



Q4 2020

U.S. HOTEL FIGURES

Q4 2020 U.S. HOTEL FIGURES – EXECUTIVE SUMMARY

ANNUAL HOTEL DEMAND DROPS BY 37% IN 2020

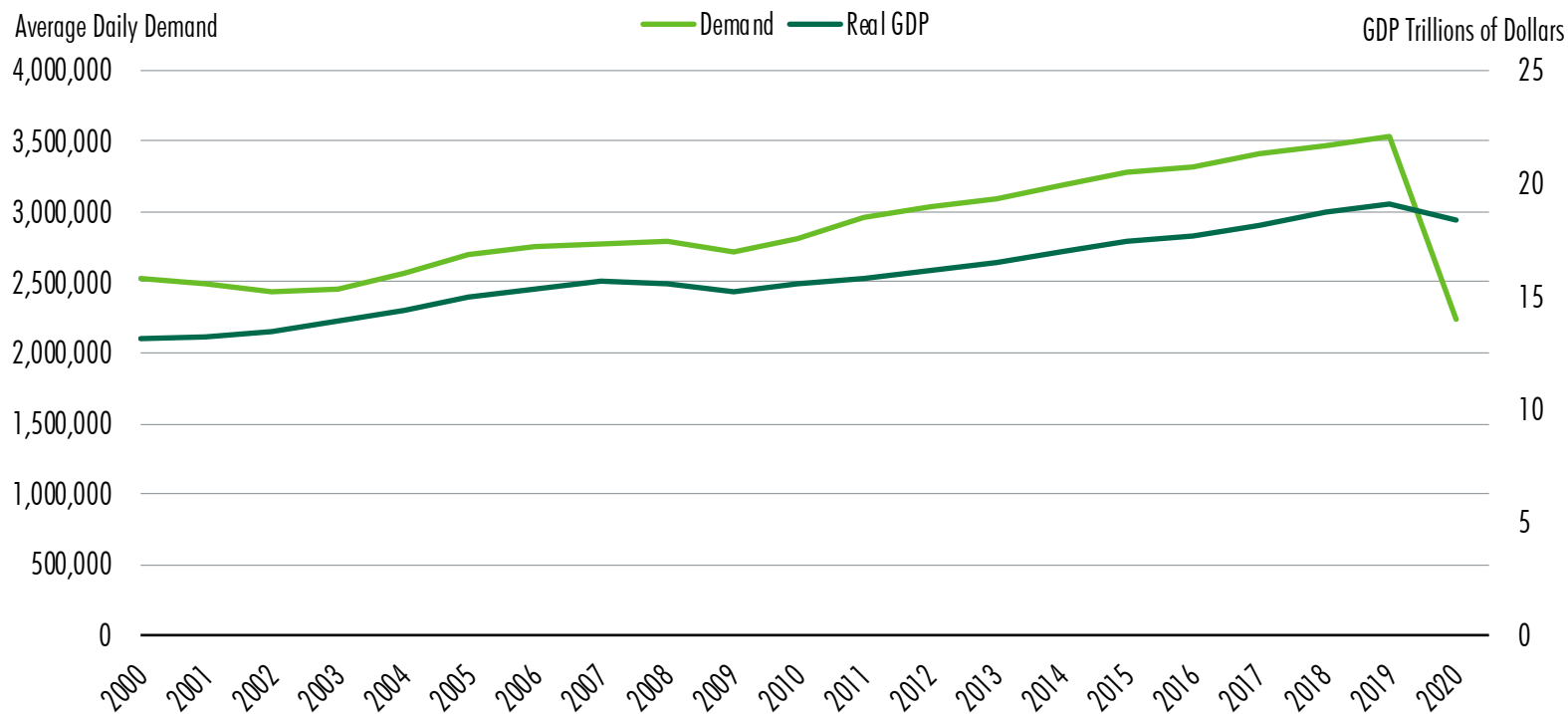


Percentages are year-over-year growth rates.
Arrows indicate change in year-over-year growth rates from those of the same quarter in the previous year.
Source: Kalibri Labs, CBRE Hotels Research Q4 2020

- U.S. hotels suffered the worst annual occupancy level in 2020 since the Great Depression in the 1930s.
- Social distancing continues to constrain group demand. Convention hotels suffered the greatest declines in profits.
- Leisure travelers remain the most dependable source of demand for U.S. hotels.
- Cuts to corporate travel budgets have limited business travel. This is expected to mute corporate demand in the near future.
- Lower-priced hotels continued to have the least severe declines in occupancy, but occupancy levels remained below 50%.
- Smaller markets and mainland U.S. resort destinations had the smallest declines in RevPAR in 2020. These less-dense markets benefited from their ability to better maintain social distancing and from their drive-to destination appeal.
- The biggest declines in RevPAR in 2020 occurred in the larger gateway markets. These markets suffered from the lack of group demand, fewer inbound international travelers and a reliance on airline travel.

