



CBRE

Industry Trends & Forecasts

CBRE Hotels Research

Southern Lodging Summit

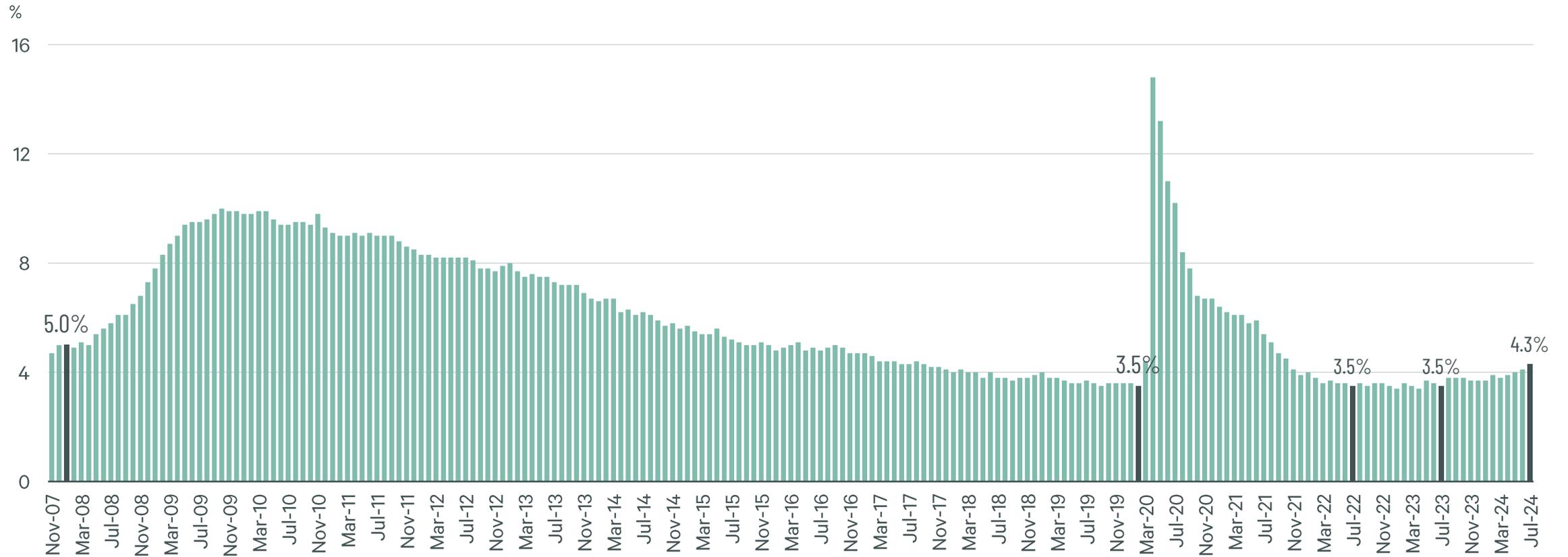
August 21, 2024

1

US Economic
Trends

Unemployment continues to tick higher suggesting potential labor market softening

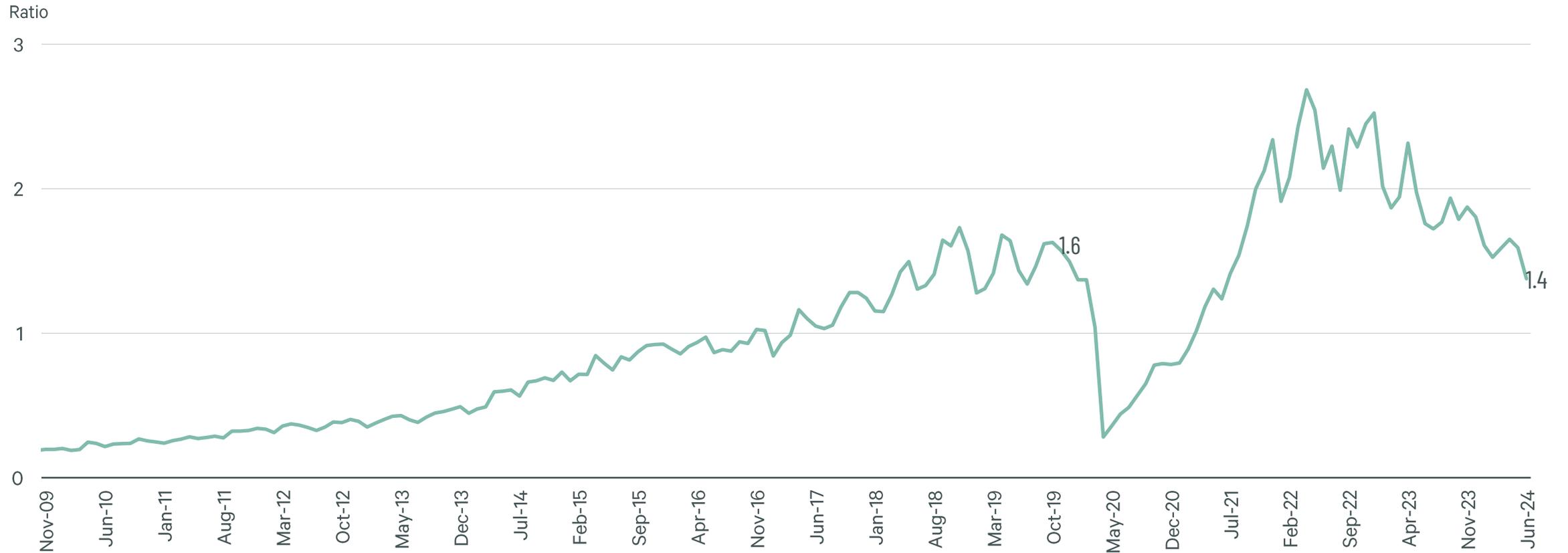
Monthly Unemployment Rate



CBRE Hotels Research, BLS

The ratio of US job openings to job seekers are below 2019 levels

Ratio of U.S. Job Openings to Job Seekers



CBRE Hotels Research, BLS

The savings rate is now in-line with 2022, but below long run averages

Personal Savings Rate

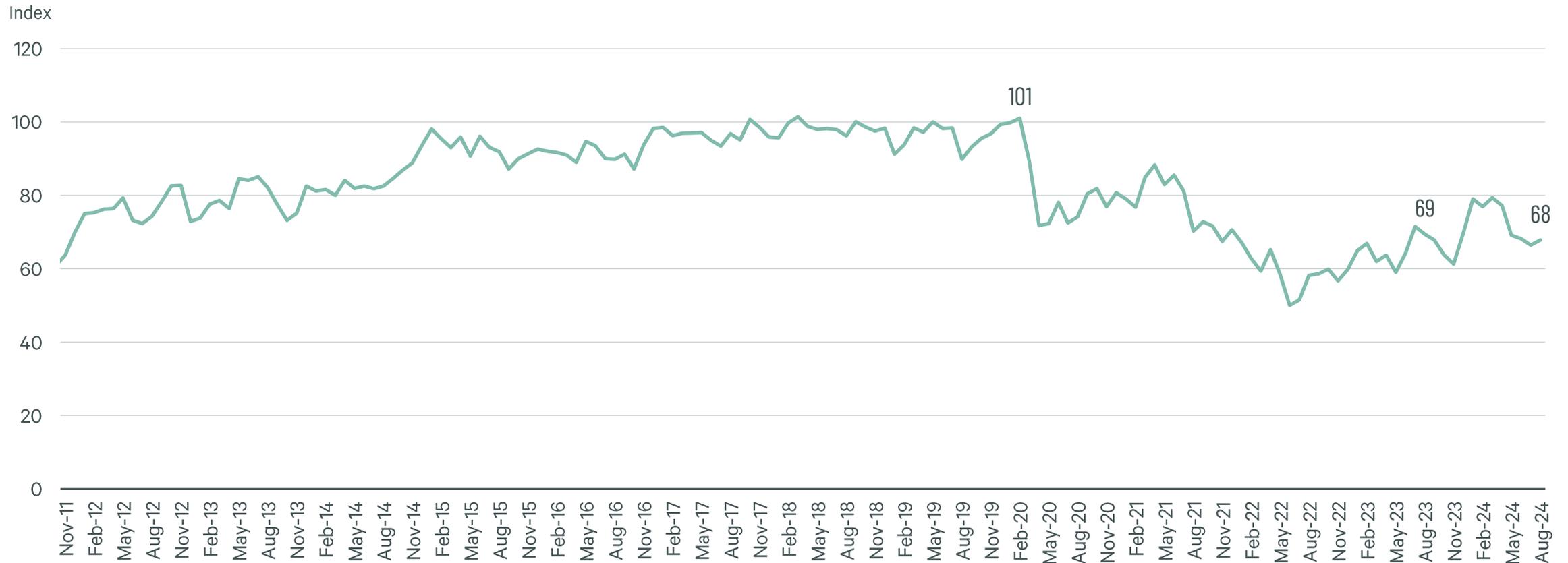
Rate (%)



CBRE Hotels Research, BEA

Lower savings and higher unemployment weigh on consumer sentiment

Consumer Sentiment Index

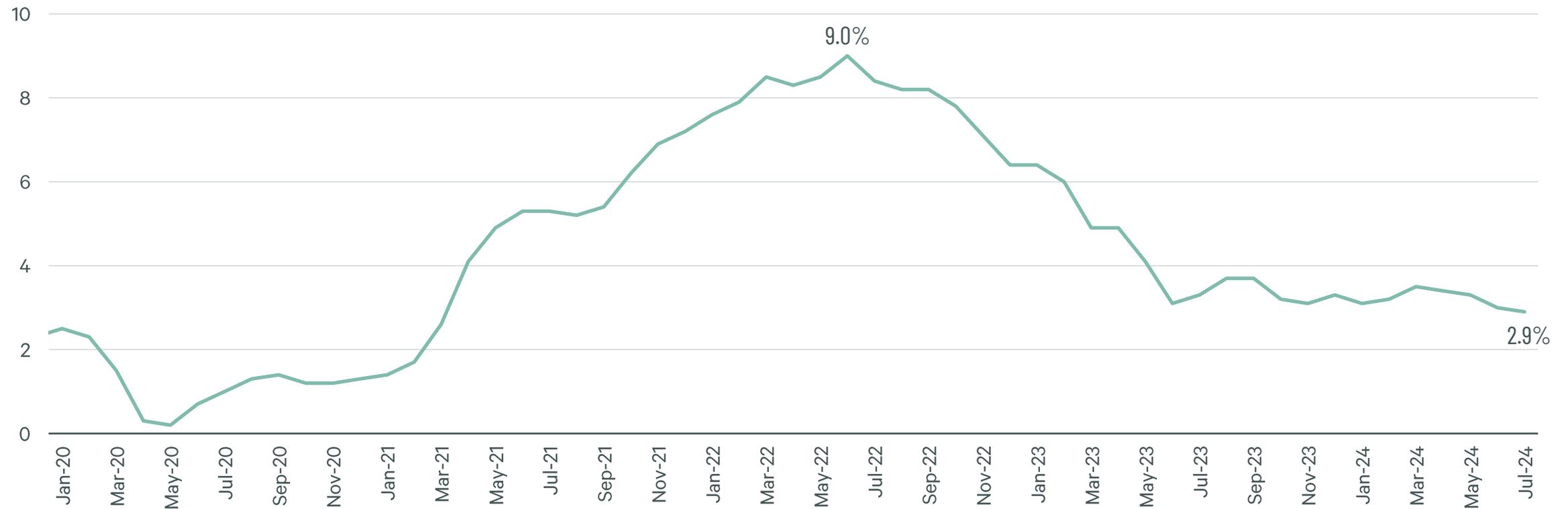


CBRE Hotels Research, University of Michigan

For the first time since March 2021 CPI growth was just below 3%

National CPI Growth

Y-o-Y Change (%)

