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Agenda

AHA/Visit Alexandria Fall 2016 Meeting **September 9, 2016**

1. Introductions/What's new at your hotel?
2. Research Update
 - a. Economic, Tourism, and Digital Marketing Trends
 - b. National, Regional, and Local Lodging Data and Outlook
 - c. Alexandria Hotel Development Update
 - d. VisitAlexandriaVA.com Alexandria Visitor Data
3. 2016-17 Events
 - a. Wedding Showcase
 - b. MGM Update
 - c. IPW Plans—June 2017
 - d. Health Professionals Network Meeting—September 2017
4. Marine Corps Marathon shuttle
5. Questions/Needs?

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Alexandria

Fall 2016 Hotels Outlook

September 9, 2016

Vito Fiore, Director of Marketing & Research

Visit Alexandria

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Economic Trends

- Spending moves from Goods → Services
- Retail, restaurant spending falling
- Travel and leisure spending rises (+8.6% over last year)
- ADR, RevPAR at record highs
- Occupancy near records but beginning to nudge downward
- Lodging supply growth exceeding demand growth

*Source: Smith Travel Research; Wall Street Journal
"Where We Spend Is Upending Traditional Retail",
August 12, 2016*

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Tourism Trends

THE KEY:



expect more

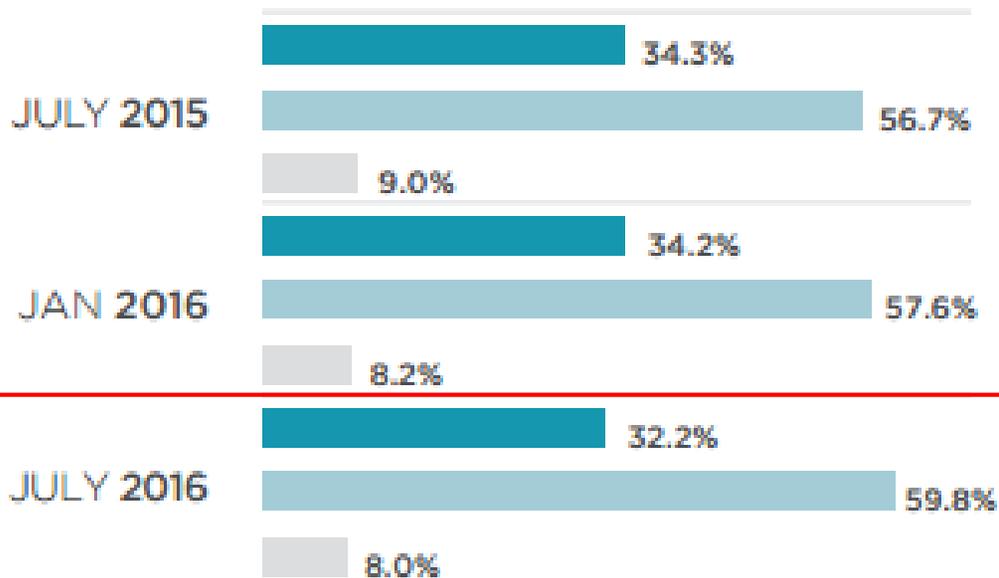


expect the same

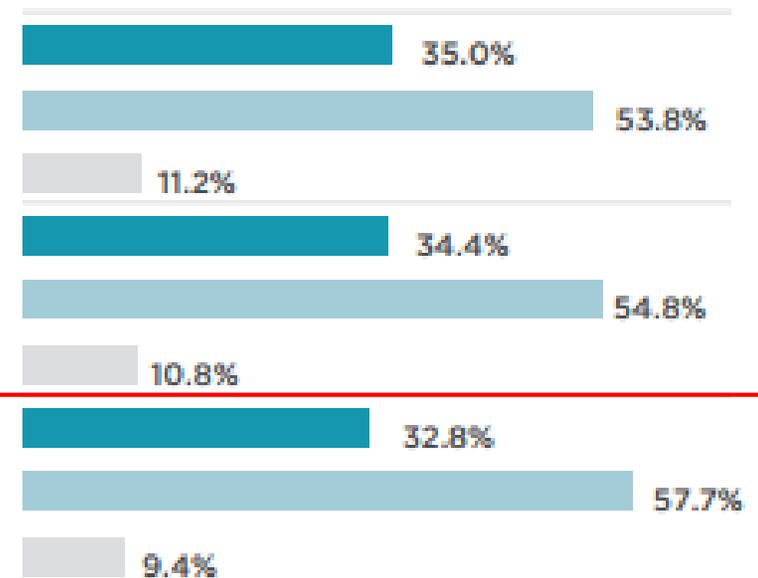


expect less

Travel Expectations (Trips)



Travel Expectations (Spending)



Source: "State of the American Traveler" July 2016 Report, Destination Analysts

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Tourism Headwinds

- Economic stagnation
- Reduced business travel demand
- Increased supply, esp in upper midscale/upscale (limited service, leisure hotels)
- Airbnb adds to supply/competition
- ADR driven RevPAR: Will near-record occupancy keep driving rate higher, or will occupancy declines lead to ADR drop as well?

