2022 Henderson County Tourism Conference

"Tourism Weather Forecast"

Jennifer Foster| Sales Executive

jfoster@str.com

str

The world's largest hotel performance sample

STR

over
35 years
of expertise

Data from
180 countries

70,000
Hotels

9.3 million
Rooms

Data security and confidentiality.
Our top priorities.

Why do our clients work with us?
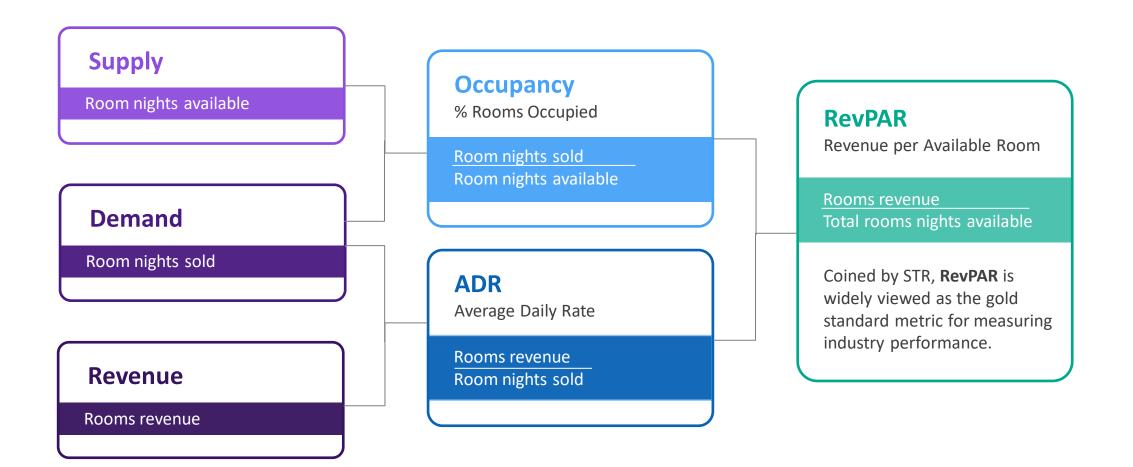It's simple: **They trust us.**

We never release performance data for or comment on the performance of any individual property, brand or parent company.

Only authorized individuals within an entity can access that entity's proprietary data.
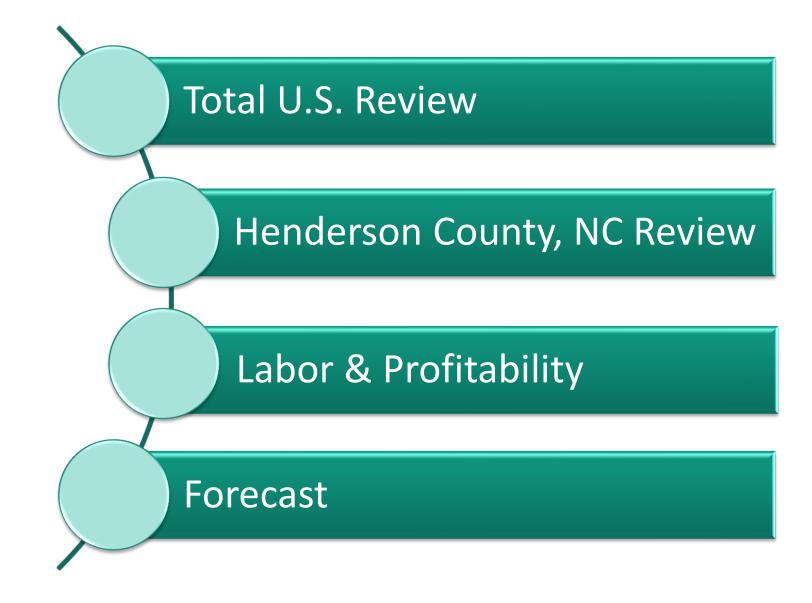
str

Foundational metrics for the hotel industry

KPIs

Supply

Room nights available

Demand

Room nights sold

Revenue

Rooms revenue

Occupancy
% Rooms Occupied

$$\frac{\text{Room nights sold}}{\text{Room nights available}}$$

ADR
Average Daily Rate

$$\frac{\text{Rooms revenue}}{\text{Room nights sold}}$$

RevPAR
Revenue per Available Room

$$\frac{\text{Rooms revenue}}{\text{Total rooms nights available}}$$

Coined by STR, **RevPAR** is widely viewed as the gold standard metric for measuring industry performance.

str

Agenda

- Total U.S. Review
- Henderson County, NC Review
- Labor & Profitability
- Forecast

Total U.S. Review

RevPAR index was 52 in January: We've come a long way

Total US, YTD November 2021
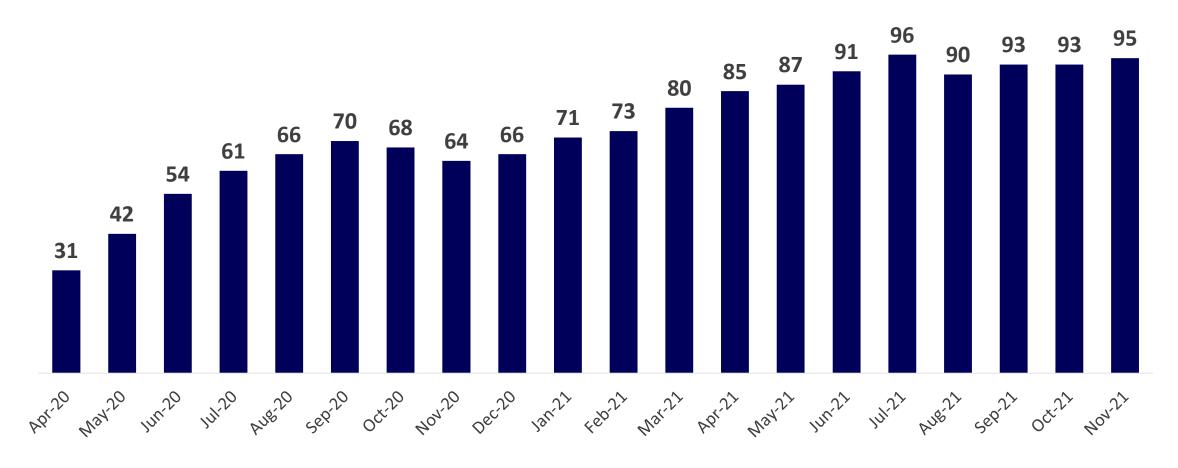
	Actual	2019 Index
Room Supply	1.9b	103
Room Demand	1.1b	87
Occupancy	58.1%	87
ADR	$124	94
RevPAR	$72	82
Room Revenue	130b	82

str

Demand 90%+ back for more than half of 2021

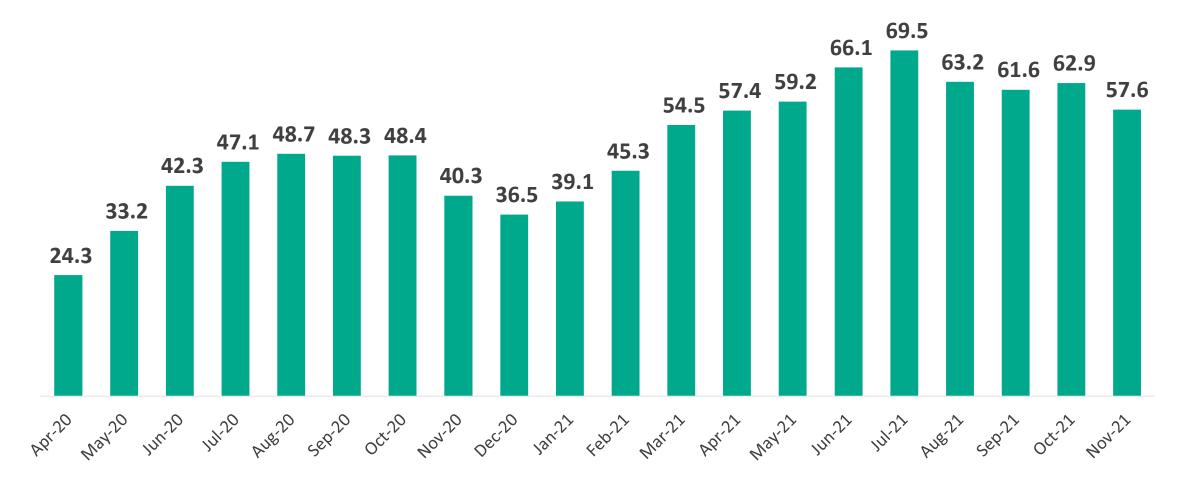Total U.S., demand indexed to 2019, Apr 2020 – Nov 2021

