



# California Lodging Investment Conference 2023

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

[www.LodgingEconometrics.com](http://www.LodgingEconometrics.com)

## Who We Are

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

**InformationLE 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:**

800+ 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.

## Economic Conditions Affecting the Hotel Industry

- The hospitality industry is near the top of for investment funds thanks to increasing recovery certainty for 2023 and beyond.
- Companies are asking employees to to



the list

return

more days in the office. Travel for staff remains at a 40% - 50% pace from 2019 levels.

- Many owners and management companies are reporting meeting bookings are looking better in 2023. More and more events are coming back.
- Hotel industry job growth will be a leading indicator as owners, management companies, franchises, and service companies begin to expand their teams.

## U.S. Market Conditions

### Industry and Travel

- Through February 10, 2023, TSA average daily check-ins have had a strong post Labor Day



push and are now averaging about 95-98% of the 2019 average.

- Hotel room night demand had a better-than expected year-end. Clearly this is an excellent indicator of recovery getting started as I spoke about in September 2022.
- Restrictions on travel continue to ease in most places. This is also an excellent sign that we are ready to recover as an industry.

## Hospitality Market Conditions

### Industry Conditions

- Brand pressure to complete deferred



renovations is on the rise in America and should continue globally over the next 2-3 years.

- Renovation and conversion rooms in the pipeline are up 40% year-over-year. A trend that will continue through 2024.
- It is cheaper to buy a hotel than it is to build a hotel, right now, with prices roughly 20% below replacement costs, on average.

## What are Owners & Management Companies Planning

- Investment in their own portfolio makes dollars and cents right now.
- Adding management contact leverages services staffing and product pricing.
- Not much to buy below replacement cost.
- Financing for new construction still 4-6 months away from restarting.





# Why Invest in Your Portfolio Now?

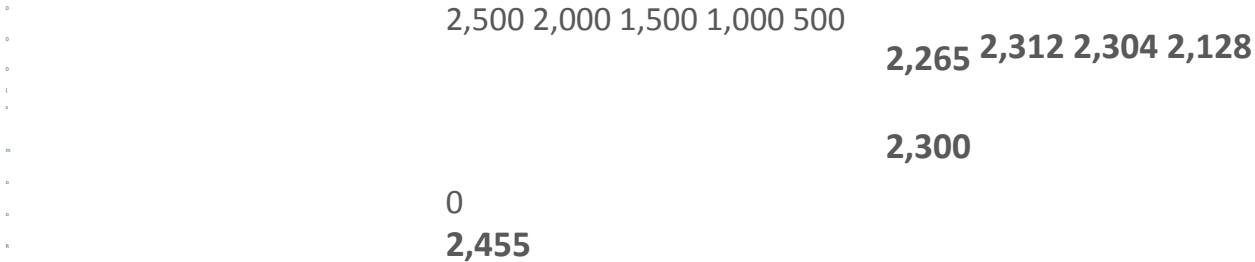
- Brands are impatient to see these renovations completed. Start now and avoid the rush.
- Maximize revenue with new ideas.
- To a first-time visitor, recently renovated is your best possible positioning.
- Supply chain concerns largely abated.





# Global Construction Pipeline by Projects and

Rooms Under Construction Starts Next 12 Months Early Planning



2017 2018 2019 2020 2021 2022 **Projects** 12,631 13,570 15,000 13,943 13,770 14,267

# U.S. Construction Pipeline

by Project Stage Year-Over-Year (YOY)

Projects Rooms Projects Rooms Projects Rooms

Under Construction 1,008 135,492 972 131,247 **4%** **3%** Starts Next 12 Months 2,073

235,222 1,821 210,890 **14%** **12%** Early Planning 2,384 279,912 2,021 239,816 **18%** **17%**

