

EXTENDED STAY MARKET OVERVIEW

Southern Lodging Summit – August 19, 2025

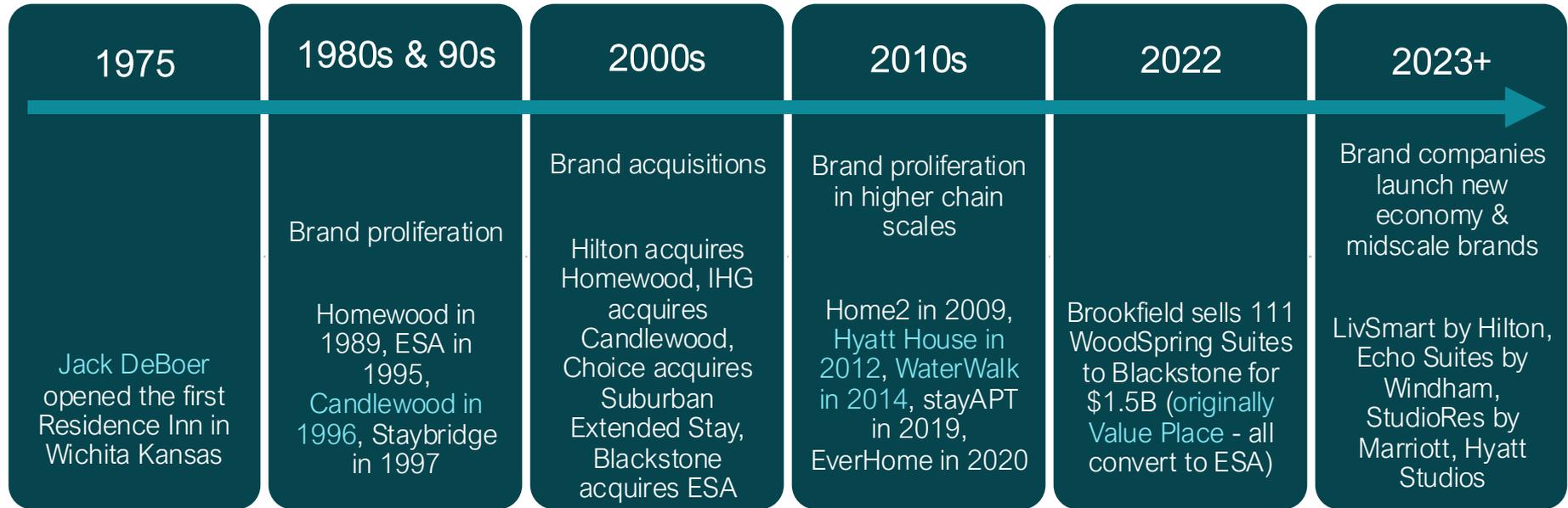
Jeremy R. Gilston



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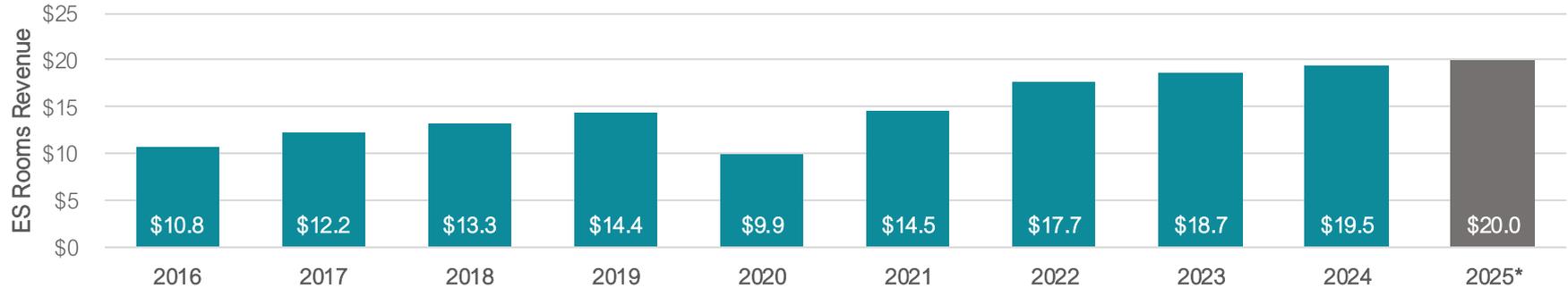
Sector Definition & Timeline

Extended Stay Hotel: a type of accommodation designed for guests needing longer-term stays, often for weeks or months. These hotels typically offer fully-equipped kitchens, separate living and sleeping areas, and laundry facilities.



