

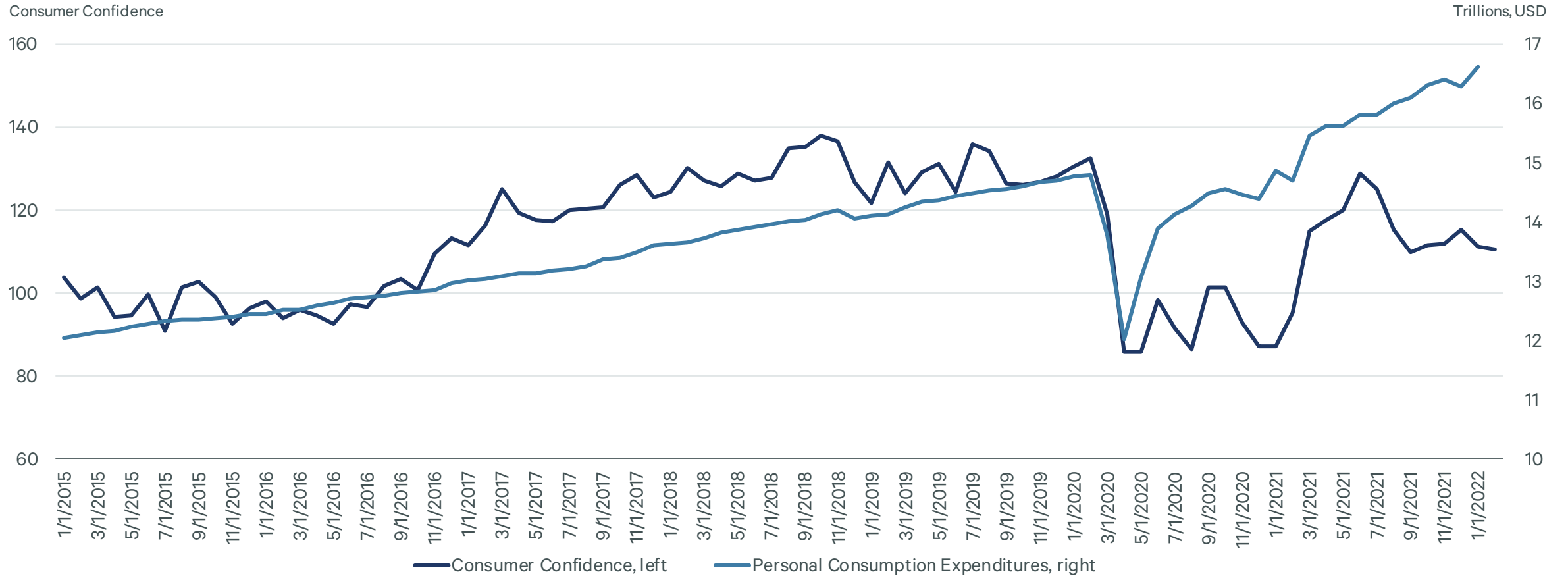
Hotels State of the Union

2022 San Gabriel
Valley Economic
Forecast Summit

March 22, 2022



U.S. Consumer Confidence Dips, but Spending Remains High

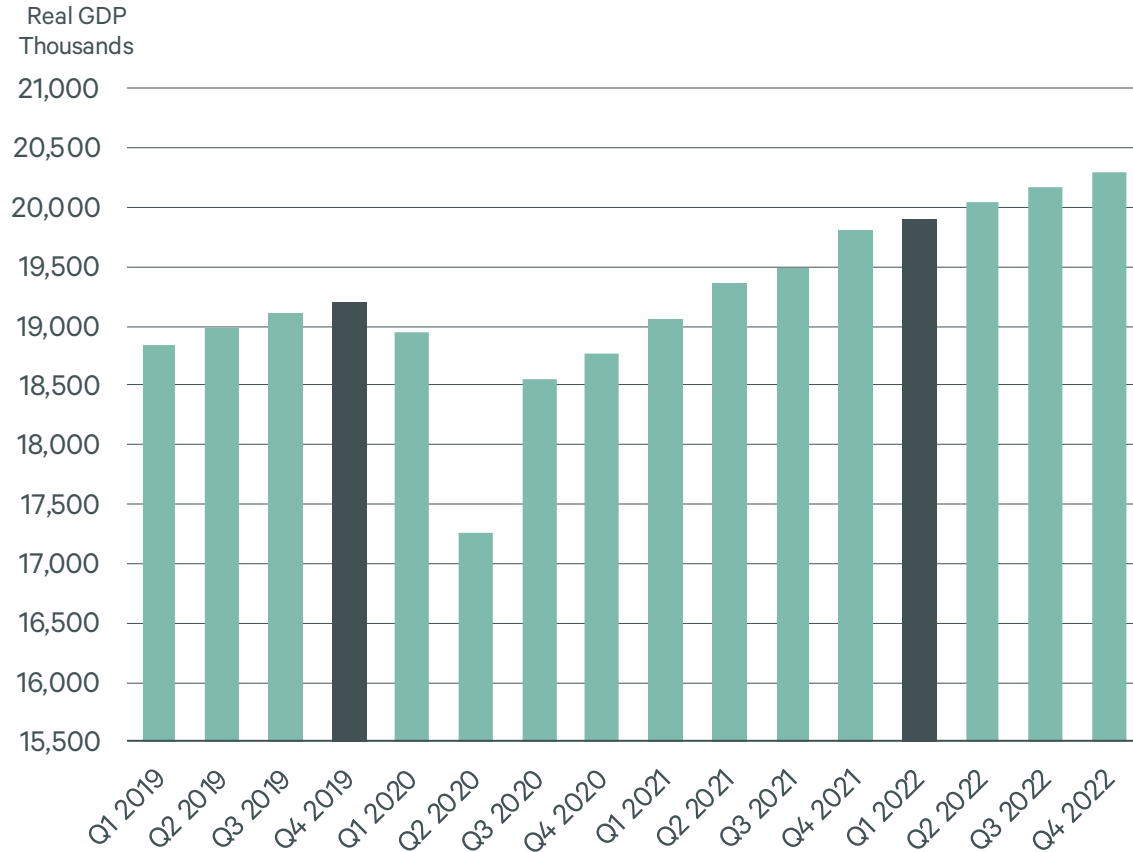


Source: Macrobond,, CBRE Research, March 2022

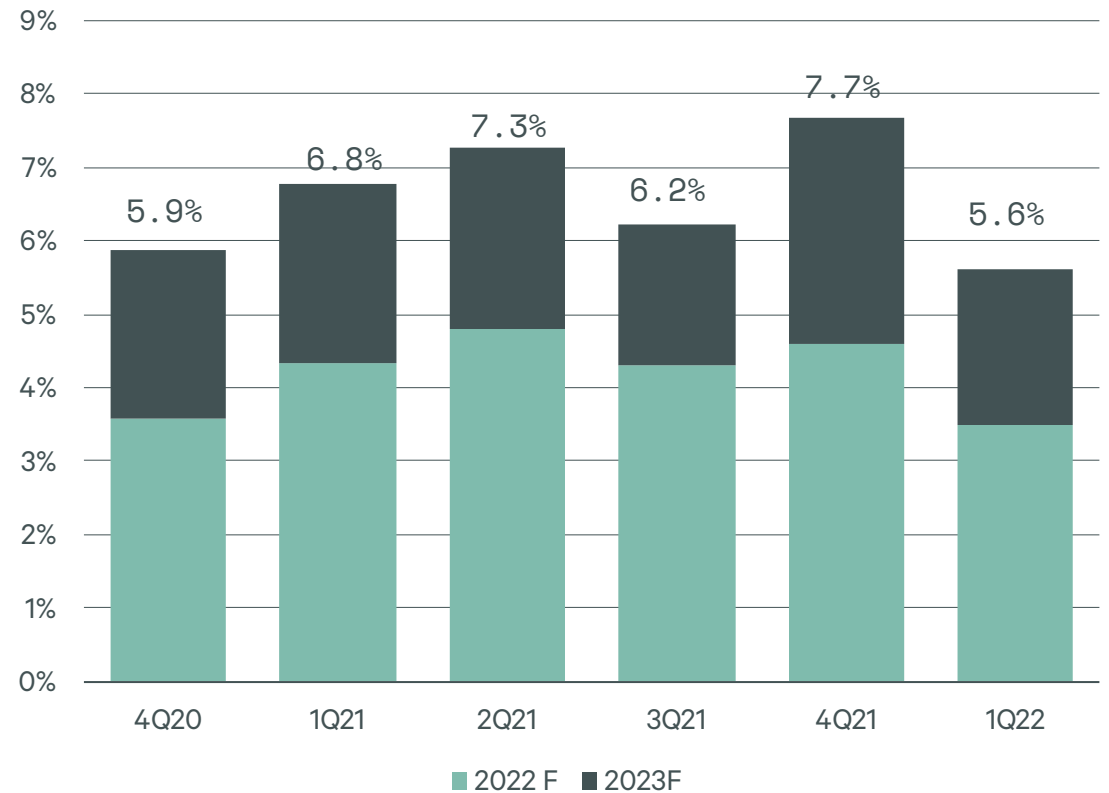
