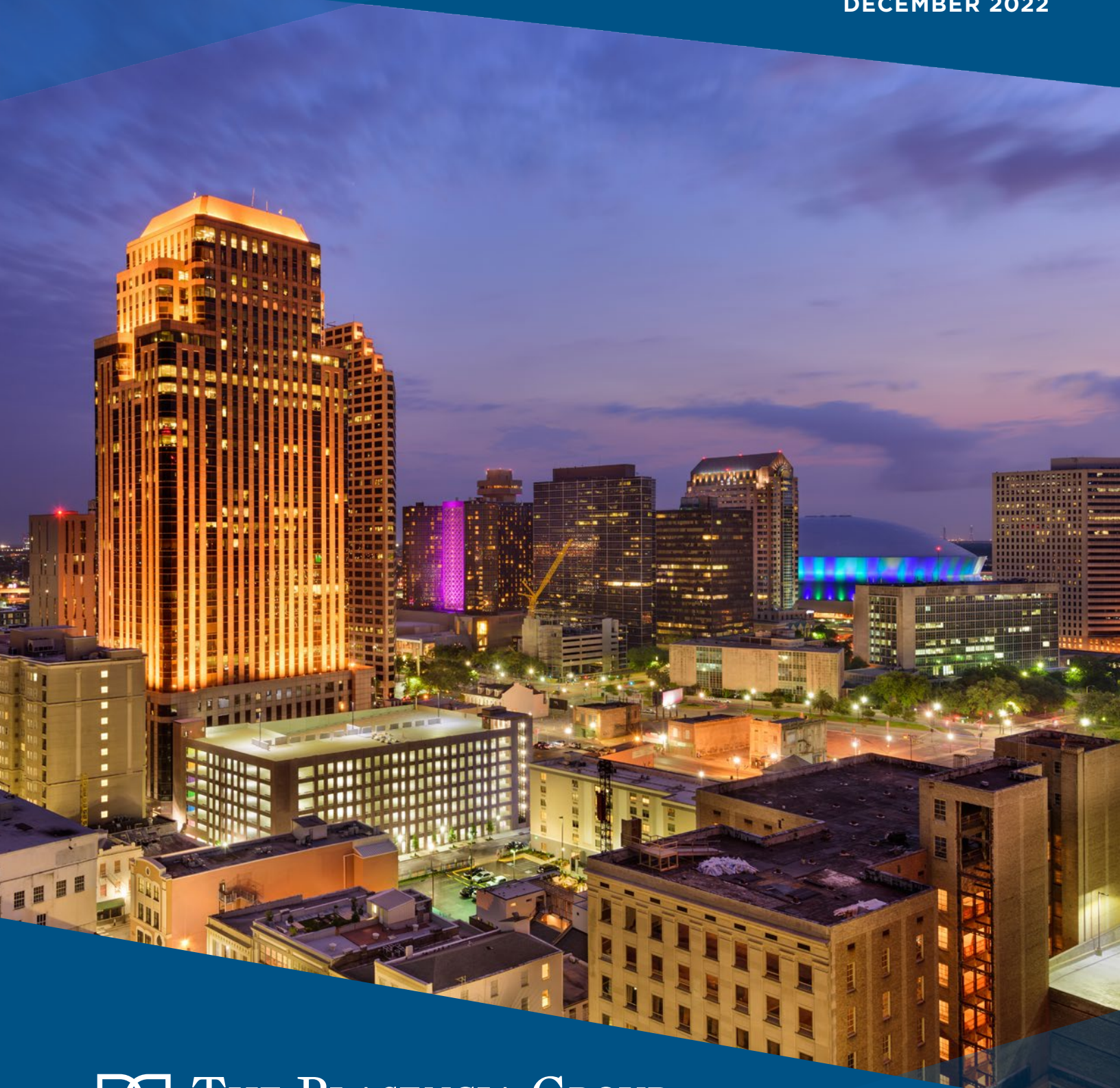


MARKET SNAPSHOT: NEW ORLEANS

DECEMBER 2022



THE PLASEÑCIA GROUP
Passion. Access. Certainty.

NEW ORLEANS MARKET UPDATE

Leisure is driving historically high RevPAR in the market; just wait until the group segment is back!

NOLA BORE THE BRUNT OF THE PANDEMIC

New Orleans' hotel sector, which has historically been almost exclusively reliant on leisure and group business, including large numbers of international visitors, was hit especially hard in the early stages of the COVID-19 pandemic.

Throughout 2020 and into 2021, while leisure destinations near beaches, mountains, and other outdoor activities thrived, local government mandates closed or limited visitation to the city's famed and mostly indoor attractions, such as bars, restaurants, museums, and music venues. Sporting events and festivals, including Mardi Gras and Jazz Fest, were canceled. Broader consumer concerns around air travel, be it domestic or international, also greatly affected inbound visitors.

Large associations, corporations, and other groups put their conventions and events on hold indefinitely during COVID. Usually a stalwart within the local demand dynamic, the group segment evaporated to virtually nothing, with the Ernest N. Morial Convention Center sitting empty for months on end.

Our firm worked on several transactions in New Orleans during the pandemic and our team members made routine trips to the city. The environment on the ground was eerily quiet, with Bourbon Street devoid of revelers and high-end restaurants sitting mostly empty during the dinner rush. All told, in the depths of the pandemic, RevPAR in New Orleans fell more than any top 25 market in the country besides Oahu and San Francisco.

