

CBRE HOTELS

The World's Leading Hotel Experts.

Q3  
2023  
HOTEL

# Austin Hotel Market Update

Austin, Texas

CBRE

*Austin*  
**HLA**  
Austin Hotel & Lodging Association



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CLOSING THOUGHTS



# STATE OF THE U.S. LODGING INDUSTRY

## THE ROAD AHEAD ....

Time to Focus

**CBRE HOTELS**

The World's Leading Hotel Experts.

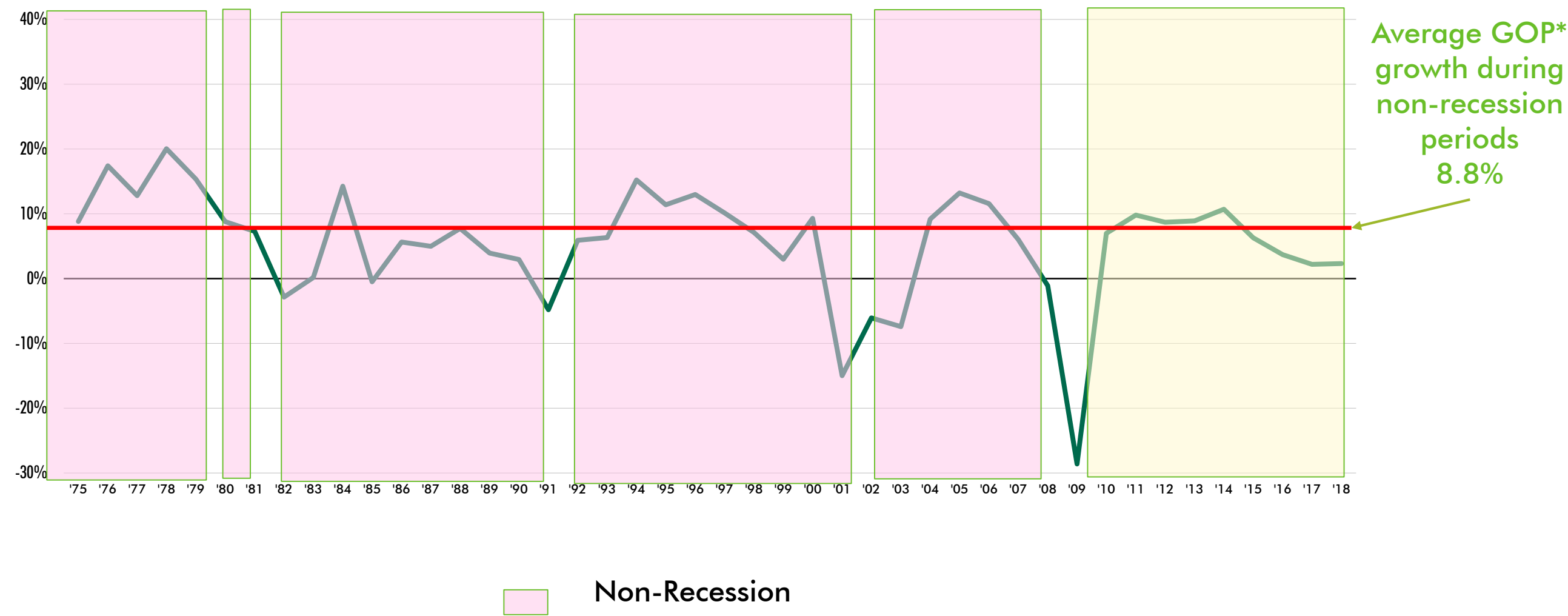
**Jeff Binford – Managing Director | Advisory Leader  
CBRE Hotels South Central Division**

September 20, 2019

**WHY ???**

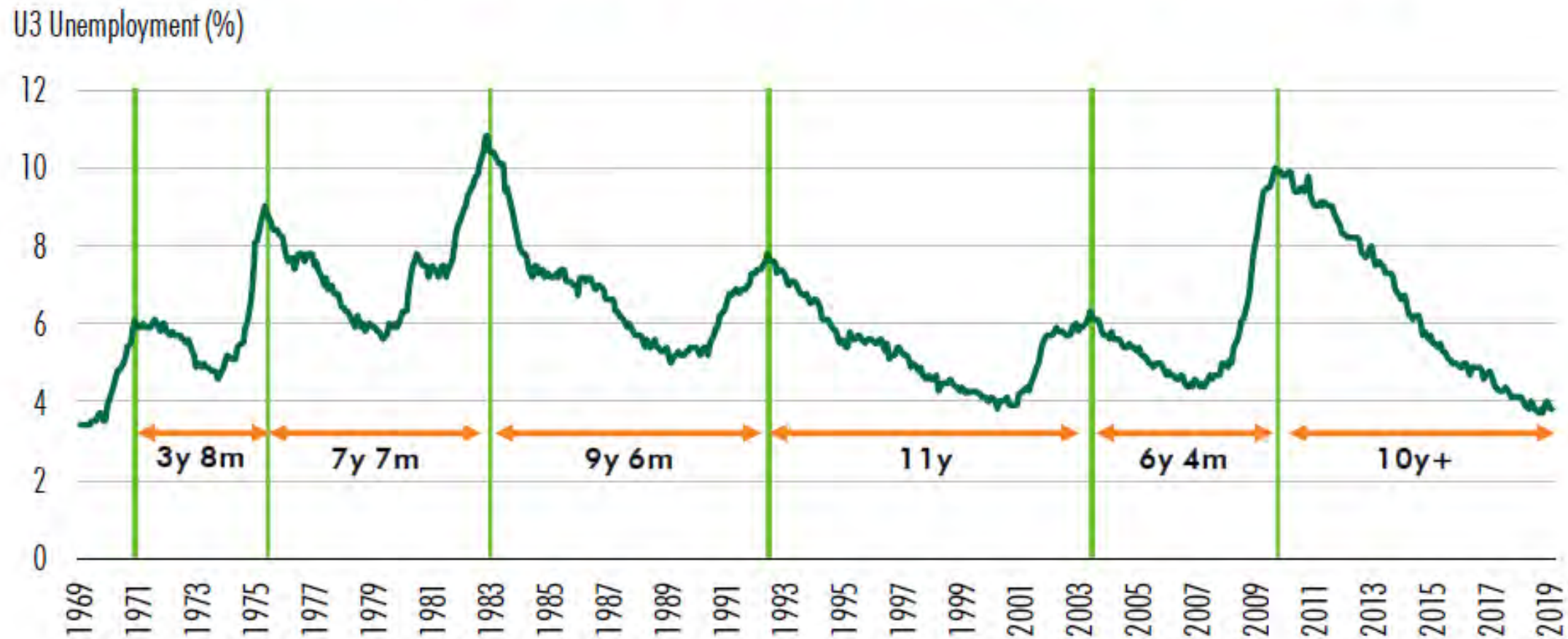
# ECONOMIC FACTORS

## Change in GOP\*



Note: \* Before Management Fees and Non-Operating Income and Expenses  
Source: Trends® in the Hotel Industry

## UNEMPLOYMENT: A GOOD, CLEAR CYCLICAL INDICATOR



Source: BLS, Macrobond, CBRE Research, March 2019.



A low-angle, upward-looking perspective of several modern skyscrapers. The buildings feature glass facades and complex geometric patterns. The sky is filled with soft, white clouds. A green gradient overlay covers the bottom portion of the image, containing the title and page number.

01

# HISTORICAL RESULTS



# HISTORICAL RESULTS

## YEAR END 2018 SUBMARKET COMPARISON

All Hotels – Austin Submarket Analysis  
Year End 2018 Compared to Year End 2017

Submarket	Occupancy		ADR		RevPAR	
	Percent	Pt. Change	\$ Amount	% Change	\$ Amount	% Change
CBD	74.8%	-2.4%	\$224	1.5%	\$167	-0.9%
US-290 / I-35 Area	70.3%	-1.3%	\$92	0.7%	\$65	-0.5%
Round Rock / Georgetown	67.1%	-1.2%	\$93	-0.8%	\$62	-2.0%
South Austin / Airport	72.9%	0.1%	\$125	-4.8%	\$91	-4.8%
Northwest / Arboretum	73.0%	-2.5%	\$126	0.5%	\$92	-2.0%
San Marcos / Surrounding Area	53.8%	-4.6%	\$86	-4.4%	\$46	-8.8%
Average / Change	70.3%	-2.0%	\$141	1.2%	\$99	-0.9%
Source: STR, Inc.						



# HISTORICAL RESULTS

## SECOND QUARTER 2019 SUBMARKET COMPARISON

All Hotels – Austin Submarket Analysis  
Q2 2019 Compared to Q2 2018

Submarket	Occupancy		ADR		RevPAR	
	Percent	Pt. Change	\$ Amount	% Change	\$ Amount	% Change
CBD	81.1%	4.9%	\$241	2.5%	\$195	7.5%
US-290 / I-35 Area	75.0%	2.9%	\$96	-0.4%	\$72	2.5%
Round Rock / Georgetown	71.2%	2.6%	\$96	-0.3%	\$69	2.2%
South Austin / Airport	75.9%	1.3%	\$131	1.1%	\$99	2.4%
Northwest / Arboretum	74.5%	-3.1%	\$130	-0.5%	\$97	-3.6%
San Marcos / Surrounding Area	59.1%	6.5%	\$86	-1.1%	\$51	5.4%
Average / Change	76.7%	2.0%	\$145	2.1%	\$112	4.1%
Source: STR, Inc.						





02

THE ECONOMY



## UNITED STATES: ECONOMIC OUTLOOK

	Employment	Personal Income	GDP	CPI (Inflation)
<b>2019</b>	1.5%	2.1%	2.3%	1.7%
<b>2020</b>	0.4%	1.6%	1.5%	1.8%
<b>2021</b>	-0.2%	1.6%	1.5%	1.6%
<b>2022</b>	0.2%	2.3%	2.3%	1.7%
<b>2023</b>	1.0%	2.8%	2.6%	2.0%

Source: CBRE EA, Moody's Analytics, Q2 2019







## AUSTIN: ECONOMIC OUTLOOK

	Employment	Personal Income	GDP	CPI (Inflation)
<b>2019</b>	1.9%	4.5%	2.3%	1.7%
<b>2020</b>	2.1%	3.6%	1.5%	1.8%
<b>2021</b>	1.7%	3.3%	1.5%	1.6%
<b>2022</b>	1.4%	4.2%	2.3%	1.7%
<b>2023</b>	2.1%	4.8%	2.6%	2.0%

Source: CBRE EA, Moody's Analytics, Q2 2019

ECONOMIC OUTLOOK COMPARISON

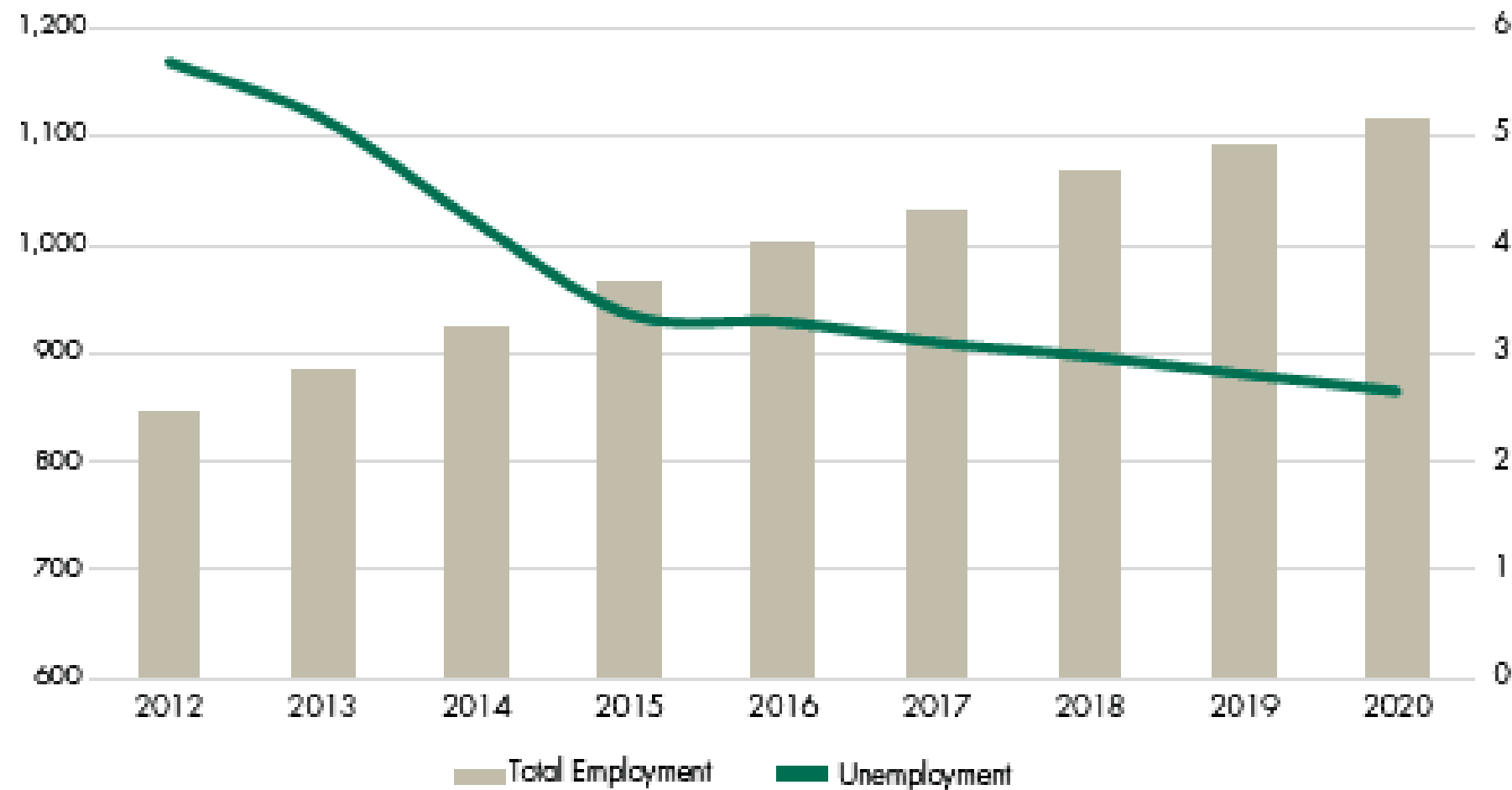
	Employment		Personal Income		GDP		CPI (Inflation)	
								
2019	1.5%	1.9%	2.1%	4.5%	2.3%	2.3%	1.7%	1.7%
2020	0.4%	2.1%	1.6%	3.6%	1.5%	1.5%	1.8%	1.8%
2021	-0.2%	1.7%	1.6%	3.3%	1.5%	1.5%	1.6%	1.6%
2022	0.2%	1.4%	2.3%	4.2%	2.3%	2.3%	1.7%	1.7%
2023	1.0%	2.1%	2.8%	4.8%	2.6%	2.6%	2.0%	2.0%

Source: CBRE EA, Moody's Analytics, Q2 2019



# ECONOMIC FACTORS

## Austin Labor Force & Unemployment



**2.7%**  
UNEMPLOYMENT

---

**1,207,936**  
TOTAL LABOR  
FORCE

Sources: Texas Labor Market Information, BLS

# ECONOMIC FACTORS



Sources: CBRE Research, Census Bureau, 2017 American Community Survey 1 year estimates

**312,690**  
STUDENTS K-12 WITHIN  
THE GREATER AUSTIN AREA

**27+**  
COLLEGES, UNIVERSITIES,  
AND TECHNICAL SCHOOLS  
WITHIN THE AUSTIN MSA

**62,923**  
STUDENTS AT COMMUNITY  
COLLEGES/TECHNICAL  
SCHOOLS WITHIN THE AUSTIN  
MSA

**110,764**  
STUDENTS ENROLLED IN  
A 4 YEAR COLLEGE OR  
UNIVERSITY

Sources: Austin Chamber of Commerce, FastReport for Austin



# ECONOMIC FACTORS

## High Tech

**6,500 Employers**

IN THE AUSTIN METRO  
AREA ARE IN HIGH TECH  
INDUSTRIES

**3.5% Growth**

TECH JOB GROWTH IN 2018,  
SURPASSING THE METRO'S  
3.2% TOTAL JOB GROWTH

**69,610 Jobs**

ARE IN AUSTIN'S TECH  
INDUSTRY. 20.3% CHANGE  
FROM 2012-2017. TECH  
MAKES UP 7.0% OF ALL JOBS  
IN AUSTIN

Sources: Austin Chamber of Commerce, Texas Labor Market Information, BLS, CBRE Tech Talent Report 2018

## Tourism

**\$8 Billion**

ANNUAL ECONOMIC  
IMPACT FROM VISITOR  
SPENDING

**133,500 Jobs**

IN LEISURE AND HOSPITALITY

Sources: Austin Business Journal, US BLS, Downtown Austin Alliance

## Government

**181,300 Government  
Employees**

IN THE AUSTIN MSA

**16.6% of Jobs**

IN THE AUSTIN MSA ARE  
GOVERNMENT JOBS

Sources: Texas Labor Market Information, BLS

## Life Sciences & Healthcare

**230 Companies**

ARE IN THE LIFE SCIENCES INDUSTRY  
IN THE AUSTIN REGION

**13,500 Employees**

IN THE LIFE SCIENCE INDUSTRY

**20+ Colleges  
& Universities**

PROVIDING LIFE SCIENCES-RELATED  
AND HEALTHCARE EDUCATION IN THE  
AUSTIN REGION

**28% Pharmaceutical  
& Biotech Cluster**

COMPANIES CURRENTLY COMPRISE  
28% OF AUSTIN'S LIFE SCIENCES

*The University of  
Texas at Austin,  
a Tier 1 research  
University, is the  
driver for innovation  
with over \$600 million  
in annual research  
funding*

