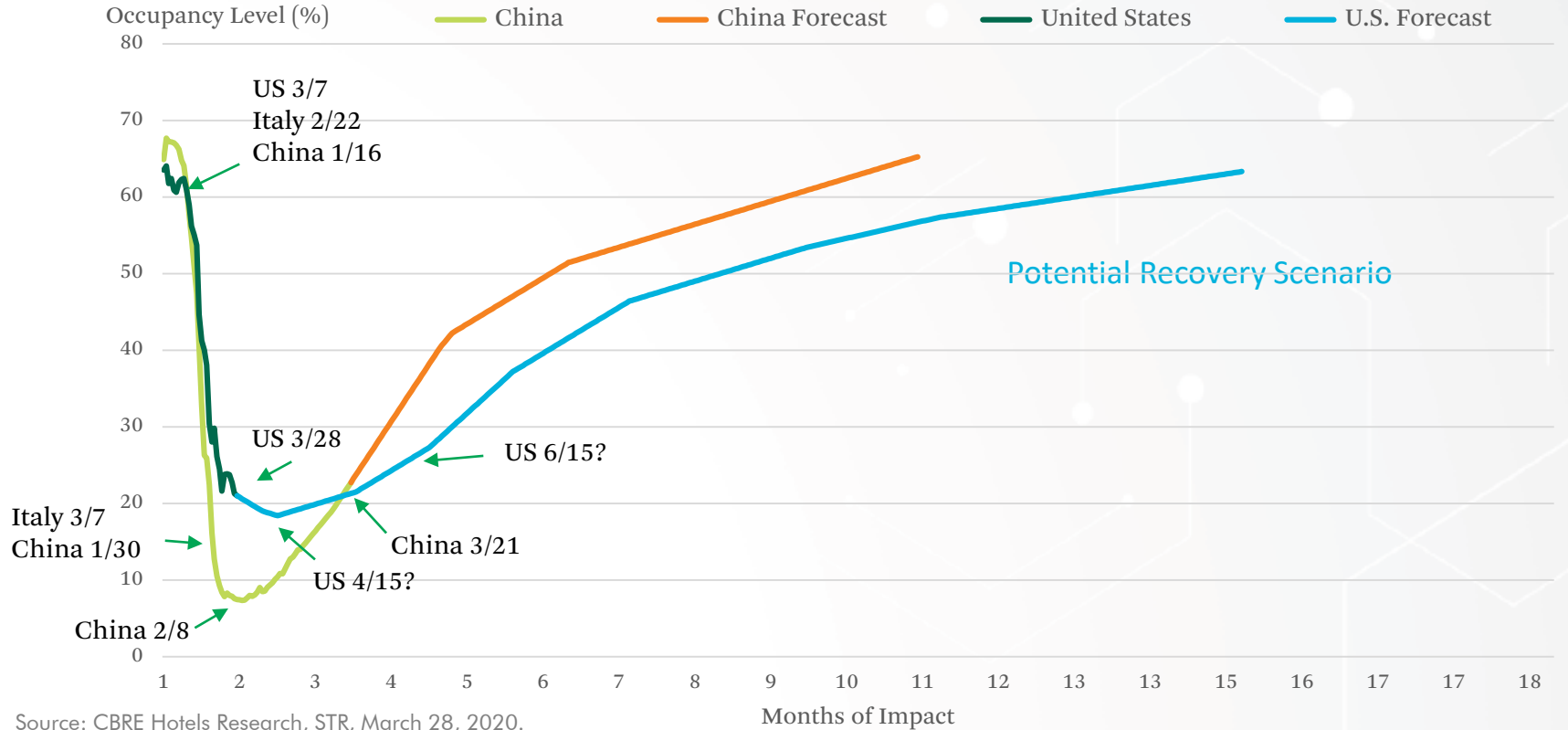


U.S. Outlook for 2020

Coronavirus and the Risk to Hotels

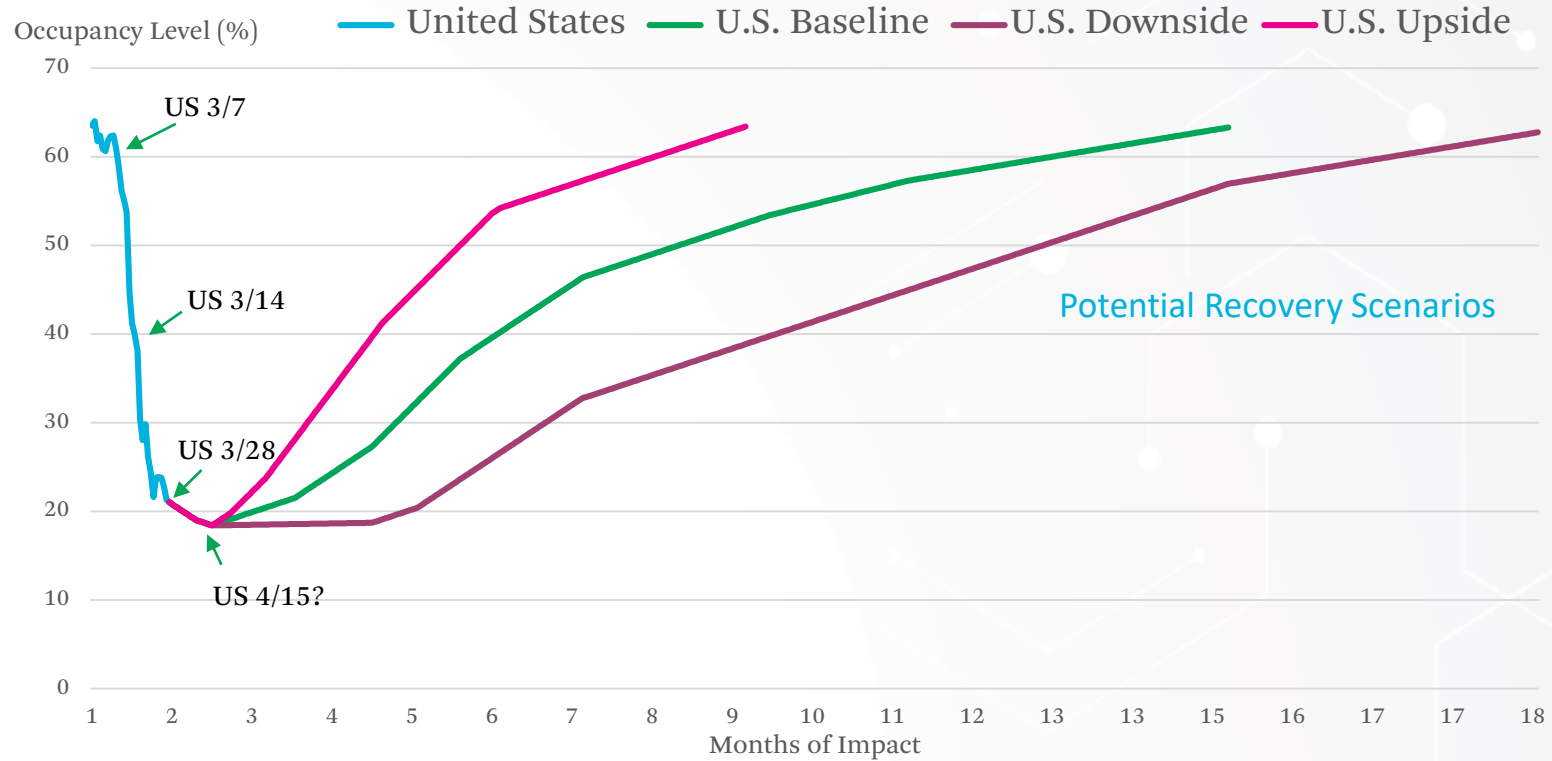
4/2/2020

DISRUPTION CURVE – HOTEL OCCUPANCY



Source: CBRE Hotels Research, STR, March 28, 2020.

