Back To The Future
Ahead To 2019

Global Hospitality Alliance™
The Year 2020

2020 Strong

2020

Strangest Year In History
The Year 2020
A Year Most Would Like To Forget

BROUGHT 2U BY THE LETTERS

OMG
Outlook for the U.S. Lodging Industry
STR & HVS

The following forecasts for the U.S. lodging industry reflect the current outlook of market participants. Approximately 35% of the RevPAR decline is expected to be recovered by the end of 2021 (and 32% in 2022), with full RevPAR recovery by 2024.

<table>
<thead>
<tr>
<th>Historical</th>
<th>Forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2018</strong></td>
<td><strong>2019</strong></td>
</tr>
<tr>
<td>Occupancy</td>
<td>66.1%</td>
</tr>
<tr>
<td>Percent Change</td>
<td>0.0%</td>
</tr>
<tr>
<td>Average Rate</td>
<td>$129.97</td>
</tr>
<tr>
<td>Percent Change</td>
<td>0.9%</td>
</tr>
<tr>
<td>RevPAR</td>
<td>$85.96</td>
</tr>
<tr>
<td>Percent Change</td>
<td>0.9%</td>
</tr>
</tbody>
</table>

This represents the current expectation for the timing and pattern of recovery, with occupancy anticipated to recover first, followed by ADR. All forecasts are in current dollars.

Source: STR (Historical Years) and HVS (Forecast)
# Outlook for the U.S. Lodging Industry - STR & Tourism Economics

## Total US Forecast

### Key Performance Indicators


<table>
<thead>
<tr>
<th>Metric</th>
<th>2019 Actual</th>
<th>2020 Forecast</th>
<th>2021 Forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td>Occupancy*</td>
<td>66.0%</td>
<td>42.2%</td>
<td>52.2%</td>
</tr>
<tr>
<td>ADR</td>
<td>$131.22</td>
<td>$103.65</td>
<td>$109.21</td>
</tr>
<tr>
<td>RevPAR*</td>
<td>$86.67</td>
<td>$43.76</td>
<td>$57.03</td>
</tr>
</tbody>
</table>

2010 RevPAR: $56.45

*Reflects total-room-inventory methodology, which assumes no temporary hotel closures.

Source: STR. 2020 © CoStar Realty Information, Inc.
2021 It’s A New Year
Formula For Return To Normal

☐ CV-19
☐ + Vaccine
☐ - Fear

_______________________________

☐ = Return to Normal
2021 It’s A New Year
With Lots of Hope & Promise

- We have a new President.
- We have a new congress with one party in the majority.
- We have new vaccines available with more on the way.
- We anticipate we will soon get a new Pandemic Economic Package passed.
- We have a new round of PPP funds available to select businesses.
- There is new hope for an end to the pandemic.
- There is growing hope for a return to normal business in the CRE and Hospitality Sectors.
2021 It’s A New Year-But Is It?

- We still have grid lock in congress.
- We are short on vaccine although, more is promised.
- Vaccine distribution is slower than anticipated with each state deciding how to distribute.
- New CV-19 Variants appear to have out-maneuvered the Vaccine.
- Airlines continue to furlough workers.
- Required testing for all U.S. flights is now being considered.
- The horizon for “return to 2019 normal” seems to have stretched out to year’s end.
2021-The Virus in Retreat? The Drop is Real

The recent decline in new virus cases is larger than any of last year’s declines:

Graph shows 7-day rolling averages.

By The New York Times | Sources: State and local health agencies and hospitals
But most of the decline in the chart above is real. We know that because the percentage of tests that came back positive has also dropped sharply (to 7 percent, from 14 percent on Jan. 8). The number of people hospitalized with Covid-19 symptoms is falling, too:

Graph shows 7-day rolling averages.

By The New York Times | Source: The COVID Tracking Project
2021-The Virus in Retreat?
The Drop is Real

Most important, deaths have begun to decline:

New deaths in the United States per day

Graph shows 7-day rolling averages.

By The New York Times | Sources: State and local health agencies and hospitals
Is The Vaccine Cavalry Coming To The Rescue Or Is It Just A Mirage
Signs of Hope
Tracking Net Bookings

- Net bookings for January 2021 begins to show a bit of promise when compared to December 2020, according to Duetto.
- Group RFP’s are up significantly for 2021, according to CVENT.
- According to Knowland, many meeting planners count on booking group meetings for later in 2021.
- Week brands are being replaced with stronger brands.
- Week sponsors are being replaced with stronger ones.
Signs of Hope - CVENT Group RFP’s 2021 and 2022 Market Pace

Weaker 2021, Stronger 2022

- New York City
- Portland
- Chicago
- Boston
- Dallas / Ft. Worth
- Houston
Signs of Hope - CVENT Group RFP’s 2021 and 2022 Market Pace

Stronger both years

Orlando
Phoenix / Scottsdale
Indianapolis
Minneapolis / St. Paul
Nashville
Louisville
Northern New Jersey
Las Vegas
San Diego
St. Louis
San Antonio
Weaker both years

San Francisco
Washington, D.C.
Atlanta
Charlotte
Baltimore
Philadelphia
Signs of Hope - CVENT Group RFP’s 2021 and 2022 Market Pace

- Denver
- Tampa / St. Pete
- Charleston
- Salt Lake / Park City
- Orange County
- Kansas City
- Ft. Lauderdale
- New Orleans
- Caribbean
- Austin

Stronger 2021, Weaker 2022
Final Thoughts

- Pent up demand exists for leisure travel and group meetings.
- Alternative health care and government related business has helped fill hotel rooms.
- Essential Travel has found a way to travel.
- Many Luxury and Ultra-luxury resort travelers have switched to private jet travel.
- Travelers trading down to Select Service and budget hotels has helped those hotels outperform the rest.

Source: HVS
Final Thoughts

- Robust occupancy recovery should set in during the summer and fall of 2021, concurrent with the majority roll-out of the vaccines behind us.

- Corporate rated business room rates will take years to recover.

- Overall ADR recovery will lag the occupancy recovery, with full RevPAR recovery expected by 2024.

- Transactional volume is anticipated to pick up when lending opens up more widely, a recovery in NOI is documented, and price declines diminish.

- Meetings business is expected to return with strength. Zoom fatigue has set in, and people are ready and excited to meet again in person.

Source: HVS
Final Thoughts

- High and continually increasing construction costs will keep new supply in check through the near term.
- Numerous potential investors will create competition for deals, which is anticipated to fuel transaction activity and mitigate value declines.

Source: HVS
Hope Springs Eternal
Great Uncertainty Means Great Opportunity
THANK YOU

THE END
Jack Westergom is Managing Director and Founder of Manhattan Hospitality Advisors. Mr. Westergom is a veteran hotelier whose background includes asset management, hotel/resort operations, international marketing, investment relations and real estate development including many of the top 25 hotels and resorts in the world. Manhattan Hospitality Advisors has provided oversight on over $18 billion of hospitality assets around the world and has helped hotels to successfully navigate through four real estate downturns.