



TIAK LODGING INDUSTRY UPDATE

SEPTEMBER 2022



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U.S. Overview

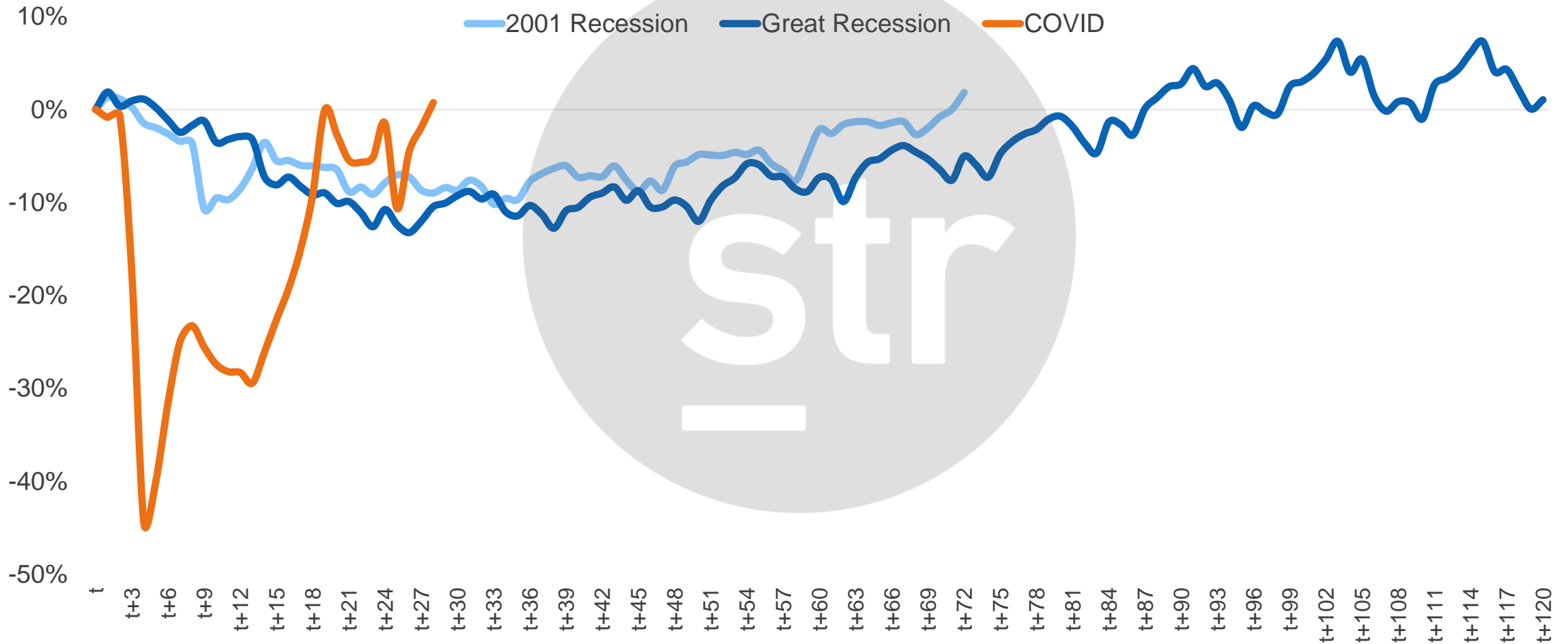
Kansas
Market
Overview

Kansas
Competitor
Markets

Forecast

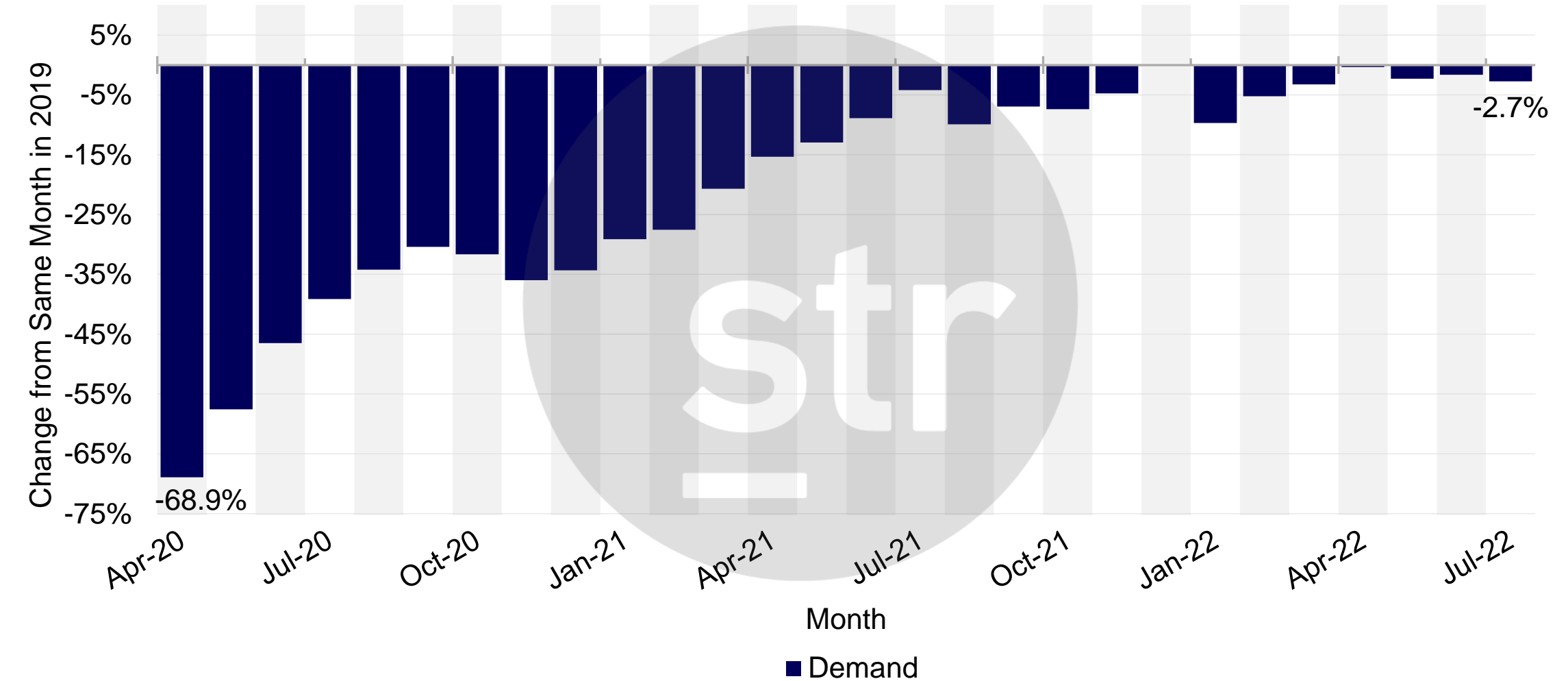
Post COVID, real ADR took *24 months* to recover

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



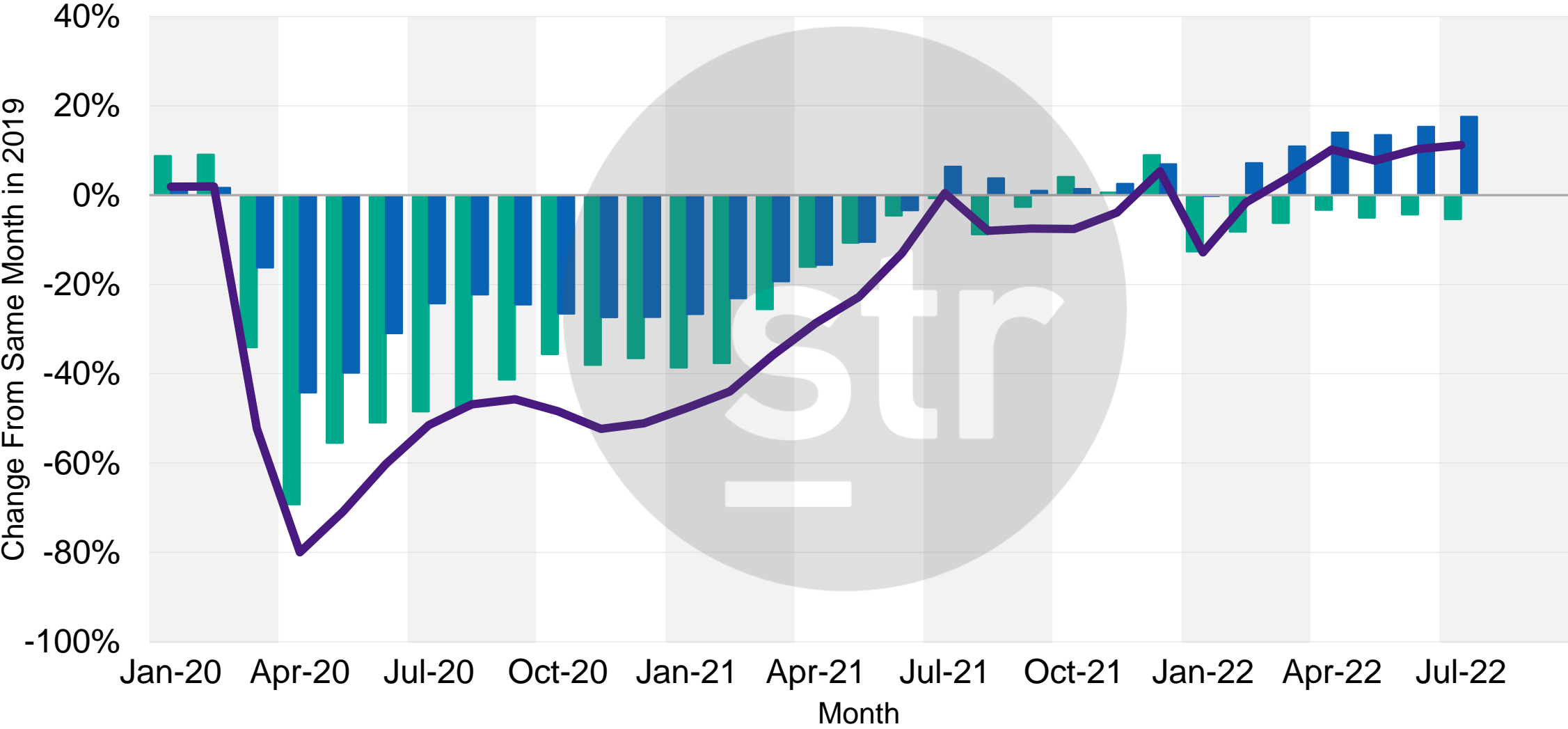
Demand % change softens back to March level

Total U.S., demand % chg. to 2019, Apr 2020 – July 2022



United States KPI Percent Change from 2019

Total U.S., KPI % chg. to 2019, Apr 2020 – July 2022



U.S. RevPAR projected to fully recover (in real terms) in 2025

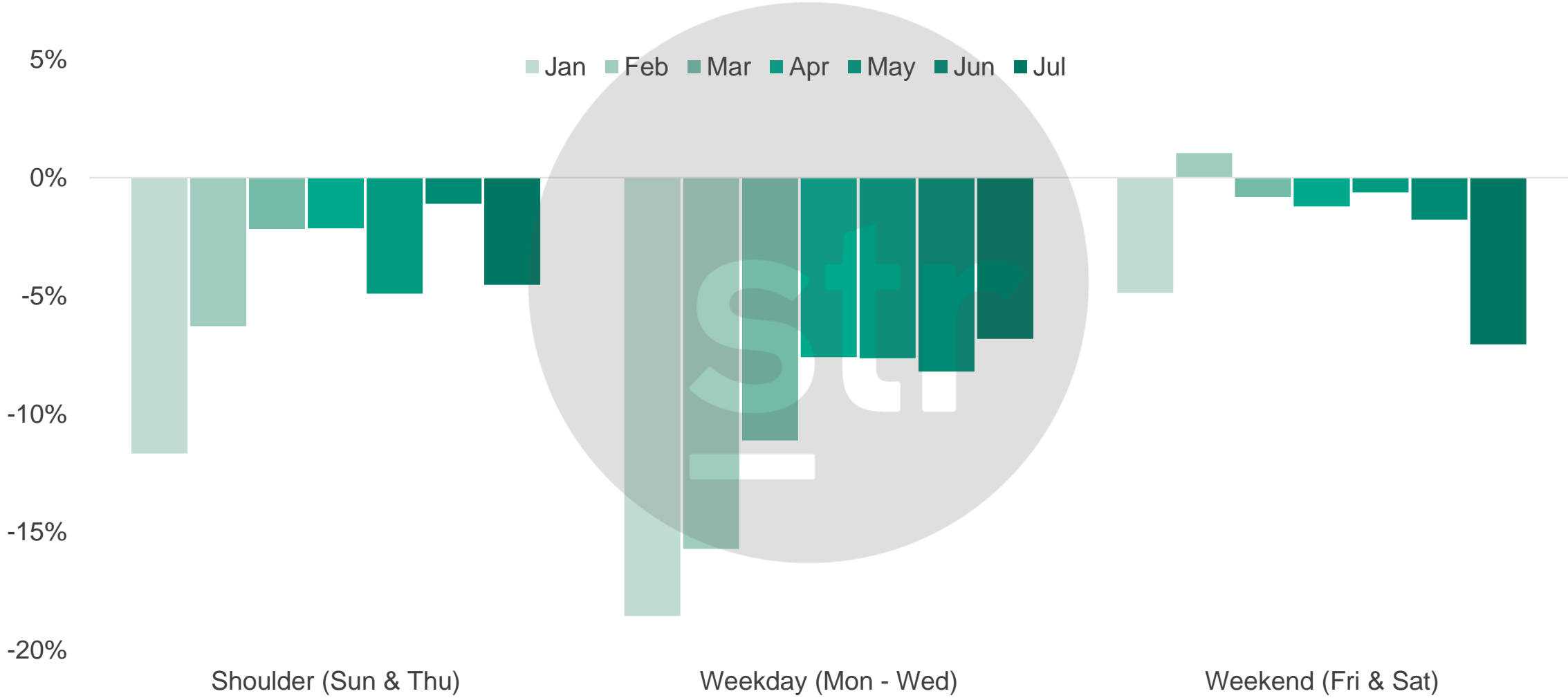
U.S. KPIs, indexed to 2019

	Actual	2019 % Chg.
Room Supply	173m	3%
Room Demand	120m	-3%
Occupancy	69.6%	-5%
ADR*	\$159	18%
RevPAR*	\$111	11%
Room Revenue	\$19b	14%

