

U.S. Hotels

Weekly Update

August 5, 2022



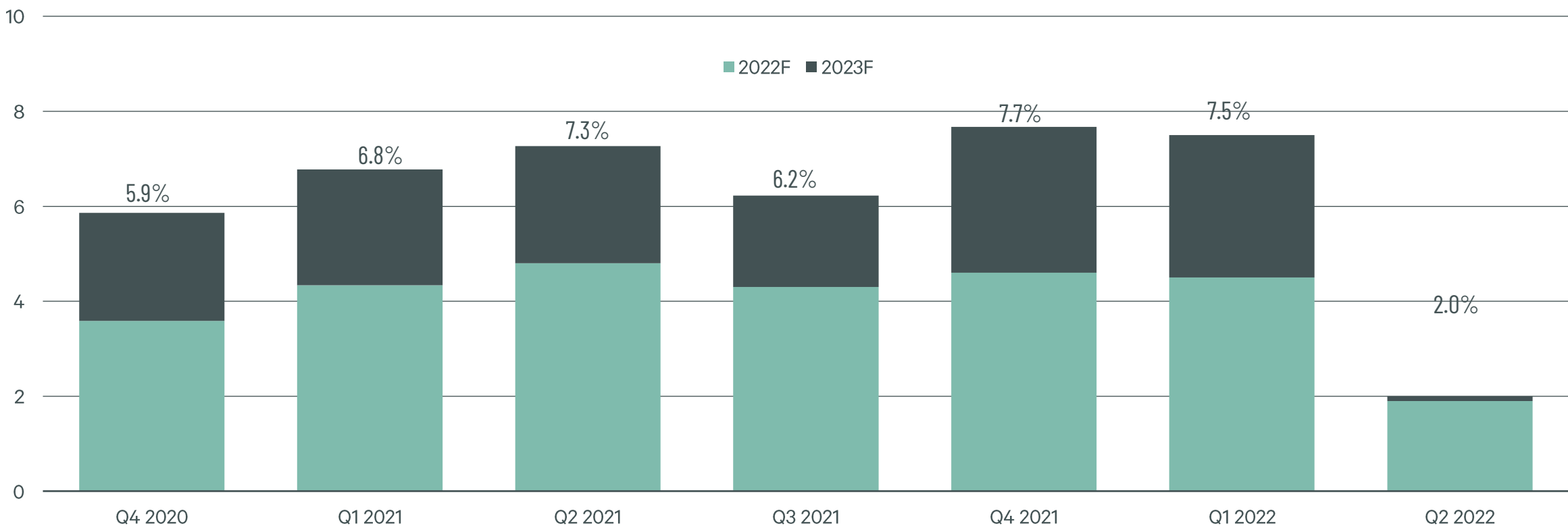
1

The
Economy

Fueled by the war against Ukraine, CBRE EA reduces cumulative GDP forecast by 5.5 p.p.

Cumulative 2022 and 2023 Annual GDP Growth

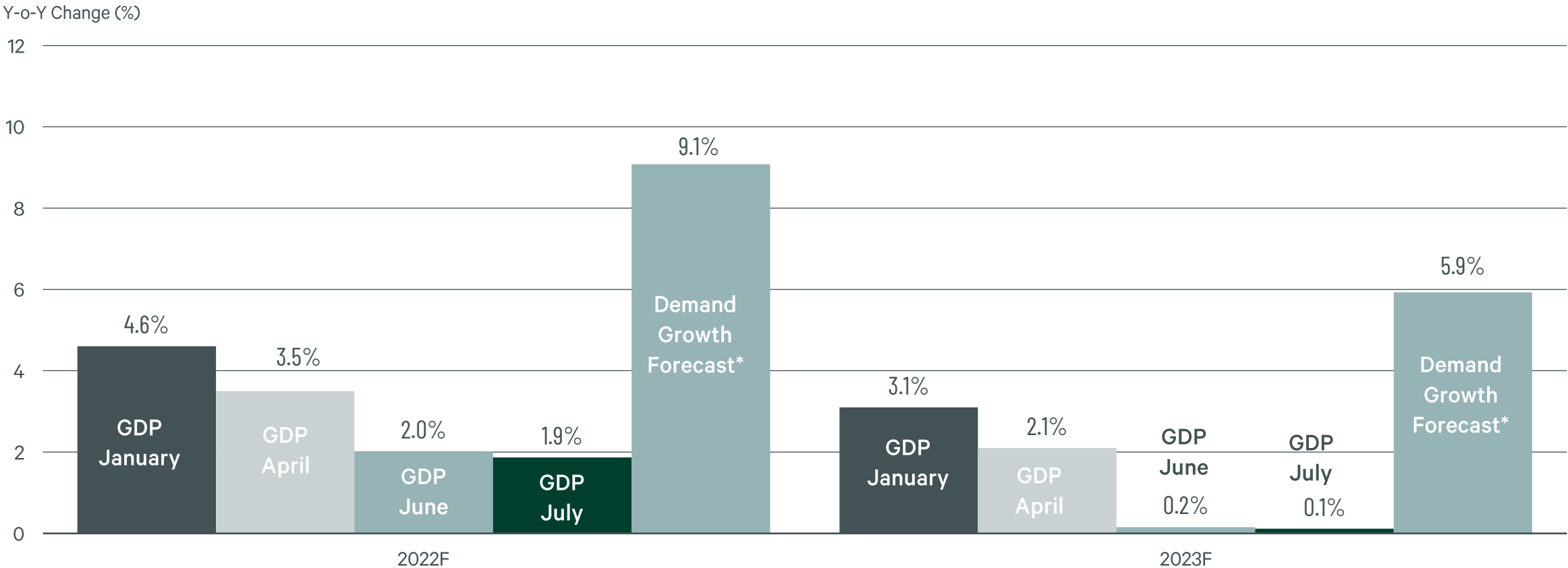
Y-o-Y Change (%)



CBRE Hotels Research, CBRE EA, BLS

Since CBRE’s hotel forecasts were published in May, CBRE EA’s GDP outlook softened

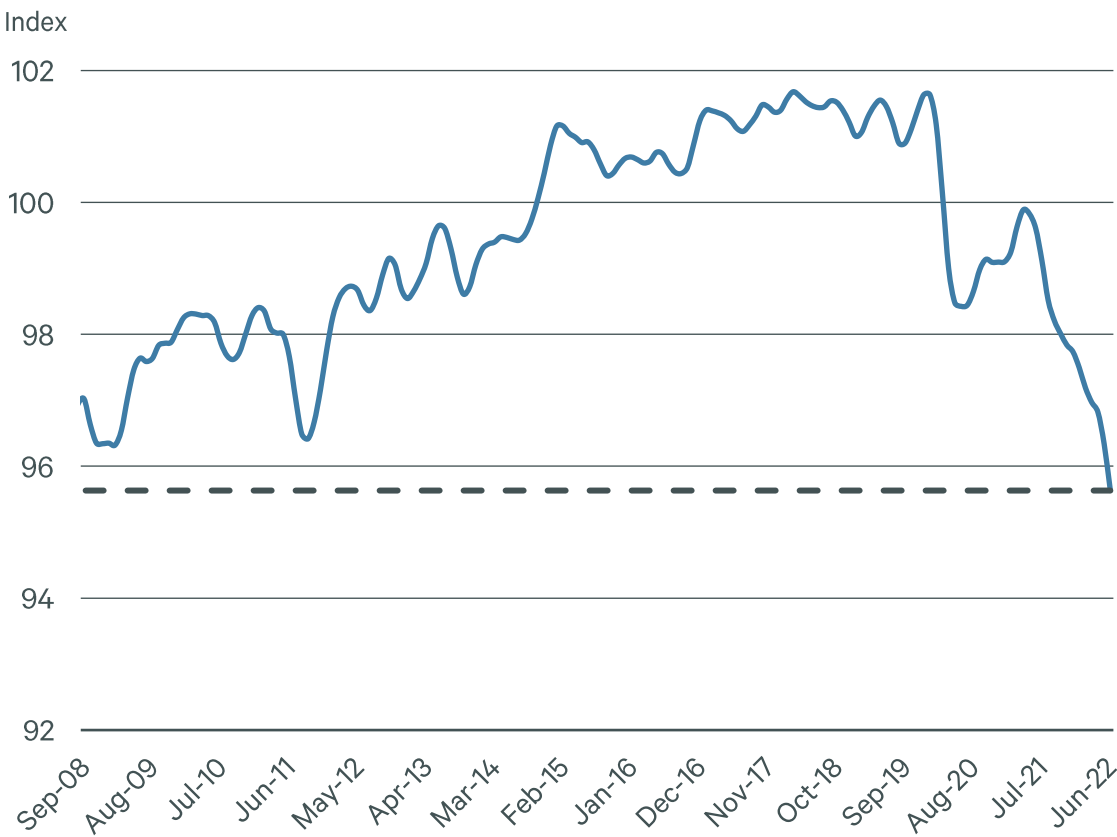
CBRE EA’s GDP Forecasts by Release Month vs. Current Demand Growth Forecast



CBRE Hotels Research , CBRE EA
*Represents CBRE’s Demand Forecast as of May 16

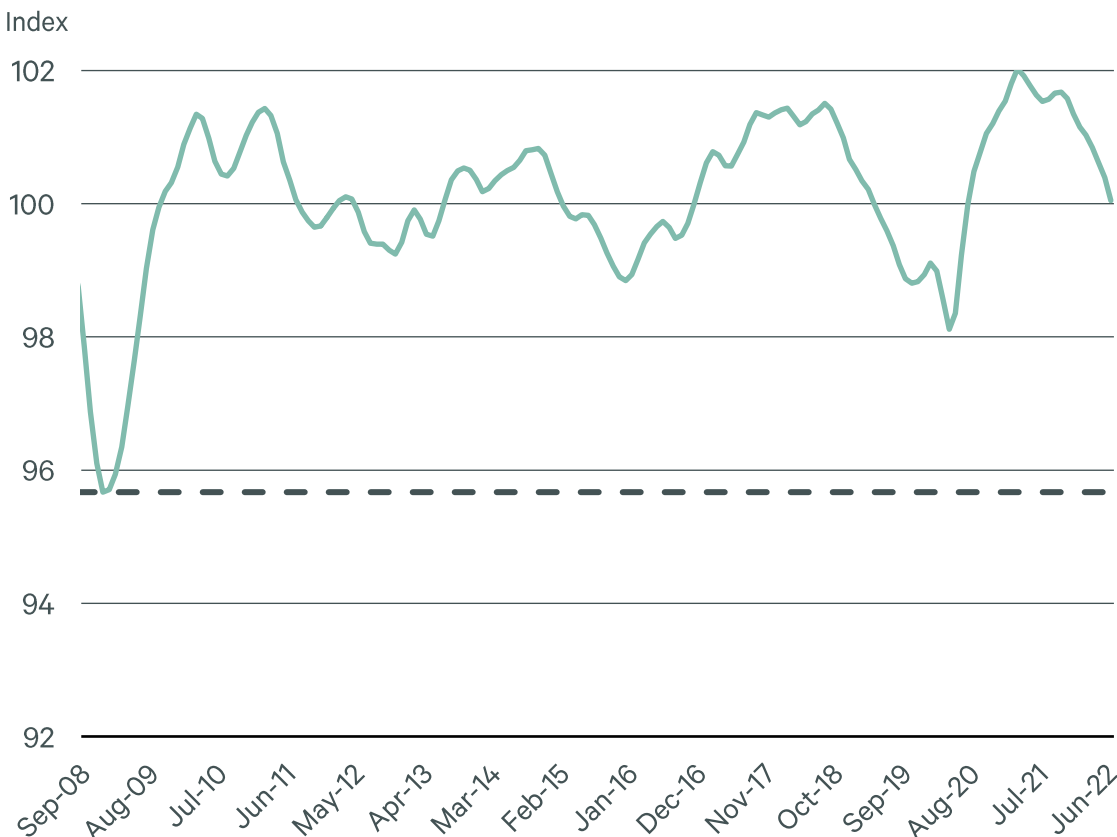
Business and consumer confidence continue to soften