Month	Value
Apr-20	31
May-20	42
Jun-20	54
Jul-20	61
Aug-20	66
Sep-20	70
Oct-20	68
Nov-20	64
Dec-20	66
Jan-21	71
Feb-21	73
Mar-21	80
Apr-21	85
May-21	87
Jun-21	91
Jul-21	96
Aug-21	90
Sep-21	93
Oct-21	93
Nov-21	95

Occupancy declines as the holiday season begins

Total U.S., occupancy (standard), Apr 2020 – Nov 2021

STR

Month	Occupancy
Apr-20	24.3
May-20	33.2
Jun-20	42.3
Jul-20	47.1
Aug-20	48.7
Sep-20	48.3
Oct-20	48.4
Nov-20	40.3
Dec-20	36.5
Jan-21	39.1
Feb-21	45.3
Mar-21	54.5
Apr-21	57.4
May-21	59.2
Jun-21	66.1
Jul-21	69.5
Aug-21	63.2
Sep-21	61.6
Oct-21	62.9
Nov-21	57.6
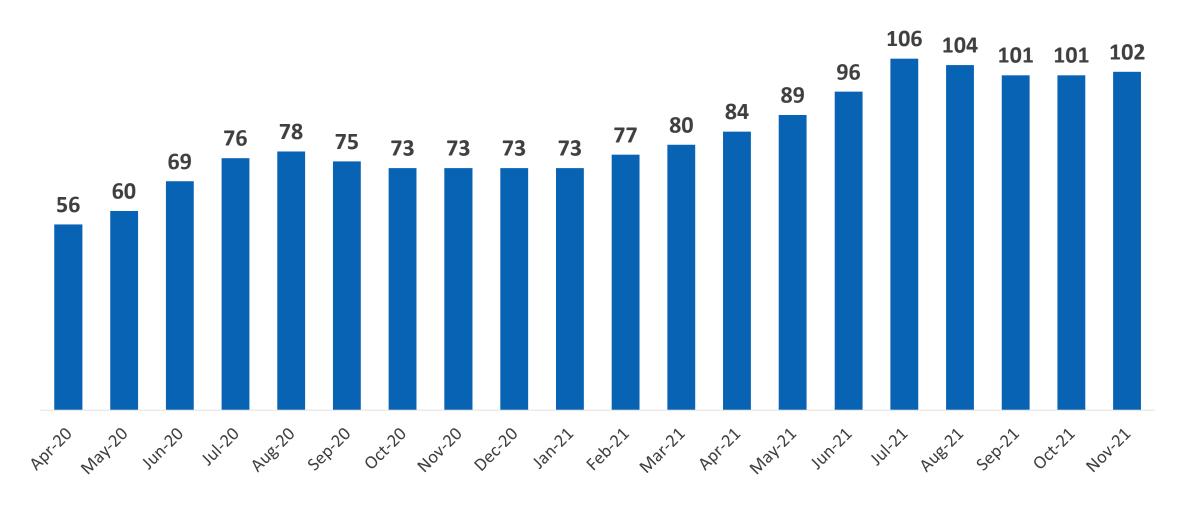
ADR tiptoeing around the 100% mark

Total U.S., ADR indexed to 2019, Apr 2020 – Nov 2021

Month	Value
Apr-20	56
May-20	60
Jun-20	69
Jul-20	76
Aug-20	78
Sep-20	75
Oct-20	73
Nov-20	73
Dec-20	73
Jan-21	73
Feb-21	77
Mar-21	80
Apr-21	84
May-21	89
Jun-21	96
Jul-21	106
Aug-21	104
Sep-21	101
Oct-21	101
Nov-21	102
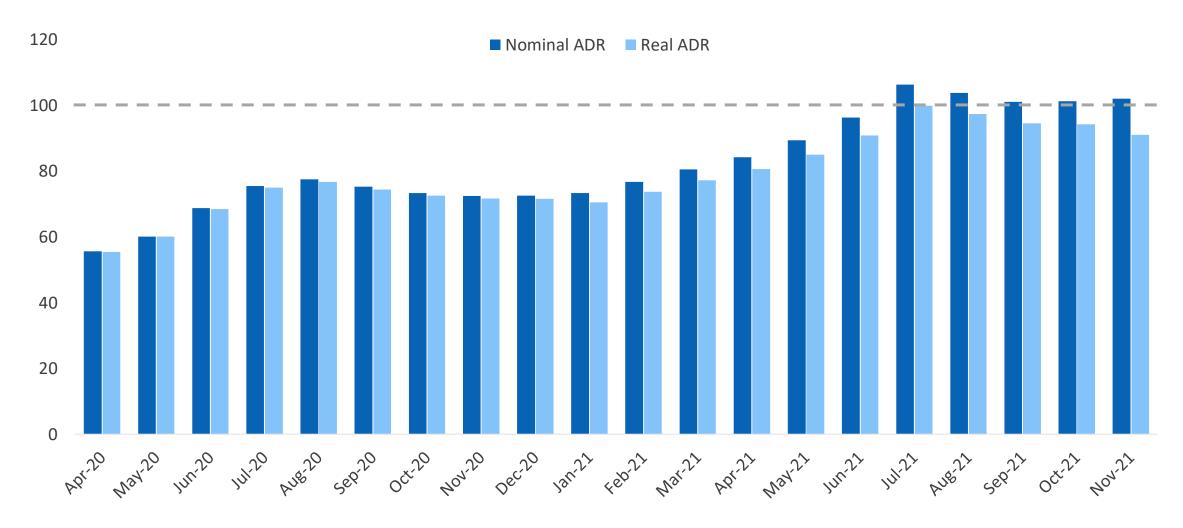
ADR recovery is strong, but inflation is stronger

Total U.S., ADR indexed to 2019, Apr 2020 – Nov 2021
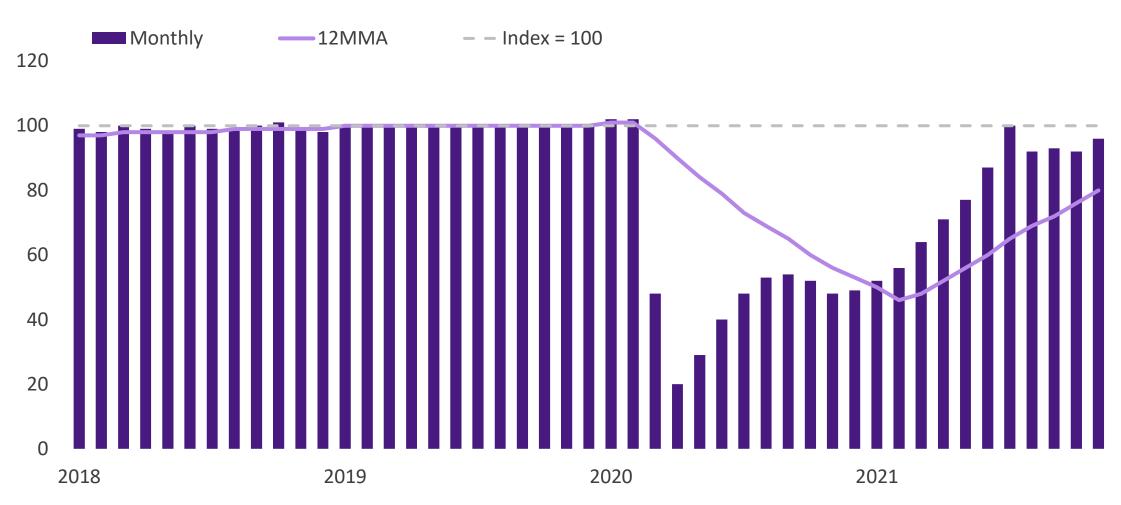
RevPAR index strongest since July

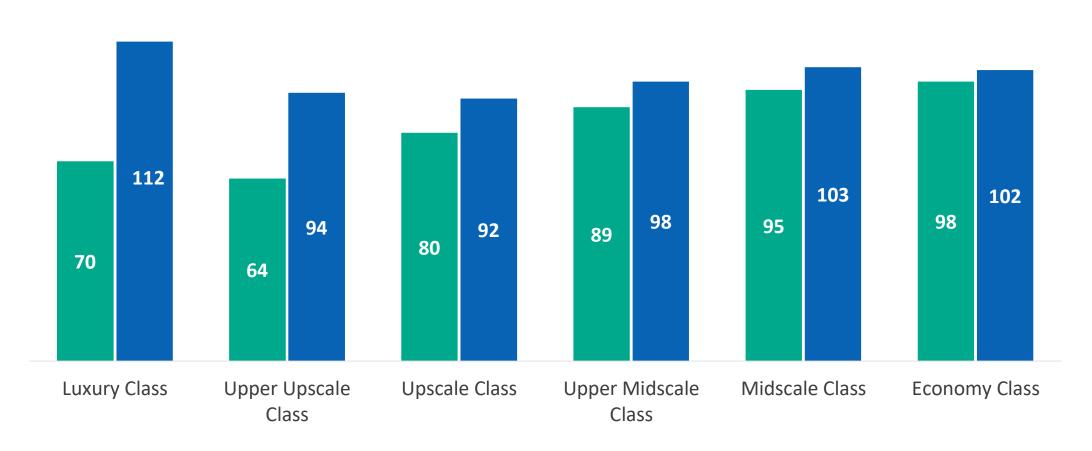Total U.S, RevPAR (standard) indexed to same month in 2019, Jan 2018 — Nov 2021

