

California Lodging Investment Conference

The State of the California Hotel Industry

March 9th, 2017

Presented by

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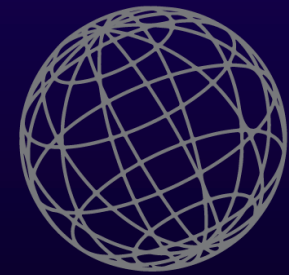
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Atlas
HOSPITALITY GROUP

2016 Review

Sales volume down 30%

Median price per room down 5%

Northern California sales volume down 13%

Southern California sales volume down 43%

Loews Santa Monica Beach Hotel

Santa Monica



347 rooms / \$485.4 million

San Diego Marriott La Jolla

La Jolla



372 rooms / \$130.8 million

The Ritz-Carlton, Laguna Niguel

Dana Point



396 rooms / \$366 million

Renaissance Esmeralda Indian Wells Resort

Indian Wells



560 rooms / \$75.9 million

Arrowhead Springs

San Bernardino



300 rooms / \$49 million

The Westin St. Francis

San Francisco



1,195 rooms / \$1.01 billion

San Jose Marriott

San Jose



506 rooms / \$154 million

San Mateo Marriott San Francisco Airport

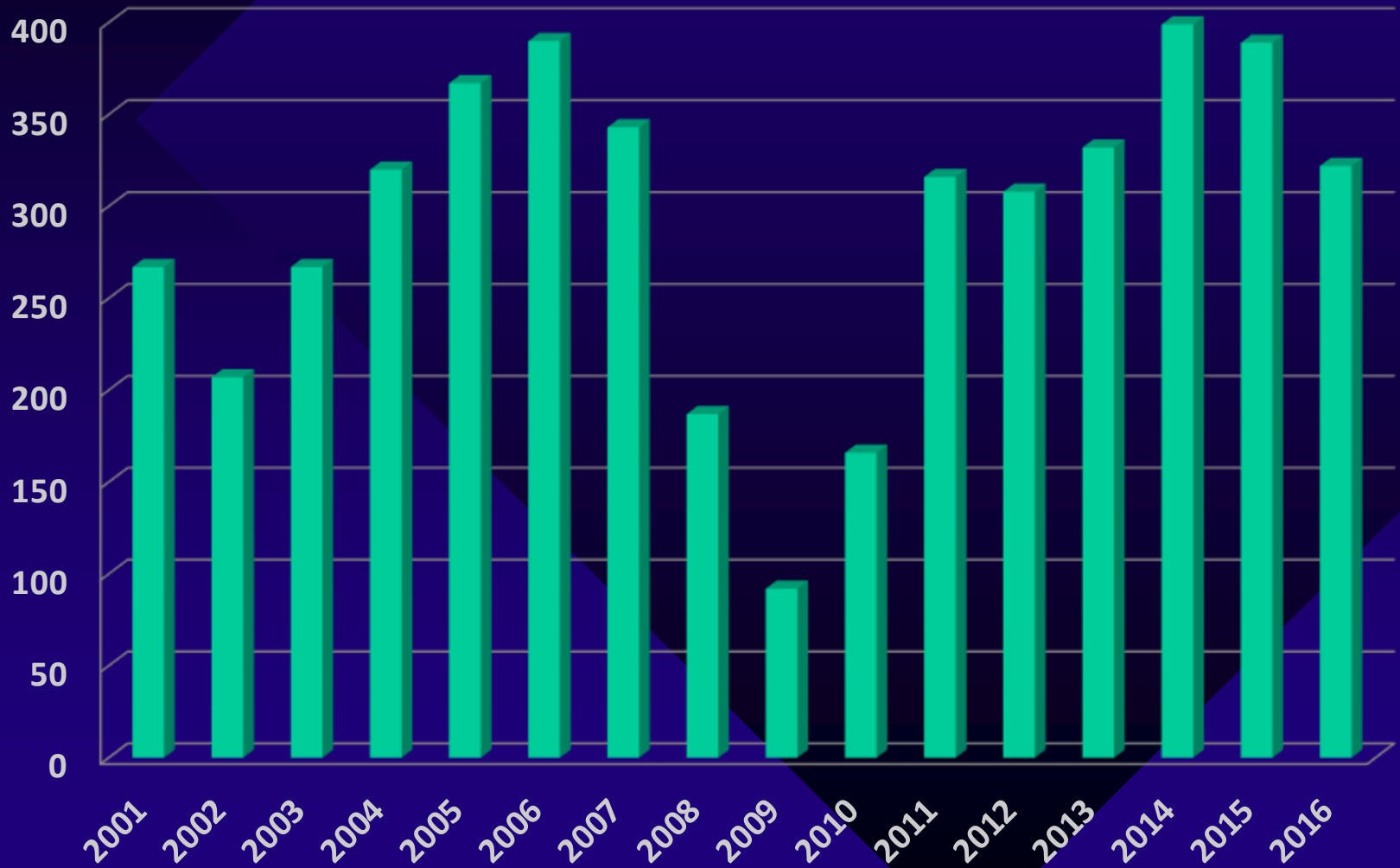
San Mateo



476 rooms / \$132 million

