U.S. and Fort Lauderdale Hotel Industry Performance

Fort Lauderdale

August 8, 2017

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Benchmarking your world

Agenda

- Total US Review
- Fort Lauderdale
- Pipeline Growth
- Current Events
- 2017 / 2018 Forecast

Once Upon A Time…

- View From 30,000 Feet
- Canaries and Swans
- Group and Transient w/ Extra Group on the Side
- Hello (Partly) Sunny!
- Current Events are NOT Boring!
- Predicting the Future

www.hotelnewsnow.com

Data Dashboard>View All Data Presentations

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The Center of the
Hotel Industry Benchmarking Universe:
Hendersonville, TN

str

What is STR?

STR is a leading source for premium global data benchmarking, analytics and marketplace insights.

Data from
175 countries

53,000
hotel customers globally (properties)

7.2 million
rooms on the platform

What We Do:

RevPAR

OCC | ADR

Supply (rooms available) | Demand (rooms sold) | Revenue (rooms revenue)

View From 30,000 Feet

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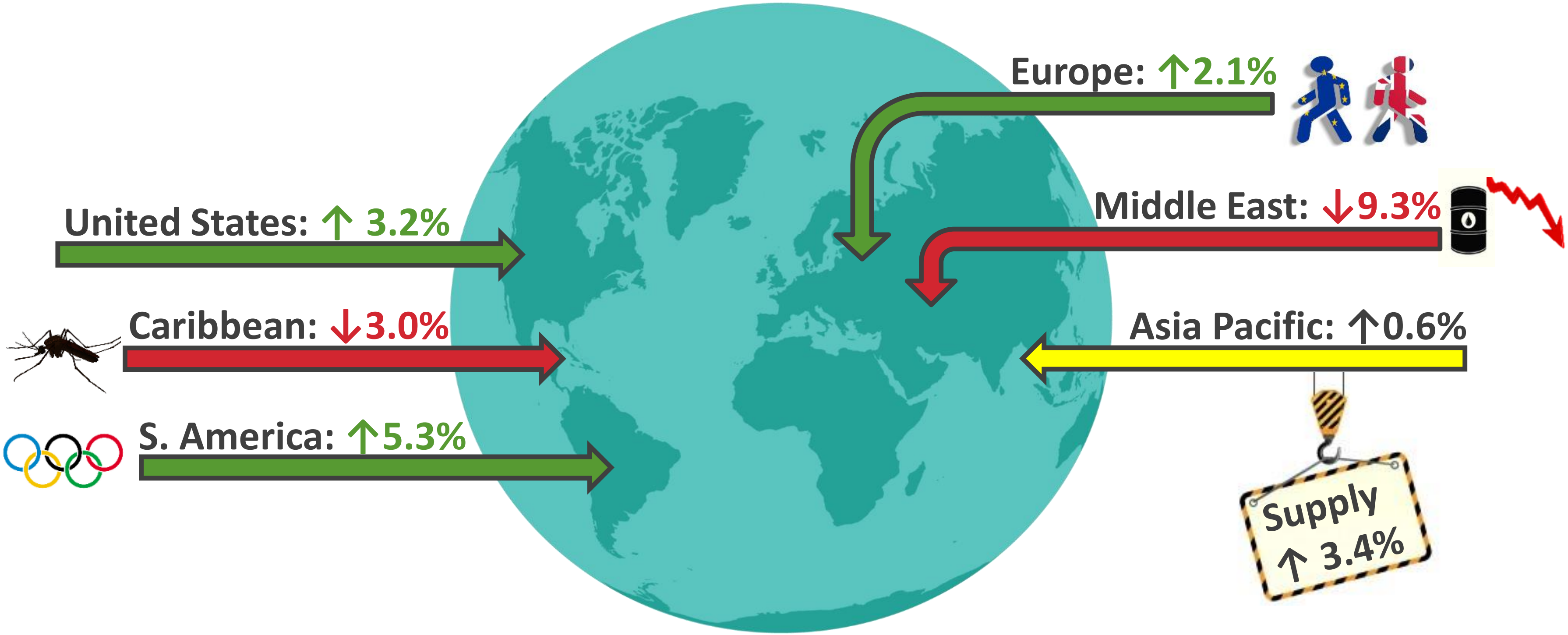
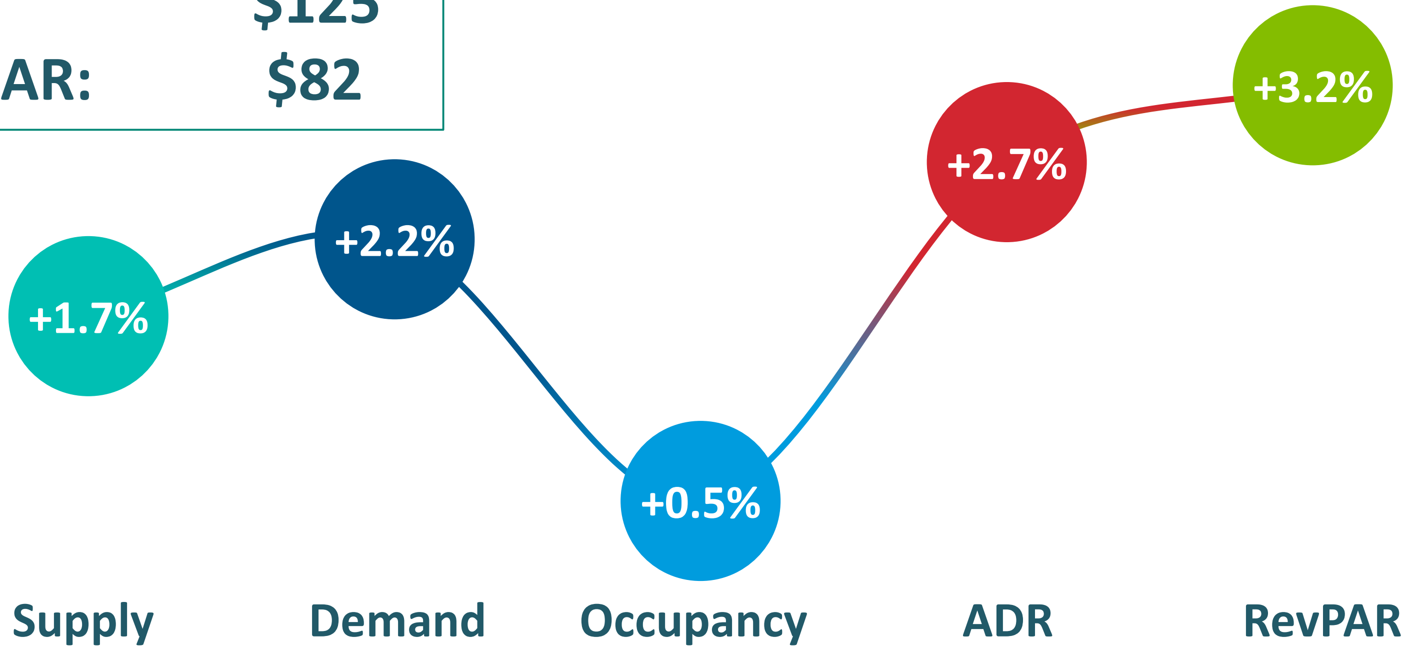
2016 Total World Hotel Industry Performance (RevPAR % Change)



RevPAR % Change, USD, Europe in EUR, Constant Currency, 2016 | www.str.com/products/global-hotel-study