Mid-Year Stats (Highland Group)

U.S. Extended-Stay Hotel Annual Rooms Revenues (\$ Billions)



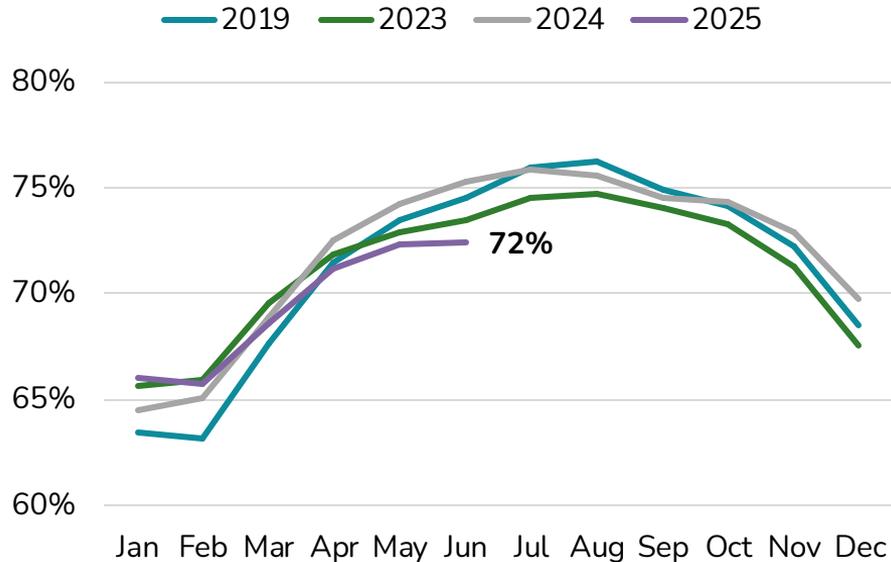
*Highland Group Forecast

- Extended Stay supply is 10.3% of total US hotel rooms (2024)
- Total ES room revenues up 1.6% June YTD, most of the growth occurred in Q1
- Total ES RevPar declined 1.1% June YTD, fared better than Total Economy Sector (-1.2%)
- Q2 2025 occupancy falls to five-year low
- Extended Stay boasts a 10% occupancy premium compared to all hotels

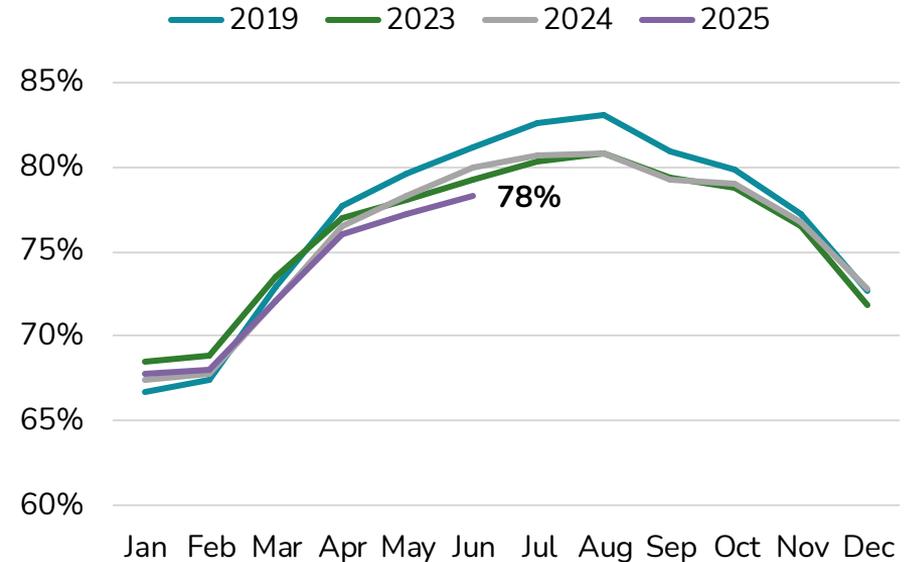
U.S. Extended Stay Occupancy

Occupancy falls to five-year low in Q2 2025

Lower ES tier: Occupancy by Month (T3M)