Source: “State of the American Traveler” July 2016
Report, Destination Analysts

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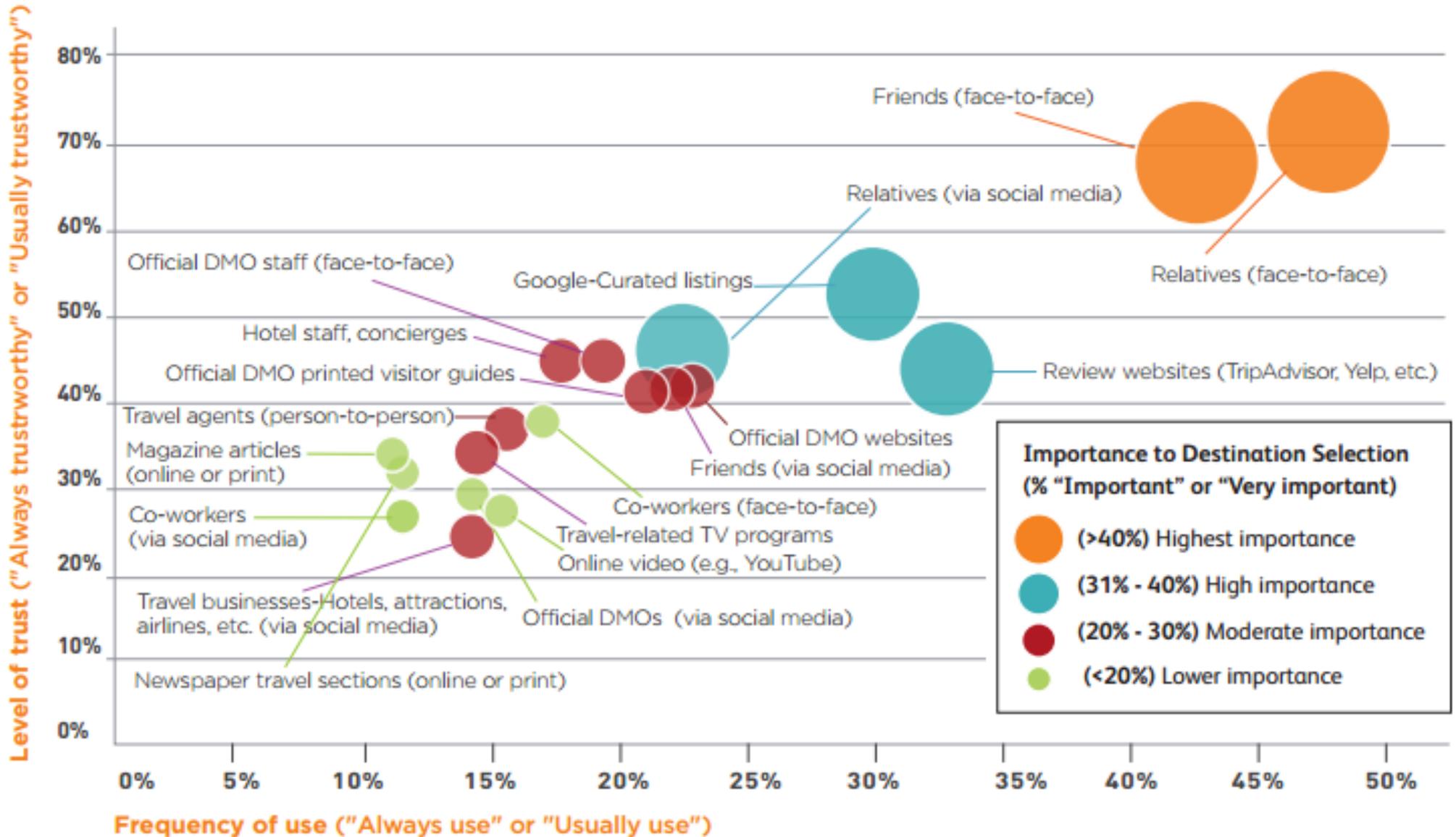
Tourism Trends

- More than half of millennial travelers expect to increase their number of trips and amount of travel spending in the next 12 months (more than any other generation)
- 53% of destination selections are influenced significantly by word of mouth, and 90% of those are via personal conversations (face-to-face or telephone)
- Emerging technologies like virtual reality, augmented reality, voice activated AI, and beacons may be the future, but are still rarely used today

Source: “State of the American Traveler” April 2016
and July 2016 Reports, Destination Analysts

Trust Me, Use Me, Value Me

A visualization of the trust levels, usage rates and importance of the key resources used in travel research



Source: "State of the American Traveler" April 2016 Report, Destination Analysts

Use of Cutting-Edge Tech Solutions (Past 12 months)

	USED FOR ANY REASON	USED FOR LEISURE TRAVEL
Voice-activated intelligent assistant (e.g., Siri or Cortana)	21.5%	12.2%
Full virtual reality headset to view 3D content (e.g., Oculus, HoloLens)	12.3%	4.9%
Smart Watch or other wearable device (e.g., Smart Bands/ Smart Clothing)	11.8%	6.6%
Voice-activated Smart Speaker (e.g., Amazon Echo)	11.0%	5.9%
Simple virtual reality/augmented reality headset to view 3D content (e.g., Google Cardboard)	9.0%	7.3%
iBeacon or Eddystone technology or similar solution on mobile phone (allows Apps to receive personalized content from nearby vendors)	7.7%	6.1%
None of these	69.3%	69.6%

Source: "State of the American Traveler" April 2016 Report, Destination Analysts

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Digital Marketing Trends

- Google Changes to Search Results →  Organic Traffic
- Don't be digitally contestable – do what Google, Yelp, TripAdvisor can't
- Content marketing grows up
 - Gauge organic and boost what catches fire
 - True viral content is rare; dollars are needed (native + social)
 - Video 5 times more impactful on visitation than banner – inspiration, not booking
- Brand is authentic, not manufactured. What do people say about us?

