



Forecasting post-pandemic

US and FLL hotel performance trends and forecast considerations

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Agenda



1.

US
headlines

2.

The metrics
to watch

3.

Focus on Fort
Lauderdale

4.

What happens
next?

5.

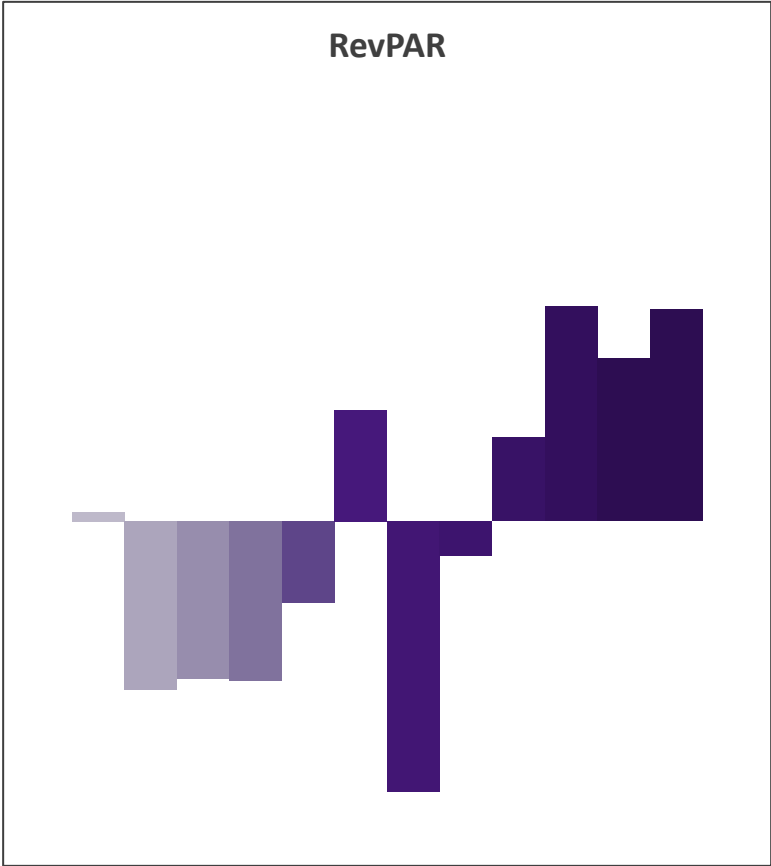
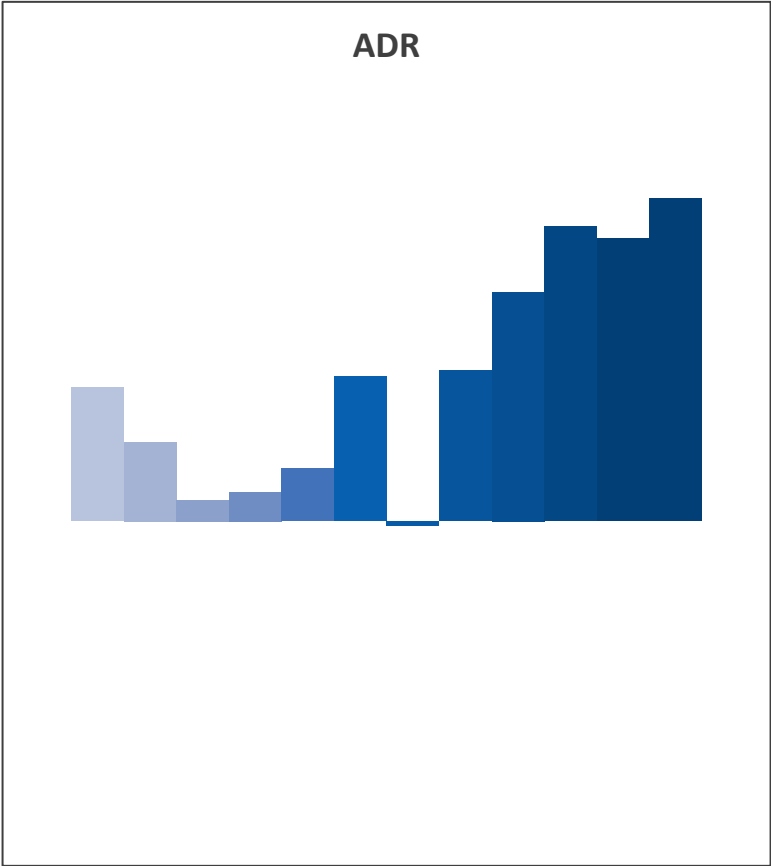
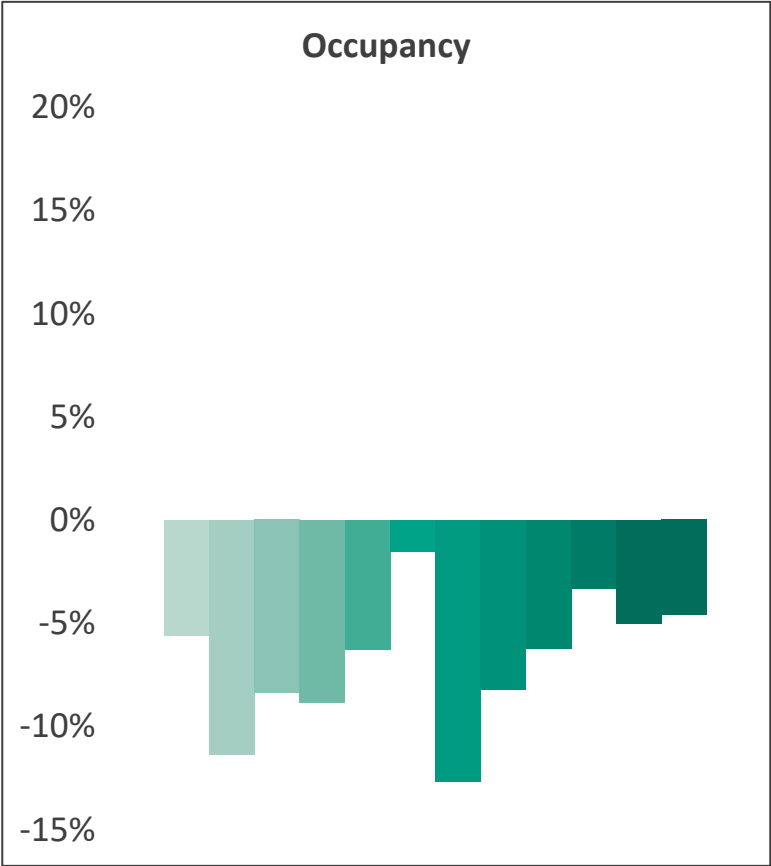
Questions



US headlines

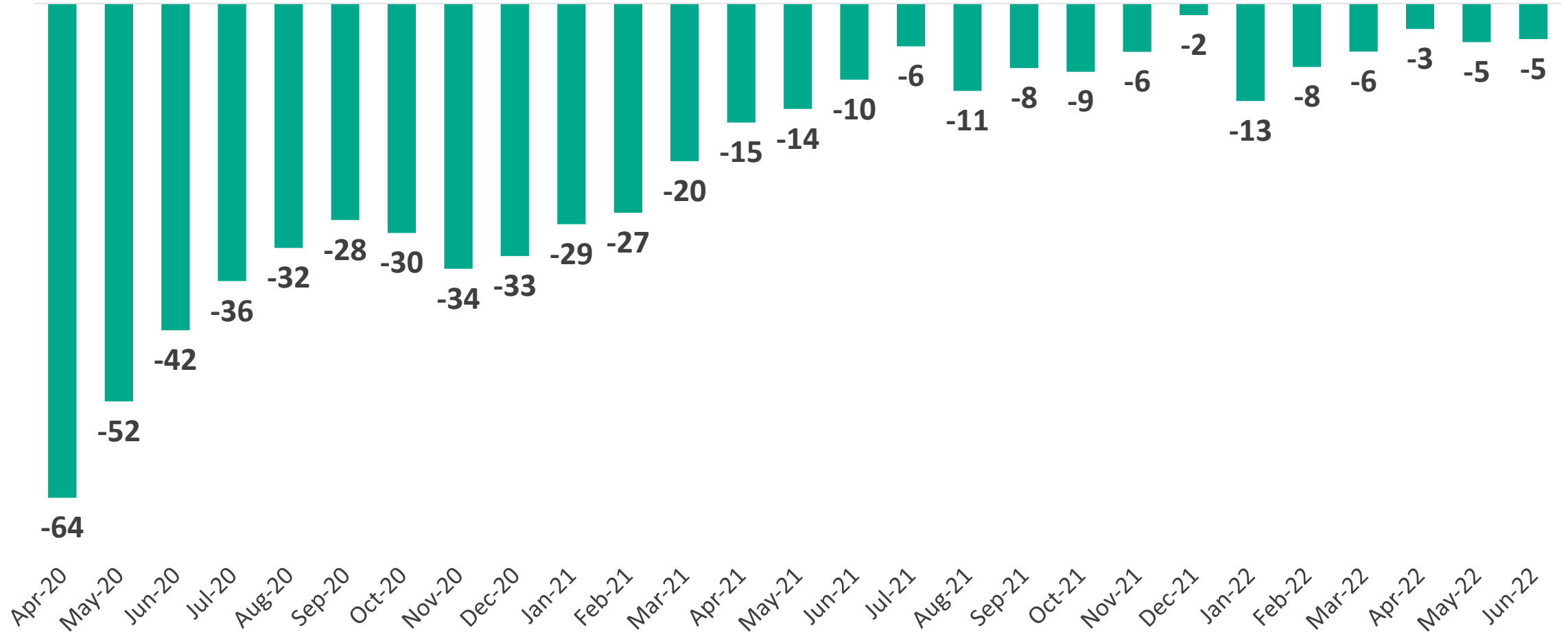
The problem with a pandemic: How do we (re)define recovery?

US, KPI % change to 2019, July 2021 – Jun 2022 (prelim)



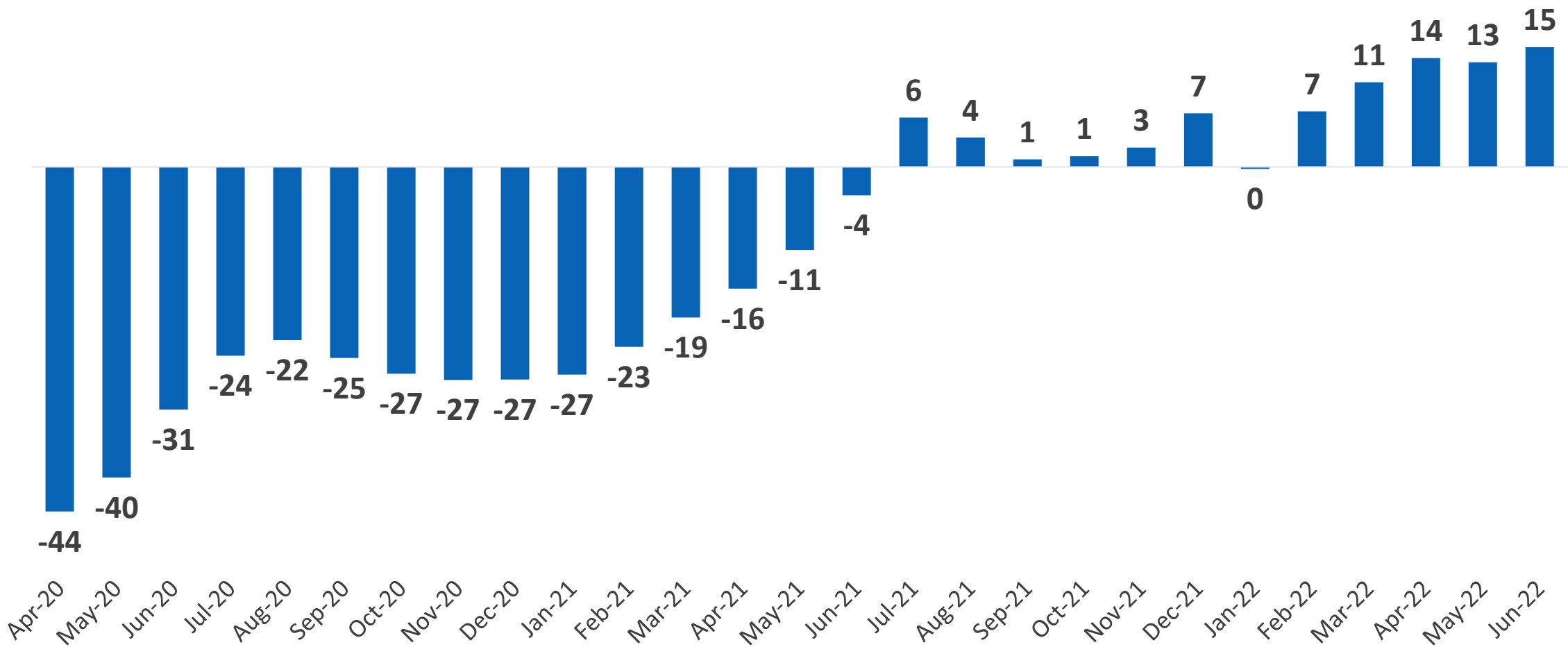
Occupancy zig-zags but on the right track

Total U.S., occupancy % chg. to 2019, Apr 2020 – June 2022 (prelim)



ADR miles ahead of the competition

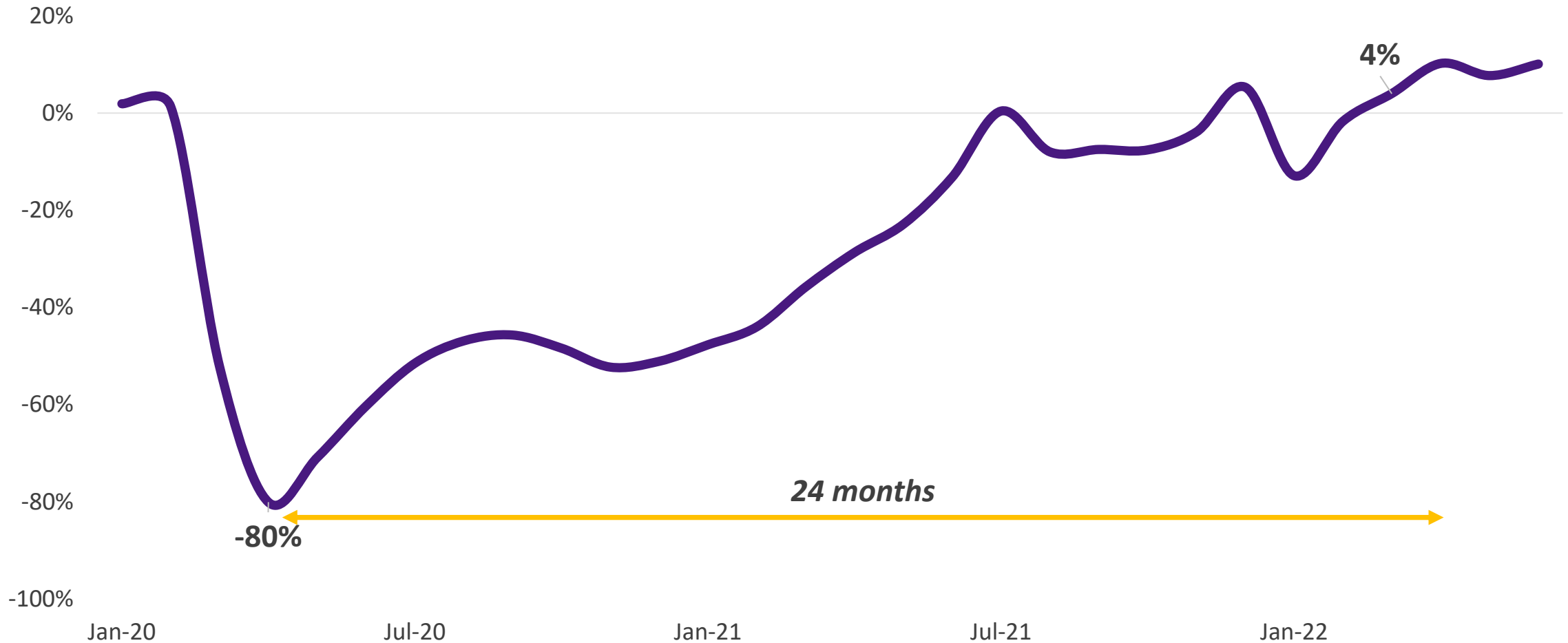
Total U.S., ADR % chg. to 2019, Apr 2020 – June 2022 (prelim)



RevPAR gets strong second wind from summer leisure travel

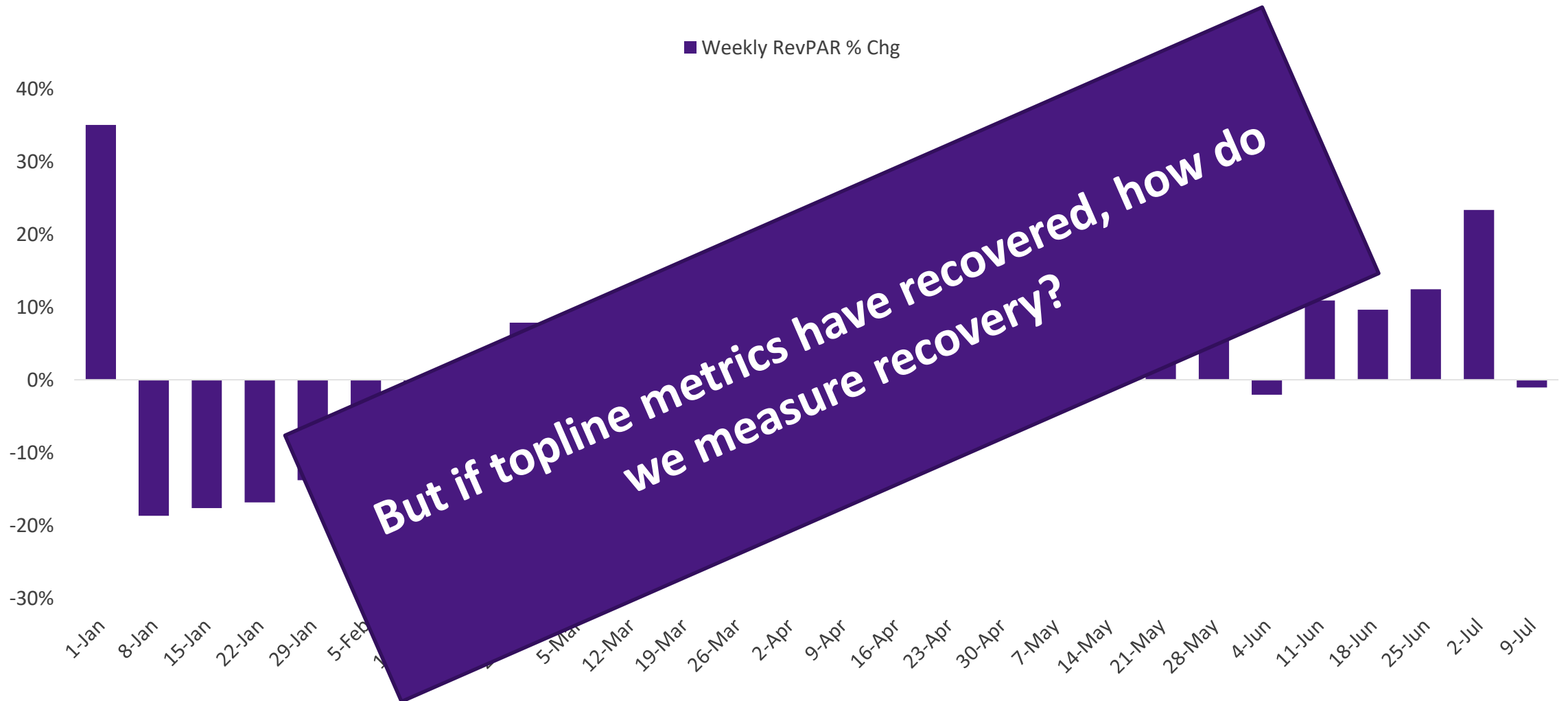


Total U.S, RevPAR % chg. to 2019, Jan 2020 – June 2022 (prelim)



