

CoStar™

Hotel Industry Update

Isaac Collazo

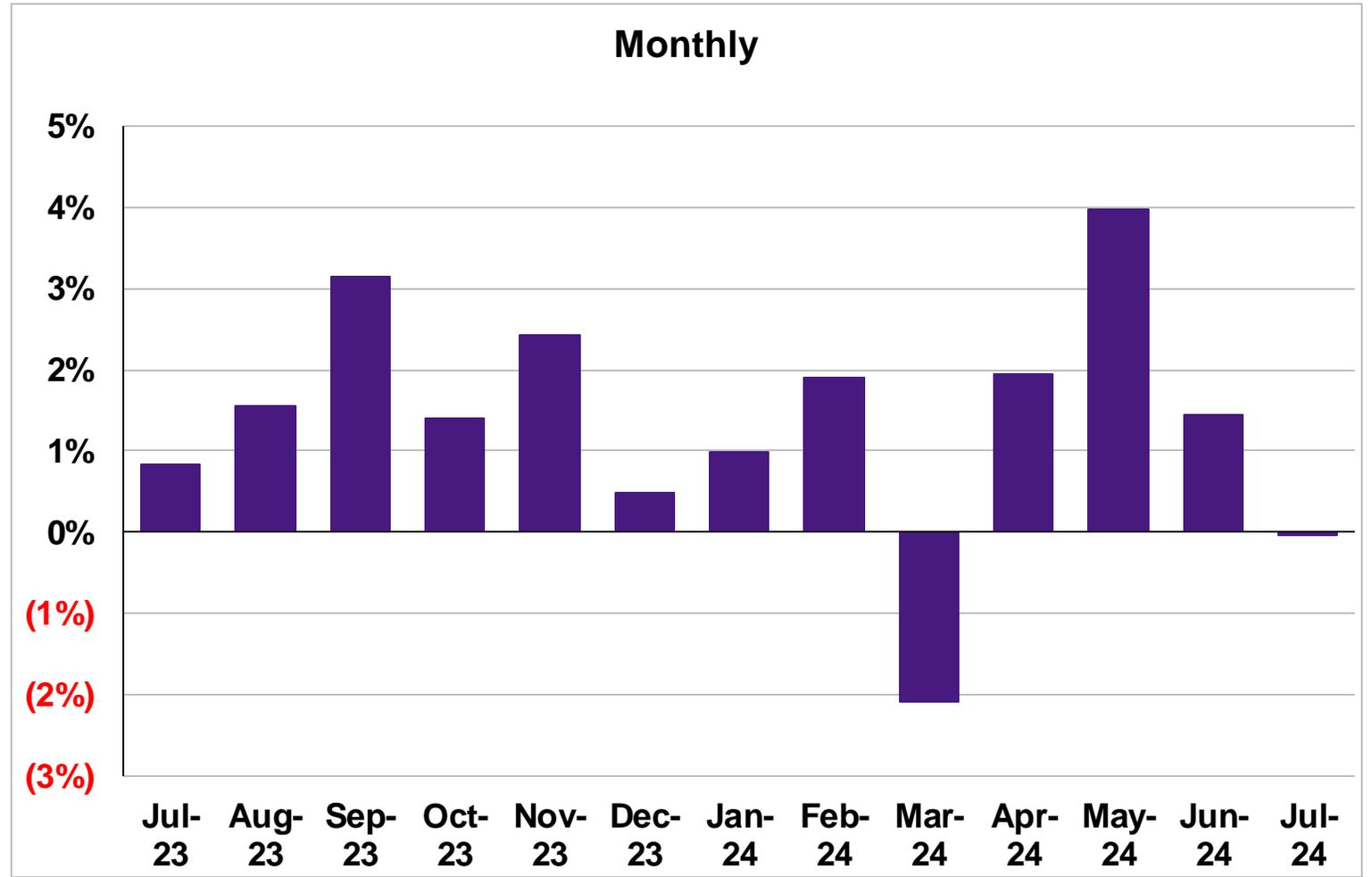
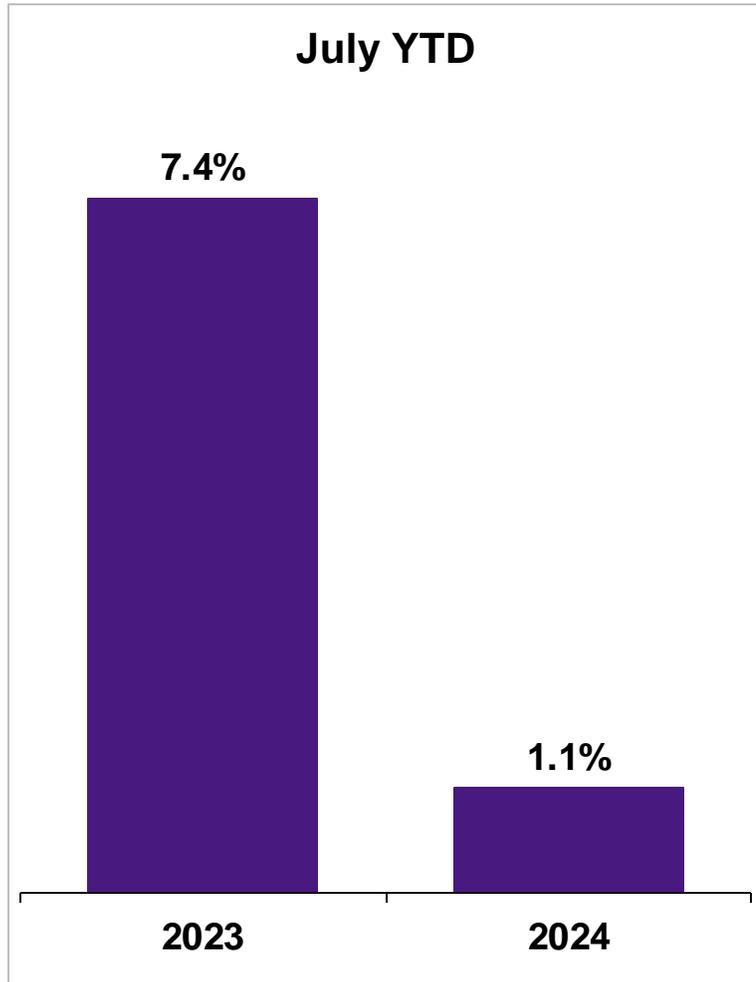
Vice President, Analytics

August 2024



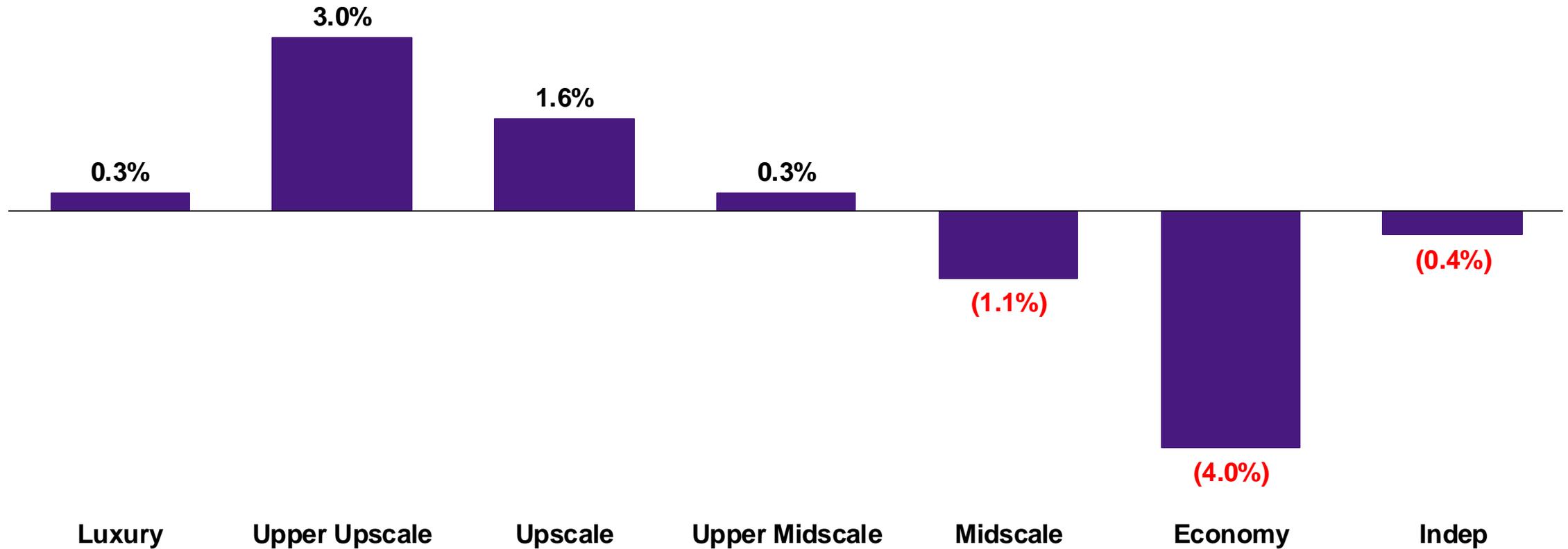
RevPAR slowed considerably after a good Q2

U.S. RevPAR change



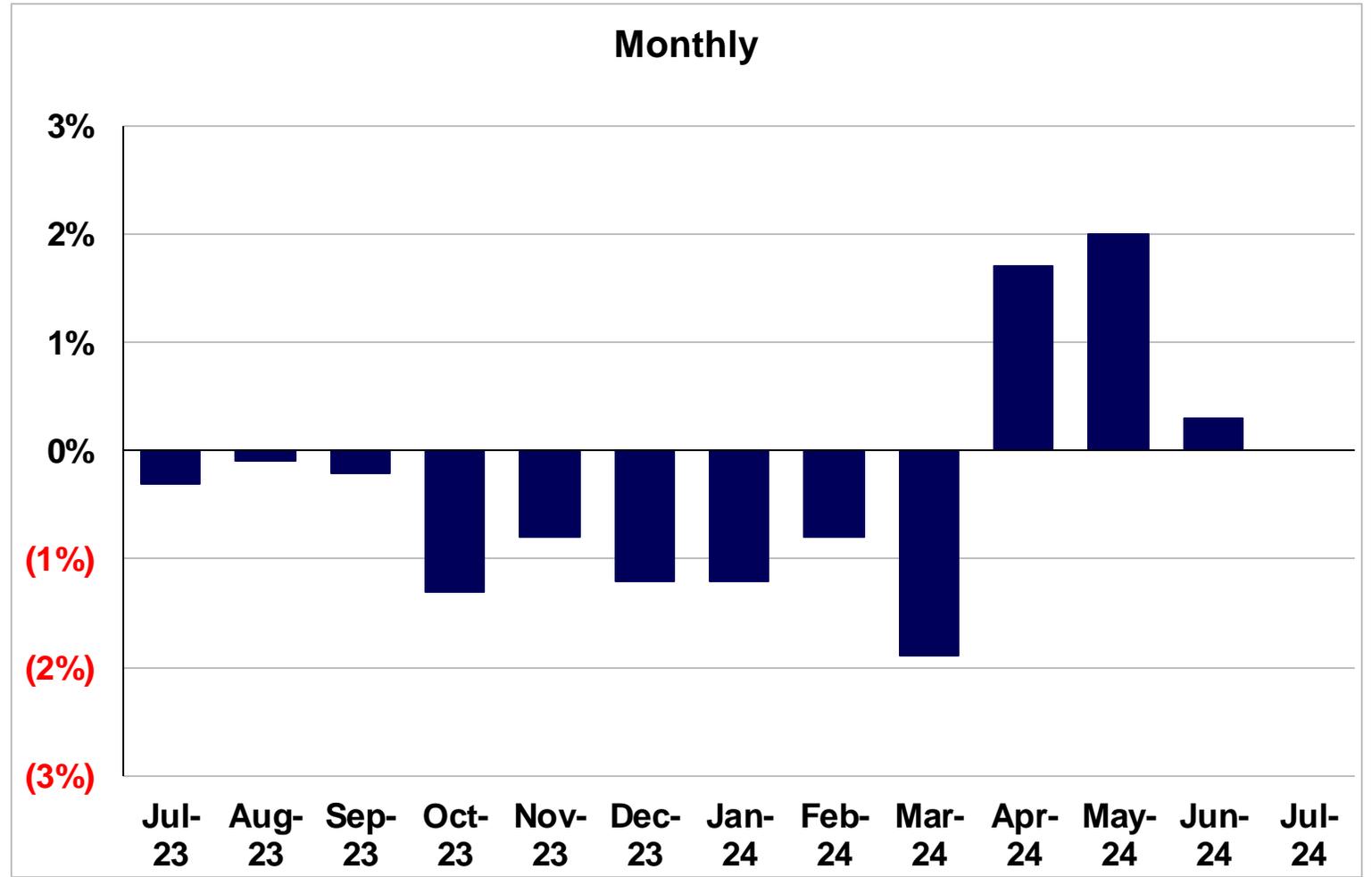
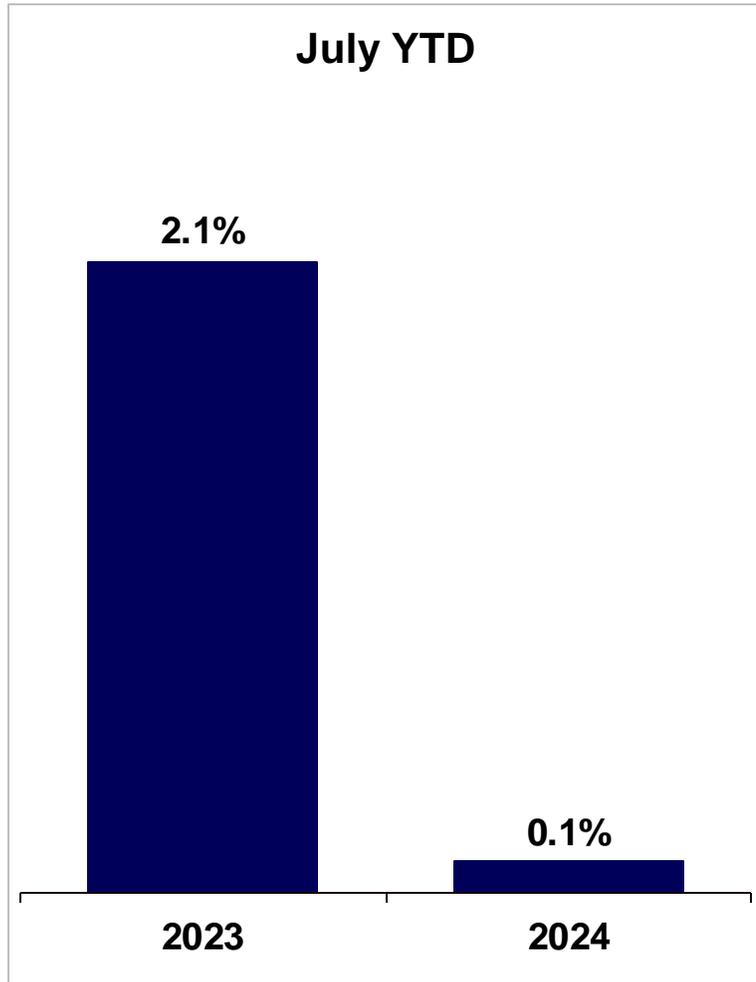
Bifurcation still very evident

