

Q2 2021

U.S. HOTEL FIGURES



Q2 2021 U.S. HOTEL FIGURES – EXECUTIVE SUMMARY

HOTEL RECOVERY CONTINUES IN Q2

 Demand
100.8%

 Supply
1.7%

 Occupancy*
97.5%

 ADR
42.0%

 RevPAR*
180.5%

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.

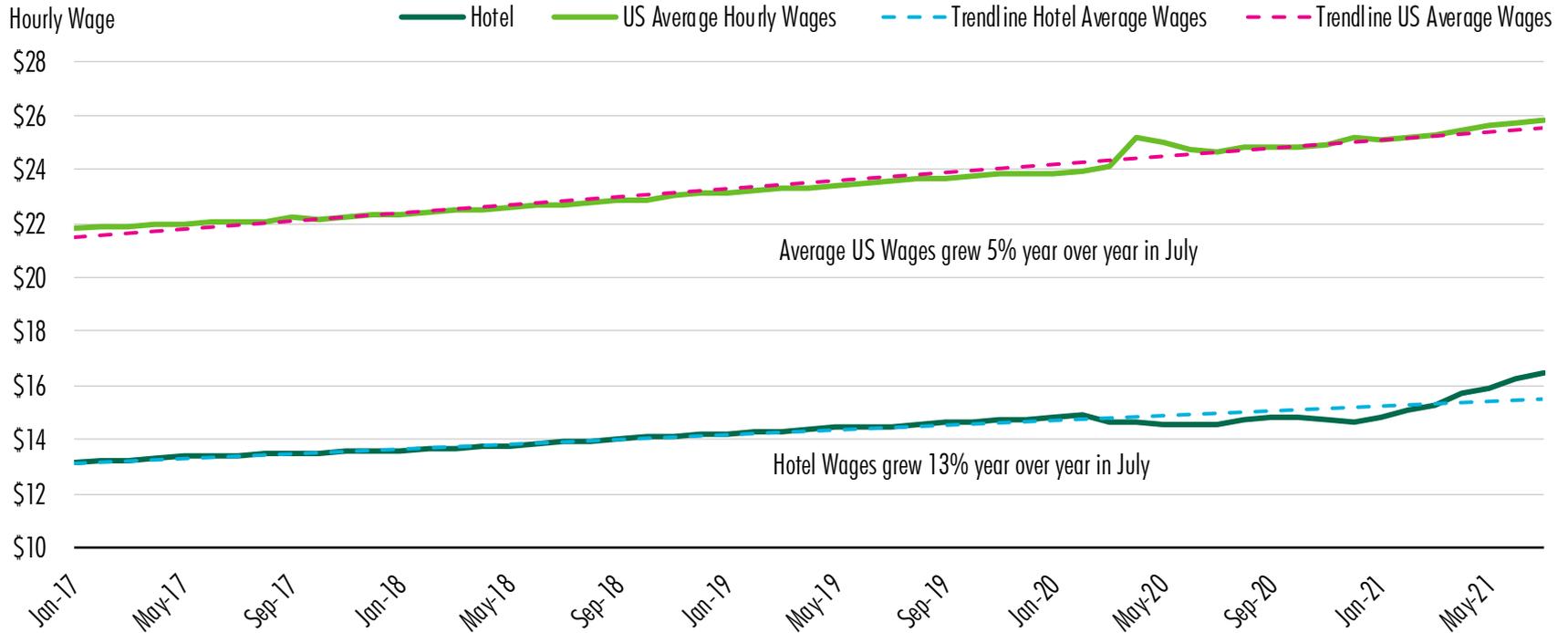
*RevPAR and Occupancy calculations include closed rooms among total inventory per the Uniform System of Accounts for the Lodging Industry.