Sources: Austin Chamber of Commerce, PitchBook and the National Venture Capital Association, January 2019

# ECONOMIC FACTORS

## OFFICE DEVELOPMENT PIPELINE

Sq. Ft. (Millions)



Source: CBRE Research Q4 2018

4.9M Sq. Ft.  
UNDER  
CONSTRUCTION  
Q4 2018

*Office Development  
picked up steam,  
with eight new  
projects breaking  
ground in Q4 2018*



# ECONOMIC FACTORS

OFFICE AVAILABILITY & VACANCY



12.8%  
AVAILABILITY

9.6%  
VACANCY

*Closing the space  
availability gap  
between sublease  
and direct space*

9.6%  
Q4 2018  
VACANCY

723,773  
Q4 2018 NET  
ABSORPTION

775.6K Sq. Ft.  
TOTAL LEASING ACTIVITY  
IN Q4 2018



Source: CBRE Research Q4 2018

# ECONOMIC FACTORS

## Retail Development

**1.42 Million**

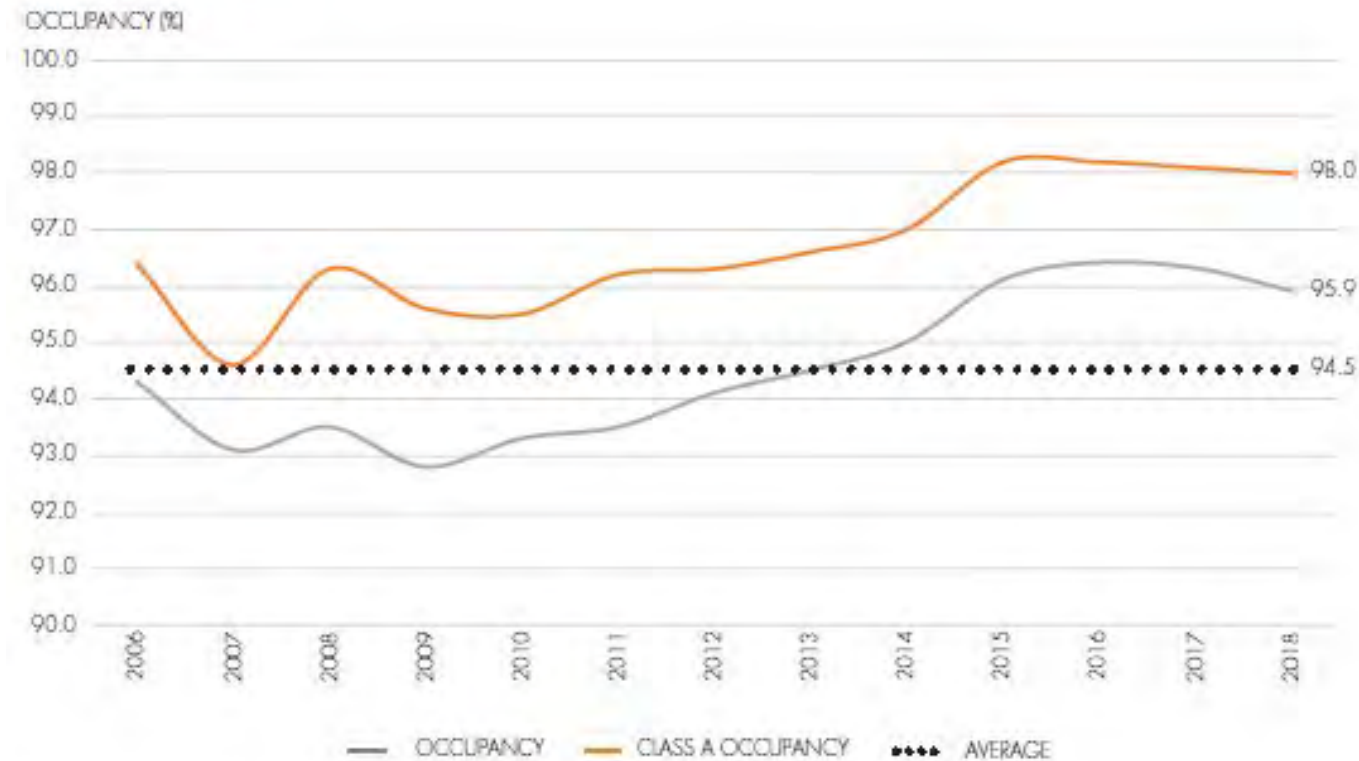
SQ. FT. DELIVERED 2018

Source: CBRE Research Q4 2018

**77.4%**

OF DELIVERED CONSTRUCTION 2018  
WAS OCCUPIED

## Retail Occupancy



Source: CBRE Research Q4 2018

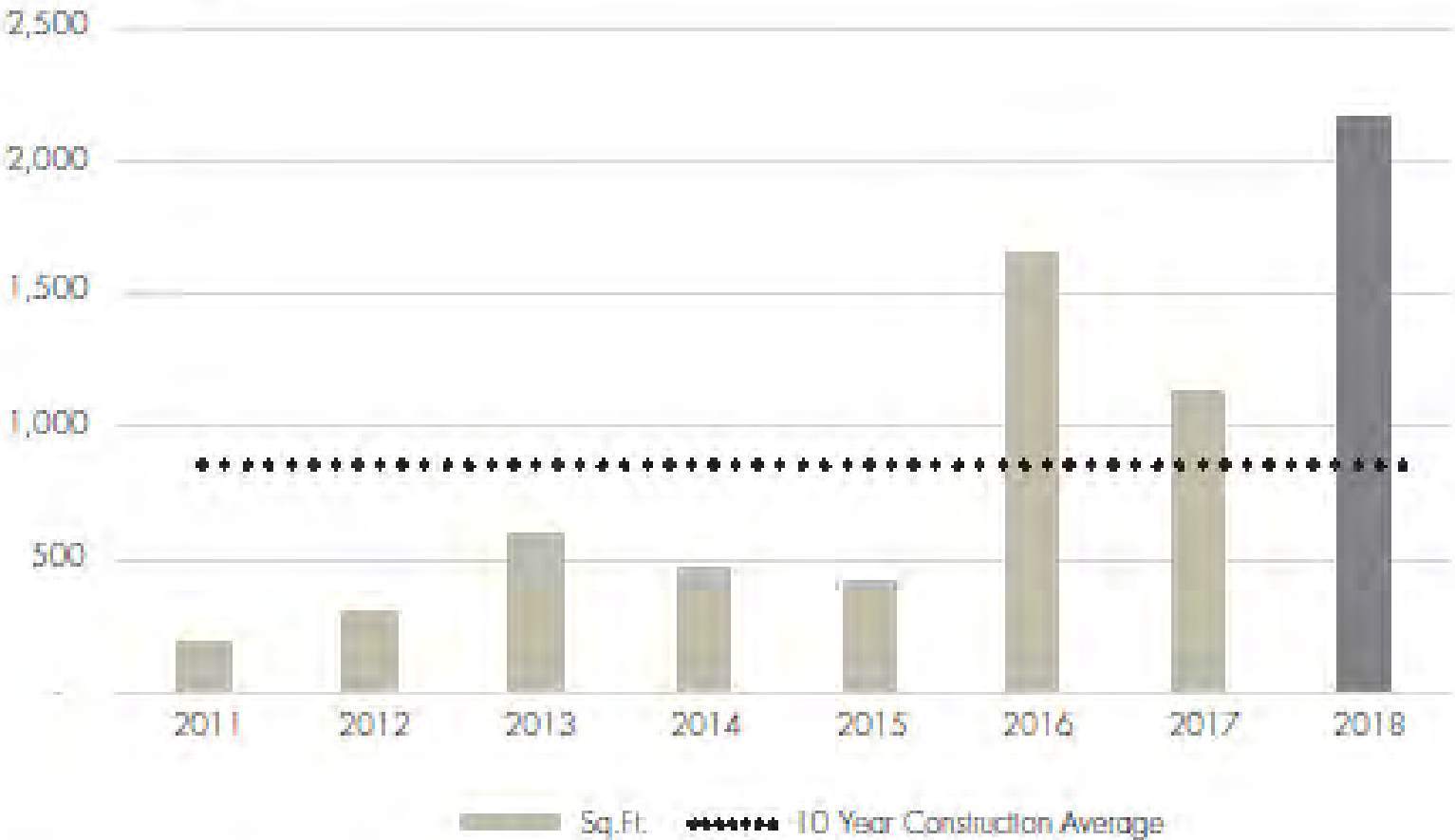


# ECONOMIC FACTORS

## Industrial Development

### INDUSTRIAL DEVELOPMENT PIPELINE

Sq. Ft. (Thousands)



2.2M Sq. Ft.  
UNDER  
CONSTRUCTION

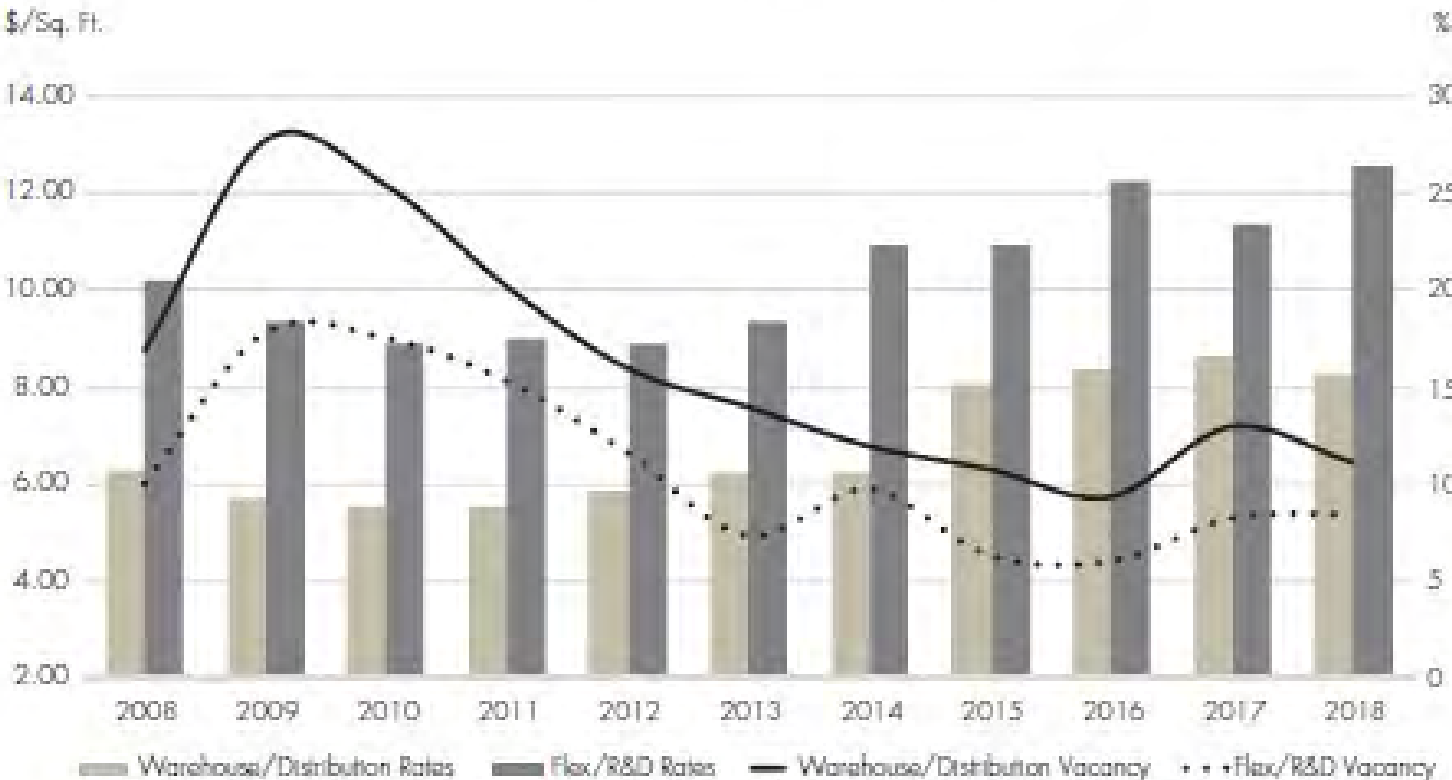
*2,666,571 sq. ft. of  
space broke ground in  
2018*

