



Hotel Industry Overview: Austin Hotel & Lodging Association Annual Meeting

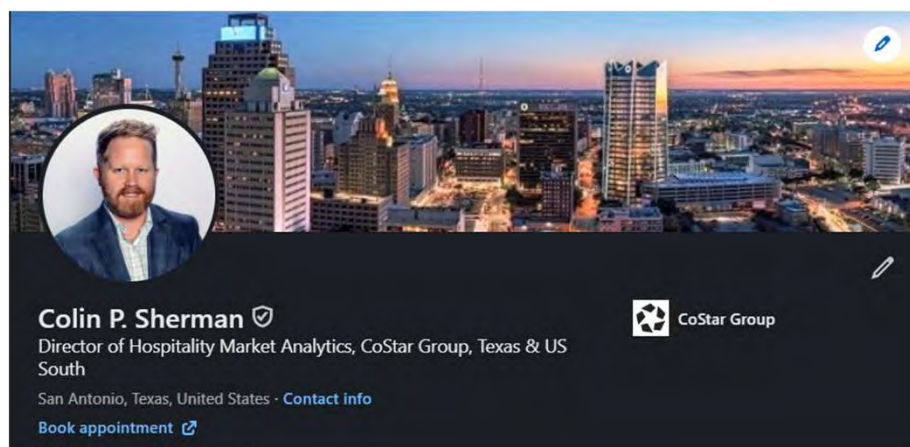
August 2025

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What we will cover:

- 🔄 U.S. performance
- 🔄 Macroeconomic context
- 🔄 U.S. forecast
- 🔄 Austin performance July 2025
- 🔄 Convention Center closure impact
- 🔄 Austin forecast
- 🔄 Q&A

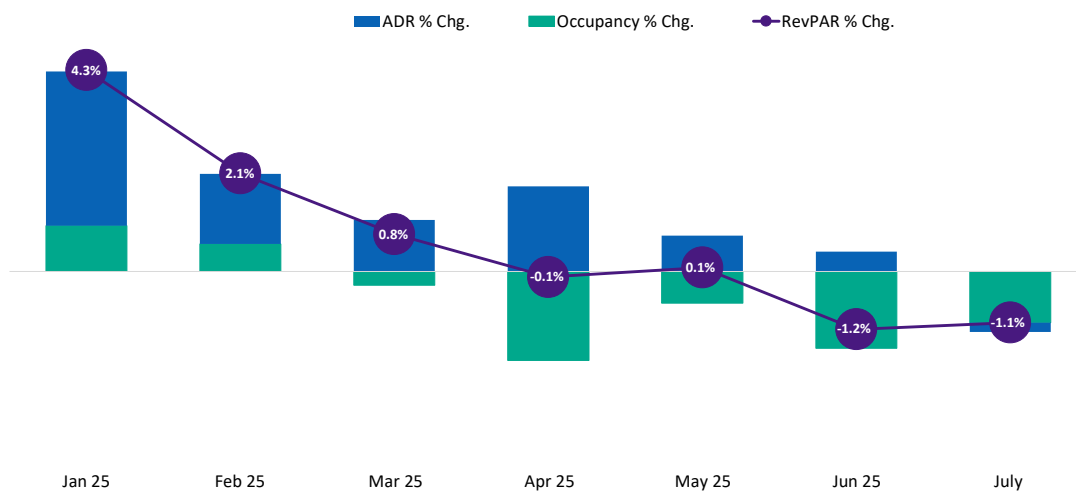
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U.S. RevPAR: Meandering around -1%

U.S. RevPAR % change, YOY, July 2025



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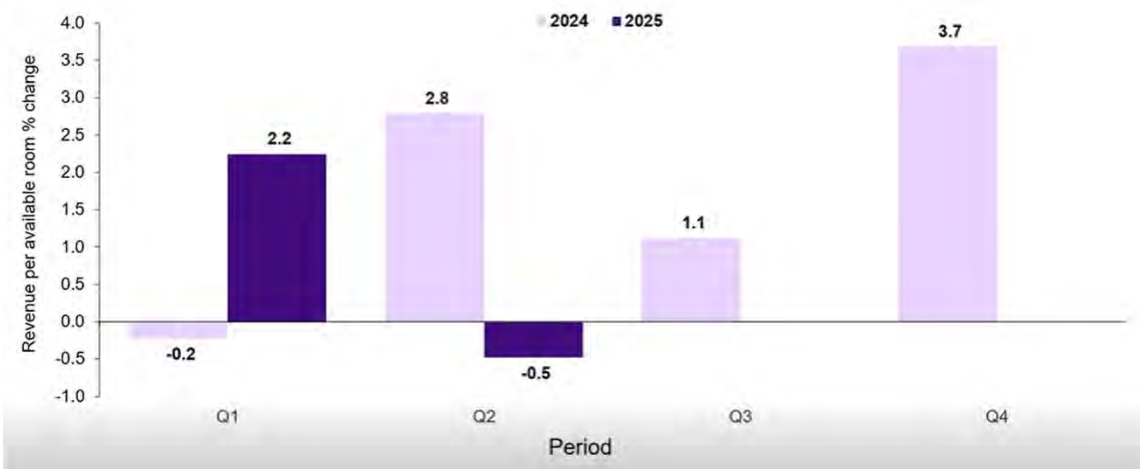
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Tough Q4 comp ahead

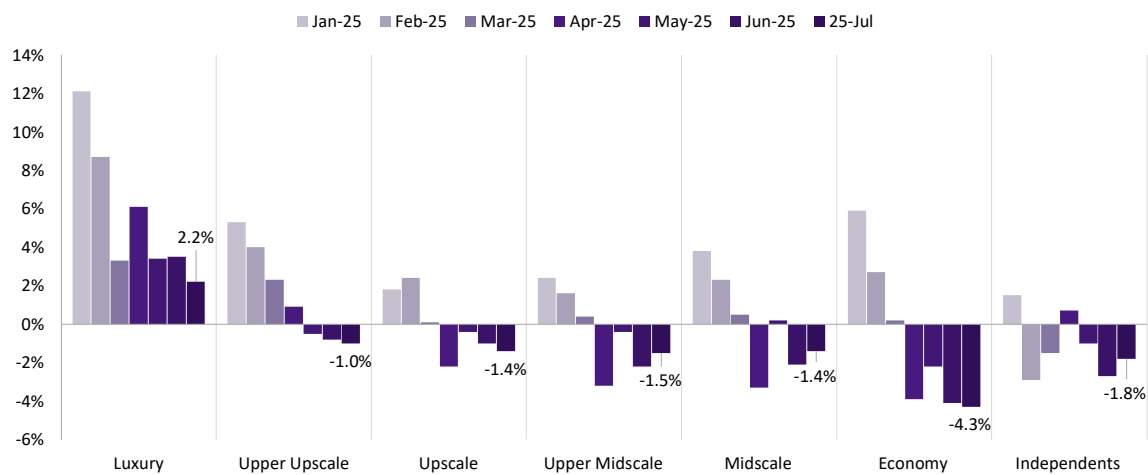
U.S. RevPAR % change by quarter, 2024 & 2025



