



Wake County Hotel Summit

June 13, 2019





Hotel Development 101

- ADR – Occupancy – RevPAR
- NOI
- Cost-per-Key
- Yield - IRR
- Developer – Flag – Mgmt Co.
- Select v. Full Service





Discussion Topics

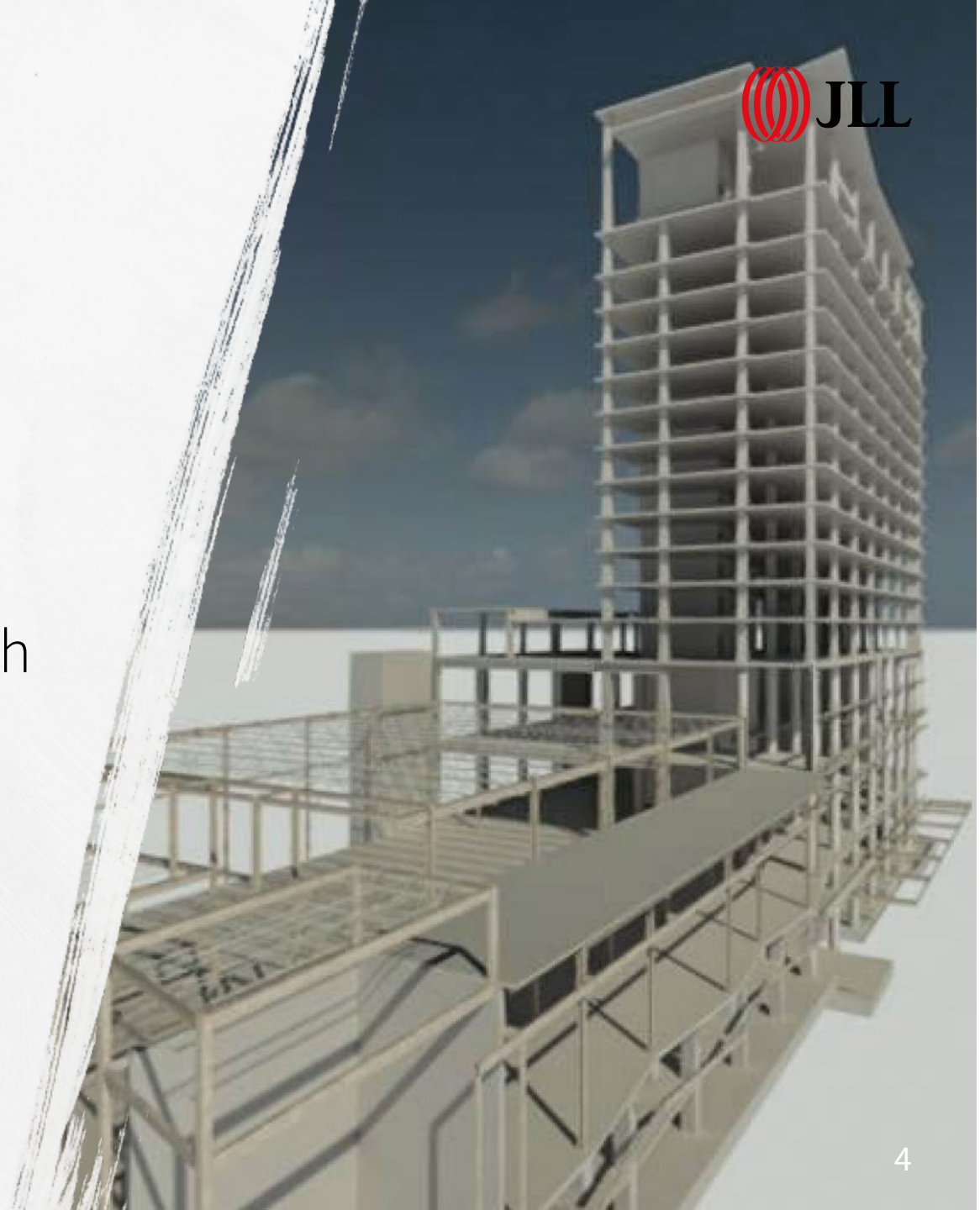
- Fundamentals and Industry trends
- Public-Private-Partnerships
- Data and understanding the market
- Wake County Lodging Market Overview
- Site Selection



