

19th Annual Lodging Industry Update Year End 2016

Pinkowski & Company
Metropolitan Memphis Hotel & Lodging Association
HotelNewsNow.com
STR

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Memphis, Tennessee



19th Annual Lodging Industry Update

Presented by:



Lodging Industry Update

Program

Introduction

Wayne Tabor – President MMHLA

Chuck Pinkowski – Pinkowski & Company

What Makes a Strong Lodging Market

Larry Jensen – President & CEO, Cushman Wakefield/
Commercial Advisors Partners

Memphis Lodging Market

Chuck Pinkowski – Pinkowski & Company

State of the National Lodging Market

Jeff Higley – HotelNewsNow a division of STR, Inc.

Where is the Hotel Industry Headed in Development, Branding & Service

Adrian Kurre, Global Head – Homewood Suites & Home2
Suites by Hilton, Hilton Worldwide

Wayne Tabor

President MMHLA

General Manager

Holiday Inn Downtown Memphis



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Chuck Pinkowski



What Makes a Strong Lodging Market

Larry Jensen

President & CEO

Cushman & Wakefield/Commercial Advisors



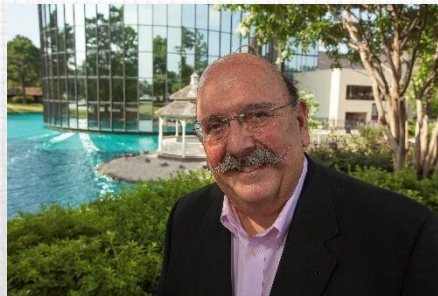
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Data Provided by



What Makes a Healthy Hospitality Market



Economic Impact

At a Glance

- 10.5 million visitors
- \$3.2 billion annual visitor expenditures
- 35,000 tourism/hospitality jobs
- \$606 million payroll
- \$150 million local/state taxes



Economic Impact

At a Glance

- Visitor Expenditures – Average Daily Spend
 - \$397 by convention delegates
 - \$340 by corporate travelers
 - \$340 by the leisure traveler



Economic Impact

Hospitality Employment 10/2016

	Total Nonfarm	YTD % Change	Leisure & Hospitality	YTD % Change
Tennessee	3,077,900	2.3	311,300	2.3
Memphis	630,700	1.5	64,800	-.015

Leisure & Hospitality includes Arts, Entertainment & Recreation, Accommodations and Food Services industry sectors



Memphis Lodging Market



Continuing the Positive Trend Another Record Breaking Year

What Is On The Horizon For 2017 & Beyond

2013
2.2%

2014
12.5%

2015
5.1%

2016
4.6%

2017p
2.3%

% RevPAR Change

P&C Forecast vs Actual – 2016

Definitely Not An Exact Science

	<u>Forecast</u>	<u>Actual</u>
• Occ	65.5% (1.4%)	64.4% (1.0%)
• ADR	\$93.00 (4.6%)	\$92.74 (3.6%)
• RevPAR	\$60.92 (6.2%)	\$59.75 (4.6%)

Memphis Lodging Market

How good was 2016 vs 2015

Every Day

318 more rooms sold

Revenue up \$75,369

For the Year

116,301 more rooms sold

\$27,509,815 more in revenue

2016 Recap

Room Supply still below 2010 level

(8,256,772 vs. 8,381,013)

Rooms Sold

Most Ever Sold

Revenue

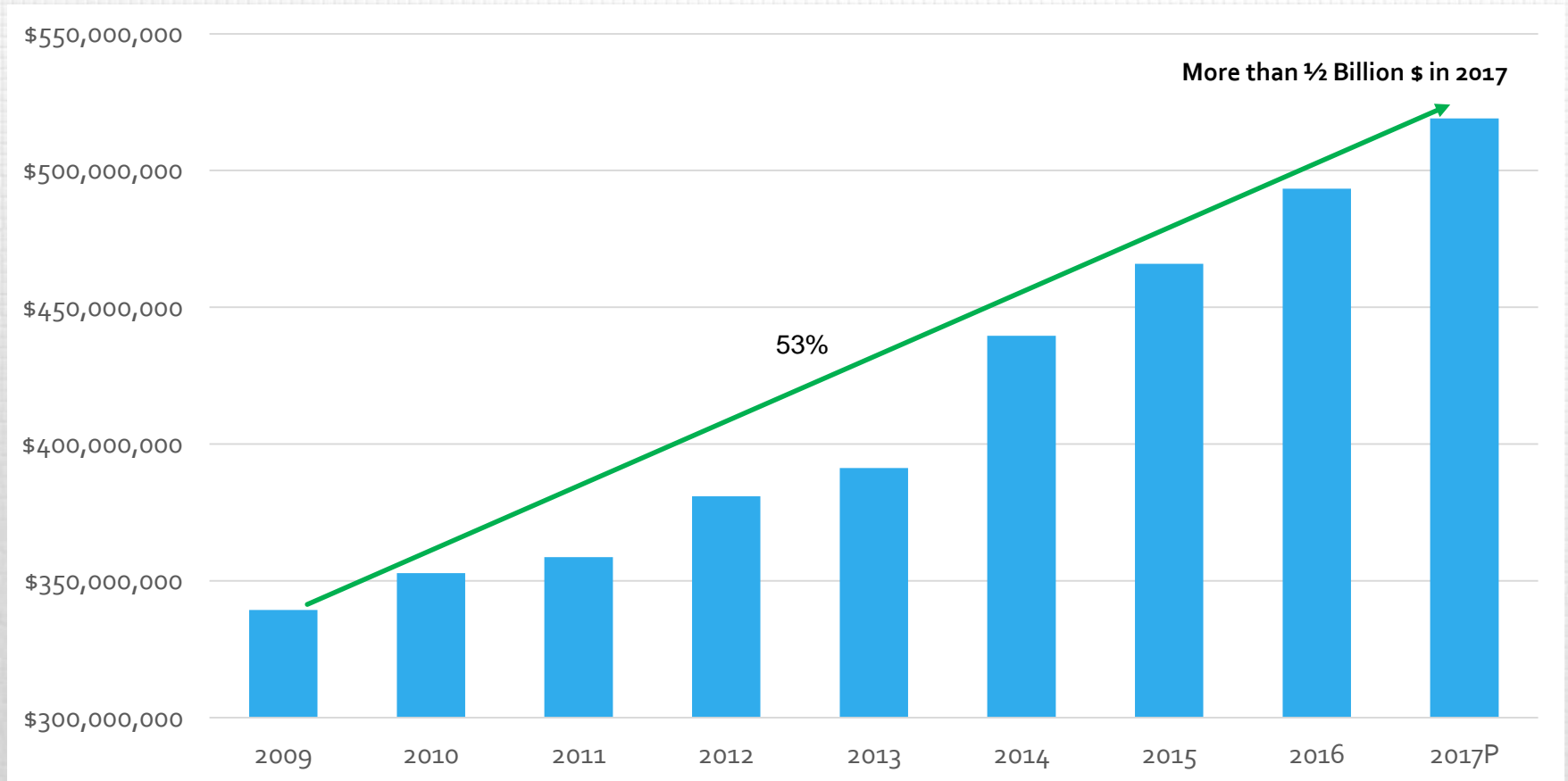
Highest on Record

ADR

Now \$8 above 2007 peak

Memphis Lodging Market

Total Revenue



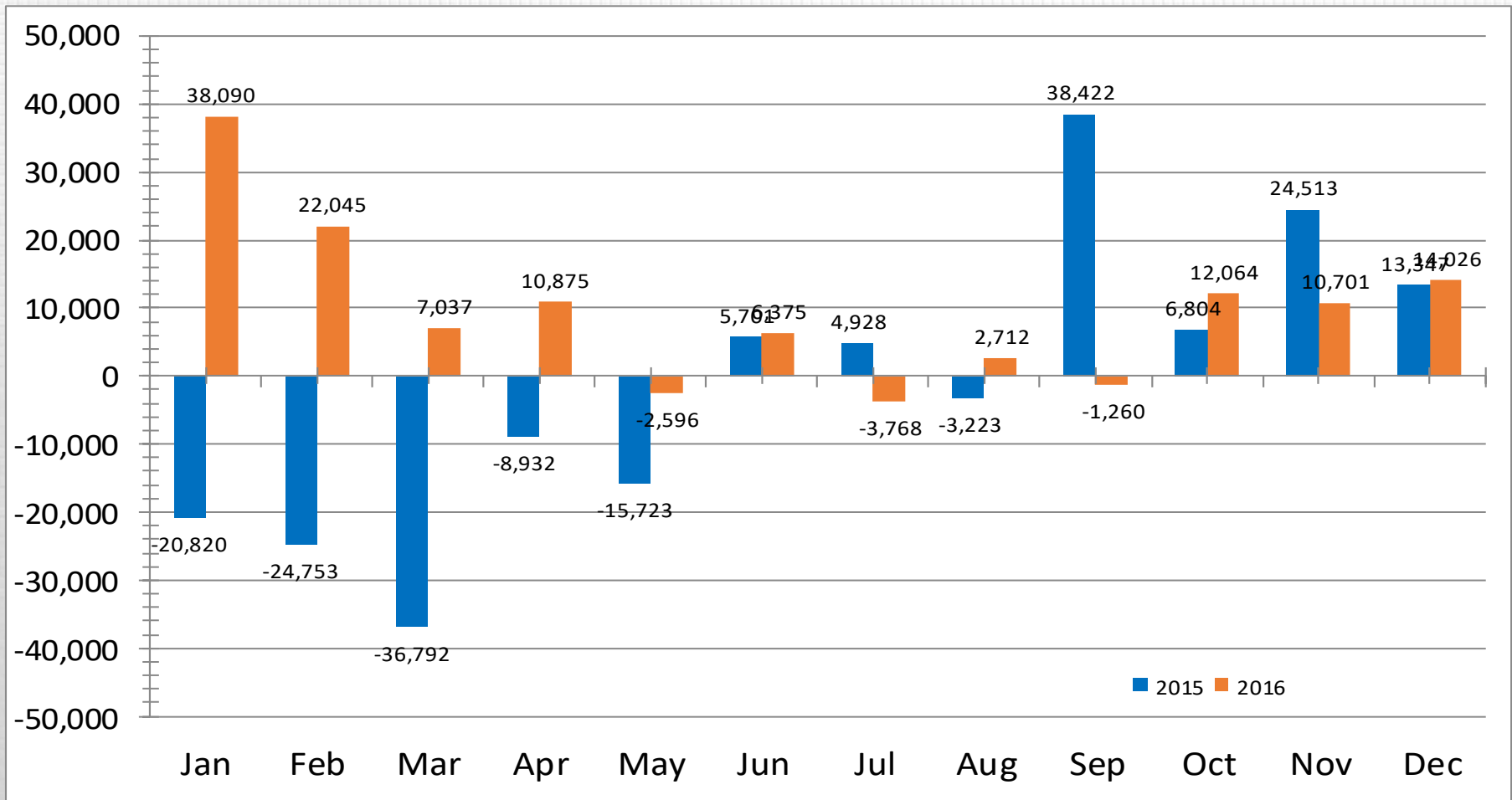
Memphis Lodging Market

Key Statistics

	YE 2016	YE 2015	% Change
Room Supply (Daily)	22,621	22,338	1.3%
Room Demand (Daily)	14,575	14,257	2.2%
Room Revenue (Daily)	\$1,351,719	\$1,276,350	5.9%
Occupancy	64.4%	63.8%	1.0%
ADR	\$92.74	\$89.53	3.6%
RevPAR	\$59.75	\$57.14	4.6%

