



23rd Annual Lodging Industry Update

The Pulse of Memphis Hospitality



February 26, 2021
Memphis, Tennessee

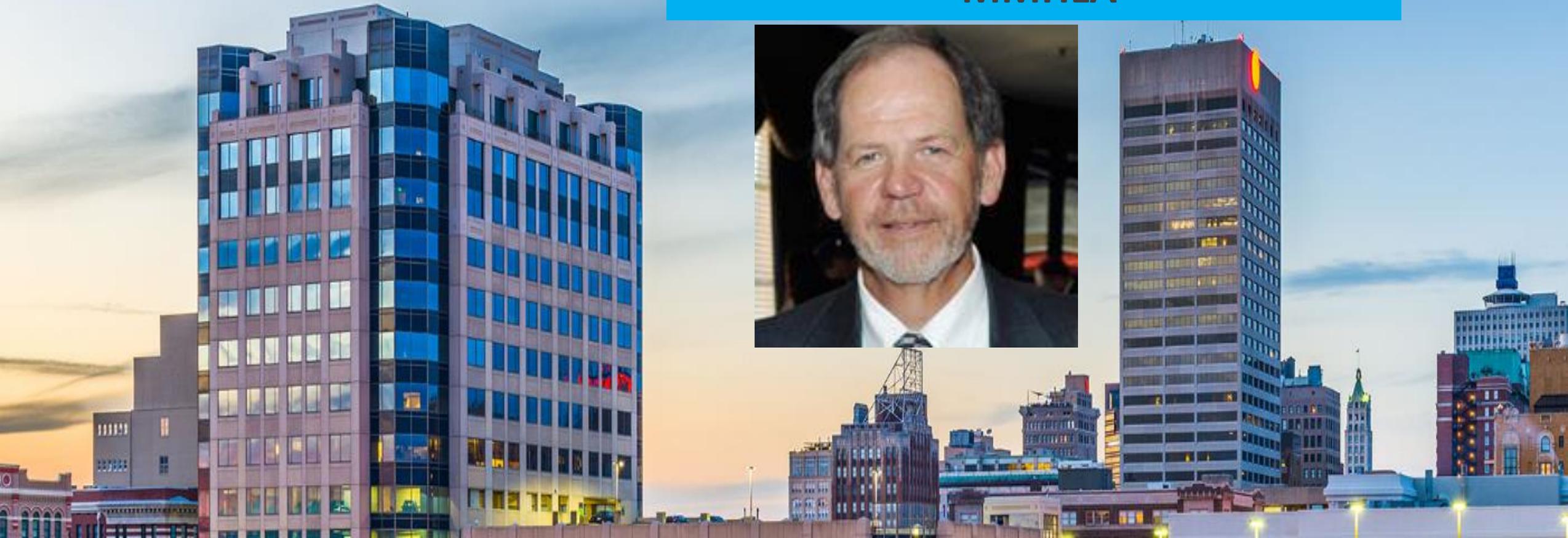


23rd Annual Lodging Industry Update Presented by:



Wayne Tabor

President/CEO
MMHLA



Lodging Industry Update - Program

Introduction

Wayne Tabor – President MMHLA

Welcome

Mayor Jim Strickland – City of Memphis

State of the National Lodging Market

Amanda Hite – President, STR, Inc.

State of the Hotel Industry in Memphis

Chuck Pinkowski – Pinkowski & Company

One Beale Development Update

Chance Carlisle – Carlisle LLC

The Memphian – A Tribute Hotel

Dave Hamilton – Corp Dir Business Dev, MMI

Memphis Tourism

Kevin Kane – CEO Memphis Tourism

Closing

Wayne Tabor

RCC Tours – Dean Dennis, GM



Thank You to Our Sponsors



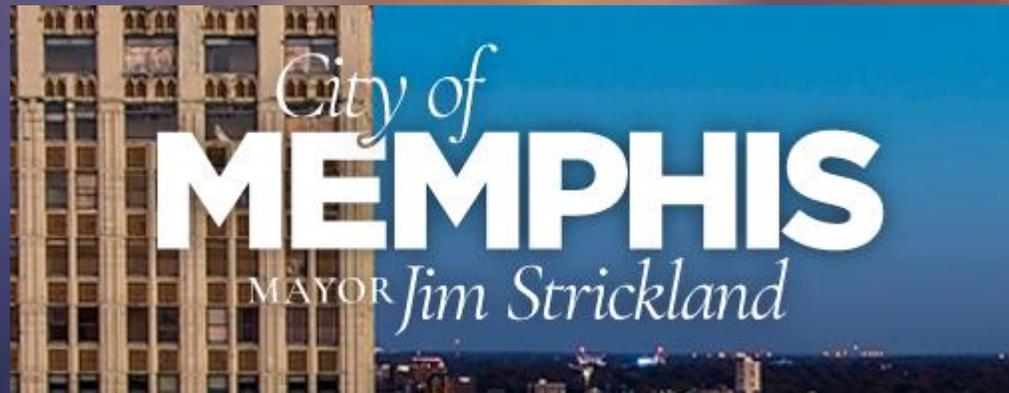


Our Partners





Welcome





Doug Browne

CHAIRMAN MMHLA

PRESIDENT, PEABODY HOTELS & RESORTS





State of the National Lodging Market

Amanda Hite
President, STR



Metropolitan Memphis Hotel & Lodging Association

February 26, 2021

Amanda W. Hite | President

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The year that was: A year that wasn't

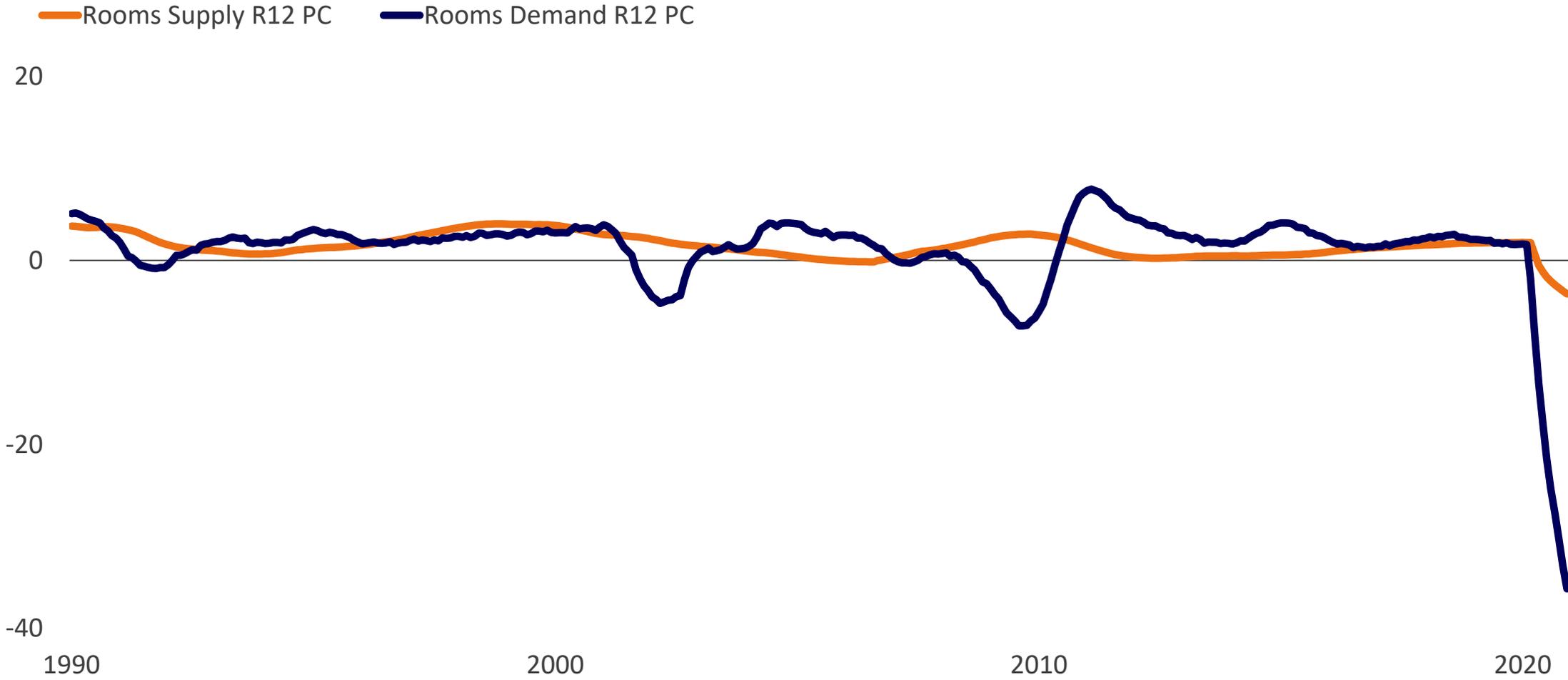
Total U.S., YTD December 2020



	Actuals	% Change
Room Supply		-3.6%
Room Demand		-35.7%
Occupancy	44.0%	-33.3%
ADR	\$103	-21.3%
RevPAR	\$45	-47.5%
Room Revenue		-49.4%

The worst demand decrease in our history

Total U.S., 12 MMA 1/1990 – 12/2020



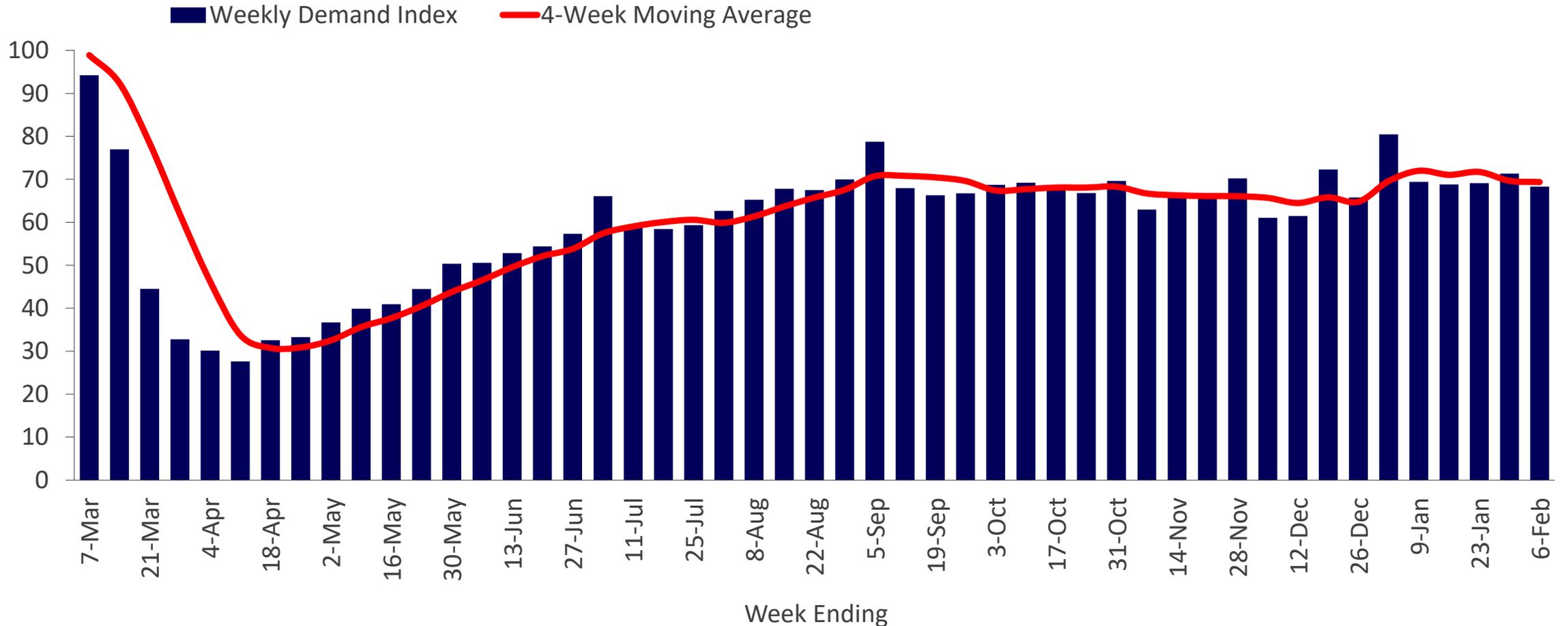
Note: STR Standard Methodology

Source: STR. 2021 © CoStar Realty Information, Inc.

Weekly demand indexed to 2019

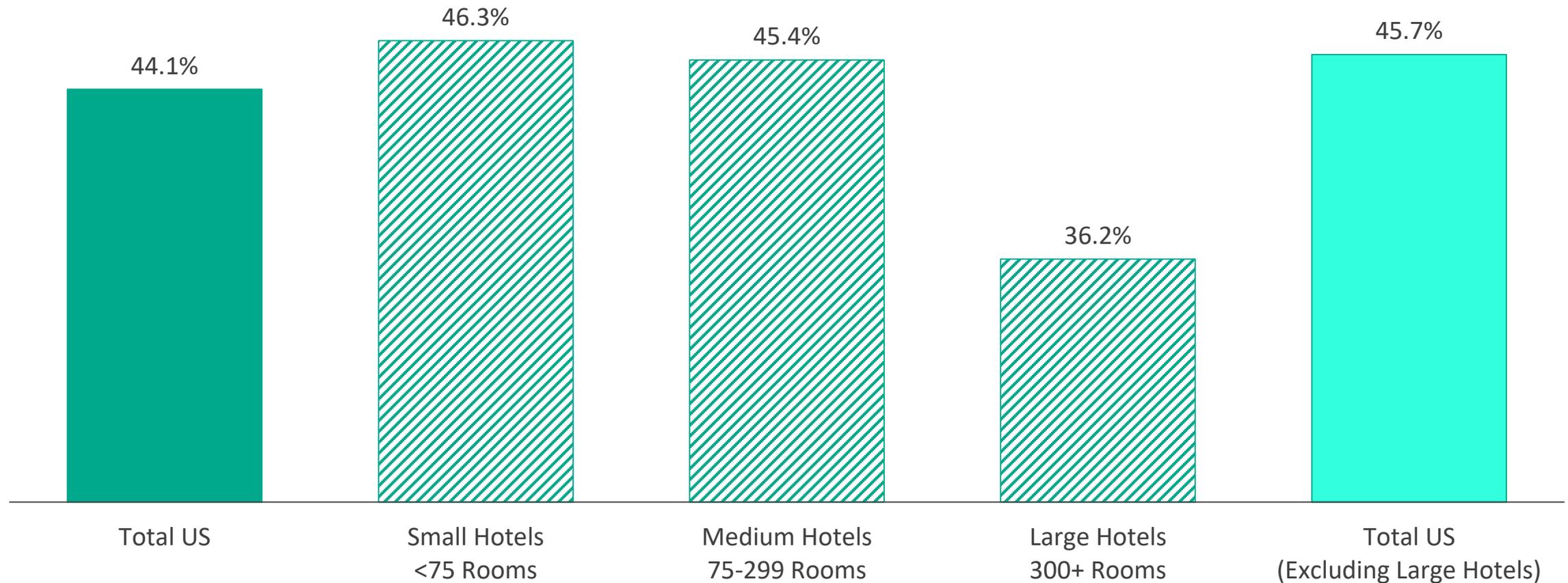


Demand indexed to 2019 has been somewhat stable since the beginning of the year.



FY 2020 US occupancy by hotel size

Large hotels were a drag on total hotel performance over the COVID-19 period.



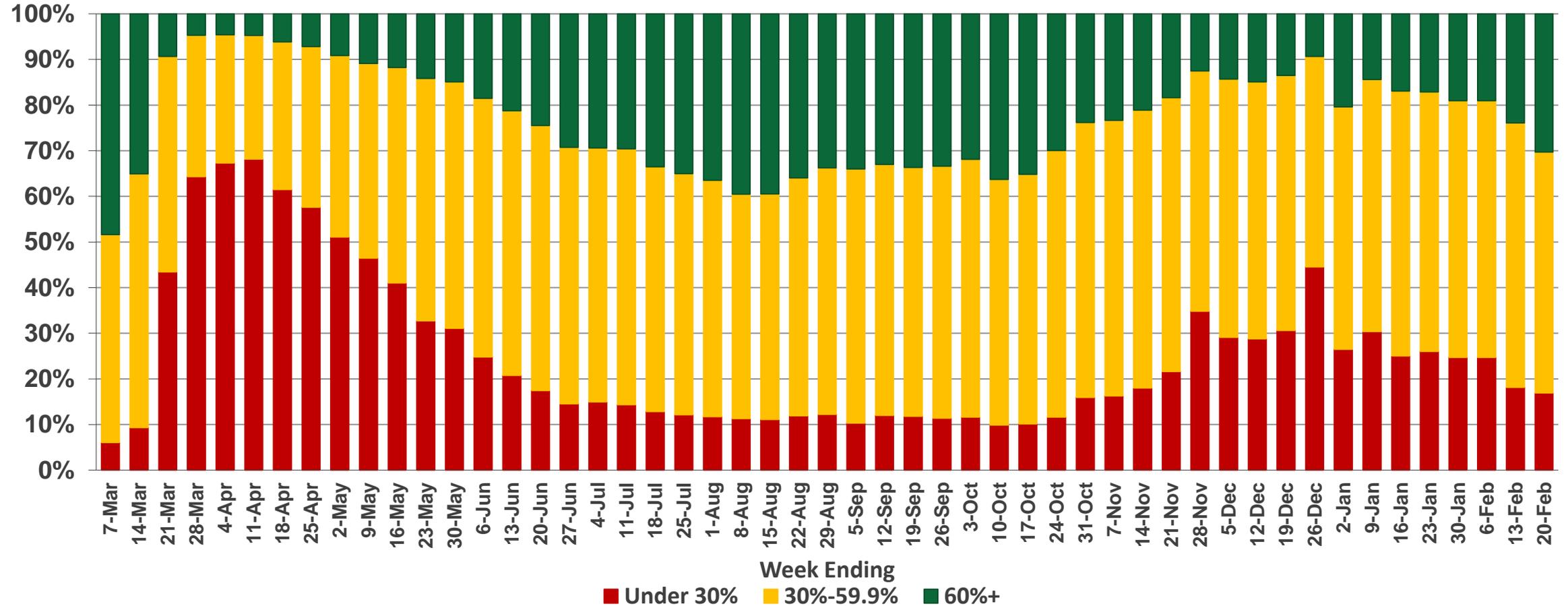
Note: STR Standard Methodology

Source: STR. 2021 © CoStar Realty Information, Inc.

More hotels saw occupancy above 60%; the most since October.



Total U.S. Weekly Occupancy Distribution

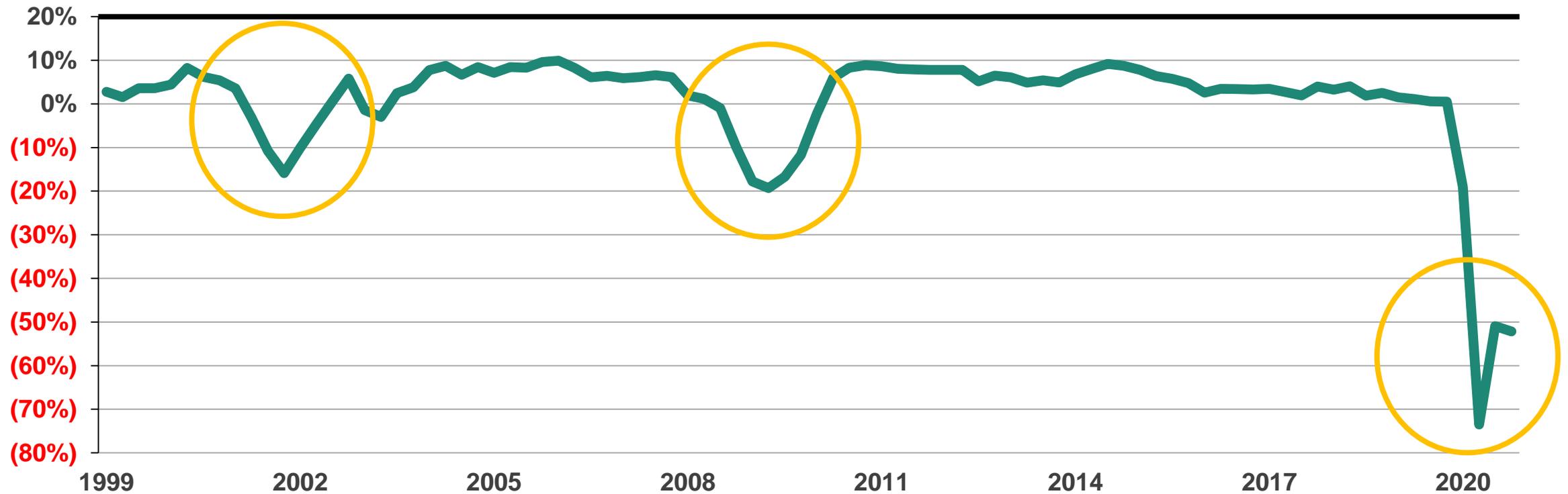


US RevPAR Change

US RevPAR remains well below other recessionary periods.



Quarterly Change



US Room Revenues

Industry revenues have fallen by more than 4.9 times the amount they fell in the Great Recession.



In Billions

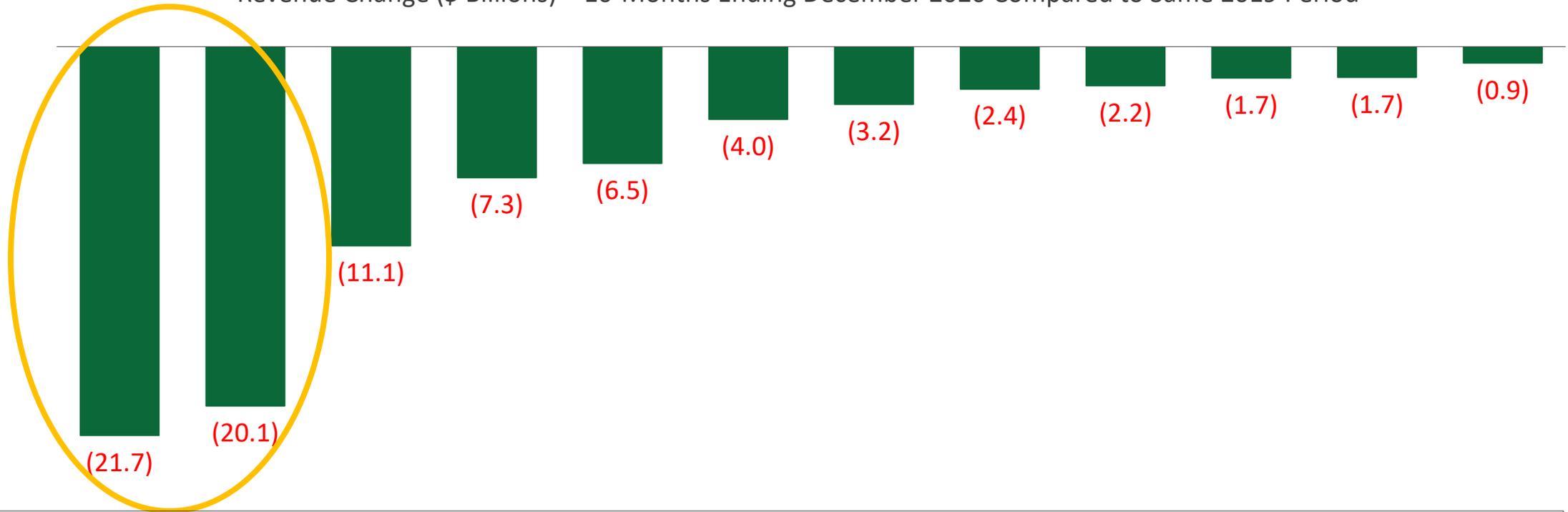


Revenue change contribution by property type and market



Half of the revenue loss came from large (300+ rooms) and medium (75-299 rooms) size hotels in Top 25 markets.

