

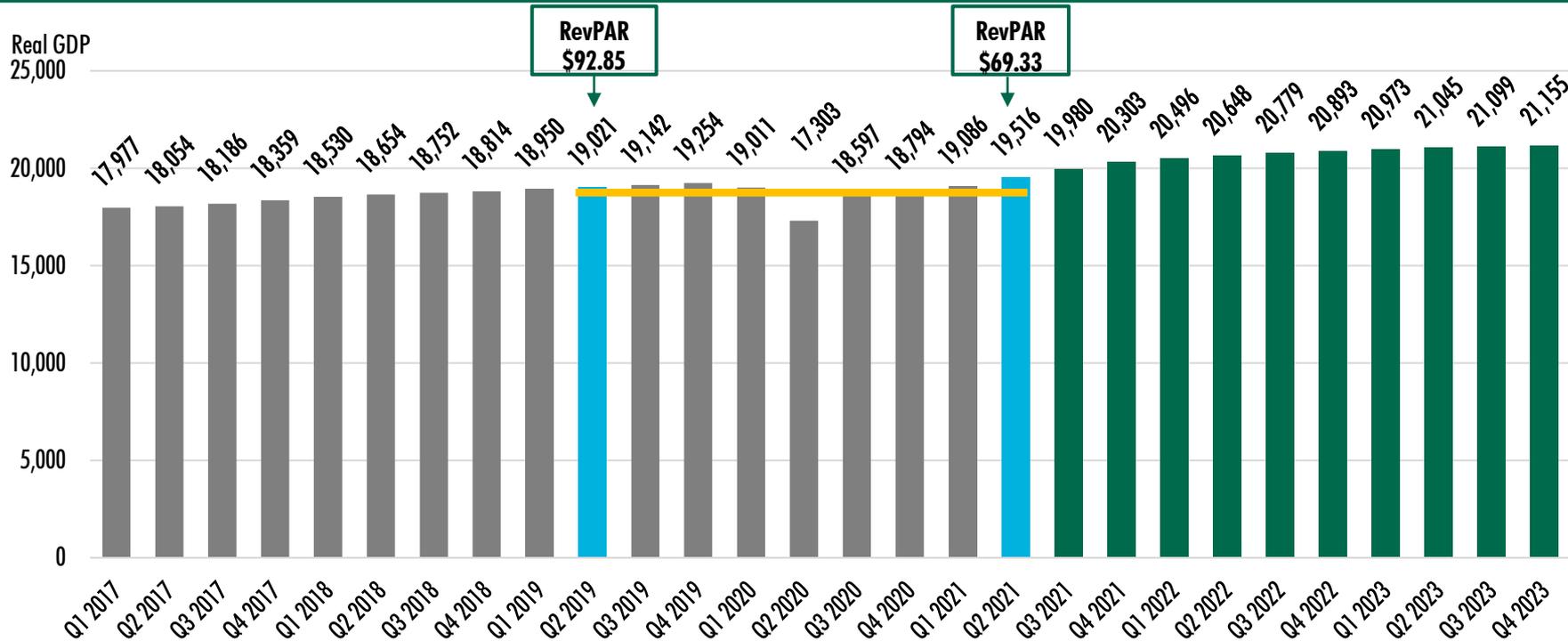
August 24, 2021

U.S. HOTELS Southern Lodging Summit

The Economy



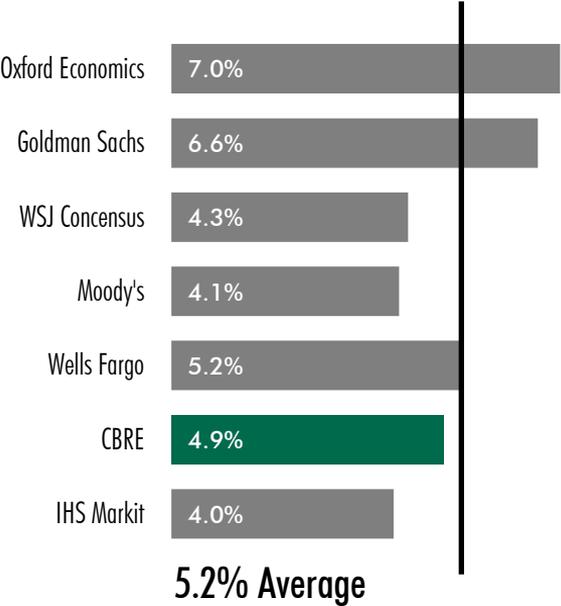
The Question Is When, Not If, RevPAR Will Recover



Source: CBRE Hotels Research, CBRE EA, BLS, Kalibri Labs
 U.S. HOTEL OUTLOOK | CBRE HOTELS RESEARCH

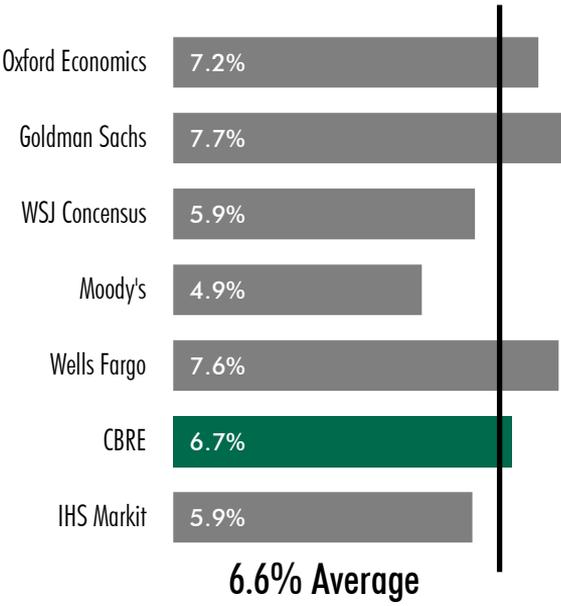
GDP Forecasts Continue to Increase, +2.2 p.p.

2021 GDP Growth Forecast



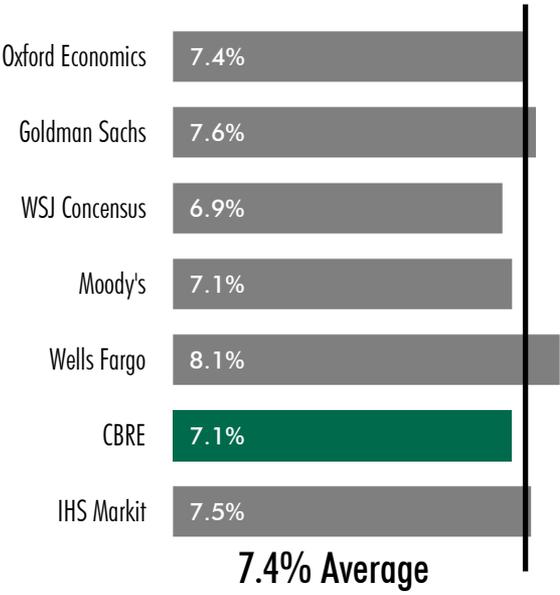
JANUARY 2021

2021 GDP Growth Forecast



APRIL 2021

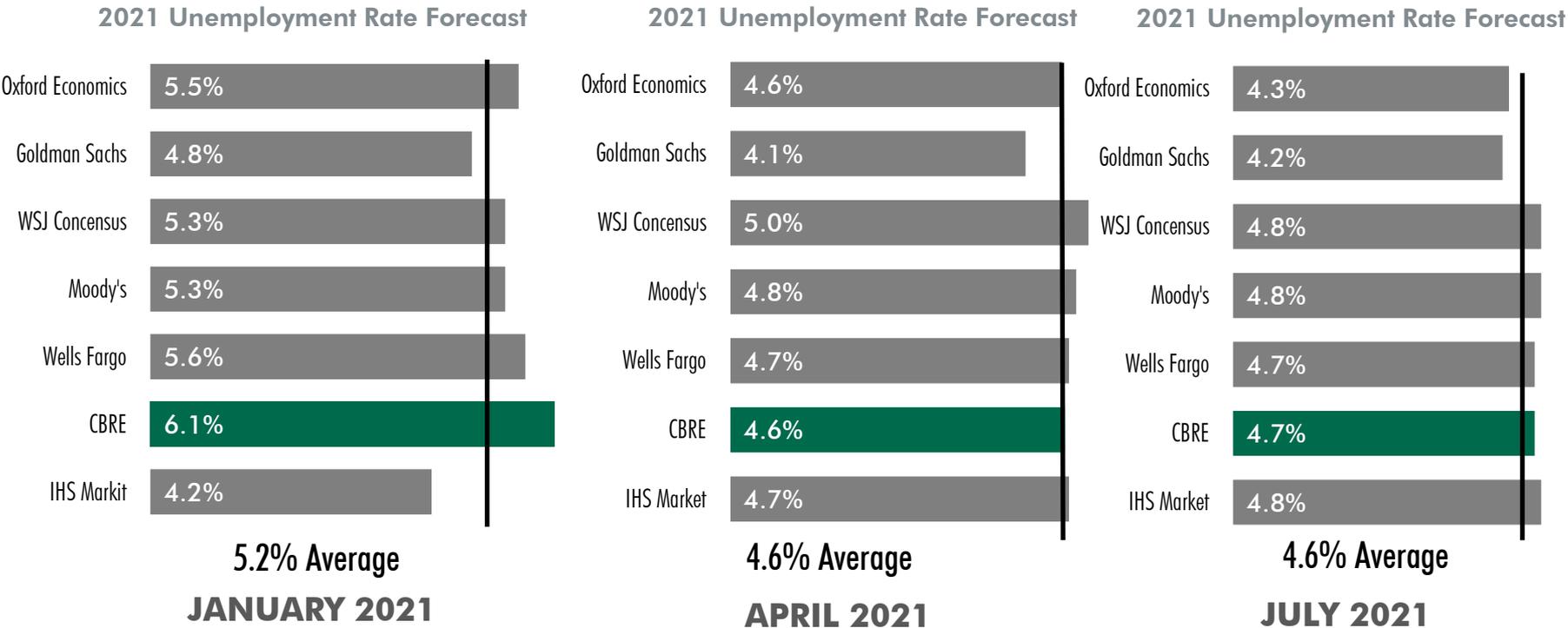
2021 GDP Growth Forecast



JULY 2021

Source: CBRE Hotels Research, CBRE EA, Wall Street Journal.