U.S. RevPAR change by chain scale



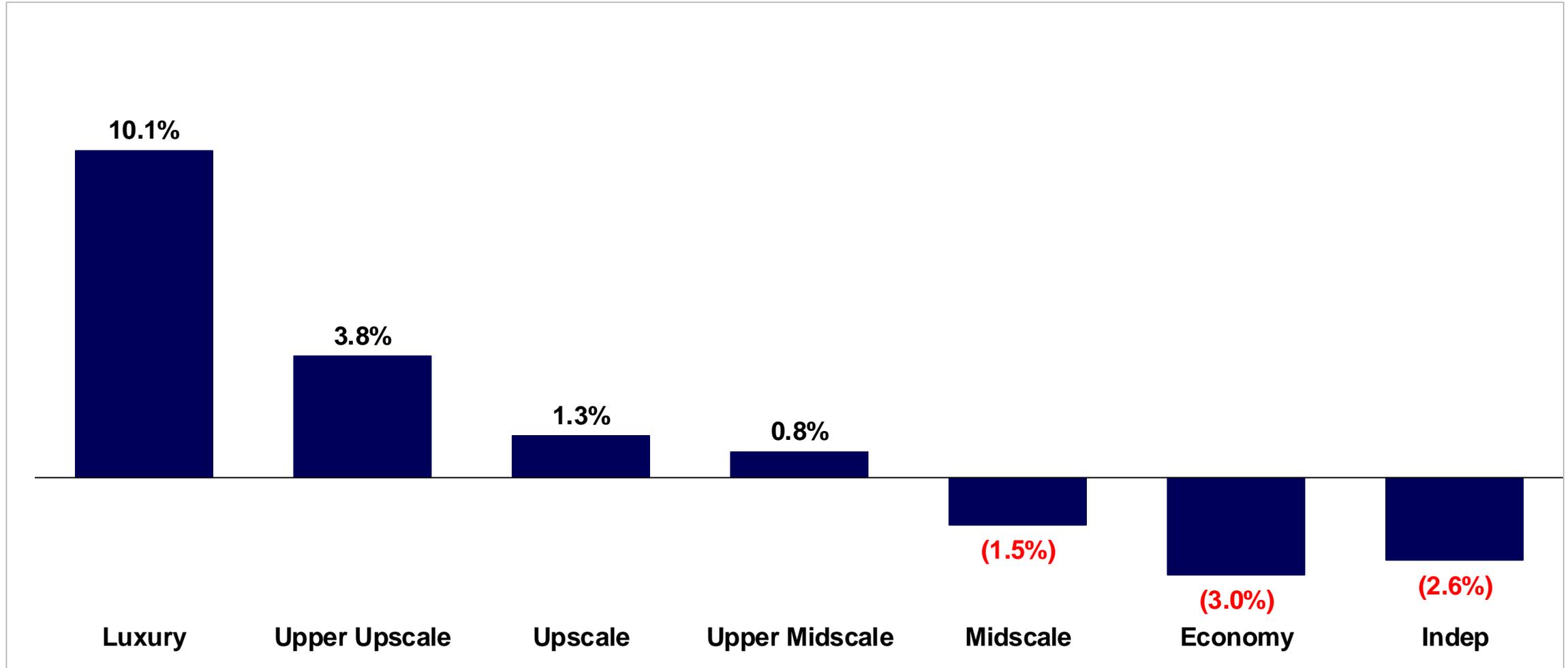
Demand sluggish

U.S. demand change



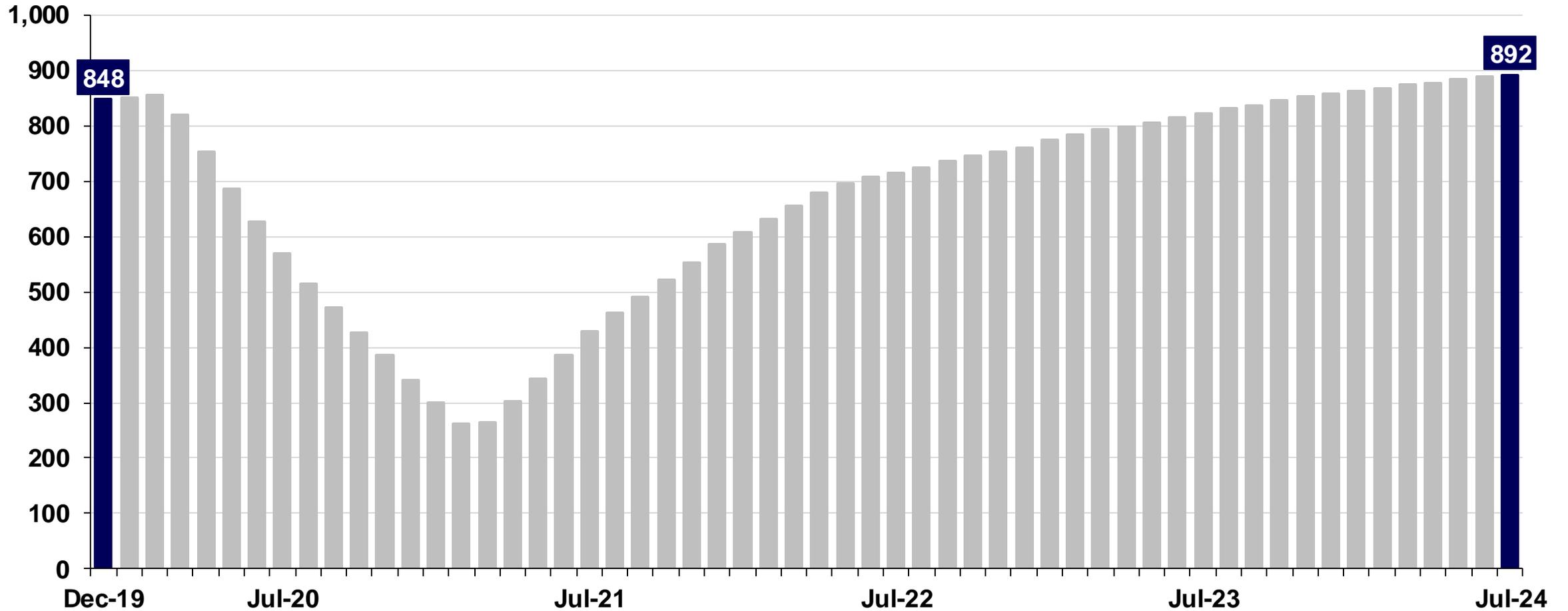
And declining in lower tiers

U.S. demand change by chain scale, July YTD



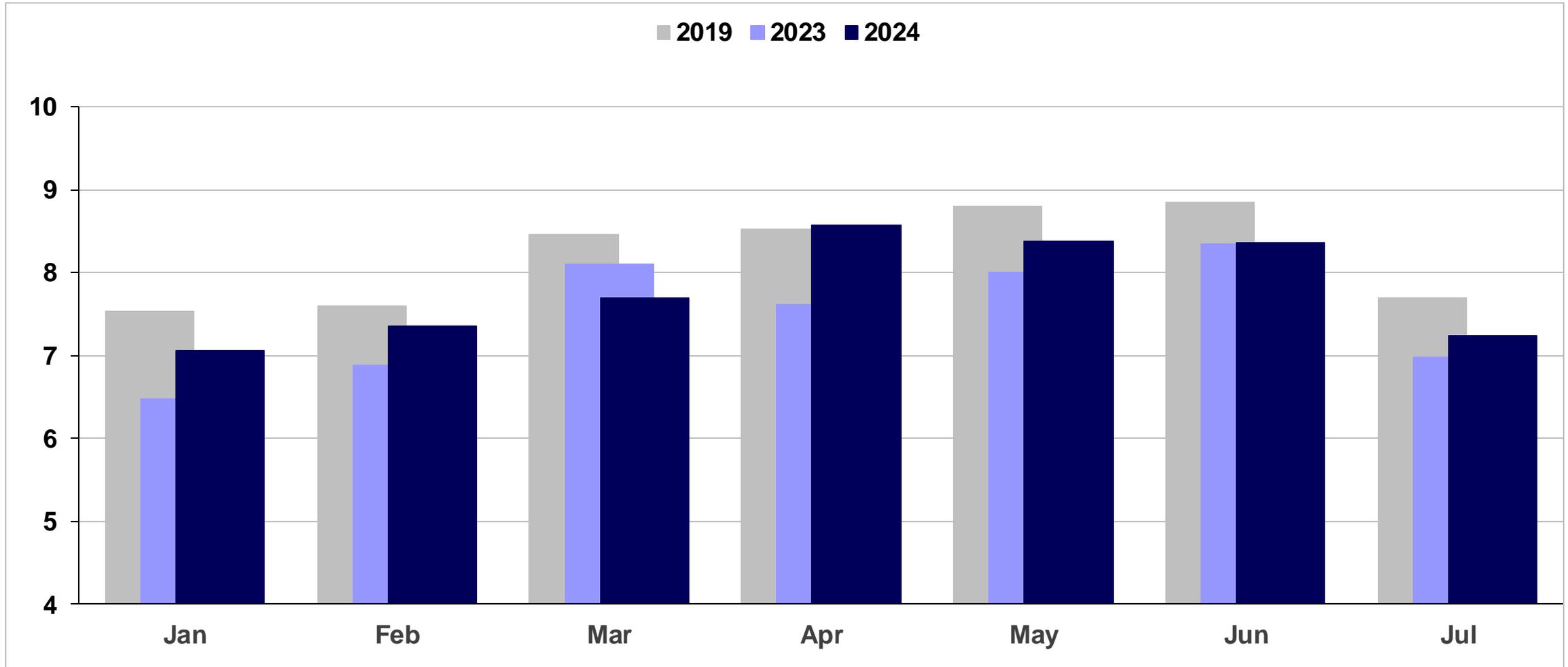
Air travel at a record high

U.S. TSA airport screenings (millions), 12-month moving total



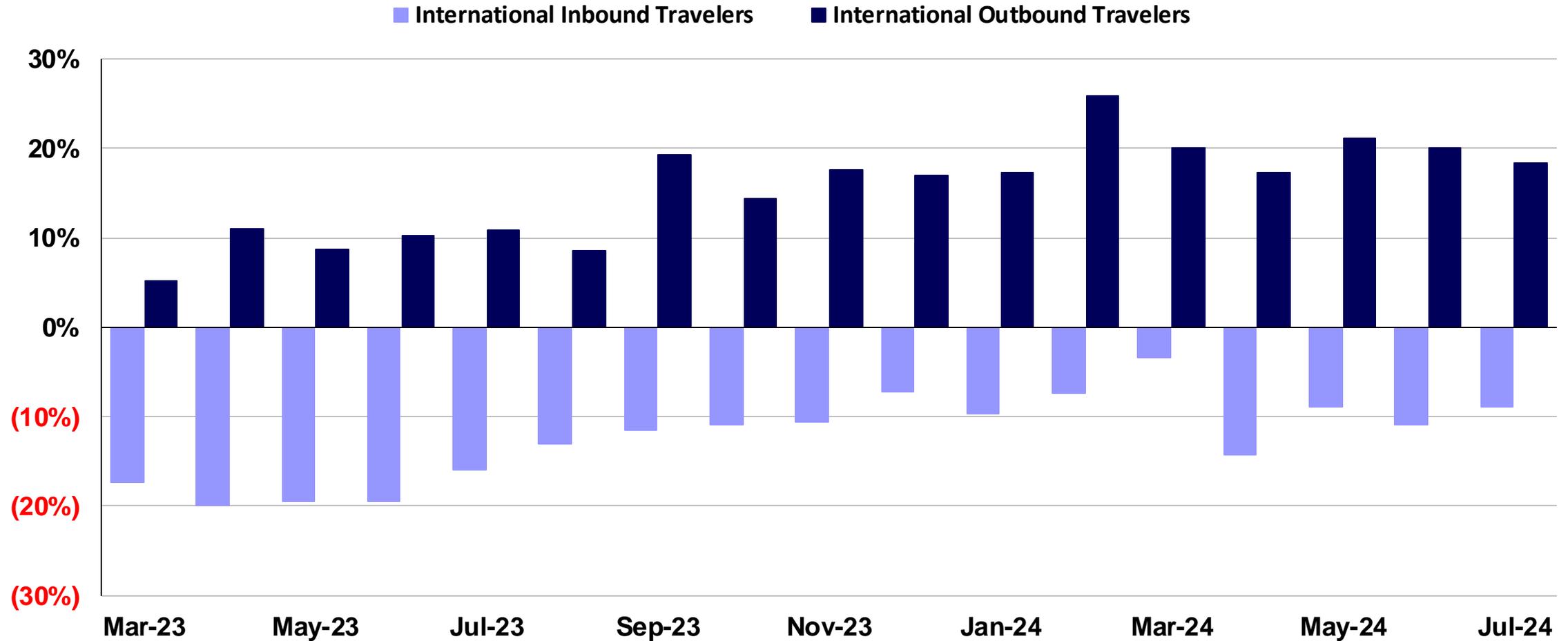
Group demand growing

U.S. Luxury and Upper Upscale group room demand (in millions)



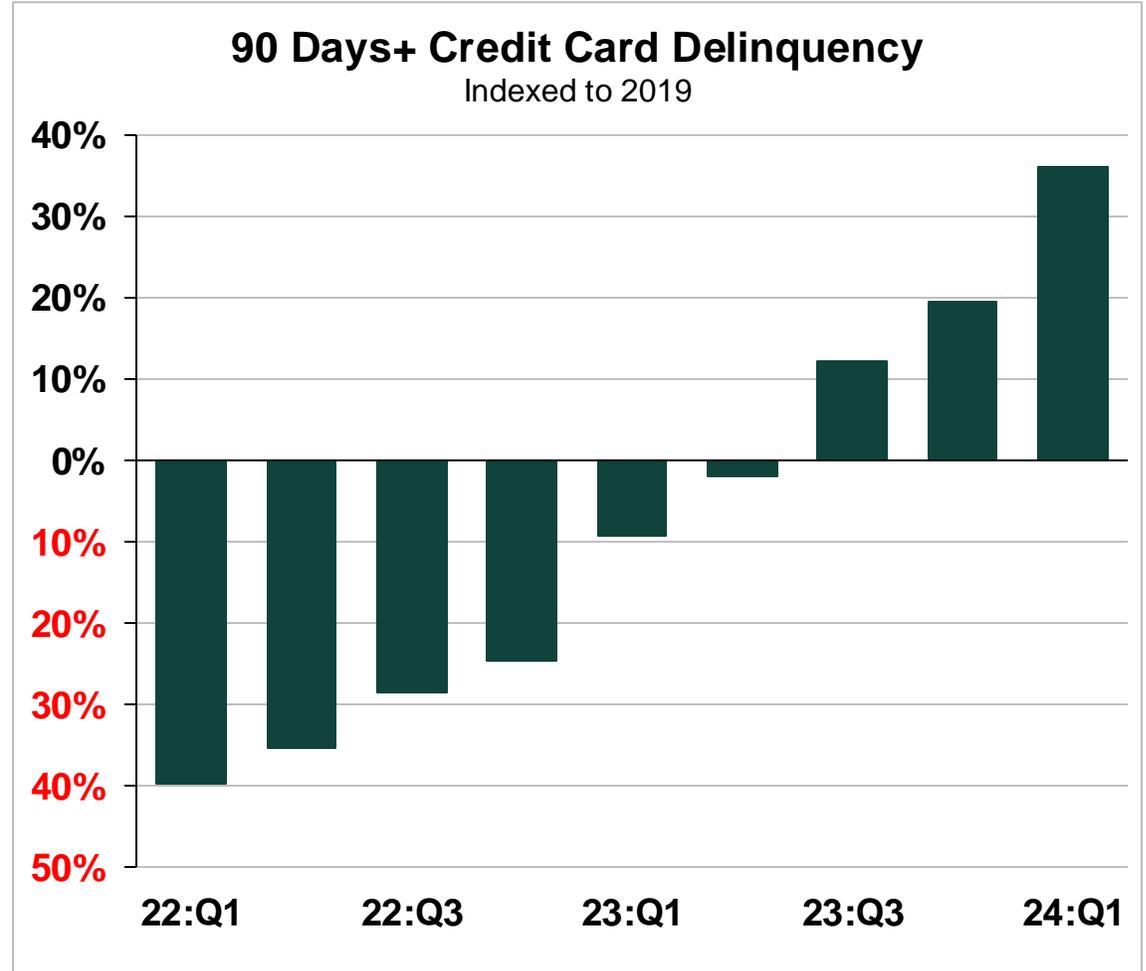
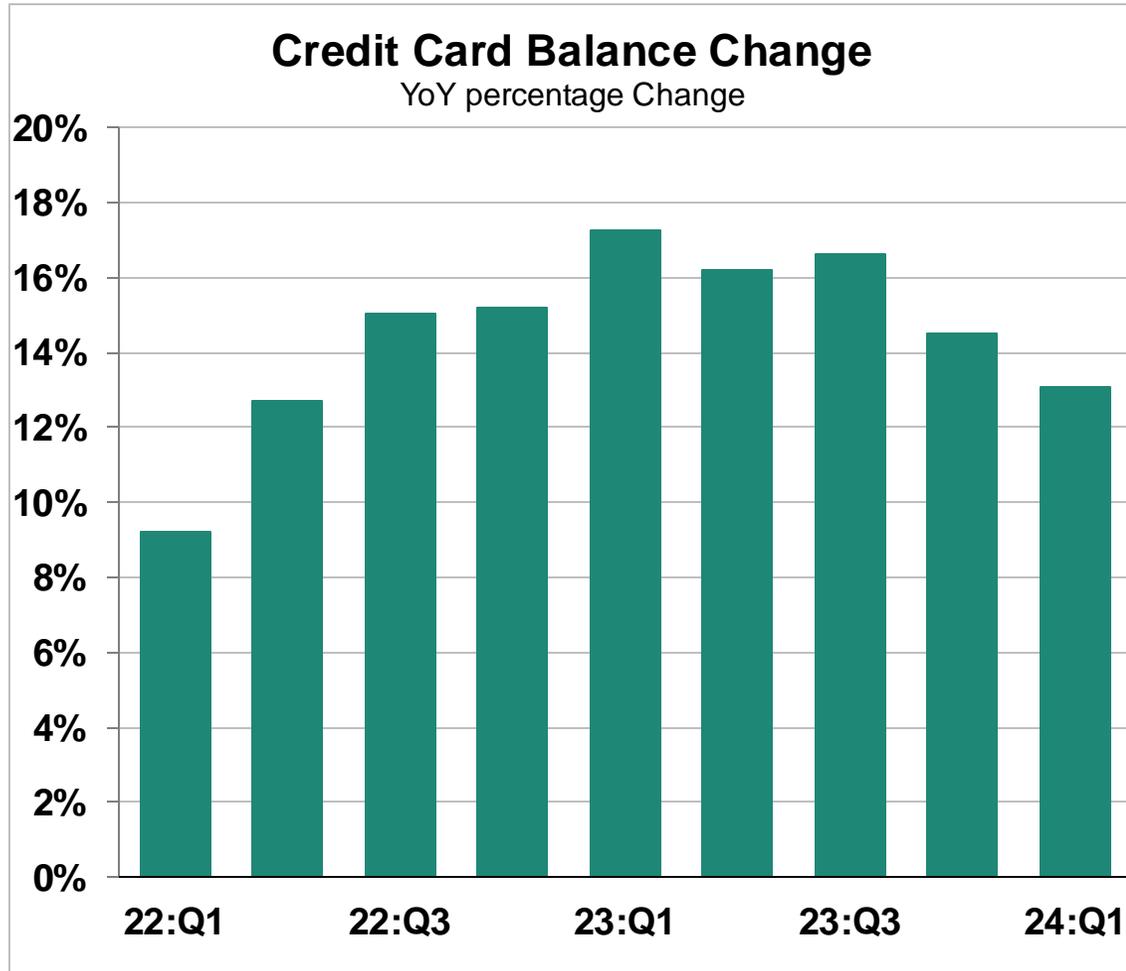
Inbound travel still below 2019 levels, outbound strengthening

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



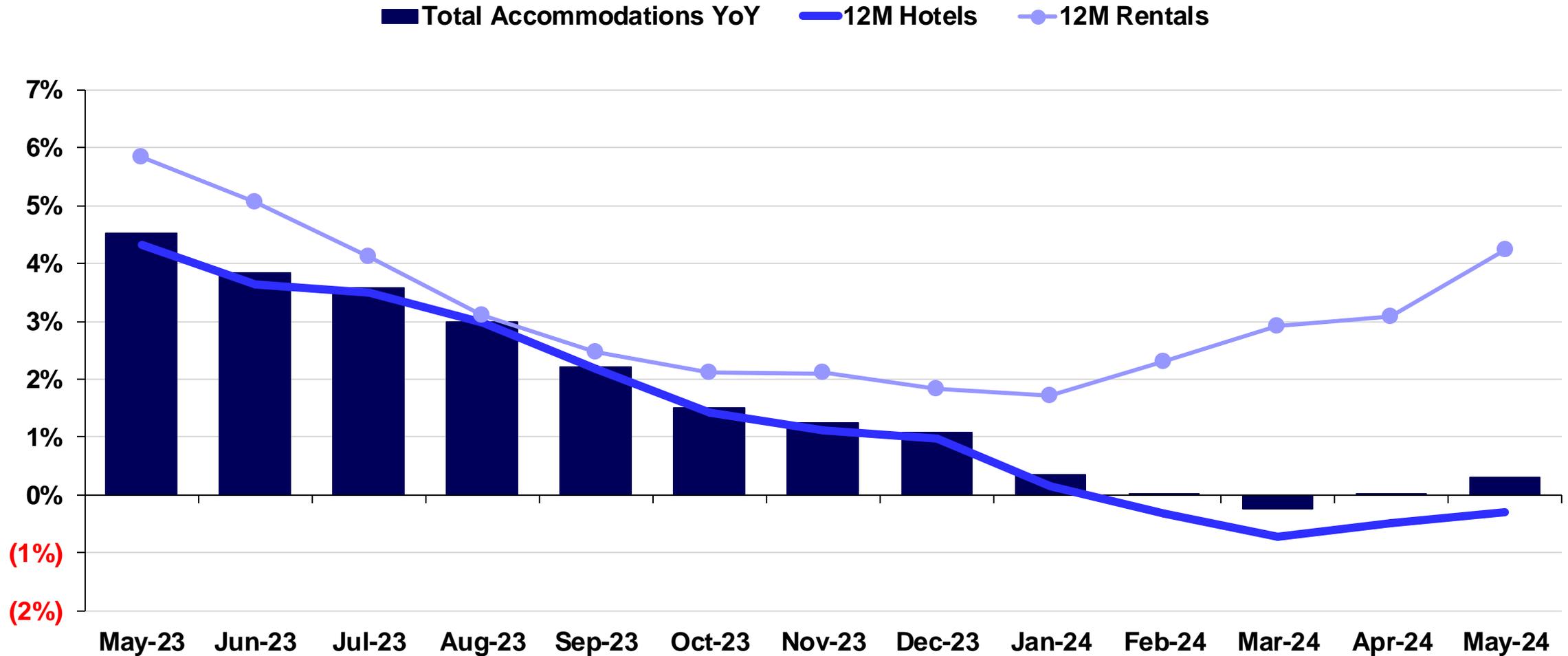
Economic realities likely impacting lower-tier hotels more

U.S. credit card balance and delinquency change



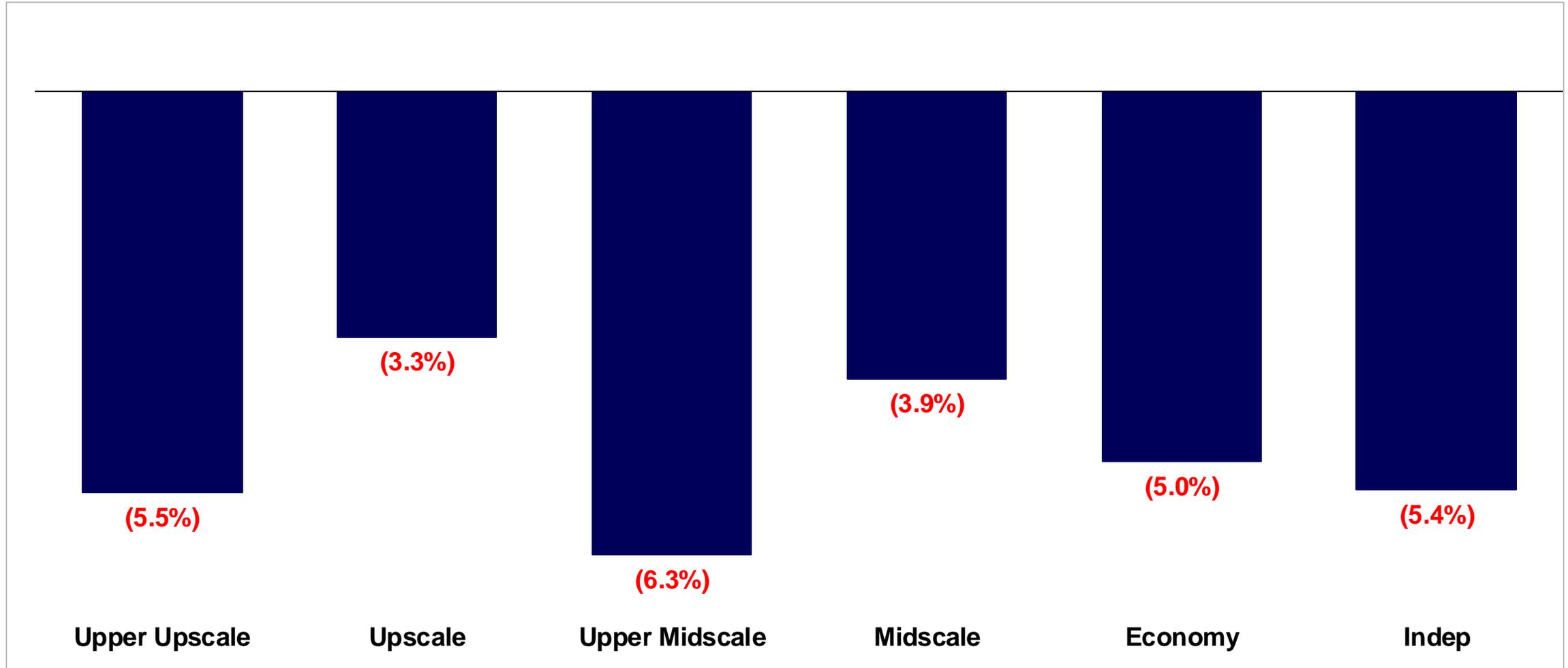
Alternative accommodations outpacing hotels