RevPAR growth stabilizing around 10-12%

U.S., Weekly RevPAR % change to 2019, 2021-2022





The metrics to watch

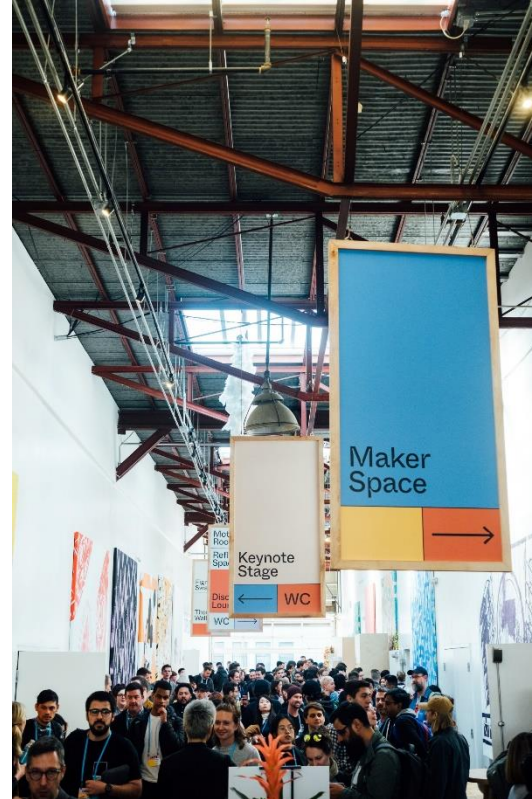
Demand recovery by source still varied



100%+



70%



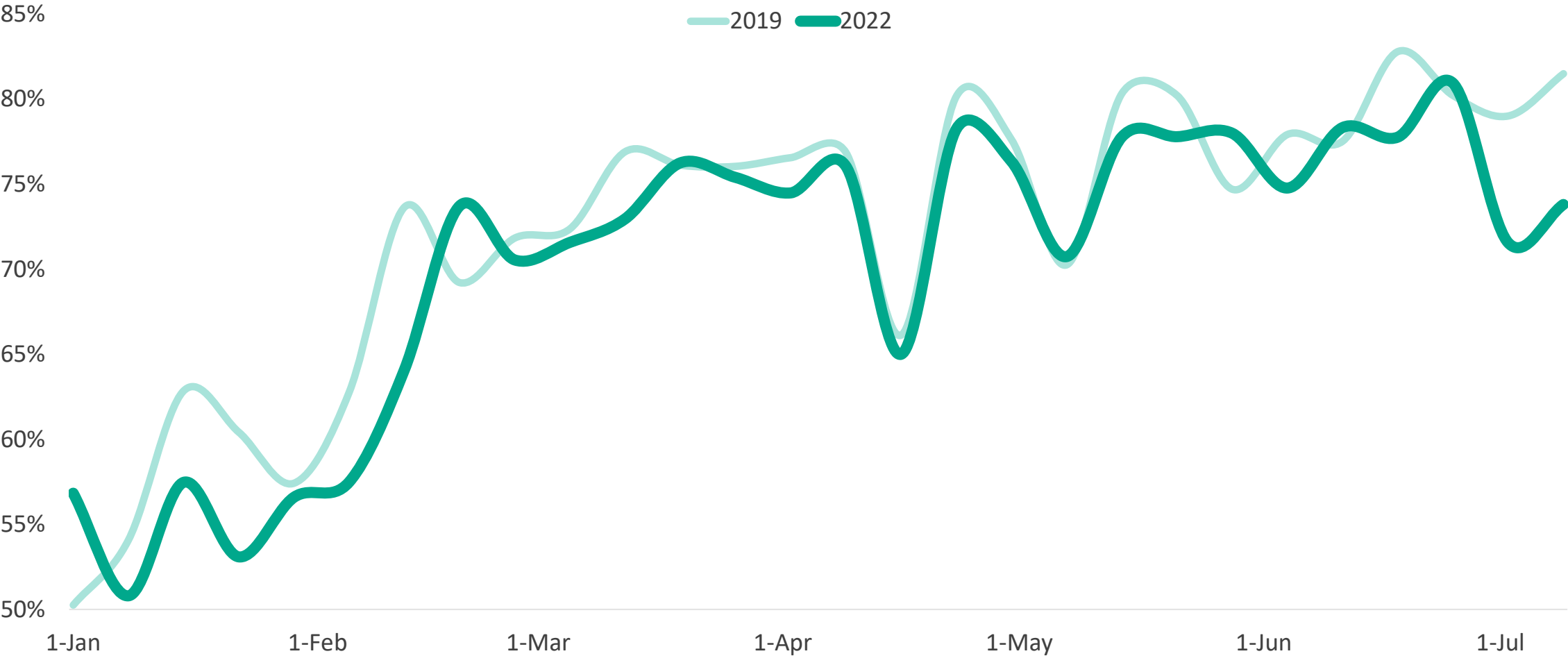
80%



65%

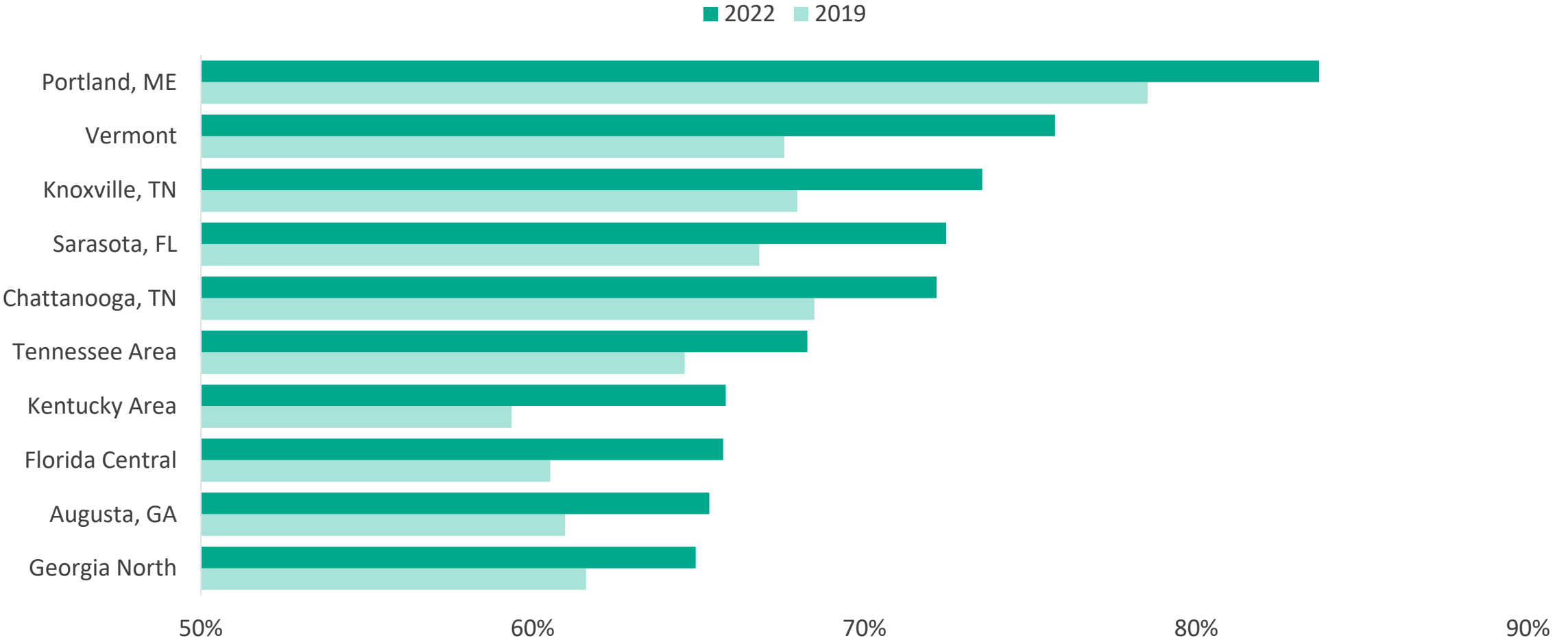
Post-Omicron weekend occupancy back to normal

US, Weekend occupancy, 1 Jan – 9 Jul 2022



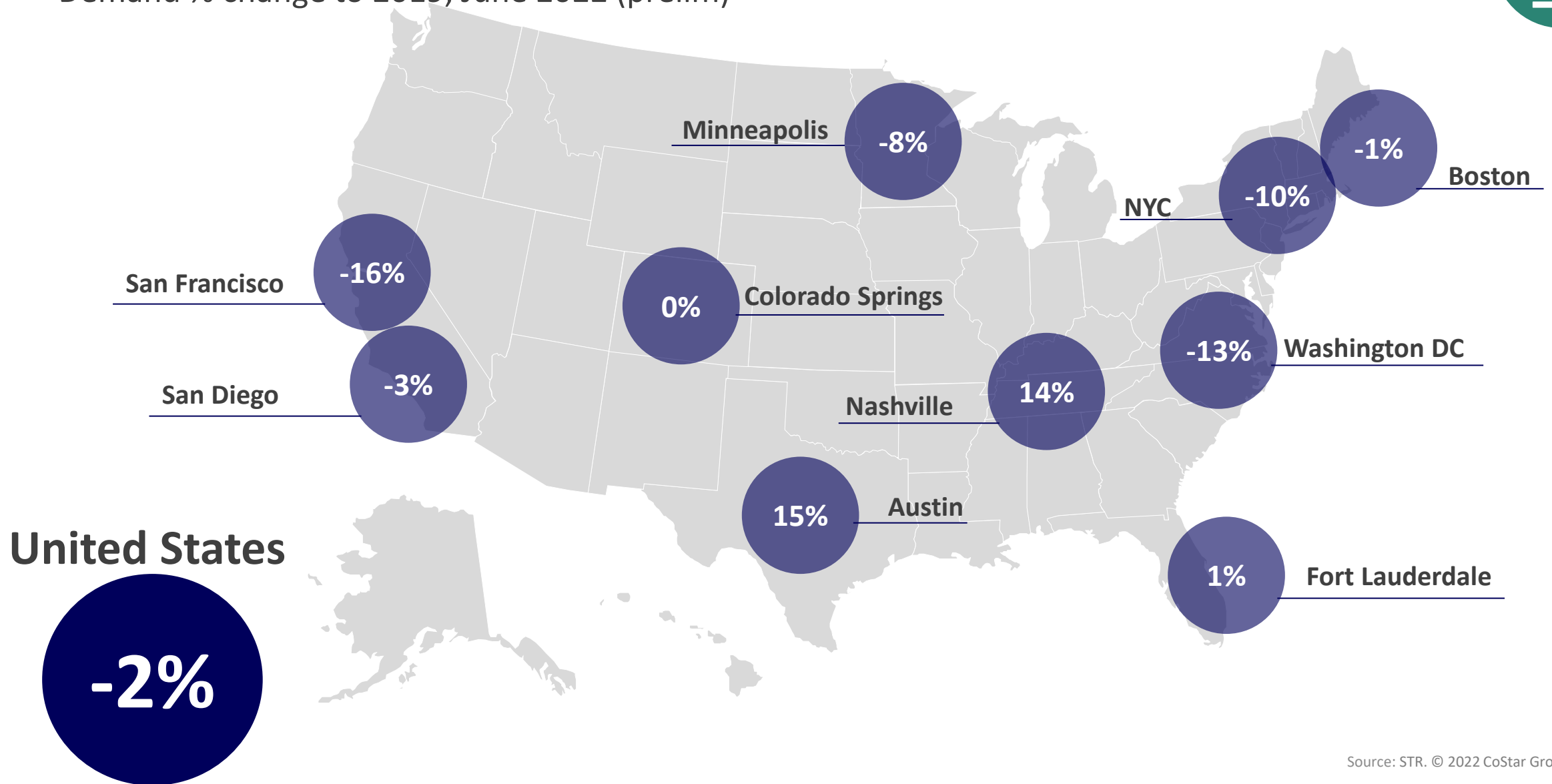
Vacation destinations reporting the most occupancy growth

Top growing markets, occupancy, June 2019 and 2022 prelim



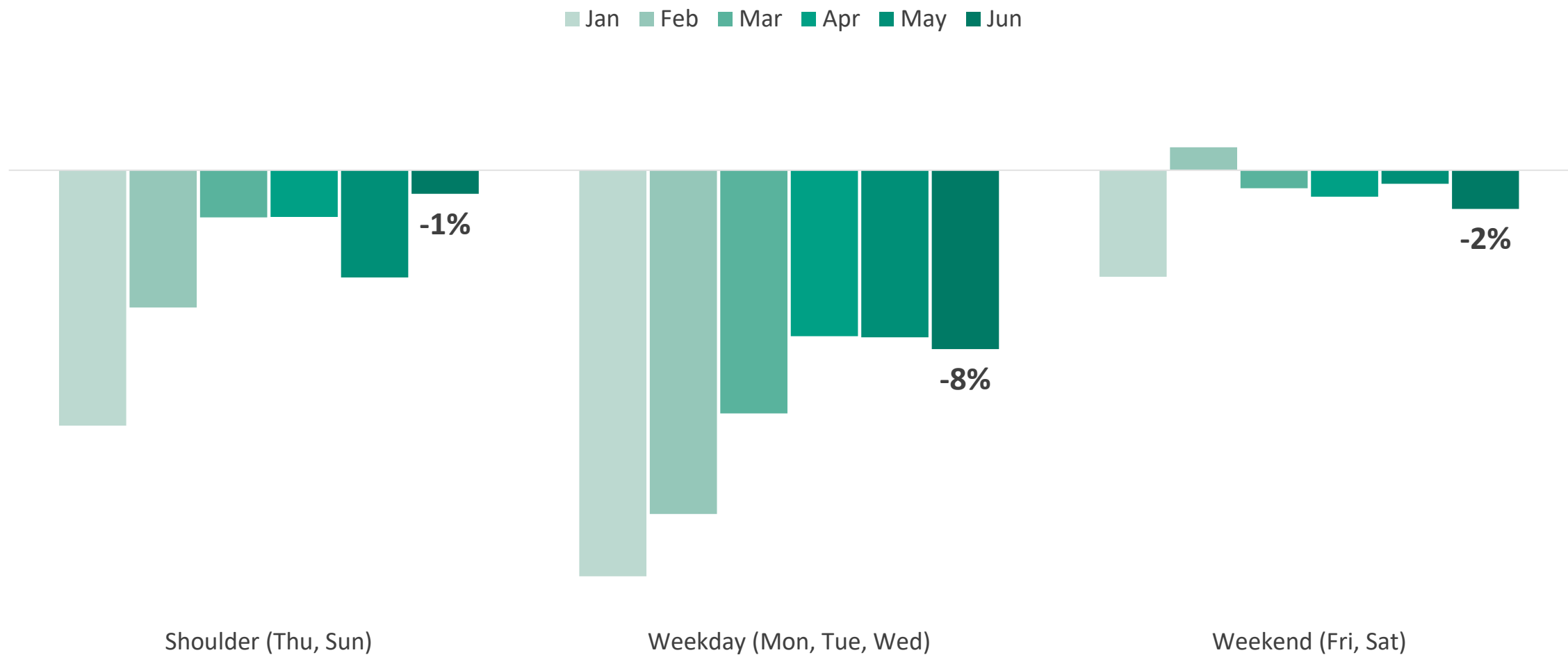
Because leisure demand is back (but you already knew that!)

Demand % change to 2019, June 2022 (prelim)



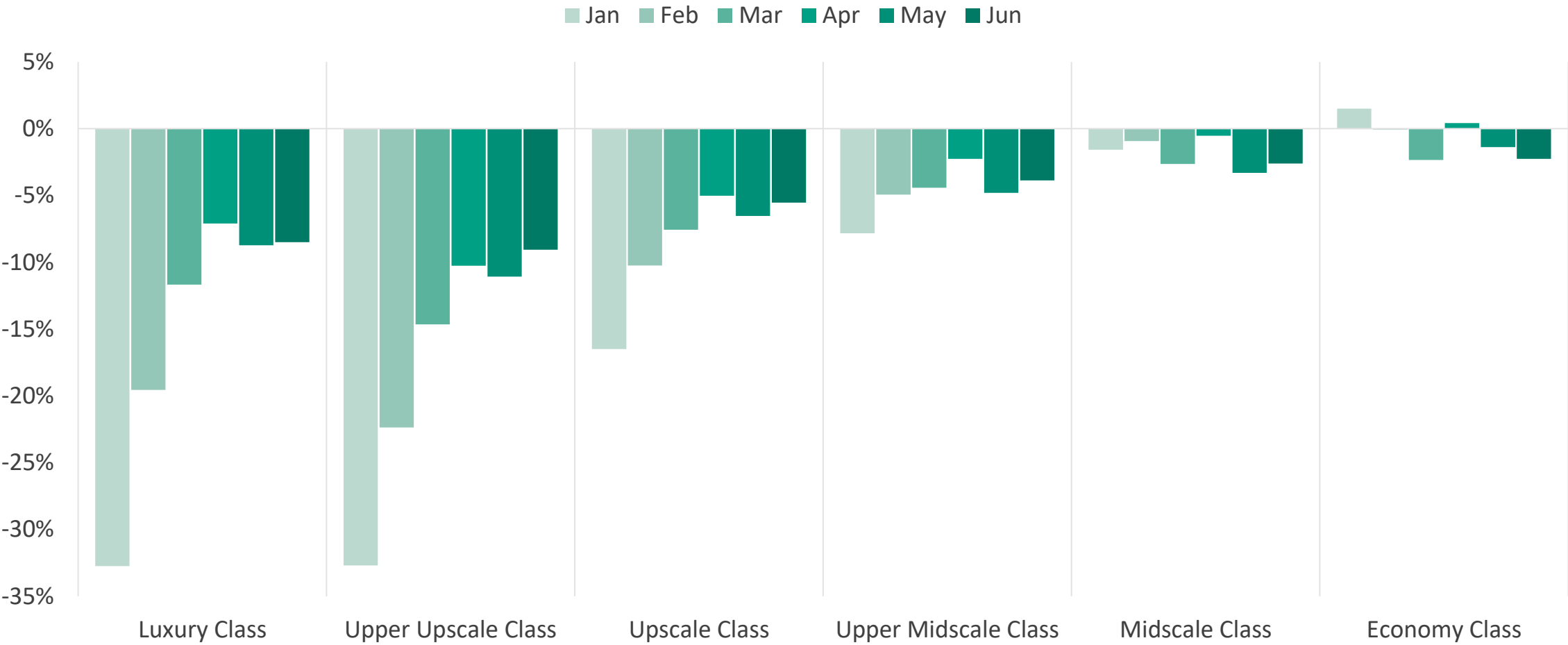
Business travelers are taking their time to hit the road again