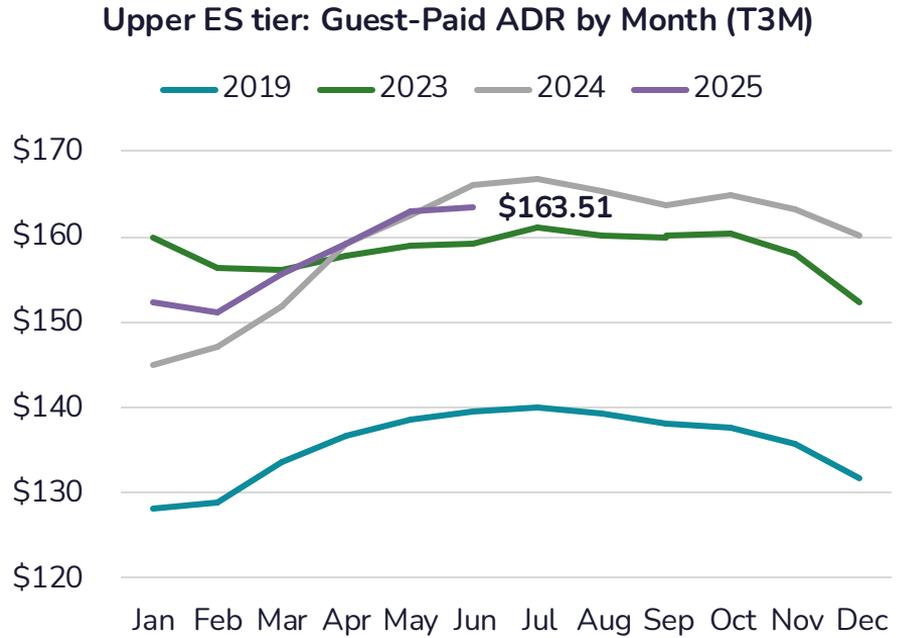
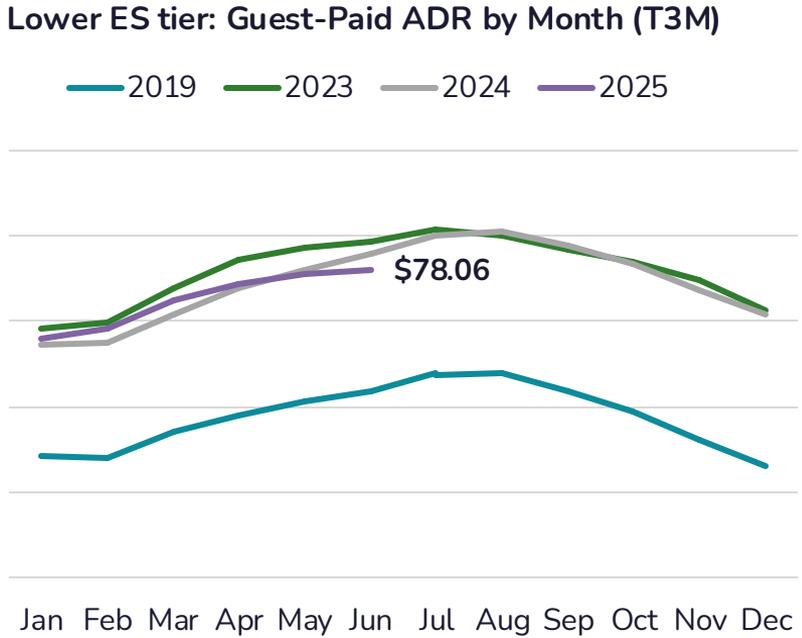
Upper ES tier: Occupancy by Month (T3M)