Source: Kalibri Labs, CBRE Hotels Research, Q2 2021

- The hotel sector posted record performance gains in Q2 compared with a year ago when it was essentially shut down by COVID-19 restrictions. Demand increased by 100.8%, occupancy gained 97.5%, revenue per available room (RevPAR) jumped 180.5% and the average daily rate (ADR) grew by 42%.
- Despite this welcome year-over-year improvement, the hotel sector's main performance metrics remained below pre-pandemic levels. Compared with Q2 2019, demand was 13.9% less, occupancy was 16.7% lower, RevPAR was down by 25.3% and ADR down by 10.4% due to continued weakness in business travel, luxury property closures and general pricing pressures.
- Approximately 6.6% of luxury hotel properties remained closed at the end of Q2, down from 15.4% in Q1 and from a peak closure rate of 54% in April 2020. As additional higher-priced hotels reopen, overall ADR growth should accelerate. The closure rate of all hotel properties stood at just 3.0% at the end of Q2 2021, down from 4.4% at the end of Q1 2021.
- The top 10 performing markets in Q2 were all Southern resort destinations with record-high RevPAR. The weakest 10 markets were all Northern urban destinations, where average RevPAR was still down by more than 60% relative to 2019.
- Resort and interstate hotel RevPARs have already met or exceeded their Q2 2019 levels, while small-town properties are within 5%. Suburban, airport and urban properties continued to lag.
- The relative strength of leisure travel, combined with weakness in corporate and group travel, is leading to shifts in distribution (customer acquisition channels). Property direct, OTA and brand.com channels have recorded the most growth over the course of the pandemic, while group and GDS (corporate) channels have continued to contract.

FIGURE 1

LABOR SHORTAGE FUELS OUTSIZED INCREASE IN HOTEL WAGES

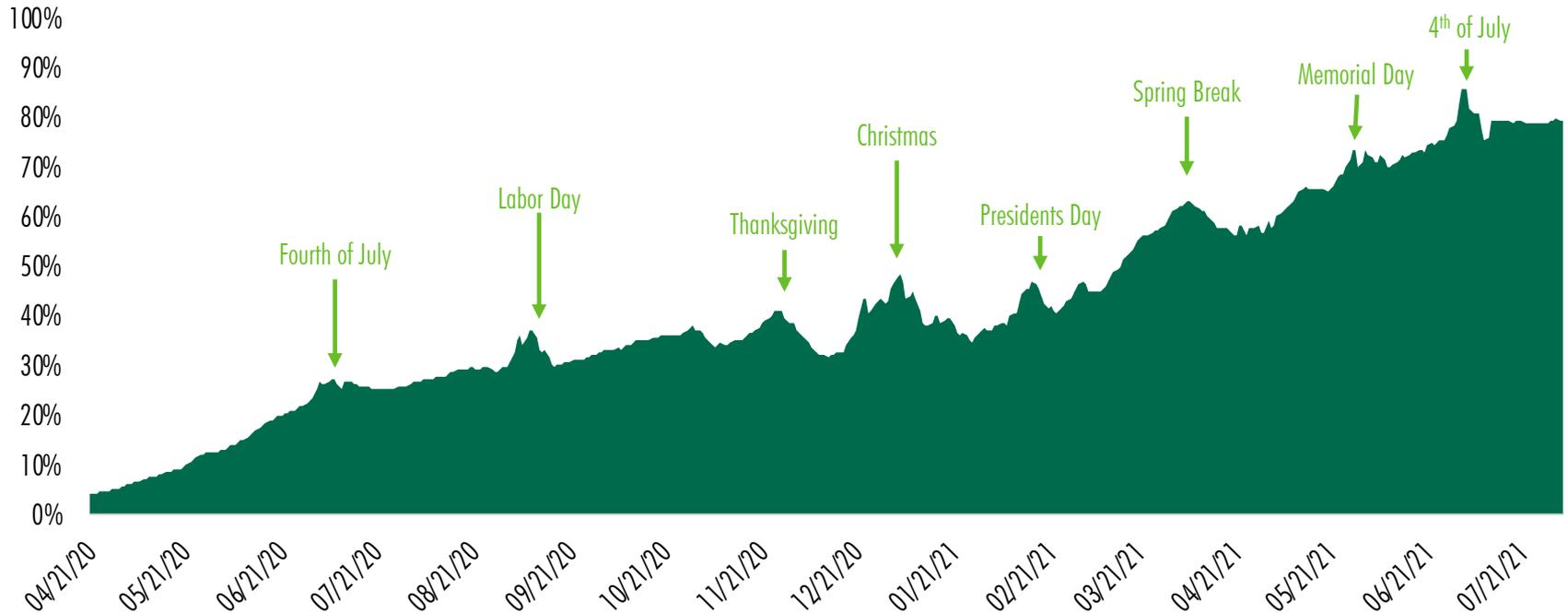


Source: CBRE Hotels Research, BLS, CoStar.v

- Average hourly hotel wages increased by 13% year-over-year in June, outpacing the national average of 5%. However, the gap between hourly hotel wages and the national average remains wide at more than \$9.
- Numerous layoffs during the pandemic, a surge in hotel reopenings and the fact that hourly hotel wages are just 64% of the national average have led to a labor shortage for the industry. Job openings per hotel averaged nearly 26 at the end of Q2.