Total U.S., occupancy % change to 2019, 2022 YTD



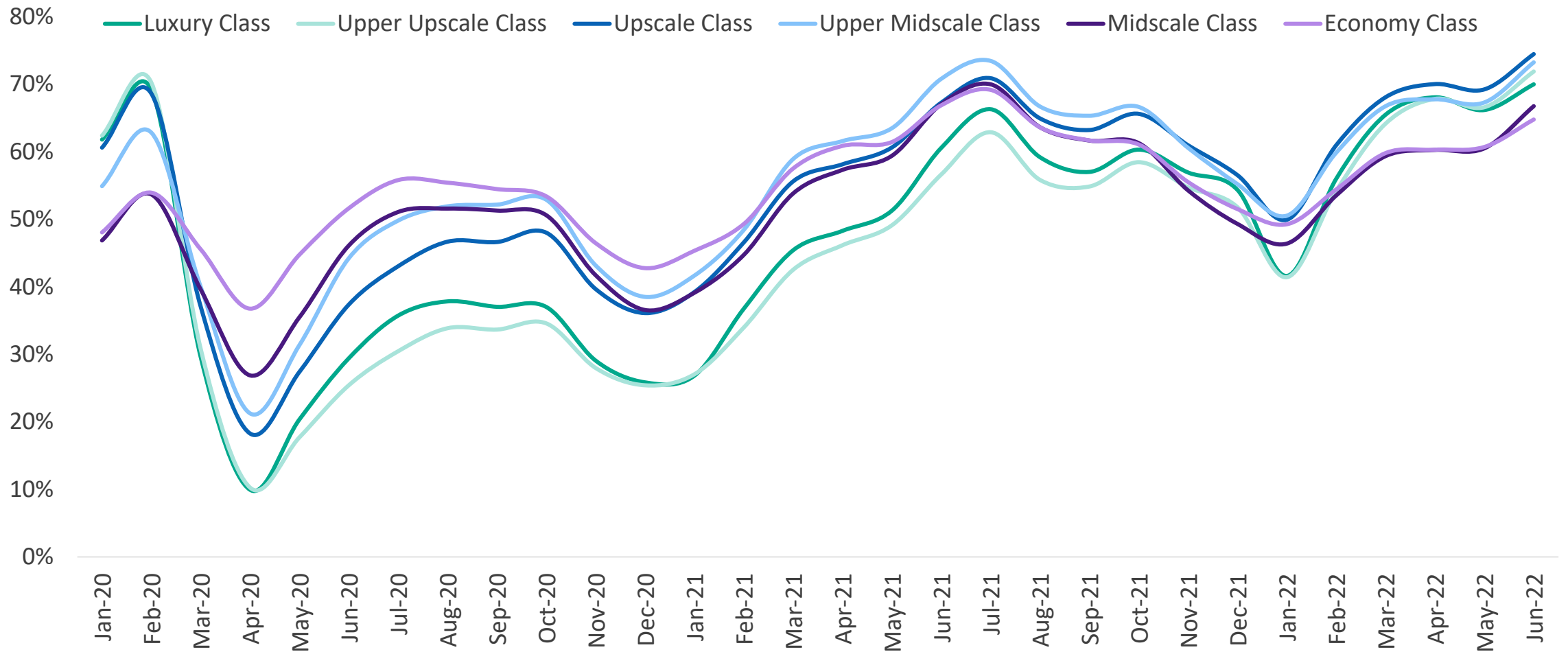
Business, group-dependent props the least recovered compared to 2019

US, occupancy, % change to 2019, Jan 2022 – Jun 2022



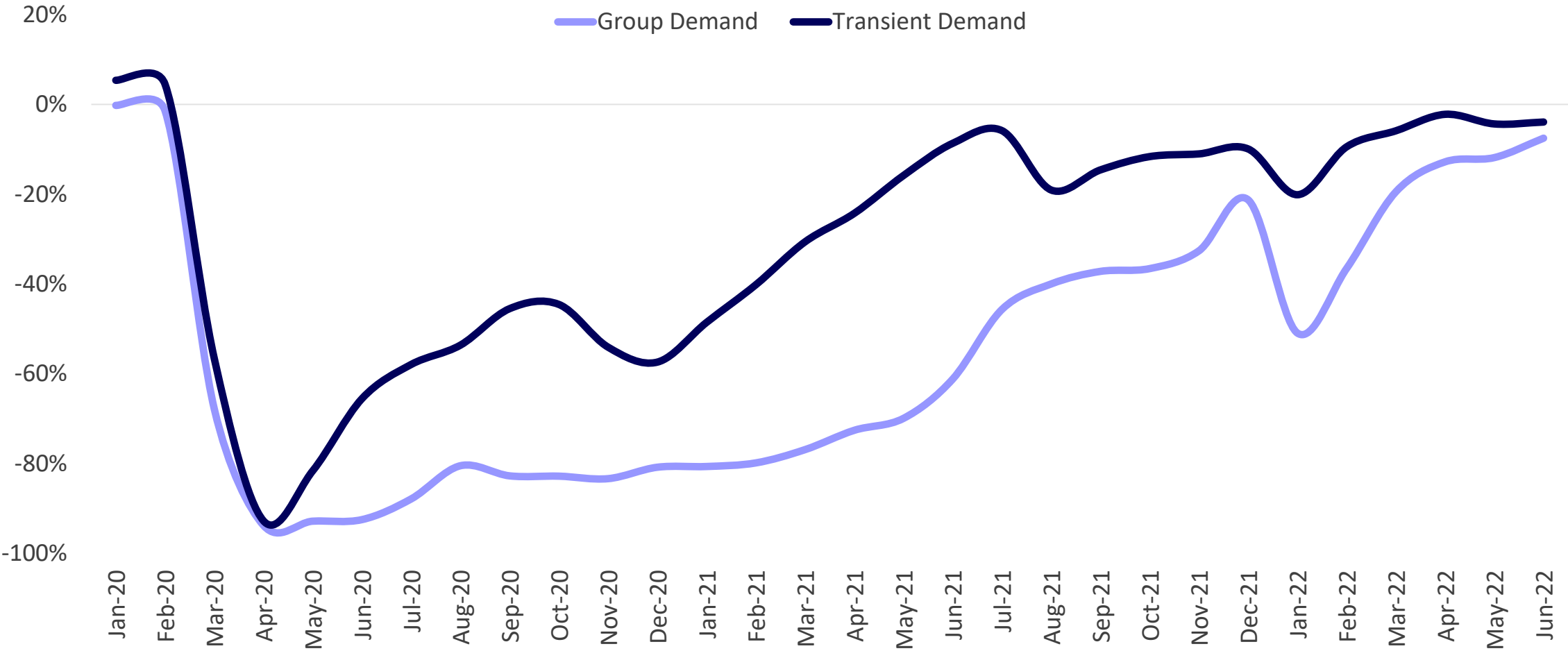
... But those same hotels have the highest absolute occupancy

Total U.S., monthly occupancy, Jan 2020 – June 2022 (prelim)



After a very late start, groups are catching up to transient travel

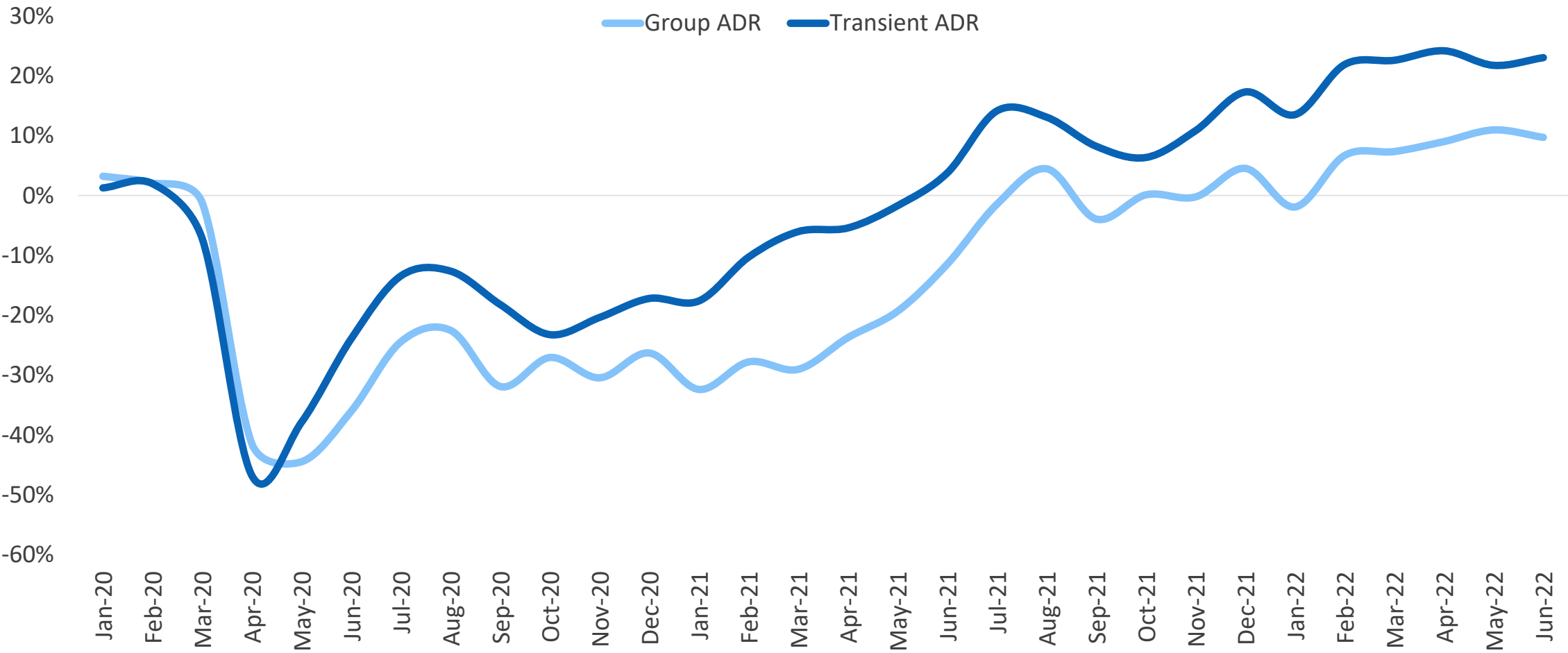
U.S., segmentation demand % chg. to 2019, Luxury & upper upscale, Jan 2020 – Jun 2022 (prelim)



The question becomes, are groups worth the rate tradeoff?

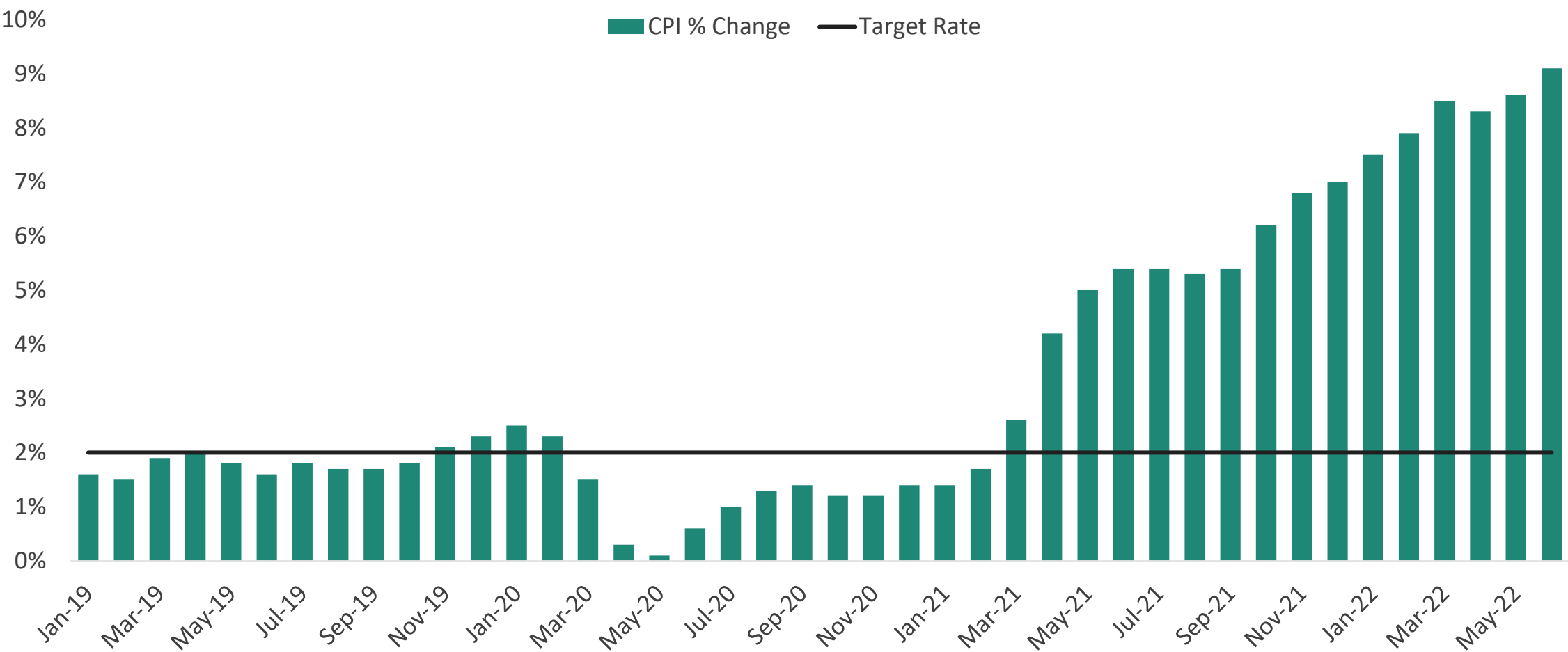


U.S., segmentation ADR % chg. to 2019, Luxury & upper upscale, Jan 2020 – Jun 2022 (prelim)



Speaking of ADR, there's a new buzzword this year

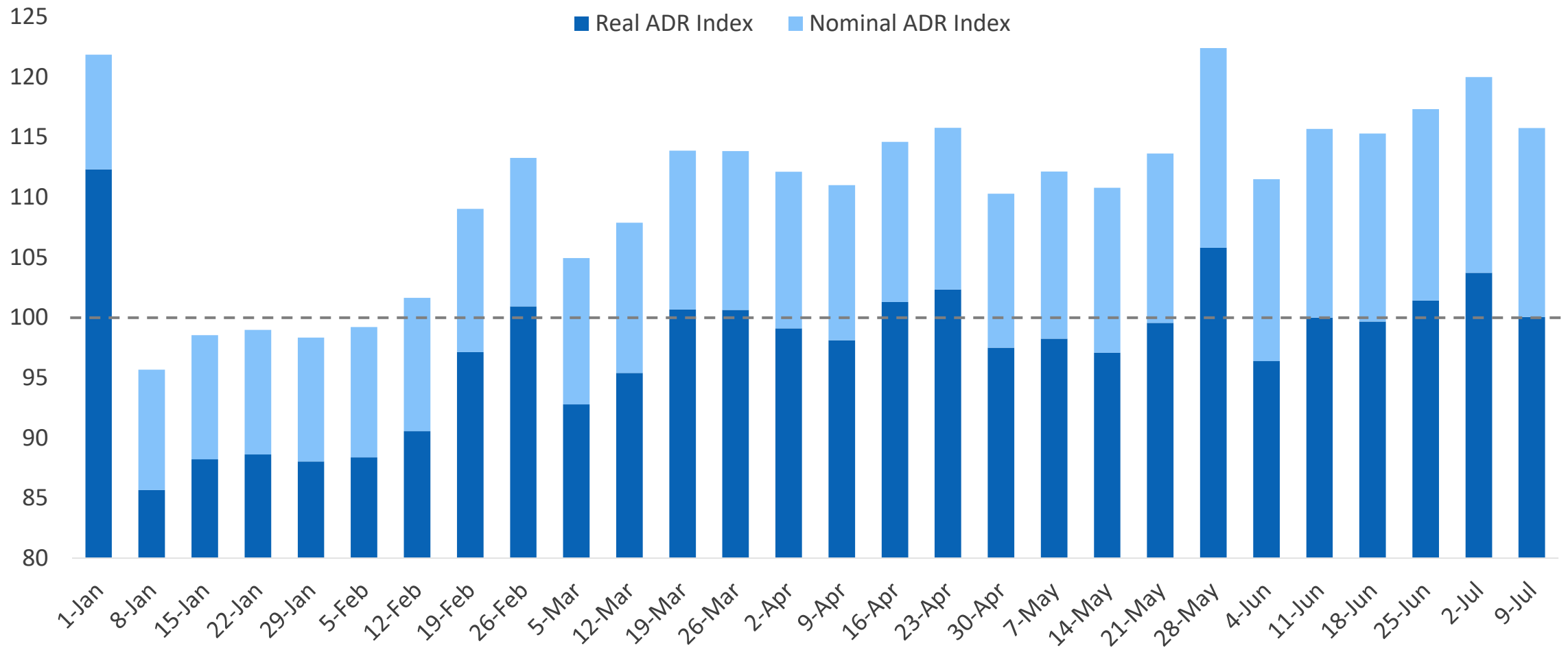
United States, CPI inflation rate, Jan 2019 – Jun 2022



Source: BLS Consumer Price Index (All Urban Consumers)

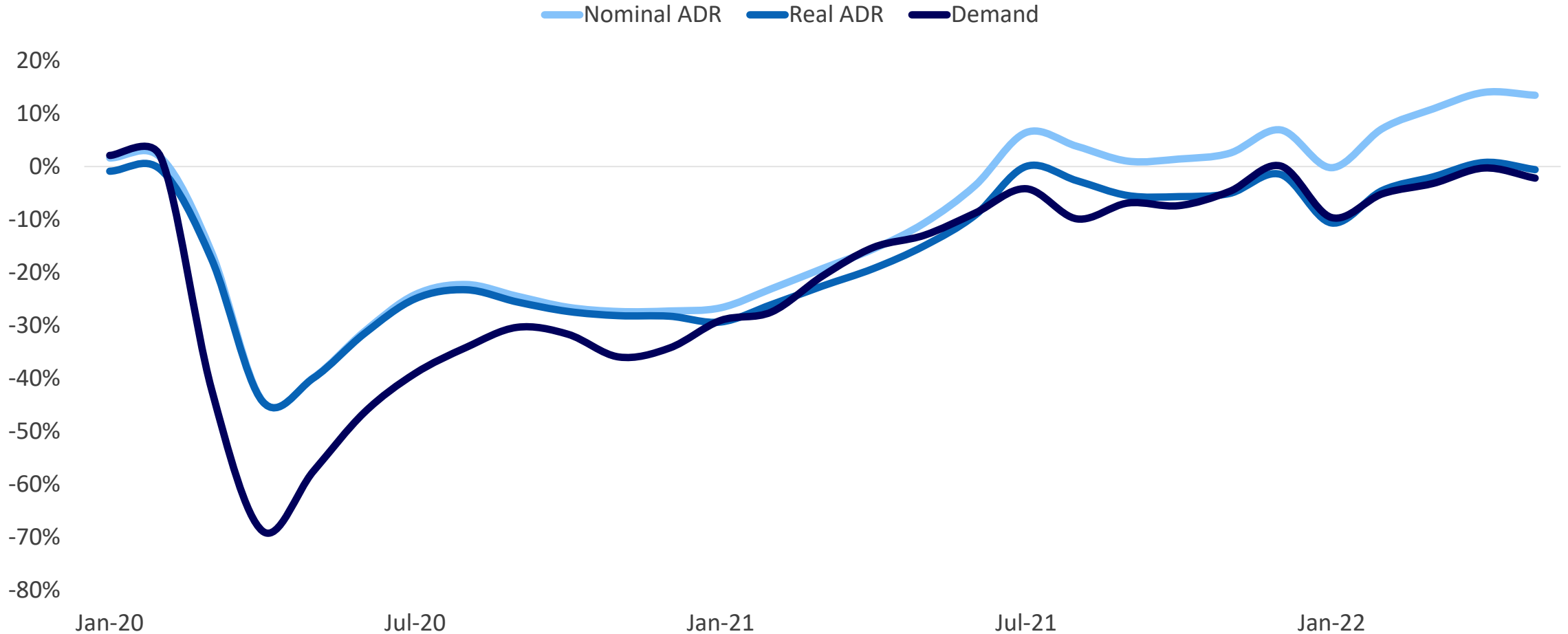
Externalities (*inflation*) a huge consideration today

