

# **Snapshot into the Future:**

## **Hotel and Travel Projections 2021-2024**

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**SAN MATEO COUNTY**



**SILICON VALLEY**

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**CONVENTION AND VISITORS BUREAU**



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# TODAY'S PANELISTS



**Julie Purnell**

Managing Director at  
CBRE Hotels Advisory



**Doug Yakel**

Public Information Officer at  
San Francisco  
International Airport



**Tara Stangel**

Head of Lodging Supply  
at TripActions

# TODAY'S PANELIST



**Julie Purnell**

**Managing Director at CBRE  
Hotels Advisory**

**CBRE**



October 7, 2020

# SNAPSHOT INTO THE FUTURE – MARKET PROJECTIONS 2021-2024

**SAN MATEO COUNTY  
SILICON VALLEY**

**CONVENTION AND VISITORS BUREAU**

**CBRE**



A photograph of the US Capitol building in Washington, D.C., featuring its iconic neoclassical architecture with large columns and arched windows. An American flag flies on a tall pole in the foreground on the right side. The sky is filled with dramatic, grey clouds.

# US HOTEL INDUSTRY

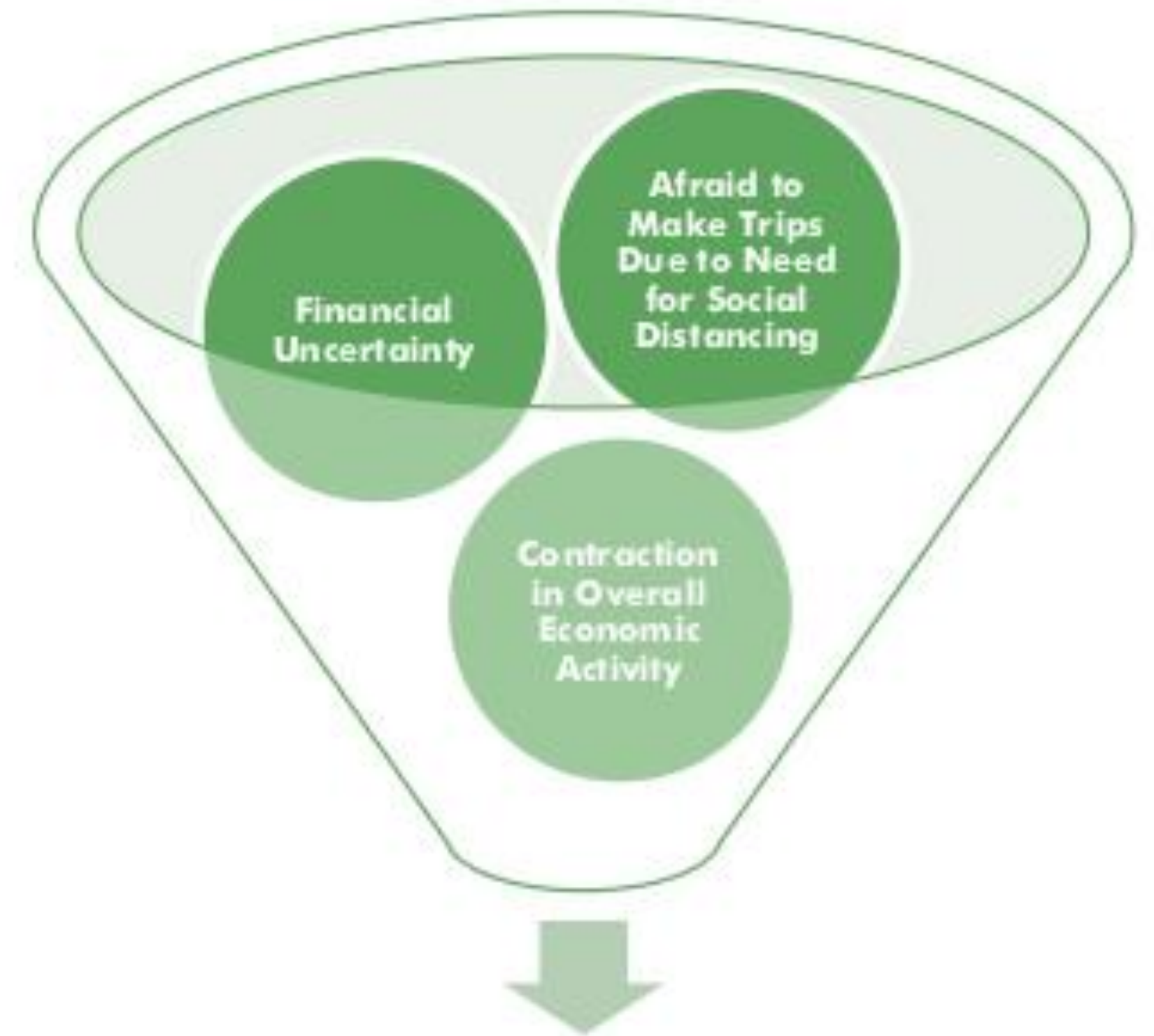
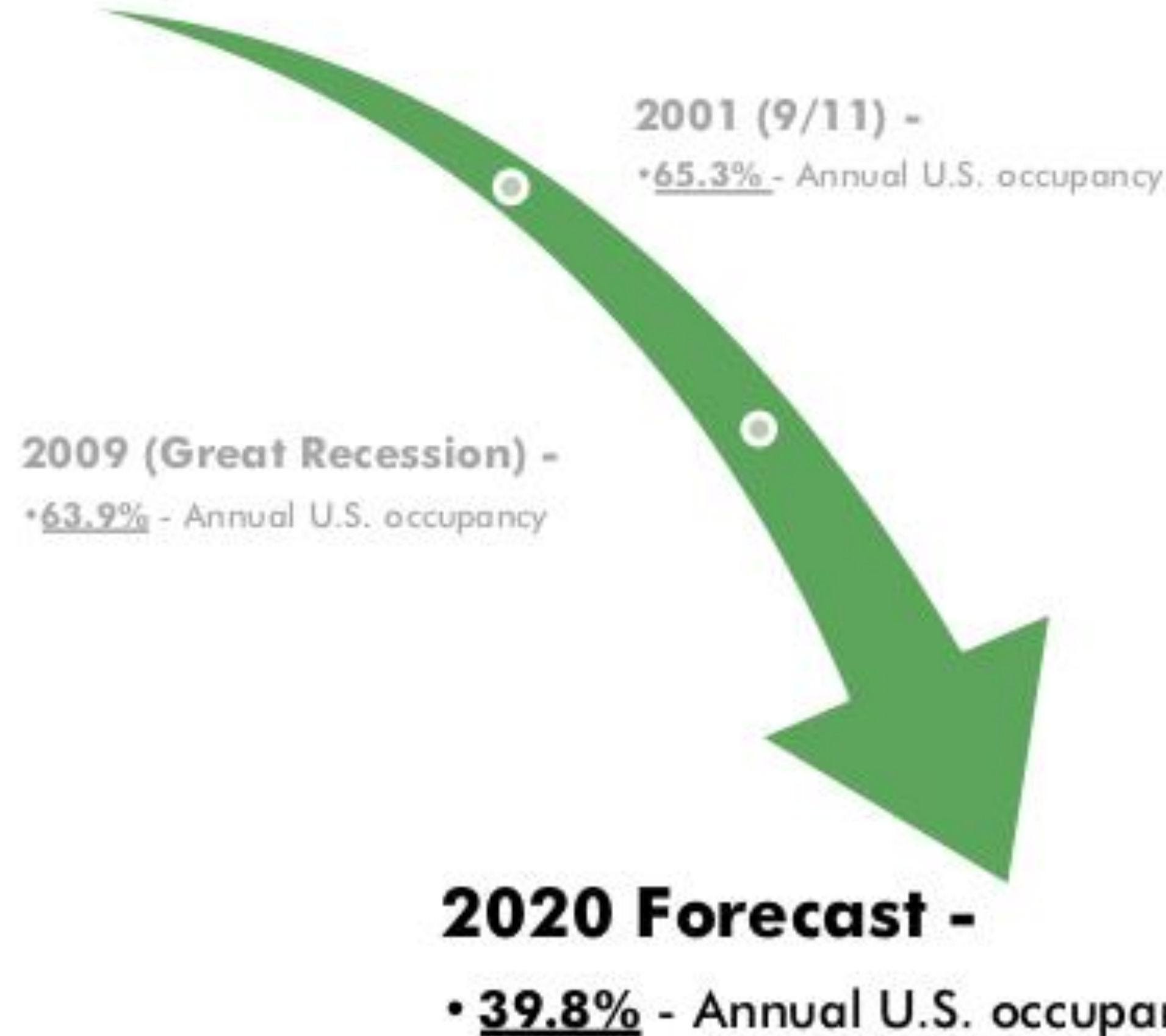
THE IMPACT OF COVID-19 ON THE  
NATIONAL HOTEL MARKET