Revenue Change (\$ Billions) – 10-Months Ending December 2020 Compared to Same 2019 Period

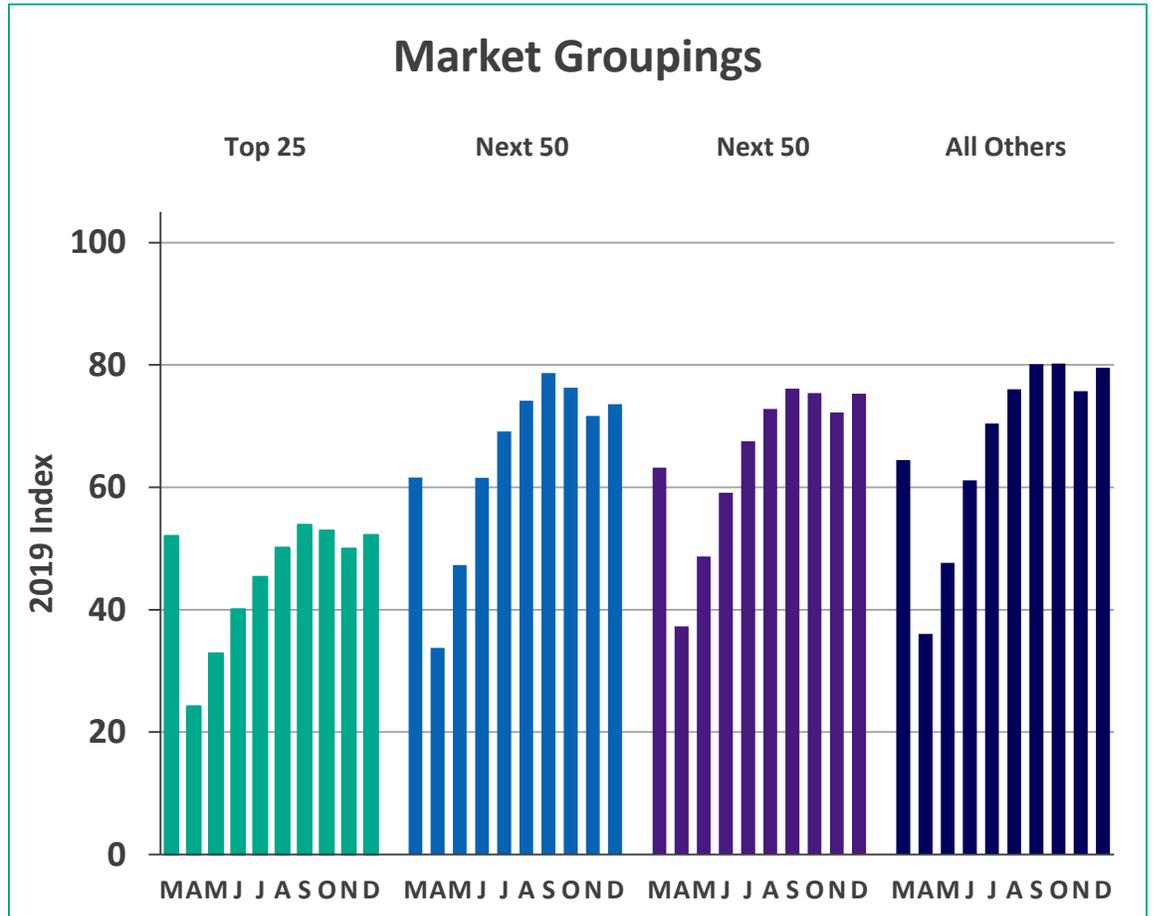
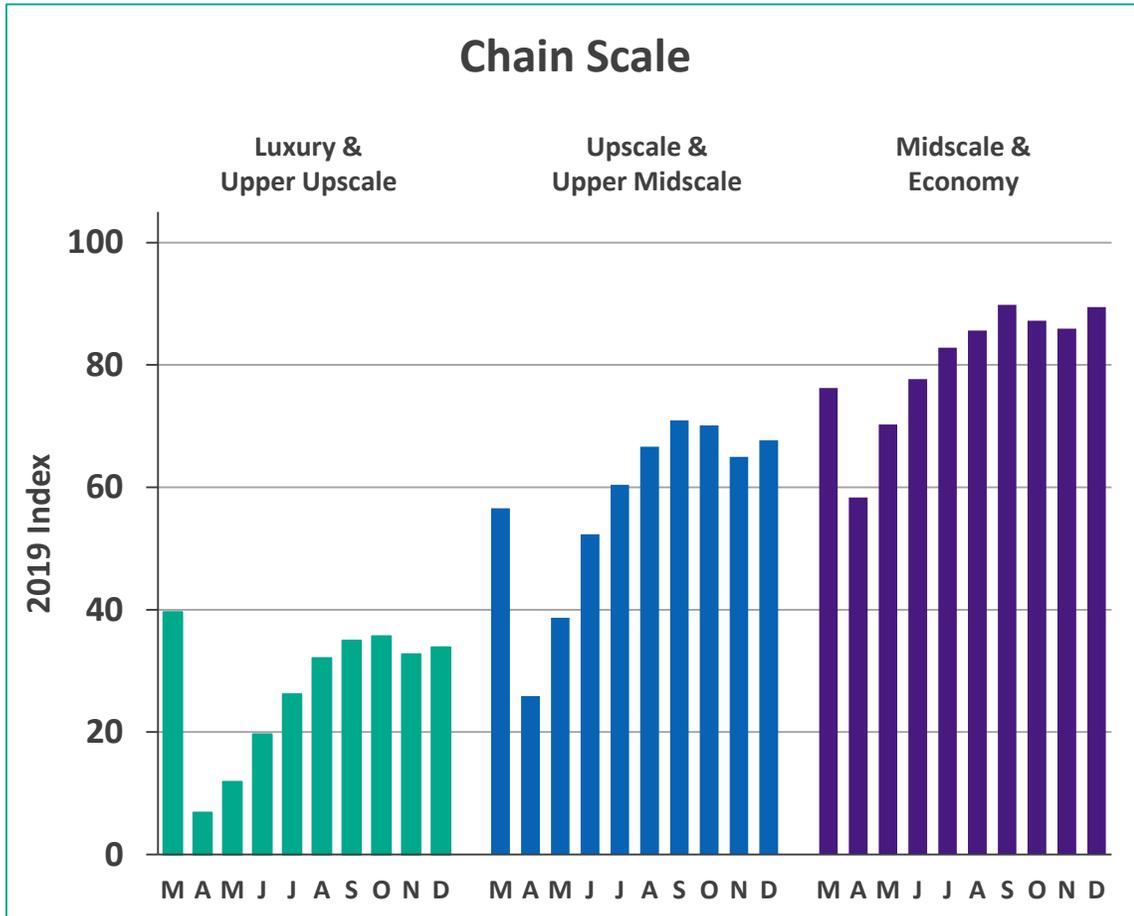


Hotel Size:	Large	Medium	Medium	Medium	Large	Medium	Small	Small	Large	Small	Large	Small
Mkt Group:	Mkts Top 25	Mkts Top 25	Mkts 26-75	Mkts 76-125	Mkts 26-75	Mkts 126-166	Mkts 26-75	Mkts Top 25	Mkts 76-125	Mkts 76-125	Mkts 126-166	Mkts 126-166

Demand Index by Chain Scale and Market Groupings

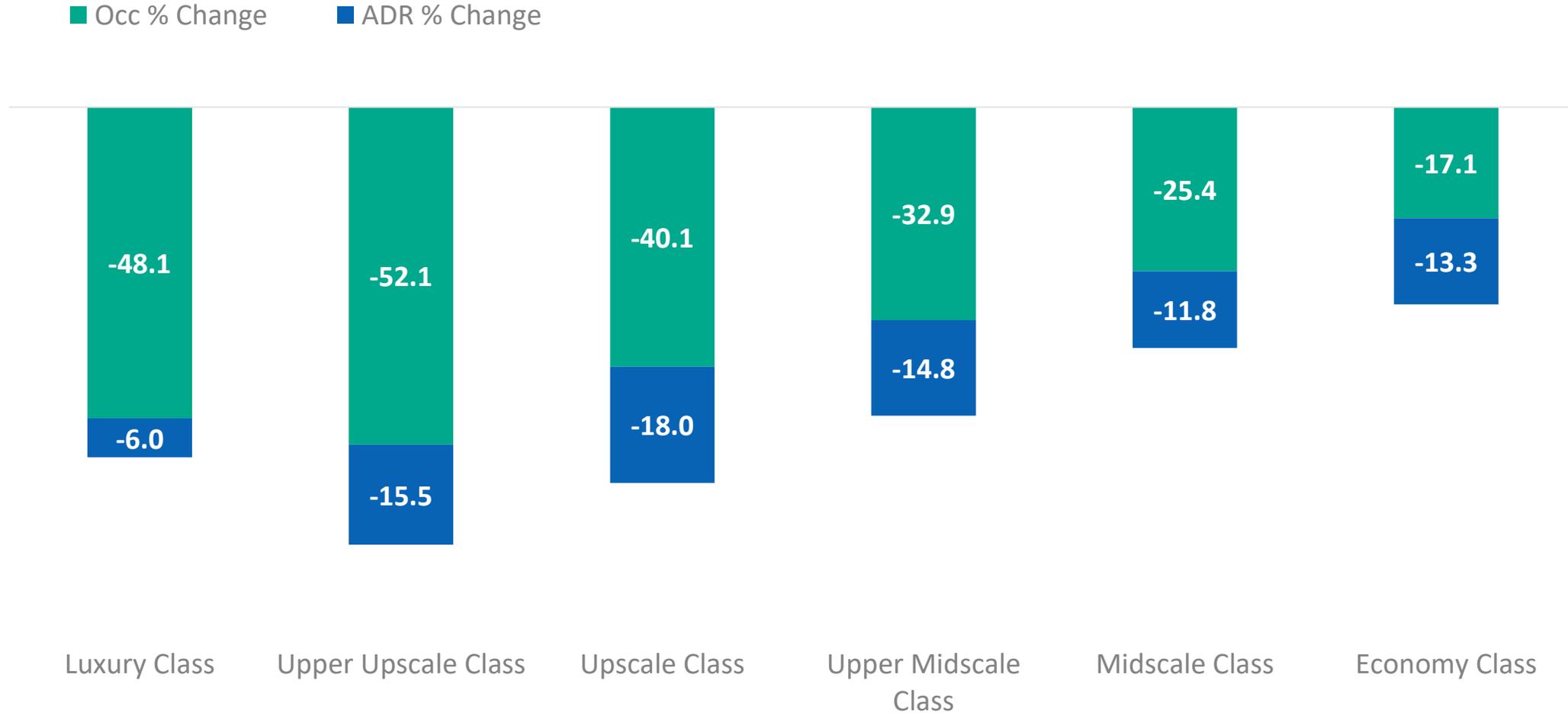


Demand decreases have been most severe in the Luxury & Upper Upscale Chain Scales and in the top 25 markets.



Class: Luxury ADR decrease “only” 6%

YTD December 2020



Note: STR Standard Methodology

Source: STR. 2021 © CoStar Realty Information, Inc.

Rooms 'In Construction' seeing small decrease

Total U.S. Pipeline, by Phase, '000s Rooms, December 2020 and 2019



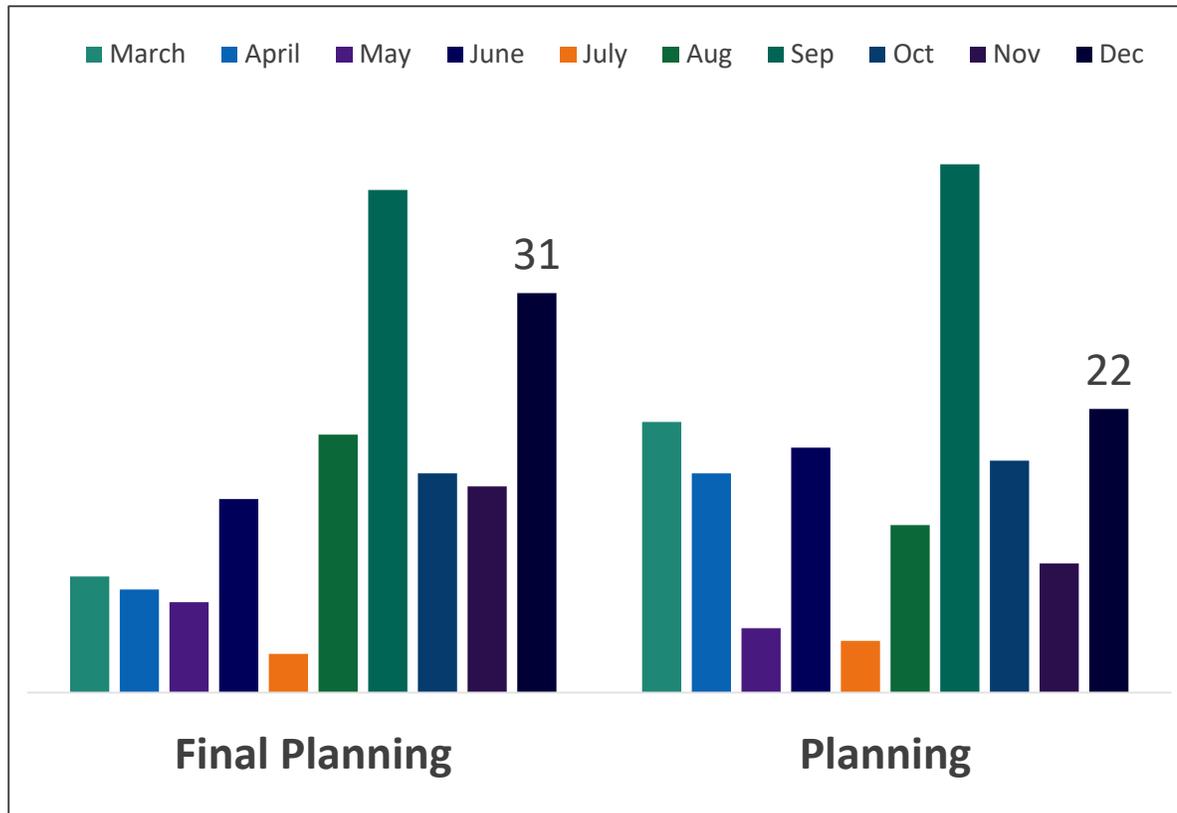
	2020	2019	% Change
In Construction	197	200	-1.5%
Final Planning	223	243	-8.2%
Planning	205	208	-1.4%
Under Contract	636	652	-2.5%

More Projects Get Deferred

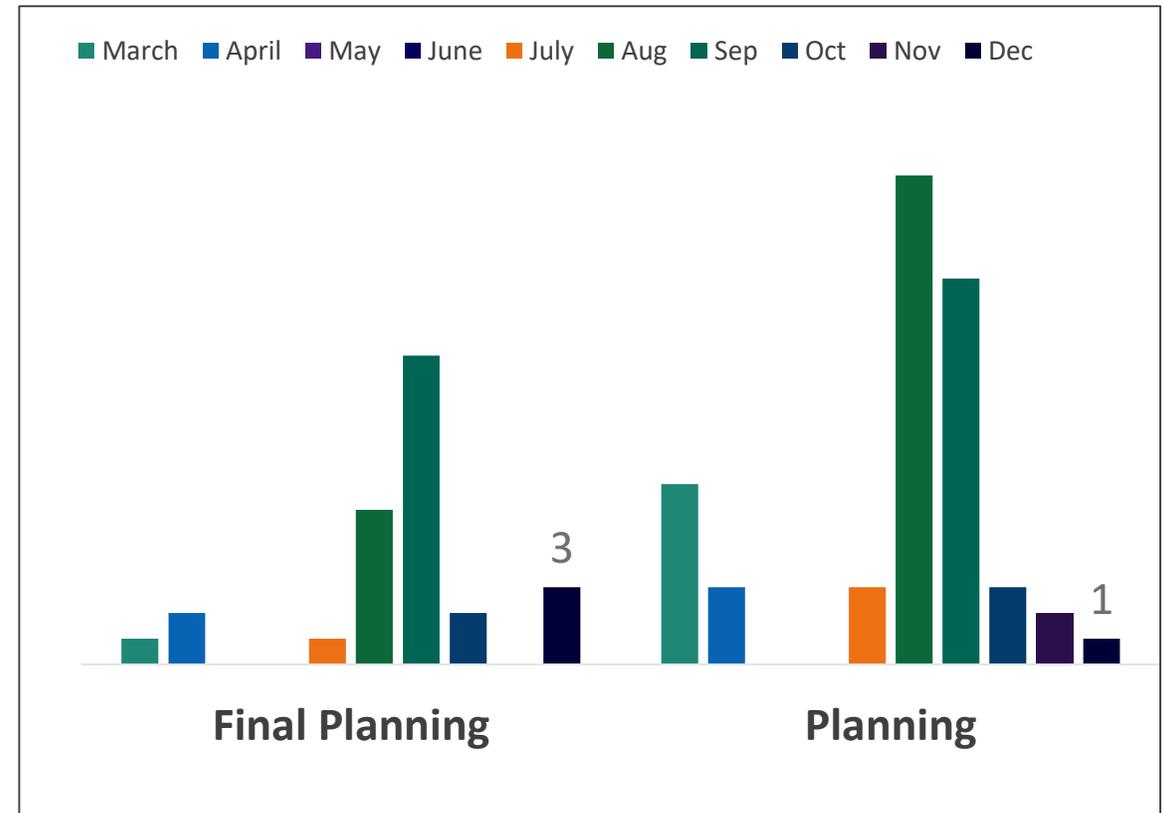
U.S. Pipeline, Move to Deferred & Abandoned from Prior Phase



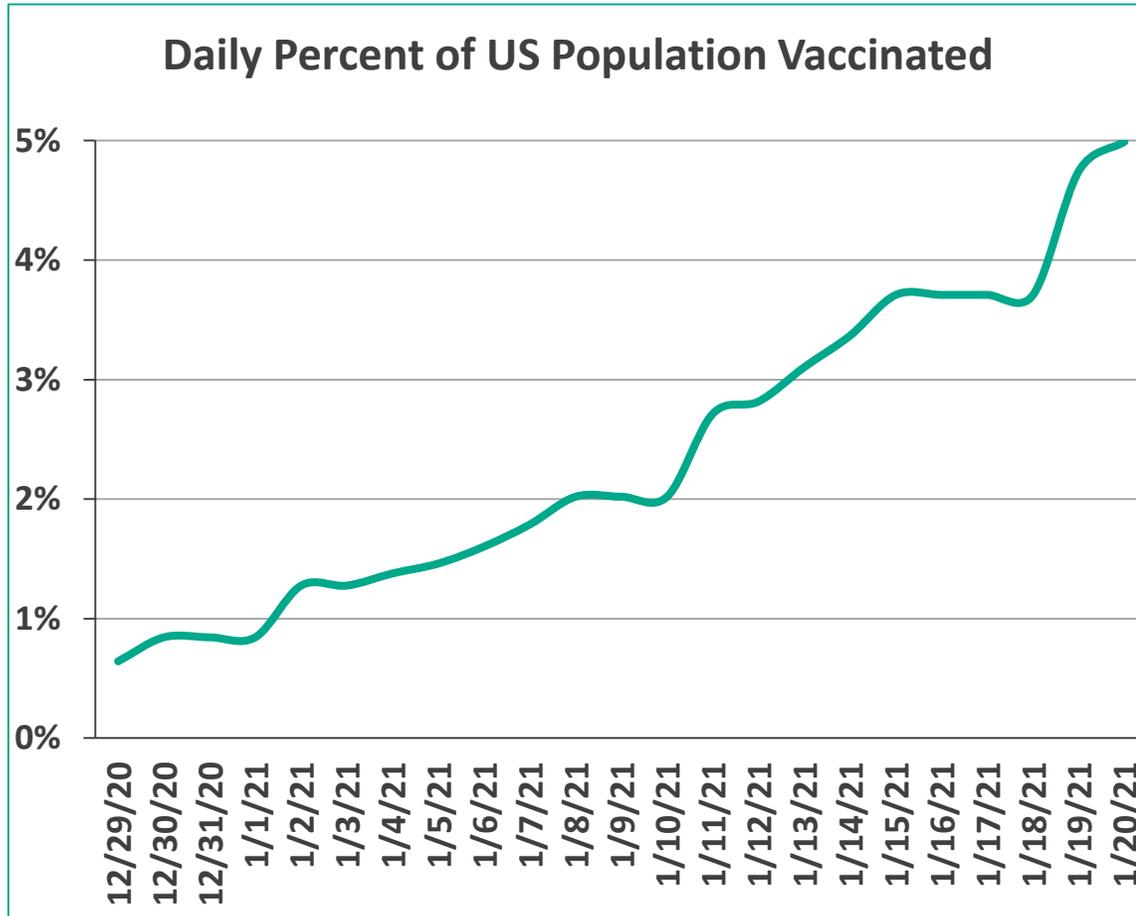
Projects Move To Deferred from



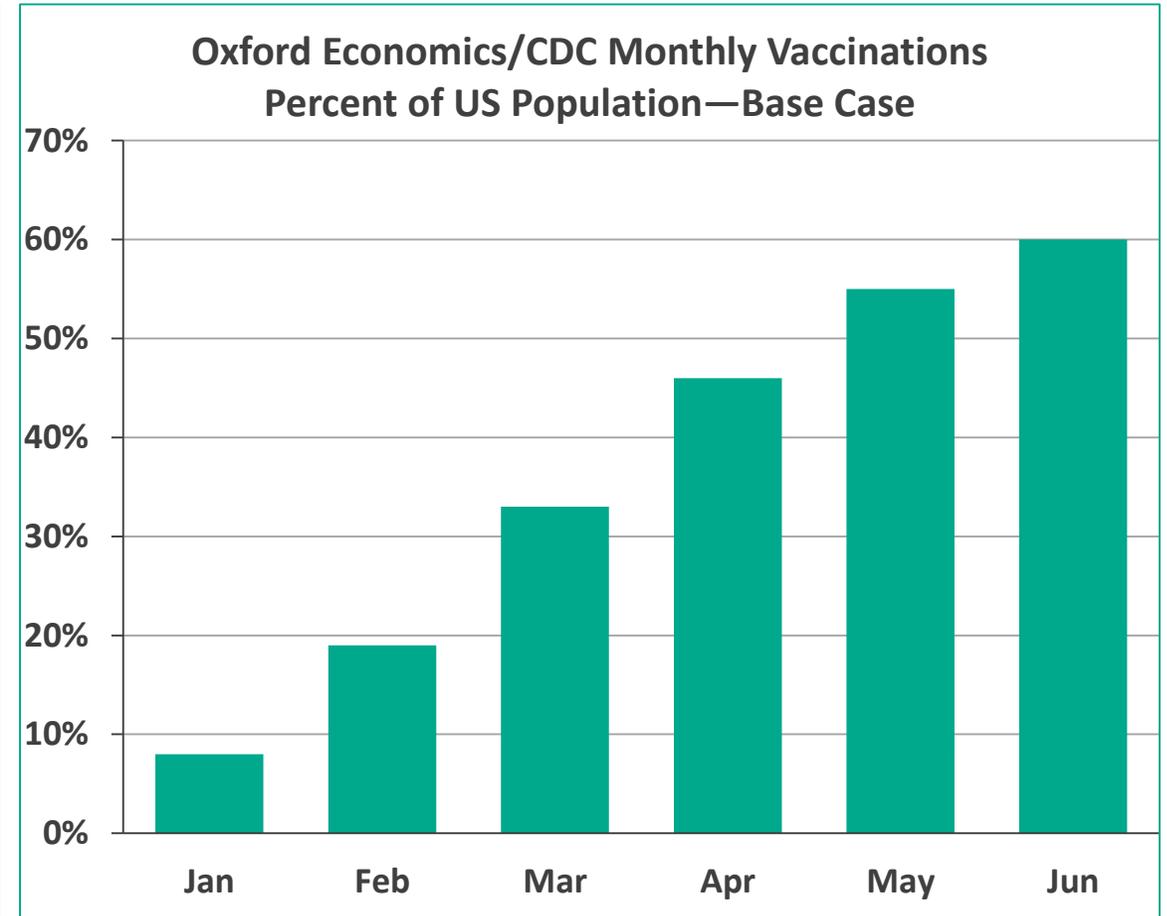
Projects Move To Abandoned from



Percent of US Population with COVID Vaccination

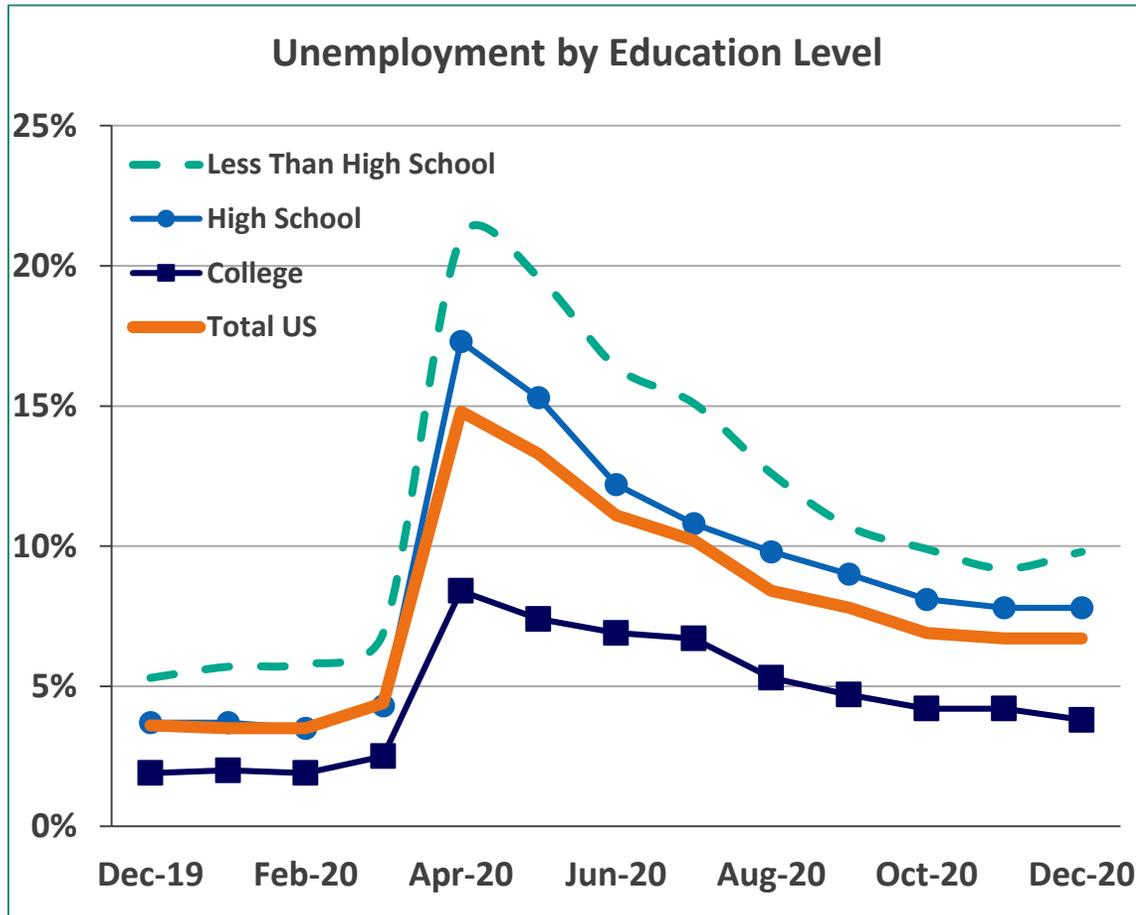


Source: Our World In Data, CDC

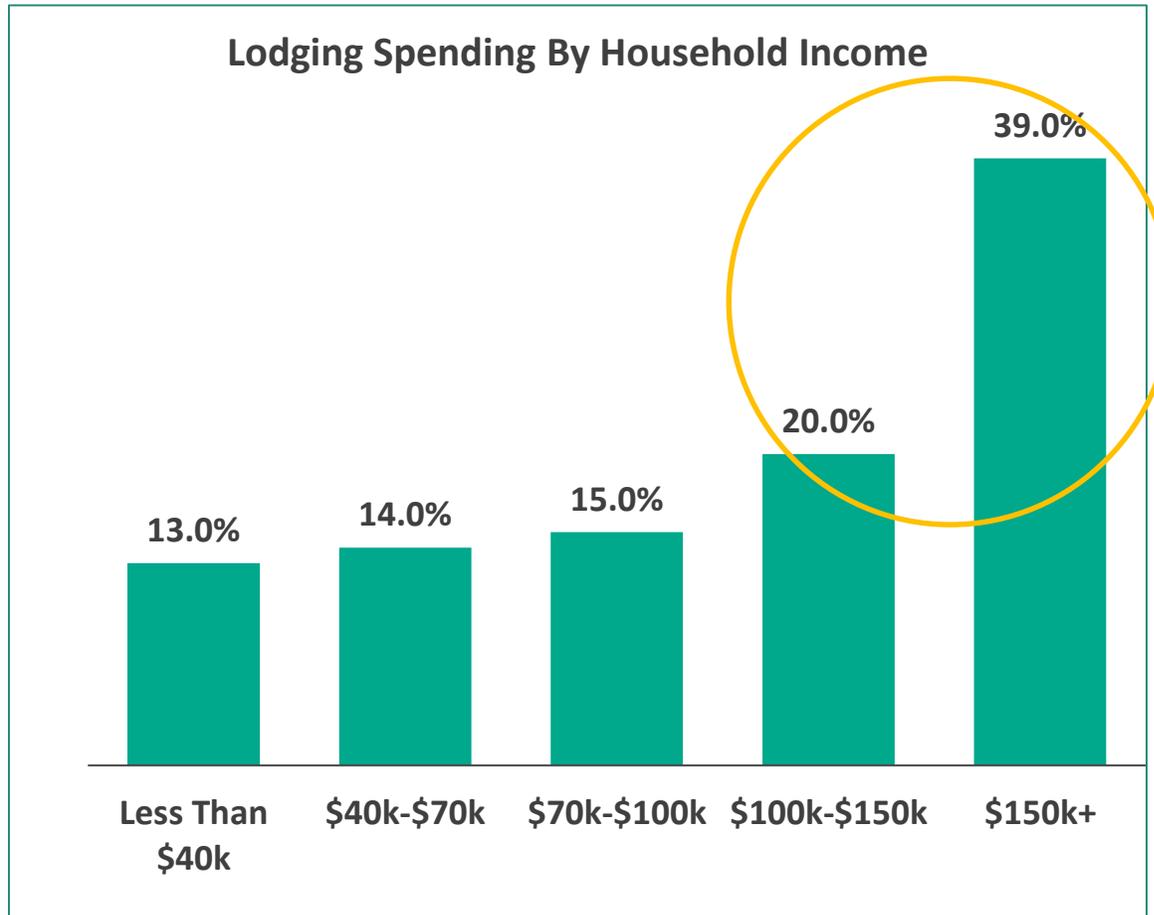


Source: STR. 2021 © CoStar Realty Information, Inc.

