California Lodging Investment Conference

Presented by Bruce Ford, Senior Vice President, Director of Global Business Development

Who We Are

The Global Leaders for Hotel Development Intelligence and Decision-Maker Contact Information

LE delivers industry-leading hotel development intelligence through:

- **Database of Hotel Records:** hosted online, updated weekly, available as an app on all iOS and Android devices, and can serve as your stand-alone management platform (CRM) or be integrated into your own Salesforce or management platform.
- **Management Guidance Reports:** customizable based on your company's growth strategies, aid in analysis and strategic planning, and identify new business opportunities.
- **Lodging Trend Reports:** monitor current development trends by company, brand, chain scale, and other metrics relevant to making informed decisions.

LE maintains monthly research relationships with:
Close to 1,200 domestic and international brands combined and thousands of developers and ownership and management groups. We continuously monitor industry-wide news and conduct calls to bring you the most up-to-date and accurate hotel development intelligence and decision-maker contacts as possible.
No other company can offer this.

We are committed to your success!
LE will orient and train you and your team to effectively use our tools, answer any questions you may have, assist with the interpretation of trends, and share insights that may be helpful to you.

U.S. Market Conditions

Industry and Travel

- Through March 7, 2022, TSA average daily check-ins continue to remain steady - averaging about 85-90% of the 2019 average.
- Hotel room night demand is also inching up due to strong leisure demand. Business travel has shown some momentum in early 2022. Smaller groups are booking larger events which are still at 50% capacity.
- Summer travel bookings are growing rapidly as restrictions ease.

U.S. Market Conditions

Industry and Travel

- As expected, car travel, resorts, and outdoor destinations had another great Winter '21/22, even with current gas prices.
- Larger conventions, events, and concert tours that may have thought a return to normal was here, have pushed out plans to Summer 2022.
- Renovation, conversion, and transaction activity continue to ramp up. Now, with a longer timeframe for the recovery of group businesses, more time can be allotted to completing projects.

What has Happened at Owner Management Companies

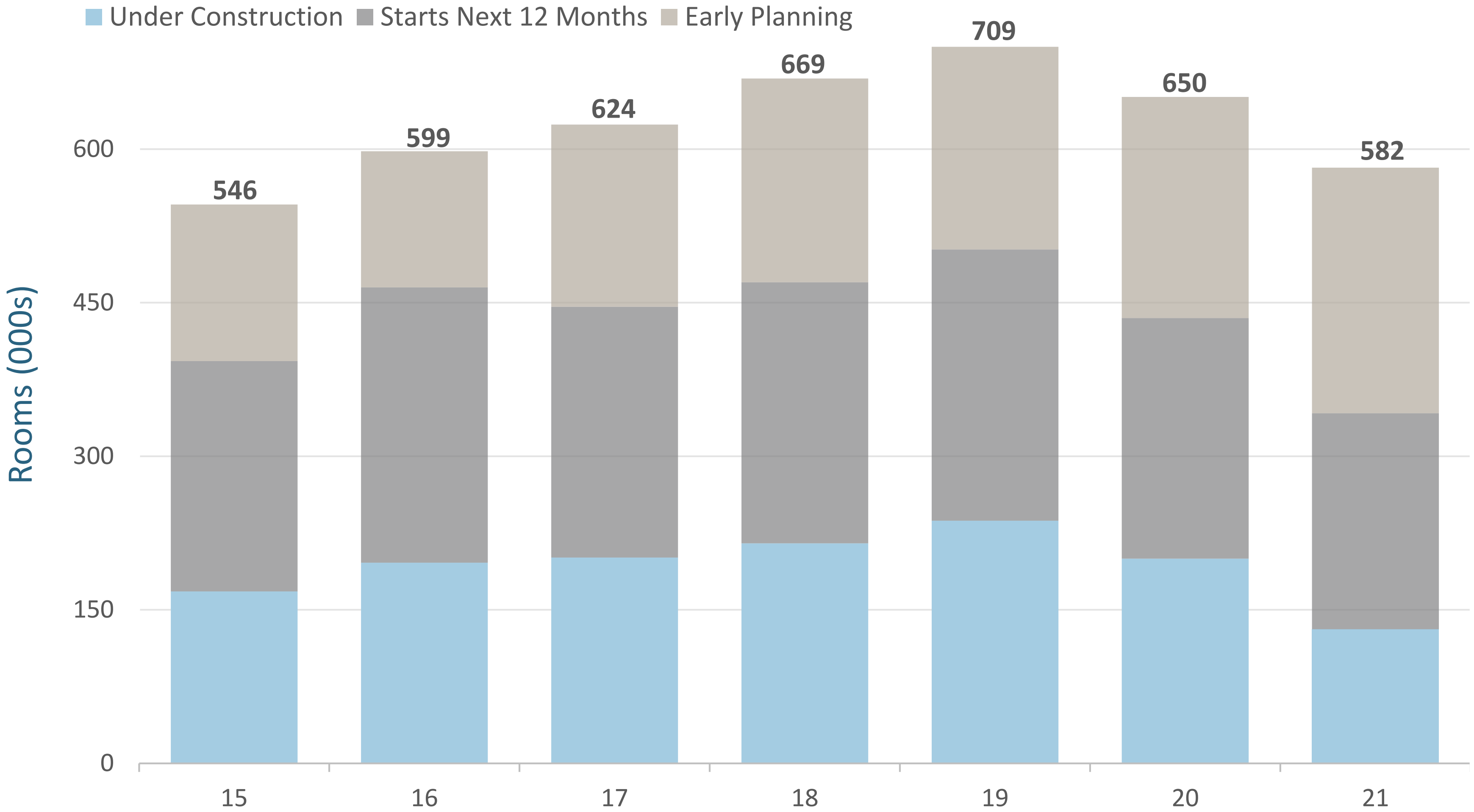
- Fall/Winter '20/21 had a lasting impact on many companies. Some grew, many shrank, and almost all sought third-party assistance.
- Spring 2021 brought HOPE. Many recovered and are on track to take advantage of their return on investment.
- The last half of 2021, headquarters were reporting they had been busier than ever with buying, selling, third-party management, conversion, renovation, and some building activity.
- 2022 has shown no signs of slow down in deal flow for transactions and renovation planning.

Hospitality Market Conditions

Industry Conditions

- Brand pressure to complete deferred renovations is on the rise in America and should spread globally over the next 2-3 years.
- It is cheaper to buy a hotel than it is to build a hotel, right now, with prices roughly 25% below replacement costs, on average.
- Many investors are seeking to enter the hotel industry with more capital than ever, making competition fierce in all aspects of investing, operating, and purchasing products and services.
- More mergers – more transactions – more portfolio transfers. Bigger is better, right now, as we race off the bottom of this cycle.

