U.S. and Kansas Hotel Trends

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Benchmarking your world

Agenda

- **Total U.S. Review**
- **Class Review**
- **Kansas Overview**
- **Kansas Submarkets**
- **Pipeline**
- **Forecast**
- **Q&A**

The world's largest hotel performance sample

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over **30** years of expertise

66,000
hotel customers
globally (properties)

8.9 million
rooms on the platform

Data from
180 countries

The Center of the
Hotel Industry Benchmarking Universe:
Hendersonville, TN

Hendersonville plus 19 other locations

STR Building Blocks

	RevPAR	
Occupancy	ADR	
Supply (rooms available)	Demand (rooms sold)	Revenue (rooms revenue)
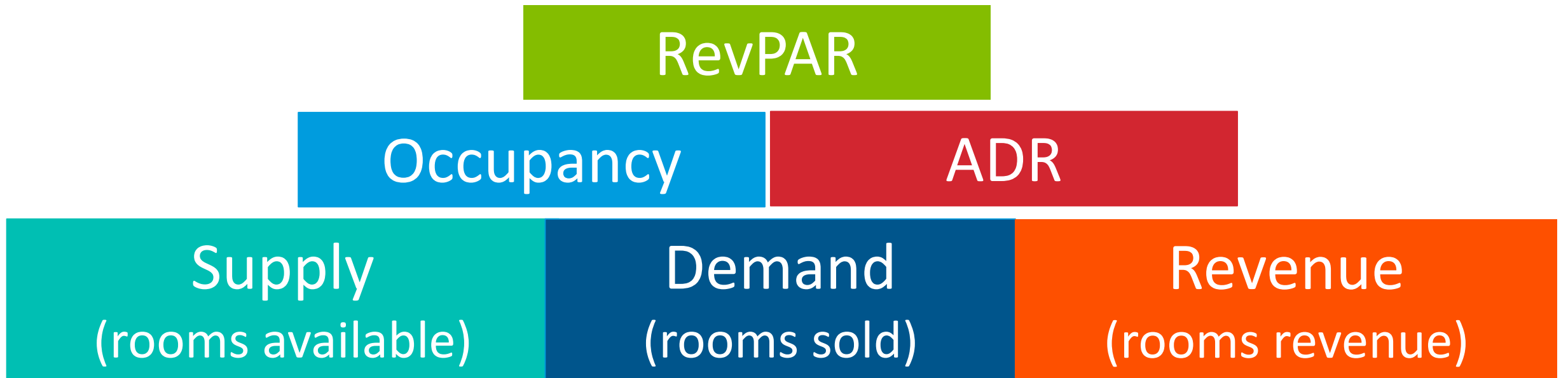
Total U.S. Review

August 2019: Growth is Growth (Even When It's Small)

		% Change
Room Supply		2.0%
Room Demand		2.0%
Occupancy	71.4%	-0.0%
ADR	$132	0.9%
RevPAR	$95	0.9%
Room Revenue		2.9%

Total US Results, August 2019

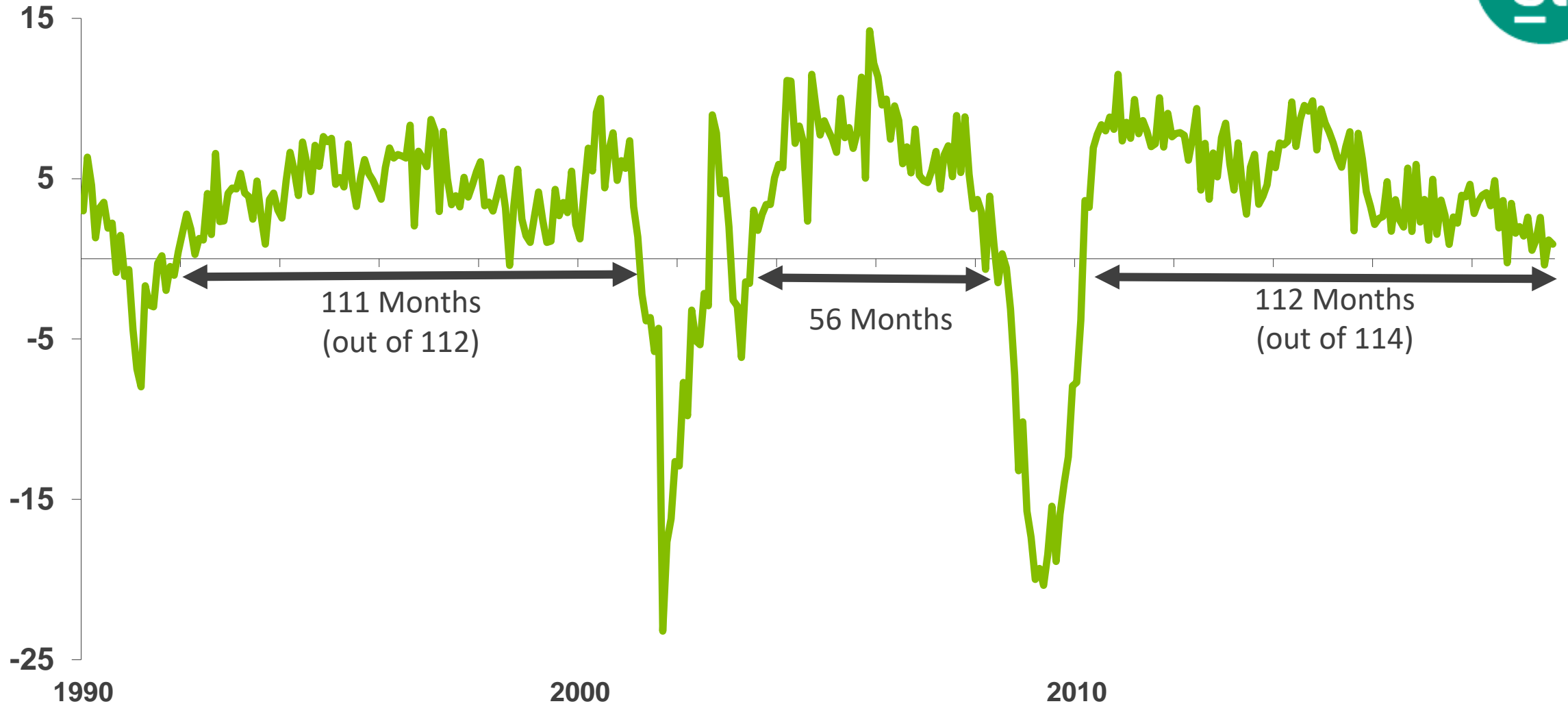**August RevPAR Change Was Not Negative. Analysts Everywhere…**

August RevPAR % Change:
+0.9%

RevPAR Growth: Longest RevPAR Upcycle (with two small interruptions)

111 Months (out of 112)

56 Months

112 Months (out of 114)

Total U.S., RevPAR % Change, 1/1990 – 08/2019

11

Number of Months with Positive ADR % Change of Less Than 1%

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2011 – 2018	YTD 2019
0	5

Supply & Demand Growth In Equilibrium Will Drive 2019 /2020 Results

7.8

-0.7

-4.7

-7.1

2.0

— Supply % Change

— Demand % Change

1990

2000

2010
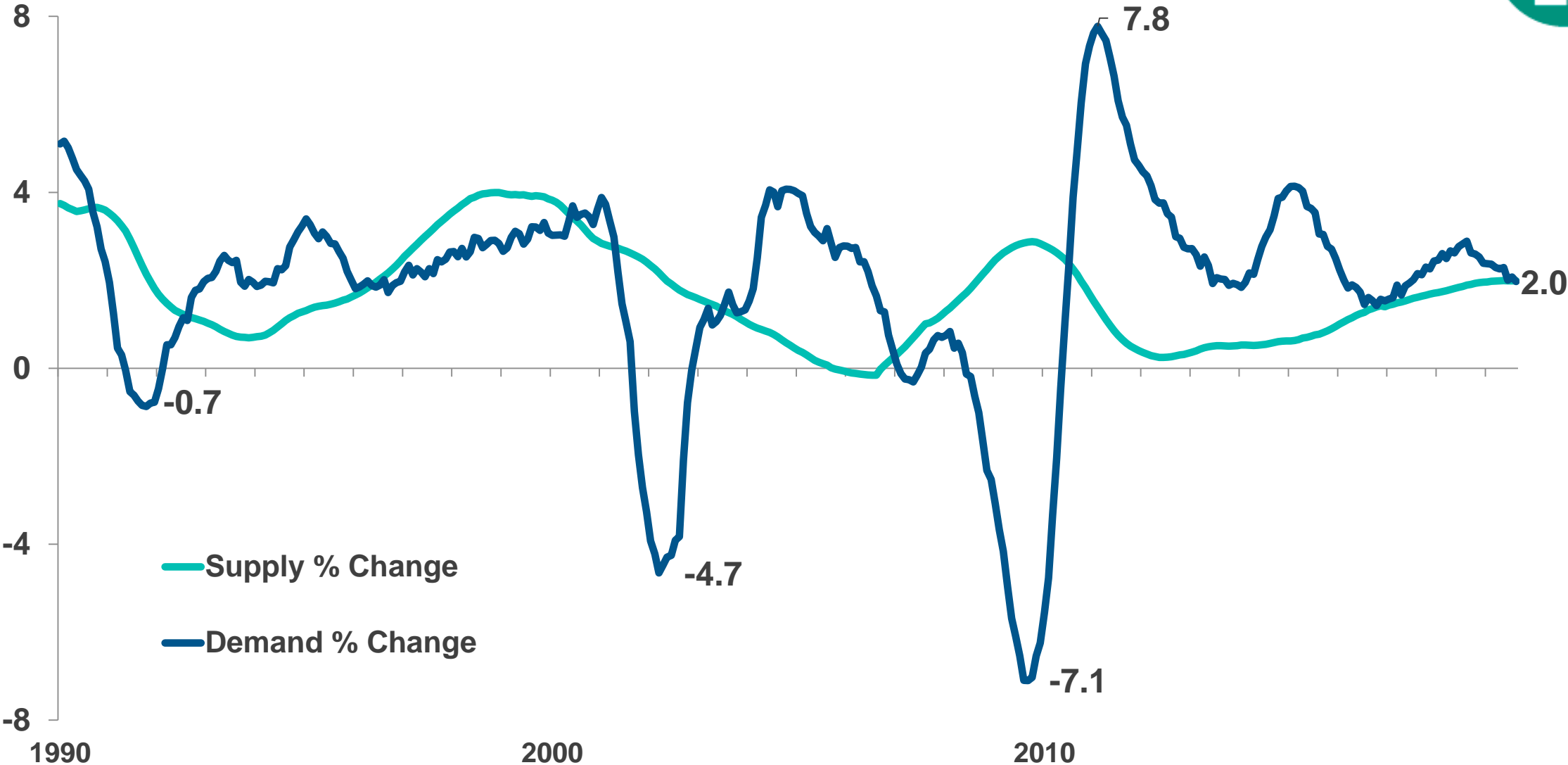
Total U.S., Supply & Demand % Change, 12 MMA 1/1990 – 08/2019

13

28 Day Rolling RevPAR % Change Since June: The Trend is Clear
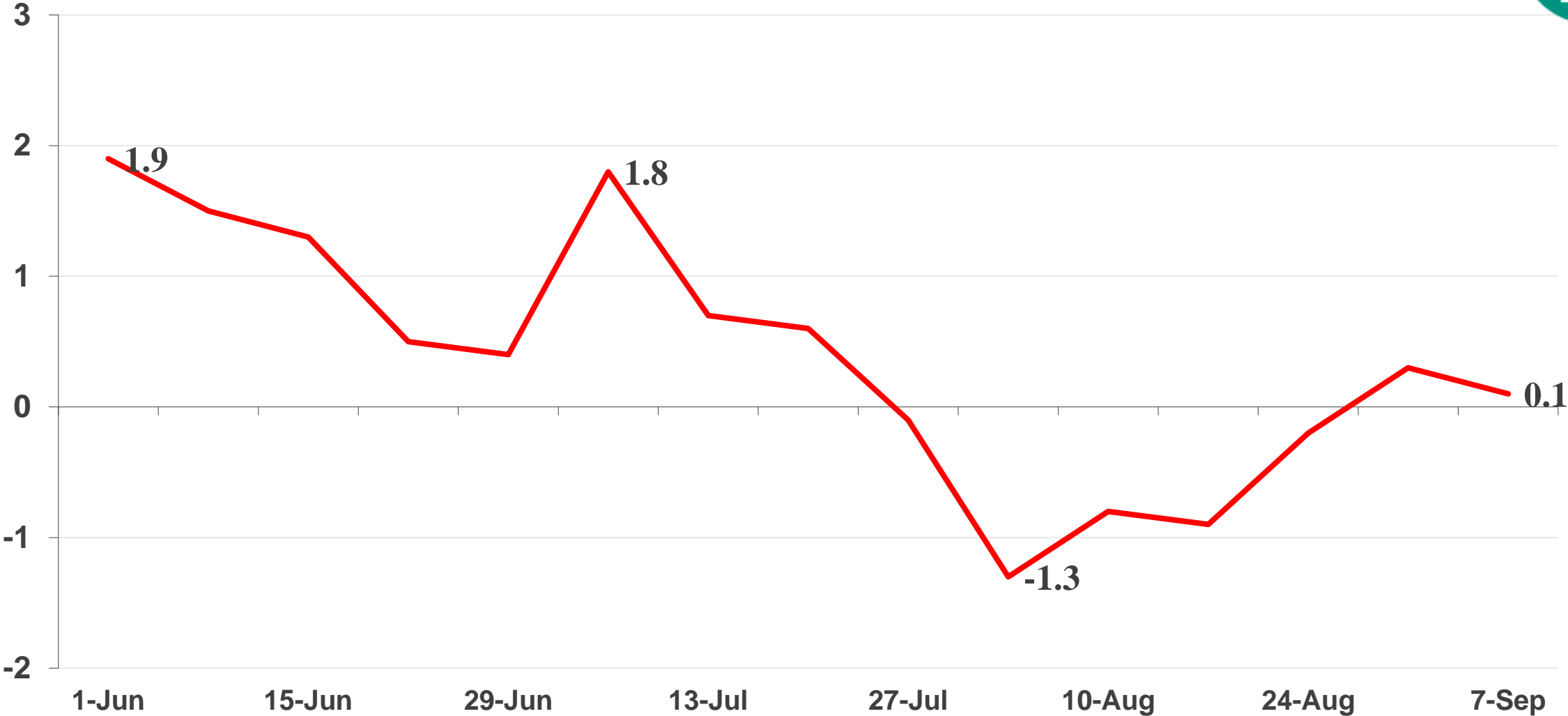
*Total U.S., RevPAR % Change by Week, Starting June

