



# US & Austin Performance Overview

**Carter Wilson, SVP, STR**

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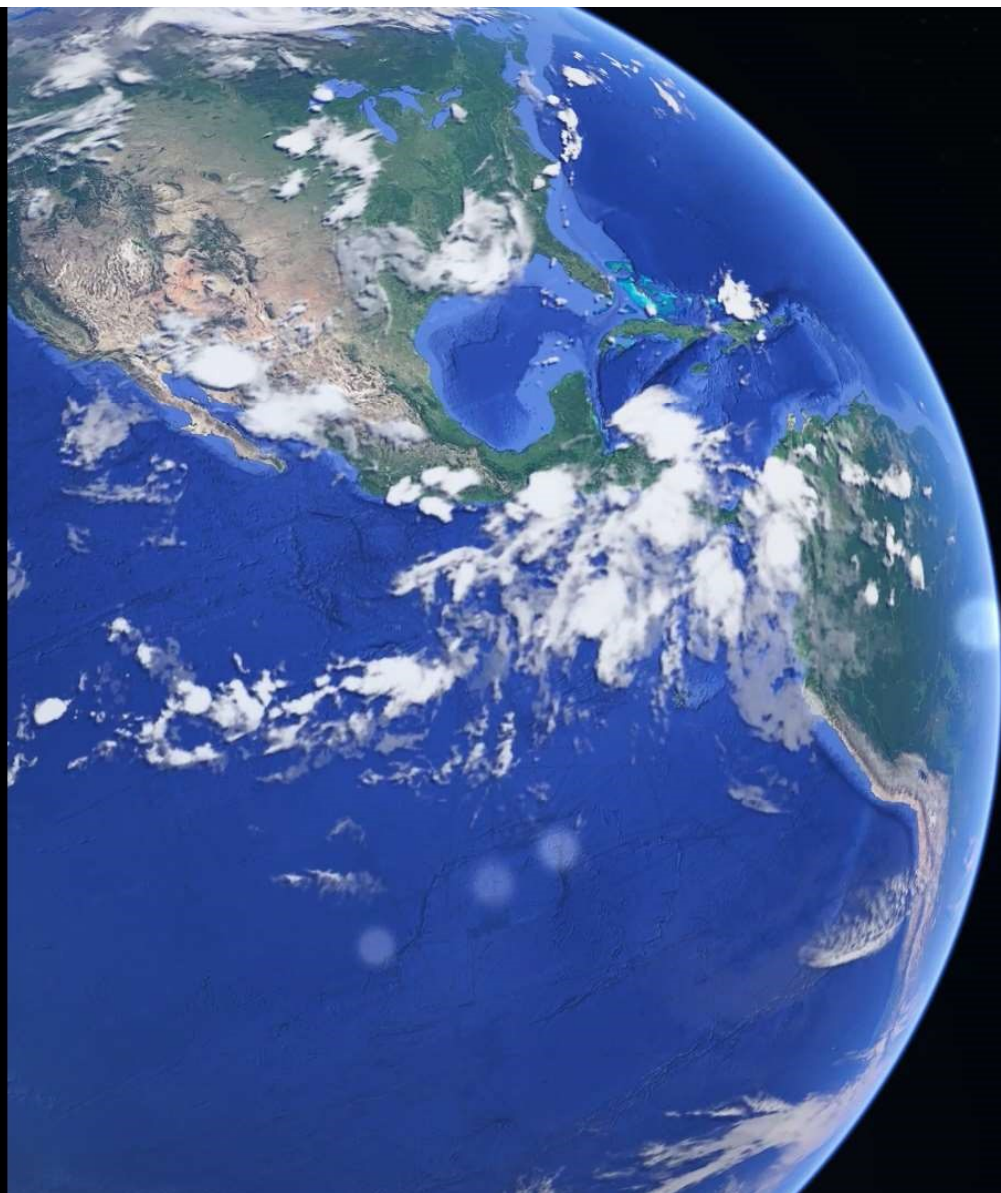
# RevPAR Recovery

(% of 2019, R12 through June)

88%

Global

Google Earth  
Data SIO, NOAA, U.S. Navy



99%

Americas

Google Earth  
Data SIO, NOAA, U.S. Navy





58%

Asia Pacific

Google Earth  
Data SIO, NOAA, U.S. Navy



A satellite view of Earth from space, showing the Middle East and Africa. The landmasses are in shades of brown and tan, while the oceans are a deep blue. The Earth's curvature is visible on the right side of the image.

# 101%

Middle East  
& Africa

Google Earth  
Data SIO, NOAA, U.S. Navy



A satellite image of Earth from space, showing the continent of Europe and the northern part of Africa. The landmasses are green and brown, while the surrounding oceans are deep blue. The image is taken from a high angle, showing the curvature of the planet.

# 82%

## Europe

Google Earth  
Landsat / Copernicus, Data SIO, NOAA



A satellite view of Earth from space, showing the Western Hemisphere. The Americas are visible, with North America in the center. The oceans are a deep blue, and the landmasses show various shades of green, brown, and white, indicating vegetation, terrain, and ice. The curvature of the Earth is visible on the left side.

# 100%

United States

Google Earth  
Data SIO, NOAA, U.S. Navy



An aerial photograph of San Francisco, California, showing the city's dense urban landscape, the San Francisco Bay, and the surrounding hills. The city's skyline is prominent, with numerous skyscrapers and buildings. The bay is visible in the foreground, with several bridges and piers. The hills in the background are covered in dense vegetation.

# 52%

San Francisco

Google Earth  
Data SIO, NOAA, U.S. Navy



# 85%

## SF Comp Set

1510 Eddy St.

1625 Post St.

444 Presidio Ave.

845 Bush St.

2901 Pacific Ave.

222 Sansome St.

900 N Point St.

Google Earth

Data CSUMB, SEML, CA OPC, Data SIO



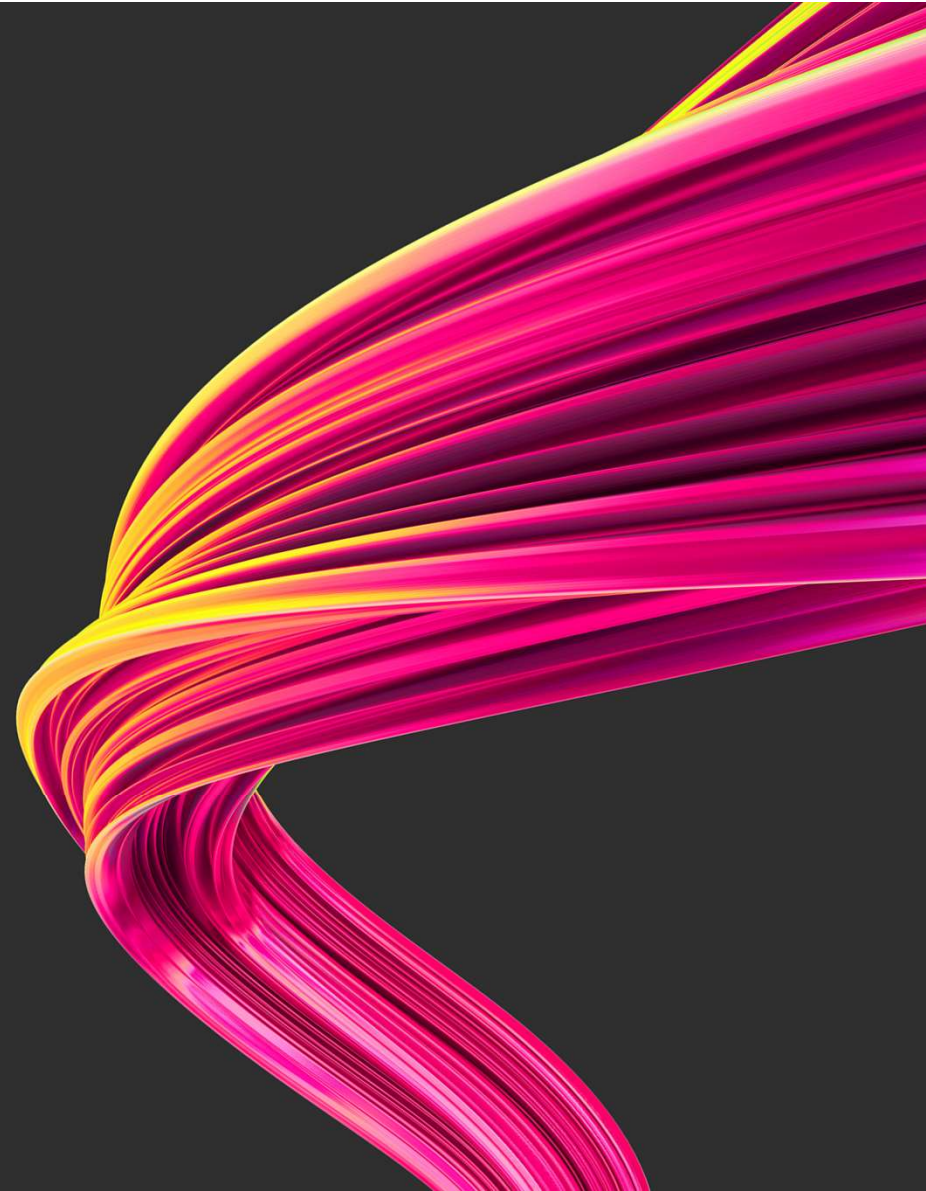
# 124%

1510 Eddy St

Google Earth  
Data: DEO, Columbia, NSF, NOAA



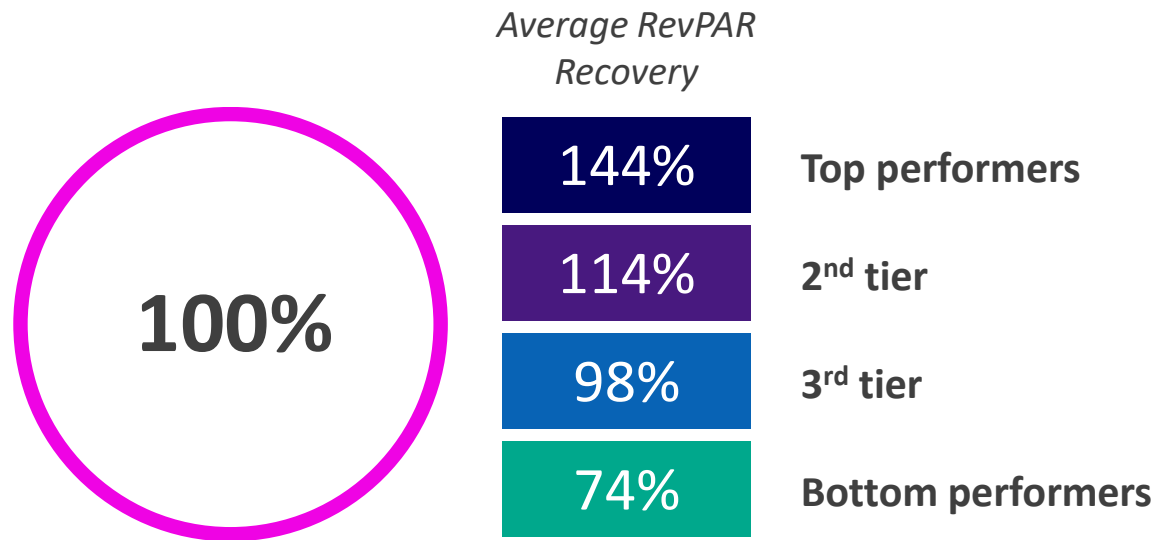
**Not all recoveries are  
created equally.**





## Total U.S. – Everything’s Rosy (?)

RevPAR Recovery, June 2022 TTM indexed to 2019, U.S. properties participating all 24 months

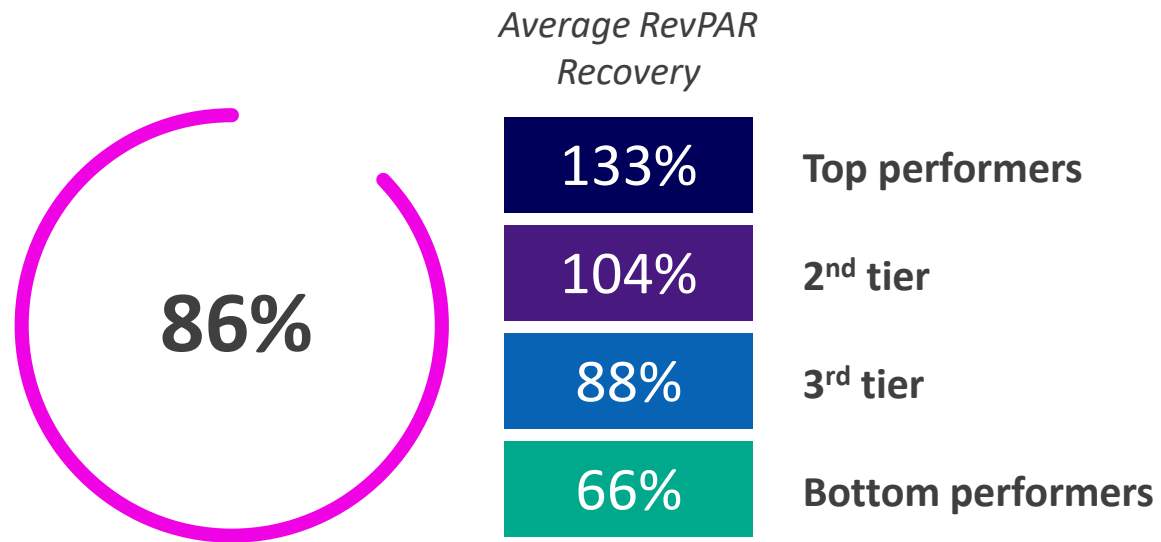






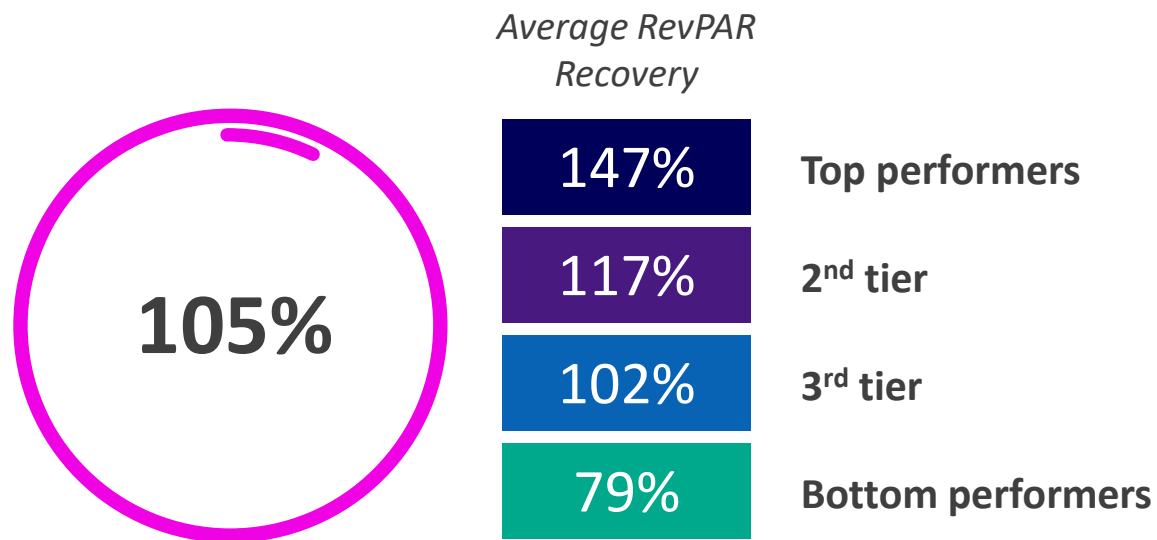
## Top 25 Markets – Some Pain Points

RevPAR Recovery, June 2022 TTM indexed to 2019, U.S. Top 25 Markets properties participating all 24 months



