1Q-2022 Market Intelligence Reports Release Presentation

LARC

LODGING ANALYTICS RESEARCH & CONSULTING

Better Lodging Analytics For Better Business Decisions

1. Our Approach to Market Intelligence
2. U.S. Market Review
3. This Recovery Will Be Different
4. U.S. Outlook
5. Market Highlights
6. Q&A

Our Approach

The LARC Approach

Everything To Analyze a Market in One Place

- Historical Operating Results
- Detailed Economic Summary
- Citywide Pacing Data
- Air Traffic Data
- Office Market
- Supply Pipeline
- Home Sharing
- Recent Transactions
- Key Capital Projects (Public and Private)

Forecasts for the following key industry metrics:

On a Quarterly Basis

- Supply
- Demand
- Occupancy
- Average Daily Rate
- RevPAR
- Wages
- Hotel EBITDA and Margins

On an Annual Basis

- Property Taxes
- Cap Rates
- Hotel Values

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LARC's Core Values

Transparency

LARC believes its forecast accuracy should be transparent and offer a means for clients to alter inputs to key drivers, should they have differing assumptions.

Market-Based

LARC recognizes that each forecast/ project completed should be constructed with the specific factors that drive that individual market in mind, yielding a unique analytical model that results in highly accurate findings and conclusions.

Realism

LARC's baseline forecasts represent the most likely outcomes, grounded in the current market environment and realistic outlooks for key macro drivers.

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Forecast Methodology

Multi-Variable Linear Regression

- We find the industry and macro-economic factors that drive lodging fundamentals in each market we analyze
  - While there is overlap among the markets, no two markets have the same forecast model
  - We include leading indicators as well as concurrent indicators
- We build as many factors as necessary into our models (usually between 3 and 7) to build a model that has impeccable back testing strength going back to 2000
  - Our models account for past downturns

No Subjective Adjustments

- We incorporate special events like the Super Bowl into our models
- Taking the time to build market specific models creates heightened forecasting accuracy
- We don't allow the psychology of the moment to alter our forecasts by applying subjective adjustments
- Subjectively adjusting the results eliminates the advantage of using data analytics

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Only the Best Data Sources

Better Data In = Better Data Out

- We know that regression forecasting is based on data and specifically forecasts for key industry drivers that come from platforms other than us.
- We use the best data providers we can find to make sure that our outputs are the best possible.

Key Data Providers

- Historical Operating Results- STR
- Detailed Economic Summary- Moody's Analytics
- Citywide Pacing Data- Local CVBs
- Office Market- Moody's Analytics
- Supply Pipeline- BuildCentral
- Home Sharing- AirDNA
- Historical Cap Rates and Transactions – Real Capital Analytics, LW Hospitality Advisors

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Client Feedback: LARC has a 100% Repeat/ Renewal Rate

Client Response

"We now have access to LARC's hospitality market research service, which for several reasons…we view as the best such product available to hotel investors."

- Evercore ISI Equity Research, Published 1/17/2022

"Lodging Analytics Research & Consulting provides comprehensive quarterly assessments that are important not only to our evaluation of markets – but also to our review of specific assets and deals. Their quarterly assessments are highly relevant summaries of key drivers in each market, assimilating numerous local and regional economic developments and also various economic data sets into exceptional, concise work product."

- REIT Chief Investment Officer

"We commission[ed] LARC reports last summer for a process we ran… and it was a HUGE help and our process was a great success so thank you! We should explore your support of this next process."

- Larry Kwon, Managing Director, Moelis & Company

"Electra America Hospitality Group utilizes LARC as one of our primary sources for both macro and microeconomic data on the hotel industry. The transparency, commitment to accurate reporting, and depth of each report that LARC prepares is unparalleled in the industry. Furthermore, Ryan and his team members are always available to answer questions and provide additional commentary regarding the markets they cover."

- Russ Urban, Principal and Managing Partner, Electra America Hospitality Group

Current Client Roster

- Wall Street Firms
- Large Global Private Equity Firms
- Hotel Real Estate Investment Trusts
- Third-Party Hotel Operators
- Owner/Operator Platforms
- Hotel Brands
- Hotel Brokers & Advisors
- Lenders

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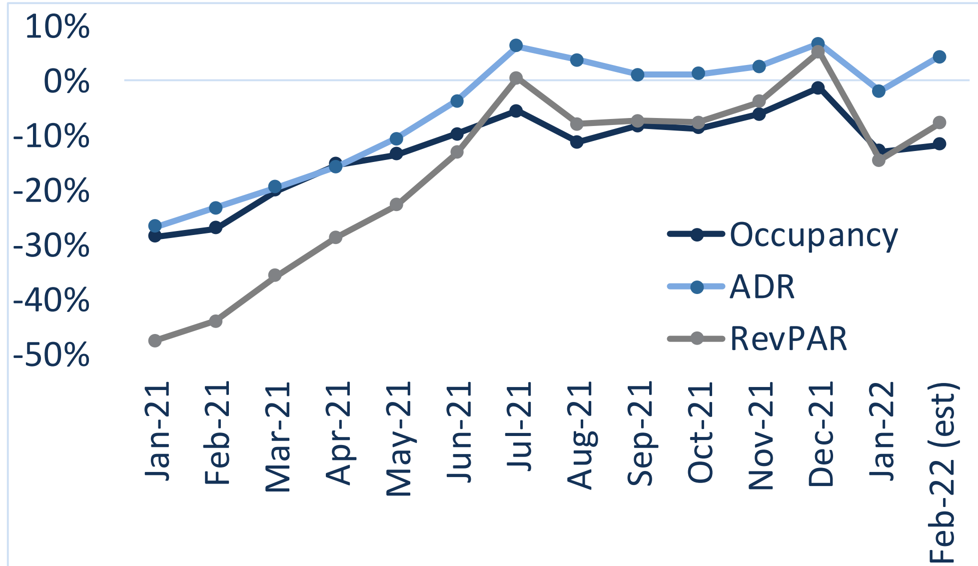
U.S. Market Review

Monthly 2021 Growth From 2019

Recovery Progressing

- U.S RevPAR snapped back strongly following the successful distribution of vaccines.
  - By July, fueled by pent-up leisure demand, U.S. ADR was 6.3% above 2019 levels and RevPAR was 0.5% above 2019 levels
  - However, due to the Delta variant, the market's recovery reversed in August, but pricing power held.
  - By December, ADR was 6.7% above 2019 and RevPAR was 5.2% above
  - However, the impact from the Omicron variant began to show in January, with a steep decline
  - However, preliminary data for February suggests that the impact was short-lived, and the industry is already beginning to bounce back.
    - ADR is already back above pre-pandemic levels

Monthly Change vs. Pre-pandemic Levels



Source: Lodging Analytics Research & Consulting, STR
*Jan and Feb 2022 comped against Jan and Feb 2020

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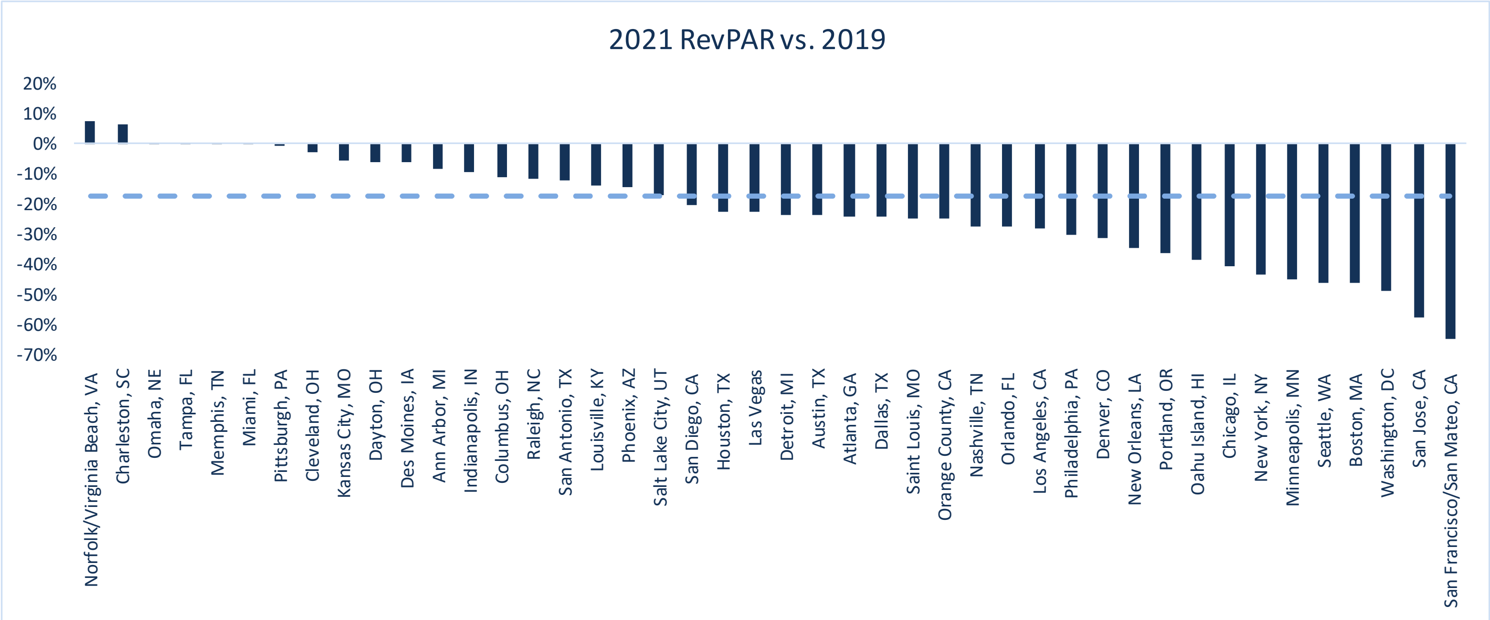
An Inconsistent Start to the Recovery

U.S. Headlines

- 2021 U.S. RevPAR was 17.2% below 2019 levels for the full year
- Market Divergence is Extreme YTD
    - Norfolk up 8%
    - San Francisco down 65%

2021 RevPAR vs. 2019



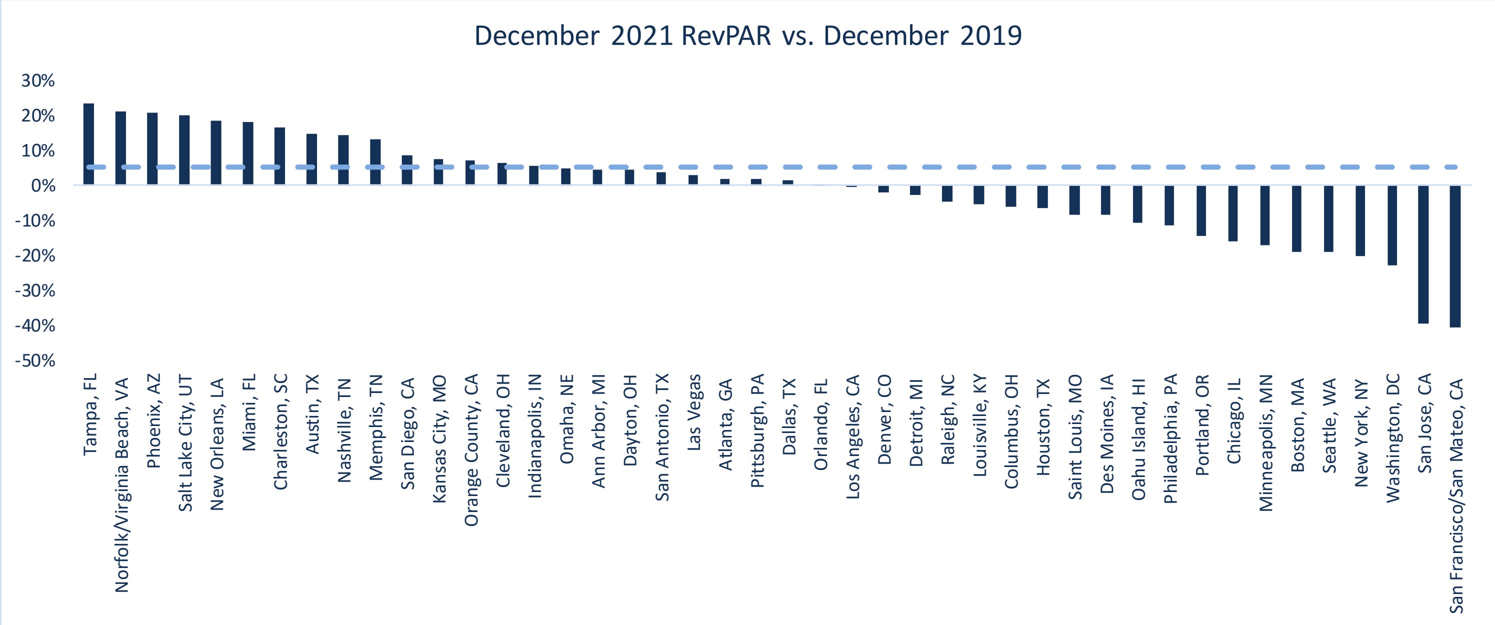
Source: Lodging Analytics Research & Consulting, STR, Costar, LVCVA

