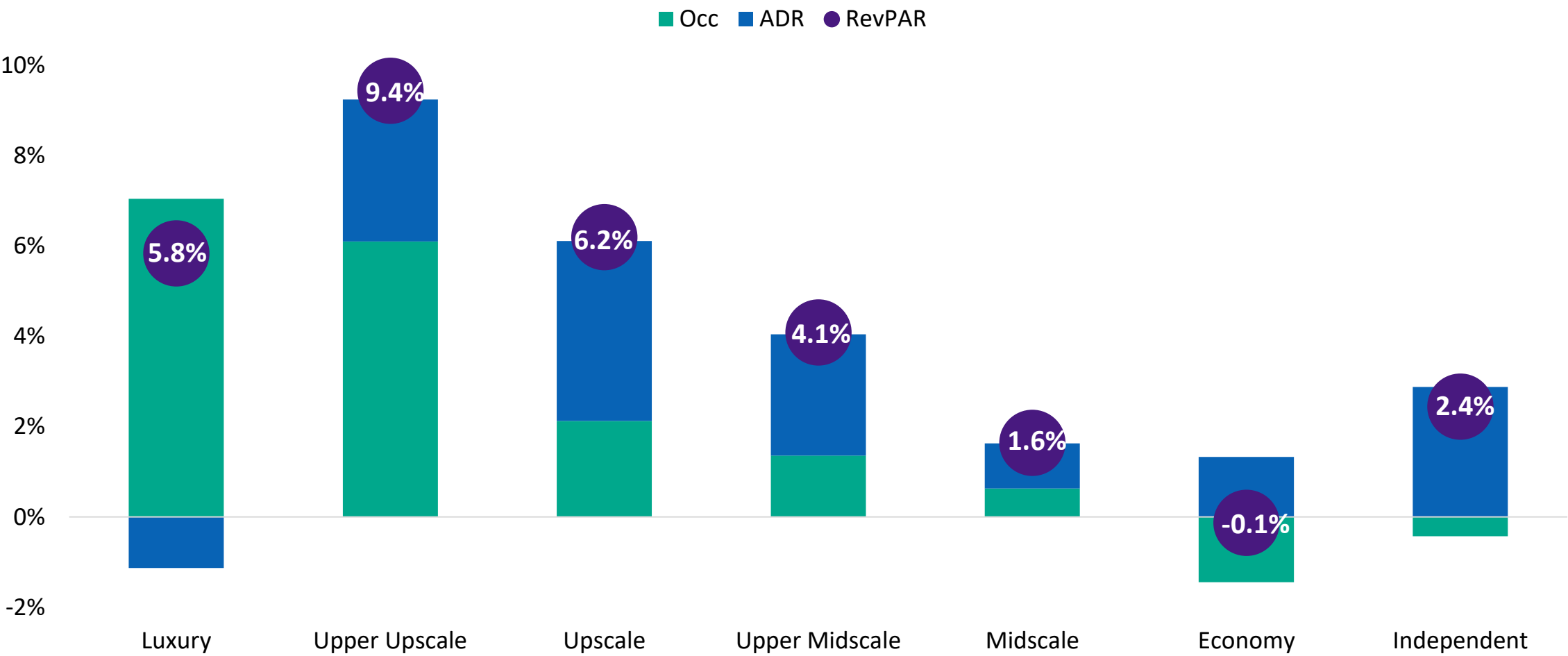
Source: Tourism Economics and CoStar, August 2023



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Luxury ADR Expected to Decline

