



CLIC THE STATE OF THE CALIFORNIA HOTEL INDUSTRY

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Presented by

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2019 PREDICTIONS

VALUES
WILL BE
FLAT /
DECLINE



MEDIAN
PRICE
DECLINED
2.6%

SALES
VOLUME
FLAT



TOTAL
DOLLAR
VOLUME
INCREASED
7.4%



2019
PREDICTIONS

NUMBER OF INDIVIDUAL
SALES FLAT / DECLINE

INDIVIDUAL SALES UP 6%



2019 REVIEW

SAMPLE HOTEL REIT STOCK PERFORMANCE

	T12 02/24/20	T12 03/04/20
RYMAN	+1.0%	-21.5%
DIAMONDROCK	-3.7%	-19%
SUMMIT	-5.2%	-23%
XENIA	-7.5%	-31%
APPLE	-12.0%	-21%
HOST	-15.2%	-29%
SUNSTONE	-15.5%	-28%
RLJ	-18.2%	-30%
HPT	-21.4%	-36%
PARK	-28.1%	-43%
PEBBLEBROOK	-29.4%	-41%
BRAEMAR	-34.5%	-45%
ASHFORD	-52.3%	-56%

HOTEL OPERATOR STOCK PERFORMANCE

	T12 02/24/20	T12 03/04/20
CHOICE	+29.3%	+14.9%
HILTON	+25.4%	+10.7%
HYATT	+18.0%	-1.6%
MARRIOTT	+6.3%	-9.6%
WYNDHAM	+4.2%	-5.2%
IHG	-1.3%	-11.1%

RECORD LOW FINANCING RATES



MARKET RATES

	03/2019	03/2020
PRIME	5.50%	4.25%
5-YEAR US TREASURY	2.51%	0.77%
10-YEAR US TREASURY	2.69%	0.96%
30-YEAR US TREASURY	3.05%	1.59%

A nighttime photograph of the Sands Hotel Indian Wells. The image shows a swimming pool in the foreground with a row of lounge chairs and striped umbrellas. In the background is a two-story hotel building with a terracotta roof and warm lighting. Palm trees are visible on the left and right sides of the frame.

SANDS HOTEL INDIAN WELLS

48 rooms



CASA LAGUNA HOTEL AND SPA LAGUNA BEACH

22 rooms

A photograph of the Post Ranch Inn at sunset. The building is a modern, multi-level structure with large glass windows and a prominent black chimney. It is situated on a hillside covered in dense, colorful vegetation. The sun is low on the horizon, creating a bright orange glow and a lens flare effect. In the foreground, there is a circular inset showing a swimming pool area with lounge chairs and umbrellas.