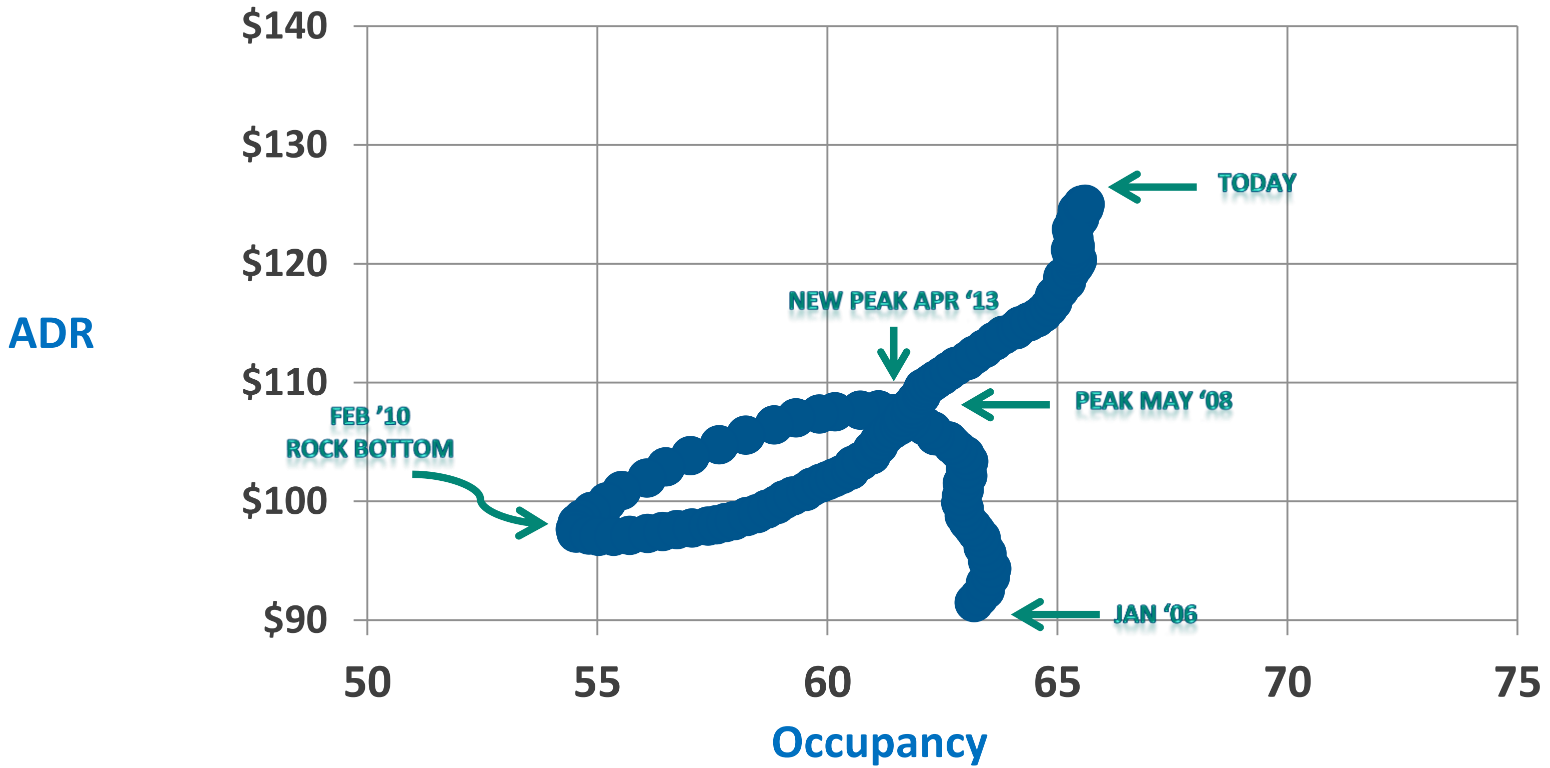
US Performance: ADR Growth Continues

Occupancy:	65.6%
ADR:	$125
RevPAR:	$82

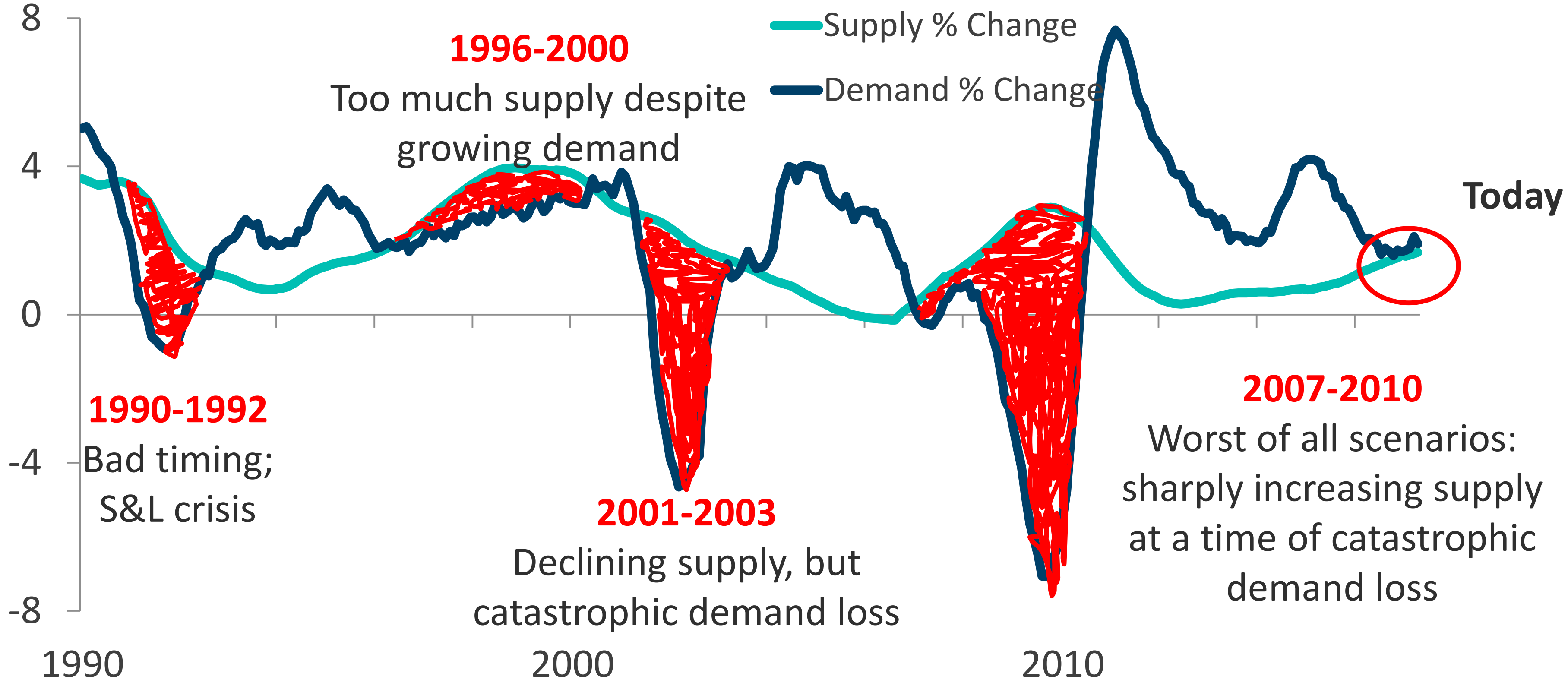


June 12 MMA, Total US Results

Look How Far We Have Come

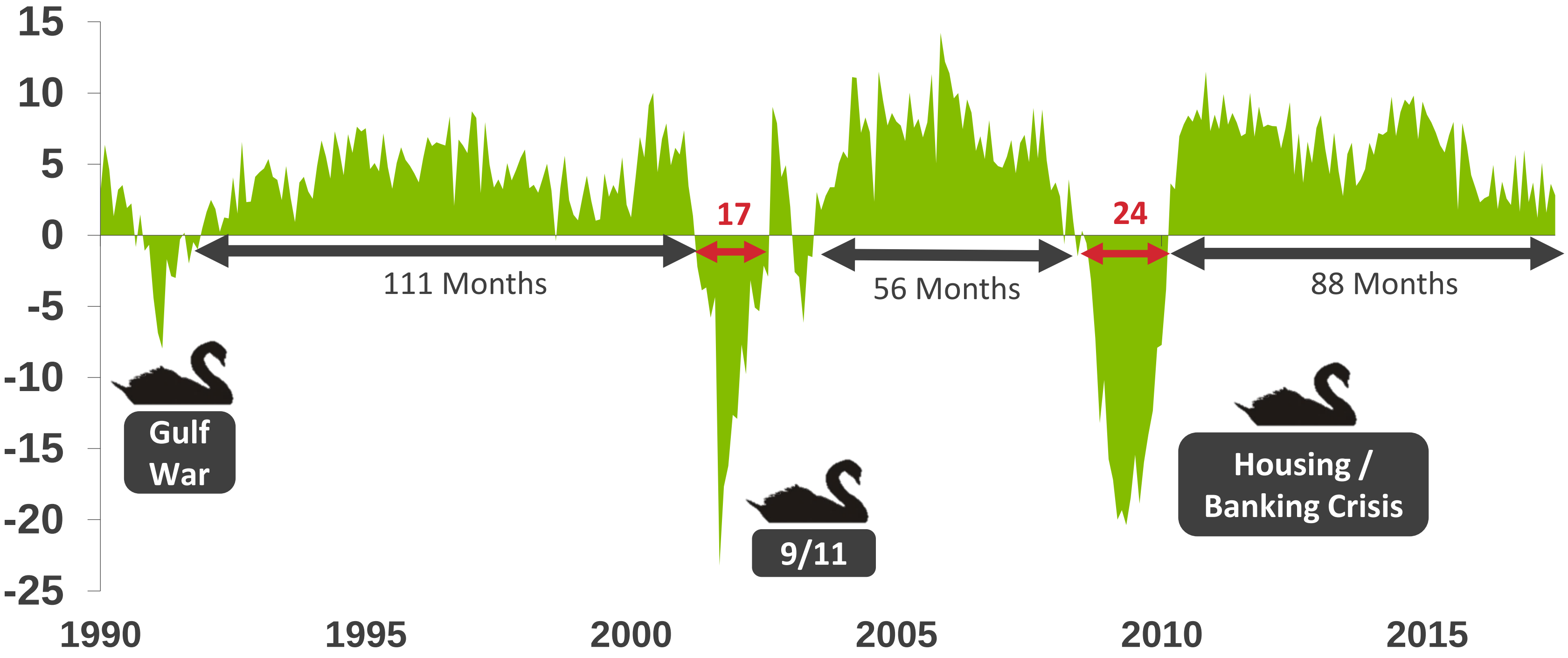


New Supply Increasing But Not Devastating



Total U.S., Supply & Demand % Change, 12 MMA 1/2002 – 5/2017

RevPAR Growth: 7 Years And Counting



Total U.S., RevPAR % Change, 1/1990 – 6/2017

The Canary In The Coalmine

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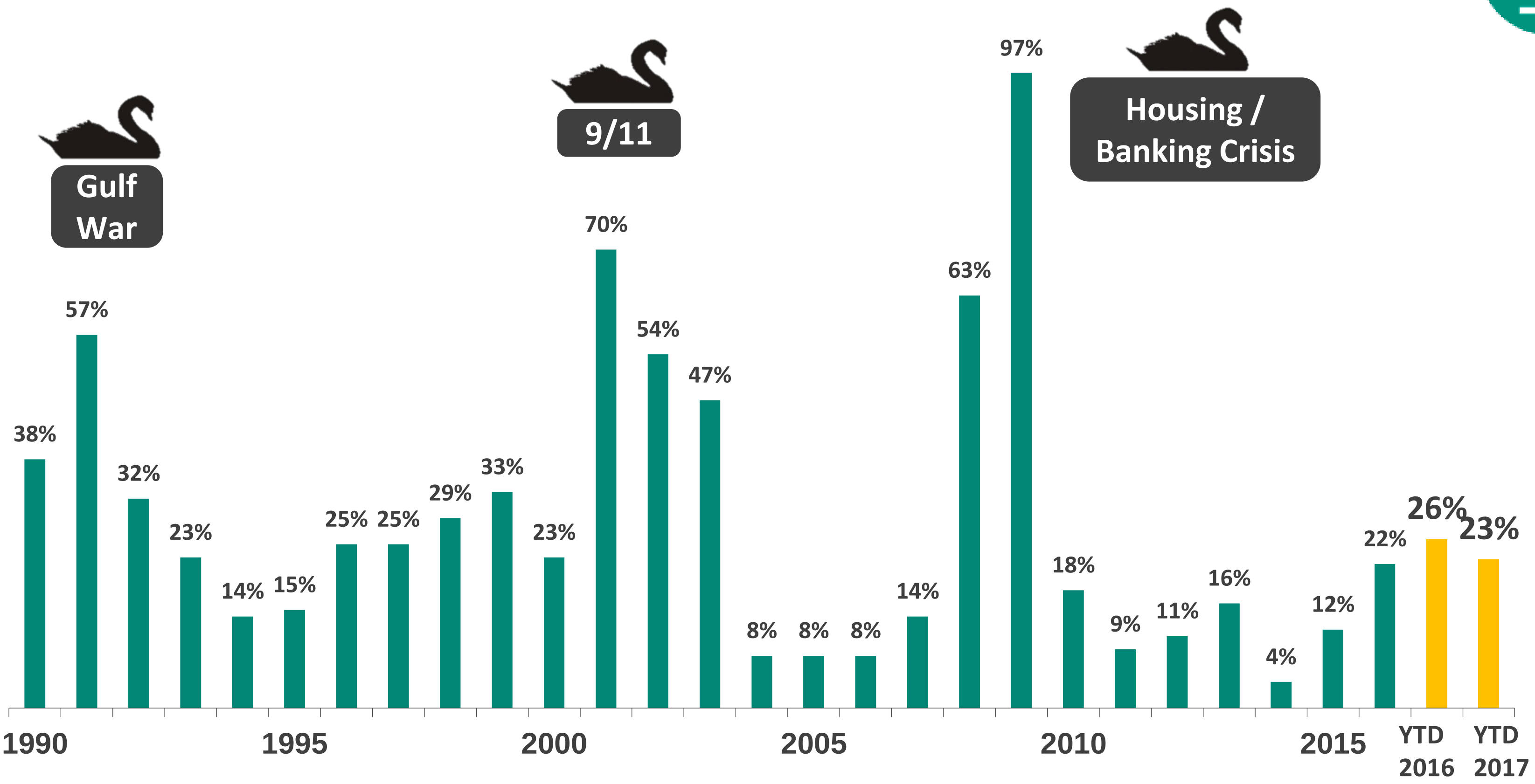
We are monitoring the Number of Submarkets with Negative RevPAR %



*Submarkets with Negative RevPAR % Change out of all 639 Submarkets, by year 1990 – 2016, and YTD June 2016/17

Chain Scale Review - May 12 MMA -

Luxury	Four Seasons & Ritz-Carlton
Upper Upscale	Marriott & Hilton
Upscale	DoubleTree, Courtyard & Wyndham
Upper Midscale	Hampton, Fairfield & Holiday Inn Express
Midscale	Best Western, Candlewood Suites & Ramada
Economy	Days Inn, Red Roof Inn, Super 8, Econo Lodge

Full Chain Scale Listing: http://str.com/resources/documents

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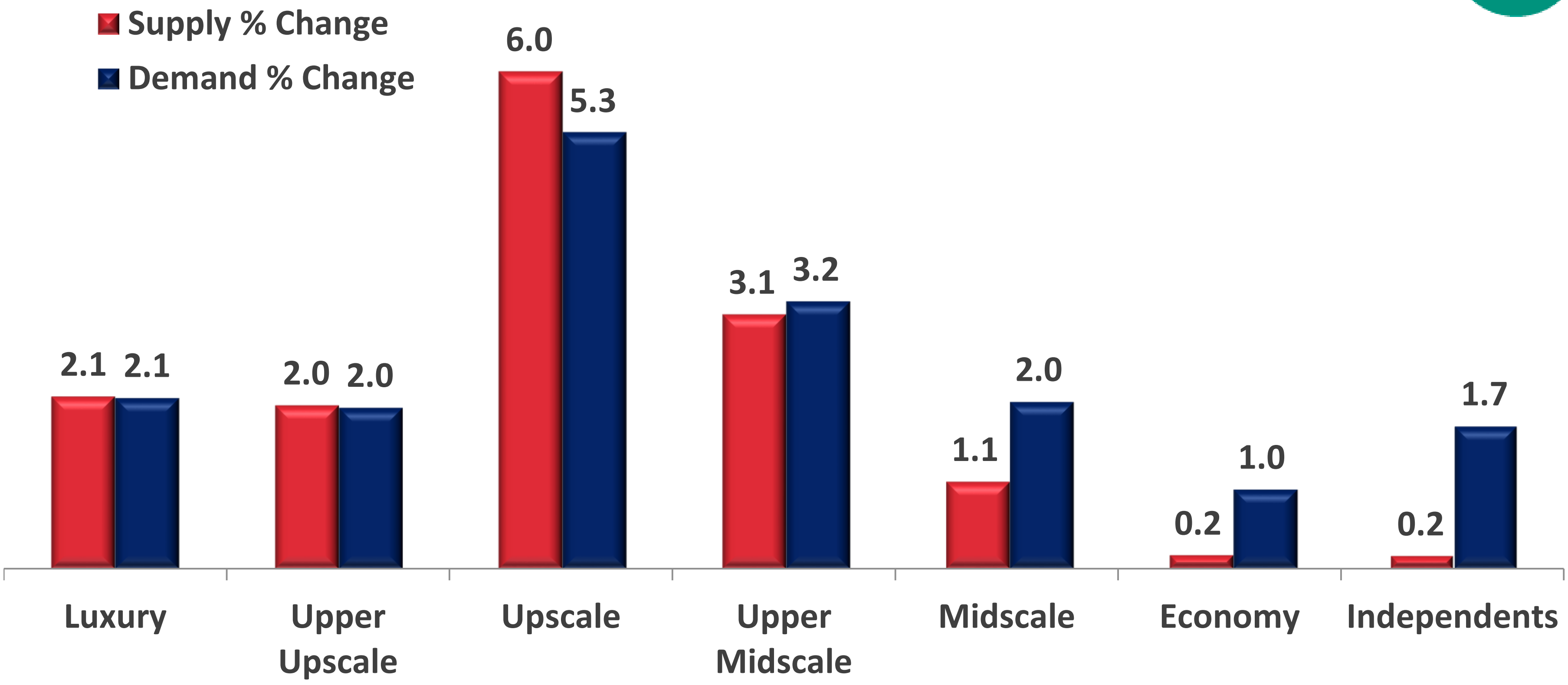
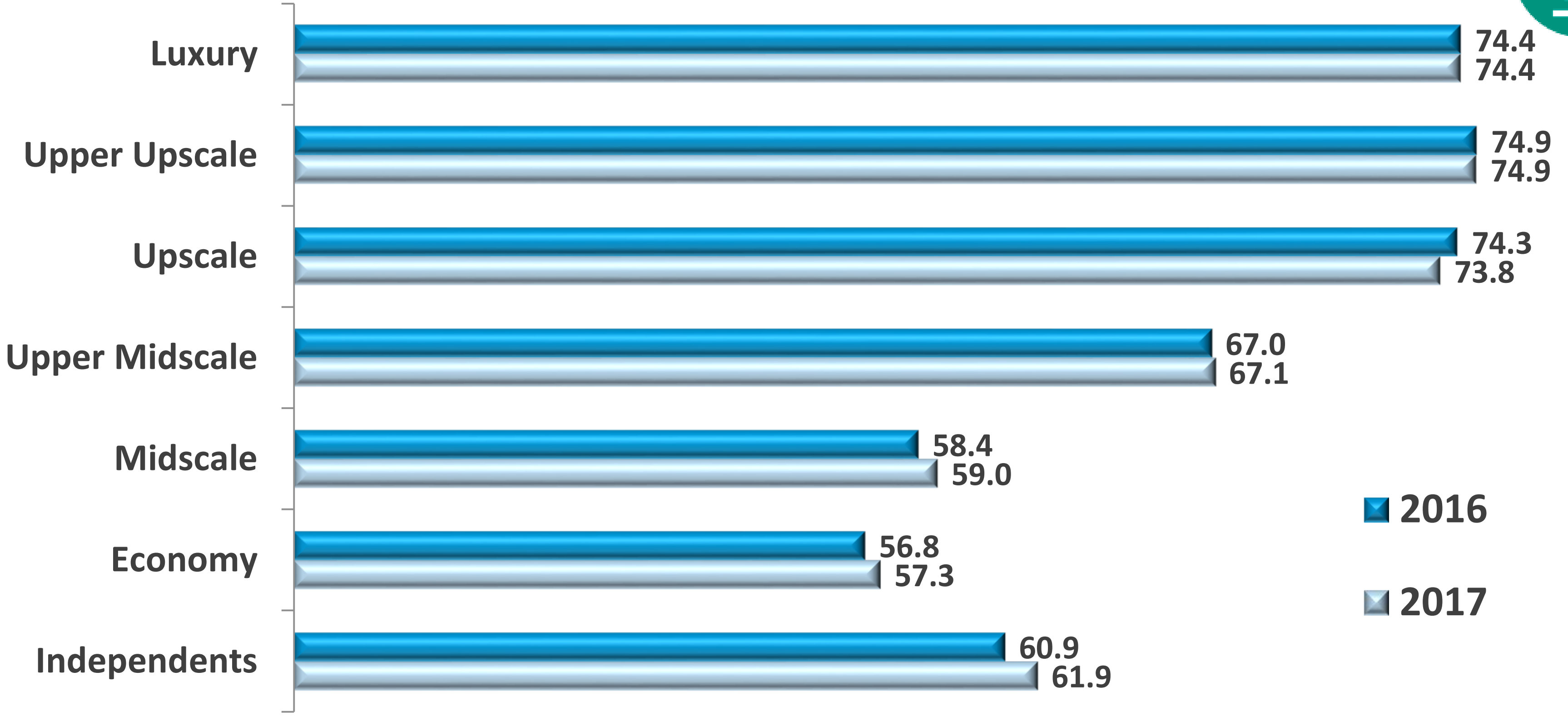
Scales: Demand and Supply Growth in Equilibrium At Upper End



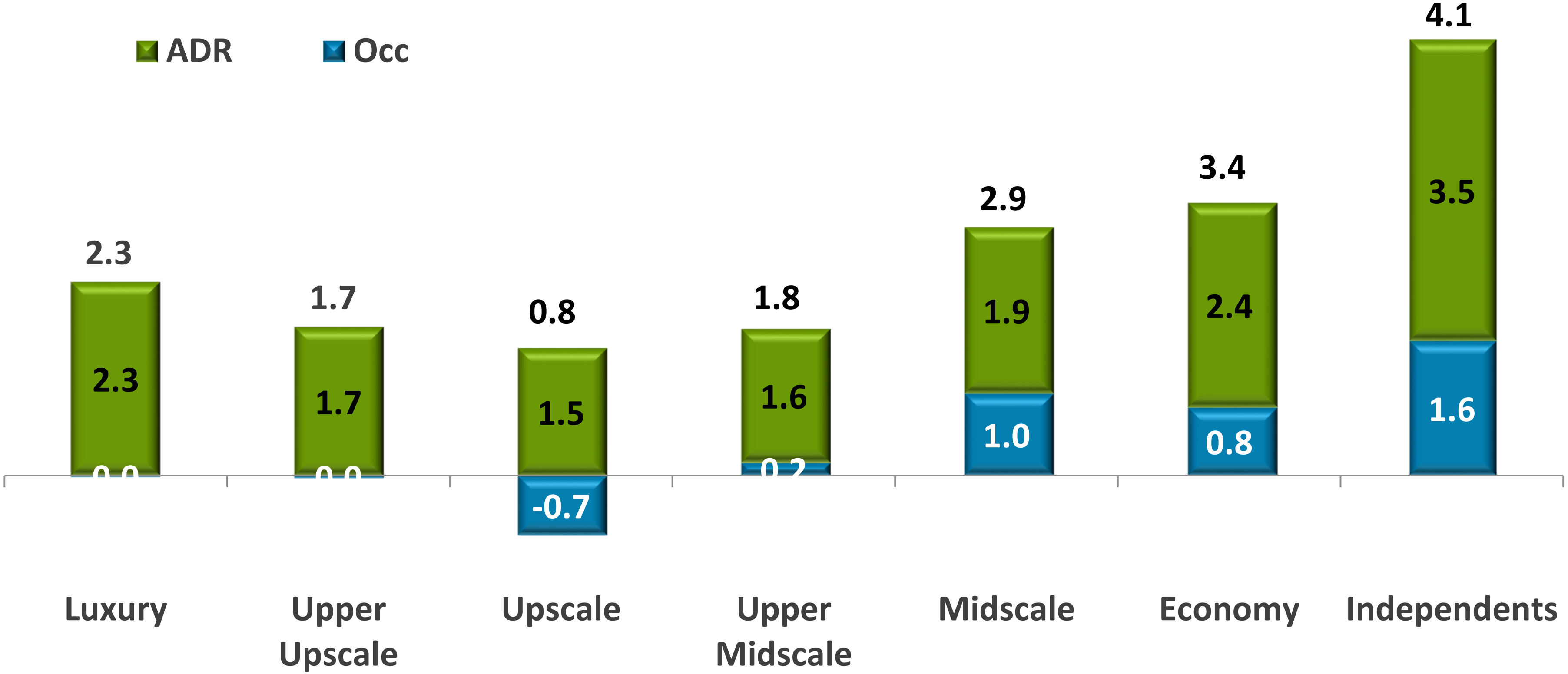
*Supply / Demand % Change, by Scale, 12 MMA June 2017

Upper End Hotels Still Selling 7 Out Of 10 Rooms



*OCC %, by Scale, 12 MMA June 2017 & 2016

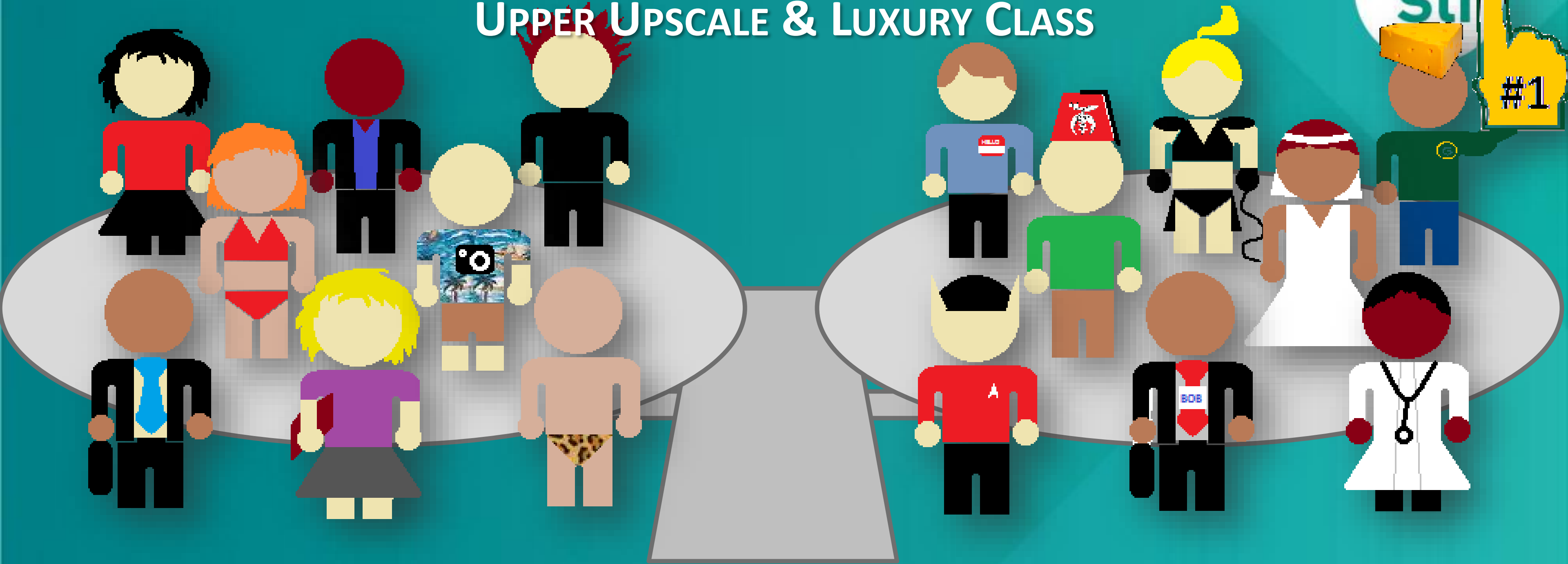
Occupancy Growth Will Be Hard (Impossible?) To Come By For Some Scales