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U.S. Hotels TTM June 2016

Metric	No.	Status	Remarks
OCC	65.5%	▲0.6%	RECORD
ADR	\$121	▲3.6%	RECORD
REVPAR	\$80	▲4.3%	RECORD
AVAIL ROOMS	1.8B	▲1.4%	RECORD
OCC ROOMS	1.2B	▲2.0%	RECORD
ROOM REV	\$146B	▲5.7%	RECORD

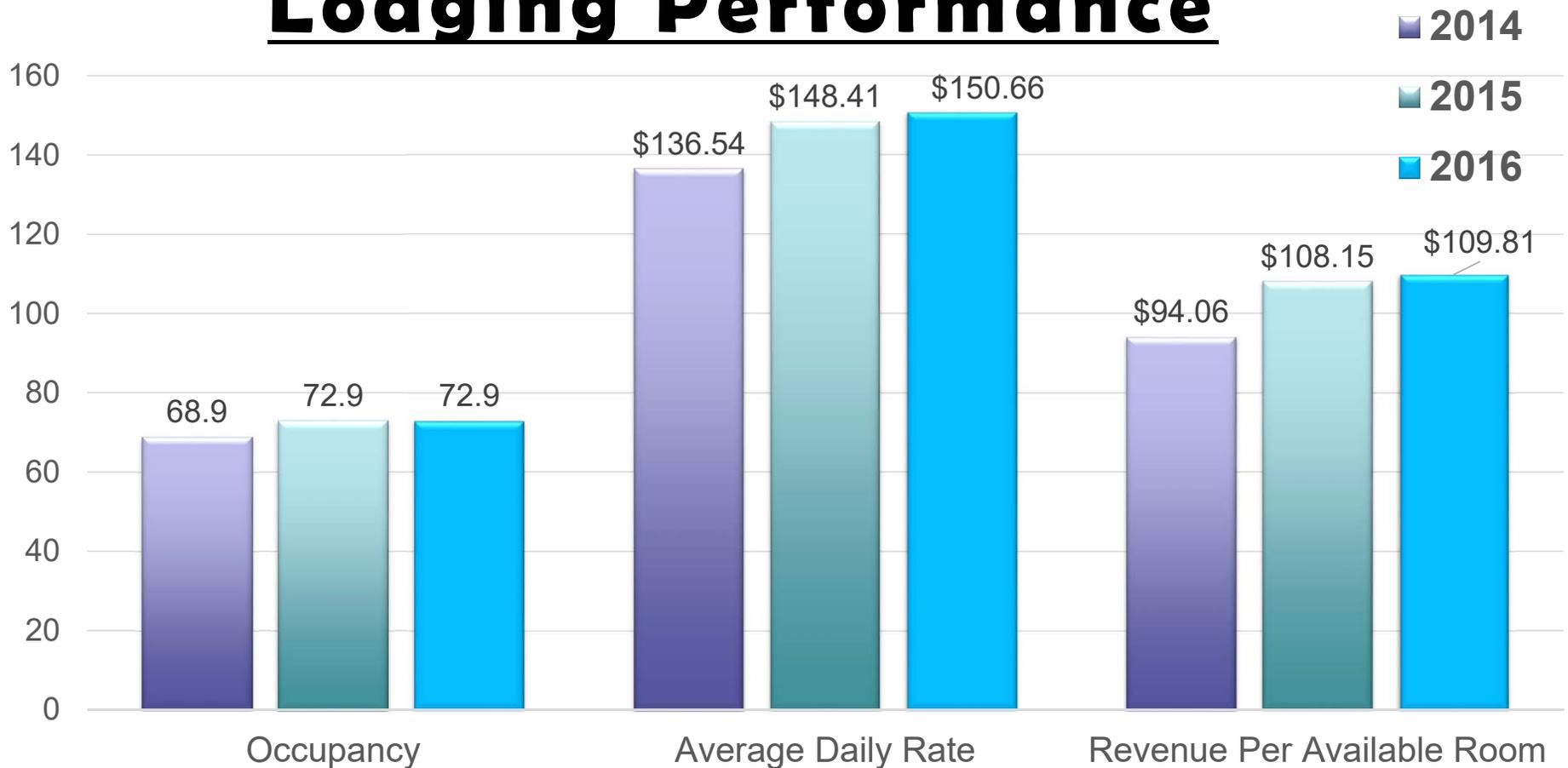
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Source: Smith Travel Research

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FY2014-FY2016 Alexandria Lodging Performance