Source: CBRE Research Q4 2018

# ECONOMIC FACTORS

## Industrial Market Trends

ASKING RATES & VACANCY, WAREHOUSE/DISTRIBUTION & FLEX/R&D



**\$10.53 PSF**  
AVERAGE GROSS  
ASKING RATE

*Market fundamentals  
register new  
benchmarks during  
late-cycle stage*

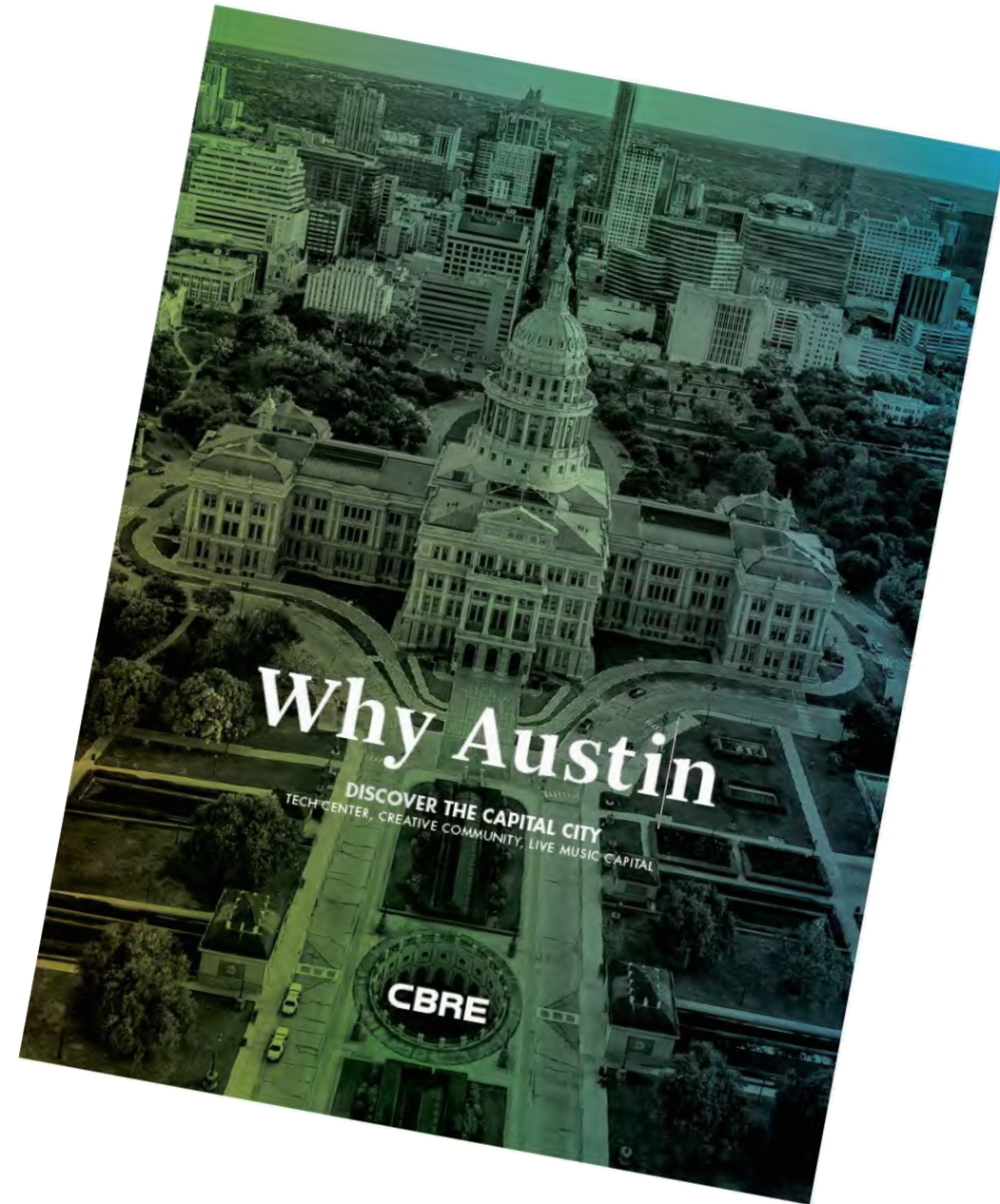
**9.4%**

Q4 2018  
VACANCY

**1.8M Sq. Ft.**

Q4 2018 NET  
ABSORPTION

# Why Austin?







03

BUSINESS CYCLES

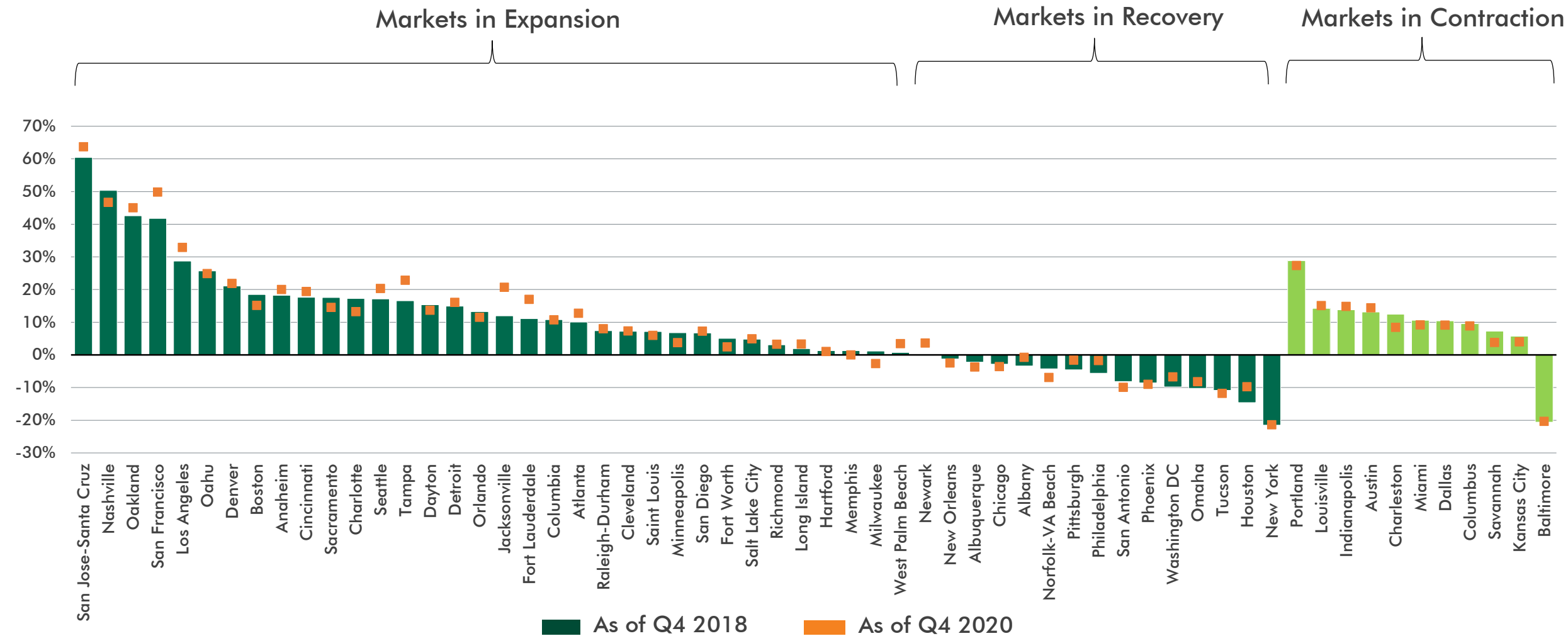


# BUSINESS CYCLES



# REAL REVPAR CHANGE FROM PRE-RECESSION PEAK

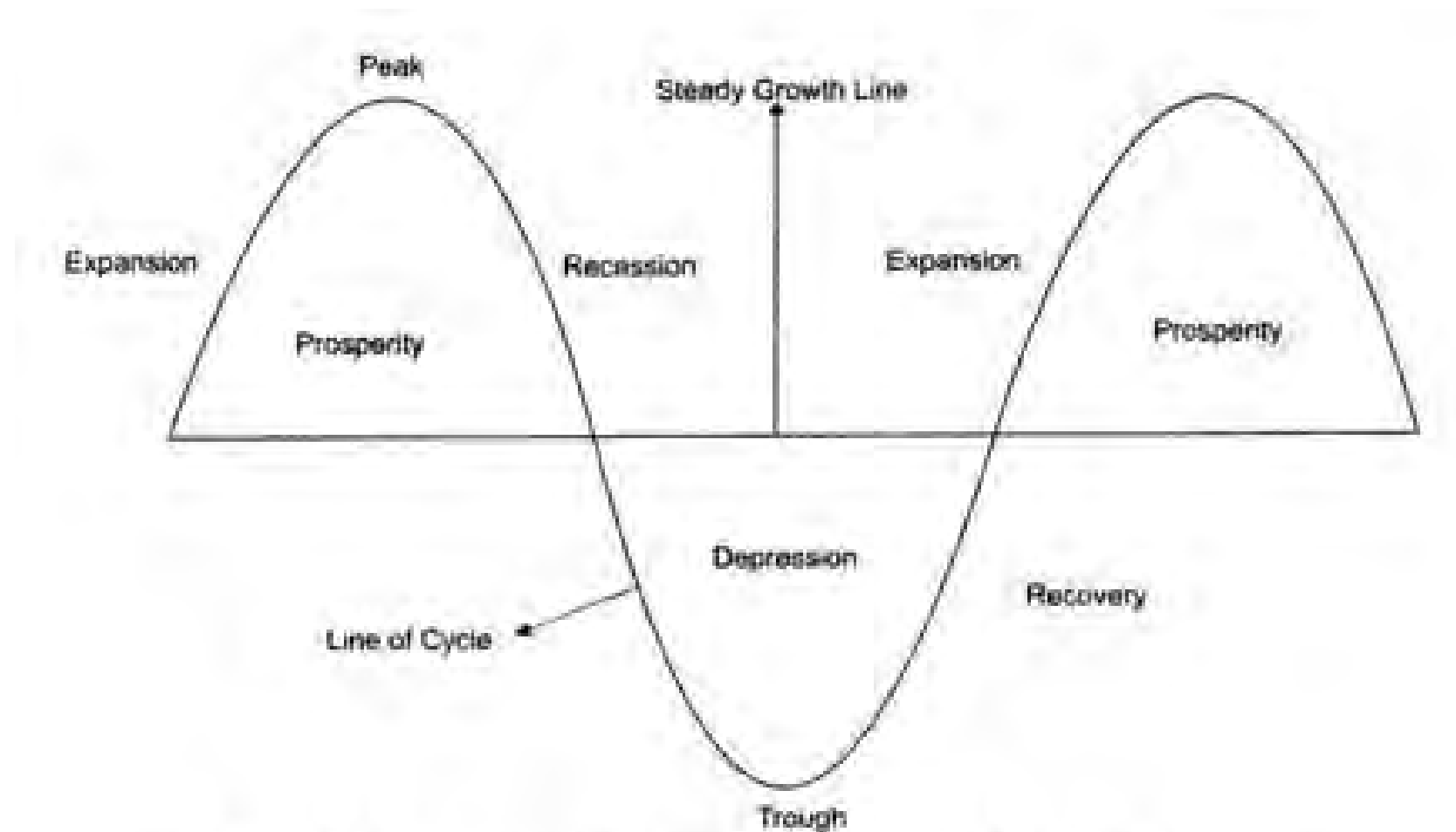
Not All Markets Have Fully Recovered From the Last Recession



Source: STR, CBRE Hotels' Americas Research, Hotel Horizons® June-August 2019



# BUSINESS CYCLES



**Figure-2: Representation of Phases of a Business Cycle**

Source: Economicsdiscussion.net





04

AUSTIN PIPELINE



## AUSTIN PIPELINE – BY THE NUMBERS

<u>Properties</u>	<u>Factor</u>	<u>Rooms</u>
<b><u>PROJECT PHASE</u></b>		
129	TOTAL Austin Pipeline	15,502
7	Abandoned	710
3	Deferred	195
48	Planning	5,281
36	Final Planning	4,095
35	Start	5,221
<b><u>PRICE TIER</u></b>		
78	Lower Priced	7,569
51	Upper Priced	7,933
<b><u>TIMELINE</u></b>		
6	No Dates	540
20	Open by YE 2019	2,179
46	Open by YE 2020	6,213
57	Open 2021 and Beyond	6,570



## AUSTIN PIPELINE – BY THE NUMBERS

All Hotels – Austin Submarket Analysis  
PIPELINE

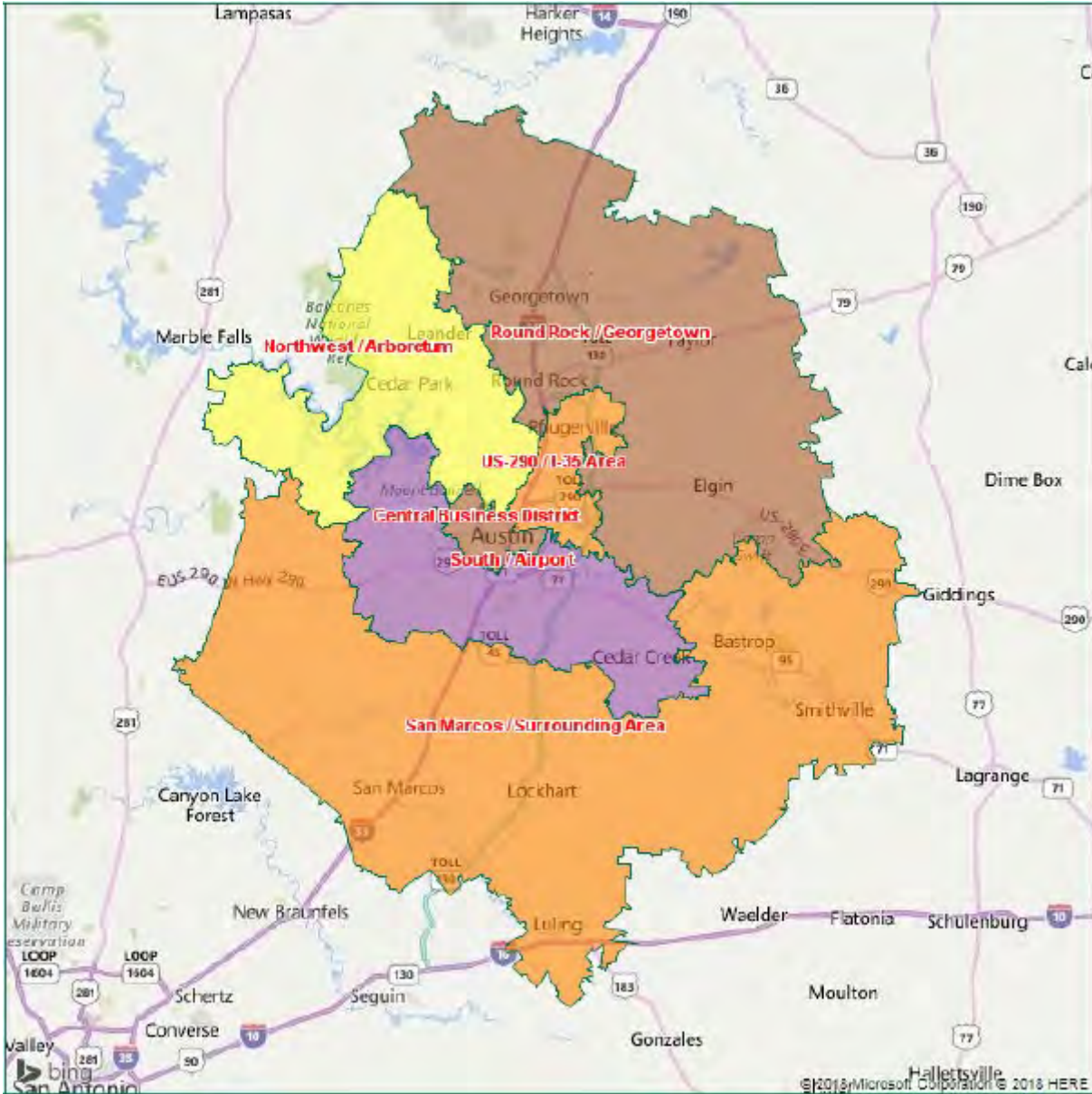
ALL HOTELS		
Austin Hotel Submarket Analysis		
PIPELINE		
Submarket	Hotels	Rooms
CBD	17	2,919
US-290/I-35	15	1,526
Round Rock / Georgetown	15	1,429
South Austin/ Airport	24	2,655
Northwest / Arboretum	23	2,494
San Marcos / Surrounding	12	1,905
Total	106	16,418
Source: STR, Inc.		