An Inconsistent Start to the Recovery

U.S. Headlines

- December 2021 U.S. RevPAR was 5.2% above December 2019
- 24 of LARC's 44 markets were positive vs. 2019 in December
- Market Divergence Remains Extreme
  - Tampa up 24%
  - San Francisco down 41%

December 2021 RevPAR vs. 2019



Source: Lodging Analytics Research & Consulting, STR, Costar, LVCVA

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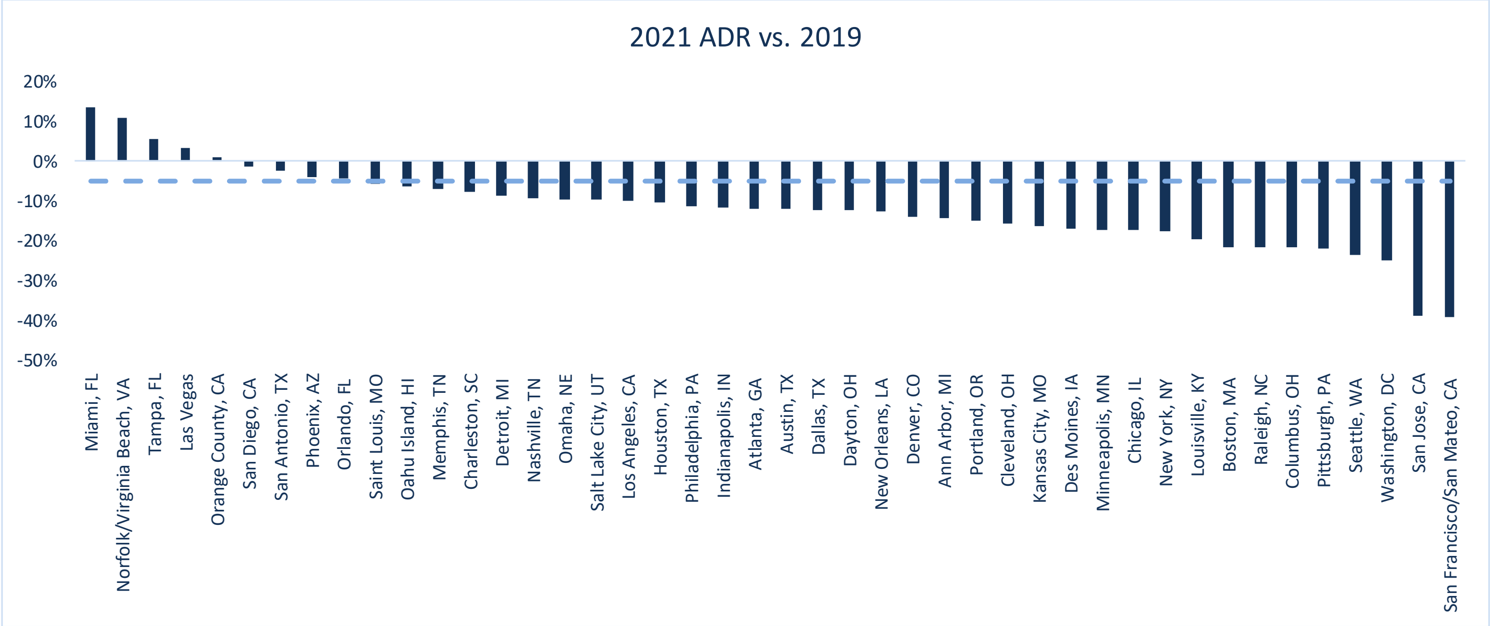
ADR Recovering Rapidly

U.S. Headlines

- 2021 U.S. ADR 5.0% below 2019
- 5 of LARC's 44 markets were positive vs. 2019
- Market Divergence Remains Extreme
  - Miami was up 14%
  - San Francisco was down 39%

2021 ADR vs. 2019



Source: Lodging Analytics Research & Consulting, STR, LVCVA

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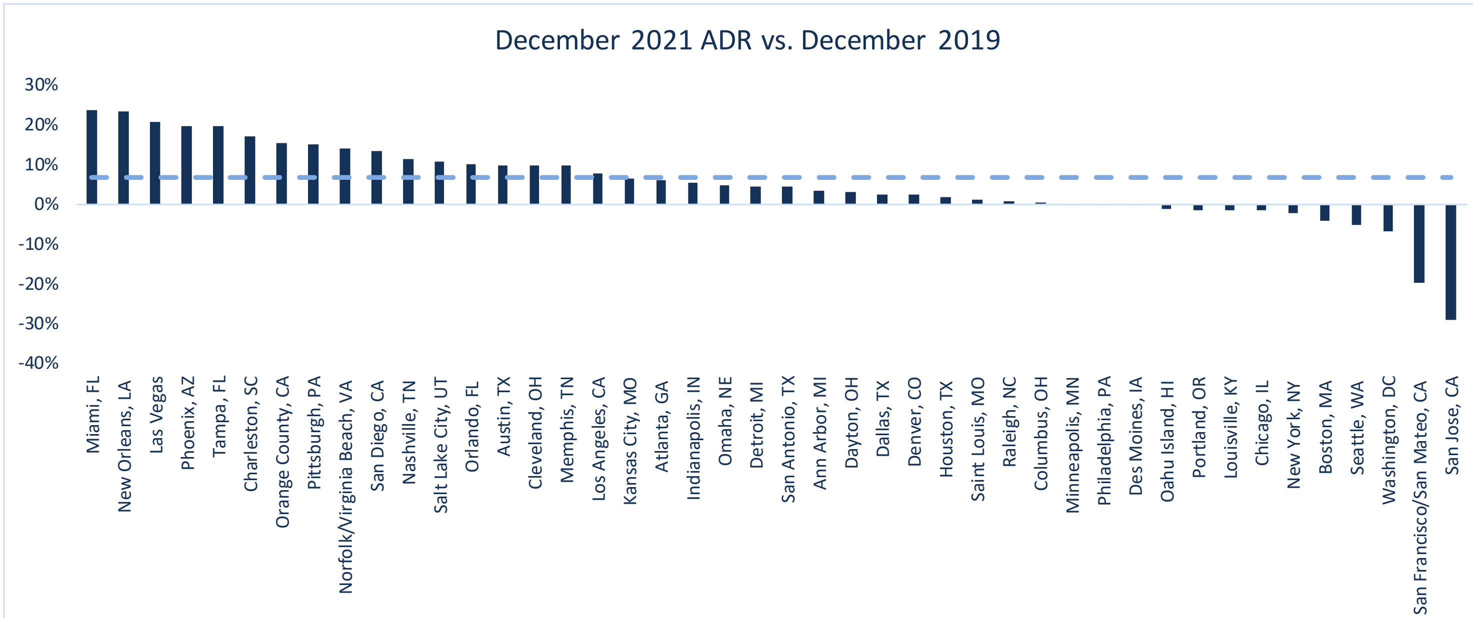
ADR Recovering Rapidly

U.S. Headlines

- U.S. ADR up 6.7% vs. 2019 in December
- 31 of LARC's 44 markets were positive vs. 2019 in December
- Market Divergence Remains Extreme
  - Miami, New Orleans and Las Vegas all up over 20%
  - San Francisco and San Jose down 20% or more

December 2021 ADR vs. 2019



Source: Lodging Analytics Research & Consulting, STR, LVCVA

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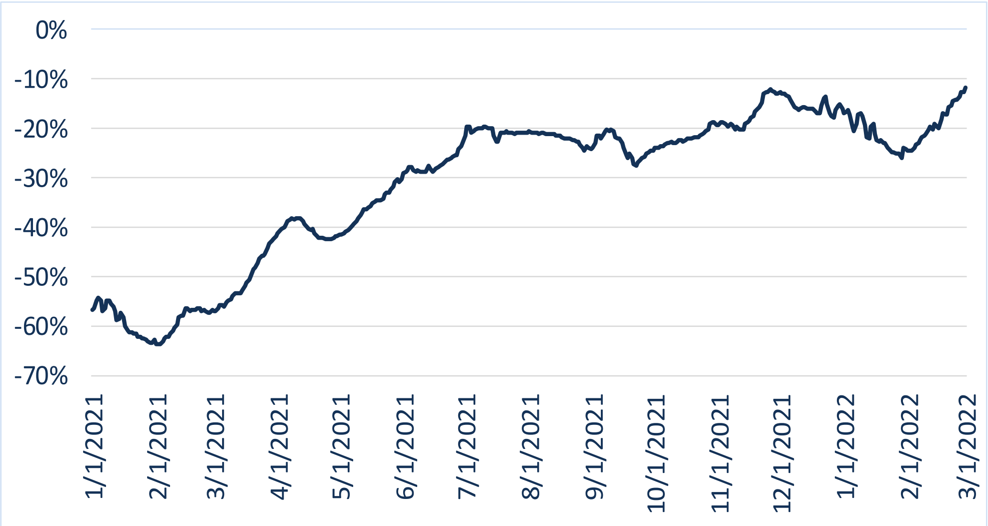
TSA Throughput

Air Traffic Recovery Stalled

- Air traffic volumes troughed at year-over-year declines of 96% in mid-April 2020
- By late November throughput volumes recovered to within 12.1% of 2019 levels
- By late January, they retreated to 25.9% below 2019 levels
- By early March, throughput volumes are back to within 12% of 2019 levels and momentum is strong

TSA Throughput Growth vs. 2019 On 14-Day Moving Average



Source: Lodging Analytics Research & Consulting, TSA

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Hotel Booking Volumes

Volumes Beginning to Accelerate

- U.S. hotel booking volumes have started to improve
  - As of 2/1/21, 54.6% of 2019 booking volumes were completed
  - As of 5/28/21, 89.4%
  - As of 8/13/21, 73.8%
  - As of 9/4/21, 84.1%
  - As of 11/19/21, 91.9%
  - As of 1/9/21, 60.9%
  - As of 2/22/22, 94.3%

- The Delta and Omicron variants clearly altered the booking recovery, but the bookings are now approaching 2019 levels, with the impact from the variants looking to be in the past
- Booking windows remain short but beginning to lengthen

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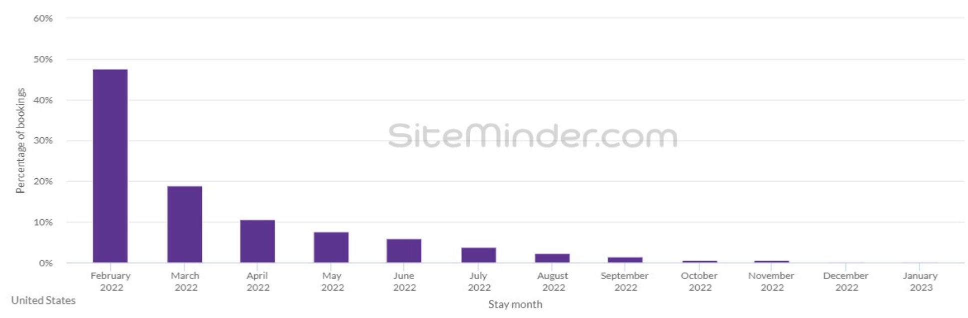
Hotel Booking Volumes as % of 2019 Levels

Booking Window Starting to Lengthen



Source: Siteminder.com

Home Sharing- Leisure Focused and Supply Driven

Hotel-Comparable Home Sharing Revenue and YoY Growth on a Rolling 4-Quarter Basis

Source: AirDNA and Lodging Analytics Research & Consulting

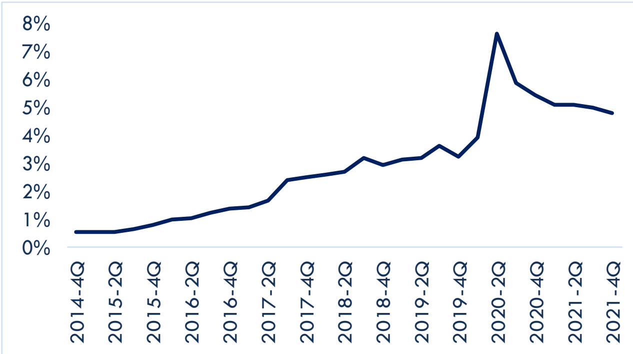
Hotel-Comparable Home Sharing Available Room Nights and YoY Growth on a Rolling 4-Quarter Basis