DISRUPTION CURVE – HOTEL OCCUPANCY

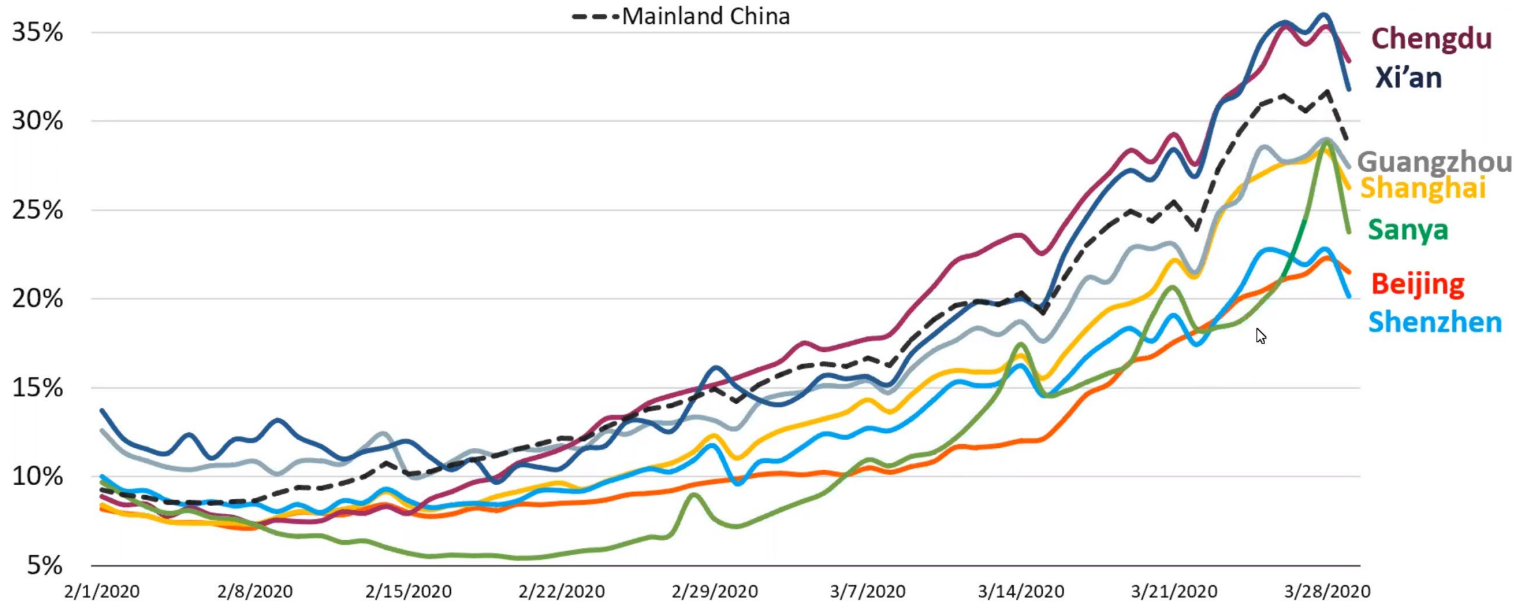


Source: CBRE Hotels Research, STR, April 2, 2020.

WHAT'S HAPPENING IN CHINA?

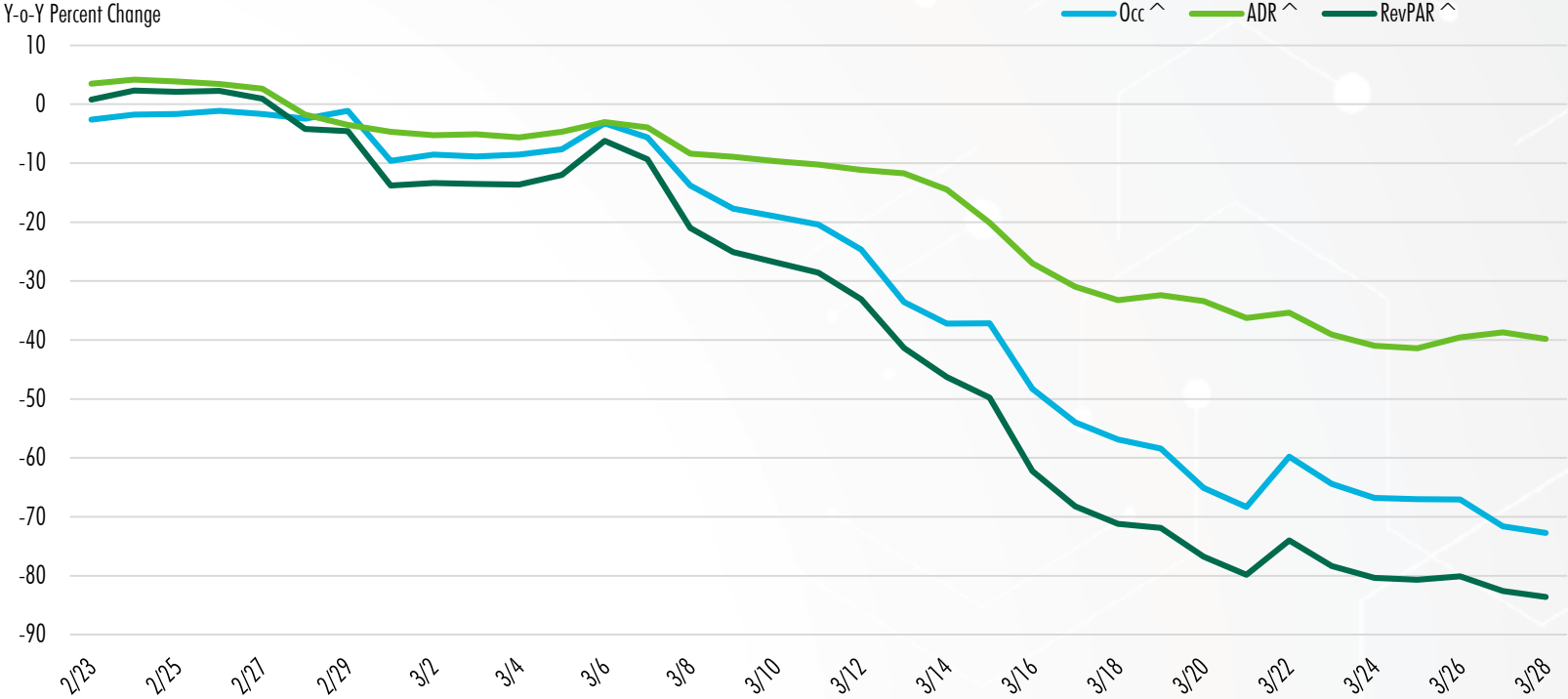
Mainland China market-level occupancy

1 February – 29 March 2020 , absolute occupancy



Source: STR, March 28, 2020.

