Dallas Hotel Overview

Vail Ross| SVP

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Agenda – August 18, 2020

1   **Global View**

2   **Dallas Market & Dallas CBD**

3   **Pipeline**

4   **Forecast**
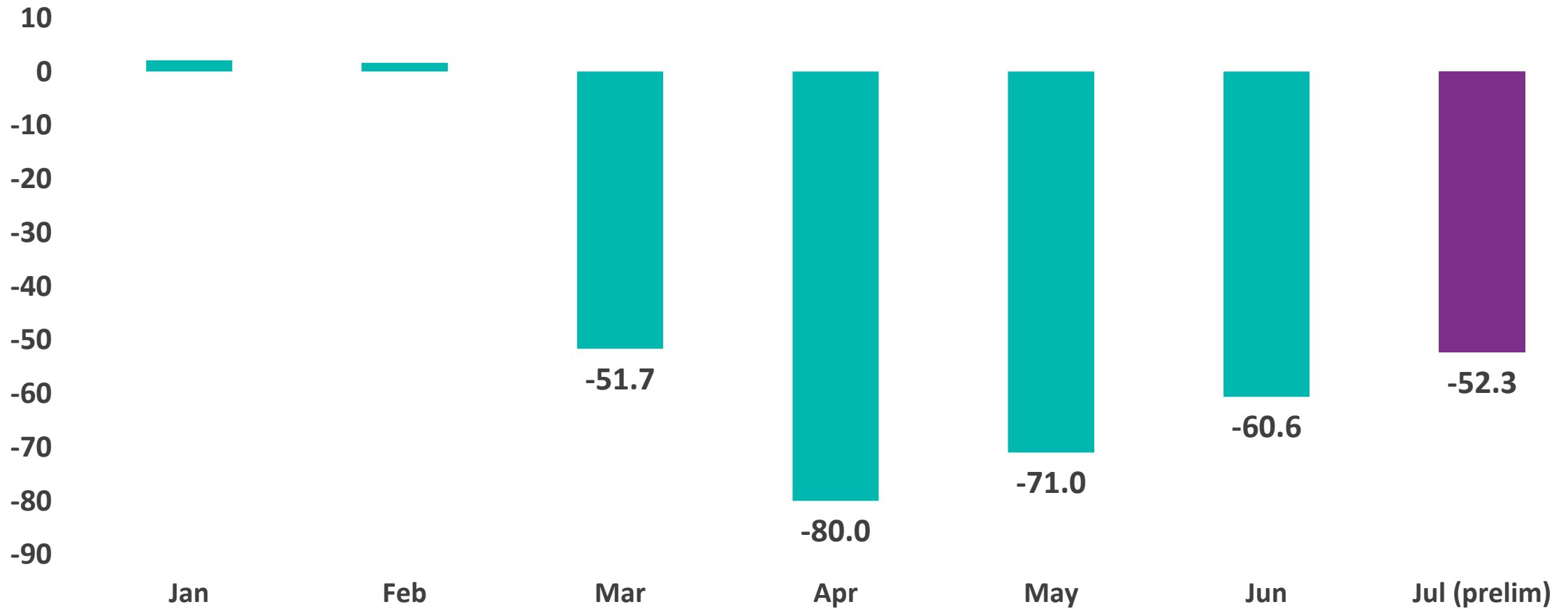
R7 RevPAR % Change and New COVID19 Cases
Total U.S., by Week ending Aug. 8th

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% Change

20

RevPAR PC — New COVID19 cases

1.2

0

-20

-40

-60

-80

-83.6

-100

Weekly New Cases

500,000

400,000

300,000

200,000

July 4ᵗʰ Comp

-49.4

100,000

0

15-Feb 29-Feb 14-Mar 28-Mar 11-Apr 25-Apr 9-May 23-May 6-Jun 20-Jun 4-Jul 18-Jul 1-Aug

https://ourworldindata.org/coronavirus-source-data

4
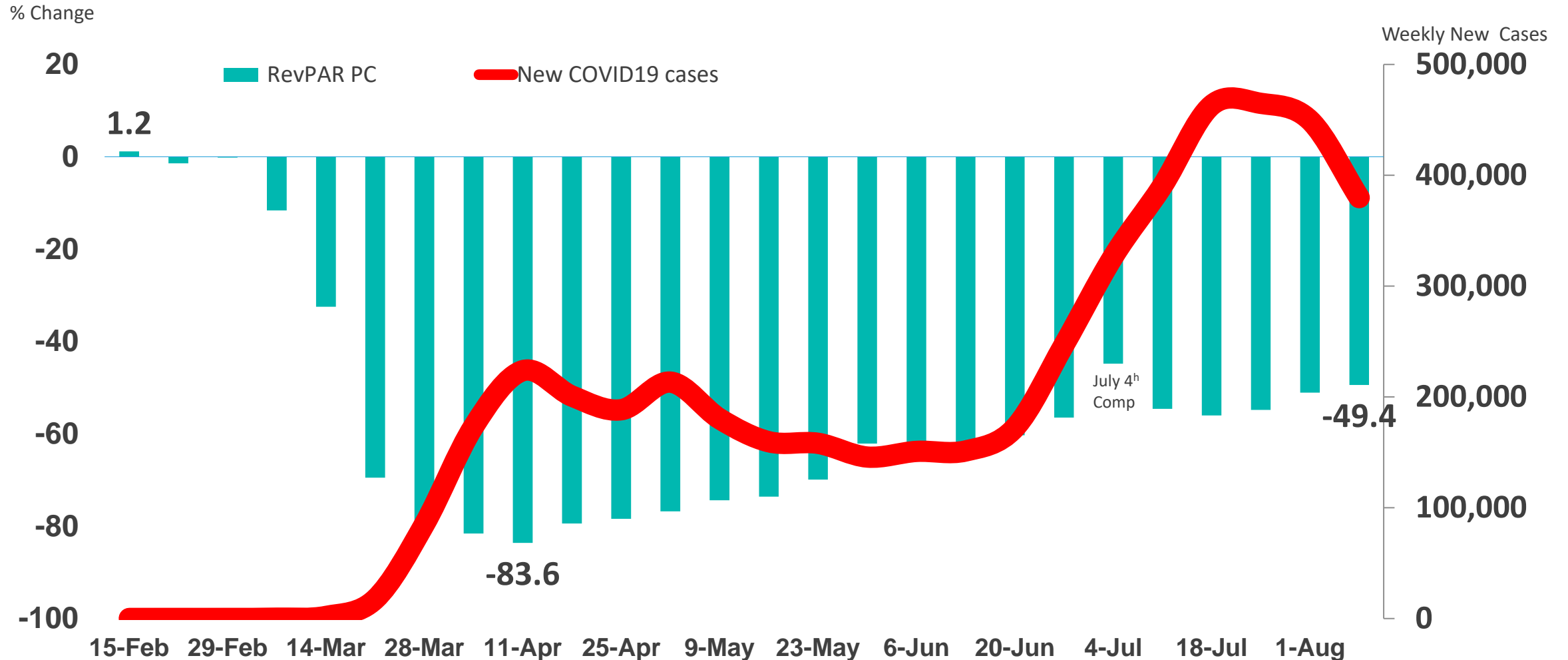
Class Performance: High End Hotels Still Struggle
Total U.S., RevPAR % Change, week ending August 8

Luxury Class	Upper Upscale Class	Upscale Class	Upper Midscale Class	Midscale Class	Economy Class
-59.2	-66.9	-53.5	-42.4	-32.9	-28.6
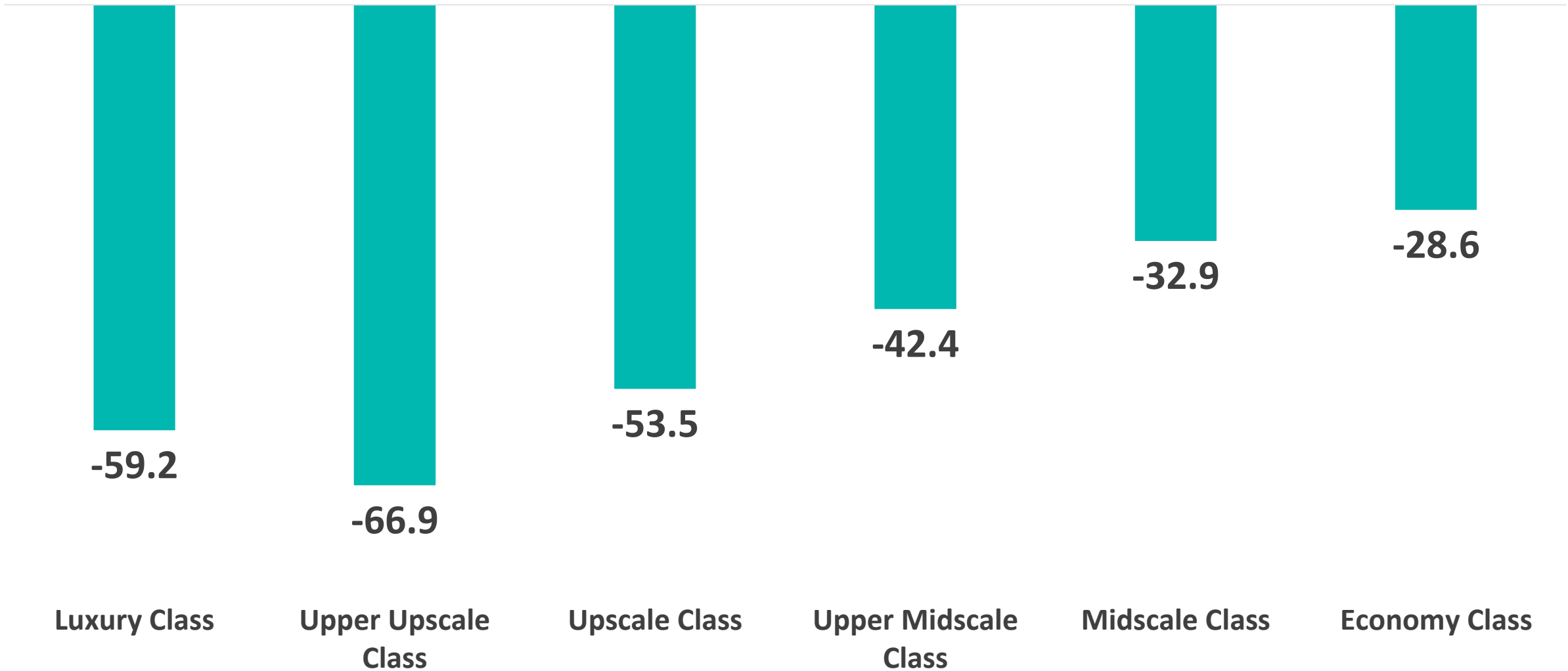
Class Performance: Economy Hotels Almost 60% Filled
Total U.S., Occupancy %, week ending August 8