Source: Kalibri Labs

U.S. Extended Stay ADR

Lower and Upper tier remain above 2019 levels, but trail 2024 as of June



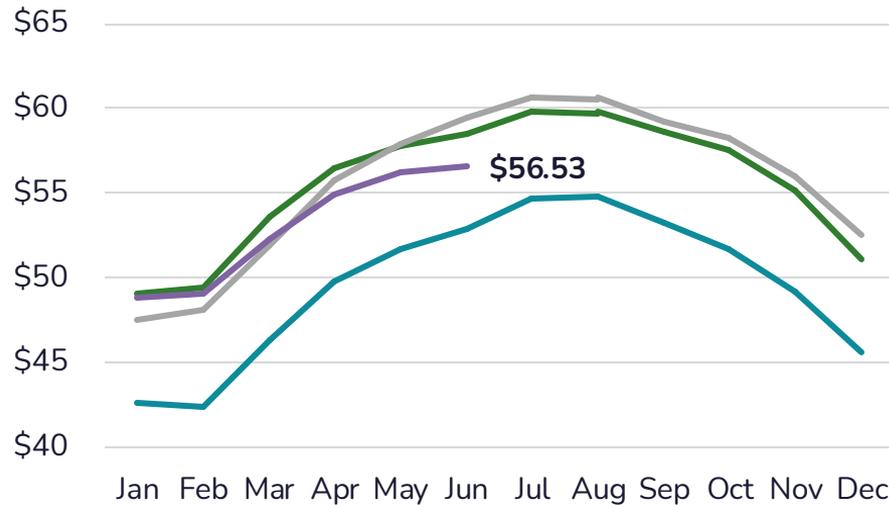
Source: Kalibri Labs

U.S. Extended Stay RevPAR

Lower Tier is softer than Upper Tier, but both are below 2024 levels

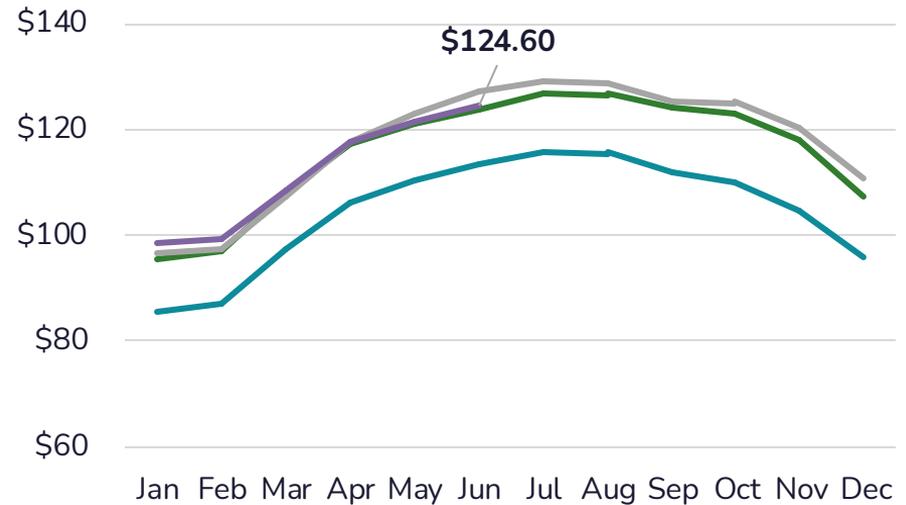
Lower ES tier: RevPAR by Month (T3M)

— 2019 — 2023 — 2024 — 2025



Upper ES tier: RevPAR by Month (T3M)