Year-over-year change, 12-month moving total



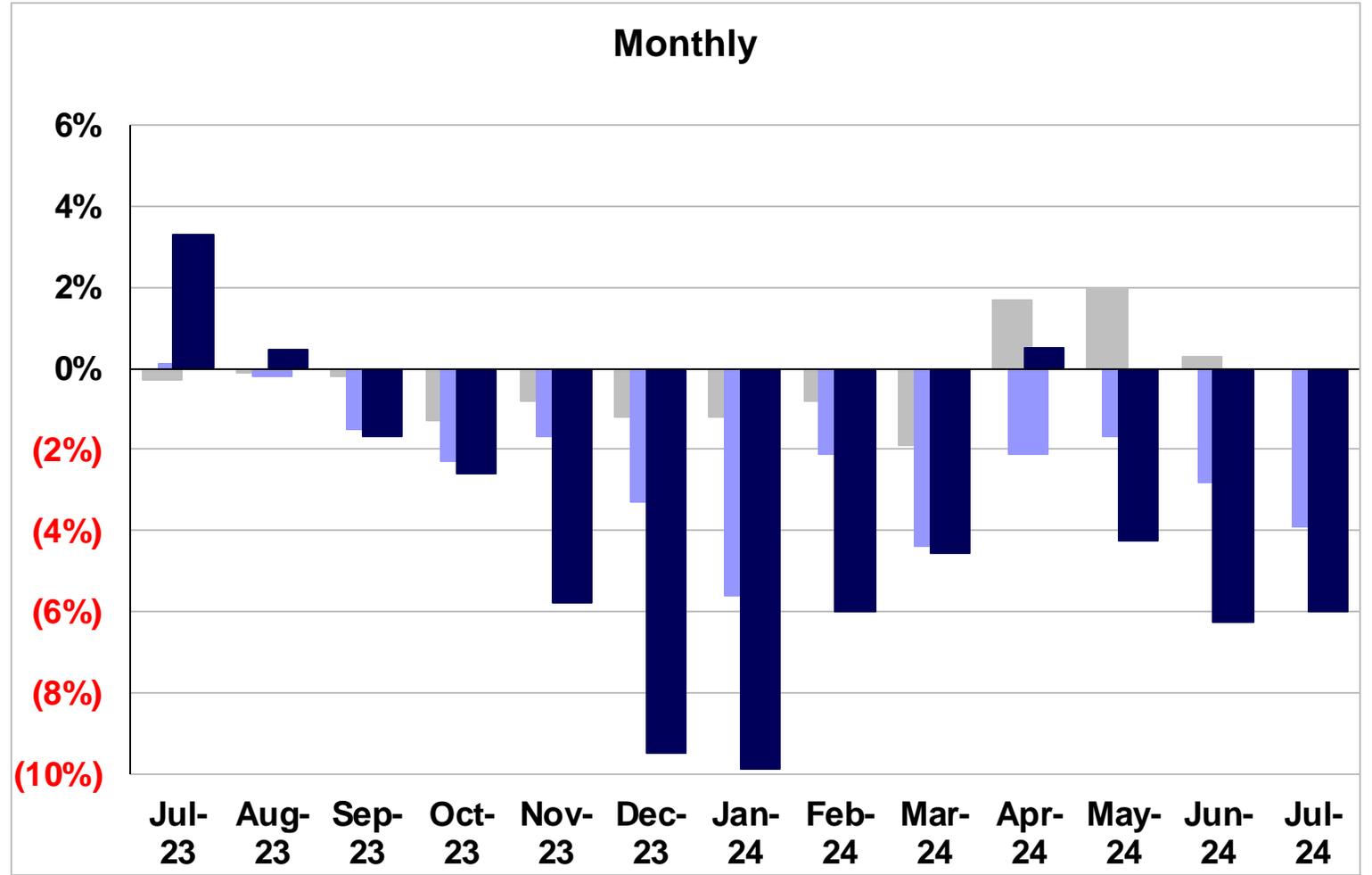
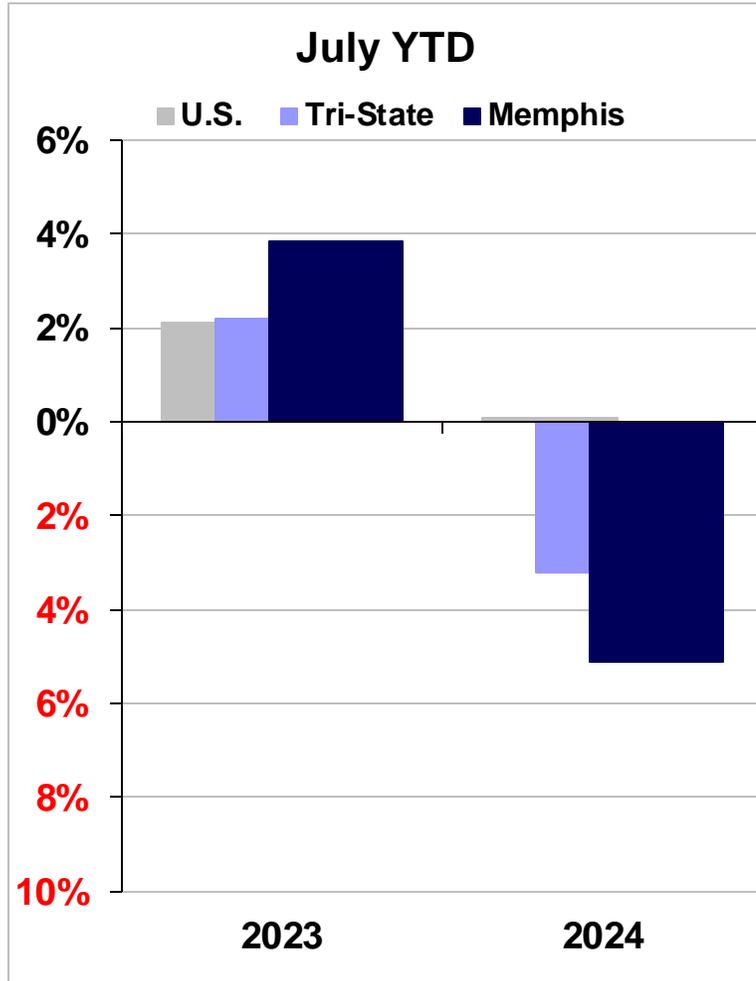
All hotel types down in Memphis

Memphis demand change by chain scale



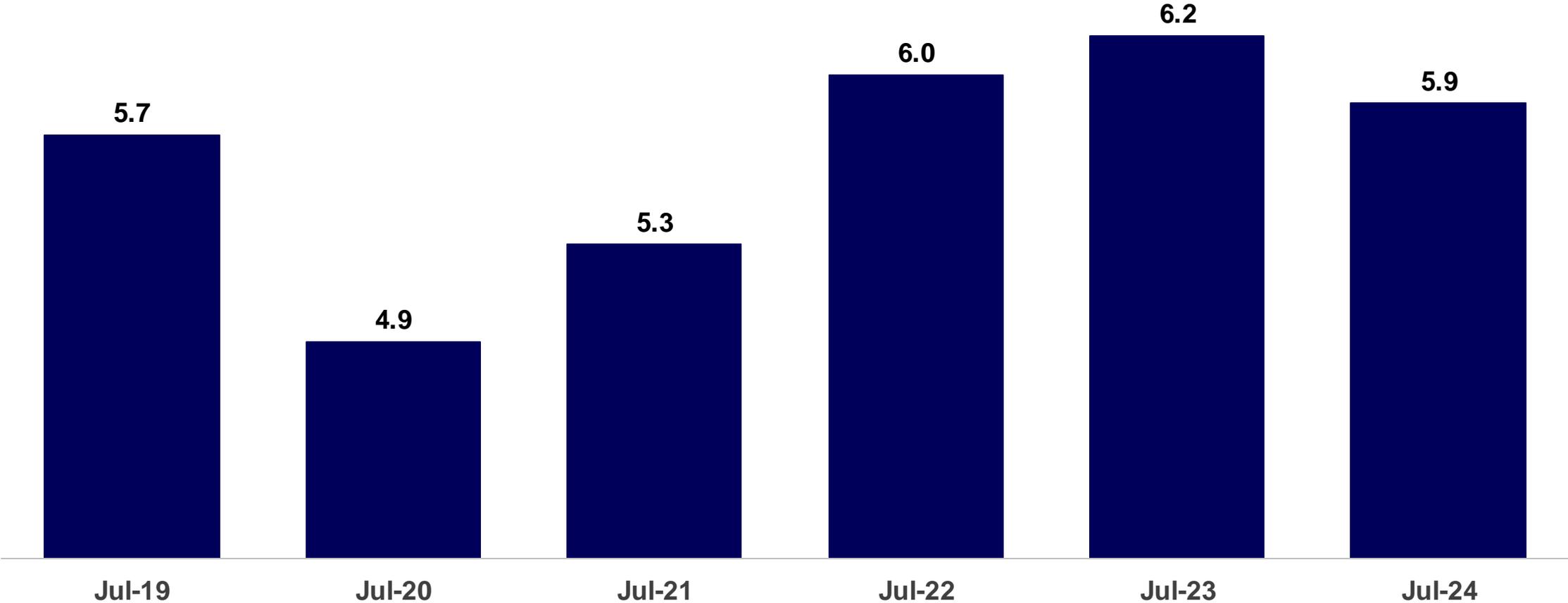
Memphis demand has seen sharp decreases

Room demand change



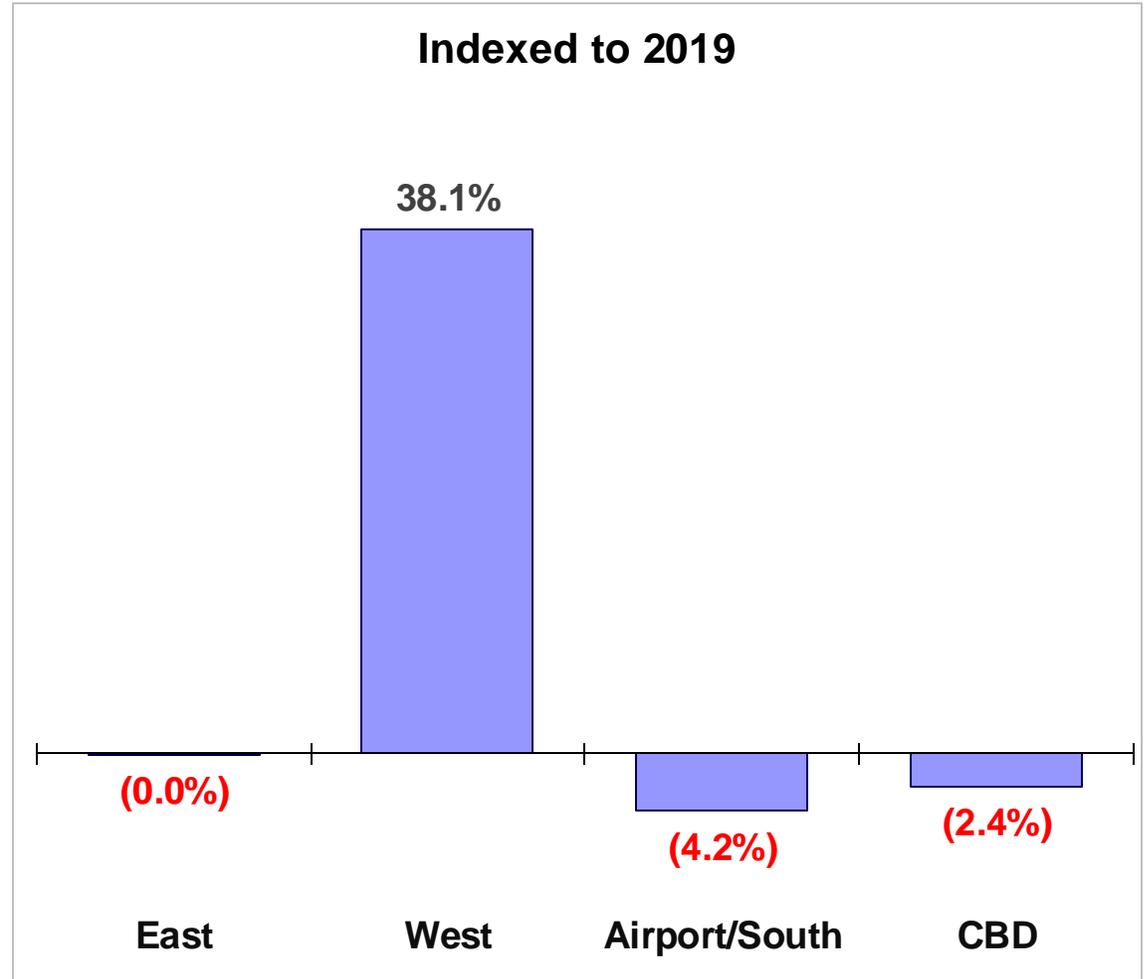
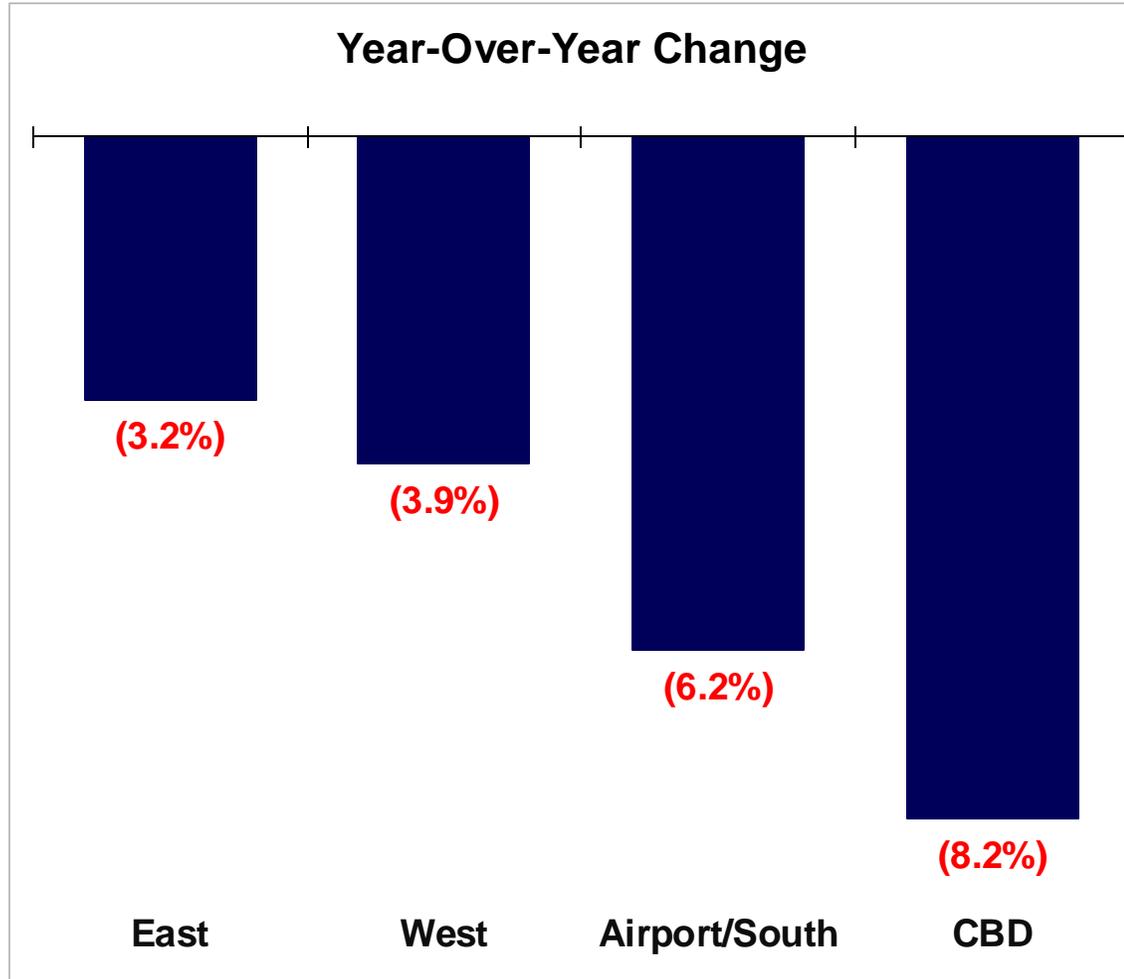
While down from last year, Memphis demand still above 2019

Memphis 12-month group demand (millions)



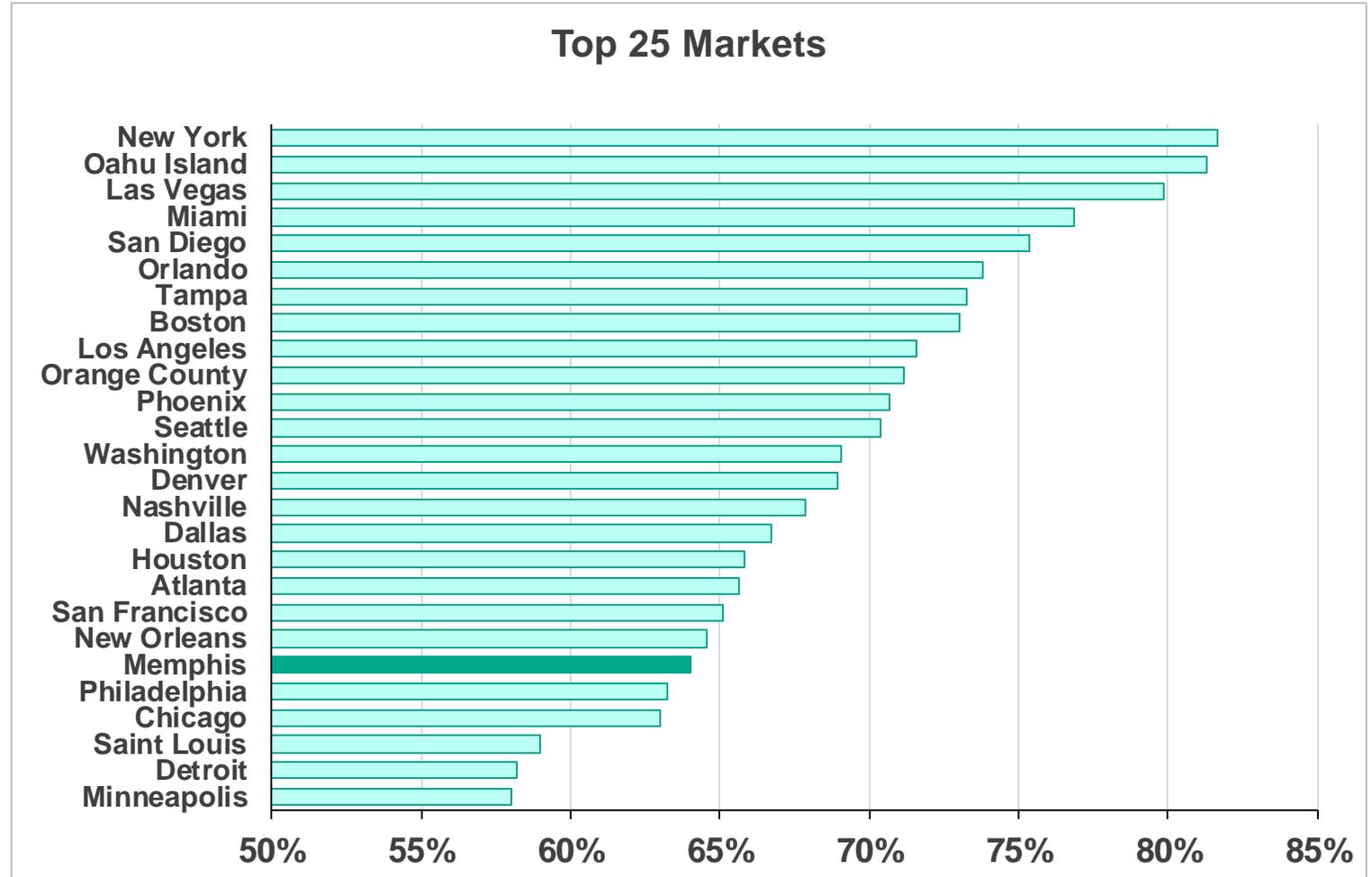
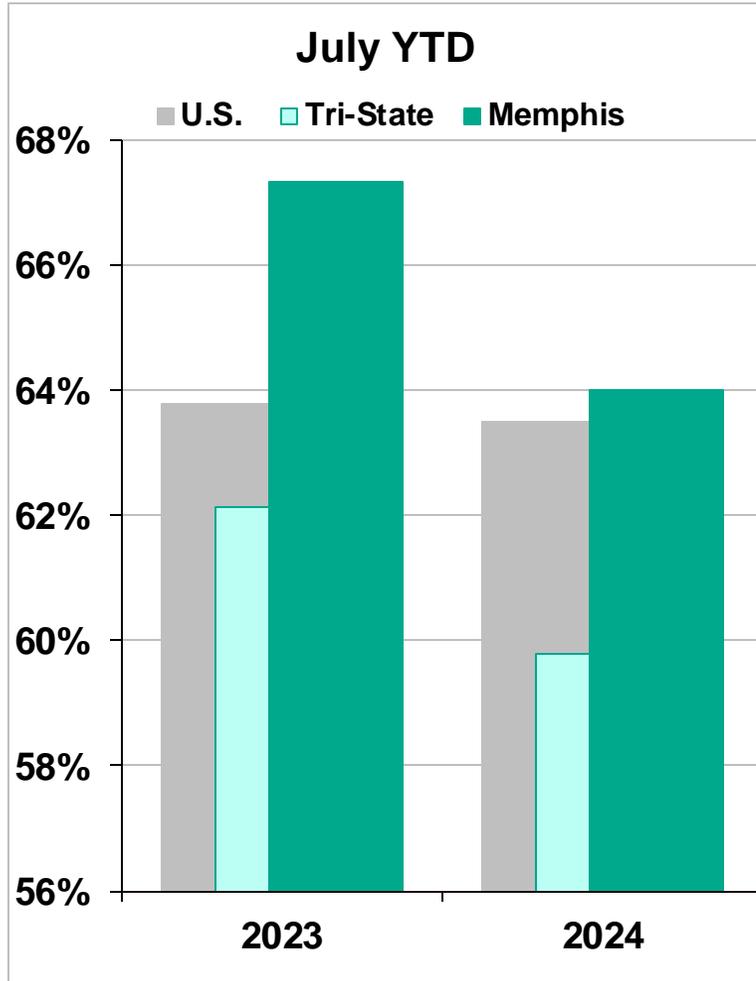
No part of the market has been spared

