

CoStar™

# Hotel Industry Update

Isaac Collazo

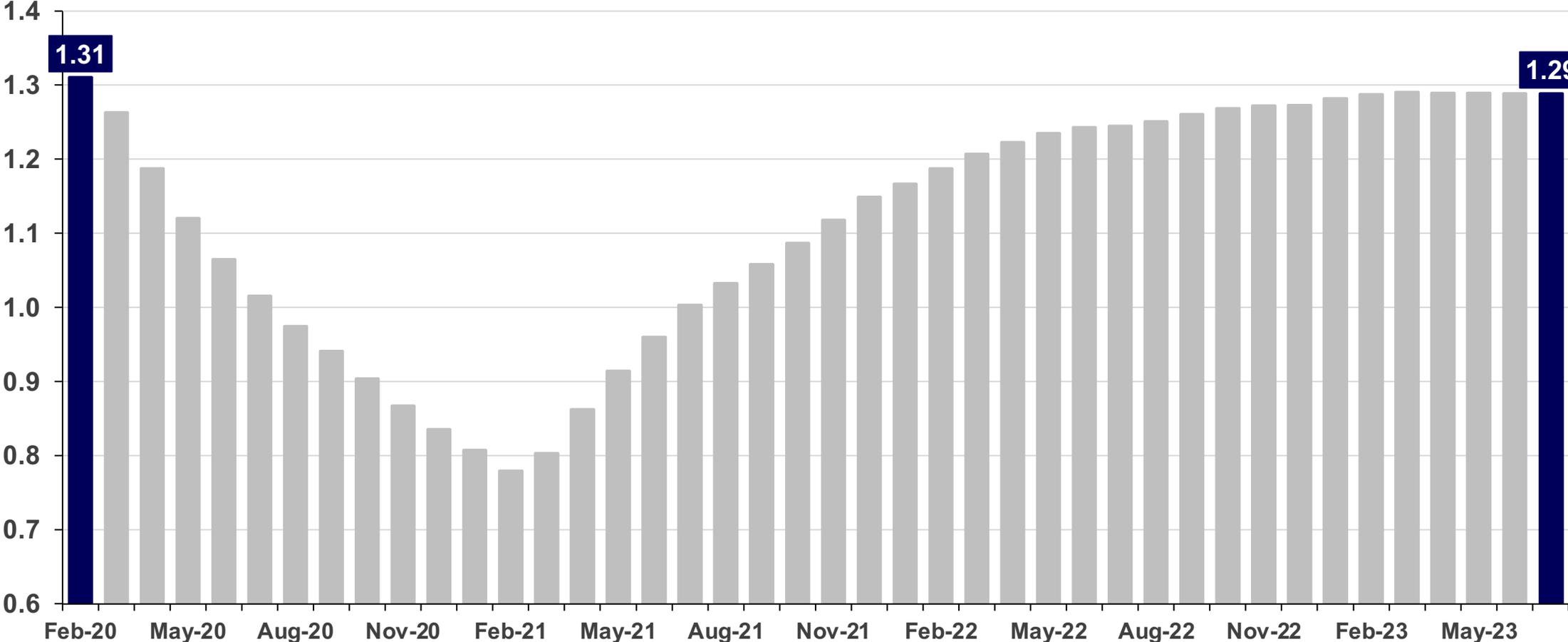
Vice President, Analytics

August 2023



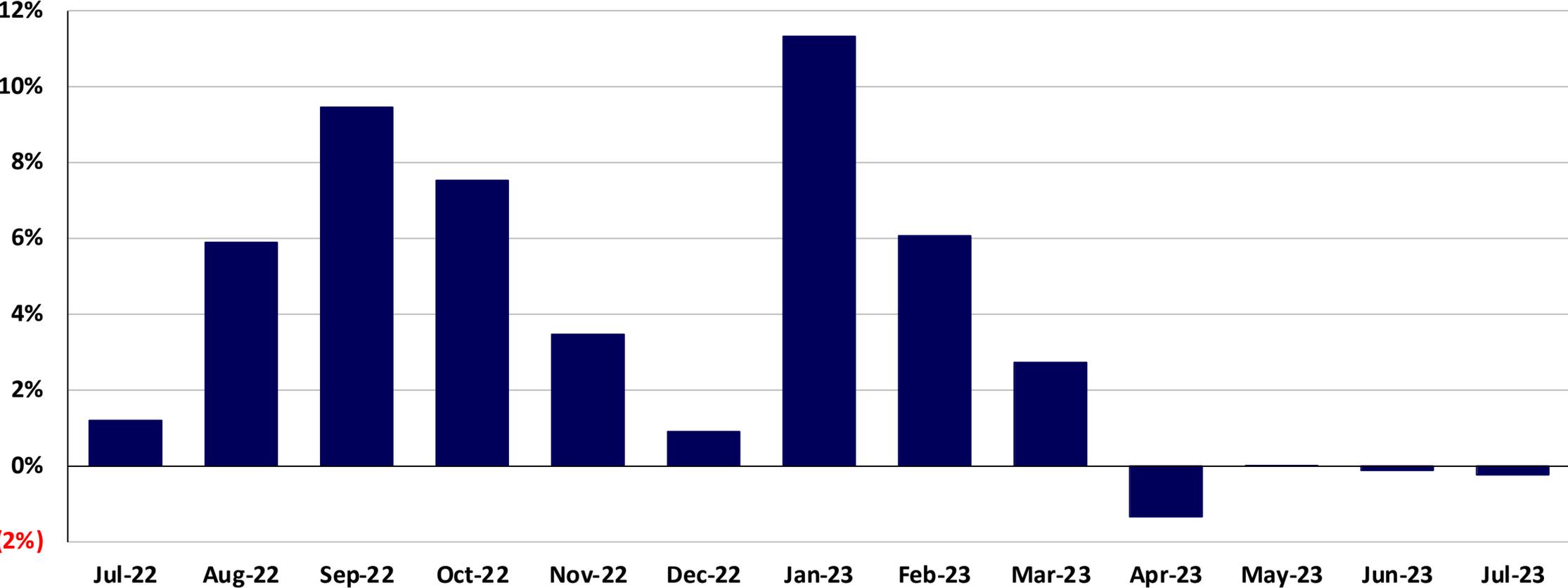
# U.S. room demand holding steady

U.S. 12-M demand (billions)



# Room demand flat to down

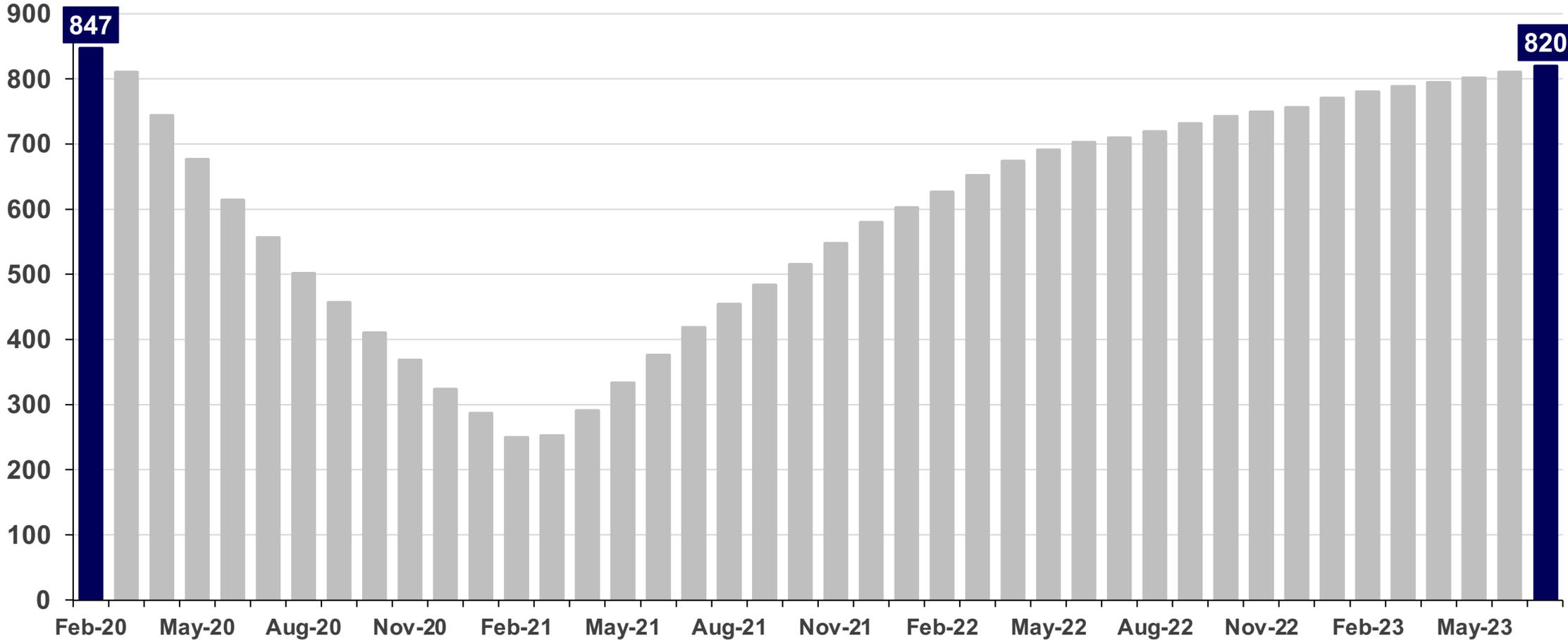
U.S. monthly room demand change



(2%)

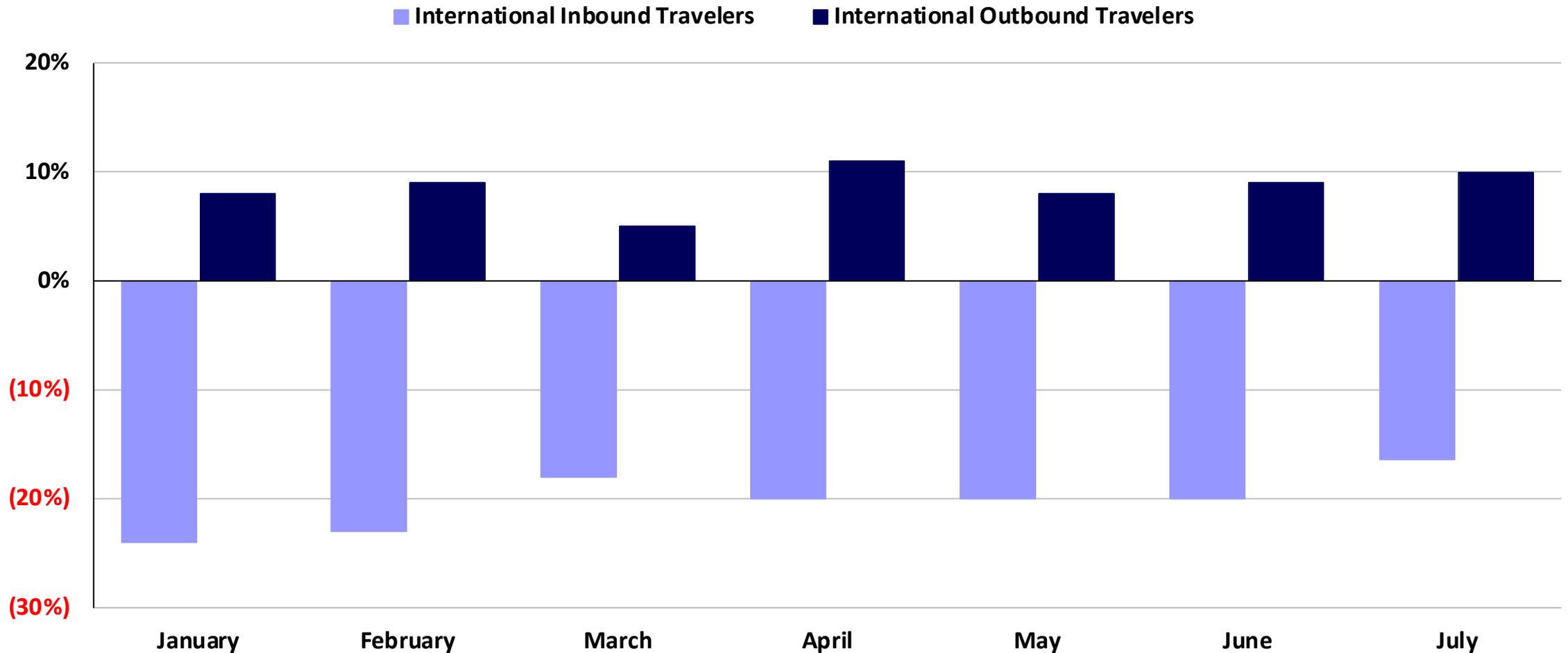
# Americans are still traveling...

U.S. 12-M TSA airport screenings (millions)



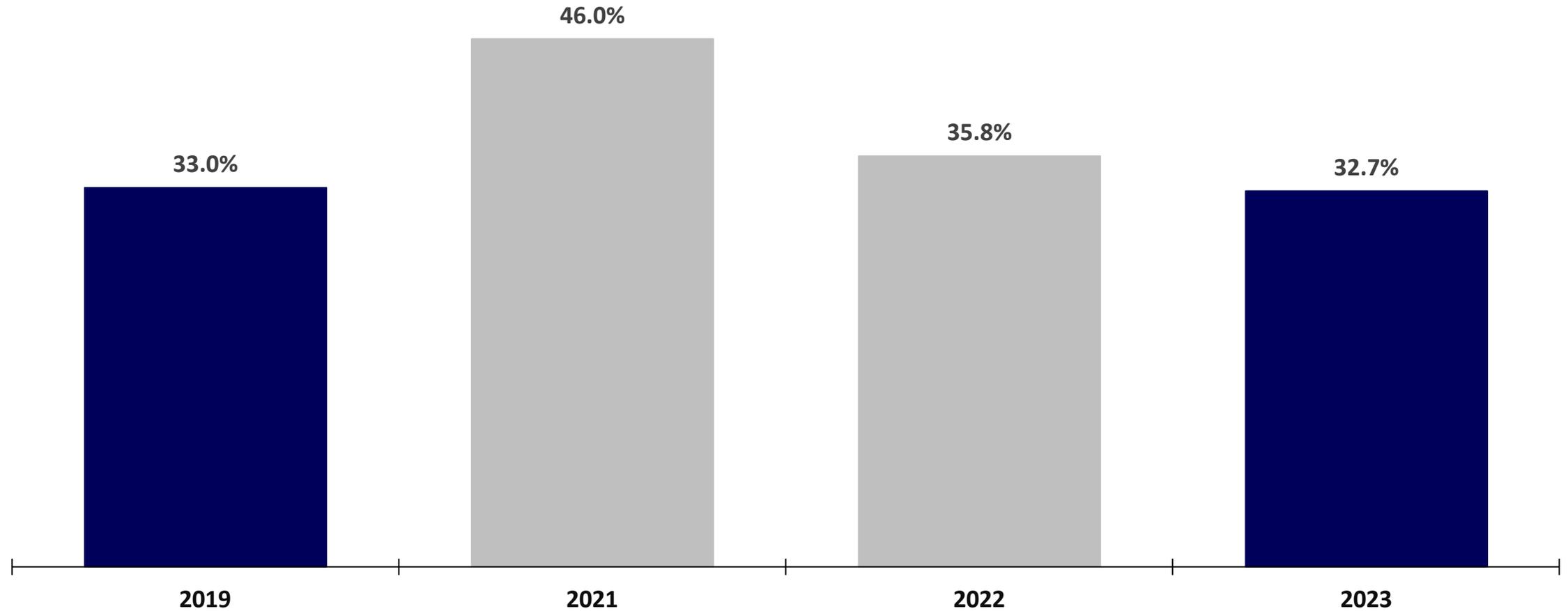
# However, they are traveling out of the country