Luxury Class	Upper Upscale Class	Upscale Class	Upper Midscale Class	Midscale Class	Economy Class
38.7	33.8	46.9	52.8	53.9	57.2
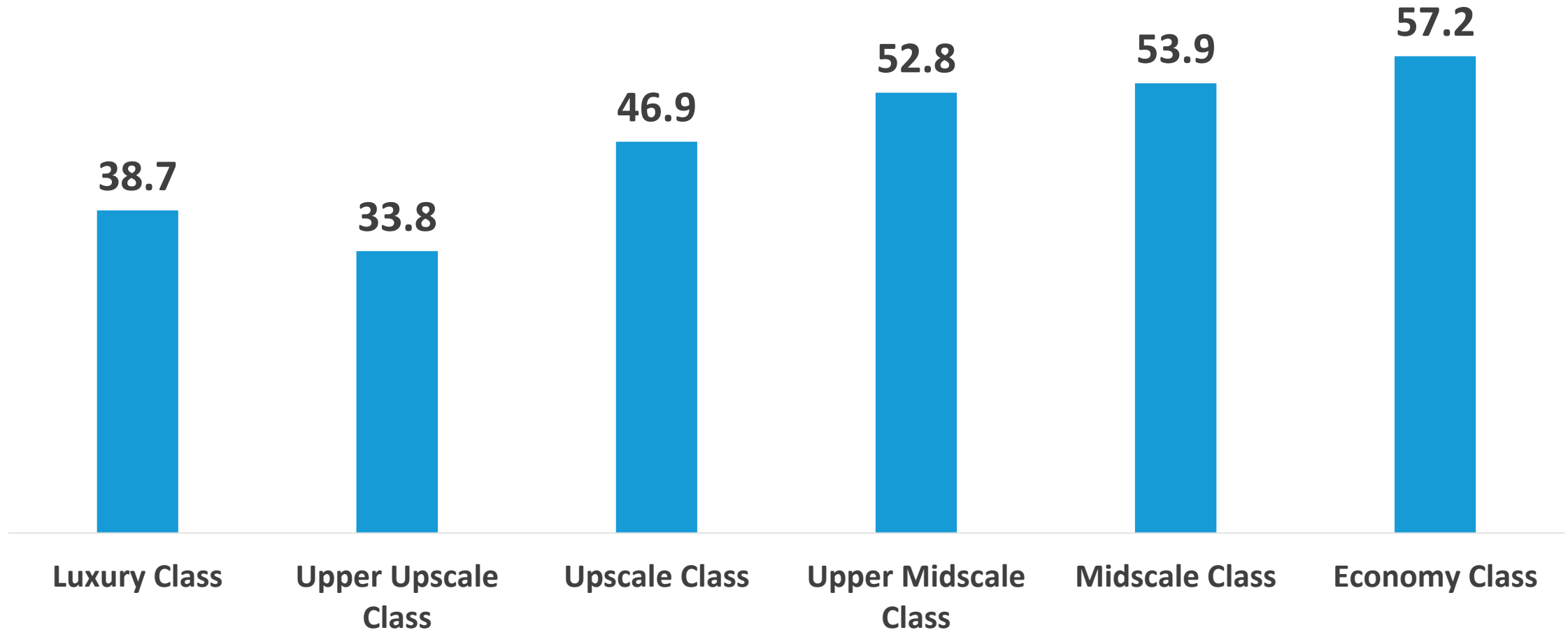
Some Like Beaches, Some Like Prairies

Markets with Highest WE OCC %, Week Ending August 8

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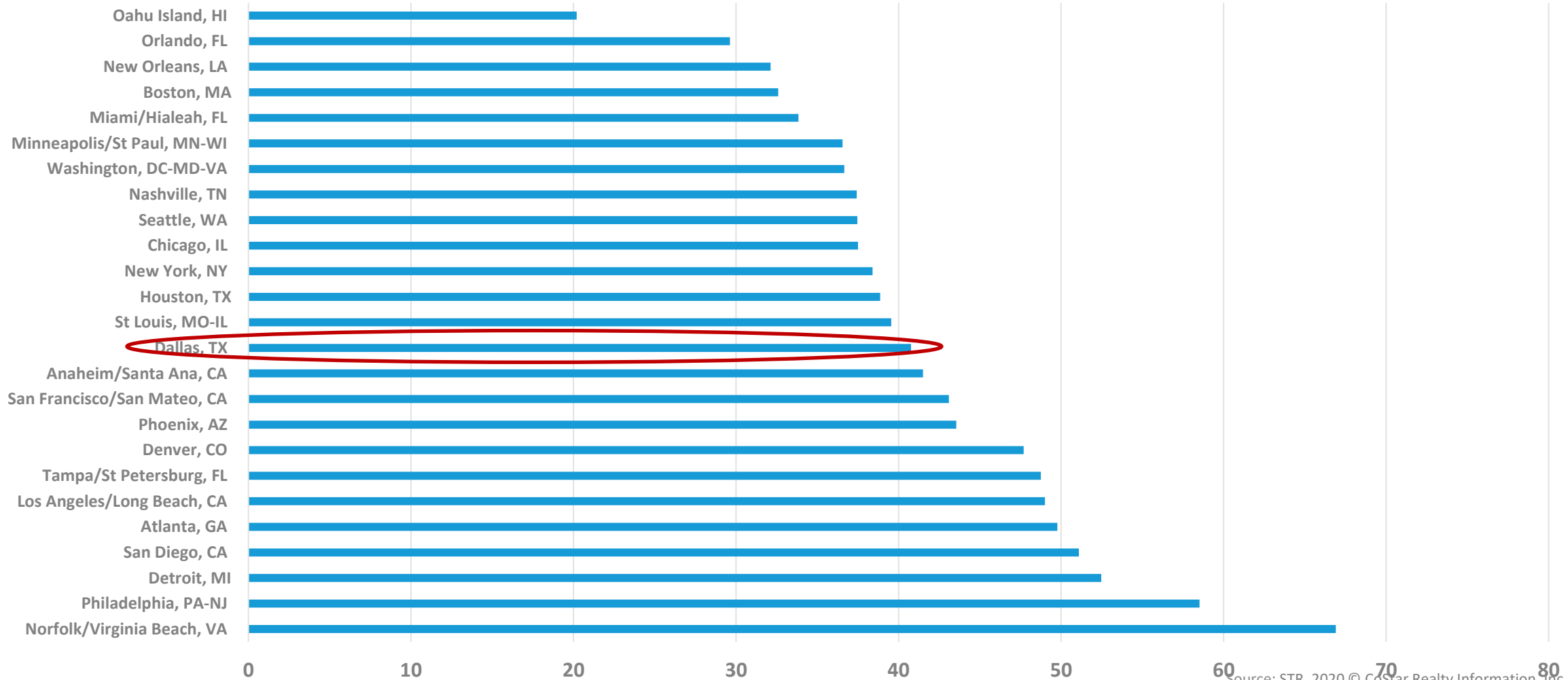| Market	Weekend Occ %
McAllen/Brownsville, TX	82.7
Colorado Springs, CO	81.3
Long Island	79.0
New Jersey Shore	75.7
California North Central	74.2
South Dakota	71.6
Montana	70.3
Idaho	70.0
Michigan North	69.4
California North	69.1

Location Performance: Vacation Travelers Chose Interstate Locations
Total U.S., RevPAR % Change, week ending August 8

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Urban	**Suburban**	**Airport**	**Interstate**	**Resort**	**Small Metro/Town**
-72.1	-45.9	-57.7	-26.7	-49.4	-28.9
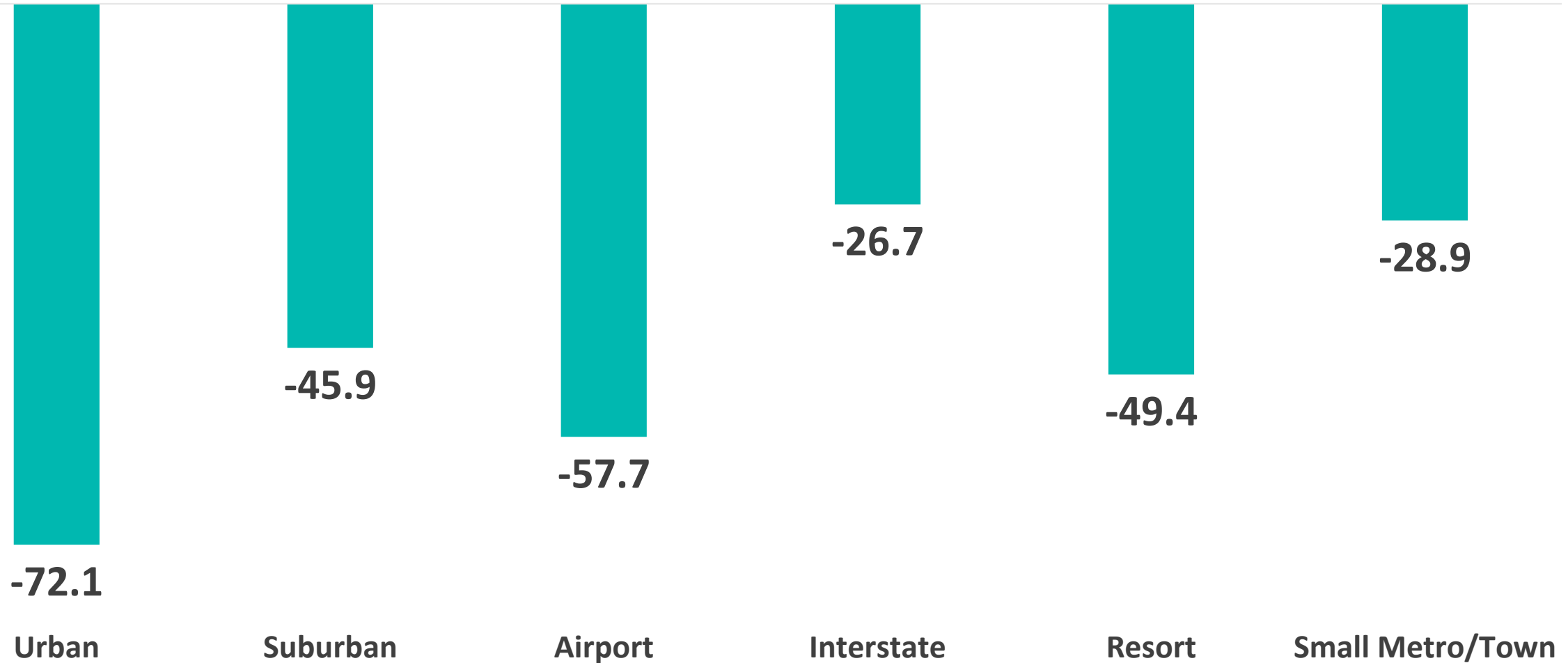
Top 25: 19 Markets between 30% and 50% Occ

Occupancy %, Week ending August 8

Source: STR. 2020 © CoStar Realty Information, Inc.

