



Hotel Industry Update

Fort Worth, TX

August 15th, 2024





\$5B invested in research and technology	36 years of experience	5,800 team members
192K CoStar users	29 brands	2.4B visitors to our websites annually

The most comprehensive commercial real estate data.

The most influential network of CRE professionals.



STR is the leader in data benchmarking, analytics and marketplace insights for the global hospitality industry.

39 years of partnership with the industry	82K+ participating hotels around the world
10.7M Rooms in our global sample	78% of branded rooms globally



RevPAR softened in June after a strong showing in May

Total U.S., June 2024

	Actual	2019 % Chg.	YOY % Chg.
Room Supply	169.9m	3.3%	0.5%
Room Demand	118.3m	-1.7%	0.4%
Occupancy	69.6%	-4.8%	-0.0%
ADR	\$161.30	20.0%	1.5%
RevPAR	\$112.33	14.2%	1.5%
Room Revenue	\$19.1b	18.0%	2.0%

Overheard at HDC 2024



**Lowered Rate
Expectations,
Cautious Optimism**

Steady Demand

**Travelers
Trading Down?**

**Experiential
Travel**

**Pricing
Sensitivity**

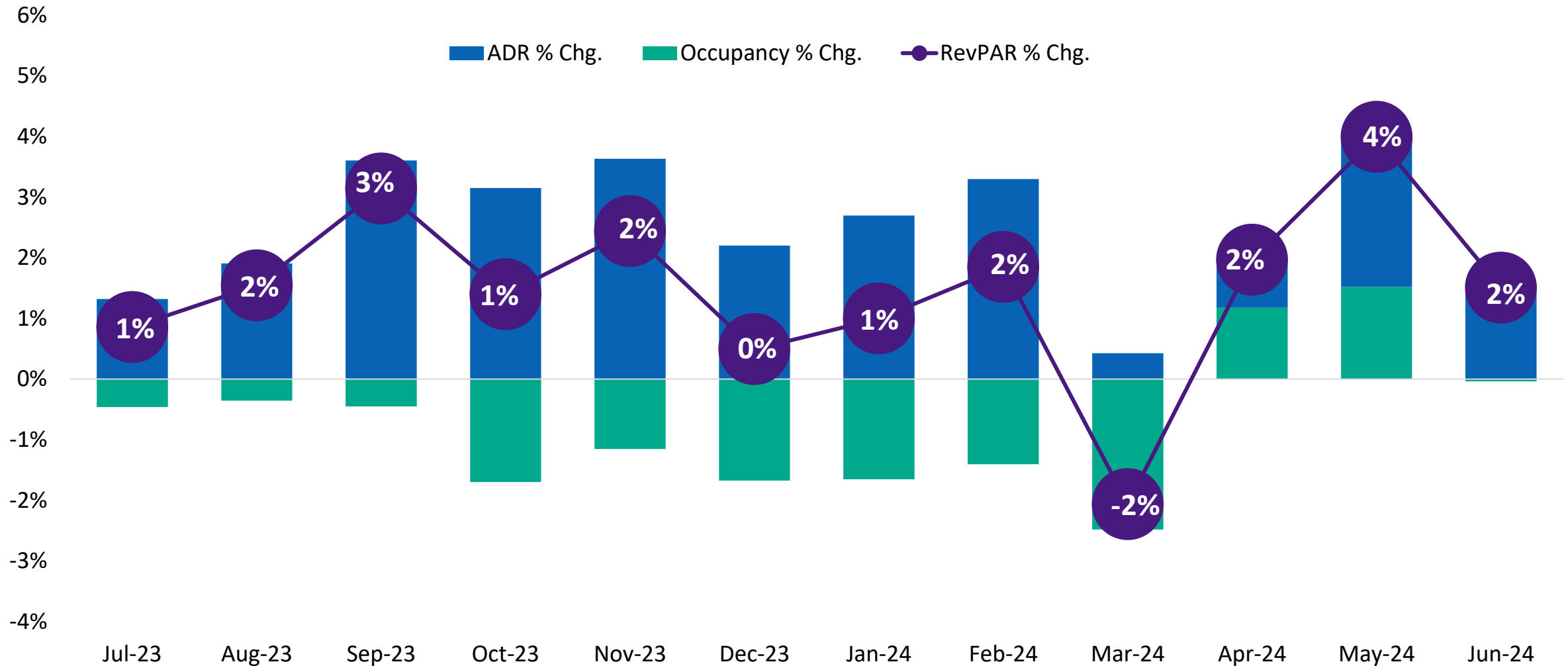
**Normalization
Bifurcation**

**Outbound Travel
Up**

AI Integration

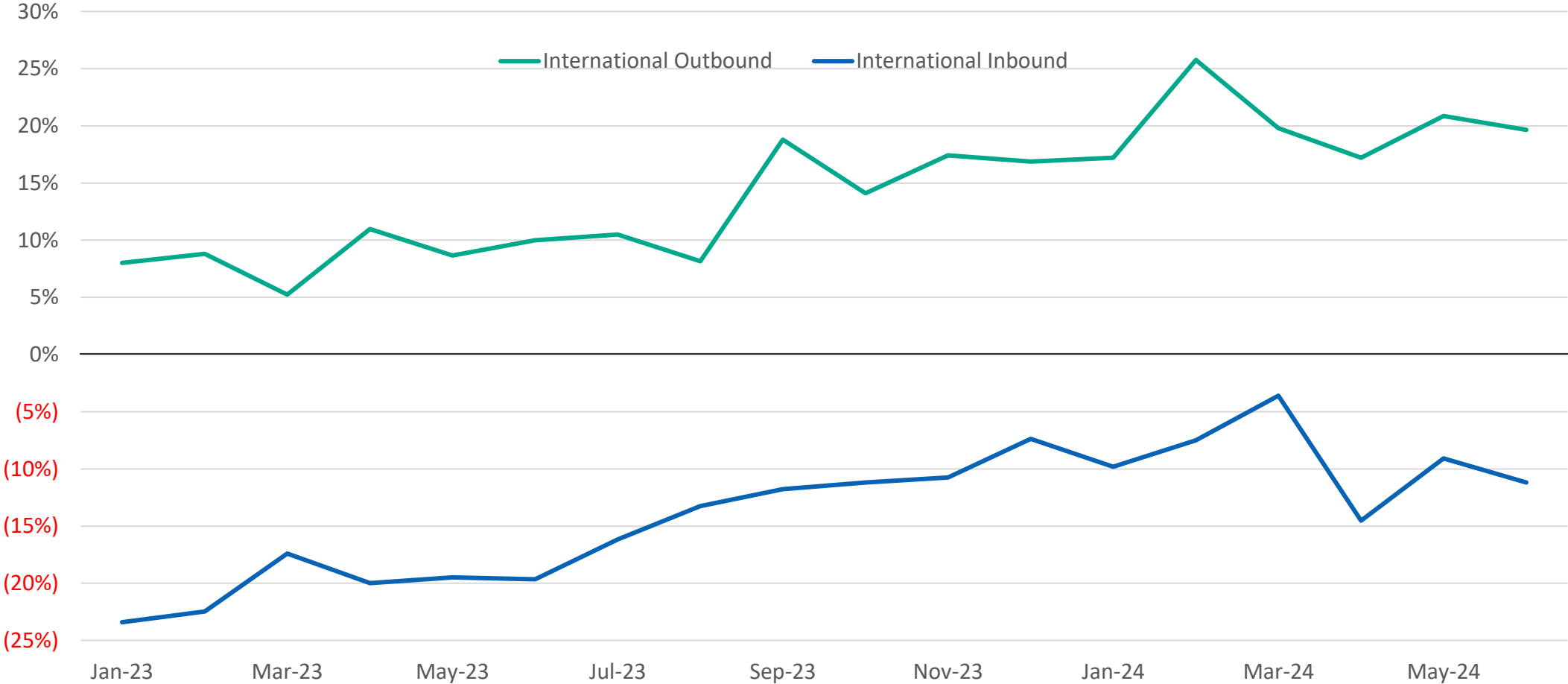
RevPAR slowed in June

U.S., KPI % change YoY, July 2023 – June 2024



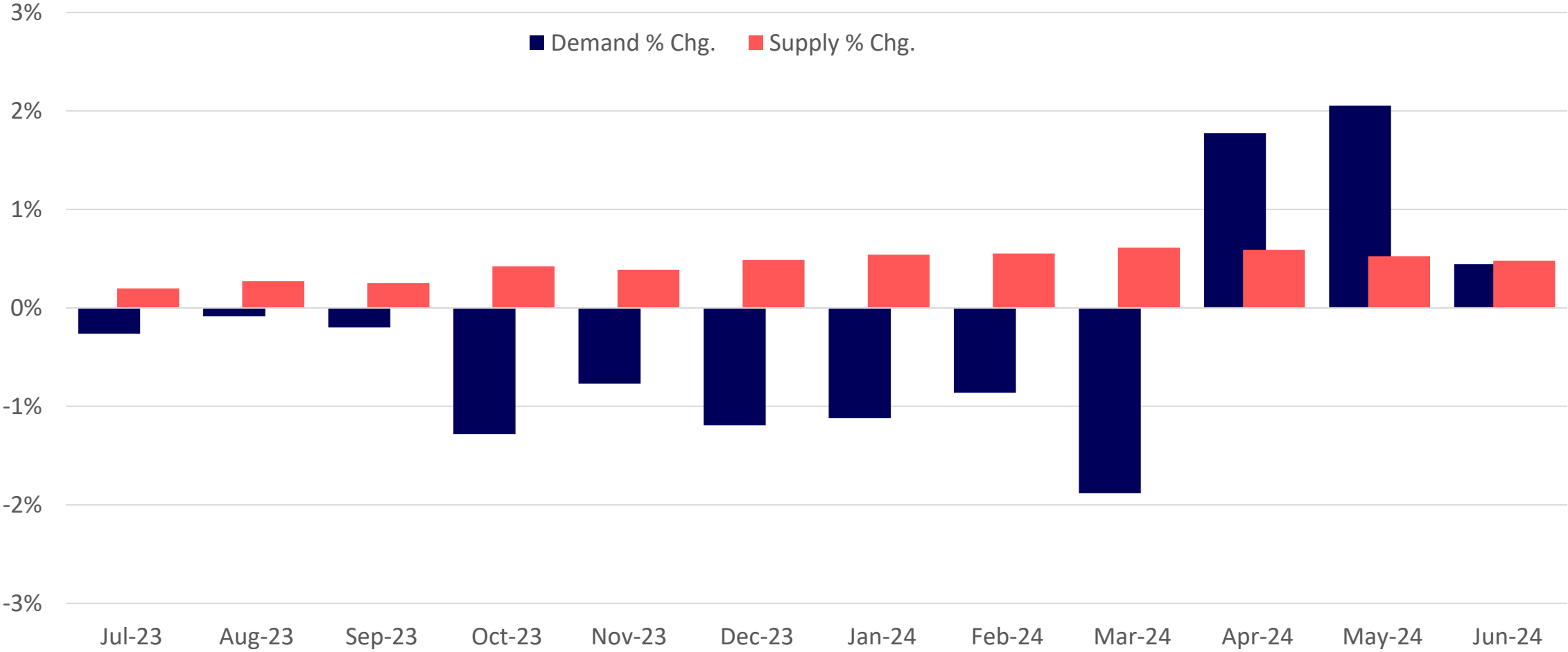
Outbound international travel continues to outpace inbound

U.S. international inbound/outbound change indexed to 2019



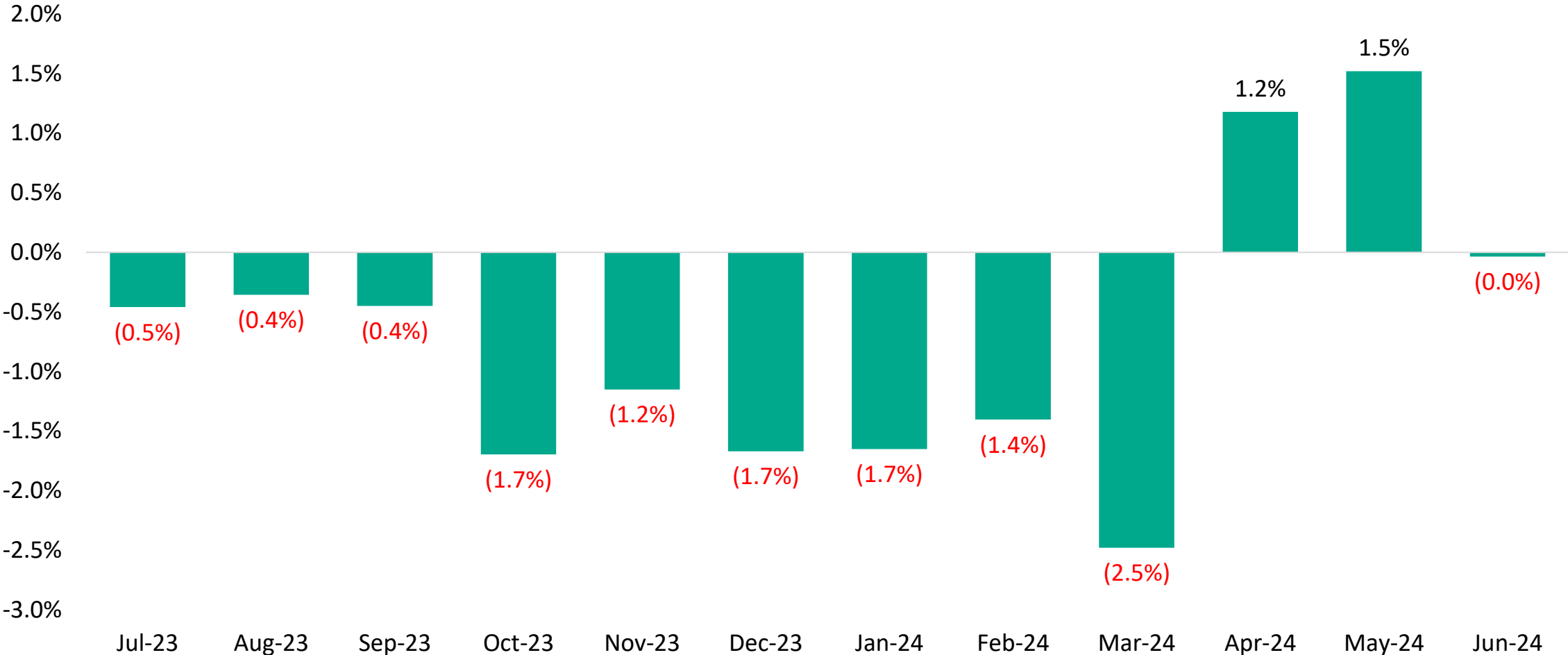
Weak RevPAR growth due to flat demand growth

Total U.S., Demand % change. July 2023 – June 2024



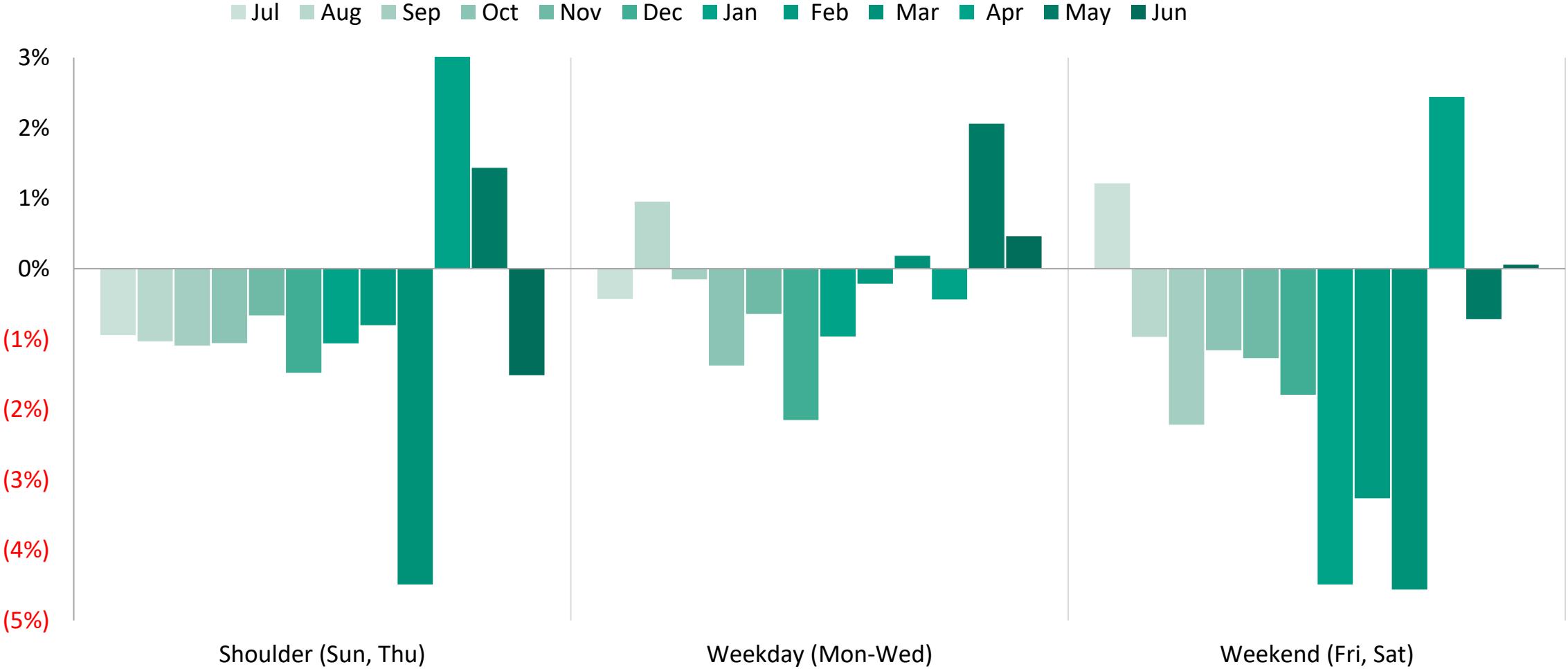
Occupancy decelerated after two months of growth

U.S., Occupancy % change YoY, July 2023 – June 2024



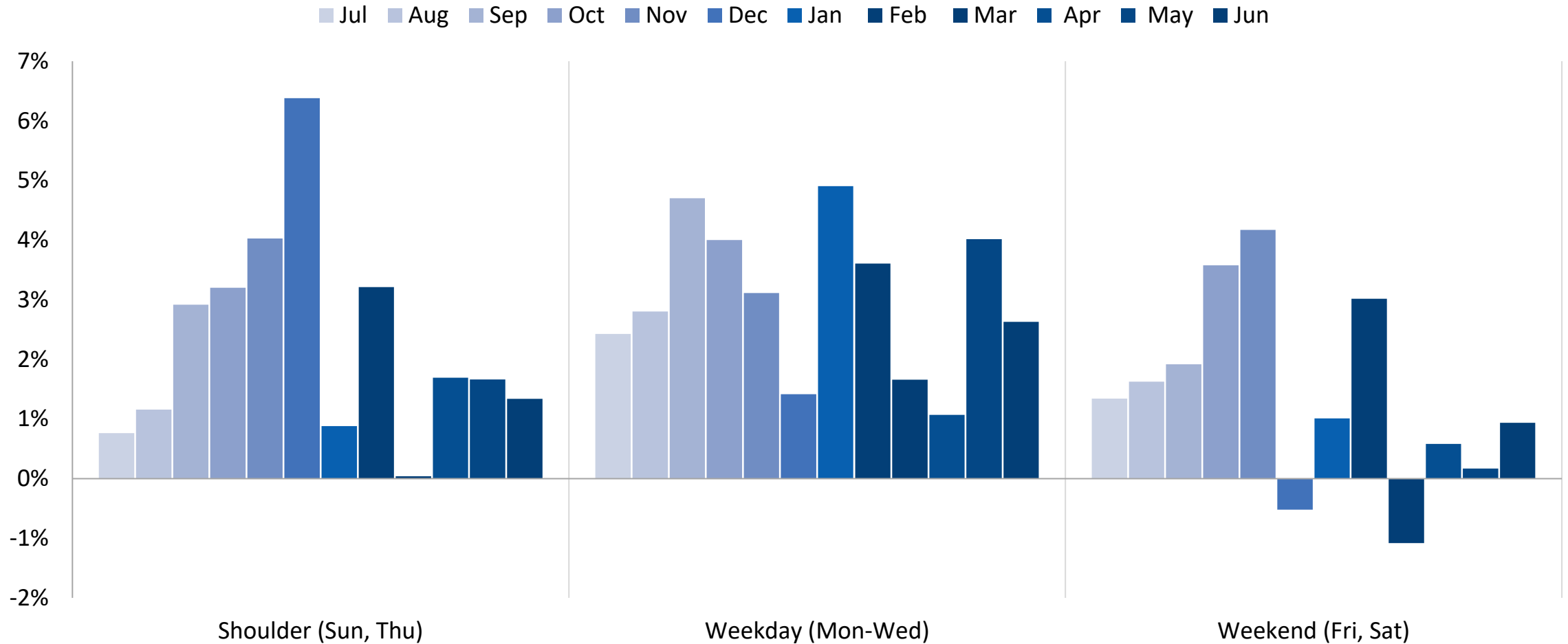
June shoulder days Occupancy dipped while weekdays improved

U.S., Occupancy % change YoY, July 2023 – June 2024



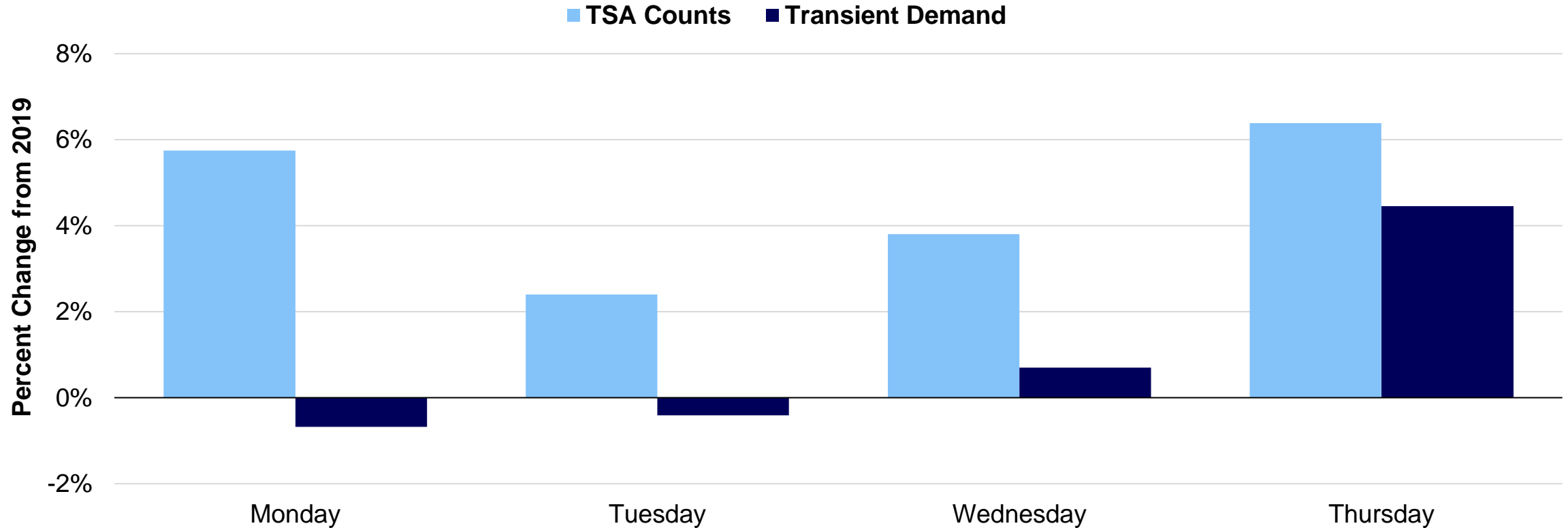
All Dayparts Recorded ADR Increases in June

