

CBRE



Southern Lodging Summit

Presented by
Tim Dick

Executive Vice President- Hotels Advisory
CBRE Valuation, Advisory Services and Asset
Management
tim.dick@cbre.com

August 23rd, 2023

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NATIONAL AND MEMPHIS OVERVIEW



CBRE Hotel Horizons® U.S. Lodging Market Forecast

Year	Occ	ΔOcc	ADR	ΔADR	RevPAR	ΔRevPAR	Supply	ΔSupply	Demand	ΔDemand
2022	64.2%	10.0%	\$143.97	18.6%	\$92.42	30.5%	5,466,565	0.5%	3,509,223	10.5%
2023F	64.8%	0.9%	\$149.15	3.6%	\$96.64	4.6%	5,490,434	0.4%	3,557,404	1.4%
2024F	65.5%	1.1%	\$153.13	2.7%	\$100.29	3.8%	5,535,237	0.8%	3,625,444	1.9%
2025F	66.2%	1.1%	\$157.30	2.7%	\$104.17	3.9%	5,585,736	0.9%	3,698,964	2.0%
2026F	66.7%	0.8%	\$161.48	2.7%	\$107.77	3.5%	5,642,878	1.0%	3,766,025	1.8%

Figures in red mark full recovery to 2019 levels.

CBRE Hotel Horizons[®] Memphis Lodging Market

Year	Occ	ΔOcc	ADR	ΔADR	RevPAR	ΔRevPAR	Supply	ΔSupply	Demand	ΔDemand
2022	62.9%	1.7%	\$108.94	14.9%	\$68.55	16.7%	100,179	2.1%	63,042	3.9%
2023F	63.6%	1.1%	\$113.70	4.4%	\$73.32	5.5%	101,305	1.1%	64,432	2.2%
2024F	64.3%	1.1%	\$115.77	1.8%	\$74.46	3.0%	102,123	0.8%	65,683	1.9%
2025F	64.7%	0.6%	\$118.49	2.4%	\$76.66	3.0%	102,711	0.6%	66,450	1.2%
2026F	65.2%	0.3%	\$121.00	2.1%	\$78.51	2.4%	103,295	0.6%	67,021	0.9%

Figures in red mark full recovery to 2019 levels.

Trends[®] in the Hotel Industry

CBRE HOTELS RESEARCH

- Annual voluntary survey of thousands of U.S. hotel financial statements

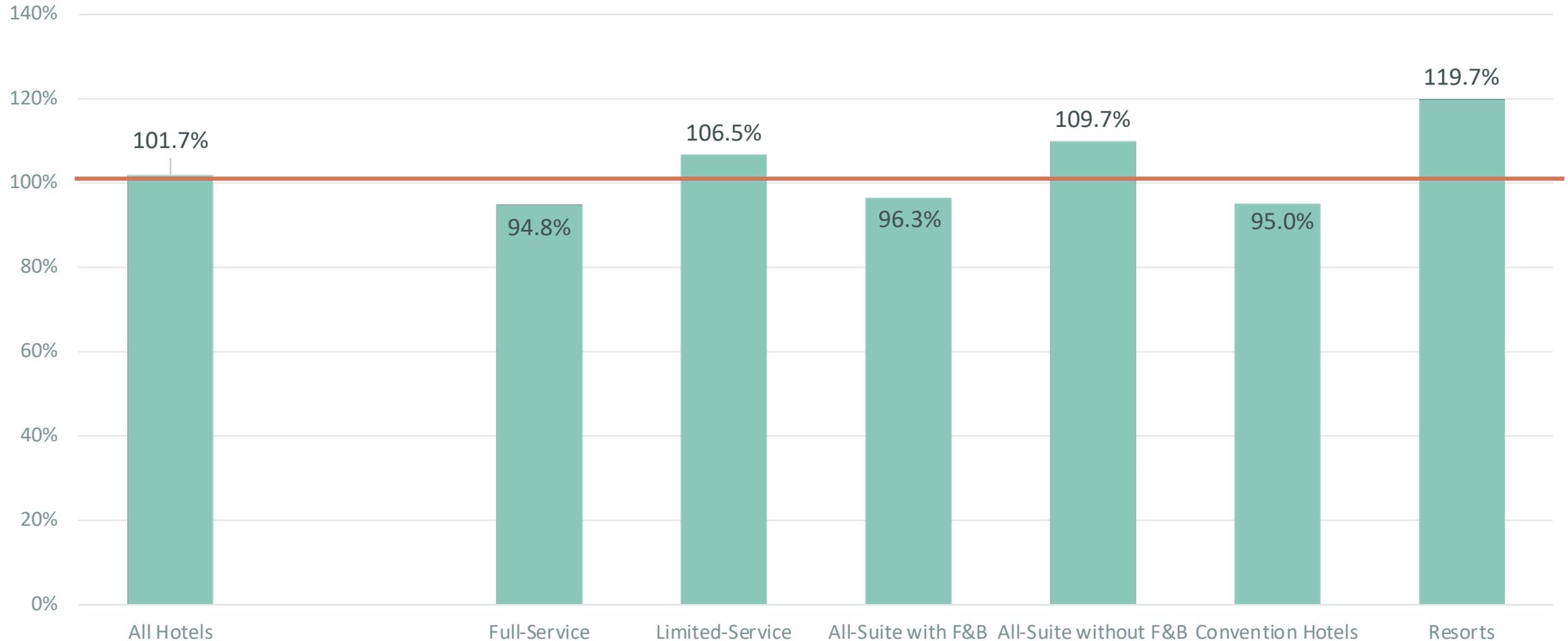
2022 sample

- 7,000 properties
- 200 companies and hotels
- Data converted to USALI to ensure comparability
- First survey conducted in 1937
- **Occ: 64.4%**
- **ADR: \$3.04**



