



26TH ANNUAL
— LODGING —
INDUSTRY UPDATE

Hotel Industry Update

Memphis, TN

February 16th, 2024





38 years of unmatched relationships and data quality

81K

participating hotels
around the world

78%

of branded
rooms globally

10.3M

rooms in our
global sample

2,595

hotel submarkets

6,518

class/scale
cuts of data

8,888

high-quality
segments of data



The most comprehensive commercial real estate data.

The most influential network of CRE professionals.

\$3B

invested in research and technology

36

years of experience

5,500

team members

192K

CoStar users

29

brands

1.9B

visitors to our websites annually

U.S. RevPAR Essentially Unchanged in December

Total U.S., Dec 2023

	Actual	2019 % Chg.	YOY % Chg.
Room Supply	173.3m	2.3%	0.5%
Room Demand	91.1m	-0.8%	-1.2%
Occupancy	52.6%	-3.0%	-1.8%
ADR	\$151.13	18.2%	2.1%
RevPAR	\$79.42	14.7%	0.3%
Room Revenue	\$13.8b	17.3%	0.8%

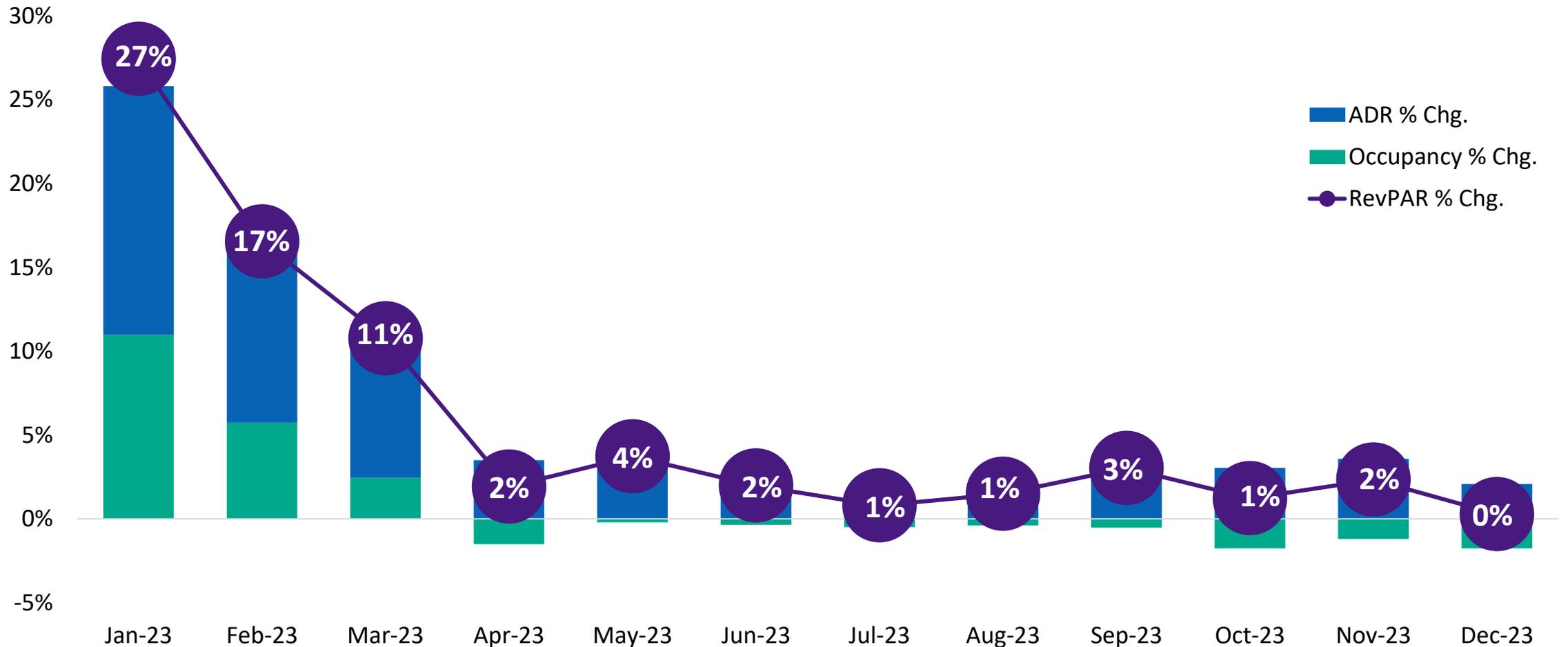
Strong 2023 RevPAR Growth Fueled by Solid ADR Growth

Total U.S., Total Year 2023

	Actual	2019 % Chg.	YOY % Chg.
Room Supply	2,044m	2.8%	0.3%
Room Demand	1,287m	-1.7%	0.9%
Occupancy	63.0%	-4.4%	0.6%
ADR	\$155.62	18.4%	4.3% 
RevPAR	\$97.97	13.2%	4.9% 
Room Revenue	\$200,3b	16.4%	5.2%

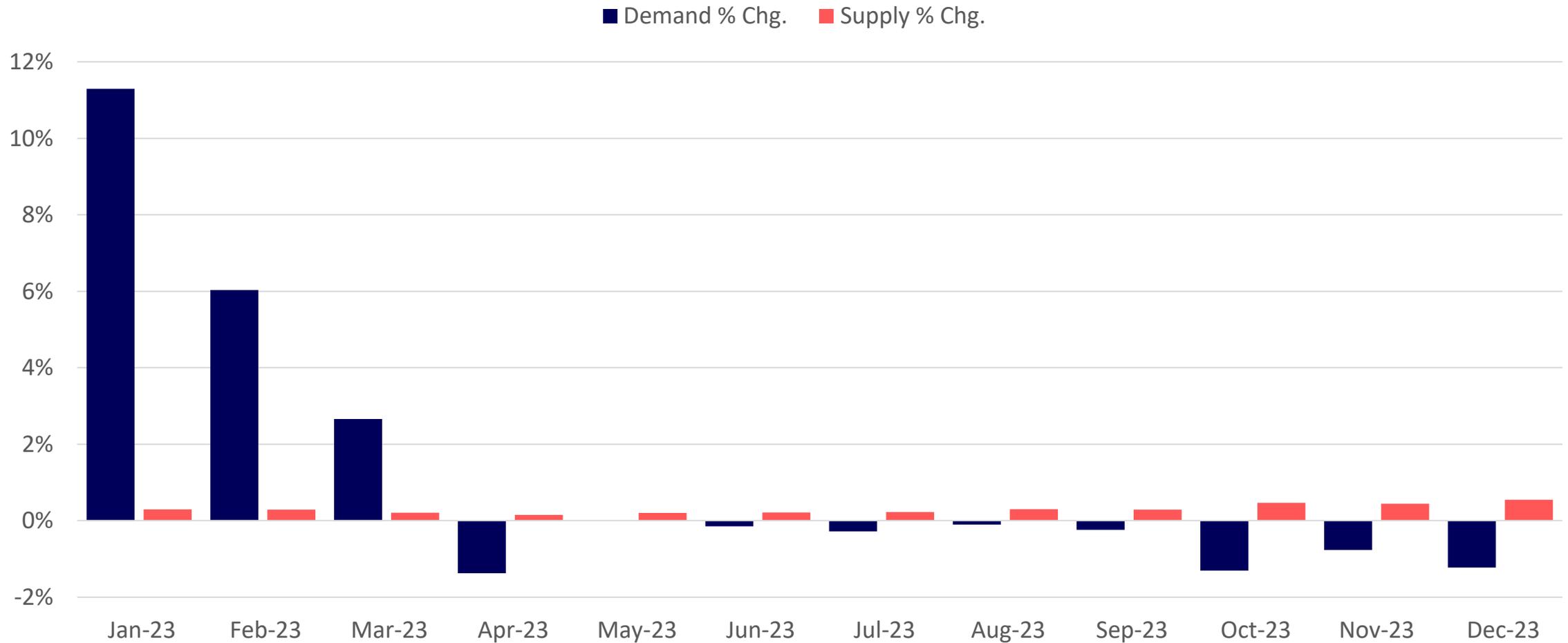
U.S. RevPAR Stabilized After Q1 Omicron Boost

U.S., KPI % change YoY, Full-year 2023



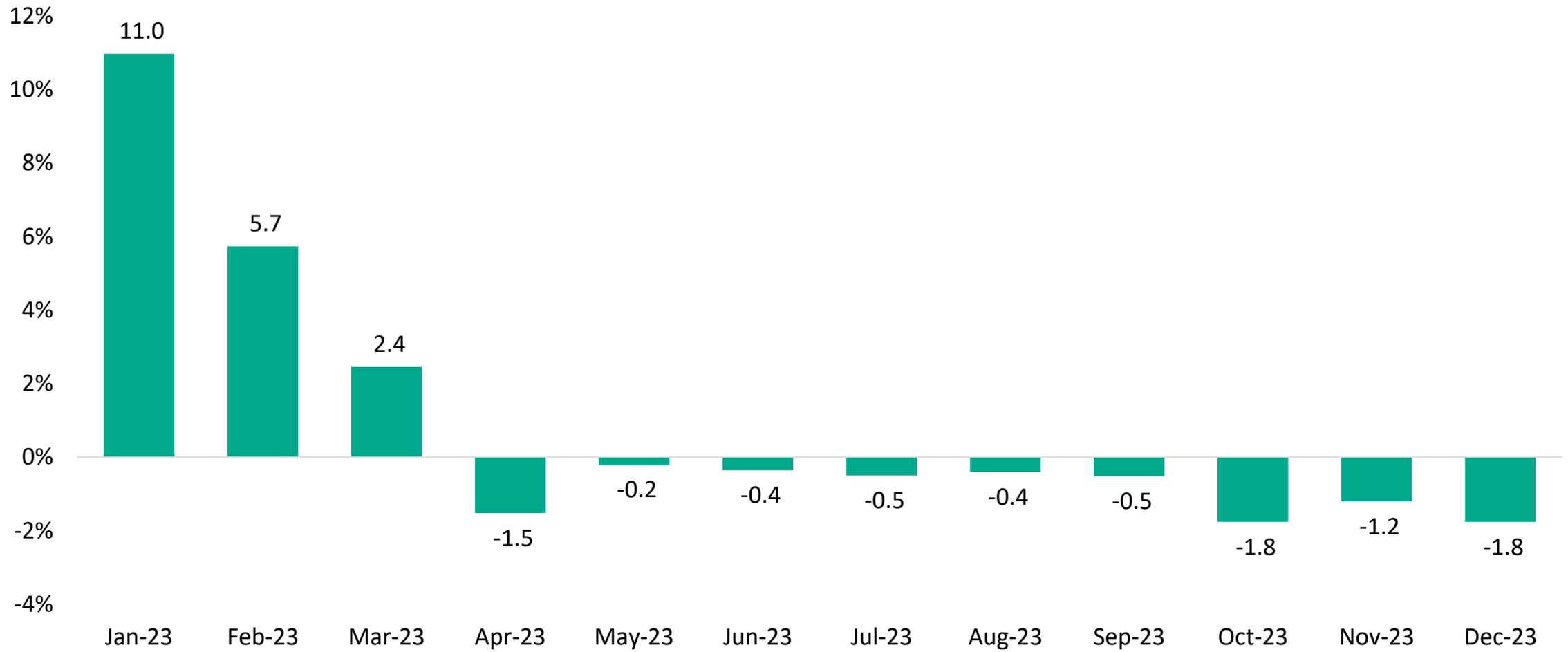
Demand Continues to Soften Alongside Minimal Supply Increase

Total U.S., Demand % chg. YoY, Full-year 2023



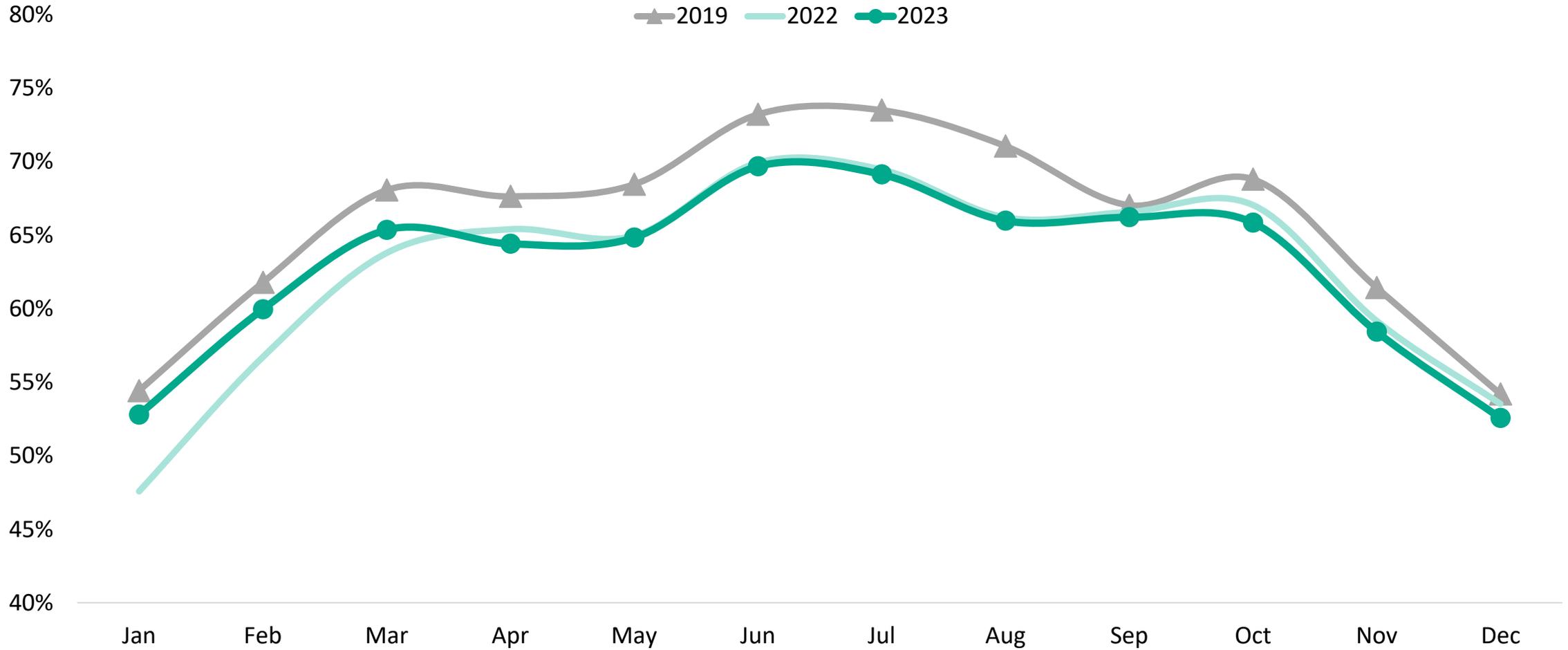
Q4 Occupancy Drops After Relatively Flat Summer and Strong Q1