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The question is when, not if, RevPAR will recover

GDP has surpassed pre-pandemic levels



Cumulative 2022 and 2023 GDP growth



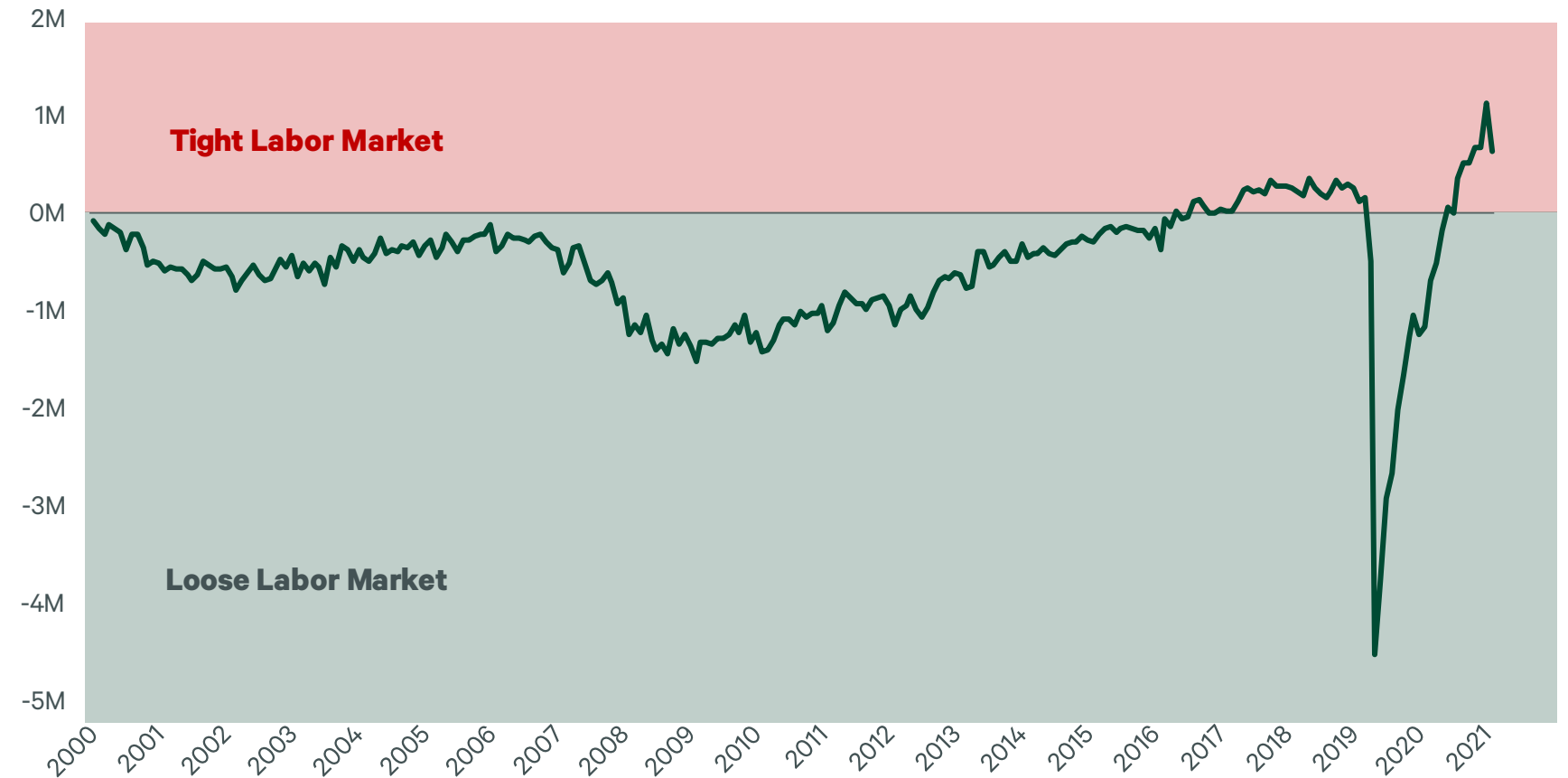
1.1 Million Excess Leisure and Hospitality Job Openings in December