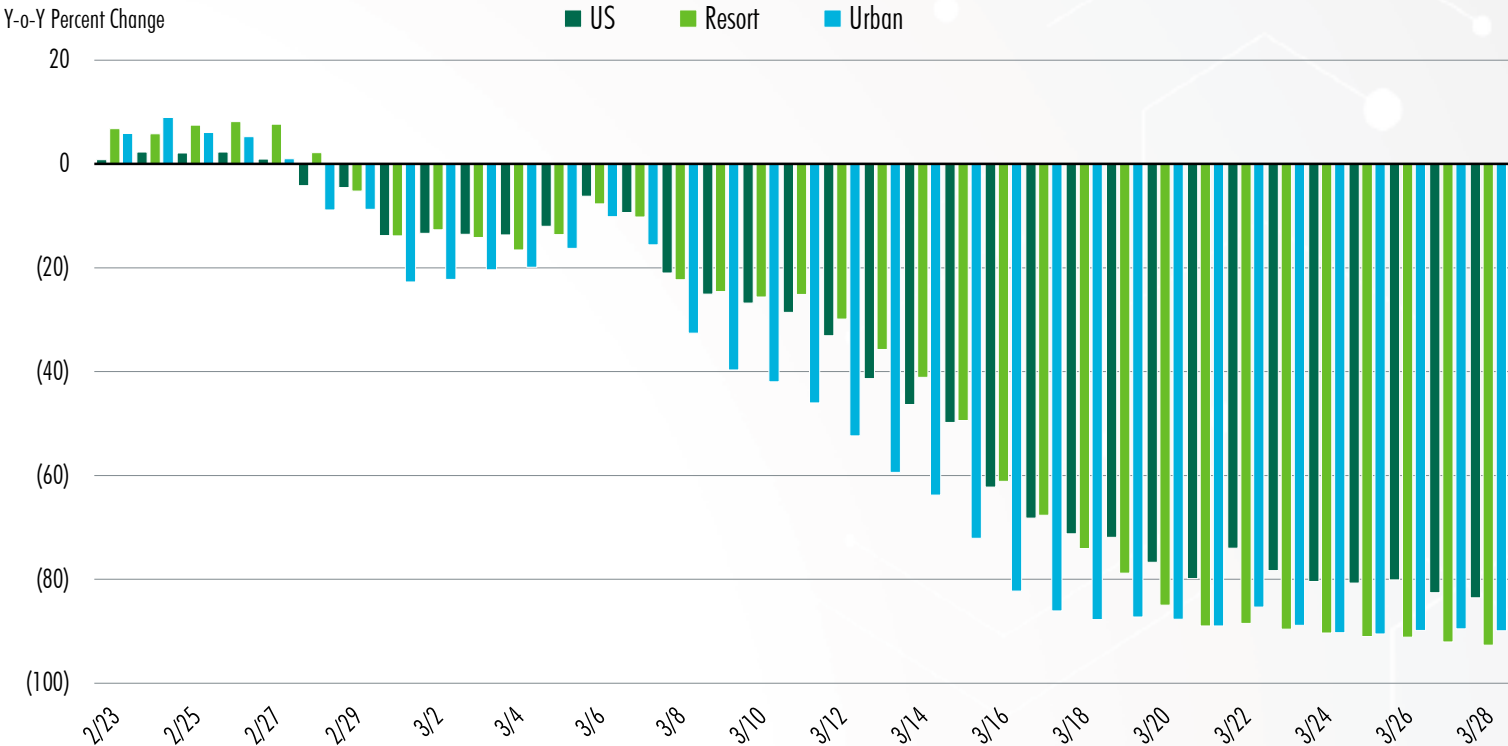
Deep Declines in Performance



Source: CBRE Hotels Research, STR, March 28, 2020.



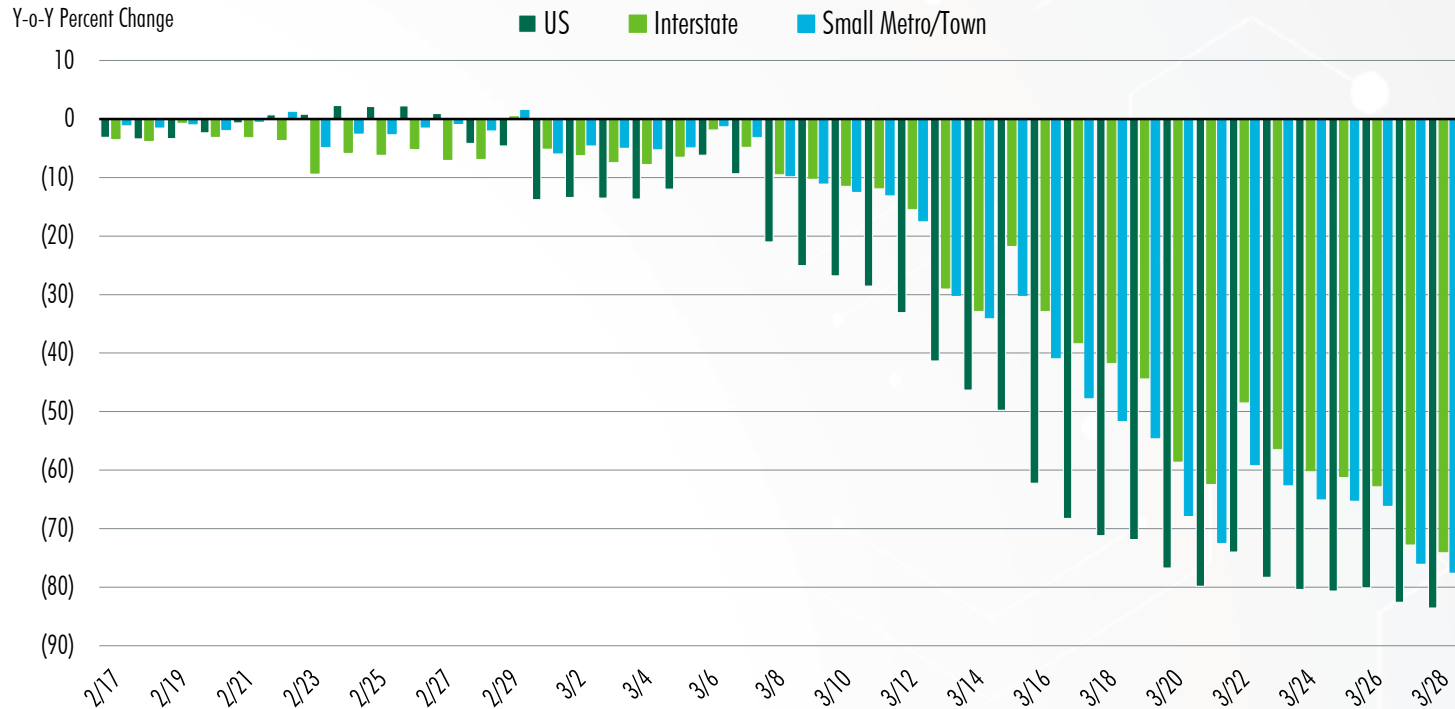
Impact Worse in Urban and Resort Locations



Source: CBRE Hotels Research, STR, March 28, 2020.