Unemployment by Education Level & Lodging Spending



Source: Bureau of Labor Statistics



Source: STR. 2021 © CoStar Realty Information, Inc.

Total US Forecast

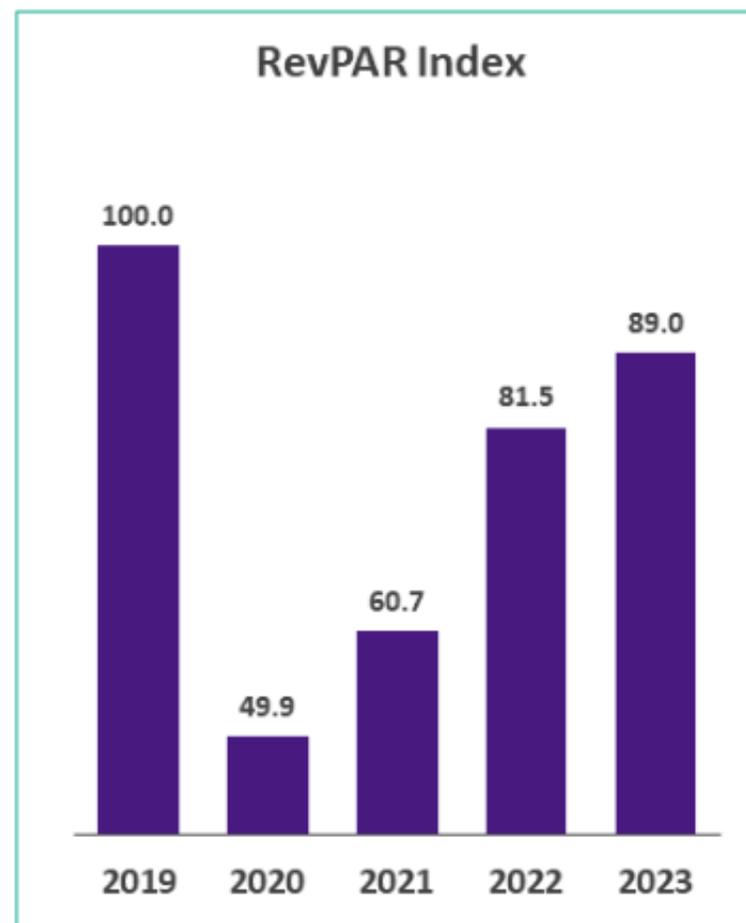
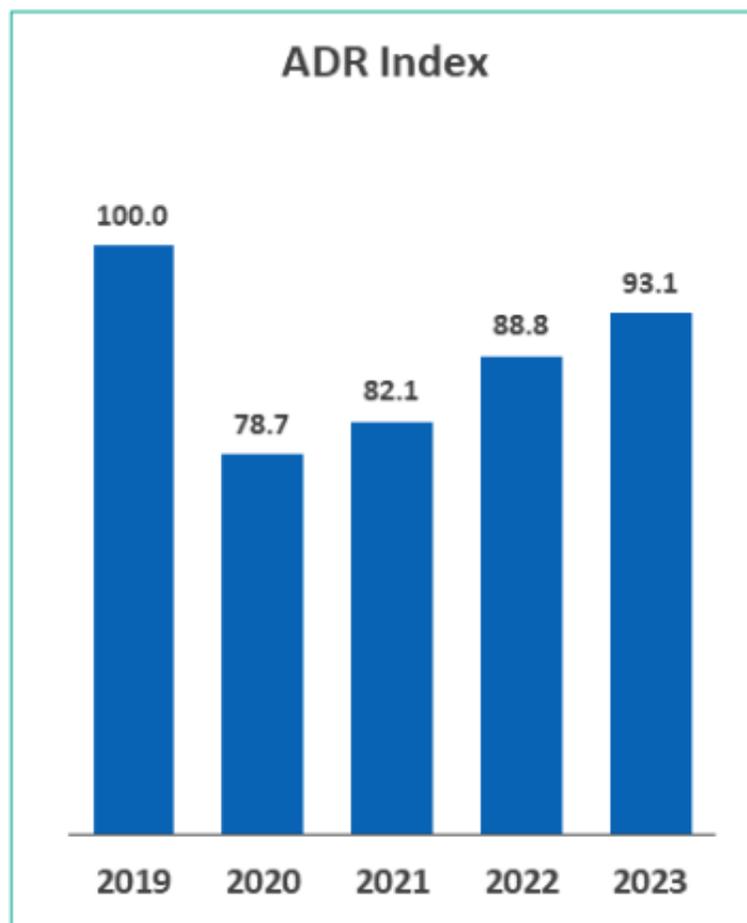
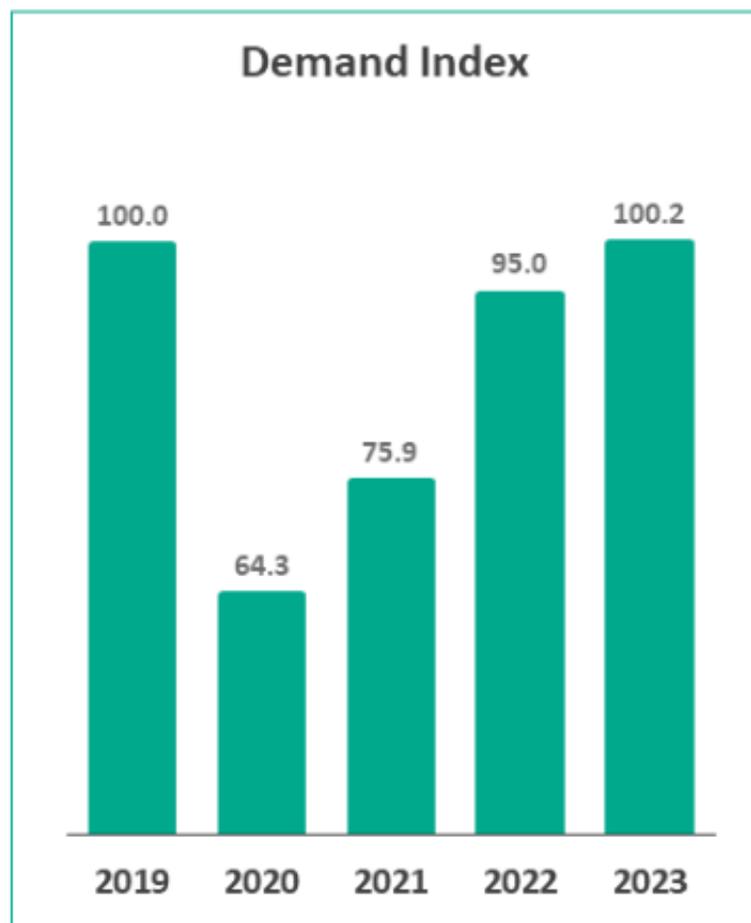
Key Performance Indicator Outlook (% Change vs. Prior Year)
2021F – 2022F



	2021 Forecast	2022 Forecast
Supply	+5.4%	+2.4%
Demand	+18.0%	+25.2%
Occupancy	+12.0%	+22.2%
ADR	+4.3%	+8.2%
RevPAR	16.8%	+32.2%

U.S. Annual Forecast Indexed To 2019

Room demand is expected to surpass 2019's level by 2023 while ADR and RevPAR will lag.



Total US Chain Scale Forecast

Key Performance Indicator Outlook (% Change vs. Prior Year)
2021F



	Occupancy	ADR	RevPAR
Luxury	26.1%	-9.0%	14.7%
Upper Upscale	30.9%	-6.1%	23.0%
Upscale	15.2%	1.1%	16.4%
Upper Midscale	10.3%	2.1%	12.6%
Midscale	9.0%	0.8%	9.8%
Economy	5.4%	2.8%	8.4%
Independent	11.2%	5.7%	17.5%
Total United States	+12.0%	+4.3%	+16.8%

Total US Chain Scale Forecast

Key Performance Indicator Outlook (% Change vs. Prior Year)
2022F



	Occupancy	ADR	RevPAR
Luxury	61.7%	4.5%	68.9%
Upper Upscale	51.7%	9.0%	65.4%
Upscale	27.0%	6.4%	35.2%
Upper Midscale	20.2%	4.1%	25.2%
Midscale	11.3%	1.8%	13.3%
Economy	3.3%	1.4%	4.7%
Independent	20.8%	0.6%	21.4%
Total United States	22.2%	8.2%	32.2%

2021 Year-End RevPAR Forecast for Top NA Markets

RevPAR Growth forecast estimates are in local currency



-5% to 0%	0% to 20%	20% to 40%	40% to 60%
Miami/Hialeah, FL	Tampa/St Petersburg, FL	Philadelphia, PA-NJ	Minneapolis/St Paul MN-WI
Phoenix, AZ	San Diego, CA	Nashville, TN	Washington, DC-MD-VA
New Orleans, LA	Los Angeles/Long Beach, CA	Norfolk/Virginia Beach, VA	Chicago, IL
	Orlando, FL	New York, NY	Boston, MA
	Dallas, TX	St Louis, MO-IL	Seattle, WA
	Detroit, MI	Denver, CO	
	Oahu Island, HI		
	San Francisco/San Mateo, CA		
	Houston, TX		
	Atlanta, GA		
	Anaheim/Santa Ana, CA		



Amanda Hite

President, STR



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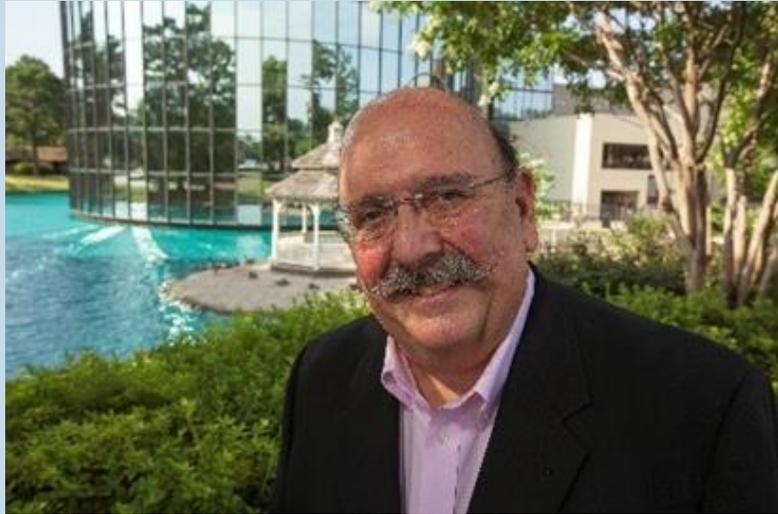
**HOTEL DATA
CONFERENCE**
Hosted by STR and Hotel News Now

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Amy Gray

HSMAI



Chuck Pinkowski

Pinkowski & Company



Data
Provided
By

Quick Facts

- Number of unsold hotel rooms in 2020 far exceeded those left empty during the worst year of the Great Recession.
- Demand dropped so much after the pandemic hit that the number of unsold rooms exceeded 1 billion in 2020 – compared to 786 million during 2009.
- Group demand vanished, hitting high end full service hotels the hardest.
- Many hotels closed temporarily, some never reopened.
- Leisure travelers took to the road instead of flying, which helped limited service hotels.
- Travelers seemed to favor beach and mountain locations.

Hotel Sales Comparison

LW Hospitality Advisors Sales Survey

YE 2020

- **79 single asset transactions over \$10 million totaled \$5.3 billion**
 - 19,400 rooms
 - \$273,000 price per room

YE 2019

- **164 single asset transactions over \$10 million totaled \$17.7 billion**
 - 48,800 rooms
 - \$364,000 price per room

Memphis Lodging Market



2020 - A COVID Year

	2017	2018	2019	2020
Occ	65.2%	64.8%	66.4%	49.1%
ADR	\$96.05	\$96.61	\$96.97	\$78.13
Room Night Demand	5,470,171	5,514,602	5,839,316	4,381,954
% Increase in Demand		0.8%	5.5%	-25.0%

**Pinkowski & Company:
2020 Officially was the Worst Year on Record for Memphis Hotels**

P&C Forecast vs Actual – 2020

Definitely Not An Exact Science – We Didn't Know About COVID-19

	<u>Actual</u>	<u>Forecast</u>
• Occ	49.1% (-26.0%)	65.5%
• ADR	\$78.13 (-19.4%)	\$97.50
• RevPAR	\$38.39 (-40.4%)	\$63.86

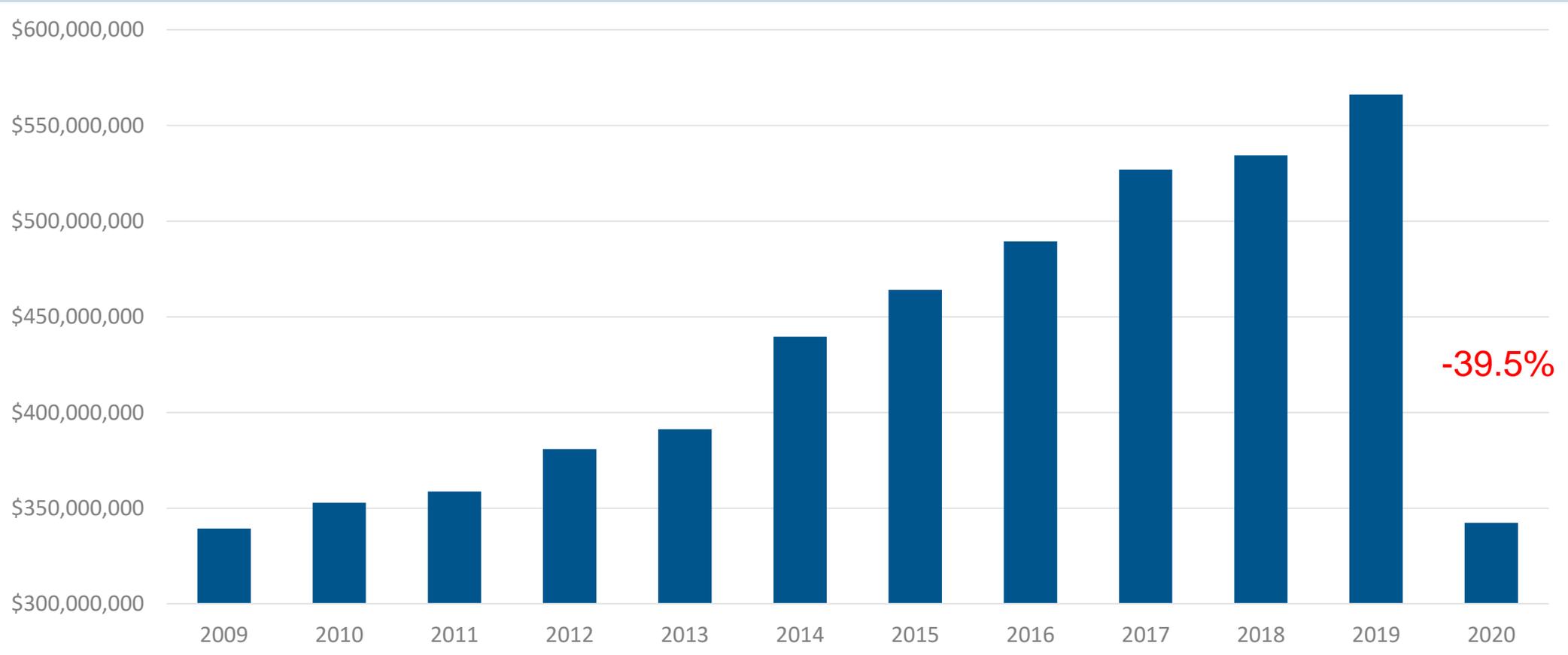
Memphis Lodging Market

Key Statistics

	YE 2020 😞	YE 2019	% Change
Room Supply (Daily)	24,433	24,079	1.5%
Room Demand (Daily)	12,005	15,998	-25.0%
Room Revenue (Daily)	\$937,945	\$1,551,303	-39.5%
Occupancy	49.4%	66.4%	-26.0%
ADR	\$78.13	\$96.97	-19.4%
RevPAR	\$38.39	\$64.43	-40.4%