FIGURE 1

U.S. REAL GDP & HOTEL DEMAND

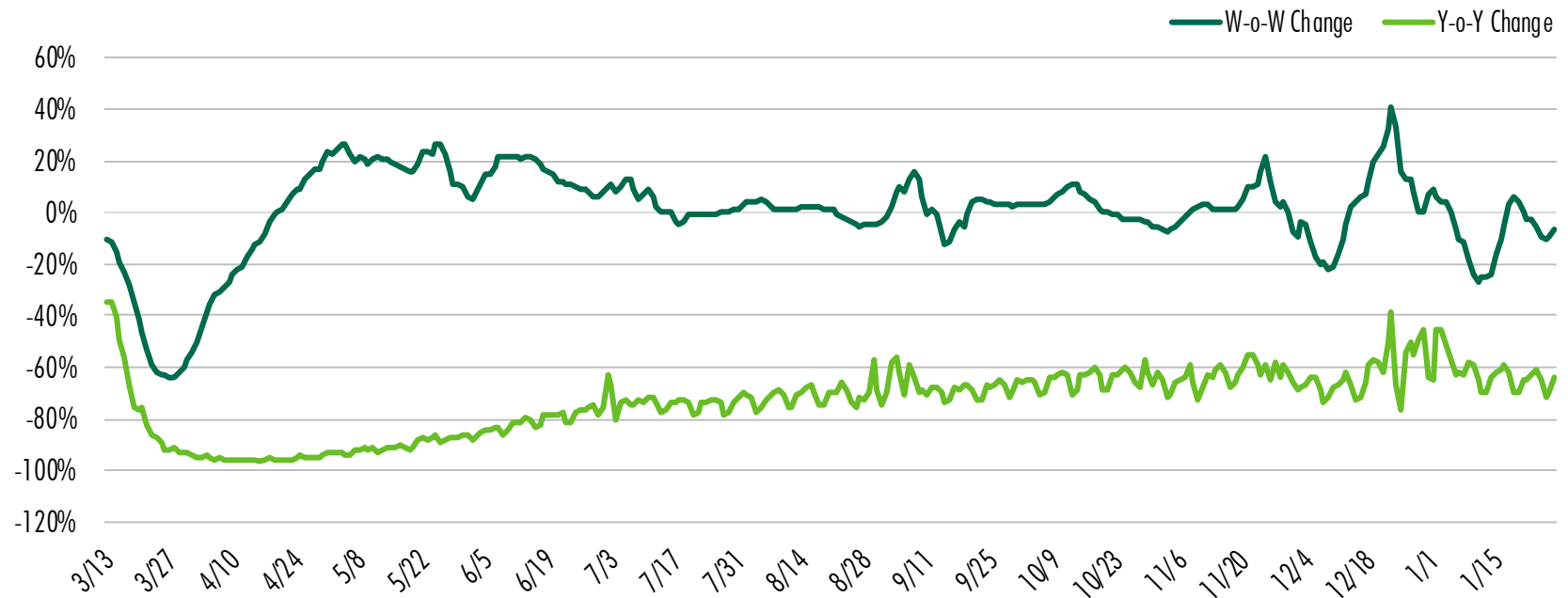


Source: Bureau of Economic Analysis, CBRE Hotels Research Q4 2020.

- Historically, changes in hotel demand mirror those in GDP. However, this relationship diverged in 2020 as non-economic factors, such as travel restrictions due to COVID-19, had an outsized impact on hotel demand than in past downturns.
- Annual demand dropped by 36.7% year-over-year while U.S. Real GDP dropped by only 3.5%.
- This large drop in hotel demand far exceeded that of the Great Recession in 2009.

FIGURE 2

TSA CHECKPOINTS - CHANGE IN NUMBER OF TRAVELERS

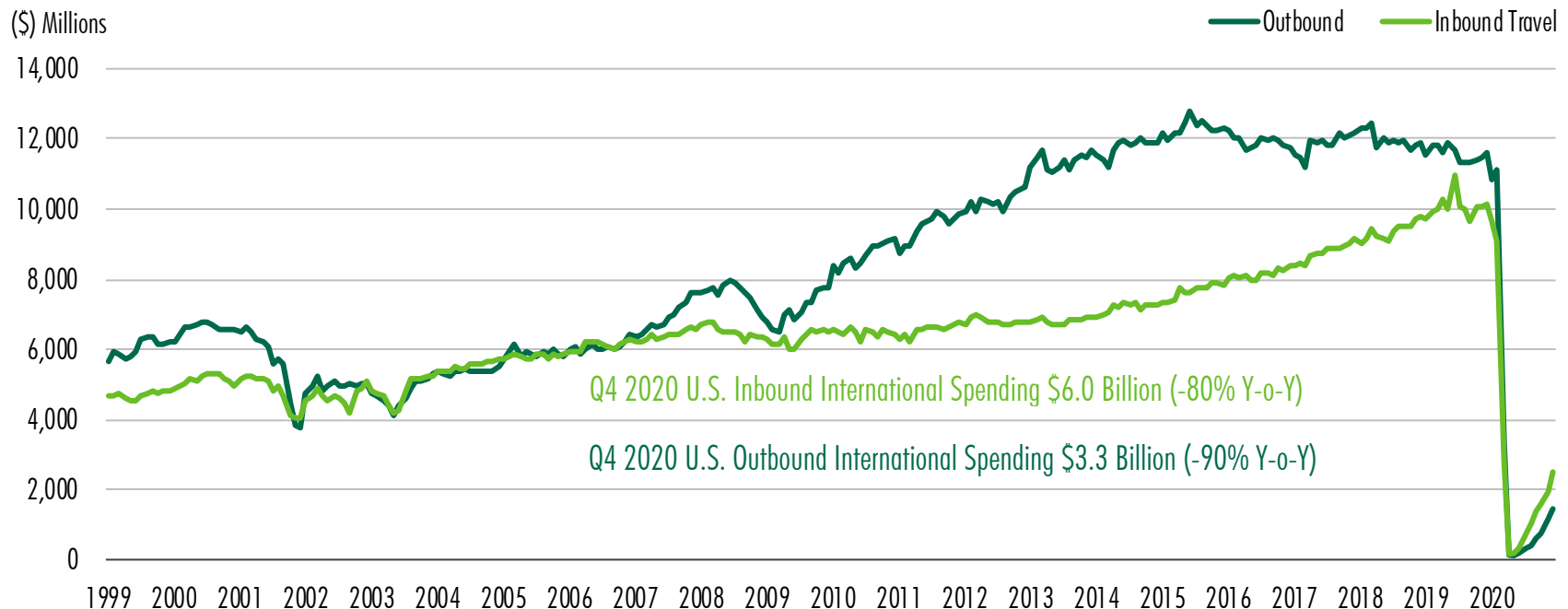


Source: CBRE Hotels Research, TSA, January 2021.