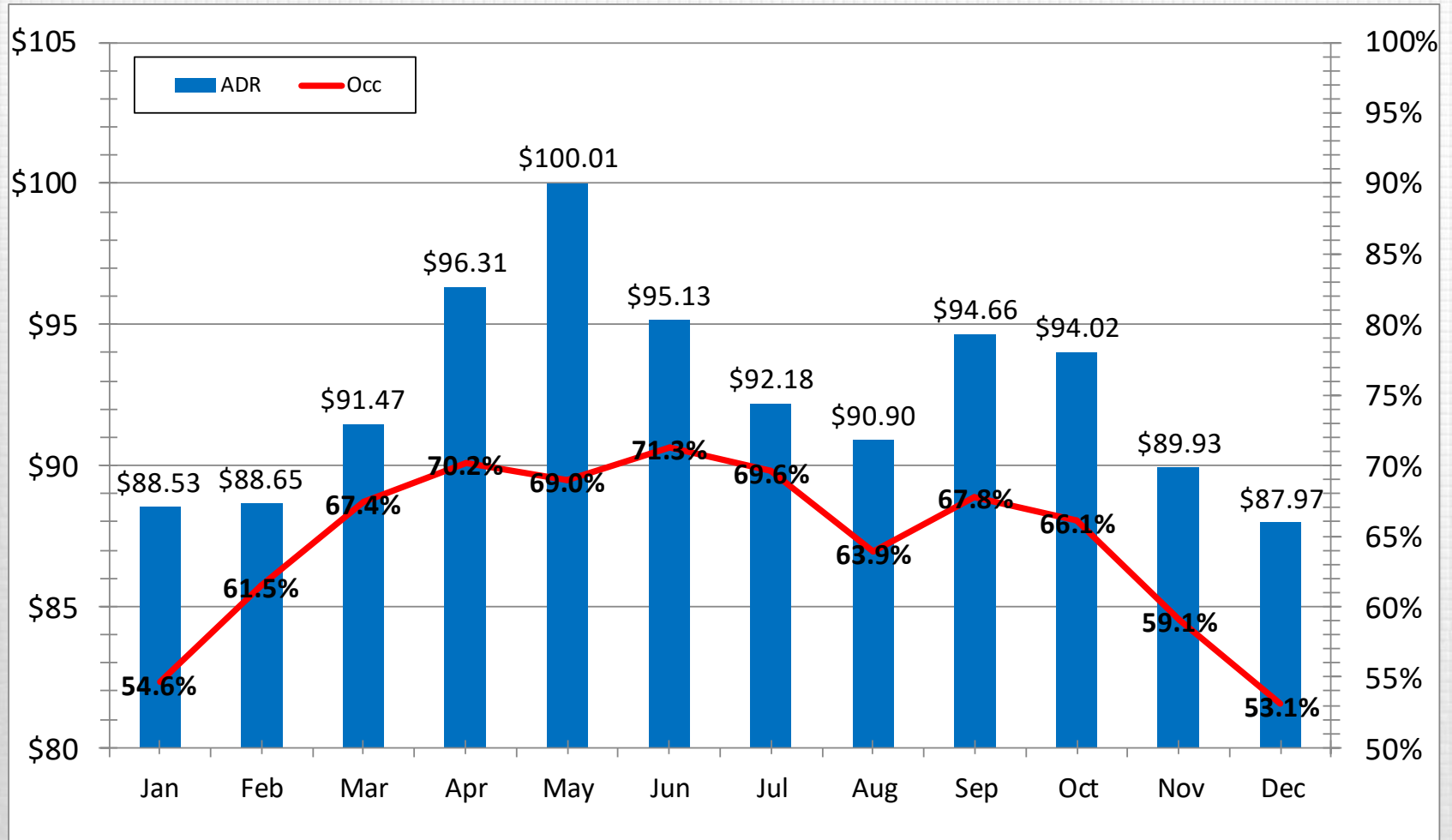
Memphis Lodging Market

Change in Room Night Demand by Month Over Prior Year



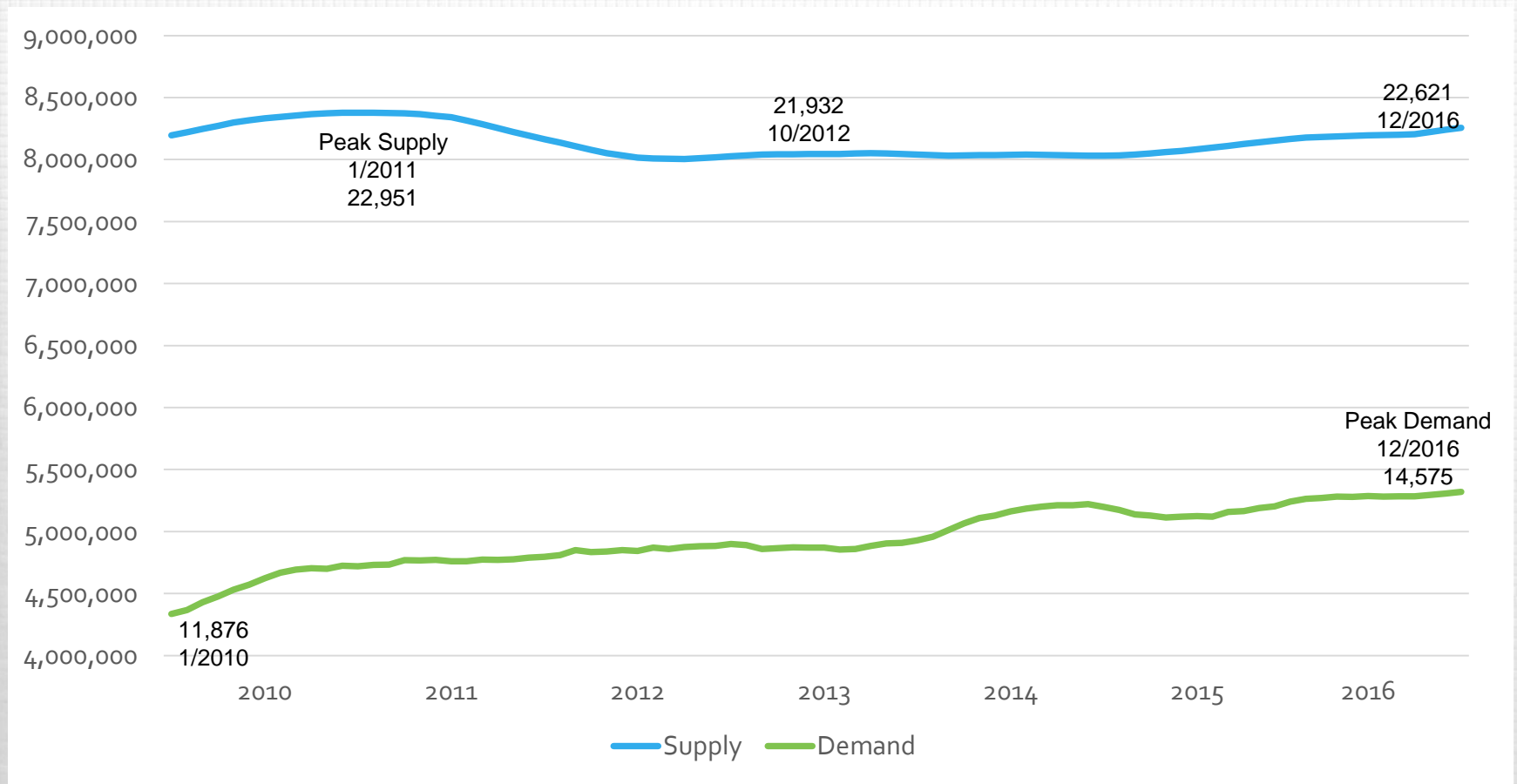
Memphis Lodging Market

Monthly for 2016



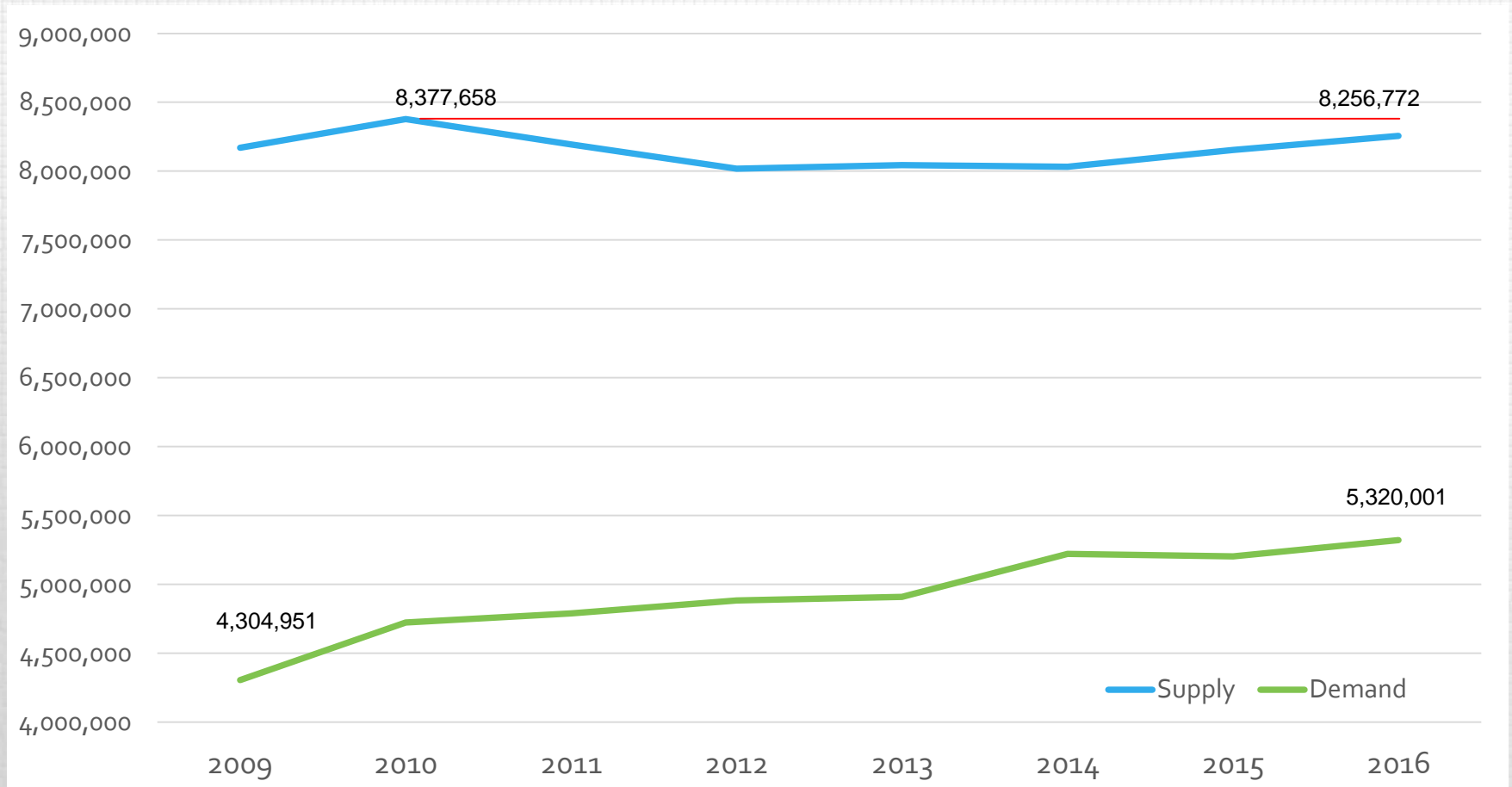
Memphis Lodging Market

12 Month Moving Average Supply/Demand



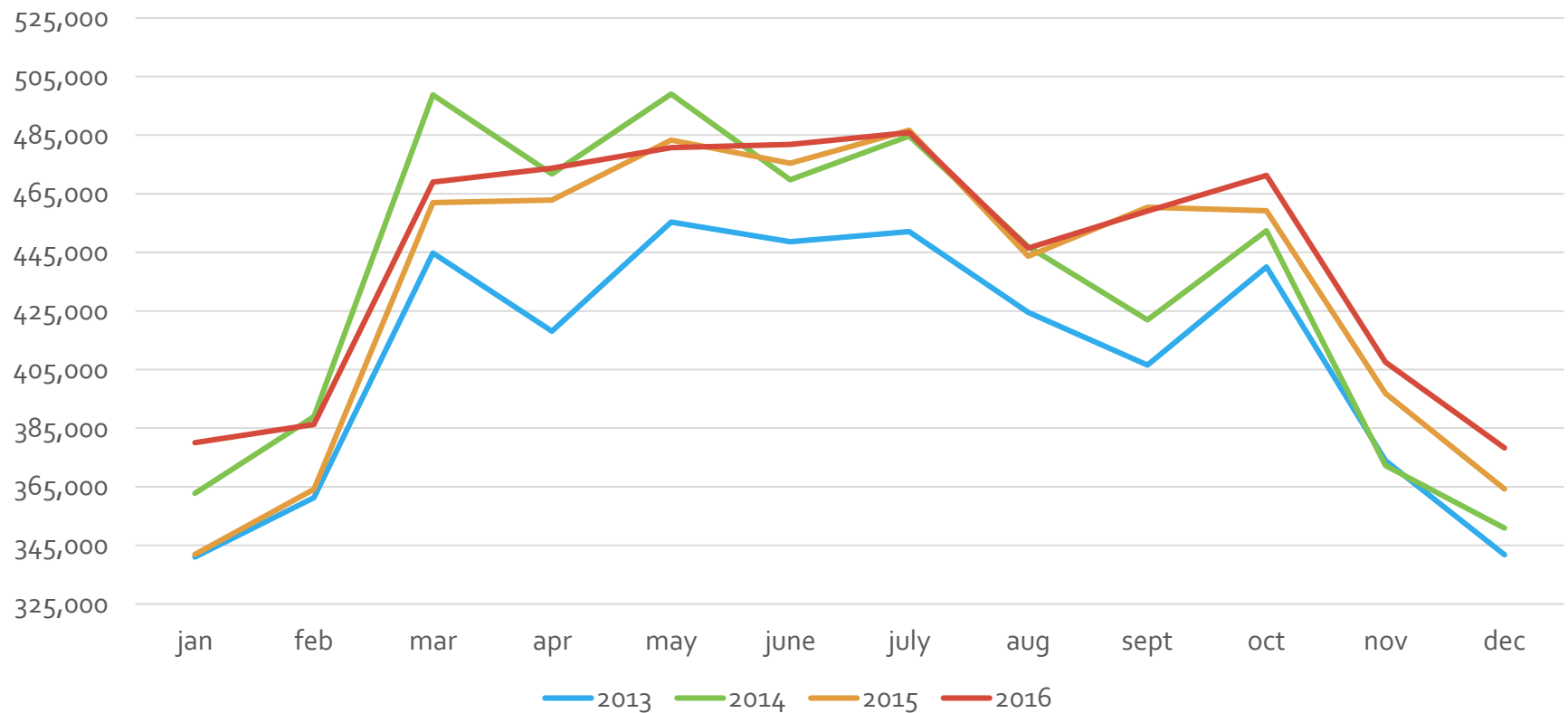
Memphis Lodging Market

Supply/Demand



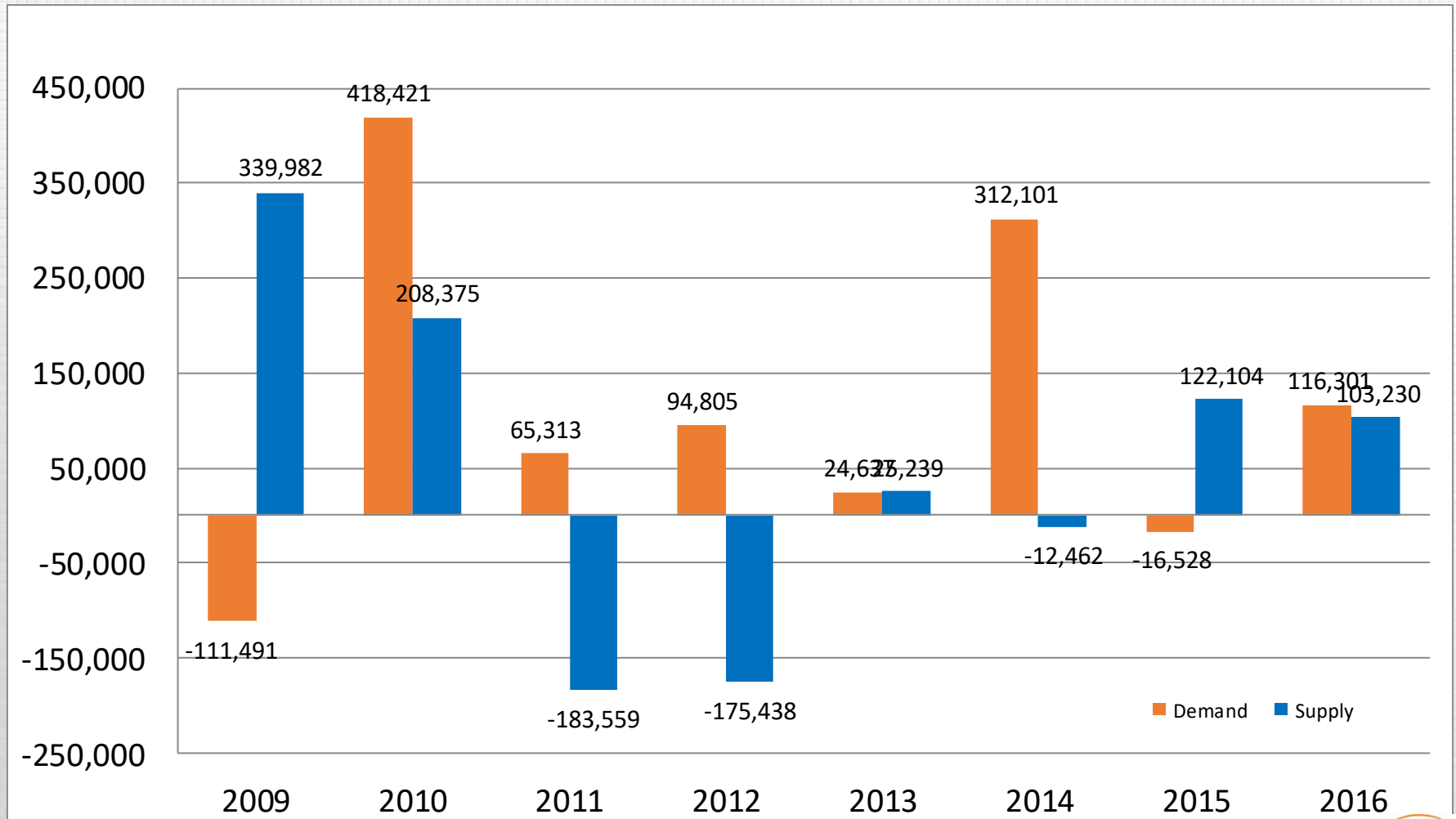
Memphis Lodging Market

Monthly Room Nights



Memphis Lodging Market

Change in Room Night Supply & Demand



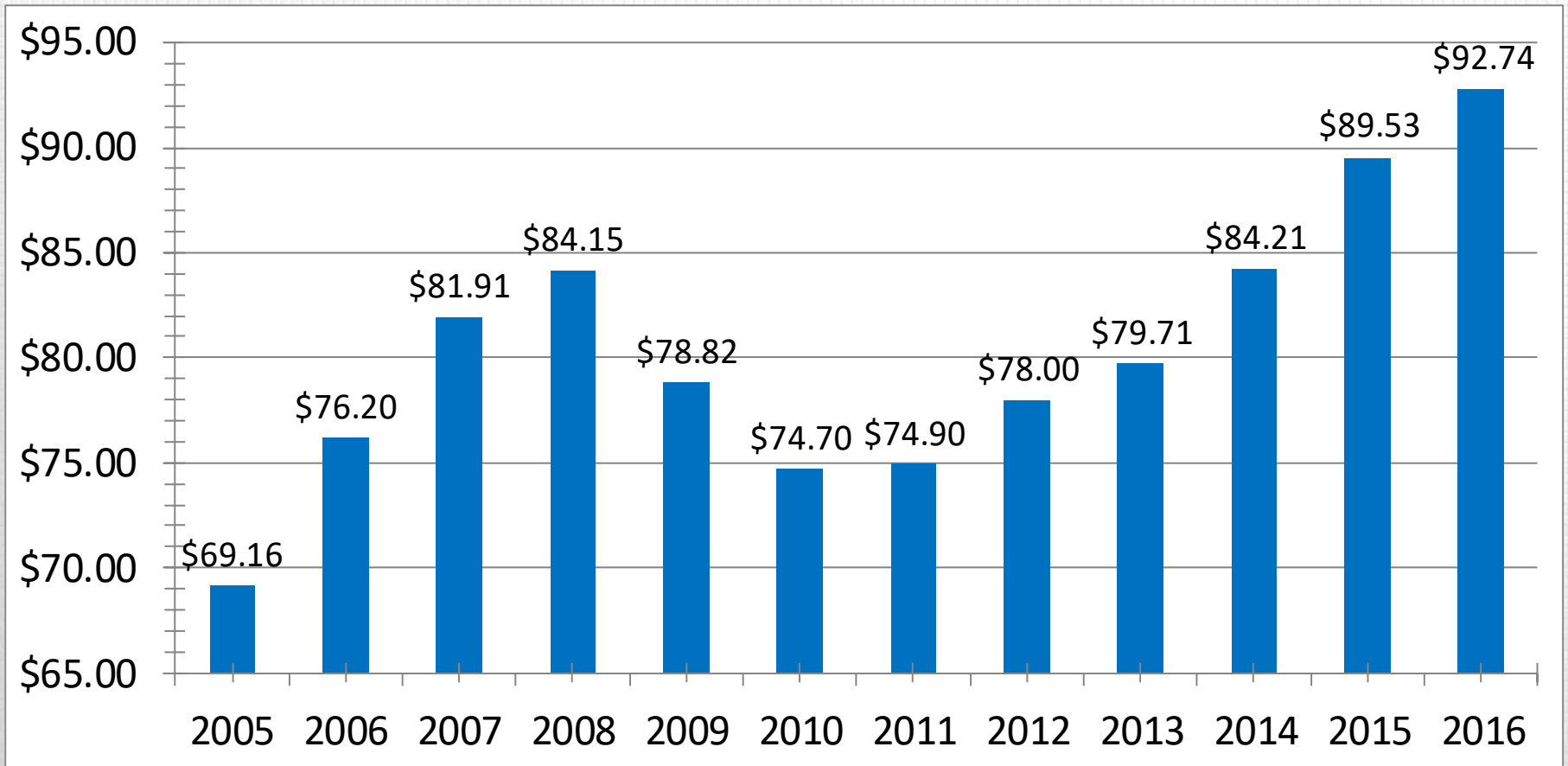
Memphis Lodging Market vs Total U.S.