STR

Legend: ■ Monthly — 12MMA – – Index = 100

2018   2019   2020   2021

Segmentation

Transient
Room blocks of less than 10 rooms

Group
Room blocks of 10+ rooms

str
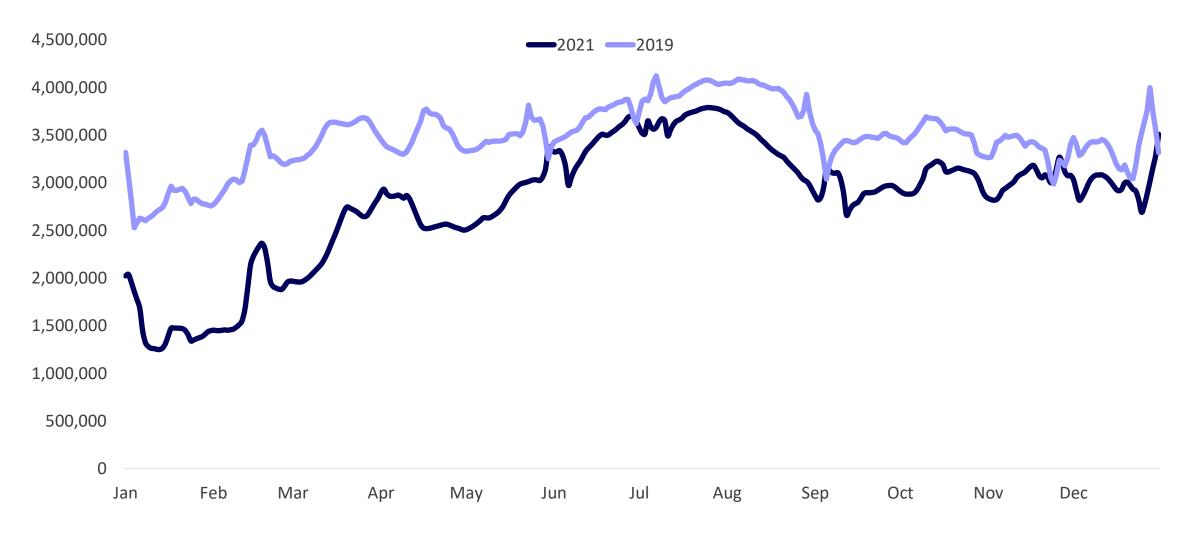
Transient demand is strong
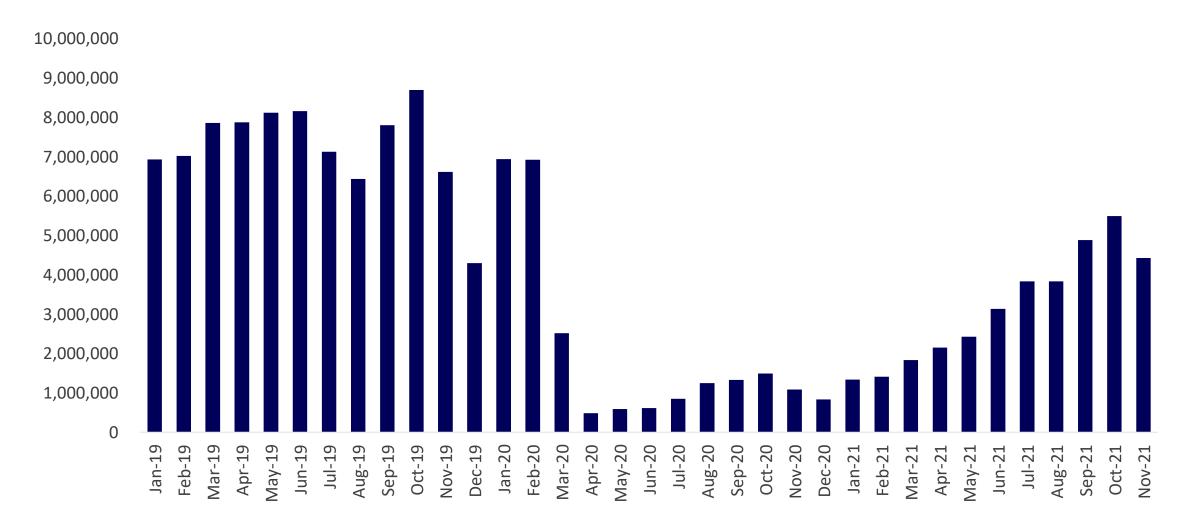
Total U.S., Luxury & Upper Upscale classes, R7 Transient demand, 2019 and 2021

Source: STR. © 2021 CoStar Group

Thanksgiving leads to a drop in groups – not unusual

Total U.S., Group demand, Luxury & upper upscale, Jan 2019 – Nov 2021

Source: STR. © 2021 CoStar Group   16

Small markets recovering group demand fastest

YTD October 2021 U.S. group demand, indexed to 2019 (luxury & upper upscale classes only)

Top 25: Best and Worst

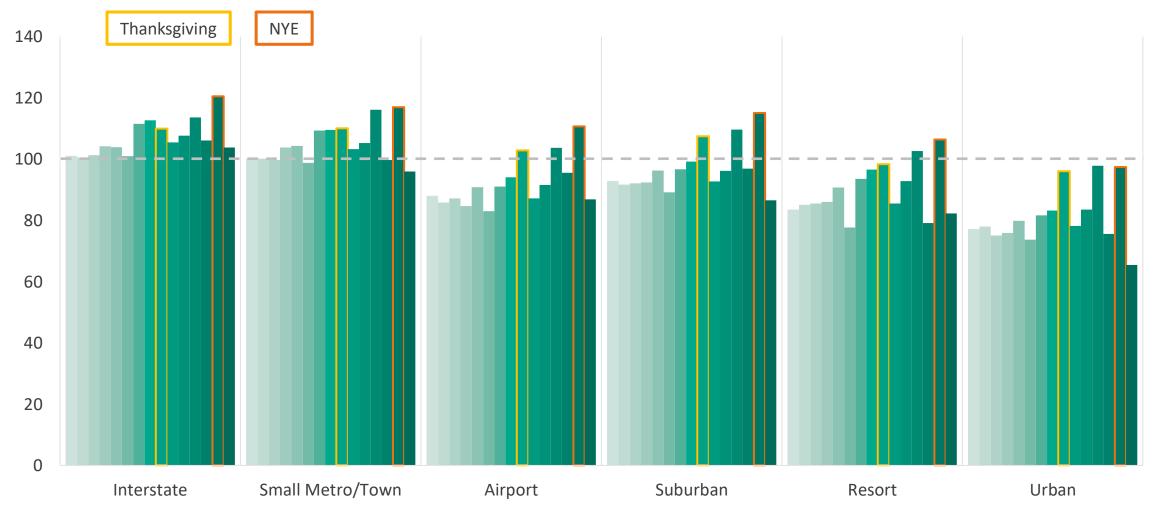Top 25 markets, YTD Nov 2021, by RevPAR indexed to 2019

str

Market	OCC (standard)	RevPAR Index	Influenced By
Norfolk/Virginia Beach, VA	62.7%	107	Military
Tampa, FL	68.4%	98	Superbowl/beach
Miami, FL	66.0%	98	Beach
Phoenix, AZ	62.9%	84	Golf
San Diego, CA	62.0%	78	Beach
New York, NY	58.3%	54	Lockdown
Boston, MA	51.2%	53	Lockdown
Seattle, WA	52.4%	53	Lockdown
Washington, DC	48.4%	50	Lockdown
San Francisco/San Mateo, CA	47.3%	34	Lockdown