# IMPACT OF COVID-19 PANDEMIC ON THE DEMAND FOR TRAVEL

## 1933 (Great Depression) -

- **44.5%** - Lowest annual U.S. occupancy ever recorded by CBRE

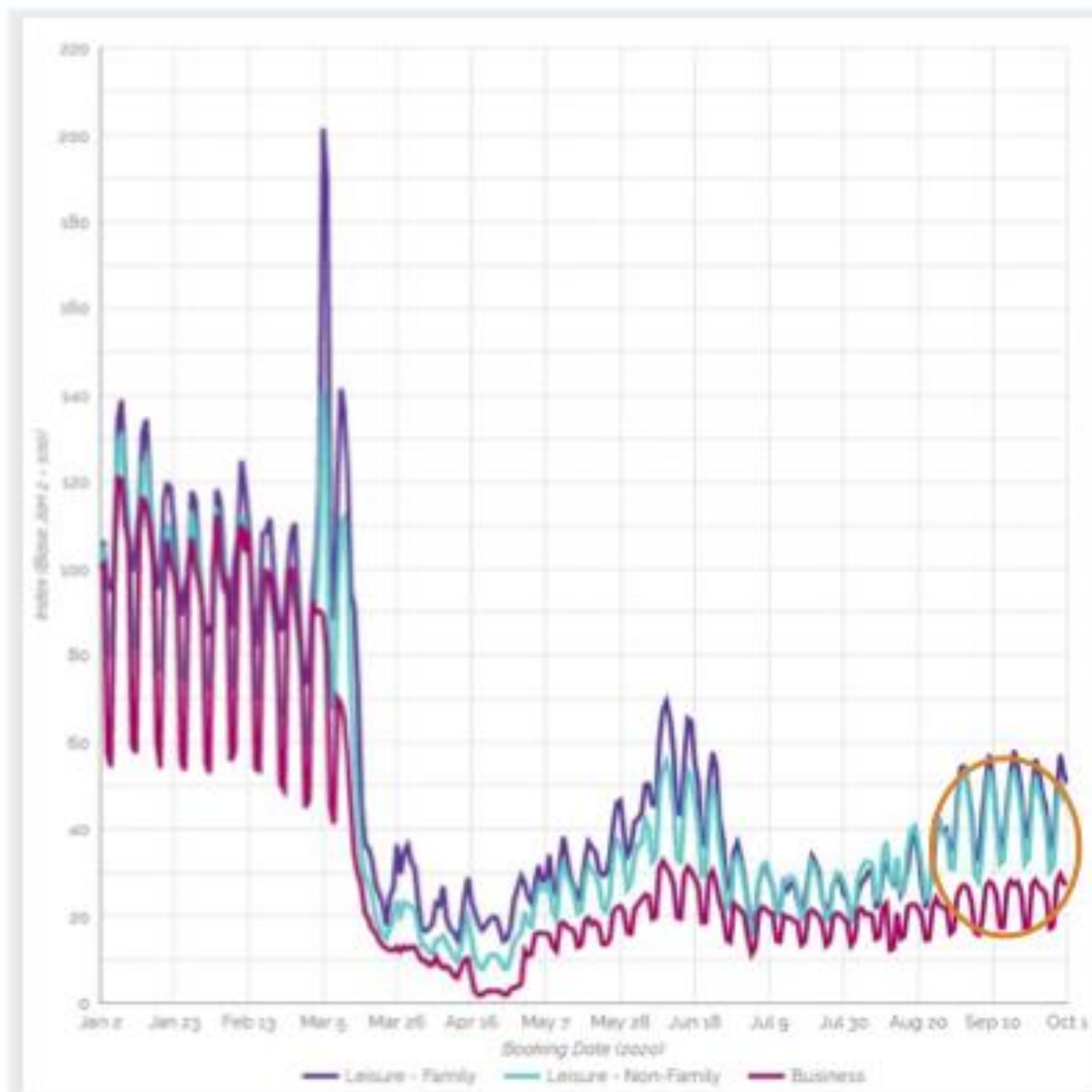


**Avoidance of Travel**



# BOOKINGS STABILIZING - AGAIN

ADARA: US Airline Booking Volume



SOURCE: ADARA, 9/30/2020

CBRE

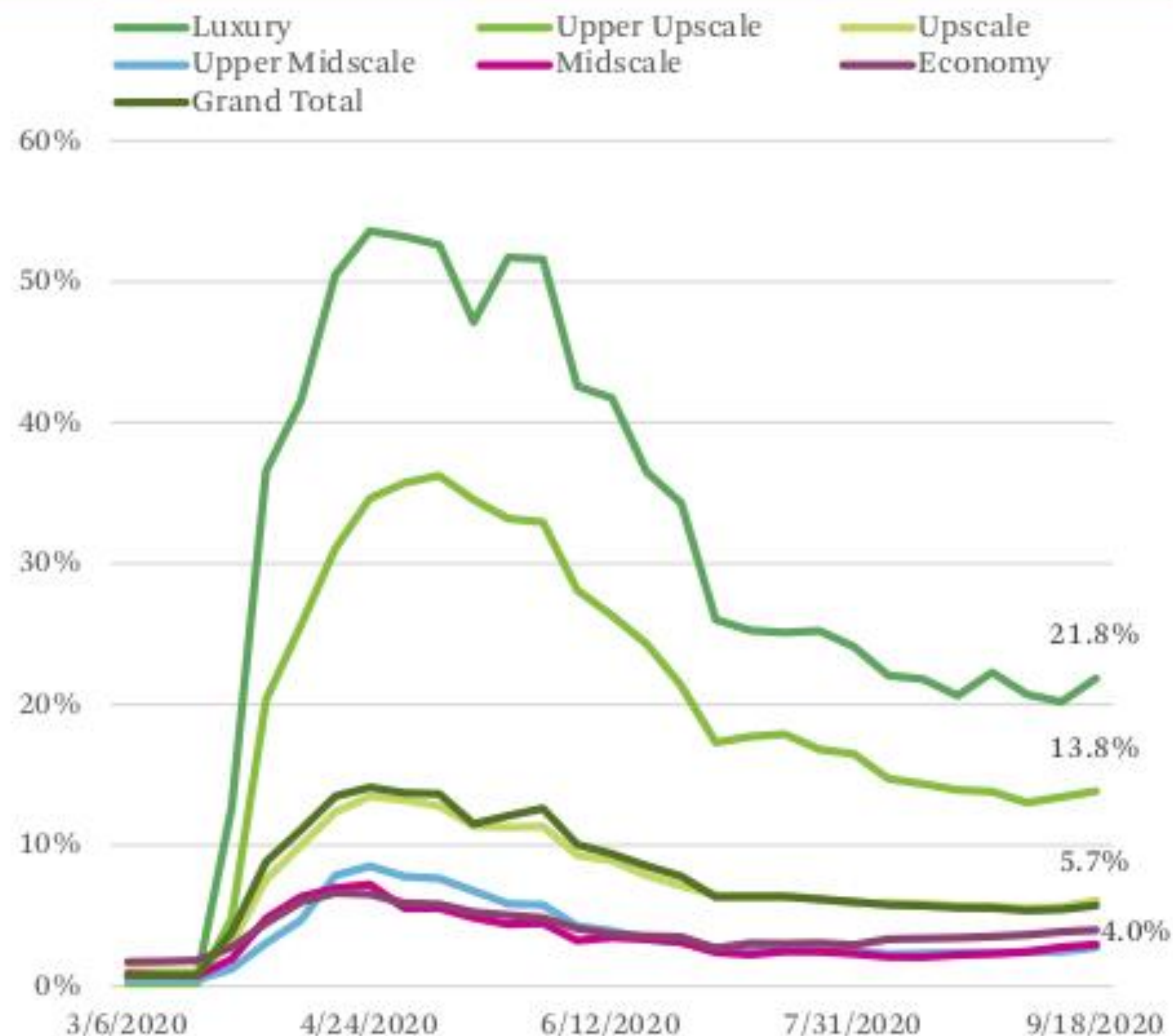


# RATE OF OPENING STALLING – ESPECIALLY AT THE UPPER END

Percent of Rooms Closed



Percent of Rooms Closed by Chain Scale

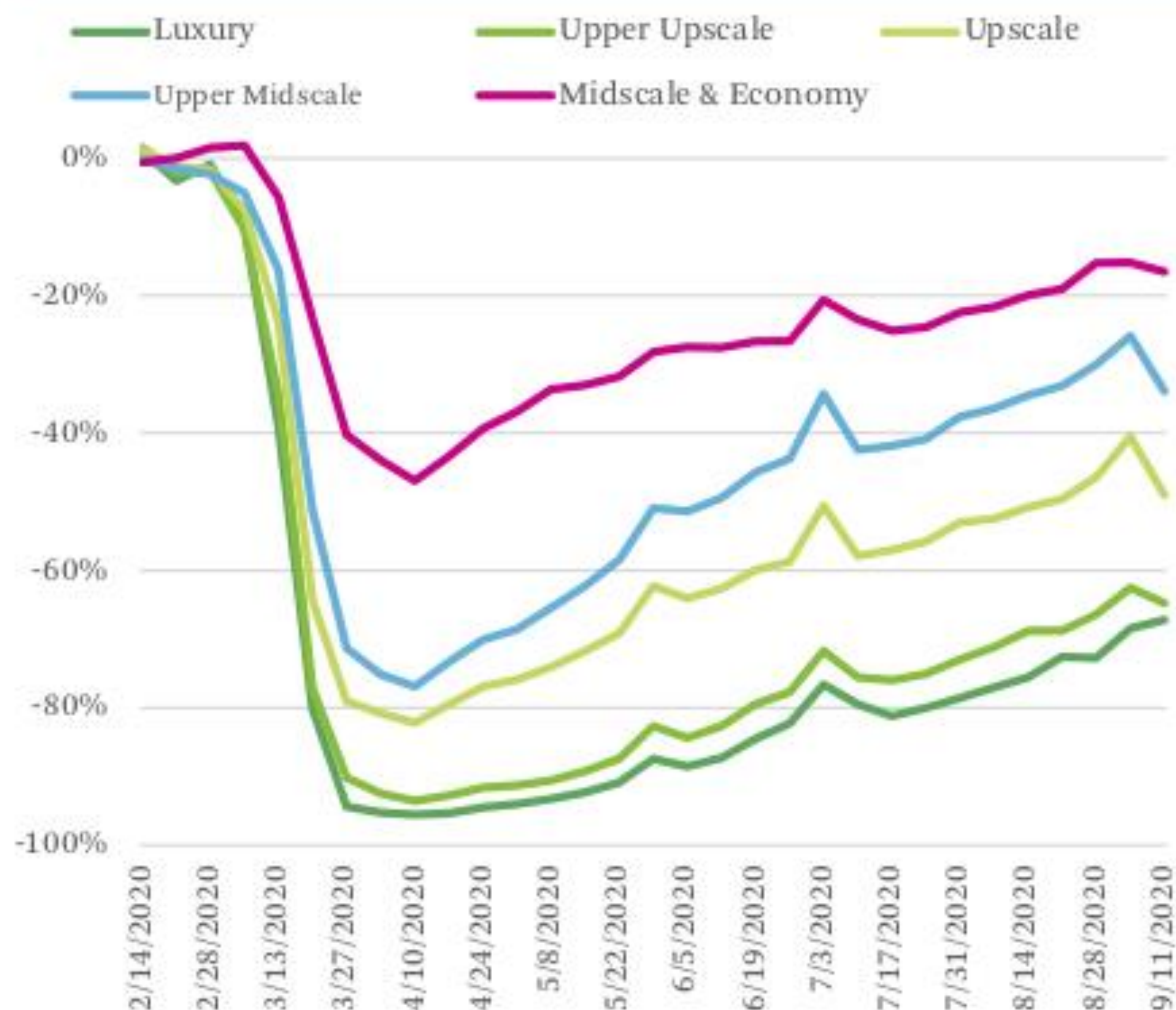


Source: CBRE Hotels Research, Kalibri Labs, Hotel Compete, Sept 30<sup>th</sup>, 2020.

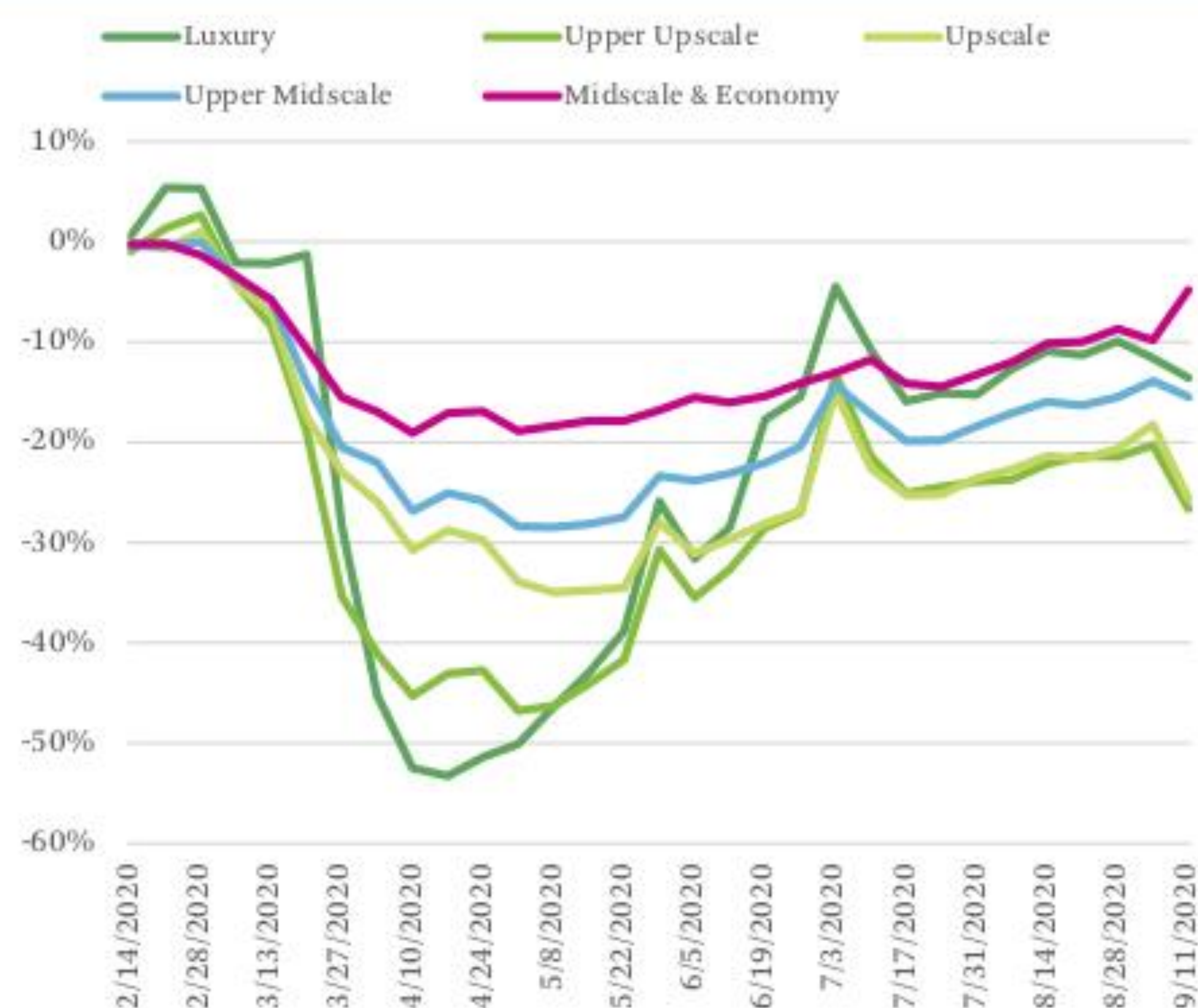


# REBOUNDING OCCUPANCY & ADR

Y-o-Y Change in Occupancy



Y-o-Y Change in ADR



Source: CBRE Hotels Research, Kalibri Labs, Sept 30<sup>th</sup>, 2020.