Unemployment Expected to be Within 20 bps of Pre-pandemic Levels



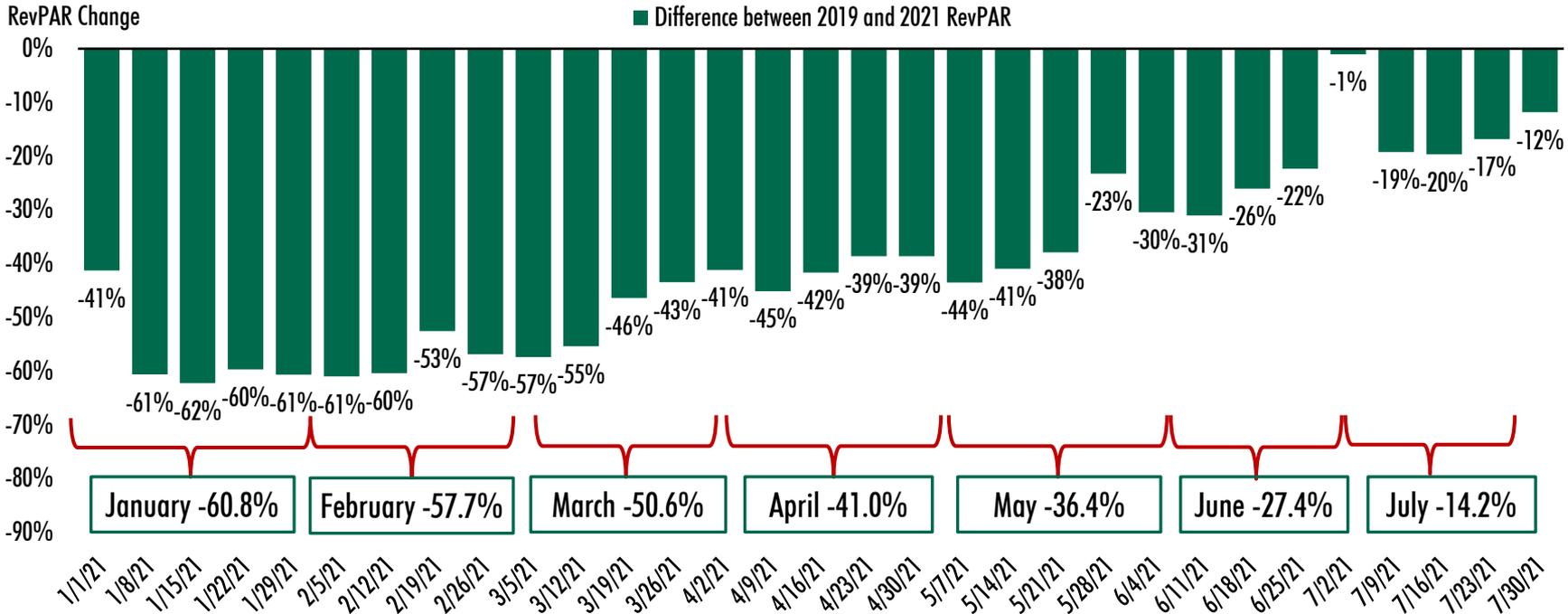
Source: CBRE Hotels Research, Wall Street Journal, CBRE EA.

Current Trends



Rebounding Hotel Performance

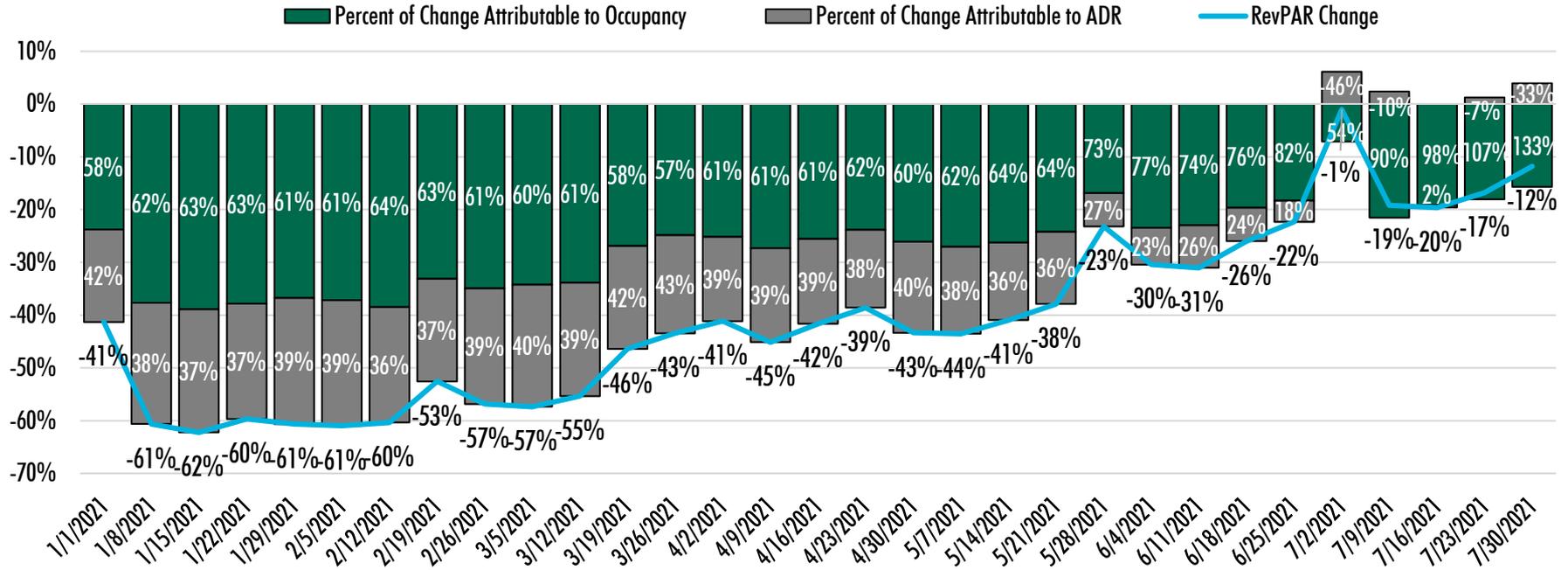
US WEEKLY REVPAR



Source: CBRE Hotels Research, Kalibri Labs.

