US HOTEL OUTLOOK
NAVIGATING THE STORM

5/20/2020

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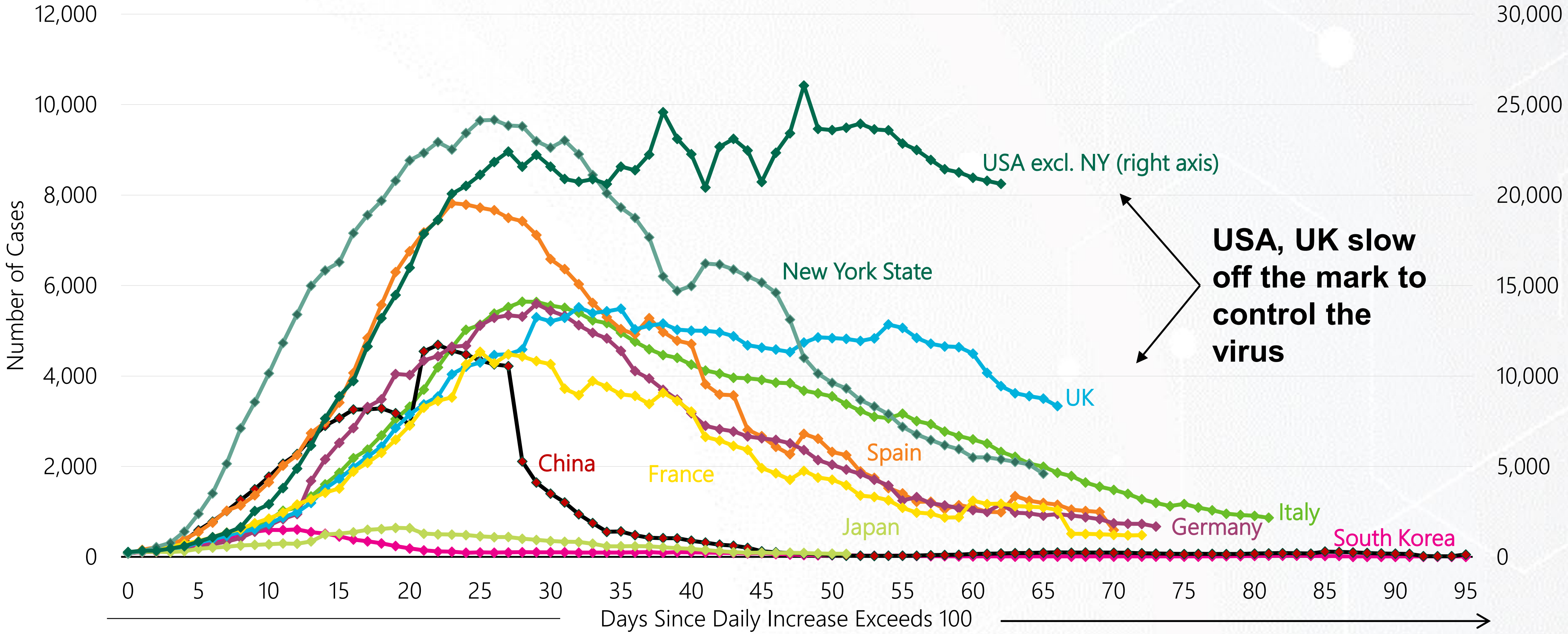
https://pip.cbrehotels.com/presentations

CBRE

WE ARE GENERALLY PAST THE PEAK IN NEW INFECTIONS

Daily new cases in 7-day moving averages

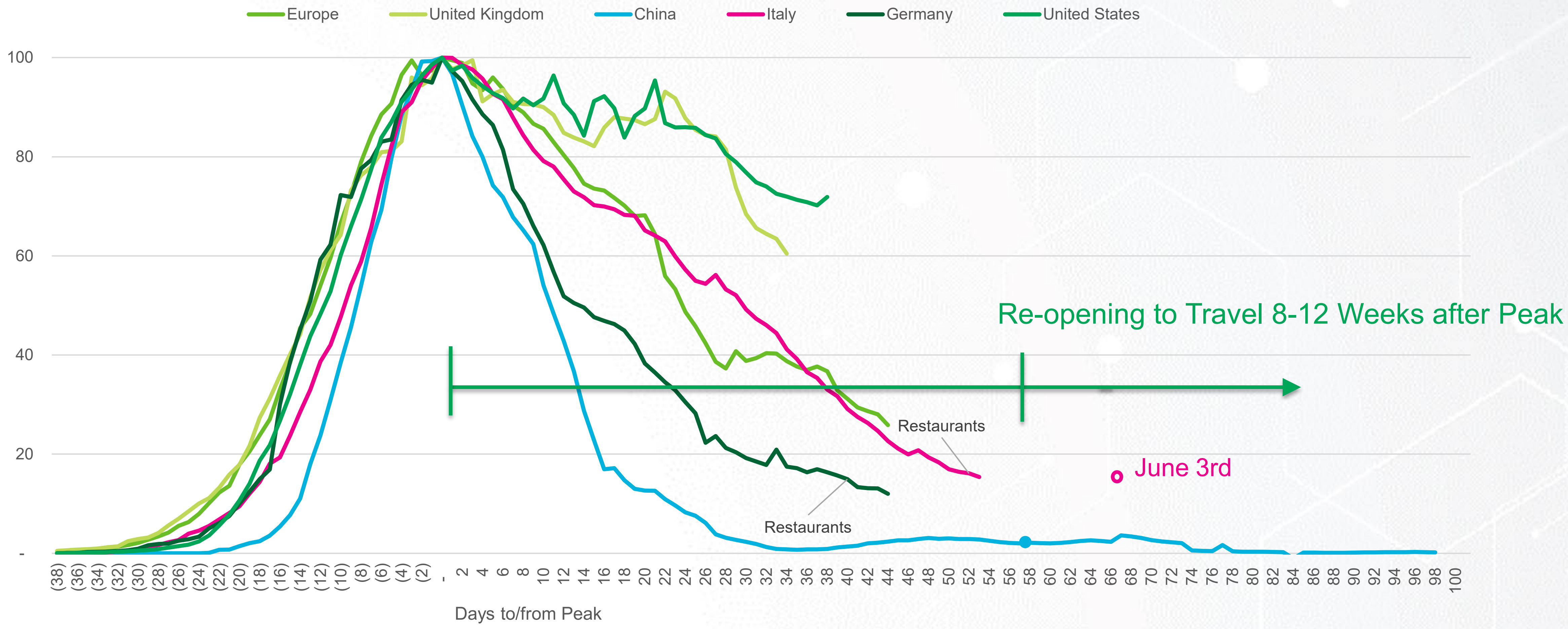


Source: CBRE Research, European Centre for Disease Prevention, COVID Tracking Project, Macrobond, 19 May 2020.
Note: Number reported as a 7-day moving average.