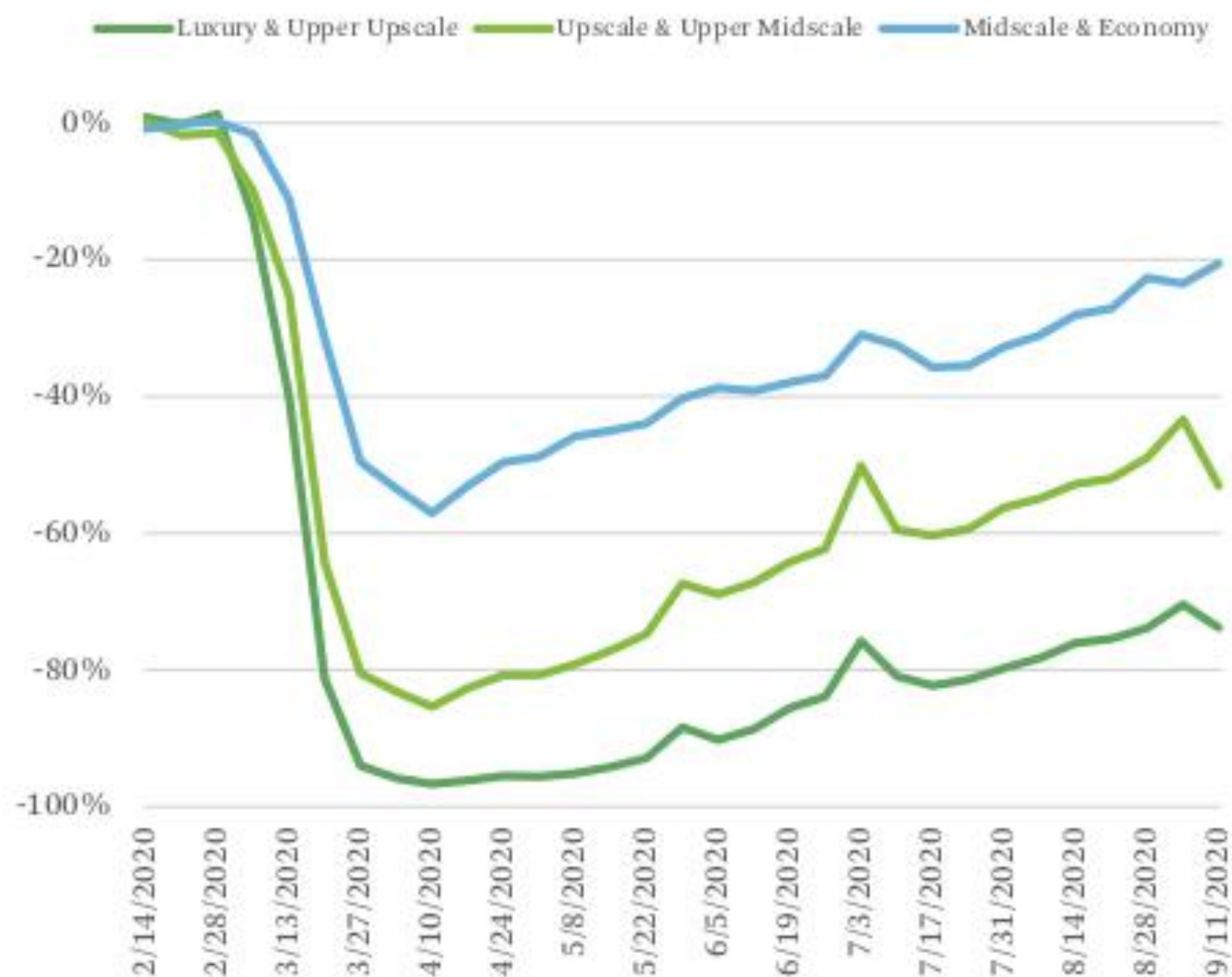
Note: Covers Kalibri Weekly Sample, not scaled to full U.S. Hotel Industry Representation



# SIGNIFICANT GAINS IN ALL METRICS SINCE APRIL

Y-o-Y Change in RevPAR

Y-o-Y Change

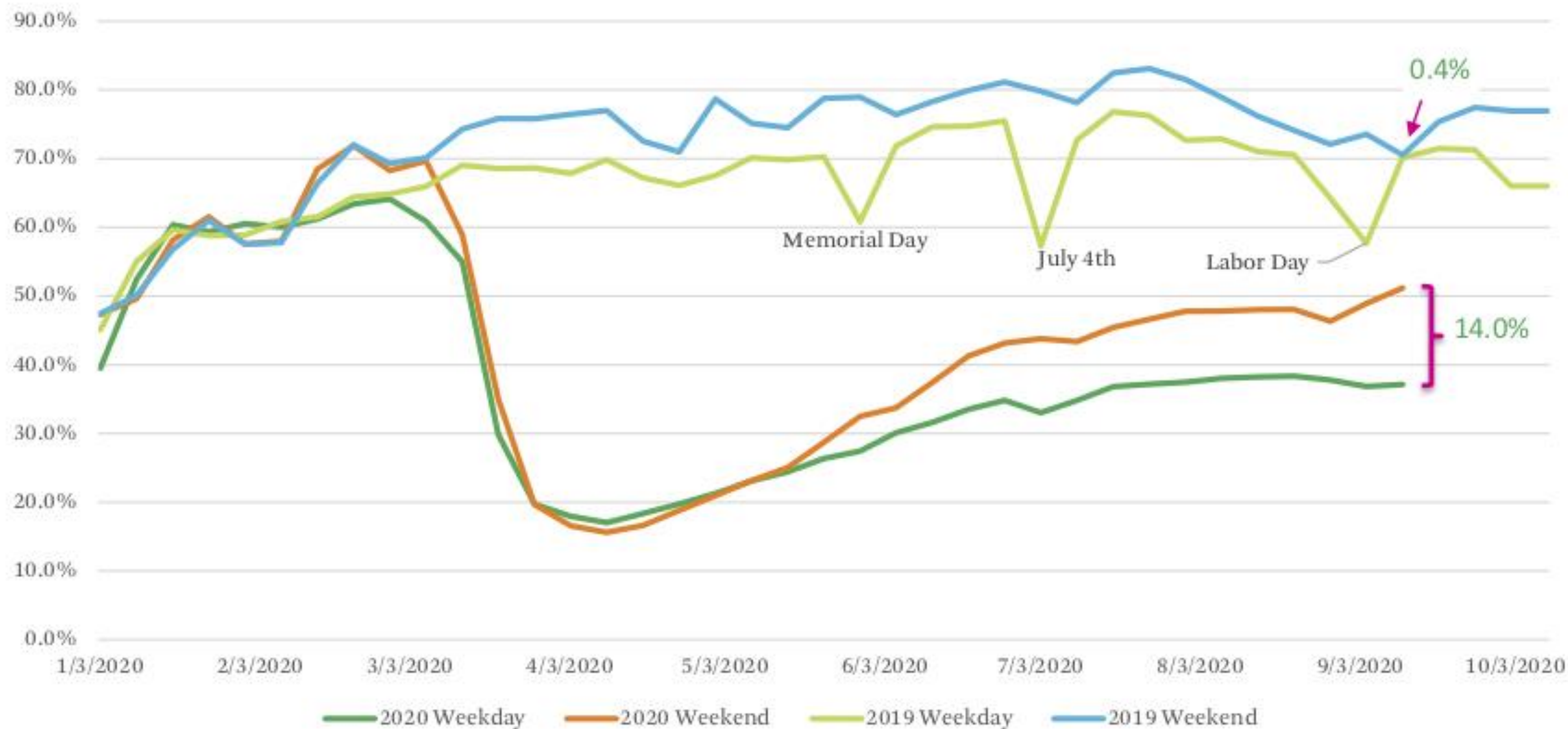


Source: CBRE Hotels Research, Kalibri Labs, Sept 30<sup>th</sup>, 2020.

Note: Covers Kalibri Weekly Sample, not scaled to full U.S. Hotel Industry Representation



## GAP BETWEEN WEEKDAY AND WEEKEND OCCUPANCY WIDENING



Source: CBRE Hotels Research, Kalibri Labs, Sept 30<sup>th</sup>, 2020.

Note: Covers Kalibri Weekly Sample, not scaled to full U.S. Hotel Industry Representation



## FORECAST SCENARIO – CBRE HOTELS RESEARCH

### Baseline Scenario

- Assumes vaccine for COVID-19 is ready for distribution by late 2021.
- Assumes substantial fiscal and monetary stimulus, including support for important industries, help stabilize the economy.
- Assumes broad compliance with mask-wearing and testing slows the spread of the virus nationwide.
- Returns to nominal pre-COVID RevPAR by 2024.



## CBRE HOTELS - BASELINE FORECAST

Year	Occ	ΔOcc	ADR	ΔADR	RevPAR	ΔRevPAR	RevPAR % of 2019
2018	66.4%	-0.4%	\$130.20	2.1%	\$86.51	1.7%	
2019	66.7%	0.4%	\$130.76	0.4%	\$87.22	0.8%	100.0%
2020	39.8%	-40.3%	\$104.10	-20.4%	\$41.46	-52.5%	47.5%
2021	52.3%	31.3%	\$111.89	7.5%	\$58.51	41.1%	67.1%
2022	60.2%	15.0%	\$120.52	7.7%	\$72.50	23.9%	83.1%
2023	65.5%	8.8%	\$128.90	6.9%	\$84.37	16.4%	96.7%
2024	66.6%	1.7%	\$134.12	4.1%	\$89.27	5.8%	102.3%
2025	67.3%	1.1%	\$138.44	3.2%	\$93.15	4.4%	106.8%

Source: CBRE Hotels Research, Kalibri Labs, 9/17/2020 – <https://pip.cbrehotels.com>





**SAN FRANCISCO  
METROPOLITAN STATISTICAL AREA**



# SAN FRANCISCO METROPOLITAN STATISTICAL AREA ("MSA")



- Submarkets**
- Downtown San Francisco/Golden Gate
  - Fisherman's Wharf
  - Mill Valley/San Rafael
  - San Francisco South/SFO Airport
  - San Mateo/San Carlos
  - SoMa/Financial District

