Q1 2021

U.S. HOTEL FIGURES

Q1 2021 U.S. HOTEL FIGURES – EXECUTIVE SUMMARY

HOTEL DOWNTURN EASES IN Q1, SIGNALING RECOVERY UNDERWAY

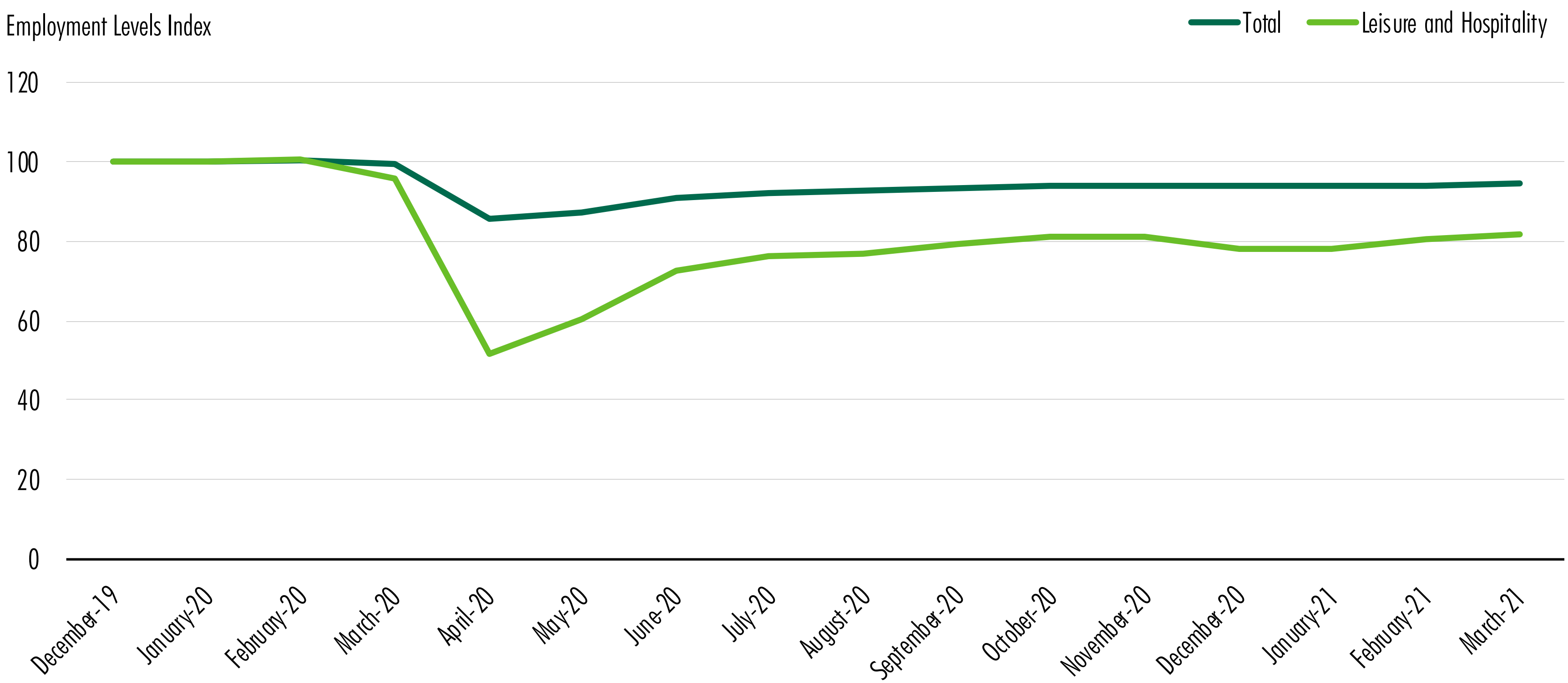
Demand	Supply	Occupancy*	ADR	RevPAR*
-15.8%	**2.2%**	**-17.5%**	**-21.1%**	**-34.9%**

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 Q1 2021

- Q1 2021 likely marked the last quarter of RevPAR declines for the U.S. hotel industry during the COVID-induced downcycle. Recent improvements in demand, air travel, operational viability and asset pricing indicate that a recovery is firmly underway.
- RevPAR declined by 34.9% year-over-year in Q1 to $42.36 on the back of a 17.5% decline in occupancy, luxury hotel closures, continued weak business travel and general pricing pressures.
- Approximately 16% of luxury hotel properties were closed at the end of Q1 after peaking at 54% in April 2020. As these higher-priced hotels reopen, overall rate growth should accelerate. The closure rate of all hotel properties stood at just 4.6% at the end of Q1 2021.
- Drive-to leisure destinations continued to lead the recovery, but recent increases in air travel show early signs of improvement in longer-haul leisure travel and the potential for an uptick in business demand. Q1 air travel was down by 40% year-over-year after bottoming out at a 96% decline in April 2020. Additional improvement is expected during the leisure-heavy summer travel season.
- Among the chain scales, luxury and upper-upscale hotels had the biggest decreases in occupancy and ADR, while economy and midscale hotels had the least.
- The top 10 performing markets in Q1 all had declines in RevPAR of less than 35% from the last pre-pandemic Q1 level in 2019. Virginia Beach was the best performer, down by just 15.6%. Nine of the 10 markets were in the South or southern California.
- Five business- and tourist-dependent markets had year-over-year RevPAR declines of more than 75%: New York, Boston, San Francisco, San Jose and New Orleans.