US chain scales, KPI % change YOY, 2023F





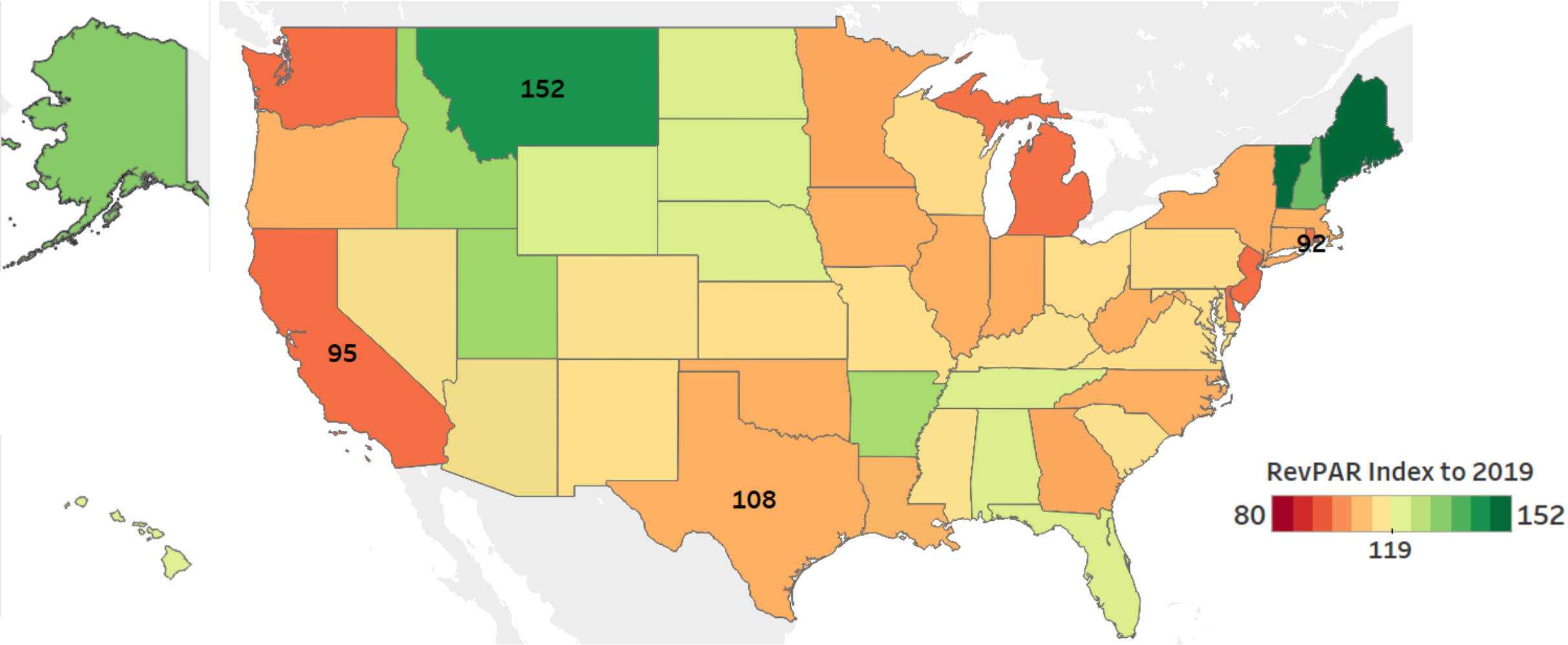
Texas & Tarrant County

Market & Submarket
Analysis + Forecast



Texas Among States That Have Full Recovered RevPAR

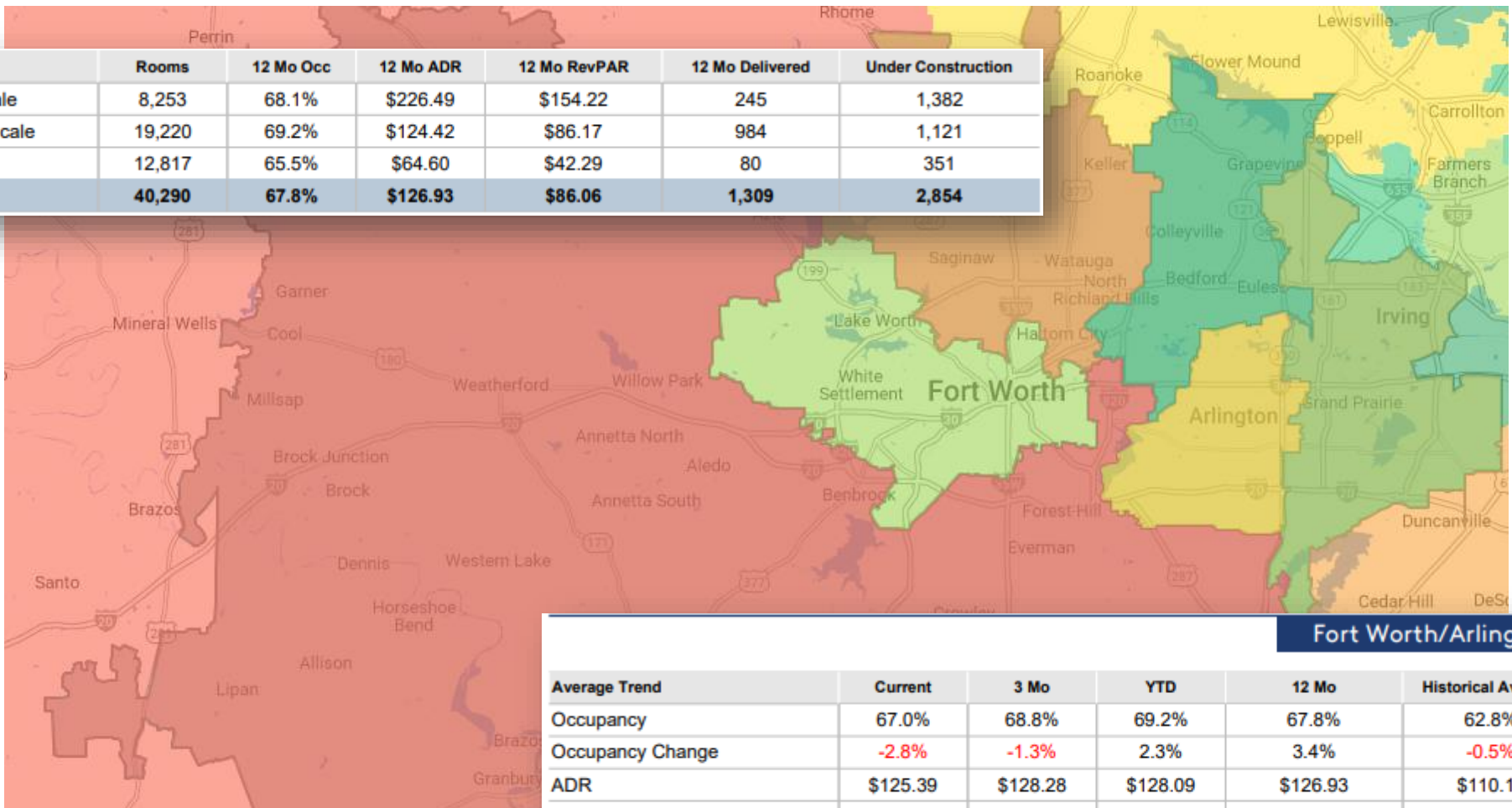
U.S. States YTD RevPAR Indexed to 2019



Tarrant County Snapshot

As of July 2023

Class	Rooms	12 Mo Occ	12 Mo ADR	12 Mo RevPAR	12 Mo Delivered	Under Construction
Luxury & Upper Upscale	8,253	68.1%	\$226.49	\$154.22	245	1,382
Upscale & Upper Midscale	19,220	69.2%	\$124.42	\$86.17	984	1,121
Midscale & Economy	12,817	65.5%	\$64.60	\$42.29	80	351
Total	40,290	67.8%	\$126.93	\$86.06	1,309	2,854