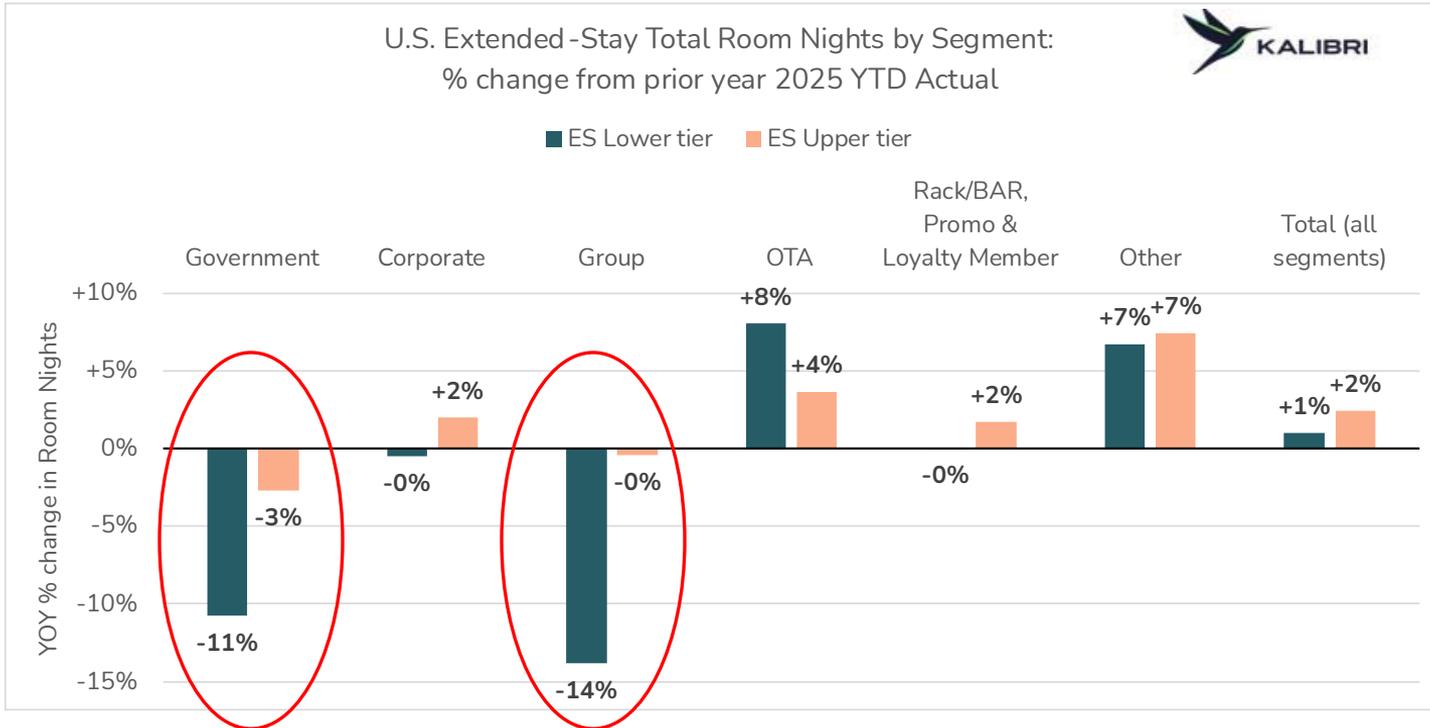
— 2019 — 2023 — 2024 — 2025



Source: Kalibri Labs

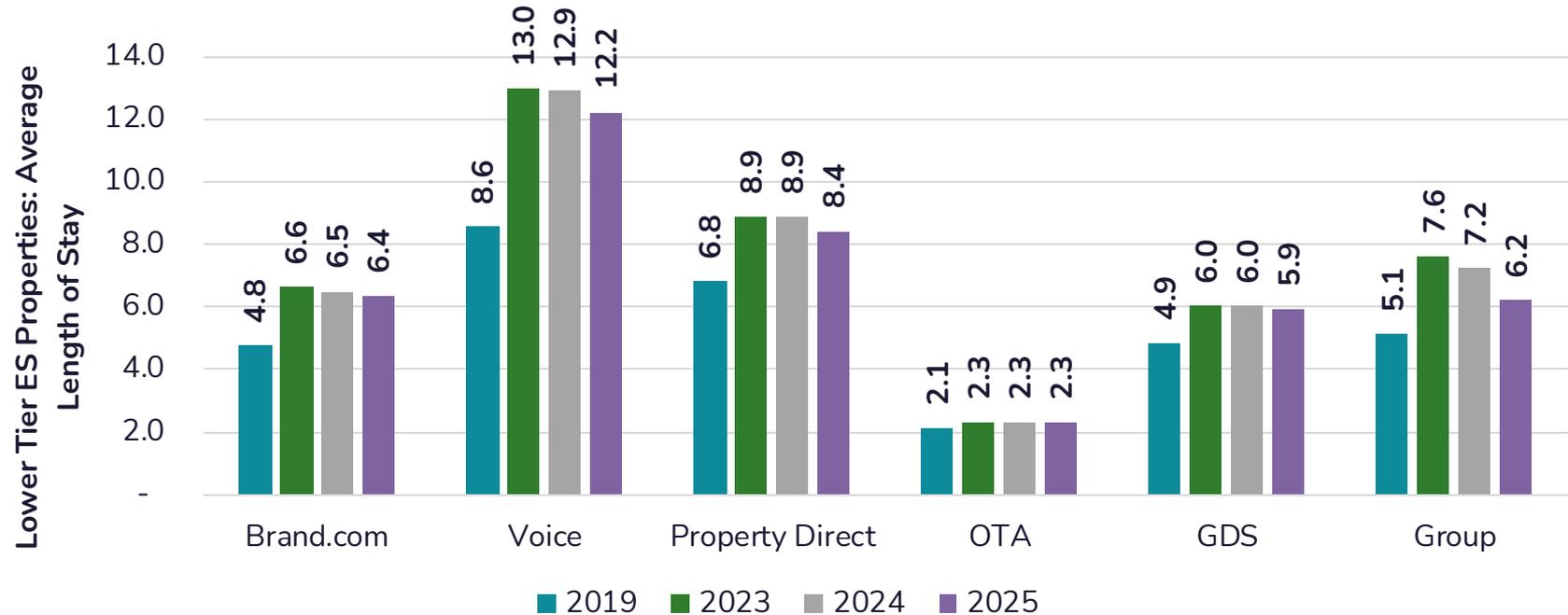
Demand by Segment – June YTD 2025

Lower Tier ES softening led by