



Hotel Industry Overview

Historic Hotels of America

November 10, 2021

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Agenda



Total U.S.
Review

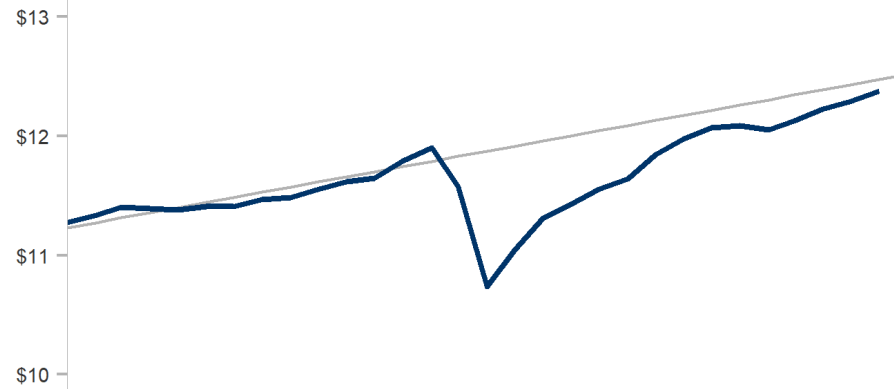
Historic Hotels
Performance

Forecasts

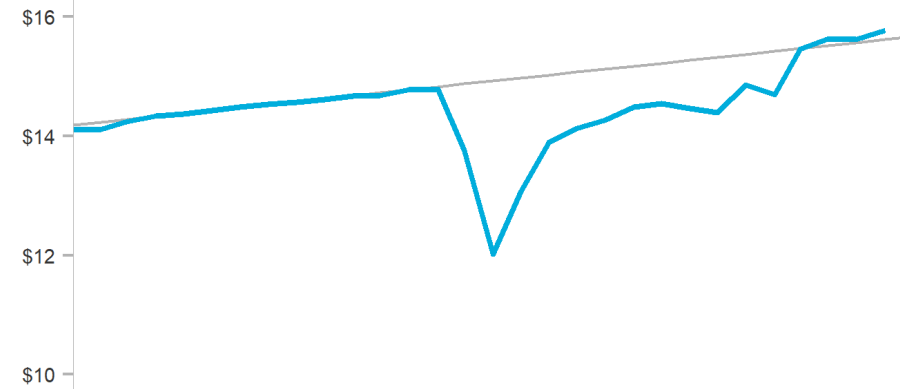
Consumers received more income and spent less

Key measures of consumer income and outlays, annualized, trillions

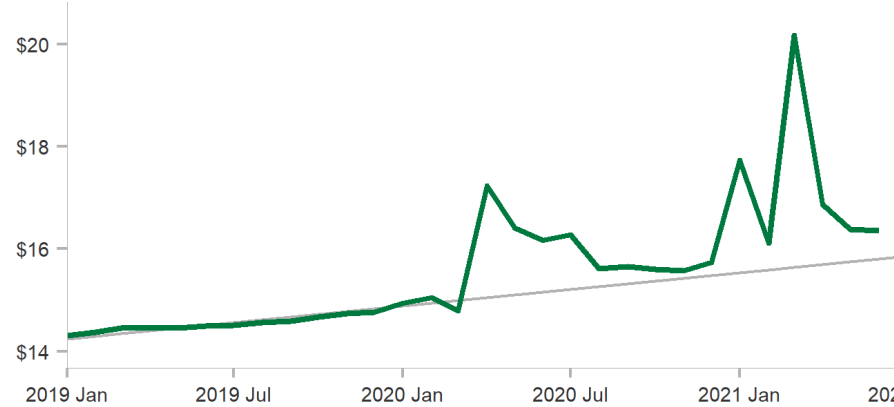
Compensation (wages, salaries)



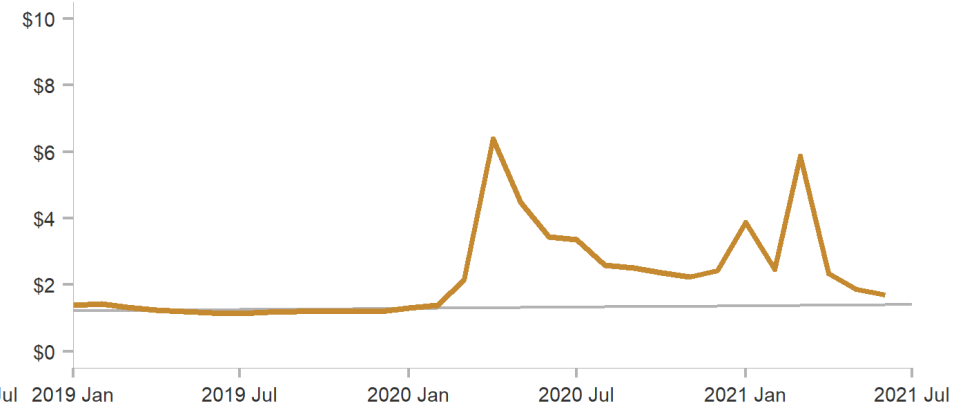
Consumer spending



Compensation plus government benefits



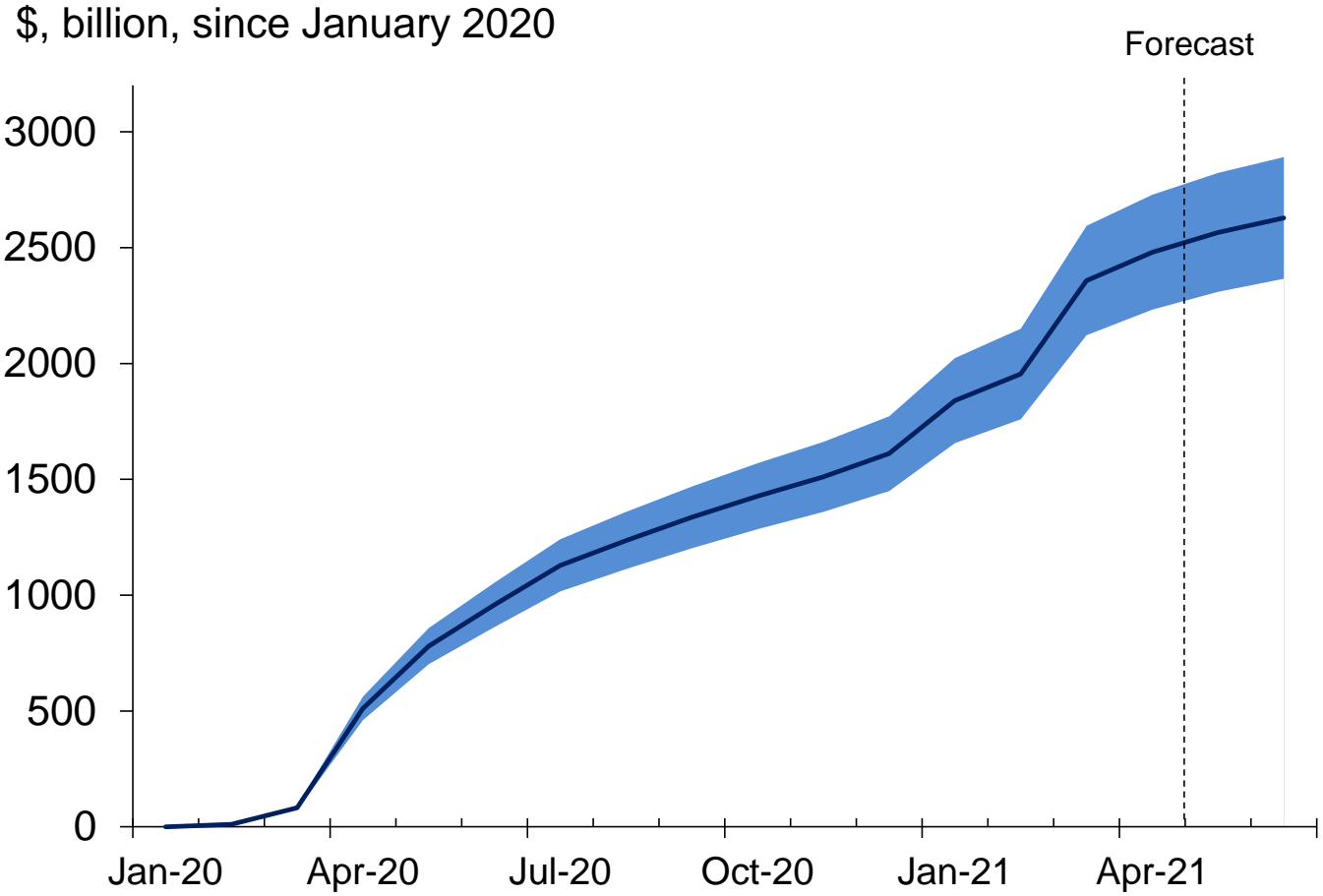
Personal savings



Note: Monthly data through June 2021. Trend lines based on period from January 2017 to February 2020. Source: Bureau of Economic Analysis

Contributing to excess savings of \$2.5 trillion

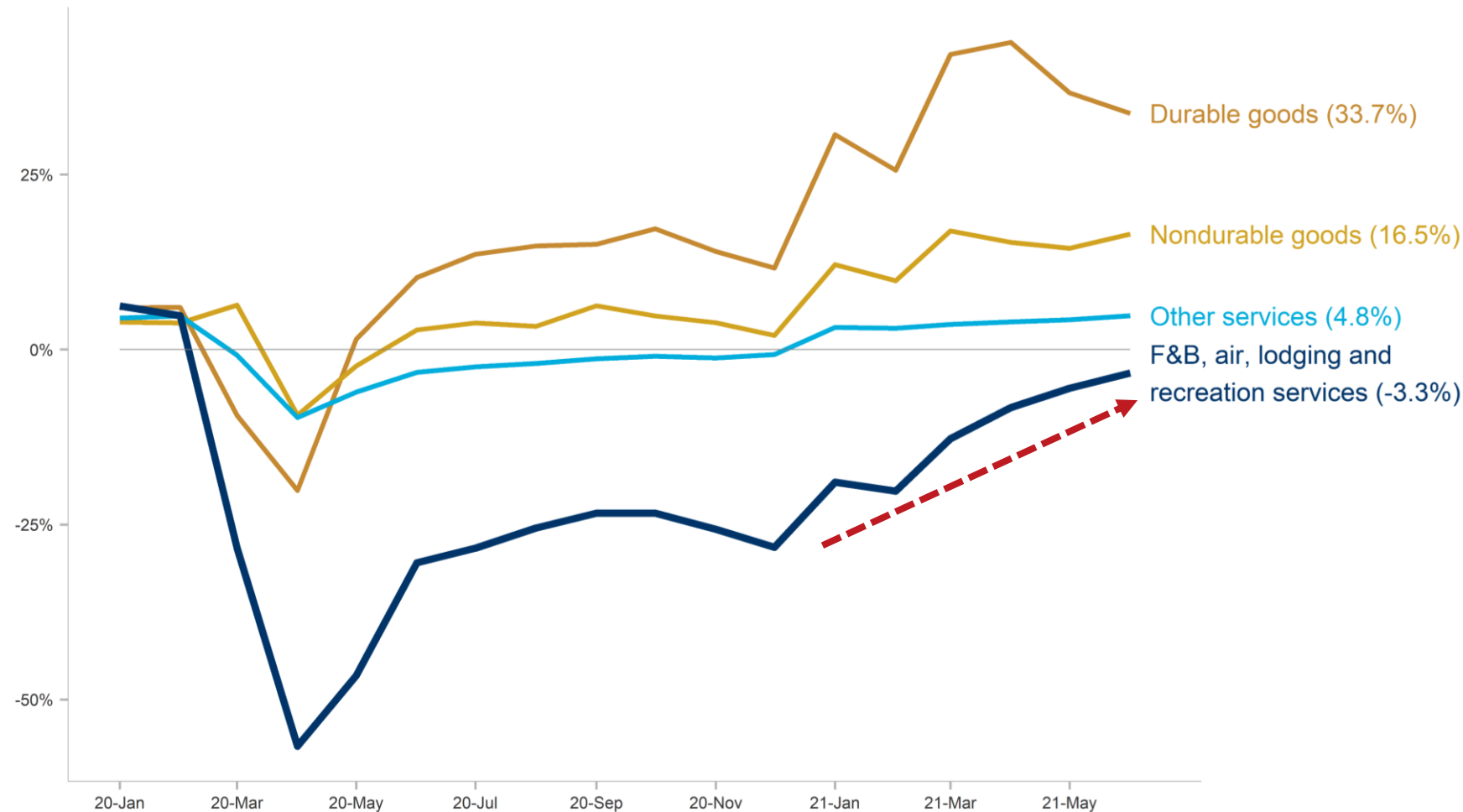
Cumulative excess household savings, billion



Source: Oxford Economics

Spending is rotating from goods to services

Consumer spending, change relative to same month in 2019

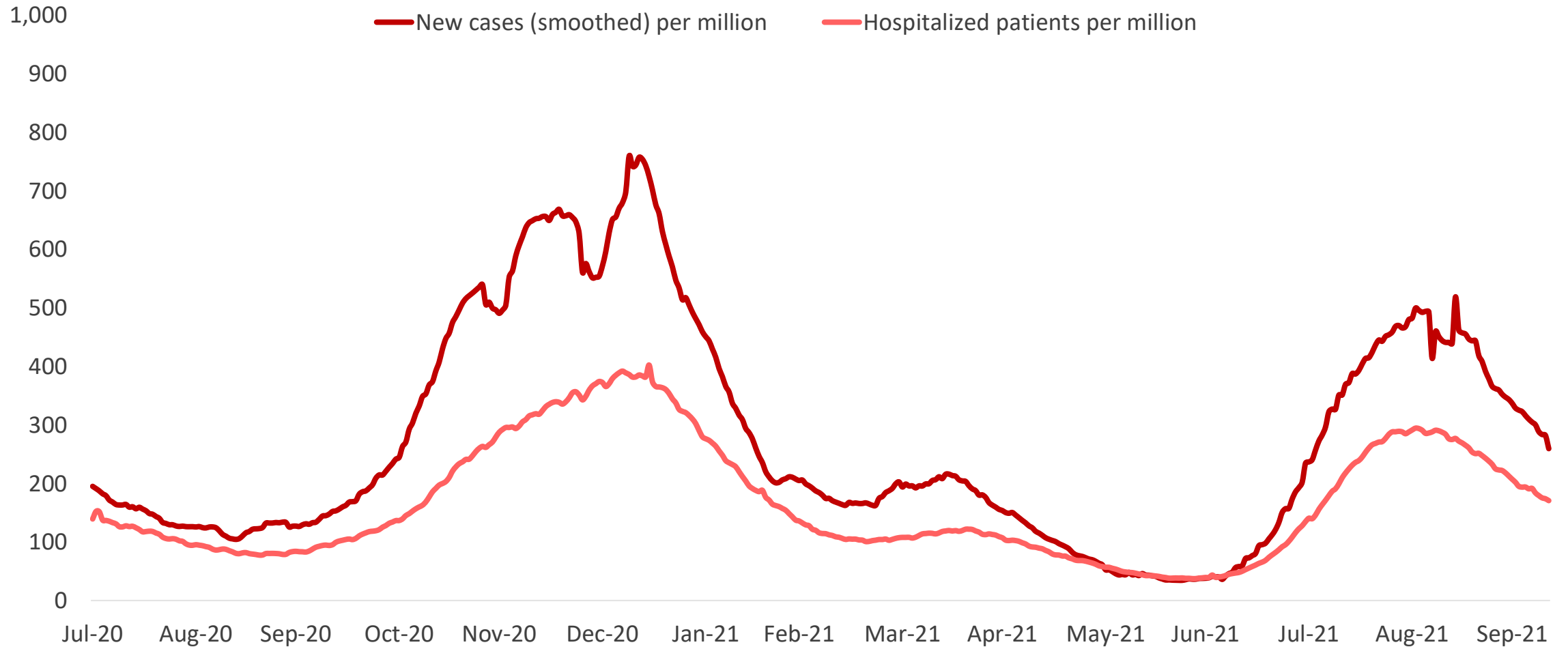


Note: Nominal. Monthly data through June 2021
Source: Bureau of Economic Analysis