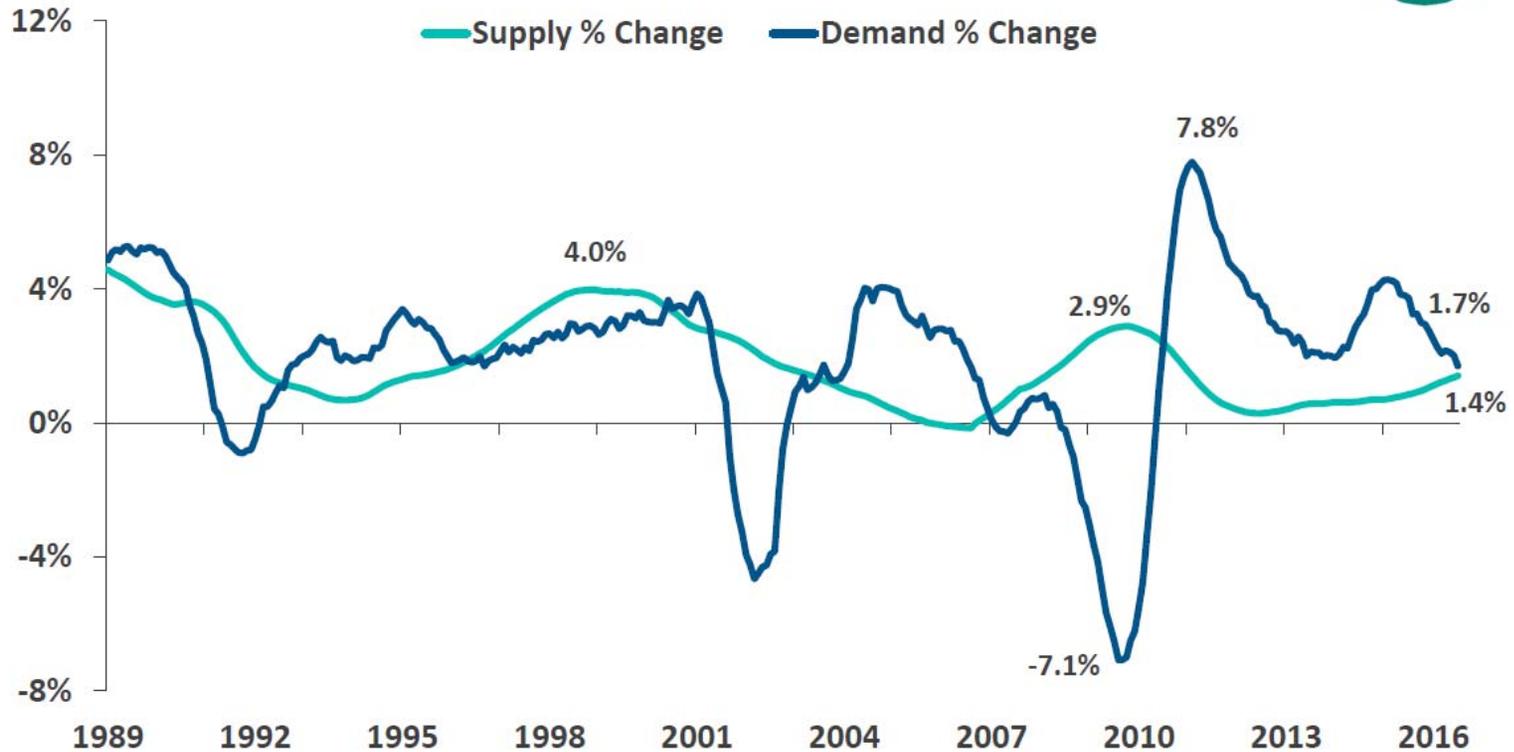


Source: Smith Travel Research reports prepared for Visit Alexandria

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Demand Growth Slows as Supply Growth Increases to 1.4%