U.S., Occupancy % change YoY, Full-year 2023



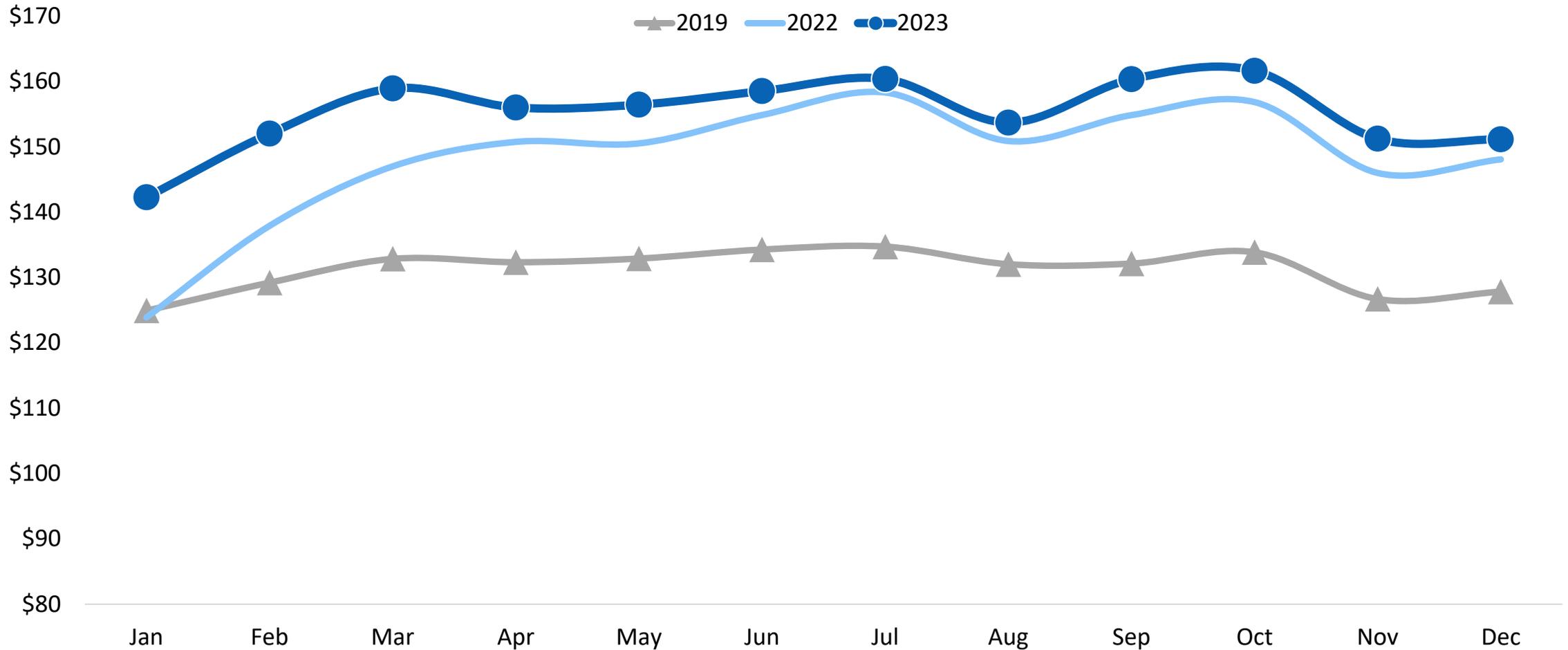
Occupancy Remains Below 2019 Levels

Total U.S., monthly occupancy, 2019, 2022, 2023



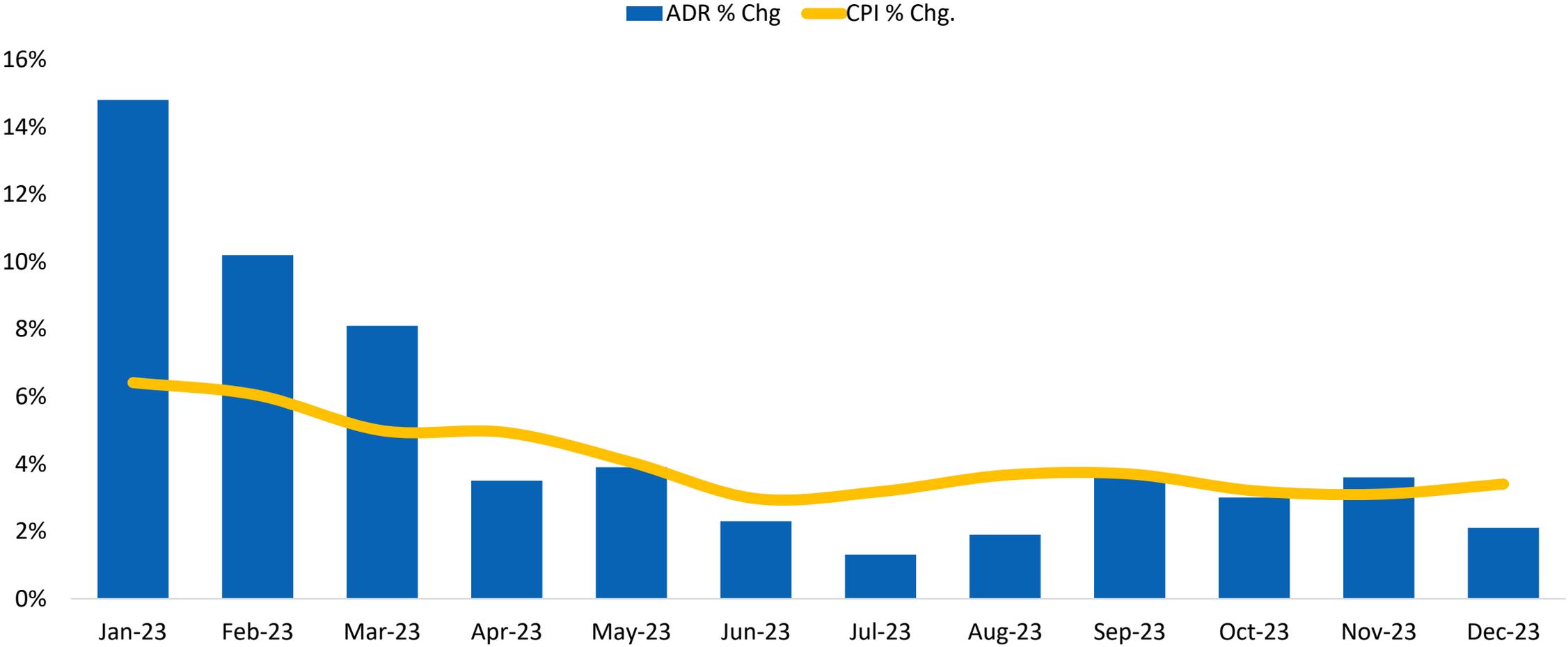
But ADR Stronger than 2019 and 2022

Total U.S., monthly ADR, 2019, 2022, 2023



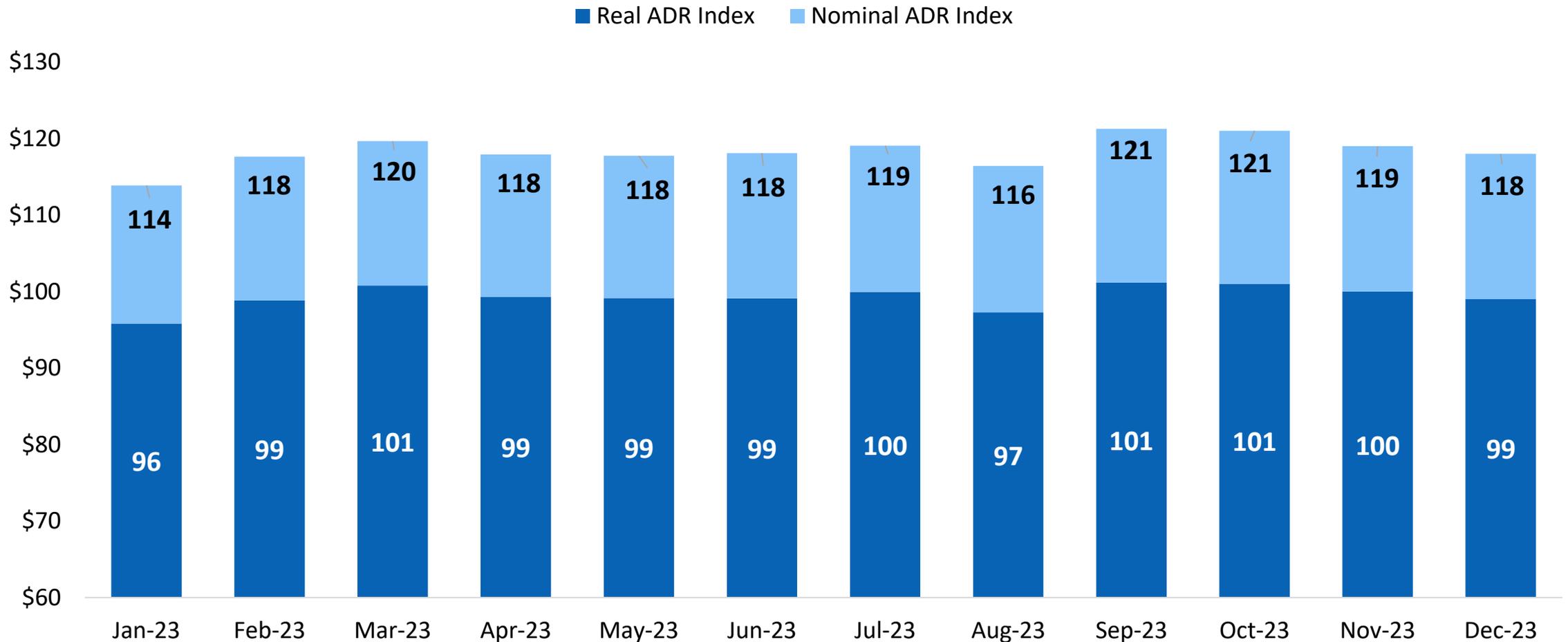
ADR Growth Returns to Below CPI Growth

U.S., YOY ADR % change, 2023



Real ADR Continues to Hold Near Pre-Pandemic Level

U.S., ADR indexed to 2019, Jan 2023 – Dec 2023



