EXTRAORDINARY
Alexandria

2015 Alexandria Hotels Outlook

September 21, 2015

Visit Alexandria

Tourism: A Growth Industry

National trends

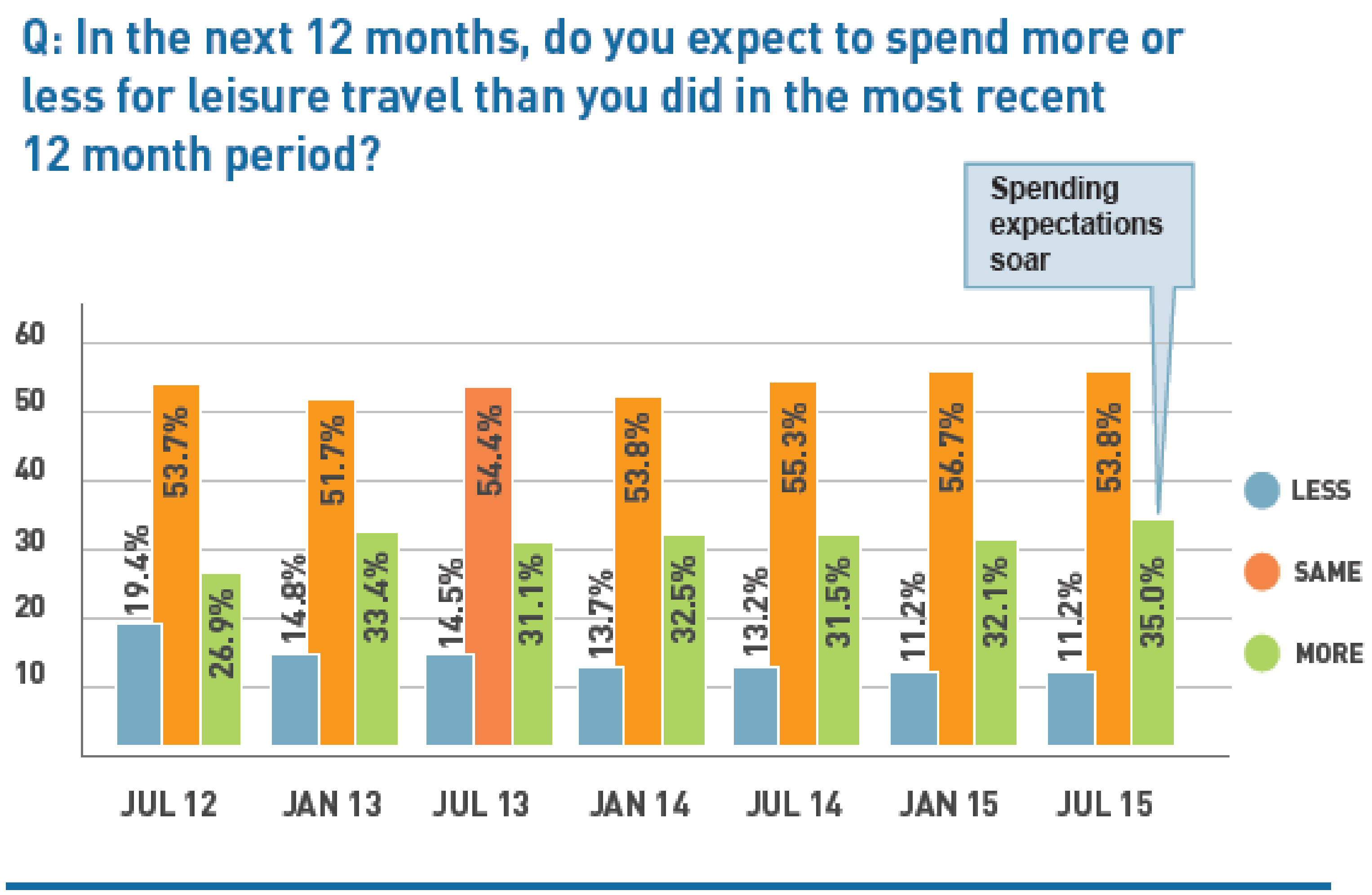
- Occupancy, ADR, RevPAR at all-time highs
- 800,000 jobs added since 2008
- $645 billion in direct spending on leisure travel in 2014
- $283 billion in direct spending on business travel in 2014
- 74 million international arrivals to U.S. in 2014

