



# Forecasting post-pandemic

US and FLL hotel performance trends and forecast considerations

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# Agenda



**1.**

US  
headlines

**2.**

The metrics  
to watch

**3.**

Focus on Fort  
Lauderdale

**4.**

What happens  
next?

**5.**

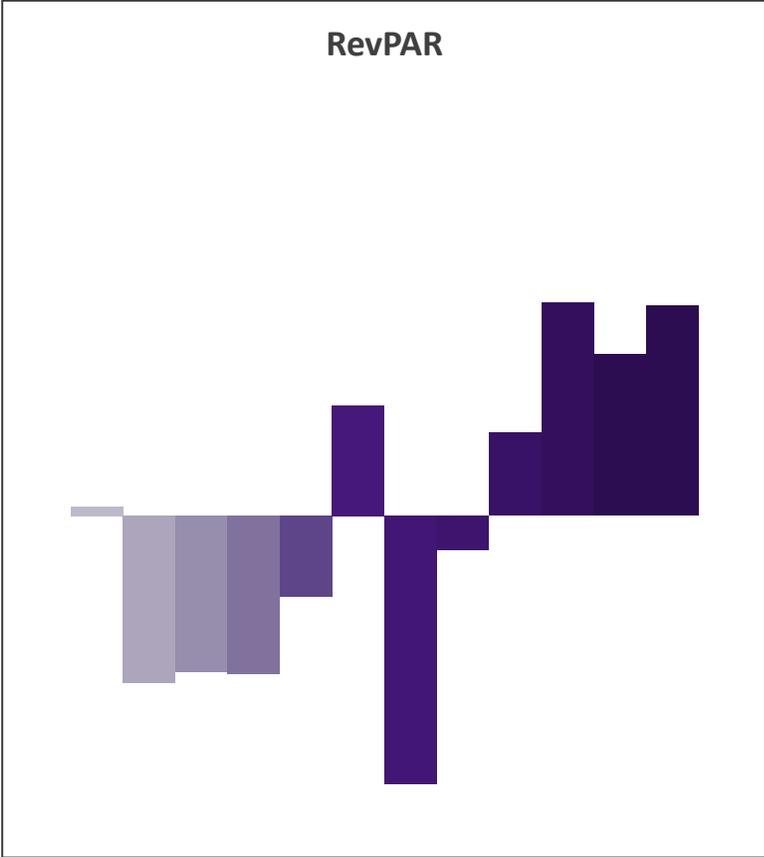
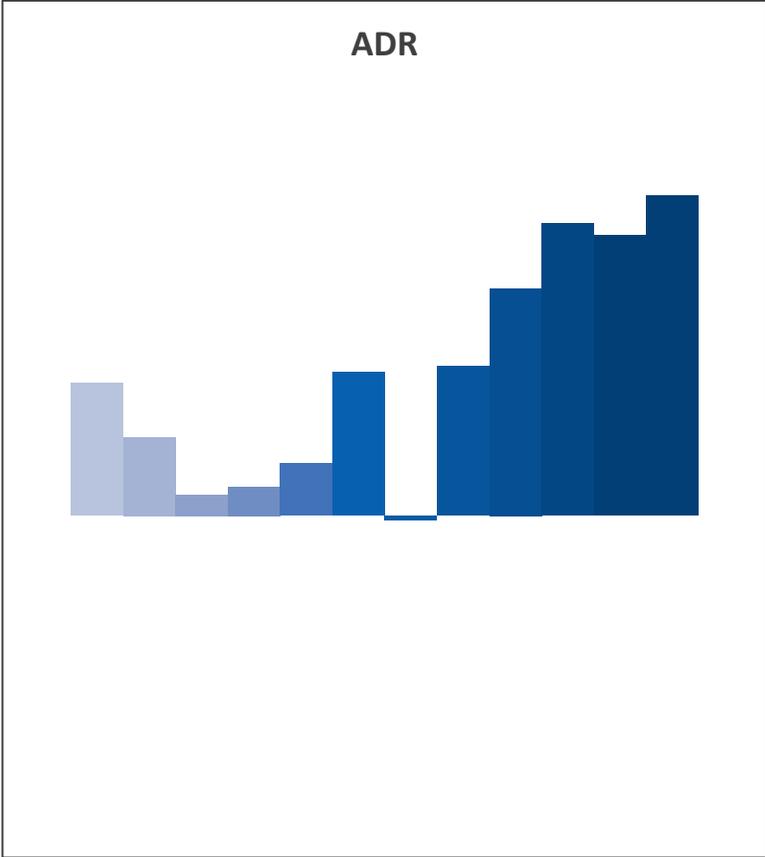
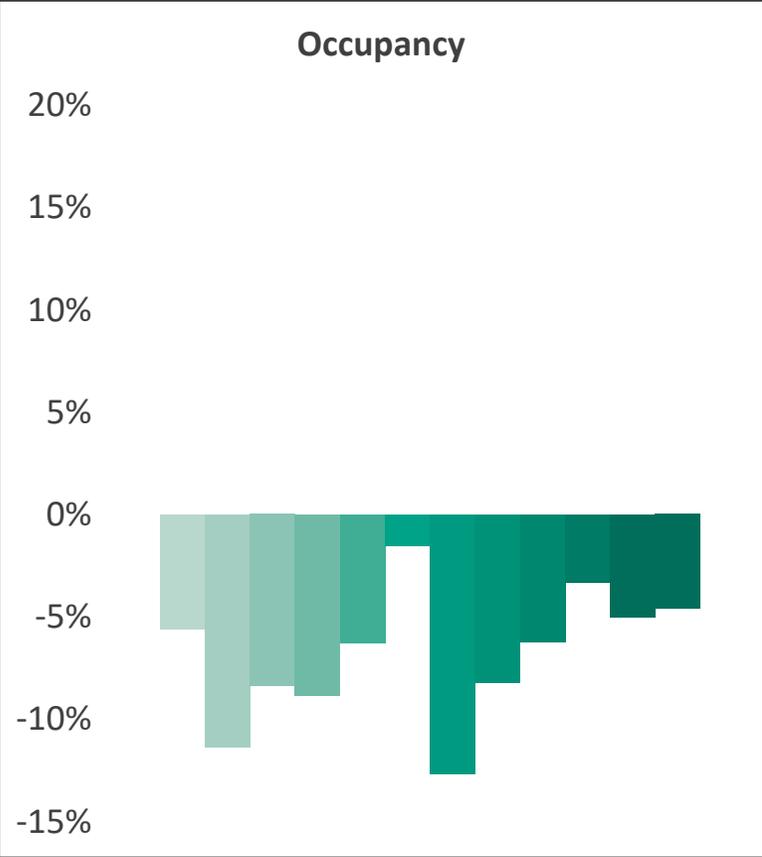
Questions



# US headlines

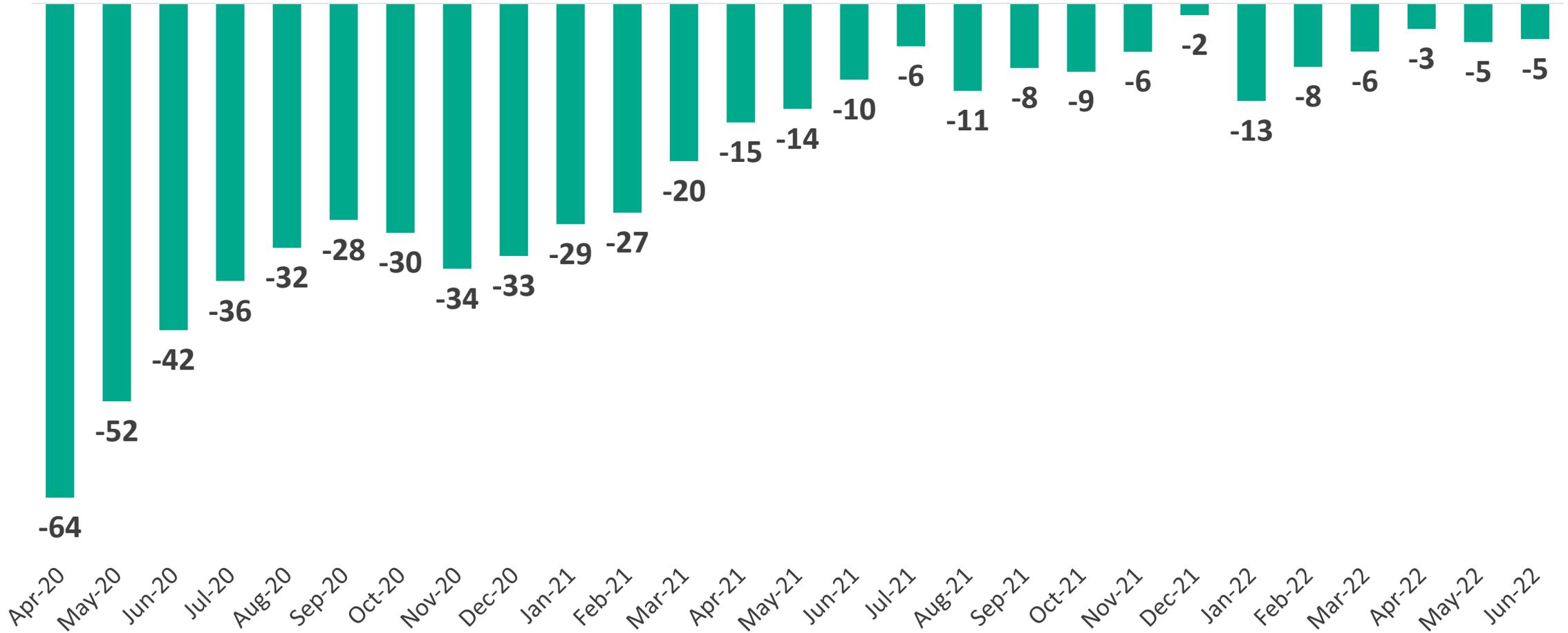
# The problem with a pandemic: How do we (re)define recovery?

US, KPI % change to 2019, July 2021 – Jun 2022 (prelim)



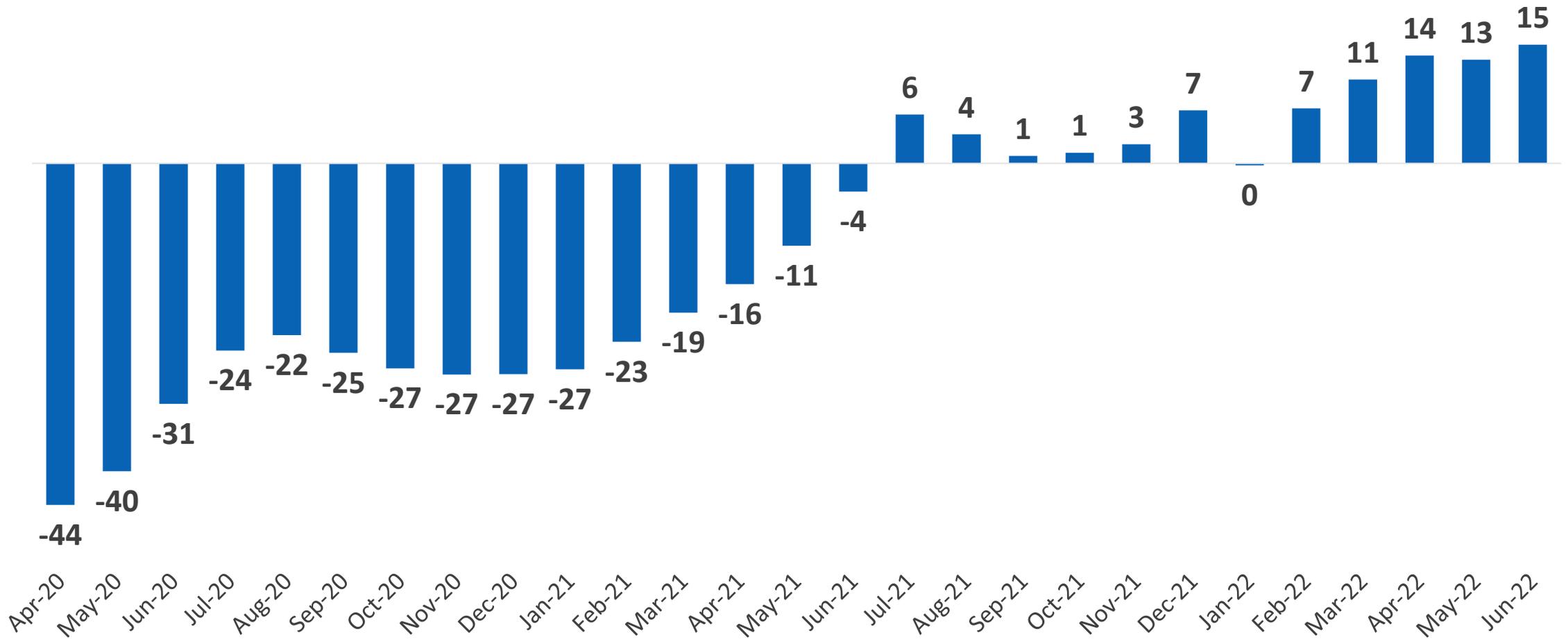
# Occupancy zig-zags but on the right track

Total U.S., occupancy % chg. to 2019, Apr 2020 – June 2022 (prelim)



# ADR miles ahead of the competition

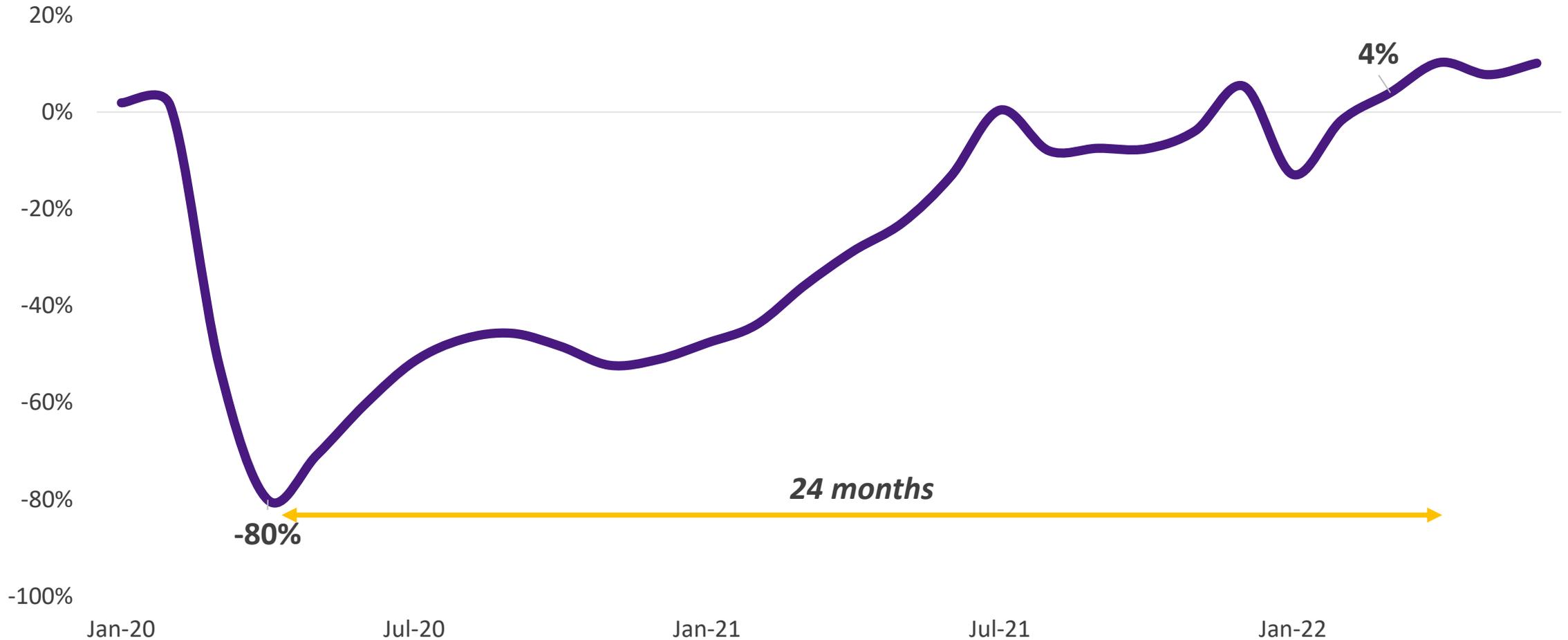
Total U.S., ADR % chg. to 2019, Apr 2020 – June 2022 (prelim)



# RevPAR gets strong second wind from summer leisure travel

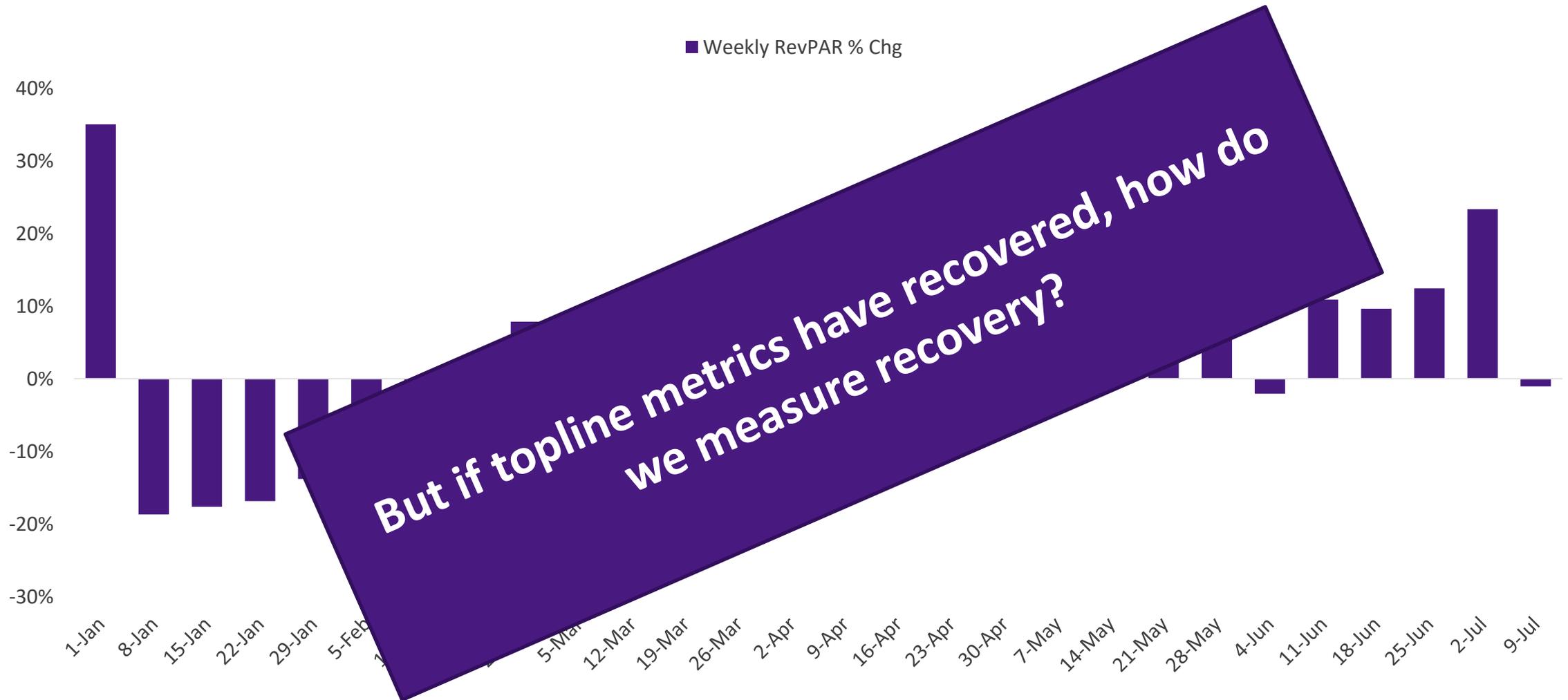


Total U.S, RevPAR % chg. to 2019, Jan 2020 – June 2022 (prelim)