U.S. Construction Pipeline by Projects and Rooms



	15	16	17	18	19	20	21
Projects	4,413	4,960	5,151	5,530	5,748	5,216	4,814

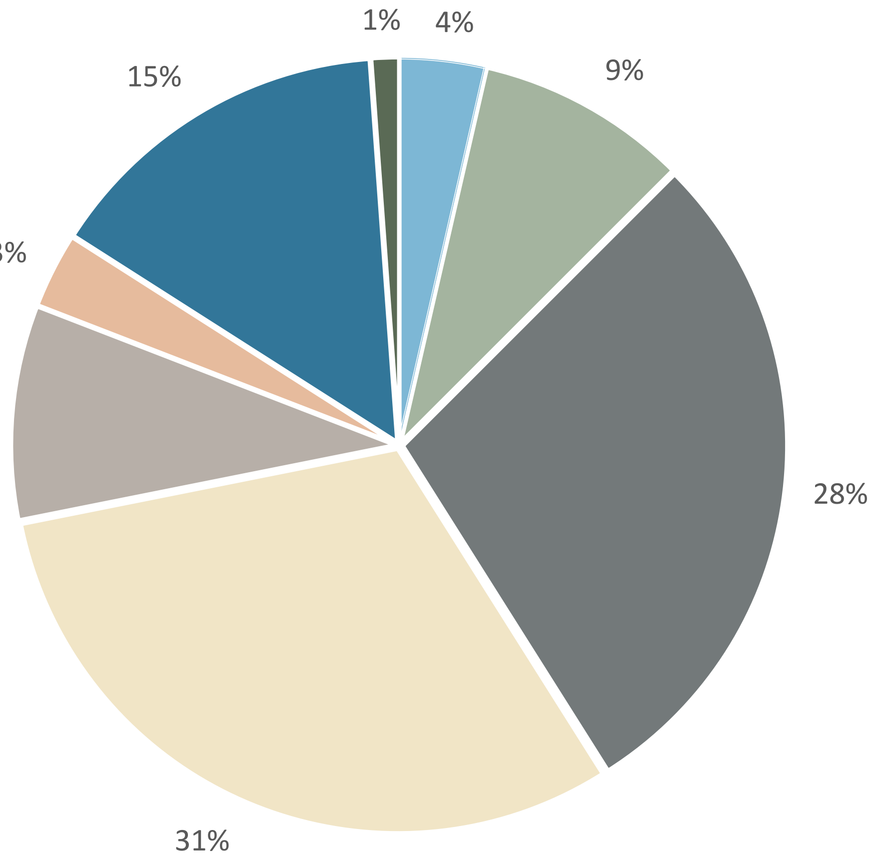
U.S. Construction Pipeline

by Project Stage Year-Over-Year

	Q4 2021		Q4 2020		% Variance	
	Projects	Rooms	Projects	Rooms	Projects	Rooms
Under Construction	972	131,247	1,487	199,700	-35%	-34%
Starts Next 12 Months	1,821	210,890	2,015	234,703	-10%	-10%
Early Planning	2,021	239,816	1,714	215,819	18%	11%
Total Pipeline	**4,814**	**581,953**	**5,216**	**650,222**	**-8%**	**-10%**

U.S. Construction Pipeline

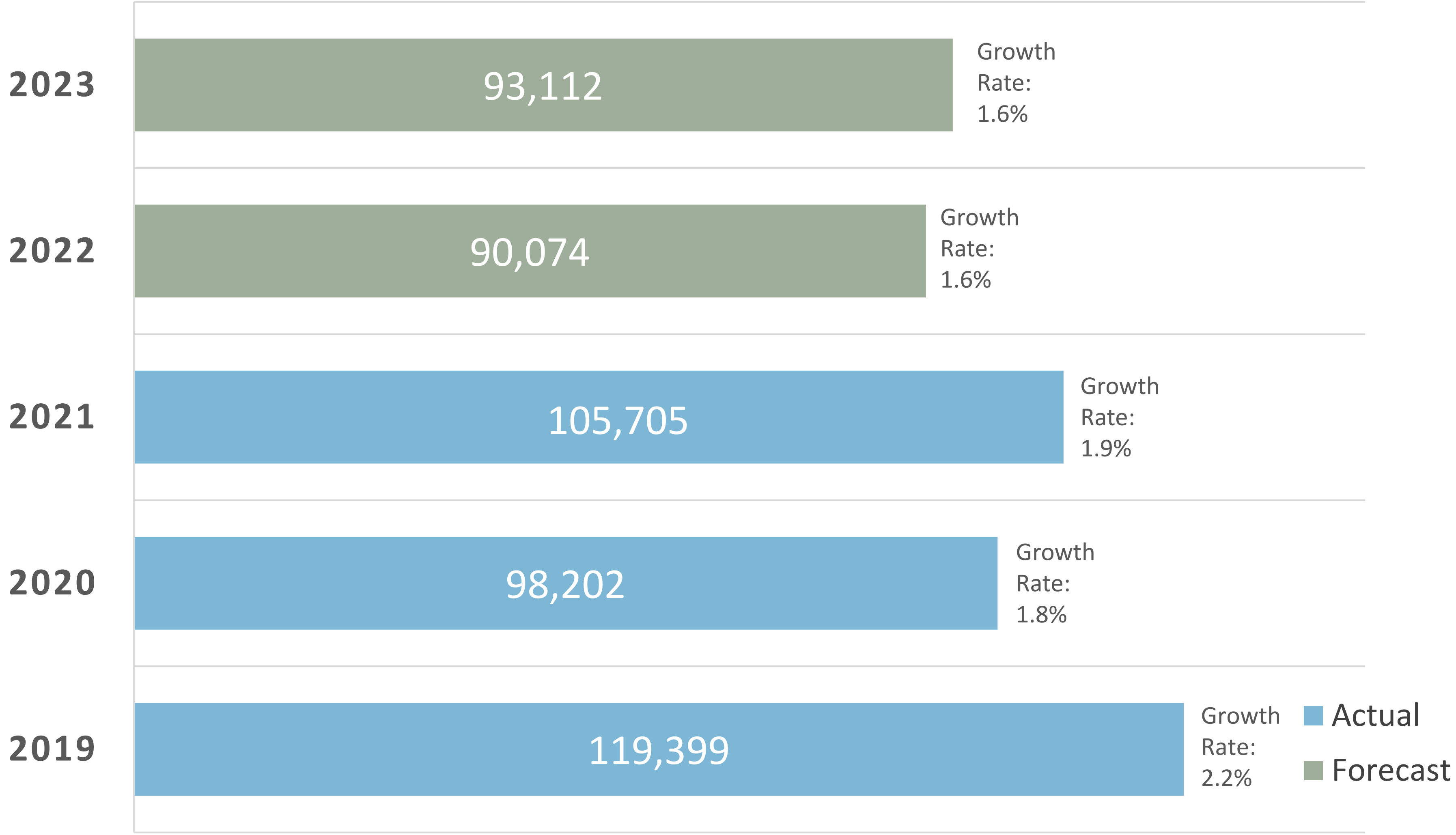
by Chain Scale with Unbranded Total Displayed