Breaking Down 2021 RevPAR Decline

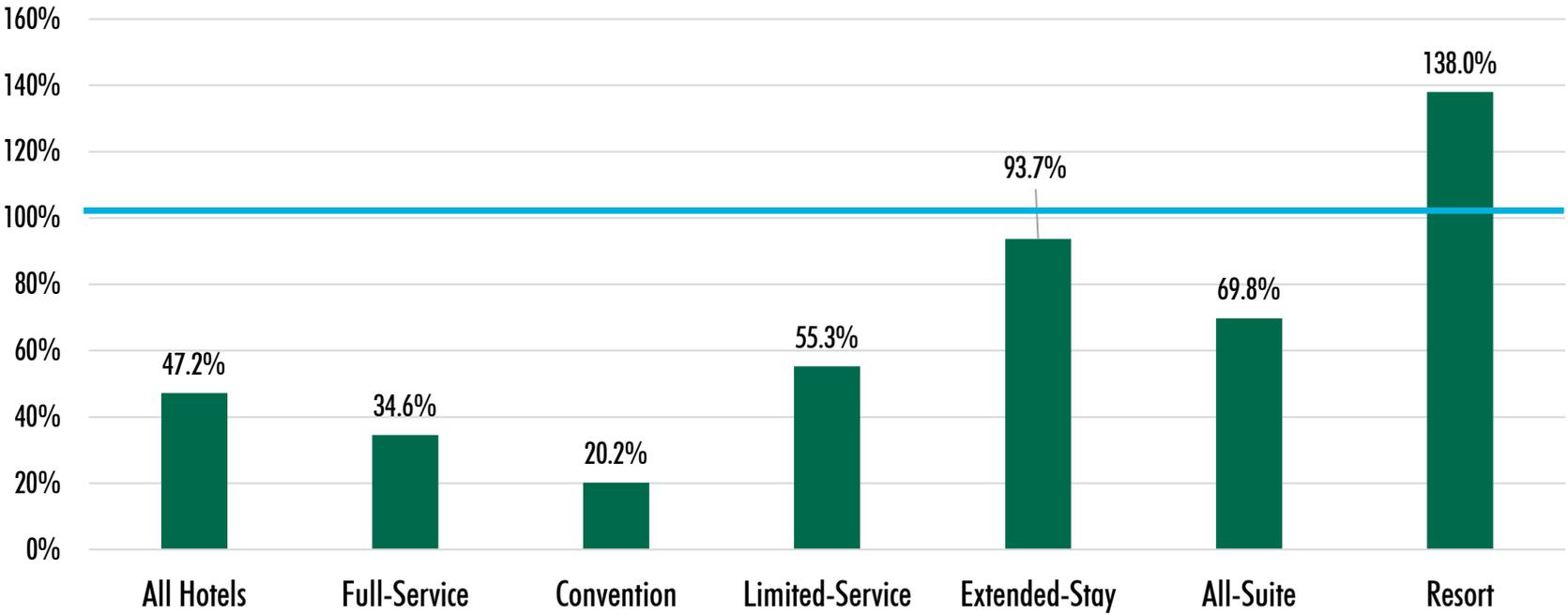
RELATIVE TO 2019 THE BULK OF THE SHORT FALL IS FROM OCCUPANCY



Source: CBRE Hotels Research, Kalibri Labs.

U.S. Hotel Total Operating Revenue – By Property Type

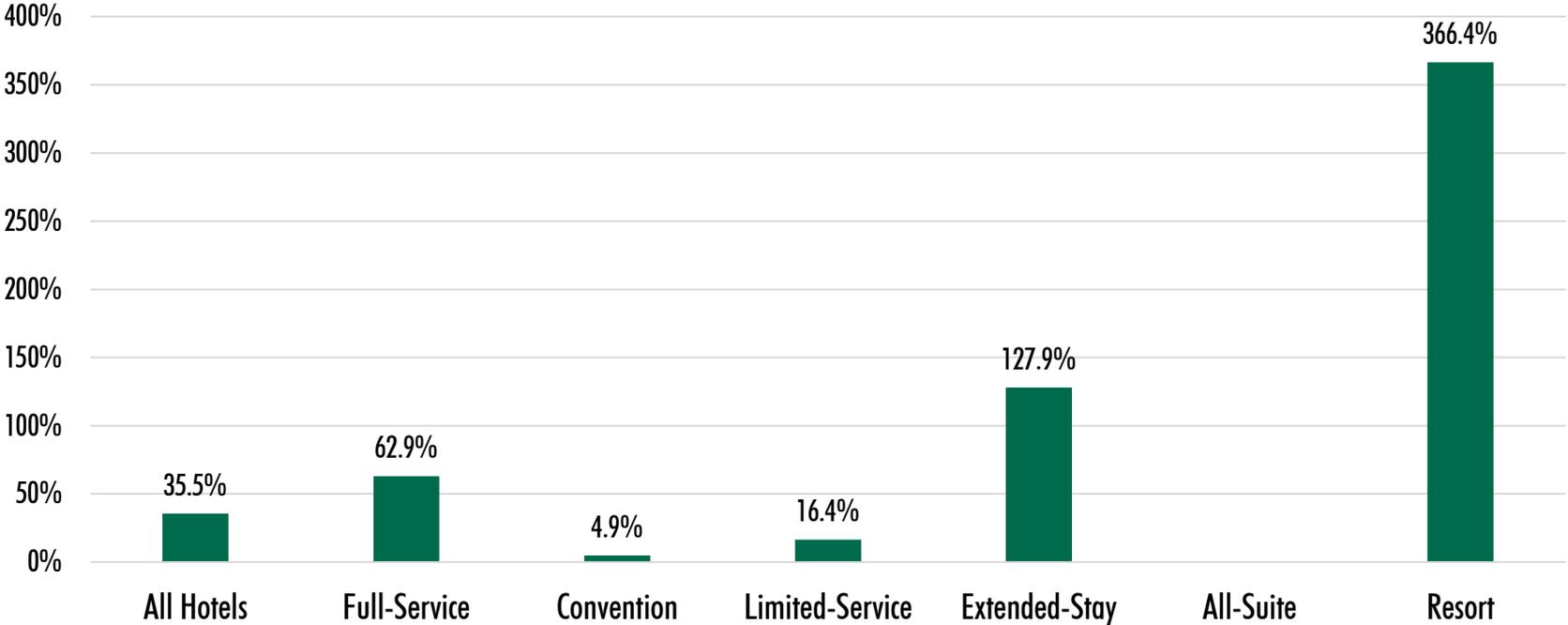
DOLLARS PER AVAILABLE ROOM: MAY 2021 AS A PERCENT OF MAY 2019



Source: CBRE Hotels Research, Kalibri Labs.

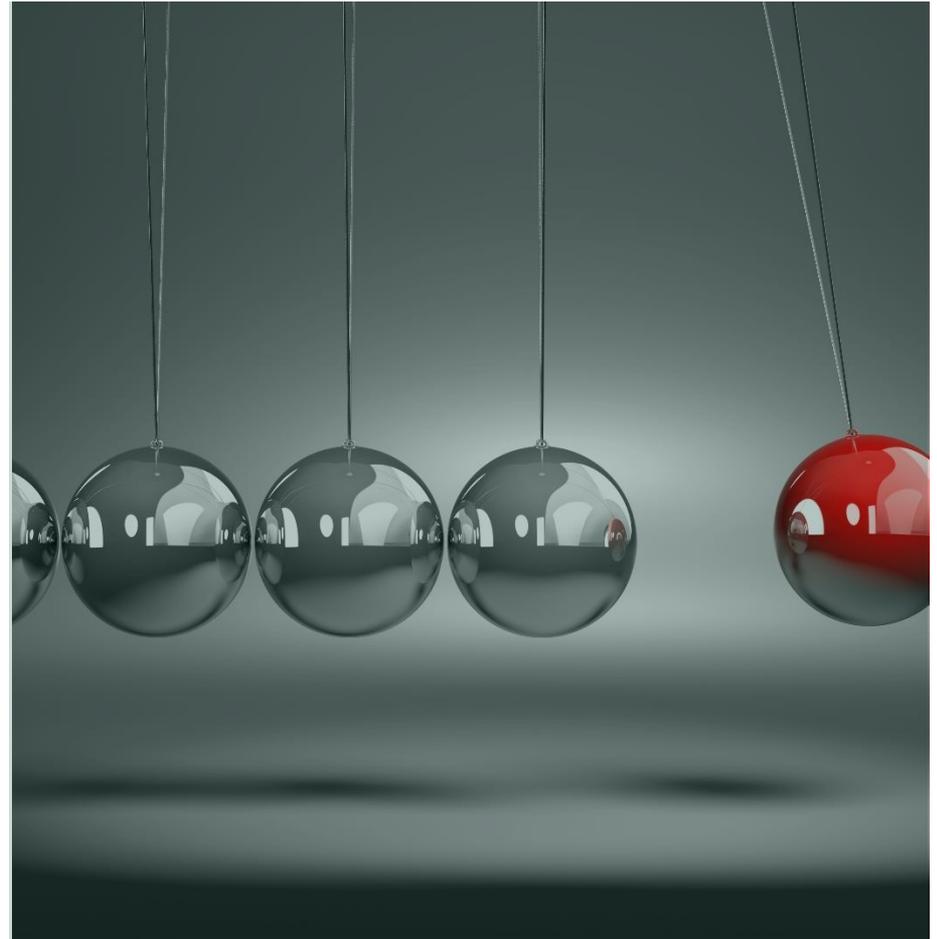
U.S. Hotel Gross Operating Profit– By Property Type

DOLLARS PER AVAILABLE ROOM: MAY 2021 AS A PERCENT OF MAY 2019



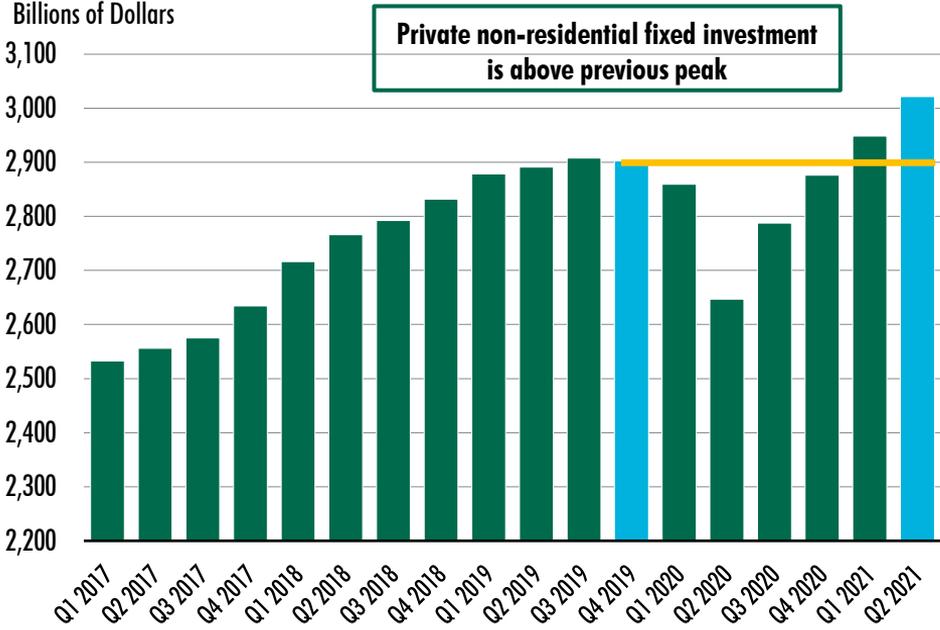
Source: CBRE Hotels Research, Kalibri Labs.