FIGURE 2

DOMESTIC FLIGHT TRAVEL AT 80% OF 2019 LEVELS

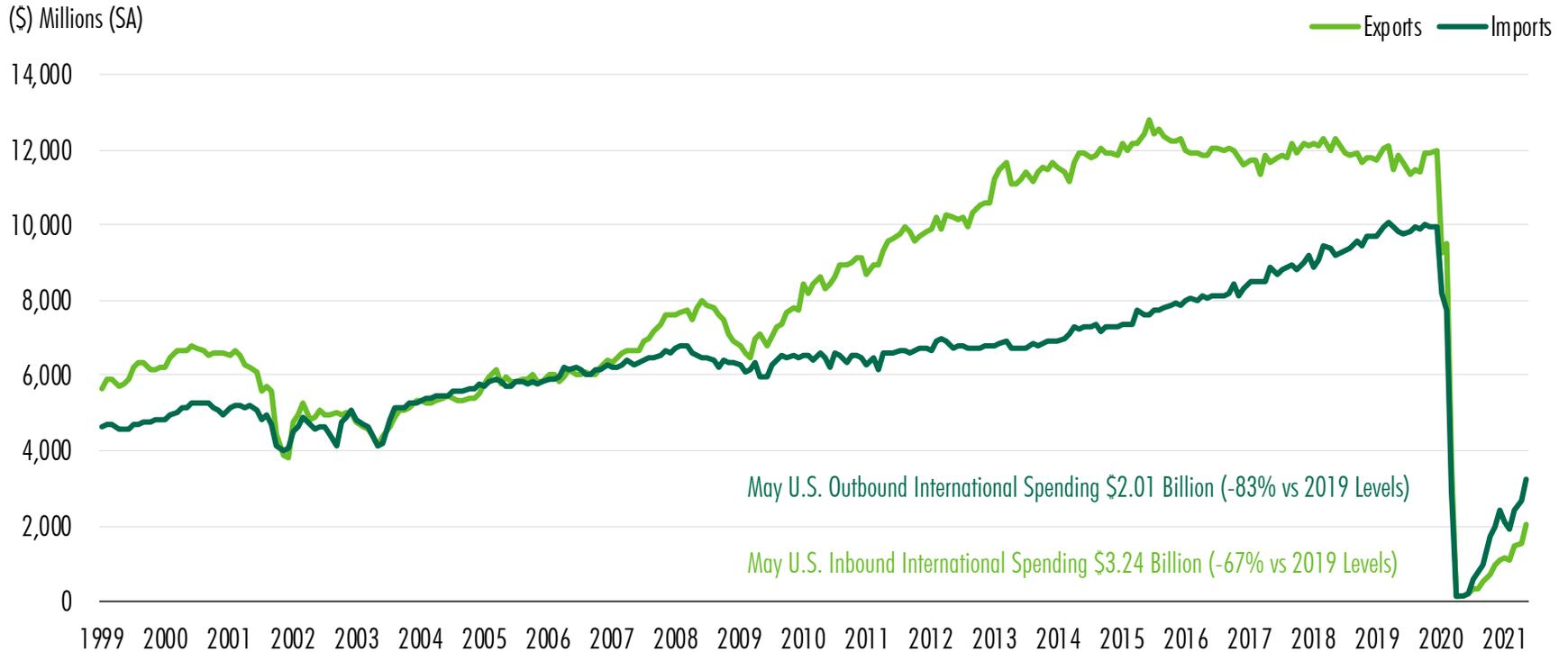


Source: CBRE Hotels Research, TSA.

- Domestic daily passenger counts compared with 2019 reached nearly 80% at the end of Q2.
- With the return to school in the next few weeks and a recent surge in COVID infections, the pace of travel recovery could stall and potentially give back a portion of its gains in Q4.