Hotel Investment Outlook



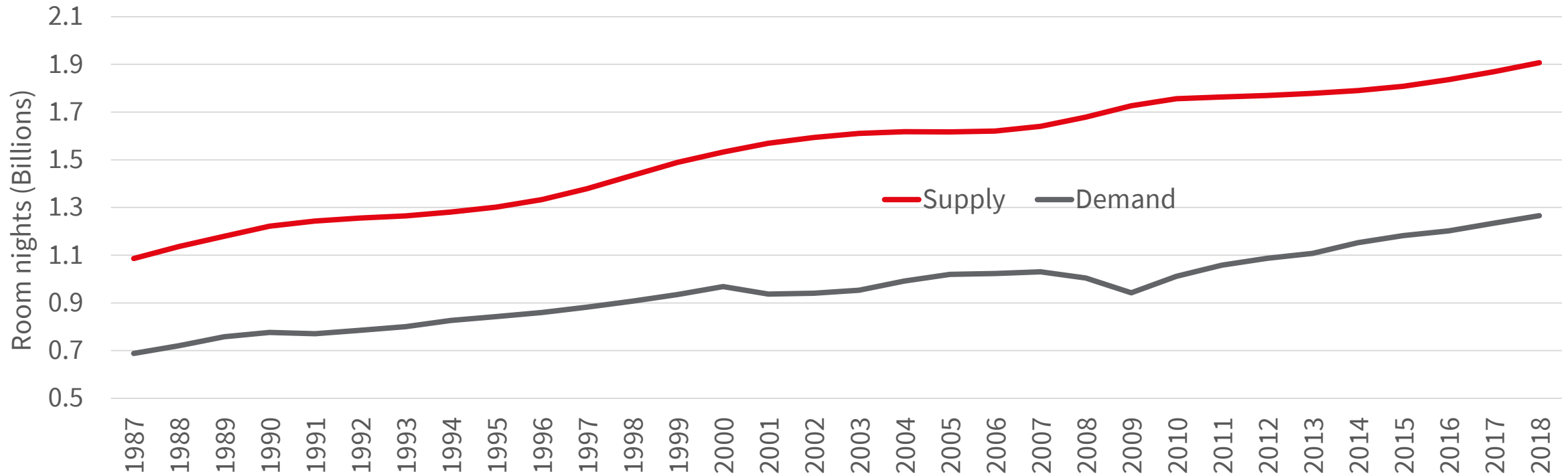
The **positive long-term outlook** of the travel and tourism sector continues to bolster the investment community's interest in achieving **target yields** through hotel acquisitions and development.





U.S. Hotel Supply & Demand

U.S. Lodging Market Historical Supply & Demand



CAGR	1987 – 2018	2000 – 2018	2010 – 2018
Supply	1.8%	1.2%	0.9%
Demand	1.9%	1.4%	2.5%