Source: US Travel Association, Smith Travel Research

Tourism: A Growth Industry

Traveler Intentions

- 35% plan to increase their travel spending (highest on record)
- Concerns over gas prices continue to drop due to lower prices than in recent years
- Slight rise in concerns over safety and airline prices



Source: "State of the American Traveler" July 2015 Report, Destination Analysts

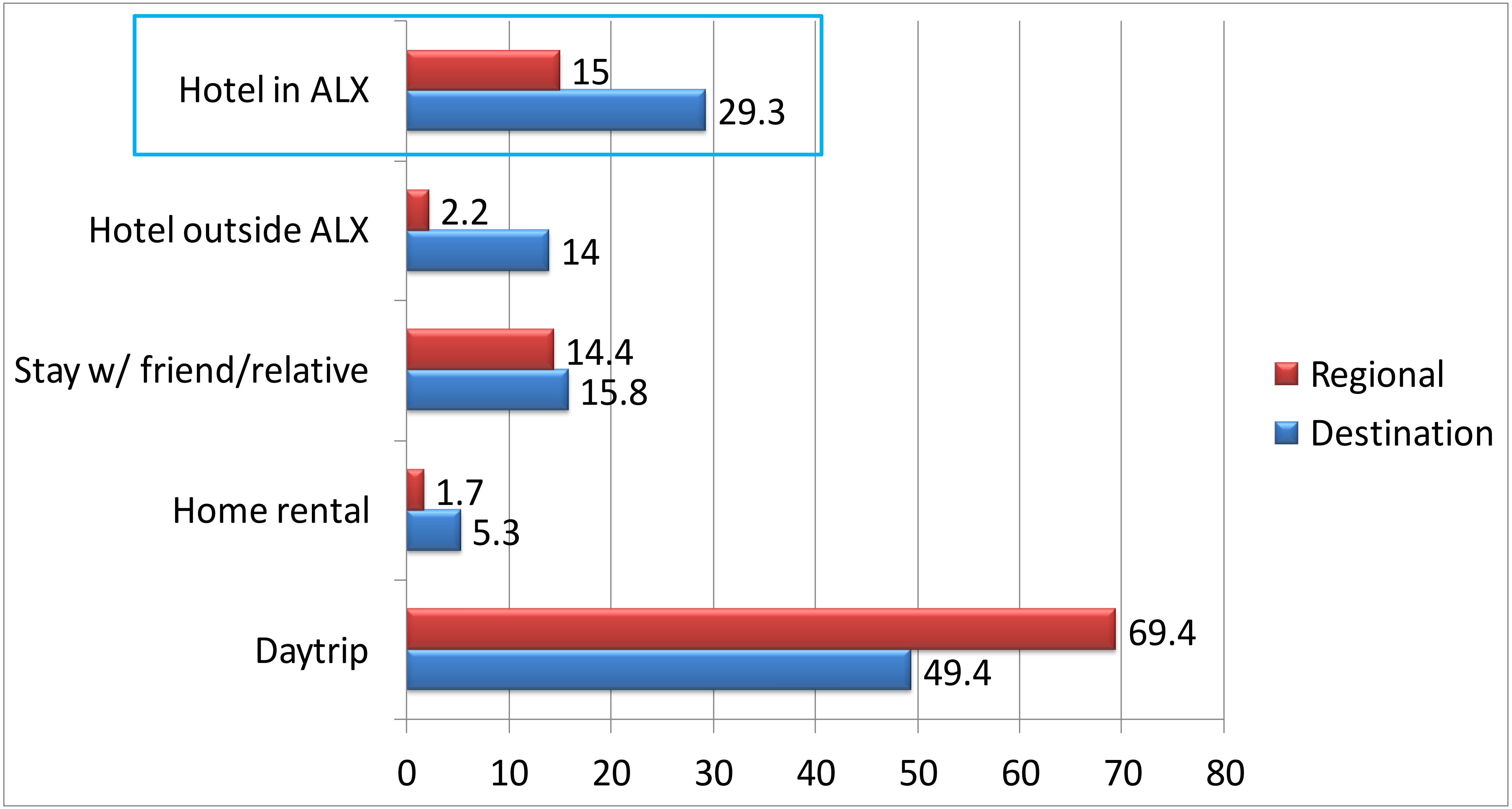
Top Reasons People Come to Alexandria

Question: Which of the following were IMPORTANT to your decision to make this visit to Alexandria, VA?

