



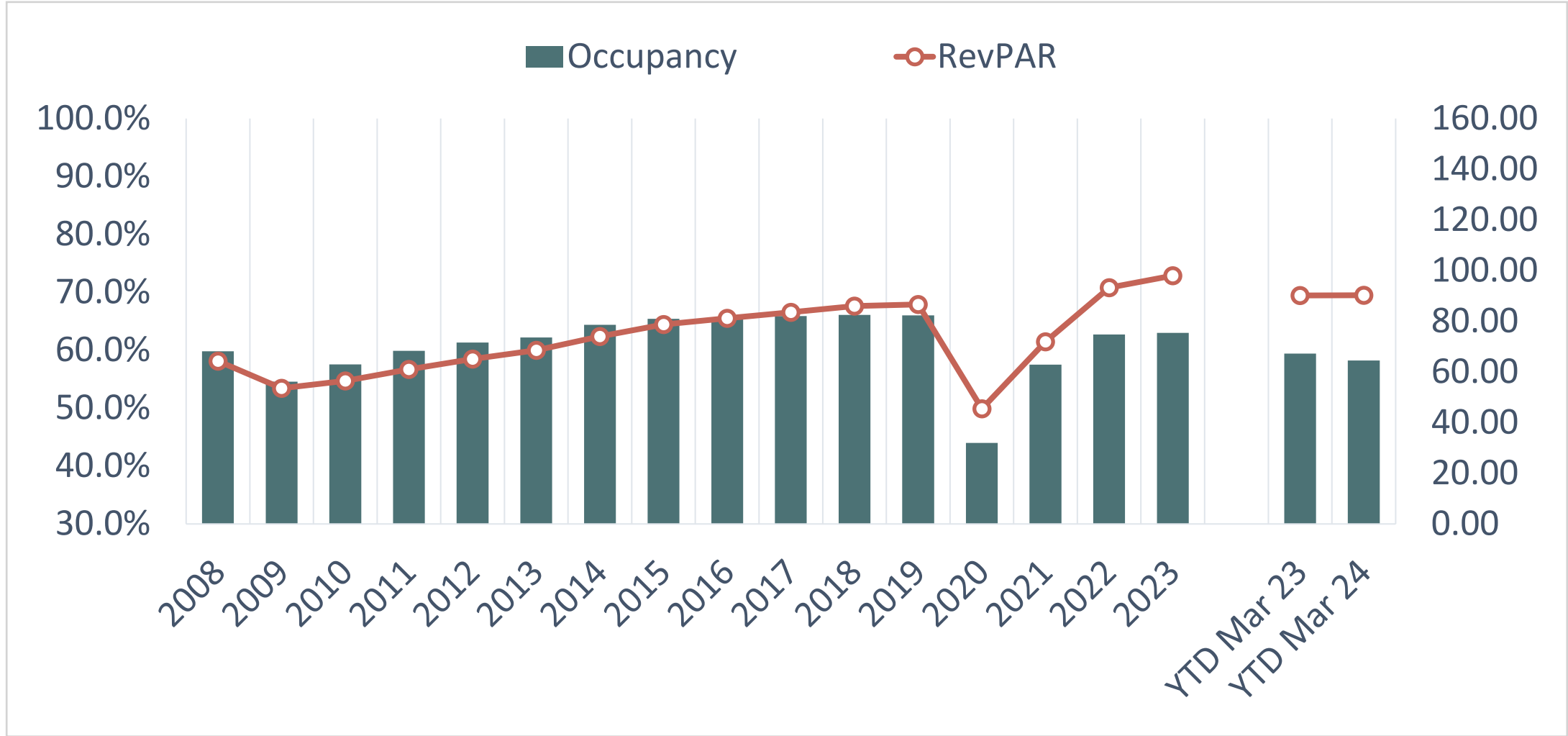
Lodging Performance Outlook 2024

Update on hotel performance, valuation metrics and construction costs

Luigi Major, MAI | Managing Director - Americas

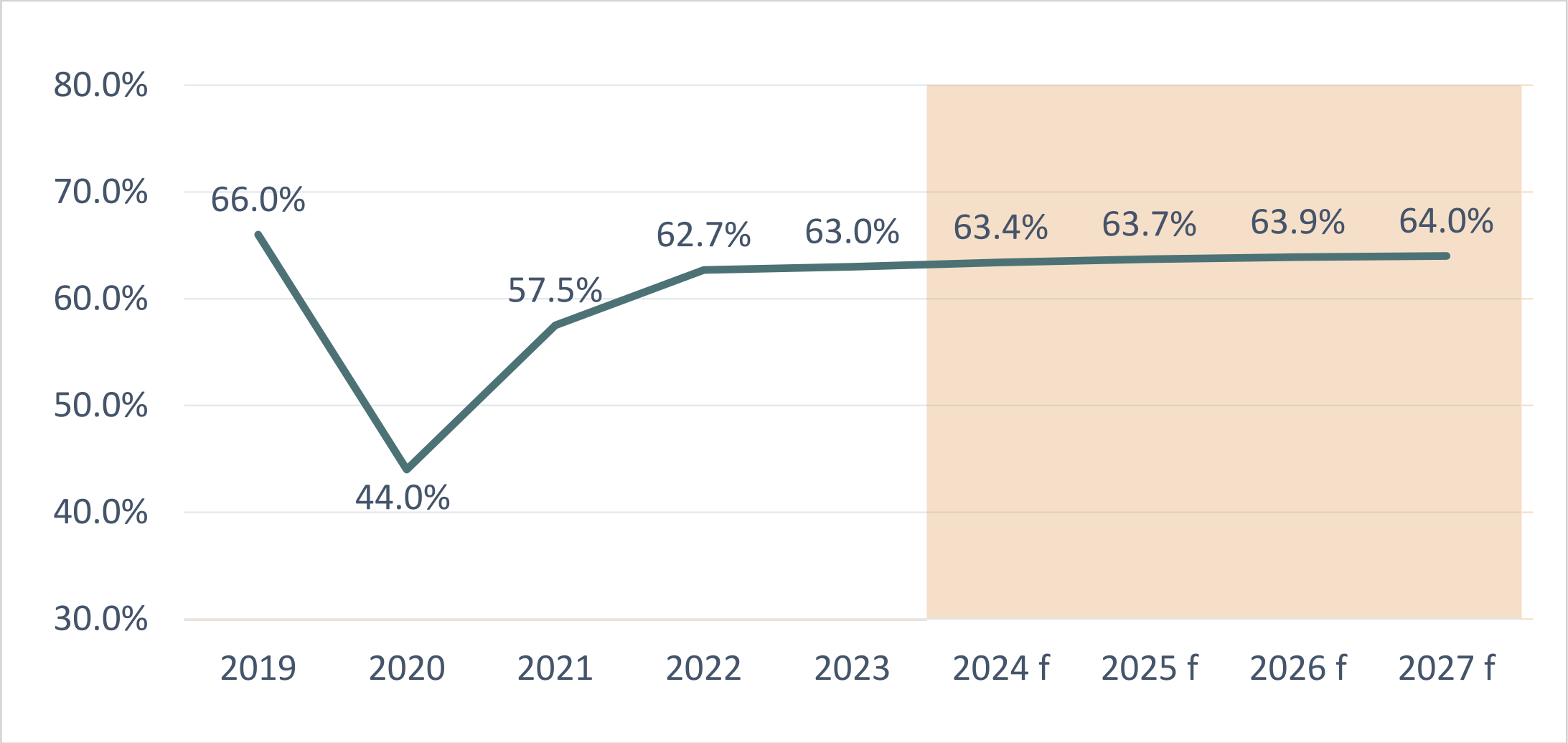
May 2024

Hotel Performance Finishes 2023 at All-Time High



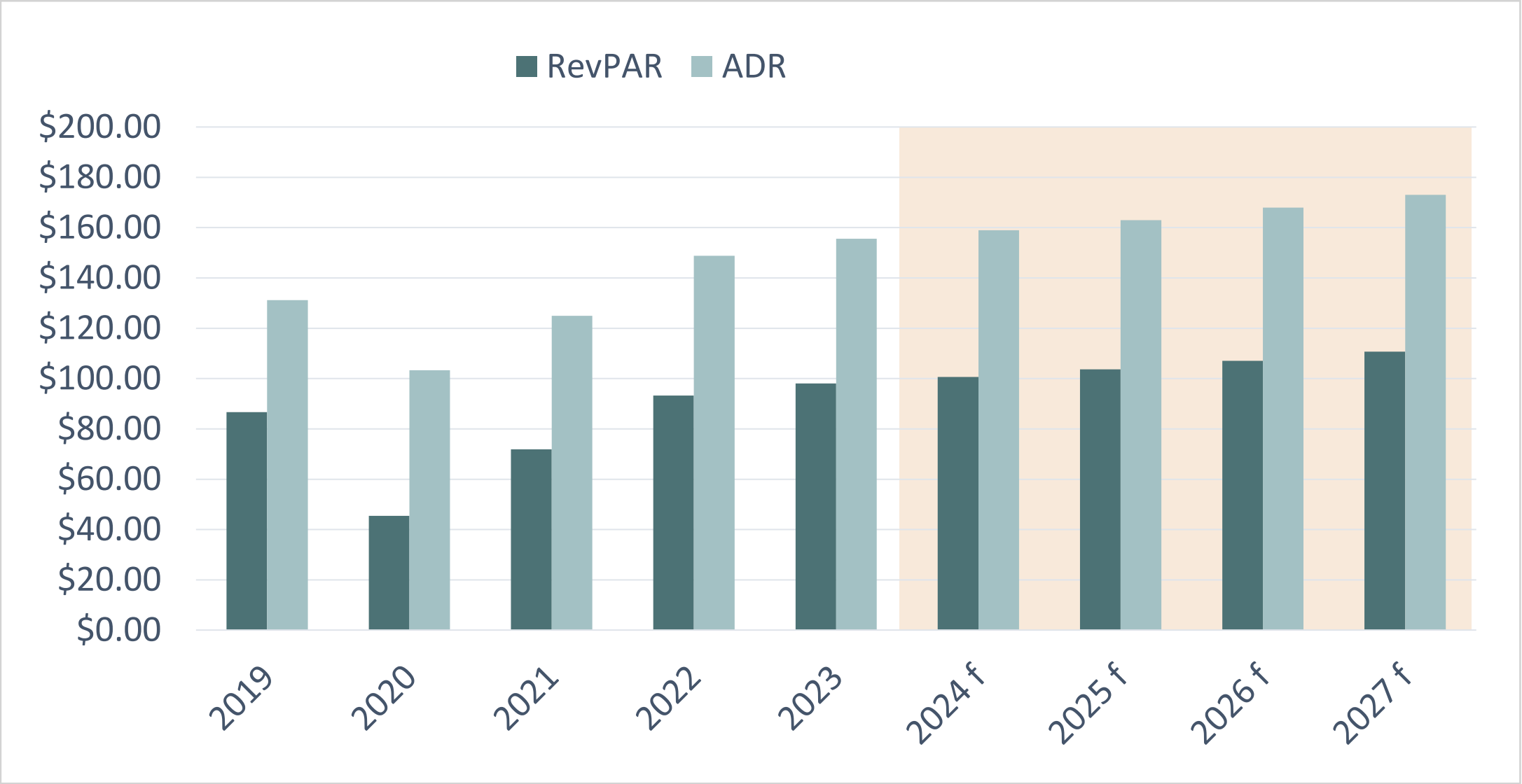