U.S., Weekly ADR indexed to 2019, Jan 2022 – Jul 2022



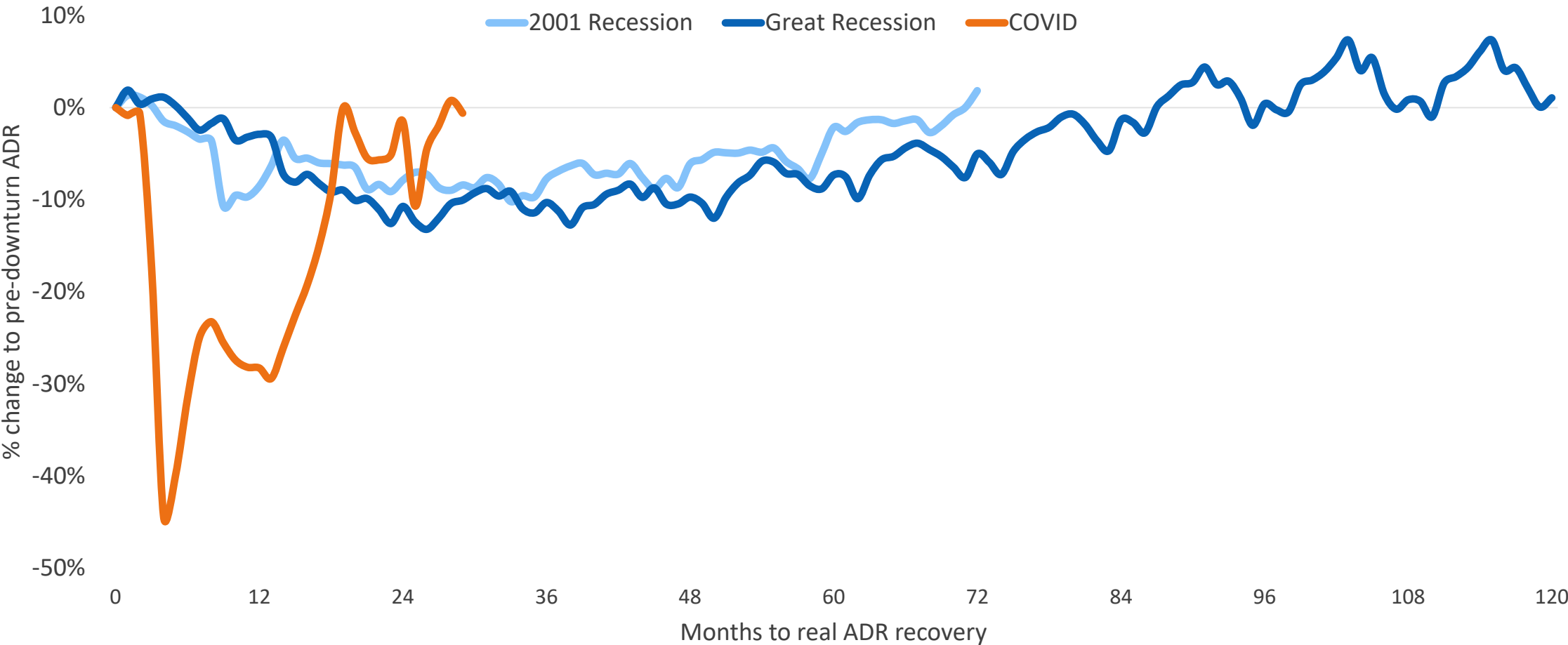
Real ADR the best measure of rate recovery right now

Total US, demand and ADR % change to 2019, Jan 2020 – May 2022



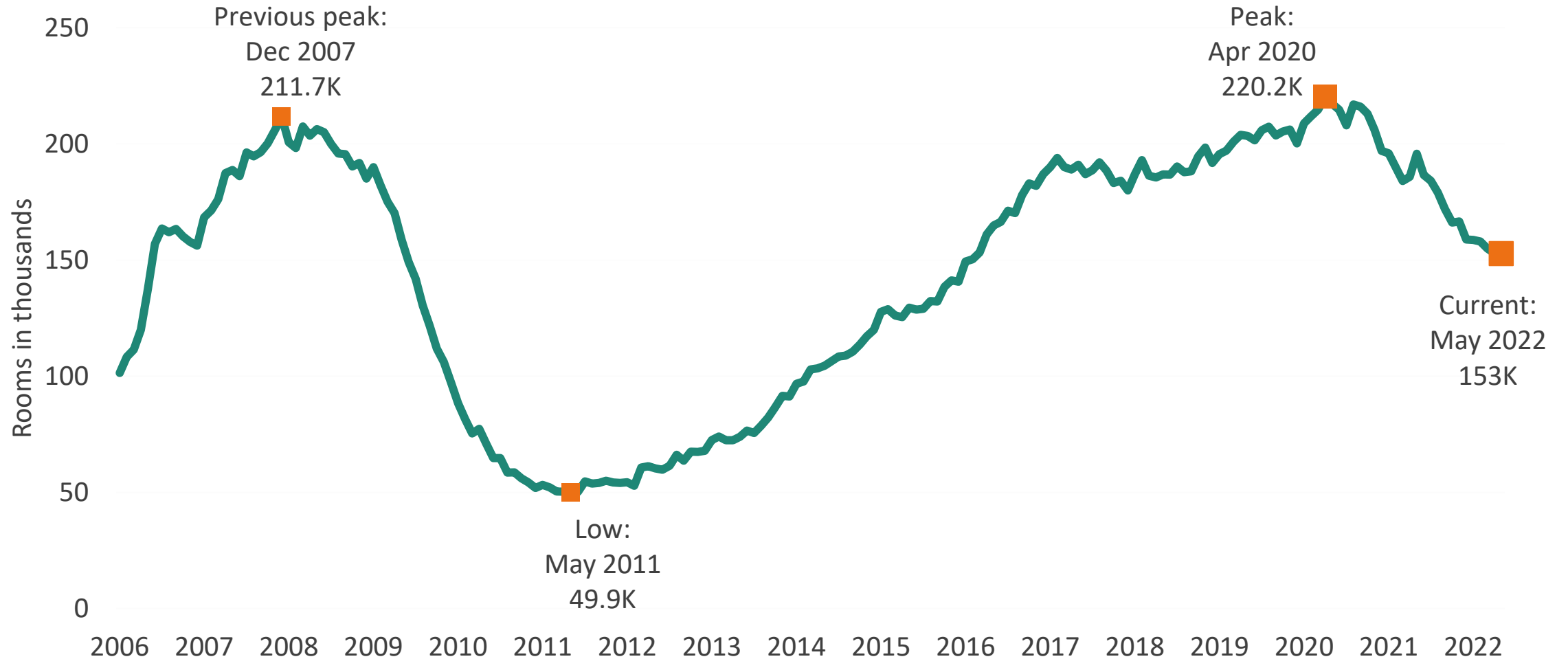
And hey, even real ADR recovering much faster than in prior downturns!

Total U.S., real ADR % change to pre-recession year



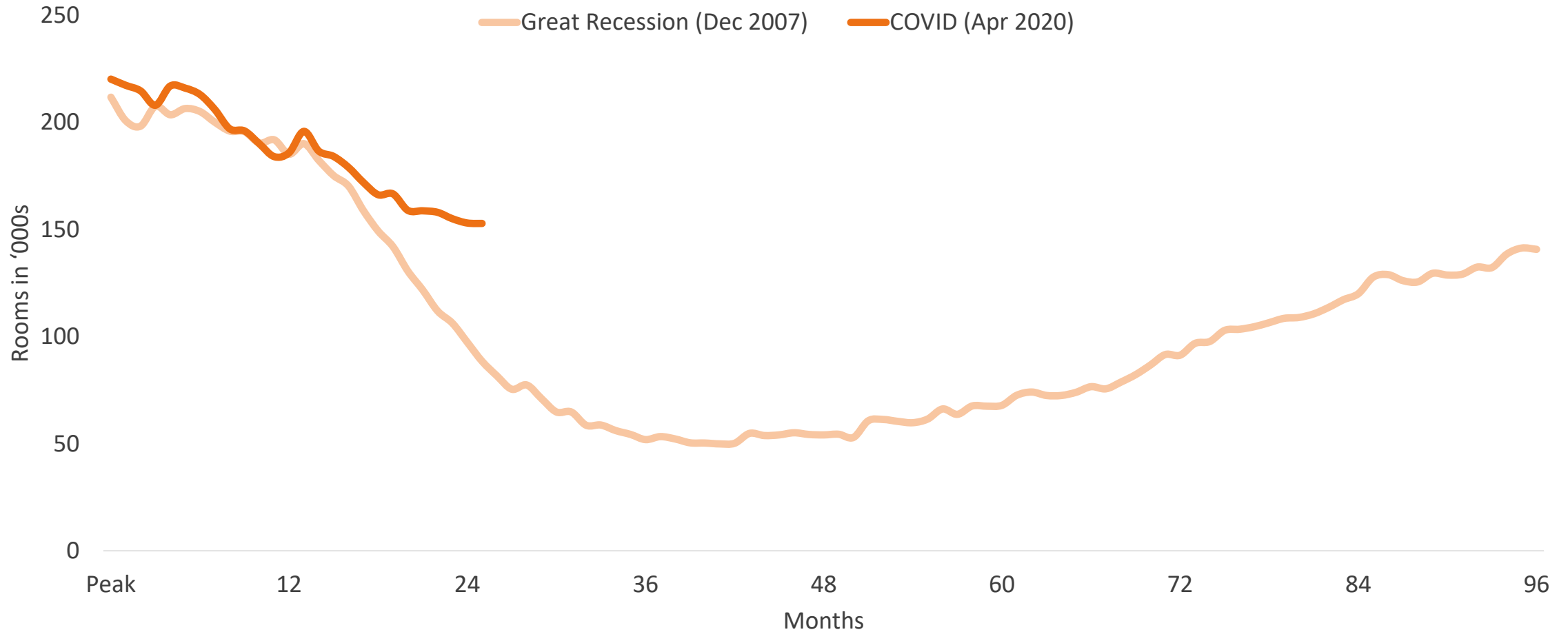
Inflation doesn't just affect ADR: High interest rates inhibit development

U.S., In construction rooms in thousands, Jan 2006 – May 2022



I/C rooms haven't yet reached rock bottom

Total U.S., rooms in construction from prior peak, 2007 and 2020



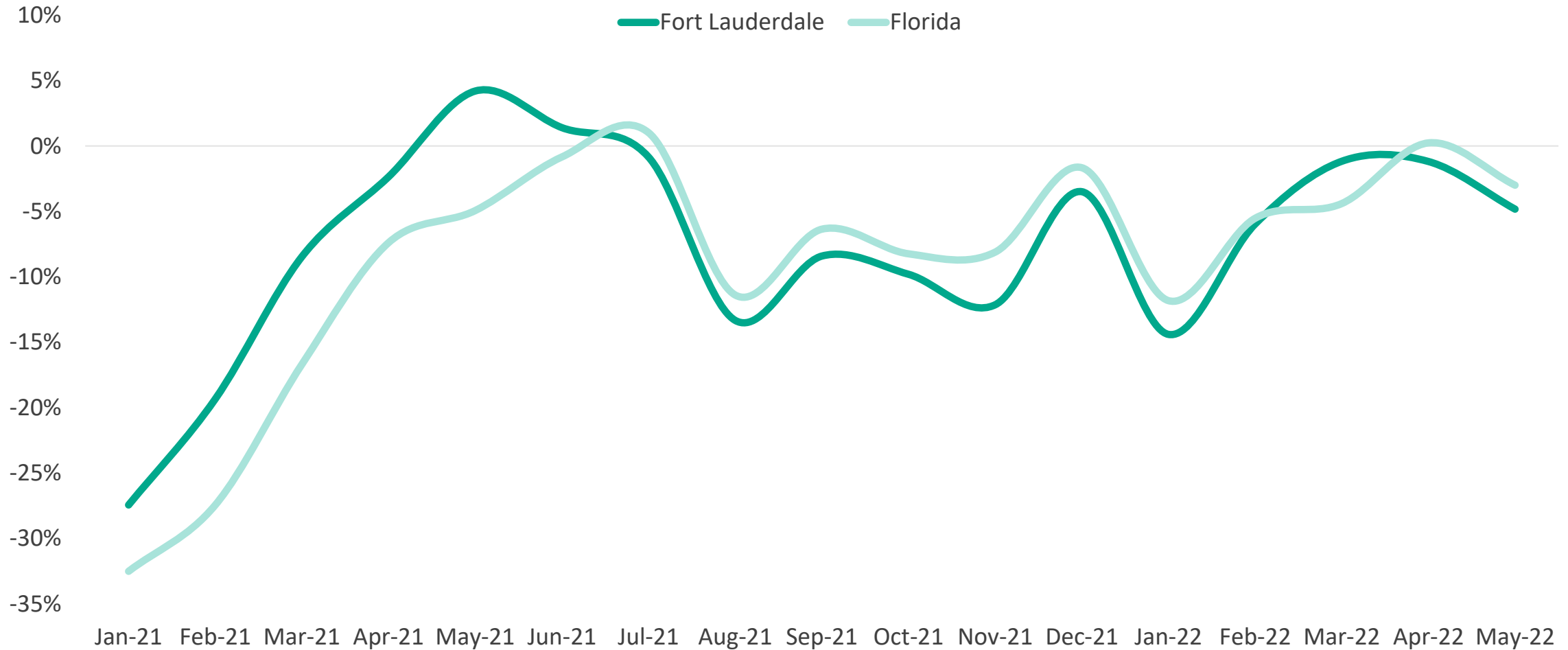


Focus on Fort Lauderdale

“Hot Lauderdale” summer 2021 is now... normal summer 2022

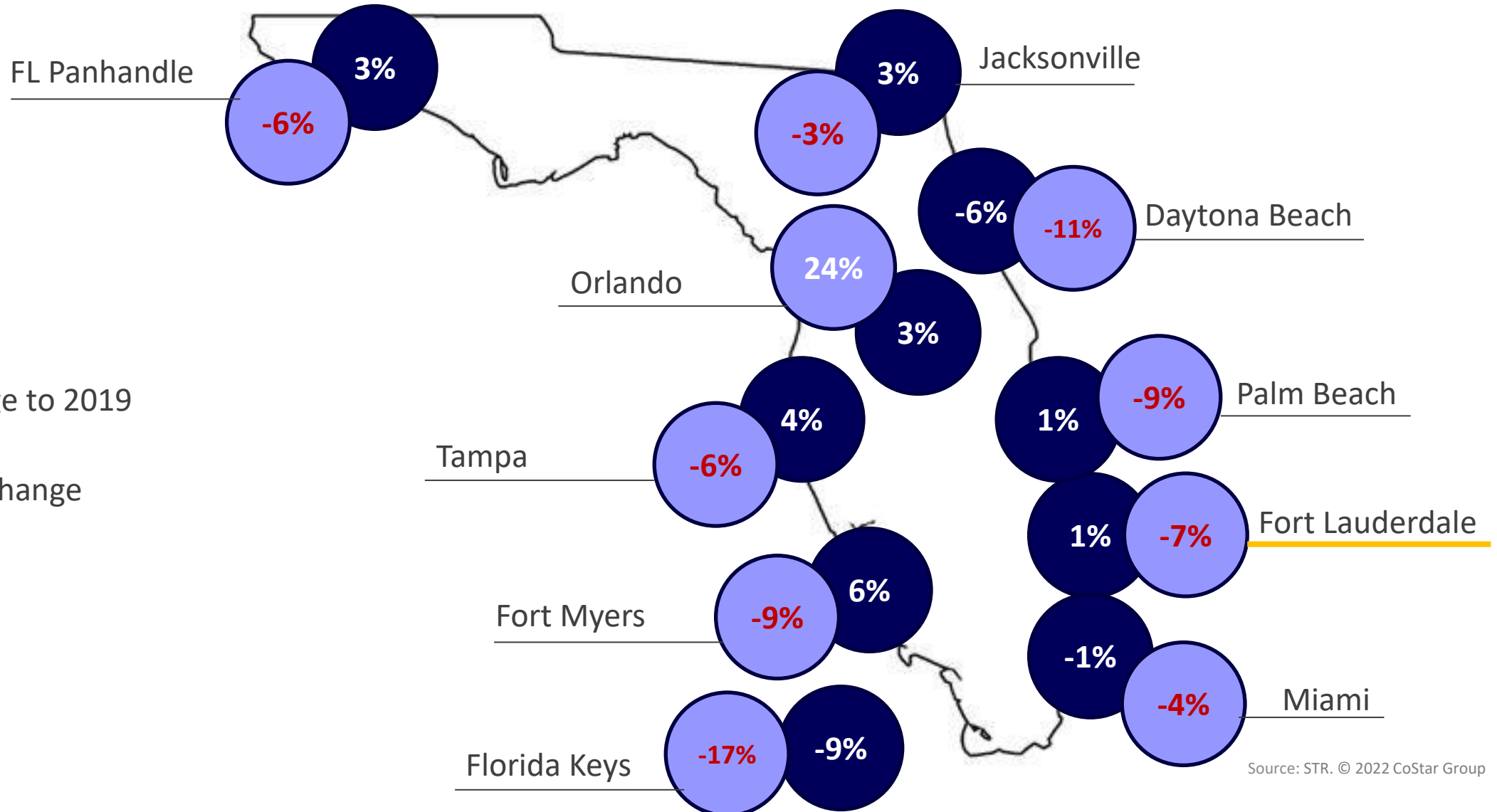


Occupancy % change to 2019, Jan 2021 – May 2022



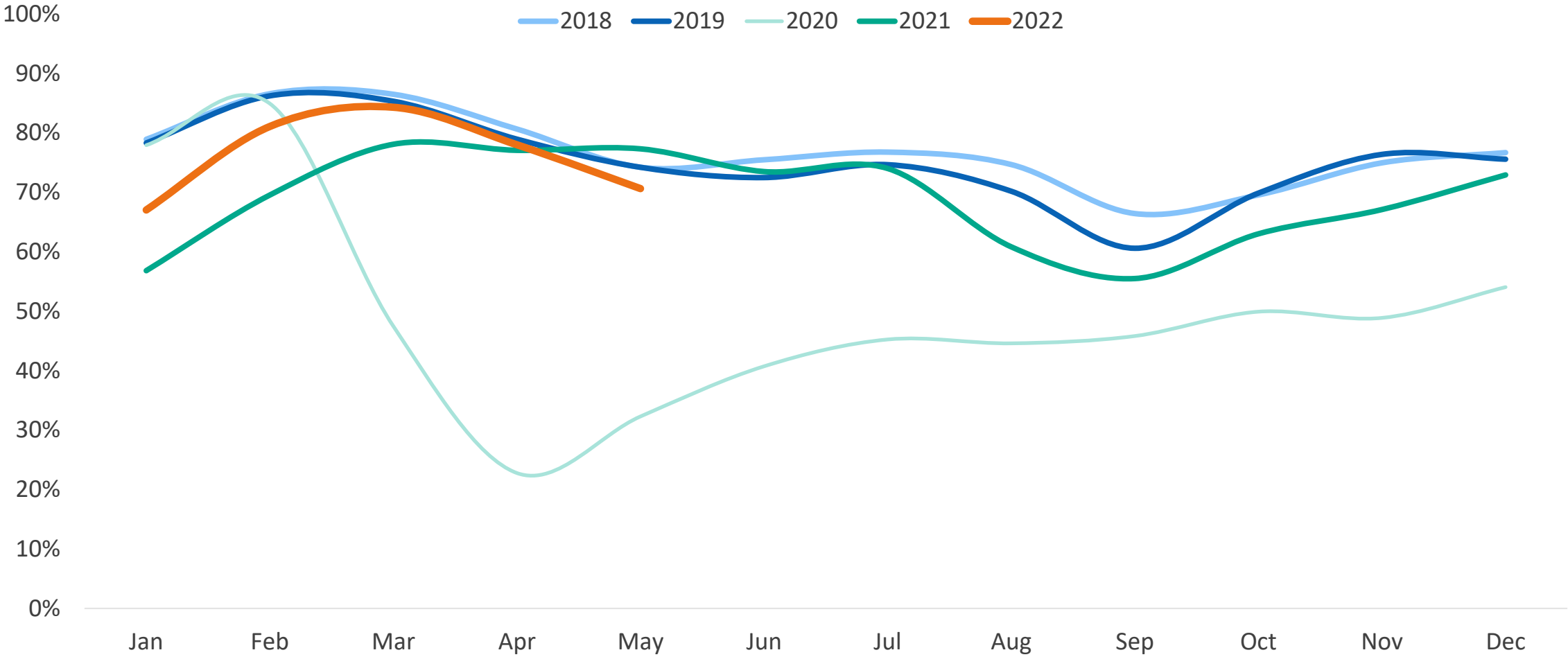
Which is pretty much true across Florida