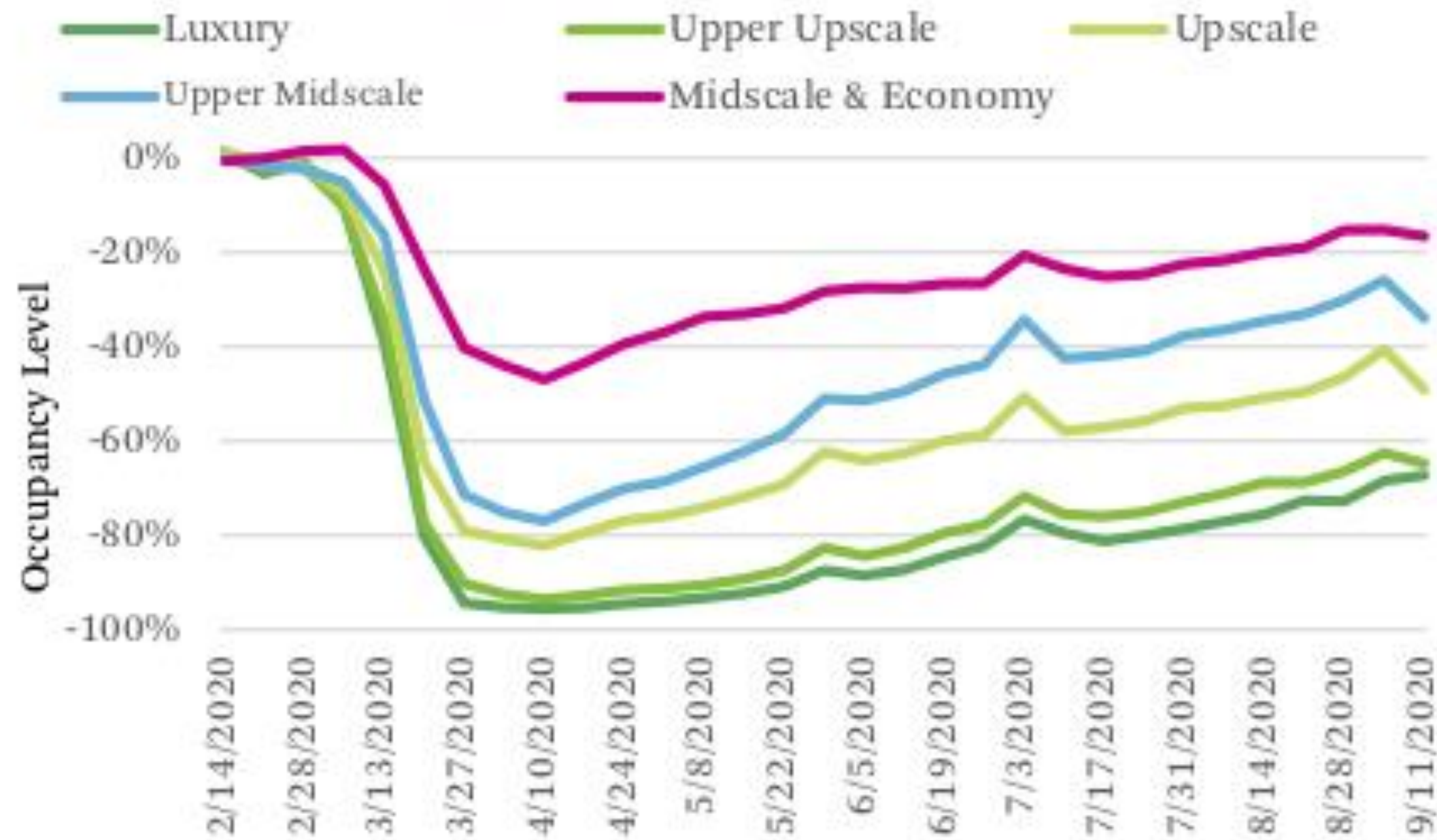
SUBMARKET	Properties	Rooms	% Market
San Francisco South/SFO Airport	57	9,351	17.6%
San Mateo/San Carlos	59	6,753	12.7%
Fisherman's Wharf	76	7,680	14.4%
Downtown/Golden Gate	84	15,376	28.9%
SoMa/Financial District	47	11,766	22.1%
Mill Valley/San Rafael	30	2,259	4.2%
Total	353	53,185	100.0%

Source: Kalibri Labs, Q2 2020

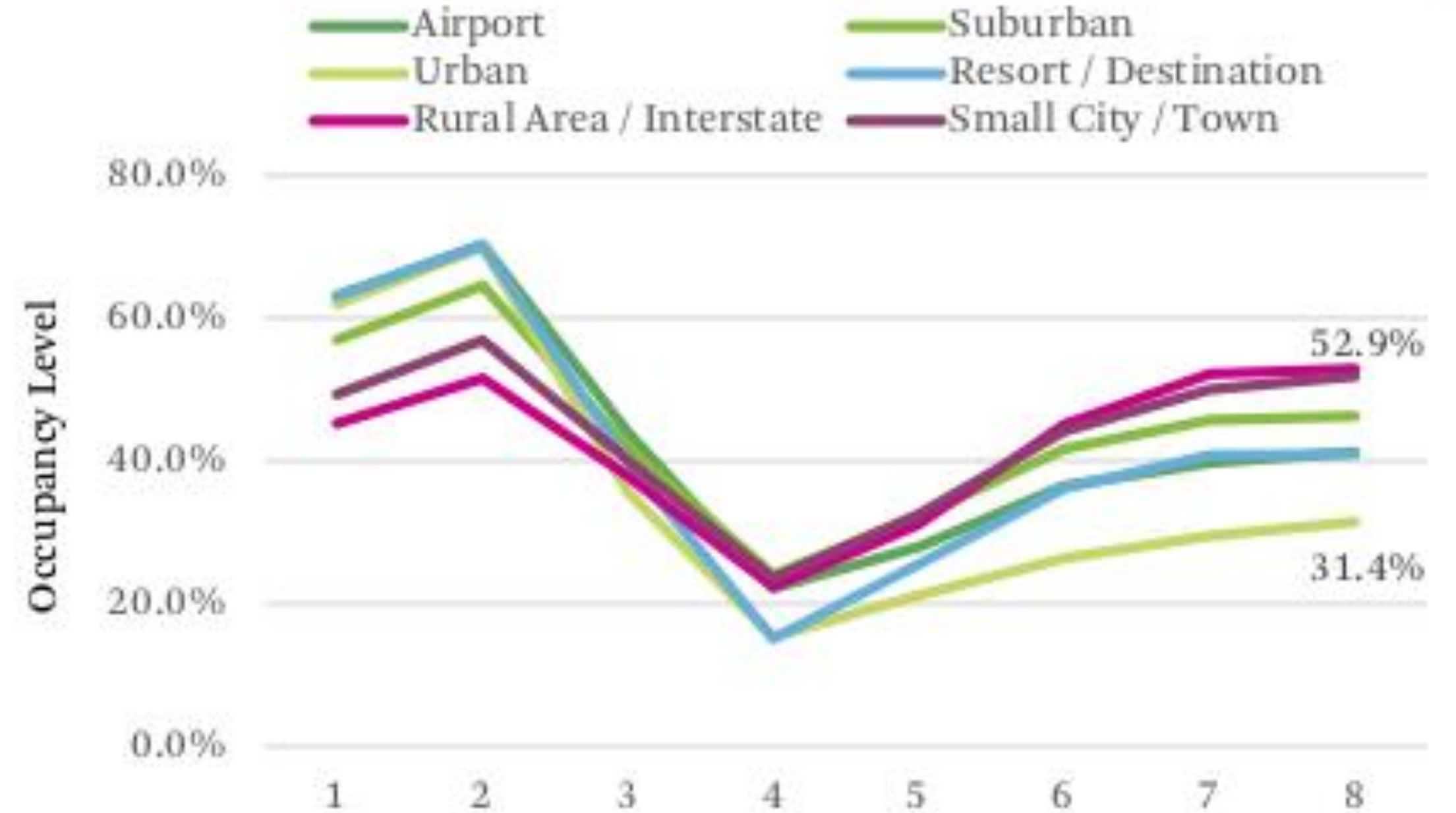


# FACTORS IMPACTING RECOVERY – SAN FRANCISCO MSA

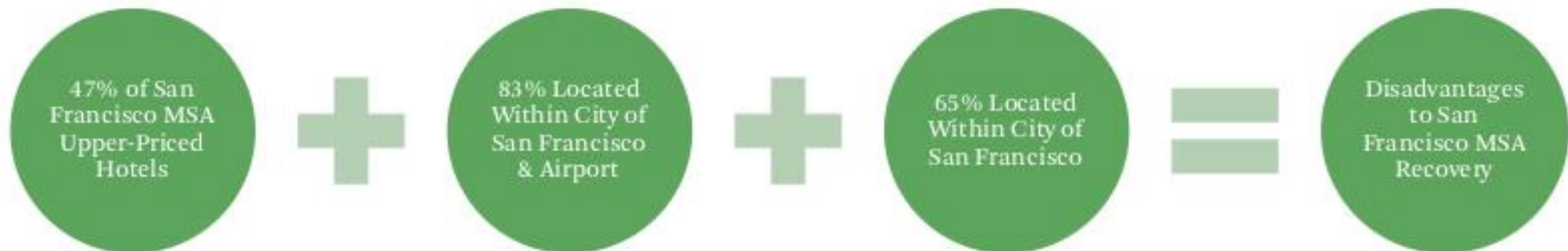
## Y-o-Y Change in Occupancy (National)



Source: CBRE Hotels Research, Kalibri Labs, September 2020.



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## FORECAST SCENARIO – CBRE HOTELS RESEARCH

### Baseline Scenario

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- Returns to nominal pre-COVID RevPAR by 2024/5.



## CBRE HOTELS - BASELINE FORECAST – SAN FRANCISCO MSA

Year	Occ	ΔOcc	ADR	ΔADR	RevPAR	ΔRevPAR	RevPAR % of 2019
2018	82.3%	-2.4%	\$248.69	4.4%	\$204.73	1.9%	
2019	81.2%	-1.4%	\$259.15	4.2%	\$210.38	2.8%	100.0%
2020	30.6%	-62.3%	\$199.54	-23.0%	\$61.13	-70.9%	29.1%
2021	44.7%	45.7%	\$192.46	-3.5%	\$85.94	40.6%	40.8%
2022	60.1%	34.7%	\$222.40	15.6%	\$133.75	55.6%	63.6%
2023	73.1%	21.6%	\$240.14	8.0%	\$175.66	31.3%	83.5%
2024	81.0%	10.7%	\$258.76	7.8%	\$209.53	19.3%	99.6%
2025	83.0%	2.5%	\$274.20	6.0%	\$227.50	8.6%	108.1%

Source: CBRE Hotels Research, Kalibri Labs, 9/17/2020 – <https://pip.cbrehotels.com>



## NATIONAL BASELINE FORECAST VS SAN FRANCISCO MSA BASELINE FORECAST

### National Forecast Summary – Q2 2020

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### San Francisco Forecast Summary – Q2 2020

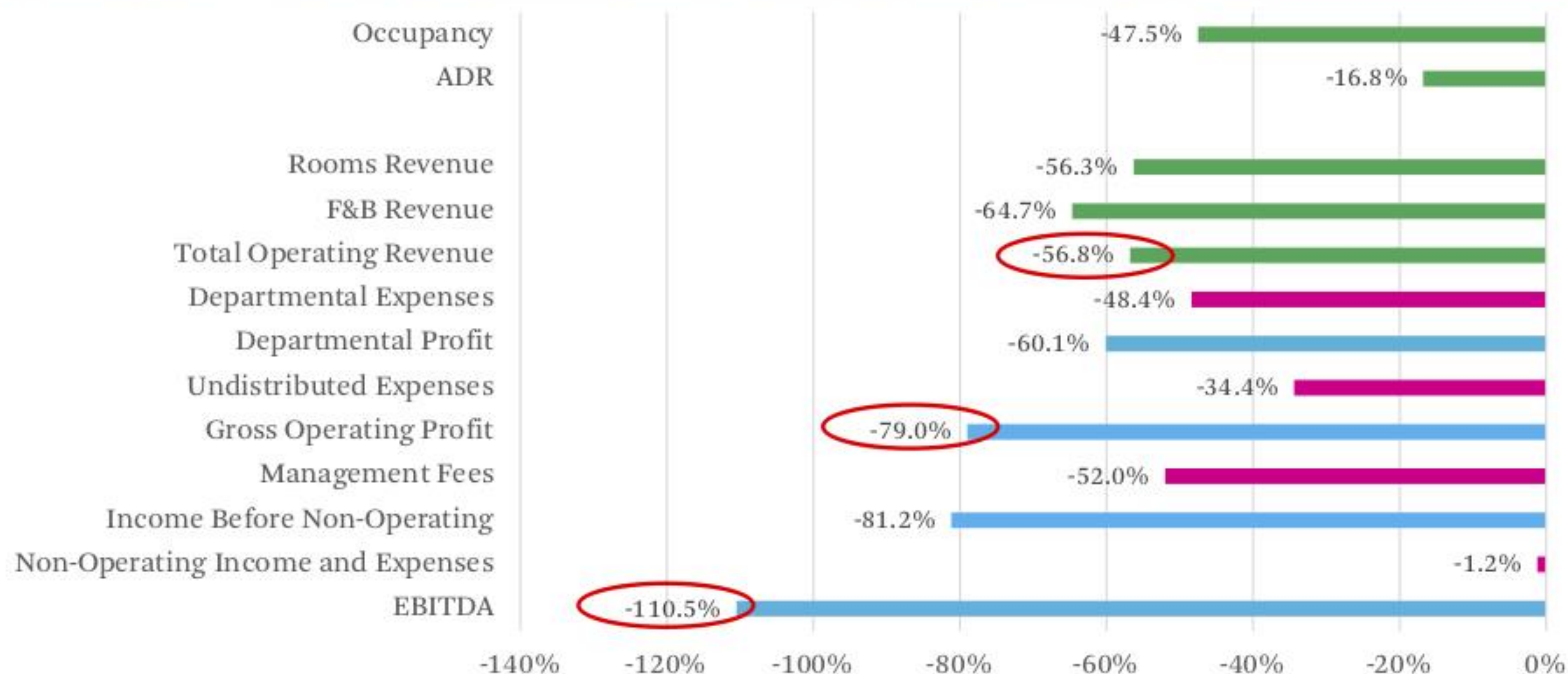
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Source: CBRE Hotels Research, Kalibri Labs, Q2 2020.



