U.S. Lodging Industry 2019

Growth Pause or Presage to a Downturn?

November 6, 2019

Daniel H. Lesser
President & CEO
(212) 300-6684 x101
daniel.lesser@lwadvisors.com
www.lwhospitalityadvisors.com
Everything is relative in this world, where change alone endures. Everything is better than some things and worse than others. Which you choose to compare your experiences and situation with determines whether you will be happy and grateful or sad and jealous.

Leon Trotsky
U.S. Lodging Industry

This is now the longest US economic expansion in history

Despite Slowing Growth, U.S. Remains Lead Dog Among Major Economies
U.S. Lodging Industry

US GDP rose a better-than-expected 1.9% in the third quarter as consumers continued to spend

U.S. Economy (glass half full)

Upbeat data suggest U.S. economy still on moderate growth path

U.S. Consumers Stay on a Spending Streak
Household outlays, muted inflation and modest labor-cost increases point to a slowing but still expanding economy

The Dow, S&P 500 and Nasdaq hit record highs

Fed cuts rates at third straight meeting

Job growth is slowing, but the US economy is doing just fine

The latest jobs report shows no signs of an imminent recession.
GDP shows U.S. economy's growth tapers to 1.9% in 3rd quarter

Published: Oct 30, 2019 8:30 a.m. ET

Consumer confidence falls sharply in September

Published Tue, Sep 24 2019 10:00 AM EDT - Updated Tue, Sep 24 2019 10:57 AM EDT

The US gets its biggest recession warning yet as the most closely watched part of the yield curve inverts

Carmen Reinicke
Aug 14, 2019, 08:54 AM

Growing Skittish
Index of CEO confidence in the U.S. economy one year ahead.

Source: Chief Executive Magazine

Negative Interest Rates in the U.S.? Here’s What They’ve Done to Europe, Japan
U.S. Lodging Industry

The Business Cycle

<table>
<thead>
<tr>
<th>Period</th>
<th>Duration, Months</th>
<th>Depth (Decline in Real Output)</th>
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<tbody>
<tr>
<td>1953-54</td>
<td>10</td>
<td>-2.6%</td>
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<tr>
<td>1957-58</td>
<td>8</td>
<td>-3.7</td>
</tr>
<tr>
<td>1960-61</td>
<td>10</td>
<td>-1.1</td>
</tr>
<tr>
<td>1969-70</td>
<td>11</td>
<td>-0.2</td>
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<tr>
<td>1973-75</td>
<td>16</td>
<td>-3.2</td>
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<tr>
<td>1980</td>
<td>6</td>
<td>-2.2</td>
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<tr>
<td>1981-82</td>
<td>16</td>
<td>-2.9</td>
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<tr>
<td>1990-91</td>
<td>8</td>
<td>-1.4</td>
</tr>
<tr>
<td>2001</td>
<td>8</td>
<td>-0.4</td>
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<tr>
<td>2007-09</td>
<td>18</td>
<td>-3.7</td>
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U.S. Lodging Industry

HOTEL MANAGEMENT

OWN OPERATE TECH DESIGN PROCURE HOTEL ROI

Own

U.S. hotel cap rates remain stable in first half of 2019
by Alicia Hoisington | Oct 15, 2019 12:37pm

HOTEL MANAGEMENT

OWN OPERATE TECH DESIGN PROCURE HOTEL ROI

Construction

Hotel industry works to offset rising construction costs
by Chuck Dobrosielski | Jul 29, 2019 7:35am
U.S. Lodging Industry