Demand % change, June 2022 prelim



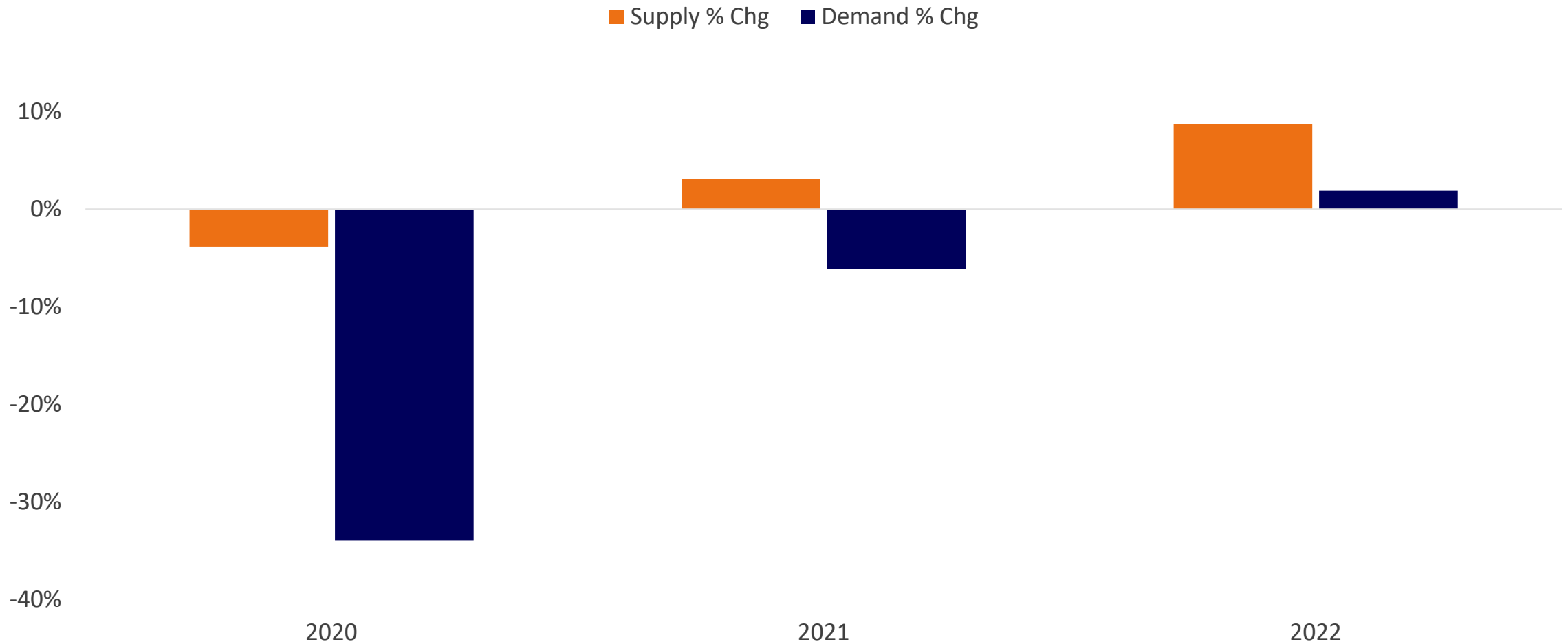
Occupancy's down, but it's slow season and...

Fort Lauderdale market, occupancy, Jan 2018 – May 2022



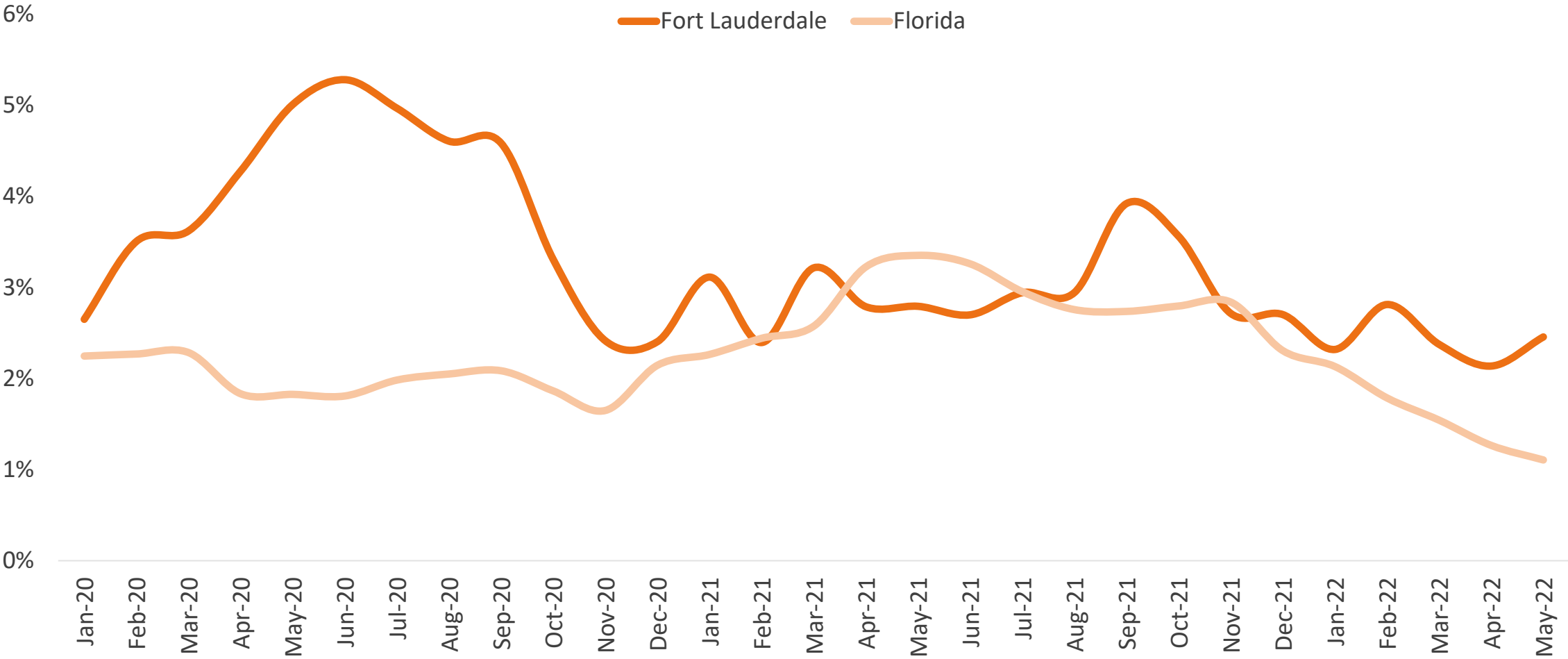
Demand is there! Supply is the problem

Fort Lauderdale, Supply and demand % change to 2019, YTD June



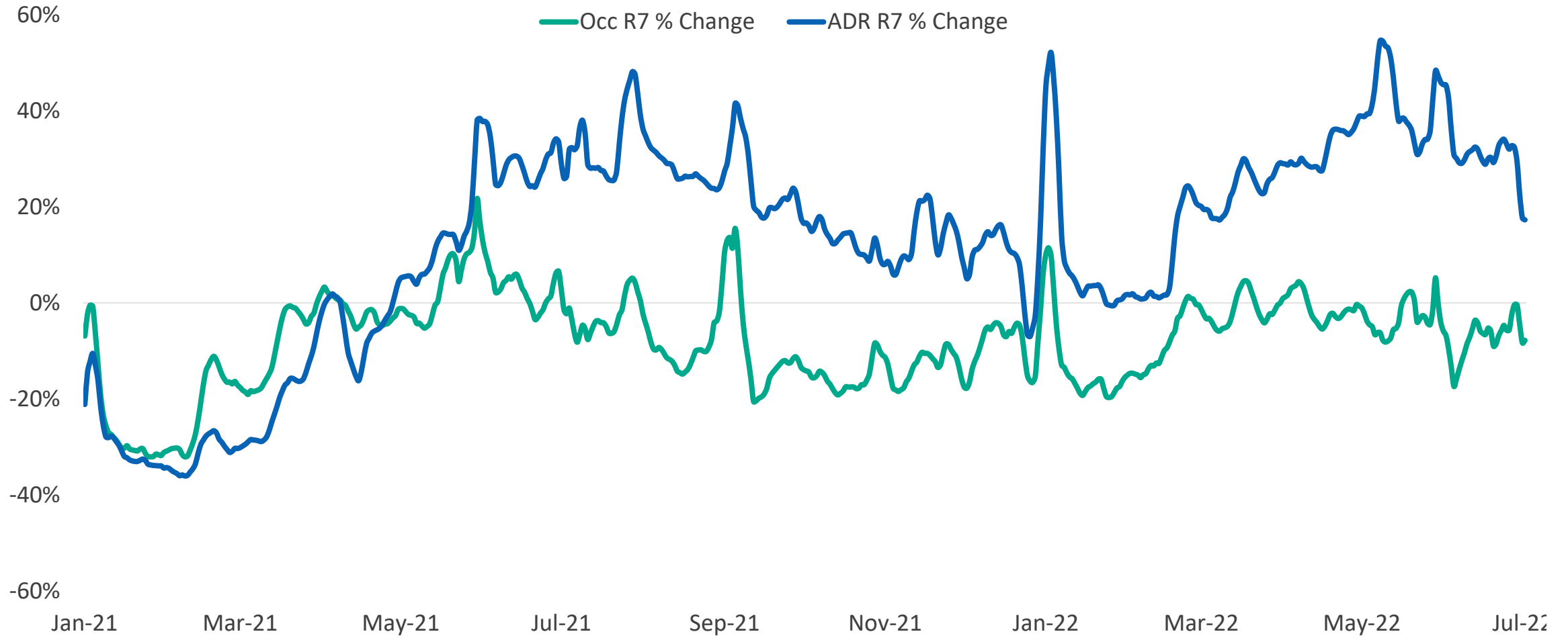
That's all new developments, too

Monthly supply (TRI) % change from prior year, Jan 2020 – May 2022



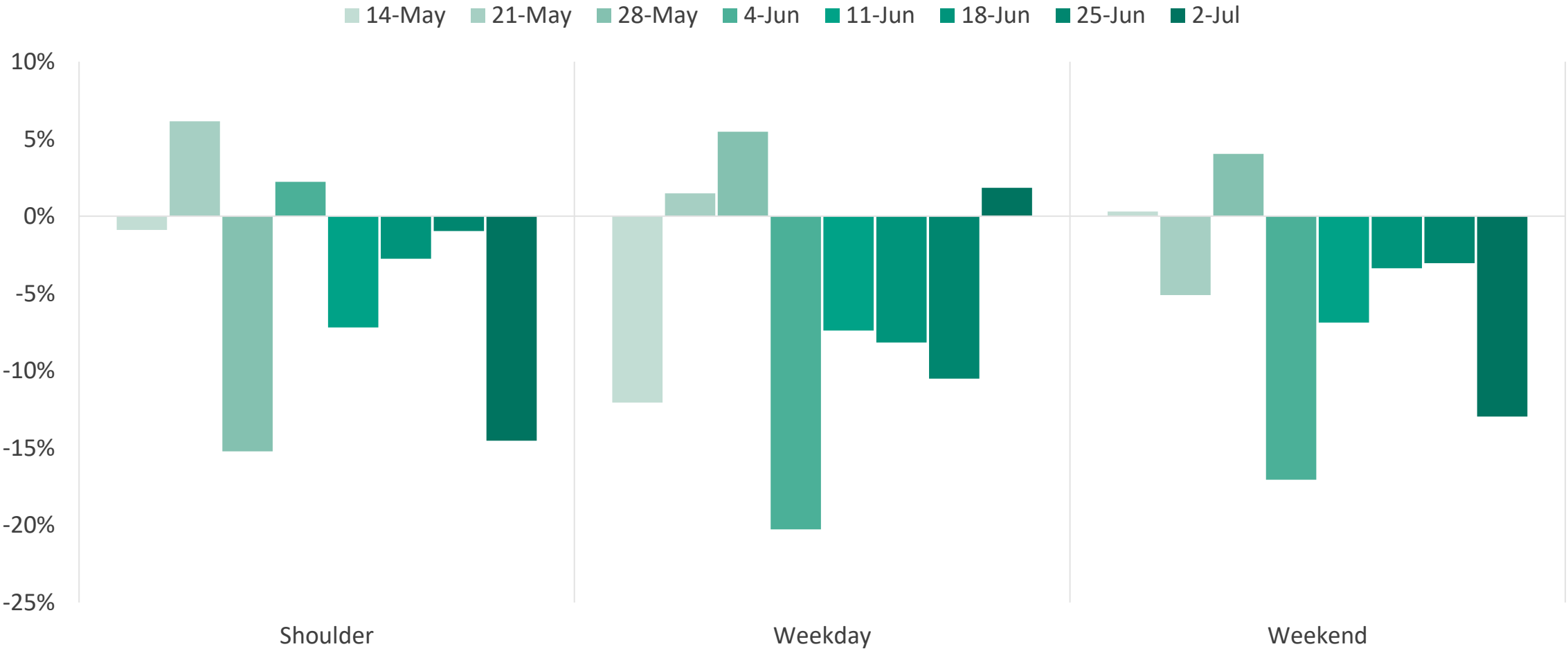
Big picture recovery looks good

R7 Occ and ADR % change to 2019, Jan 2021 – Jul 2022



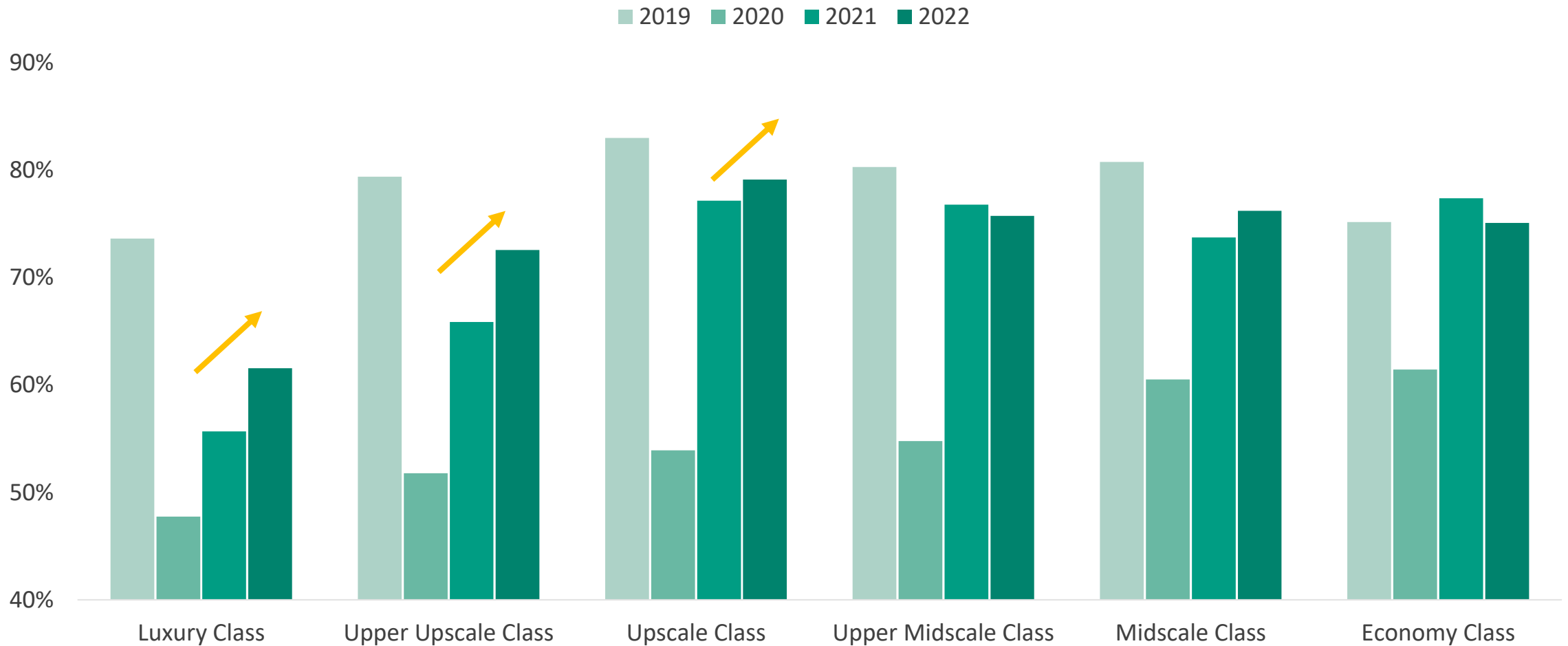
A closer view suggests weekdays are a little slow to rebound