CBRE

RATE OF NEW CASE NUMBERS NOW PEAKING

Daily new cases confirmed, Indexed and aligned from historical peak



Source: CBRE Research, European Centre for Disease Prevention, Macrobond, 20 May 2020.
Note: Number reporting as a 7-day moving average with each country indexed and aligned from its peak.

This first edition of the HRG/TWR Fall Hotel Outlook comes in the midst of great uncertainties hampering the nation's lodging sector as a result of a considerably weakened economy and the vicious terrorist attacks in New York and Washington, DC. According to our view, the events that took place on September 11 have created a stigma effect on the air travel industry, which will have a serious negative impact on the performance of the nation's lodging facilities, separately from the effect of the weakening economy. After thorough analysis, we have introduced in our forecasting models national, metropolitan-specific, and segment-specific factors to account for this effect.

While these times are very uncertain, and a number of issues as to the aftershocks of the September 11th attack are still unknown, it is our responsibility to give our clients our best thinking about what is happening and what it means for the future of the property markets. We will be monitoring the economy and real estate markets quarterly and updating our data, analysis and forecasts also on a quarterly frequency and moving to quarterly periodicity by December 2001. At this time we will have a new forecast based on third quarter real estate and economic data. We will do our best to keep our readers fully informed at all times.

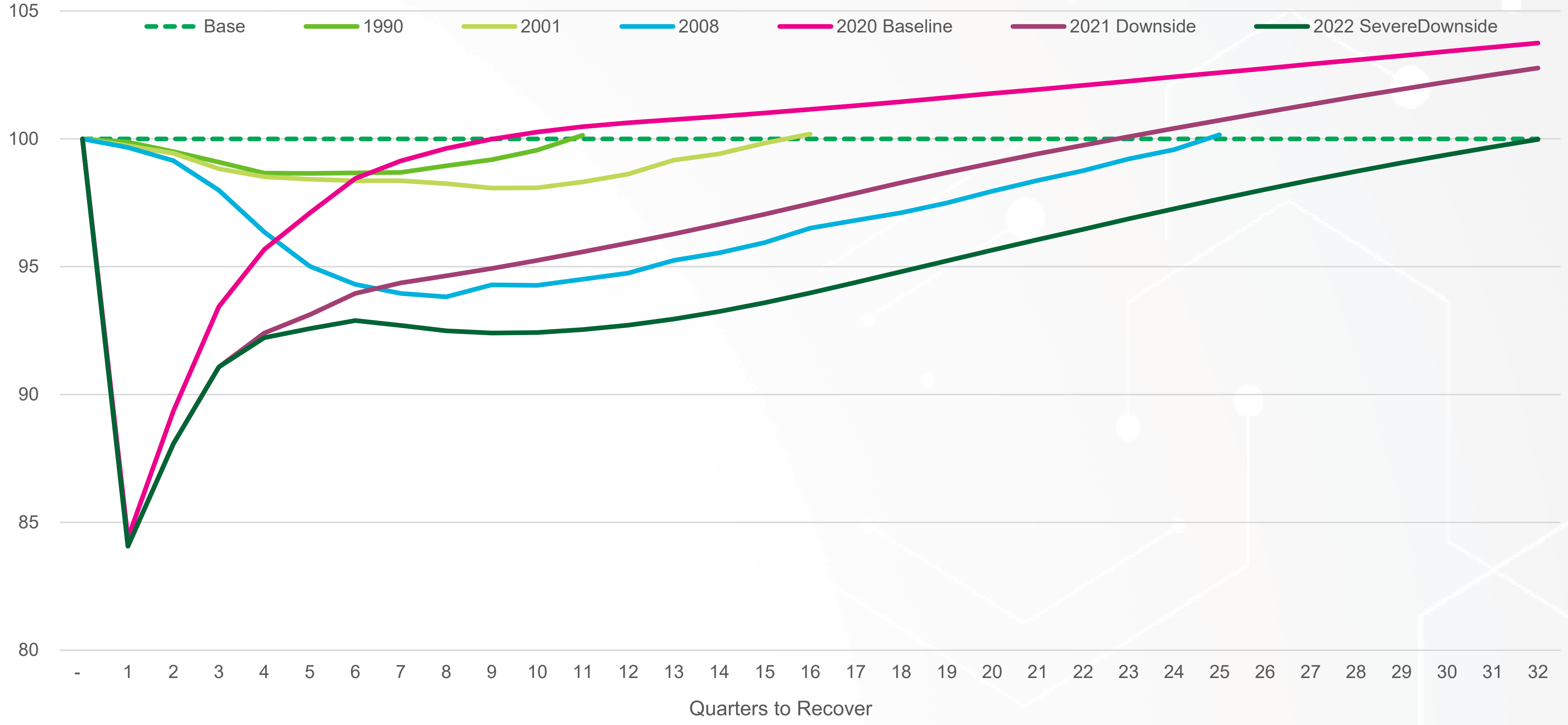
As always, we thank you for your continued support and welcome any comments or questions.

R. Mark Woodworth
Jack Corgel

Raymond G. Torto
William C. Wheaton
October 8, 2001

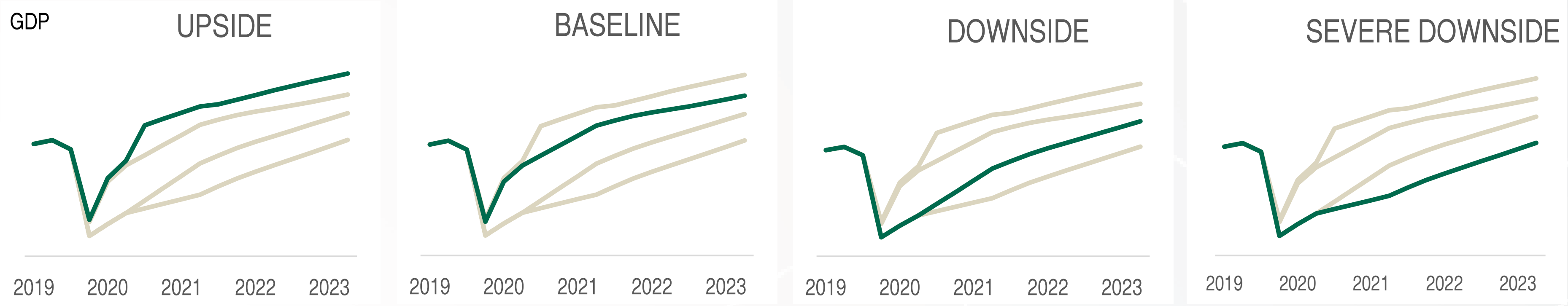

ECONOMY

US EMPLOYMENT
CURRENT FORECAST SCENARIOS COMPARED TO PAST RECESSIONS



Source: BLS, CBRE Research, April 2020.
Note: Employment Indexed to Pre-recession levels