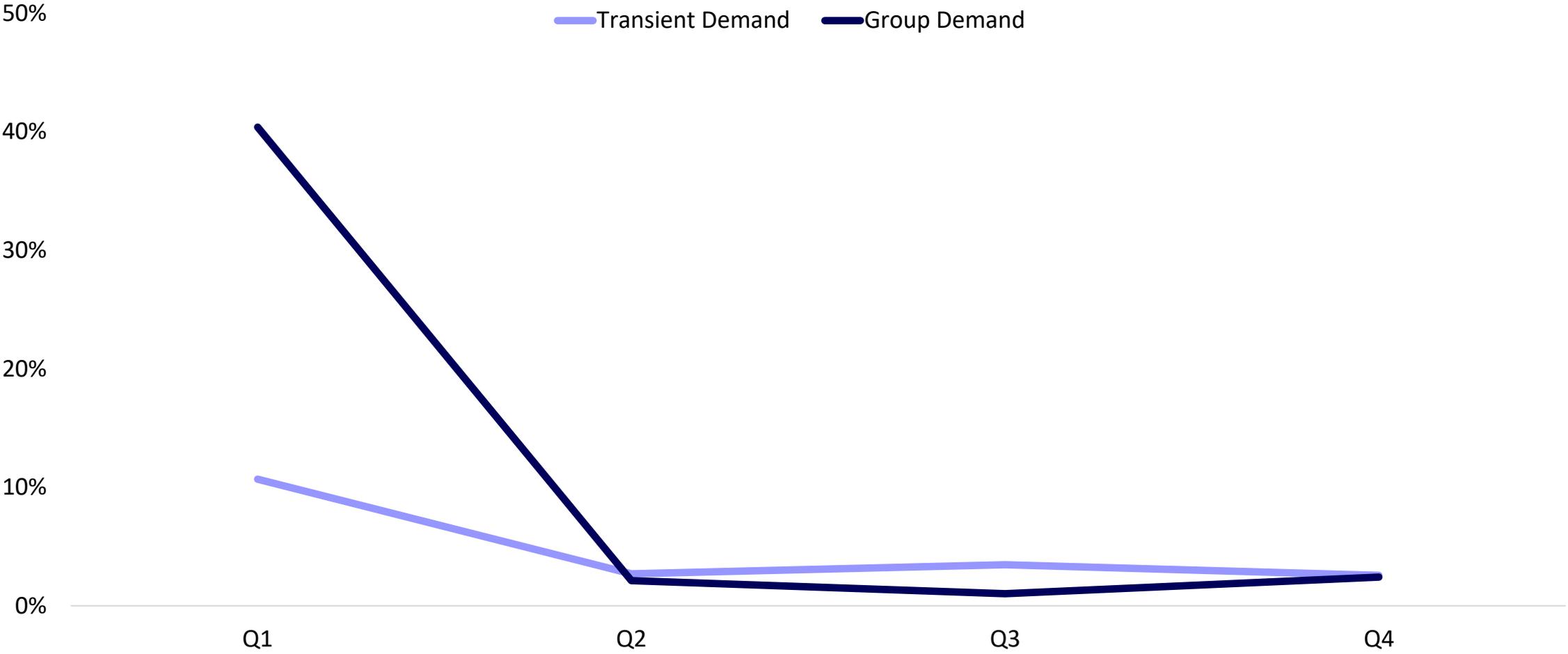


Segmentation



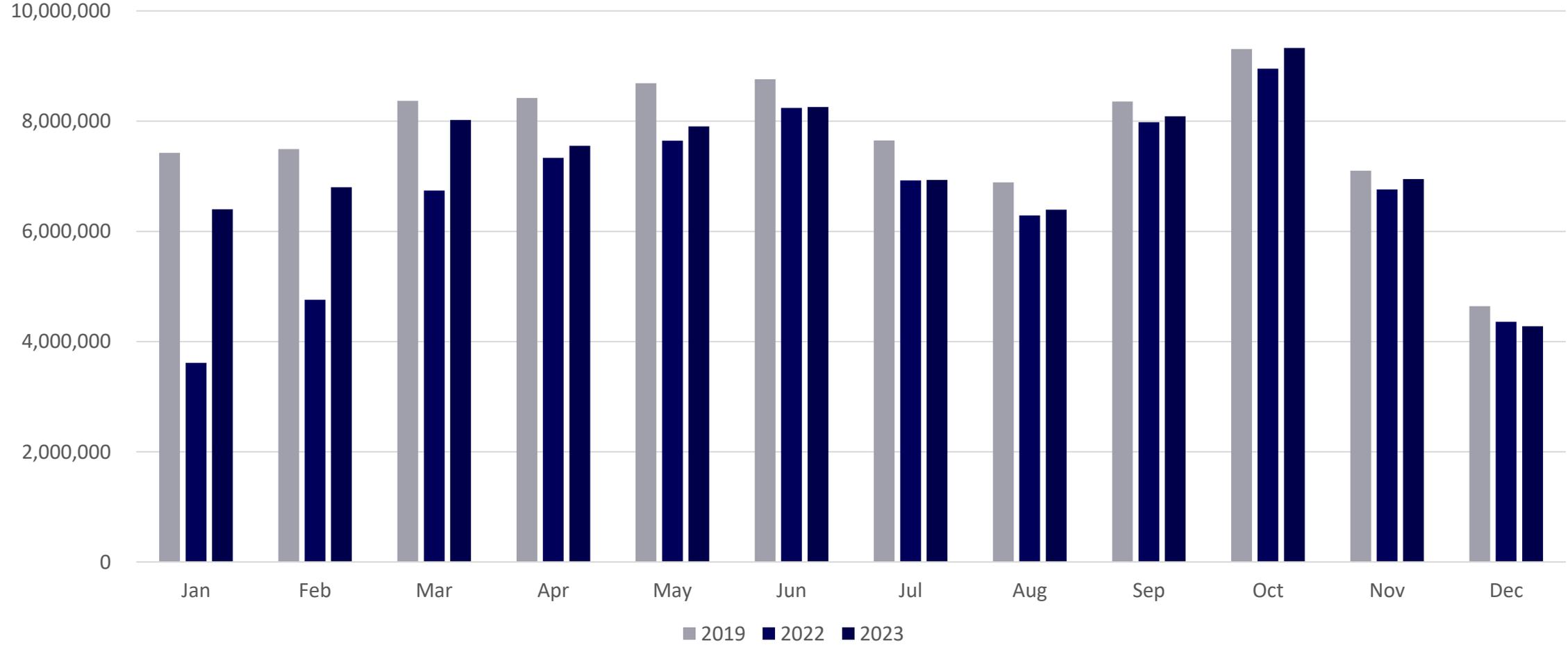
After the Q1 Boost, Transient and Group Grew at a Slower Pace

U.S., Luxury & Upper Upscale classes, Quarterly Demand % chg. YoY, Full-year 2023



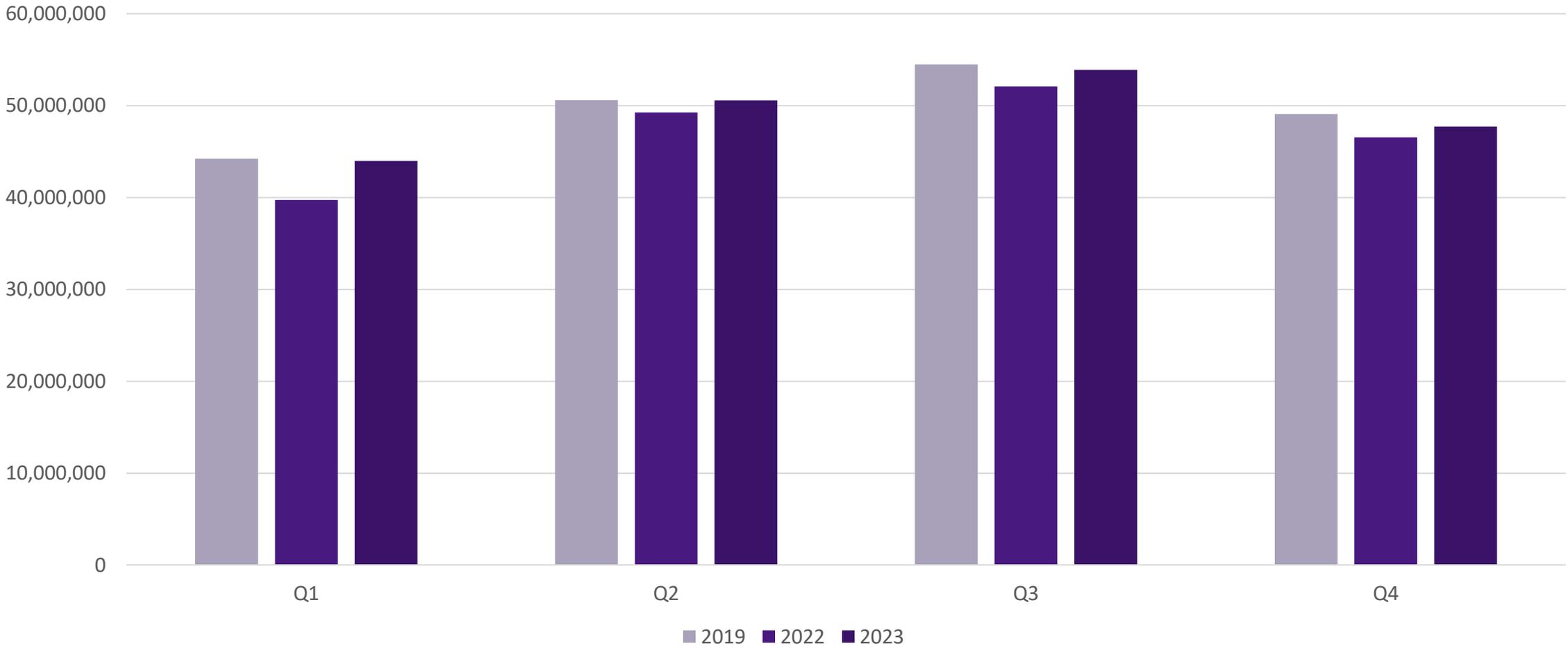
2023 Group Demand Beats 2022 All Year – Excepting December

U.S., Lux & Upper Upscale classes, Group demand



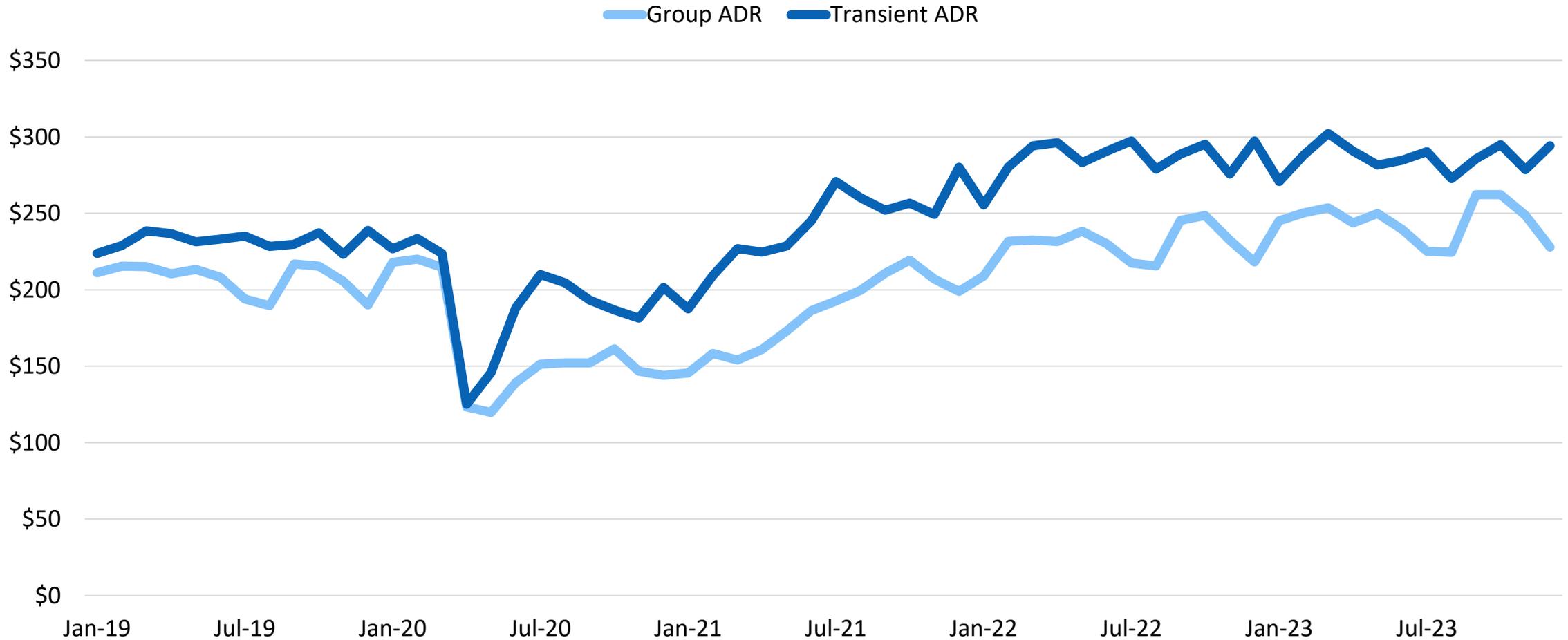
2023 Transient Demand Exceed 2022 and Just Shy of 2019 Levels