# U.S. HOTELS OPERATING PERFORMANCE – ALL HOTELS

Dollars Per Available Room: Year-Over-Year Change - August YTD 2020 vs August YTD 2019

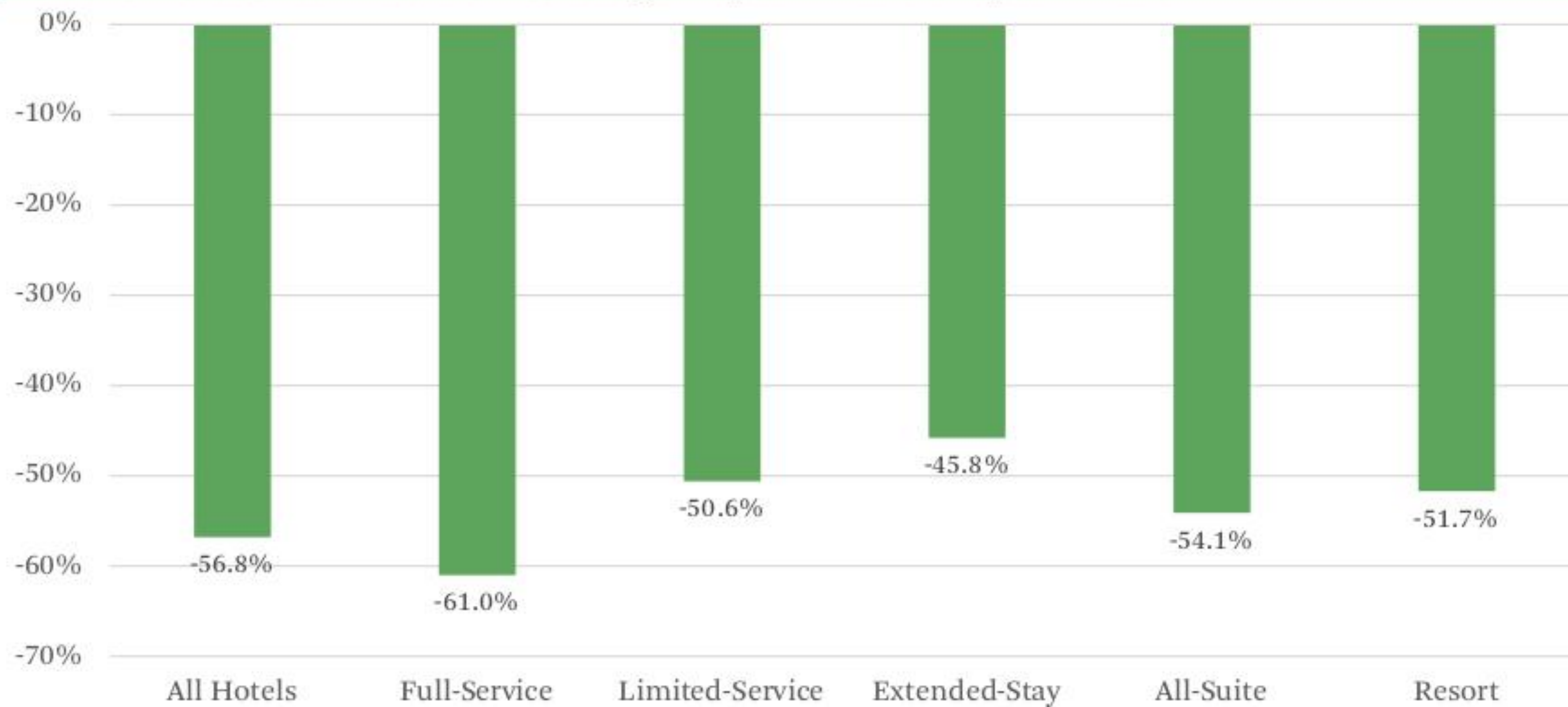


Source: CBRE Hotels Research, Same-Store Sample, Open All Eight Months



## U.S. HOTEL TOTAL OPERATING REVENUE – BY PROPERTY TYPE

Dollars Per Available Room: Year-Over-Year Change - August YTD 2020 vs August YTD 2019

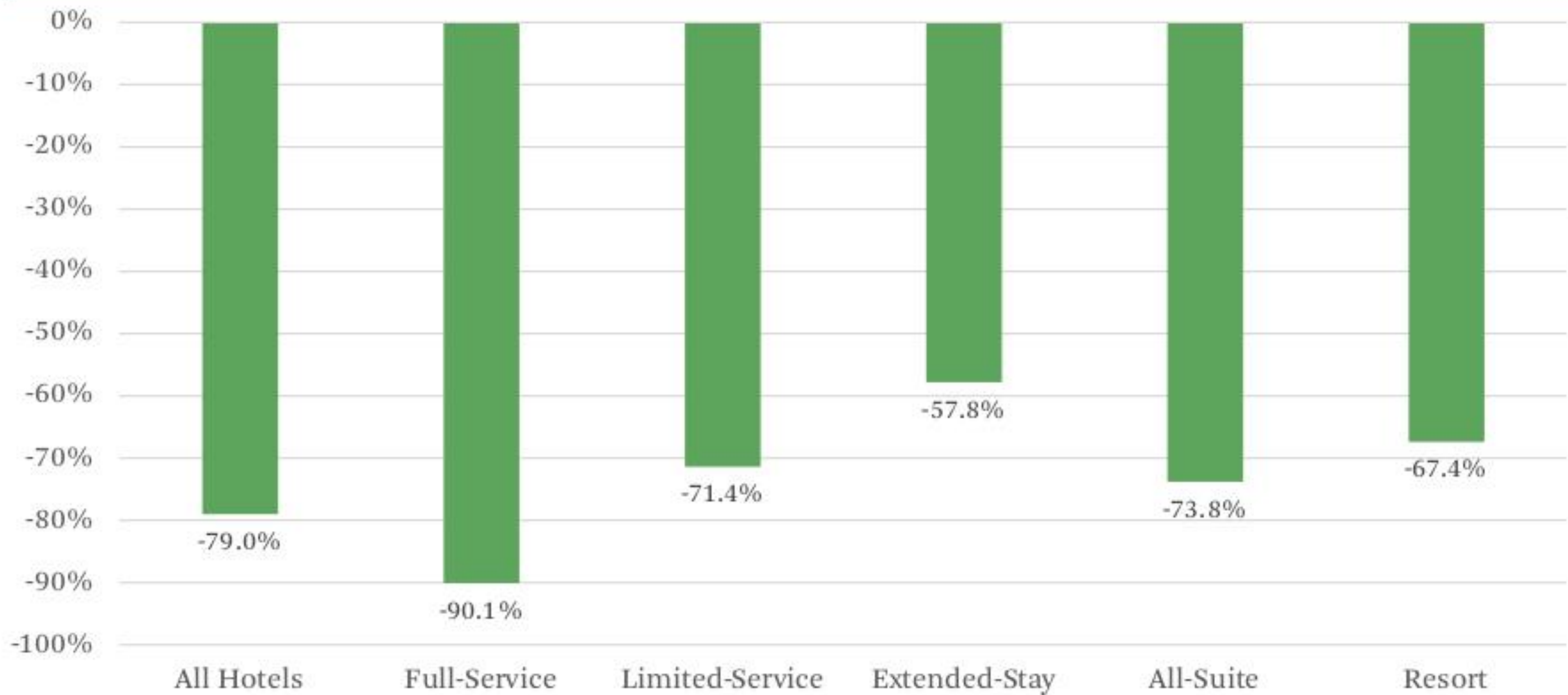


Source: CBRE Hotels Research, Same-Store Sample, Open All Eight Months



## U.S. HOTEL GROSS OPERATING PROFIT – BY PROPERTY TYPE

Dollars Per Available Room: Year-Over-Year Change - August YTD 2020 vs August YTD 2019

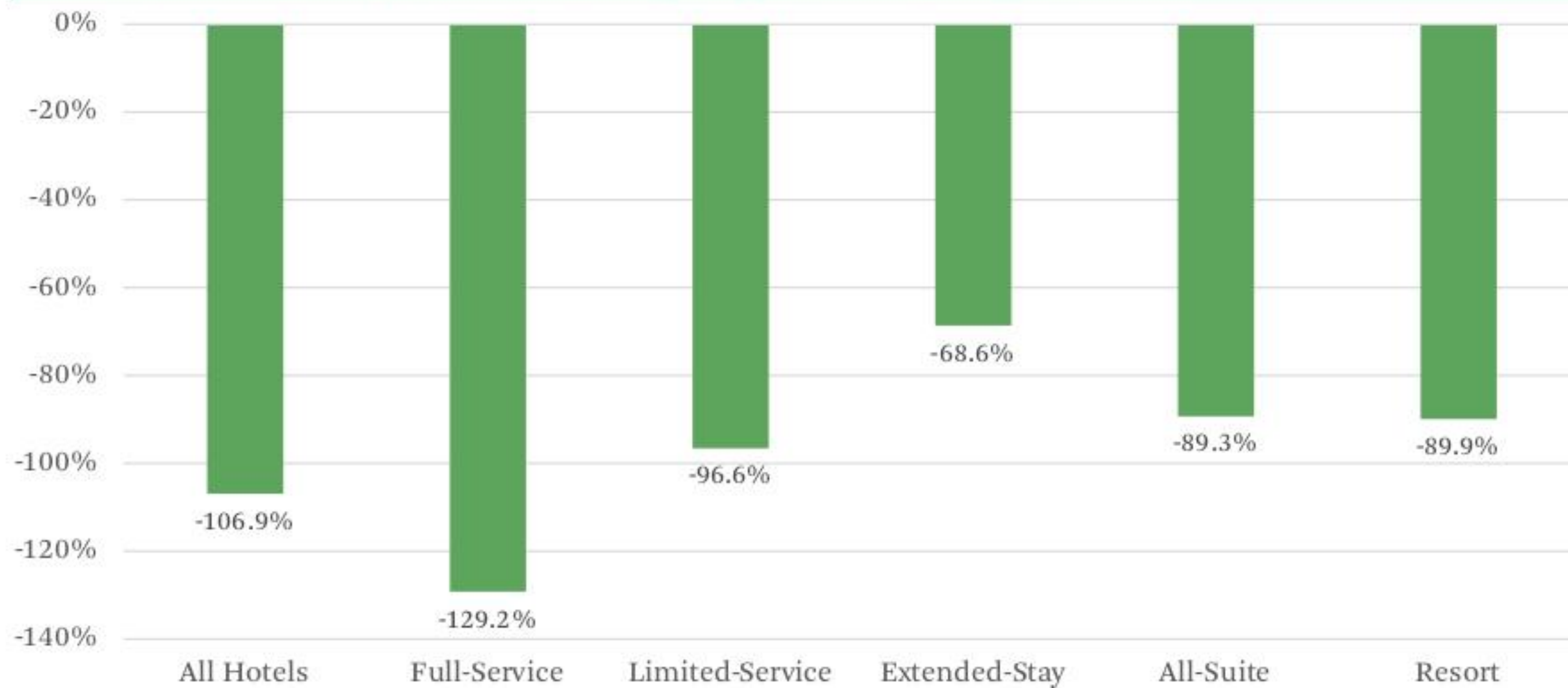


Source: CBRE Hotels Research, Same-Store Sample, Open All Eight Months



## U.S. HOTEL EBITDA – BY PROPERTY TYPE

Dollars Per Available Room: Year-Over-Year Change – August YTD 2020 vs August YTD 2019