Continued industry record rooms revenue operating metrics

U.S. hotel profits hit all-time high

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<tbody>
<tr>
<td>Supply</td>
<td>▲ 2.6%</td>
<td>▲ 3.2%</td>
<td>▲ 2.0%</td>
<td>▲ 0.6%</td>
<td>▲ 0.5%</td>
<td>▲ 0.7%</td>
<td>▲ 0.9%</td>
<td>▲ 1.1%</td>
<td>▲ 1.6%</td>
<td>▲ 1.8%</td>
<td>▲ 2.0%</td>
<td>▲ 1.9%</td>
</tr>
<tr>
<td>Demand</td>
<td>▼ 1.9%</td>
<td>▼ 5.8%</td>
<td>▼ 7.8%</td>
<td>▼ 5.0%</td>
<td>▼ 3.0%</td>
<td>▼ 2.2%</td>
<td>▼ 4.5%</td>
<td>▼ 2.9%</td>
<td>▼ 1.7%</td>
<td>▼ 2.7%</td>
<td>▼ 2.5%</td>
<td>▼ 2.1%</td>
</tr>
<tr>
<td>Occupancy</td>
<td>▼ 4.4%</td>
<td>▼ 8.7%</td>
<td>▼ 5.7%</td>
<td>▼ 4.4%</td>
<td>▼ 2.5%</td>
<td>▼ 1.5%</td>
<td>▼ 3.6%</td>
<td>▼ 1.7%</td>
<td>▼ 0.1%</td>
<td>▼ 0.9%</td>
<td>▼ 0.5%</td>
<td>▼ 0.2%</td>
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<tr>
<td>ADR</td>
<td>▲ 2.7%</td>
<td>▼ 8.8%</td>
<td>▼ 0.1%</td>
<td>▼ 3.7%</td>
<td>▼ 4.2%</td>
<td>▼ 3.9%</td>
<td>▼ 4.6%</td>
<td>▼ 4.4%</td>
<td>▼ 3.1%</td>
<td>▼ 2.1%</td>
<td>▼ 2.4%</td>
<td>▼ 1.4%</td>
</tr>
<tr>
<td>RevPAR</td>
<td>▼ 1.8%</td>
<td>▼ 16.7%</td>
<td>▼ 5.5%</td>
<td>▼ 8.2%</td>
<td>▼ 6.8%</td>
<td>▼ 5.4%</td>
<td>▼ 8.3%</td>
<td>▼ 6.3%</td>
<td>▼ 3.2%</td>
<td>▼ 3.0%</td>
<td>▼ 2.9%</td>
<td>▼ 1.6%</td>
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U.S. Lodging Industry Revenues and Profits

Daniel H. Lesser
President & CFO

LWHA
U.S. Lodging Industry

Availability of Debt

Aareal Bank
ACORE CAPITAL
ARGENTIC
Bank of America
Bank OZK
State Bank of Texas
Blackstone Mortgage Trust
CITI
Deutsche Bank
JP MORGAN CHASE & CO.
Morgan Stanley
HSBC
Goldman Sachs
Bank USA
LoanCore
M&T Bank
MOSAIC REAL ESTATE INVESTORS
LC LADDER CAPITAL
NATIXIS BEYOND BANKING
PACIFIC WESTERN BANK
People’s United Bank
RIALTO MORTGAGE FINANCE
Benefit Street Partners
STARWOOD MORTGAGE CAPITAL
STARWOOD PROPERTY TRUST
WELLS FARGO
UBS

Daniel H. Lesser
President & CEO
U.S. Lodging Industry

Robust asset pricing > $200 million per property
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Sale Price > $1 million per unit
Mirae Asset to acquire 15 US hotels for $5.5 bil.
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Strategic capital deployment

Daniel H. Lesser
President & CEO
U.S. Lodging Industry

The Wall Street Journal

Trump Organization Exploring Sale of Marquee Washington Hotel

Move is motivated partly by ethical criticisms concerning profiting on the property.

Montage Beverly Hills Hotel Said to Fetch More Than $400 Million

By Patrick Clark and Gillian Tan
November 5, 2019, 10:21 AM EST

- Nightly rate in Beverly Hills' Golden Triangle can top $10,000
- Obama said to sell property for more than $2 million a year

London’s Ritz Could Get a Rebrand, Extension in $1 Billion Sale

By Jack Sidders, Gillian Tan, and David Heiller
October 31, 2019, 7:38 AM EDT
U.S. Lodging Industry

Challenges

- Riots shove Hong Kong into recession
- Tension in the Middle East: The Groundwork Is Laid for a Vast New Conflict
- USMCA
- Aging Infrastructure
- Impeachment
Social Media Requirement for Visa Waivers May Have Chilling Effect on U.S. Tourism

Rosie Spinks, Skift - Sep 16, 2019 2:30 am
The Marriott Strike Helped Grow The Largest Hotel Workers Union

Unite Here just won four union elections at Marriott properties, victories it traces in part to the 2018 work stoppage.

By Dave Jamieson
U.S. Lodging Industry

More hotel brands...REALLY?

Signia Hilton
JOE
JOE SIGNATURE COLLECTION by BEST WESTERN
SureStay STUDIO by BEST WESTERN
TRIBE
Caption
ATWELL SUITES™ AN IHG HOTEL
COMPASS Margaritaville Hotels & Resorts
REFLECT RESORTS & SPAS

Daniel H. Lesser
President & CEO
Congress Aims To Bring Transparency To Hotel Resort Fees
H.R. 4489 - Hotel Advertising Transparency Act of 2019

New Federal Legislation Takes Aim at Hidden Hotel Resort Fees

Booking Holdings Reaffirms Plan to Charge Commissions on Hotel Resort Fees
U.S. Lodging Industry

Reputation Management: real time damage control

[Logos of Yelp, Twitter, Facebook, TripAdvisor]
New York Is Standing Between Airbnb and an IPO

The company’s campaign against City Hall has backfired, and investors are growing more nervous.