**Total Pipeline 5,465 650,626 4,814 581,953 14% 12%**

## U.S. Construction Pipeline

by Chain Scale with Unbranded Total Displayed

15%

Upscale 1,412 178,567

Upper Midscale 2,036 200,630

Midscale 714 59,990

Economy 349 31,342

Unbranded 575 95,839

Casino 31 12,057

**U.S. Total 5,465 650,626**

5%

9%

27%

31%

2%

% by rooms

3%

8%

Luxury 77 17,659

Upper Upscale 271 54,542

# U.S. Forecast New Hotel Openings by Rooms at Q4 2022

1.5%

Growth  
Rate:  
1.3%

Growth  
Rate:  
1.0%

Rate:  
2.0%

2024 2023 2022

2021 2020

Growth Rate:  
1.8%  
Growth

Actual  
Forecast

# U.S. Development Pipeline Forecast for New Hotel Openings

New Construction & Brand Conversions by Parent Company

Projects Rooms Projects Rooms Projects Rooms

|                        |        |        |         |                              |       |         |                  |              |                |                       |
|------------------------|--------|--------|---------|------------------------------|-------|---------|------------------|--------------|----------------|-----------------------|
| Marriott International | 194    | 25,287 | 224     | 27,311                       | 1,170 | 141,228 | Hilton Worldwide | 188          | 22,739         | 196                   |
|                        | 23,382 | 1,085  | 120,816 | InterContinental Hotel Group | 124   | 14,059  | 133              | 12,795       | 579            | 57,559                |
|                        | 35     | 5,188  | 17      | 2,046                        | 77    | 10,941  | <b>Subtotal</b>  | <b>541</b>   | <b>67,273</b>  | <b>570</b>            |
|                        |        |        |         |                              |       |         | <b>65,534</b>    | <b>2,911</b> | <b>330,544</b> | <b>Other Industry</b> |

Openings 760 71,190 397 42,809 1,316 175,438 Industry Total 1,301 138,463 967  
108,343 4,227 505,982

# U.S. Development Pipeline Forecast for New Hotel Openings

New Construction & Brand Conversions by Parent Company

Projects Rooms Projects Rooms Projects Rooms

Wyndham Worldwide 98 8,972 107 9,252 391 34551 Choice Hotels 323 30,312 107 9,840 202 20504



Best Western Hotels & Resorts 84 6,486 39 3,346 29 2951 Red Roof Inns 42 2,559 10 761 15 1380  
Subtotal 547 48,329 263 23,199 637 59,386 Other Industry Openings 754 90,134 704  
85,144 3,590 446,596 Industry Total 1,301 138,463 967 108,343 4,227 505,982