U.S. international inbound/outbound change indexed to 2019



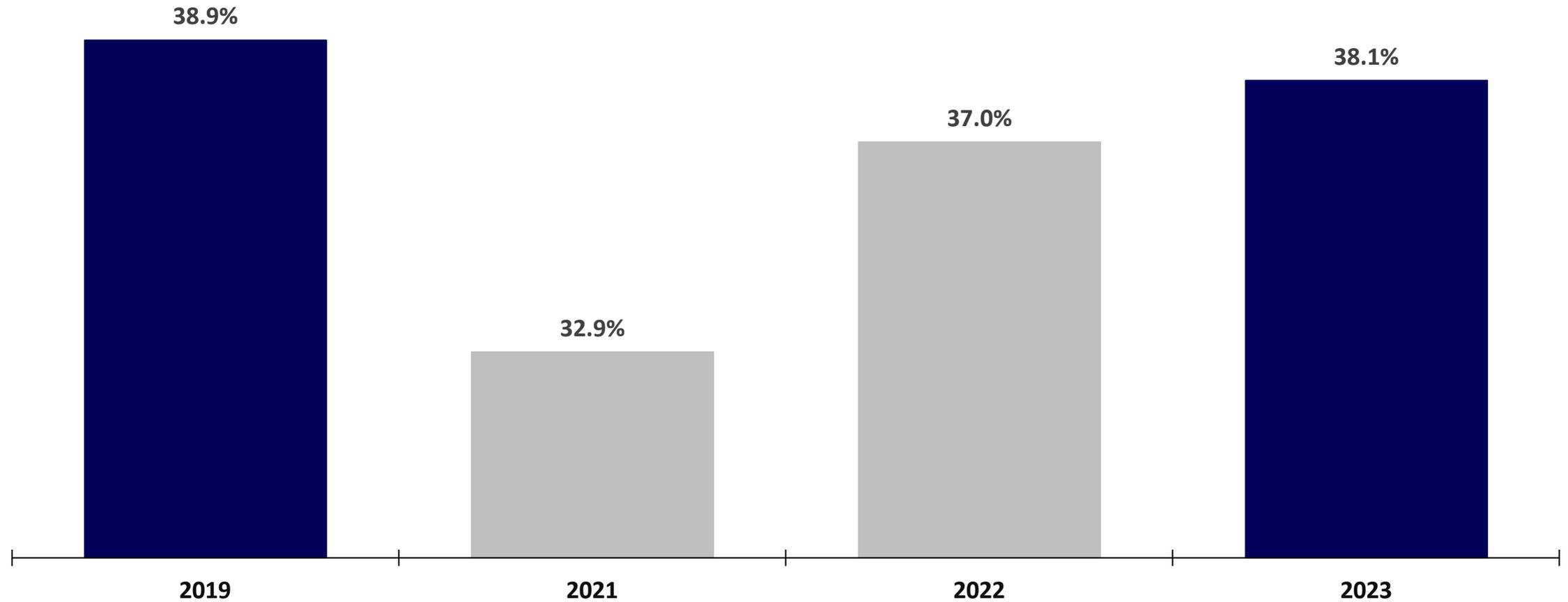
# As a result, U.S. demand is returning to normal

U.S. room demand share of global demand, July YTD



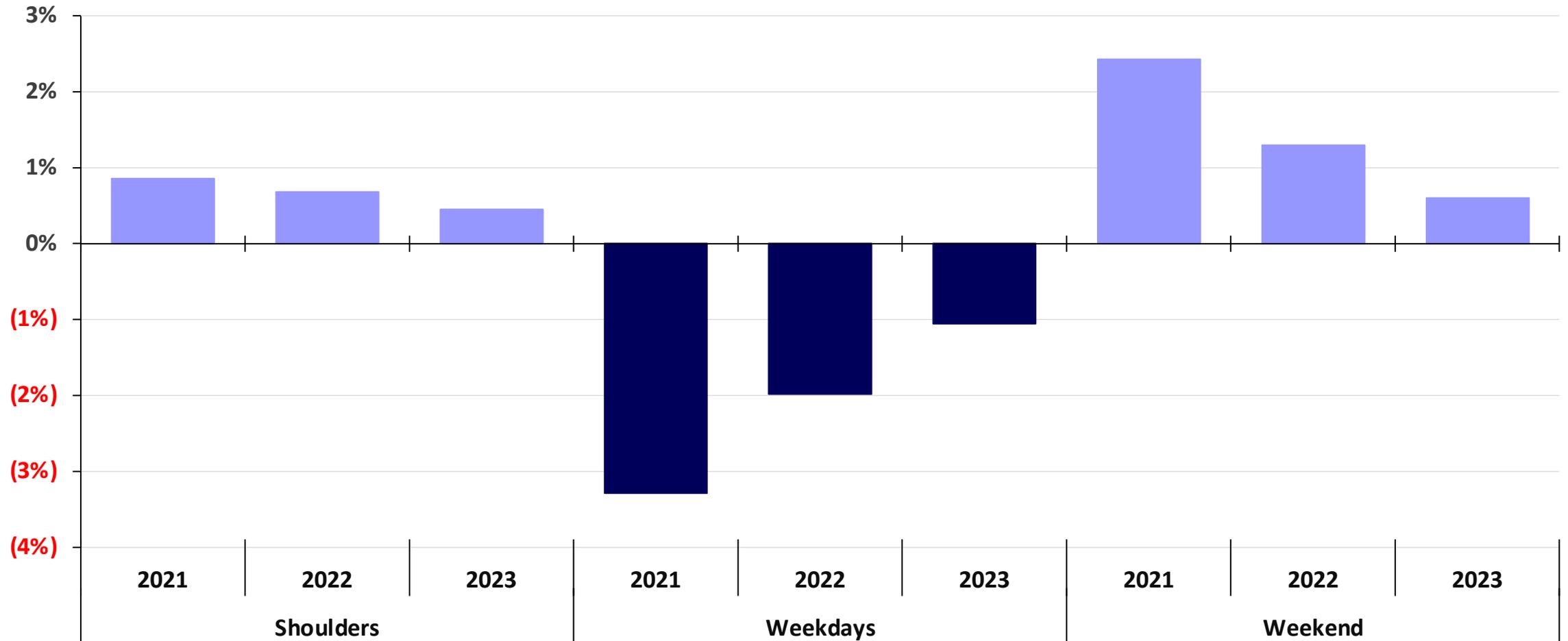
# Rebalancing is happening at the market level, too

Top 25 markets share of total U.S. demand, July YTD



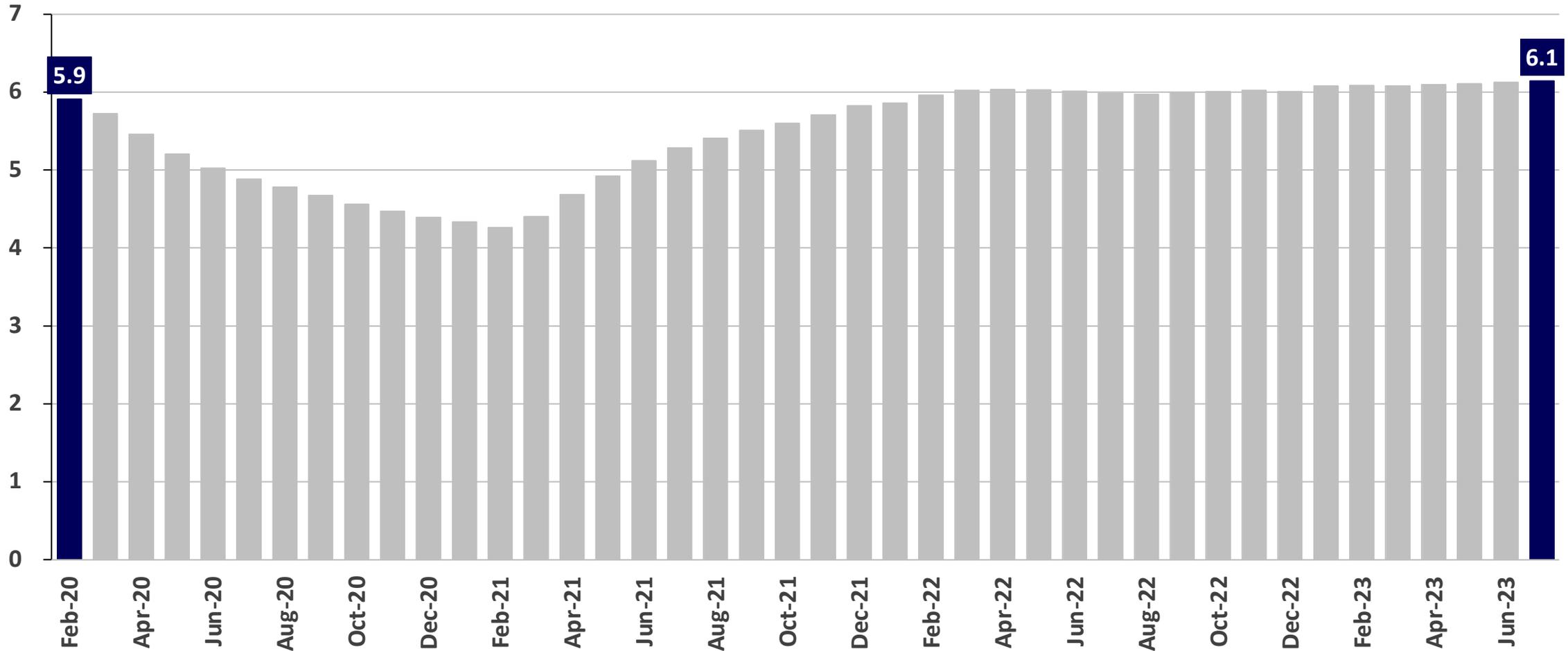
# And room night composition is also nearing normality

Day of week share demand change, July YTD



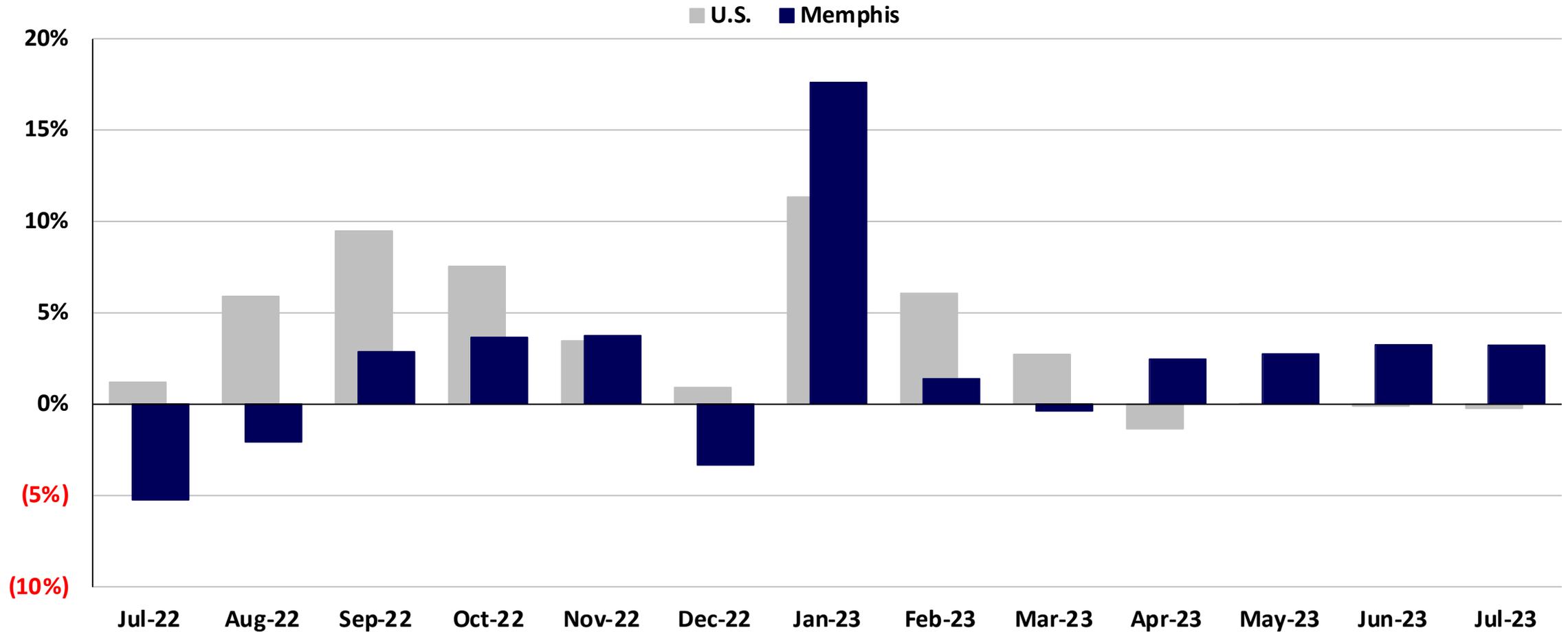
# Memphis room demand above pre-pandemic levels

Memphis 12-month group demand (millions)



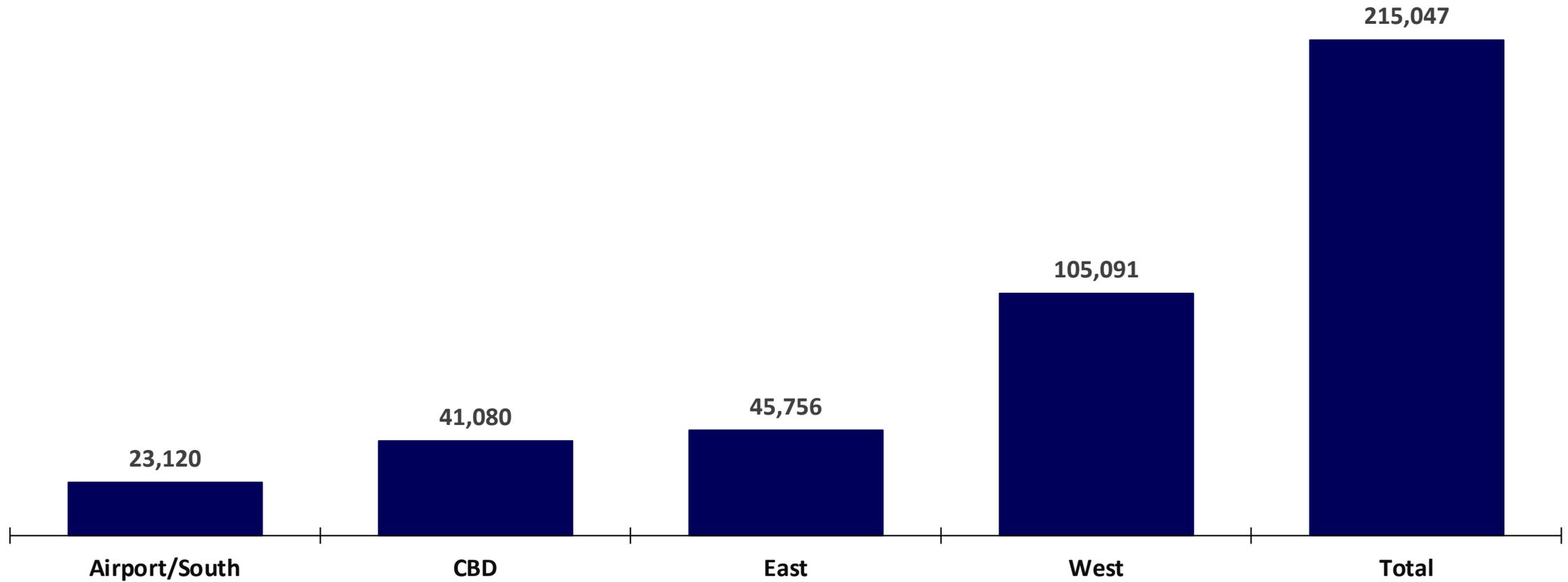
# ...and demand is still growing; better than the U.S.