Holidays boost recovery across all location types

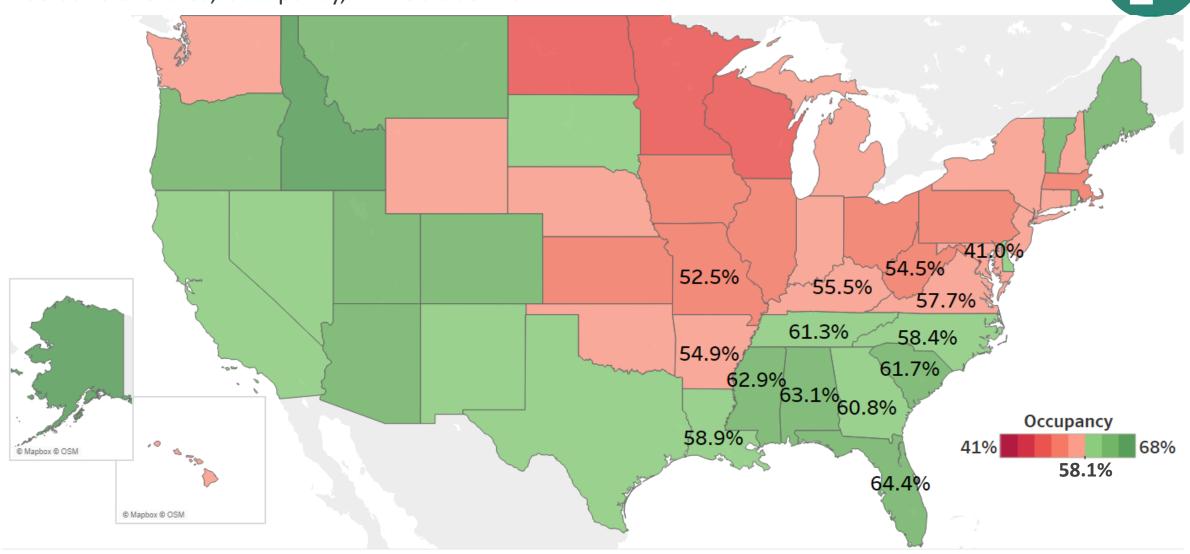Total U.S., weekly occupancy (standard) indexed to 2019, 2 Oct 2021 – 8 Jan 2022

Thanksgiving NYE

Interstate   Small Metro/Town   Airport   Suburban   Resort   Urban

Source: STR. © 2021 CoStar Group

Henderson County, NC Review

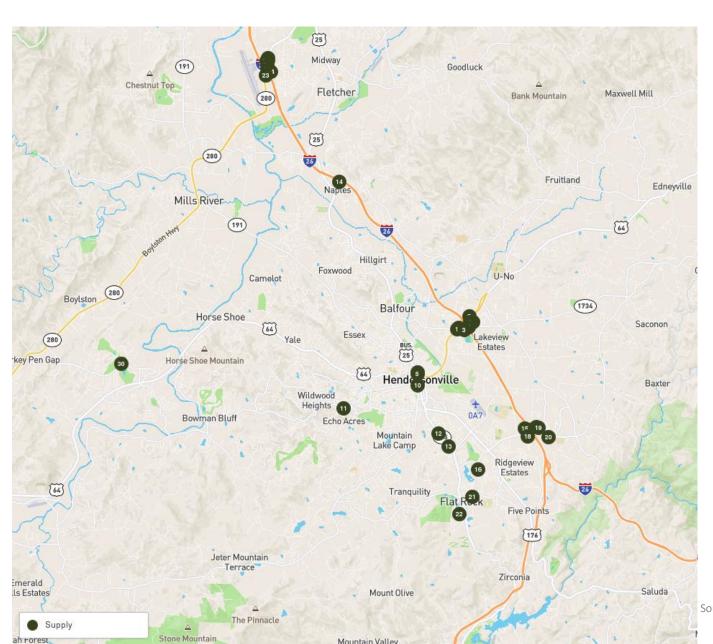# Majority of Southeast States Above Total U.S. Occupancy

Select U.S. States, Occupancy, YTD October 2021

Henderson County, NC

Hotels: 30
Rooms: 1,825
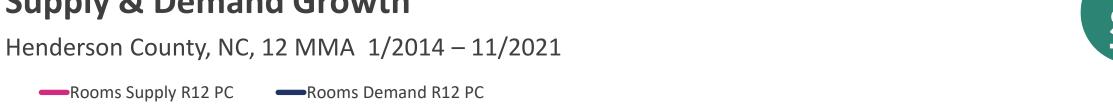
Year To Date: Recovery is Strong Across All Metrics
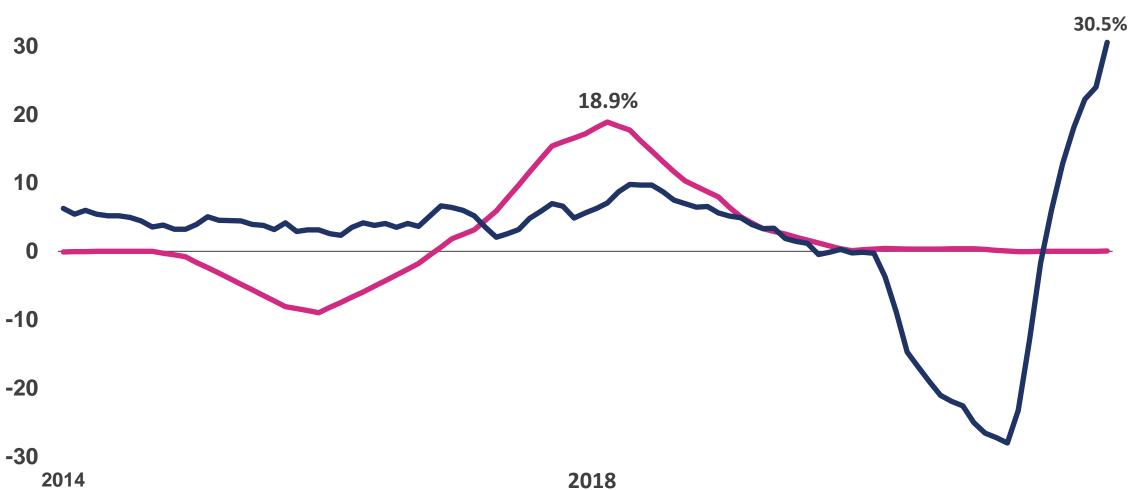
Henderson County, NC, YTD November 2021

	Actual	2019 Index
Room Supply		100
Room Demand		100
Occupancy	60.6%	99
ADR	$111	105
RevPAR	$67	104
Room Revenue		105

Supply & Demand Growth

Henderson County, NC, 12 MMA 1/2014 – 11/2021

Legend: Rooms Supply R12 PC — Rooms Demand R12 PC

30.5%

18.9%

2014

2018

Occupancy levels above 60% since April 2021

Henderson County, NC., occupancy, Apr 2020 – Nov 2021

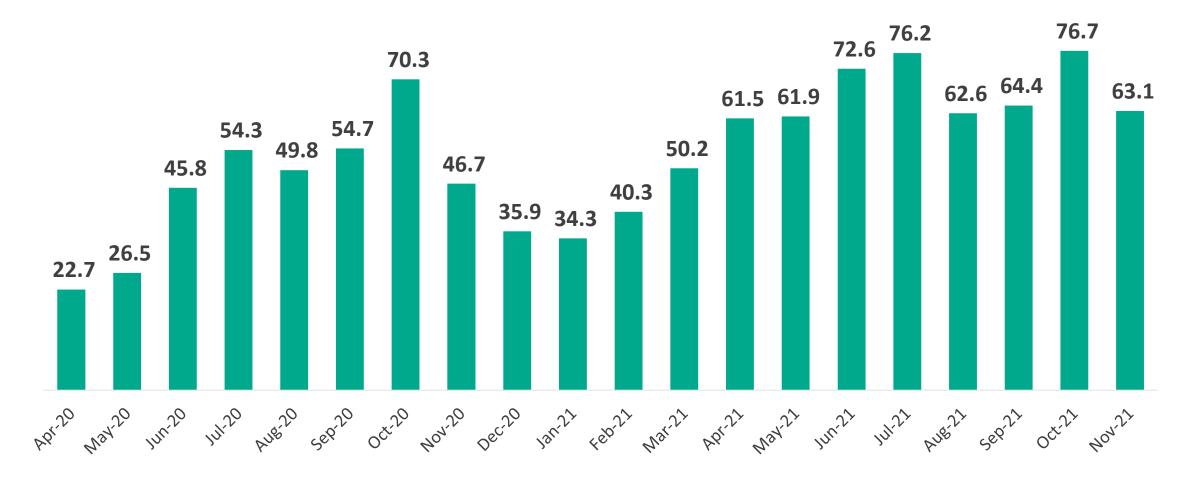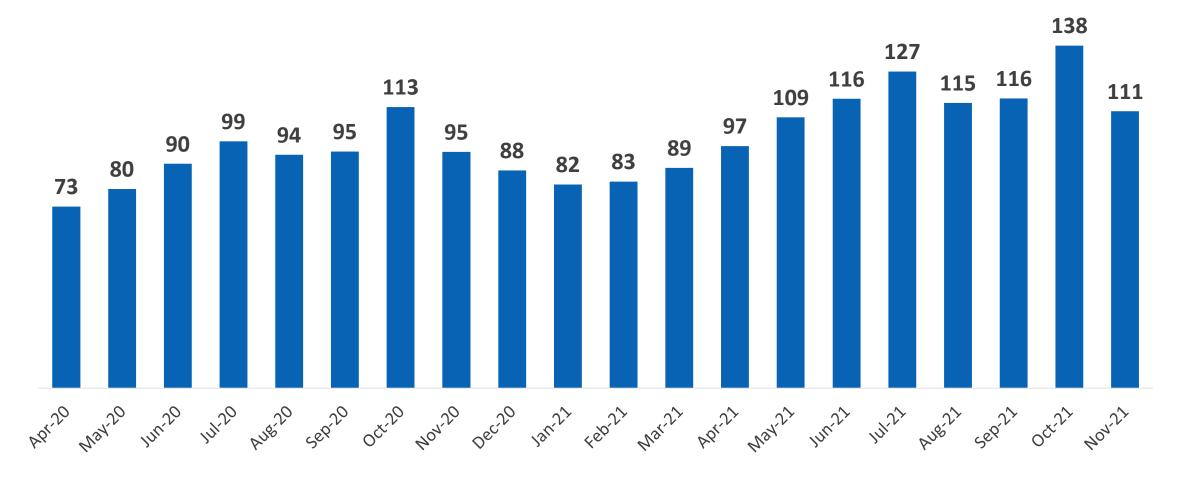# ADR Achieving Pre-Pandemic High Marks