## Non-Top 25 Markets

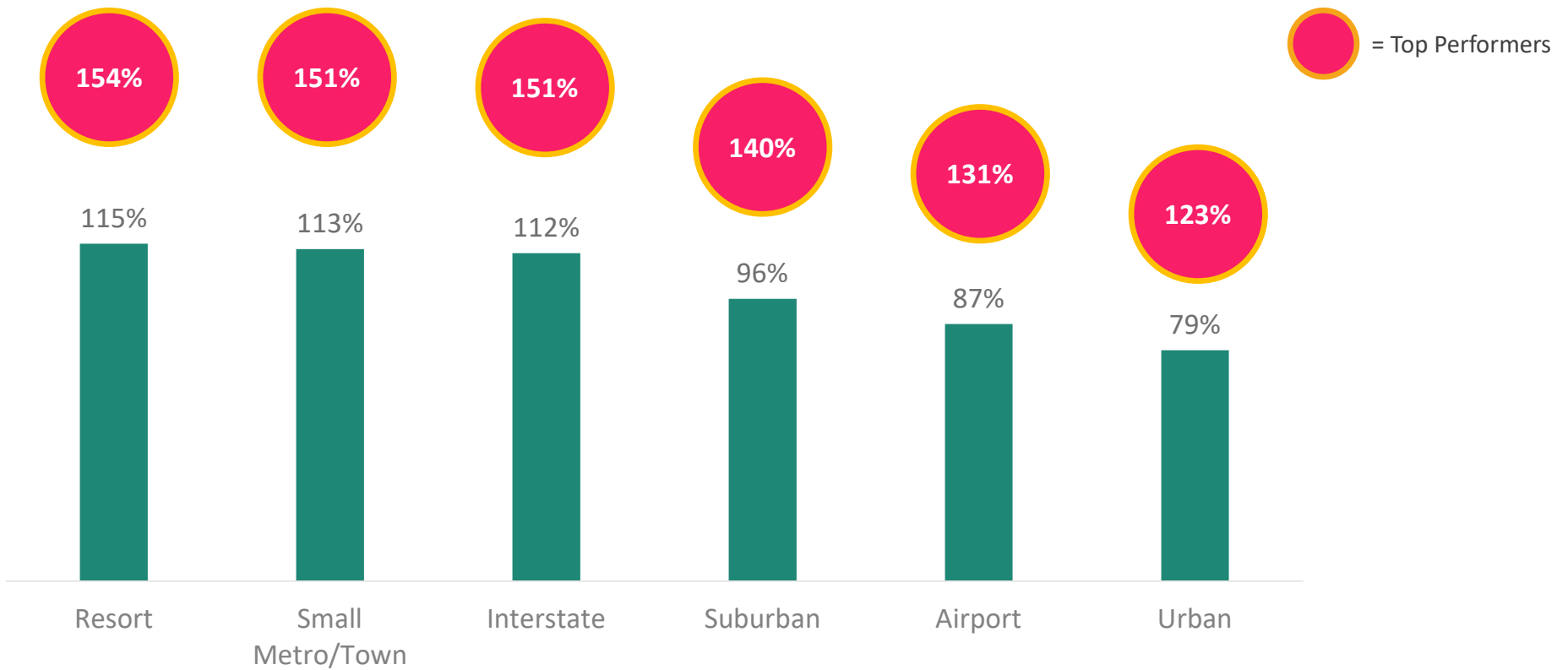
RevPAR Recovery, June 2022 TTM indexed to 2019, U.S. Non-Top 25 Markets properties participating all 24 months





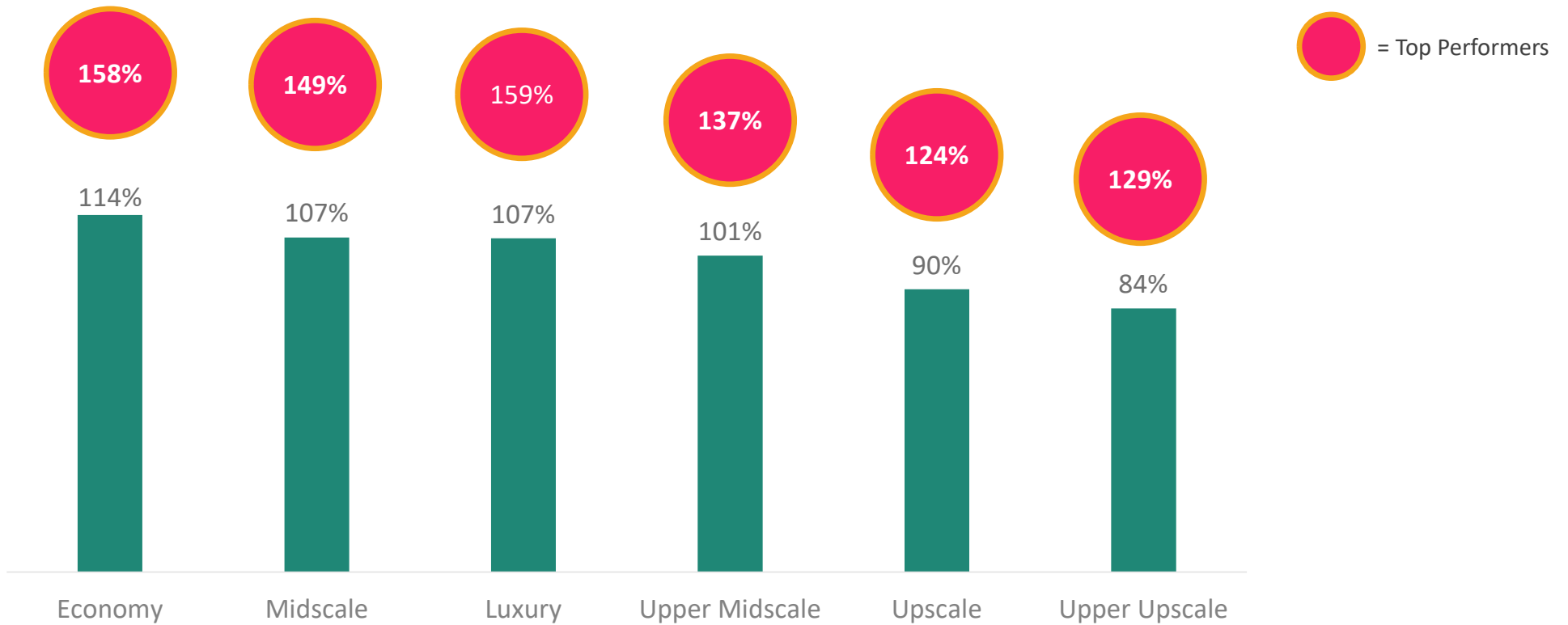
# Location Summary

RevPAR Recovery, June 2022 TTM indexed to 2019, U.S. Location Types properties participating all 24 months

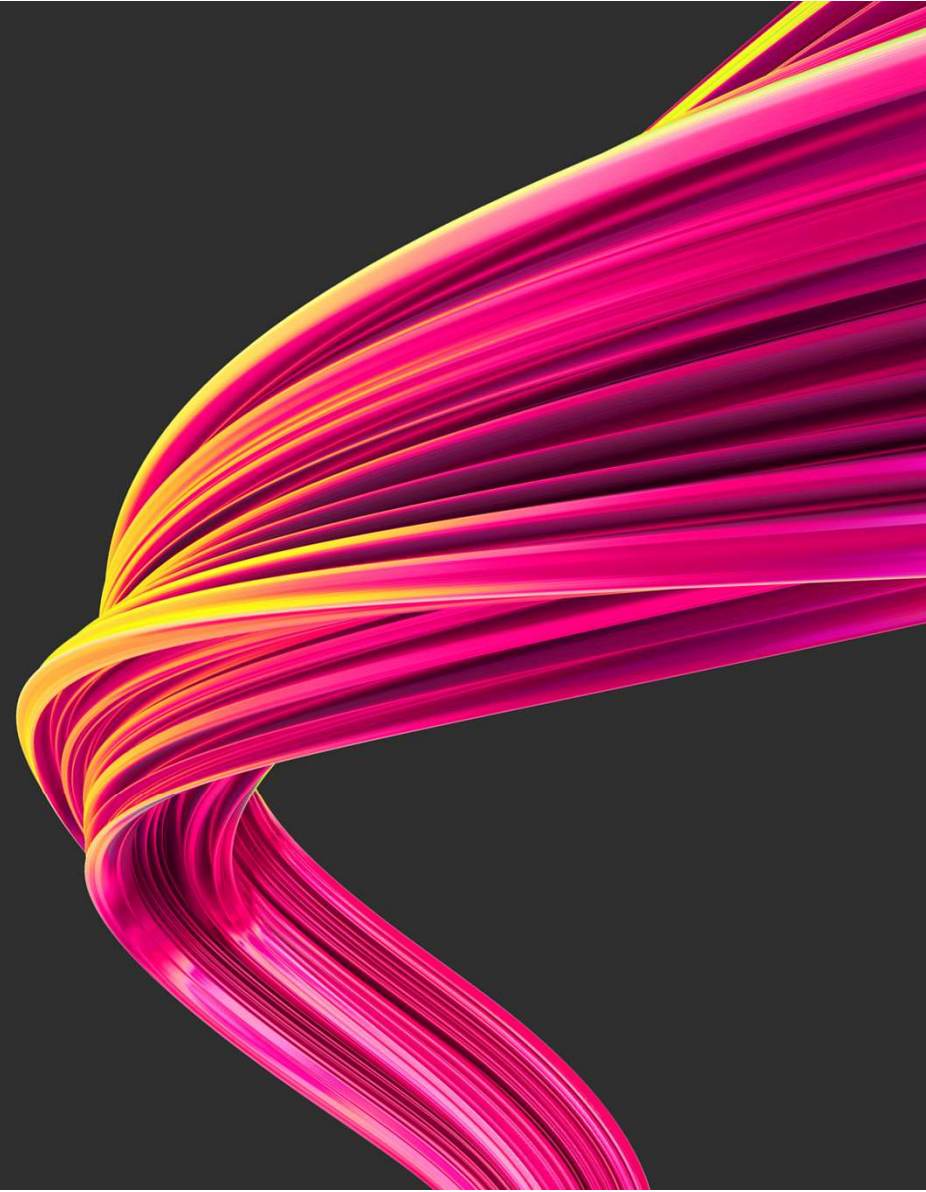


# Class Summary

RevPAR Recovery, June 2022 TTM indexed to 2019, U.S. Classes properties participating all 24 months



