

COVID-19 MARKET UPDATE

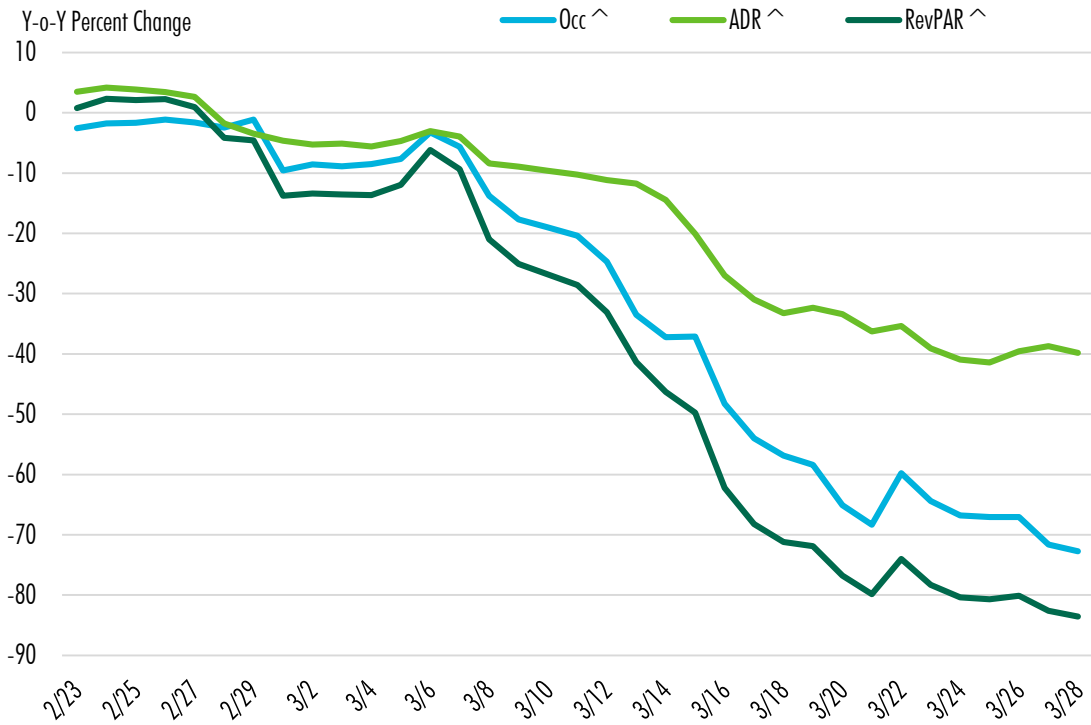
CBRE HOTELS ADVISORY

APRIL 6, 2020

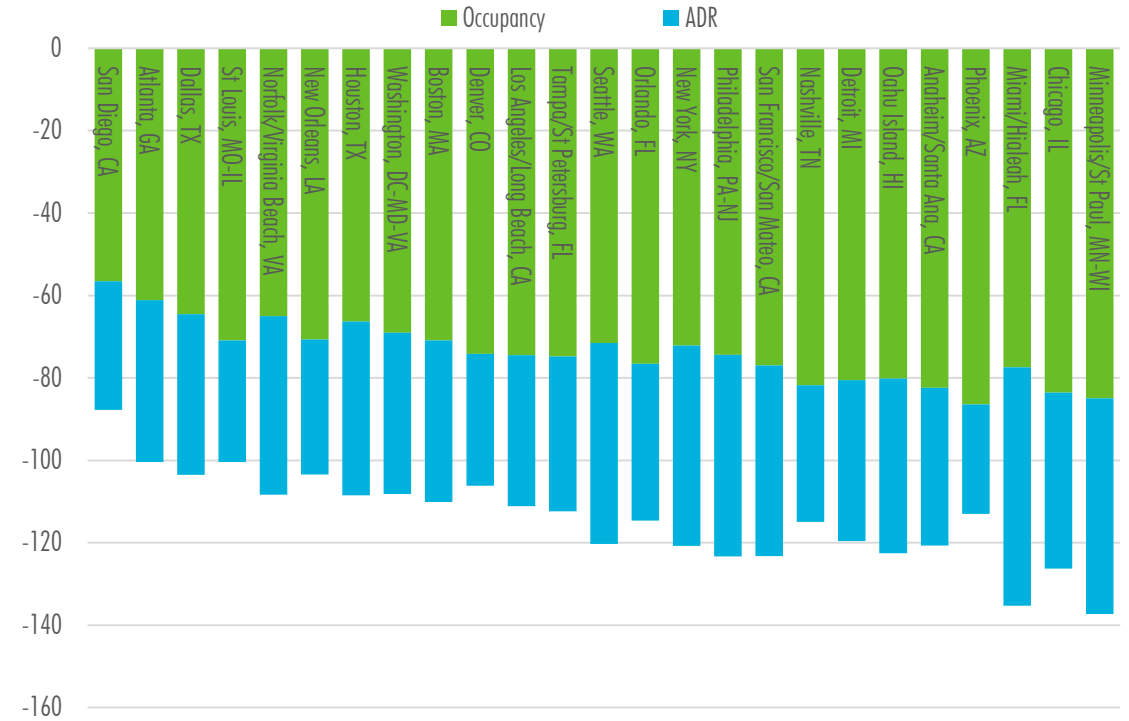
NATIONAL HOTEL PERFORMANCE

Year-Over-Year Changes in KPIs

Daily U.S. Hotel Performance



Top 25 MSAs, Week of March 22 –28:



NATIONAL FORECAST

U.S. Market Update

The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organization as a “Global Pandemic” on the 11th March 2020, is causing heightened uncertainty in both local and global market conditions. Global financial markets have seen steep declines since late February largely on the back of the pandemic over concerns of trade disruptions and falling demand. As such, CBRE Hotels Research has revised its market projections to reflect the impact from COVID-19.