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Unstoppable Luxury performance

U.S., RevPAR, YoY % change by chain scale

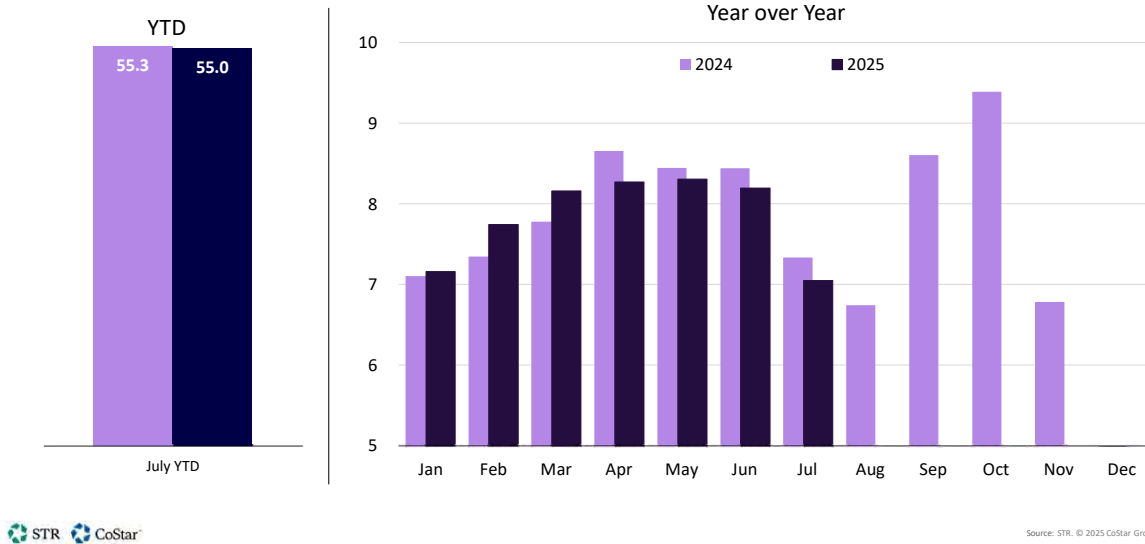


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Group slowdown in past three months after a strong start

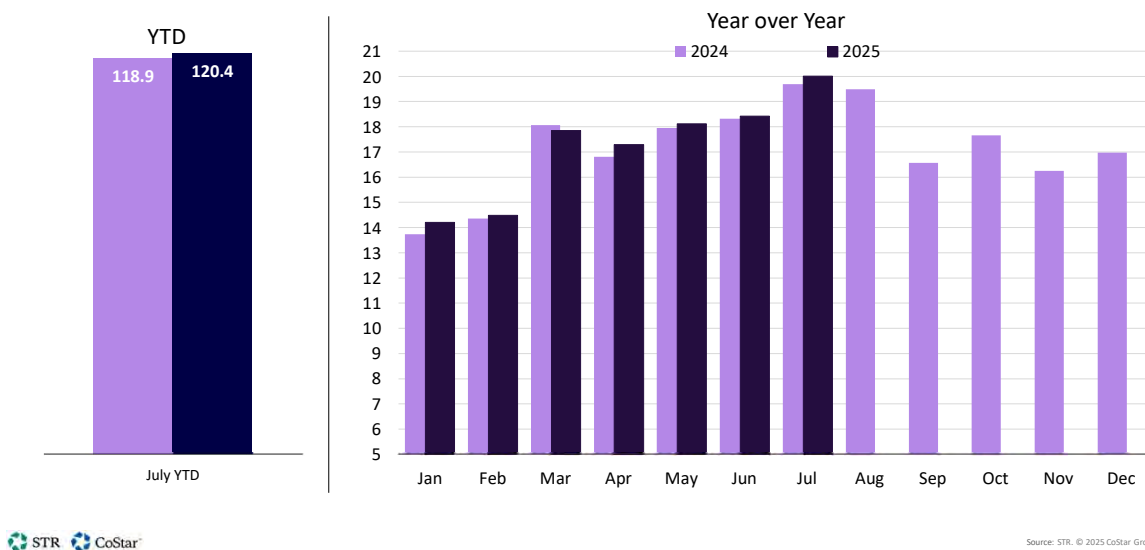
U.S. Luxury and Upper Upscale classes, Group room demand (in millions)



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Group slowdown in past three months after a strong start

U.S. Luxury and Upper Upscale classes, Group room demand (in millions)



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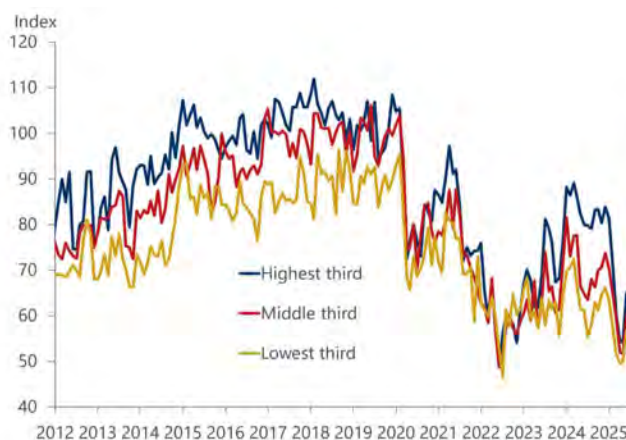
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Consumer sentiment improves through June

U.S. Consumer sentiment by income bracket



Source: Oxford Economics/Haver Analytics. From: US: Consumer sentiment rises again, but will face headwinds

TOURISM ECONOMICS

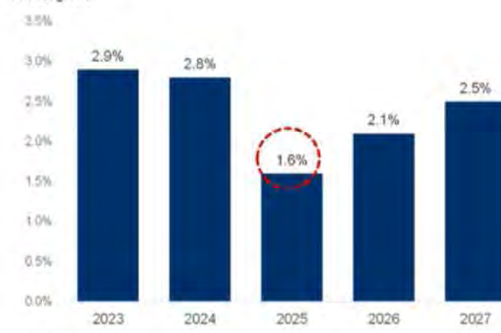
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Economic growth will slow markedly in 2025

U.S. Real GDP, annual growth

US Real GDP
Annual growth



Source: Oxford Economics

The economy is vulnerable and has little margin for error.