# RevPAR growth stabilizing around 10-12%

U.S., Weekly RevPAR % change to 2019, 2021-2022

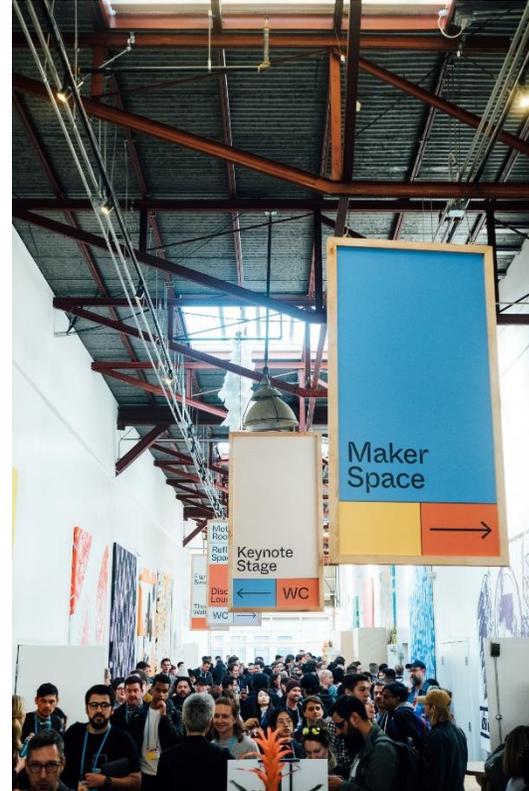




# The metrics to watch

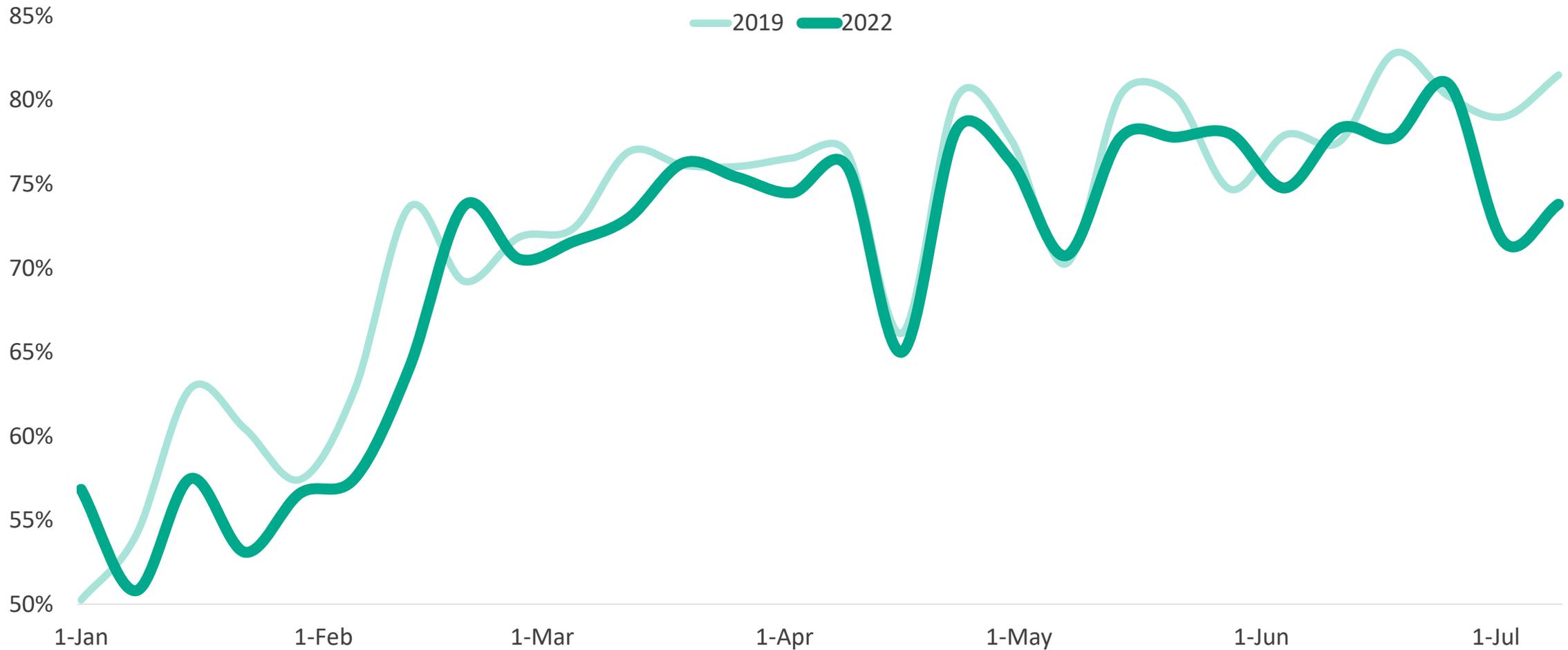


# Demand recovery by source still varied



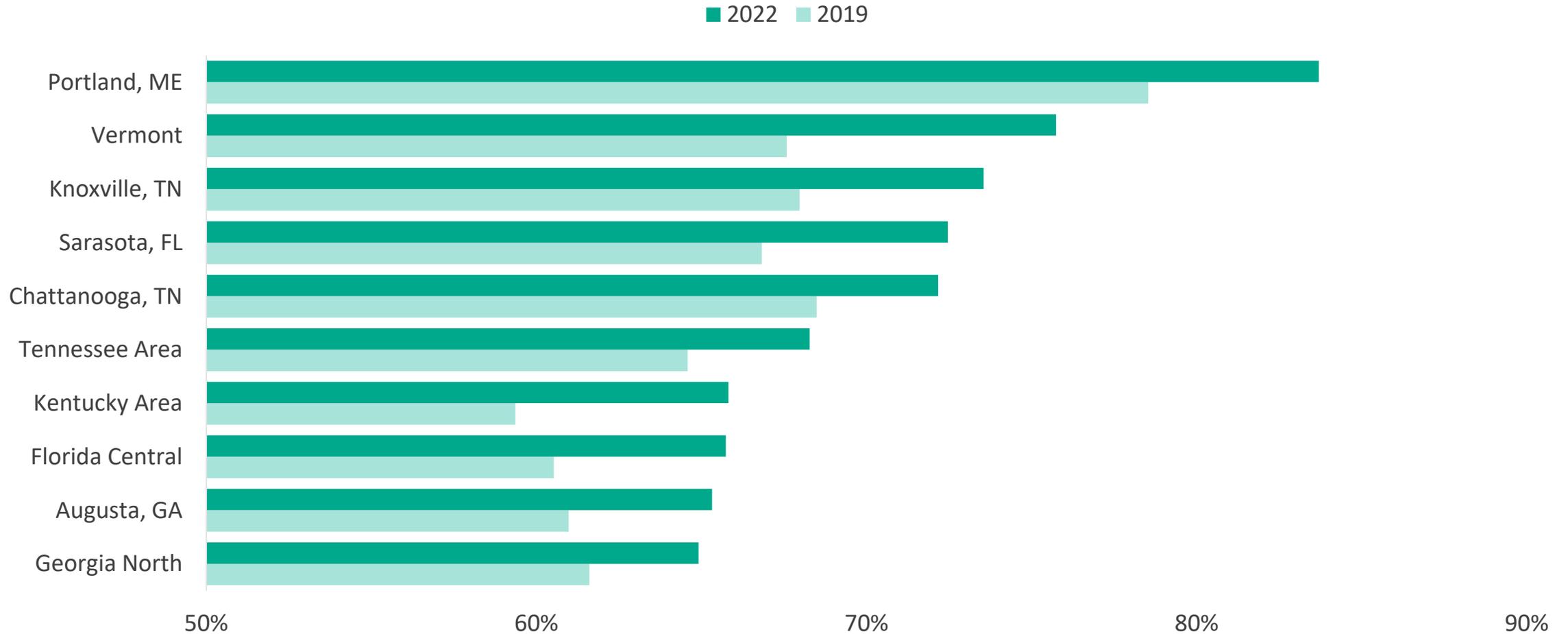
# Post-Omicron weekend occupancy back to normal

US, Weekend occupancy, 1 Jan – 9 Jul 2022



# Vacation destinations reporting the most occupancy growth

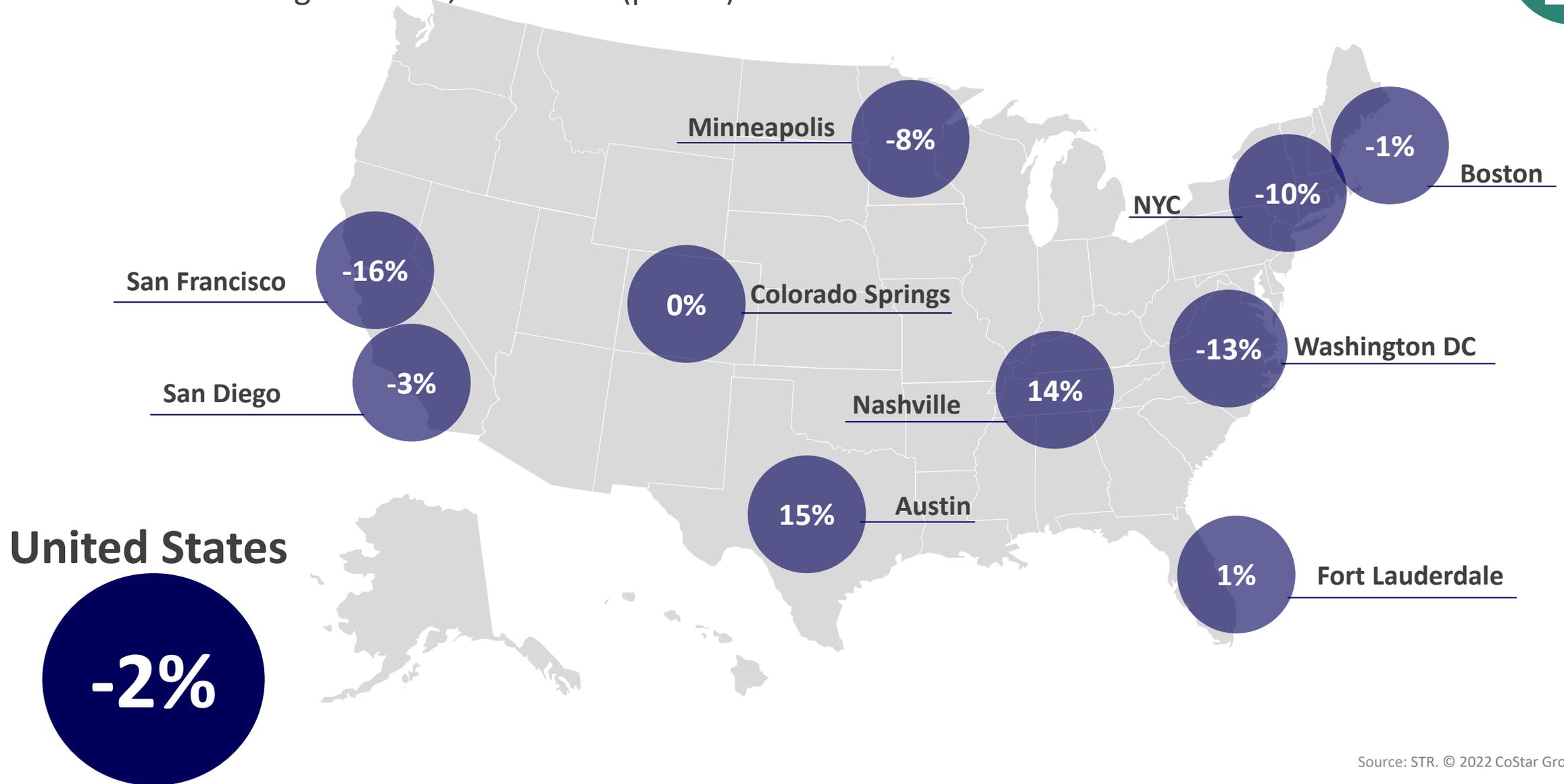
Top growing markets, occupancy, June 2019 and 2022 prelim



# Because leisure demand is back (but you already knew that!)

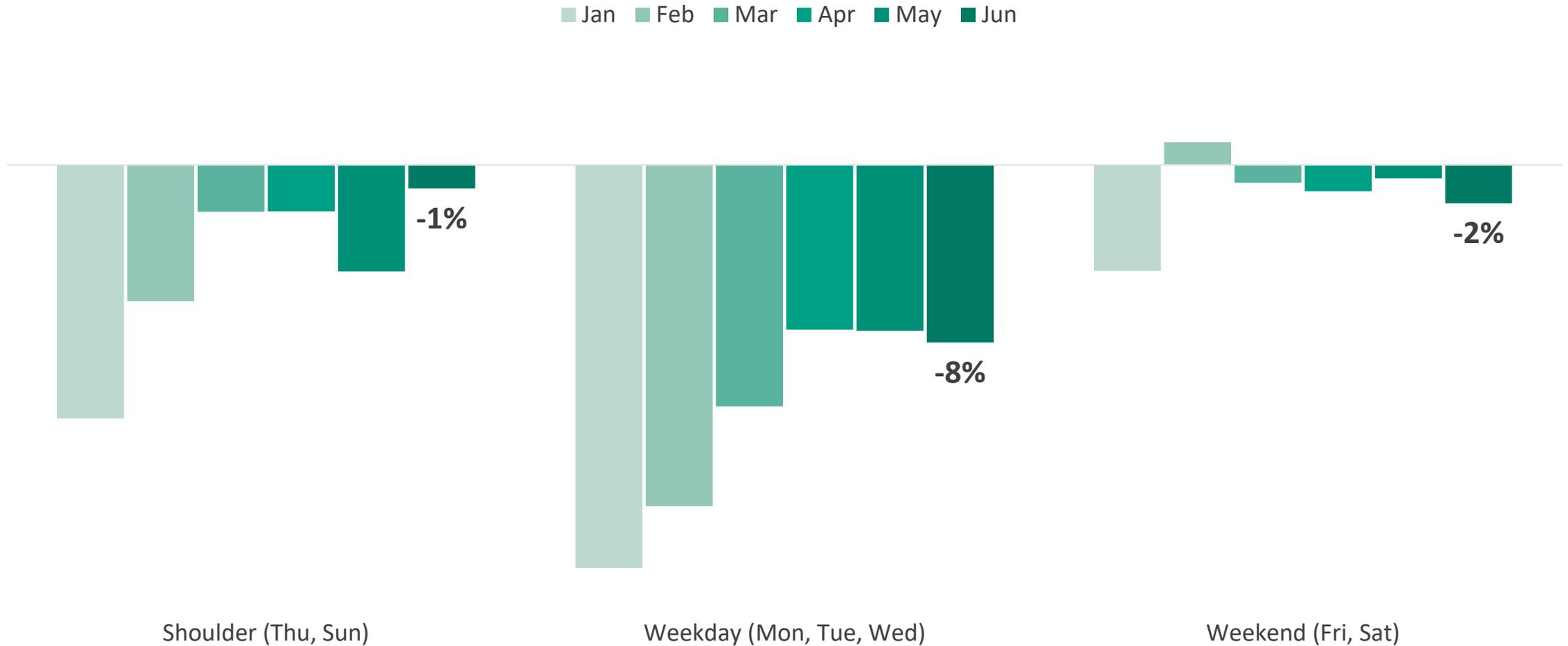


Demand % change to 2019, June 2022 (prelim)



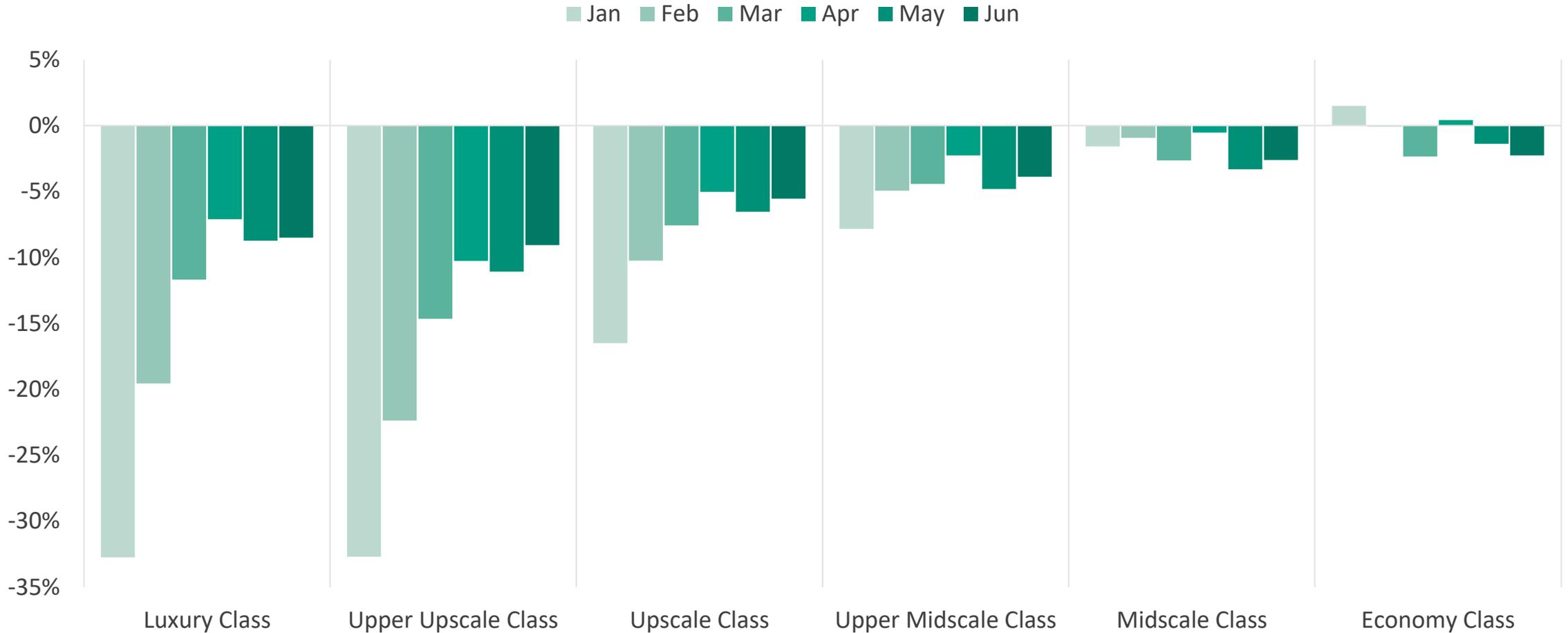
# Business travelers are taking their time to hit the road again