U.S., Lux & Upper Upscale classes, Quarterly Transient demand



Group & Transient ADR Actuals

U.S., Luxury & Upper Upscale classes, ADR, Jan 2019 – Dec 2023



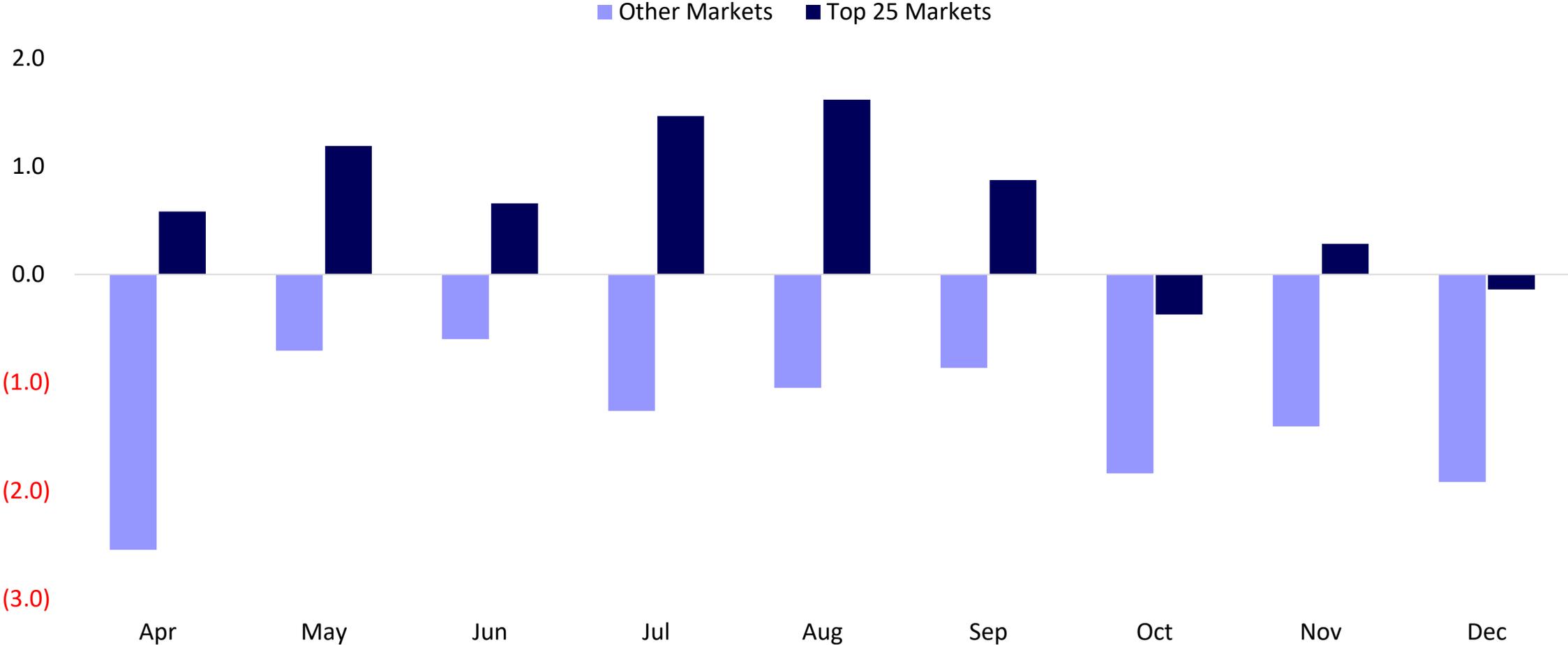


Markets



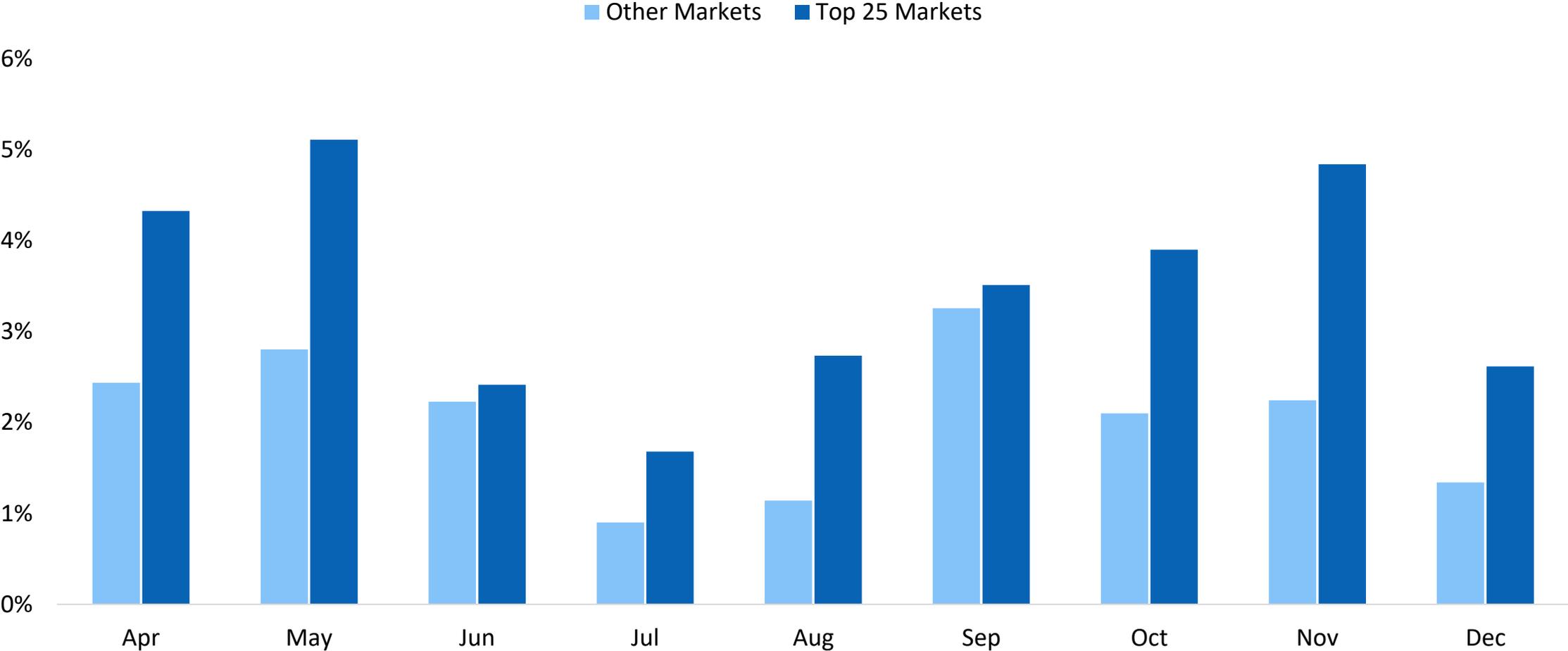
Throughout 2023, Top 25 Markets Outperformed Other Markets

U.S., Demand, YoY % change, Apr – Dec 2023



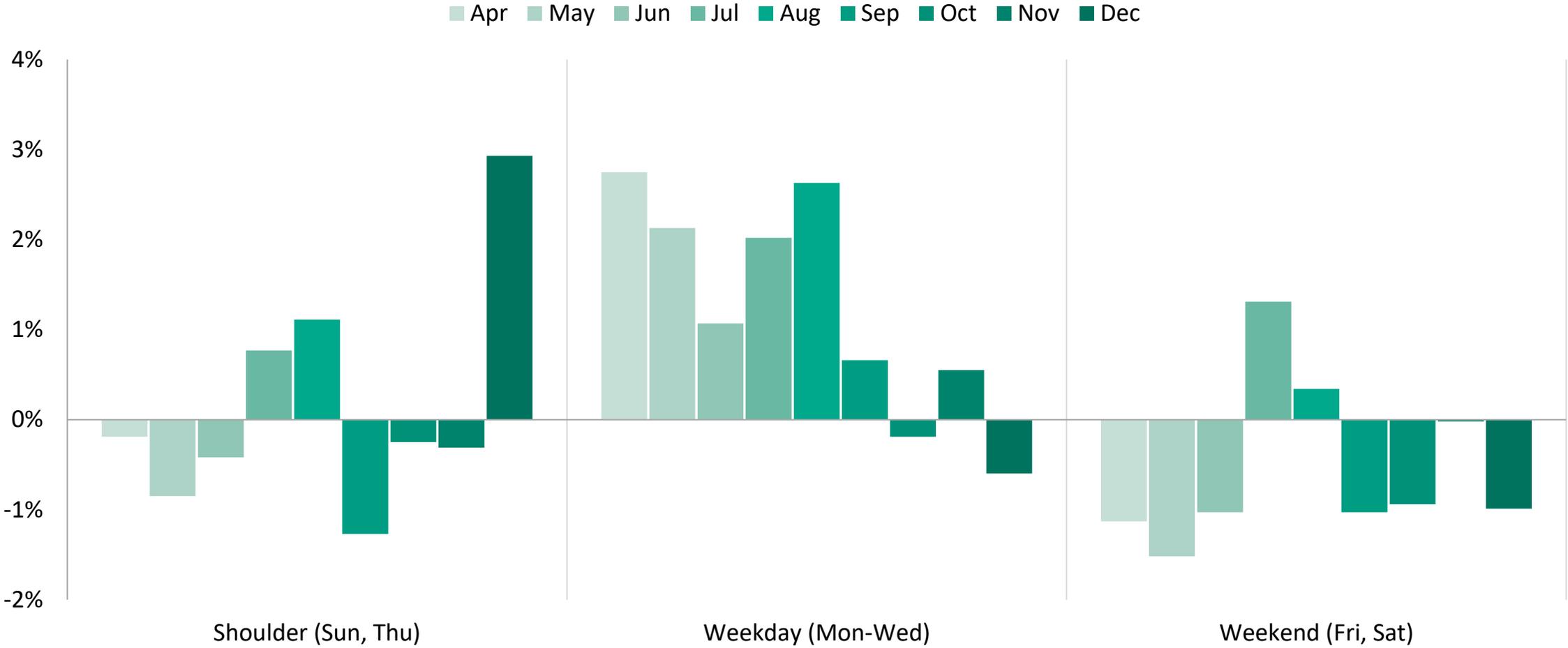
And Posting Stronger ADR Growth Than the Rest of the Country

U.S., ADR, YoY % change, Apr – Dec 2023



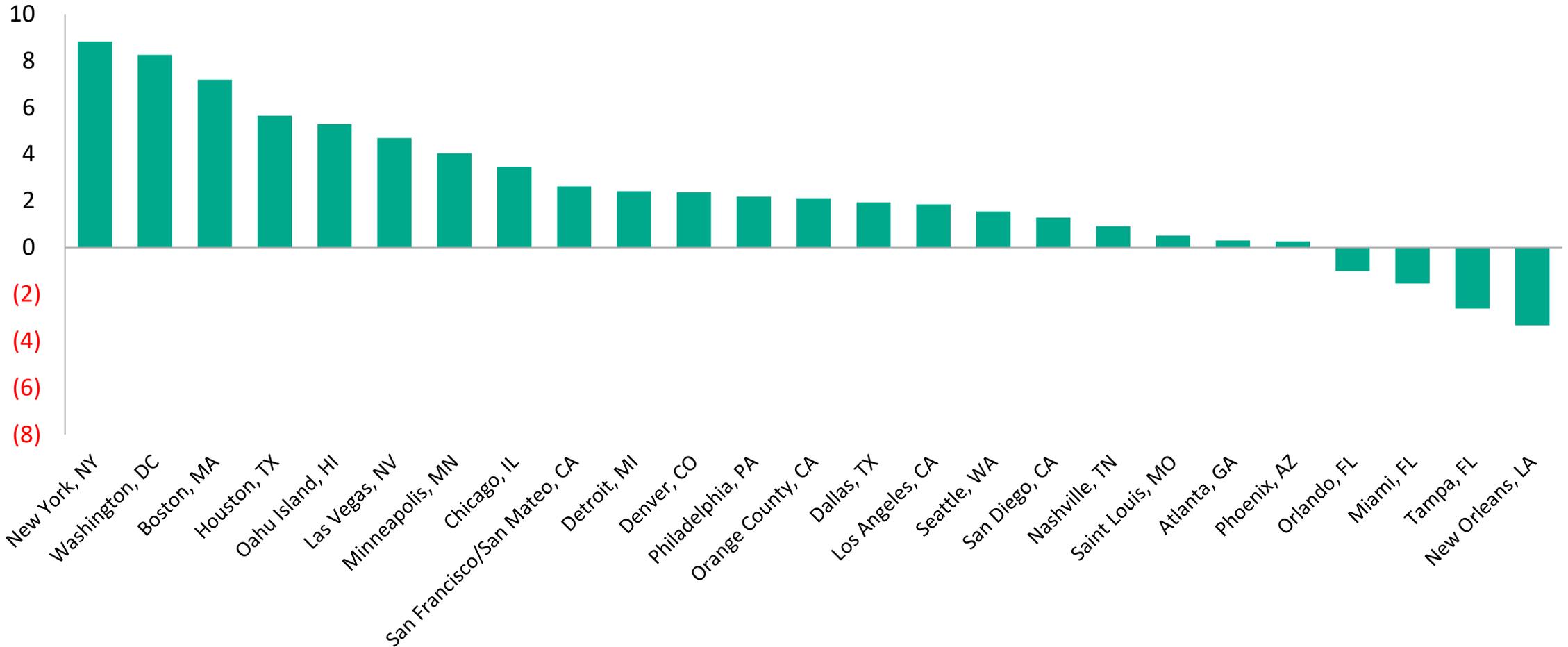
Weekdays Strongest in 2023; NYE Boosted December Shoulder

Top 25 markets, occ % change YoY, Apr 2023 – Dec 2023



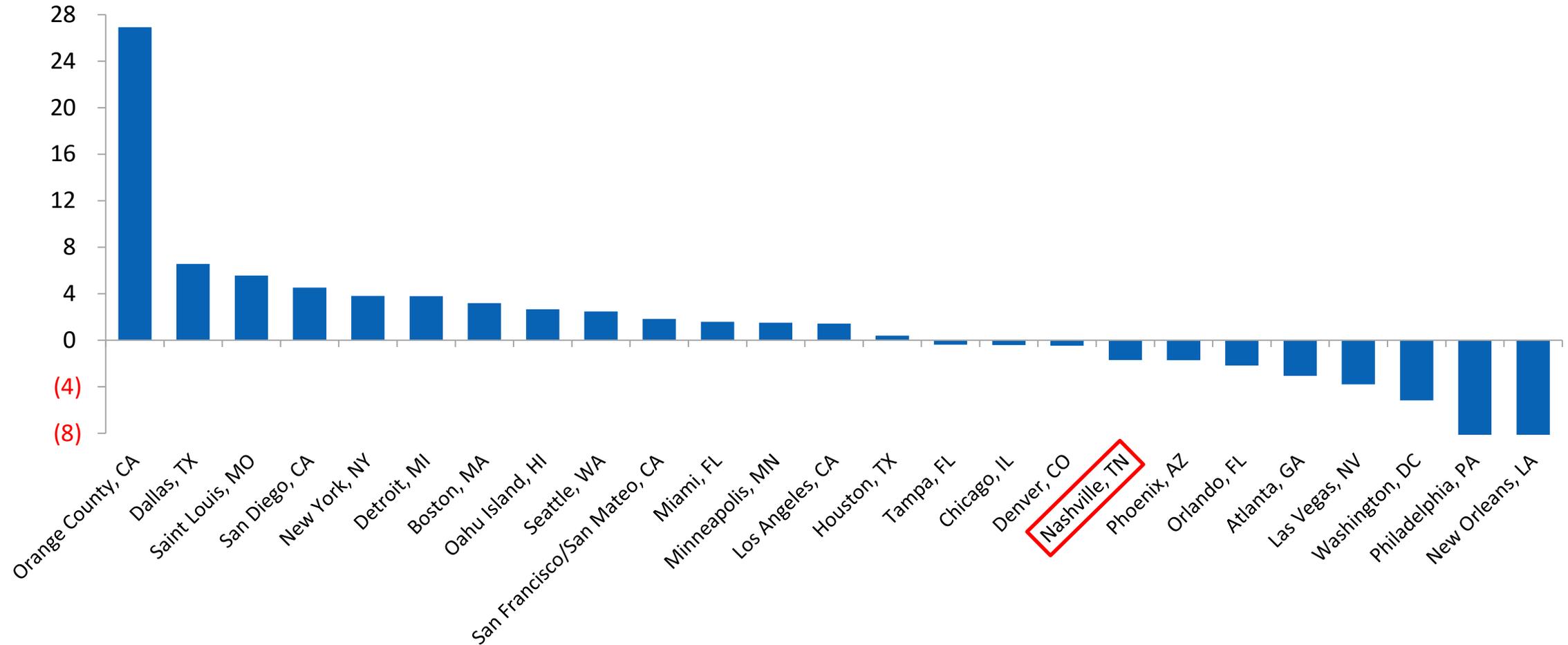
For 2023, East Coast Markets Posted Strongest Occupancy Growth