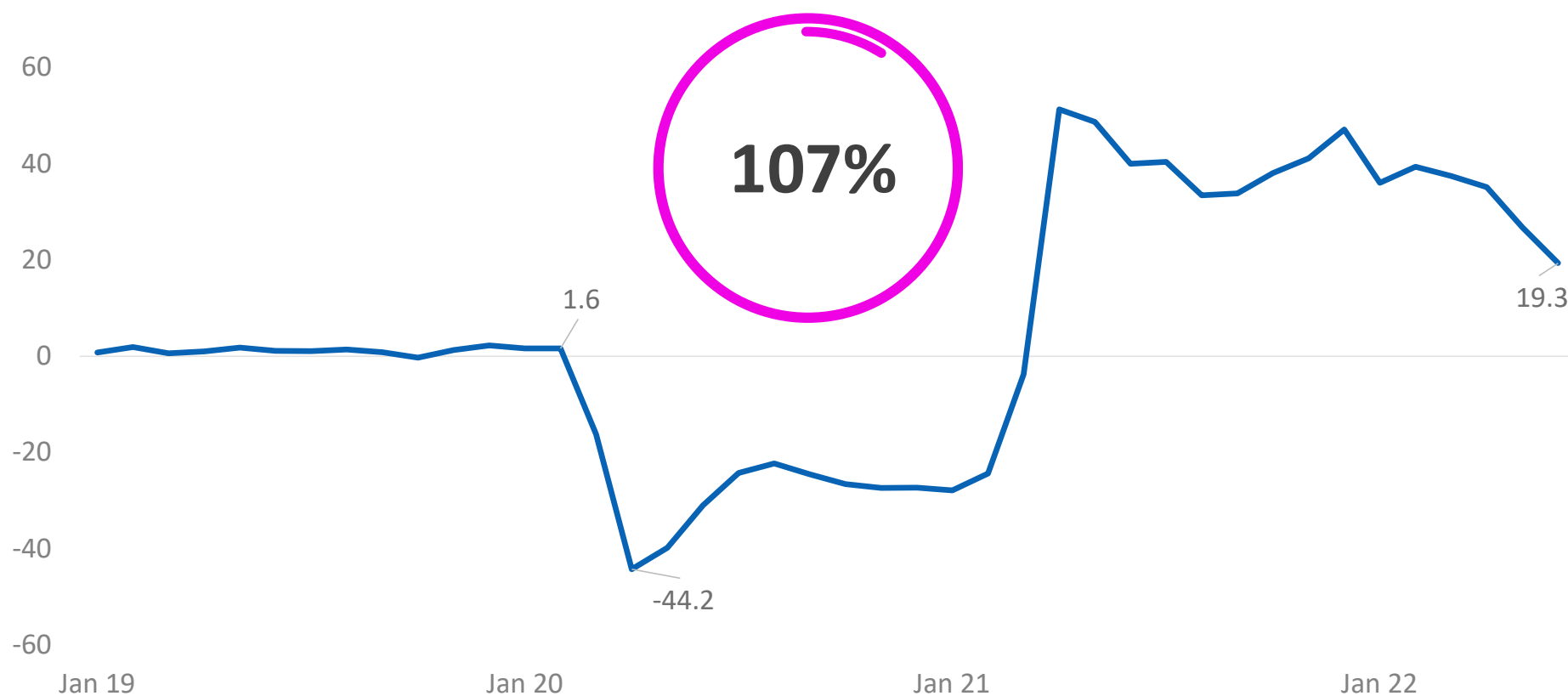
**The thing about rates.**





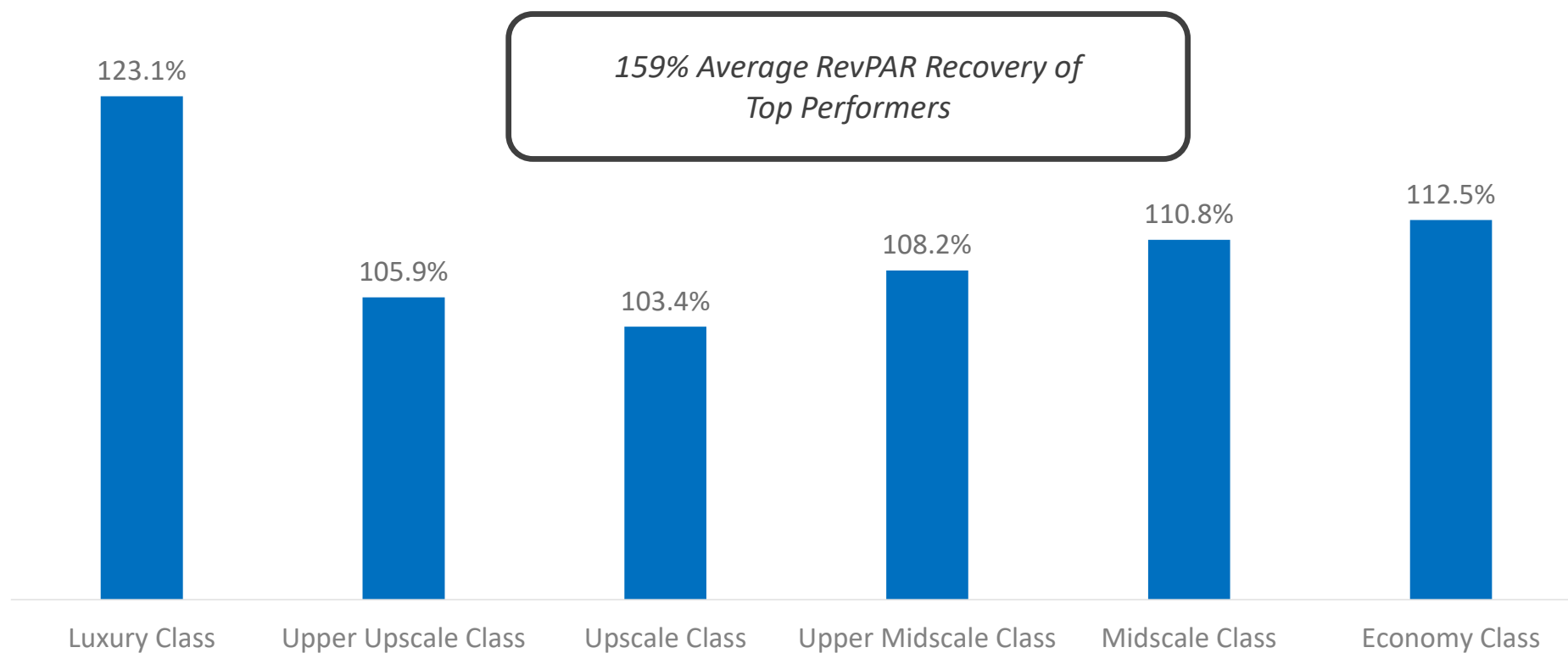
# Unprecedented ADR Swings

U.S. ADR percent change, monthly, Jan 2019 – Jun 2022



# ADR by Class

U.S. Classes, ADR Recovery, June 2022 TTM indexed to 2019

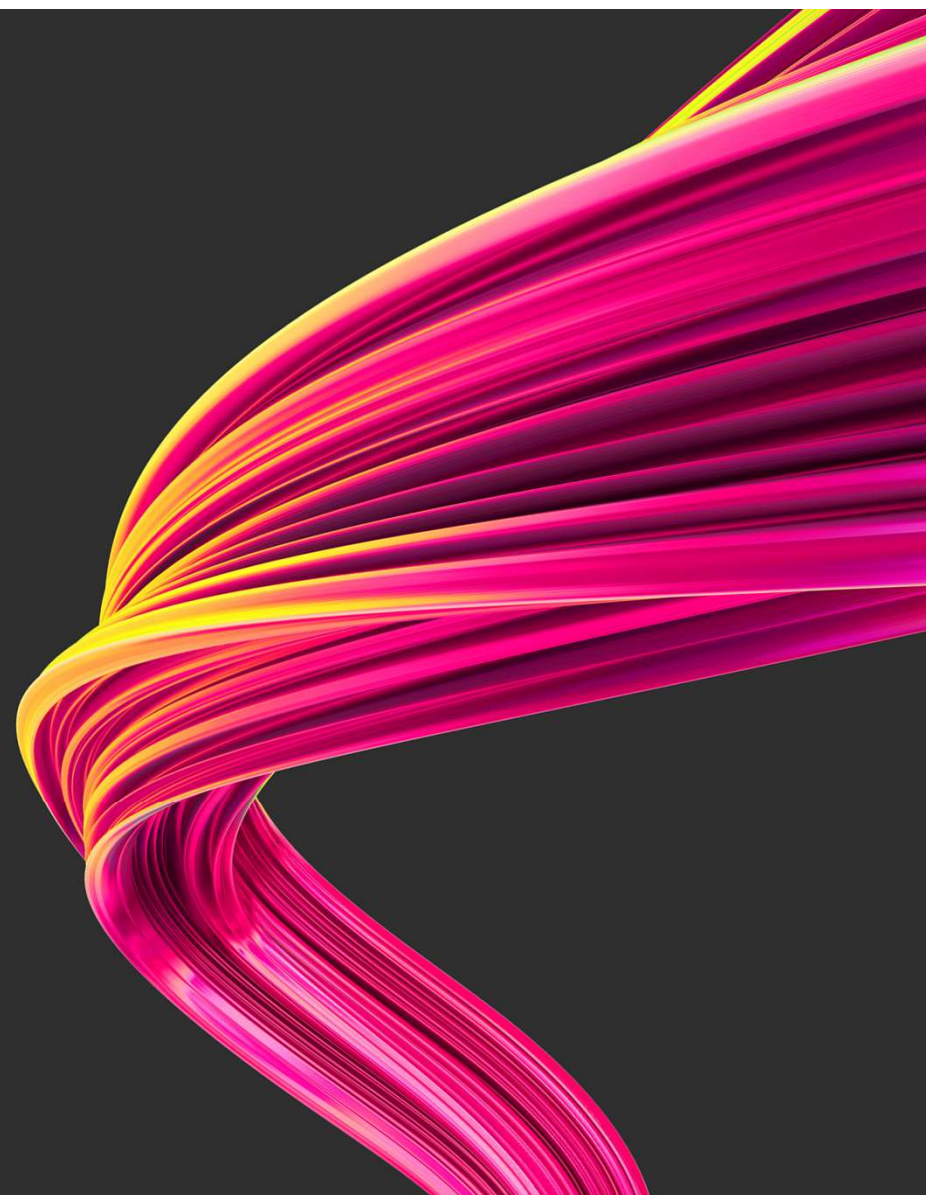


What about  
inflation?





quick  
poll



**When you've set prices for your hotel rooms, how much have you taken inflation into account?**

|     |               |
|-----|---------------|
| 15% | A. A lot      |
| 64% | B. A little   |
| 21% | C. Not at all |



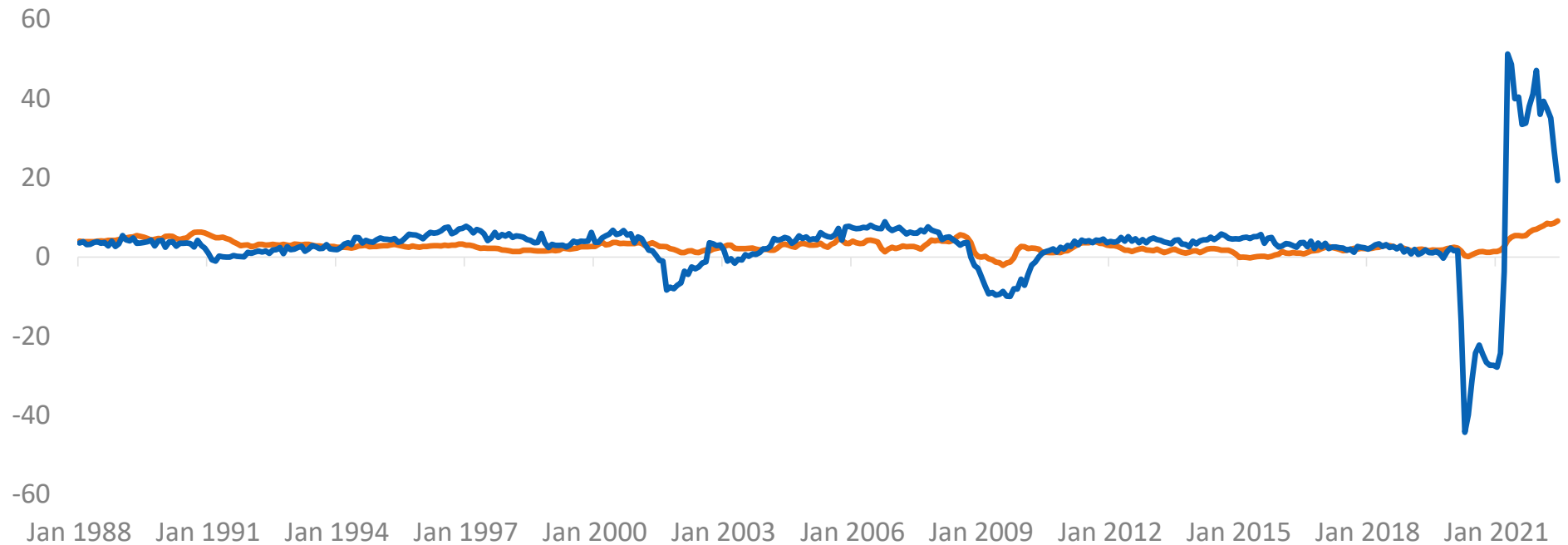
# Do They Correlate? Inflation and ADR, 1988-2022