Top 25: $100 Difference Between Oahu and Houston

ADR $, Week ending August 8
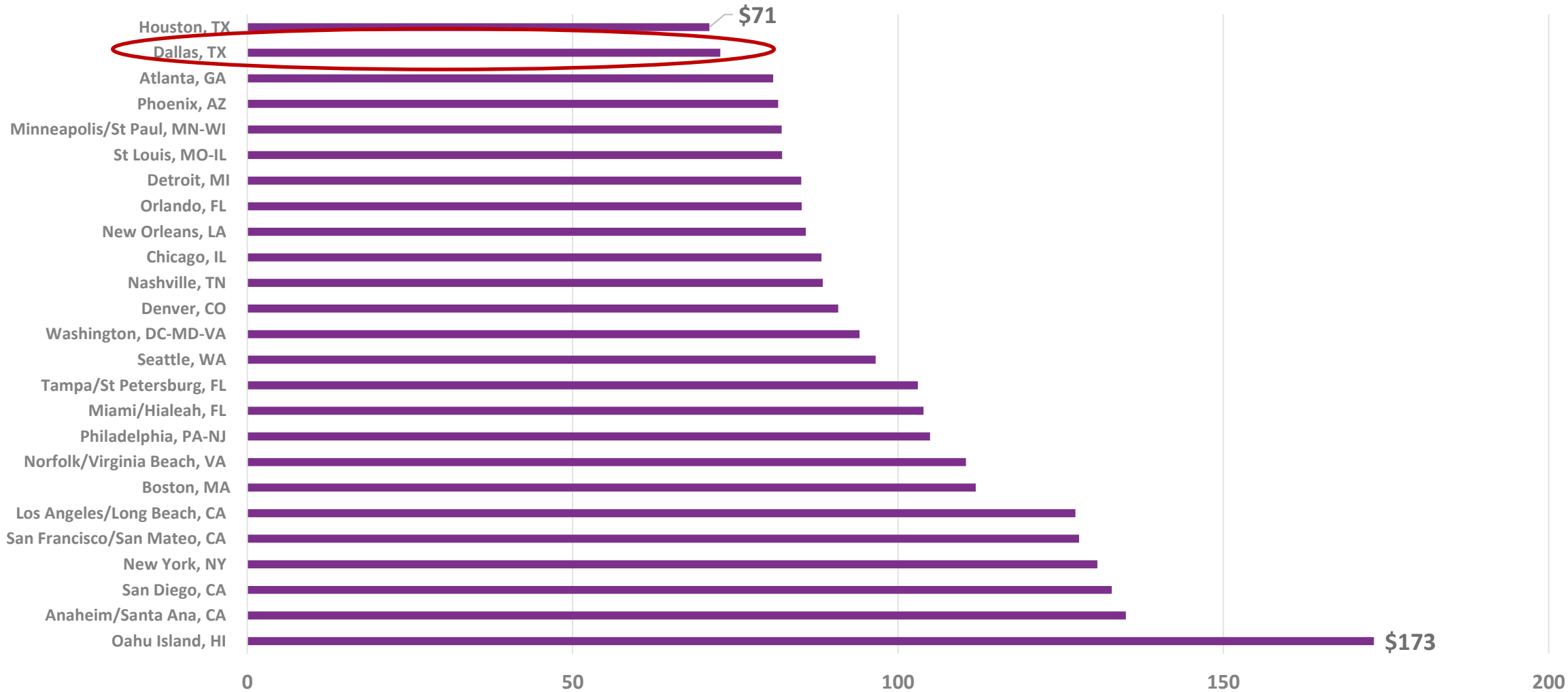
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Room Demand down close to 35%
Dallas Market, June YTD 2020

		% Change
Room Supply		0.6%
Room Demand		-34.2%
Occupancy	45.3%	-34.6%
ADR	$94	-15.5%
RevPAR	$43	-44.7%
Room Revenue		-44.4%

Dallas Market Class OCC: Low End With Best Results
June 2020 & 2019

STR

- 2020
- 2019

	2020	2019
Luxury Class	21.1	72.2
Upper Upscale Class	15.6	69.0
Upscale Class	30.2	75.5
Upper Midscale Class	44.1	75.3
Midscale Class	49.3	75.9
Economy Class	62.7	71.6
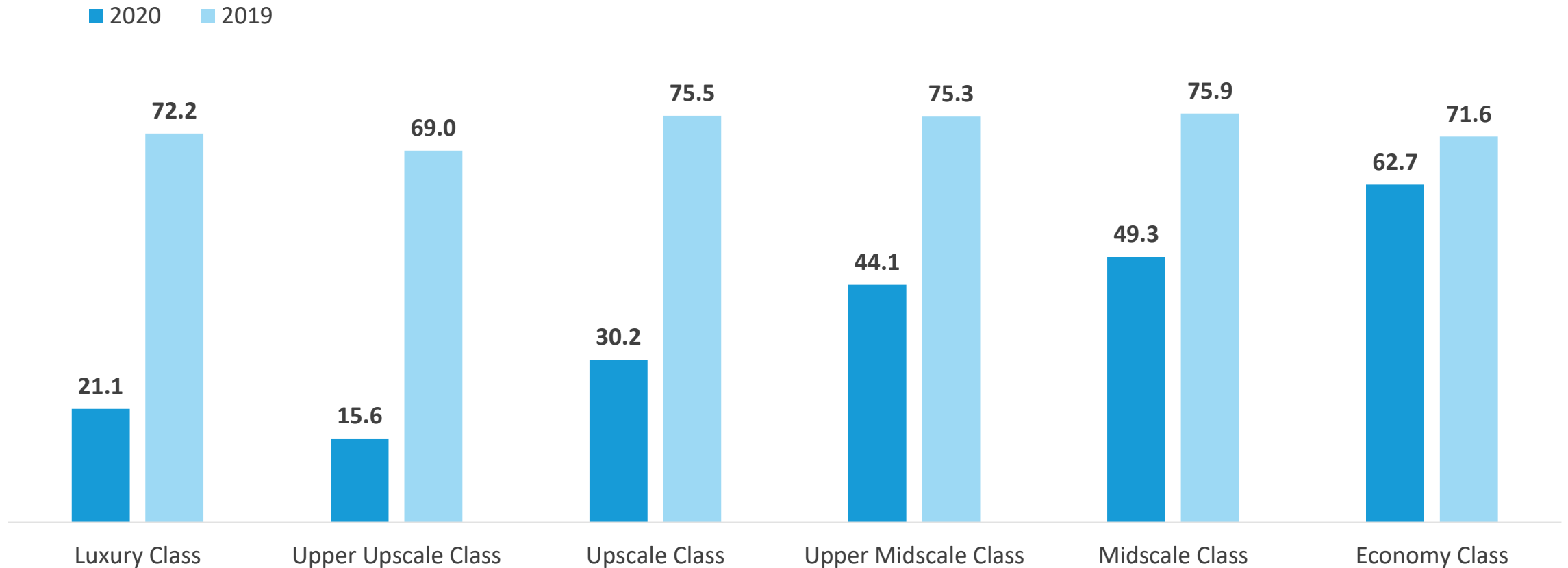
Dallas Market 2019 Class ADR Premium Luxury to Economy
by Class, **June 2019**

STR

2019 ADR Difference: Economy to Luxury: ~$205

$261	$155	$117	$96	$74	$55
Luxury Class	Upper Upscale Class	Upscale Class	Upper Midscale Class	Midscale Class	Economy Class
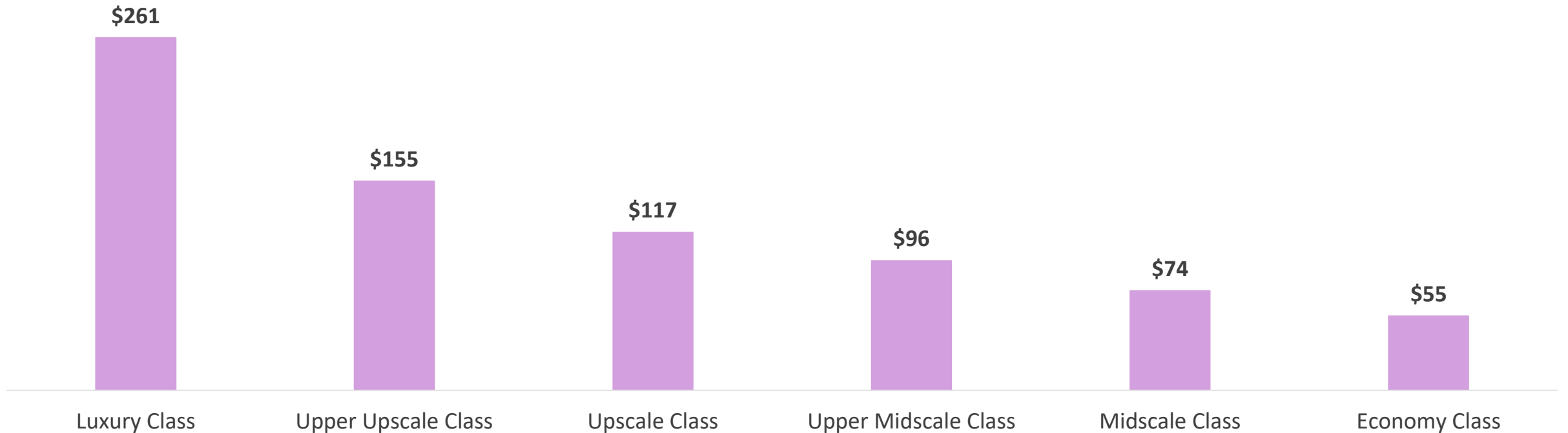
Dallas Market 2020 the ADR Premium has dropped
by Class, **June 2020**