% Change 2016 vs 2015

	Memphis	U.S.
Room Supply	1.3%	1.6%
Room Demand	2.2%	1.7%
Room Revenue	5.9%	4.8%
Occupancy	1.0%	0.1%
ADR	3.6%	3.1%
RevPAR	4.6%	3.2%

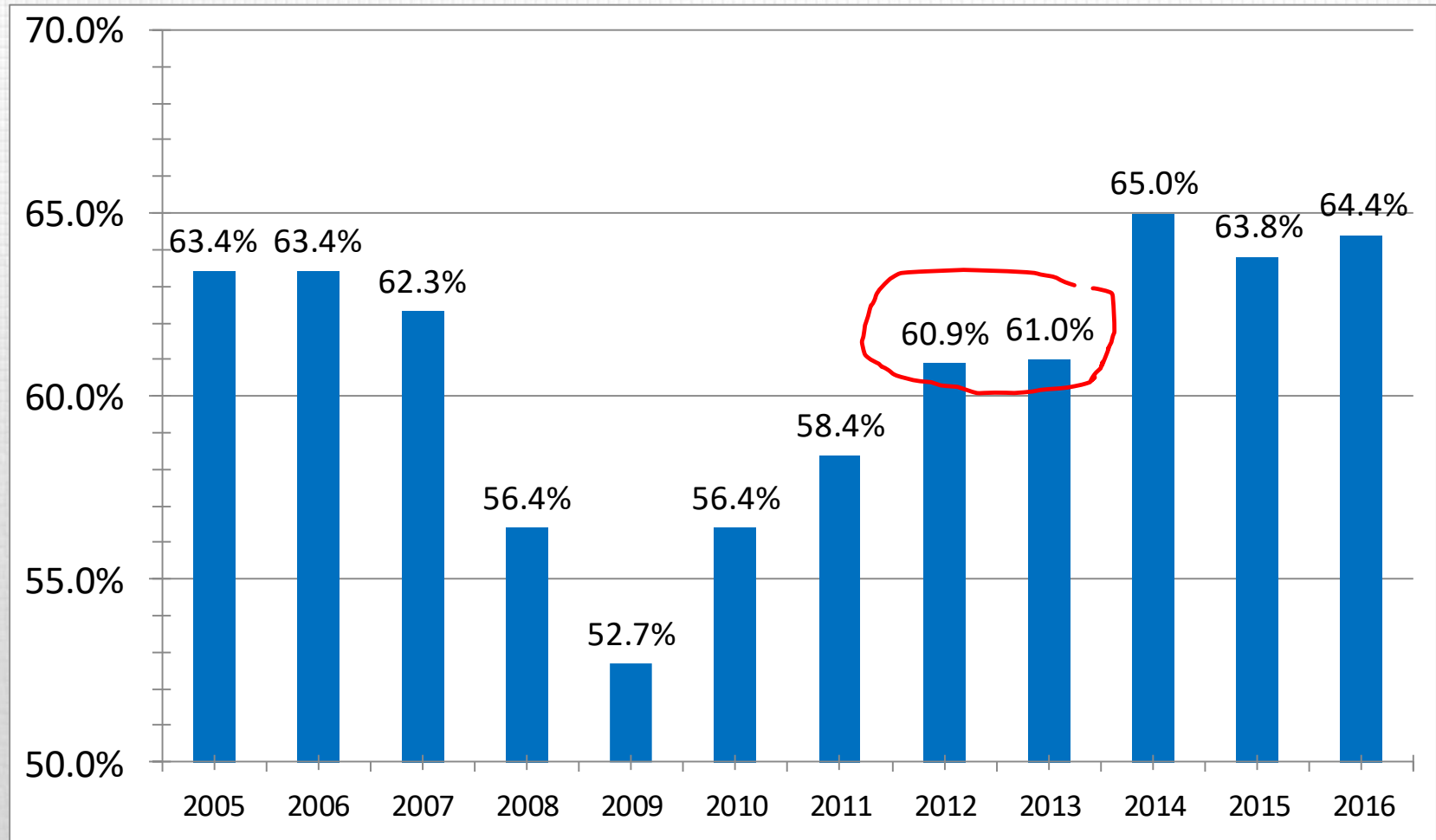
Memphis Lodging Market

Average Rate



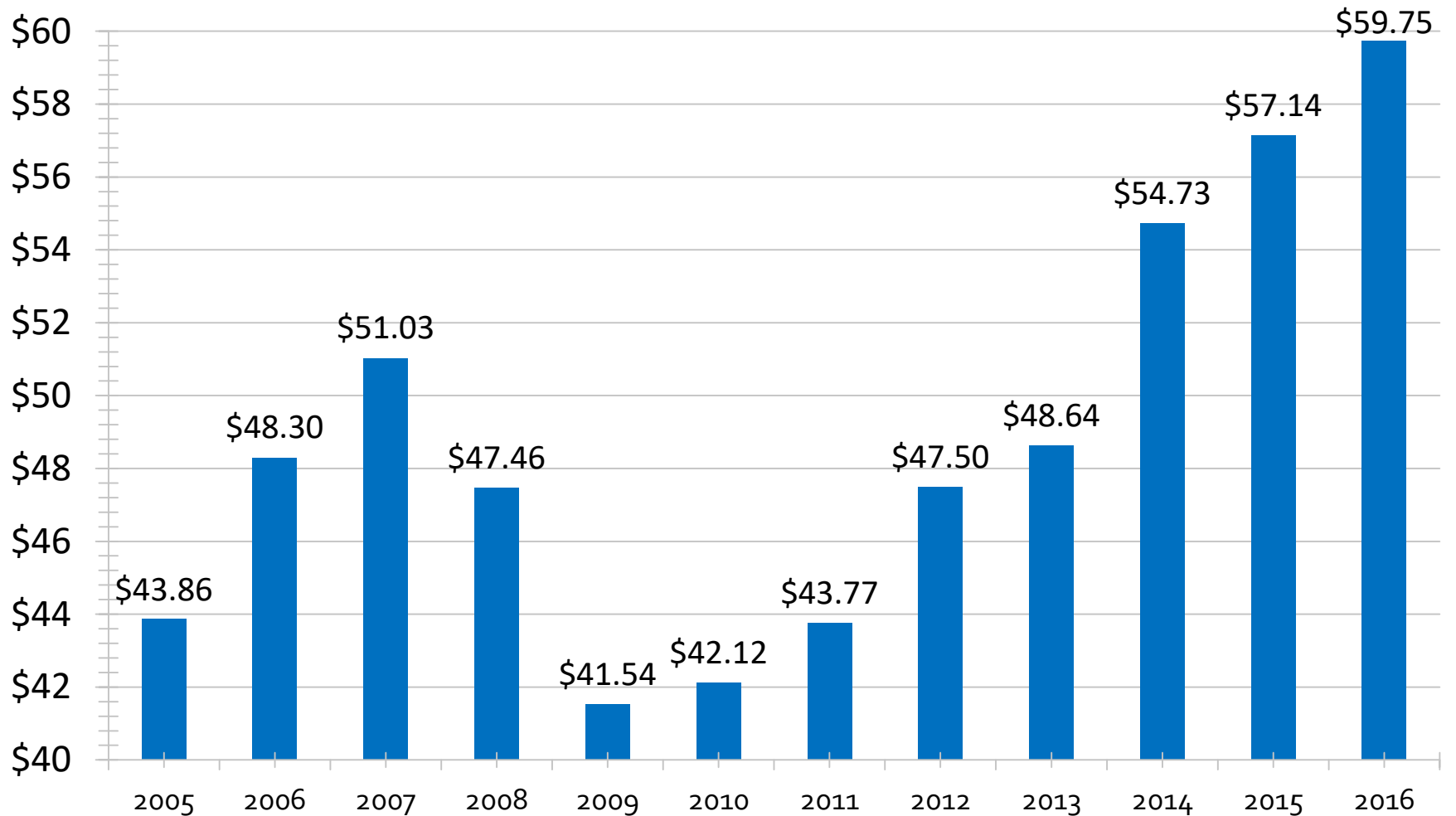
Memphis Lodging Market

Occupancy



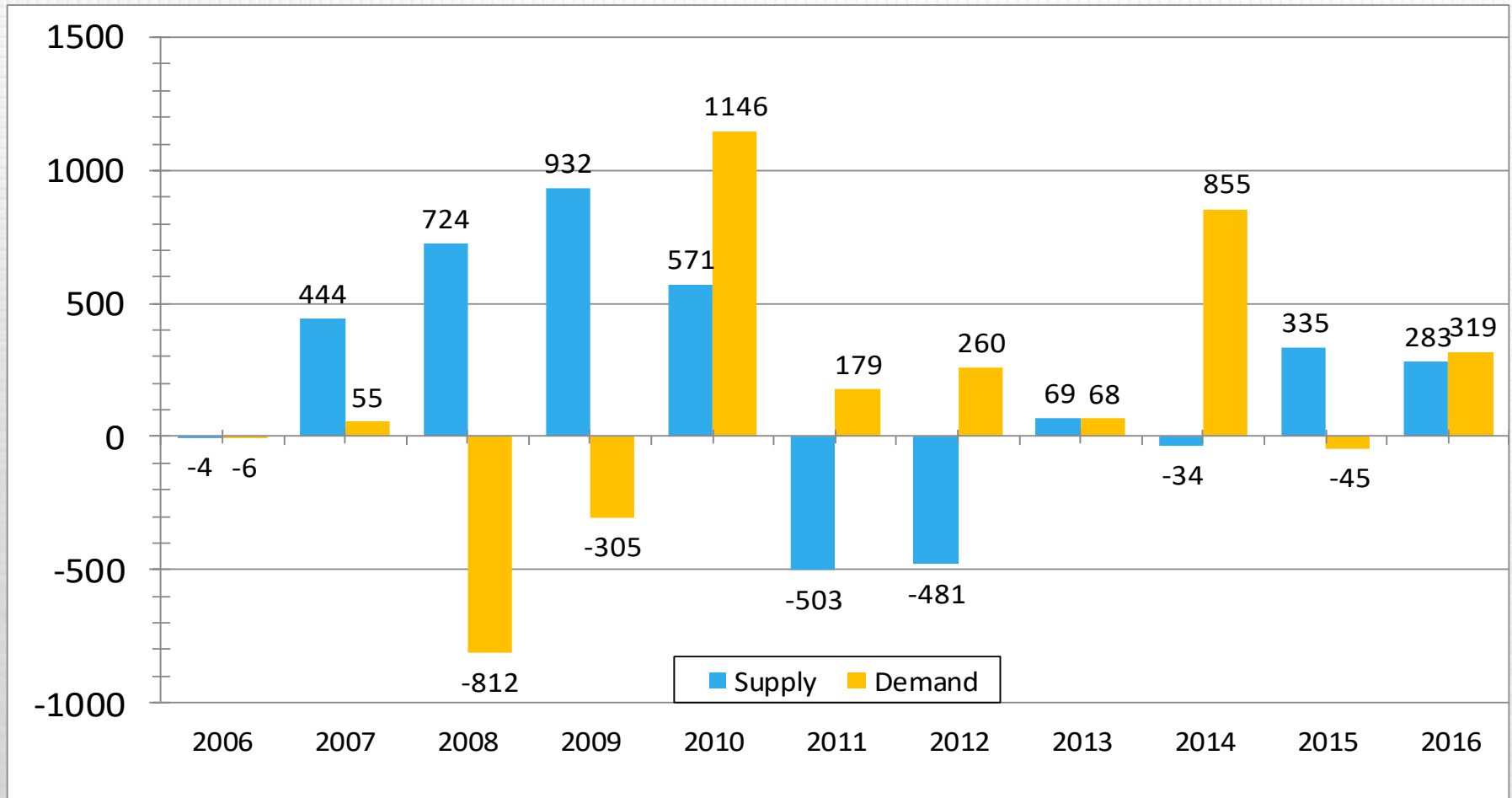
Memphis Lodging Market

RevPAR



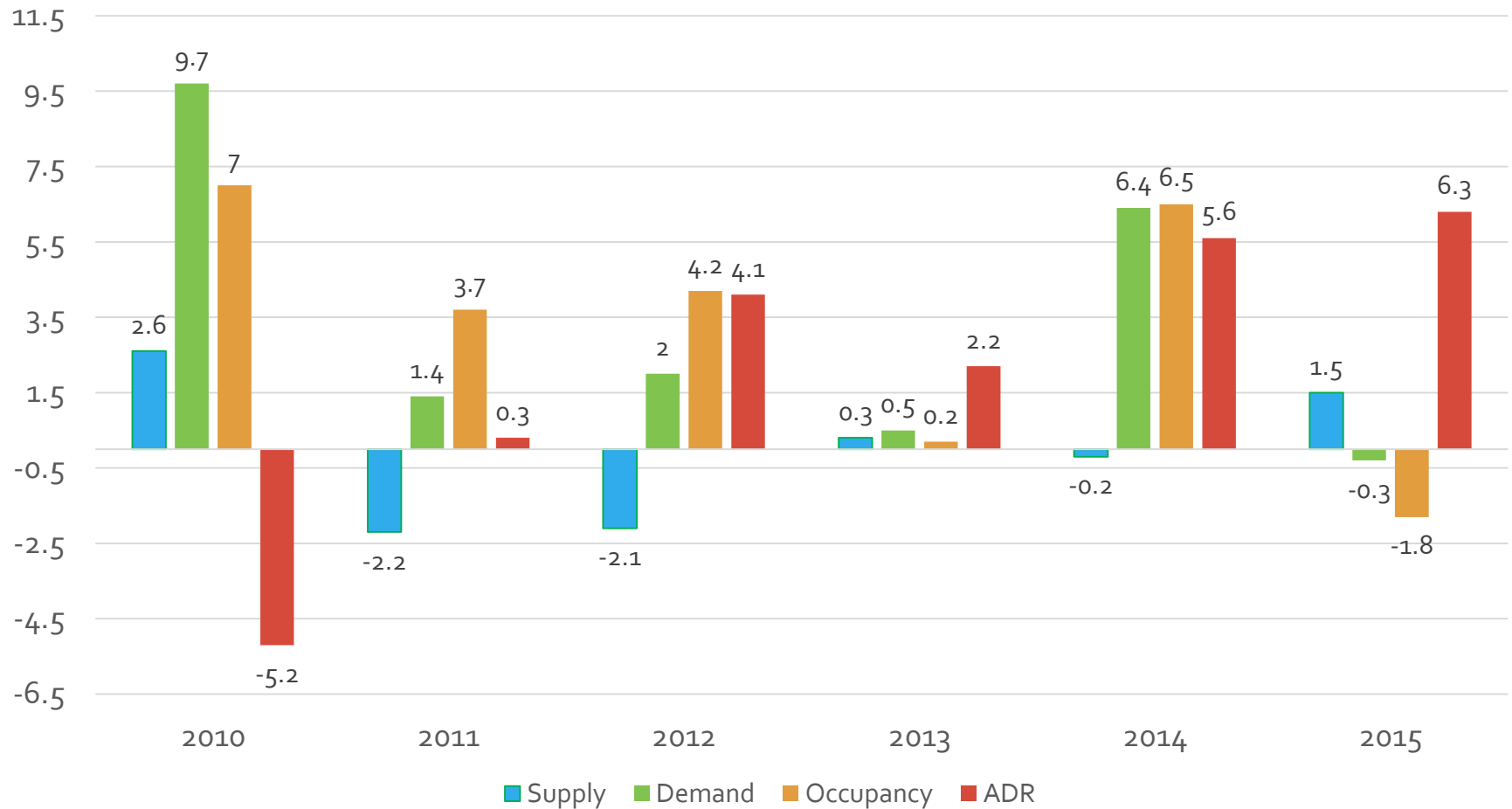
Memphis Lodging Market

Average Daily Change - Supply/Demand



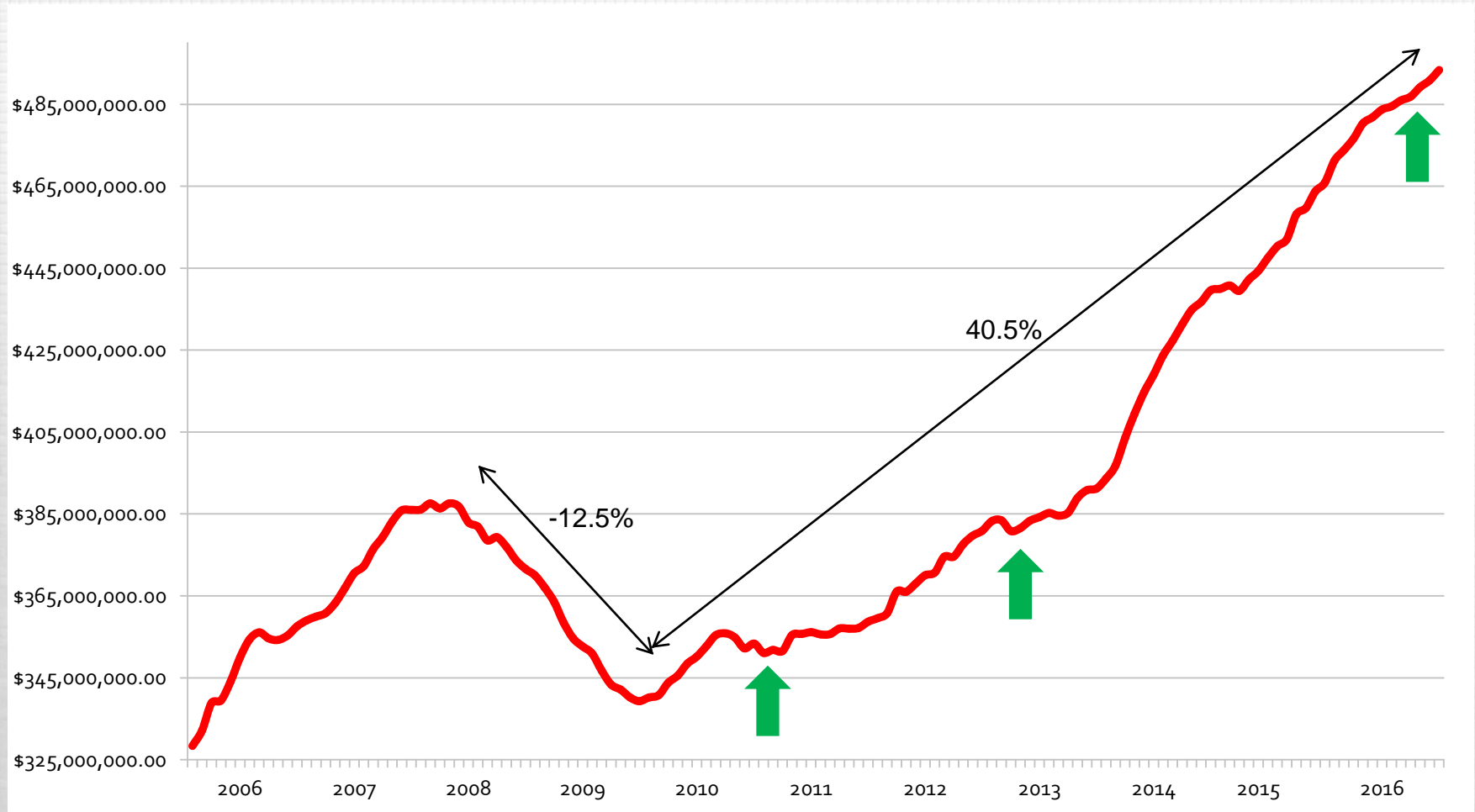
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% Change Key Indicators



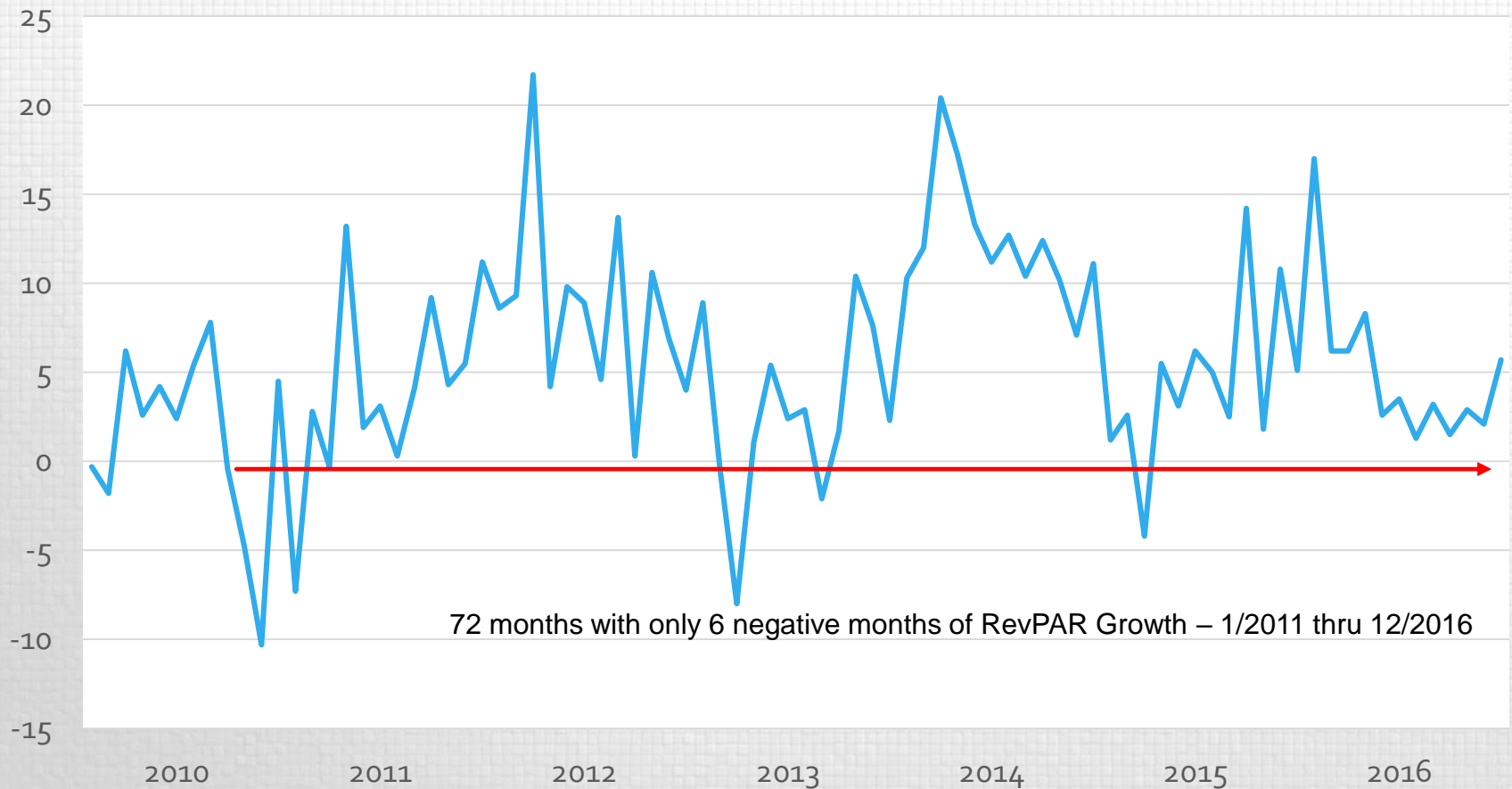
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12 Month Moving Avg Revenue