Wednesday / Saturday RevPAR Growth (12 wk avg): Slowing Down
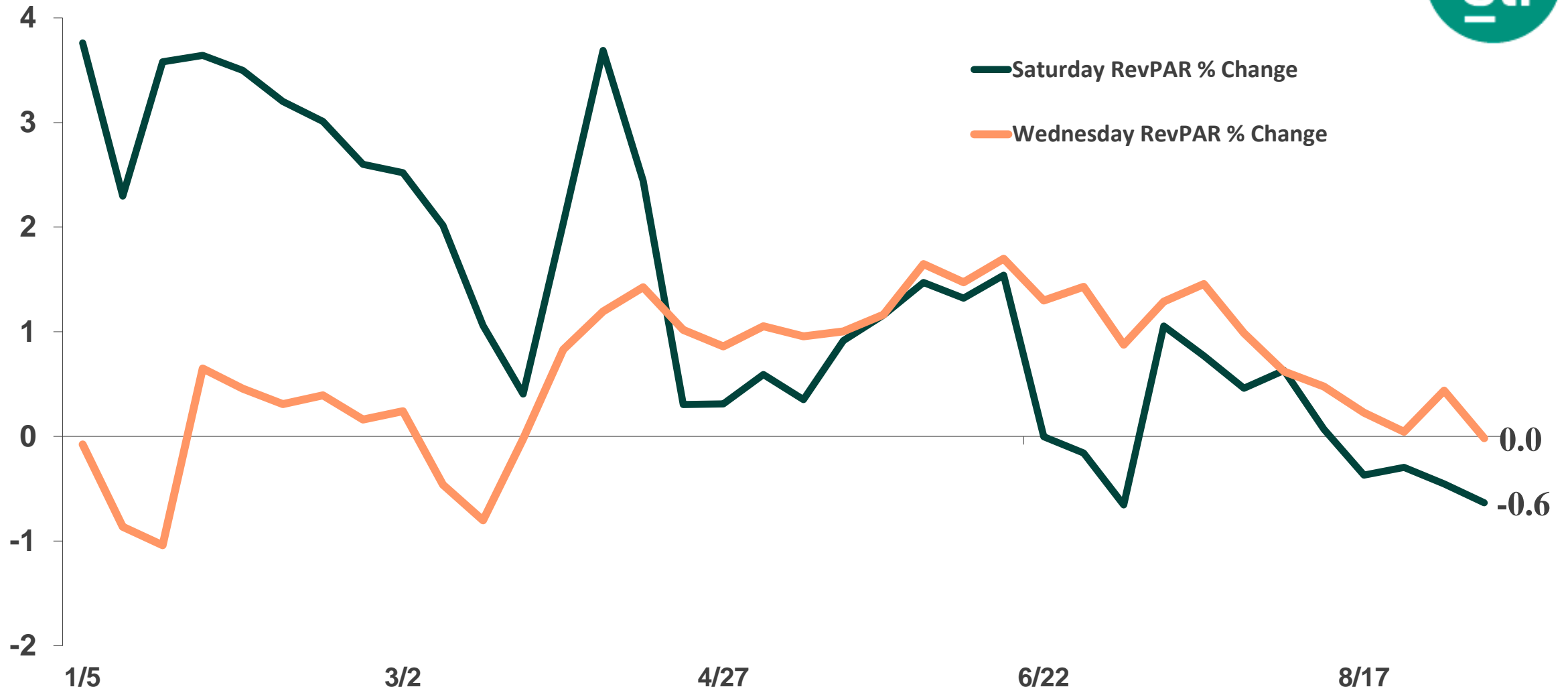

Saturday RevPAR % Change

Wednesday RevPAR % Change

0.0

-0.6

Total U.S., RevPAR % Change, 12 Week Average, Wednesdays and Saturdays, date shows week ending, 2019

15

August YTD Top 25 Market Performance: Despite High Occupancies a Very Mixed Bag

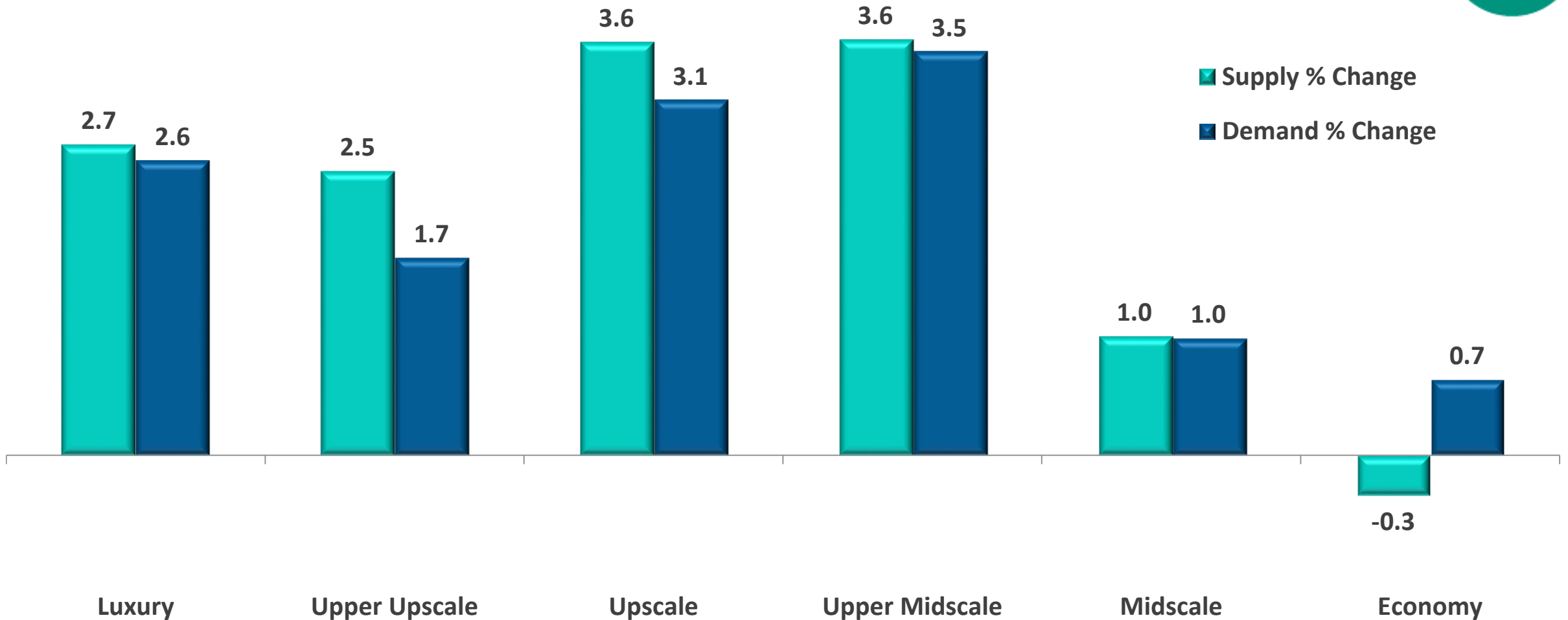| Market	OCC %	RevPAR % Change	Influenced By
Atlanta, GA	71.3	5.6	Super Bowl LIII = ADR +5.9%
Phoenix, AZ	72.1	4.9	0.6% Supply Growth
San Francisco/San Mateo, CA	82.5	4.4	Moscone Reopens = ADR +5.3%
Denver, CO	76.0	3.9	8.3% Demand Growth
Nashville, TN	74.5	3.6	Bachelorettes + NFL Draft = +9% Demand Growth
Miami/Hialeah, FL	78.2	-2.5	Supply Growth +4%
Minneapolis/St Paul, MN-WI	68.7	-3.1	Superbowl LII
New York, NY	84.9	-3.6	Surprisingly Weak, ADR -2%
Houston, TX	64.2	-5.0	Hurricane Comp & Supply Growth +4%
Seattle, WA	75.5	-5.4	Supply Growth +6.6%

*RevPAR % Change and absolute OCC in Top 25: 5 Best / 5 Worst Performing RevPAR % Markets, YTD August 2019

16

Class Review

Luxury — **Four Seasons & Ritz-Carlton**

Upper Upscale — **Marriott & Hilton**

Upscale — **DoubleTree, Courtyard & Wyndham**

Upper Midscale — **Hampton, Fairfield & Holiday Inn Express**

Midscale — **Best Western, Candlewood Suites & Ramada**

Economy — **Days Inn, Red Roof Inn, Super 8, Econo Lodge**

Full Chain Class Listing: http://str.com/resources/documents

Class: Supply Growth Will Impact Results Going Forward

Legend:
- **Supply % Change**
- **Demand % Change**

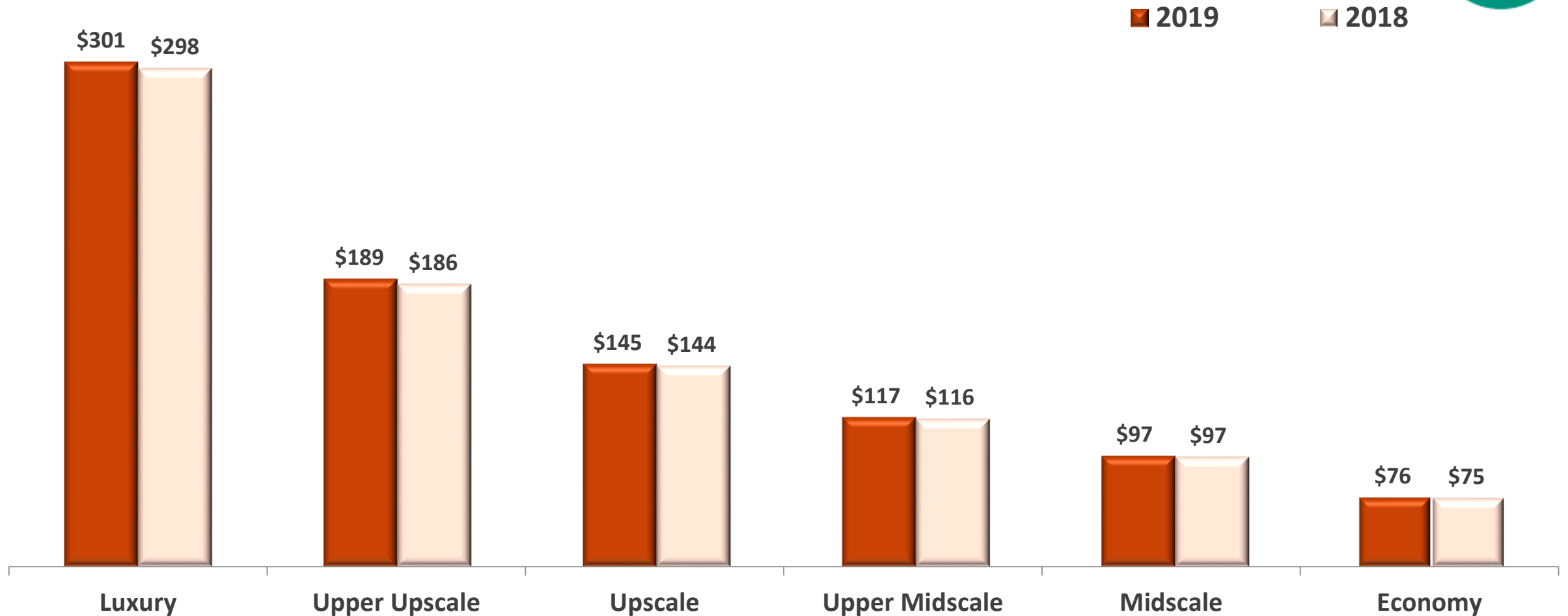|	Luxury	Upper Upscale	Upscale	Upper Midscale	Midscale	Economy
Supply % Change	2.7	2.5	3.6	3.6	1.0	-0.3
Demand % Change	2.6	1.7	3.1	3.5	1.0	0.7

*Supply / Demand % Change, by Class, YTD August 2019

18

Monthly Occupancy Change for UU/U: Prolonged Supply Growth = Occupancy Softens / Declines
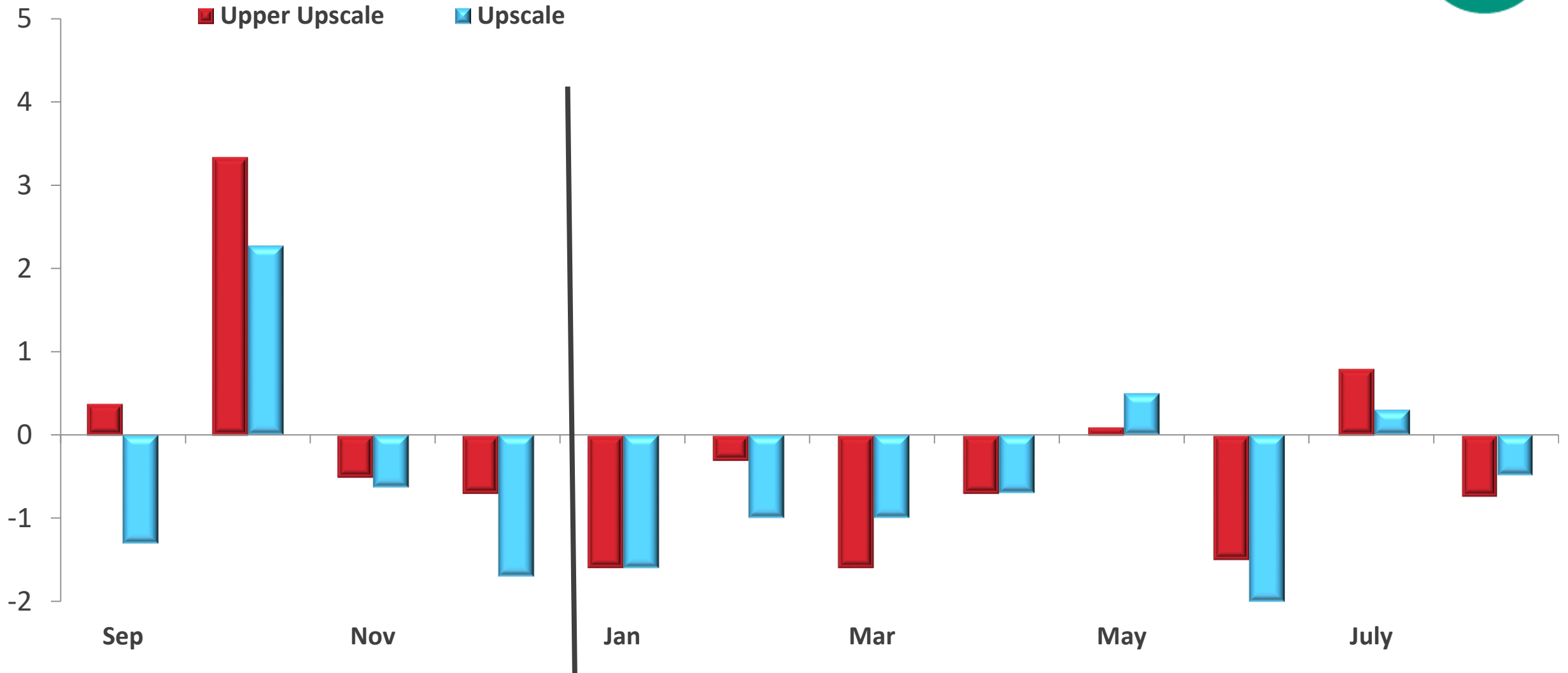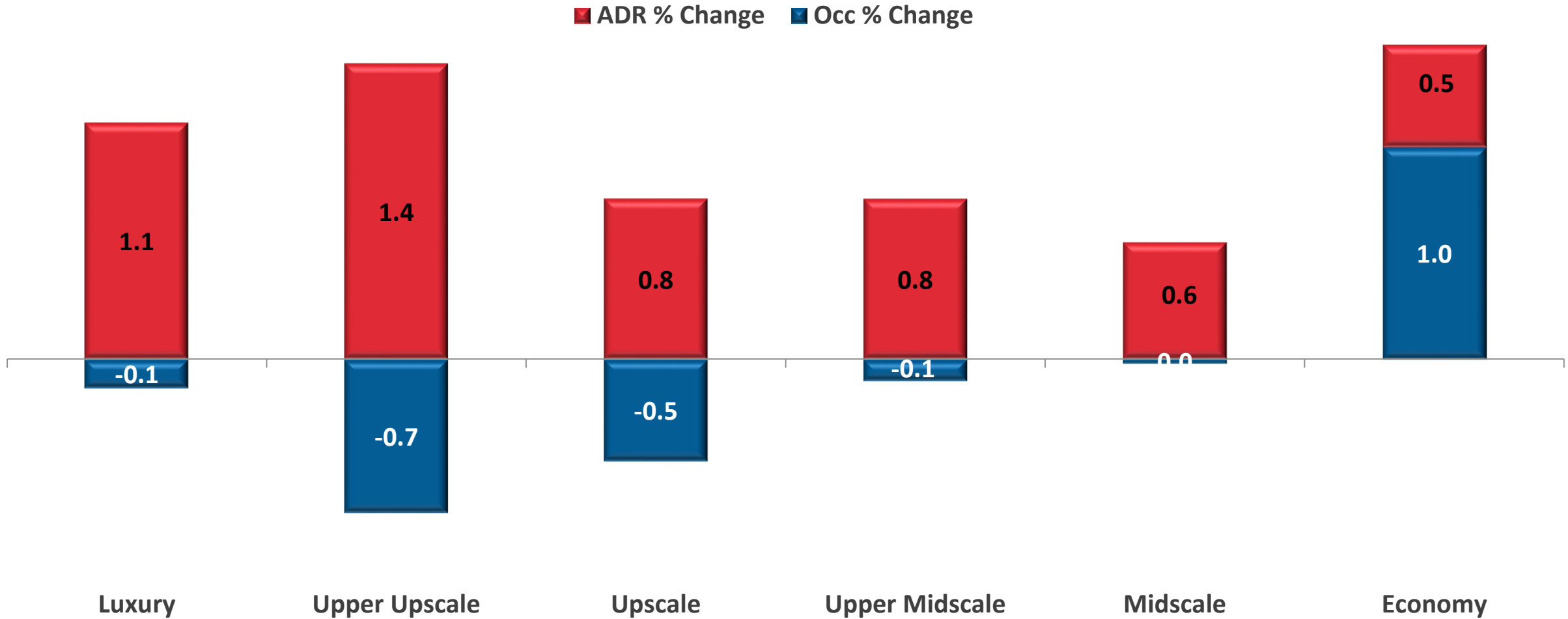