Memphis room demand change, July YTD



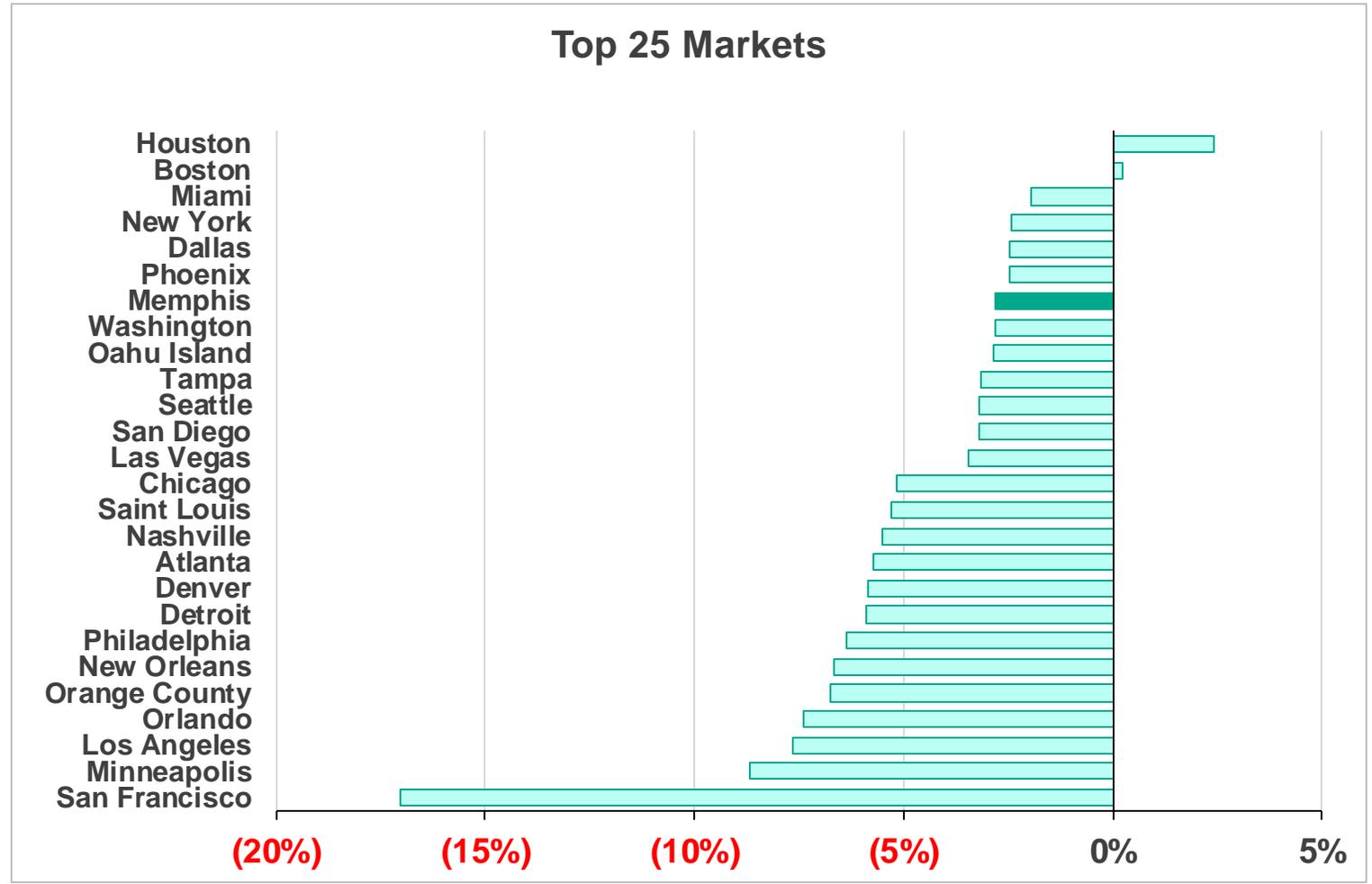
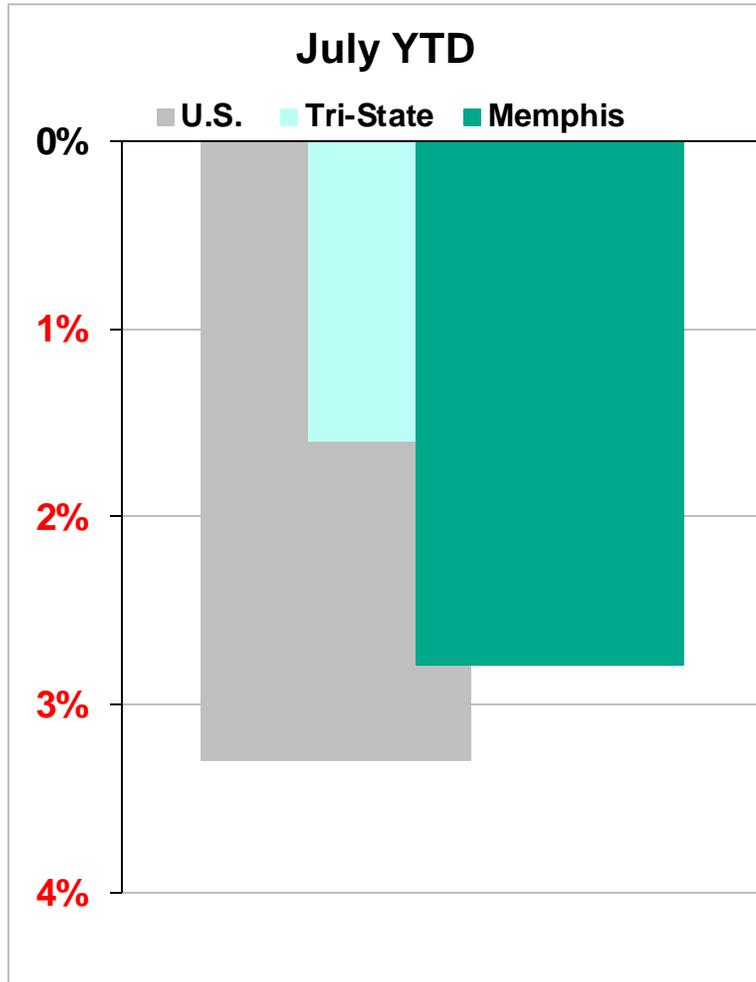
Occupancy well below most top markets

Occupancy, July YTD



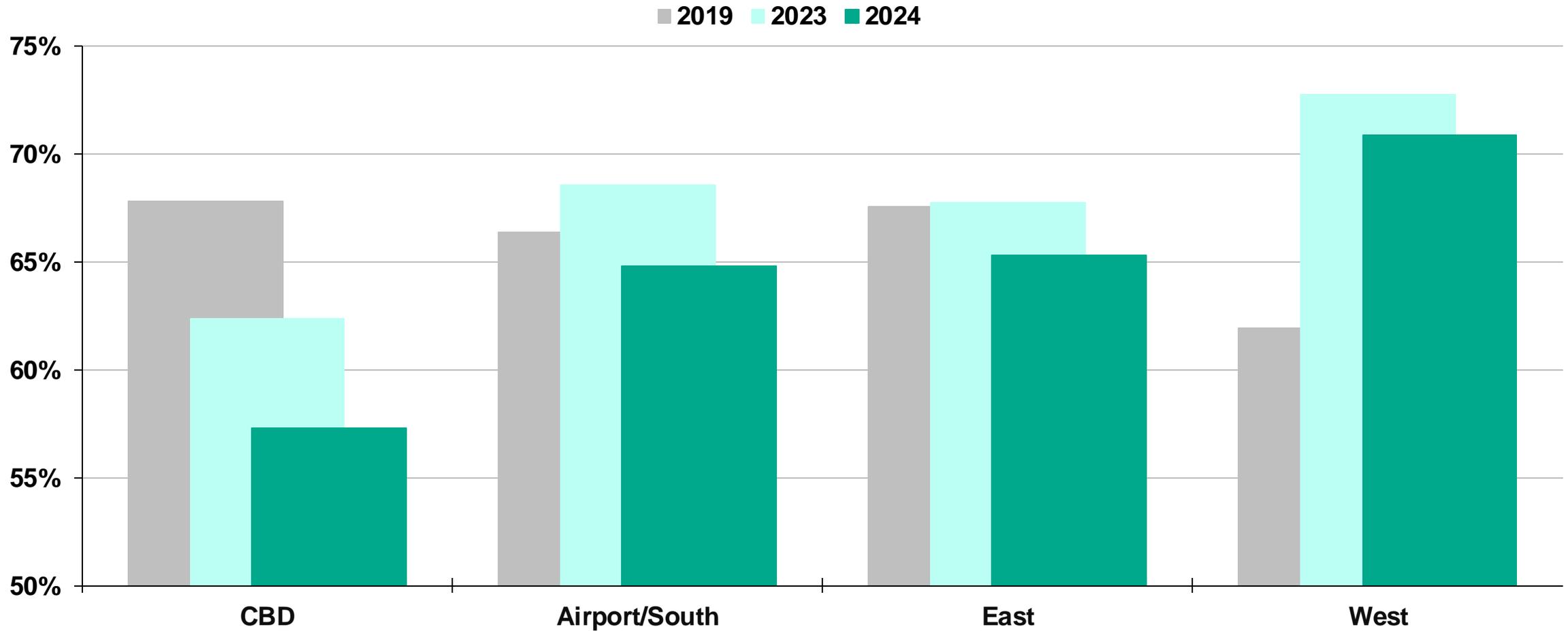
But Memphis closer to 2019 occupancy than most others

Occupancy, July YTD indexed to 2019, percentage point change



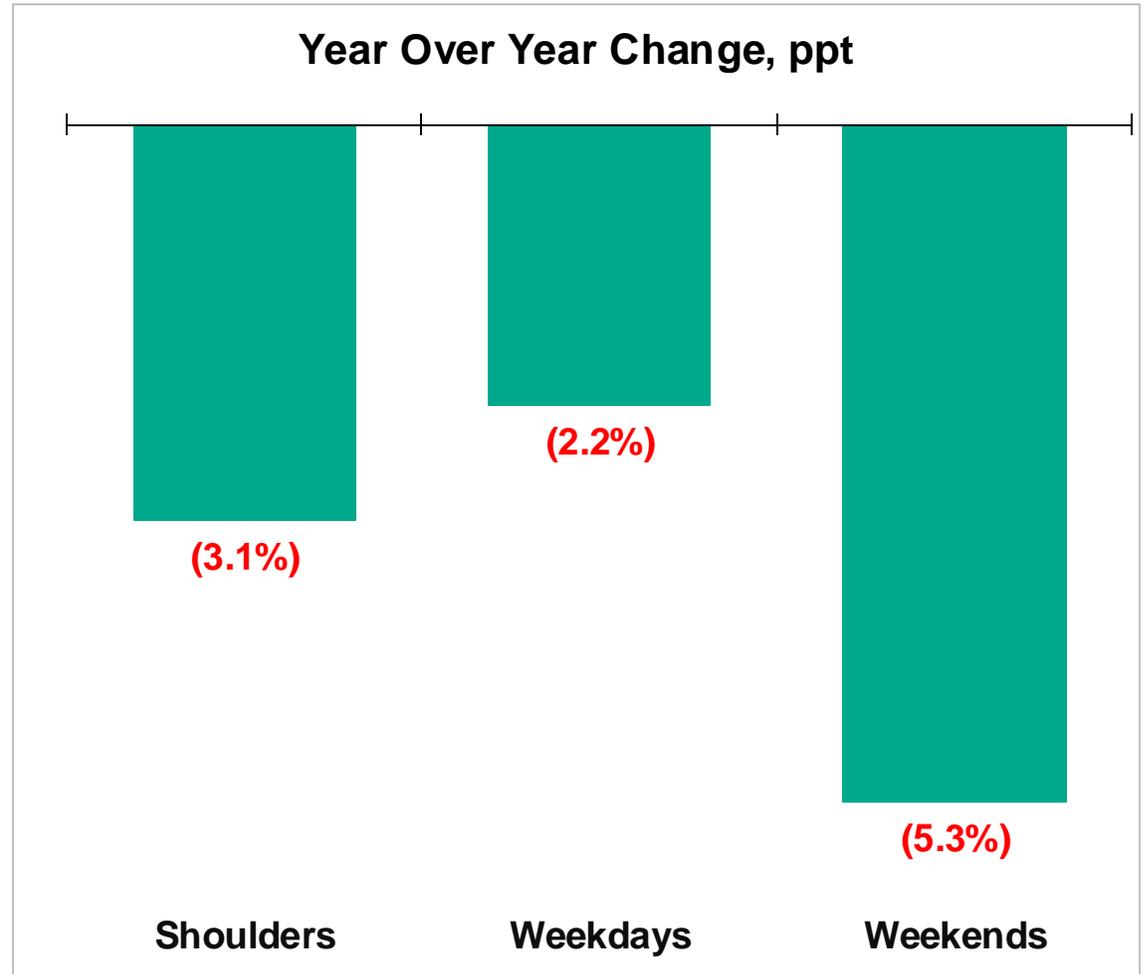
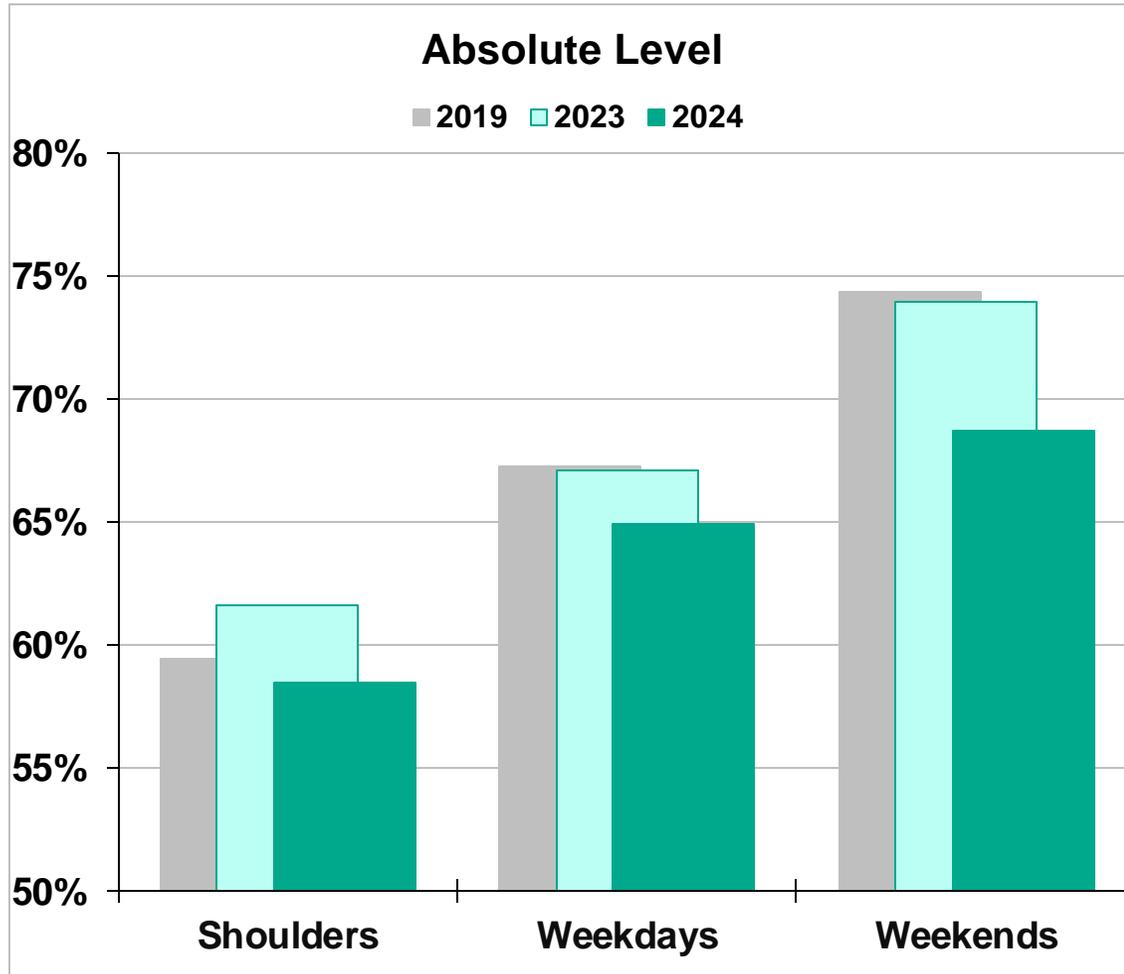
Memphis CBD is well behind 2019

Memphis occupancy, July YTD



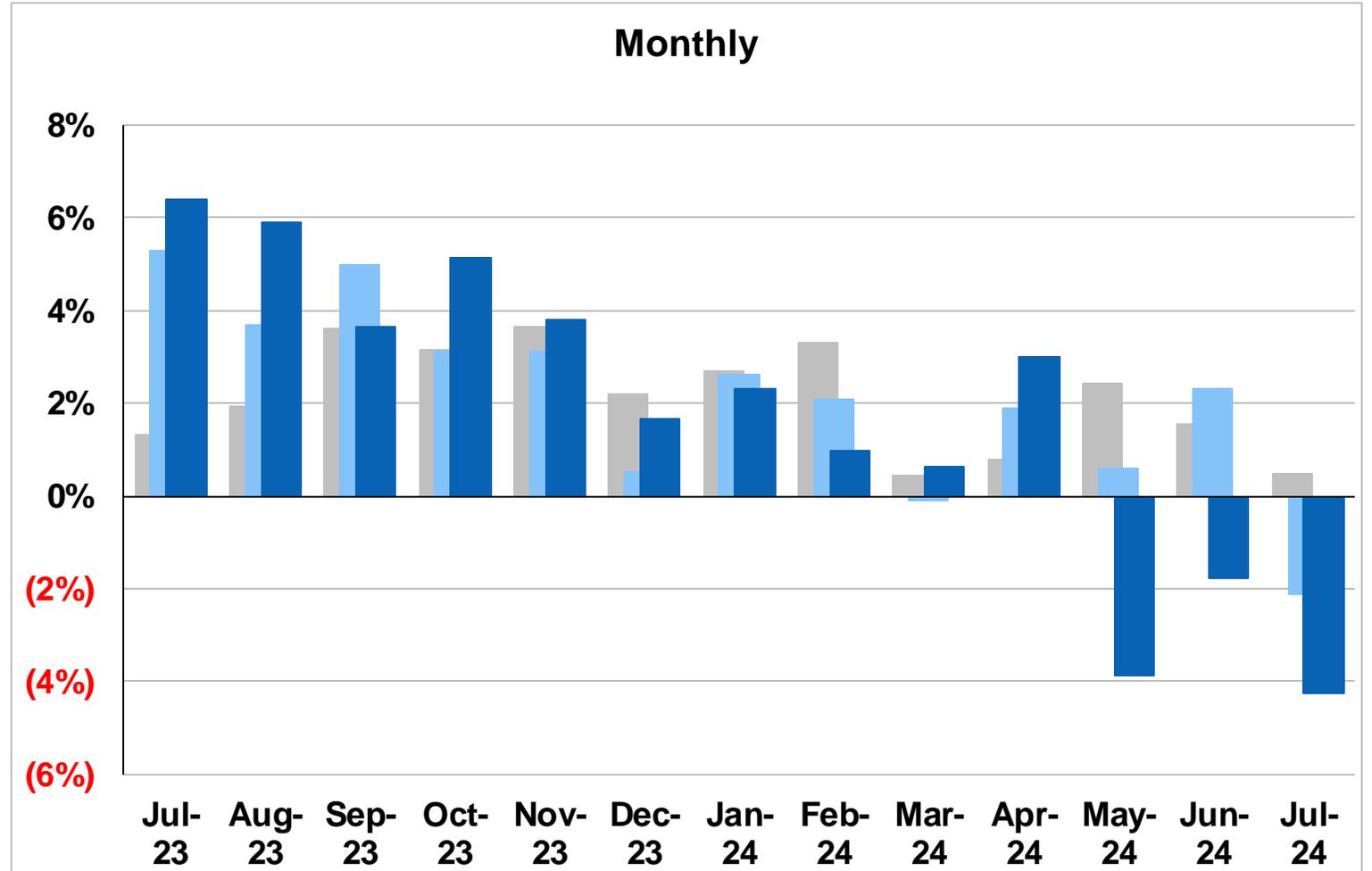
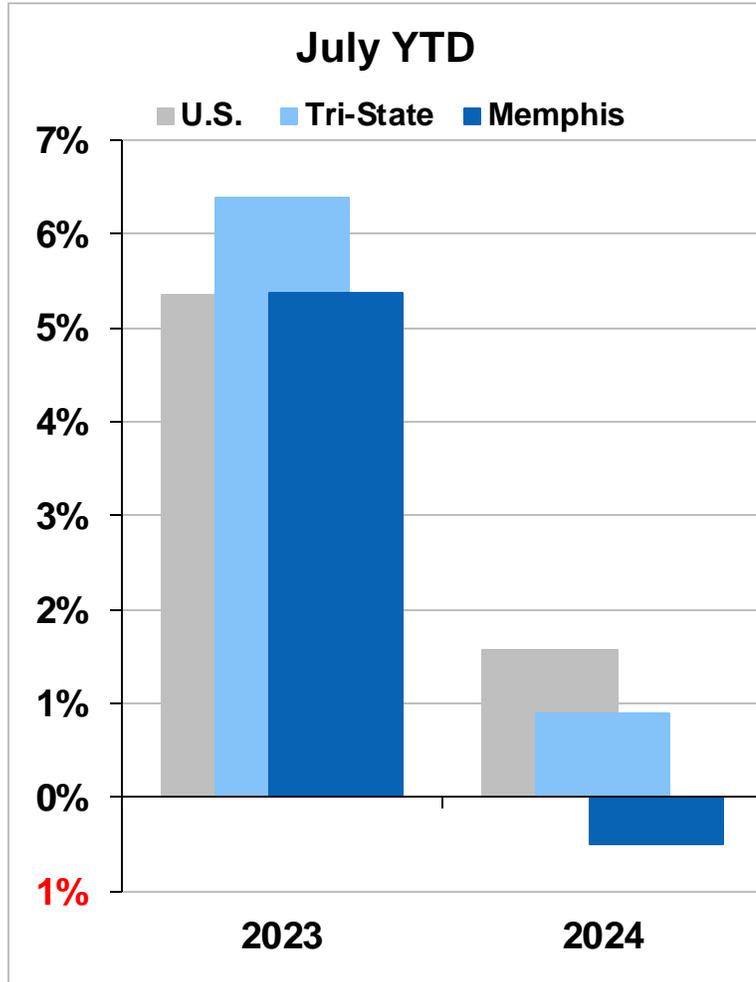
Weekends have declined the most and are furthest from 2019