U.S. Hotels – 2022 Total Operating Revenue CBRE

Percent of 2019



Source: CBRE Hotels Research, 2023 Trends® in the Hotel Industry

U.S. Hotels – 2022 Gross Operating Profits

CBRE

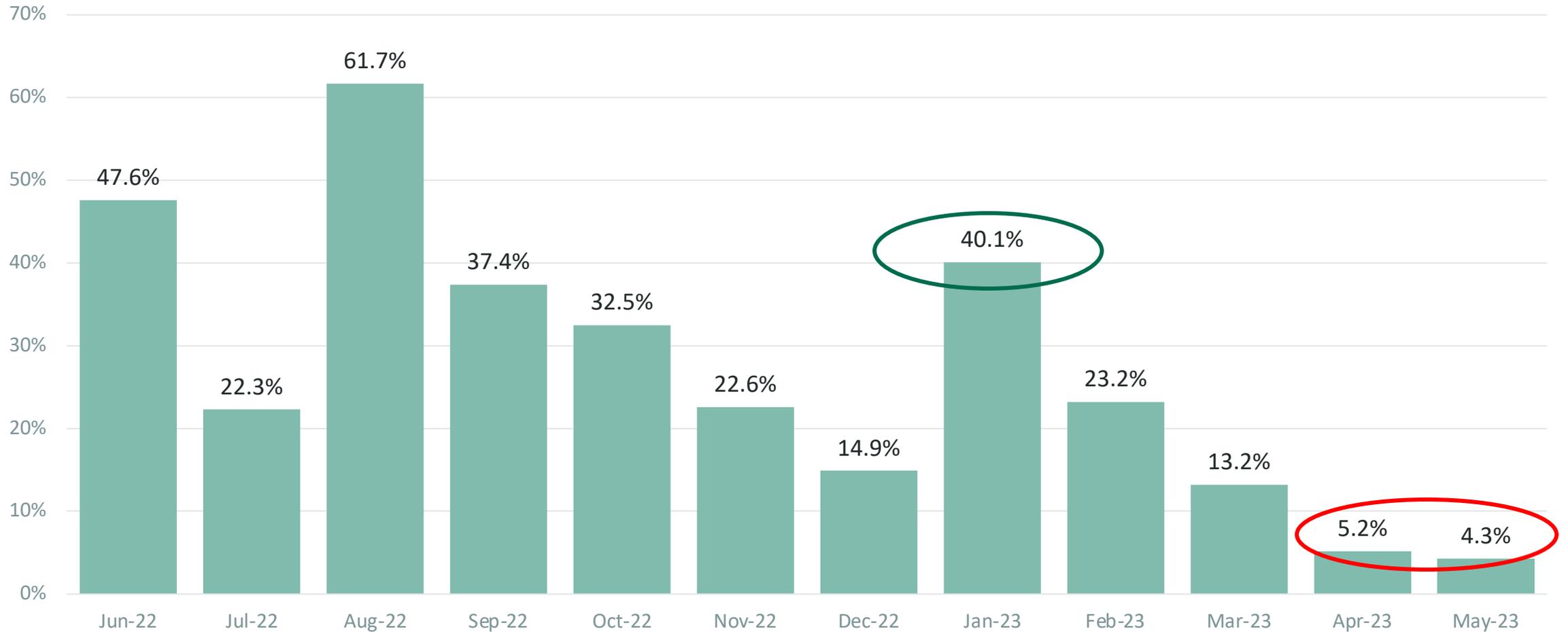
Percent of 2019



Source: CBRE Hotels Research, 2023 Trends® in the Hotel Industry

U.S. Hotels – 2023 Total Operating Revenue **CBRE**

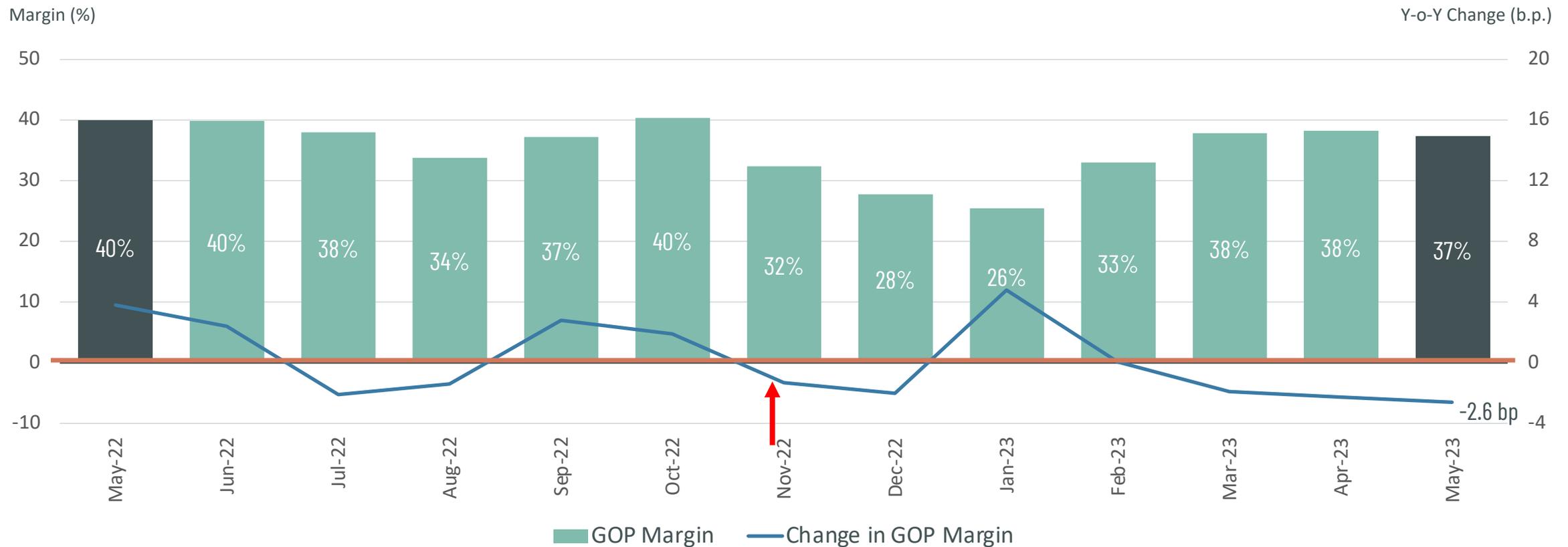
Change from Same Month – Prior Year



CBRE Hotels Research, *Trends® in the Hotel Industry* – Sample of 2,450 properties that provide monthly P&L data.