ALTERNATE SCENARIOS



Scenario	Upside	Baseline	Downside	Severe Downside
Likelihood	Low	High	High/Medium	Low / Medium
COVID-19 Situation	Social distancing measures cause the number of new cases to quickly fall by May/June 2020. Future spread is mitigated by test-and-trace and release of a vaccine by early 2021.	The number of new cases drops enough to allow a slow reopening of the economy commencing in late May / June. Progress will vary by region.	COVID-19 cases and hospitalization rates remain high into the summer and crowd-out resources from other parts of the economy. Viral flare-ups are commonplace in different regions of the country.	After governments ease 'lockdown' rules the virus makes a worldwide resurgence. Meanwhile, the development of a vaccine takes years.
Time to Full Economic Recovery	5 quarters	2 years	3 years	4 years
Economic Impact	A quickly falling case count, swift reopening of the economy and robust government stimulus will unleash a wave of pent-up demand that drives an impressive recovery.	24 million jobs will be lost in 2020q2, pushing the unemployment rate to about 15%. Government stimulus will keep many firms afloat during the lockdown period. Improved consumer sentiment and functioning financial markets will	The reopening of the economy proves to be a slow process and many firms are unable to reopen. High bankruptcies and unemployment will prevent a strong recovery from gaining traction. Pre-virus employment levels are not regained before	A prolonged recession causes a wave of bankruptcies that severely stress the financial system. Pre-virus employment levels are not regained during the next four years.

Source: CBRE Research, April 2020.