FIGURE 3

STEEP DECLINE IN INBOUND FOREIGN TRAVELER EXPENDITURES REMAINS A HEADWIND

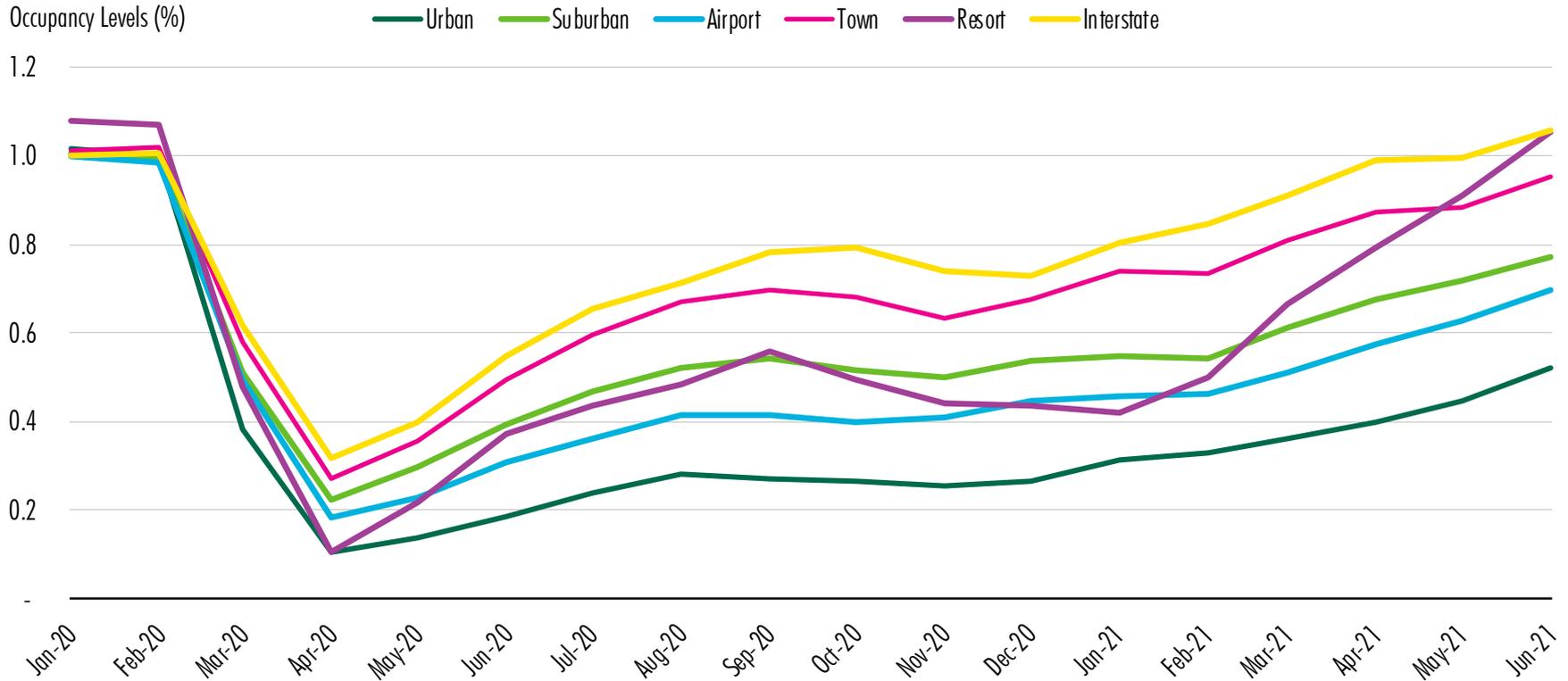


Source: CBRE Hotels Research, Bureau of Economic Analysis, National Travel and Tourism Office (NTTO), Q2 2021.

- On a trailing three-month basis as of the end of May, foreign traveler expenditures (goods and services) in the U.S. were down by 72% versus the same period in pandemic-free 2019.
- Gateway markets like Chicago, New York, San Francisco and Washington, D.C. have been particularly hard hit by the decline in international travel.