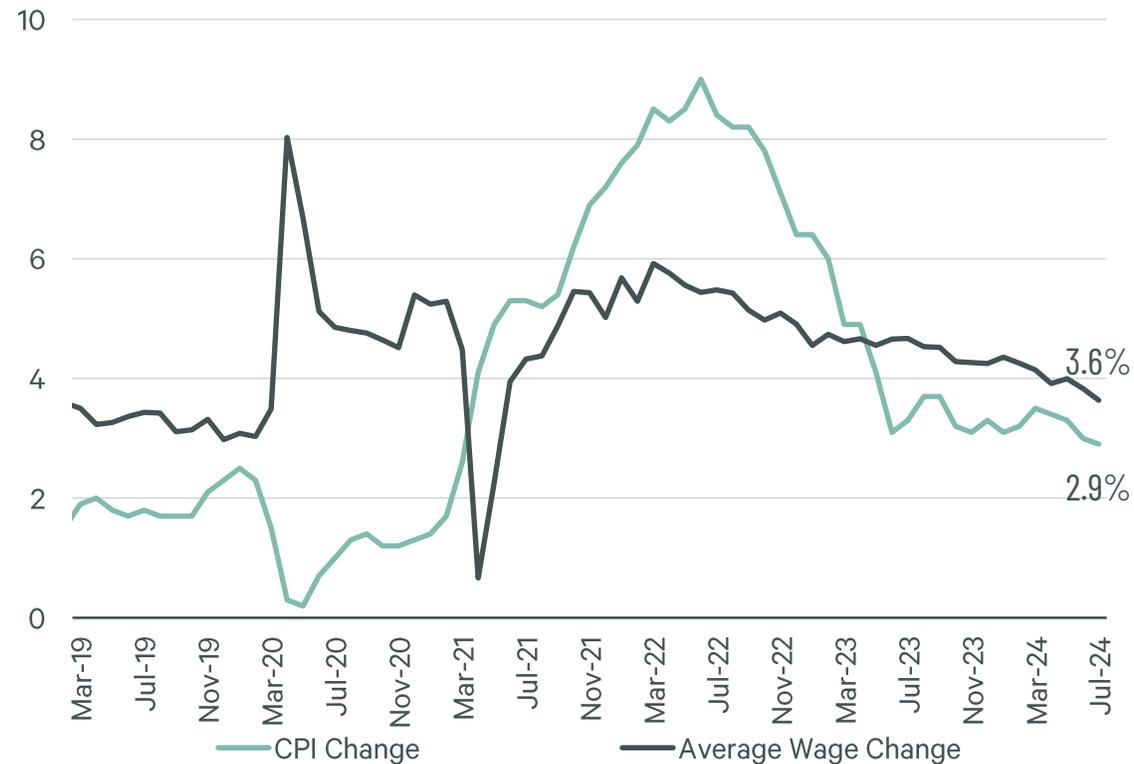


CBRE Hotels Research, BLS

Wage growth continues to outpace inflation by 70 to 100 bps

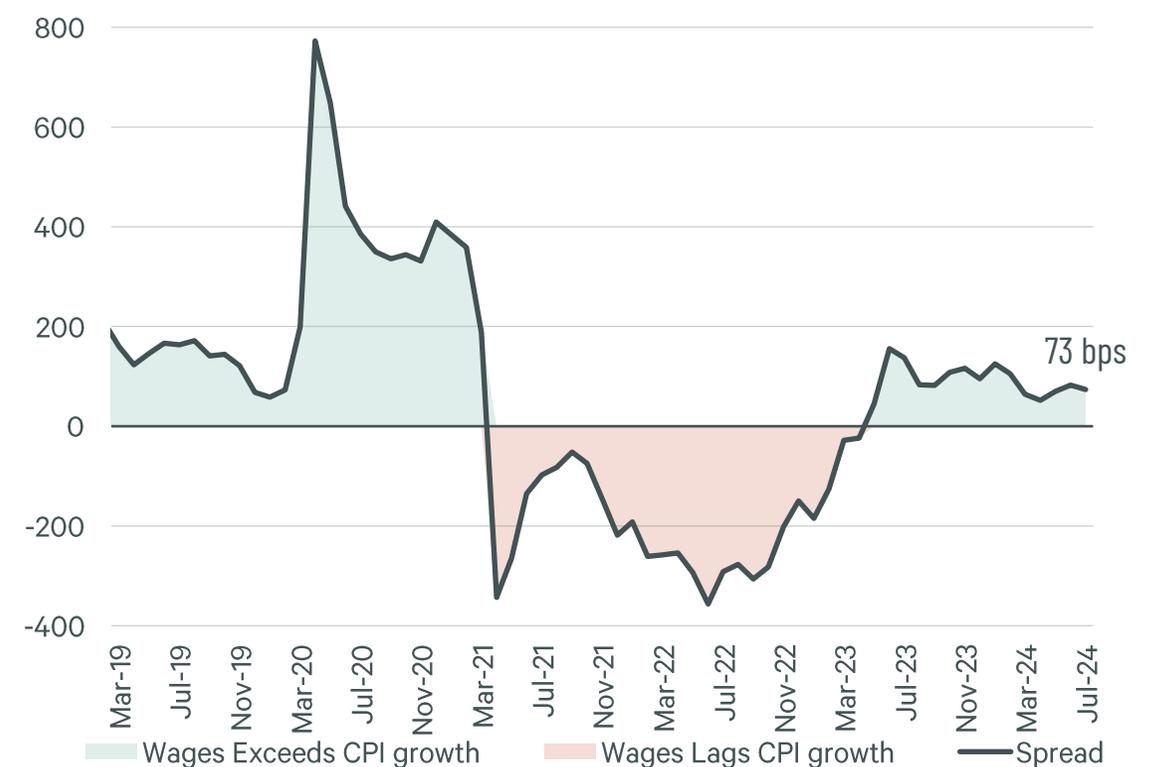
U.S. CPI Change vs. U.S. Average Hourly Wage Change

Y-o-Y Change (%)



Spread between U.S. Average Hourly Wage and CPI Change

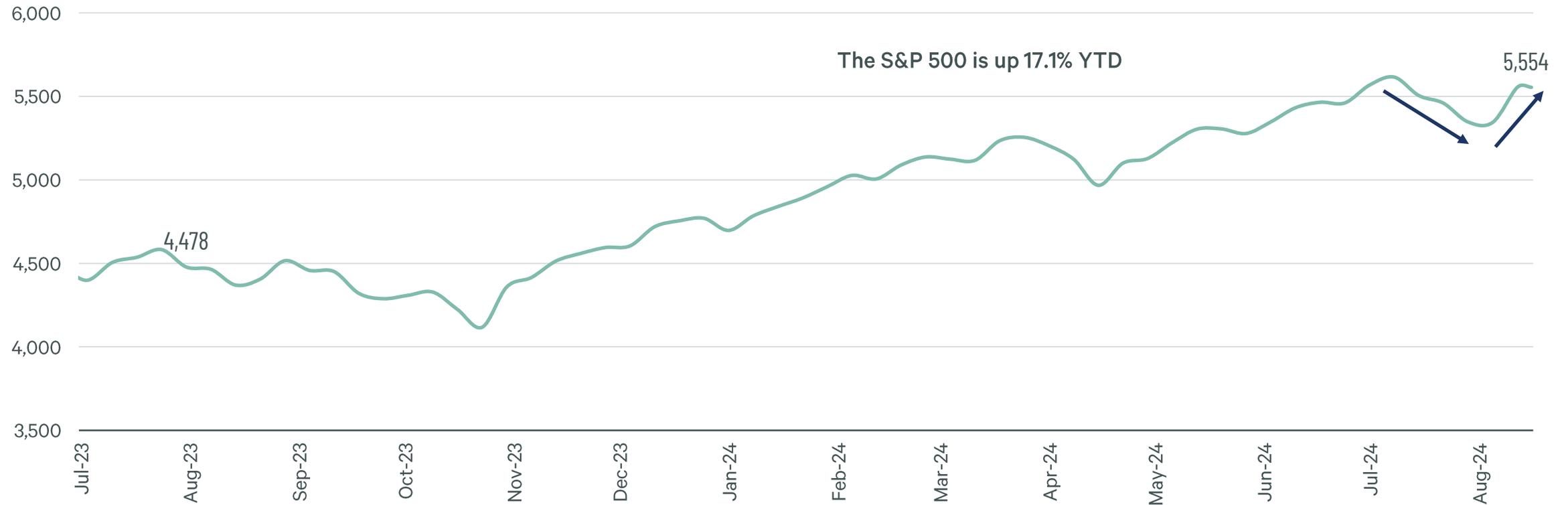
Spread (bps)