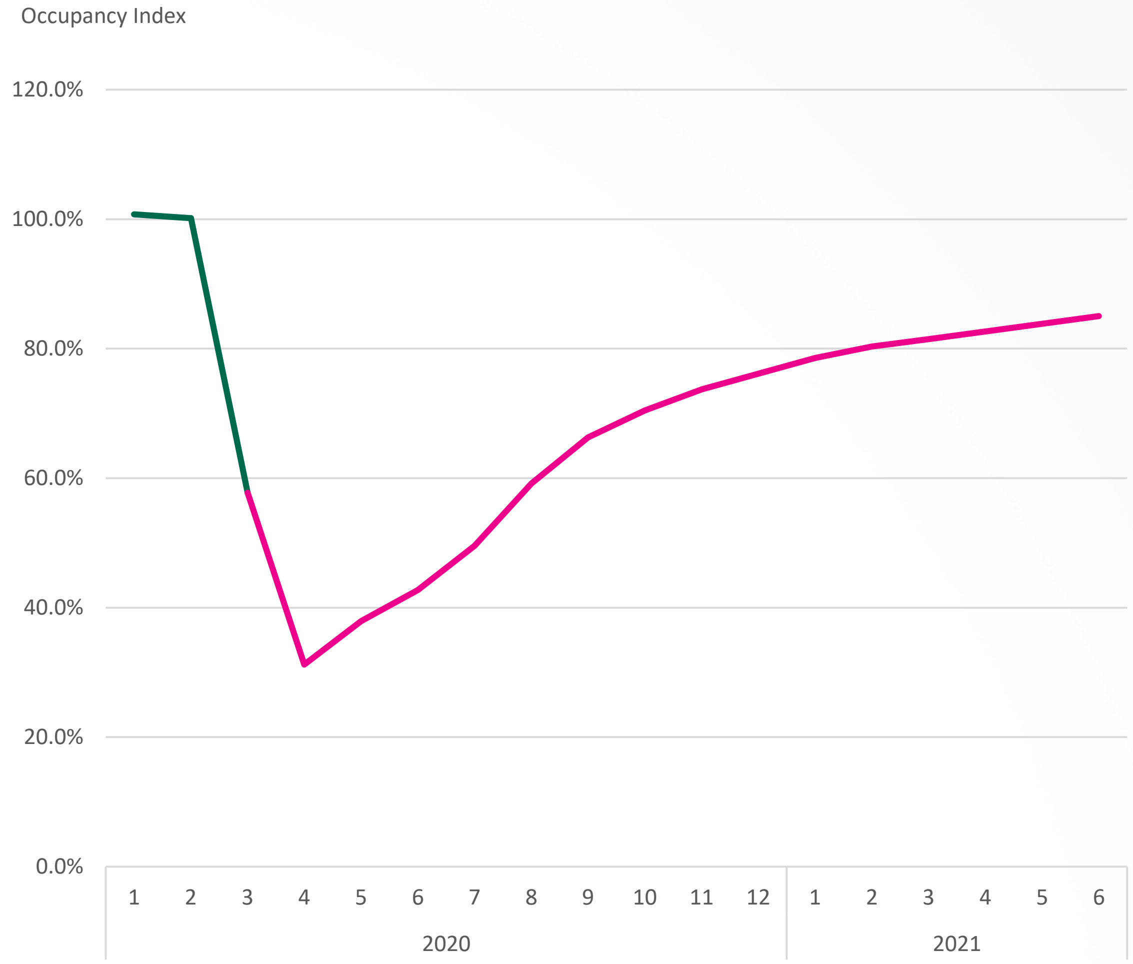
TURNING TO HOTELS

CBRE HOTELS - BASELINE FORECAST

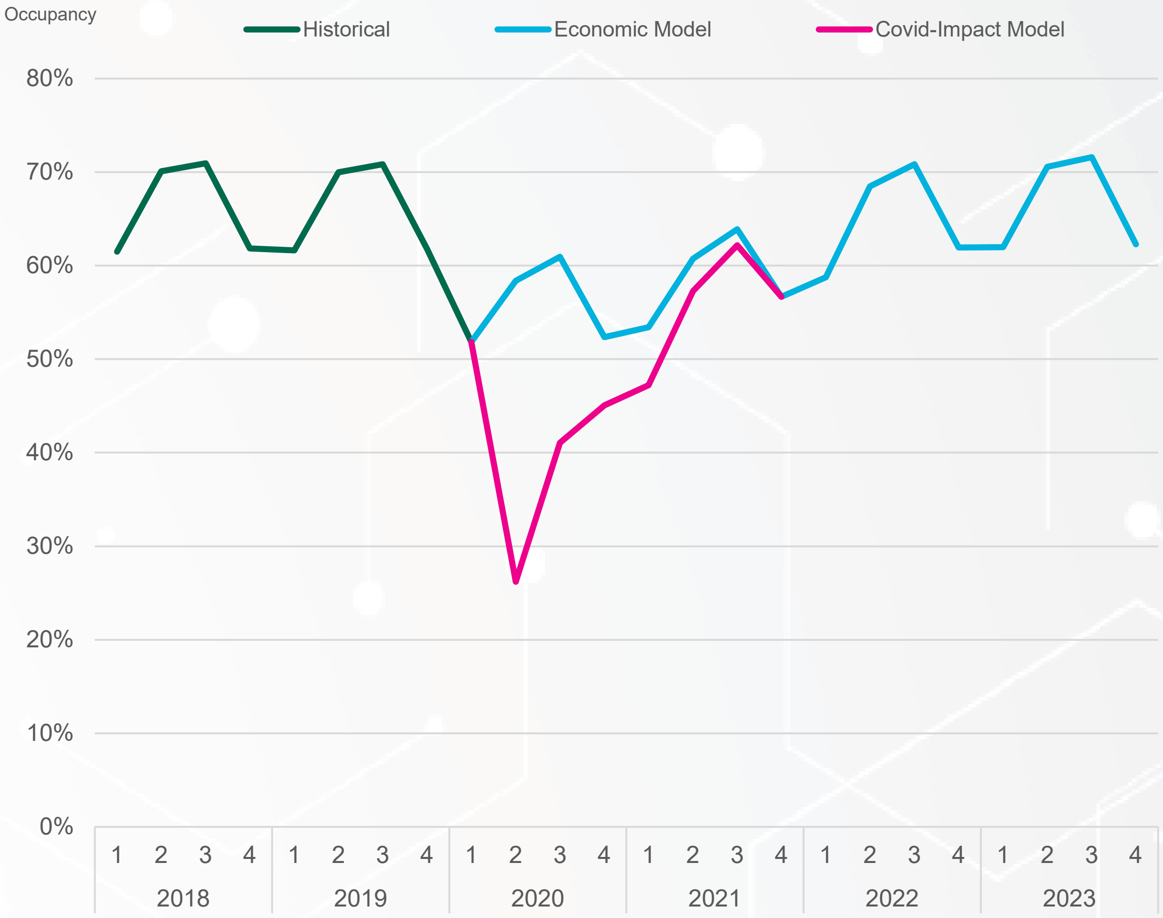
Year	Occ	ΔOcc	ADR	ΔADR	RevPAR	ΔRevPAR	ΔSupply	ΔDemand
2018	66.1%	0.4%	$129.91	2.4%	$85.90	2.9%	2.0%	2.4%
2019	66.1%	-0.1%	$131.11	0.9%	$86.64	0.9%	2.0%	2.0%
2020	41.0%	-38.0%	$101.67	-22.5%	$41.67	-51.9%	1.5%	-37.0%
2021	55.9%	36.3%	$110.69	8.9%	$61.83	48.4%	-1.1%	34.8%