05

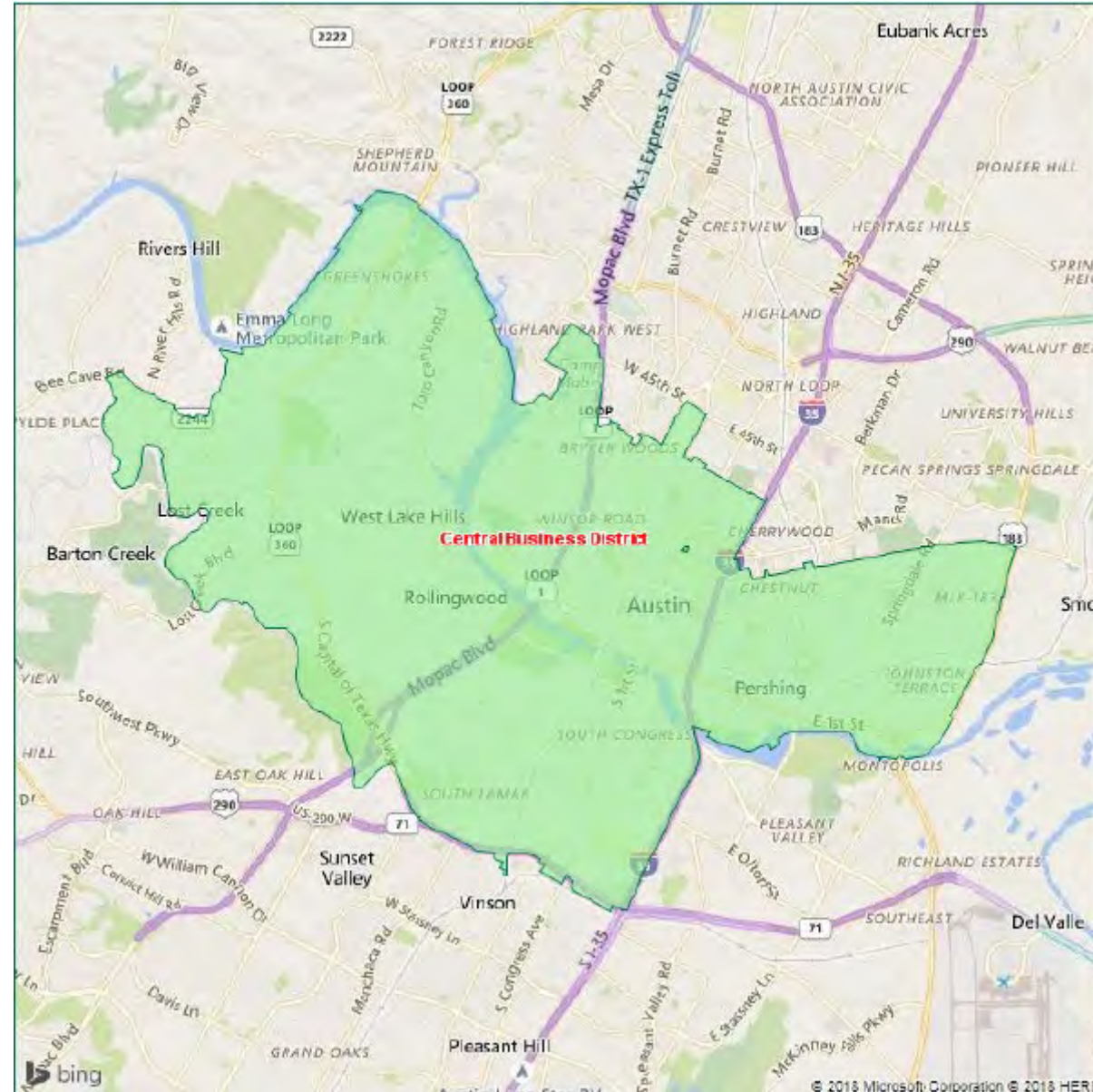
## GEOGRAPHIC SUBMARKETS

# AUSTIN GEOGRAPHIC SUBMARKETS

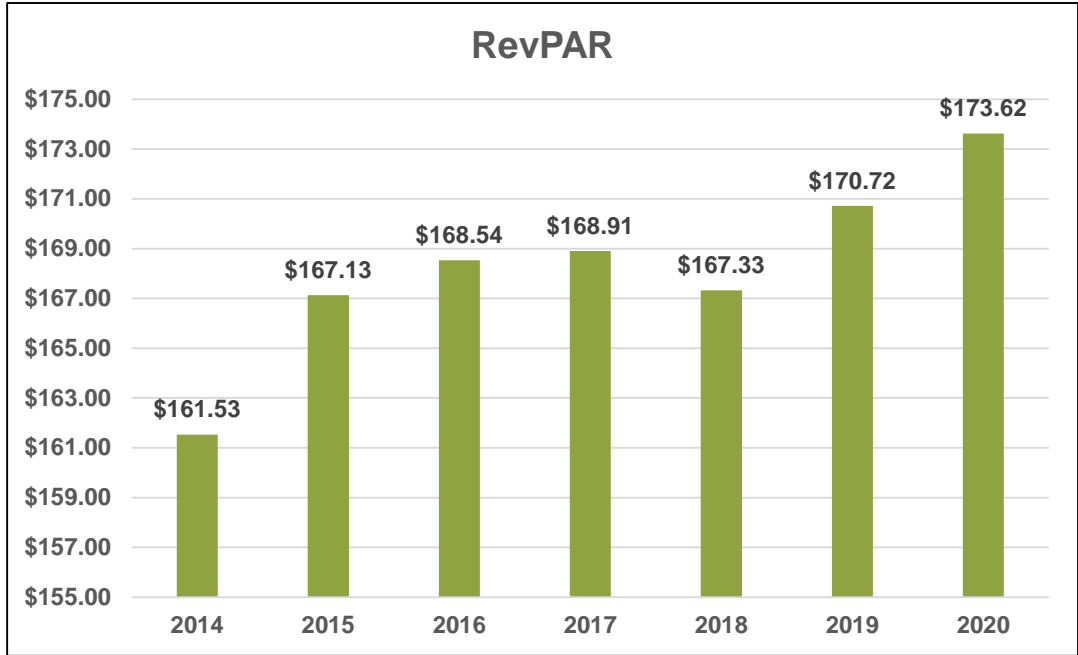
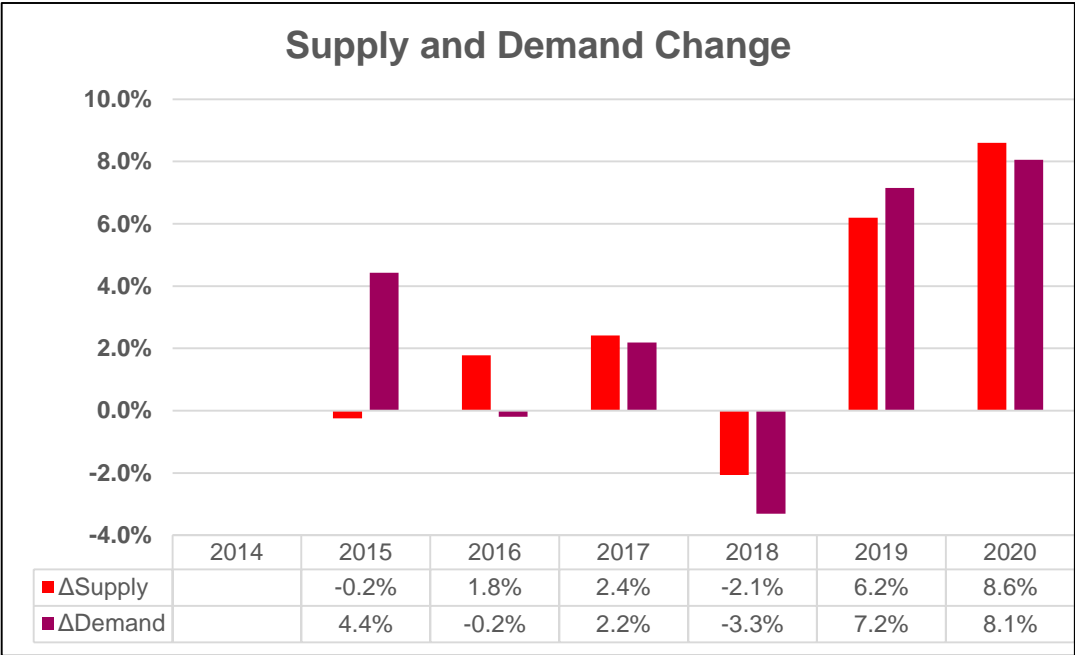
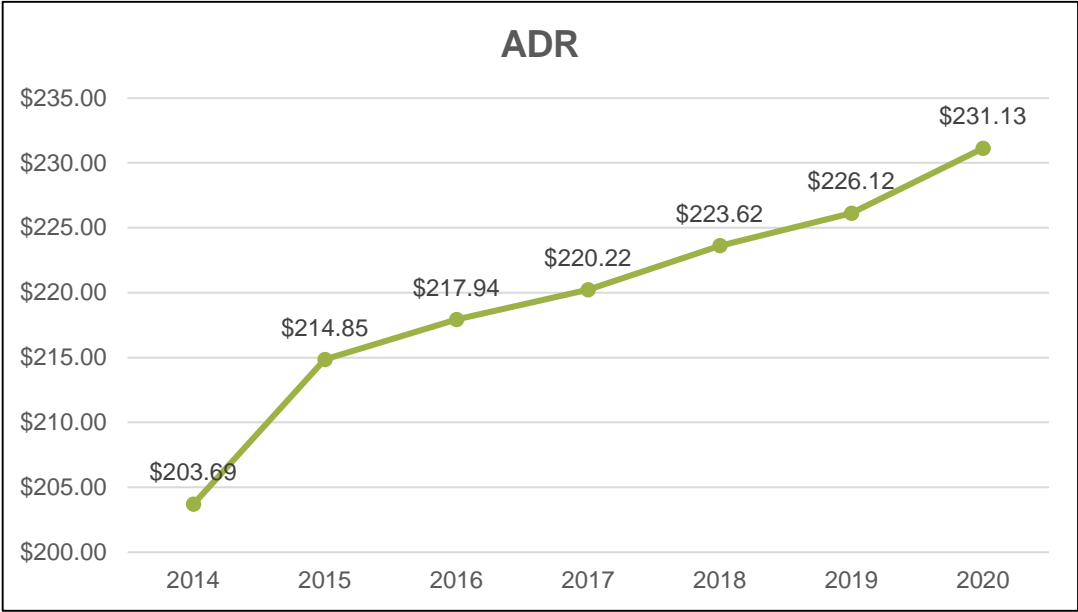
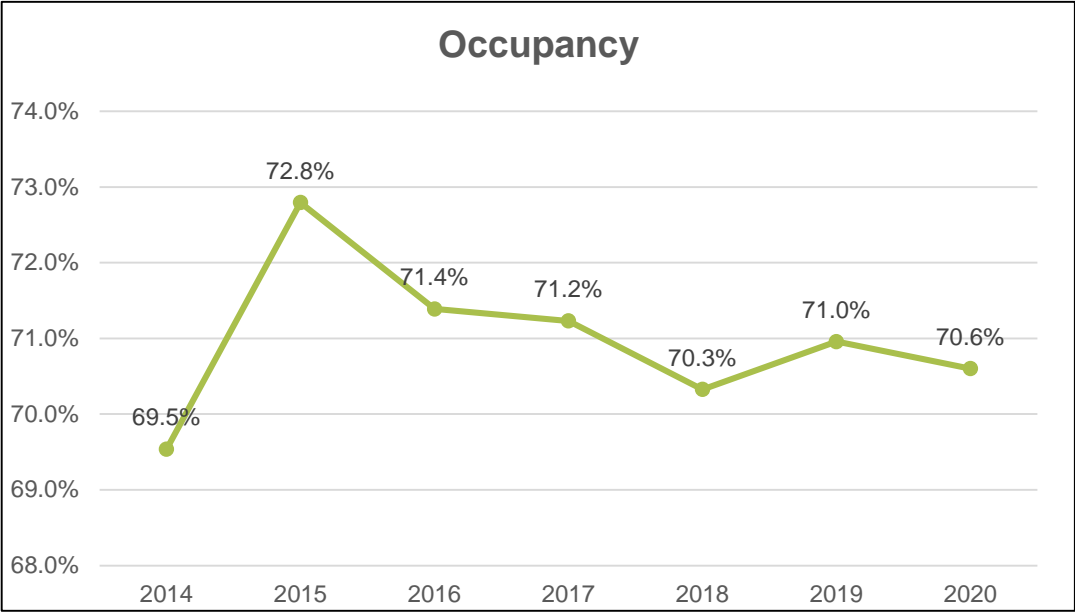