*nominal

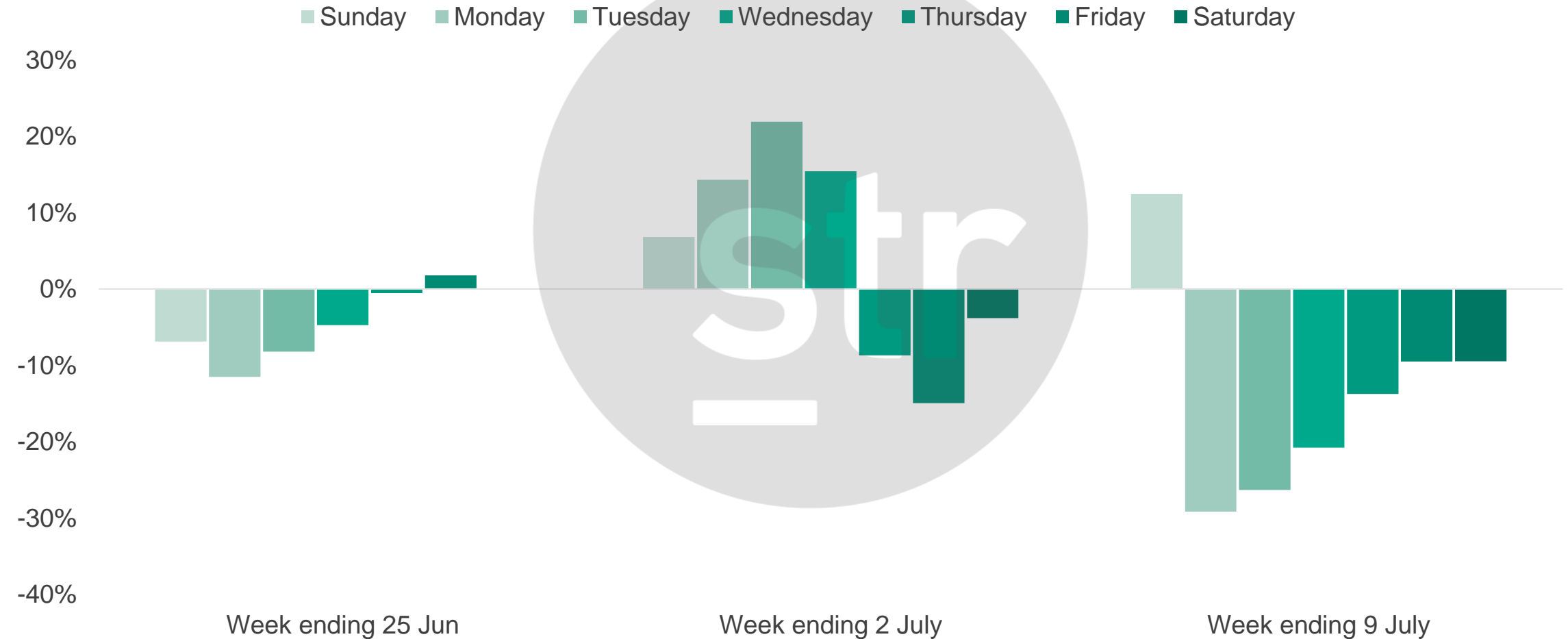
Weekend, shoulder days drop off in July

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



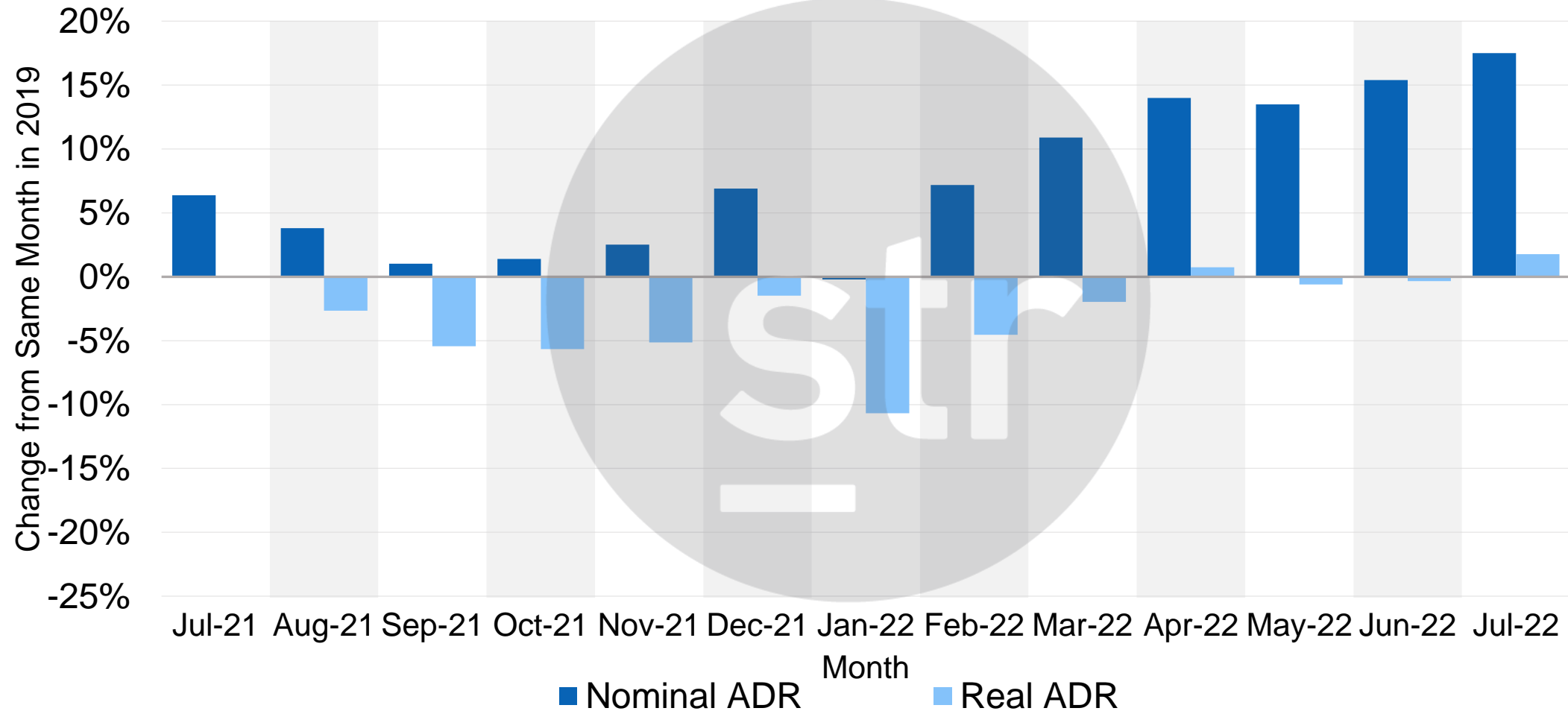
July took the brunt of negative 4th of July comps

US, occupancy % change to 2019



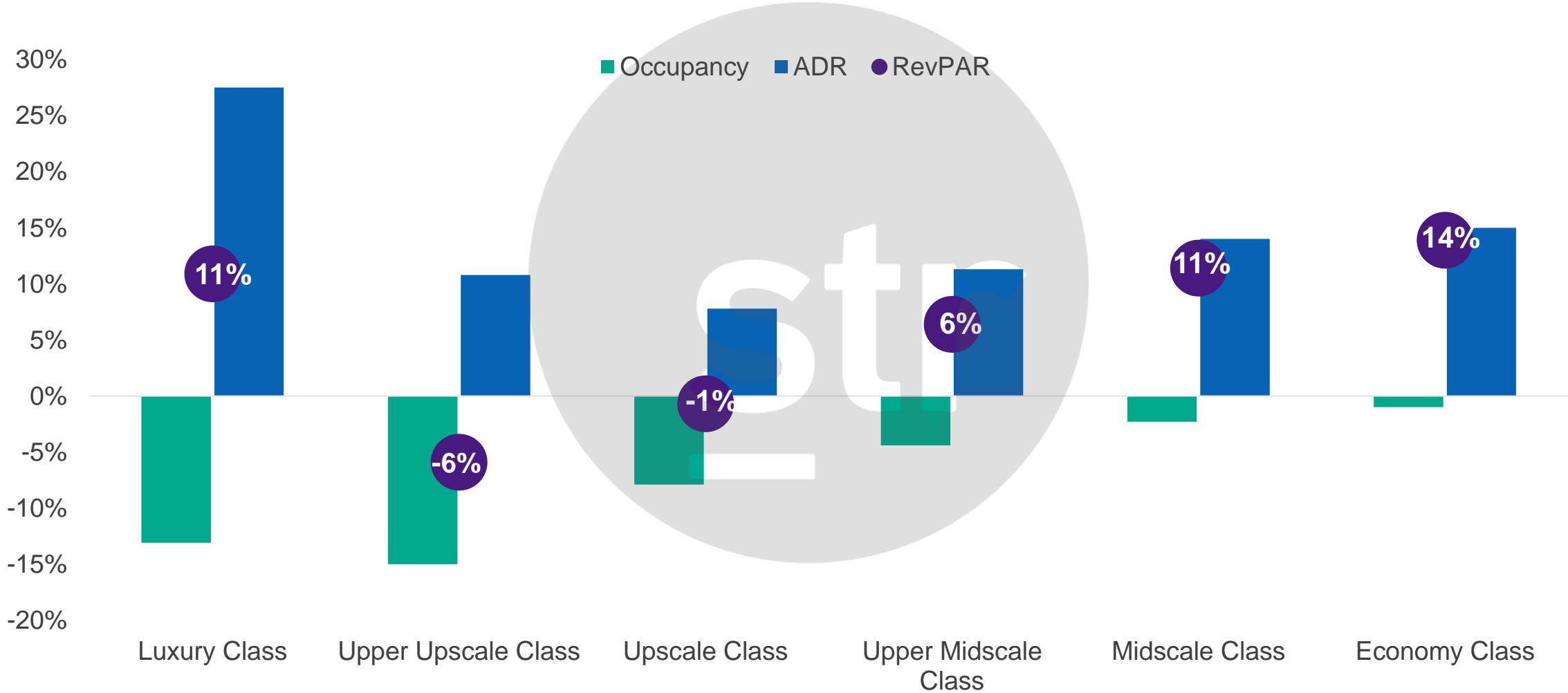
In Real Terms, Rate Recovery Looks Different

U.S. ADR, indexed to 2019



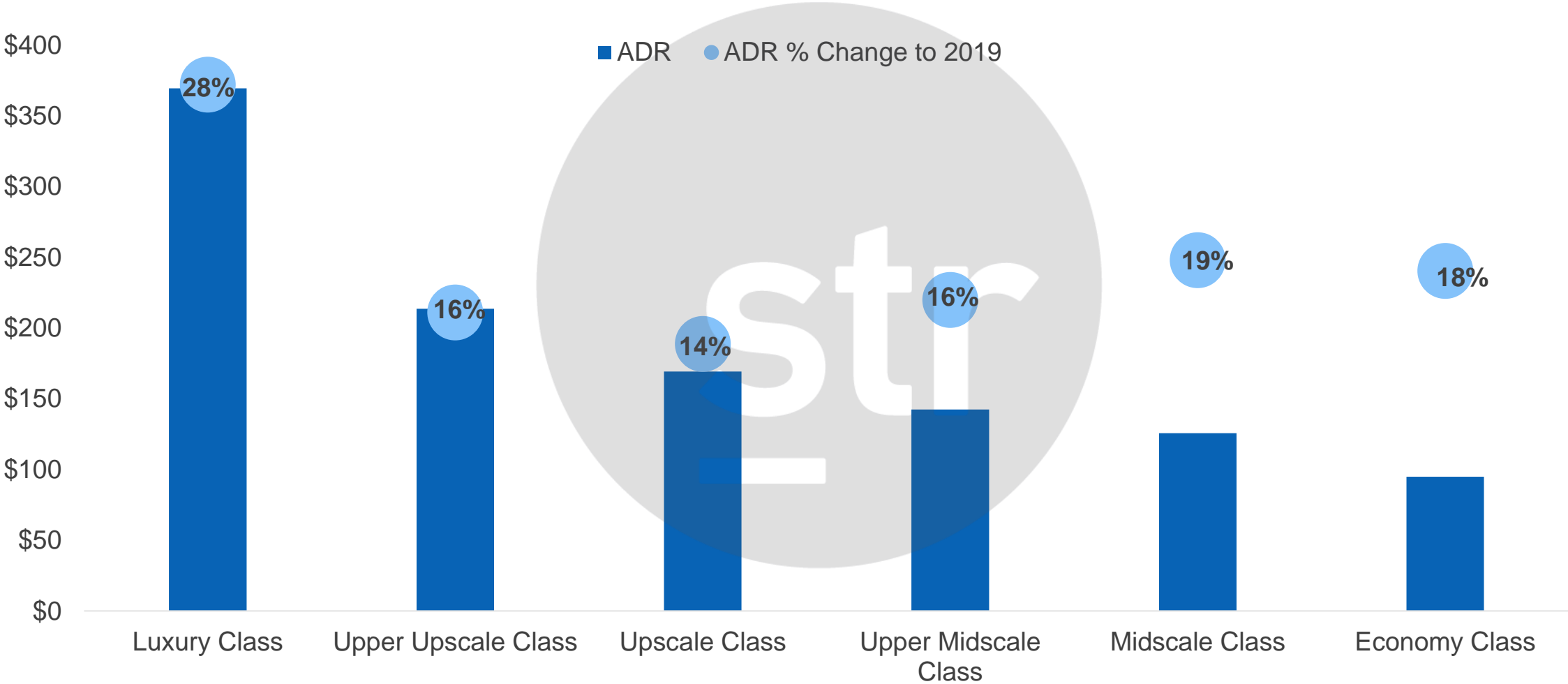
Economy is better than Luxury ... in terms of RevPAR growth