U.S., ADR % change YOY, July 2023 - June 2024



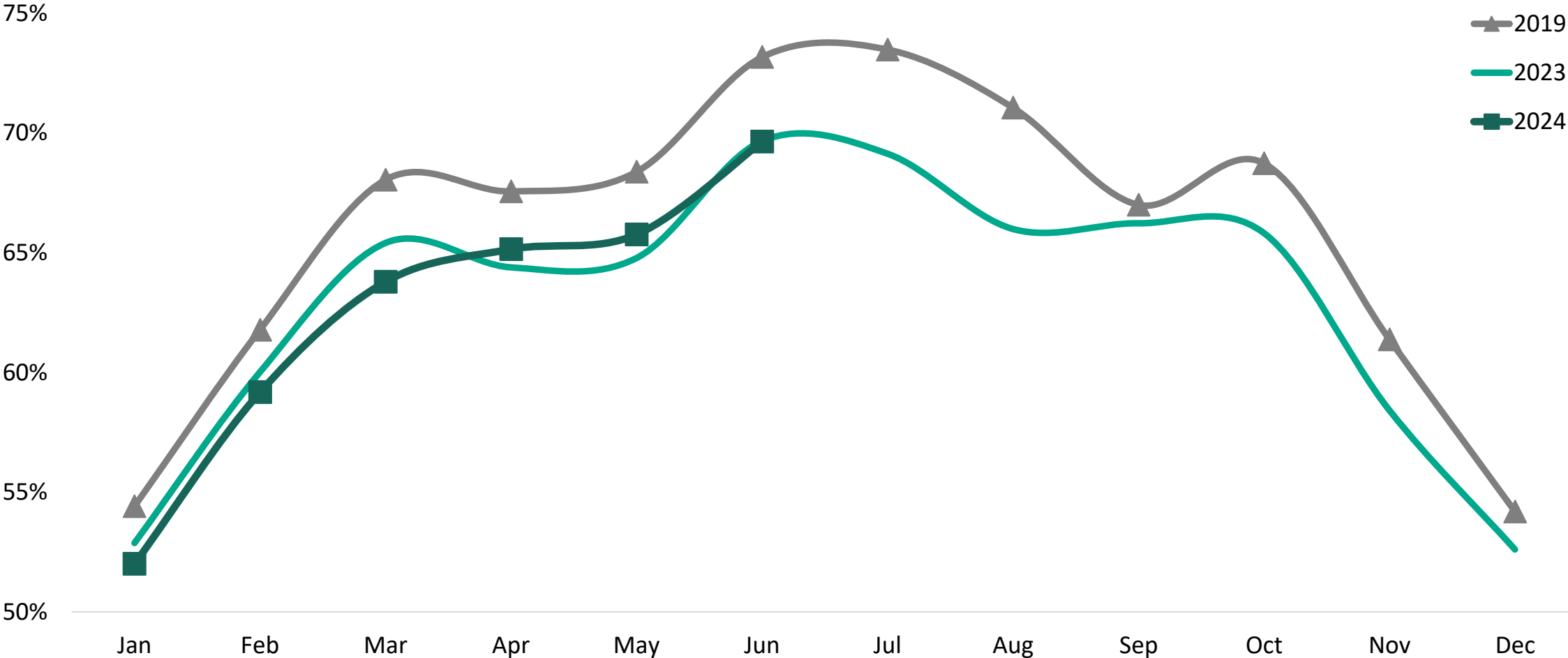
Does 2024 TSA Data Indicate New Midweek Travel Patterns?

TSA counts & transient demand, percent change, by day of week, Jan-June 2024 vs. 2019



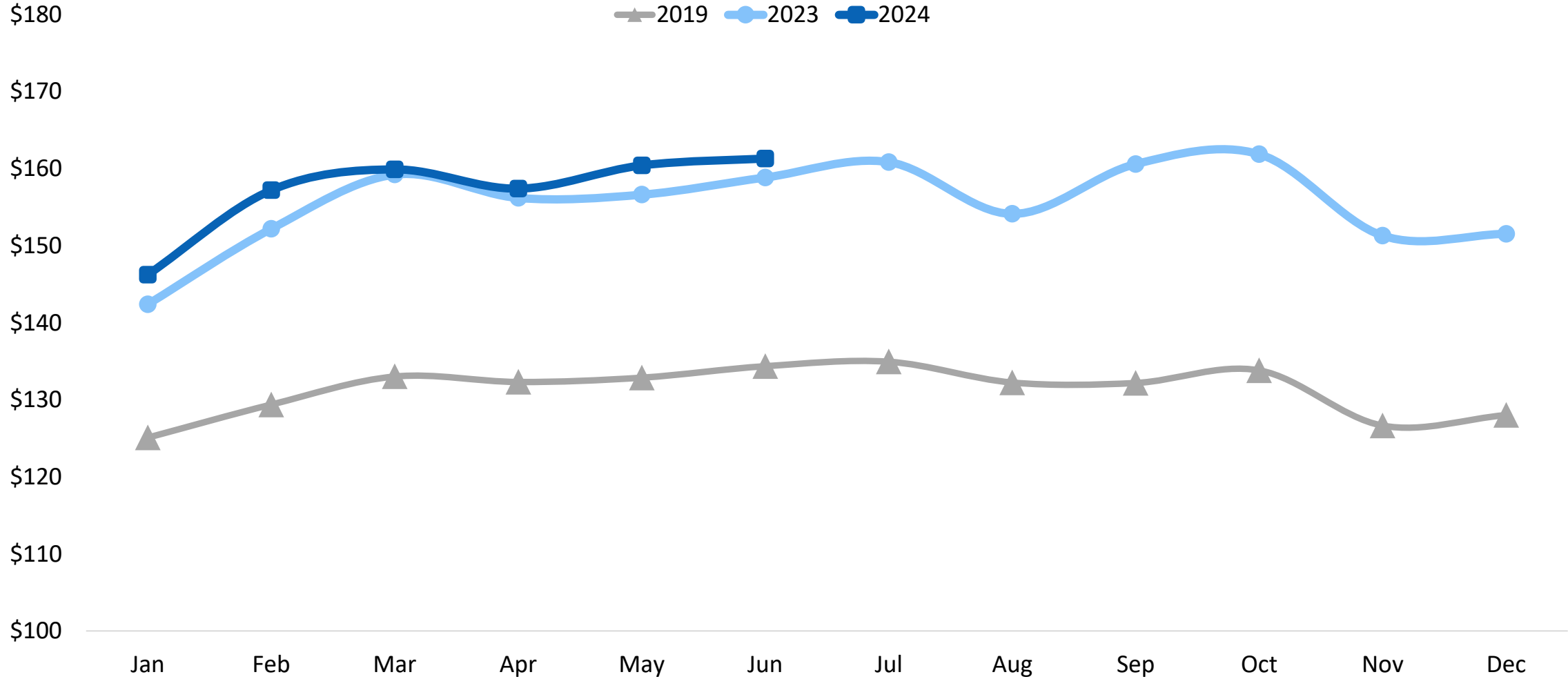
June 2024 Occupancy below 2019 level but matched 2023 level

Total U.S., monthly occupancy, 2019, 2023, 2024



ADR continues to be stronger than both 2019 and 2023 levels

Total U.S., monthly ADR, 2019, 2023, 2024



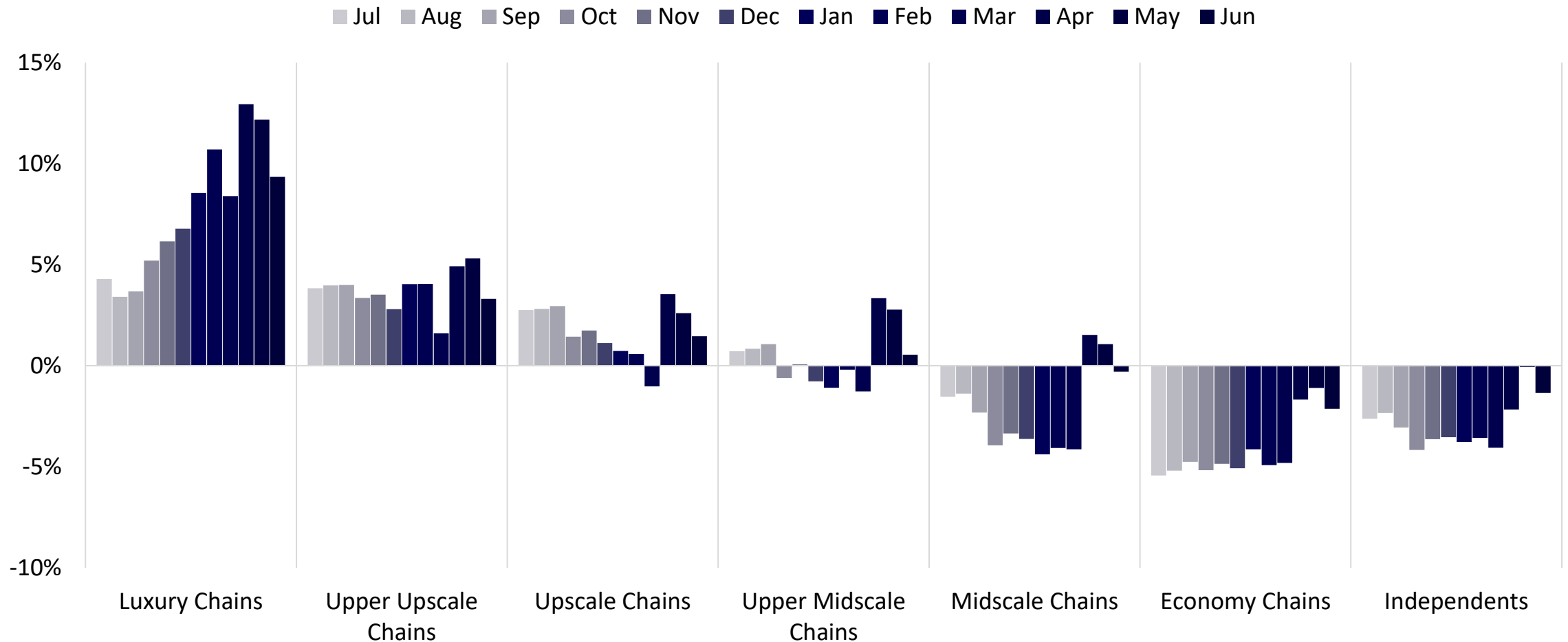


Chains



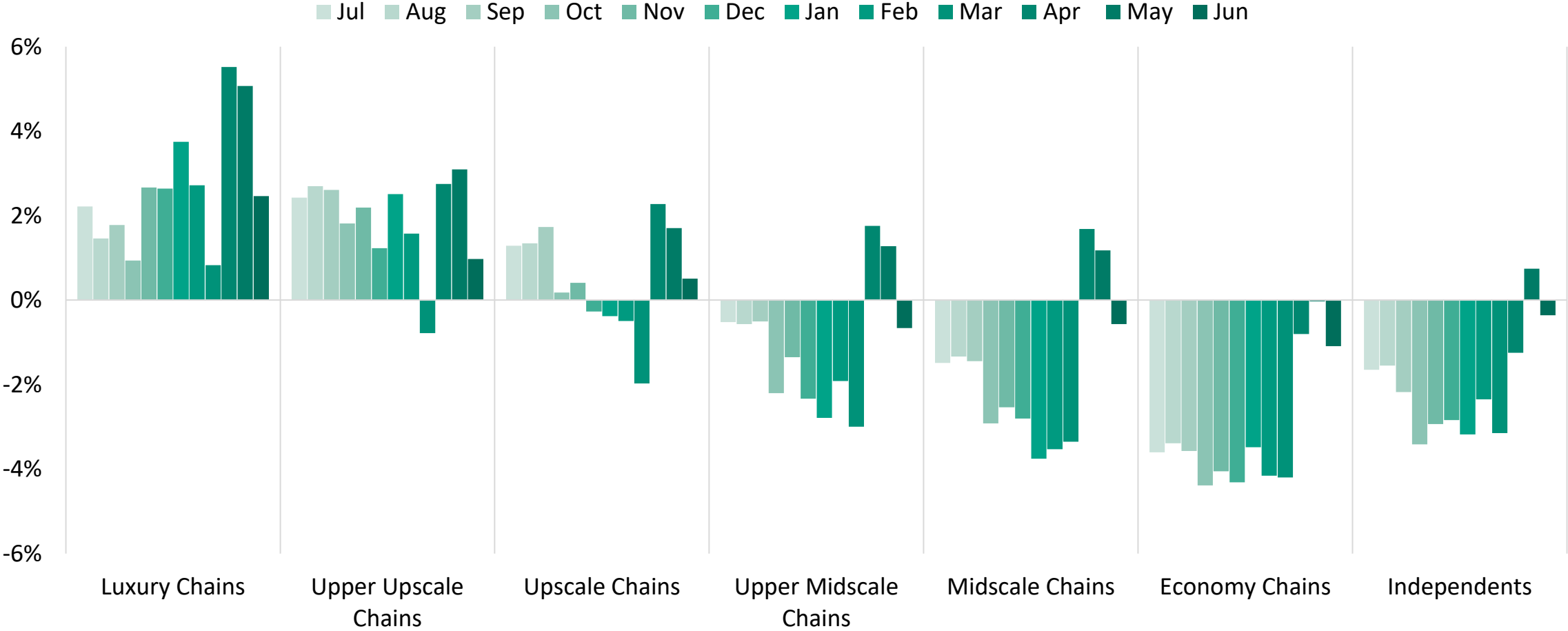
June demand up in top chains and down in lower ones

U.S., Demand, YoY % change, July 2023 – June 2024



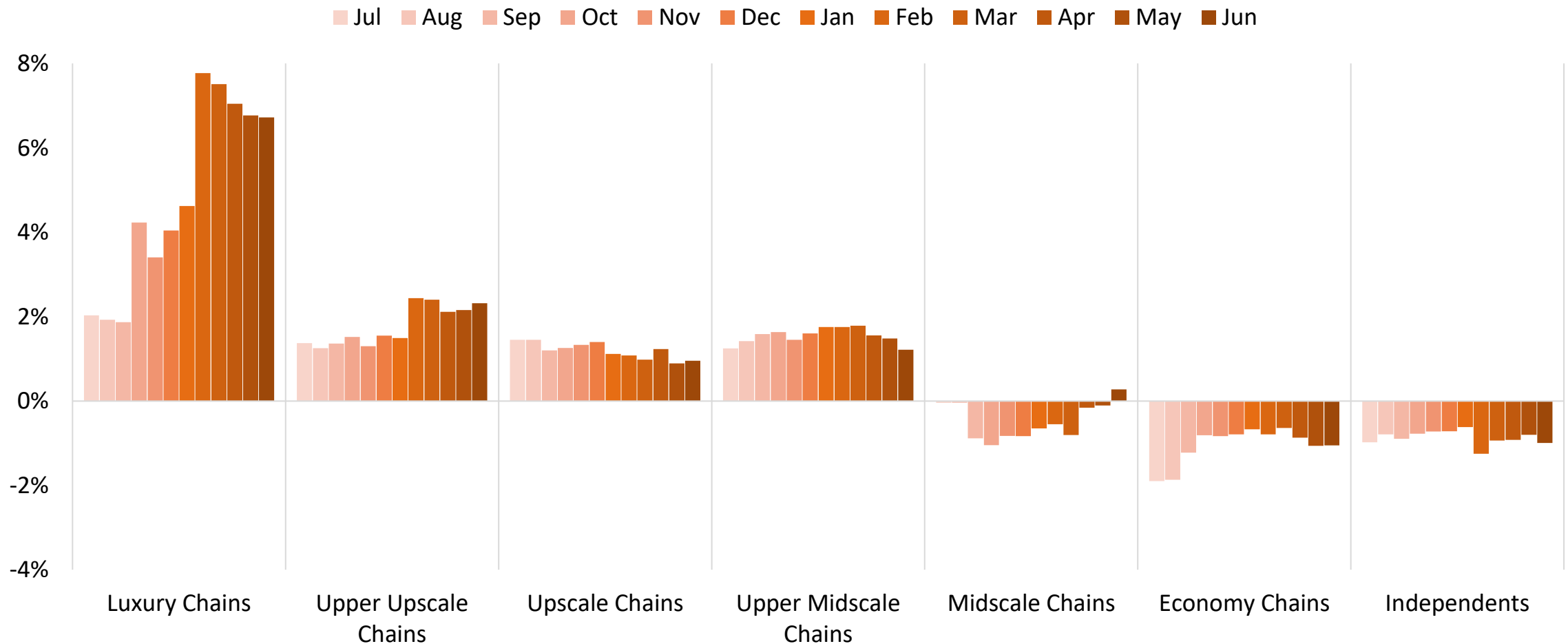
June occupancy growth reflects demand growth

U.S., Occupancy YoY % change, July 2023 – June 2024



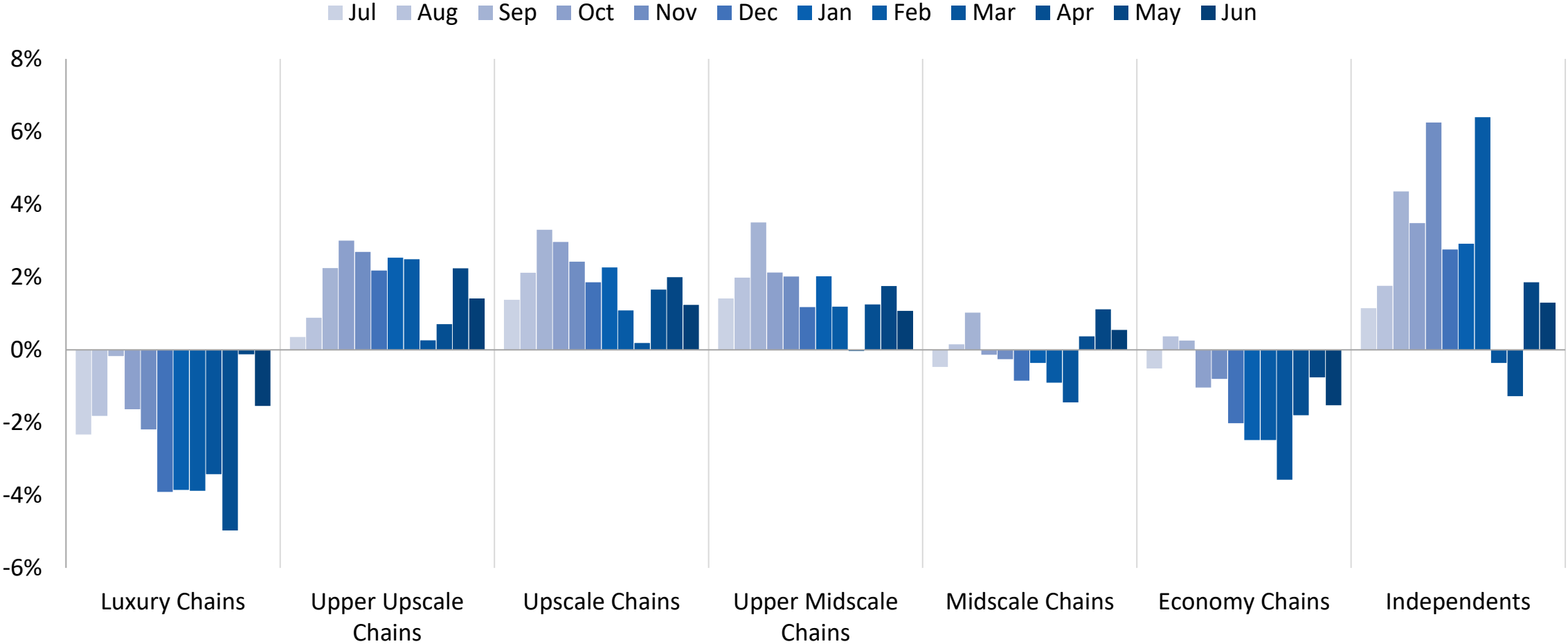
All chain scales increased supply in June except Economy

U.S., Supply, YoY % change, July 2023 – June 2024



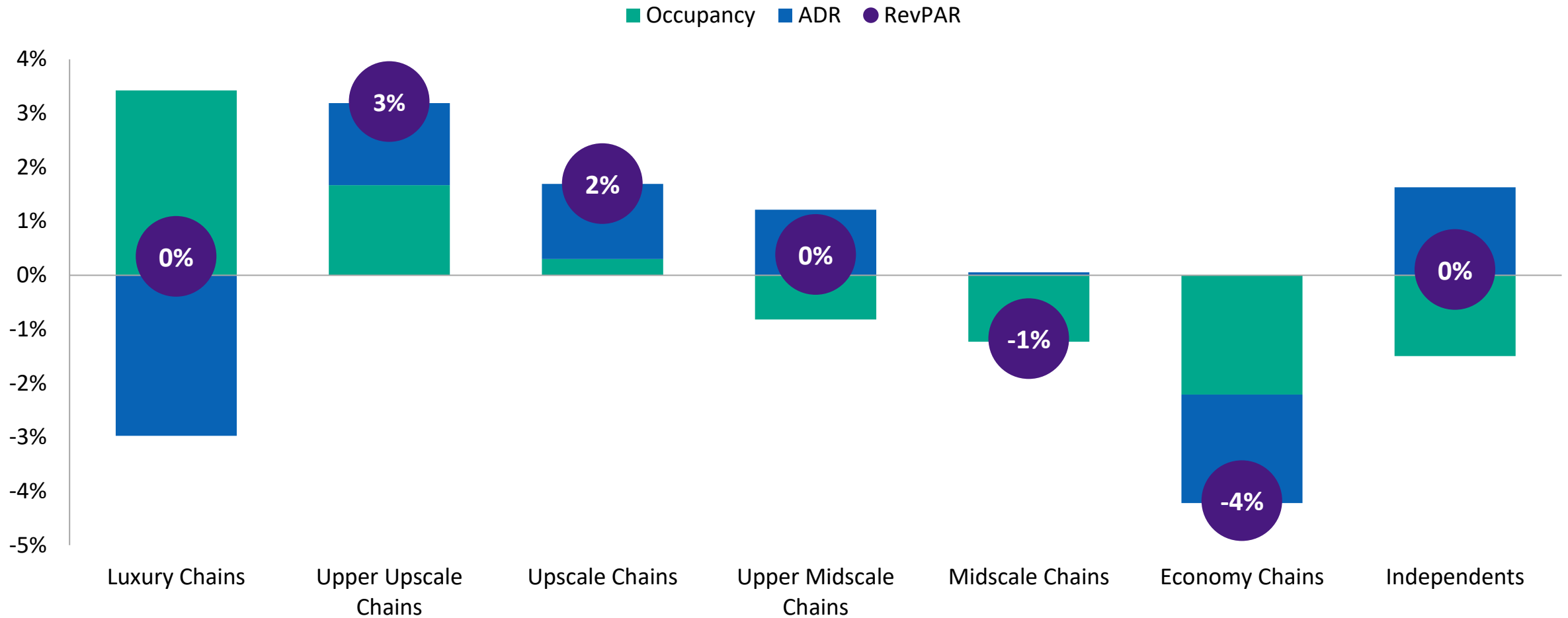
ADR in Upper Upscale through Midscale sustained decent gains

