



5 Things To Know in 2014

Meet The Money May 6, 2014

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5 Things to Know in 2014

- STR Forecast: Positive, yet Least Bullish
- Market Performance: Gateways strong
- High End Scales: Continue to Outperform
- Group Demand: Growth Is Still Choppy
- Supply Growth Accelerates

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STR Forecast:

Positive, yet Least Bullish

U.S. Records Set in 2013!

- ✓ Most Rooms Available
- ✓ Most Rooms Sold
- ✓ Highest Rooms Revenue
- ✓ Highest ADR (\$110)
- ✓ Highest RevPAR (\$70)

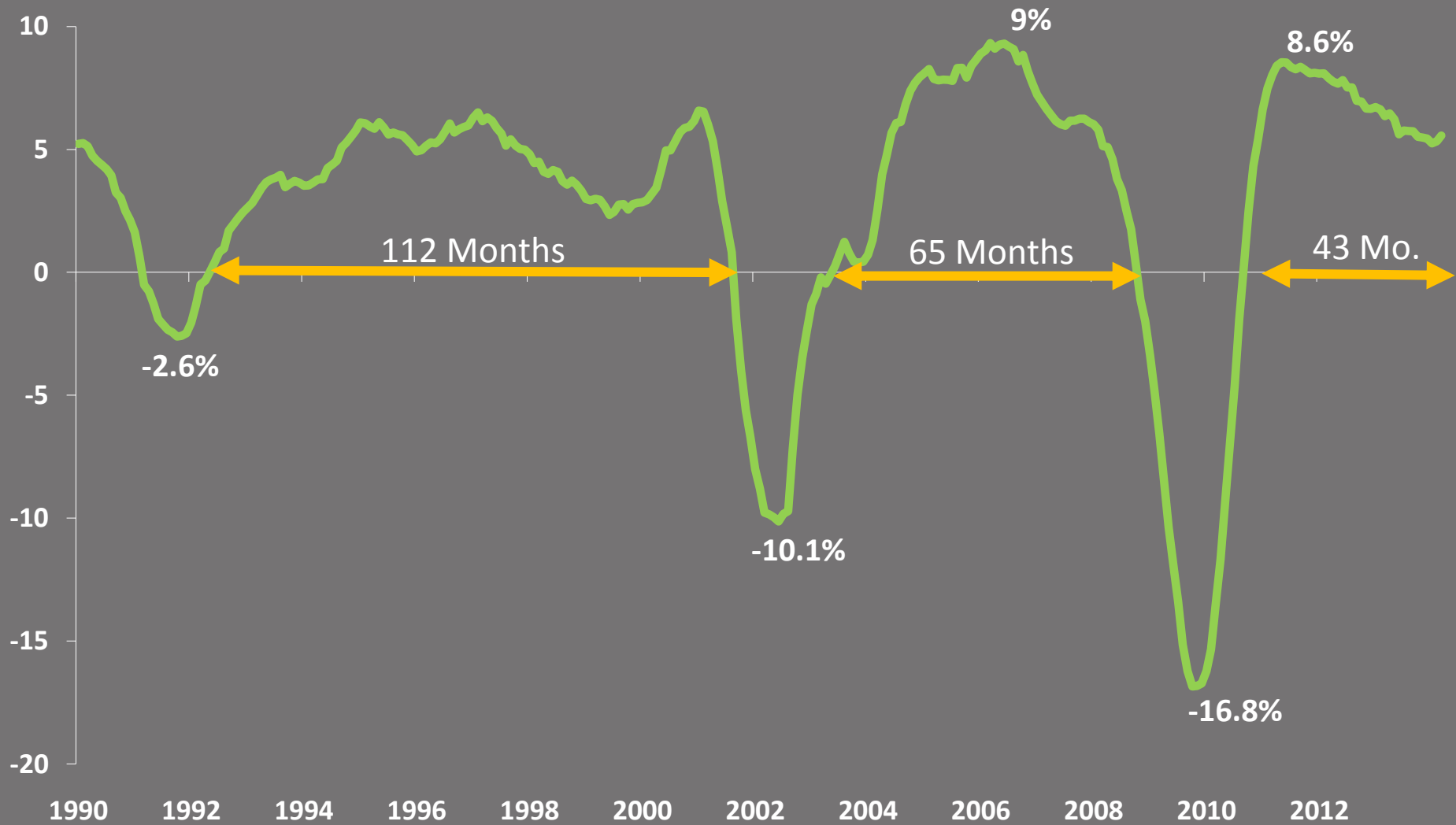
Q1 2014: Demand Growth Rebounds

		<u>% Change</u>
• Room Supply*	438 mm	0.9%
• Room Demand*	259 mm	3.8%
• Occupancy	59.2%	2.9%
• A.D.R.*	\$112	3.8%
• RevPAR*	\$67	6.8%
• Room Revenue*	\$29 bn	7.7%