Consumer Confidence Index



CBRE Hotels Research, CBRE EA , OECD

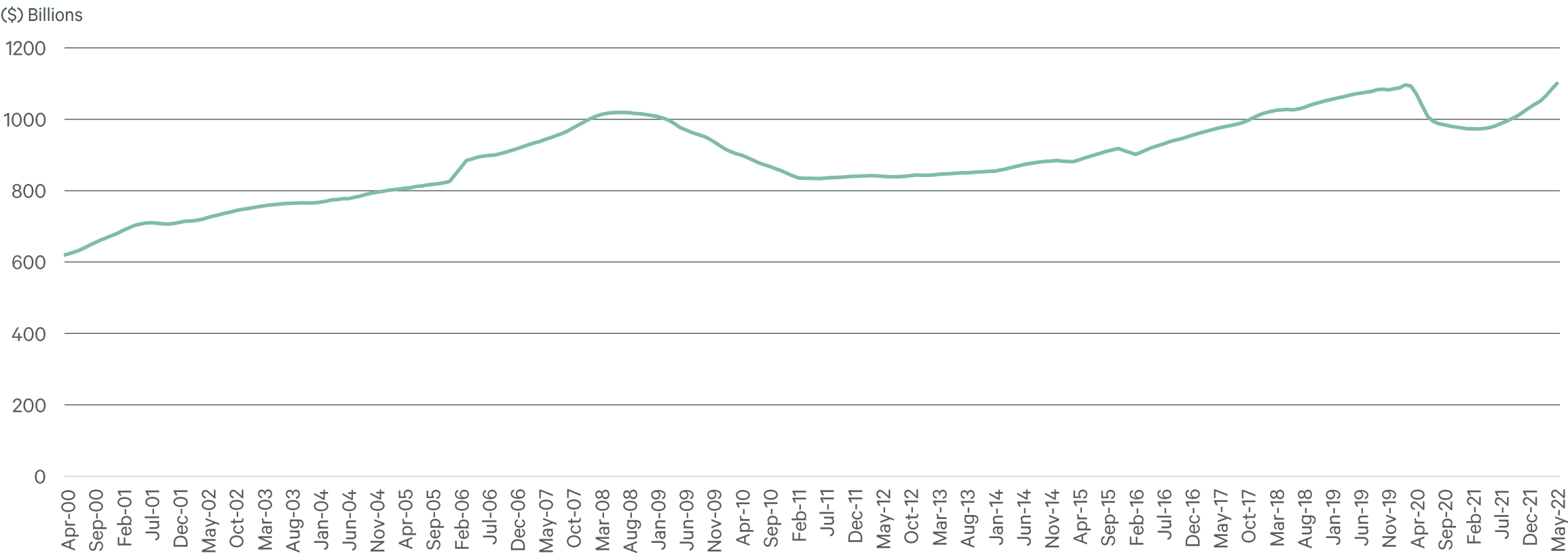
Business Confidence Index



CBRE Hotels Research, CBRE EA, OECD

Credit card balances are above pre-pandemic levels

Revolving Consumer Credit on 3 Month Moving Average

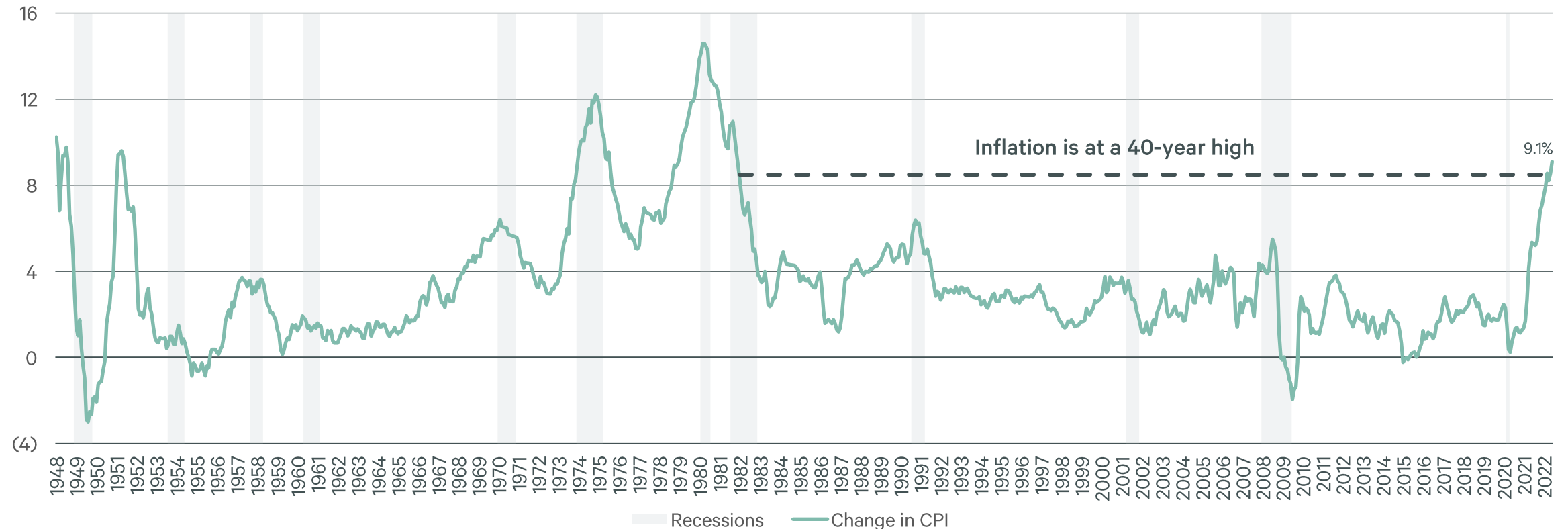


CBRE Hotels Research, [federalreserve.gov](https://www.federalreserve.gov)

U.S. inflation hit new 40-year high in June

National CPI Growth Y-o-Y

Y-o-Y Change (%)



Forecasts calls for rising interest rates into slowing Real GDP growth, not seen since the '70s

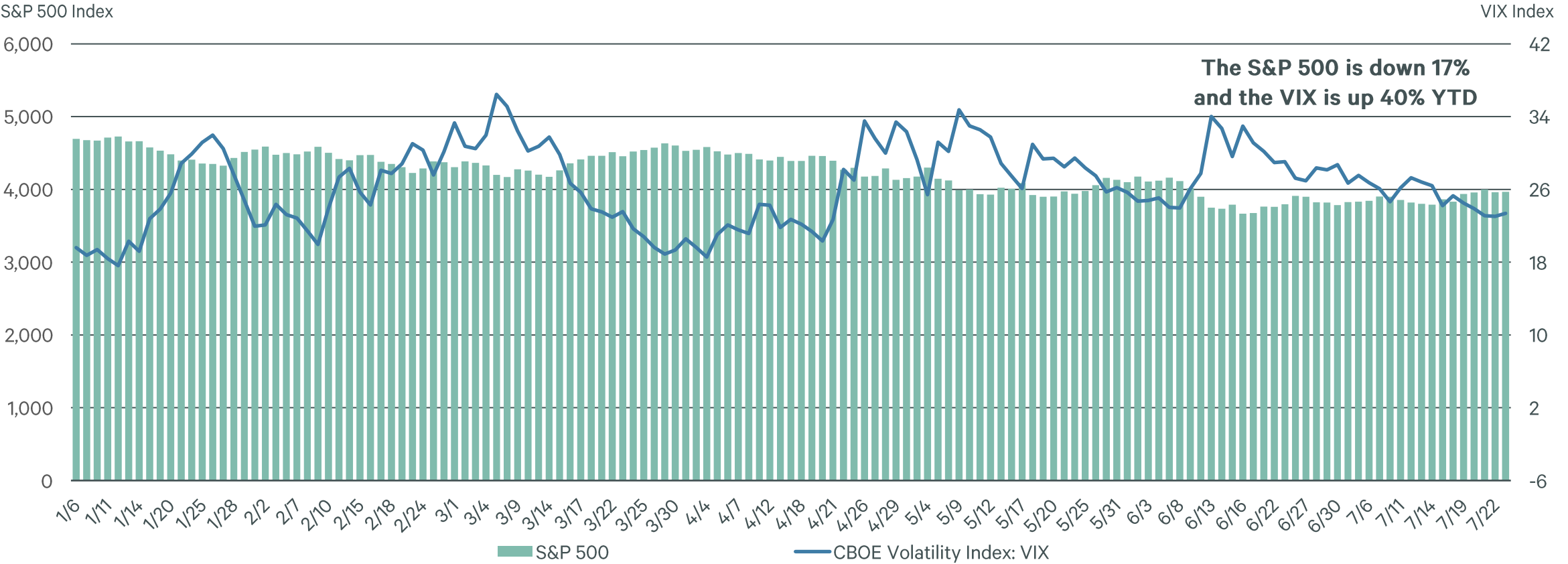
Federal Funds Rate vs. GDP Change



CBRE Hotels Research, Federal Reserve

VIX Index and S&P 500 pull-back signal risks

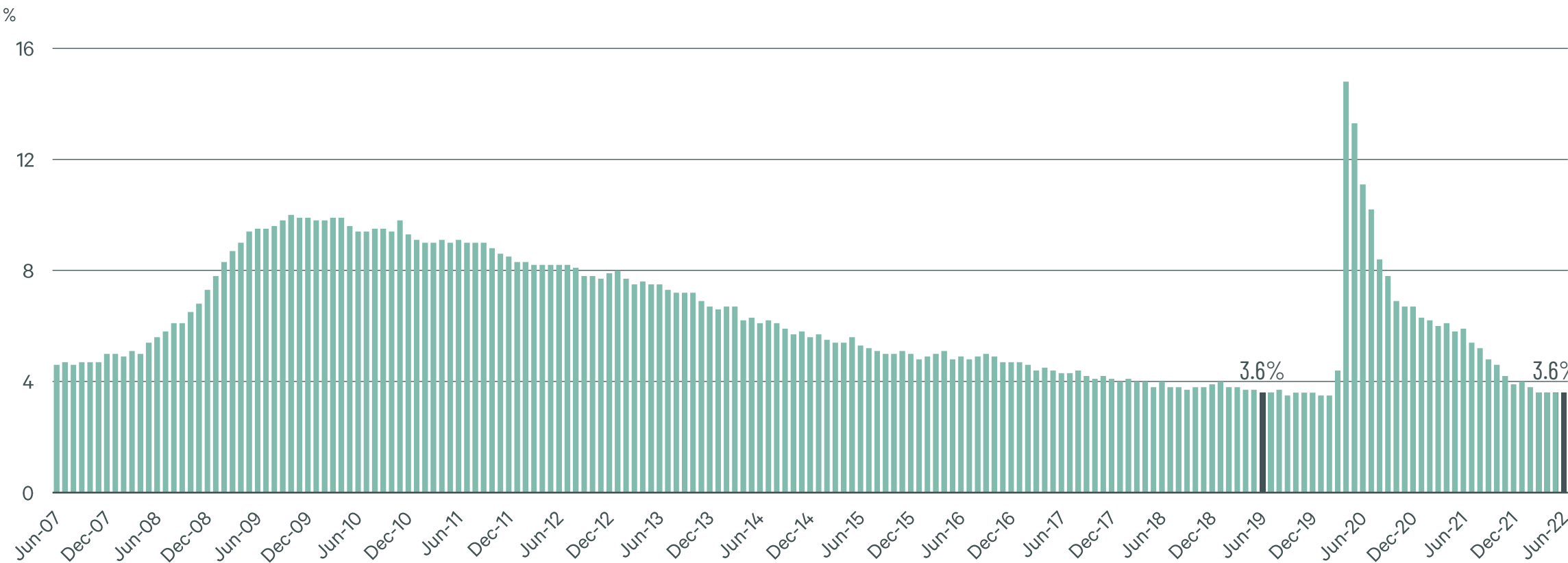
S&P 500 vs. CBOE Volatility Index



CBRE Hotels Research, CoStar, Federal Reserve

Unemployment is low, but expected to increase to 4.3% in 2023

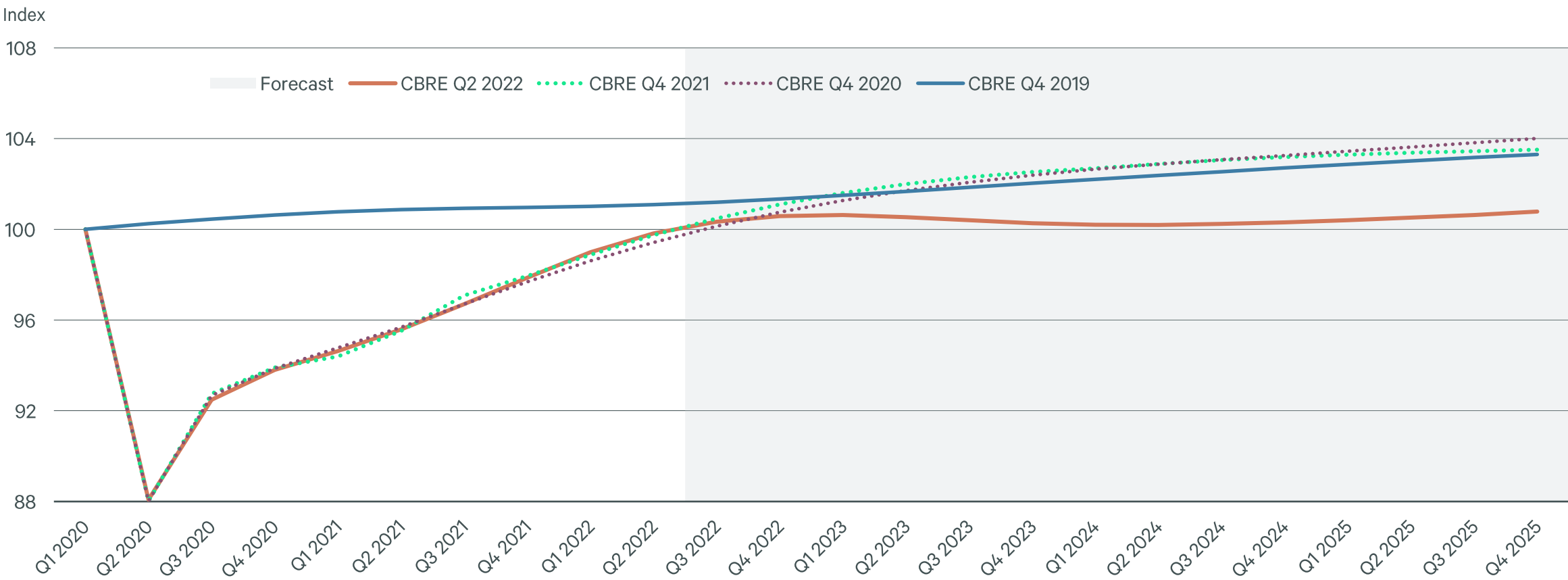
Monthly Unemployment Rate June 2007 – June 2022



CBRE Hotels Research, CBRE EA, BLS

Employment has recovered to pre-pandemic levels, but growth projections are modest

Total Employment Levels Indexed to Q1 2020



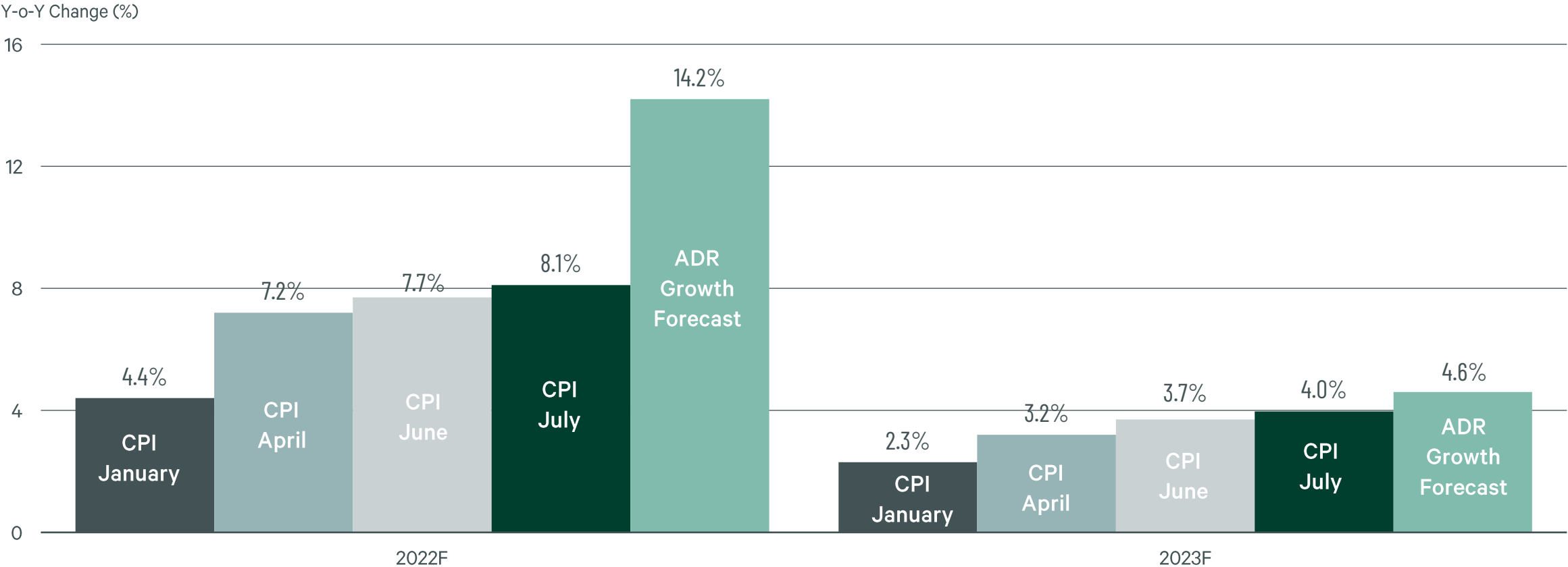
CBRE Hotels Research, CBRE EA, BLS.