COVID cases trending down and hopeful the trend continues

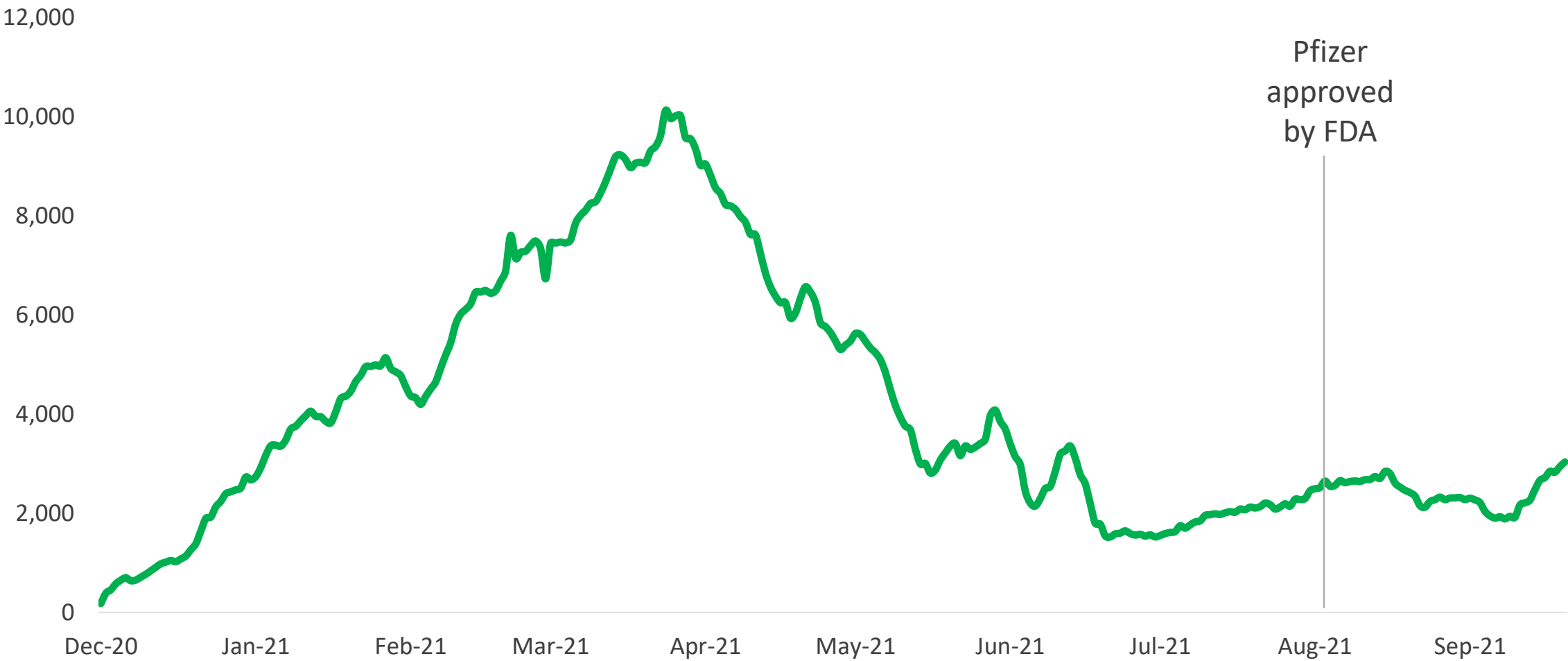


U.S., New COVID cases per million (smoothed) and hospitalizations per million 31 Jul 2020 – 11 Oct 2021



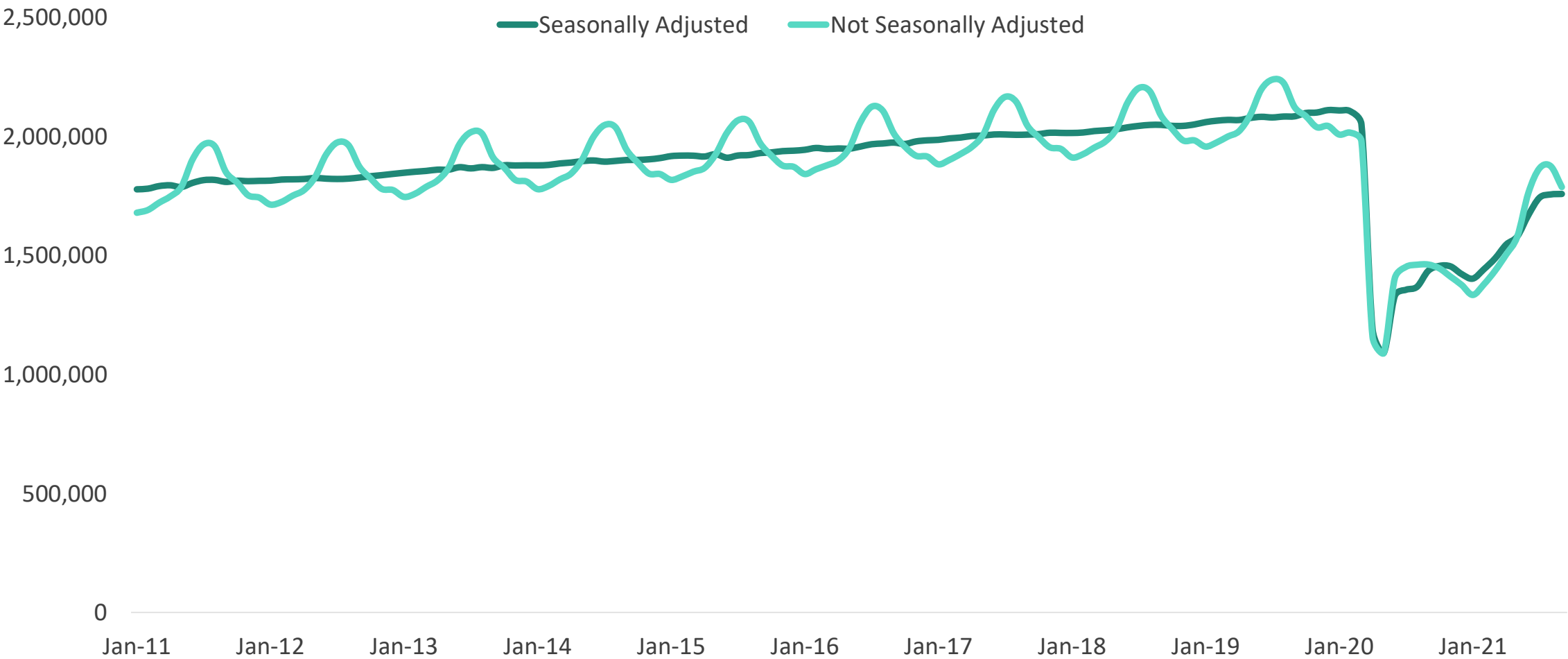
The lift in vaccinations we all wanted to see

U.S., New vaccinations (smoothed) per million people, 20 Dec 2020 – 9 Oct 2021



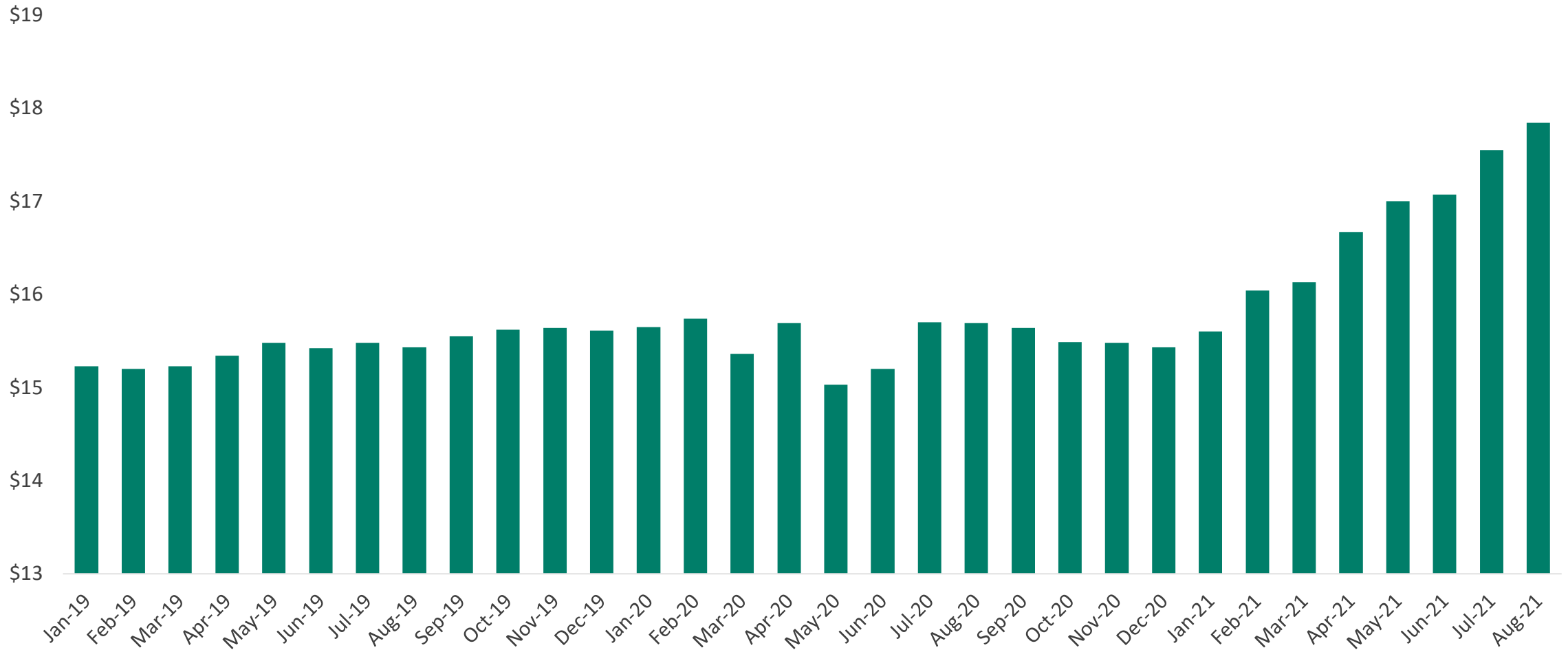
Yet 326k accommodation jobs still missing from 2019

Total U.S., Accommodation jobs, Jan 2011 – Sep 2021



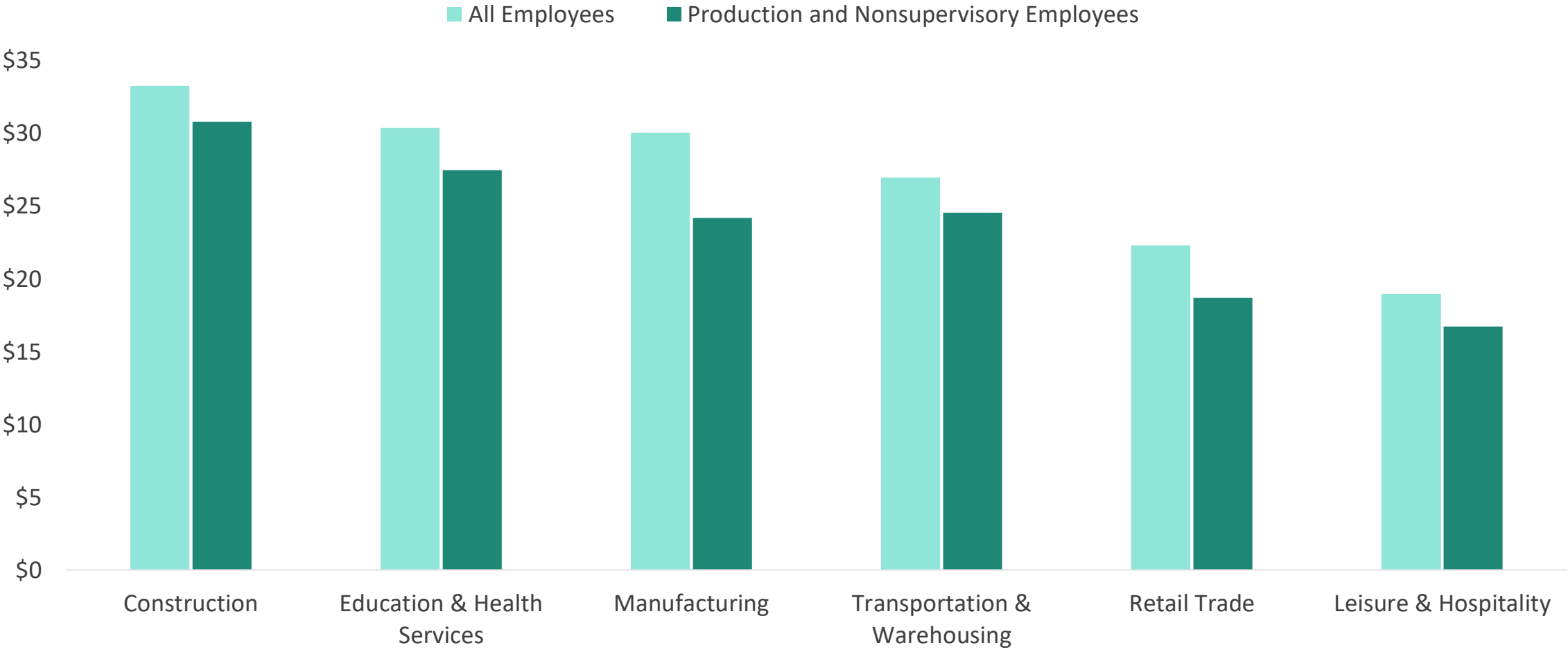
Even though wages nearly \$18/hour, highest ever for the sector

U.S. Hourly wages of production and nonsupervisory employees, Accommodation industry