RevPar Decline

February 2021 YTD vs February 2020 YTD	
Norfolk	-14.2%
Tampa	-36.2%
Detroit	-44.4%
Miami	-46.1%
Atlanta	-47.0%
Saint Louis	-47.4%
Washington	-48.3%
Philadelphia	-49.3%
Houston	-50.6%
Phoenix	-53.8%
Dallas	-55.1%
Denver	-58.3%
Chicago	-59.5%
Los Angeles	-60.1%
Minneapolis	-60.8%
New York	-60.9%
Nashville	-64.2%
San Diego	-64.6%
Boston	-66.3%
Seattle	-66.4%
Orlando	-68.8%
Orange County	-69.2%
New Orleans	-74.8%
Oahu Island	-79.5%
San Francisco	-82.0%
Top 25 Markets	-59.4%
Total United States	-46.5%

Source: STR





Photo: Mary Hammel via unsplash

AN ESPECIALLY SPEEDY RECOVERY DRIVEN BY LEISURE

Once vaccines became readily available and the general public became more comfortable with travel, leisure business began to come back in New Orleans. The city hosted a limited slate of festivals in 2021, but saw transient leisure guests arrive in droves, and by 2022, the flood gates opened when a full complement of festivals and major sporting events went off without a hitch.

This football season and the fall tourist season have also brought multitudes of visitors to the city over the last couple months. These leisure travelers have carried the local hotel market and allowed it to thrive in 2022, posting all-time high RevPAR results for both the YTD and TTM periods ending in October. In our frequent recent visits to the city, the French Quarter has been bustling with tourists once again, and there are lines out the doors of New Orleans' iconic dining establishments.

Through the first half of 2022, the city hosted the following major events at full capacity:

***NCAA Allstate Sugar Bowl
NFL Saints home games
NBA Pelicans home games
Mardi Gras
NCAA Men's Final Four
French Quarter Festival
PGA Zurich Classic
Jazz Fest
Essence Festival***





Photo: Rosie Kerr via unsplash

GROUP SEGMENT IS STILL LAGGING

Despite the incredible leisure performance that has led to record-setting RevPAR results for the market, the group segment has been slower to recover. As is true in markets across the country, the number of conventions and conferences hosted in New Orleans is far from pre-pandemic levels. While several high-profile groups and associations have availed themselves of the Morial Convention Center for large events in 2022, the regularity of such events remains inconsistent.

New Orleans has historically seen approximately 45% of its hotel demand come from leisure business, 45% from group, and 10% from corporate. Based on conversations with hotel operators in the market, group demand is now somewhere between 10% and 20%. While this is a bit of a concern, it is comforting to see that higher-rated leisure business

has more than made up for the group sector's deficiency. As seen in the table above, ADR has skyrocketed in New Orleans in 2022, leading to its historically high RevPAR. When (and it is a matter of when, not if, in our opinion) group business begins to recover more fully, the incremental demand gains will make for even higher revenue results for area hotels. Even if the group piece isn't as large as it once was, the pie as a whole will be much larger!

Our firm has transacted more than 30 hotels of all sizes in the New Orleans area since Hurricane Katrina in 2005. We have been especially active in the city of late, facilitating the sale of nearly half a billion dollars of hotels in the last four years alone. Feel free to reach out and we'd be pleased to share further insights on the state of the market, transaction activity, and our favorite spots to grab a cocktail or a po' boy!

New Orleans Performance Trend

Oct	YTD			TTM		
2022	61.3%	\$175.58	\$107.60	61.5%	\$177.13	\$108.92
2021	47.8%	\$119.57	\$57.16	50.5%	\$122.70	\$61.98
2020	46.4%	\$126.19	\$58.53	42.3%	\$121.48	\$51.37
2019	69.4%	\$150.18	\$104.28	70.2%	\$150.97	\$106.02
2018	69.7%	\$151.94	\$105.94	70.6%	\$152.06	\$107.33

Source: STR



THE PLASENCIA GROUP

Our investment sales team has completed nearly 30 successful transactions and financings throughout the United States over the last two years totaling more than \$1.5 billion. It would be our pleasure to assist you in the evaluation, acquisition, sales, or financing of your hospitality properties, whether in the New Orleans area or across the country.

In addition to investment advisory work, our firm also provides ownership representation services to hotel and resort owners as well as investors and offers development and renovation consulting.

Please let us know if our array of services may be of interest to you.

YOUR NEW ORLEANS TEAM

Get in touch with one of our New Orleans lodging investment professionals to discuss your hotel and resort ownership needs.

tpghotels.com



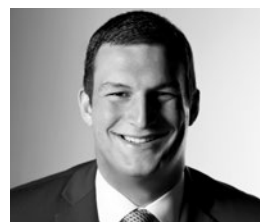
LOU PLASENCIA
Chief Executive Officer

Tampa, Florida
lplascencia@tpghotels.com
(813) 932-1234



ROBERT WIEMER
Senior Managing Director

Houston, Texas
rwiemer@tpghotels.com
(281) 379-2613



JOHN PLASENCIA
Managing Director

Dallas, Texas
jplascencia@tpghotels.com
(214) 865-6986



BOSTON CLEVELAND DALLAS HOUSTON MIAMI TAMPA

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