Total U.S., % chg. to 2019, YTD July 2022



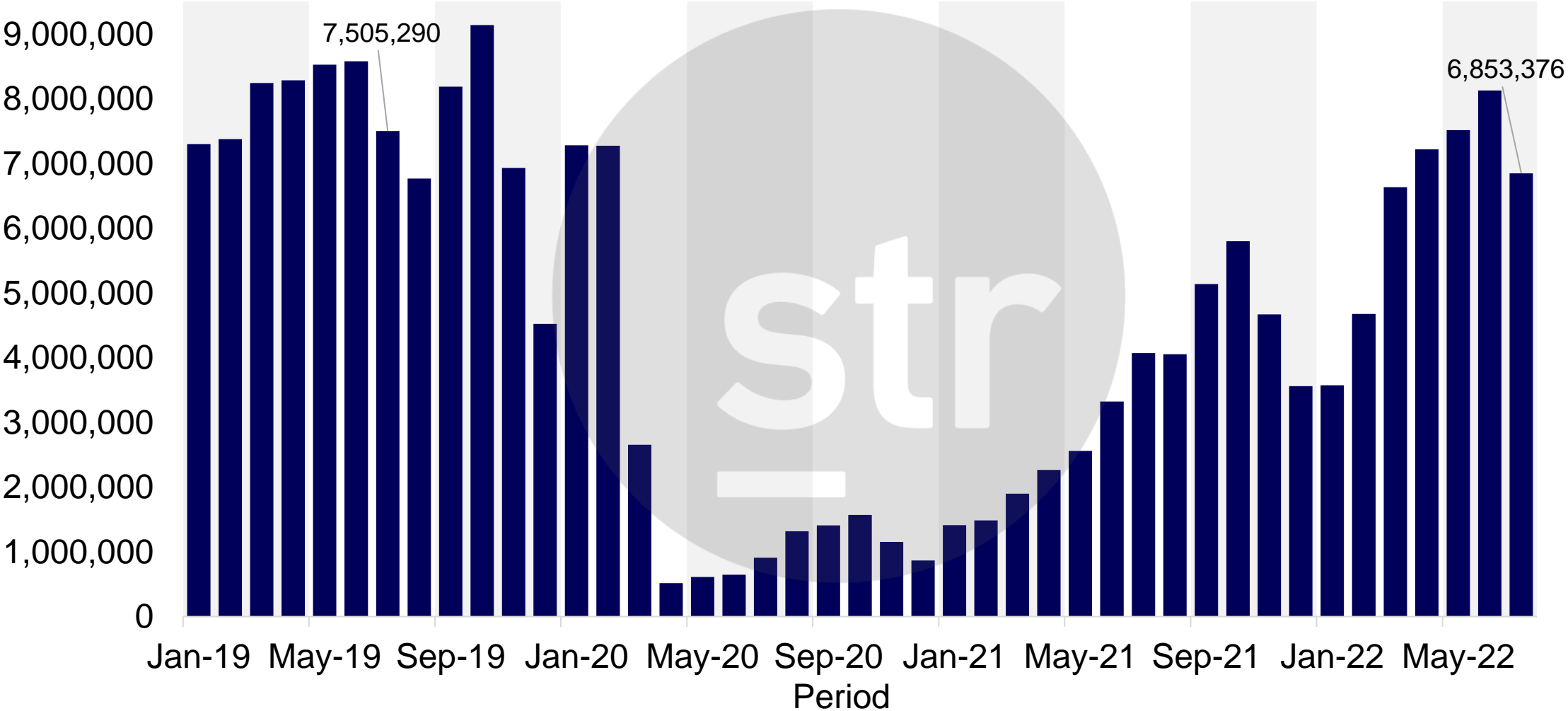
Luxury hotel ADR on another planet

US, monthly ADR and ADR % change to 2019, Jul 2022



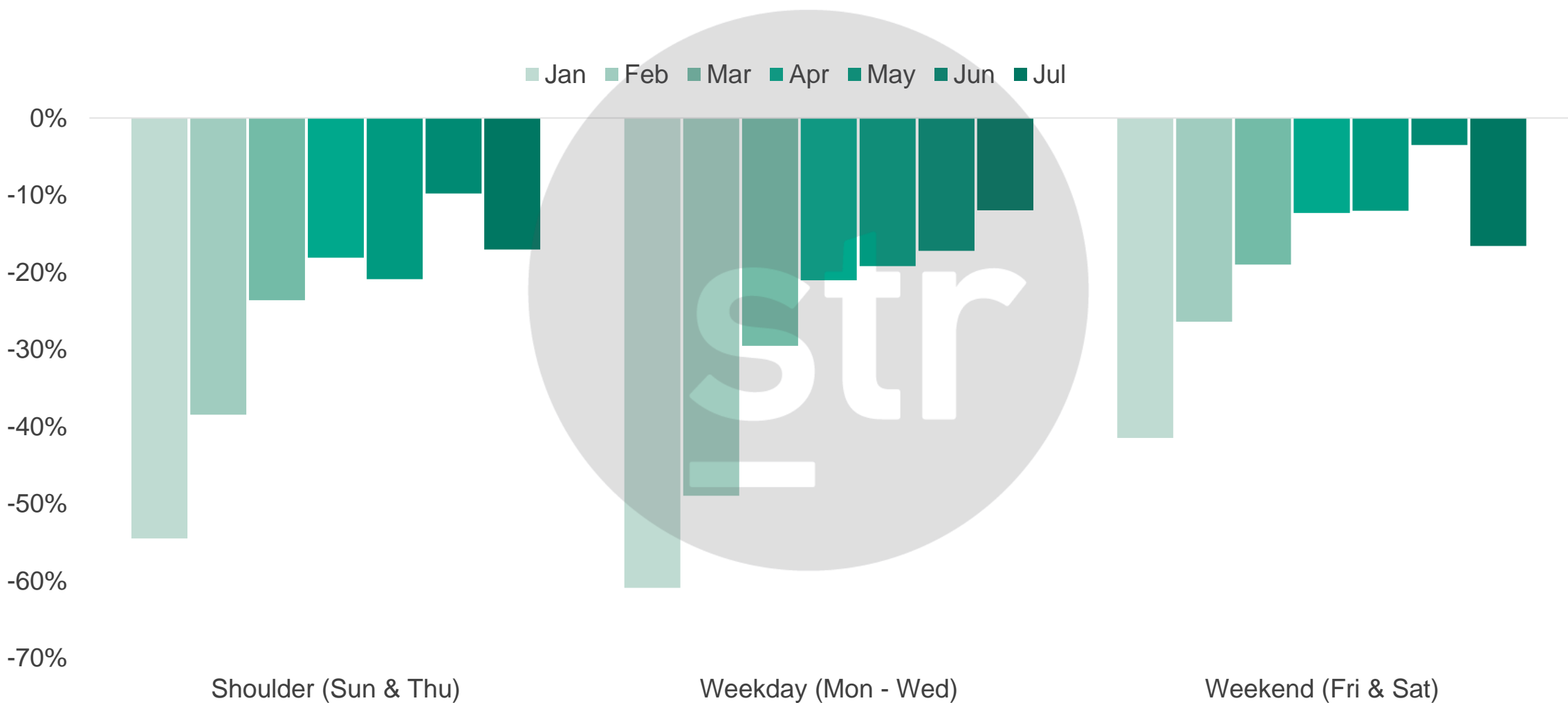
Group demand dropped in July

Total U.S., Group demand, Luxury & upper upscale, Jan 2019 – Jul 2022



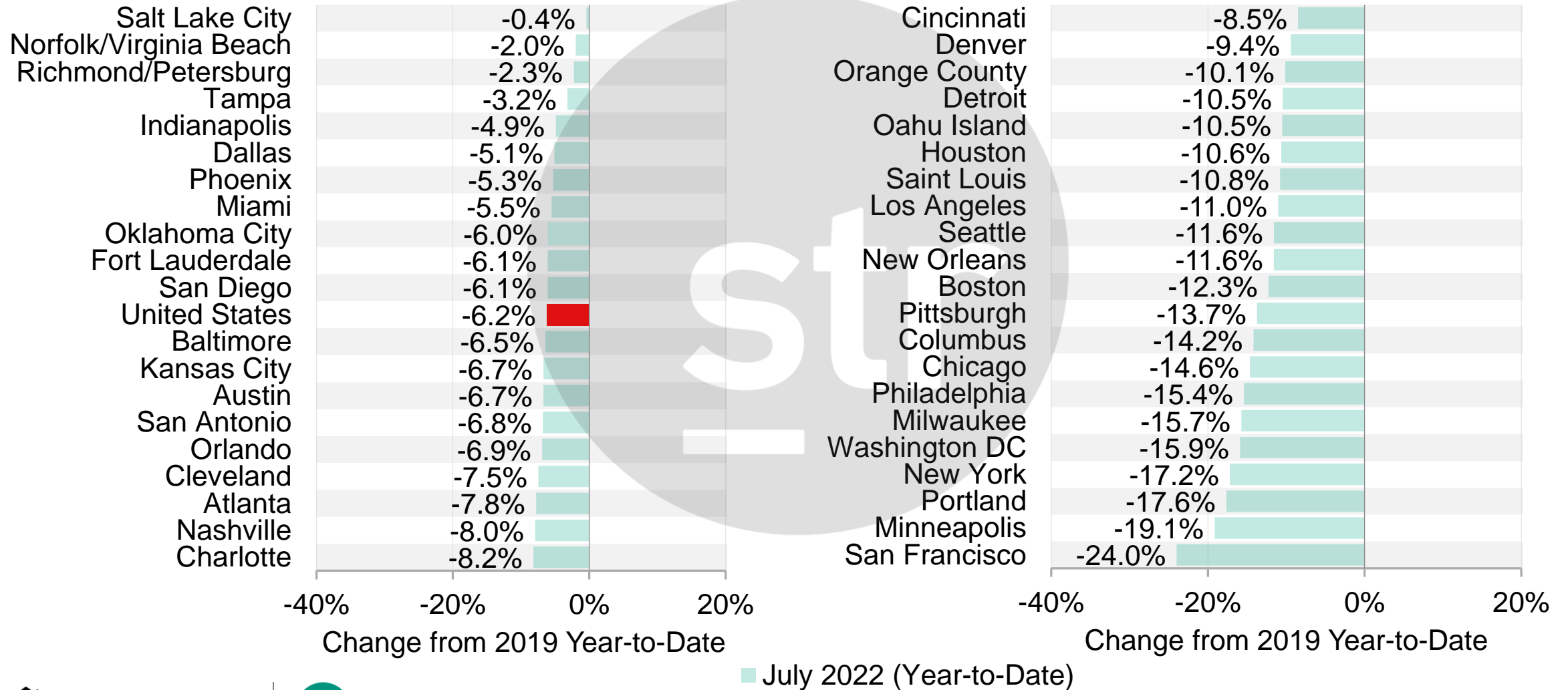
Weekday groups continue to return

US, group occupancy % change to 2019, Jan – Jul 2022