Memphis & U.S. monthly room demand change



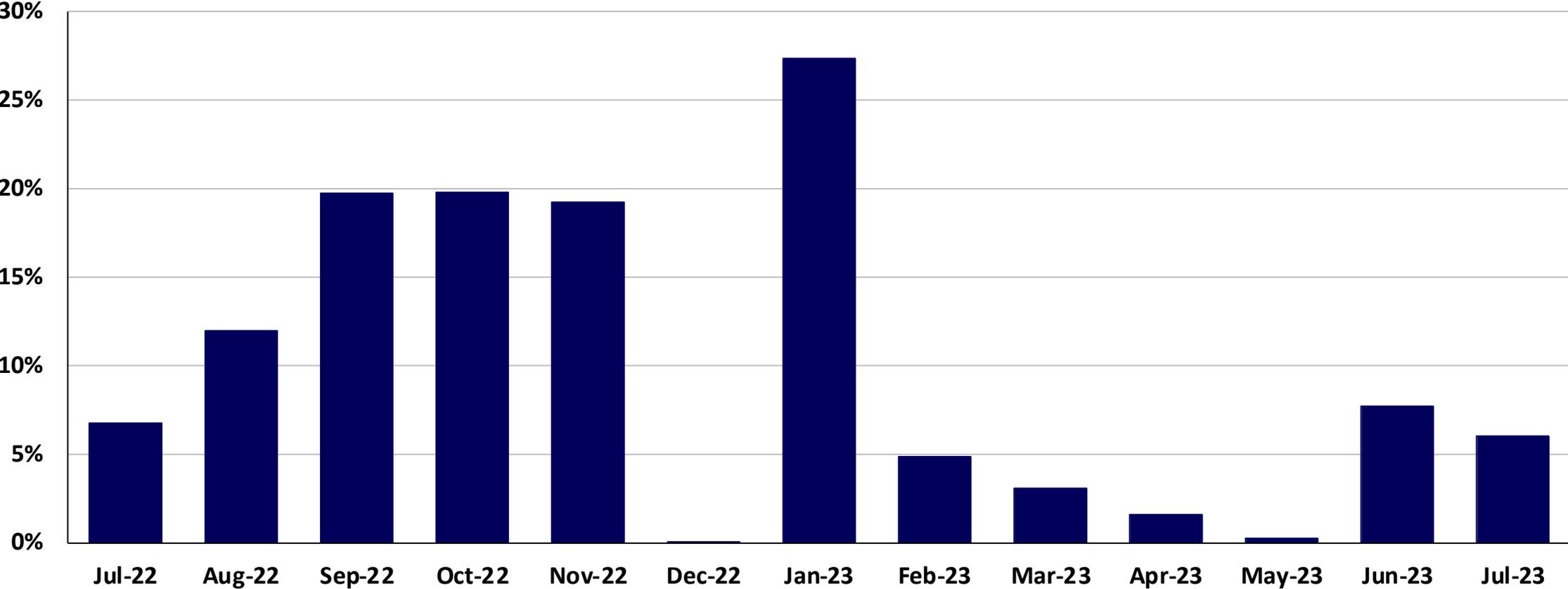
# Demand above 2019 throughout the market

Memphis room demand gap to pre-pandemic peak (July YTD)



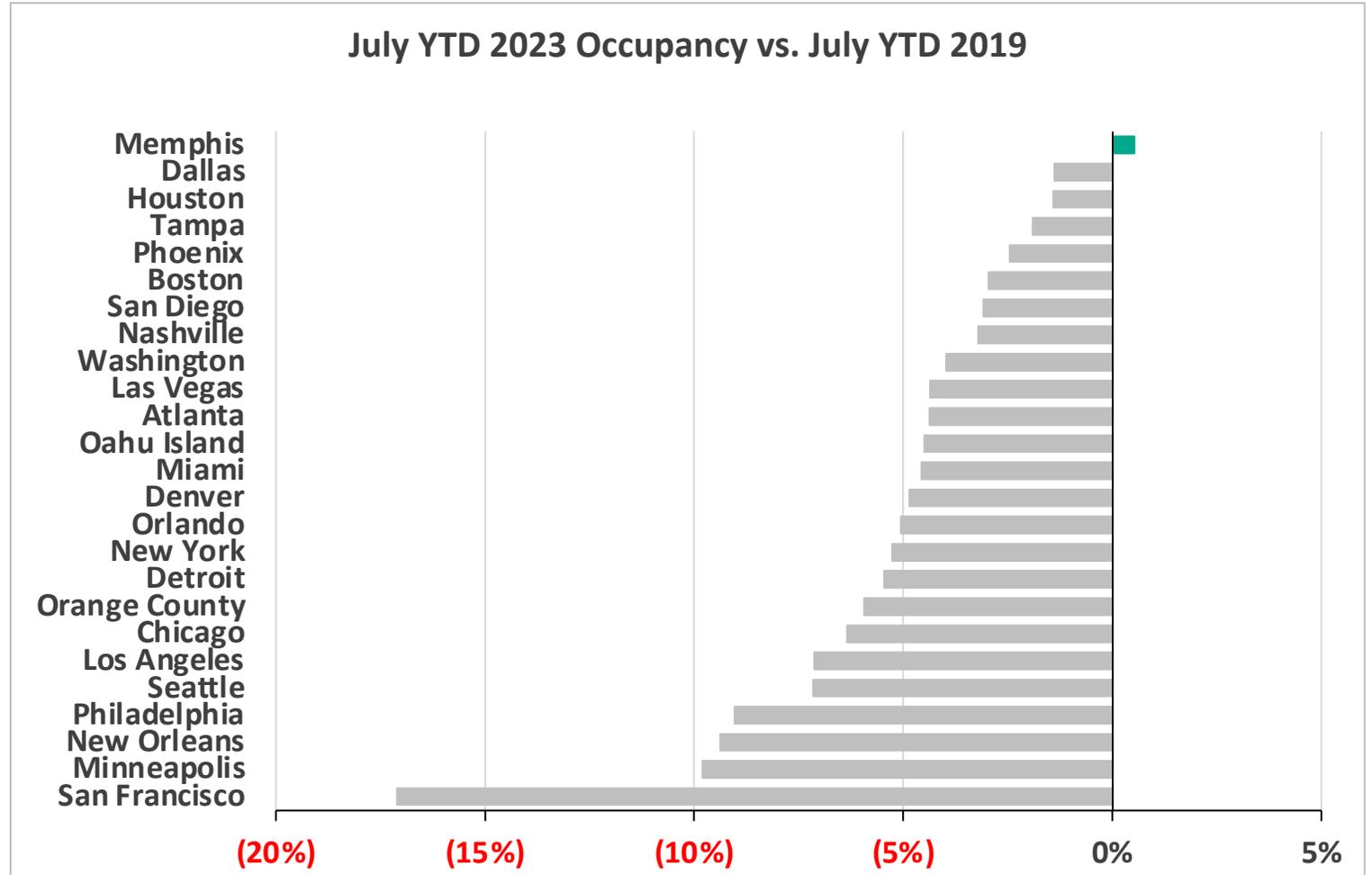
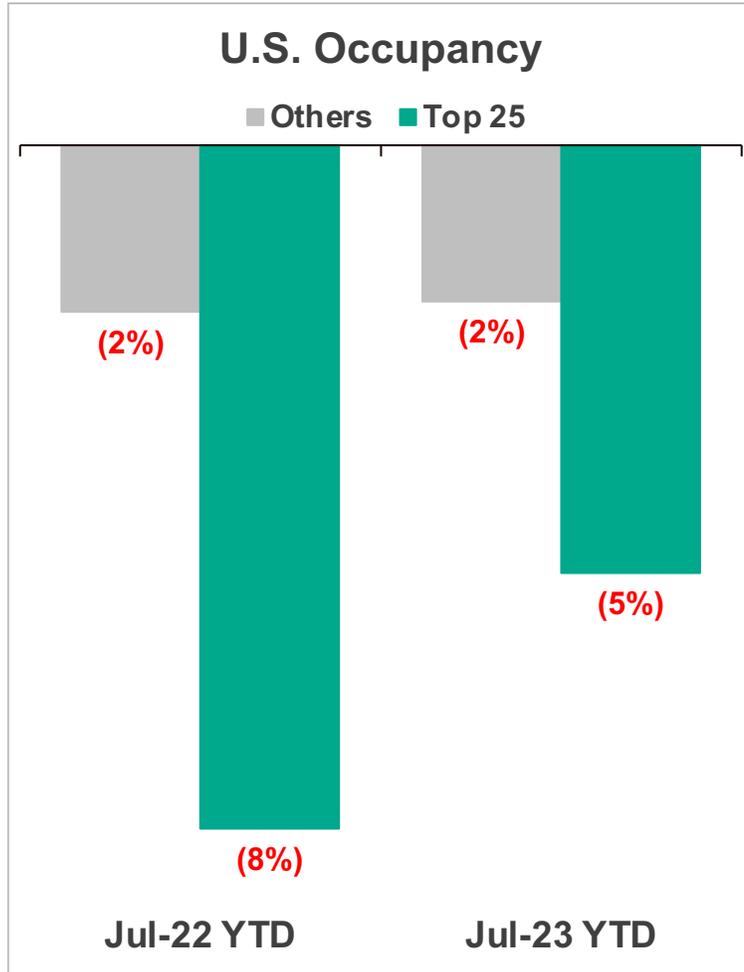
# CBD demand growth has slowed but still healthy

Memphis CBD monthly room demand change (year over year)



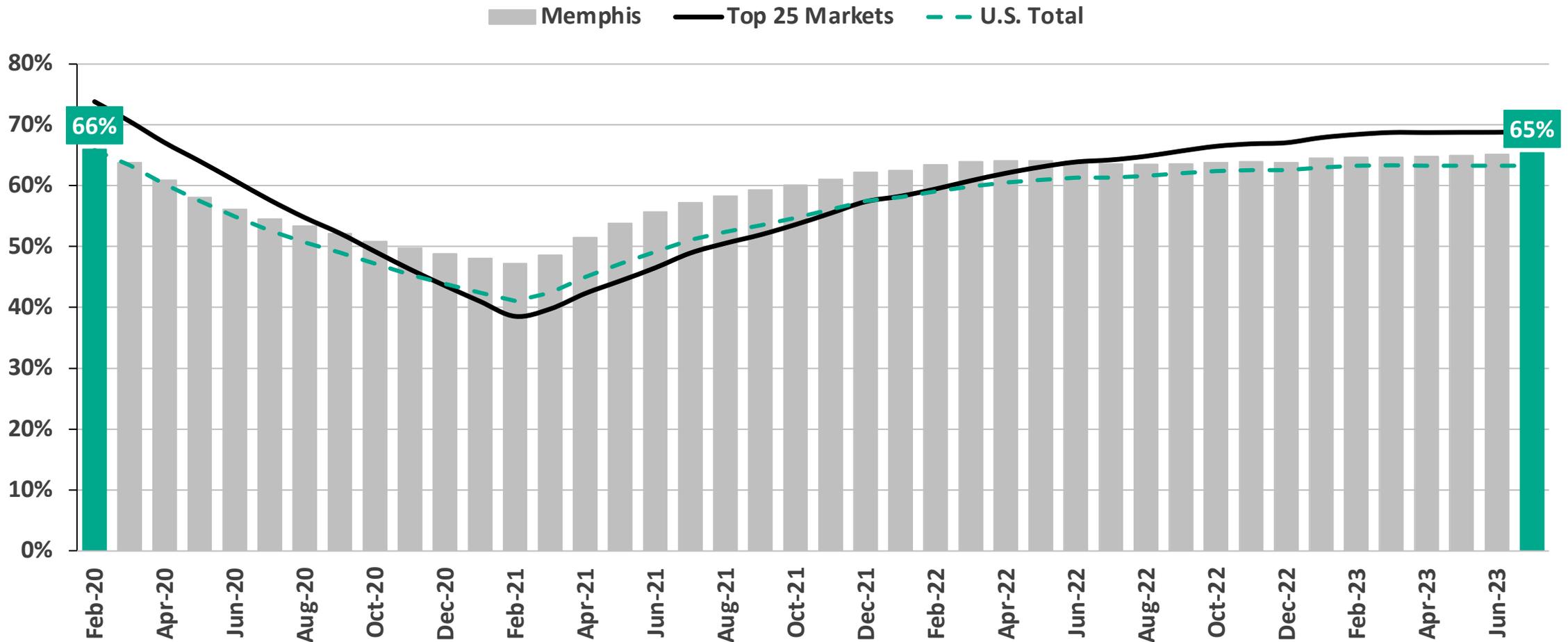
# Most top markets show significant occupancy deficits

U.S. occupancy compared to 2019 (percentage points)