Comparable industries still pay better

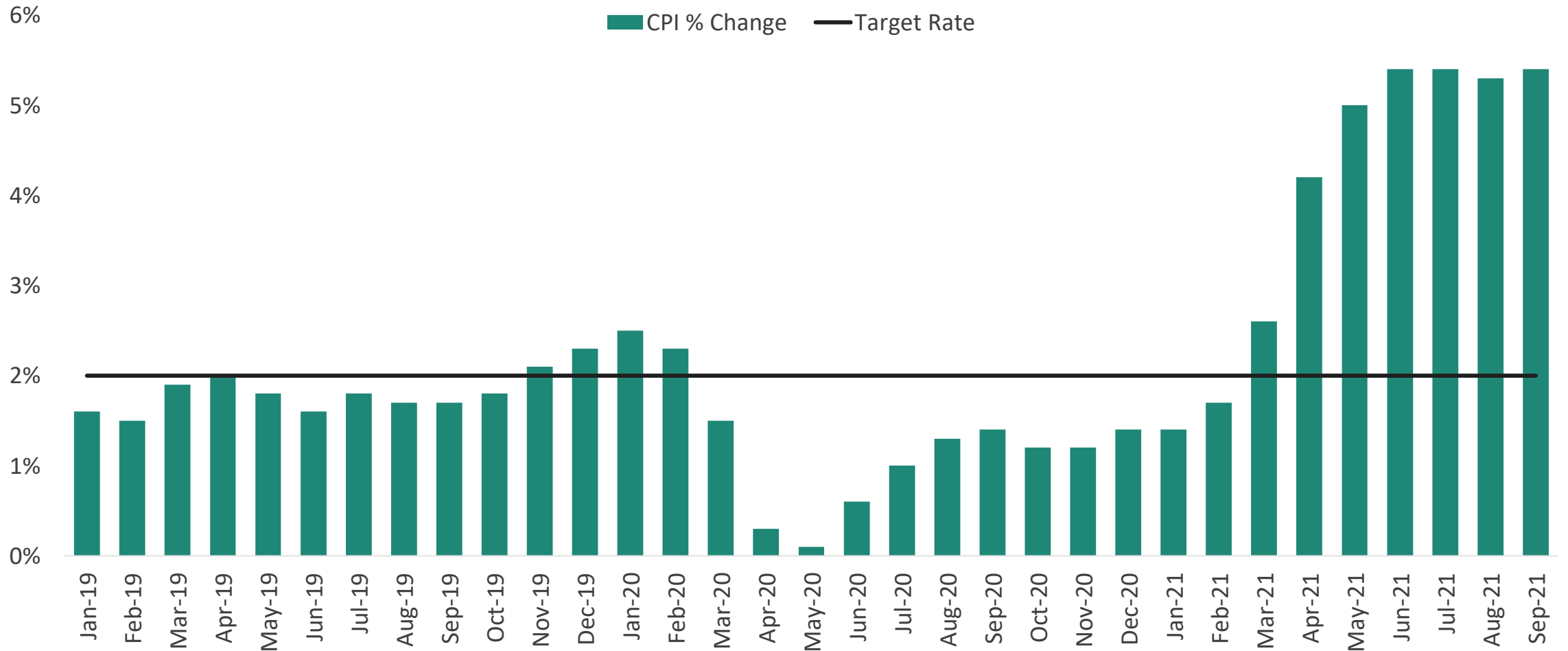
U.S. seasonally adjusted average hourly wages, September 2021



Source: STR. 2021 © CoStar Realty Information, Inc.

Inflation may be starting to flatten a bit

United States, Not Seas. Adj. CPI % change from prior year, Jan 2019 – Sep 2021



YTD metrics getting closer to “normal” levels

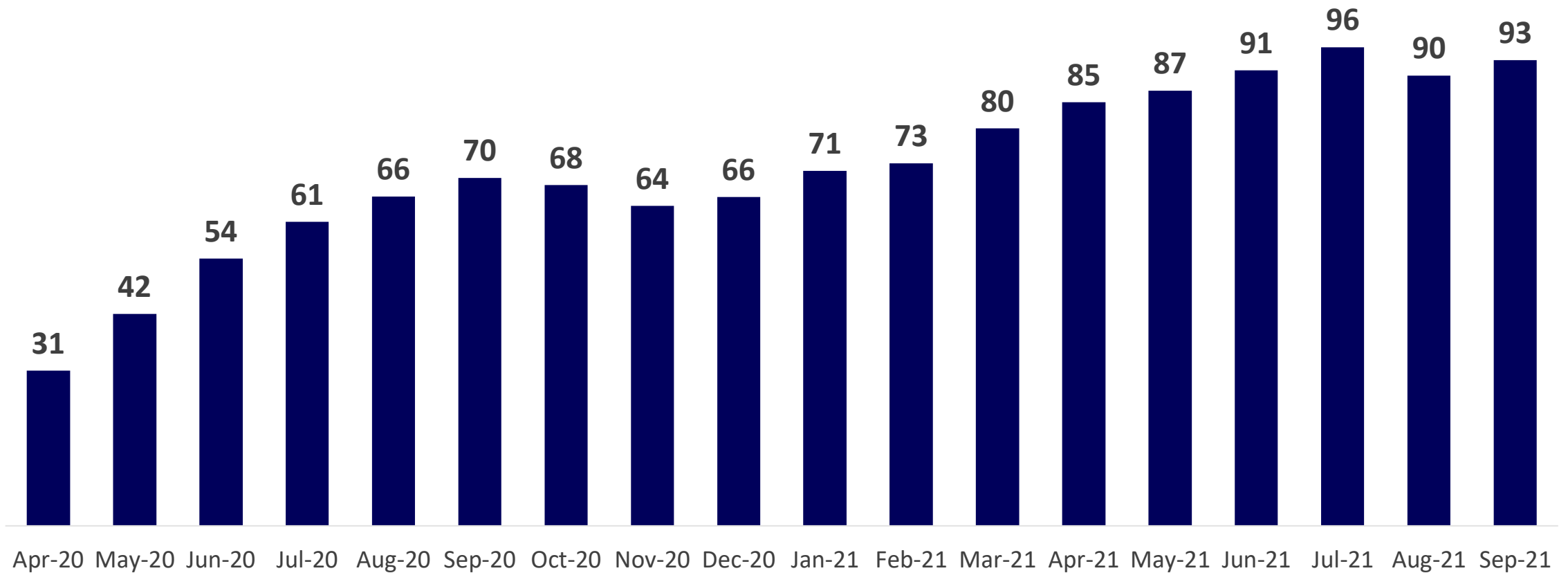
Total US, YTD September 2021



| | Actual | 2019 Index |
|----------------------|--------|------------|
| Room Supply (TRI) | | 103 |
| Room Demand | | 86 |
| Occupancy (standard) | 57.6% | 85 |
| ADR | \$122 | 92 |
| RevPAR (standard) | \$70 | 79 |
| Room Revenue | | 79 |

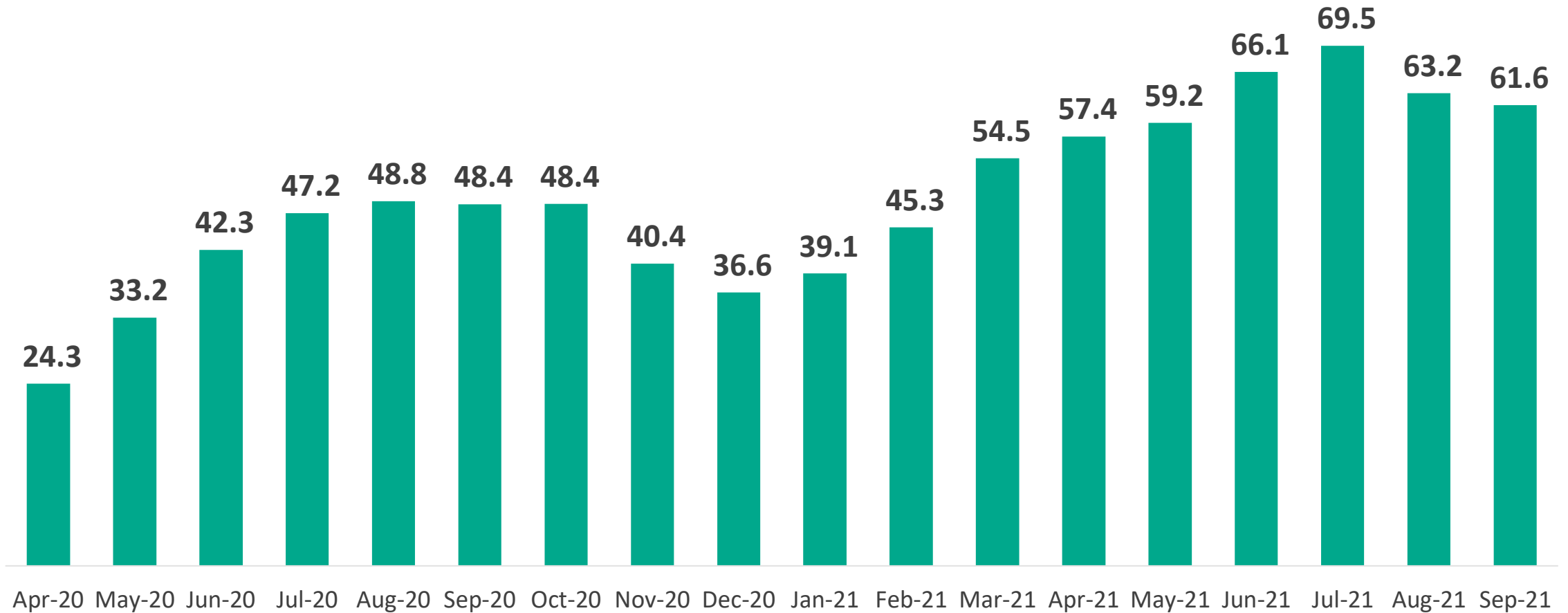
Demand index reaches second highest level this year

Total U.S., demand indexed to 2019, Apr 2020 – Sep 2021



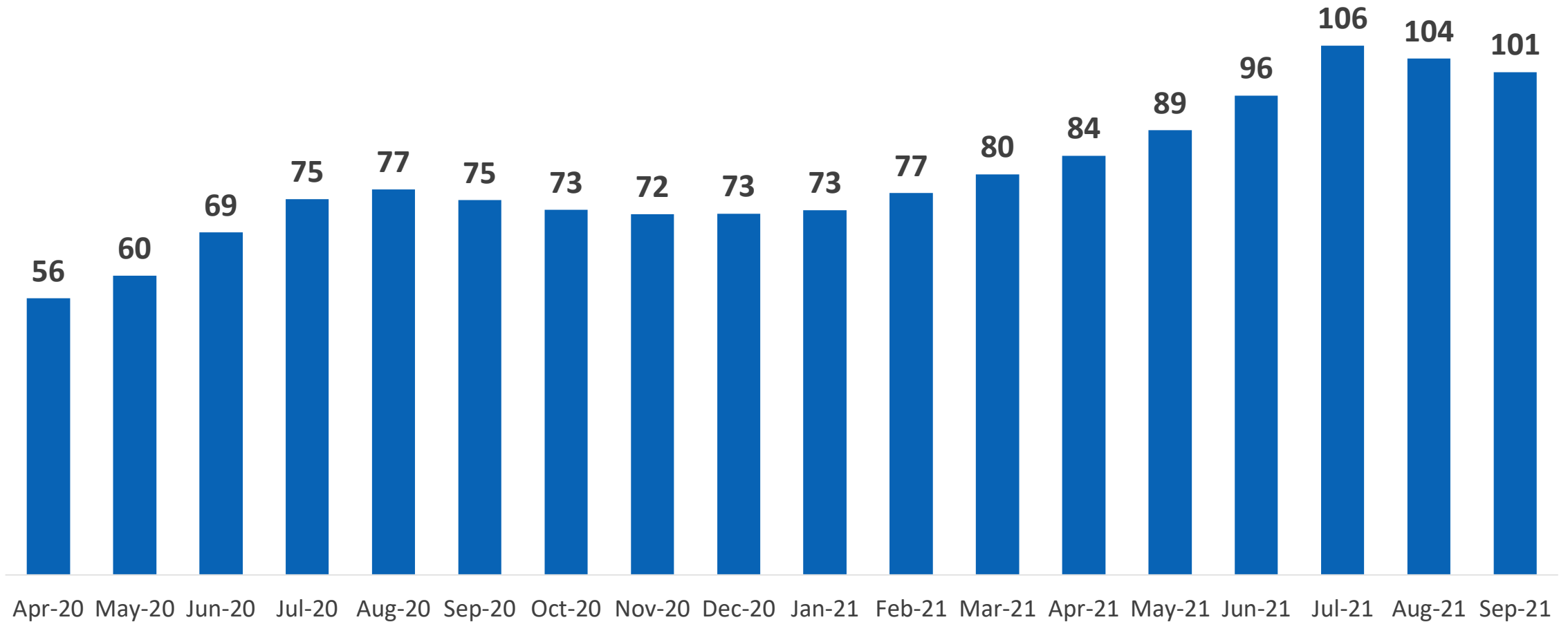
Occupancy trend showing the impact of seasonality

Total U.S., occupancy (standard), Apr 2020 – Sep 2021



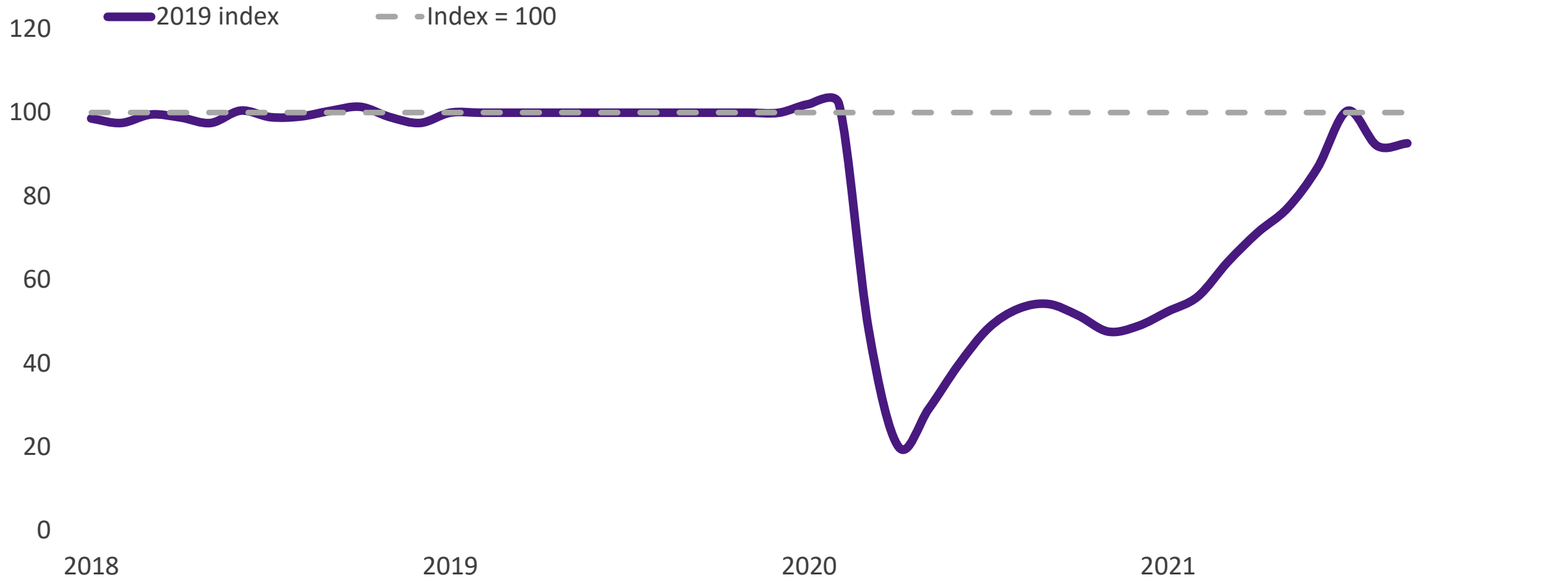
Rate recovery decelerates as groups slowly return