Except for January 2023, margins have been under pressure since November 2022

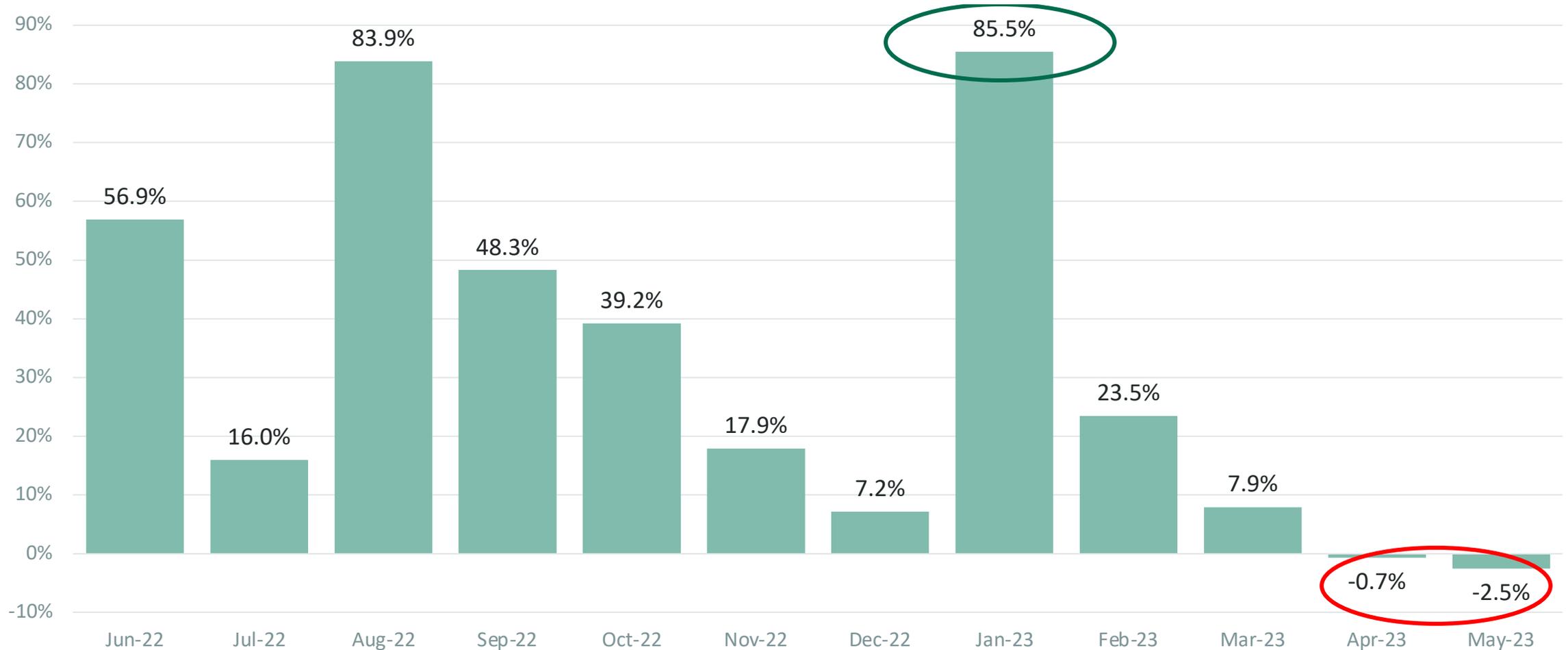
GOP Margin vs. Monthly Change Y-o-Y



CBRE Hotels Research, *Trends® in the Hotel Industry* – Sample of 2,450 properties that provide monthly P&L data.

U.S. Hotels – 2023 Gross Operating Profit

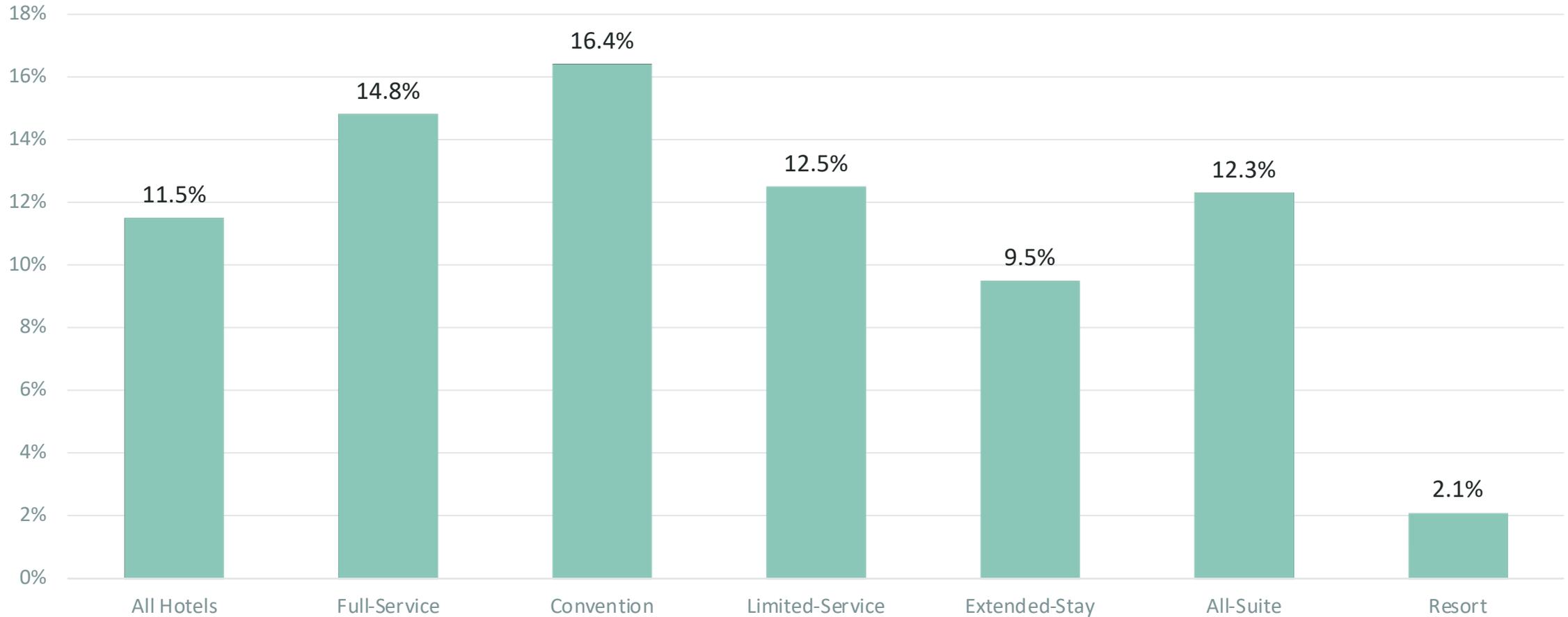
Change from Same Month – Prior Year



CBRE Hotels Research, *Trends® in the Hotel Industry* – Sample of 2,450 properties that provide monthly P&L data.