Top 25 Markets, occupancy YoY % chg., Full-year 2023



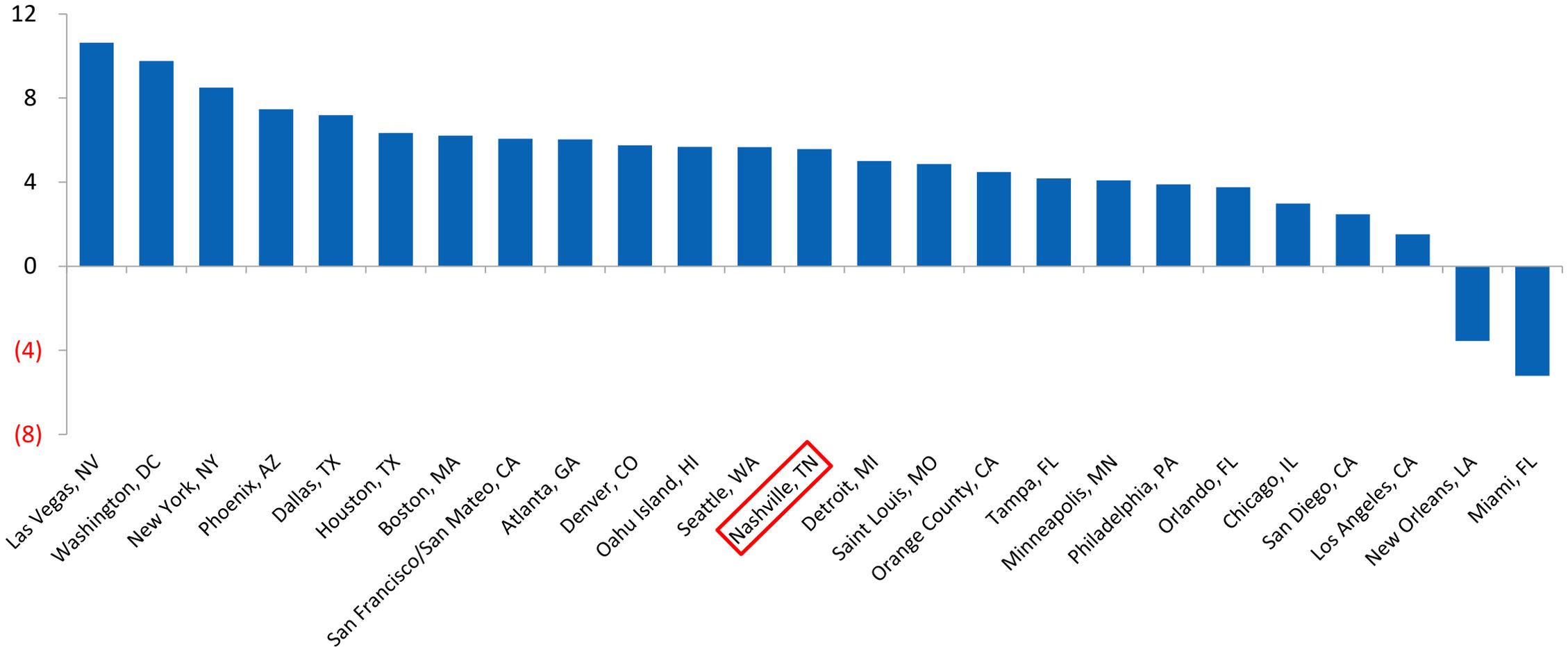
Orange County December ADR Buoyed by Groups and Disney

Top 25 Markets, ADR YoY % chg., Dec 2023



For 2023, Vegas, D.C. and NYC Achieved Top ADR growth

Top 25 Markets, ADR YoY % chg., Full-year 2023





Pipeline



Pipeline Grows, In Construction Slows

U.S., Pipeline rooms in thousands by phase, Dec 2023 and 2022

Phase	2023	2022	% Change
In Construction	152	159	-4.5%
Final Planning	255	213	19.7%
Planning	319	240	32.7%
Under Contract	726	613	18.5%

Rising Costs, Interest Rates Loom Over New Development

Labor Costs and Financial Uncertainty Add to Developers' Concerns

Interest Rate Hikes Could Slow US Hotel Development

With Higher Construction Debt Costs, Hotel Portfolio Growth Likely To Be Transactions-Based



Required Renovations for Branded Hotels Ramp Up, but There's Room for Negotiation

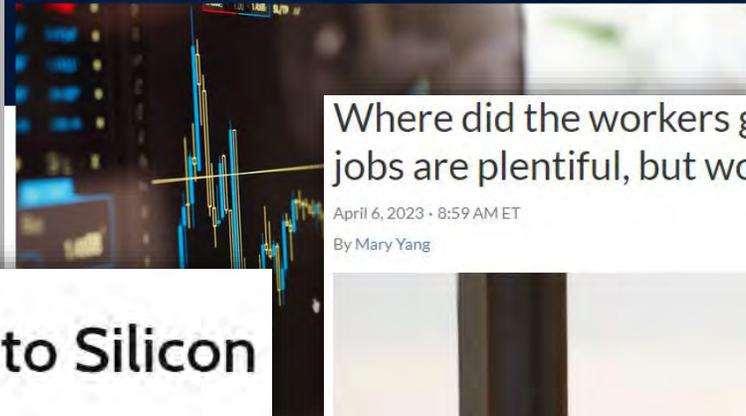
Hotel Owners Look for Ways To Stretch Their Renovation Dollars



What interest-rate hikes mean for the U.S. hotel industry

By Alicia Hoisington • Jul 31, 2018 12:13am

Construction Economic Factors Economic Trends economy



Where did the workers go? Construction jobs are plentiful, but workers are scarce

April 6, 2023 • 8:59 AM ET

By Mary Yang

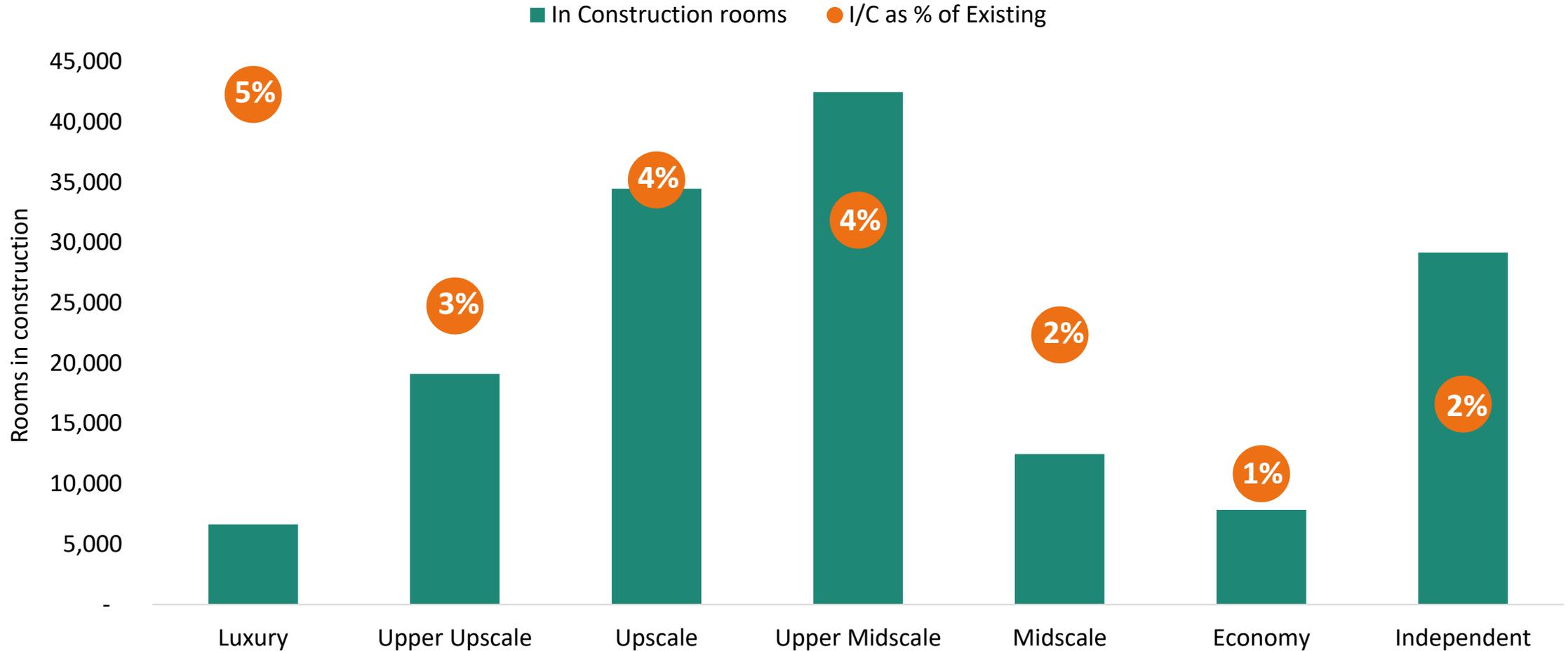


PERSONAL FINANCE > BANKING

What Happened to Silicon Valley Bank?

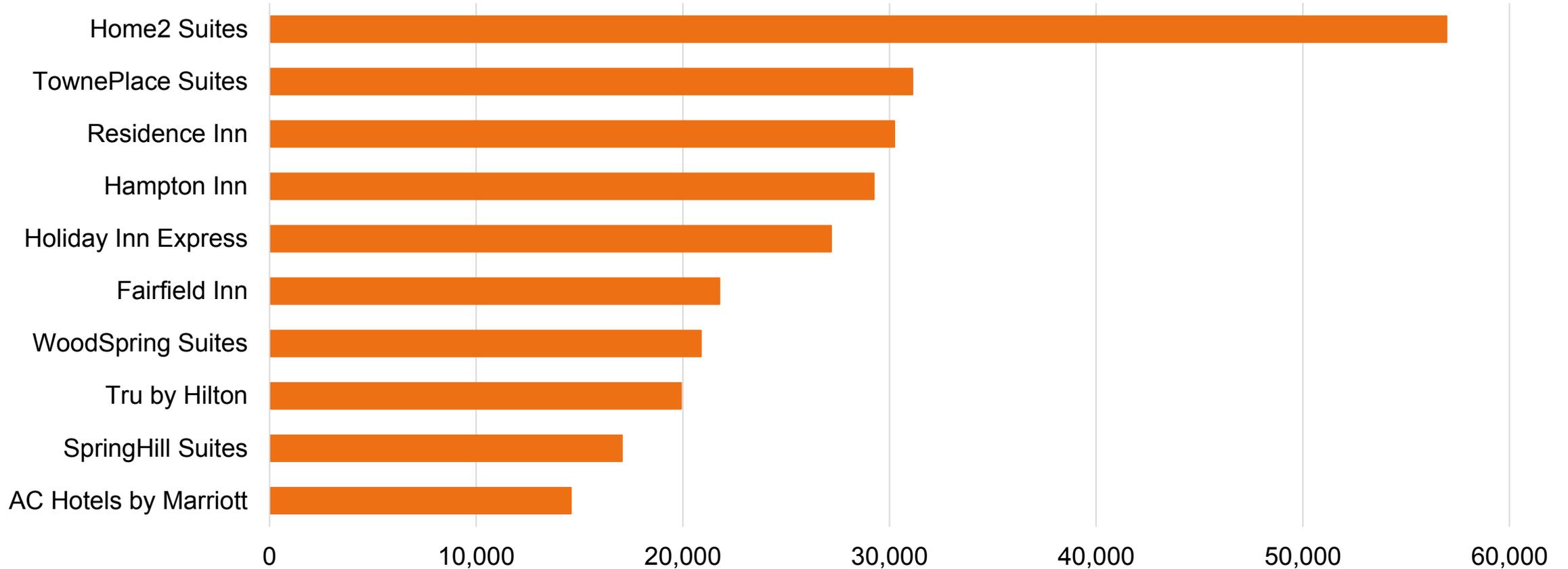
Select Service Continues to Dominate Pipeline

U.S., rooms in construction by chain scale, Dec 2023



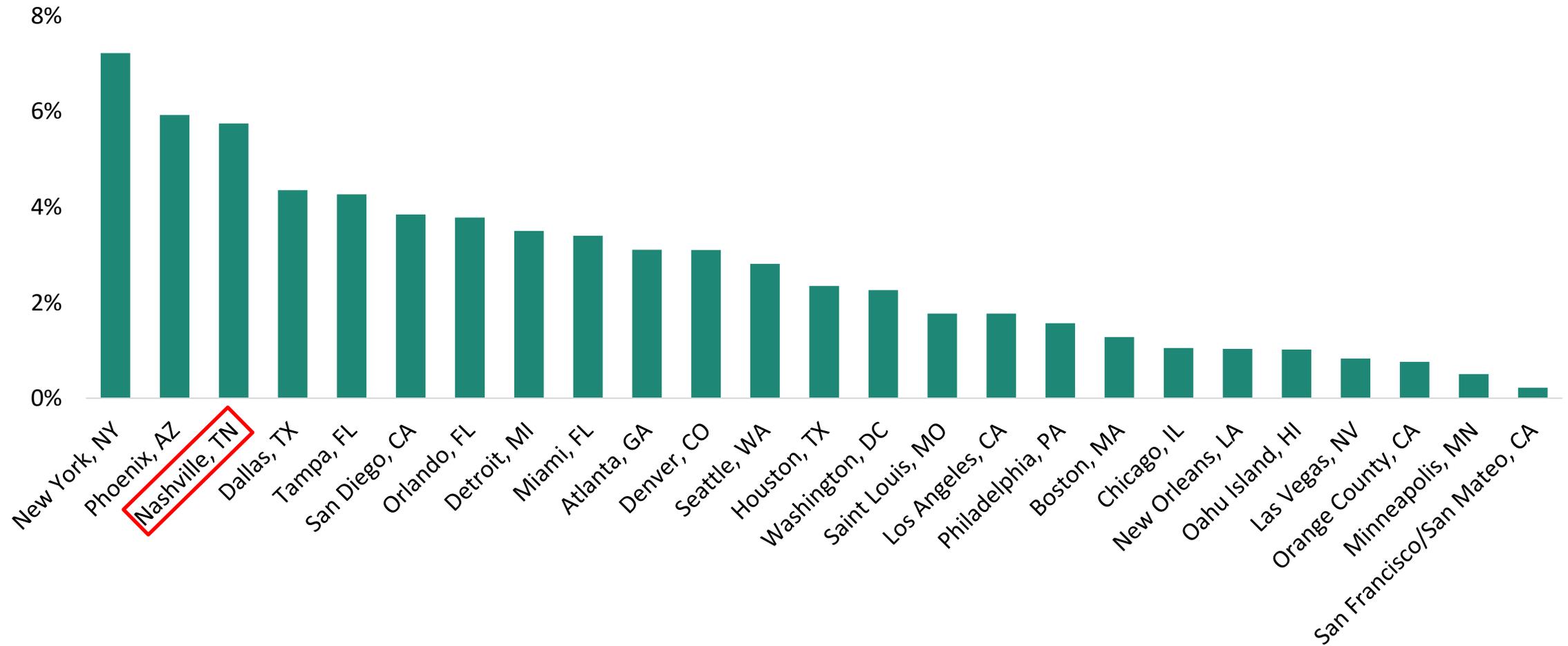
We're Seeing a Shift Towards Extended Stay