STR

2020 ADR Difference: Economy to Luxury: ~$155

Class	ADR
Luxury Class	$238
Upper Upscale Class	$120
Upscale Class	$89
Upper Midscale Class	$75
Midscale Class	$62
Economy Class	$50
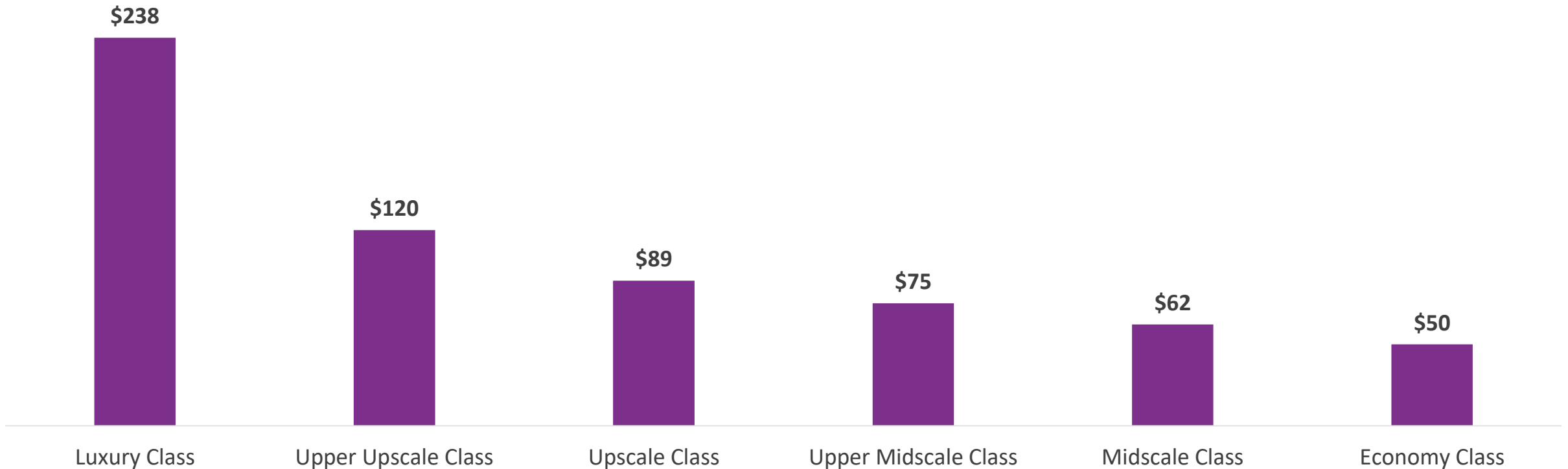
Dallas Market Monthly RevPAR by Class

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

$171

$113

$78

$50

January   February   March   April   May   June
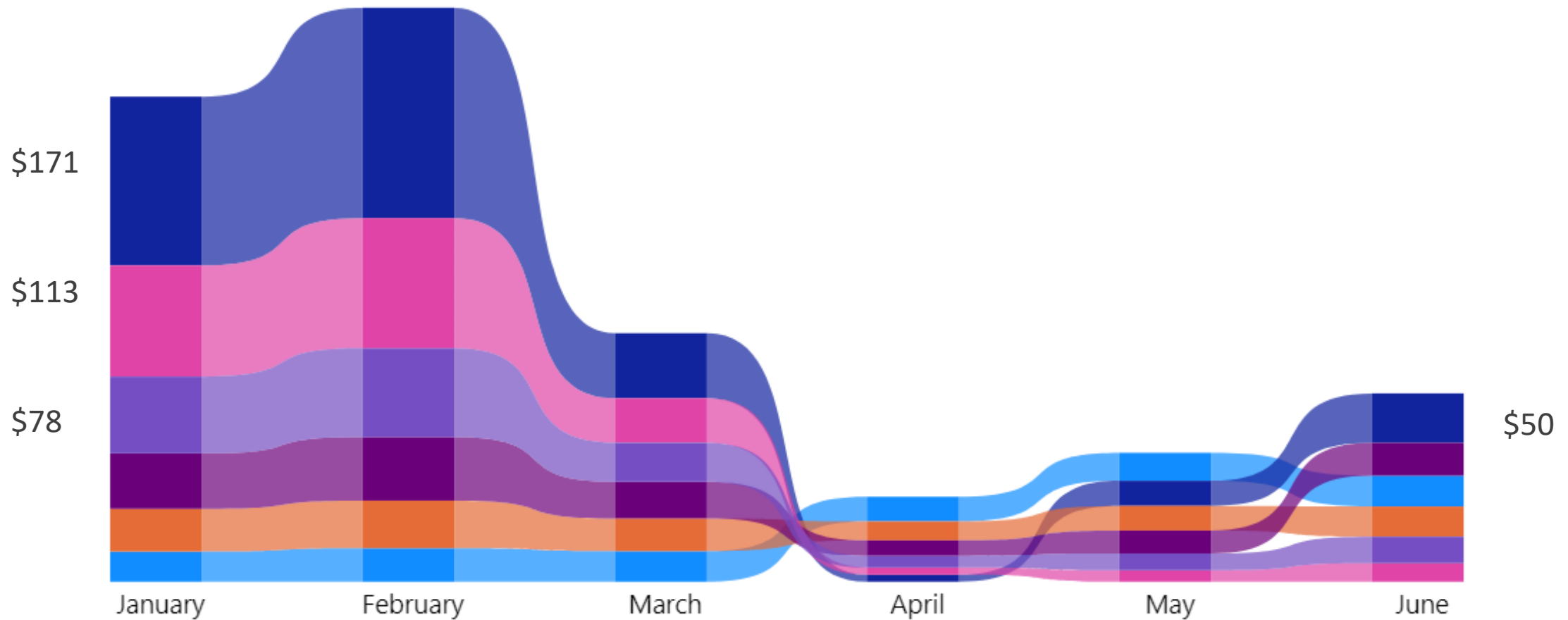
Dallas Market Monthly RevPAR Growth by Class

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

-45.5%

-69.6%

-82.4%

January February March April May June
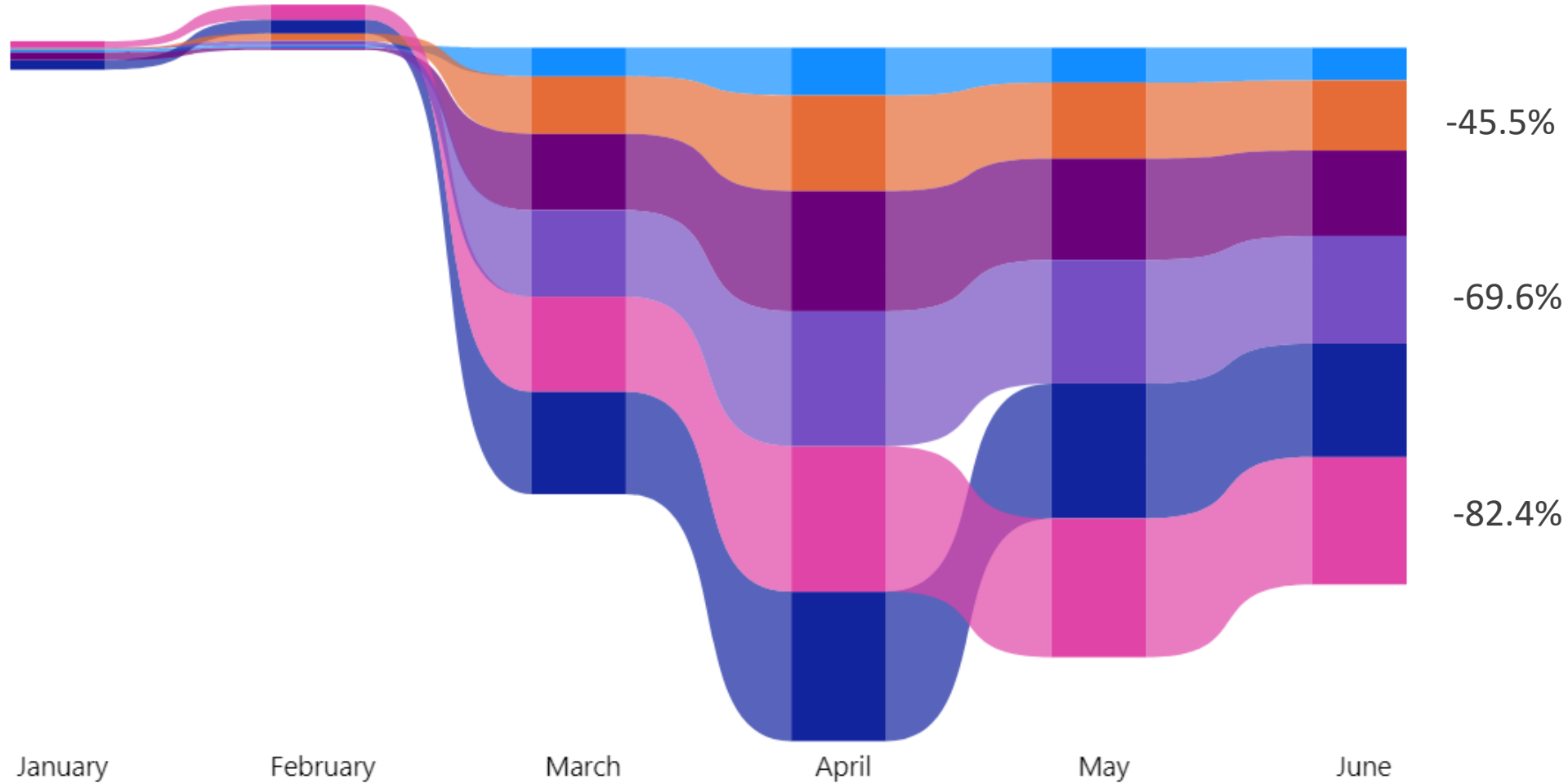
Segmentation: Impact of very little group

Dallas Market Segmentation KPIs, % Change, week ending Aug 8th

	Transient	Group
Occupancy	-59.7	-93.9
ADR	-14.9	-13.2
RevPAR	-65.7	-94.7

Dallas CBD Segmentation : No Groups. None.