U.S., ADR YoY % change, July 2023 – June 2024



YTD June - Upper Upscale and Upscale post highest RevPAR

U.S., KPI % change. YoY, YTD June 2024



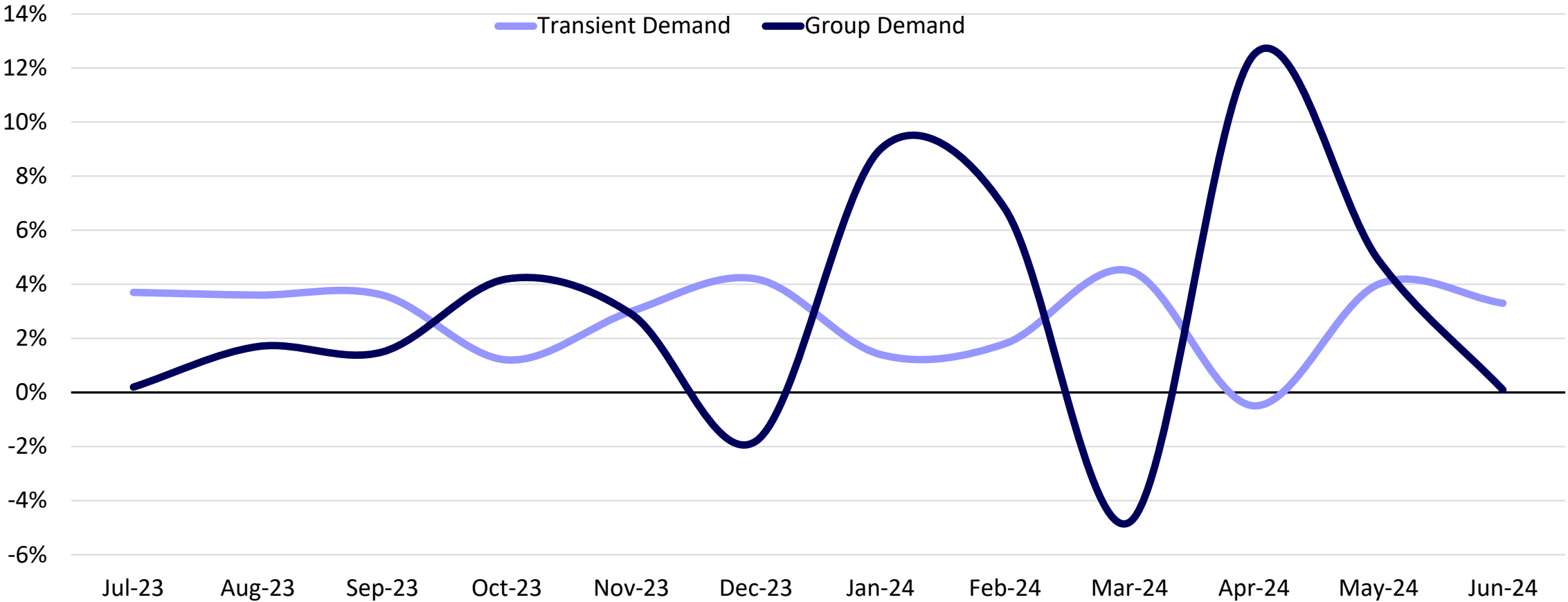


Segmentation



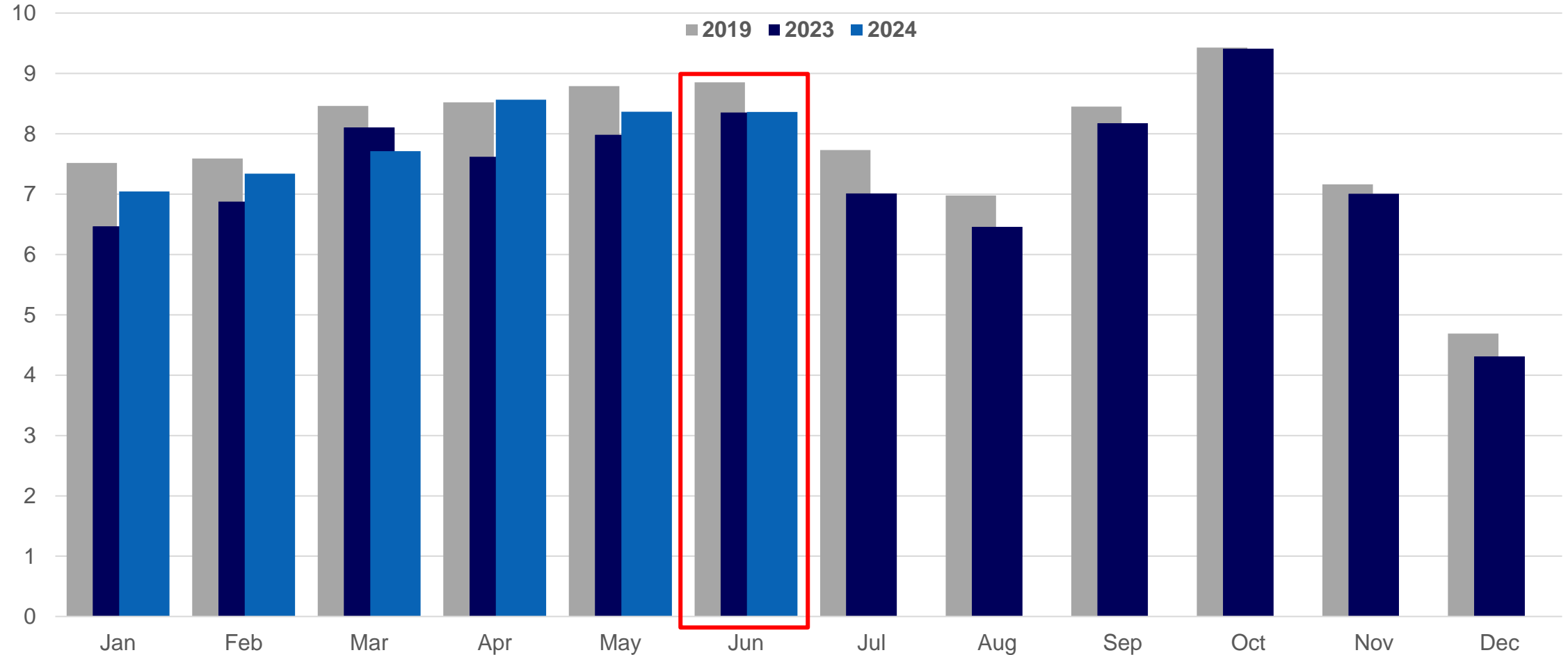
June's group demand decelerated faster than the transient

U.S., Luxury & Upper Upscale classes, demand % change YoY, July 2023 – June 2024



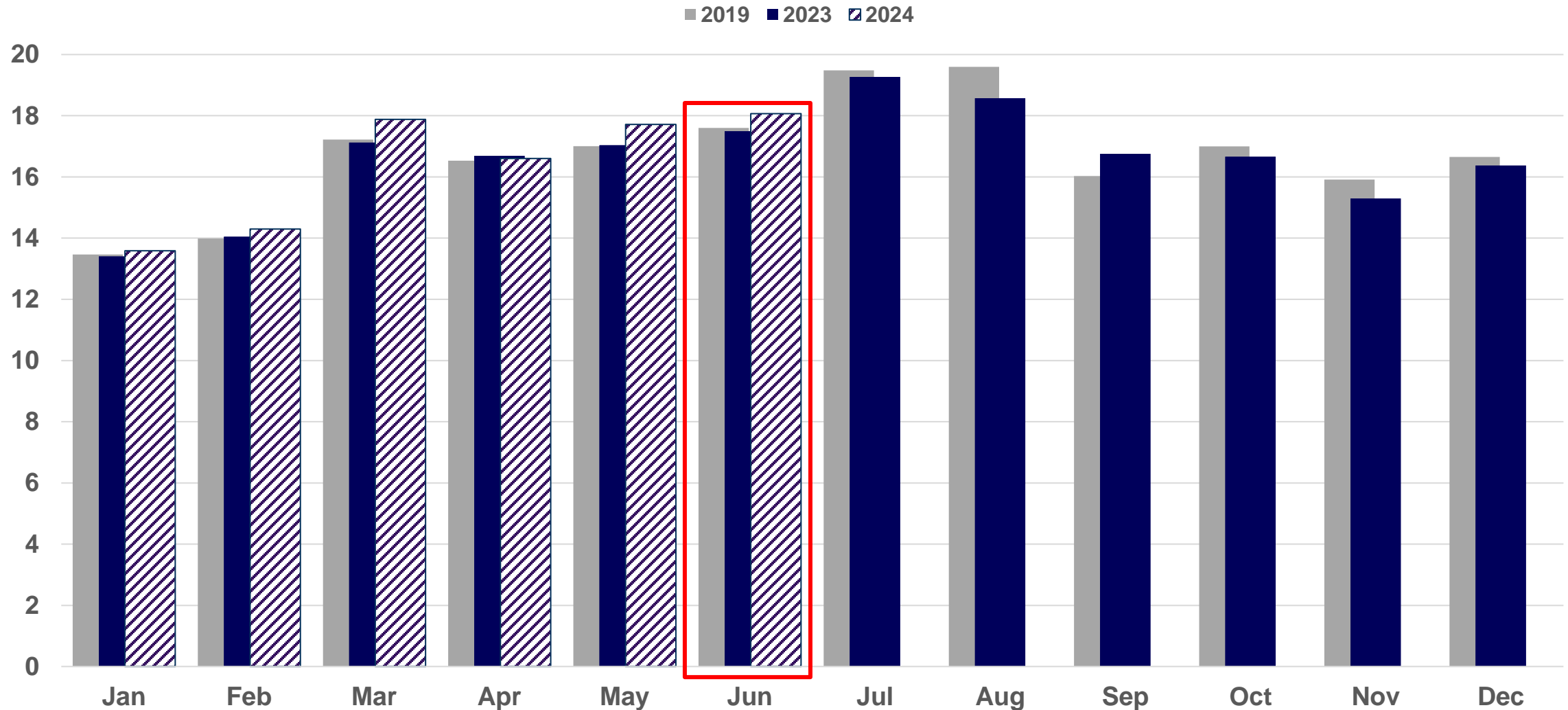
June Group Demand Matched 2023, Continues to Lag 2019

U.S. Luxury and Upper Upscale classes: group room demand (in millions)



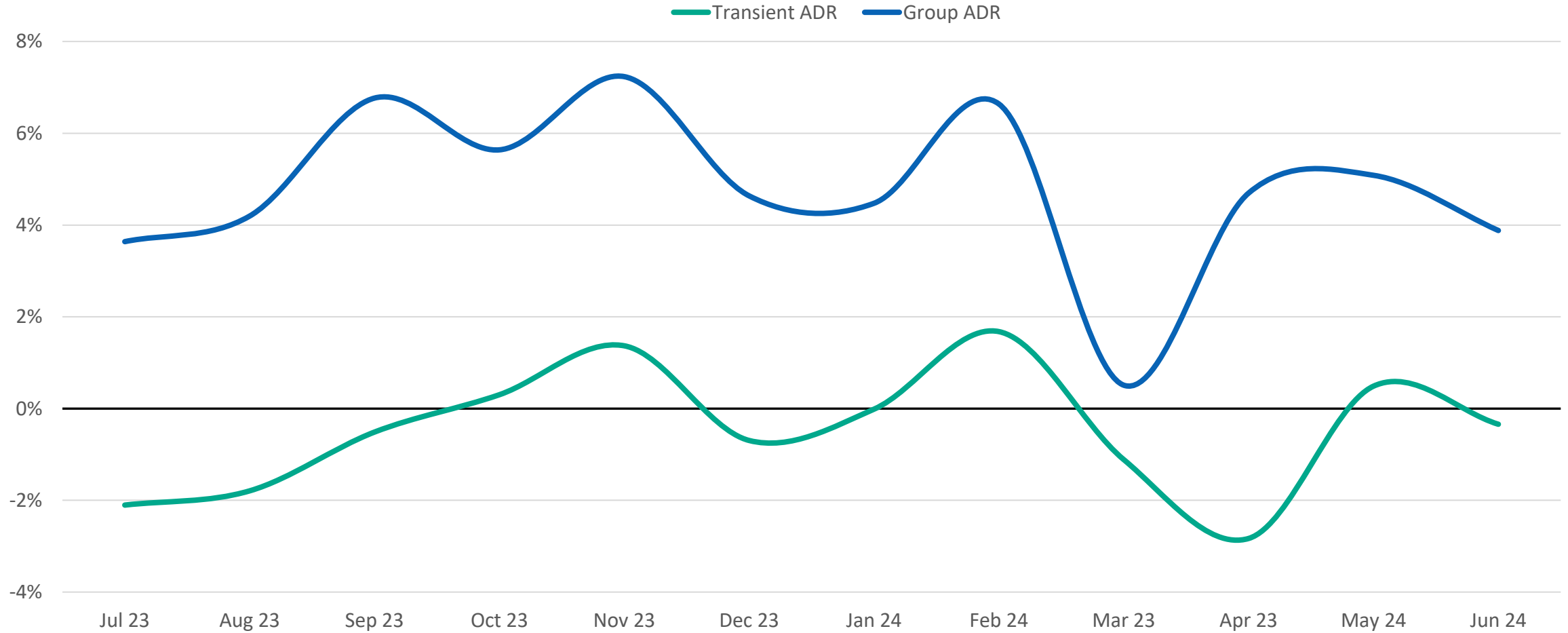
2024 June Transient Demand Exceeded both 2019, 2023 Levels

U.S. Luxury and Upper Upscale classes: transient room demand (in millions)



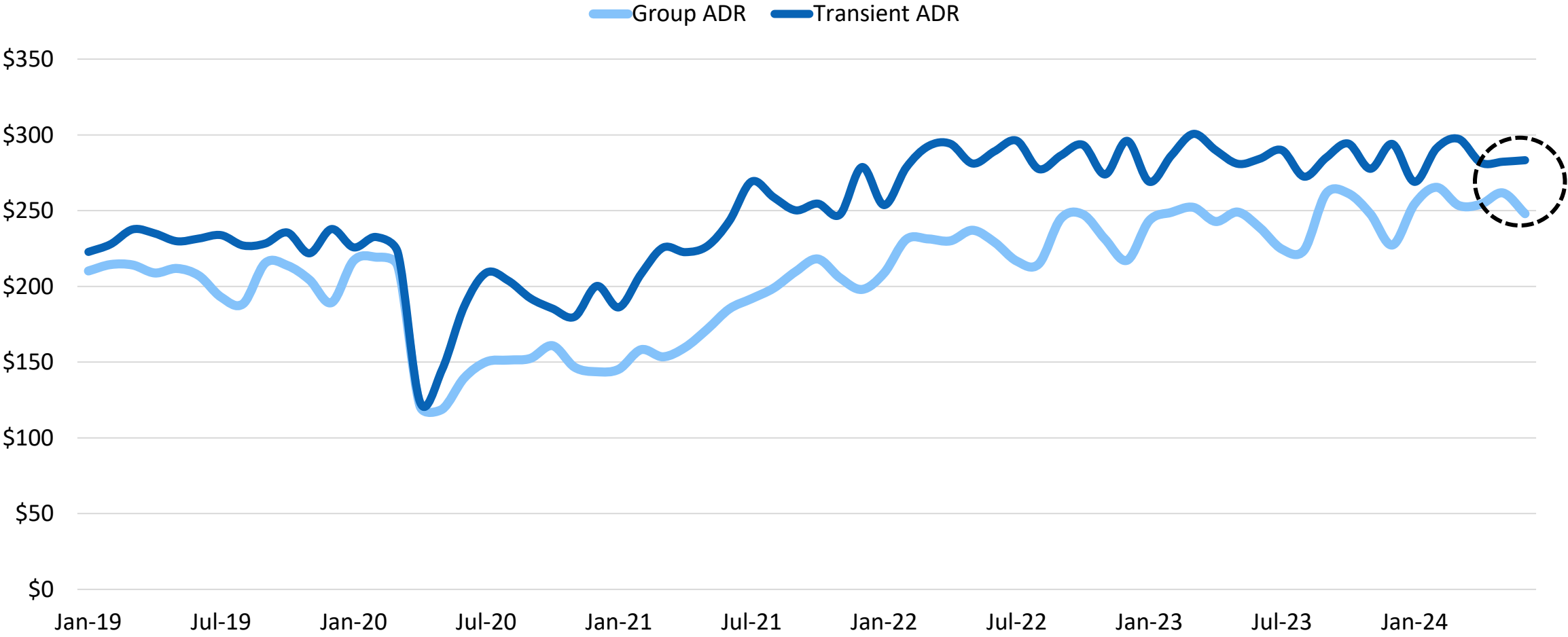
Group ADR continues to increase; Transient ADR stalled

U.S., Luxury & Upper Upscale classes, ADR % change YoY, July 2023 – June 2024



ADR gap between Transient and Group holds

U.S., Luxury & Upper Upscale classes, ADR, Jan 2019 – June 2024



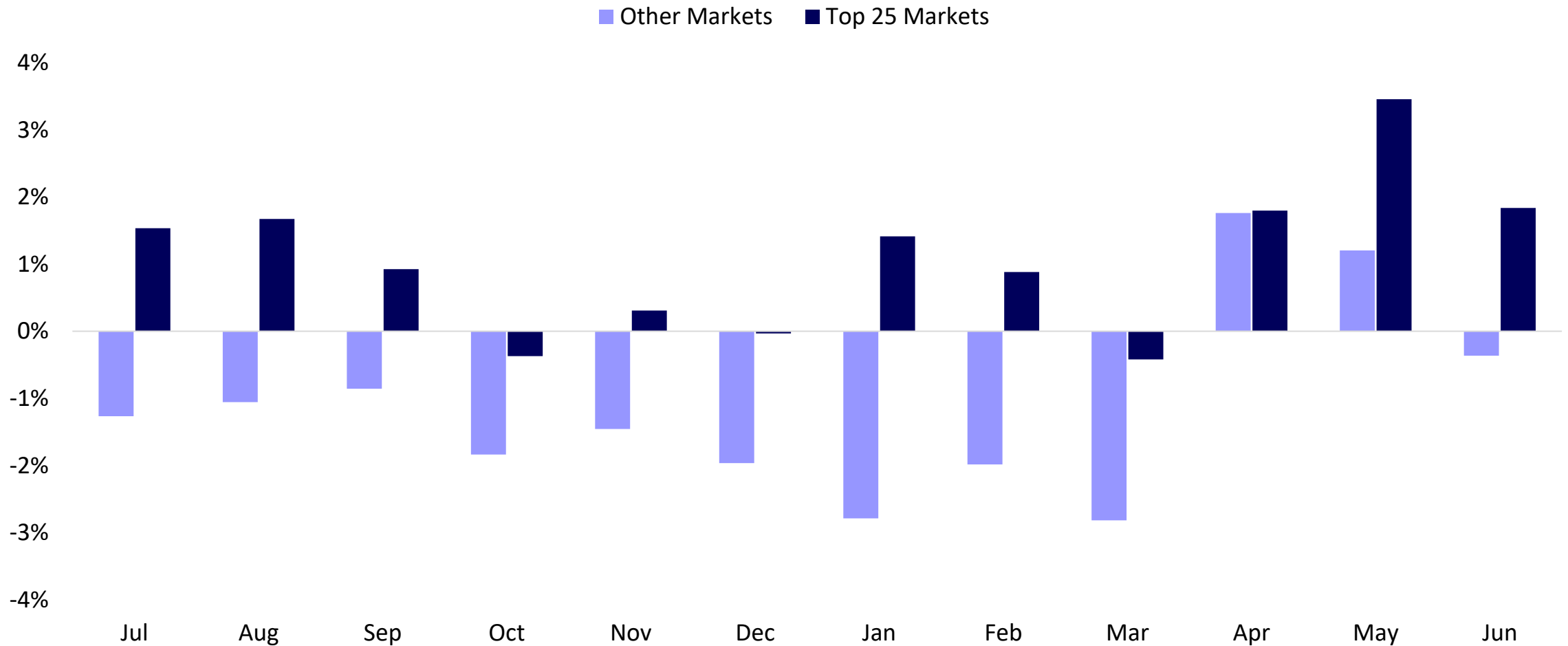


Markets



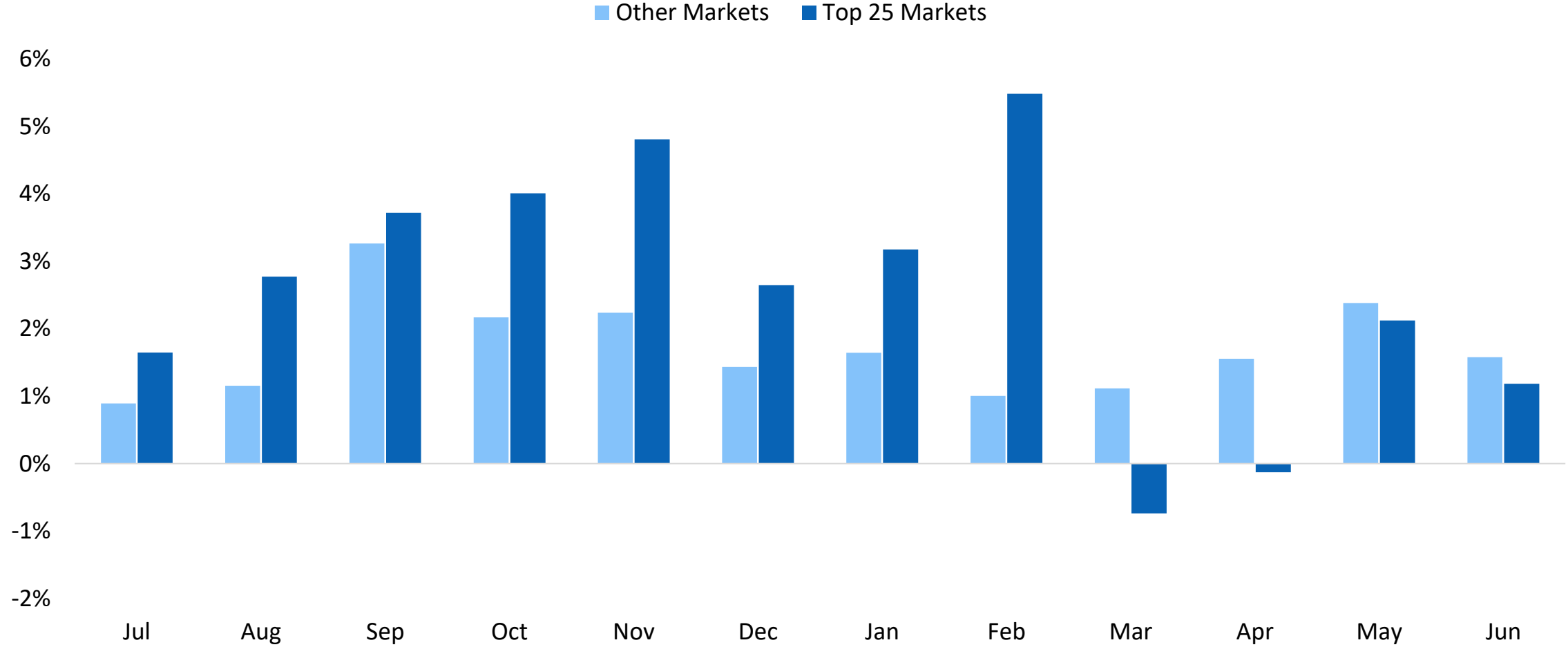
U.S. Top 25 Market demand outpaced the rest of the country