*Occ % Change; Upper Upscale, Upscale; by month, 2018/2019

19

Class ADR: Year-Over-Year ADR Increases in Four Classes Less Than $1

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■ **2019**   ■ **2018**

- Luxury: $301 (2019), $298 (2018)
- Upper Upscale: $189 (2019), $186 (2018)
- Upscale: $145 (2019), $144 (2018)
- Upper Midscale: $117 (2019), $116 (2018)
- Midscale: $97 (2019), $97 (2018)
- Economy: $76 (2019), $75 (2018)

*OCC %, by Class, YTD August 2019 & 2018

Class RevPAR Results: 5 Classes lose OCC, but All Gain ADR

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■ ADR % Change   ■ Occ % Change

Luxury	Upper Upscale	Upscale	Upper Midscale	Midscale	Economy
1.1	1.4	0.8	0.8	0.6	0.5
-0.1	-0.7	-0.5	-0.1	0.0	1.0

*RevPAR % Change by Contribution of OCC / ADR % Change, by Class, YTD August 2019

Compression nights are becoming more rare in all six hotel classes

Number of Compression Nights by Hotel Class, 2010-2018

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Luxury Class	Upper Upscale Class	Upscale Class	Upper Midscale Class	Midscale Class	Economy Class

OCC>90%

OCC>95%
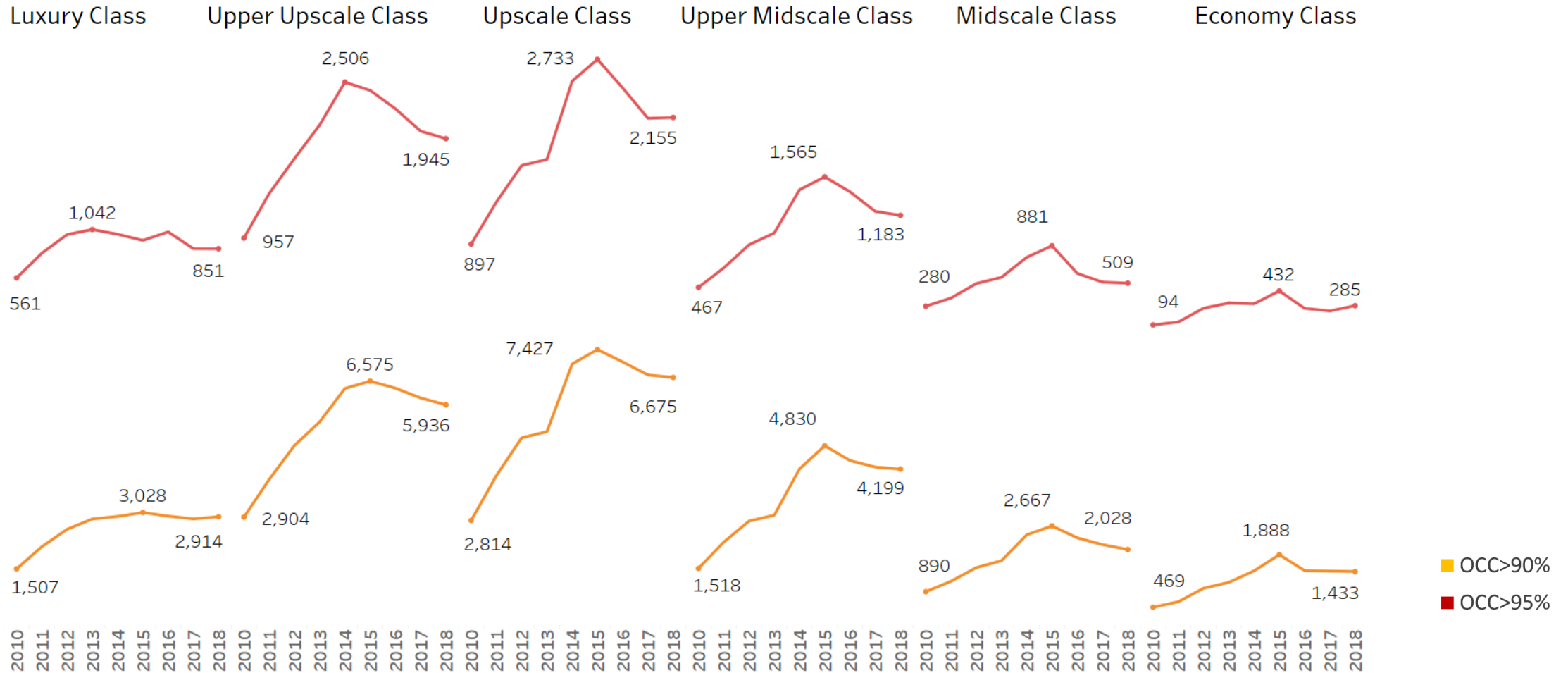
Note. Full year values for 2010–2018 for 165 U.S. markets combined; 3 data labels represent minimum, maximum, and most recent value.
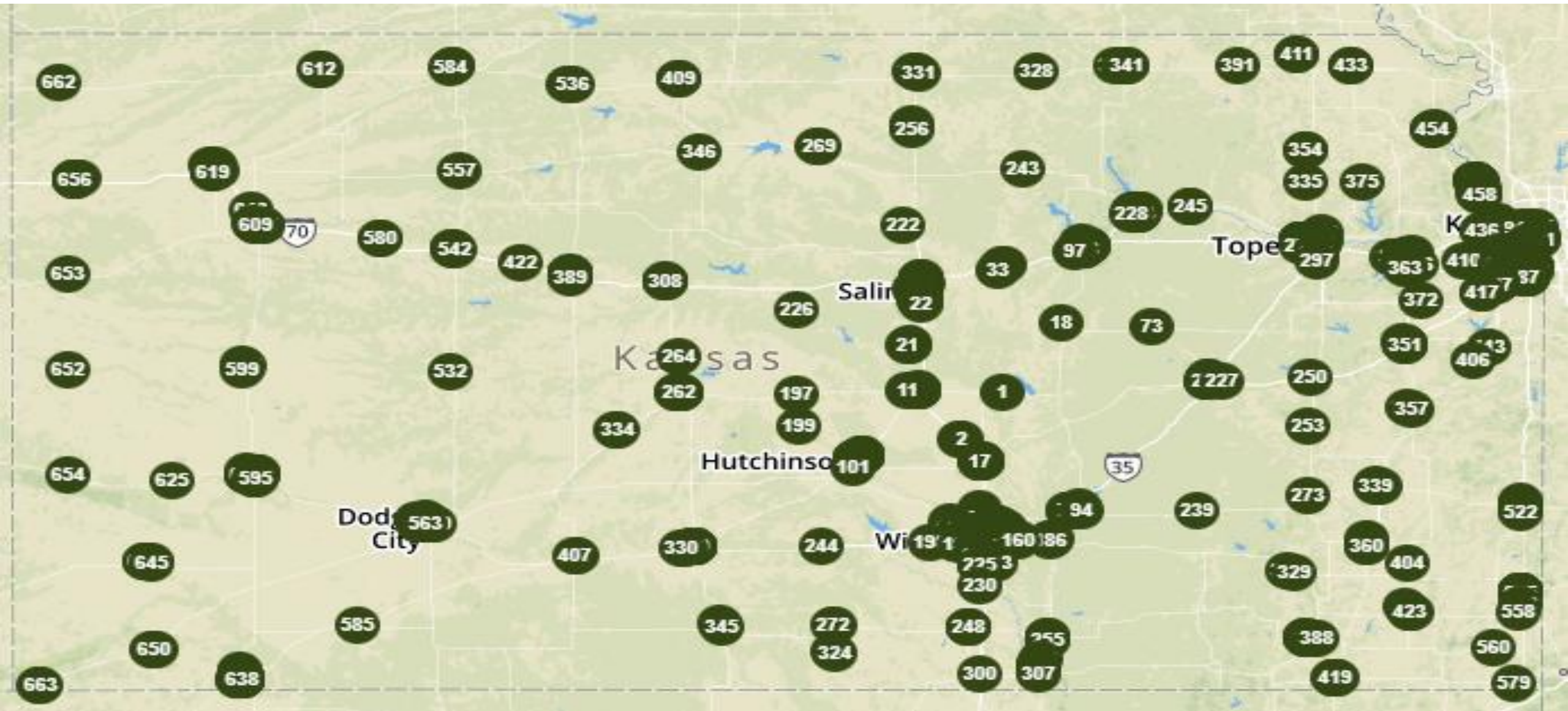Source: STR

Kansas August 2019 Performance

	Actual	% Change	
Room Supply		2.3%	▲
Room Demand		2.2%	▲
Occupancy	$59.7%	0.3%	▲
ADR	$87.16	1.2%	▲
RevPAR	$52.02	1.5%	▲

Hotels: 663
Rooms: 47,295

STR Hotel Participation:
71%

Kansas August 2019 YTD Performance

	Actual	% Change	
Room Supply		1.8%	▲
Room Demand		3.5%	▲
Occupancy	55.4%	1.6%	▲
ADR	$82.88	1.1%	▲
RevPAR	$45.89	2.8%	▲

Demand Growth Trajectory on the Rebound.

7.3

3.7

2.2

-8.7

-10.0

5

1

-3

-7

-11

2002

2012

— Supply % Change   — Demand % Change

Total Kansas., Supply & Demand % Change, 12 MMA 1/2002 – 08/2019
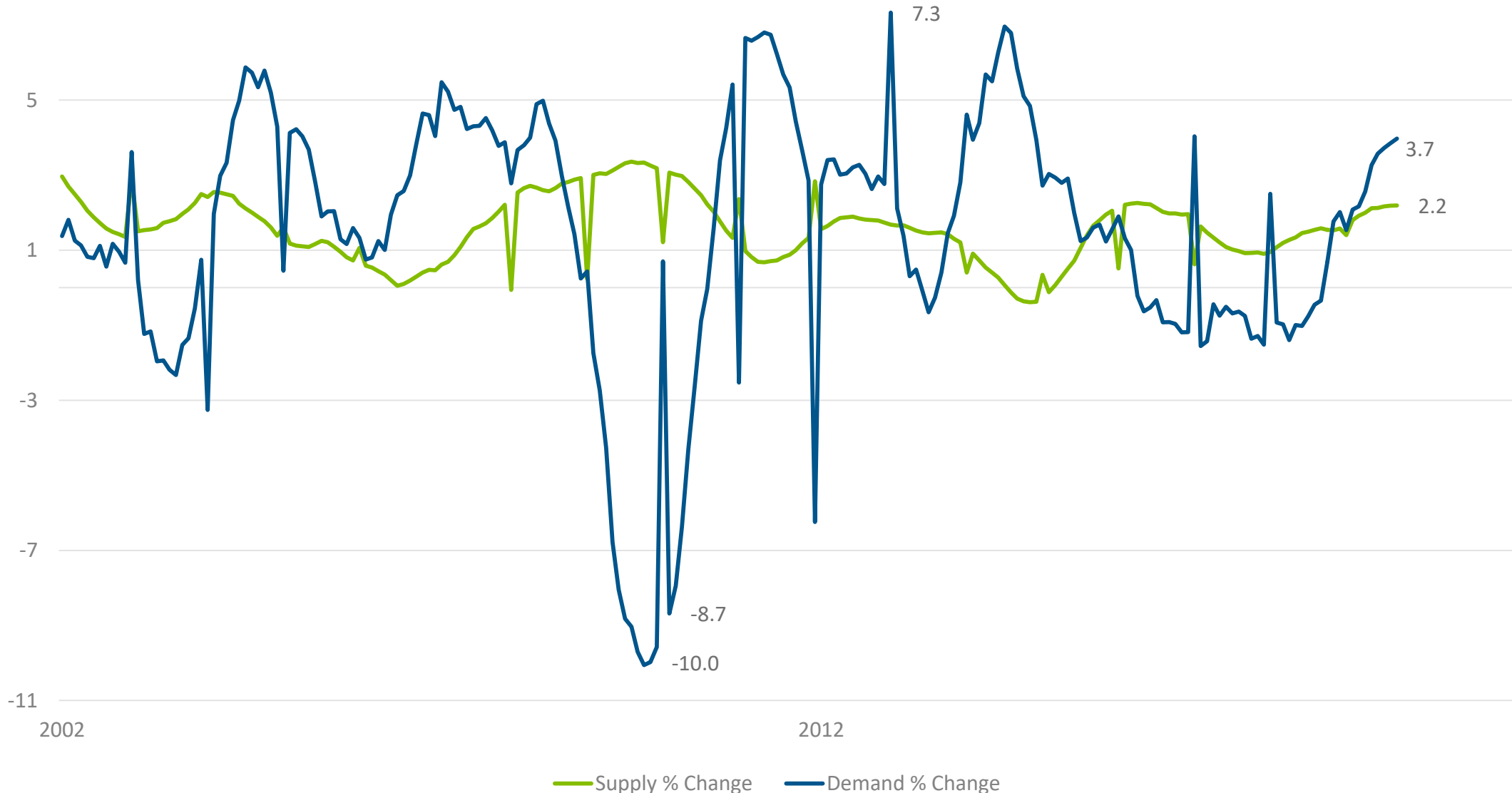
ADR Growth Slow but Steady; Occ Growth Bouncing Back After Declines in 2016/2017

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Occupancy % Change ——— **ADR % Change**