*RevPAR % Change by Contribution of OCC / ADR % Change, by Scale, 12 MMA June 2017

SEGMENTATION

UPPER UPSCALE & LUXURY CLASS



TRANSIENT

GROUP

SOURCE: STR

Chain Scale Review - May 12 MMA -

Luxury	Four Seasons & Ritz-Carlton
Upper Upscale	Marriott & Hilton
Upscale	DoubleTree, Courtyard & Wyndham
Upper Midscale	Hampton, Fairfield & Holiday Inn Express
Midscale	Best Western, Candlewood Suites & Ramada
Economy	Days Inn, Red Roof Inn, Super 8, Econo Lodge

Full Chain Scale Listing: http://str.com/resources/documents

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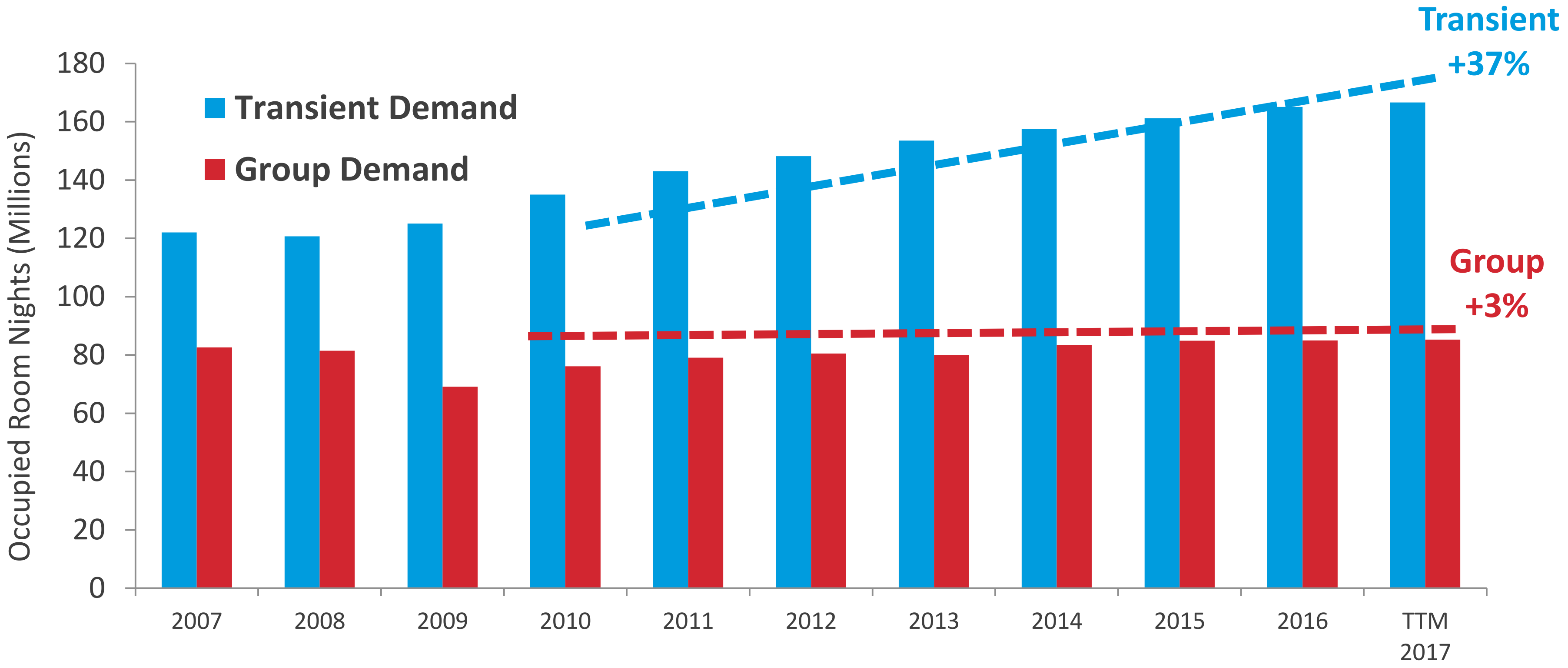
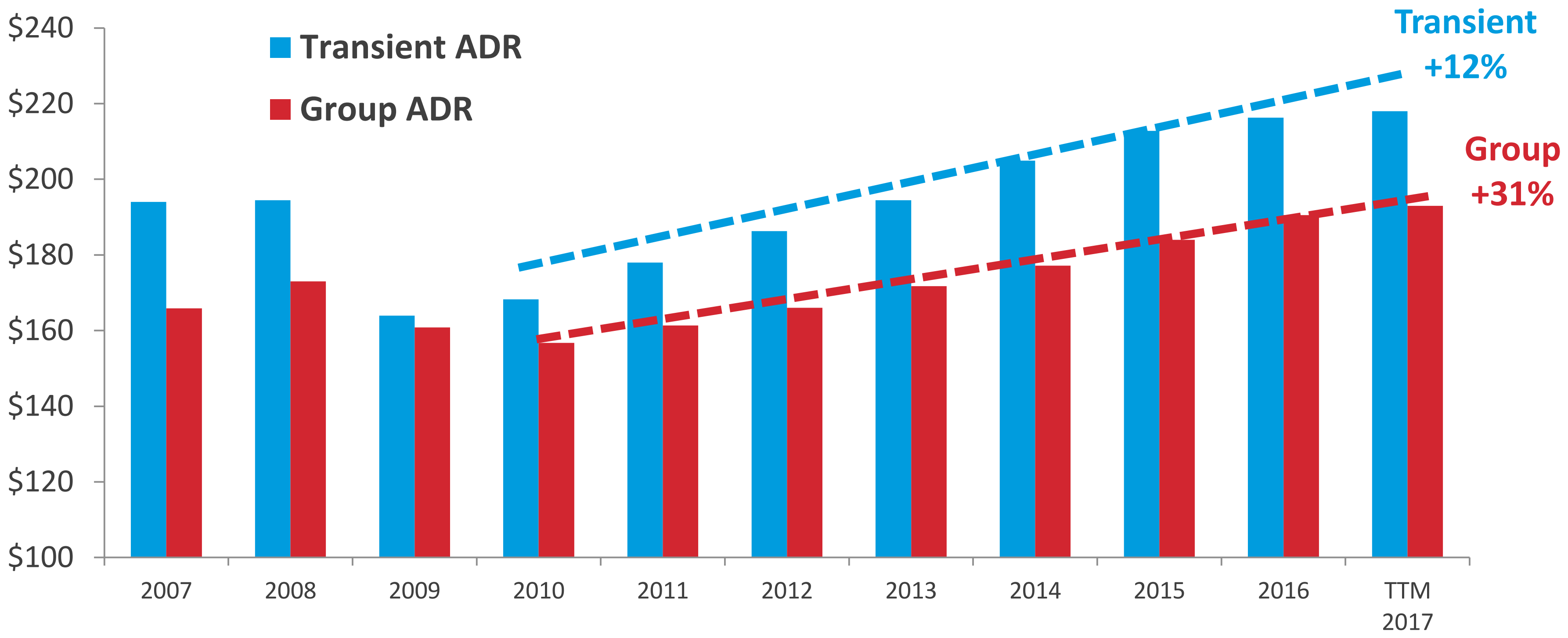
Demand Segmentation:
Transient Growth Outpacing Group Growth



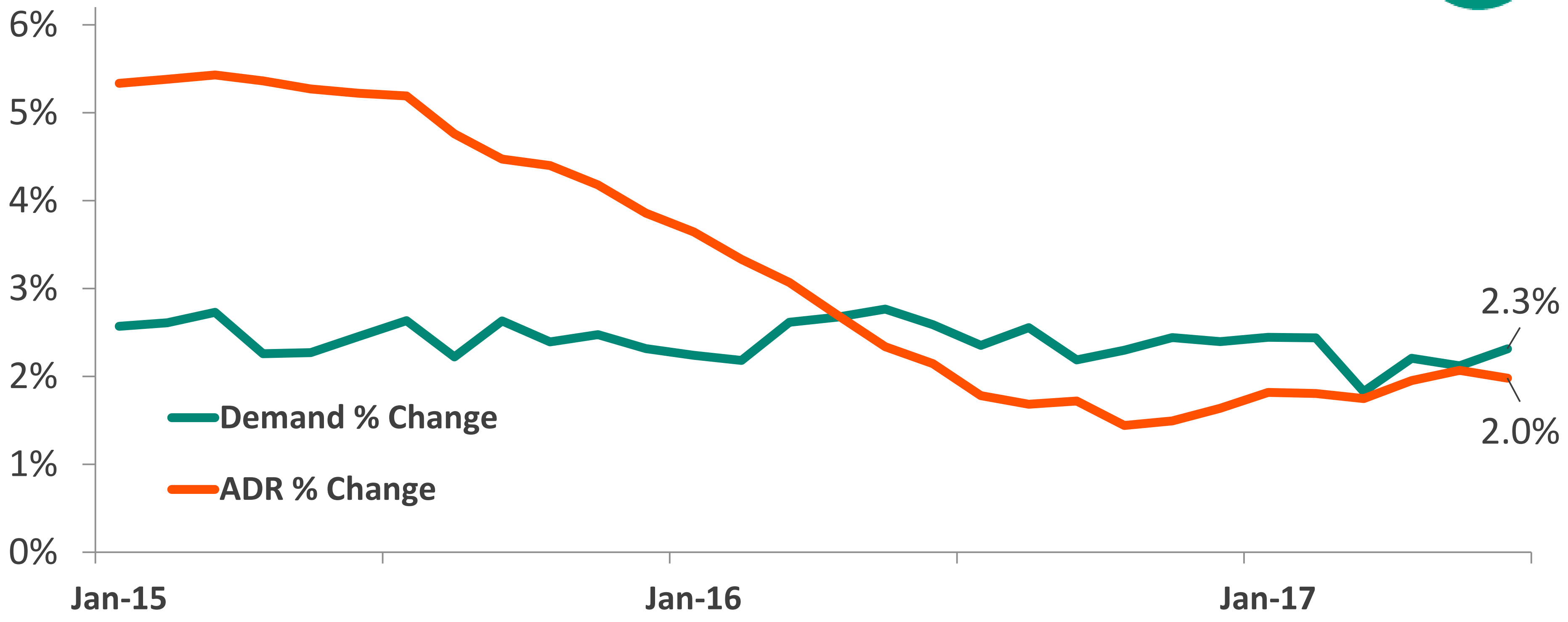
Transient & Group Demand, Luxury & Upper Upscale Class Only by Year 2002 – 5/2017 12 MMA

ADR Segmentation Is A Different Story:
Group ADR Growth Outpacing Transient ADR Growth



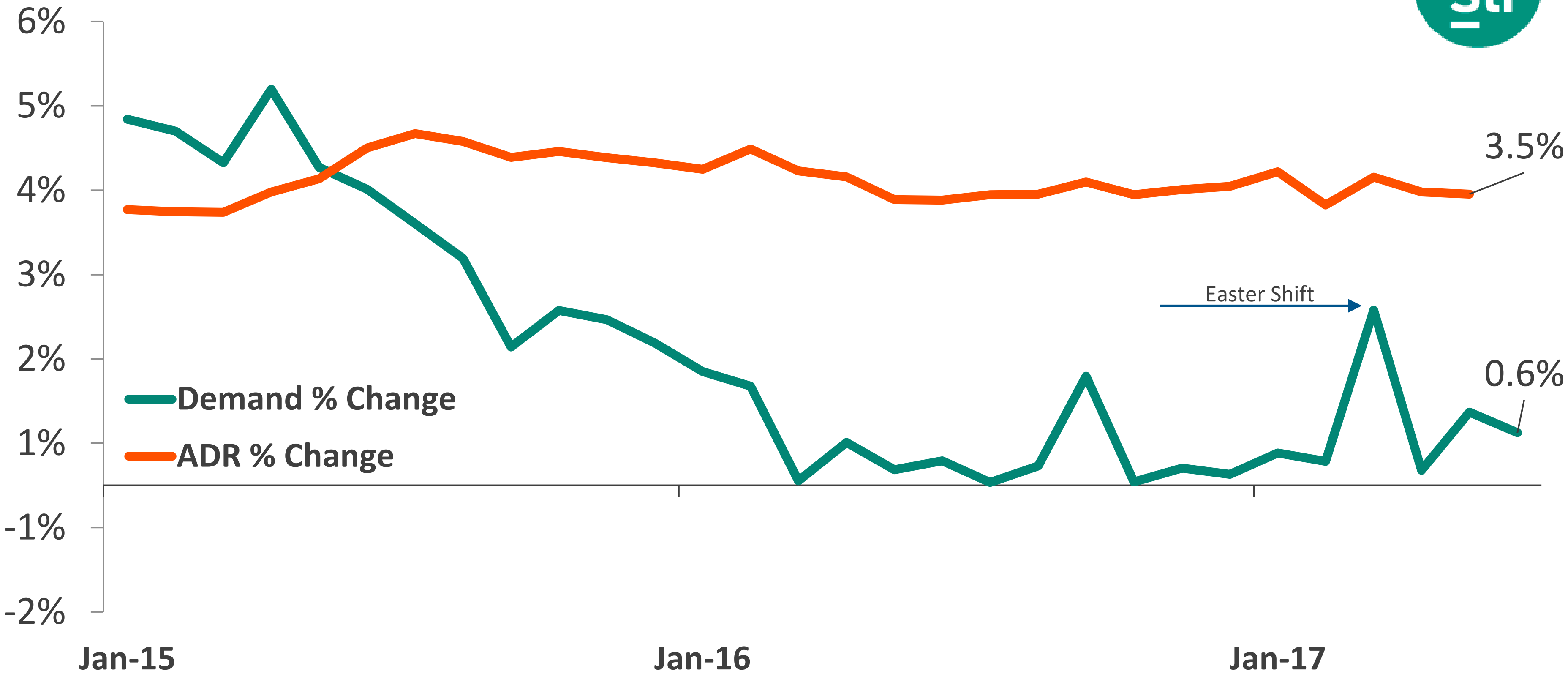
Transient & Group Demand, Luxury & Upper Upscale Class Only by Year 2002 – 5/2017 12 MMA

Transient Performance: Steady Demand Increases Lift The US Numbers



*Transient Demand and ADR % Change, 12 MMA, 1/2014 – 6/2017

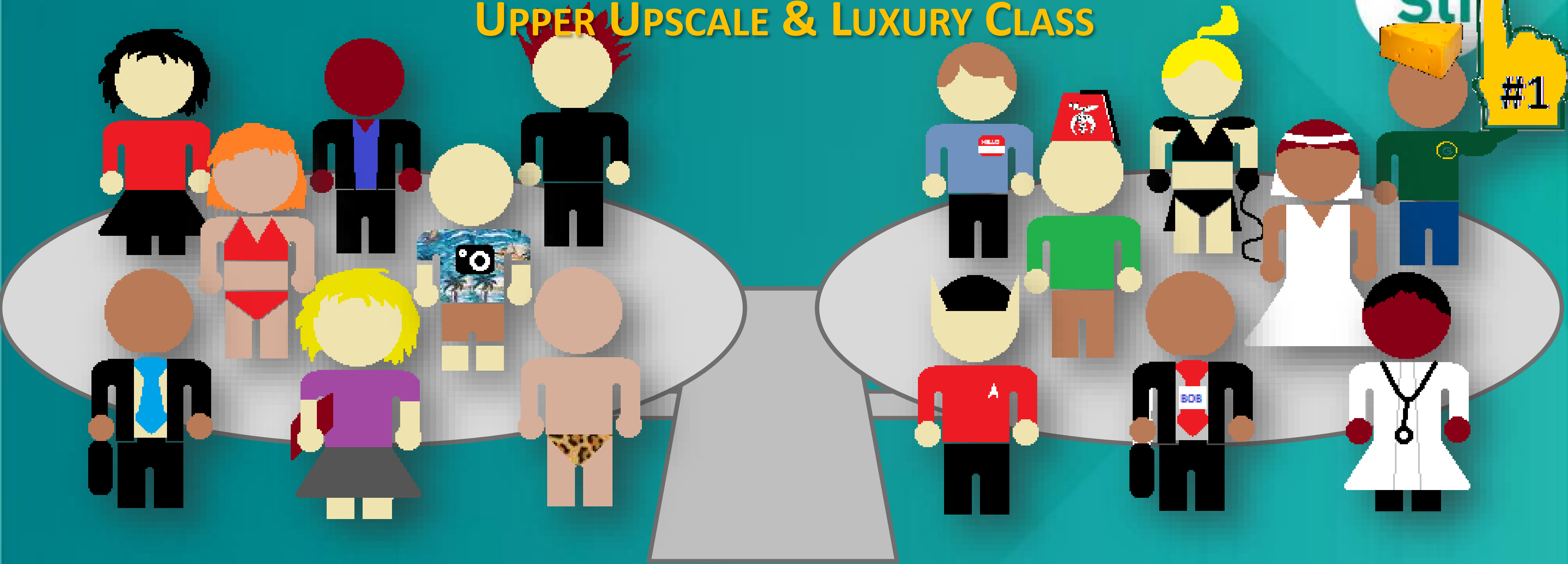
Group Performance: ADR Growth Still Healthy