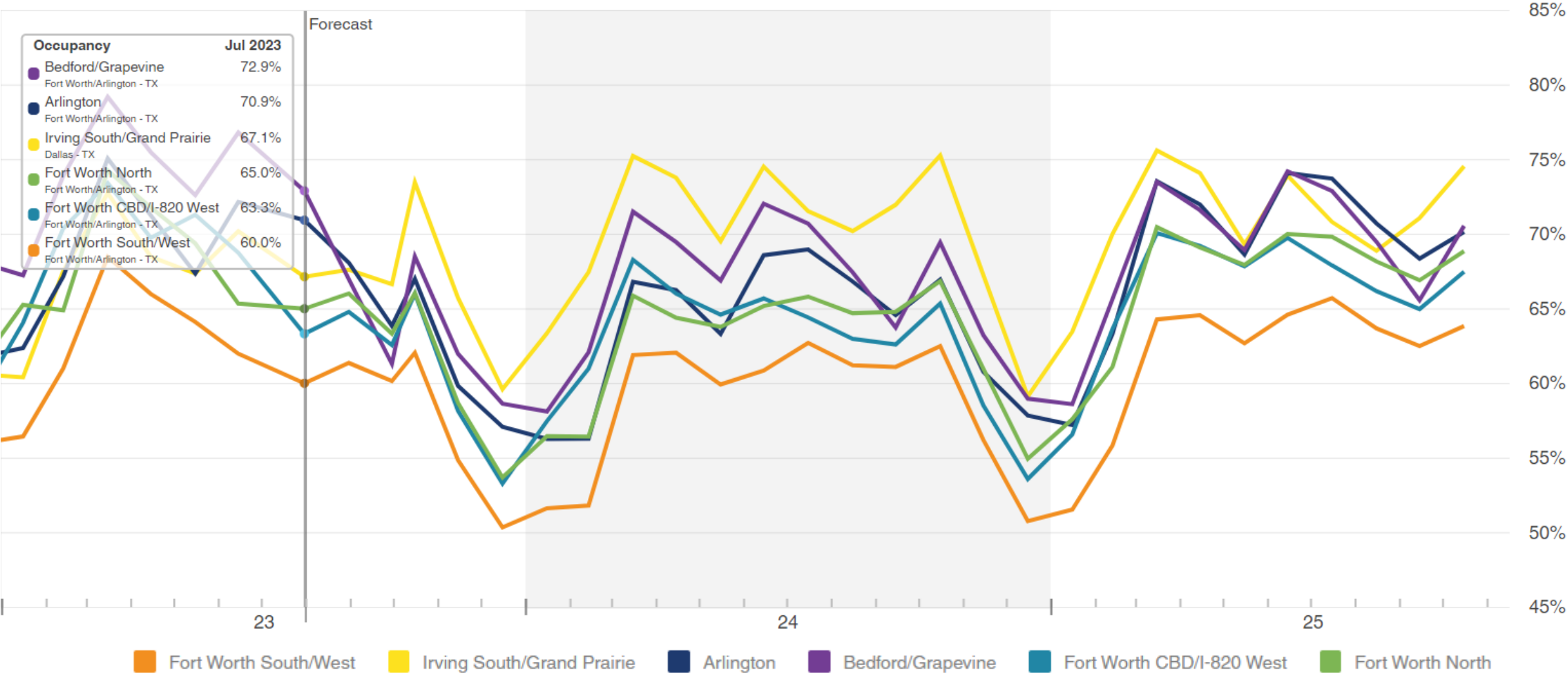


Fort Worth/Arlington - TX Hospitality

Average Trend	Current	3 Mo	YTD	12 Mo	Historical Average	Forecast Average
Occupancy	67.0%	68.8%	69.2%	67.8%	62.8%	64.8%
Occupancy Change	-2.8%	-1.3%	2.3%	3.4%	-0.5%	-0.7%
ADR	\$125.39	\$128.28	\$128.09	\$126.93	\$110.12	\$143.77
ADR Change	3.4%	5.5%	7.6%	9.2%	3.5%	4.0%
RevPAR	\$83.96	\$88.24	\$88.60	\$86.06	\$69.13	\$93.18
RevPAR Change	0.5%	4.2%	10.1%	12.9%	3.0%	3.3%

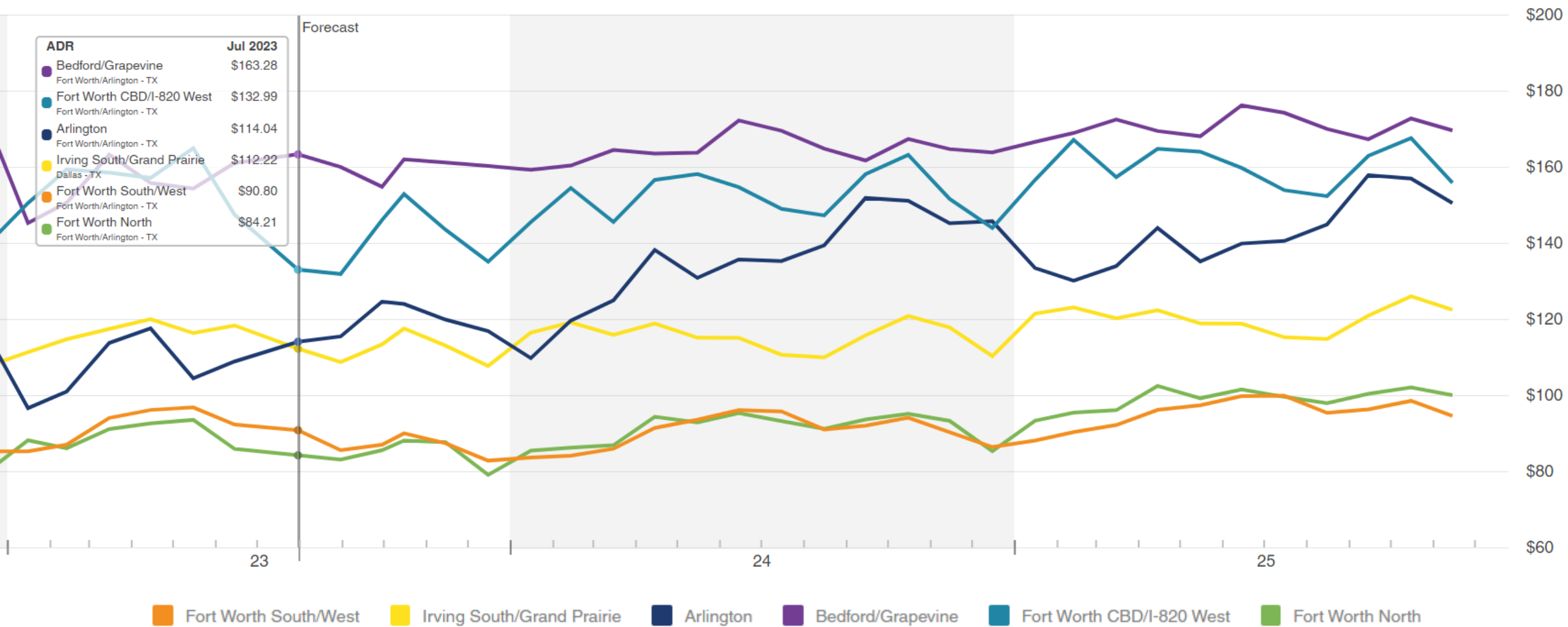
Occupancy Normalizing, Stabilizing in the Long Term