28
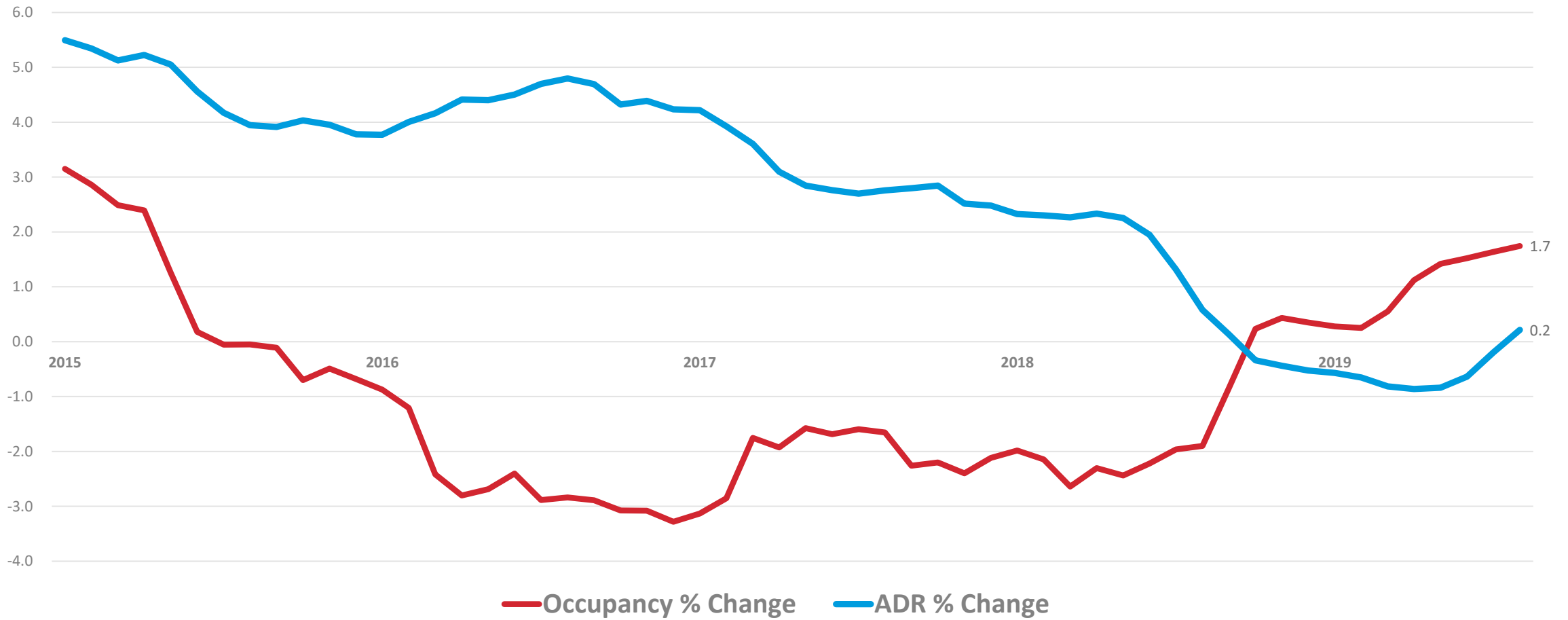
Kansas: Occupancy Growth Drives RevPAR Growth

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Occ	ADR	RevPAR	Raw Data % chg
56.3%	$87.73	$49.41	Supply 2.2%
1.6%	0.2%	2.0%	Demand 4.0%
			Revenue 4.2%

Total KS Results, August 2019 12MMA

29
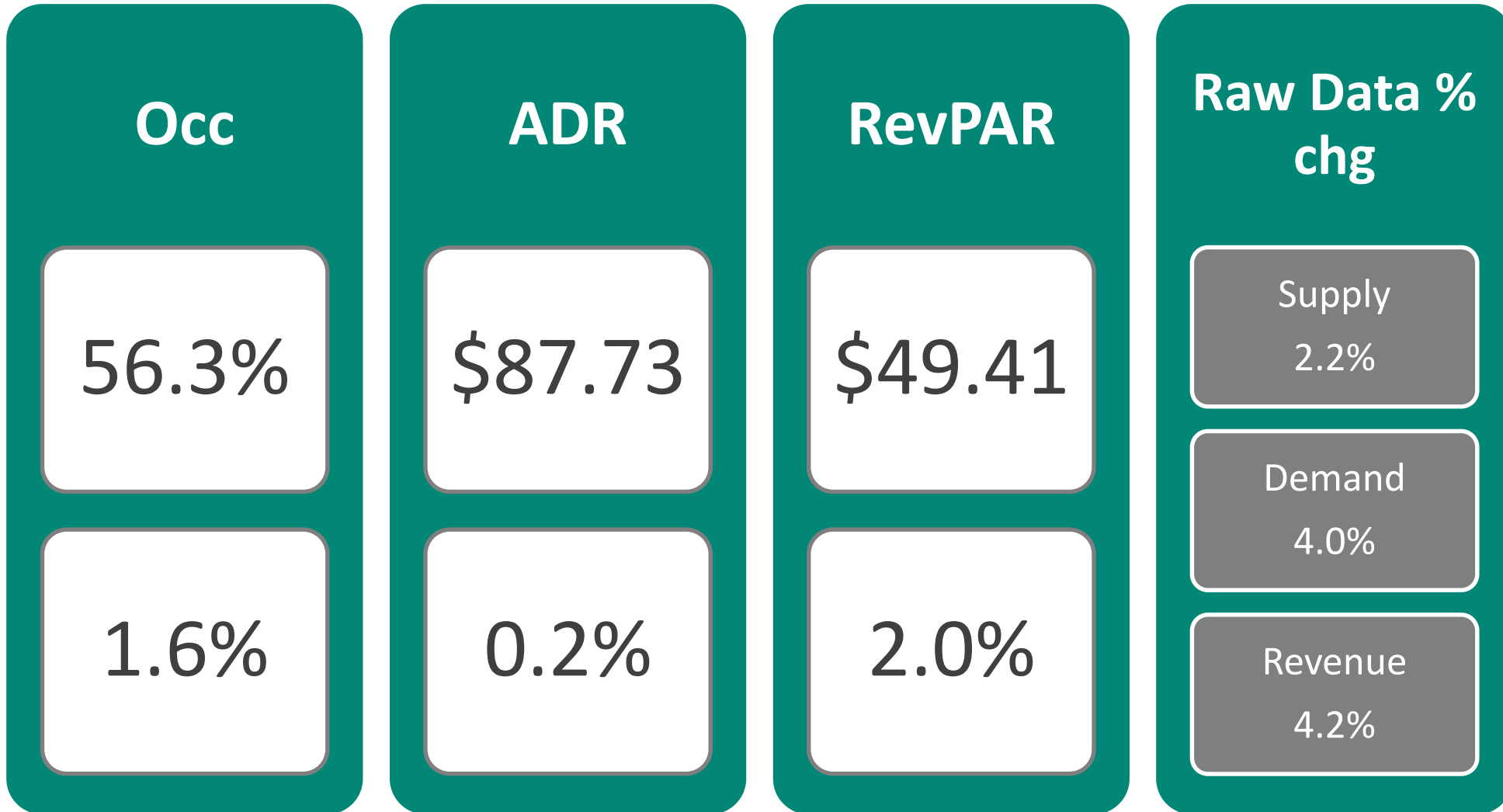
Kansas RevPAR Growth: Monthly vs. 12MMA
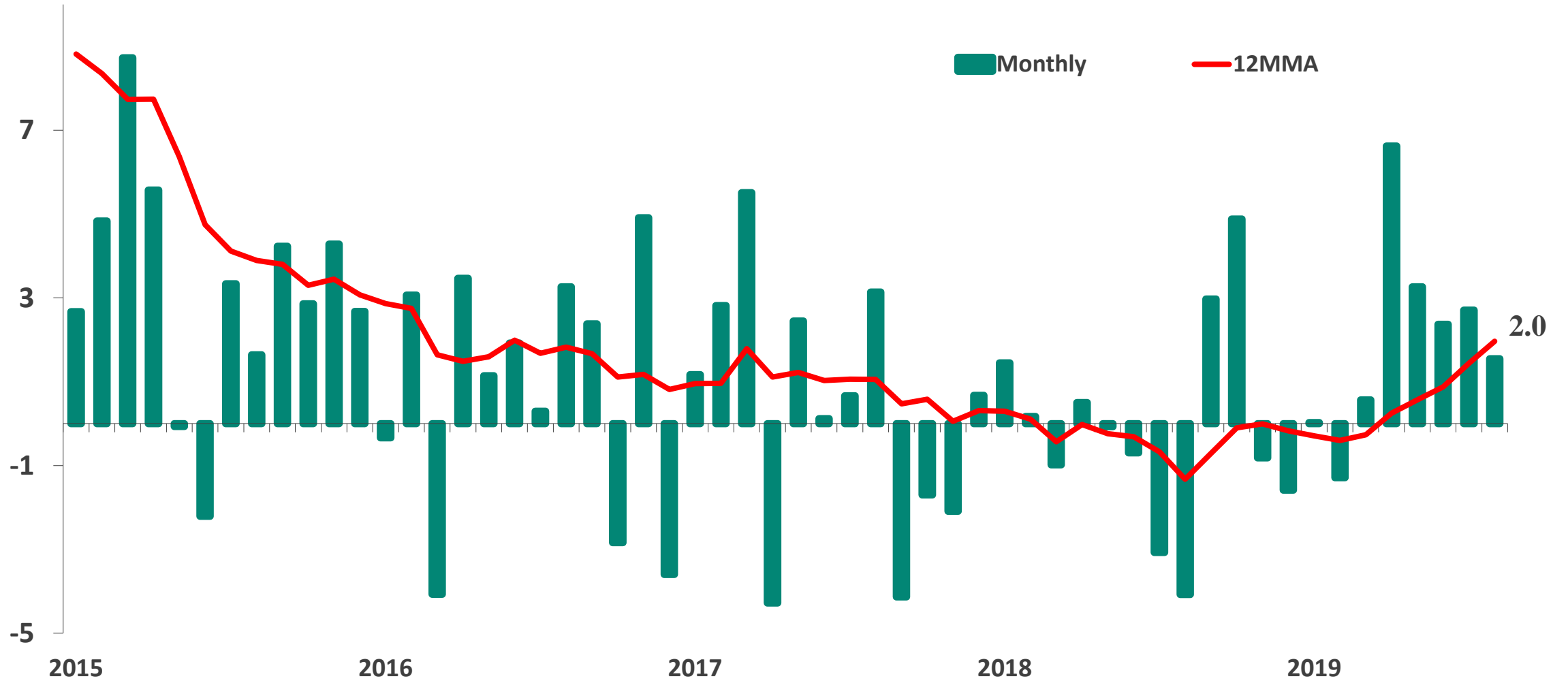
Monthly   12MMA