Total U.S. – Room Supply / Demand % Change
12 MMA January 1989 to July 2016

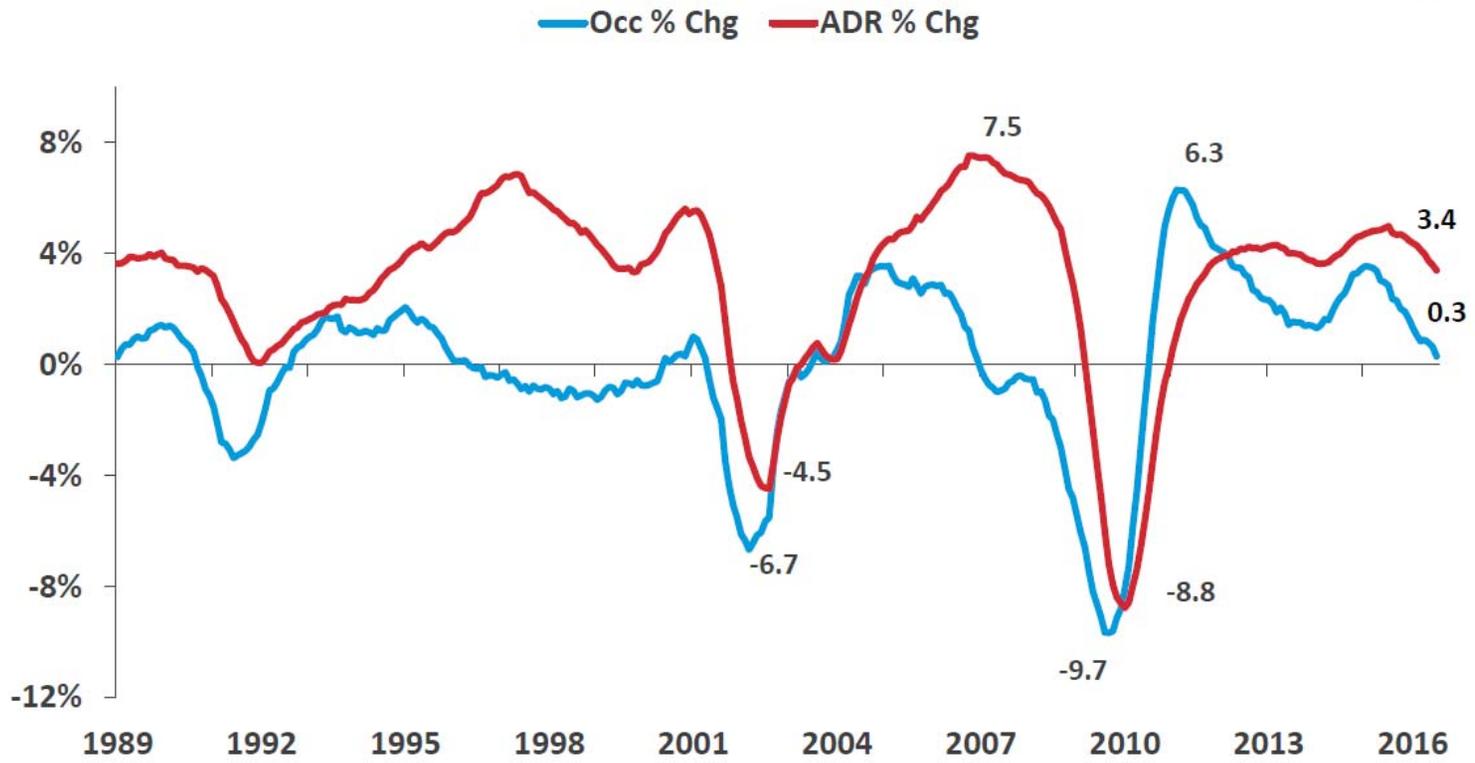
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Source: Smith Travel Research

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Occupancy Growth Rapidly Approaching 0%



Total U.S. – Occupancy/ADR % Change
12 MMA January 1989 to July 2016

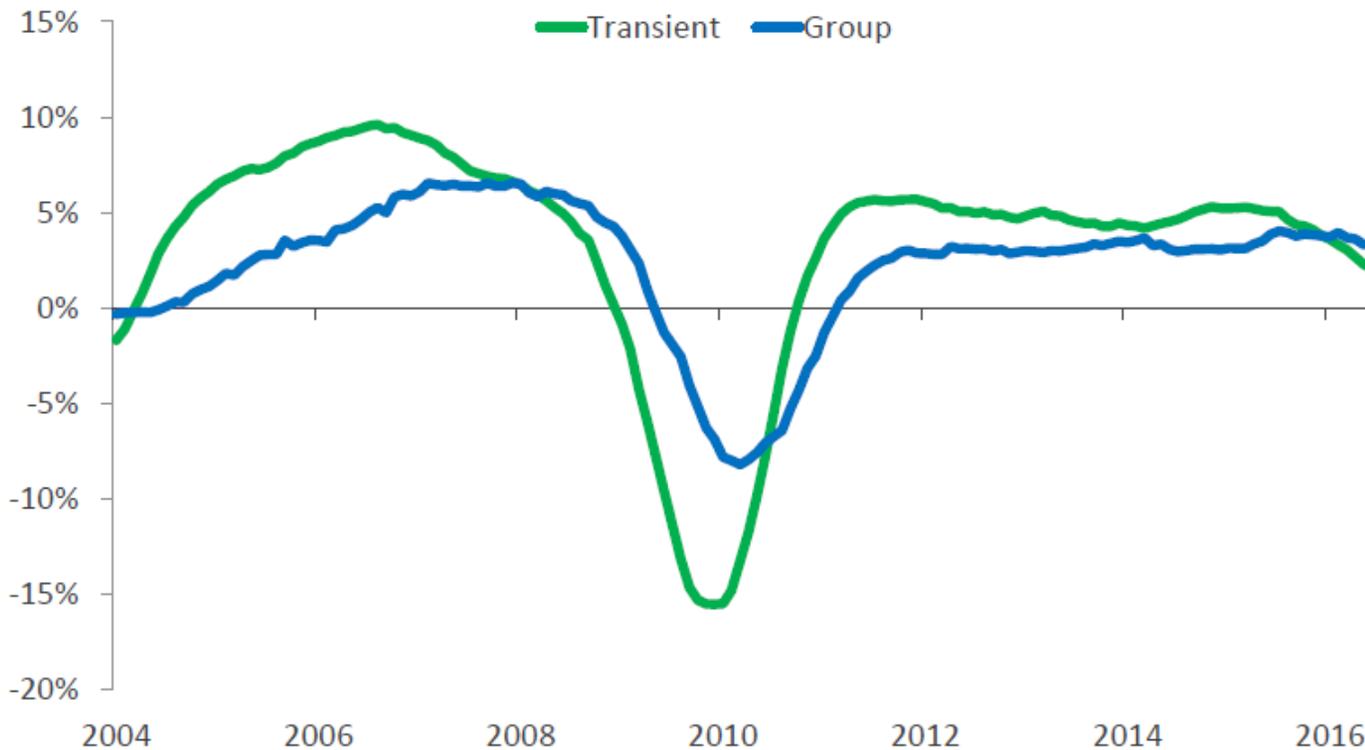
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Source: Smith Travel Research