Select Markets, July 2023 Monthly Occupancy and Forecast



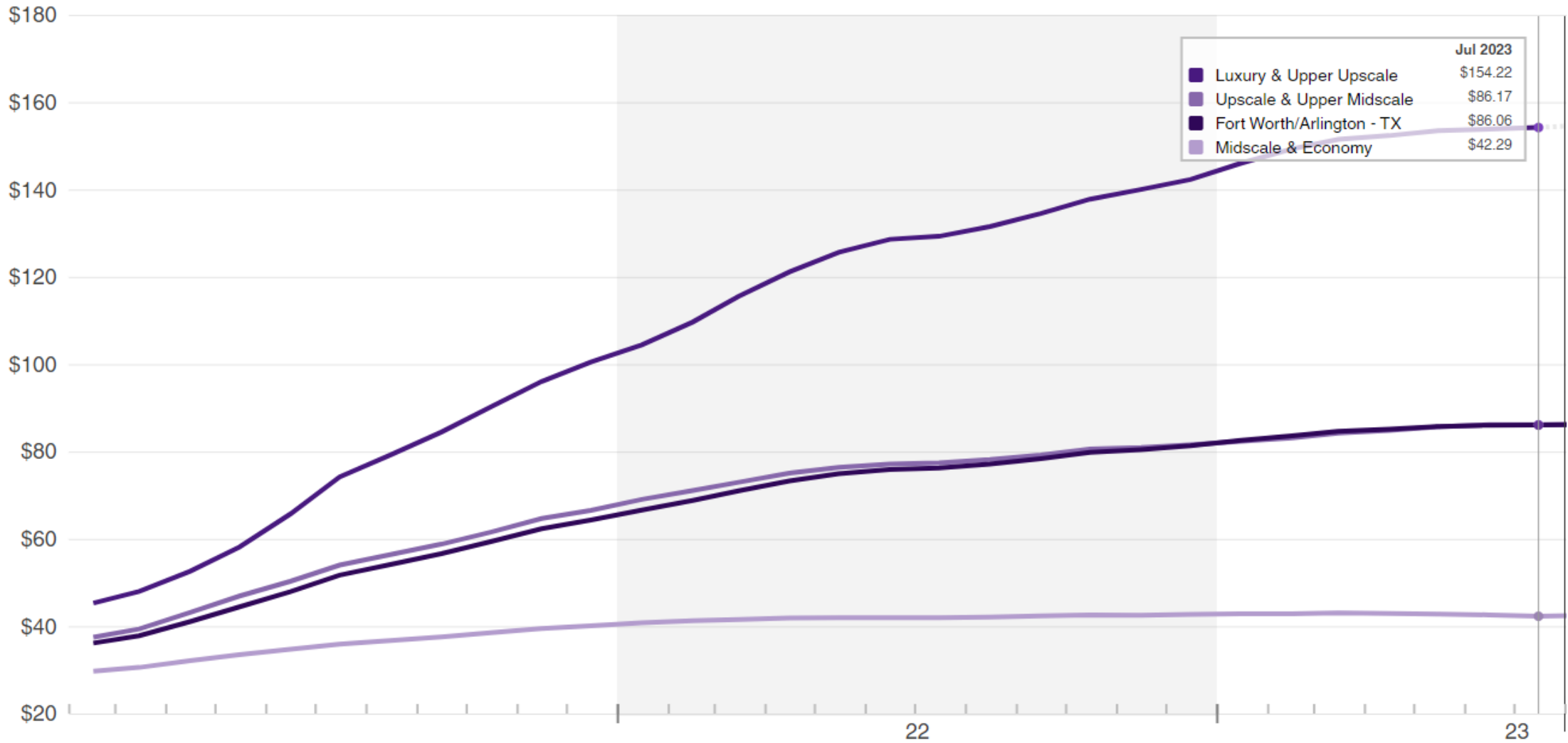
Rate Sees Less Fluctuation, Steady Growth Forecast

Select Markets, June 2023 Monthly ADR and Forecast



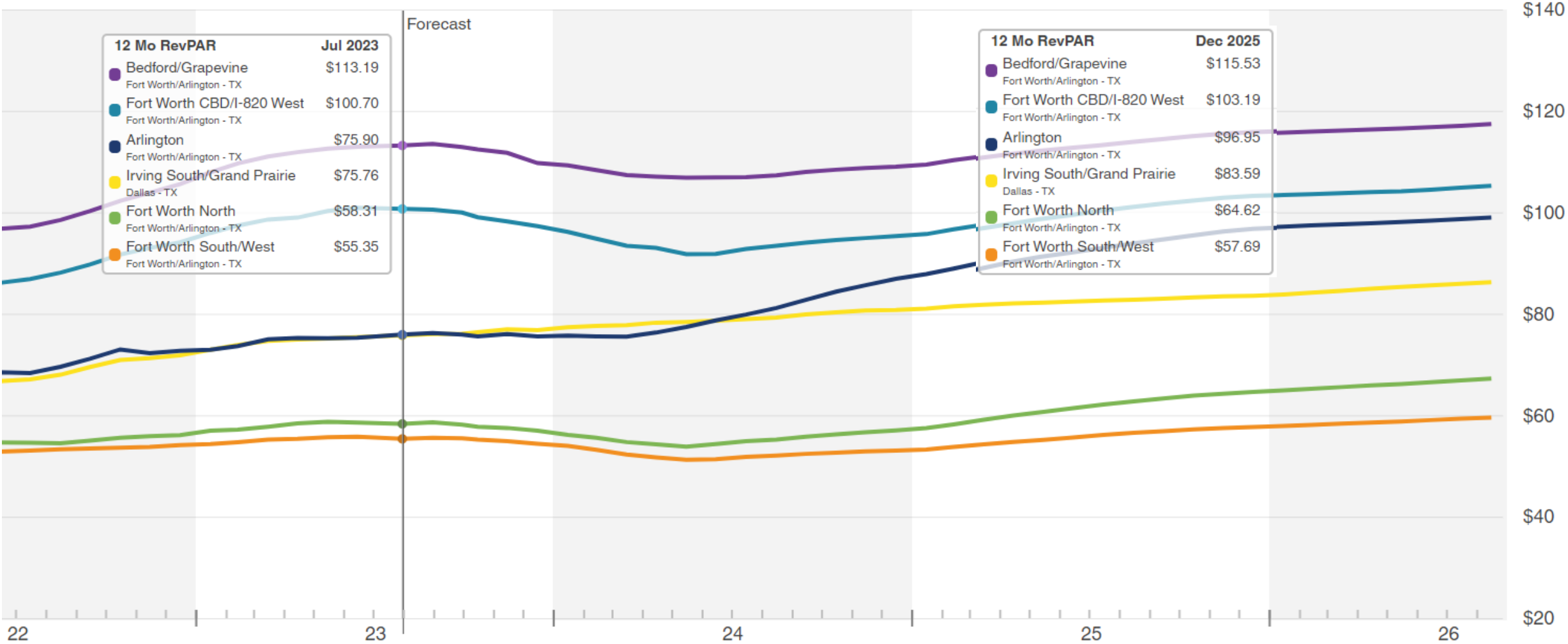
Full-Service Holds Nearly a \$70 Premium over Select-Service