- Week-over-week spikes in air travel occurred over the 2020 holiday season.
- Annual traffic at TSA checkpoints was down by 60% from 2019 levels.
- TSA throughputs are often leading indicators for hotel demand.

FIGURE 3

MONTHLY INBOUND & OUTBOUND INTERNATIONAL TRAVEL SPENDING FOR THE U.S.

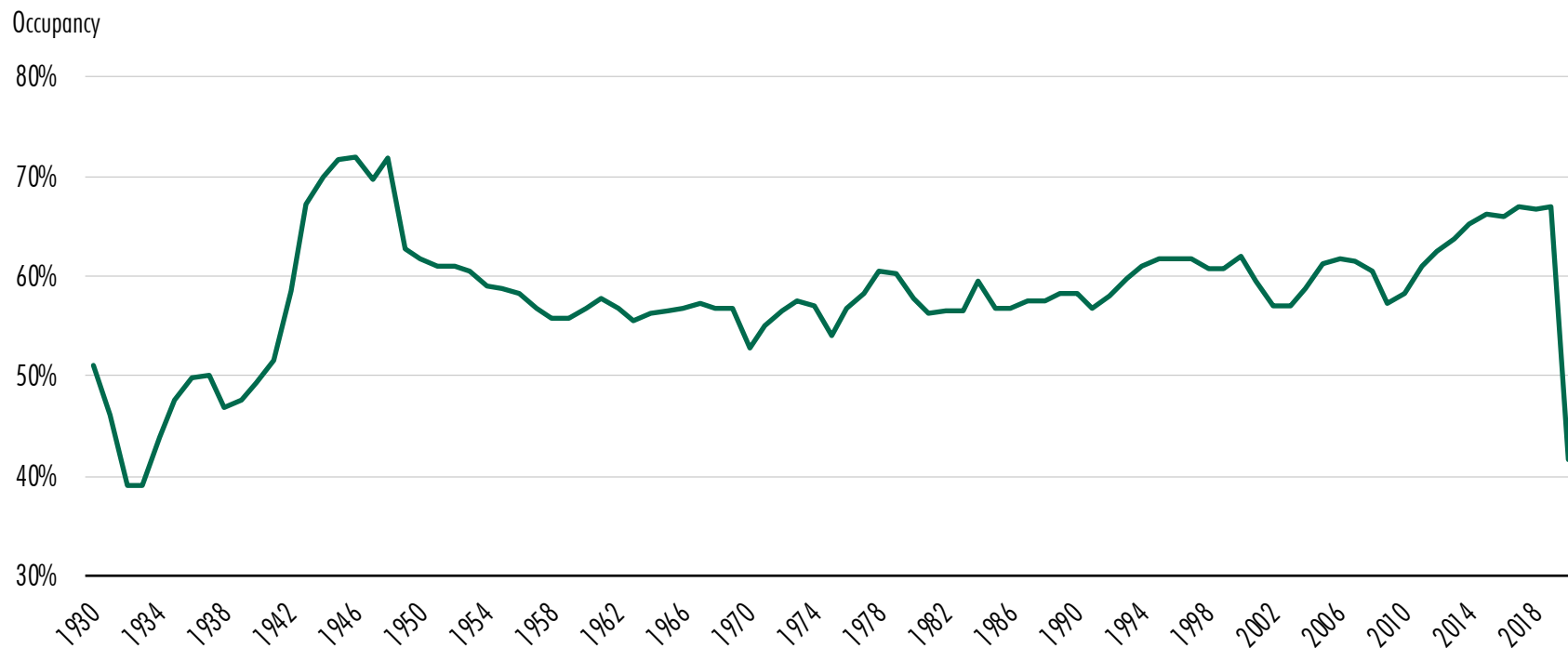


Source: CBRE Hotels Research, Bureau of Economic Analysis, National Travel and Tourism Office (NTTO), Q4 2020.

- On a year-over-year basis, U.S. inbound travel spending fell by 80% in Q4 to \$6.0 billion and by 74% for the year to \$31.3 billion.
- President Biden recently reinstated COVID-related travel restrictions on most non-U.S. citizens from the U.K., Ireland, Brazil and much of Europe, in addition to those who have recently been in South Africa.
- These restrictions will further suppress inbound travel spending for as long as they remain in effect.
- Travel restrictions on U.S. citizens by other countries likely will cause an increase in domestic travel.