2022	65.0%	16.4%	$122.93	11.1%	$79.95	29.3%	0.0%	16.4%
2023	66.6%	2.4%	$130.47	6.1%	$86.92	8.7%	0.5%	3.0%
2023	66.5%	-0.2%	$135.63	4.0%	$90.18	3.7%	0.9%	0.7%

Source: CBRE Hotels Research, STR, May 14, 2020.

FORECASTING THE COVID-19 IMPACT

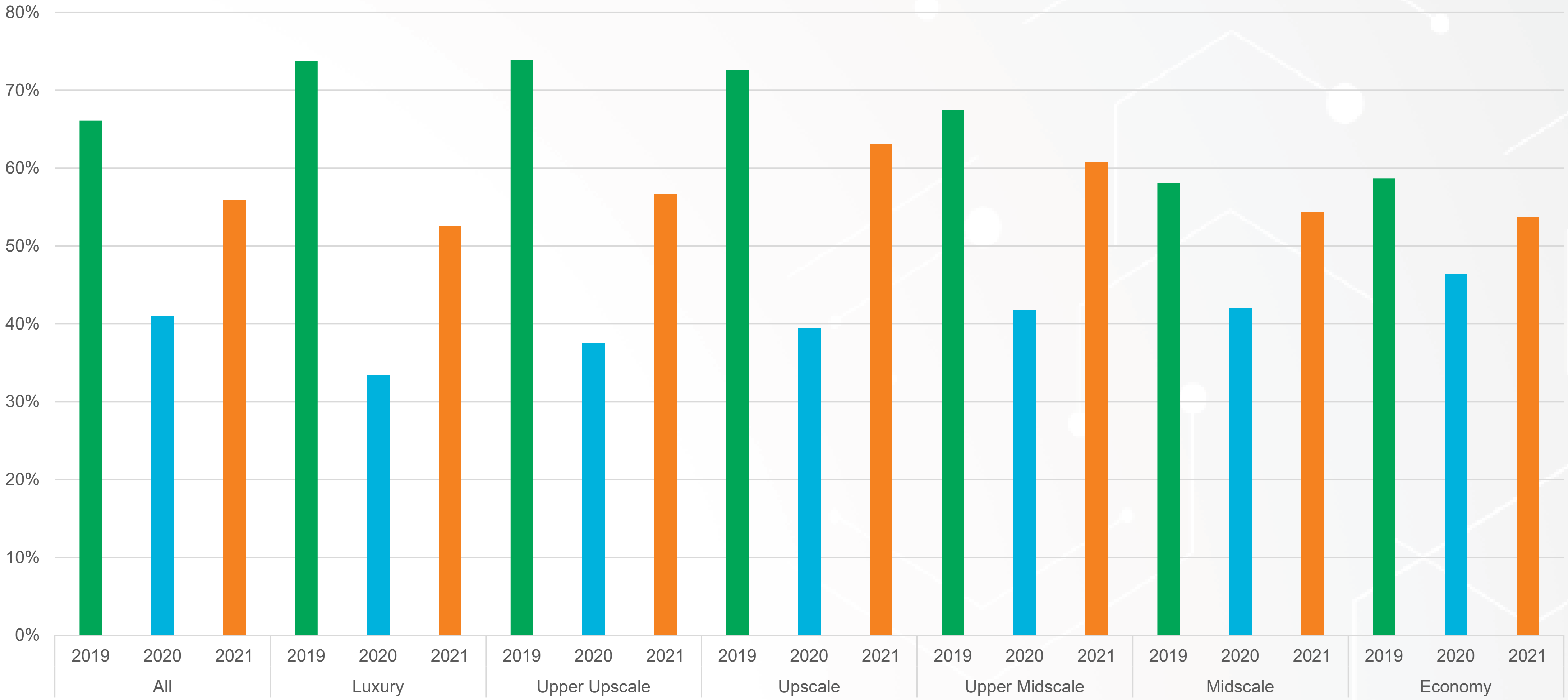


Note: Indexed to 2019 Levels



Source: CBRE Hotels Research, STR, Q1 2020.