RevPAR % change last 12 Months

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■ Transient RevPAR % PC   ■ Group RevPAR % PC

-94.6   -97.6   -84.7   -99.9   -73.2   -97.8

Jul-19   Sep-19   Nov-19   Jan-20   Mar-20   May-20

19
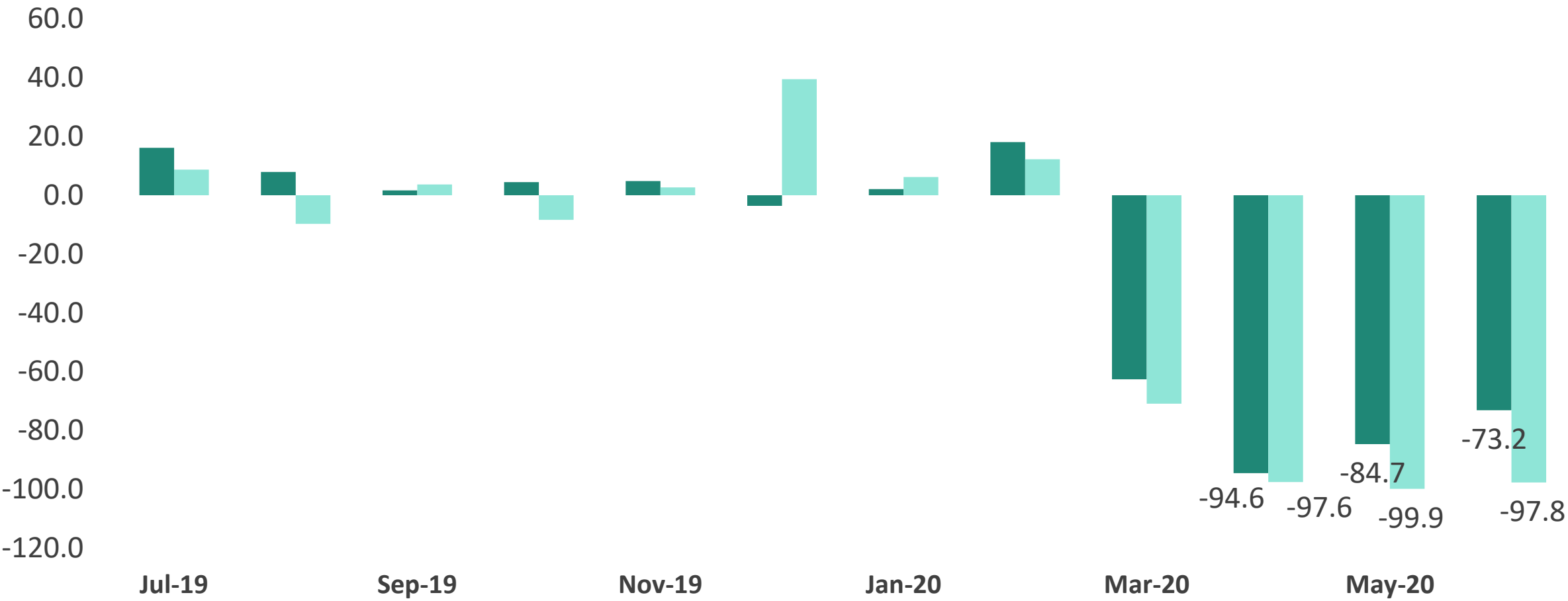
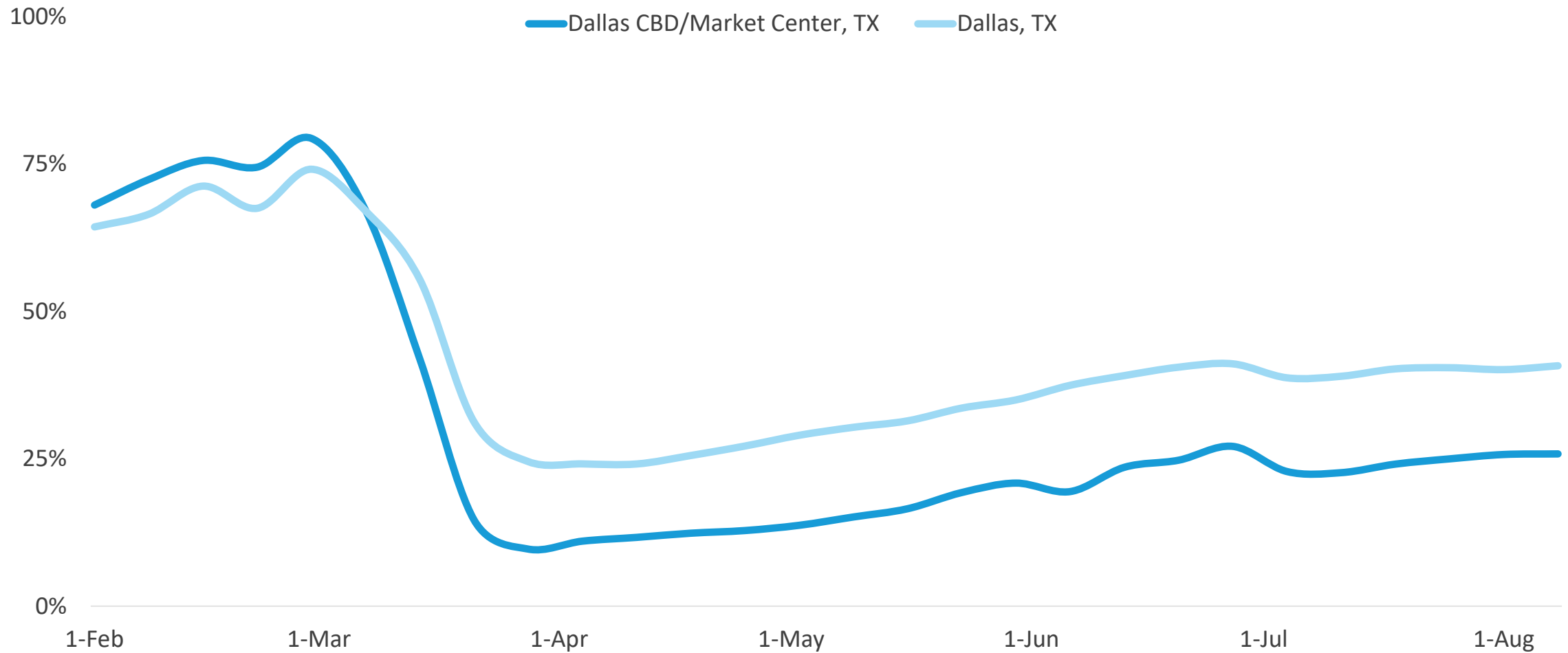# Dallas market & submarket RevPAR trending up

Weekly RevPAR % change from prior year, 1 February – 8 Aug 2020

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Legend: Dallas CBD/Market Center, TX — Dallas, TX
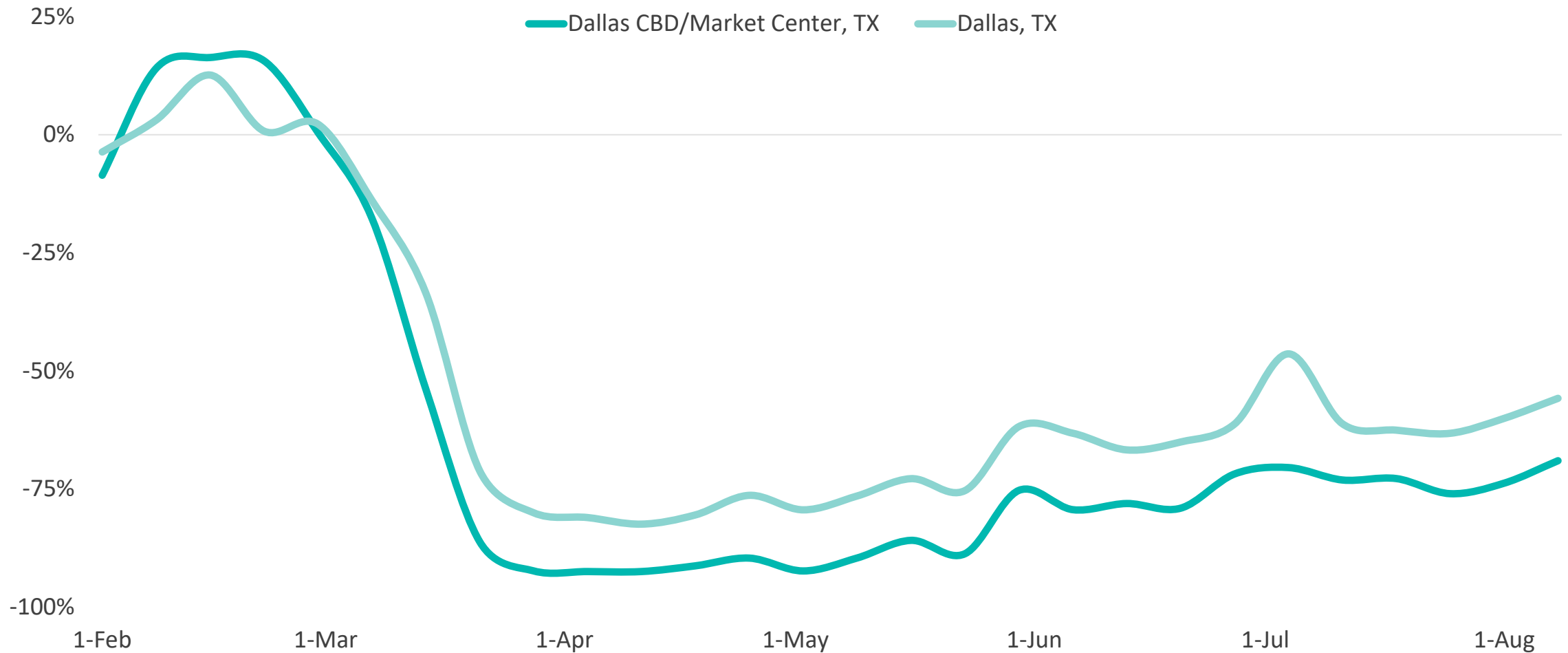
Occupancy recovers slower in Dallas CBD