Source: AirDNA and Lodging Analytics Research & Consulting

Hotel-Comparable Home Sharing ADR and YoY Growth on a Rolling 4-Quarter Basis

Source: AirDNA and Lodging Analytics Research & Consulting

Hotel-Comparable Home Sharing Segment Share of Accommodations Revenue



Source: AirDNA and Lodging Analytics Research & Consulting

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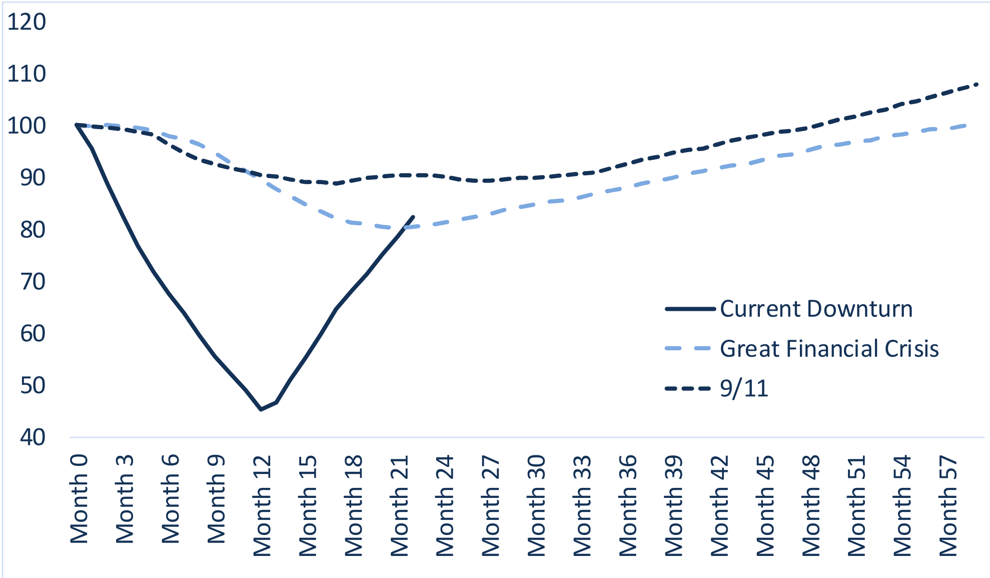
This Recovery Will be Different

This Cycle is Unlike Any Other- RevPAR

RevPAR Recovery Timeline

- This cycle's RevPAR decline is deeper and steeper than any experienced prior
- Following the Great Financial Crisis, it took 59 months for trailing-12-month RevPAR to recover to the prior peak level
- Following 9/11, it took 52 months

RevPAR Recovery in Past Cycles (TTM)



Source: Lodging Analytics Research & Consulting, STR

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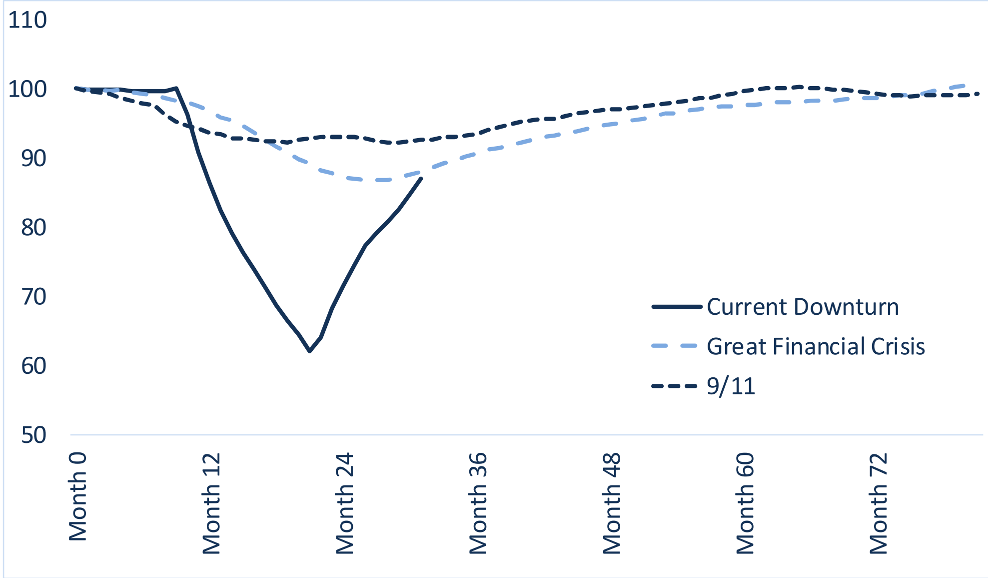
This Cycle is Unlike Any Other- Occupancy

Occupancy Recovery Timeline

- This cycle's Occupancy decline is deeper and steeper than any experienced prior
- Following the Great Financial Crisis, it took 81 months for trailing-12-month Occupancy to recover to the prior peak level
- Following 9/11, it took 65 months

Occupancy Recovery in Past Cycles (TTM)



Source: Lodging Analytics Research & Consulting, STR

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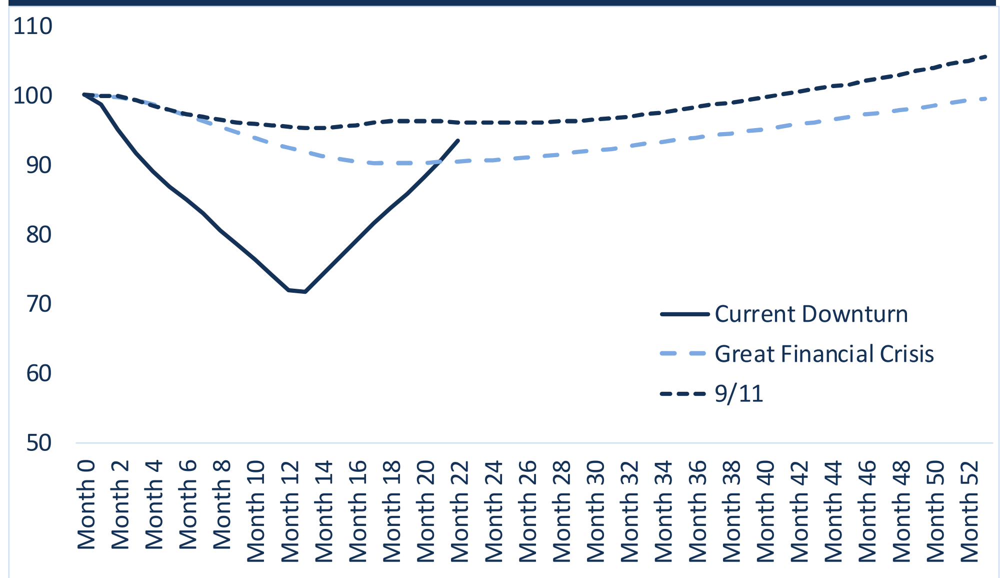
This Cycle is Unlike Any Other- ADR

ADR Recovery Timeline

- This cycle's ADR decline is deeper and steeper than any experienced prior
- Following the Great Financial Crisis, it took 52 months for trailing-12-month ADR to recover to the prior peak level
- Following 9/11, it took 45 months

ADR Recovery in Past Cycles (TTM)



Source: Lodging Analytics Research & Consulting, STR

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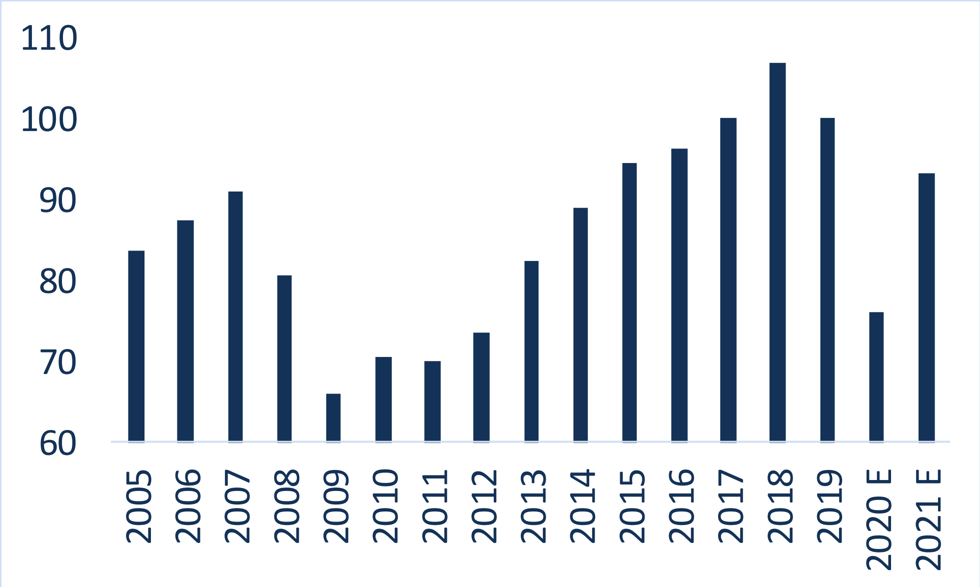
This Cycle is Unlike Any Other- Hotel Values

Hotel Value Recovery Timeline

- Following the Great Financial Crisis, Hotel Values dropped 27% from the 2007 peak to the 2009 trough
- Following the Great Financial Crisis, Hotel Values did not recover to the 2007 peak until 2015
- By 2018, values were 18% above the prior 2007 peak
- Values began declining in 2019, in advance of the pandemic
- We estimate that in a fully transparent environment, 2020 values would have fallen another 24%, but then recovered 22% in 2021 to be just 7% below 2019 levels

Hotel Value Recovery in Past Cycles (Values Indexed to 2019)



Source: Lodging Analytics Research & Consulting, Real Capital Analytics

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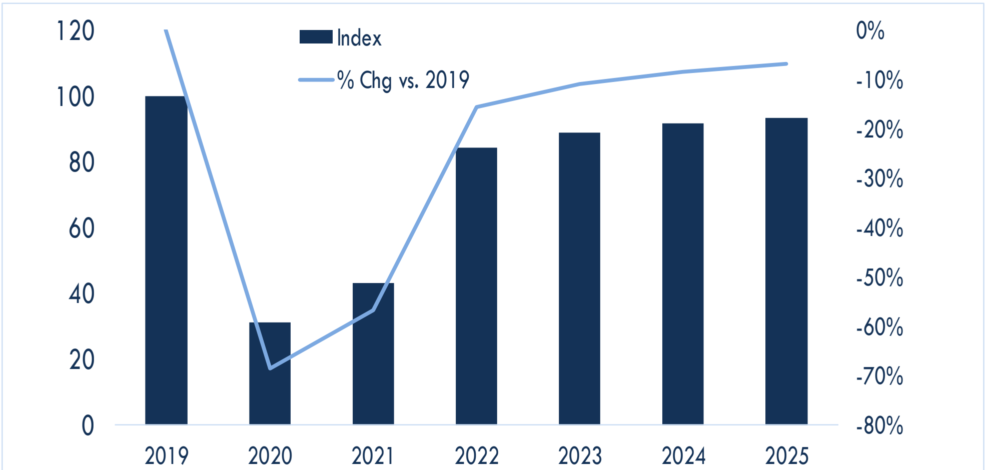
Convention Demand Could Recover Quickly

Recovery Will Be Faster Than Past Cycles

- We have aggregated definite room nights booked for over 30 of the largest convention centers across the United States
- 2022 is pacing up 95% from 2021 and just 16% below 2019 levels
- 2023 and 2024 convention booking paces are only slightly below 2019 levels
- While group is normally the slowest segment to recover, with so many definite room nights already on the books, we believe convention group will snap back faster than in past recoveries

U.S. Convention Center Bookings as of February 2022



Source: Lodging Analytics Research & Consulting

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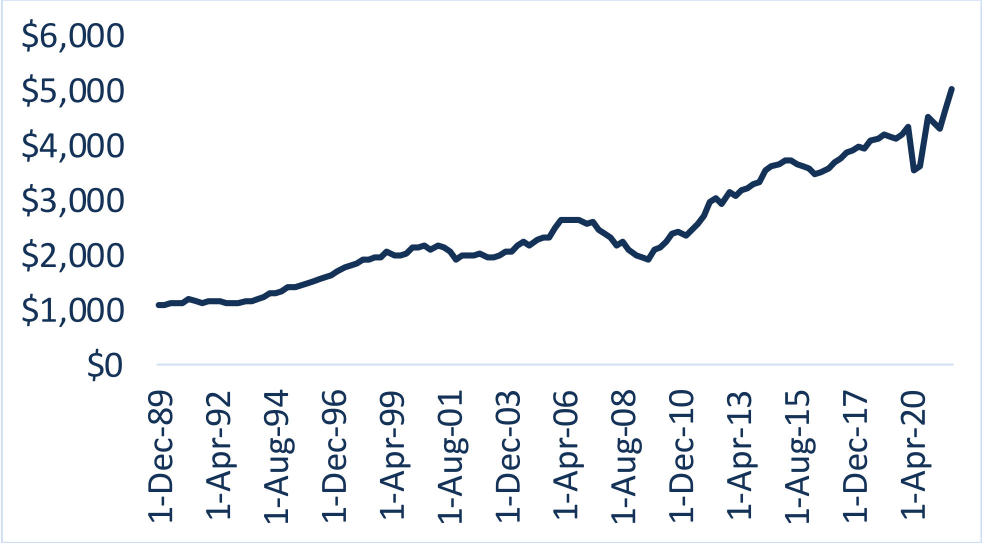
Gross Savings Rate

Unprecedented Savings Rate Coming Out of Downturn

- The U.S. Gross Savings Rate ended 2021 at an all-time high
- During the GFC the gross savings rate declined 11% and during the 9/11 downturn the gross savings rate declined 5%
- The current U.S. gross savings rate is approximately double what it was after the GFC

NIPA U.S. Gross Savings Rate (Billions, SAAR)



Source: Moody's Analytics, Lodging Analytics Research & Consulting

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2021 Economic Activity Better than Headlines