U.S. not seasonally adjusted CPI % change from prior year, ADR % change



**$R^2 = 0.0025$**

— Inflation Rate — ADR Monthly % Chg



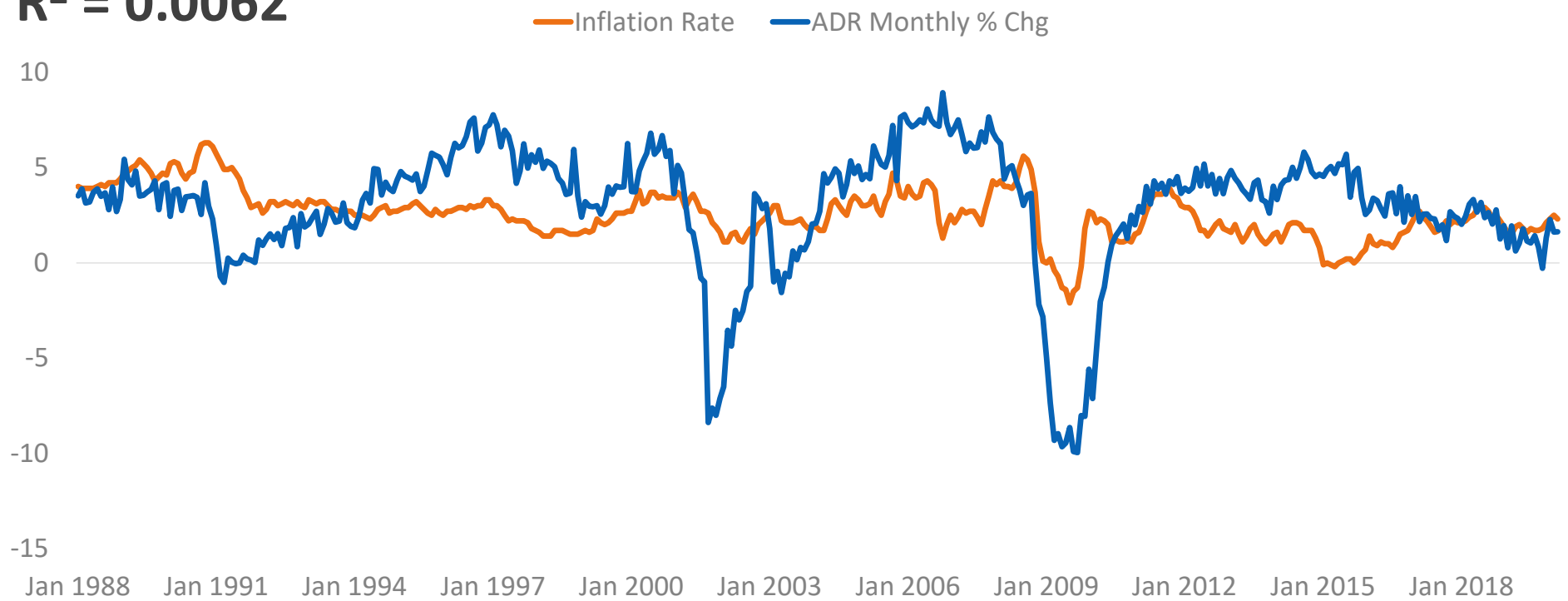




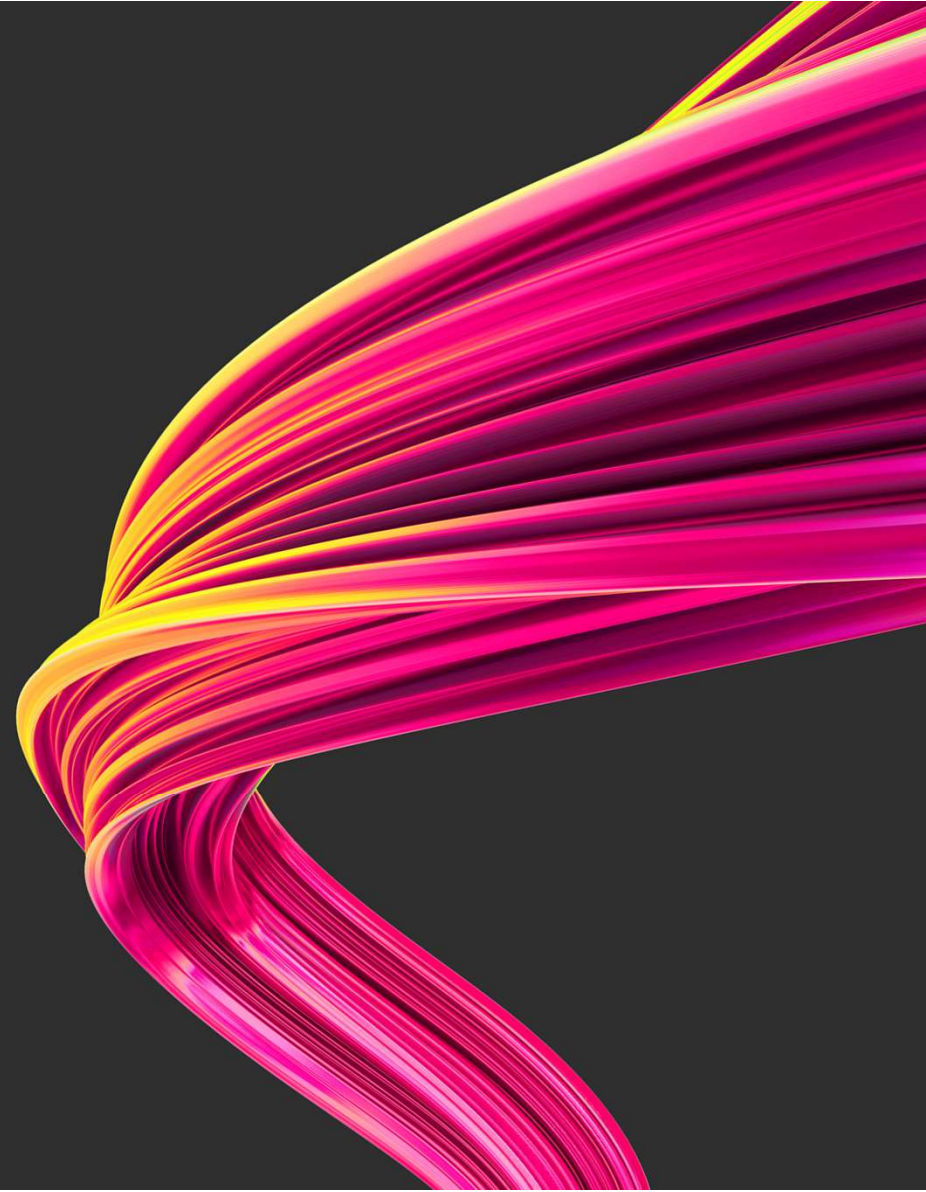
# Inflation and ADR, 1988-2019

U.S. not seasonally adjusted CPI % change from prior year, ADR % change

**$R^2 = 0.0062$**

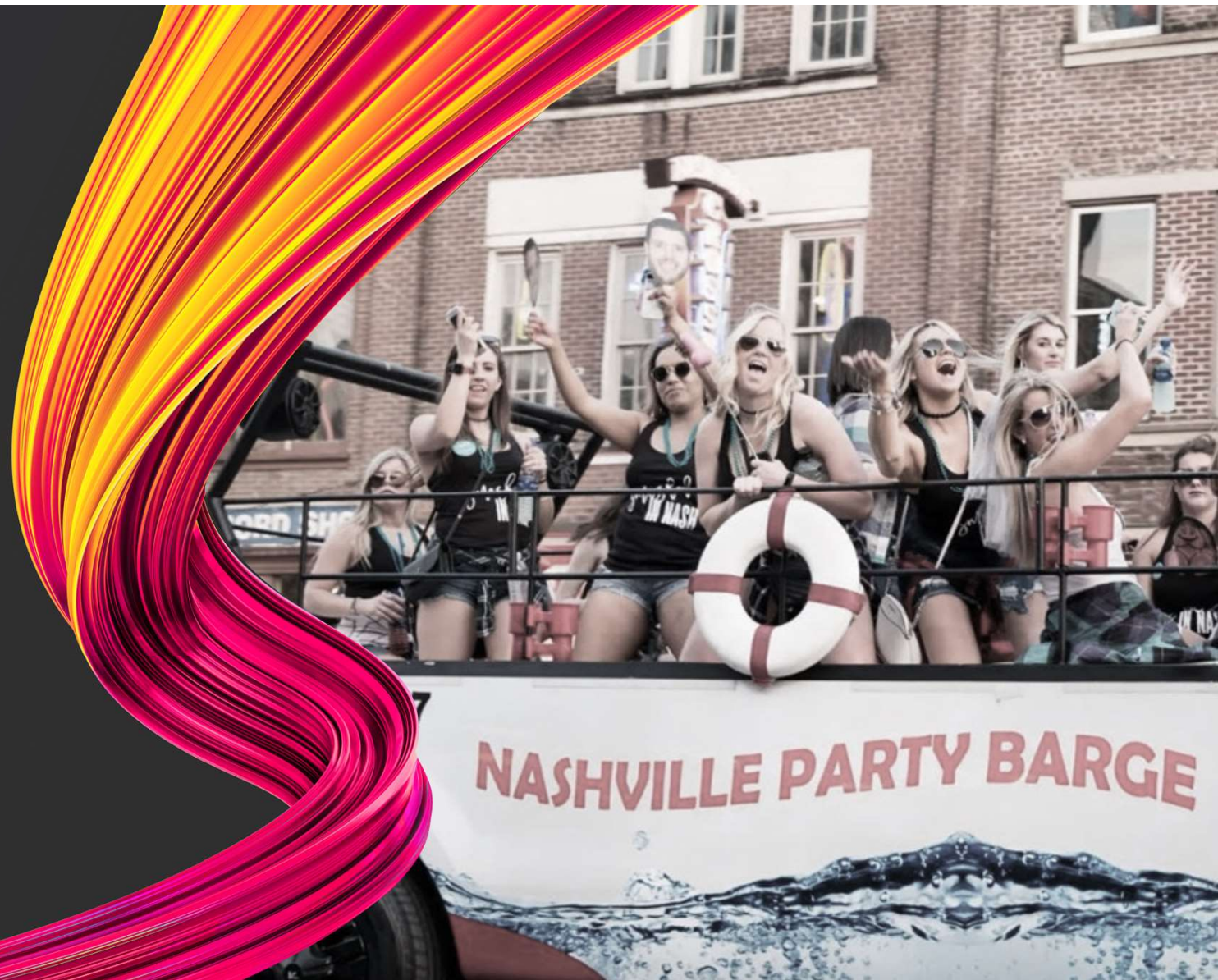


**Who are your guests?**

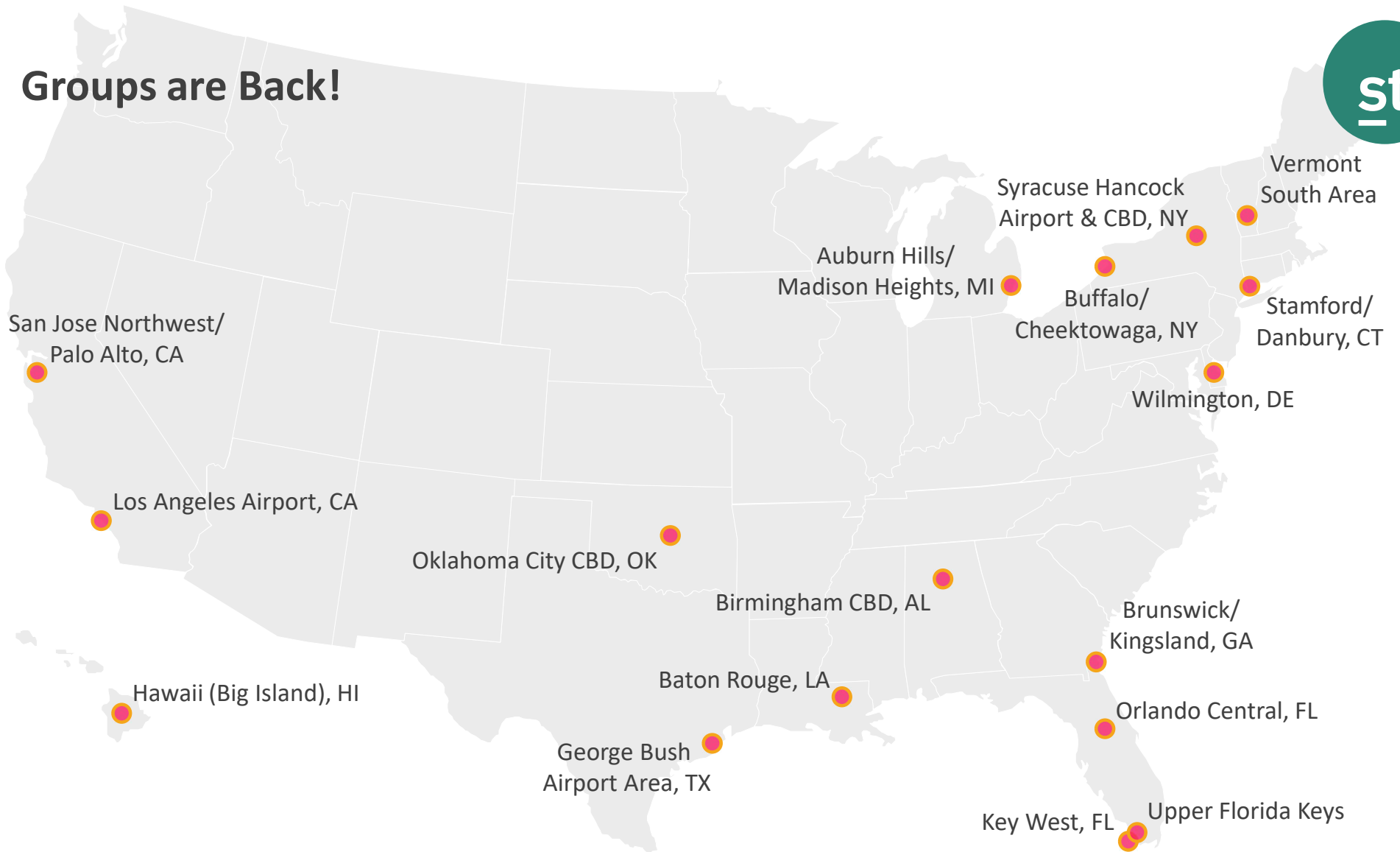




**Leisure  
Demand  
Reigns...but for  
how long?**



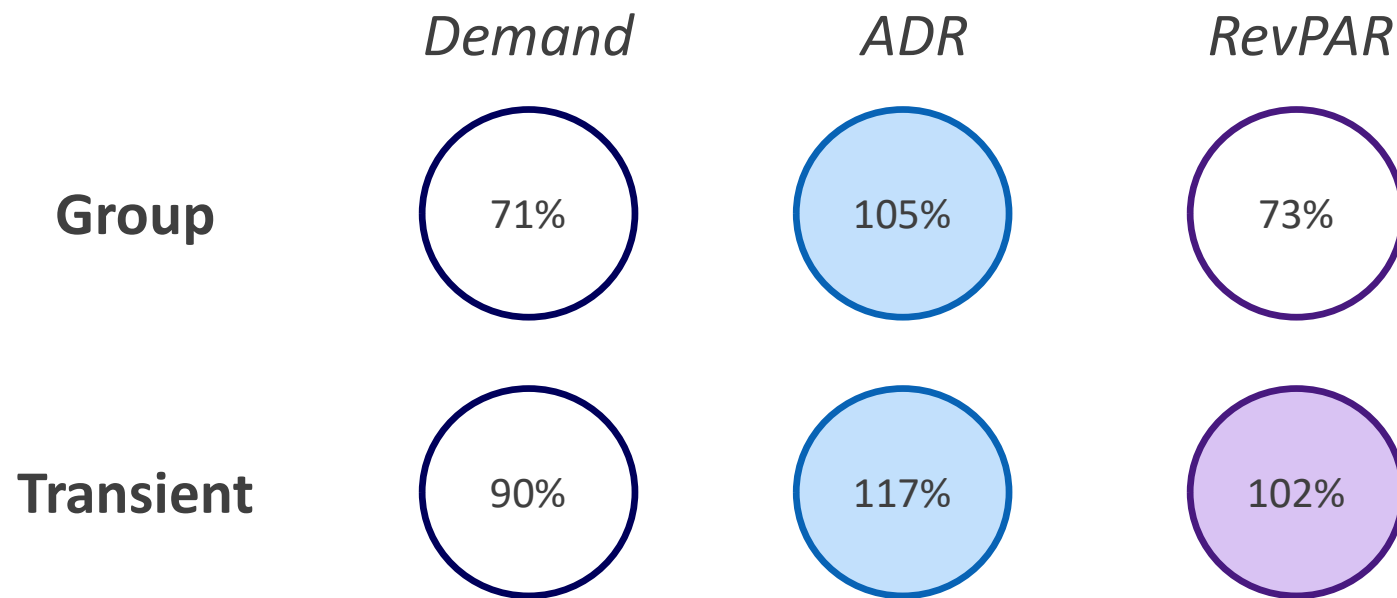
# Groups are Back!





# Segmentation

U.S. Luxury and Upper Upscale Classes, Group and Transient, June 2022 TTM indexed to 2019



# Corporate Travel Profiles



## “Never Left”

About **15%** of business travel spend

Travel is essential for conducting business and traveled during the pandemic

## “Never Returning”

About **20%** of business travel spend

Replaced travel with alternative digital solutions and reduced travel budgets

## “Wait and See”

About **5%** of business travel spend

Noncompetitive industries will keep hosting virtual events and be more cautious

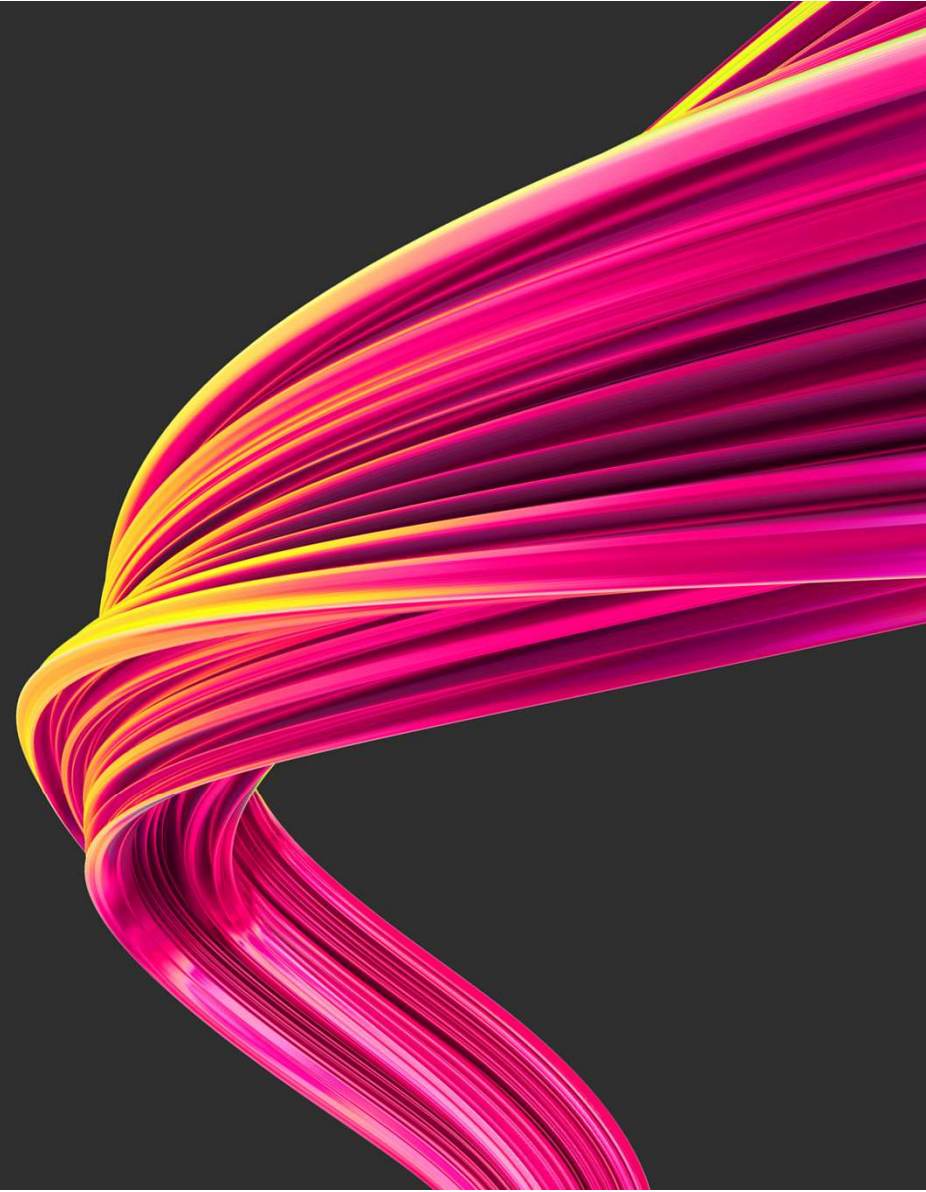
## “Fear of Missing Out”

About **60%** of business travel spend

Maintaining client relationships is critical and beating out competitors

*Source: McKinsey & Company, The Comeback of Corporate Travel: How Should Companies Be Planning?*

**Are your guests happy?**





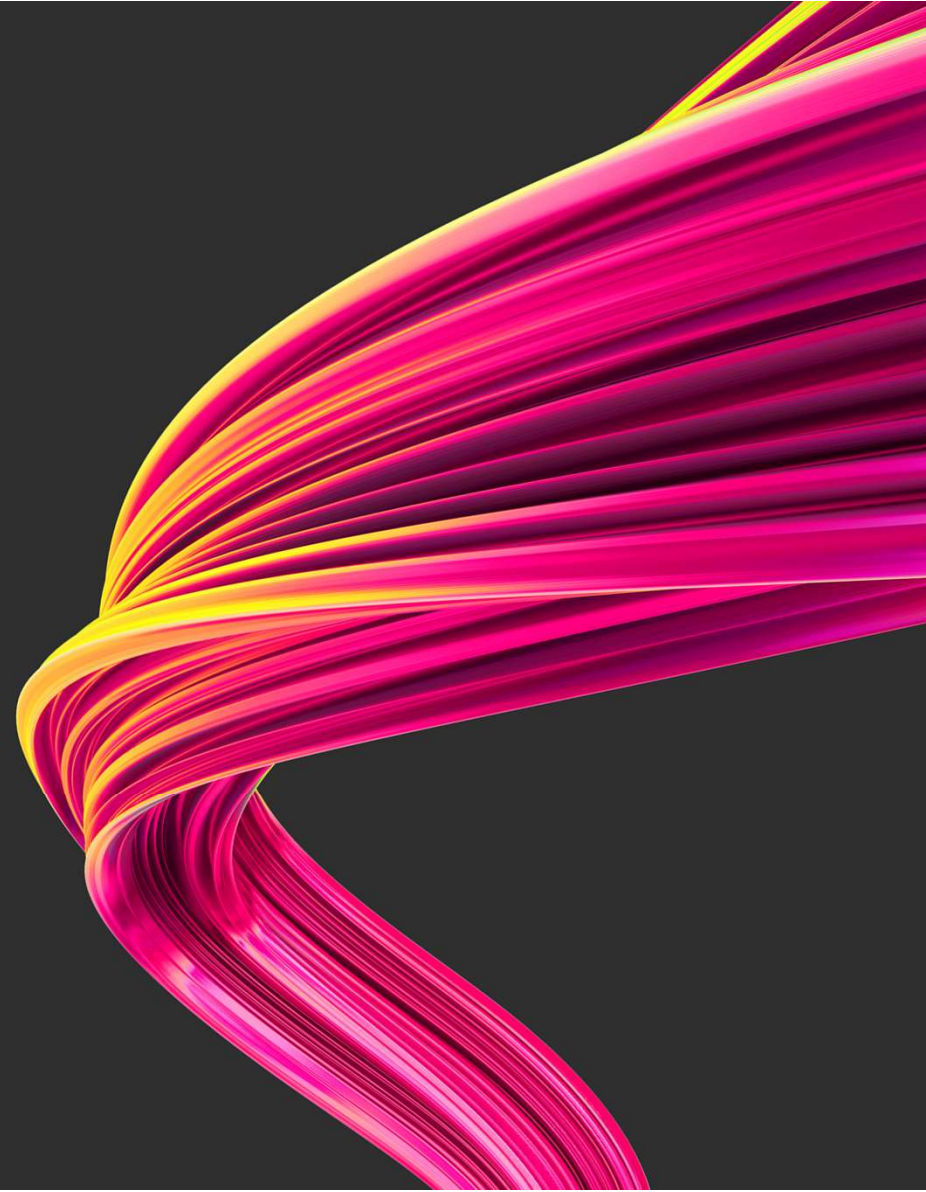
# J.D. Power 2022 Guest Satisfaction Survey

Overall, slight decline from 2021 survey

- Increased prices across all segments; many travelers not perceiving good value for money
- More guests paying for internet access
- Decreased satisfaction with guest rooms
- Fewer staff interactions



**Other big-picture stuff.**





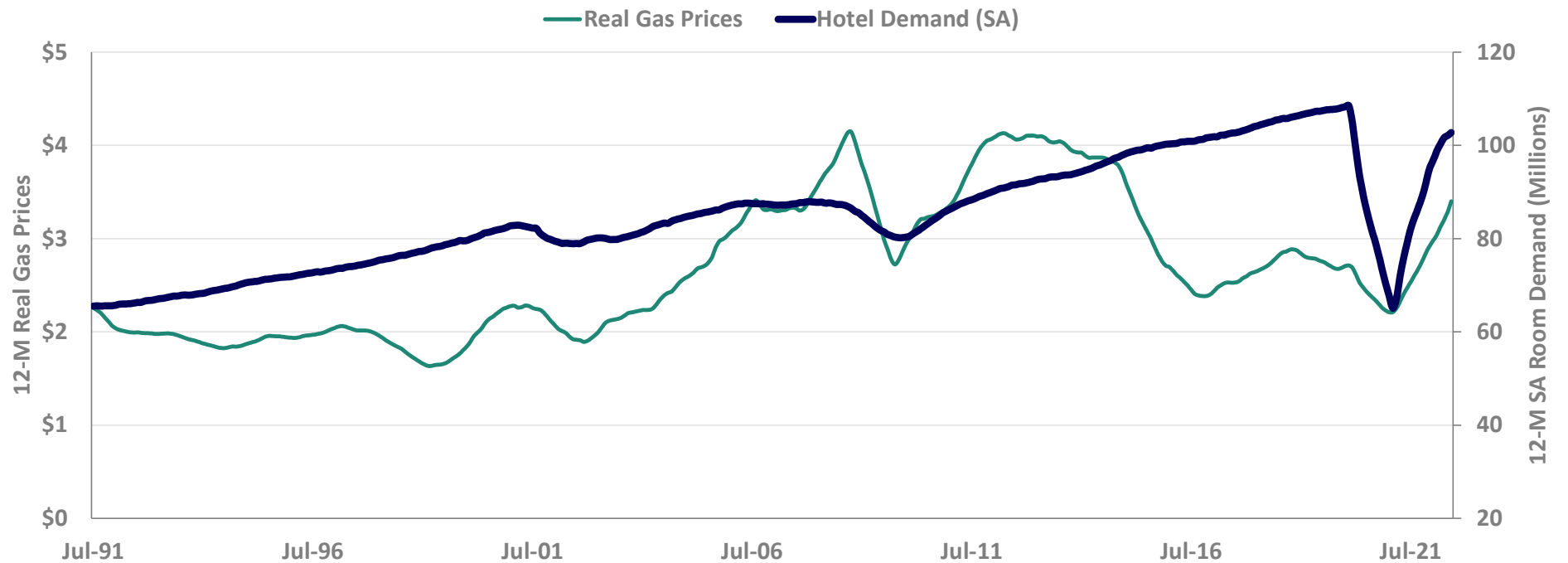
- Highest inflation in four decades
- Exceptionally low unemployment
- Crippling gas prices
- War in Ukraine
- Continuing COVID variants
- Supply-chain chokeholds
- Mixed signals on impending recession