Day of week occupancy, July YTD



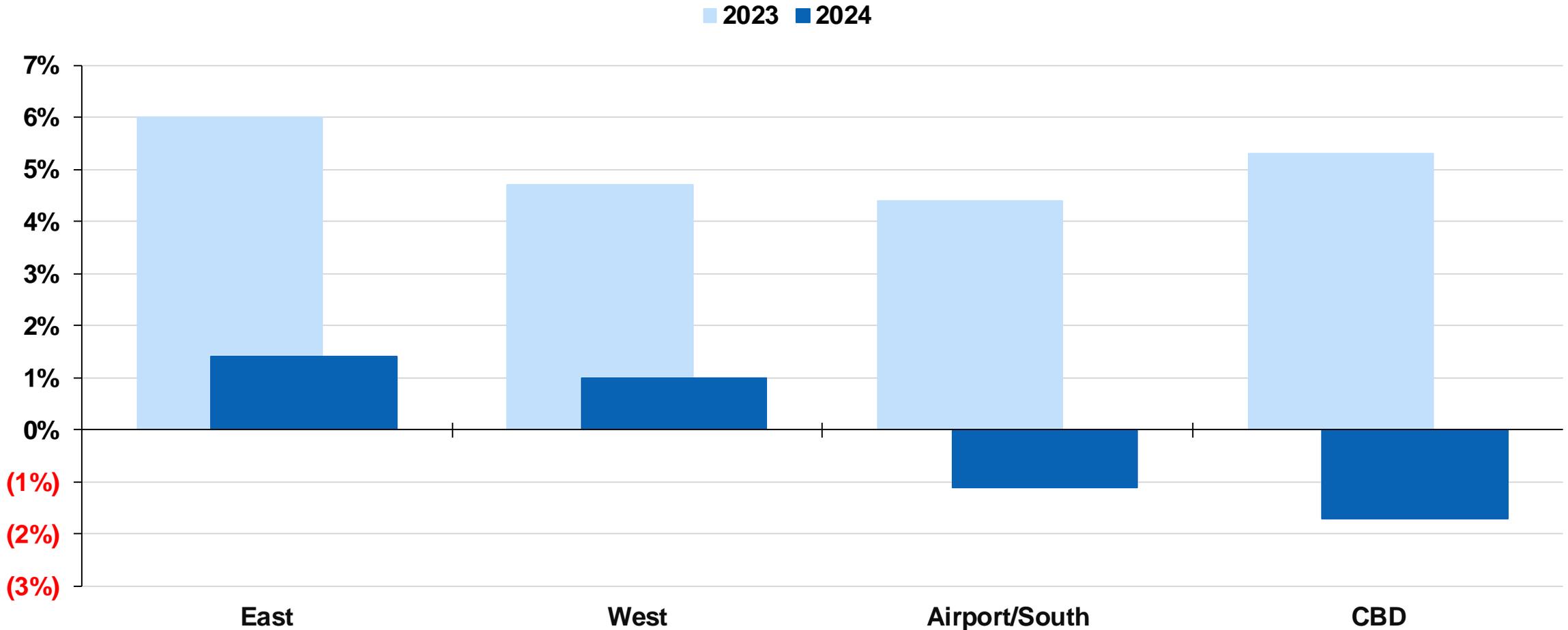
Summer ADR tanking YTD levels

ADR change



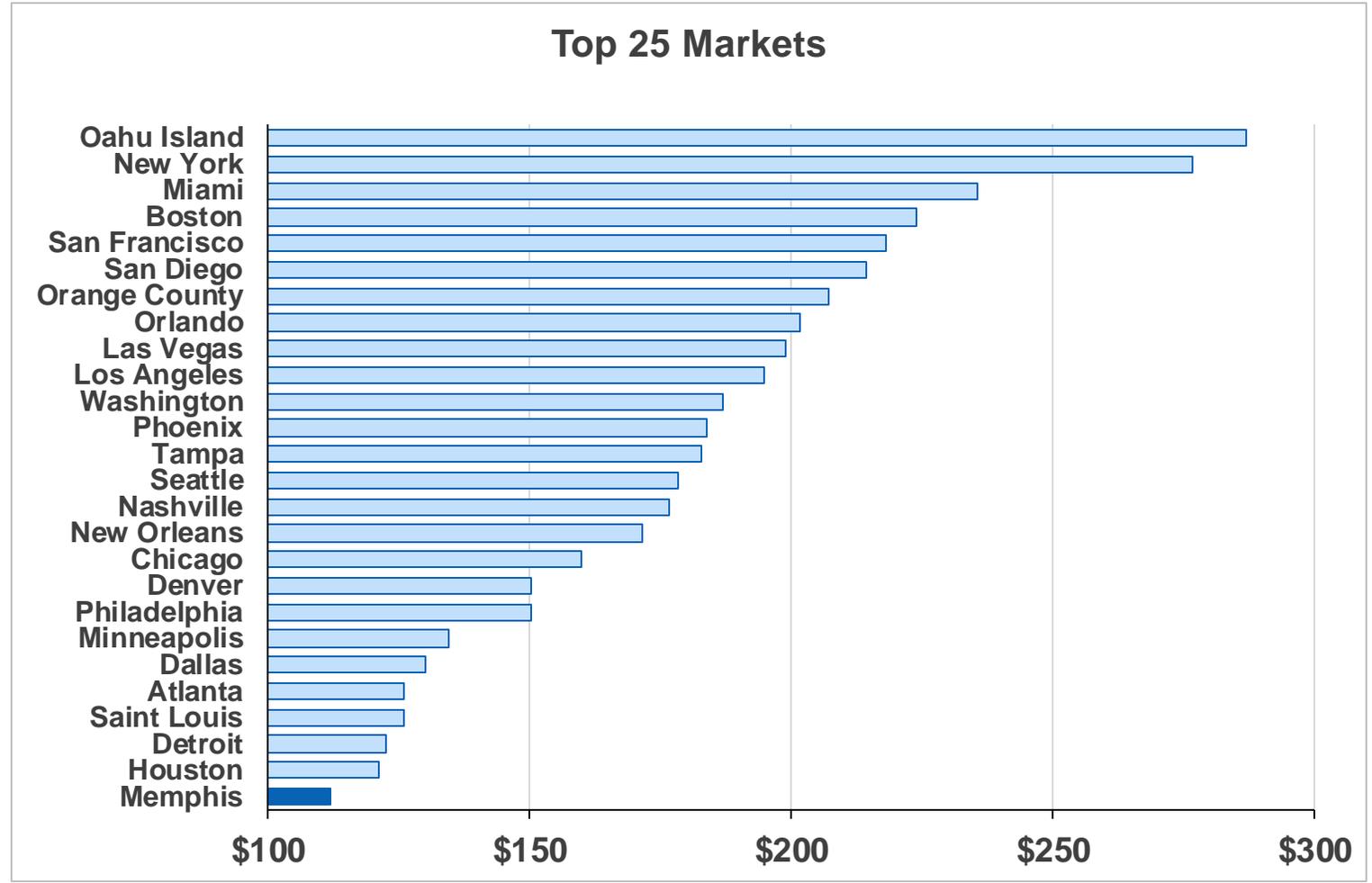
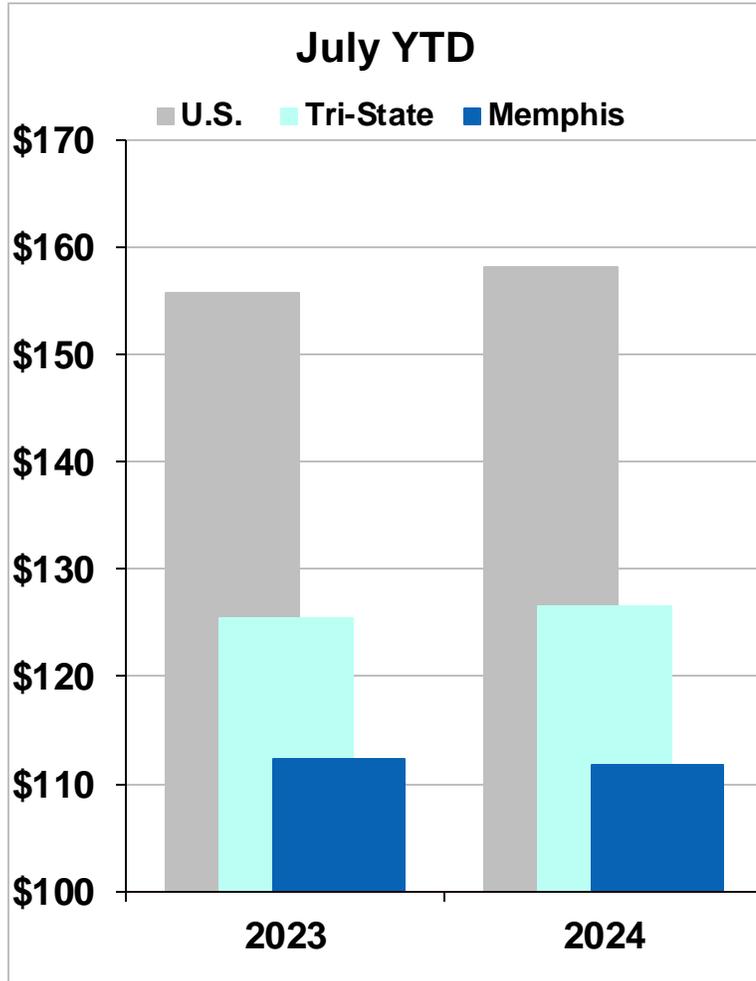
CBD and Airport/South driving ADR decreases

Memphis ADR change, July YTD



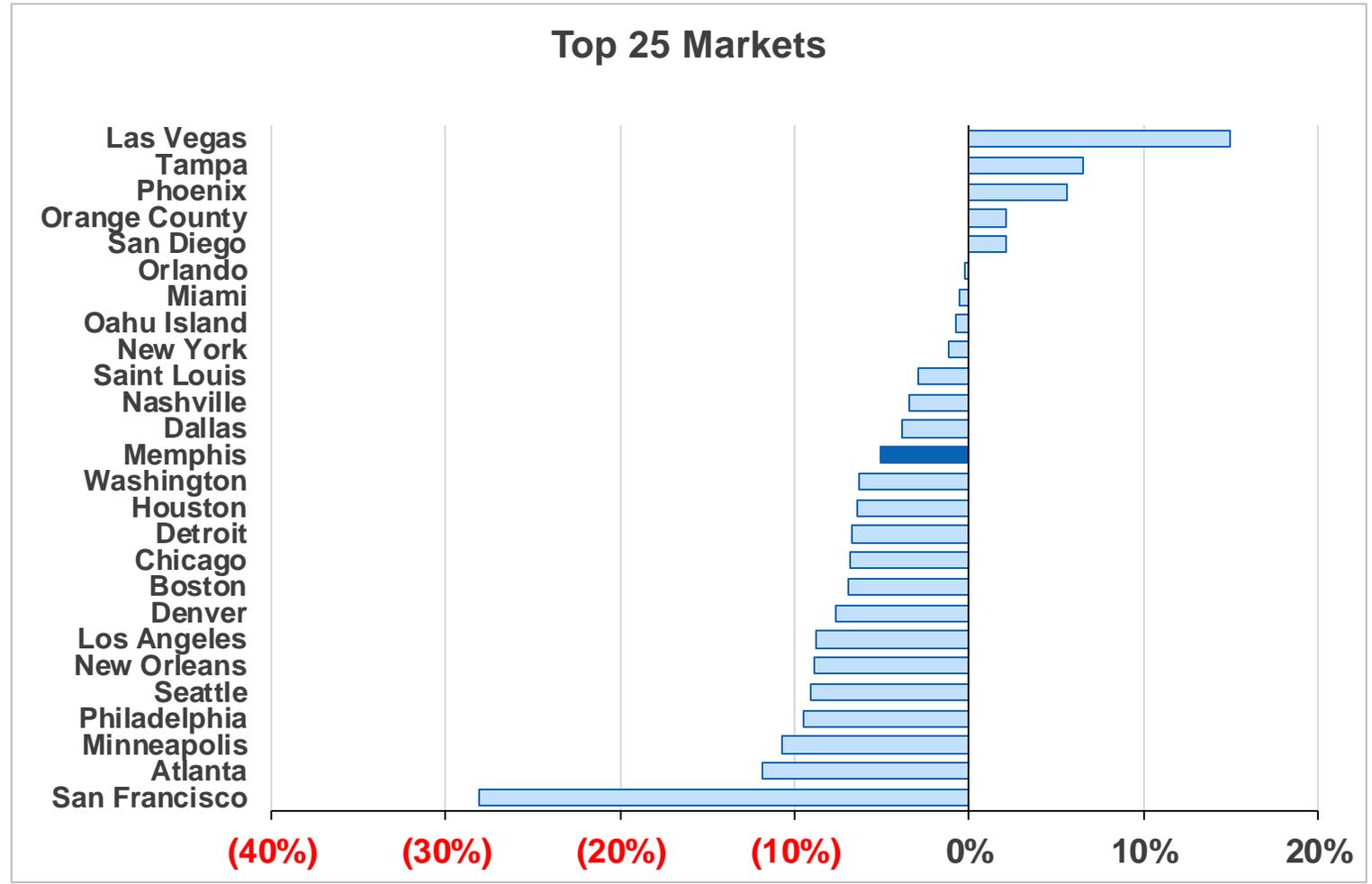
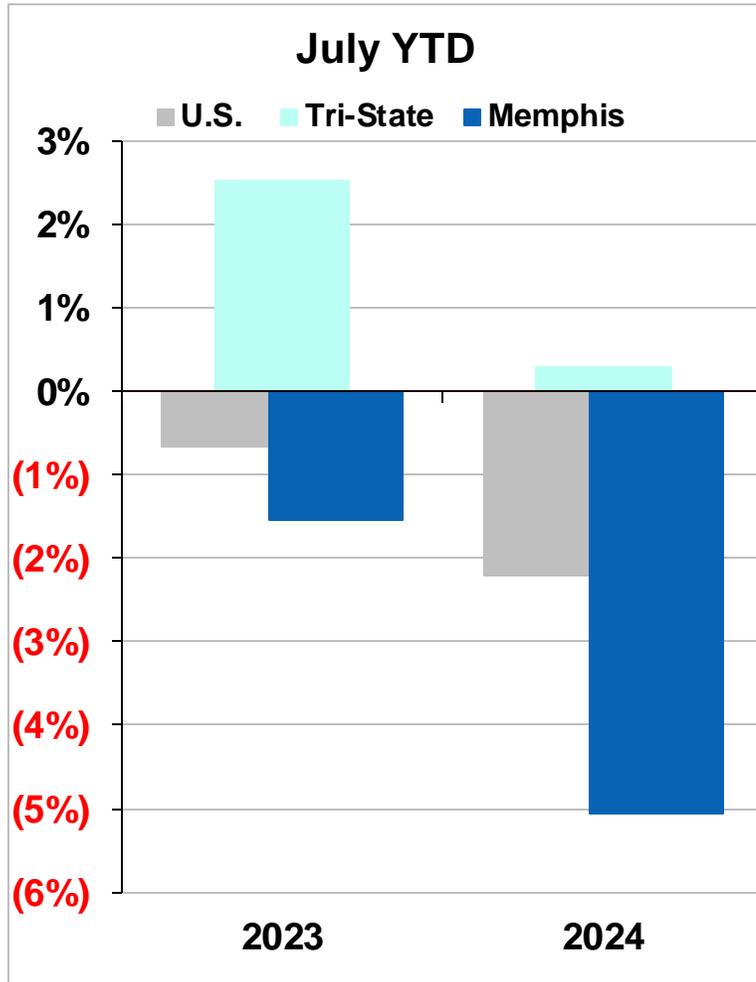
Absolute Memphis ADR well below Top 25 Markets

ADR, July YTD



Modest ADR decrease compared to 2019 versus others

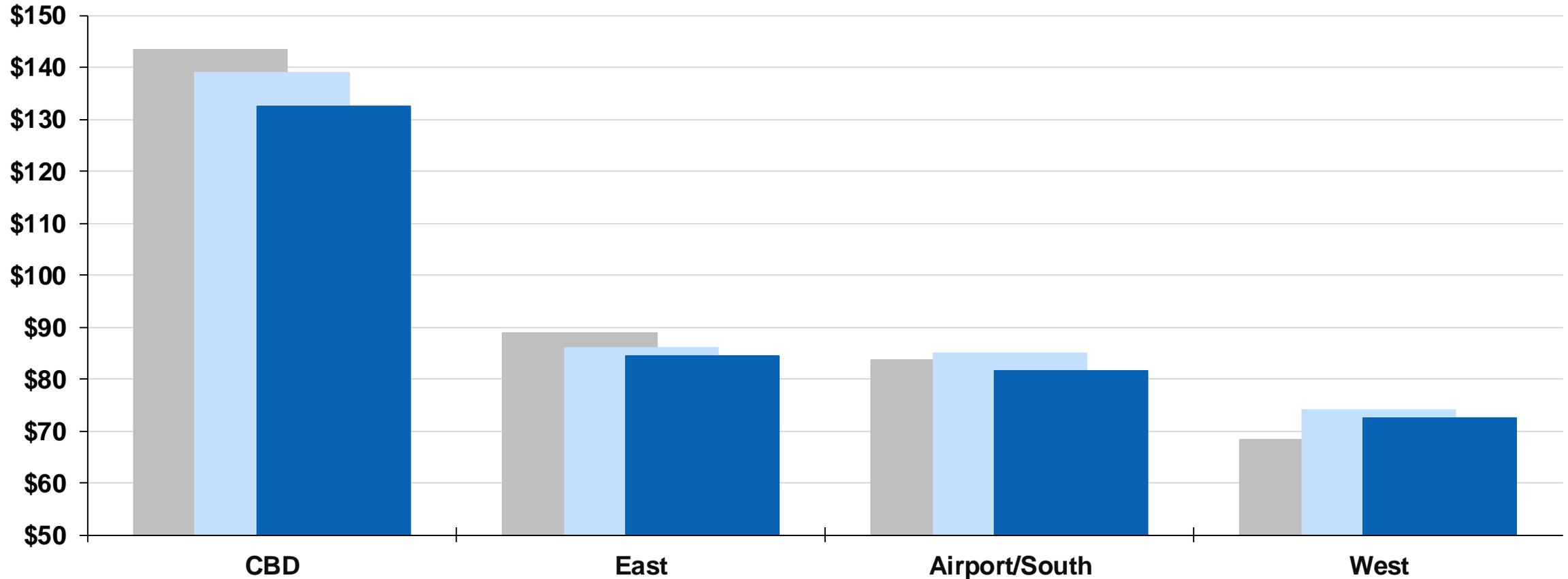
Real (inflation-adjusted) ADR indexed to 2019, July YTD



Most of the market seeing real ADR declines versus 2019

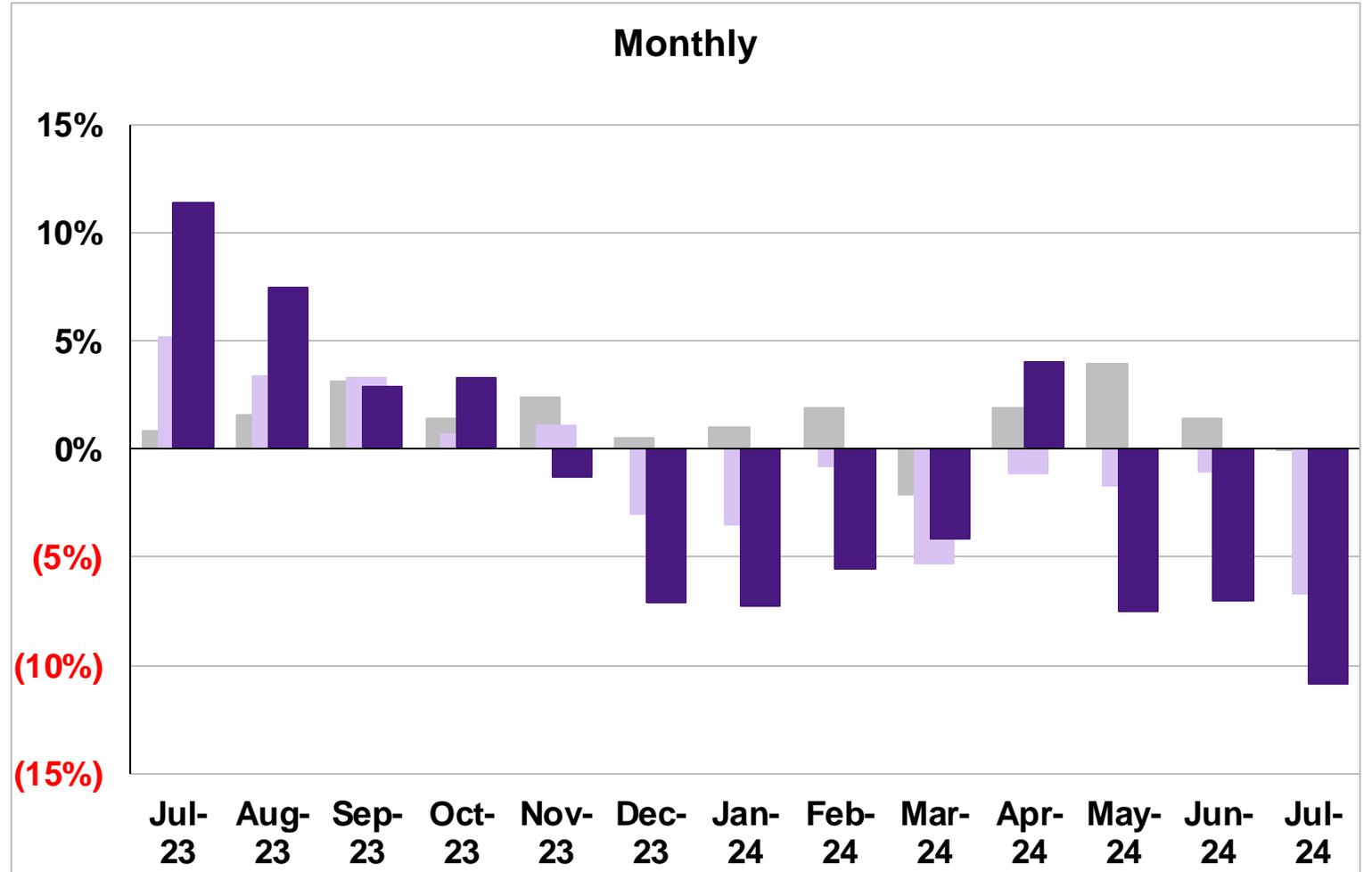
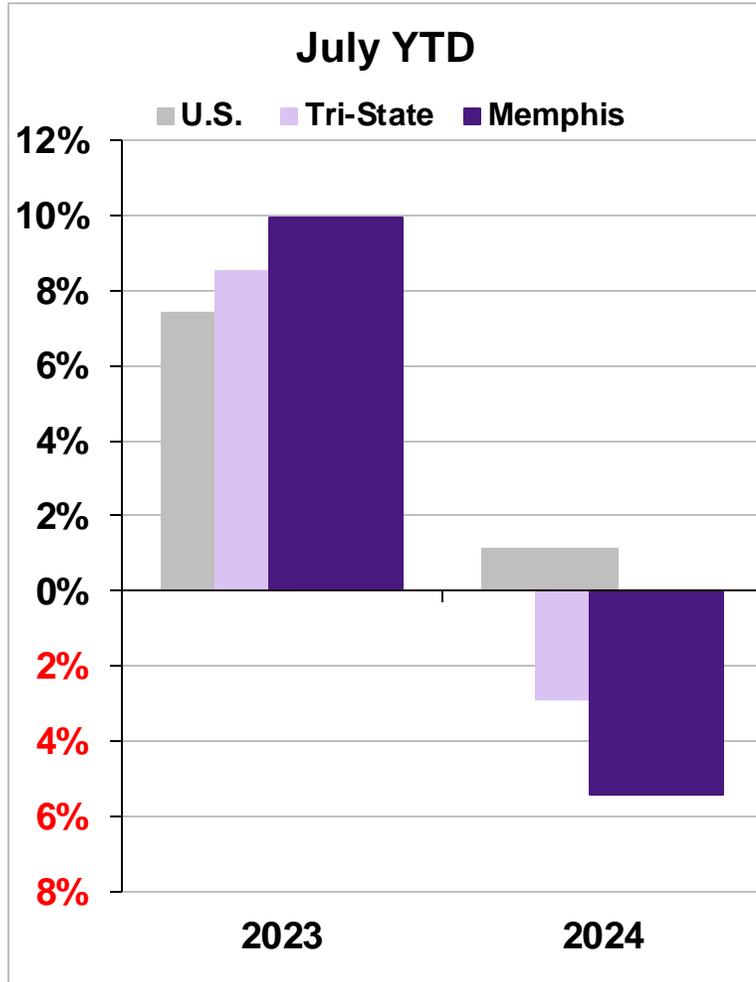
Memphis real (inflation-adjusted) ADR, July YTD