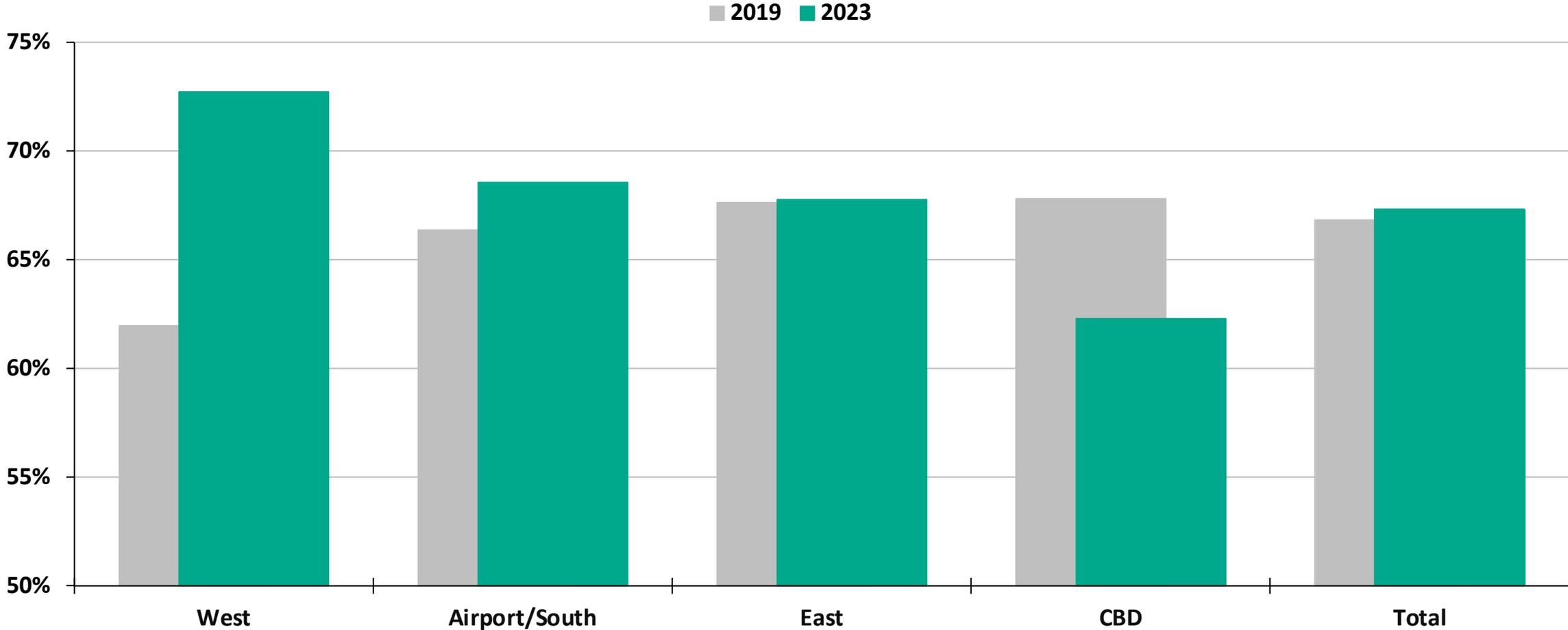
# Memphis occupancy above national and Top 25 Markets

Occupancy



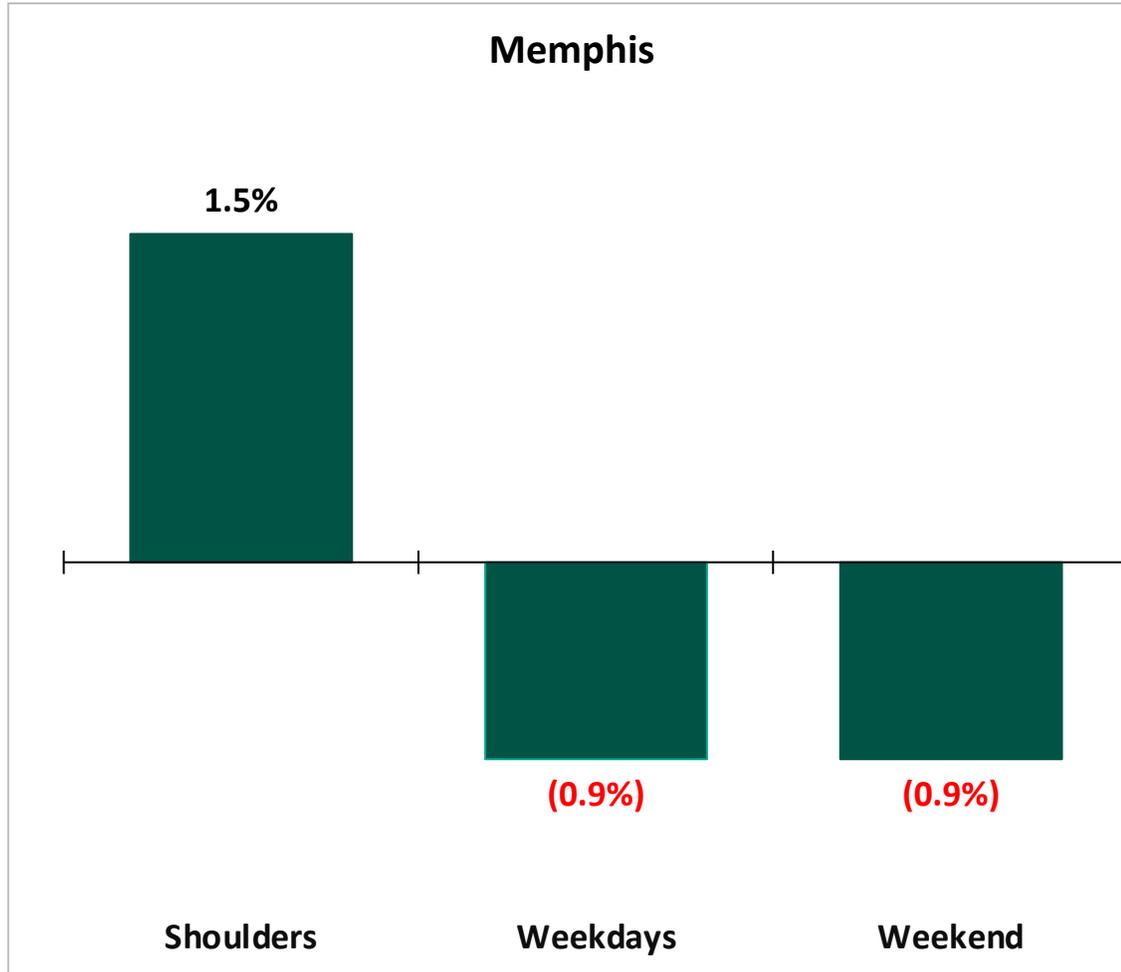
# CBD occupancy lags the most to 2019

Memphis occupancy July YTD



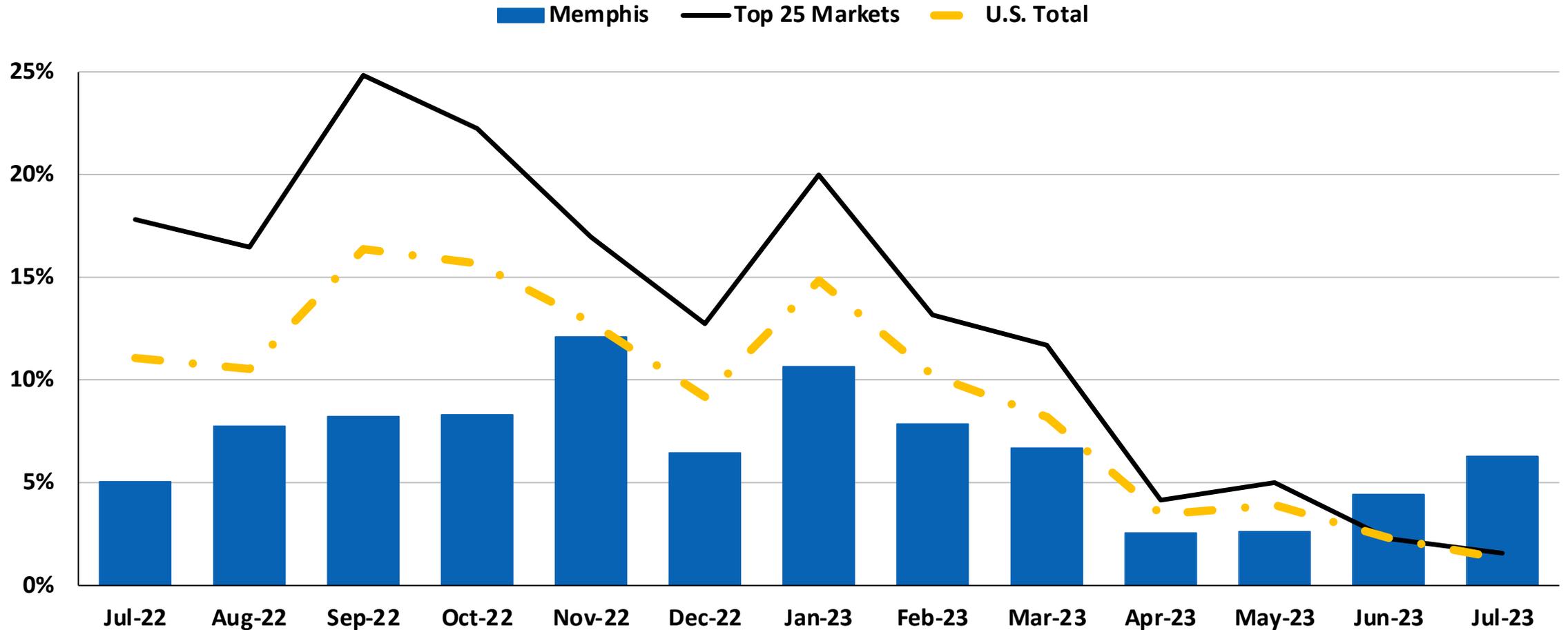
# Weekday occupancy holding back recovery

Day of week occupancy gap to 2019, July YTD



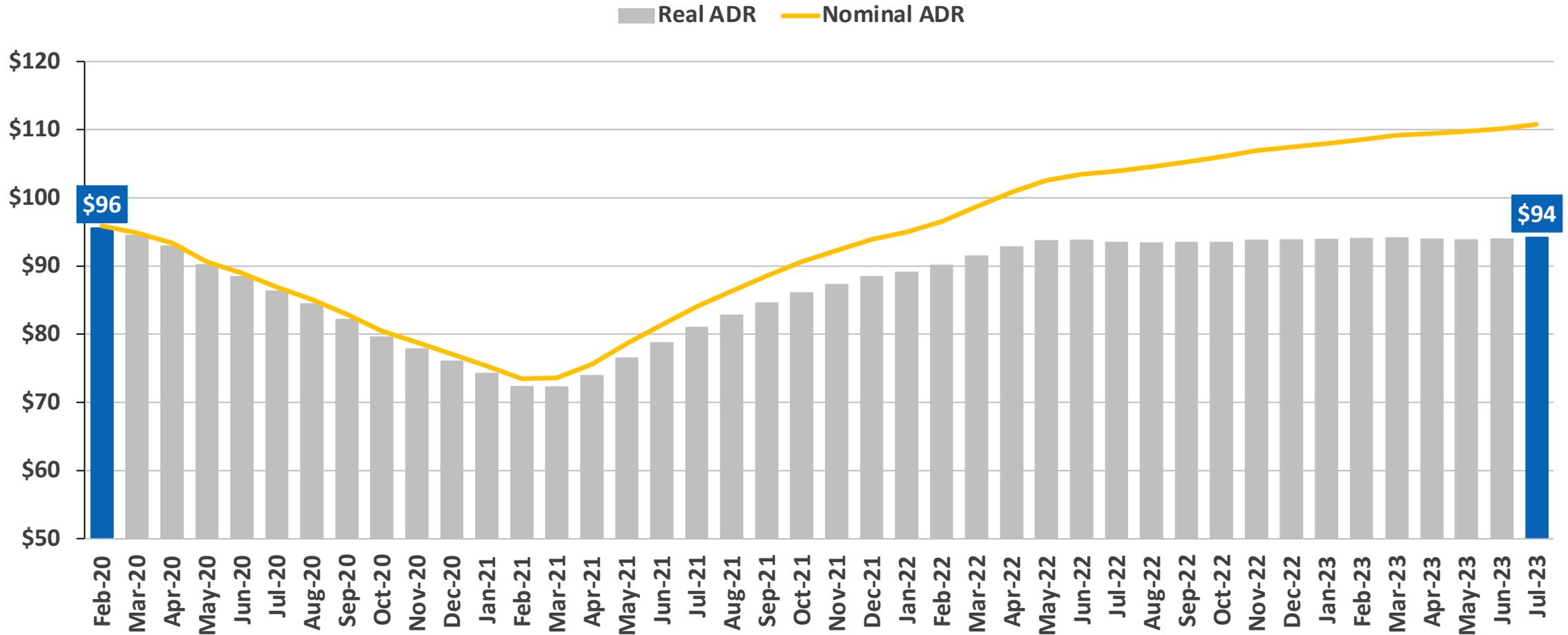
# ADR growth is slowing but still healthy in Memphis