FIGURE 4

MONTHLY REVPAR INDEXED TO 2019 BY LOCATION

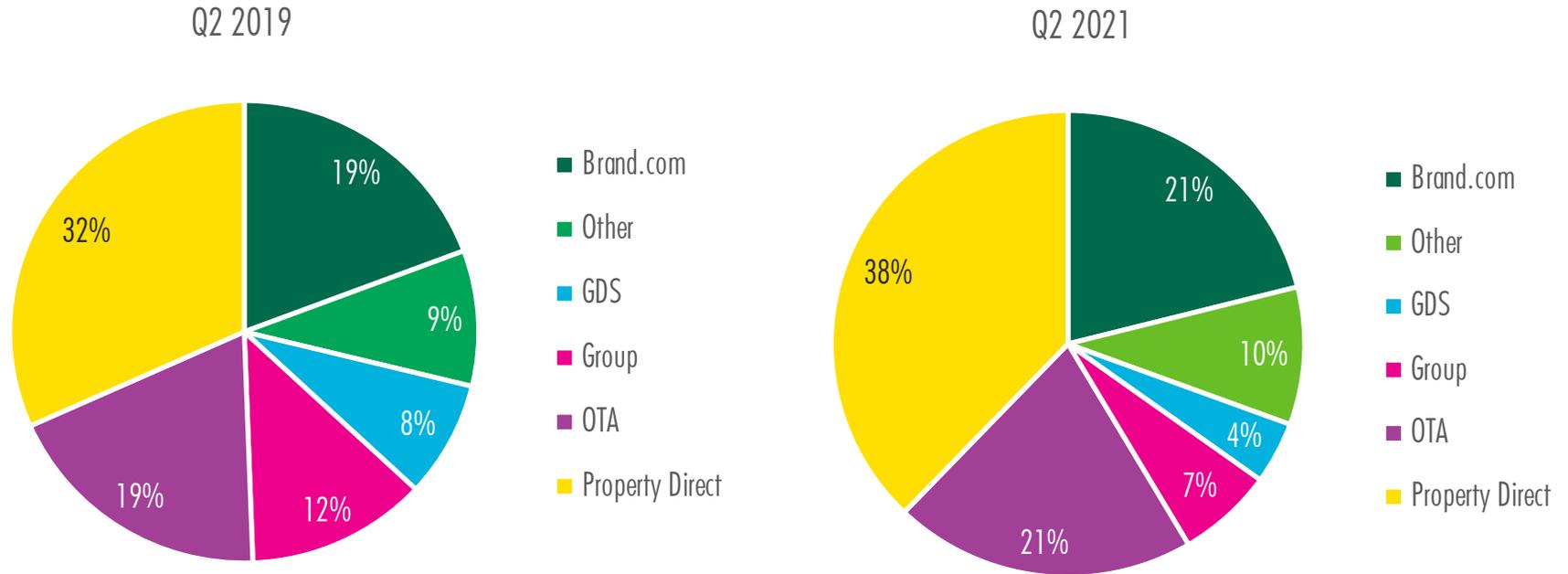


Source: CBRE Hotels Research, Kalibri Labs, Q2 2021.

- RevPAR of resort and interstate hotels hit record highs in Q2 2021. Smaller town locations were within 5% of their 2019 pre-pandemic RevPAR levels.
- Urban hotels continued to post the weakest results, with RevPAR in June at roughly half of the pre-pandemic level. Suburban and airport hotels also lagged, with RevPAR down 23% and 30%, respectively, vs. Q2 2019.