Total U.S., occupancy % change to 2019, 2022 YTD



# Business, group-dependent props the least recovered compared to 2019

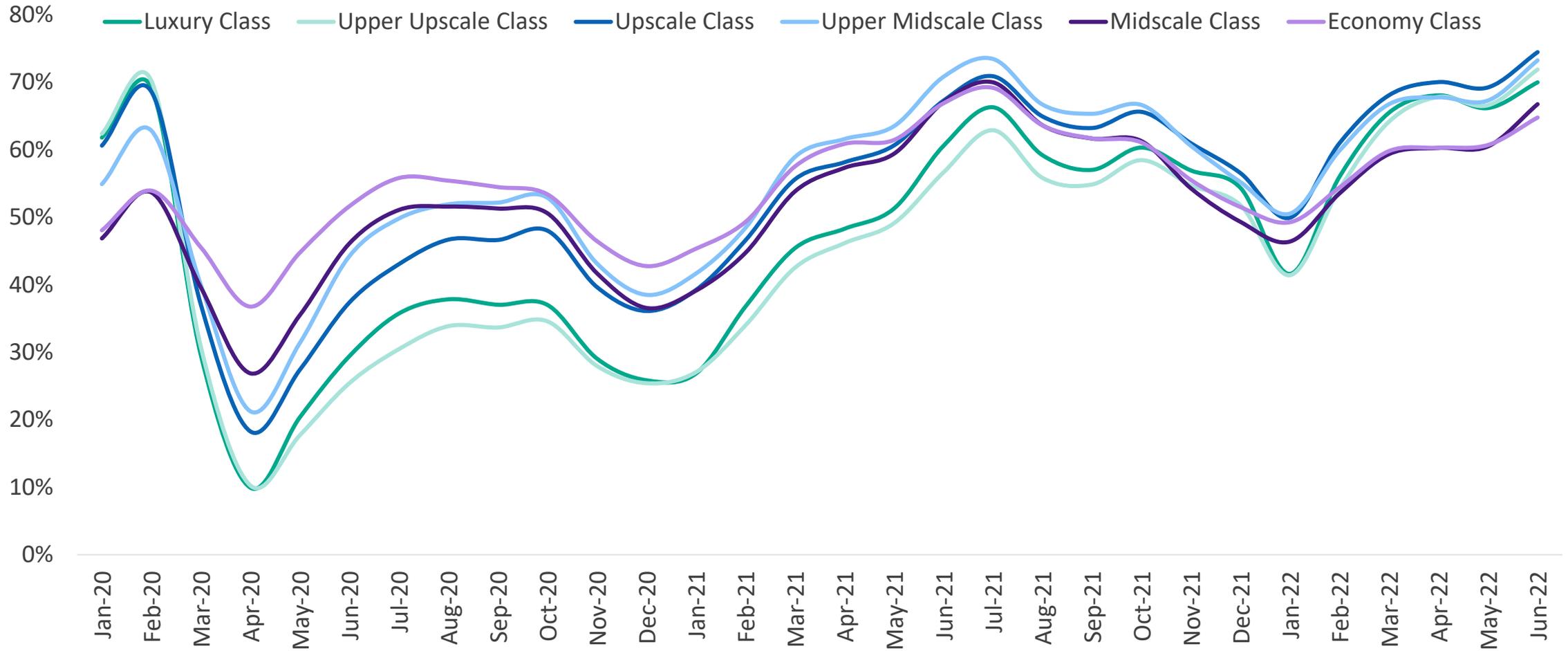
US, occupancy, % change to 2019, Jan 2022 – Jun 2022



# ... But those same hotels have the highest absolute occupancy

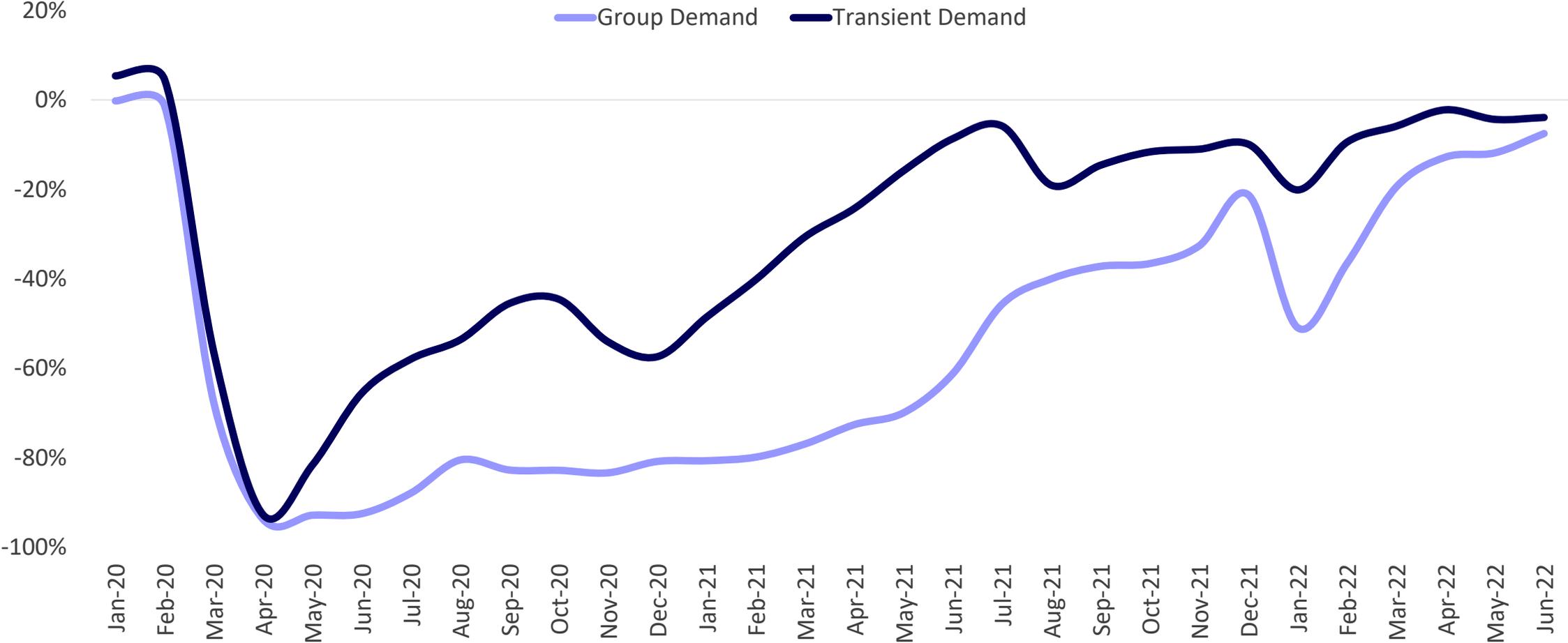


Total U.S., monthly occupancy, Jan 2020 – June 2022 (prelim)



# After a very late start, groups are catching up to transient travel

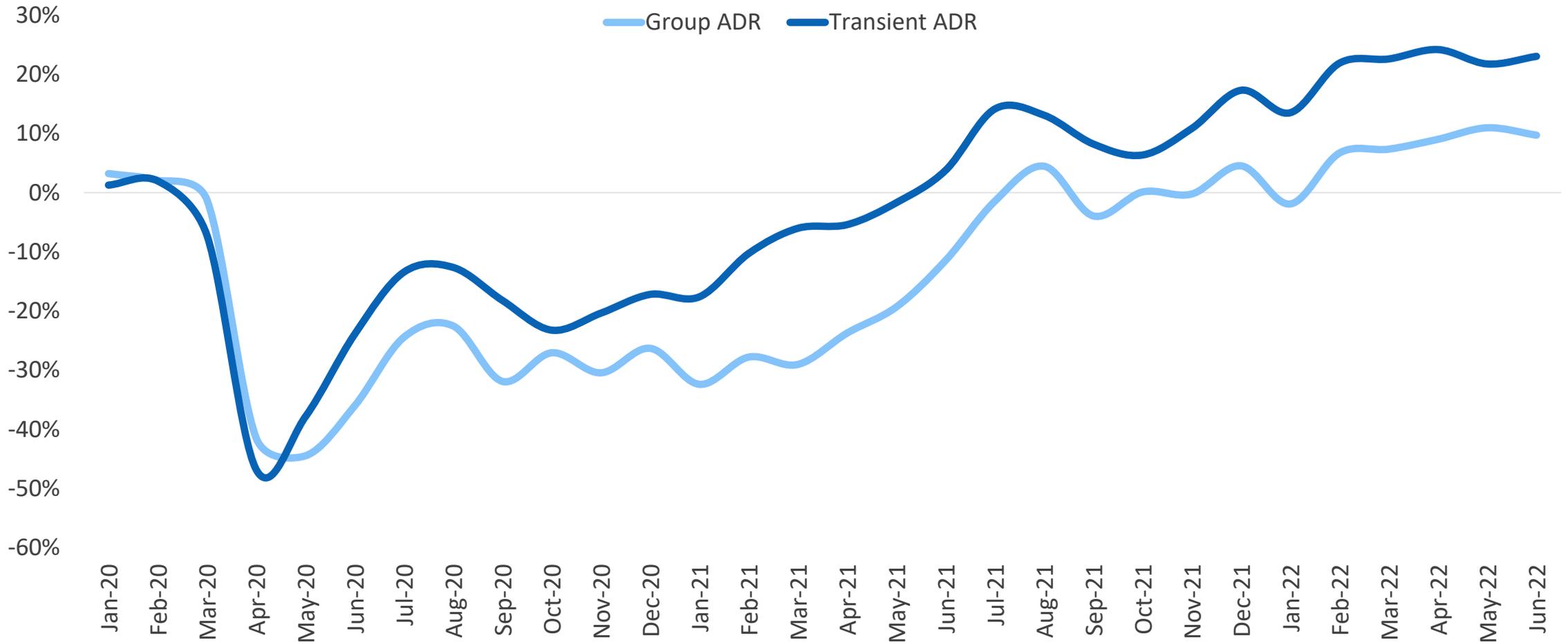
U.S., segmentation demand % chg. to 2019, Luxury & upper upscale, Jan 2020 – Jun 2022 (prelim)



# The question becomes, are groups worth the rate tradeoff?

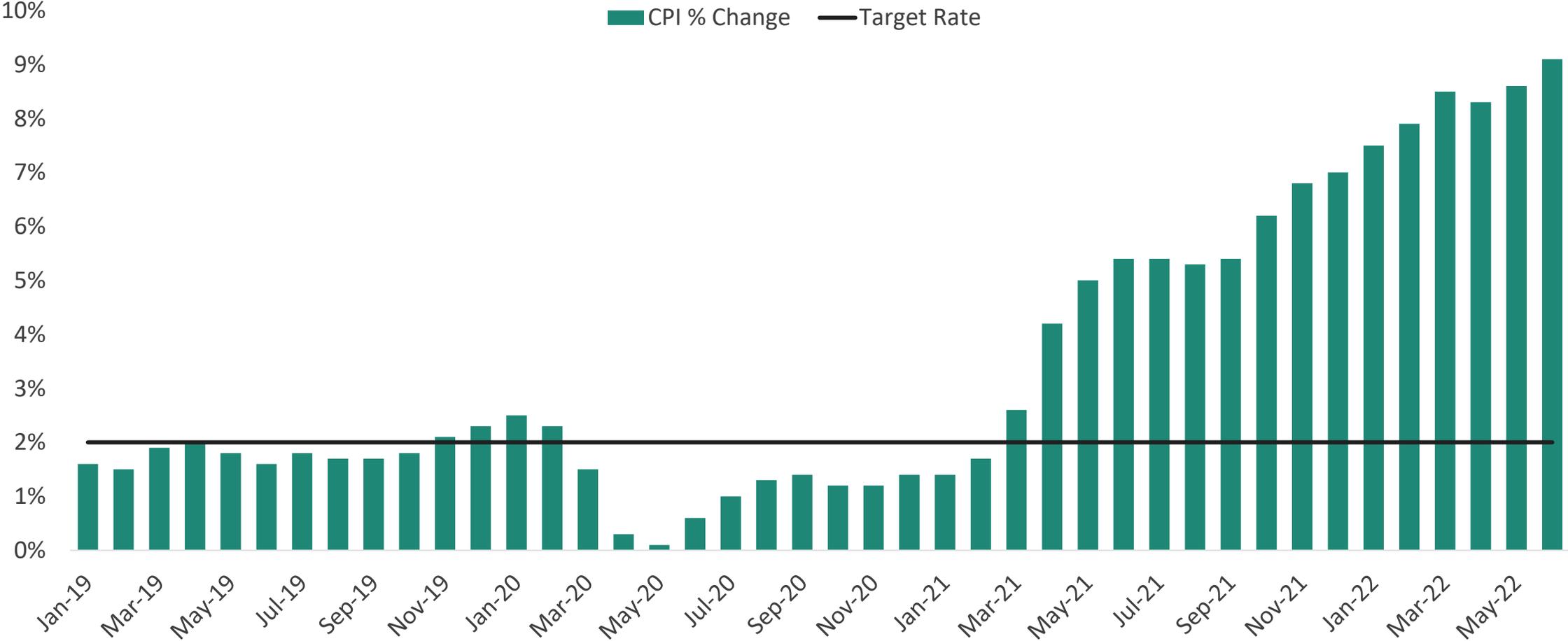


U.S., segmentation ADR % chg. to 2019, Luxury & upper upscale, Jan 2020 – Jun 2022 (prelim)



# Speaking of ADR, there's a new buzzword this year

United States, CPI inflation rate, Jan 2019 – Jun 2022



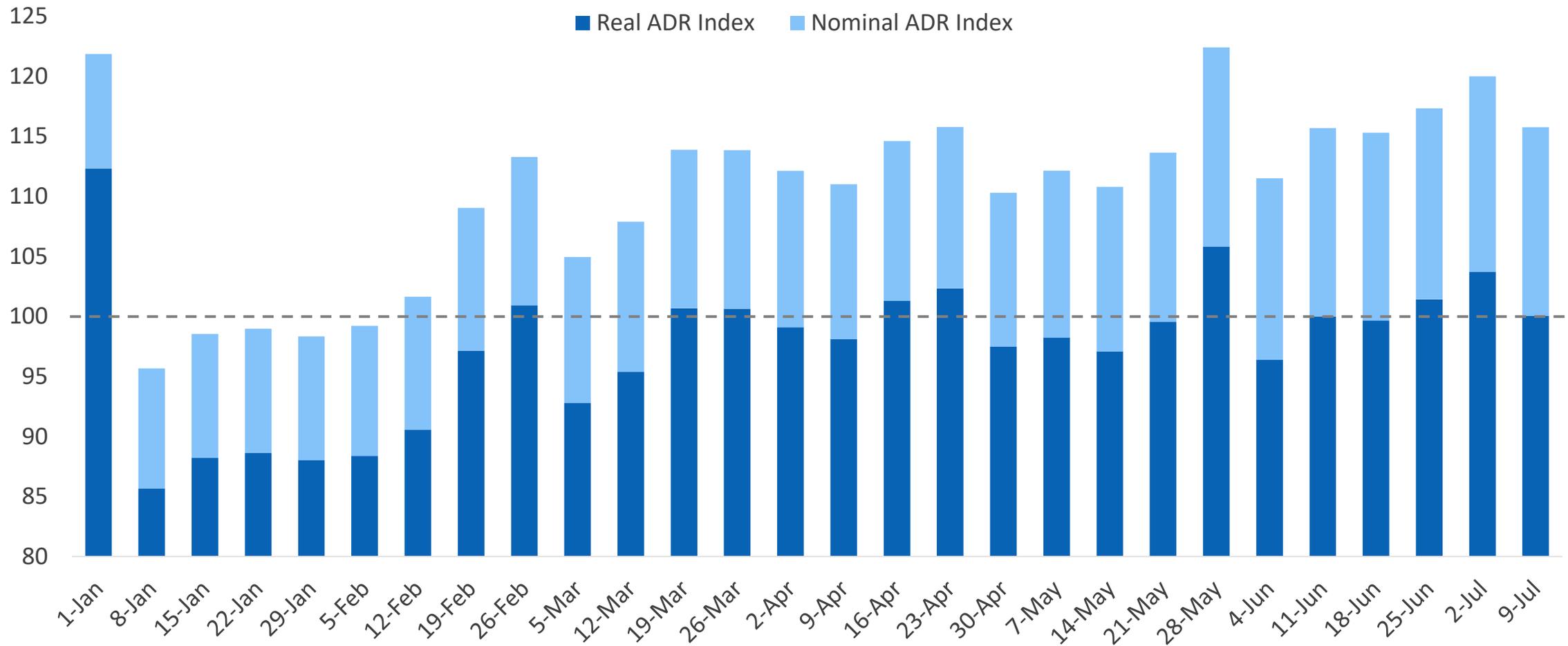
Source: BLS Consumer Price Index (All Urban Consumers)