% by rooms

Q4 2021	Projects	Rooms
Luxury	79	20,945
Upper Upscale	250	51,820
Upscale	1,297	166,061
Upper Midscale	1,801	179,377
Midscale	637	52,456
Economy	212	18,388
Unbranded	519	86,210
Casino	19	6,696
Total	**4,814**	**581,953**

U.S. Forecast New Hotel Openings by Rooms at Q4 2021



U.S. Development Pipeline

Scheduled Openings by Chain Scale

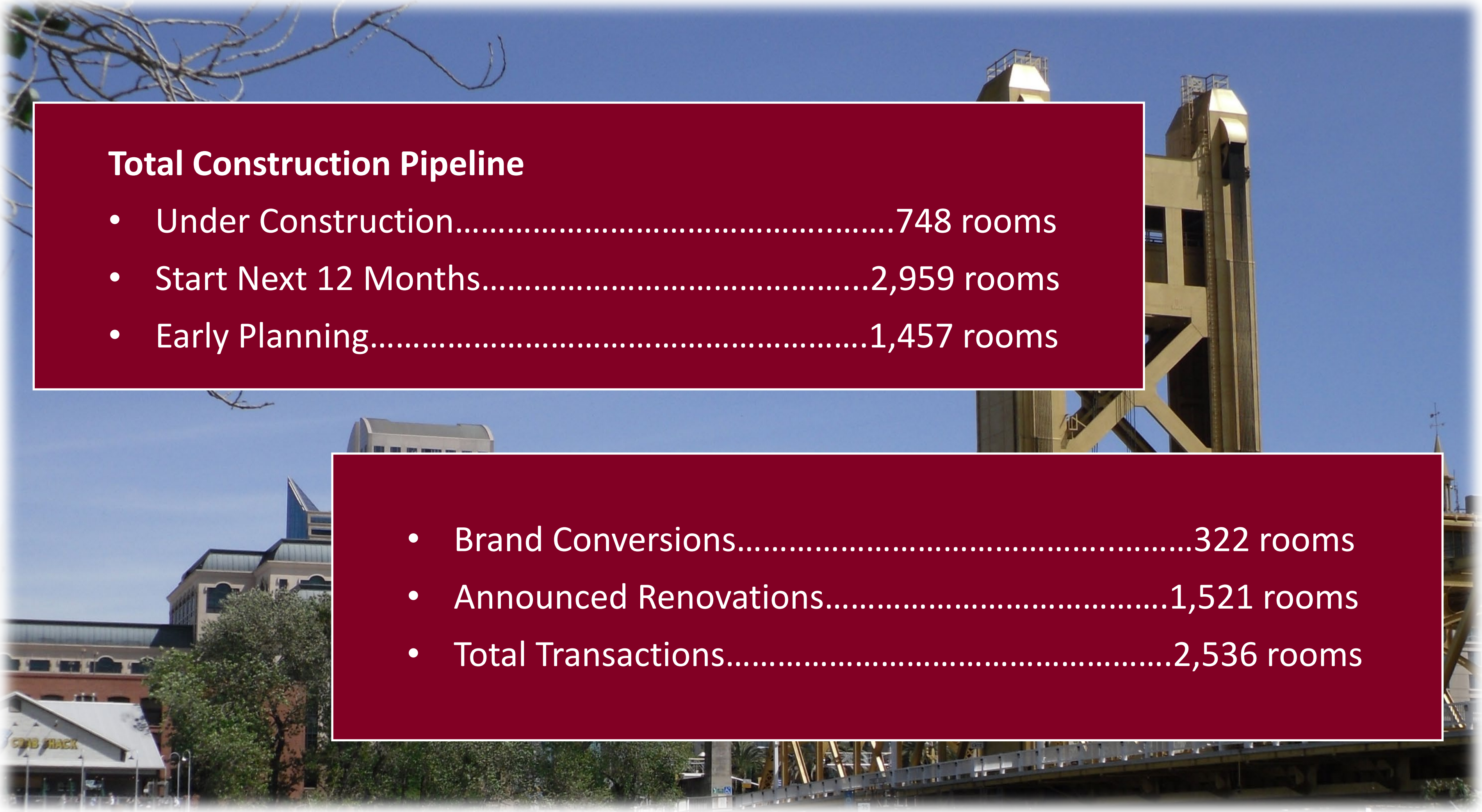
Q4 2021	Under Construction		Renovation & Conversion Pipeline		New Construction Total Pipeline		Total 2022 Scheduled Openings	
	Projects	Rooms	Projects	Rooms	Projects	Rooms	Projects	Rooms
Luxury	41	11,043	26	9,152	79	20,945	22	4,652
Upper Upscale	80	16,910	118	39,230	250	51,820	51	9,607
Upscale	266	37,372	230	36,141	1,297	166,061	214	28,022
Upper Midscale	359	37,188	280	26,518	1,801	179,377	295	28,618
Midscale	102	8,399	172	15,335	637	52,456	100	7,775
Economy	28	2,302	275	20,474	212	18,388	33	2,514
Unbranded	87	14,754	145	20,700	519	86,210	65	7,817
Casino	9	3,279	10	5,184	19	6,696	3	1,069
Total	**972**	**131,247**	**1,256**	**172,734**	**4,814**	**581,953**	**783**	**90,074**

U.S. Development Pipeline Year-Over-Year

Top U.S. Parent Companies New Construction Plus Conversions by Rooms

	Q4 2021		Q4 2020	
	Projects	Rooms	Projects	Rooms
Marriott International	1,438	185,185	1,473	197,563
Hilton Worldwide	1,325	153,602	1,353	160,295
InterContinental Hotel Group	812	82,497	873	89,534
Choice Hotels	354	30,468	584	48,192
Best Western Hotels and Resorts	189	16,189	234	20,426
Hyatt Hotels	104	15,666	130	20,038