Sector Performance, Stock Market Support Corporate Transient Recovery

- Almost every sector of the U.S. is generating more output than pre-pandemic
- Combined- the sectors that drive the most corporate transient demand across the lodging sector experienced limited declines and are now well-above 2019 levels; Information Technology is up 14.0%, Financial Activities are up 8.2% and Professional Services are down 4.7%
- In 2021, the S&P 500 set an all-time high and closed up 26.9% year-over year. This came following the 15.2% increase in 2020. The S&P 500 is now down 8% through February.
  - During the GFC, the S&P 500 dropped 27%
  - During the 9/11 Downturn, the S&P 500 dropped 40%

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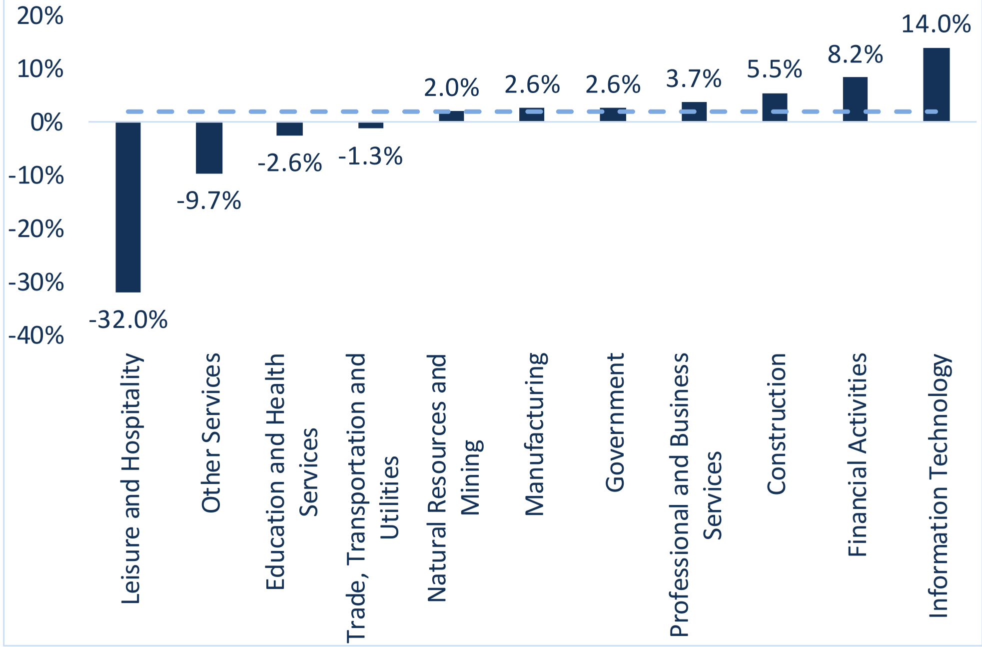
2021 vs. 2019 Sector GDP Growth



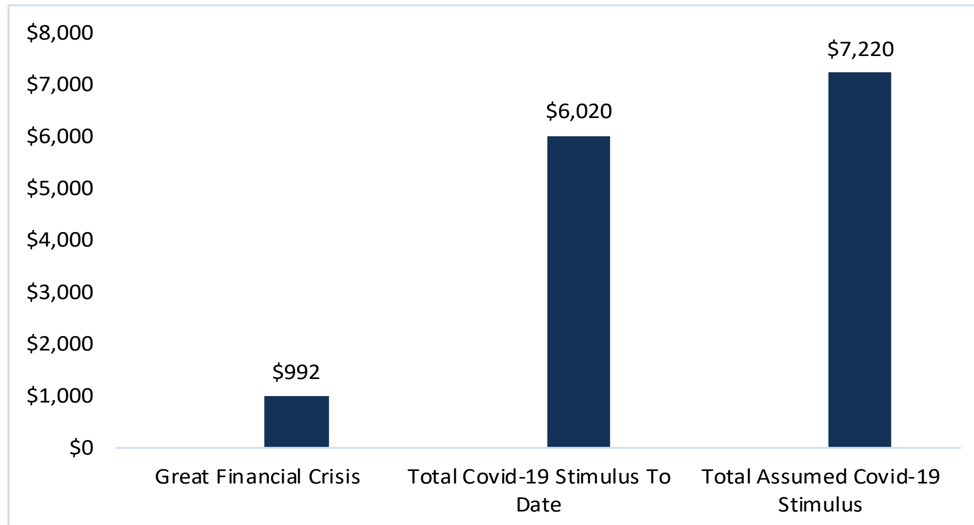
Source: Lodging Analytics Research & Consulting

Fiscal Stimulus- Covid-19 is 6x As Large as the GFC

Fiscal Stimulus Packages

Stimulus Package	Value (Billions)
Great Financial Crisis	
2008 Economic Stimulus Act	$152
American Recovery Act	$840
Total	**$992**
as % of 2007 GDP	6.3%
Covid-19 Pandemic	
CARES Act	$2,000
December 2020 Emergency Coronavius Relief	$920
American Rescue Plan	$1,900
Infrastructure Investment and Jobs Act	$1,200
Total Covid-19 Stimulus To Date	**$6,020**
as % of 2019 GDP	31.5%
Social Spending and Climate Bill	$1,200
Total Assumed Covid-19 Stimulus	**$7,220**
as % of 2019 GDP	37.8%

Fiscal Stimulus Totals (Billions)



Source: Lodging Analytics Research & Consulting

Inflationary Impact- Not What You May Think

ADR Impact

- Inflation has a 36.3% correlation and a 13.2% R-square with ADR since 1988.
- Since 1988, there have only been ten years with inflation above 3%, and one year with inflation above 5%.
- During those ten years with inflation above 3% there is actually a negative correlation between inflationary change and changes in both ADR and RevPAR.
- It is reasonable to expect inflation to impact ADRs, but the data does not support that conclusion.
- We believe inflation impacts ADR on the margin and supply/demand dynamics are much more meaningful drivers of ADR.

Expense Impact

- Approximately 84% of the average hotel's cost structure is related to items that are impacted by inflation.
- This includes labor (33% of average cost structure), departmental expenses, marketing, utilities and maintenance.
- As such, elevated inflation is likely to have a negative impact on hotel operating costs.
- Union hotels may see the least impact given labor costs are more fixed.

Cap Rate Impact

- Intuitively it makes sense that as inflation increases, there would be a flight within the investment community into hard assets.
- Since 2005 (earliest available data), the inflation has a (29.7)% correlation and an 8.8% R-square with U.S. hotel cap rates.
- In the 11 quarters since 2005 when inflation has been elevated, cap rates have compressed an average of 0.2%.
- We believe this data supports the view that high inflation is likely to have a positive impact on hotel cap rates.

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Bottom Line

All hotels may benefit from rising inflation, but those with low or fixed cost structures are likely to see the greatest benefits

War in Ukraine and Russian Economic Sanctions

The Direct Impact

- The U.S. has minimal exposure to Russian economy
- However, Europe has a substantial exposure to the Russian Economy and specifically Russian oil and natural gas. Russian sanctions could lead to slower European economic growth, which could weigh on inbound international travel from Europe
  - Markets with outsized exposure to European travelers
    - New York
    - Boston
    - Washington, D.C.
    - Miami
    - Chicago

The Indirect Impact- Cost of Oil

- Oil Prices have spiked- ended last week close to $115 per barrel
- Higher oil prices can slow economic growth, which would be negative
- It has already begun to weigh on stock market valuations, which is down over 10% year-to-date
- Will lead to more U.S. production, which is positive for markets driven by oil and natural gas production, as well as markets with outsized exposure to the energy sector in general (Houston)

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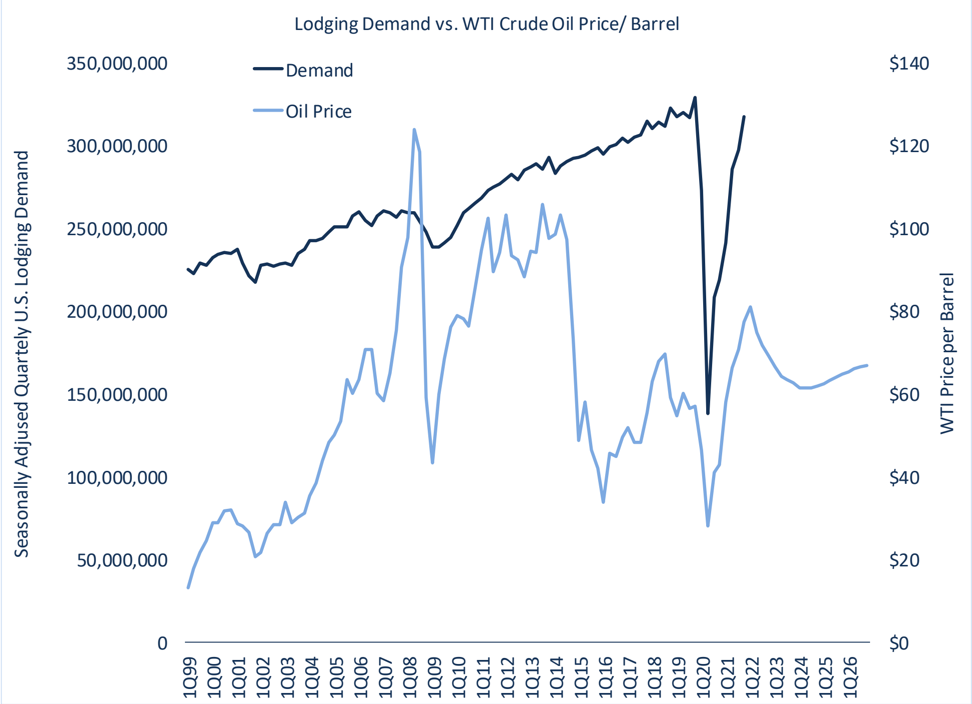
Impact of Higher Oil Price

Less meaningful than you might think

- The correlation between oil prices and demand is 45.0%
- The R-squared between oil prices and demand is 20.2%
- This tells us that oil prices can impact demand, on the margin, but they have historically moved in the same direction. On a quarterly basis, as oil prices have increased, so has lodging demand.
- The same can be said for gas prices. The correlation between national average gas prices per gallon and demand is 55.5%. The R-squared between gas prices and demand is 30.9%.
- That said, we think it is reasonable to expect higher oil and gas prices to impact leisure demand, but given the level of pent-up demand and elevated savings rates, we think that impact is more muted than one might expect in a different environment
- Incremental negative for drive-to leisure destinations, but marginal only
- Incremental positive for markets with outside exposure to the energy markets (Houston, West Texas, Tulsa…)

Oil Prices have Historically had Low Impact on Lodging Demand



Source: Lodging Analytics Research & Consulting, Moody's Analytics

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U.S. Outlook

Covid-19 and Fiscal Policy Assumptions

Assumptions

- $1.2 trillion "Build Back Better" program passes in 2Q-2022 and is enacted over several years
- The Fed will raise rates by 25 bps four times in 2022, beginning in March
- Elevated inflation is transitory and labor supply constraints ease in the near-term
- No new variants impact children or the vaccinated in any meaningful way
- Russia/ Ukraine conflict does not lead to military involvement from the U.S. or the rest of Europe

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Return to Office – Uncertainty Persists

- The vast majority of large companies planned returns to the office ranging from October 2021 to January 2022
- However, the Delta and Omicron variants significantly altered most of those plans
- Virtually every company that planned a return to office in Fall 2021 or early 2022 postponed or cancelled their plans
- In most cases, new dates for a return to office have not been communicated
- The technology sector appears to be the slowest to return

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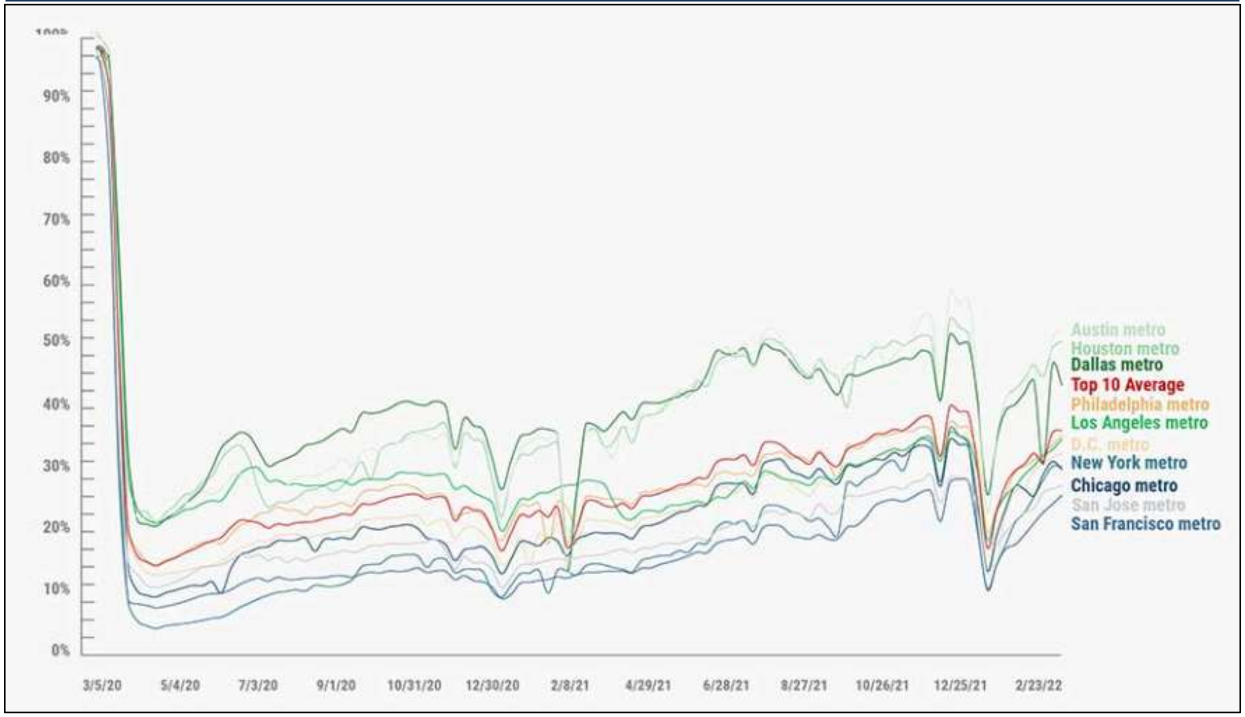
Return to Office – Slow and Steady