Henderson County, NC, ADR, Apr 2020 – Nov 2021
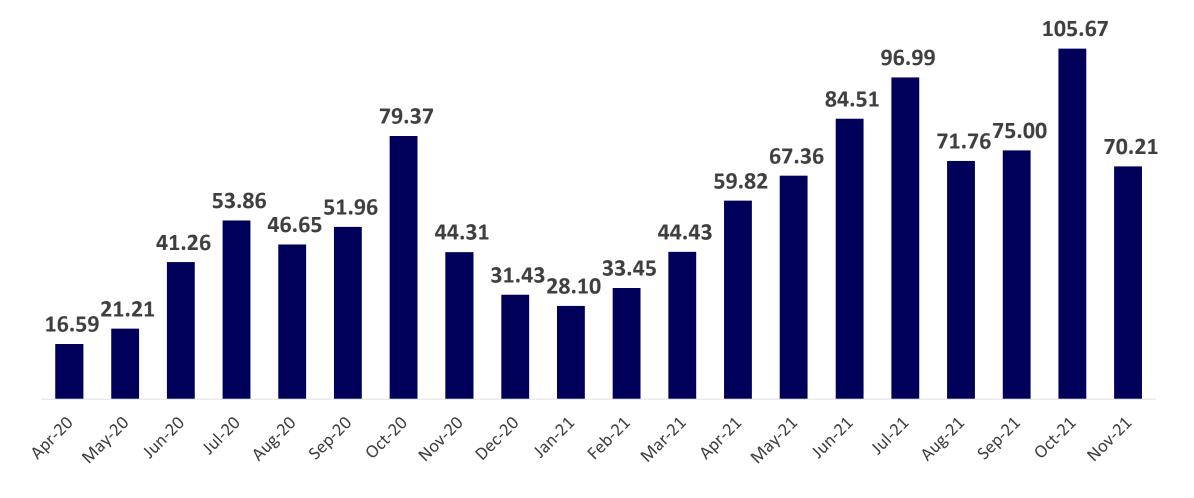
RevPAR moving the needle throughout 2021
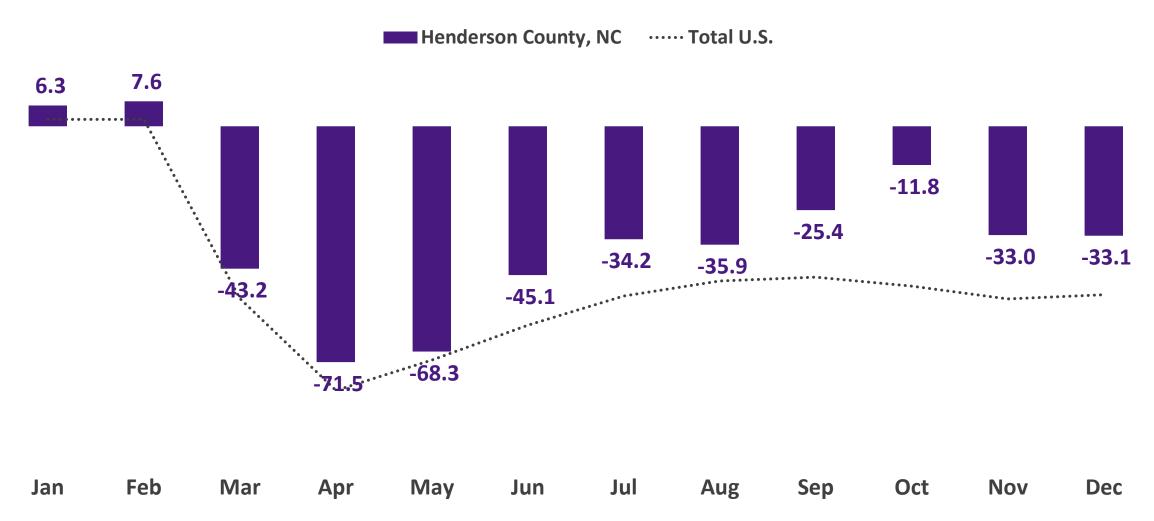
Henderson County, NC, RevPAR, Apr 2020 – Nov 2021

str

Bar chart of RevPAR by month:

Month	RevPAR
Apr-20	16.59
May-20	21.21
Jun-20	41.26
Jul-20	53.86
Aug-20	46.65
Sep-20	51.96
Oct-20	79.37
Nov-20	44.31
Dec-20	31.43
Jan-21	28.10
Feb-21	33.45
Mar-21	44.43
Apr-21	59.82
May-21	67.36
Jun-21	84.51
Jul-21	96.99
Aug-21	71.76
Sep-21	75.00
Oct-21	105.67
Nov-21	70.21
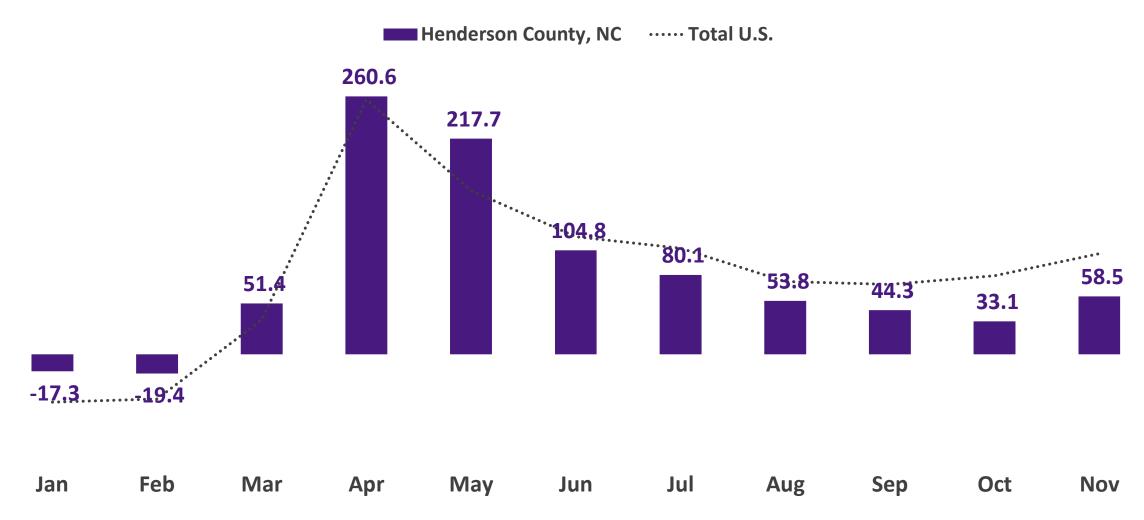
2020 RevPAR Change: Henderson County Outperforms Total US

Henderson County, NC and Total U.S., RevPAR % Change by Month, 1/2020 – 12/2020

Source: STR. © 2021 CoStar Group
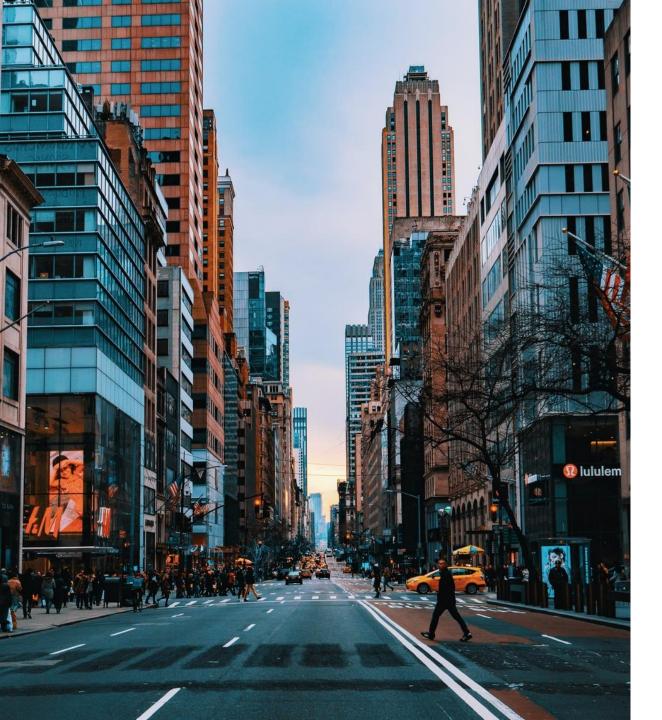
2021 RevPAR Change: Total US Outpacing Henderson County in H2

STR

■ Henderson County, NC ····· Total U.S.