Sacramento

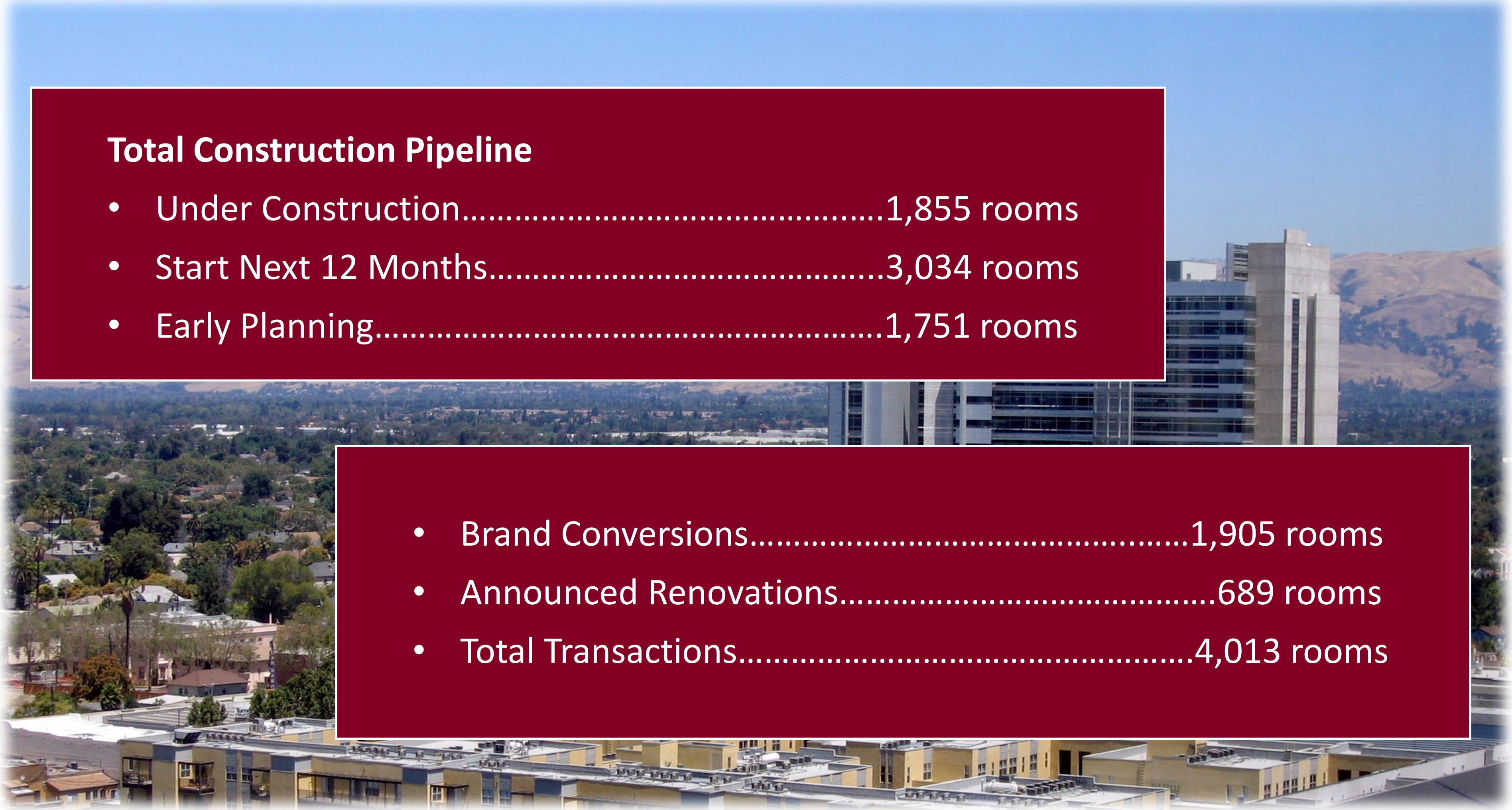


Total Construction Pipeline

- Under Construction……………………………………………748 rooms
- Start Next 12 Months……………………………………...2,959 rooms
- Early Planning…………………………………………………1,457 rooms

- Brand Conversions……………………………………………322 rooms
- Announced Renovations……………………………….1,521 rooms
- Total Transactions…………………………………………2,536 rooms

San Jose

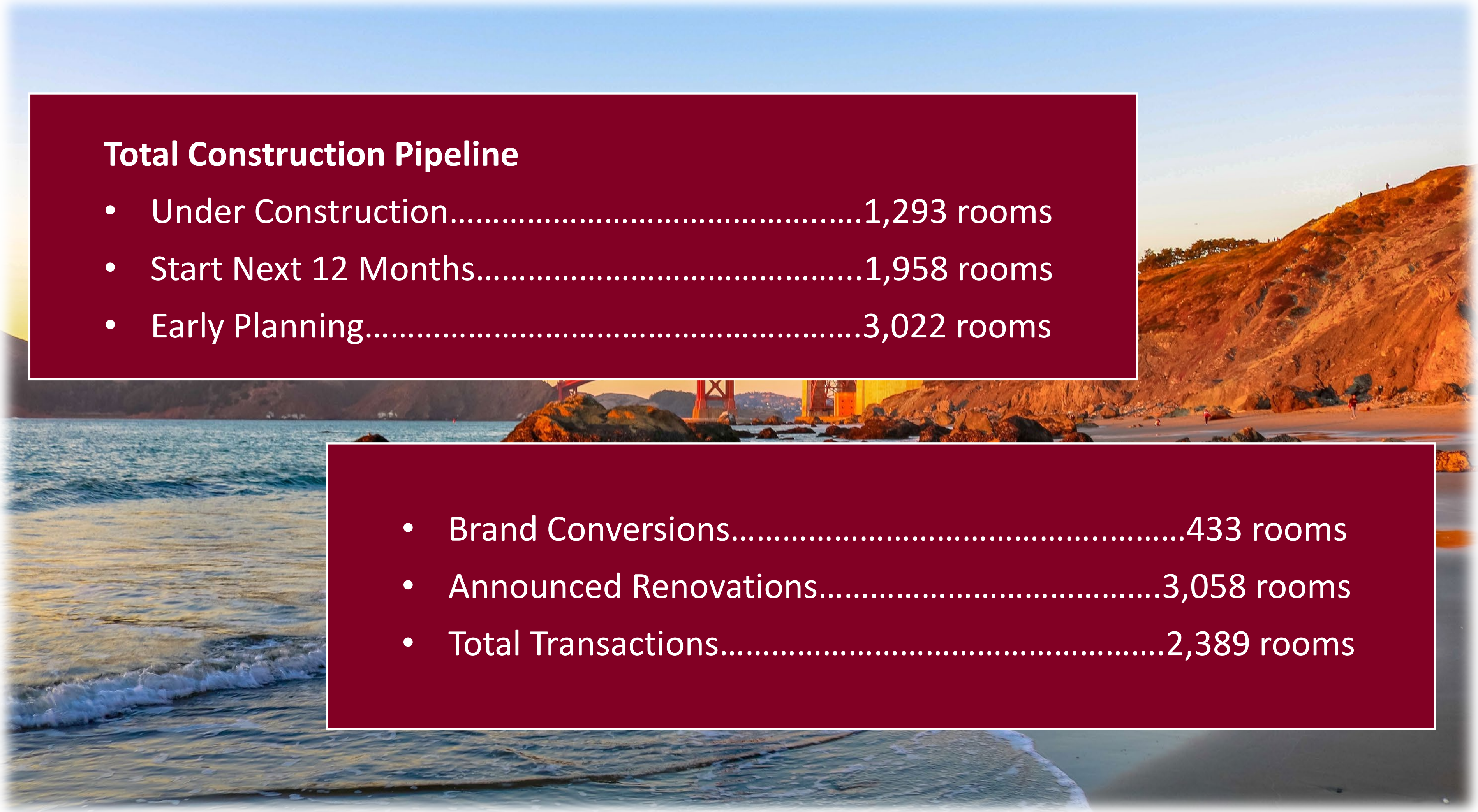


Total Construction Pipeline

- Under Construction……………………………………….1,855 rooms
- Start Next 12 Months…………………………………...3,034 rooms
- Early Planning…………………………………………….1,751 rooms