Source: STR. © 2022 CoStar Group

# Externalities (*inflation*) a huge consideration today

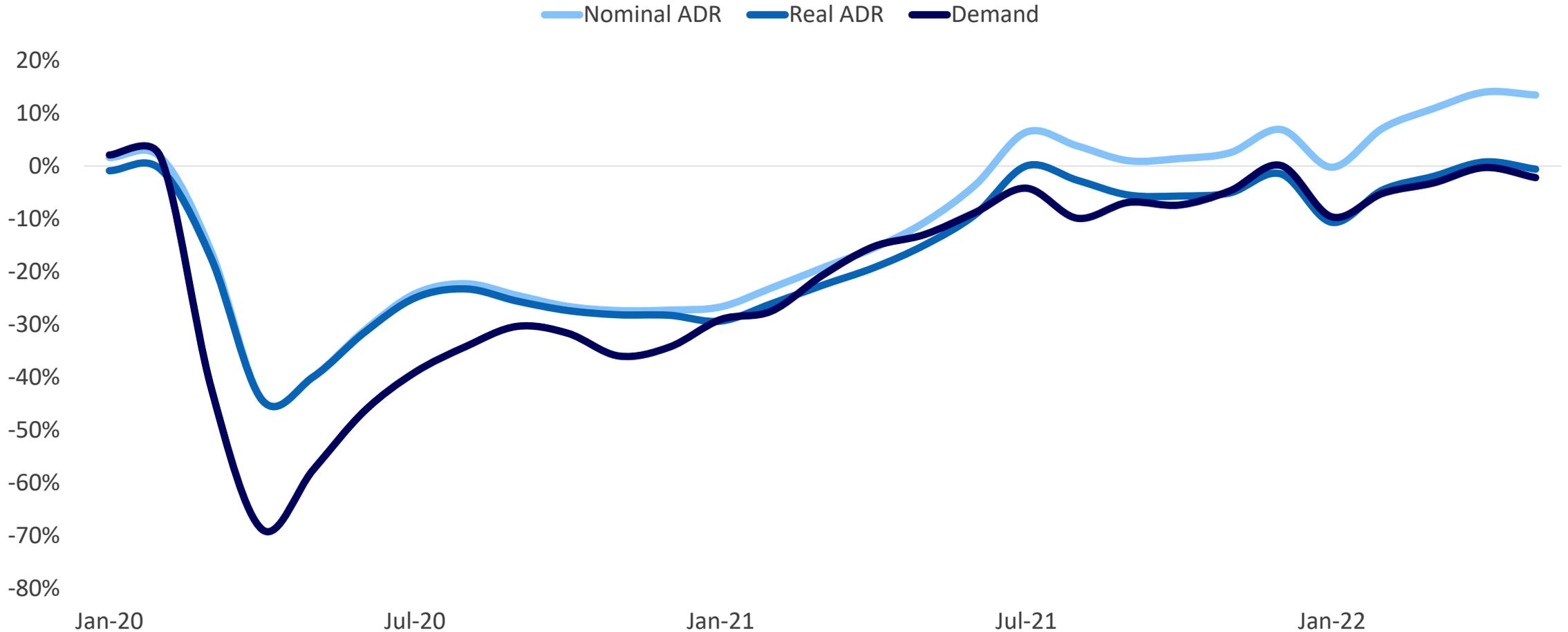


U.S., Weekly ADR indexed to 2019, Jan 2022 – Jul 2022



# Real ADR the best measure of rate recovery right now

Total US, demand and ADR % change to 2019, Jan 2020 – May 2022



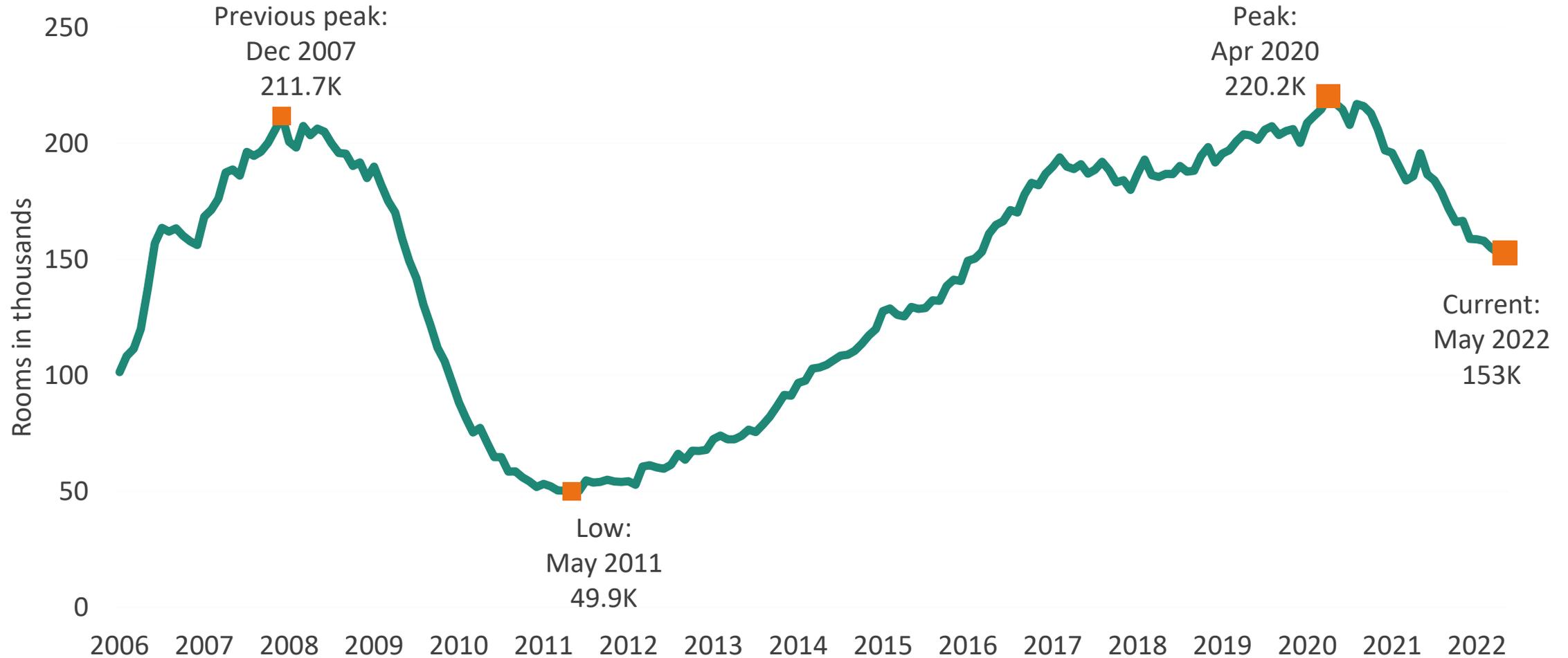
# And hey, even real ADR recovering much faster than in prior downturns!

Total U.S., real ADR % change to pre-recession year



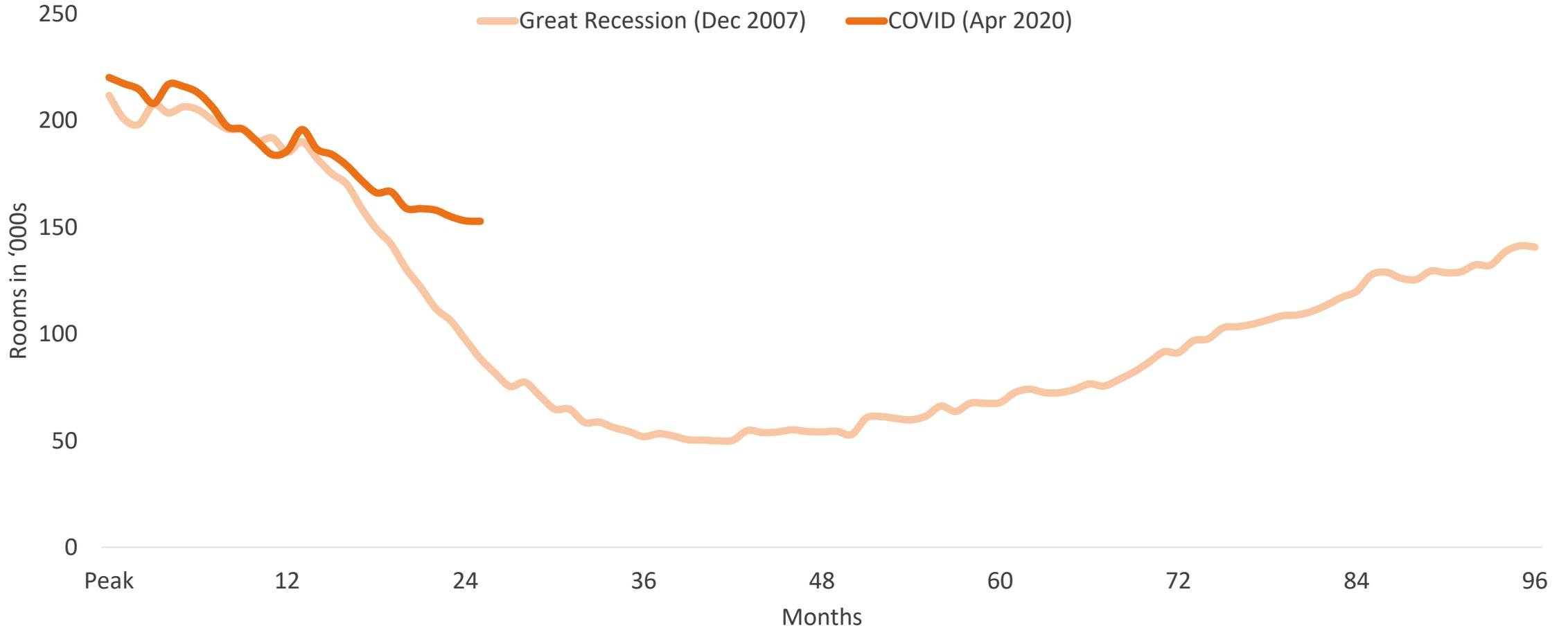
# Inflation doesn't just affect ADR: High interest rates inhibit development