## Central Business District



CENTRAL BUSINESS DISTRICT



# GEOGRAPHIC SUBMARKETS

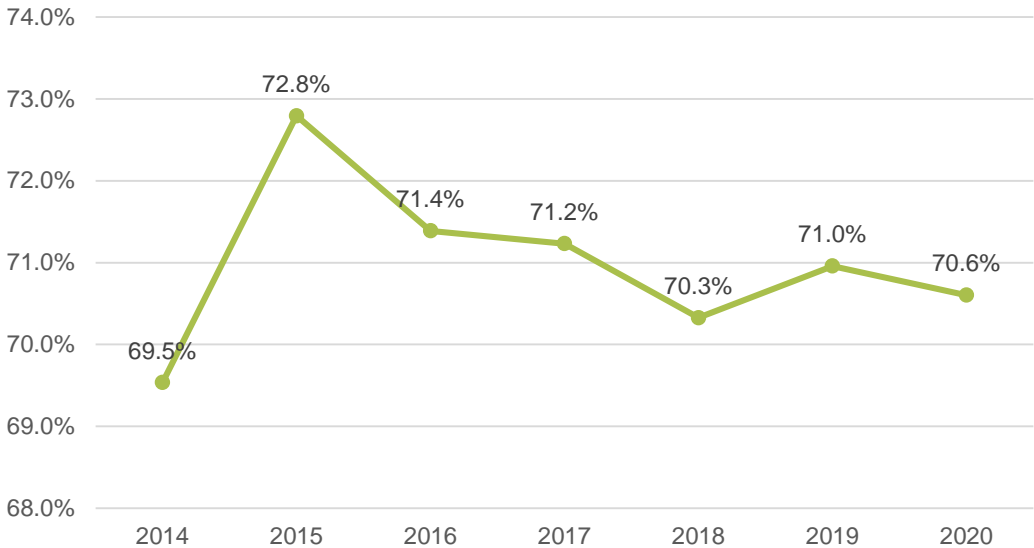
## US-290 / I-35



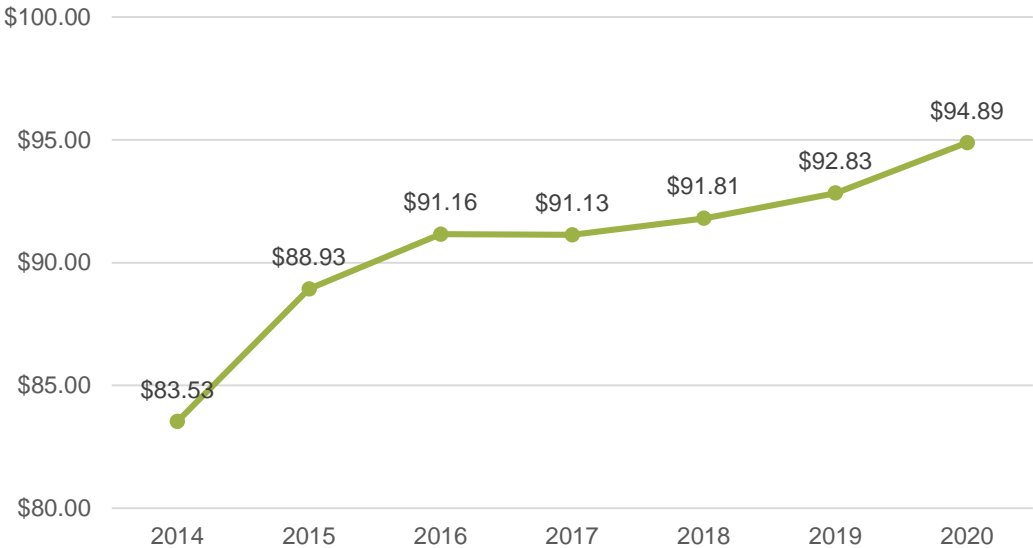


US-290 / I-35

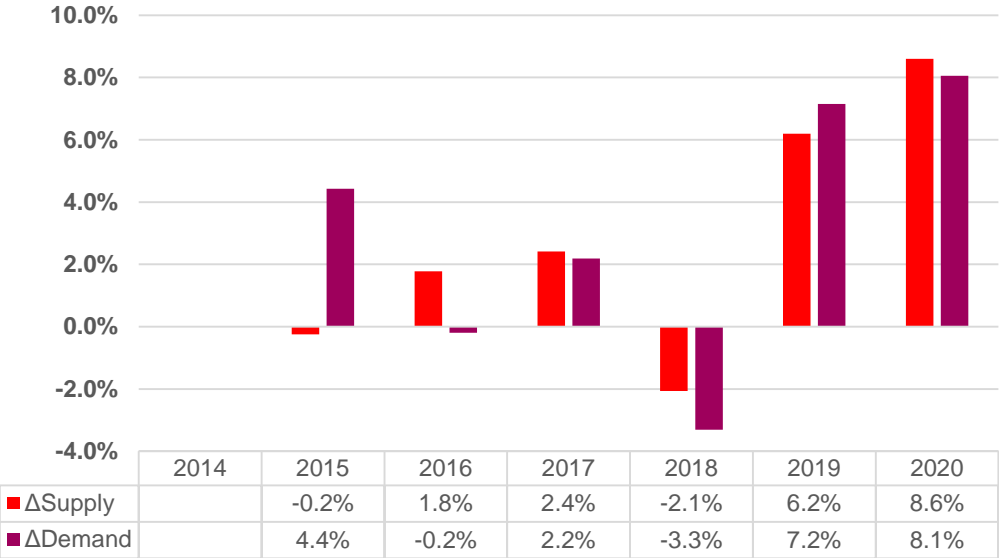
Occupancy



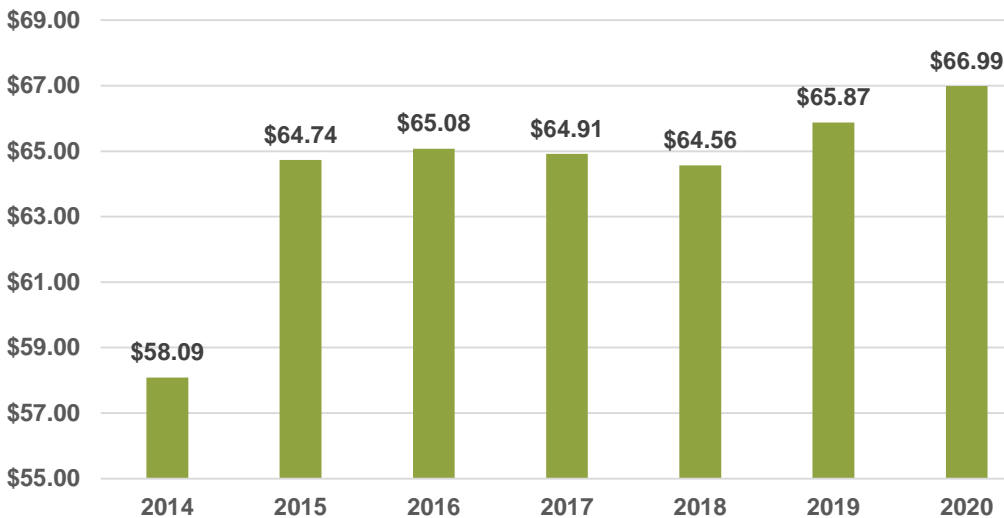
ADR



Supply and Demand Change



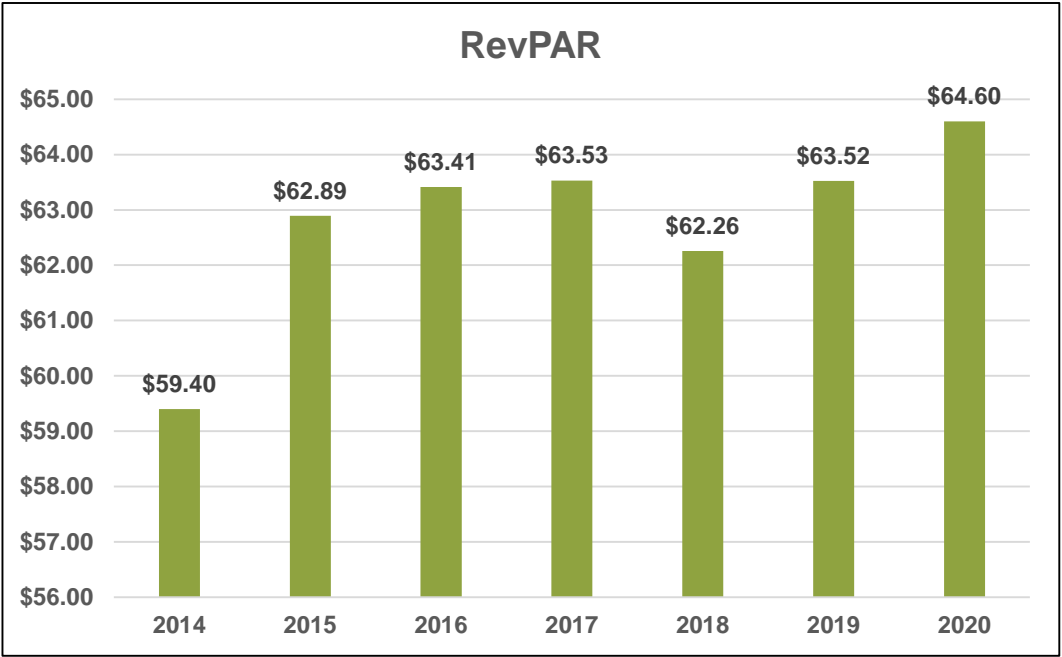
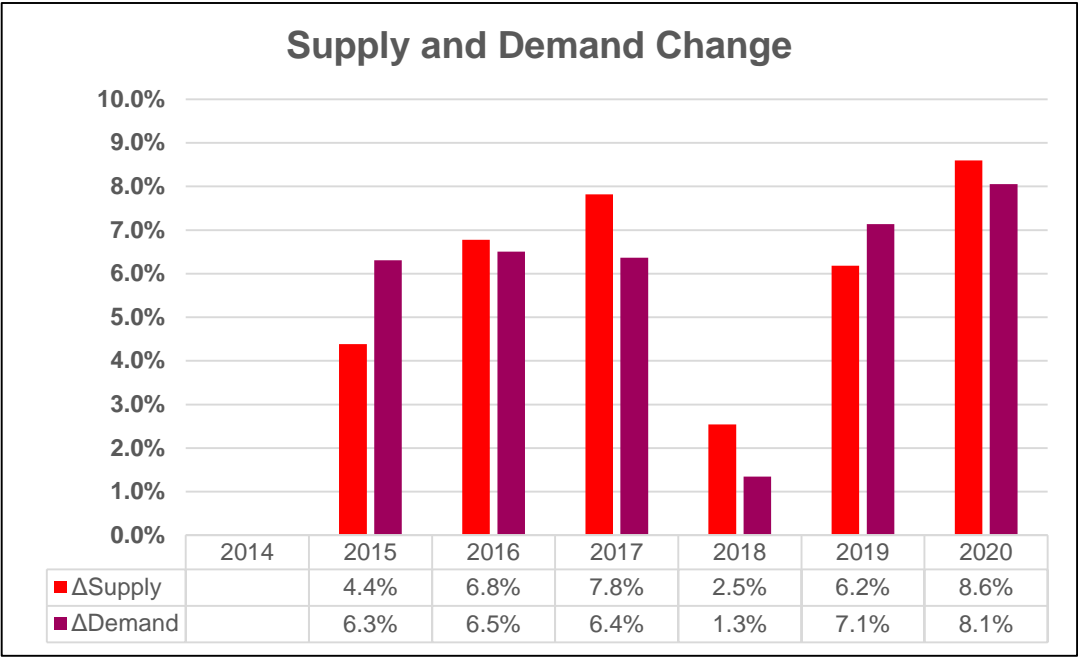
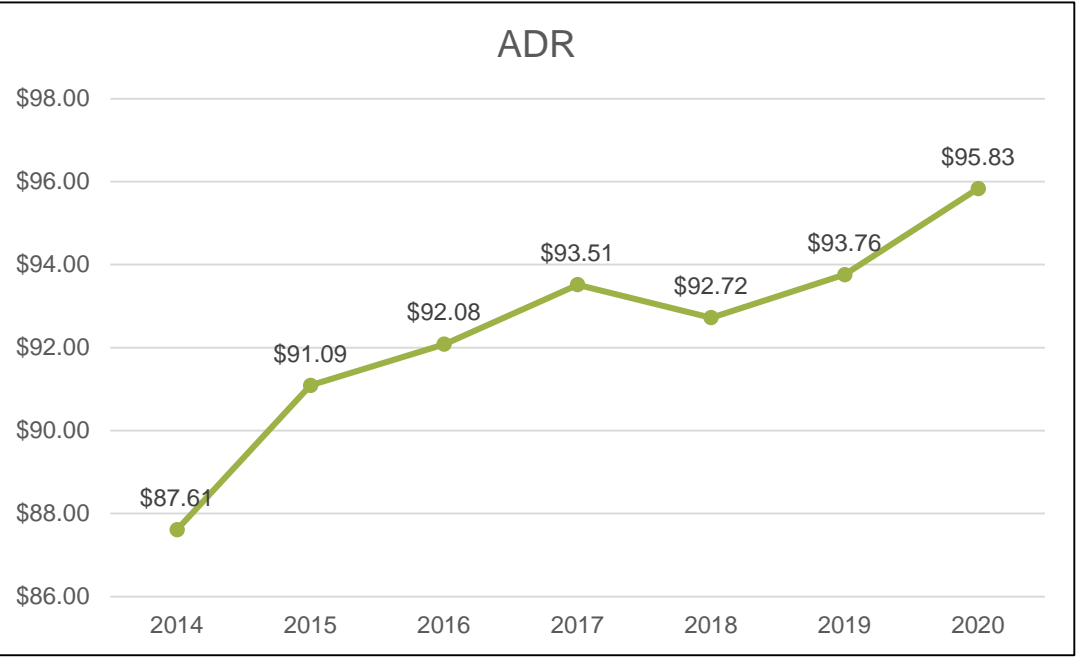
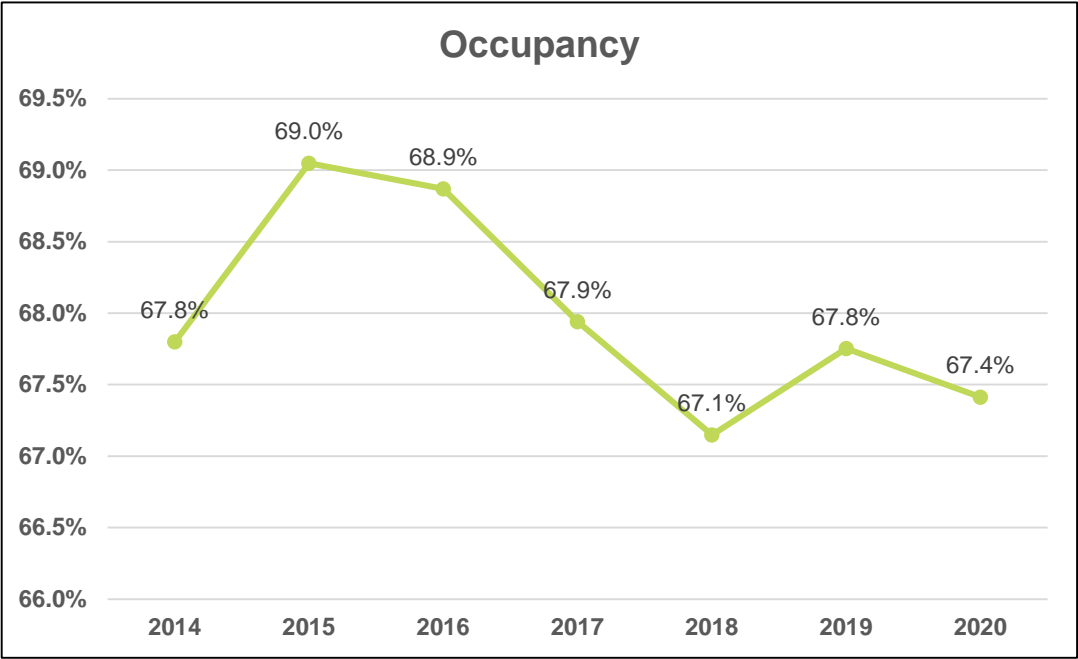
RevPAR