Fort Worth/Arlington Market by collapsed Class, 12MMA RevPAR



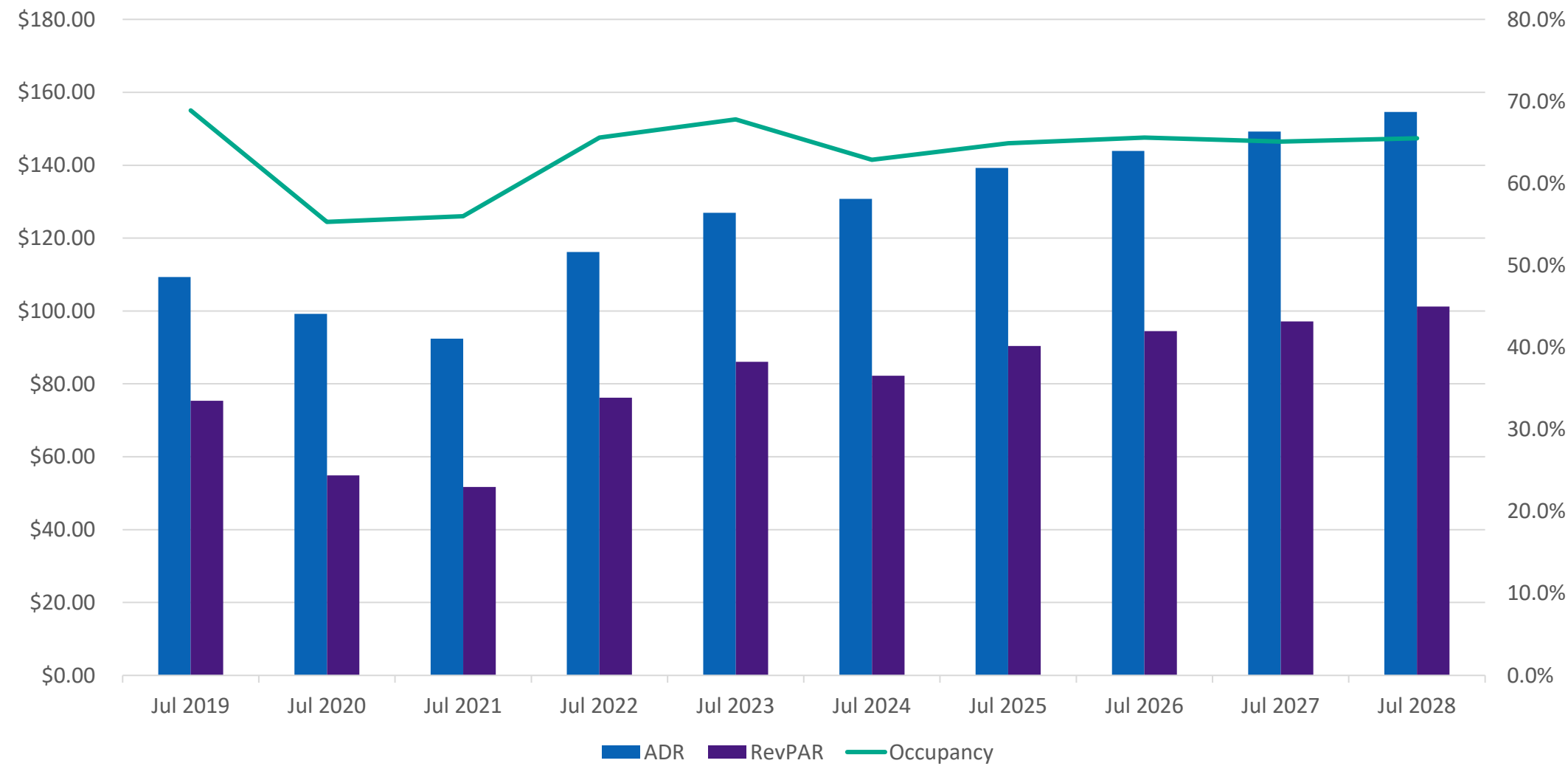
Continued RevPAR Growth Predicted, but at “Normal” Pace