Source: STR

National Occupancy Reaches a Plateau



Source: STR

National RevPAR Growth Stabilizing



Source: STR

RevPAR growth expected to stabilize



While ADR 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	62.6	149	19.1	93	29.8
2023	63.0	156	4.3	98	4.9
2024	63.4	159	2.0	101	2.7
2025	63.7	163	2.5	104	3.0
2026	63.9	168	3.0	107	3.3
2027	64.0	173	3.0	110	3.1

Source: STR (Historical), HVS (Forecast as of January 2024)

Best/Worse Performing Markets of 2024



Best Performing Markets

1. Las Vegas
2. New York
3. Boston
4. Seattle
5. Oahu



Worse Performing Markets

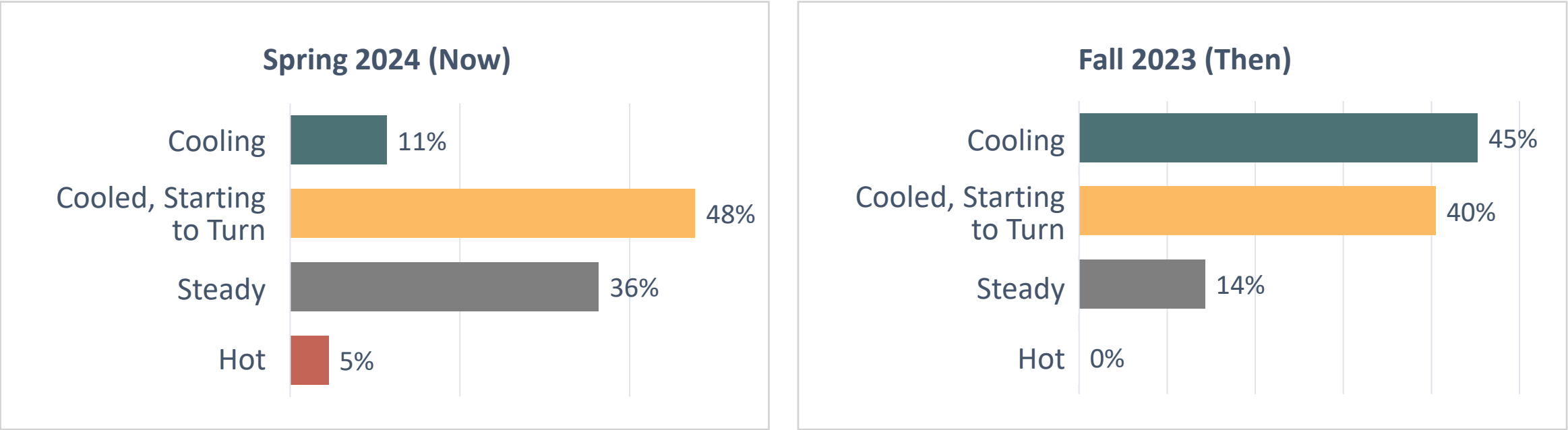
1. Phoenix
2. Nashville
3. Atlanta
4. Los Angeles
5. Tampa