## Round Rock / Georgetown



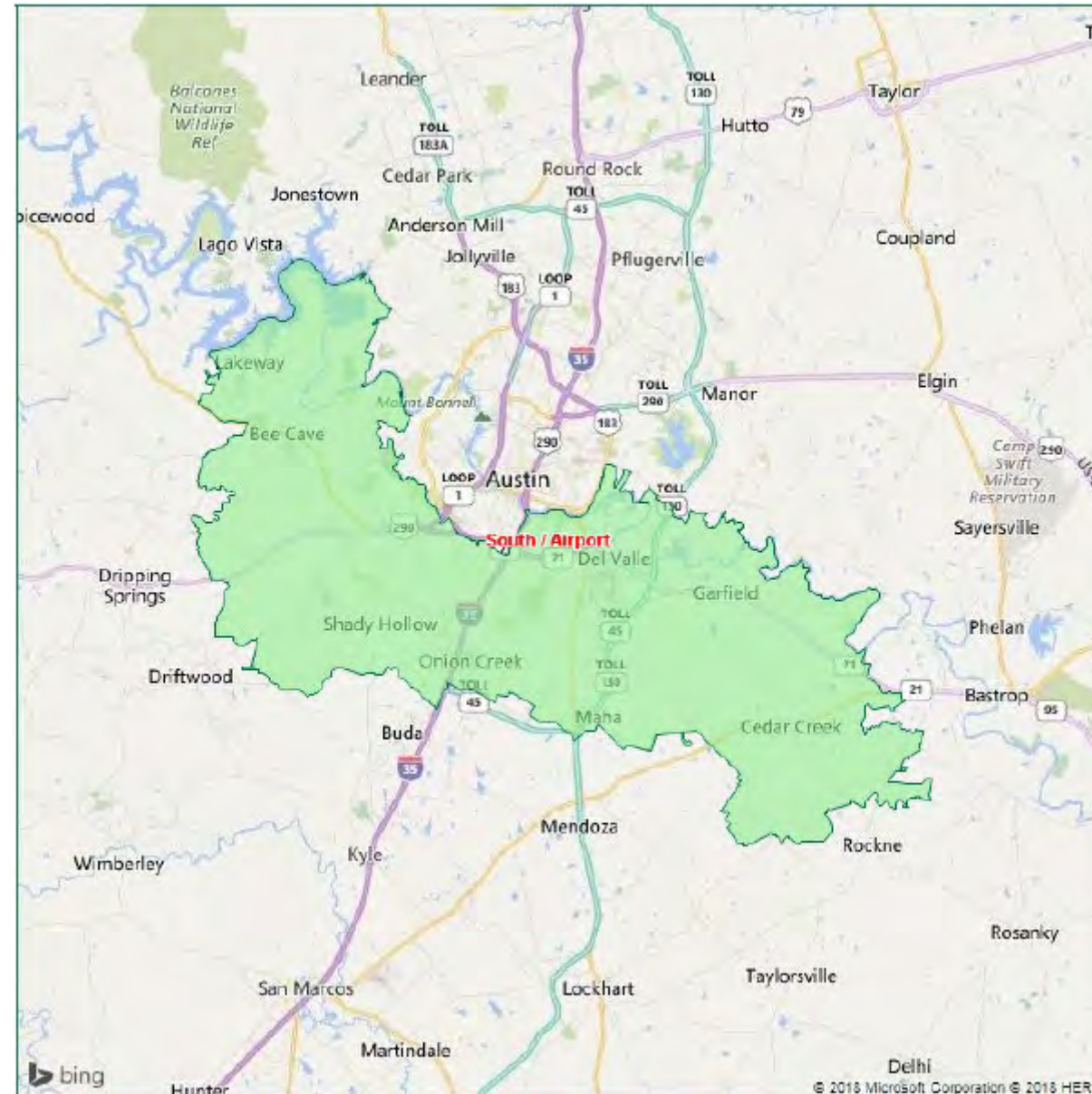
ROUND ROCK / GEORGETOWN





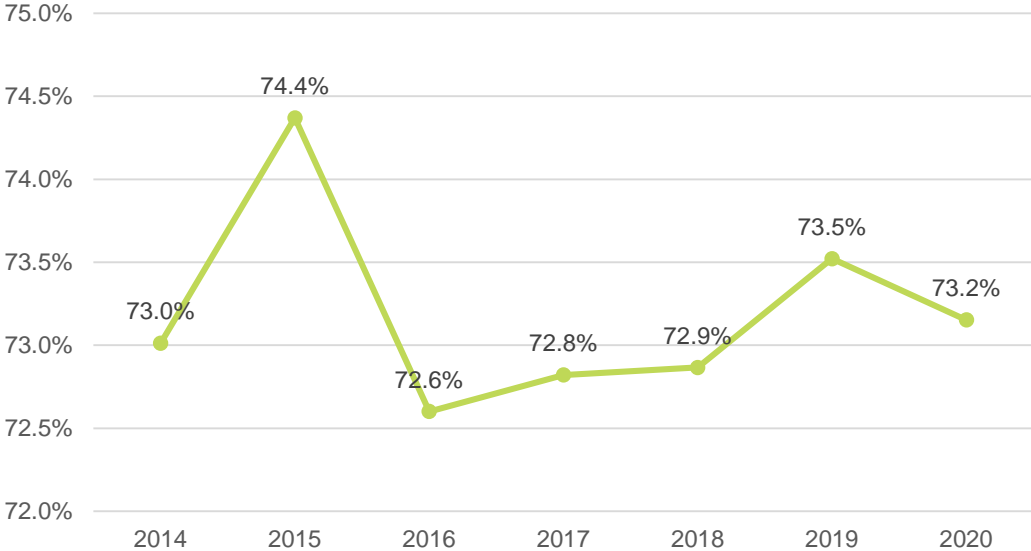
# GEOGRAPHIC SUBMARKETS

## South / Airport

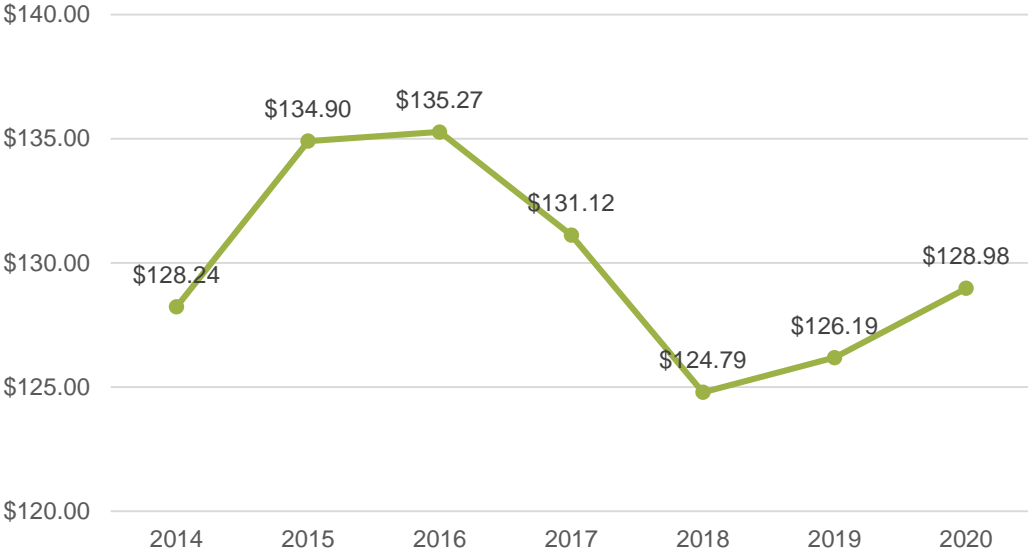


SOUTH / AIRPORT

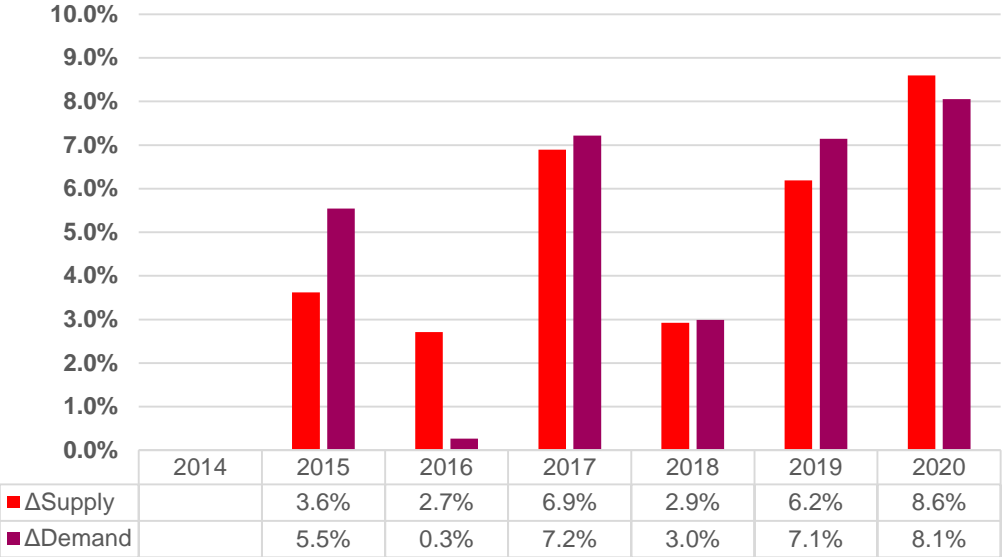
Occupancy



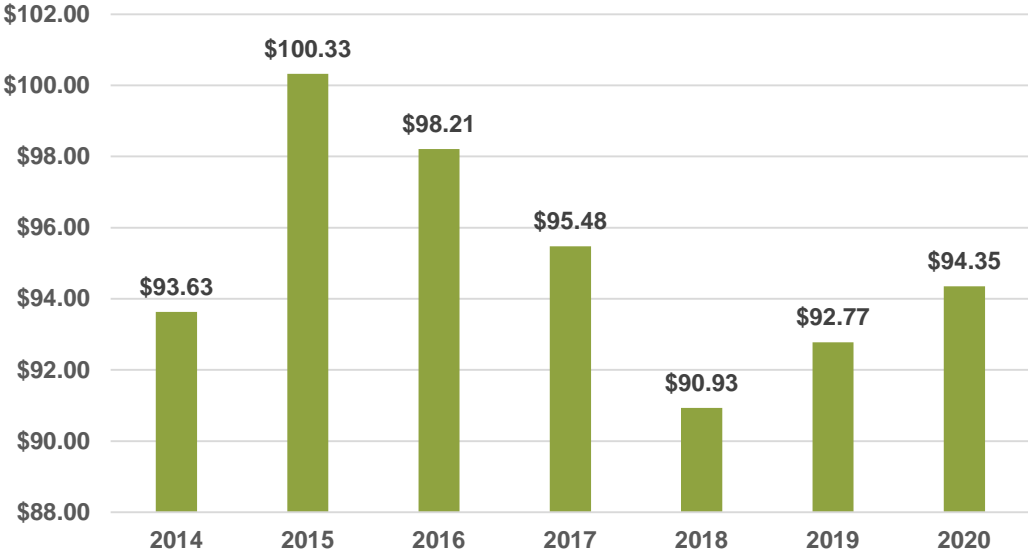
ADR



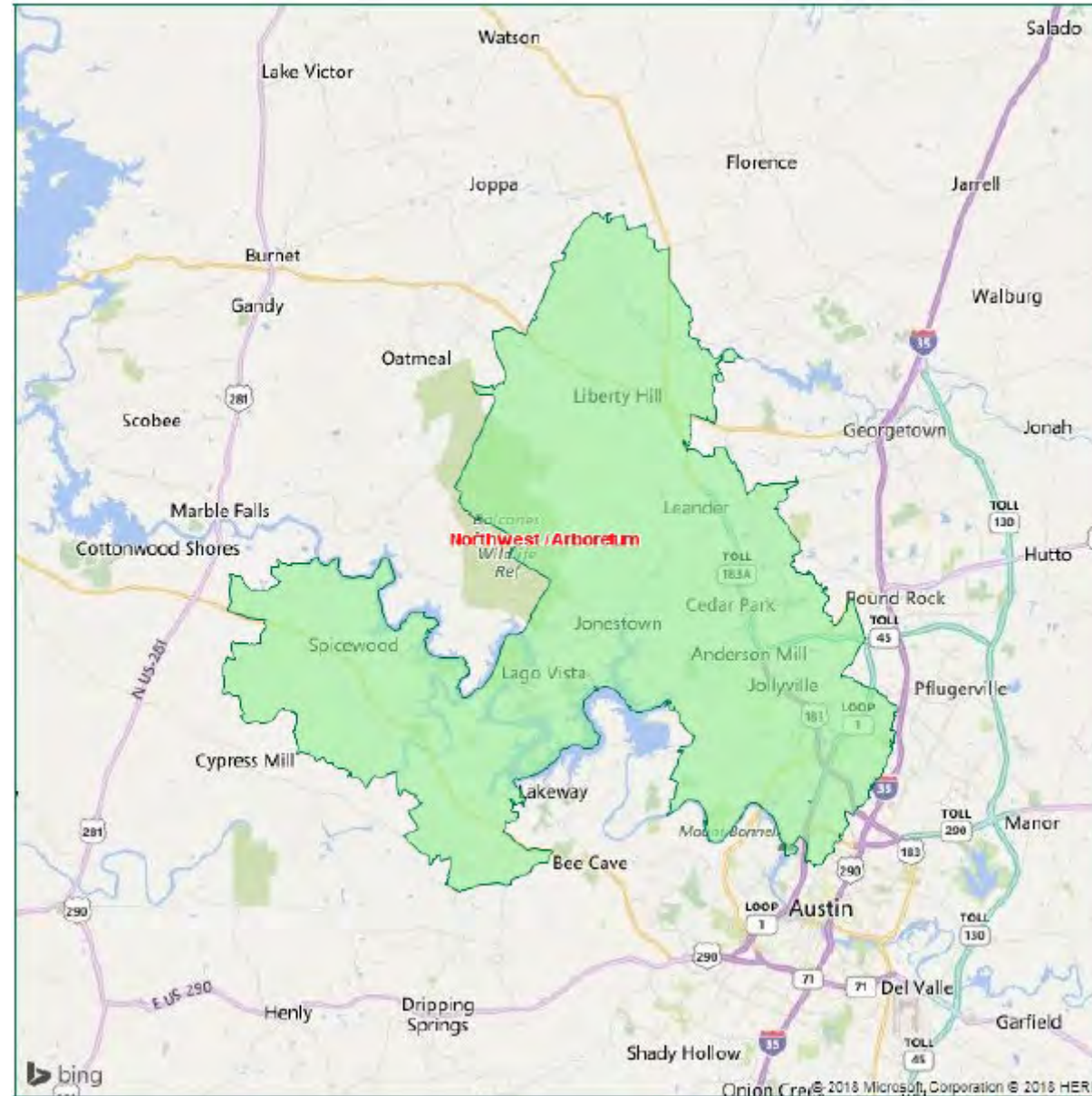
Supply and Demand Change



RevPAR



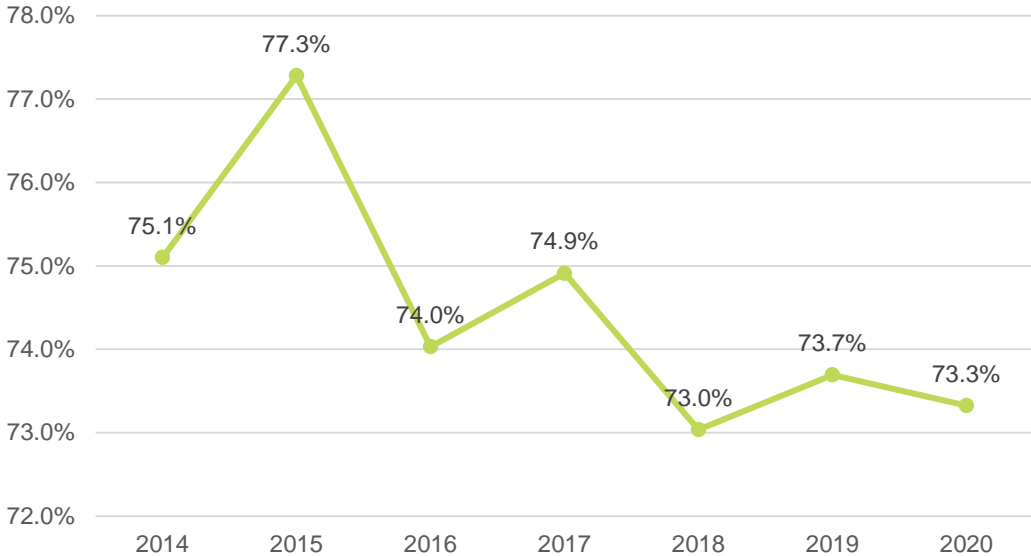
## Northwest / Arboretum



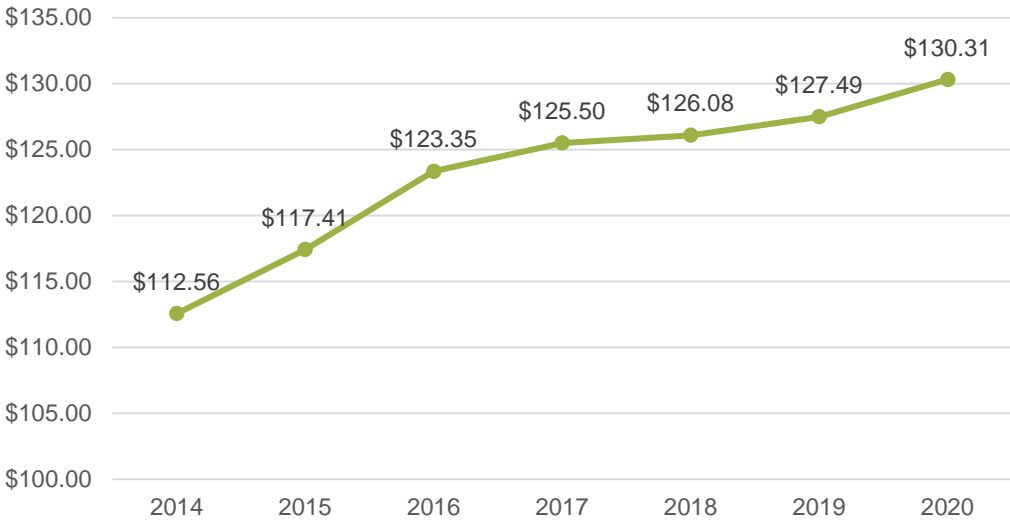


NORTHWEST / ARBORETUM

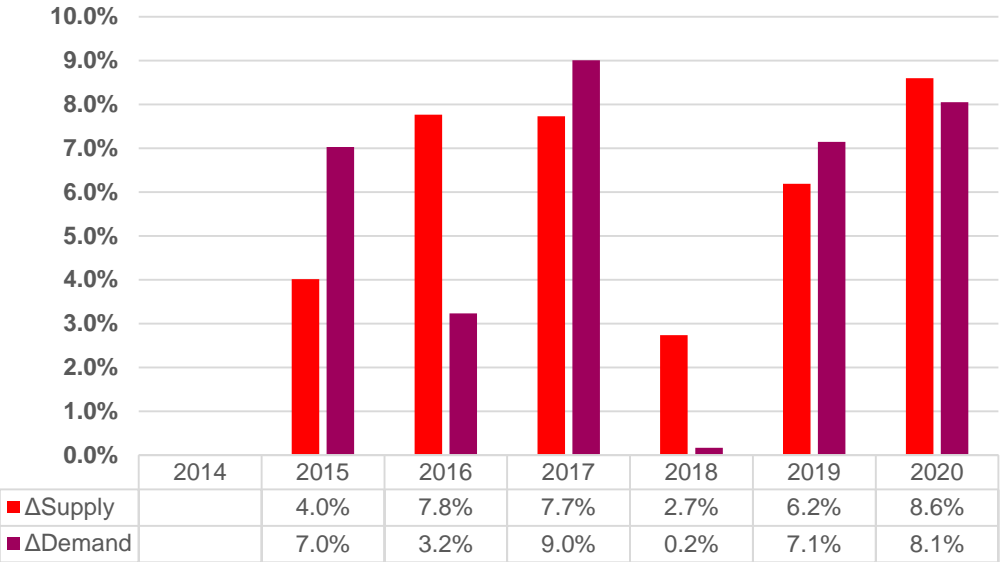
Occupancy



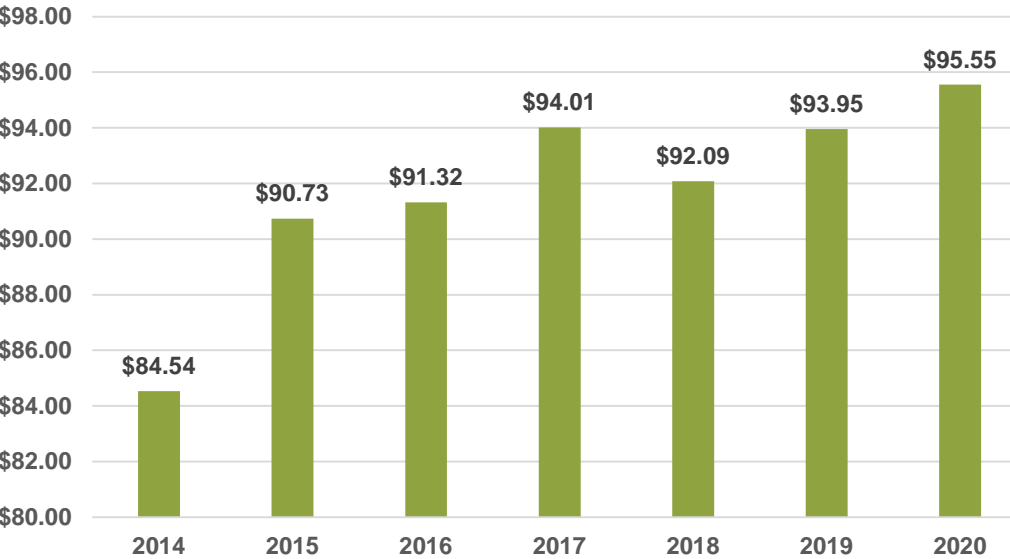
ADR



Supply and Demand Change



RevPAR



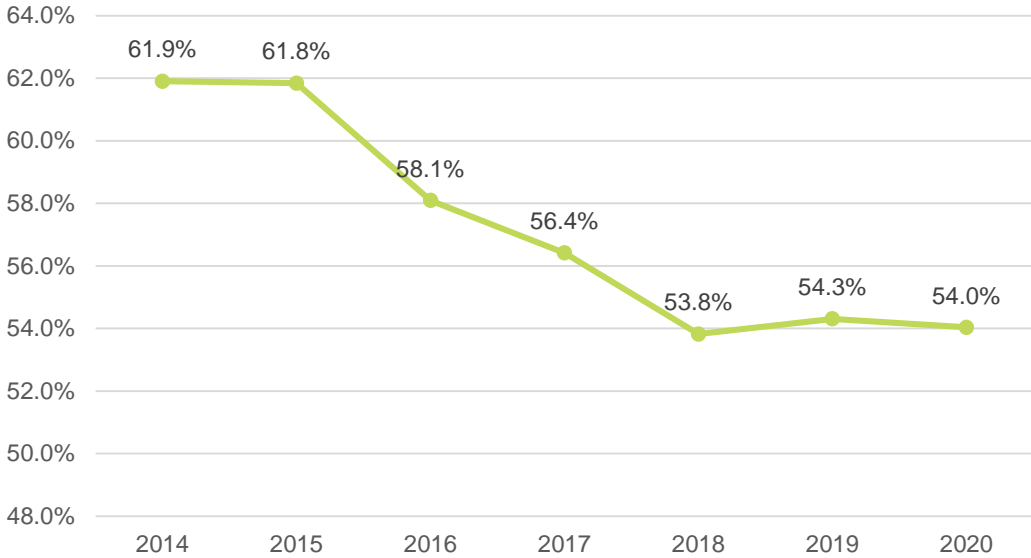
# GEOGRAPHIC SUBMARKETS

## San Marcos / Surrounding

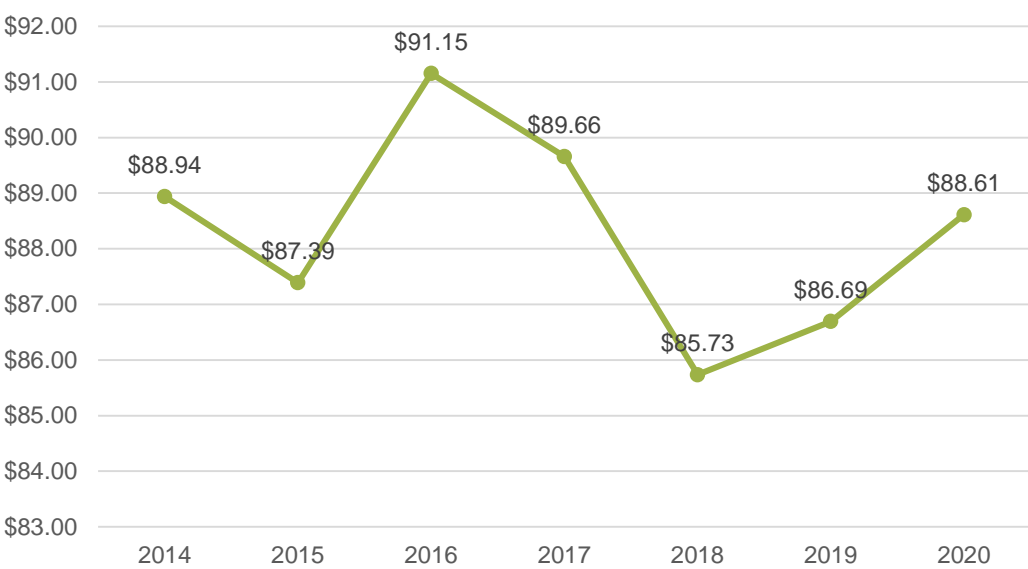


SAN MARCOS / SURROUNDING

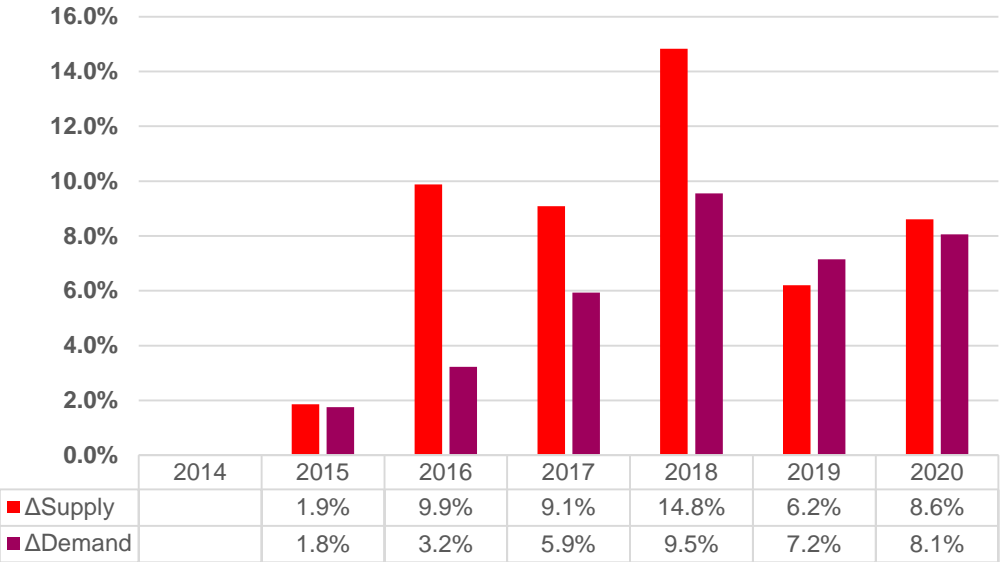
Occupancy



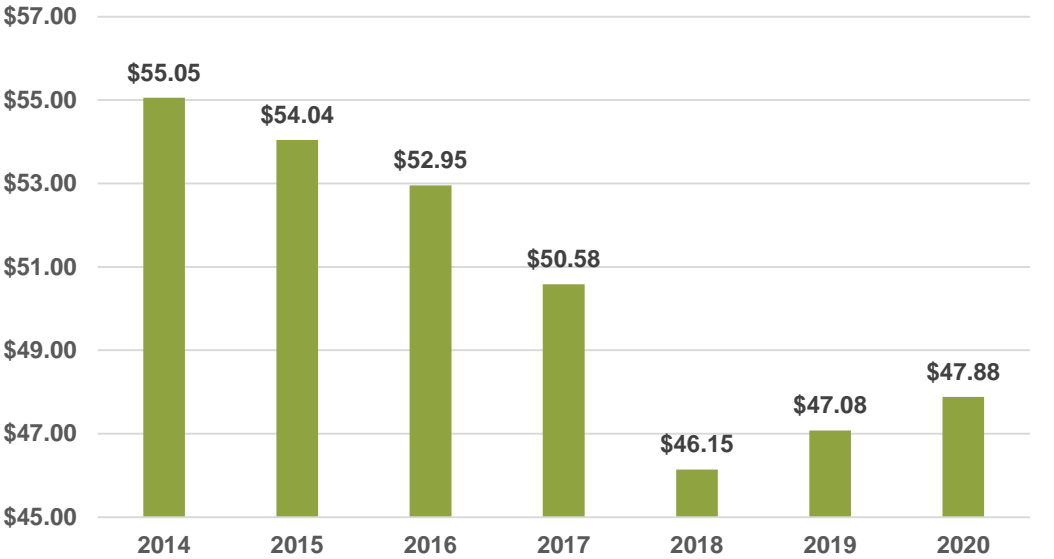
ADR



Supply and Demand Change



RevPAR





## HOTEL HORIZONS®

- Econometric Forecasting Model
  - Smith Travel Research – historical lodging data, pipeline data
  - CBRE Econometric Advisors & Moody's – economic forecasts
- Five-Year Forecasts of Supply, Demand, Occupancy, ADR, RevPar
  - 60 Major U.S. Markets
- Updated Quarterly



# GEOGRAPHIC SUBMARKETS

VOLUME XIII - ISSUE III

SEPTEMBER - NOVEMBER 2019 EDITION

PRICE: \$545

## HOTEL HORIZONS®

## CBRE HOTELS

The World's Leading Hotel Experts.