The S&P 500 pulled back in early August but has quickly improved since then

S&P 500

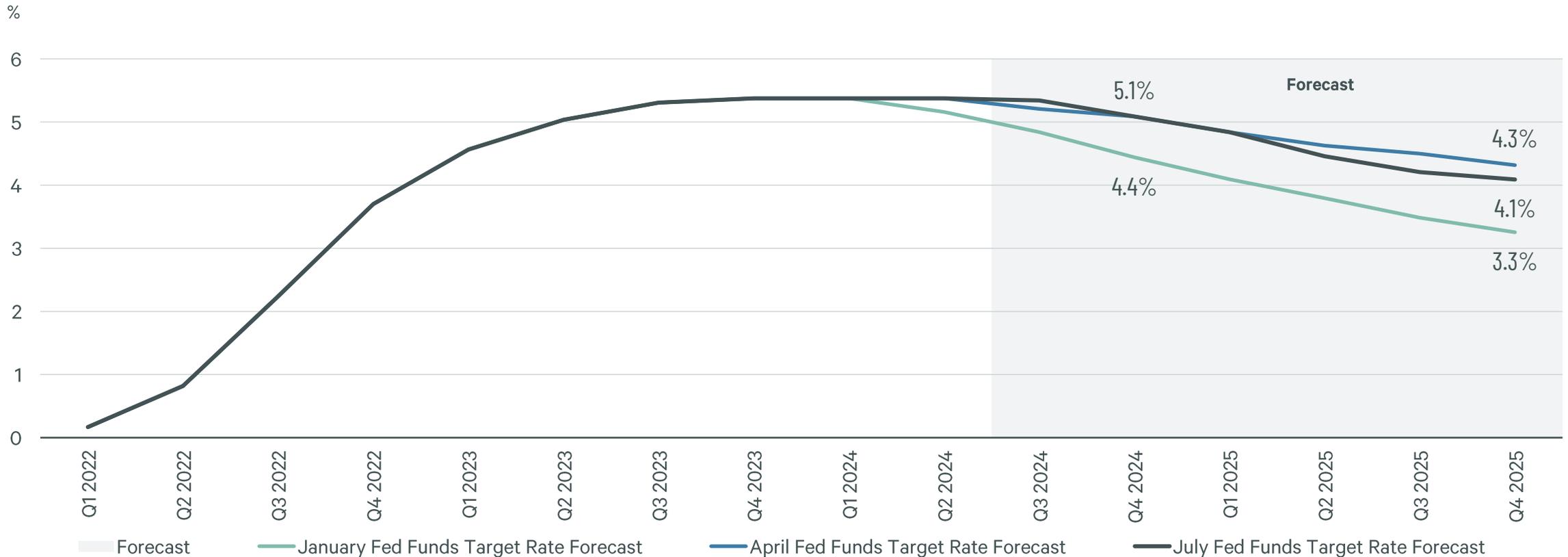
S&P 500 Index



*S&P 500 Index is presented as weekly averages *Daily Close August 16, 2024 Is 5,554.25
CBRE Hotels Research, S&P Global

CBRE's Fed Funds forecast remains largely unchanged, with higher for longer expected

Federal Funds Forecasted Target Rate

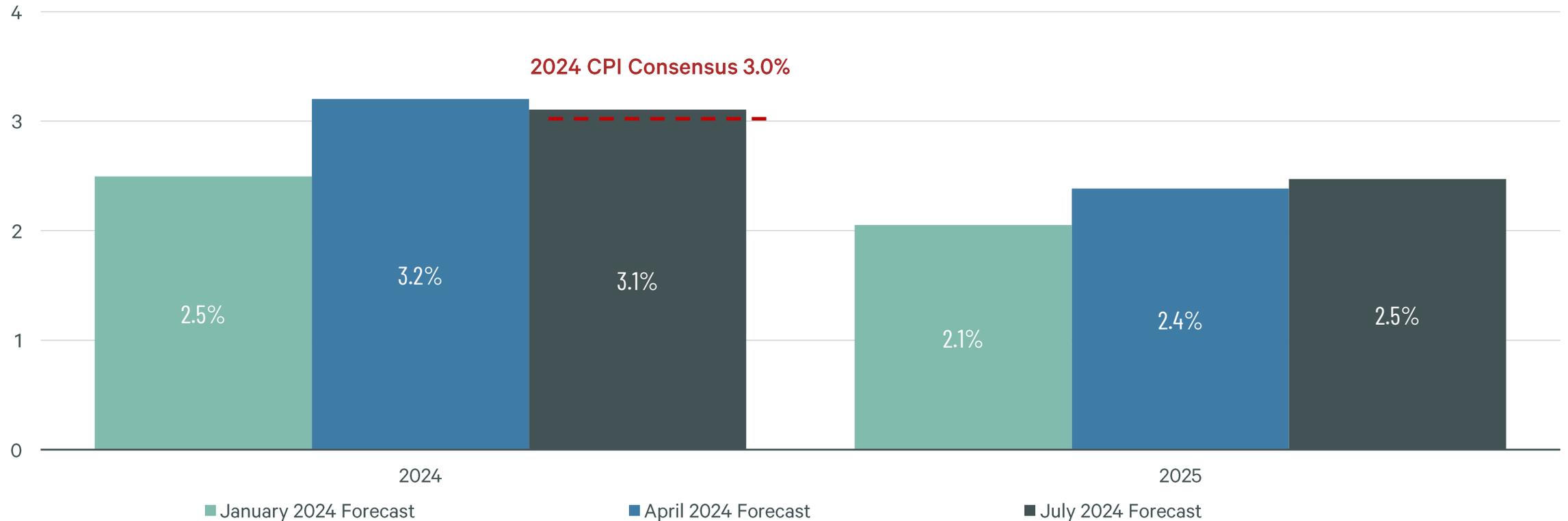


CBRE Hotels Research, Federal Reserve, BEA, Forecast as of July 25, 2024

Inflation has been more elevated and persistent than previously expected

Annual CPI Change Forecast as of Release Date

Y-o-Y Change (%)

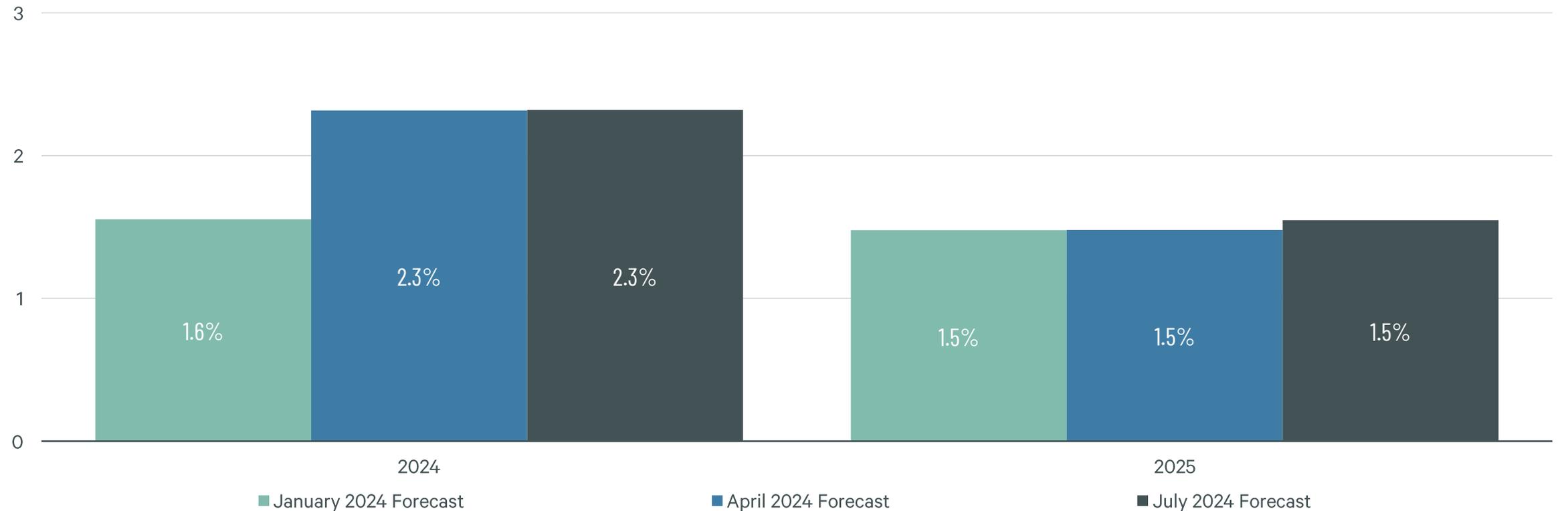


CBRE Research, CBRE EA, BLS, Forecast as of July 25, 2024

2Q's positive GDP surprise may translate into a more optimistic 2024 outlook

Annual Real GDP Change Forecast as of Release Date

Y-o-Y Change (%)



CBRE Hotels Research, BEA, Forecast as of July 25, 2024 * Long Run Average 2000-2023

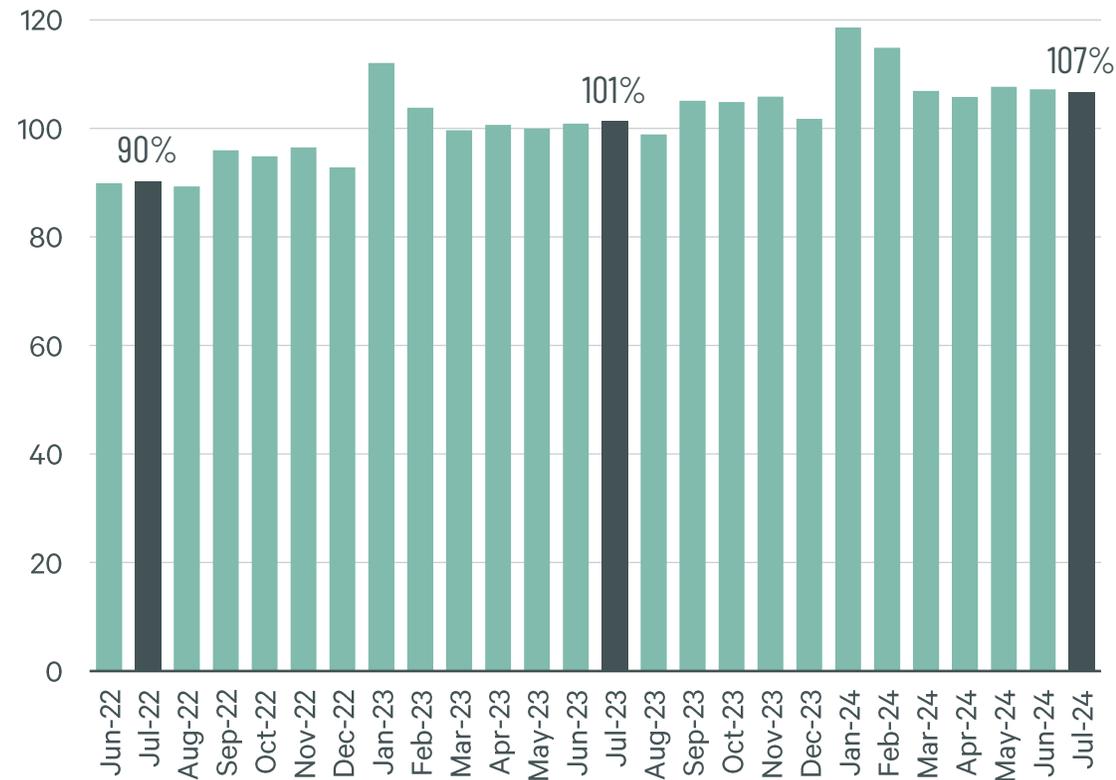
2

US Travel
Trends

July TSA throughput was 5.2% y/y, just below the YTD average of 6.3%, excluding Leap Year