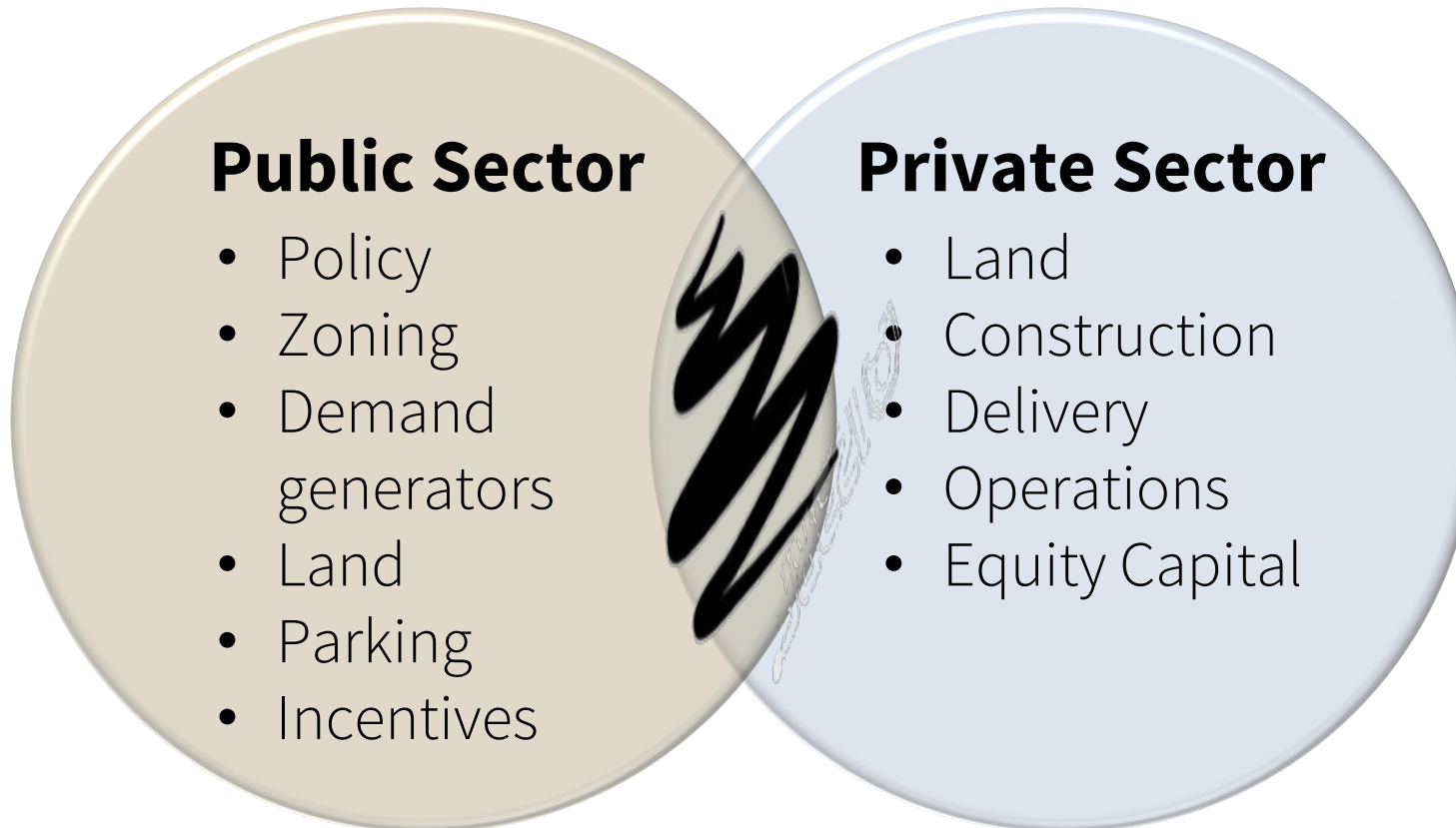
Top Global Trends

1. Experience economy reaches the luxury sector
2. Hotels embrace co-working
3. New brands are a beacon for growth
4. Consolidation/M&A activity continues





How Partners Come Together





Understanding the Market

Developers consider a range of metrics to understand a potential market

Economic and Demographic | Travel and Demand Generators | Construction and Operations Costs

- Site Availability
- GDP Growth Last 10 Years; Next 10 Years
- Population Growth Last 10 Years
- Median Household Income
- % of Population with Bachelor's Degree or Higher
- Cost of Living Index
- Cost of Doing Business
- Demand Generators
- Total Enplanements
- Sq. Ft. Class A Office Space in Market
- Construction Cost in Market
- Overall Business Friendliness Rating
- Regulations
- Employment, Labor, & Hiring

Do we feel the investment will produce an appropriate level of return?