Hospitality labor market tightened prior to pandemic in 2016.

Number of excess jobs in December was 131% of total unemployed.

January saw some loosening from this extreme tightness as demand for lodging fell.

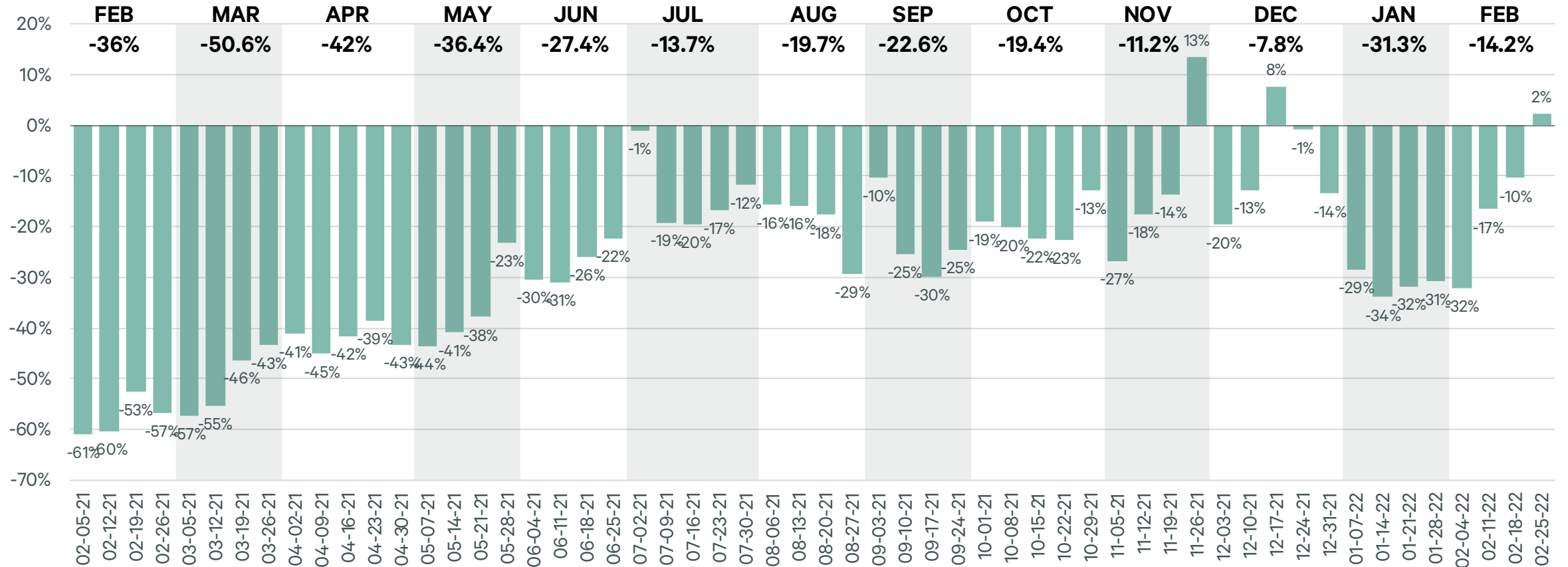
Leisure and Hospitality Job Openings Less Hospitality Unemployment Levels