Sacramento



San Jose



San Francisco







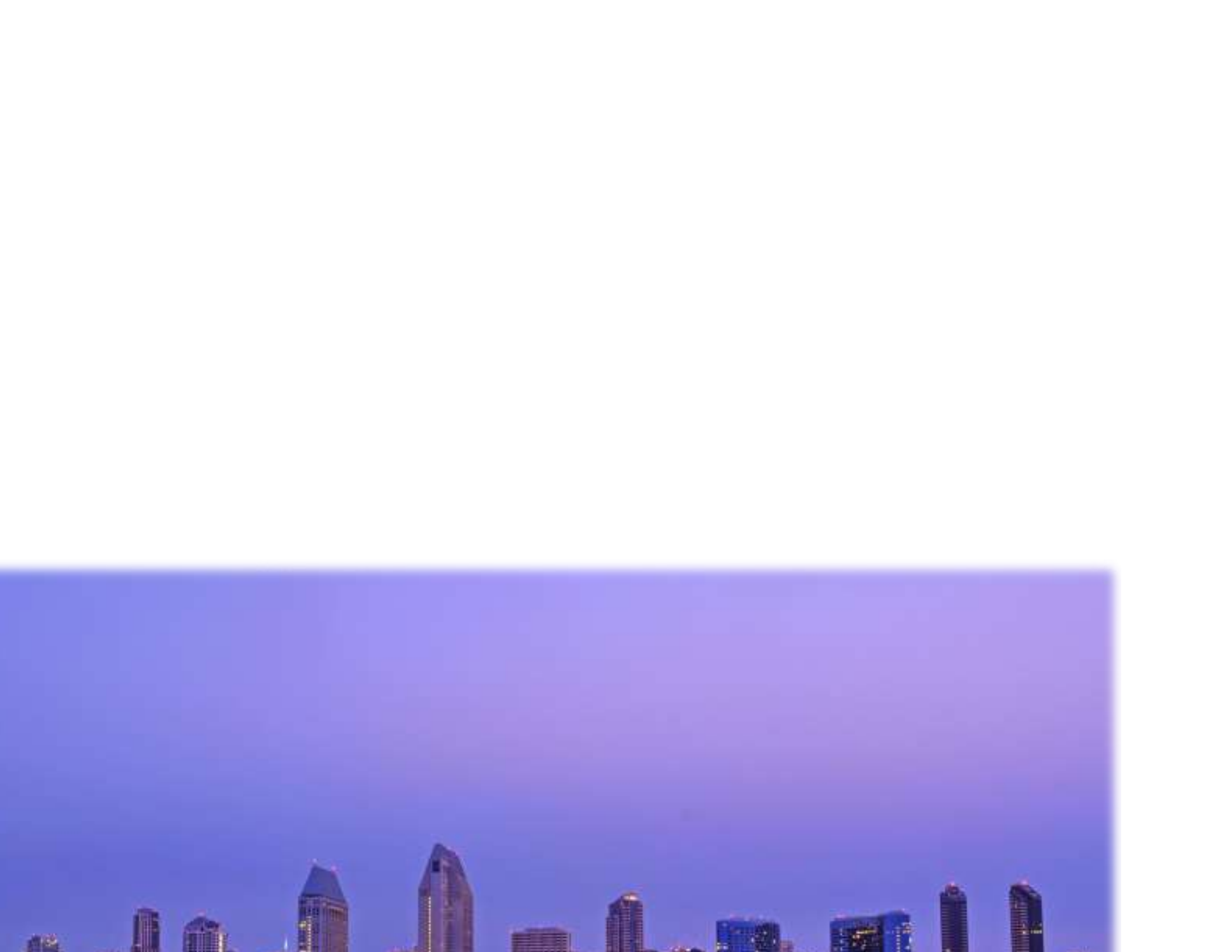




Los Angeles











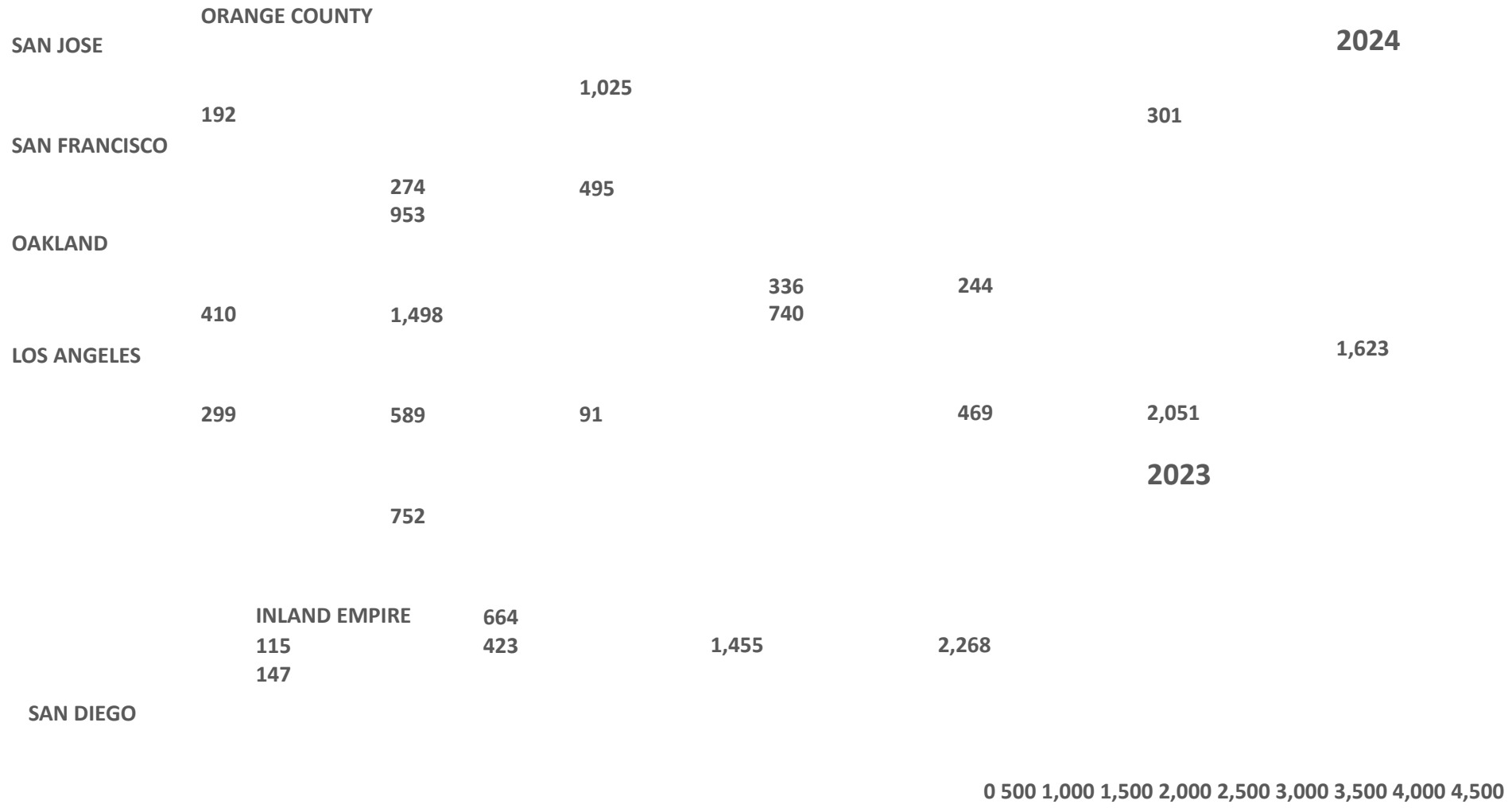
Inland Empire





# California New Hotel Openings Select Markets by

Rooms SACRAMENTO 2022



0 500 1,000 1,500 2,000 2,500 3,000 3,500 4,000 4,500

# California Forecast for New Hotel Openings by Chain Scale

|                | Projects  | Rooms        | Projects  | Rooms        |
|----------------|-----------|--------------|-----------|--------------|
| Luxury         | 1         | 186          | 3         | 383          |
| Upper Upscale  | 3         | 695          | 3         | 416          |
| Upscale        | 22        | 2,935        | 26        | 3,103        |
| Upper Midscale | 34        | 3,644        | 35        | 3,297        |
| Midscale       | 3         | 249          | 8         | 701          |
| Economy        | 1         | 60           | 9         | 920          |
| Unbranded      | 5         | 628          |           |              |
| Casino         | -         | -            | 1         | 80           |
| <b>Total</b>   | <b>69</b> | <b>8,397</b> | <b>92</b> | <b>9,638</b> |

Hospitality Market Conditions:

## Conclusio

- The recovery will take another step forward this year on the cyclical climb up the cycle.
- Valuations should stabilize as interest rates do at mid-year.
- Operating performance likely will see solid gains in ADR and RevPAR with occupancy up more modestly.
- New construction starts should begin in earnest again in the second half of 2023.



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# Thank You

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