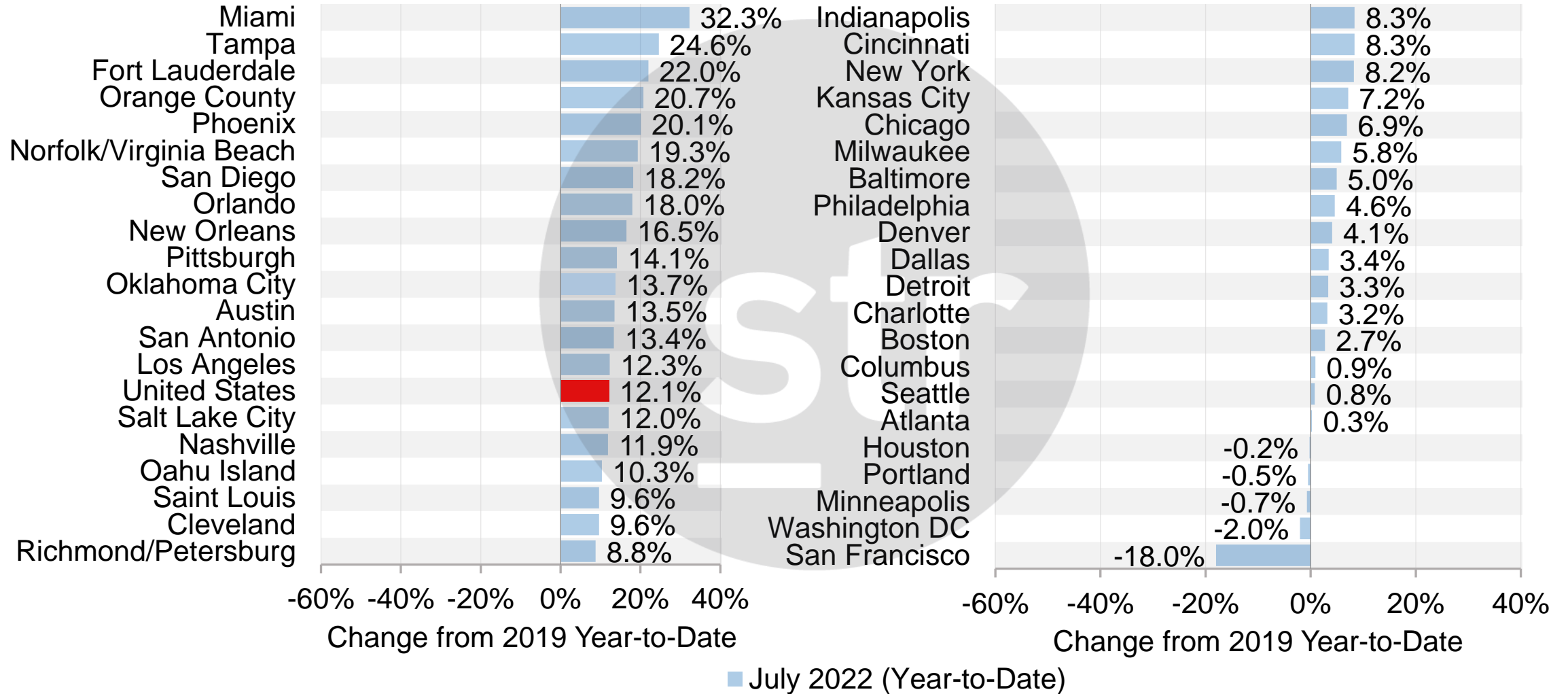
Percent Change in Occupancy Since 2019

Top 40 US Markets, Occupancy % change to 2019, Jan – Jul 2022



Percent Change in ADR Since 2019

Top 40 US Markets, ADR % change to 2019, Jan – Jul 2022





U.S. Overview



Kansas
Market
Overview



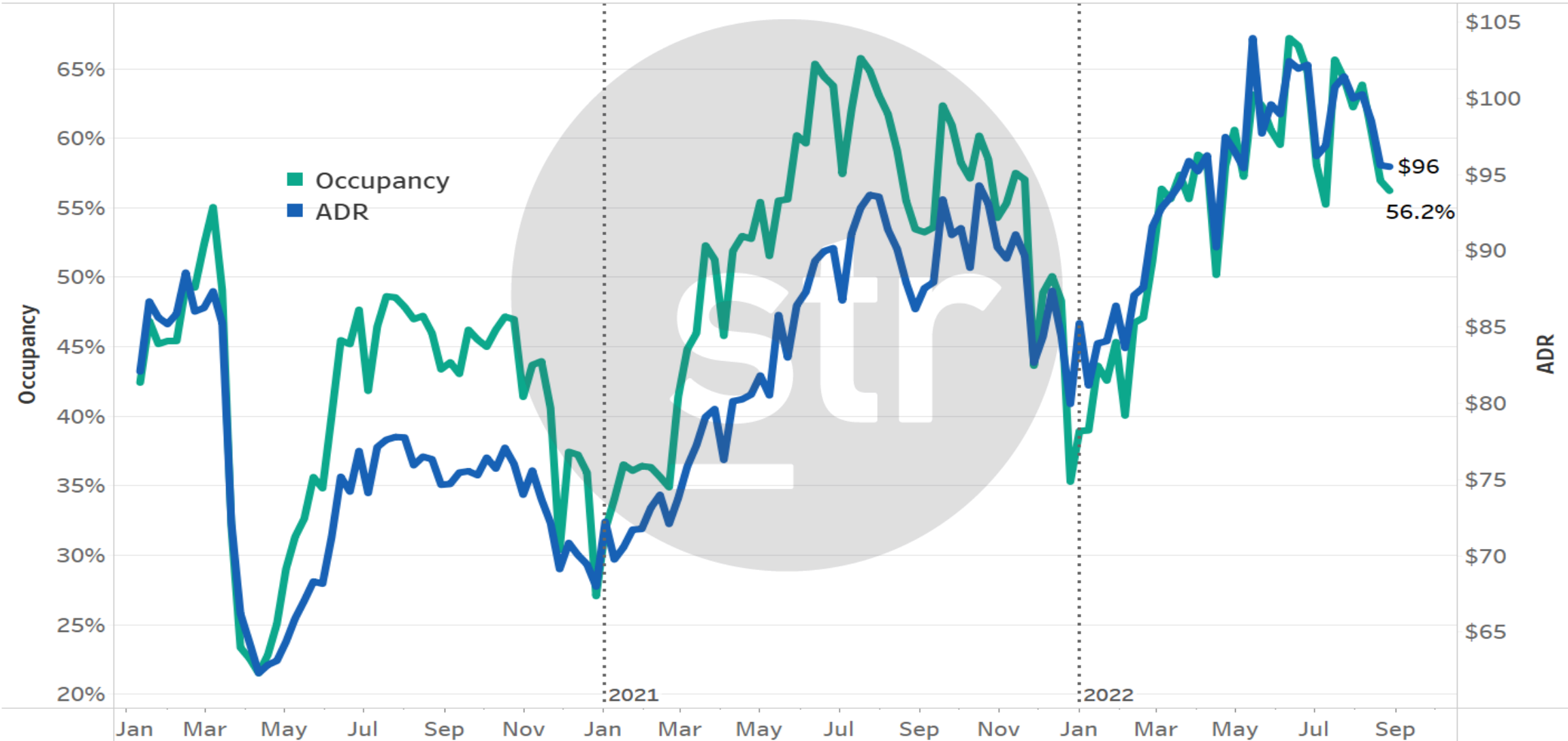
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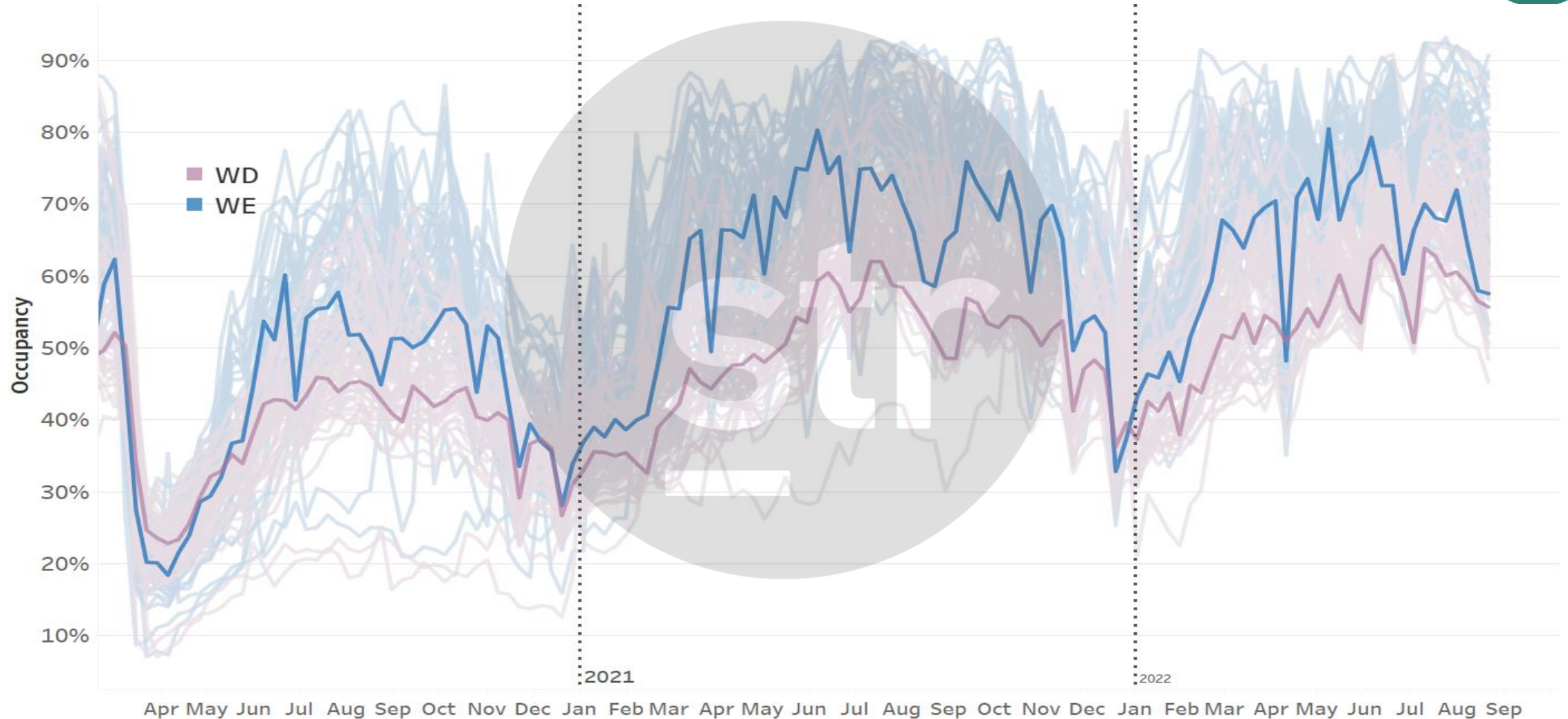
Crushing 2019 Levels, 2020/2021 vs 2022 closed gaps