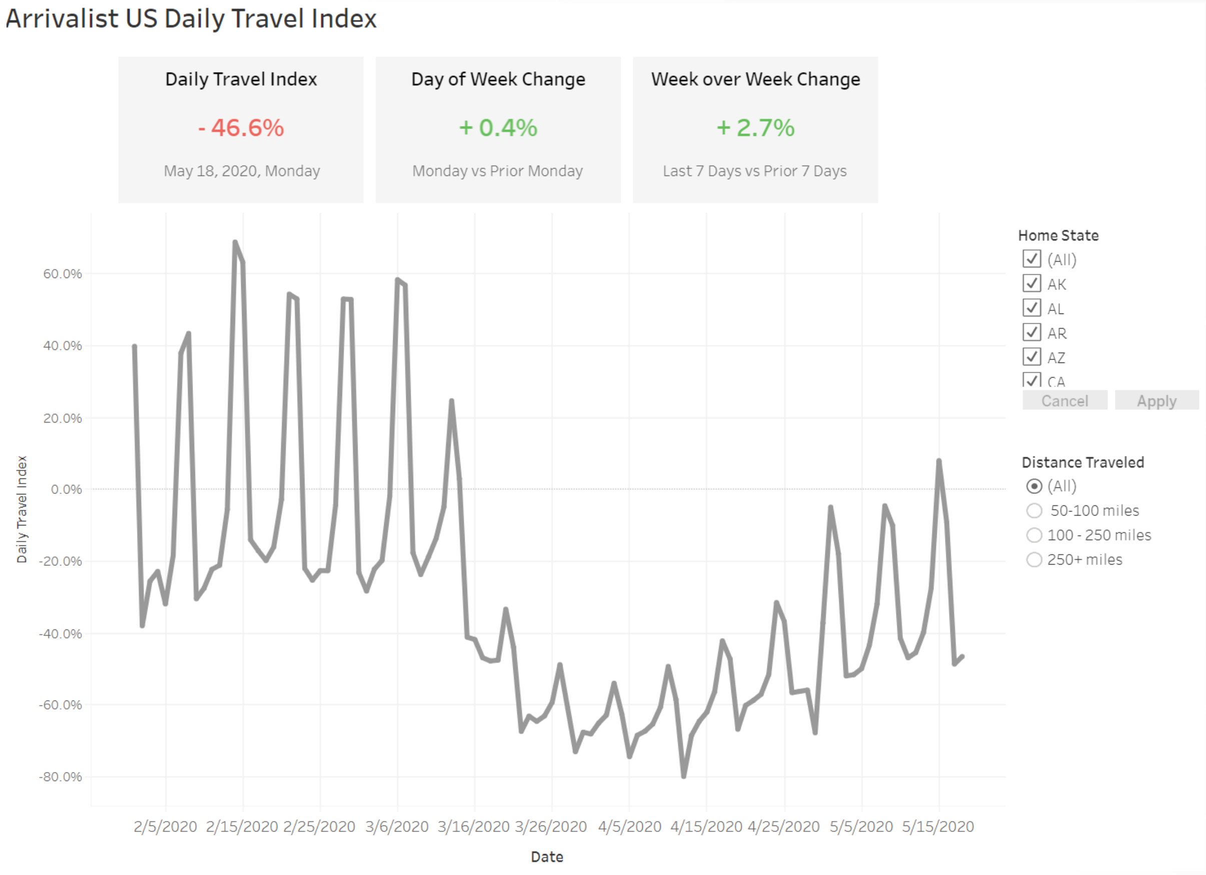
FORECASTS OF OCCUPANCY LEVELS BY CHAIN SCALE



Source: CBRE Hotels Research, STR, May 14, 2020.

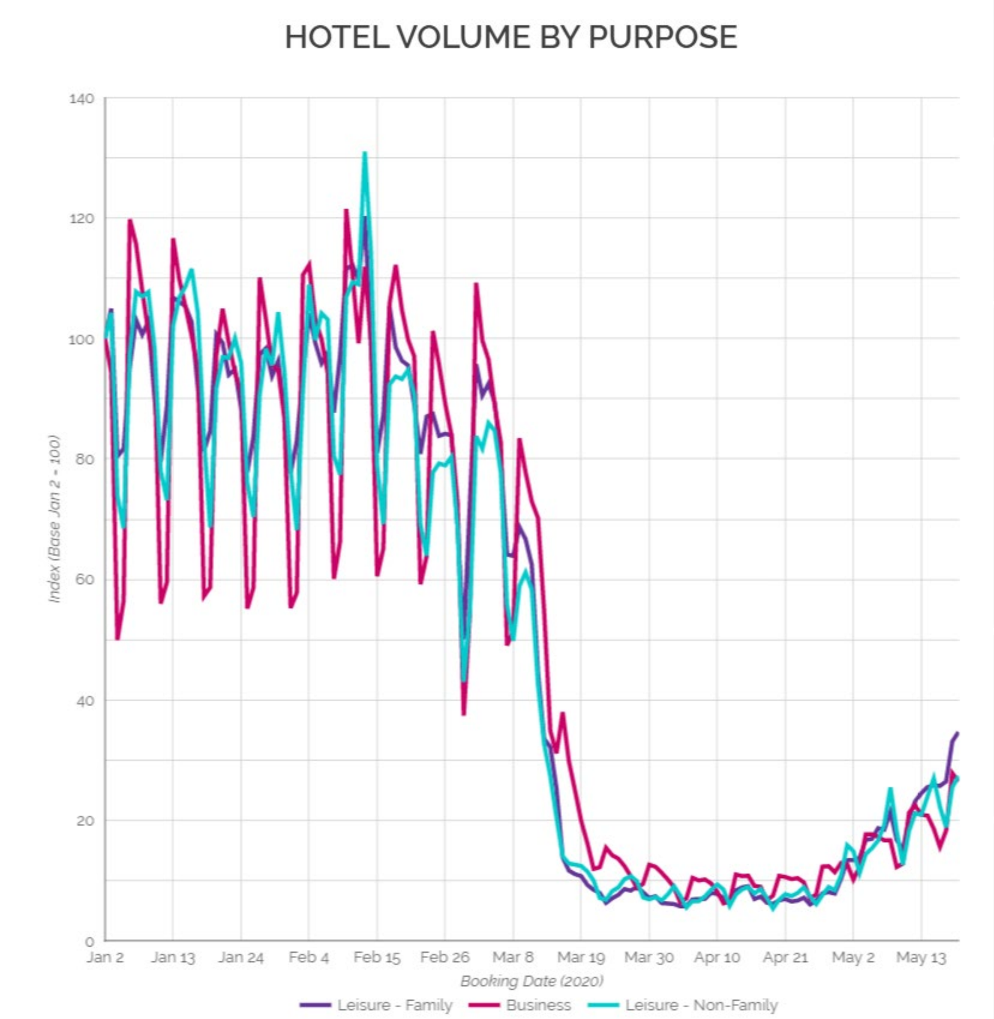
TRAVEL DATA –GREEN SHOOTS?