	Total
Restaurants, cuisine, food scene	46.3%
Proximity to Washington, DC	40.2%
Easy to get to by car, train, plane	38.7%
Clean and safe	33.6%
Friends or family in the area	33.0%
Walkable and easy to get around (do not need a car)	31.4%
Waterfront location	30.5%
Overall ambiance and atmosphere	30.1%
Historic significance	28.9%
Well-preserved 18th and 19th century architecture	22.5%
Alexandria is family-friendly	20.9%
Unique shopping opportunities	19.1%

Source: Destination Analysts, Alexandria 2014 Advertising Effectiveness and ROI Study

Place of Stay of Alexandria Visitors



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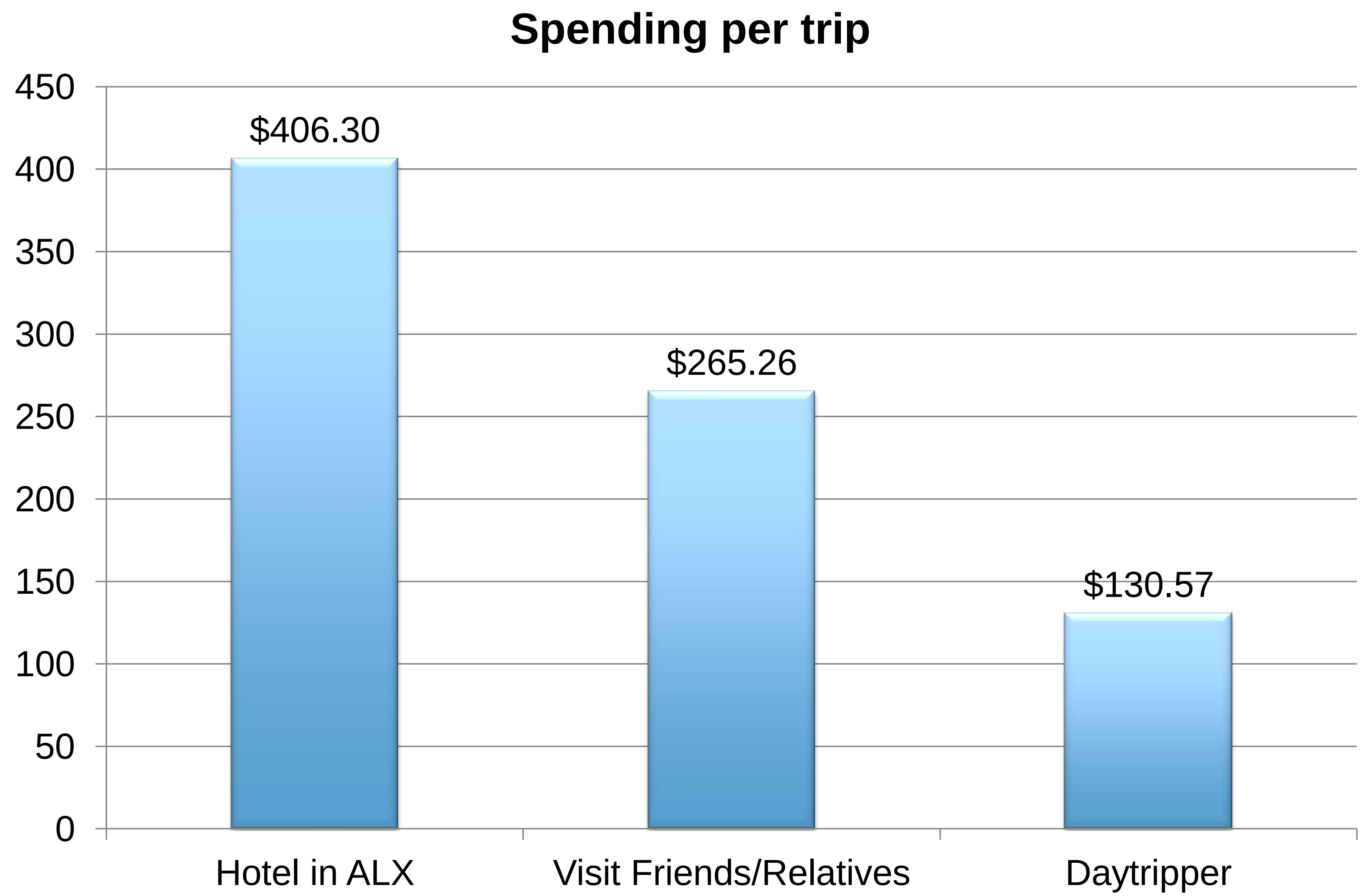
Visitor Spending by Accommodation