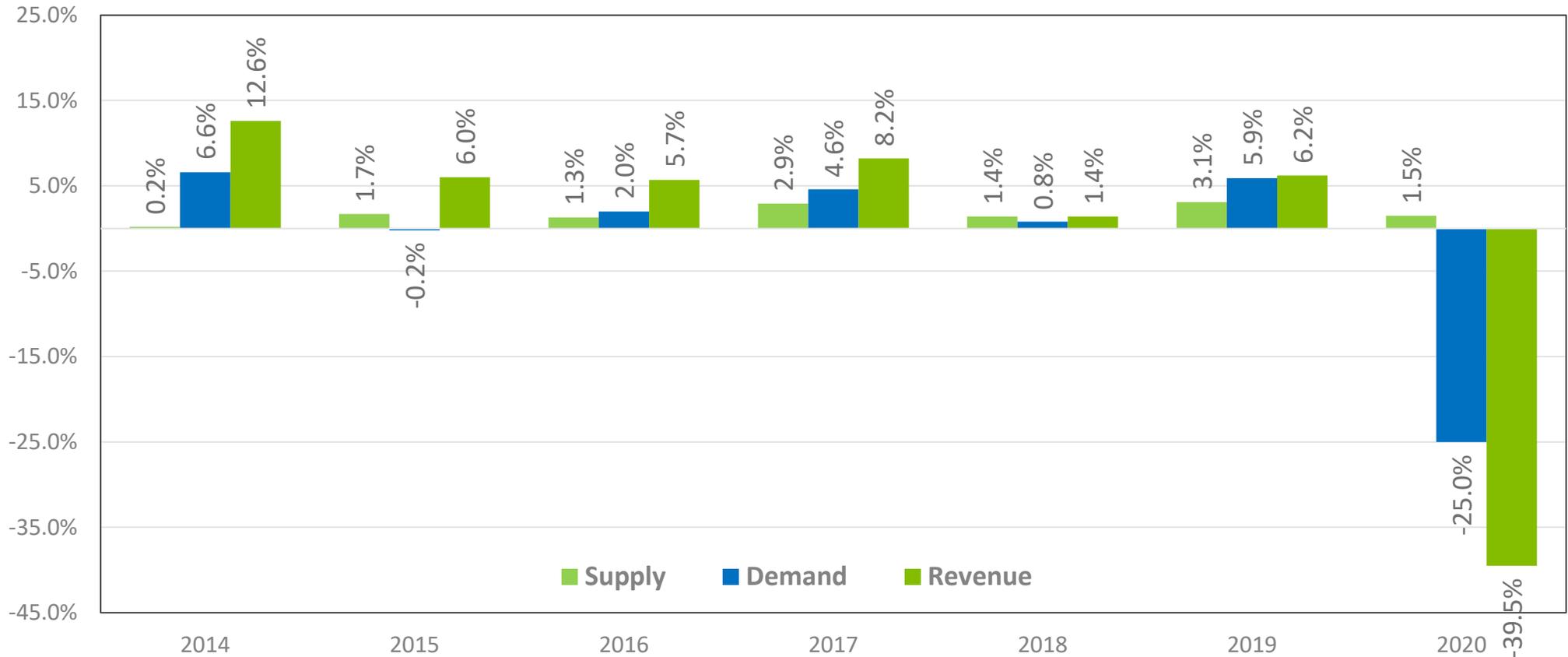
Memphis Lodging Market

Total Revenue



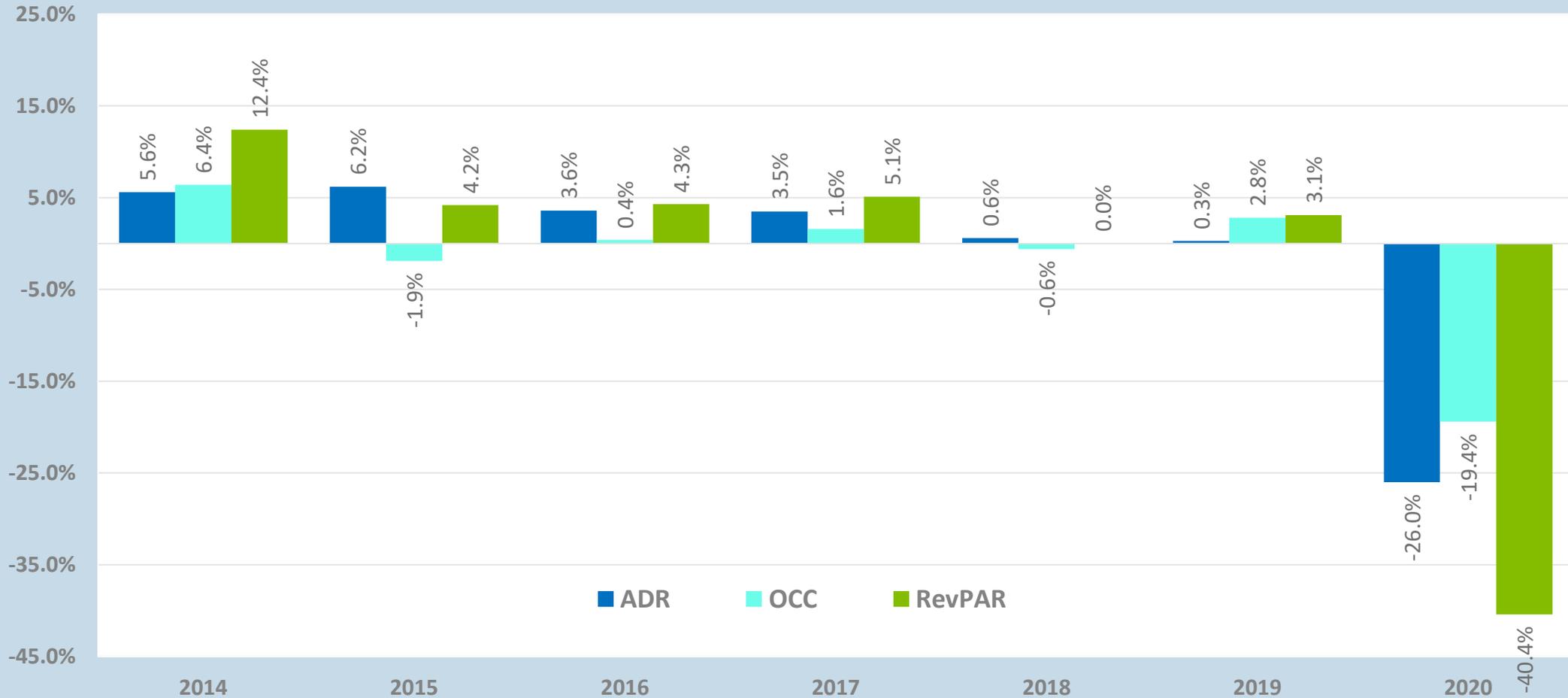
Memphis Lodging Market

% Change Key Indicators



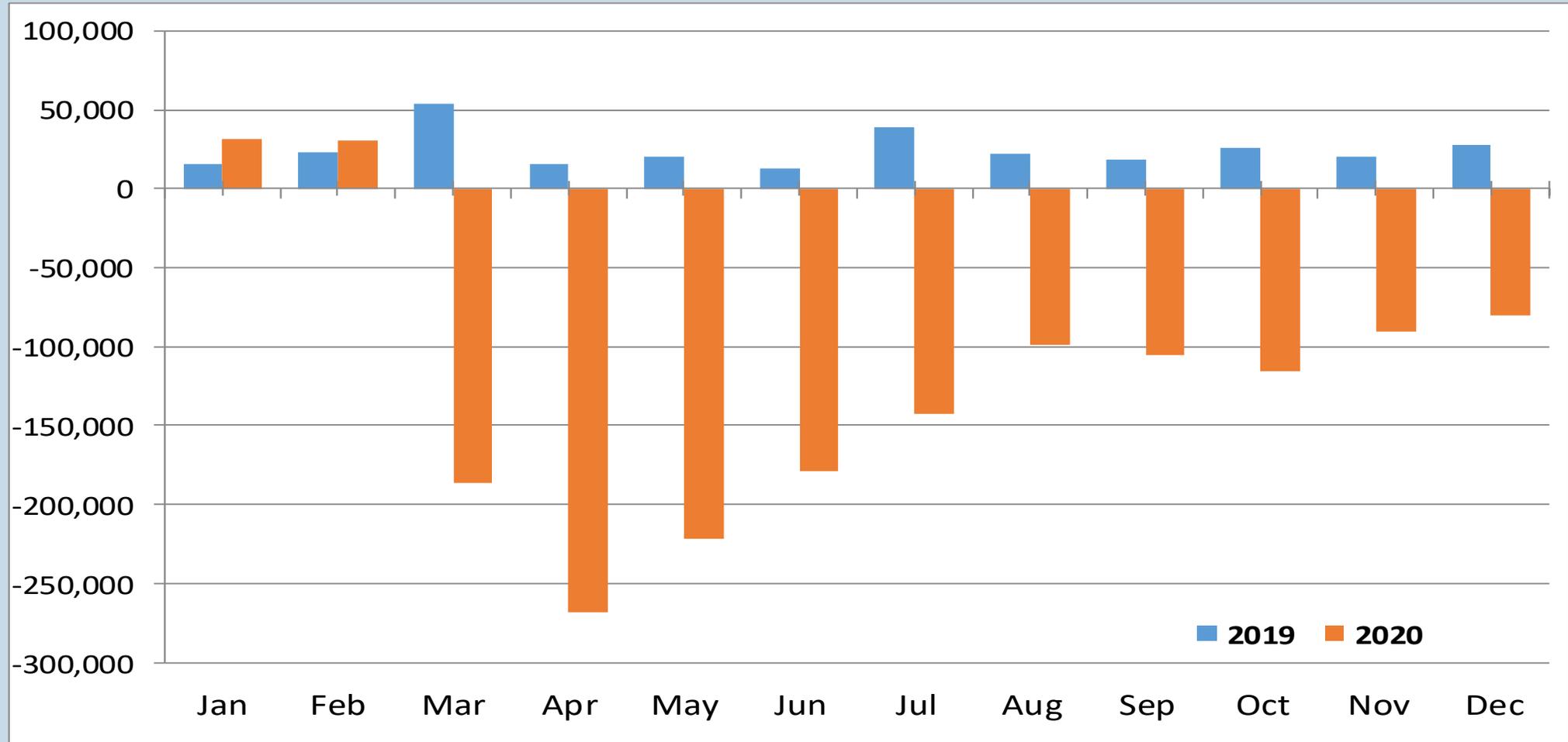
Memphis Lodging Market

% Change Key Indicators



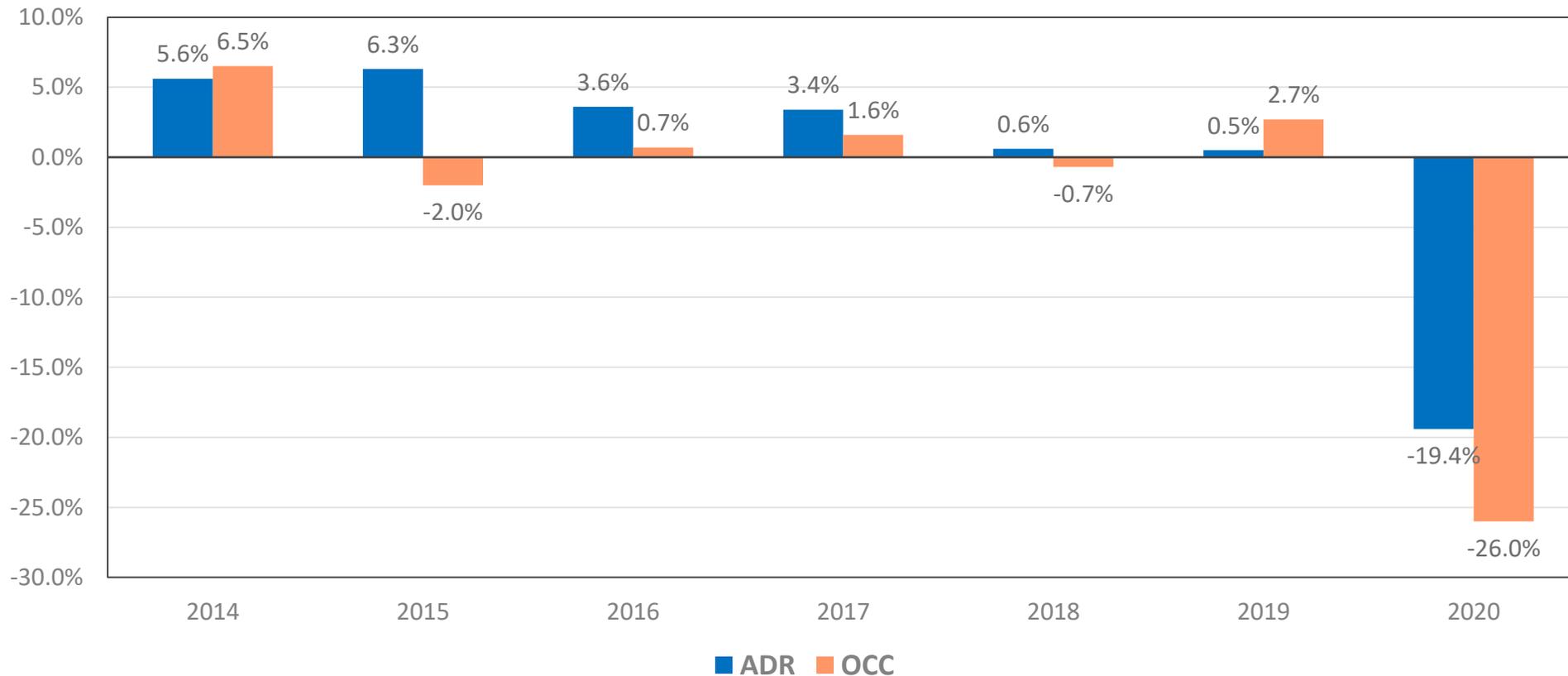
Memphis Lodging Market

Change in Room Night Demand by Month Over Prior Year



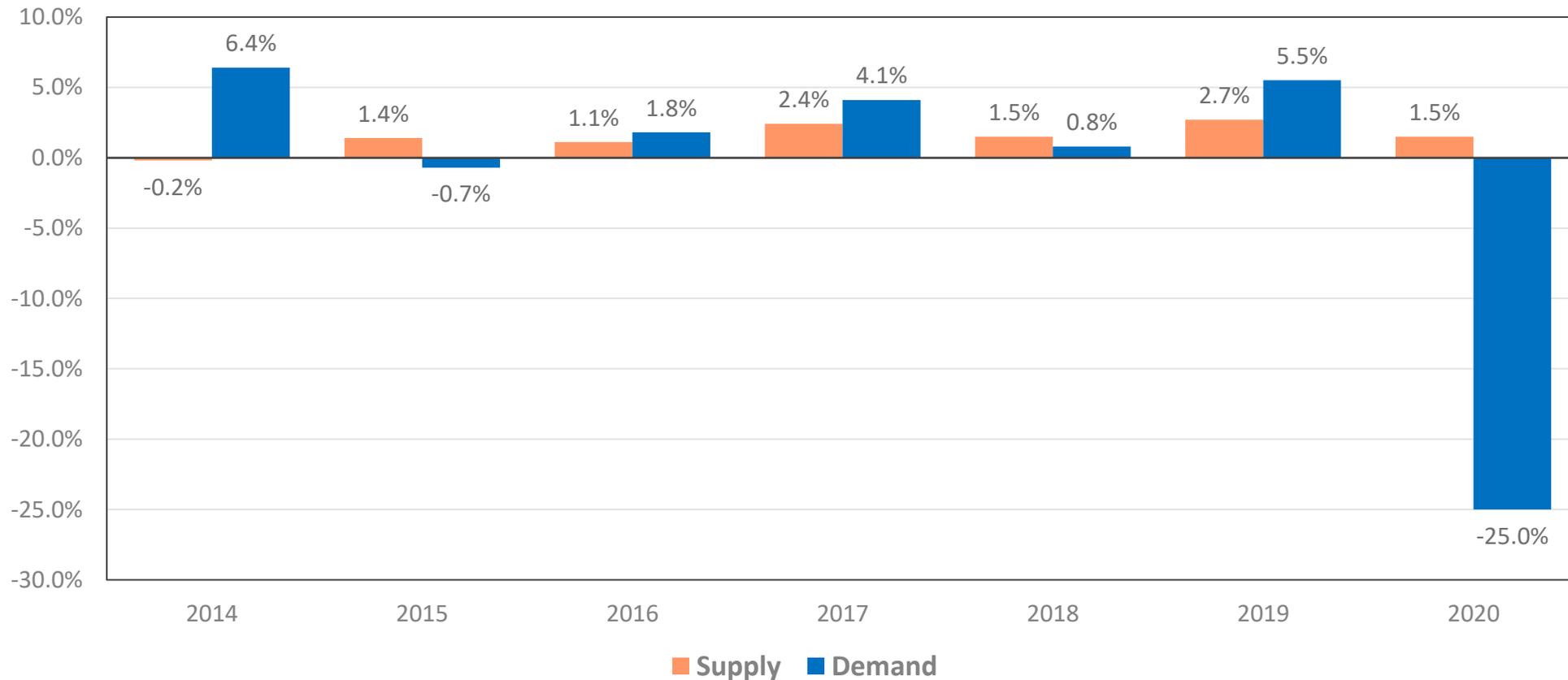
Memphis Lodging Market

ADR Change vs OCC



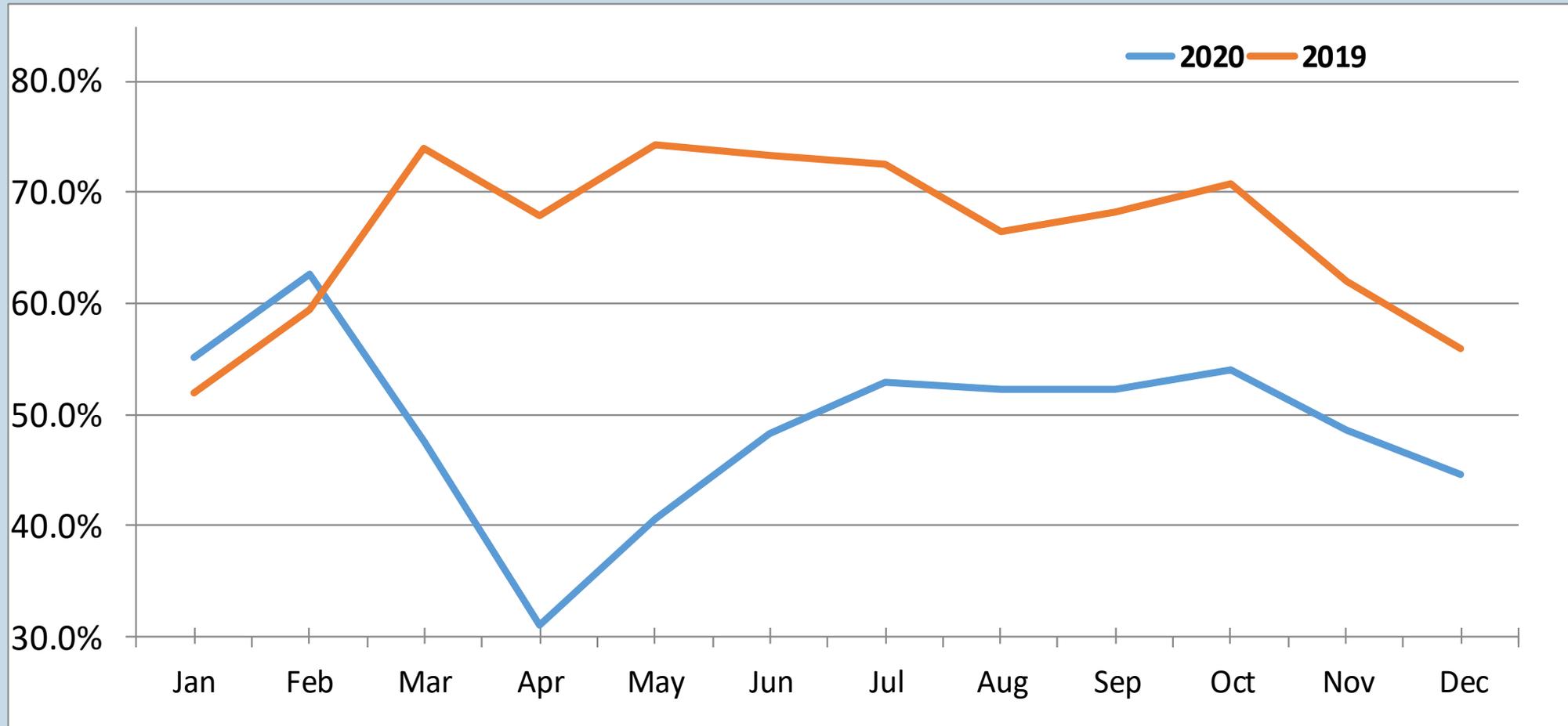
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Supply Change vs Demand



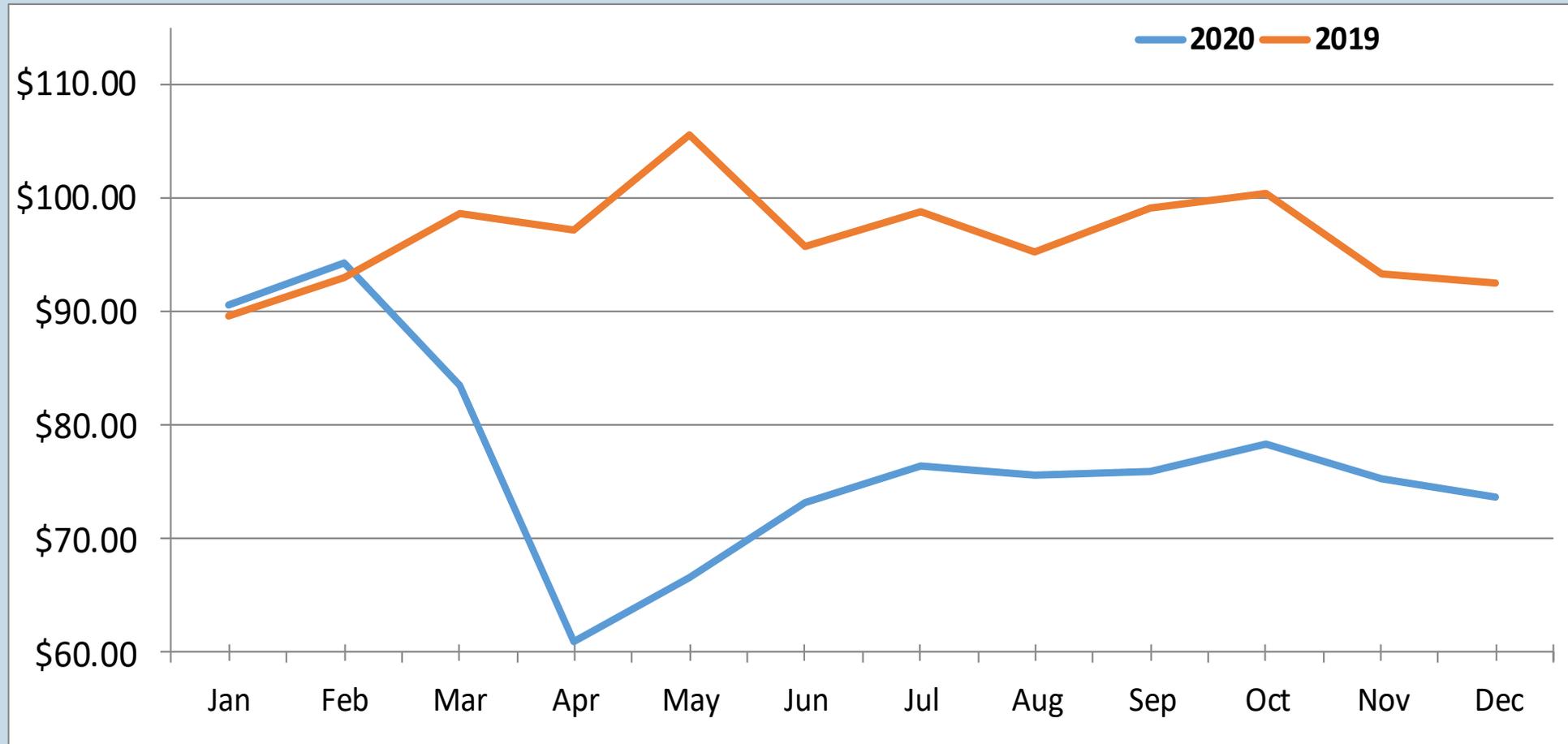
Memphis Lodging Market

Monthly Occupancy Comparison 2020/2019



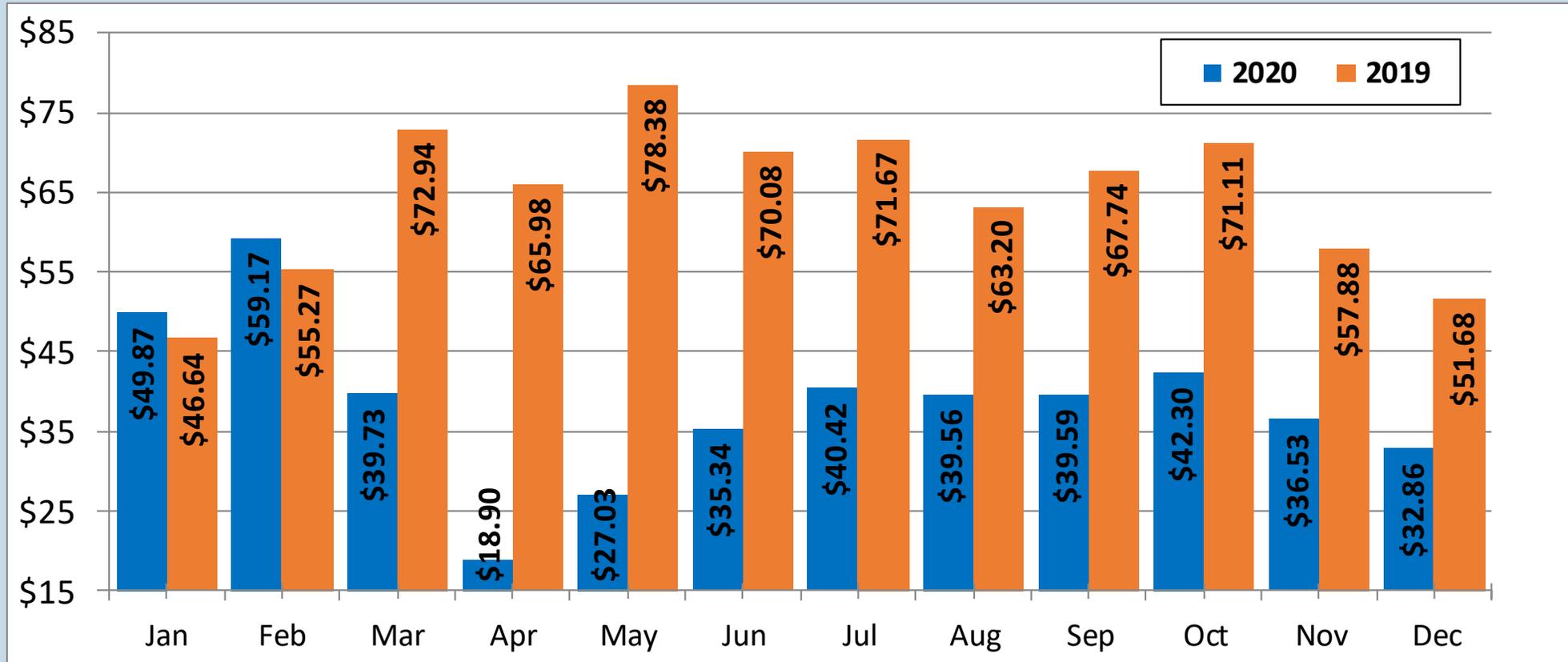
Memphis Lodging Market

Monthly ADR Comparison 2020/2019



Memphis Lodging Market

Monthly RevPAR Comparison 2020/2019



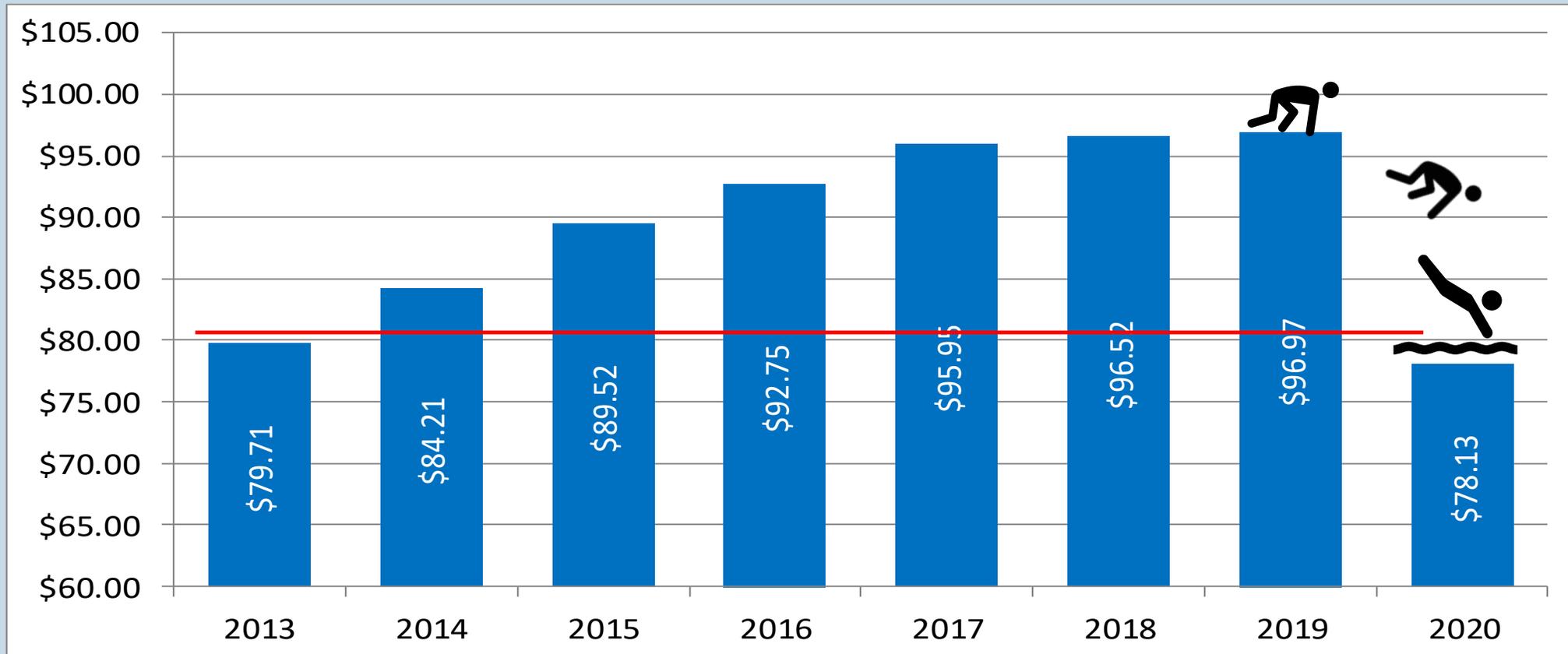
Memphis Lodging Market vs Total U.S.

% Change 2020 vs 2019

	Memphis	U.S.
Room Supply	1.5%	-3.5%
Room Demand	-25.0%	-35.7%
Room Revenue	-39.5%	-49.4%
Occupancy	-26.0%	-33.3%
ADR	-9.4%	-21.3%
RevPAR	-40.4%	-47.5%

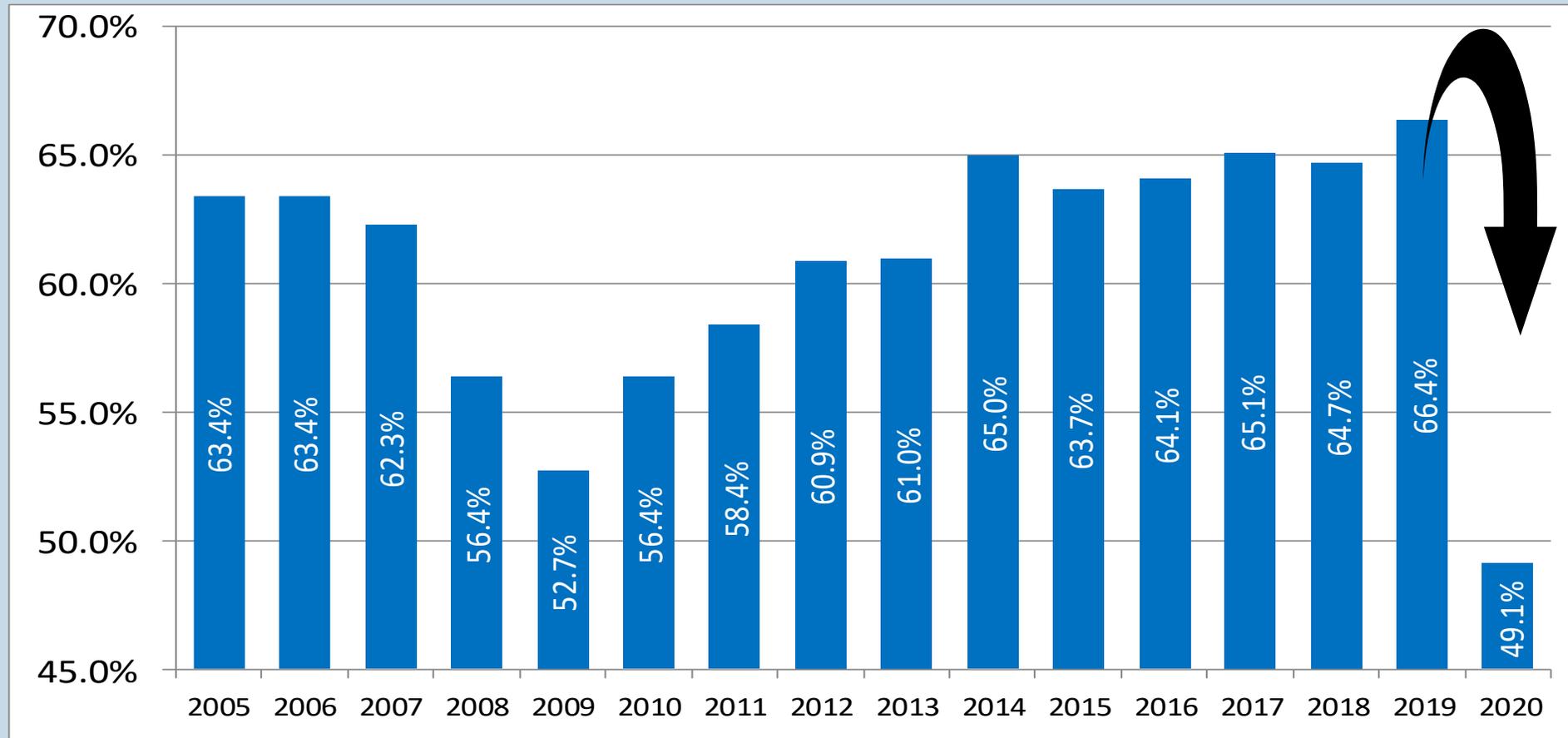
Memphis Lodging Market

Average Rate



Memphis Lodging Market

Occupancy



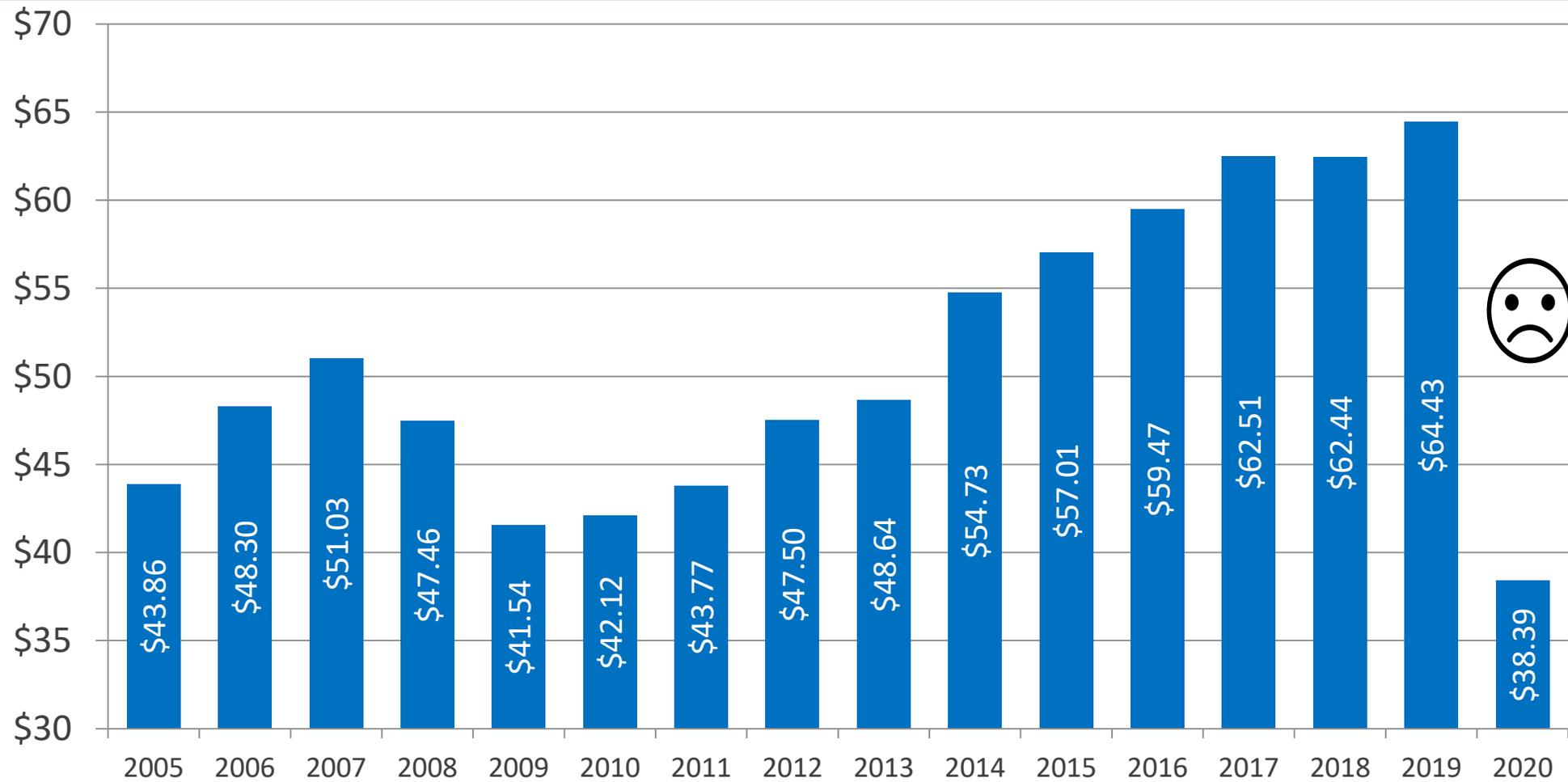
Highest Occ on Record – 70.5% in 1995 (\$60.37 ADR)