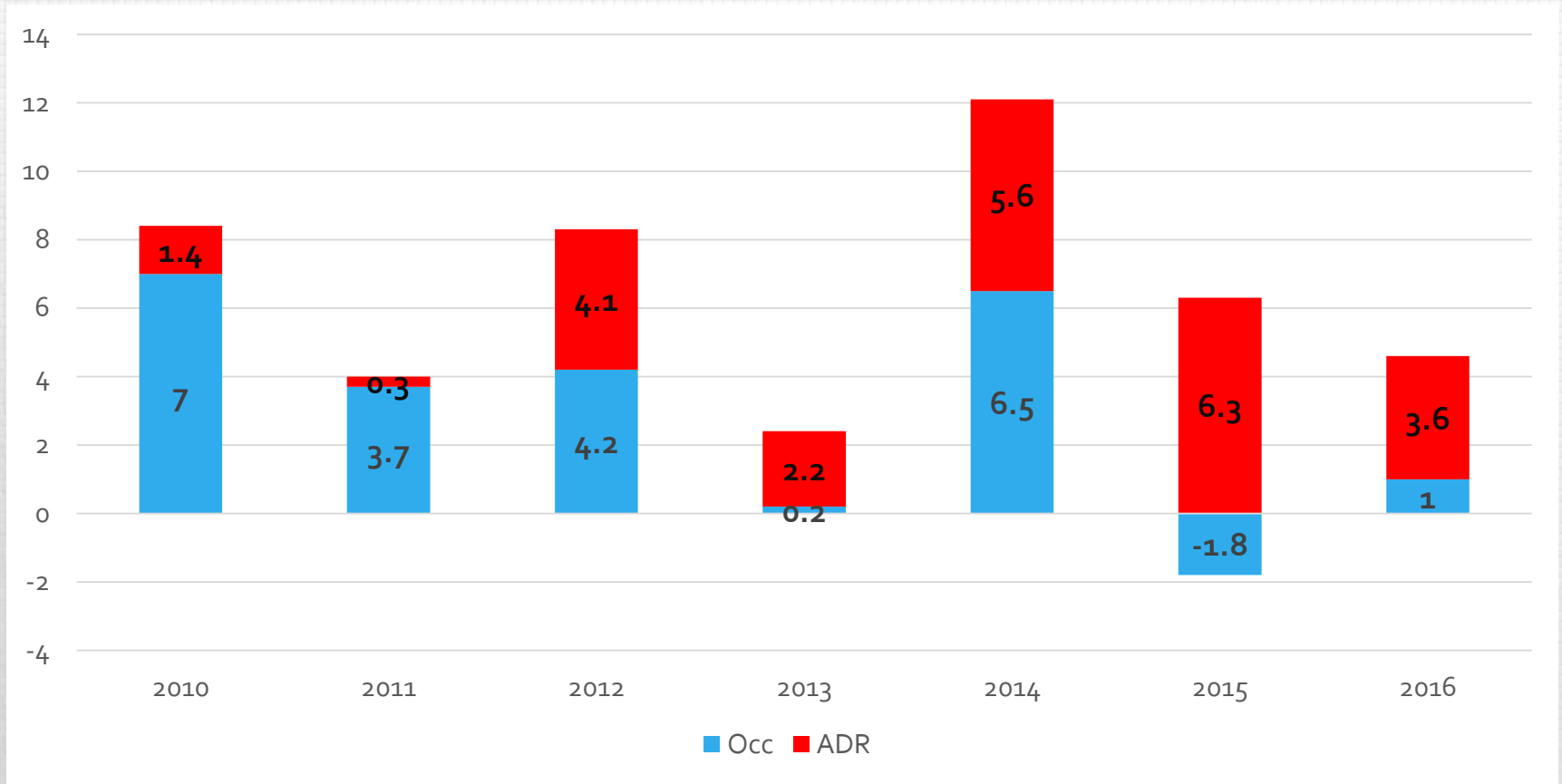
Memphis Lodging Market

RevPAR Growth



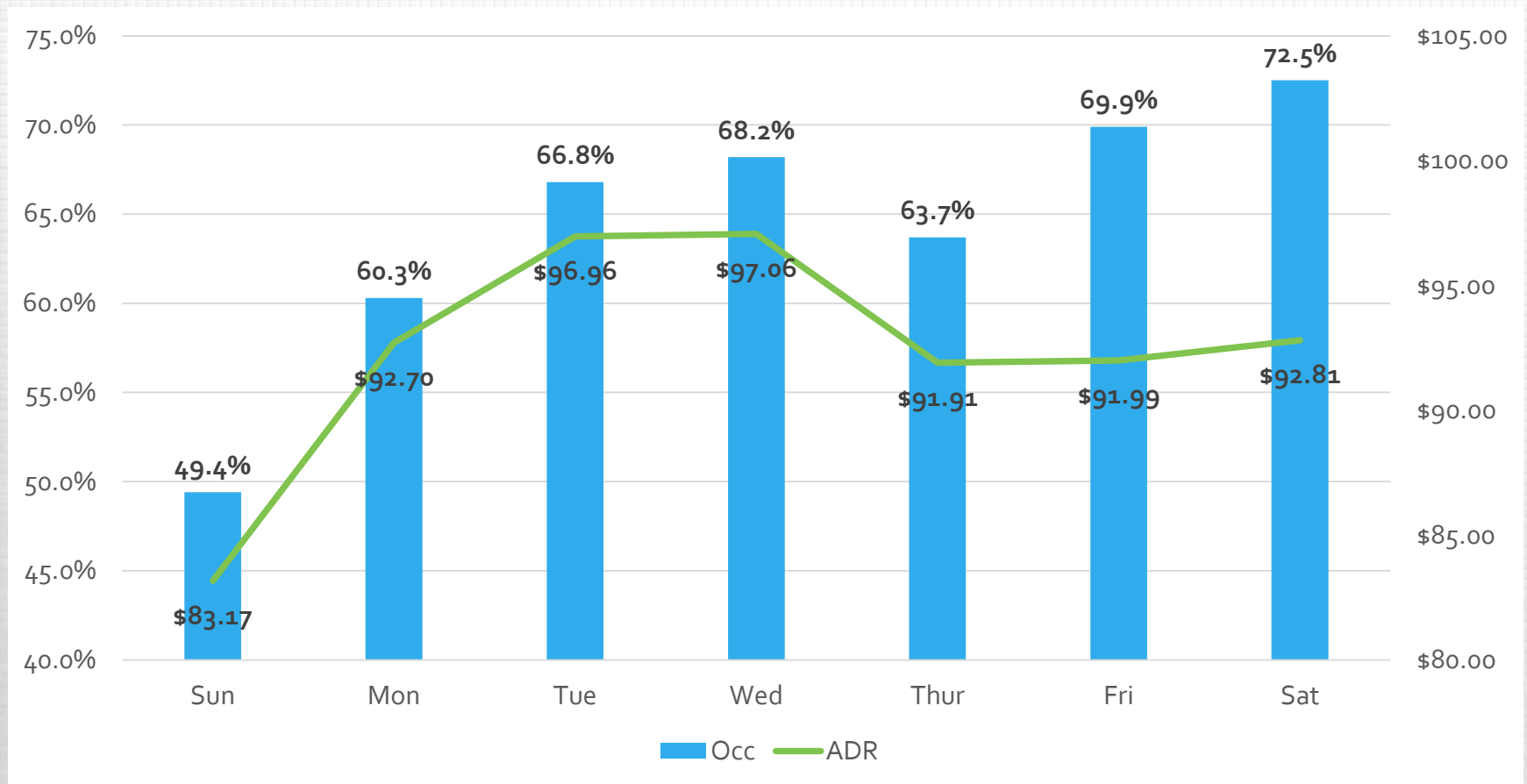
Memphis Lodging Market

RevPAR Composition- % Change by Contribution



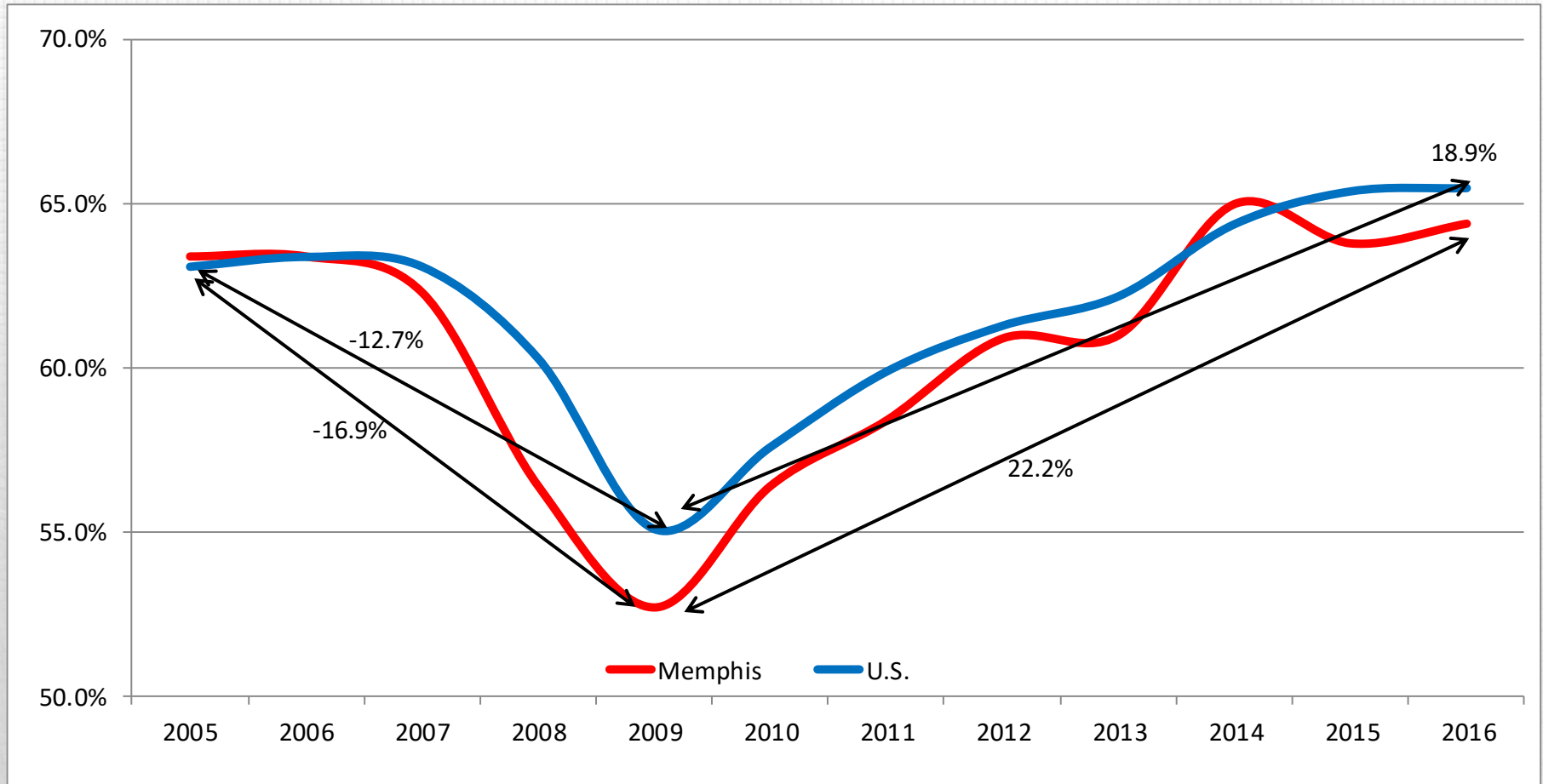
Memphis Lodging Market

Weekday/Weekend for 2016



Occupancy Trend Comparison

Memphis/U.S.



Memphis Lodging Market

Properties by Size

# Rooms	# Properties
600+	1
400 – 599	3
300 - 399	1
200 - 299	9
100 - 199	81
100 or less	155

Memphis Lodging Market

Properties by Opening Date

Year	# Properties	# Rooms
U/C	6	619
2016	4	604
2015	5	477
2014	0	0
2013	1	105
2012	0	0
2011	0	0
2010	3	265
2009	9	737
2008	13	1,176
2007	6	574

Only 2 hotels with more than 200 rooms opened during this period
 41 hotels with 3,938 rooms, average size 96 rooms

Memphis Lodging Market

Pipeline

Final Planning

- Aloft Dtwn
- Hilton Garden Inn Dtwn
- Cambria Suites Dtwn
- Comfort Suites Dtwn
- HGI/Home2 Gtwn
- Home2 Suites Wolfchase
- Hilton Garden Olive Branch
- Home 2 Olive Branch
- TownePlace Olive Branch
- La Quinta Olive Branch
- HI Express Elvis Presley
-

Planning

- AC Hotel Dtwn
- HI Express Dtwn
- Homewood Suites Dtwn
- Boutique Hotel Madison Ave
- Boutique Hotel S. Main St
- Police Station Hotel Dtwn
- Curio S. Main Train Station
- Benchmark/Fairfield Inn
- Convention Center Hotel
- Hyatt Place Dtwn
- Indigo Dtwn
- La Quinta Whitten Rd
- La Quinta West Mphs
- Fairfield Inn Marion

Memphis Lodging Market Pipeline

As of 12/31/2016

• Under Construction	6 Properties	619 Rooms
• Final Planning	11 Properties	1,345 Rooms
• Planning	14 Properties	1,952 Rooms

Memphis Lodging Market



Geographic Regions

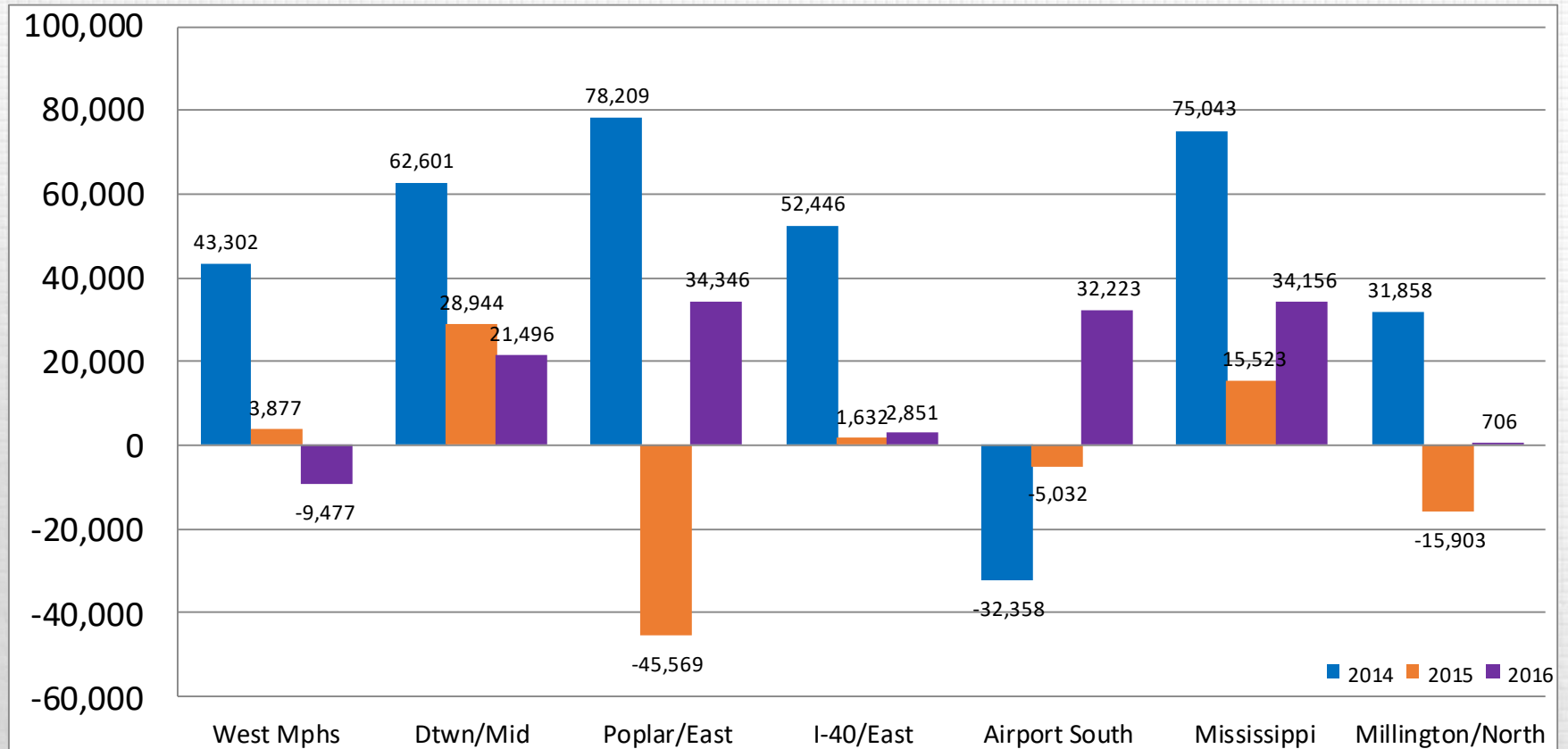
Memphis Lodging Market

Year End 2016
by Geographic Region

	ADR	Occ	RevPAR	# Rooms	# Properties
West Memphis	\$68.73	55.4%	\$38.04	1,645	26
Poplar/East	\$100.56	72.1%	\$72.50	5,237	43
East/I-40	\$70.56	60.2%	\$42.48	3,538	38
Airport/South	\$64.60	54.2%	\$35.01	4,844	50
Downtown/Midtown	\$138.88	69.9%	\$97.02	4,043	35
Mississippi	\$91.46	72.9%	\$66.69	3,047	41
Millington/North/Other	\$66.09	54.7%	\$36.16	<u>1,033</u>	<u>19</u>
Citywide	\$92.74	64.4%	\$59.75	<u>23,387</u>	<u>253</u>