ADR change, year over year



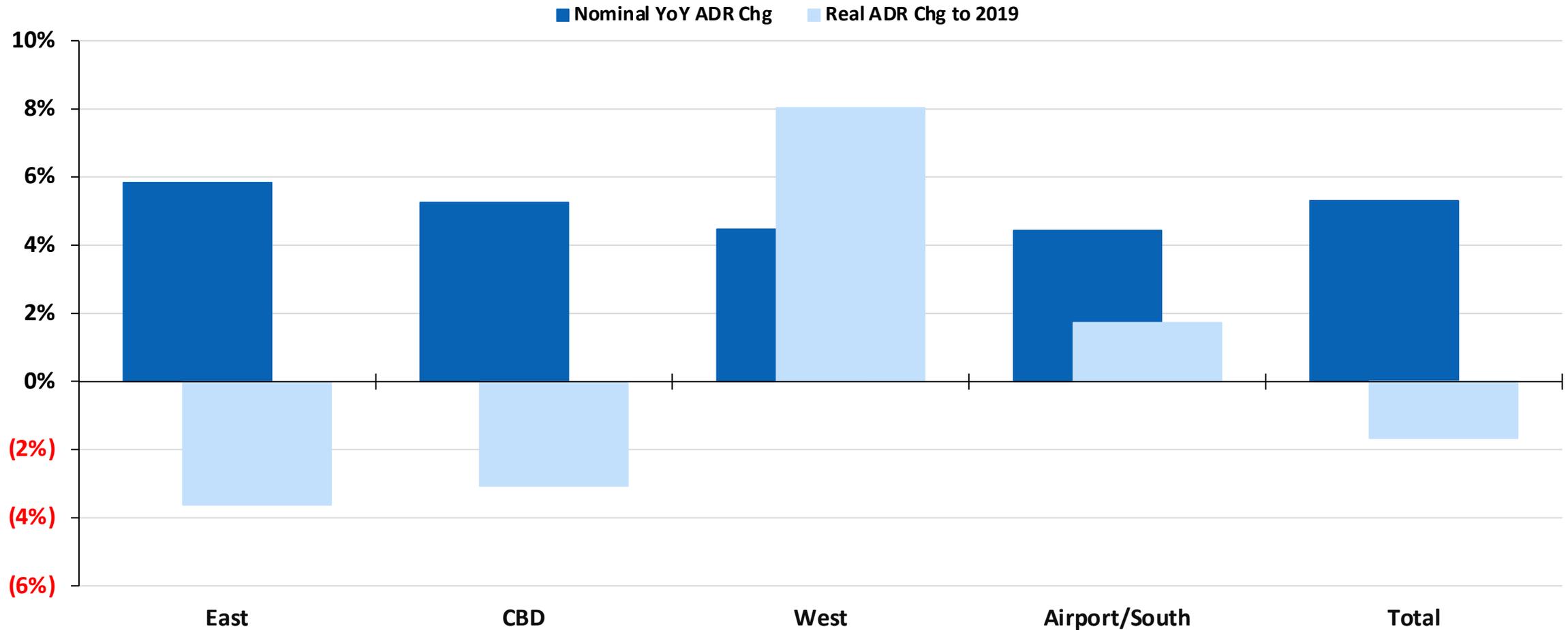
# Real ADR nearing previous peak

Memphis 12M ADR



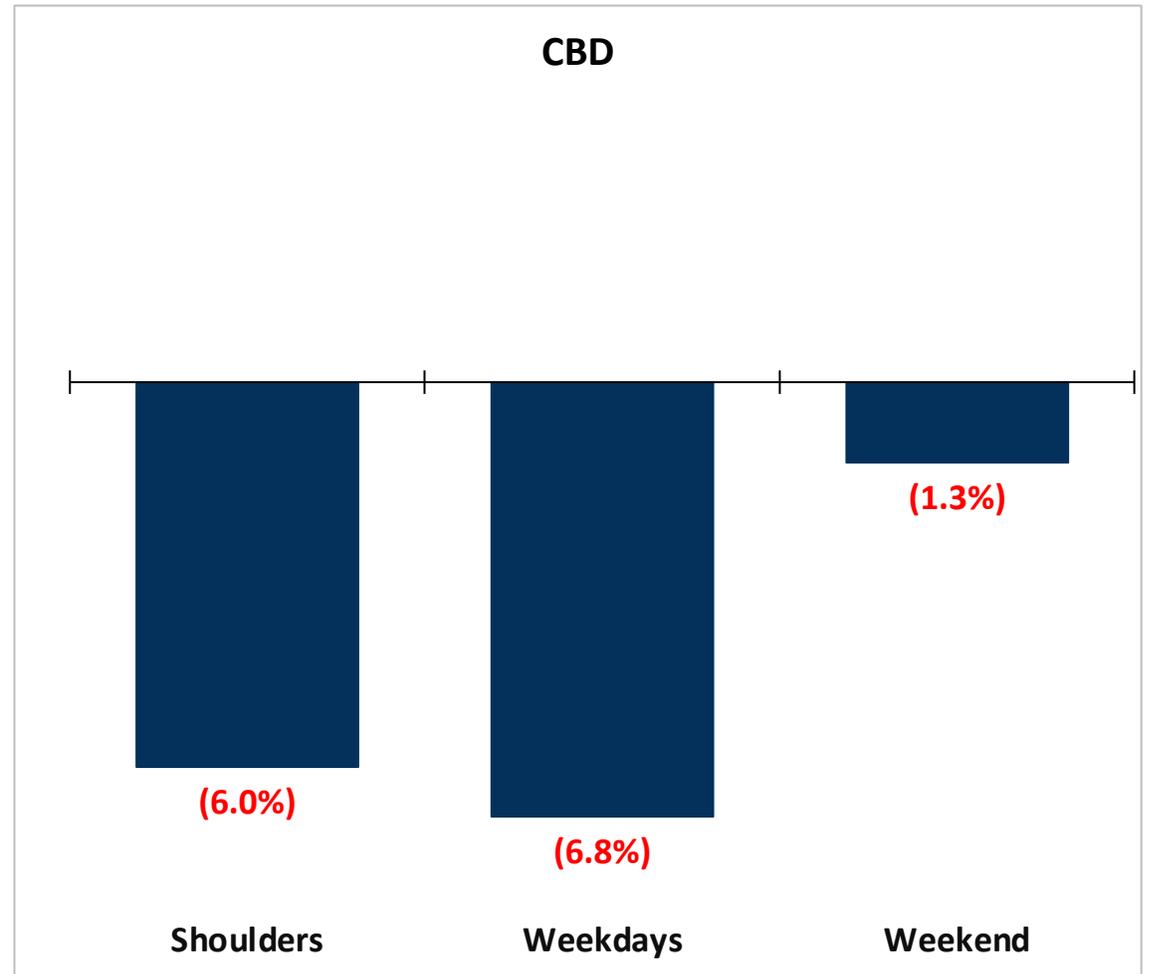
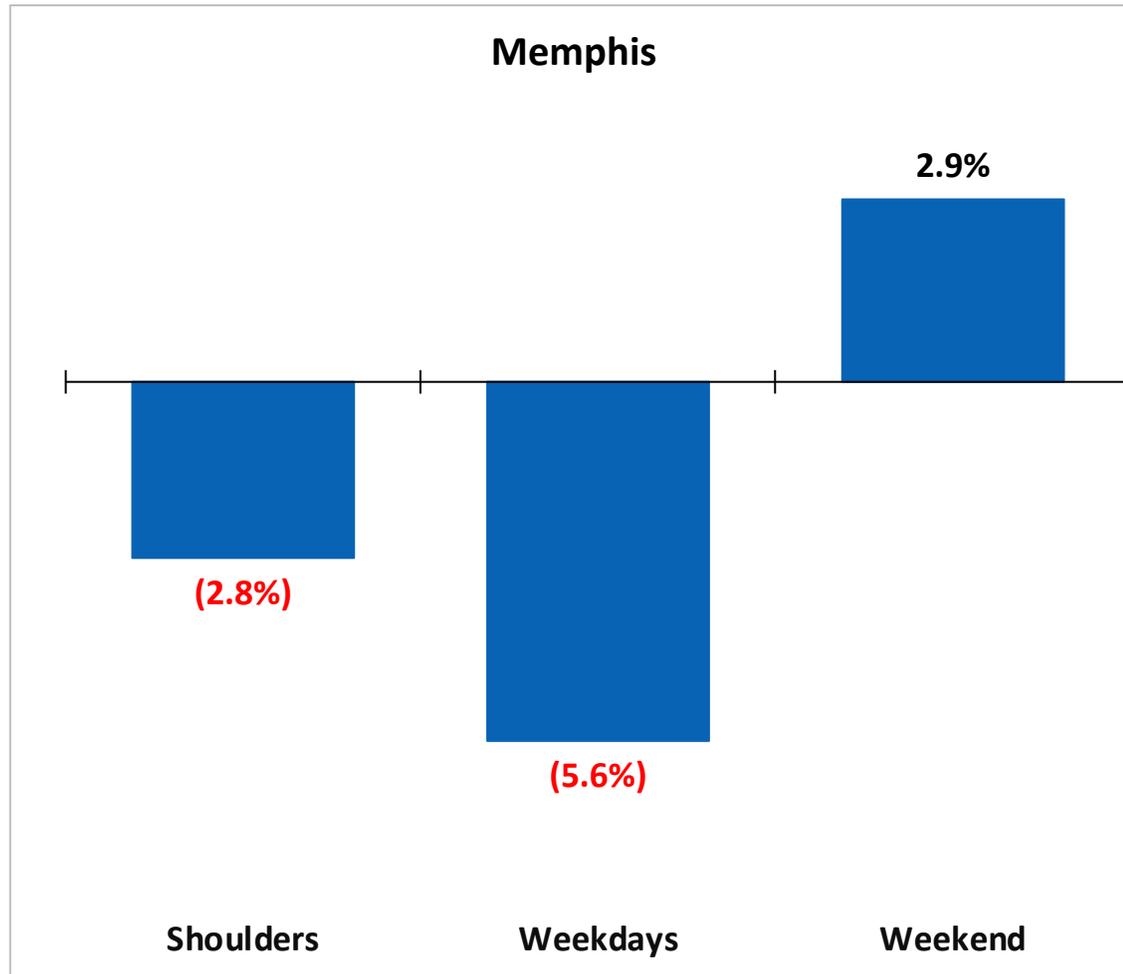
# Real ADR strong in Memphis West and Airport/South

Memphis ADR change July YTD



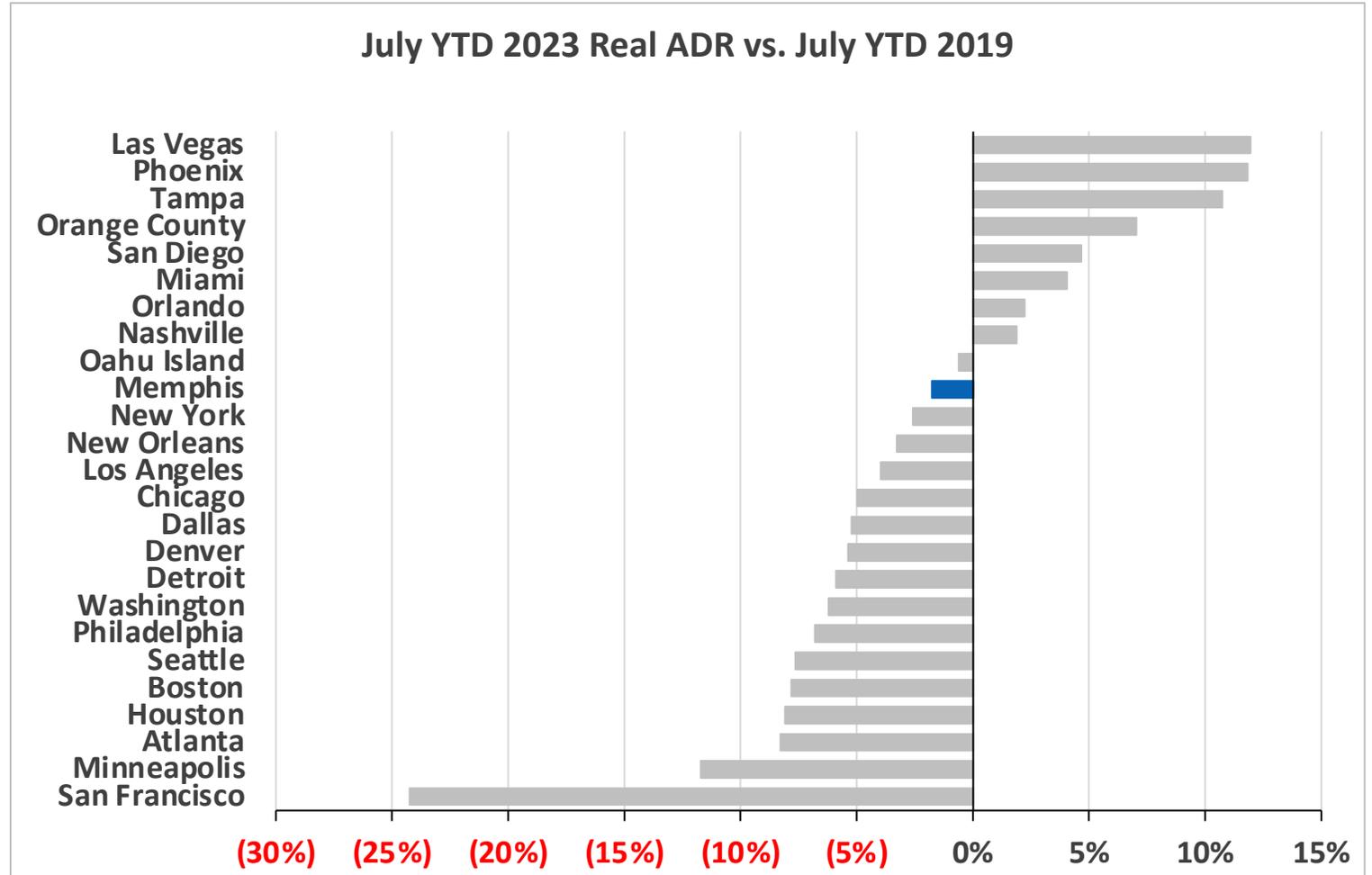
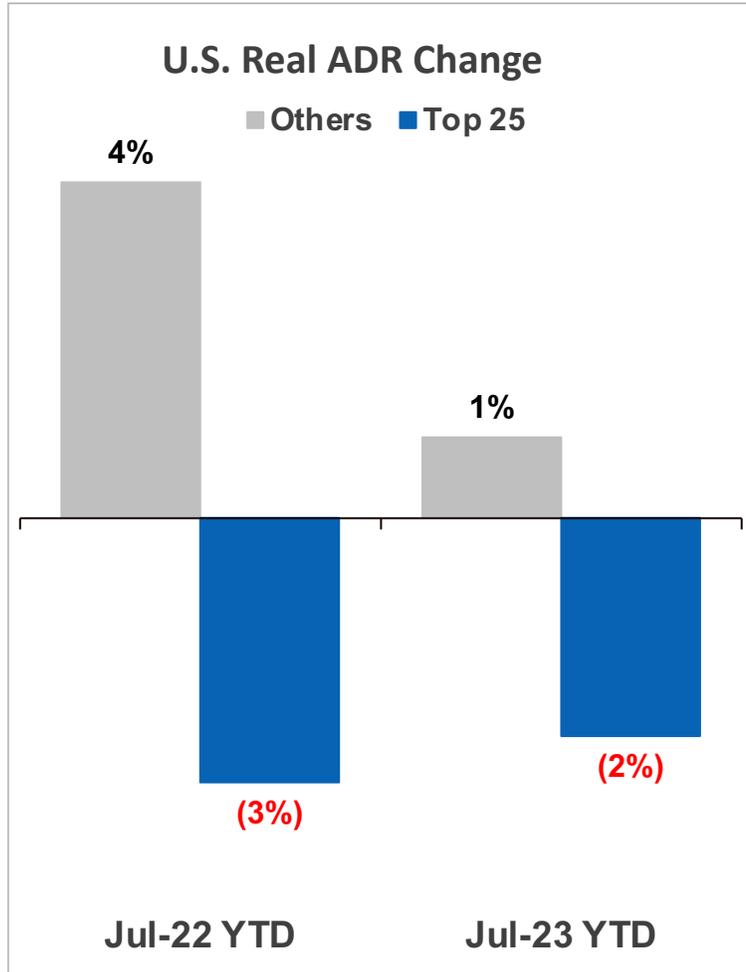
# Weekdays and shoulders holding back real ADR recovery