First Quarter 2014, Total US Results

* All Time High for Q1

Positive RevPAR Growth For The Foreseeable Future



Total U.S., RevPAR % Change, 12 MMA 1/1990 – 3/2014



U.S. Forecast Summary

2014	STR.
Supply	1.2%
Demand	2.3%
Occupancy	1.1%
ADR	4.2%
RevPAR	5.3%

2015	STR.
Supply	1.6%
Demand	2.1%
Occupancy	0.5%
ADR	4.2%
RevPAR	4.7%

U.S. Forecast

Source: STR & TE- updated Feb. 2014

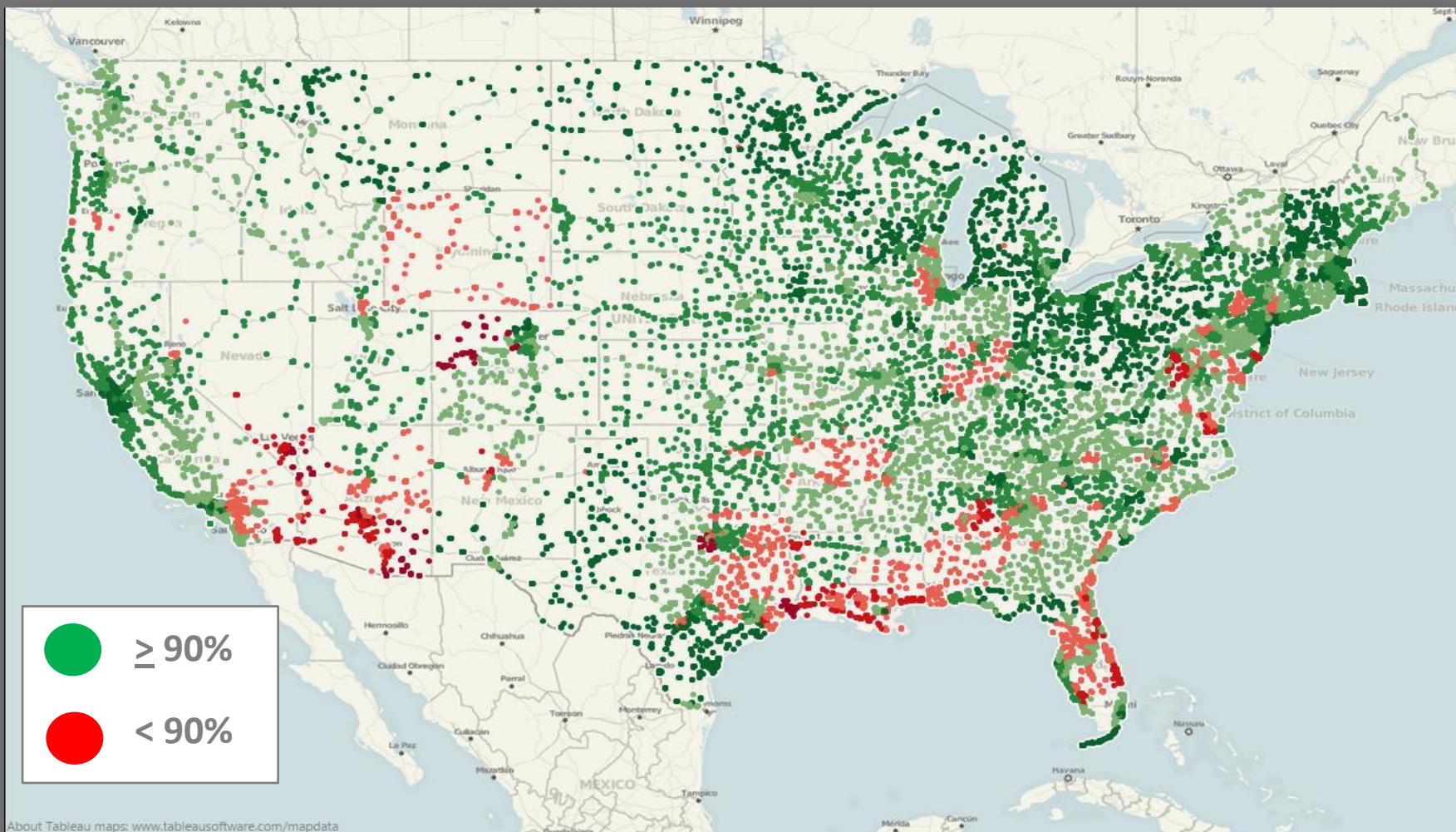


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Market Performance: Gateways are strong

RevPAR Recovery

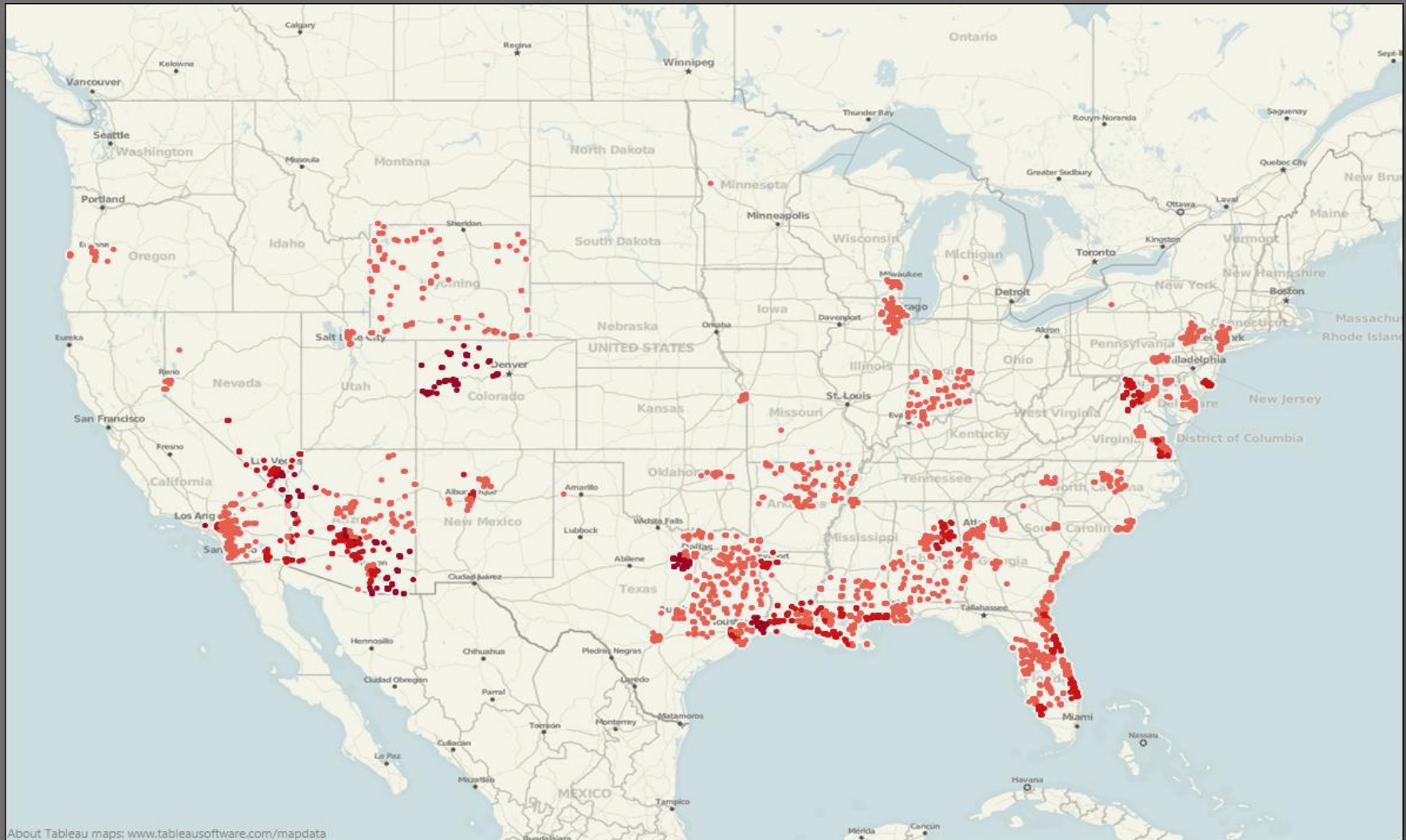
Peak RevPAR Compared to Dec 2013



% of Peak RevPAR Through 2013

RevPAR Recovery

Submarkets Below 90% RevPAR Recovery



About Tableau maps: www.tableausoftware.com/mapdata

% of Peak RevPAR Through 2013



1st Quarter 2014 ADR % Change in Top 25: 5 Leaders / 5 Lagers Performing Markets

Market	OCC %	ADR % Change
San Francisco/San Mateo, CA	77.0	12.3
Nashville, TN	66.9	11.9
Denver, CO	68.8	8.3
Houston, TX	73.3	6.7
Los Angeles/Long Beach, CA	77.2	6.4
New York, NY	75.6	1.2
New Orleans, LA	70.8	-0.3
Chicago, IL	55.0	-0.4
Norfolk/Virginia Beach, VA	42.4	-0.6
Washington, DC-MD-VA	59.6	-3.9