2

Inflation

ADR gains outpace near-term inflation, but wages are a headwind

CBRE EA’s CPI Forecast by Release Month vs. Current ADR Growth Forecast

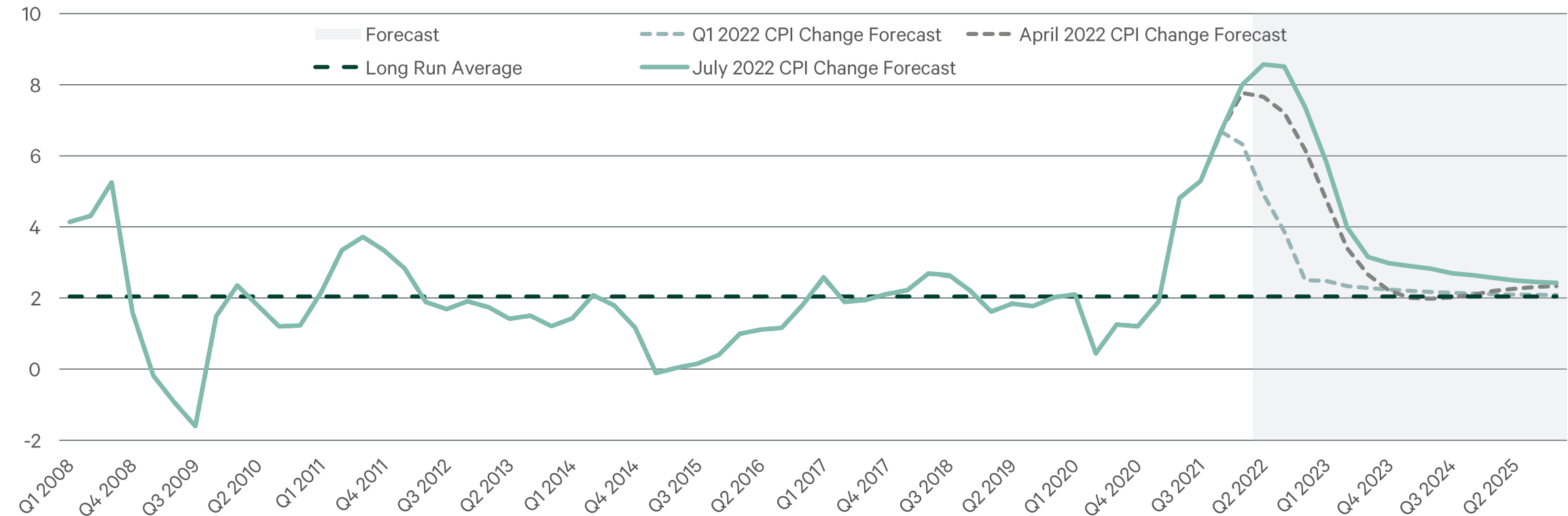


CBRE Hotels Research , CBRE EA
*Represents CBRE’s ADR Forecast as of May 16

CBRE continues to revise its inflation expectations higher

CBRE EA's Quarterly CPI Growth Forecast

Y-o-Y Change (%)

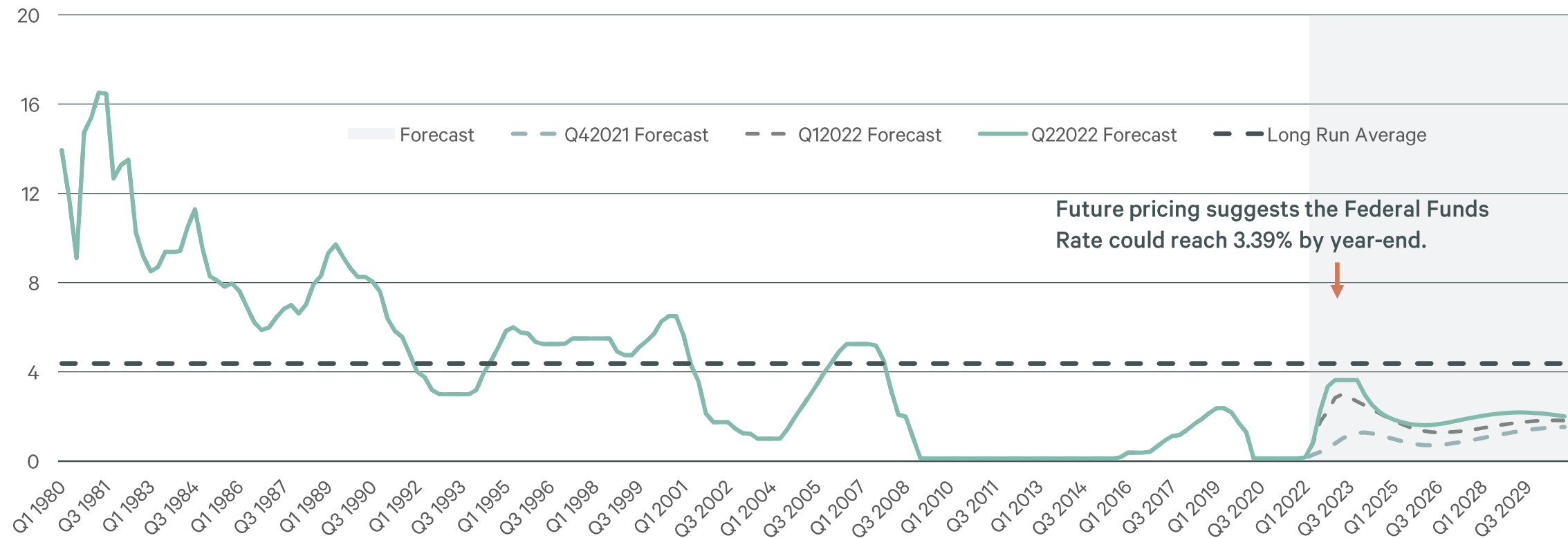


CBRE EA, CBRE Hotels Research, June 2022

Interest rates continue to rise but remain below long-run average

CBRE EA's Federal Funds Rate Forecast

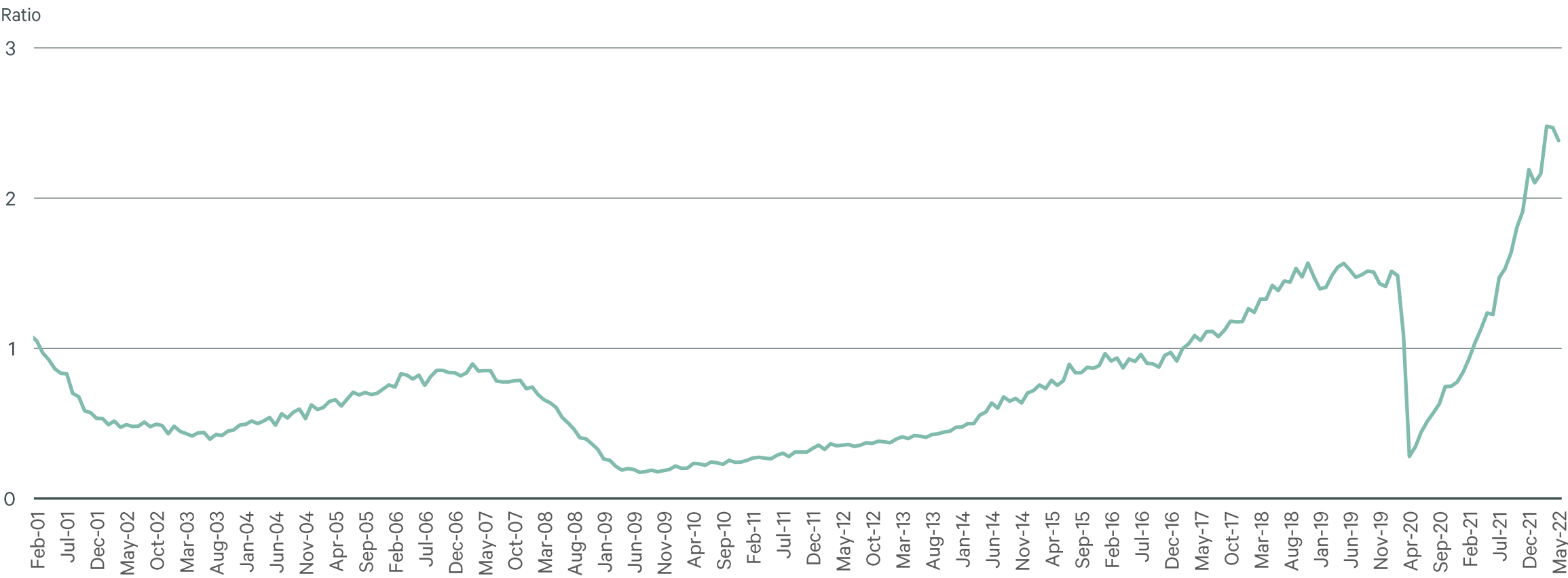
Interest Rate (%)