Source: STR, HVS

National Sentiment Improves



National Sentiment

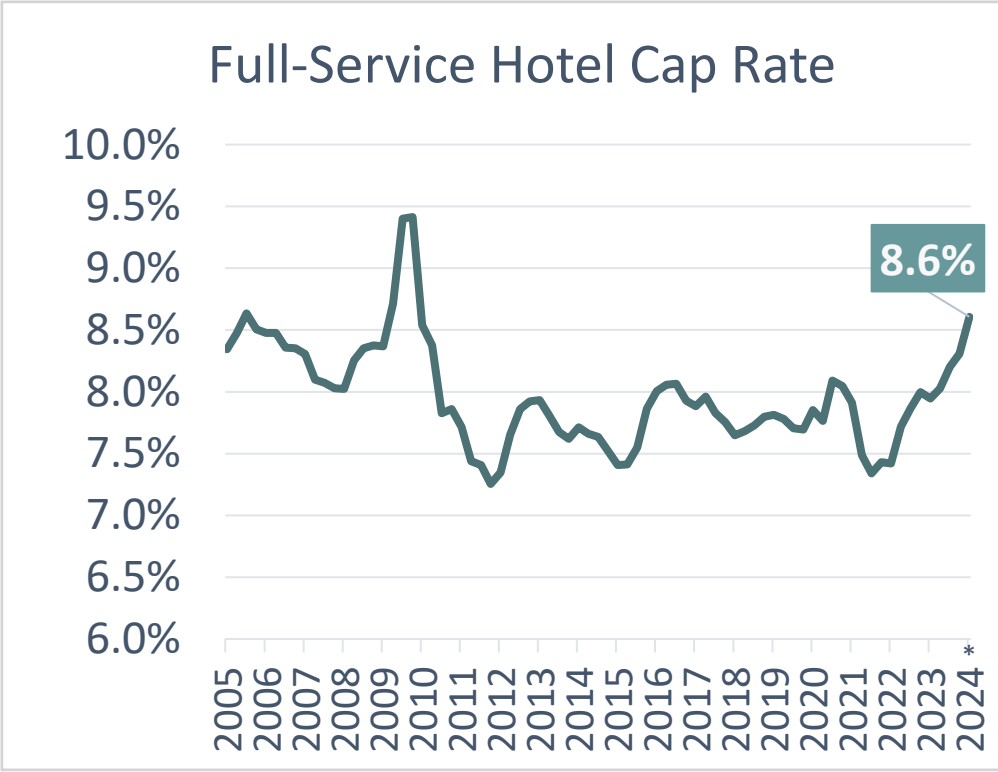
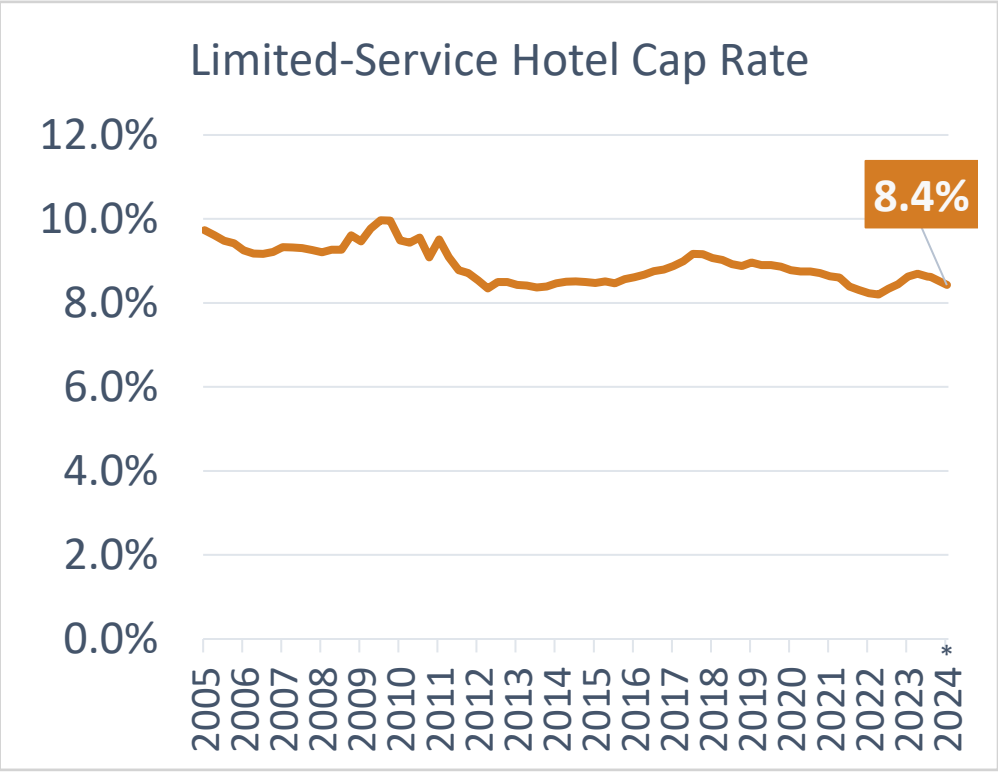