-5% to 0%	0% to 5%	5% to 10%	10% to 15%
Washington	New York	Houston	Oahu
	Norfolk	St Louis	
	Philadelphia	Anaheim	
	New Orleans	Miami	
	San Diego	Chicago	
		Tampa	
		Minneapolis	
		Phoenix	
		Seattle	
		Orlando	
		Detroit	
		Denver	
		Los Angeles	
		Atlanta	
		Nashville	
		Dallas	
		San Francisco	
		Boston	

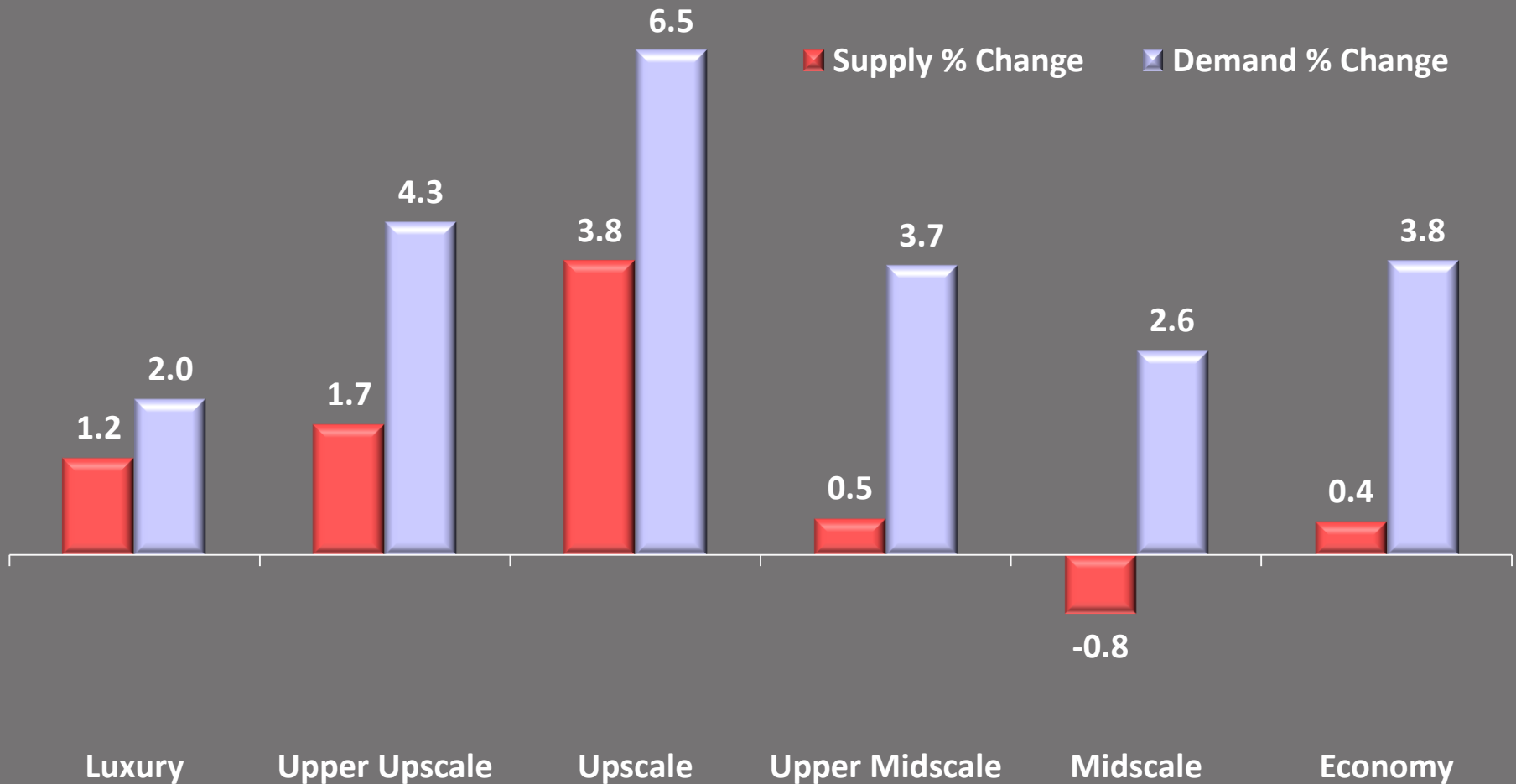
2014 Year End RevPAR Forecast, Source: STR, Inc & Tourism Economics
Top 25 US Markets, February 2014 Forecast (Markets sorted alphabetically)

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Chain Scales:

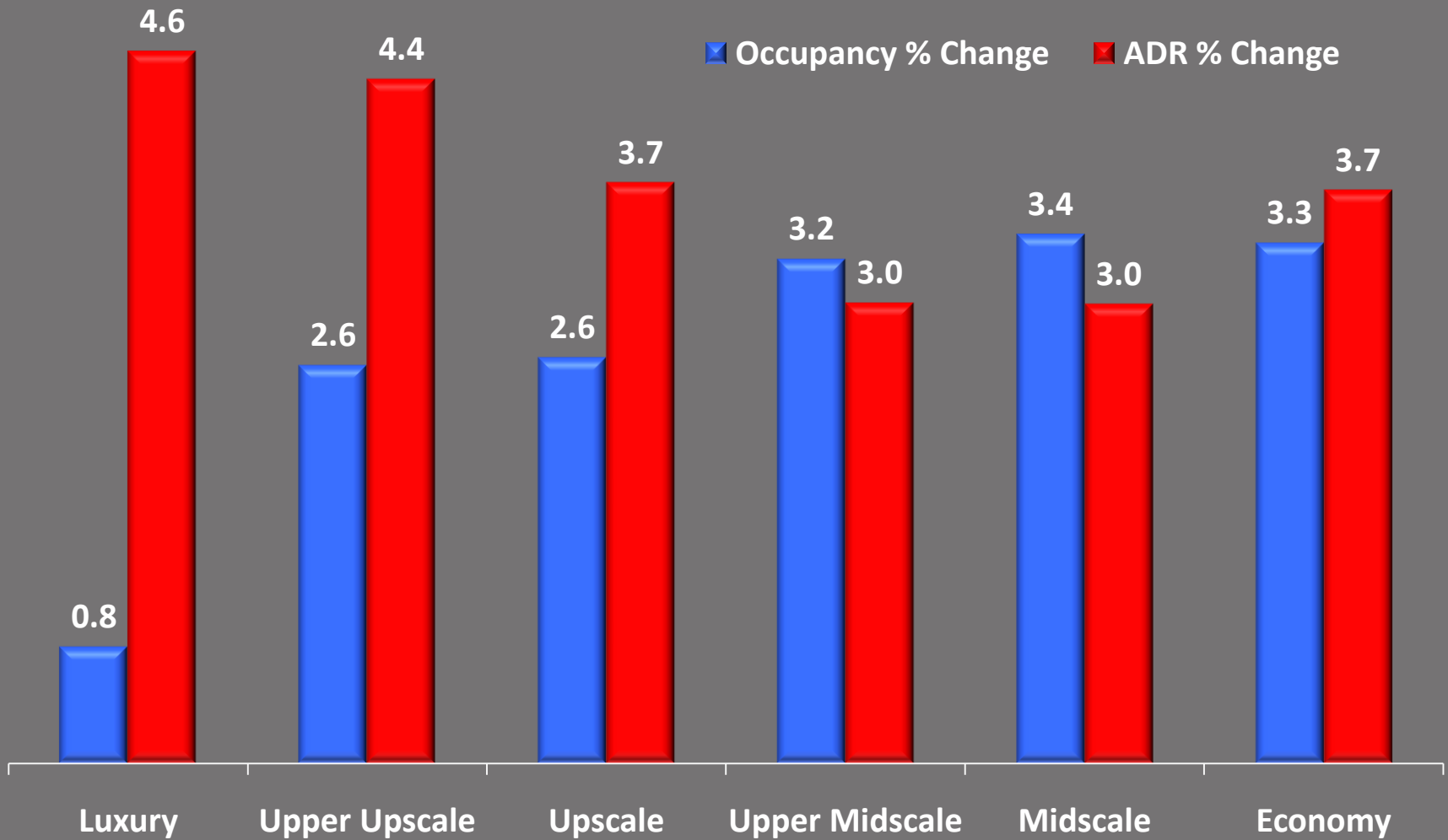
High End Continues to Outperform

Scales: Upscale Supply Growth Now Noticeable



Total U.S. Chain Scales: Supply / Demand % Change, March 2014 YTD

Scales: ADR Growth Strong For Luxury & Economy Hotels



Total U.S. Chain Scales: OCC / ADR % Change, March 2014 YTD

Chain Scale	2013a	2014f	2015f
Luxury	7.5%	6.5%	6.0%
Upper Upscale	5.9%	4.5%	4.6%
Upscale	5.3%	6.6%	5.1%
Upper Midscale	4.2%	3.7%	2.1%
Midscale	4.1%	4.1%	3.5%
Economy	4.9%	5.1%	6.2%
Independent	5.2%	5.1%	4.3%
Total U.S	5.4%	5.3%	4.7%

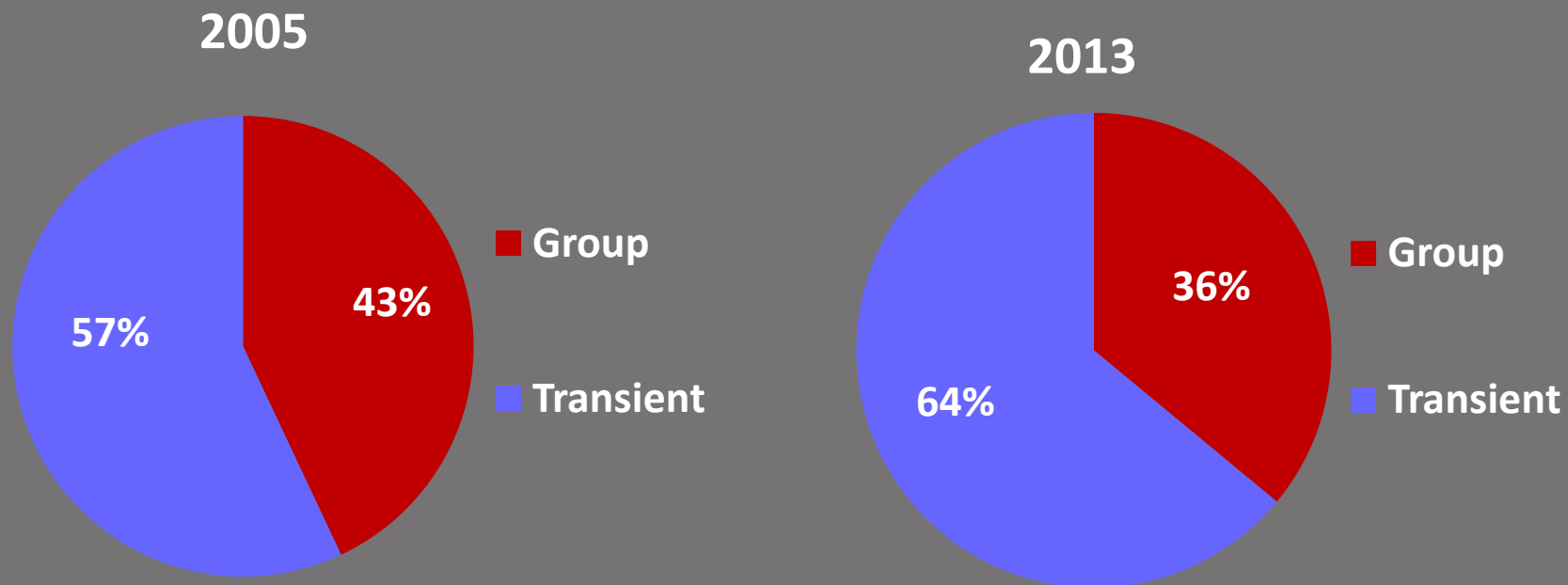
RevPAR Forecast, as of February 2014

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Customer Segmentation: Group Growth Still Choppy