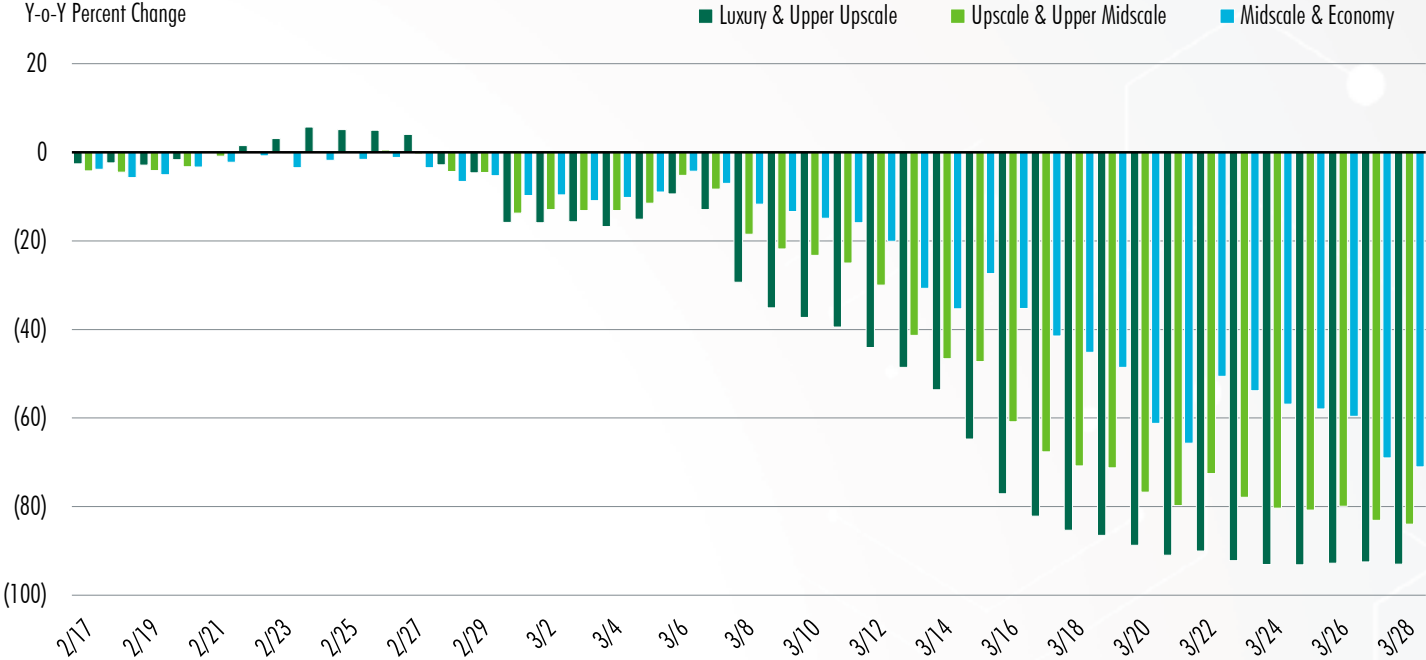


Much less Impact In Interstate & Small Metros.... So Far



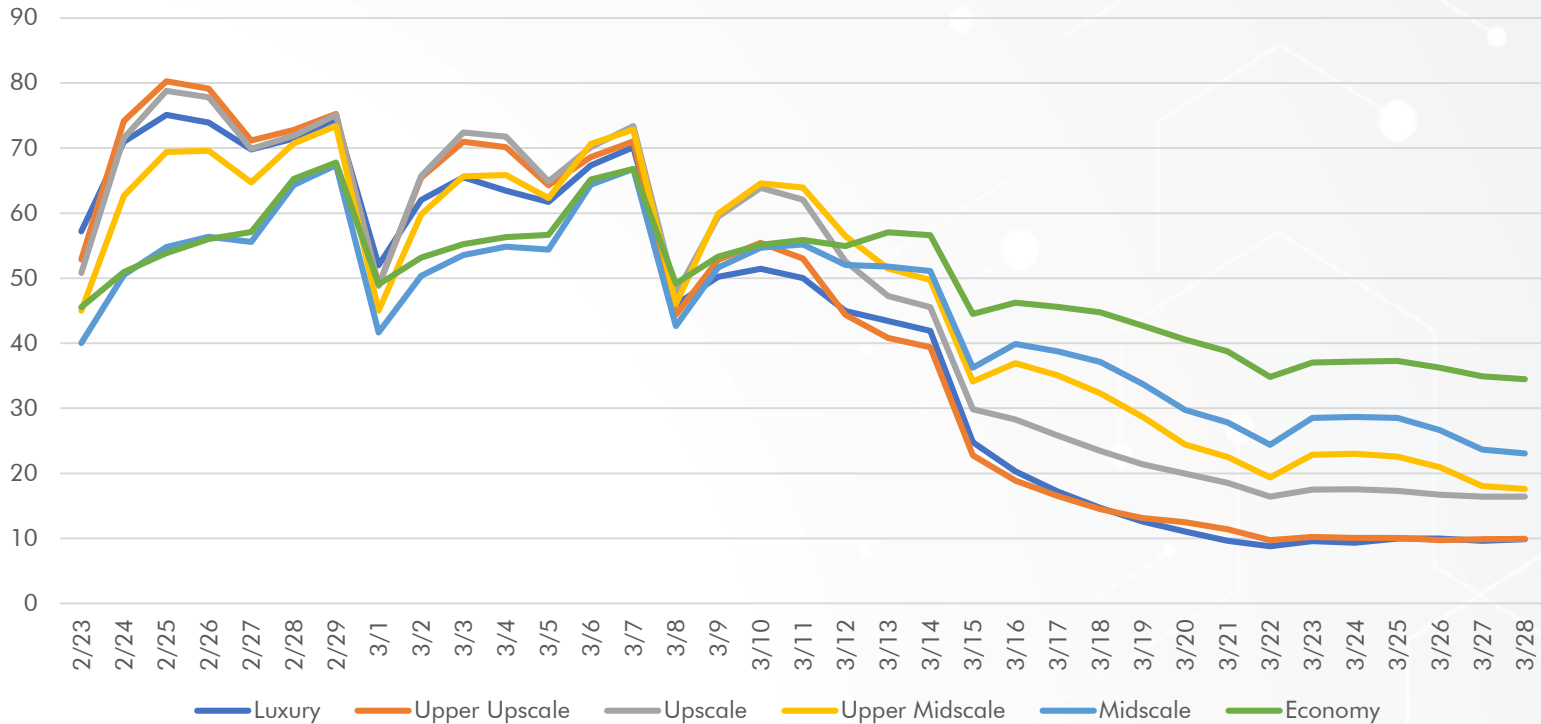
Source: CBRE Hotels Research, STR, March 28, 2020.