FIGURE 4

HOTEL OCCUPANCY SINCE 1930

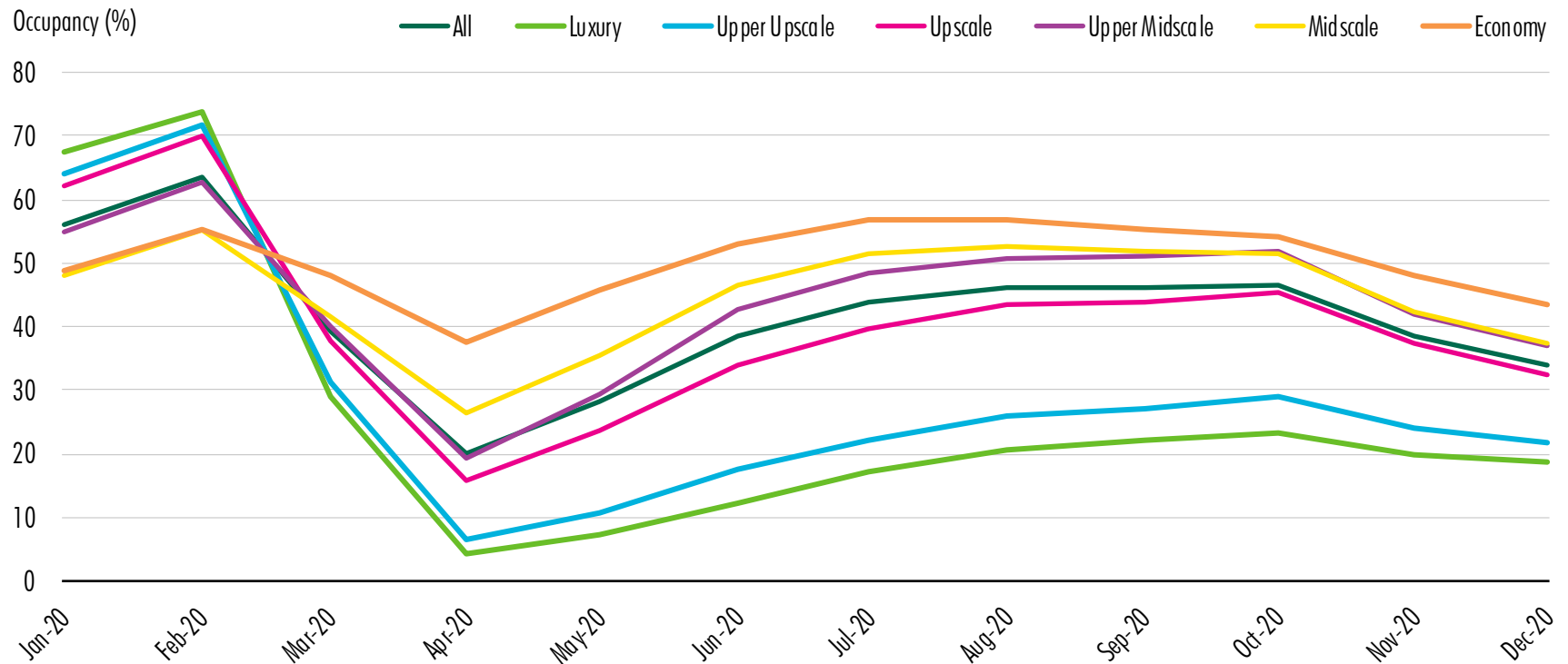


Source: CBRE Hotels Research - Trends® in the Hotel Industry, Kalibri Labs.

- The 41.6% occupancy level for U.S. hotels in 2020 was the lowest since the Great Depression in the 1930s.

FIGURE 5

2020 MONTHLY HOTEL OCCUPANCY LEVELS BY CHAIN SCALE

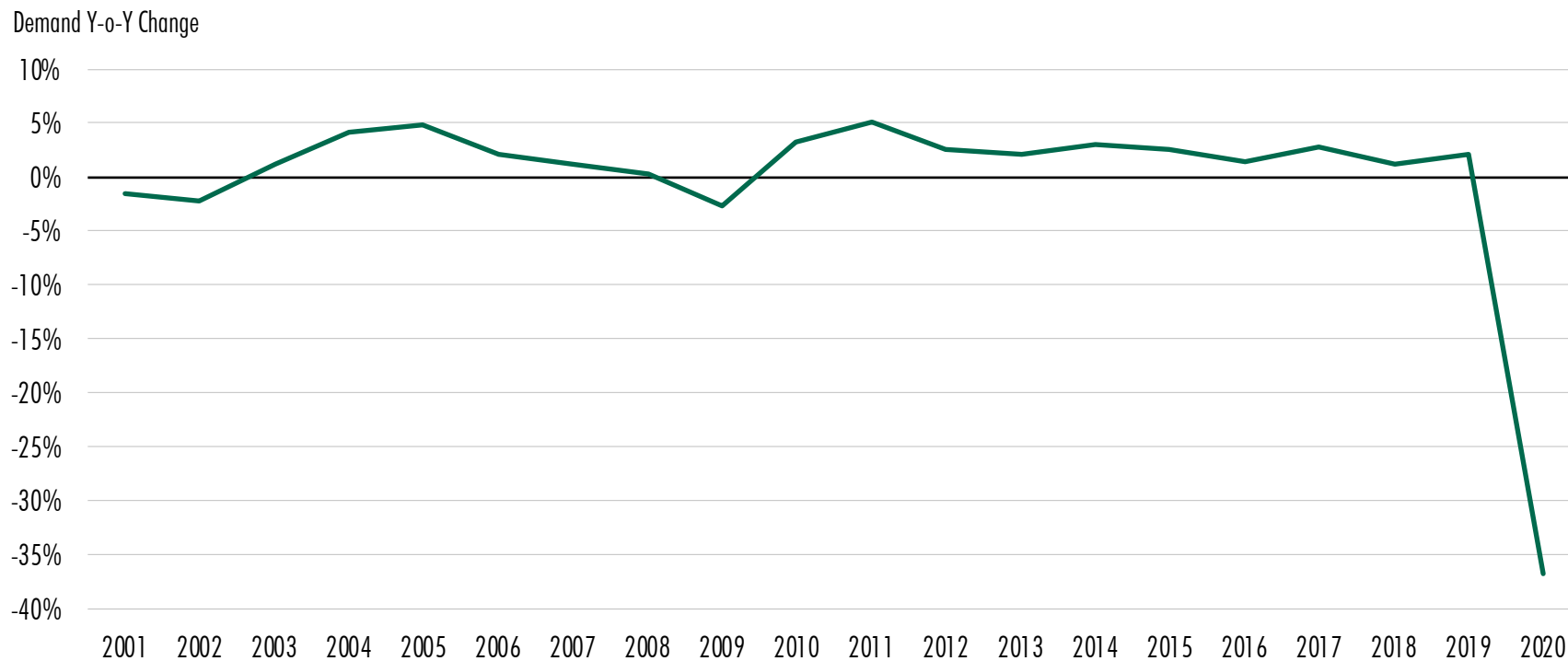


Source: CBRE Hotels Research, Kalibri Labs, Q4 2020.