Unemployment will rise to 4.4% this year

The economy will improve next year, supported by tax cuts/extensions and the fading effects of tariffs on inflation and real disposable income.

~ 40% odds of recession in the next 12 months (compared to 15% normal odds)

TOURISM ECONOMICS

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Inbound travel down, outbound still growing

Overseas visitor arrivals to the US, YoY % change



TOURISM ECONOMICS

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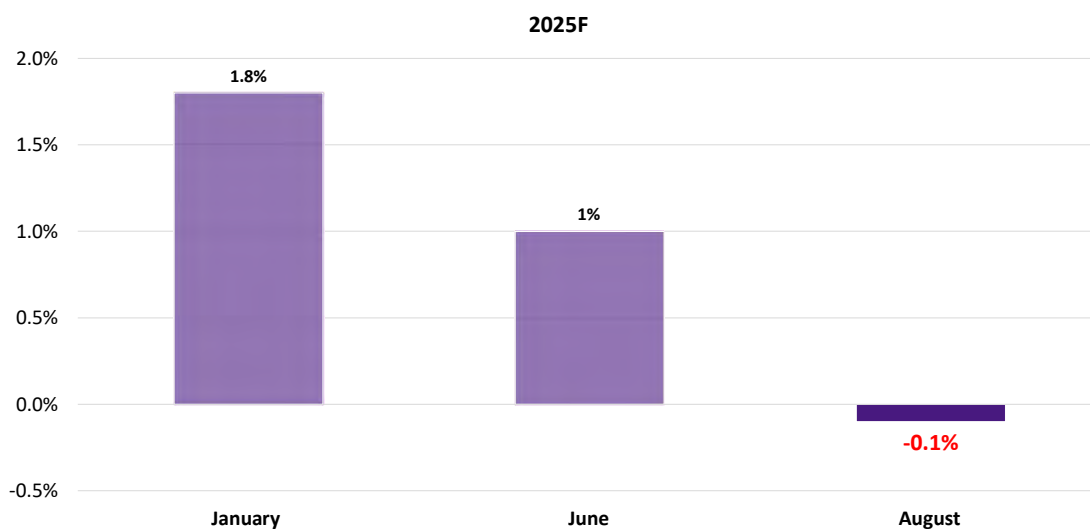
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U.S. RevPAR forecast evolution

U.S. RevPAR YoY % change



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Source: STR. © 2025 CoStar Group

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US forecast rendering lower across all KPI's

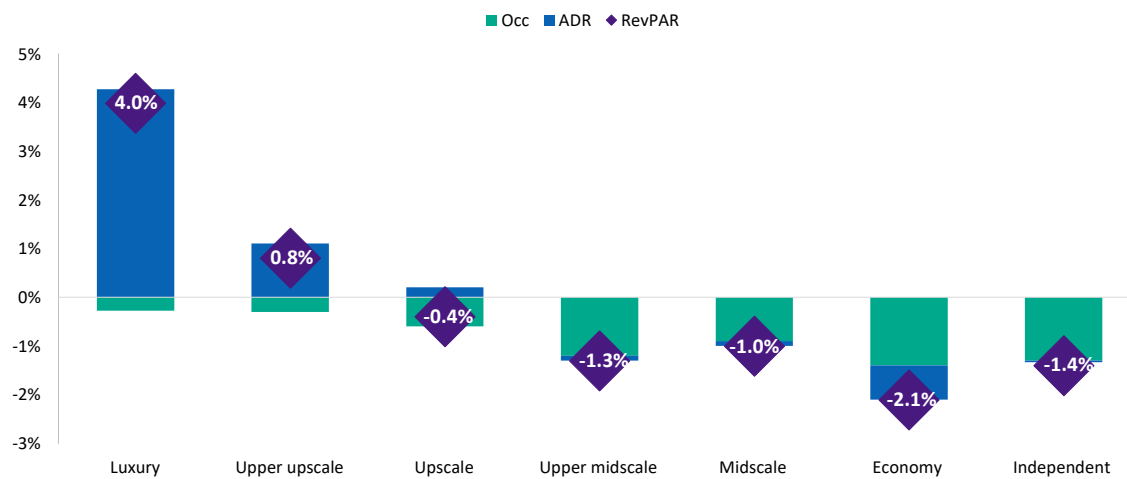
US forecast, YoY, % change

	2024 (actual)	2025 (forecast)	2026 (forecast)
Supply (YoY)	+0.5%	+0.8%	+0.8%
Demand (YoY)	+0.5%	-0.1%	+0.6%
Occupancy	63.0%	62.5%	62.3%
ADR (YoY)	+1.8%	+0.8%	+1.0%
RevPAR (YoY)	+1.9%	-0.1%	+0.8%

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Upper-tier rate projections are lowered, while occupancy growth is dismal