FIGURE 1

TOTAL EMPLOYMENT VS. LEISURE & HOSPITALITY EMPLOYMENT

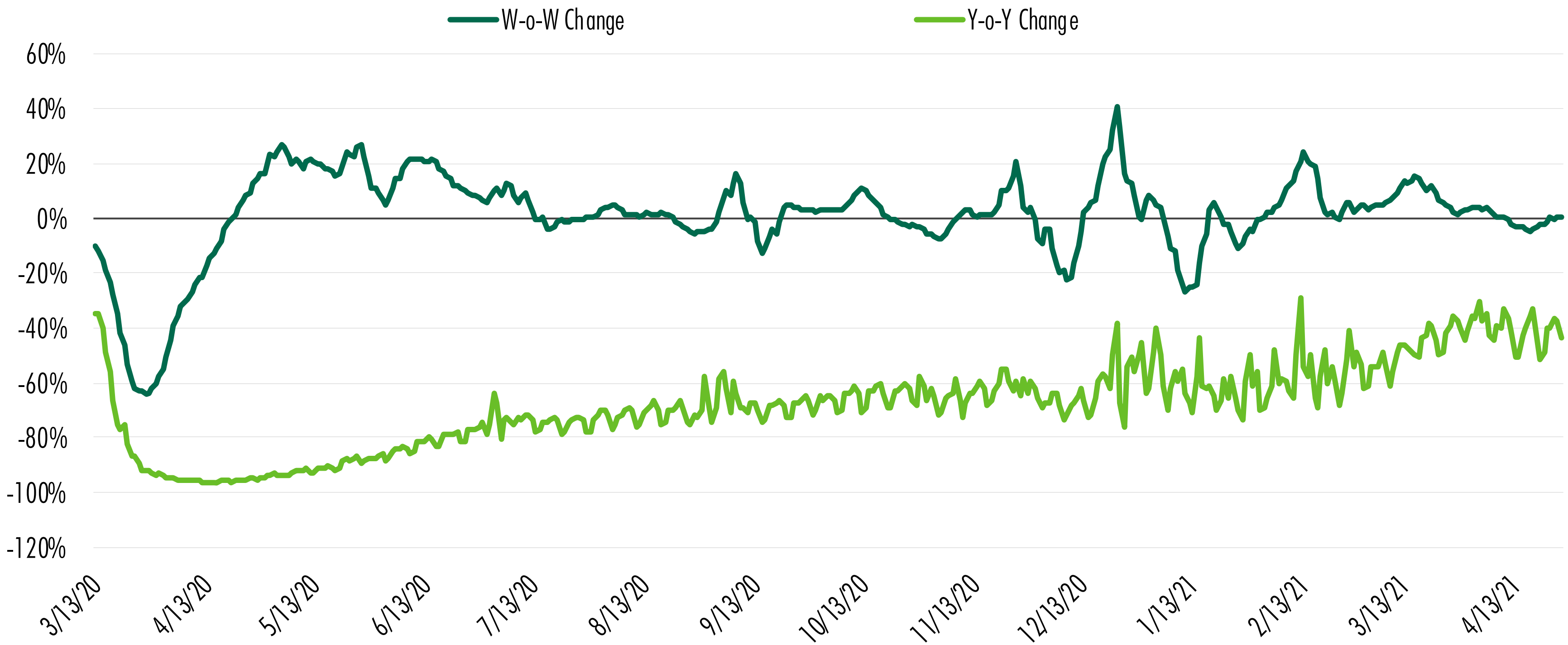


Source: CBRE Hotels Research, BLS, Q1 2021. *Indexed to December 2019 Levels.

- Since shedding nearly half or 8 million of its total jobs in April 2020, the hotel industry has now regained more than 5 million jobs (600,000 in Q1 alone).
- At the end of Q1, hotel employment stood at approximately 82% of pre-pandemic levels.