Weekly Occupancy, 1 February – 8 Aug 2020

Legend: Dallas CBD/Market Center, TX — Dallas, TX

Rates mostly flat this summer

Weekly ADR, 1 February – 8 Aug 2020

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Legend: ——— Dallas CBD/Market Center, TX   ——— Dallas, TX

Y-axis: $0, $50, $100, $150, $200

X-axis: 1-Feb, 1-Mar, 1-Apr, 1-May, 1-Jun, 1-Jul, 1-Aug
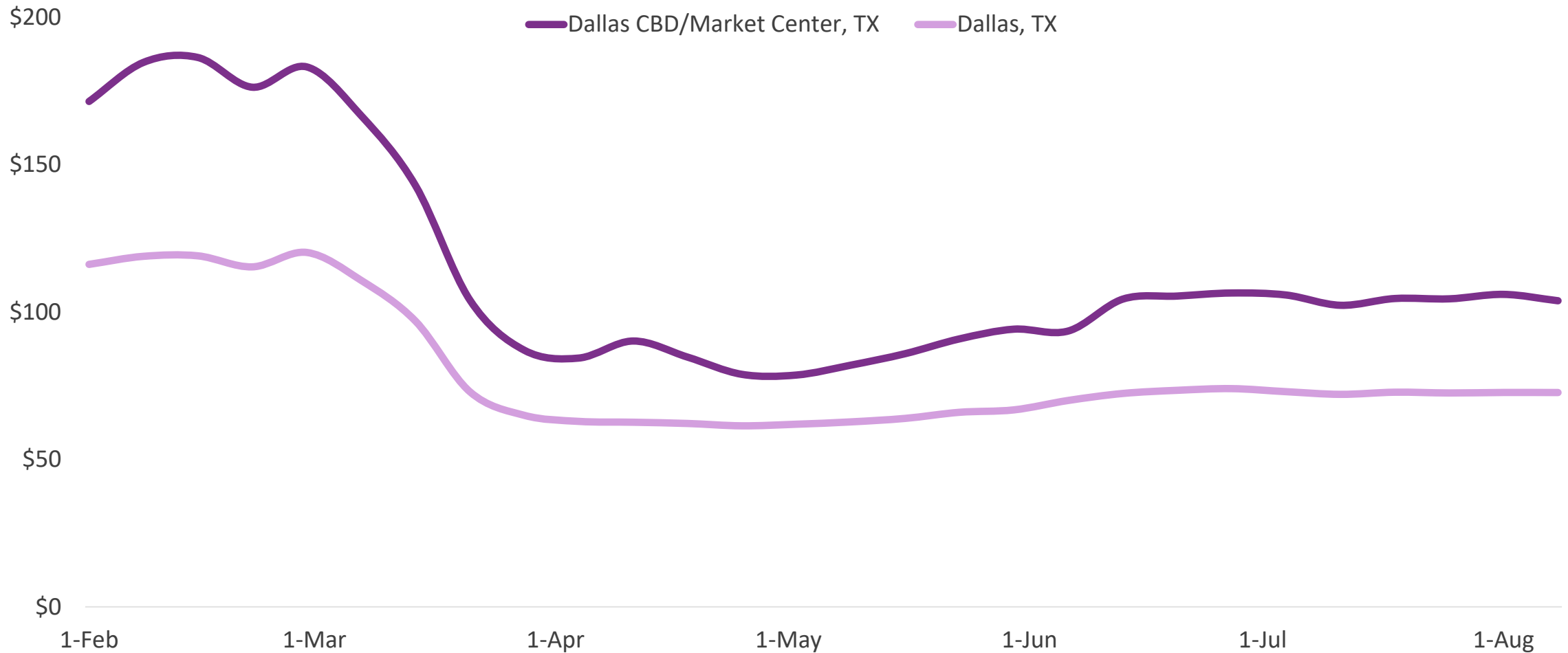
Rates growth recovery is slow-going but going up

Weekly ADR % change from prior year, 1 February – 8 Aug 2020

Legend: Dallas CBD/Market Center, TX — Dallas, TX
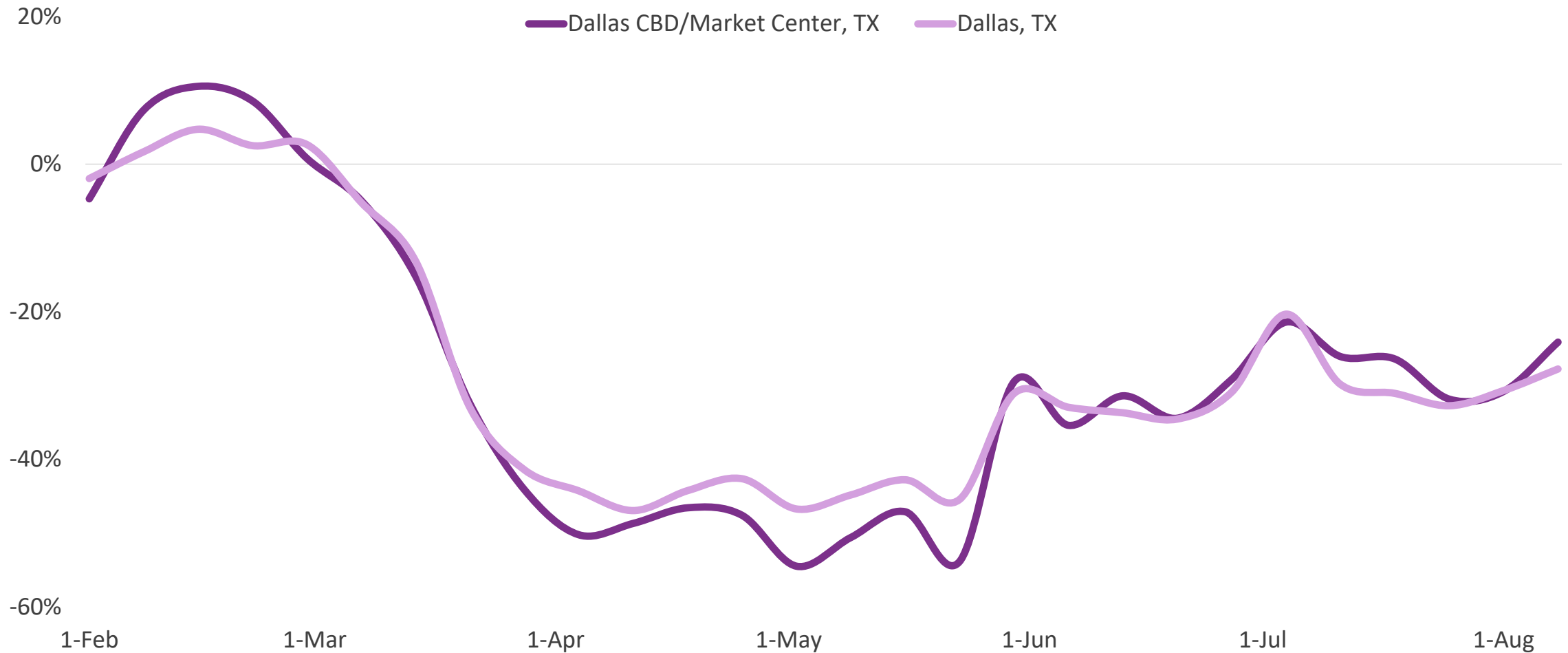
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Active Pipeline: "Big 6" Dominate

Q2 2020

■ IHG, Choice, Hilton, Hyatt, Marriott, Wyndham

■ All Other (incl. unbranded)