Kansas State, Running 7 days, Occ % and ADR



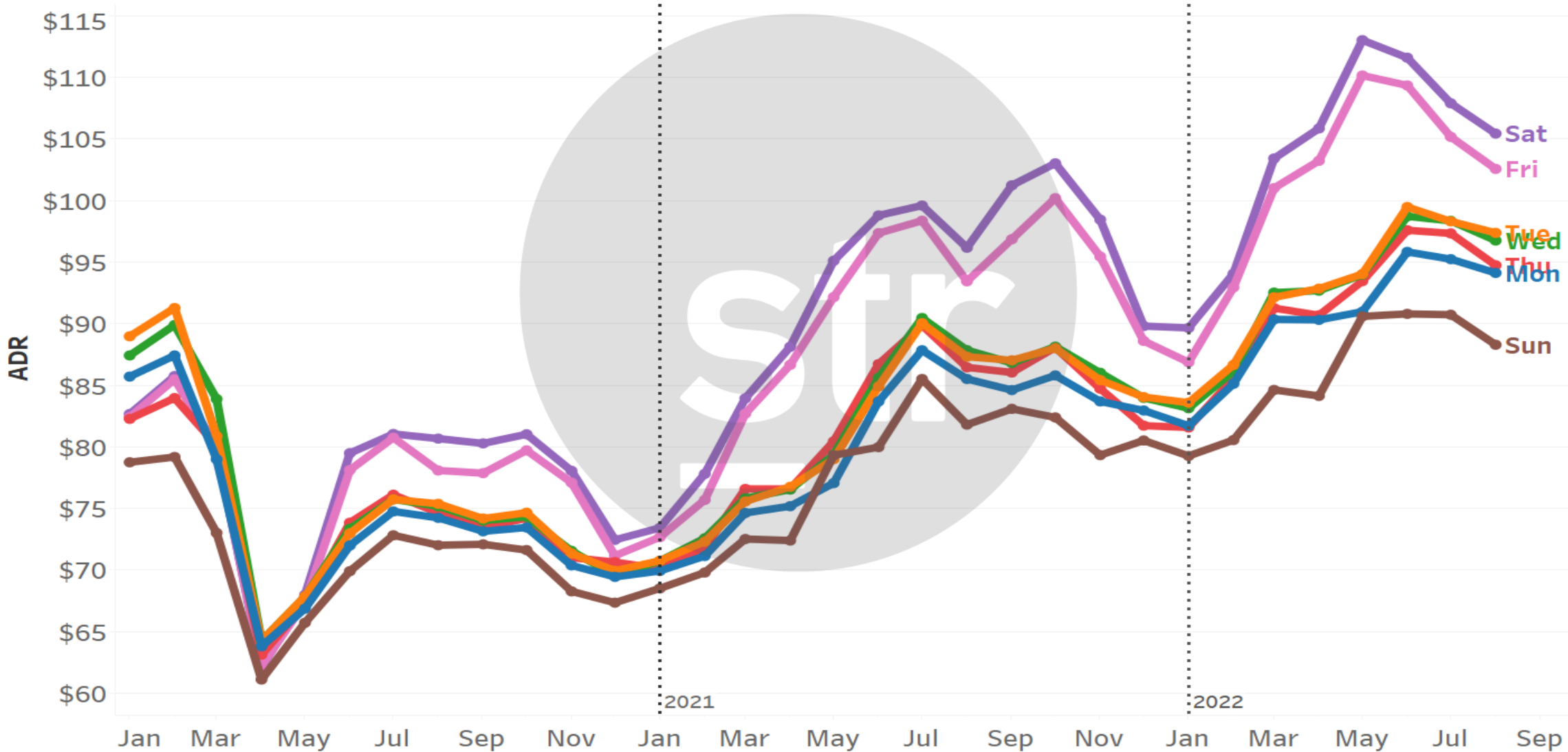
2% separation: WD 56% and WE 58%

Kansas State, Occupancy by DOW, Feb 2020 till Aug 2022



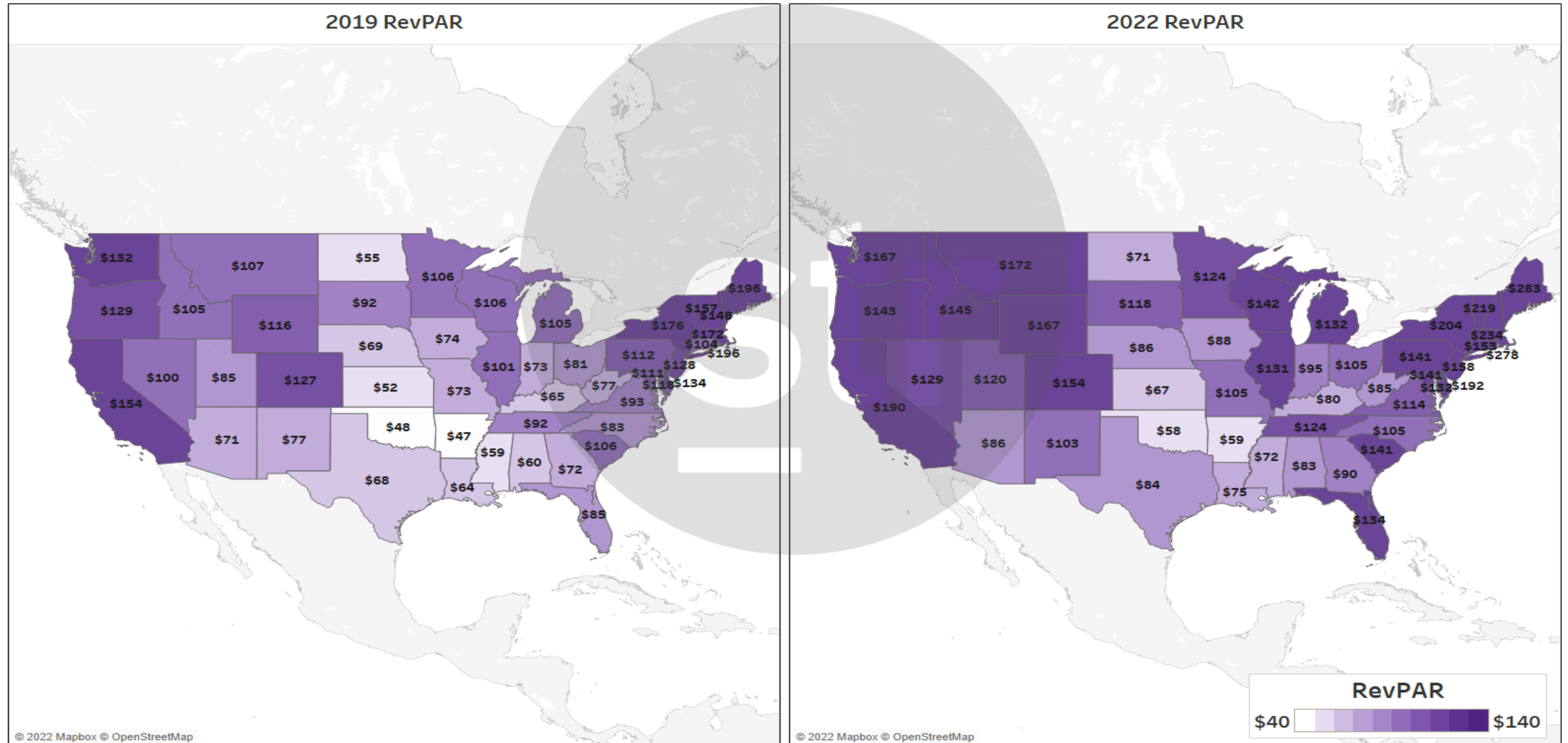
WD ADR keeps solid gap vs WE, rates pushed in 2022

Kansas State, Monthly ADR by DOW, February 2020 through August 2022



Kansas RevPAR Compared to Other States

Kansas RevPAR, YTD week ending August 27th, 2022

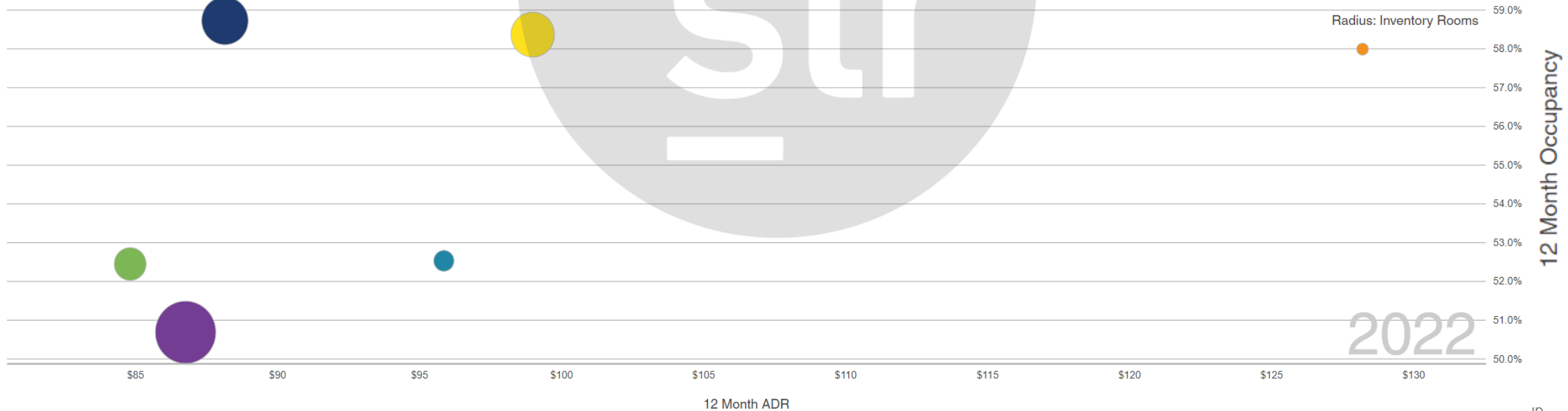


Kansas City submarkets lead way, Topeka/Wichita not far behind

Kansas Submarkets, Monthly Occupancy/ADR, July 2022

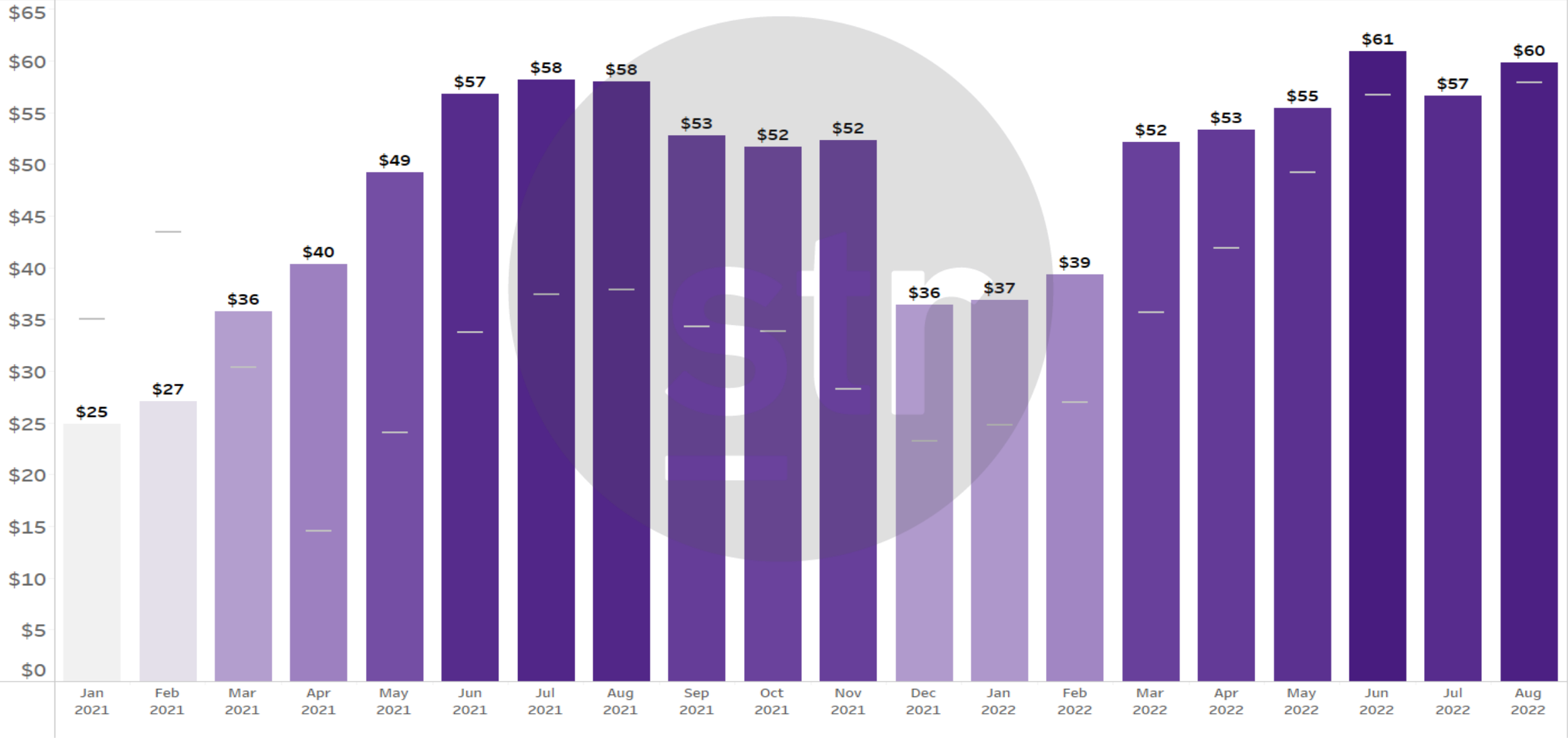


Kansas City West - Kansas City	2,808	Kansas Area - Kansas	14,858
Topeka/Lawrence - Kansas	4,228	Lenexa & Overland Park - Kansa...	9,583
I-70 Corridor - Kansas	6,631	Wichita - Kansas	10,421



Historical ADR (\$96) driving RevPAR, Push those rates!

Topeka KS, Monthly RevPAR, Jan 2021 through Aug 2022



Monthly RevPAR Daily Rate with RevPAR Last Year (Daily Processed Results)

Topeka/Lawrence, KS

Ditto: Historical ADR (\$89) driving RevPAR, Push those rates!

Wichita KS, Monthly RevPAR, Jan 2021 through Aug 2022

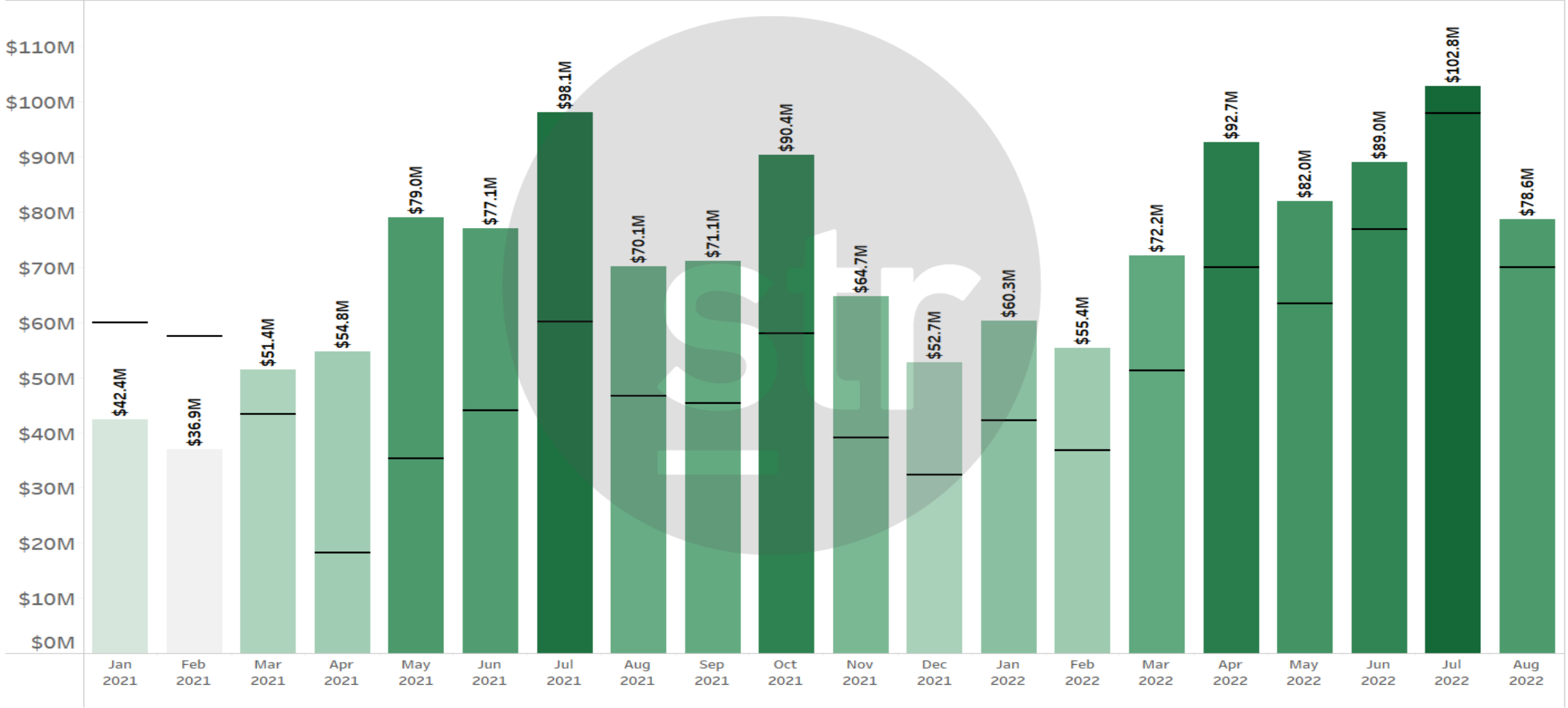


Monthly RevPAR Daily Rate with RevPAR Last Year (Daily Processed Results)

Wichita, KS

Just for kicks: Are you getting your fair share? I can help!