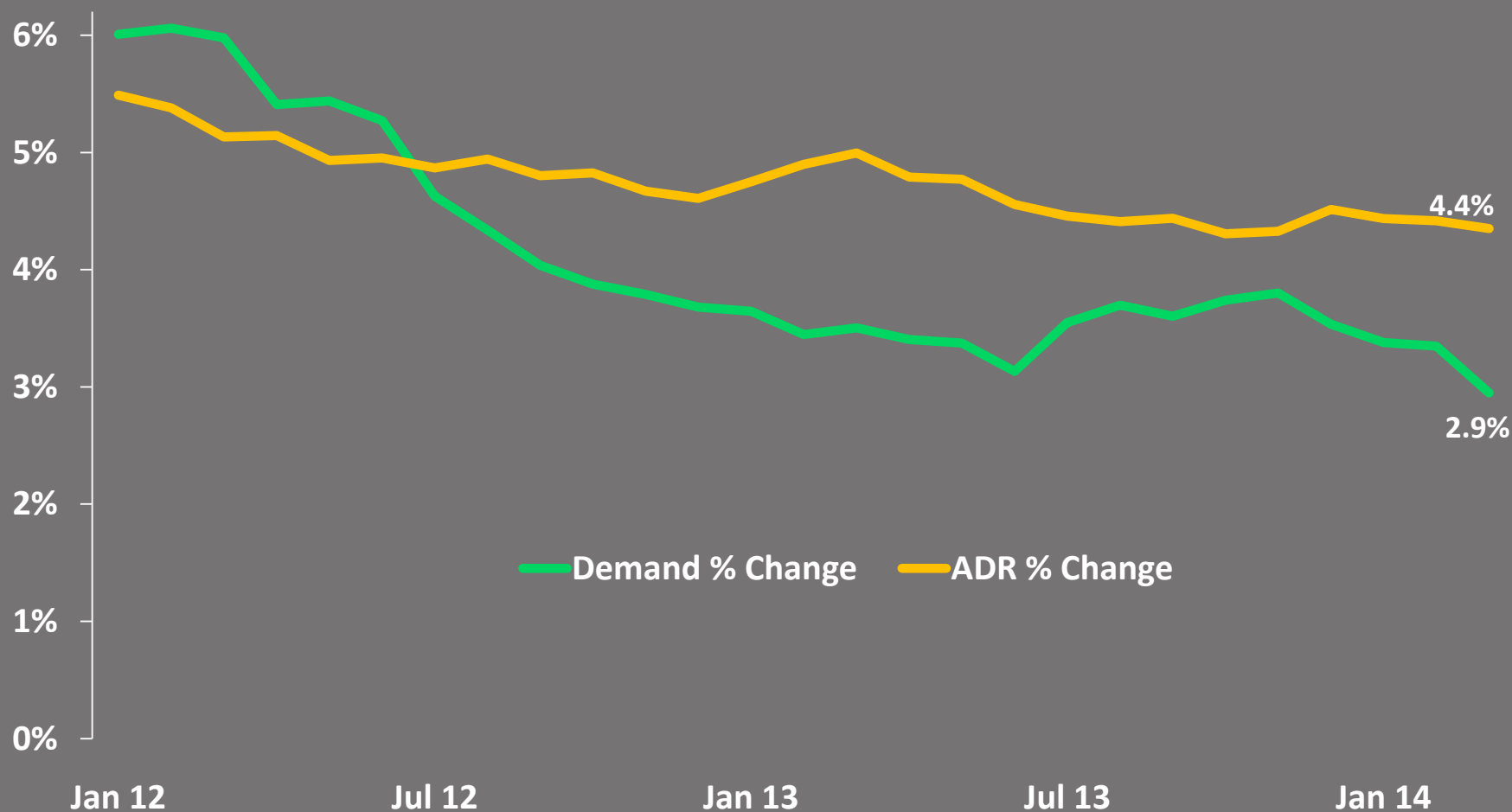


Group Occupancy Contribution Decreases



U.S. Transient and Group Occupancy Mix of Total OCC, 2005 and 2013

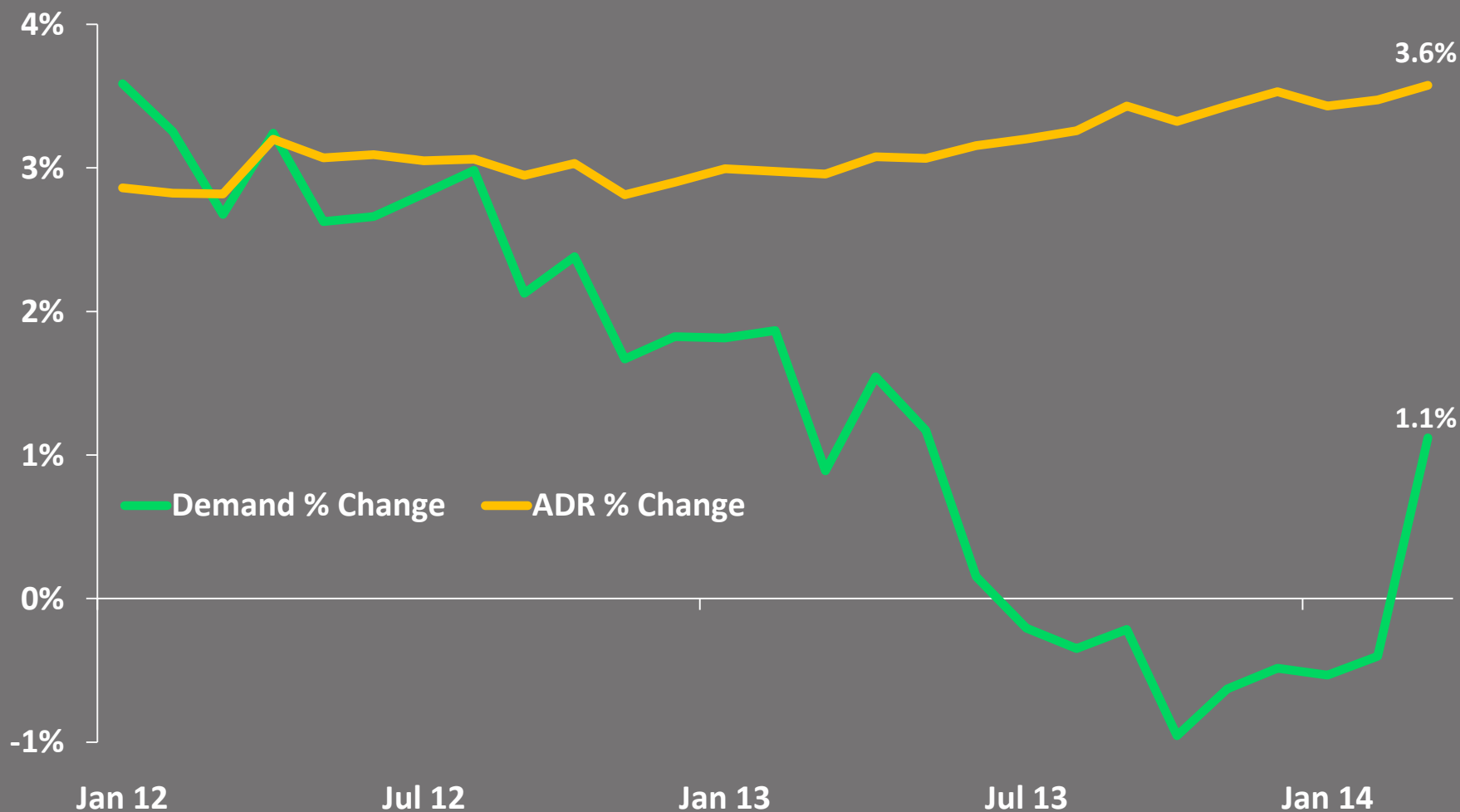
Transient Growth Rates Healthy



U.S. Transient Demand and ADR % Change, 12 MMA, 1/2012 – 3/2014