- The luxury and upper-upscale chain scales suffered the greatest declines in occupancy in 2020. Occupancy for luxury hotels was down by 71.8% year-over-year in Q4 2020 and by 65.1% on an annual basis. Upper-upscale hotel occupancy fell by 64.2% in Q4 and by 60.2% for the year.
- Economy hotels fared somewhat better in 2020 with occupancy down by only 14.8% year-over-year.

FIGURE 6

US ANNUAL DEMAND PERCENT CHANGE

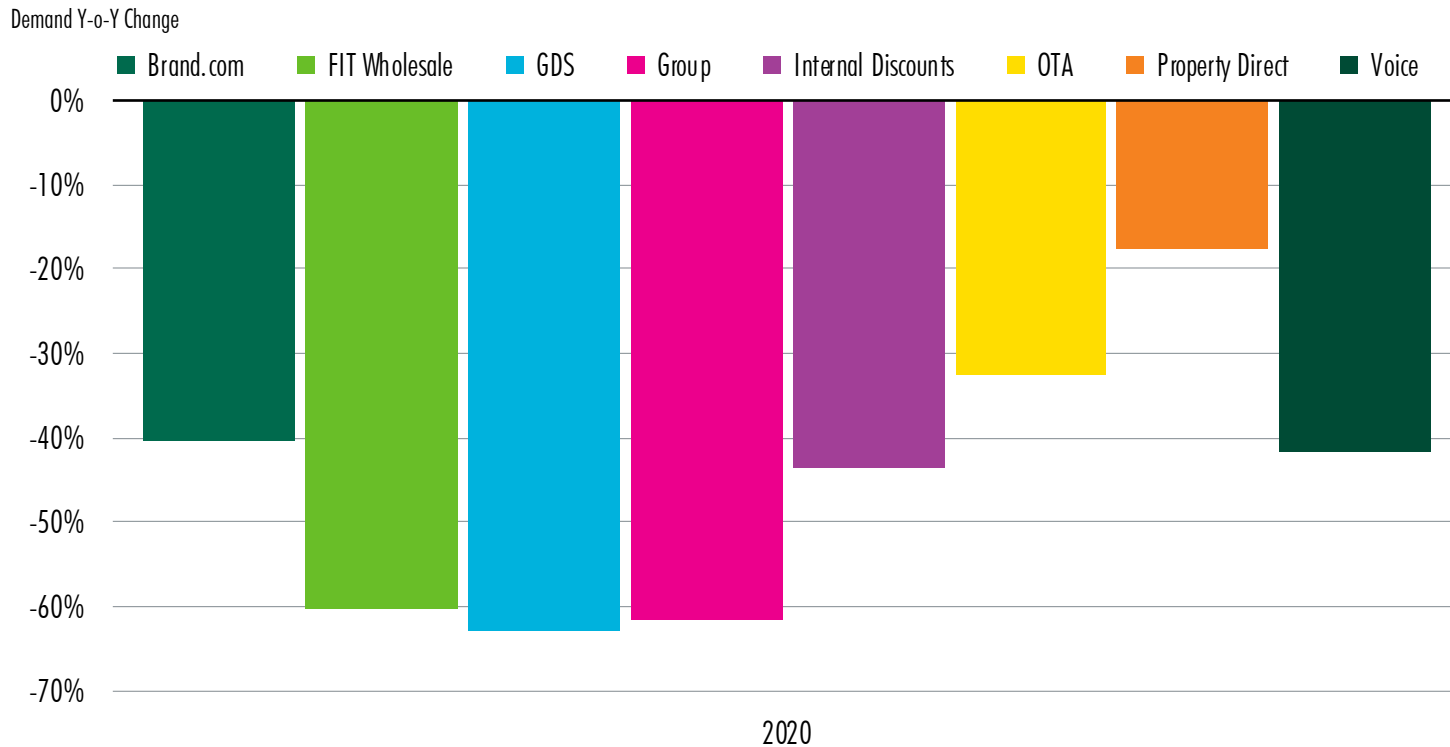


Source: CBRE Hotels Research, Kalibri Labs, Q4 2020.

- The 36.7% decline in annual hotel demand in 2020 was the greatest in recent history.

FIGURE 7

2020 DEMAND CHANGE BY BOOKING SOURCE



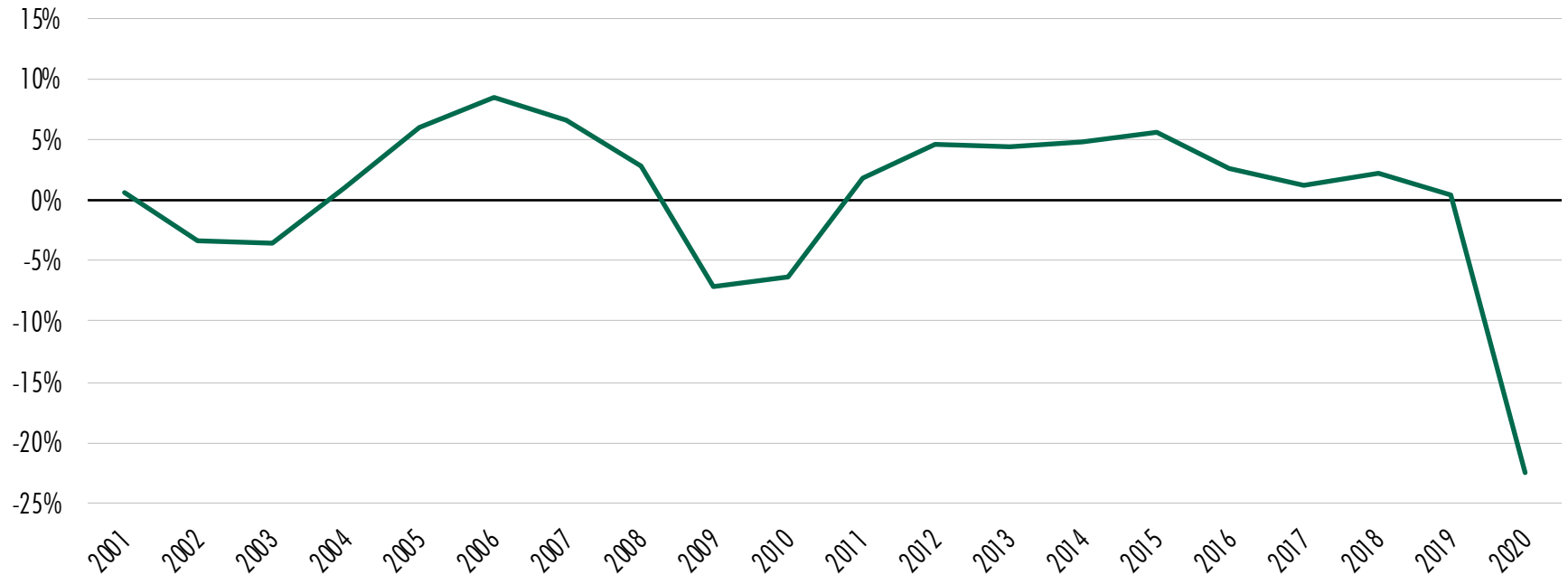
Source: CBRE Hotels Research, Kalibri Labs, Q4 2020.