- Brand Conversions………………………………………1,905 rooms
- Announced Renovations………………………………689 rooms
- Total Transactions……………………………………….4,013 rooms

San Francisco

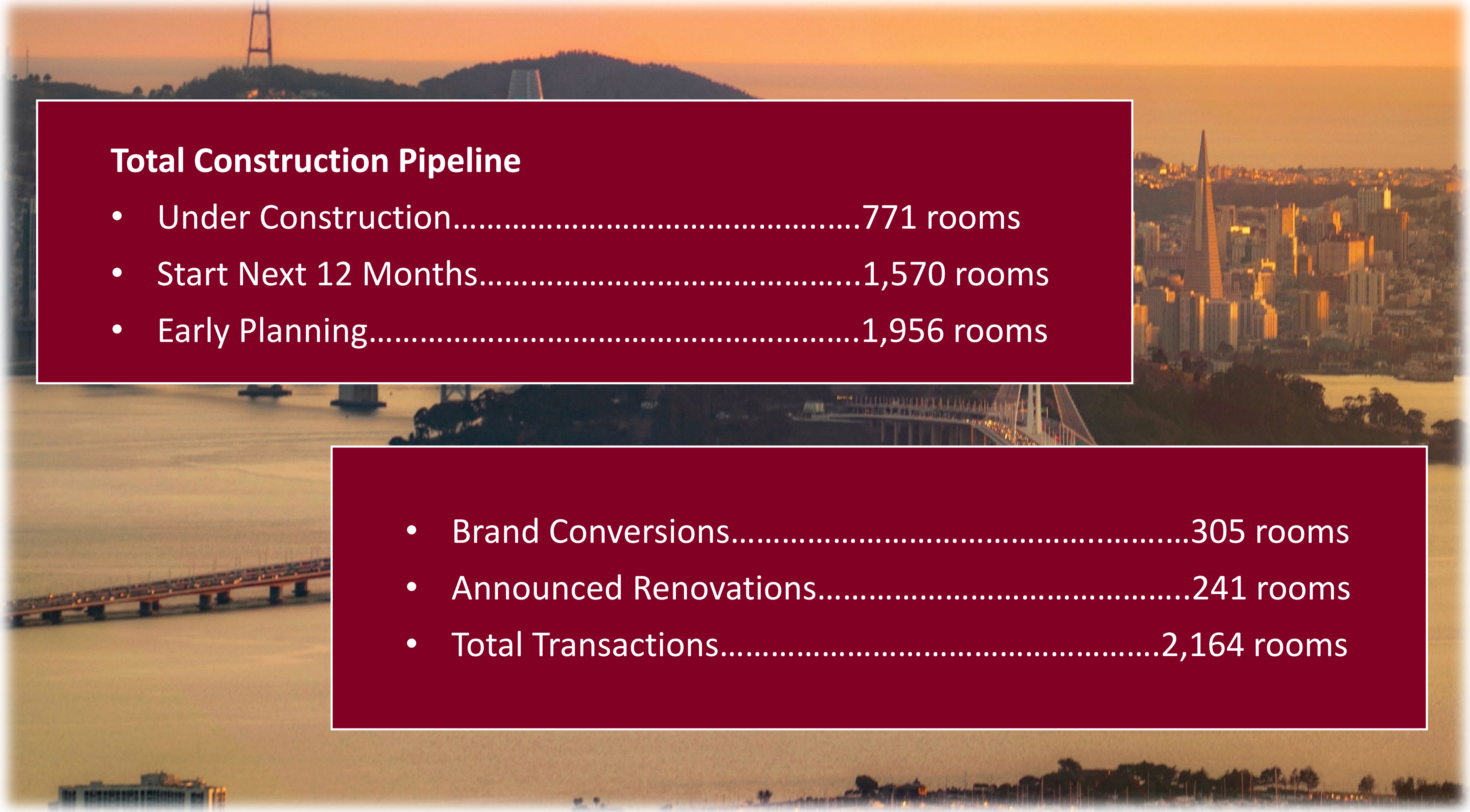


Total Construction Pipeline

- Under Construction……………………………………………1,293 rooms
- Start Next 12 Months……………………………………...1,958 rooms
- Early Planning……………………………………………….3,022 rooms

- Brand Conversions……………………………………………433 rooms
- Announced Renovations………………………………….3,058 rooms
- Total Transactions…………………………………………2,389 rooms