# Gas prices don't matter

U.S. Monthly Gas Prices, July 1991 – June 2022

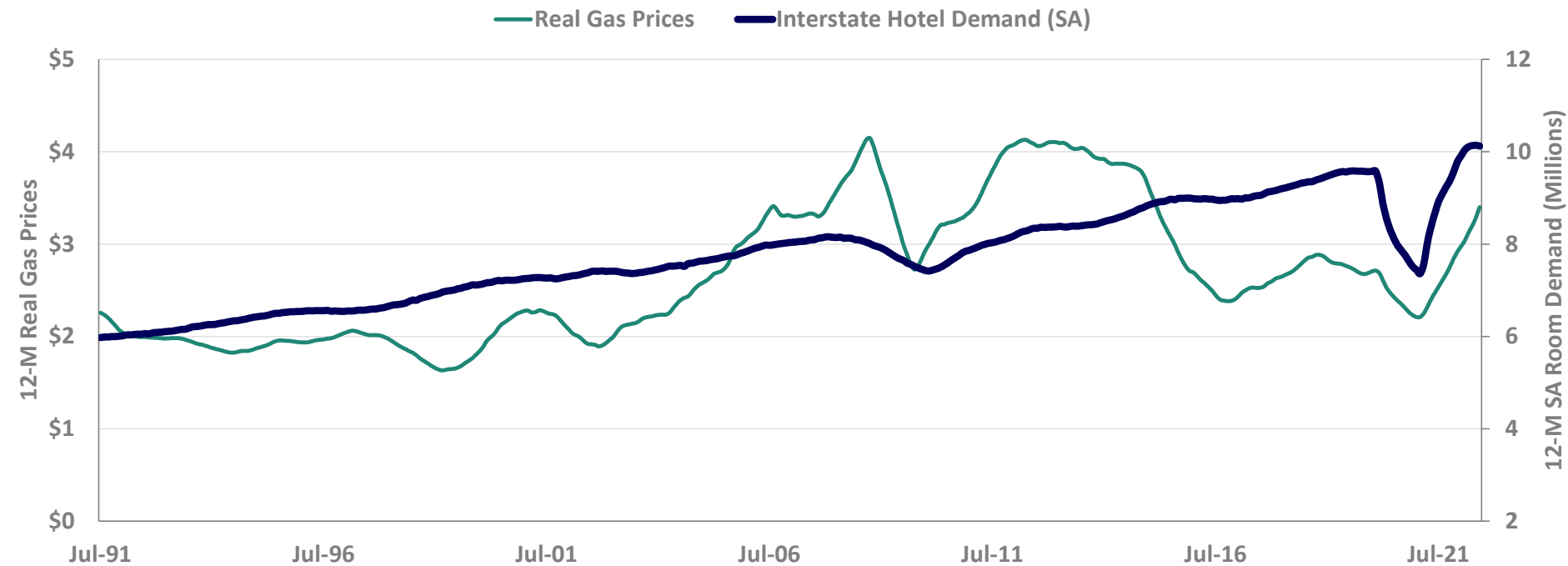


Source: Energy Information Administration, STR. © 2022 CoStar Group



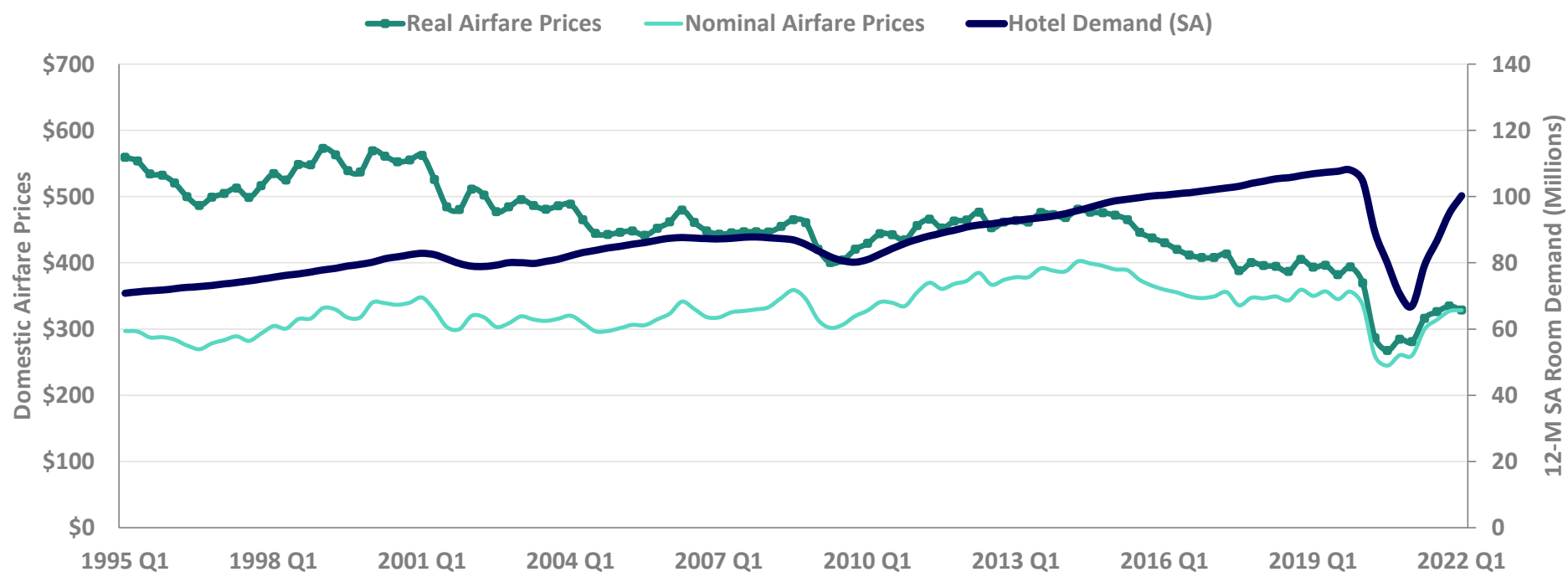
# Even drive-to hotel demand unaffected by gas prices

U.S. Monthly Gas Prices, July 1991 – June 2022



# Believe it or not, even nominal airfare prices aren't record-breaking

US, Quarterly Domestic Airfare Prices, Q1 1995 – Q1 2022

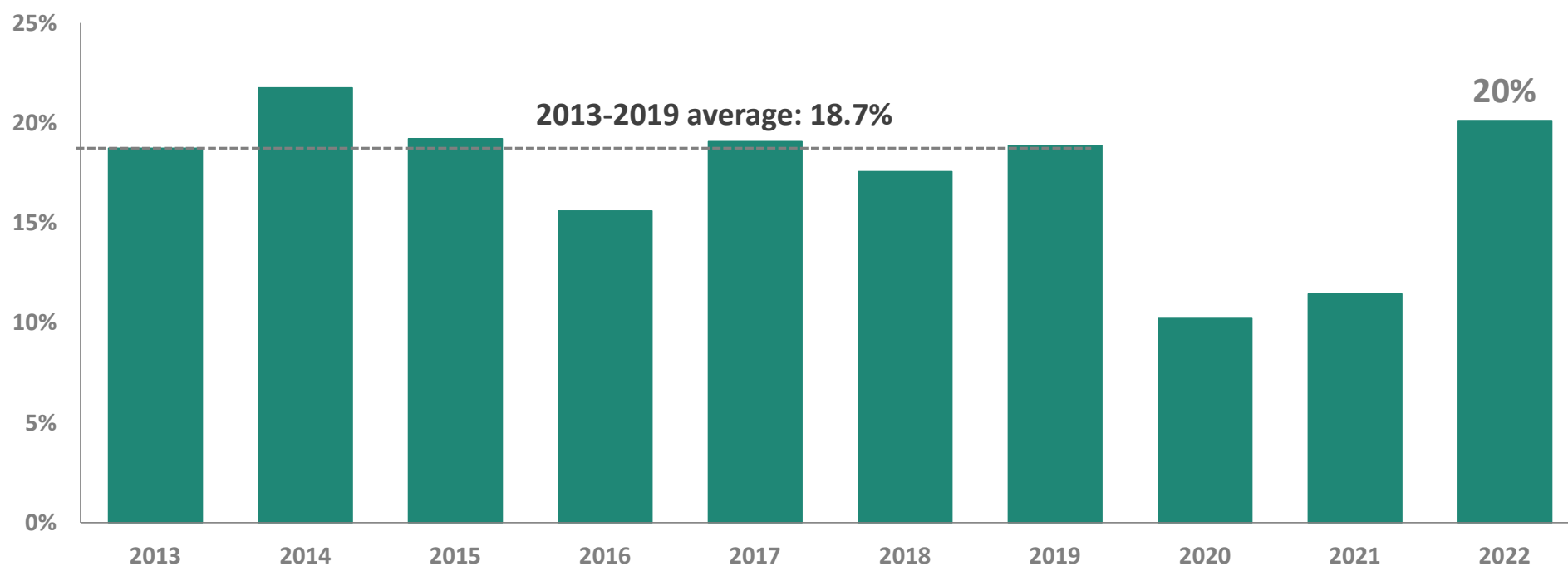


Source: Bureau of Transportation Statistics, STR. © 2022 CoStar Group



# Delays are up, but just a little bit

US, carrier flight delays, May YTD 2013 - 2022

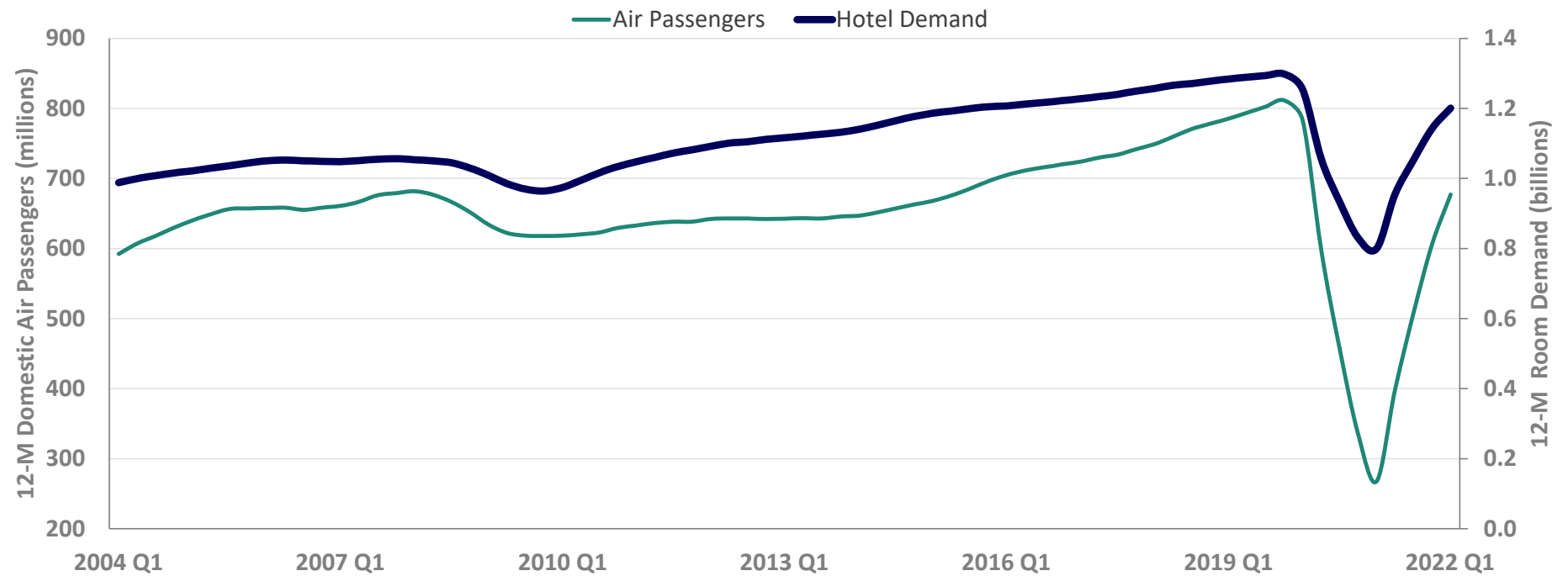


Source: Bureau of Transportation Statistics, STR. © 2022 CoStar Group



# Hotel demand has recovered faster than airline demand

Room demand and domestic airline passengers

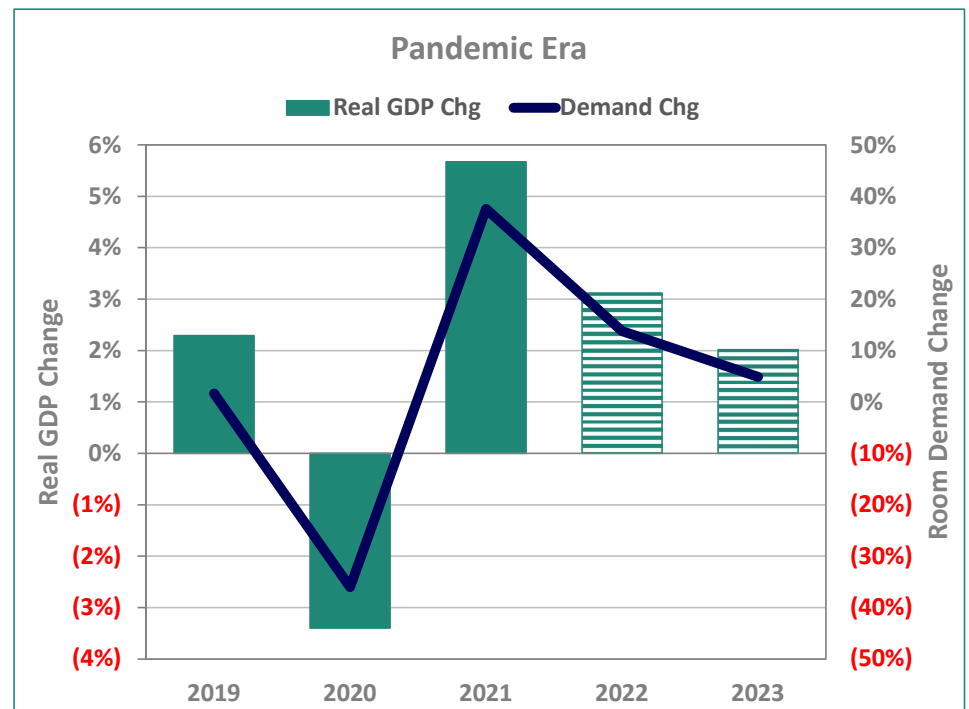
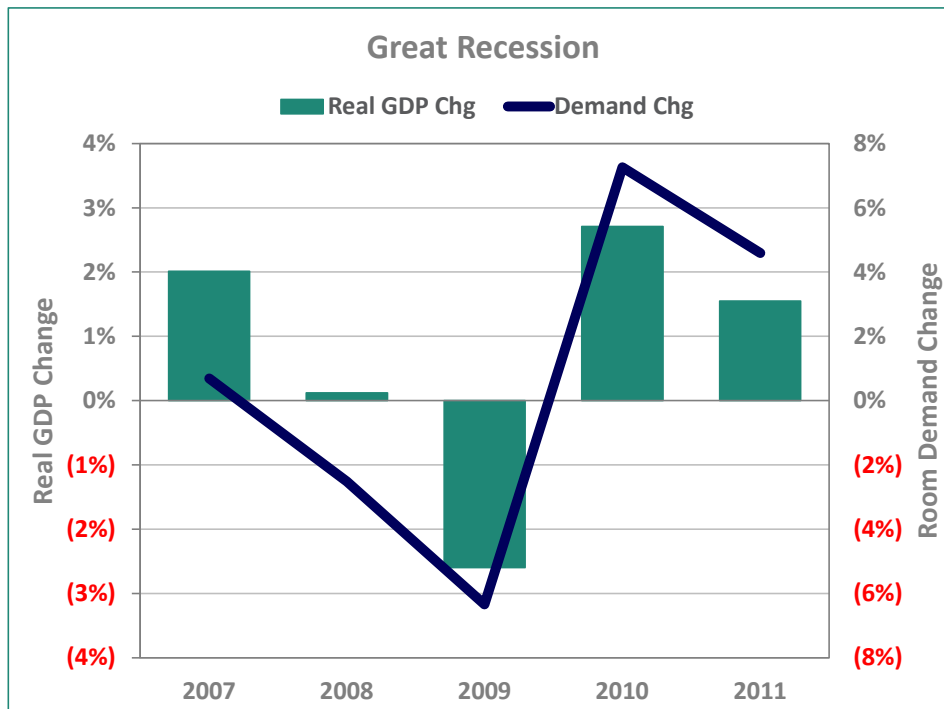