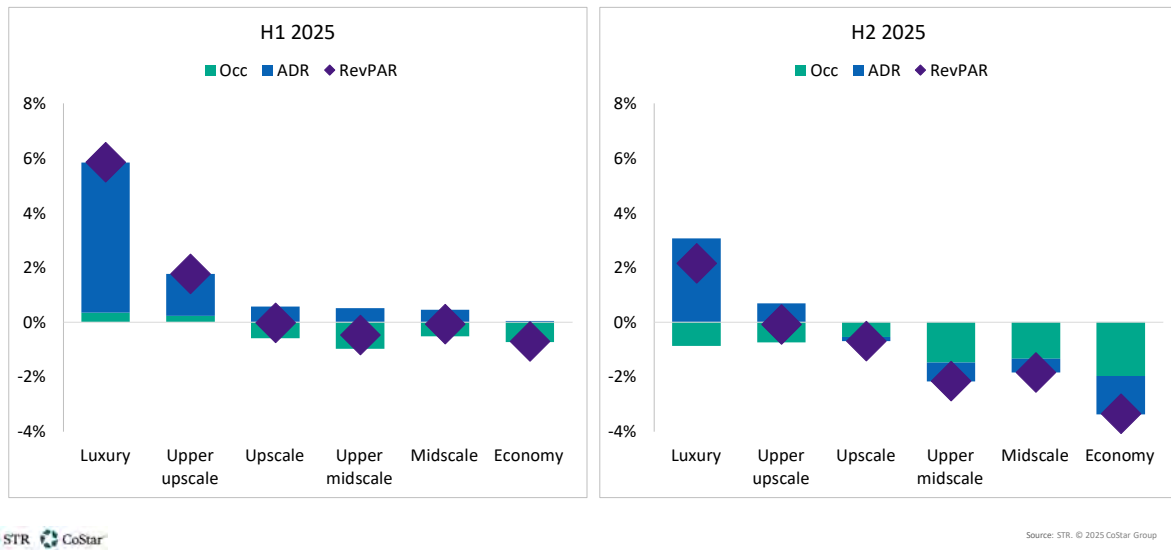
U.S. 2025 forecast, Annual KPI growth %



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Second half of 2025: Goal is mitigating declines

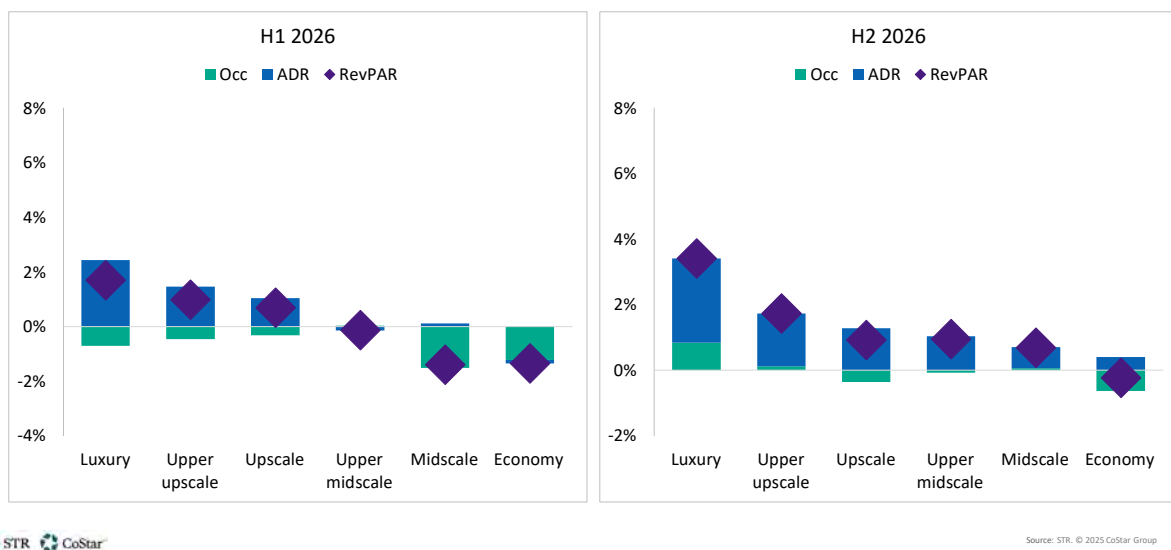
U.S. chain scales 2025 forecast, Annual KPI growth %



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2026 growth is primarily in H2; first half of the year slow on the demand side

U.S. chain scale 2026 forecast, Annual KPI growth %



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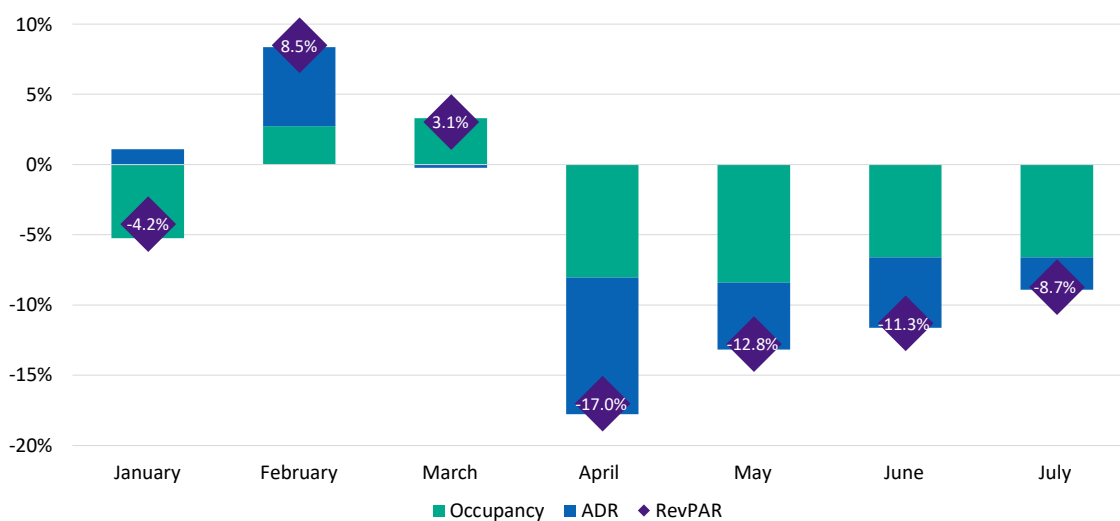
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Rates are keeping lower performance at bay

Austin, RevPAR YoY % change



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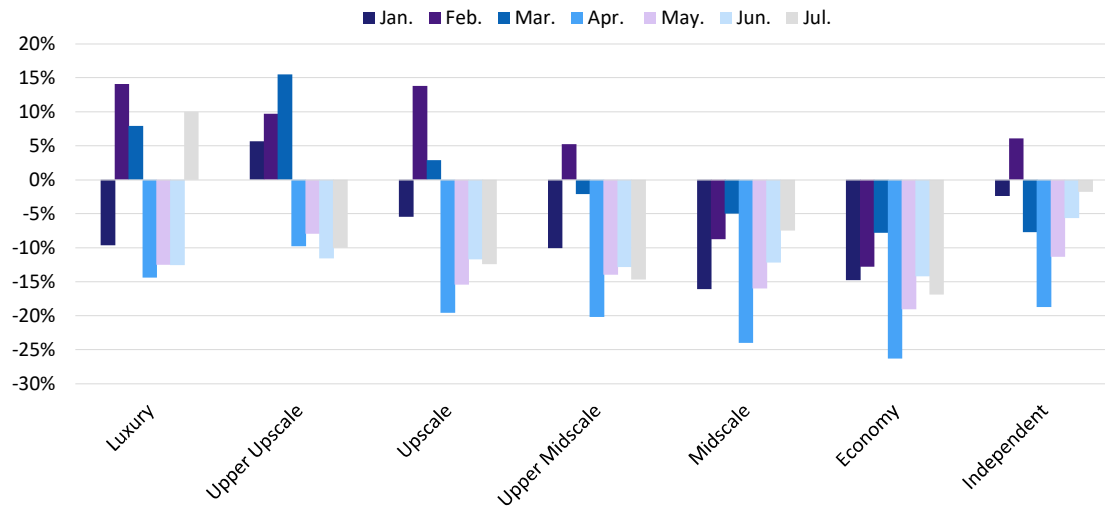
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Upper upscale shows higher performance, leaving luxury in the rears