Memphis real ADR compared to 2019, July YTD



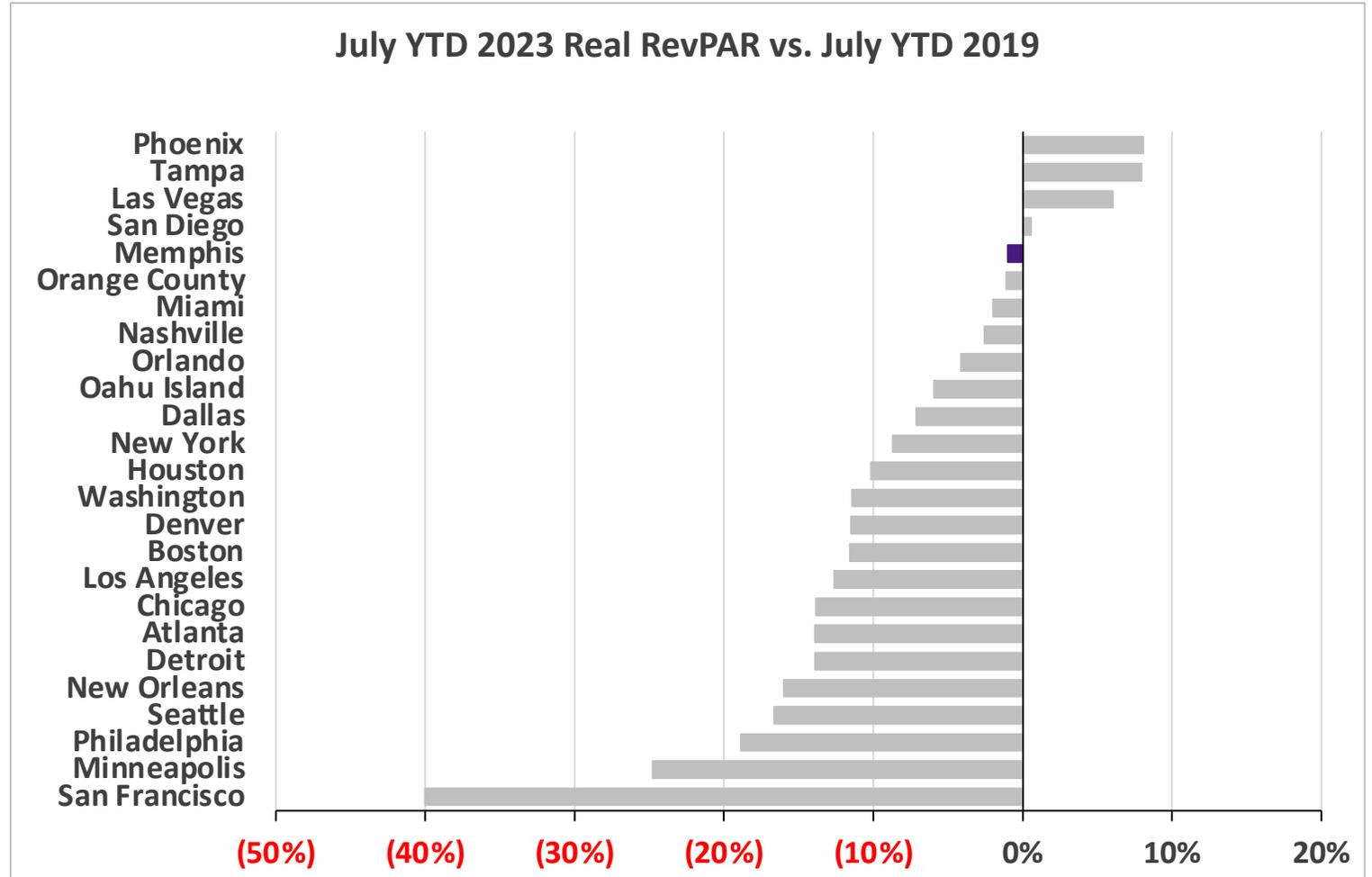
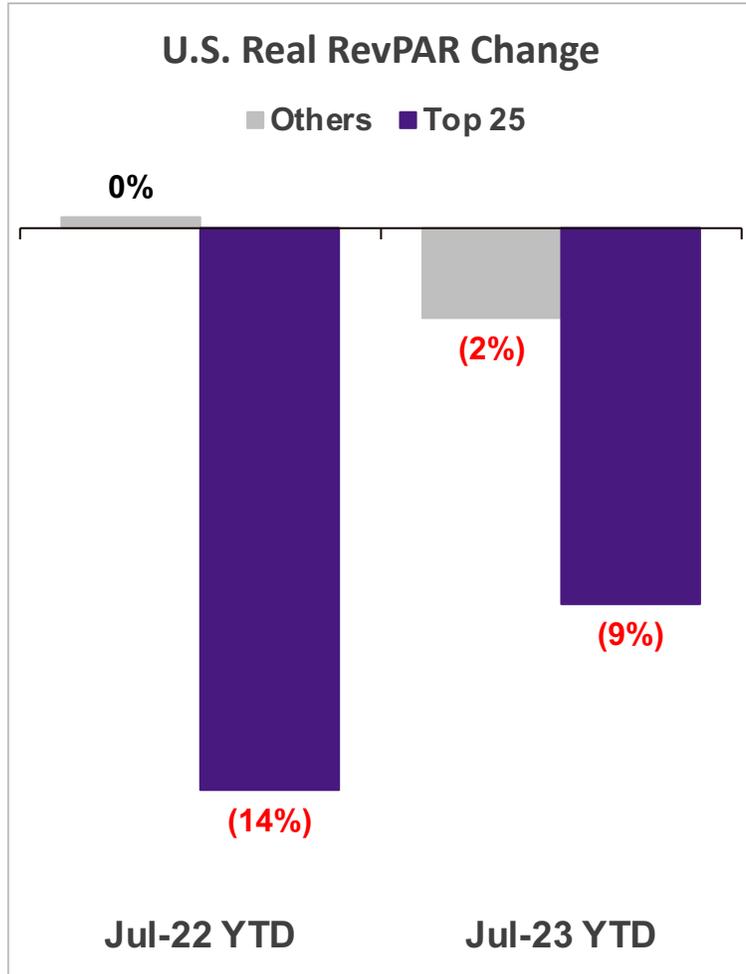
# Real ADR ahead of most major markets

Real (inflation-adjusted) ADR indexed to 2019



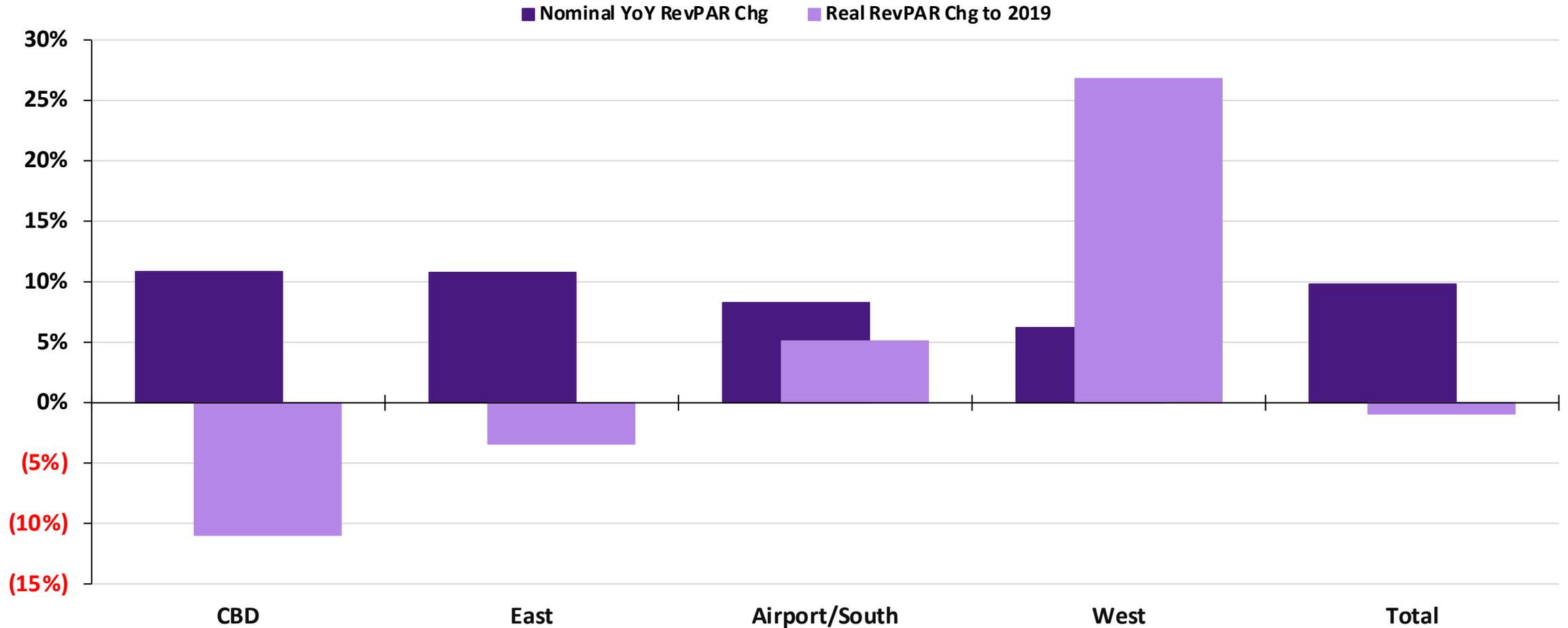
# Memphis' real RevPAR nearly at 2019 level

Real (inflation-adjusted) RevPAR indexed to 2019



# CBD RevPAR up the most YoY but real RevPAR also down the most

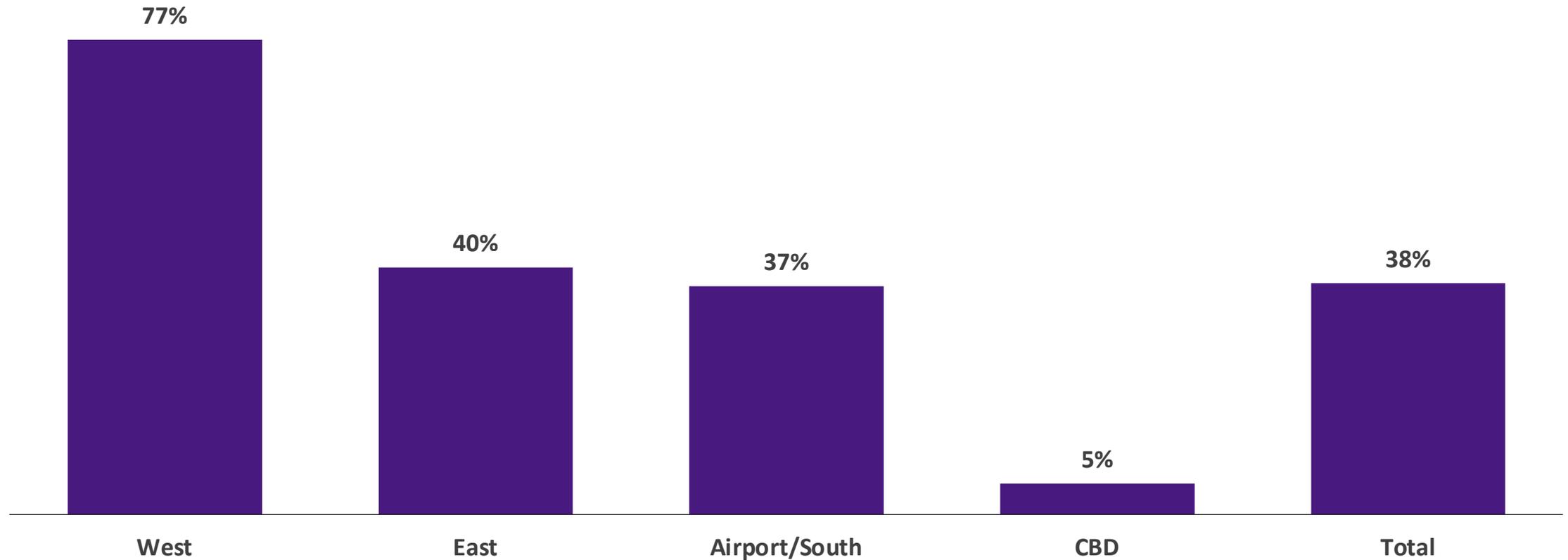
Memphis real RevPAR, July YTD



# Only 38% of hotels have fully recovered

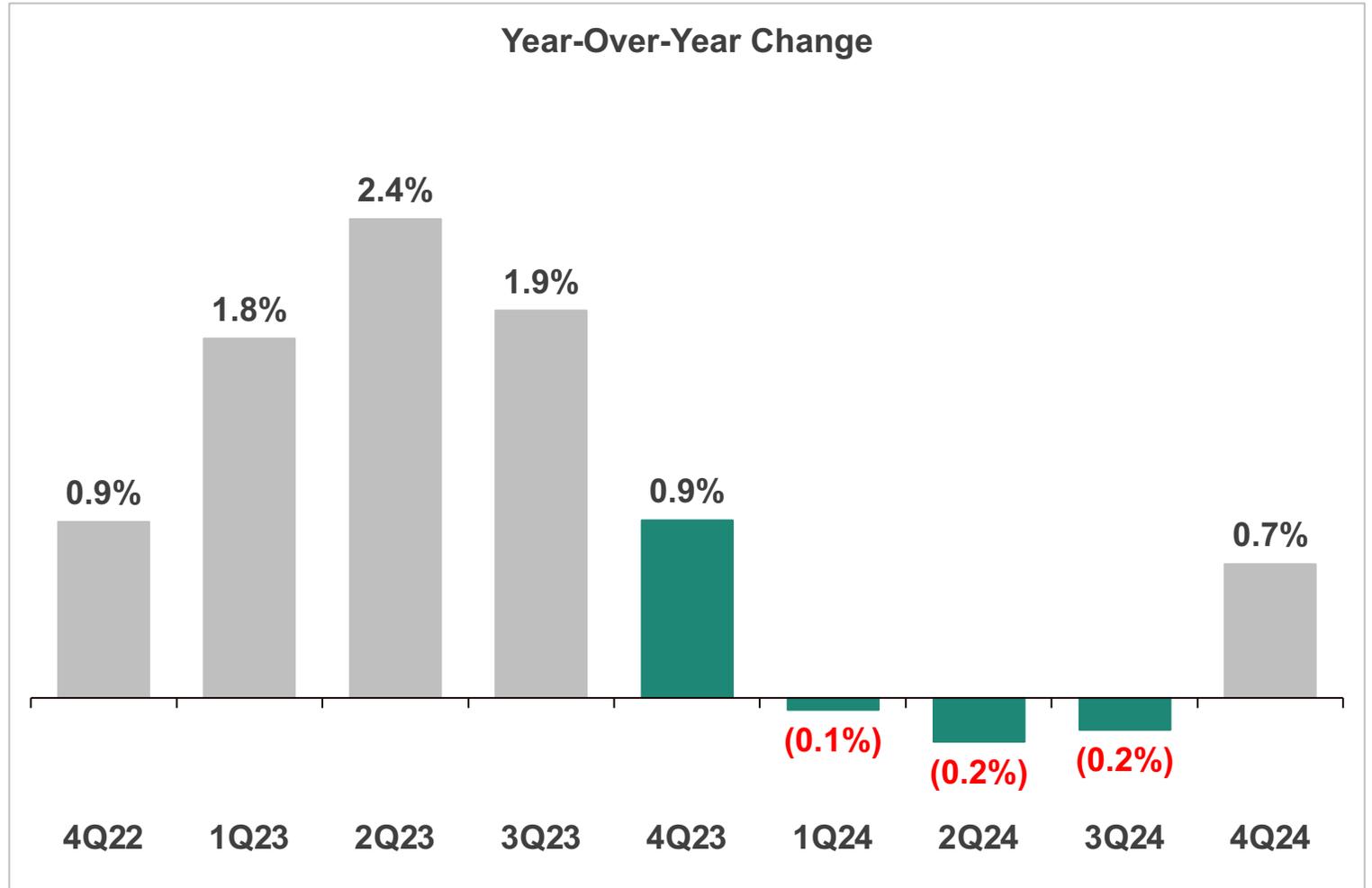
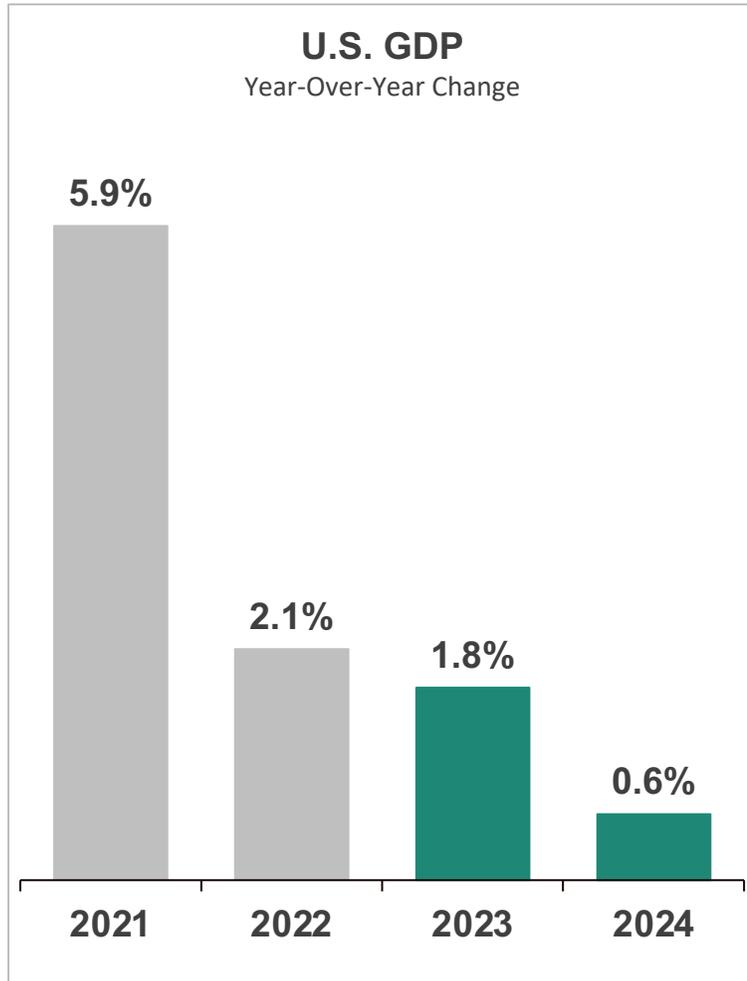
12-month real RevPAR (ending June 23) compared to 2019, comparable Memphis hotels