Higher THE ADR, Larger the Y-o-Y Percent Decline



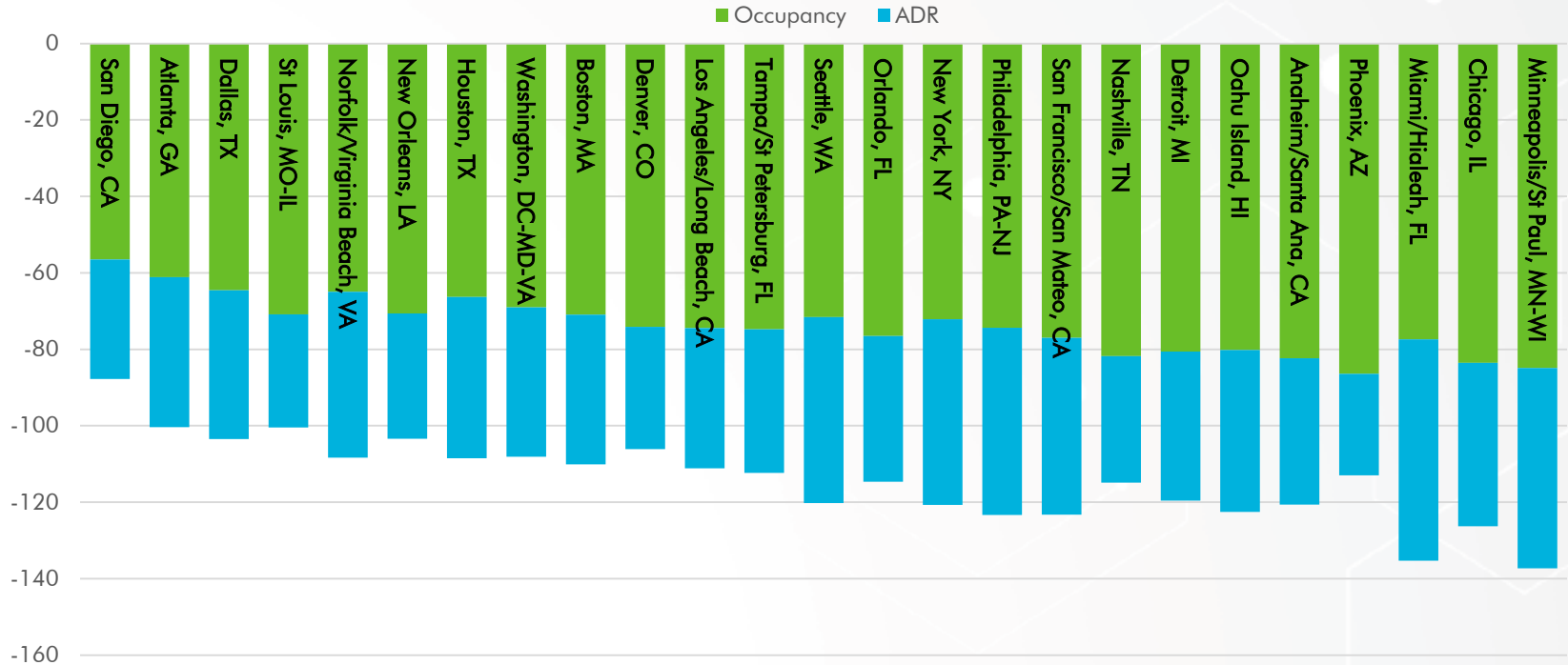
Source: CBRE Hotels Research, STR, March 28, 2020.

Higher THE ADR, Lower the Occupancy



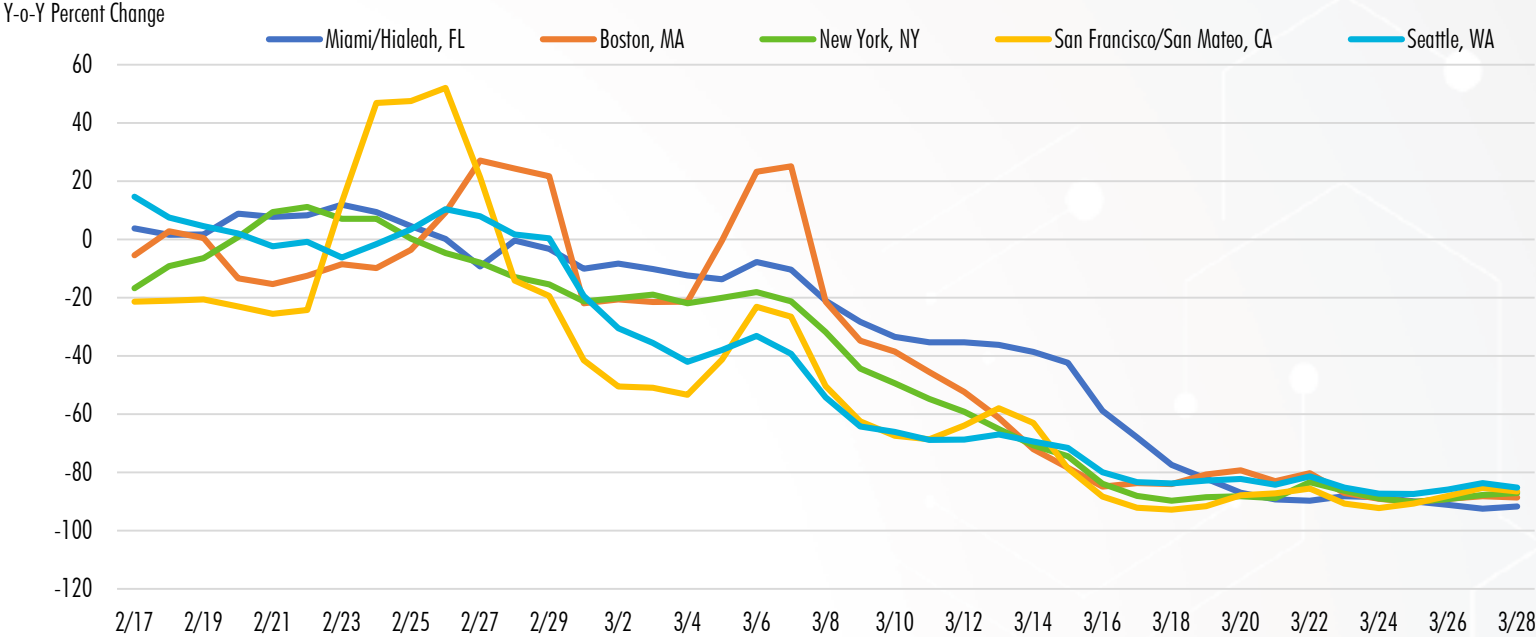
Source: CBRE Hotels Research, STR, March 28, 2020.

Top 25 Metro Performance - Week of March 28th



Source: CBRE Hotels Research, STR, March 28, 2020.

Gateway Cities – Large Impact



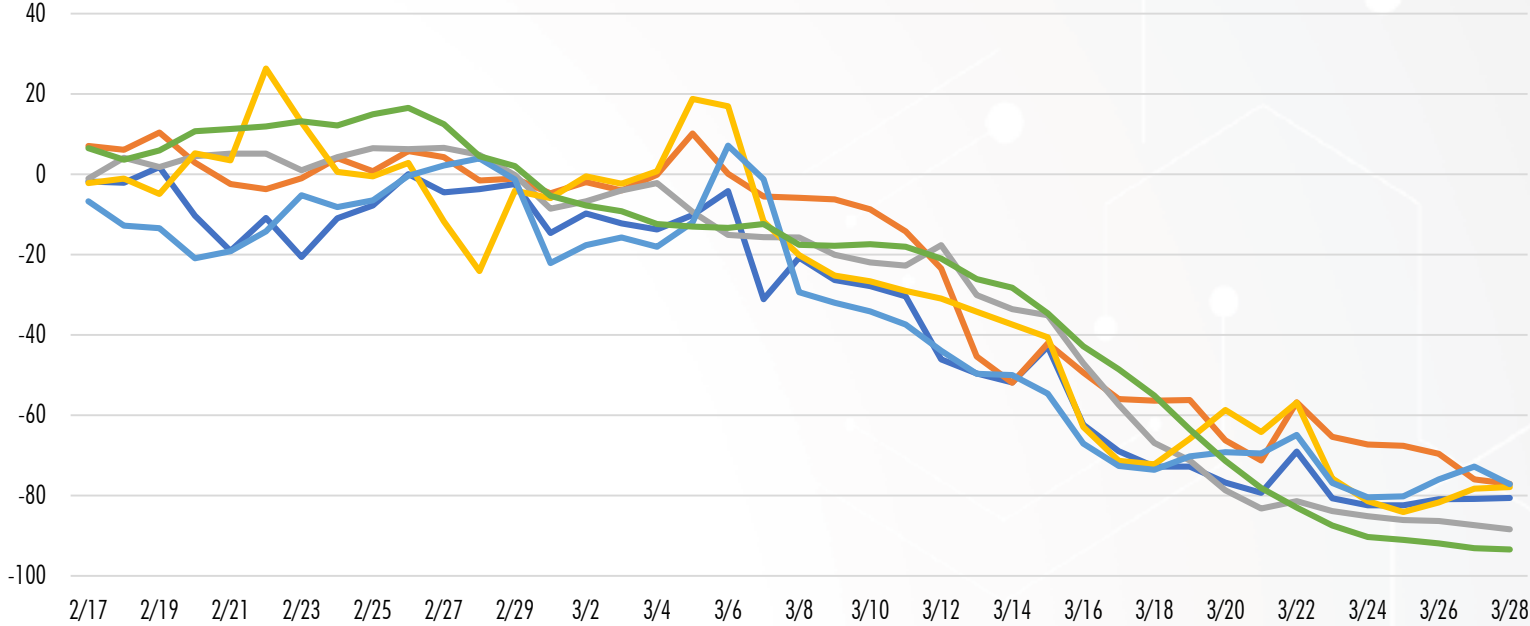
Source: CBRE Hotels Research, STR, March 28, 2020.