16%

84%
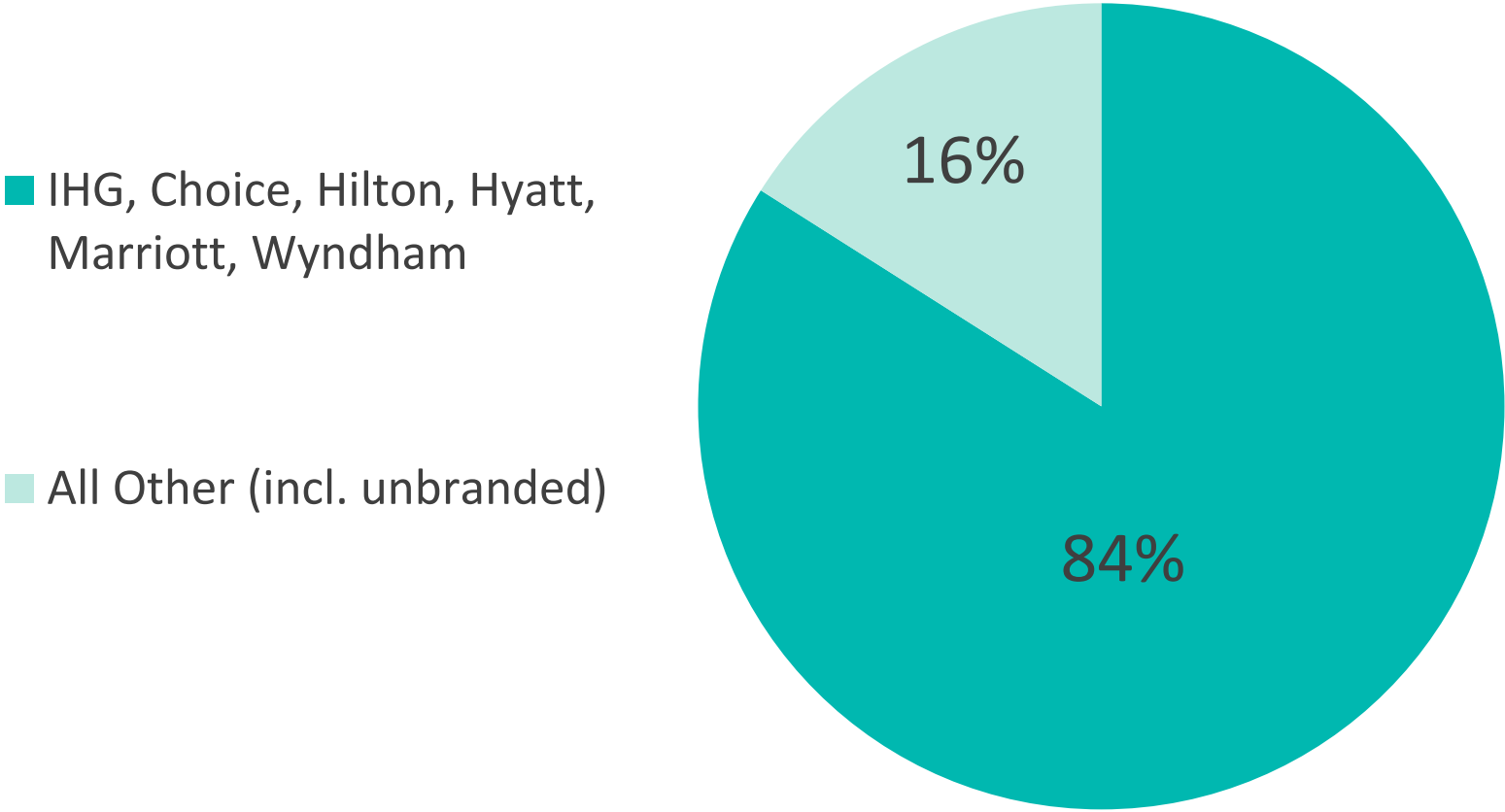
U.S. Hotel Rooms In Construction Peaked in April

January 2006 - June 2020

Source: STR. 2020 © CoStar Realty Information, Inc.
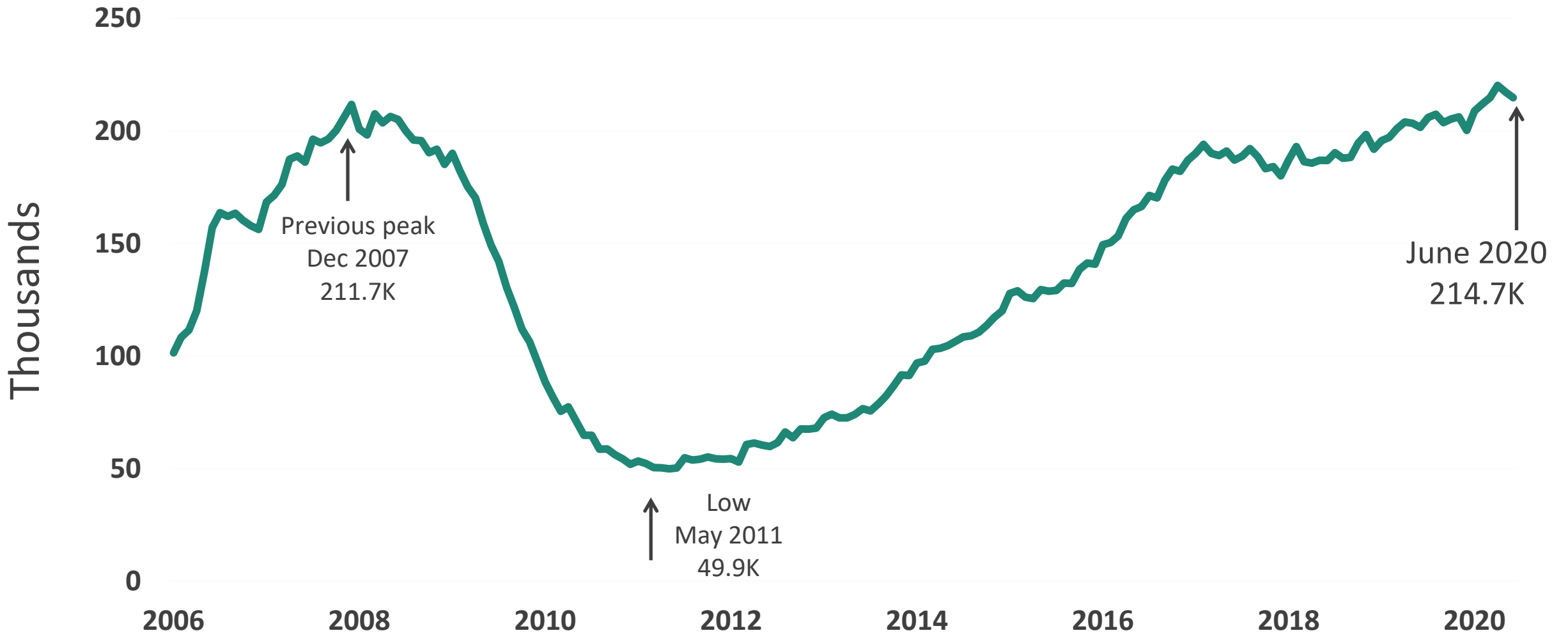
Pipeline: Sharp Increase In Deferred Projects
U.S. Pipeline, Move to Deferred & Abandoned from Prior Phase

Projects Move To Deferred from ....
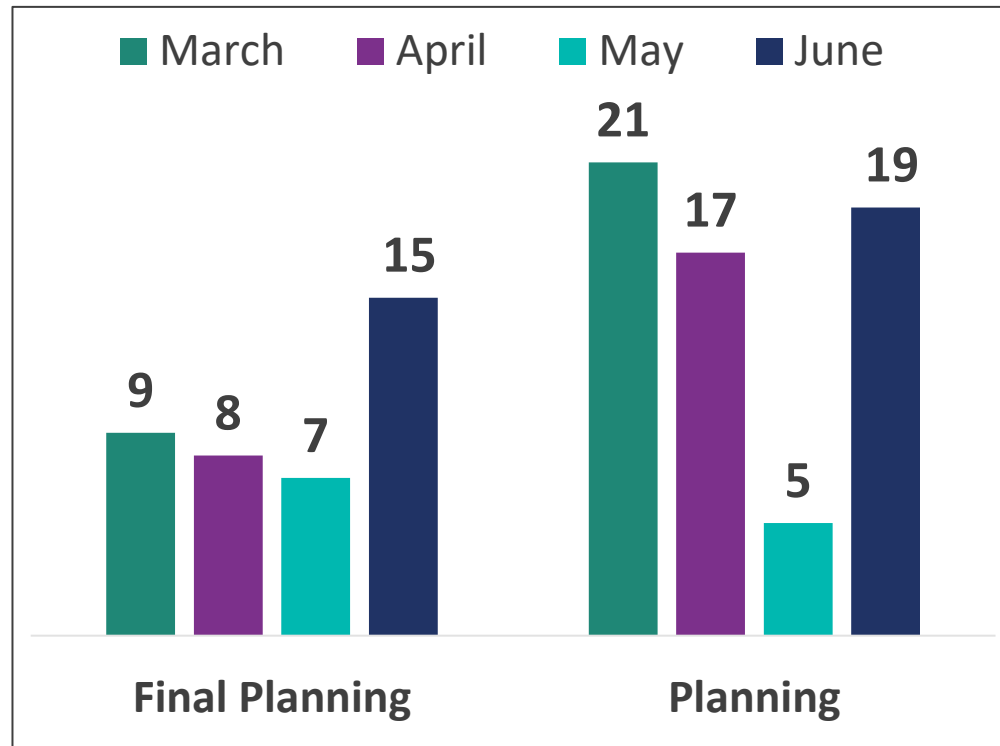
Projects Move To Abandoned from ....
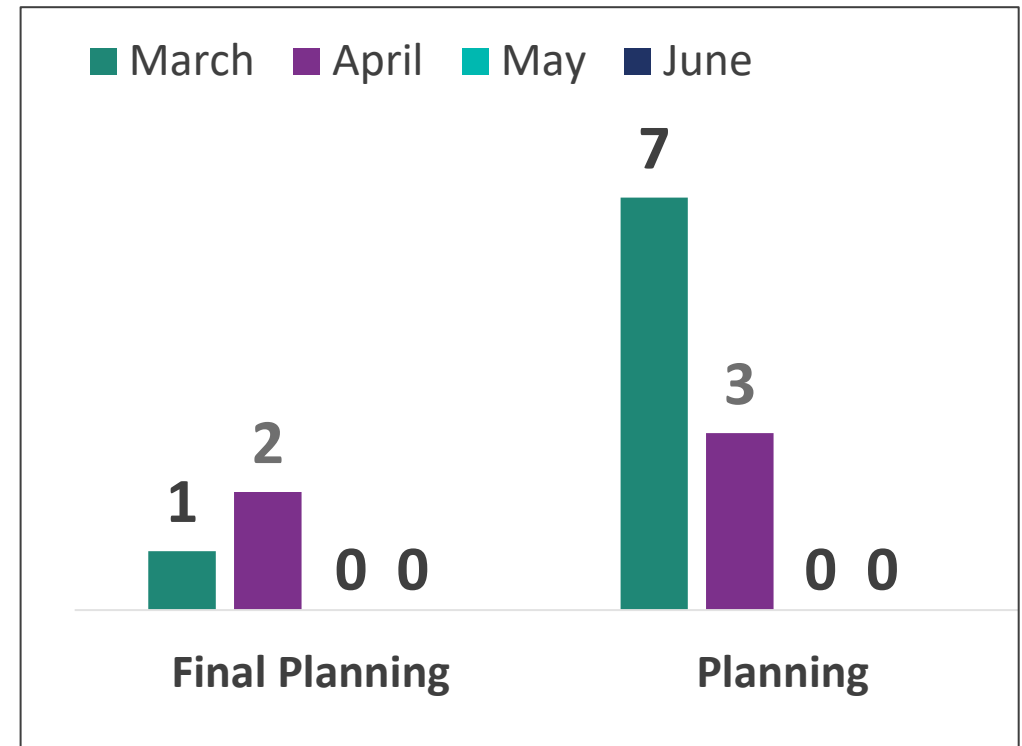
Large Markets Grow Rapidly
(Temporary Closed Hotels Increase the %)