Oakland

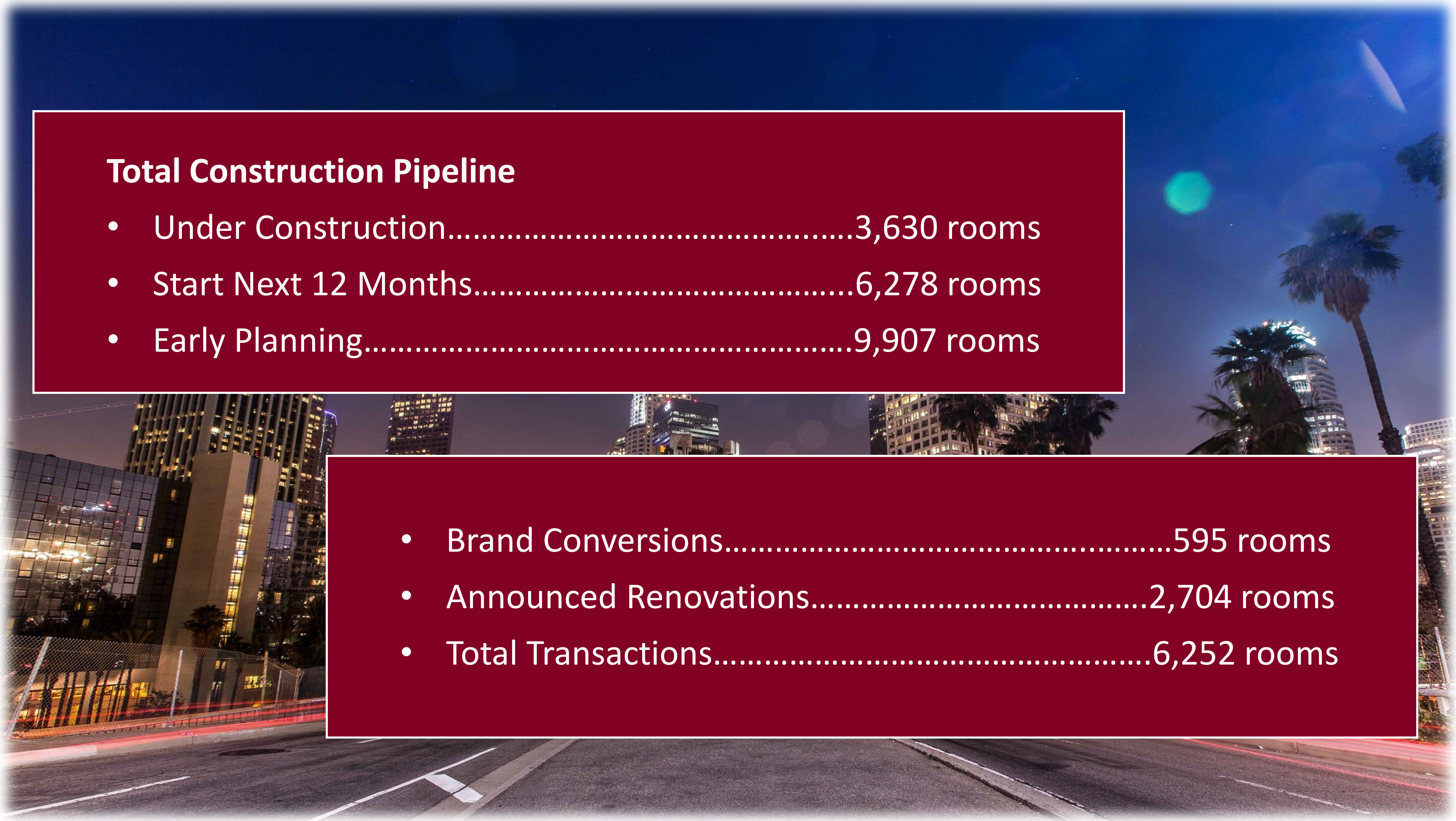


Total Construction Pipeline

- Under Construction……………………………………………771 rooms
- Start Next 12 Months……………………………………….1,570 rooms
- Early Planning………………………………………………….1,956 rooms

- Brand Conversions……………………………………………..305 rooms
- Announced Renovations……………………………………..241 rooms
- Total Transactions……………………………………………2,164 rooms

Los Angeles

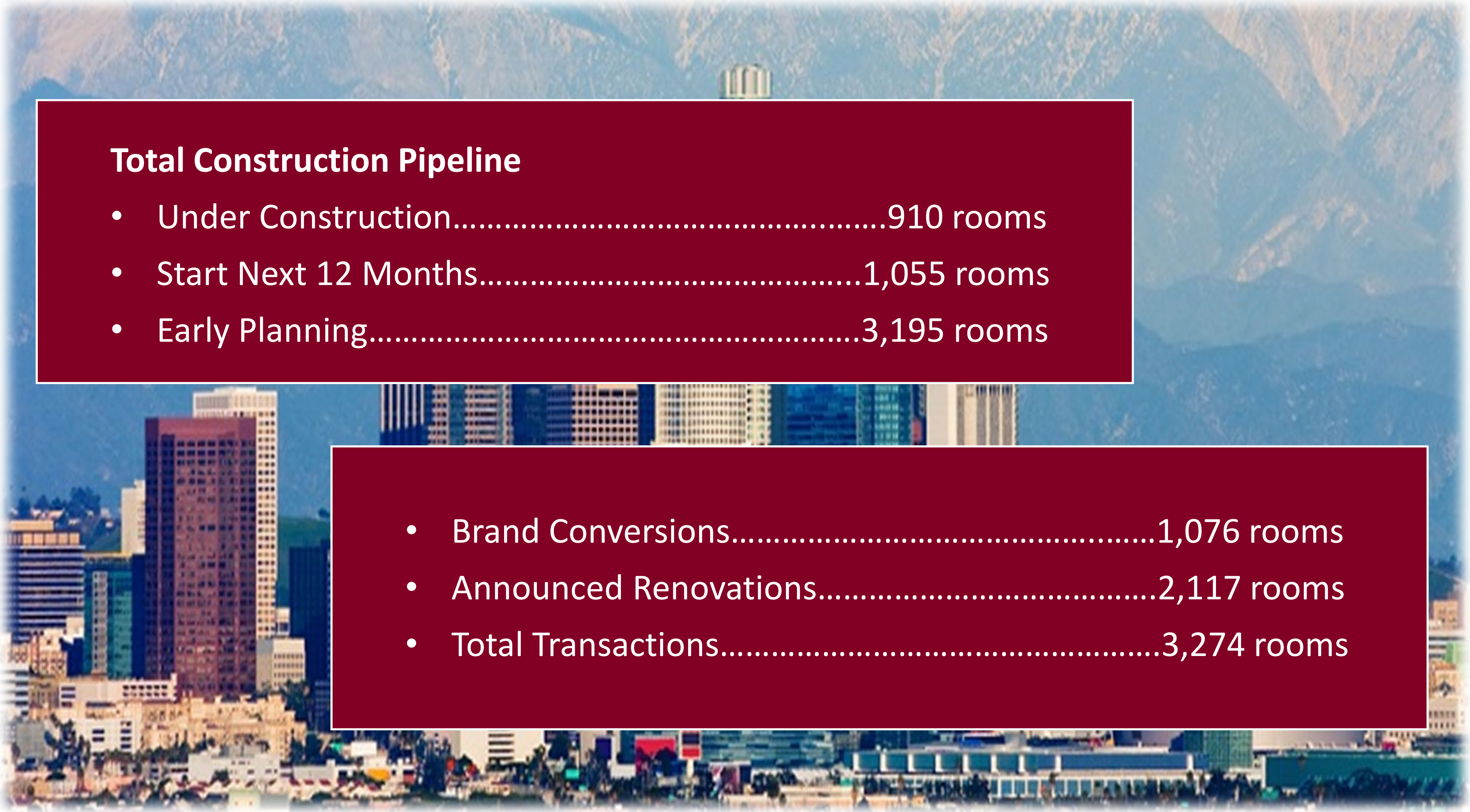


Total Construction Pipeline

- Under Construction……………………………………………3,630 rooms
- Start Next 12 Months……………………………………...6,278 rooms
- Early Planning…………………………………………………9,907 rooms

- Brand Conversions…………………………………..………595 rooms
- Announced Renovations………………………………….2,704 rooms
- Total Transactions……………………………………………6,252 rooms

