

IRVING LODGING OUTLOOK

Aran Ryan

Director, Lodging Analytics

Tourism Economics

aran.ryan@tourismeconomics.com

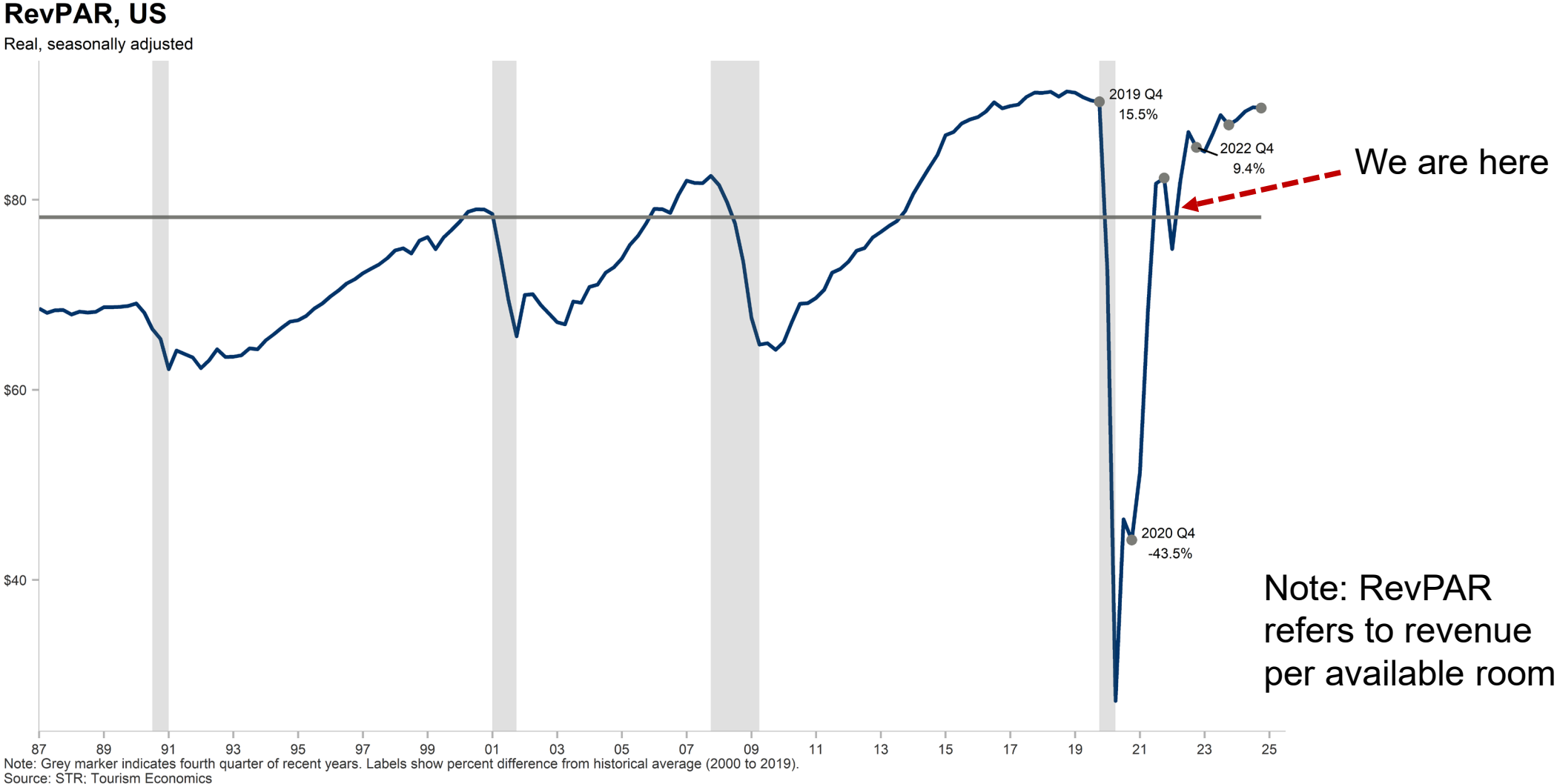
Outline

- **US context**
- **Irving lodging forecast**



US CONTEXT

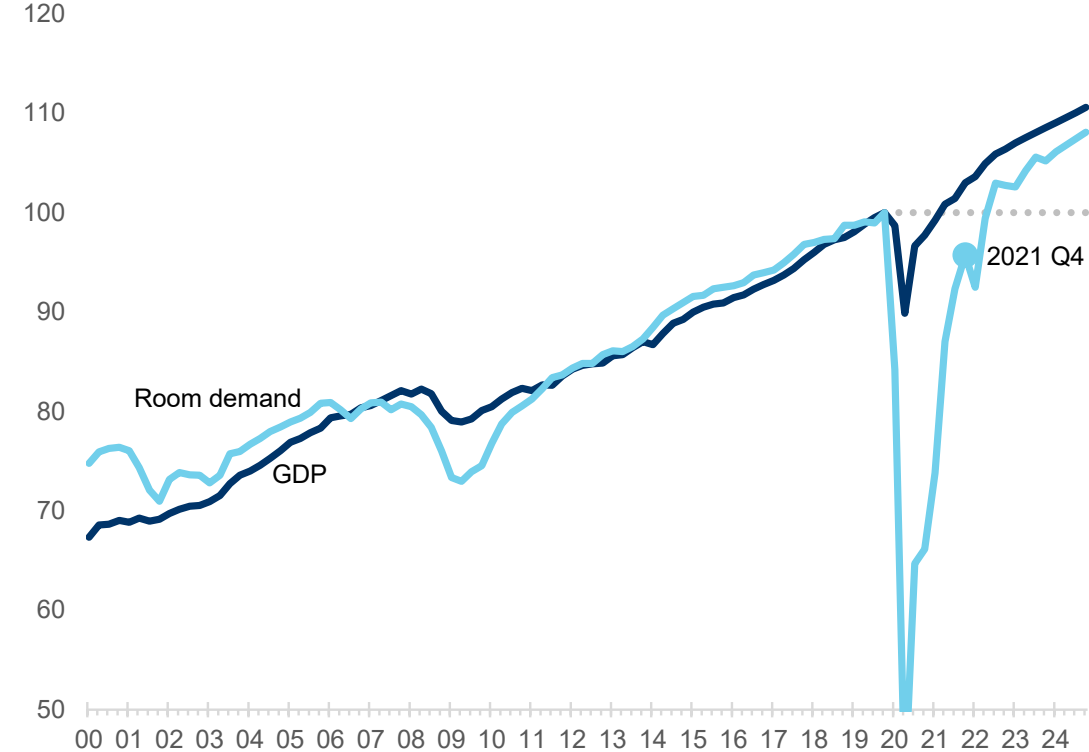
Pandemic impact on travel was rapid and severe



US hotel room demand is below pre-pandemic levels but is recovering quickly

GDP and room demand

Index (2019 Q4 = 100)