- The biggest declines in demand were from guests who booked through GDS systems and group room blocks. These channels are most frequently used by business travelers and conventioners.
- Demand cannot return to pre COVID-19 levels without group demand returning.

FIGURE 8

ANNUAL ADR PERCENT CHANGE FROM PREVIOUS YEAR

ADR Change Y-o-Y

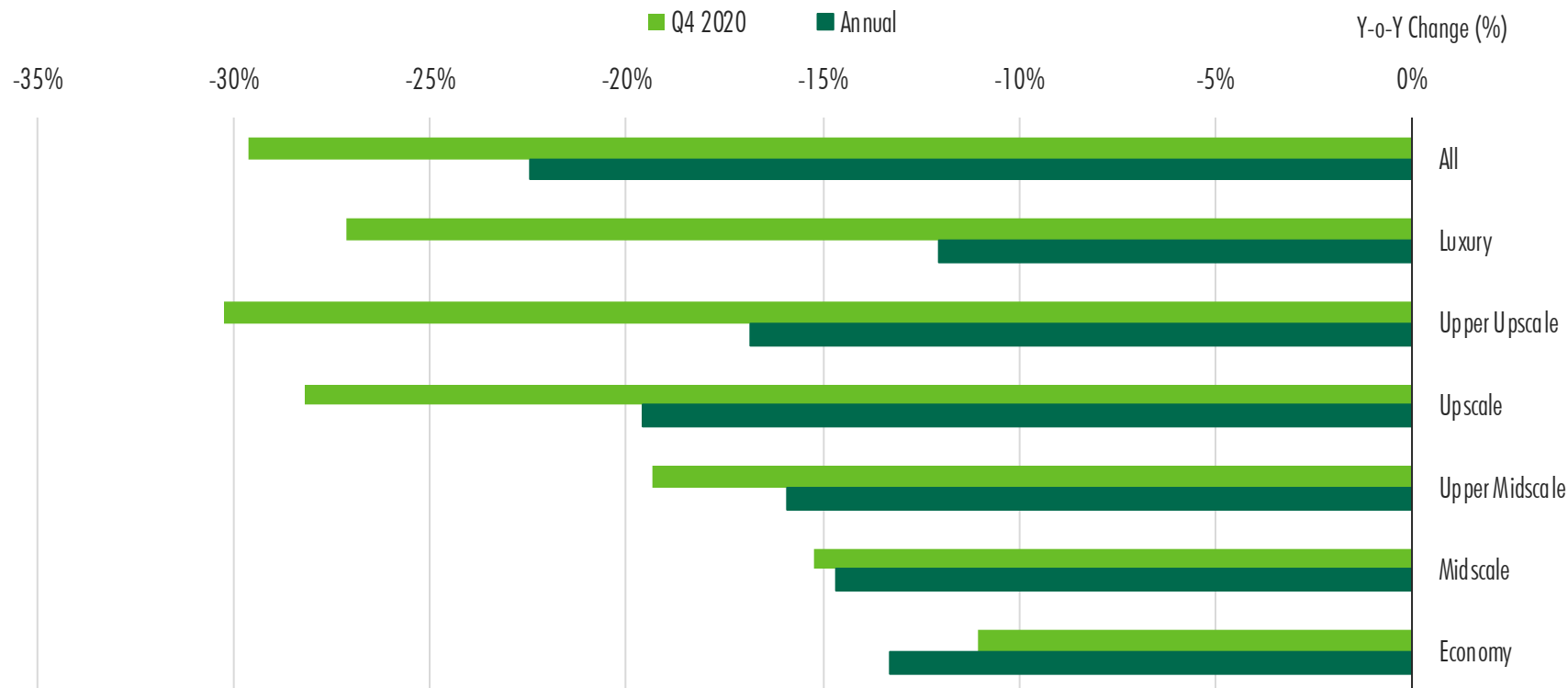


Source: CBRE Hotels Research, Kalibri Labs, Q4 2020.

- Average daily rates declined by 22.5% in 2020, the greatest annual decrease in recent history.

