PRESS RELEASE

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CBRE Expected Boston Hotel Supply and Demand to Continue to Increase Through 2020, According to *Hotel Horizons*® December 2019 Edition

Boston – December 12, 2019 – CBRE Hotels Research forecasts that supply and demand will continue to increase in the Boston lodging industry, increasing 4.4 percent and 3.6 percent, respectively. As outlined in the December 2019 edition of *Hotel Horizons*®, Boston occupancy levels will dip slightly to 73.6 percent in 2020, but remain above 65.5 percent through 2021, 300 basis points greater than the STR long-run average. Concurrently, rooms revenue per available room (RevPAR) is forecast to increase at less than 1 percent during the same timeframe to $149.69. Average daily rates (ADR) are also projected to climb in Boston; rates are projected to grow 1.3 percent in 2020 to $203.52.

"Particularly in the lower-priced services, Boston's supply and demand continue to grow through 2020," said Mark VanStekelenburg, managing director of CBRE Hotels. "While occupancy is forecasted to dip slightly, ADR and RevPar will increase in 2020."

National

U.S. lodging industry performance in 2019 exemplifies the new marketplace. The CBRE forecast for the change in lodging demand during the year has improved from a 1.8 percent gain in the September 2019 edition of *Hotel Horizons*®, to a 2 percent increase in the current edition. The updated outlook calls for the national occupancy rate to remain at the 66.1 percent record level achieved in 2018. This marks the 10th consecutive year without a national occupancy decline.

While supply and demand appear to be balanced, room rate growth potential remains limited. CBRE now is forecasting the annual ADR for U.S. hotels in 2019 to be $131.08, just 0.9 percent over the $129.97 national average in 2018. The net result is a RevPAR increase of only 0.8 percent for the year.

Cycle Within the Cycle

Beyond 2019, CBRE forecasts occupancy levels to decrease in 2020 and 2021, but at a slower pace than forecast 90 days ago.

CBRE reduced its forecasts for ADR growth to below 1.5 percent through 2022. Not only does this result in a lack of real ADR gains, but the low ADR gains limit RevPAR growth to under 1 percent through 2021.

CBRE forecasts nominal RevPAR growth rates of 2.1 and 3.5 percent in 2022 and 2023 respectively. This will represent real RevPAR gains of 0.3 percent in 2022 and 1.5 percent in 2023.

Profit Challenges

In a low revenue growth environment, hotel operators' ability to expand profits will be tested. Low levels of unemployment continue to put upward pressure on salaries and wages which make up half of the expenses at the typical U.S. property.

CBRE's inflation forecasts remain below 2 percent through 2022, controlling the cost of the goods and services other than labor. However, with RevPAR growth limited to less than 1 percent, hoteliers must keep expense growth to under 1.5 percent to achieve nominal gains in gross operating profits.

The December 2019 edition of *Hotel Horizons*® for the U.S. lodging industry and 60 major markets can be purchased by visiting: https://pip.cbrehotels.com