U.S. Hotels – Total Operating Revenue

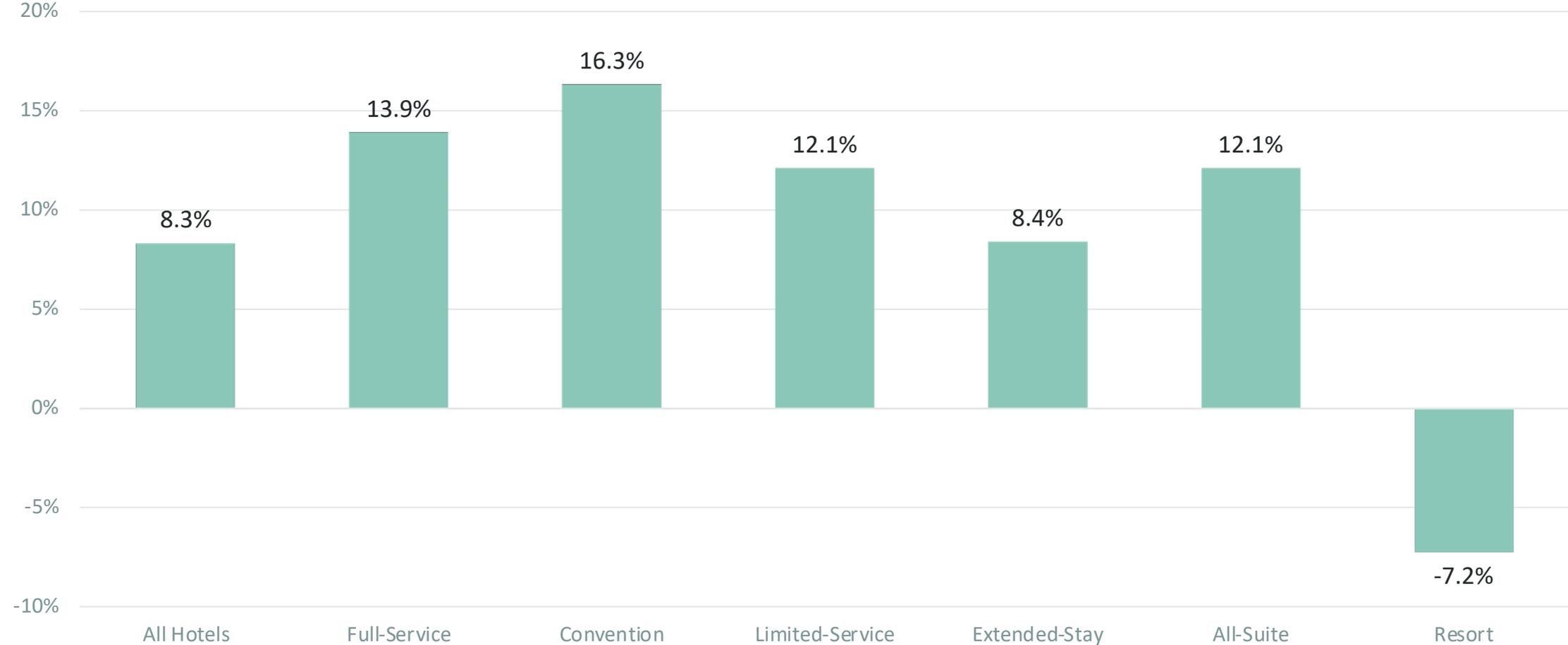
Year-Over-Year Change: May YTD 2023 vs May YTD 2022



CBRE Hotels Research, *Trends® in the Hotel Industry* – Sample of 2,450 properties that provide monthly P&L data.

U.S. Hotels – Gross Operating Profit

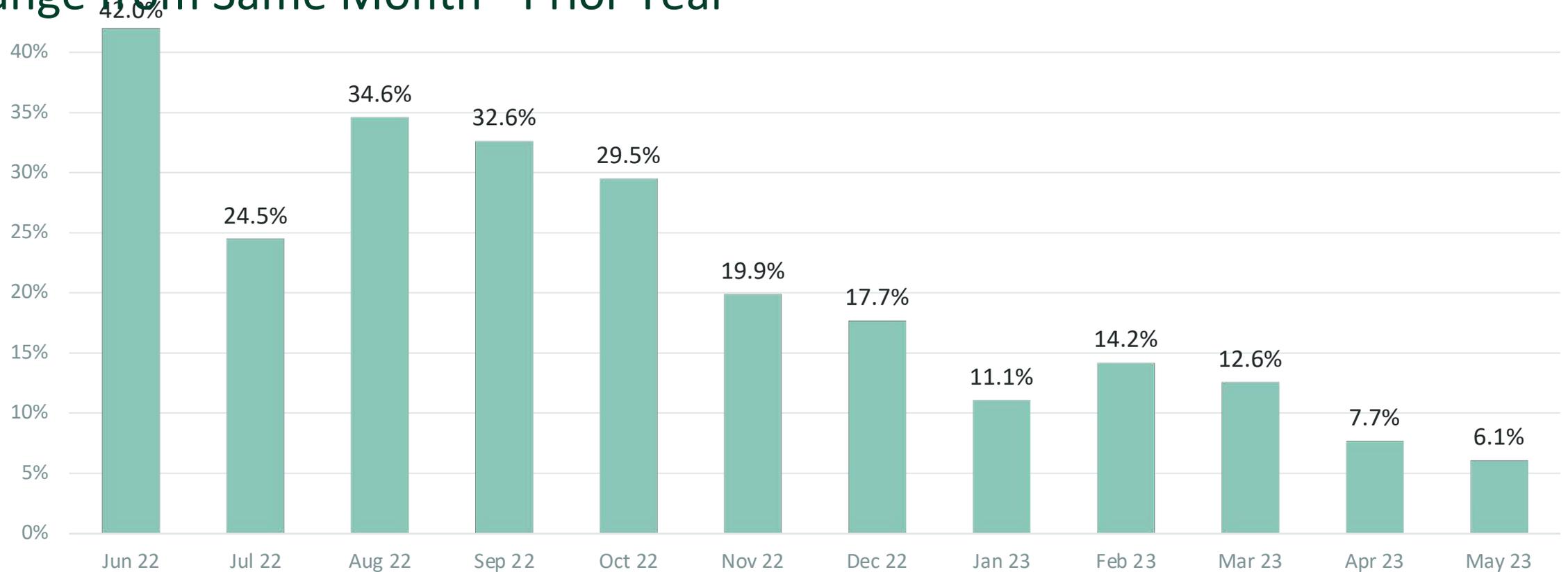
Year-Over-Year Change: May YTD 2023 vs May YTD 2022



CBRE Hotels Research, *Trends® in the Hotel Industry* – Sample of 2,450 properties that provide monthly P&L data.