POST RANCH INN BIG SUR

41 rooms

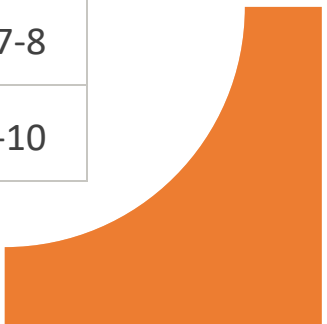


2019 CALIFORNIA HOTEL SALES HIGHLIGHTS



CALIFORNIA HOTEL CAP RATES

PRIME LUXURY	4-5
"A" PRIME MARKETS	5.5-6.5
"B" SECONDARY MARKETS	7-8
"C" TERTIARY MARKETS	8-10





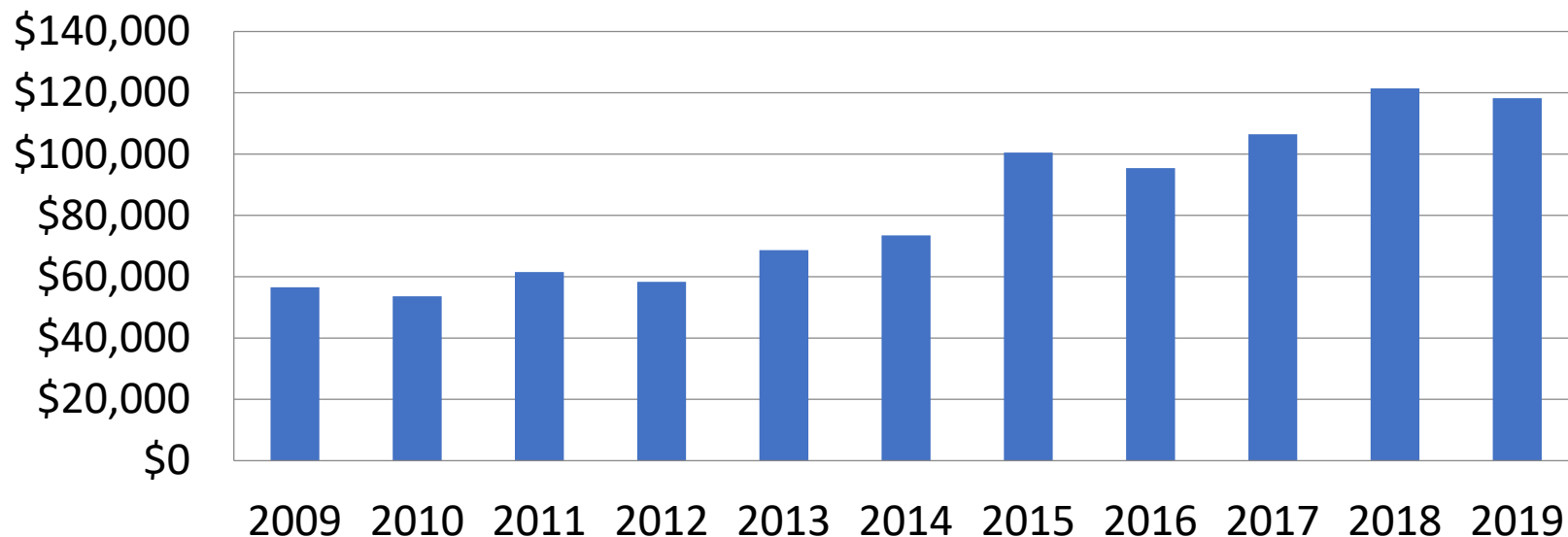
2019

- SECOND HIGHEST MEDIAN PRICE PER ROOM ON RECORD
- TOTAL DOLLAR VOLUME UP 7.4%
- THE NUMBER OF INDIVIDUAL TRANSACTIONS INCREASED 6.1%