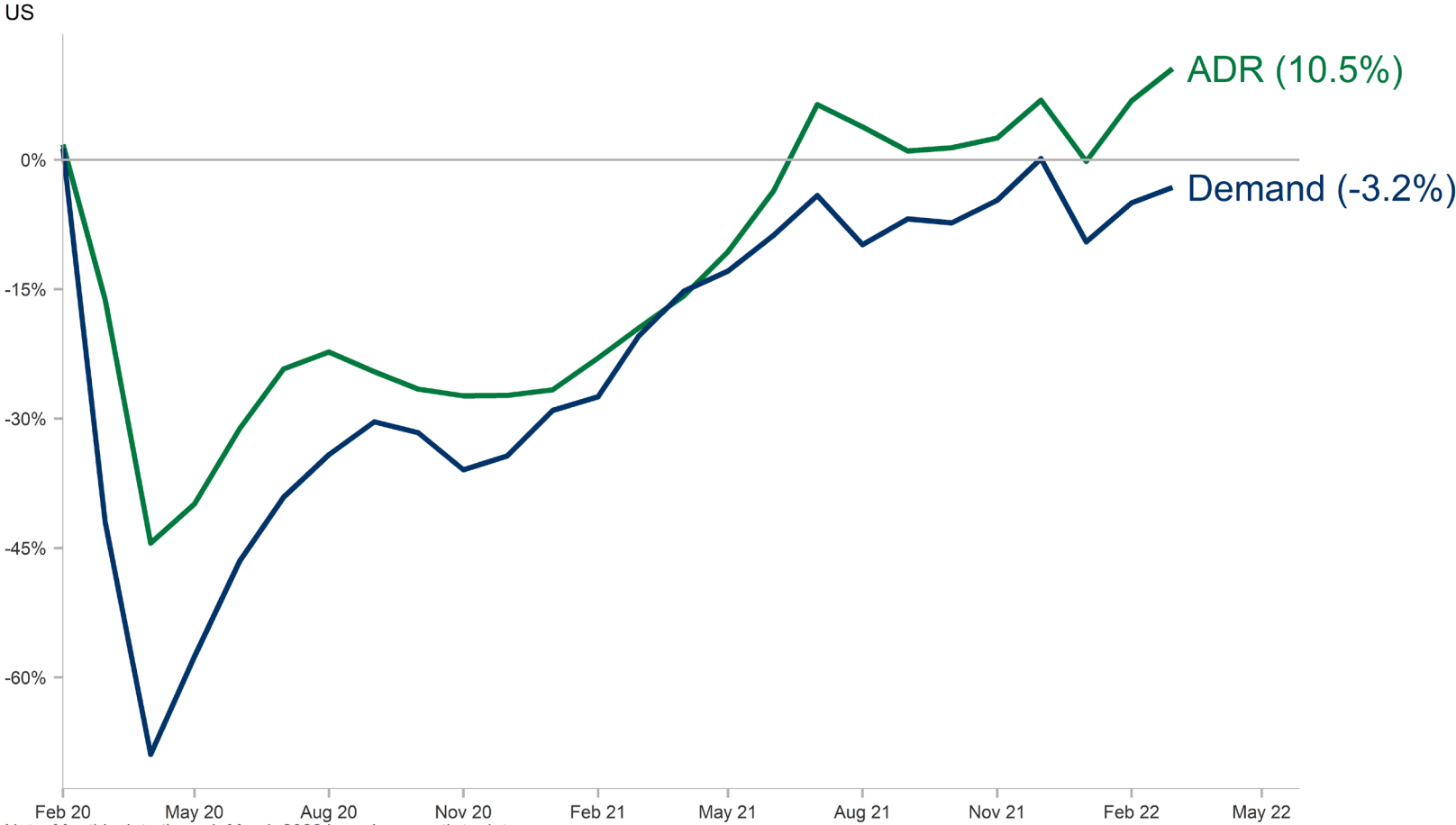


Note: Real GDP, seasonally adjusted.