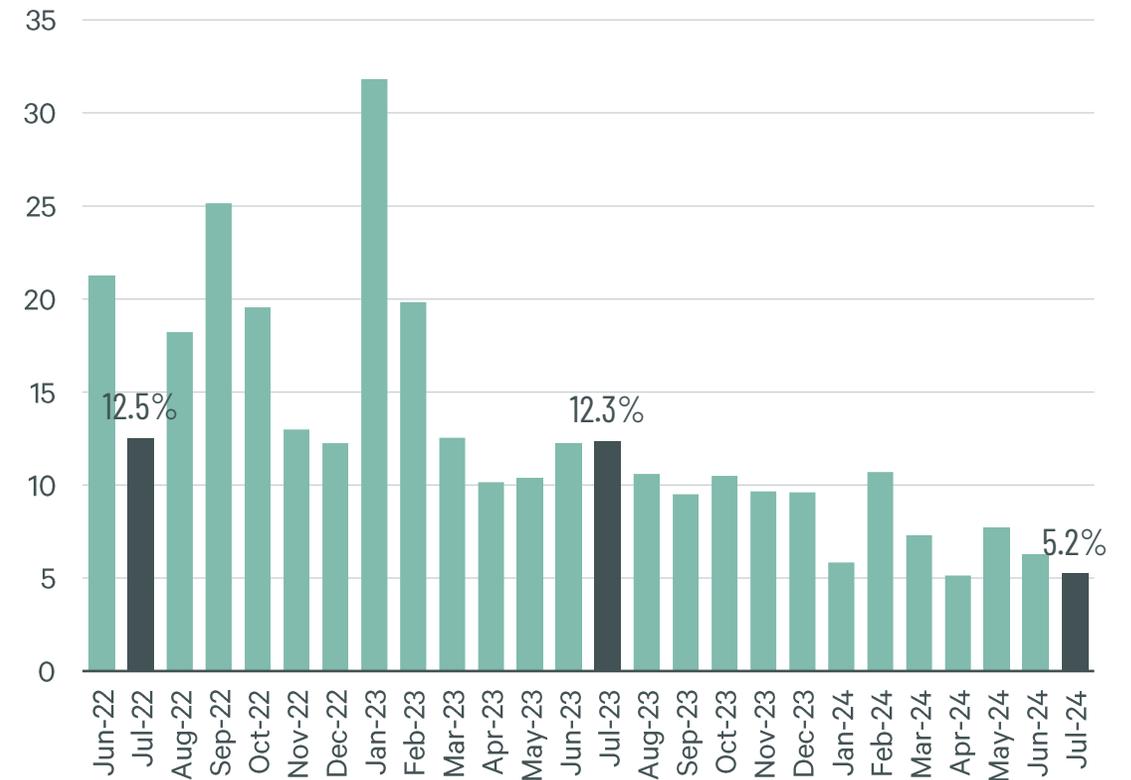
TSA Throughput as a Percent of 2019

Percent of 2019 (%)



TSA Throughput Y-o-Y Change

Y-o-Y Change (%)



The persistent shortfall in inbound international travel is weighing on demand

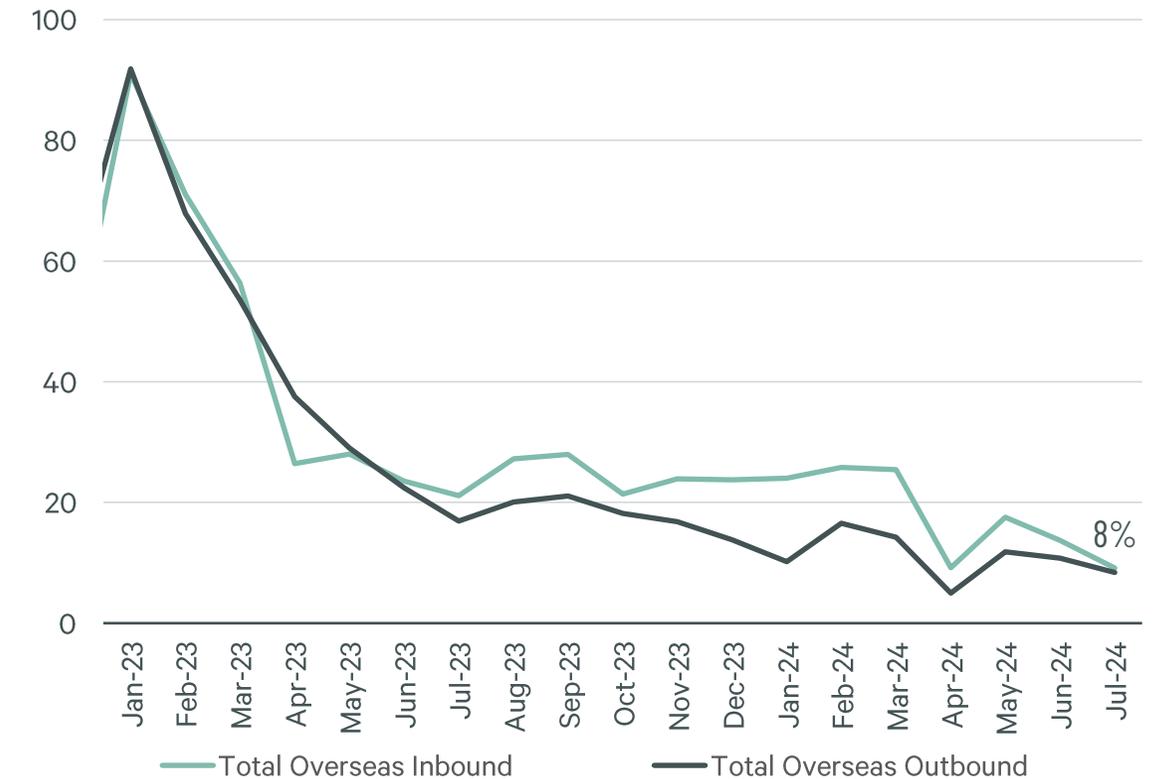
Inbound vs. Outbound International Travel

Percent of 2019 (%)



Inbound vs. Outbound Change

Y-o-Y Change (%)

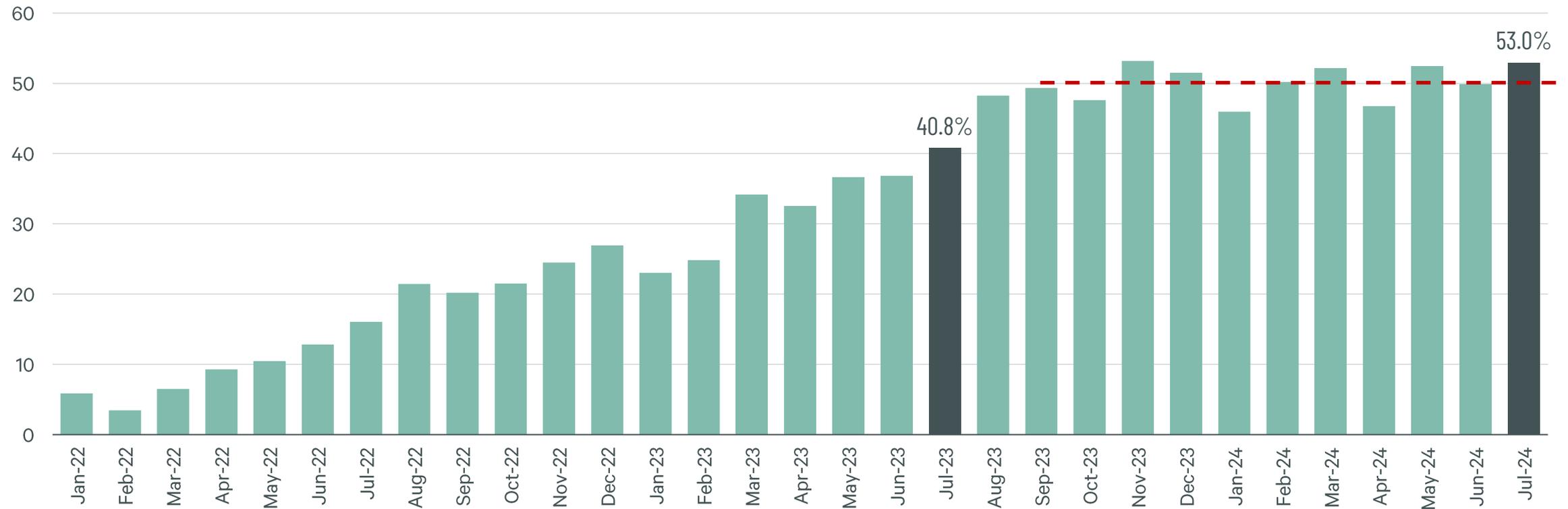


CBRE Hotels Research, NTTO, *excludes Mexico and Canada

Inbound visitation from Japan and China has stabilized at roughly 50% of 2019's levels

Inbound Arrivals from China & Japan as percent of 2019

Percent of 2019 (%)



Inbound international travel trends have been improving steadily

International Visitors as a Percent of 2019 (excluding Mexico and Canada)