*Group Demand and ADR % Change, 12 MMA, 1/2014 – 6/2017

US Segmentation

Upper Upscale & Luxury Class



Transient 2.0% Demand ADR Group 3.5%

SOURCE: STR

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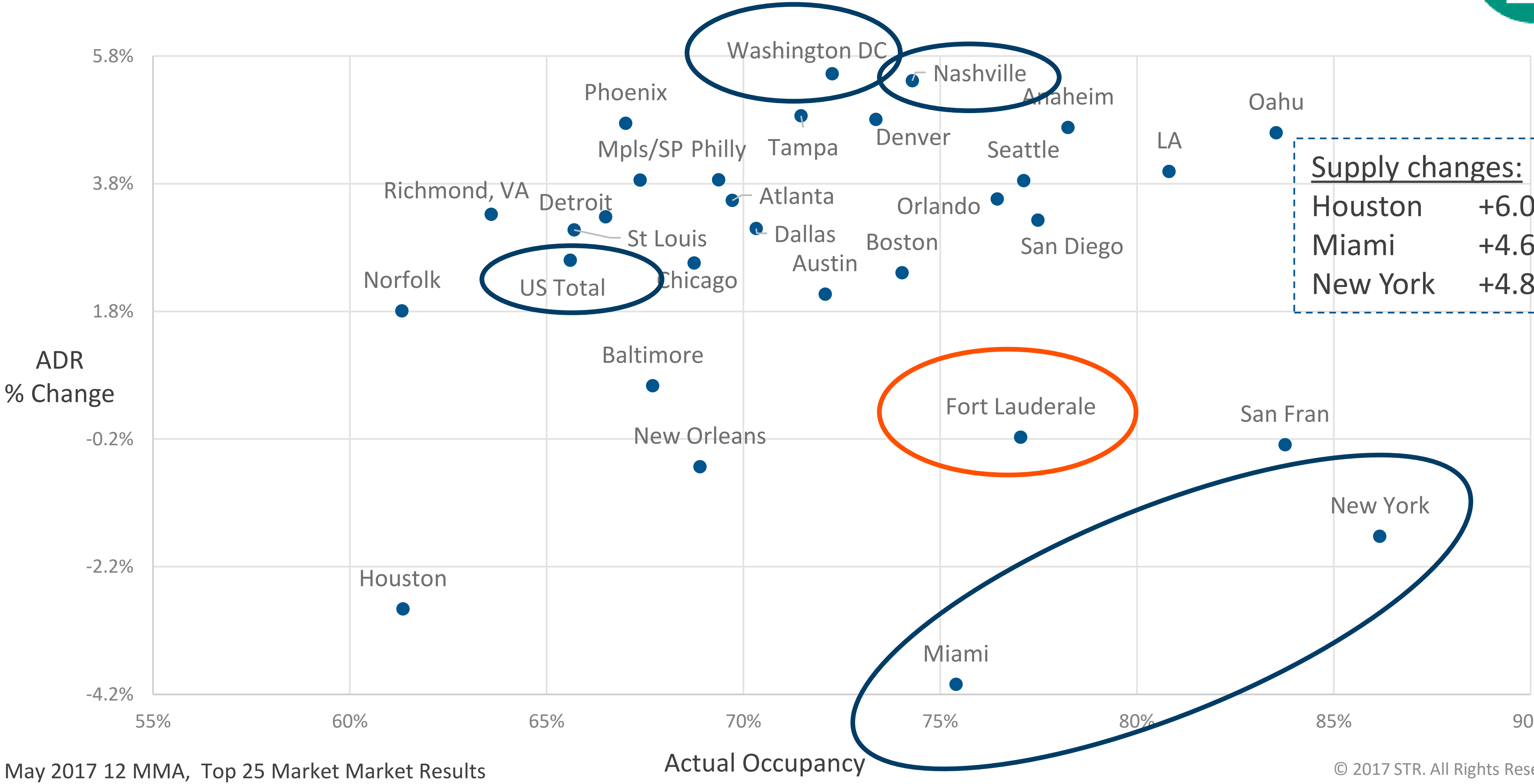
Markets

FLL Market: Flat ADR; Strong Occupancy



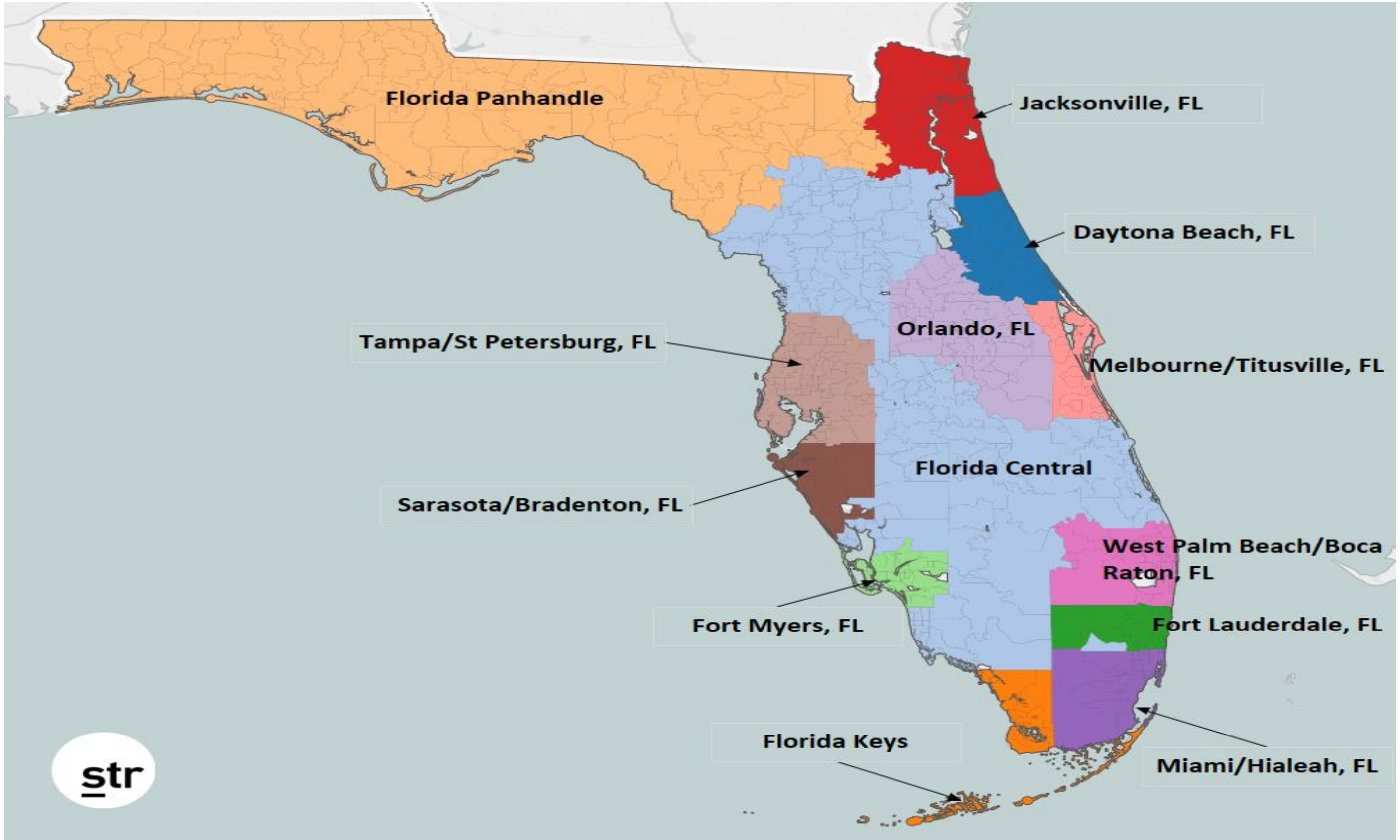
Supply changes:

Houston	+6.0%
Miami	+4.6%
New York	+4.8%

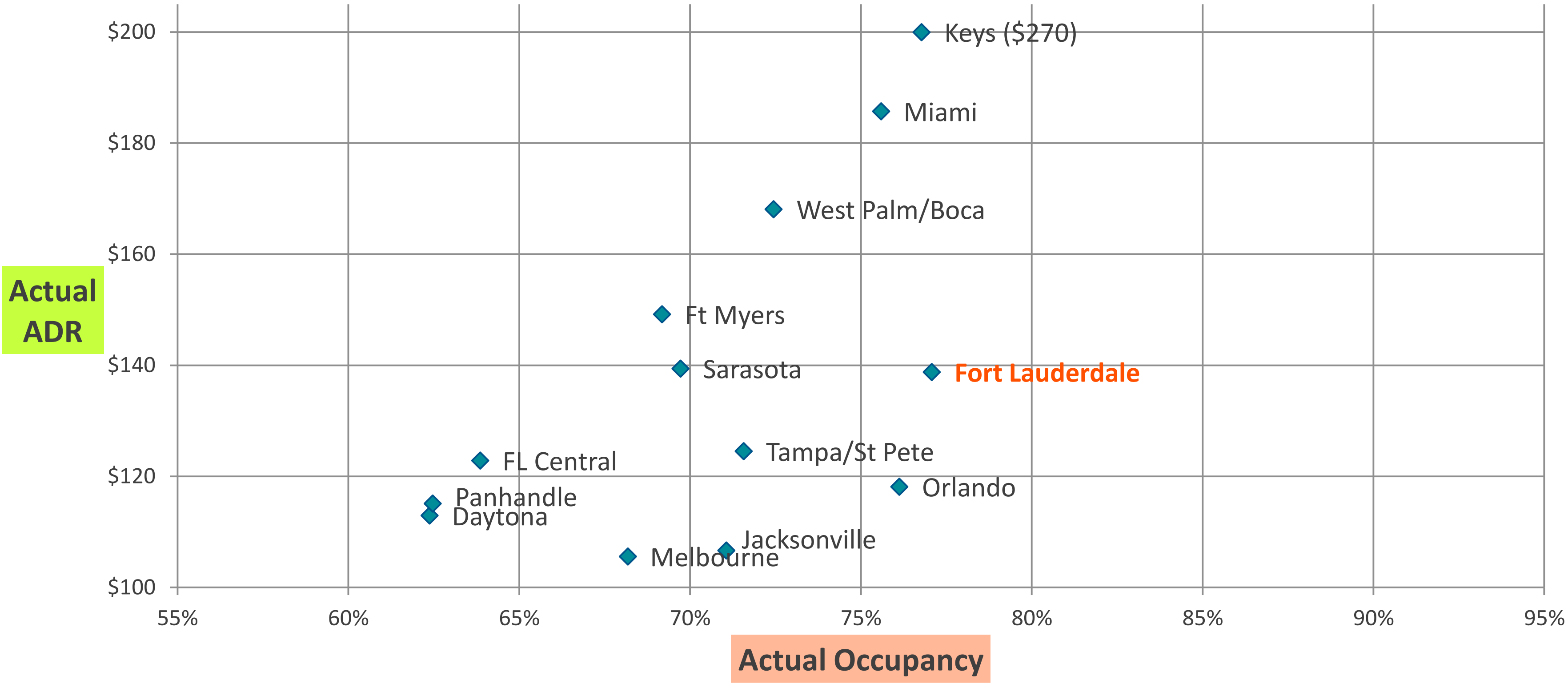
May 2017 12 MMA, Top 25 Market Market Results


Greetings from
FLORIDA
"The Land of Sunshine"
© CURT TEICH & CO., INC.

13 STR Florida Markets (164 Total US Markets)



STR Florida Market Performance

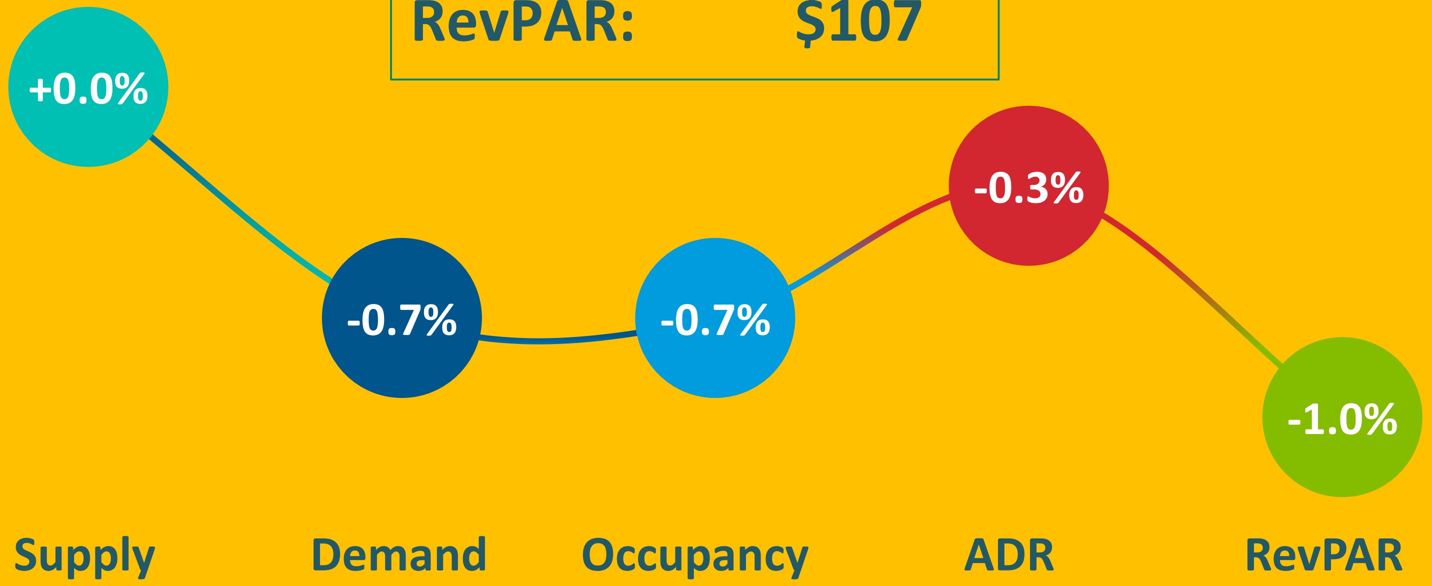


April 12 MMA, Florida Market Results


greater FORT LAUDERDALE
HELLO SUNNY

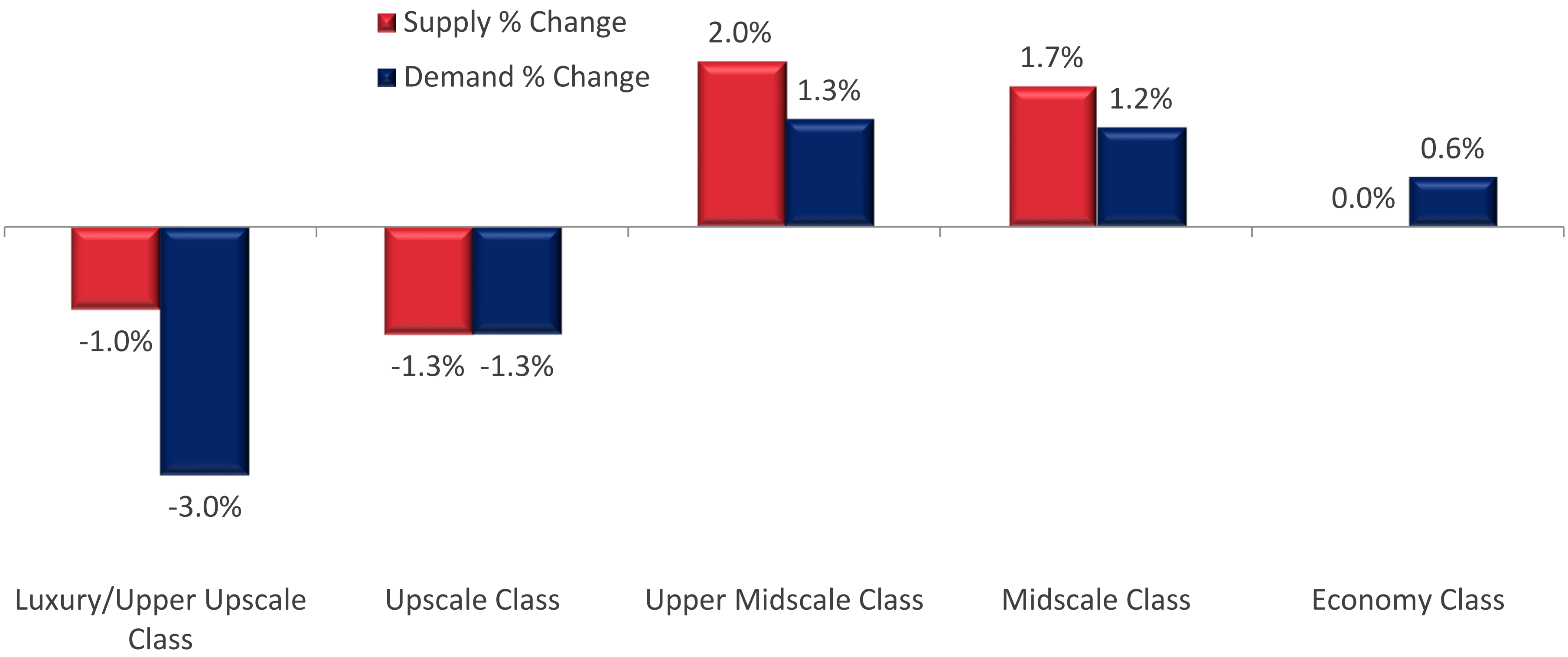
Fort Lauderdale: Awesome KPIs Starting to Slide