Source: BEA; STR; Oxford Economics

US recovery continued in March, with ADR 10.5% ahead of 2019 levels

Recovery relative to 2019

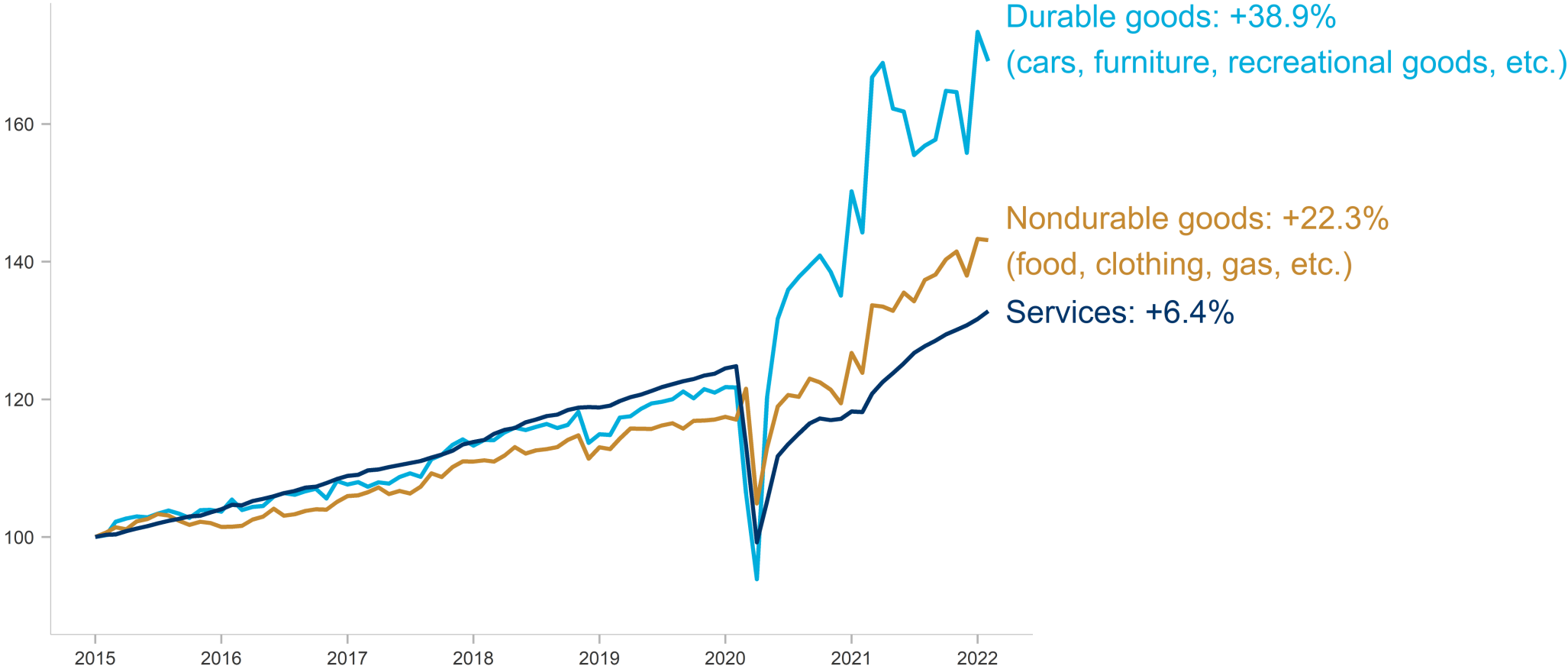


Note: Monthly data through March 2022 based on month to date.
Source: STR

Consumers are spending with confidence

Consumer spending

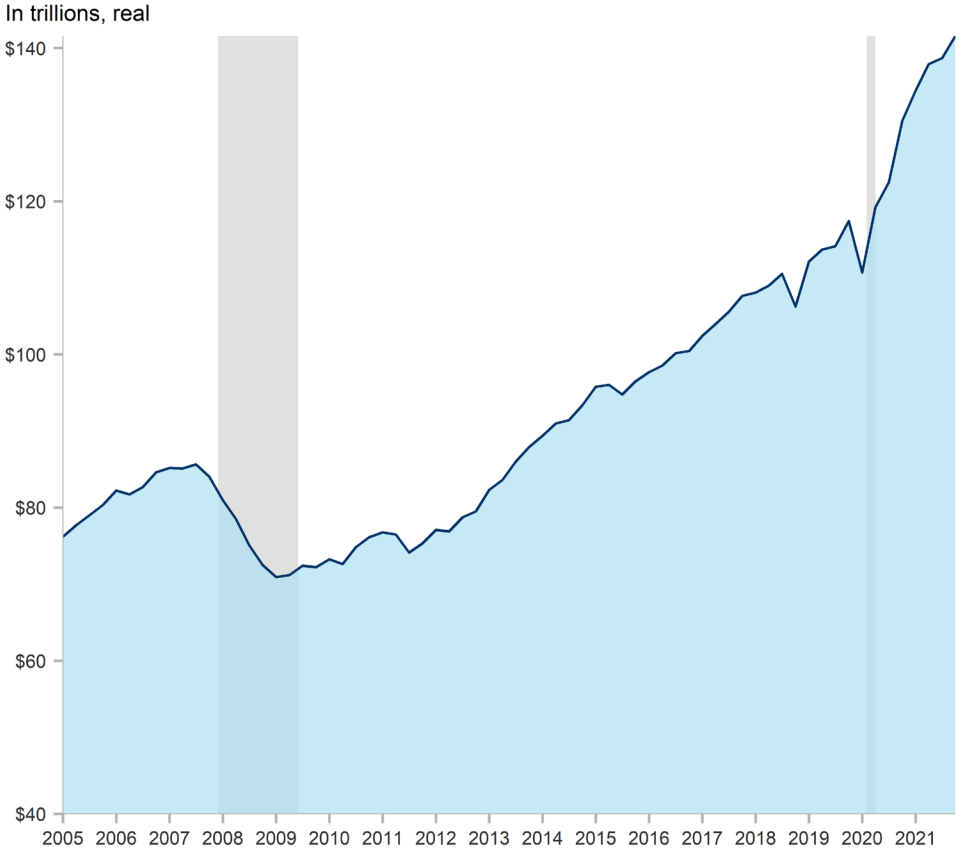
Index (2015=100), increase since February 2020 in labels



Note: Nominal. Seasonally adjusted monthly data through February 2022
Source: Bureau of Economic Analysis

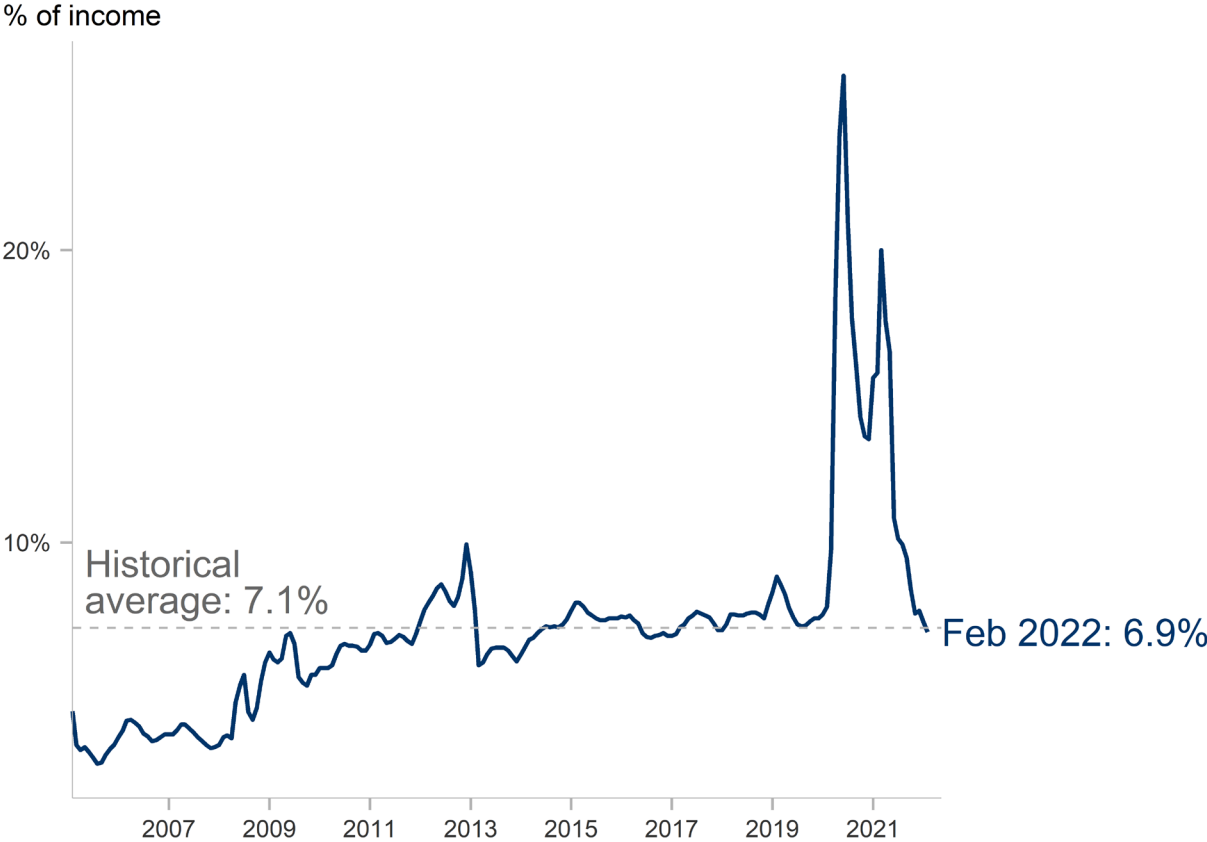
Wealth accumulation is shifting toward consumption

Household net worth



Note: 2020 dollars. Quarterly data through 2021Q4. Net worth of households and nonprofit organizations. Measures assets such as housing and financial assets, minus liabilities. Source: Federal Reserve, NBER