Top U.S. Brands by Rooms in Pipeline, 2023



New York, Houston and Las Vegas Lead in Construction

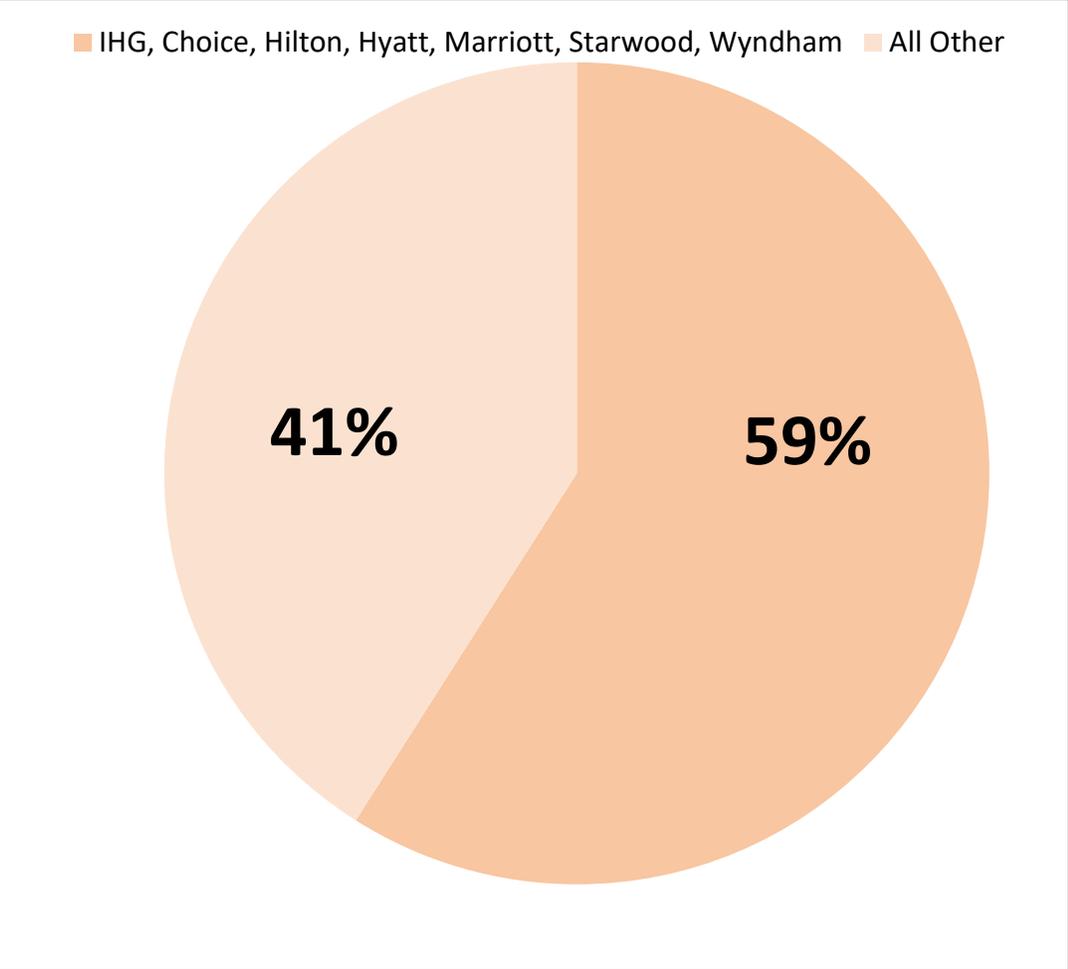
Top 25 markets, I/C rooms as percent of existing supply, Dec 2023



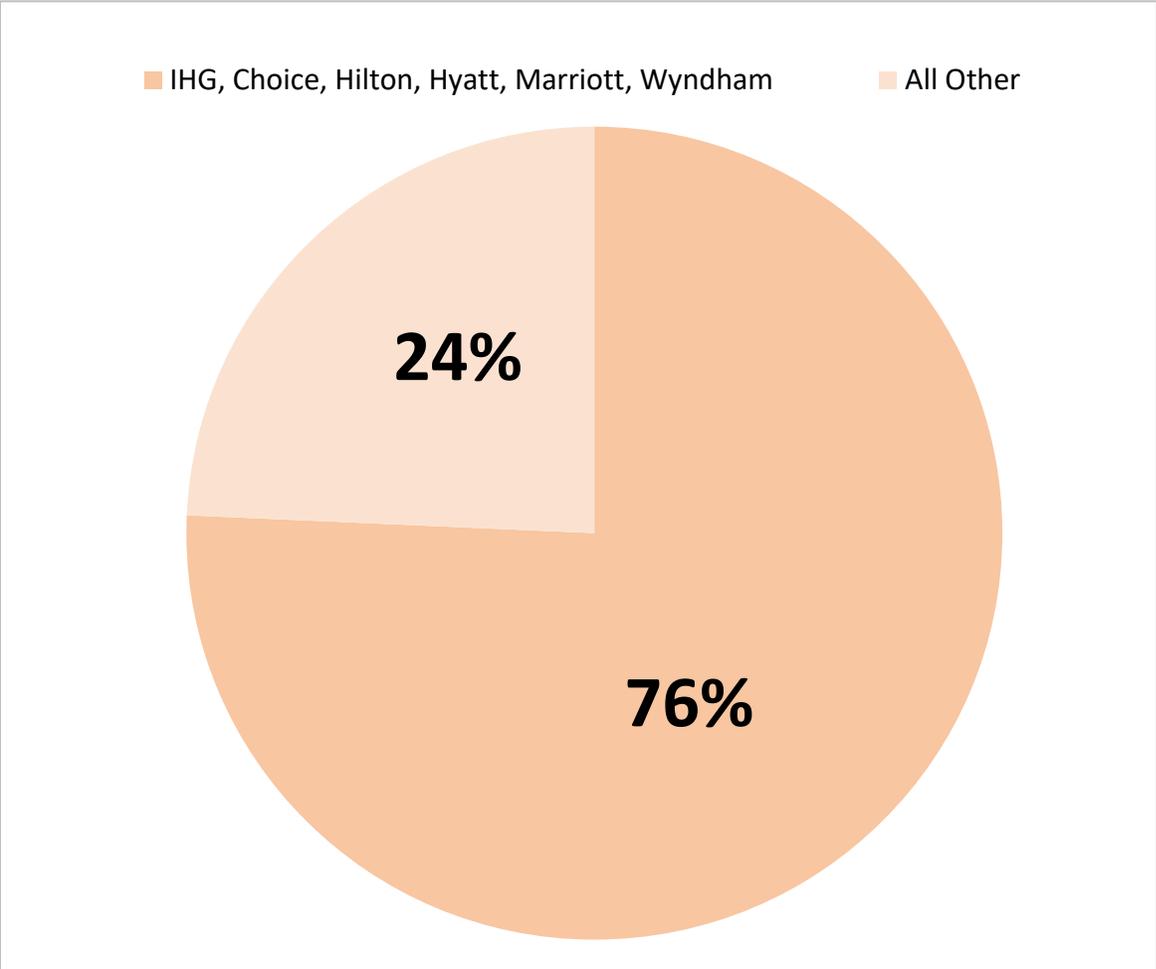
Active Pipeline: Clear shift to the “Big 6” over past decade

U.S., active pipeline by brand, 2010 and 2023

2010



2023





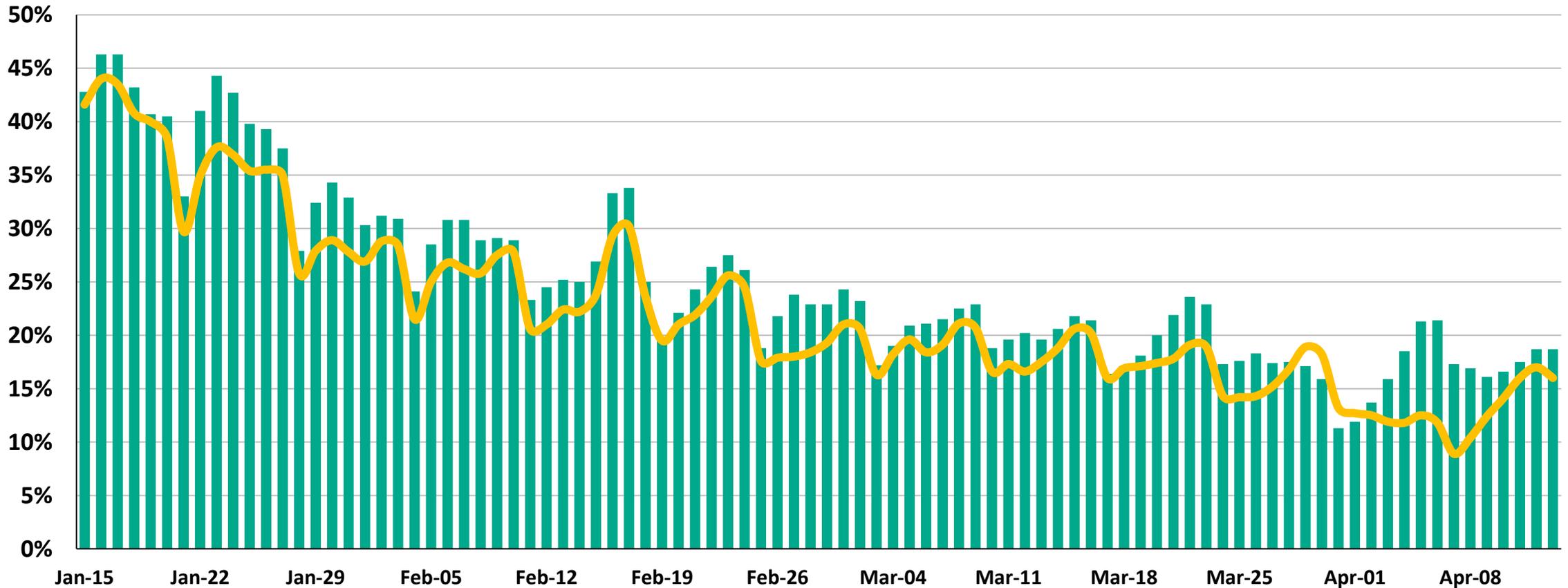
Forecast



Forward Bookings Above 2023 Levels Through April

U.S. occupancy on the books, top activated markets

This year STLY



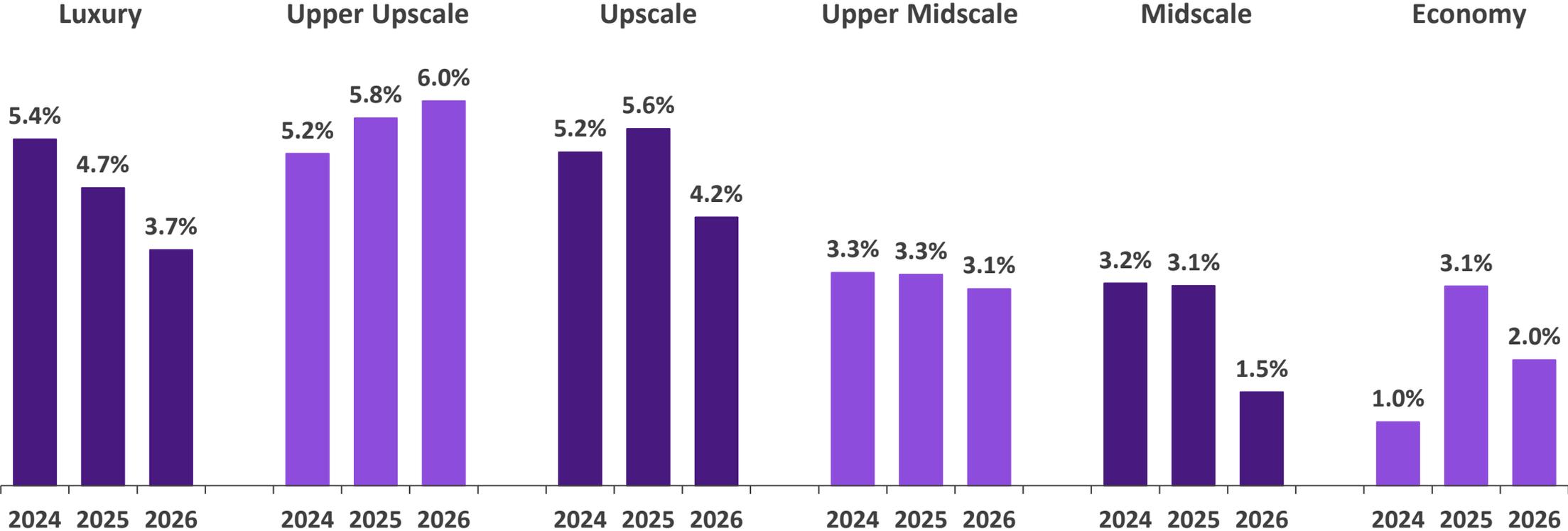
Moderate RevPAR Growth Expected

U.S. Hotel Industry Forecast

Metric	2023 Actual	2024 Forecast	2025 Forecast	2026 Forecast
Occupancy	63.0%	63.6%	64.0%	64.1%
ADR Change	4.3%	3.1%	2.8%	3.1%
RevPAR Change	4.9%	4.1%	3.5%	3.2%
2019 Real RevPAR Index	(5.0%)	(3.5%)	(2.1%)	(1.0%)

All Chain Scales to See Annual Gains

U.S. chain scale RevPAR change, year over year





Tennessee & United States

Market & Submarket Analysis + Forecast



State of Tennessee- Hospitality KPI's at a Glance

Shows in comparison to the prior period

INVENTORY ROOMS

150,202 +0.8%

Prior Period 149,062

UNDER CONSTRUCTION ROOMS

7,663 +27.0%

Prior Period 6,036

12 MO OCC RATE

64.5% -0.1%

Prior Period 64.6%

12 MO ADR

\$143 +5.5%

Prior Period \$136

12 MO REVPAR

\$92 +5.4%

Prior Period \$88

MARKET SALE PRICE/ROOM

\$144K +14.8%

Prior Period \$126K

MARKET CAP RATE

8.6% +0.3%

Prior Period 8.3%

Inventory

Existing Properties	1,700 ↑
12 Mo Delivered Rooms	1,749 ↓
12 Mo Delivered Properties	18 ↓
12 Mo Recently Opened Rooms	2,008 ↓
12 Mo Recently Opened Properties	17 ↓
Under Construction Properties	60 ↑