Source: CBRE Hotels Research, CBRE EA

RevPAR is starting to bounce back in February

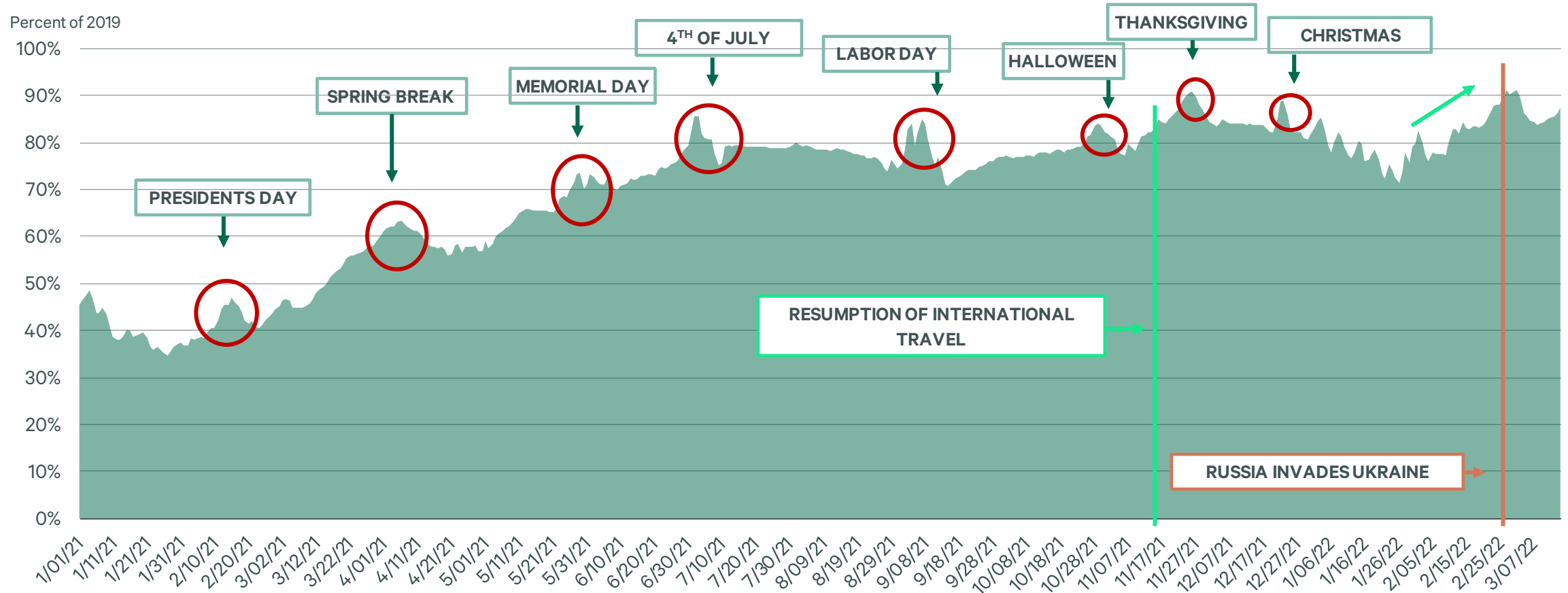
2021 and 2022 RevPAR change from 2019



Source: CBRE Hotels Research, Kalibri Labs, Weekly Sample, not scaled to full U.S. Hotel Industry Representation

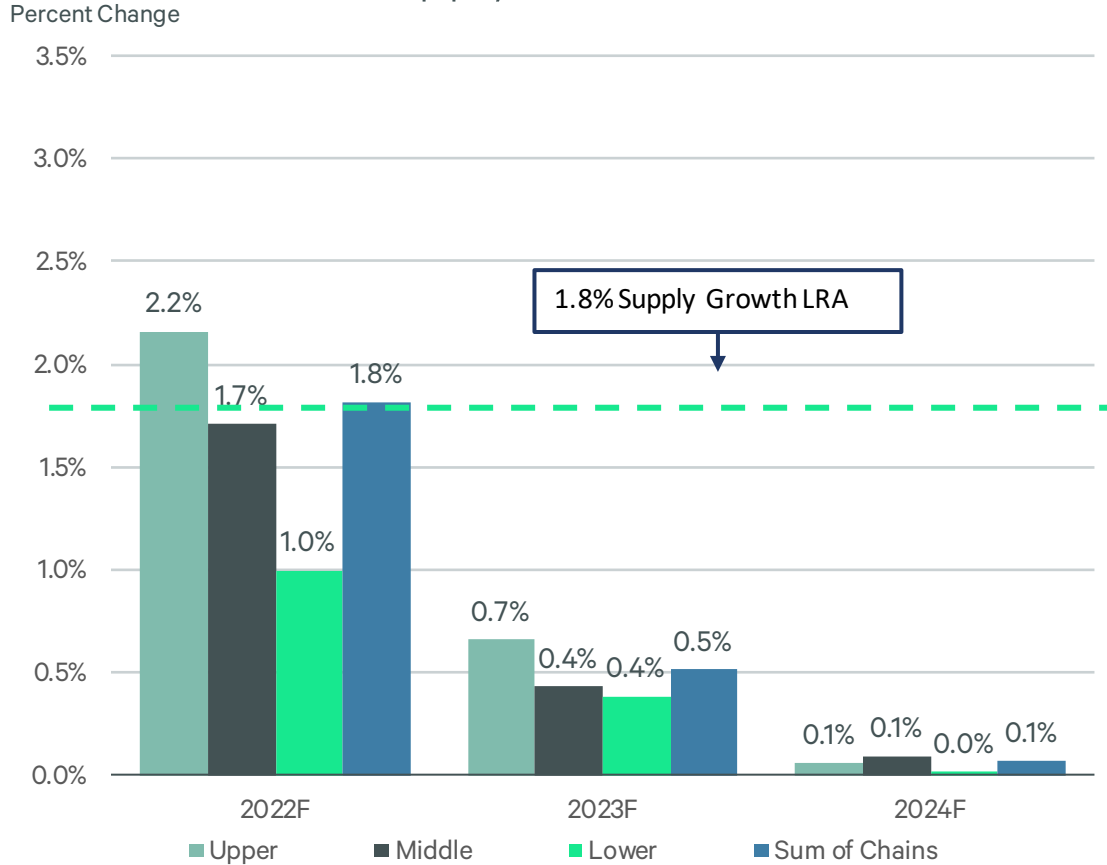
Air travel softened in January, but came back in February