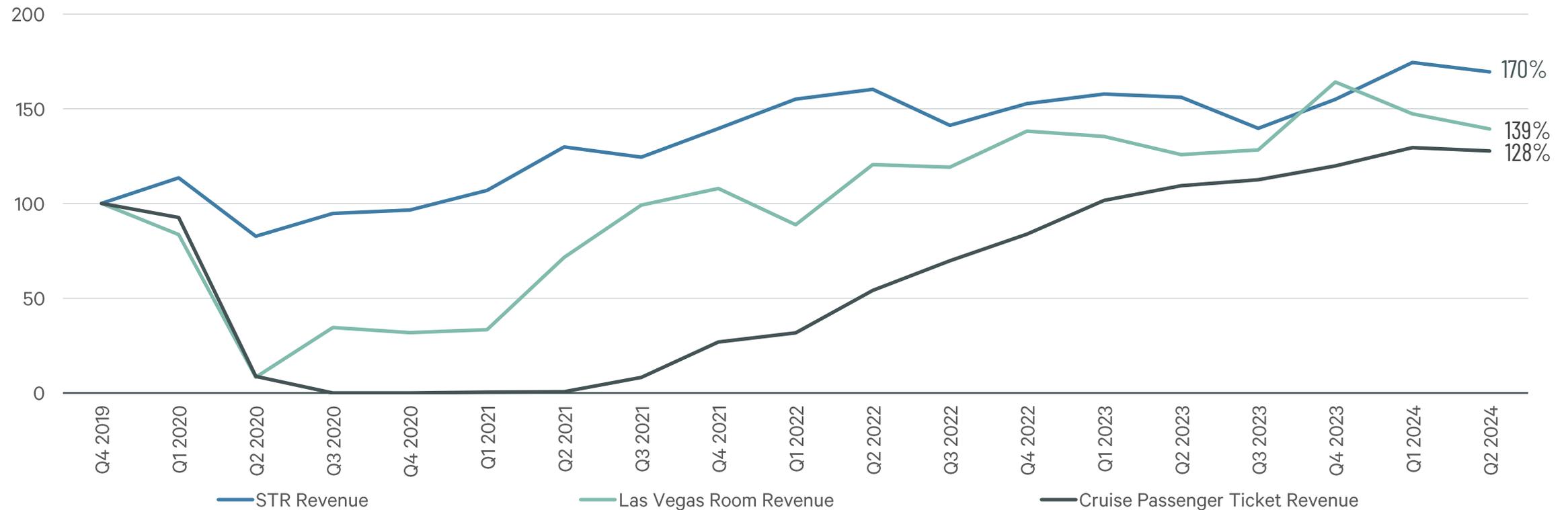
Port of entry	Coast	June 2022	September 2022	December 2022	March 2023	June 2023	September 2023	December 2023	March 2024	June 2024
NY, Newark, D.C., Miami	East	69%	74%	80%	79%	79%	88%	94%	98%	86%
LA, San Francisco	West	50%	56%	61%	69%	65%	78%	76%	83%	74%

CBRE Hotels Research, BEA, NTTO *excludes Mexico and Canada

Alternative lodging sources are taking share, and Vegas is outperforming

Cruise Line, Las Vegas & Short-Term Rental Revenue

Percent of 2019 (%)

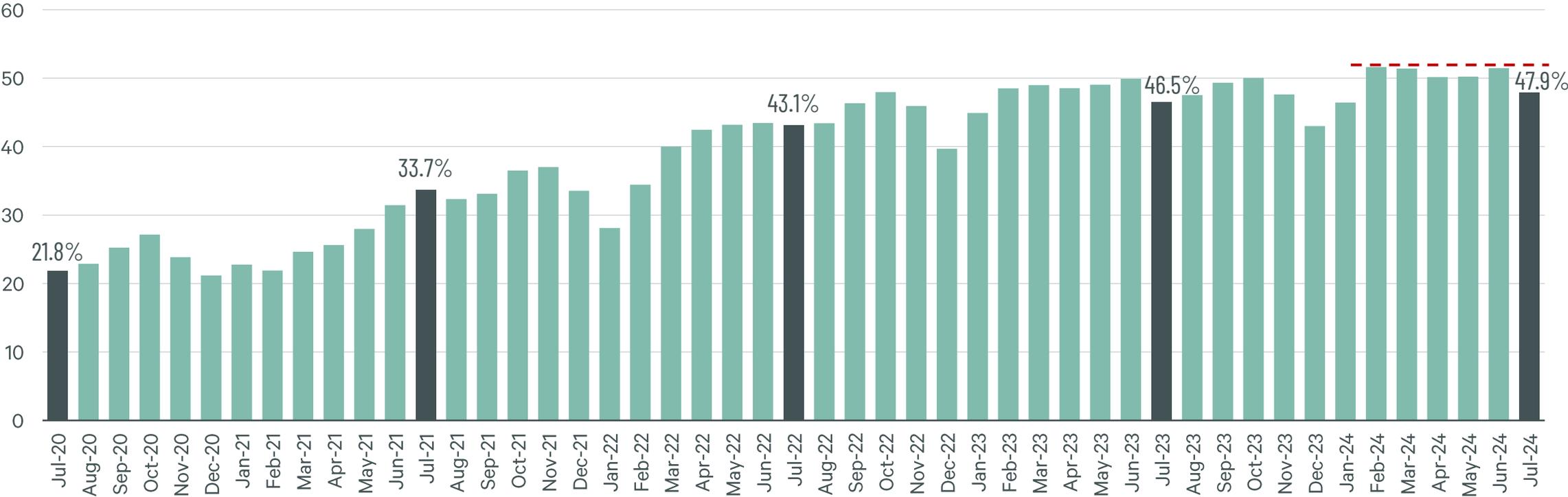


CBRE Hotels Research, Kalibri Labs, AirDNA, LVCVA, Cruise line data is from Carnival, Royal Caribbean & Norwegian
 *Passenger Ticket Revenue and Vegas Room Revenue

Office attendance continues to increase, but the pace of gains has slowed

Office Attendance Recovery

Percent of 2019 (%)



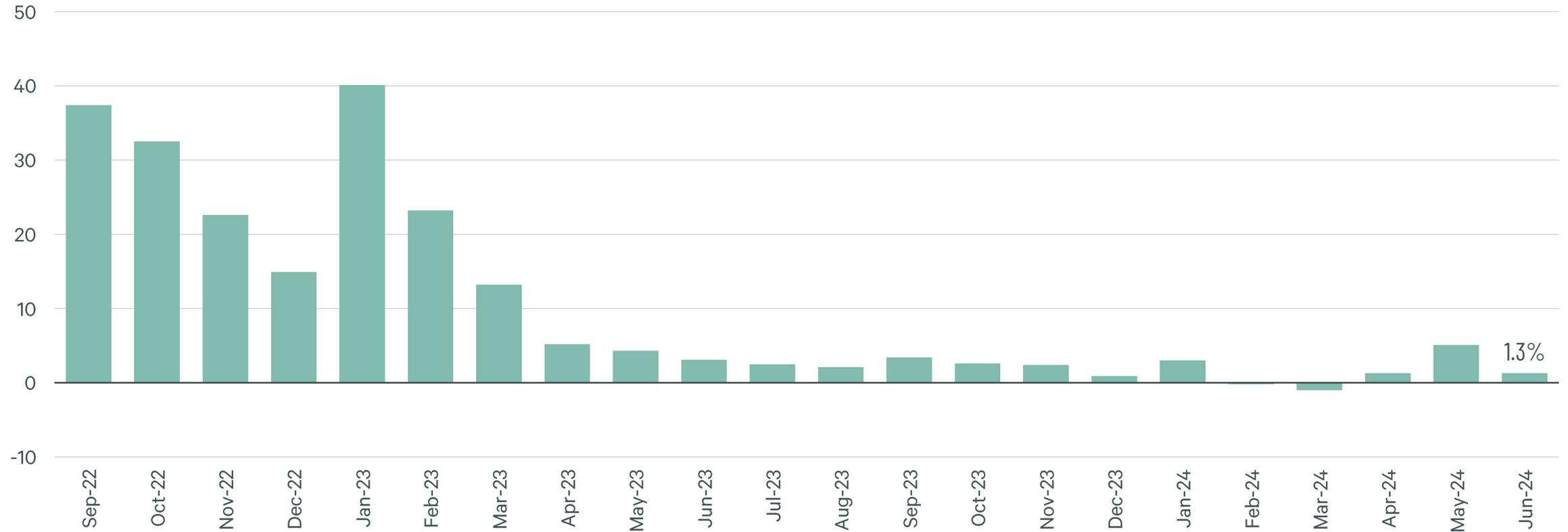
3

US Hotel
Operating
Performance
Indicators

Total hotel operating revenues improved in May, but saw a deceleration in June

Total Operating Revenue (Dollars Per Available Room)

Y-o-Y Change (%)

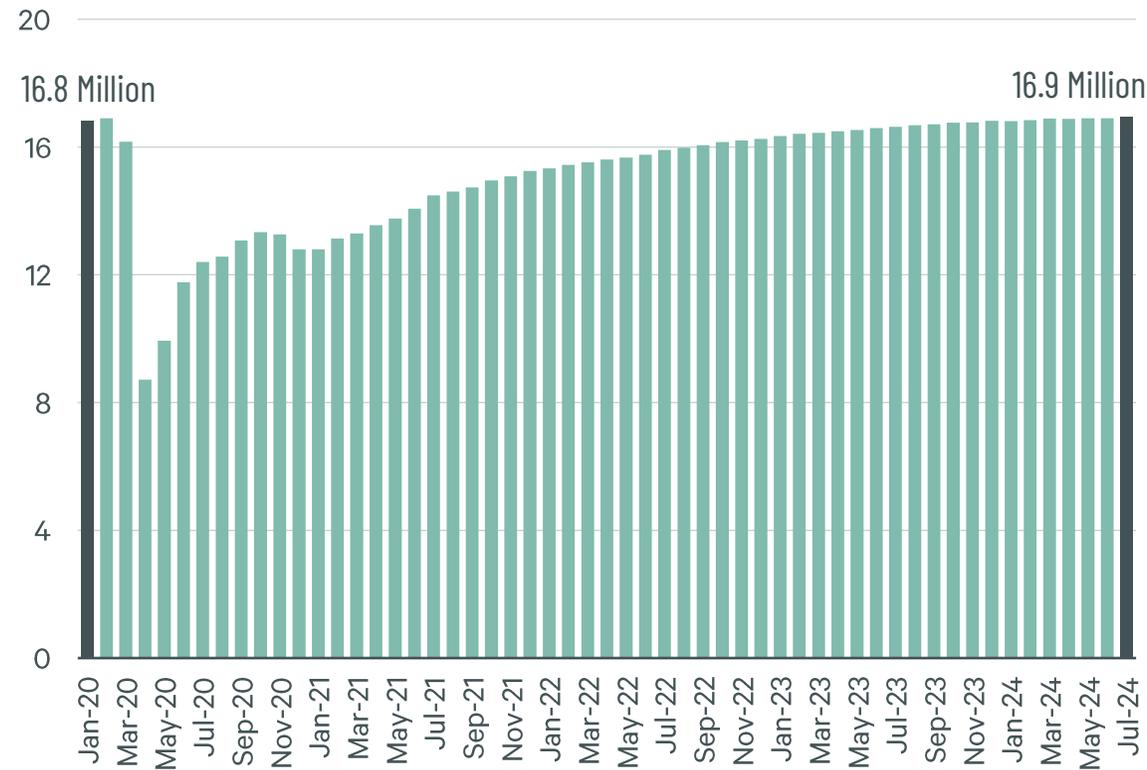


CBRE Hotels Research, Trends® in the Hotel Industry – Sample of 2,450 properties that provide monthly P&L data