Select Markets, July 2023 12MMA RevPAR and Forecast



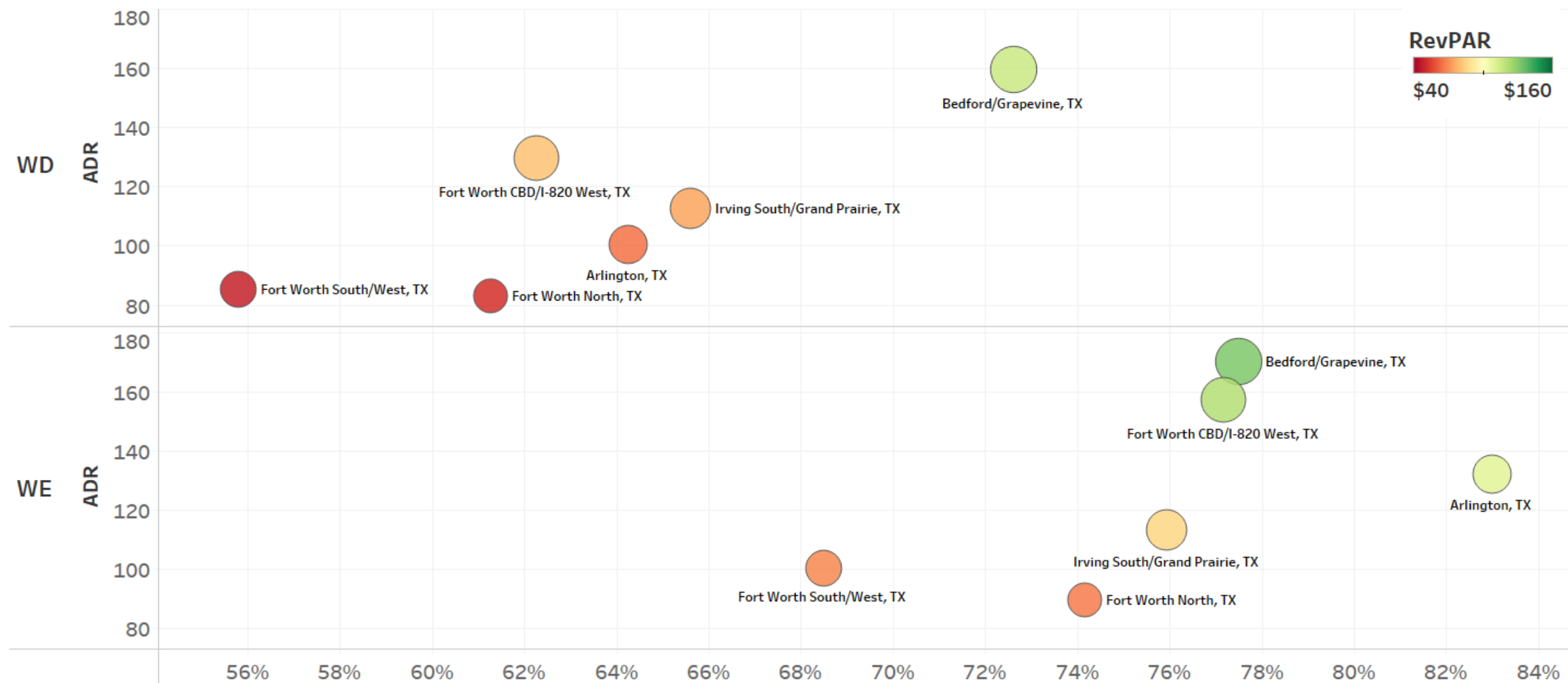
Steady Growth is the Name of the Game

Fort Worth / Arlington Market, R12 Occ, ADR & RevPAR – July '19 to July '28



Weekends Remain Important to All Submarkets

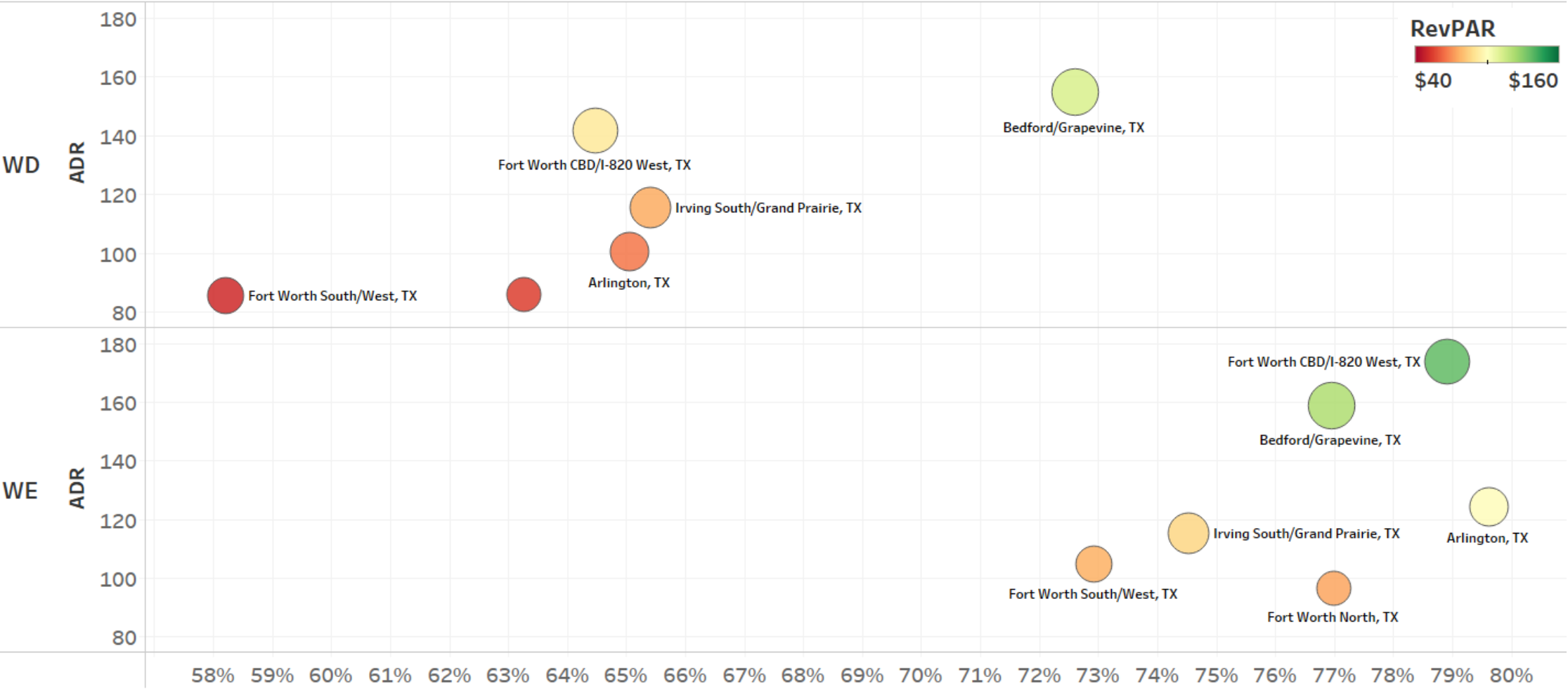
Select Submarkets, R28 August 12th, 2023, Weekday vs Weekend