Orange County

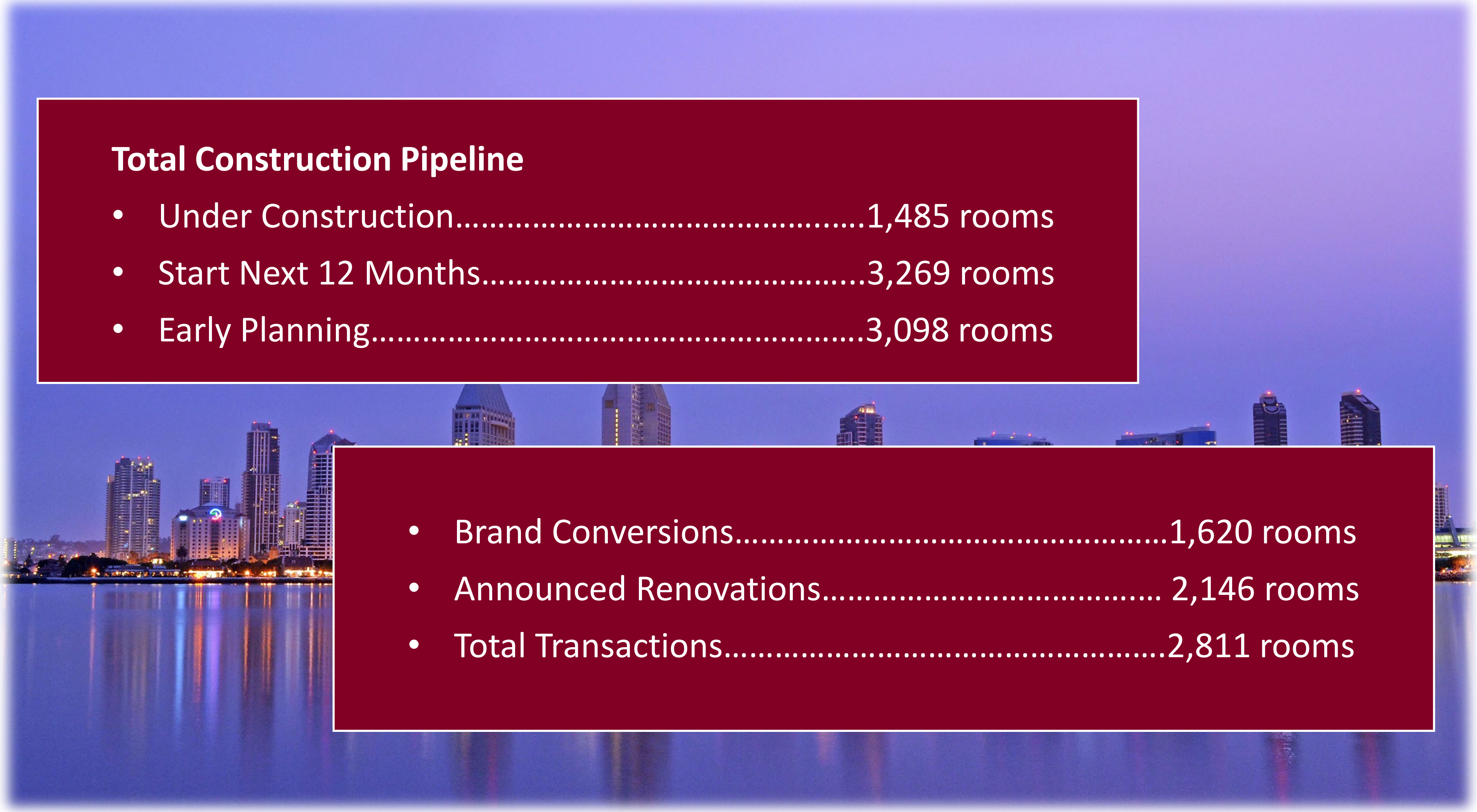


Total Construction Pipeline

- Under Construction……………………………………………910 rooms
- Start Next 12 Months……………………………………...1,055 rooms
- Early Planning…………………………………………………3,195 rooms

- Brand Conversions…………………………………………..1,076 rooms
- Announced Renovations…………………………………2,117 rooms
- Total Transactions……………………………………………3,274 rooms