Personal savings rate

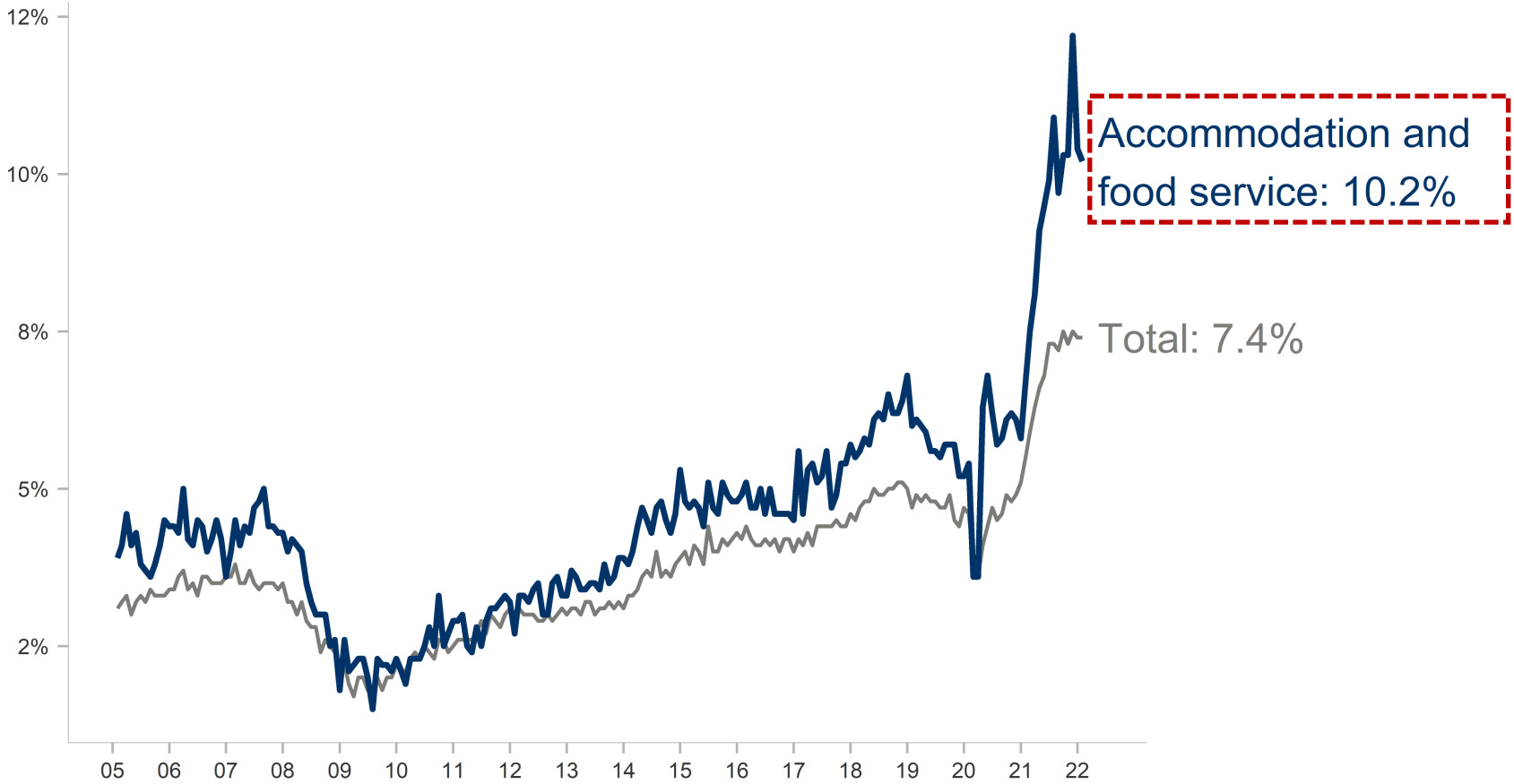


Note: Data is seasonally adjusted, three-month average. Source: Bureau of Economic Analysis

Employers face challenges re-staffing

Job openings

Openings rate, US

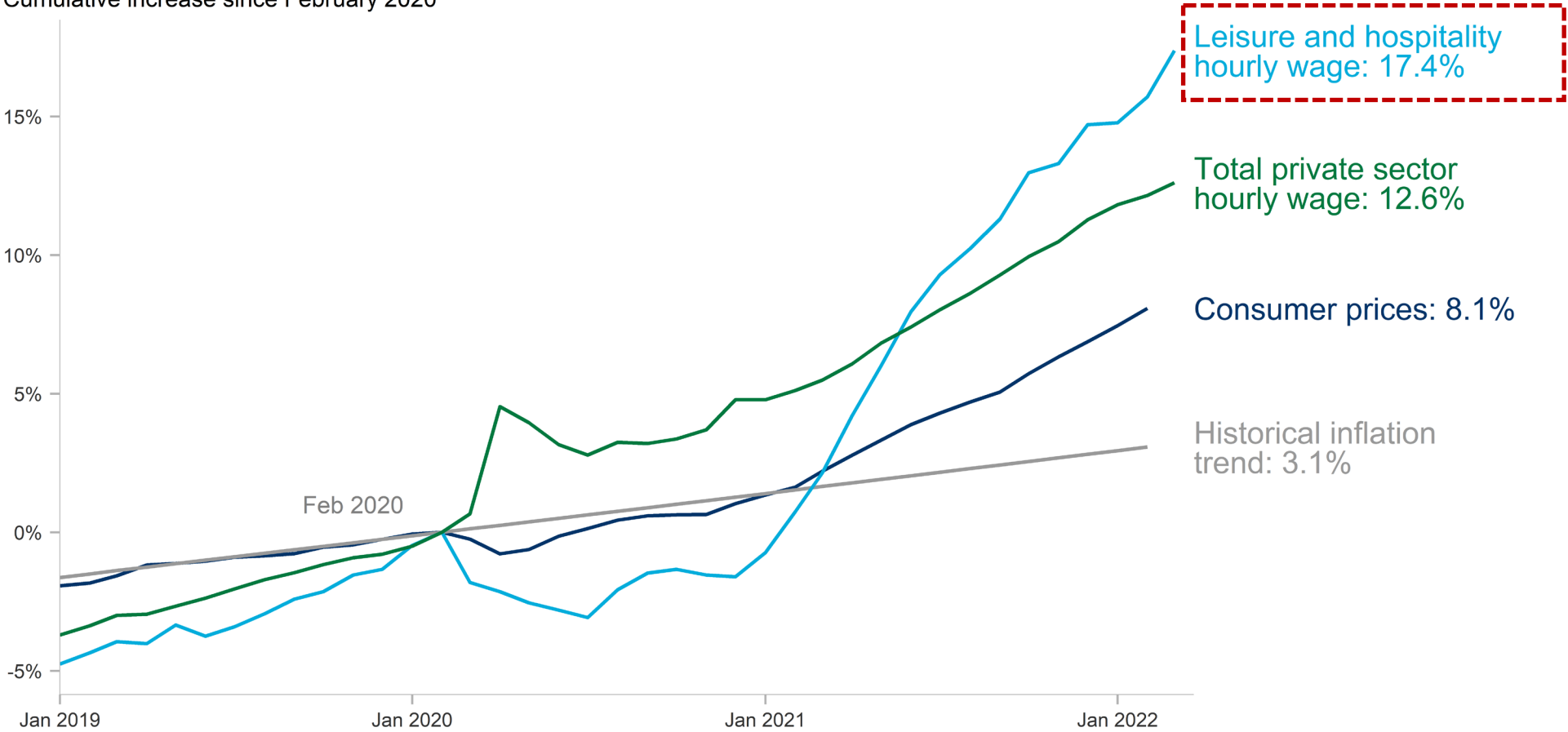


Note: The job openings rate is the job openings level as a percent of total employment plus job openings level. Data through February 2022. Seasonally adjusted. Total refers total private. Source: Bureau of Labor Statistics

Wage rates are rising

Wage growth comparison

Cumulative increase since February 2020

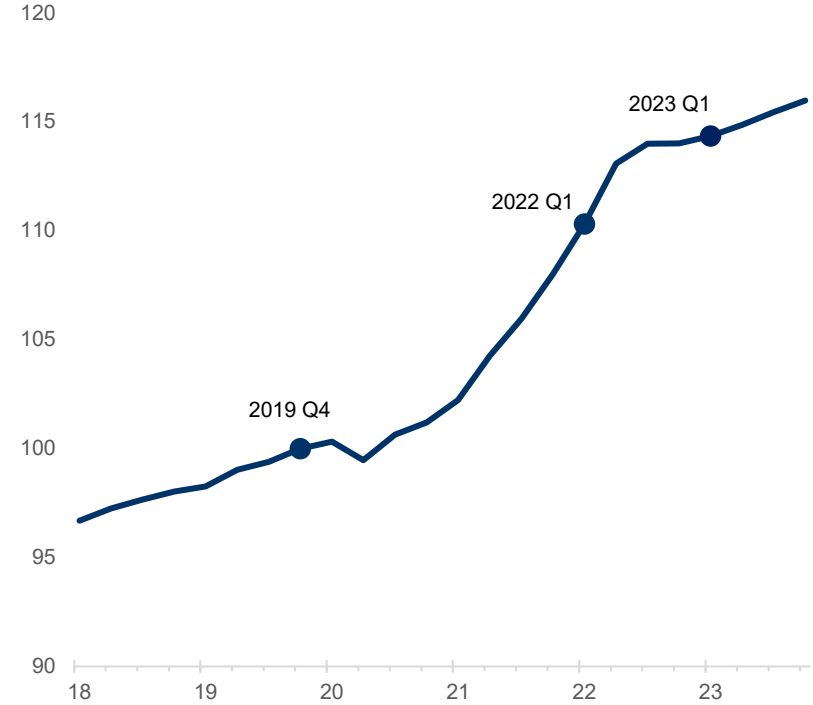


Note: Data shown through March 2022. Historical inflation trend measured since 2008. Consumer price inflation measured by PCE price deflator. Wage rates measure nonsupervisory positions. Source: BLS, BEA