FIGURE 2

TSA CHECKPOINTS – CHANGE IN NUMBER OF TRAVELERS

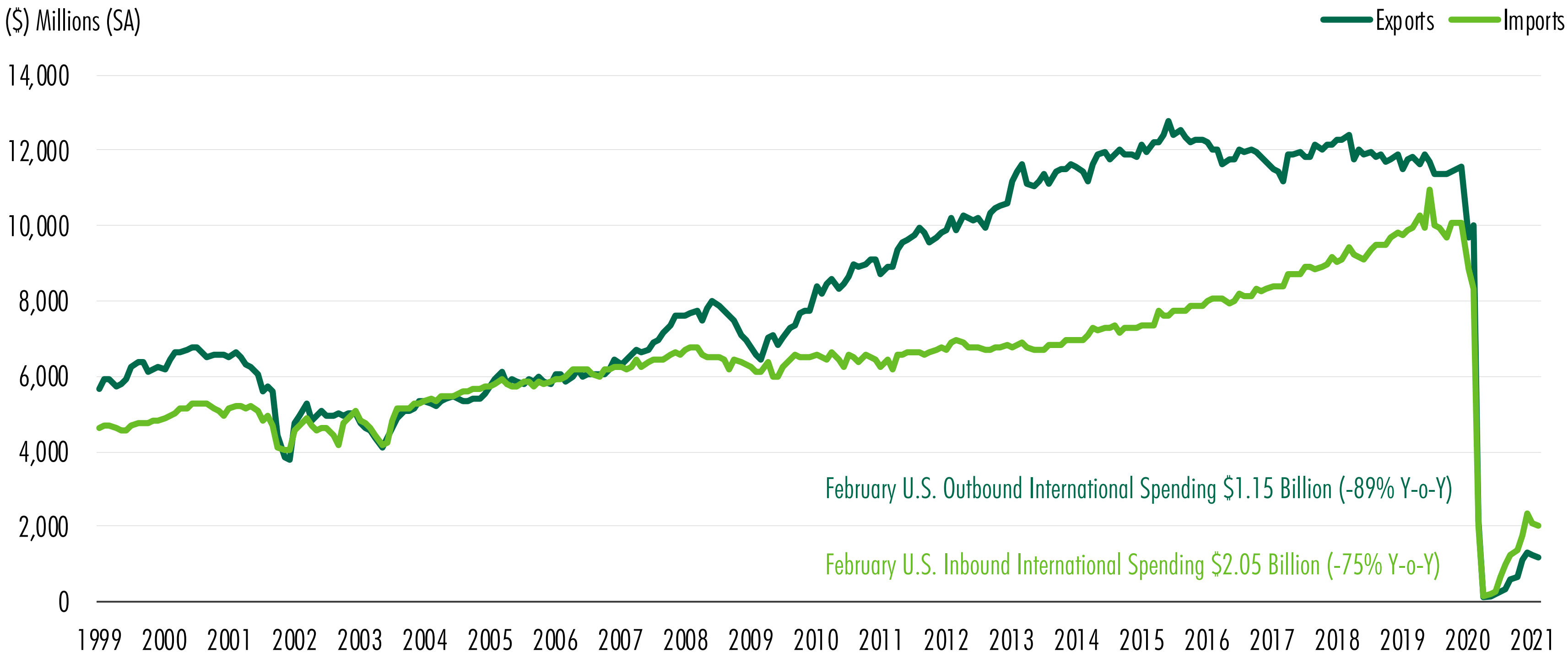


Source: CBRE Hotels Research, TSA, January 2021.

- At its worst in April 2020, daily air travel fell more than 95% to less than 100,000 passengers daily, down from 2 million to 2.5 million, owing to government-mandated health and safety requirements.
- Daily air travel was back up to between 1 million and 1.5 million passengers at the end of Q1, down a much-less severe 40% from pre-pandemic levels.