- At the end of February, office utilization rates had recovered to the levels they were at before the impact from the Omicron variant in late 2021
- Momentum has been accelerated substantially post-Omicron
- That should only increase in the coming months as more companies return to the office

Return to Office Data March 2020 – February 2022



Source: Lodging Analytics Research & Consulting, Kastle Systems

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Supply

Key Supply Assumptions

- Virtually all temporarily closed hotels have now reopened
- Opening delays continue to be material
  - First it was a labor shortage
  - Then it was the challenges related to getting the final inspections
  - Now supply chain delays make it harder to get the necessary materials. This is an issue we expect to persist through much of 2022 given the Russia/ Ukraine conflict

U.S. Lodging Supply Growth

(forecasts begin 1Q-2022)

	1Q	2Q	3Q	4Q	Year
2019	1.9%	1.8%	1.7%	1.9%	**2.0%**
2020	1.8%	-10.2%	-3.4%	-3.4%	**-3.6%**
2021	-2.2%	13.3%	5.8%	4.3%	**5.1%**
2022 F	*4.2%*	*2.3%*	*1.4%*	*1.7%*	***2.4%***
2023 F	*1.7%*	*1.3%*	*1.4%*	*1.7%*	***1.5%***
'21 - '24F CAGR		***2.0%***			
'21 - '26F CAGR		***2.1%***			

U.S. Economic Supply Growth

(forecasts begin 1Q-2022)

	1Q	2Q	3Q	4Q	Year
2019	1.9%	1.8%	1.7%	1.9%	**2.0%**
2020	1.8%	0.5%	1.3%	1.2%	**1.4%**
2021	1.0%	1.6%	1.5%	1.1%	**1.3%**
2022 F	*0.8%*	*0.9%*	*1.0%*	*1.7%*	***1.1%***
2023 F	*1.7%*	*1.3%*	*1.4%*	*1.7%*	***1.5%***
'21 - '24F CAGR		***1.6%***			
'21 - '26F CAGR		***1.8%***			

Source: Lodging Analytics Research & Consulting, BuildCentral and STR

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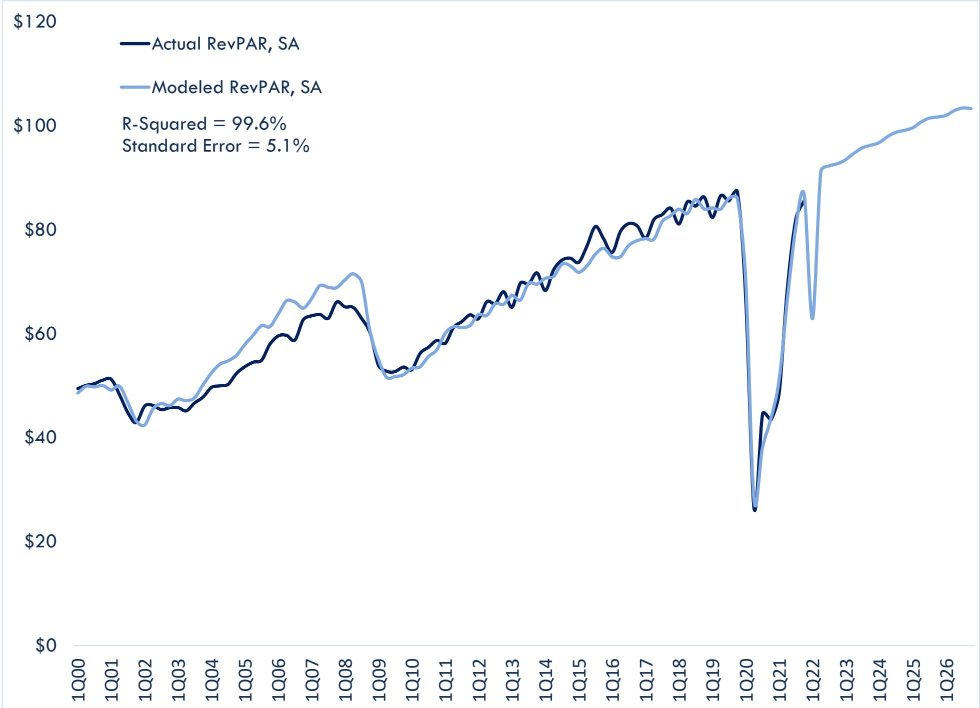
RevPAR Model

Key Model Drivers

- Unemployment Rate
- Real GDP
- Business Investment
- Real Foreign Exchange Rate

RevPAR, *Seasonally Adjusted*



Source: STR and Lodging Analytics Research & Consulting

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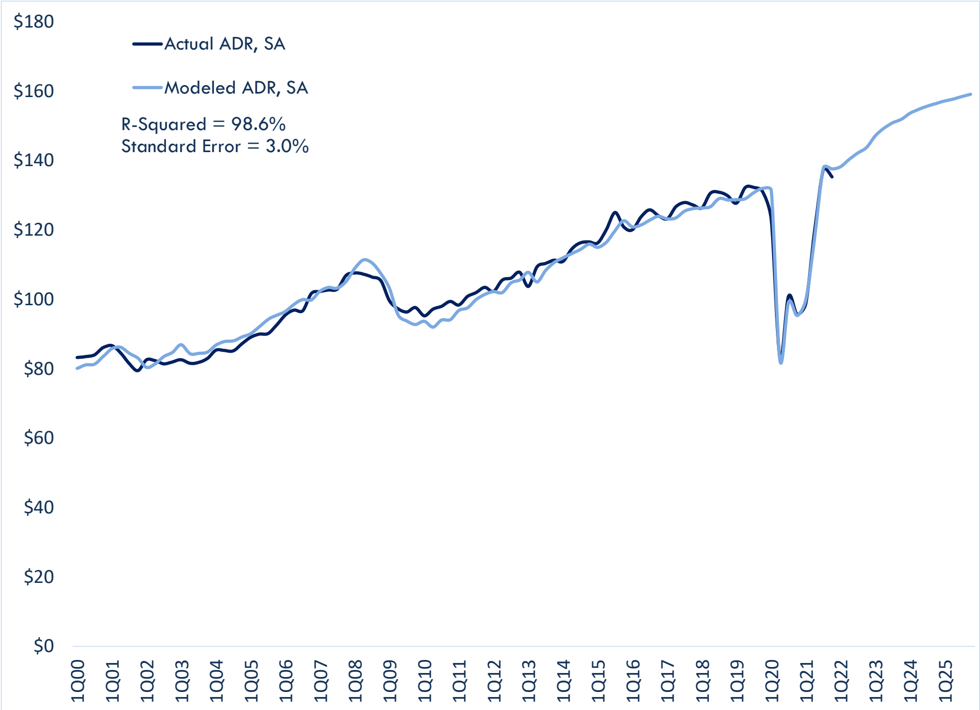
ADR Model

Key Model Drivers

- Business Investment
- Consumer Confidence
- Unemployment Rate
- Inflation

ADR, *Seasonally Adjusted*



Source: STR and Lodging Analytics Research & Consulting

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Expenses and EBITDA

Key Expense Assumptions

- Property Taxes will grow at a 4.5% CAGR through 2026
- Wages will increase at a 5.4% CAGR through 2026
- Other Expenses will grow at inflation
- We assume historical levels of cost flexing related to occupancy and for negative environments

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U.S. Lodging Wage Growth

(forecasts begin 1Q-2022)

	1Q	2Q	3Q	4Q	Annual
2019	4.5%	4.3%	4.0%	1.8%	**3.6%**
2020	0.1%	-12.8%	-9.1%	-4.0%	**-6.5%**
2021	-4.1%	21.4%	21.9%	15.6%	**13.3%**
2022 F	*18.4%*	*7.9%*	*3.6%*	*4.4%*	***8.2%***
2023 F	*5.2%*	*5.1%*	*4.6%*	*5.2%*	***5.0%***
2024 F	*5.1%*	*4.9%*	*5.0%*	*4.7%*	***4.9%***
2025 F	*4.5%*	*4.6%*	*4.5%*	*4.5%*	***4.5%***
2026 F	*4.4%*	*4.4%*	*4.4%*	*4.4%*	***4.4%***

Source: Lodging Analytics Research & Consulting, Moody's Analytics

U.S. Hotel EBITDA Growth

	1Q	*2Q*	*3Q*	*4Q*	*Annual*
2021	-83.7%	-331.6%	-20485%	1320%	**460.6%**
2022 F	*506%*	*100%*	*16.0%*	*22.5%*	***57.1%***
2023 F	*73.4%*	*11.1%*	*10.9%*	*9.8%*	***20.8%***
2024 F	*8.5%*	*6.4%*	*4.8%*	*4.6%*	***6.1%***
2025 F	*0.2%*	*-0.9%*	*-1.3%*	*-2.3%*	***-1.0%***
2026 F	*0.0%*	*-1.8%*	*-1.8%*	*-2.6%*	***-2.0%***

Source: Lodging Analytics Research & Consulting

Cap Rate Model

Key Model Drivers

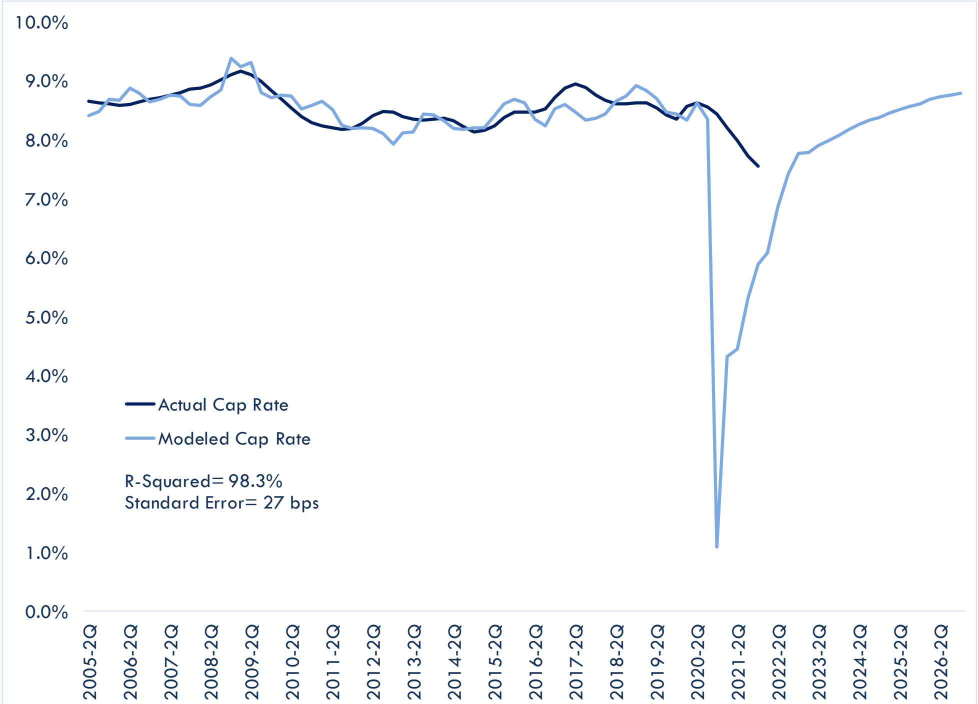
Macro-economic Factors

- Baa Bond Yields
- High Yield Bond Spreads
- Real Foreign Exchange Rate
- Real GDP
- Unemployment Rate

Lodging Industry Factors:

- Lodging Supply

Hotel Cap Rates



Source: Real Capital Analytics and Lodging Analytics Research & Consulting

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U.S. Forecast Summary

Key Takeaways

We forecast ADR and Hotel Values to recover to 2019 levels in 2022, while RevPAR and Hotel EBITDA will reach 2019 levels in 2023. Occupancy will stabilize just below 2019 levels by 2023.