Total U.S., ADR indexed to 2019, Apr 2020 – Sep 2021



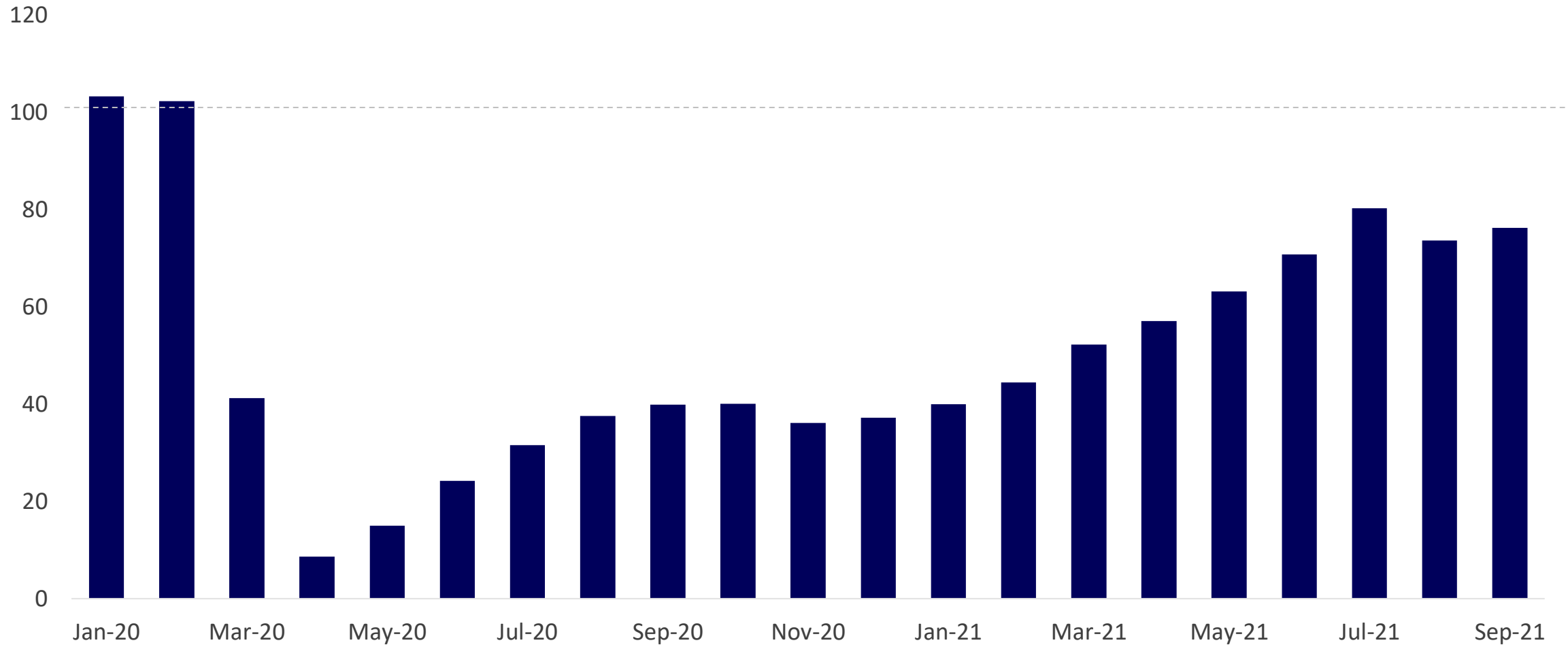
RevPAR more than 90% of the way back to 2019

Total U.S., RevPAR indexed to 2019, Jan 2018 – Sep 2021



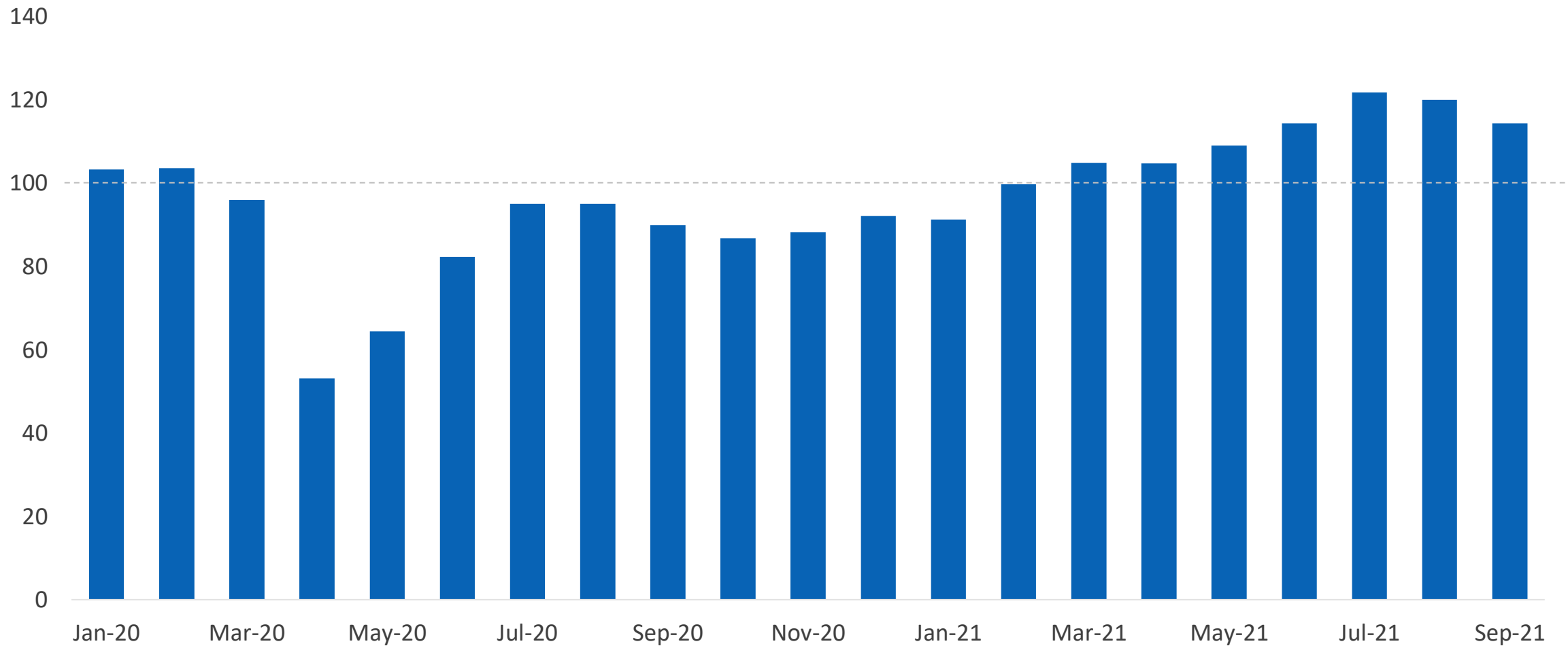
Upper Upscale hotels making strides in recovery

U.S. Upper Upscale class hotels, demand indexed to 2019, Jan 2020 – Sep 2021



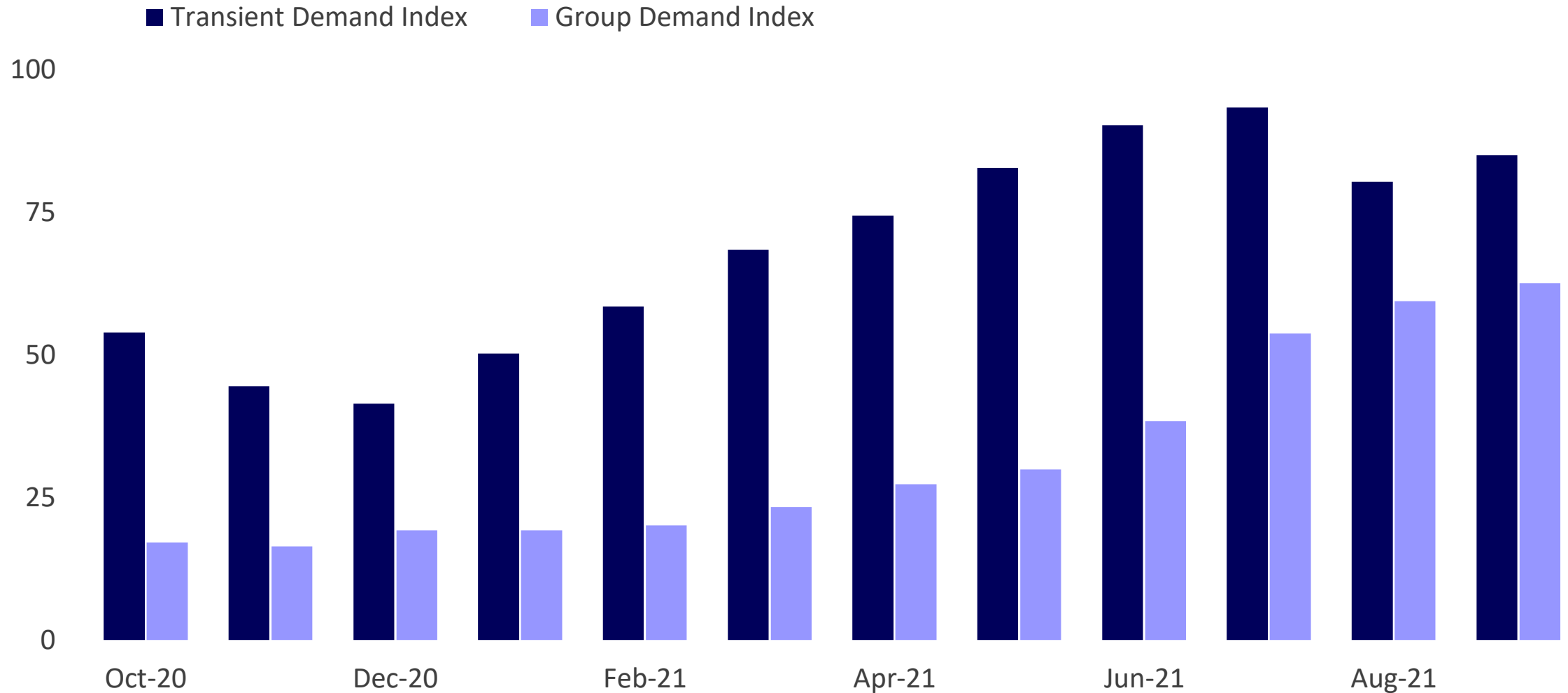
Luxury rate recovery decelerating

U.S. Luxury class hotels, ADR indexed to 2019, Jan 2020 – Sep 2021



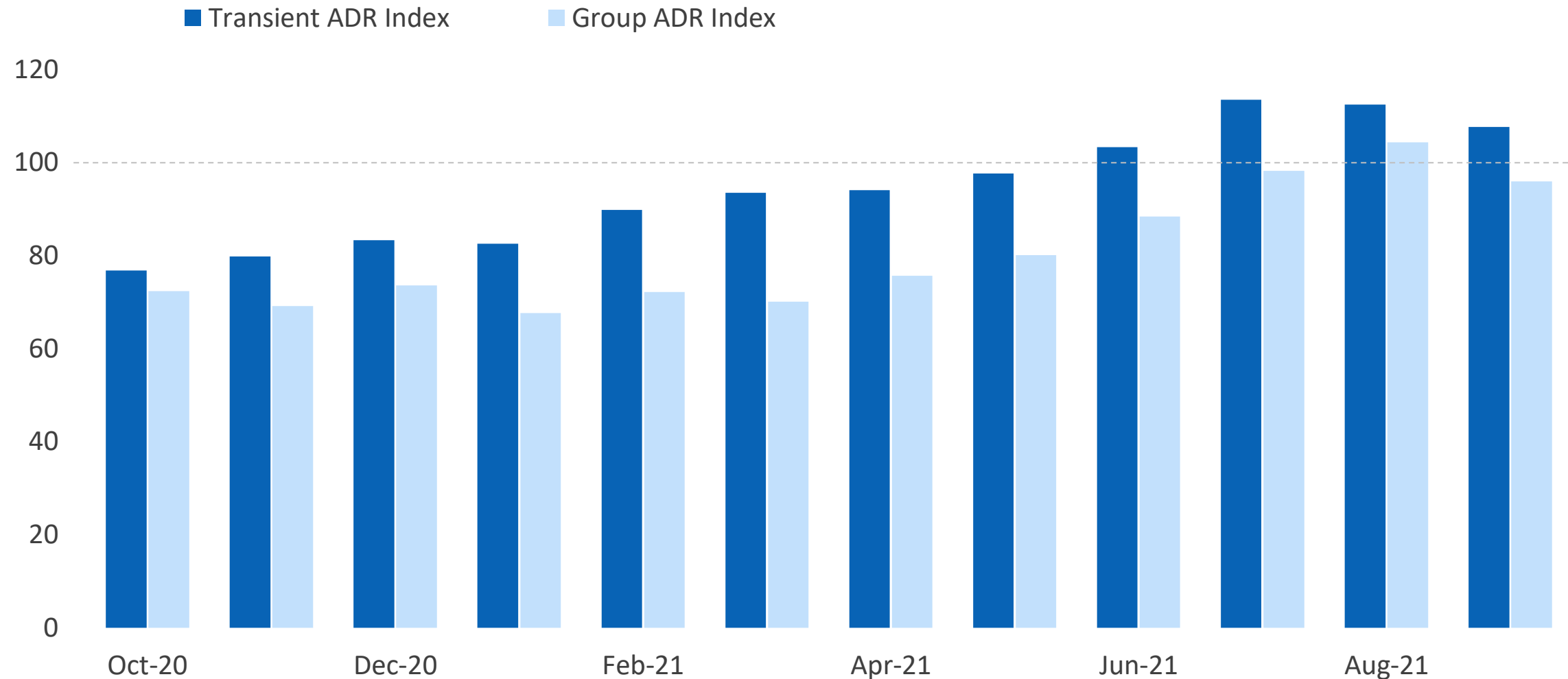
Business transient can't completely offset loss of leisure transient

Total U.S., segmentation demand indexed to 2019, Oct 2020 – Sep 2021



Group rates soften from August but still 96% of the way back

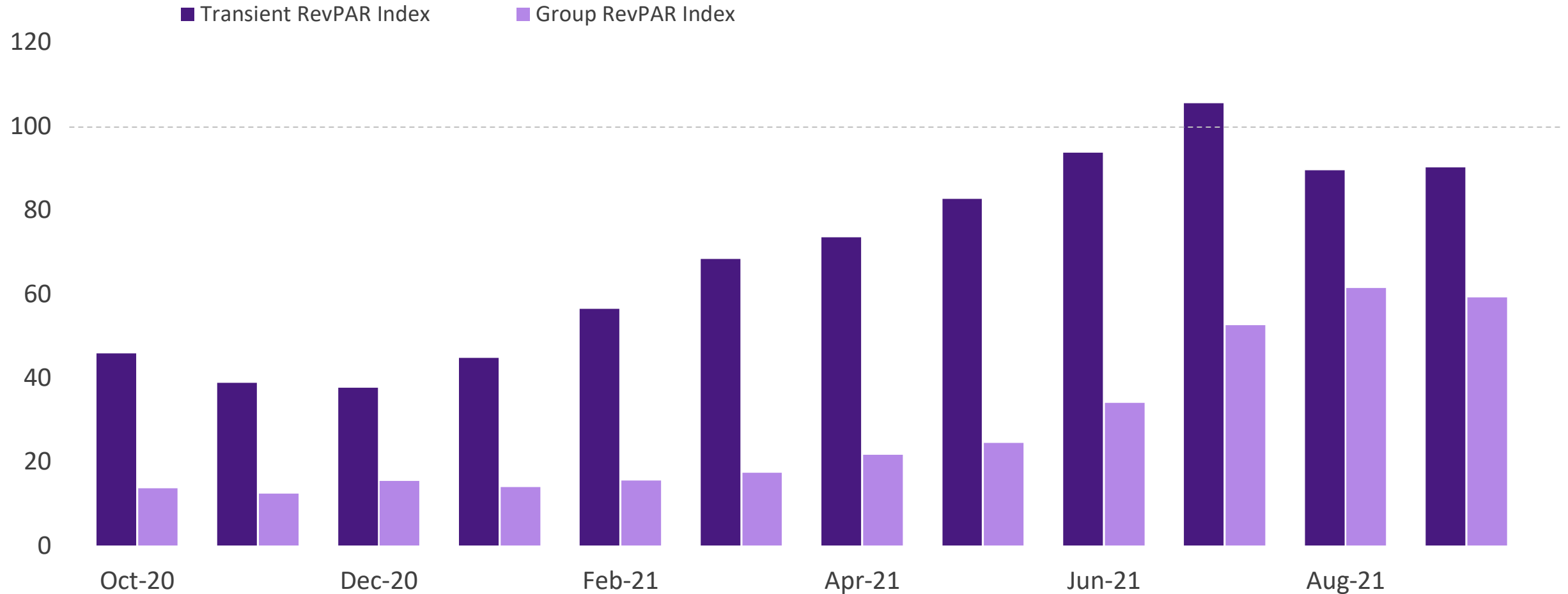
Total U.S., segmentation ADR indexed to 2019, Oct 2020 – Sep 2021



Source: STR. 2021 © CoStar Realty Information, Inc.