FIGURE 3

MONTHLY INBOUND & OUTBOUND U.S. INTERNATIONAL TRAVEL SPENDING

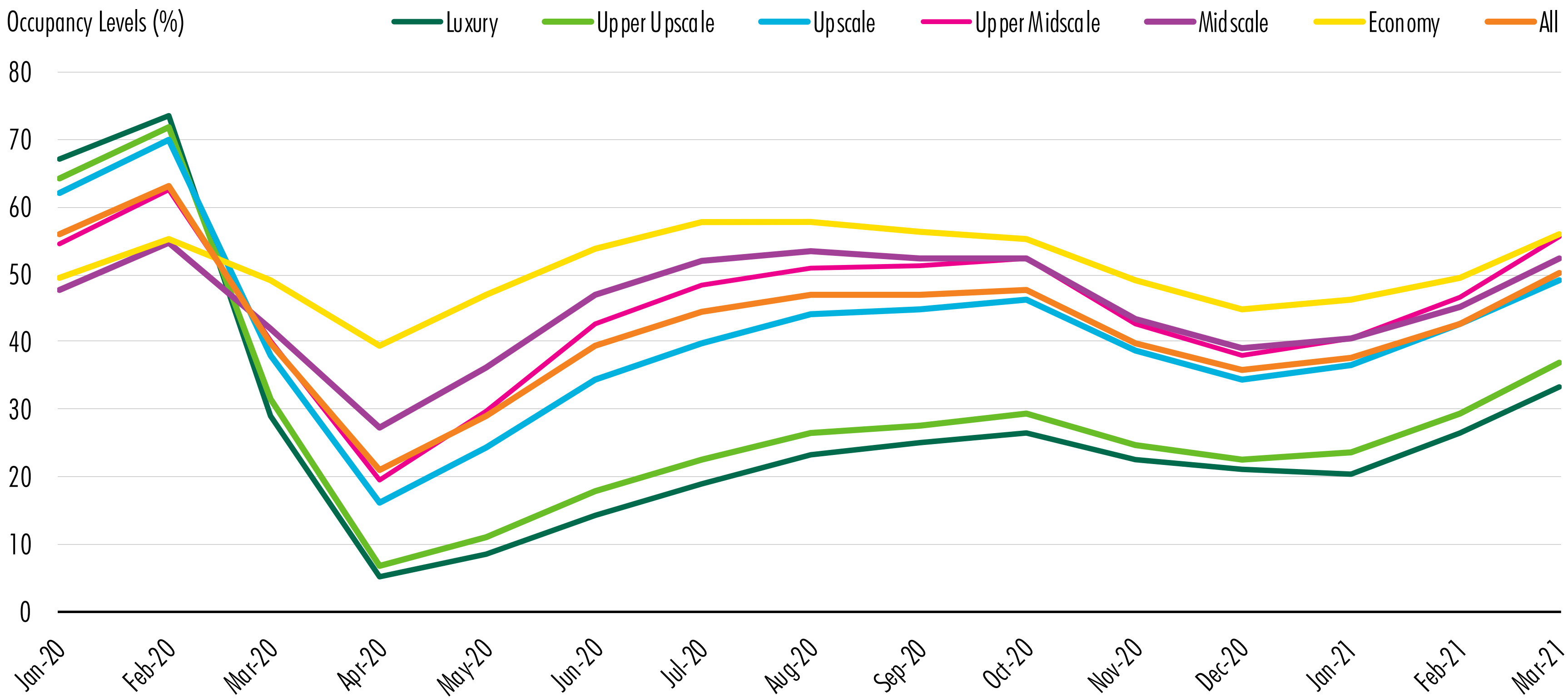


Source: CBRE Hotels Research, Bureau of Economic Analysis, National Travel and Tourism Office (NTTO), Q1 2021.

- On a trailing three-month basis as of the end of February 2021, foreign traveler expenditures (goods and services) in the U.S. declined 78% versus the same period in pandemic-free 2019.
- Gateway markets like Chicago, New York and San Francisco, as well as air-travel-dependent resort destinations like Hawaii, have been particularly hard hit by the decline in international travel.