TSA THROUGHPUT AS A PERCENT OF 2019

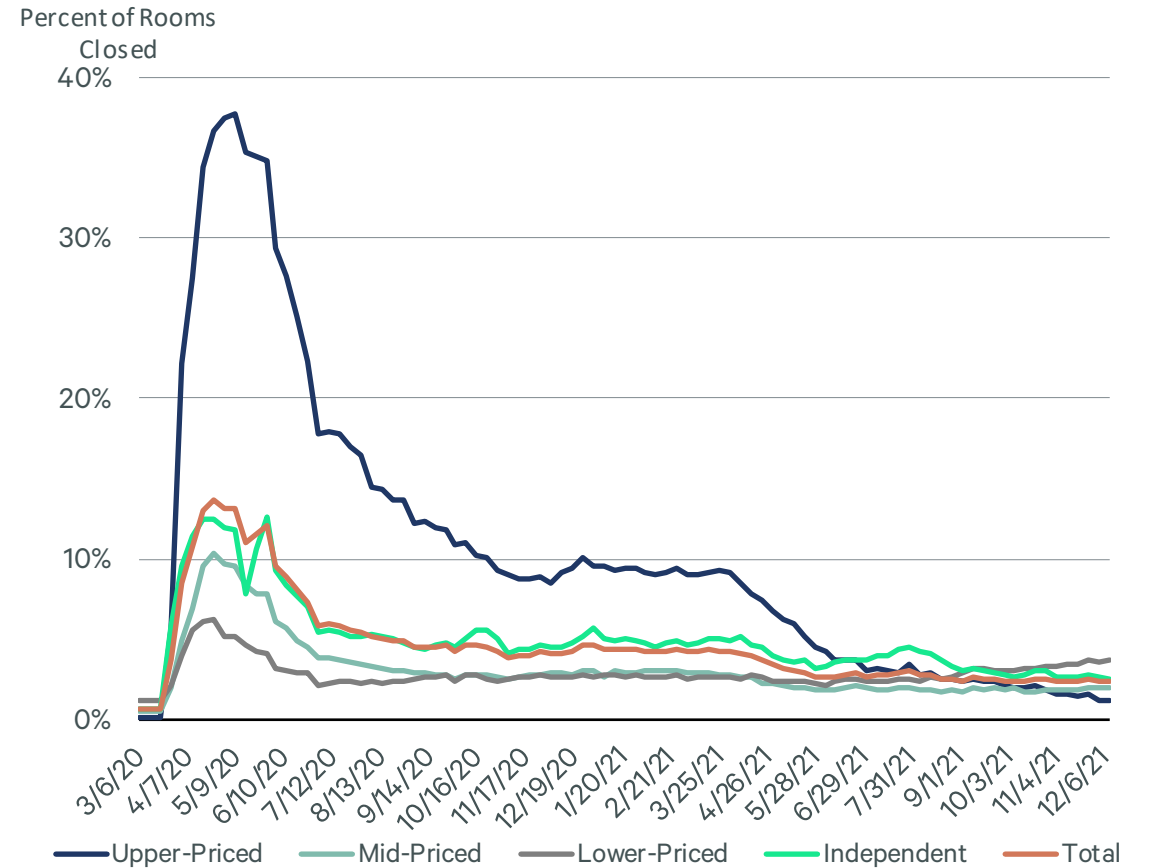


New projects + re-openings represent above average supply growth

“In Construction” Supply Growth



2.0% of Rooms Remain Closed



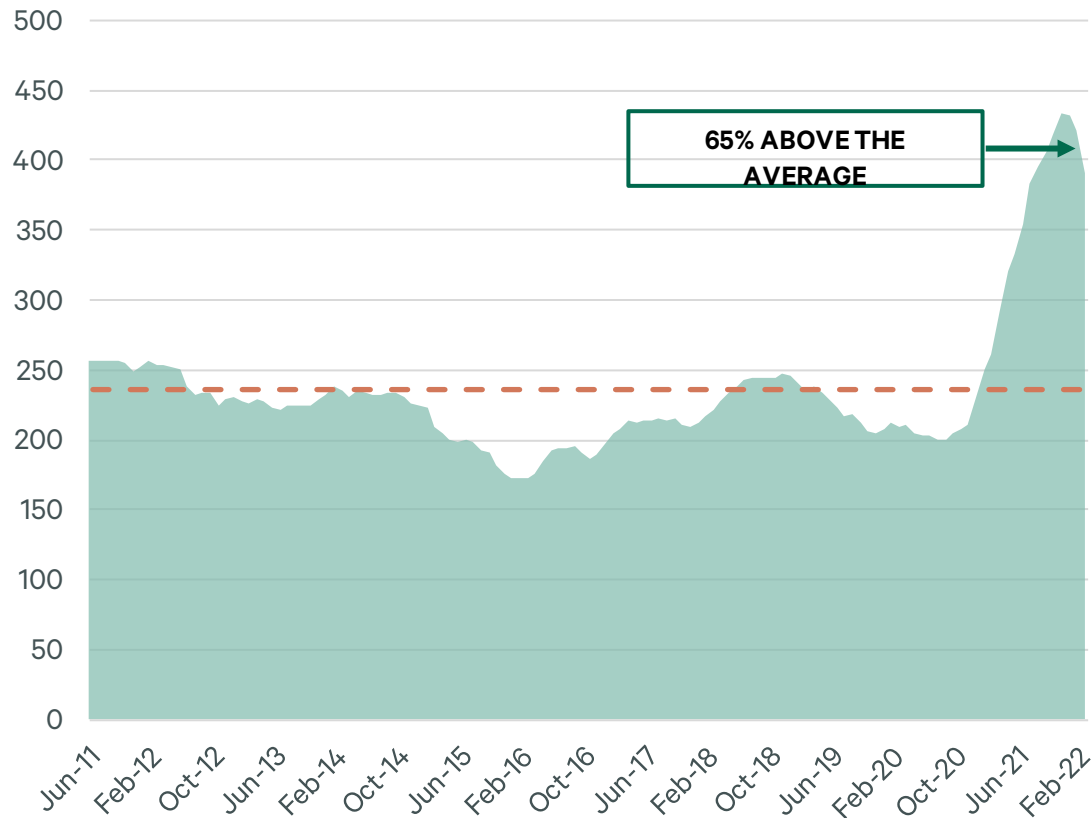
Source: CBRE Hotels Research, Dodge Analytics
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Source: CBRE Hotels Research, Kalibri Labs,