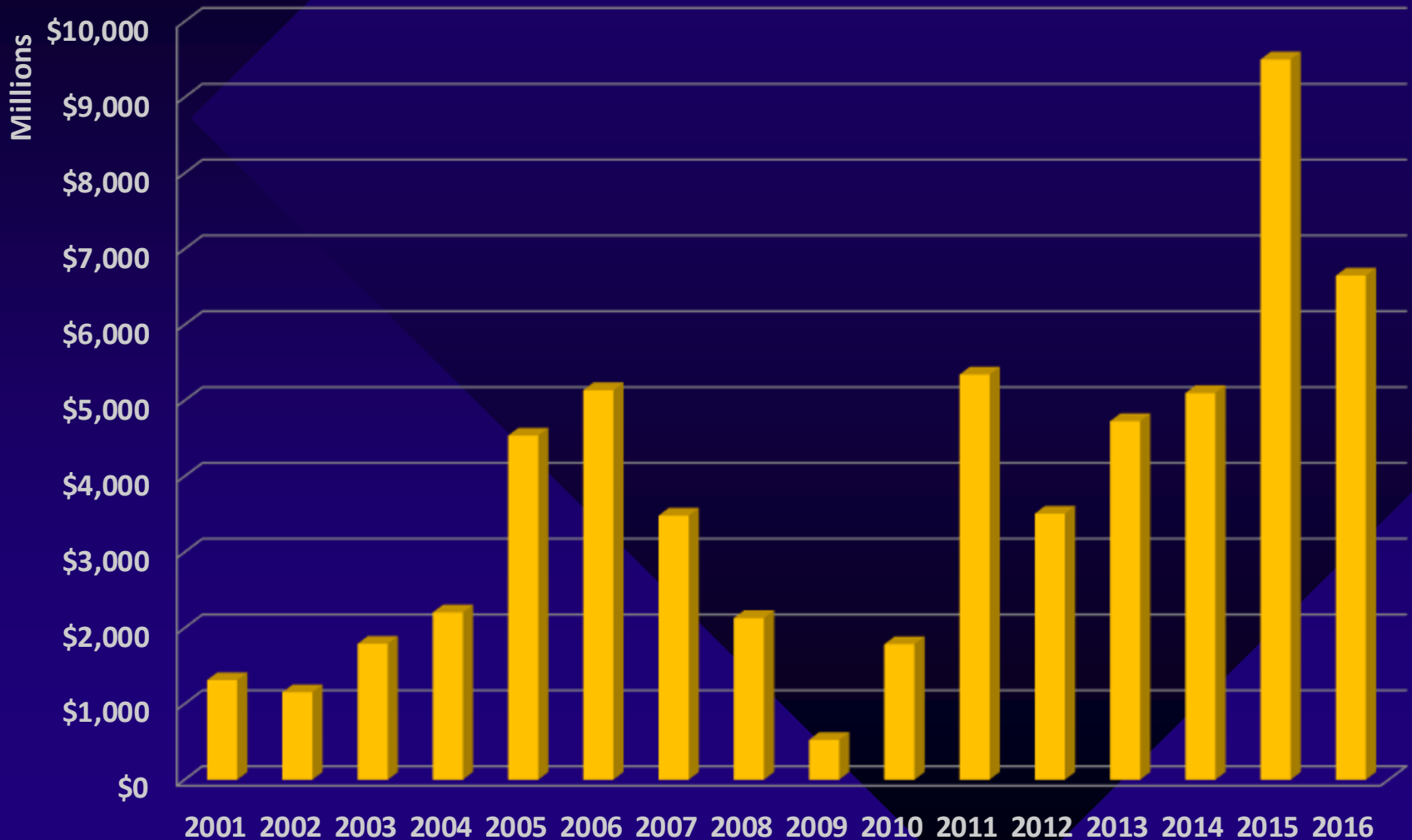
Historical Sales Chart

Sales



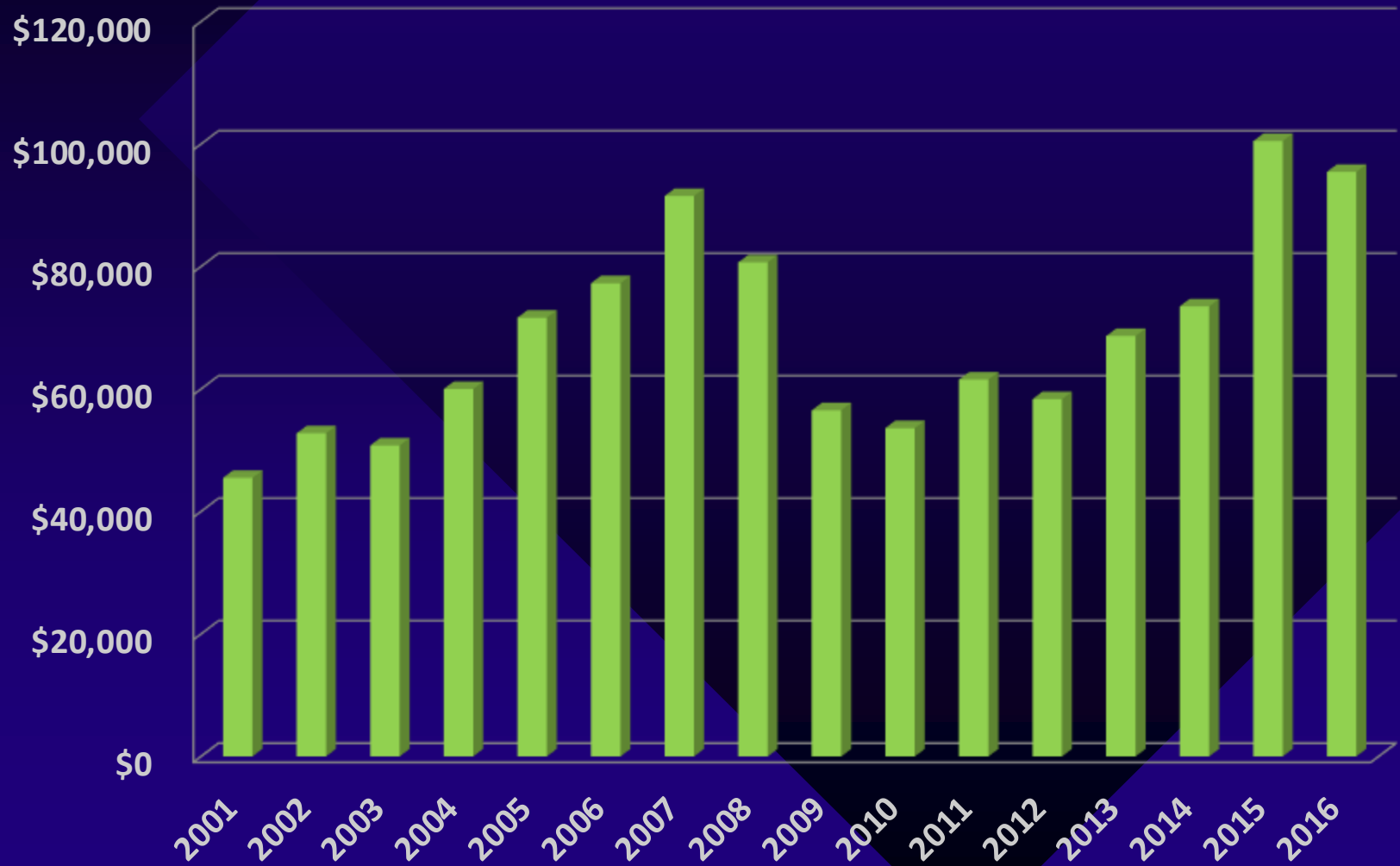
Historical Sales Chart

\$ Volume



Historical Sales Chart

Median Price per Room



2016 Median Price per Room By Region

California

\$95,455

San Francisco

\$389,118

Santa Clara

\$286,667

San Mateo

\$166,864

Orange County

\$138,990

Alameda

\$134,726

Riverside County

\$128,134

San Diego County

\$116,468

Los Angeles County

\$113,942

Sacramento

\$74,132

San Bernardino County

\$61,232

STR Rev PAR Increases (2016)