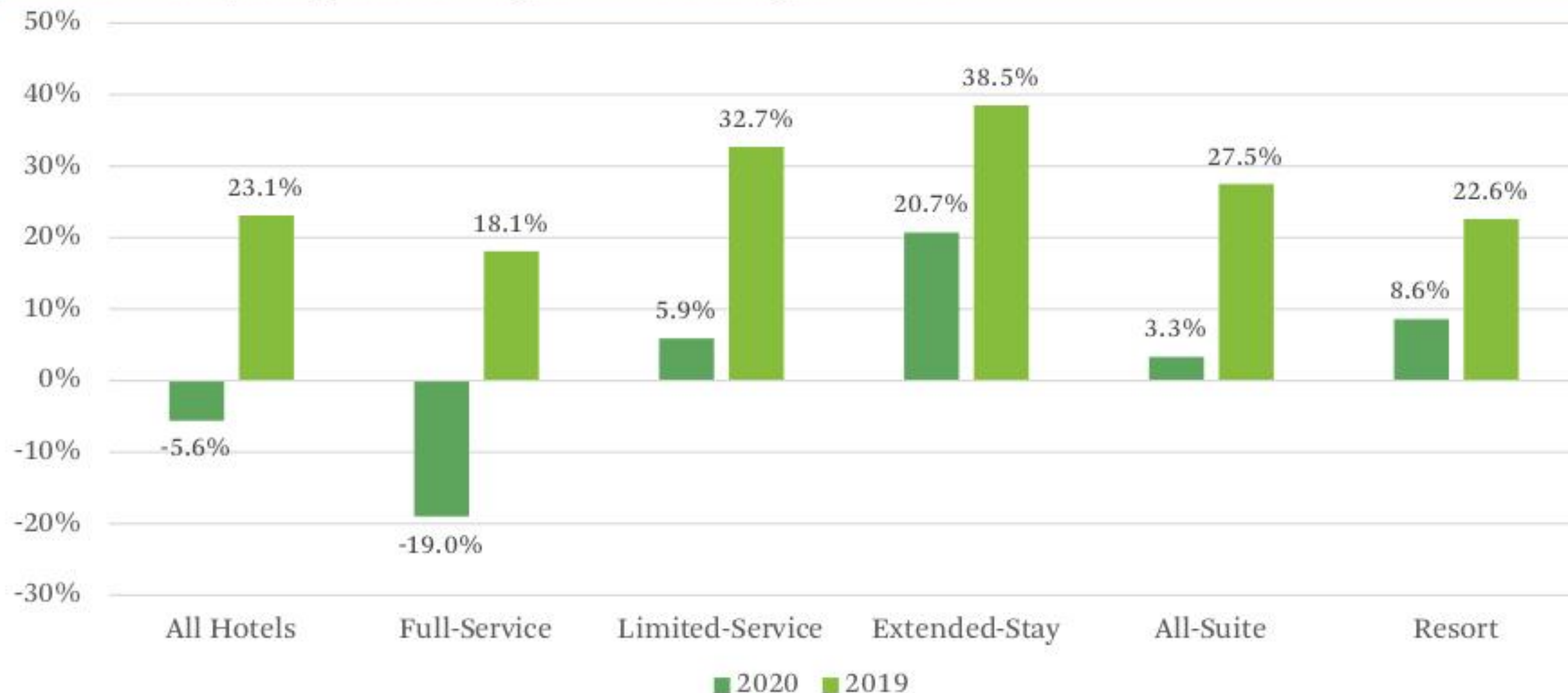


Source: CBRE Hotels Research, Same-Store Sample, Open All Eight Months



## U.S. HOTEL EBITDA MARGIN – BY PROPERTY TYPE

Percent of Total Operating Revenue – August YTD 2020 vs August YTD 2019

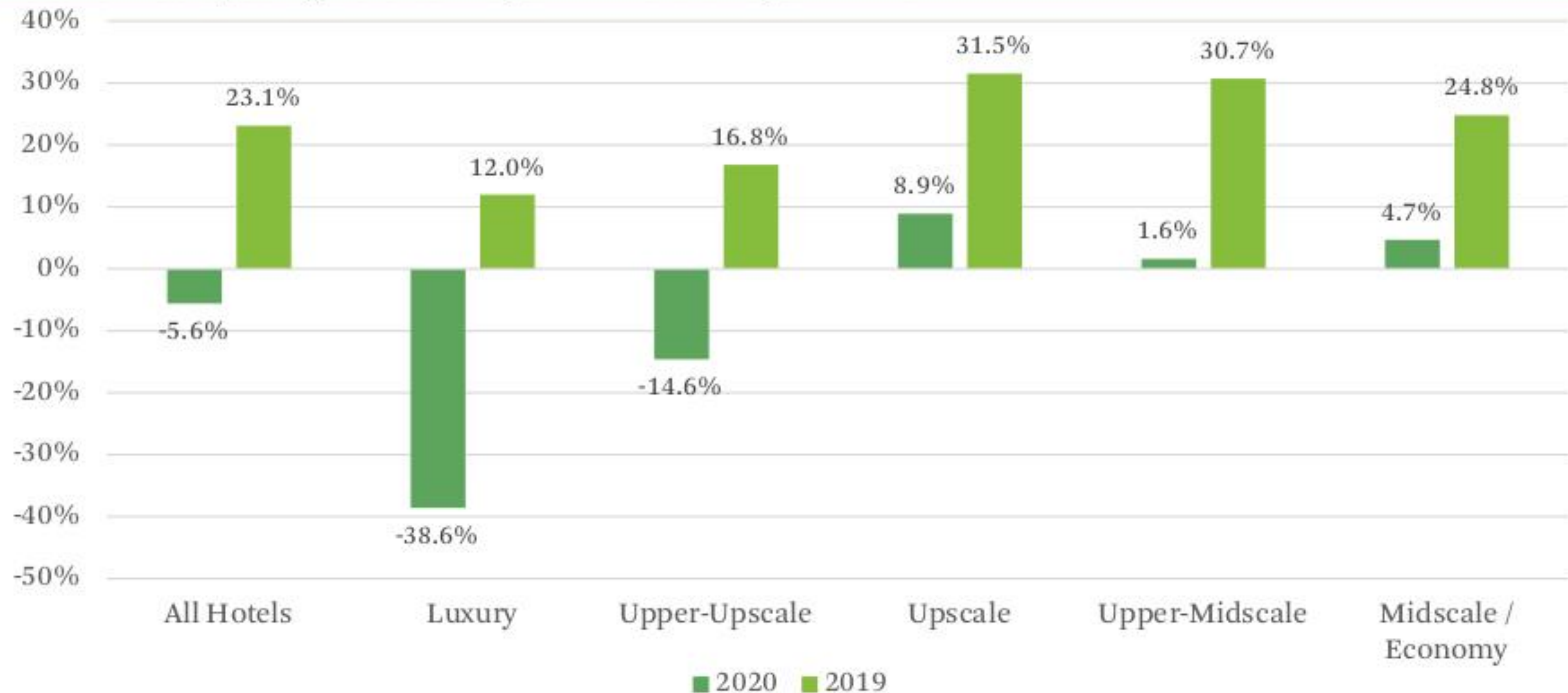


Source: CBRE Hotels Research, Same-Store Sample, Open All Eight Months



## U.S. HOTEL EBITDA MARGIN – BY CHAIN SCALE

Percent of Total Operating Revenue – August YTD 2020 vs August YTD 2019



Source: CBRE Hotels Research, Same-Store Sample, Open All Eight Months



# CBRE HOTELS

The World's Leading Hotel Experts

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**CBRE**



# TODAY'S PANELIST



**Doug Yakel**

**Public Information Officer  
at San Francisco  
International Airport**





SFO

# Air Travel: The Path to Recovery



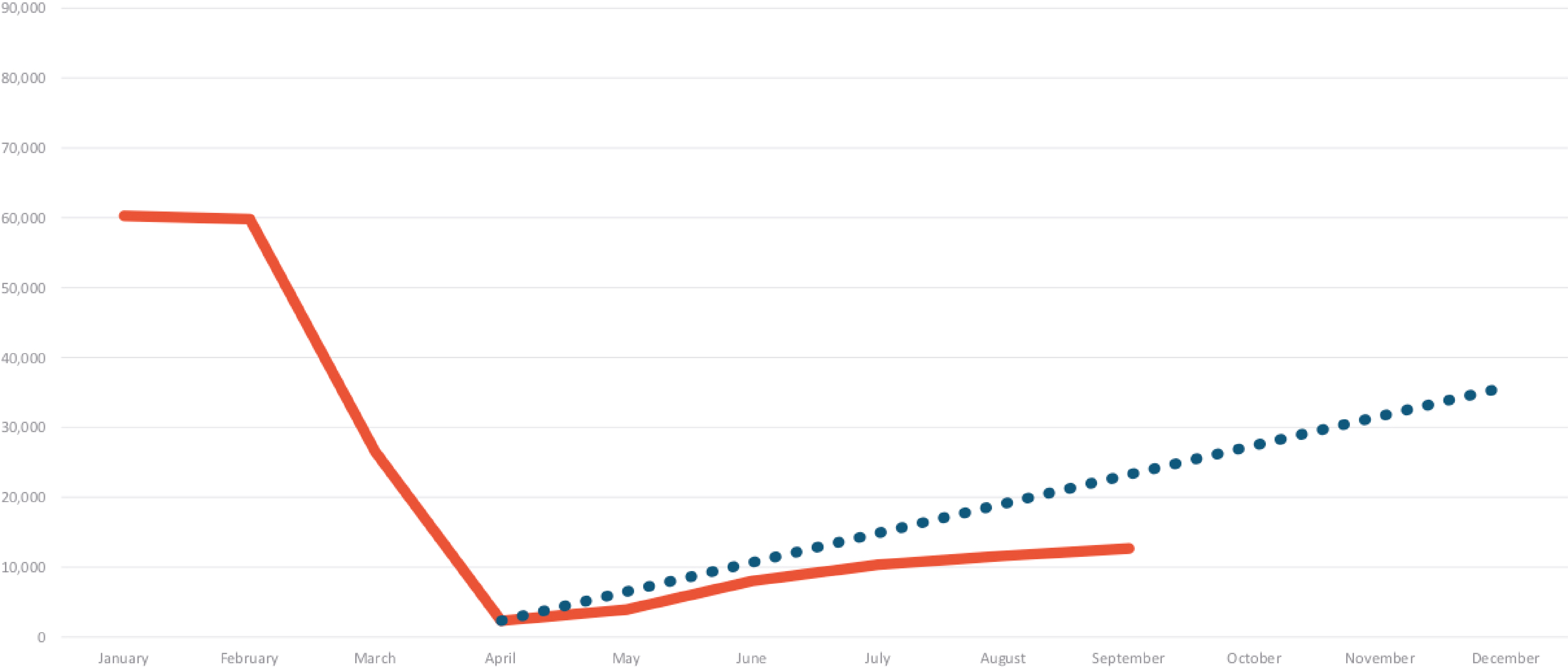


## Average Daily Passengers Through SFO Security Checkpoints



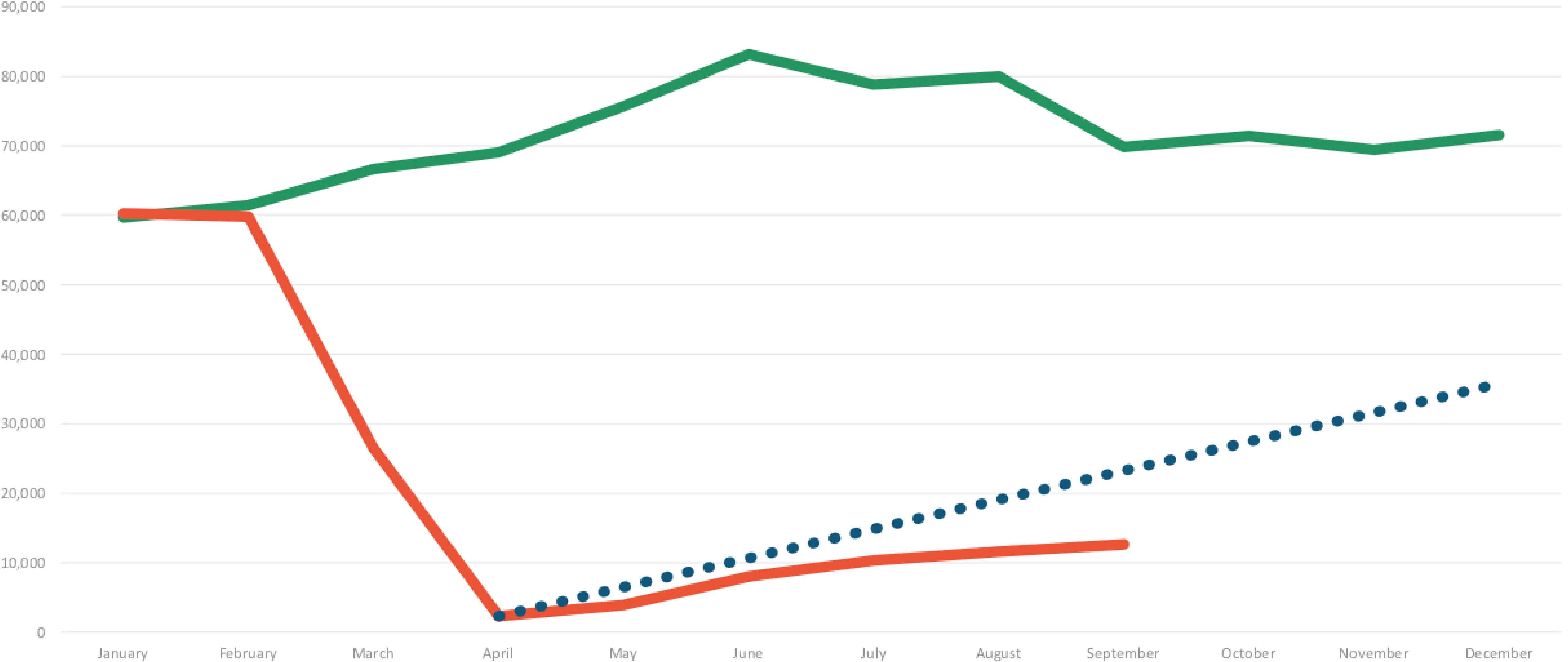


# Average Daily Passengers Through SFO Security Checkpoints





Average Daily Passengers Through SFO Security Checkpoints





# Barriers to air travel



# Barriers to air travel

- Restrictions by country



# Barriers to air travel

- Restrictions by country
- Health orders, quarantine requirements



# Barriers to air travel

- Restrictions by country
- Health orders, quarantine requirements
- Reopening/reclosing pendulum



# Barriers to air travel

- Restrictions by country
- Health orders, quarantine requirements
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- **Financial**



# Barriers to air travel

- Restrictions by country
- Health orders, quarantine requirements
- Reopening/reclosing pendulum
- Financial
- Lack of coordinated federal policy



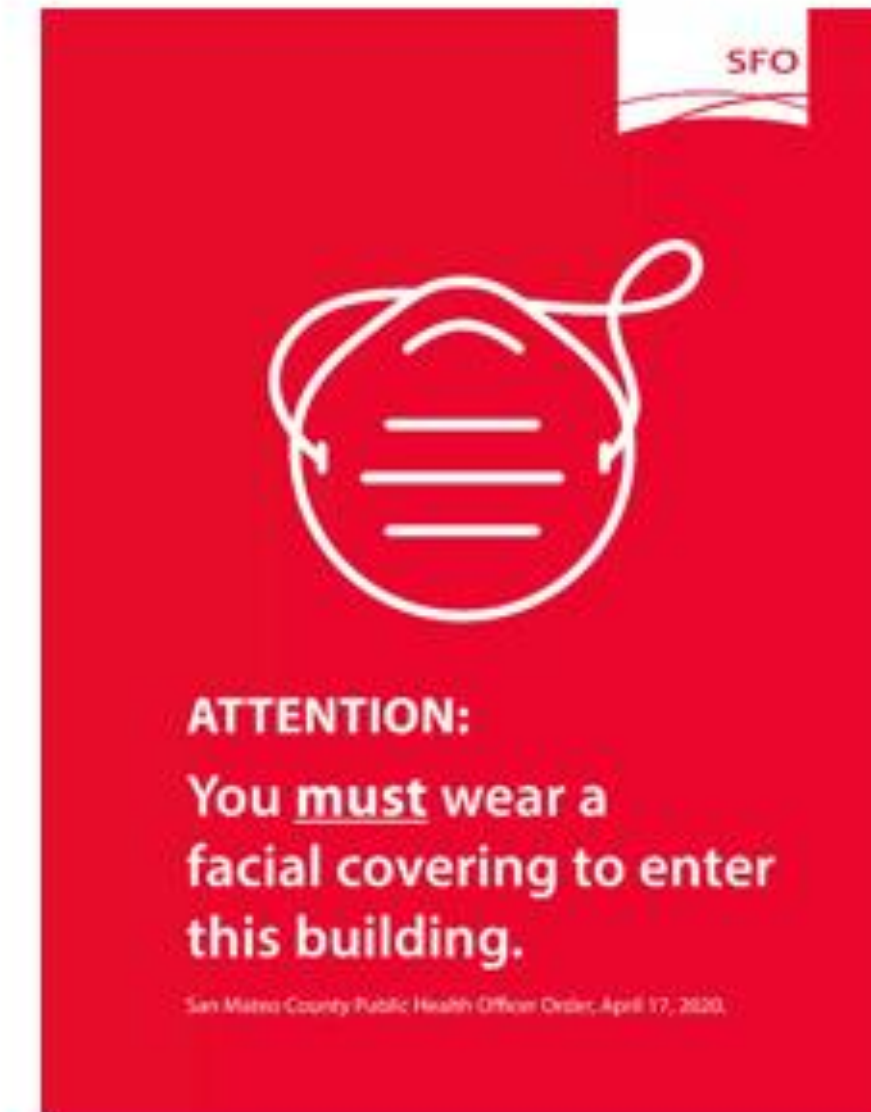
# Barriers to air travel

- Restrictions by country
- Health orders, quarantine requirements
- Reopening/reclosing pendulum
- Financial
- Lack of coordinated federal policy
- **Uncertainty**



# Current status

- Facial coverings are the norm
- Physical distancing provisions in effect
- Hand hygiene measures in place
- Clear protective barriers being installed
- Enhanced cleaning measures underway





# What's next

- Expanded tech