2.0
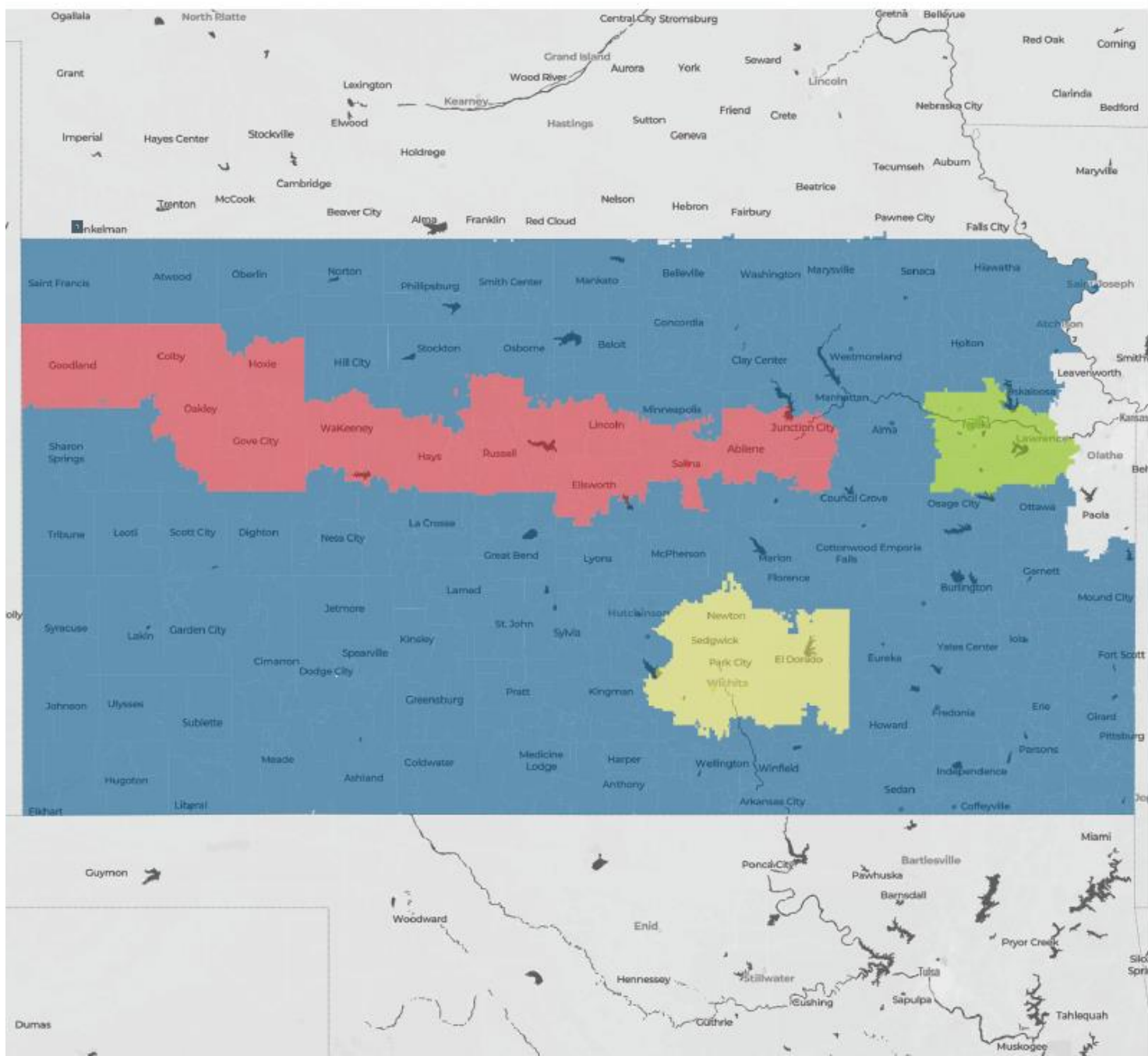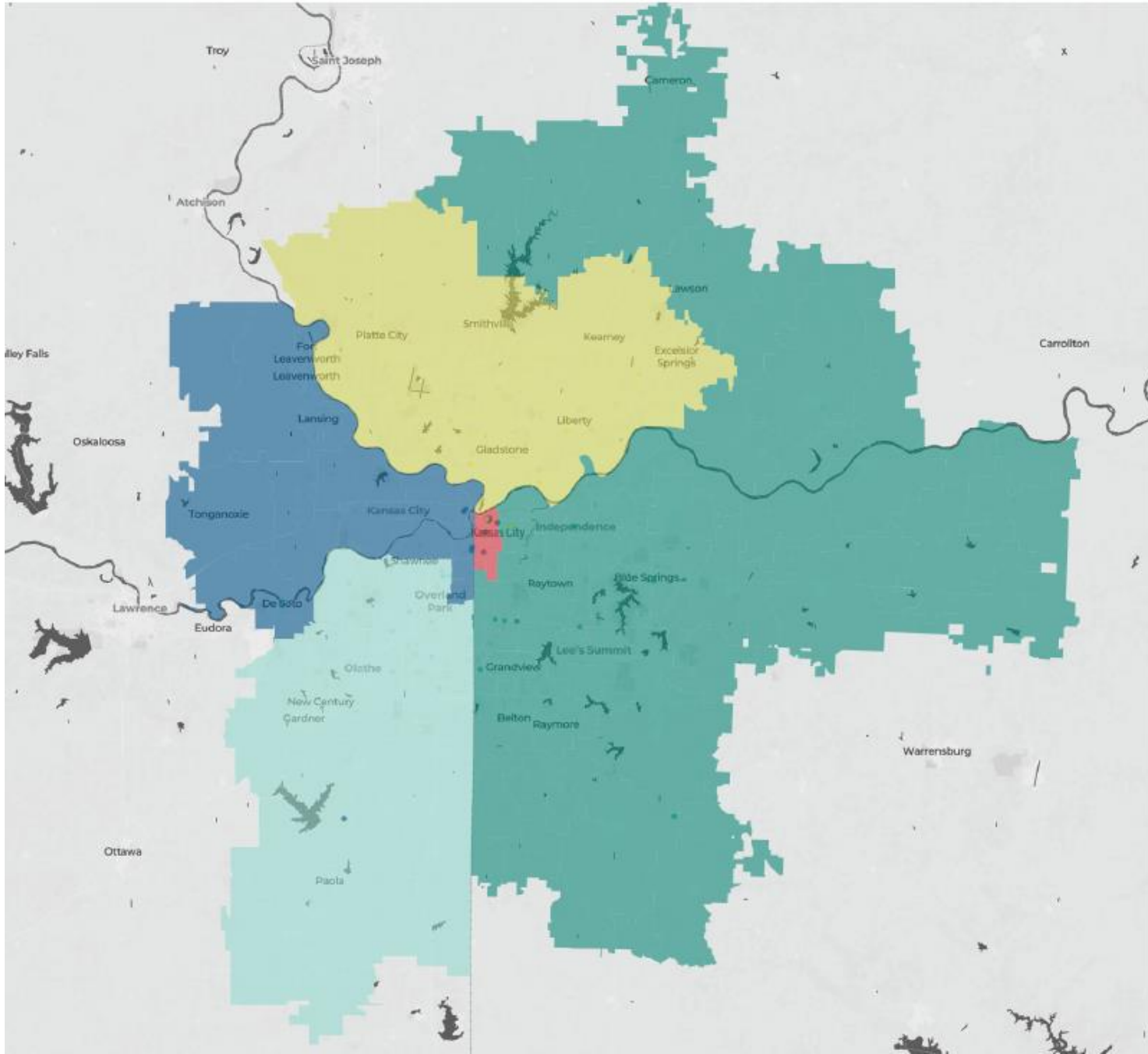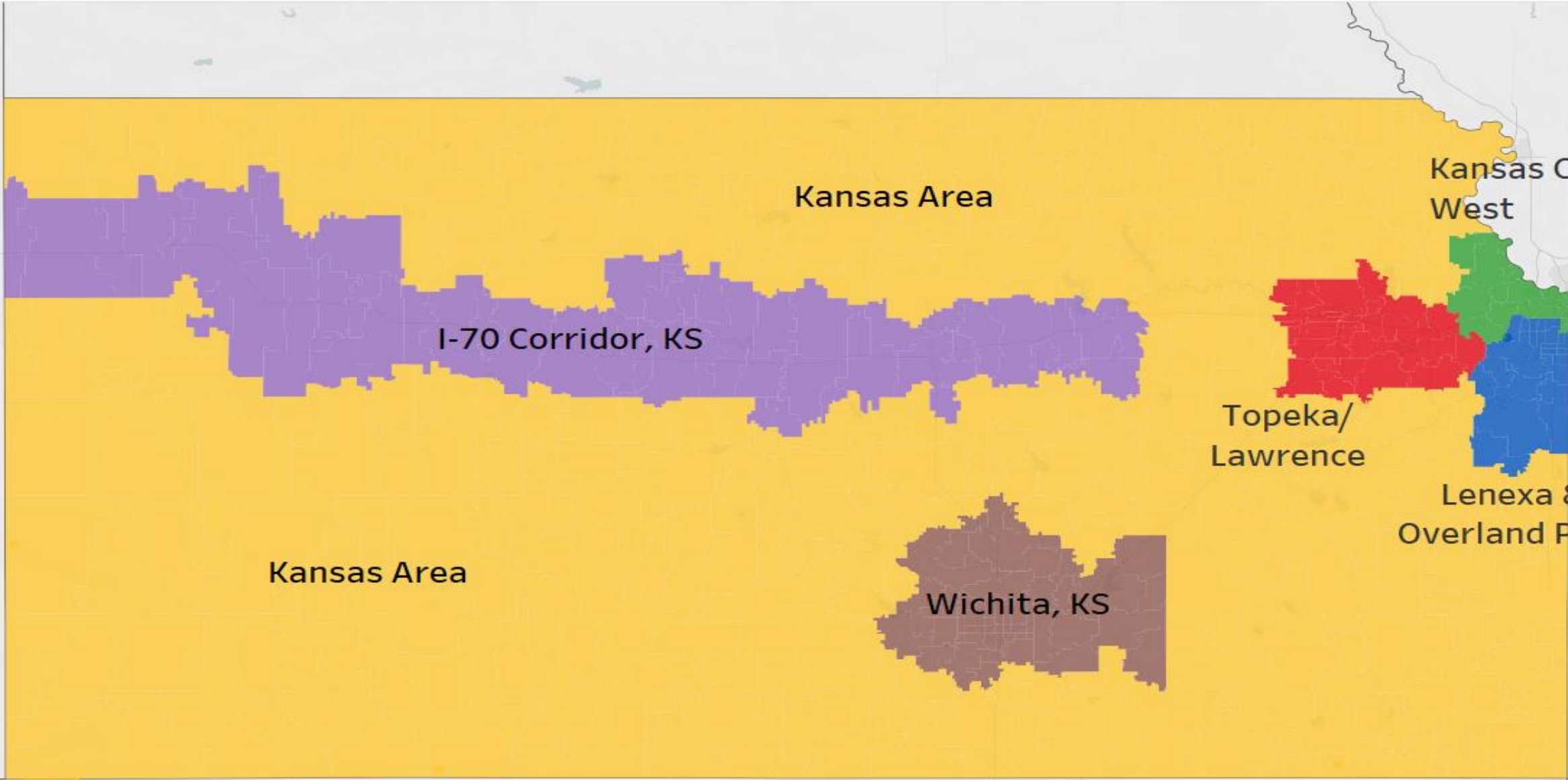
Kansas Submarkets

Supply/Demand % Change by Sub-Market

■ Supply % Change
■ Demand % Change

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Sub-Market	Supply % Change	Demand % Change
Kansas Area	0.7	1.2
Topeka/Lawrence	7.6	1.6
I-70 Corridor	0.7	10.1
Kansas City West	9.2	5.4
Lenexa & Overland Park	2.8	1.5
Wichita	1.0	6.9
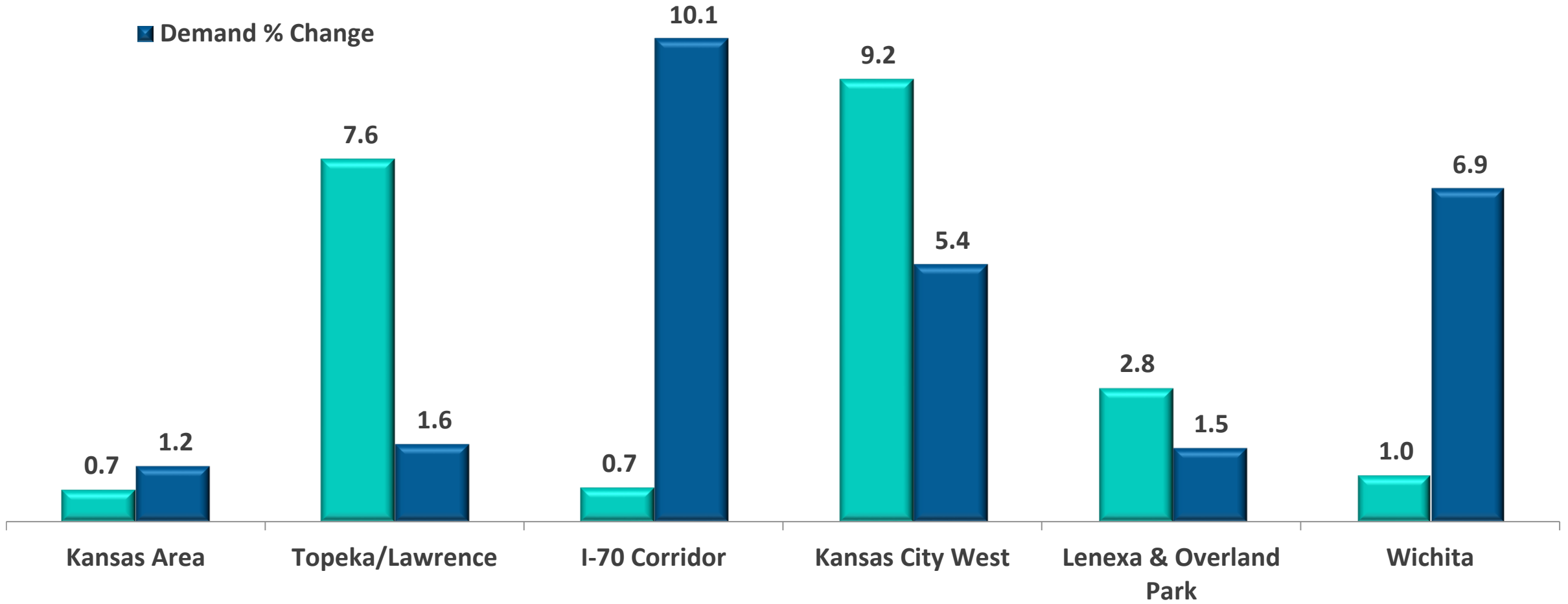
*Supply / Demand % Change, by Sub-Market, August 2019 12MMA

35

I-70 Corridor Leads in Occupancy Growth

Market	OCC % Change
Wichita	5.9
Lenexa & Overland Park	-1.2
Kansas City West	-3.5
I-70 Corridor	9.3
Topeka/Lawrence	-5.5
Kansas Area	0.5

KS Markets, OCC % Change, August 2019 12MMA
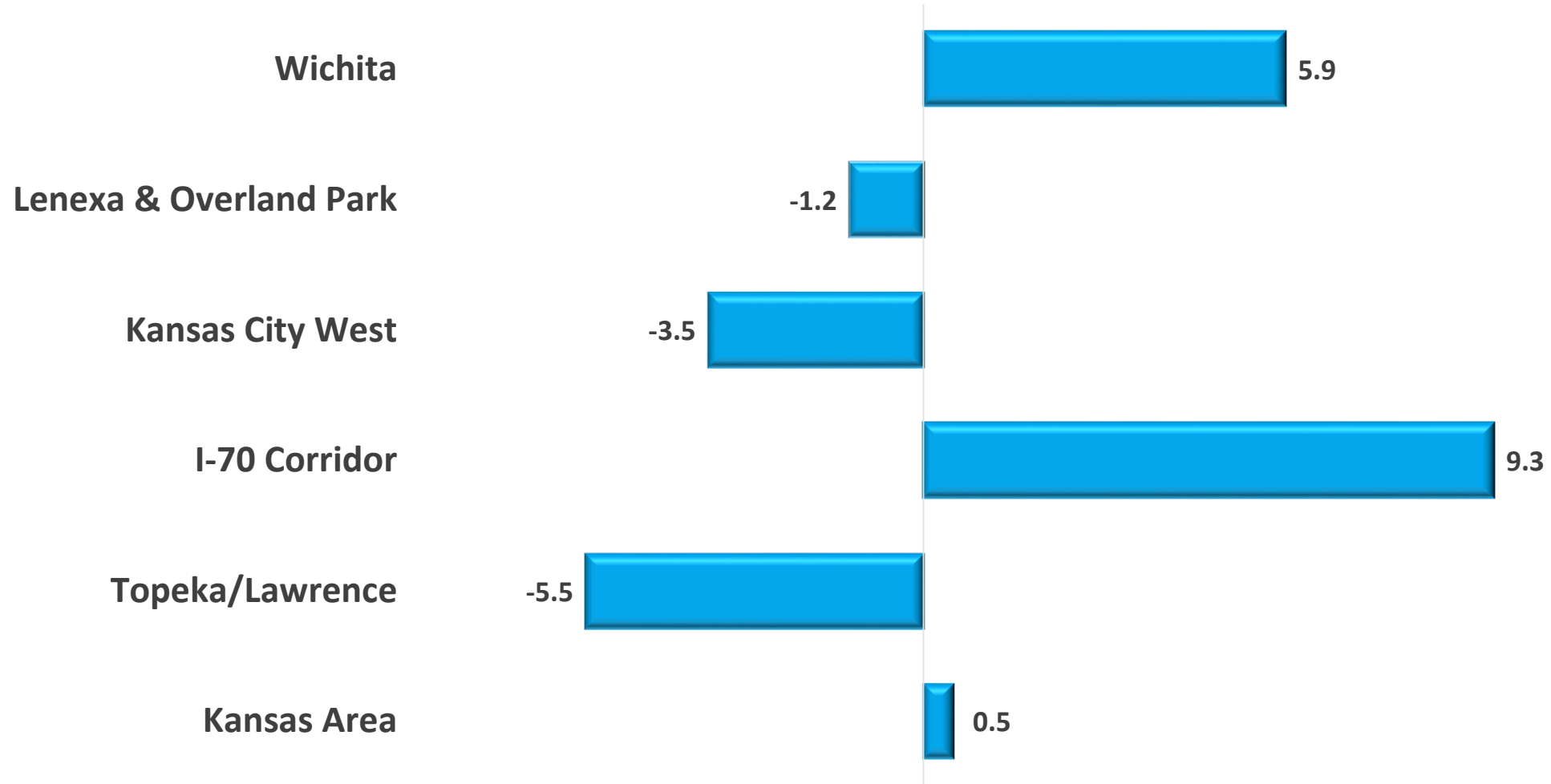
Positive ADR Growth in 4 of 6 Sub-Markets

Sub-Market	ADR % Change
Wichita	0.4
Lenexa & Overland Park	0.2
Kansas City West	-0.9
I-70 Corridor	0.1
Topeka/Lawrence	-1.2
Kansas Area	1.4

KS Sub-Markets : ADR % Change; August 2019 12MMA
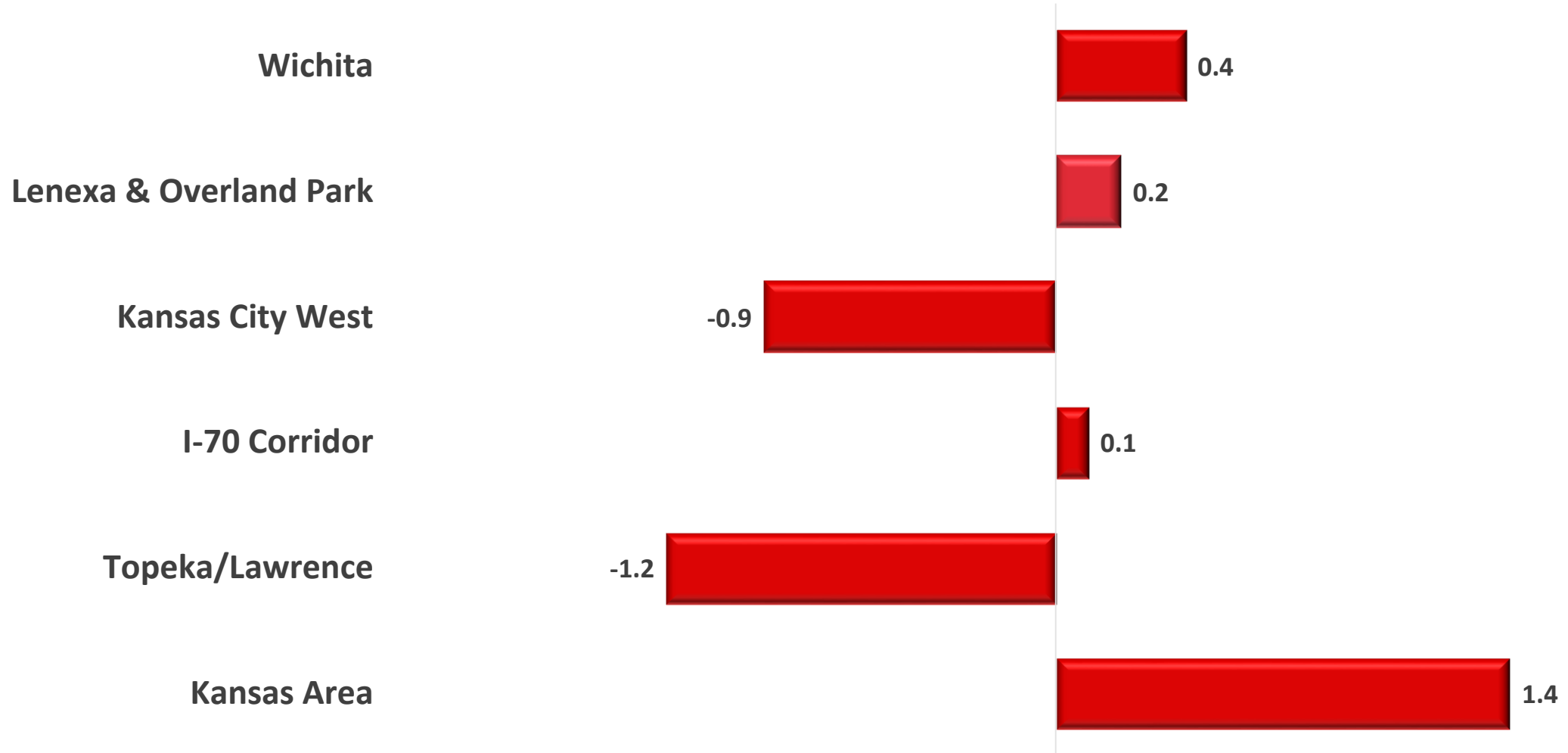
Positive RevPAR Growth in 3 of 6 Sub-Markets