Leading Indicators

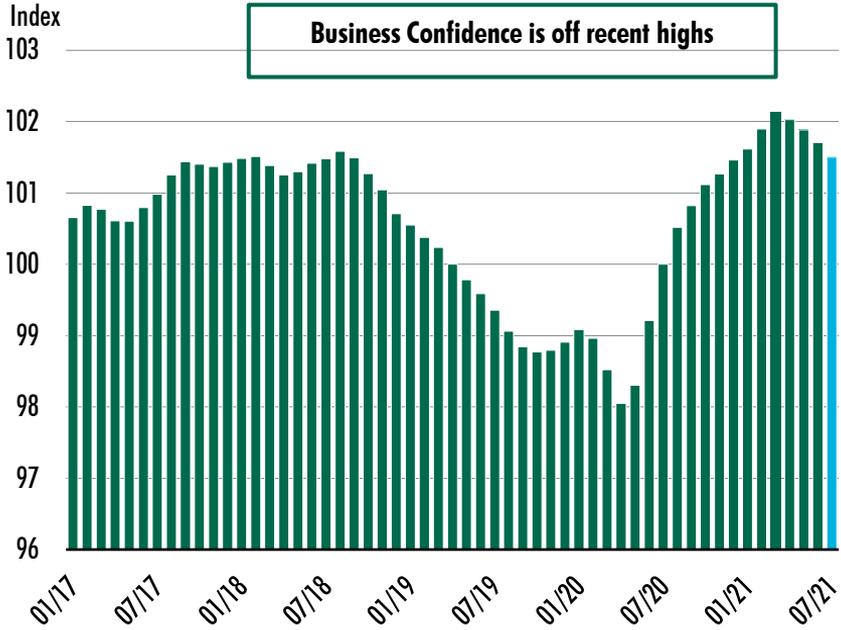


Record Fixed Investment, But More Recent Trends Suggest Waning Confidence

PRIVATE NONRESIDENTIAL FIXED INVESTMENT



BUSINESS CONFIDENCE INDEX

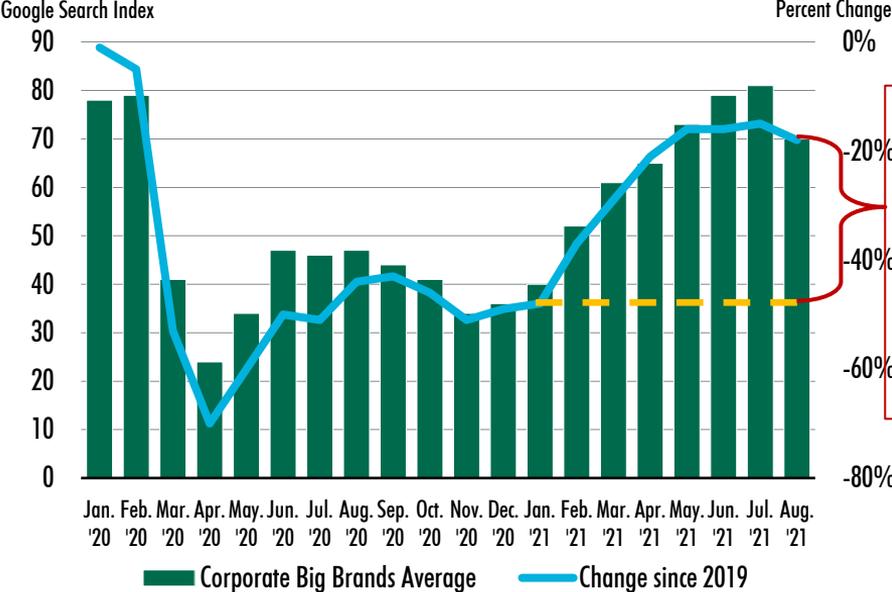


Source: CBRE Hotels Research, BLS, OECD.

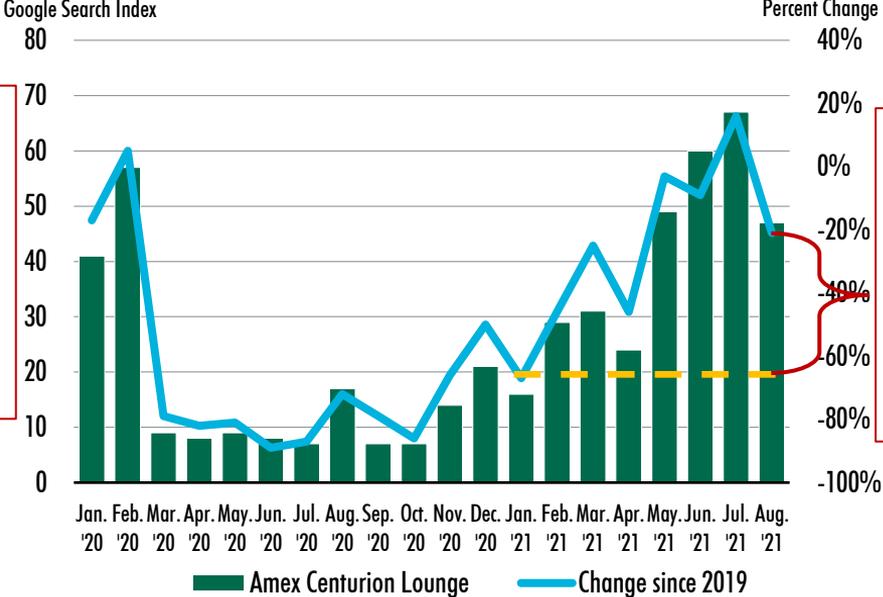
Google Trends Analysis Business Travel Recovery

