Southern California Visitor Industry Outlook Conference - Takeaways
October 20, 2017

STR Update:

- The US has had 90 months of RevPAR growth – which is expected to continue and surpass previous records
  - The most growth has been in the upscale and upper midscale classes
  - We should expect to see growth over the next 16 months nationwide
- In California:
  - Demand and RevPAR growth are still continuing
  - Decreases in occupancy are due to increased inventory, not less demand
- In SoCal:
  - Upper Upscale has the most rooms under construction
  - Independent hotels are outpacing other chain scales in the pipeline

Industry Trends:

- Consumers are positioned for leisure travel growth (low unemployment, high consumer confidence, and nothing that would give rise to recession in next 18-24 months)
- Global economy is accelerating – US exchange rate is weakening against many currencies
- Leading industries in SoCal include leisure and hospitality
- Domestic day travel projected to grow more than 4% over the next four years
- International visitation expected to grow through 2021 in CA

CBRE Forecast:

- 2017 Estimates:
  - Occupancy estimated at 71.8% (0.6% increase in room nights)
  - ADR expected to increase to $158.70 (1.2% over 2016)
  - RevPAR estimated to increase by 1.4% over 2016
- 2018 Forecast:
  - Room supply forecasted to increase by 2.5%
  - Occupancy forecasted to increase to 72%
  - ADR forecasted to increase to 162.91 - 2.6% over 2017
  - RevPAR forecasted to increase to $117.34 – 3% over 2017