1996 – 68.1% (\$63.22 ADR)

1997 – 67.2% (\$66.20 ADR)

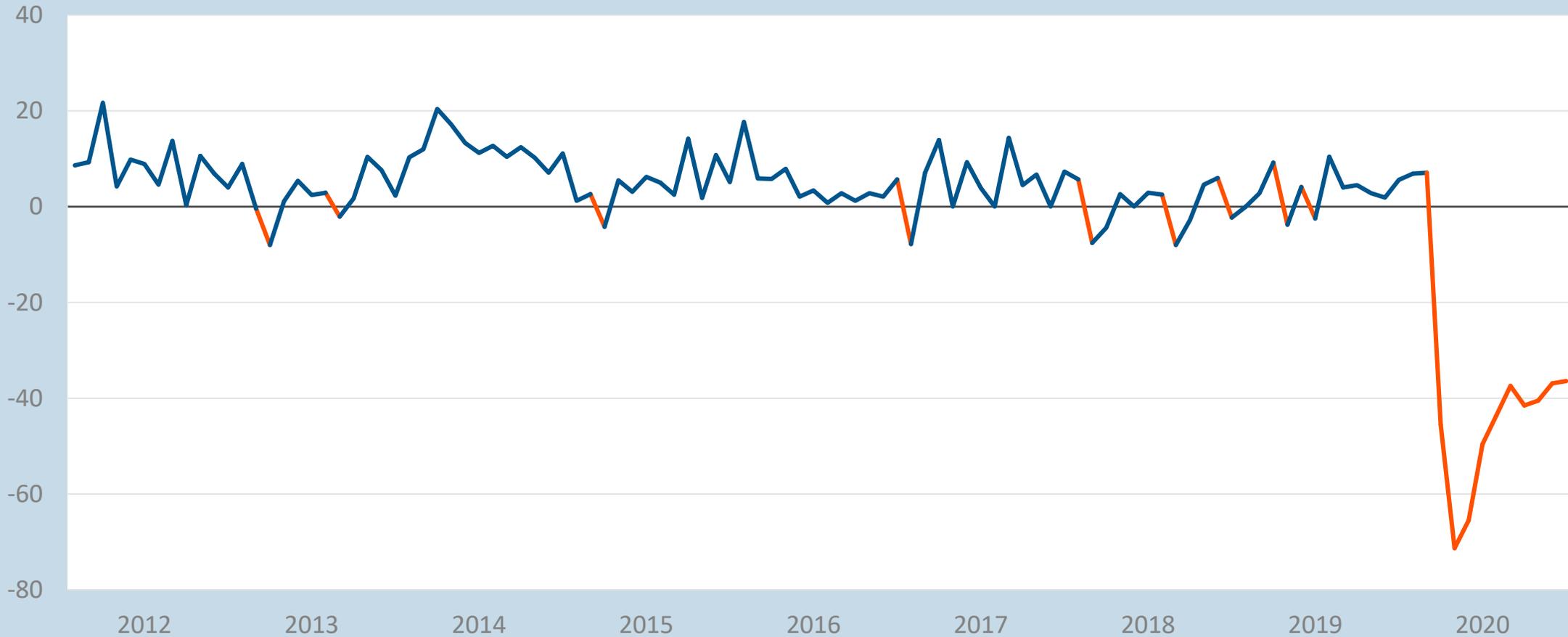
Memphis Lodging Market

RevPAR



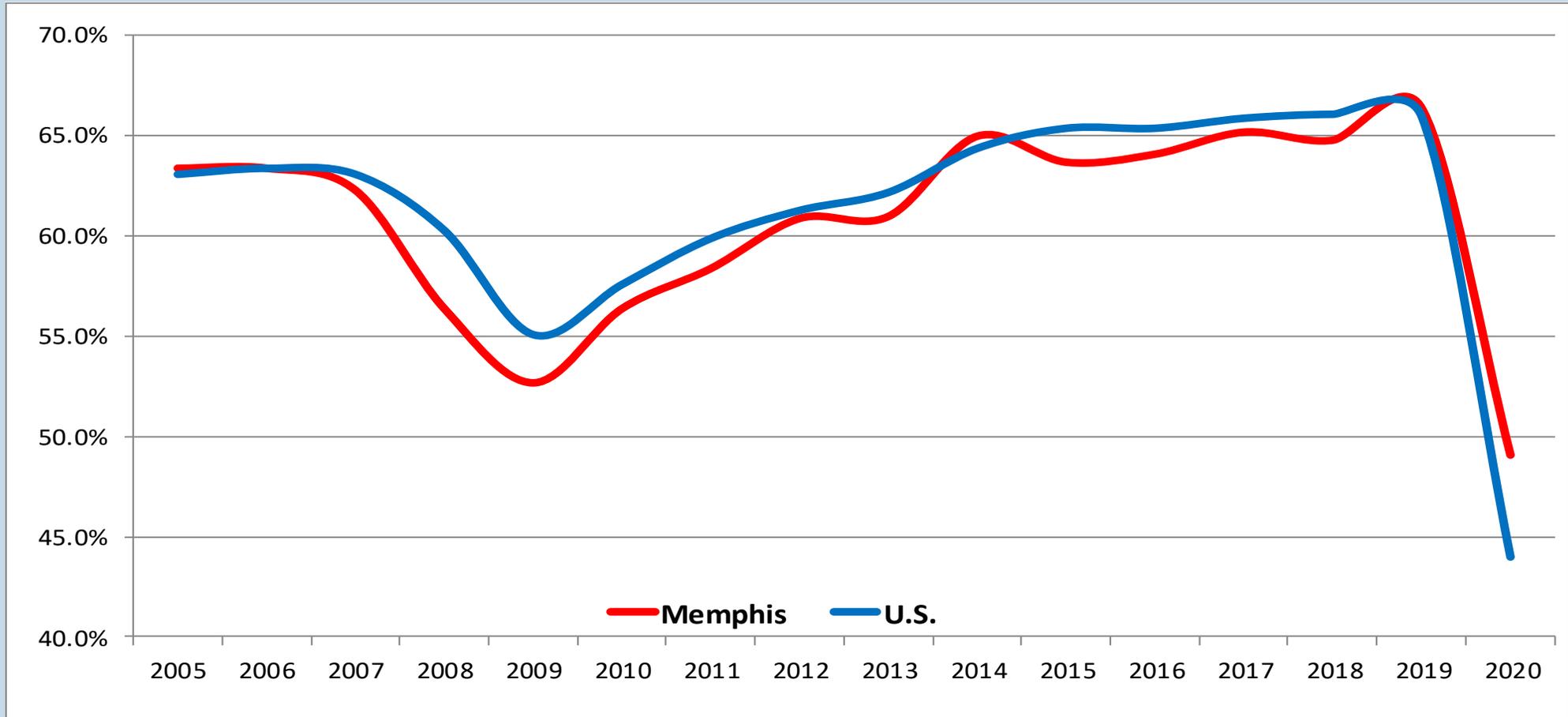
Memphis Lodging Market

RevPAR Growth



Occupancy Trend Comparison

Memphis/U.S.



Memphis Lodging Market

Properties by Size

# Rooms	# Properties
600	1
400 – 599	3
300 - 399	1
200 - 299	10
100 - 199	88
99 or less	171

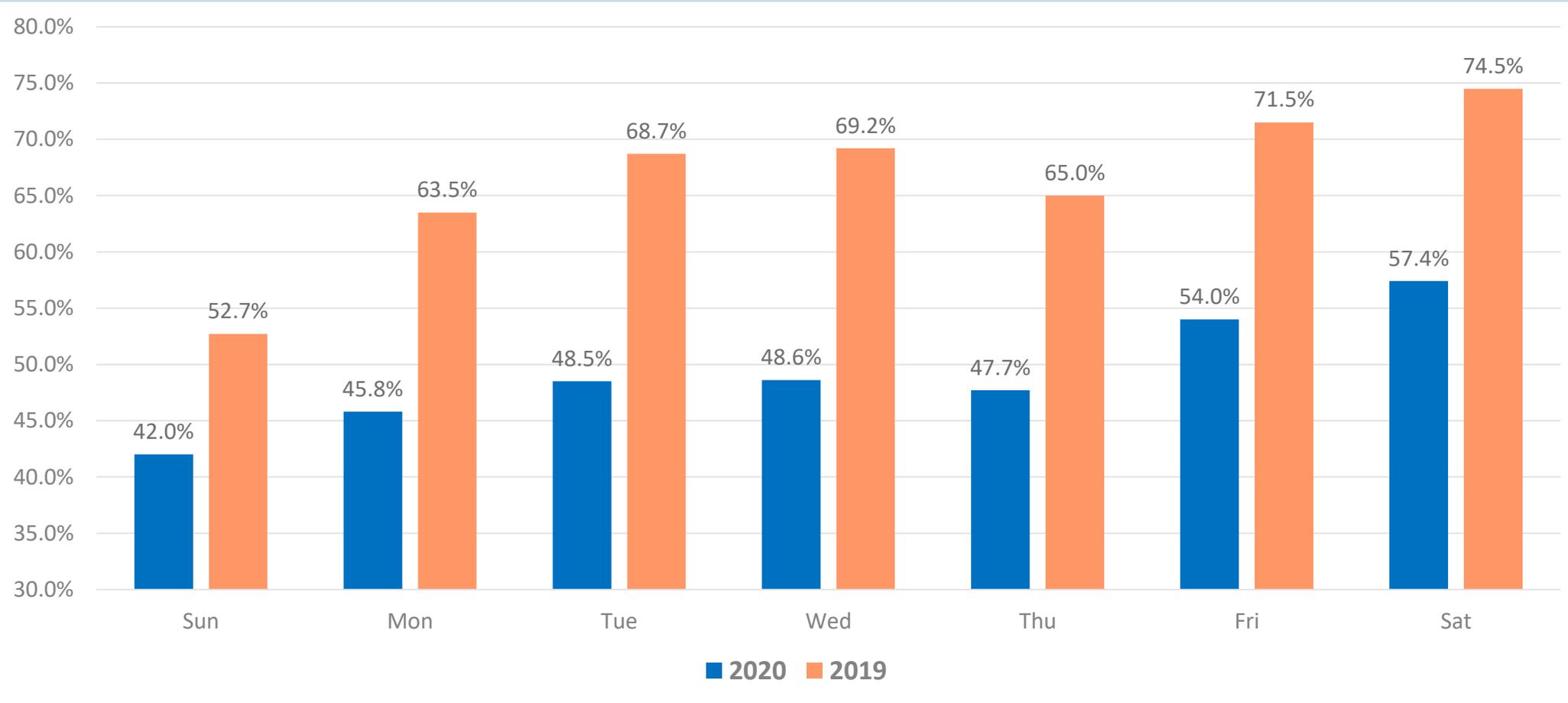
Memphis Lodging Market

Properties by Opening Date

Year	# Properties	# Rooms
2021	7	880
2020	10	879
2019	11	1,108
2018	4	362
2017	6	469
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

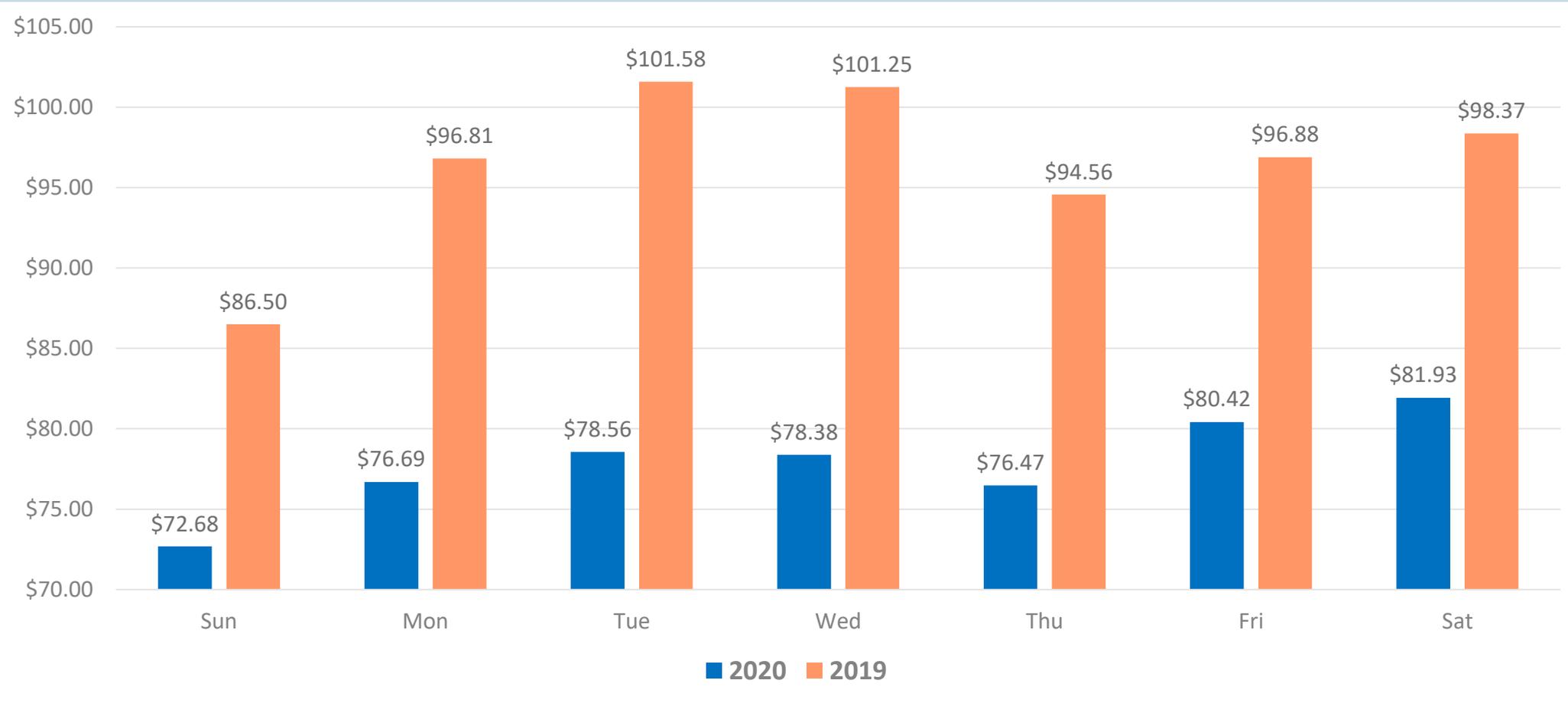
Memphis Lodging Market

Day of Week OCC



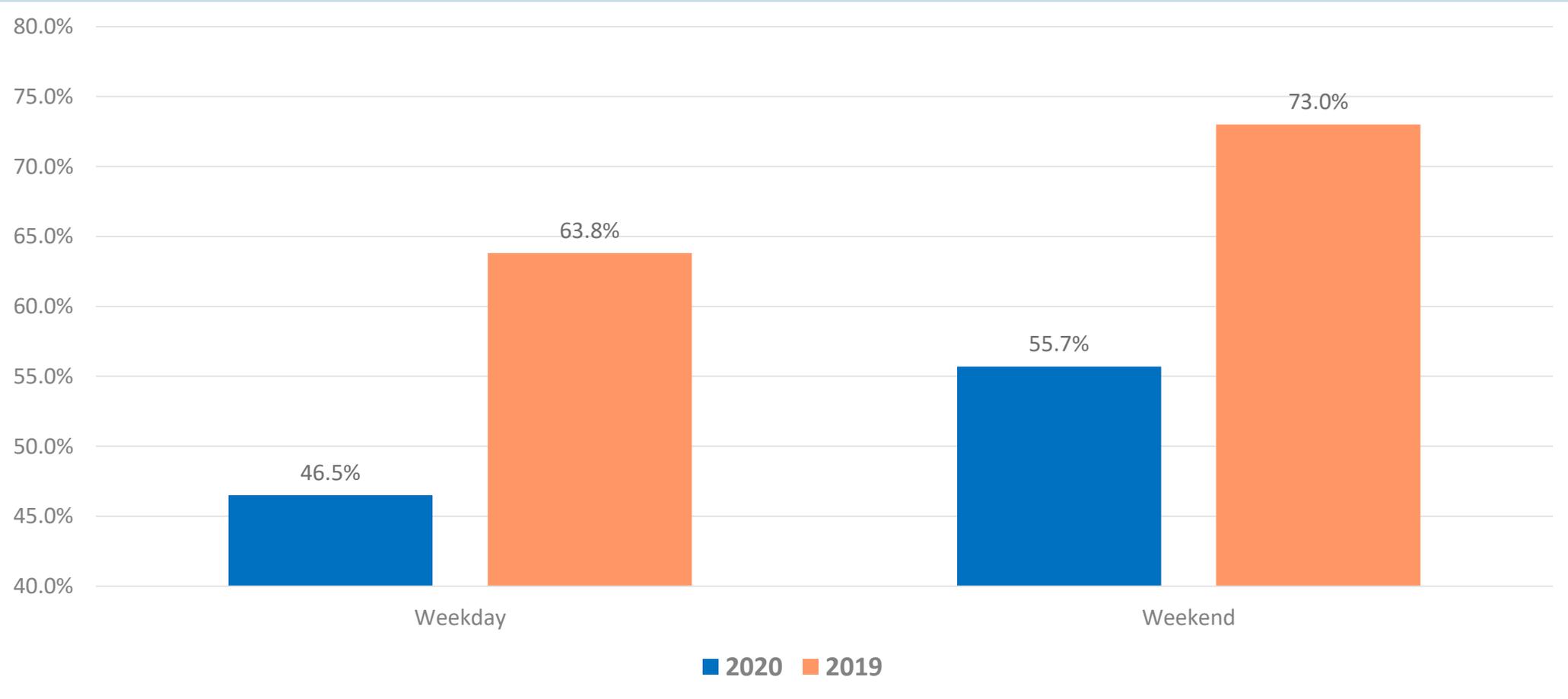
Memphis Lodging Market

Day of Week ADR



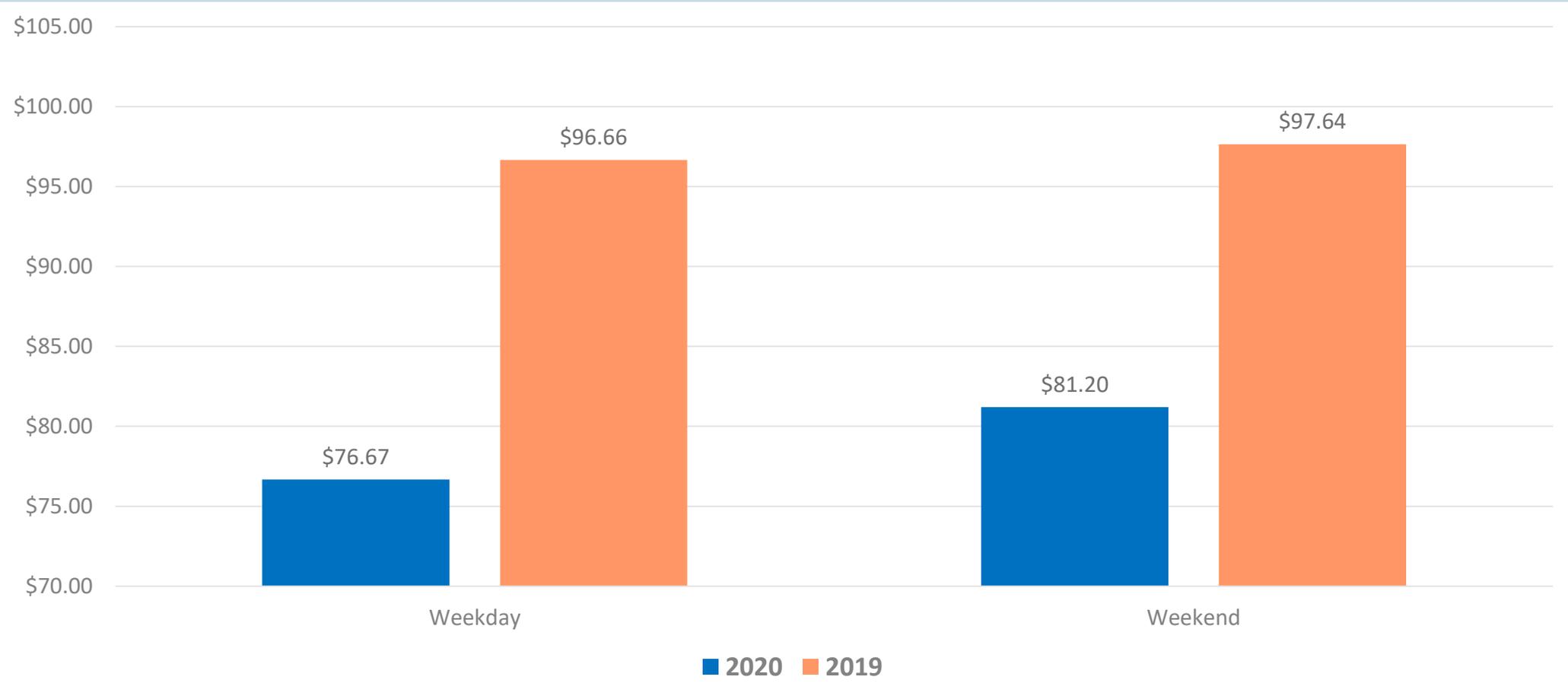
Memphis Lodging Market

Weekday/Weekend OCC



Memphis Lodging Market

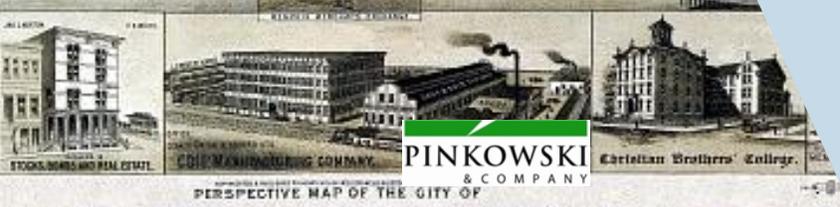
Weekday/Weekend ADR



Memphis Lodging Market

Current Pipeline or Pipe dream

Location	# Properties	# Rooms
West Memphis	2	395
Collierville	2	190
Arlington	3	310
Downtown	15	2,915
Midtown	3	306
East Memphis	6	604
Lakeland	2	270
Germantown	2	284
Southaven	6	536
Olive Branch	4	368
Horn Lake	<u>1</u>	<u>60</u>
Total	<u>46</u>	<u>6,261</u>



Memphis Lodging Market

Geographic
Regions

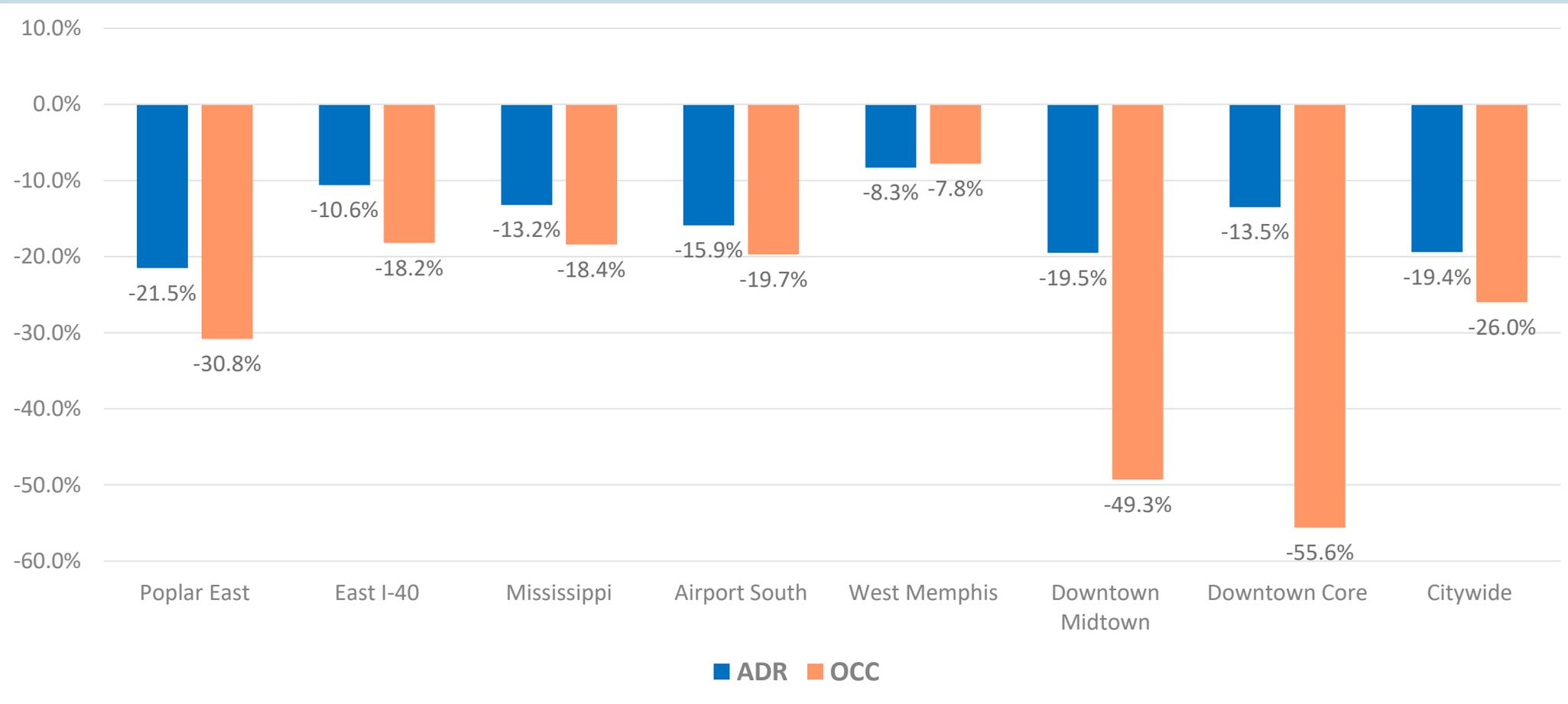
Memphis Lodging Market

Year End 2020 by Geographic Region

	ADR	Occ	RevPAR	# Rooms	# Properties
West Memphis/Marion	\$70.25	53.7%	\$37.76	1,774	28
Poplar/East	\$80.55	48.8%	\$39.32	5,666	47
East/I-40	\$64.85	51.4%	\$33.33	3,840	41
Airport/South	\$61.71	50.2%	\$30.97	4,654	50
Downtown/Midtown	\$120.27	33.9%	\$40.80	4,671	38
Mississippi	\$83.04	61.7%	\$51.25	3,911	53
Millington/North/Other	\$63.03	49.8%	\$31.38	<u>1,033</u>	<u>19</u>
Citywide	\$78.13	49.1%	\$38.39	<u>25,549</u>	<u>274</u>