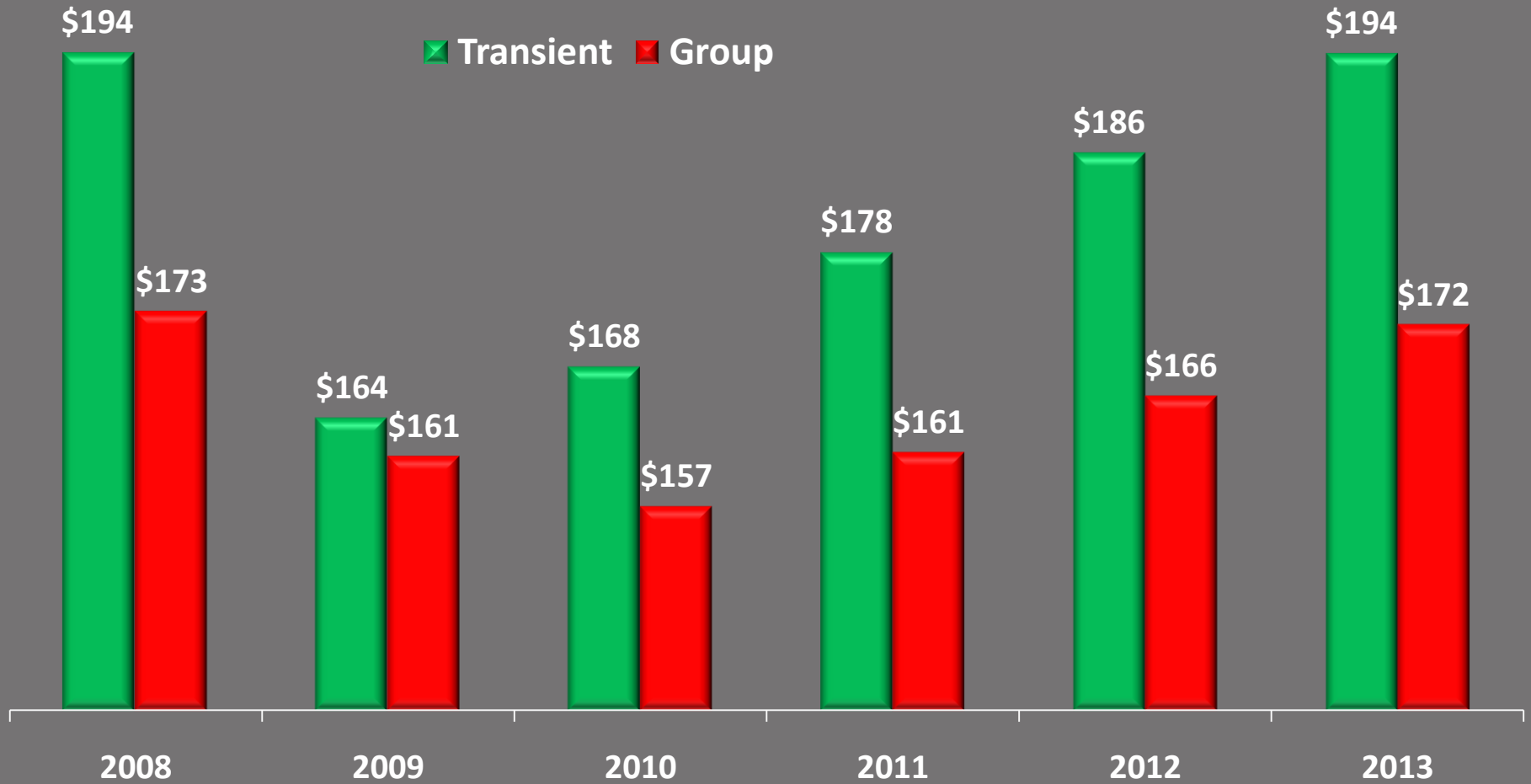


Group Demand Growth in 2014: 2013 Easter Comp Skews Results



U.S. Group Demand and ADR % Change, 12 MMA, 1/2012 – 3/2014

Rates Back to 2008 Levels

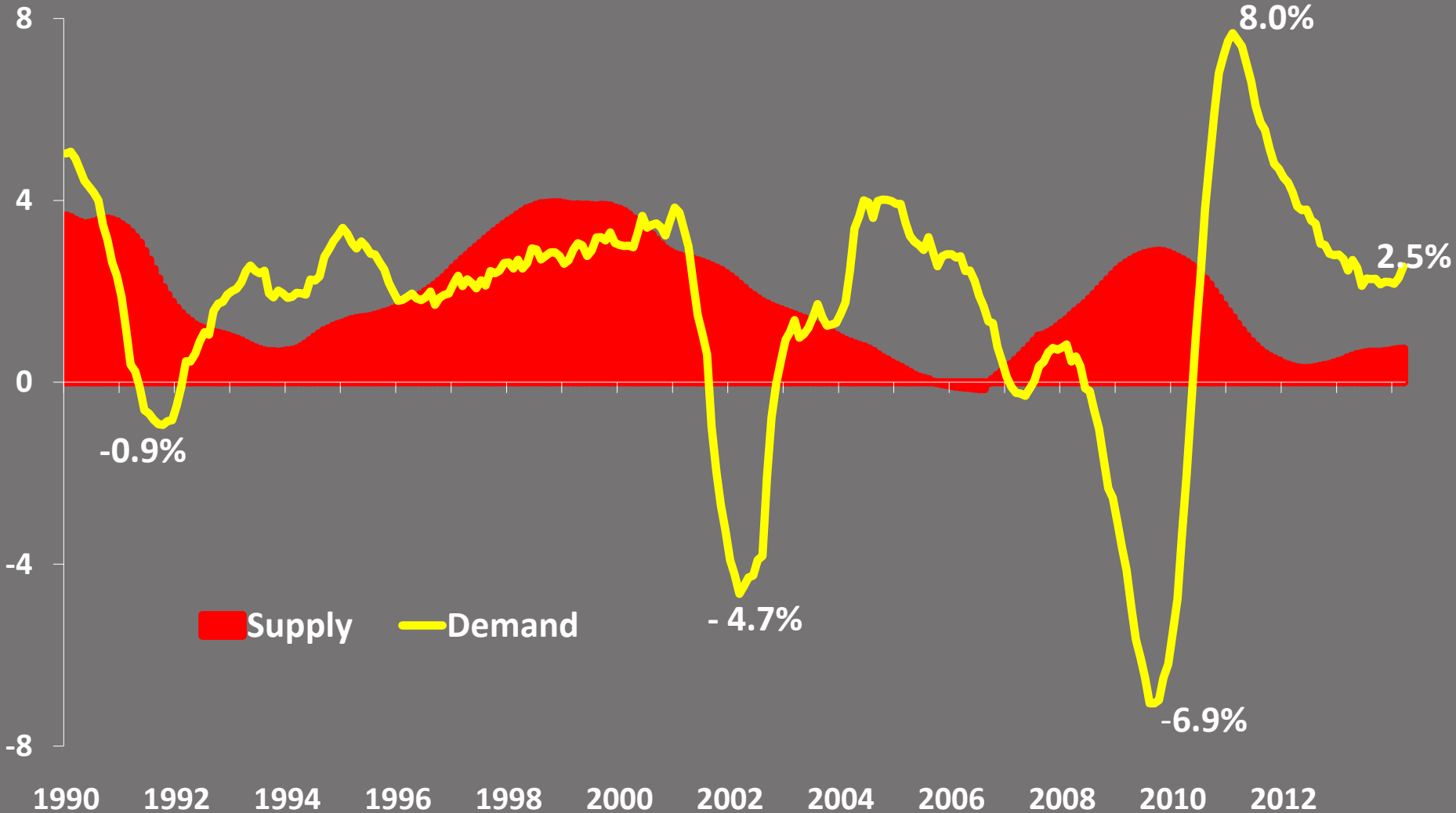