Inflation will accelerate before slowing

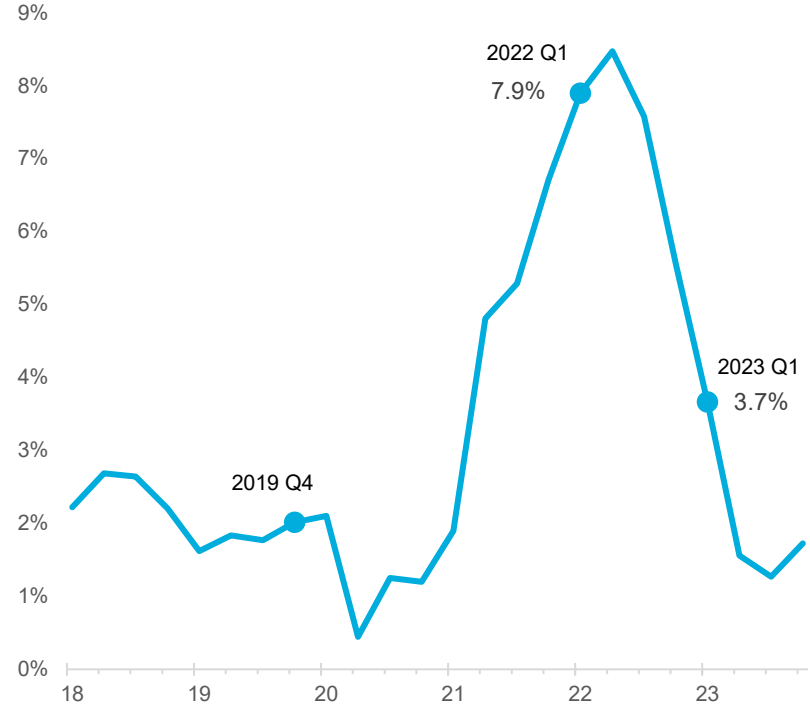
Consumer price index: Level, US

Index (2019 Q4 = 100)



Note: Seasonally adjusted, quarterly data.
Source: BLS, Oxford Economics

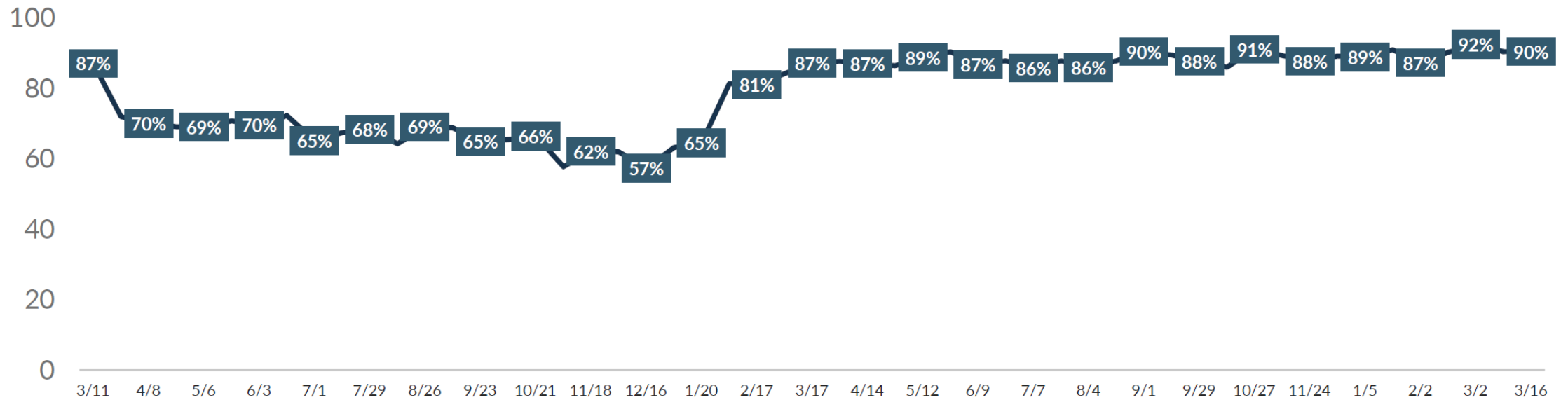
Consumer price index: Year-over-year change, US