Leisure & hospitality employment reached pre-pandemic levels, but growth is slowing

U.S. Leisure and Hospitality Employment

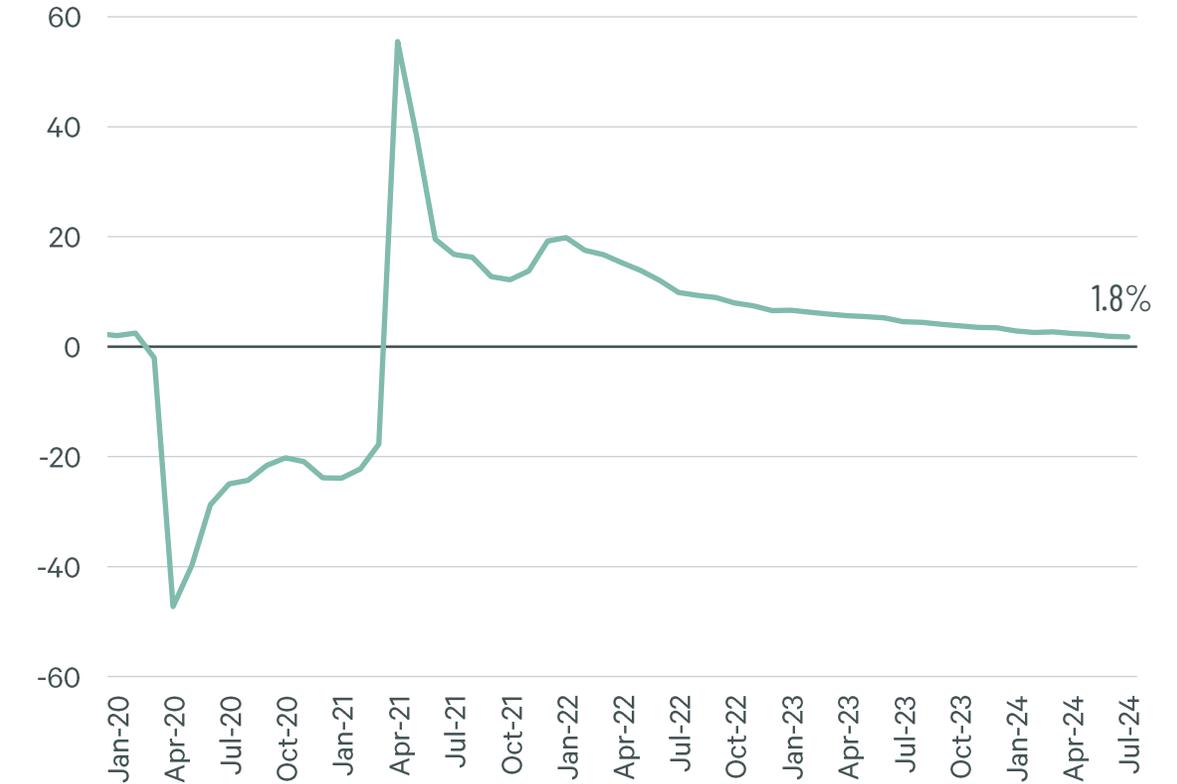
Persons Millions



CBRE Hotels Research, BLS

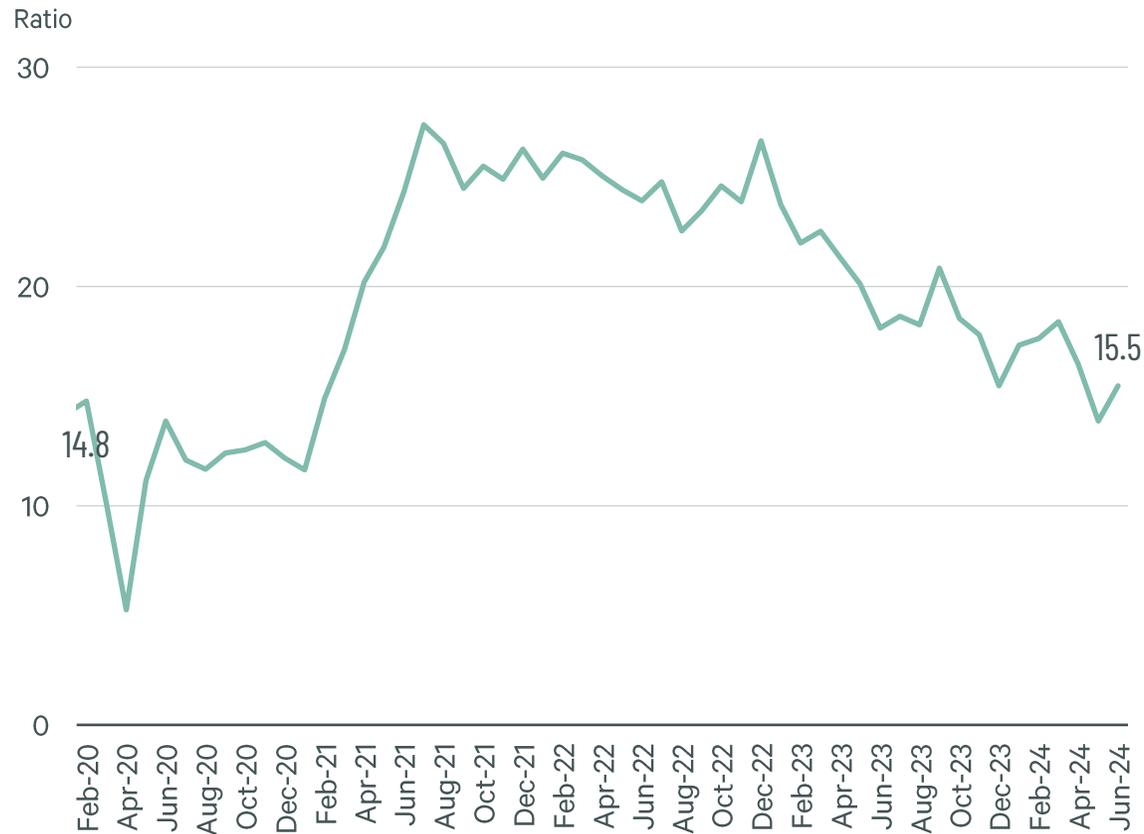
U.S. Leisure and Hospitality Employment Change

Y-o-Y Change (%)



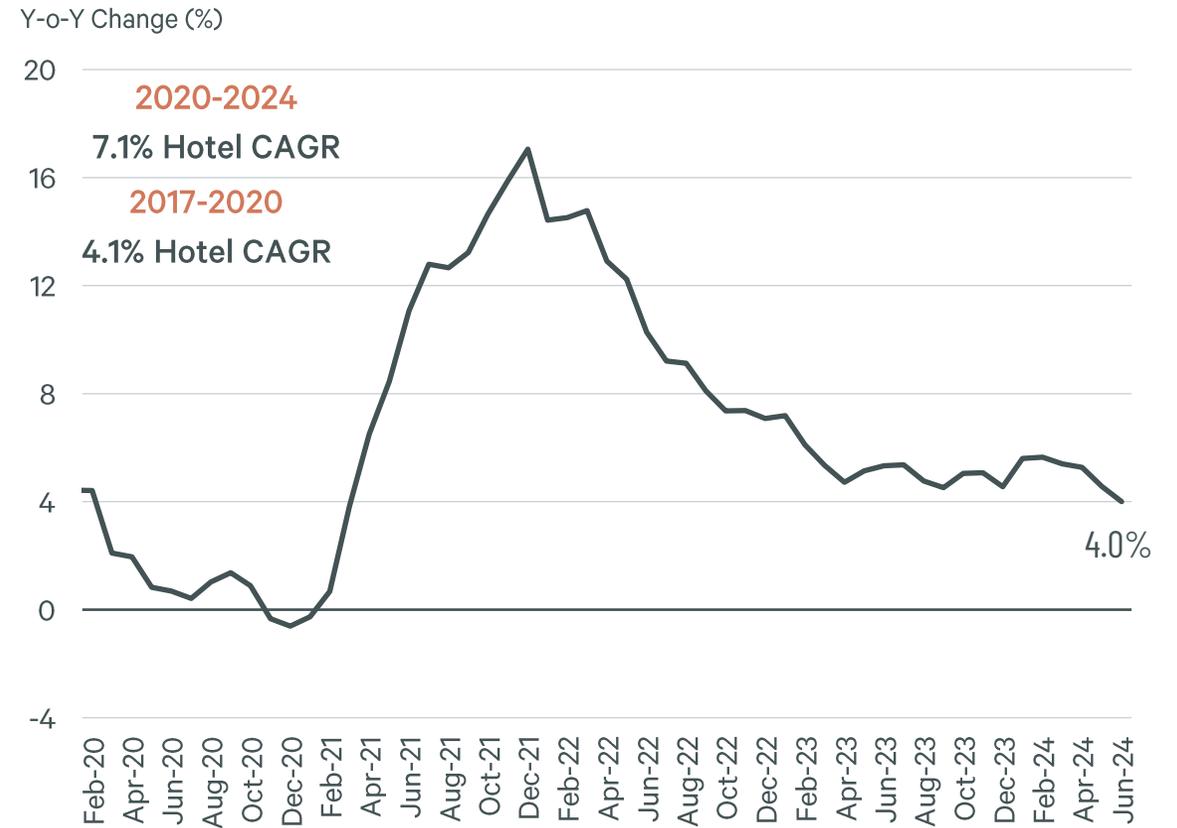
Declining job openings have led to moderating wage gains