Fort Lauderdale, occ % change to 2019, 14 May – 2 Jul 2022



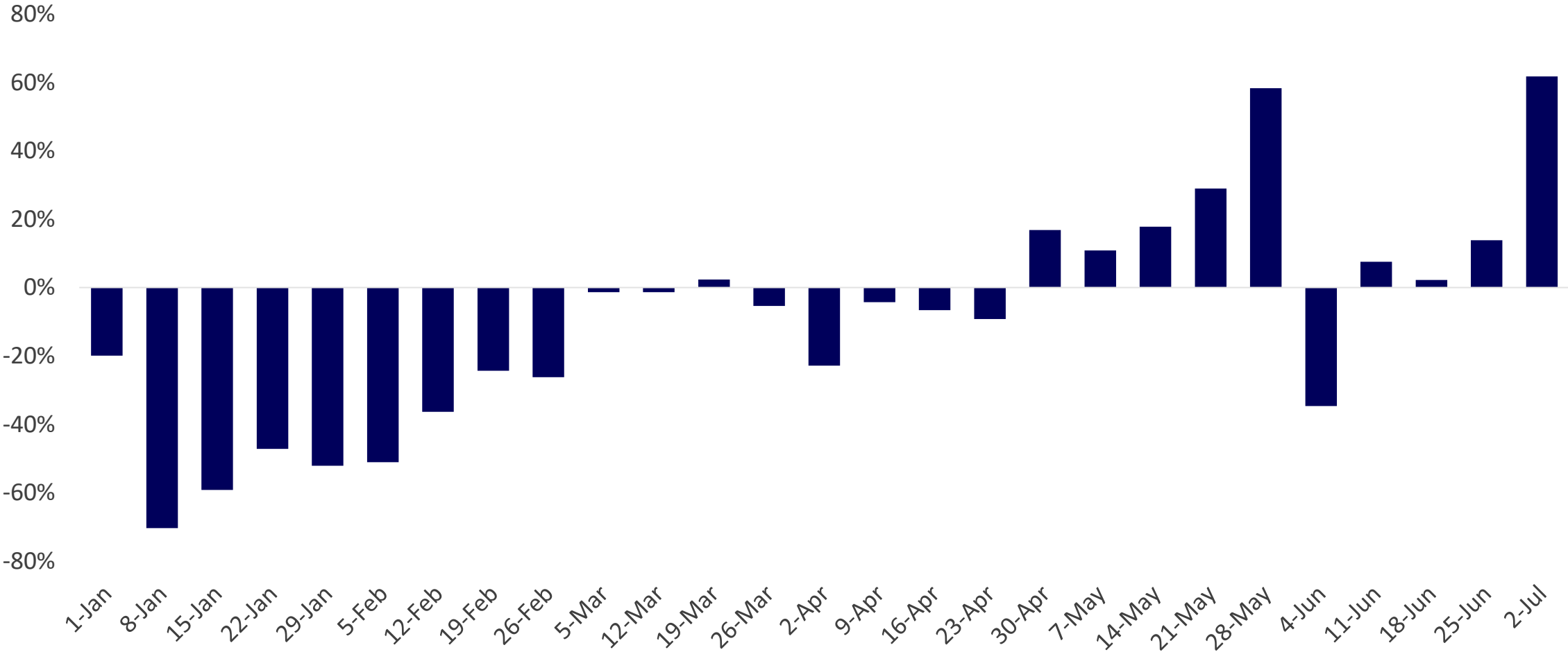
But business is recovering – sustainably

Fort Lauderdale market, occupancy, YTD June 2022



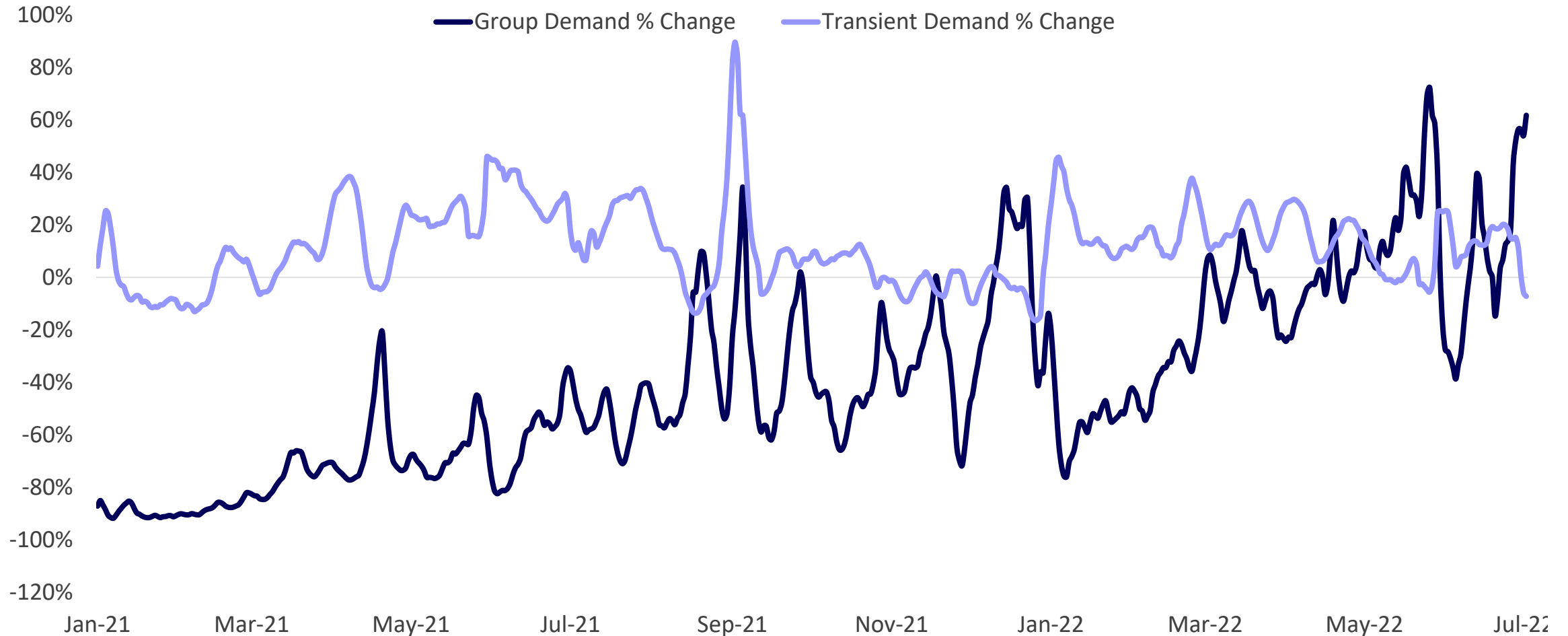
Groups are doing alright, although the comp's pretty easy

Fort Lauderdale market, weekly group demand % change to 2019, 2022 YTD



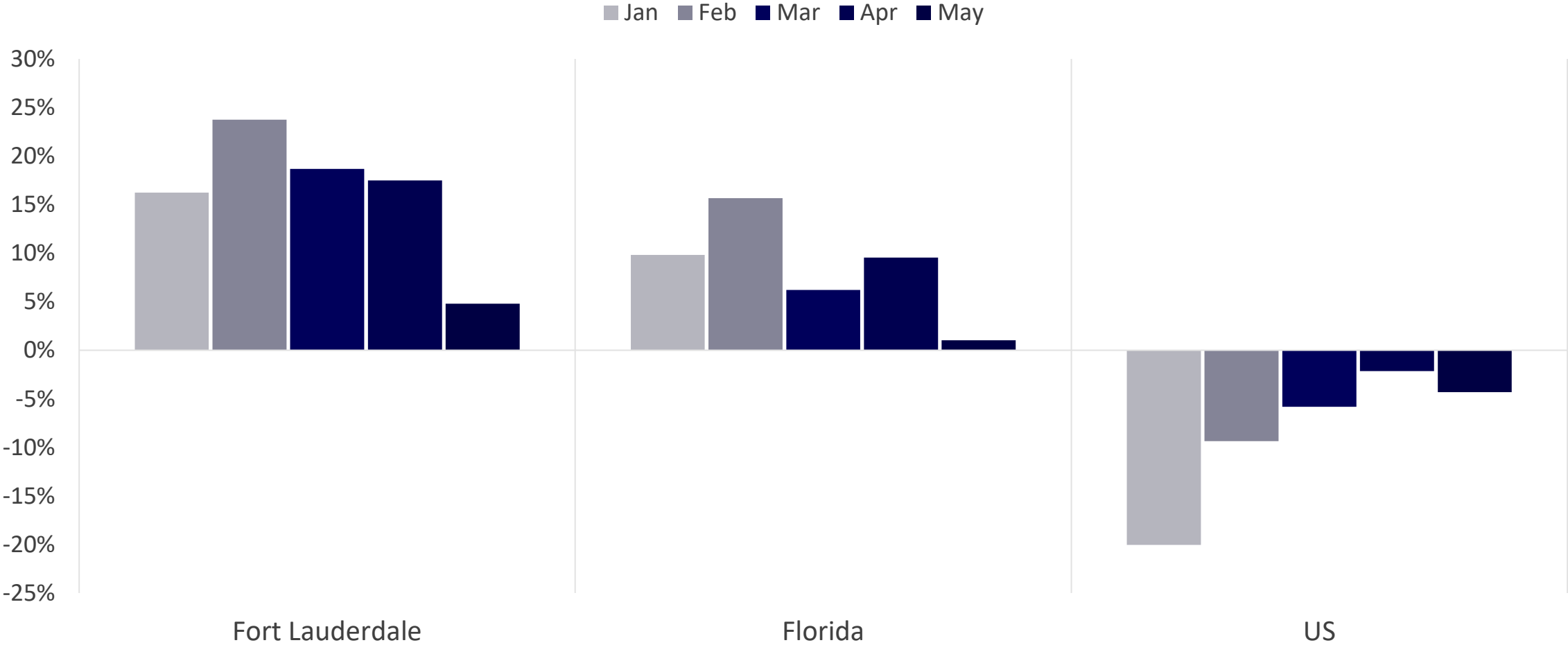
More importantly, transient demand hanging in there

Luxury & Upper Ups, R7 transient and group demand % change to 2019, Jan 2021 – Jul 2022



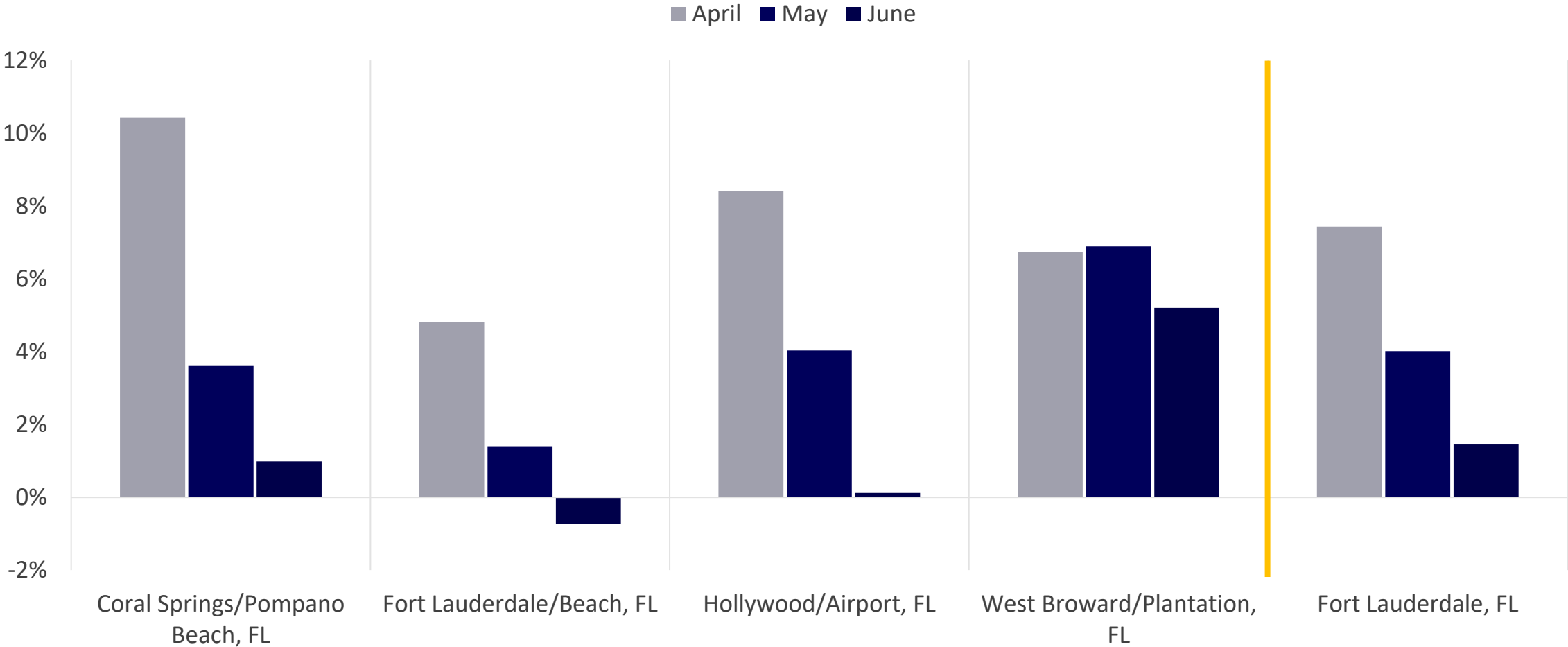
Transient demand returning to “normal” but still ahead of the US

Luxury & Upper Ups, transient demand % change to 2019, Jan – May 2022



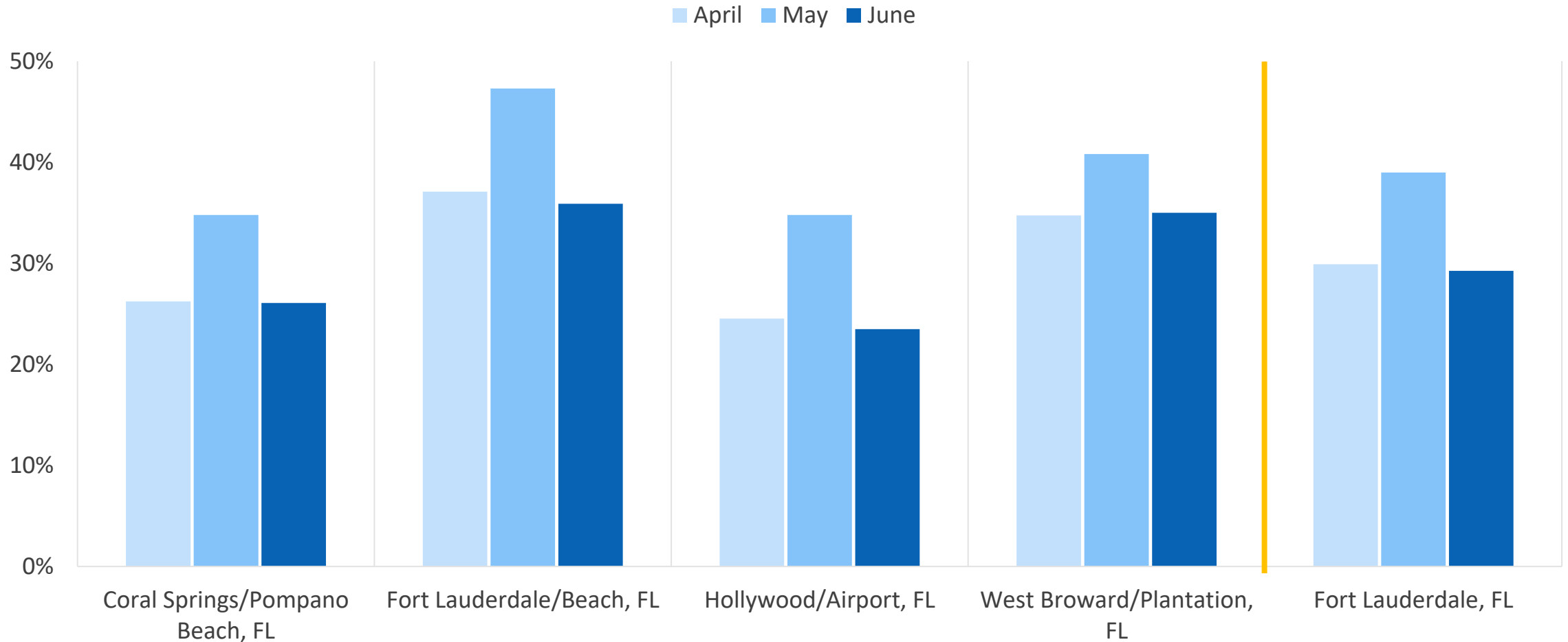
Corporate-reliant submarkets slowing the most over summer