U.S. Customer Segmentation ADR \$, 2008 - 2013

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Pipeline: Supply Growth Accelerates

Demand & Supply Move Back Towards Long Run Averages



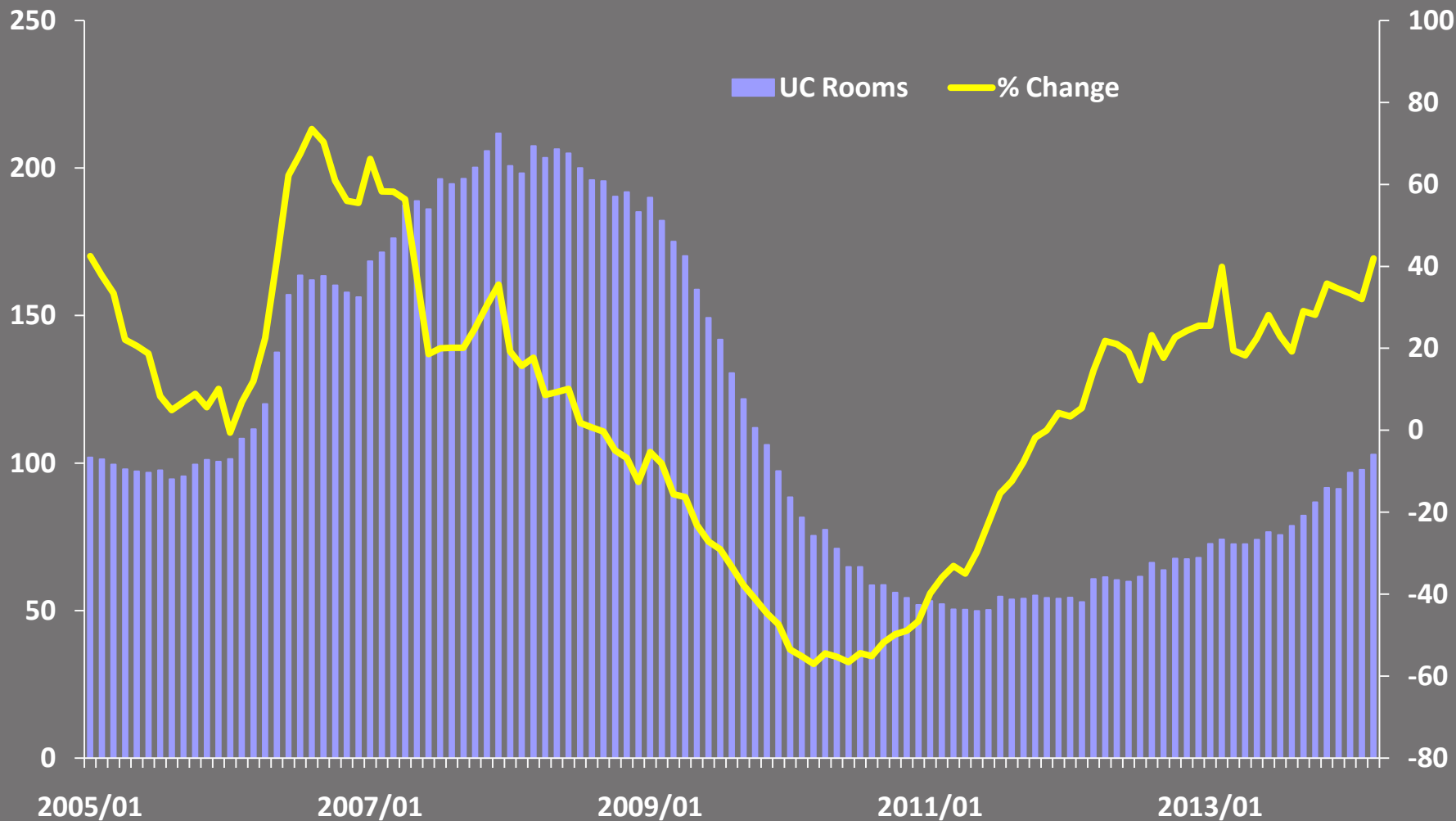
Total U.S., Supply & Demand % Change, 12 MMA 1/1990 – 3/2014