FIGURE 4

MONTHLY OCCUPANCY LEVEL BY CHAIN SCALE

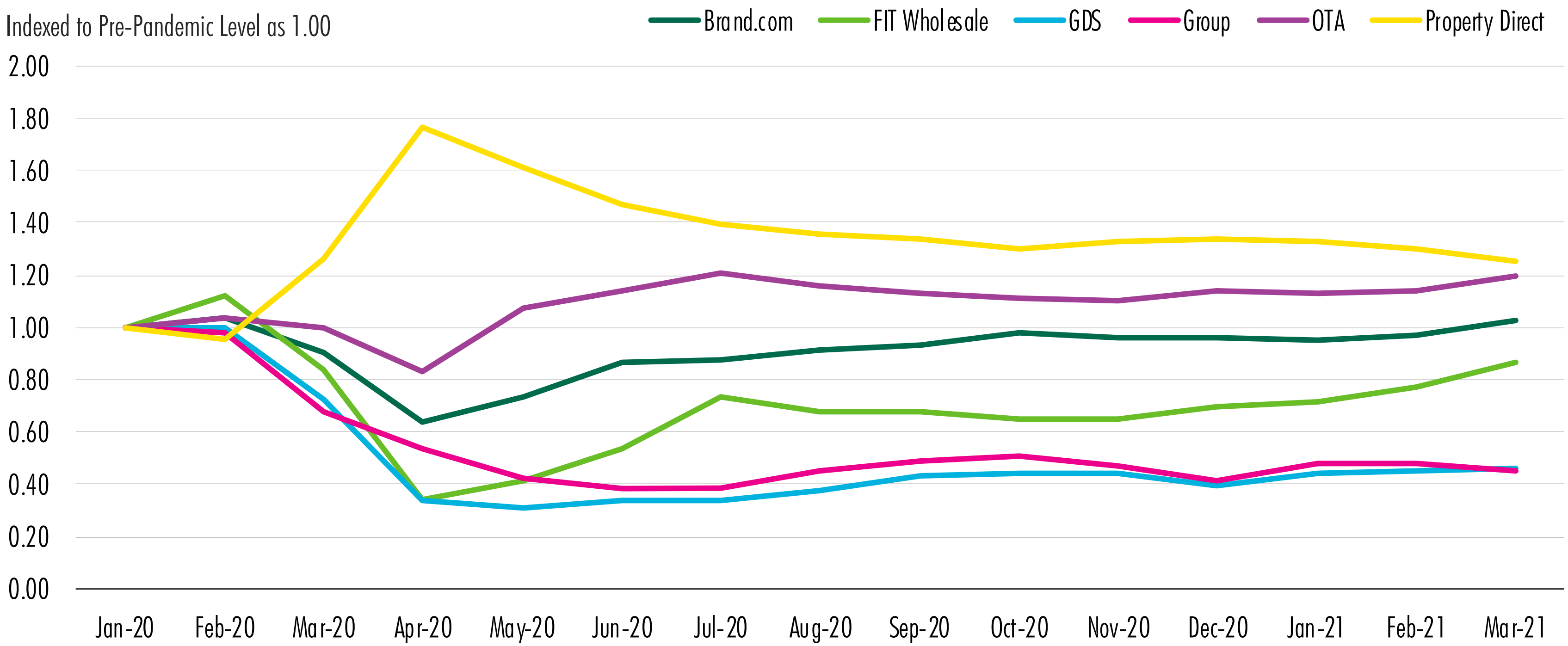


Source: CBRE Hotels Research, Kalibri Labs, Q1 2021.

- Overall hotel occupancy declined by 17.5% year-over-year in Q1 and was 30.2% below 2019's all-time highs.
- None of the chain scales have recovered to pre-COVID levels. The economy segment performed the best in Q1, with occupancy just 4 percentage points below 2019 levels.