Occupancy:	77.1%
ADR:	$139
RevPAR:	$107



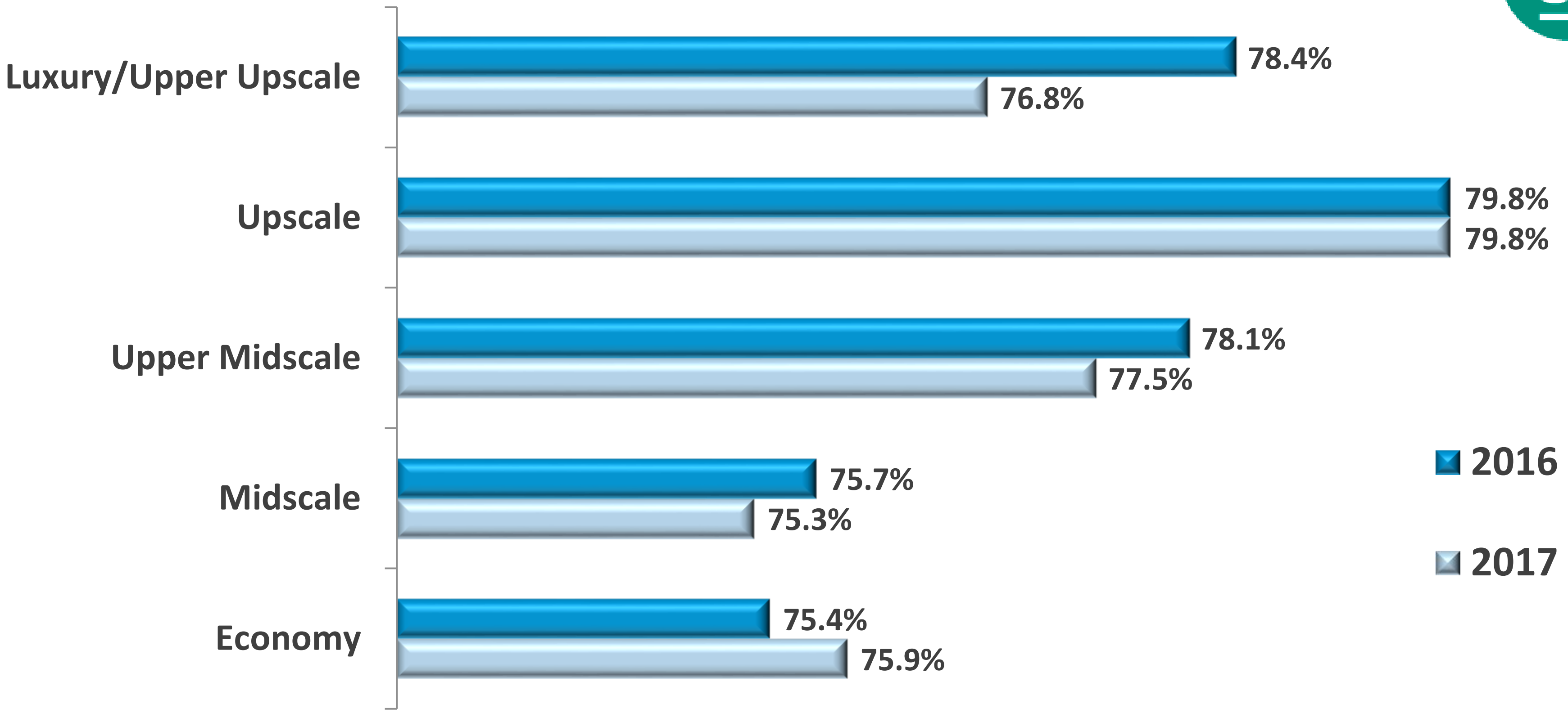
June 2017 12MMA, Total Florida Results

FLL Class Shifts: Supply Activity Impacts Demand



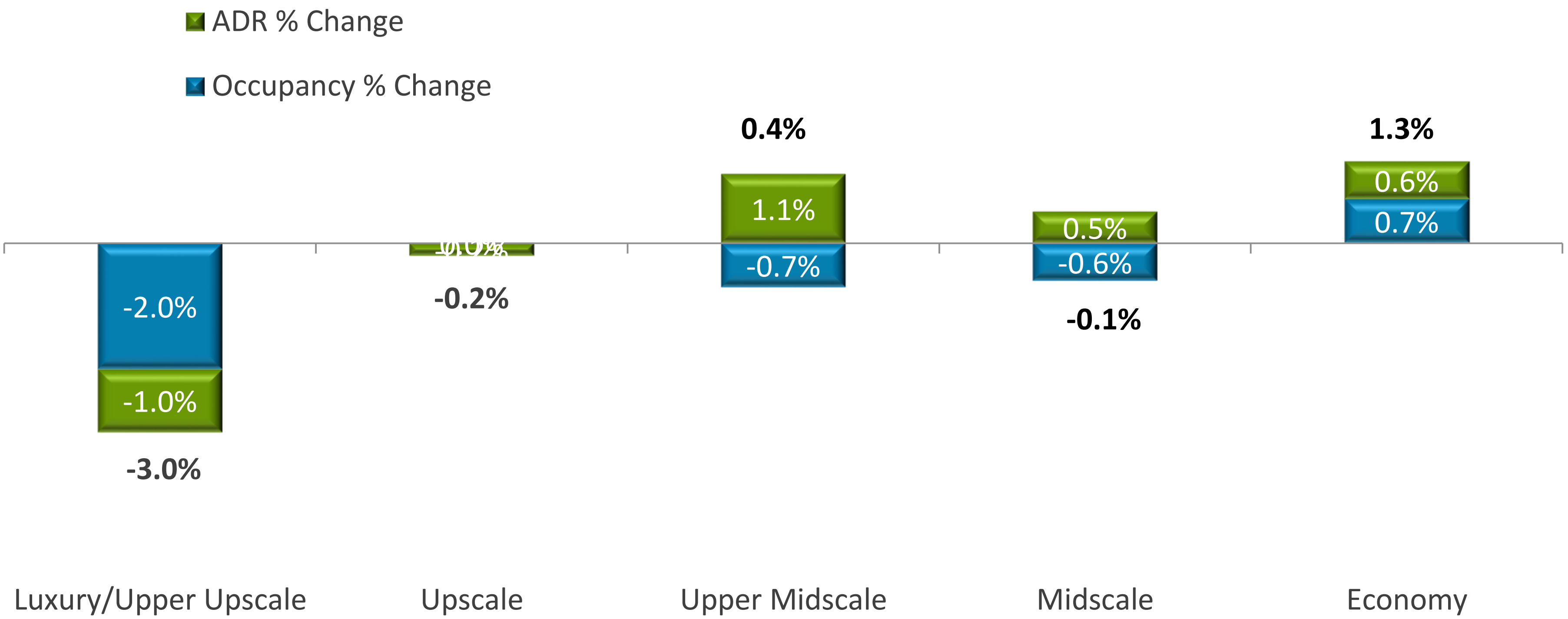
*FLL Supply / Demand % Change, by Class, June 2017 TTM

All Classes Selling 7 Out Of 10 Rooms (US Average: 65.6%)



*FLL OCC %, by Scale, 12 MMA June 2017 & 2016

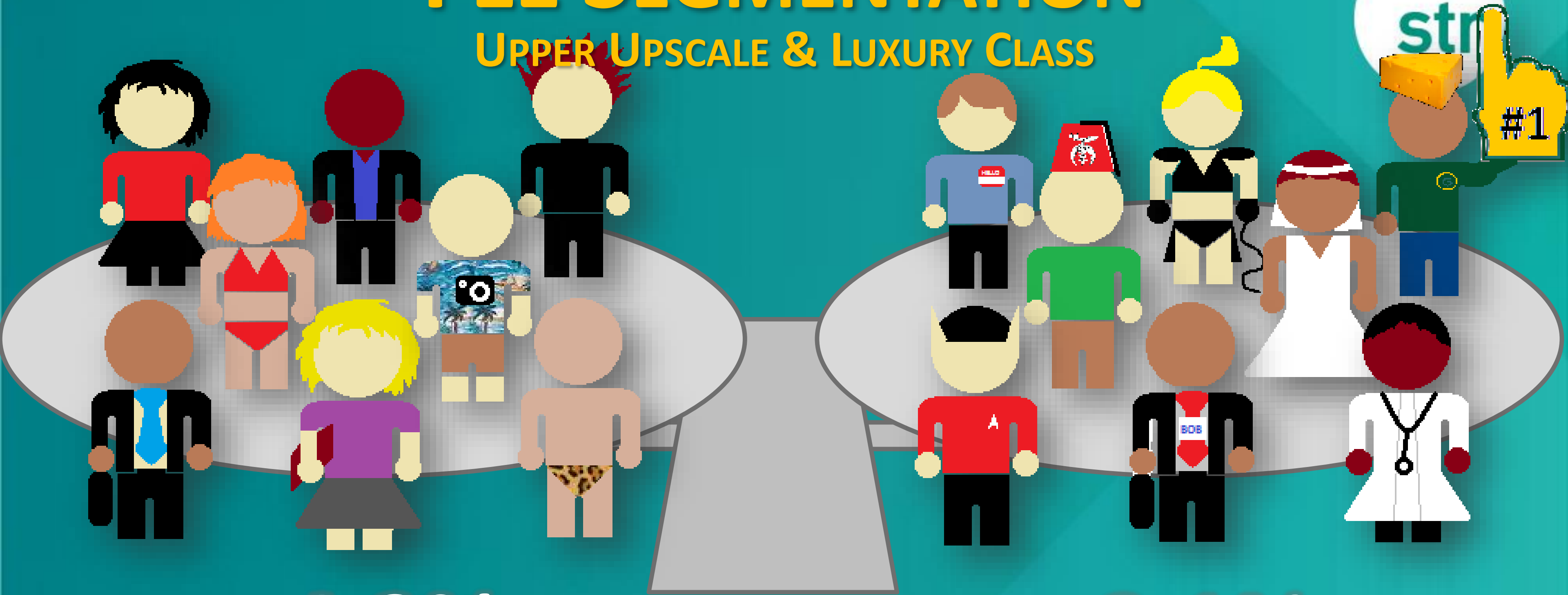
RevPAR:
Loss Driven by Occupancy; Gains Driven Primarily by ADR



*FLL RevPAR % Change by Contribution of OCC / ADR % Change, by Scale, June 2017 TTM

FLL Segmentation

Upper Upscale & Luxury Class



Transient -0.3%

Demand ADR

Group -0.5%

SOURCE: STR

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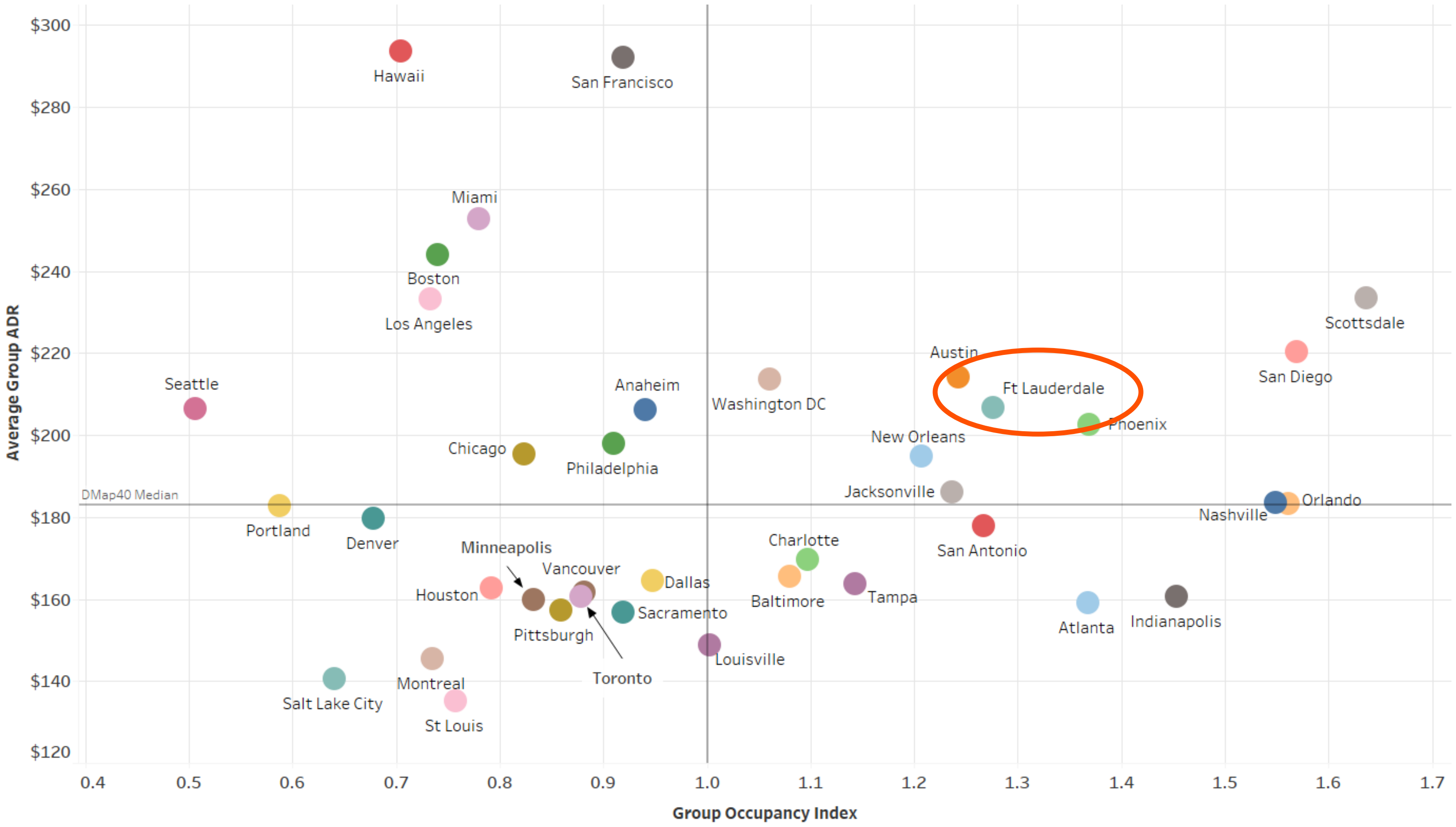
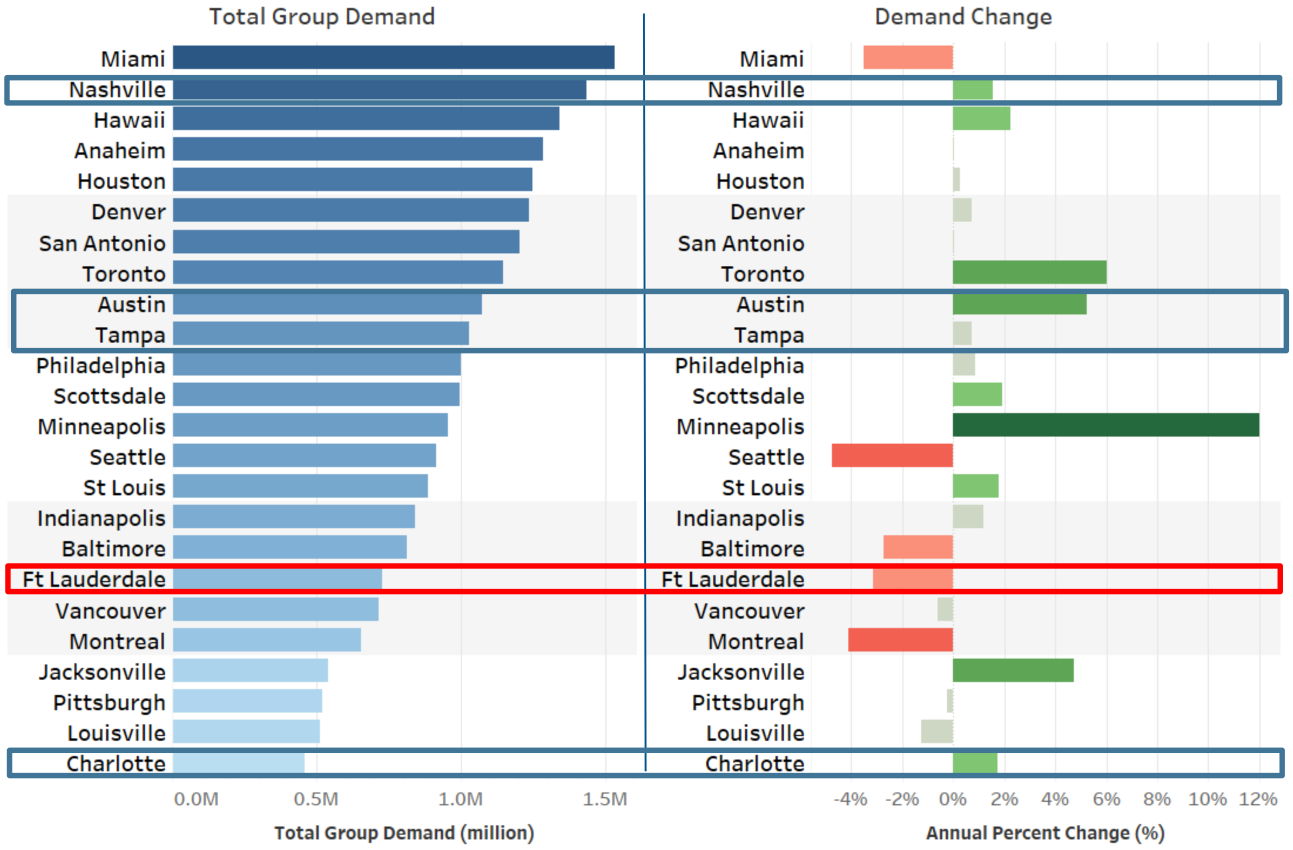
Group Focus