Source: *2014 Advertising Effectiveness & ROI Study*, Destination Analysts for ACVA

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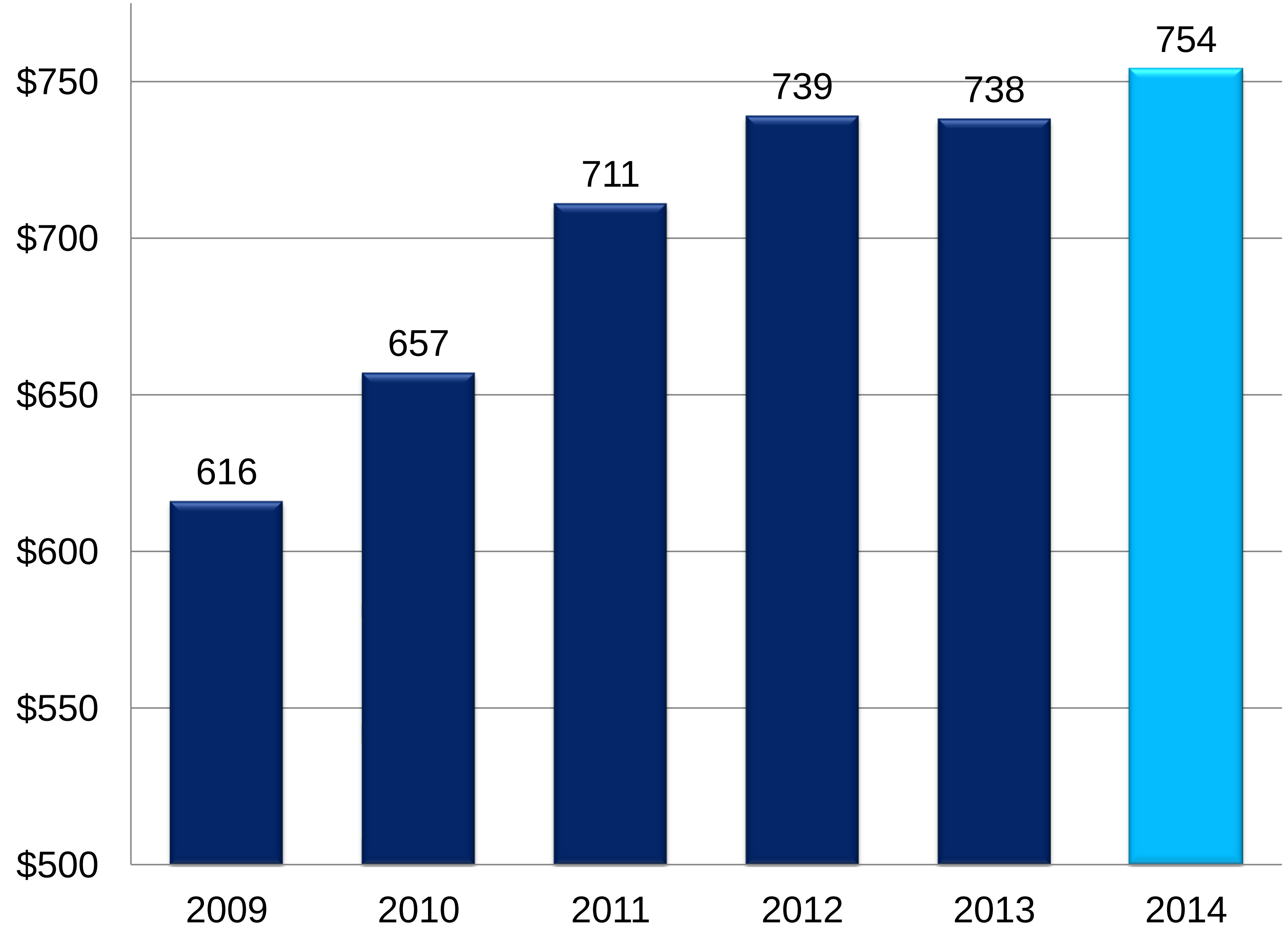
Visitor Spending in Alexandria (millions $)