Austin, RevPAR performance by chain scale, YoY % change



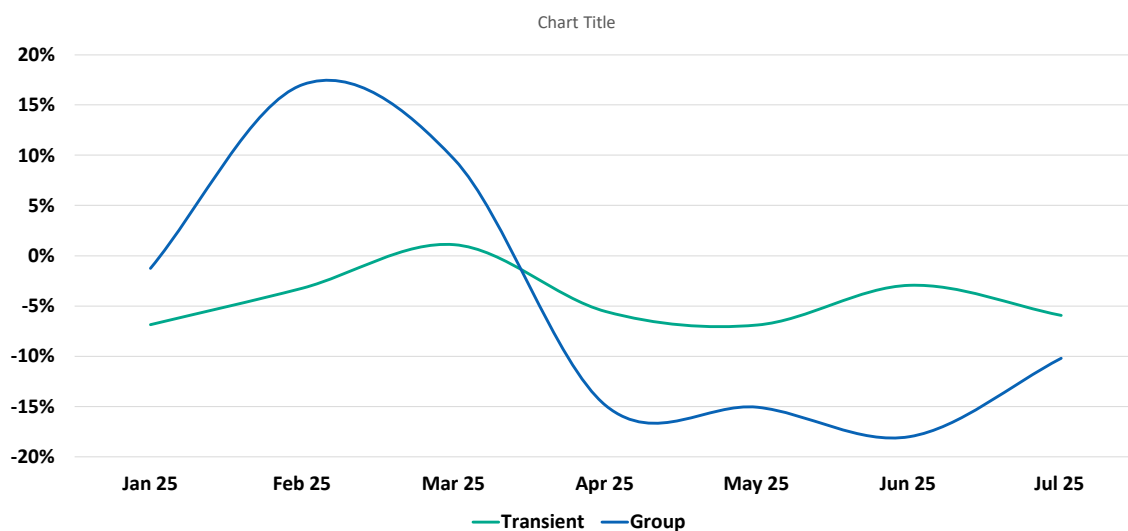
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Transient vs. group occupancy results

Percent change, July 2025, TTM, YoY, all classes



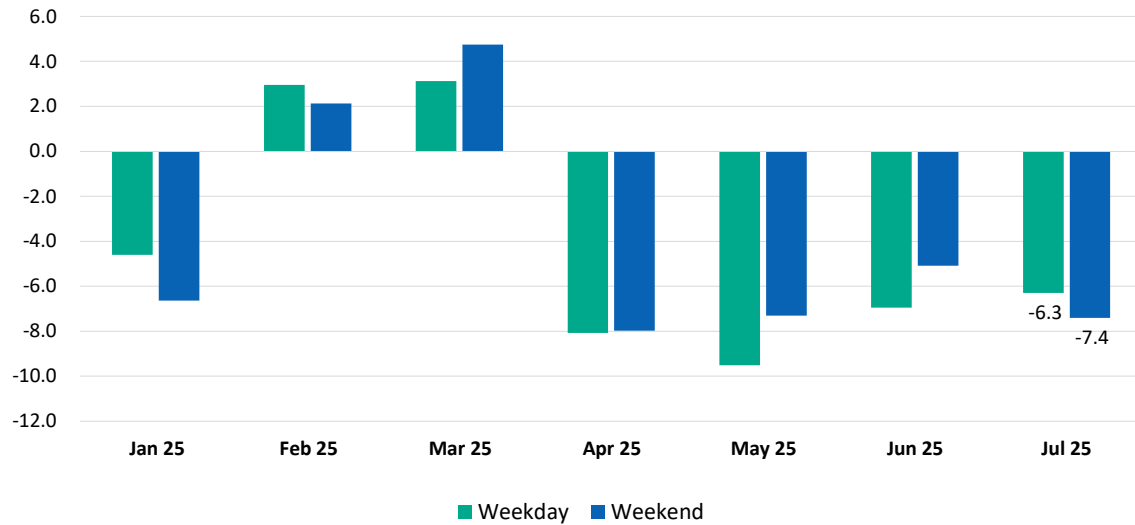
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Weekend and weekdays show summer weakening

Weekday vs. Weekend, July 2025, % change, YoY, all classes



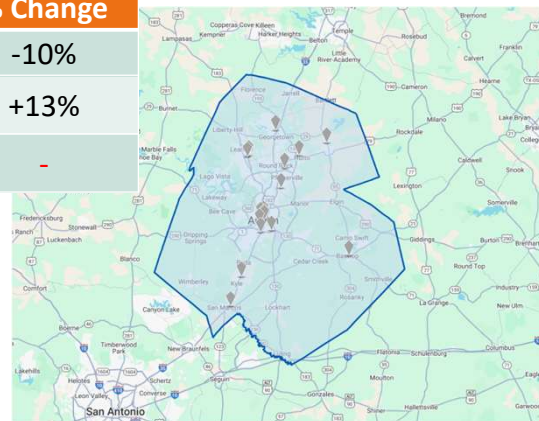
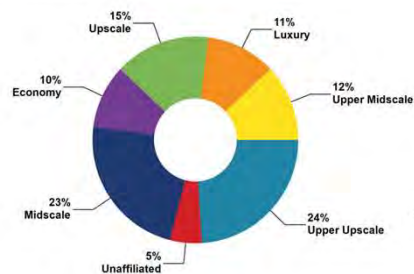
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Austin Pipeline

Number of rooms by phase, June 2025 and 2024

Phase	2025	2024	% Change
Open	717 YTD	796	-10%
In Construction	2,282	2,016	+13%
Final Planning	4,808	-	-