Size of the circles represent room inventory

Year to Date Performance Only Reinforces That

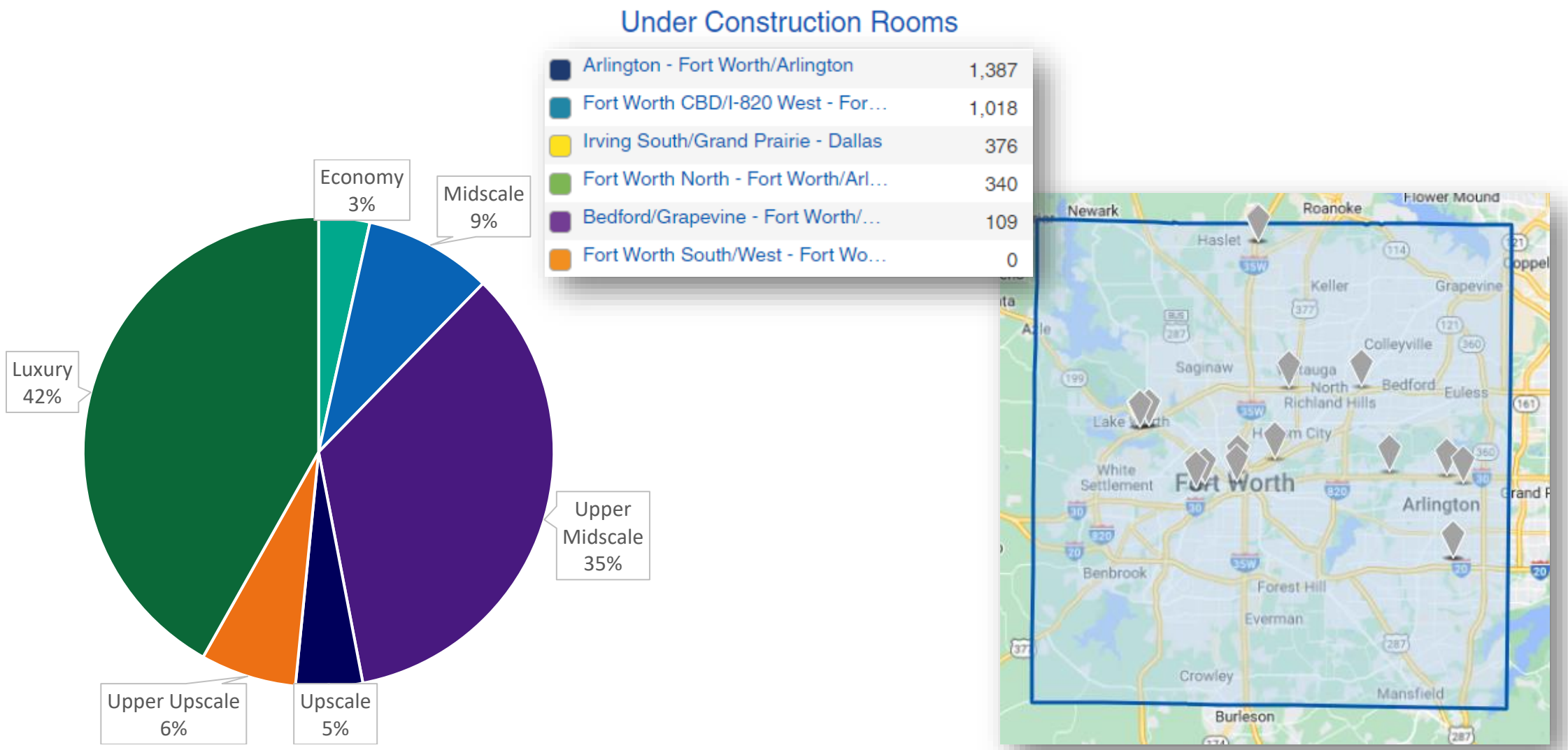
Select Submarkets, YTD Weekly Performance, Weekday vs Weekend



Size of the circles represent room inventory

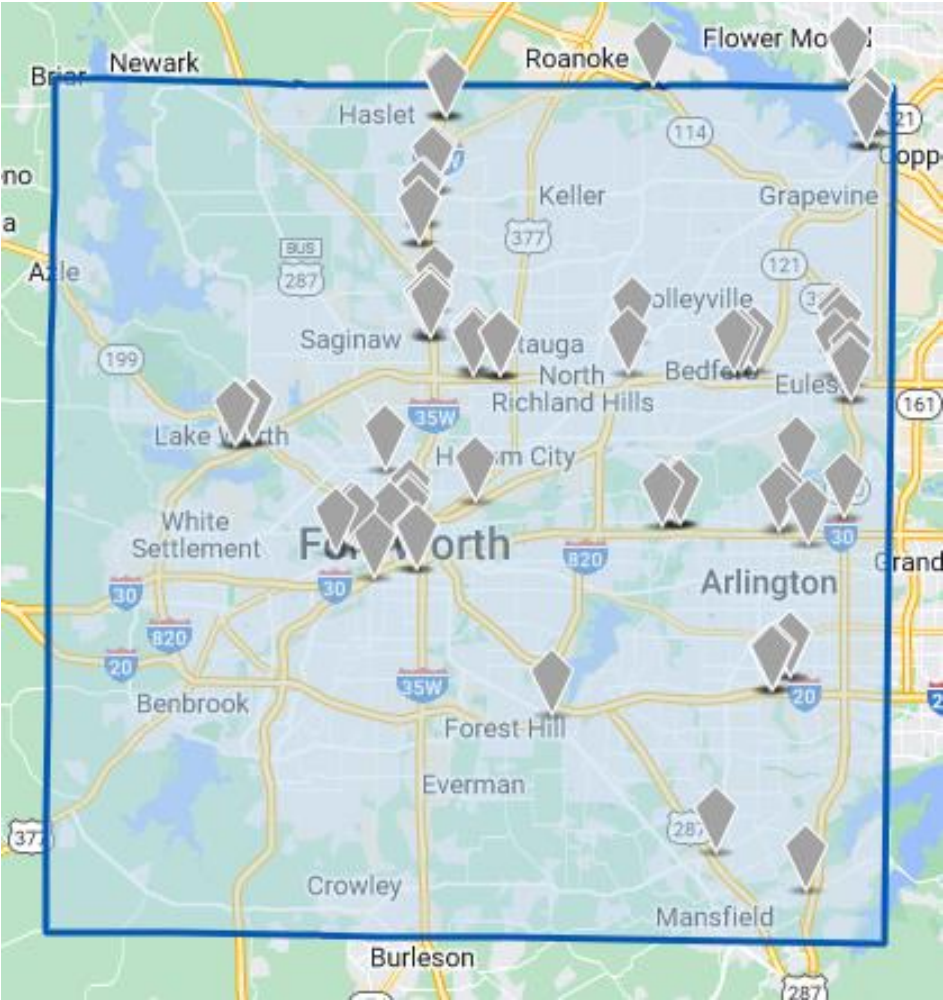
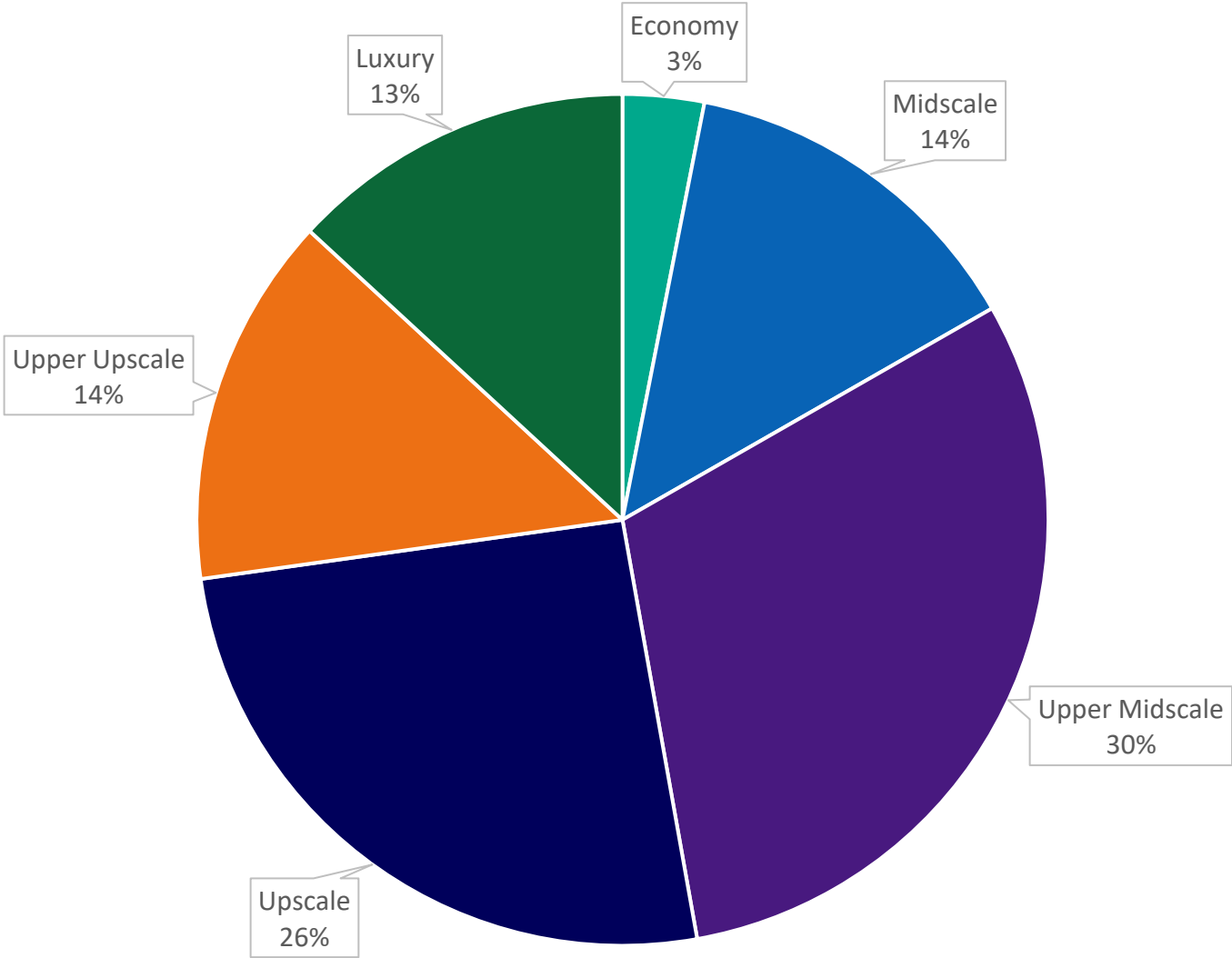
Nearly 3,000 Rooms In Construction in Tarrant County