HISTORICAL SALES CHART

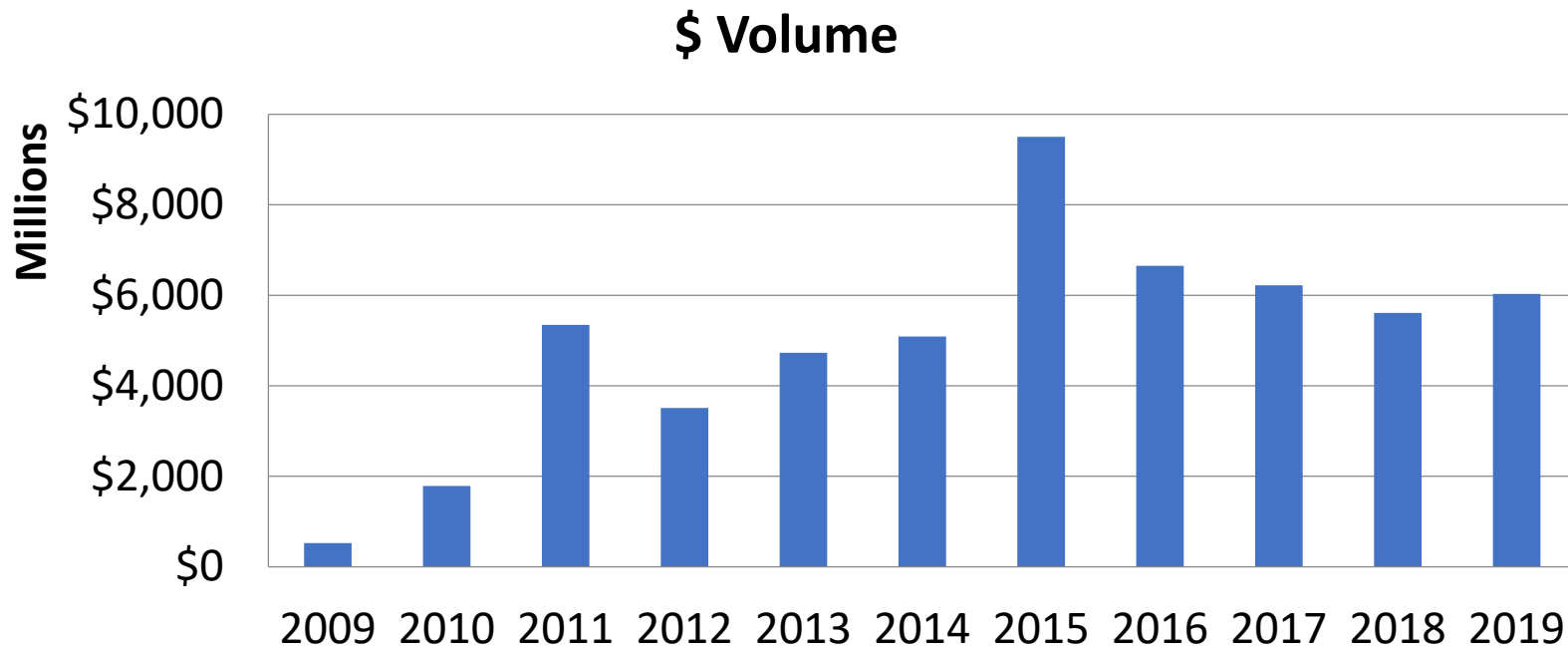
MEDIAN PRICE PER ROOM

MED \$/RM



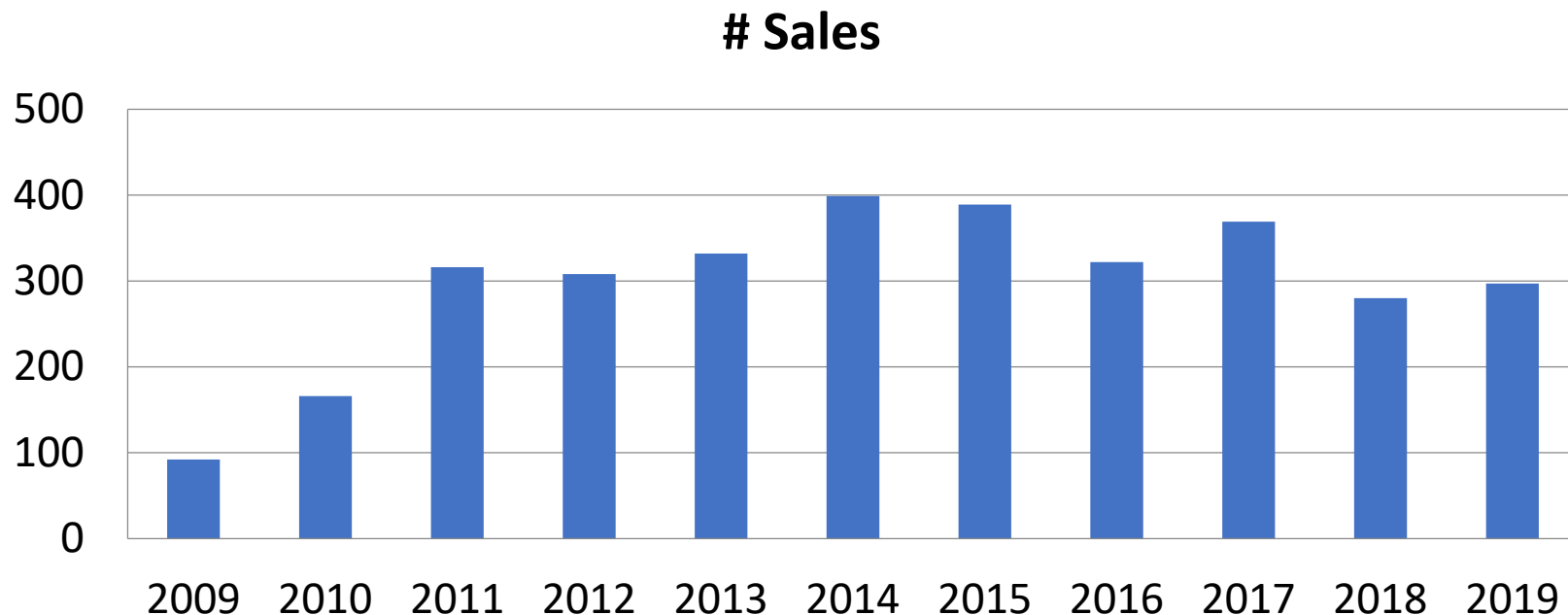
HISTORICAL SALES CHART

\$ VOLUME

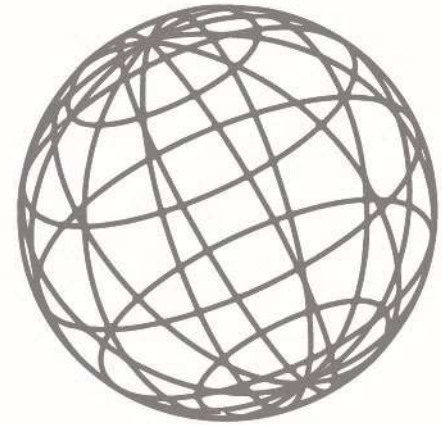


HISTORICAL SALES CHART

SALES



2019 CALIFORNIA HOTEL SALES - WHO ARE THE BUYERS/SELLERS?



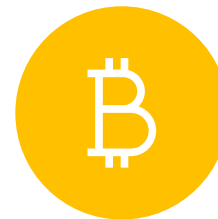
PORTFOLIO SELLERS



BLACKSTONE



CHESAPEAKE
LODGING TRUST



THE YUCAIPA
COMPANIES



MOTEL 6 PORTFOLIO

REIT TRANSACTIONS

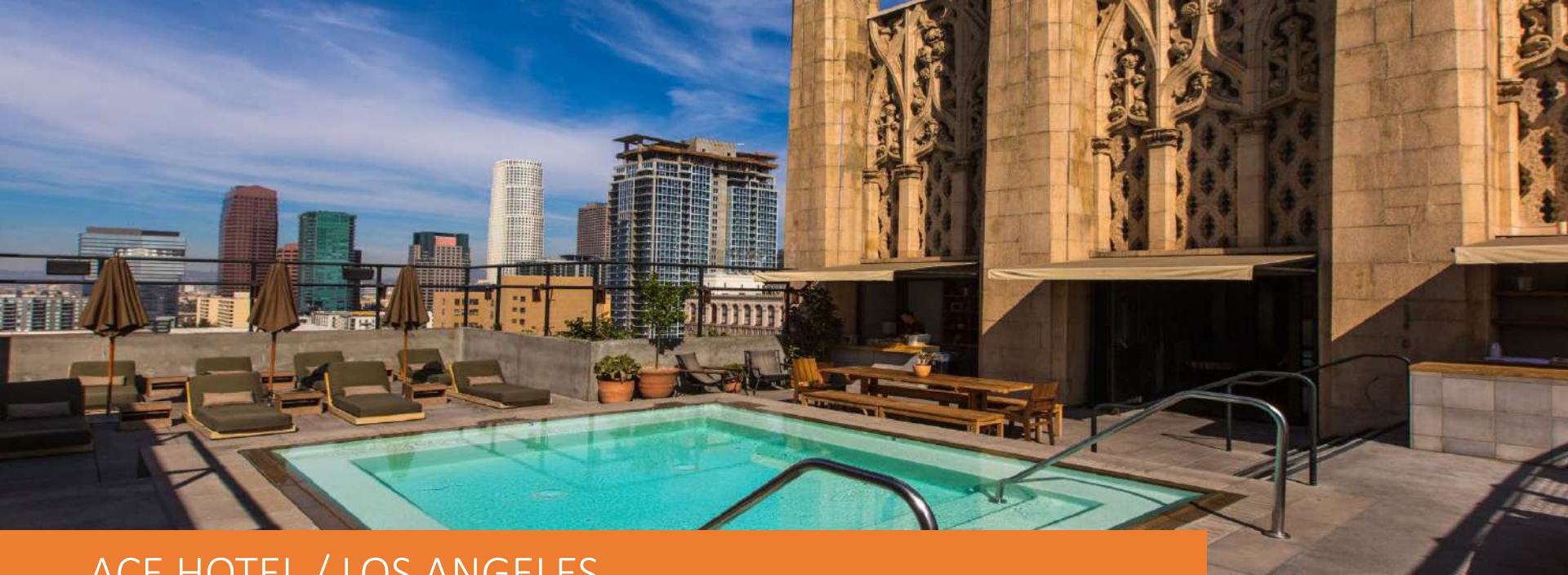


HYATT CENTRIC SAN FRANCISCO

313 ROOMS

\$169,500,000

\$541,534 PER ROOM



ACE HOTEL / LOS ANGELES

182 ROOMS

\$117,000,000

\$642,857 PER ROOM