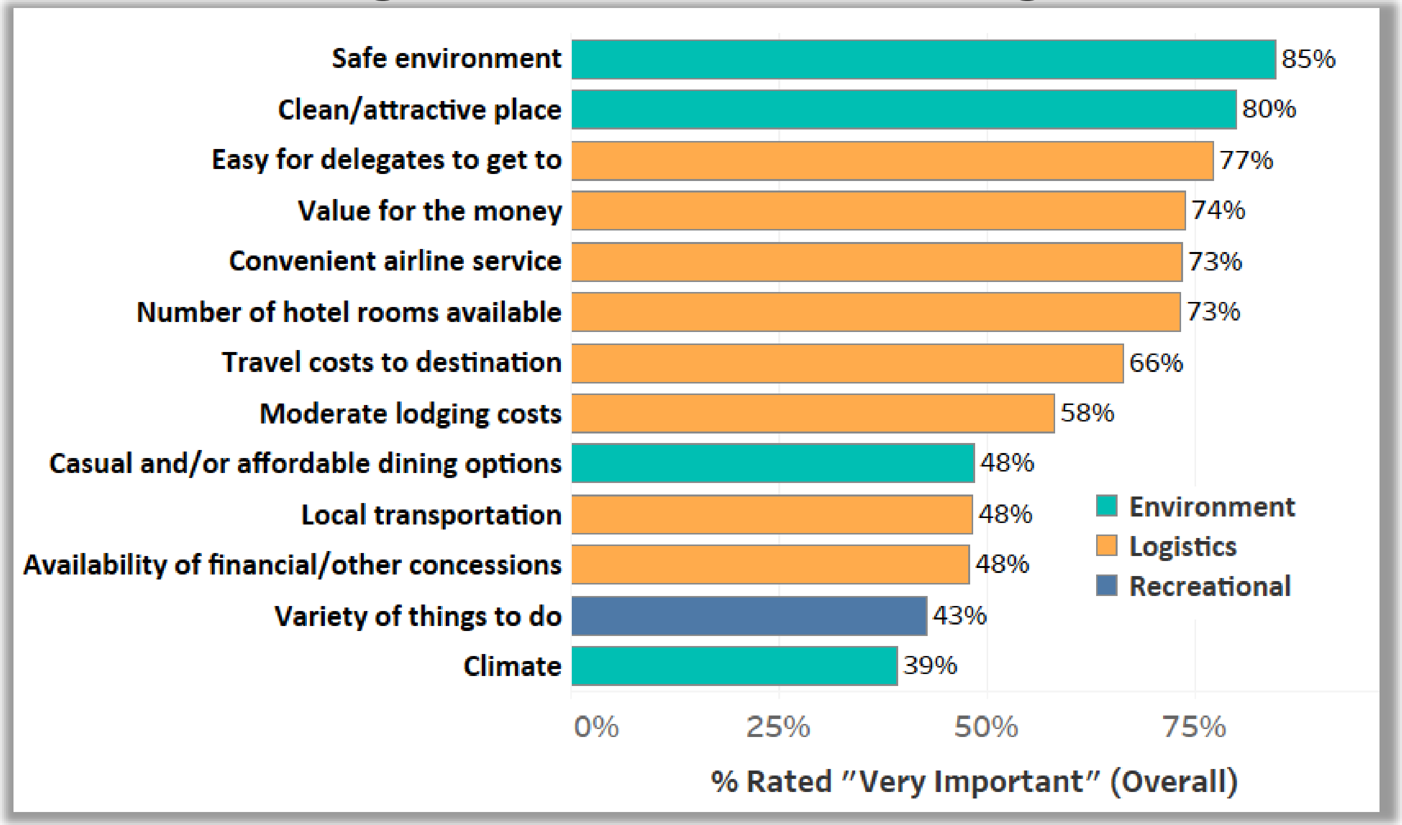
$300
$280
$260
$240
$220
$200
$180
$160
$140
$120
Average Group ADR
0.4
0.5
0.6
0.7
0.8
0.9
1.0
1.1
1.2
1.3
1.4
1.5
1.6
1.7
Group Occupancy Index
DMap40 Median
Hawaii
San Francisco
Miami
Boston
Los Angeles
Scottsdale
San Diego
Austin
Ft Lauderdale
Phoenix
Seattle
Anaheim
Washington DC
New Orleans
Chicago
Philadelphia
Jacksonville
Orlando
Nashville
Portland
Denver
San Antonio
Minneapolis
Charlotte
Vancouver
Dallas
Houston
Baltimore
Tampa
Pittsburgh
Sacramento
Atlanta
Indianapolis
Louisville
Toronto
Montreal
Salt Lake City
St Louis

FLL comp set – Austin, Nashville, Charlotte and Tampa



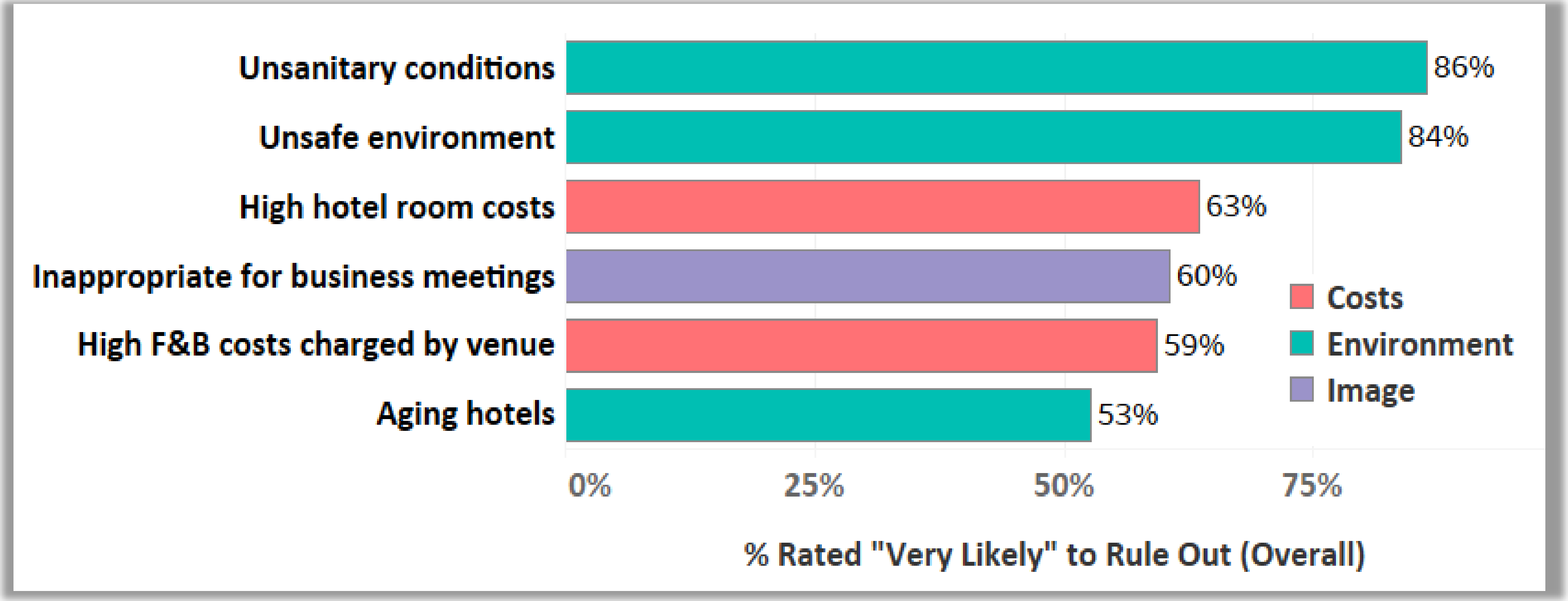
What Do Meeting Planners Think?

Safe, Clean and Logistics Rule With Meeting Planners



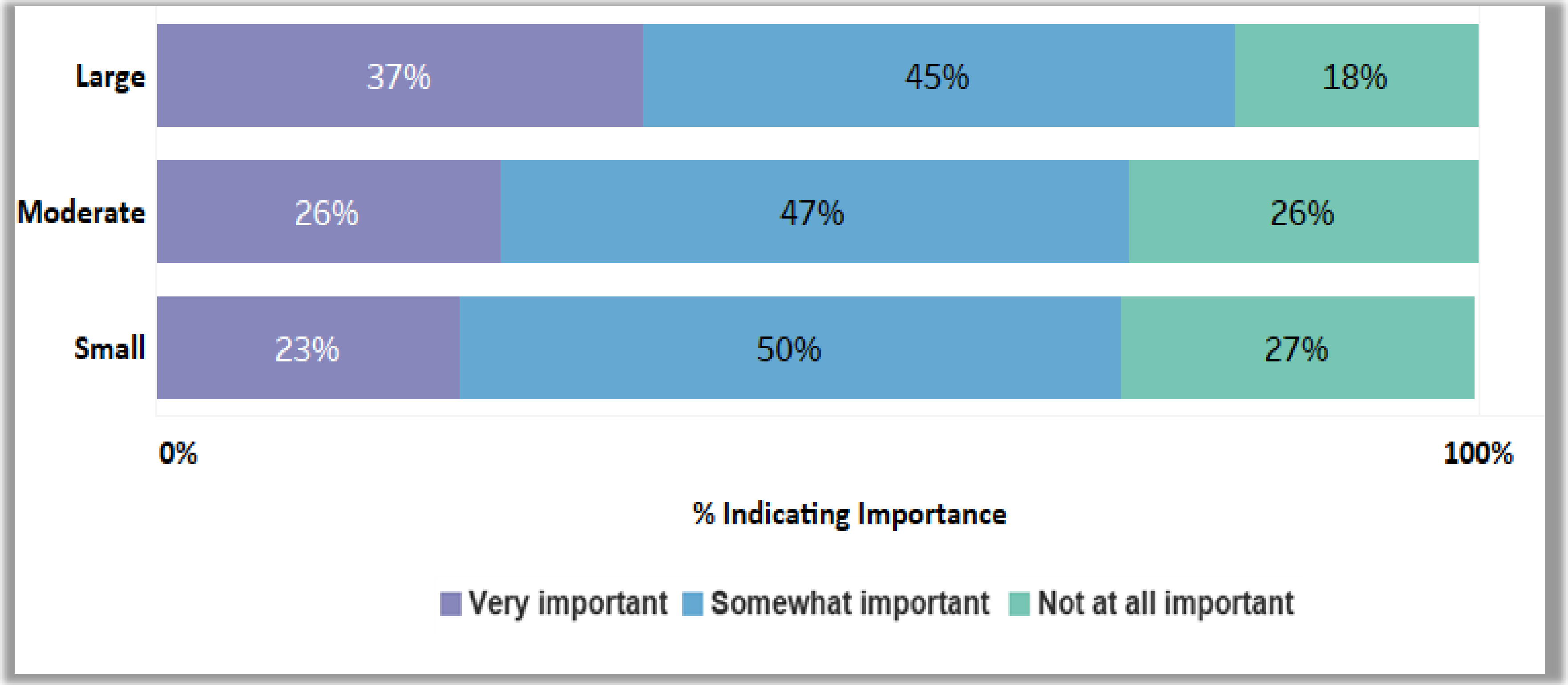
Source: STR 2017 Destination MAP (Meeting Assessment Program)

Deterrents Rule Out a Destination



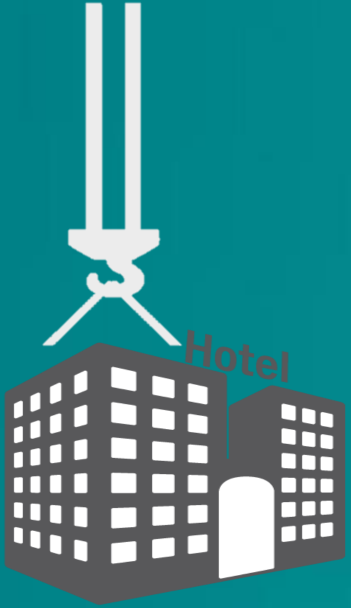
Source: STR 2017 Destination MAP (Meeting Assessment Program)

Importance of CVB Support to Meeting Planners



Source: STR 2017 Destination MAP (Meeting Assessment Program)

Pipeline



In Construction:

Vertical construction on the physical building has begun.

+

Final Planning:

Construction will begin within the next 12 months.

+

Planning:

Construction will begin in more than 13 months.

→ **Under Contract**

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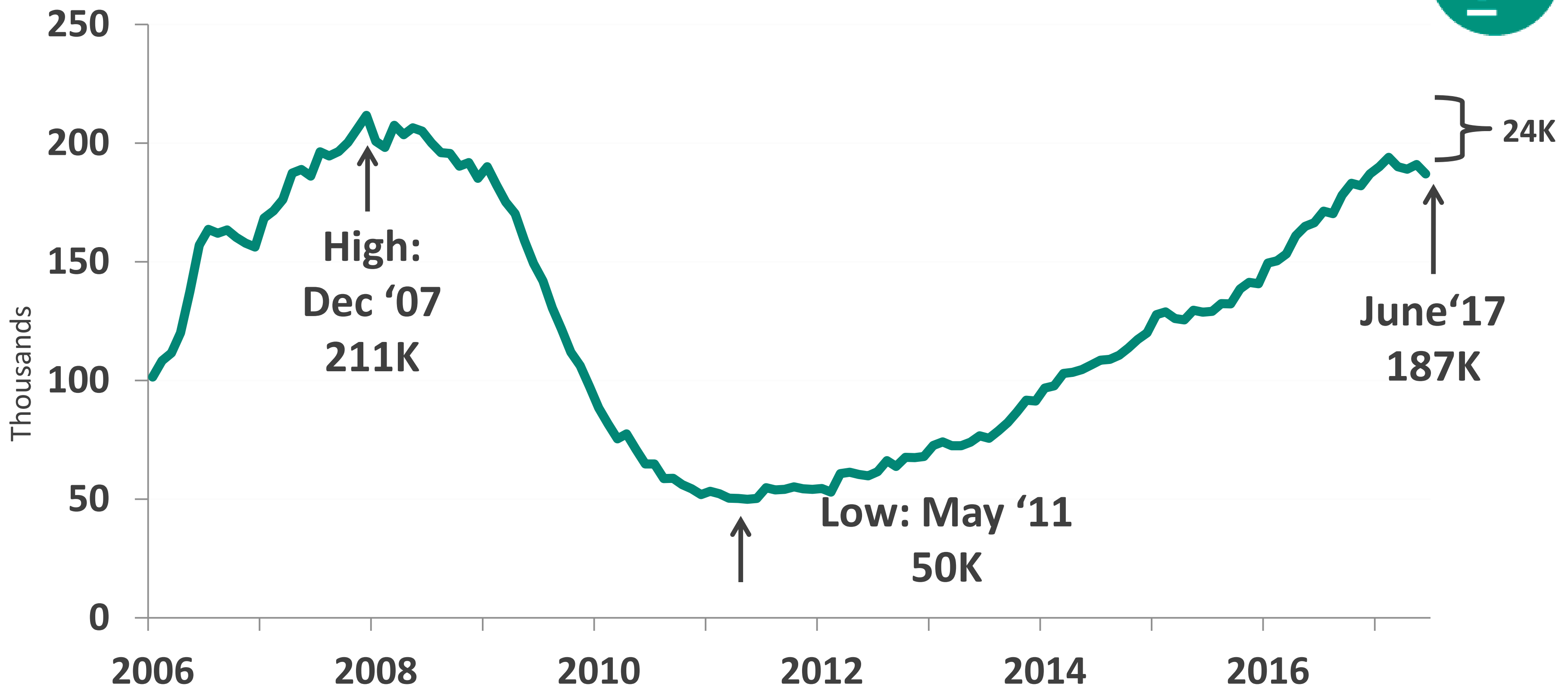
In Construction Growth Still Strong
(But Growth Rates Used to be 30%+)

str

Phase	2017	2016	% Change
In Construction	187K	166K	12%
Final Planning	221K	196K	13%
Planning	174K	159K	10%
Under Contract	583K	522K	12%