Airbnb Loses Jersey City Home-Share War by a Landslide

By Olivia Carville
November 5, 2019, 10:10 PM EST

- About 70% of residents vote to restrict short-term rentals
- High-stakes clash in Jersey City comes ahead of Airbnb’s IPO
CEOs Call on Washington to Reauthorize Brand USA

Brand USA drives visitors to ALL 50 STATES, D.C. & U.S. TERRITORIES. Through 800 partnerships, destinations large and small, rural and urban can showcase themselves to the international community.

#RENEWBRANDUSA

H.R. 3851: Travel Promotion, Enhancement, and Modernization Act of 2019

To extend funding for Brand USA through fiscal year 2027, and for other purposes.

H. R. 3851

IN THE HOUSE OF REPRESENTATIVES

June 10, 2019

Mr. Wexler (for himself, Mr. Buchanan, Mr. Torres, and Mr. Loebs) introduced the following bill; which was referred to the Committee on Energy and Commerce, and in addition to the Committee on Transportation Security, for a period to be subsequently determined by the Speaker, in such case for consideration of such provisions as may be so referred:

A BILL

To extend funding for Brand USA through fiscal year 2027, and for other purposes.

U.S. Lodging Industry

Daniel H. Lesser
President & CEO

Opportunities

The hotelization of real estate

Service is not just for travel and leisure. It is quickly becoming the norm across all property types.

The new owner of the Westin Tampa Bay wants to convert parking garage space to hotel rooms.

Peloton Hotel Finder

California to New York. Toronto to Chicago. Paris to Tokyo. Wherever you go, Peloton rides with you. Whether you're traveling for business or a family vacation, you can find a Peloton bike at the check-in hotel or on;

Peloton

SOMATIC

Commercial Bathroom Cleaning Robotics

LIVE BRANDED

The Risk of Branded Residences

LWHA

Lyft • Hilton

SOMATIC

Commercial Bathroom Cleaning Robotics

LWHA

Lyft • Hilton
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Non-Gateway Markets & College Towns

Salt Lake City

Tampa

Houston, Texas
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Mergers & Acquisitions

Blackstone
GREAT WOLF LODGE

Waterford Hotel Group, Inc.

WATERTON

NHT CONDOR

QUEENSGATE INVESTMENTS

MGM RESORTS INTERNATIONAL SYDELL GROUP LTD.

Advent International GLOBAL PRIVATE EQUITY

Aimbridge Hospitality INTERSTATE HOTELS & RESORTS

CAESARS ENTERTAINMENT

Best Western Hotels & Resorts

WorldHotels COLLECTION

PARK HOTELS & RESORTS

CLT

Daniel H. Lesser
President & CEO
U.S. Lodging Industry

Hotel industry entering home sharing space
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All-Inclusive Resorts

Hilton
All-inclusive Resorts

Marriott
ALL-INCLUSIVE

Elegant Hotels
Elegance with a twist

Hyatt Zilara
Hyatt Ziva
ALL INCLUSIVE RESORTS

Daniel H. Lesser
President & CEO
Glamping [glamp·ing]

Noun

Outdoor camping with amenities and comforts (such as beds, electricity, and access to indoor plumbing) not usually used when camping.
Chinese e-commerce giant Alibaba has a hotel run almost entirely by robots that can serve food and fetch toiletries — take a look inside.
U.S. Lodging Industry

Robb Report

The World’s First Space Hotel Will Offer Low-Gravity Basketball and Rock Climbing

The Von Braun Station will come complete with a 100-guest luxury hotel that bends the rules of gravity.

BY BRYAN HOOD ON SEPTEMBER 6, 2019

This Hypersonic ‘Space Plane’ Can Get From New York to London in One Hour

It can soar at 4,000 mph—or five times the speed of sound.

BY RACHEL CORMACK ON SEPTEMBER 27, 2019

Astronauts Are Attempting to Bake DoubleTree's Famous Cookies in Space

BY ANDREA ROWLAND  NOVEMBER 05, 2019
This self-driving hotel room could revolutionize travel

Sarah Lucas, CNN • Published 23rd November 2016
U.S. Lodging Industry

Cannabis Tourism

The World’s First Cannabis-Themed Hotels Open Next Year

By Marnie Goldman - April 17, 2019

BUDandBREAKFAST.com
CANNABIS FRIENDLY ACCOMMODATIONS WORLDWIDE

CH CANNABIS HOTELS
STR expects to post strong revenue of $64 million in 2019, with about $16 million in profit, according to a press release announcing the deal. CoStar expects 20 percent revenue growth per year in the next few years after the deal closes in late 2019. The multiple on the deal shows the value of information and data companies in the travel and real estate ecosystems.
U.S. Lodging Industry 2019

Trees Do Not Grow to the Sky / Moderate Uncertainty
Everything is relative in this world, where change alone endures. Everything is better than some things and worse than others. Which you choose to compare your experiences and situation with determines whether you will be happy and grateful or sad and jealous.

Leon Trotsky
Downturn or not does not really matter...hotel sector is an opportunistic industry...at all points in cycle there are opportunities...
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