Under Construction Summary, Tarrant County, July 2023

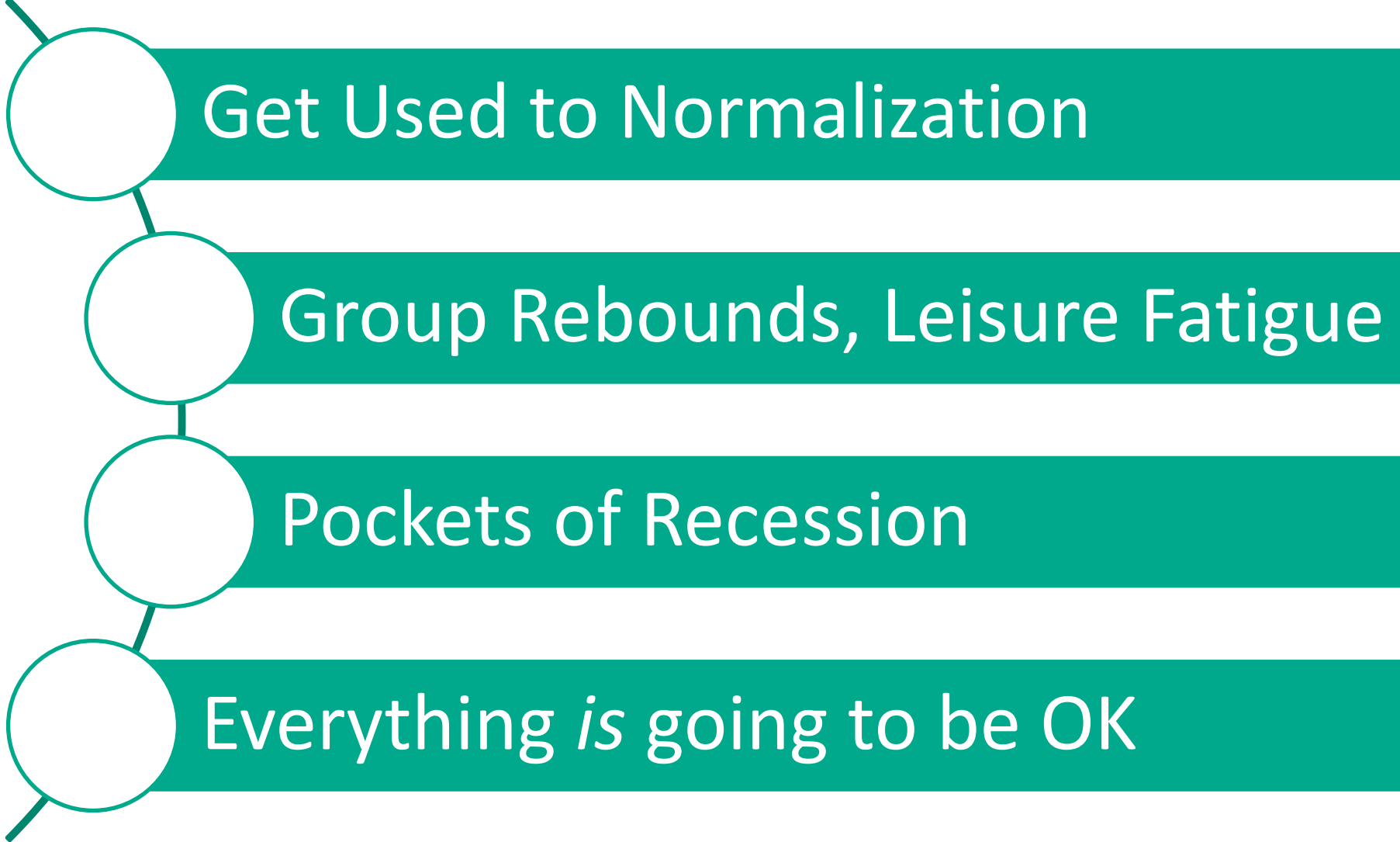


Total Pipeline Nearly 10,000 Rooms, Select Service Dominates

Total Pipeline by Class, Tarrant County, July 2023



Takeaways





Questions?

Thank you!

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