ARRIVALIST: US DAILY TRAVEL INDEX



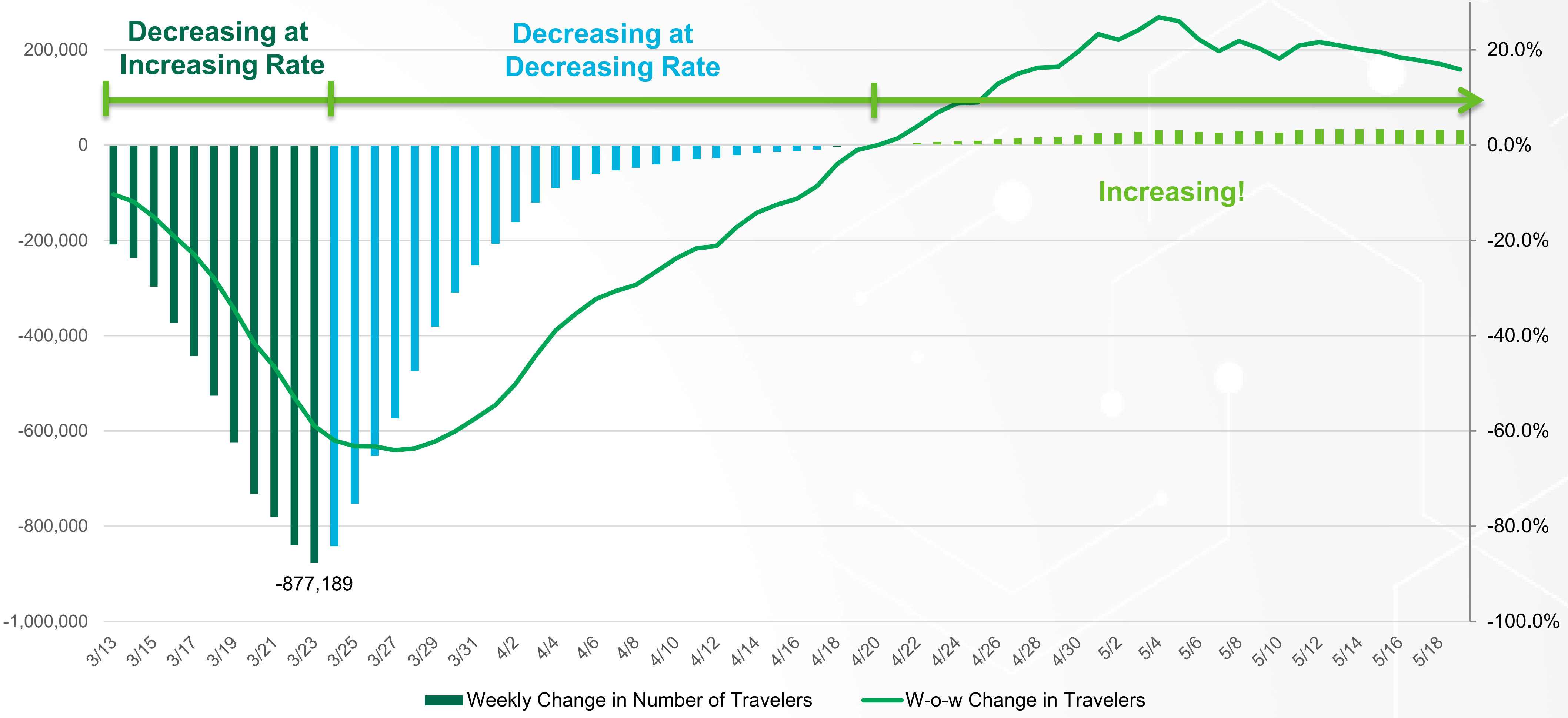
SOURCE: ARRIVALIST, 5/20/2020

ADARA: US HOTEL BOOKING VOLUME



SOURCE:ADARA, 5/20/2020

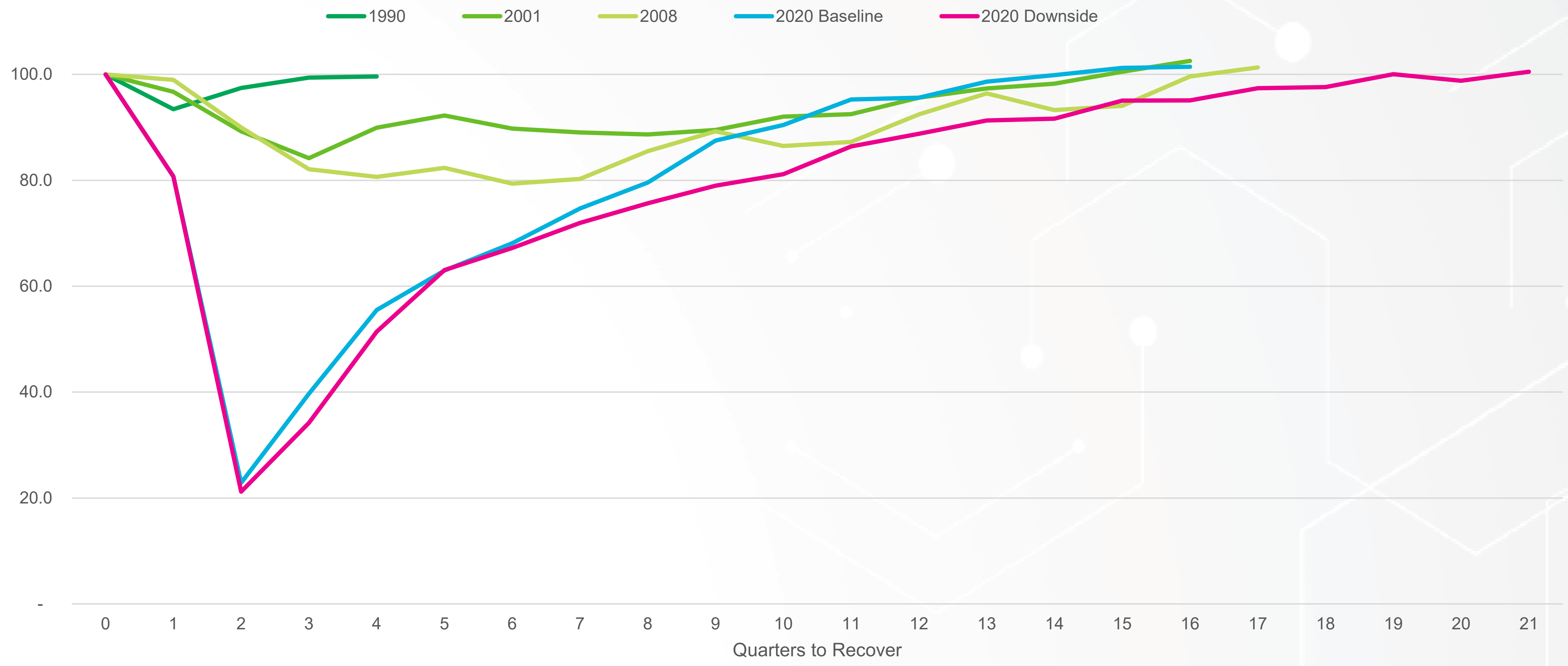
TSA CHECKPOINTS - WEEK OVER WEEK CHANGE IN NUMBER & PERCENT OF TRAVELERS, 7 DAY MOVING AVERAGE



SOURCE: TSA, CBRE HOTELS RESEARCH, 5/20/2020

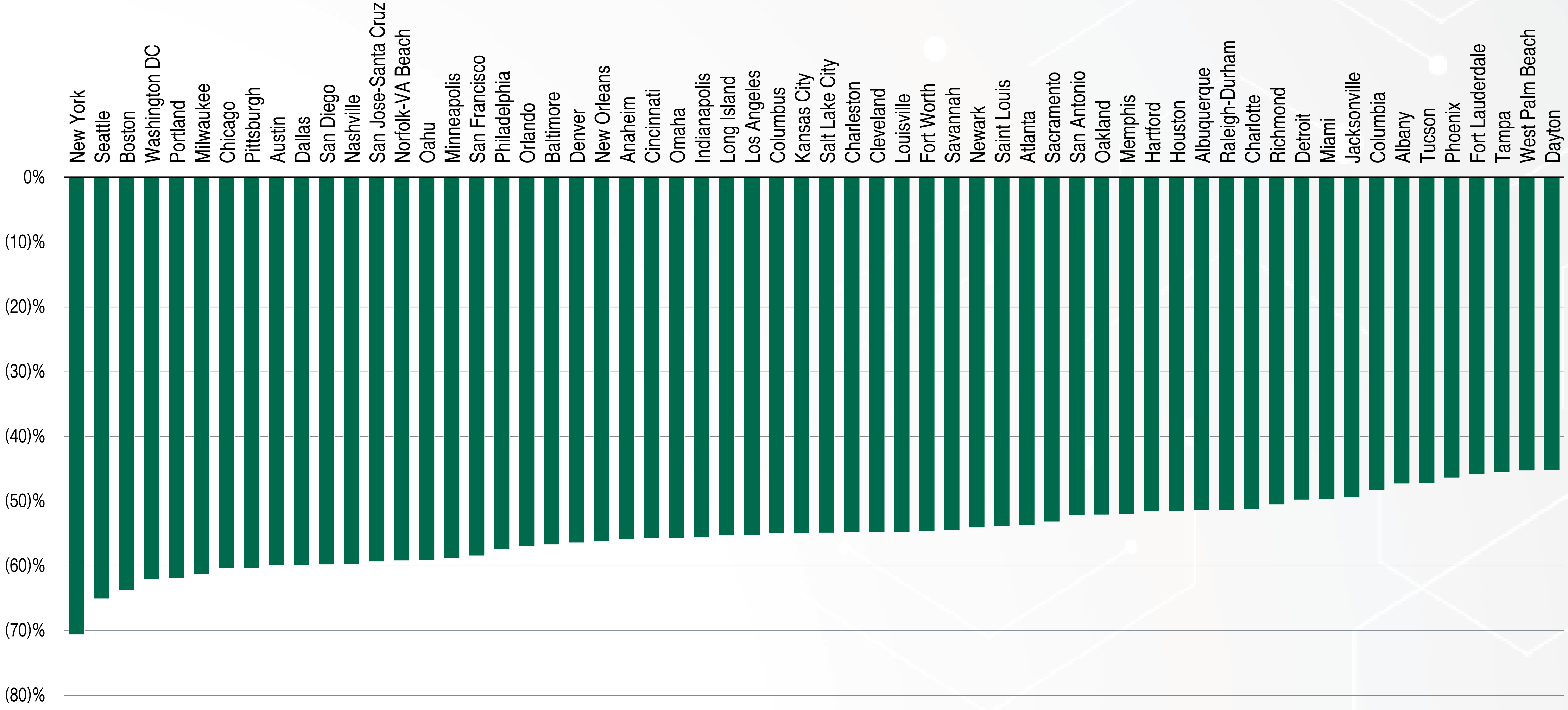
US HOTEL REVPAR

CURRENT FORECAST SCENARIOS COMPARED TO PAST RECESSIONS



Source: STR, CBRE Hotels Research, May 14th, 2020.
Note: RevPAR Indexed to Pre-recession levels