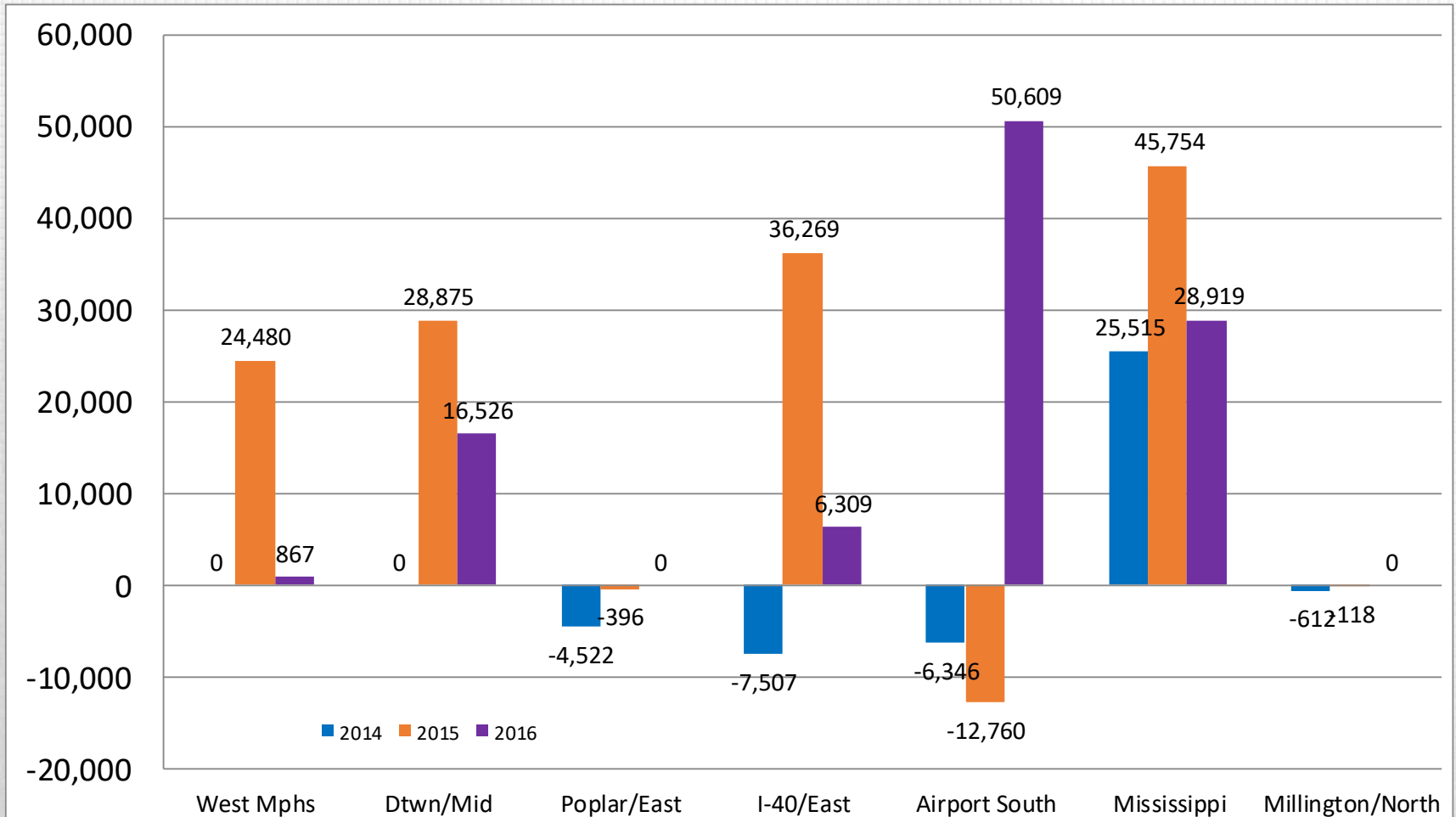
Memphis Lodging Market

Change in Room Night Demand



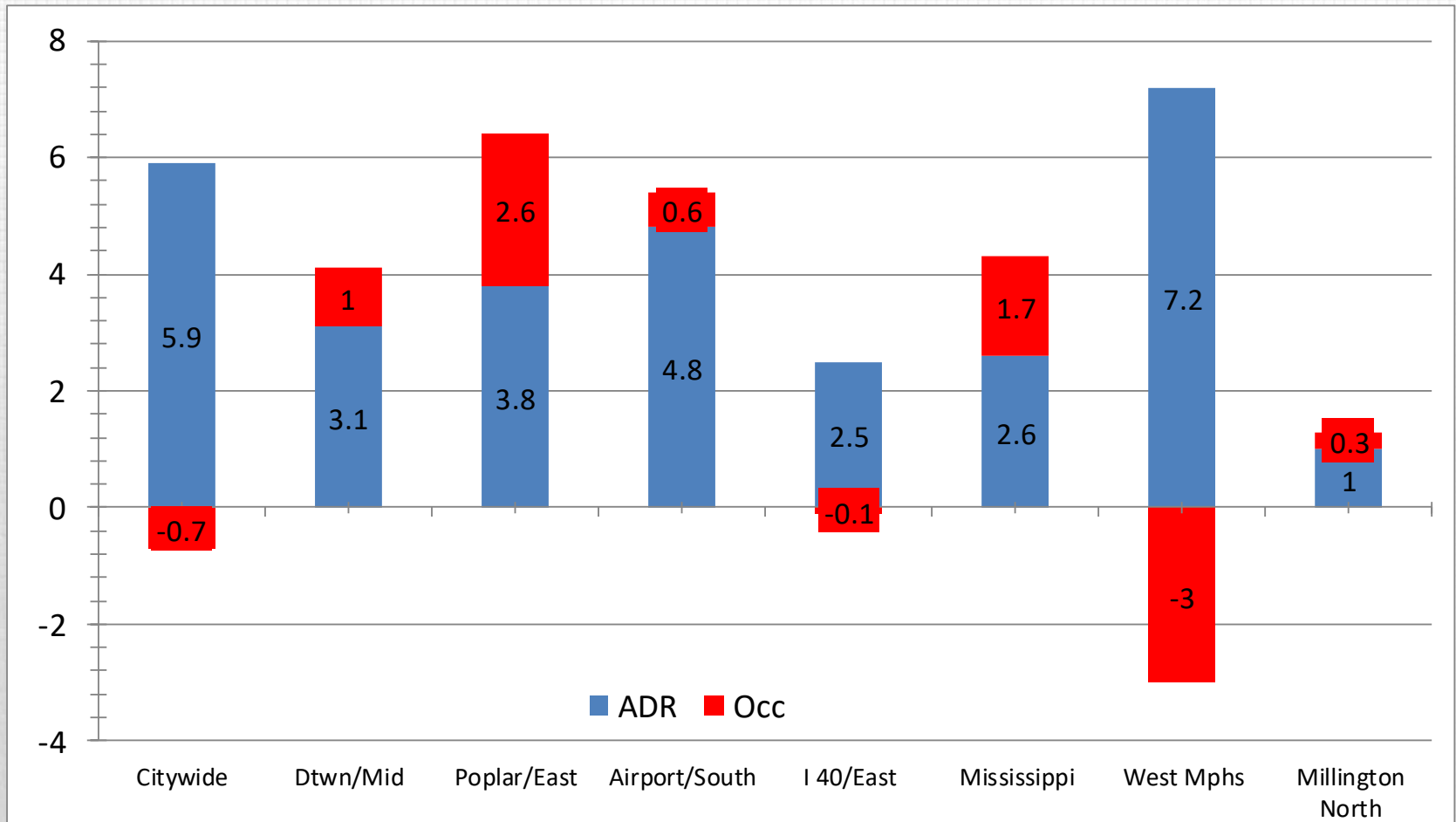
Memphis Lodging Market

Change in Room Night Supply

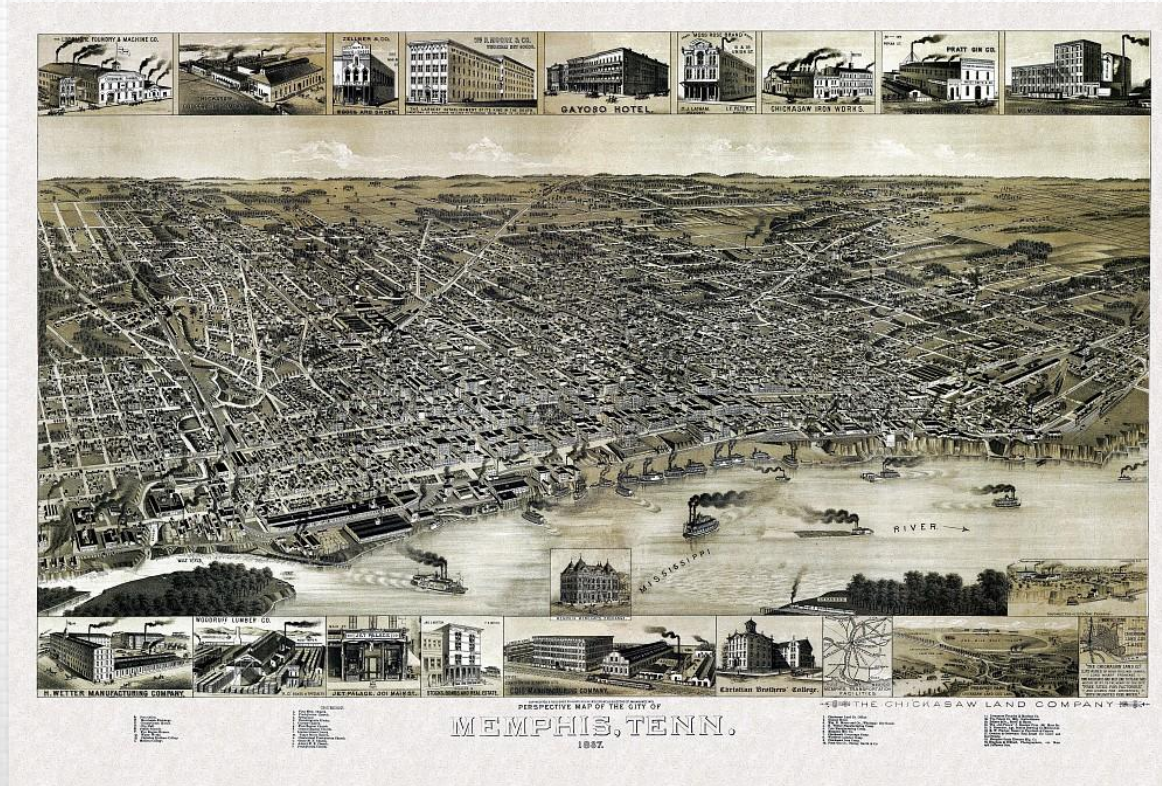


RevPAR Composition

% Change by Contribution 2016 vs 2015



Memphis Lodging Market



Chain Scale

Brand Distribution

of Properties

Top Brands by # of Properties

• Holiday Inn (14)	1,624 rooms
• Hampton Inn (13)	1,416 rooms
• Comfort Inn (11)	803 rooms
• Days Inn (9)	538 rooms
• Motel 6 (9)	592 rooms
• Quality Inn (8)	644 rooms
• Extended Stay America (7)	743 rooms
• Courtyard (7)	827 rooms
• Fairfield Inn (6)	493 rooms
• Super 8 (6)	387 rooms
• America's Best Value (6)	421 rooms

Memphis Lodging Market

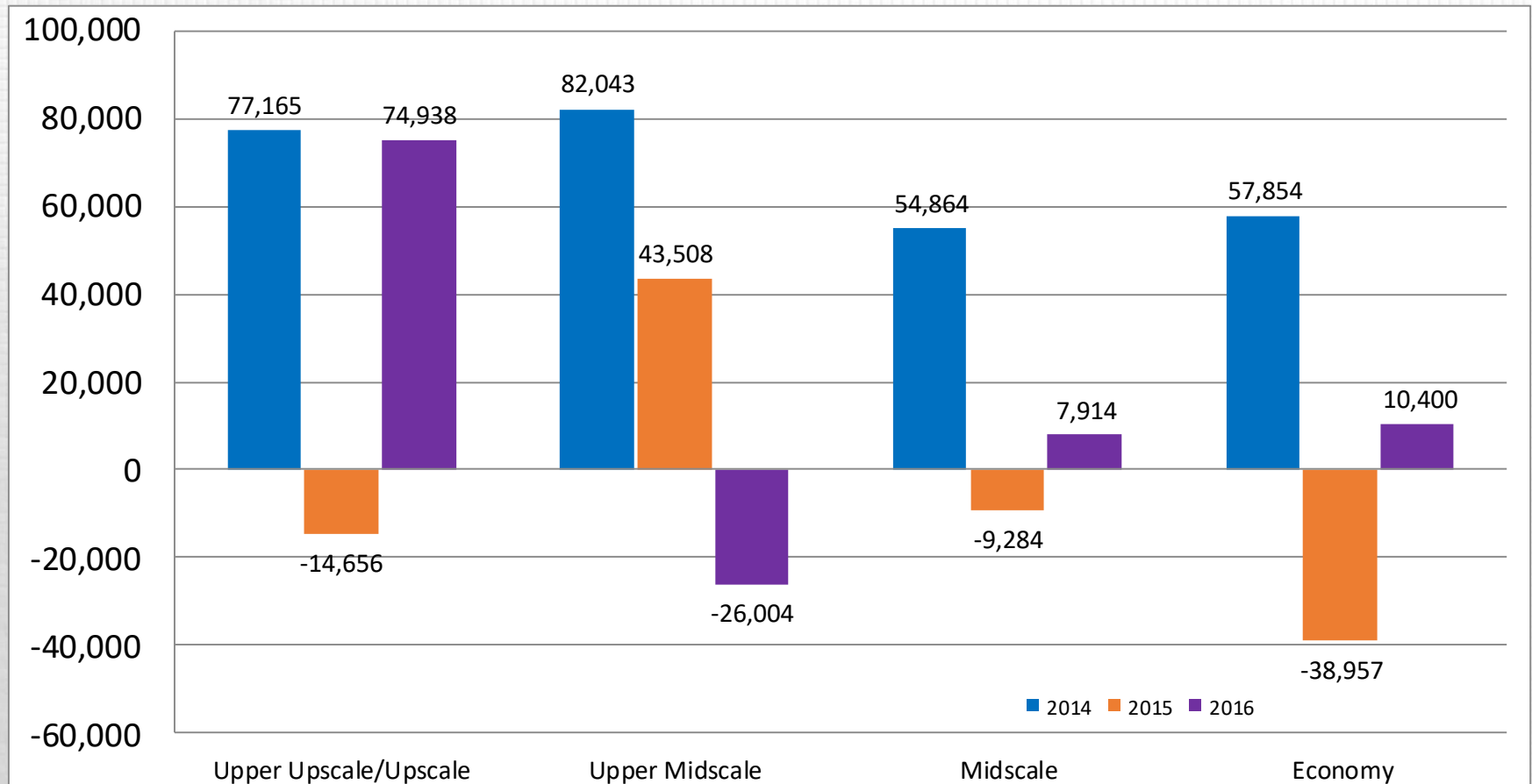
Year End 2016
by Chain Scale

	ADR	Occ	RevPAR	# Rooms	# Properties
Upper Upscale/ Upscale	\$124.50	73.9%	\$92.03	5,520	34
Upper Midscale	\$105.68	67.5%	\$71.30	4,994	51
Midscale	\$81.32	62.1%	\$50.51	2,180	26
Economy	\$47.77	58.3%	\$27.84	<u>4,936</u>	<u>62</u>
Citywide	\$92.74	64.4%	\$59.75	<u>23,387</u>	<u>253</u>