Largest % In Top 26 Markets, June 2020

Market	Rooms In Construction	% Of Existing
New York, NY	15,546	17%
Nashville, TN	6,122	13%
Las Vegas, NV	9,518	8%
Miami/Hialeah, FL	3,782	8%
Los Angeles/Long Beach, CA	7,812	8%
Boston, MA	3,802	8%
Orlando, FL	7,152	8%
Detroit, MI	2,859	7%
Denver, CO	3,209	6%
Tampa/St Petersburg, FL	2,918	6%

Dallas Market Pipeline Summary

Hotel Type	In Construction	Final Planning	Planning	Unconfirmed
Luxury	1	2	1	
Upper Upscale	3	3	4	1
Upscale	14	23	12	2
Upper Midscale	16	24	23	
Midscale	9	12	11	1
Economy			6	
Independent	2	3	13	
Total	**45**	**67**	**70**	**4**

Hotel Rooms	In Construction	Final Planning	Planning	Unconfirmed
Luxury	219	525	220	
Upper Upscale	588	437	800	160
Upscale	1,760	2,847	1,519	225
Upper Midscale	1,579	2,595	2,387	
Midscale	946	1,014	820	95
Economy			459	
Independent	364	854	2,256	
Total	**5,456**	**8,272**	**8,461**	**480**

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1 Global View

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4 Forecast

U.S. Forecast

Key Performance Indicators (% Change vs. Prior Year)
2019 – 2020F – 2021F

Metric	Outlook		
	2019 Actual	2020 Forecast	2021 Forecast
Supply	+2.0%	-3.7%	+5.8%
Supply (Total Room Inventory) *	+2.0%	+1.4%	+1.3%
Demand	+1.9%	-38.9%	+32.2%
Occupancy *	-0.1%	-39.7%	+30.5%
ADR	+0.9%	-20.9%	+5.6%
RevPAR *	+0.8%	-52.3%	+37.9%

*Reflects Total-Room-Inventory (TRI) methodology, which assumes no temporary hotel closures.

U.S. Forecast

Key Performance Indicators
2019 – 2020F – 2021F

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Metric	2019 Actual	2020 Forecast	2021 Forecast
Occupancy *	66.1%	39.8%	52.0%
ADR	$131.13	$103.71	$109.56
RevPAR *	$86.64	$41.31	$56.95

*Reflects Total-Room-Inventory (TRI) methodology, which assumes no temporary hotel closures.

U.S. Forecast

Chain Scale Key Performance Indicators
2020F by Chain Scale

| Chain Scale	2020 Year-End Outlook		
	Occupancy * (% chg)	ADR (% chg)	RevPAR * (% chg)
Luxury	-64.5%	-3.7%	-65.8%
Upper Upscale	-60.9%	-14.0%	-66.4%
Upscale	-47.1%	-17.3%	-56.3%
Upper Midscale	-37.9%	-14.4%	-46.9%
Midscale	-28.3%	-11.6%	-36.6%
Economy	-16.8%	-10.8%	-25.8%
Independent	-37.5%	-17.8%	-48.6%
Total U.S.	**-39.7%**	**-20.9%**	**-52.3%**

*Reflects Total-Room-Inventory (TRI) methodology, which assumes no temporary hotel closures.

U.S. Forecast

Indexed to end of 2019
2020F – 2024F

● Demand   ● Occ (TRI*)   ● ADR   ● RevPAR (TRI*)
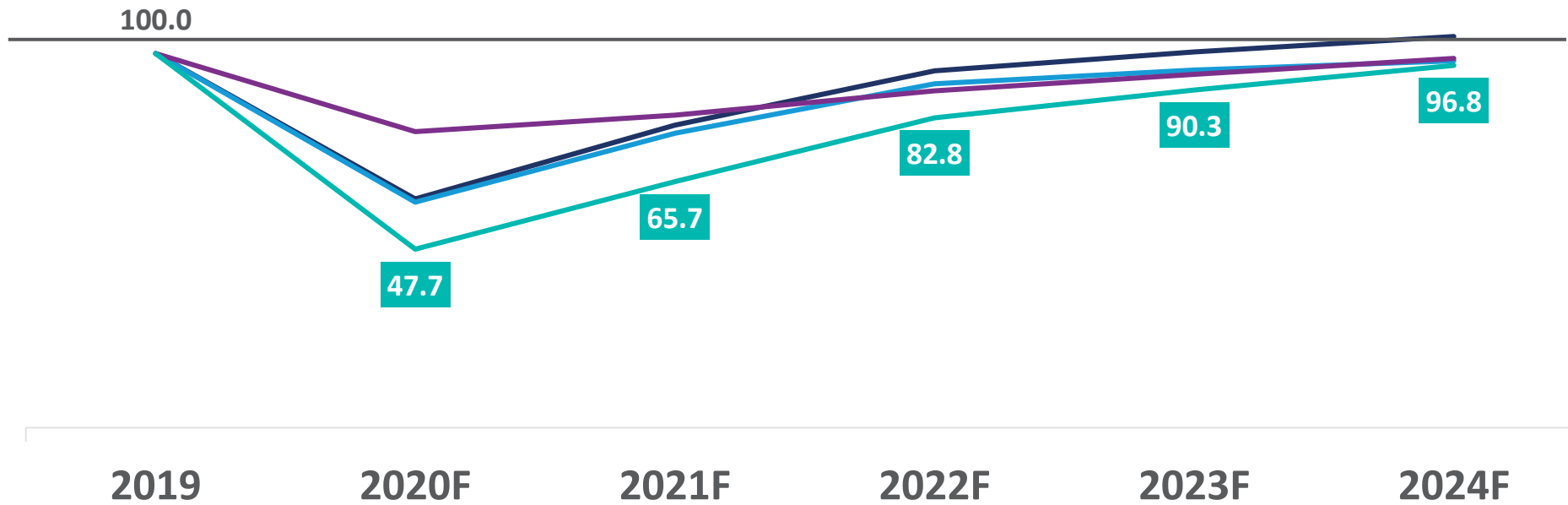
100.0

96.8

90.3

82.8

65.7

47.7

2019   2020F   2021F   2022F   2023F   2024F

*Reflects Total-Room-Inventory (TRI) methodology, which assumes no temporary hotel closures.

2020 Year End RevPAR Forecast

Top North American Markets, August 2020 Forecast (Markets sorted alphabetically)

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- 75% to -65%	-64% to -56%	-55% to -38%
Boston, MA	Anaheim/Santa Ana, CA	Atlanta, GA
Chicago, IL	Denver, CO	Dallas, TX
Minneapolis/St Paul MN-WI	Los Angeles/Long Beach, CA	Detroit, MI
Montreal, QC	Nashville, TN	Houston, TX
New York, NY	New Orleans, LA	Miami/Hialeah, FL
Oahu Island, HI	San Diego, CA	Norfolk/Virginia Beach, VA
San Francisco/ San Mateo, CA	Orlando, FL	Phoenix, AZ
Seattle, WA	Philadelphia, PA-NJ	Tampa/St Petersburg, FL
Toronto, ON	St Louis, MO-IL	
Vancouver, BC		
Washington, DC-MD-VA		

35

Note: RevPAR PC forecast estimates are in local currency and based on total-room-inventory methodology

2021 Year End RevPAR Forecast

Top North American Markets, August 2020 Forecast (Markets sorted alphabetically)

15% to 35%	45% to 75%	> 80%
Atlanta, GA	Anaheim/Santa Ana, CA	Boston, MA
Dallas, TX	Denver, CO	Chicago, IL
Detroit, MI	Minneapolis/St Paul MN-WI	Montreal, QC
Houston, TX	Nashville, TN	Oahu Island, HI
Los Angeles/Long Beach, CA	New Orleans, LA	San Francisco/ San Mateo, CA
Miami/Hialeah, FL	New York, NY	Seattle, WA
Norfolk/Virginia Beach, VA	Orlando, FL	Toronto, ON
Phoenix, AZ	Philadelphia, PA-NJ	Vancouver, BC
	San Diego, CA	
	St Louis, MO-IL	

Note: RevPAR PC forecast estimates are in local currency and based on total-room-inventory methodology

Dallas Market

Key Performance Indicators (% Change vs. Prior Year)
2019 – 2020F – 2021F

Metric	Outlook	
	2020 Forecast	**2021 Forecast**
Supply	-2.8%	+8.9%
Supply (Total Room Inventory) *	+2.7%	+3.1%
Demand	-45.2%	+48.4%
Occupancy *	-46.7%	+44%
ADR	-20.7%	-4.4%
RevPAR *	-57.7%	+37.6%

*Reflects Total-Room-Inventory (TRI) methodology, which assumes no temporary hotel closures.

Dallas Market

Key Performance Indicators
2019 – 2020F – 2021F

Metric	2019 Actual	2020 Forecast	2021 Forecast
Occupancy *	67.6%	36%	51.9%
ADR	$109.10	$86.55	$82.71
RevPAR *	$73.73	$31.18	$42.92

*Reflects Total-Room-Inventory (TRI) methodology, which assumes no temporary hotel closures.

Takeaway 01

Recovery from this downturn will be dictated by both economic factors and health and safety concerns.

Takeaway 02

Due to the severity of this downturn, the industry's recovery is projected to take longer than recoveries from previous downturns.

Takeaway 03

Hotels/Destinations well-poised to a quicker recovery are those without a strong reliance on group or international demand. Drive-to markets and those that see much stronger weekend occupancies may see demand return quicker.

Takeaway 04

Hotels with smaller rate declines last downturn saw a shorter downturn and faster recovery than those with larger rate declines.

Takeaway 05

Stress-testing your hotel's financial performance in the recovery will be crucial to your success.

Thank you!!!

Vail Ross| SVP

vross@str.com