Construction inputs are still well above their long run averages

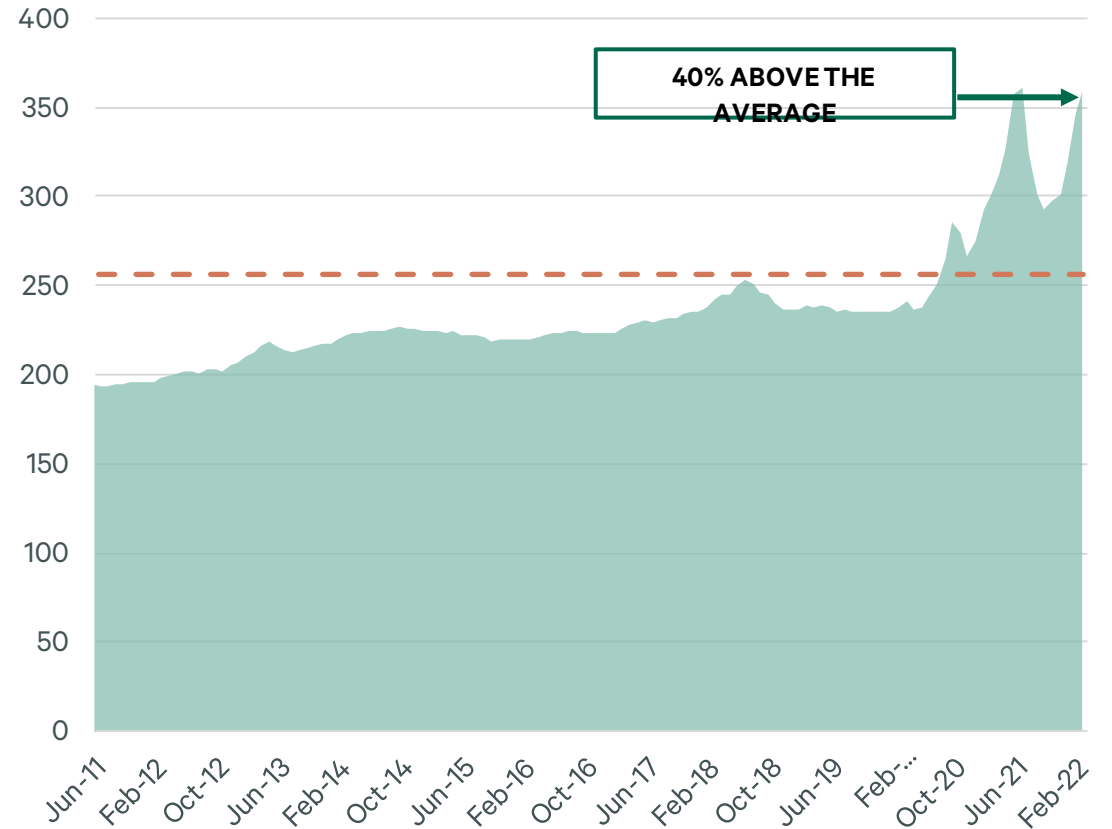
Steel and Iron

Producer Price Index



Lumber and Wood products

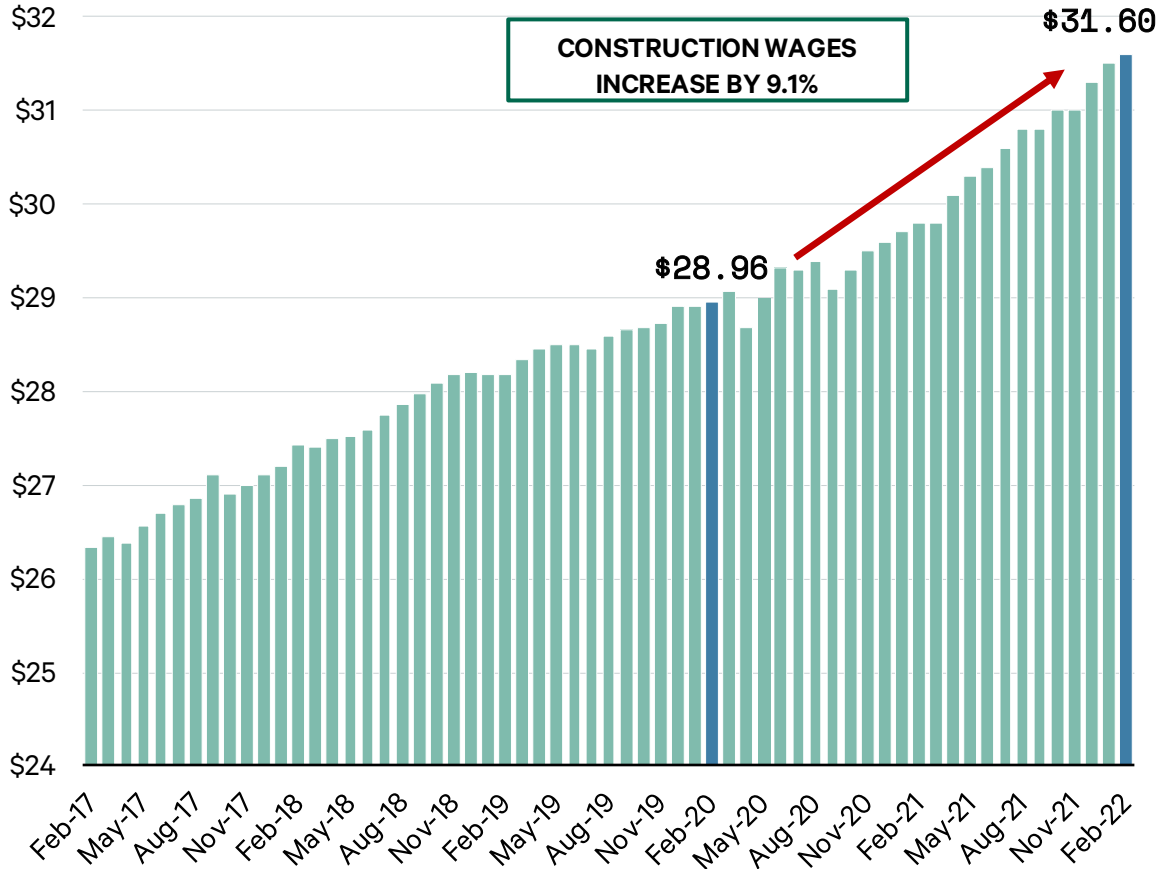
Producer Price Index



Higher wages and employment headwinds new construction