Does not include luxury or independent properties

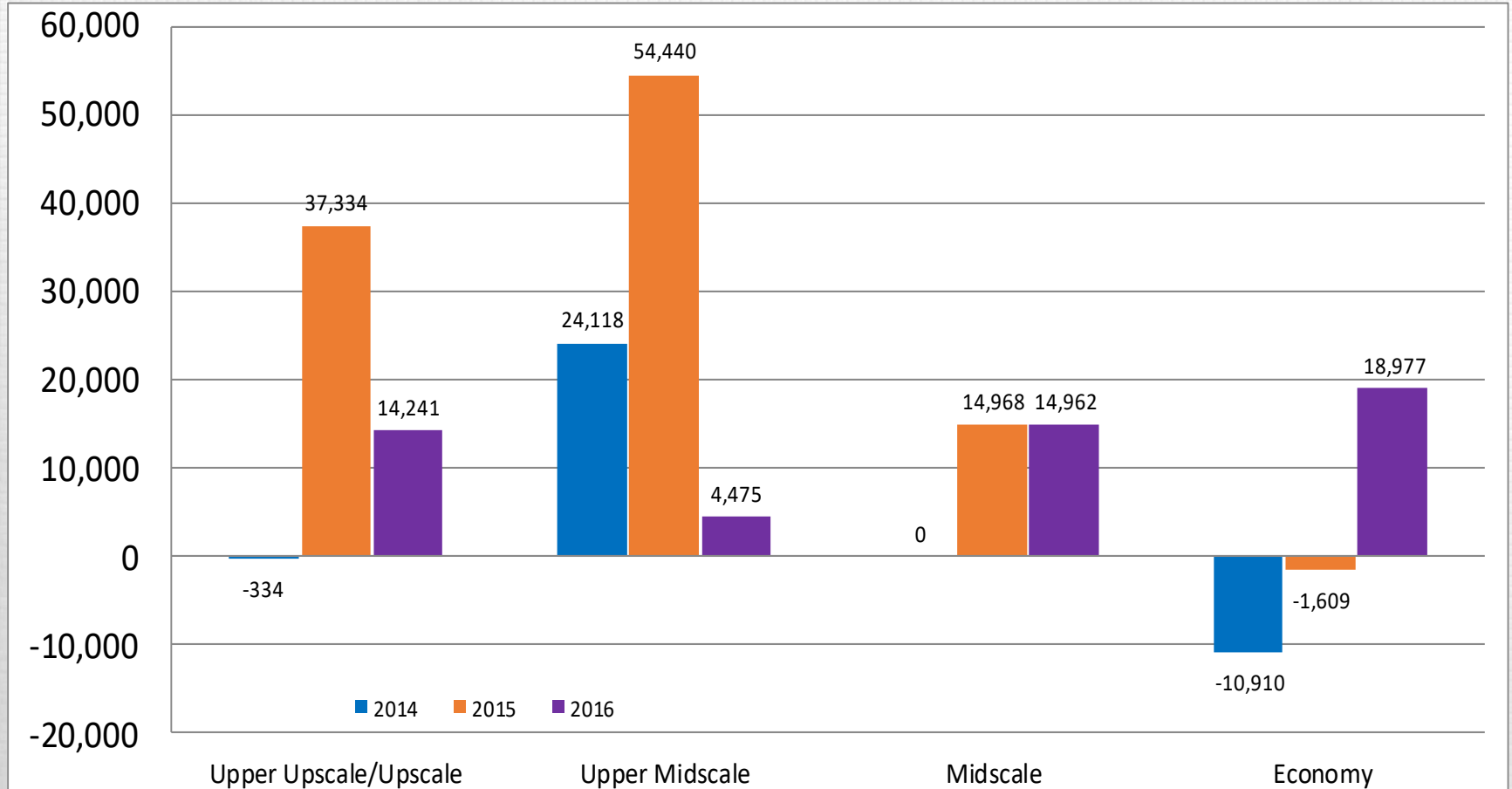
Memphis Lodging Market

Change in Room Night Demand



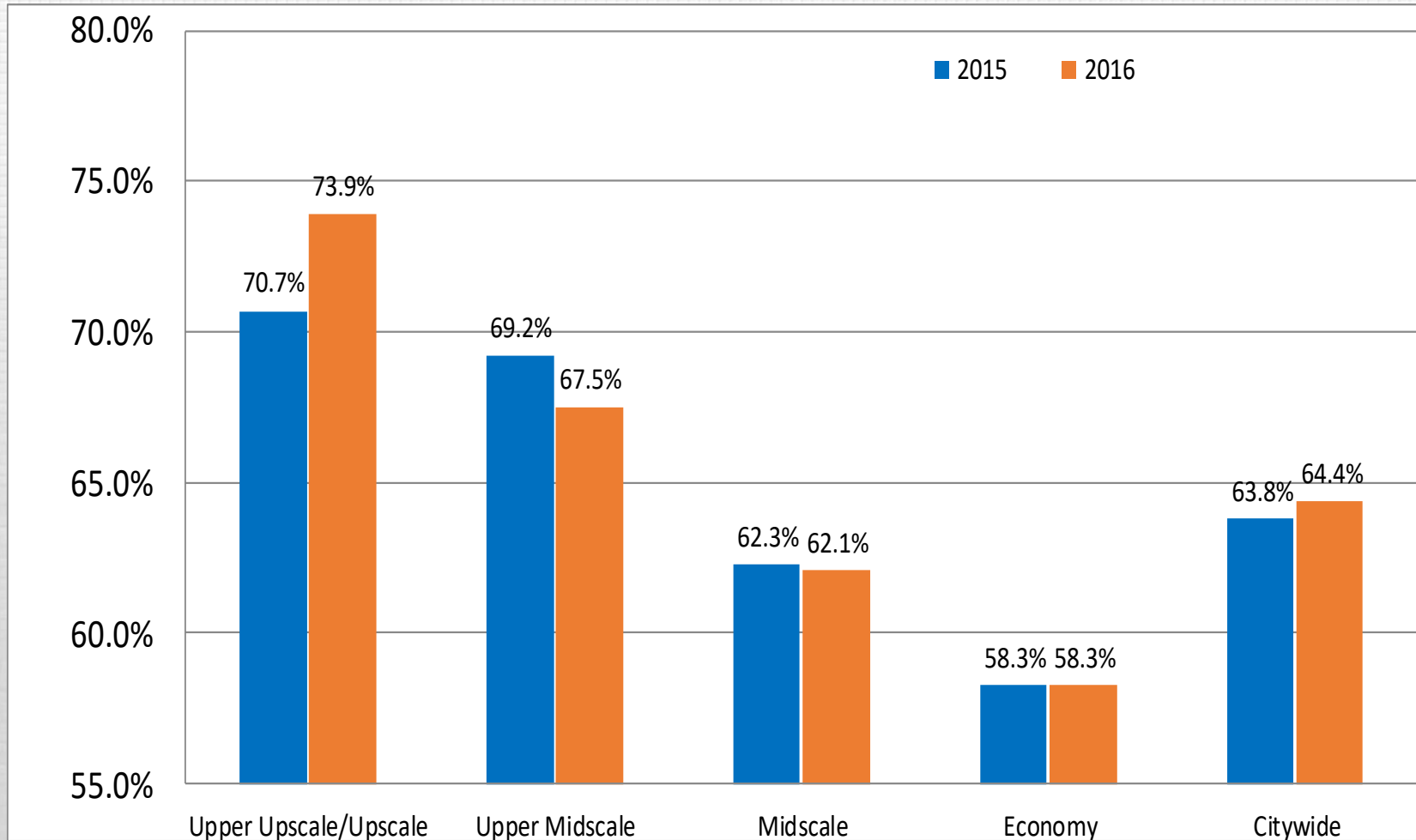
Memphis Lodging Market

Change in Room Night Supply



Memphis Lodging Market

Occ % 2016 vs 2015



Downtown Memphis



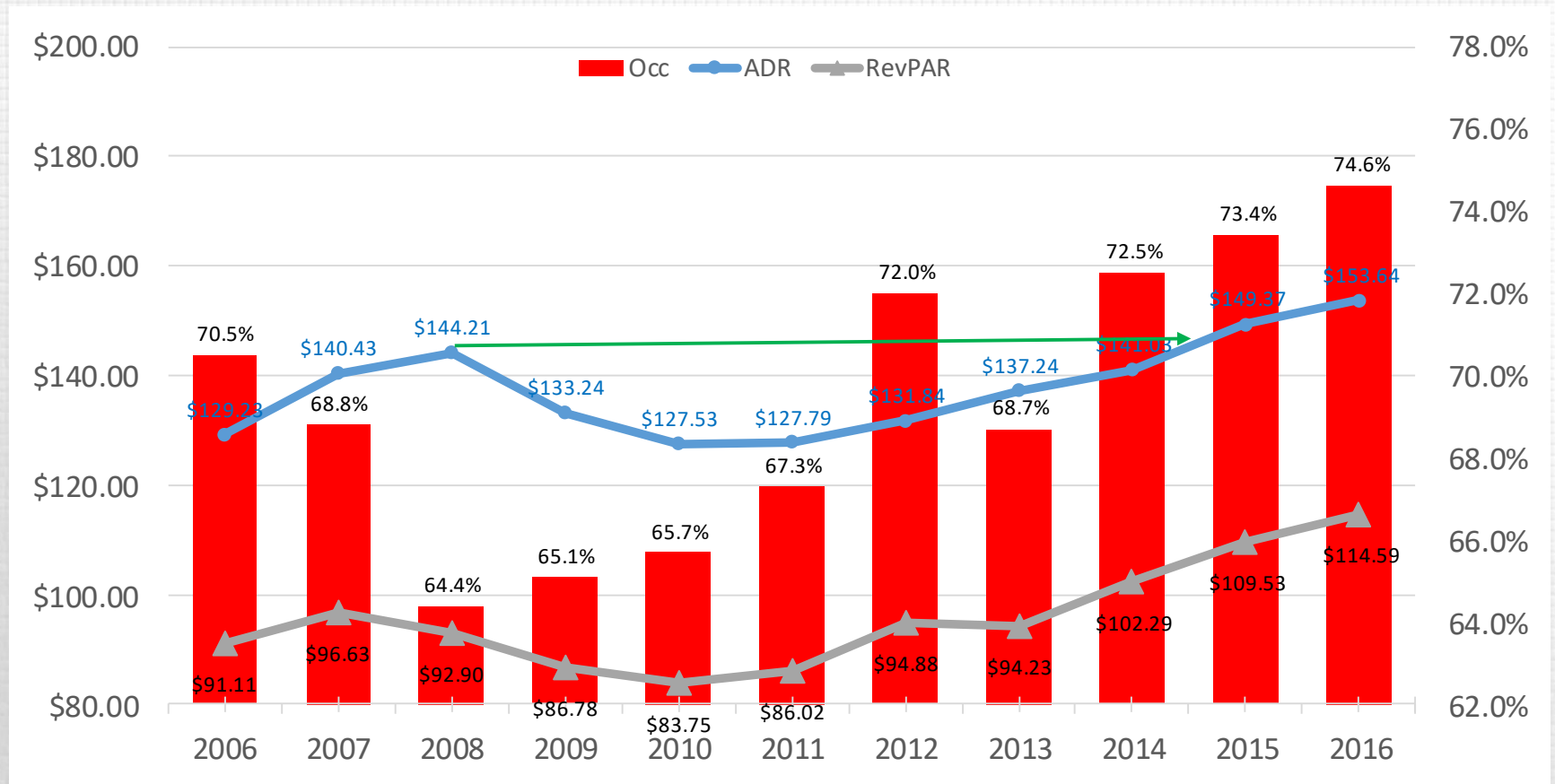
Downtown Memphis Hotels

as of 12/31/16

- Madison Hotel
- Springhill Suites
- Hampton Inn & Suites
- River Inn
- Westin Beale St
- Residence Inn
- Courtyard
- Peabody Hotel
- Sheraton Hotel
- Sleep Inn
- Comfort Inn
- Doubletree Hotel
- Holiday Inn
- Crowne Plaza
- Big Cypress Lodge
- Ascend Napoleon Hotel