TOTAL ROOMS UNDER CONSTRUCTION BY SCALE



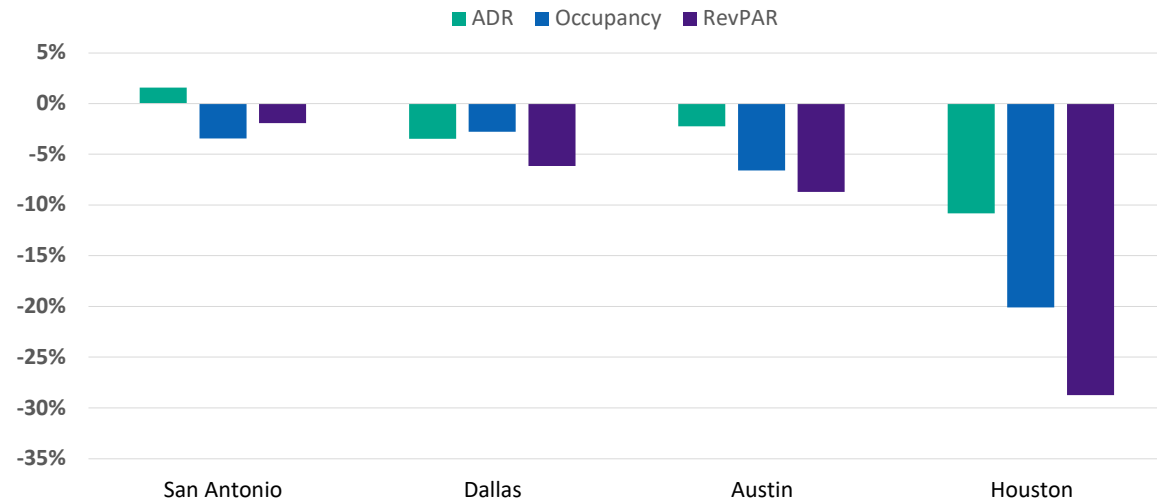
Properties	Rooms	Percent of Inventory	Average Rooms
17	2,282	4.4%	134

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Comparative performance to Texas' other major metros

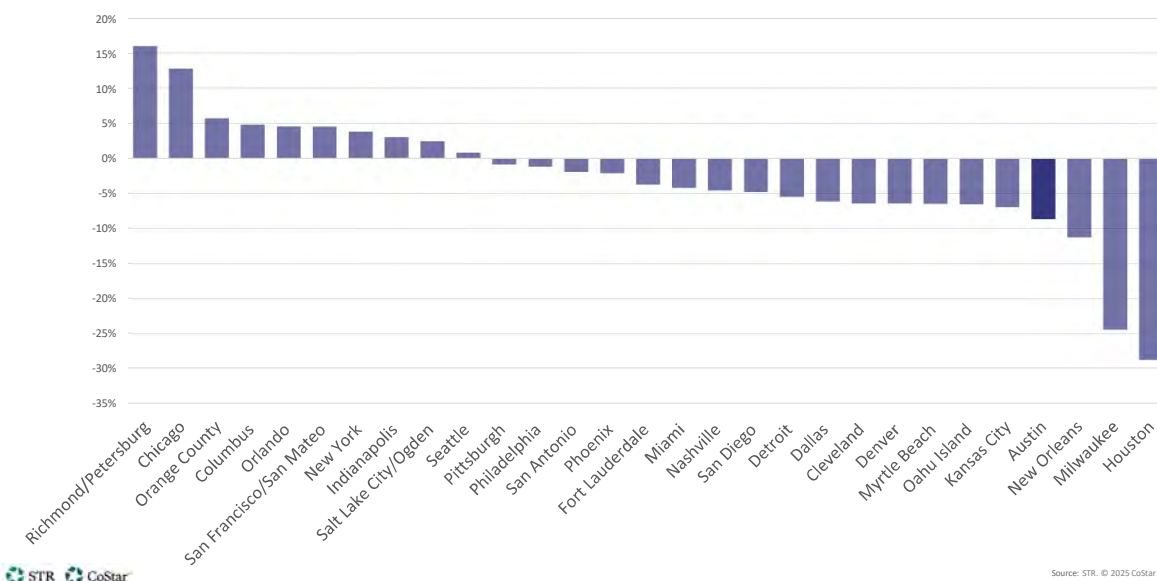
Percent change, July 2025, TTM, YoY



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Austin ranks in the bottom five of the top 40 U.S. metros for RevPAR growth

RevPAR, Percent change, July 2025, TTM, YoY



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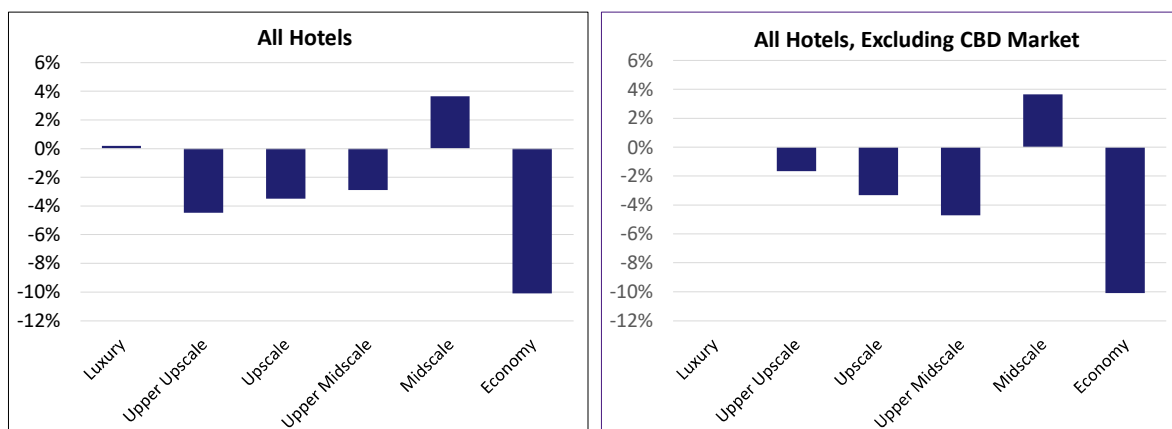
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CBD influence on Austin's hotel market