Lower Impact – Smaller Cities

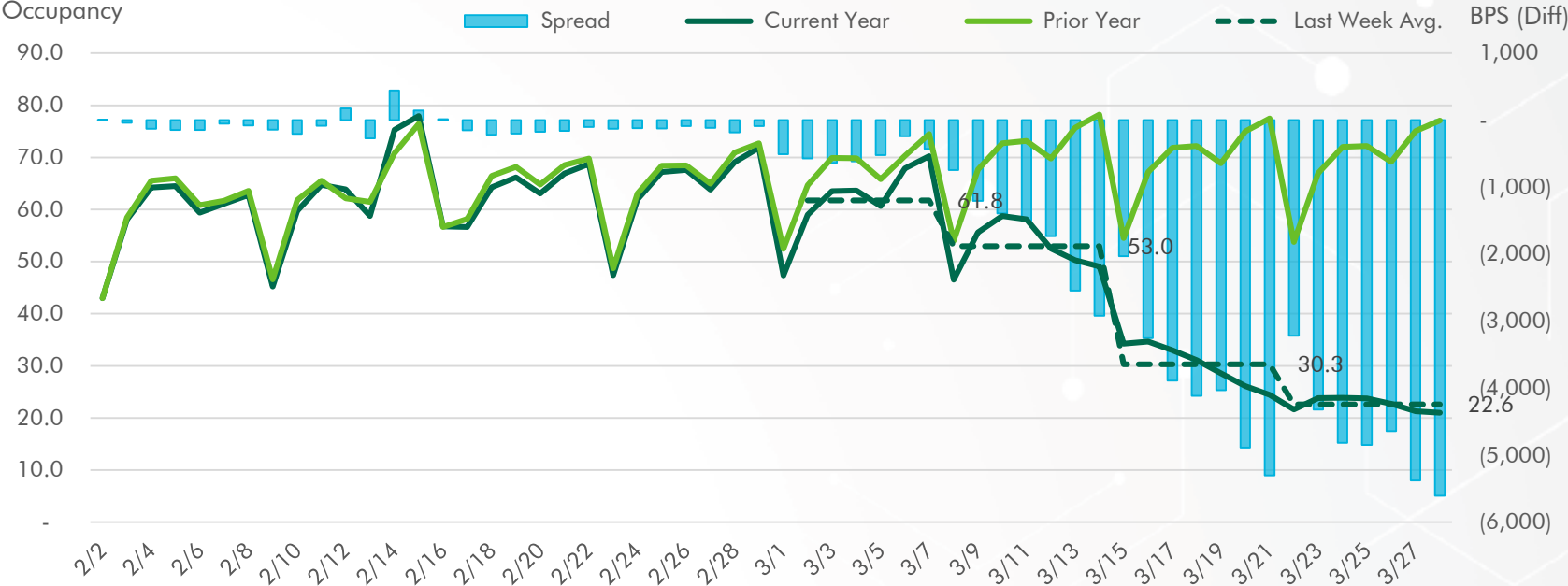
Y-o-Y Percent Change

— St Louis, MO-IL — Norfolk/Virginia Beach, VA — Tampa/St Petersburg, FL — Detroit, MI — Houston, TX — Oahu Island, HI



Source: CBRE Hotels Research, STR, March 28, 2020.

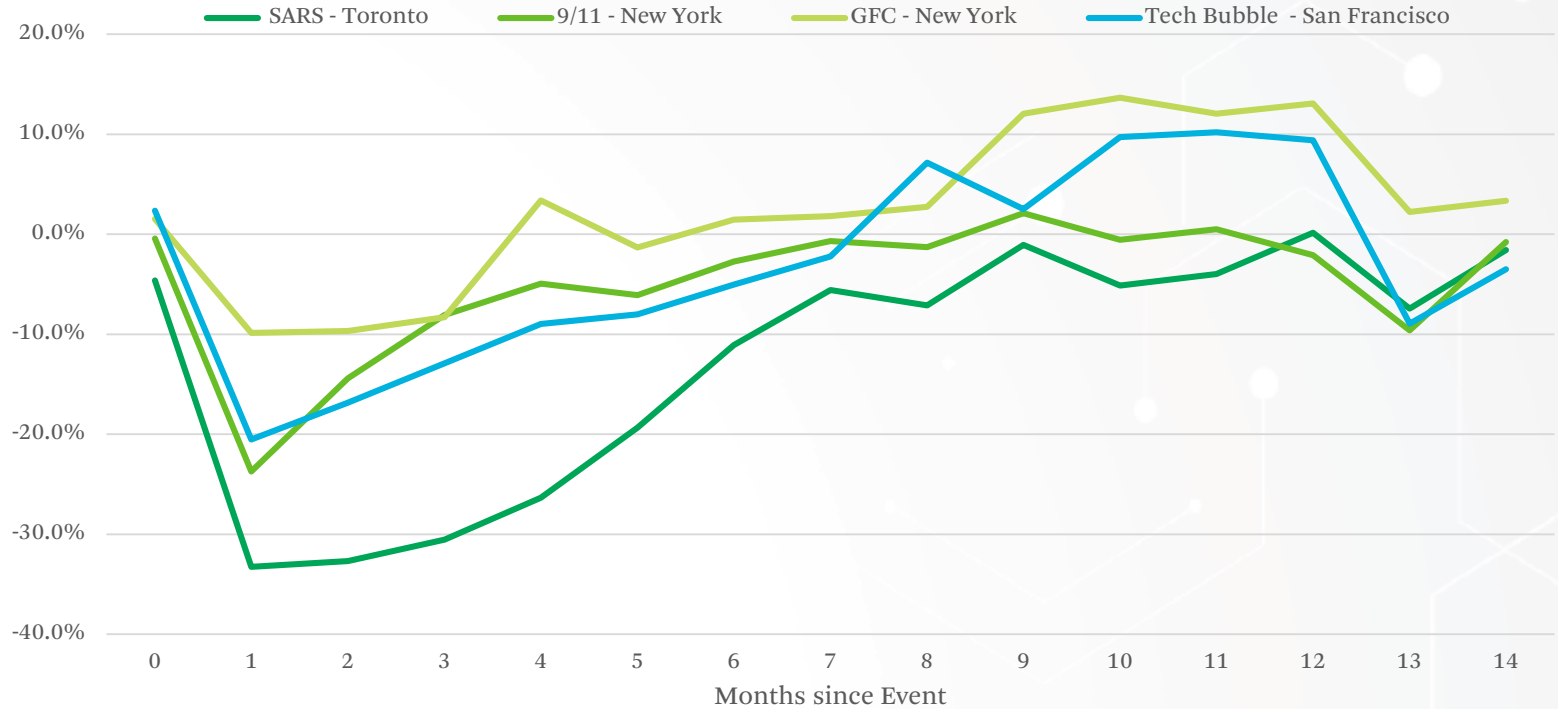
US Occupancy Levels



Source: CBRE Hotels Research, STR, March 28, 2020.