Key changes from December Outlook:

- Our 2022 outlook for demand declined driven by the Omicron variant and its 1Q-2022 impact
- That decline was offset by a lower supply growth outlook and an improvement in ADR growth
- 2022 RevPAR is almost unchanged from a quarter ago
- Better ADR growth drives better Hotel EBITDA and Hotel Values

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U.S. Hotel Industry Forecast Summary

	2022 Growth	3-Year Forward CAGR	5-Year Forward CAGR
Economic Supply	1.1%	1.6%	1.8%
Demand	5.5%	4.7%	3.8%
Occupancy	4.4%	3.1%	2.0%
ADR	13.4%	7.6%	5.3%
RevPAR	18.4%	10.9%	7.4%
Hotel EBITDA	57.1%	26.2%	62.0%
Hotel Values	11.5%	6.6%	2.2%

2022 U.S. Hotel Industry Outlook

	3/2022 Update		12/2021 Update		Outlook
	YoY Growth	Growth vs. 2019	YoY Growth	Growth vs. 2019	Change vs. 2019
Economic Supply	1.1%	2.8%	1.5%	5.6%	**-2.9%**
Demand	5.5%	0.0%	37.0%	-1.1%	**1.1%**
Occupancy	4.4%	-9.0%	31.1%	-5.6%	**-3.4%**
ADR	13.4%	7.8%	19.1%	4.2%	**3.5%**
RevPAR	18.4%	-1.9%	56.2%	-1.6%	**-0.3%**
Hotel EBITDA	57.1%	-14.5%	435.8%	-16.3%	**1.7%**
Hotel Values	11.5%	4.0%	0.0%	-0.3%	**4.3%**

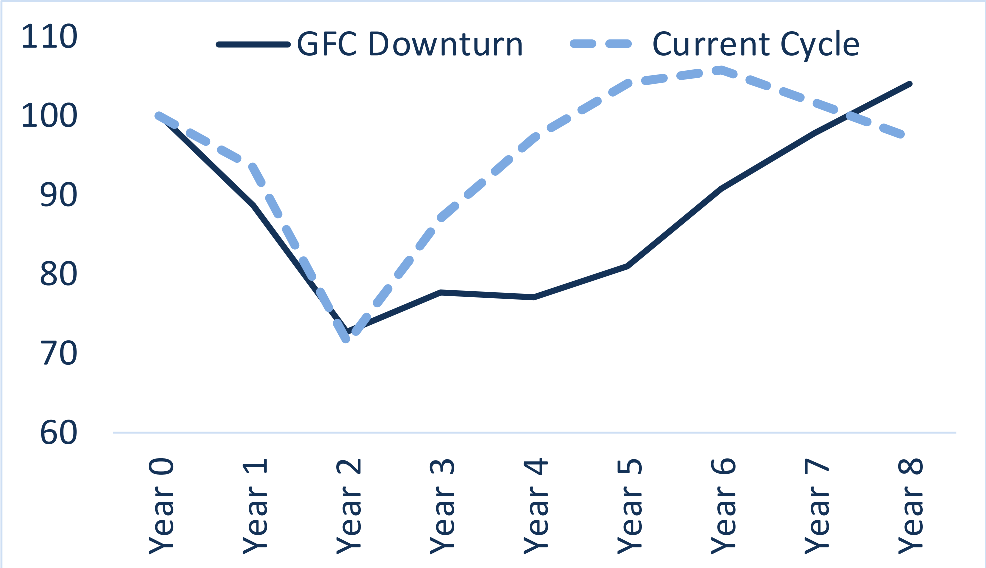
Source: Lodging Analytics Research & Consulting

Hotel Values- This Cycle

Hotel Value Recovery Timeline

- Following the Great Financial Crisis, Hotel Values dropped 27% from the 2007 peak to the 2009 trough
- Following the Great Financial Crisis, Hotel Values did not recover to the 2007 peak until 2015
- Roughly $1 trillion in fiscal stimulus passed
- By 2018, values were 18% above the prior 2007 peak
- Values began declining in 2019, in advance of the pandemic
- We assume $7.2 trillion in fiscal stimulus- $6.0 trillion already passed and another $1.2 trillion passed in mid-2022, but rolled out over several years for Biden's "Build Back Better" agenda
- We estimate values would have declined 23.8% in 2020, in a fully transparent environment, which will bring the total decline from the 2018 peak to 29%, comparable to the decline experienced in the GFC
- We estimate values snapped back 22% in 2021 across the country which equates to values that are just 7% below 2019 (some markets are well above 2019 levels while others continue to be depressed)
- We forecast values to recover to 2019 levels by 2022, and to the 2018 prior peak by 2023
- However, we forecast a peak in values in 2024, 6% above the 2018 peak before they decline in 2025 and 2026 on declining Hotel NOI

Hotel Value Recovery in GFC vs. Forecast for Current Cycle



Source: Lodging Analytics Research & Consulting, Real Capital Analytics

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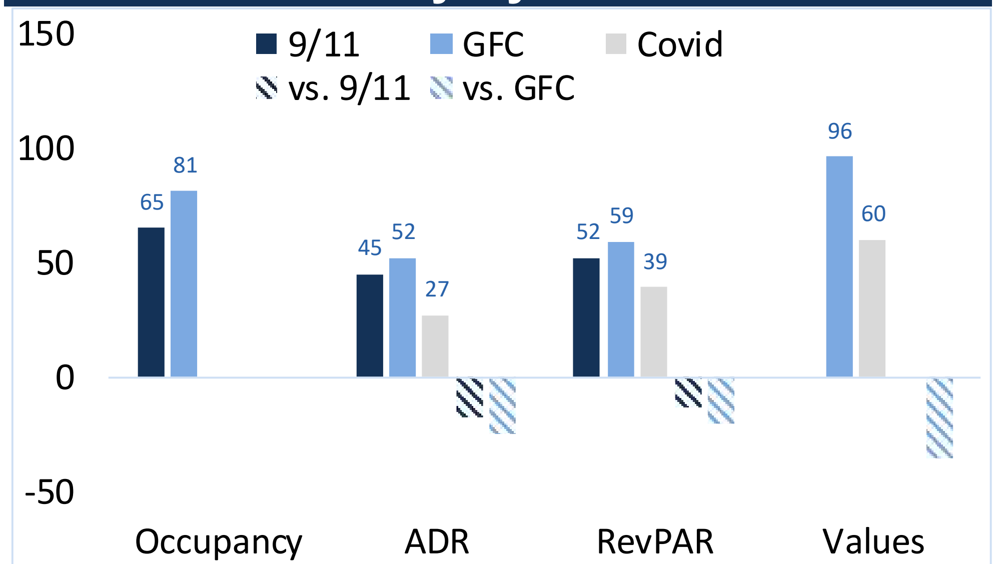
Outlook vs. Past Cycles

Recovery Timeline

- We do not expect occupancy to reach prior peak levels during this cycle.
- We expect the ADR recovery to be considerably swifter than in past cycles; 1.5 – 2 years faster.
- RevPAR will reach prior peak levels 1-2 years faster than in past cycles.
- Hotel values will recover to prior peak levels three years faster than following the Great Financial Crisis.

Months of Recovery to Prior Peak By Cycle



Source: Lodging Analytics Research & Consulting, Real Capital Analytics

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2021 U.S. Forecast Review- LARC Outperforms

Highlights

- Heading into 2021, LARC was the most positive of all the major forecasting firms. However, even we underestimated the pricing power the industry would exhibit.
- Our occupancy outlook for 2021 was considerably closer than peers' outlooks, despite the uncertainty heading into the year.
- CBRE bases their forecast off Kalibri data, misaligning it with the others, so we offer an adjusted version based on growth rates to more closely align with STR data.

Late 2020 Forecasts for 2021 and Actual Results

	Occupancy	ADR	RevPAR
Actual STR Results	57.6%	$124.67	$71.86
LARC (as of 12/20)	**56.0%**	**$111.86**	**$62.59**
CBRE (12/20, Adjusted for comparison)	52.7%	$101.91	$53.76
STR (as of 11/20)	52.2%	$109.21	$57.03
PwC (as of 11/20)	52.7%	$103.25	$54.41

Source: Lodging Analytics Research & Consulting, JF Capital, Costar

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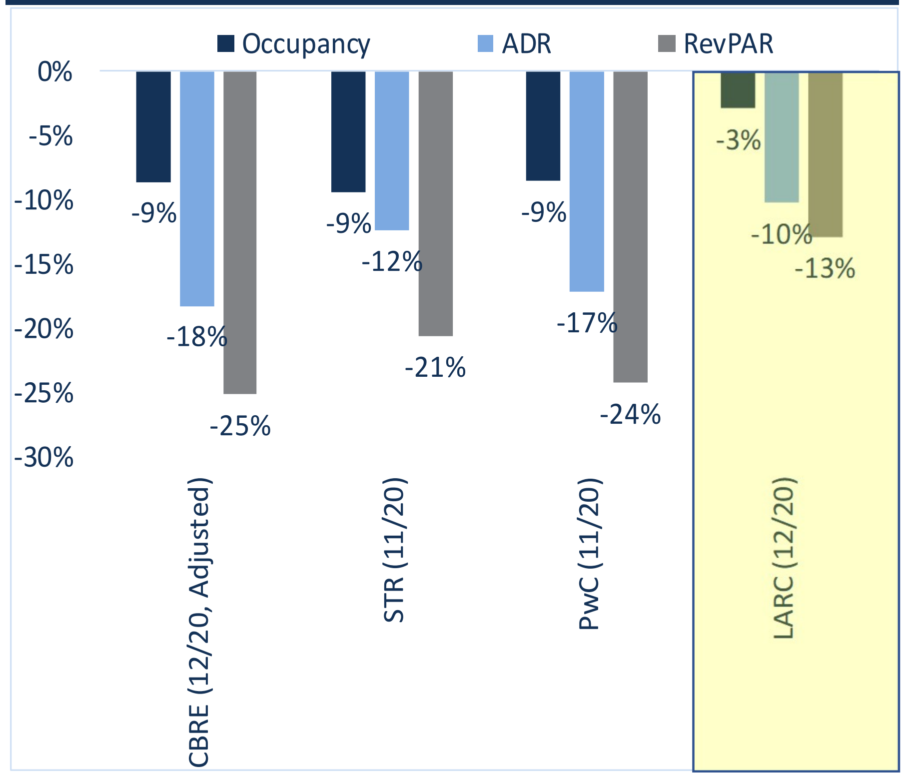
Late 2020 Forecasts for 2021 Relative to Actual Results



Source: Lodging Analytics Research & Consulting, JF Capital, Costar

LARC vs. Other Forecasts

Highlights

- Looking to 2022, we remain the most bullish as it comes to ADR growth
- We are more conservative regarding the occupancy recovery than other forecasters
- The 2022 RevPAR outlook is similar across the board, but we are much more positive in 2023 and 2024.

***CBRE bases their forecast off Kalibri data, misaligning it with the others, so we have adjusted their forecast to tie to STR data

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Current Forecasts

	2022	2023	2024	2025	2026
LARC - March 2022					
Occupancy	**60.2%**	**63.4%**	**63.2%**	**63.7%**	**63.8%**
ADR	**$141.38**	**$149.86**	**$155.23**	**$158.21**	**$161.31**
RevPAR	**$85.08**	**$95.02**	**$98.08**	**$100.82**	**$102.87**
STR/ Tourism Economics - January 2022					
Occupancy	63.8%	66.1%	66.8%		
ADR	$134	$140	$145		
RevPAR	$86	$92	$97		
Costar - February 2022					
Occupancy	63.5%	66.6%	68.2%	68.5%	68.1%
ADR	$136.98	$143.58	$149.76	$155.19	$158.40
RevPAR	$86.97	$95.64	$102.09	$106.35	$107.86
CBRE* - December 2021**					
Occupancy	63.3%	66.1%	67.1%	67.7%	
ADR	$134.77	$140.13	$144.39	$148.05	
RevPAR	$85.34	$92.63	$96.74	$100.19	
PwC - November 2021					
Occupancy	61.7%				
ADR	$130.76				
RevPAR	$80.63				

Source: Lodging Analytics Research & Consulting, STR, Costar PwC, CBRE

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Market Highlights

LARC's Quarterly Release Coverage

Standard Market Intelligence Reports		Revenue-Focused Market Intelligence Reports
Anaheim, CA	Oahu Island, HI	Ann Arbor, MI
Atlanta, GA	Orlando, FL	Charleston, SC
Austin, TX	Philadelphia, PA	Cleveland, OH
Boston, MA	Phoenix, AZ	Columbus, OH
Chicago, IL	Portland, OR	Dayton, OH
Dallas, TX	Salt Lake City, UT	Des Moines, IA
Denver, CO	San Antonio, TX	Indianapolis, IN
Detroit, MI	San Diego, CA	Kansas City, MO
Houston, TX	San Francisco, CA	Louisville, KY
Las Vegas, NV	San Jose, CA	Memphis, TN
Los Angeles, CA	Seattle, WA	Omaha, NE
Miami, FL	St Louis, MO-IL	Pittsburgh, PA
Minneapolis, MN	Tampa, FL	Raleigh, NC
Nashville, TN	Washington, DC	
New Orleans, LA		
New York, NY	United States	
Norfolk, VA	Market Comparison Report	

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2022 Outlook

2022 Top Performers (vs. 2019)

Norfolk, Tampa, Miami and Charleston: 8 of our 44 markets are projected to have 2022 RevPAR that is above 2019 levels. They all have an outsized concentration of leisure demand and most have strong economic growth as well.