### AUSTIN

#### REGIONAL ECONOMIC SUMMARY

Expansion in the Eleventh District economy slowed to a more modest pace over the reporting period. While the level of activity generally remained healthy, growth decelerated broadly across the manufacturing, services, retail, and energy sectors. Loan volumes declined slightly and new home sales fell modestly. Conversely, ample soil moisture has boosted crop conditions and improved prospects for the agricultural sector this year. Employment expanded, albeit at a slightly slower pace, despite continued widespread labor shortages. Wage growth remained elevated, while price growth abated to more normal levels. Outlooks were notably less optimistic than in the previous report due to declining oil prices, political and trade uncertainty, higher interest rates, and stock market volatility.

Growth in the nonfinancial services sector slowed notably over the reporting period. The slowing was led by staffing services, where demand decelerated from very high levels and revenue declined for some firms. Slight revenue reductions were also reported in the health care sector, with multiple contacts mentioning an erosion of pricing power. Reports from transportation services firms were mixed. Leisure and hospitality was a bright spot, with solid revenue growth through yearend, and growth among professional, scientific, and technical services firms remained fairly stable.™

Federal Reserve Bank Beige Book, July 2019

#### Austin: Next 4 Quarters

The arrows show the forecast direction of change over the next 4 quarters vs. the previous 4 quarters. Green indicates the change will be above the long run average, yellow indicates it will be the same, and orange indicates it will be below.

#### Occupancy

Occupancy will decrease to 70.6%, a decline over the past 4 quarters' rate of 71.3%, but above the long run average of 67.2%

#### Average Daily Rate

ADR growth expectations are weakening, 0.2% vs. the past 4 quarters' rate of 2.2%, and are below the long run average of 3.9%

#### Revenue Per Available Room

RevPAR change projections are falling to negative 0.8% as compared to the past 4 quarters' rate of positive 2.5%, and are lower than the long run average of positive 5.0%

#### Supply (orange indicates above long-term average)

Supply growth is climbing, 8.9% vs. the past 4 quarters' rate of 4.2%, and greater than the long run average of 3.6%

#### Demand

Forecast demand growth is climbing, 7.8% vs. the past 4 quarters' rate of 4.4%, and is greater than the long run average of 4.4%

Source: CBRE Hotels Research, Q2 2019

#### HOTEL MARKET SUMMARY

By year-end 2019, Austin hotels are forecast to see a RevPAR increase of 2.0%. This is the result of an estimated increase in occupancy of 0.9% and a 1.1% gain in average daily room rates (ADR). The 2.0% advance in Austin RevPAR is better than the national projection of a 0.9% increase.

Leading the way in 2019 RevPAR growth is the upper-priced segment of Austin. The properties in this category are forecast to attain a 1.5% gain in ADR and see a 1.1% increase in occupancy, resulting in a 2.5% RevPAR increase. Lower-priced hotels are projected to experience an ADR decline of 0.4%, along with a 0.7% gain in occupancy, resulting in a 0.3% RevPAR increase.

Looking towards 2020, Austin RevPAR is expected to grow 1.7%. This is less than the rate of growth in 2019. Prospects for RevPAR growth in the upper-priced segment (positive 0.5%) are the same as in the lower-priced segment (positive 0.5%). Austin market occupancy levels are expected to range from 70.3% to 71.6% during the 5-year forecast period.

#### Austin Forecast Summary

YEAR	OCC	Δ OCC	ADR	Δ ADR	RevPAR	Δ RevPAR
2014	72.4%	1.3%	\$126.63	6.4%	\$91.65	7.8%
2015	73.7%	1.8%	\$134.49	6.4%	\$99.27	8.3%
2016	72.1%	-2.1%	\$138.98	3.2%	\$100.23	1.0%
2017	71.7%	-0.5%	\$139.06	0.1%	\$99.77	-0.5%
2018	70.3%	-2.0%	\$140.68	1.2%	\$98.91	-0.9%
2019F	70.9%	0.9%	\$142.26	1.1%	\$100.92	2.0%
2020F	70.6%	-0.5%	\$145.41	2.2%	\$102.63	1.7%
2021F	70.3%	-0.4%	\$145.76	0.2%	\$102.48	-0.1%
2022F	71.0%	1.0%	\$148.19	1.7%	\$105.27	2.7%
2023F	71.6%	0.8%	\$152.72	3.1%	\$109.35	3.9%

Source: CBRE Hotels Research, STR, Q2 2019

#### Long Run Averages 1988 to 2018

Occupancy: 67.2%, ADR Change: 3.9%, RevPAR Change: 5.0%

#### EXHIBIT 1\*\* - Performance Grade vs. Long Run Average



Source: CBRE Hotels Research, STR, Q2 2019

\*\*See Appendix for exhibit descriptions

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**CBRE Hotels appoints Head of Investment Properties for Continental Europe**  
Jun 17, 2019  
N/A



**Pelathon stakes \$8.5m claim on prominent Cairns hotel**  
May 08, 2019  
Pelathon Management has acquired the Grand Hotel in Cairns and two adjoining sites



**Tavern at the rocks in Perth's growing north up for sale**  
May 08, 2019  
A popular tavern in Perth's northern beachside suburb of Two Rocks has been



**Investors tipped to circle Ibis Glen Waverley**  
May 02, 2019  
The Ibis Glen Waverley is to be offered for sale - providing the first major mid-scale

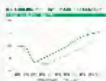


**Cape Lodge sale in WA's tourism heartland**  
May 05, 2019  
CBRE Hotels has been appointed to market for sale one of Australia's top boutique hotels,

#### Knowledge Center



**Japan Hotels ViewPoint June 2019**  
Jun 23, 2019  
Demand for hotel rooms in Japan is rising on the back of growing inbound tourism.



**Poor Performers**  
Jun 18, 2019  
Despite healthy market conditions, not all hotels are enjoying lofty levels of performance. According to STR, 35.7 percent of the hotels in



**Attrition and Cancellation Revenue**  
May 21, 2019  
While Attrition and Cancellation Fee income has been a minor source of revenue for hotels, it can have an impact on profitability.



**AUSTRALIA HOTELS MARKETVIEW Q1 2019**  
May 14, 2019  
The first quarter of 2019 saw hotels experience slower growth in most markets according to



**Australia Hotels ViewPoint April 2018**  
May 14, 2019  
For decades big hotel chains across the globe have provided secure and predictable accommodation, as hotels marketed themselves

<https://pip.cbrehotels.com/home>





06

## AUSTIN SUMMARY



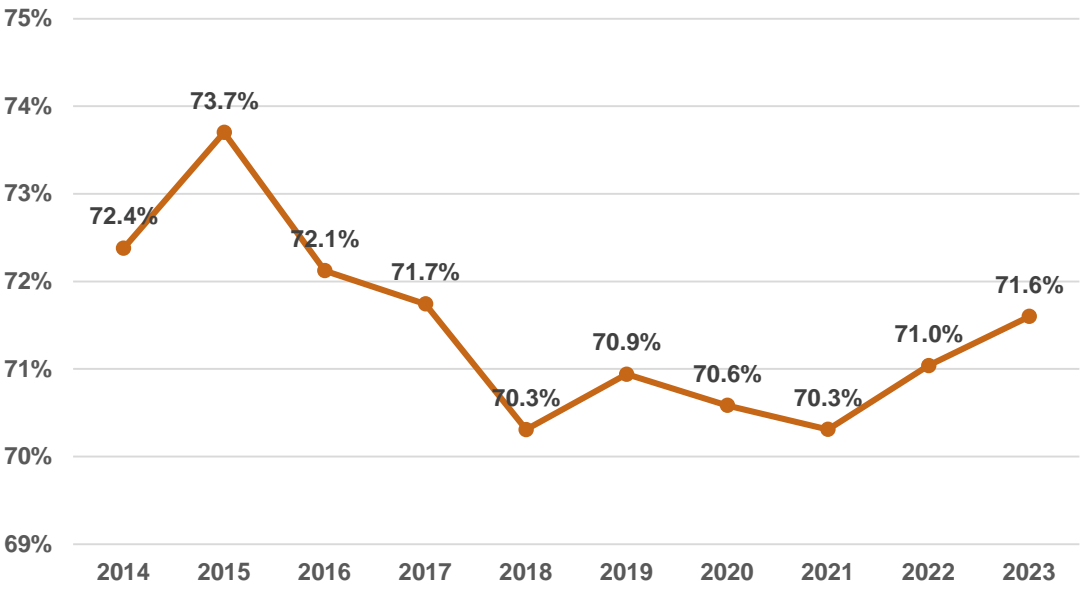


06

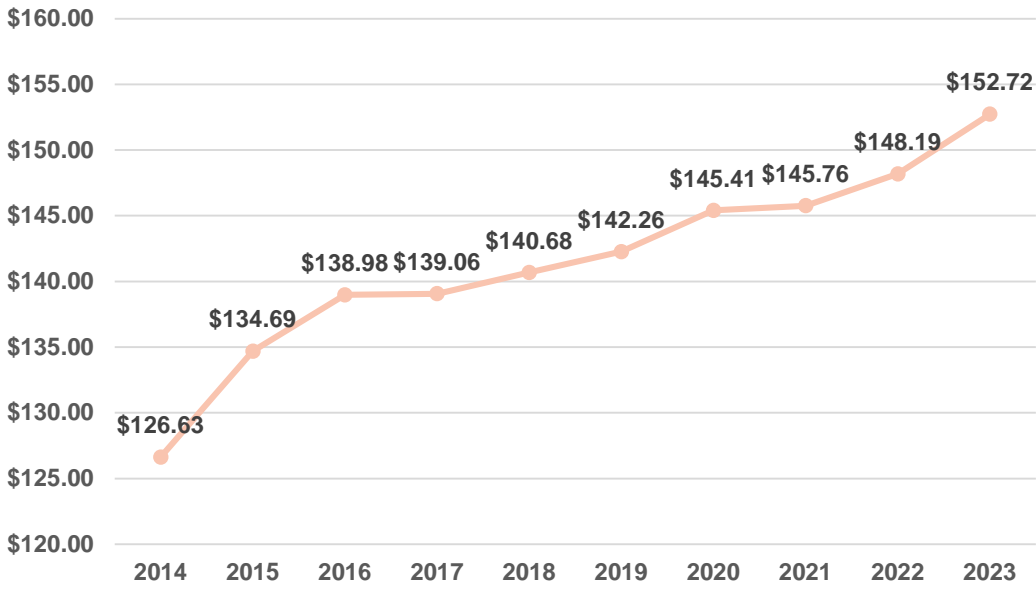
## AUSTIN SUMMARY

# AUSTIN SUMMARY

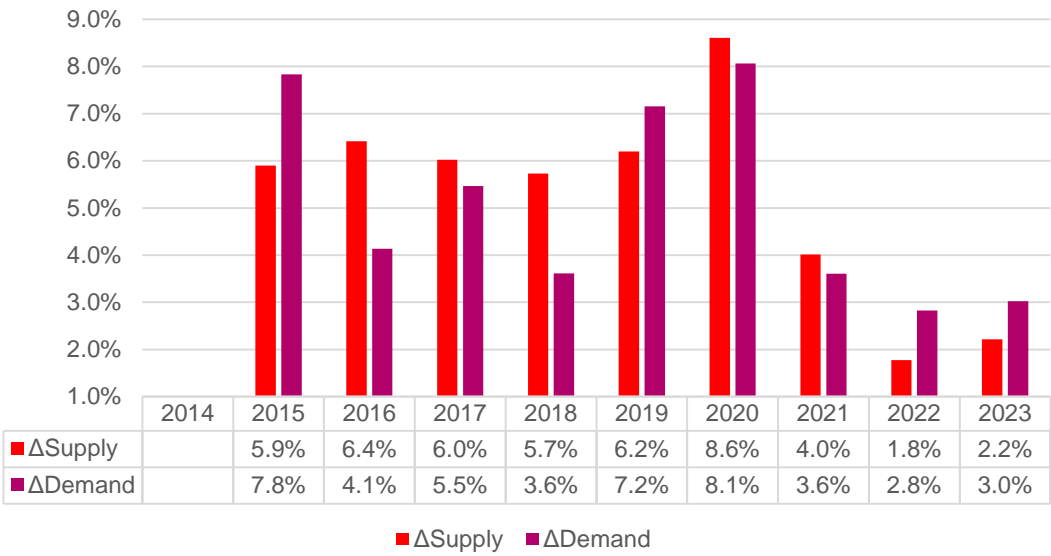
Occupancy



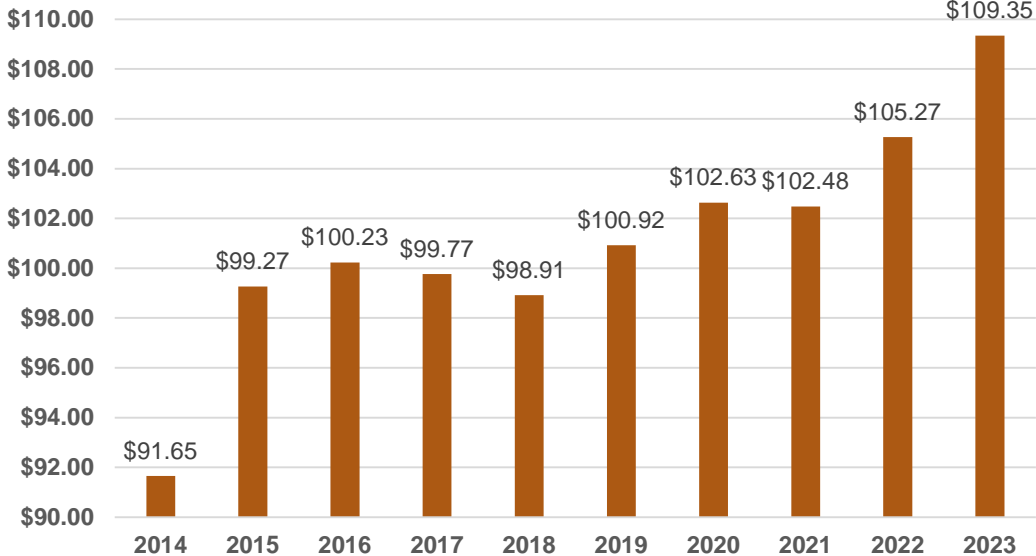
ADR



Supply and Demand Change



RevPAR





# AUSTIN SUMMARY

## Austin Forecast Summary

YEAR	OCC	Δ OCC	ADR	Δ ADR	REVPAR	Δ REVPAR
2014	72.4%	1.3%	\$126.63	6.4%	\$91.65	7.8%
2015	73.7%	1.8%	\$134.69	6.4%	\$99.27	8.3%
2016	72.1%	-2.1%	\$138.98	3.2%	\$100.23	1.0%
2017	71.7%	-0.5%	\$139.06	0.1%	\$99.77	-0.5%
2018	70.3%	-2.0%	\$140.68	1.2%	\$98.91	-0.9%
2019F	70.9%	0.9%	\$142.26	1.1%	\$100.92	2.0%
2020F	70.6%	-0.5%	\$145.41	2.2%	\$102.63	1.7%
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2023F	71.6%	0.8%	\$152.72	3.1%	\$109.35	3.9%

Source: CBRE Hotels Research, STR, Q2 2019

## Long Run Averages 1988 to 2018

Occupancy: 67.2%, ADR Change: 3.9%, RevPAR Change: 5.0%



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## SHARING ECONOMY

# SHARING ECONOMY

ROOM IN BOUTIQUE HOTEL

Brooklyn Queen Bed


Brooklyn

2 guests

Studio

1 bed

1 private bath



Alec

New York, NY · Homes

Dates

Guests

Hotel room

Price

Instant Book

Trip type

More

☐ Entire place

Have a place to yourself

☐ Private room

Have your own room and share some common spaces

☒ Hotel room

Have a private or shared room in a boutique hotel, hostel, and more


☐ Shared room

Stay in a shared space, like a common room

Clear

Apply

Fashion experiences




WORKSHOP

The art of hatmaking

\$50 per person

4.93★★★★★ 134

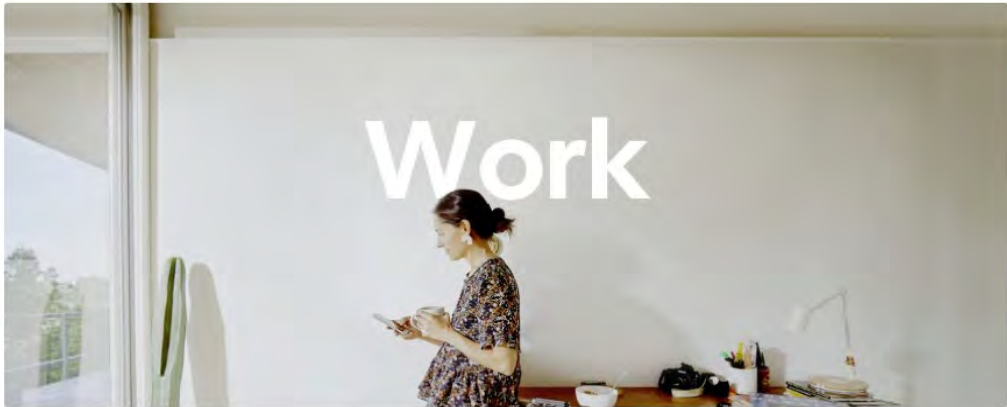


SHOPPING

Shop NYCs Secret Bargain Thrift Shops!