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Transient Rate Growth Slower than Group, First time since 2010



Transient & Group ADR % Change, 12 MMA, 1/2003 – 6/2016

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Source: *Smith Travel Research*

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Washington DC Metro Market: Construction Is Heating Up

<u>Phase</u>	<u>2016</u>	<u>2015</u>	<u>% Change</u>
In Construction	3.7k	2.6k	42%
Final Planning	4.5k	3.9k	15%
Planning	2.3k	3.2k	-28%
Under Contract	10.6k	9.8k	8%

*Washington, DC Metro Market, Pipeline, by Phase, June 2015 and 2016

Source: Smith Travel Research

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Major Group Business in DC

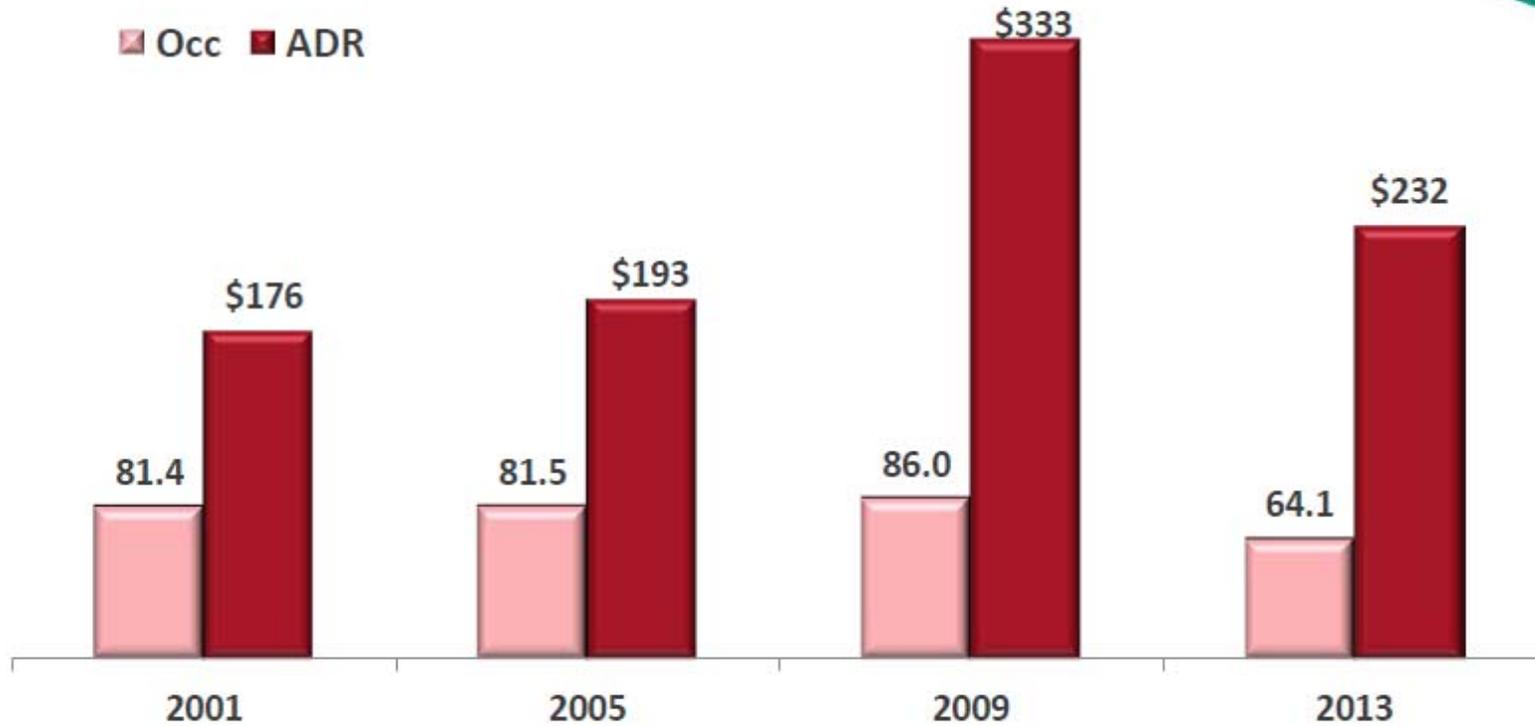
- October 16-18, 2016 - American College of Surgeons Professional Association
- November 11-15, 2016 - Confidential
- January 8-10, 2017 – Confidential
- March 6-9, 2017 - Confidential
- March 16-19, 2017 - American College of Cardiology
- April 1-4, 2017 – American Association for Cancer Research
- April 24-27, 2017 – Natl Cable & Telecommunications Assoc.
- May 18-23, 2017 – American Thoracic Society
- *June 3-7, 2017 – IPW*
- July 8-13, 2017 – Confidential
- November 10-14, 2017 – Society for Neuroscience
- January 6-9, 2018 – American Historical Assoc + Confidential

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DC Metro Market; January 18 – 20: Do Not Expect Another 2009!