July 2025 YTD hotel class demand change



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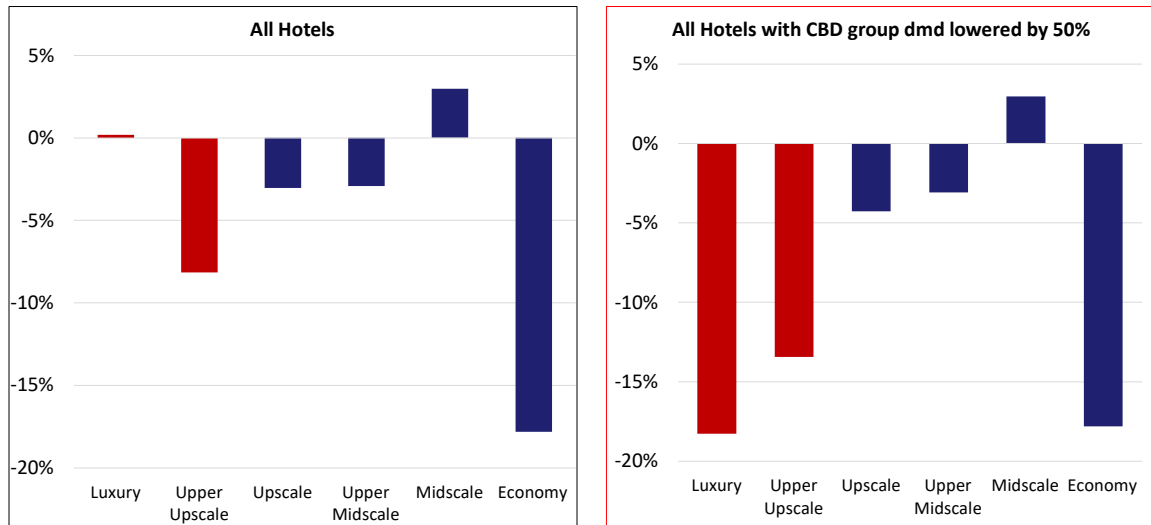
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What if we just took out 50% of group demand from the CBD...

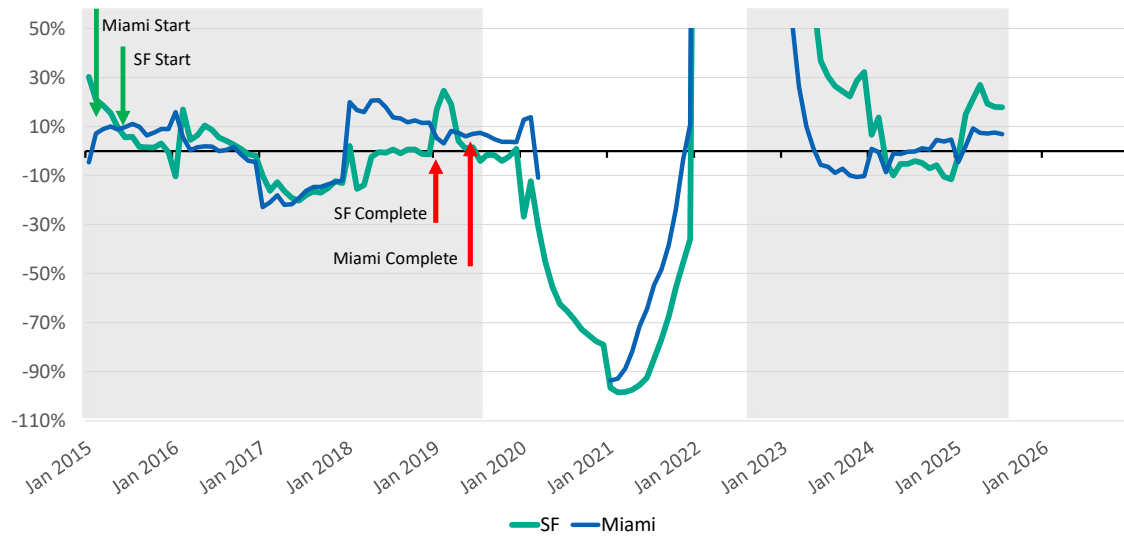
July 2025 YTD hotel class demand change



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Two historical four-year convention center project comparables

YTD, Luxury and Upper Upscale class demand change



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Industry stakeholders appear to feel “okay” in the next four years

Where are we now

“Some hotels have reported that they have already seen bookings for future years (2026–2028) as marketing efforts ramp up.”

“The next major milestone will be 18 months from now, when excavation ends and the new convention center begins to rise.”

Future Positioning

Once the new convention center opens, Austin will be better positioned to compete with cities like Nashville.

The market will offer a more balanced rate structure and improved appeal for rotating conventions.



What to look forward too

SXSW is shifting to a more compressed format, with multiple tracks running concurrently.

The will come with change is expected to increase compression and improve the city’s ability to host large-scale events.



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Austin Forecast

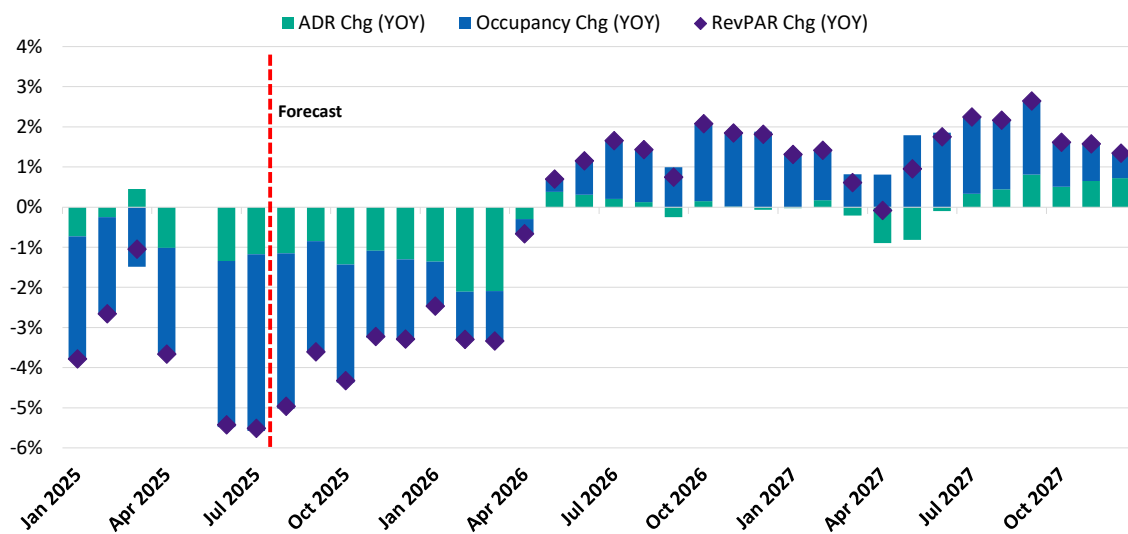
Austin, Percent change, TTM, YoY, July 2025

	Demand	Occupancy	ADR	RevPAR
2024	-0.6%	66% (-2.9%)	\$169 (-0.8%)	\$112 (-3.7%)
2025	+0.7%	65% (-2.0%)	\$167 (-1.4%)	\$108 (-3.4%)
2026	+4.8%	66% (+2.6%)	\$167 (+0.2%)	\$111 (+2.8%)

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So here is the extended forecast, for now....