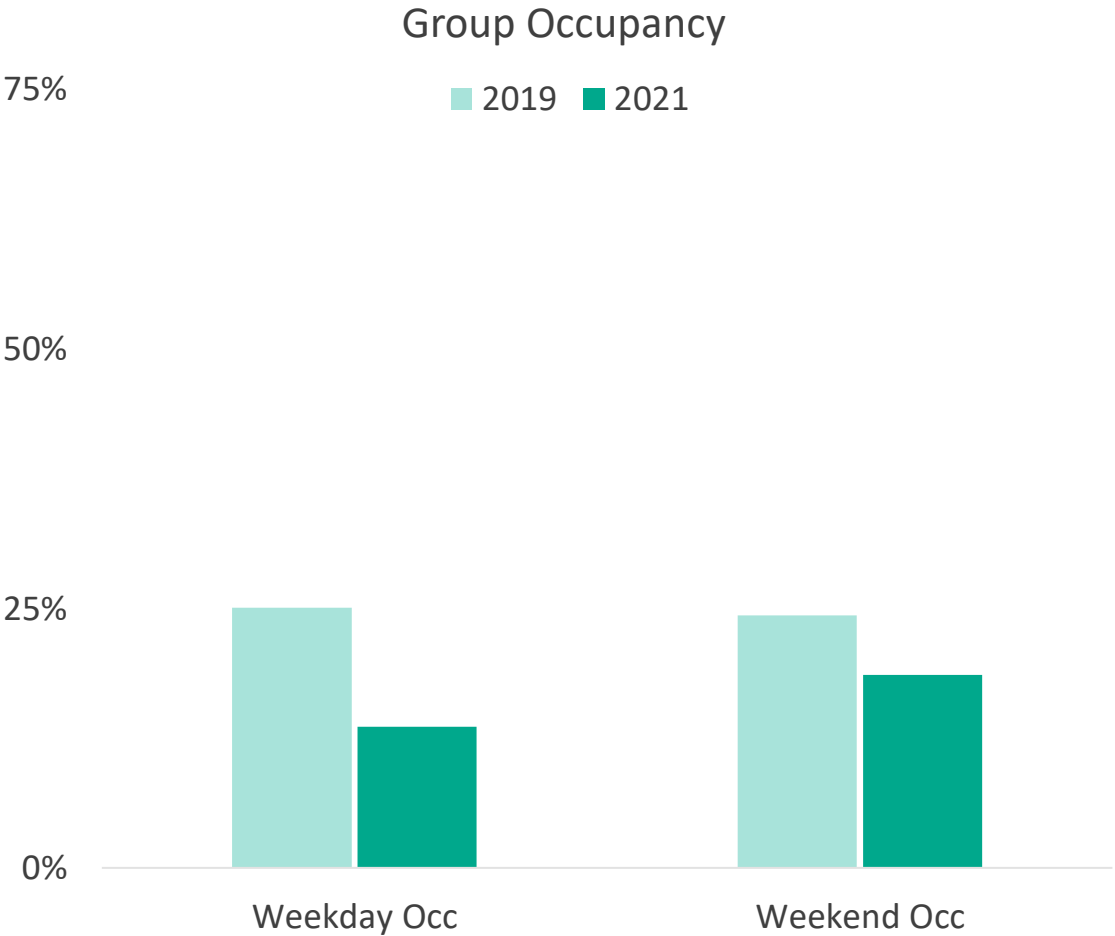
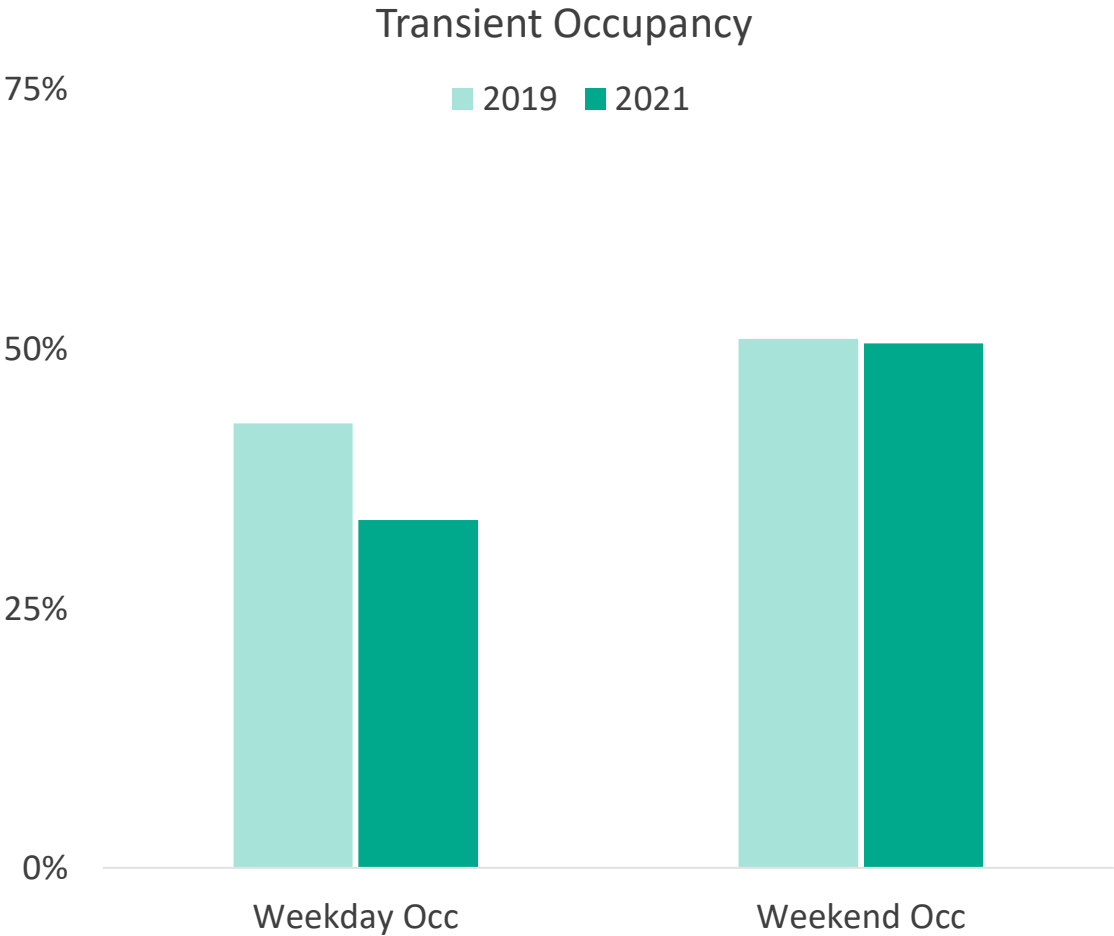
Groups slowly improving; transient needs business demand

Total U.S., segmentation RevPAR (standard) indexed to 2019, Oct 2020 – Sep 2021



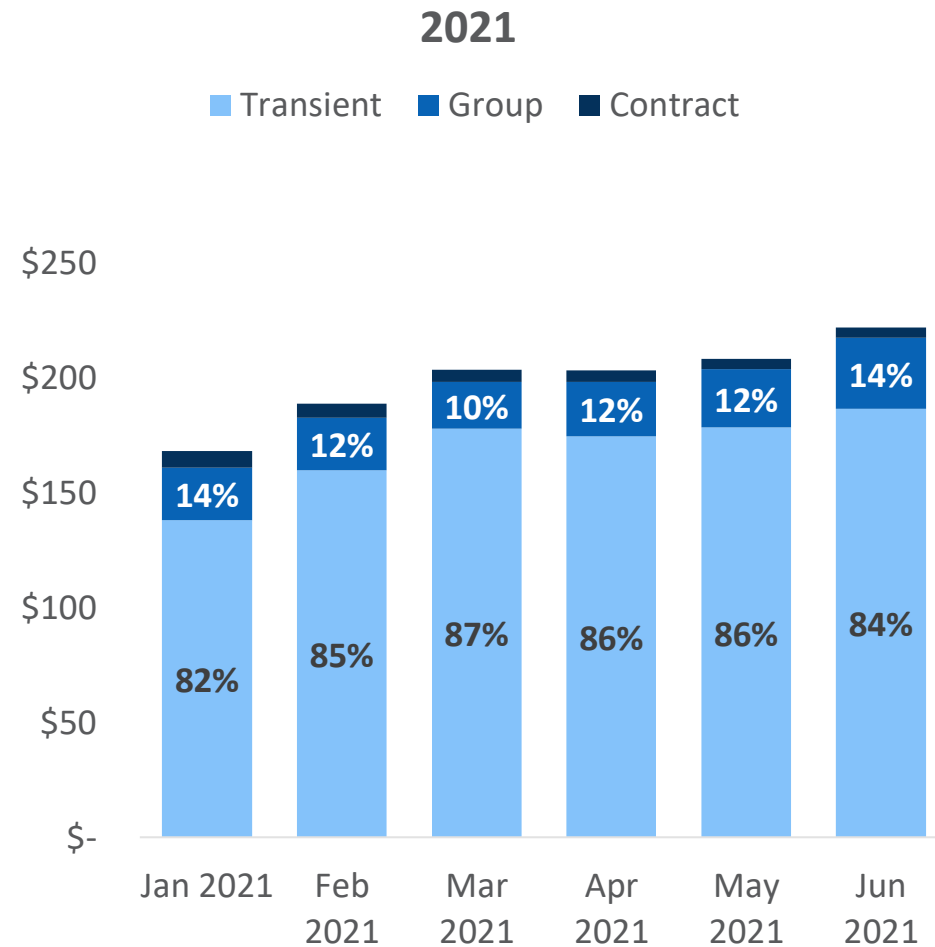
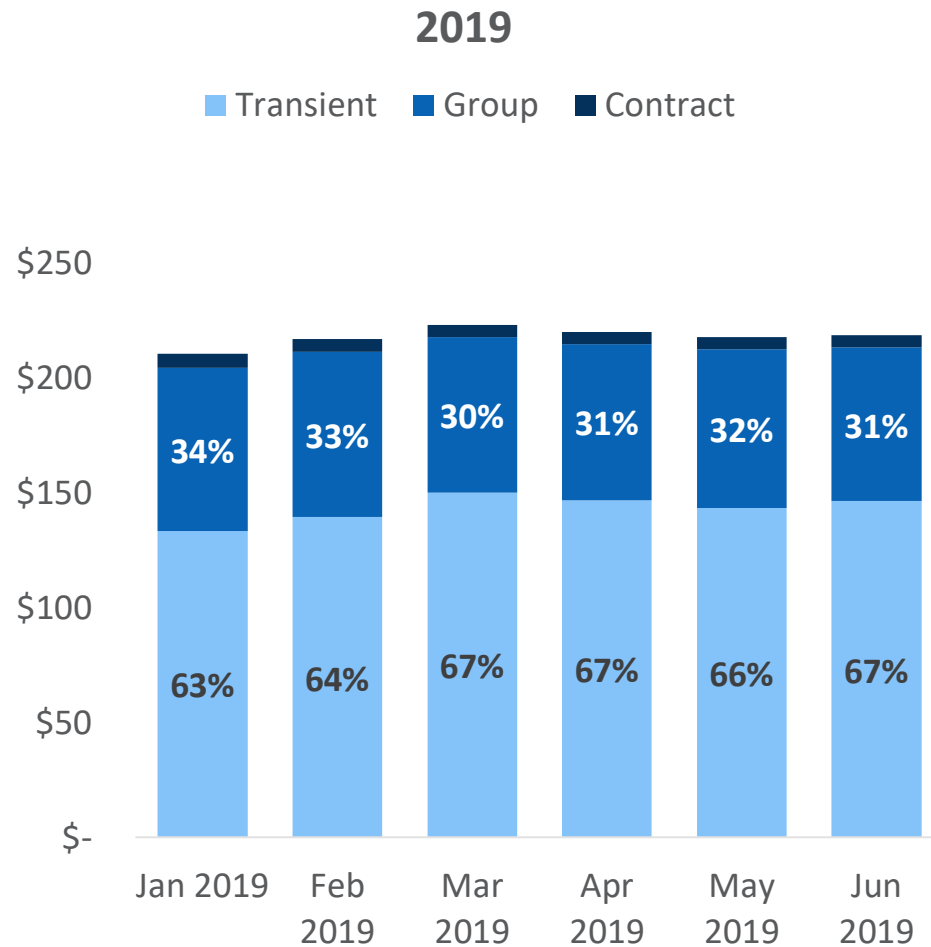
Weekend occ recovers faster for transient and groups

Total U.S., Occupancy (standard), Sep 2019 and 2021



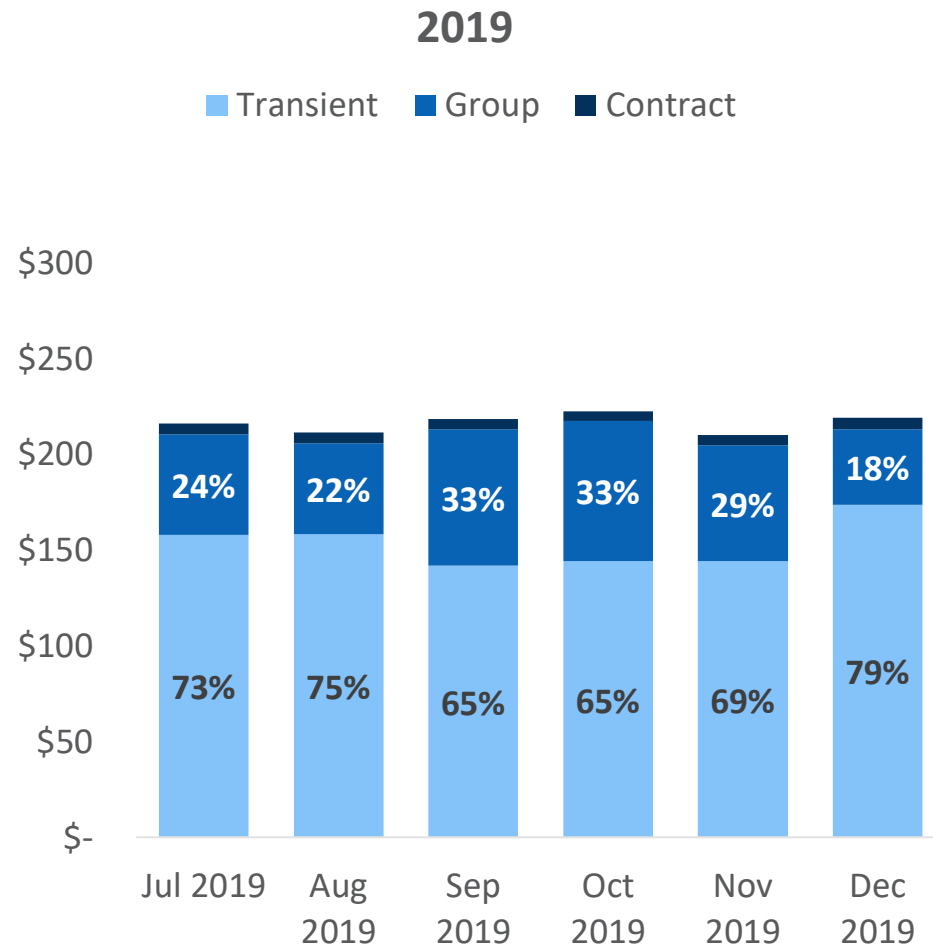
Upper Up & Luxury ADR driven much more by transient performance

Total US Upper Upscale & Luxury class, ADR contribution by segment



But what's going to happen in the traditionally group-heavier fall?