FIGURE 5

PERCENTAGE OF TOTAL ROOM NIGHTS BY CHANNEL SINCE PANDEMIC

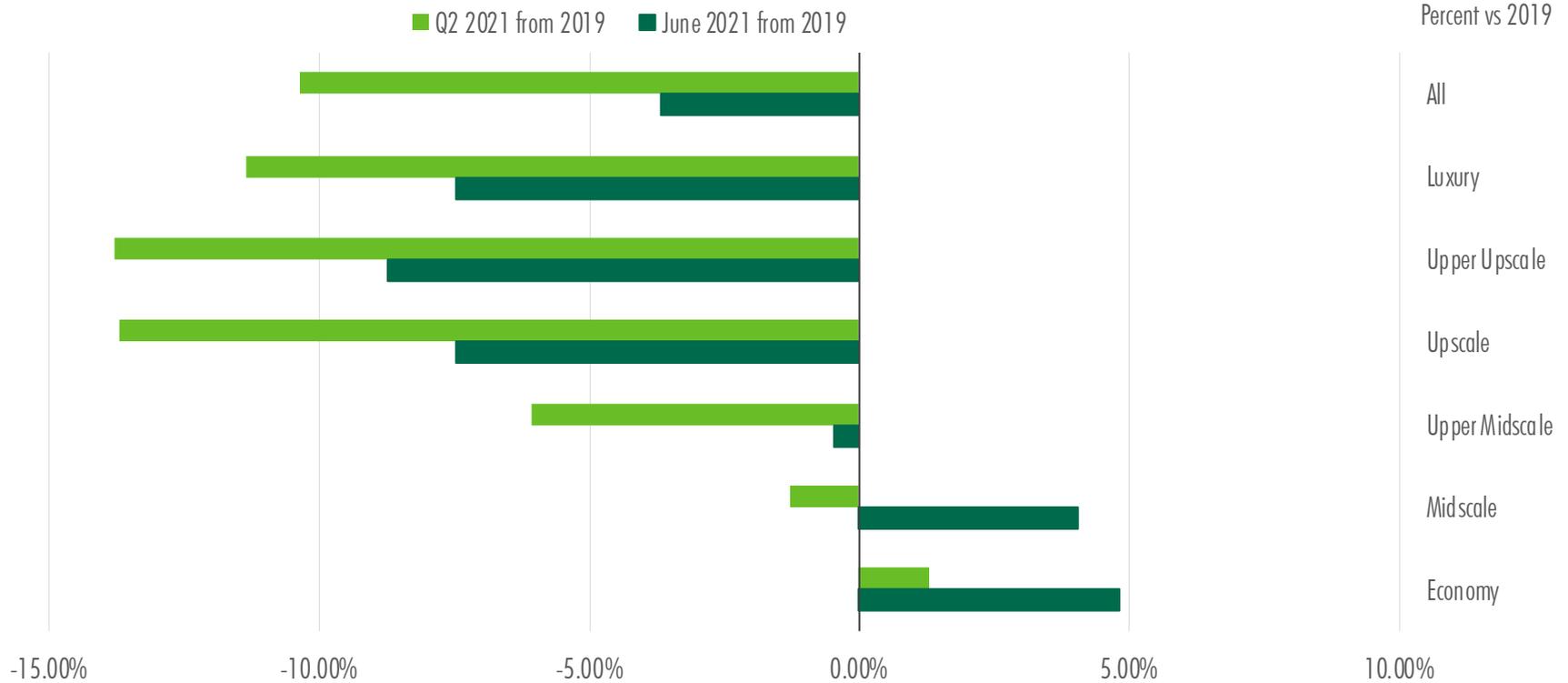


Source: CBRE Hotels Research, Kalibri Labs Q2 2021. * "Other" includes FIT Wholesale, Voice and Internal Discount

- The increasing percentage of leisure travelers has led to growth in property direct bookings and reservations made through OTAs and brand.com.
- Weakness in corporate and group business has led to nearly 50% declines in the percentage of bookings made via group and GDS channels.