Operated Department Expenses – Dollars Per Occupied Room

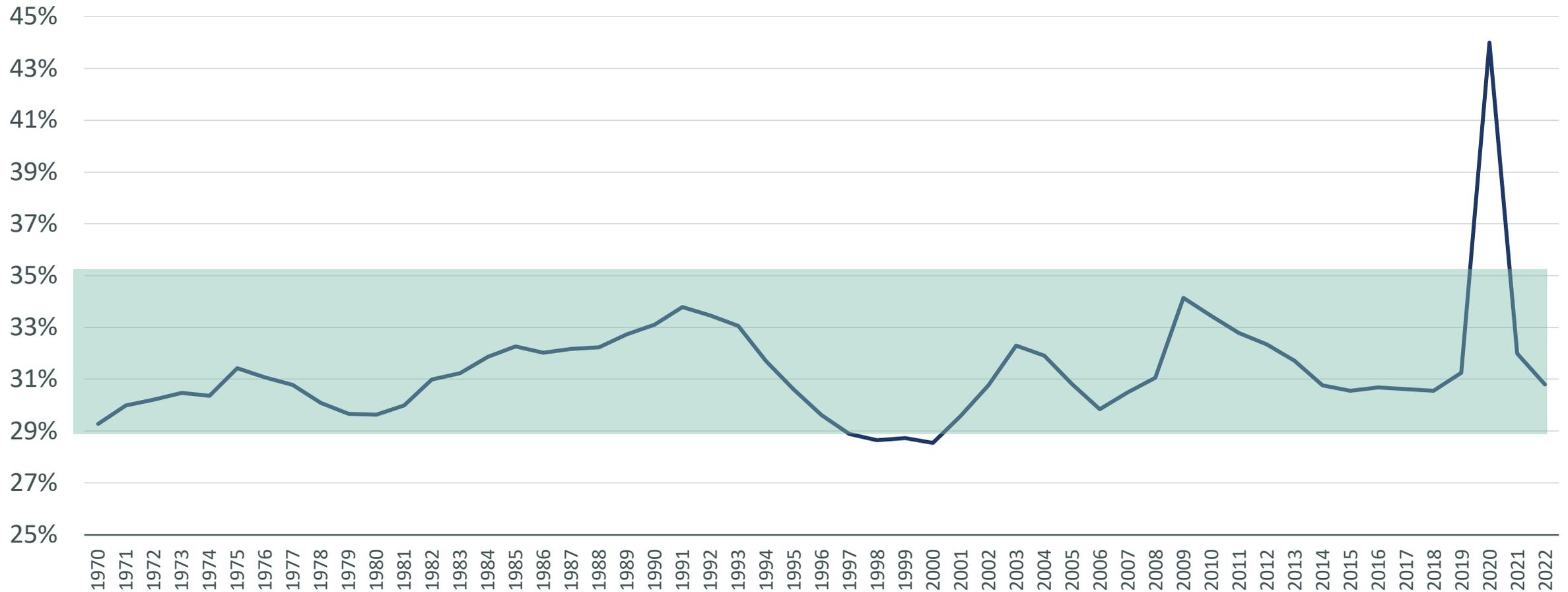
Change from Same Month - Prior Year



CBRE Hotels Research, *Trends® in the Hotel Industry* – Sample of 2,450 properties that provide monthly P&L data.

U.S. Hotel Operating Performance – Labor Costs

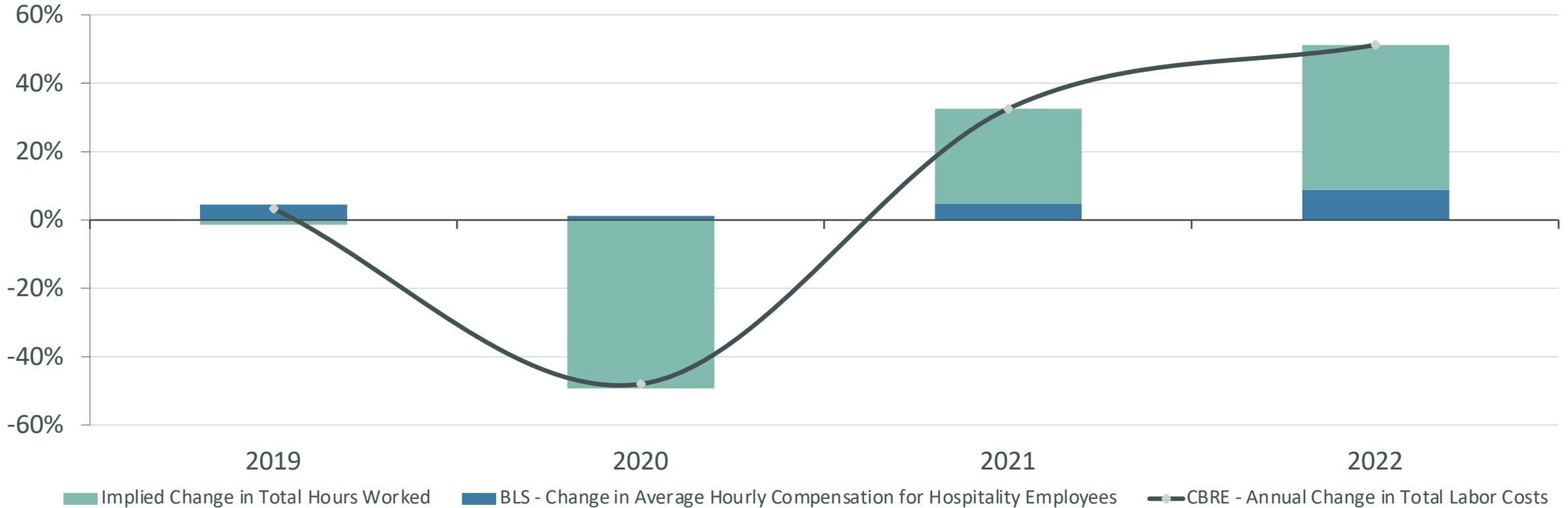
Total Labor Costs as a Percent of Total Revenue