Kansas State, Total Revenue, Jan 2021 through Aug 2022

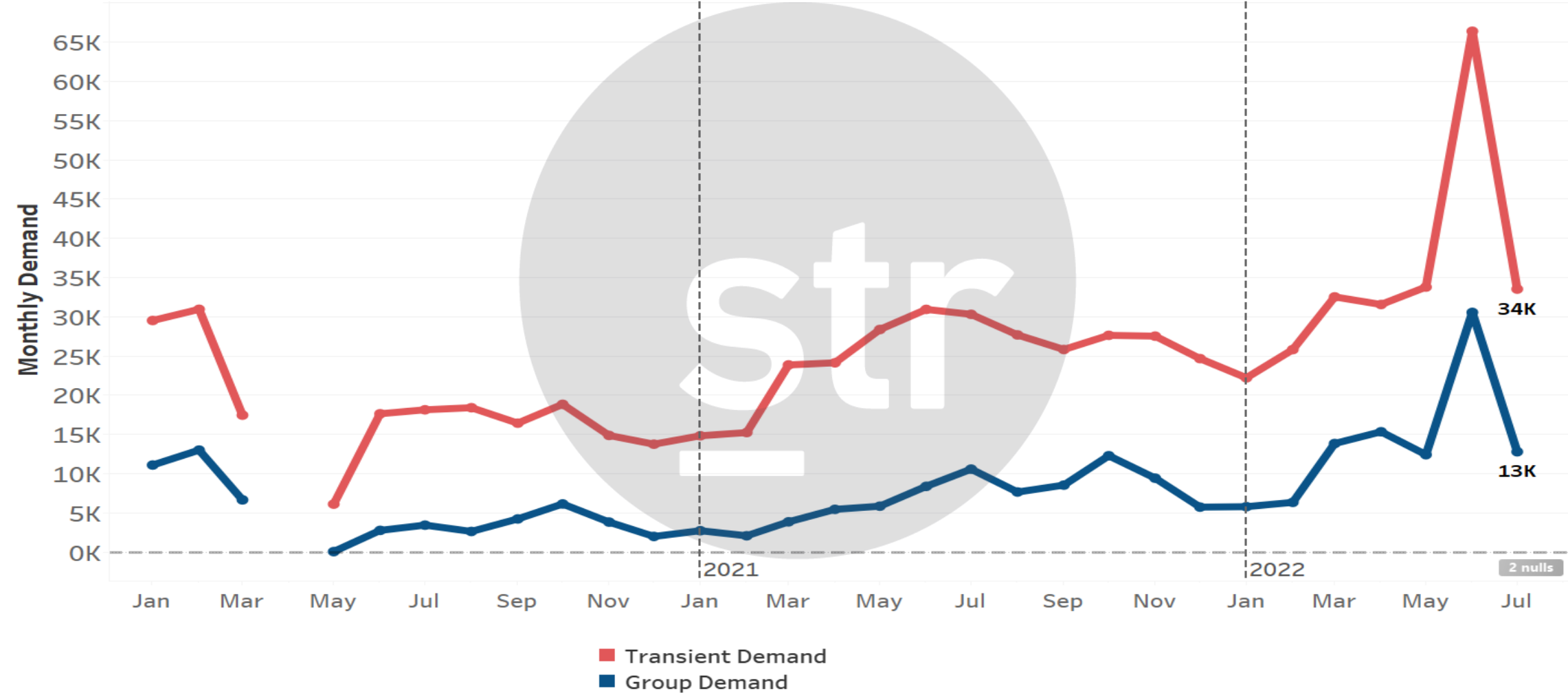


Monthly Rooms Revenue with Revenue Last Year (Bar) (Daily Processed Results)

Kansas

Group & Business is coming back, Kansas insufficient!

No Luxury Properties: US, Transient and Group, Jan 2020 through July 2022

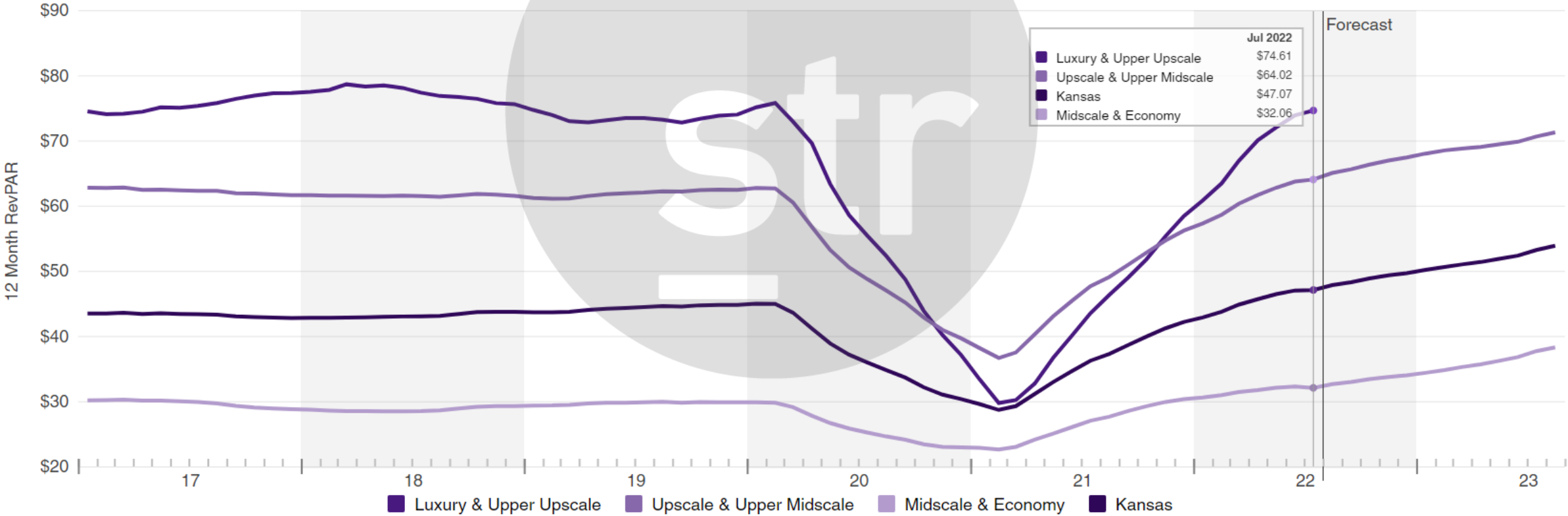


Luxury following national trend, forecasting historical RevPAR!

Kansas, Class, 2017 through August 2023



REVPAR BY CLASS



Just an FYI with Raw Numbers

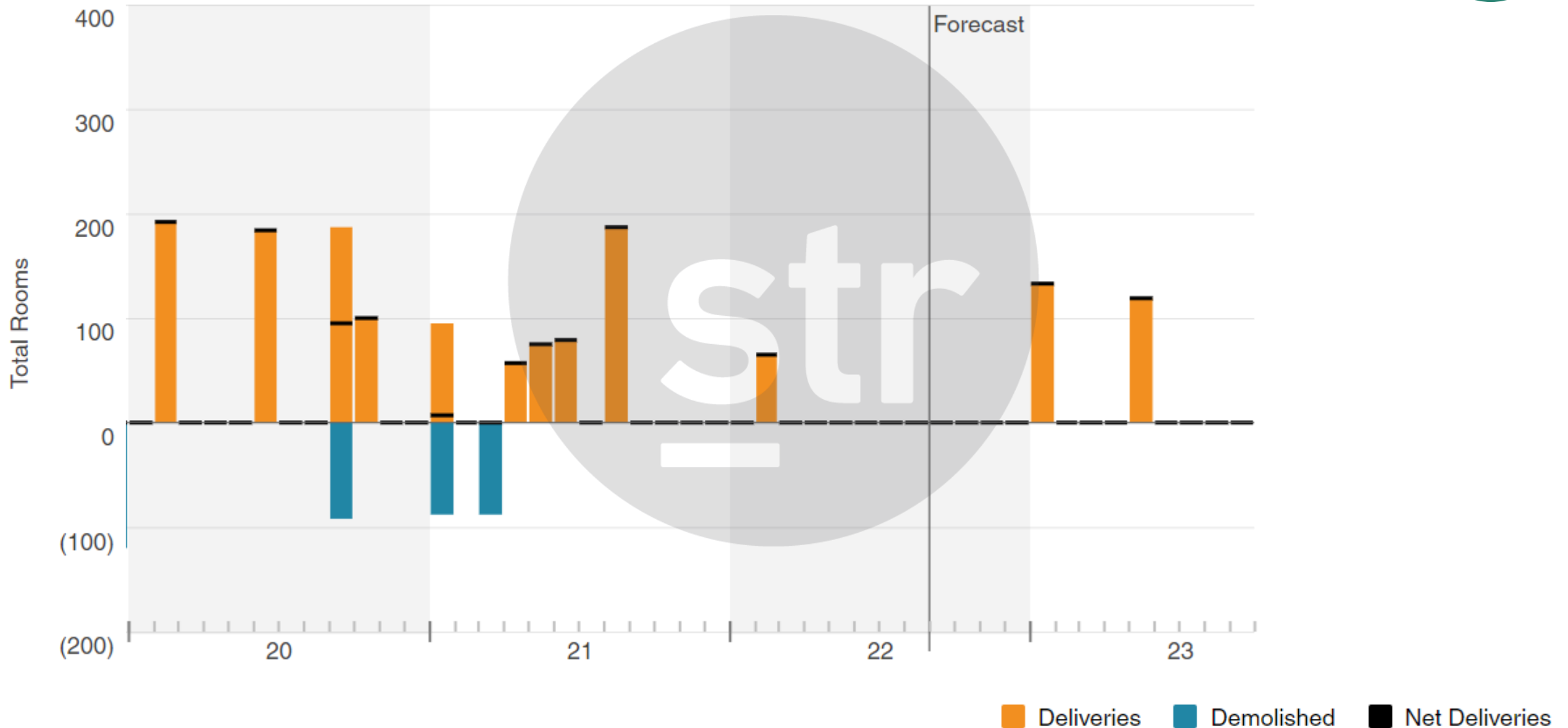
Kansas, Class, Total Numbers



Pipeline_Existing_UnderRenovation_Database_WW_July_2022							Submarket-Class Percent of Rooms in Total Market								
Market	Tract	Class	#Rooms	Hotels (Count)	% Rooms in Class	%TotalRooms in Mkt	Market	Tract	Class						
Kansas	I-70 Corridor, KS	Upscale	537	6	8%	1.5%	Kansas	I-70 Corridor, KS	Upscale	1.5%					
		Upper Midscale	1,824	26	28%	5.1%			Upper Midscale	5.1%					
		Midscale	1,162	18	18%	3.2%			Midscale	3.2%					
		Economy	3,042	60	46%	8.5%			Economy	8.5%					
		Total	6,565	110	100%	18.3%									
	Kansas Area	Upper Upscale	125	2	1%	0.3%	Kansas Area	Kansas Area	Upper Upscale	0.3%					
		Upscale	1,054	9	7%	2.9%			Upscale	2.9%					
		Upper Midscale	4,542	64	31%	12.6%			Upper Midscale	12.6%					
		Midscale	2,284	41	15%	6.4%			Midscale	6.4%					
		Economy	6,854	170	46%	19.1%			Economy	19.1%					
		Total	14,859	286	100%	41.4%									
	Topeka/ Lawrence, KS	Upper Upscale	256	3	6%	0.7%	Topeka/ Lawrence, KS	Topeka/ Lawrence, KS	Upper Upscale	0.7%					
		Upscale	1,098	9	26%	3.1%			Upscale	3.1%					
		Upper Midscale	1,129	14	27%	3.1%			Upper Midscale	3.1%					
		Midscale	777	10	18%	2.2%			Midscale	2.2%					
		Economy	968	17	23%	2.7%			Economy	2.7%					
		Total	4,228	53	100%	11.8%									
	Wichita, KS	Upper Upscale	829	4	8%	2.3%	Wichita, KS	Wichita, KS	Upper Upscale	2.3%					
		Upscale	1,702	14	17%	4.7%			Upscale	4.7%					
		Upper Midscale	3,397	34	33%	9.5%			Upper Midscale	9.5%					
		Midscale	1,394	20	14%	3.9%			Midscale	3.9%					
		Economy	2,944	63	29%	8.2%			Economy	8.2%					
		Total	10,266	135	100%	28.6%									
Grand Total			35,918	584	100%	100.0%									