Source: *2014 Economic Impact of Domestic Travel on Virginia and Localities*, *Virginia Tourism Corporation*

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Economic Impact of Tourism in Alexandria

- $754 million in visitor spending (2014)
- 3.5 million visitors per year
- $24 million in tax revenue generated
- $300 tax savings per household
- 6,171 jobs supported

Source: Virginia Tourism Corporation, 2014 Economic Impact of Domestic Travel

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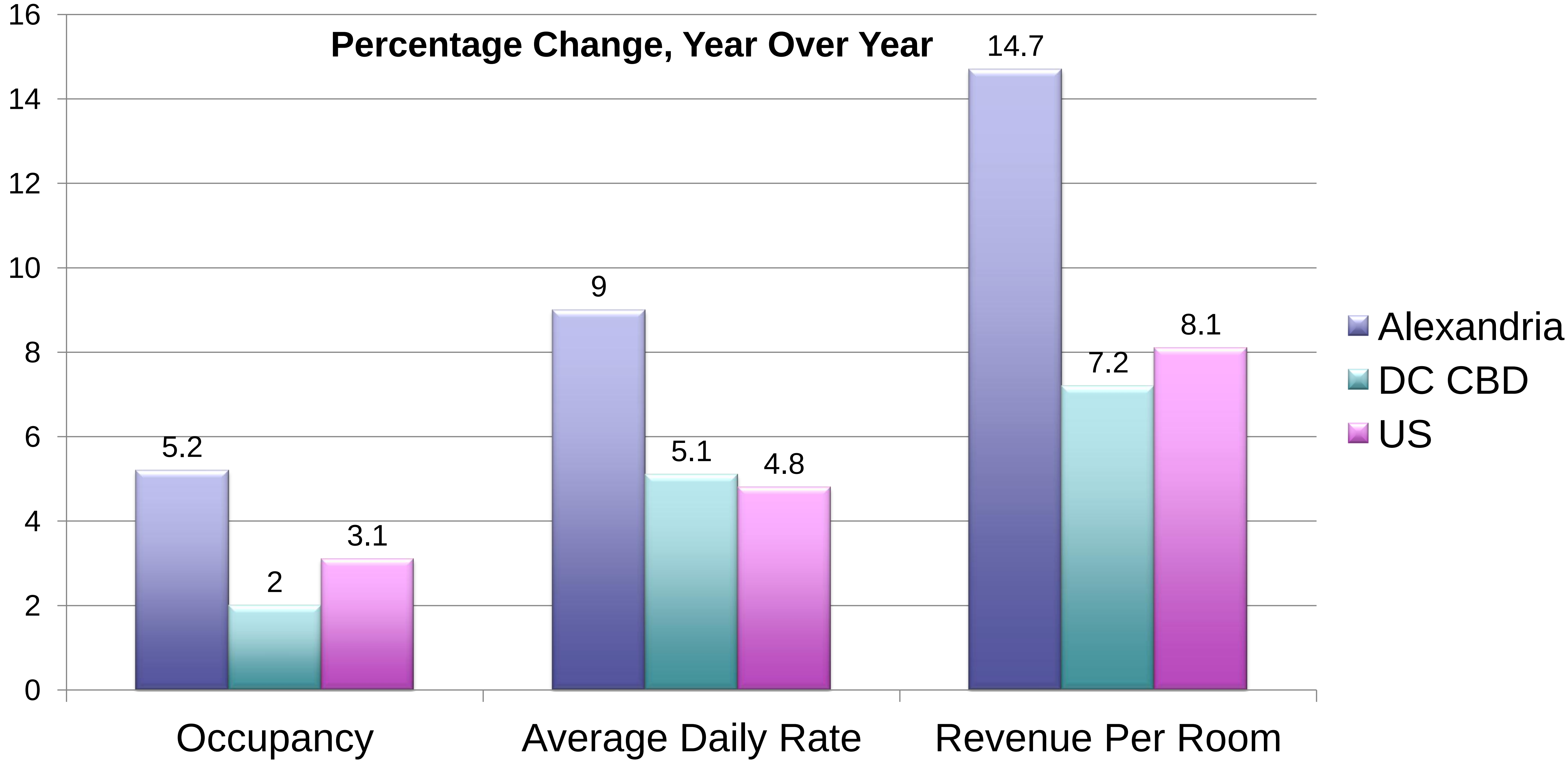
Current Lodging Performance