FIGURE 6

ADR PERCENT CHANGE VS. 2019 BY CHAIN SCALE

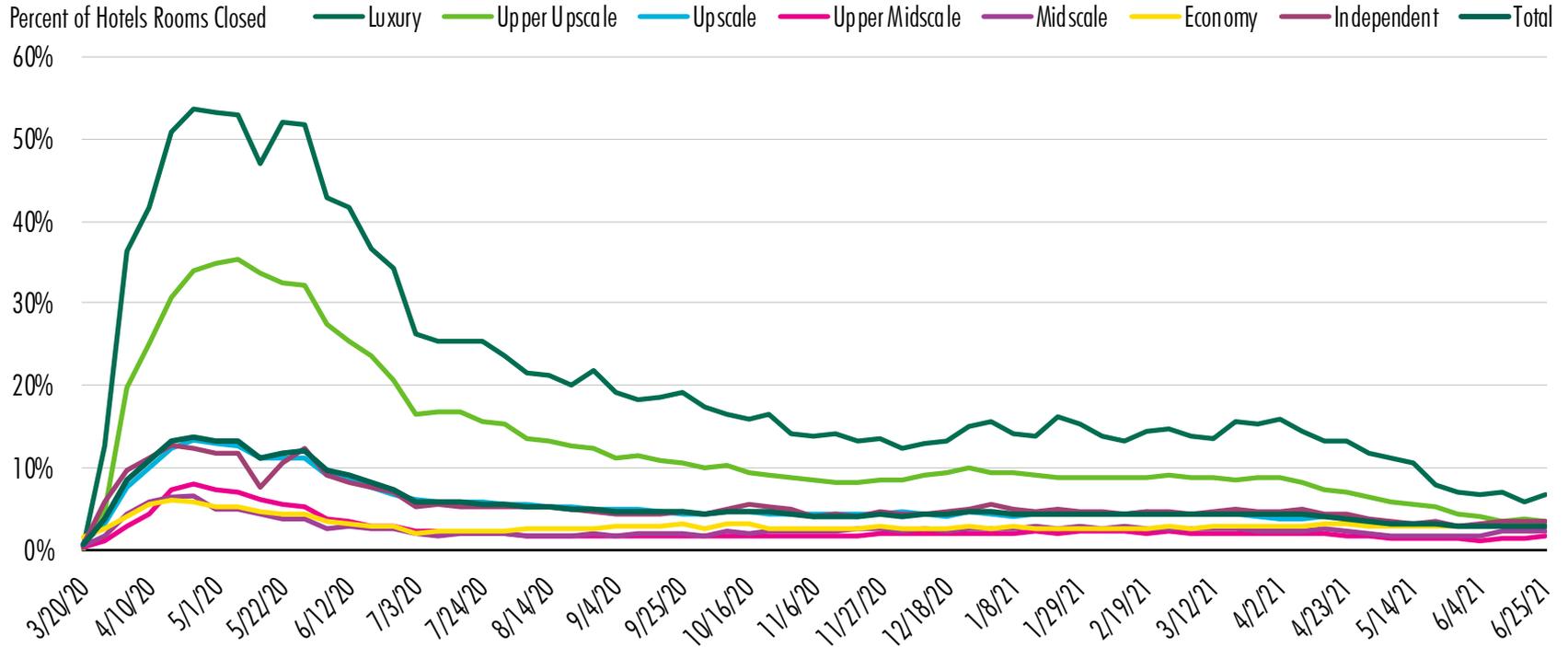


Source: CBRE Hotels Research, Kalibri Labs Q2 2021

- ADR was down by 10.4% in Q2 vs. 2019 due to pricing pressures across all chain scales except economy, which increased by 1.3%.
- ADR changes ranged from +1% for economy hotels to -13.8% for the corporate- and group-reliant upper upscale and upscale hotels.

FIGURE 7

HOTEL ROOM CLOSURES BY CHAIN SCALE

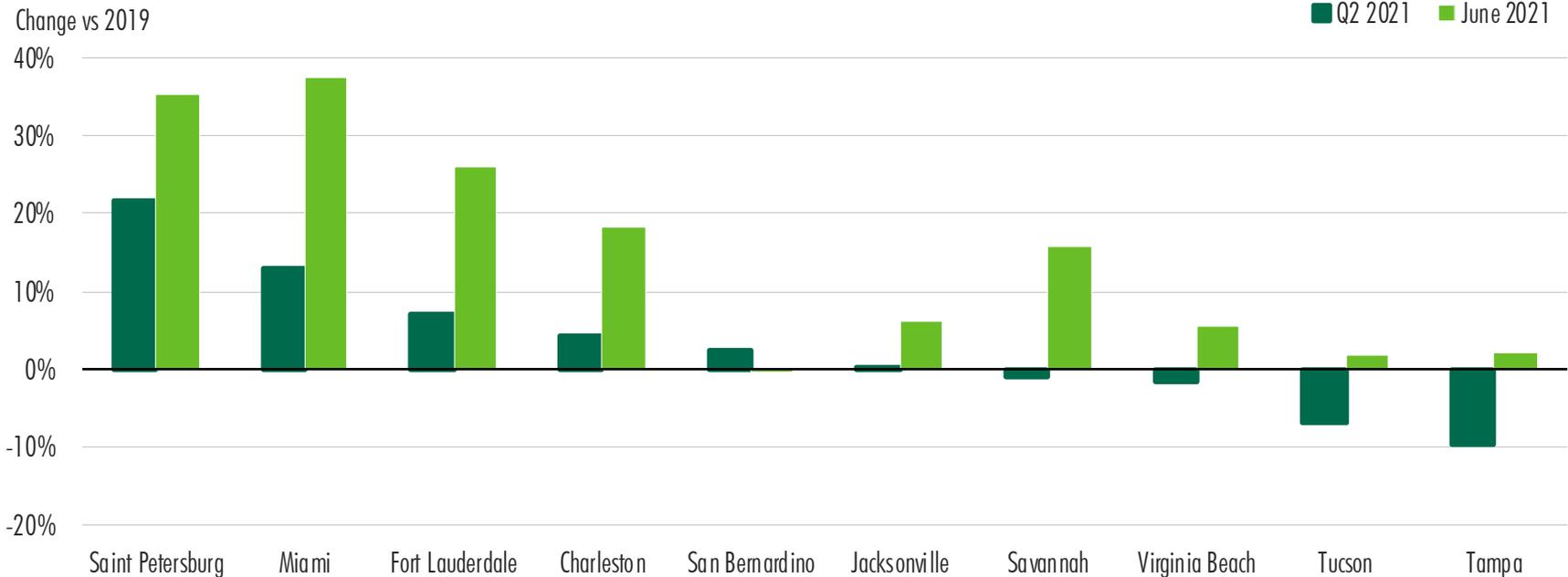


Source: CBRE Hotels Research, Kalibri Labs, Q2 2021.

- Only 3% of hotels were closed at the end of Q2, ranging from 6.7% of luxury hotels to just 2% to 3% of lower-priced hotels.
- As fall begins and owners get a clearer sense of the pace of business travel recovery, hotel closures may increase and some could be converted to other uses like office and multifamily.