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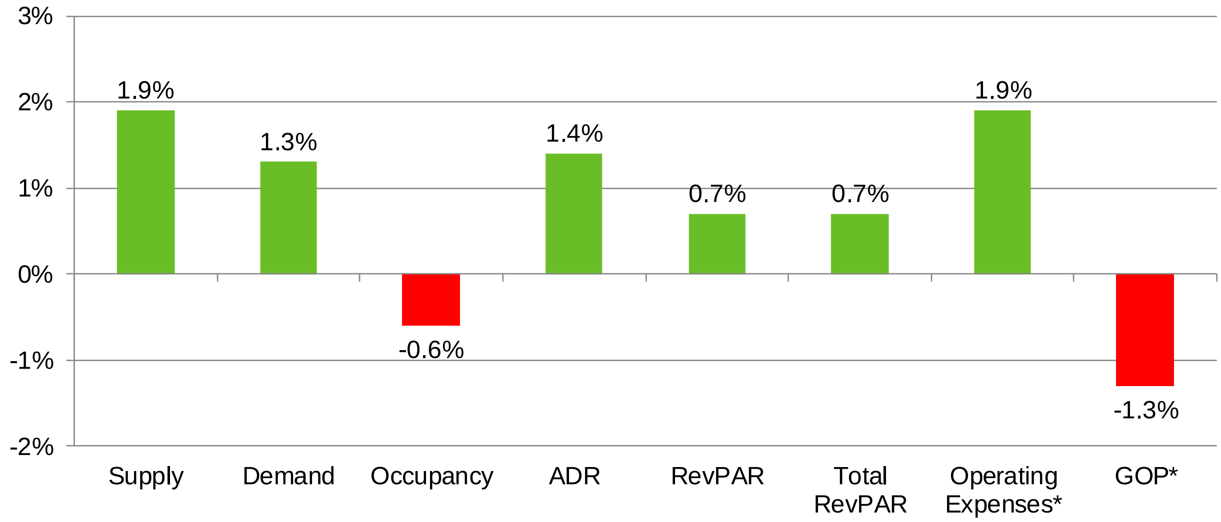
CBRE Hotels is a specialized advisory group within CBRE providing capital markets, consulting, investment sales, research and valuation services to companies in the hotel sector. CBRE Hotels is comprised of more than 385 dedicated hospitality professionals located in 60 offices across the globe.

U.S. LODGING INDUSTRY PERFORMANCE

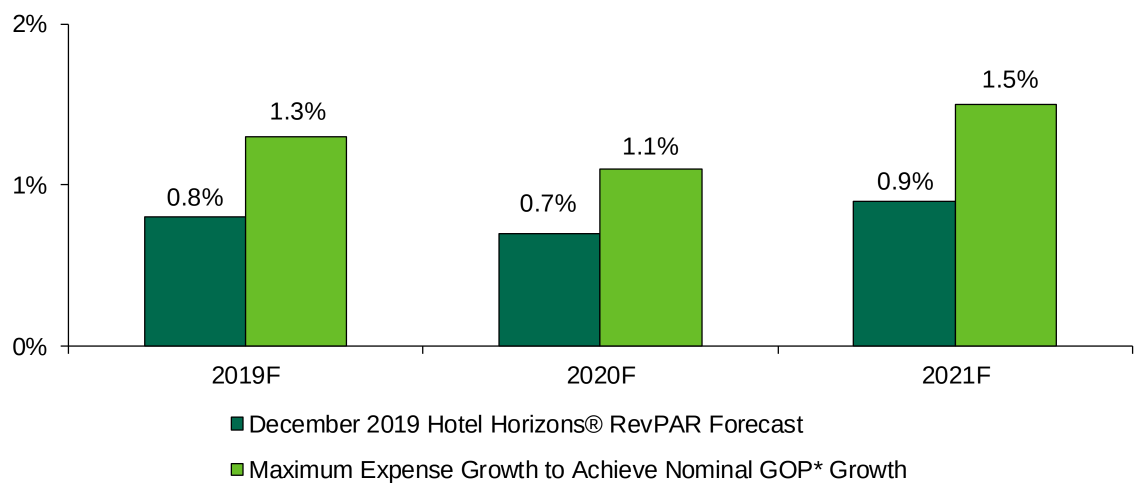
Forecast Change – 2019 to 2020



Note: * Before deductions for management fees and non-operating income and expenses
Source: CBRE Hotels Research, December 2019 Hotel Horizons®

U.S. HOTELS NEED TO CONTROL EXPENSES

Maximum Expense Growth Needed to Achieve an Increase in GOP*



Note: * Before deduction for Management Fees and Non-Operating Income and Expenses
Source: CBRE Hotels Research, 2019 Trends® in the Hotel Industry, December 2019 Hotel Horizons® Forecast