■ 2019 ■ 2023 ■ 2024



Memphis YTD RevPAR down

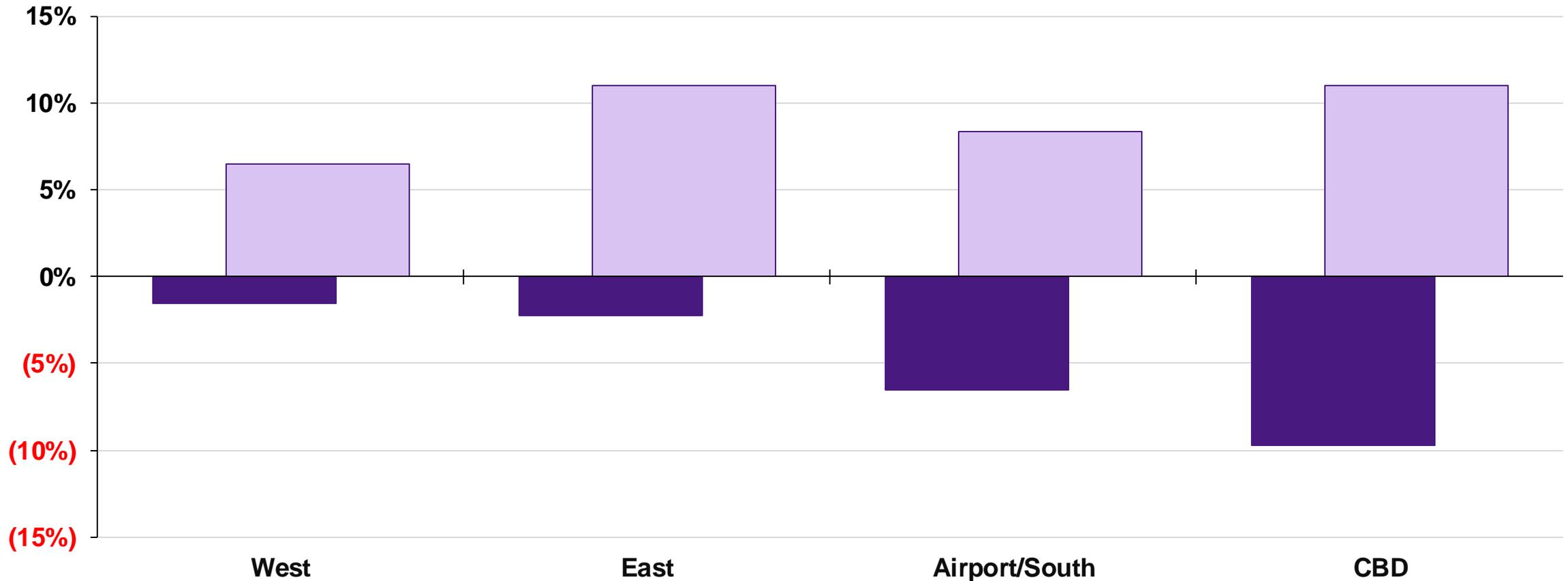
RevPAR change



Entire market seeing RevPAR decreases

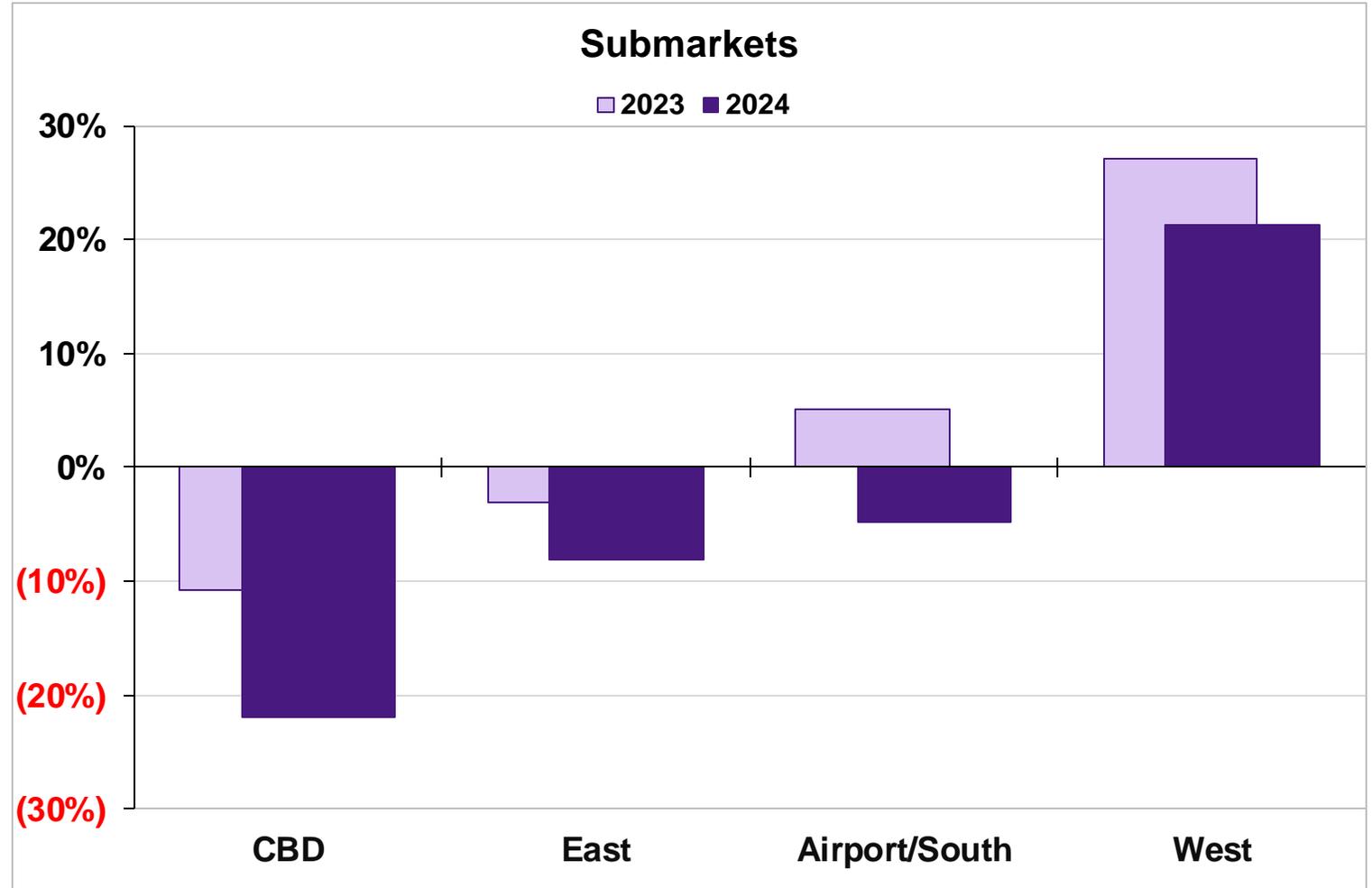
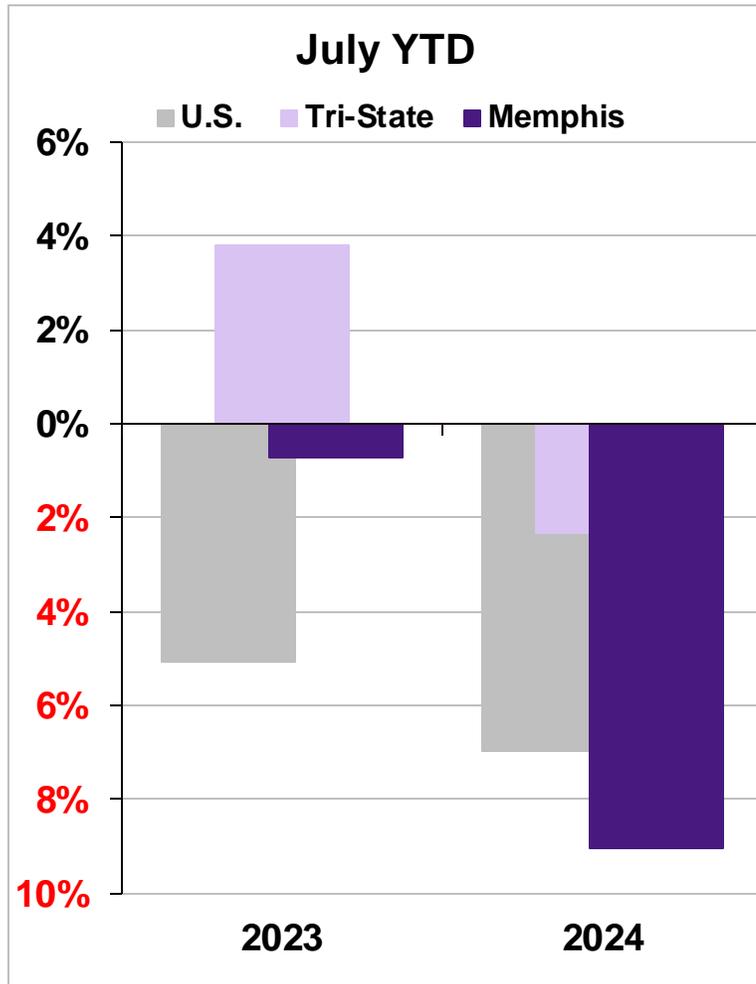
Memphis RevPAR change, July YTD

■ 2024 ■ 2023



Real RevPAR well below 2019 except in the West submarket

Real (inflation-adjusted) RevPAR indexed to 2019





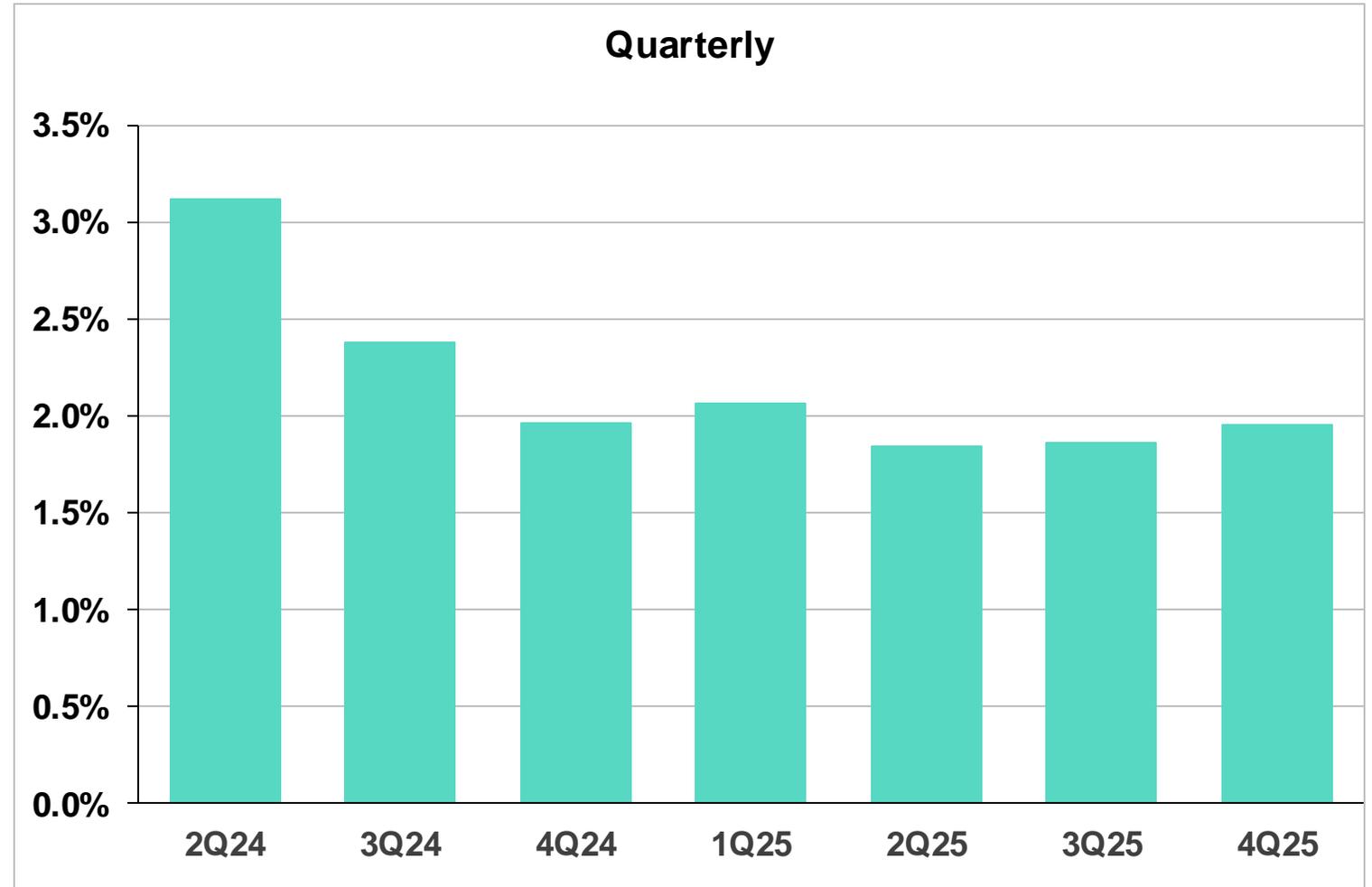
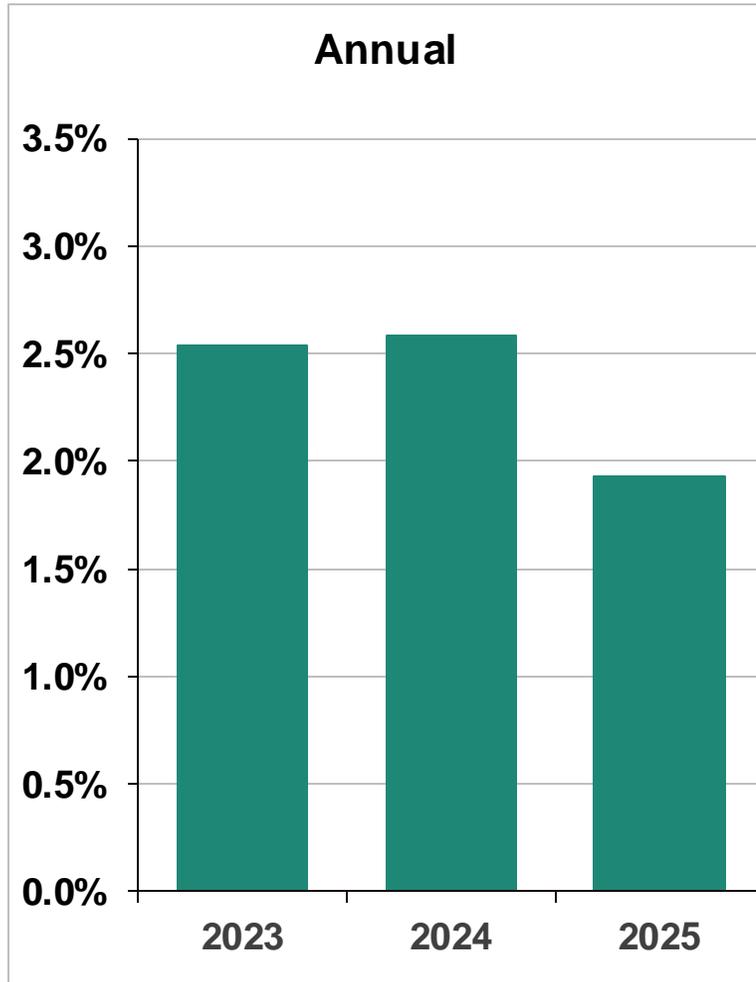
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Outlook