U.S., In construction rooms in thousands, Jan 2006 – May 2022



# I/C rooms haven't yet reached rock bottom

Total U.S., rooms in construction from prior peak, 2007 and 2020



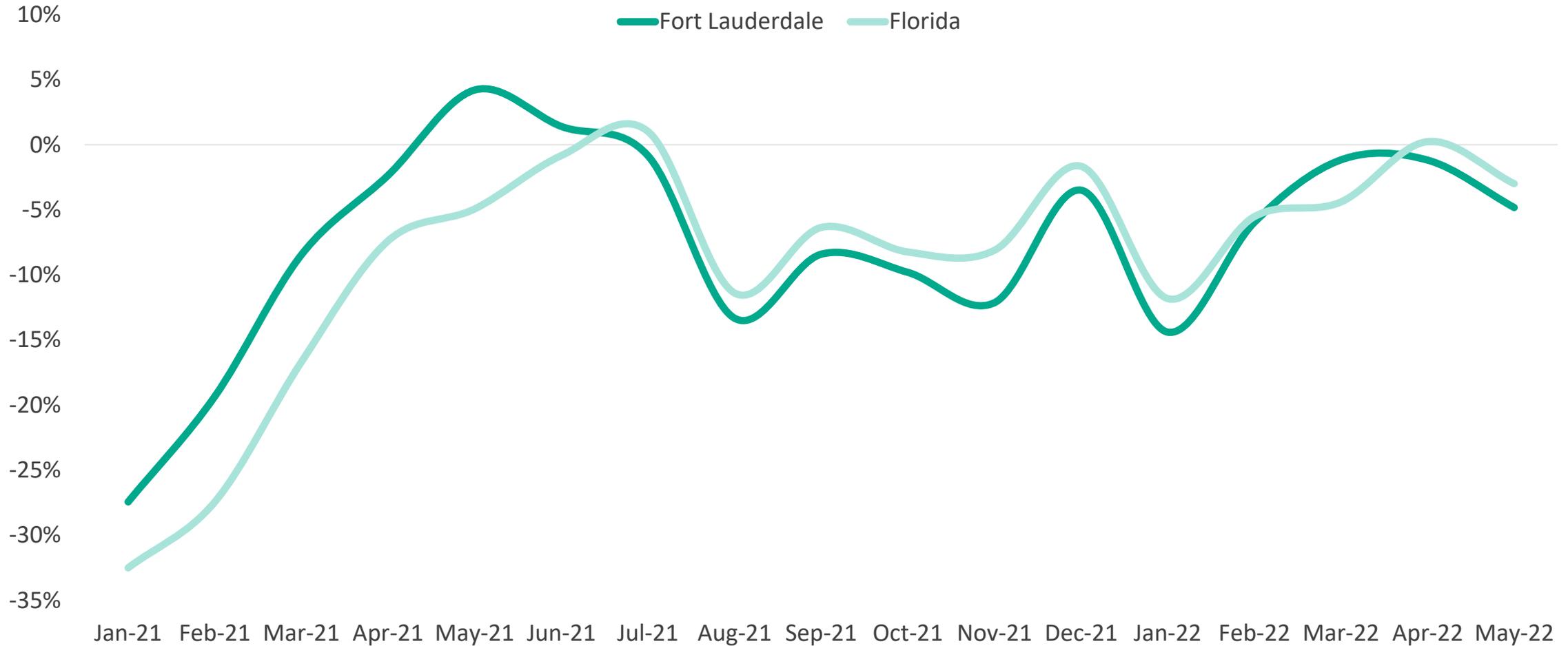


# Focus on Fort Lauderdale

# “Hot Lauderdale” summer 2021 is now... normal summer 2022

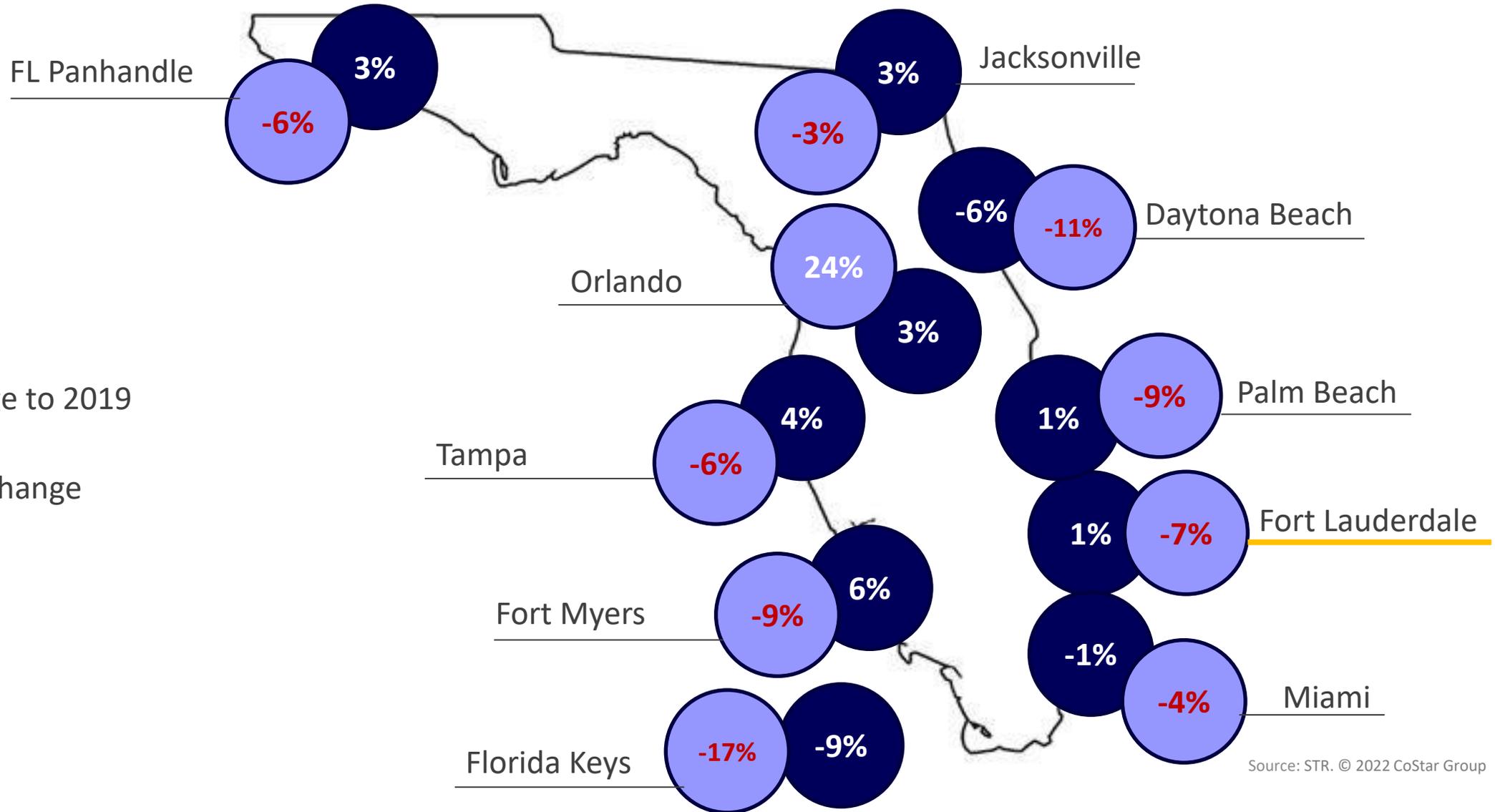


Occupancy % change to 2019, Jan 2021 – May 2022



# Which is pretty much true across Florida

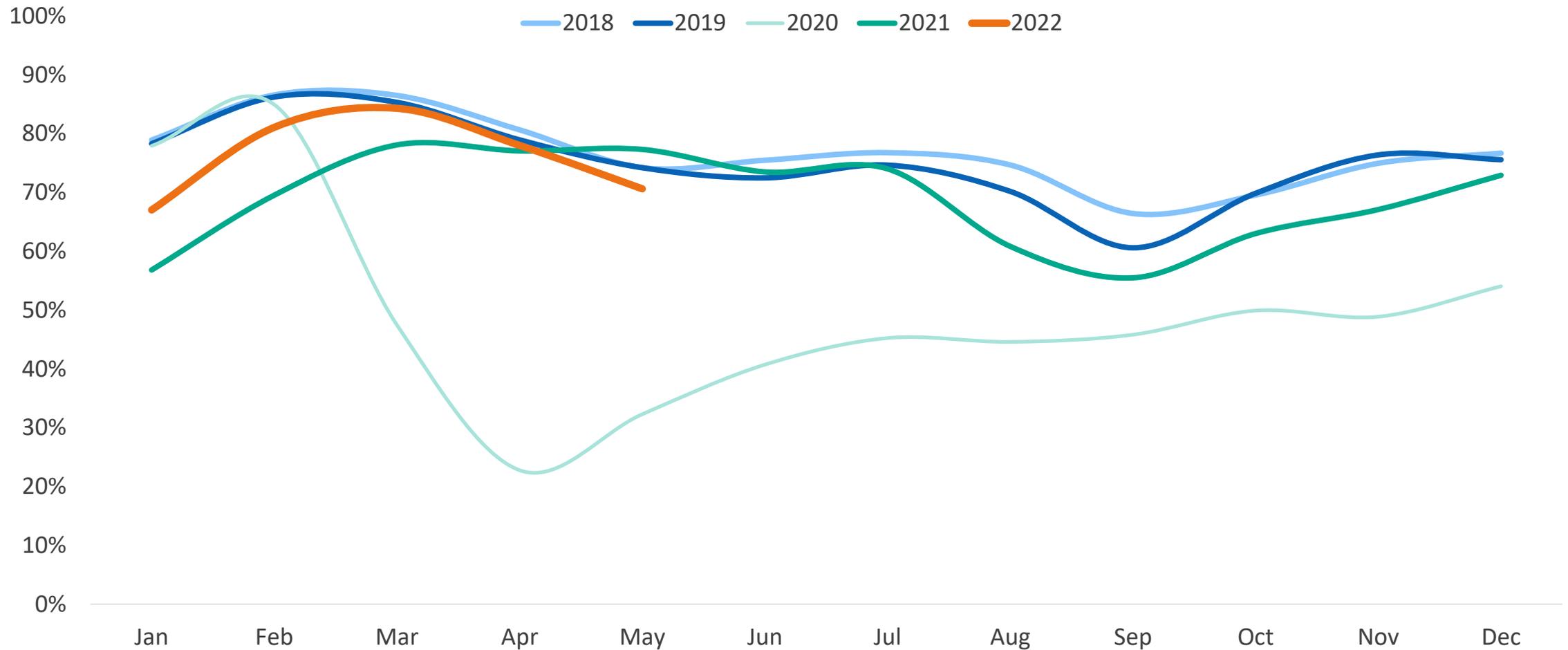
Demand % change, June 2022 prelim



● % change to 2019  
● YOY % change

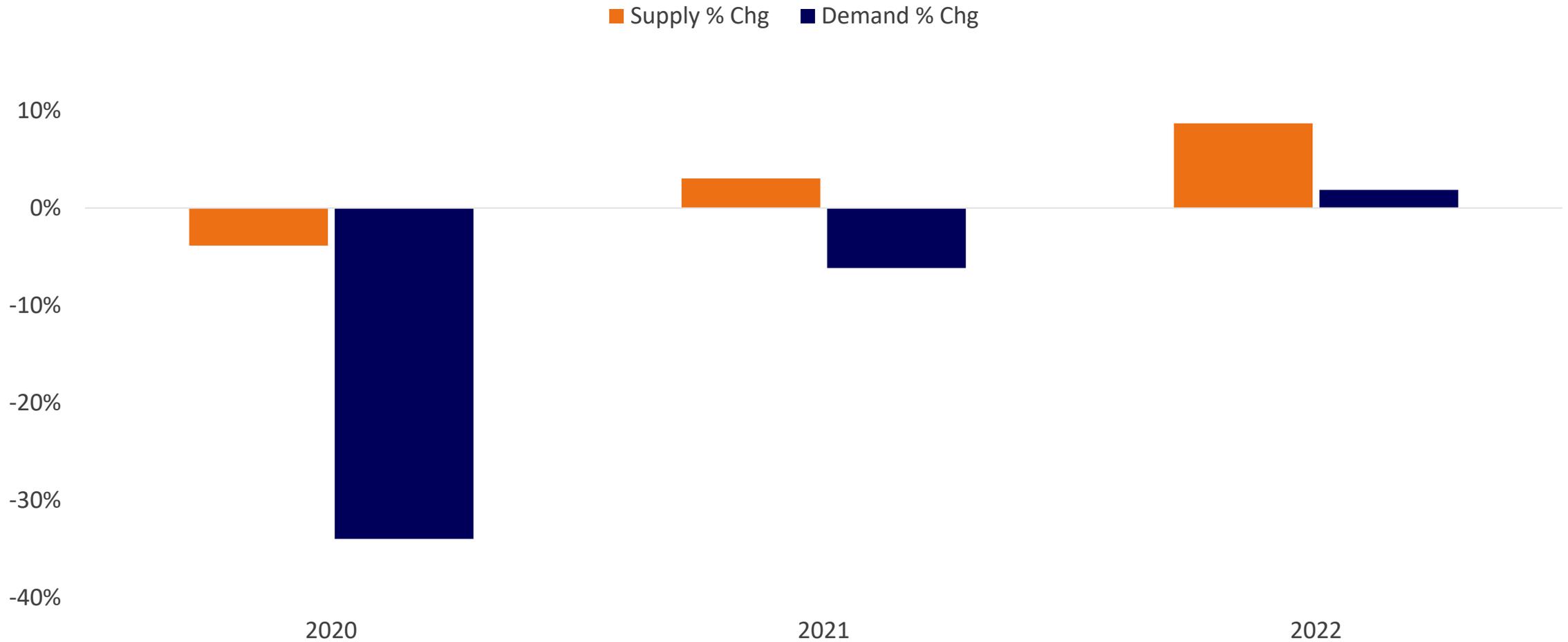
# Occupancy's down, but it's slow season and...

Fort Lauderdale market, occupancy, Jan 2018 – May 2022



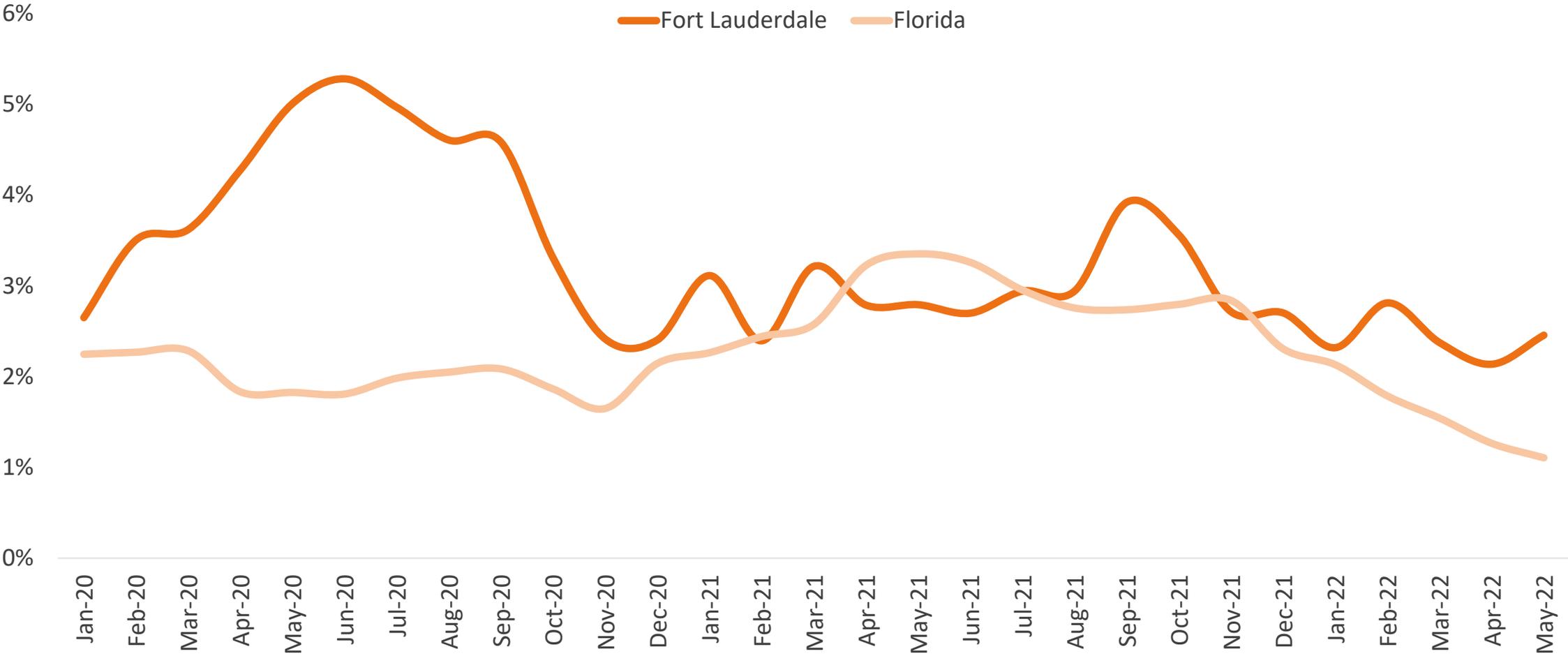
# Demand is there! Supply is the problem

Fort Lauderdale, Supply and demand % change to 2019, YTD June



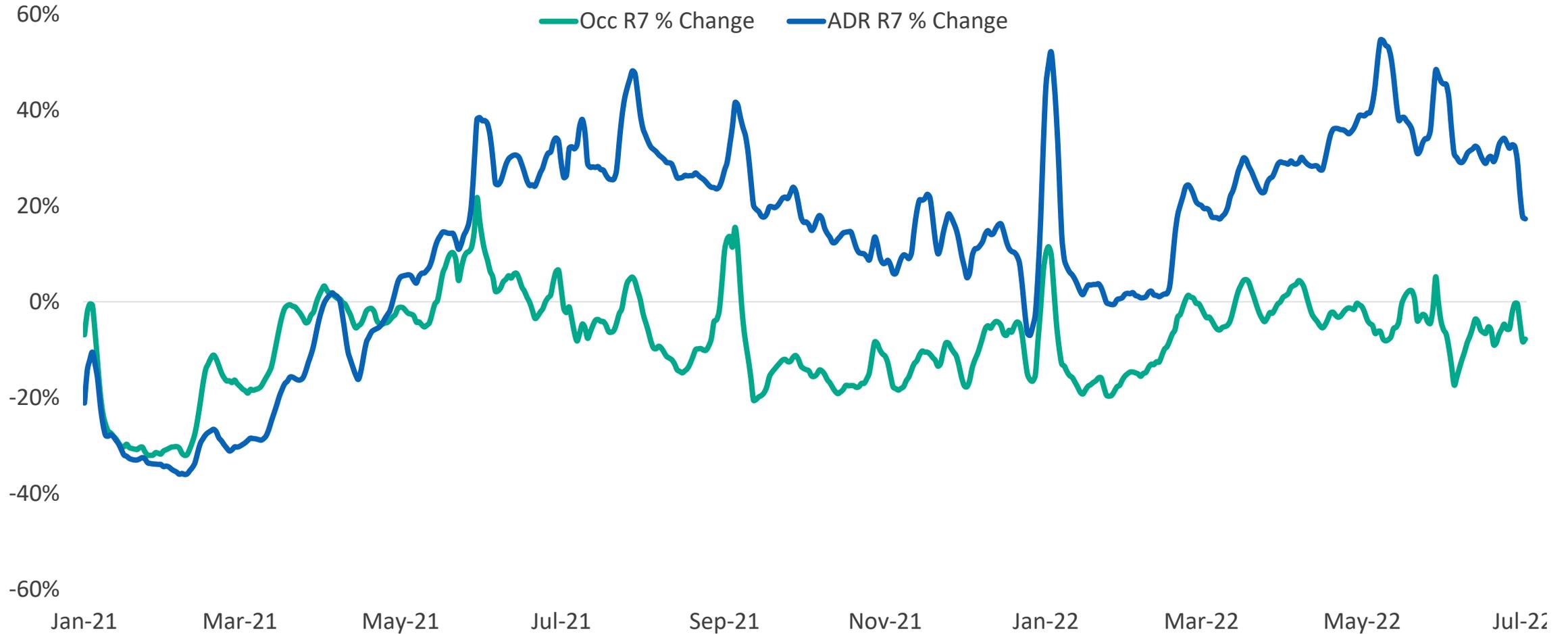
# That's all new developments, too

Monthly supply (TRI) % change from prior year, Jan 2020 – May 2022



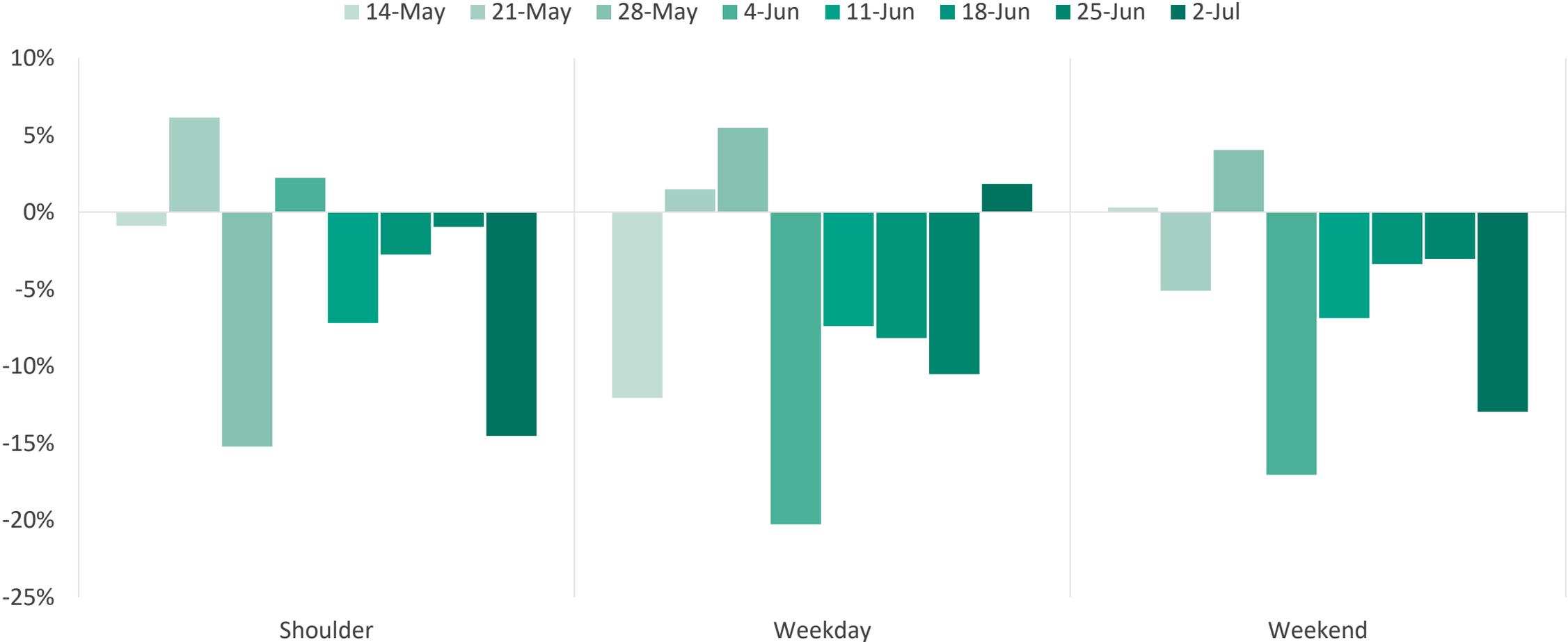
# Big picture recovery looks good

R7 Occ and ADR % change to 2019, Jan 2021 – Jul 2022



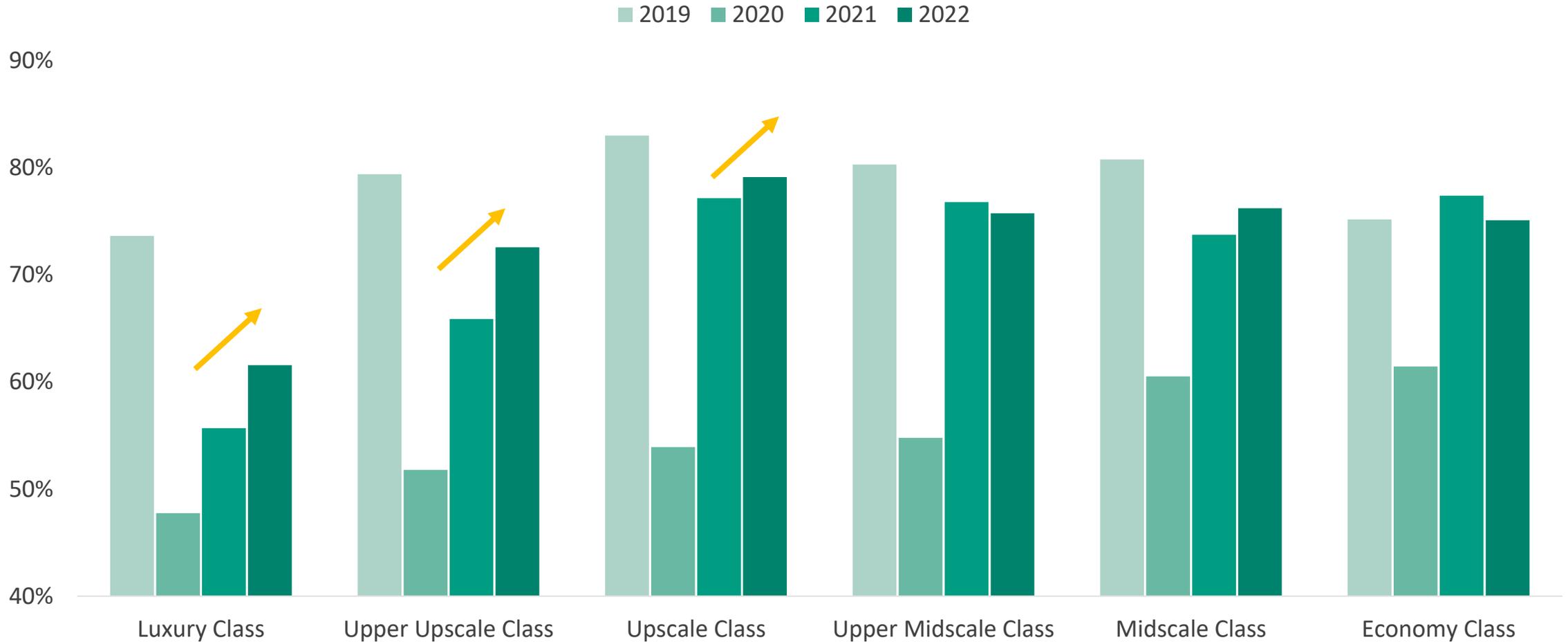
# A closer view suggests weekdays are a little slow to rebound

Fort Lauderdale, occ % change to 2019, 14 May – 2 Jul 2022



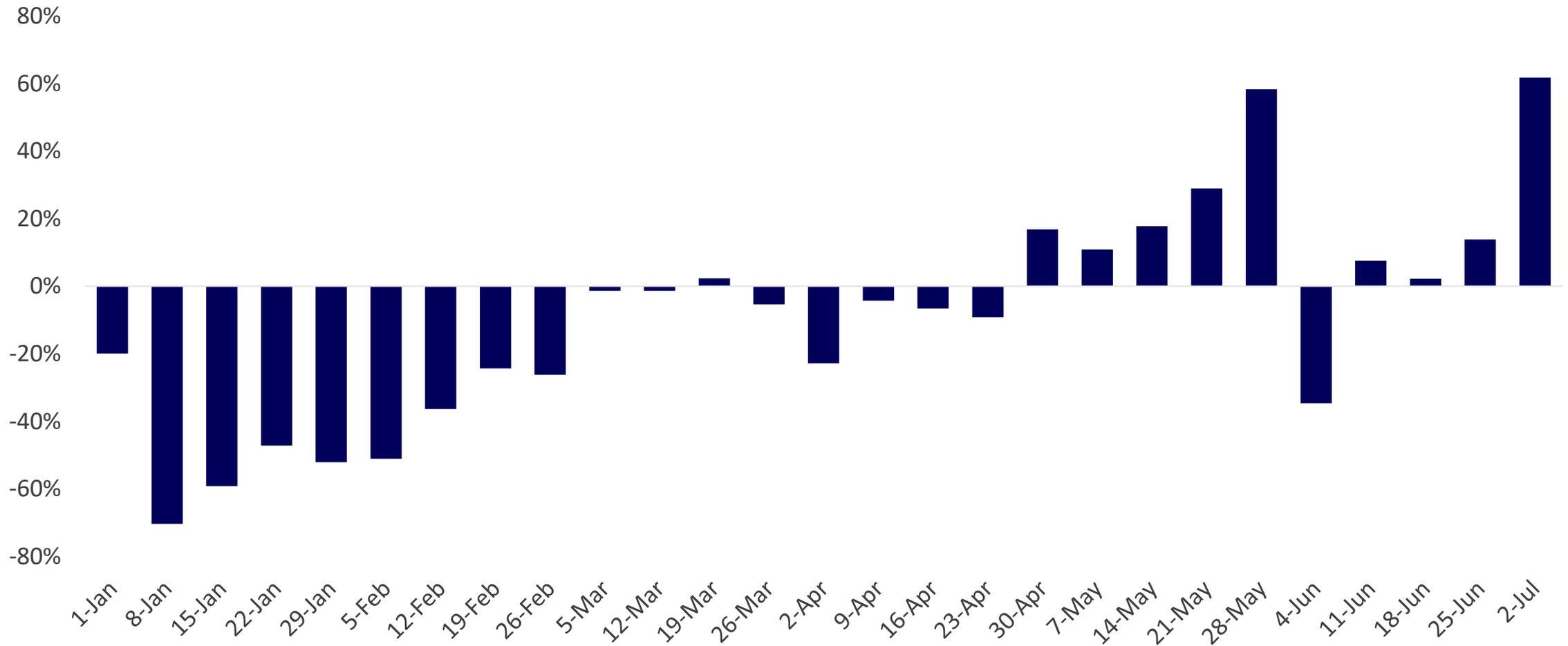
# But business is recovering – sustainably