Month	Henderson County, NC
Jan	-17.3
Feb	-19.4
Mar	51.4
Apr	260.6
May	217.7
Jun	104.8
Jul	80.1
Aug	53.8
Sep	44.3
Oct	33.1
Nov	58.5

Henderson County, NC and Total U.S., RevPAR % Change by Month, 1/2021 – 11/2021

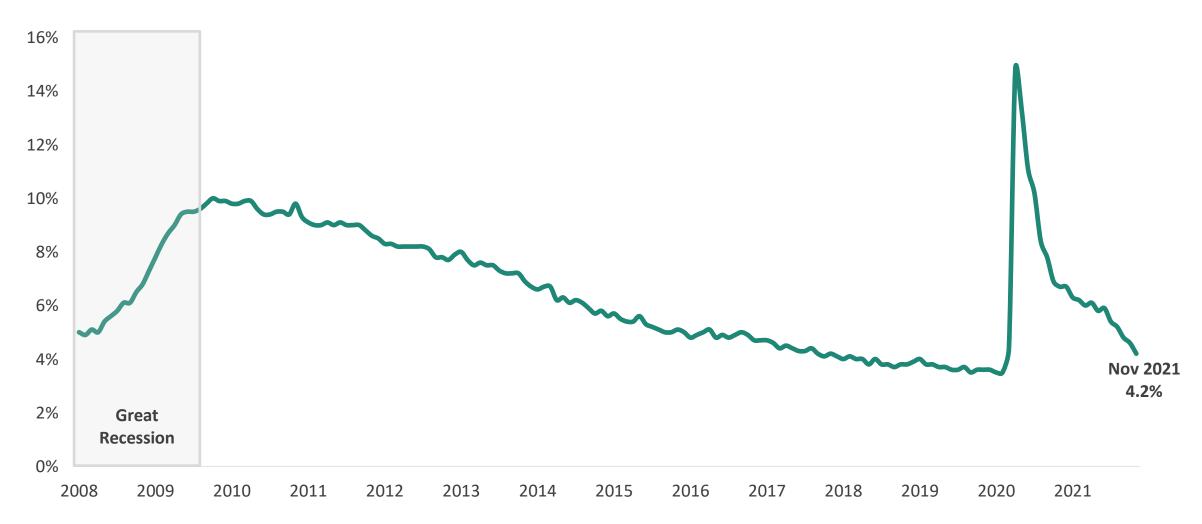Source: STR. © 2021 CoStar Group

U.S. Labor & Profitability

Unemployment Rate Back below 5%

Total U.S., Seasonally Adjusted Unemployment Rate, Jan 2008 – Nov 2021

Great Recession

Nov 2021
4.2%
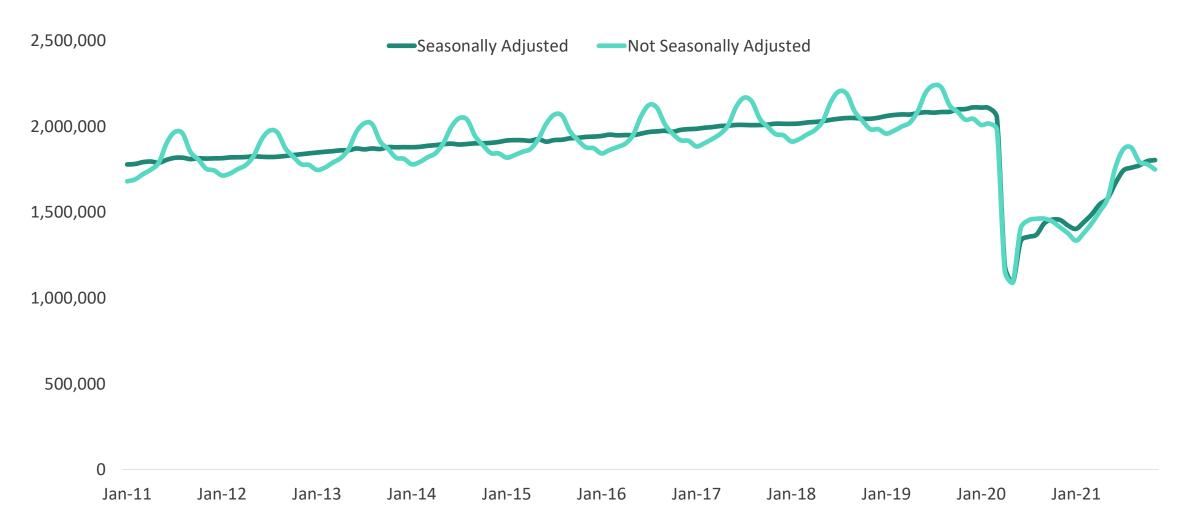
Source: BLS Current Population Survey

Accommodation jobs: MIA

Total U.S., Accommodation jobs, Jan 2011 – Nov 2021

Source: BLS Current Employment Statistics Survey
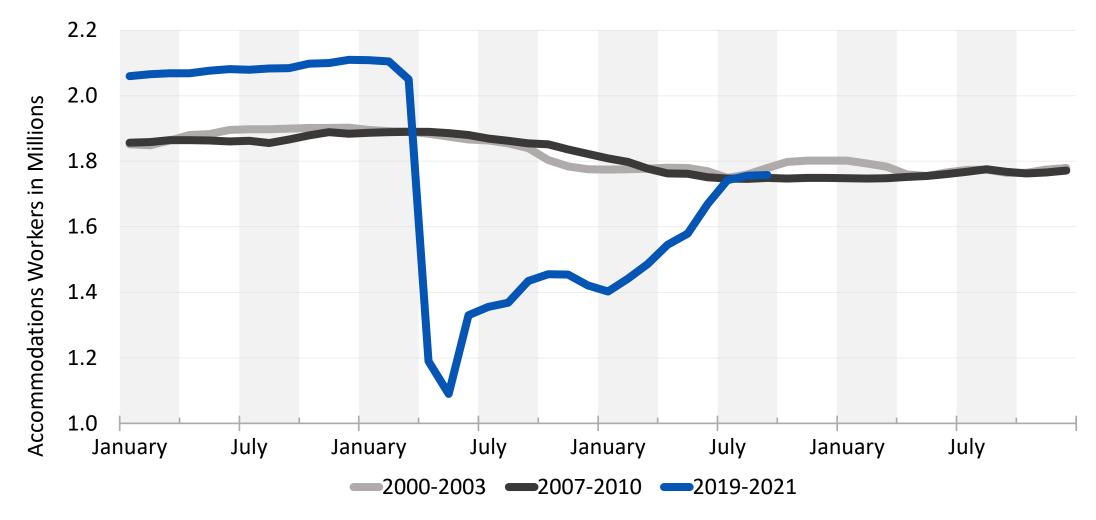
Hotel Employment Numbers Below Prior Peak