U.S., Demand, YoY % change, July 2023 – June 2024



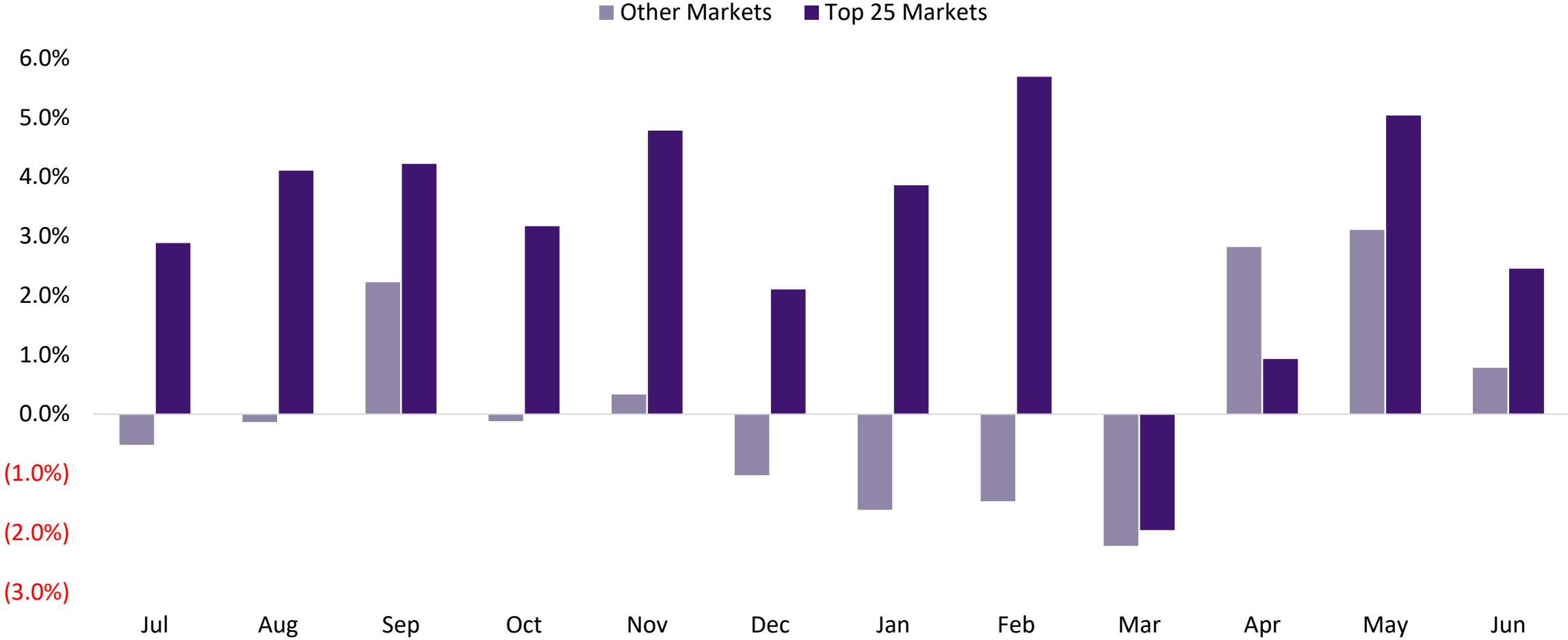
Top 25 Markets ADR growth lagged the rest for 4th month running

U.S., ADR, YoY % change, July 2023 - June 2024



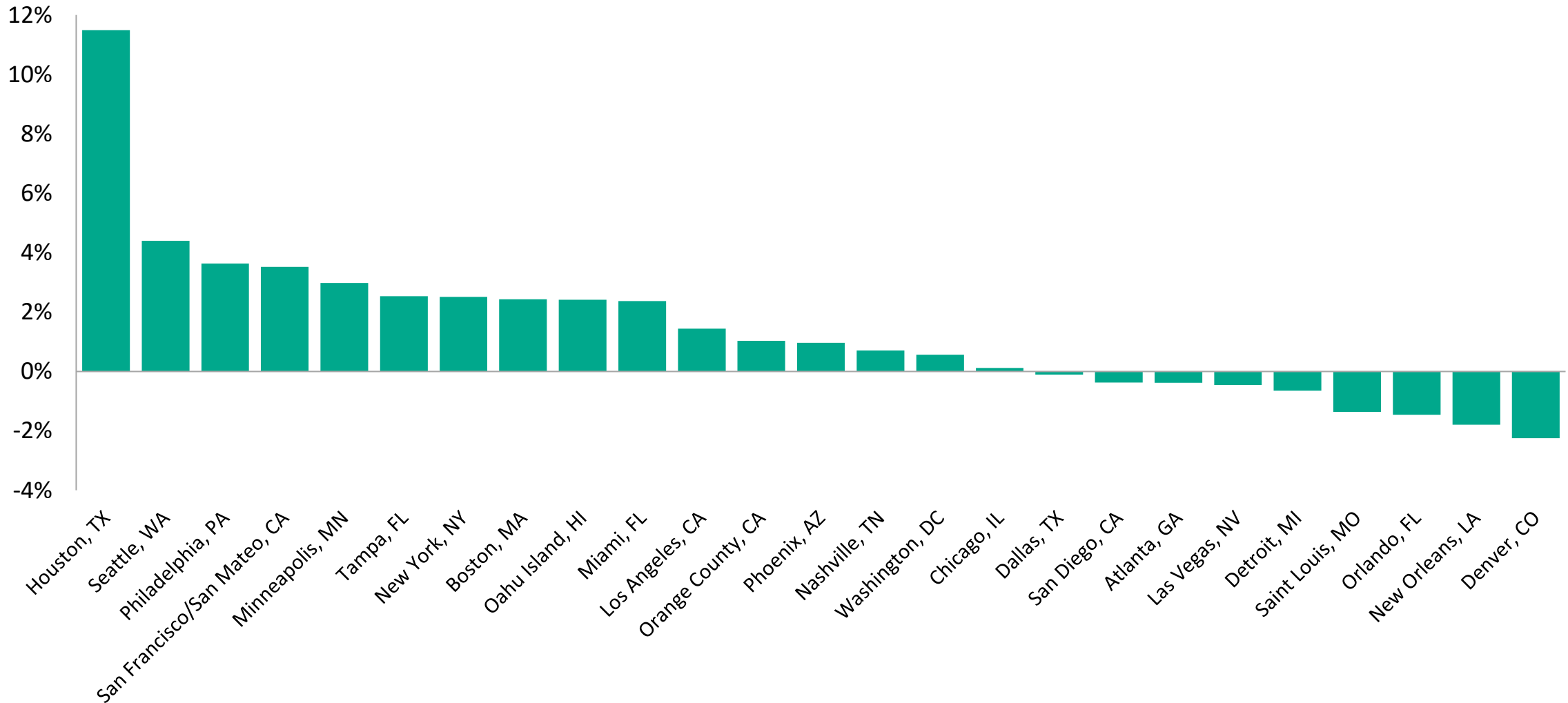
Top 25 Markets RevPAR grew faster than other markets

U.S., RevPAR, YoY % change, July 2023 - June 2024



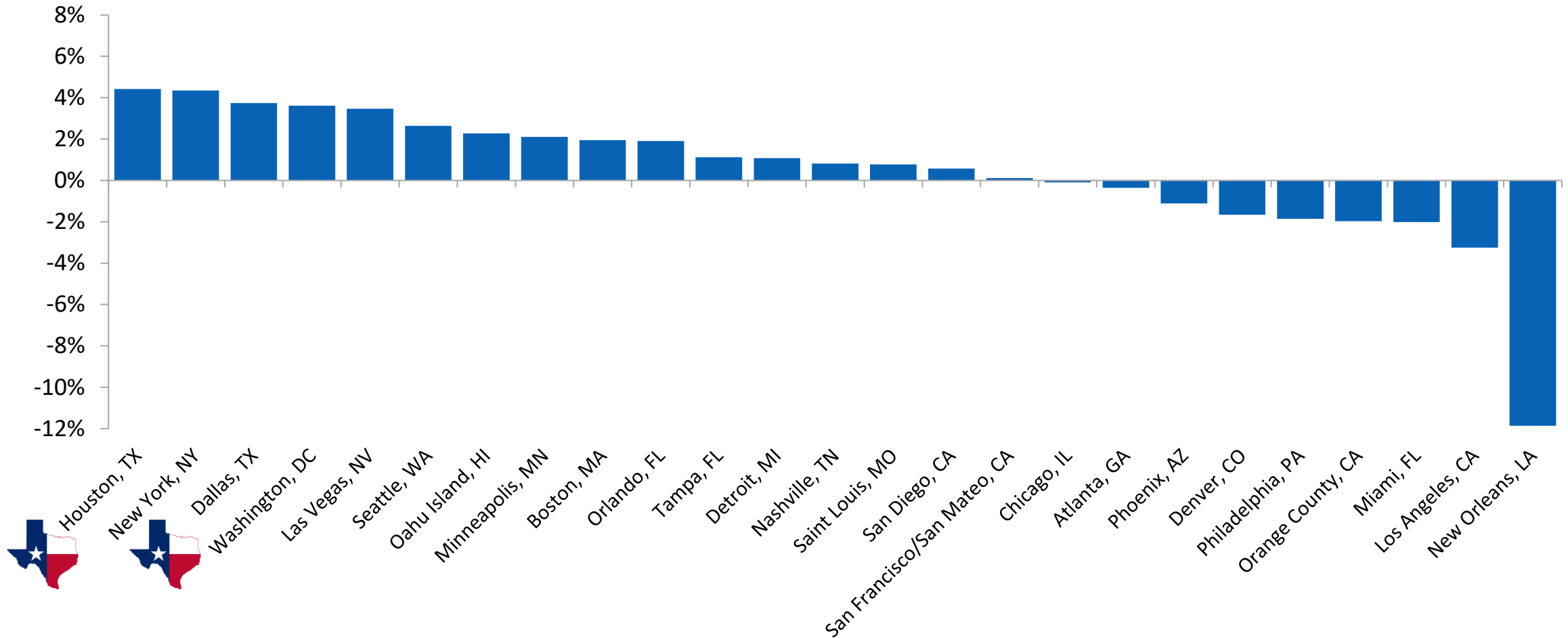
Houston and Seattle topped the Top 25 Markets in Occupancy

Top 25 Markets, occupancy YoY % change, June 2024



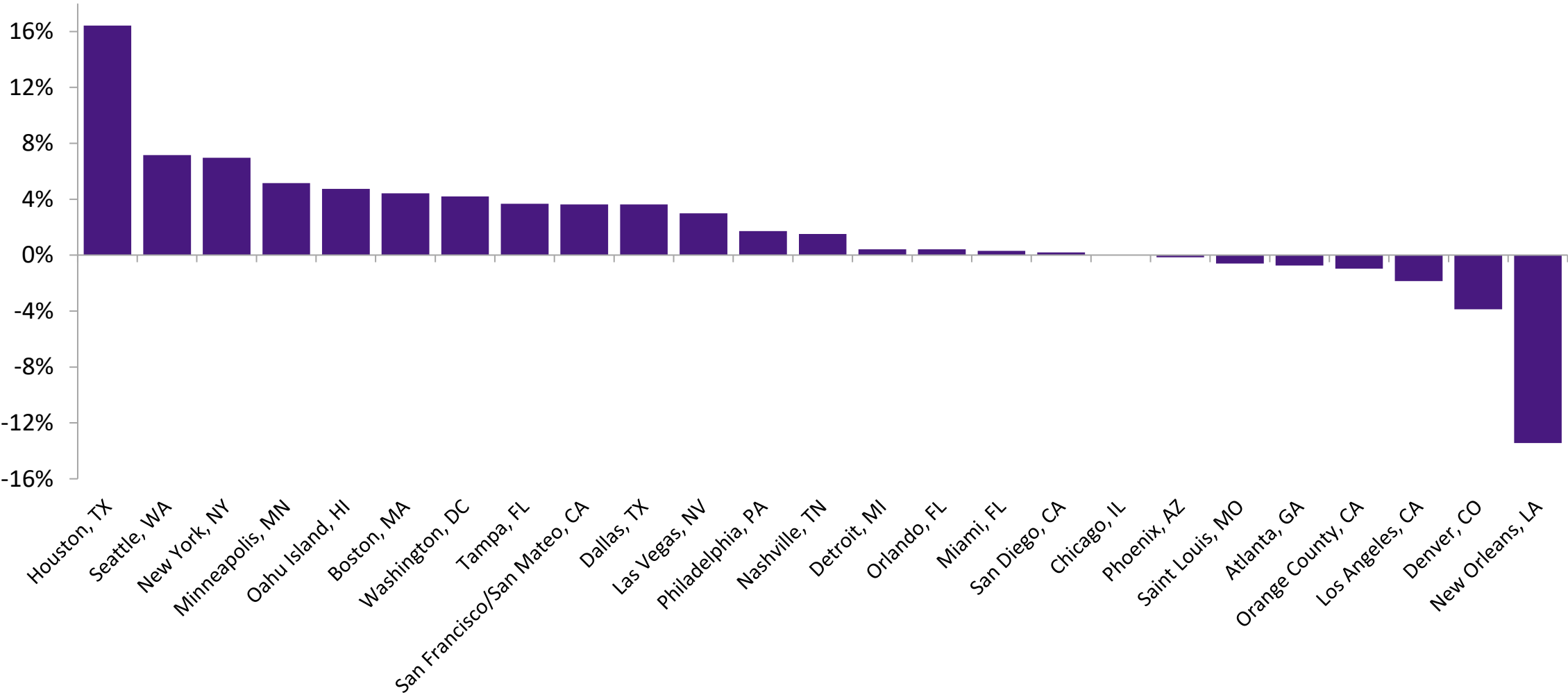
Houston and New York Led the Top 25 in ADR Growth

Top 25 Markets, ADR YoY % change, June 2024



Top 25 Markets RevPAR growth followed ADR patterns

Top 25 Markets, RevPAR YoY % change, June 2024





Pipeline



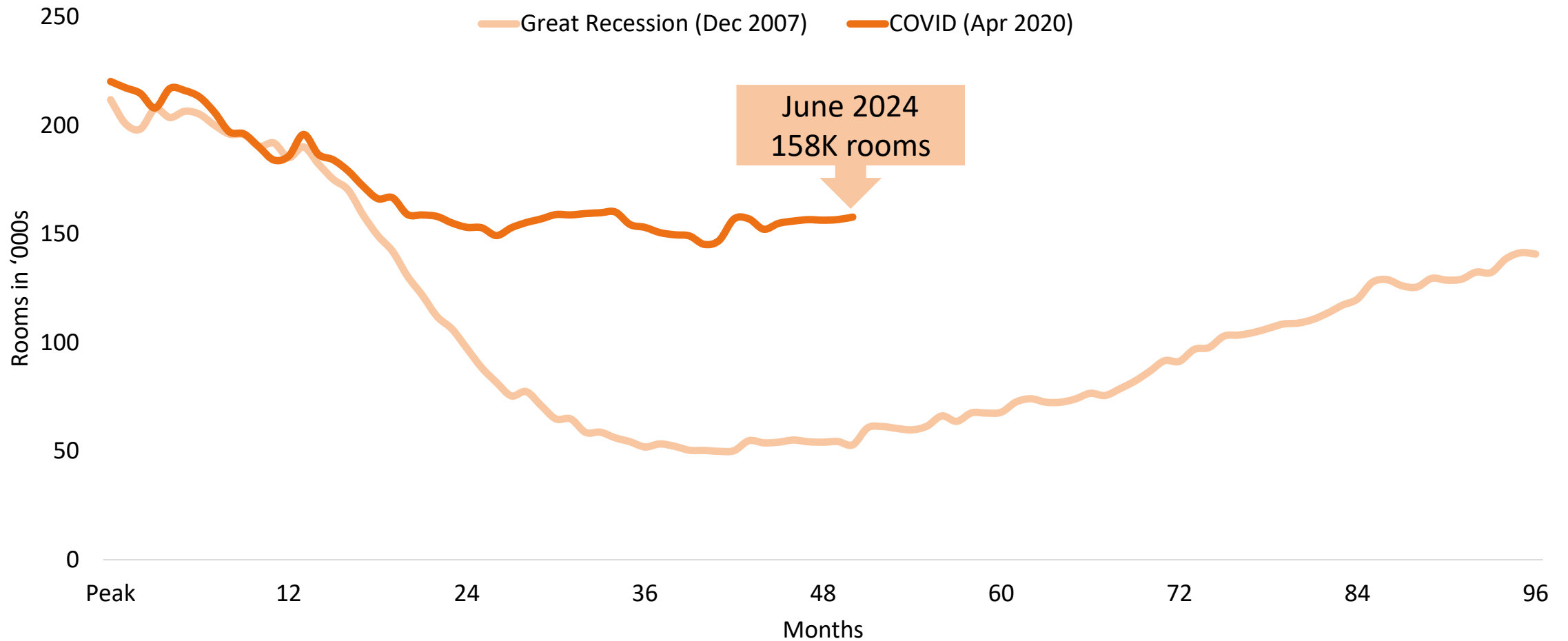
Growth across all pipeline phases

U.S., Pipeline rooms in thousands by phase, June 2024 vs June 2023

Phase	June 2024	June 2023	% Change
In Construction	158	150	5.5%
Final Planning	267	243	9.8%
Planning	334	241	38.7%
Under Contract	758	633	19.7%

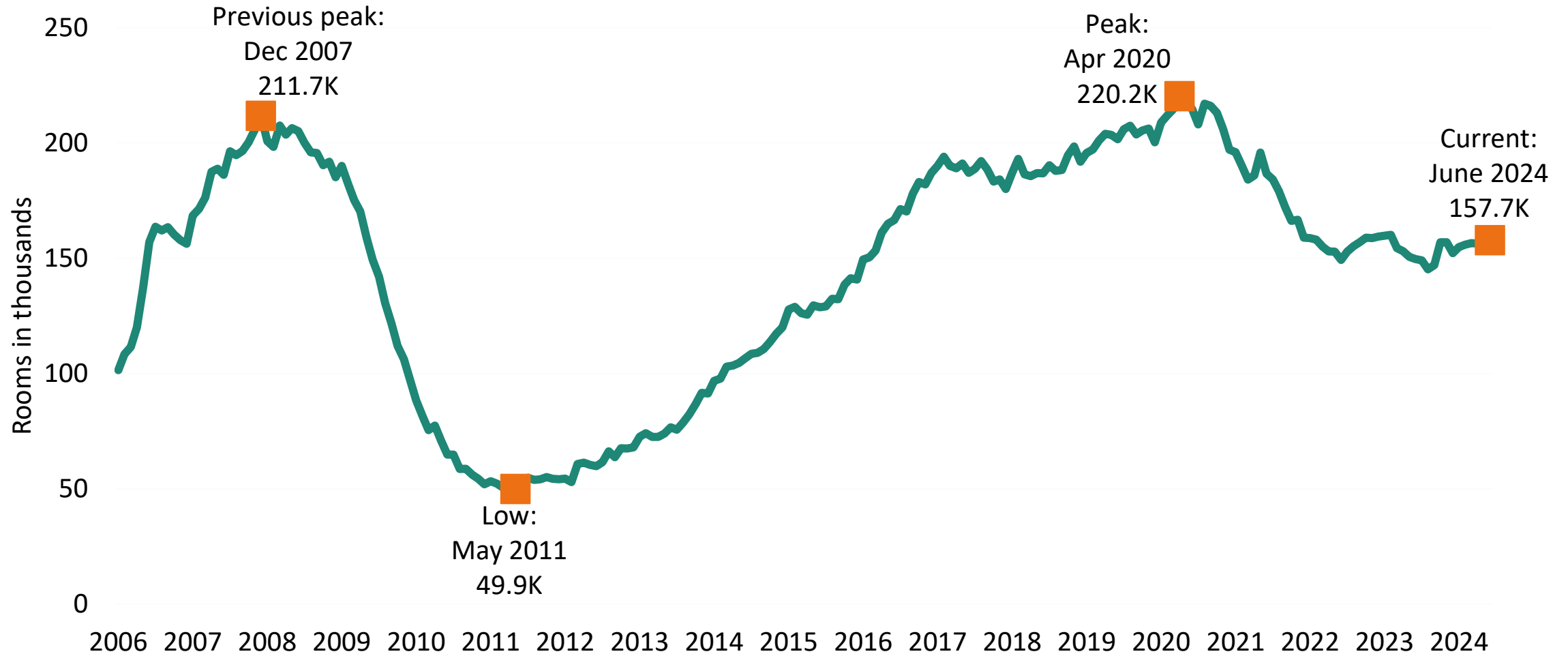
In construction rooms over 156,000 for three consecutive months