  - Air travel going touchless
  - Expanded use of biometrics
  - Cleaning and disinfection



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  - Expanded use of biometrics
  - Cleaning and disinfection
- Establishment of “air bridges”



# What's next

- Expanded tech
  - Air travel going touchless
  - Expanded use of biometrics
  - Cleaning and disinfection
- Establishment of “air bridges”
- Health registration/evaluation process





# San Francisco becomes first US airport with rapid COVID-19 results for workers

BY ALEX GANGITANO - 08/24/20 08:30 AM EDT

36 COMMENTS





# United to offer Hawaii-bound passengers coronavirus tests, a possible blueprint for flights abroad

PUBLISHED THU, SEP 24 2020 8:00 AM EDT | UPDATED THU, SEP 24 2020 11:29 AM EDT

Transportation

## Hawaiian Airlines to offer coronavirus tests for passengers

The airline, which joins United in offering the service, will offer testing at drive-through labs in Los Angeles and San Francisco

## Oakland airport will offer free COVID-19 tests for Hawaii-bound travelers

New program for Hawaii-bound travelers begins Oct. 15

By [Chris McGinnis](#), SFGATE Updated 12:02 pm PDT, Tuesday, September 29, 2020

## Tampa airport introduces coronavirus screening for all passengers

Tampa International Airport is the first hub to offer voluntary COVID-19 tests for all departing and incoming passengers.



BUSINESS TRAVELLER

# Can airport testing and Covid immunity passports unlock travel?





# Conclusion

- Air travel is recovering...slowly



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- Air travel is recovering...slowly
- New normal is coming into focus



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- Industry is committed to bringing travelers back



# Conclusion

- Air travel is recovering...slowly
- New normal is coming into focus
- Consistent federal policy is needed
- Industry is committed to bringing travelers back
- Air travel will be a better experience

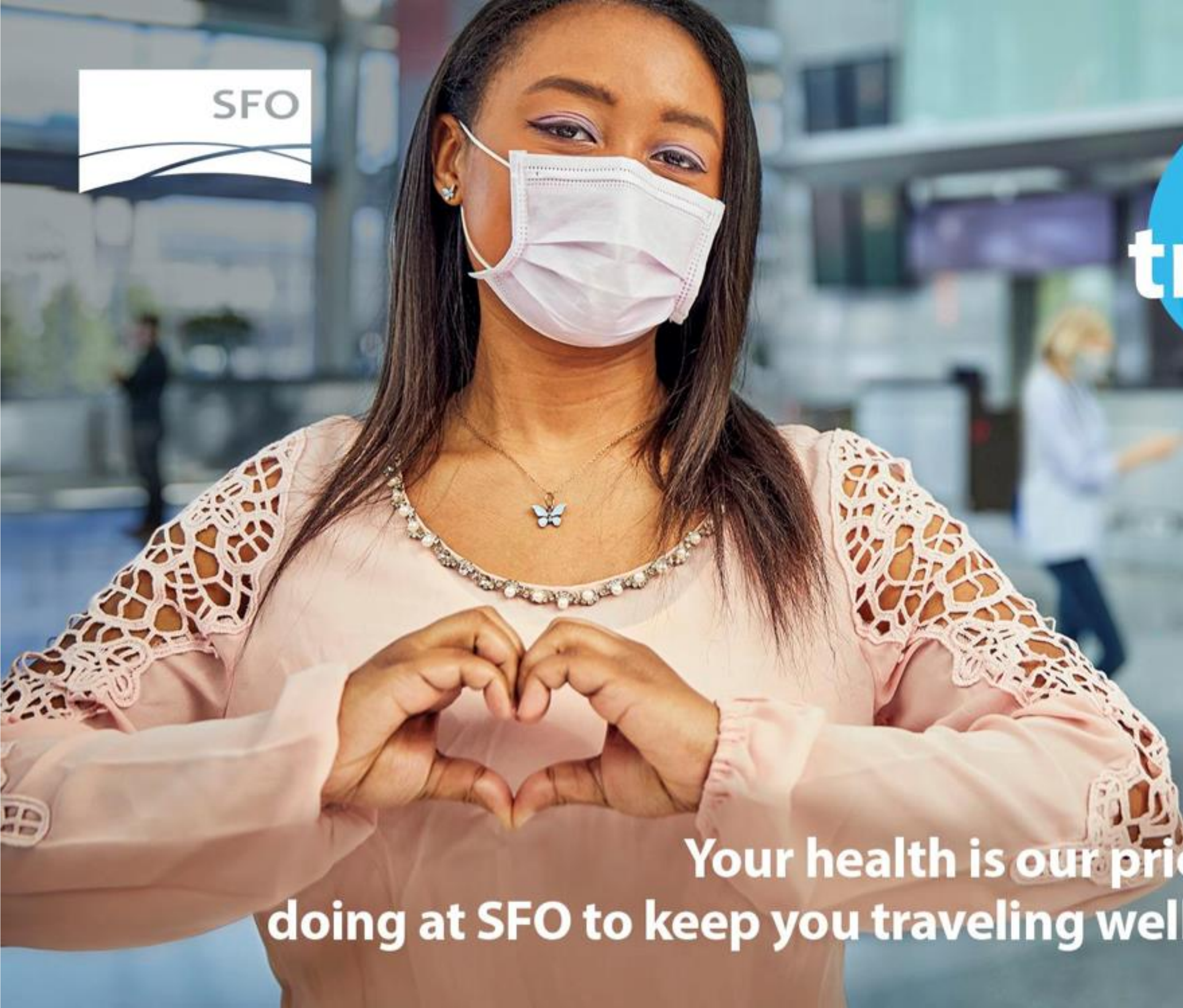




SFO



**travel well**



**Your health is our priority. Learn what we're  
doing at SFO to keep you traveling well. [flysfo.com/travelwell](https://flysfo.com/travelwell)**