*Washington DC Metro Market, Occ % and ADR \$, January 18-20th, by inauguration year

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Source: Smith Travel Research

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DC Metro Market RevPAR Forecast

2016	2017
+4.4%	+ 5.2%

Possible 2017 Factors: Inauguration, Pent-up Election Year Demand

Source: Smith Travel Research

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National Lodging Forecast 2016-2017

Outlook		
	2016 Forecast	2017 Forecast
Supply	+1.6%	+2.0%
Demand	+1.6%	+1.6%
Occupancy	0.0%	-0.3%
ADR	+3.2%	+3.1%
RevPAR	+3.2%	+2.8%
Source: STR/Tourism Economics		

Last Spring's
RevPAR
Forecast:
2016: 5.0%
2017: 4.5%

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Supply on the upswing: Hotel openings

- **Hilton Garden Inn** on Prince St – 109 rooms. Opened March 2015.



- **Holiday Inn Alexandria - Carlyle** – 207 rooms – April 2016



- **Hotel Indigo** – 121 rooms – 220 S. Union St on waterfront. Opening Spring 2017.



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Supply on the upswing: Development Pipeline

- **Old Colony Inn** – 49 → 94 rooms and a new restaurant; likely more upscale
- **Gateway at King and Beauregard** – 144 rooms
- **Carlyle Plaza II** – 250K sf of hotel entitled, but residential portion will be developed first
- **Towne Motel** – 26 → 98 rooms - entitled but no further details
- **1611 King Street** – 7 story hotel on parking lot and current adjacent small office. In concept.
- **Oakville Block B (across from Potomac Yard)** – In concept, will be part of Phase 2 with other retail/residential around 2020.
- **Robinson Terminal North** – 125 rooms – ON HOLD, no trophy hotel could be secured.

*Source: City of Alexandria, Alexandria Economic
Development Partnership*

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Supply on the upswing: Post-2020 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
 - 125K sf approved at Town Center
 - 175K sf approved at two separate sites at Seminary & Beauregard
- **Braddock Road Metro** – up to 100K sf
- **Potomac Yard North** – 170 rooms (area plan currently being updated)

*Source: City of Alexandria, Alexandria Economic
Development Partnership*

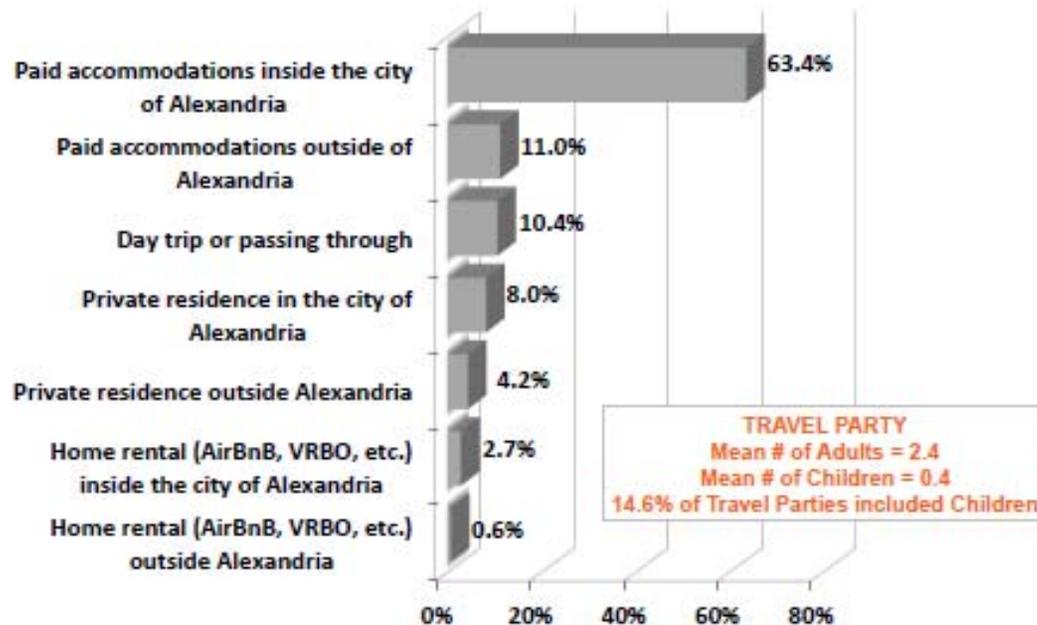
Destination Attributes Important to Visiting Alexandria

Which of the following were IMPORTANT to your decision to make this visit to Alexandria, VA? (Select all that apply)

Walkable and easy to get around	67.9%
Proximity to Washington, DC	59.8%
Historic significance	53.6%
Clean and safe	52.1%
Restaurants, cuisine, food scene	49.7%
Well-preserved 18th & 19th century architecture	47.9%
Access to metro/public transit	46.4%
Easy to get to by car, train, plane	45.8%
Waterfront location	44.6%
Unique shopping opportunities	36.3%
Overall ambiance and atmosphere	34.5%
Museums and historic sites	31.8%
Friends/family in the area	25.6%
Good deal on hotel/attractions	23.8%
Alexandria is uncontrived and authentic	22.3%

Place of Stay & Spending

While on this trip, where did you stay while in Alexandria? (Select all that apply)



While on this trip, approximately how much IN TOTAL did you spend PER DAY while in Alexandria on each of the following?