| | |
|---------------|-------|
| United States | +3.2% |
|---------------|-------|

| | |
|------------|-------|
| California | +6.6% |
|------------|-------|

Top 10 California Markets

| | |
|------------------|--------|
| South Lake Tahoe | +16.6% |
|------------------|--------|

| | |
|---------------------------|--------|
| Pasadena/Glendale/Burbank | +14.9% |
|---------------------------|--------|

| | |
|----------------|--------|
| Oxnard/Ventura | +13.7% |
|----------------|--------|

| | |
|------------------|--------|
| Stockton/Modesto | +12.9% |
|------------------|--------|

| | |
|--------------|--------|
| Palm Springs | +12.0% |
|--------------|--------|

| | |
|------------------------|--------|
| Los Angeles/Long Beach | +10.8% |
|------------------------|--------|

| | |
|------------|--------|
| Sacramento | +10.2% |
|------------|--------|

| | |
|------------|-------|
| Santa Rosa | +9.7% |
|------------|-------|

| | |
|-----------------------------|-------|
| Vallejo/Fairfield/Vacaville | +9.4% |
|-----------------------------|-------|

| | |
|------------------------|-------|
| California Rural North | +9.3% |
|------------------------|-------|

Top California Markets Rev PAR (2016)

| | | |
|------------------------------------|-----------------|--------------|
| Santa Monica/Marina del Rey | \$259.33 | +8.3% |
| Napa Valley | \$223.84 | +6.4% |
| San Francisco/San Mateo | \$194.55 | +3.6% |
| Newport Beach/Dana Point | \$158.01 | +1.8% |
| San Jose/Campbell | \$144.38 | +8.7% |

Lowest California Markets Rev PAR (2016)

| | | |
|-------------------|---------|--------|
| Bakersfield | \$46.87 | -0.5% |
| Redding/Chico | \$55.97 | +4.6% |
| Fresno | \$58.12 | +9.3% |
| Stockton/Modesto | \$61.49 | +12.9% |
| Vallejo/Fairfield | \$63.34 | +9.4% |

New Hotel Development

38 new hotels opened in California in 2016, adding 5,572 rooms

112 hotels were under construction at the end of 2016, totaling 17,623 rooms

679 hotels are in planning, totaling 102,891 rooms

SoCal Development Highlights

Los Angeles County

Los Angeles County opened eight hotels in 2016. There are 37 hotels under construction, accounting for over 41% of all of California's new supply.

LA County leads the state with 175 hotels with 26,281 rooms in planning, a 32% increase over 2015.

San Diego County

Six new San Diego County hotels opened in 2016. There are eight hotels under construction, with 1,444 rooms.

San Diego County has 72 hotels with 14,981 rooms in planning, a 34% increase over 2015.

Orange County

Seven new Orange County hotels opened in 2016. There are 11 hotels under construction, with 1,655 rooms.

Orange County has 40 hotels with 8,808 rooms in planning, a 108% increase over 2015.

Riverside County

Two new Riverside County hotels opened in 2016. There are eight hotels under construction, with 1,536 rooms.

Riverside County has 49 hotels with 9,335 rooms in planning, a 155% increase over 2015.

San Bernardino County

No new San Bernardino County hotels opened in 2016. There is one 105-room hotel under construction.

San Bernardino County has 18 hotels with 1,293 rooms in planning, a 6% decrease from 2015.

2017 Forecast

Mixed Messages/Clouds on the Horizon

- Interest rates moving up
- Major tax overhaul – The Trump Effect
- New hotel supply

California Is a Great Long-term Investment

- **Home sales hit a 10-year high to start 2017 / Highest Level Since February 2007**
 - National Association of Realtors (02/22/17)
- **Foreign Investment Is Booming in Southern California**
 - Bisnow (03/24/16)
- **California Forecast Outlet Strong**
 - Allen Matkins UCLA Forecast (02/01/17)
- **California Outpaces Most States**
 - Globest.com (09/28/16)

IN CASE OF FIRE



**EXIT BUILDING
BEFORE TWEETING
ABOUT IT**

Any Questions....

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