Source: Bureau of Transportation Statistics, STR. © 2022 CoStar Group



# Why a (potential) recession matters ...

Real GDP % change and demand % change

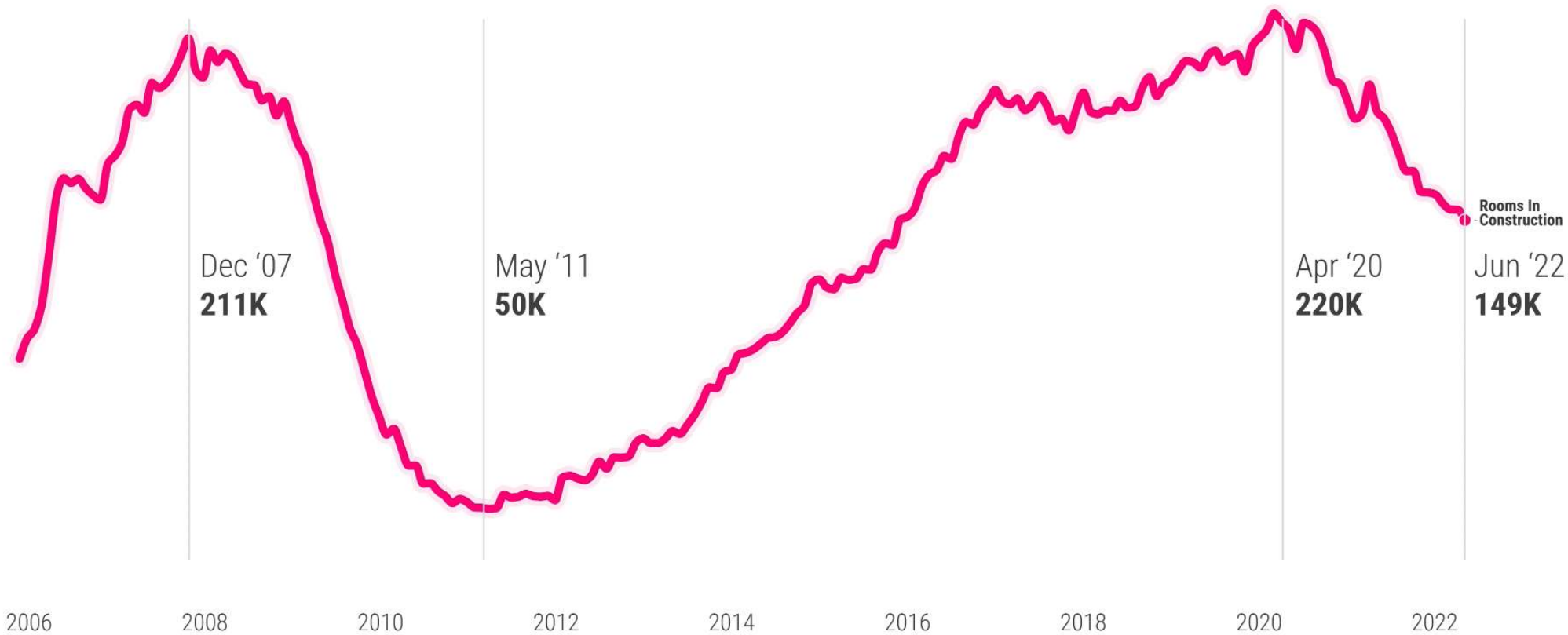


Source: Oxford Economics, STR. © 2022 CoStar Group



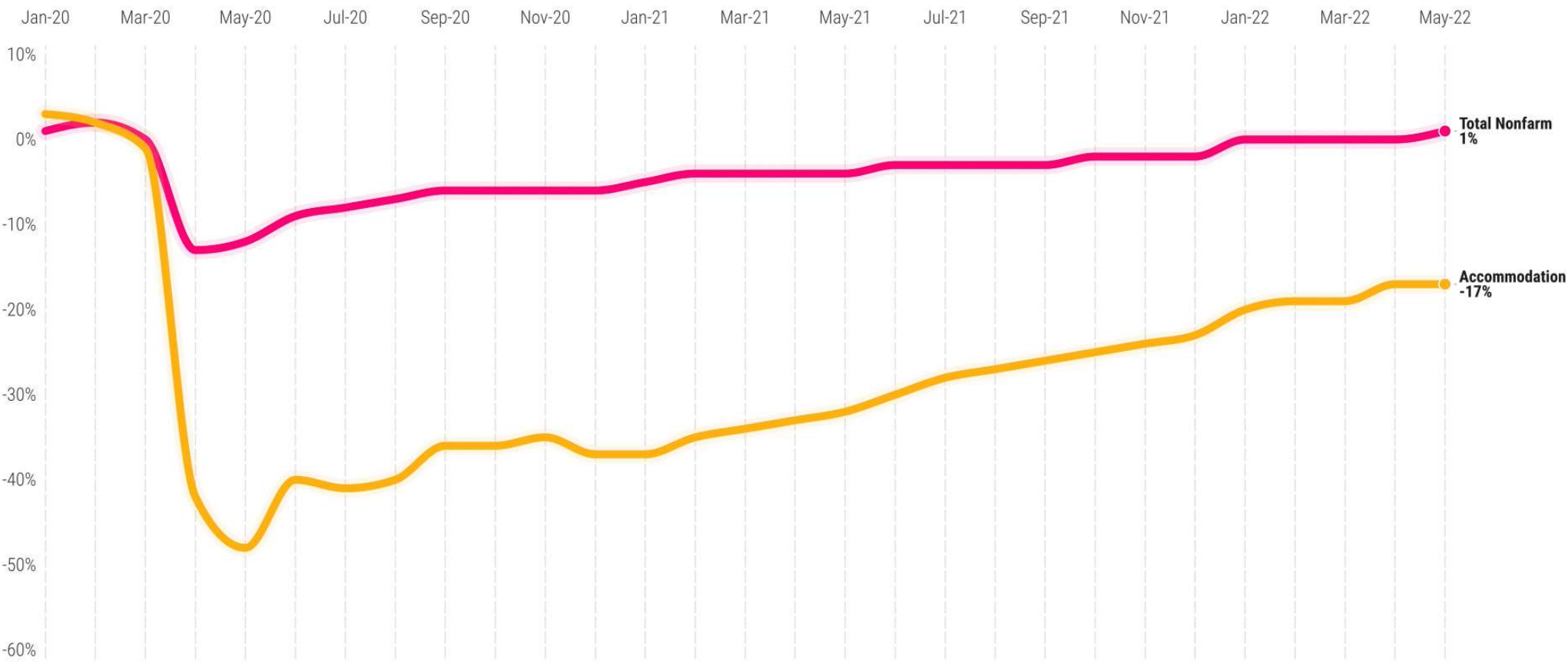
# New supply not a threat in most markets.

January 2006 – June 2022, In Construction Rooms (000's)

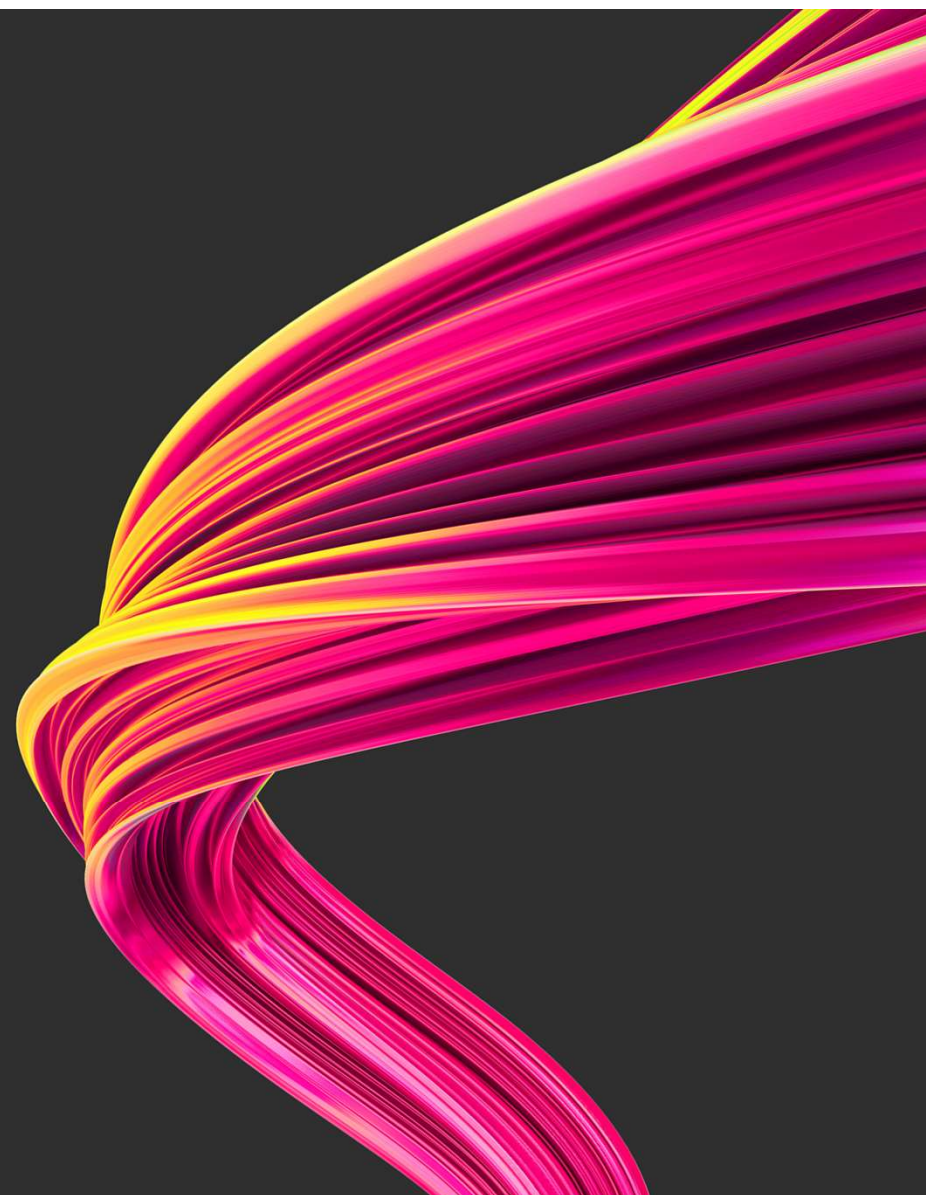


# Hotels still unable to find enough workers.

Total U.S., seas. adj. accommodation and total nonfarm jobs % chg to 2019, Jan 2020 – May 2022



quick  
poll





## What brings you peace?

15%



Lifting of COVID-19 travel restrictions

22%



Pacing of U.S. hotel industry recovery

29%



Slow but steady return of group and business demand

18%



Leisure demand remaining robust

16%



Strong pricing power

## What makes you queasy?

11%



Rising inflation

35%



Industry labor shortages

10%



Airfare costs and travel disruptions

14%



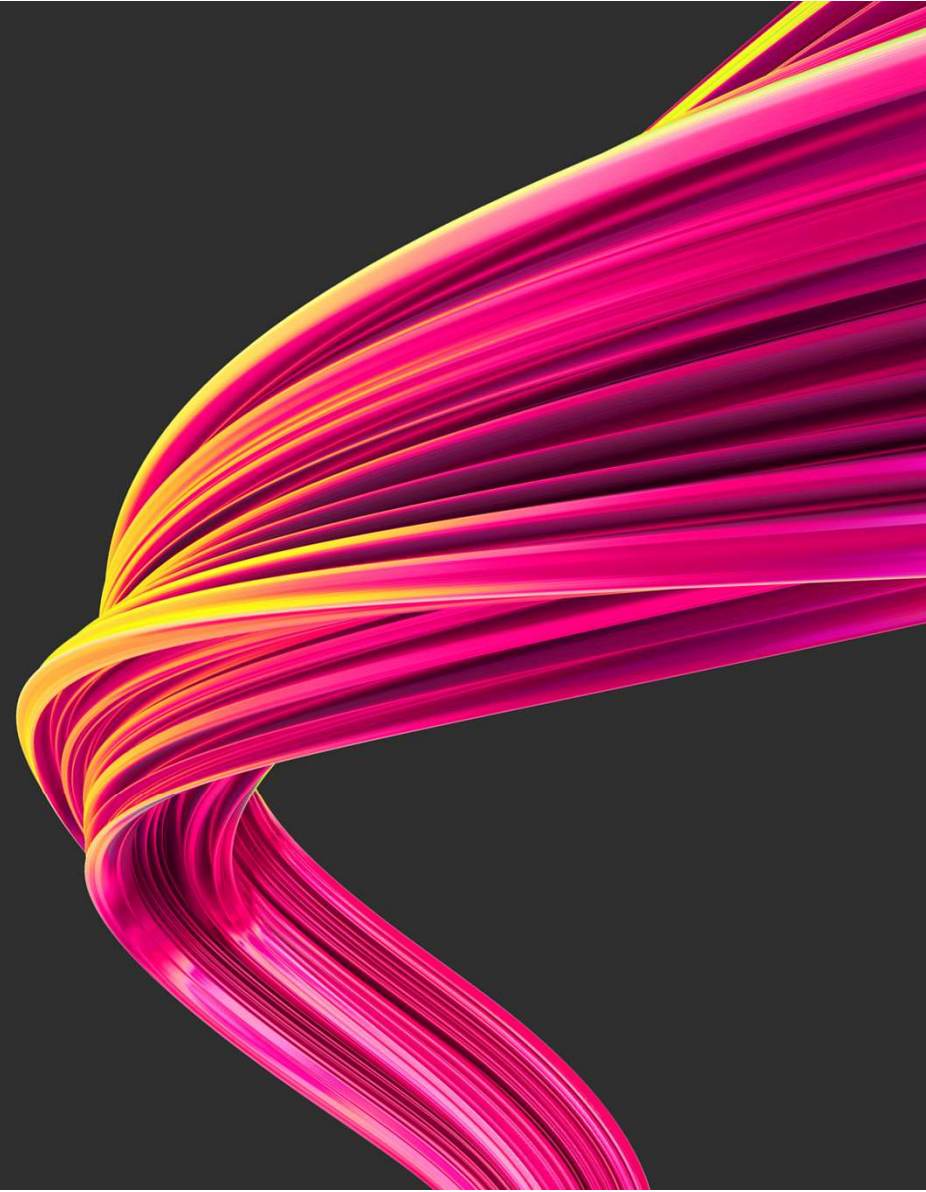
Group and business still below pre-pandemic levels

30%



Heightened risk of recession

**A look ahead.**



# U.S. Forecast

Key Performance Indicators (% Change vs. Prior Year) 2021 – 2022F – 2023F

| Metric    | Outlook        |                  |                  |
|-----------|----------------|------------------|------------------|
|           | 2021<br>Actual | 2022<br>Forecast | 2023<br>Forecast |
| Supply    | +5.0%          | +2.1%            | +1.2%            |
| Demand    | +37.5%         | +11.8% ↓         | +3.9%            |
| Occupancy | +31.0%         | +9.4%            | +2.6%            |
| ADR       | +20.8%         | +18.3% ↑         | +3.0%            |
| RevPAR    | +58.2%         | +29.5%           | +5.7%            |



## U.S. RevPAR projected to exceed 2019 RevPAR in 2022 (nominally...)

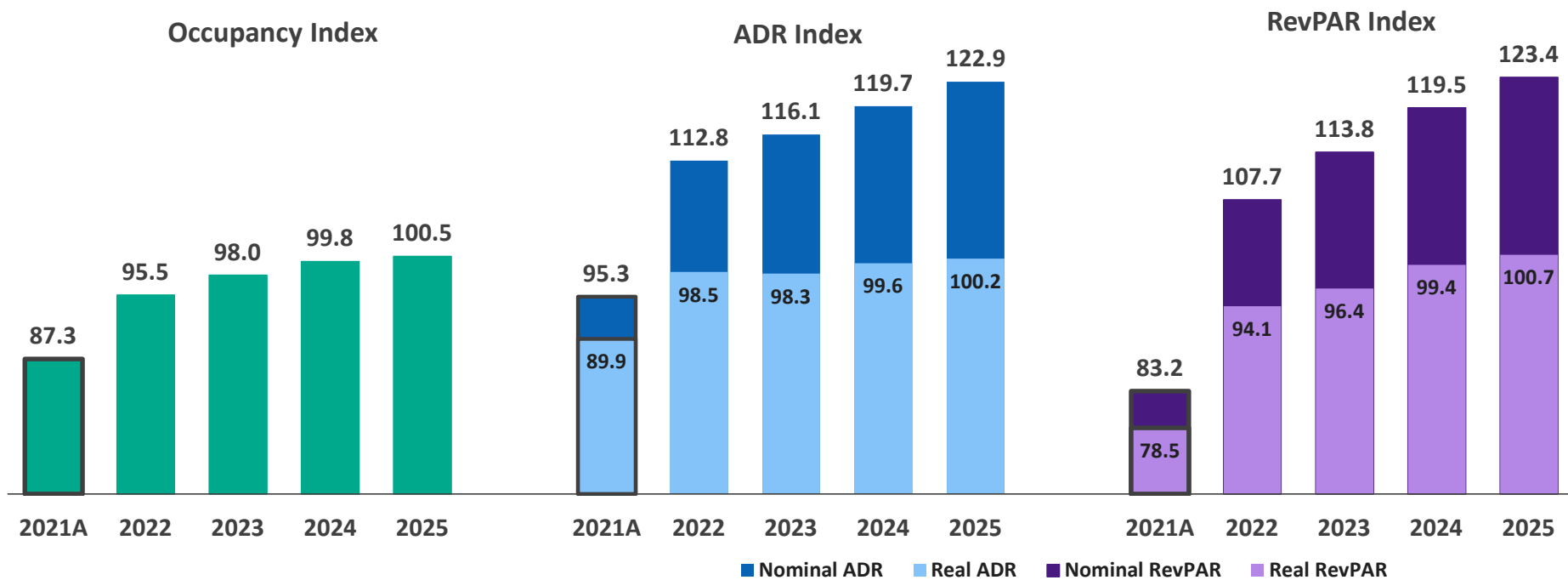
U.S. KPIs (standard methodology)