PAST DEMAND SHOCKS - IMPACT ON MARKET HOTEL DEMAND

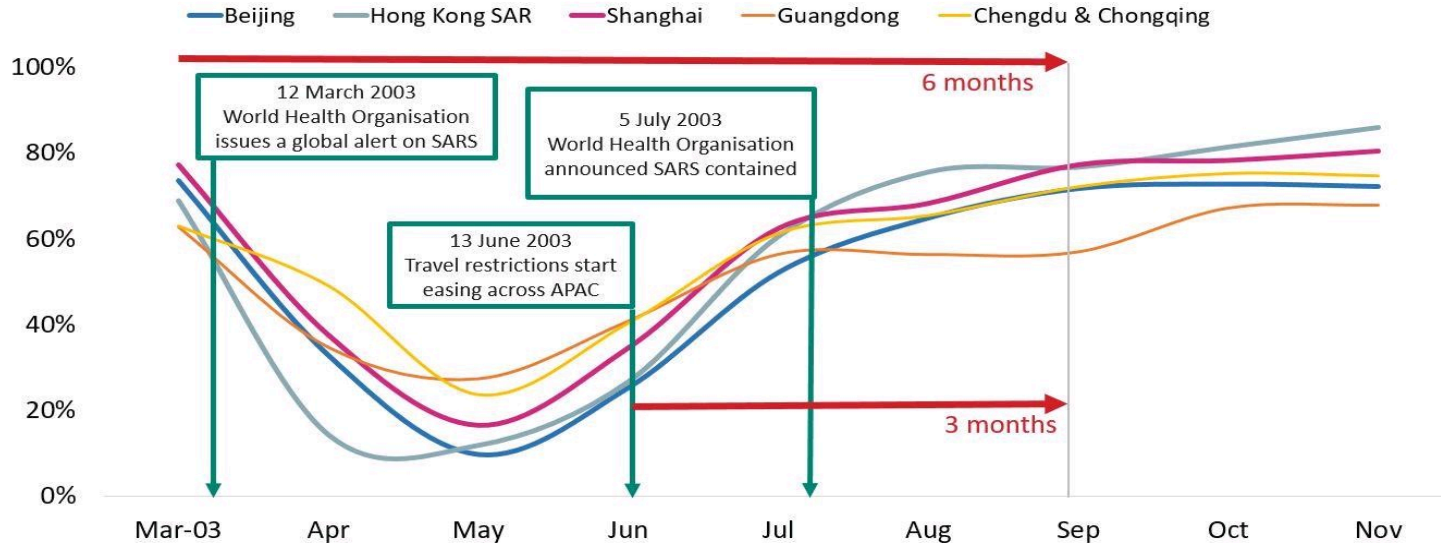
% Difference from month prior to event



Source: CBRE Hotels Research, STR

STR REPORTS HOTELS IN CHINA RECOVERED QUICKLY, POINTING TO POTENTIAL FOR FAST RECOVERY

China hotels recovered sharply after SARS travel restrictions eased
China Hotel Occupancy March-November 2003



Source: STR / 2020 © CoStar Realty Information, Inc..

PUBLISHED FORECASTS - NO GROWTH FOR 2020

Before COVID-19 Transmission outside of China

Market Data

Submarket Data

Economics

Submarket Locator

Investment Performance

Five Year History and Forecast (Annual)

United States — All Hotels — Baseline Forecast Scenario

YEAR	OCC	ΔOCC	ADR	ΔADR	REVPAR	ΔREVPAR	SUPPLY	ΔSUPPLY	DEMAND	ΔDEMAND
2015	65.4%	-	\$120.41	-	\$78.69	-	4,951,673	-	3,235,921	-
2016	65.4%	0.1%	\$124.06	3.0%	\$81.14	3.1%	5,021,012	1.4%	3,283,828	1.5%
2017	65.9%	0.7%	\$126.81	2.2%	\$83.52	2.9%	5,106,199	1.7%	3,363,052	2.4%
2018	66.1%	0.4%	\$129.96	2.5%	\$85.94	2.9%	5,206,614	2.0%	3,442,727	2.4%
2019	66.1%	0.0%	\$131.20	1.0%	\$86.73	0.9%	5,311,653	2.0%	3,511,367	2.0%
2020	65.6%	-0.8%	\$132.09	0.7%	\$86.63	-0.1%	5,417,265	2.0%	3,552,637	1.2%
2021	65.8%	0.3%	\$133.54	1.1%	\$87.86	1.4%	5,515,924	1.8%	3,629,089	2.2%

Down from -0.6%

Down from 1.4%

Down from 0.7%

Source: CBRE Hotels Research, STR, February 2020.

UPDATED DOWNSIDE FORECAST – PRELIMINARY 4/2/2020

Year	Occ	ΔOcc	ADR	ΔADR	RevPAR	ΔRevPAR
2016	65.4%	0.1%	\$124.06	3.0%	\$81.14	3.1%
2017	65.9%	0.7%	\$126.81	2.2%	\$83.52	2.9%
2018	66.1%	0.4%	\$129.96	2.5%	\$85.94	2.9%
2019	66.1%	0.0%	\$131.20	1.0%	\$86.73	0.9%
2020	42.7%	-35.4%	\$110.01	-16.2%	\$46.98	-45.8%
2021	59.9%	40.2%	\$123.64	12.4%	\$74.02	57.5%
2022	63.8%	6.5%	\$131.68	6.5%	\$83.95	13.4%
2023	64.8%	1.7%	\$134.45	2.1%	\$87.17	3.8%