Fort Lauderdale market, occupancy, YTD June 2022



# Groups are doing alright, although the comp's pretty easy

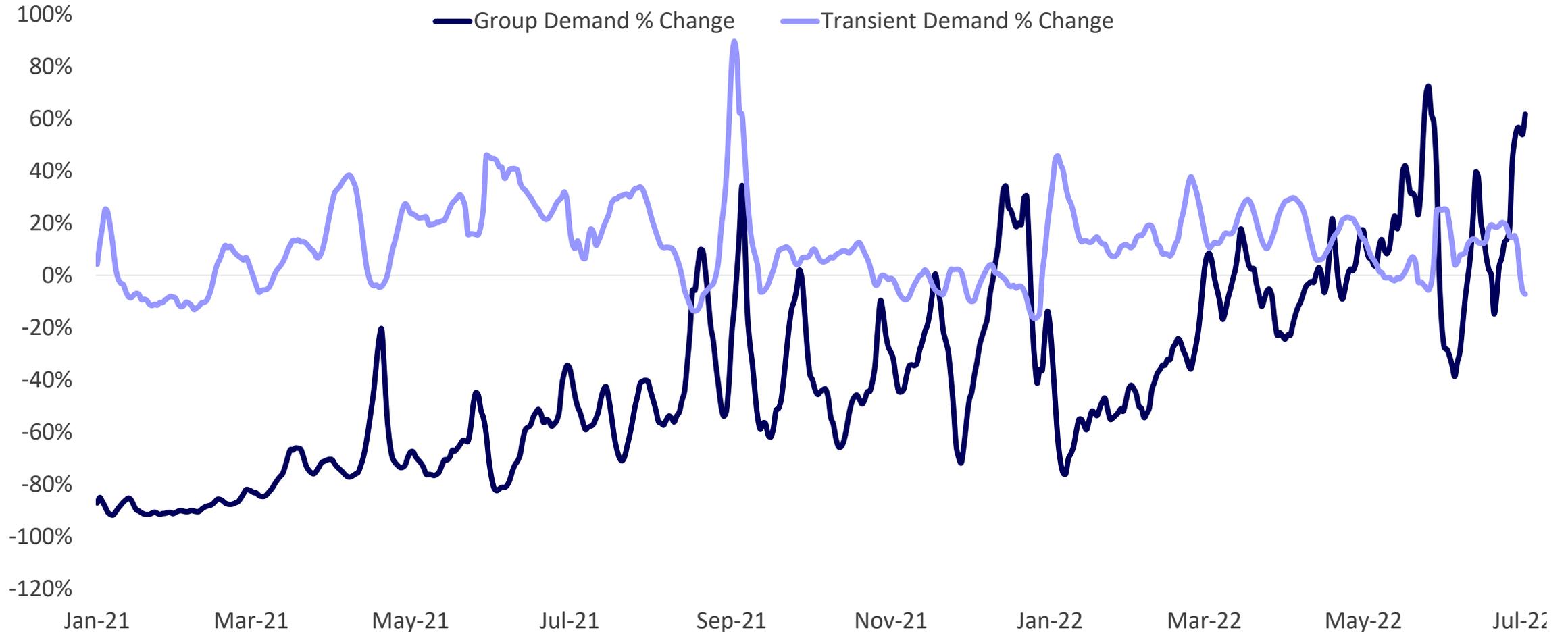
Fort Lauderdale market, weekly group demand % change to 2019, 2022 YTD



# More importantly, transient demand hanging in there



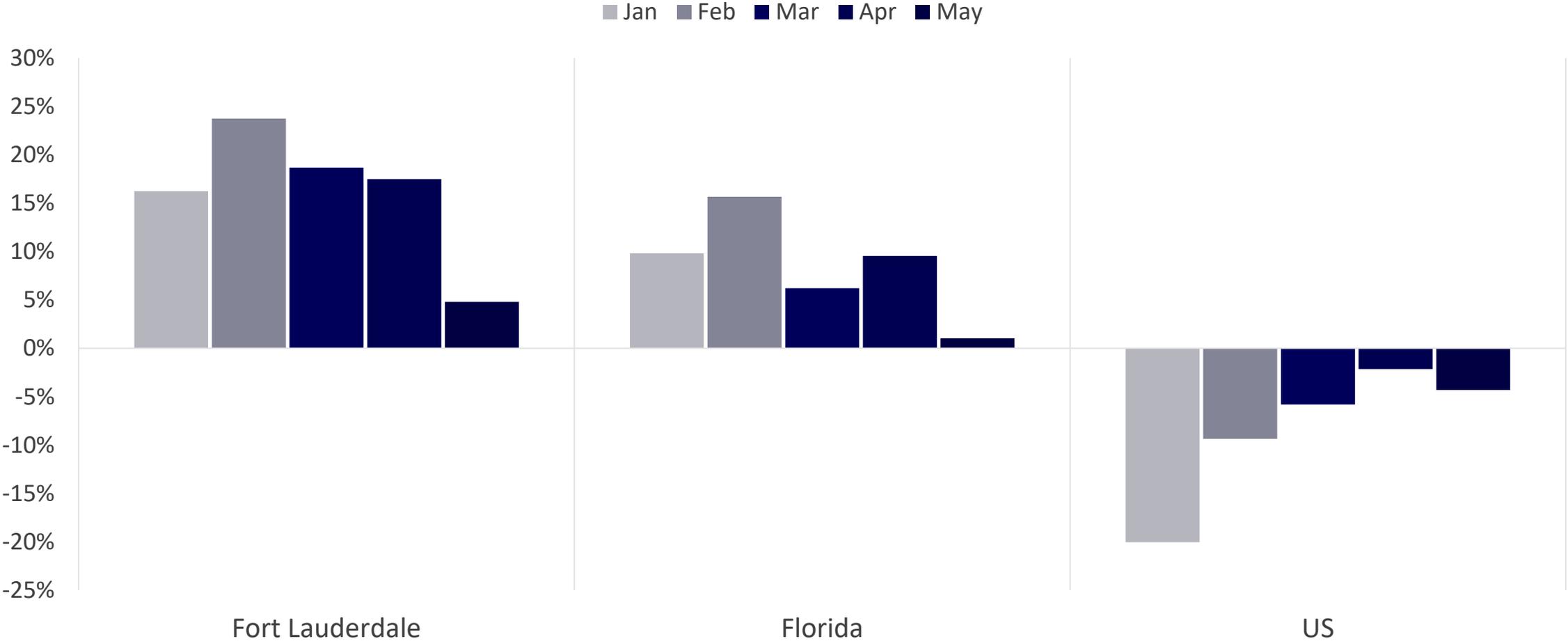
Luxury & Upper Ups, R7 transient and group demand % change to 2019, Jan 2021 – Jul 2022



# Transient demand returning to “normal” but still ahead of the US

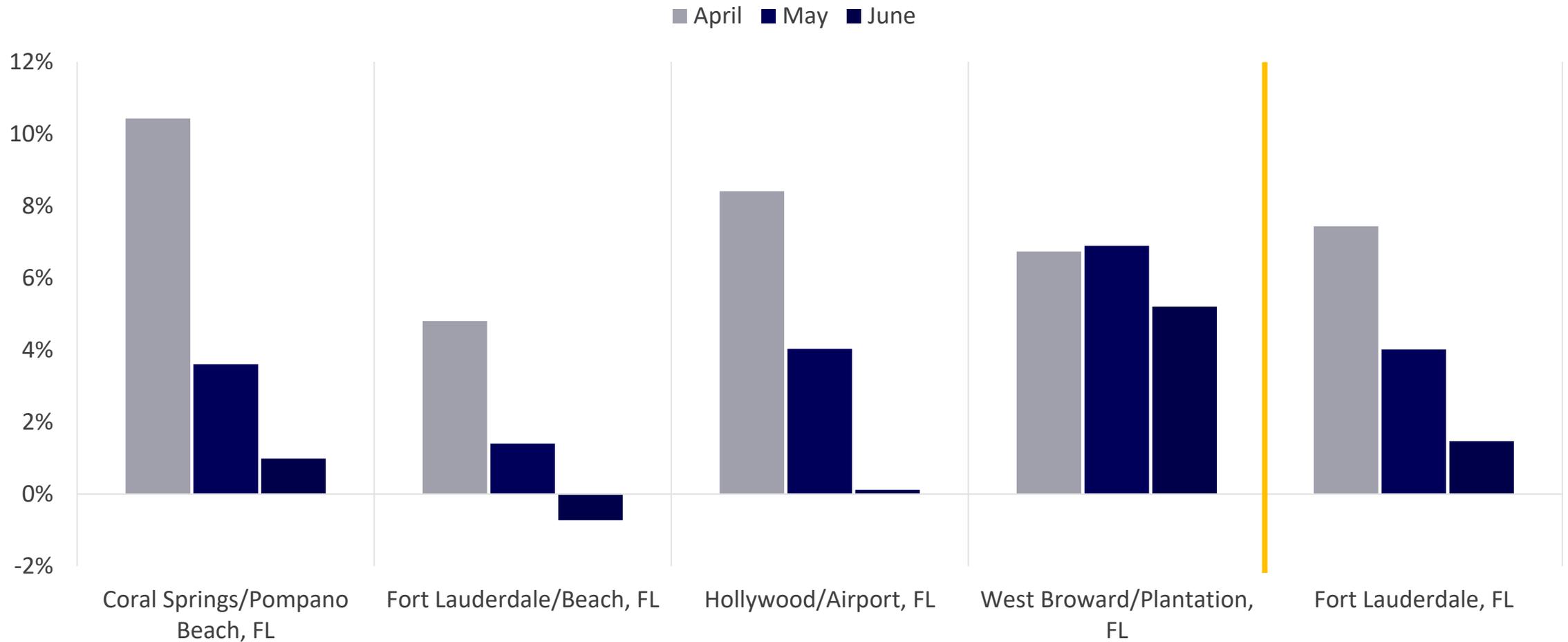


Luxury & Upper Ups, transient demand % change to 2019, Jan – May 2022



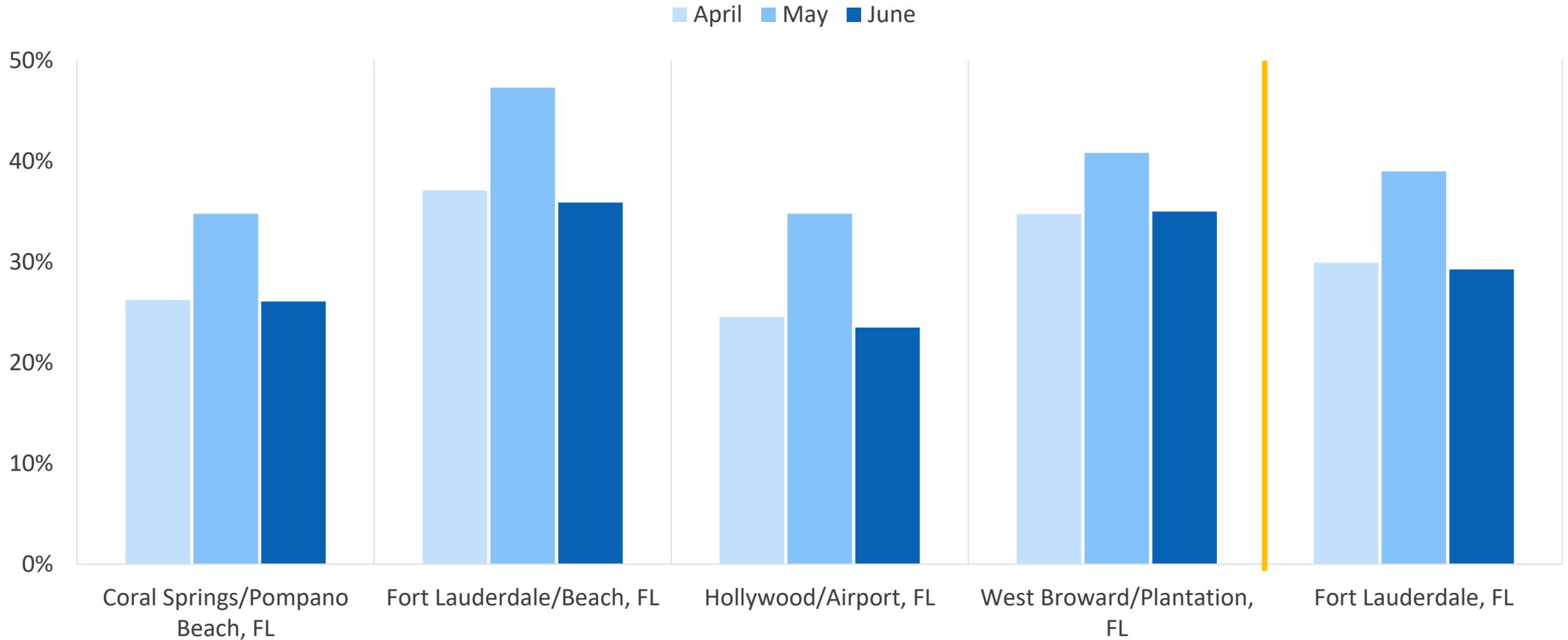
# Corporate-reliant submarkets slowing the most over summer

Fort Lauderdale submarkets, demand % change to 2019, April – June 2022



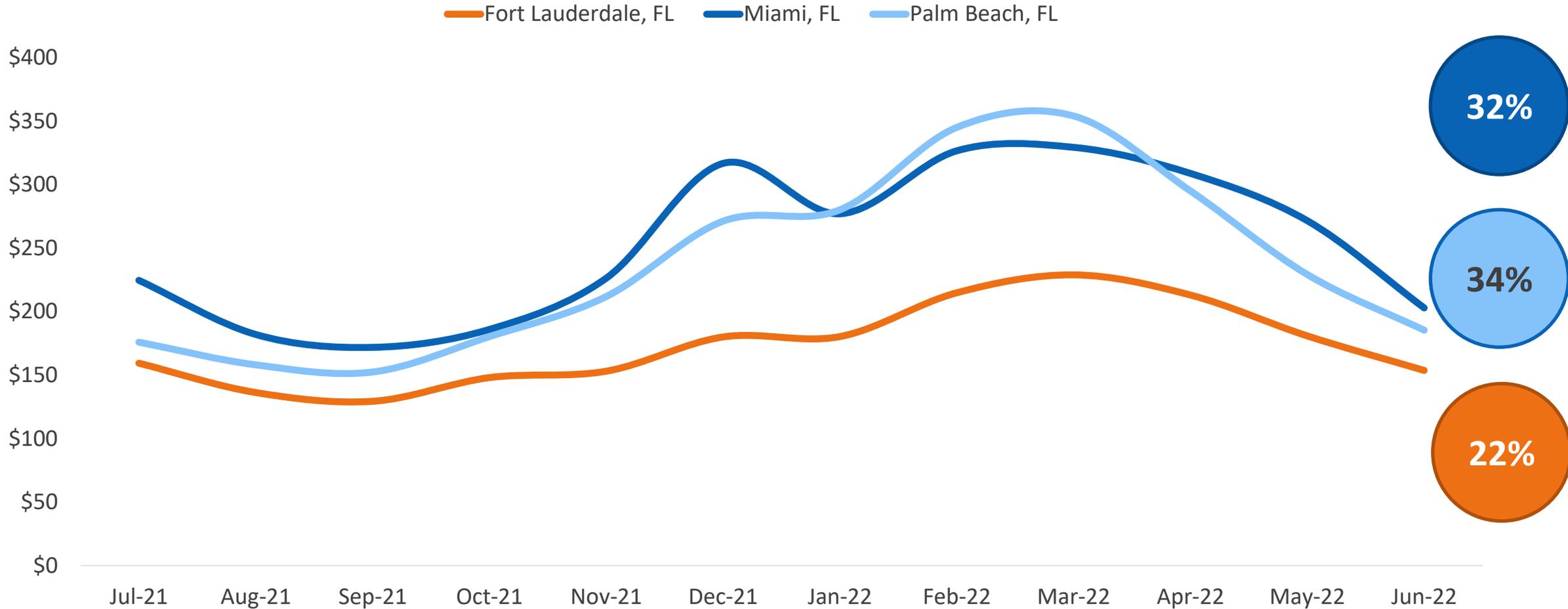
# But ADR remains high market-wide

Fort Lauderdale submarkets, ADR % change to 2019, April – June 2022



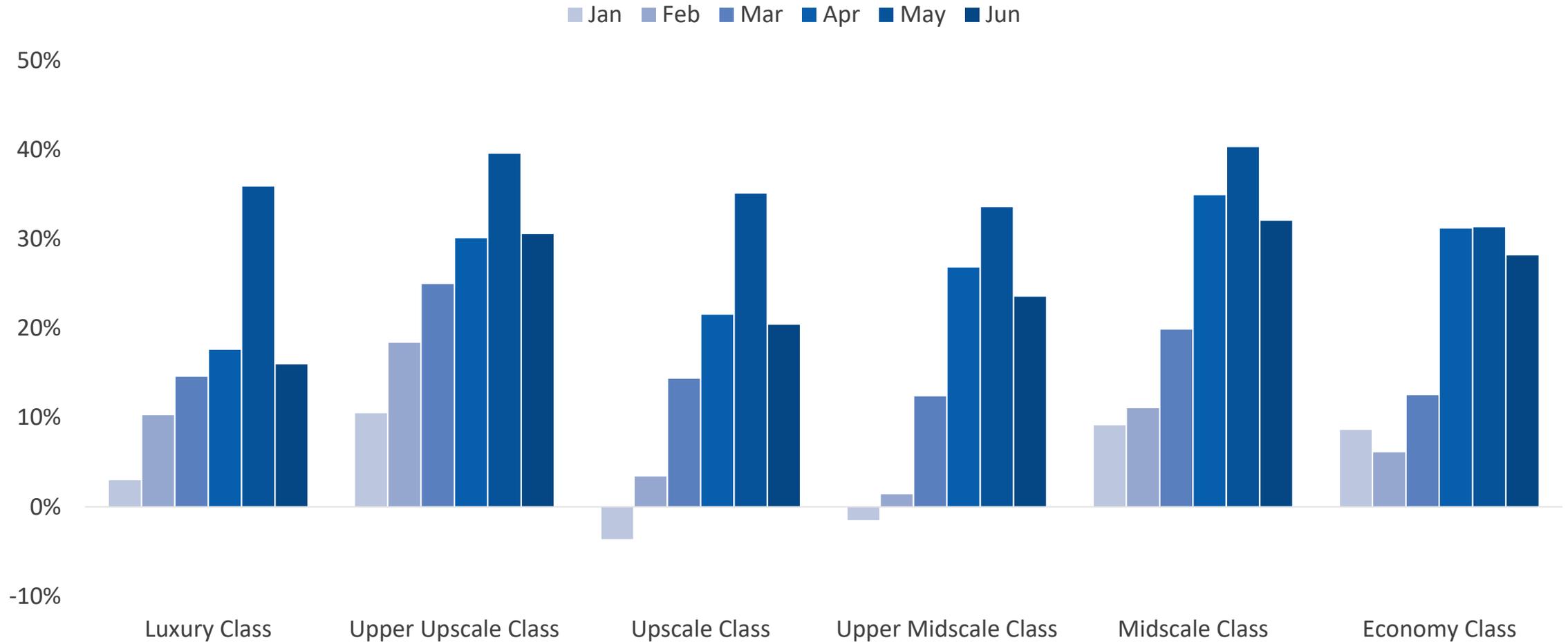
# Although FLL downright affordable relative to surrounding beaches!