Source: HVS Broker Survey Spring 2024 and Fall 2023

Cap Rates Trajectory Vary Between Limited and Full Service



Strong hotel performance and competition have somewhat offset debt costs

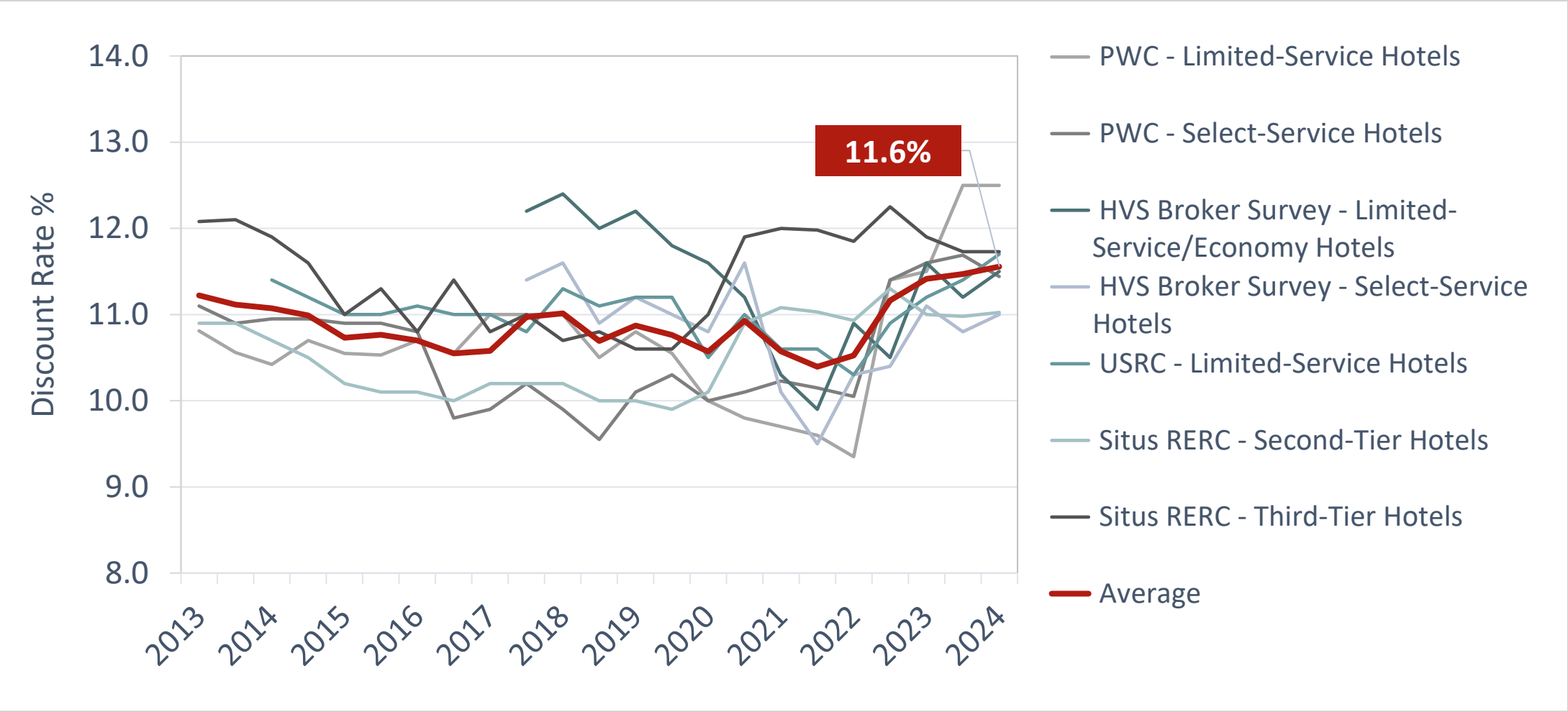


Source: MSCI Real Capital Analytics
* Q1 2024 Preliminary Data

Discount Rates on the Rise for Limited/Select



With 1H 2022 discount rates at their lowest, values peaked mid-year 2022

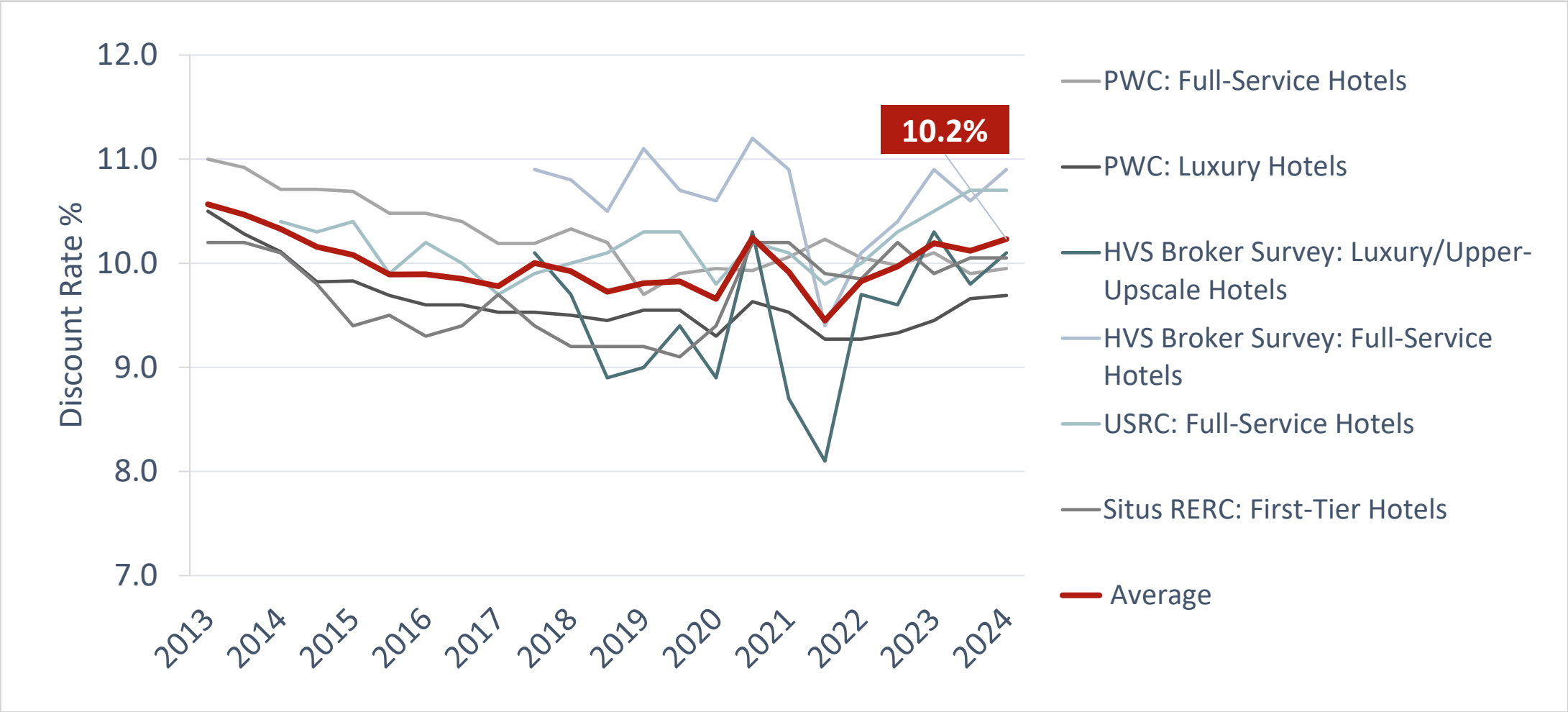


Source: PWC, HVS, USRC, Situs RERC

Discount Rates Lower For Full-Service/Luxury



A rise in discount rates for these categories is a return to normal