government and group, Upper Tier ES faring better



U.S. Lower Tier Average LOS by Channel

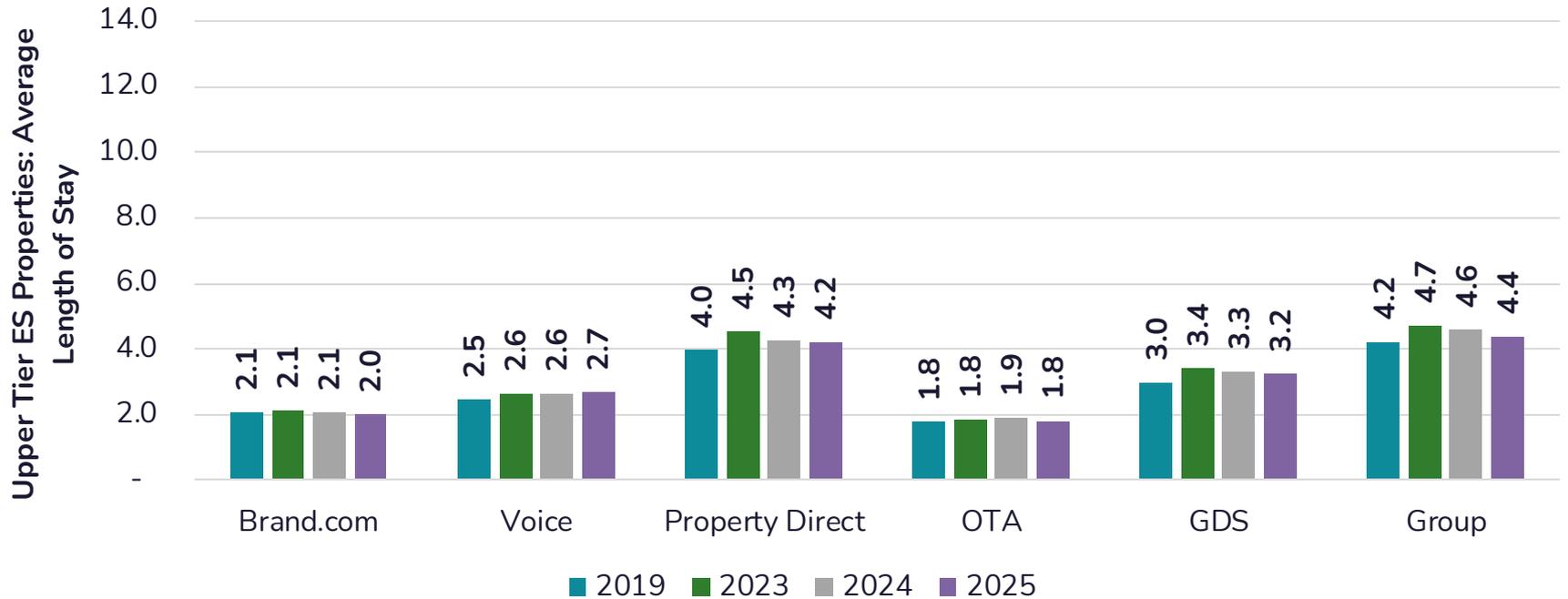
All channels except OTA decline – rising OTA reliance reduces overall ALOS