Source: CBRE Hotels Research, 2023 Trends® in the Hotel Industry

U.S. Hotel Operating Performance – Labor

Costs Annual Change – Components of Total Labor Costs

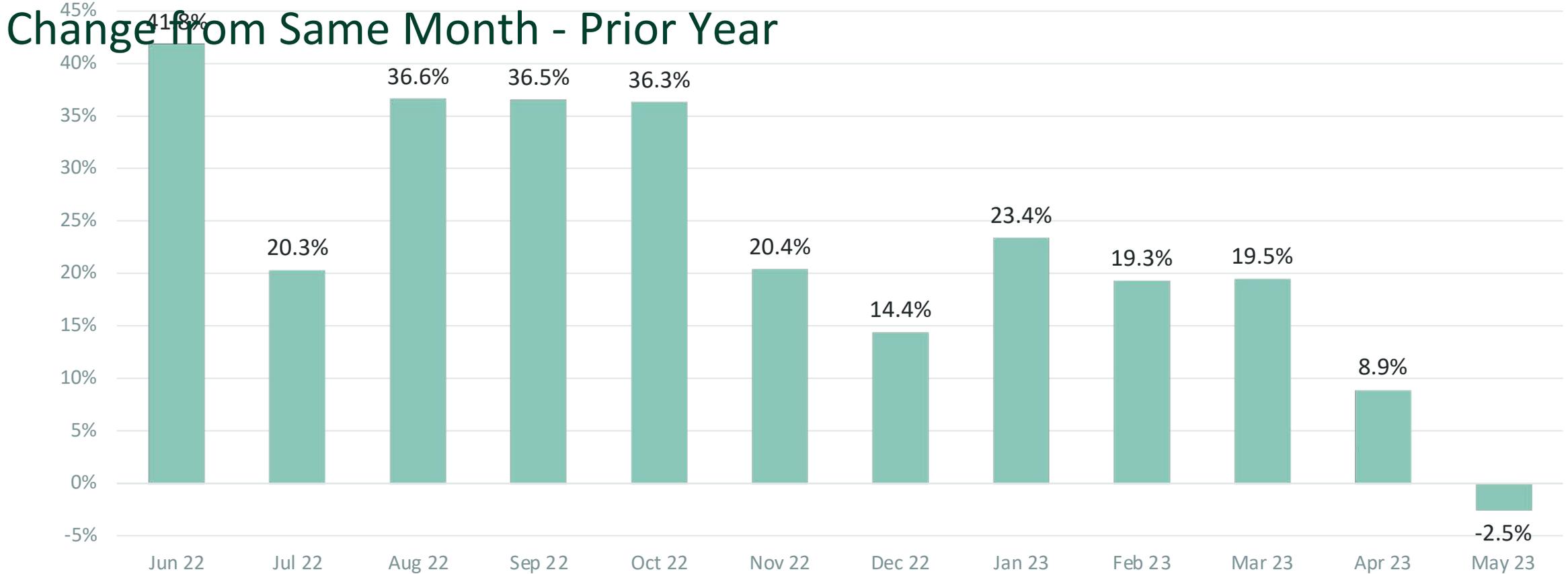


2022 Total Hours Worked: 92.4% of 2019 levels

2022 Total Labor Expenditures: 104.2% of 2019 levels

Source: CBRE Hotels Research, 2023 Trends® in the Hotel Industry

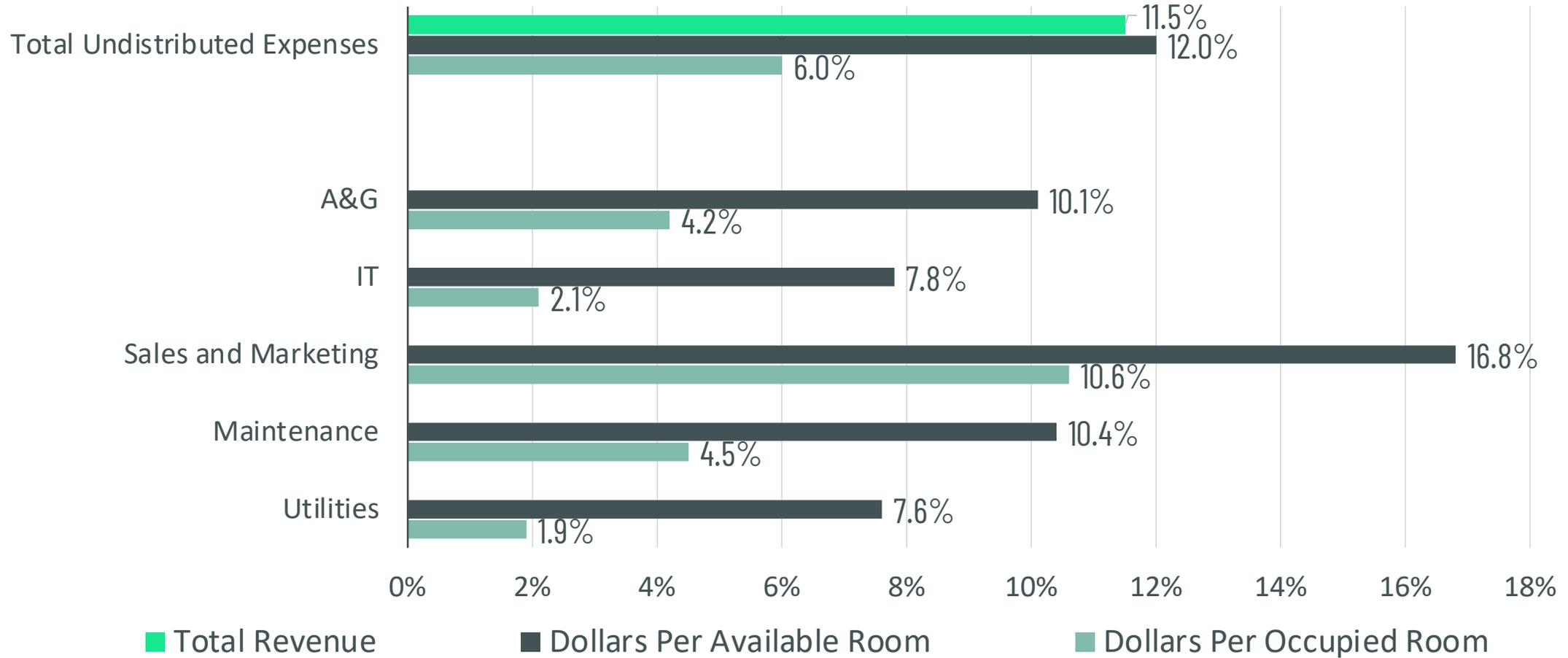
Undistributed Department Expenses – Dollars Per Available Room



CBRE Hotels Research, *Trends® in the Hotel Industry* – Sample of 2,450 properties that provide monthly P&L data.