Wichita

Kansas City West — -4.4

Lenexa & Overland Park — -1.0

I-70 Corridor — 9.4

Topeka/Lawrence — -6.7
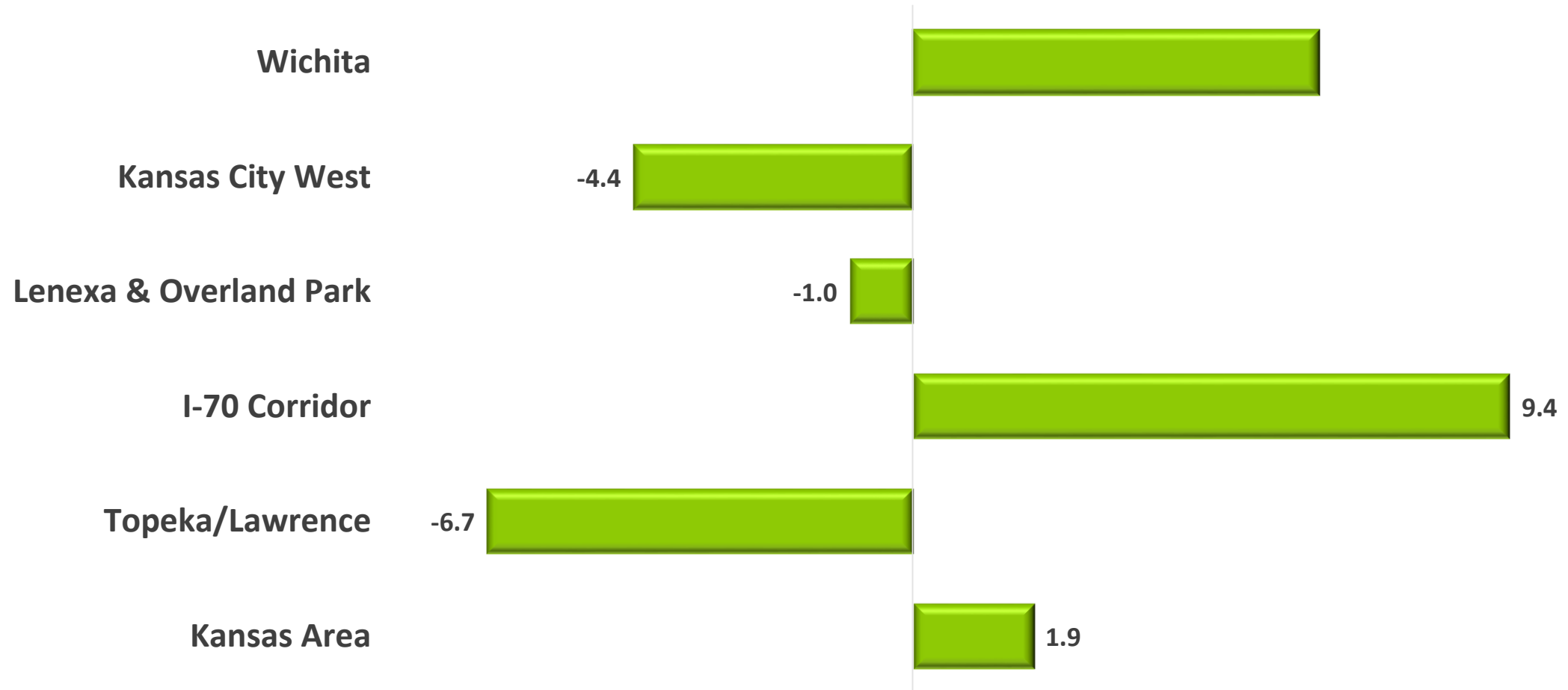
Kansas Area — 1.9

Absolute Occ / ADR – Rooms Full 2.5 Out of 5 Nights

	Occupancy	ADR
Kansas Area	49.7%	$81.11
Topeka/Lawrence	54.1%	$90.11
I-70 Corridor	57.8%	$76.75
Kansas City West	61.3%	$117.26
Lenexa & Overland Park	61.4%	$98.68
Wichita	60.4%	$83.49

KS Submarkets, Absolute Occupancy / ADR 12MMA August 2019

Pipeline

In Construction:

Vertical construction on the physical building has begun.

+

Final Planning:

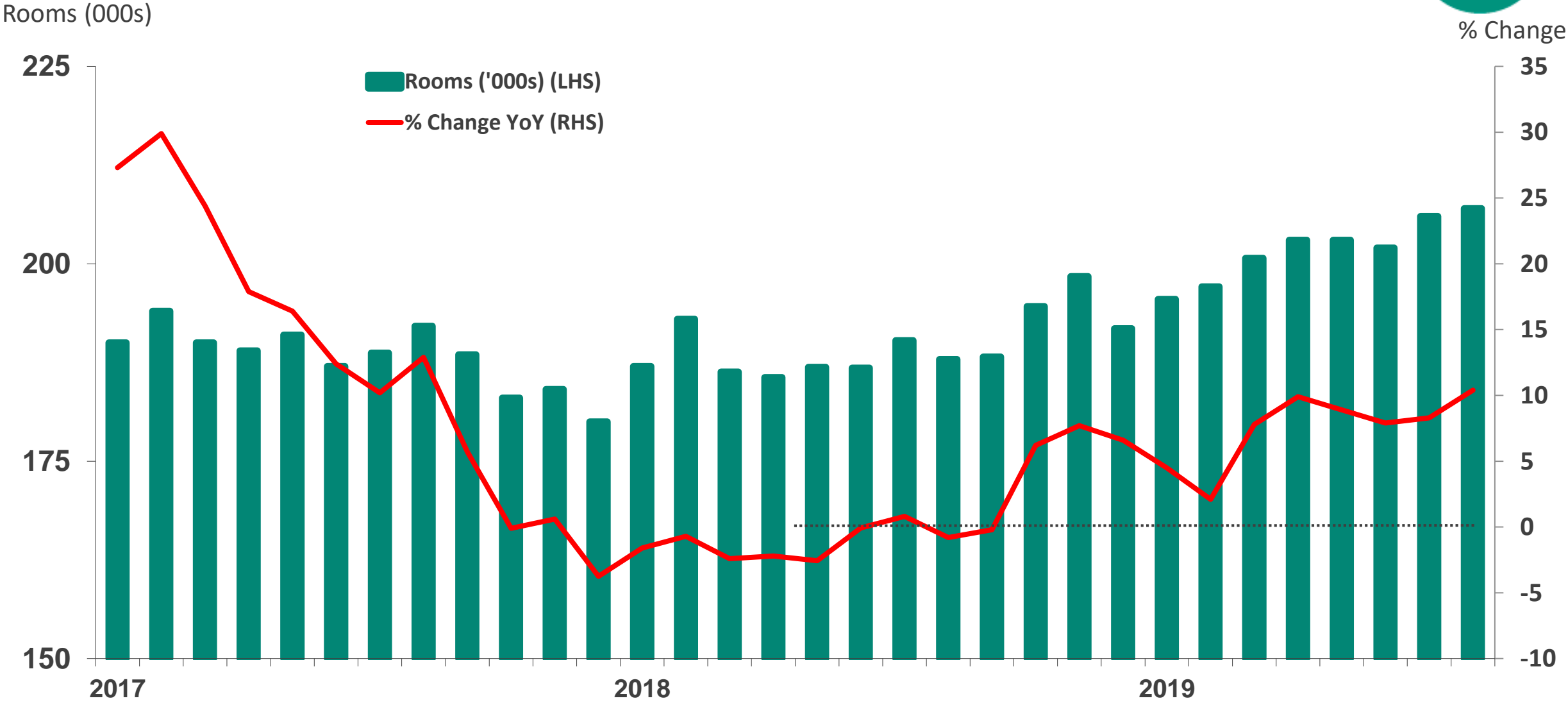Construction will begin within the next 12 months.

+

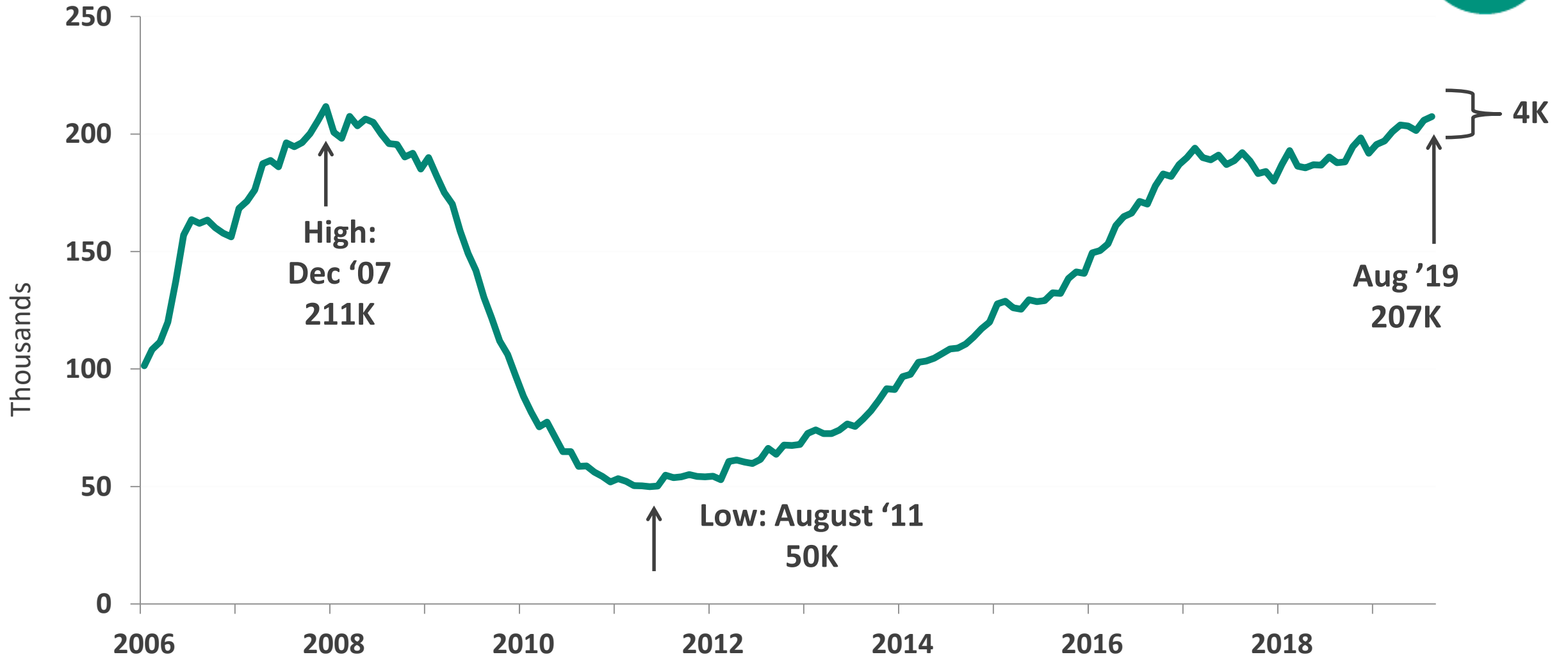**Planning:**

Construction will begin in more than 13 months.

→ **Under Contract**

Number of I/C Rooms: Now Growing at +10% (First Time Since Mid-2017)

Rooms (000s)

% Change

Rooms ('000s) (LHS)

% Change YoY (RHS)

225

200

175

150

35

30

25

20

15

10

5

0

-5

-10

2017

2018

2019
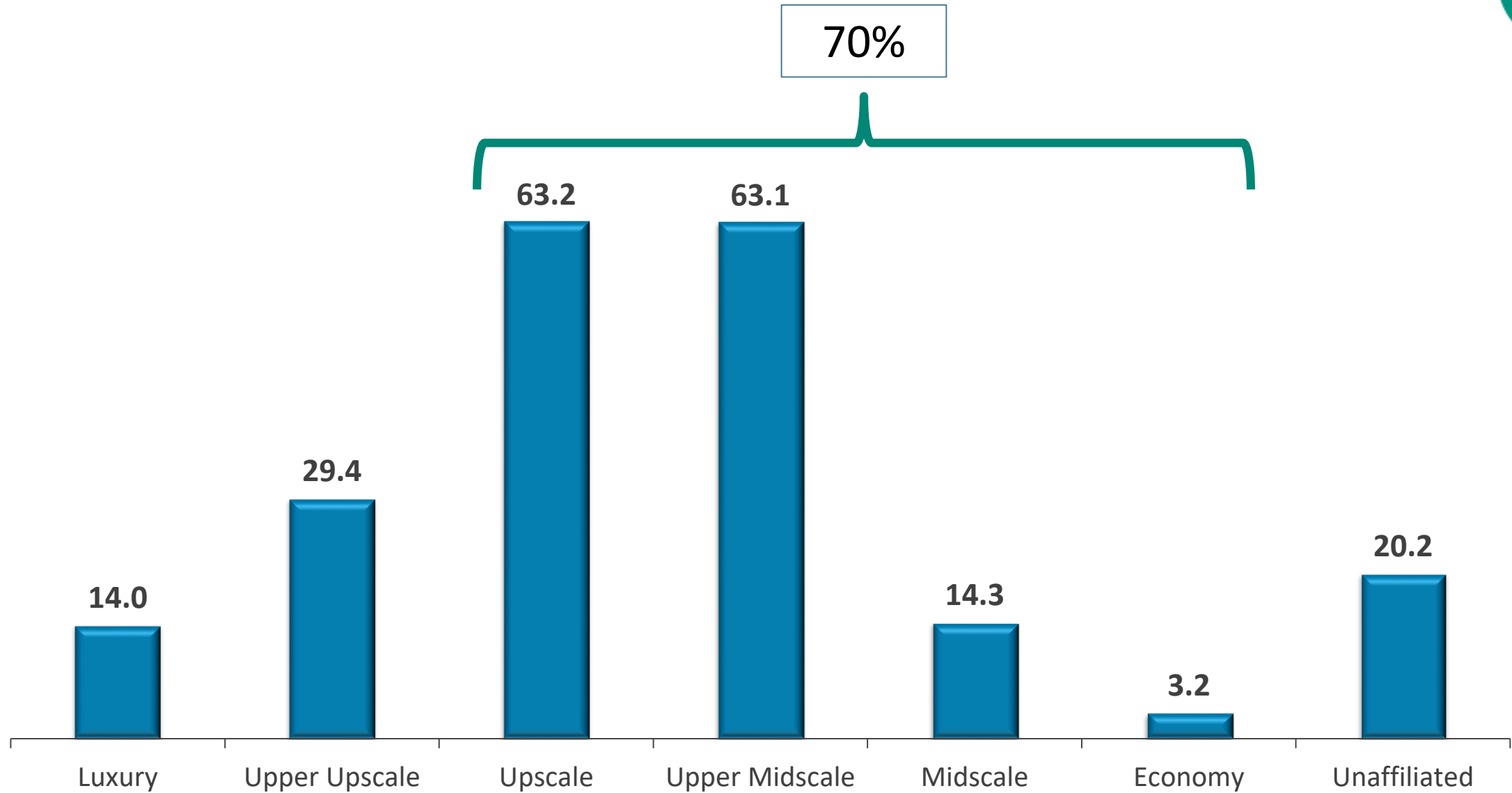
*Total U.S Pipeline, Rooms In Construction and % Change from Same Month Prior Year, 1/2017 – 08/2019