FIGURE 9

ADR PERCENTAGE CHANGE FROM PREVIOUS YEAR BY CHAIN SCALE

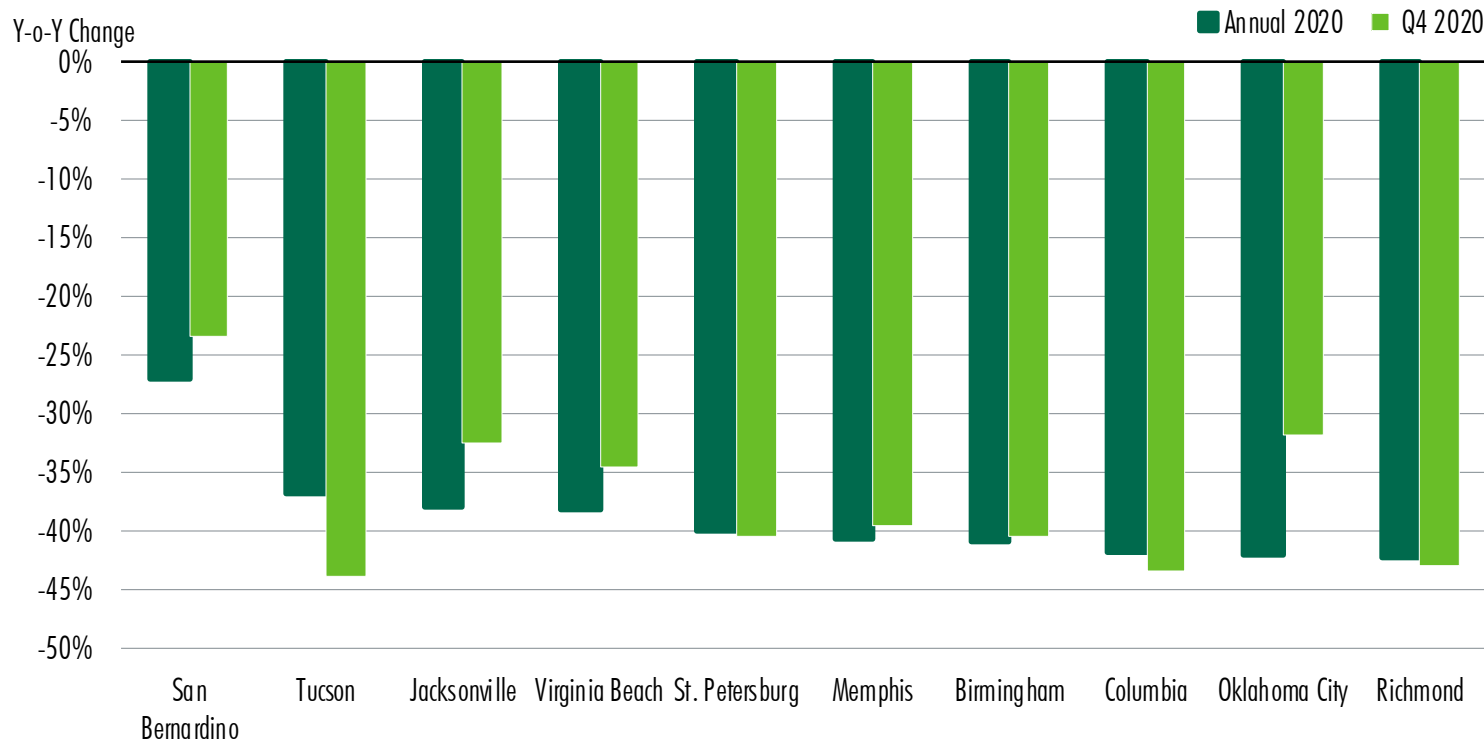


Source: CBRE Hotels Research, Kalibri Labs, Q4 2020.

- Hotels in the higher-priced chain scales suffered greater declines in ADR than those in lower-priced scales.
- Upper-upscale hotels recorded a 30.3% year-over-year decline in ADR in Q4, while upscale ADR fell by 28.2% and luxury ADR fell by 27.1%.