Wake County Lodging Market Overview

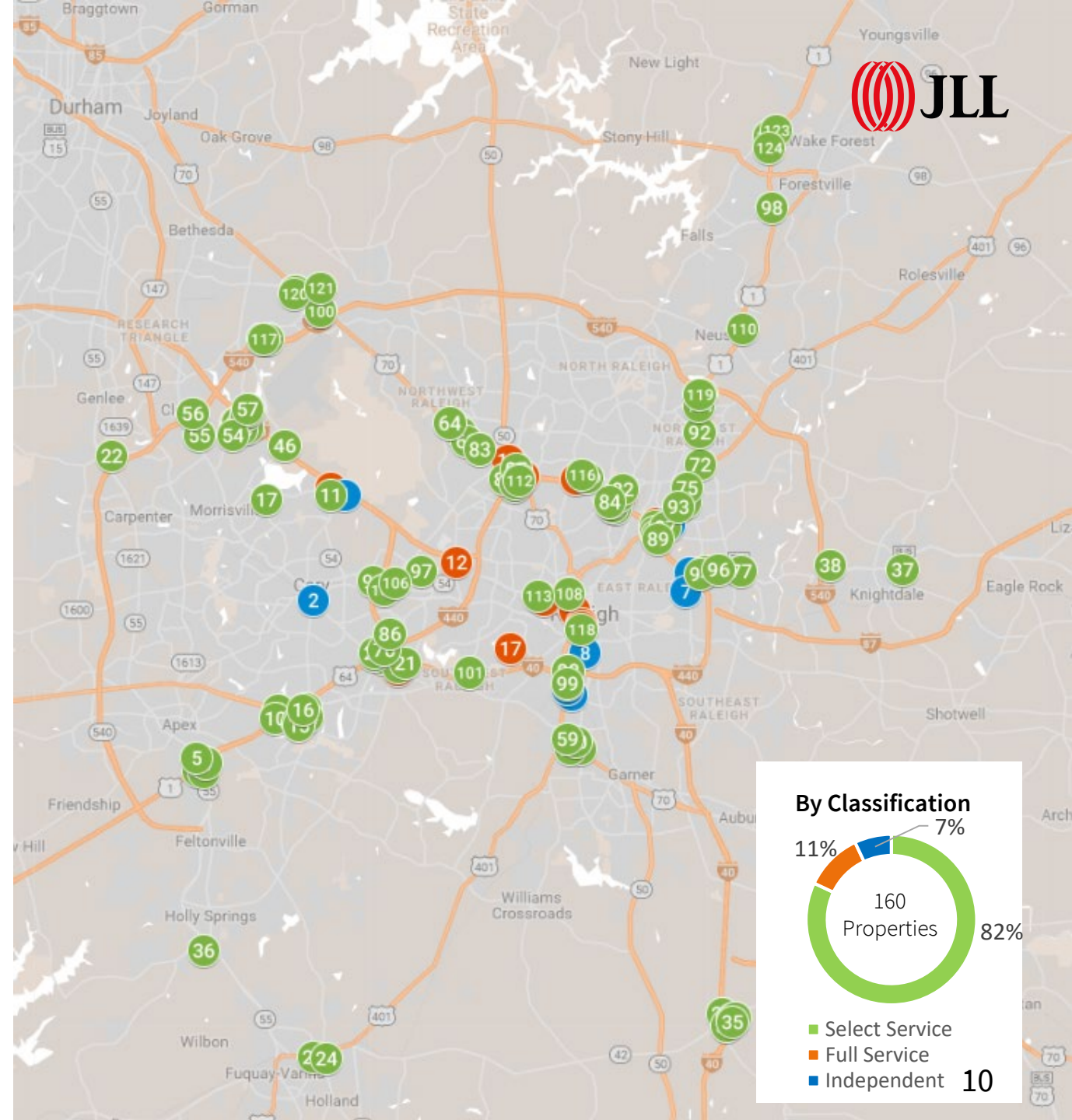


Composition of Supply

as of April 2019

Municipality	# of Properties	# of Rooms
Raleigh	85	10,868
Morrisville	24	2,460
Cary	22	2,725
Garner	12	889
Apex	5	427
Wake Forest	3	270
Fuquay Varina	2	112
Knightdale	2	150
Holly Springs	1	124
County Total	156	18,025