CBRE EA, CBRE Research, March 2022

Wage growth will likely remain elevated given 20-year high worker shortage

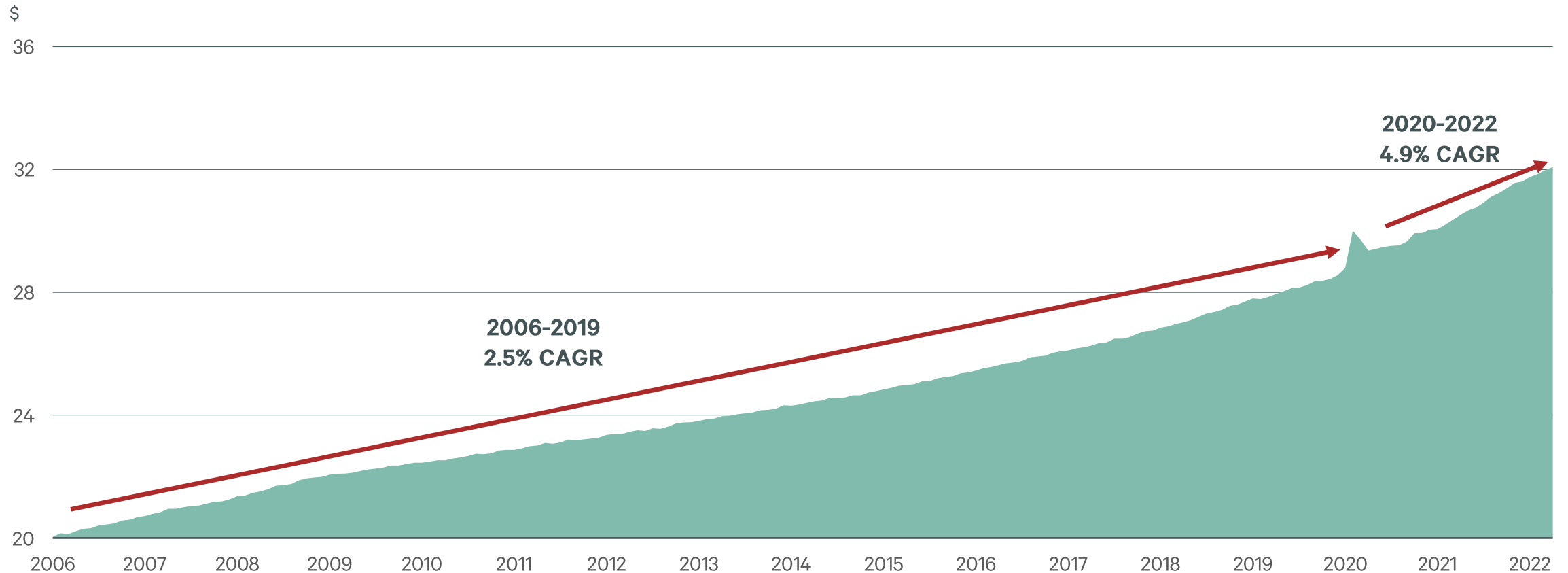
Ratio of Job Openings to Job Seekers



CBRE Hotels Research, BLS

U.S. average wage growth has accelerated since before the pandemic

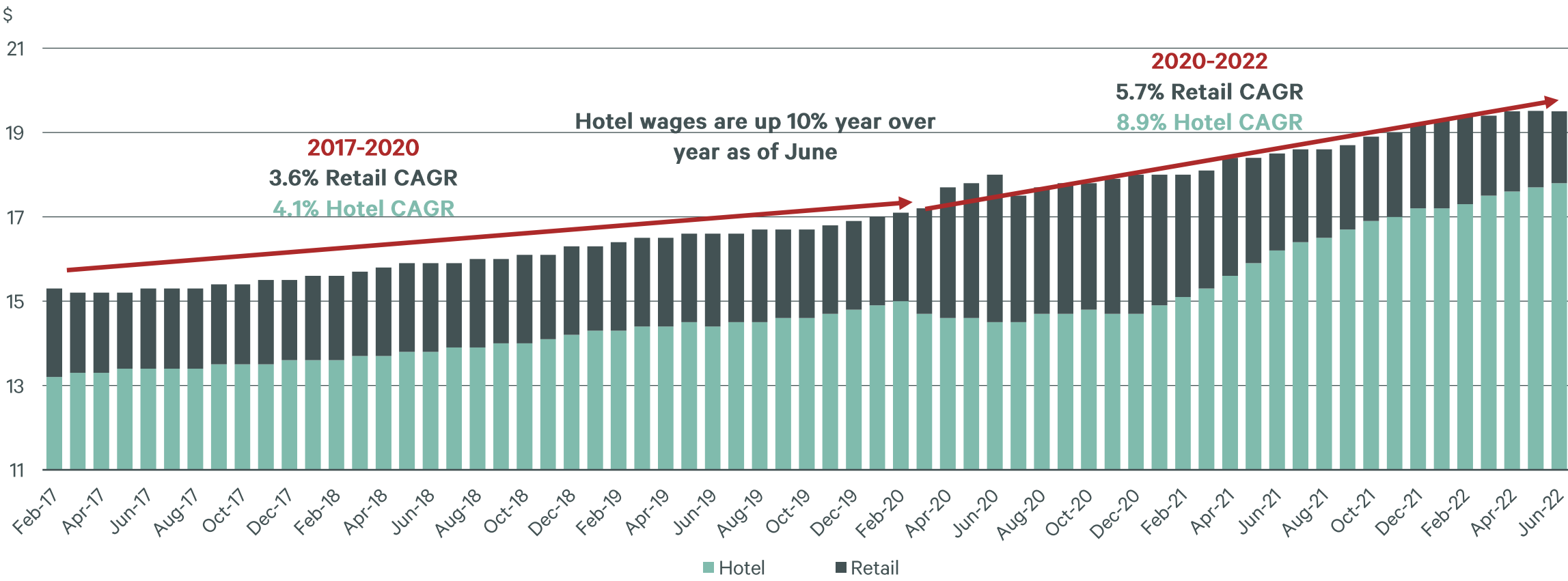
Average Hourly Earnings



CBRE Hotels Research, BLS

Hospitality wage growth continues to outpace retail

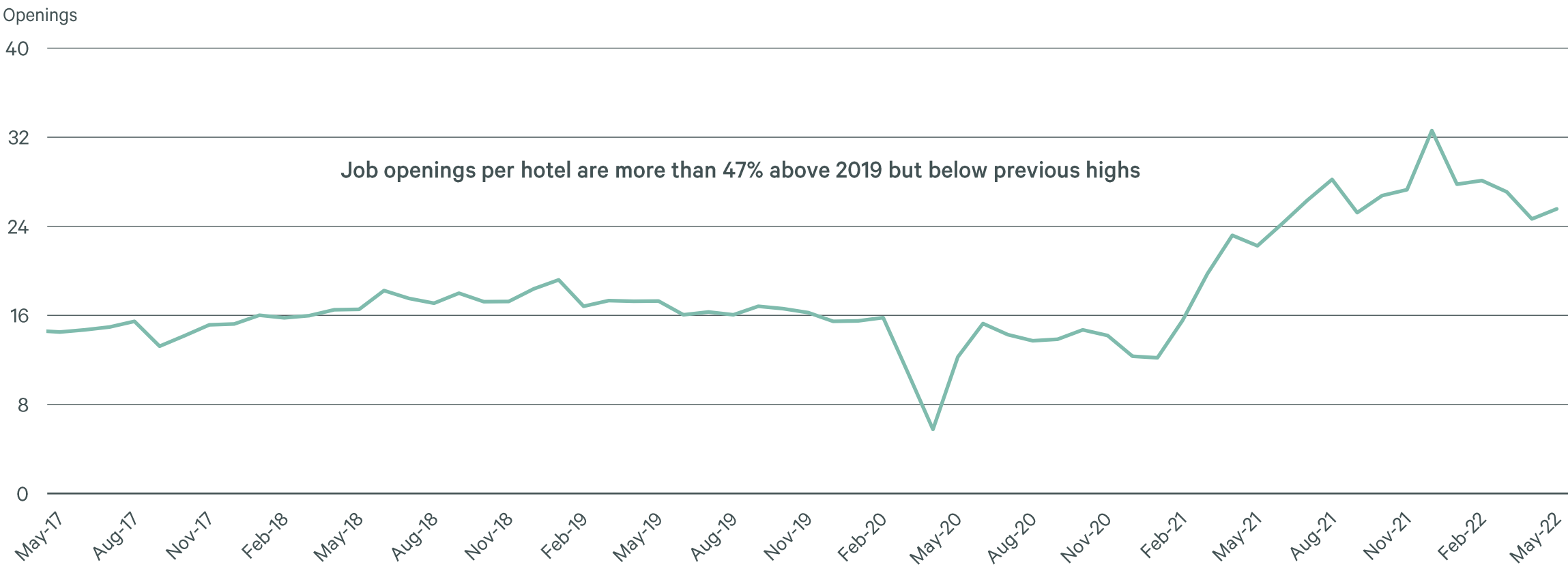
Average Hotel Wages vs. Retail Wages



CBRE Hotels Research, CBRE EA, BLS

Barring a recession, labor shortages will likely lead to further wage pressures

Monthly Job Openings per Hotel: May 2017 – May 2022



CBRE Hotels Research, BLS, CoStar

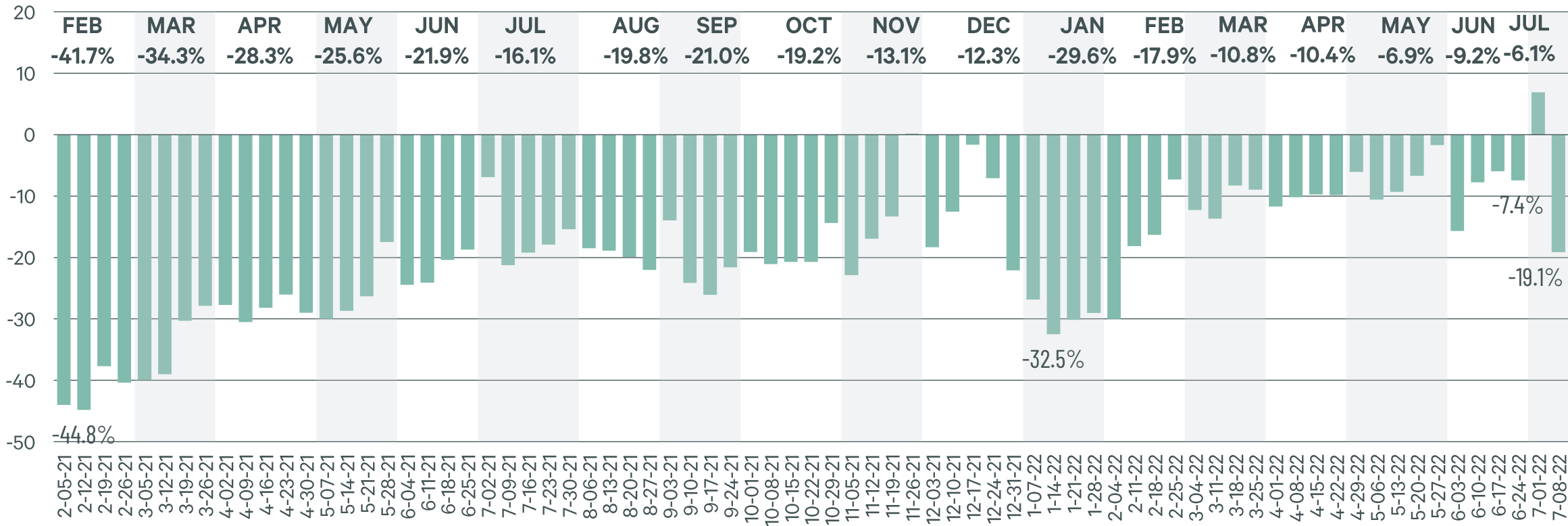
3

Weekly Data

With trends expected to normalize after July 4th, occupancy remains down under 10%

2021 and 2022 Occupancy Change from 2019

Y-o-Y Change (%)

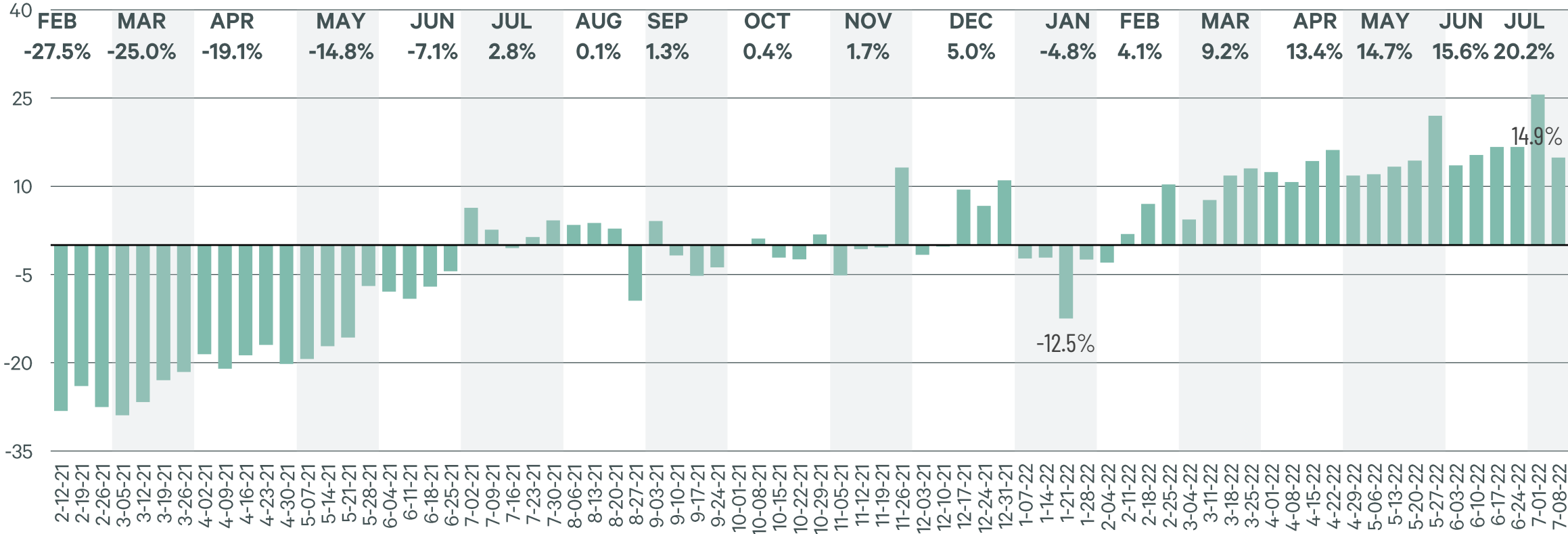


CBRE Hotels Research, Kalibri Labs, Weekly Sample, not scaled to full U.S. Hotel Industry Representation

U.S. ADR gains remain the bright spot, up 20% in July MTD

2021 and 2022 ADR Change from 2019

Y-o-Y Change (%)

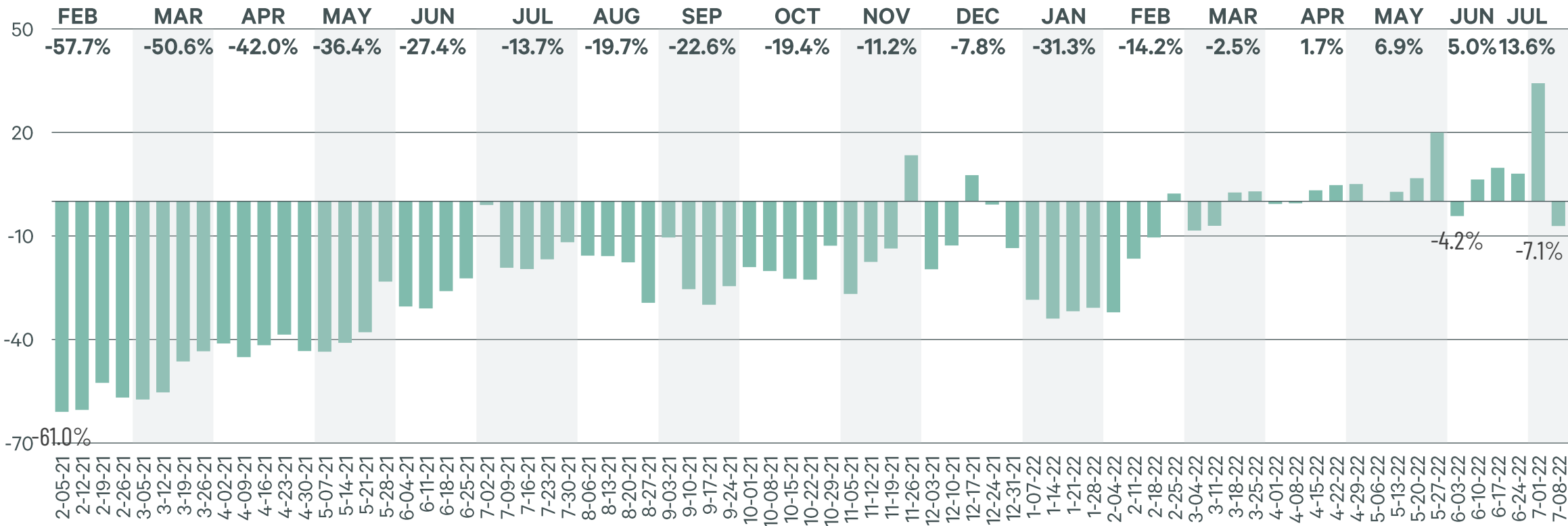


CBRE Hotels Research, Kalibri Labs, Weekly Sample, not scaled to full U.S. Hotel Industry Representation