Total US Upper Upscale & Luxury class, ADR contribution by segment

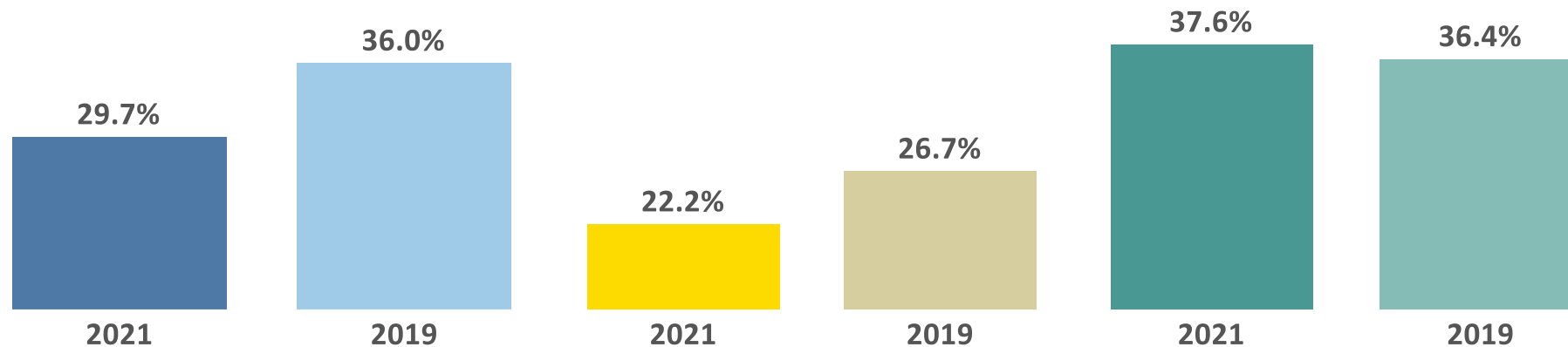


Higher labor margins leave less room for profit margins



Profit margins – Luxury & Upper Upscale Classes – Sept 2021 vs 2019

| | GOP % of Revenues | EBITDA % of Revenues | Labor Costs % of Revenues |
|------|-------------------|----------------------|---------------------------|
| 2021 | 29.7% | 22.2% | 37.6% |
| 2019 | 36.0% | 26.7% | 36.4% |
| | Full-Service | Full-Service | Full-Service |

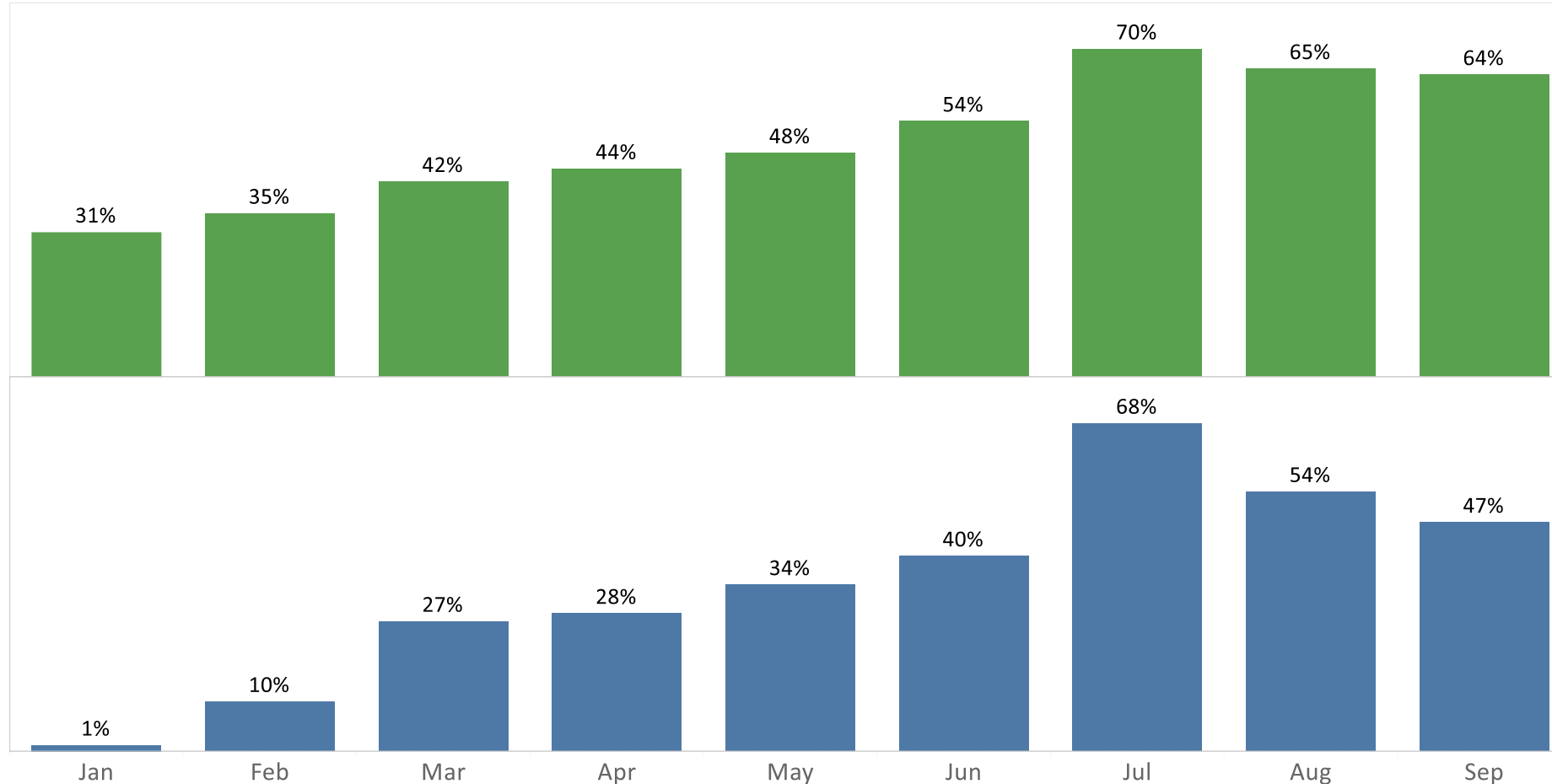


Indices continue to slip across the board from July peak

TRevPAR & GOPPAR – Luxury & Upper Upscale Classes – 2021 indexed to 2019 YTD

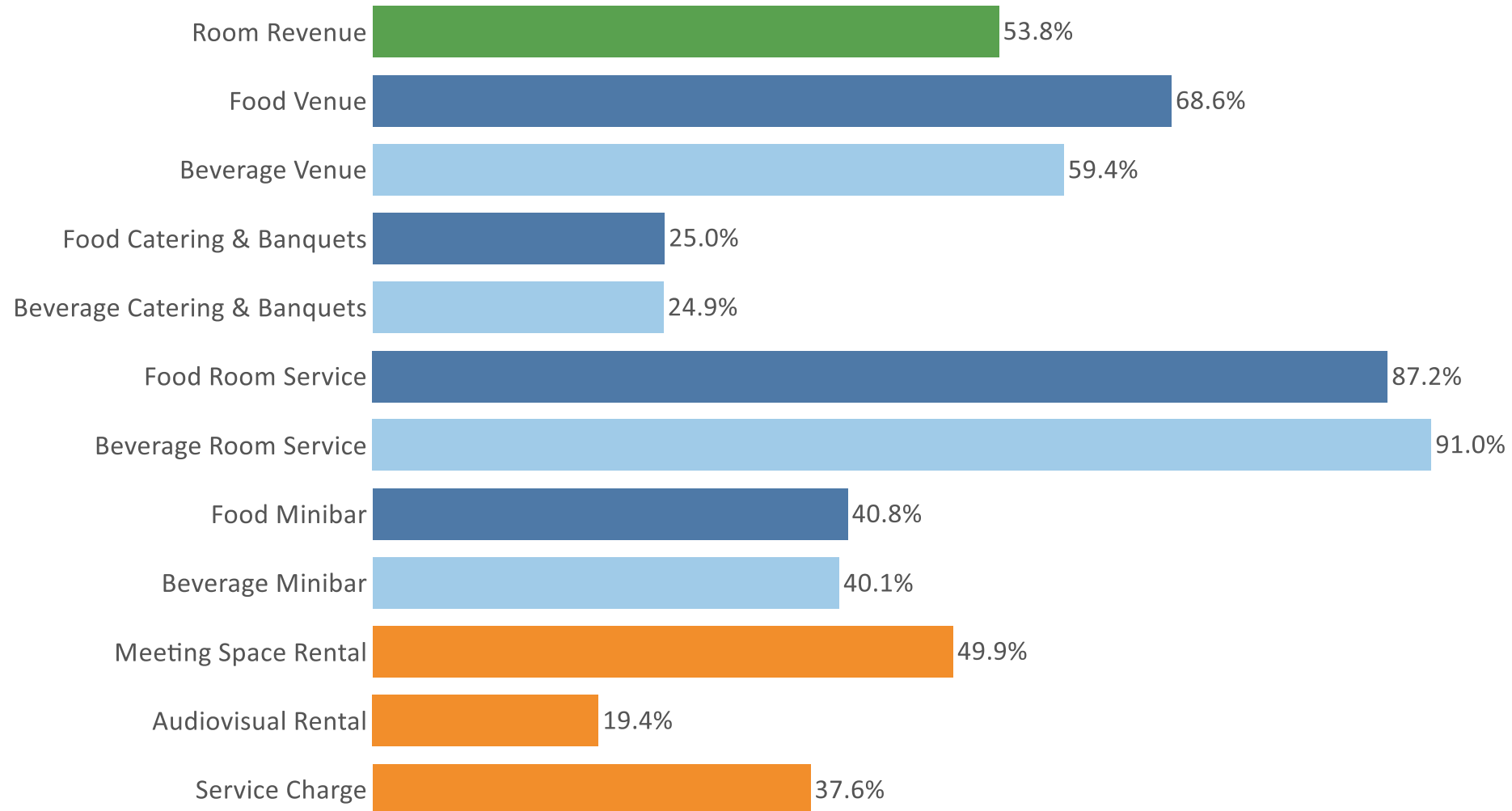


■ TRevPAR ■ GOPPAR



Venues and beverage sales driving F&B revenues

F&B revenues – Luxury & Upper Upscale Classes – 2021 indexed to 2019 YTD



Fewer late-phase rooms in the pipeline

U.S., Pipeline rooms in thousands by phase, September 2021 and 2020

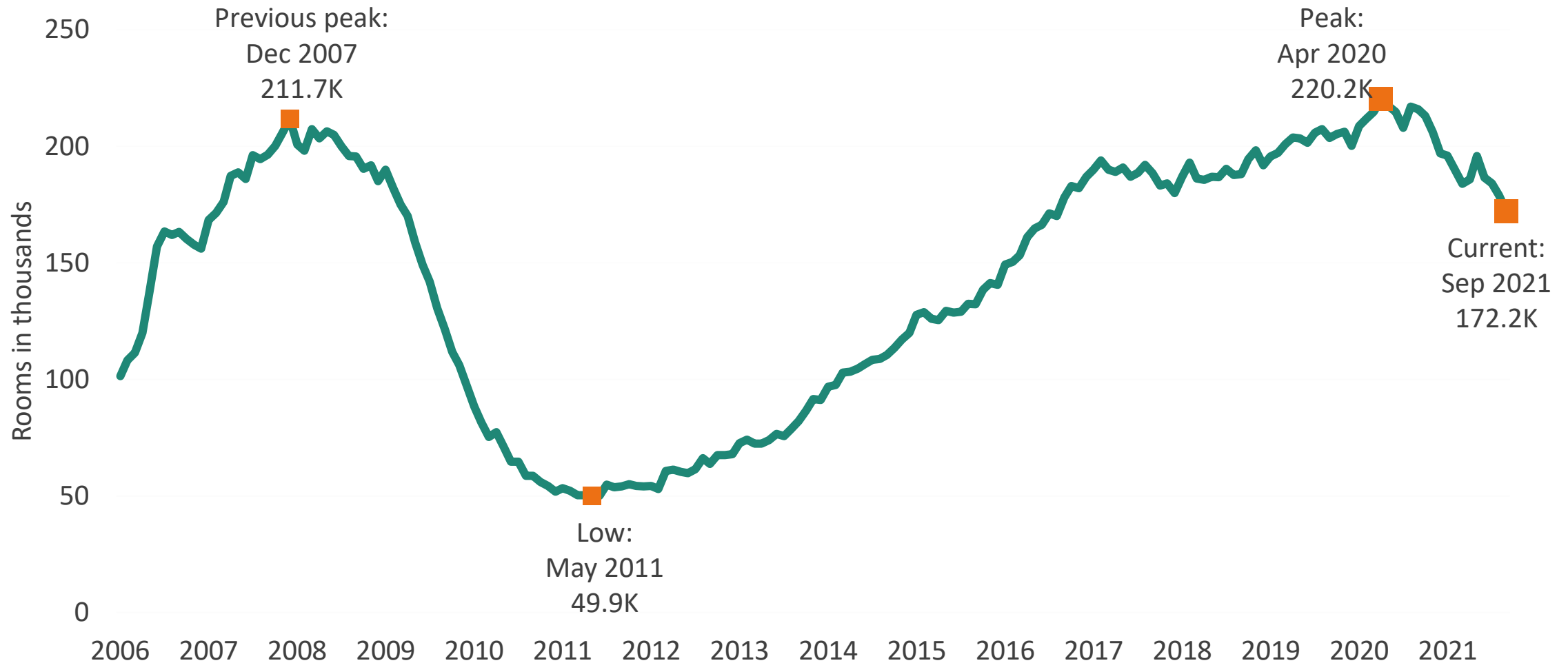


| Phase | 2021 | 2020 | % Change |
|-----------------|------|------|----------|
| In Construction | 172 | 216 | -20.3% |
| Final Planning | 206 | 249 | -17.2% |
| Planning | 264 | 187 | +41.1% |
| Under Contract | 642 | 652 | -1.5% |