BUSINESS TRAVEL LEADING INDICATORS

Corporate Big Brands Average



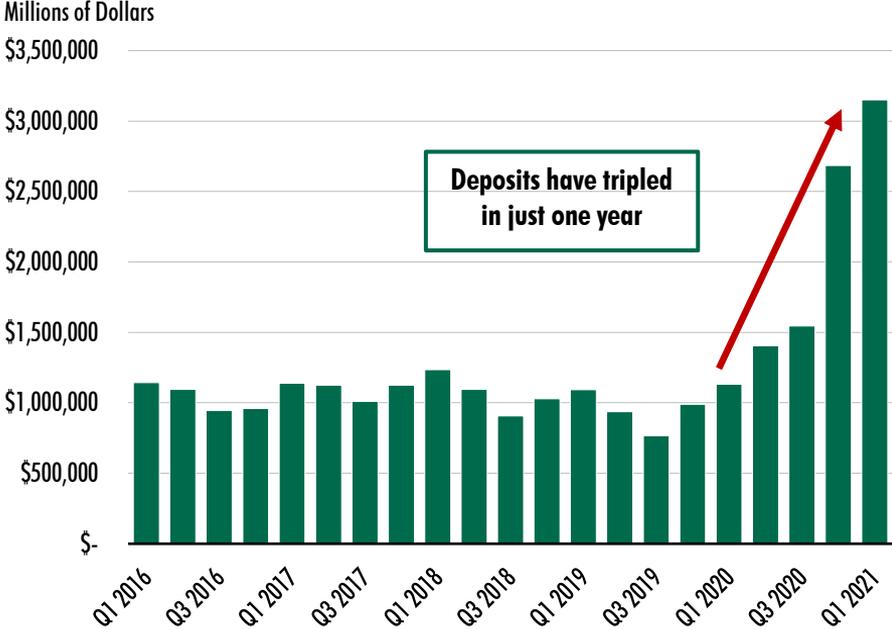
Amex Centurion Lounge



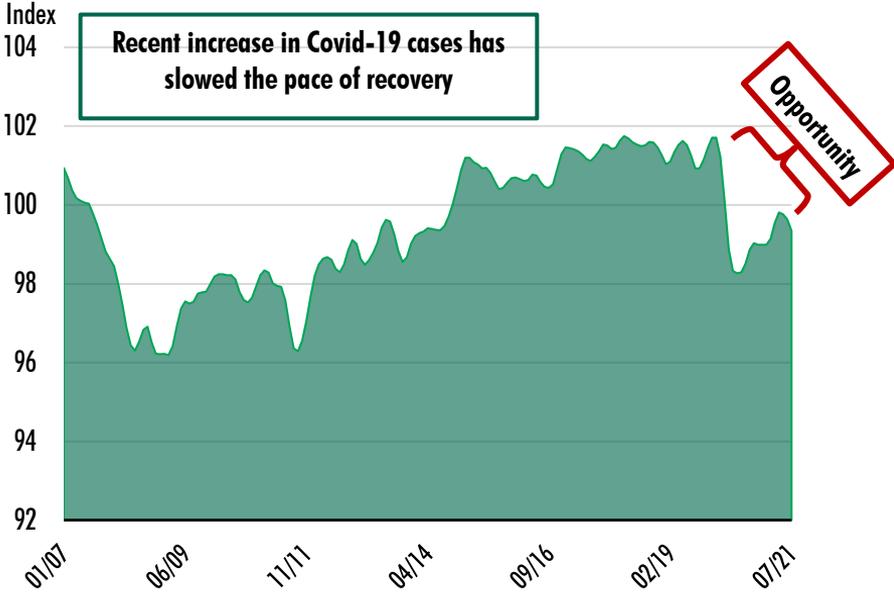
Source: CBRE Hotels Research, Google Trends. Key words: Hilton, Marriott, Hyatt, IHG Hotels, Amex Lounge, Centurion Lounge

Record Level Household Savings But Consumer Confidence is Lagging

HOUSEHOLD CHECKABLE DEPOSITS



CONSUMER CONFIDENCE INDEX



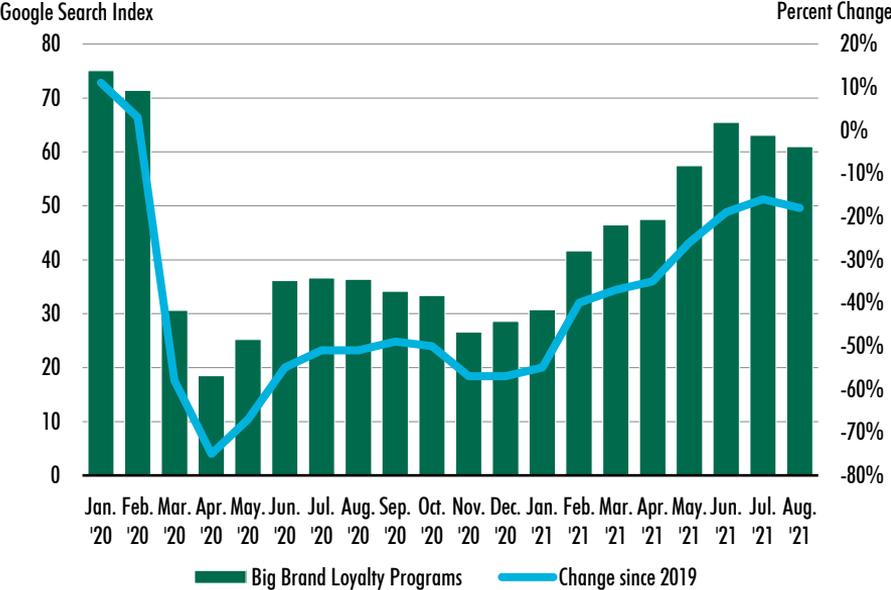
Source: CBRE Hotels Research, BLS, OECD.

Google Trends Analysis

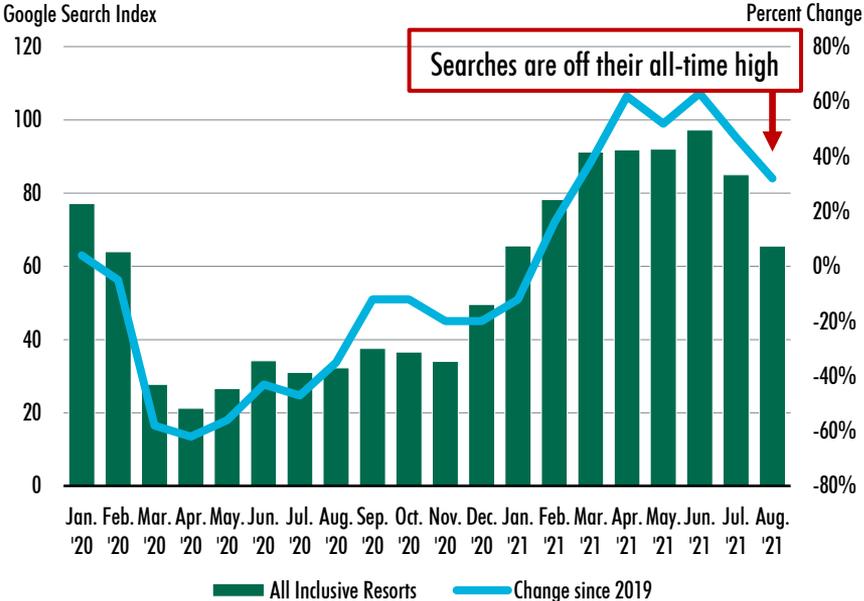
Leisure Travel Recovery

LEISURE TRAVEL LEADING INDICATORS

Big Brand Loyalty Programs



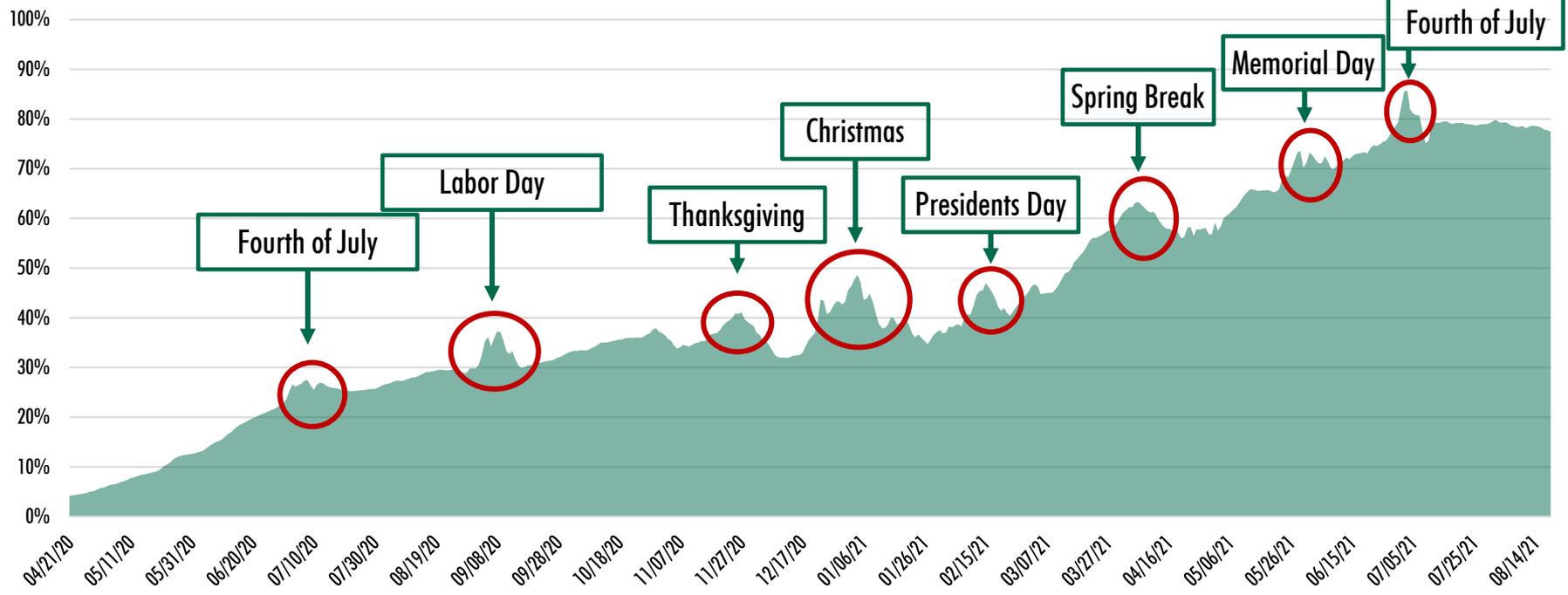
All Inclusive Resorts



Source: CBRE Hotels Research, Google Trends. Key words: Bonvoy, Hilton Honors, World of Hyatt, IHG Rewards, All-inclusive Resort.

Improvements In Air Travel Have Levelled Off

TSA THROUGHPUT AS A PERCENT OF 2019 LEVELS



Source: CBRE Hotels Research, TSA.