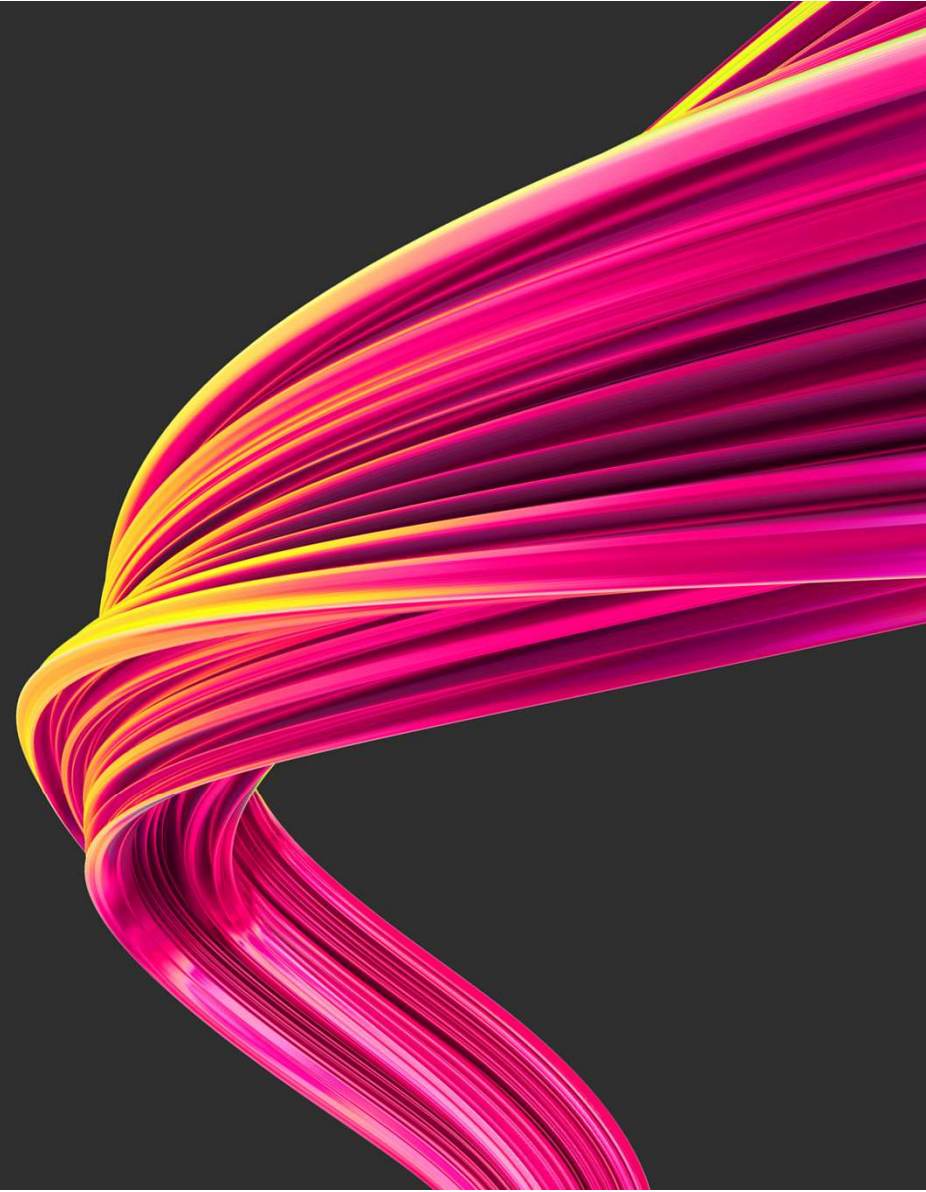
| Metric                  | 2021 Actual | 2022 Forecast | 2023 Forecast | 2024 Forecast |
|-------------------------|-------------|---------------|---------------|---------------|
| Occupancy               | 57.6%       | 63.0%         | 64.6%         | 65.8%         |
| ADR                     | \$125       | \$148         | \$152         | \$157         |
| RevPAR                  | \$72        | \$93          | \$98          | \$103         |
| RevPAR Compared to 2019 | -17%        | +8%           | +14%          | +20%          |

## Relative to 2019, RevPAR projected to fully recover (in real terms) in 2025

US KPIs, indexed to 2019



**What about Austin?**



## YTD Stats

Austin Market, June YTD 2022

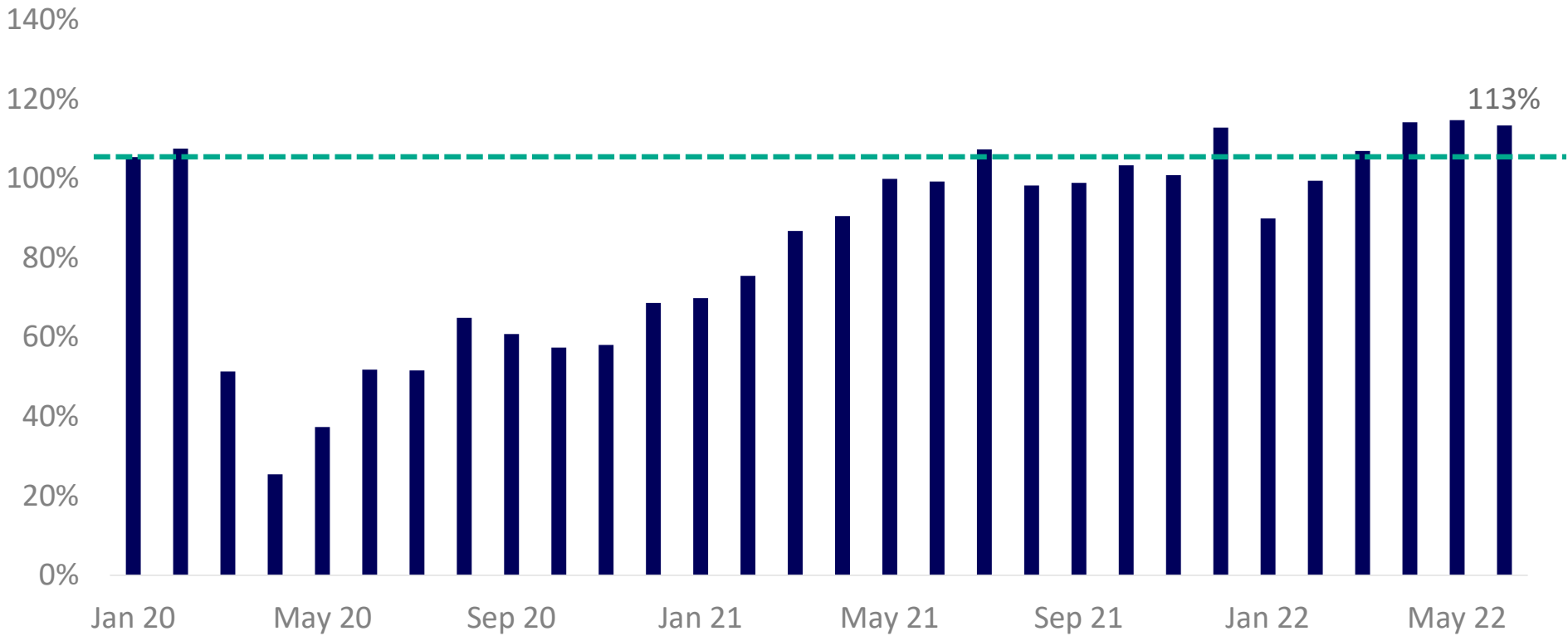


|             | Actual | % Change | 2019 Index |
|-------------|--------|----------|------------|
| Room Supply |        | 4.3%     | 115%       |
| Room Demand |        | 22.1%    | 107%       |
| Occupancy   | 69.3%  | 17.1%    | 93%        |
| ADR         | \$168  | 51.6%    | 112%       |
| RevPAR      | \$116  | 77.5%    | 104%       |