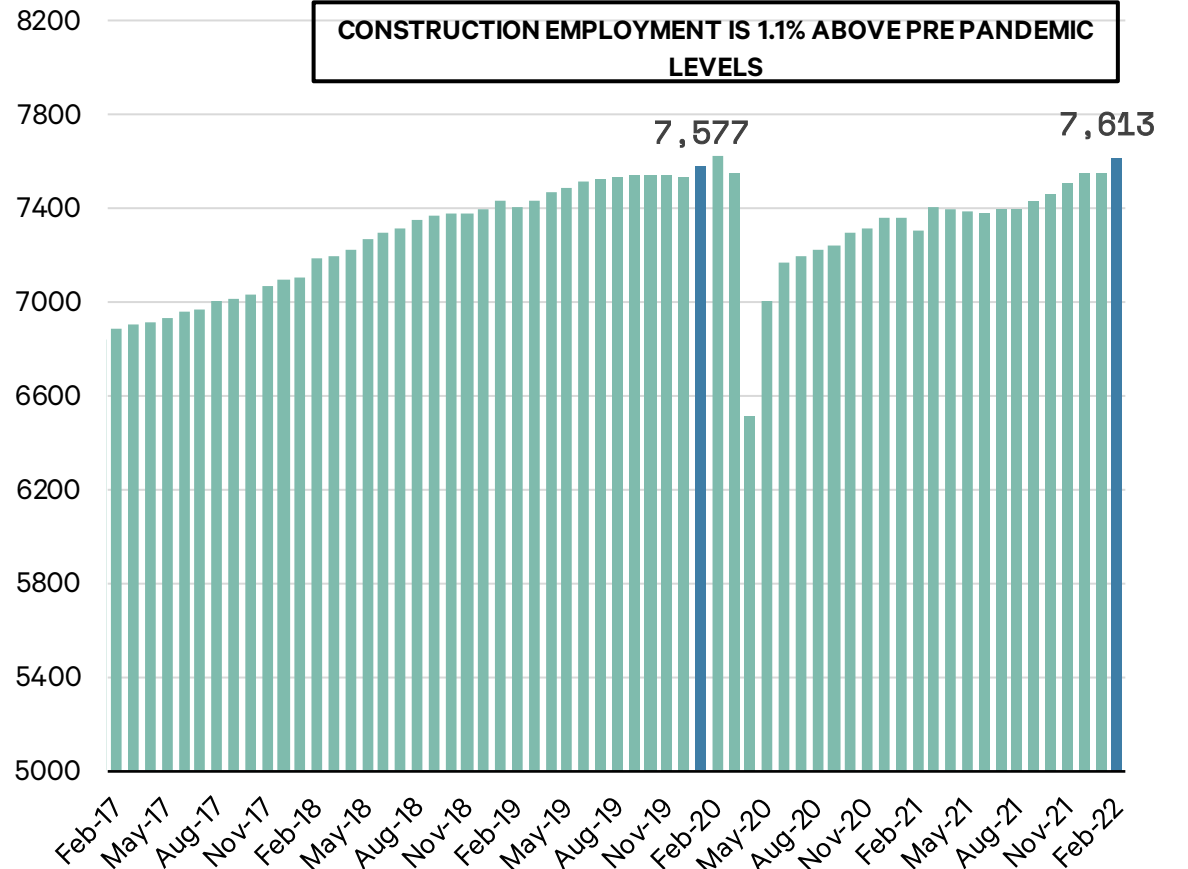
Construction Wages

Dollars Per Hour



Number of construction employees

Thousands



Source: CBRE Hotels Research, CBRE EA, BLS

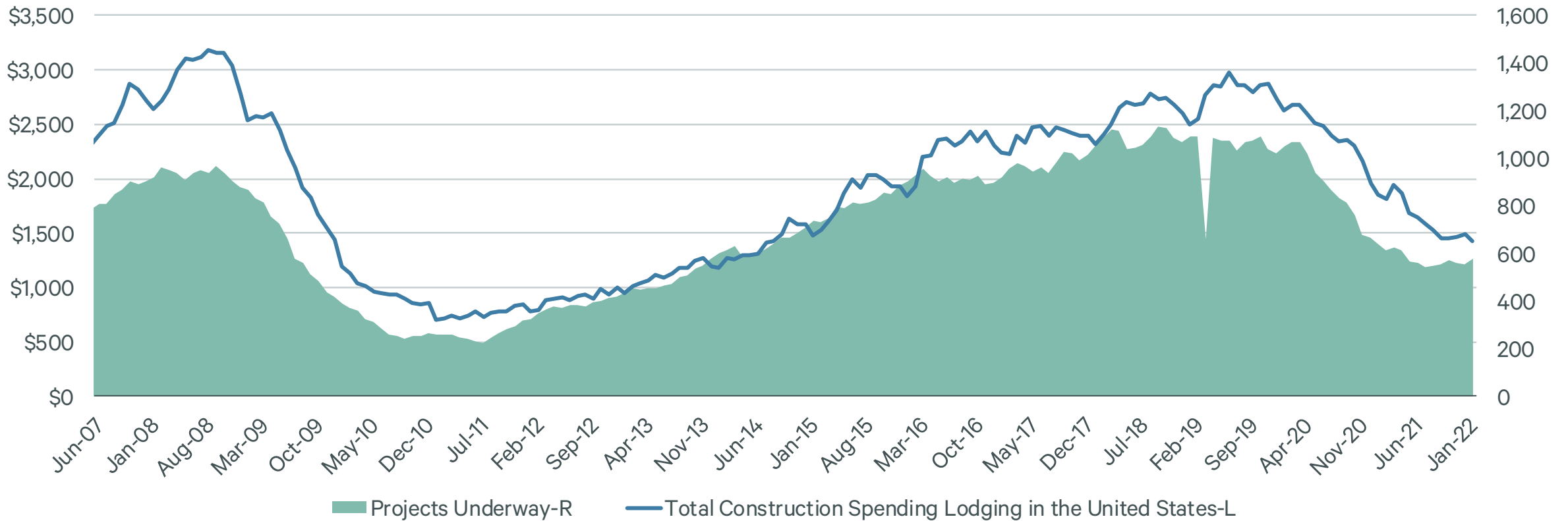
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Hotel construction continues to decline