Percent of Hotels Recovered (at or above 2019) by Sub Market



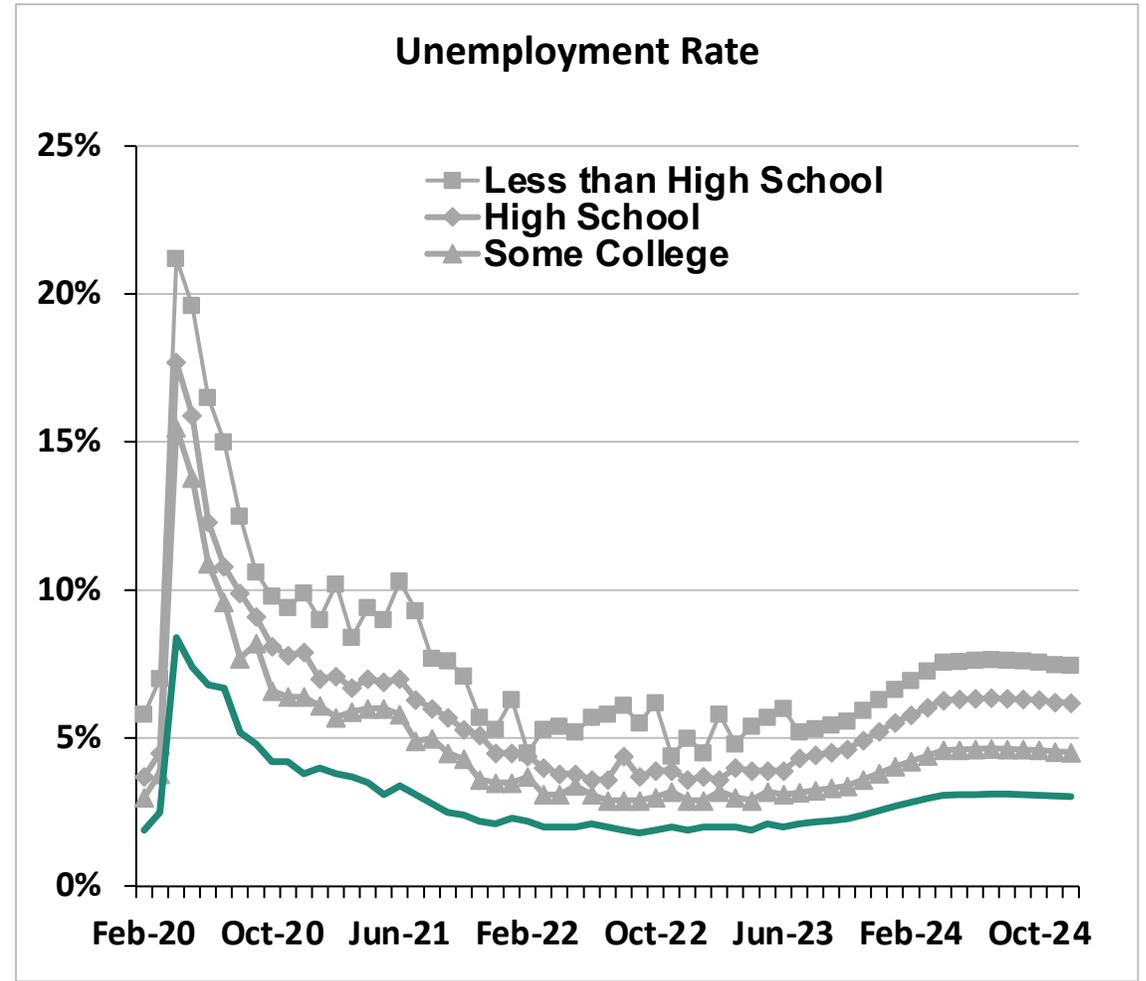
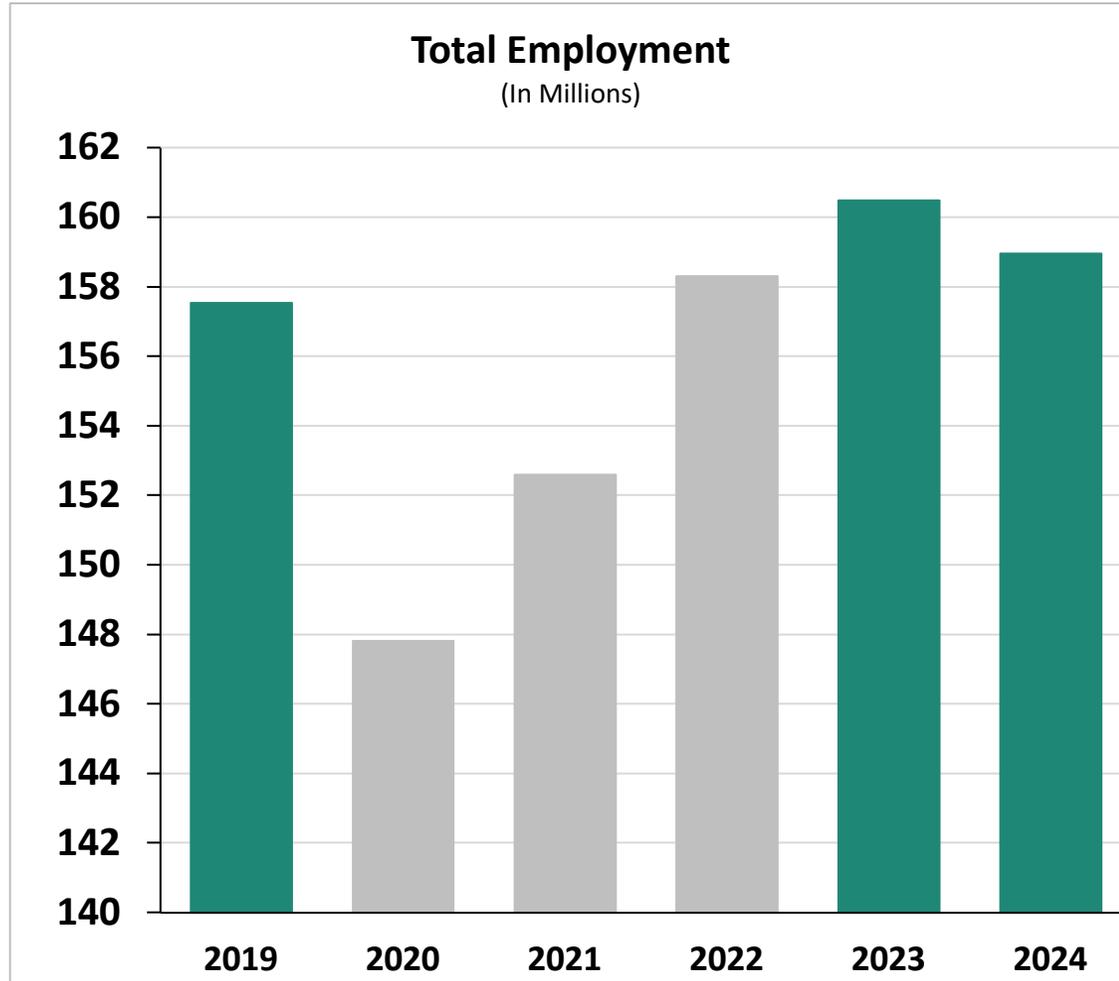
# Recession likely, but we'll be fine

U.S. GDP forecast



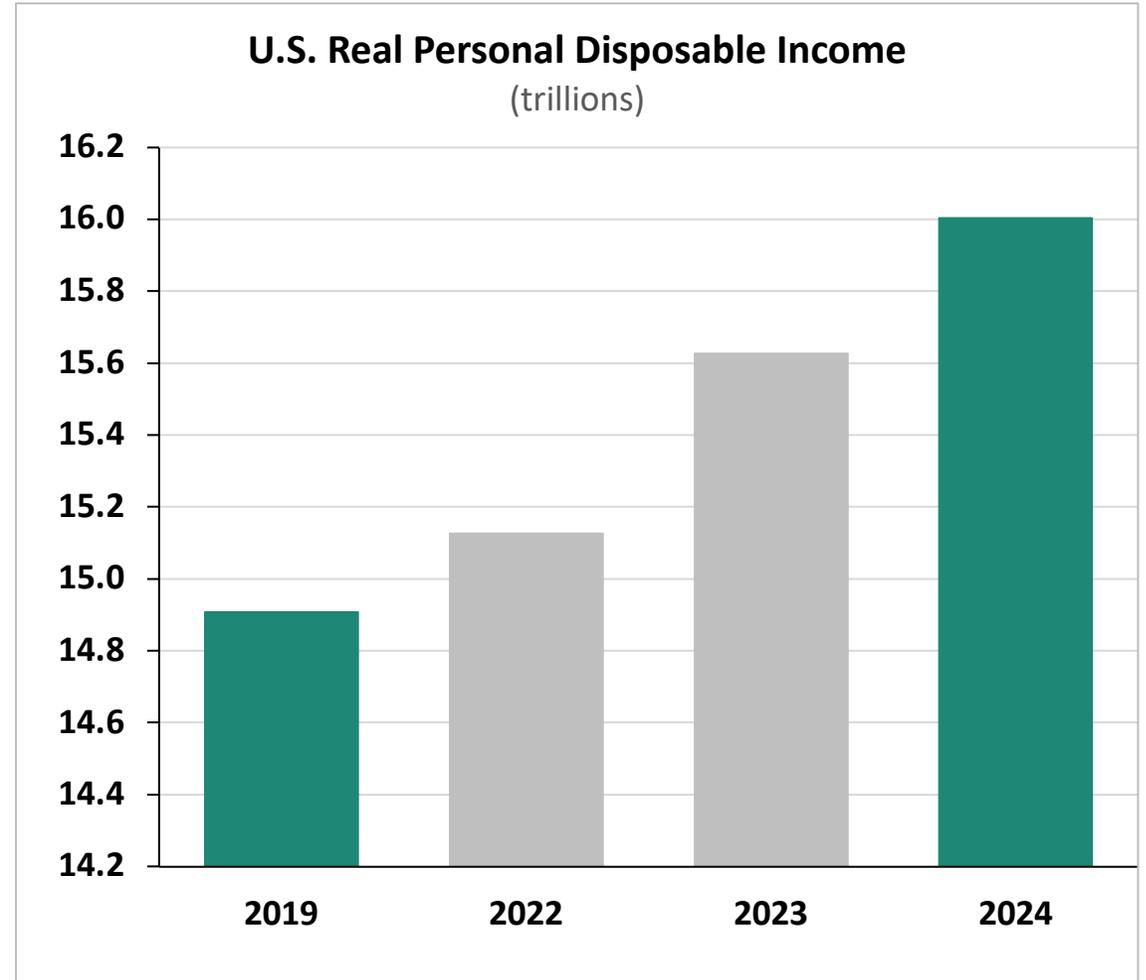
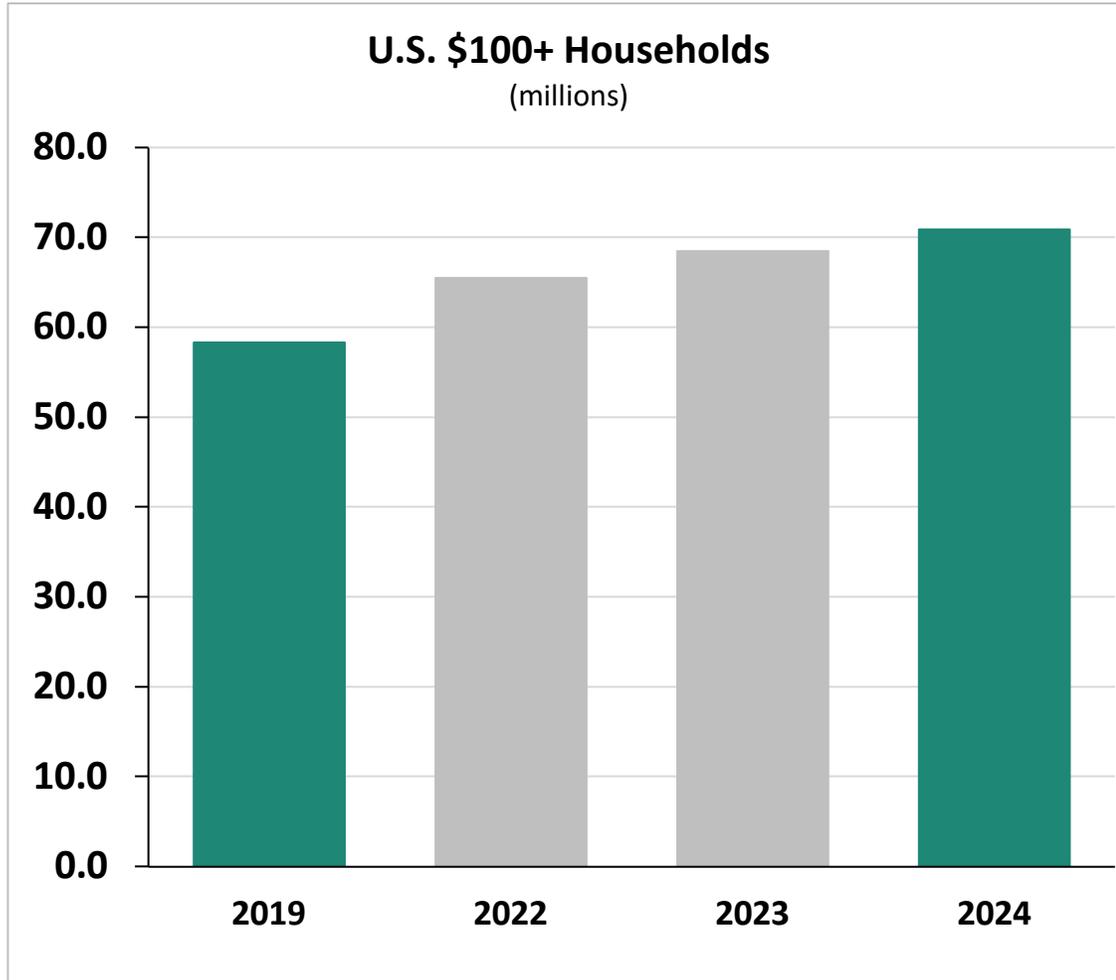
# Employment to see limited impact