Source: Smith Travel Research data July 2014-June 2015 versus previous year

Hotels That Have Closed (2013-2014)

Hawthorn Suites – 184 rooms
Washington Suites – 219 rooms
Holiday Inn Eisenhower – 197 rooms

Assessed value of hotel property:
-13% in 2014

Supply on the upswing: Hotel openings

- **Hilton Garden Inn** on Prince St – 109 rooms. Opened March 2015.
- **Holiday Inn Eisenhower reopening** – 197 rooms - TBD
- **Hotel Indigo** – 121 rooms – 220 S Union St on waterfront. Opening Spring 2017.

Supply on the upswing: Development Pipeline

- **Robinson Terminal North** – 125 rooms
- **Carlyle Plaza II** – 220K sf of hotel
- **Towne Motel** – 26→98 rooms
- **Old Colony Inn** – 49→111 rooms and a new restaurant
- **Gateway at King and Beauregard** – 144 rooms

Supply on the upswing: Beyond 2017 Potential Development

- **Landmark Mall** – 800K sf approved
- **The Exchange at Potomac Yard** – up to 170 rooms approved
- **Hoffman Block 9A** – 170K sf approved
- **Mark Center/Beauregard** – 400K sf approved
  - 100K sf approved at Southern Towers
  - 125 sf approved at Town Center
  - 175K sf approved at two separate sites at Seminary & Beauregard
- **Braddock Road Metro** – up to 100K sf

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Demand growth has been outstripping supply in DC Region

Market Data June YTD 2015:
Strong RevPAR Growth Driven by Rate Growth

		% Change
• Hotels	698	
• Room Supply		0.7%
• Room Demand		4.7%
• Occupancy	72%	3.9%
• A.D.R.	$156	5.4%
• RevPAR	$112	9.5%

*YTD June2015, Washington, DC Metro Market

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Supply on the upswing: DC Supply to increase

In Construction	Final Planning	Planning	Unconfirmed
1,389	1,618	928	1,041

*Washington, DC CBD, Pipeline, number of rooms

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Supply + Demand impacts?
MGM National Harbor

- Opening 2nd half of 2016
- 308 hotel rooms(about 1/4 of them are suites)
- 100,000 sq feet
- 3,000 seat theater
- 3,000 slot machines
- 12 restaurants
- 25,000 customers/day
- Upscale product—not a traditional eastern urban casino, more a Vegas upscale casino dropped into the east coast
- Several target audiences
  - Regional day trippers
  - DC tourists who can be drawn away for the day/evening to this attraction
  - Meetings/conferences
  - Overnight destination guests (for their hotel and who can stay nearby)

Other Demand Impacts

- National Science Foundation: 90,000 room nights annually – 2017/2018
- Sequestration/Shutdown concerns—October 2015
- PBS's Mercy Street debuts January 2016 – Alexandria connection
- International Pow Wow (IPW) comes to DC in 2017
  - 5,500 delegates all from international tourist trade