Supply



The Pace of Reopening has Plateaued

3.0% OF ROOMS REMAIN CLOSED

Percent of Rooms

Closed
40%

30%

20%

10%

0%

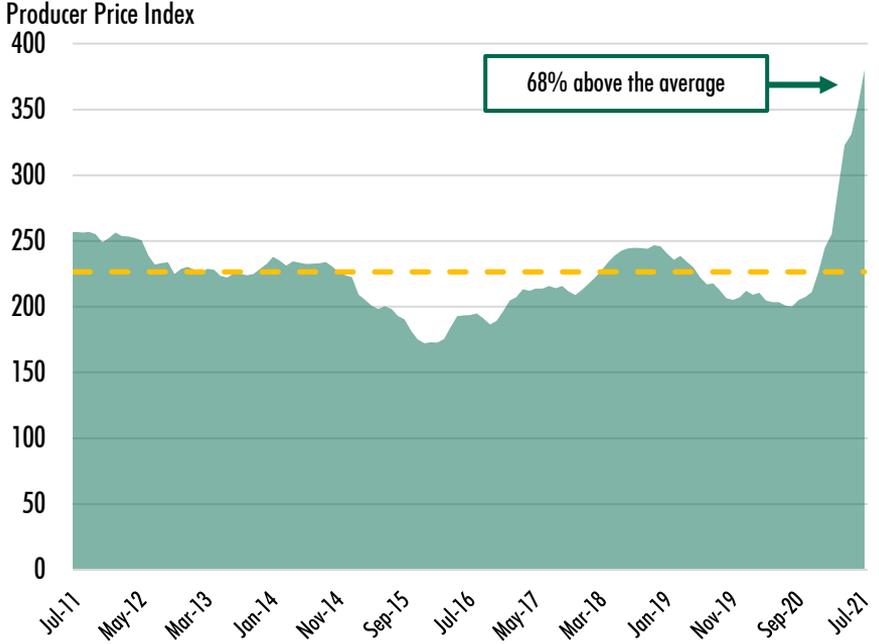
3/16/20 4/16/20 5/16/20 6/16/20 7/16/20 8/16/20 9/16/20 10/16/20 11/16/20 12/16/20 1/16/21 2/16/21 3/16/21 4/16/21 5/16/21 6/16/21 7/16/21 8/16/21

— Upper-Priced — Mid-Priced — Lower-Priced — Independent — Total

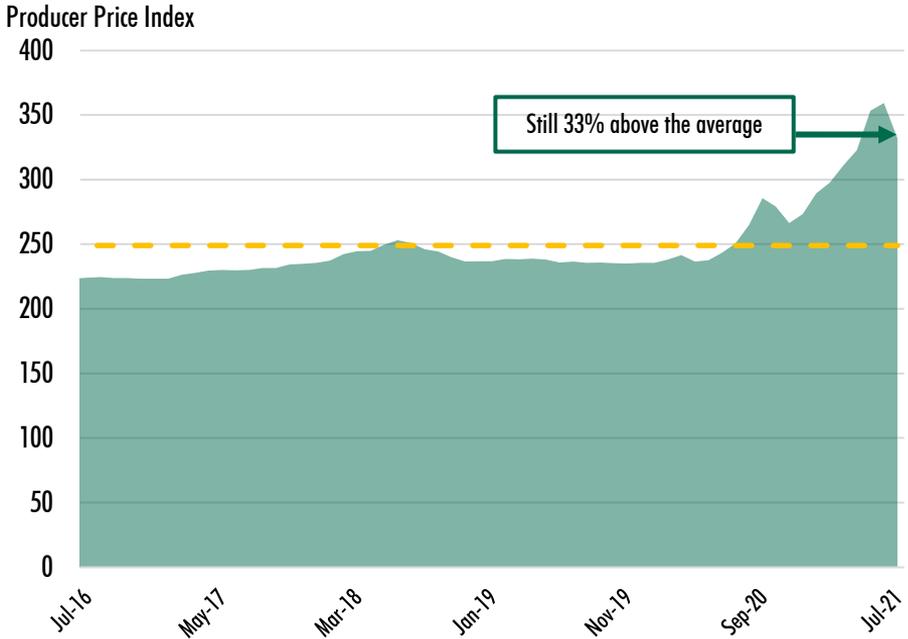
Source: CBRE Hotels Research, Kalibri Labs

Construction Inputs are Well Above their Long Run Averages

STEEL AND IRON



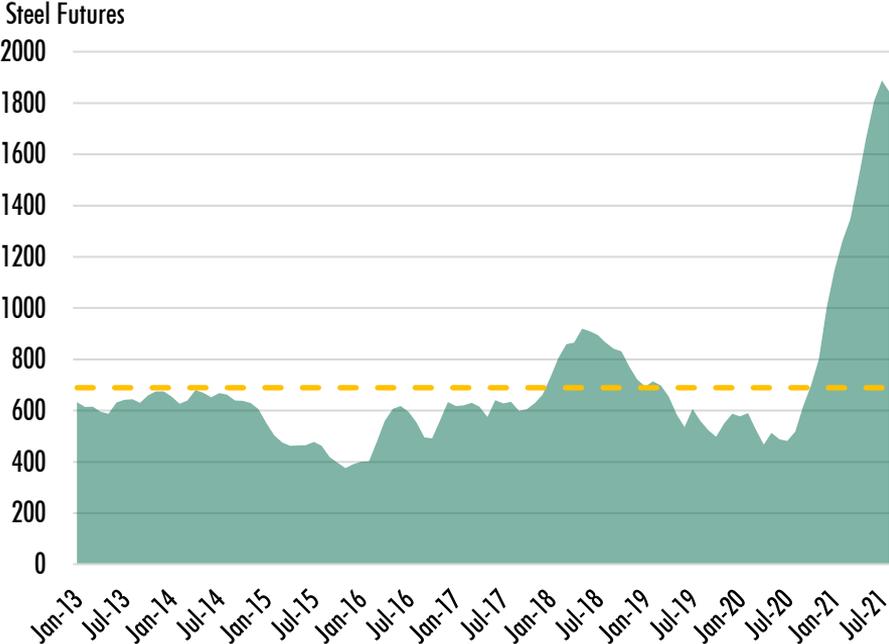
LUMBER AND WOOD PRODUCTS



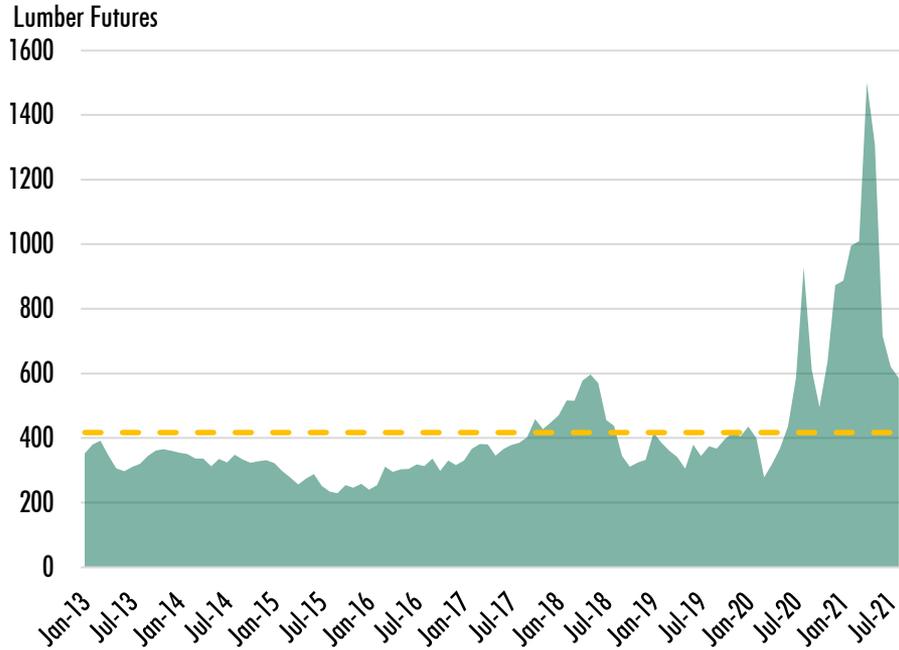
Source: CBRE Hotels Research, BLS
U.S. HOTEL OUTLOOK | CBRE HOTELS RESEARCH