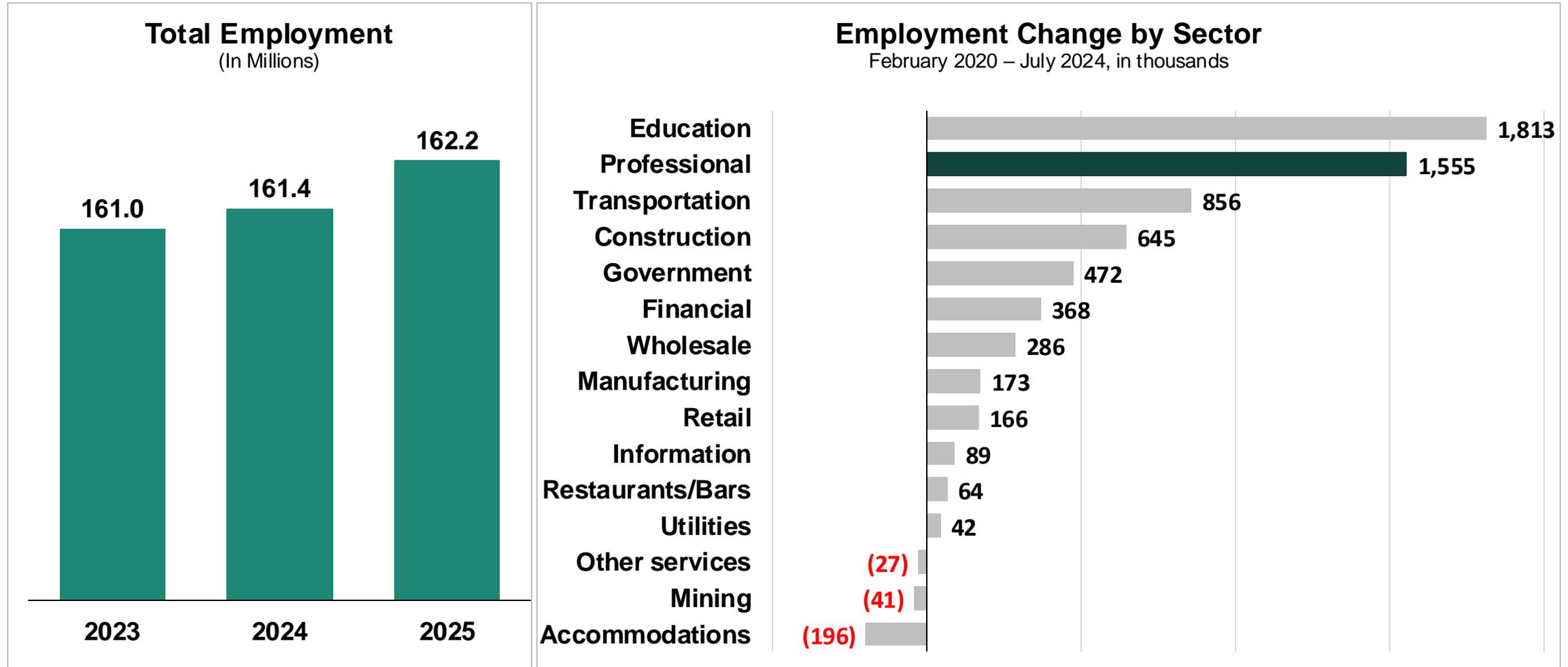
U.S. economy to slow a bit

U.S. GDP change



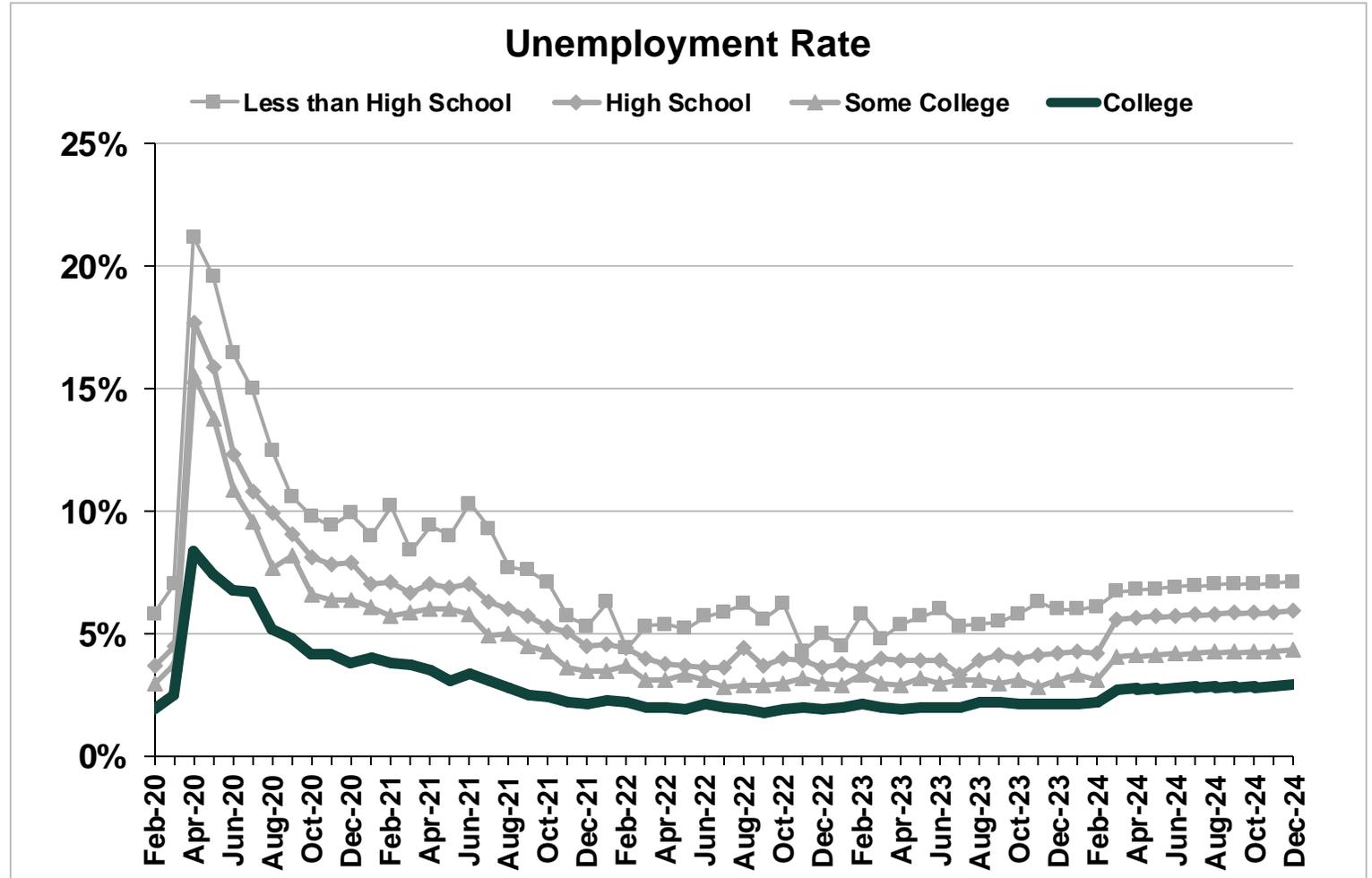
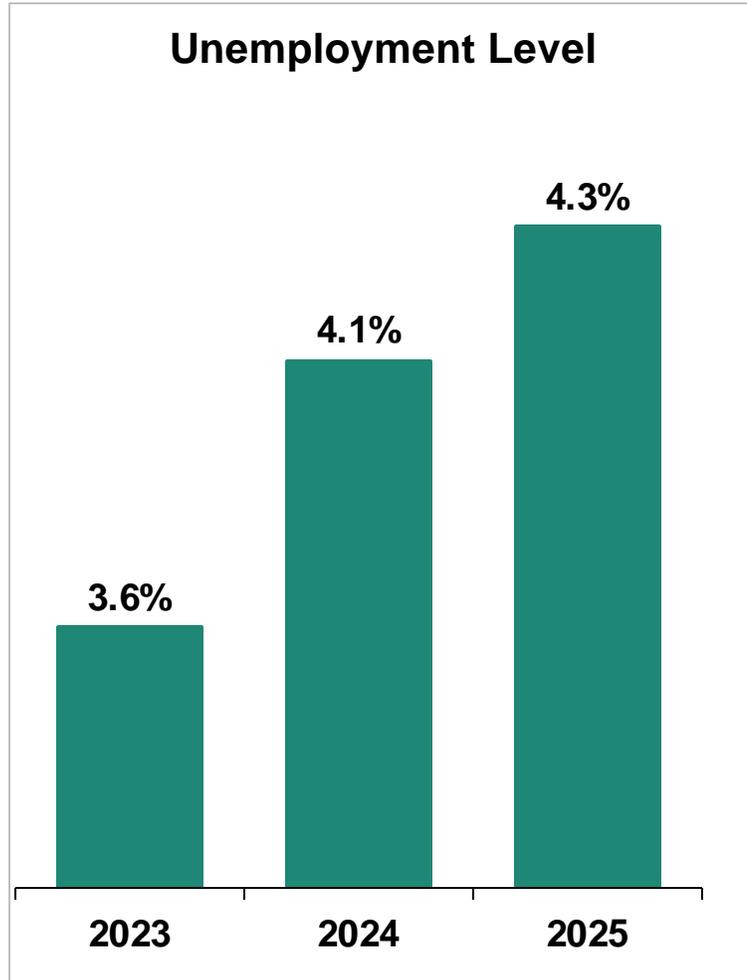
One third of employment growth in key travel demographic: professionals

U.S. employment



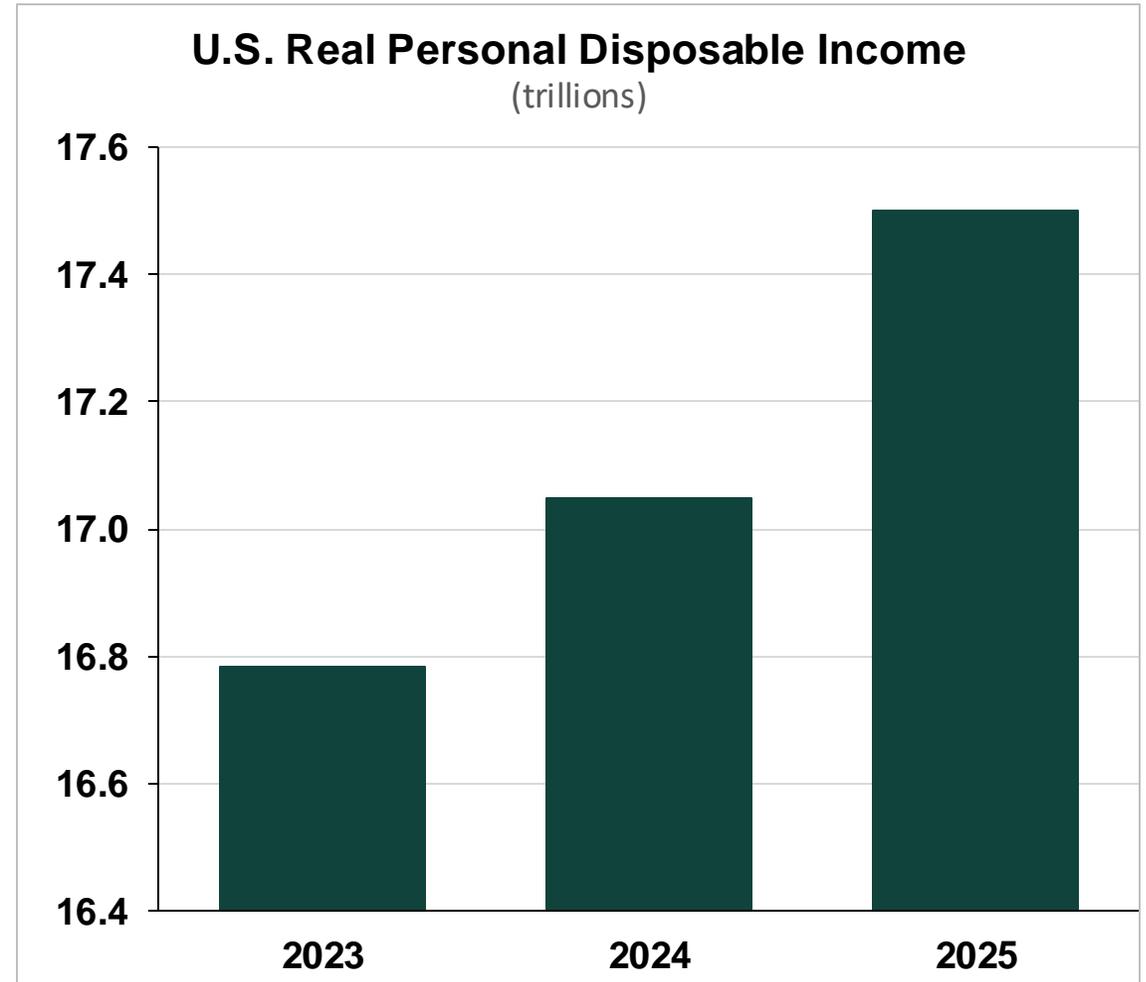
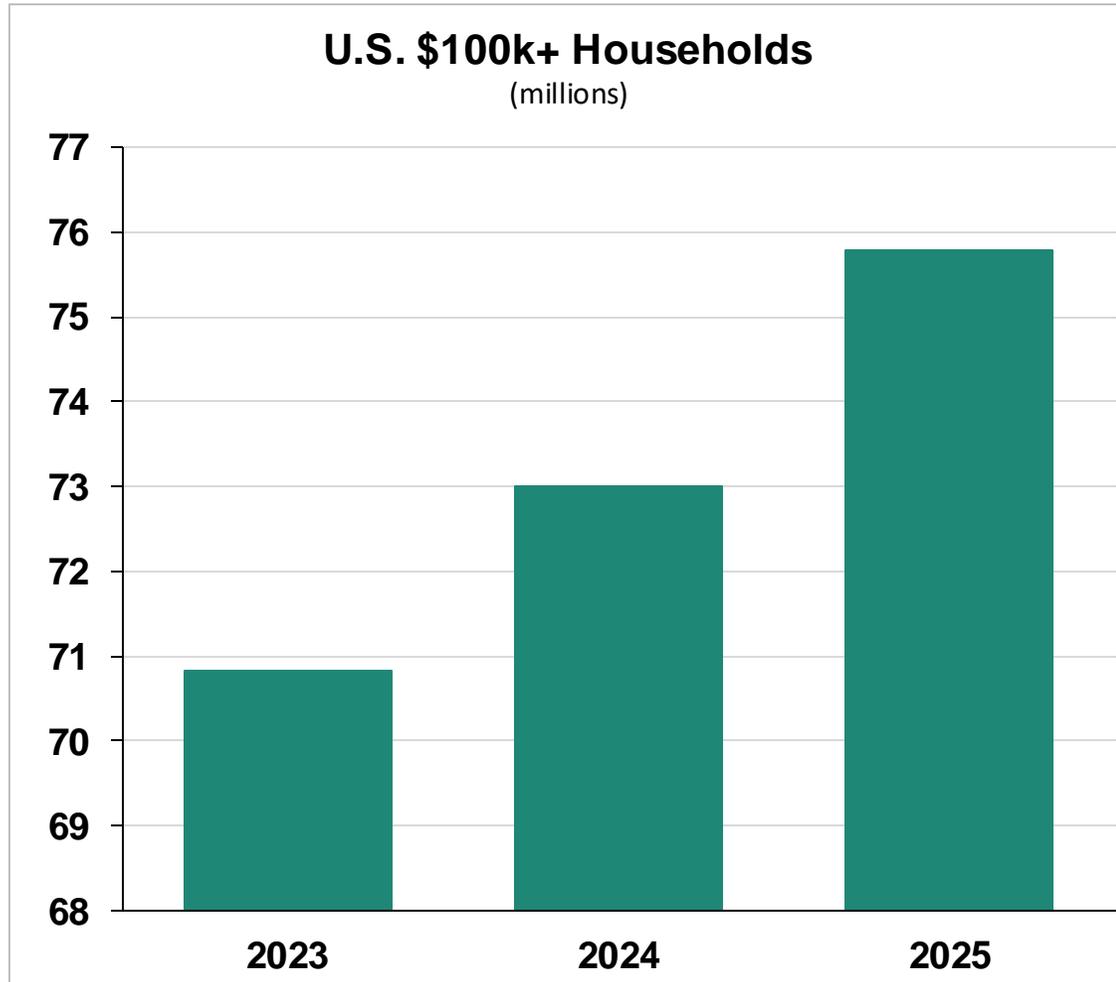
Unemployment rising, but will remain low for “professionals”

U.S. unemployment



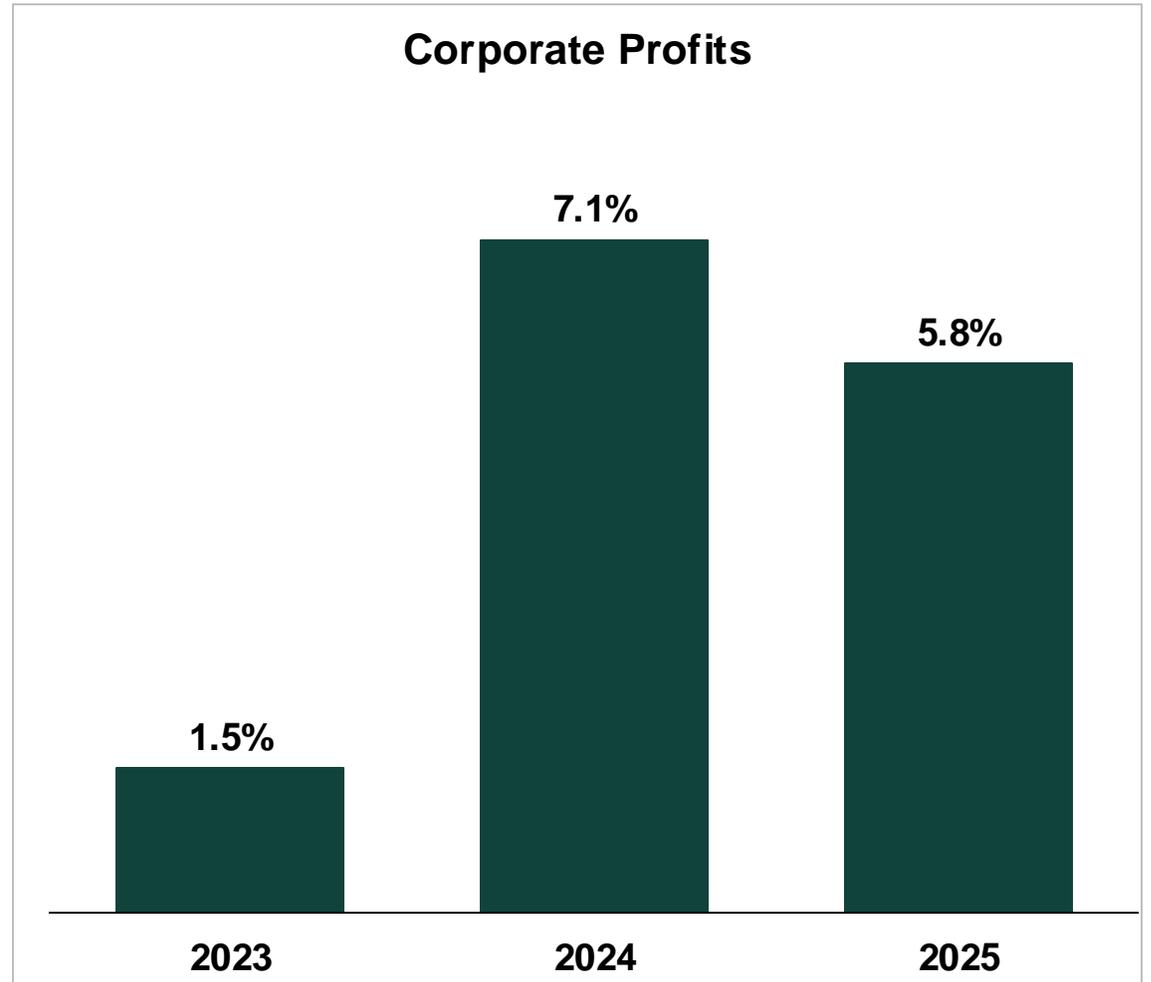
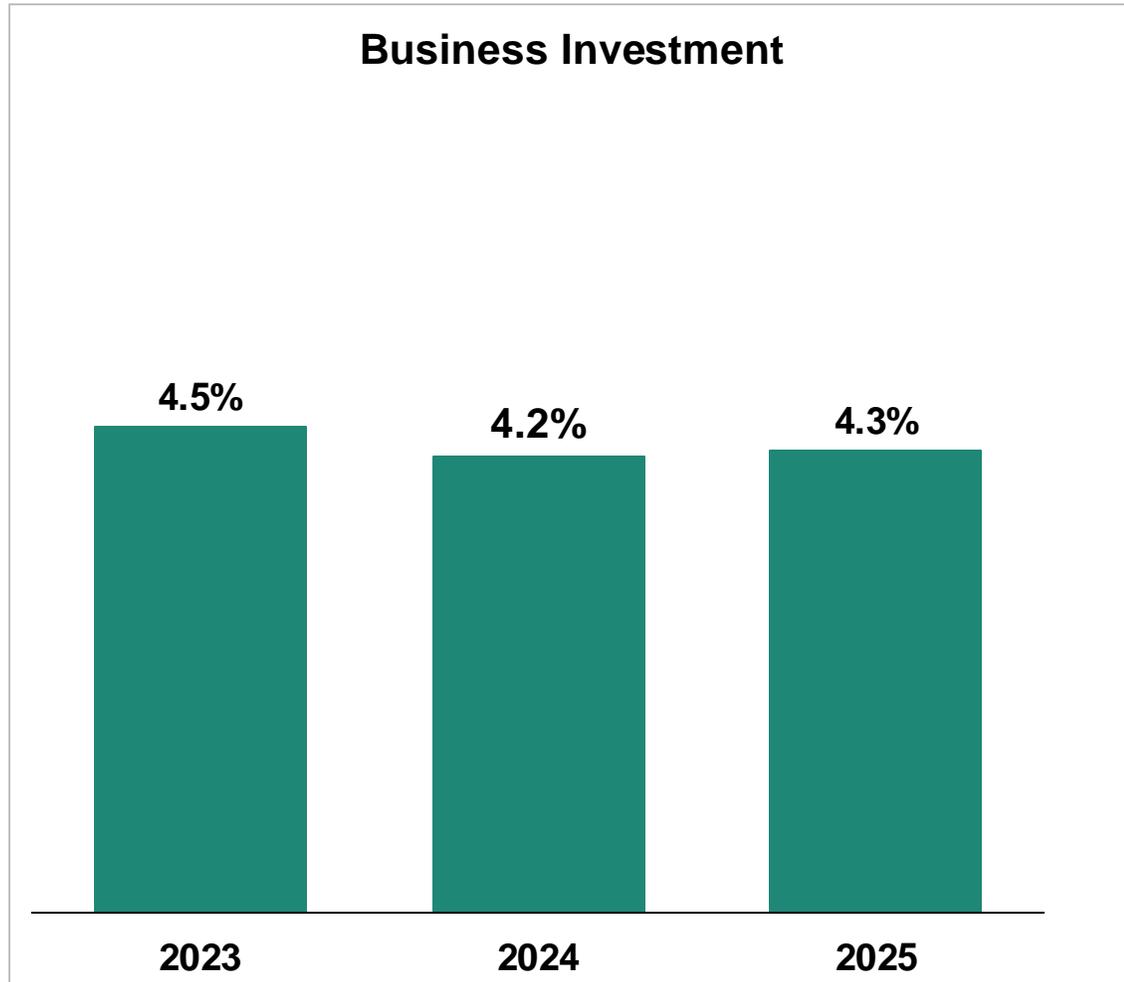
Households with the means to travel to expand

U.S. household indicators



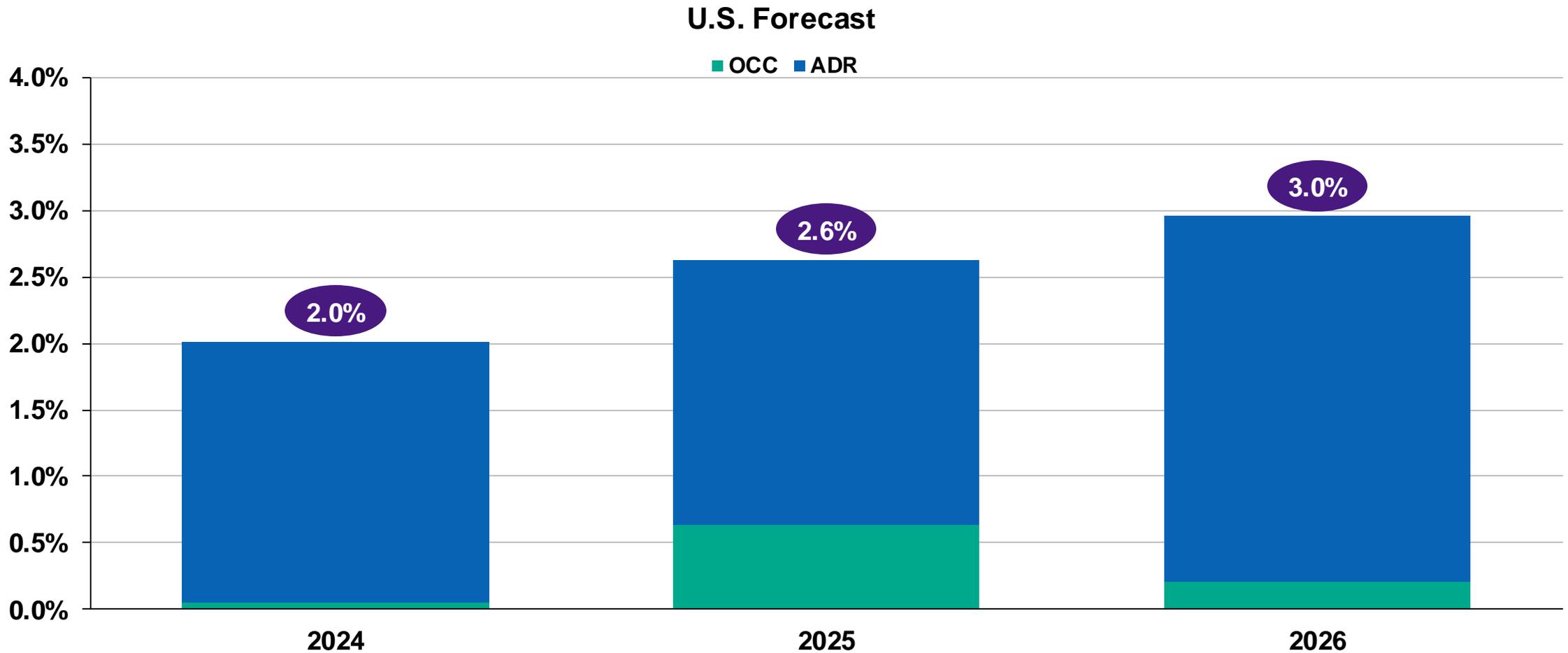
Relatively supportive business environment