Construction will ramp up again

Kansas, Pipeline delivery by room count report, last 3 years





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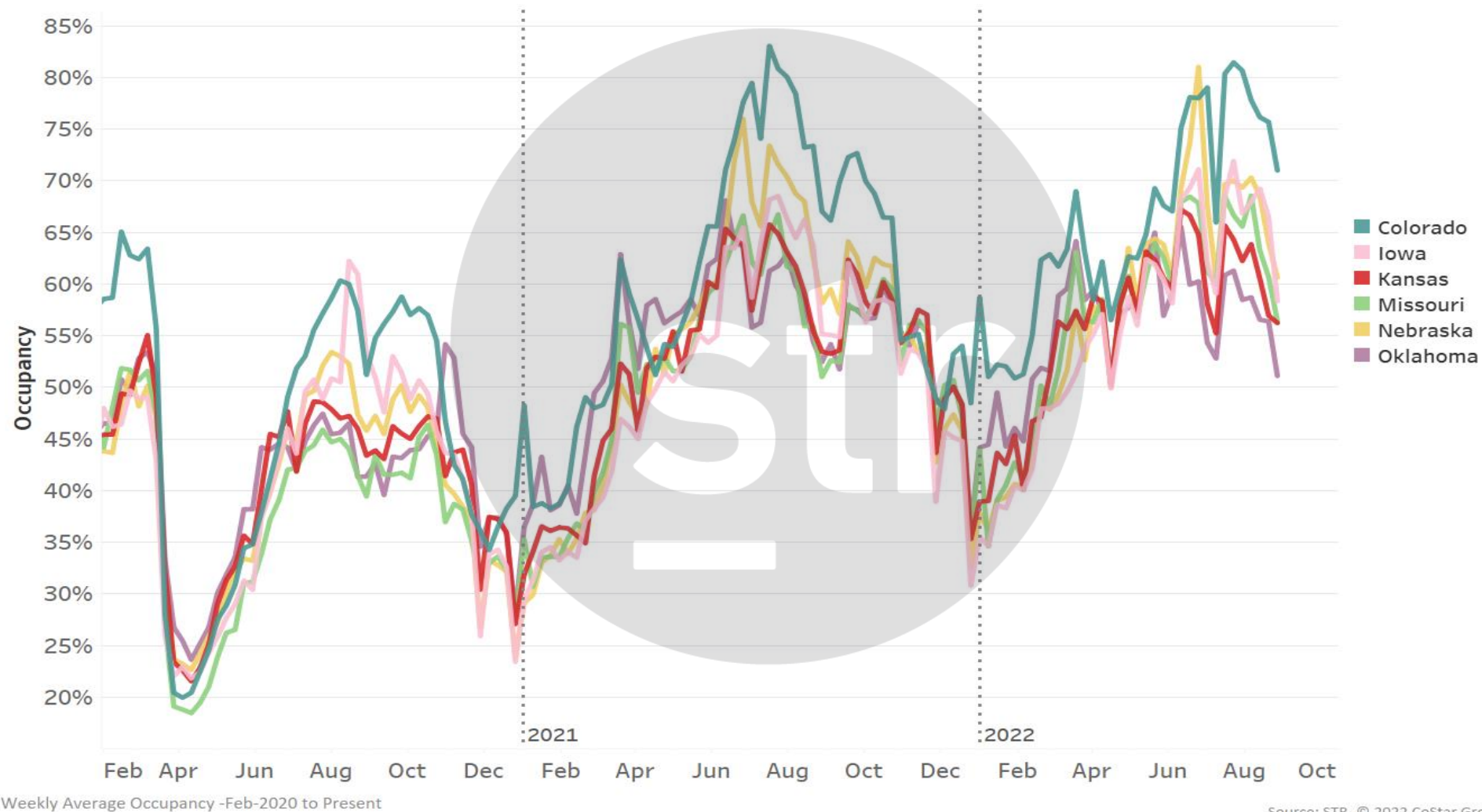
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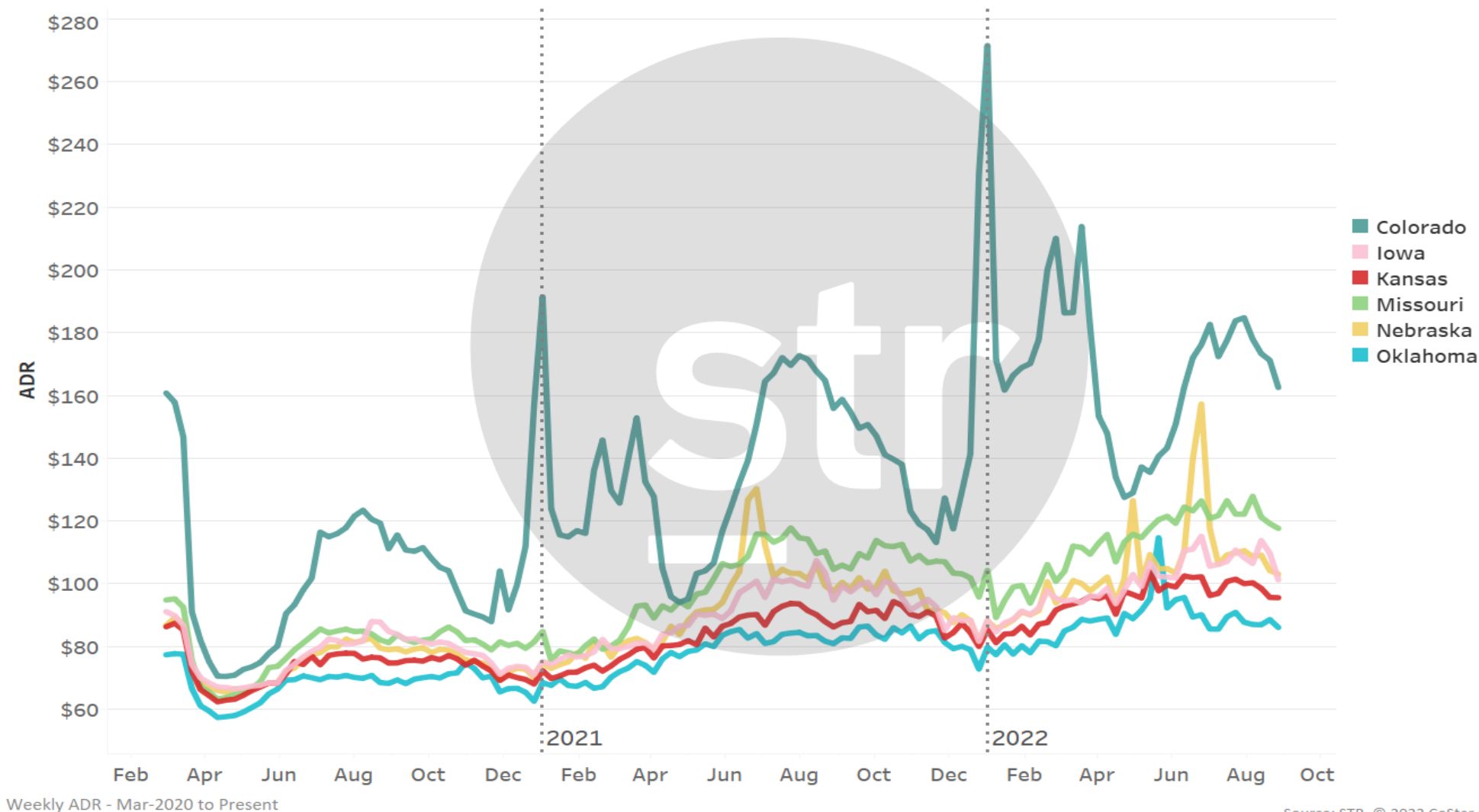
Kansas Occ Trending lower than Competitors, CO leads way

Occupancy Kansas, YTD week ending August 24th



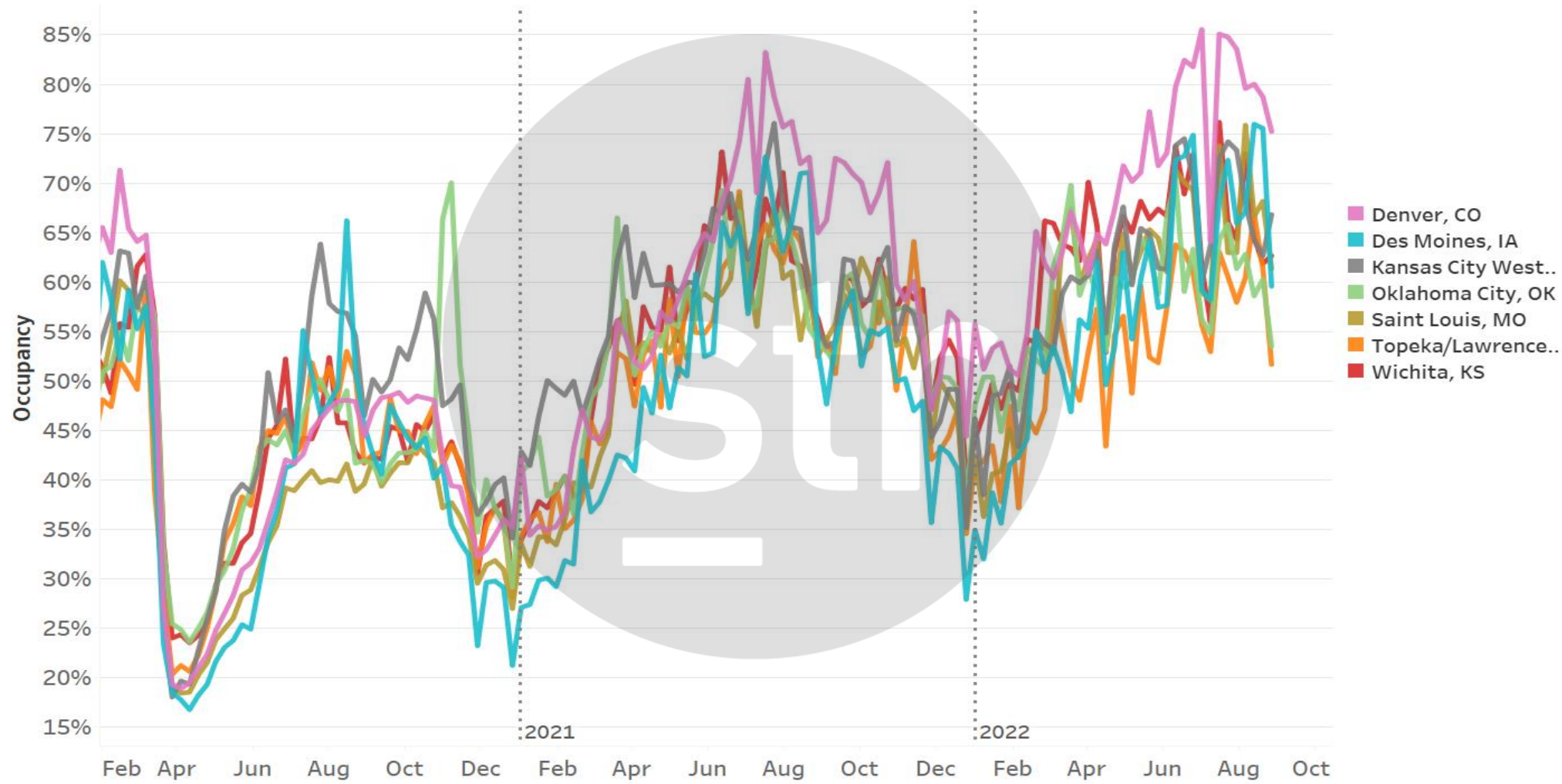
Kansas ADR near bottom, CO again leads way