FIGURE 5

CHANGE IN PERCENTAGE OF ROOM NIGHTS BY CHANNEL SINCE PANDEMIC

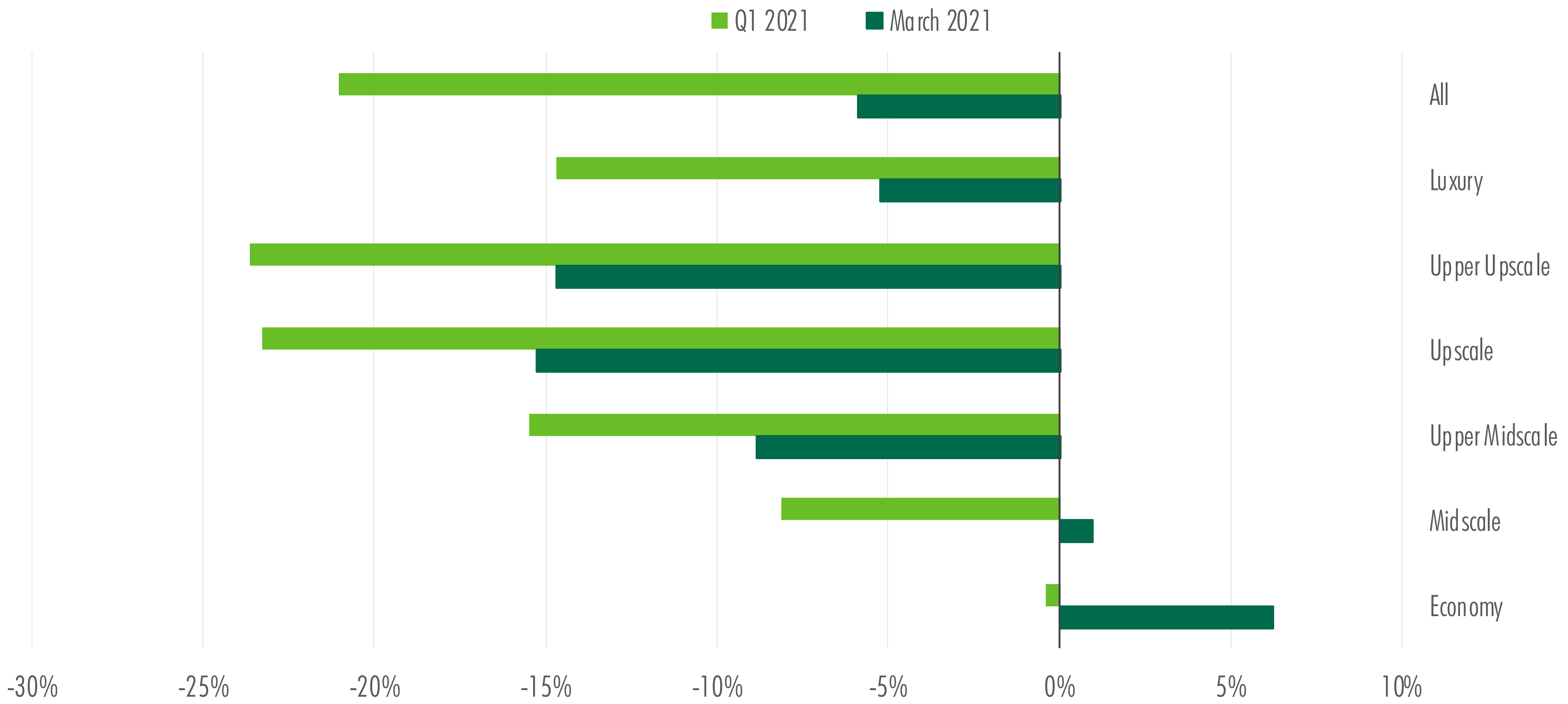


Source: CBRE Hotels Research, Kalibri Labs Q1 2021.

- Hotel room nights booked through online travel agencies (OTAs) accounted for 21% of total room nights in Q1 2021, up from 17.6% prior to the pandemic. Direct room nights accounted for 39.1%, up from 31.3%.
- Increases in room nights booked directly and through OTAs as a percentage of total occupancy were due to strong leisure demand and weakness in the corporate and group channels.
- The percentage of room nights attributable to group and corporate travel is just 45% of pre-pandemic levels.

FIGURE 6

ADR PERCENTAGE CHANGES FROM PREVIOUS YEAR BY CHAIN SCALE

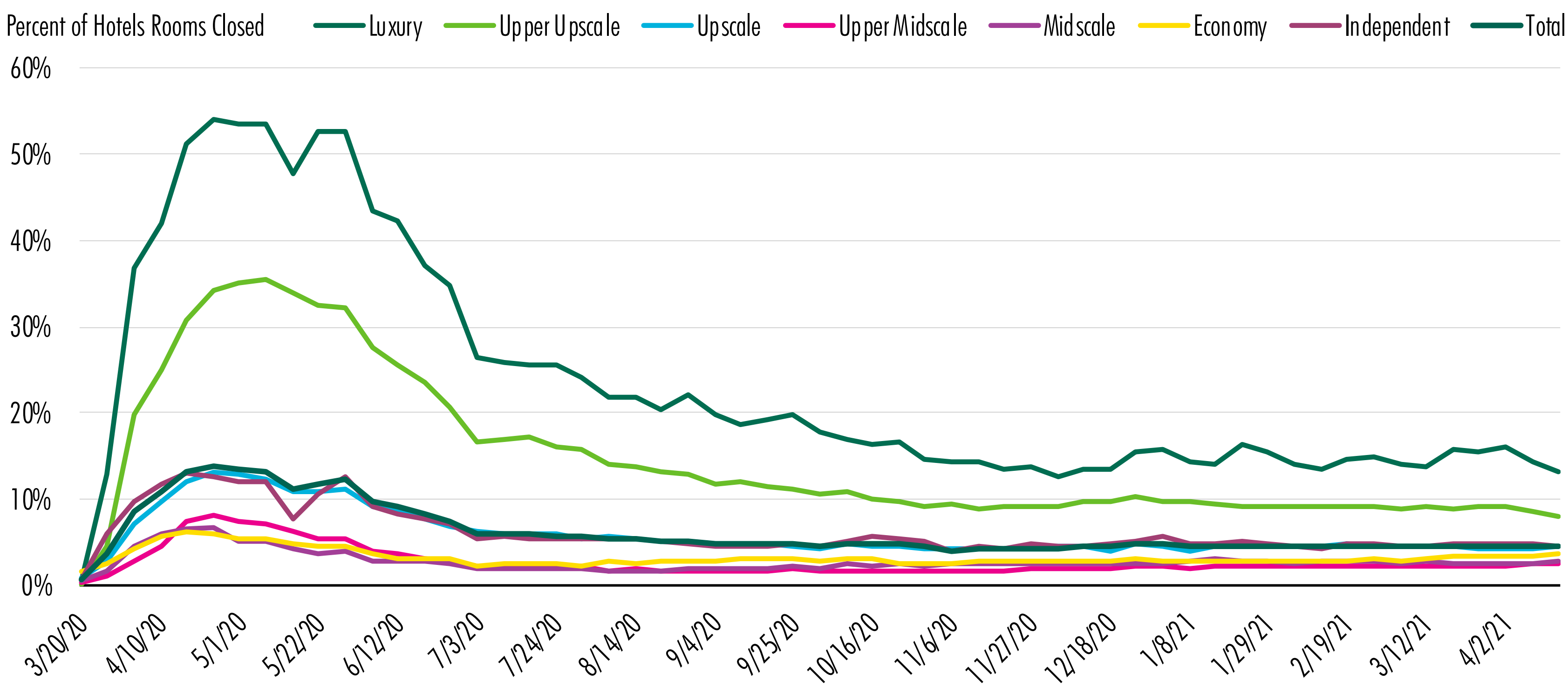


Source: CBRE Hotels Research, Kalibri Labs Q1 2021

- The average daily room rate declined by 21% year-over-year due to pricing pressures across all chain scales and the lowest-priced properties accounting for a greater percentage of bookings.
- Drops in ADR ranged from less than 1% for economy hotels to nearly 25% for business travel-reliant upper-upscale hotels in Q1. The lowest-price-point channels had positive ADR growth in March, signaling the start of the recovery.