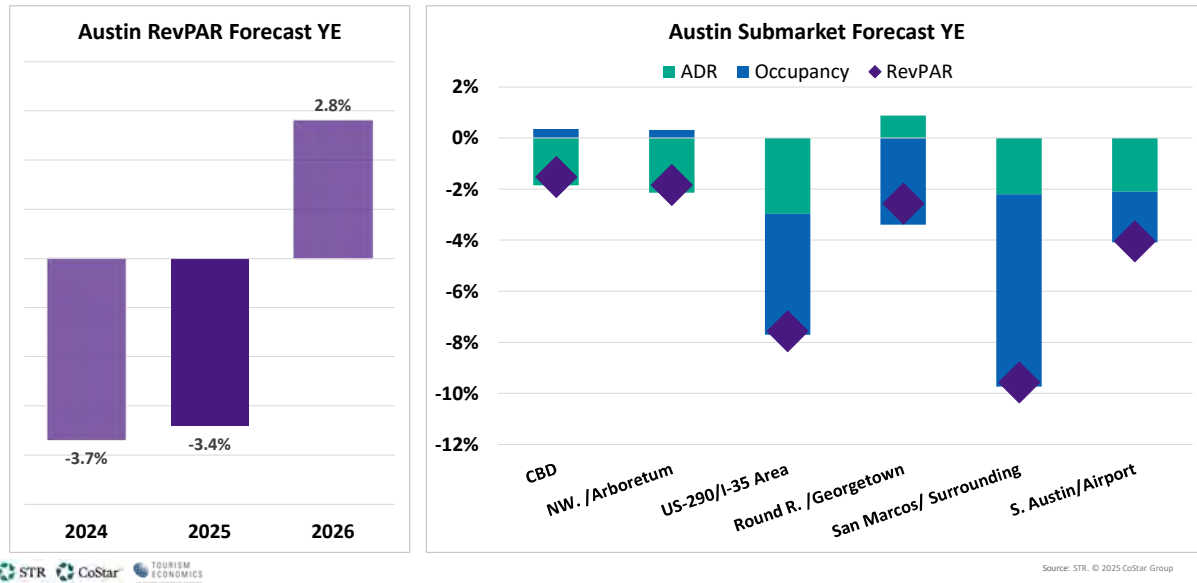
Austin, July 2025, % change, TTM, YoY



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Weaker RevPAR performance throughout the market expected

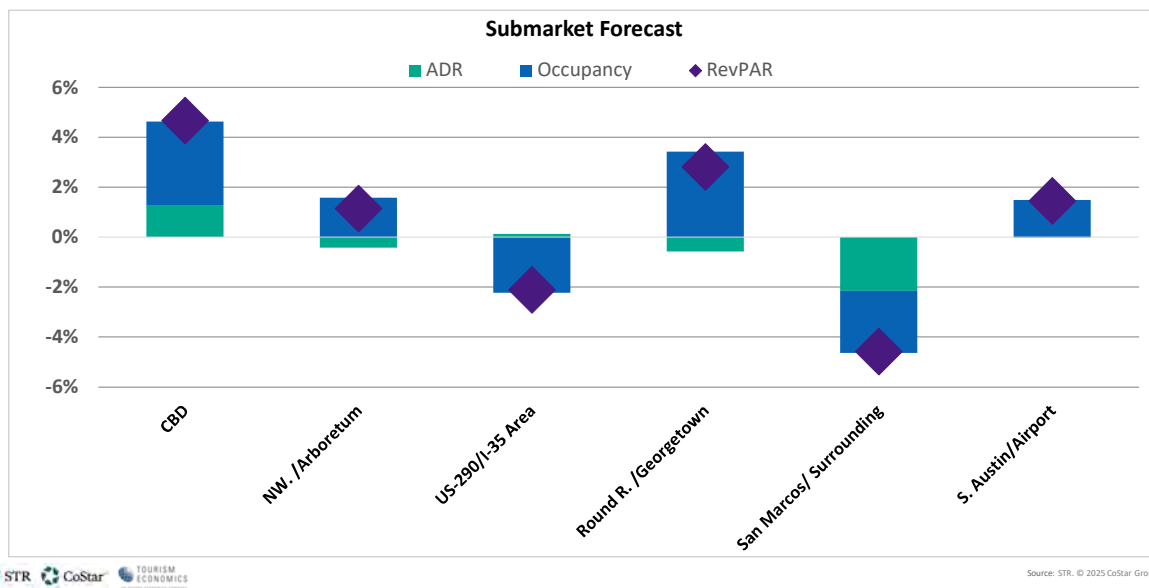
Austin forecast, TTM, YoY, % change



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2026 submarket performance

Austin KPI forecast, TTM, YoY, % change



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Recent industry comments point to steady domestic business travel and group demand

Delta: "...we expect both consumer and corporate confidence to improve in the second half of the year, creating the environment for travel demand to accelerate..."

Southwest: "July is better than June, and August is off to a strong start, even though it's kind of good for corporate. So good inflection in Q2 for corporate. And then also leisure, it was the same thing. We saw leisure customers really come alive there just before the 4th of July holiday."

Marriott: "there is more uncertainty about the near term in the year for the year bookings in '25 than we thought a quarter ago. But I will say for the group that continues to roll through the quality of it is excellent."

Hilton: "For the full year, we continue to expect RevPAR growth of flat to up 2%, with improving trends in the fourth quarter, driven by modest increase in demand and easier year-over-year comparisons. "

If you remember one slide:

- 🔄 The Macro backdrop: Bumpy
- 🔄 H2 performance: Weaker demand↓, supply↑
- 🔄 Luxury performance: Healthy
(driven by leisure and smaller group meetings)
- 🔄 International demand: Sliding, likely getting worse
- 🔄 Pipeline: Strong, but adds pressure on occupancy



Thank you.

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