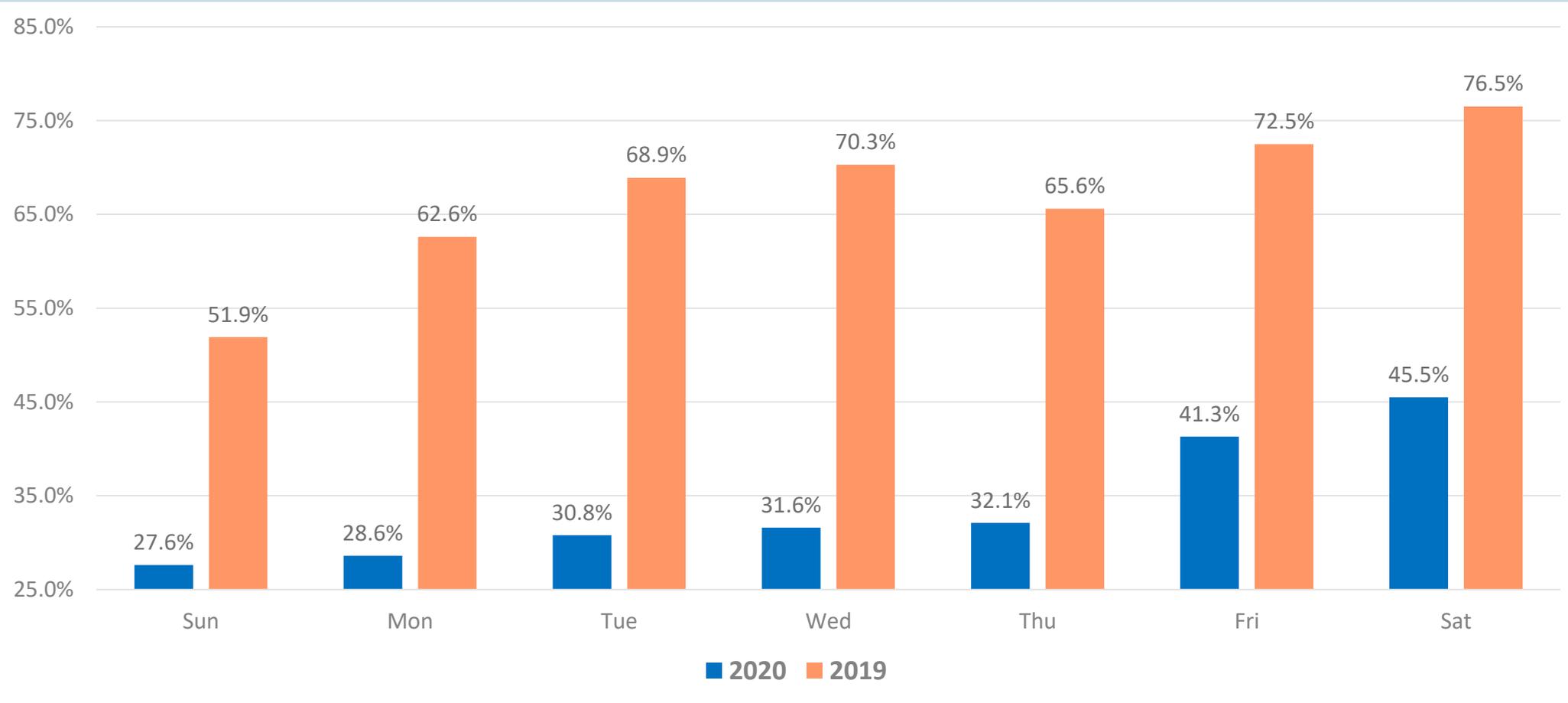
Memphis Lodging Market

ADR/OCC % Change 2020 vs 2019



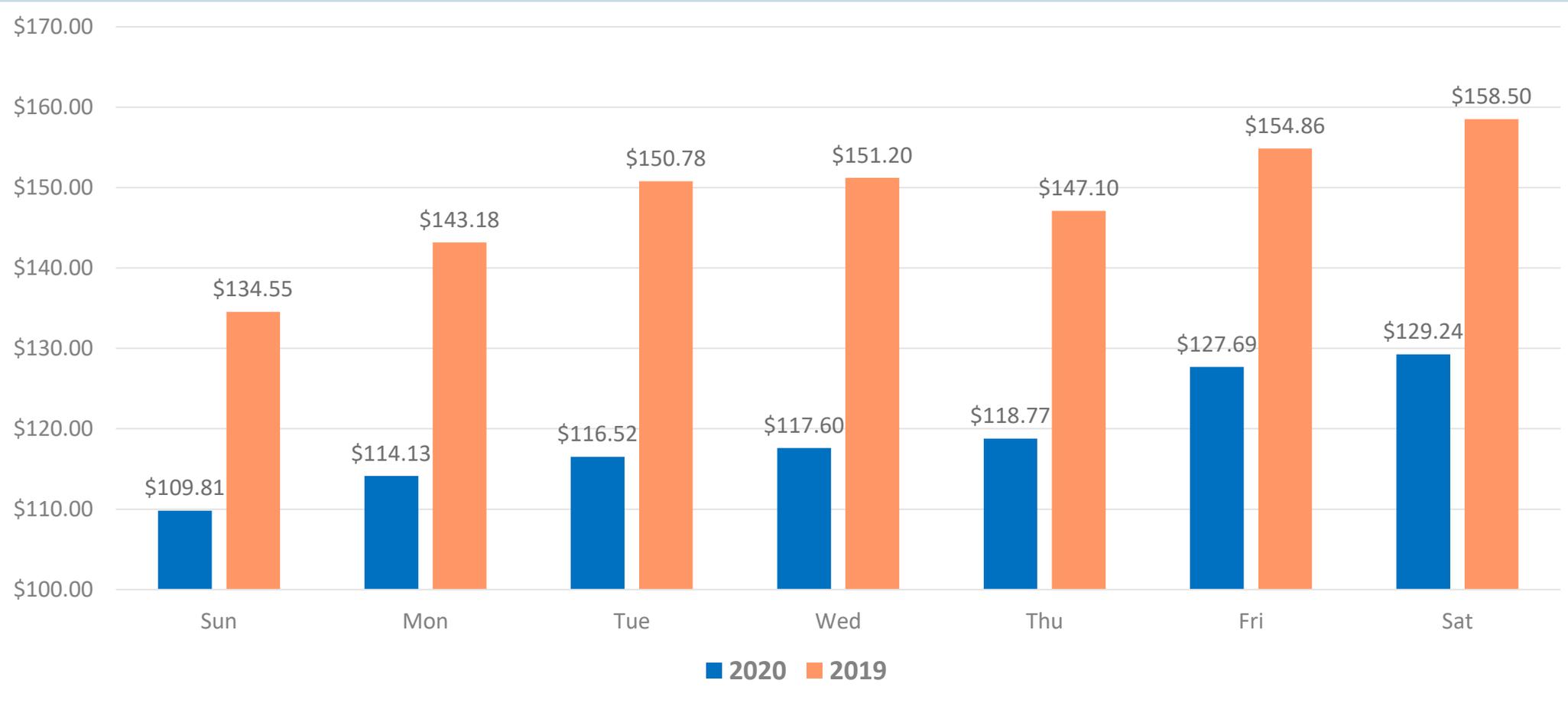
Downtown/Midtown Lodging Market

Weekday/Weekend OCC



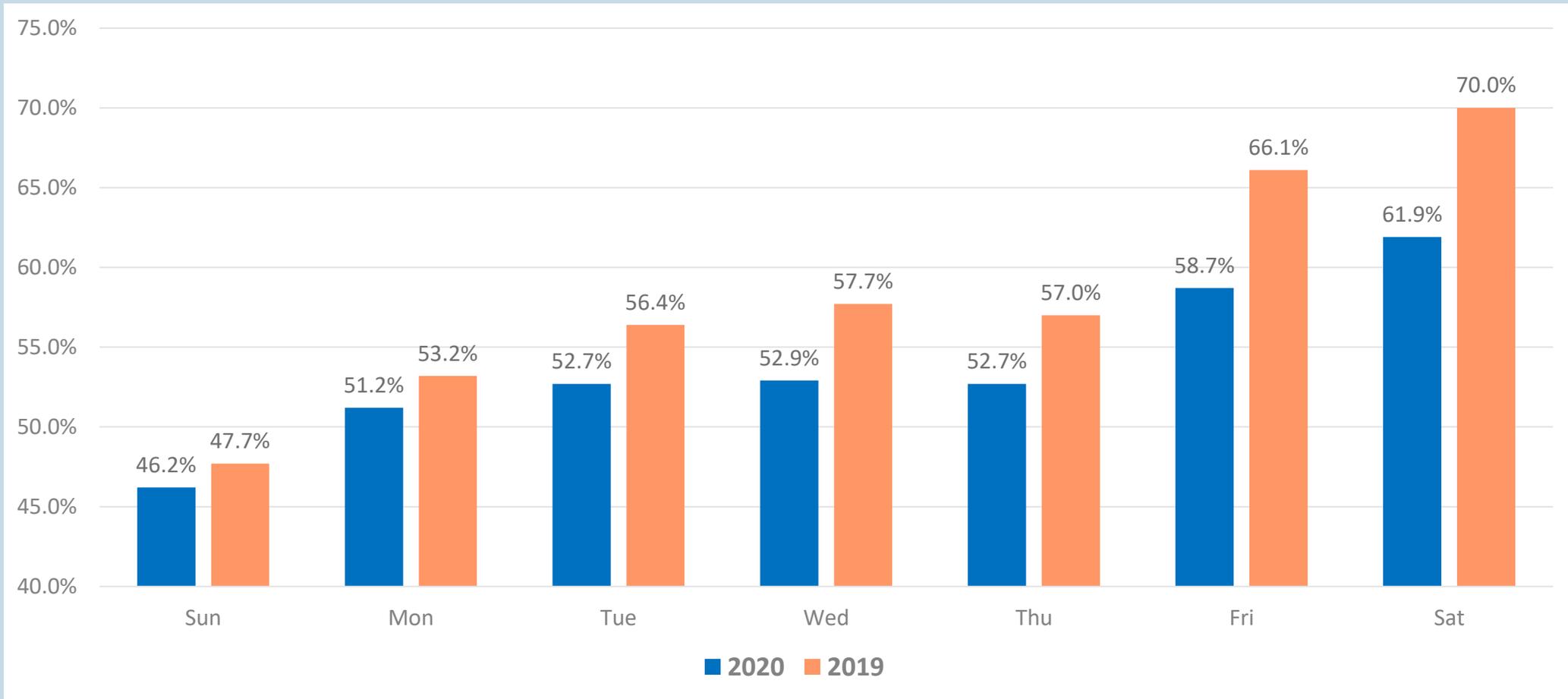
Downtown/Midtown Lodging Market

Weekday/Weekend ADR



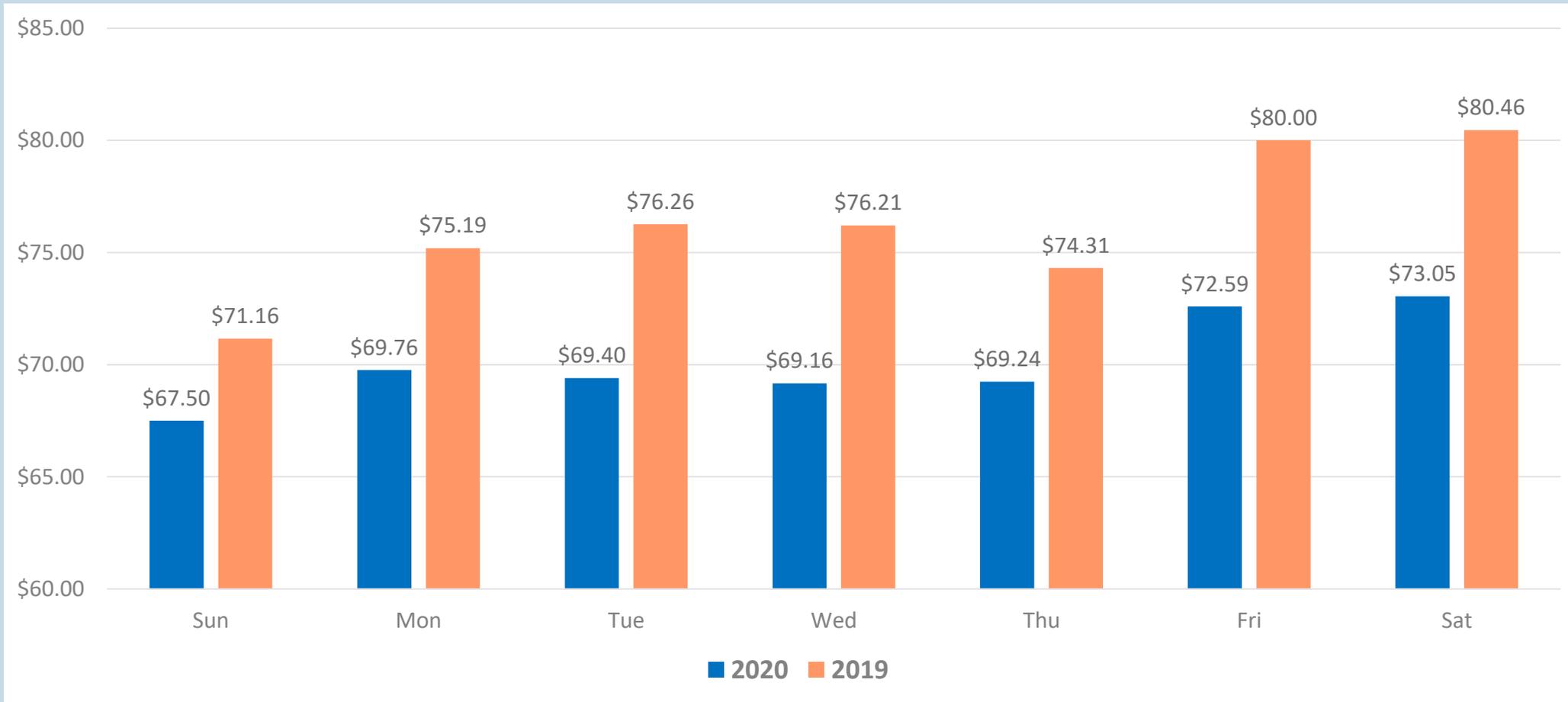
West Memphis Lodging Market

Weekday/Weekend OCC



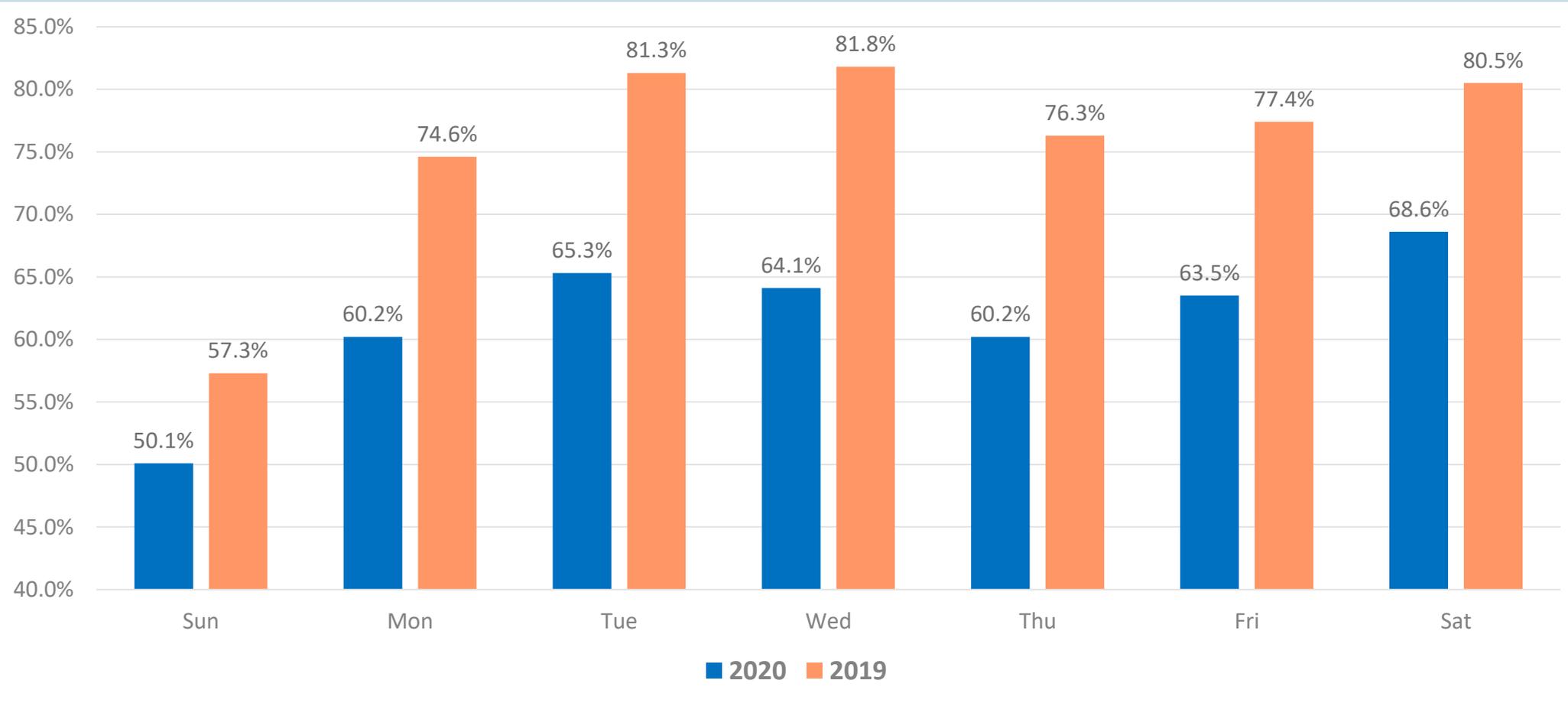
West Memphis Lodging Market

Weekday/Weekend ADR



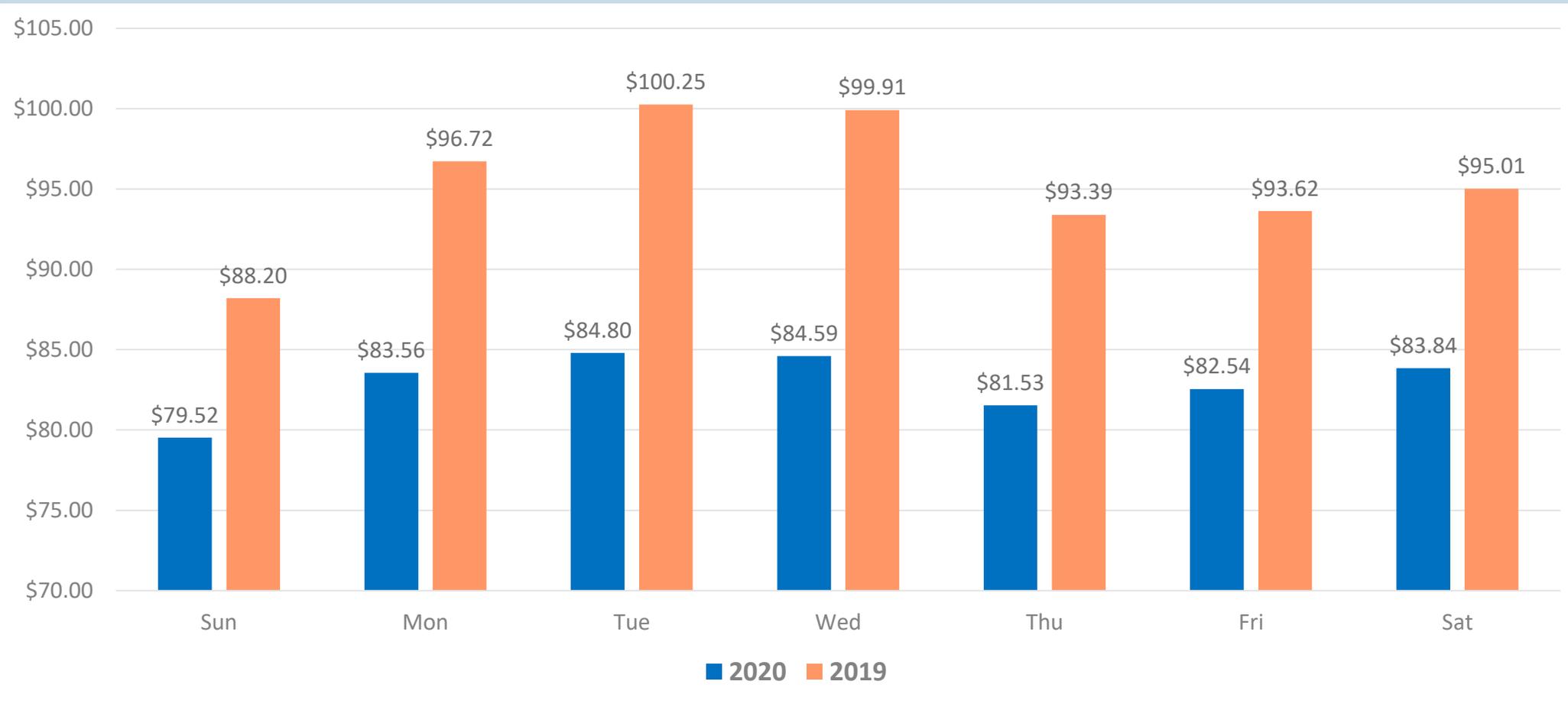
Mississippi Lodging Market

Weekday/Weekend OCC



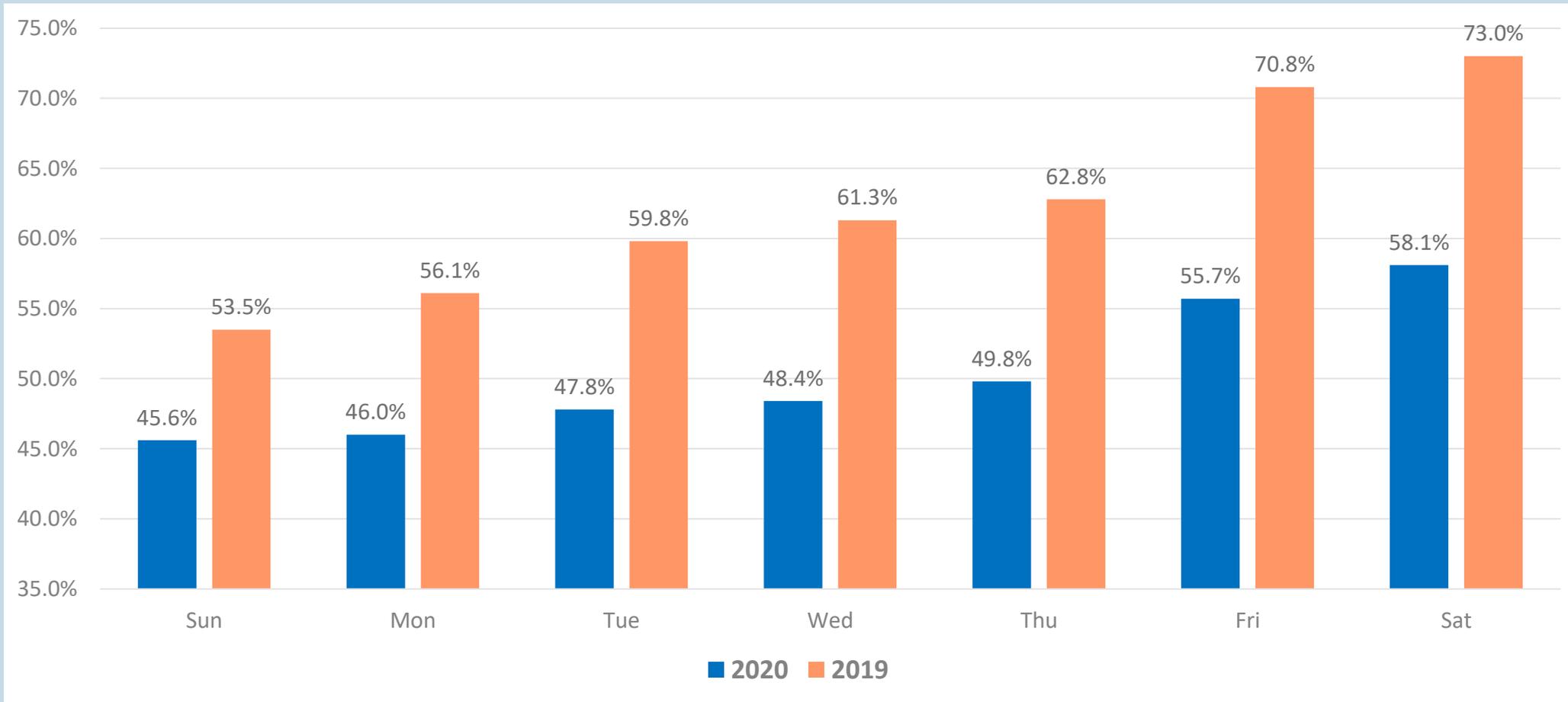
Mississippi Lodging Market

Weekday/Weekend ADR



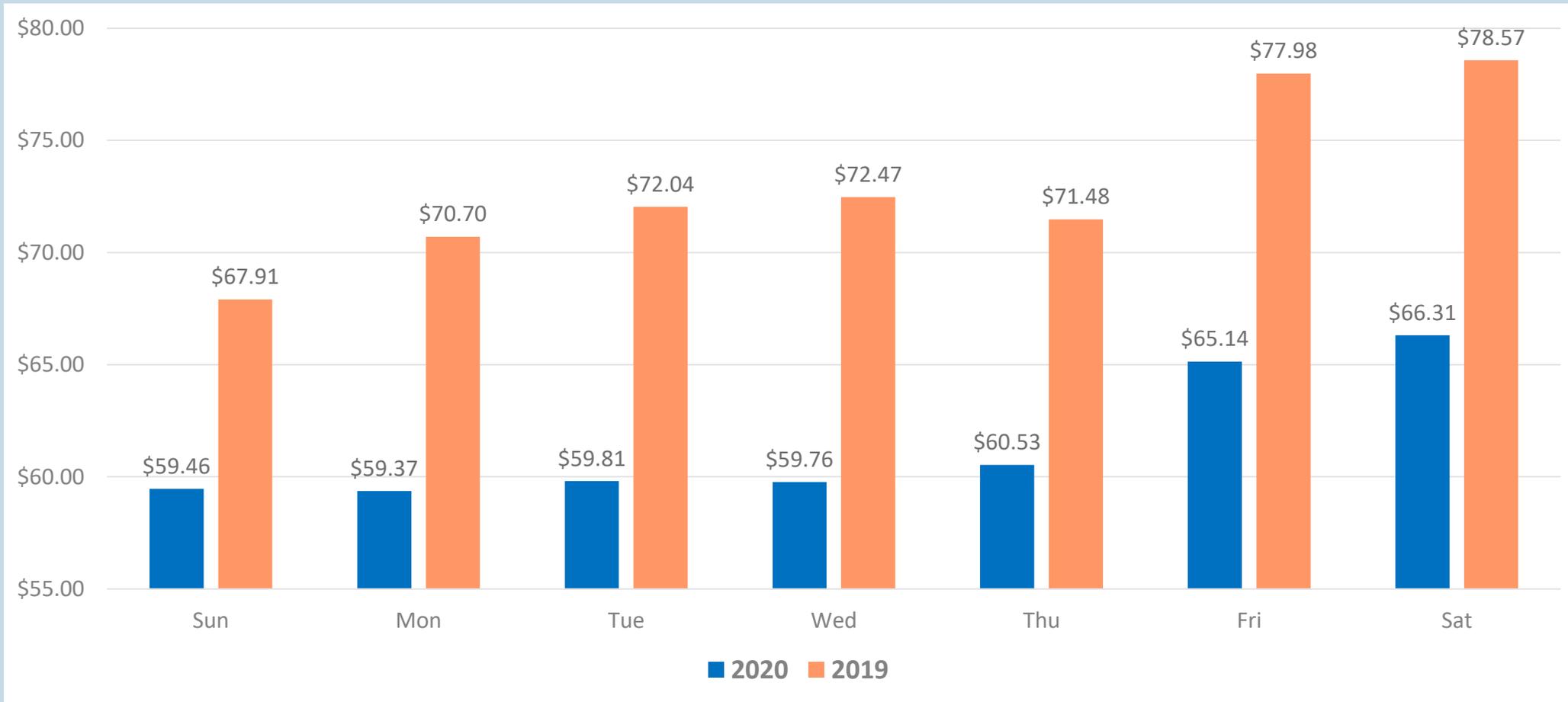
Airport/South Lodging Market

Weekday/Weekend OCC



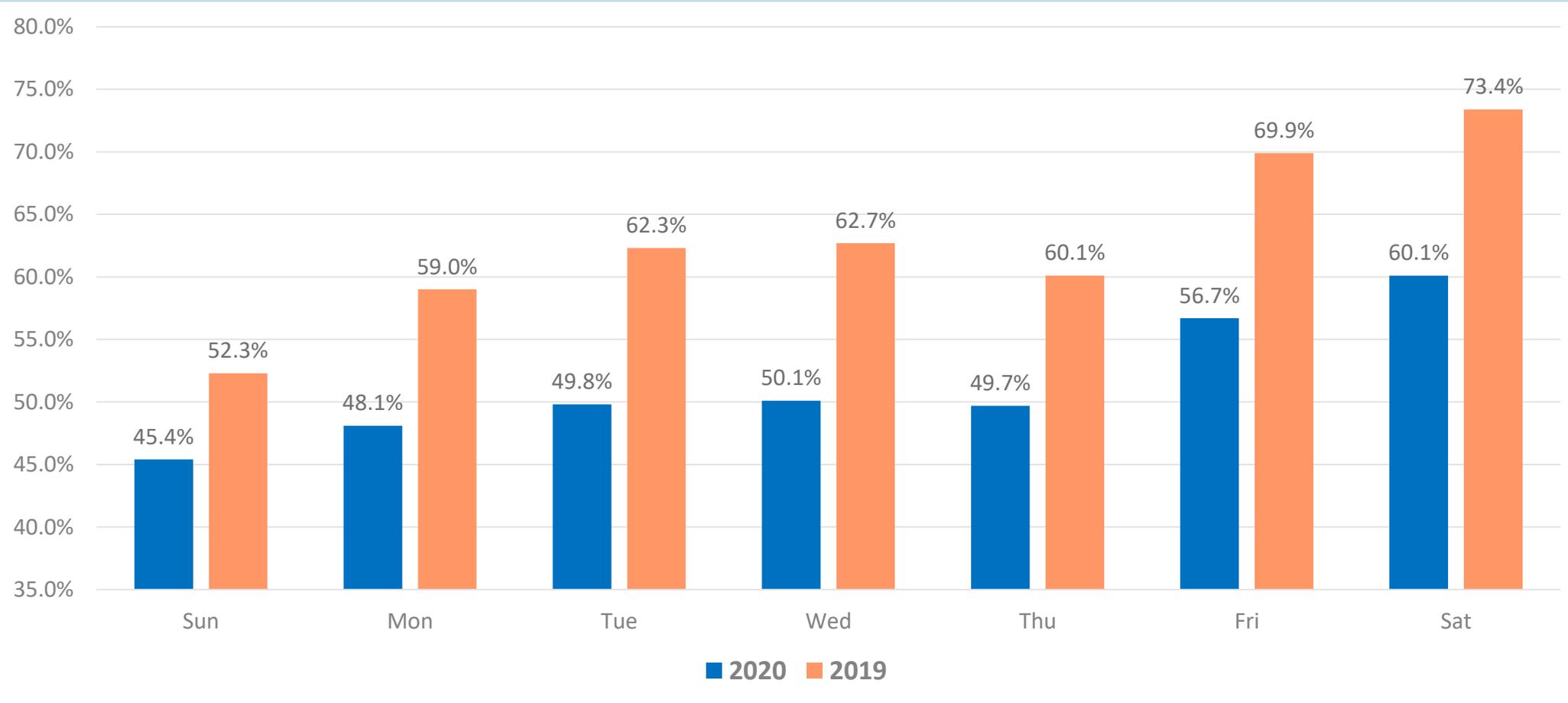
Airport/South Lodging Market

Weekday/Weekend ADR



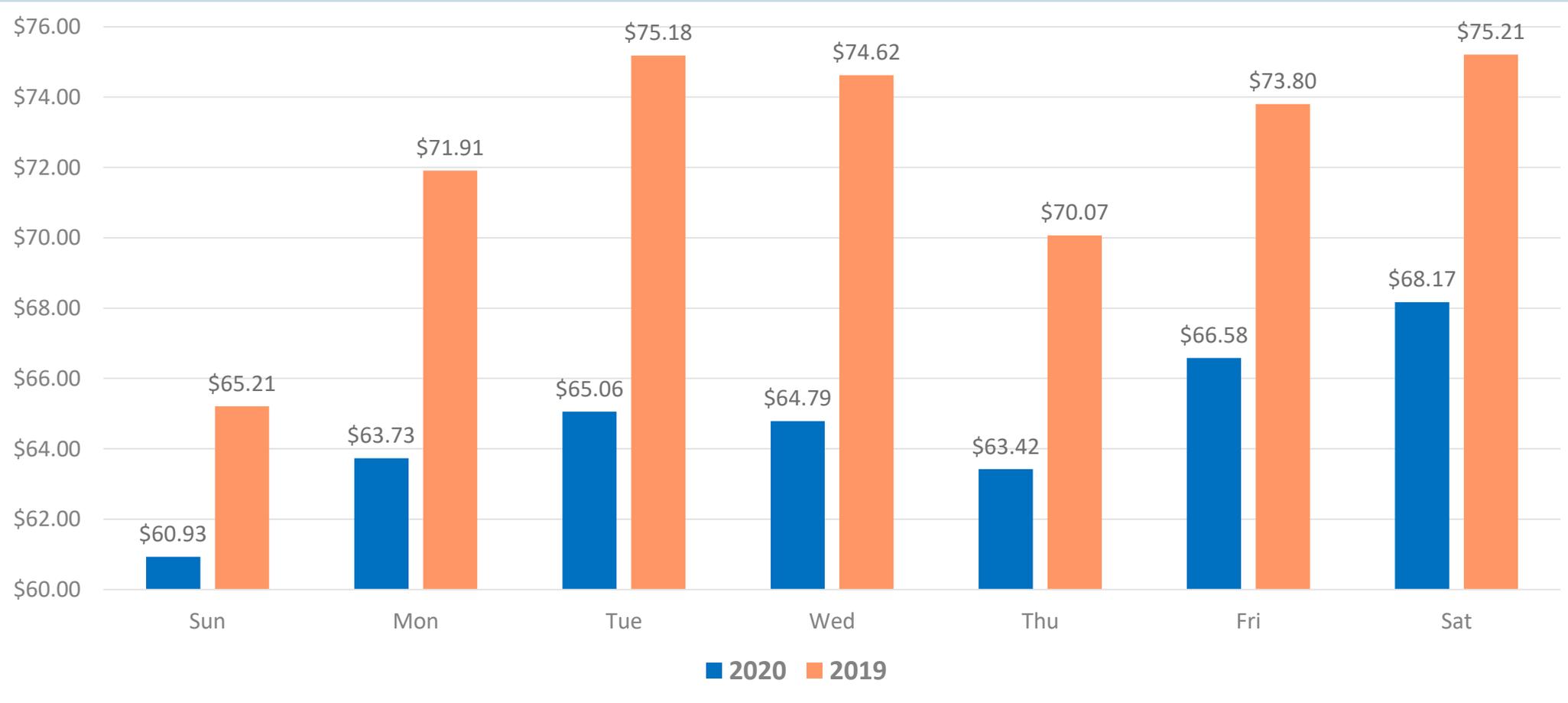
East/I-40 Lodging Market