U.S. Hotels – Undistributed Department Expenses

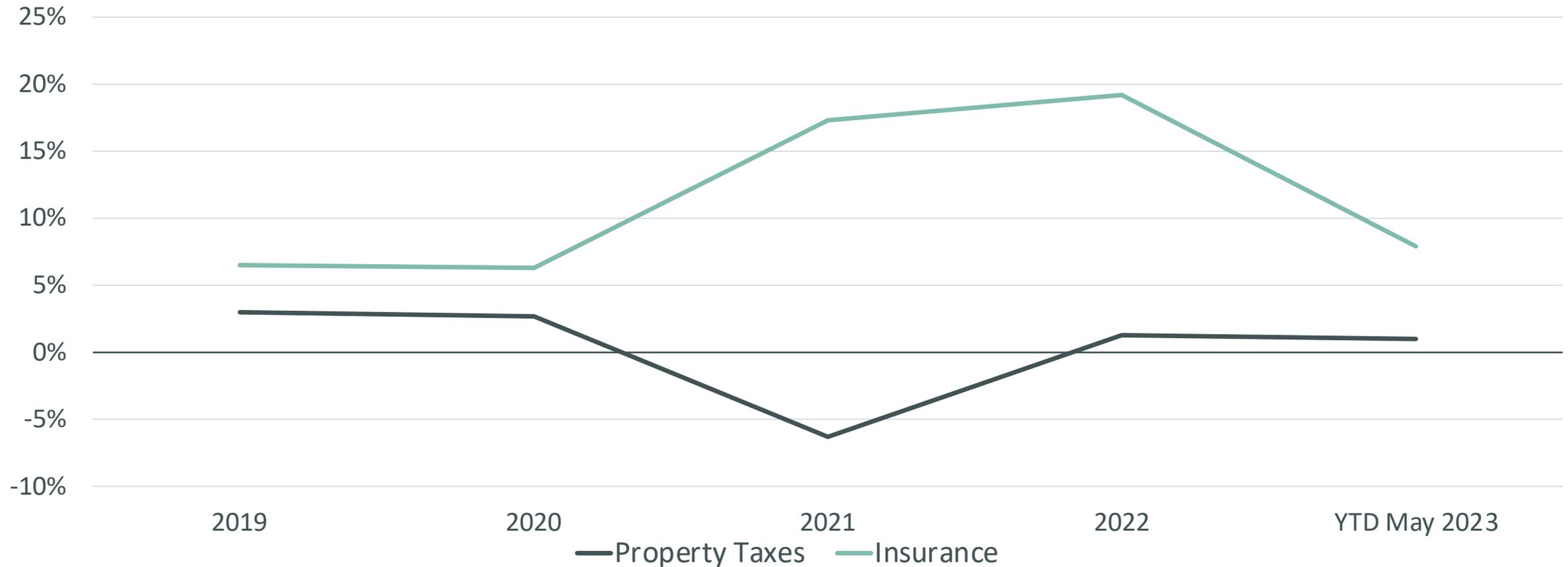
Dollars Per Available vs Dollars Per Occupied Room
 Year-Over-Year Change – YTD May 2023 vs YTD May 2022



CBRE Hotels Research, *Trends® in the Hotel Industry* – Sample of 2,450 properties that provide monthly P&L data.

U.S. Hotels – Non-Operating Expenses

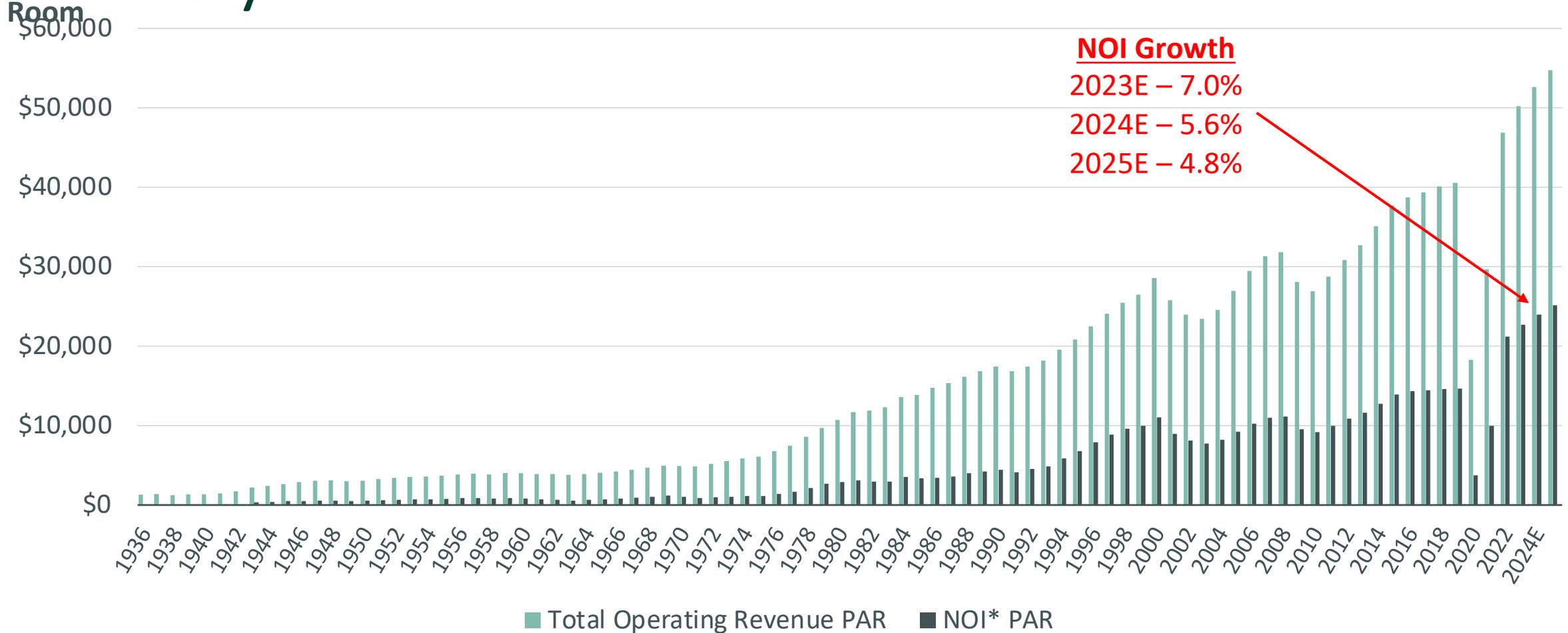
Year-Over-Year Change



CBRE Hotels Research, *Trends® in the Hotel Industry* – Sample of 2,450 properties that provide monthly P&L data.