U.S. Pipeline: Construction Accelerates

<u>Phase</u>	<u>2014</u>	<u>2013</u>	<u>% Change</u>
In Construction	102	72	42%
Final Planning	133	96	38%
Planning	145	163	-11%
Under Contract	381	332	15%

Total U.S. Pipeline, by Phase, '000s Rooms, March 2014 and 2013

Dec. 2007 Peak 211K+ Under Construction



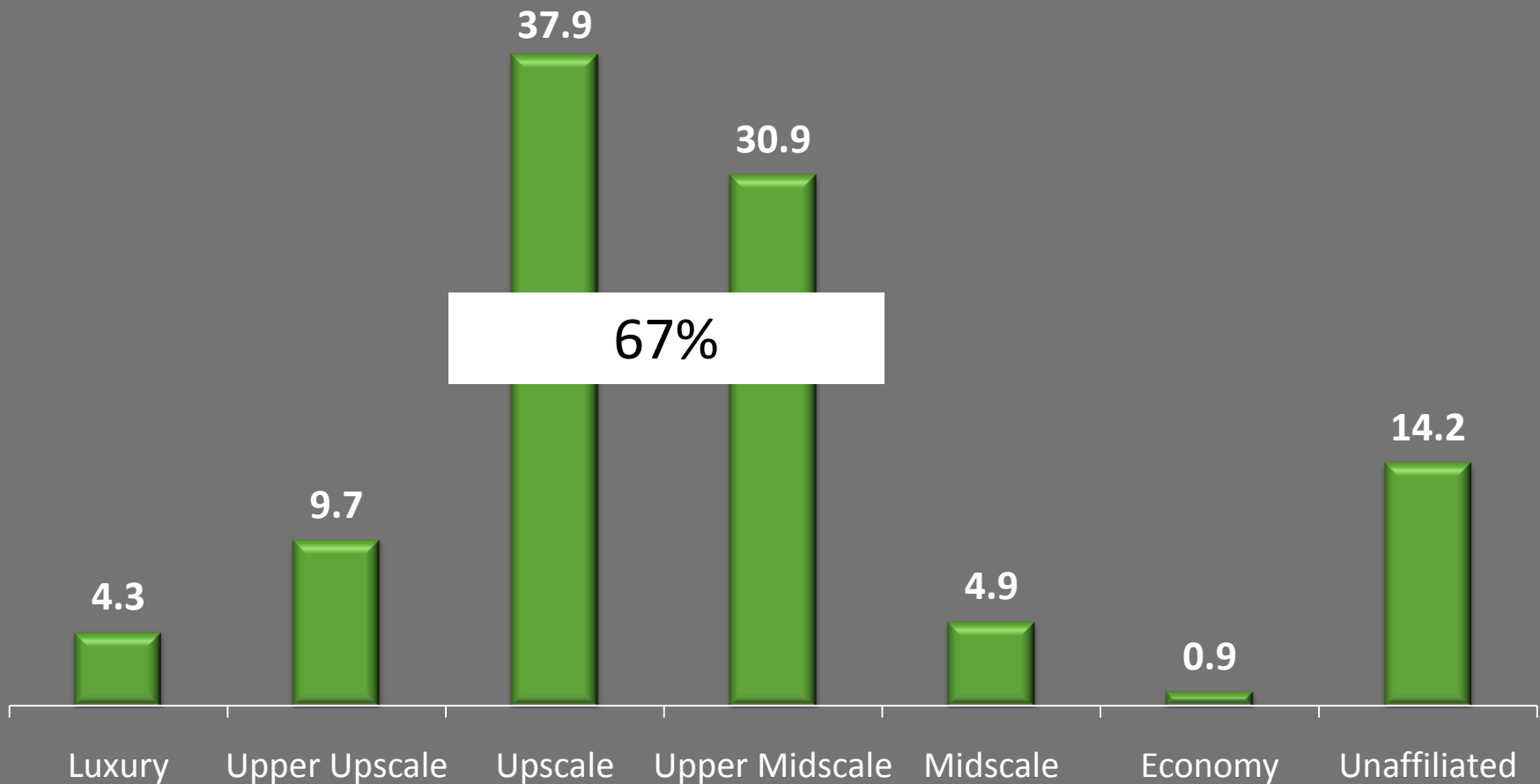
Total U.S.: Monthly Hotel Rooms Under Construction and Percent Change
January 2005 – March 2014

U.S. Pipeline: Construction Accelerates

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In Construction	102	72	42%
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Total U.S. Pipeline, by Phase, '000s Rooms, March 2014 and 2013

Under Construction Rooms Mostly In Middle Segments



U.S. Pipeline, Rooms Under Construction , '000s Rooms, by Scale, March 2014

Construction In Top 26 Markets: 11 With 2%+ Of Supply

Market	Rooms UC	% Of Existing
Las Vegas, NV		0.0%
Norfolk-Virginia Beach, VA	168	0.4%
Oahu Island, HI	144	0.5%
San Francisco/San Mateo, CA	312	0.6%
Tampa-St Petersburg, FL	351	0.8%
Detroit, MI	384	0.9%
Atlanta, GA	981	1.1%
San Diego, CA	681	1.2%
Phoenix, AZ	748	1.2%
St Louis, MO-IL	538	1.4%
Chicago, IL	1,591	1.5%
Orlando, FL	1,925	1.6%
Philadelphia, PA-NJ	778	1.7%
Minneapolis-St Paul, MN-WI	664	1.7%
New Orleans, LA	658	1.8%
Anaheim-Santa Ana, CA	1,167	2.2%
Dallas, TX	1,785	2.3%
Boston, MA	1,388	2.7%
Los Angeles-Long Beach, CA	2,740	2.8%
Nashville, TN	1,135	3.0%
Washington, DC-MD-VA	3,352	3.2%
Houston, TX	3,116	4.1%
Seattle, WA	1,889	4.6%
Miami-Hialeah, FL	2,290	4.7%
Denver, CO	1,981	4.8%
New York, NY	13,595	12.4%

U.S. Pipeline, Top 26 Markets, U/C Rooms as % of Existing Supply, March 2014



To Sum It Up

- Steady **Demand** Growth
- **Gateway markets** are performing well
- **Group Demand** Is The Wild Card
- **Transient ADR** *Hopefully* Lifts Group ADR
- For Some Markets **Supply** Will Be The New Problem



Thank you!
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