FIGURE 7

HOTEL ROOM CLOSURES BY CHAIN SCALE

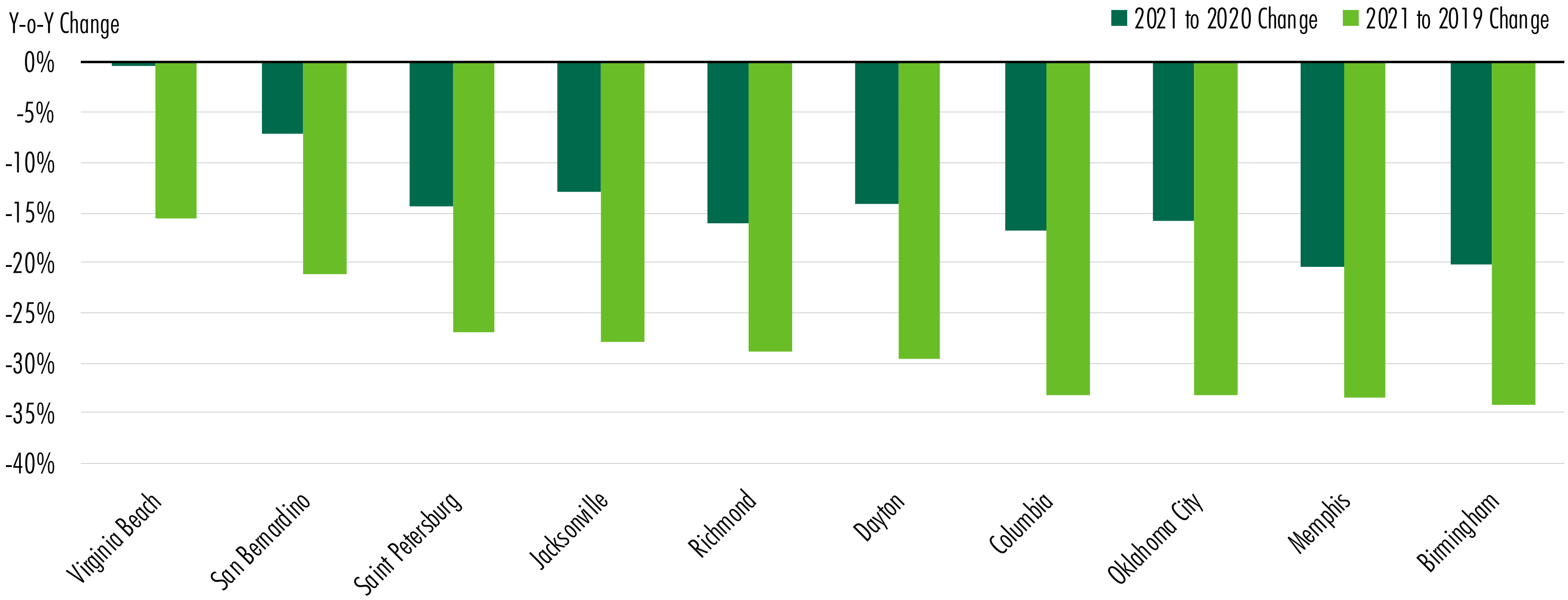


Source: CBRE Hotels Research, Kalibri Labs, Q1 2021.

- Only 4.5% of U.S. hotels were closed at the end of Q1, ranging from 15.5% of luxury hotels to just 2% to 3% of lower-priced hotels.
- Most luxury hotels outside of urban cores are expected to reopen in Q2 due to strength in leisure travel.
- The reopening of high-end hotels will lead to an increase in overall ADR in Q2.