I/C Pipeline Closing In On Prior Peak

250

200

150

Thousands

100

50

0

High:
Dec '07
211K

Low: August '11
50K

4K

Aug '19
207K

2006   2008   2010   2012   2014   2016   2018

*Total US Pipeline; Rooms In Construction, in '000s; 01/2006 – 08/2019

Limited Service Construction Is The Name Of The Game

70%

63.2 (Upscale)
63.1 (Upper Midscale)
29.4 (Upper Upscale)
14.0 (Luxury)
14.3 (Midscale)
3.2 (Economy)
20.2 (Unaffiliated)

Luxury | Upper Upscale | Upscale | Upper Midscale | Midscale | Economy | Unaffiliated

*US Pipeline, Rooms In Construction , '000s Rooms, by Scale, August 2019

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In Construction Rooms Are Dominated By Two Players: Hilton & Marriott

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■ Hilton + Marriott

■ All Other

42%

58%
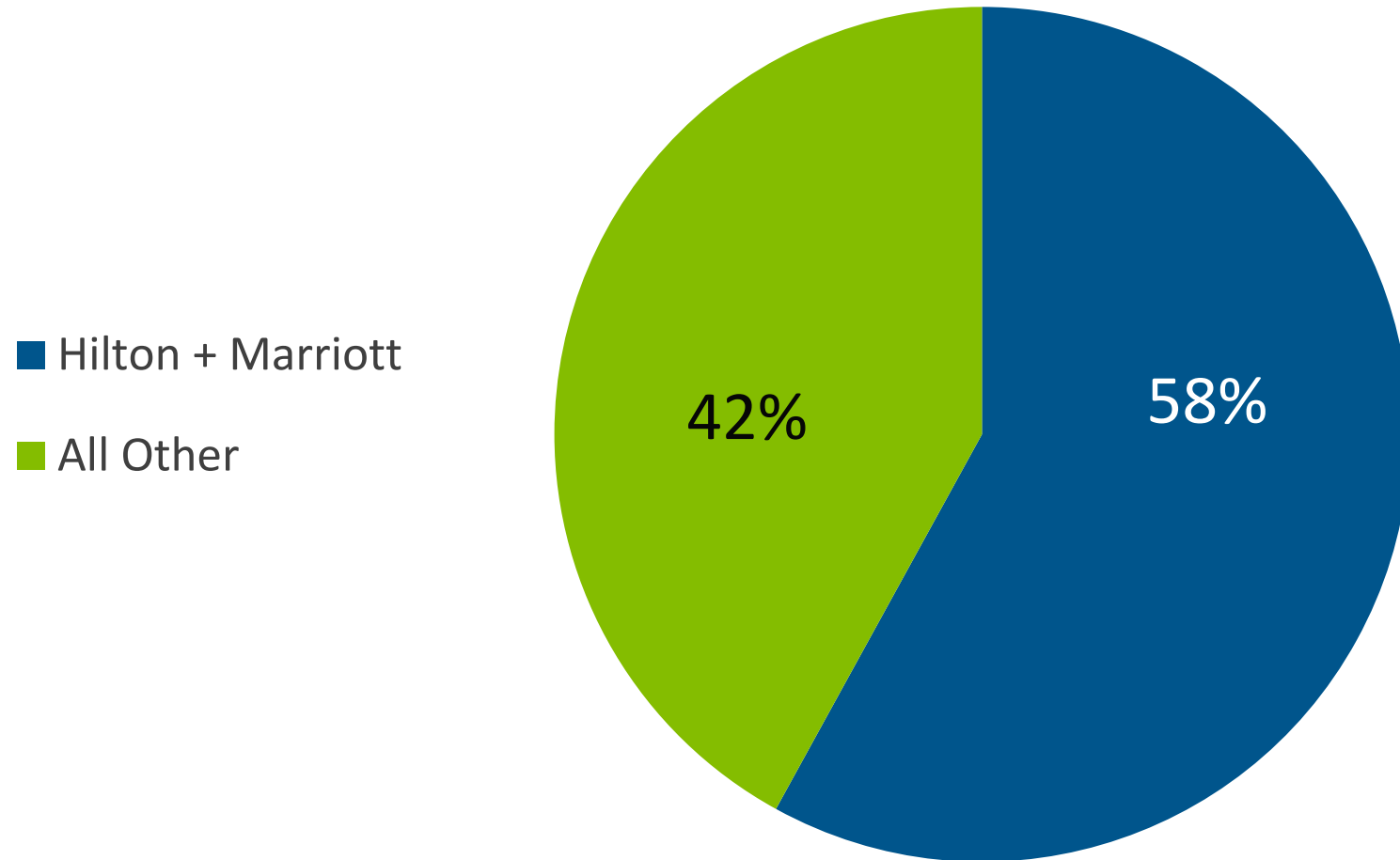
*US Pipeline, Rooms In Construction, Share of HLT & MAR of total, Q2 2019

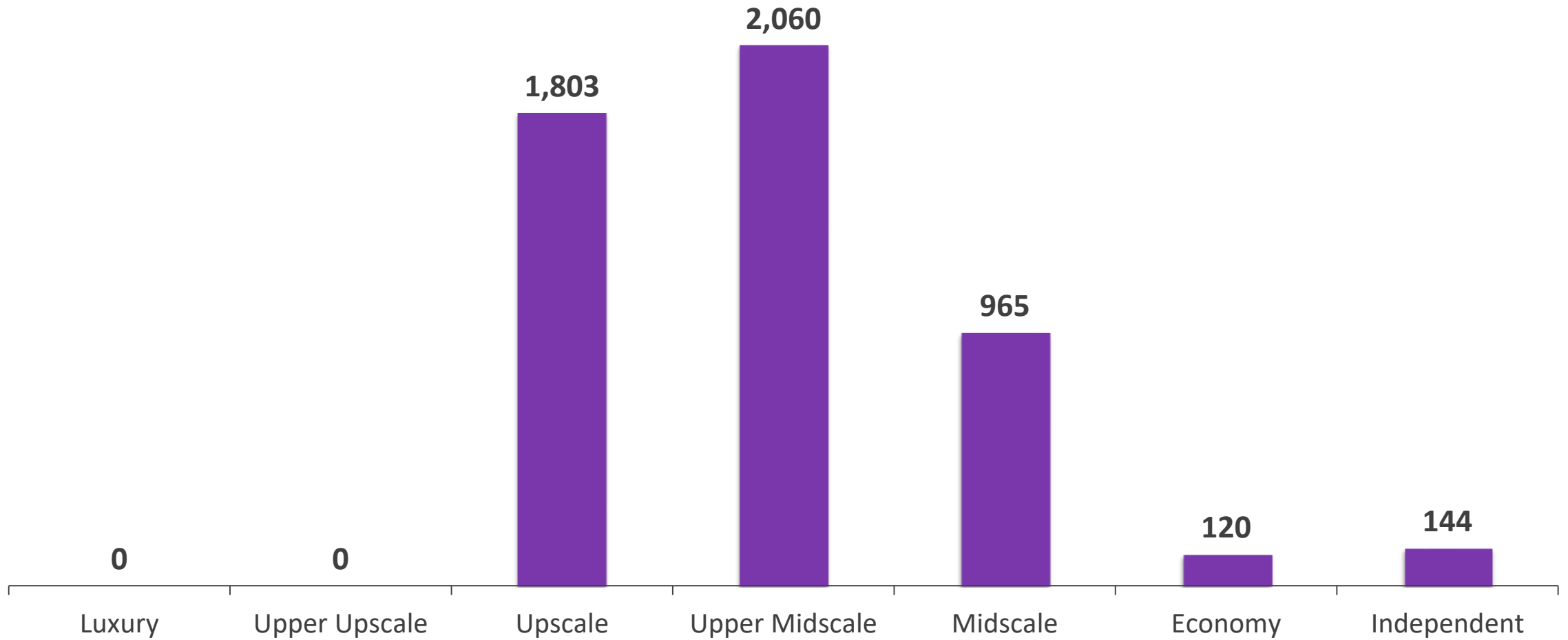# Total Active Pipeline Rooms: Over 80% Are Branded By The "Big 6"

- IHG, Choice, Hilton, Hyatt, Marriott, Wyndham

- All Other

18%

82%
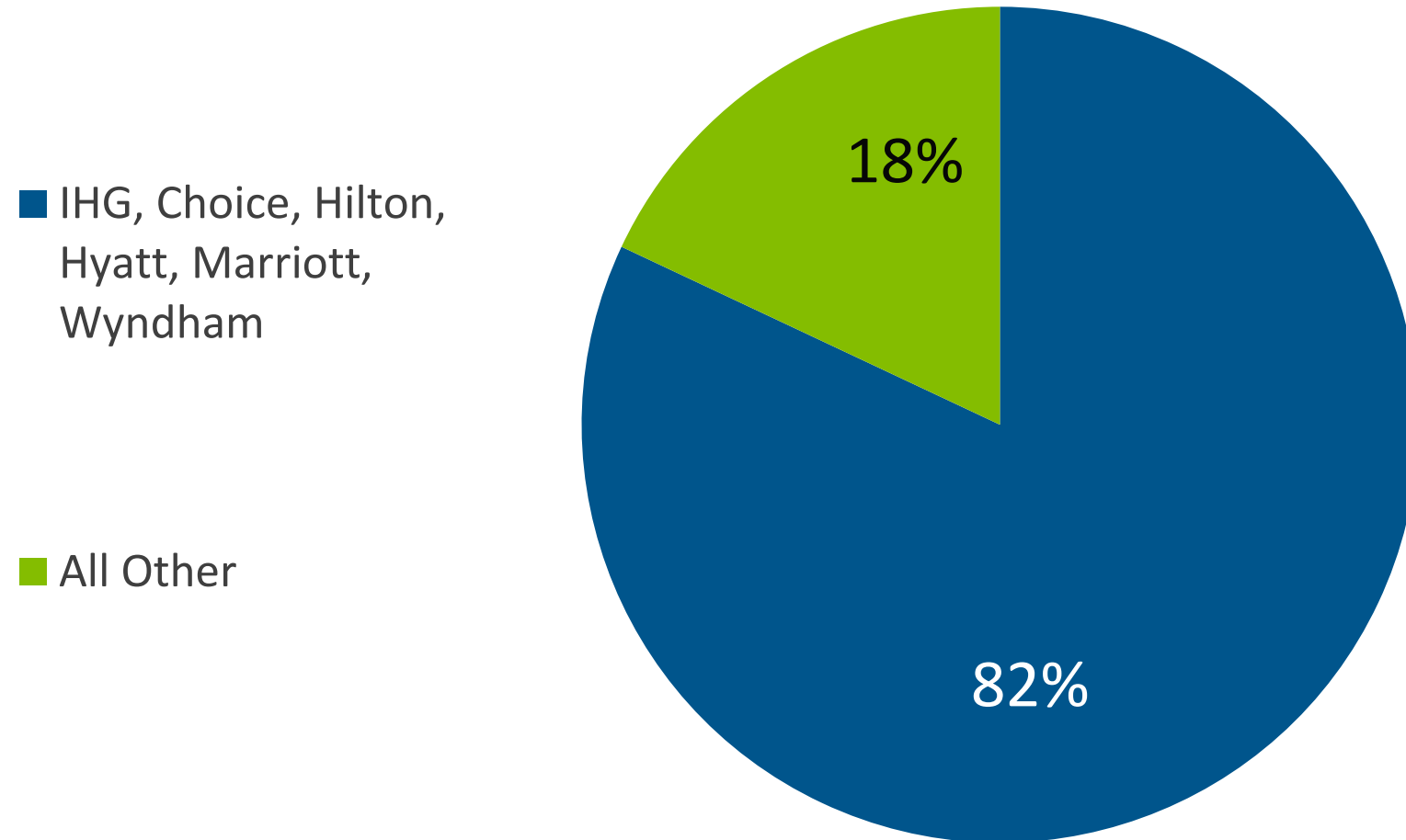
*US Active Pipeline, Share of IHG, CHH, HLT, H, MAR, WYN of total, Q2 2019