ADR, July 2021 – June 2022 (prelim)



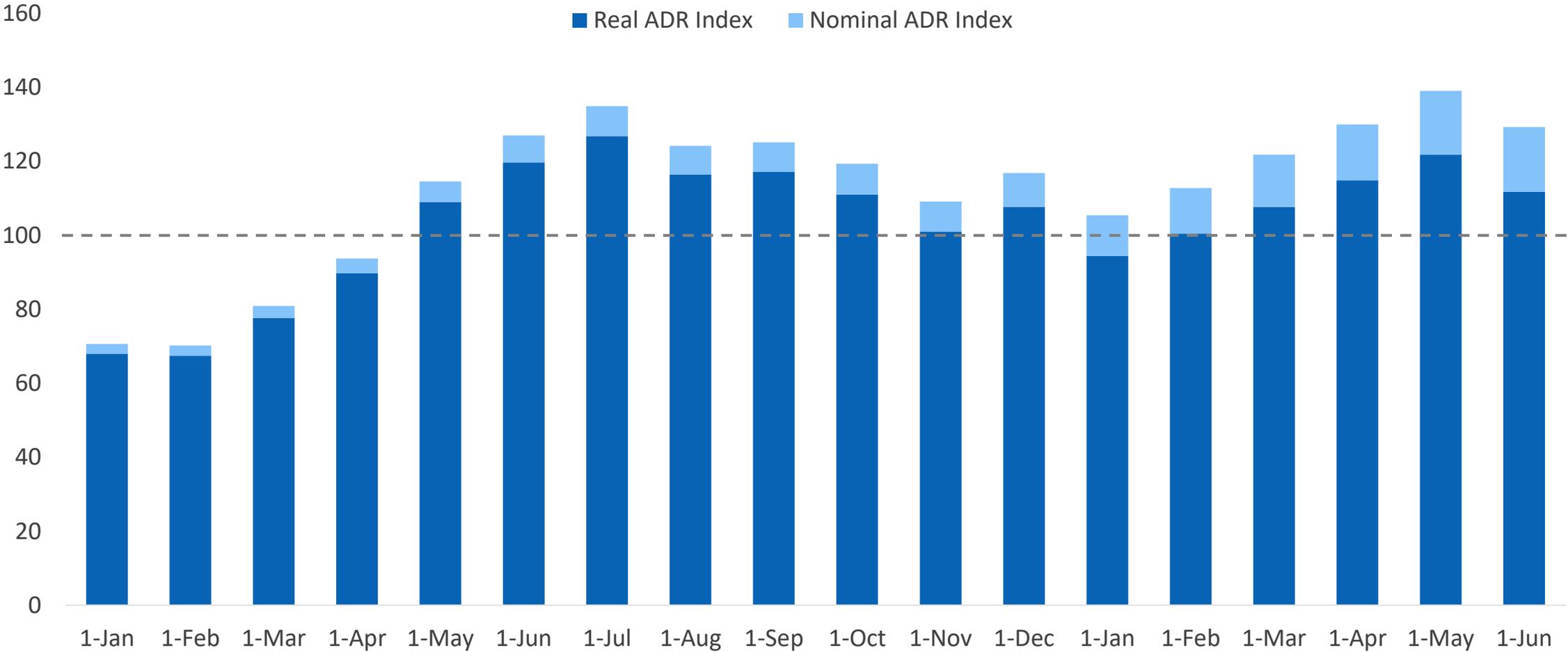
# Even the hardest-hit classes reporting strong rate growth

Fort Lauderdale market, ADR % change to 2019, Jan – Jun (prelim) 2022



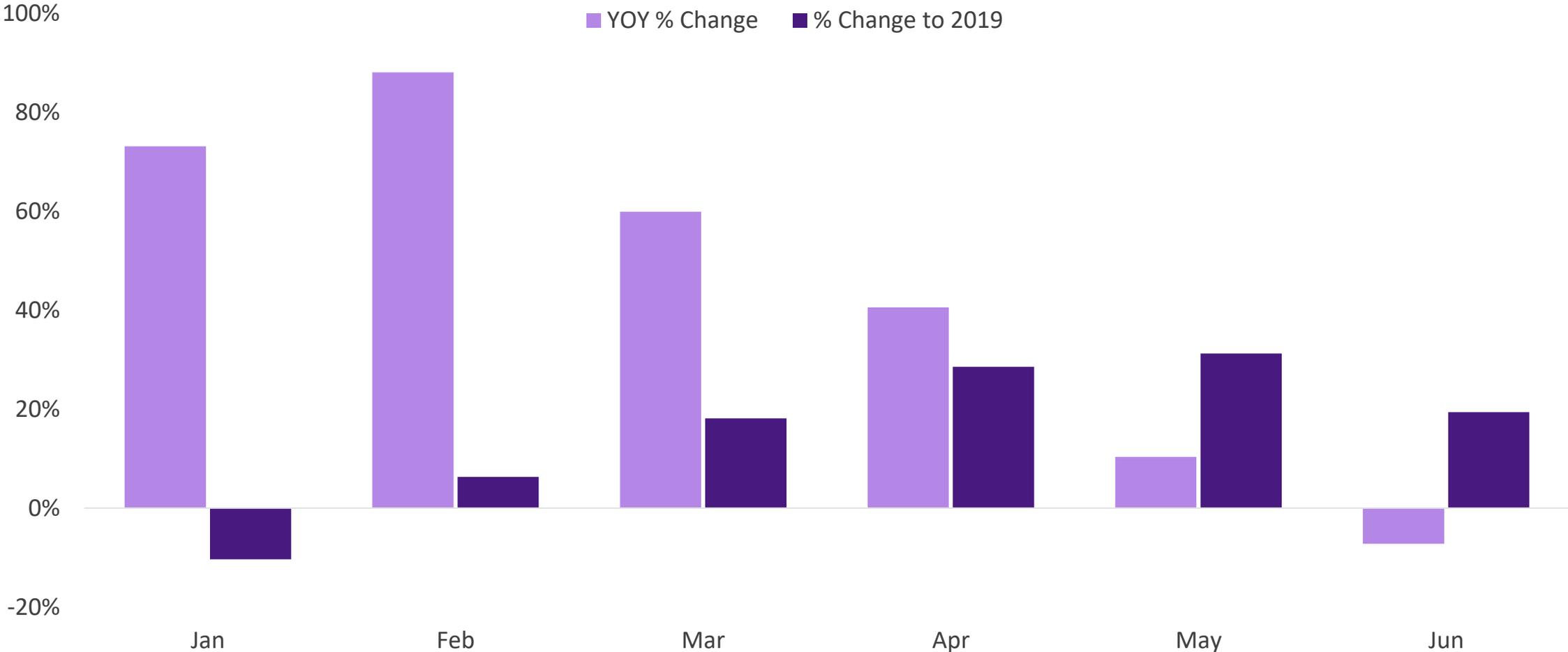
# So much so that real ADR is 10-20% over pre-pandemic level

Fort Lauderdale, monthly ADR indexed to 2019, Jan 2022 – Jun 2022 (prelim)



# The outcome: Success no matter how you swing it

Fort Lauderdale, RevPAR % change to 2019 and YOY, Jan – Jun (prelim) 2022



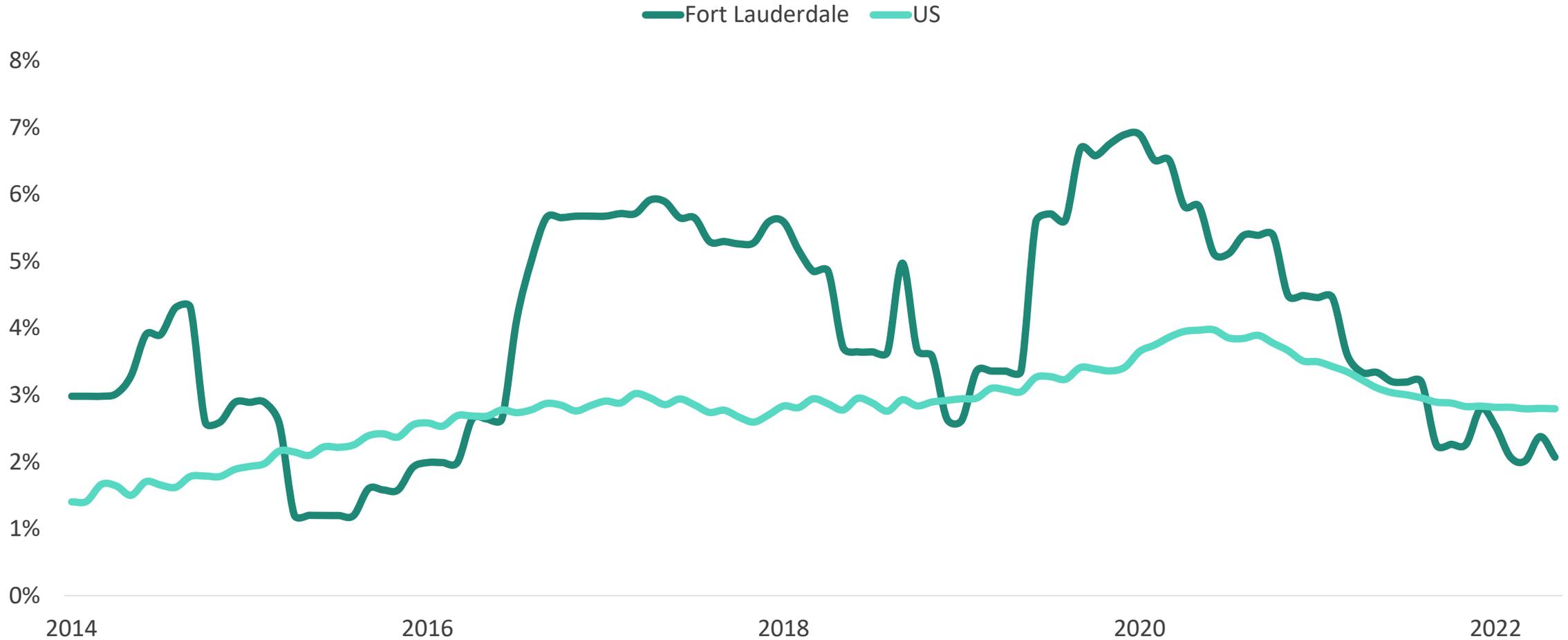
# Looking ahead, development activity is finally slowing

Fort Lauderdale market, rooms in construction, Jan 2000 – May 2022



# Which mirrors the national trend

Rooms in construction as a % of existing supply, Jan 2006 – May 2022



# What happens next?



# US RevPAR projected to exceed 2019 RevPAR in 2022 (nominally...)

U.S. KPIs (standard methodology)

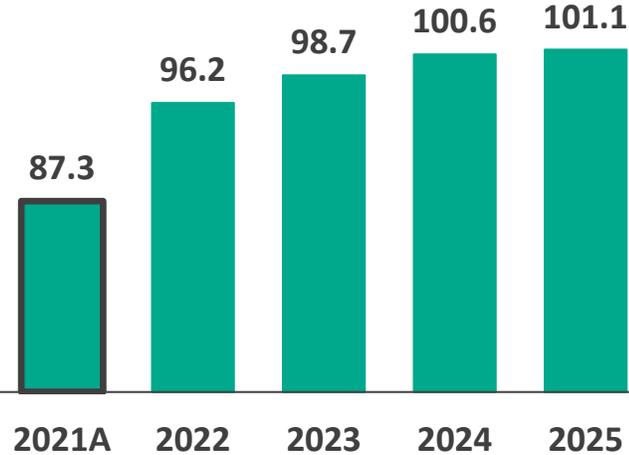
Metric	2021 Actual	2022 Forecast	2023 Forecast	2024 Forecast
Occupancy	57.6%	63.4%	65.1%	66.4%
ADR	\$125	\$145	\$150	\$155
RevPAR	\$72	\$92	\$98	\$103
RevPAR Compared to 2019	-17%	7%	+13%	+19%