FIGURE 8

Q2 & JUNE TOP 10 REVPAR MARKETS VS. 2019

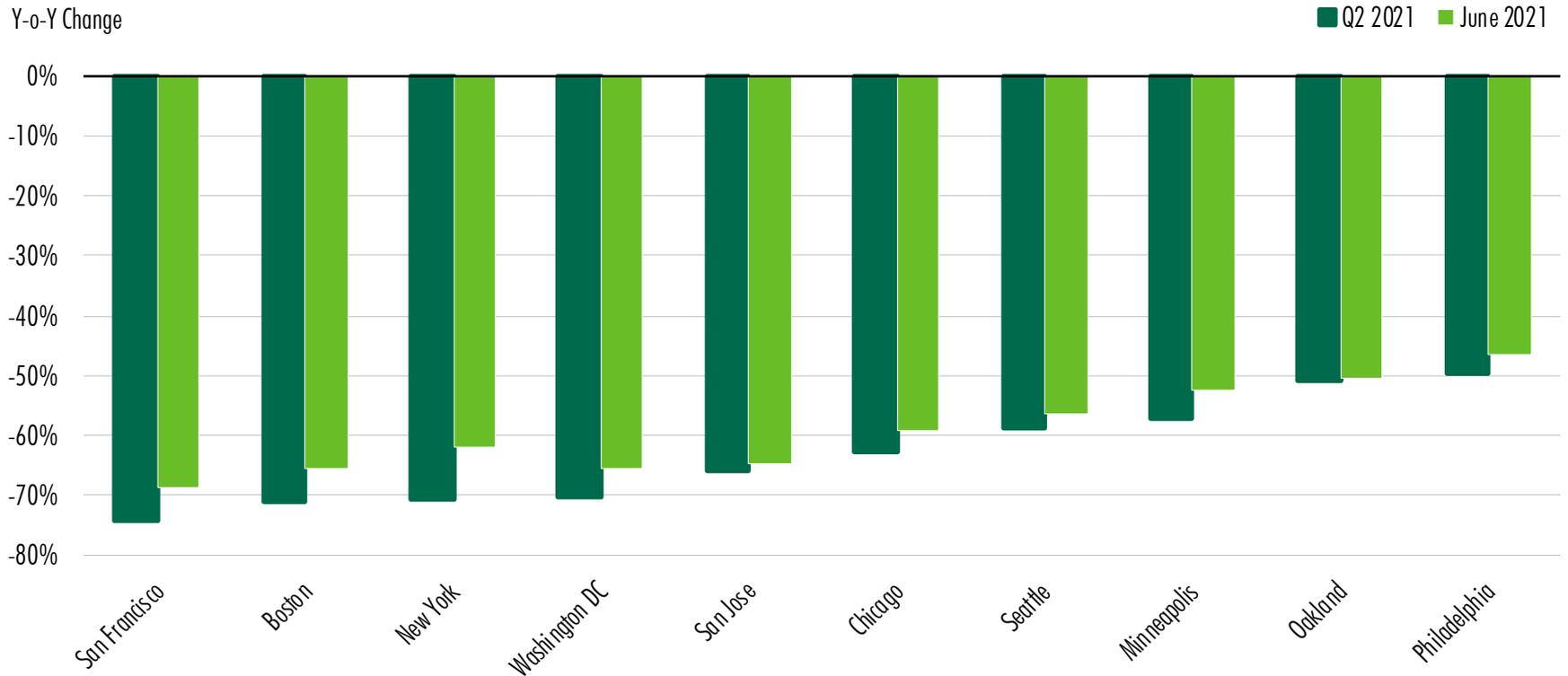


Source: CBRE Hotels Research, Kalibri Labs, Q2 2021.

- St. Petersburg was the top-performing market in Q2, posting 22% RevPAR growth vs. Q2 2019. June RevPAR growth was even stronger at 35% vs. 2019.
- Five of the top 10 performing markets in Q2 were in Florida. Other Southern markets in the top 10 were Charleston, Savannah and Virginia Beach.
- San Bernardino and Tucson—regional travel destinations with limited group exposure—were also among the top 10.

FIGURE 9

Q2 & JUNE BOTTOM 10 REVPAR MARKETS VS. 2019



Source: CBRE Hotels Research, Kalibri Labs, Q2 2021.

- San Francisco remained the worst-performing market in Q2, with RevPAR down by 74% from Q2 2019.
- Other markets in the bottom 10 were Boston, New York, Washington, D.C., San Jose, Chicago, Seattle, Minneapolis, Oakland and Philadelphia.



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