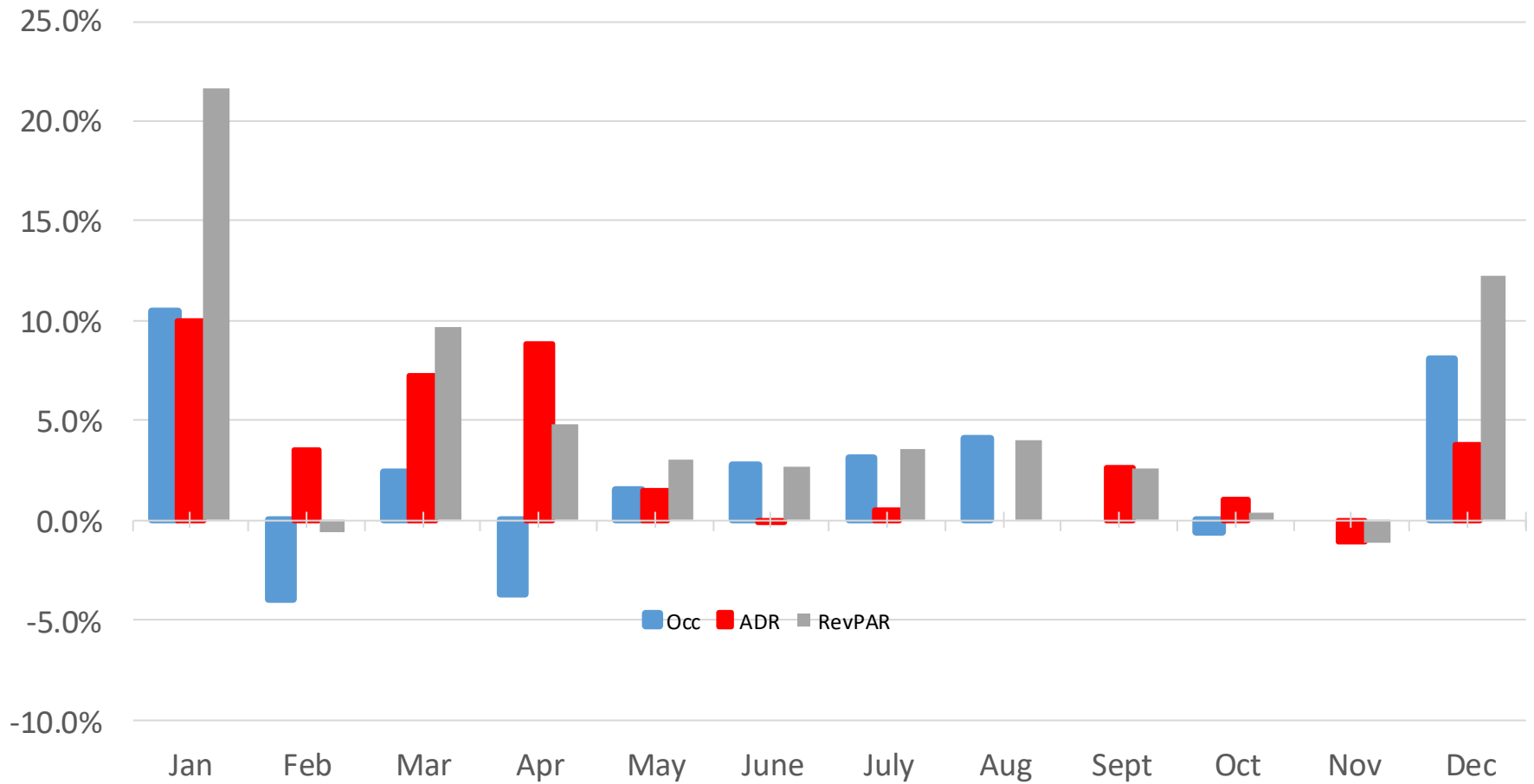
Downtown Memphis

2006 - 2016



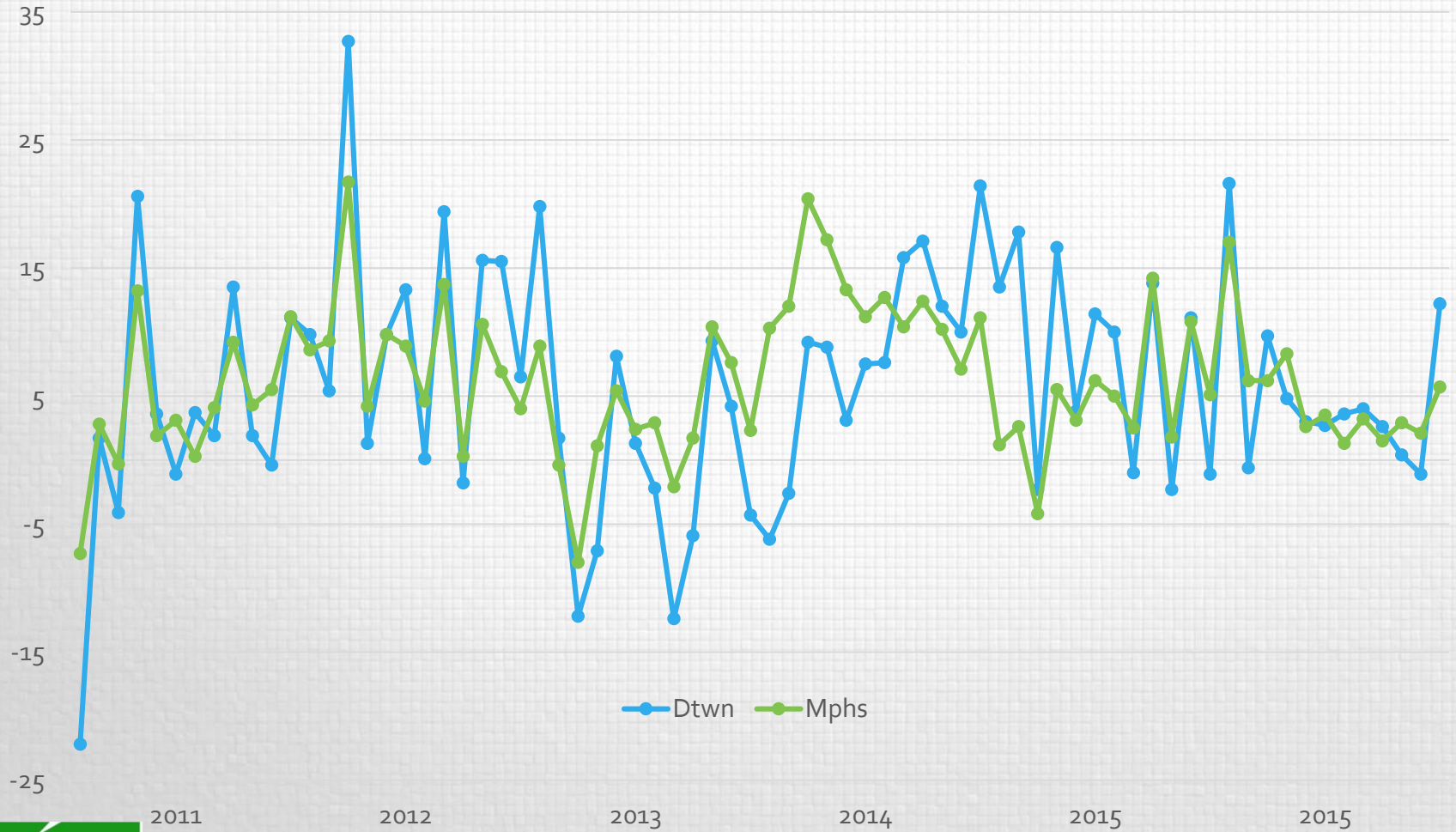
Downtown Memphis

% Change 2015-2016



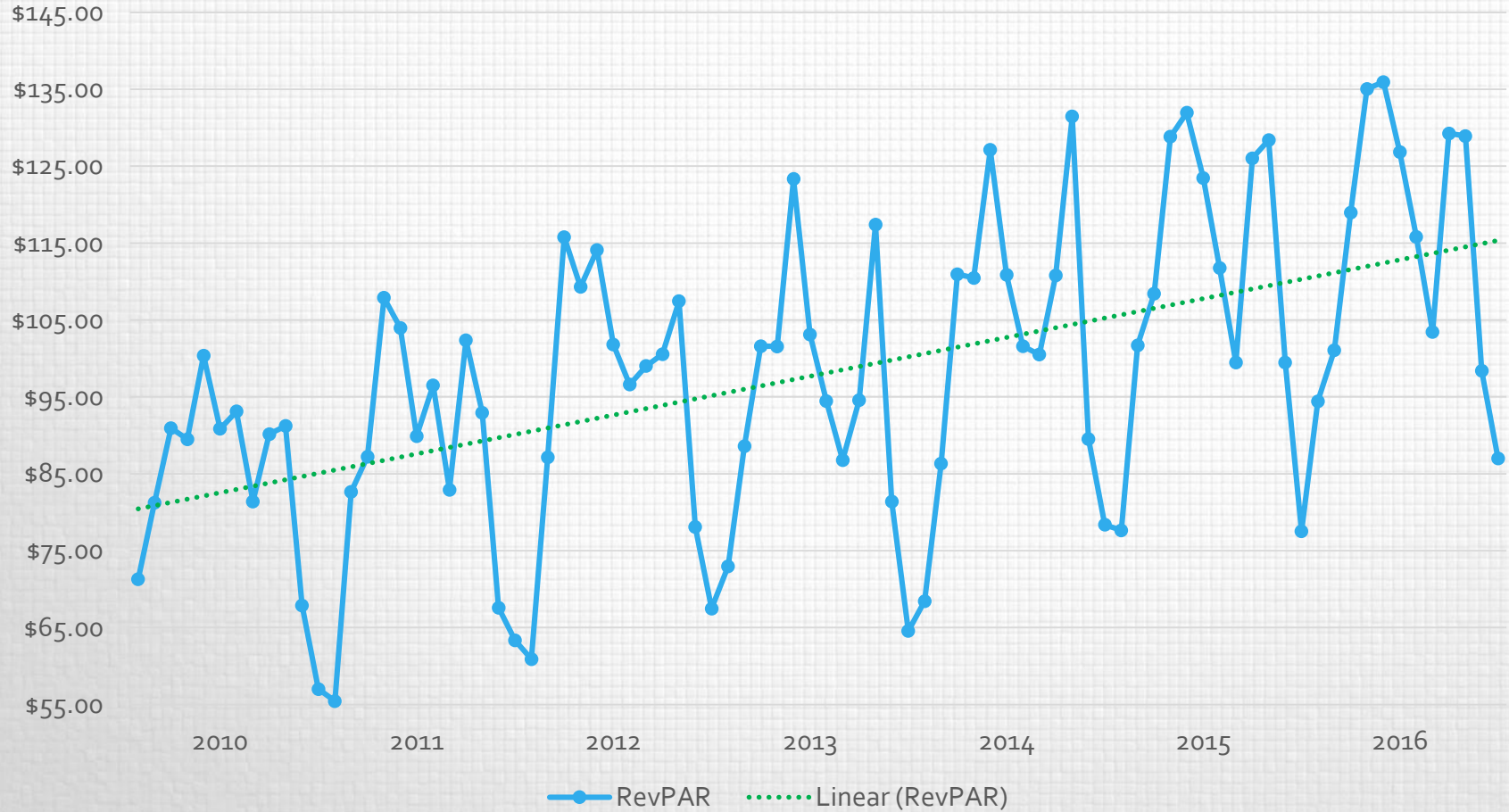
Downtown Memphis

12 Month Moving Avg RevPAR



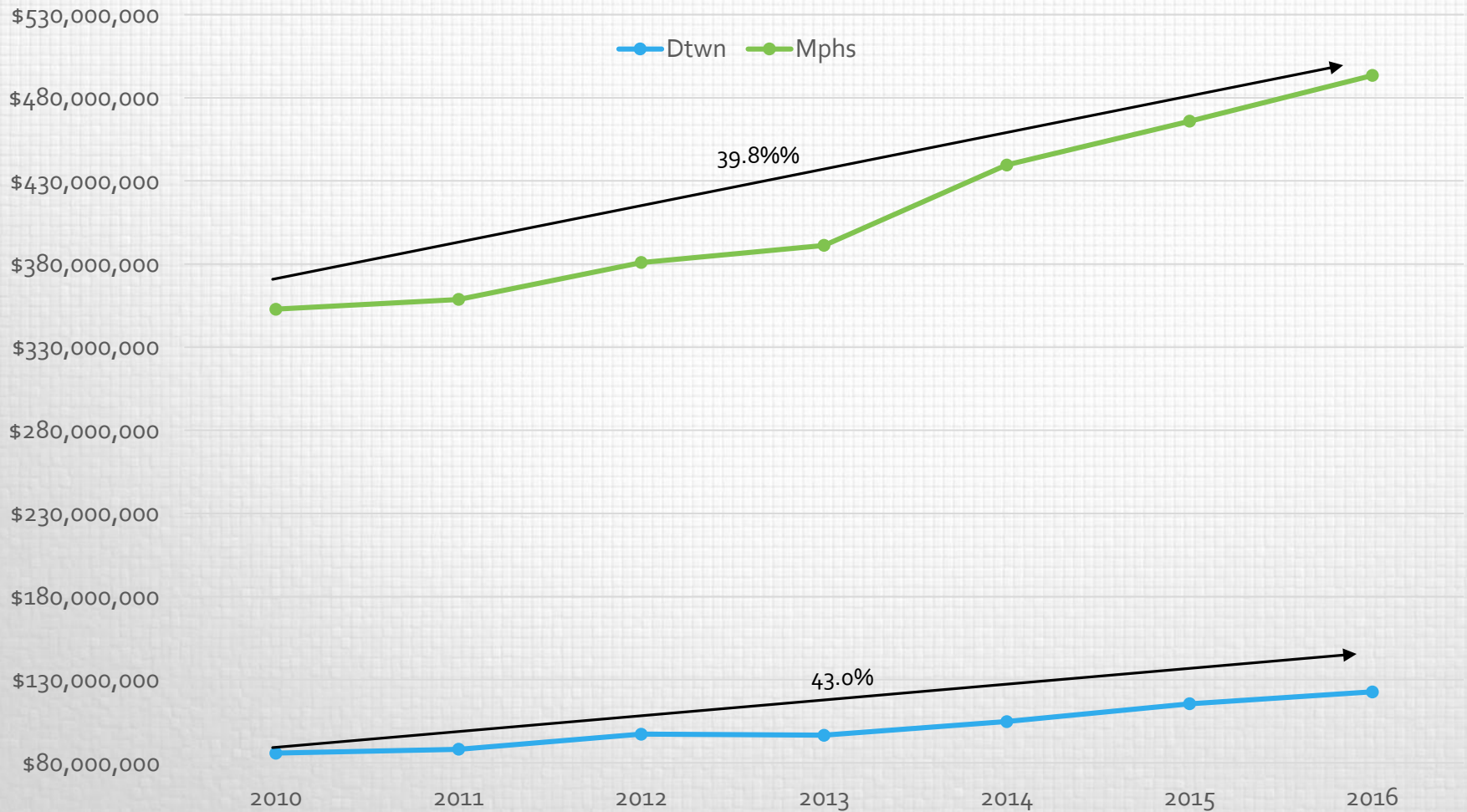
Downtown Memphis

RevPAR



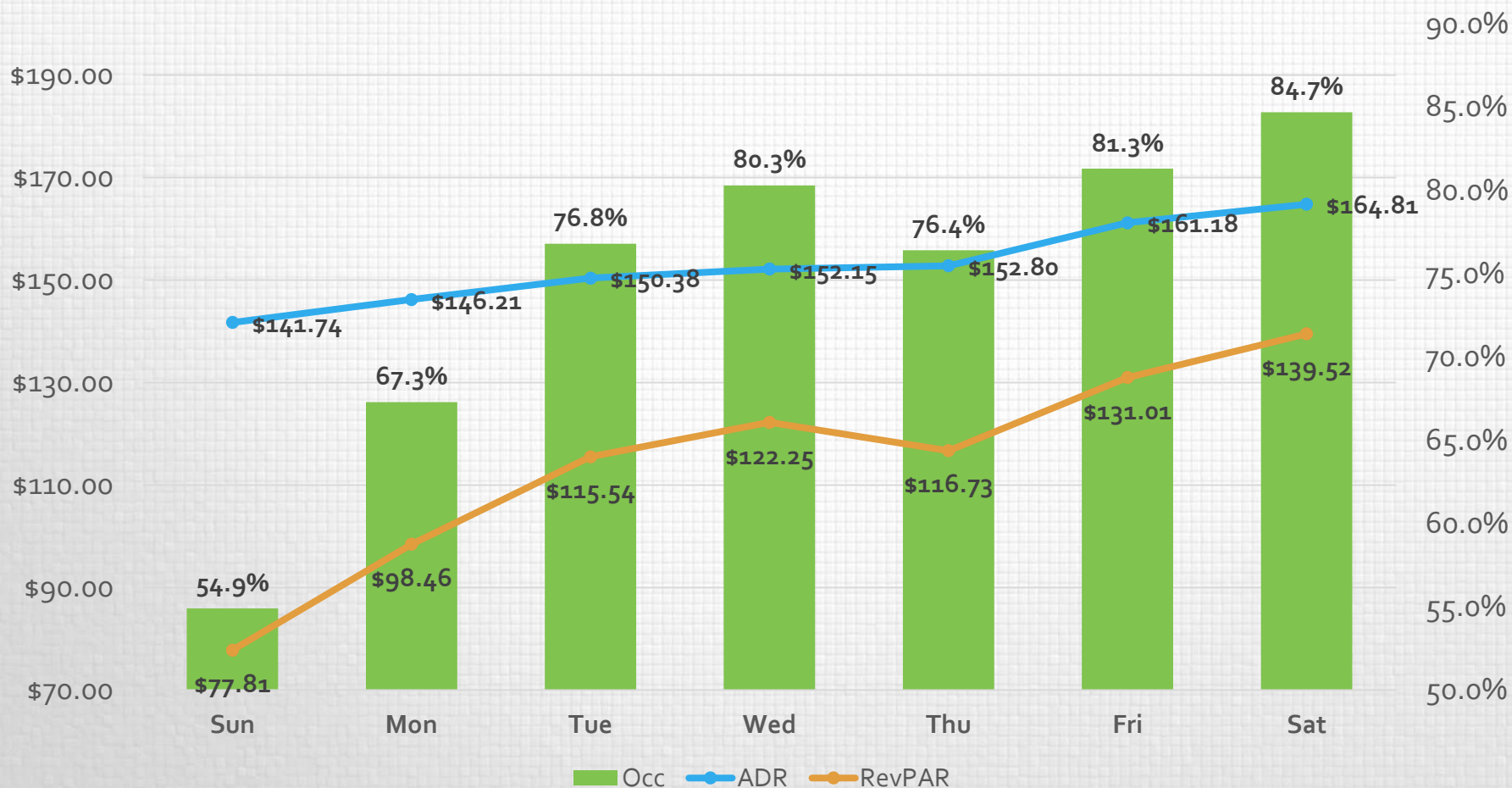
Downtown Memphis

Room Revenue



Downtown Memphis

Weekday/Weekend



Downtown Memphis

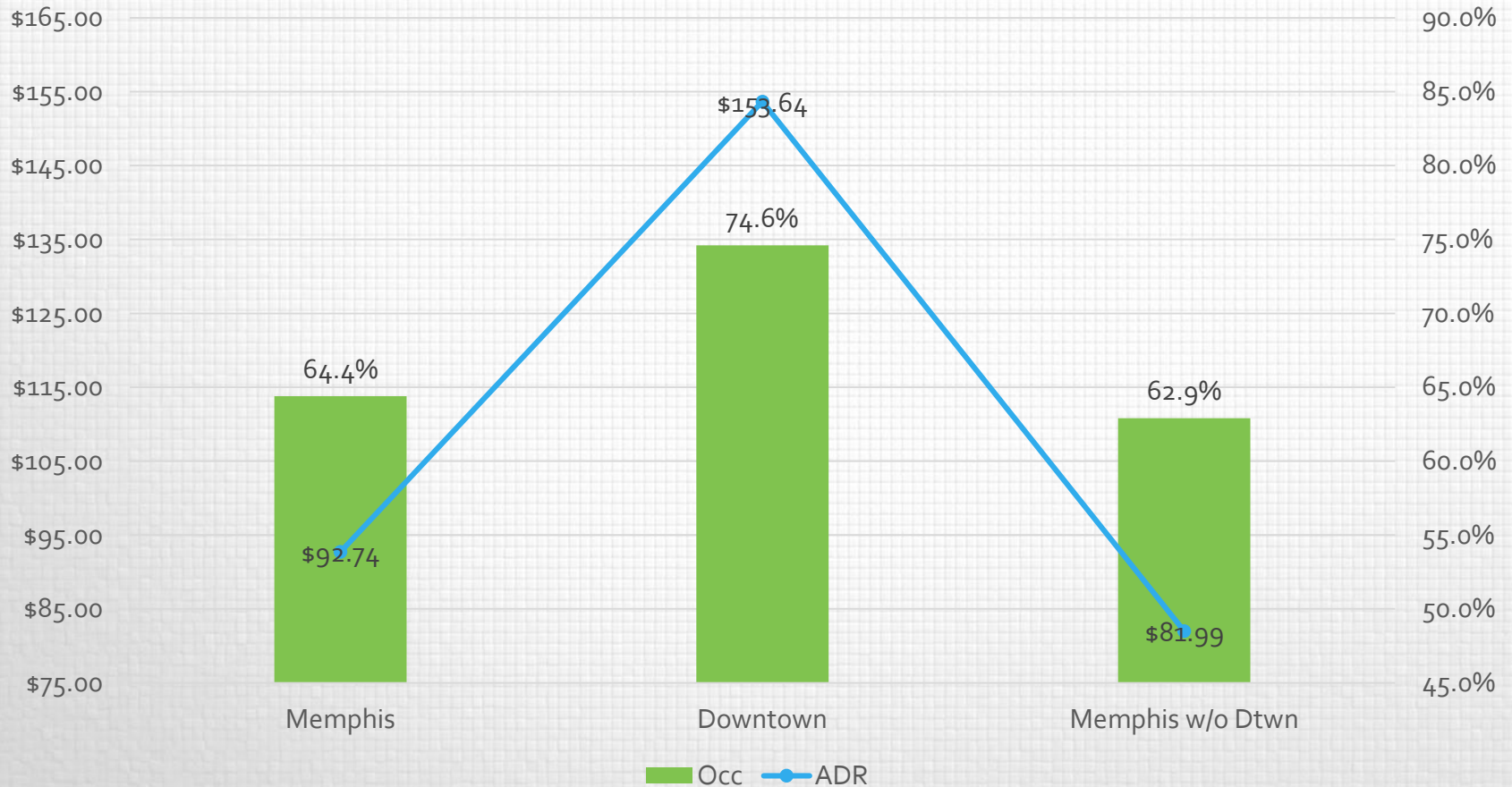
Key Statistics

	YE 2016	YE 2015	% Change
Room Supply (Daily)	2,932	2,887	1.6%
Room Demand (Daily)	2,187	2,119	3.2%
Room Revenue (Daily)	\$336,029	\$316,519	6.2%
Occupancy	74.6%	73.4%	1.6%
ADR	\$153.64	\$149.37	2.9%
RevPAR	\$114.59	\$109.63	4.5%

Impact of Downtown Hotels

- Memphis Citywide 64.4% \$92.74
- Downtown 74.6% \$153.64
- Memphis w/o Downtown 62.9% \$81.99

Impact of Downtown Hotels



Memphis Lodging Market

Downtown Pipeline

Property	# Rooms	Status
La Quinta Inn & Suites	104	Under Construction
Aloft	155	Final Planning
Hilton Garden Inn	140	Final Planning
Cambria Hotel & Suites	140	Final Planning
Comfort Suites	108	Final Planning
AC Hotel	154	Planning
Holiday Inn Express	115	Planning
Homewood Suites	115	Planning
Boutique 158 Madison	130	Planning
Boutique 477 S. Main	60	Planning
Police Station	100	Planning
Curio S. Main Train Station	120	Planning
Benchmark/Fairfield Inn	128	Planning
Convention Center Hotel	600	Planning
Hyatt Place	120	Planning
Indigo Hotel	150	Planning

Memphis Lodging Market

CVB Competitive Cities

	Occ	ADR	RevPAR
Birmingham	62.5%	\$85.84	\$53.65
Little Rock	56.2%	\$80.72	\$45.36
Tampa/St Pete	71.6%	\$121.64	\$87.10
Atlanta	69.9%	\$103.54	\$72.41
Louisville	65.0%	\$107.50	\$69.92