Projects Underway vs. Total Construction Spending

Millions of Dollars

Number of Projects



Source: CBRE Hotels Research, US Census Bureau, Dodge Analytics

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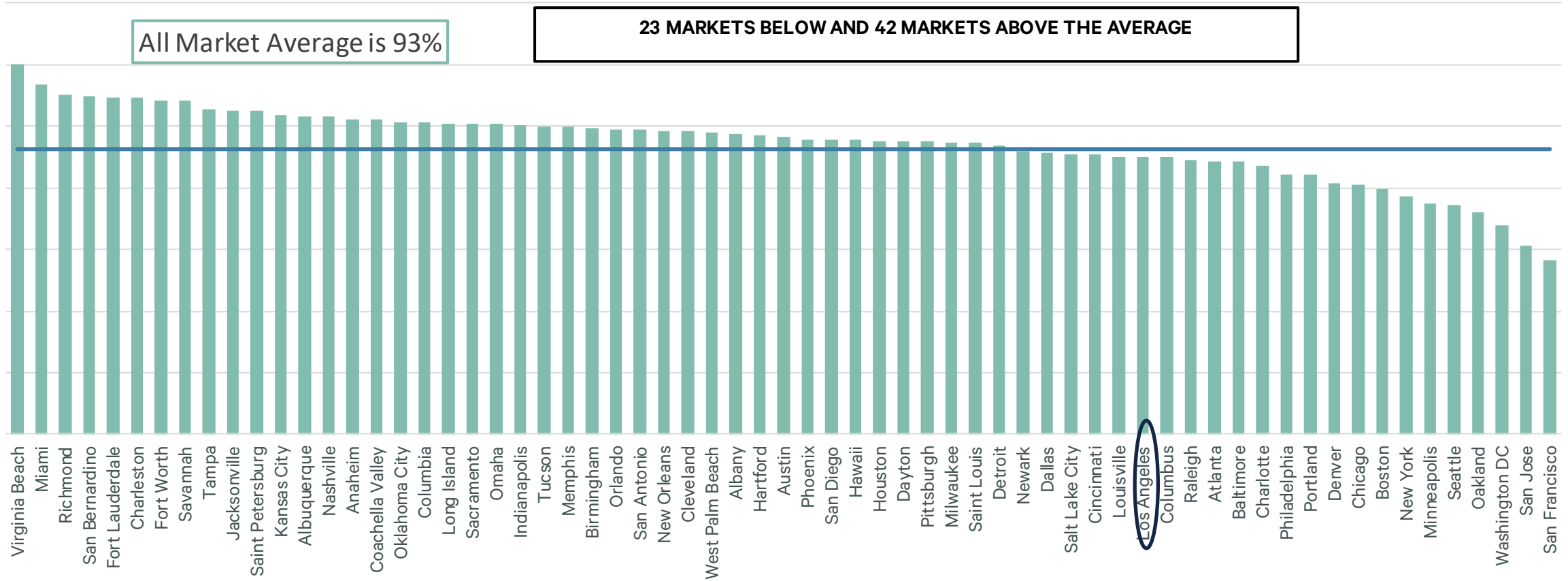
CBRE Hotel Horizons® US Lodging Forecast

Year	Occ	ΔOcc	ADR	ΔADR	RevPAR	ΔRevPAR	RevPAR % of 2019
2019	66.6%	0.1%	\$129.64	0.7%	\$86.39	0.9%	100%
2020	42.7%	-35.9%	\$100.83	-22.2%	\$43.09	-50.1%	50%
2021	57.4%	34.3%	\$121.61	20.6%	\$69.81	62.0%	81%
2022	61.3%	6.7%	\$133.94	10.1%	\$82.04	17.5%	95%
2023	64.4%	5.2%	\$141.99	6.0%	\$91.46	11.5%	106%

Figures in red mark full recovery, 2022 for ADR and 2023 for RevPAR.

Drive-to leisure remains elevated compared to other markets

2022 Projected RevPAR as a Percent of 2019 Actual Performance



Source: CBRE Hotels Research, CBRE EA, Kalibri Labs

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Southern California Hotel Markets Comparison

Area	YE 2021	YE 2022F	YoY Change
National	57.4%	61.3%	6.7%
Los Angeles County	63.5%	72.0%	13.4%
Orange County	54.0%	70.1%	29.8%
San Diego County	61.3%	69.7%	13.7%

Area	YE 2021	YE 2022F	YoY Change
National	\$121.61	\$133.94	10.1%
Los Angeles County	\$155.23	\$181.23	16.7%
Orange County	\$149.71	\$176.88	18.2%
San Diego County	\$158.50	\$174.31	10.0%

Southern California Hotel Markets Comparison

Area	YE 2022F	YE 2023F	YoY Change
National	61.3%	64.4%	5.2%
Los Angeles County	72.0%	75.4%	4.8%
Orange County	70.1%	72.6%	3.6%
San Diego County	69.7%	73.5%	5.4%

Area	YE 2022F	YE 2023F	YoY Change
National	\$133.94	\$141.99	6.0%
Los Angeles County	\$181.23	\$189.88	4.8%
Orange County	\$176.88	\$184.67	4.4%
San Diego County	\$174.31	\$177.93	2.1%

The Los Angeles County 5-Year Forecast

Year	Occ	Δ Occ	ADR	Δ ADR	RevPAR	Δ RevPAR
2017	79.8%	-2.6%	\$175.71	2.3%	\$140.17	-0.4%
2018	79.9%	0.2%	\$178.89	1.8%	\$142.97	2.0%
2019	81.3%	1.7%	\$177.98	-0.5%	\$144.72	1.2%
2020	46.9%	-42.3%	\$134.16	-24.6%	\$62.98	-56.5%
2021	63.5%	35.2%	\$155.23	15.7%	\$98.54	56.5%
2022F	72.0%	13.4%	\$181.23	16.7%	\$130.42	32.4%
2023F	75.4%	4.8%	\$189.88	4.8%	\$143.22	9.8%
2024F	77.7%	3.1%	\$197.71	4.1%	\$153.71	7.3%
2025F	79.6%	2.3%	\$203.86	3.1%	\$162.17	5.5%
2026F	80.9%	1.7%	\$209.51	2.8%	\$169.53	4.5%

Source: Kalibri Labs, Q4 2021

Long Run Averages 2000 to 2021

Occupancy: 73.0%, ADR Change: 2.5%, RevPAR Change: 3.6%

Thank You



CBRE HOTELS ADVISORY
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