RevPAR continues to be positive fueled by ADR growth

2021 and 2022 RevPAR Change from 2019

Y-o-Y Change (%)



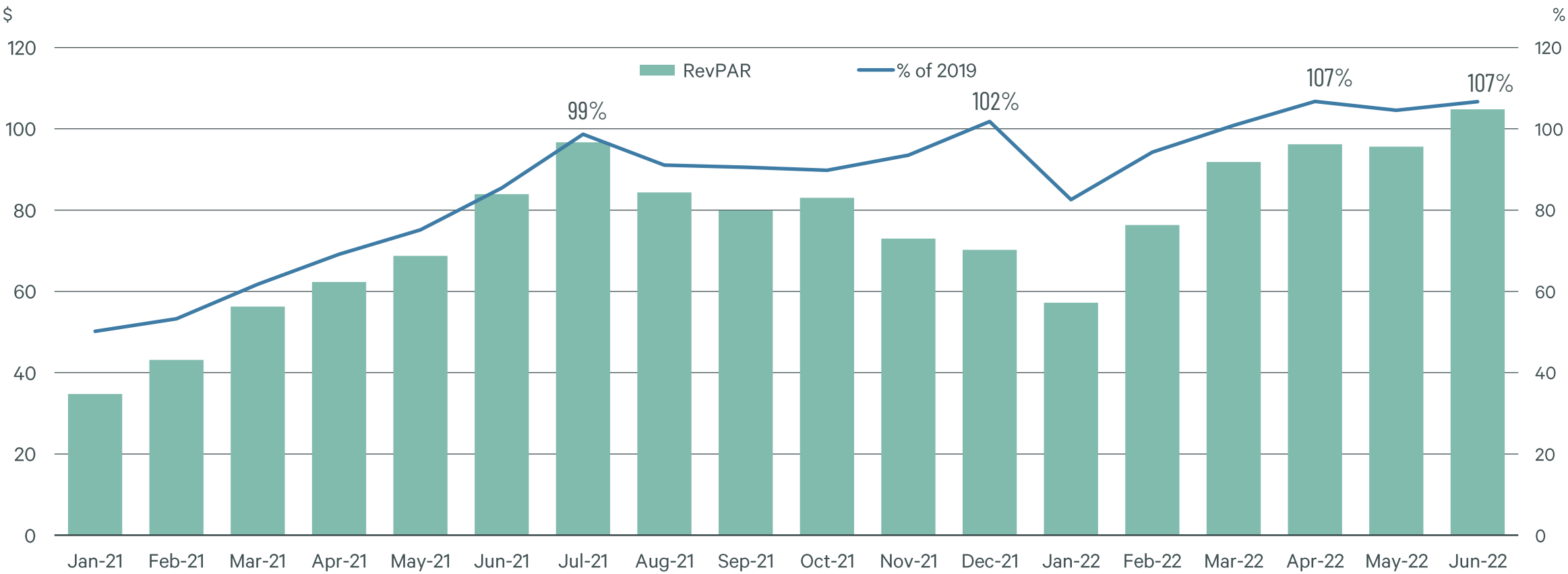
CBRE Hotels Research, Kalibri Labs, Weekly Sample, not scaled to full U.S. Hotel Industry Representation

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Monthly Data

For the fourth month in a row national RevPAR exceeds 2019 levels

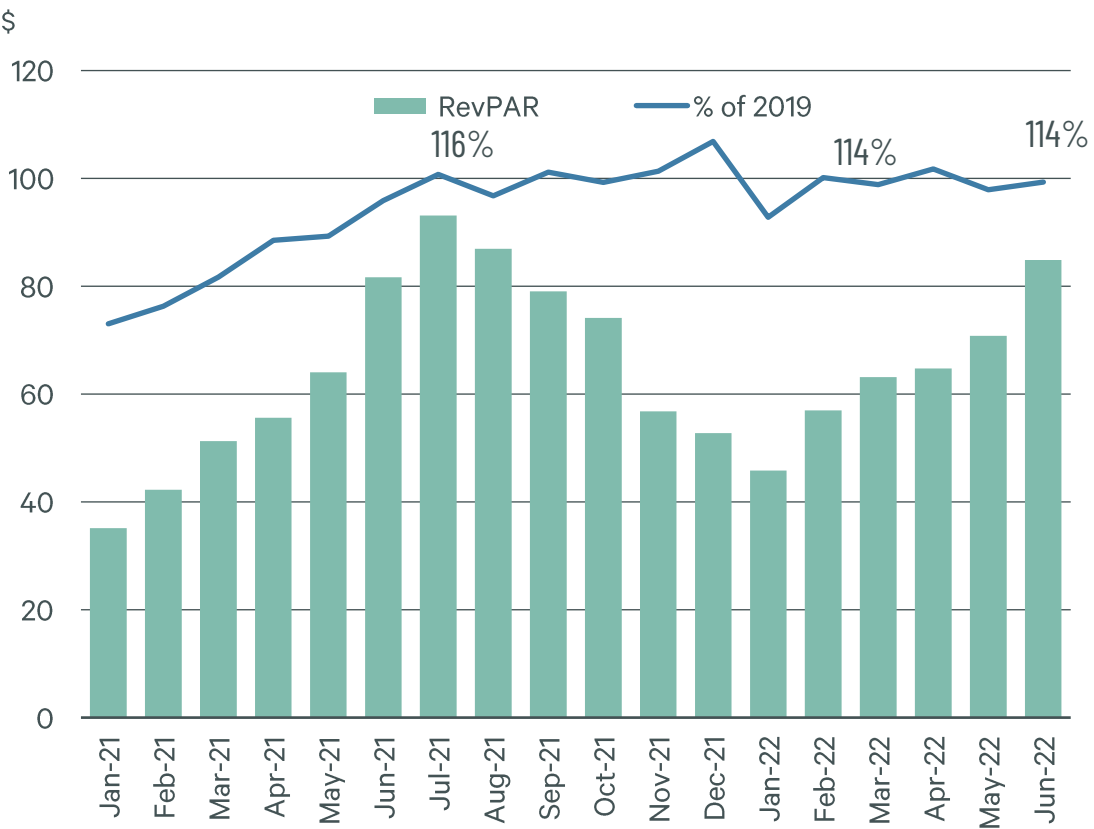
2021 and 2022 Monthly RevPAR Levels With a Comparison to 2019



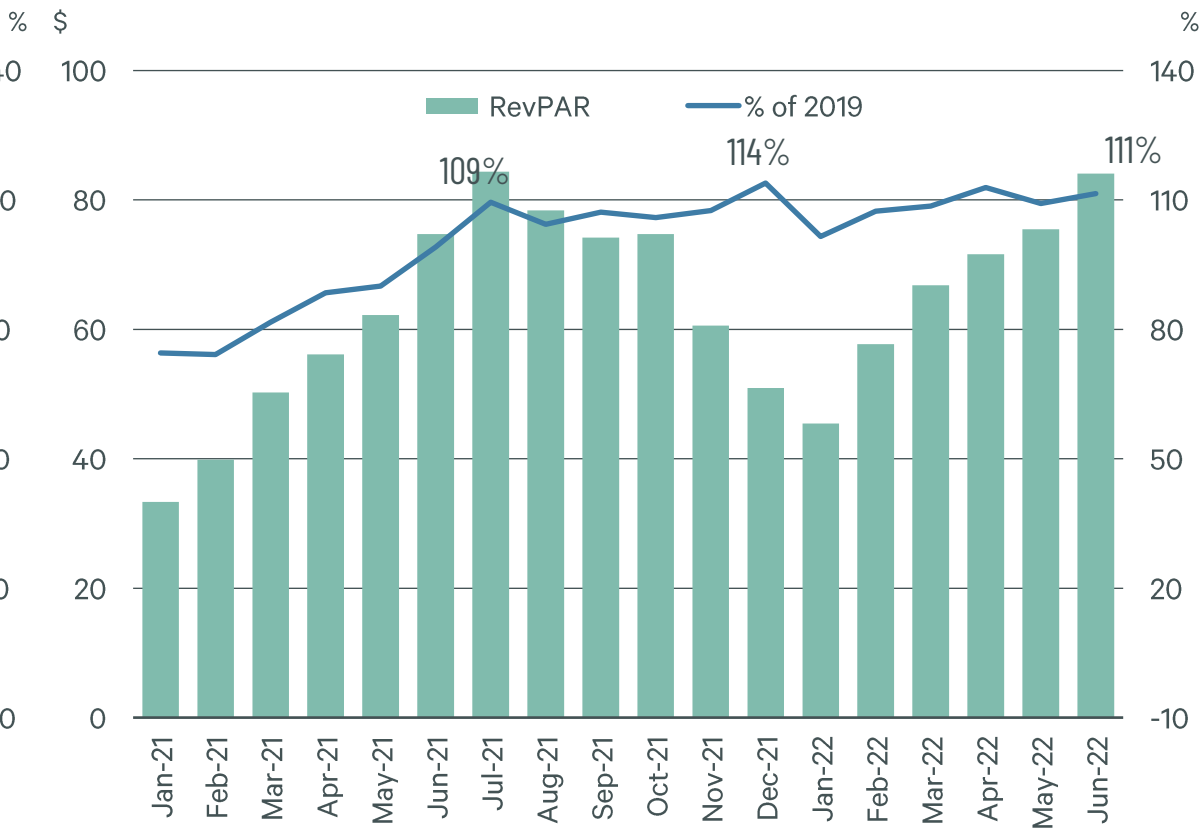
Source: CBRE Hotels Research, Kalibri Labs

Monthly RevPAR by location type

Interstate



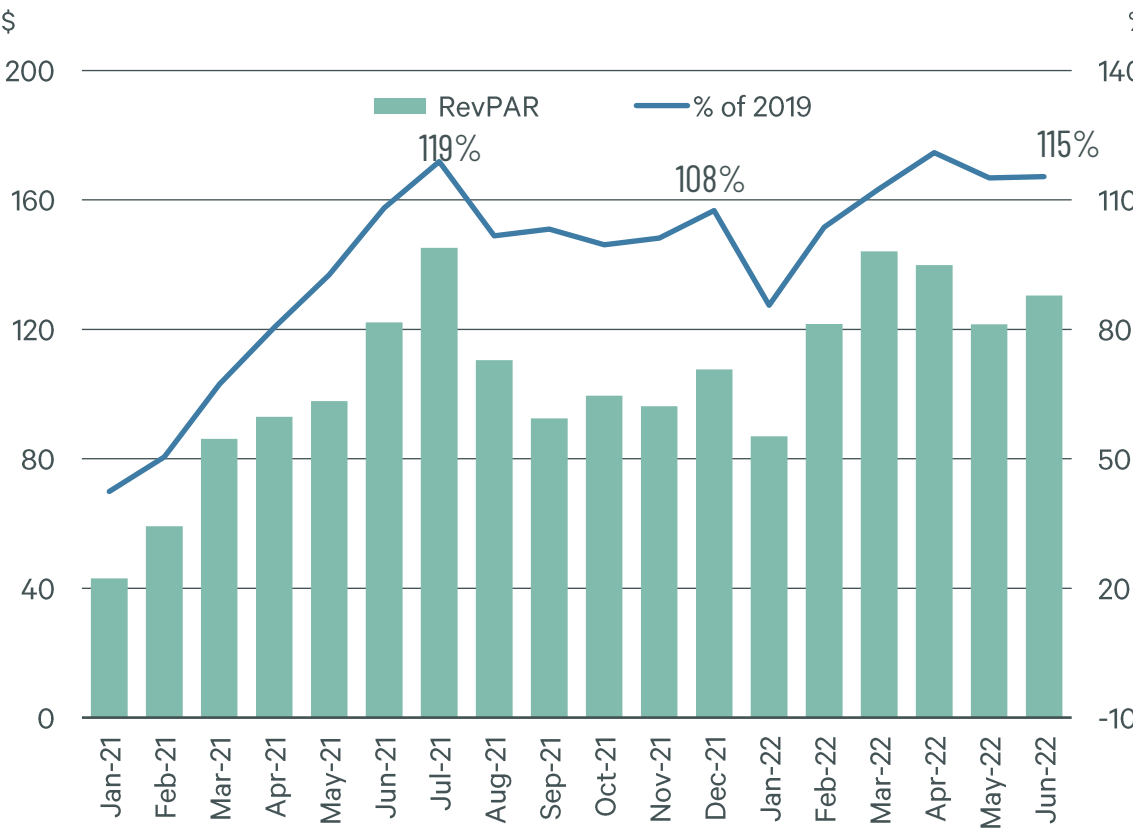
Small Town



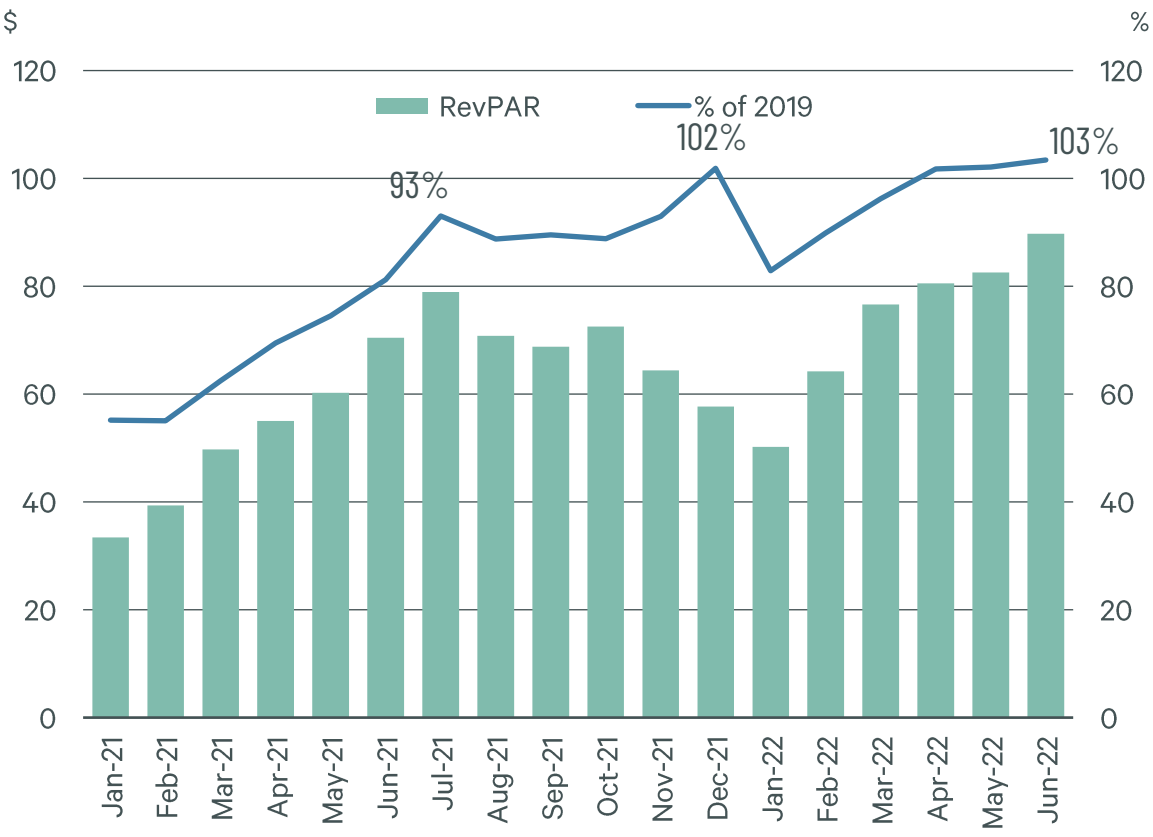
Source: CBRE Hotels Research, Kalibri Labs