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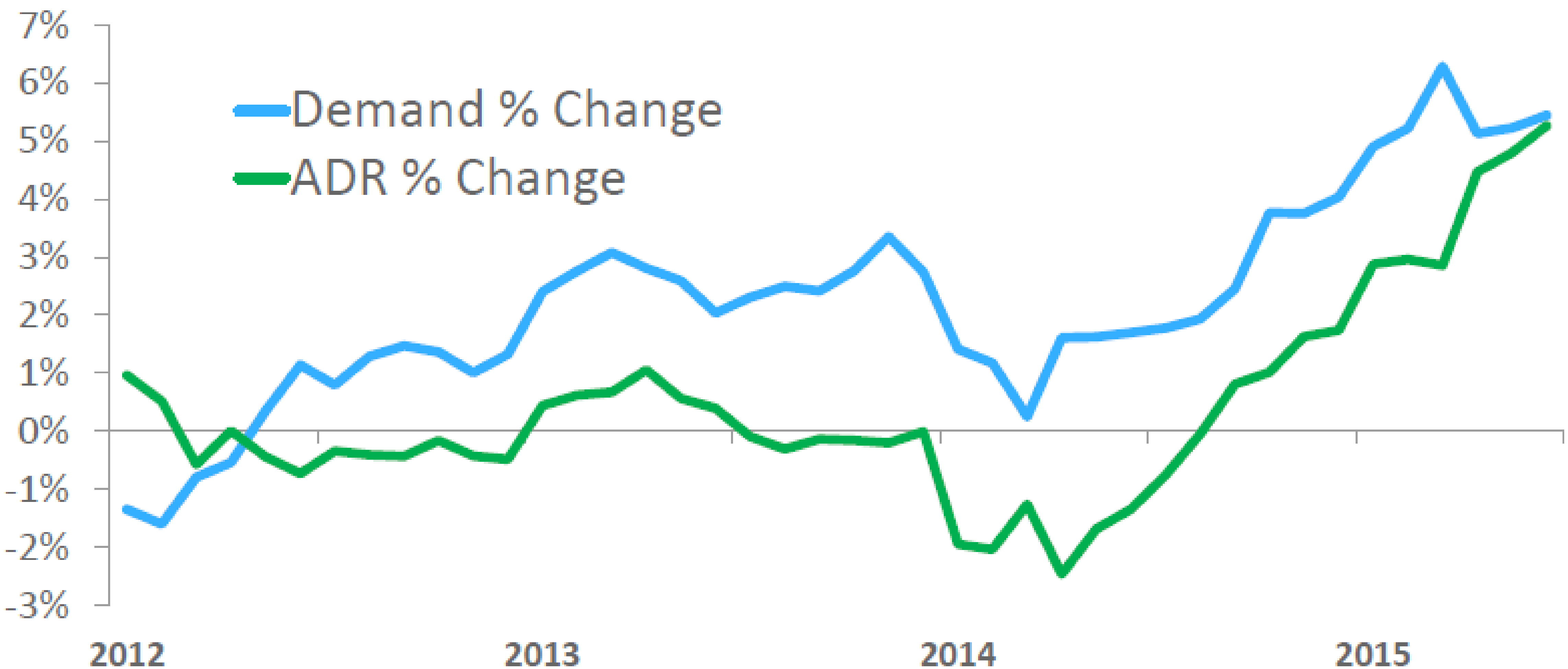
Transient Demand & ADR Growth Finally Rebounding