Monthly Job Openings per Hotel



CBRE Hotels Research, BLS, CoStar

Leisure and Hospitality Wages Change

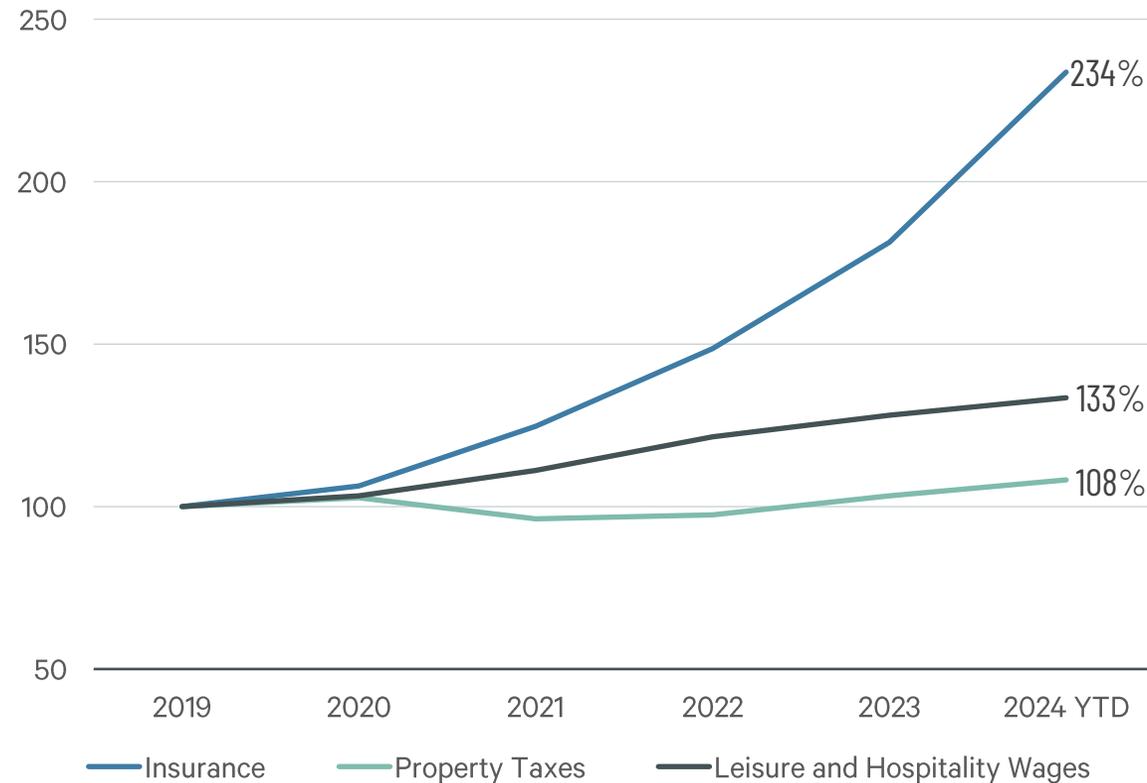


CBRE Hotels Research, BLS

All three cost categories are increasing faster than total revenues

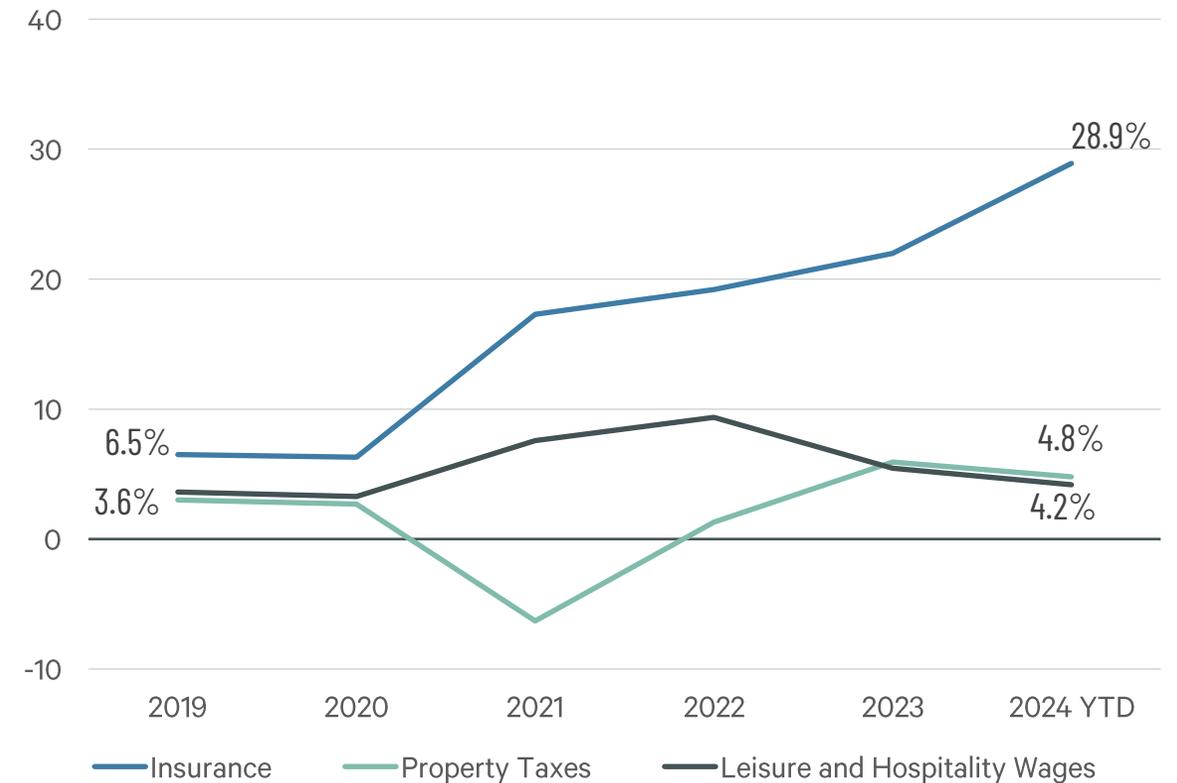
Hotel Property Taxes, Insurance and L&H Average Hourly Wage

Percent of 2019 (%)



Hotel Property Taxes, Insurance and L&H Average Hourly Wage Change

Y-o-Y Change (%)



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

Elevated cost increases are pressuring hotel margins

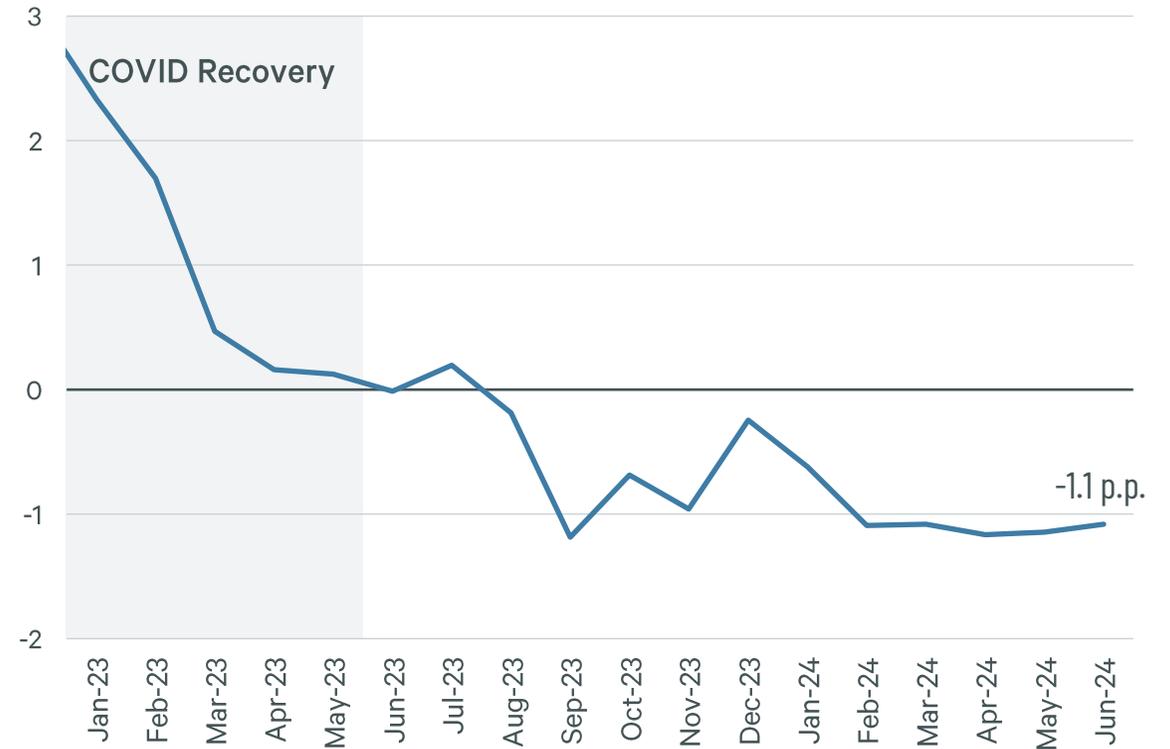
GOP Margin TTM

Margins (%)



GOP Margin TTM Change

Y-o-Y Change (p.p.)