Sales Past Year

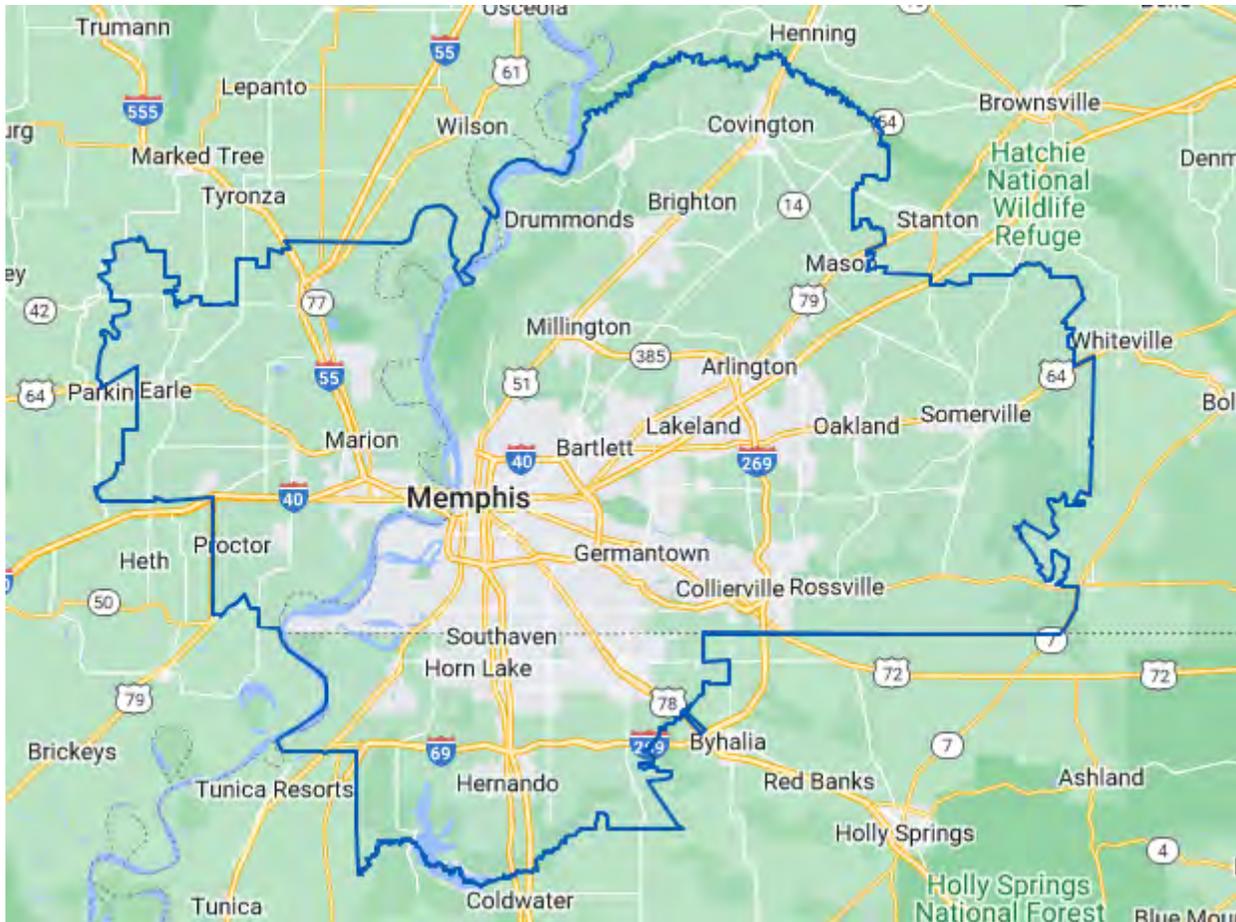
Sales Volume	\$778M ↓
Properties Sold	111 ↓
Months to Sale	7.3 ↓
Average Price Per Building	\$9.4M ↓
Market Price Per Room	\$144K ↑
Market Cap Rate	8.6% ↑

Performance Trend

Occupancy Rate	53.4% ↓	3 Mo Occupancy Rate	61.6% ↓
Average Daily Rate	\$129.32 ↓	3 Mo Average Daily Rate	\$144.16 ↑
Revenue Per Available Room	\$69.11 ↓	3 Mo RevPAR	\$88.87 ↓
YTD Occupancy Rate	64.5% ↑	12 Mo Occupancy Rate	64.5% ↑
YTD Average Daily Rate	\$143.15 ↑	12 Mo Average Daily Rate	\$143.15 ↑
YTD RevPAR	\$92.40 ↑	12 Mo RevPAR	\$92.40 ↑

Memphis Snapshot

As of February 2024

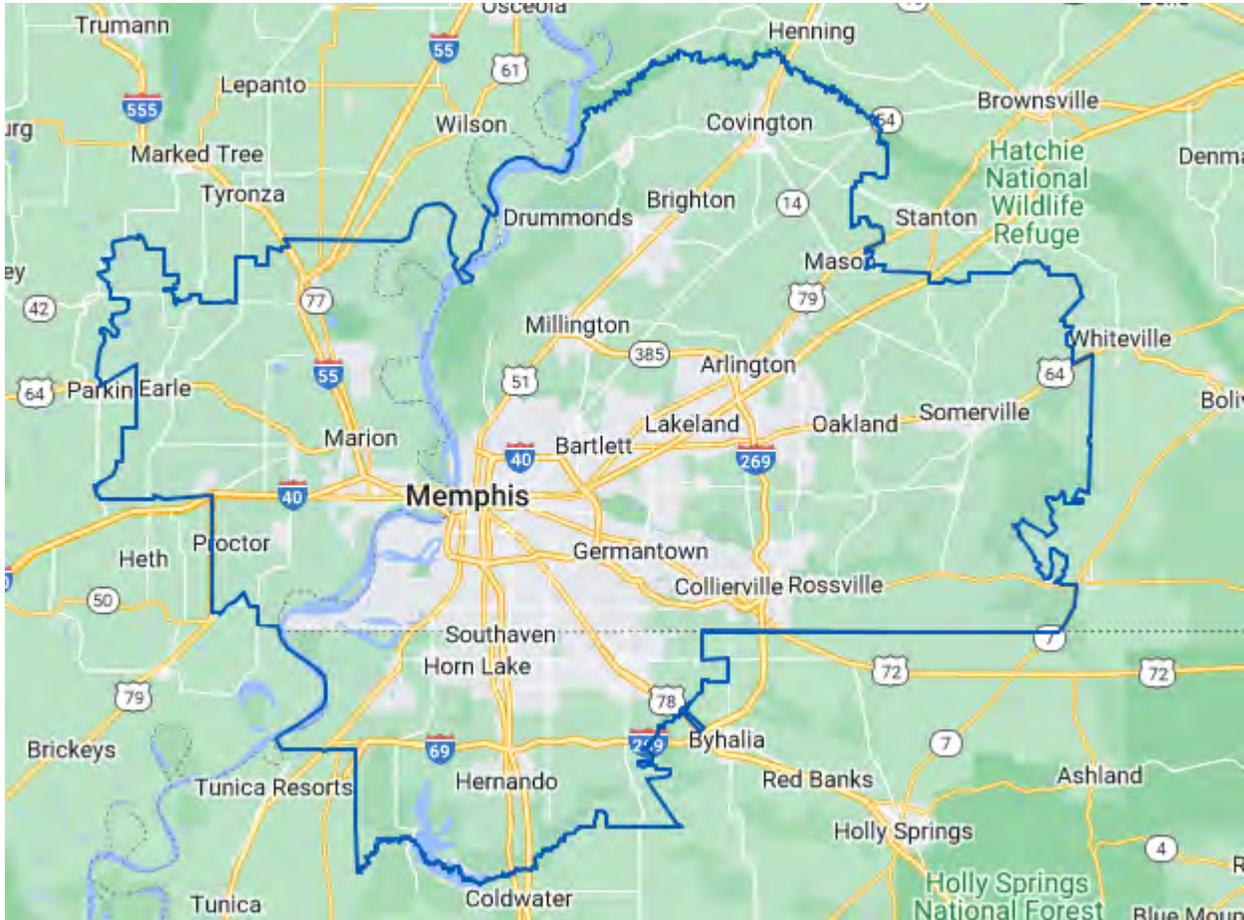


INVENTORY	MARKET	NATIONAL INDEX
Existing Buildings	290 ↓	64,617 ↑
Avg Rooms Per Building	91 ↑	89 ↑
12 Mo Delivered Rooms	0 ↓	69,585 ↑
12 Mo Delivered Buildings	0 ↓	599 ↓
12 Mo Opened Rooms	2 ↓	74,450 ↑
12 Mo Opened Buildings	0 ↓	594 ↑
Under Construction Buildings	15 ↑	1,235 ↓

SALES	MARKET	NATIONAL INDEX
12 Mo Transactions	6 ↓	2.4K ↓
12 Mo Sales Volume	\$22.6M ↓	\$22.4B ↓
12 Mo Average Price Per Building	\$3.8M ↓	\$9.4M ↓
Market Sale Price/Room	\$113K ↑	\$160K ↑
Market Cap Rate	9.2% ↑	9.2% ↑

Memphis Snapshot

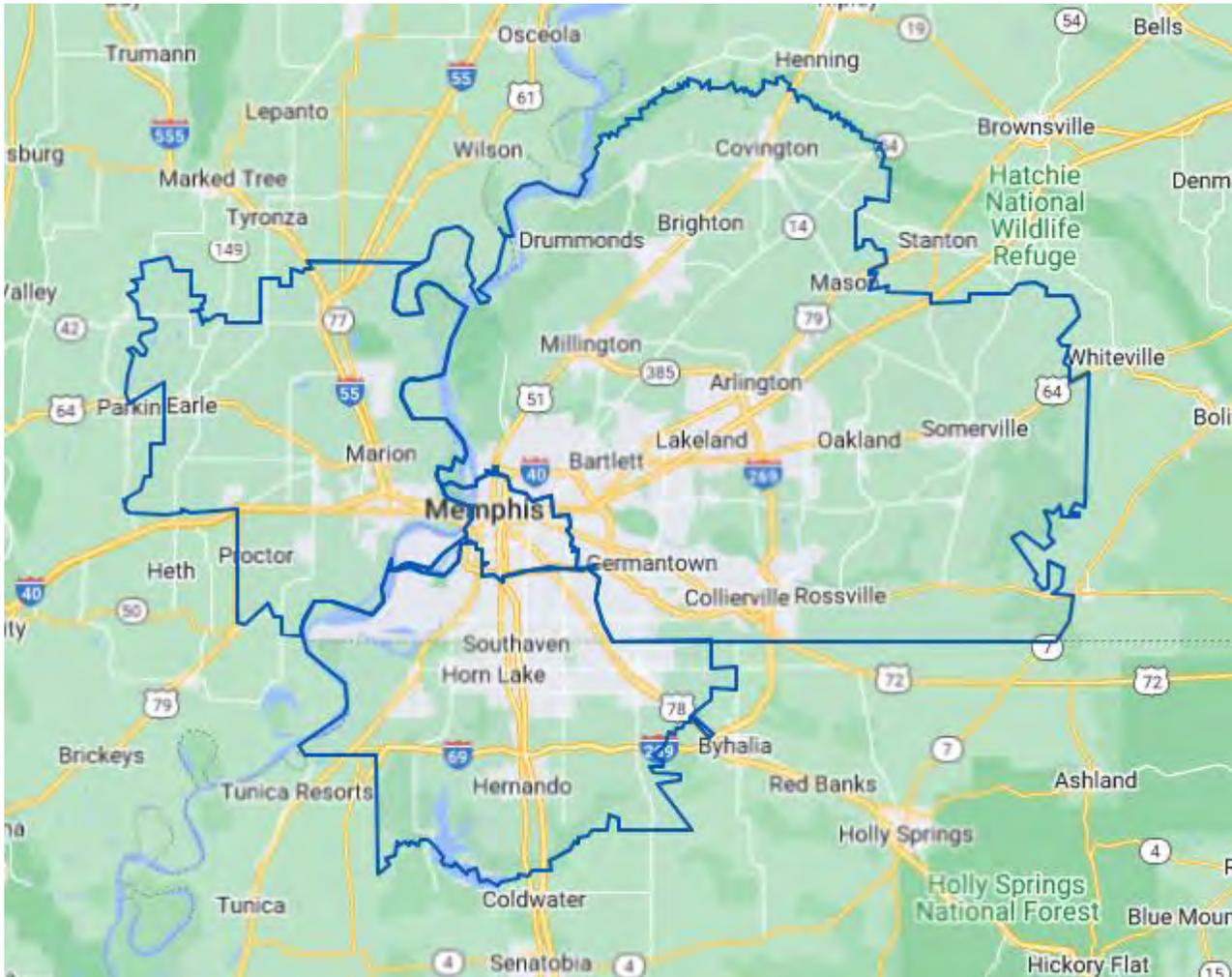
As of February 2024



PERFORMANCE	MARKET	NATIONAL INDEX
Occupancy	51.4% ↓	58.4% ↓
ADR	\$105.75 ↑	\$151.23 ↑
RevPAR	\$54.36 ↓	\$88.37 ↑
3 Mo Occupancy	58.6% ↓	63.5% ↓
3 Mo ADR	\$112.05 ↑	\$158.04 ↑
3 Mo RevPAR	\$65.71 ↓	\$100.41 ↑
YTD Occupancy	64.7% ↑	63.9% ↑
YTD ADR	\$112.61 ↑	\$155.99 ↑
YTD RevPAR	\$72.84 ↑	\$99.71 ↑
12 Mo Occupancy	64.7% ↑	63.0% ↑
12 Mo ADR	\$112.61 ↑	\$155.42 ↑
12 Mo RevPAR	\$72.84 ↑	\$97.99 ↑

Memphis Submarket Snapshot

As of February 2024



Memphis East | 10,581 Inventory Rooms
Memphis - TN (USA)