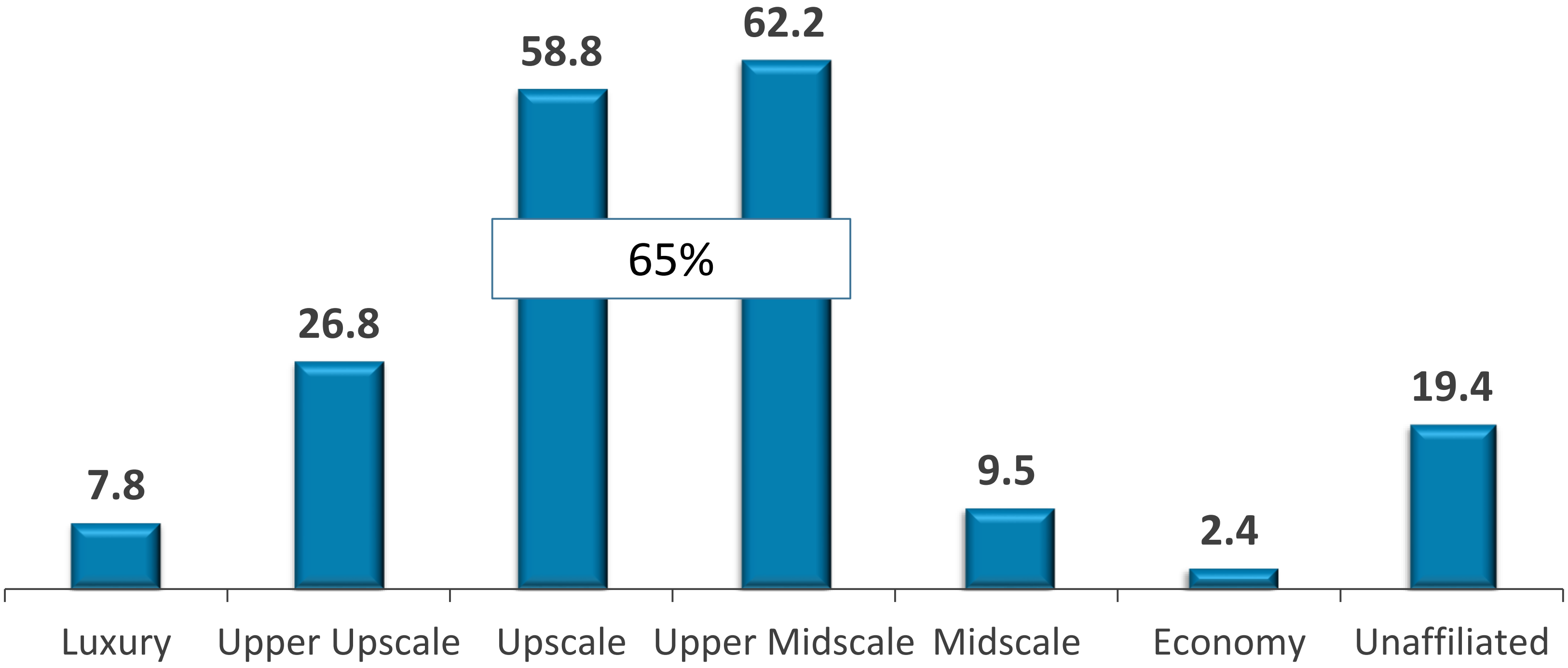
Total US Pipeline, by Phase, June 2017 and 2016

I/C Pipeline Is Growing But Still Below Prior Peak



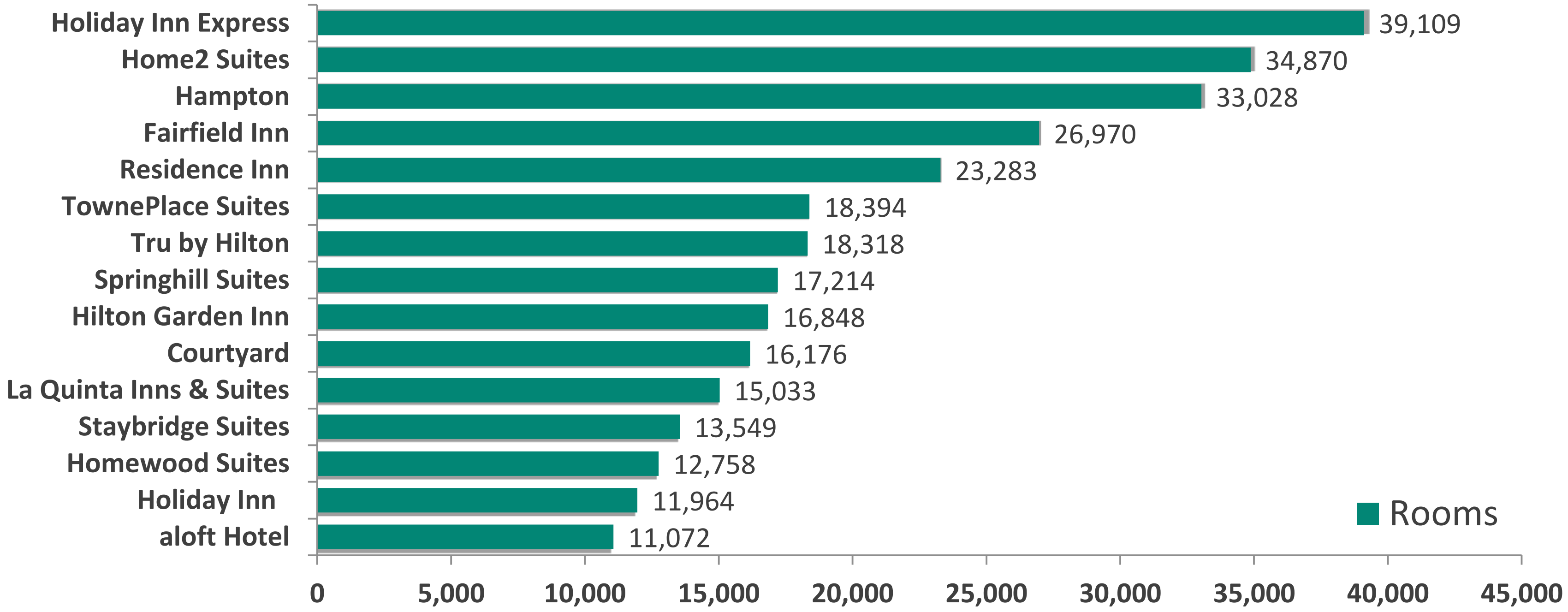
*Total US Pipeline; Rooms In Construction, in '000s; 1/2006 – 6/2017

Limited Service Construction Is The Name Of The Game



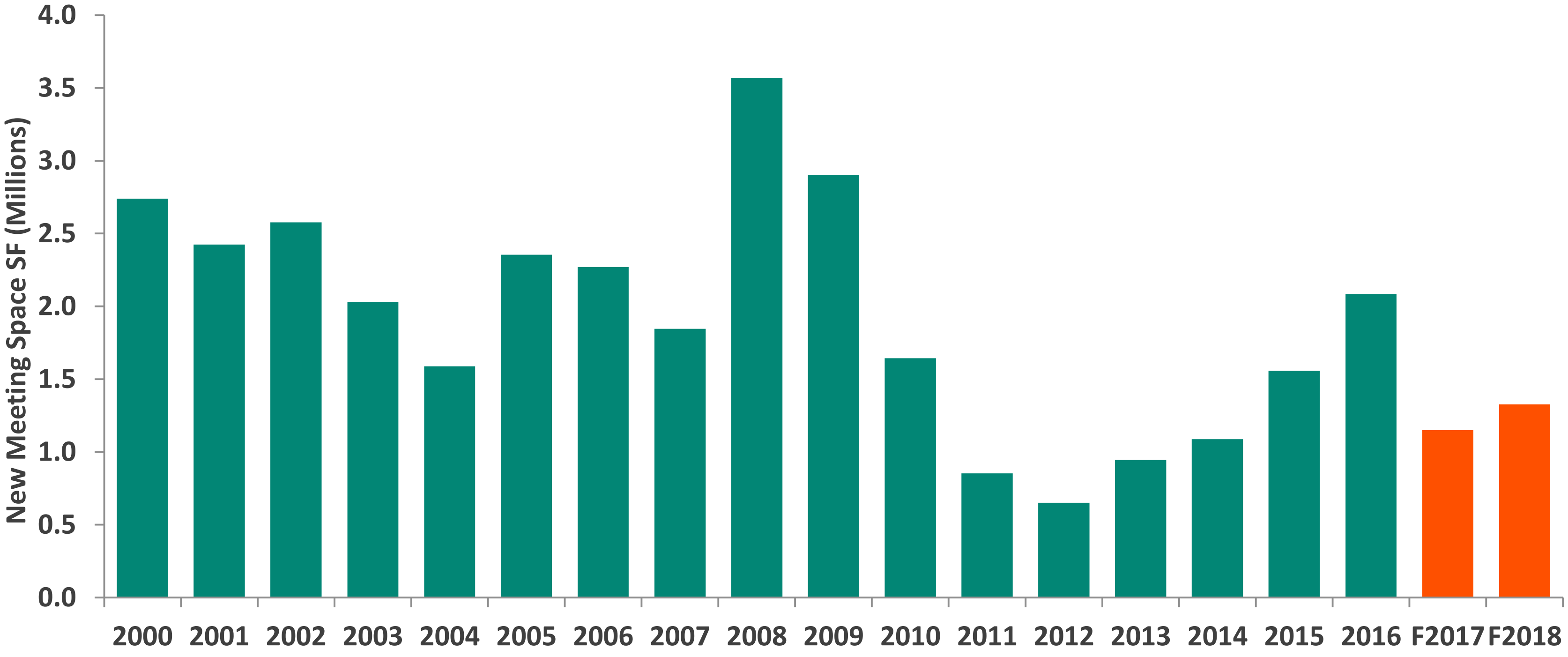
*US Pipeline, Rooms In Construction , ‘000s Rooms, by Scale, June 2017

Top 15 Brands – Under Contract Pipeline



US Pipeline, Rooms Under Contract, Top 15 Brands, April 2017

Fewer Group-Oriented Hotels in Pipeline Will Result In Less Meeting Space



Construction In Top Markets: FFL 7.6%

11 of 27 w/ 5% + of Existing Supply

Market	Rooms I/C	% Of Existing
New York, NY	15,911	14%
Seattle, WA	5,155	12%
Nashville, TN	4,868	12%
Denver, CO	4,672	10%
Dallas, TX	7,184	9%
Ft. Lauderdale, FL	2,328	8%
Miami/Hialeah, FL	3,707	7%
Philadelphia, PA-NJ	2,686	6%
Houston, TX	4,964	6%
Los Angeles/Long Beach, CA	5,924	6%
San Diego, CA	2,157	4%
Detroit, MI	1,544	4%
Washington, DC-MD-VA	4,085	4%
Atlanta, GA	3,592	4%
Anaheim/Santa Ana, CA	2,172	4%
Tampa/St Petersburg, FL	1,726	4%
Las Vegas, NV	4,207	3%
St Louis, MO-IL	1,060	3%
New Orleans, LA	1,188	3%
Minneapolis/St Paul, MN-WI	1,338	3%
Chicago, IL	3,840	3%
San Francisco/San Mateo, CA	1,758	3%
Orlando, FL	1,899	2%
Phoenix, AZ	1,447	2%
Oahu Island, HI	180	1%

Top 5 Markets	Rooms I/C	% Of Existing
New York, NY	15,911	14%
Seattle, WA	5,155	12%
Nashville, TN	4,868	12%
Denver, CO	4,672	10%
Dallas, TX	7,184	9%

US Pipeline, Top 26 Markets, In Construction Rooms as % of Existing Supply, March 2017

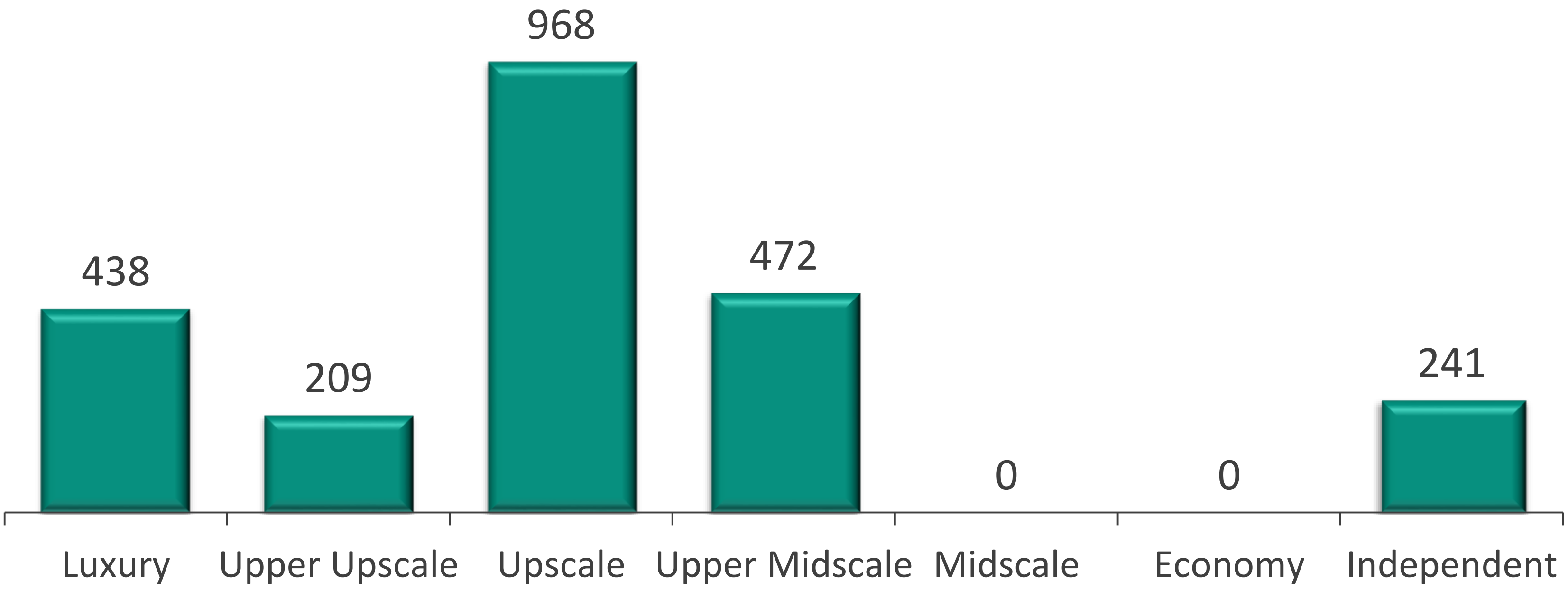

greater FORT LAUDERDALE
HELLO SUNNY

FLL Pipeline

Phase	Projects	Rooms
In Construction	15	2,328
Final Planning	15	1,751
Planning	11	2,523
Total Under Contract Pipeline	41	6,602

Total FLL Pipeline, by Project Phase
July 2017

FLL Rooms In Construction by Scale More Top Heavy Compared to Total US



FLL Pipeline, Rooms In Construction , by Scale, June 2017

Fort Lauderdale: 13 Brands/2 Independents In Construction

647 Rooms	3 Luxury (Conrad, Four Seasons, Tribute)
6 Upscale (Ascend, Courtyard, element, Melia, Residence Inn Wyndham)	**968 Rooms**
472 Rooms	4 Upper Midscale (Comfort, Fairfield, Hampton, Tryp)

Ft. Lauderdale Market In Construction Projects

Current Events

Industry Consolidation

Brexit

AirBNB

President Trump

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Industry Consolidation

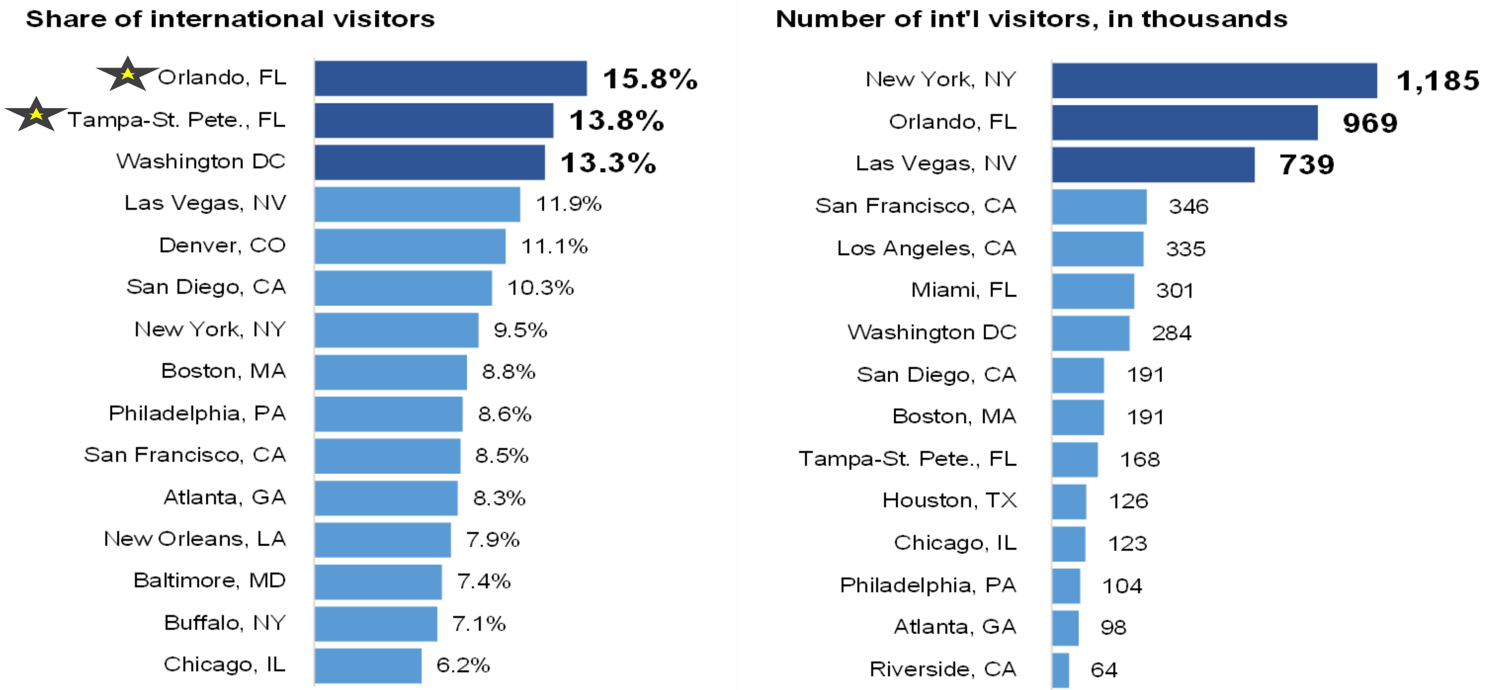
Marriott Intl acquires
Starwood Hotels & Resorts: 30+ Brands