Futures Indicate Headwinds But Lumber Declines May Soften Price Increases

STEEL FUTURES



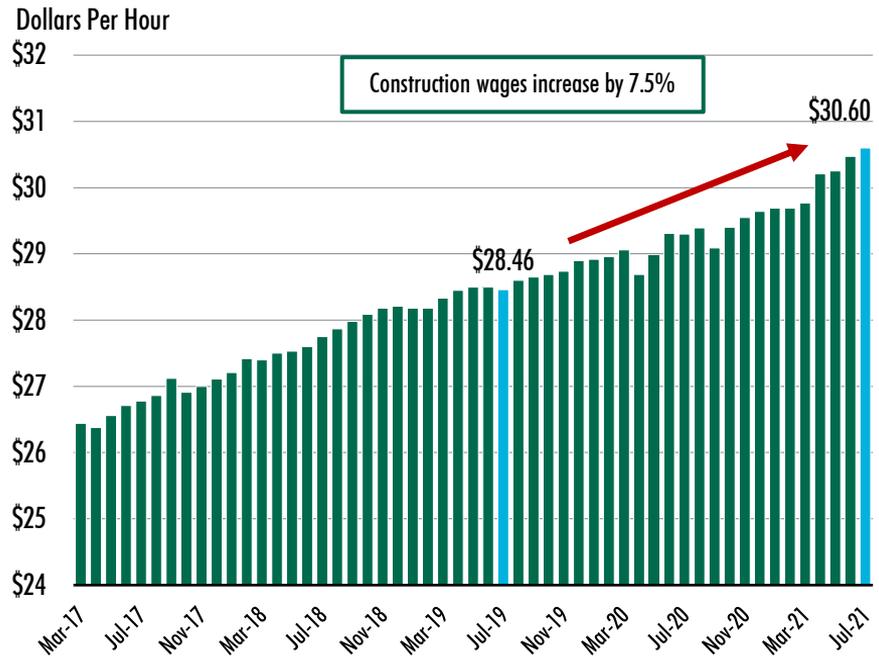
LUMBER FUTURES



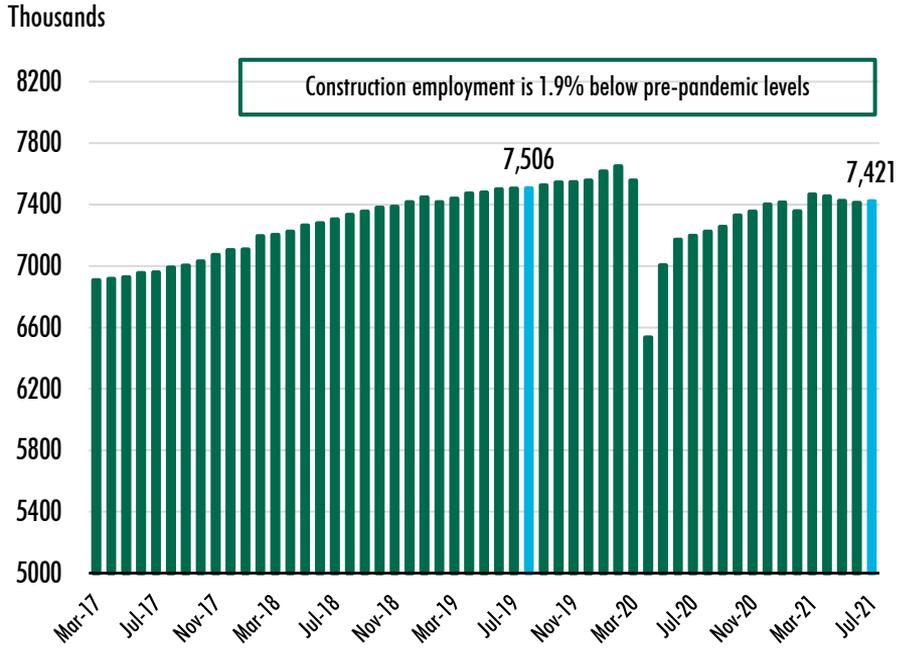
Source: CBRE Hotels Research, CME Group
U.S. HOTEL OUTLOOK | CBRE HOTELS RESEARCH

Higher Wages and Employment Headwinds New Construction

CONSTRUCTION WAGES



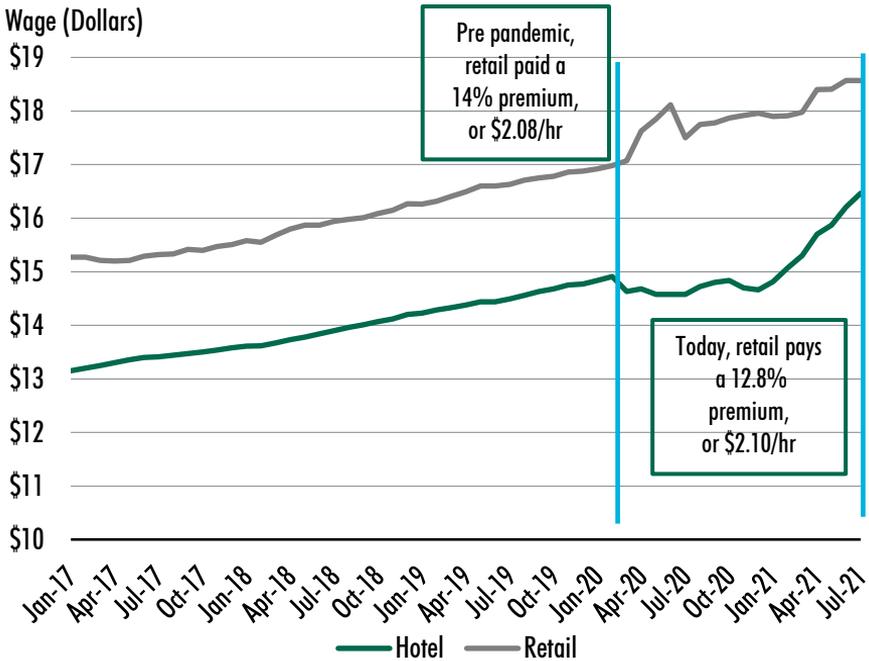
NUMBER OF CONSTRUCTION EMPLOYEES



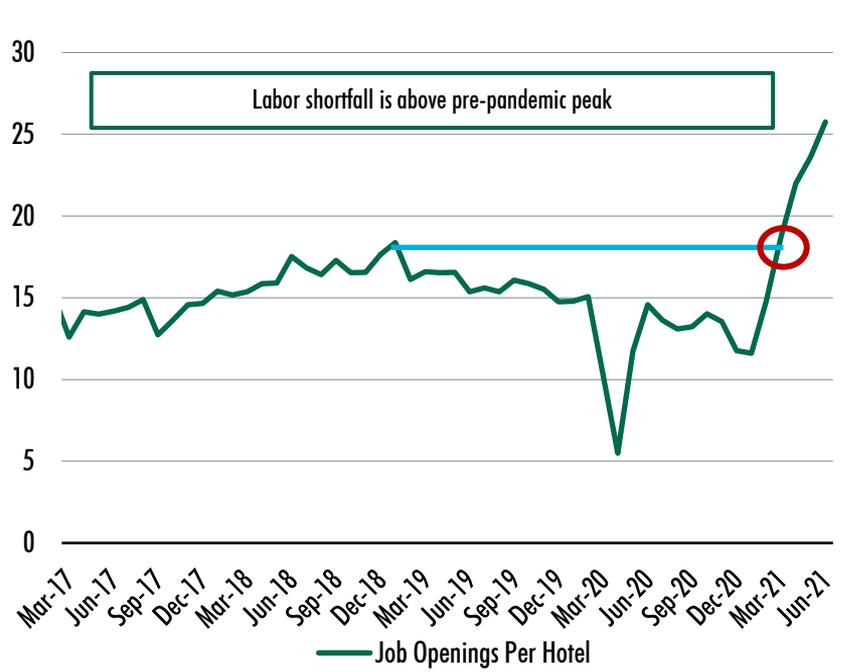
Source: CBRE Hotels Research, BLS

Hotel Operators Continue To Confront a Challenging Labor Environment

WAGE PRESSURES A HEADWIND TO MARGINS



JOB OPENINGS PER HOTEL ARE INCREASING



Source: CBRE Hotels Research, BLS, CoStar
 U.S. HOTEL OUTLOOK | CBRE HOTELS RESEARCH