Under Construction Rooms	416	12 Mo ADR	\$102.04
12 Mo Delivered Rooms	0	12 Mo ADR Chg	5.2%
12 Mo Occupancy	65.5%	12 Mo RevPAR	\$66.80
12 Mo Occupancy Chg	2.6%	12 Mo RevPAR Chg	8.0%

Memphis Airport/South | 8,191 Inventory Rooms
Memphis - TN (USA)

Under Construction Rooms	532	12 Mo ADR	\$101.21
12 Mo Delivered Rooms	0	12 Mo ADR Chg	4.4%
12 Mo Occupancy	65.3%	12 Mo RevPAR	\$66.13
12 Mo Occupancy Chg	0.2%	12 Mo RevPAR Chg	4.7%

Memphis CBD | 5,248 Inventory Rooms
Memphis - TN (USA)

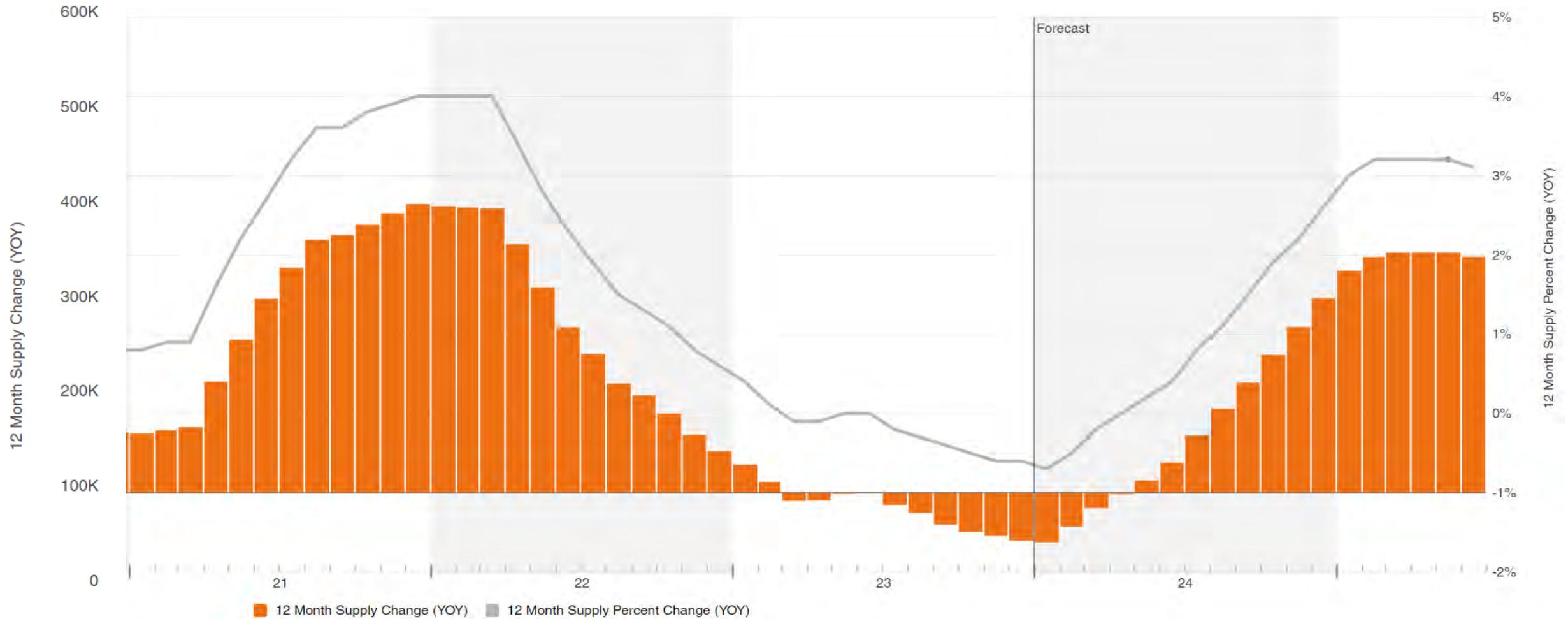
Under Construction Rooms	268	12 Mo ADR	\$166.22
12 Mo Delivered Rooms	0	12 Mo ADR Chg	4.8%
12 Mo Occupancy	59.6%	12 Mo RevPAR	\$99.07
12 Mo Occupancy Chg	0.1%	12 Mo RevPAR Chg	4.9%

Memphis West | 2,240 Inventory Rooms
Memphis - TN (USA)

Under Construction Rooms	206	12 Mo ADR	\$88.60
12 Mo Delivered Rooms	0	12 Mo ADR Chg	6.1%
12 Mo Occupancy	70.7%	12 Mo RevPAR	\$62.63
12 Mo Occupancy Chg	2.1%	12 Mo RevPAR Chg	8.3%

Memphis Supply Change (Pipeline)

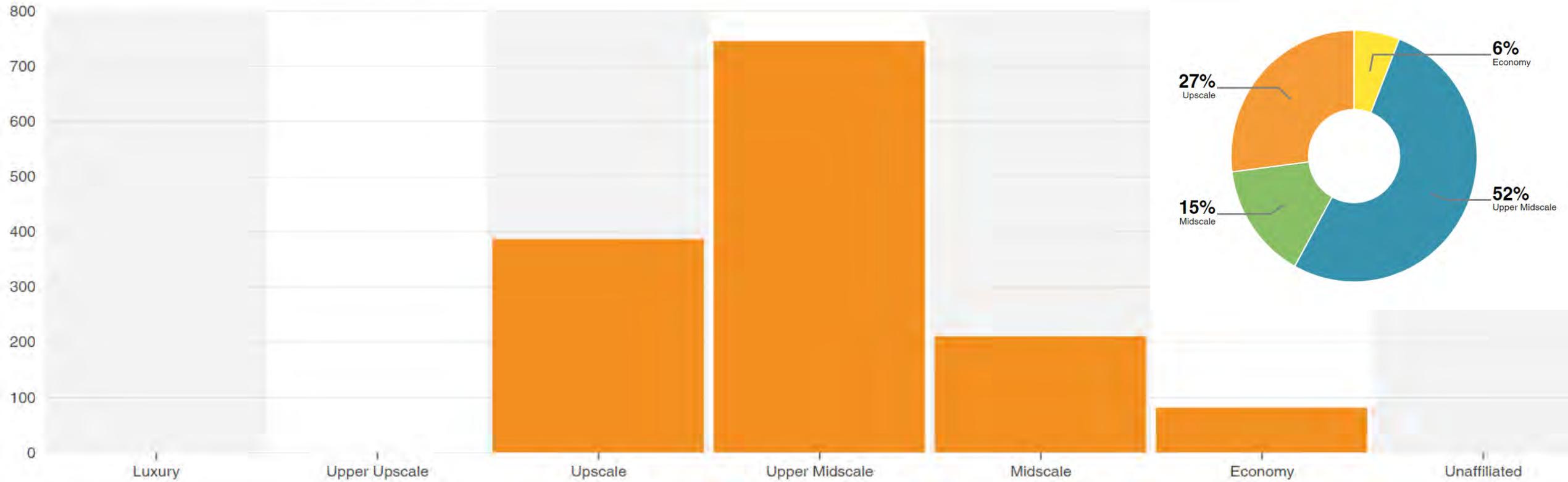
As of February 2024



Memphis Pipeline (Under Construction)

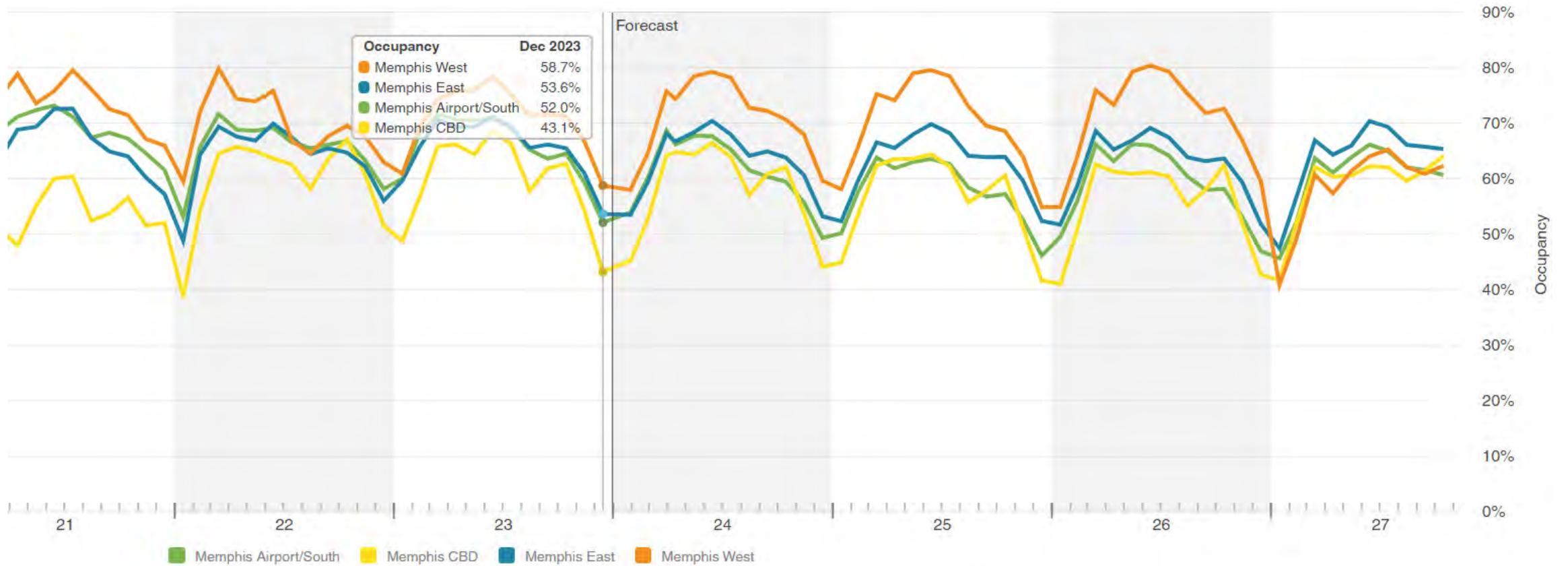
As of February 2024

ROOMS UNDER CONSTRUCTION BY SCALE



Memphis Submarket Occupancy

Historical and Forecast

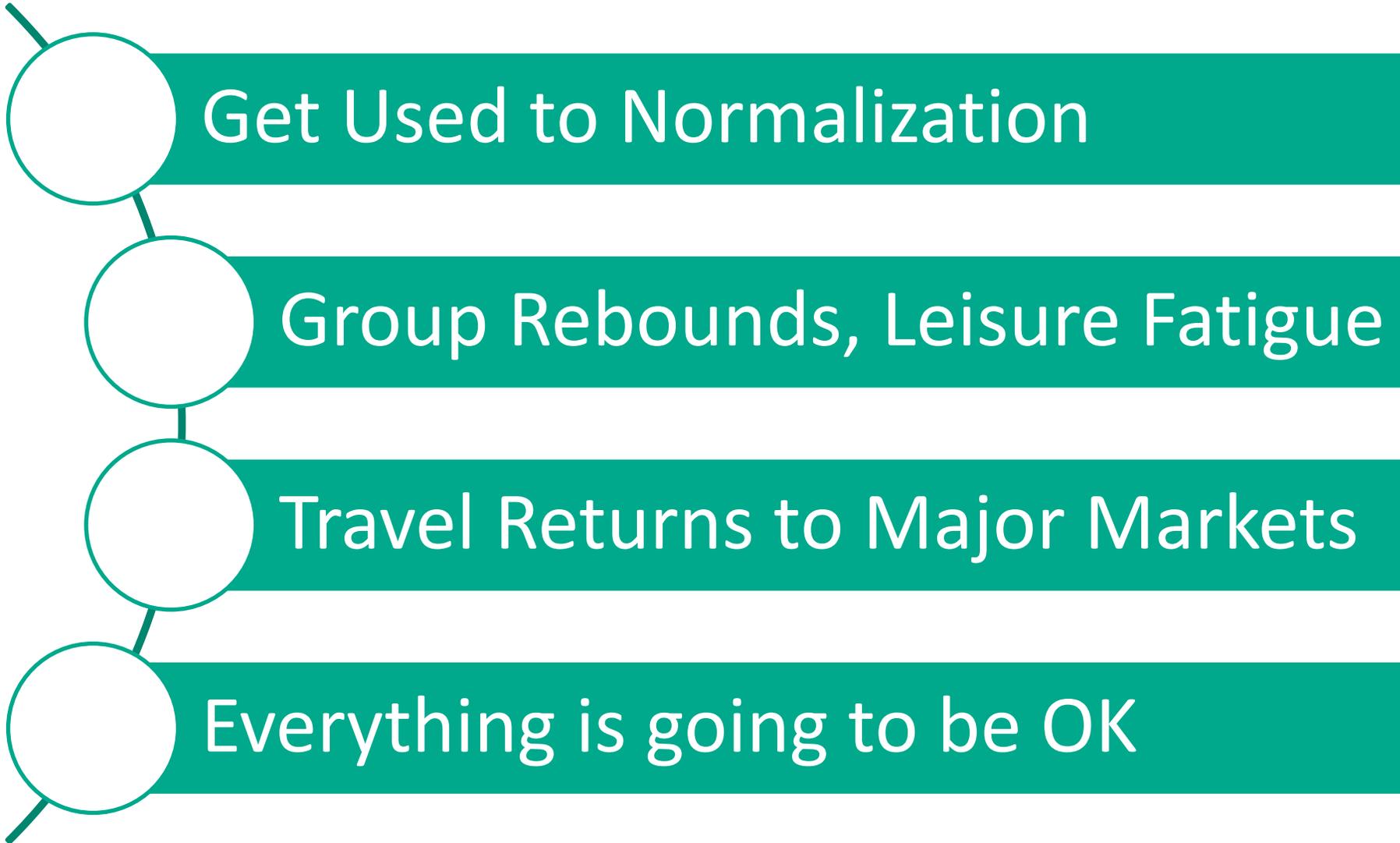


Memphis Submarket RevPAR

Historical and Forecast



Takeaways





Questions?

Thank you!

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