*DC Transient Demand and ADR % Change, 12 MMA, 1/2012 – 06/2015

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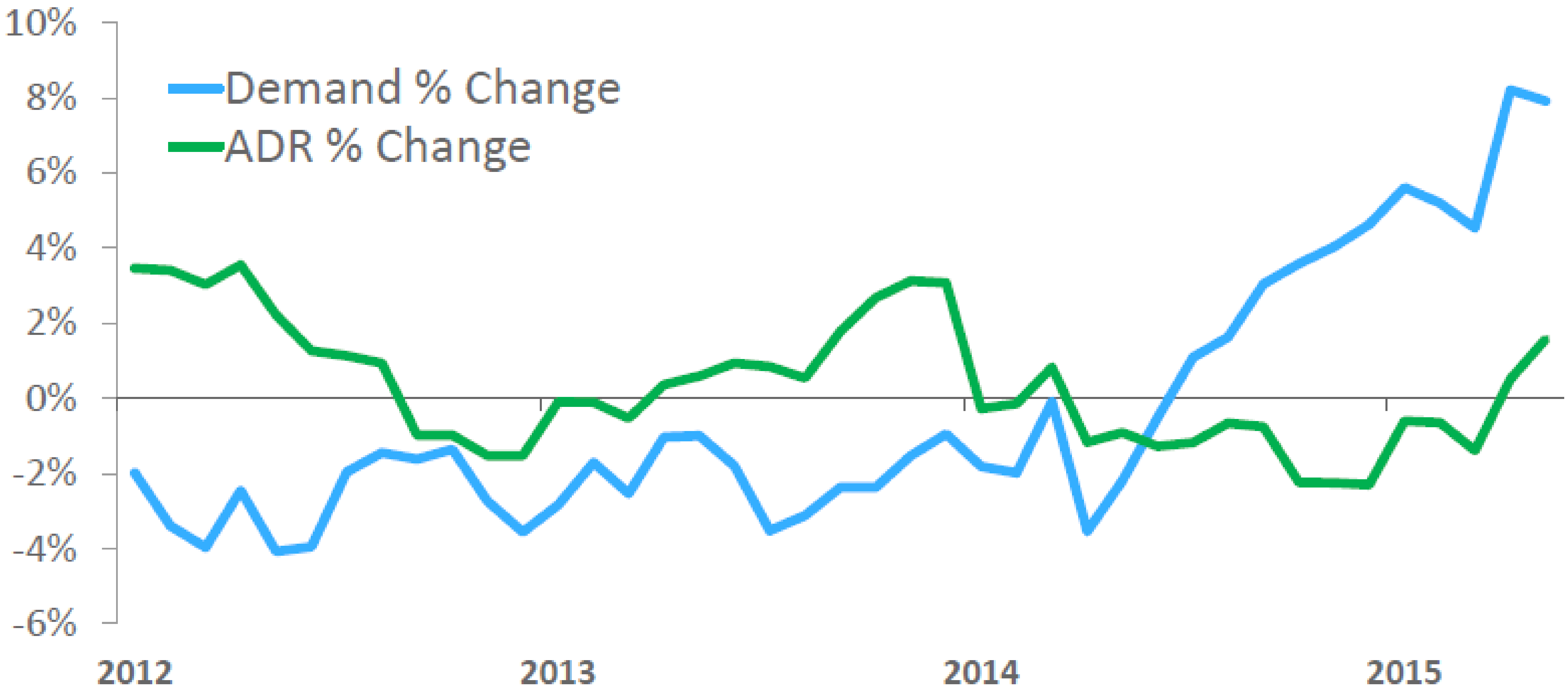
Group Demand Grows. Good Implications For All Hotels



*DC Group Demand and ADR % Change, 12 MMA, 1/2012 – 06/2015

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Total United States
Key Performance Indicator Outlook (% Change vs. Prior Year)
2015 - 2016

TOURISM ECONOMICS
AN OXFORD ECONOMICS COMPANY

Outlook		
	2015 Forecast	2016 Forecast
Supply	1.2%	1.4%
Demand	2.9%	2.2%
Occupancy	1.7%	0.8%
ADR	5.1%	5.2%
RevPAR	6.8%	6.0%

*As of 8/1/15

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2016 Year End RevPAR Forecast

Top 25 US Markets, August 2015 Forecast (Markets sorted alphabetically)

-5% to 0%	0% to 5%	5% to 10%	10% to 15%
	Atlanta	Anaheim	
	Boston	Dallas	
	Chicago	Denver	
	Los Angeles	Detroit	
	Miami	Houston	
	New Orleans	Minneapolis	
	New York	Nashville	
	Norfolk	Oahu	
		Orlando	
		Philadelphia	
		Phoenix	
		San Diego	
		San Francisco	
		Seattle	
		St. Louis	
		Tampa	
		Washington, DC	

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Thank you!

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