2022 Bottom Performers (vs. 2019)

San Francisco, San Jose, New York and Chicago: Fly-to, High-Density, International-Focus, Tech Exposure

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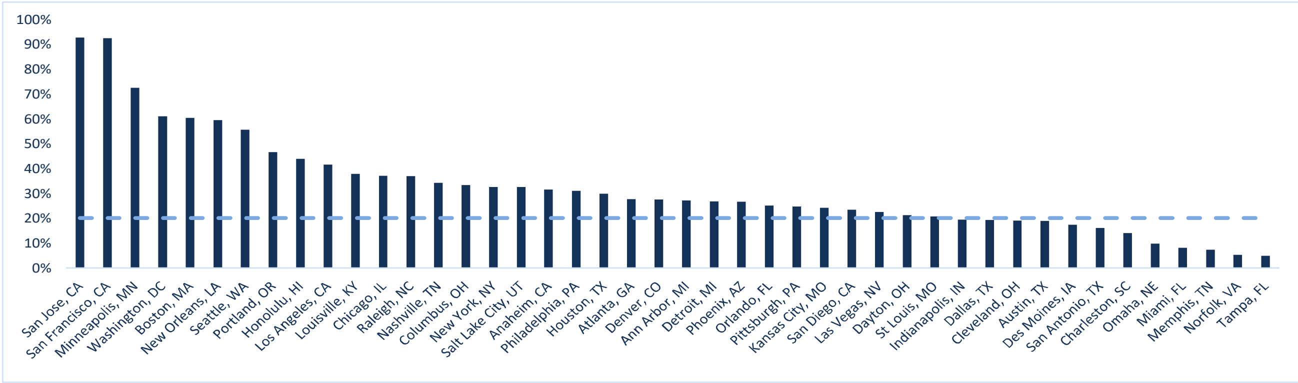
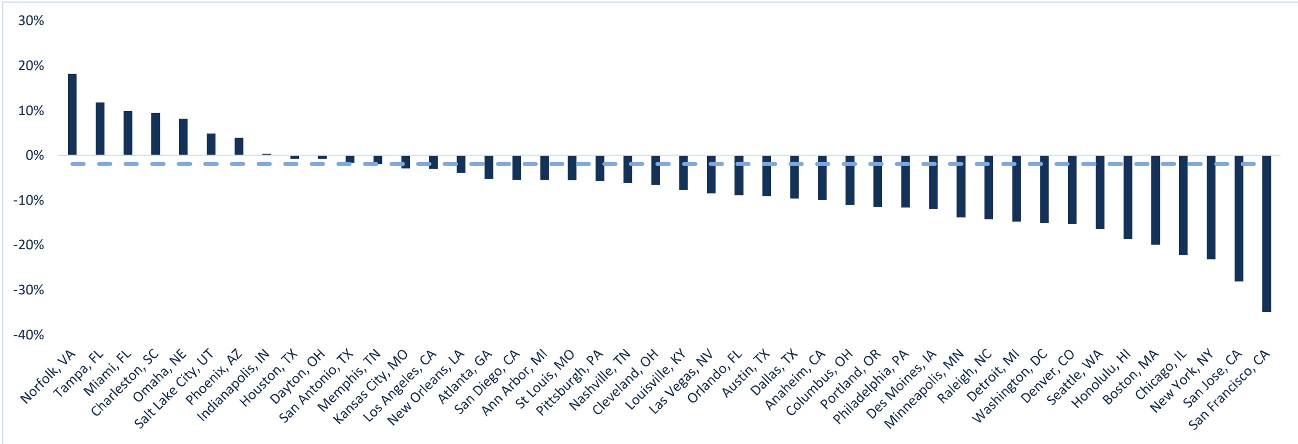
RevPAR Growth Rates for LARC's 44 Markets – 2022 vs. 2021



RevPAR Growth Rates for LARC's 44 Markets – 2022 vs. 2019



Source: Lodging Analytics Research & Consulting

Base Year Matters

2026 vs. 2021 RevPAR

Top Performers: San Jose, San Francisco, Washington DC, Seattle and Minneapolis- all these markets experienced lackluster starts to the recovery in 2021

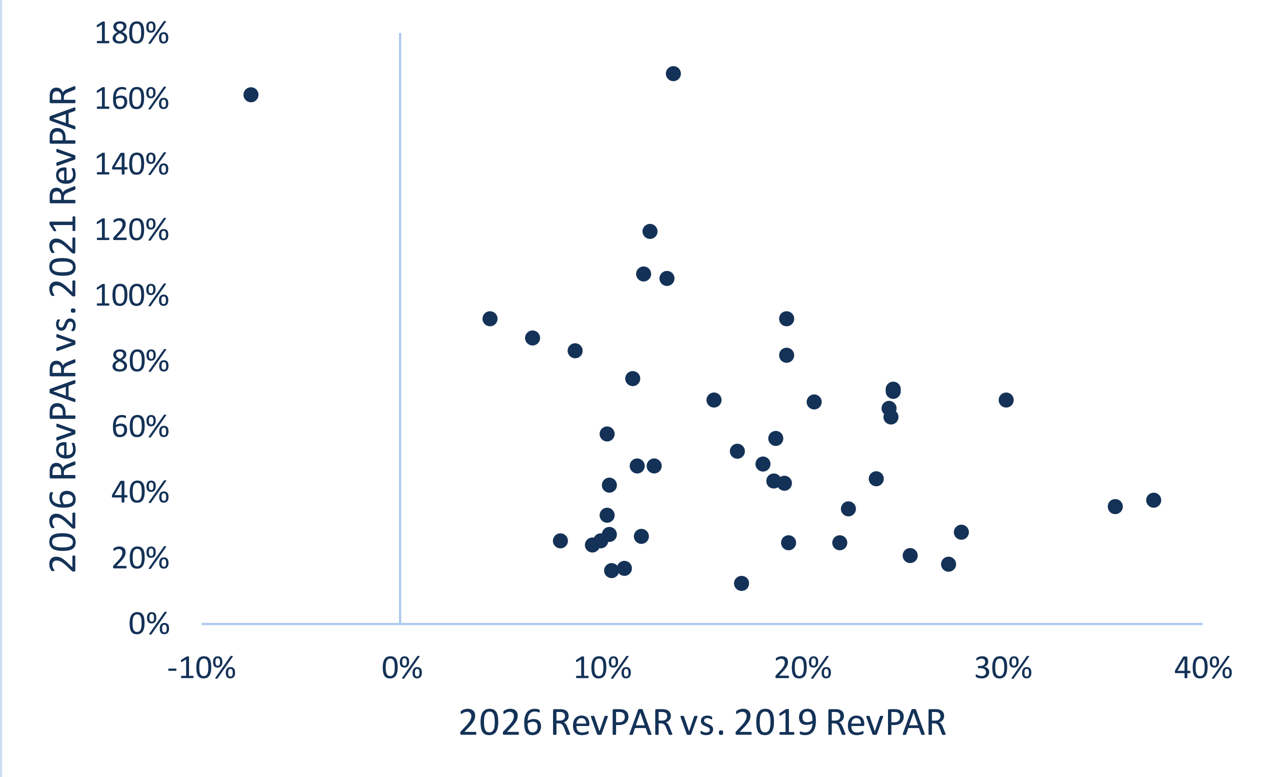
Bottom Performers: Omaha, Pittsburgh, Kansas City, Norfolk and Charleston - high performers at the start of the recovery with limited economic growth moving forward

2026 vs. 2019 RevPAR

Top Performers: Miami, Tampa, Las Vegas, Memphis and Norfolk - Outsized leisure exposure with robust demand at the start of the recovery

Bottom Performers: San Francisco, Boston, New York, Louisville and Chicago - Sluggish recovery with limited economic growth

Market RevPAR Cumulative RevPAR Growth 2026 over 2019 vs. 2026 over 2021



Source: Lodging Analytics Research & Consulting

RevPAR Recovery Back to 2019 Levels- Markets Diverge

Key Takeaways

- The majority of the 44 markets in our standard coverage universe will recover to 2019 in 2023 or 2024. However, some will diverge:
  - 3 recovered in 2021
  - 5 will in 2022
  - 26 in 2023
  - 9 in 2024
  - 1 later

- A faster recovery largely coincides with a higher RevPAR looking out to 2026, but not always. There are several markets that won't reach 2019 levels until 2023 or 2024 but will have higher relative RevPAR by 2026 than markets that reach 2019 levels in 2022.

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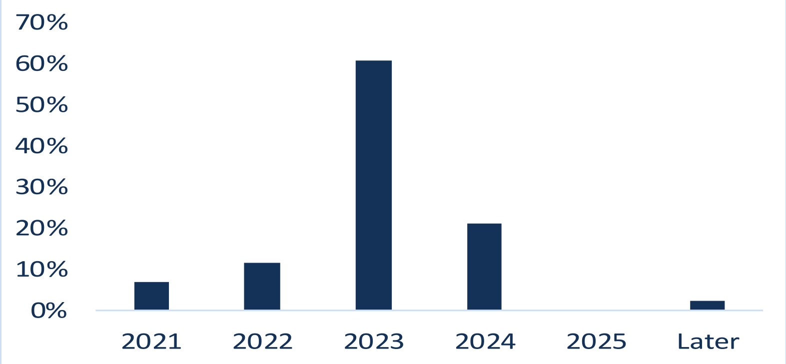
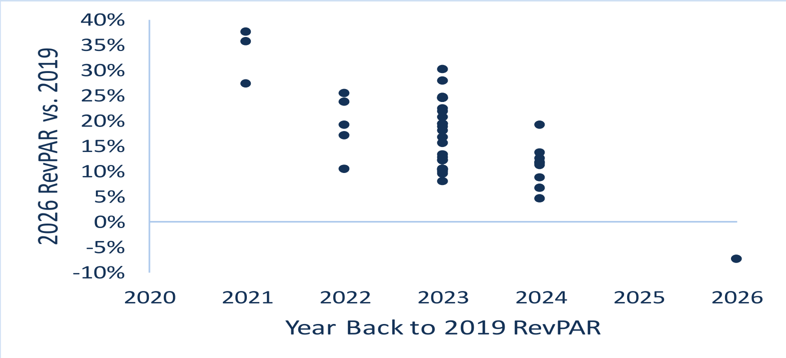
% of Markets Reaching 2019 RevPAR by Year



Comparison of RevPAR recovery Year to 2025 RevPAR Premium to 2019 Levels



Source: Lodging Analytics Research & Consulting

2026 Outlook Relative to 2019 - RevPAR

Top Performers

Miami: Fueled by a tremendous amount of pent-up leisure demand, lodging fundamentals snapped back aggressively in 2021. As such, Miami's 2021 ADR was 14% above 2019 levels. As occupancy continues to recover in the years ahead, ADRs will hold, but growth will be limited off of the high base. Ultimately, by 2026, RevPAR will be 38% above 2019 levels.

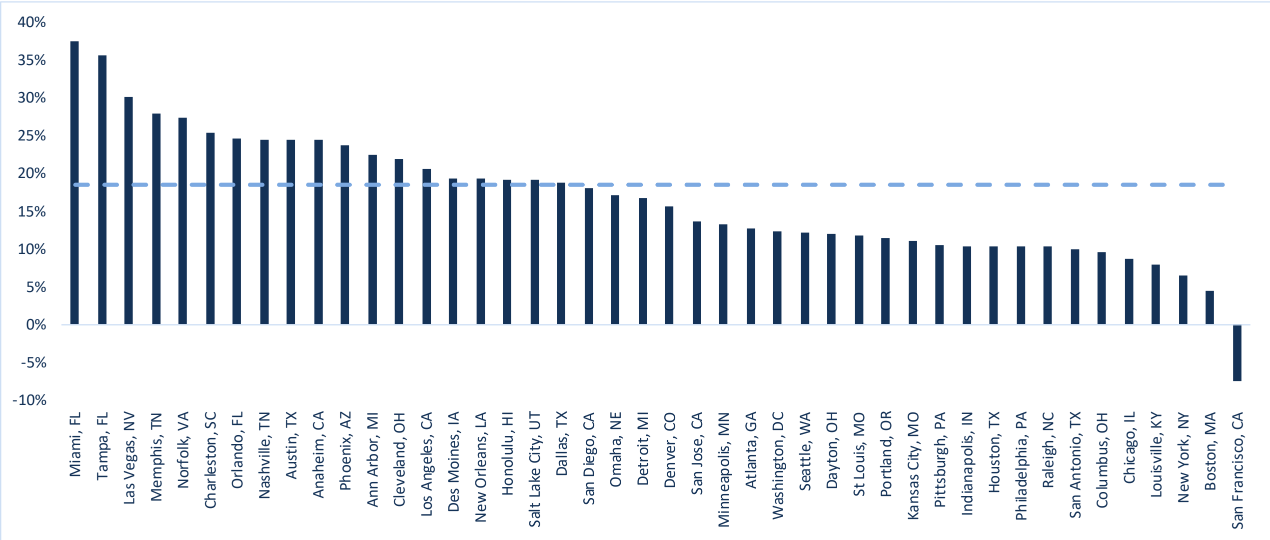
Tampa: Strong economic growth, moderate supply growth and outsized exposure to domestic leisure demand will continue to make Tampa an outperformer. However, growth will slow after the initial bounce as Tampa's ADR and RevPAR are already above pre-pandemic levels. As a result, Tampa's 2026 RevPAR will be 36% above 2019 levels.