Note: Seasonally adjusted, quarterly data.
Source: BLS, Oxford Economics

Intentions to travel remain high at around 9-in-10

Travelers with Travel Plans in the Next Six Months Comparison

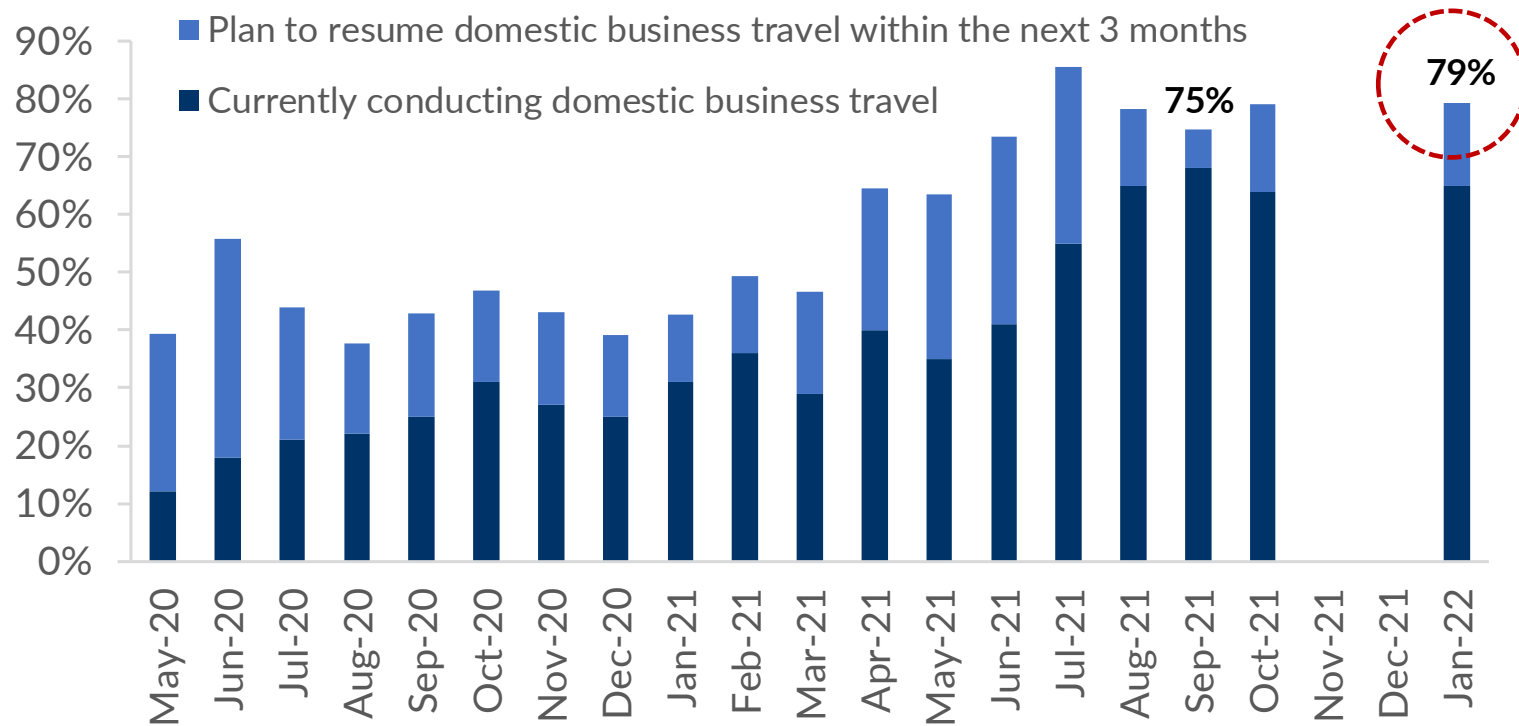


Travel Sentiment Study Wave 58

8-in-10 US companies planning to be traveling soon

Domestic business travel outlook

% of US companies



Source: GBTA



IRVING LODGING FORECAST

Assumptions

- Impacts of Omicron surge assumed to be concentrated in Q1.
- In 2022, Covid-19 recedes as a major cause of death, but outbreaks continue.
- US economic recovery continues to be supported by strong consumer spending.
- Corporate travel normalizes progressively through 2022.
- Leisure travel continues to be boosted by favorable factors.
- Group demand improves steadily but remains below 2019 levels.

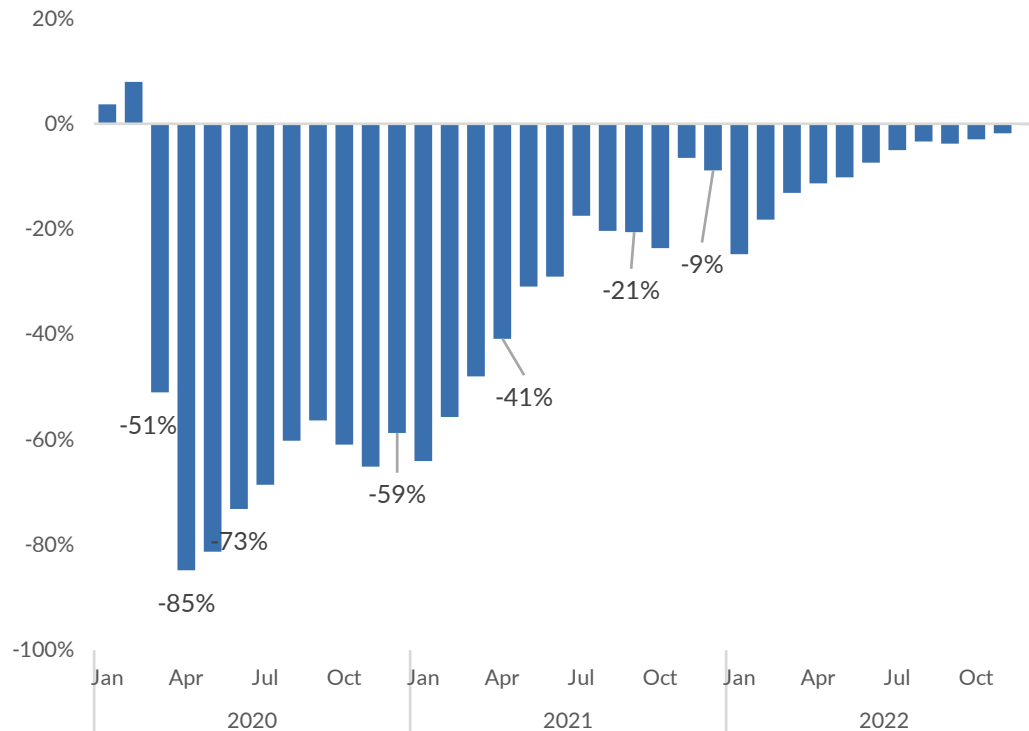
Approach

- Lodging forecast is based on analysis of:
 - Historical performance (STR data)
 - Estimated travel recovery timeline and pricing gains
 - Assumptions on new property openings
- Model is based on monthly STR hotel data:
 - Segmented demand (transient, group, contract)
 - Sub-markets (Las Colinas, DFW North, DFW South)
- Annual and quarterly results through 2024.

Room revenue is expected to be 8.5% below 2019 levels in 2022

Room revenue impact

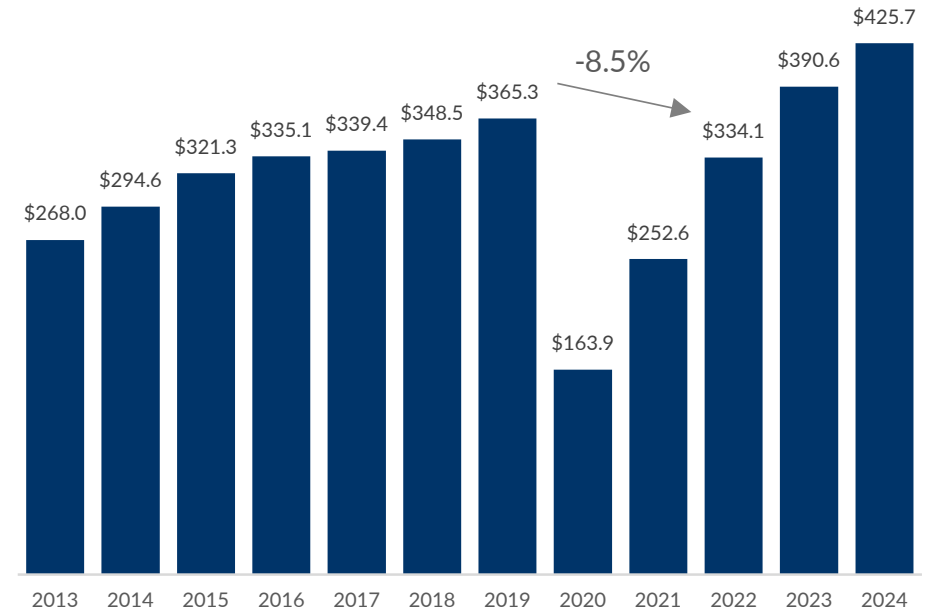
Irving, difference relative to same month in 2019



Source: STR, Tourism Economics

Room revenue

Irving, in millions



Source: STR, Tourism Economics

Forecast summary

Irving Lodging Forecast (March 2022)

	2019	2020	2021	2022	2023
Occupancy	71.2%	41.6%	58.1%	67.5%	71.5%
ADR	\$110	\$87	\$94	\$104	\$112
RevPAR	\$79	\$36	\$55	\$70	\$80