San Diego

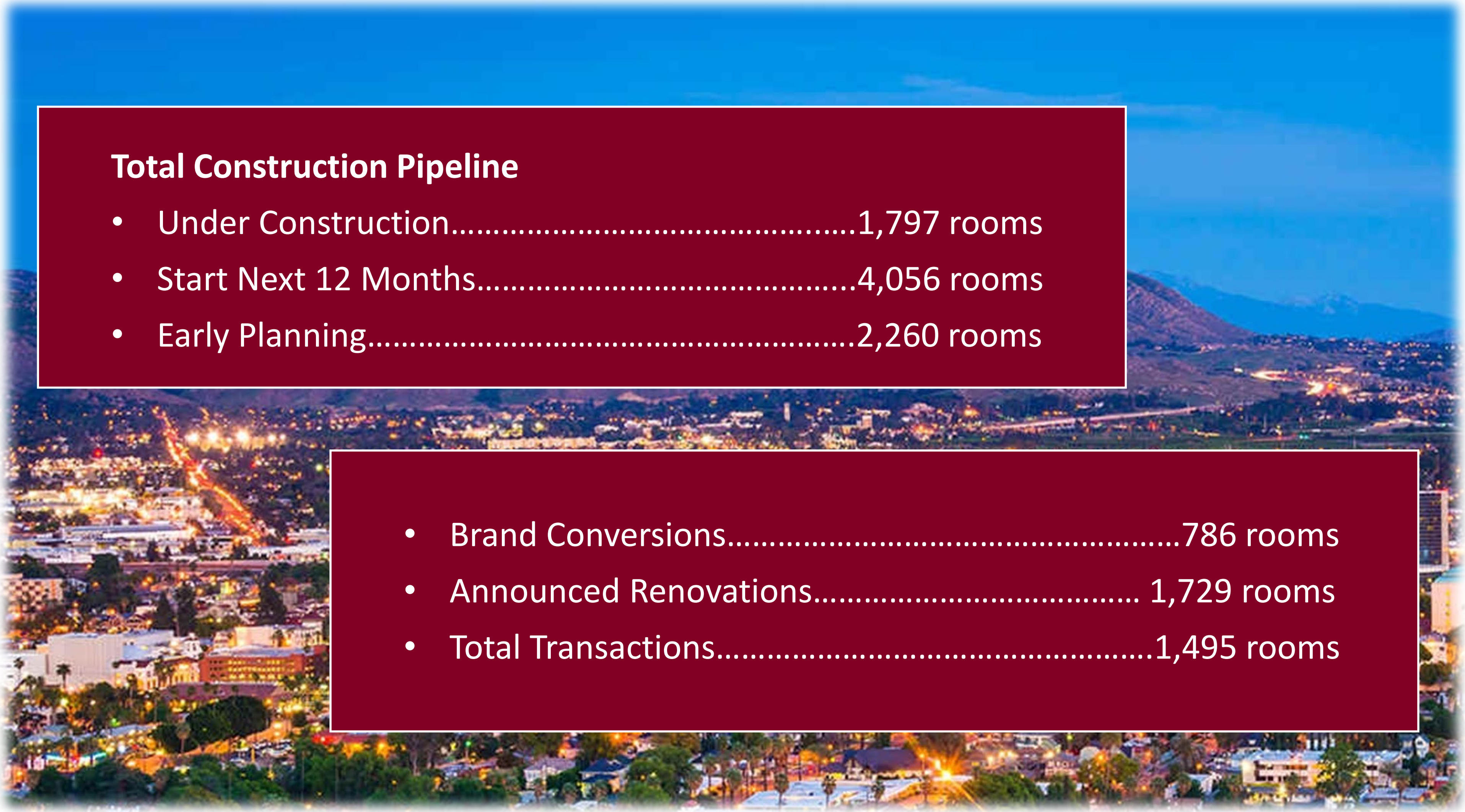


Total Construction Pipeline

- Under Construction………………………………………….1,485 rooms
- Start Next 12 Months……………………………………...3,269 rooms
- Early Planning……………………………………………….3,098 rooms

- Brand Conversions…………………………………………1,620 rooms
- Announced Renovations………………………………… 2,146 rooms
- Total Transactions…………………………………………..2,811 rooms

Inland Empire

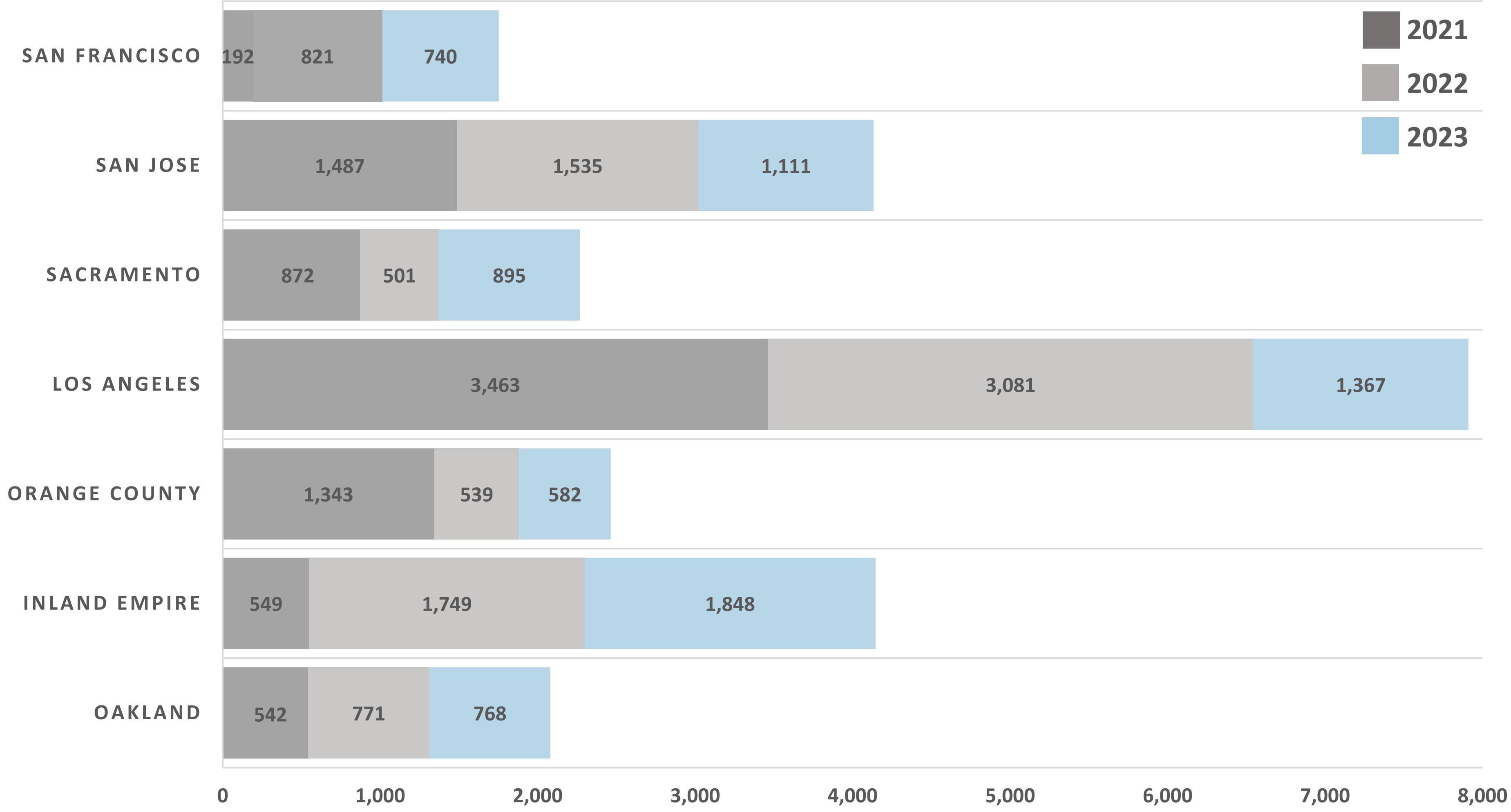


Total Construction Pipeline

- Under Construction……………………………………………1,797 rooms
- Start Next 12 Months……………………………………….4,056 rooms
- Early Planning…………………………………………………2,260 rooms

- Brand Conversions……………………………………………….786 rooms
- Announced Renovations………………………………… 1,729 rooms
- Total Transactions…………………………………………….1,495 rooms

California New Hotel Openings Select Markets by Rooms



California Forecast for New Hotel Openings

by Chain Scale

	2022		2023	
	Projects	Rooms	Projects	Rooms
Luxury	1	168	4	690
Upper Upscale	4	729	6	1,037
Upscale	29	3,939	33	3,896
Upper Midscale	42	4,459	53	4,996
Midscale	2	175	12	916
Economy	4	264	4	344
Unbranded	9	1,219	5	1,565
Casino	1	450	-	-
Total	**92**	**11,403**	**117**	**13,444**

Hospitality Market Conditions:

Conclusion and Forecast

- As we enter the summer of 2022, it appears the hotel industry will begin the long road to the recovery for room demand.
- Extended stay hotels and longer-term stay offerings will continue to play a larger role in hotel industry supply.
- Conventions are coming back, but slowly. It will likely be another two years before we can approach the size and scale of 2019 events.
- There are lots of new investment dollars entering the hotel industry, which is a great sign for long-term growth of the industry.

Thank You

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