Source: Kalibri Labs

U.S. Upper Tier Average LOS by Channel

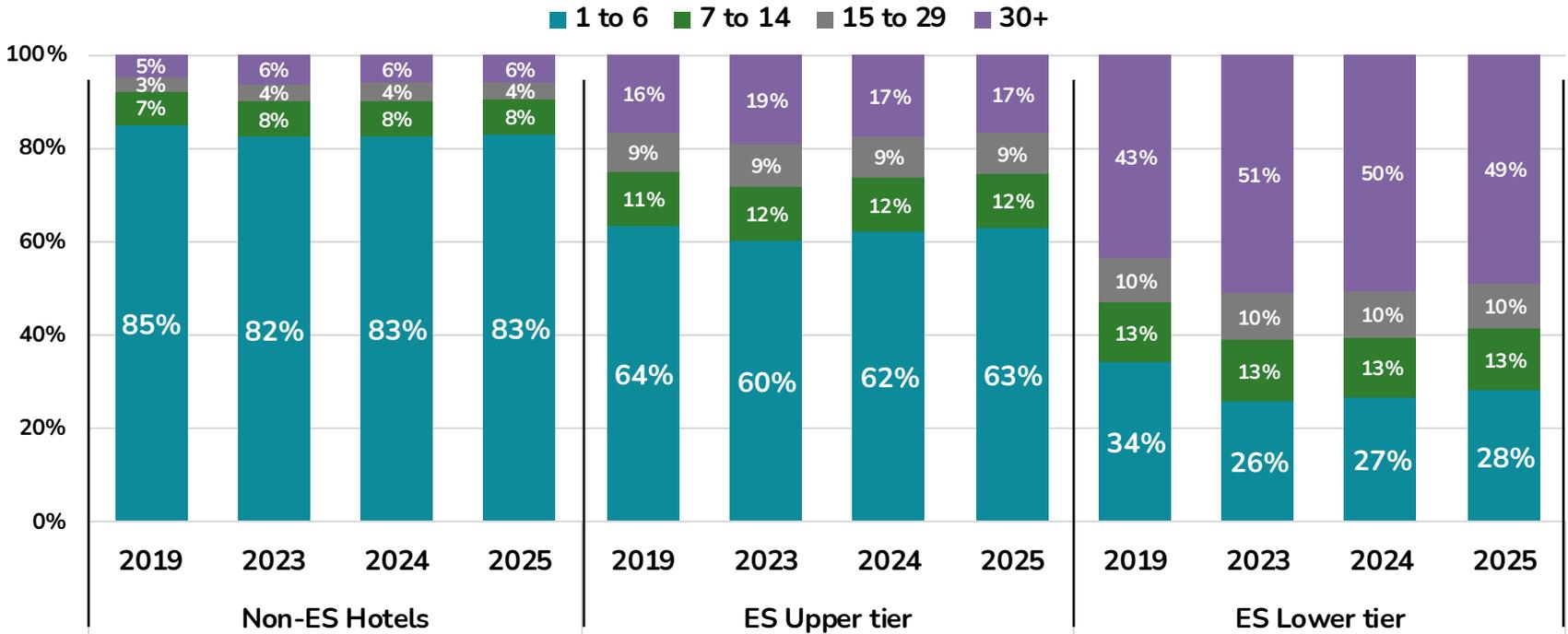
Upper Tier declines are similar to Lower Tier, but much less severe given lower LOS



Source: Kalibri Labs

U.S. LOS Patterns as % of Total

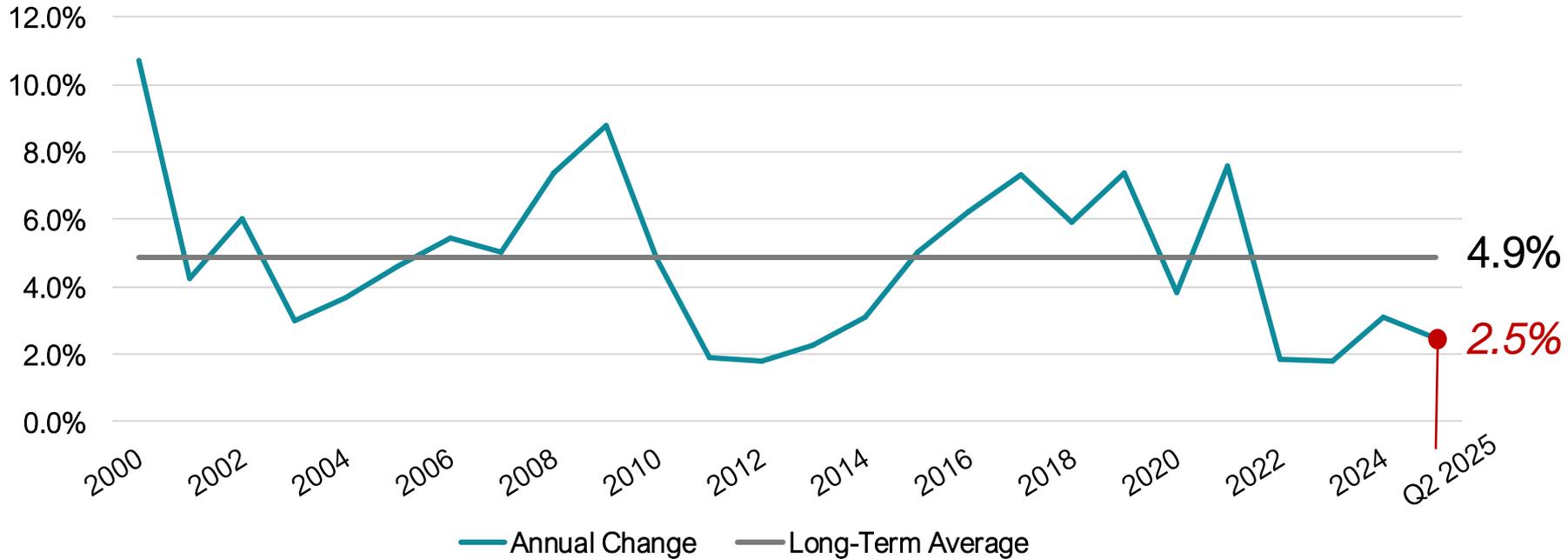
Transient business (0-6 nights) has inched up for both ES Tiers as 30+ has softened