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



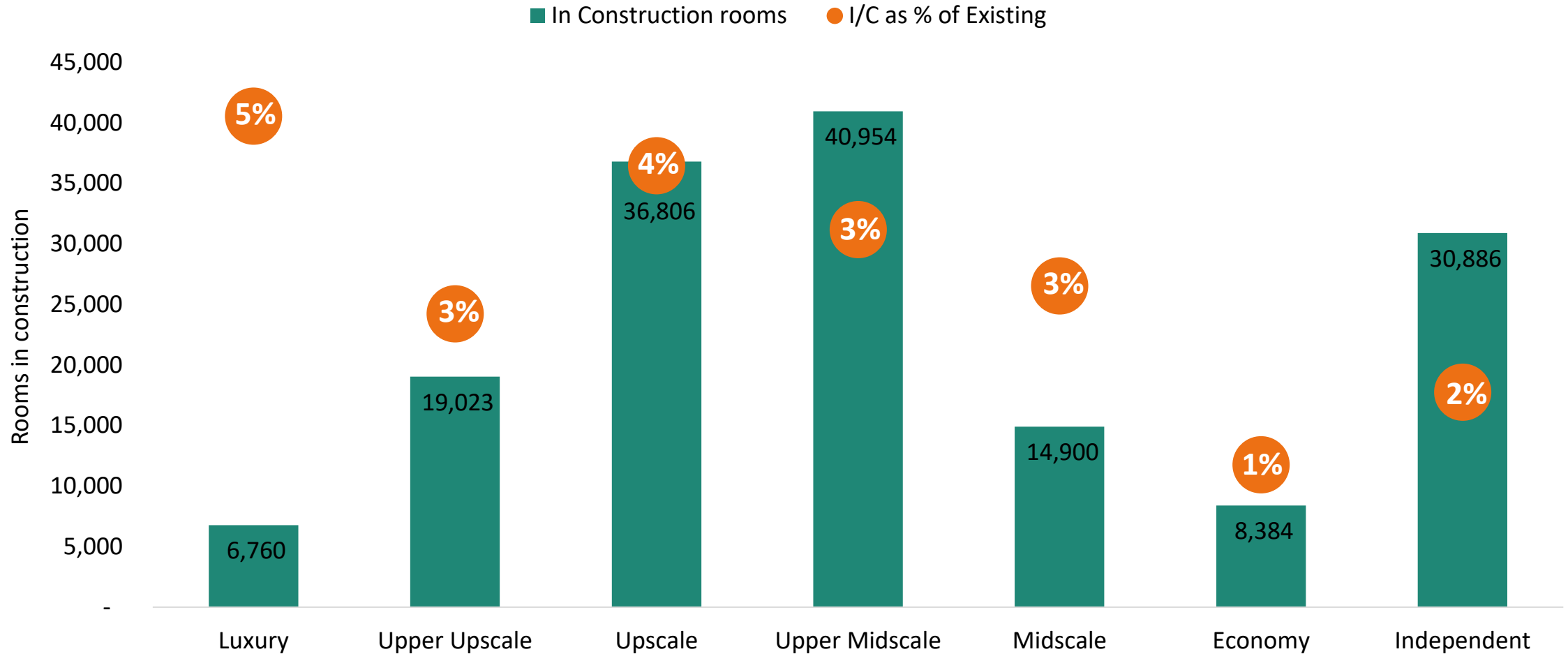
Rooms under construction well below May 2020 peak

U.S., In construction rooms in thousands, Jan 2006 – June 2024



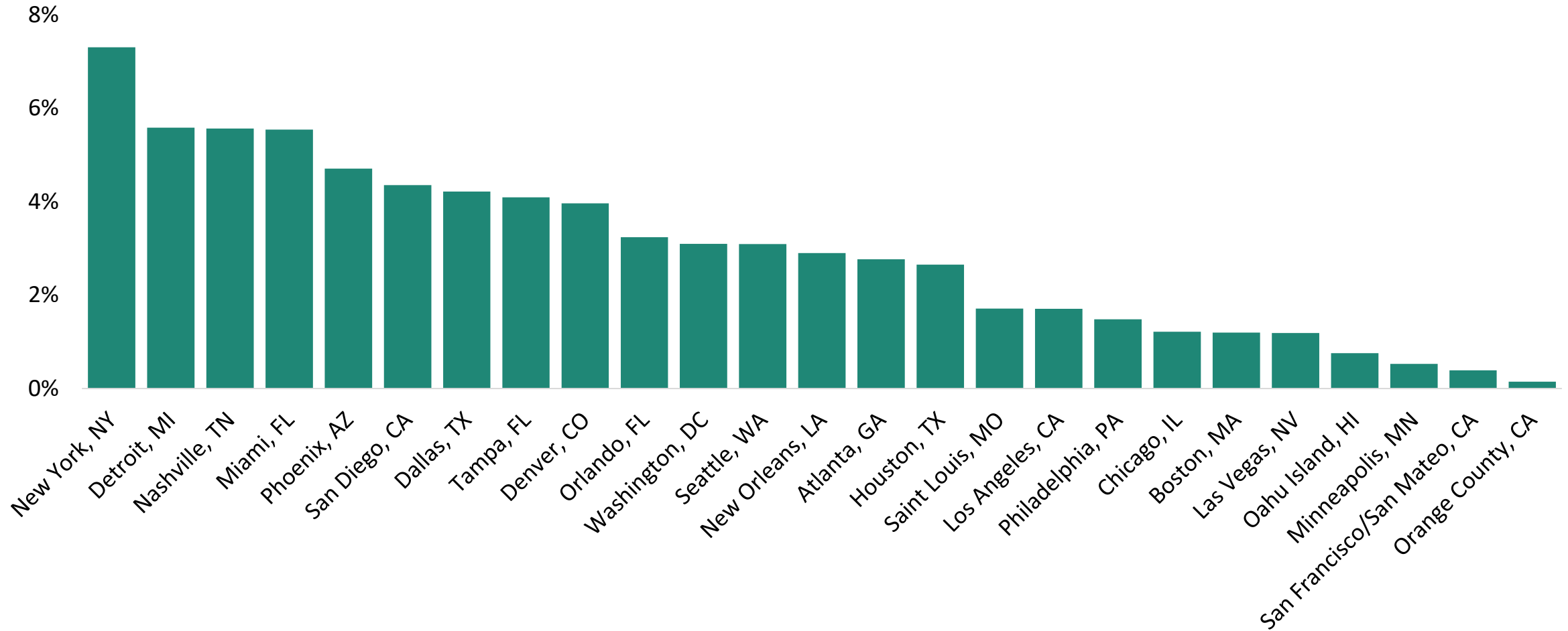
Select service continues to dominate the pipeline

U.S., rooms in construction by chain scale, May 2024



New York, Detroit, and Nashville lead in construction

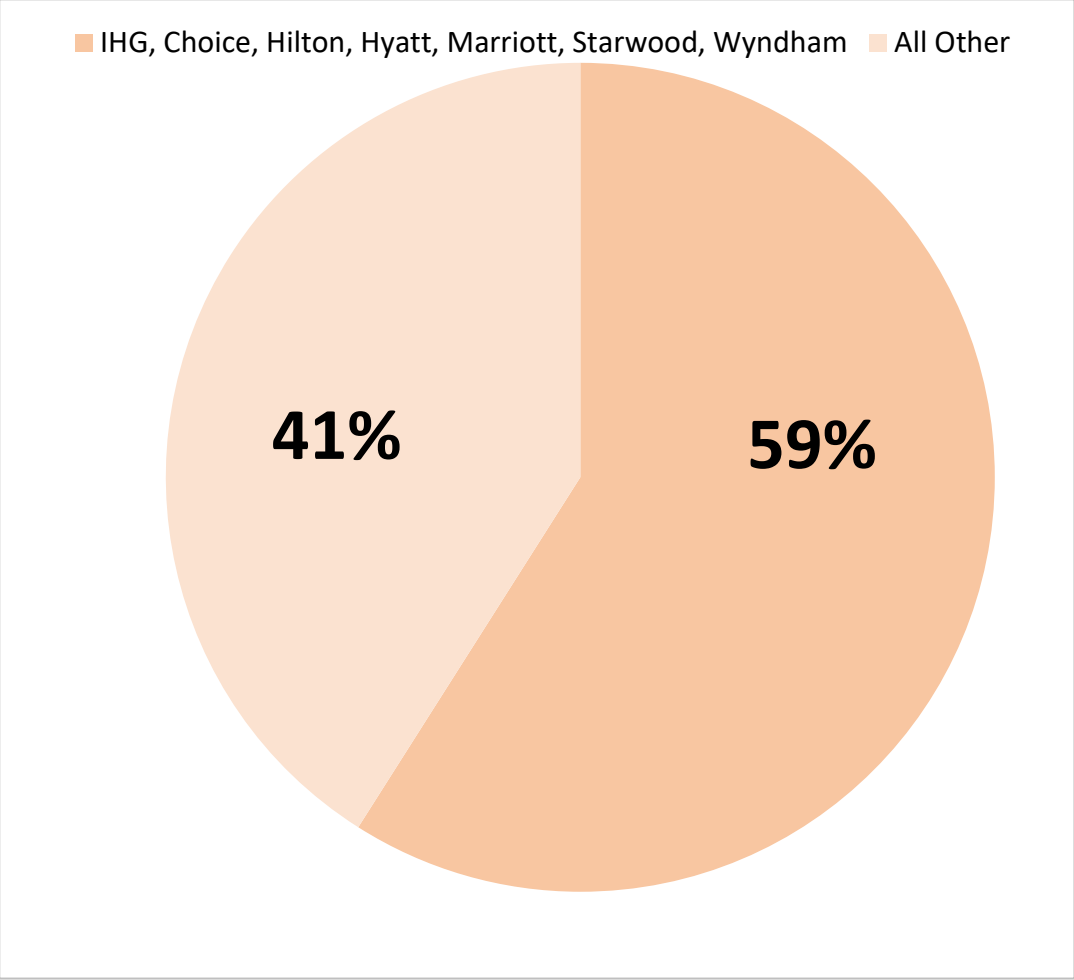
Top 25 Markets, I/C rooms as percent of existing supply, June 2024



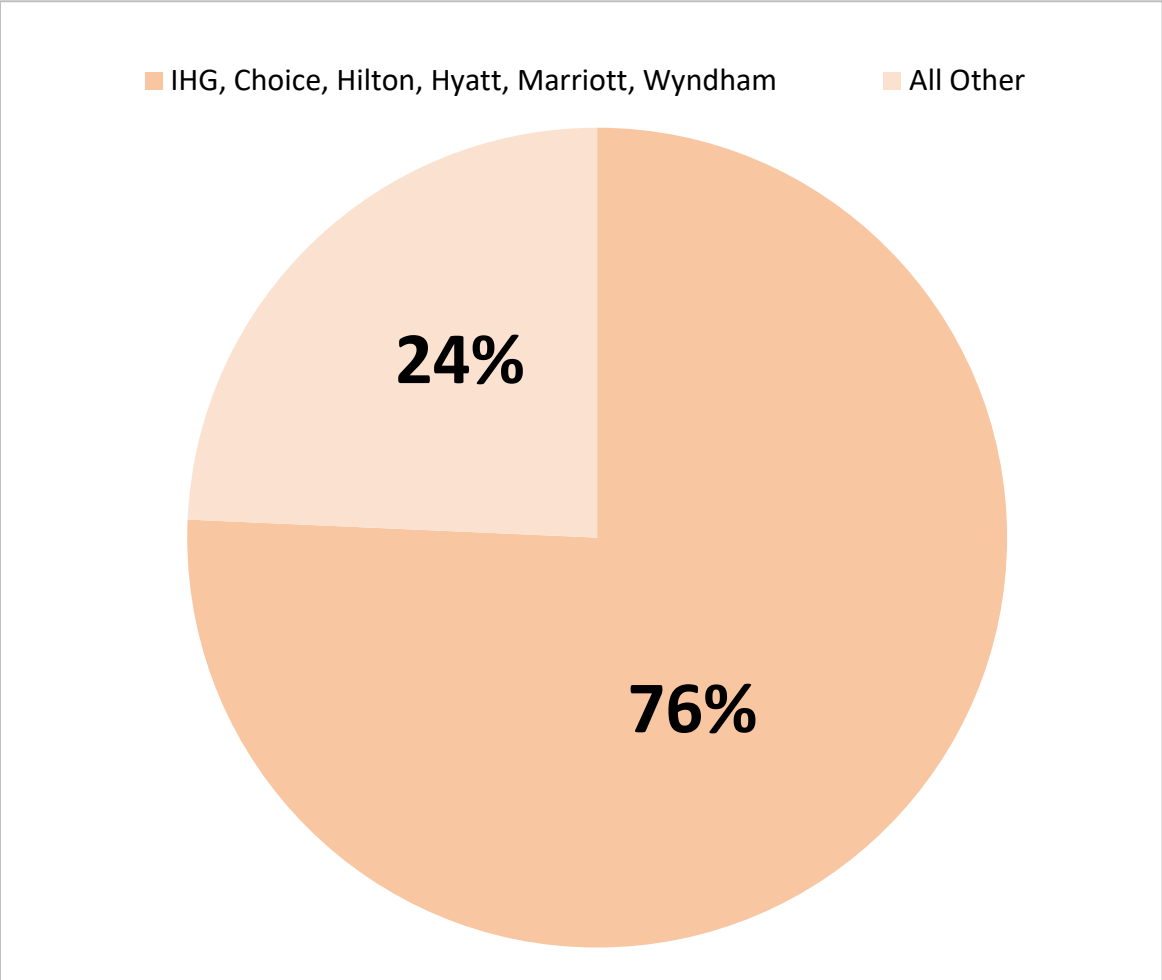
Active Pipeline: Clear shift to the “Big 6” over past decade

U.S., active pipeline by brand, 2010 and 2023

2010



2023





Forecast



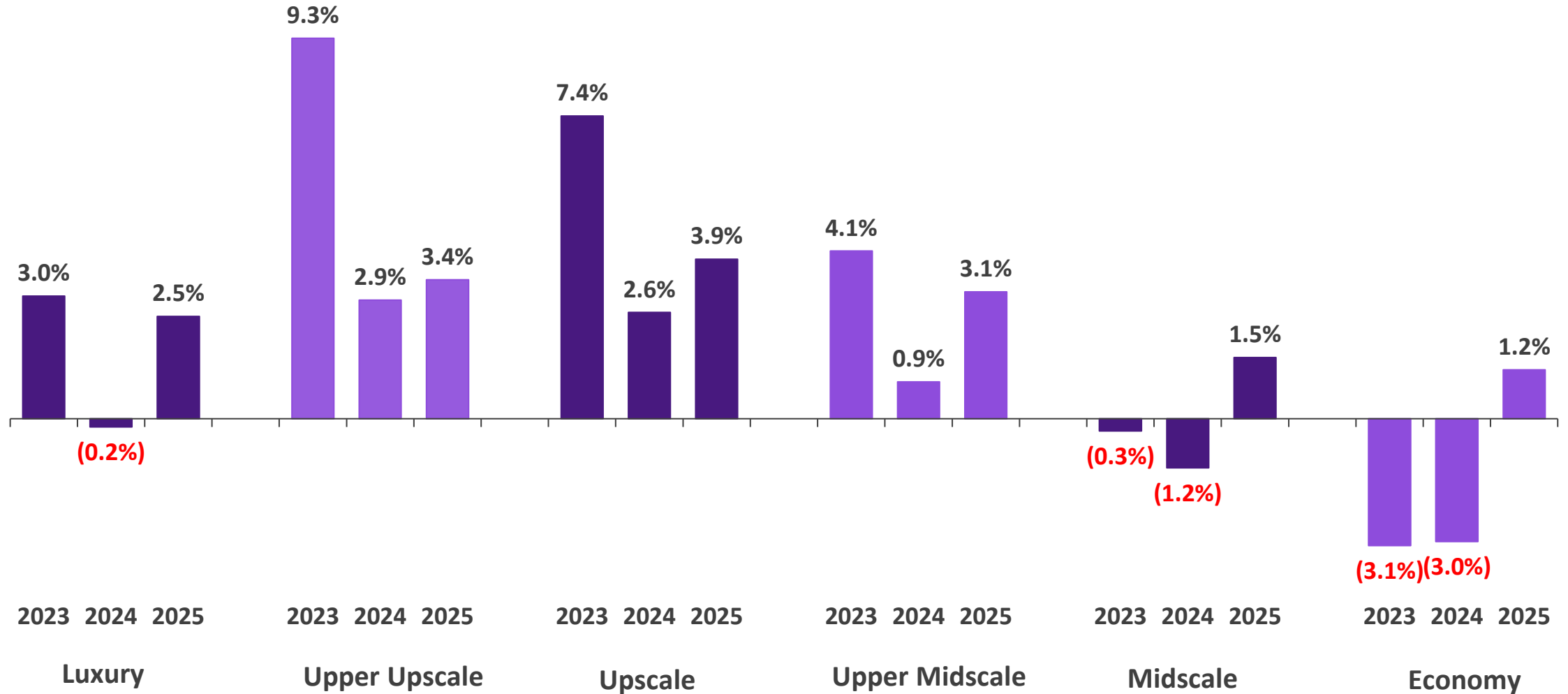
Moderate RevPAR growth expected

U.S. hotel industry forecast

Metric	2023 Actual	2024 Forecast	2025 Forecast
Supply Change	0.3%	0.8%	1.0%
Occupancy	63.0%	62.8%	63.2%
ADR Change	4.3%	2.1%	2.0%
RevPAR Change	5.0%	2.0%	2.6%
2019 Real RevPAR Index	(4.9%)	(6.2%)	(6.1%)

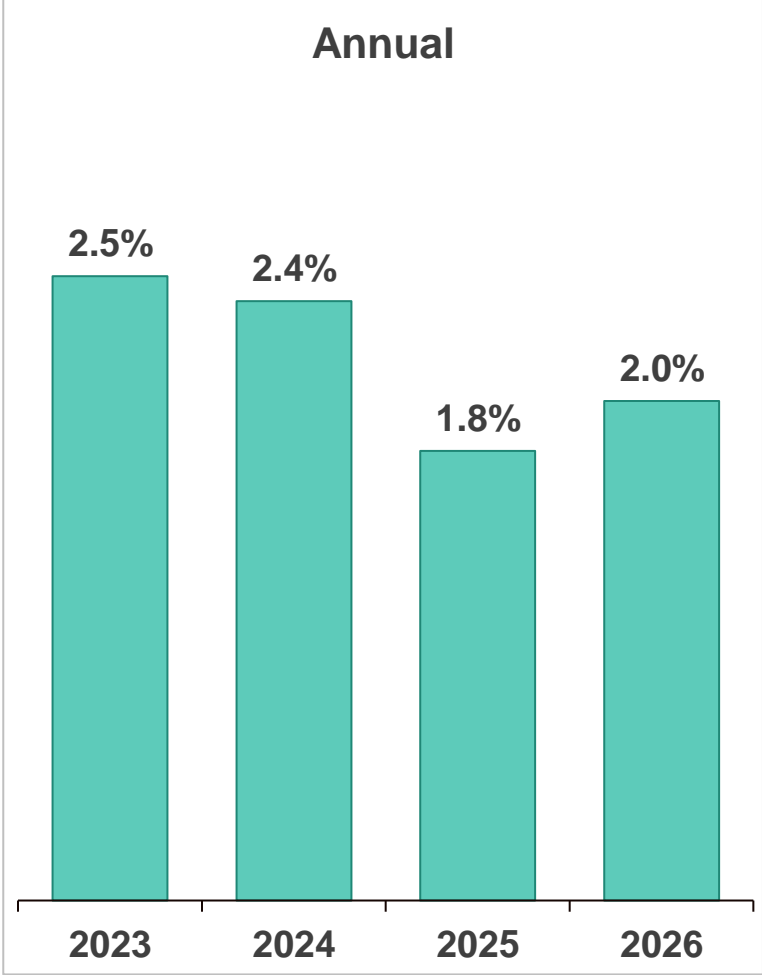
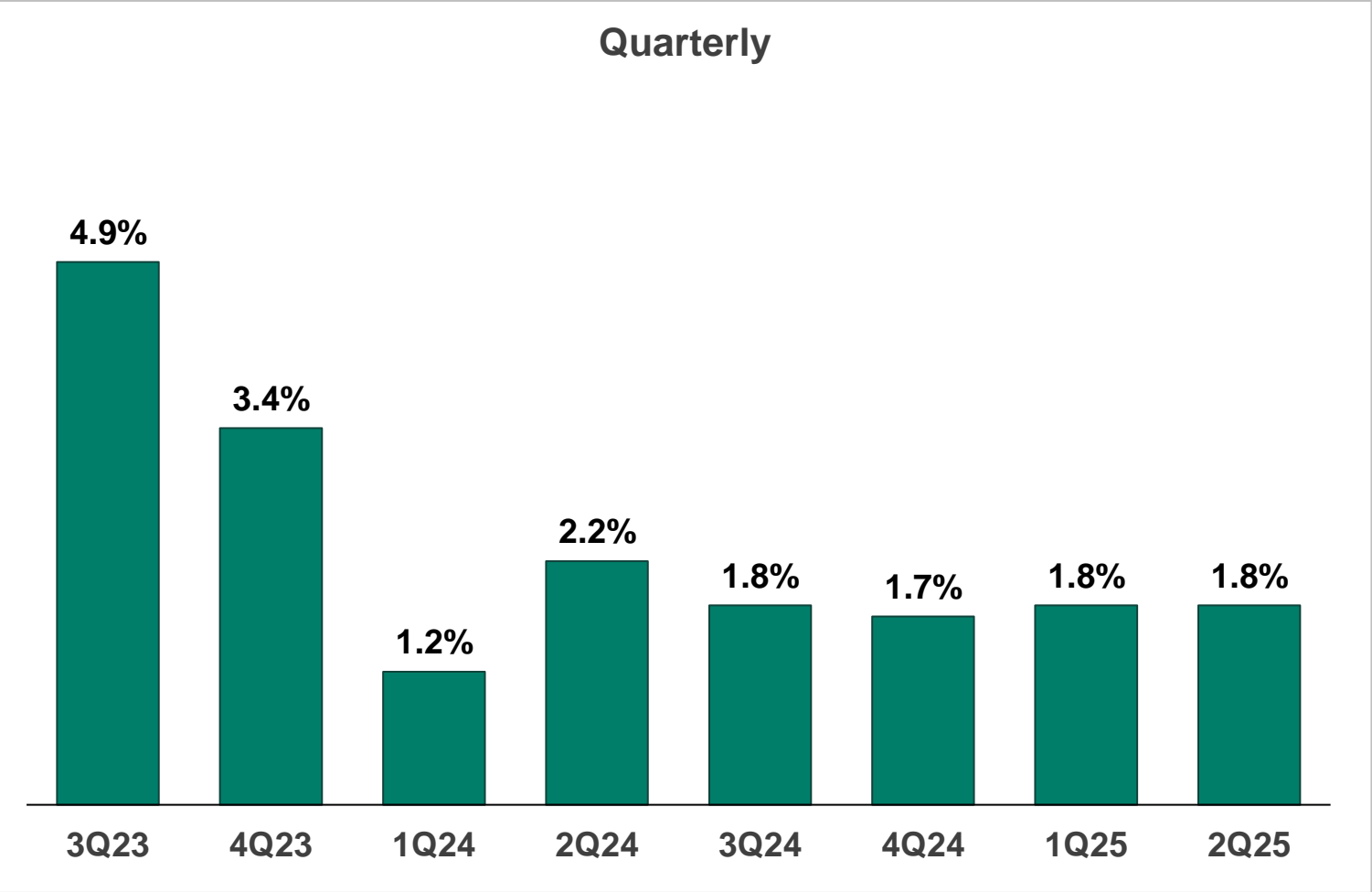
All chain scales to see annual gains in 2025