HOTEL AMARANO BURBANK

132 ROOMS

\$72,900,000

\$552,000 PER ROOM

NEW INVESTORS

A photograph of the Montage Beverly Hills hotel at dusk. The building is a multi-story, light-colored structure with numerous balconies and arched windows, many of which are illuminated from within. The ground floor features a series of large, arched openings. In the foreground, there is a paved courtyard area with some landscaping and a wet surface reflecting the building's lights. A dark, semi-transparent triangular overlay is positioned in the lower-left corner, containing white text.

MONTAGE
BEVERLY HILLS
201 ROOMS
\$2,064,677 PER ROOM
NEW CALIFORNIA SALES RECORD

FREEHAND LOS ANGELES

226 ROOMS

\$49,100,000



ALTERNATIVE USE BUYERS



BROADWAY MOTEL LOS ANGELES

30 ROOMS

\$166,667 PER ROOM

EZ-8 MOTEL SAN DIEGO



89 ROOMS
\$97,191 PER ROOM



MOTEL 6 VAN NUYS

73 ROOMS

\$115,060 PER ROOM




RODEWAY INN & SUITES / EL CAJON

105 ROOMS

\$76,429 PER ROOM

2019 CALIFORNIA MEDIAN SALES PRICE PER ROOM

COUNTY	2018	2019
SAN FRANCISCO	\$230,769	\$480,338
SAN MATEO	\$262,743	\$467,641
ALAMEDA	\$214,671	\$378,571
SANTA CLARA	\$276,946	\$363,983
ORANGE	\$162,963	\$154,099
LOS ANGELES	\$150,000	\$133,333
SAN DIEGO	\$115,385	\$124,858
RIVERSIDE	\$96,897	\$98,218
SAN BERNARDINO	\$66,750	\$69,206
STATEWIDE	\$121,439	\$118,222