Source: STR, JLL

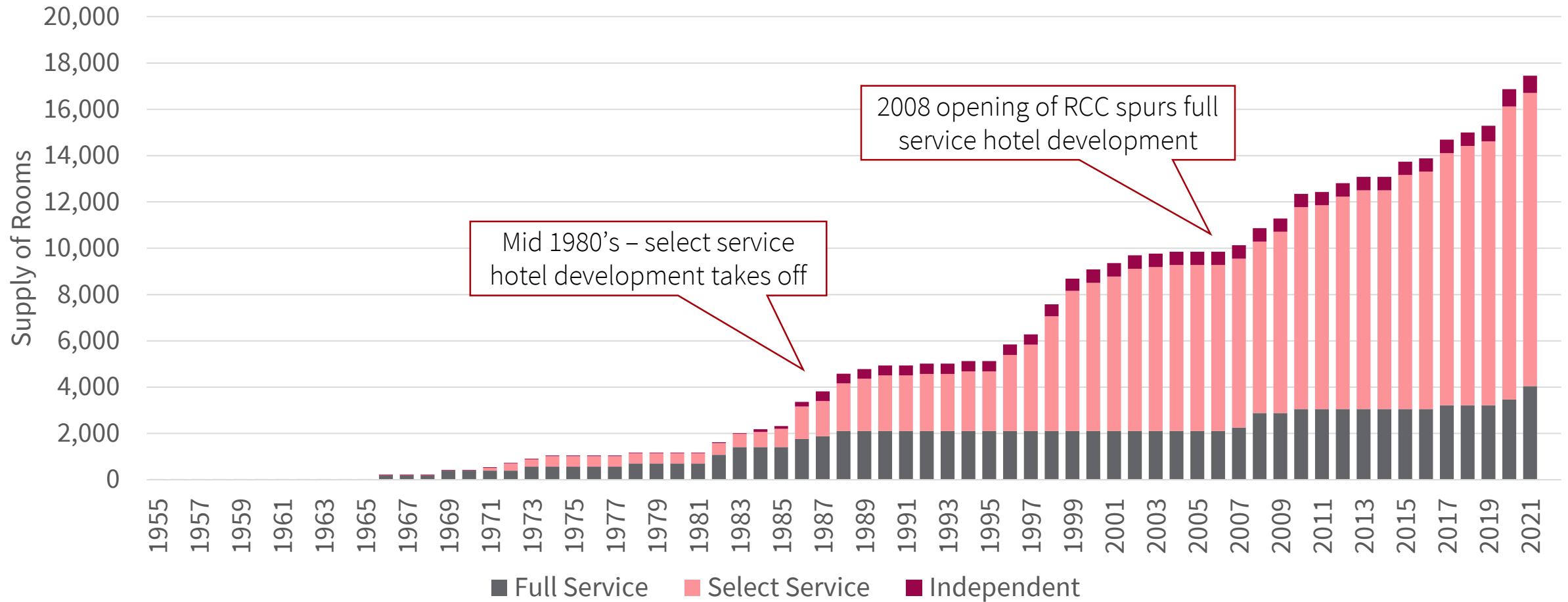




Supply Growth

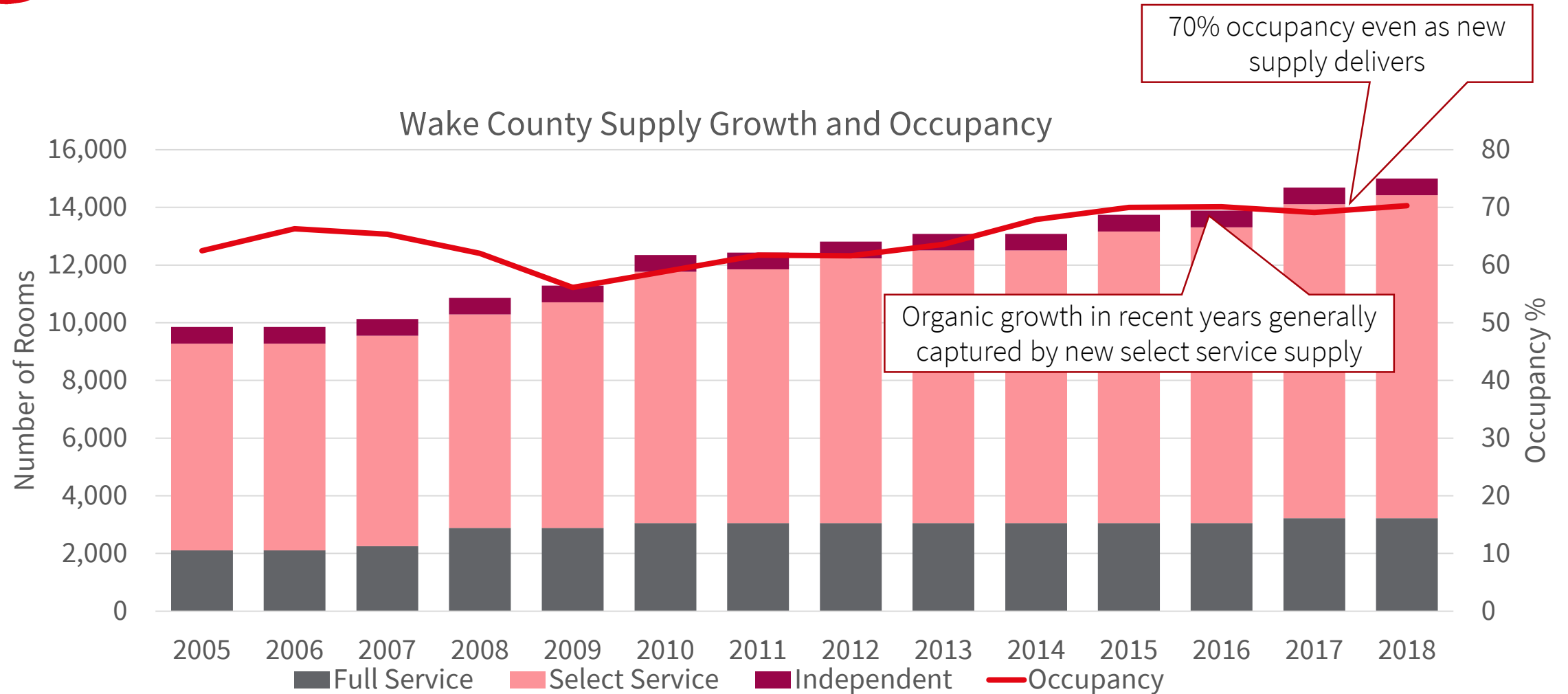


Wake County Hotel Growth



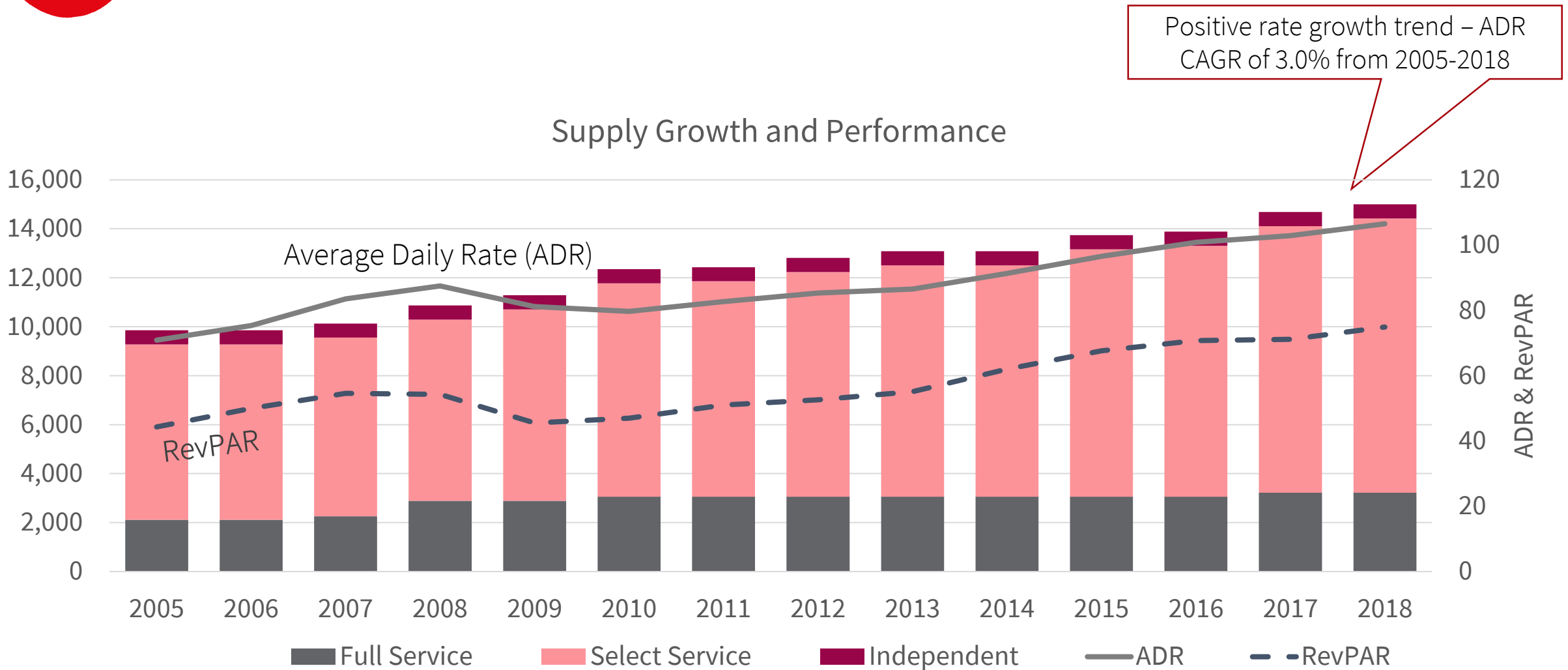


Hotel Occupancy Rates





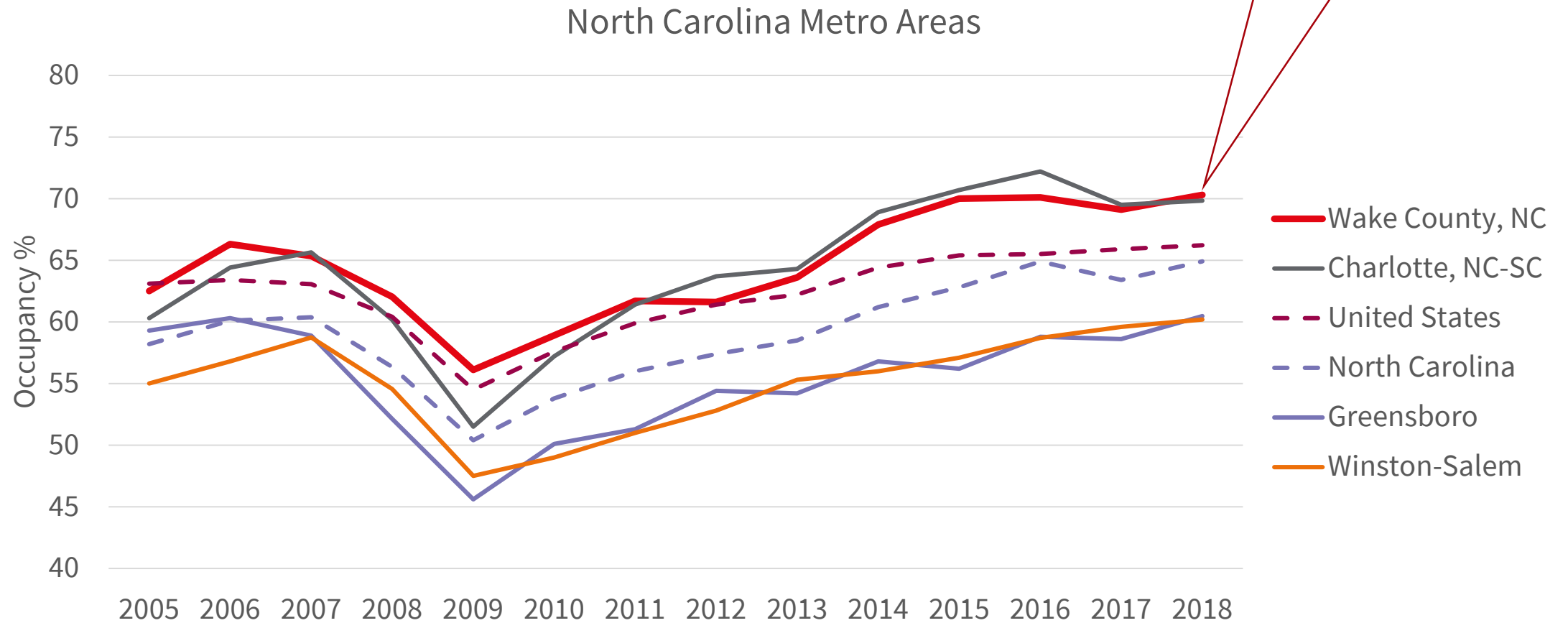
Hotel Room Rates



Source: STR, JLL



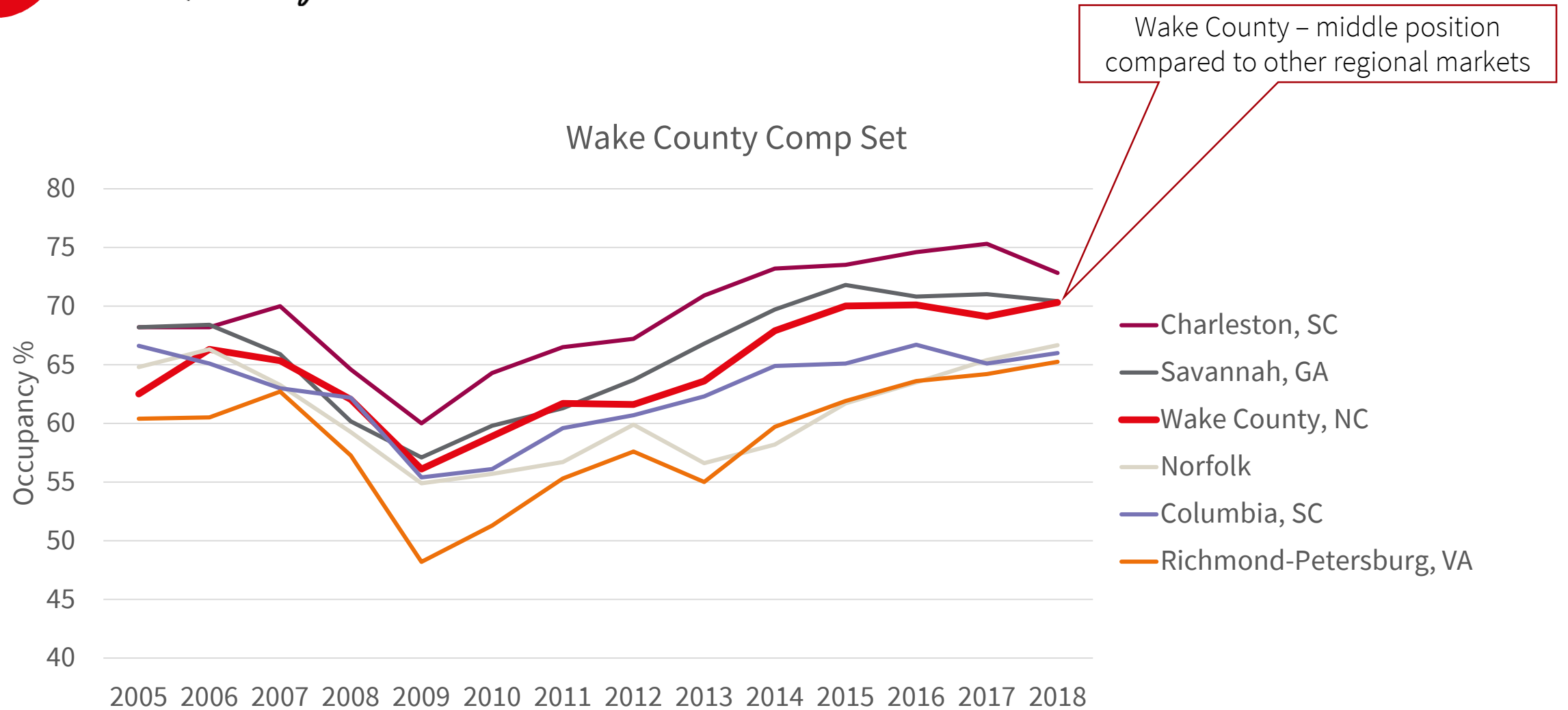
Occupancy in North Carolina



Source: STR, JLL



Occupancy in Other Markets



An aerial photograph showing a multi-lane road curving through a dense green forest. In the distance, a large, modern, light-colored building is visible above the tree line. The sky is clear and blue.

Site Selection

Let's hear from the Developers





Glossary

- **ADR:** Average Daily Rate. ADR measures the average realized room rental revenue per day.
- **Cost-per-Key:** Total amount spent in all areas of the hotel divided by the total number of keys in the hotel.
- **Developer:** Entity that purchases land and builds the building
- **Flag:** The brand or affiliation of the hotel
- **Full-Service:** Hotel with a restaurant and offering room service
- **IRR:** Internal Rate of Return estimates the profitability of the potential investments.
- **Management Company:** Operates the hotel.
- **Net Operating Income:** Determines the capitalization rate, which determines the property's value.
- **Occupancy:** Percentage of available rooms or beds being sold for a certain period of time.
- **Select Service:** Traditionally hotels without restaurant services. Amenities have expanded over time to often include a business center, fitness room, laundry facility, market/pantry, pool, and/or meeting rooms.
- **RevPAR:** Revenue Per Available Room
- **Yield:** The amount of cash (in percentage terms) that returns to the owners, in the form of interest or dividends received from it.