Source: PWC, HVS, USRC, Situs RERC

Valuations Affected by Cost of Debt



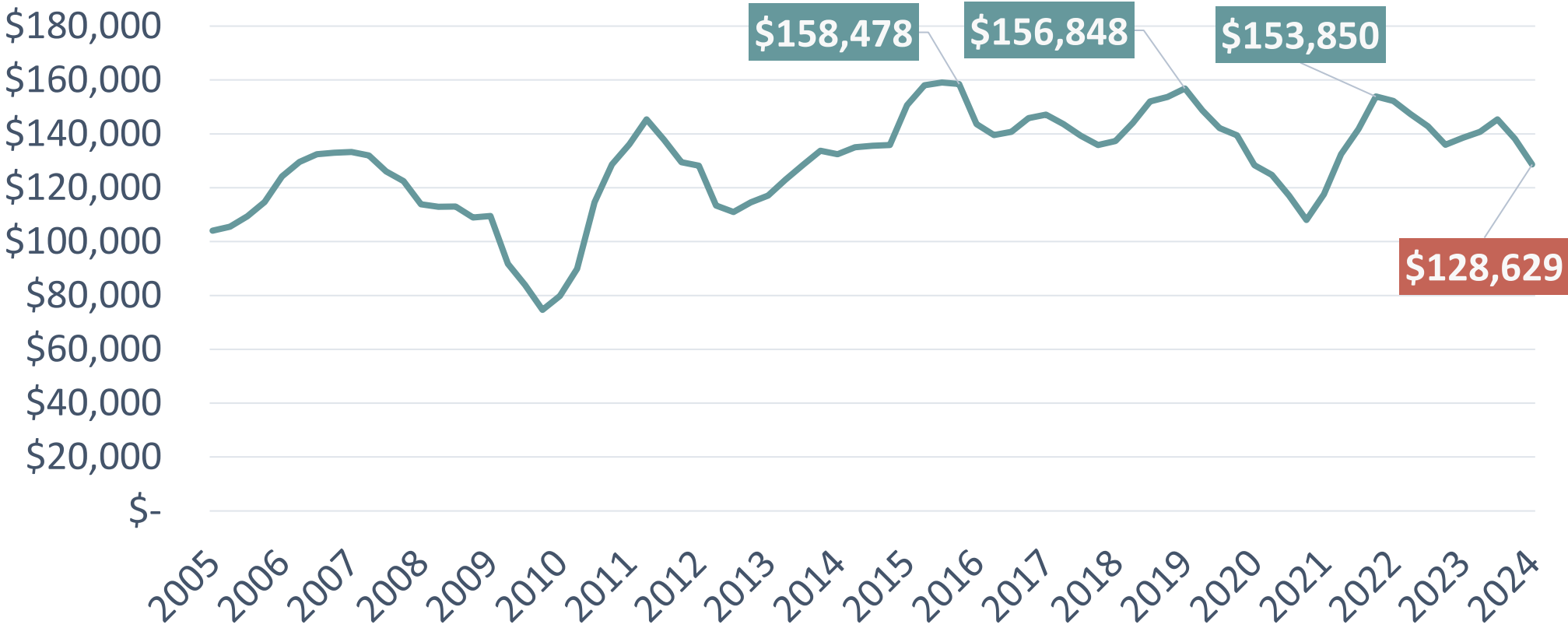
Higher interest rates results in higher discount rates and capitalization rates

	PREVIOUS FINANCING TERMS			CURRENT FINANCING TERMS		
Loan-to-Value Ratio	5.25%			8.00%		
Amortization	25 Years			25 Years		
Debt Service Constant	0.07191			0.09262		
	LVT	RATE	WACC	LVT	RATE	WACC
Debt	65%	0.07191	0.04674	60%	0.09262	0.05557
Equity	35%	0.16000	0.05600	40%	0.01600	0.06400
WACC (Weighted Average Cost of Capital)	10.27%			11.90%		
Indicated Value based on \$1M EBIDTA	\$9,733,000			\$8,403,000		
Change in Value				-14% 		