Las Vegas: Given an elevated level of pent-up leisure demand and robust economic growth, the Las Vegas lodging recovery is off to a robust start. While occupancy remains well below historic levels, ADR has already recovered to 2019 levels. RevPAR will reach 2019 levels by 2023, and strong economic growth will lead RevPAR to be 30% above them by 2026.

Memphis: Memphis is benefitting from a considerable amount of pent-up leisure demand, resulting in a quick and aggressive recovery of demand and ADR across the market. That initial snap back in demand will give the market meaningful pricing power (2021 ADR was already back to 2019 levels) that will drive RevPAR to reach 2019 levels by 2023 and be 28% above them in 2026.

Norfolk: Heavy concentrations in government, defense and drive-to tourism led the market to outperform at the start of the recovery. While recent gains across the market will be maintained, as the recovery progresses, Norfolk's growth will underperform, but off of a much a higher base than most other markets. By 2026 RevPAR will be 27% above 2019 levels.

RevPAR Growth Rates – 2026 Outlook vs. 2019



Source: Lodging Analytics Research & Consulting

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2026 Outlook Relative to 2019 – Values (Top -26 Markets)

Top Performers

Tampa: Strong economic growth, moderate supply growth and outsized exposure to domestic leisure demand will continue to make Tampa an outperformer. Tampa's 2026 RevPAR will be 36% above 2019 levels and Hotel EBITDA will be 43% above 2019 levels. While we expect cap rates to stabilize slightly above 2019 levels, strong EBITDA growth will lead 2026 asset values to be 29% above 2019 levels.

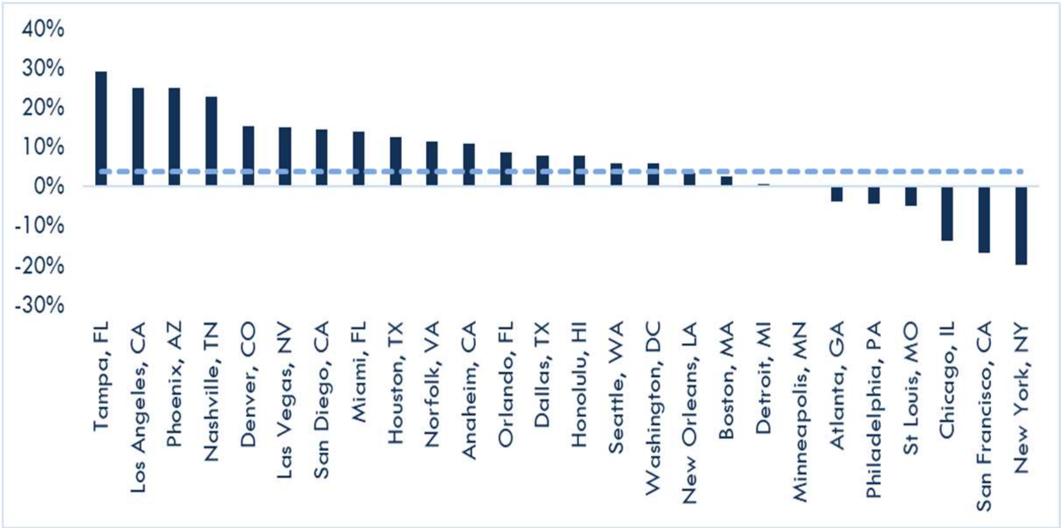
Los Angeles: Solid economic growth, multiple special events in the coming years and benign supply growth will combine to drive Los Angeles to be one of the best performing lodging markets over the next five years. RevPAR will reach 2019 levels by 2023 and driven by strong ADR growth will be 21% above them in 2026. Despite high expense growth, robust top-line growth will drive Hotel EBITDA to exceed 2019 levels by 2023 and produce 2026 asset values that are 25% above them.

Phoenix: Robust leisure trends and strong economic growth will drive Phoenix operating fundamentals to recover to 2019 levels at a swifter pace than most other major markets. While growth across the market will be robust through 2023, it will stagnate thereafter as supply accelerates, economic growth moderates and the market bumps up against a rate ceiling. Nonetheless, 2026 Hotel EBITDA will be 19% above 2019 levels, which coupled with modest cap rate compression, will result in 2026 asset values that are 25% above 2019 levels.

Nashville: Elevated supply growth will weigh on the market, preventing occupancy from fully recovering to 2019 levels. However, the market's emergence as a three-demand-segment (corporate, group and leisure) locale will drive ADR to 2019 levels by 2022 and RevPAR by 2023. By 2026, Hotel EBITDA will be 20% above 2019 levels, while cap rate compression will help drive 2026 asset values to be 23% above 2019.

Denver: Fueled by above average economic growth and modest economic supply growth, Denver's recovery is off to a strong start and is expected to accelerate through 2022. Outsized economic growth will generate outsized ADR and RevPAR growth, which will drive robust EBITDA growth. We expect 2026 Hotel EBITDA to be 11% above 2019 levels. In addition to Hotel EBITDA growth, 2026 cap rates will stabilize almost 30 bps below 2019 levels, driving 2026 hotel values to be 15% above 2019 levels.

Hotel Value Change – 2026 Outlook from 2019



Source: Lodging Analytics Research & Consulting

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First Quarter Sentiment Shifts

Improving Outlook

Houston: Our improved outlook is driven by the strength in the energy markets, especially the price of oil which has driven an expansion of U.S. oil rig counts. This points to an improving economic outlook across the market and the resurgence of a sector that is still well below it's 2014 peak.

Norfolk: 2021 outperformance and outsized 2022 leisure exposure continue to move our numbers higher across the market. We continue to believe values peak in 2022/ early 2023, but we no longer forecast a steep decline thereafter.

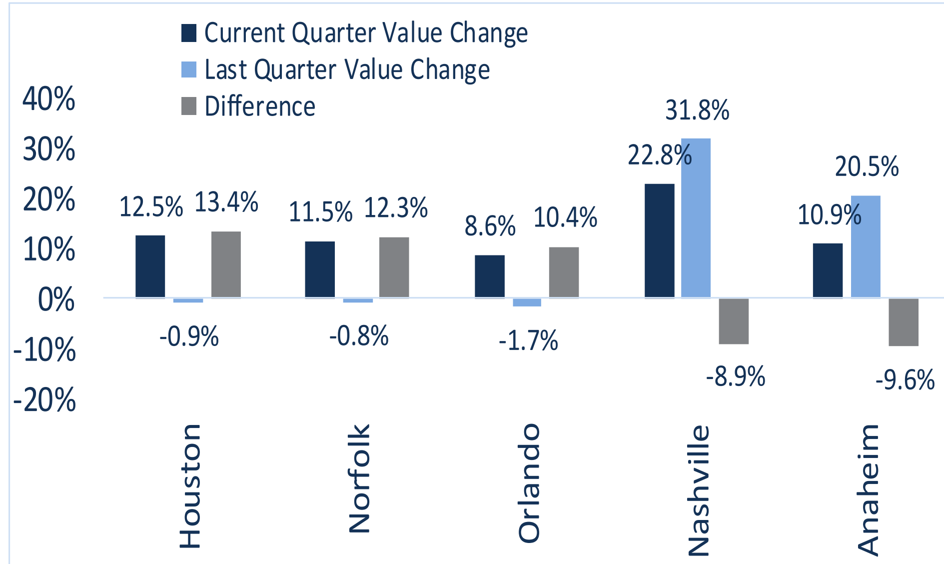
Orlando: The difference here is tied to the later years of our forecast. The outlook for Orlando's economic growth in 2025 and 2026 is stronger than a quarter ago, driving the improving valuation outlook.

Deteriorating Outlook

Nashville: We now forecast slower 2026 growth across the board for Nashville, driving the pullback in Nashville performance which is still a top-5 performer.

Anaheim: We now forecast slower 2026 growth across the board for Anaheim, driving the pullback in Anaheim performance, which is still a strong performer.

Markets with Greatest Changes in Long-Term Value (vs. 2019) Outlook vs. Last Quarter



Source: Lodging Analytics Research & Consulting

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Standard Pricing- Quarterly Release Markets/ Reports

Product	Standard Pricing
Single Standard Report	$2,000
Single Standard Market Annual Contract	$3,000
Single Revenue-Focused Report	$800
Single Revenue-Focused Market Annual Contract	$1,600
Each additional report/ market included in an annual contract receives a discount. Discount varies based on number of reports/ markets purchased	TBD
Annual Contract - Full Research Platform • 44 Markets • U.S. Market Intelligence Report • Market Comparison Report	$42,000

All annual contracts structured as consulting agreements and include the following:

- 4 Quarters of Reports
- Excel Forecast Files
- Access to LARC Team for assistance related to market analysis/understanding
- Any underlying data we are contractually able to share we are happy to

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Questions?

If you are interested in access to LARC's industry-leading Market Intelligence Reports, please contact us.

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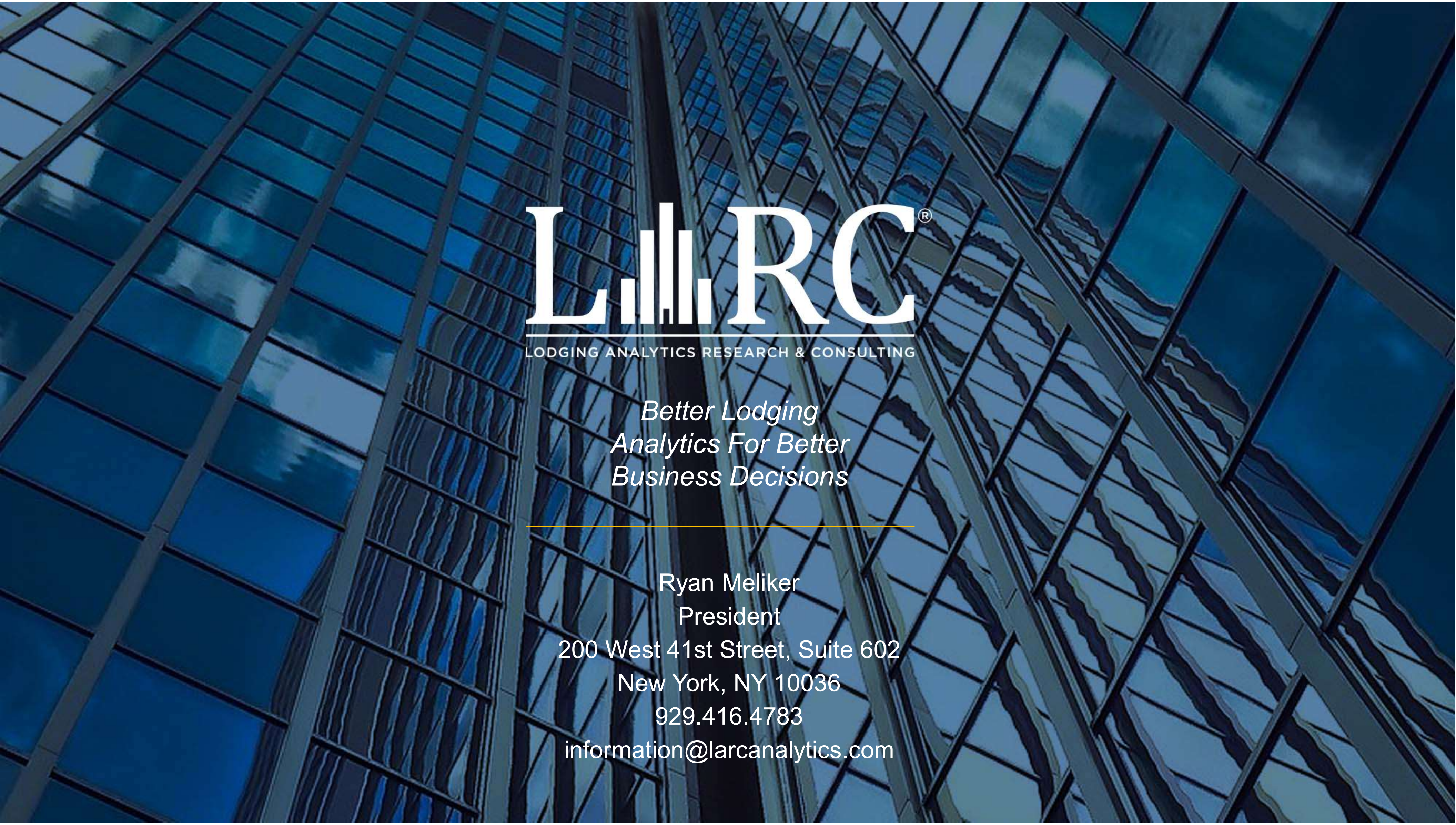

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Better Lodging Analytics For Better Business Decisions

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