Fort Lauderdale submarkets, demand % change to 2019, April – June 2022



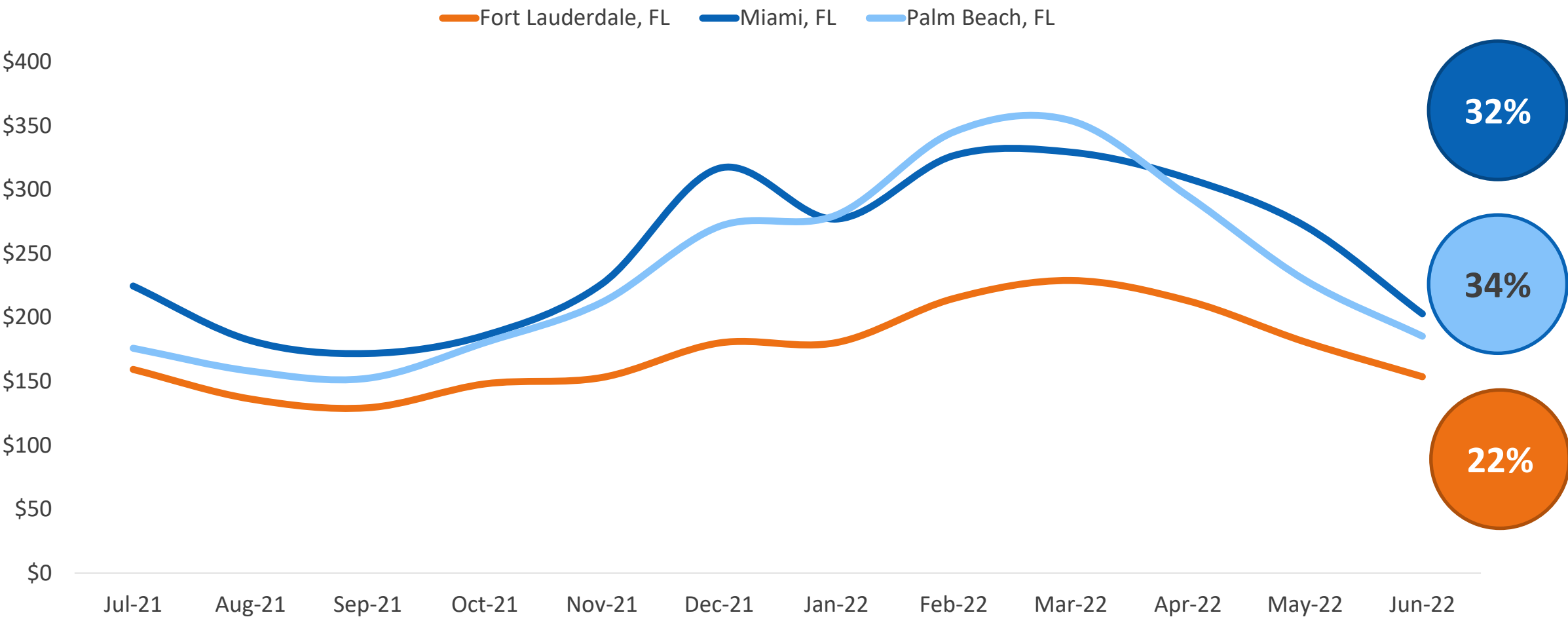
But ADR remains high market-wide

Fort Lauderdale submarkets, ADR % change to 2019, April – June 2022



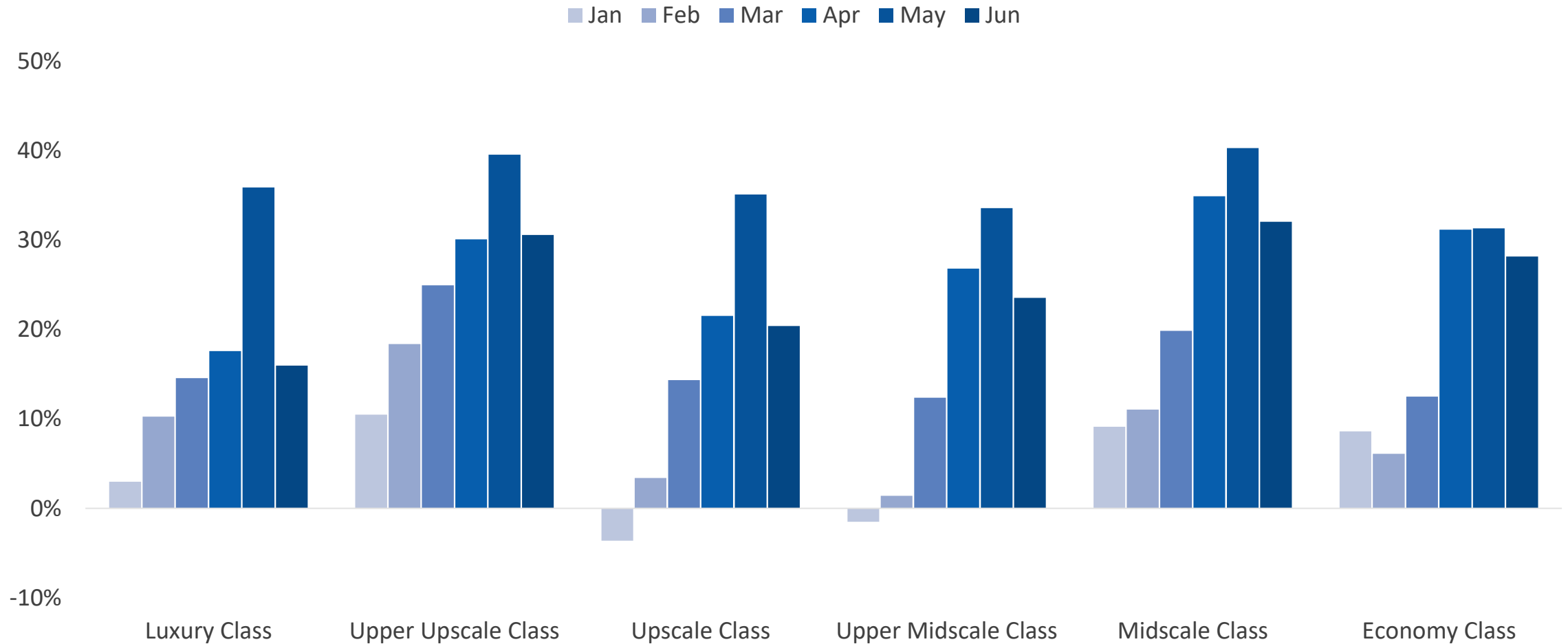
Although FLL downright affordable relative to surrounding beaches!

ADR, July 2021 – June 2022 (prelim)



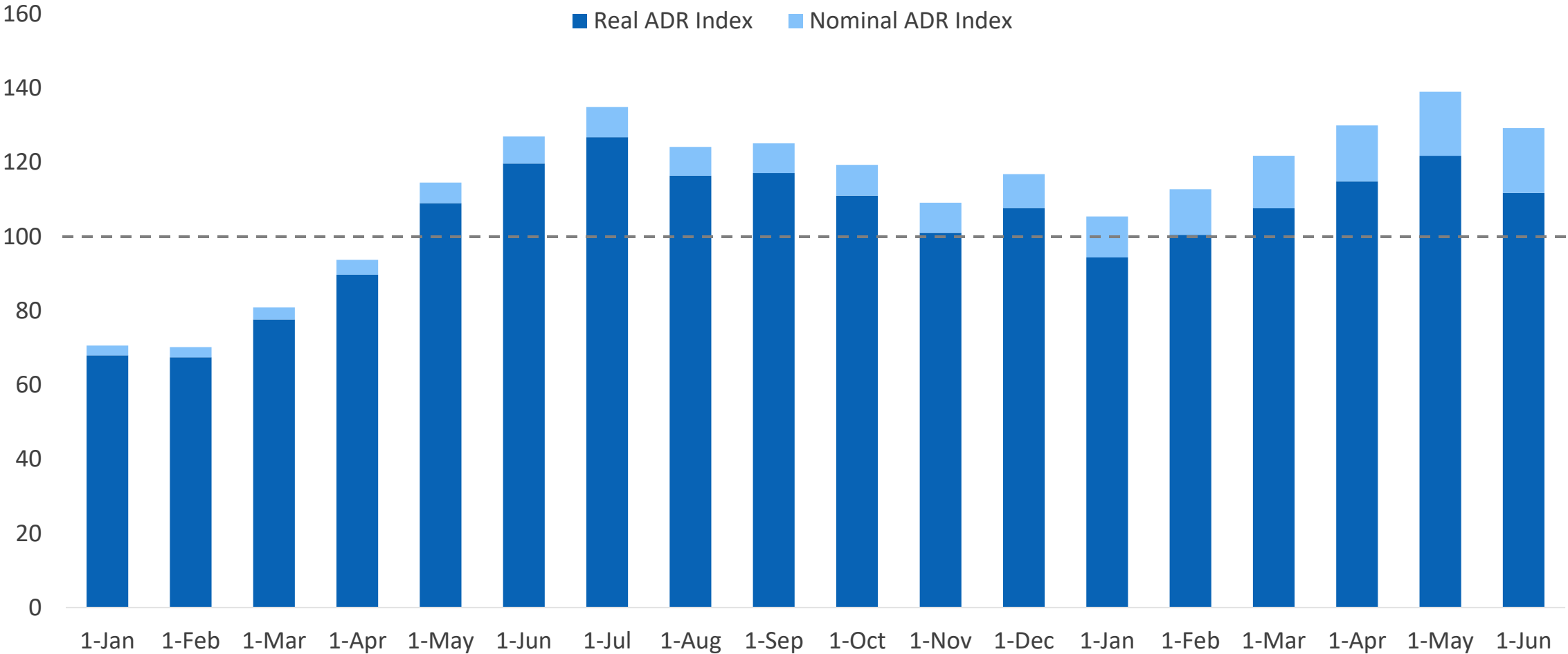
Even the hardest-hit classes reporting strong rate growth

Fort Lauderdale market, ADR % change to 2019, Jan – Jun (prelim) 2022



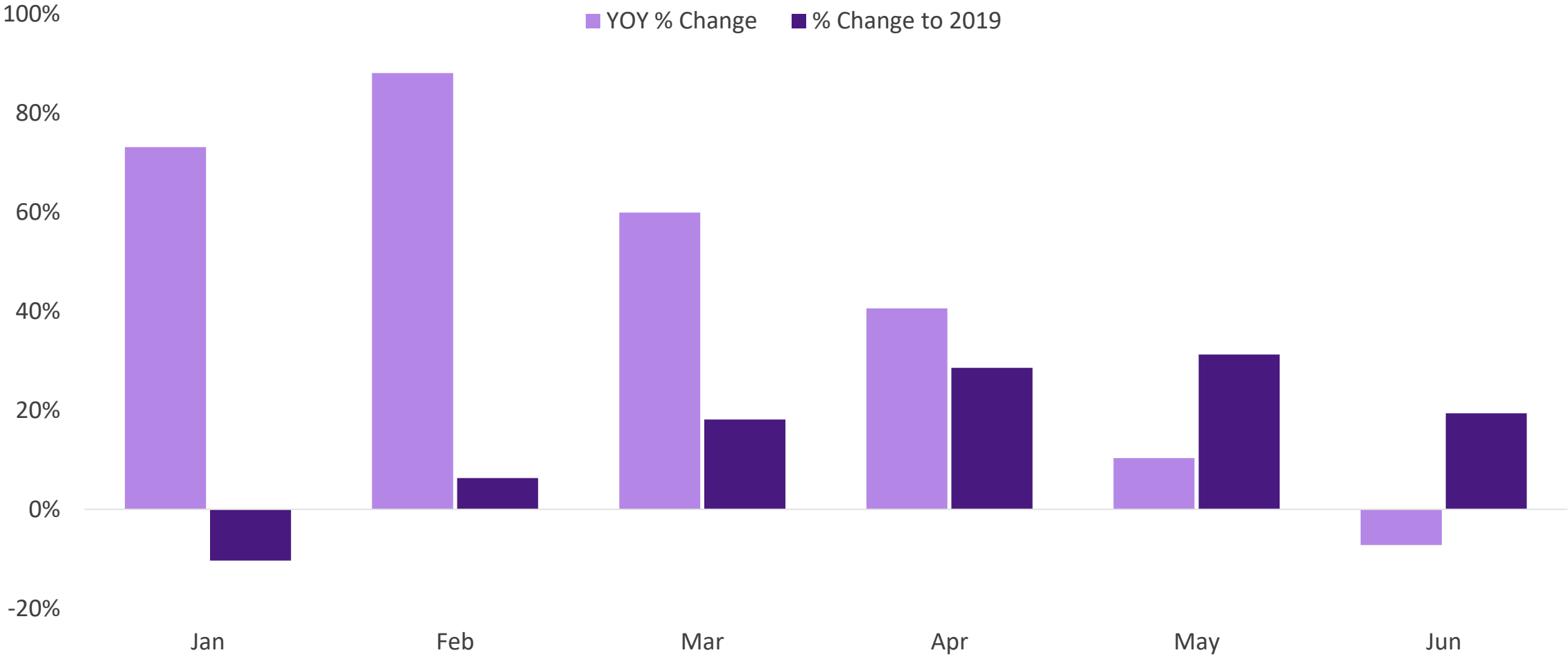
So much so that real ADR is 10-20% over pre-pandemic level

Fort Lauderdale, monthly ADR indexed to 2019, Jan 2022 – Jun 2022 (prelim)



The outcome: Success no matter how you swing it

Fort Lauderdale, RevPAR % change to 2019 and YOY, Jan – Jun (prelim) 2022



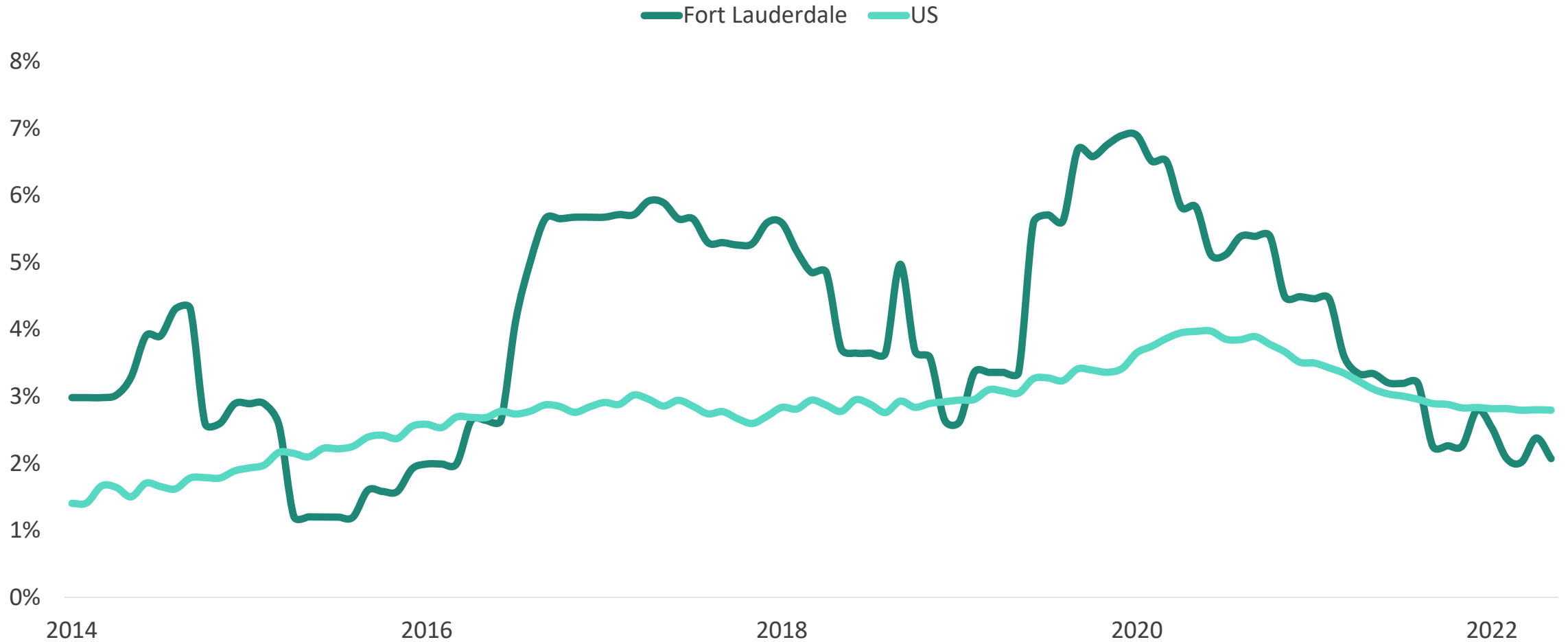
Looking ahead, development activity is finally slowing

Fort Lauderdale market, rooms in construction, Jan 2000 – May 2022



Which mirrors the national trend

Rooms in construction as a % of existing supply, Jan 2006 – May 2022



What happens next?



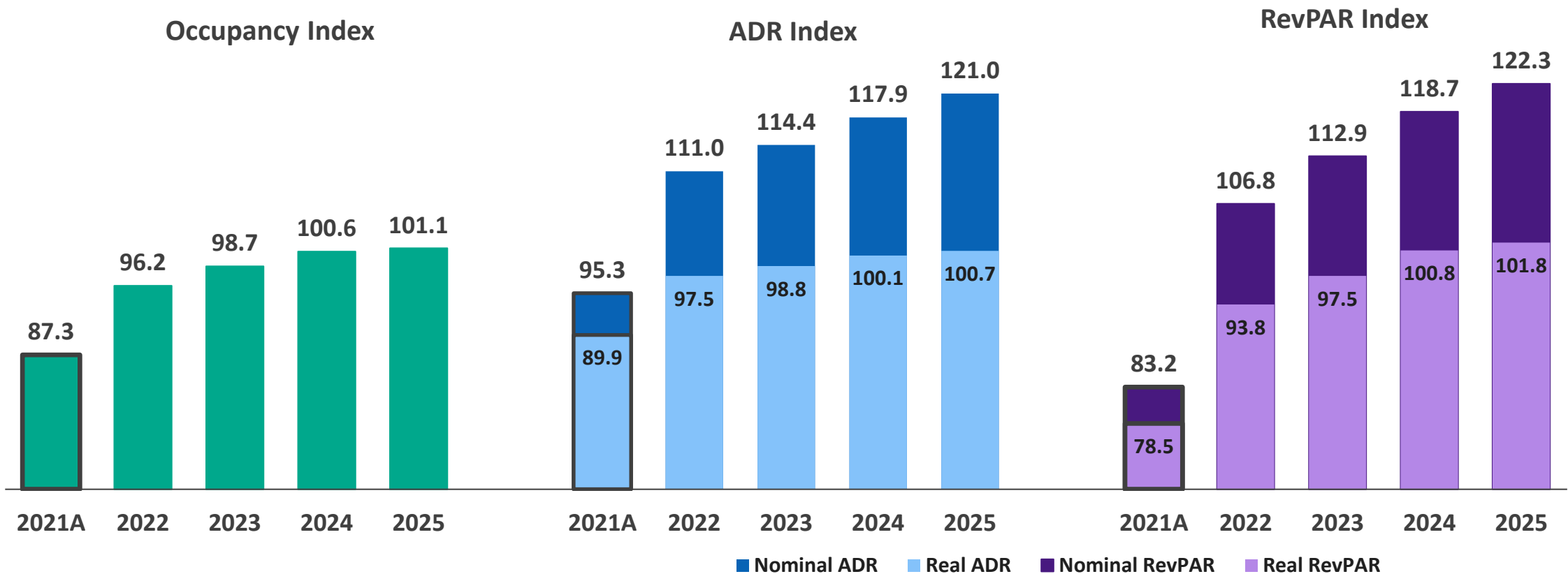
US RevPAR projected to exceed 2019 RevPAR in 2022 (nominally...)