FIGURE 8

BEST PERFORMING Q1 2021 MARKETS VS. Q1 2020 & Q1 2019

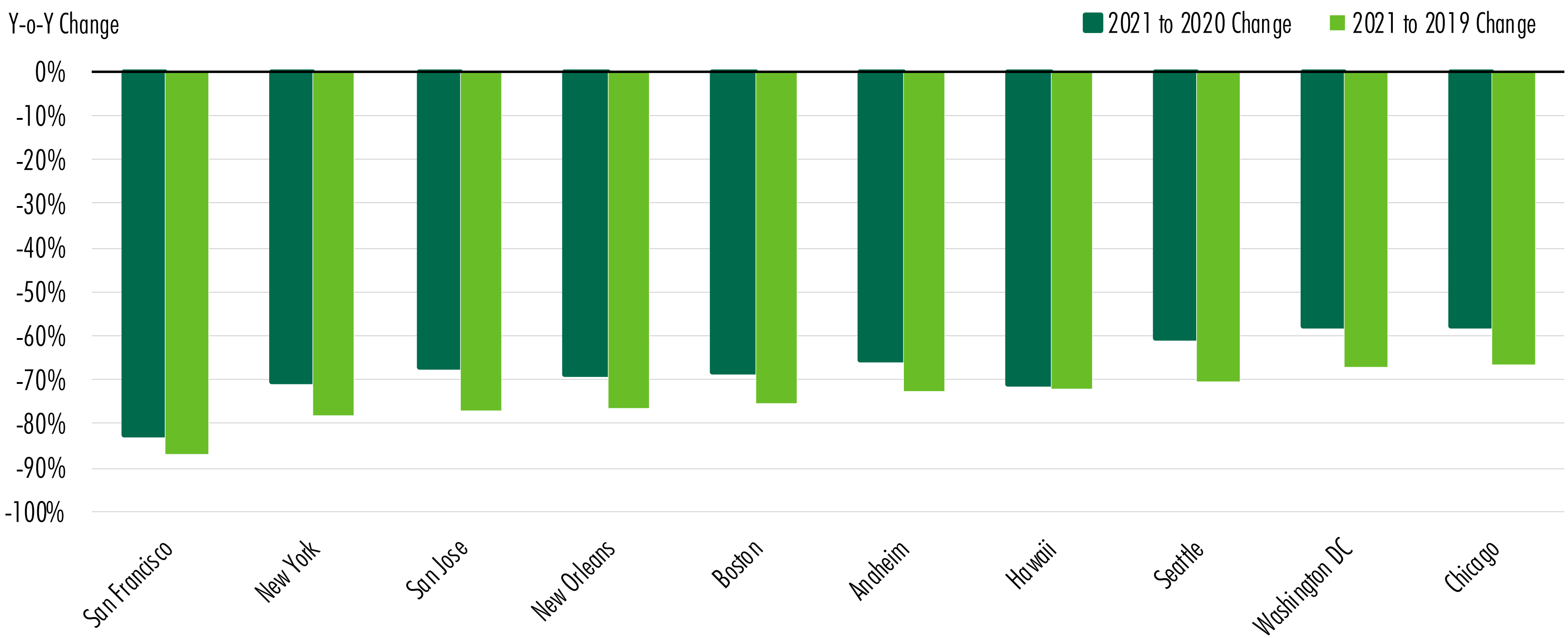


Source: CBRE Hotels Research, Kalibri Labs, Q1 2021.

- Virginia Beach was the top-performing market in Q1, with RevPAR unchanged year-over-year and down by only 15.6% from Q1 2019.
- Other southern markets in the top 10 were St. Petersburg, Jacksonville, Richmond, Columbia, SC, Oklahoma City, Memphis and Birmingham.

FIGURE 9

WORST PERFORMING Q1 2021 MARKETS VS. Q1 2020 & Q1 2019



Source: CBRE Hotels Research, Kalibri Labs, Q1 2021.

- San Francisco was the worst-performing market in Q1, with RevPAR down by 82.6% from Q1 2020 and by 87.2% from Q1 2019.
- Other gateway markets in the bottom 10 included New York, Boston, Washington, D.C. and Chicago.

FOR MORE INFORMATION, PLEASE CONTACT:

Richard Barkham, Ph.D., MRICS
Chief Economist, Global & Head of Americas Research
+1 617 912 5215 | richard.barkham@cbre.com
Follow Richard on Twitter: @RichardJBarkham

Spencer Levy
Chairman Americas Research; Senior Economic Advisor
+1 617 912 5236 | spencer.levy@cbre.com
Follow Spencer on Twitter: @SpencerGLevy

Robert Mandelbaum
Director of Research Information Services, CBRE Hotels Research
+1 404 812 5187 | robert.mandelbaum@cbre.com

Bram Gallagher, Ph.D.
Senior Economist, CBRE Hotels Research
+1 404 504 7900 | bram.gallagher@cbre.com

Kevin E. Mallory
Global Head, Senior Managing Director
& Hotel Brokerage & Investment Sales
+1 312 935 1434 | kevin.mallory@cbre.com

Will Webster
Senior Research Analyst, CBRE Hotels Research
+1 404 326 9288 | will.webster@cbre.com

Rachael Rothman, CFA
Head of Hotels Research & Data Analytics
+1 646 831 5886| rachael.rothman@cbre.com