Monthly RevPAR by location type

Resort



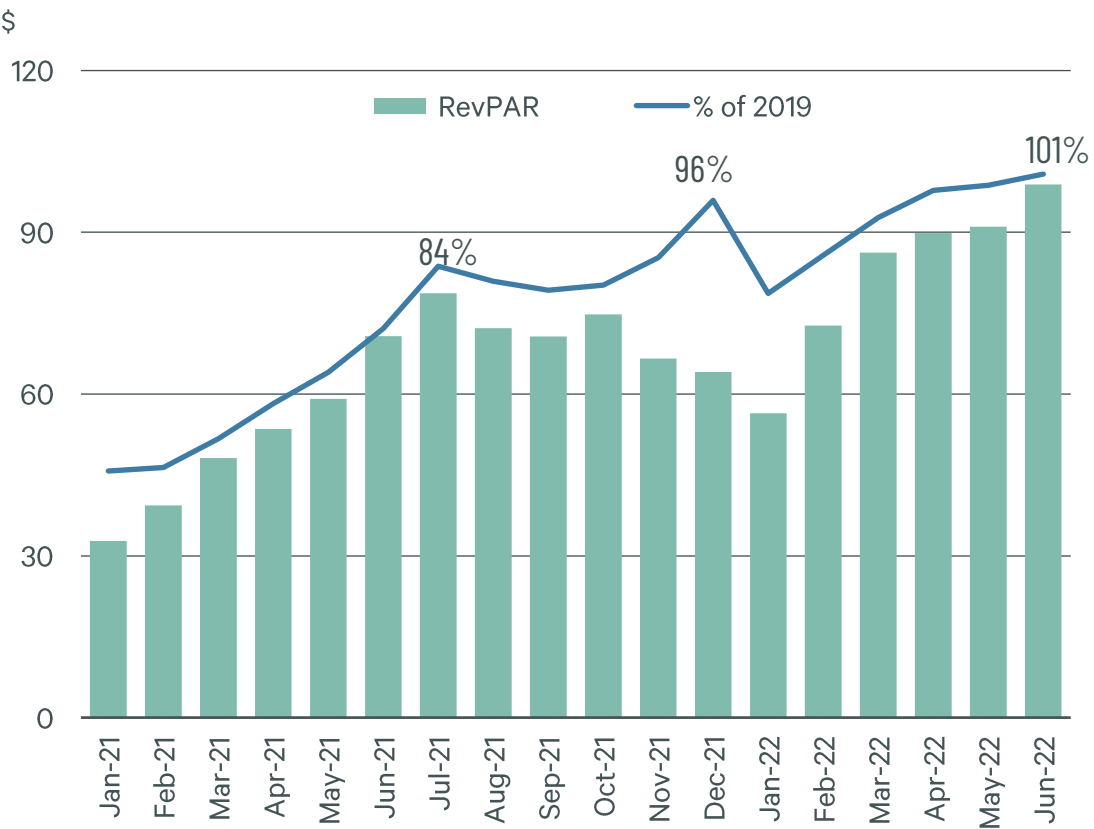
Suburban



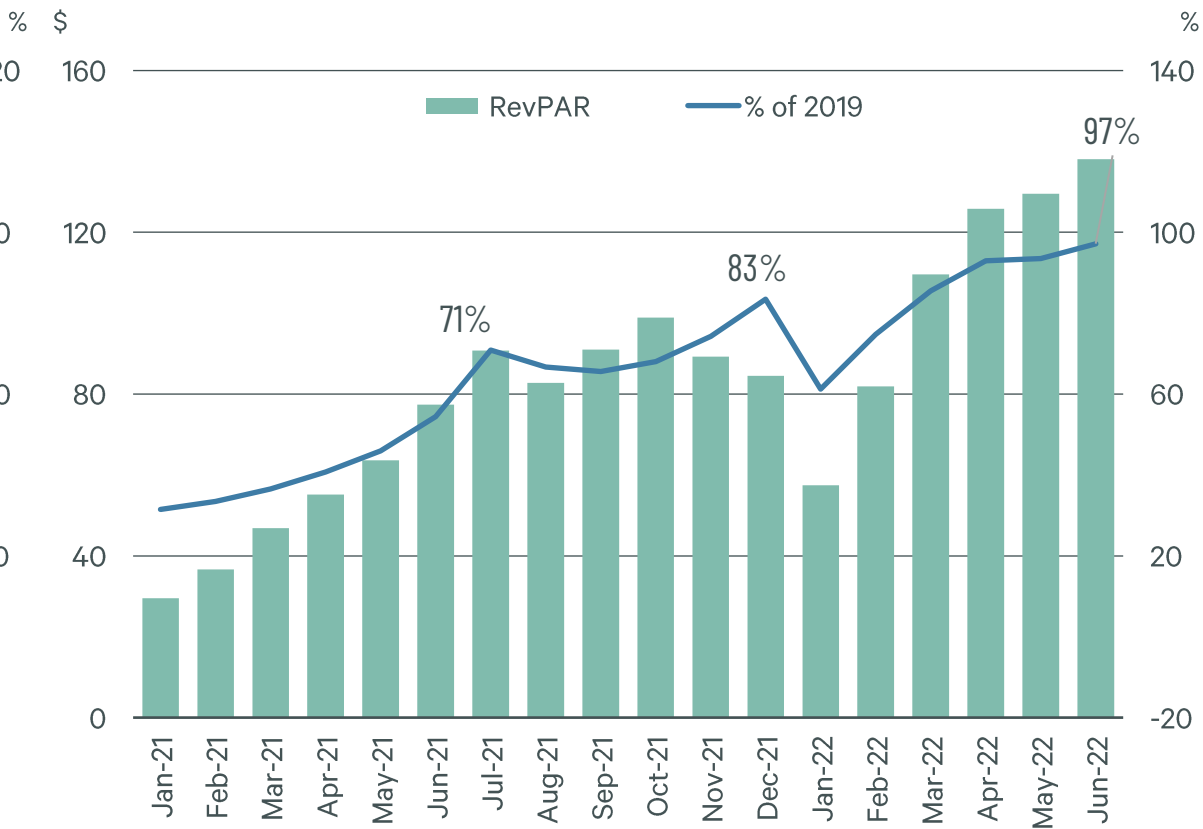
Source: CBRE Hotels Research, Kalibri Labs

Monthly RevPAR by location type

Airport



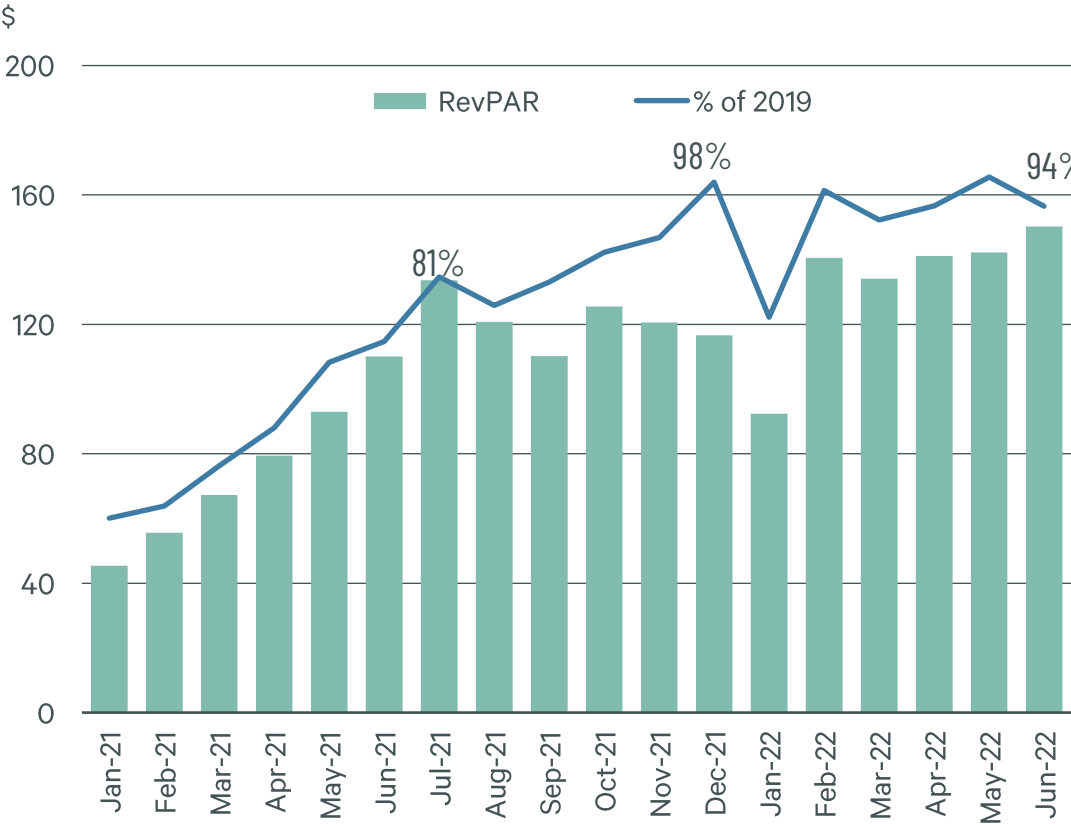
Urban



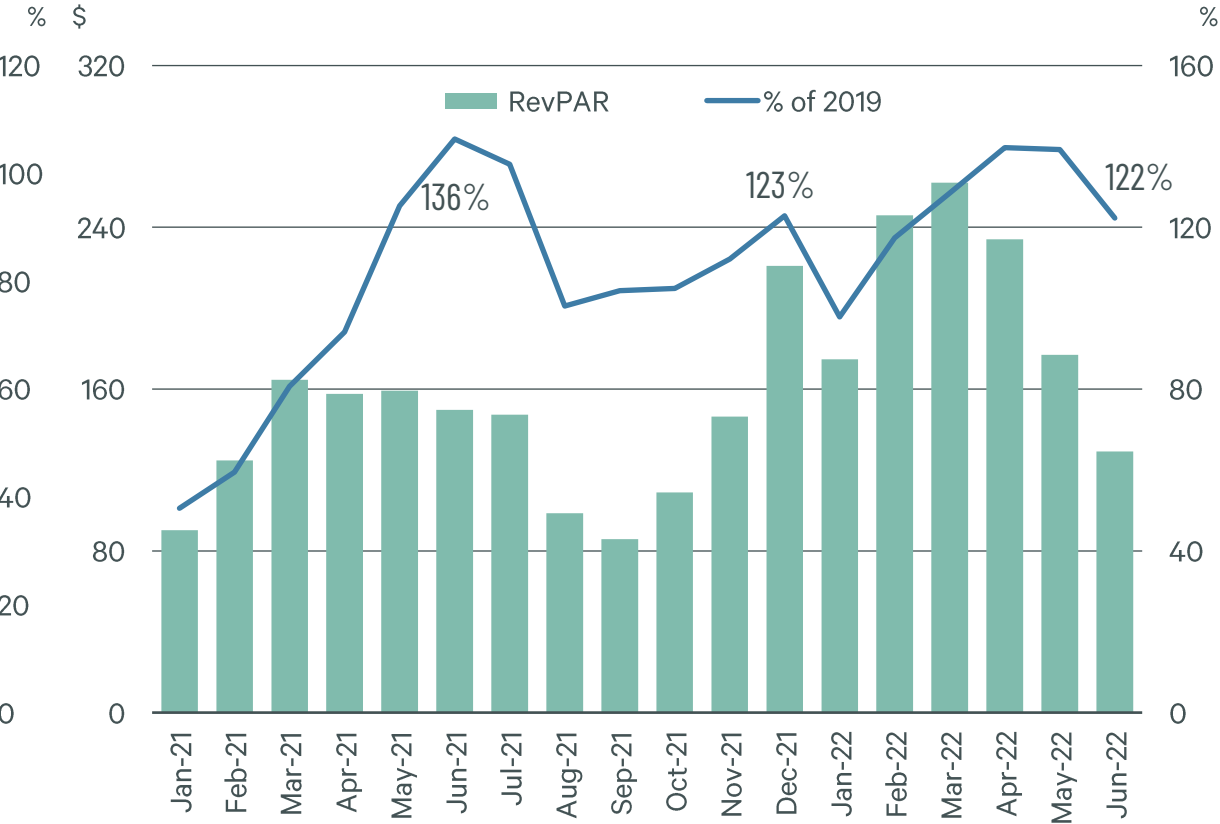
Source: CBRE Hotels Research, Kalibri Labs