U.S. KPIs (standard methodology)

Metric	2021 Actual	2022 Forecast	2023 Forecast	2024 Forecast
Occupancy	57.6%	63.4%	65.1%	66.4%
ADR	\$125	\$145	\$150	\$155
RevPAR	\$72	\$92	\$98	\$103
RevPAR Compared to 2019	-17%	7%	+13%	+19%

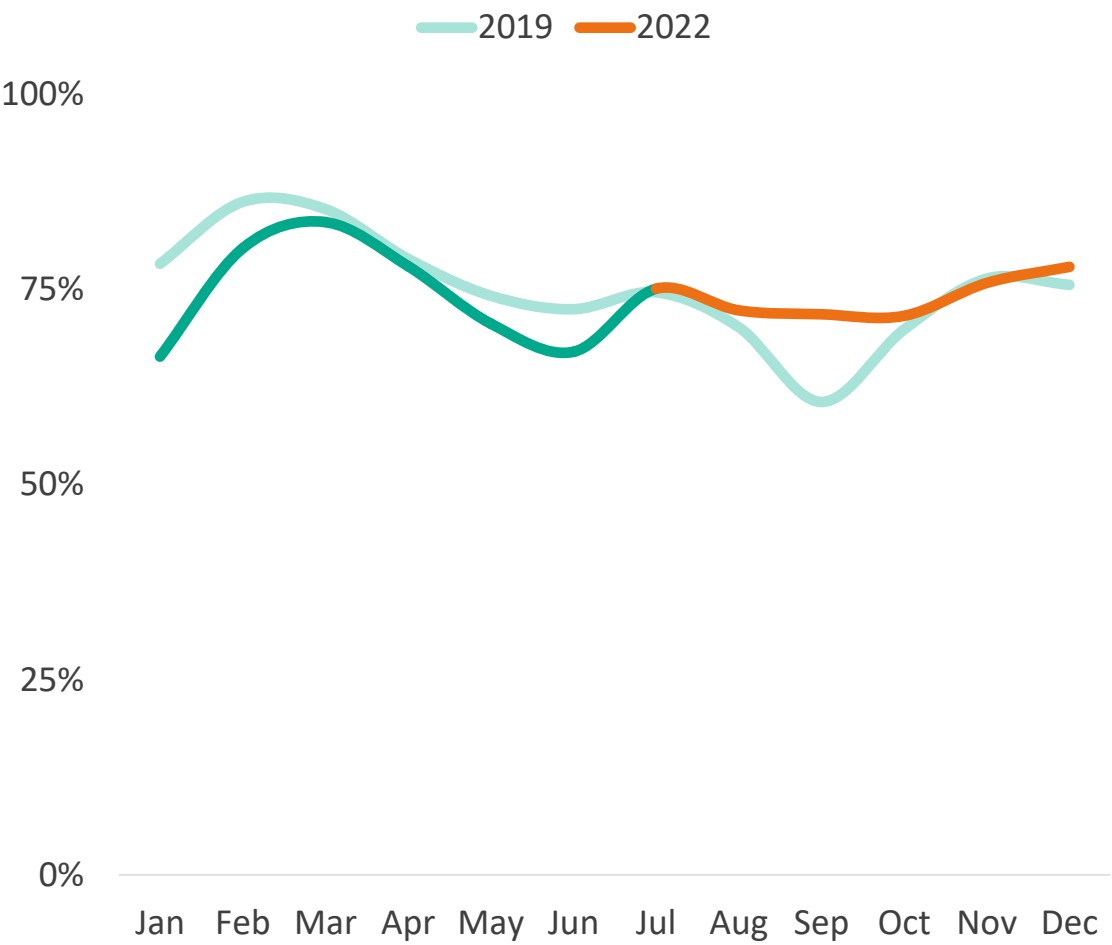
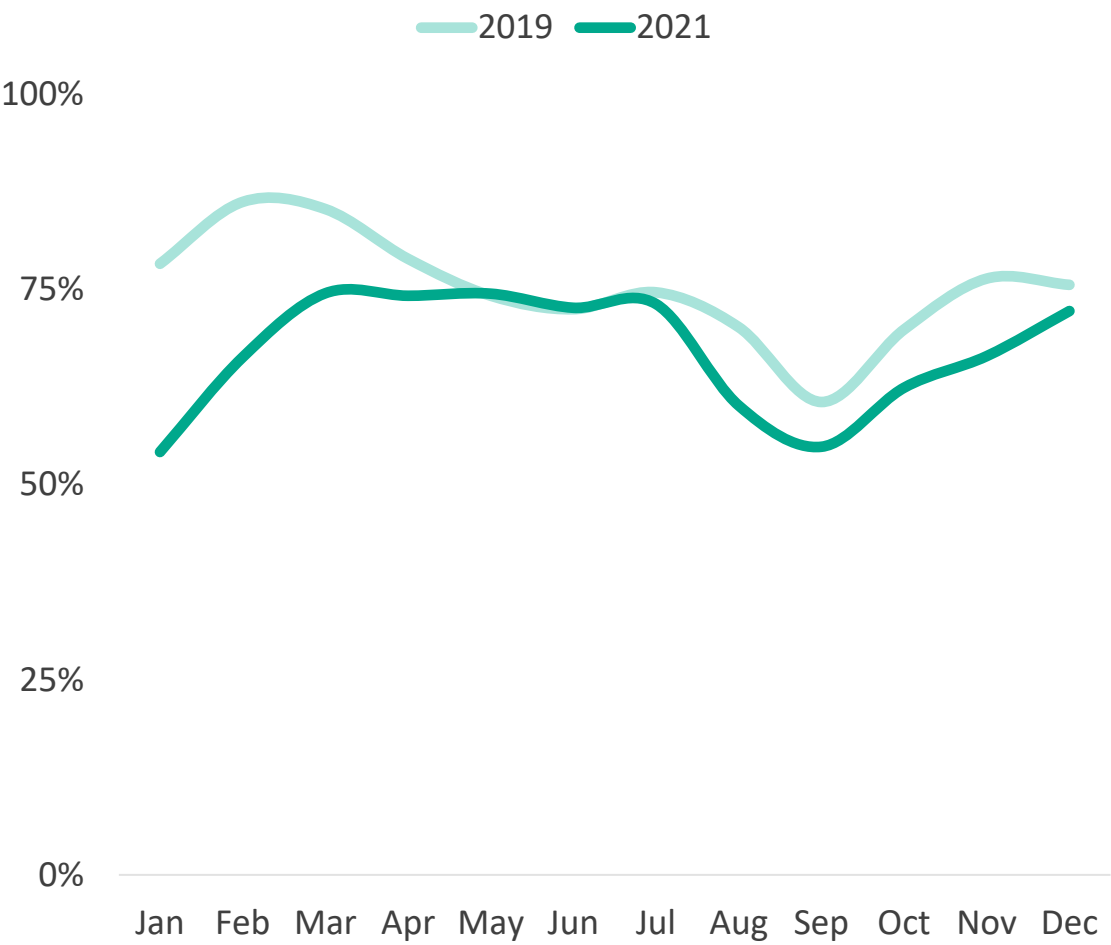
Nationally, 2024 the year to cheer

US KPIs, indexed to 2019



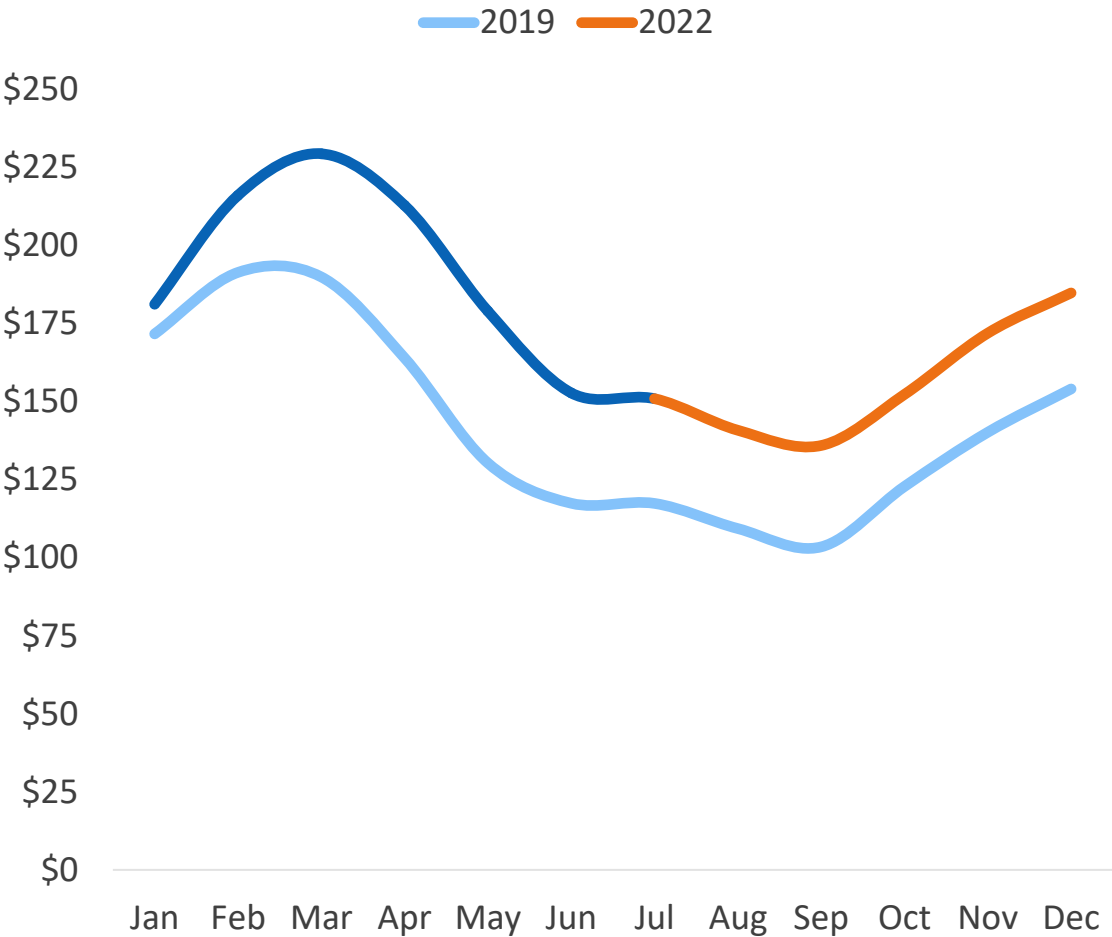
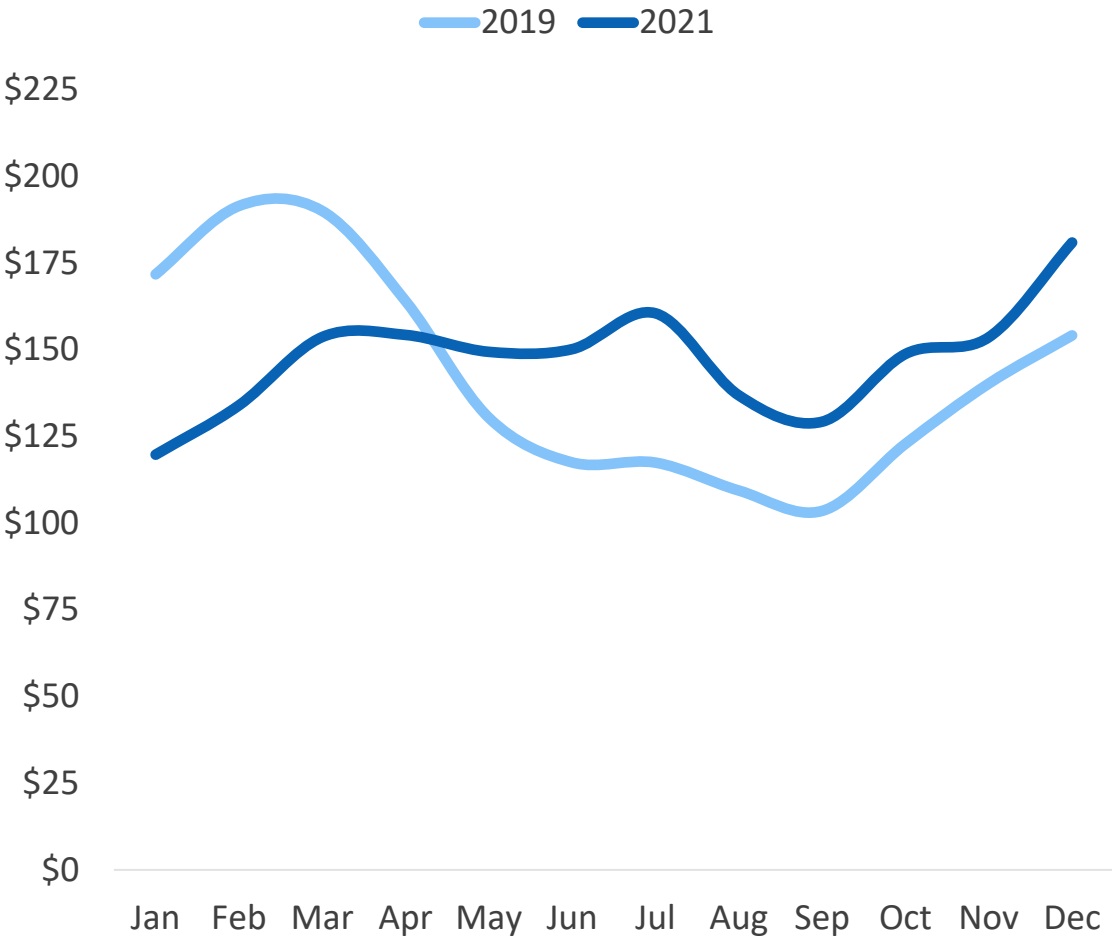
Fort Lauderdale back to normal in 2022

Broward County occupancy, historical and forecast, 2019, 2021, 2022



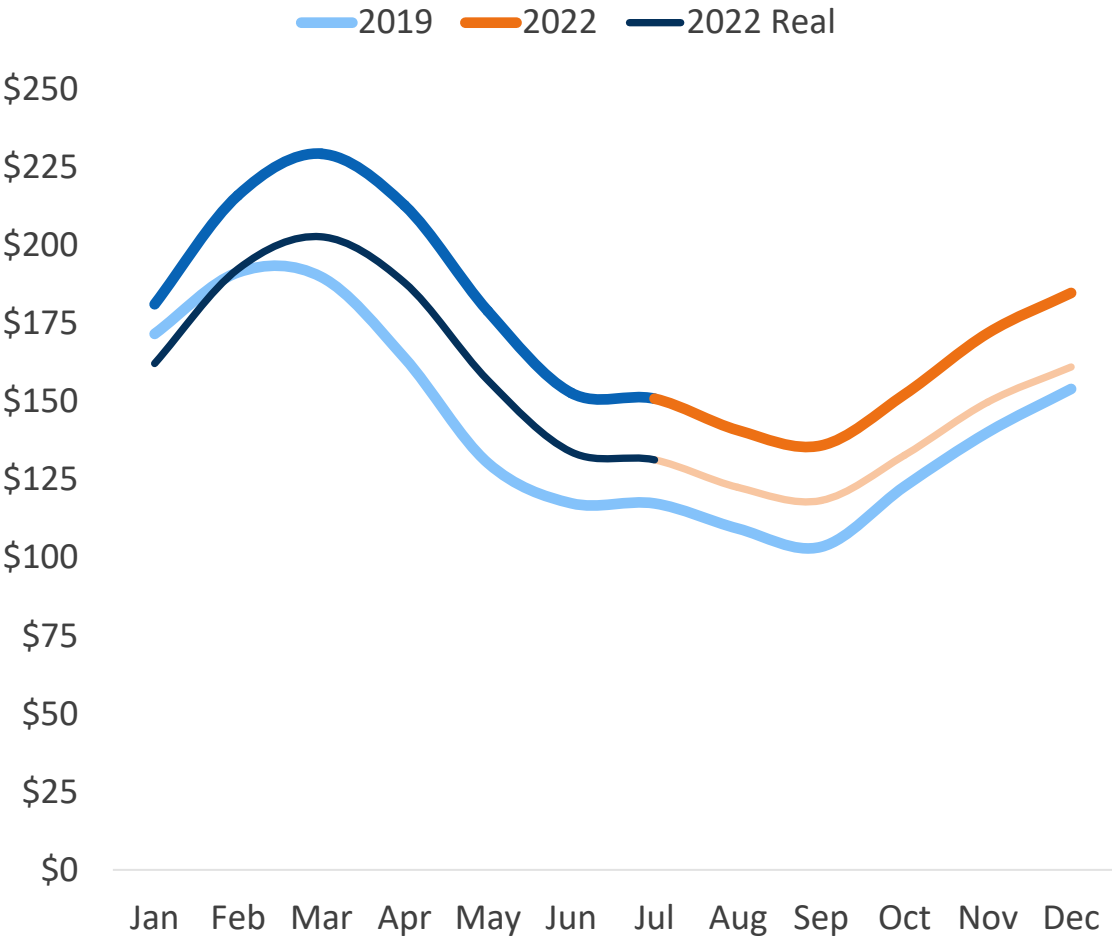
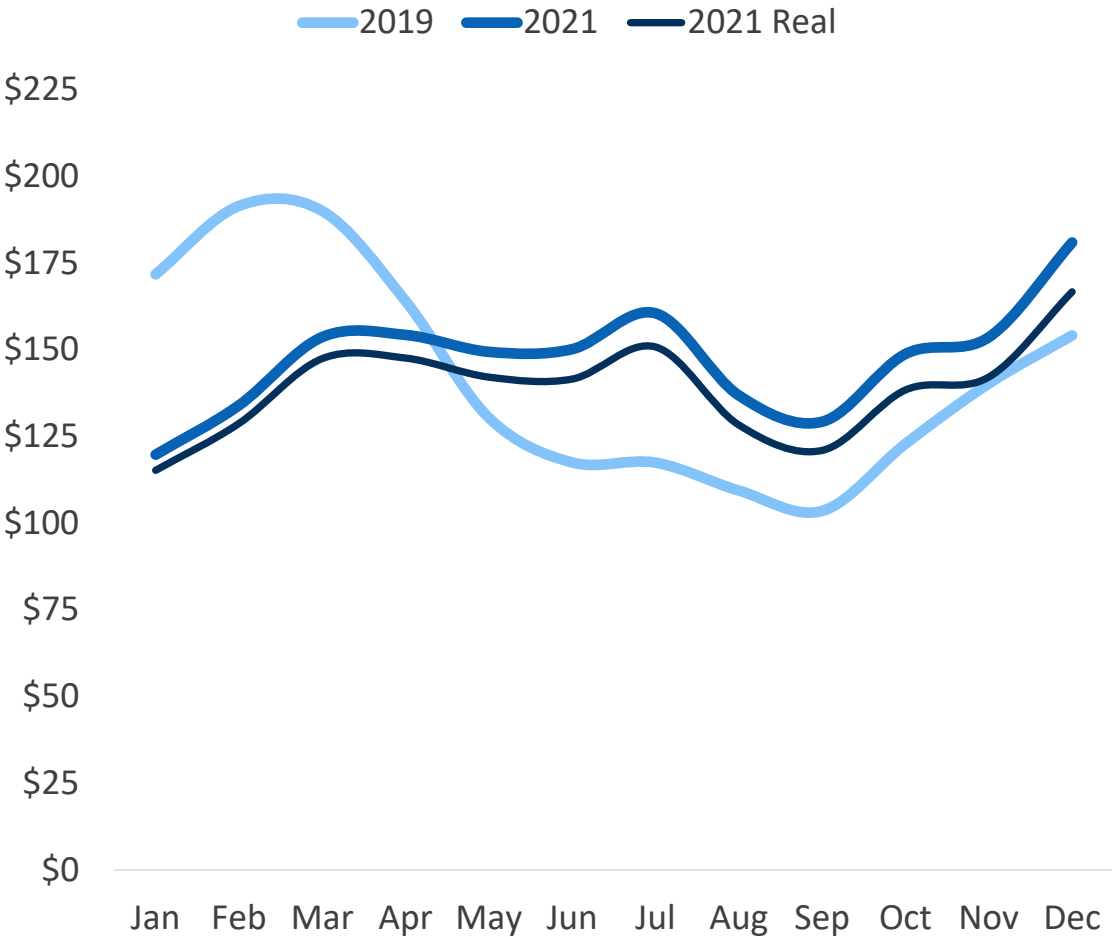
ADR's substantially higher, of course...

Broward County ADR, historical and forecast, 2019, 2021, 2022



Converted to real values, FLL ADR still recovered vs. 2019

Broward County ADR, historical and forecast, 2019, 2021, 2022



Forecasting: What to worry and what to forget



Non-starters

gas prices

travel troubles

Troublemakers

inflation

labor

Wildcards

groups

leisure lethargy

Takeaways



Takeaway

01

All recovery isn't equal. It's more important than ever to choose your benchmarks carefully and account for externalities.

Takeaway

02

Bringing back business remains the key to sustained strengthened performance.

Takeaway

03

The economy is messy, but fundamentals are strong, and a prolonged recession is unlikely.



Thank you!

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