\$37 per person

4.92★★★★★ 78



Work

1,368 HOMES

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S O N D E R



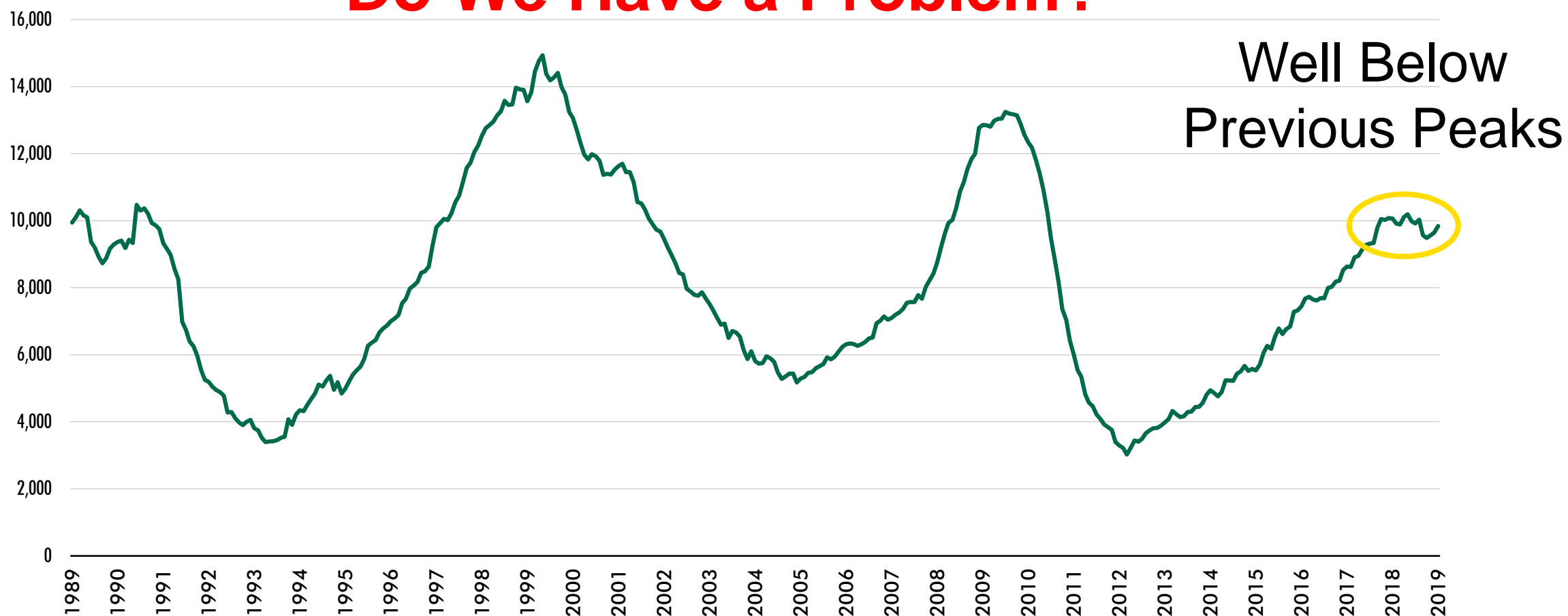
wanderjaunt



# SHARING ECONOMY

12 MMA of New Hotel Room Added in the U.S.

## Do We Have a Problem?



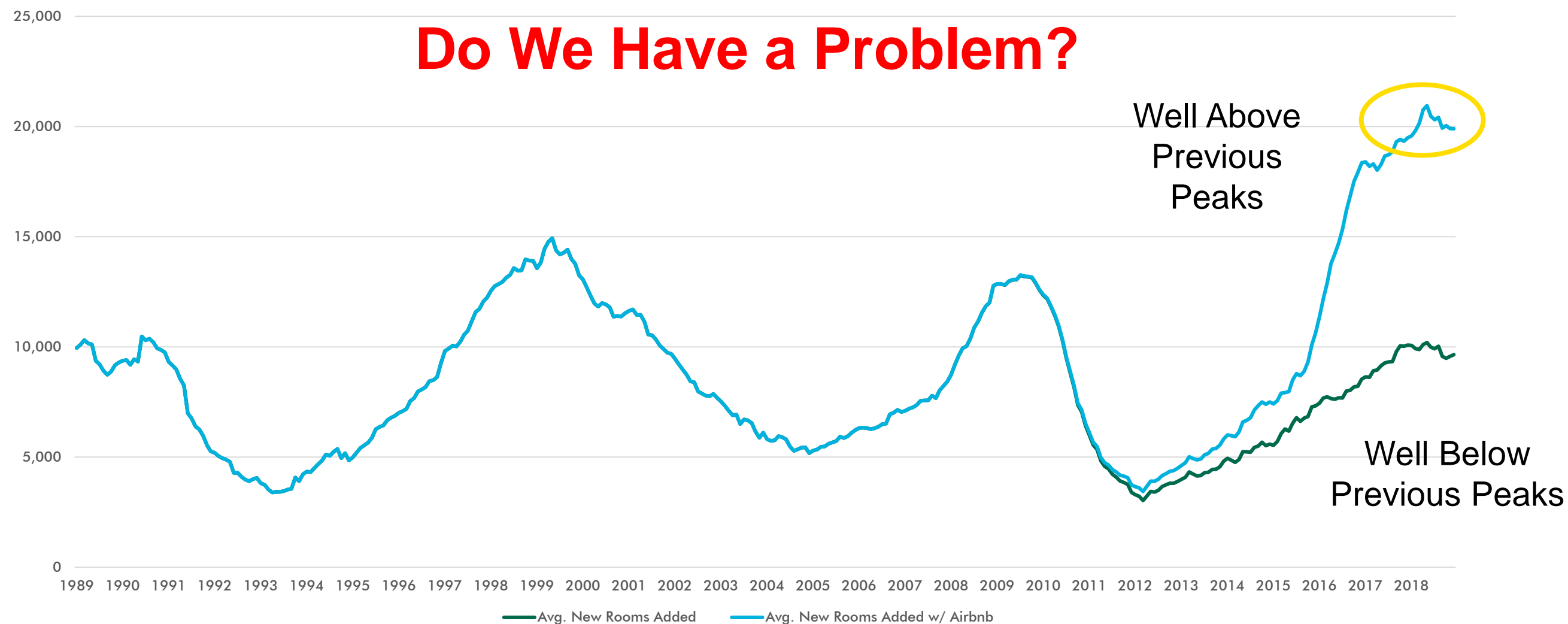
Source: STR, CBRE Hotels' Americas Research, Q1 2019.



# SHARING ECONOMY

12 MMA of New Hotel Room & Airbnb Units Added in the U.S.

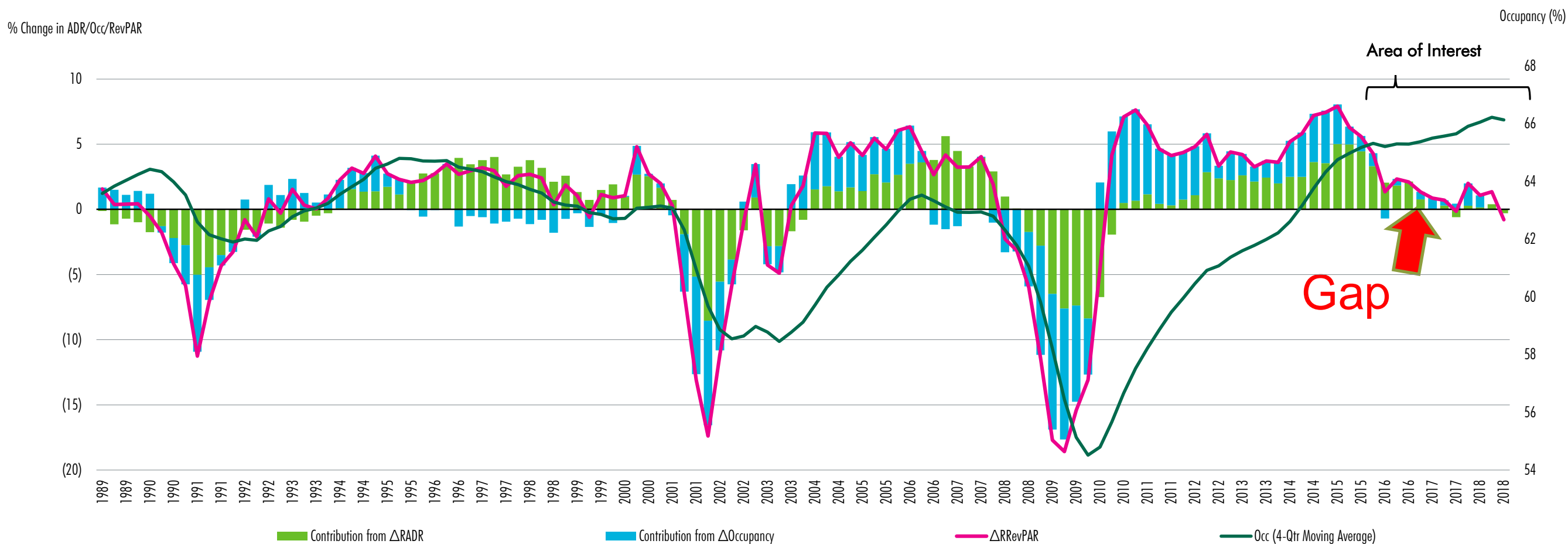
## Do We Have a Problem?



Source: STR, CBRE Hotels' Americas Research, Airdna, Q1 2019.

# SHARING ECONOMY

## New Supply (Traditional/Non-Traditional) is hurting Rate Growth



Notes: Previous historical peak occupancy 66.2% (2018 Q2), Current occupancy 66.1% (2018 Q3)

Sources: CBRE Hotels' Americas Research, STR Q1 2019



**THE SHARING ECONOMY KILLED INFLATION**



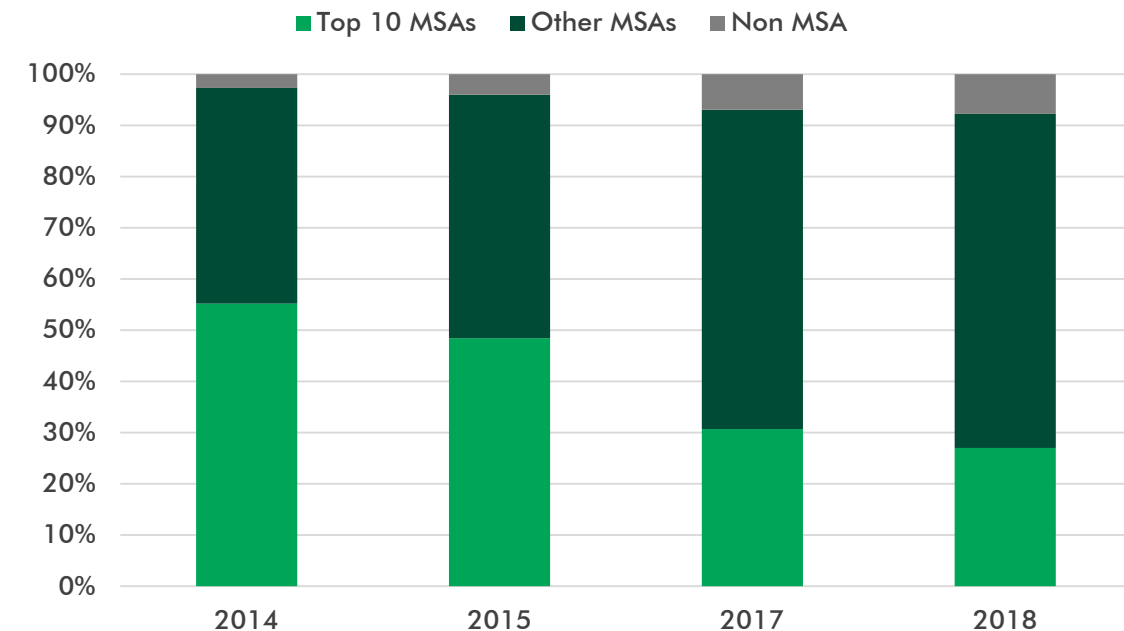
# SHARING ECONOMY

## SHARE OF AIRBNB'S US SUPPLY MAJOR MARKETS SHRINKS SUBSTANTIALLY

### 2014 TOP AIRBNB MSA'S

1. New York
2. Los Angeles
3. San Francisco
4. Miami
5. Washington
6. Chicago
7. San Diego
8. Austin
9. Boston
10. Seattle

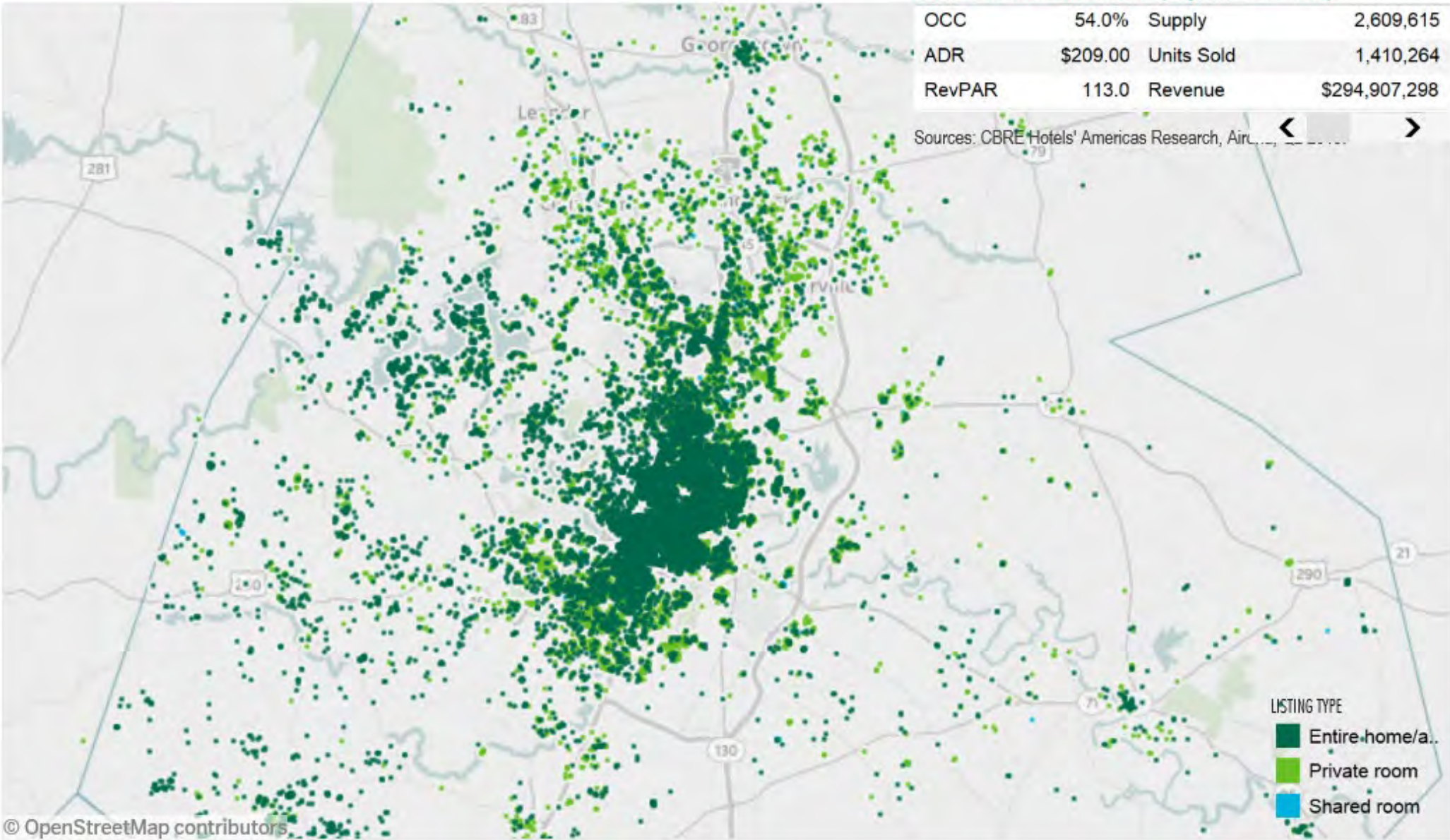
### CHANGING SHARE OF THOSE SAME CITES



Source: CBRE Hotels' Americas Research, Airdna, Google Trends, STR, Q1 2019.

# SHARING ECONOMY

## Austin - All



08

CLOSING THOUGHTS



# CLOSING THOUGHTS

- The U.S. lodging industry has been operating at peak levels for the past three years – 2019 has generally played out as expected, although ADR continues to weaken.
- The fundamentals remain attractive. Hotel construction will continue; the threat of overbuilding (depending on definition) is the exception, not the rule.
- The environment is more volatile – social, political and economic. Elevated uncertainty (among other factors) has impaired pricing power and ADR growth.
- “Blip” or adjustment in 2021 or 2022 – can’t be pushed out much further.
- Austin is in market contraction phase likely until 2022.
- Increasing occupancy requires increasing occupied room nights or decreasing supply increases. STRATEGIC hotel development is critical.
- Austin occupancies are expected to decline to the low-70”s range, still above long run average of 67.2%.
- Average Daily Room Rates are expected to increase at or near inflation, but at a rate less than the long term average of 3.9%.
- RevPAR increases will be difficult, driven by primarily by ADR, not Occupancy. (**Drive Rate!**)
- Demand is now outpacing new rooms. Room night demand in Austin remains very health.



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