U.S. chain scale RevPAR change, year over year



Economic Growth Slows in 2024

U.S. GDP, year over year change



“Lower Expectations” is the Theme of Q2 Earnings Season So Far

- Xenia: '24 RevPAR/EBITDA Guide Lowered Slightly
- RLJ: Significant Guidance Cut is the Surprise
- Host: FY Guide Down
- Marriott: Lowers Outlook on China and Incentive Fees
- Ashford: Adjusted EBITDA Misses
- Summit: Reduced RevPAR Growth Outlook
- Wyndham: Softer RevPAR Outlook
- Pebblebrook: Slower Growth

Exceptions:

- DiamondRock: 2024 Earnings Guide Up ~2%
- Ryman: FY Guide Unchanged
- Park: 2024 Guide Roughly Unchanged

Source: August 2024, select lodging equity analyst Q2 email headlines, condensed for clarity



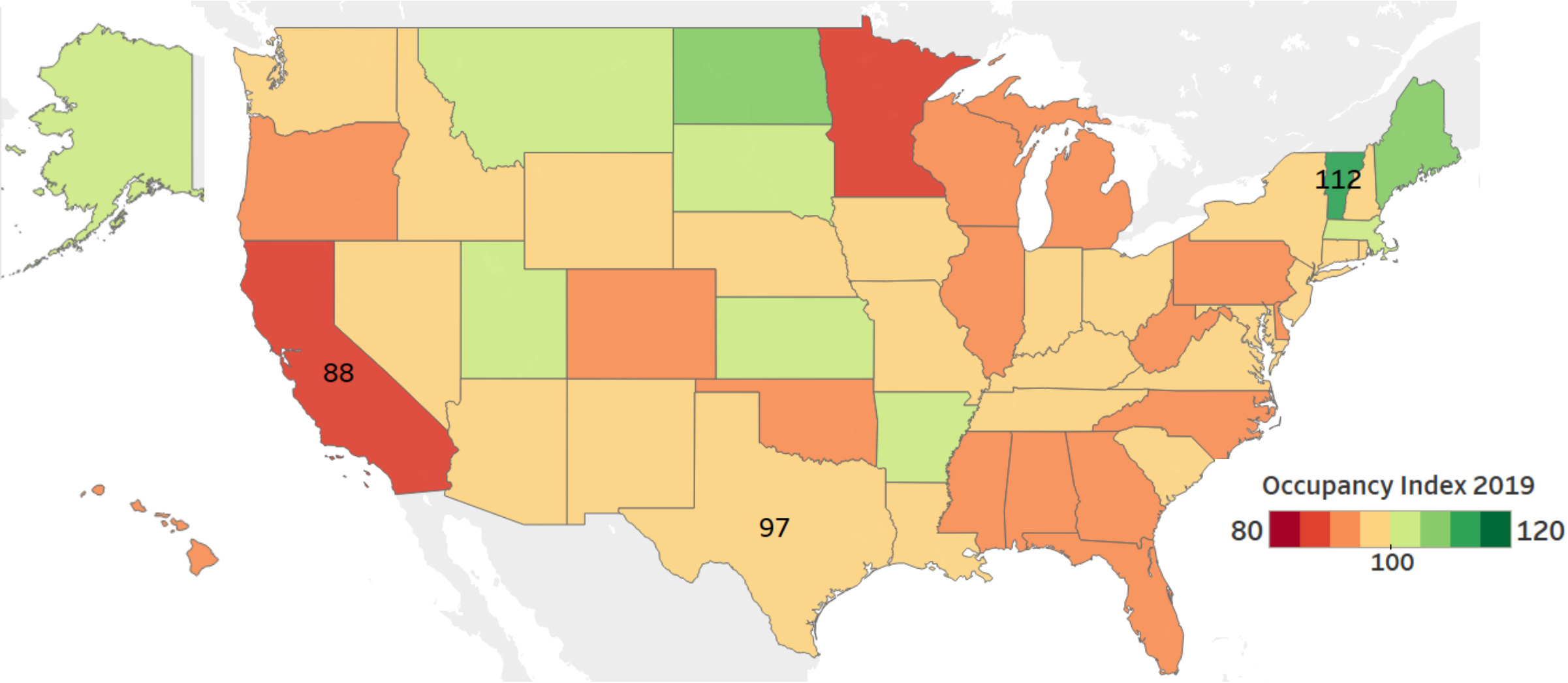
Texas & Tarrant County

Market & Submarket
Analysis + Forecast



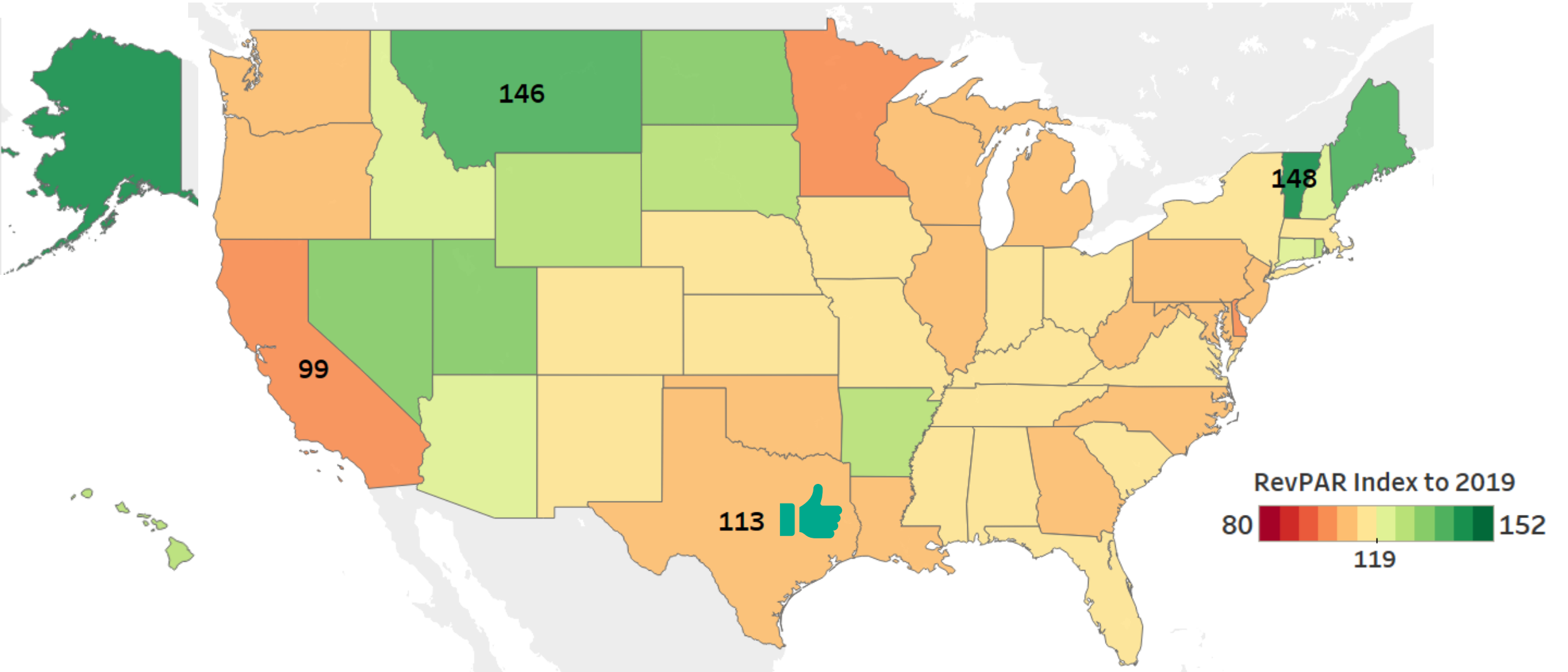
Texas Occupancy Nearly Recovered to Pre-Pandemic Levels

U.S. States, June 2024 YTD Occupancy Indexed to 2019



Texas Around National Median in RevPAR Index Recovery

U.S. States, June 2024 YTD RevPAR Indexed to 2019



Tarrant County Snapshot

12MM RevPAR as of June 2024

Class	Rooms	12 Mo Occ	12 Mo ADR	12 Mo RevPAR	12 Mo Delivered
Luxury & Upper Upscale	9,446	67.5%	\$234.44	\$158.33	1,194
Upscale & Upper Midscale	19,659	68.3%	\$128.34	\$87.60	428
Midscale & Economy	12,785	62.3%	\$64.24	\$40.03	186
Total	41,890	66.2%	\$132.58	\$87.82	1,808



Average Trend	Current	3 Mo	YTD	12 Mo	Historical Average
Occupancy	69.8%	70.6%	67.5%	66.2%	62.5%
Occupancy Change	-0.3%	0.6%	-2.9%	-2.5%	-0.8%
ADR	\$131.62	\$136.24	\$133.65	\$132.58	\$115.13
ADR Change	2.5%	4.4%	3.8%	4.6%	4.0%
RevPAR	\$91.85	\$96.22	\$90.25	\$87.82	\$71.90
RevPAR Change	2.3%	5.1%	0.8%	2.0%	3.1%

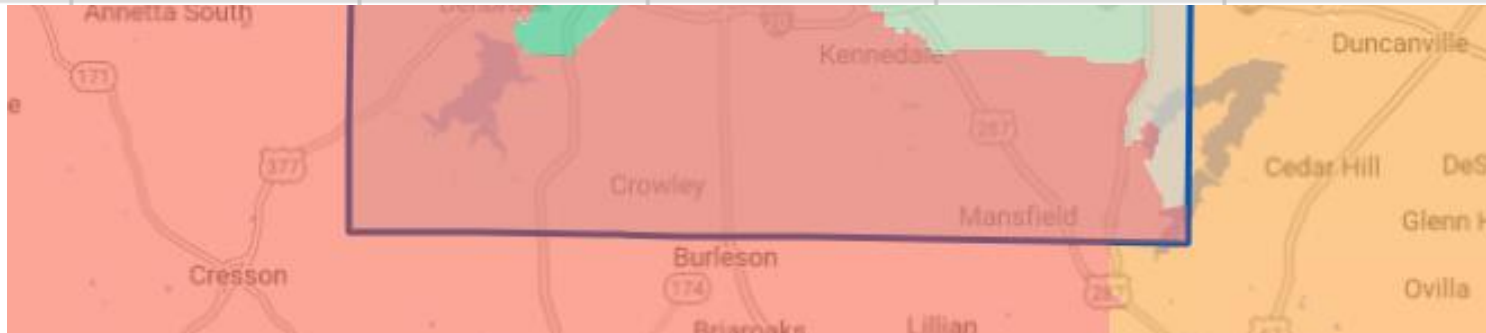
Tarrant County Snapshot

12MM RevPAR as of June 2024



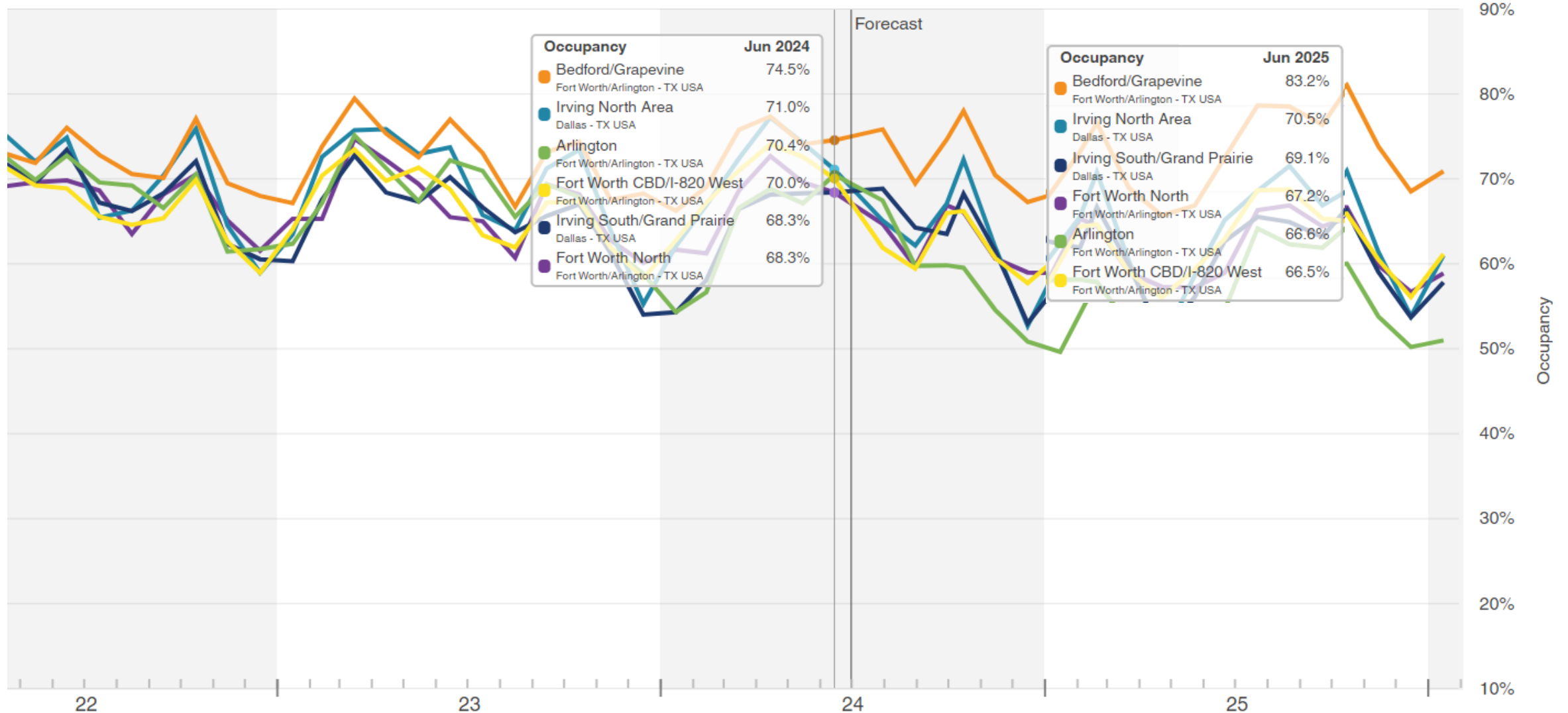
OVERALL PERFORMANCE *

Year	Occupancy		ADR		RevPAR	
	Percent	% Change	Per Room	% Change	Per Room	% Change
2025	65.7%	0.4%	\$134.83	1.1%	\$88.59	1.5%
2024	65.5%	-2.6%	\$133.38	2.6%	\$87.32	-0.1%
YTD	67.5%	-2.9%	\$133.65	3.8%	\$90.25	0.8%
2023	67.2%	0.6%	\$130.06	6.8%	\$87.42	7.4%
2022	66.8%	7.5%	\$121.72	17.6%	\$81.37	26.3%