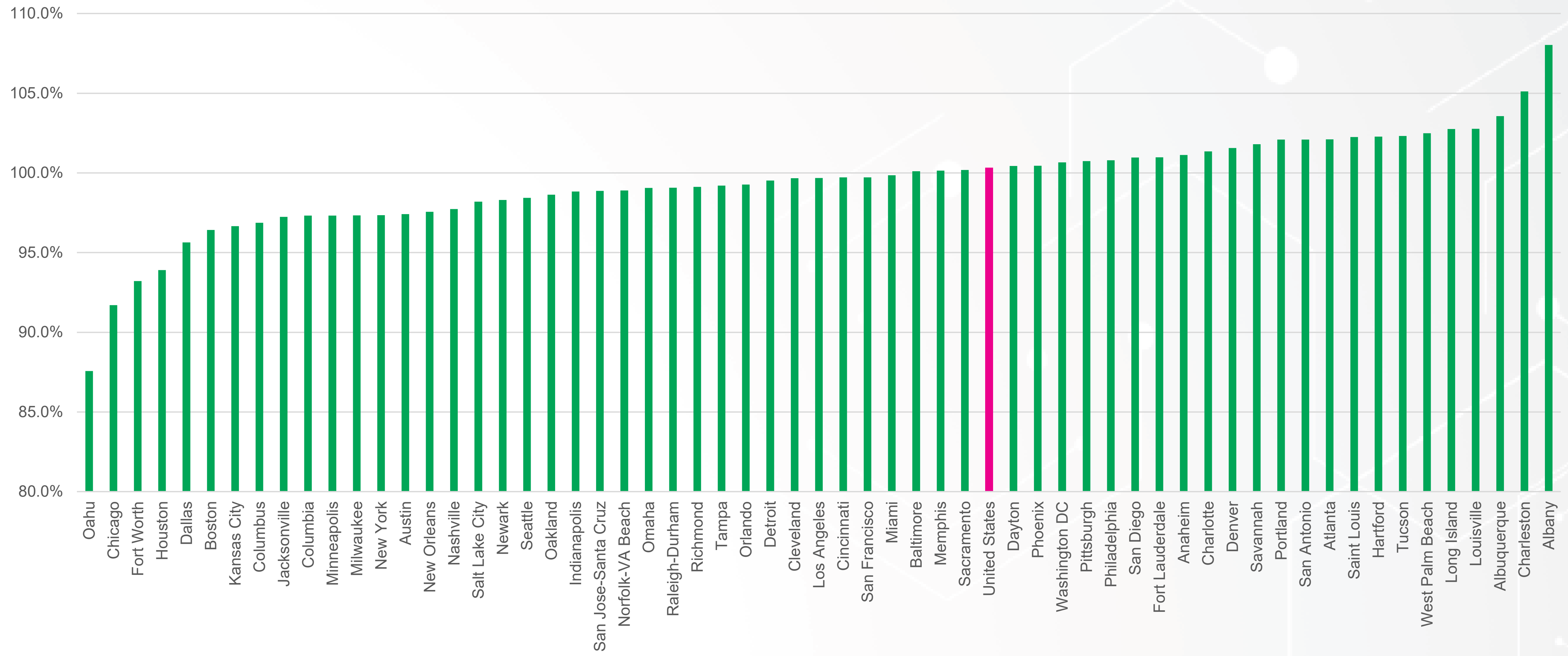
2020 REVPAR Y-O-Y % CHANGE



Source: CBRE Hotels Research, STR, May 14th, 2020.

HOTEL REVPAR RECOVERY

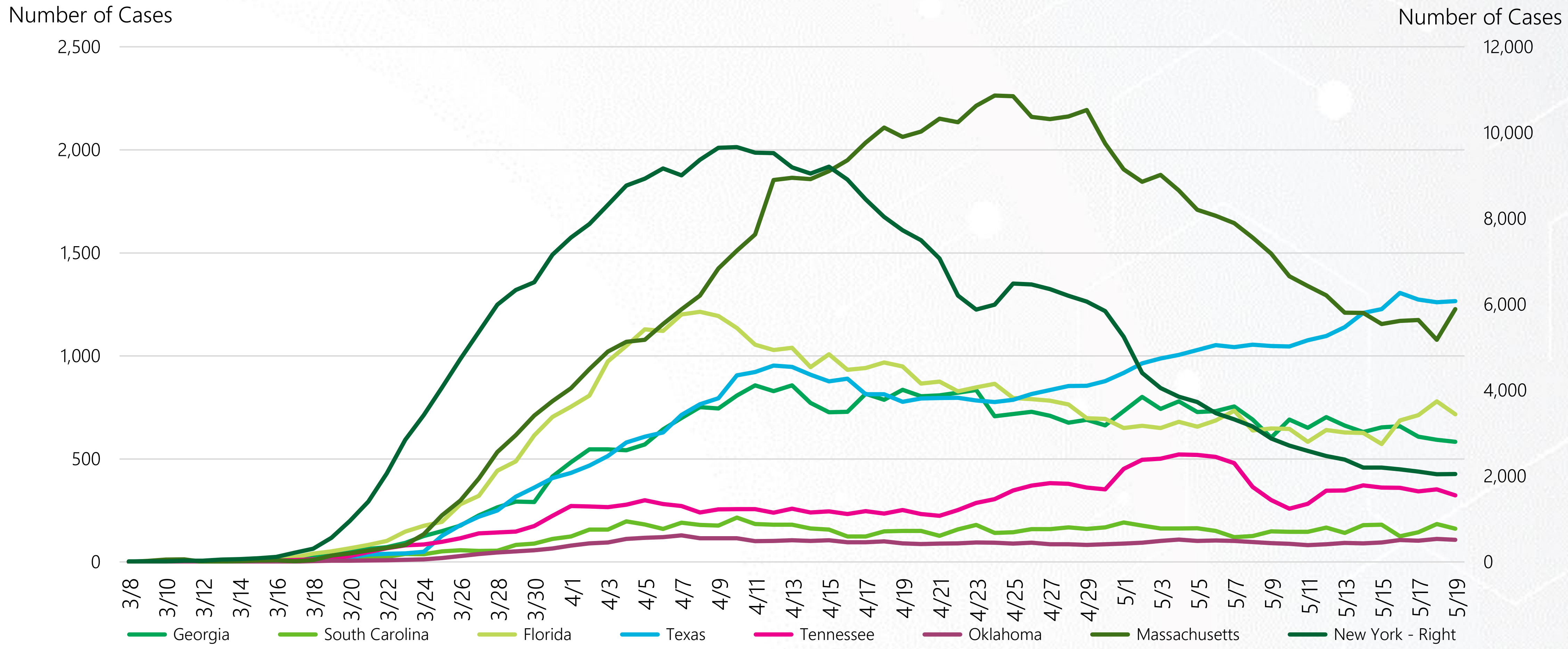
2023 REVPAR FORECAST AS A % OF 2019 LEVELS



Source: STR, CBRE Hotels Research, Q1 2020

A STATE BY STATE APPROACH

7-Day Average Daily new cases confirmed



Source: CBRE Research, European Centre for Disease Prevention, COVID Tracking Project, Macrobond, 20 May 2020.
Note: Number reported as a 7-day moving average.

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THANK YOU!

PLEASE DON'T HESITATE TO CONTACT ME.

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