Monthly RevPAR by Southern U.S. markets

Los Angeles



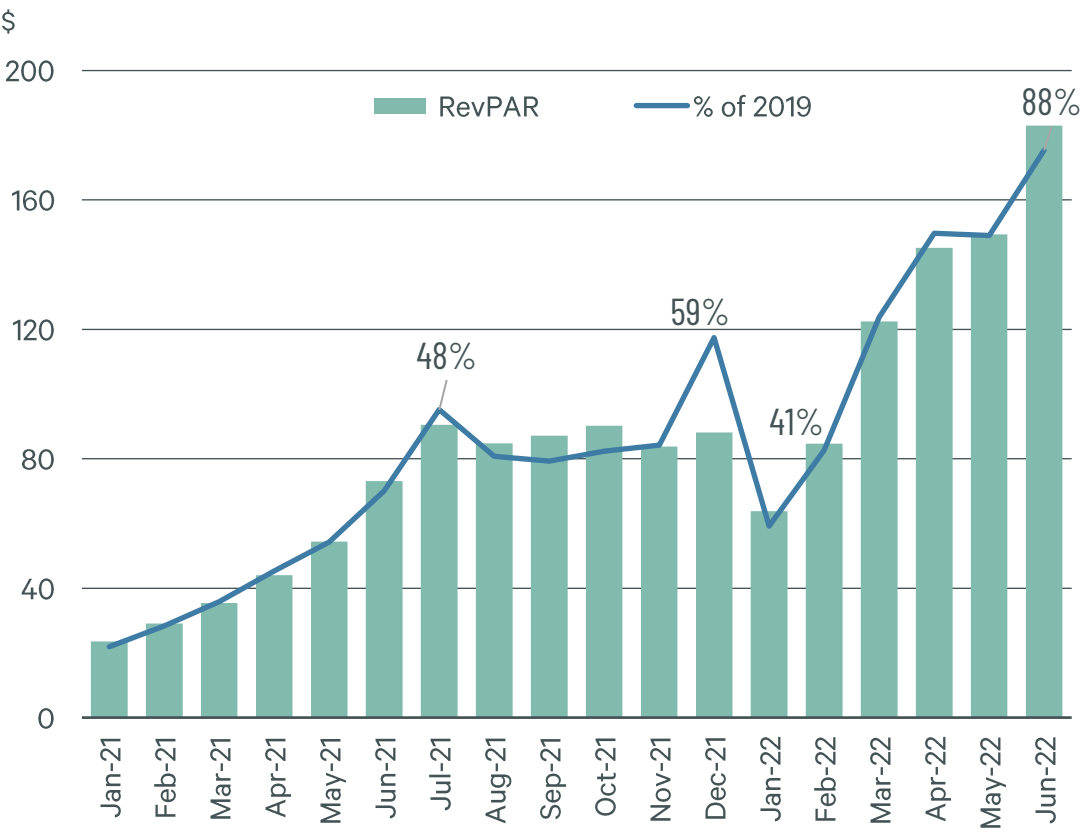
Miami



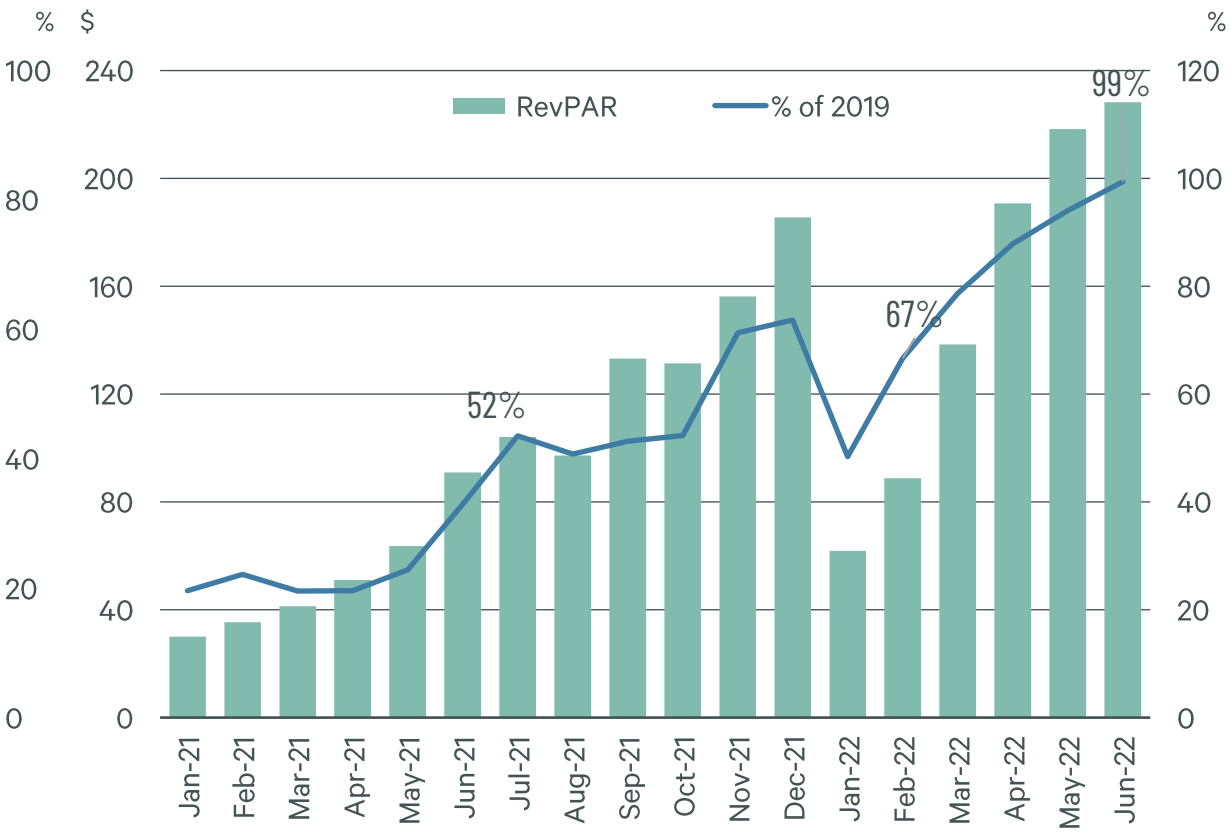
Source: CBRE Hotels Research, Kalibri Labs

Monthly RevPAR by Northern U.S. markets

San Francisco



New York

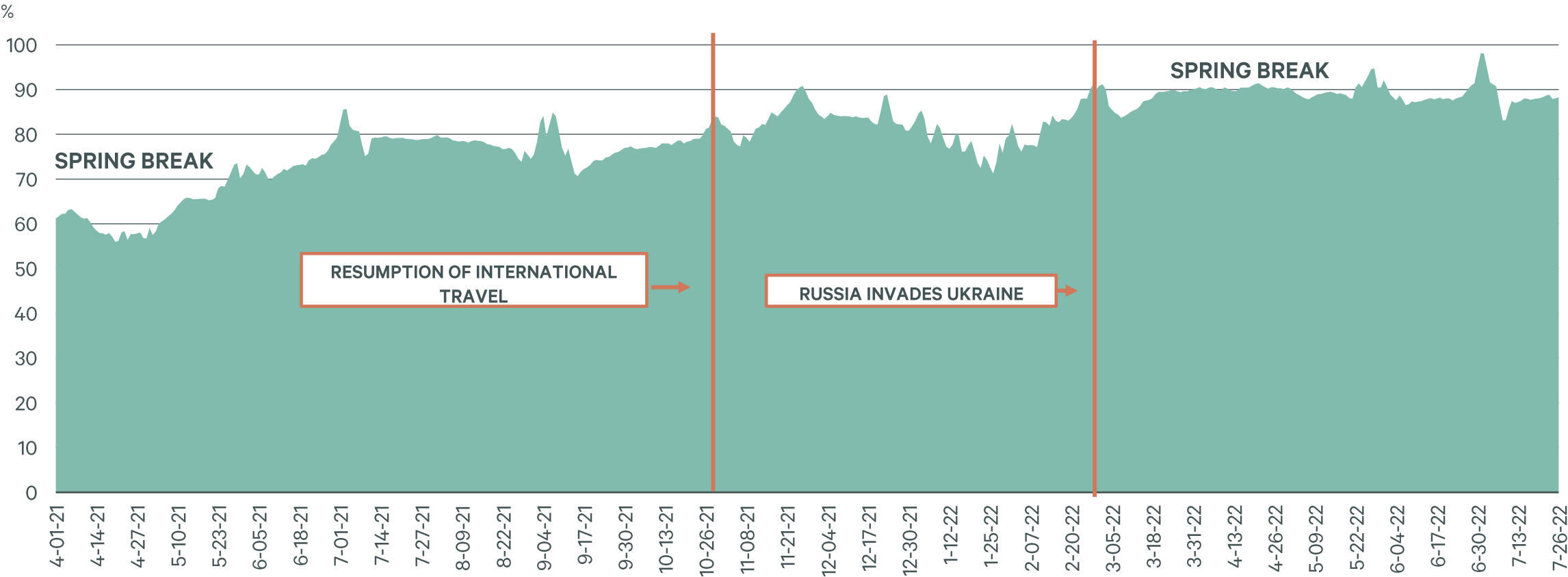


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Travel and
Leading
Indicators

TSA throughput remains consistent in the mid to high 80's

TSA Throughput as a Percent of 2019



CBRE Hotels Research, TSA

Inbound international visitor data mixed

International Visitors as a Percent of 2019, (excluding Mexico and Canada)

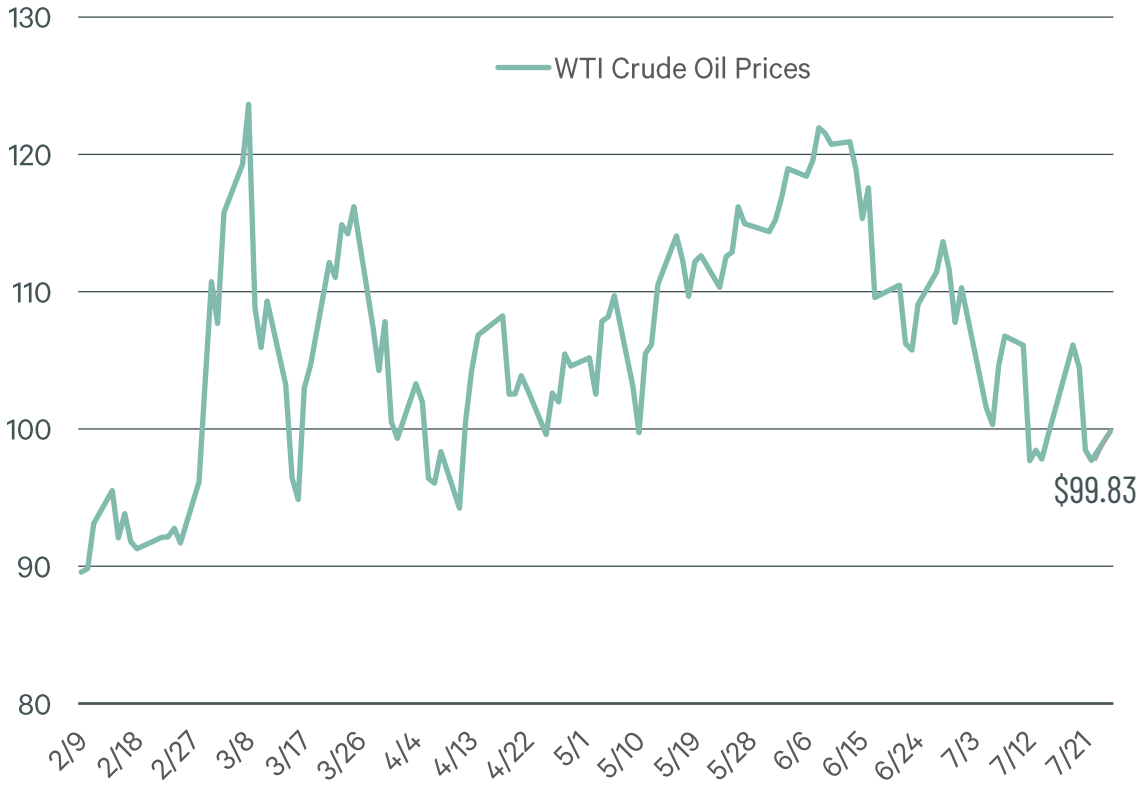
Port of entry	Coast	October 2021	November 2021	December 2021	January 2022	February 2022	March 2022	April 2022	May 2022	June 2022
NY, Newark, DC, Miami	East	31%	57%	63%	47%	56%	62%	69%	67%	69%
LA, San Francisco	West	13%	33%	39%	24%	28%	38%	45%	46%	50%

CBRE Hotels Research, Bureau of Economic Analysis and the National Travel and Tourism Office (NTTO)