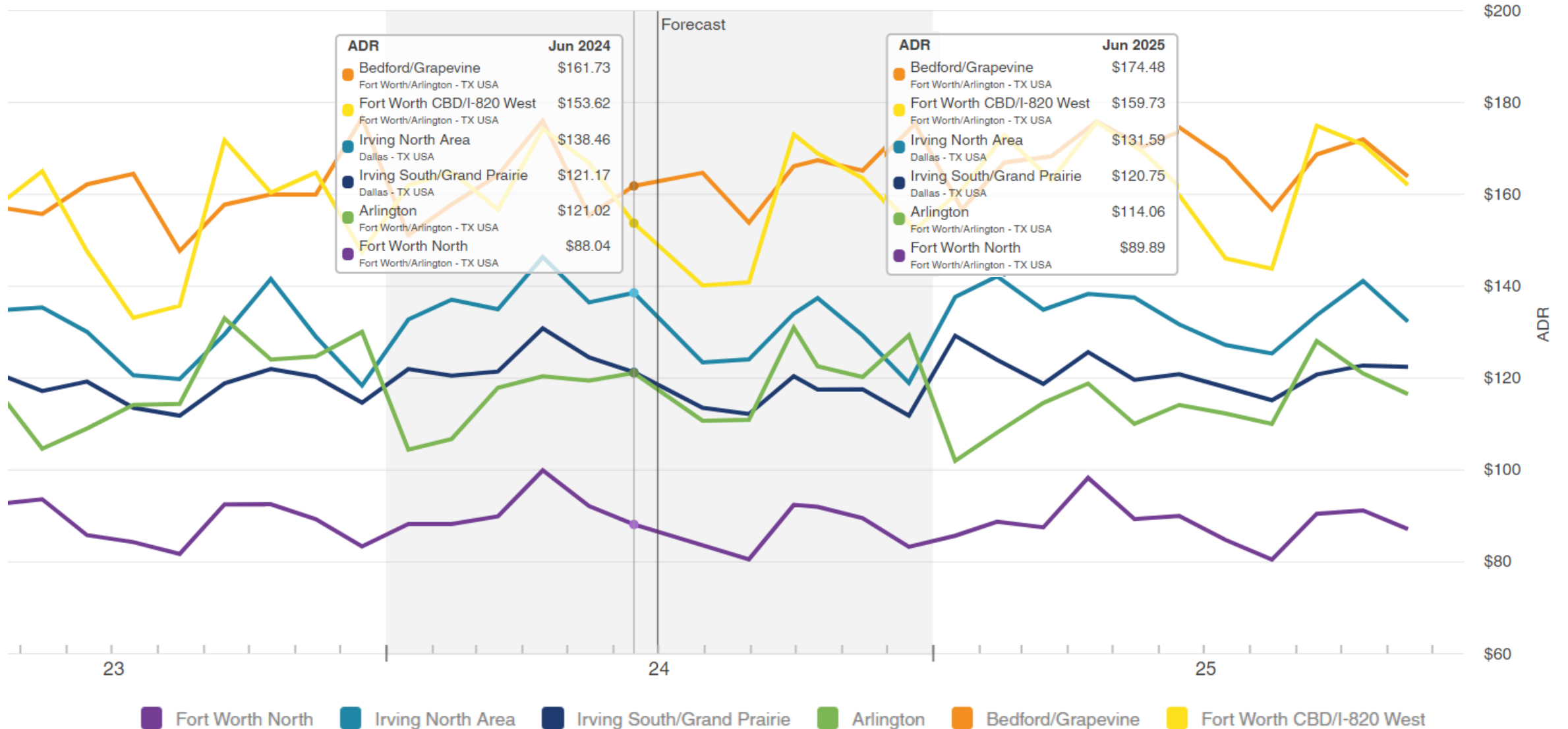
Occupancy Forecast is a Mixed Bag

Select Submarkets, June 2024 Monthly Occupancy and Forecast



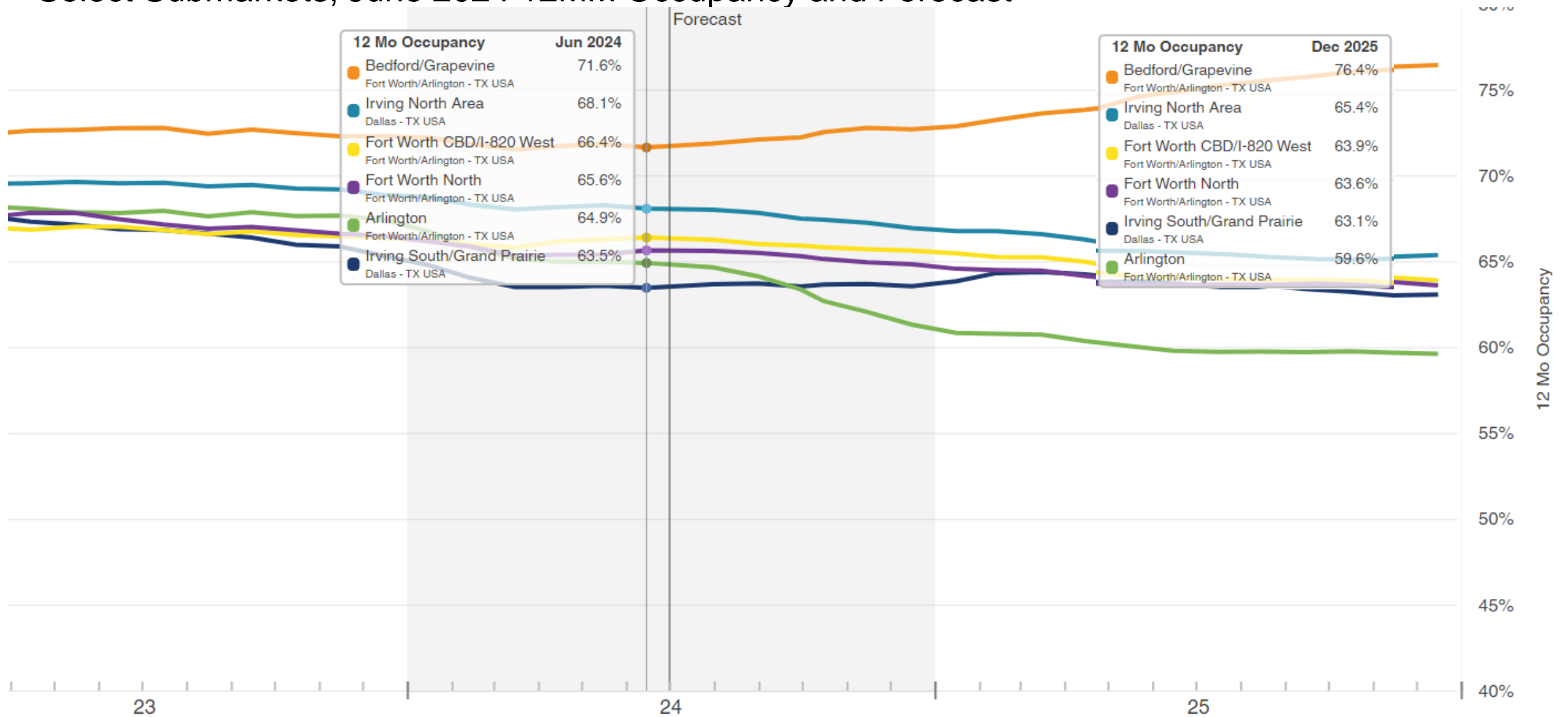
Rate Fluctuation Ahead

Select Submarkets, June 2024 Monthly ADR and Forecast



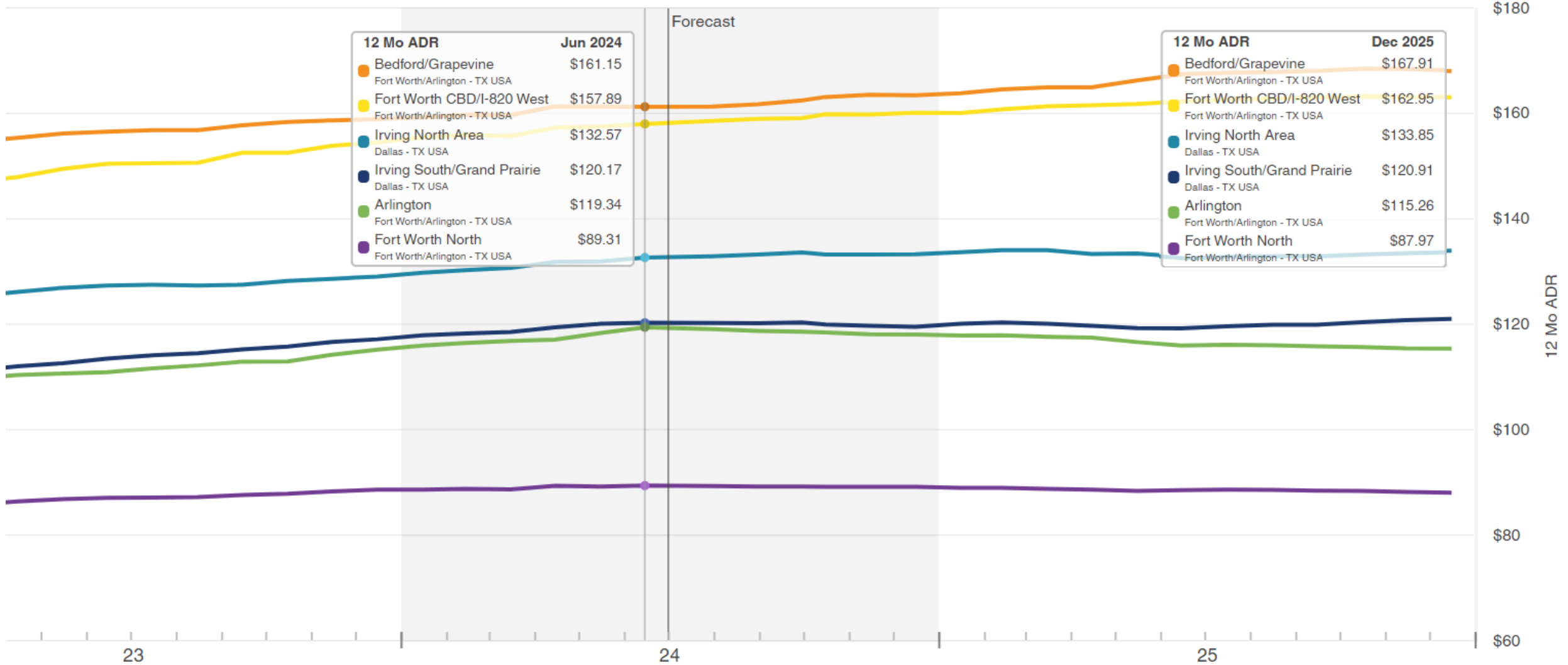
Strong Pipeline, New Supply to Temper Occ Growth

Select Submarkets, June 2024 12MM Occupancy and Forecast



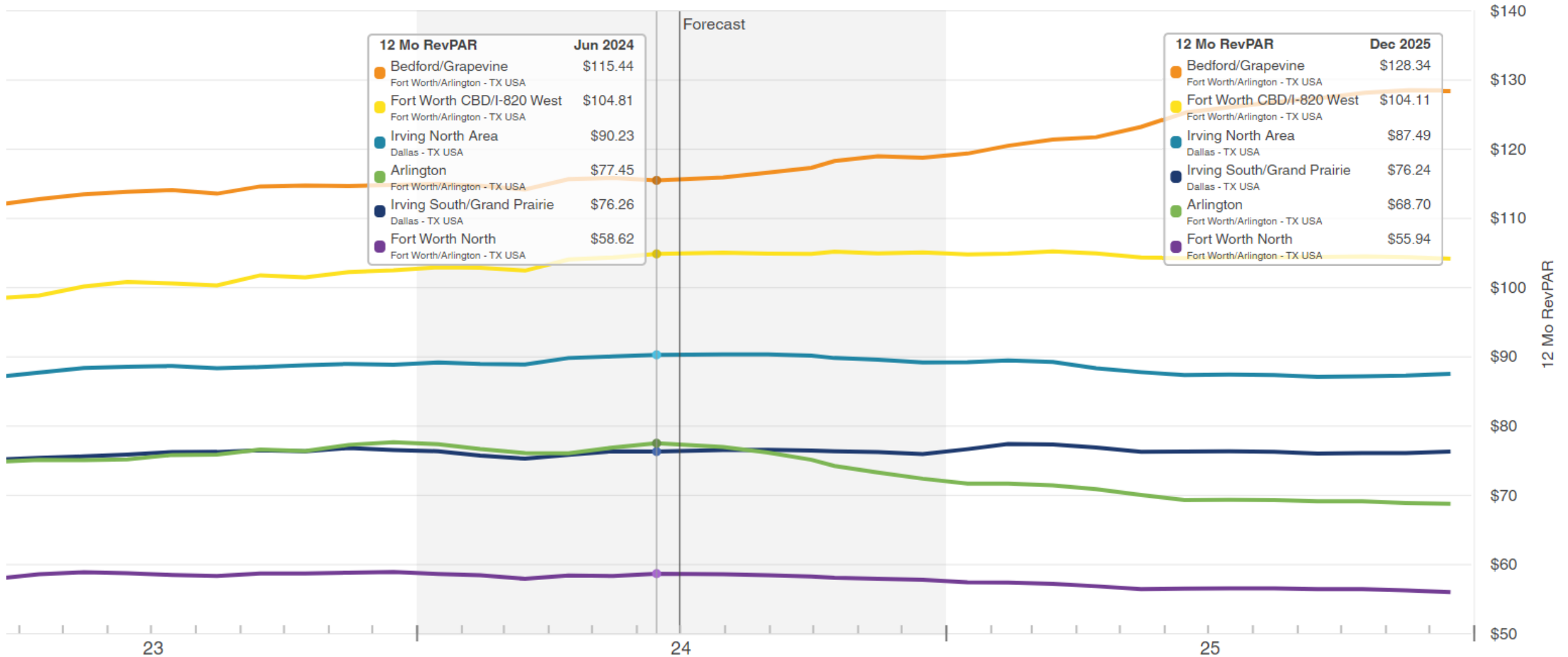
Almost All Submarkets to Grow ADR, if Moderately

Select Submarkets, June 2024 12MM ADR and Forecast



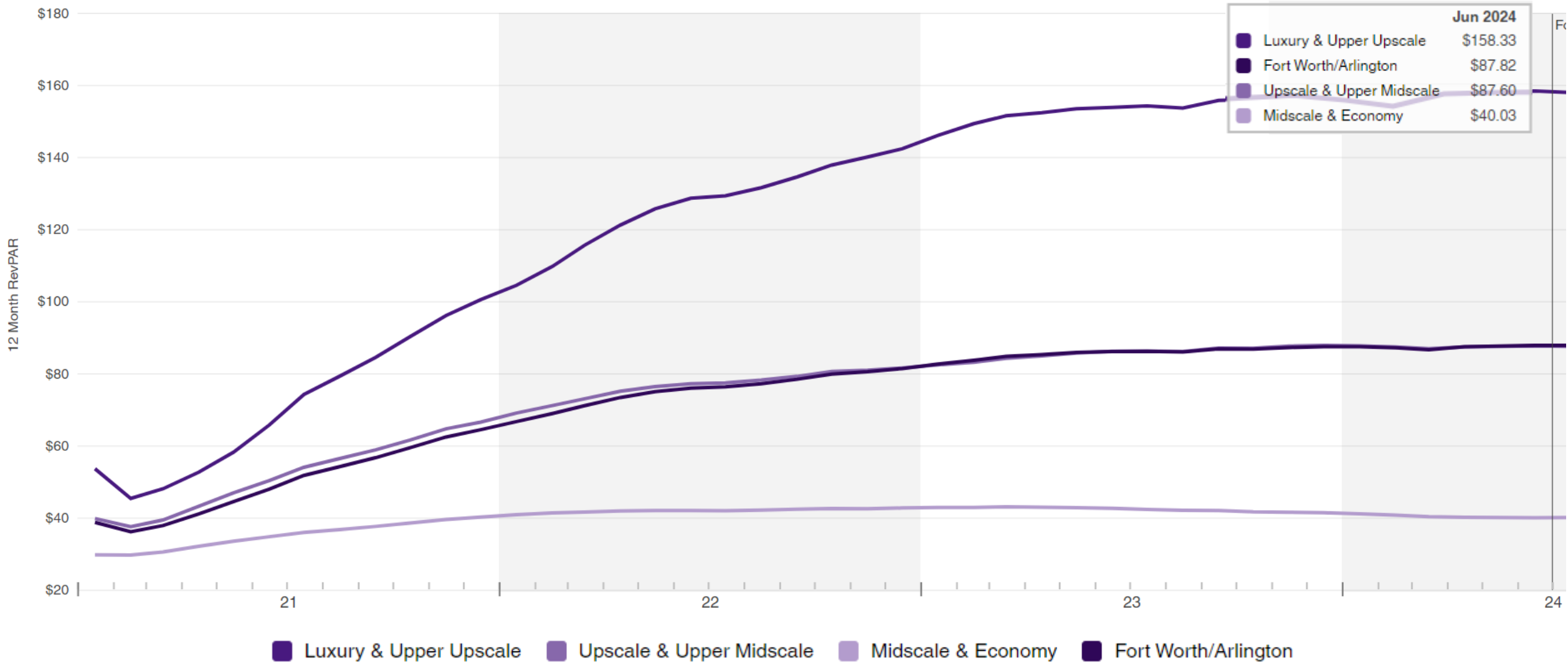
RevPAR Projected to Be Flat for Most Submarkets

Select Submarkets, June 2024 12MMA RevPAR and Forecast



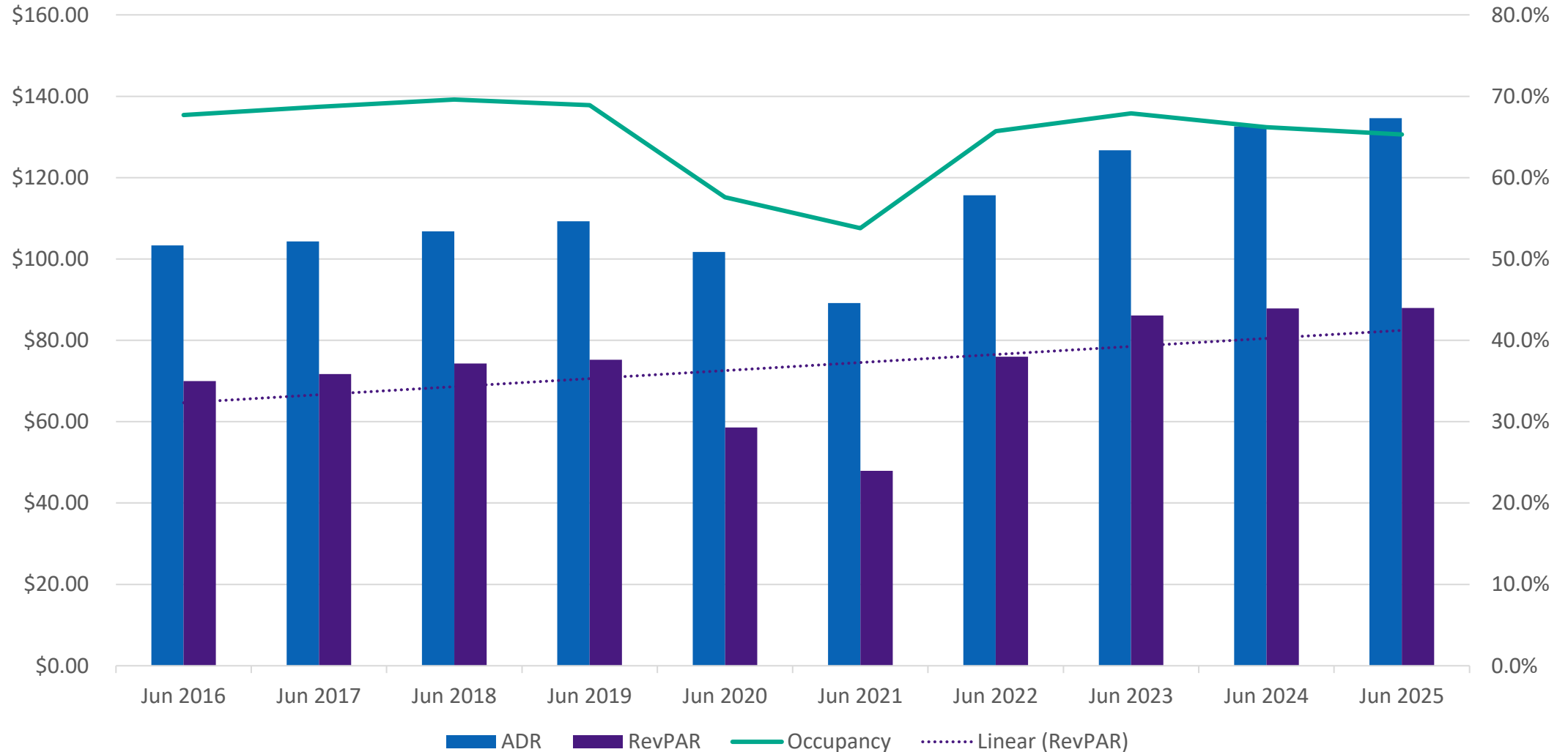
Full-Service Holds a \$70 Premium Over Select-Service

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



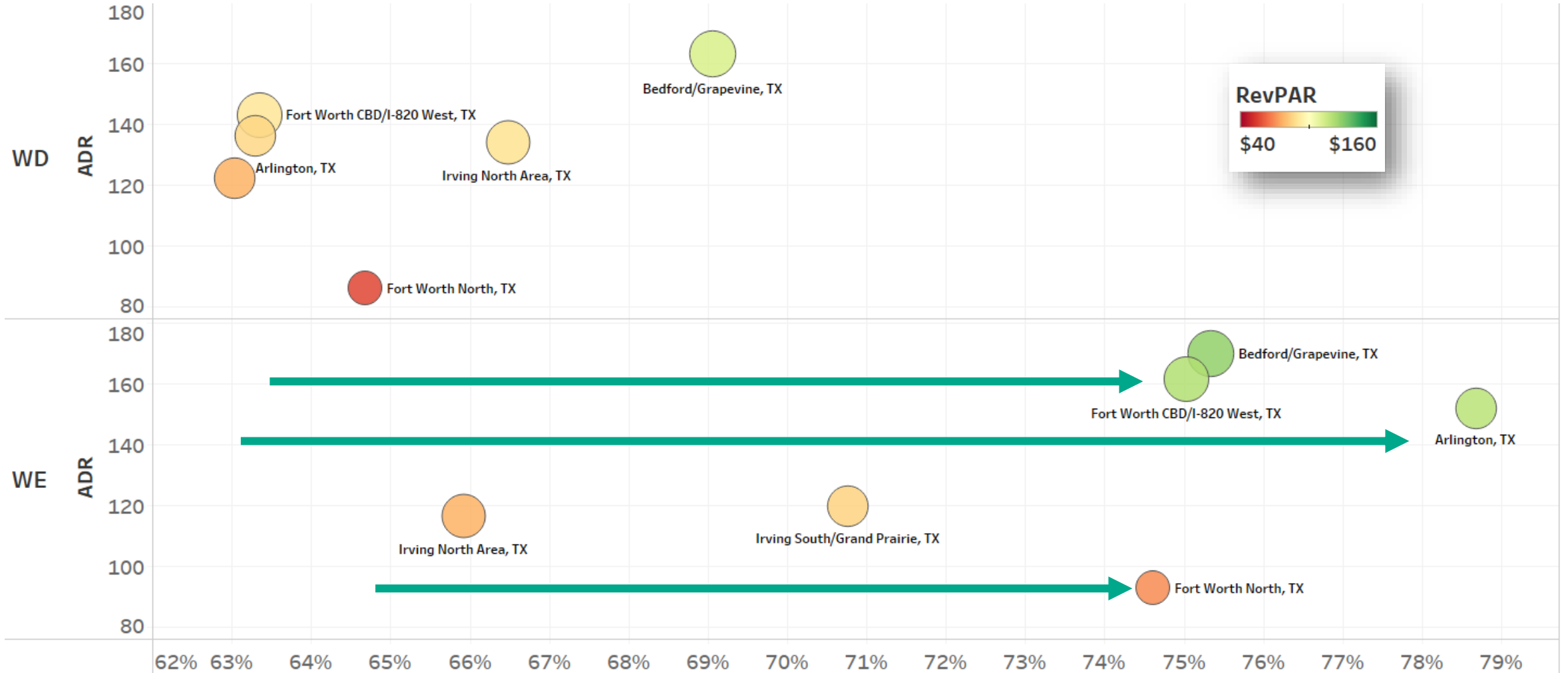
Steady Growth is the Name of the Game

Fort Worth / Arlington Market, R12 Occ, ADR & RevPAR – June '16 to June '25



Weekends, Leisure Driving Performance For Some

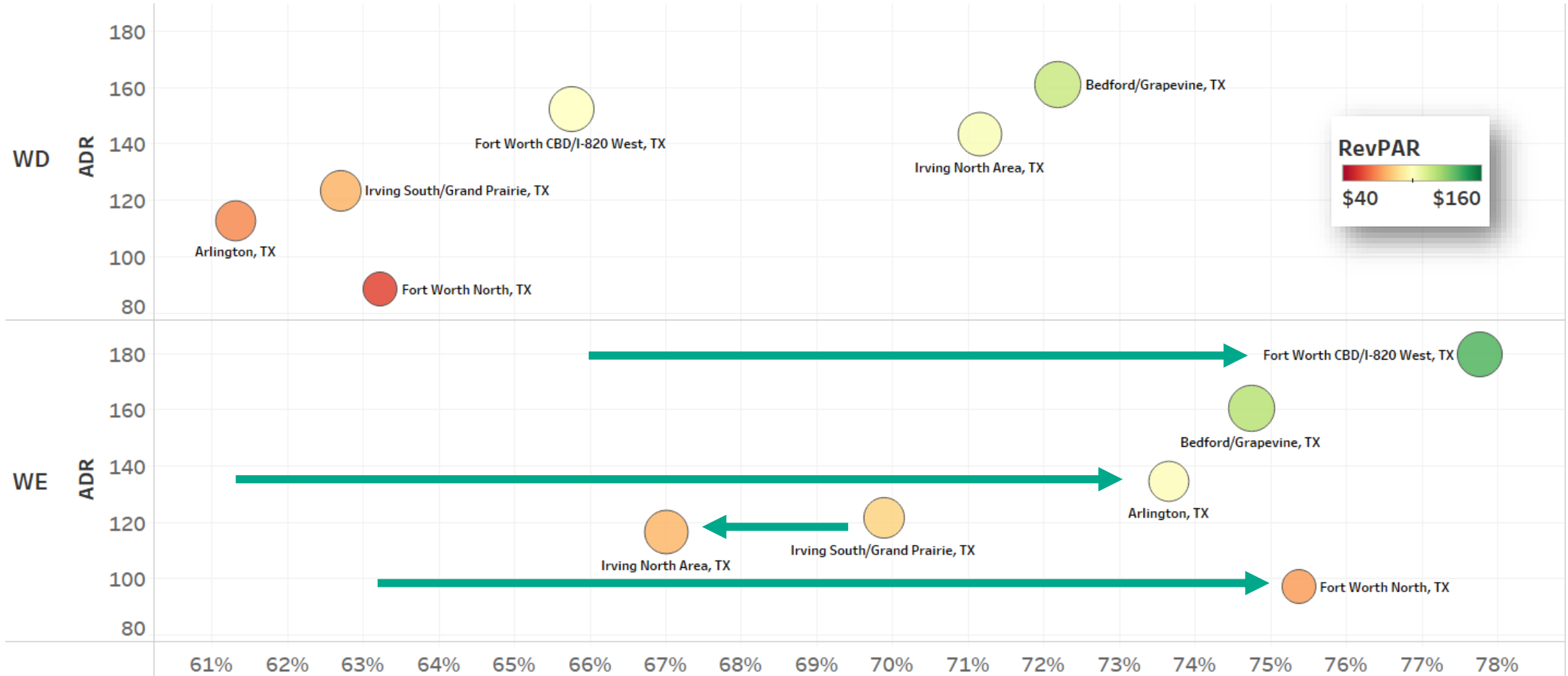
Select Submarkets, R28 July 30th, 2024, Weekday vs Weekend