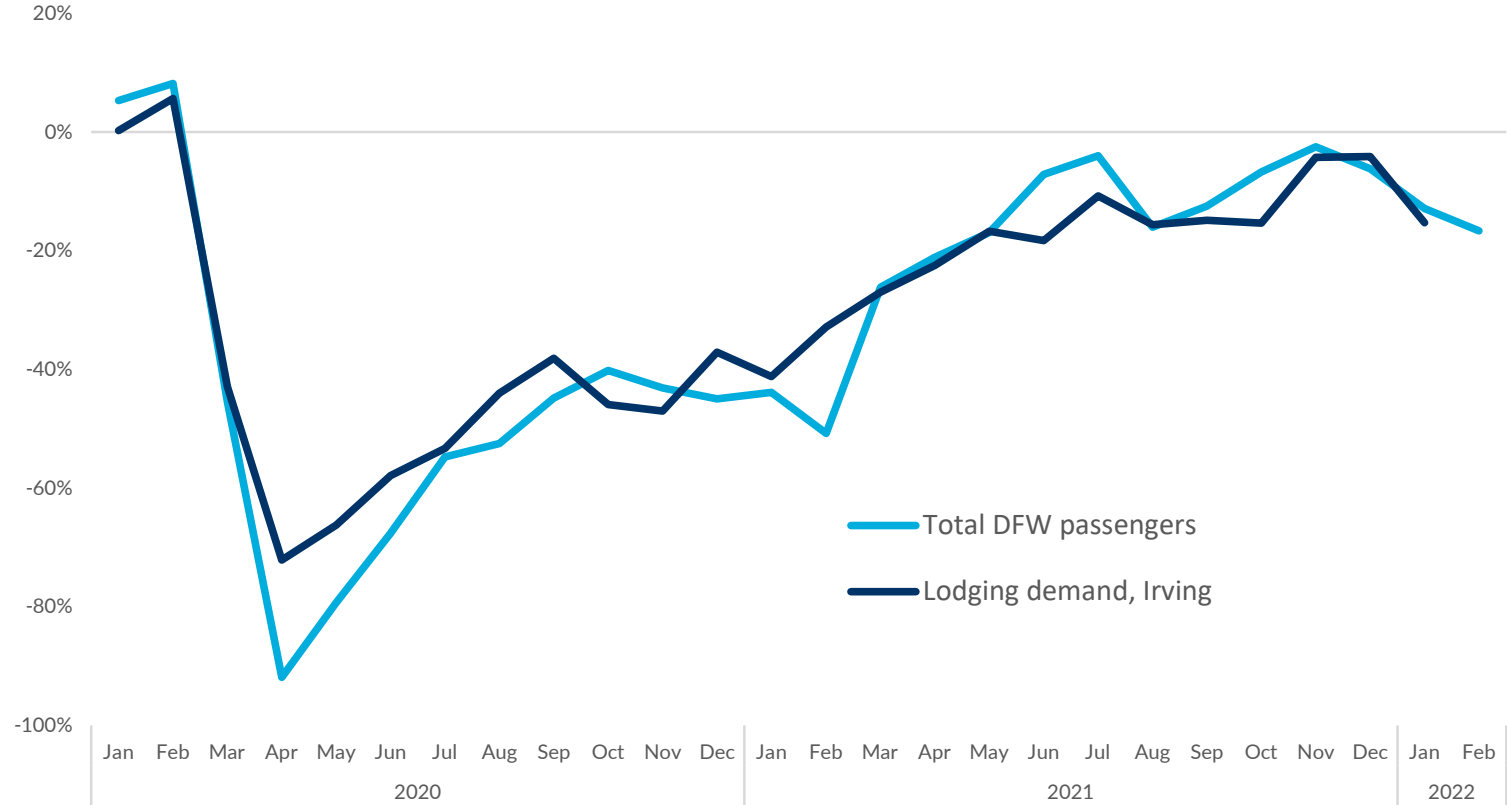
Relative to 2019

Occupancy	-41.6%	-18.3%	-5.2%	0.5%
ADR	-21.7%	-15.0%	-5.6%	1.3%
RevPAR	-54.2%	-30.5%	-10.5%	1.8%

Lodging demand in Irving has tracked closely with DFW Airport passenger volumes.

DFW airport passenger volume and lodging demand

Difference relative to same month in 2019

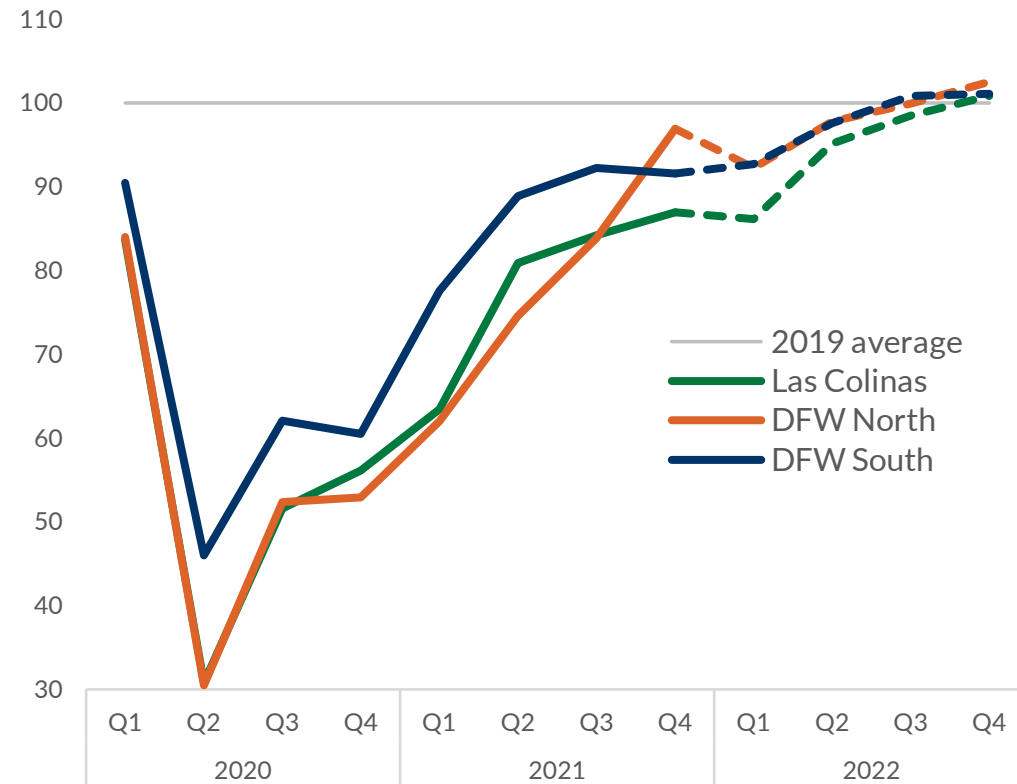


Source: STR; Dallas Fort Worth International Airport; Tourism Economics

DFW South sub-market has been less impacted during the pandemic

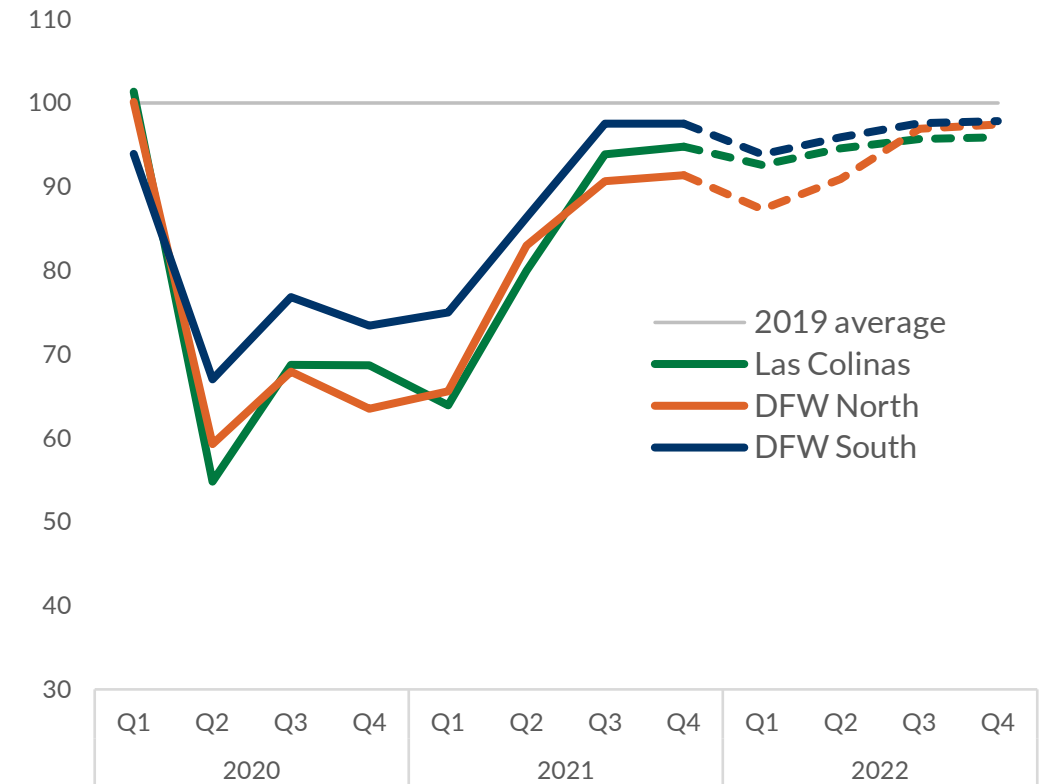
Demand

Index (2019=100)