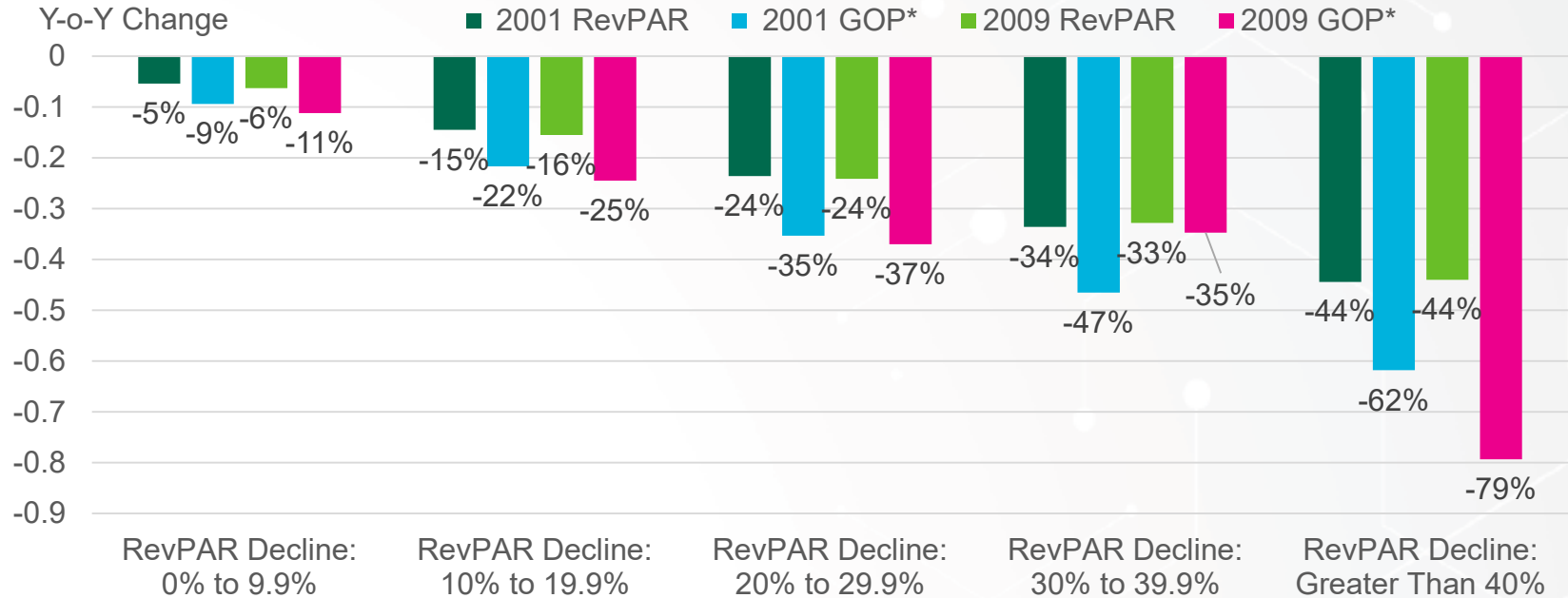
Source: CBRE Hotels Research, STR, April 2, 2020.

UPDATED DOWNSIDE FORECAST – PRELIMINARY 4/2/2020

Year	Baseline		Upside		Downside	
	RevPAR	ΔRevPAR	RevPAR	ΔRevPAR	RevPAR	ΔRevPAR
2016	\$81.14	3.1%	\$ 81.14	3.1%	\$ 81.14	3.1%
2017	\$83.52	2.9%	\$ 83.52	2.9%	\$ 83.52	2.9%
2018	\$85.94	2.9%	\$ 85.94	2.9%	\$ 85.94	2.9%
2019	\$86.73	0.9%	\$ 86.73	0.9%	\$ 86.73	0.9%
2020	\$46.98	-45.8%	\$ 58.48	-32.6%	\$ 38.03	-56.2%
2021	\$74.02	57.5%	\$ 87.41	49.5%	\$ 64.65	70.0%
2022	\$83.95	13.4%	\$ 91.70	4.9%	\$ 75.55	16.9%
2023	\$87.17	3.8%	\$ 95.10	3.7%	\$ 82.43	9.1%

Source: CBRE Hotels Research, STR, April 2, 2020.

IMPACT ON PROFITS: MULTIPLE REVPAR CHANGE SCENARIOS



Note: * Profit Before Management Fees and Non-Operating Income and Expenses

** Earnings Before Interest, Taxes, Depreciation and Amortization.

Source: CBRE, Trends® in the Hotel Industry

SUMMARY THOUGHTS

- THE HOTEL MARKET'S RECOVERY FROM PAST MAJOR SHOCKS, SUCH AS 9/11 NATIONALLY, SARS OUTBREAK IN TORONTO, ZIKA OUTBREAK IN MIAMI, TYPICALLY TOOK 14 TO 24 MONTHS.
- OUR DOWNSIDE SCENARIO INDICATES IT WILL TAKE SIX TO EIGHT MONTHS FOR US HOTEL DEMAND TO RECOVER, AND 12 - 24 MONTHS FOR ADR AND REVPAR TO RECOVER.
- THE IMPACT IN RECENT WEEKS HAS BEEN NEGATIVE FOR NEARLY ALL HOTEL OPERATORS. BUT IT HAS BEEN MORE ACUTE FOR URBAN AND AIRPORT LOCATIONS, AND LESS SO FOR SMALL METROS AND INTERSTATE HOTELS. THE HIGHER THE HOTEL SEGMENT'S ADR, THE LARGER THE YEAR-OVER-YEAR DECLINE.
- THE IMPACT SO FAR HAS BEEN GREATEST, IN GENERAL, FOR WEST COAST MARKETS AND NEW YORK CITY. MEANWHILE, IT HAS BEEN LESSER FOR EAST COAST MARKETS SUCH AS BOSTON, WASHINGTON DC, MIAMI AND (IN THE MIDWEST) CHICAGO.
- CAUSE FOR HOPE FOR FAST RECOVERY: CHINESE HOTELS HAD NEARLY FULLY RECOVERED FROM THE MARCH 2003 SARS OUTBREAK BY JULY OF THAT YEAR WHEN SARS WAS CONTAINED.
- MARKETS LIKELY TO SEE THE MOST SEVERE IMMEDIATE IMPACT ARE THOSE THAT GAIN A HIGH PERCENTAGE OF THEIR REVENUE FROM MARCH AND APRIL: PHOENIX, WEST PALM BEACH, TAMPA, NEW ORLEANS, MIAMI, FORT LAUDERDALE, TUCSON.

HOW WE CAN HELP

CBRE HOTELS ADVISORY

We understand the impact the current pandemic crisis is taking on your day-to-day operations and business models. As you evaluate the implications on your assets, CBRE Hotels stands ready to assist with the most up-to-date information, data, and customized services. The US CBRE Hotels Advisory team covers all territories and is backed by the #1 US Hotel Research group in the nation, enabling us to be the best equipped professionals for this situation.

We have identified the following services that can be offered in expedited fashion. They are largely desktop based but incorporate real-time data that can be applied to your specific property or portfolio. Given the scale and experience of our professional team, together with the unparalleled strength of the world's leading hospitality group, CBRE Hotels Advisory is prepared to offer these services on a weekly, bi-weekly, monthly or one-time basis. We are prepared to immediately help you navigate through the current environment with confidence.

Our Select Service Offering:



Advisory Services

Underwriting Due Diligence Package:

Red Flag Report, Supply & Demand Analysis, Financial Diagnostic with Sensitivity Analysis included



Asset Management

Desktop Operational Analysis:

Detailed Property Diagnostics, Interviews with Management Team, and a Strategic Business Plan for COVID-19 Situation



Valuation Services

Restricted Appraisal Report:

Desktop Income Approach, Guidance on Current Transaction, and Asset Stress Test

CBRE HOTELS ADVISORY

ADDITIONAL SUITE OF SERVICES

- Market Demand & Financial Feasibility Analysis *(Both New & Existing)*
- Appraisals:
 - + *Real Estate Appraisals*
 - + *Business Valuations*
- Stress Tests
- Impairment Testing
- Liquidity Assessment
- Asset Management
- Financial Benchmarking
- Operational Reviews
- Occupancy Forecasting
- Litigation Support
- Debt Advisory
- Operator/Brand Selection
- Branding, Re-Branding & Marketing
- Development Advisory
- Management Company Selection
- Acquisition Due Diligence:
 - + *Buy Side*
 - + *Sell Side*
 - + *Technical*



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