Impact on Labor in 2020 Was Very Different From Other Recessions

Source: Bureau of Labor Statistics, as of October, 2021
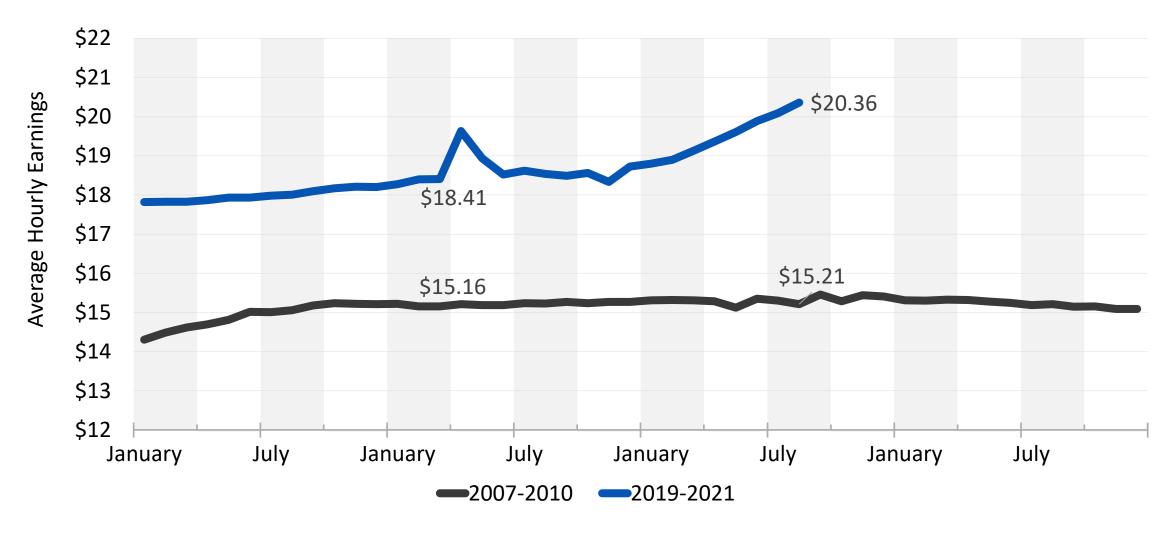
Average Hourly Earnings Increases Sharply

Accommodation Wages up Nearly 11% Since the Start of Covid-19 Pandemic

Average Hourly Earnings (y-axis, from $12 to $22)

$20.36
$18.41
$15.16
$15.21

x-axis: January, July, January, July, January, July, January, July

Legend: 2007-2010, 2019-2021
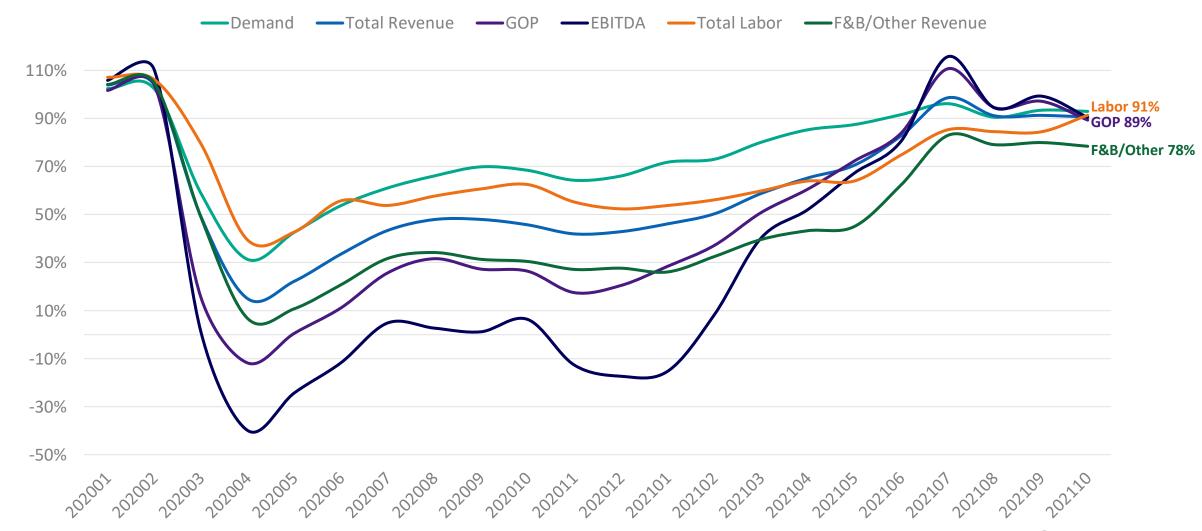
Increasing Labor Costs Starting to Impact Profit Levels

Estimated Total U.S. Revenues and Profits – Indexed to 2019
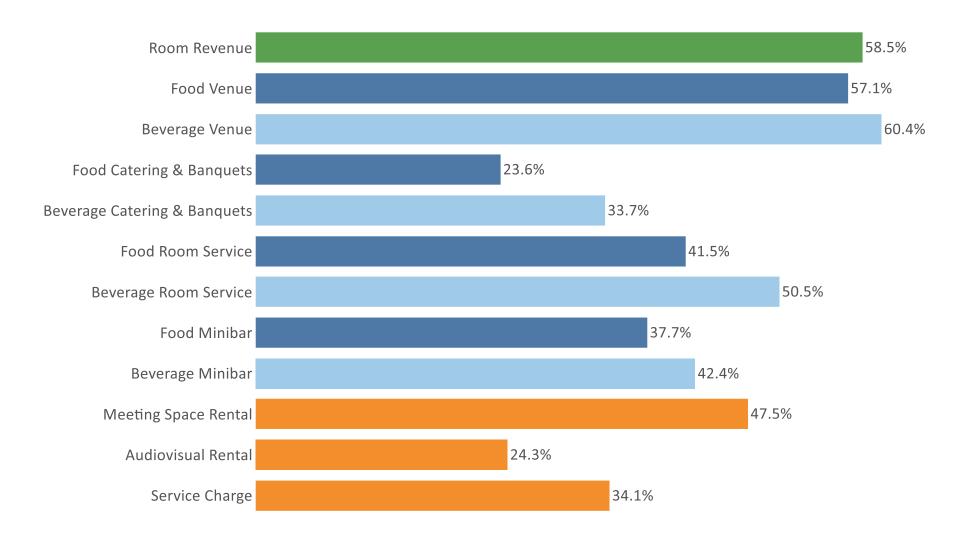
Beverage revenues continue to outperform all other F&B

F&B revenues – 2021 indexed to 2019 YTD

Category	Value
Room Revenue	58.5%
Food Venue	57.1%
Beverage Venue	60.4%
Food Catering & Banquets	23.6%
Beverage Catering & Banquets	33.7%
Food Room Service	41.5%
Beverage Room Service	50.5%
Food Minibar	37.7%
Beverage Minibar	42.4%
Meeting Space Rental	47.5%
Audiovisual Rental	24.3%
Service Charge	34.1%

Forecast

The economy is expected to expand strongly via consumer spending with inflation slowing.