# Demand Recovery

Austin Market, Monthly Demand Indexed to 2019

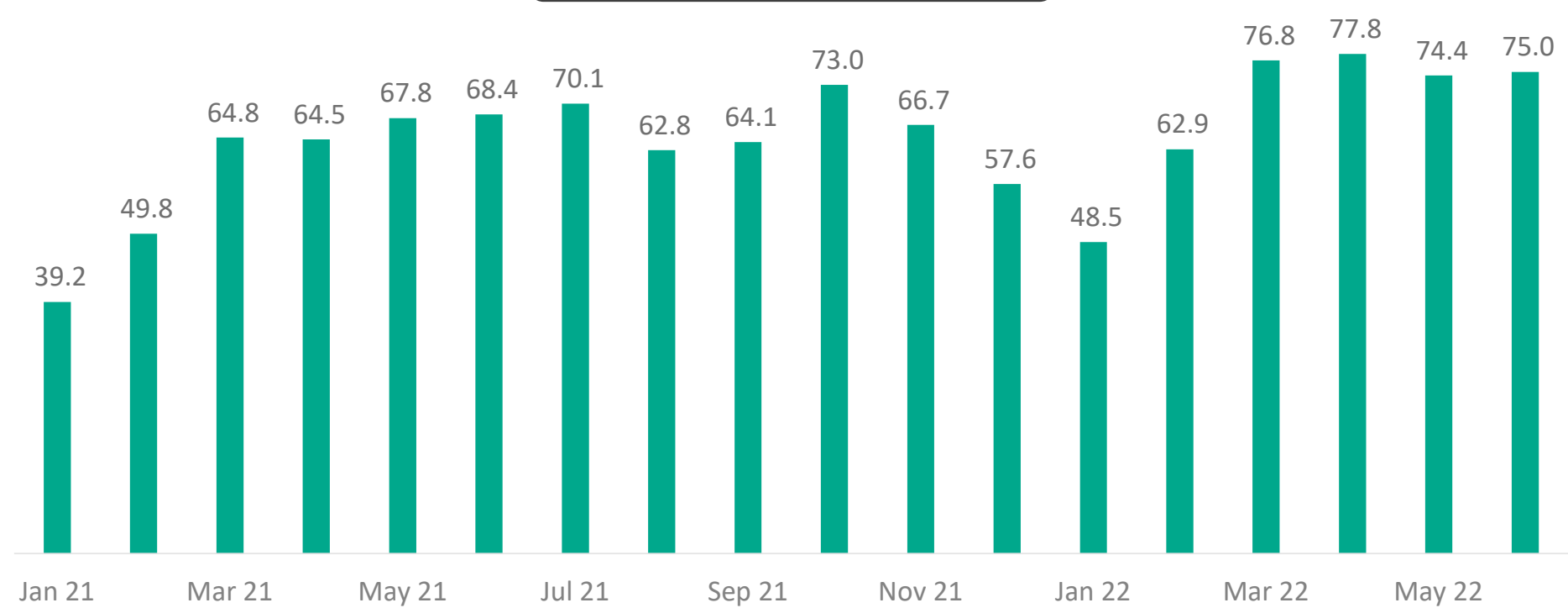


# Occupancy

Austin Market, Monthly Occupancy



95% recovered on TTM basis

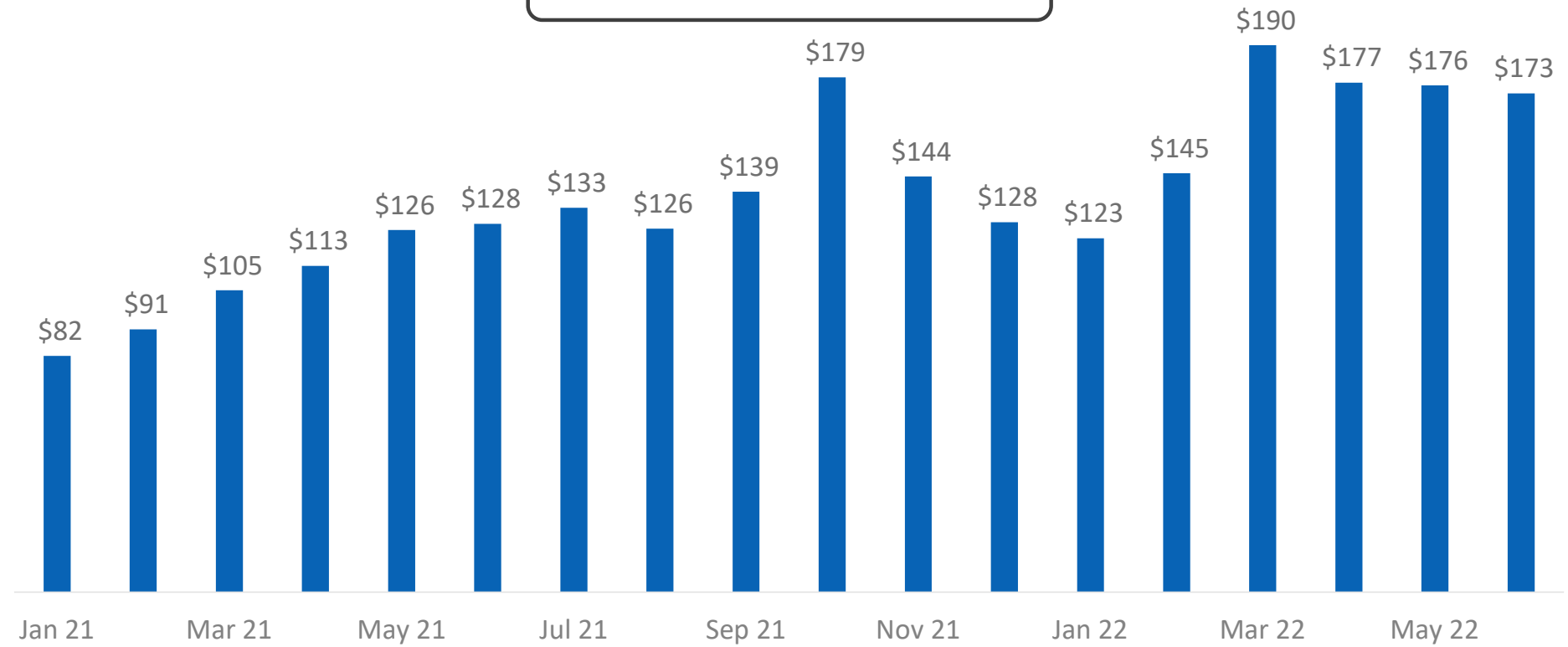


# ADR

Austin Market, Monthly ADR



109% recovered on TTM basis

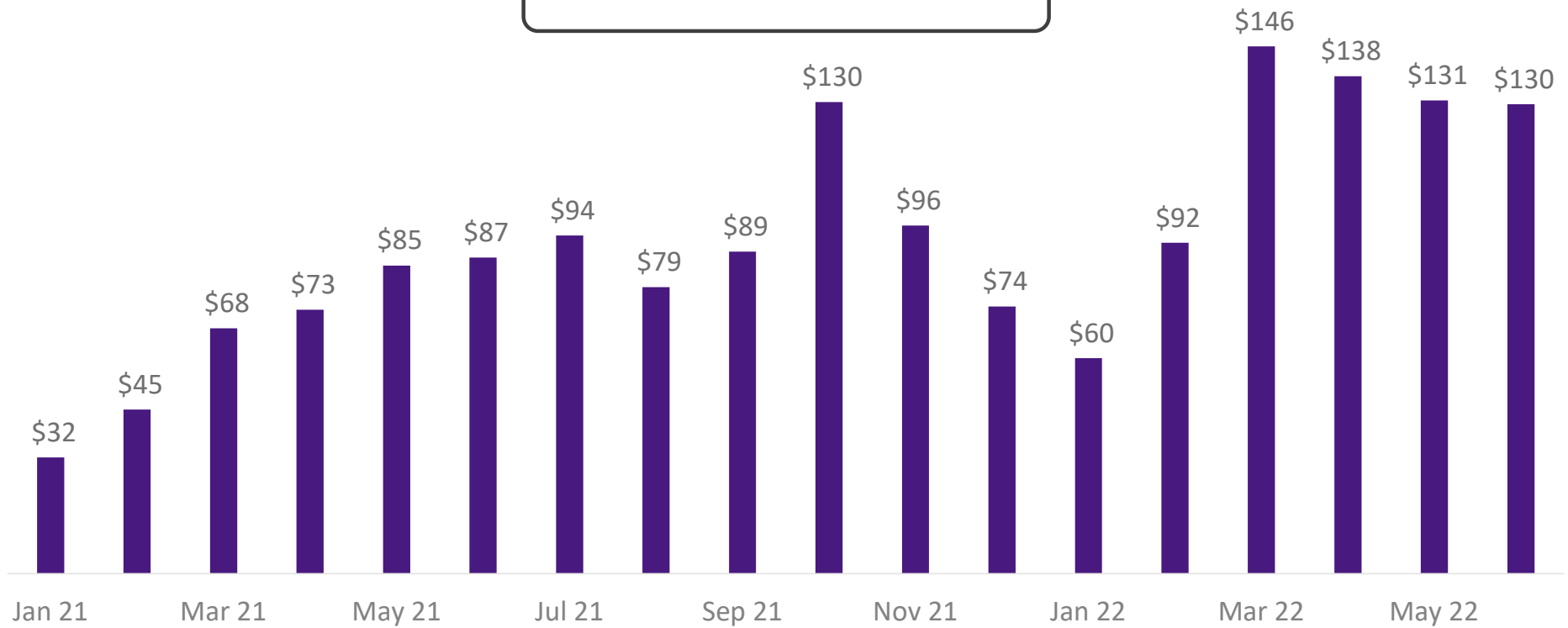


# RevPAR

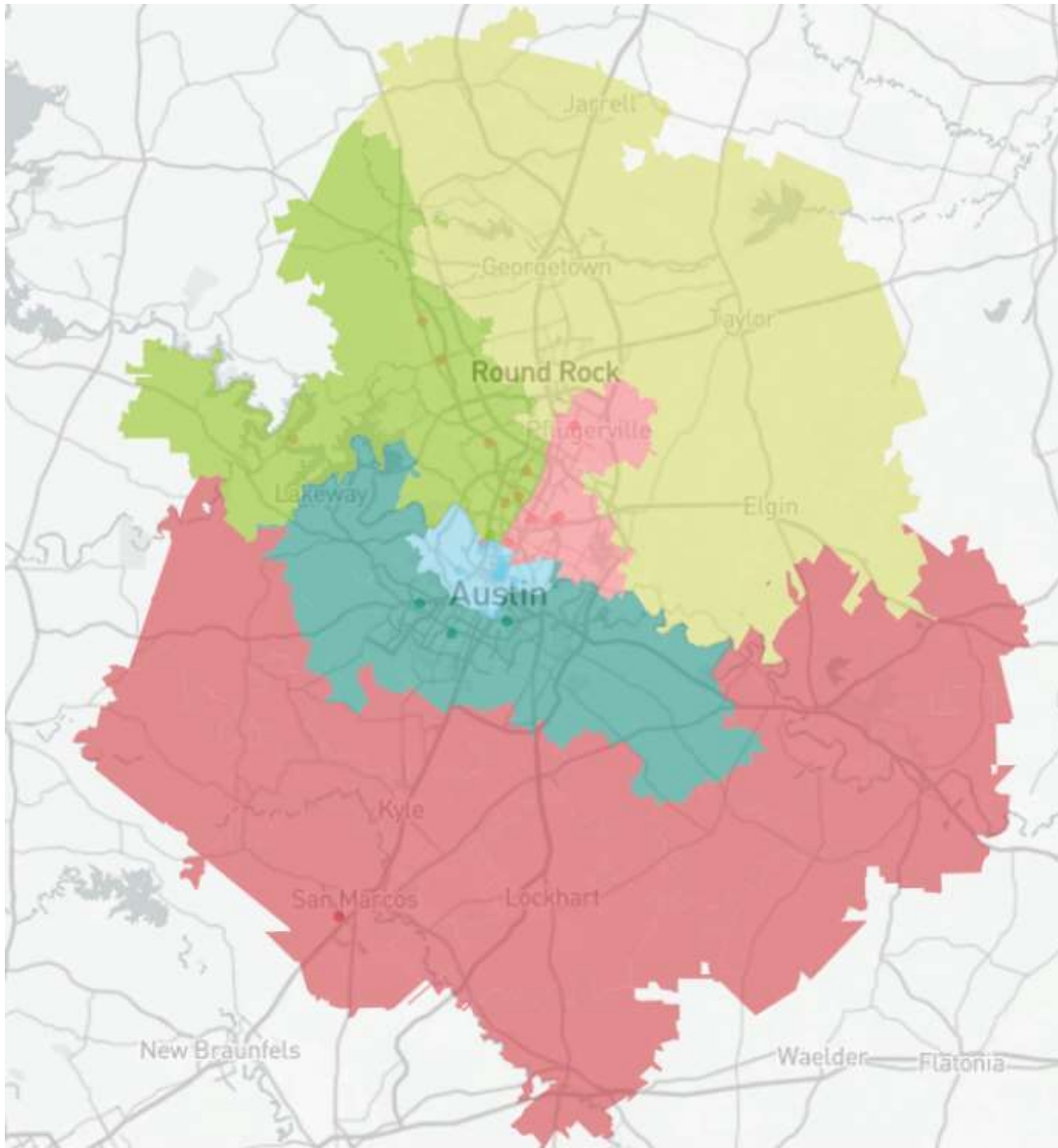
Austin Market, Monthly RevPAR



103% recovered on TTM basis



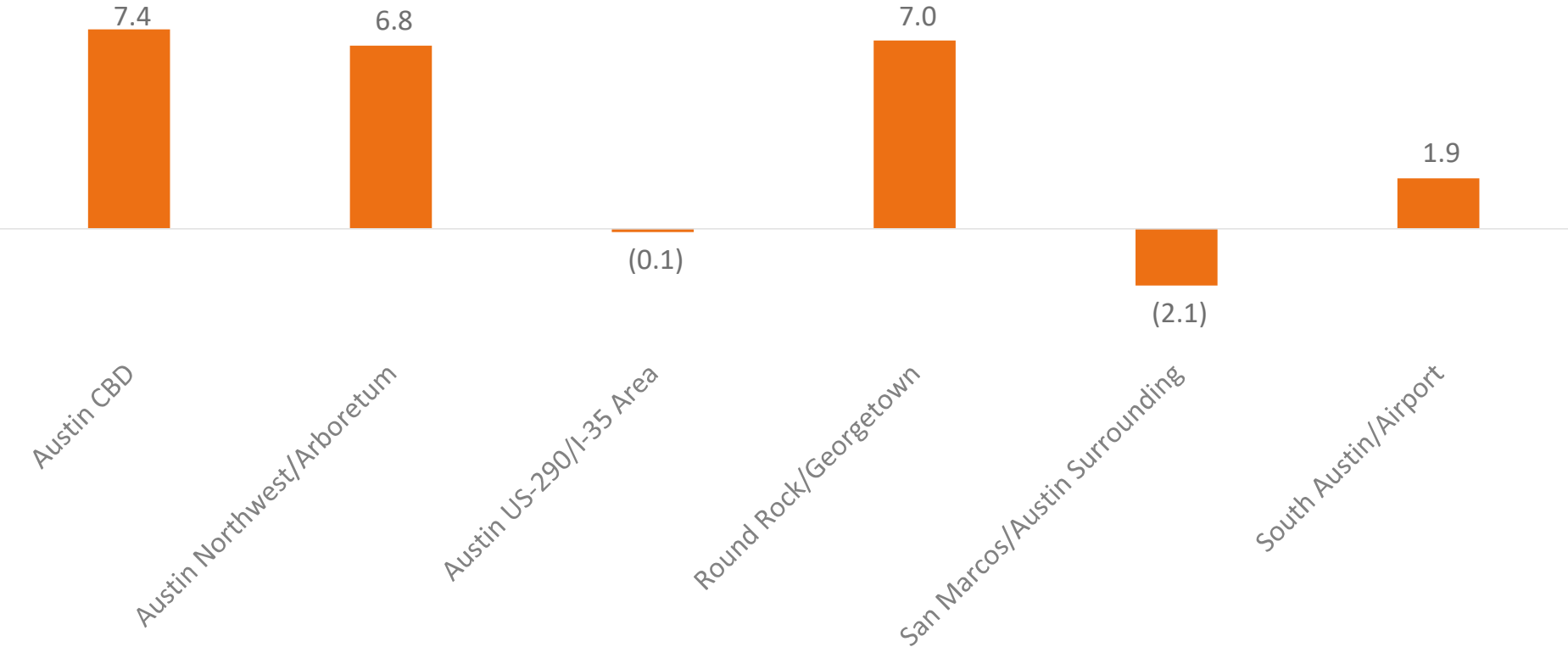




- Austin CBD, TX
- Austin Northwest/Arboretum, TX
- San Marcos/Austin Surrounding, TX
- South Austin/Airport, TX
- Austin US-290/I-35 Area, TX
- Round Rock/Georgetown, TX

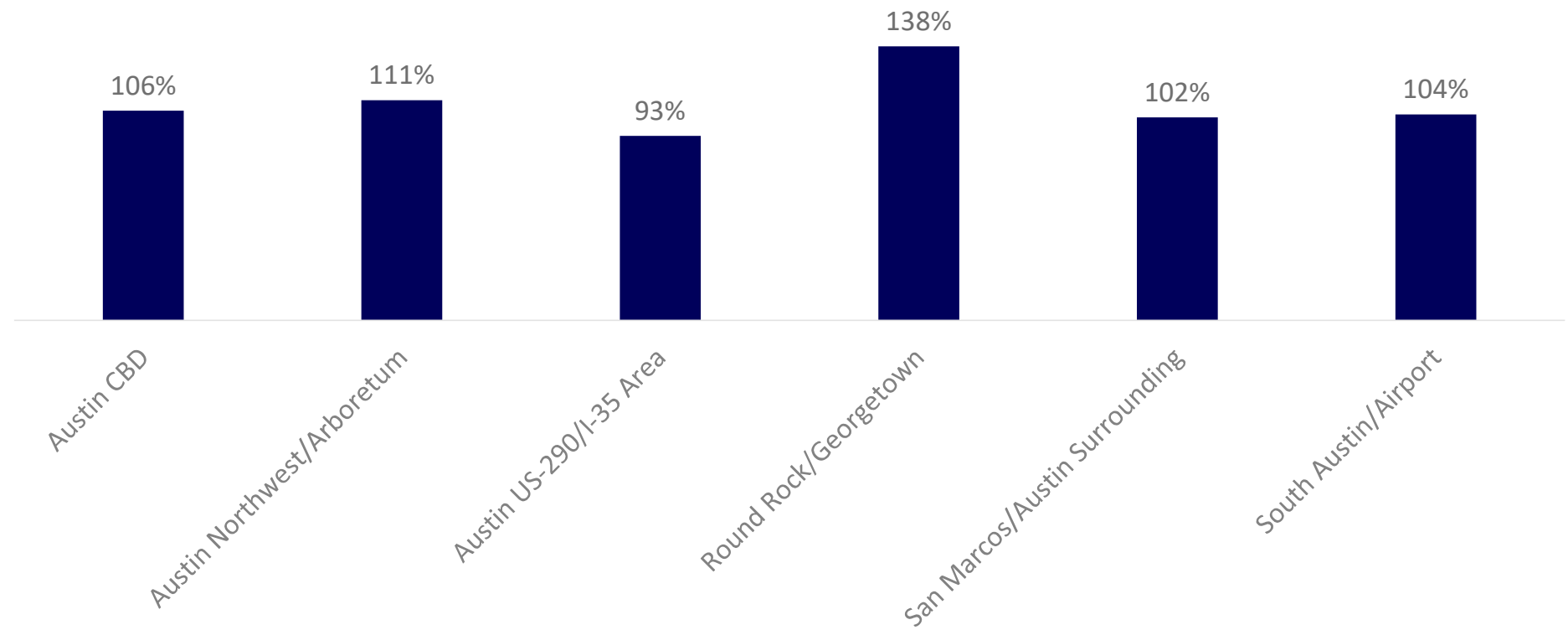
# Submarkets - Supply

Austin Submarkets, Supply, June 2022 YTD Percent Change



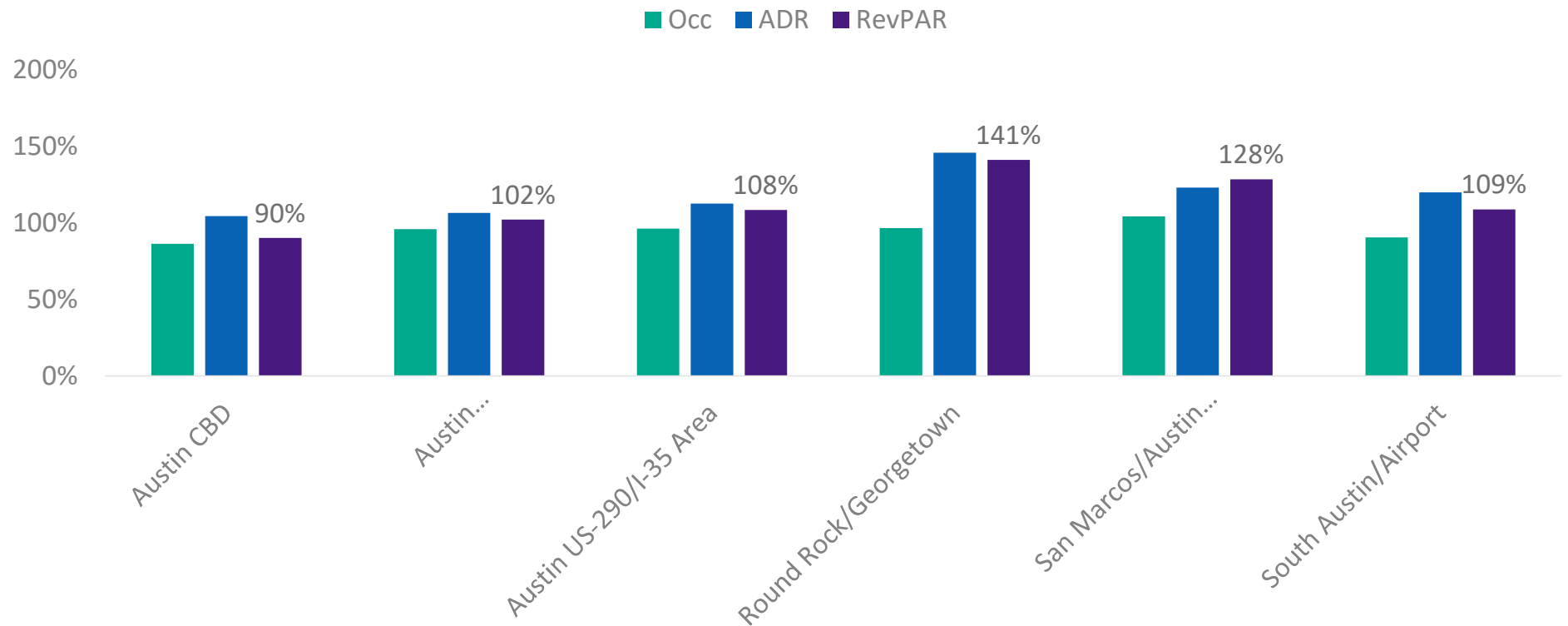
# Submarkets - Demand

Austin Submarkets, Demand, June YTD 2022 Indexed to 2019



## Submarkets – Occ, ADR, RevPAR

Austin Submarkets, Occ, ADR, RevPAR, June 2022 YTD Indexed to 2019





## Group vs Transient

Austin Market, Luxury and Upper Upscale Classes, June 2022 TTM Indexed to 2019



# Pipeline

Austin Market, Active Pipeline, July 2022



| Project Phase   | Number of Rooms | Number of Hotels |
|-----------------|-----------------|------------------|
| Planning        | 4,067           | 35               |
| Final Planning  | 2,370           | 21               |
| In Construction | 2,625           | 21               |

**5.5%**  
*of Existing Room Supply*

# Austin Market Forecast

(standard methodology)



| Metric                  | 2021 Actual | 2022 Forecast | 2023 Forecast |
|-------------------------|-------------|---------------|---------------|
| Occupancy               | 62.5%       | 67.8%         | 68.9%         |
| ADR                     | \$128       | \$164         | \$169         |
| RevPAR                  | \$80        | \$111         | \$117         |
| RevPAR Compared to 2019 | -23%        | +7%           | +12%          |

## Key Takeaways

**1.**

It's critical to understand both broad and narrow trends. Everything is relative.

**2.**

The recovery is still evolving. The surge of leisure demand from the past two years will begin to yield to group and business travelers.

**3.**

Pricing power and a lack of rate slashing kept this crash from becoming a freefall.

**4.**

Uncertain times remain ahead, but the industry remains resilient.



# Questions

**Carter Wilson**

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**HOTEL DATA  
CONFERENCE**  
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