Capital Markets

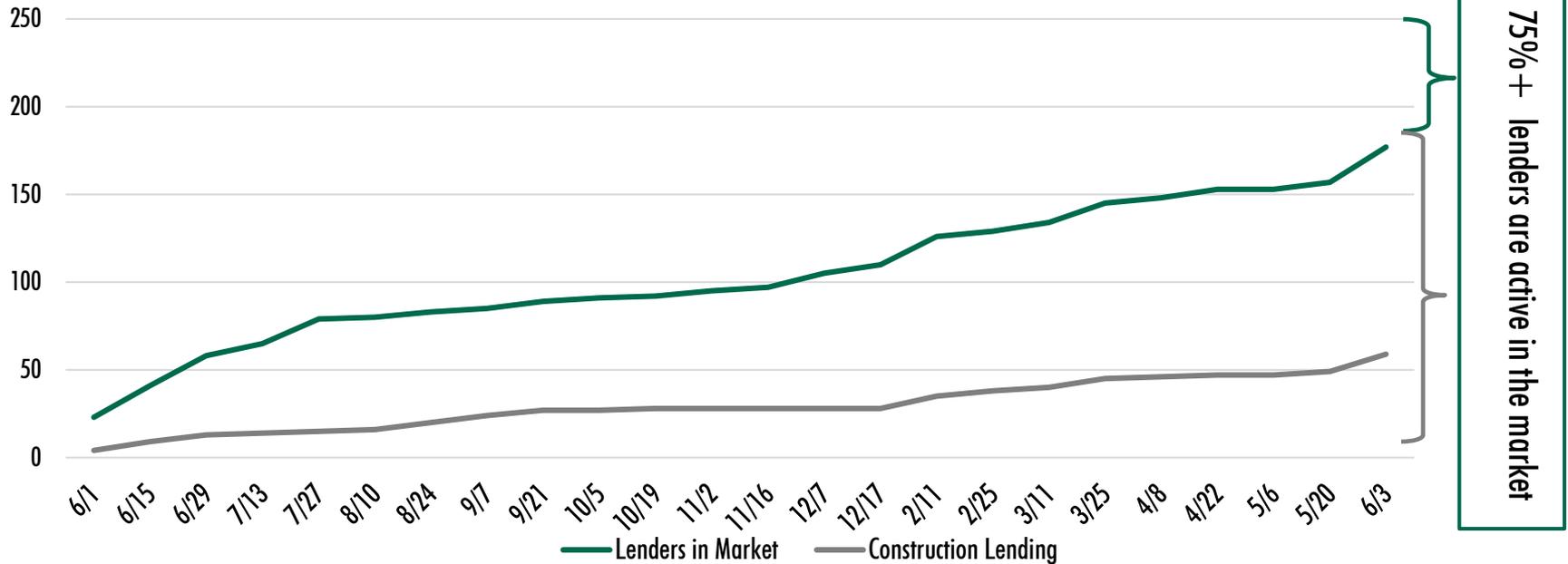


Debt and Structured Finance

All Hospitality Lenders

FEWER CONSTRUCTION LENDERS WILL BE A HEADWIND TO FUTURE SUPPLY

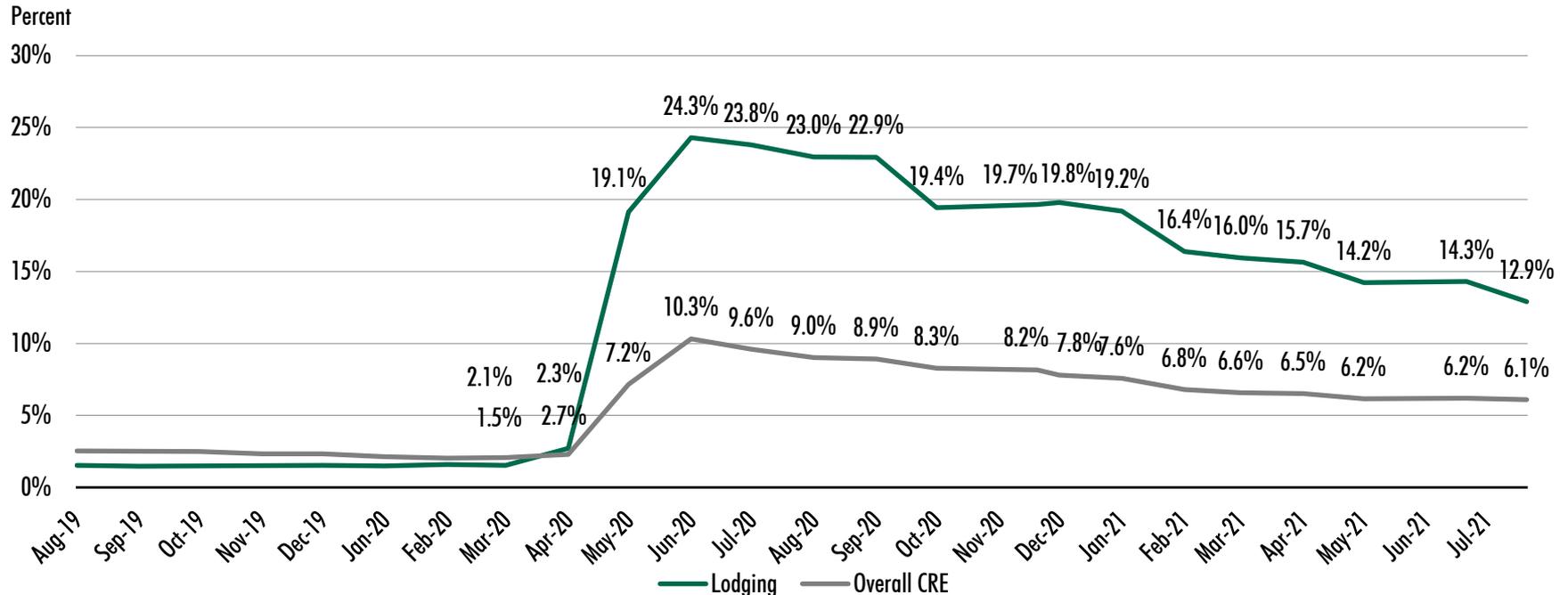
Number of Lenders



Source: CBRE Hotels Research, CBRE Debt & Structured Finance.

Lodging CMBS 30+ Day Delinquency

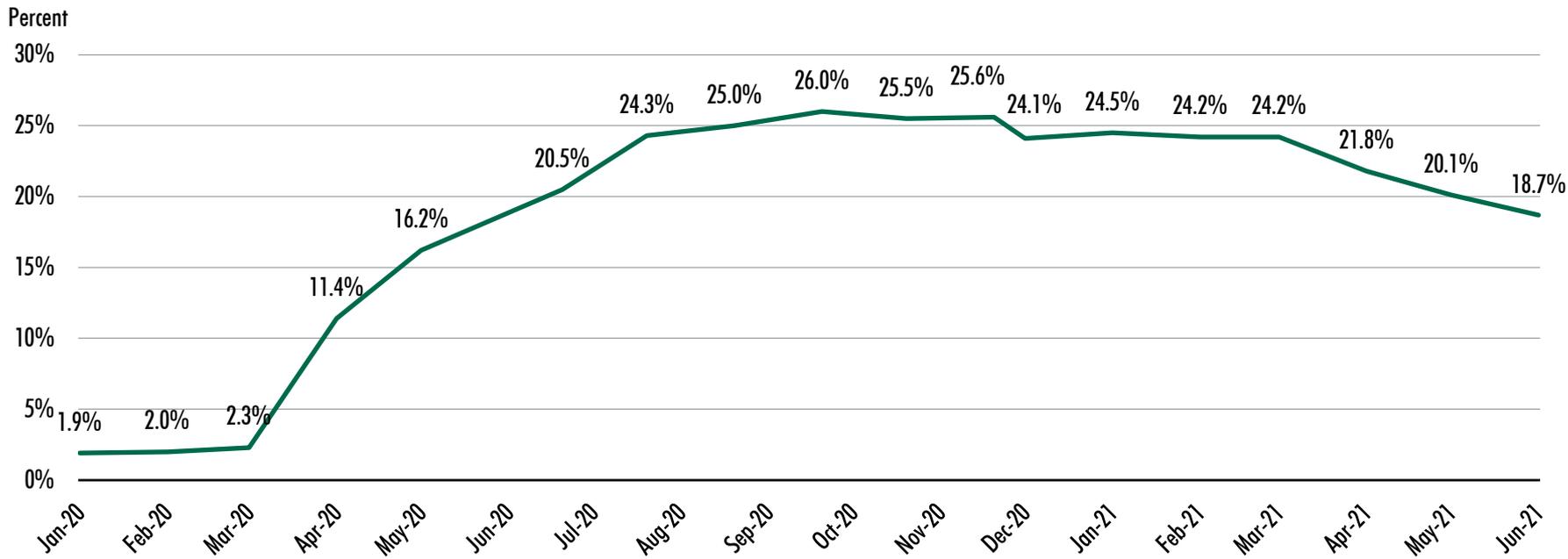
THE DELINQUENCY RATE SHOULD CONTINUE TO IMPROVE AS HOTELS REOPEN



Source: CBRE Hotels Research, CBRE Debt & Structured Finance.

Lodging CMBS Special Servicing

PRE-/POST-COVID - SPECIAL SERVICING RATE LODGING CMBS



Source: CBRE Hotels Research, CBRE Debt & Structured Finance.

Thank You

WILL WEBSTER

Sr. Research Analyst
CBRE Hotels Research
+1 404-326-9288
Will.Webster@cbre.com

RACHAEL ROTHMAN, CFA

Head of Hotels Research and Data Analytics
CBRE Hotels
+1 804-201-2004
Rachael.Rothman@cbre.com

CBRE

This presentation has been prepared in good faith based on CBRE's current views of the commercial real-estate market. Although CBRE believes its views reflect market conditions on the date of this presentation, they are subject to significant uncertainties and contingencies, many of which are beyond CBRE's control. In addition, many of CBRE's views are opinion and/or projections based on CBRE's subjective analyses of current market circumstances. Other firms may have different opinions, projections and analyses, and actual market conditions in the future may cause CBRE's current views to later be incorrect. CBRE has no obligation to update its views herein if its opinions, projections, analyses or market circumstances later change. Nothing in this presentation should be construed as an indicator of the future performance of CBRE's securities or of the performance of any other company's securities. You should not purchase or sell securities – of CBRE or any other company – based on the views herein. CBRE disclaims all liability for securities purchased or sold based on information herein, and by viewing this presentation, you waive all claims against CBRE and the presenter as well as against CBRE's affiliates, officers, directors, employees, agents, advisers and representatives arising out of the accuracy, completeness, adequacy or your use of the information herein.

© Copyright 2021 CBRE