Weekday/Weekend OCC



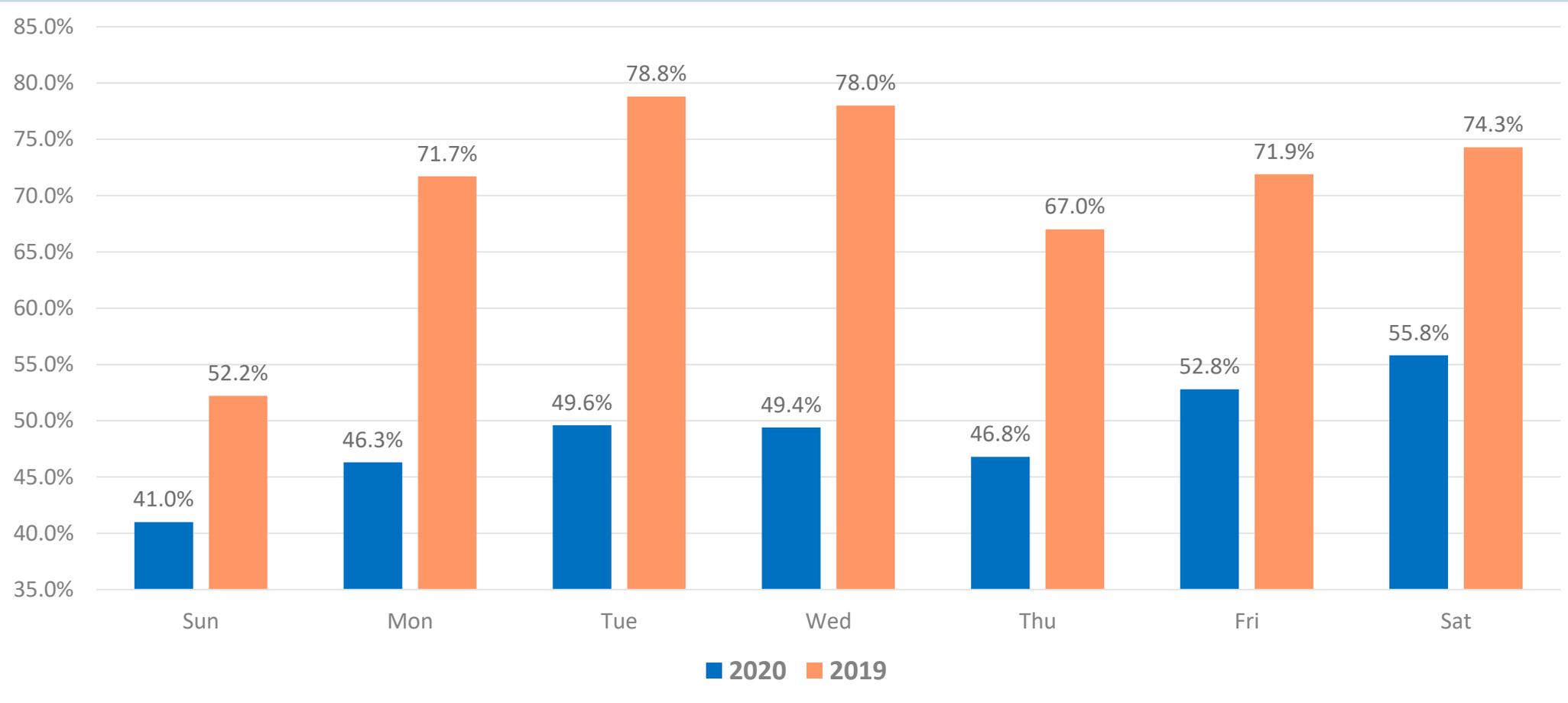
East/I-40 Lodging Market

Weekday/Weekend ADR



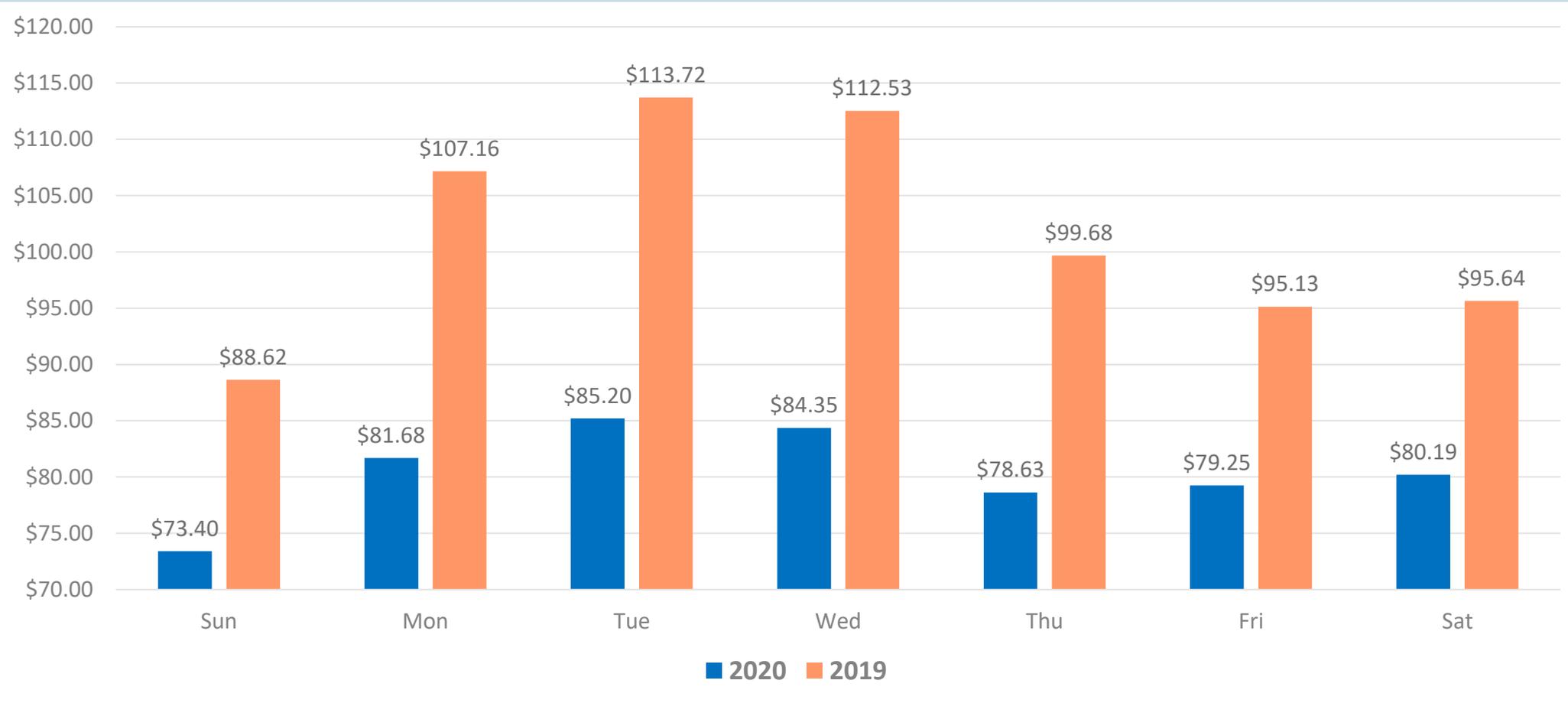
Poplar/East Lodging Market

Weekday/Weekend OCC



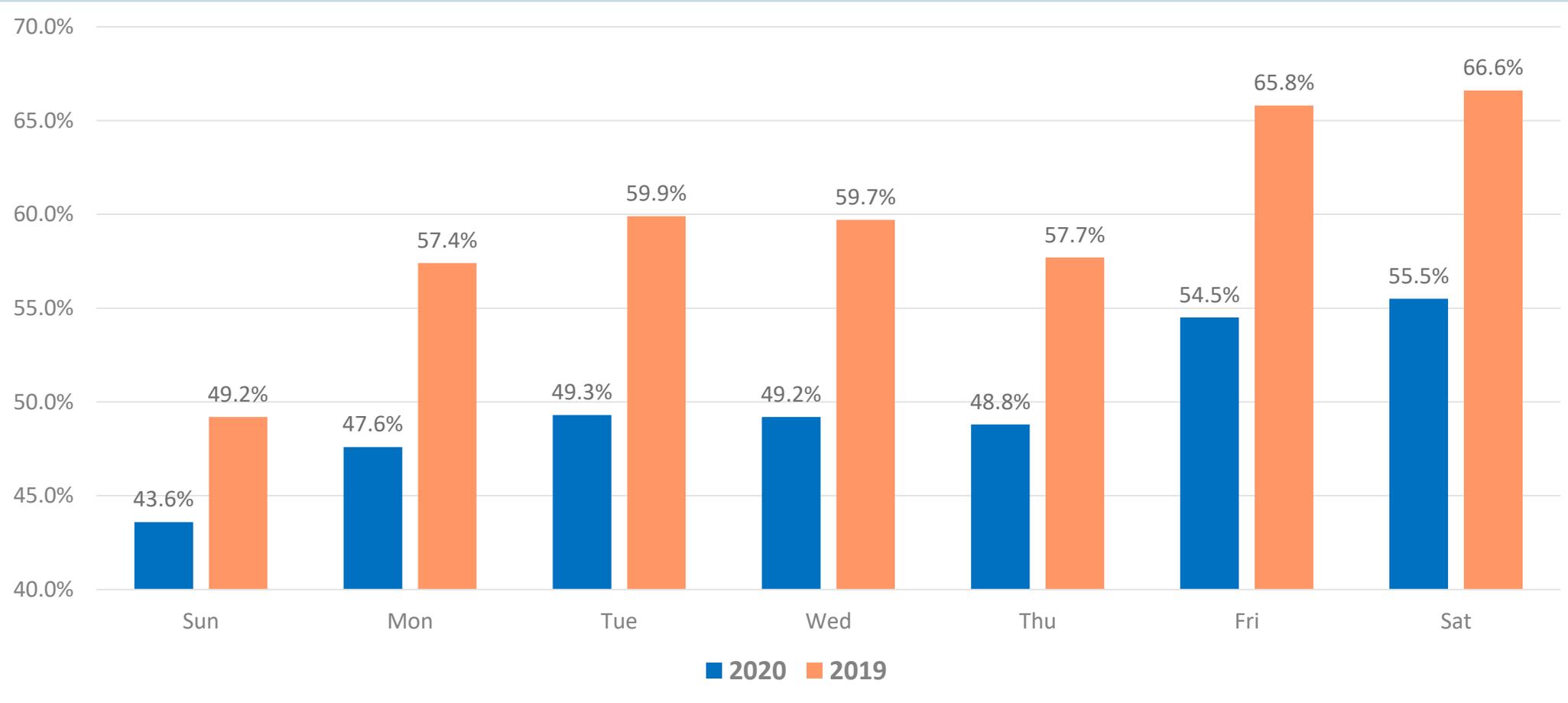
Poplar/East Lodging Market

Weekday/Weekend ADR



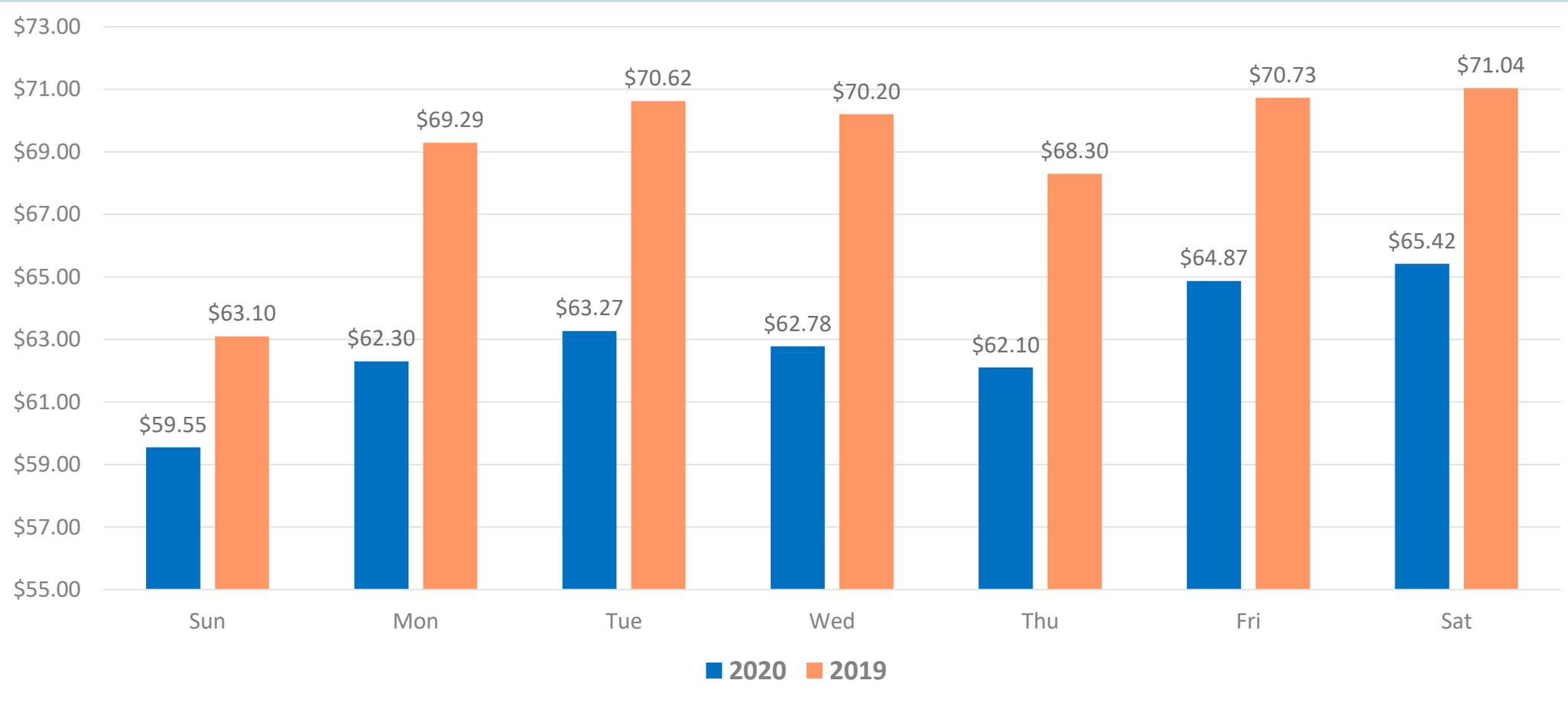
Millington/North Lodging Market

Weekday/Weekend OCC



Millington/North Lodging Market

Weekday/Weekend ADR



Downtown Memphis



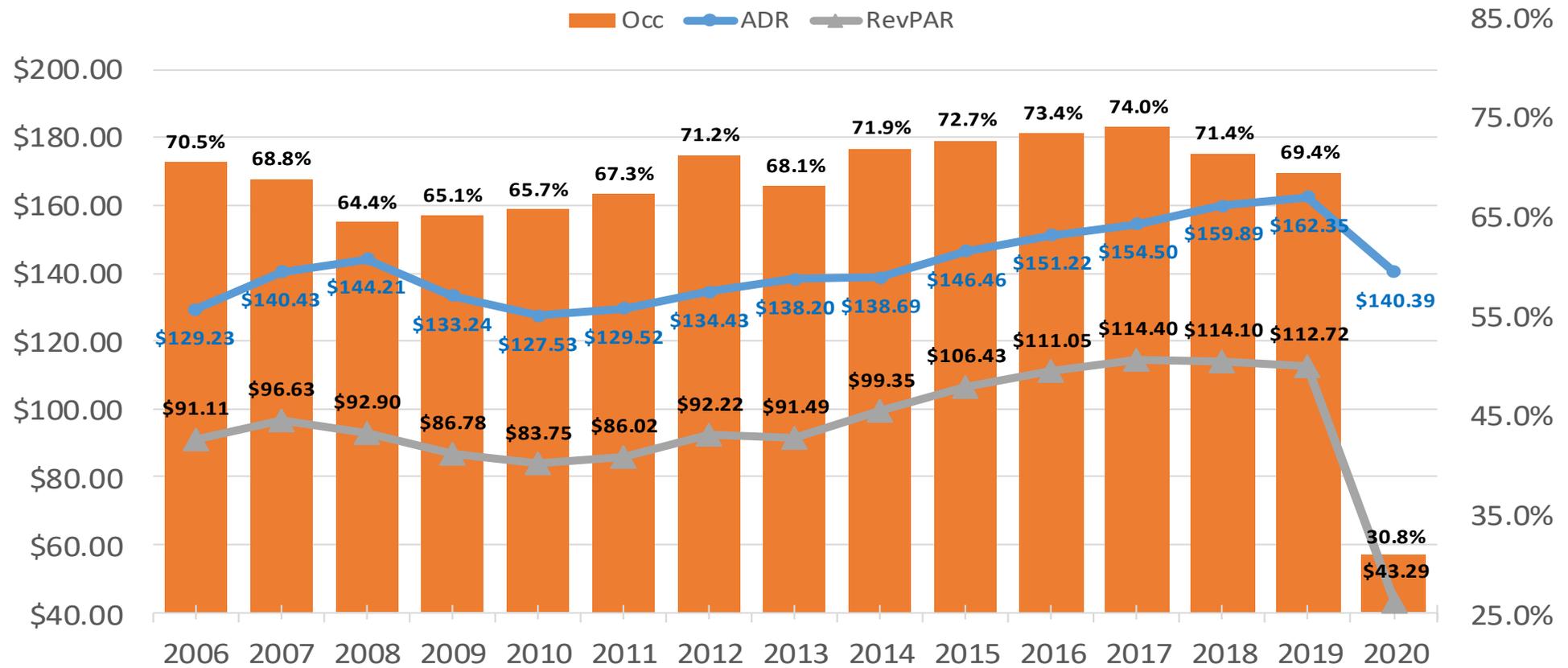
Downtown Memphis Hotels

as of 12/31/20

- Hu Hotel
- SpringHill Suites
- Hampton Inn & Suites
- River Inn
- Westin Beale St
- Residence Inn
- Courtyard
- Peabody Hotel
- La Quinta Inn & Suites
- Arrive
- Canopy
- Sheraton Hotel
- MOXY
- Comfort Inn
- Doubletree Hotel
- Holiday Inn
- Crowne Plaza
- Big Cypress Lodge
- Ascend Napoleon Hotel
- Hotel Indigo
- Central Station Hotel-Curio Collection
- Hilton Garden Inn