All Hotels

In 2020, hotels in the United States are anticipated to achieve an occupancy of 42.7% and an ADR of \$110, resulting in a RevPAR of \$47. This represents a decline of 35% in occupancy, 16% in ADR, and nearly 46% in RevPAR. Over the next five years, occupancy is not projected to recover to 2019 levels, although it will surpass the long-run average from 1988-2019 of 62.6% in 2022. ADR is anticipated to recover in two years, surpassing 2019 ADR in 2022. Overall, RevPAR will fully recover in 2023, taking three full years to recover from the impact of COVID-19.

UNITED STATES- COVID-19 MARKET FORECAST- ALL HOTELS										
	Occ	Δ Occ	ADR	Δ ADR	RevPar	Δ RevPar	Supply	Δ Supply	Demand	Δ Demand
2019	66.1%	-	\$131.20	-	\$86.73	-	5,311,653	-	3,511,367	-
2020	42.7%	-35.4%	\$110.01	-16.2%	\$46.98	-45.8%	5,345,979	0.6%	2,282,996	-35.0%
2021	59.9%	40.2%	\$123.64	12.4%	\$74.02	57.6%	5,376,941	0.6%	3,218,893	41.0%
2022	63.8%	6.5%	\$131.68	6.5%	\$83.95	13.4%	5,442,008	1.2%	3,469,446	7.8%
2023	64.8%	1.7%	\$134.45	2.1%	\$87.17	3.8%	5,538,607	1.8%	3,590,764	3.5%
2024	65.6%	1.2%	\$136.72	1.7%	\$89.67	2.9%	5,635,150	1.7%	3,695,984	2.9%

Source: CBRE Hotels

The opposite chart shows yearly projections through 2024.

* CBRE Hotels covers 60 national markets, and updated COVID-19 analysis is available for each market.

HOW WE CAN HELP

CBRE Hotels Advisory

We understand the impact the pandemic crisis is taking on day-to-day operations and business models. CBRE Hotels stands ready to assist with the most up-to-date information and data, best econometric forecasting and a wide array of customized services. The CBRE Hotels Advisory team covers all territories and is backed by the #1 US hotel research and hospitality economists in the nation, enabling us to provide the best resources for our clients.

Below are some of the services we offer for immediate impact. These services incorporate real-time data which can be applied to your specific property or portfolio for instant, accurate results. Given the scale and experience of our Hotels professionals team, coupled with the unparalleled depth of the world's leading hospitality research, CBRE Hotels Advisory stands ready to offer services on a weekly, bi-weekly, monthly, or as-needed basis. Contact us [NOW](#) to discuss how we can customize the services you need to make informed decisions. CBRE Hotels Advisory stands prepared to help navigate through this crisis with confidence.

Highlighted Offerings:



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

Suite of Services

1. FEASIBILITY & VALUATIONS

- Market Demand & Financial Feasibility Analysis (Both New & Existing)
- Appraisals
 - + Real Estate Appraisals
 - + Business Valuations
- Stress Tests
- Impairment Testing
- Liquidity Assessment

2. POSITIONING

- Operator/Brand Selection
- Operational Reviews

3. ADDITIONAL ADVISORY SERVICES

- Branding, Re-Branding & Marketing
- Food & Beverage
- Litigation Support
- Occupancy Forecasting

4. DELIVERY

- Development Advisory
- Management Company Selection

5. INVESTMENT & TRANSACTION

- Acquisition Due Diligence
 - + Buy Side
 - + Sell Side
 - + Technical
- Debt Advisory

6. ASSET MANAGEMENT & MONITORING

- Asset Management
- Financial Benchmarking
- Workouts



UNDERWRITING DUE DILIGENCE

CBRE Hotels Advisory Capabilities

National REIT Portfolio Valuations

- Multiple annual valuations of large portfolios across the US and Caribbean
- 50+ advisory professionals throughout the US
- Local market knowledge and personal visits

Global Portfolio Due Diligence

- Experienced with headline-making buy-side international due diligence assignments
- Phased analyses: short-term quick turns, desktop only, deep dives post-signing
- Advisory and work-out solutions for independent hotels
- CBRE Hotels team members in APAC, EMEA, and Americas with 24/7 availability
- Experienced Asset Management Team and Receivers immediately available



CBRE HOTELS ADVISORY

Additional Suite of Services

- Market Demand & Financial Feasibility Analysis
 - (Both New & Existing)
- Destination/Tourism Analysis
- Valuations:
 - + Real Estate Appraisals
 - + Business Valuations
- Asset Management
- Financial Benchmarking
- Litigation Support
- Acquisition Due Diligence:
 - + Buy Side
 - + Sell Side
 - + Technical
- Debt Advisory
- Operator/Brand Selection
- Operational Reviews
- Branding, Re-Branding & Marketing
- Food & Beverage



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PLEASE GO TO THE SITE BELOW FOR ONGOING ANALYSIS:

WWW.CBRE.COM/COVID-19

CBRE HOTELS

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