New Orleans	68.8%	\$148.43	\$102.12
Charlotte	72.2%	\$105.53	\$76.15
Knoxville	61.6%	\$94.69	\$58.37
Memphis	64.4%	\$92.74	\$59.75
Nashville	74.8%	\$134.35	\$100.50
Chattanooga	65.5%	\$89.30	\$58.46

Memphis Lodging Market

CVB Competitive Cities - % Change

	Occ	ADR	Supply	Demand
Birmingham	-1.1%	2.8%	0.9%	-0.2%
Little Rock	1.0%	0.8%	1.6%	2.6%
Tampa/St Pete	0.4%	5.6%	0.8%	1.2%
Atlanta	0.1%	5.8%	1.5%	1.7%
Louisville	0.2%	3.6%	2.5%	2.7%
New Orleans	-1.1%	0.0%	2.5%	1.3%
Charlotte	2.0%	4.5%	1.1%	3.1%
Knoxville	4.5%	7.2%	0.9%	5.4%
Memphis	1.0%	3.6%	1.3%	2.2%
Nashville	1.9%	6.0%	2.2%	4.2%
Chattanooga	0.2%	5.2%	2.5%	2.7%

Memphis Lodging Market

CVB Competitive Cities

	# Properties	# Rooms	Avg Size
Birmingham	168	16,680	99
Little Rock	157	13,047	83
Tampa/St Pete	451	44,665	99
Atlanta	810	95,674	118
Louisville	181	21,196	117
New Orleans	289	39,717	137
Charlotte	306	34,149	112
Knoxville	340	30,378	89
Memphis	247	22,996	93
Nashville	339	39,858	117
Chattanooga	119	10,446	88

Memphis Lodging Market

What Does the Future Hold



Memphis Lodging Market 2017 YE Projection

- ➡ **Occupancy – 64.0% (-0.6%)**
- ➡ **ADR - \$95.50 (+3.0%)**
- ➡ **RevPAR - \$61.12 (+2.3%)**

State of the National Lodging Market

Jeff Higley

Editorial Director

Hotel News Now, a division of STR, Inc.



Family of Companies



**HOTEL DATA
CONFERENCE
2017**

NASHVILLE, TN

**SAVE
THE DATE**

AUGUST 9-11, 2017

Where Is The Hotel Industry Headed in Development, Branding & Service

Adrian Kurre
Global Head

**Homewood Suites & Home2 Suites by Hilton, Hilton
Worldwide**



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Founded in 2003



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Memphis Cook Convention Center

August 29 - 30, 2017