Source: Kalibri Labs

Long Run Supply Growth

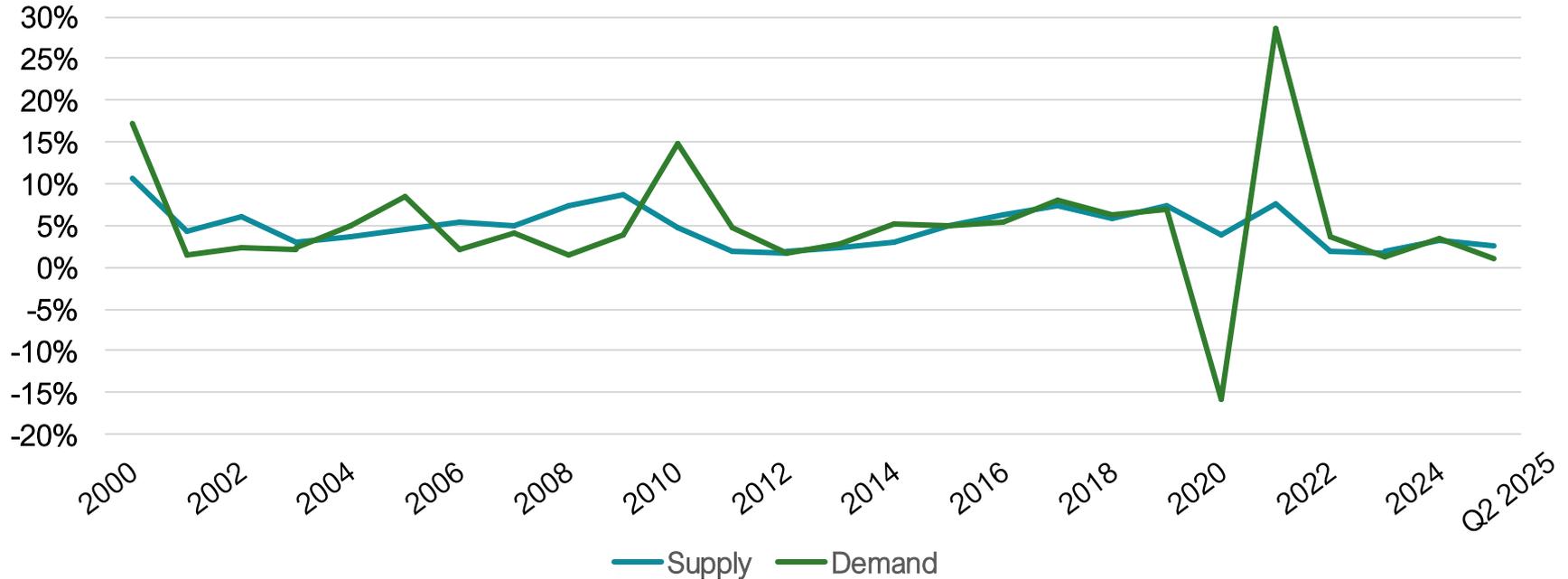
Even with all the new brands, supply growth has lagged the long-run average since 2022



Source: Highland Group

Long Run Supply vs Demand

Ignoring COVID, the sector has been in equilibrium since 2012, but 2025+ may differ



Source: Highland Group

Sector SWOT Analysis

STRENGTHS

- Resilient to economic cycles
- Operational economies of scale
- Lean operating model
- Large share of direct bookings (low cost)
- Diverse demand sources
- Exit optionality as multifamily (low cap rates)

OPPORTUNITIES

- Staying power of hybrid work
- Untapped markets
- ES guests staying in non-ES supply
- Continued infrastructure spending
- Return of American manufacturing

WEAKNESSES

- Low barriers to entry
- Long-term guests lead to elevated CapEx
- Limited ancillary revenue sources
- Additional supply is less likely to induce demand
- Property GM is the key to success

THREATS

- Population growth slowdown
- Regulatory and zoning
- Rising insurance costs
- Increased competition
- Reduced immigration
- Oversupply (market specific)

Thank You!



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