Hotel Price Per Key



Rising debt costs resulting in a 16% decrease in price per key vs. recent peak in 2021

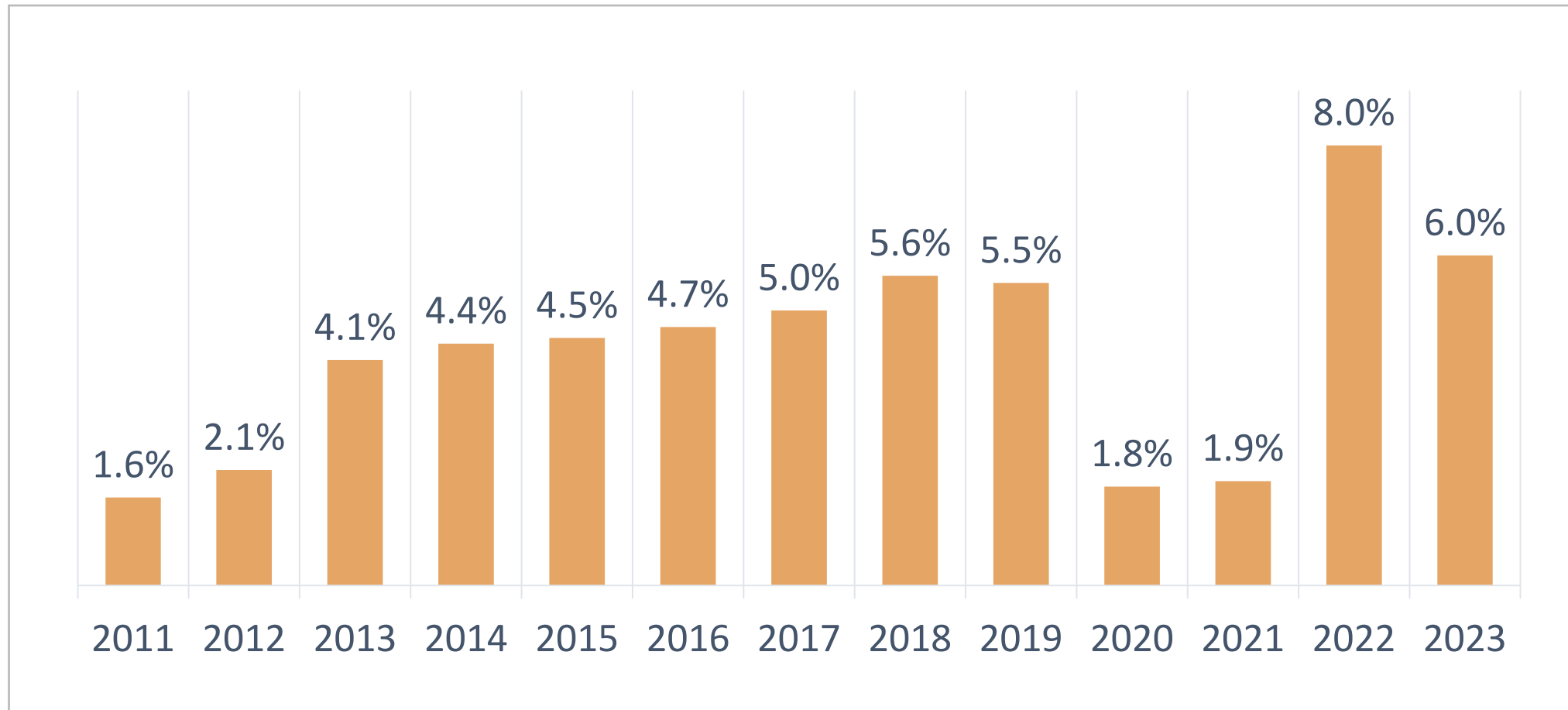


Source: MSCI

New Hotel Supply Constrained by Growing Construction Costs



Construction costs inflation significantly increased in 2022, now decreasing

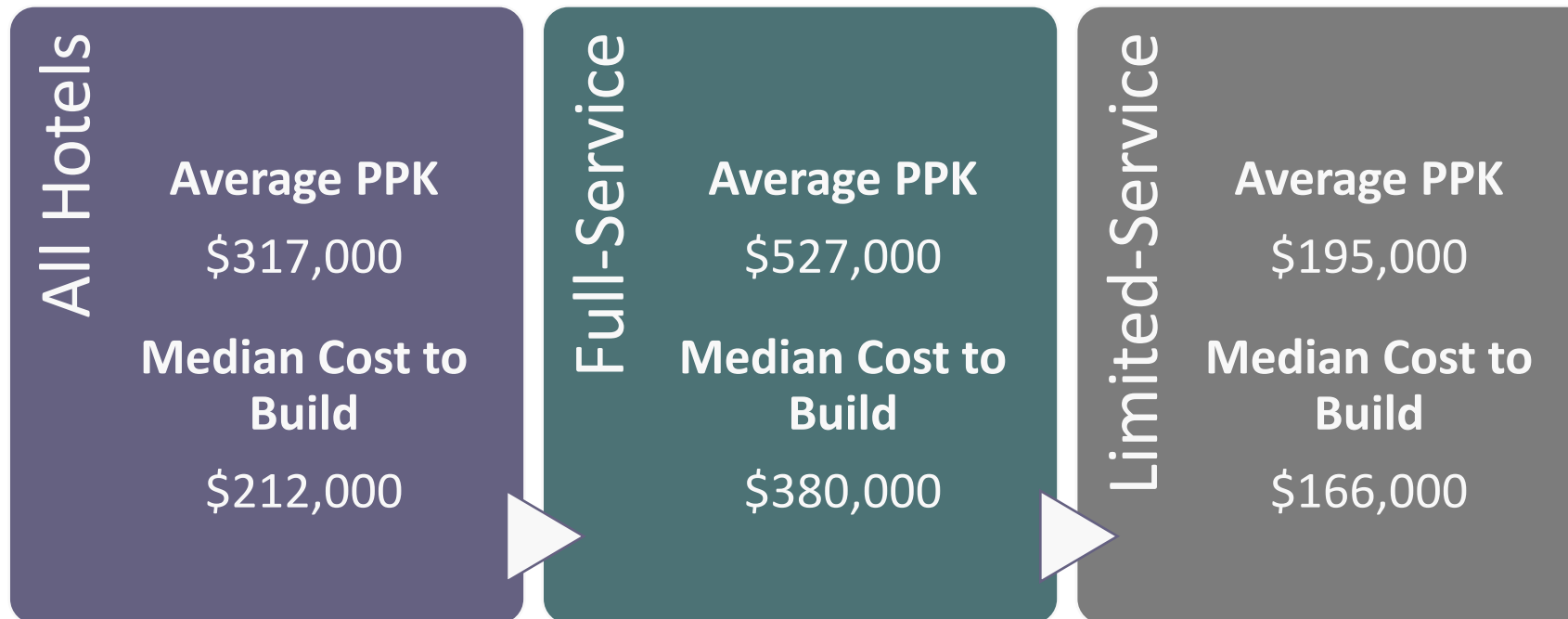


Source: Building Turner Cost Index