U.S. Hotels – Recession Revenue and Profit*

Total Operating Revenue and NOI** – Nominal Dollars per Available Room

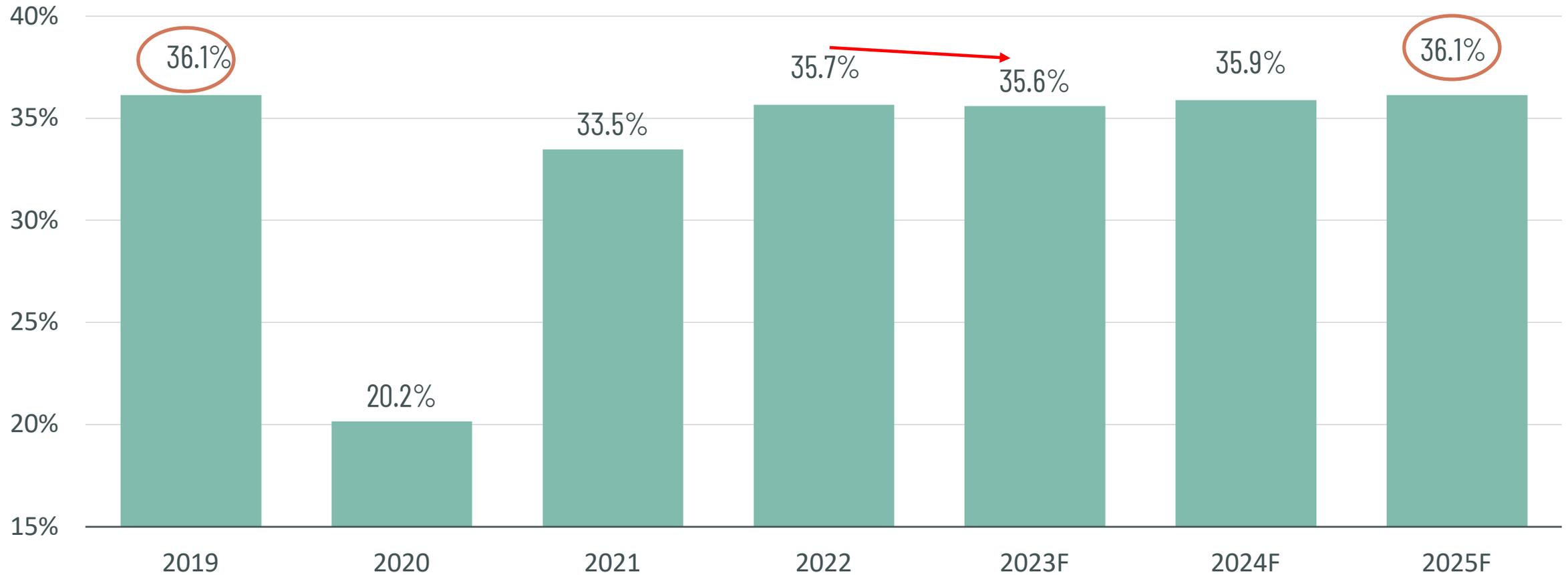


CBRE Hotels Research, Trends® in the Hotel Industry, May 2023 Investment Performance data.

* NOI = Income after deductions for management fees, property taxes and insurance. Before rent, non-operating income, other non-operating expenses, and rent.

U.S. Hotel Operating Performance - NOI* Margins

NOI* as a Percent of Total Operating Revenue

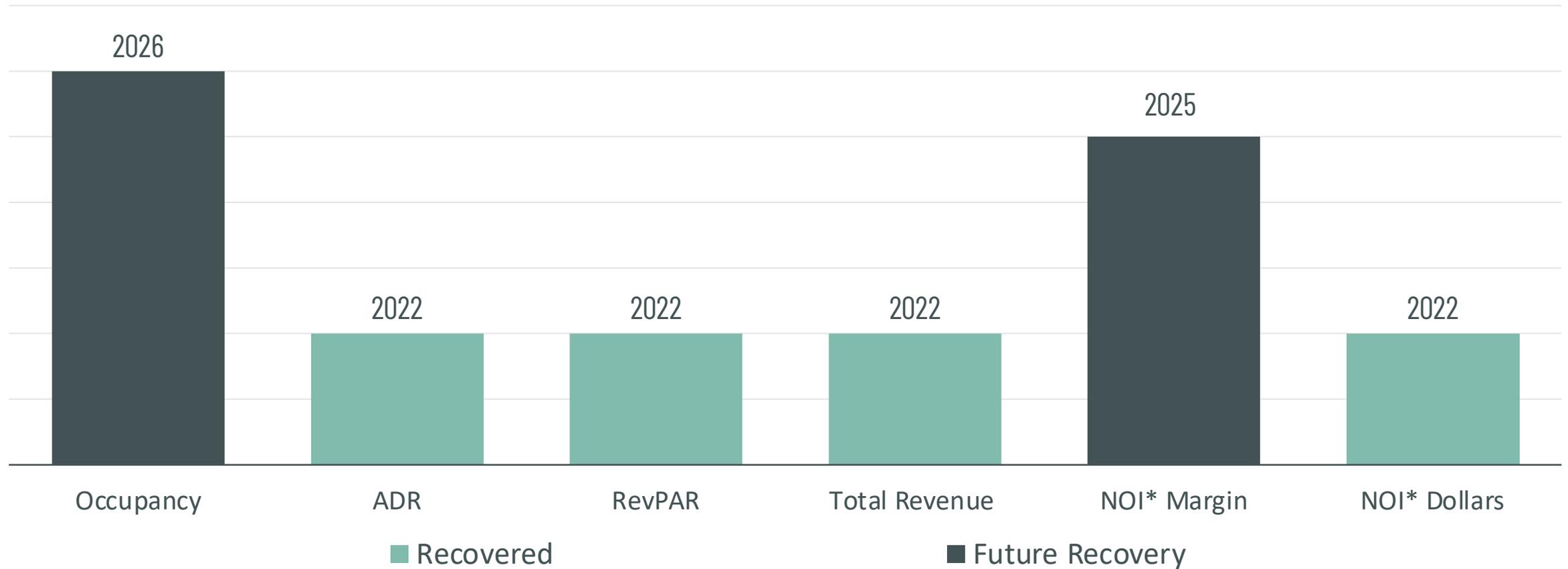


CBRE Hotels Research, May 2023 Investment Performance data.

* NOI = Income after deductions for management fees, property taxes and insurance. Before rent, non-operating income, other non-operating expenses, and rent.

U.S. Hotel – Recovery Timeline

Return, Or Exceed, 2019 Performance Levels



CBRE Hotels Research, *Trends® in the Hotel Industry*. May 2023 Investment Performance data, May 2023 Hotel Horizons®.

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Resources



Market Forecasts



Financial Benchmarking

pip.cbrehotels.com

Tim Dick
Executive Vice President – Hotels Advisory
+ 1 404 504 7937
tim.dick@cbre.com

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Thank you

CBRE

FOR MORE INFORMATION:



Tim Dick

Executive Vice President – Hotels Advisory
CBRE Valuation, Advisory Services and Asset
Management
+1 404 504 7937
tim.dick@cbre.com

pip.cbrehotels.com



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