# Nationally, 2024 the year to cheer

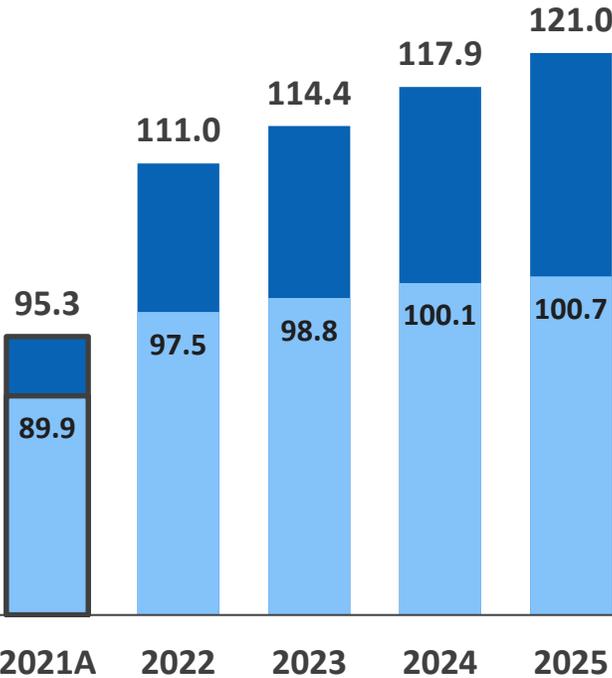
US KPIs, indexed to 2019



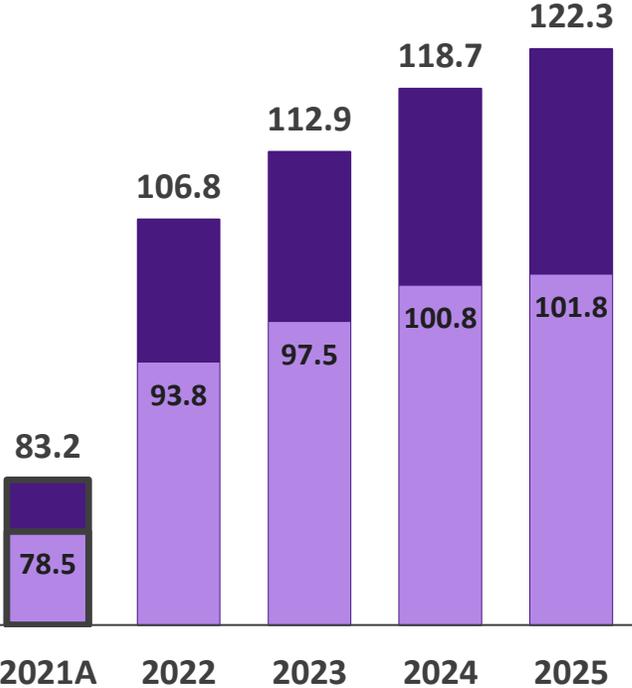
### Occupancy Index



### ADR Index



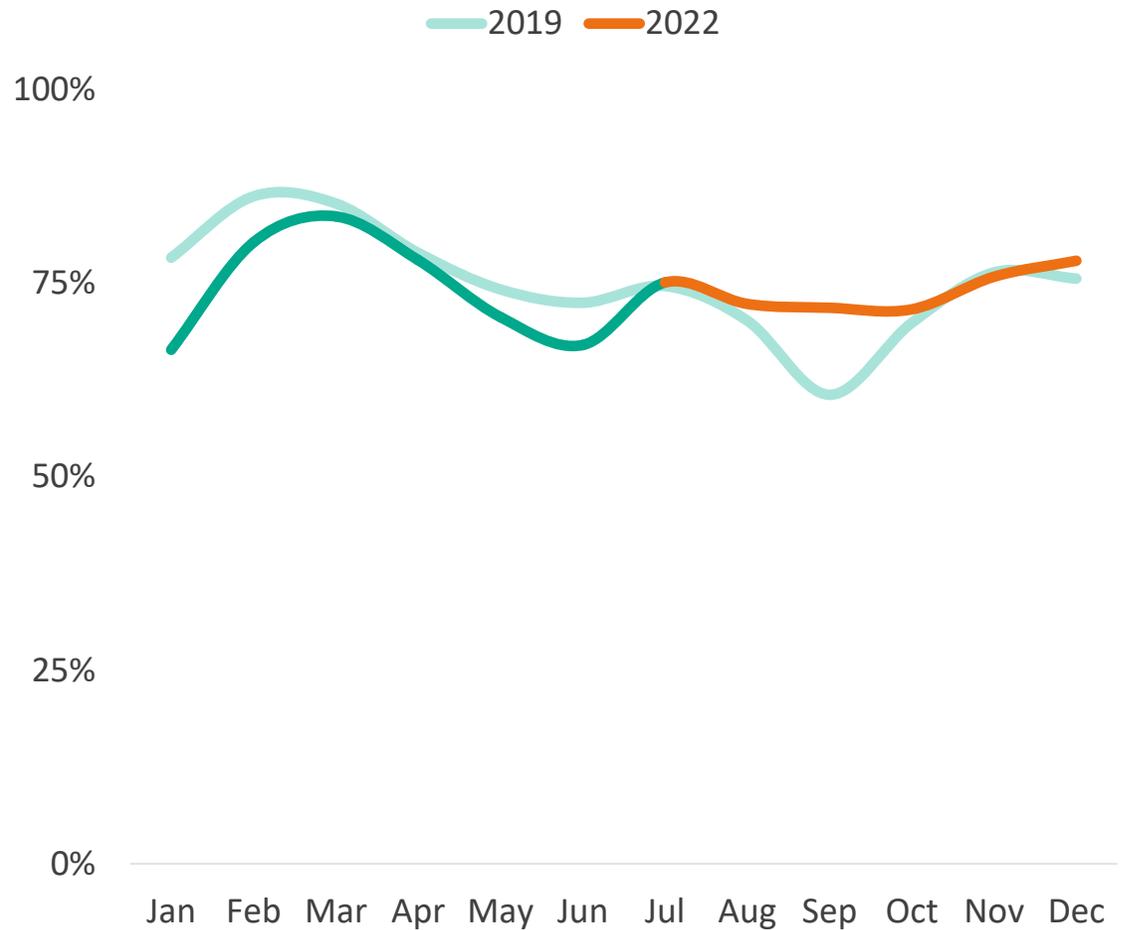
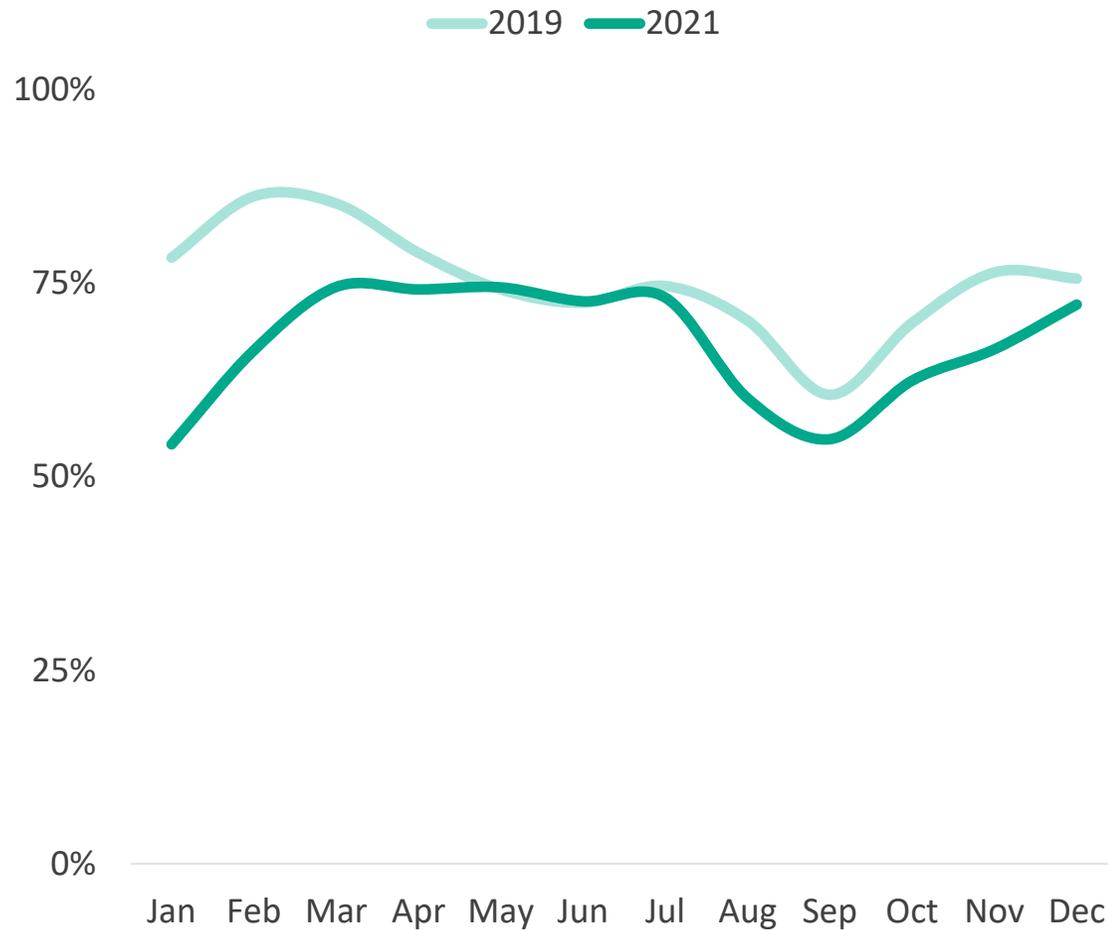
### RevPAR Index



■ Nominal ADR ■ Real ADR ■ Nominal RevPAR ■ Real RevPAR

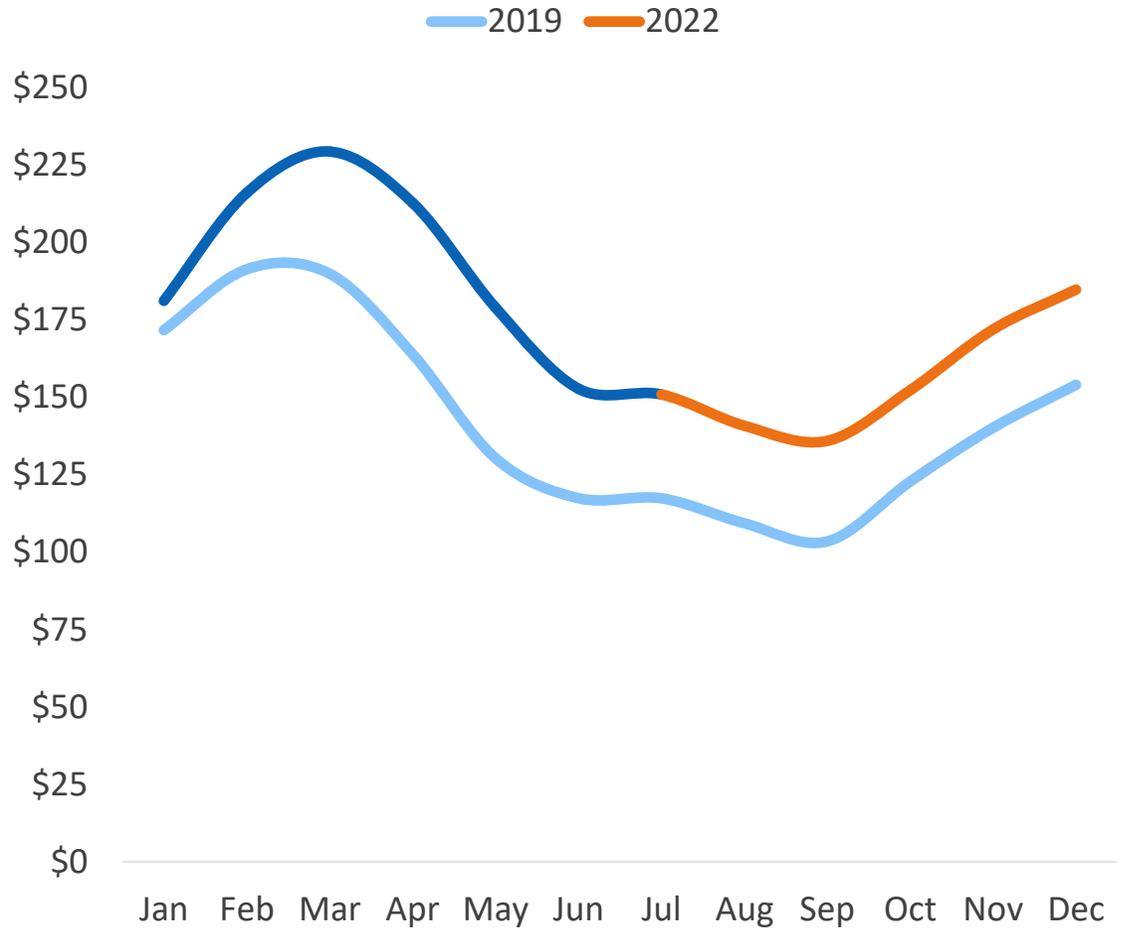
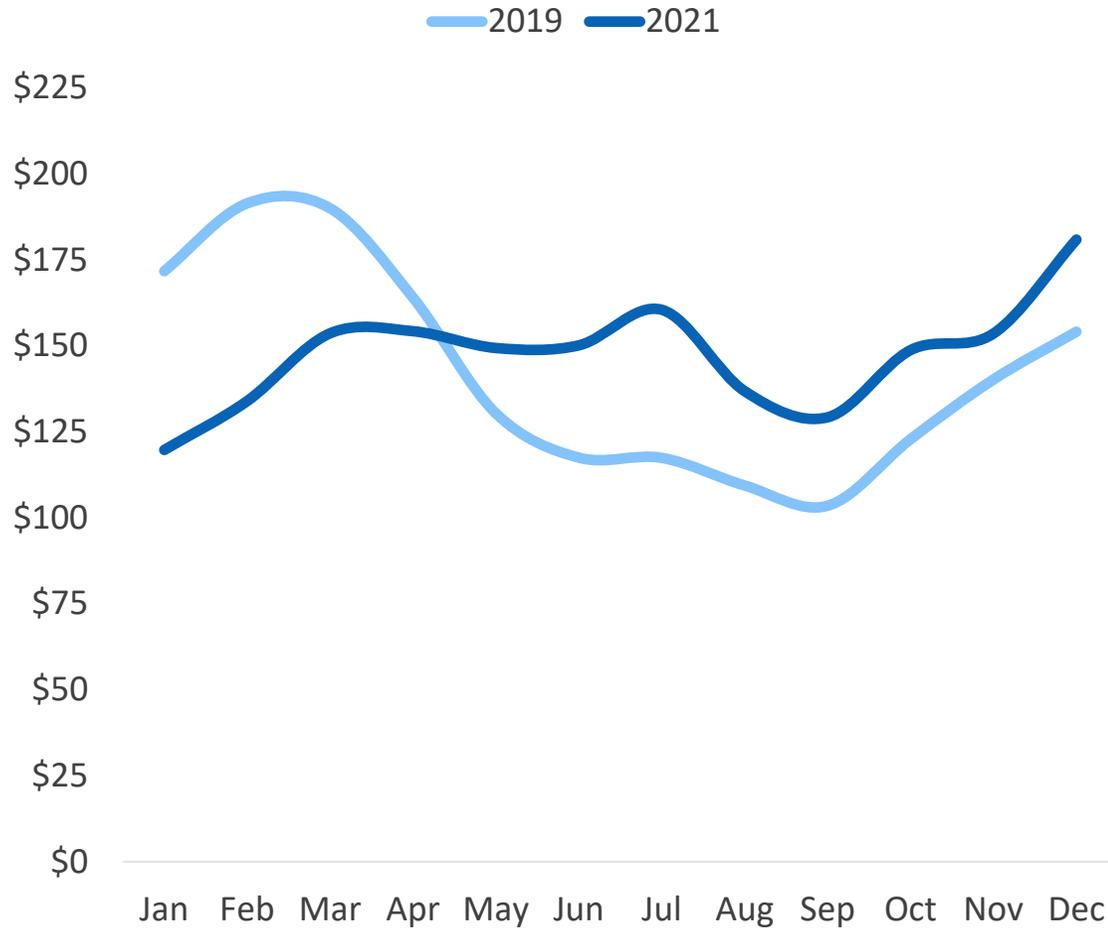
# Fort Lauderdale back to normal in 2022

Broward County occupancy, historical and forecast, 2019, 2021, 2022



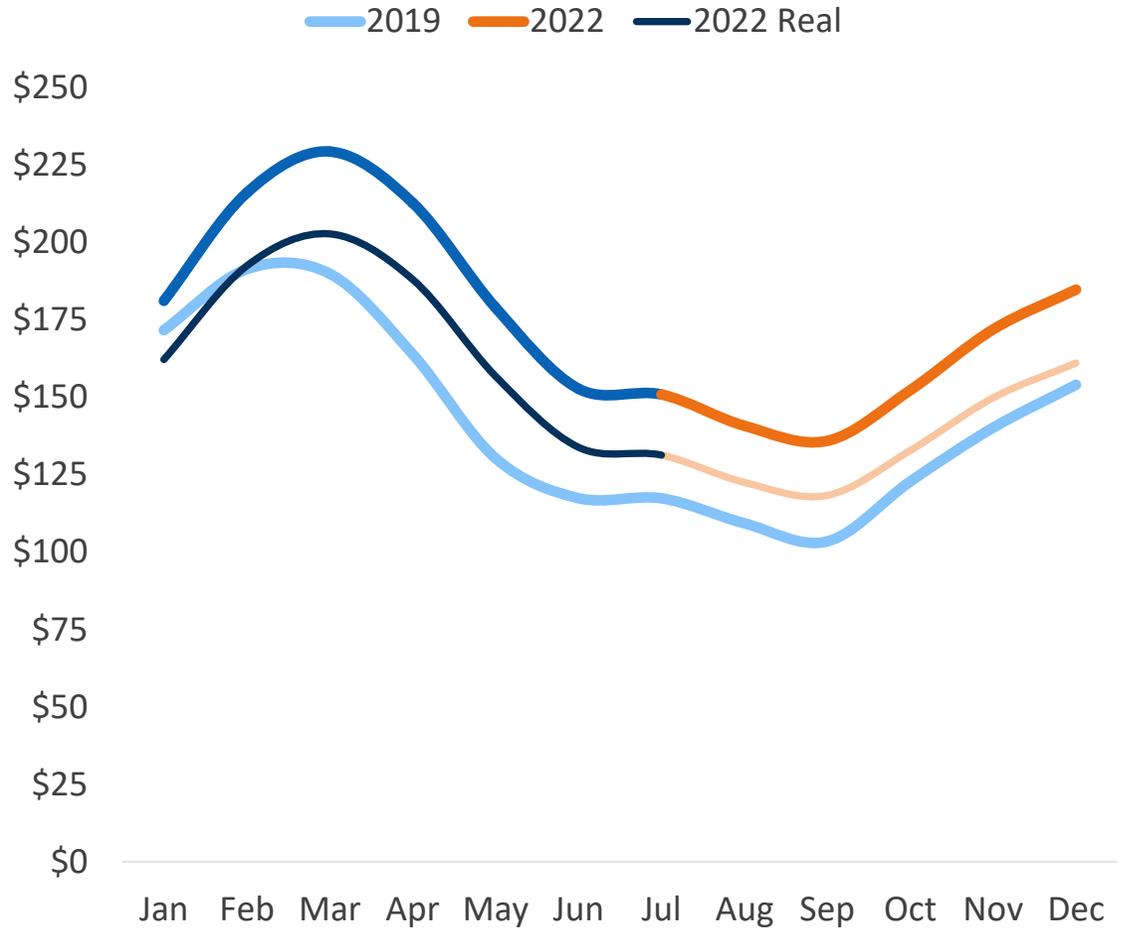
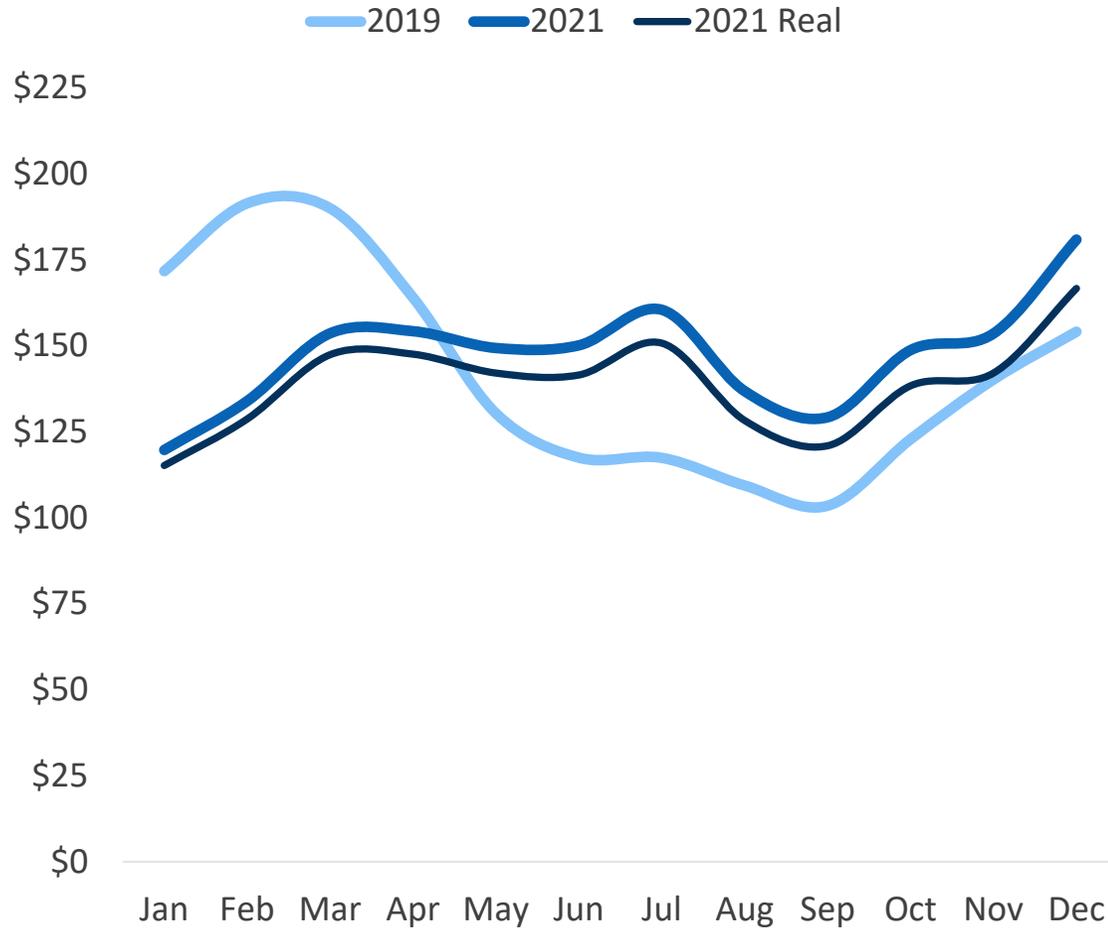
# ADR's substantially higher, of course...

Broward County ADR, historical and forecast, 2019, 2021, 2022



# Converted to real values, FLL ADR still recovered vs. 2019

Broward County ADR, historical and forecast, 2019, 2021, 2022



# Forecasting: What to worry and what to forget



## *Non-starters*

gas prices

travel troubles

## *Troublemakers*

inflation

labor

## *Wildcards*

groups

leisure lethargy

# Takeaways



Takeaway

01

**All recovery isn't equal.** It's more important than ever to choose your benchmarks carefully and account for externalities.

Takeaway

02

**Bringing back business** remains the key to sustained strengthened performance.

Takeaway

03

**The economy is messy,** but fundamentals are strong, and a prolonged recession is unlikely.



# Thank you!

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