U.S. Economic Indicators Indexed to 2019

GDP

2021	2022	2023	2024	2025
102	106	109	111	114

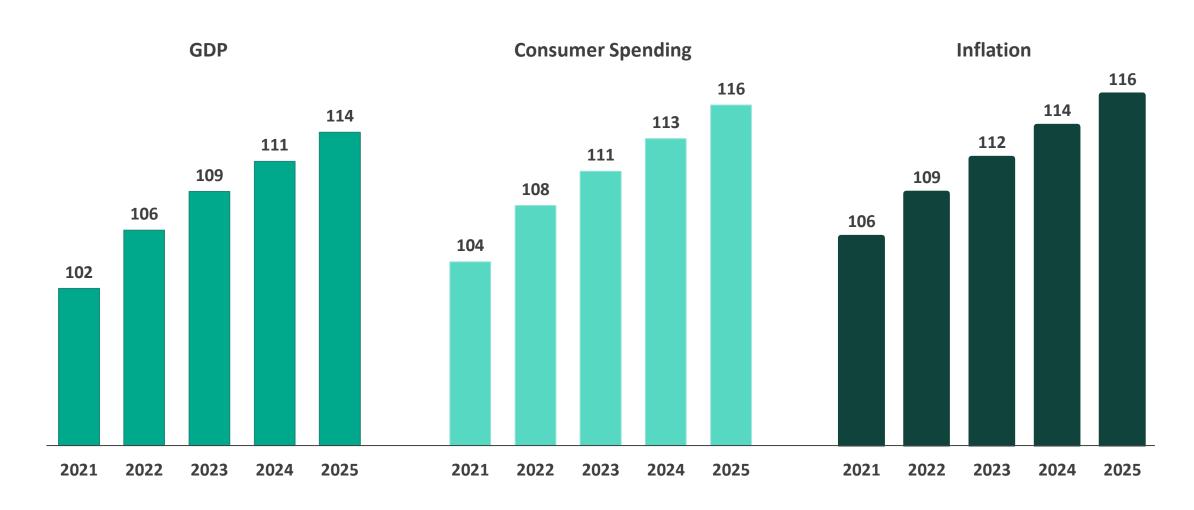**Consumer Spending**

2021	2022	2023	2024	2025
104	108	111	113	116

Inflation

2021	2022	2023	2024	2025
106	109	112	114	116
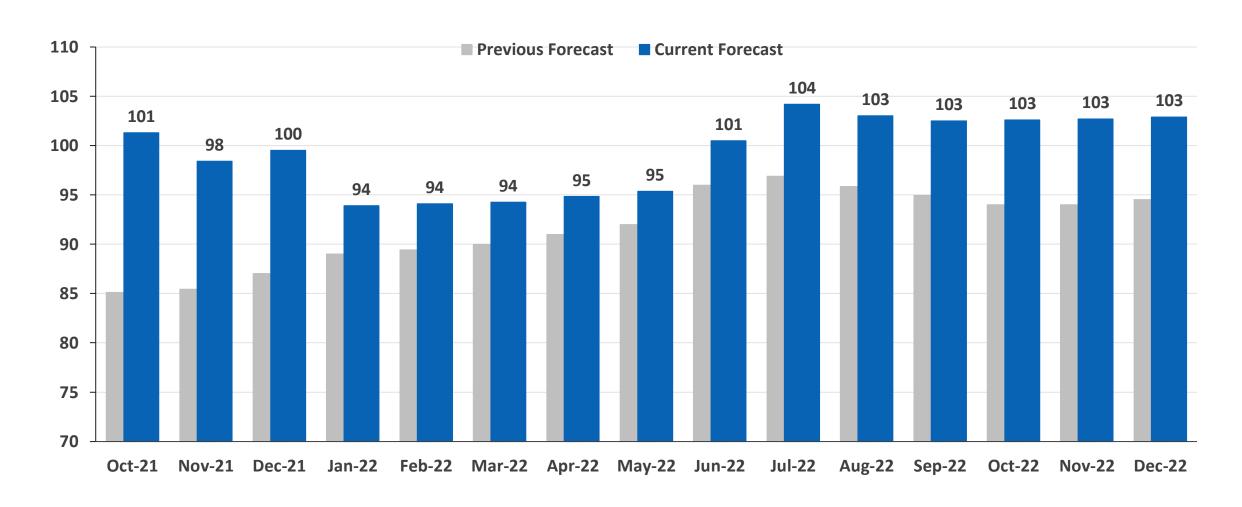
Thus, ADR revisions are driving the forecast upgrade.

U.S. ADR Forecast Indexed to 2019

TOURISM ECONOMICS
AN OXFORD ECONOMICS COMPANY

str

Legend: ▣ Previous Forecast ▣ Current Forecast

Current Forecast values (blue bars): Oct-21: 101, Nov-21: 98, Dec-21: 100, Jan-22: 94, Feb-22: 94, Mar-22: 94, Apr-22: 95, May-22: 95, Jun-22: 101, Jul-22: 104, Aug-22: 103, Sep-22: 103, Oct-22: 103, Nov-22: 103, Dec-22: 103

Total U.S. Forecast

Metric	2019 Actual	2020 Actual	2021 Forecast		2022 Forecast	
Occupancy *	66.0%	41.5%	56.0%	+34.9%	62.9%	+12.4%
ADR	$130.96	$103.21	$123.39	+19.6%	$130.45	+5.7%
RevPAR *	$86.37	$42.85	$69.10	+61.2%	$82.11	+18.8%

-25%

-5%

*Reflects Total-Room-Inventory (TRI) methodology, which assumes no temporary hotel closures.

TOURISM ECONOMICS
AN OXFORD ECONOMICS COMPANY

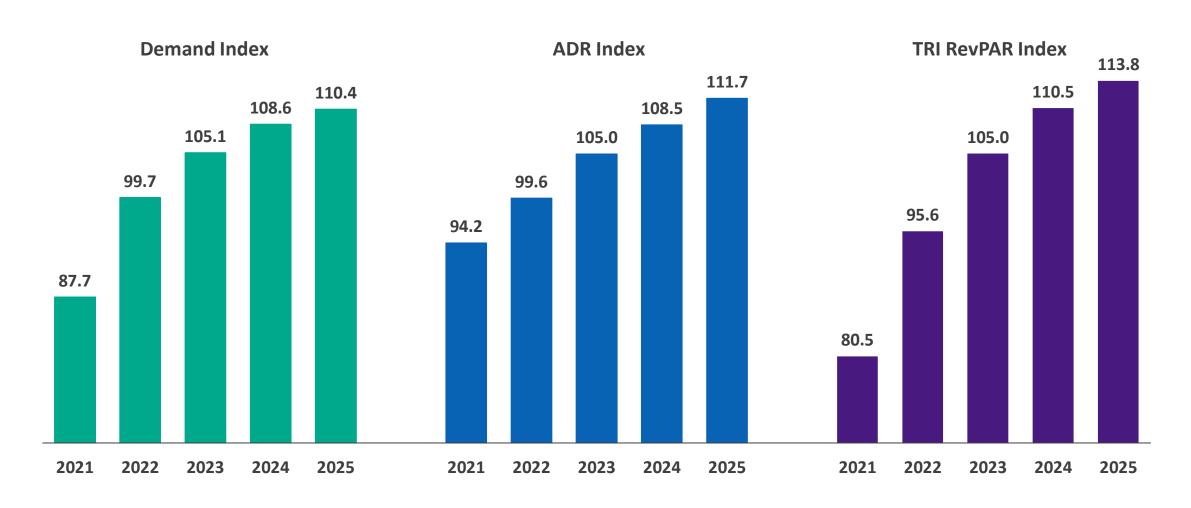# Demand and ADR near full recovery in 2022 with TRI RevPAR fully recovering in 2023.
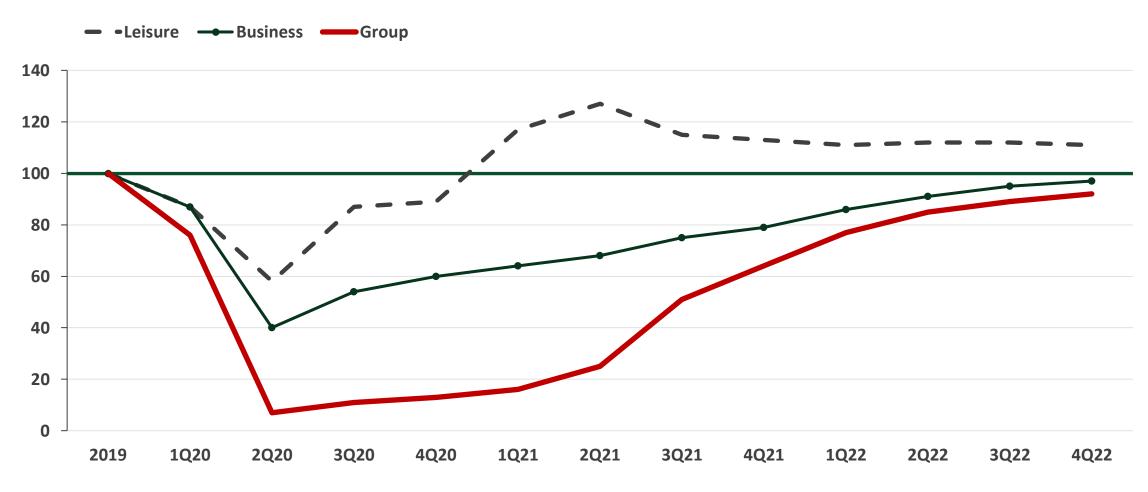
U.S. KPIs Indexed to 2019

Demand Index

2021	2022	2023	2024	2025
87.7	99.7	105.1	108.6	110.4

ADR Index

2021	2022	2023	2024	2025
94.2	99.6	105.0	108.5	111.7

TRI RevPAR Index

2021	2022	2023	2024	2025
80.5	95.6	105.0	110.5	113.8

Demand Recovery | Leisure (2021), Business (2022), Group (2023)

U.S. Industry Demand by Segment

Source: STR. © 2021 CoStar Group   42

Henderson County, NC Forecast

Key Performance Indicators
2020 − 2021F − 2022F

str

Metric	2020 Actual	2021 Forecast	2022 Forecast
Occupancy *	43.8%	59.8%	62.3%
ADR	$94	$110	$110
RevPAR *	$41	$66	$68

*Reflects Total-Room-Inventory (TRI) methodology, which assumes no temporary hotel closures.

Key Takeaway's

Total U.S. Performance

- Transient ADR Above 2019 Levels
- Group ADR Just Below 2019 Levels
- Leisure Transient Driving Recovery
- Business Transient Demand Is Lagging
- Group Demand Is Slowly Recovering

Labor & Profitability

- Labor Shortage
- Hourly Wages Increased Sharply Over the Last Two Quarters
- Resulting in a Recent Slowdown of Hotel Profitability

STR Forecasts

- ADR Growth Driven By Inflation
- Demand Recovery:
  - Leisure (2021)
  - Business (2022)
  - Group (2023)

Questions?

Jennifer Foster

jfoster@str.com

🌐

www.str.com