STR REV PAR PERFORMANCE 2019

CALIFORNIA

+1.7%

TOP 10 CALIFORNIA MARKETS / BY % INCREASE

REDDING/CHICO

+14.5%

CALIFORNIA RURAL NORTH

+11.5%

MERCED/CENTRAL CA

+10.9%

SAN FRANCISCO NOB HILL/WHARF

+7.3%

SANTA BARBARA/SANTA MARIA

+7.1%

BAKERSFIELD

+6.6%

SAN DIEGO SOUTH/EAST

+6.0%

NAPA VALLEY

+5.9%

YUMA & EL CENTRO

+5.8%

STOCKTON/MODESTO

+5.7%

Source: Smith Travel Research

TOP CALIFORNIA REV PAR MARKETS

2019

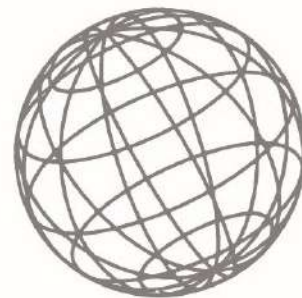
SANTA MONICA/MARINA DEL REY	\$263.44	-3.5%
NAPA VALLEY	\$243.16	+5.9%
HOLLYWOOD/BEVERLY HILLS	\$242.14	-1.3%
SAN FRANCISCO NOB HILL/WHARF	\$230.29	+7.3%
SAN FRANCISCO MARKET STREET	\$228.47	+4.2%

LOWER CALIFORNIA REV PAR MARKETS 2019

FRESNO	\$67.27	+1.5%
EUREKA/CRESCENT CITY	\$64.50	-0.2%
SAN BERNARDINO SURROUNDING	\$58.01	+5.1%
YUMA & EL CENTRO	\$54.63	+5.8%
BAKERSFIELD	\$52.61	+6.6%

Source: Smith Travel Research

2020 FORECAST




Atlas

HOSPITALITY GROUP


THE MARKET LEADER
IN CALIFORNIA HOTEL SALES

LISTEN TO THE EXPERTS

- DON'T DRINK THE KOOL-AID. THERE IS A DOWNTURN COMING
- SMART MONEY IS GETTING OUT OF REAL ESTATE
- ECONOMIST PREDICTS TEPID GROWTH FOR SAN DIEGO
- HOTELIERS, THE PARTY IS OVER; ACT NOW
- SAN FRANCISCO'S ROARING ECONOMY SPURS WORRIES OF A BUST

A decorative graphic on the left side of the slide, consisting of a 4x5 grid of small blue dots and a solid blue horizontal bar at the bottom.

THERE WERE
CLOUDS ON
THE HORIZON
AT THE END
OF 2018




POSITIVES FOR CALIFORNIA OUTWEIGHTED ANY NEGATIVES

- LA RANKED TOP REAL ESTATE INVESTMENT MARKET IN THE WORLD – SCHRODERS GLOBAL INDEX, 02/14/20
- INLAND EMPIRE LEADS NATION IN INDUSTRIAL LEASING – CBRE, 02/06/20
- CALIFORNIA'S ECONOMY WILL GROW FASTER THAN THE NATIONS – UCLA ANDERSON SCHOOL, 12/05/19
- 10TH YEAR OF RECORD TOURISM FOR SAN FRANCISCO – SAN FRANCISCO TRAVEL ASSOCIATION, 12/01/19
- TOURISM SPENDING IN CALIFORNIA TOPS \$140 BILLION – VISIT CALIFORNIA, 03/18/19
- FOREIGN INVESTORS LOVE U.S. REAL ESTATE – SOUTH KOREAN AND MIDDLE EAST INVESTORS ESPECIALLY – REAL CAPITAL ANALYTICS, 11/21/19



2020 FORECAST

- CAP RATES WILL START TO RISE
 - VALUES TO REMAIN FLAT
 - THE NUMBER OF INDIVIDUAL SALES TO REMAIN FLAT / DECLINE
 - REFINANCING TO INCREASE AS OWNERS LOCK IN LOW RATES
- 



ANY
QUESTIONS?



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