FIGURE 10

TOP 10 REVPAR CHANGE MARKETS, ANNUAL & Q4 Y-O-Y PERCENTAGE CHANGE

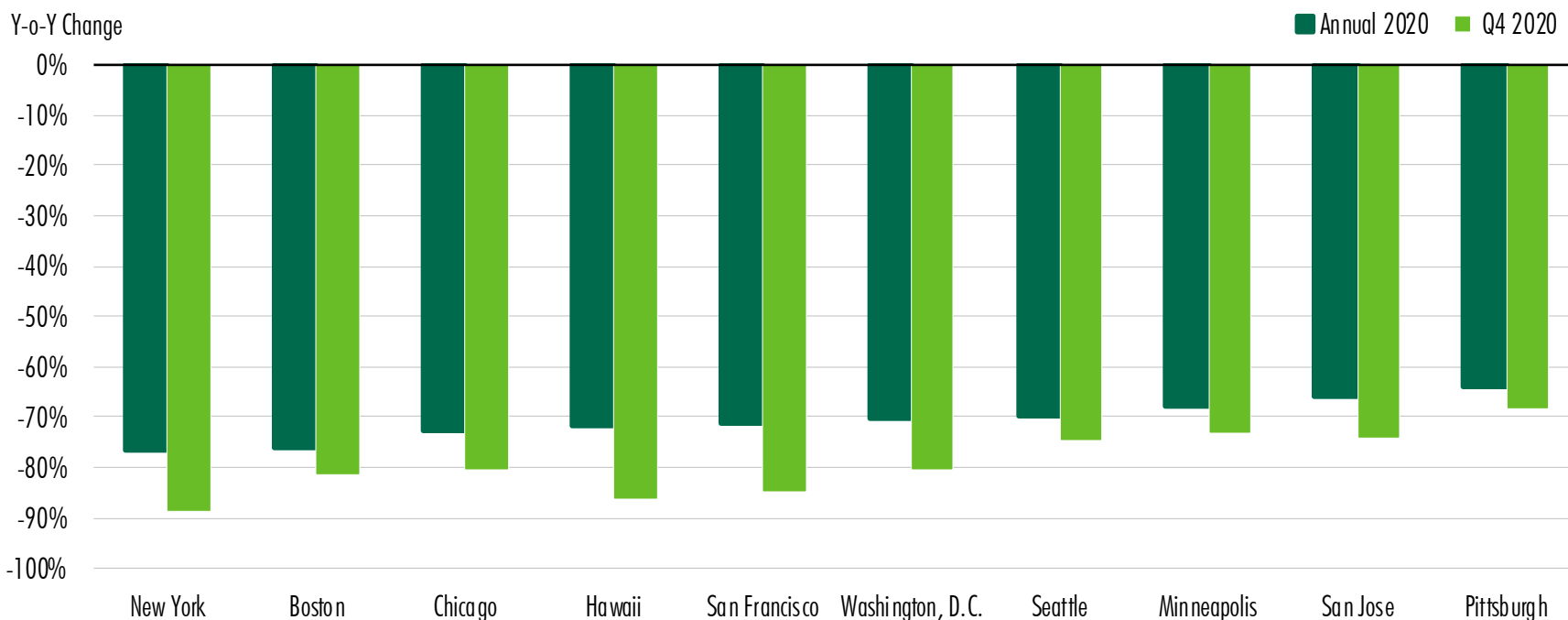


Source: CBRE Hotels Research, Kalibri Labs, Q4 2020.

- San Bernardino had the smallest annual drop in RevPAR (-27.1%) followed by Tucson (-36.7%) and Jacksonville (-37.9%).
- Smaller markets and mainland U.S. resort destinations had the smallest declines in RevPAR in 2020.
- These less-dense markets benefited from their ability to better maintain social distancing and from their drive-to destination appeal.

FIGURE 11

BOTTOM 10 REVPAR CHANGE MARKETS, ANNUAL AND Q4 Y-O-Y CHANGE



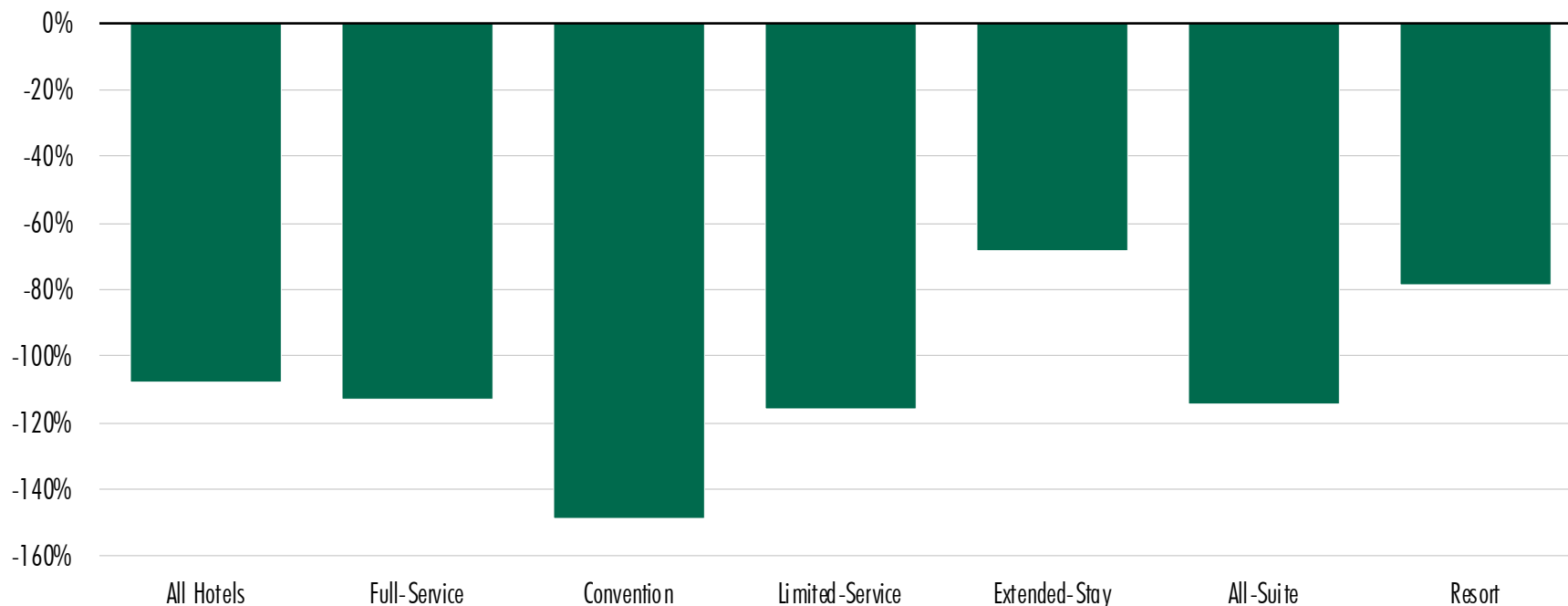
Source: CBRE Hotels Research, Kalibri Labs, Q4 2020.

- The biggest declines in RevPAR in 2020 occurred in the larger gateway markets.
- These markets suffered from the lack of group demand, fewer inbound international travelers and a reliance on airline travel.
- New York had the biggest annual drop in RevPAR (-76.7%), followed by Boston (-76.1%), Chicago (-72.9%) and Hawaii (-71.8%).

FIGURE 12

HOTEL EBITDA BY PROPERTY TYPE FOR DECEMBER

Y-o-Y Percent Change in Dollars Per Available Room



Source: CBRE Hotels Research, Q4 2020.

- Because of their dependence on group demand, convention hotels suffered the greatest declines in profits during 2020.
- Only resort and extended-stay hotels generated earnings from operations in 2020, benefiting from their leisure orientation, likelihood for longer stays and individual kitchen facilities.



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