U.S. hotel rooms under construction down from 2020 peak



U.S., In construction rooms in thousands, Jan 2006 – Sep 2021



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Occupancy has been slow to recover

Historic Hotels, YTD September 2021

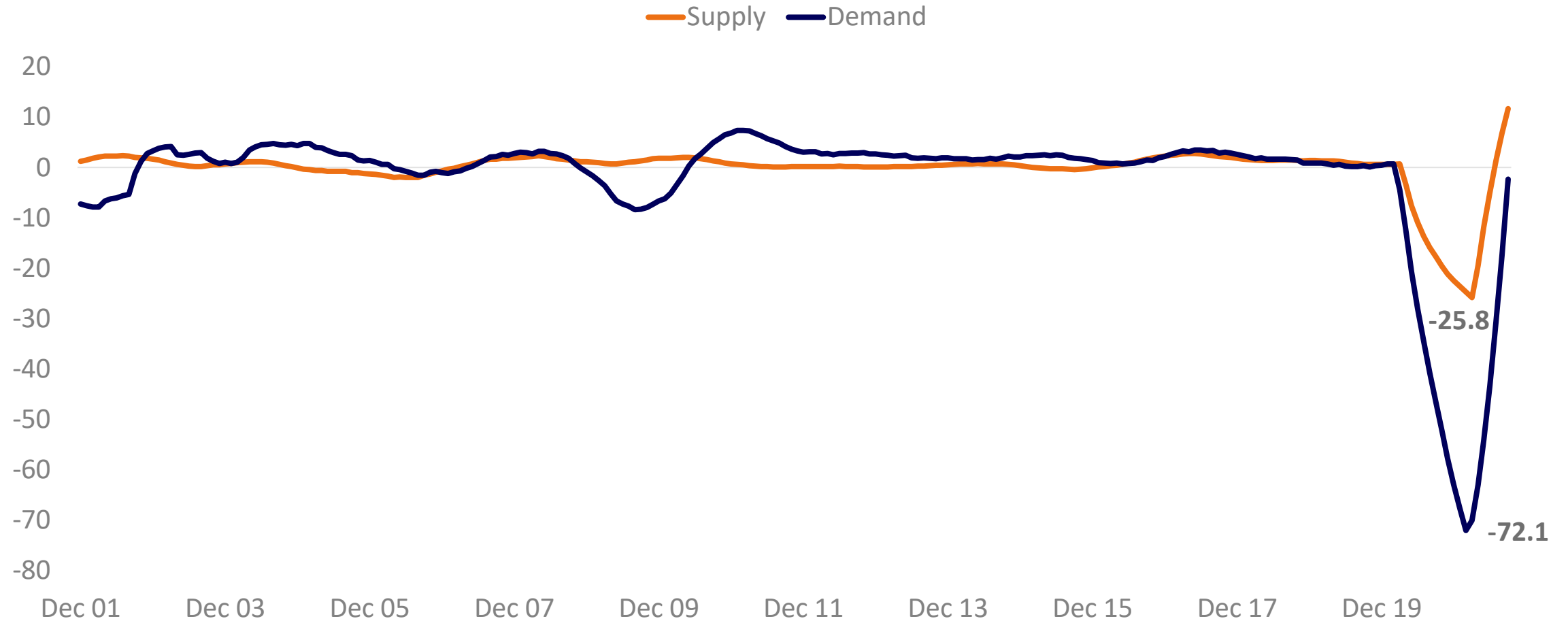


234 participating hotels • **89%** Luxury and Upper Upscale Hotels

| | Actual | 2019 Index |
|-----------|--------|------------|
| Supply | 14.5 M | 95 |
| Demand | 6.6 M | 58 |
| Occupancy | 45.5% | 62 |
| ADR | \$273 | 109 |
| RevPAR | \$124 | 67 |

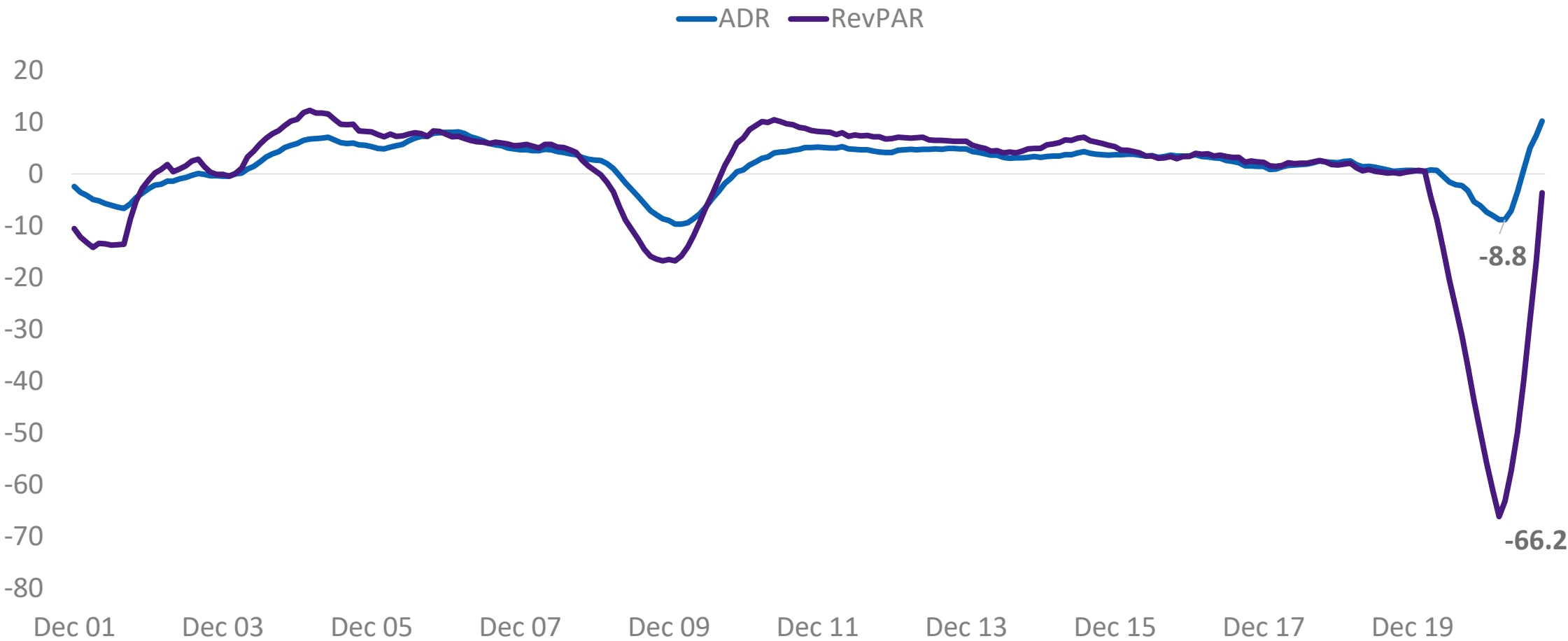
Historic demand decline, -72% at trough

Historic Hotels, Supply and Demand TTM Percent Change



Rates held up better during this downturn and recovered faster

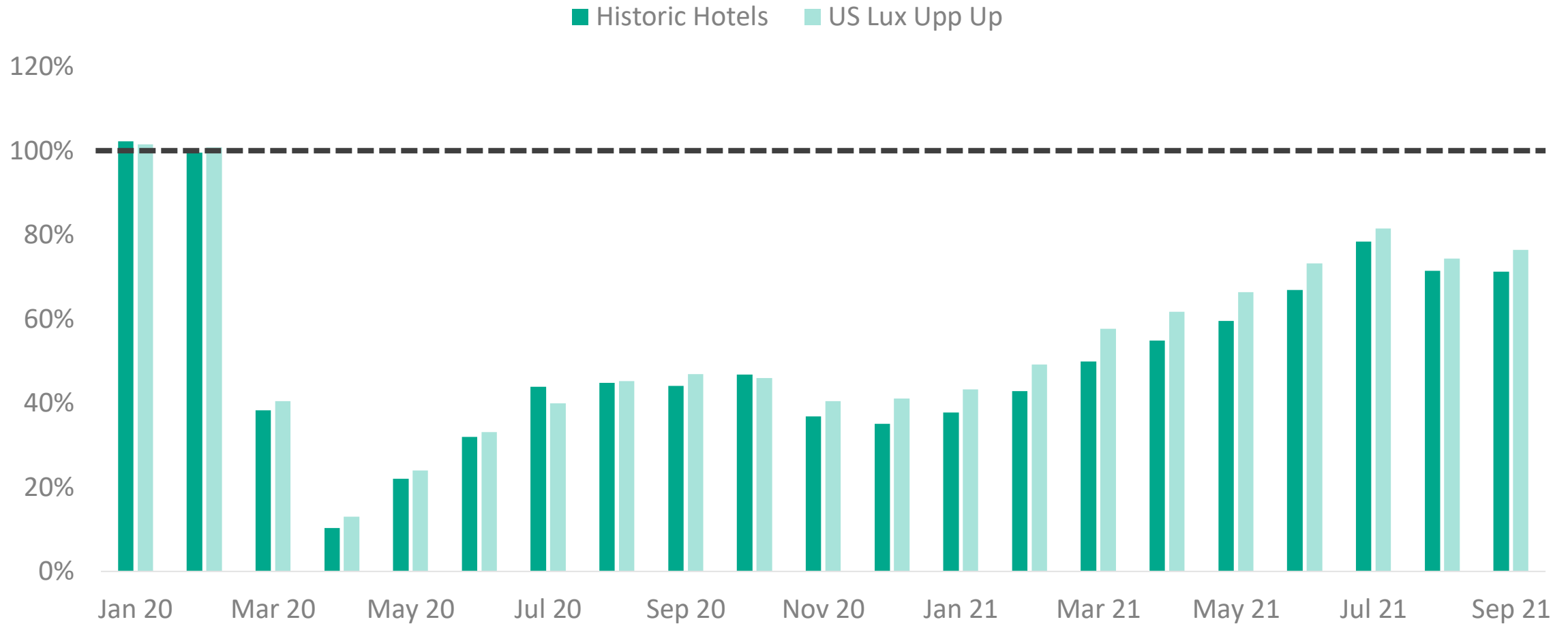
Historic Hotels, ADR and RevPAR TTM Percent Change



Source: STR. 2021 © CoStar Realty Information, Inc.

Occupancy lagging recovery of Luxury & Upper Upscale hotels

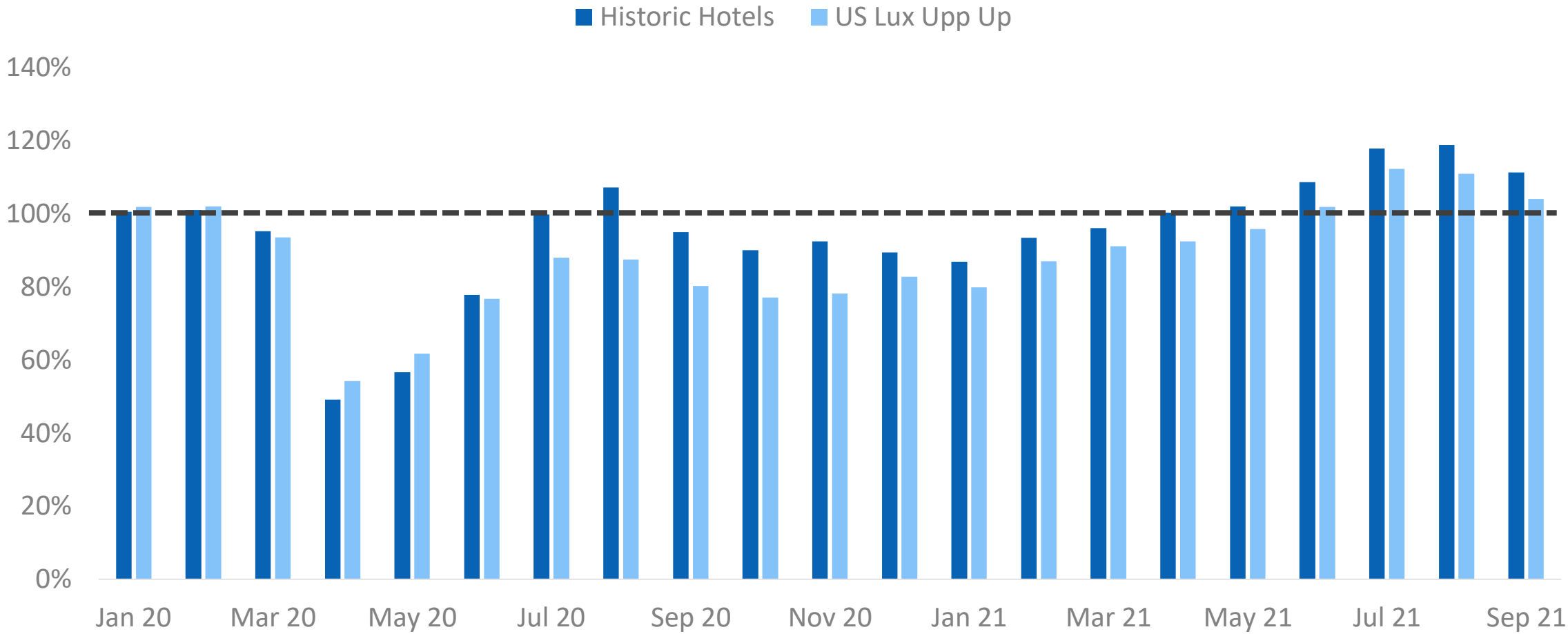
Monthly Occ, indexed to 2019, Historic Hotels vs US Luxury & Upper Upscale Classes



Source: STR. 2021 © CoStar Realty Information, Inc.