ADR

Index (2019=100)

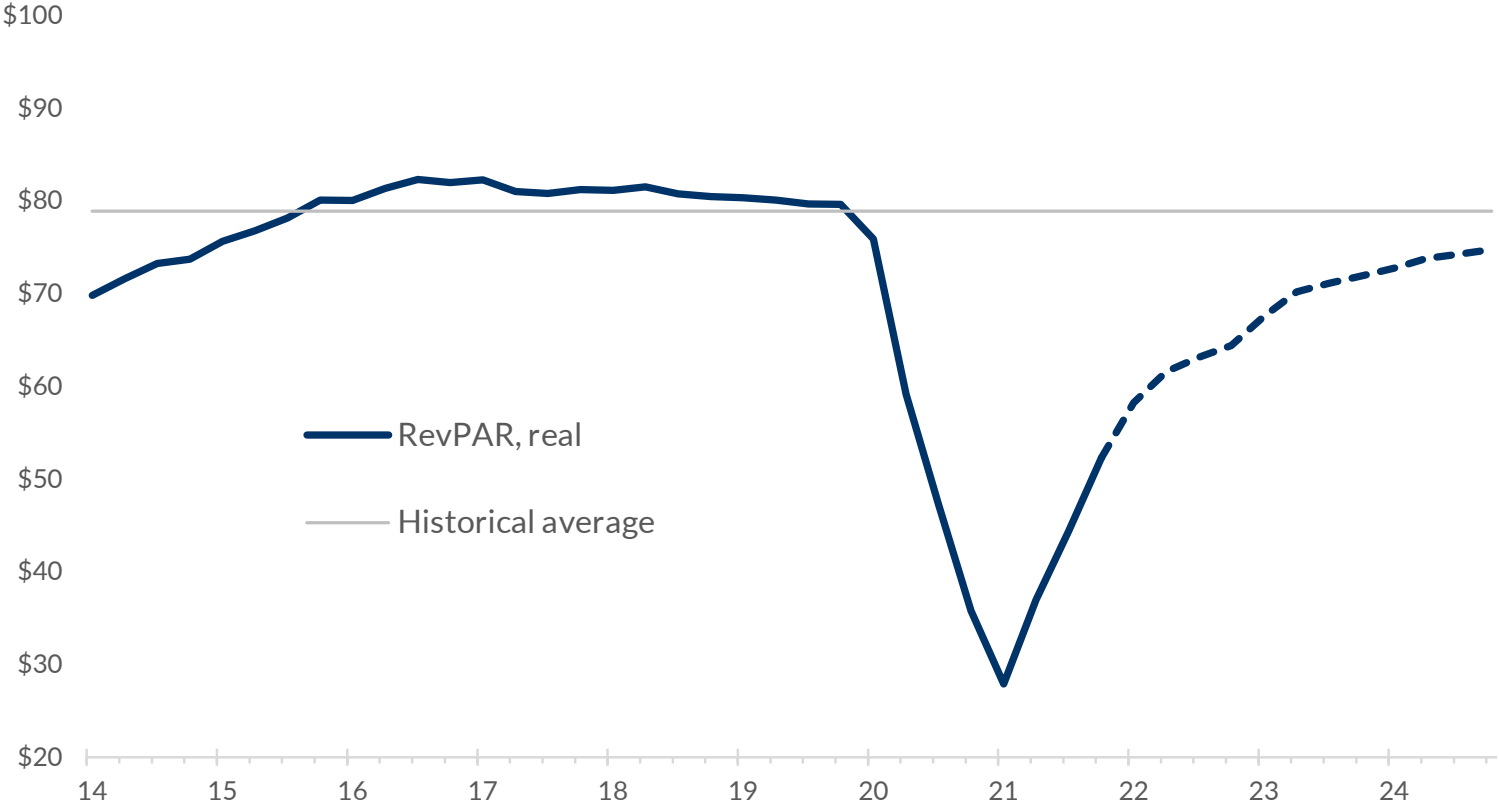


Source: STR, Tourism Economics

It may take until beyond 2024 for RevPAR to recover to its historical average

Real RevPAR: Irving

In 2020 dollars, trailing twelve-month average, dashed lines indicate forecast



Note: Historical average based on 2014 to 2019. Forecast through 2024 Q4.
Source: STR, Tourism Economics

Recap

- **Hotel performance in Irving continues to recover.**
 - STR hotel room revenue in the fiscal year ending Sep-2022 is expected to be **10.4%** below the fiscal year ending Sep-2019.
 - The current forecast anticipates STR hotel room revenue in the fiscal year ending Sep-2023 will recover to **5.7%** above the fiscal year ending Sep-2019.
- **The timing of the recovery remains uncertain.**
 - Recent national trends have shown strong gains in hotel pricing.

Forecast summary: Fiscal year

		Room revenue, Irving (STR)			Percent difference
		Current forecast	Prior forecast	Difference	
Month	Oct-21	\$27,804,267	\$27,711,080	\$93,187	0.3%
	Nov-21	26,029,657	22,111,042	3,918,614	17.7%
	Dec-21	21,561,682	20,329,734	1,231,948	6.1%
	Jan-22	21,500,851	24,160,067	-2,659,216	-11.0%
	Feb-22	22,774,585	24,331,919	-1,557,334	-6.4%
	Mar-22	29,237,715	30,211,221	-973,506	-3.2%
	Apr-22	28,414,528	29,174,460	-759,932	-2.6%
	May-22	29,105,969	29,830,016	-724,047	-2.4%
	Jun-22	30,887,783	30,667,321	220,462	0.7%
	Jul-22	29,093,920	28,870,347	223,573	0.8%
	Aug-22	27,994,231	27,819,895	174,336	0.6%
	Sep-22	28,833,202	28,652,998	180,204	0.6%
	Total	\$323,238,389	\$323,870,100	-\$631,712	-0.2%
Difference from year ending Sep-2019		-10.4%	-10.2%		
Month	Oct-22	\$35,318,131	\$35,094,876	\$223,254	0.6%
	Nov-22	27,317,611	27,134,619	182,991	0.7%
	Dec-22	23,604,467	23,610,436	-5,969	0.0%
	Jan-23	29,410,436	29,234,092	176,344	0.6%
	Feb-23	29,104,918	29,475,081	-370,163	-1.3%
	Mar-23	35,185,294	36,550,821	-1,365,527	-3.7%
	Apr-23	34,346,585	34,667,083	-320,498	-0.9%
	May-23	35,221,074	35,580,413	-359,339	-1.0%
	Jun-23	36,831,290	36,794,305	36,984	0.1%
	Jul-23	32,130,666	31,885,162	245,504	0.8%
	Aug-23	30,856,032	30,642,594	213,438	0.7%
	Sep-23	32,044,219	31,833,099	211,120	0.7%
	Total	\$381,370,722	\$382,502,582	-\$1,131,860	-0.3%
Difference from year ending Sep-2019		5.7%	6.0%		

Source: STR, Tourism Economics



THANK YOU!