Spending—Hotel Guests vs. Other Places of Stay vs. Day-Trippers

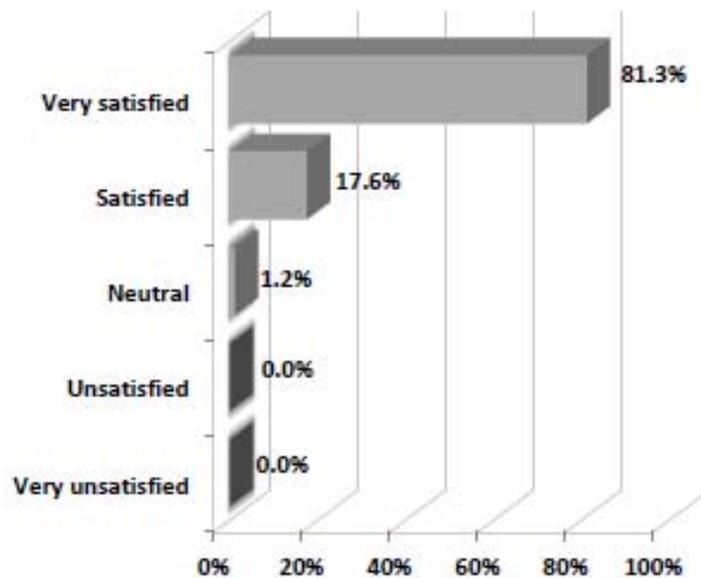
The table at right shows the breakout of estimated spending per day while in Alexandria based on responses to the Website Follow-Up Survey. The table compares **hotel guests** who stayed in paid commercial lodging inside the city of Alexandria, **non-hotel overnight guests** who stayed overnight in the city of Alexandria in a home rental or private residence, and **day-trippers** who stayed in accommodations outside the city of Alexandria.

	Hotel Guests	Non-Hotel Overnight Guests	Day-Trippers
Lodging	\$152.43	\$0.00	\$0.00
Restaurants	\$100.79	\$96.97	\$75.13
Retail Purchases	\$78.29	\$87.17	\$88.27
Entertainment & Sightseeing	\$43.60	\$63.65	\$32.70
Gas, Parking & Local Transportation	\$37.59	\$42.47	\$22.47
Other	\$13.93	\$5.00	\$19.76
Mean Spending Per Day, Per Travel Party	\$426.64	\$295.26	\$238.34
Mean Spending Per Day, Per Person	\$183.77	\$126.54	\$108.10
Mean Travelers Covered by Spending	2.3	2.3	2.2
Base	208	36	86

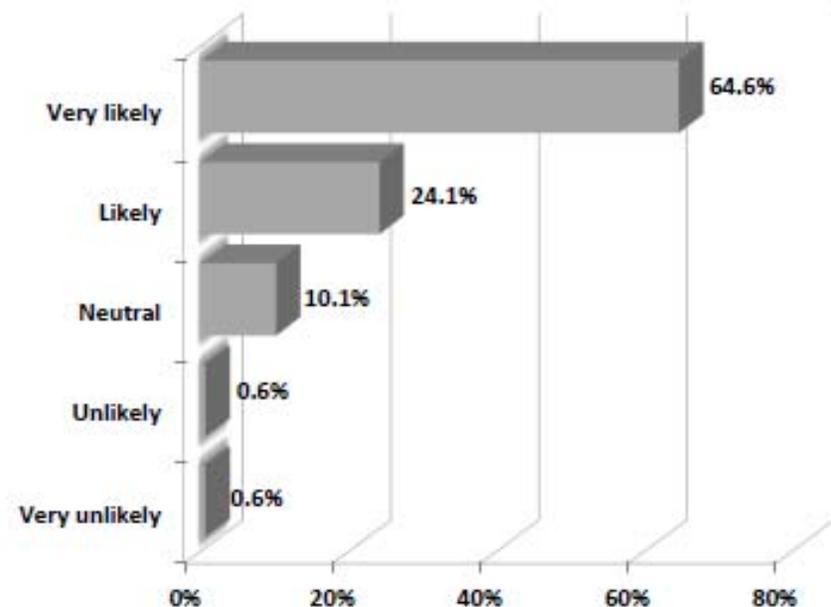
While on this trip, approximately how much IN TOTAL did you spend PER DAY while in Alexandria on each of the following?

Satisfaction & Likelihood to Return

In general, how satisfied were you with your visitor experience in Alexandria? (Select one)



How likely are you to return to Alexandria? (Select one)



Source: VisitAlexandriaVA.com 2016 Website ROI Study, prepared by Destination Analysts; N= 336

Thank you!

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Alexandria

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