ADR performance outperformed 2019 benchmark for 4 months

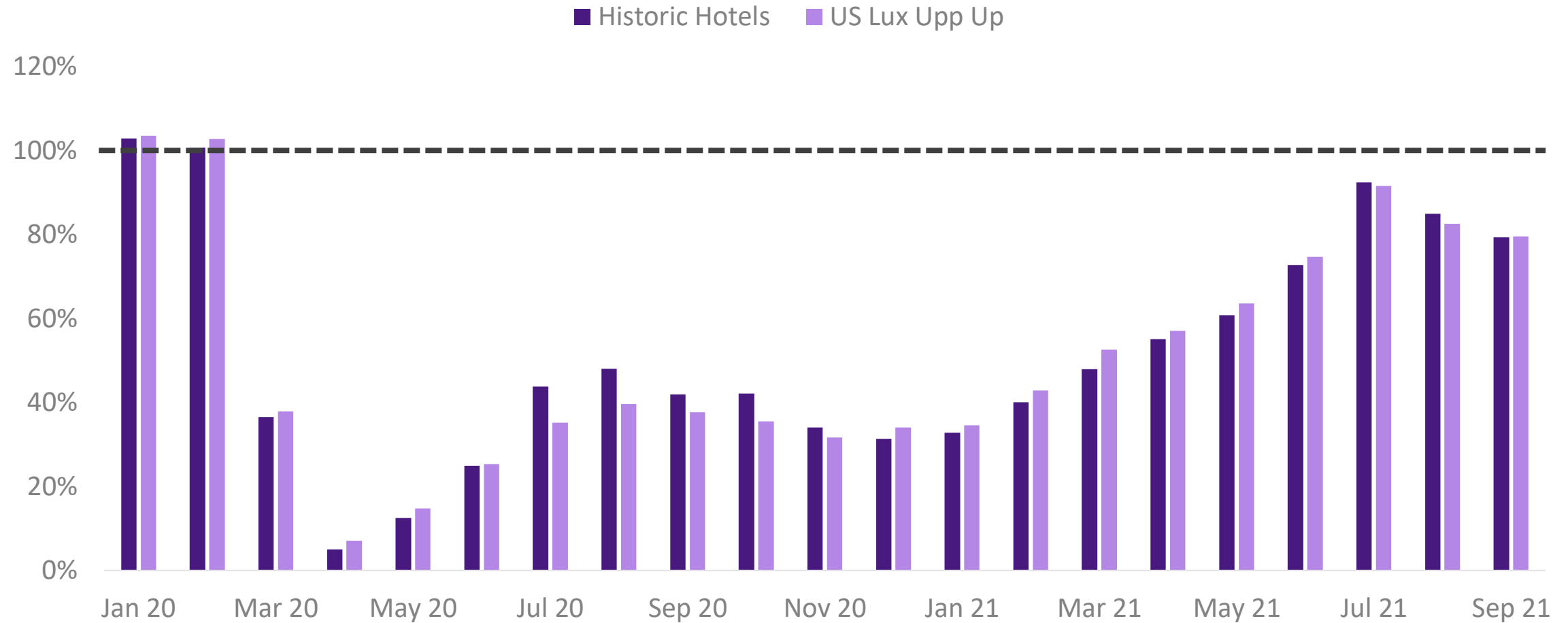
Monthly ADR, indexed to 2019, Historic Hotels vs US Luxury & Upper Upscale Classes



Source: STR. 2021 © CoStar Realty Information, Inc.

RevPAR performance 80% recovered as of September

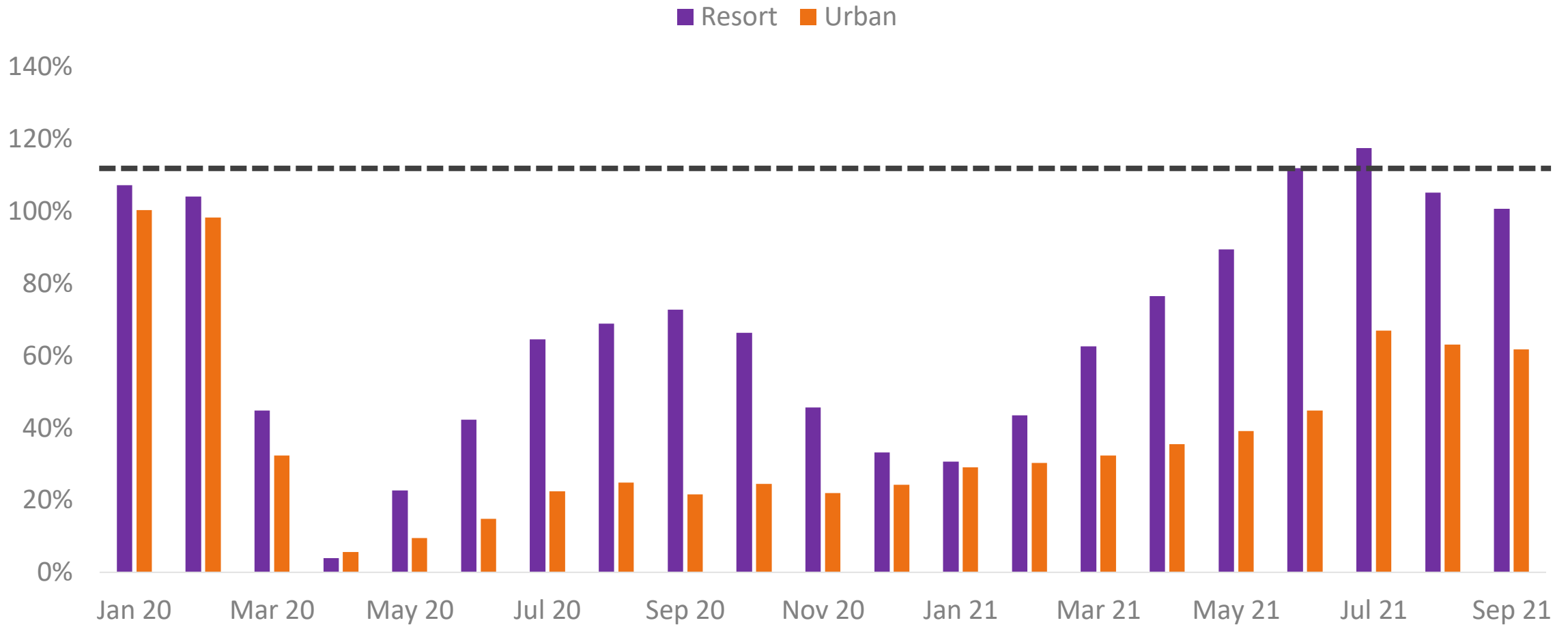
Monthly RevPAR, indexed to 2019, Historic Hotels vs US Luxury & Upper Upscale Classes



Source: STR. 2021 © CoStar Realty Information, Inc.

Resorts outperform urban properties

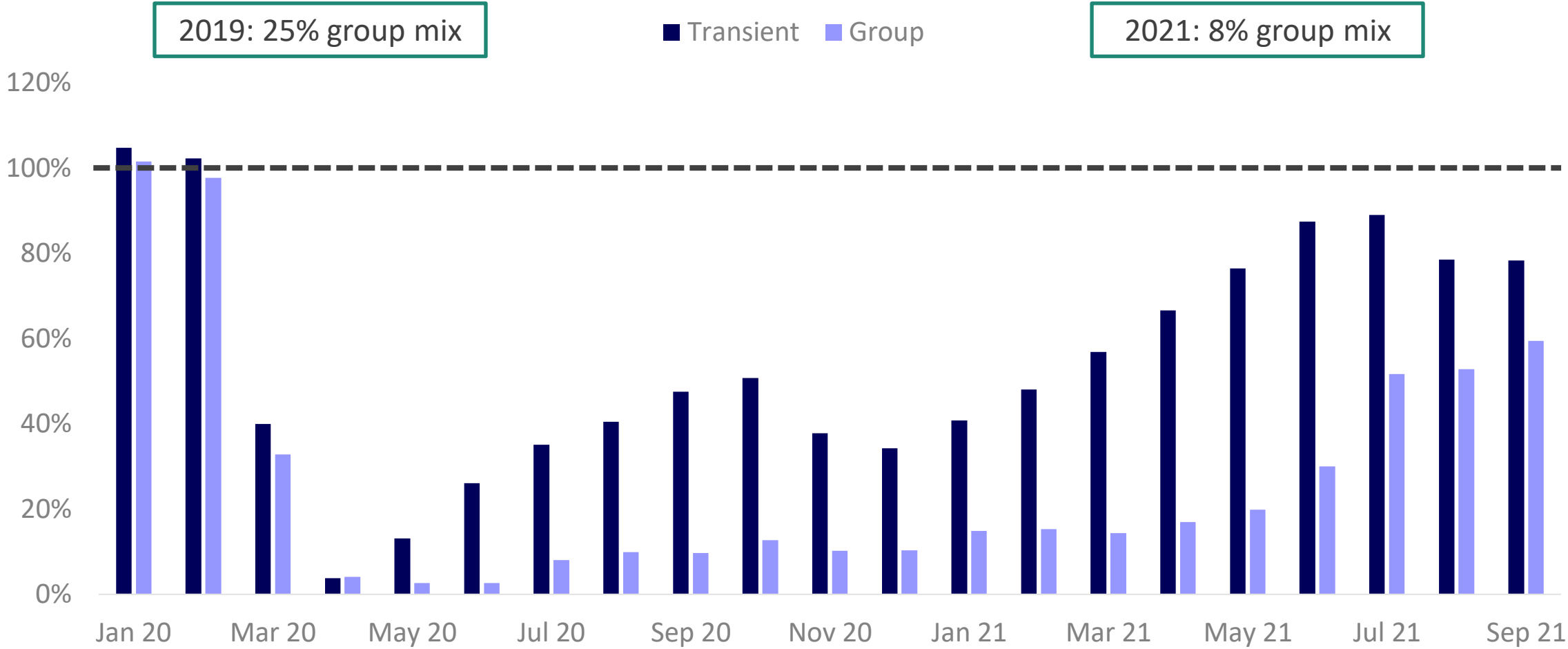
Monthly RevPAR, indexed to 2019, Historic Hotels Urban vs Historic Hotels Resort



Source: STR. 2021 © CoStar Realty Information, Inc.

Transient demand leading the recovery, group is gaining though

Monthly Group & Transient Demand, indexed to 2019, Historic Hotels Lux & Upper Upscale



Source: STR. 2021 © CoStar Realty Information, Inc.

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U.S. Forecast

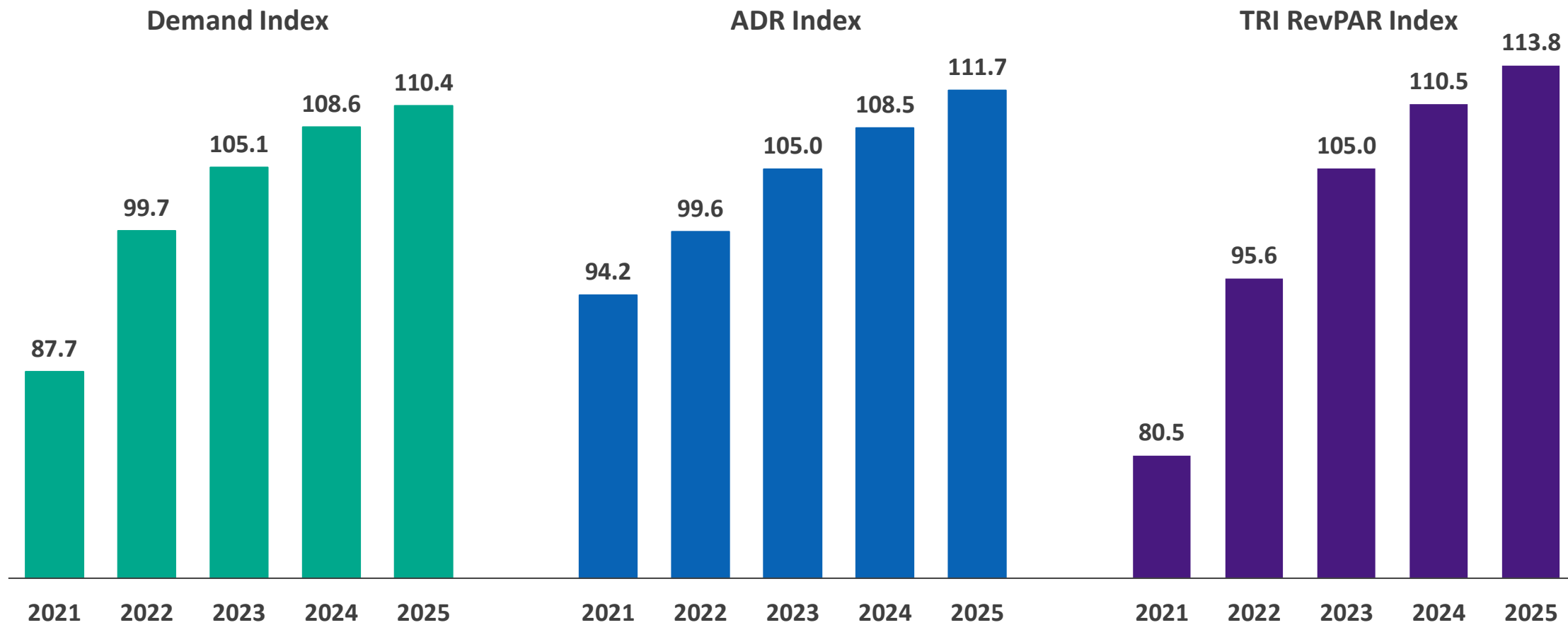
2020, 2021F – 2022F, Key Performance Indicators

| Metric | 2020 Actual | 2021 Forecast | 2022 Forecast |
|-------------|----------------|------------------|------------------|
| Occupancy * | 41.5% | 56.0% | 62.9% |
| ADR | \$103.21 | \$123.39 | \$130.45 |
| RevPAR * | \$42.85 | \$69.10 | \$82.11 |

**Reflects Total-Room-Inventory (TRI) methodology, which assumes no temporary hotel closures.*

Demand and ADR near full recovery in 2022 with TRI RevPAR fully recovering in 2023.

U.S. KPIs Indexed to 2019



Historic Hotels: faster RevPAR recovery forecasted

2020, 2021F – 2025F percent change, Participating Historic Hotels



| | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|----------------------|--------|--------|-------|-------|------|------|
| Occ | -63.1% | 75.7% | 46.1% | 1.9% | 2.6% | 1.4% |
| ADR | -7.3% | 17.1% | 4.9% | -1.3% | 0.8% | 2.1% |
| RevPAR | -65.8% | 105.7% | 53.3% | 0.6% | 3.5% | 3.5% |
| Index to 2019 | 34% | 70% | 108% | 109% | 112% | 116% |

Luxury Chain Scale: 2024 RevPAR recovery

2020, 2021F – 2025F percent change, Luxury Chain Scale



| | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|----------------------|--------|-------|-------|-------|------|------|
| Occ | -56.7% | 48.6% | 43.4% | 6.0% | 3.9% | 1.8% |
| ADR | -3.5% | 12.9% | -7.5% | 4.7% | 4.9% | 3.0% |
| RevPAR | -58.2% | 67.8% | 32.7% | 10.9% | 9.0% | 4.8% |
| Index to 2019 | 42% | 70% | 93% | 103% | 113% | 118% |

Upper Upscale Chain Scale: 2024 RevPAR recovery

2020, 2021F – 2025F percent change, Upper Upscale Chain Scale



| | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|----------------------|--------|-------|-------|-------|-------|------|
| Occ | -54.7% | 45.1% | 39.4% | 7.8% | 5.9% | 0.4% |
| ADR | -16.1% | 8.5% | 8.3% | 6.2% | 4.6% | 2.9% |
| RevPAR | -62.0% | 57.5% | 51.0% | 14.4% | 10.8% | 3.4% |
| Index to 2019 | 38% | 60% | 90% | 103% | 115% | 118% |

Takeaways



- 1 Leisure surge fueled strong summer performance
- 2 Return of group and business travel will be critical for industry's recovery
- 3 Construction pipeline will continue to decelerate
- 4 ADR performance across Historic Hotels has been outperforming industry
- 5 RevPAR forecasted to return to 2019 levels in 2023 for U.S., 2022 for Historic Hotels



Thank You!

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