U.S. Employment



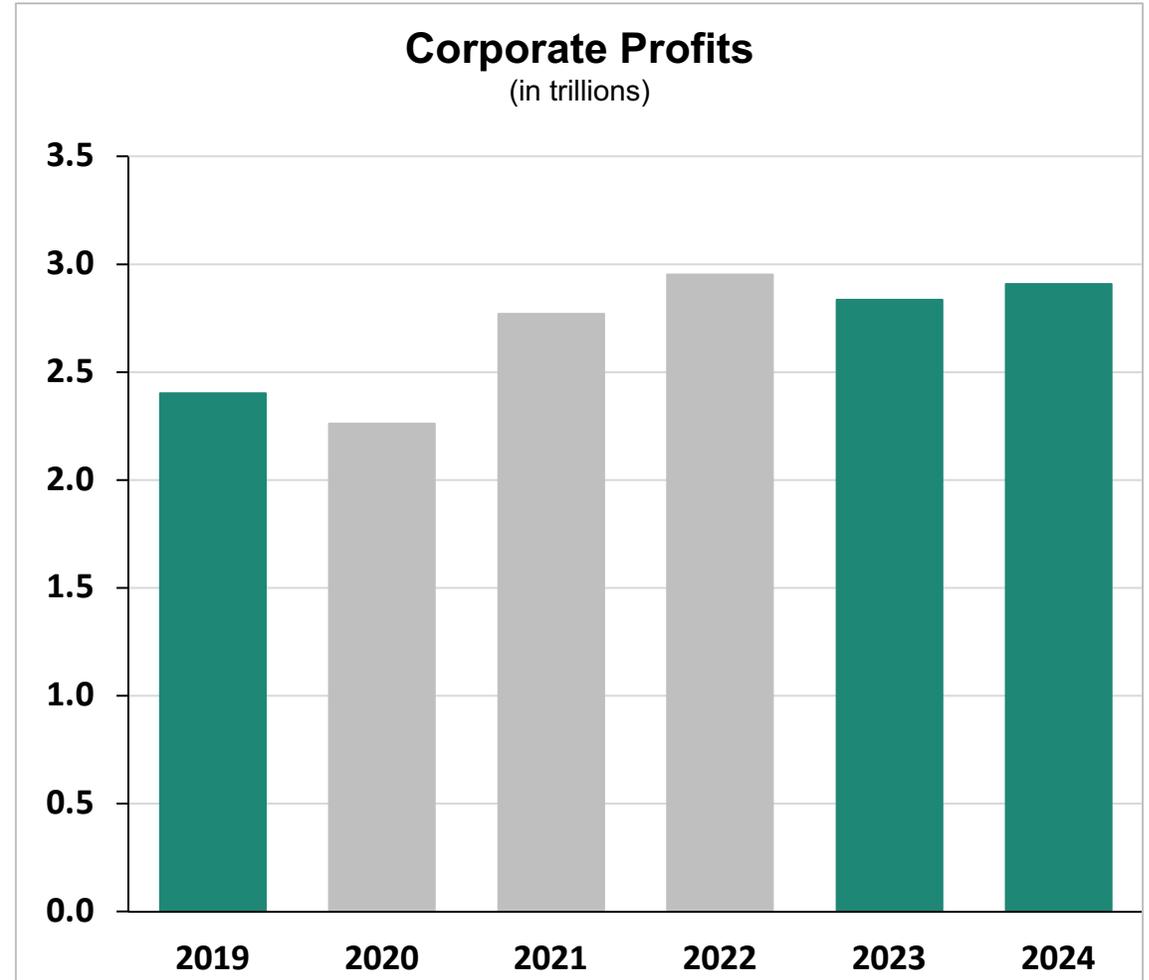
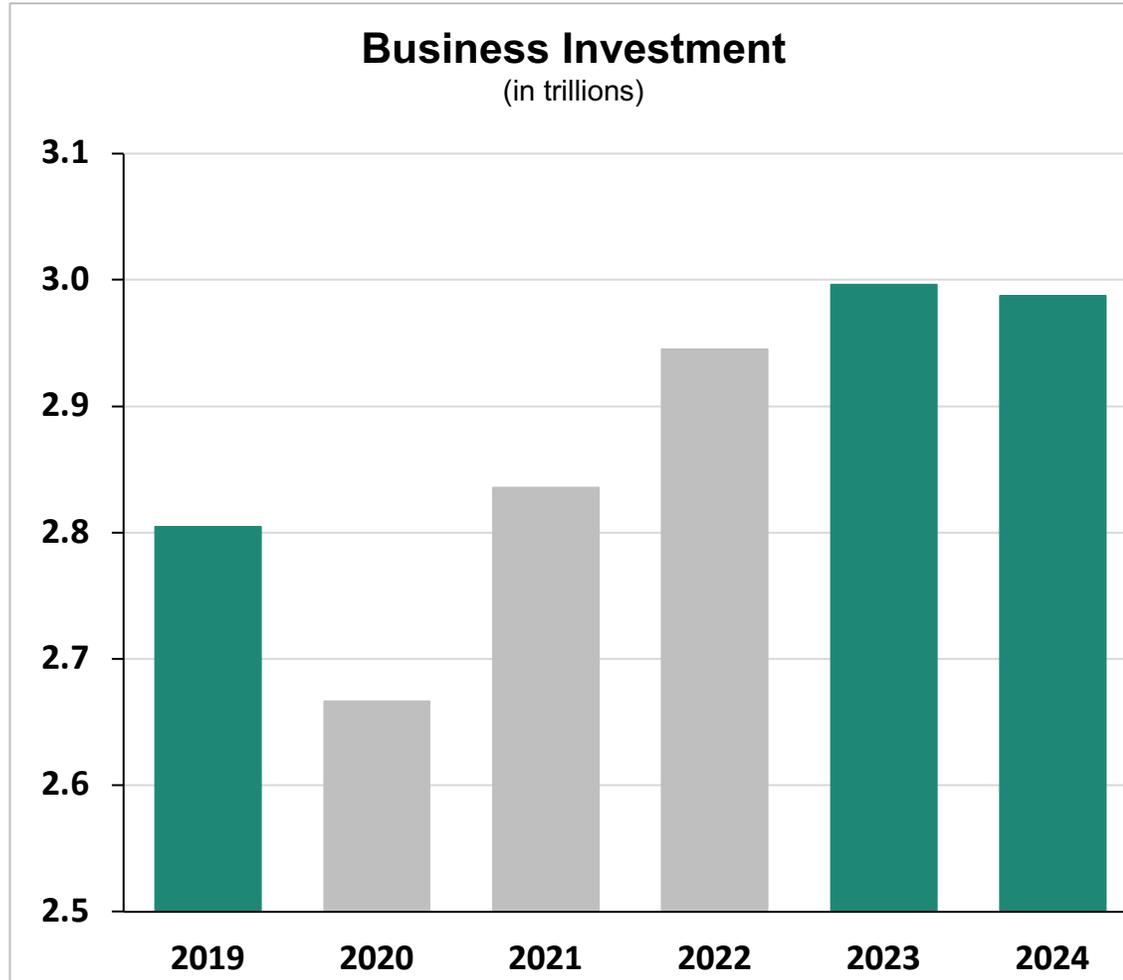
# Households with the means to travel to increase

U.S. Households



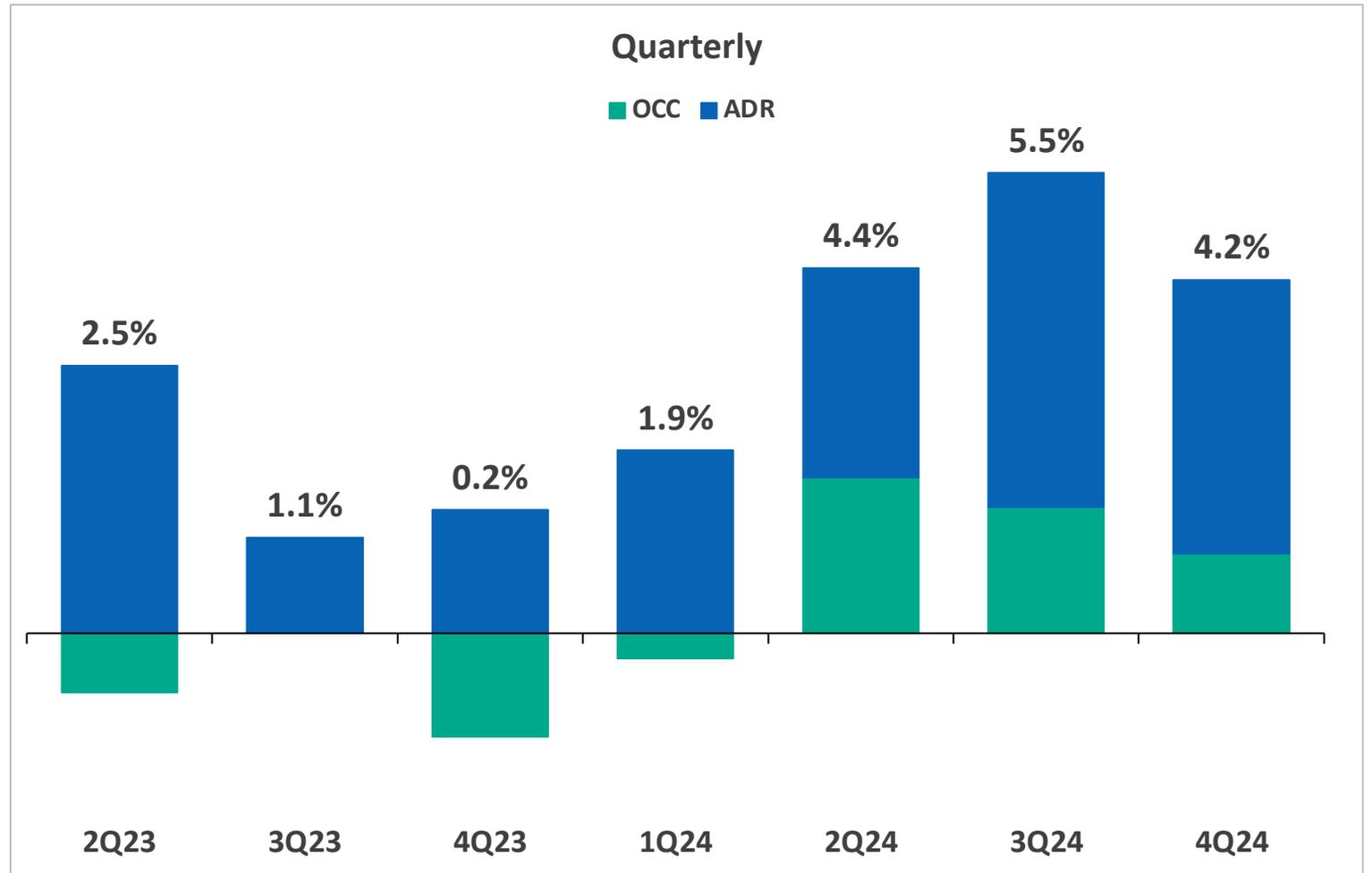
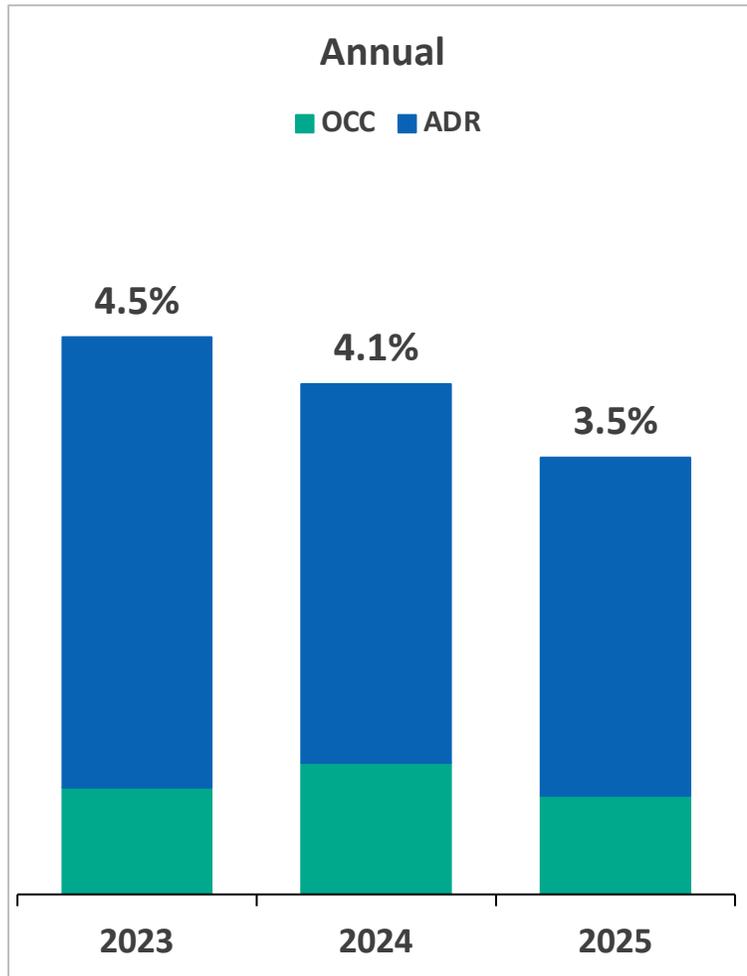
# Relatively stable business environment

U.S. Business indicators



# U.S. growth to slow but continue to grow

U.S. industry forecast, year-over-year change





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# Thank you!

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