U.S. business indicators



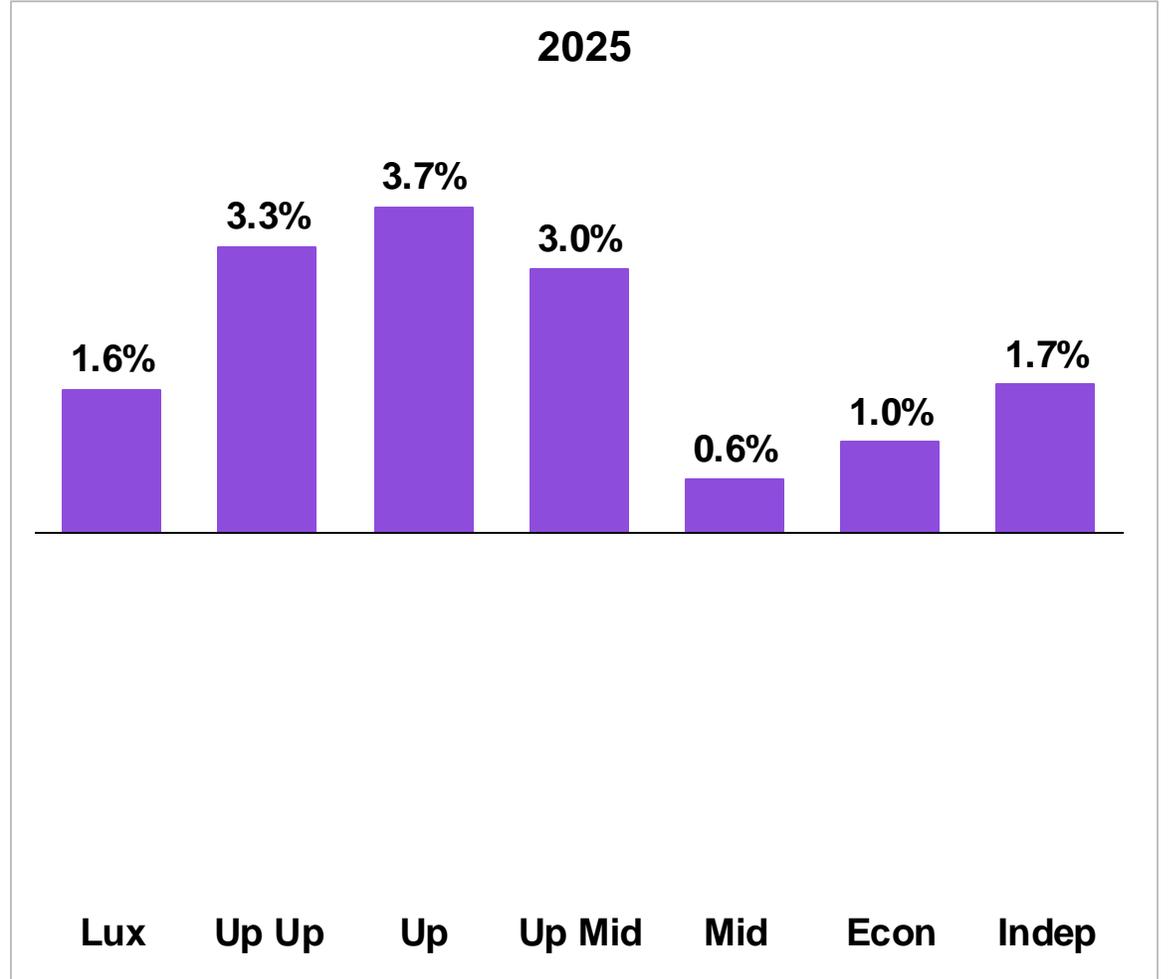
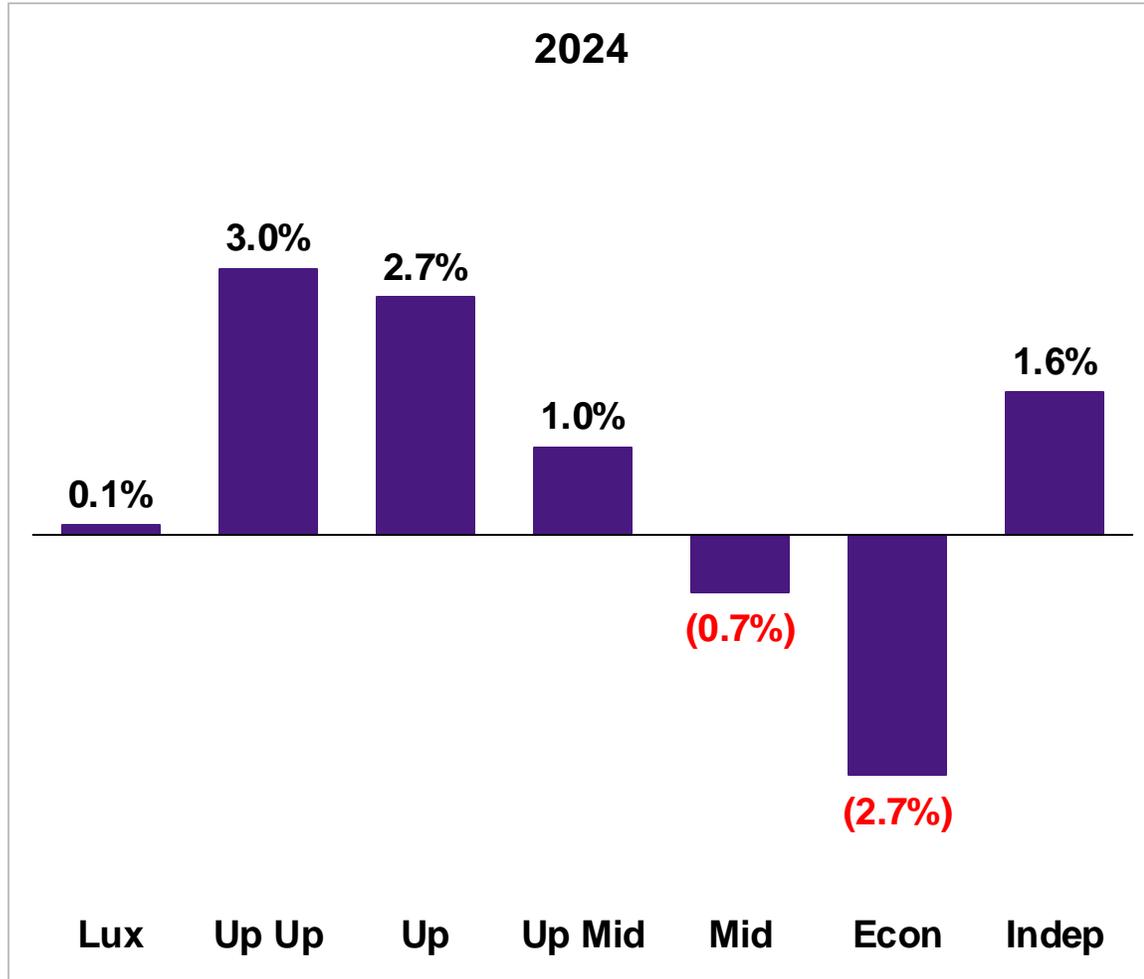
Moderate RevPAR growth expected

U.S. KPI forecast, August 2024



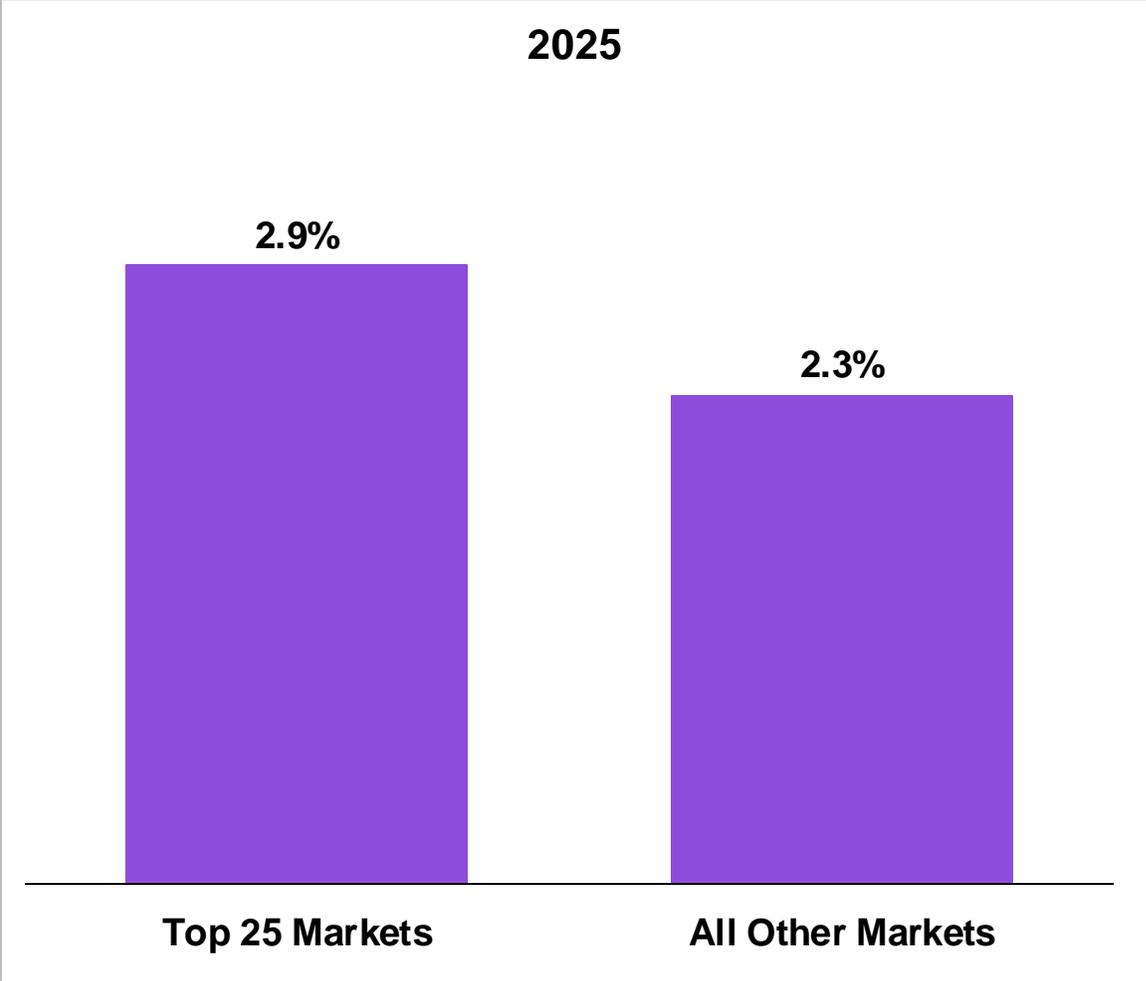
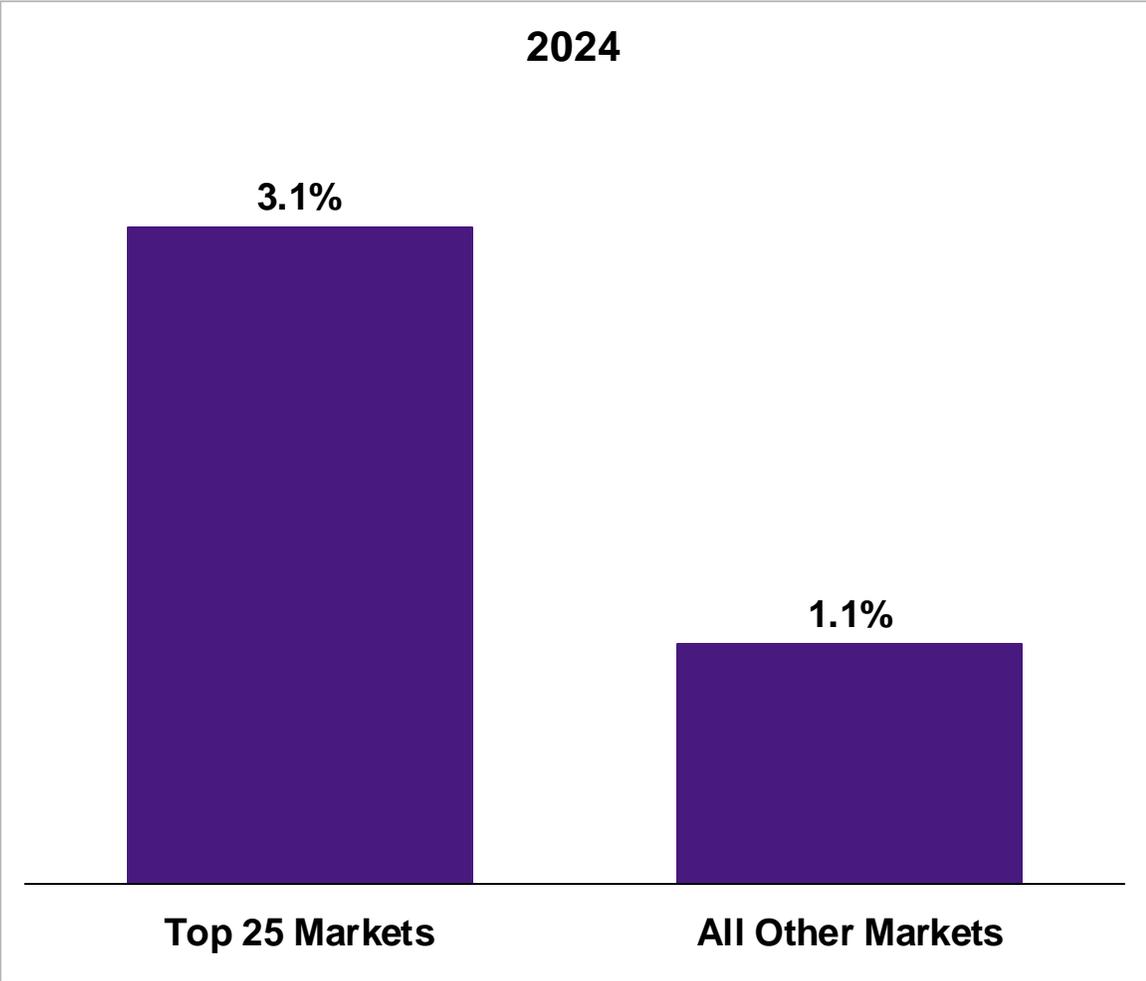
U.S. performance to vary by hotel type

U.S. RevPAR forecast by chain scale



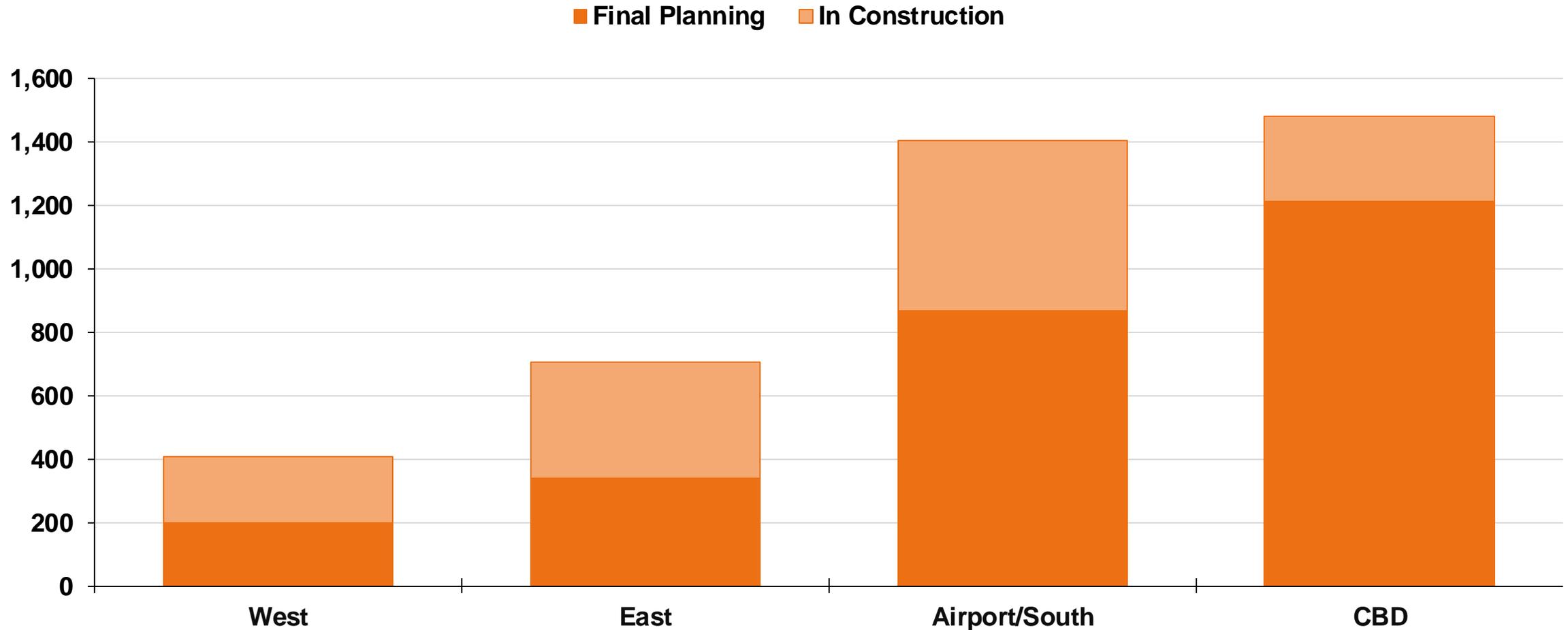
Top 25 markets to lead gains again

U.S. RevPAR forecast by market type



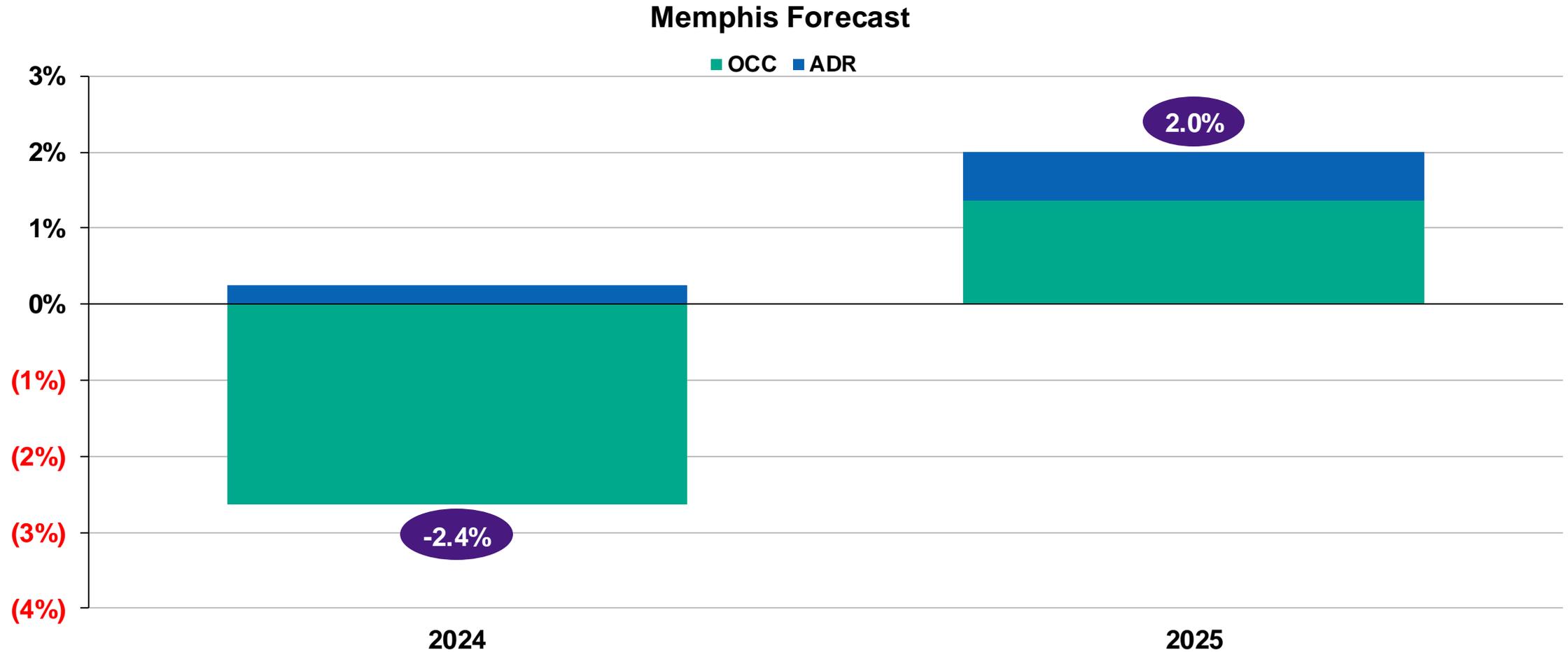
4,000 rooms in final planning and under construction

Memphis pipeline



RevPAR to improve in the coming year

Memphis KPI forecast



Key Takeaways

Growth slowing

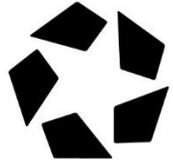
Premium hotels doing better

Outlook favorable



Tell Me More
A HOSPITALITY DATA PODCAST





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Thank you!

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