ADR Kansas, YTD week ending August 24th



Wichita putting pressure on Denver!, Topeka needs their fair share

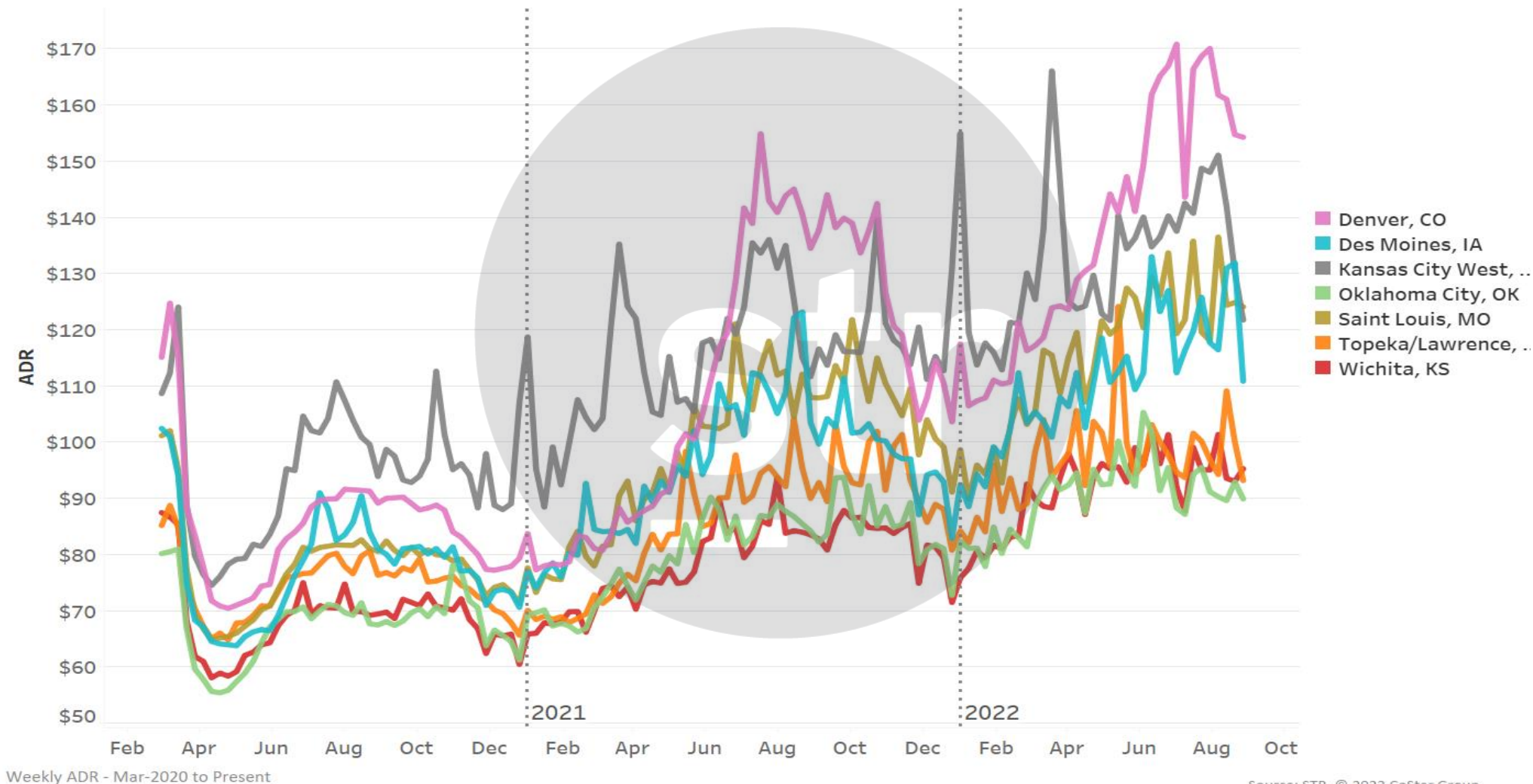
Occ Competitor Cities, YTD week ending August 24th



Source: STR. © 2022 CoStar Group

Topeka/Wichita holding strong against OKC, inventory is difference

ADR Competitor Cities, YTD week ending August 24th





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Forecast

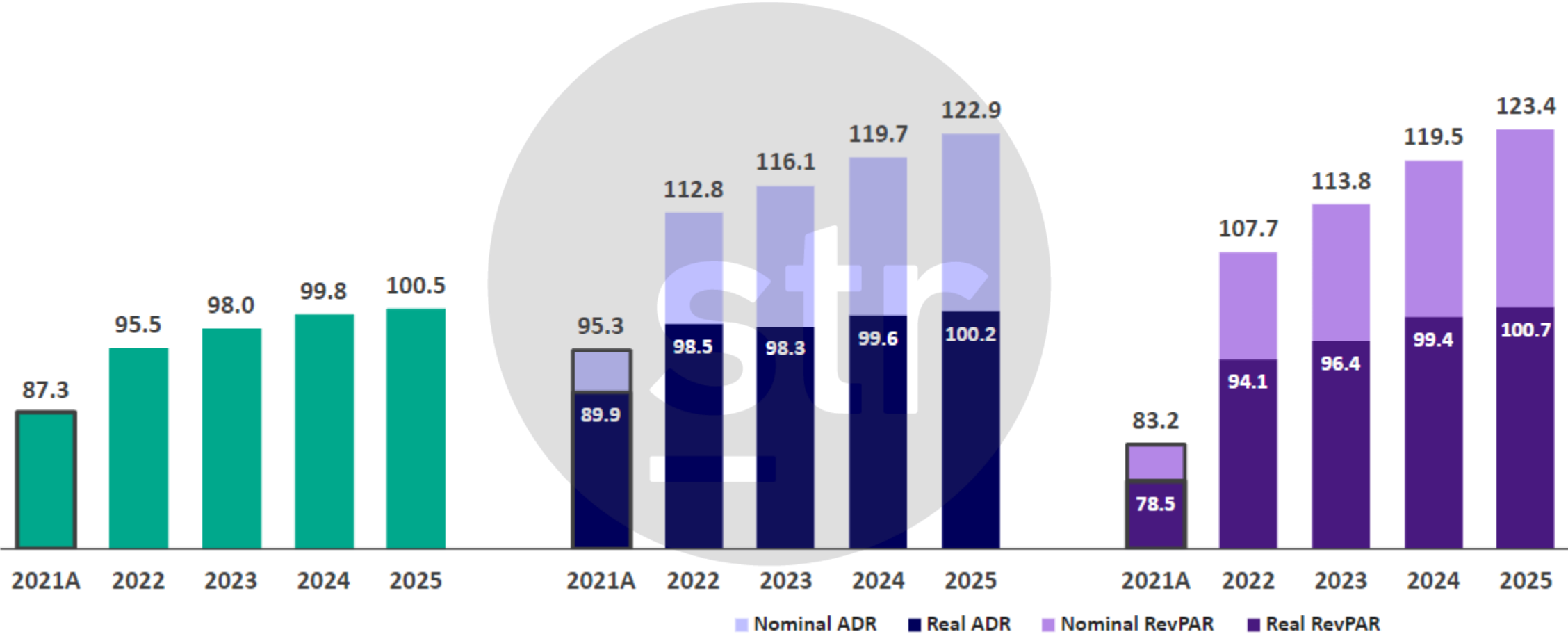
ADR will be the driver looking ahead, no trouble for Kansas

	Occupancy (%)				ADR (USD)				RevPAR (USD)			
	2021	2022 YTD	2022F	2023F	2021	2022 YTD	2022F	2023F	2021	2022 YTD	2022F	2023F
Total United States	57.6%	56.2%	63.4%	65.1%	124.85	137.17	145.46	149.90	71.87	77.04	92.29	97.59
Chain Scales												
Luxury	48.1%	54.1%	65.0%	69.8%	381.46	449.55	420.57	420.82	183.38	243.21	273.45	293.89
Upper Upscale	48.7%	53.2%	64.5%	70.5%	176.37	199.76	204.56	212.39	85.92	106.28	131.96	149.83
Upscale	59.7%	60.3%	67.4%	68.4%	128.55	139.85	148.14	154.25	76.70	84.32	99.86	105.52
Upper Midscale	61.6%	59.4%	65.7%	66.5%	111.13	115.61	123.48	127.14	68.46	68.71	81.12	84.49
Midscale	56.6%	52.3%	58.5%	58.5%	89.38	90.47	96.36	99.08	50.62	47.30	56.40	57.92
Economy	59.7%	55.5%	60.2%	60.3%	66.84	67.65	71.38	72.61	39.91	37.52	42.98	43.77
Independents	57.0%	54.2%	61.8%	63.5%	137.56	146.83	157.27	157.18	78.40	79.55	97.18	99.85

	Occupancy (growth)				ADR (growth)				RevPAR (growth)			
	2021	2022 YTD	2022F	2023F	2021	2022 YTD	2022F	2023F	2021	2022 YTD	2022F	2023F
Total United States	31.0%	21.6%	10.2%	2.6%	20.7%	37.5%	16.5%	3.1%	58.2%	67.2%	28.4%	5.7%
Chain Scales												
Luxury	48.9%	73.2%	35.3%	7.4%	17.1%	22.4%	10.3%	0.1%	74.3%	112.0%	49.1%	7.5%
Upper Upscale	45.6%	62.5%	32.4%	9.4%	10.8%	39.9%	16.0%	3.8%	61.2%	127.4%	53.6%	13.5%
Upscale	38.9%	26.5%	13.0%	1.5%	11.8%	34.1%	15.2%	4.1%	55.2%	69.7%	30.2%	5.7%
Upper Midscale	35.9%	18.6%	6.6%	1.2%	15.8%	27.3%	11.1%	3.0%	57.3%	51.0%	18.5%	4.2%
Midscale	28.1%	14.2%	3.4%	-0.1%	15.7%	21.0%	7.8%	2.8%	48.2%	38.2%	11.4%	2.7%
Economy	17.6%	5.9%	0.8%	0.1%	14.9%	17.4%	6.8%	1.7%	35.1%	24.3%	7.7%	1.8%
Independents	28.1%	18.1%	8.4%	2.8%	24.7%	33.9%	14.3%	-0.1%	59.7%	58.1%	24.0%	2.7%

U.S. RevPAR projected to fully recover (in real terms) in 2025

U.S. KPIs, indexed to 2019








U.S. Hotel Performance Growth to Normalize in 2023






U.S. Forecast

Metric	2019 Actual	2021 Actual	2022 Forecast	2023 Forecast
Occupancy	66%	57.6%	63.0%	64.6%
ADR	\$131	\$125	\$148	\$152
RevPAR	\$86	\$72	\$93	\$98

What brings you the most peace?

	Lifting of COVID-19 travel restrictions
	Pacing of U.S. hotel industry recovery
	Slow, but steady, return of group and business demand
	Leisure demand remaining robust
	Strong pricing power

What makes you the queasiest?

	Rising inflation
	Industry labor shortages
	Airfare costs and travel disruptions
	Group and business still below pre-pandemic levels
	Heightened risk of recession

What is STR up to?

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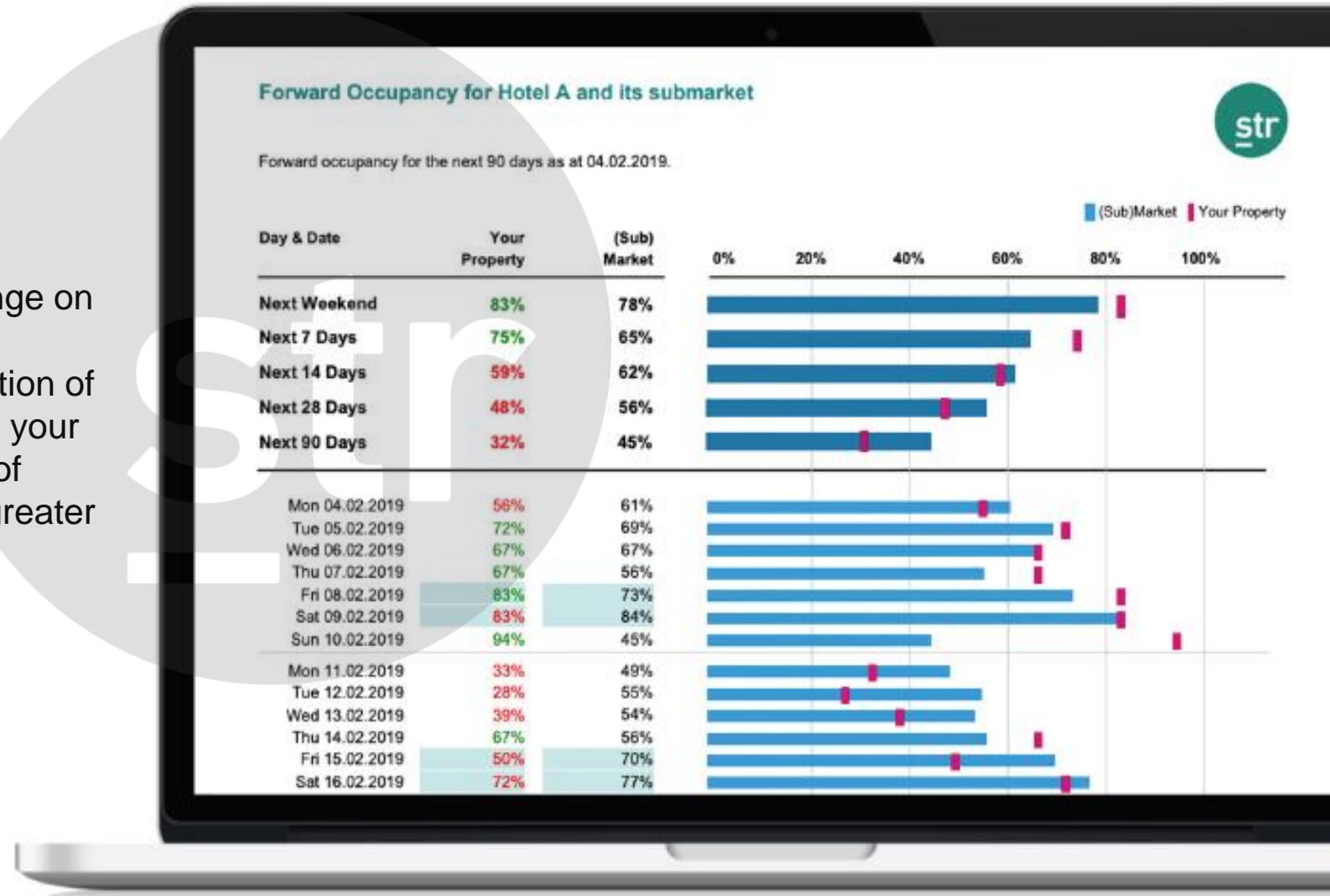
What is STR up to?

Kansas needs sufficiency!



Successful revenue-management strategies hinge on the ability to forecast demand. Competitive insights on the buildup and distribution of your **Occupancy on the Books** compared with your competition can help you identify a wide range of opportunities to adjust your strategy and drive greater market share.

Forward STAR





Thank you!

Luke Veneskey

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