# Thank you





# TODAY'S PANELIST



**Tara Stangel**

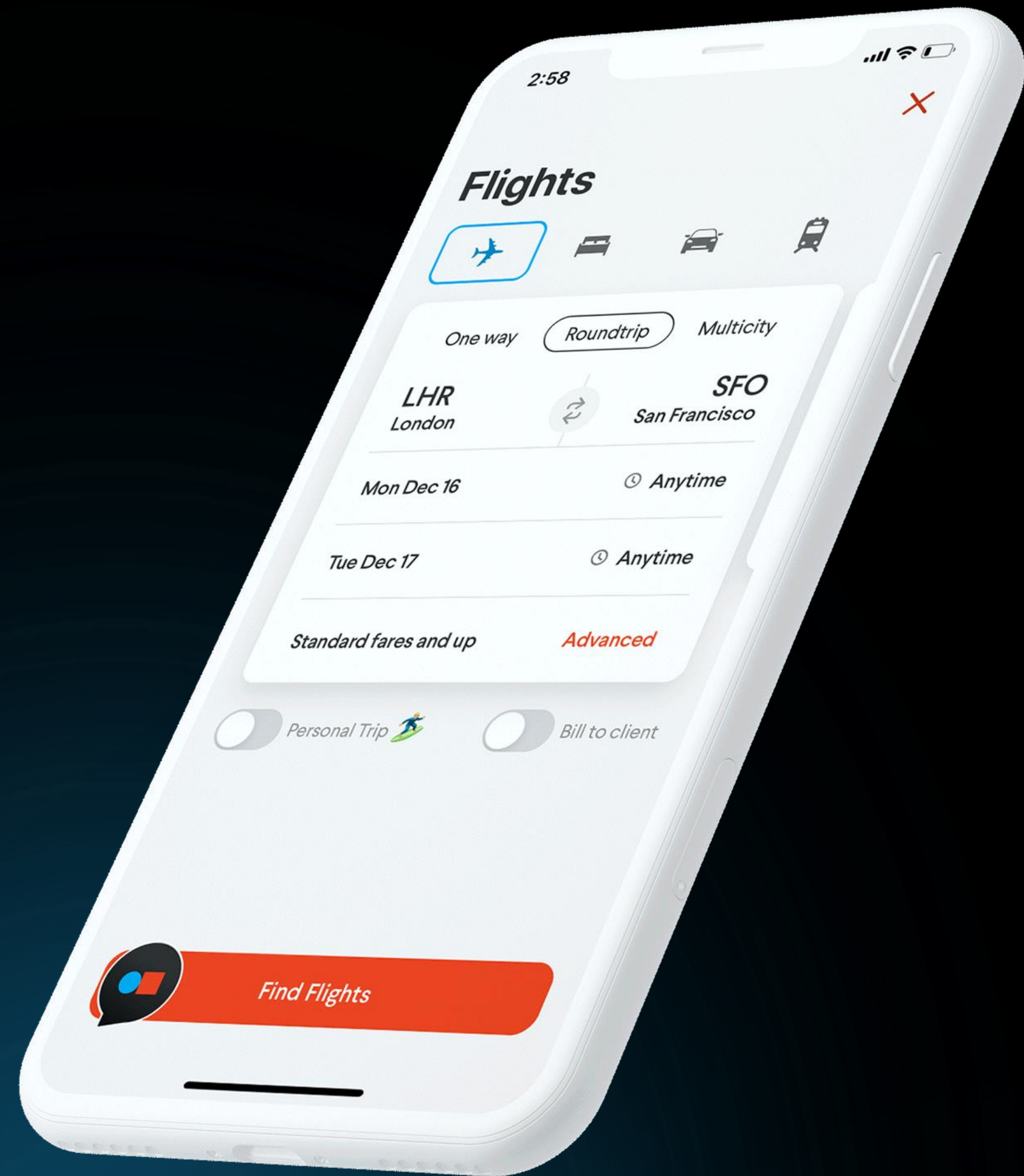
**Head of Lodging Supply at  
TripActions**

**TripActions**



**TripActions®**

# Full Travel Management from Booking to Payments



**TripActions®**





Remember  
when...?



A woman with long dark hair is looking out of the open rear door of a dark-colored car at night. The background is blurred, showing city lights and trees.

## Clients thoughts on when they'll resume:

### Confidence of knowing

- Destination information - what are the virus levels?
- Hotels, airlines, restaurants clean?
- Real time analytics: Visibility on where employees are - can I help them get home quickly?
- Ease of changing plans - can I change without fees?

### PR and Social Media:

Positive feedback from travelers on safety, hygiene, ease of travel, and value of in person meetings

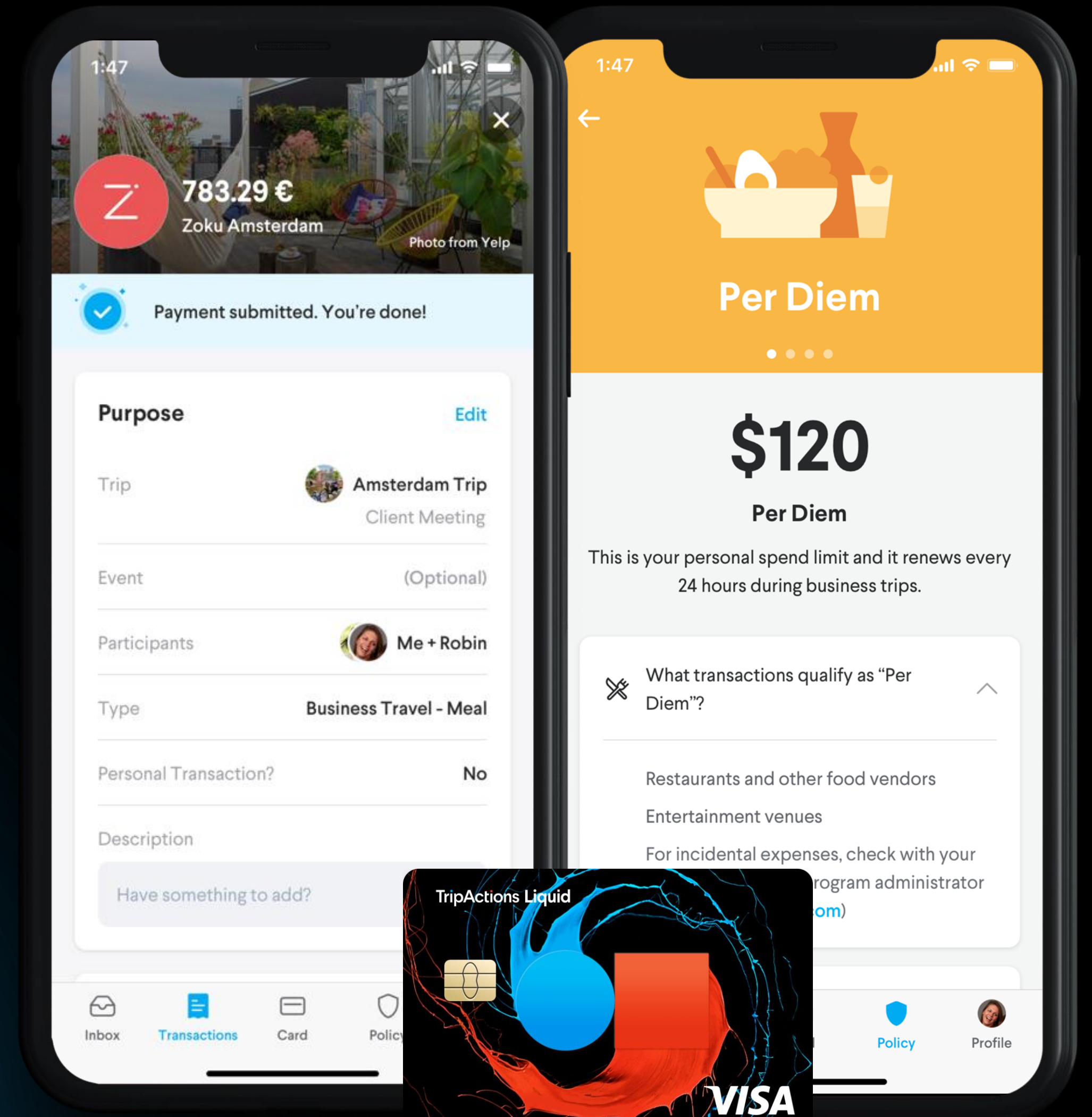


# Client Chatter

- More attention on costs and ROI of trip
- Anxious and ready to be on the road
- Groups will be small - large conferences toward end of 2021
- Non-urban is more desirable
- Hotel spend 40-60% of 2019; Air <40%
- Hiring continues so training will follow
- Shorter booking window
- Creativity is key to winning back business

**TripActions**

TripActions Proprietary and Confidential





## Recent booking trends:

**Rental Cars** are fastest growth as travelers opt to drive vs fly to reduce risk

**Hotels** are booked in non-urban locations and in economy-mid tier brands

**Flights** are shorter and slowest to return

Shorter booking window, lower ADRs, skewed to brands

As cities reopen, travel reopens: ex. NYC removed CA as restricted state, immediate bookings into NYC





# Thank you!

Tara Stangel [tstangel@TripActions.com](mailto:tstangel@TripActions.com)



1501 Page Mill Road, Building 1, Palo Alto, CA 94304

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A photograph of a workspace featuring a silver laptop on a wooden desk. To the left of the laptop is a glass of water, and to the right is a notebook with a pen. The background is a warm, out-of-focus interior. A semi-transparent dark blue horizontal band is overlaid across the middle of the image, containing the text 'Q&A' in white.

**Q&A**



# UPCOMING VIRTUAL EVENTS

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## **Instagram Live with Aquarium of the Bay**

Join us for a discussion with Aquarium of the Bay located at PIER 39 for a discussion on their virtual events, recent reopening, what visitors can expect and more.

**Monday, October 12<sup>th</sup> | 12pm**

## **Instagram Live with Sibby's Cupcakery**

Watch owner Sibby Thomsen work her magic! We will discuss their new cake flavor, seasonal offerings, and Sibby will frost a jack-o-lantern cupcake while you watch.

**Tuesday, October 13<sup>th</sup> | 12pm**

## **As Fresh as it Gets 2020 Virtual Awards Ceremony**

**Wednesday, November 18<sup>th</sup> | 2:00 PM**




# SPECIAL REQUEST

## San Mateo County Historical Association *COVID-19 Stories*

The San Mateo County Historical Association is collecting stories that chronicle changes to people's daily lives in the wake of COVID-19. Journal entries from the past provide a glimpse into what daily life was like during a specific time period.

They also provide insight by showing individual reactions to significant historical events. All ages and backgrounds are encouraged to participate.  
[More Information >>](#)





# Thank you for Joining Us!

## ADDITIONAL QUESTIONS?

*Please contact Nova Maldonado at [Nova@visitsmcsv.com](mailto:Nova@visitsmcsv.com).*

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**SAN MATEO COUNTY**  
  
**SILICON VALLEY**  
CONVENTION AND VISITORS BUREAU  
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