Justifying New Builds Will Be Challenging



Only key submarkets with higher ADRs and pent-up demand may support new construction at this time

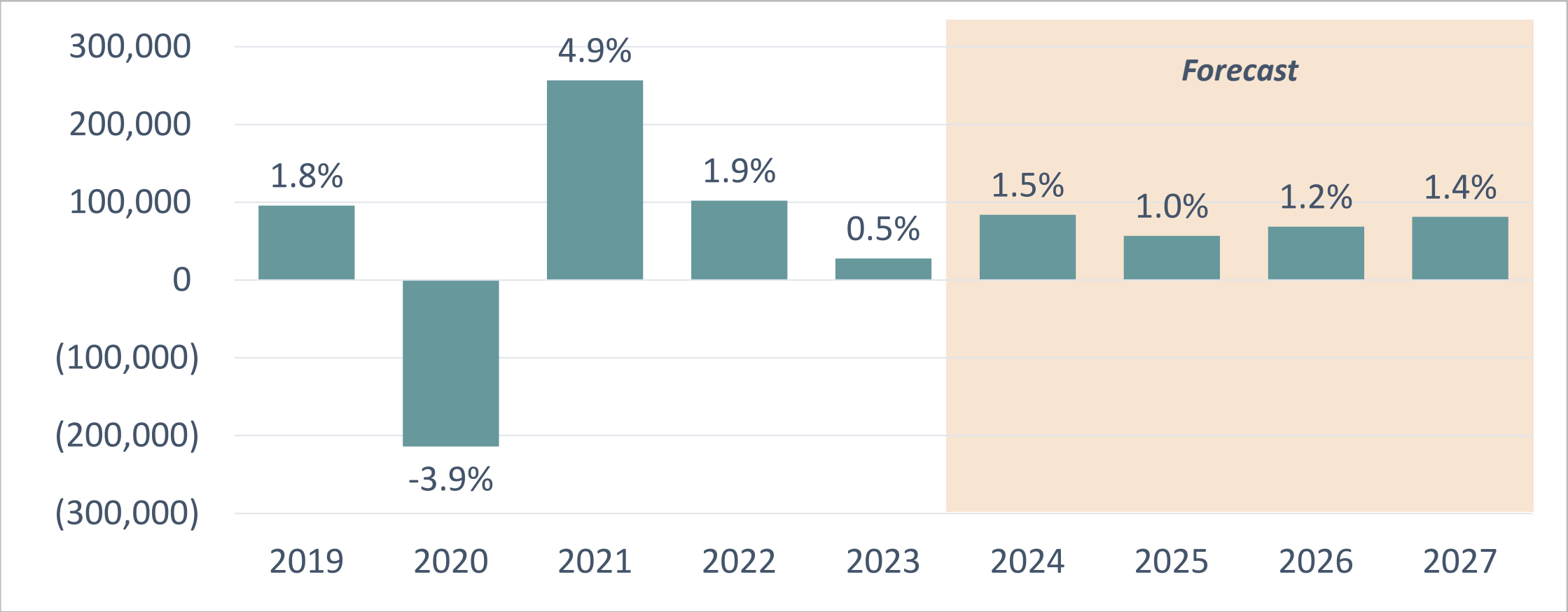


Source: HVS U.S. Development Cost Survey

Historical New Supply



Supply growth moderating due to development challenges



Source: STR, HVS



Thank you!

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