Size of the circles represent room inventory

Year to Date WD/WE Shows a Similar Split

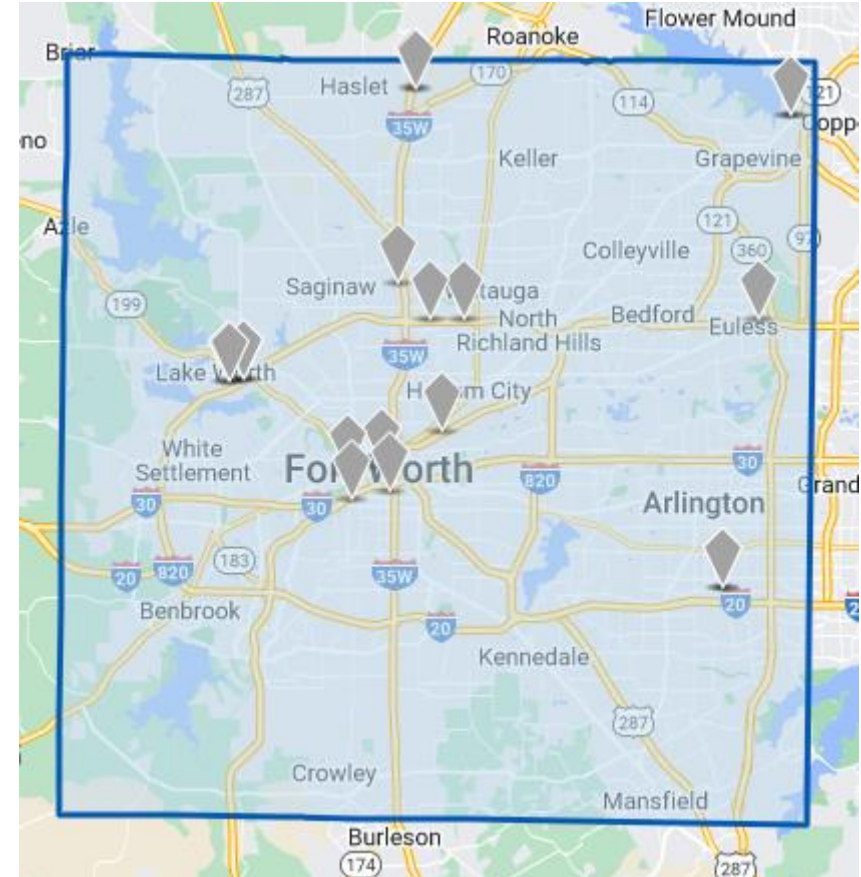
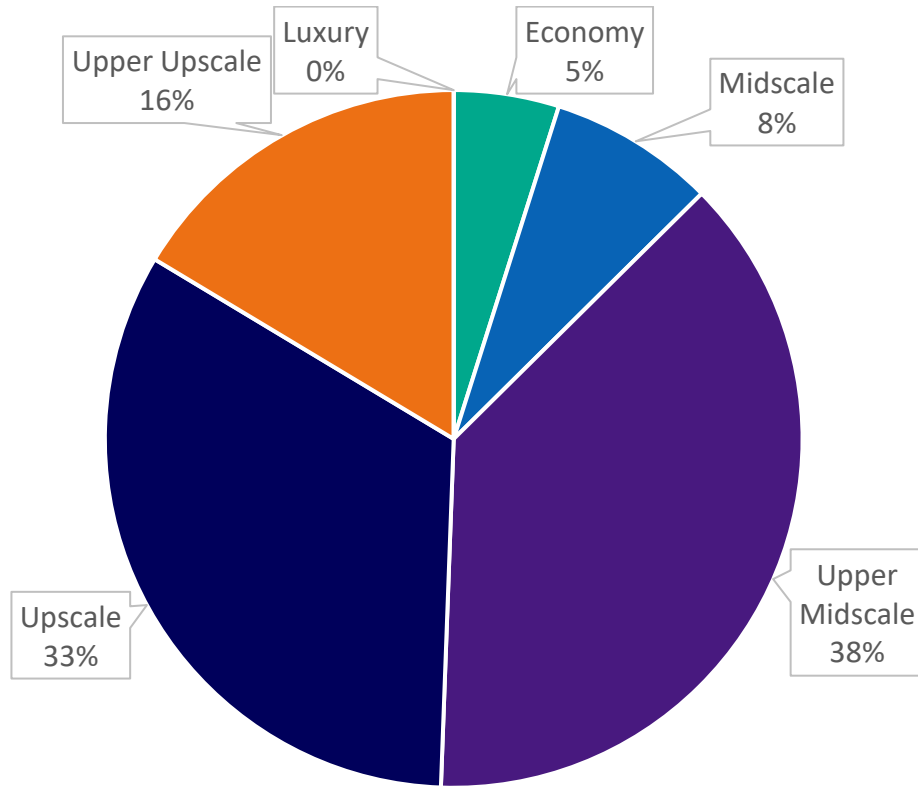
Select Submarkets, YTD Weekly Performance, Weekday vs Weekend



*Size of the circles represent room inventory

Over 2,000 Rooms In Construction, Almost ¾ Select Service

Under Construction Summary, Tarrant County, July 2024



Over 10,000 Rooms In Pipeline, Over Half are Select Service

Under Construction Summary, San Antonio Market, July 2024

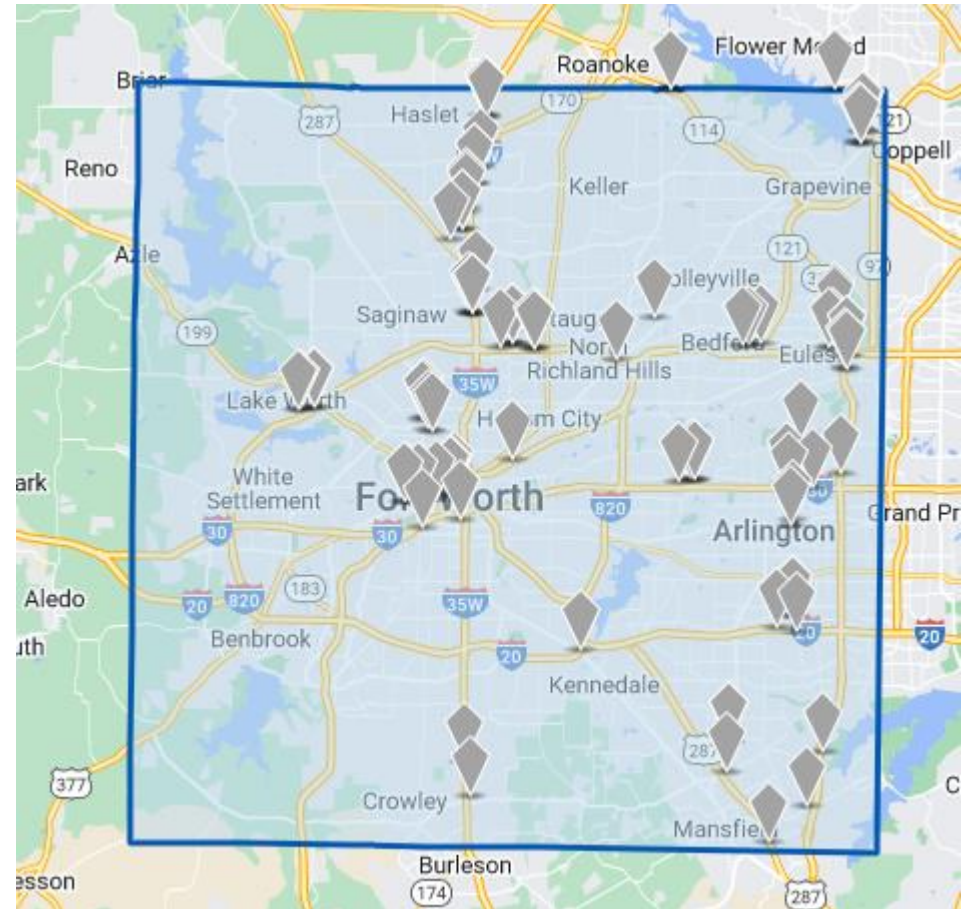
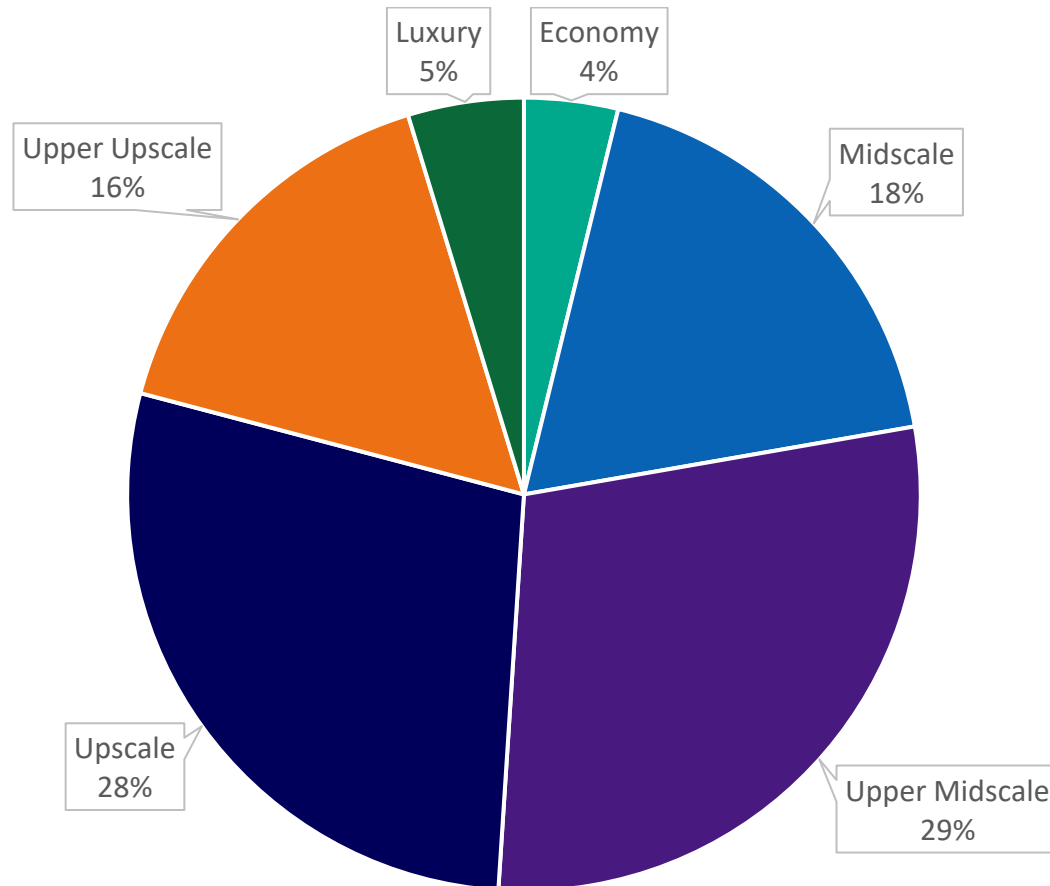
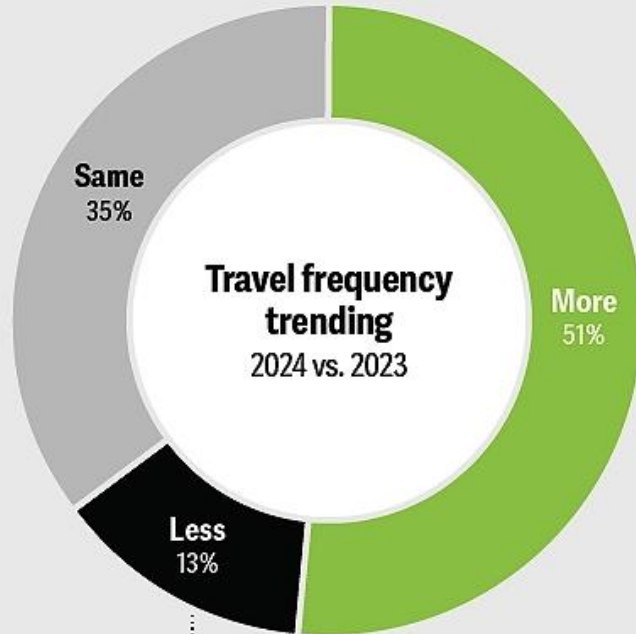


Figure 3

Most budget owners say their teams are traveling more, and conferences and client demand are the biggest reasons why



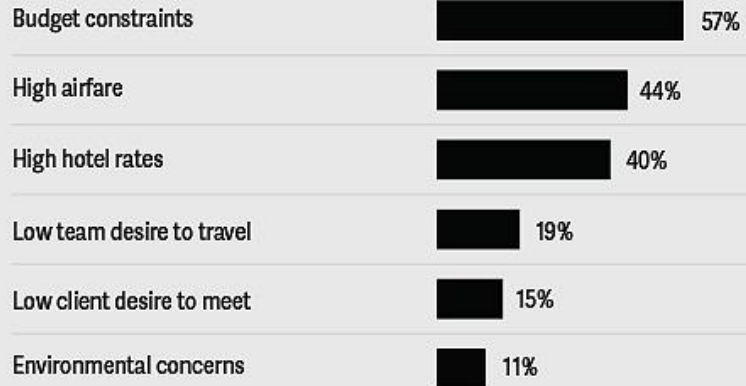
Drivers

Why is your team traveling more?



Drags

Why is your team traveling less?

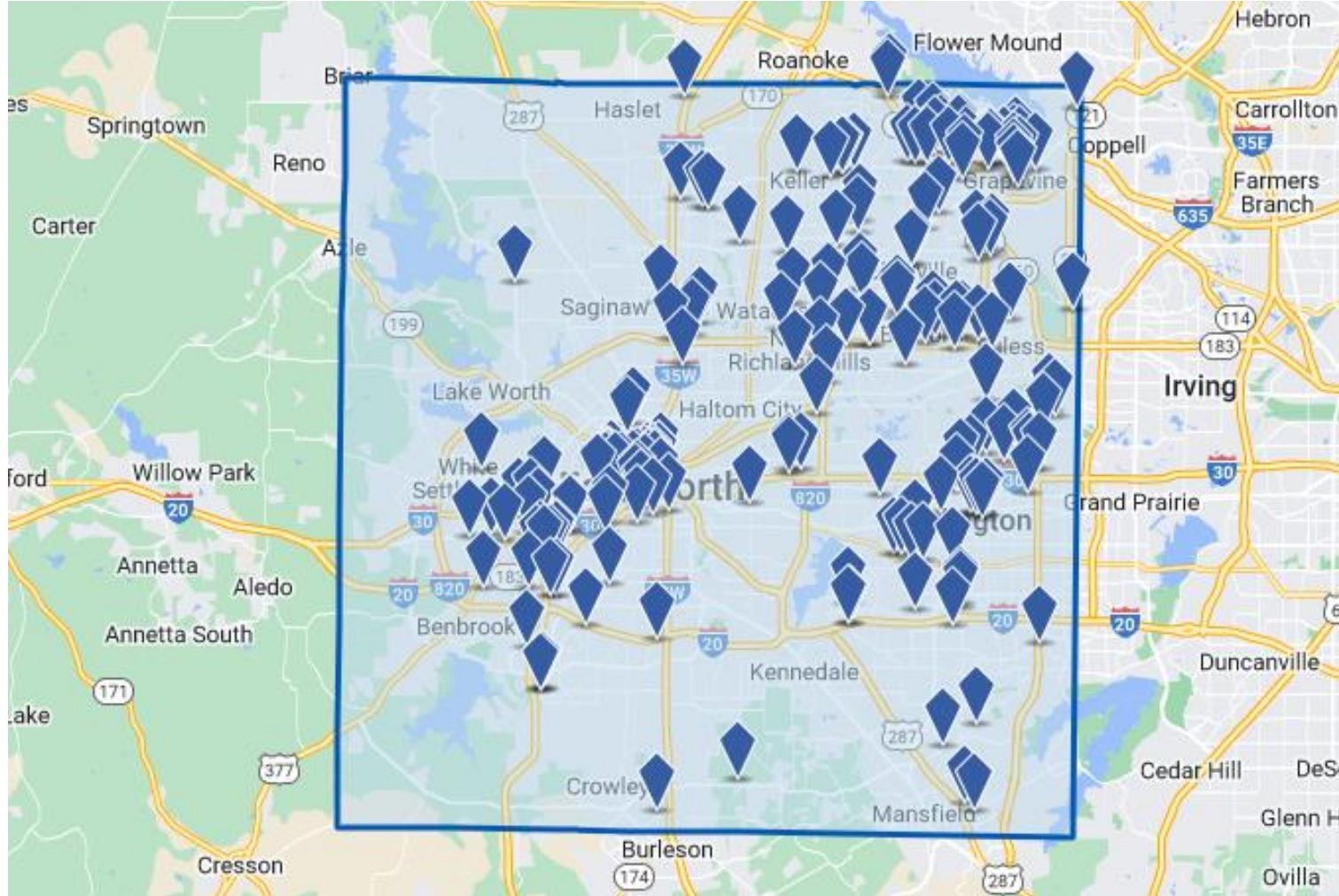


Questions: How is your team's 2024 travel trending compared to 2023?; Why is your team traveling less? (Select all that apply); Why is your team traveling more? (Select all that apply).

Source: 2024 Deloitte corporate traveler survey (budget owners N = 834).

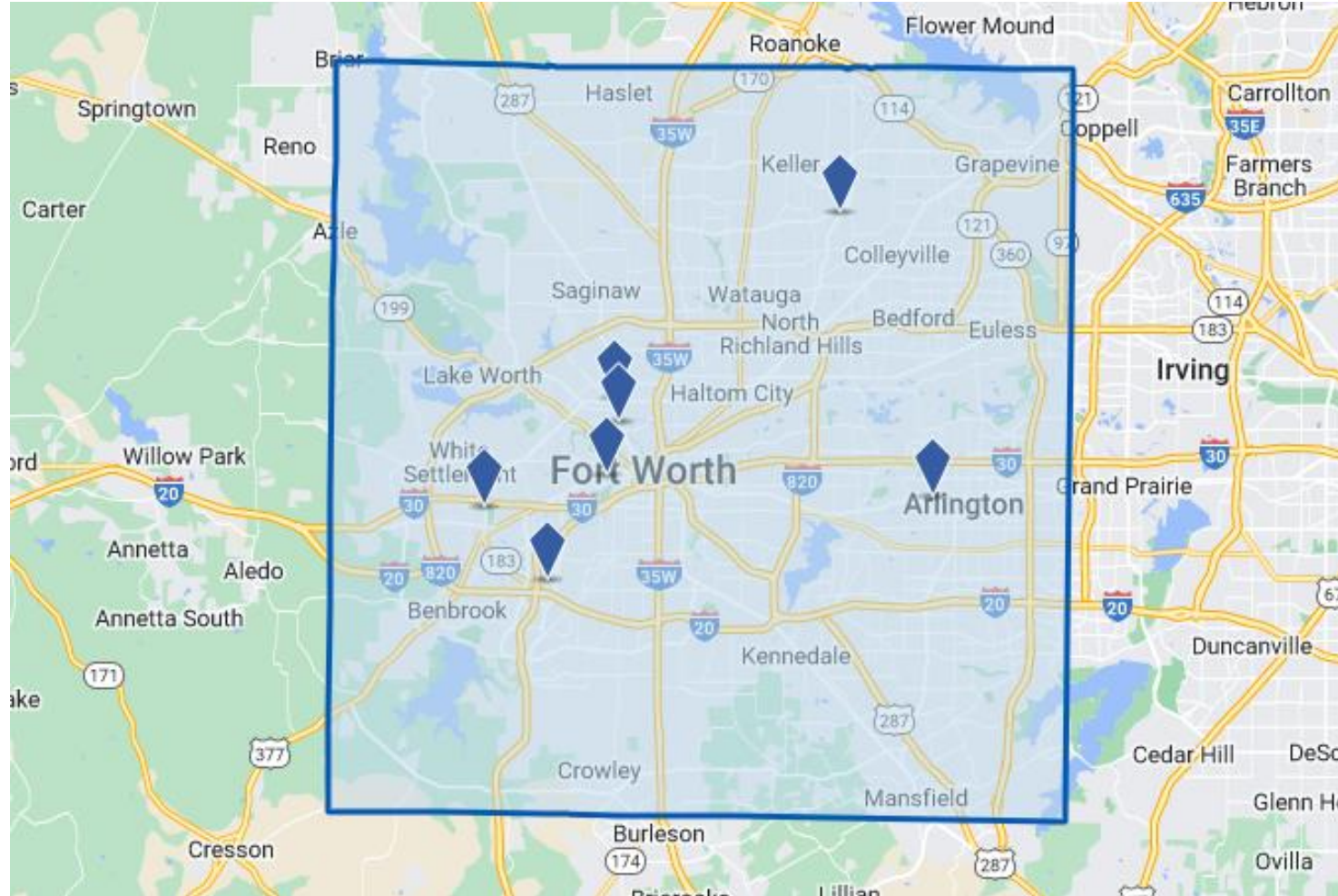
Opportunities for Business Transient Are Out There

New Office Tenants Over the Last 6 Months, Tarrant County, July 2024



Opportunities for Business Transient Are Out There

New Office Tenants Over the *Next* 6 Months, Tarrant County, July 2024



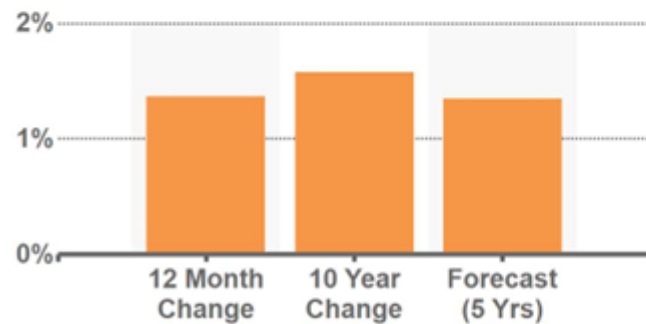
Tarrant County is a Growth Market

Economic & Demographic Trends for San Antonio Hospitality Market

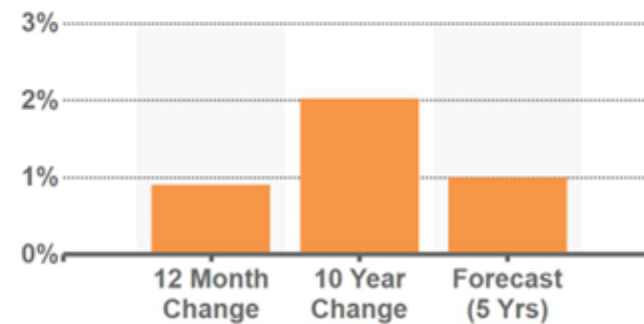
Demographic Category	Current Level		12 Month Change		10 Year Change		5 Year Forecast	
	Metro	US	Metro	US	Metro	US	Metro	US
Population	2,586,830	336,460,469	1.4%	0.5%	1.6%	0.5%	1.3%	0.5%
Households	942,175	131,475,172	1.5%	0.7%	1.6%	0.9%	1.4%	0.6%
Median Household Income	\$86,071	\$77,789	2.0%	2.2%	3.9%	3.9%	3.1%	3.5%
Labor Force	1,348,059	168,114,375	0.9%	0.6%	2.0%	0.8%	1.0%	0.5%
Unemployment	3.7%	3.9%	-0.1%	0.3%	-0.1%	-0.2%	-	-

Source: Oxford Economics

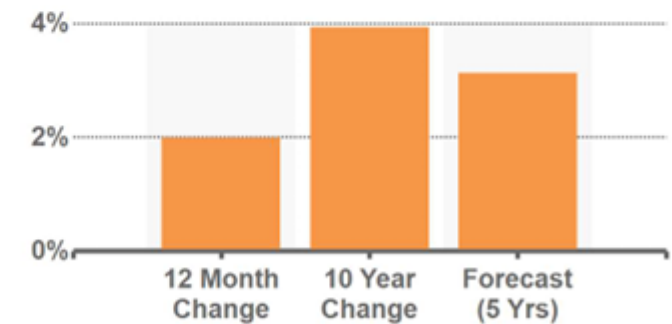
POPULATION GROWTH



LABOR FORCE GROWTH



INCOME GROWTH



Source: Oxford Economics

Takeaways





Questions?

Thank You!

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