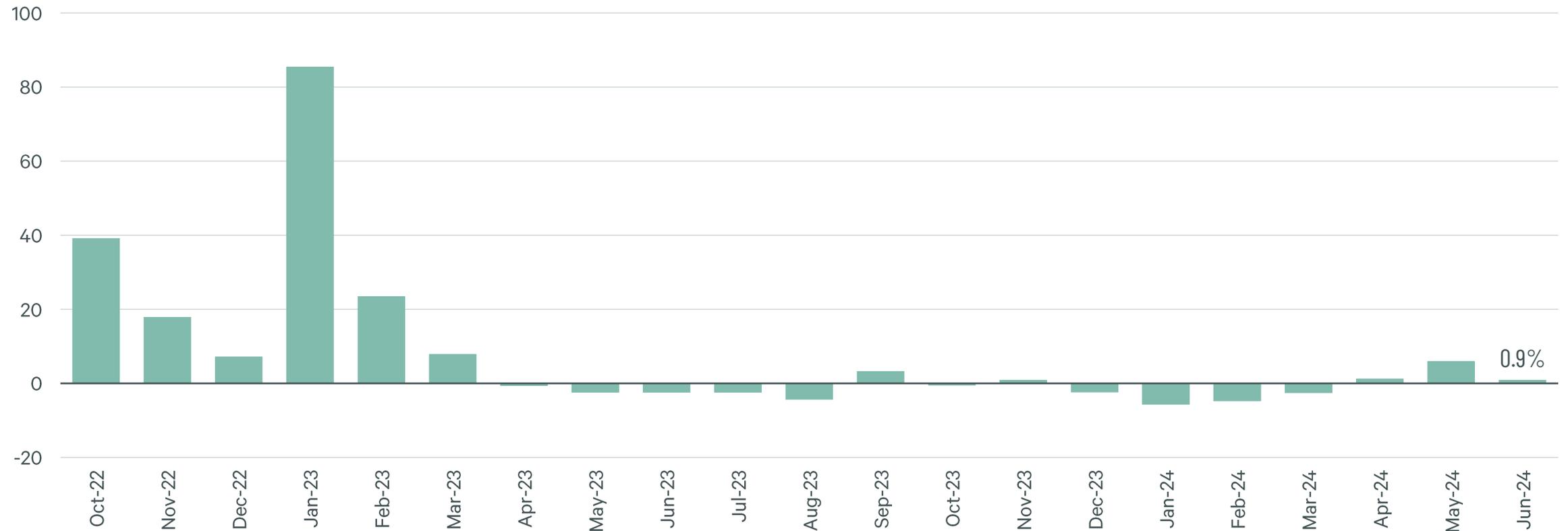


CBRE Hotels Research, *Trends® in the Hotel Industry* – Sample of 2,450 properties that provide monthly P&L data

June saw a slow down in GOP growth down from recent highs in May

Gross Operating Profit Change (Dollars Per Available Room)

Y-o-Y Change (%)



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

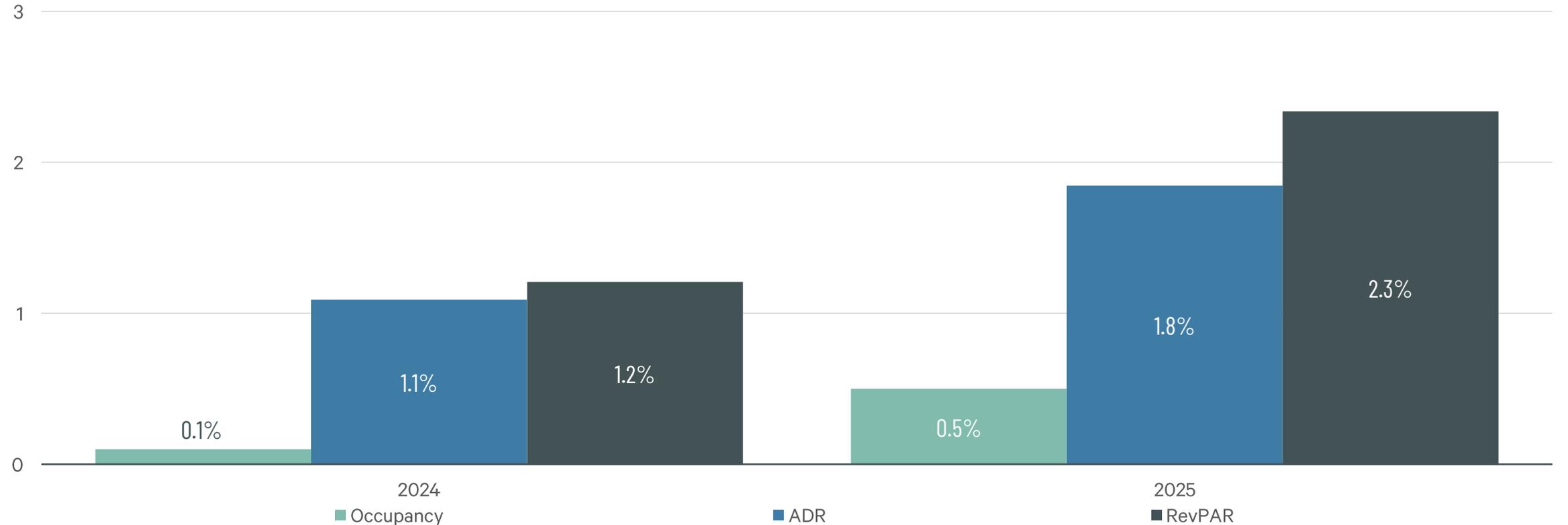
4

US Hotel
Outlook

CBRE Hotels Research expects RevPAR growth in 2024 and 2025 driven by ADR

Hotel Performance Forecast Indicators

Y-o-Y Change (%)

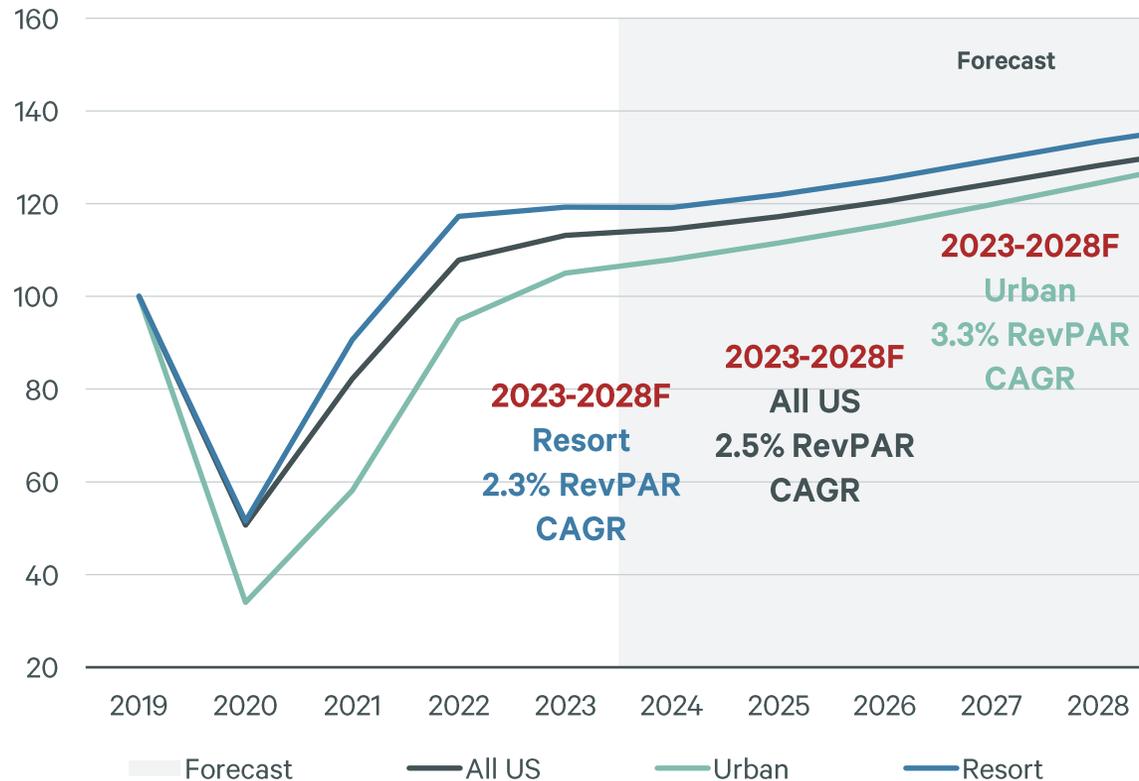


CBRE Hotels Research, CBRE EA, Kalibri Labs, Forecasts as of August 16, 2024

Know your market and segment, national averages don't tell the whole story

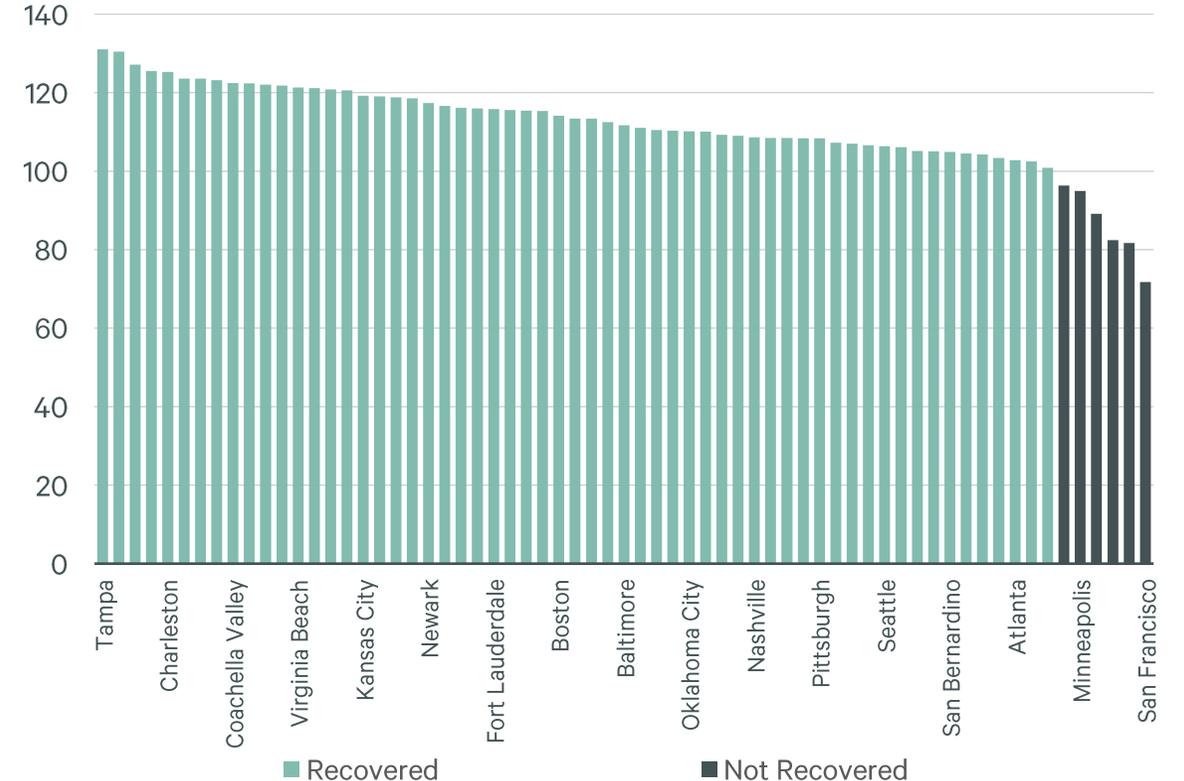
RevPAR Change Forecast by Location Type

Percent of 2019 (%)



65 Markets: 2024 RevPAR Indexed to 2019

Percent of 2019 (%)



CBRE Hotels Research, CBRE EA, Kalibri Labs, Forecasts as of August 16, 2024

Thank you

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