AccorHotels acquired FRHI:
20+ Brands

Brexit Impact: BA non-stop to FLL

Selected US cities with greatest exposure to UK

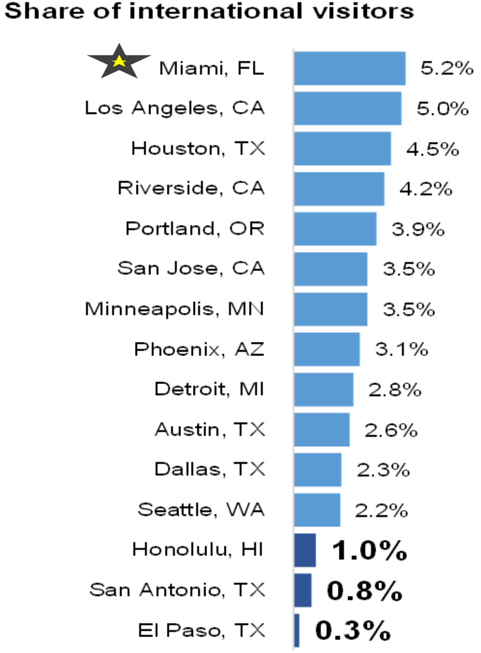
UK visitors to US cities, 2015

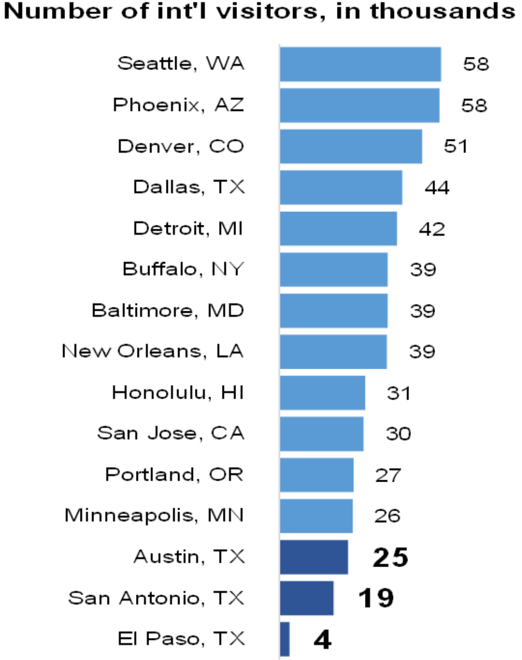


Note: We selected the 30 US cities with the greatest number of international visitors for this analysis. This page shows the 15 of those cities with the greatest share of international visitors from the UK.
Source: Tourism Economics

Brexit Impact:
Selected US cities with least exposure to UK

UK visitors to US cities, 2015





Note: We selected the 30 US cities with the greatest number of international visitors for this analysis. This page shows the 15 of those cities with the smallest share of international visitors from the UK.
Source: Tourism Economics

Airbnb: The Email That Started it All

Joe Gebbia
CPO & Co-Founder

Brian Chesky
CEO & Co-Founder

From: joe
Date: September 22, 2007
To: Brian
Subject: subletter

brian
i thought of a way to make a few bucks - turning our place into "designers bed and breakfast" - offering young designers who come into town a place to crash during the 4 day event, complete with wireless internet, a small desk space, sleeping mat, and breakfast each morning. Ha!

joe

Airbnb: Some Concerns From Hoteliers

Rapid Growth

Targeting Same Customers

Playing by Different Rules

Founded in 2008, Airbnb is now the Largest Lodging Company by Rooms / Listings:
#1 Airbnb: 3M, #2 Marriott: 1.1M, #3 Hilton: 774K

Airbnb: The Research

Download here: http://www.str.com/research1

KEY FINDINGS

- Generally, Airbnb and hotel occupancy were highest in the same markets.
- Hotels have significantly higher occupancy than Airbnb.
- Airbnb's share is generally below 4% for market demand and below 3% for revenue.
- Airbnb guests usually book longer stays than hotel guests.
- Airbnb's business travel share lags well behind leisure travel.
- Hotel ADRs are generally higher than Airbnb rates.

Markets Included:

Boston
Los Angeles
Miami
New Orleans
San Francisco
Seattle
Washington, D.C.
Barcelona
London
Mexico City
Paris
Sydney
Tokyo

President Trump

+

−

+	−
"Hotel Guy"	Sentiment Toward US Turning Negative
Tax Cuts	Travel Bans
Deregulation	Immigration Policies

2017 / 2018 Forecast

Notable Calendar Shifts Impacting Lodging Performance Data in 2017:

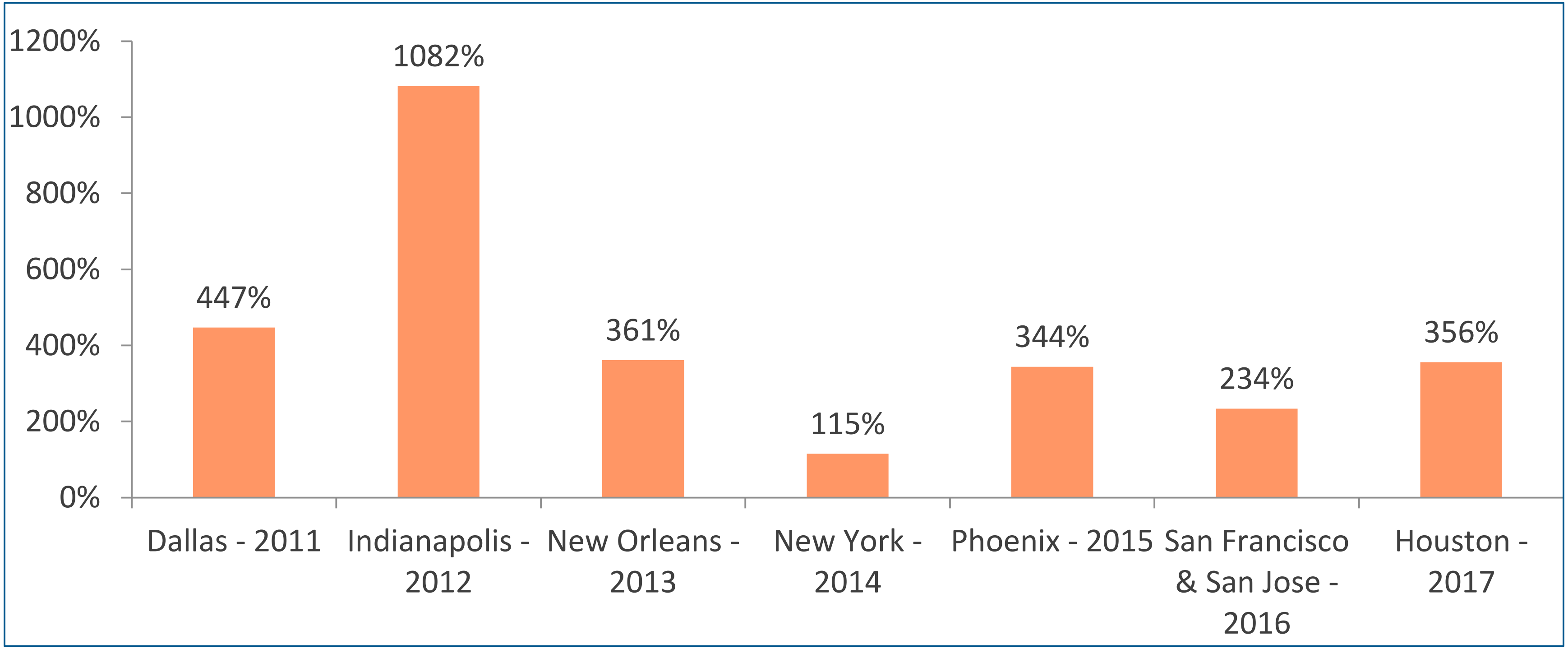
Easter:	From March to April (affects Q1/Q2)
Jewish Holidays:	From October to September (affects Q3/Q4)

February back to 28 days (vs 2016): No impact. STR normalizes the data.

<u>Notable Market Level Events / Comps:</u>

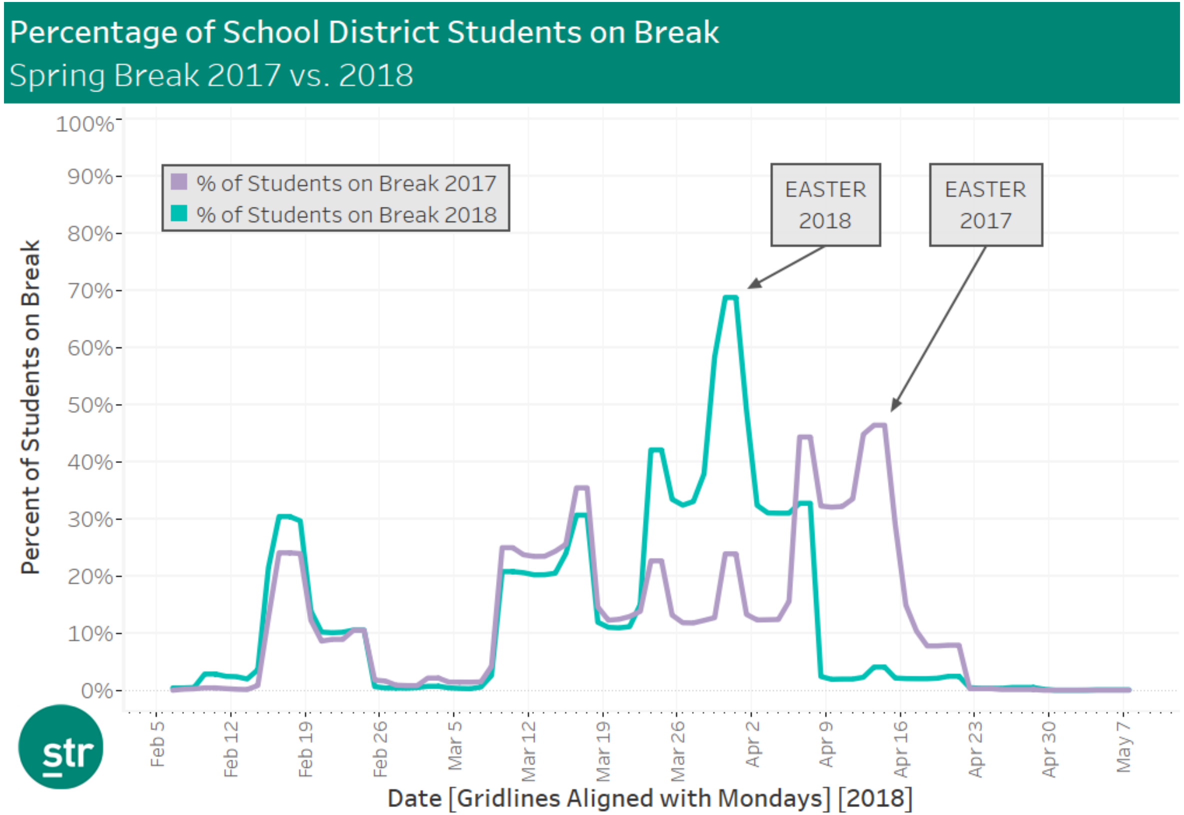
Super Bowl:	From San Francisco To Houston
San Francisco:	Super Bowl Shift and Moscone Center Renovation
Los Angeles:	Porter Ranch Gas Leak
Washington, D.C.:	Inauguration & Women's March (January)
East Tennessee:	Wild Fires (November)
East Coast:	Hurricane Matthew (October)

Seven Years of Super Bowl Performance

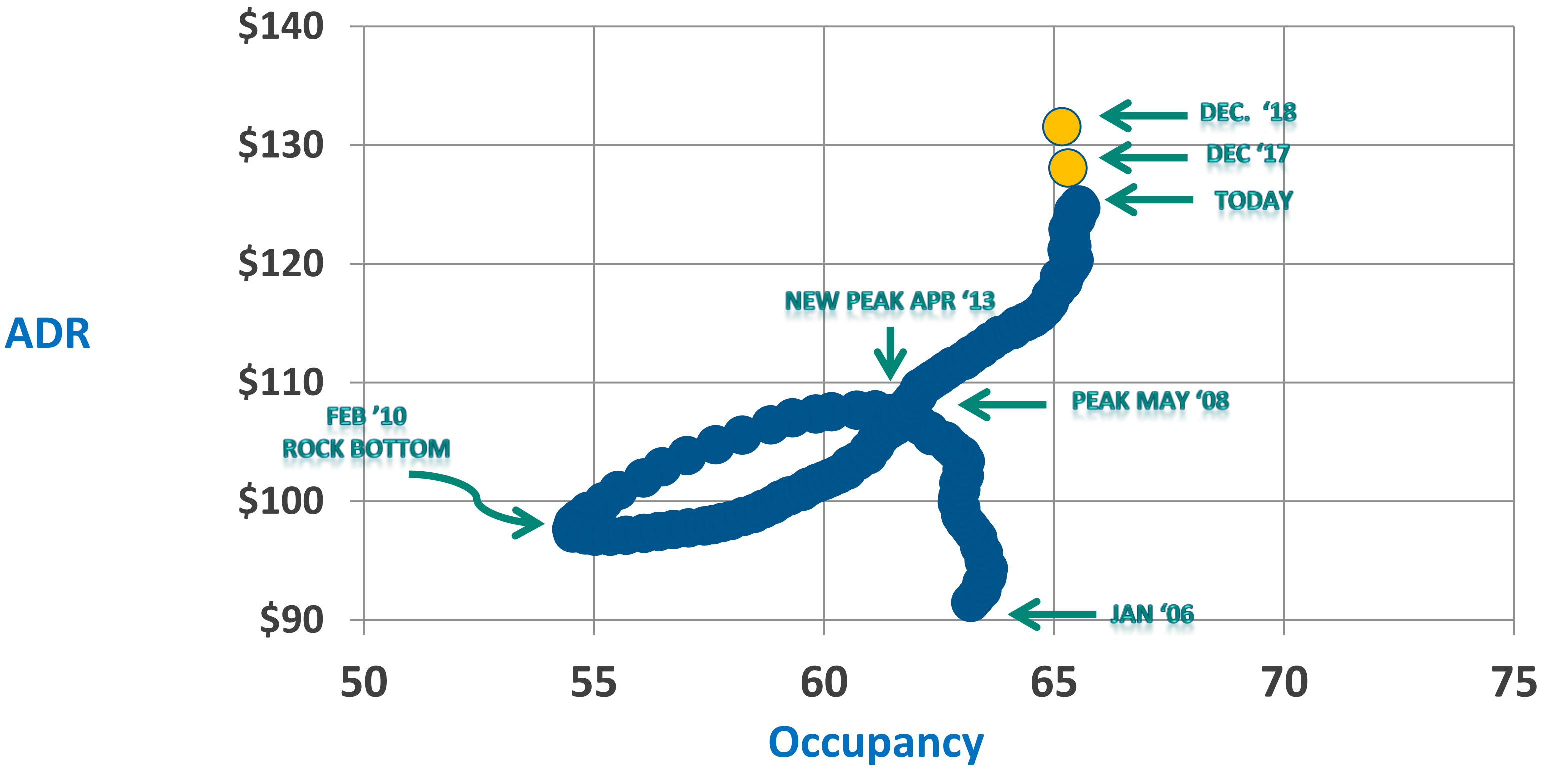


% Change in RevPAR (Friday-Sunday compared to same days LY)

School Breaks Have Impact;
Easter Shift in 2018 Yields a More Concentrated Spring Break



Look Where We Are Going



Total United States

Key Performance Indicator Outlook (% Change vs. Prior Year)

2017F – 2018F

US Outlook			
	2017 TTM Actual	2017 Forecast	2018 Forecast
Supply	1.7%	2.0%	2.2%
Demand	2.2%	1.7%	2.0%
Occupancy	0.5%	-0.3%	-0.2%
ADR	2.7%	2.8%	2.8%
RevPAR	3.2%	2.5%	2.6%

Fort Lauderdale

Key Performance Indicator Outlook (% Change vs. Prior Year)
2017F – 2018F

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Fort Lauderdale Outlook (Datacast)			
	2017 TTM Actual	2017 Forecast	2018 Forecast
Supply	0.0%	↑	↑
Demand	-0.7%	↓	↓
Occupancy	-0.7%	-0.8%	↓
ADR	-0.3%	1.2%	↓
RevPAR	-1.0%	0.4%	↓

The End…

- US Performance Defies History (and birds)
- Group and Transient Are Opposites
- Fort Lauderdale Has Challenges Ahead
- We Are Not In Kansas Anymore
- Future Looks OK

Questions?

Presentation is available for download.

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