Downtown Memphis

2006 - 2020



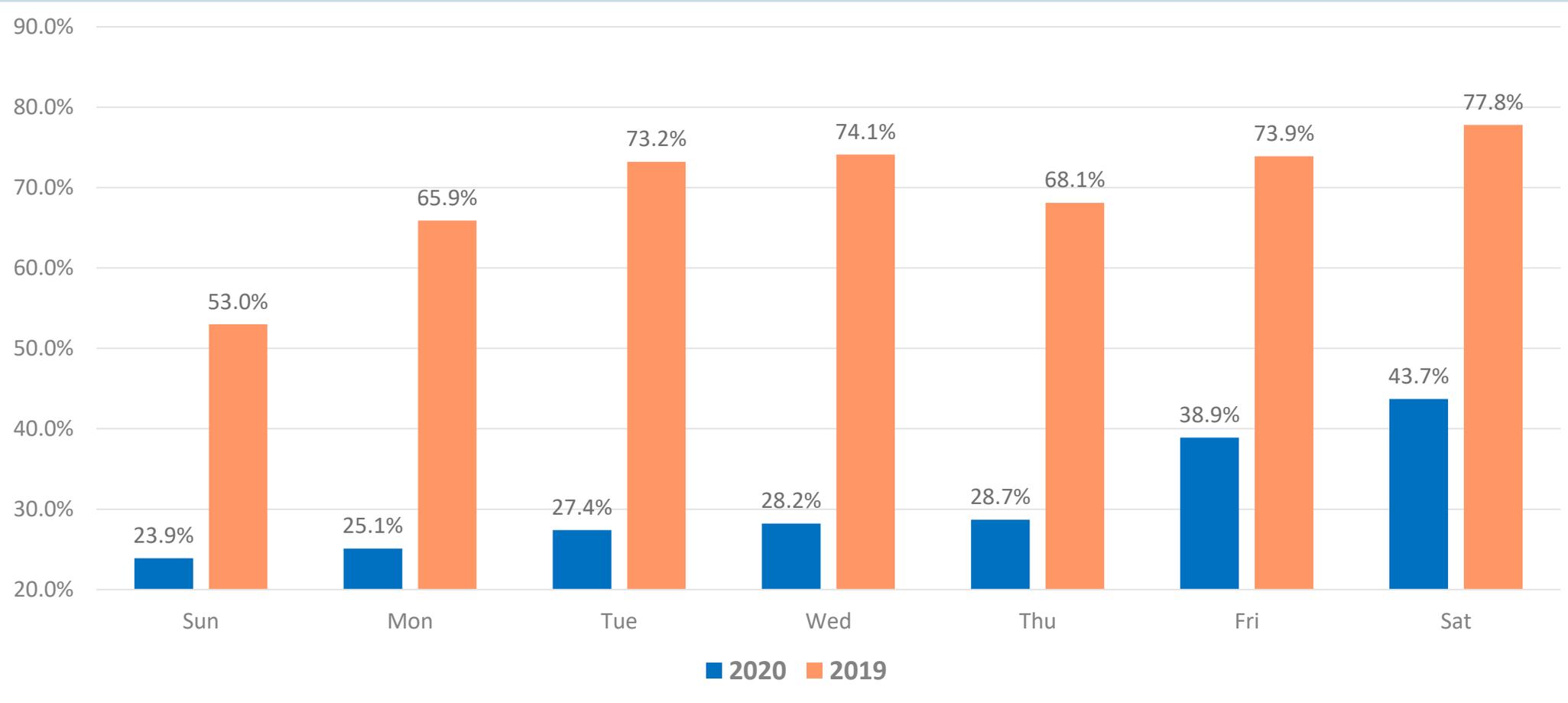
Downtown Memphis

Key Statistics

	YE 2020	YE 2019	% Change
Room Supply (Daily)	3,507	3,398	3.2%
Room Demand (Daily)	1,081	2,359	-54.2%
Room Revenue (Daily)	\$151,812	\$382,966	-60.4%
Occupancy	30.8%	69.4%	-55.6%
ADR	\$140.39	\$162.35	-13.5%
RevPAR	\$43.20	\$112.72	-61.6%

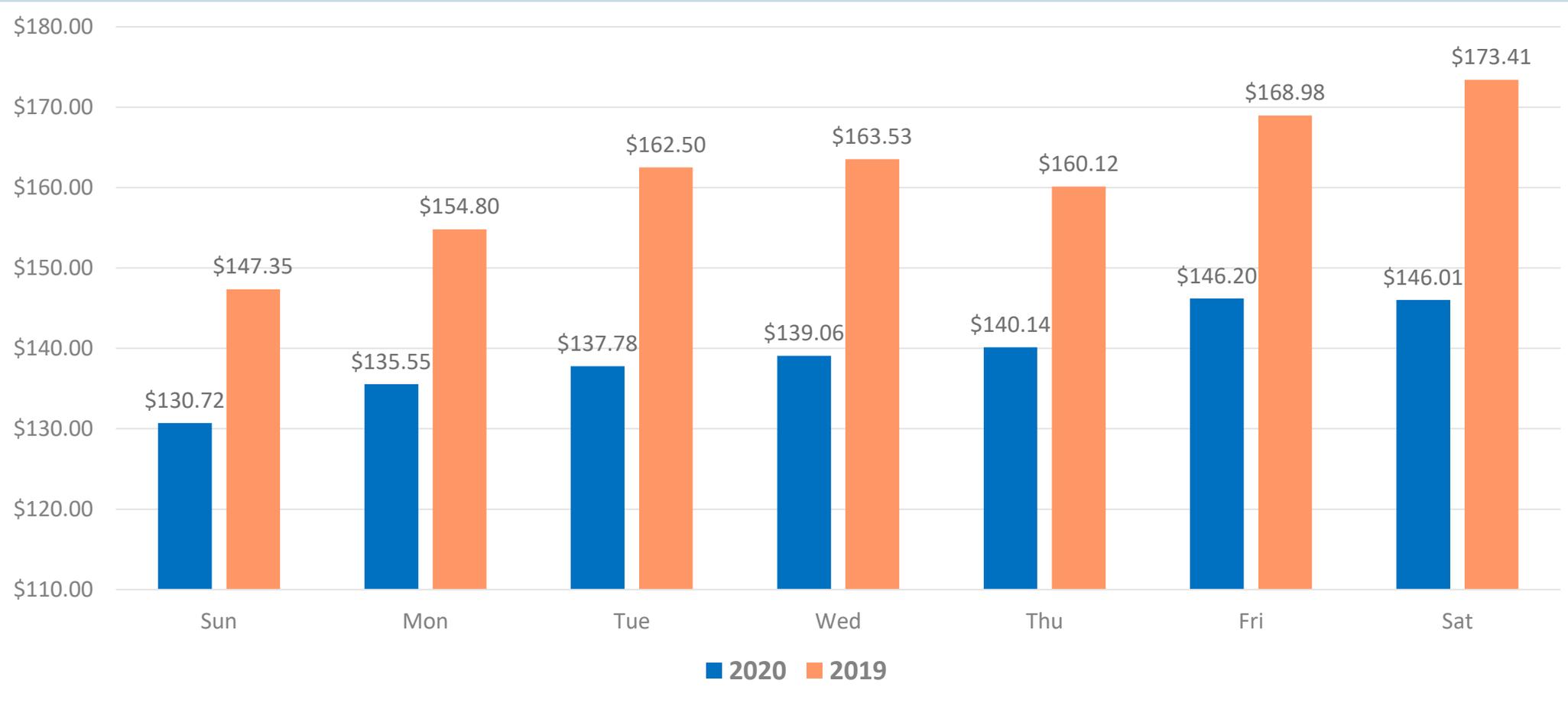
Downtown Memphis

Weekday/Weekend OCC



Downtown Memphis

Weekday/Weekend ADR



Memphis Lodging Market

Downtown Pipeline

Project	Location	Status	# Rooms	Opening Date	Brand
Aloft by Marriott	161 Jefferson	UC	155	2021	Marriott
Hyatt Centric	One Beale	UC	227	2021	Hyatt
Grand Hyatt	One Beale	Proposed	350	2024	Hyatt
Caption by Hyatt	One Beale	UC	136	2022	Hyatt
The Beckford	Main St	Planning	n/a	n/a	Unknown
Dermon Building	3 rd /Court St	UC	120	2025	Unknown
Loews Hotel	Civic Center Plaza	Proposed	500	2024	Loews
Jolly Royal Bldg	Main & Gayoso	Proposed	178	2022	Dream
The Walk Hotel 1	Union & 4 th	Proposed	150	2023	Unknown
The Walk Hotel 2	Union & 4 th	Proposed	133	2023	Unknown
The Walk Hotel 3	Union & 4 th	Proposed	125	2024	Unknown
Hotel 4	Beale St	Proposed	125	2025	Unknown
Unknown	Pinch District	Proposed	406	2024	Unknown
Home2 Suites	139 Vance	Planning	115	2022	Hilton
AC by Marriott	46 N Front	Planning	154	2024	Marriott

The Memphis Lodging Market

LOOKING FORWARD

THAT WAS THE HISTORY

LET'S SEE THE FUTURE





Big Things Are Happening

RENASANT CONVENTION CENTER
RENOVATION



AIRPORT MODERNIZATION



Big Things Are Happening Downtown

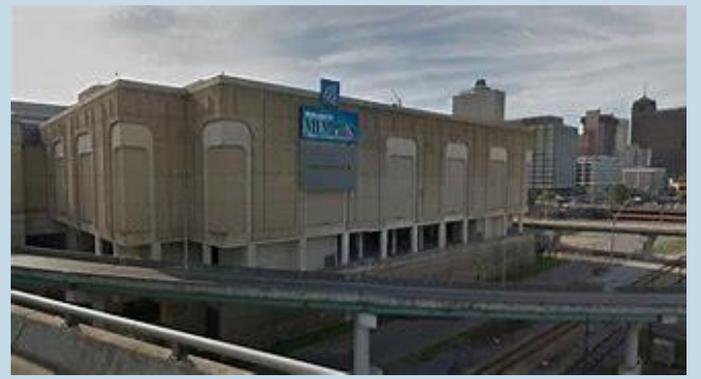
LOEWS HOTEL - MAIN STREET @ CIVIC CENTER
PLAZA



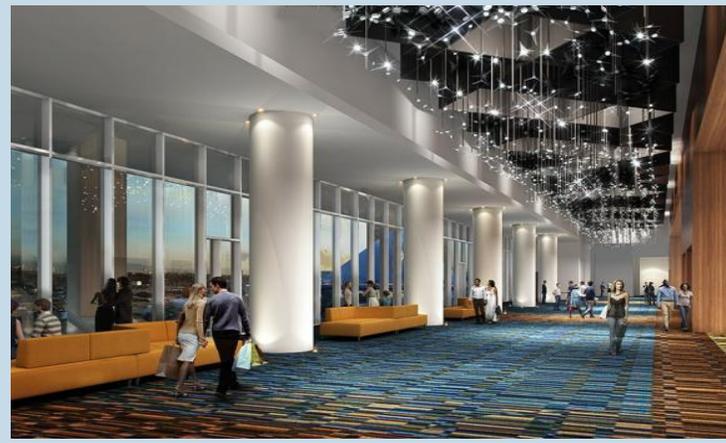
GRAND HYATT HOTEL – ONE BEALE / BEALE
STREET AND RIVERSIDE DR



FROM THIS



TO THIS



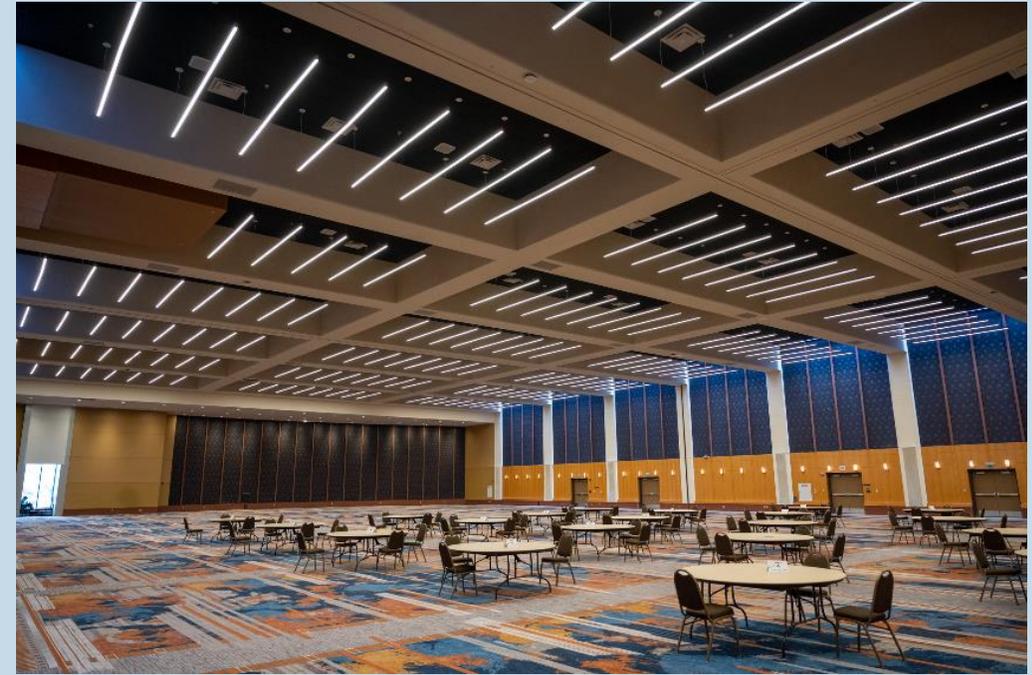


ALL NEW FOR SURE





ALL NEW FOR SURE



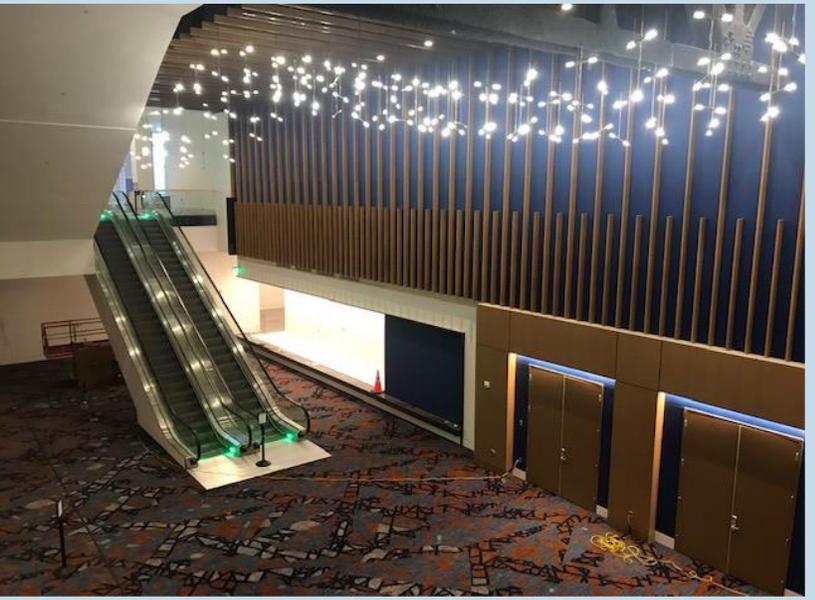
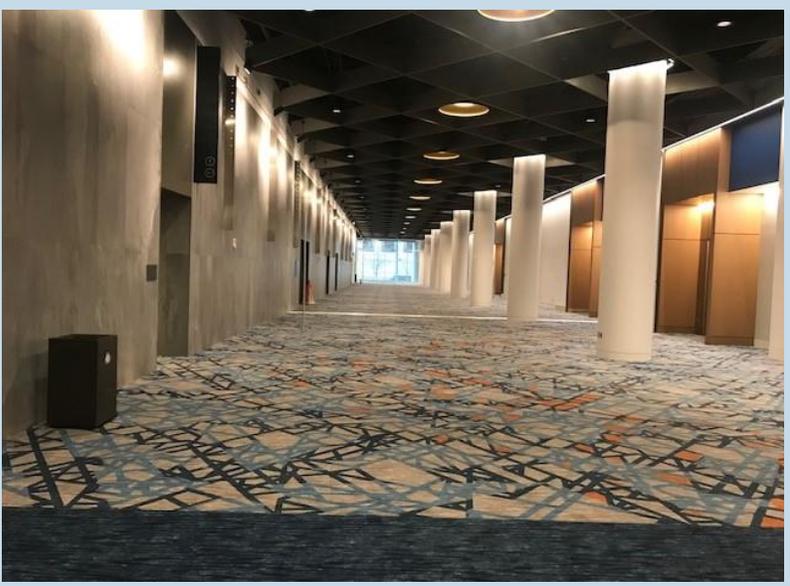


ALL NEW FOR SURE





ALL NEW FOR SURE





AIRPORT MODERNIZATION



AHLA State of the Hotel Industry 2021

- Workforce down 4 million jobs
- Add 200,000 jobs this year
- Accommodations sector unemployment rate 18.9%
- Half of US hotel rooms to remain empty in 2021
- Business travel – slow return in second half of 2021
- 29% of frequent business travelers will attend their 1st business conference in 1st half of 2021
- 36 % of frequent business travelers will attend their 1st business conference in 2nd half of 2021
- Business travel not expected to return to 2019 levels until at least 2023 or 2024
- Leisure travel will return first
- 56% of Americans are likely to travel for leisure or vacation in 2021



LIBERTY PARK

Memphis Sports & Events Complex

- 230,000 sq ft building for indoor sports and events
- Outdoor sports fields
- Mixed use development including
 - Family entertainment center
 - Commercial office space
 - Retail and dining
 - Residential apartments
 - 2 hotels



AMERICAN COUNTLESS COMING TO MEMPHIS

GOOD NEWS  THIS WEEK!



GROUPS BOOKING FASTER THAN EXPECTED

Both Hyatt and Hilton CEO's seeing quicker than expected return of group demand

Rebookings of cancelled group business is substantial

Group demand may come back earlier than many industry observers might expect



RECENTLY CONDUCTED TRIVAGO CONSUMER SURVEY

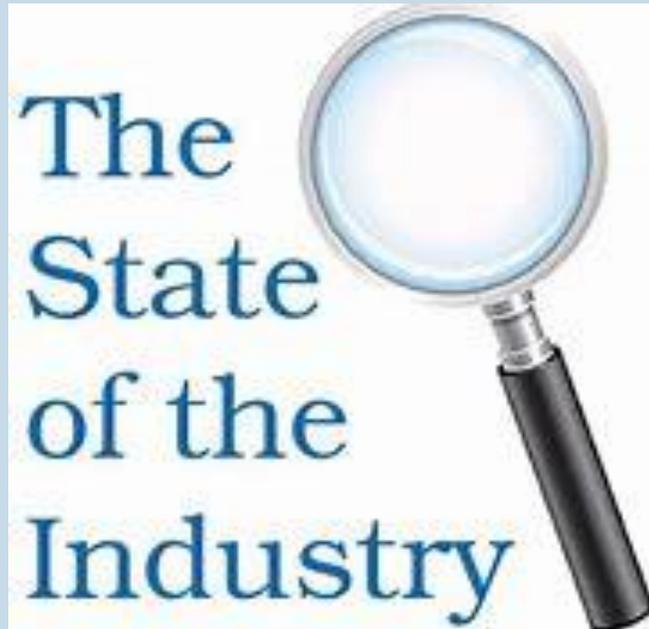
- 38% would give up sex for a year to travel right away
- 25% of Americans would give up all their savings to travel now
- Respondents believe the inability to travel is one of the worst parts of the pandemic

Memphis Lodging Market

What Does the Future Hold



Part of Our Calculation



We Don't Use This



Memphis Lodging Market 2021YE Projection

**Pinkowski & Company:
2021 Will See the Greatest Recovery on
Record for Memphis Hotels**

- 👉 **Occupancy – ???% (??%)**
- 👉 **ADR - \$??? (??%)**
- 👉 **RevPAR - \$??? (??%)**

*We know it will be
up, but by how much??*

A Conversation with Chance Carlisle



The Memphian A Tribute Portfolio Hotel

Dave Hamilton
Corporate Director of
Business Development
MMI



THE MEMPHIAN

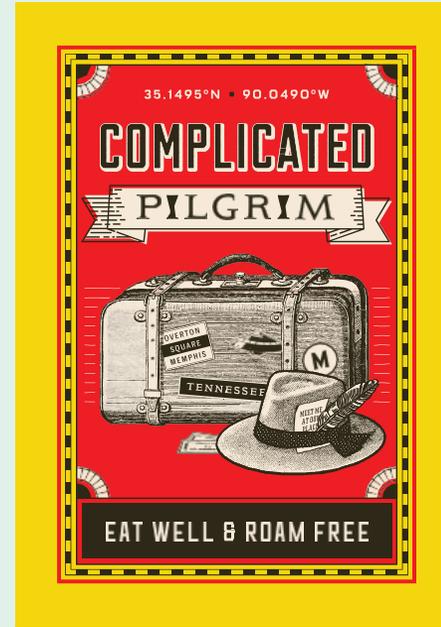
A MARRIOTT TRIBUTE PORTFOLIO PROPERTY

AT THE HEART OF THE ARTS



21 S. COOPER STREET *Overton Square* MEMPHIS, TN 38104 (901) 276-9311

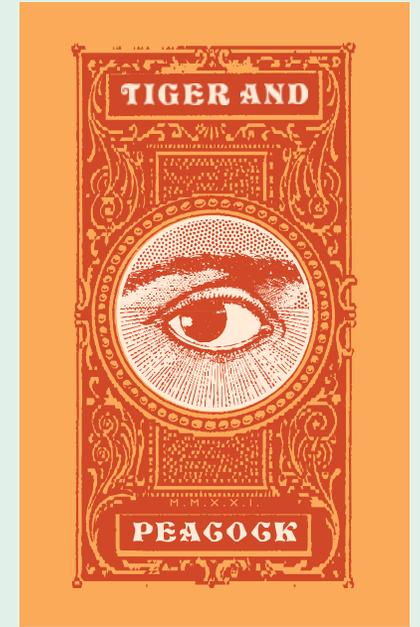
THEMEMPHIAN.COM



COMPLICATED PILGRIM

Breakfast & Dinner
"Coffee-to-Cocktail" Bar

OPEN EARLY DAILY



TIGER AND PEACOCK

Cocktails & Dinner
Located on the Rooftop

OPEN LATE NIGHTLY



**106 GUESTROOMS • 10 SUITES • CURATED RETAIL • ROOFTOP EVENT SPACE
RELATIONSHIPS WITH NEIGHBORING THEATERS FOR GROUP EVENTS**

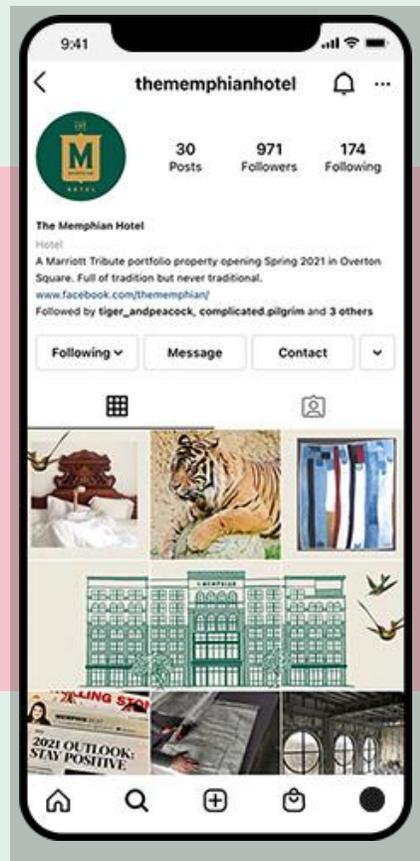
OPENING APRIL 2021

(WITH TIGER AND PEACOCK SOON TO FOLLOW)

Kristopher Colig
GENERAL MANAGER

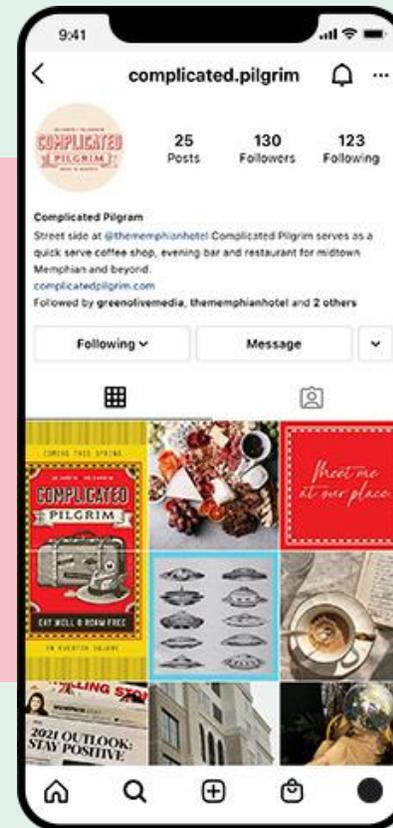
.....

Bobbie Peppers
DIRECTOR OF SALES



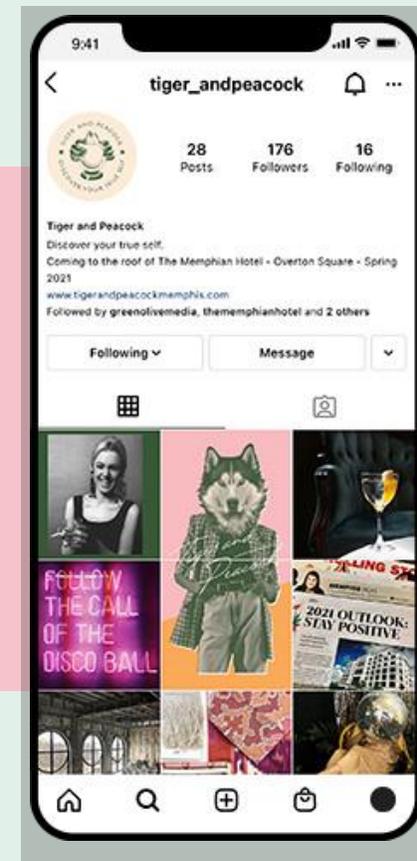
 thememphianhotel

 TheMemphian



 complicated.pilgrim

 ComplicatedPilgrimMemphis



 tiger_andpeacock

 TigerandPeacockMemphis



Shirley Davis Conner

MMAA

Kevin Kane

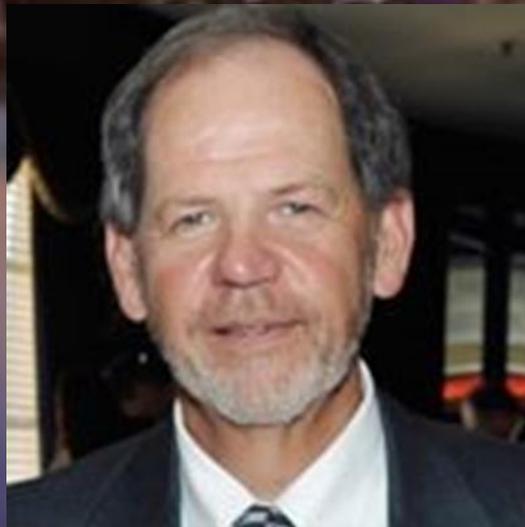
President & CEO



Memphis
HOME OF BLUES,
SOUL & ROCK 'N' ROLL



Closing



SOUTHERN LODGING SUMMIT

MEMPHIS



Presented by:
Metropolitan Memphis Hotel & Lodging Association

Mark Your Calendars Now

August 24-25, 2021