Kansas - Increases in Supply to Come

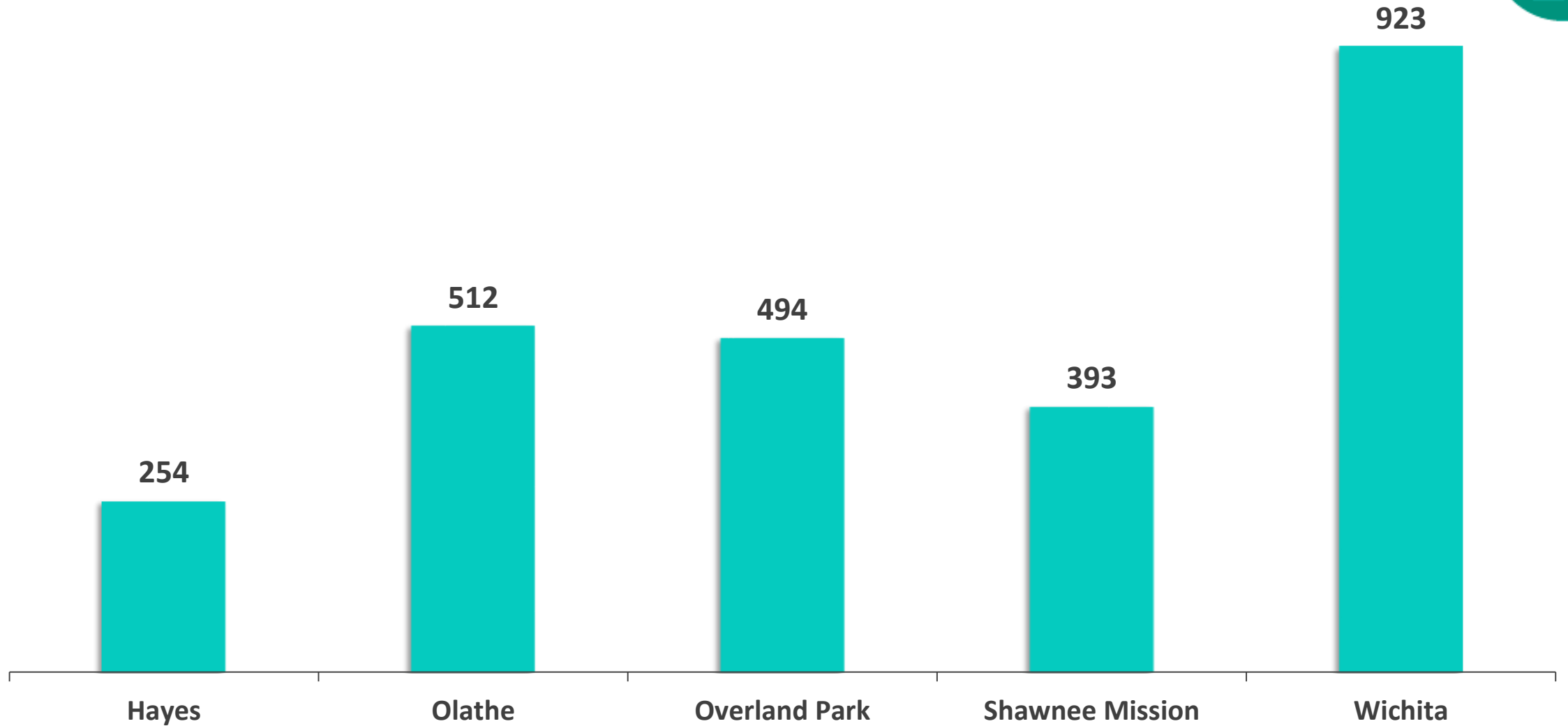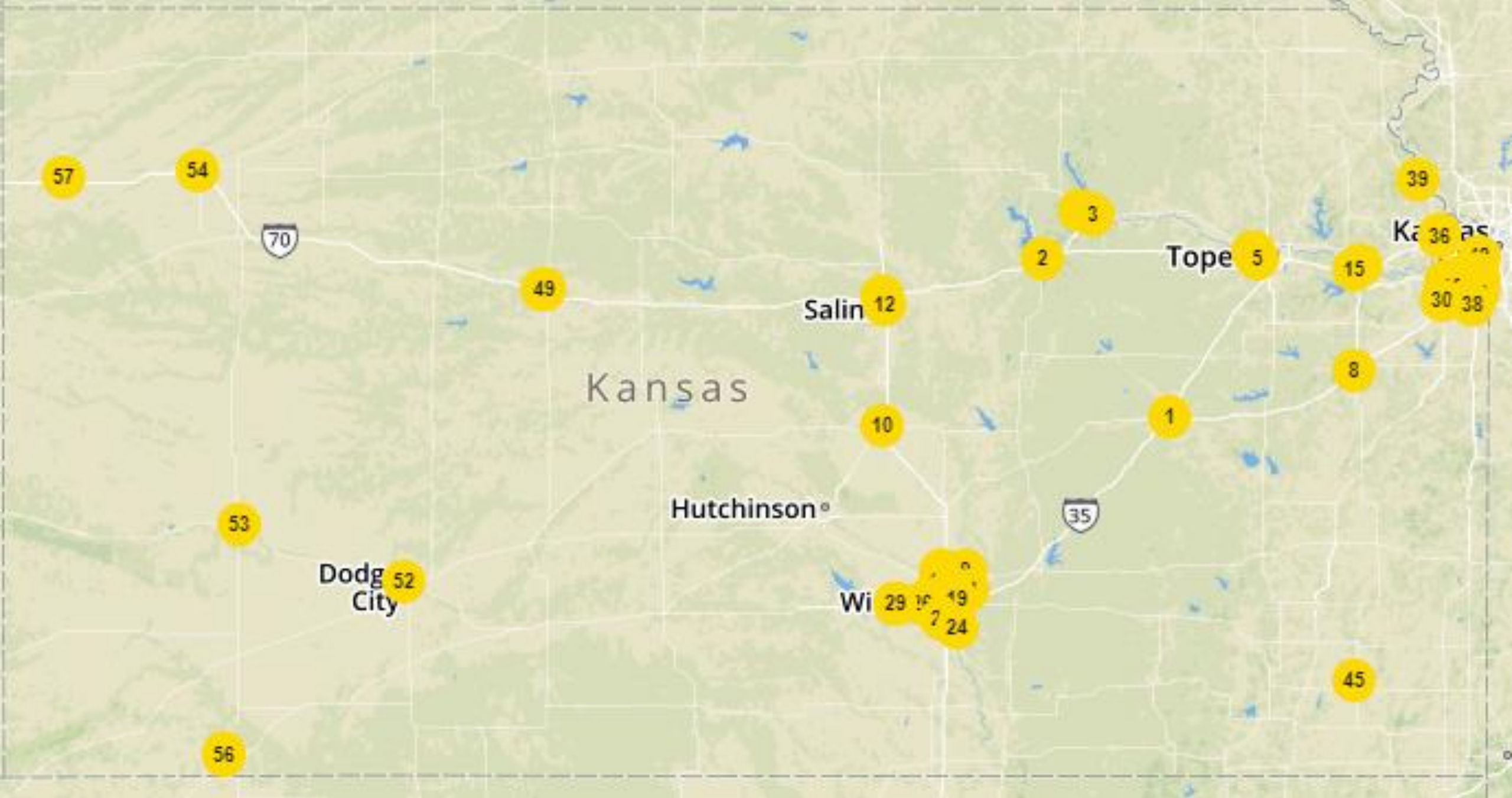| Phase	Projects	Rooms
In Construction	13	1,211
Final Planning	22	2,199
Planning	22	1,682
Total Under Contract Pipeline	57	**5,092**

Upper Midscale = Most Rooms Coming

Kansas Pipeline, Rooms Under Contract, August 2019

Kansas Cities with most hotel rooms in STR Pipeline

Bar chart showing hotel rooms under contract by city:
- Hayes: 254
- Olathe: 512
- Overland Park: 494
- Shawnee Mission: 393
- Wichita: 923

Kansas Pipeline, Rooms Under Contract, August 2019

Forecast

Notable Calendar Shifts Impacting US Lodging Performance Data in 2019:
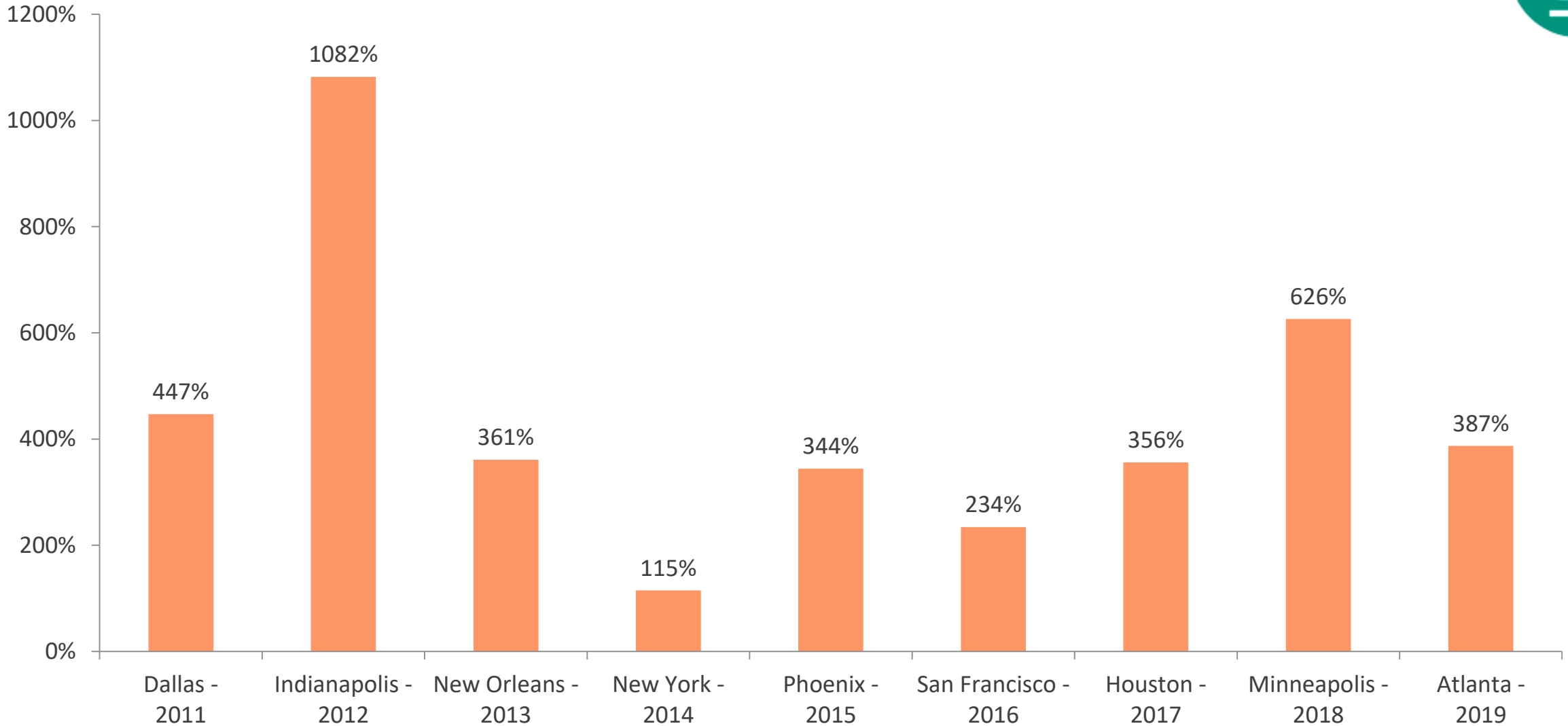
Easter: Shift from March to April (also affects Q1/Q2)

Passover: Shift from March to April (also affects Q1/Q2)

Hanukkah: Shift from 12/3 to 12/23, impacting weekly results

Weekend Night: May/Sept/Dec lose. Jul/Aug/Nov gain.

Notable Market Level Events / Comps:

Super Bowl: From Minneapolis to Atlanta

North Carolina: Hurricane Florence 9/14/2018 and thereafter

Florida: Hurricane Michael 10/10/18 and thereafter

California: Wildfires 11/8 through 11/25/2018 and thereafter

Nine Years of Super Bowl Performance (RevPAR Growth)

Bar chart showing RevPAR growth percentages:
- Dallas - 2011: 447%
- Indianapolis - 2012: 1082%
- New Orleans - 2013: 361%
- New York - 2014: 115%
- Phoenix - 2015: 344%
- San Francisco - 2016: 234%
- Houston - 2017: 356%
- Minneapolis - 2018: 626%
- Atlanta - 2019: 387%

RevPAR % Change - Friday, Saturday, and Sunday nights of Super Bowl weekend versus same day-of-week prior year

Total United States

Key Performance Indicator Outlook (% Change vs. Prior Year)
2019F – 2020F

Outlook		
Metric	**2019 Forecast**	**2020 Forecast**
Supply	1.9%	1.9%
Demand	2.1%	1.6%
Occupancy	0.2%	-0.3%
ADR	1.4%	1.4%
RevPAR	1.6%	1.1%

Source: STR

Total United States

Chain Scale Key Performance Indicator Outlook
2019F by Chain Scale

2019 Year End Outlook			
Chain Scale	**Occupancy (% chg)**	**ADR (% chg)**	**RevPAR (% chg)**
Luxury	-1.1%	2.4%	1.3%
Upper Upscale	-0.4%	2.0%	1.5%
Upscale	-0.7%	1.0%	0.3%
Upper Midscale	-0.1%	0.9%	0.8%
Midscale	0.1%	0.3%	0.4%
Economy	1.0%	0.8%	1.8%
Independent	0.8%	1.6%	2.4%
Total United States	**0.2%**	**1.4%**	**1.6%**

2019 Forecast Percent Change
Top 25 Markets vs Rest of United States

TOURISM ECONOMICS
AN OXFORD ECONOMICS COMPANY

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■ Occupancy ■ ADR ■ RevPAR

Top 25 Markets
- Occupancy: -0.5
- ADR: 1.1
- RevPAR: 0.6

Rest of US
- Occupancy: 0.6
- ADR: 1.8
- RevPAR: 2.4
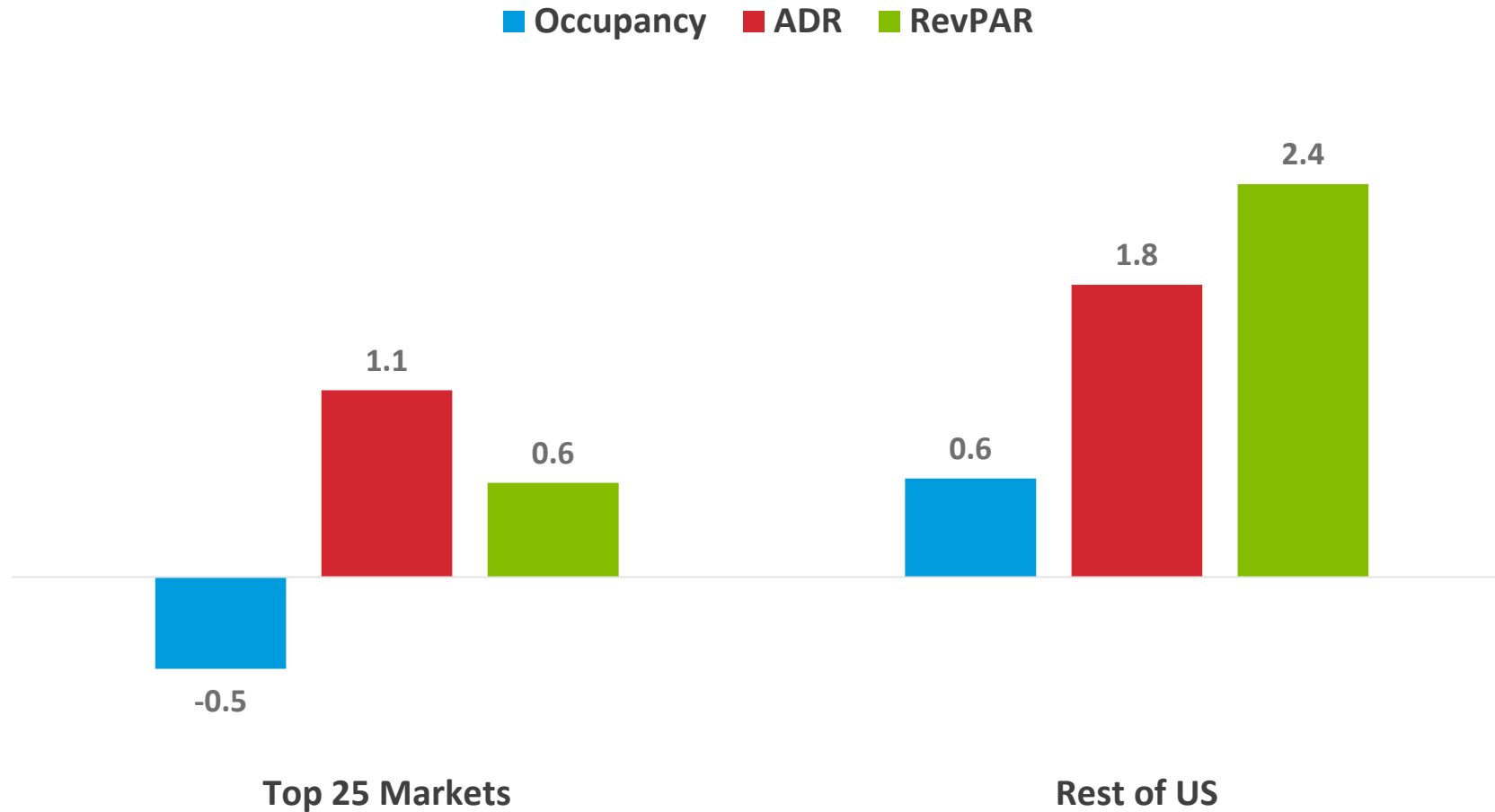
Questions?

Presentation is available for download.

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