Elevated oil and gas prices remain a headwind

Current price of Oil

(\$) Price per Barrel of Oil



CBRE Hotels Research, Federal Reserve

Gas prices are down from last week

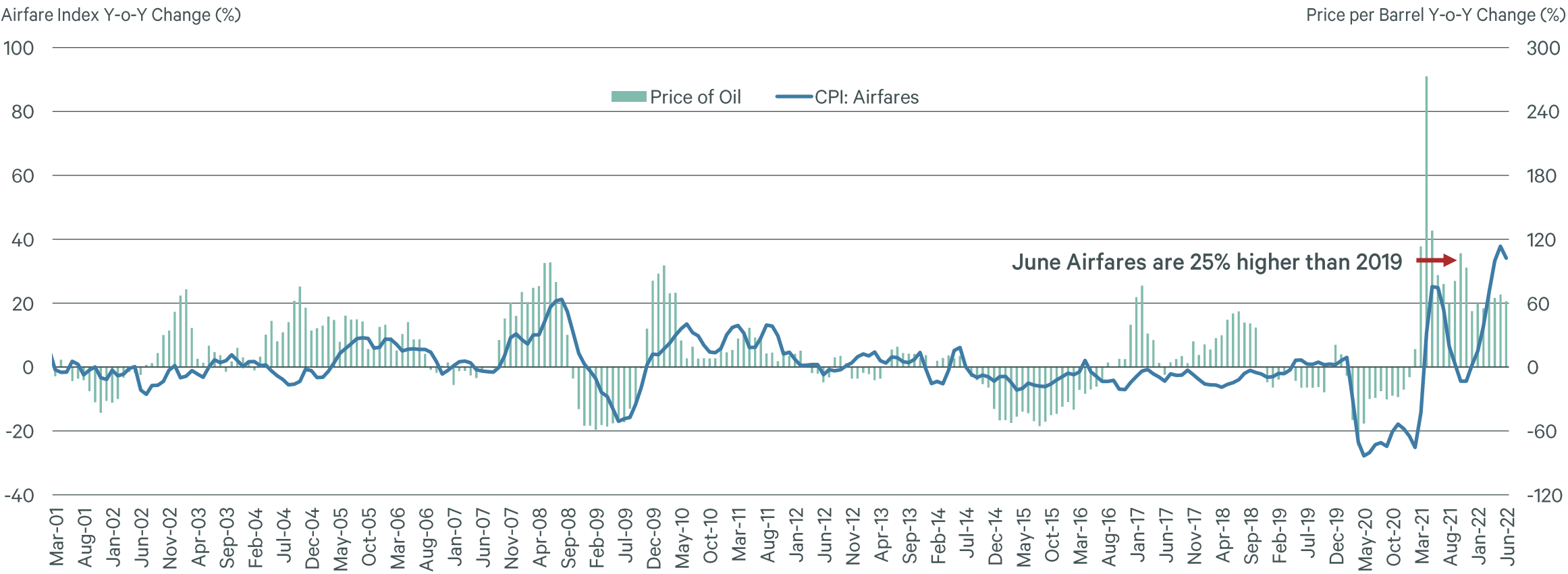
(\$) AAA Gas Prices



CBRE Hotels Research, Gasprices.aaa.com

The monthly change in oil and airfare are 56% correlated. The quarterly correlation is 60%

Change in Airfare CPI vs. Change in WTI Crude Oil Price



CBRE Hotels Research, US Energy Information Administration, Bureau of Transportation Statistics

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Operating
Performance

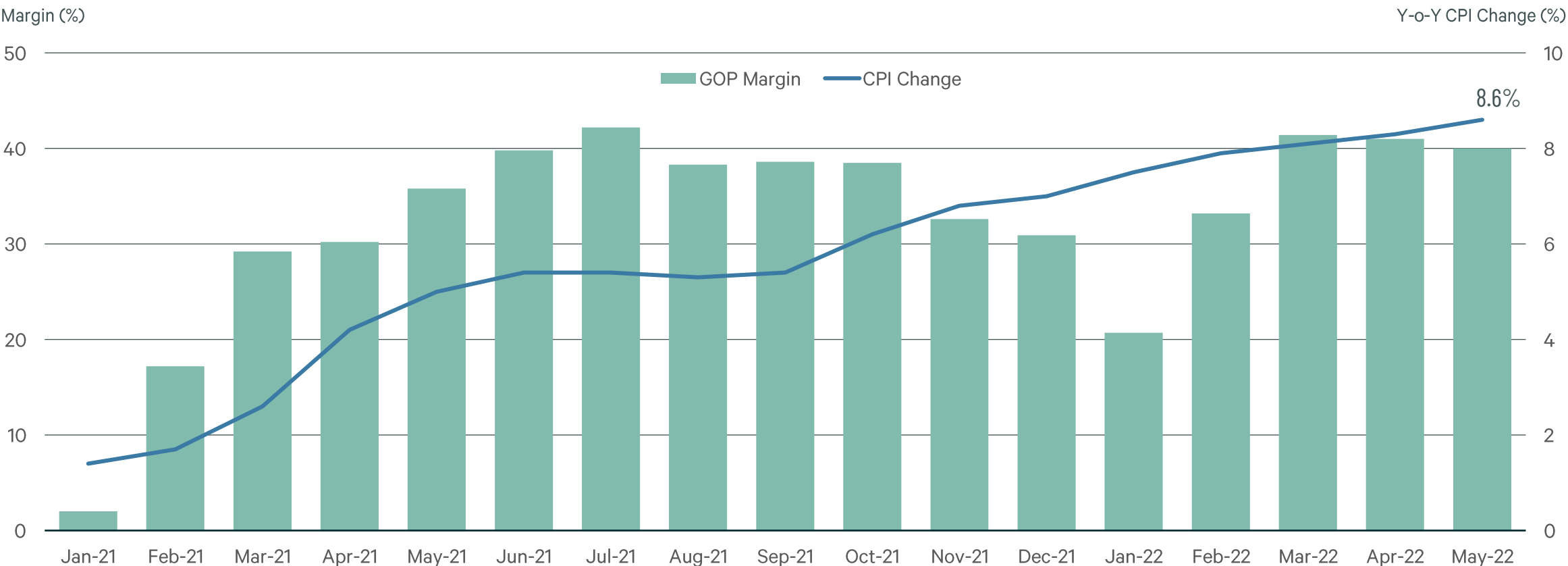
Year-to-date ADR growth is still driving margin expansion despite inflation



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Instantly generate reports that compare the profitability of your property against the aggregated financial performance of a group of U.S. hotels.

GOP Margin vs. Monthly Change in CPI



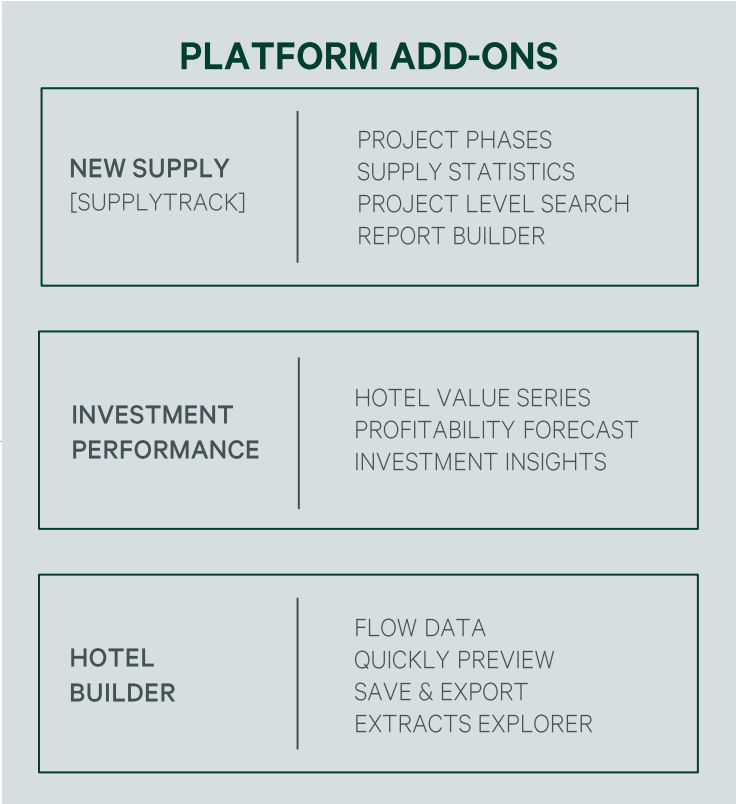
CBRE Hotels Research, Monthly Trends Survey, BLS

Hotels Research Platform & Data Products

CBRE Hotels Research specializes in analyzing and reporting on both the historical and future performance of the lodging industry.

Offering a variety of forecast and benchmarking reports, as well as maintaining extensive databases of hotel income statements and property values. These reports and data provide the foundation for strategic planning by all who have an interest in hotel property financial performance.

Schedule a Platform Demo Today!



7

Hotels
Advisory

Focused On Hospitality, Leisure & Lifestyle.

With an unparalleled competitive advantage, our clients benefit from the technology, experience, and knowledge from within CBRE.



WHO WE ARE

We provide proactive insights and executable strategies to unlock hidden value, drive returns and enhance outcomes for our clients' real estate hotel investments.

CBRE Hotels provides credible, creative, on-the-ground expertise in every major market, supported by the largest and most sophisticated service platform in the world. Whether institutional or individual, investor or lender, clients benefit from the fact that CBRE Hotels is uniquely positioned as a comprehensive, global service provider focused exclusively on hospitality.

WHAT WE DO

From start to finish, and every step in between. CBRE Hotels provides a broad array of Advisory Services that protects and ensures the longevity of your investment throughout its life cycle. Our technology and research is incomparable, being the leading provider for hotels data since 1936.

CBRE's Senior Principals have experience as developers, asset managers, advisors, owners, operators, buyers, sellers, lenders, and franchisors. This multi-disciplined background facilitates a balanced perspective for each assignment.

Suite of Services

FEASIBILITY & VALUATIONS:

- Market Demand & Financial Feasibility Analysis (Both New & Existing)
- Appraisals
- Real Estate Appraisals
- Business Valuations
- Stress Tests
- Impairment Testing
- Liquidity Assessment

DELIVERY:

- Development Advisory
- Management Company Selection

POSITIONING:

- Operator/Brand Selection
- Operational Reviews

ASSET MANAGEMENT & MONITORING:

- Asset Management
- Financial Benchmarking
- Workouts
- Receiverships

INVESTMENT & TRANSACTION:

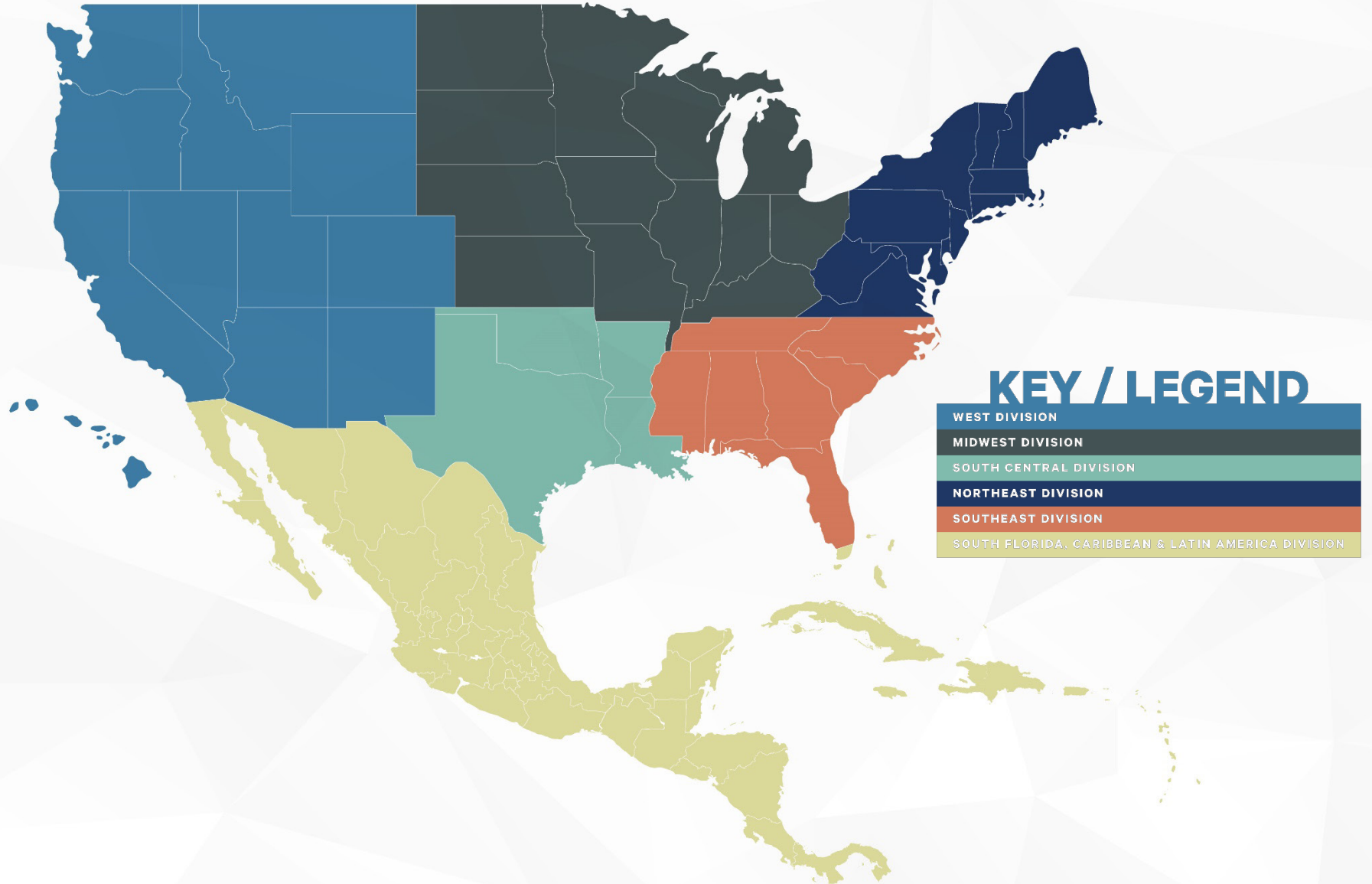
- Acquisition Due Diligence
- Buy Side
- Sell Side
- Technical
- Debt Advisory

ADDITIONAL ADVISORY SERVICES:

- Branding, Re-Branding & Marketing
- Food & Beverage
- Litigation Support
- Occupancy Forecasting



Divisional Map



Our National Leadership

Our CBRE Hotels Advisory offices are strategically placed across the country, with full coverage in all US markets. Our team consists of more than 60 professionals across the Americas including Canada, Caribbean, and the Latin Americas. Backed by the #1 hotels research database in the U.S., CBRE Hotels Advisory is uniquely positioned to deliver world-class hotel services for single assets as well as large scale portfolios.



Advisory National Board Director
KEVIN MALLORY



Advisory National Board Director
MICAH BECK



National Practice Leader
TOMMY CROZIER

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