FIGURES | U.S. HOTEL | Q2 2023

Hotel Industry Growth Slows in Q2

-1.2%	0.3%	-1.5%	2.6%	1.1%
Demand	Supply	Occupancy	ADR	RevPAR

Percentages are year-over-year growth rates. Arrows indicate change in year-over-year growth rates from those of the same quarter in the previous year. Source: Kalibri Labs

Executive Summary

– Hotel fundamentals softened in Q2, largely due to a 1.5% year-over-year drop in occupancy. The average daily rate (ADR) increased by 2.6% year-over-year, its slowest annual growth since Q1 2021. Revenue per available room (RevPAR) increased by just 1.1% year-over-year, a material slowdown from Q1's 15.9% pace.

– Total inbound foreign visitors were 27% below pre-pandemic 2019 levels, while the number of Americans traveling to Europe and the Caribbean increased by 5% and 8%, respectively.

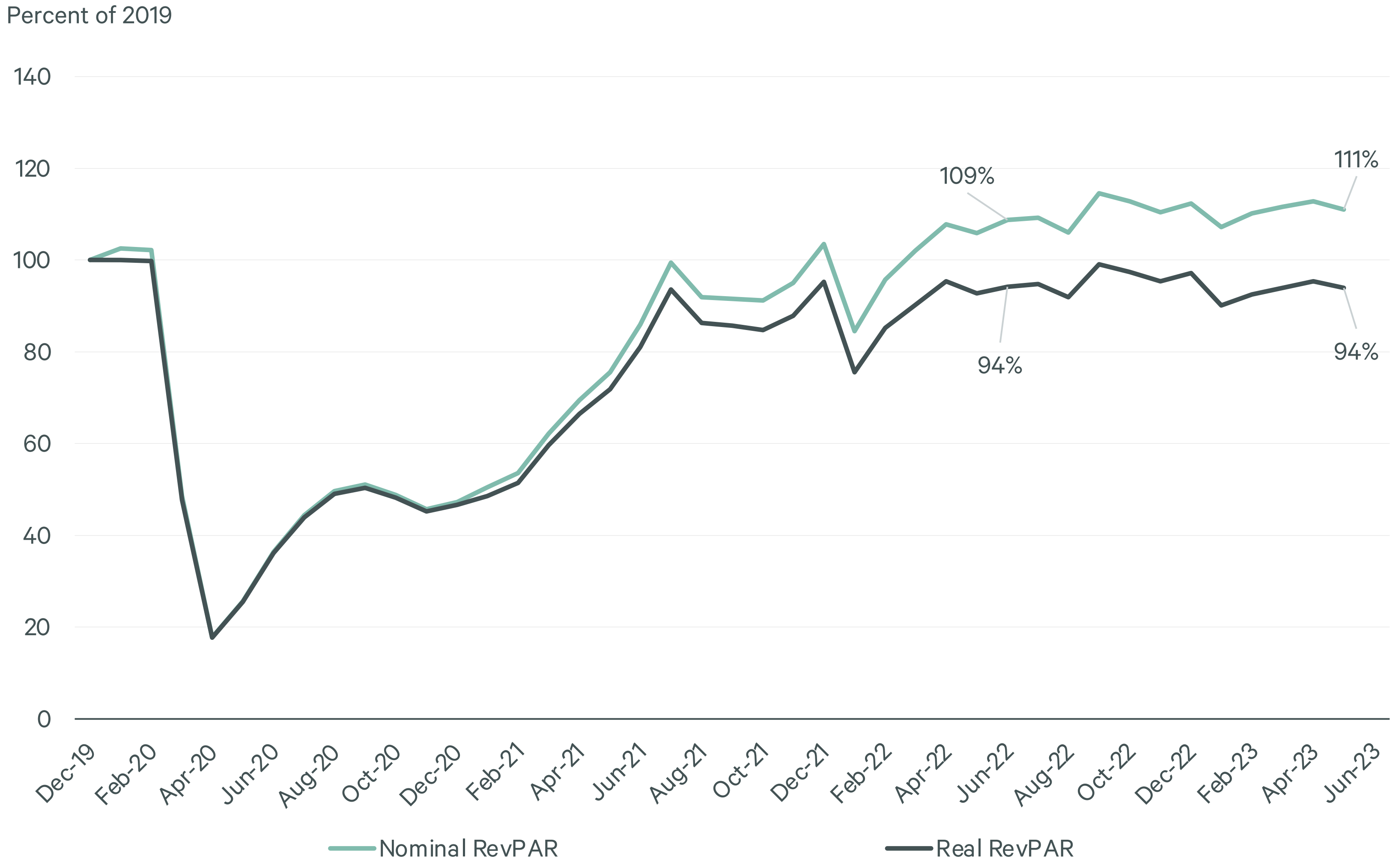
– Hotel wage growth slowed in June but at 5.2% outpaced the national average of 4.7%. Hotel wage growth pressures are likely to persist, at least for the near term.

– Leisure markets remained the strongest RevPAR performers relative to 2019; however, Q2 RevPAR declined from last year in several of them, including West Palm Beach, Savannah, Phoenix and St. Petersburg.

– Occupancy rates for all location types were below 2019 levels in Q2. Urban locations were the only category to post year-over-year gains, with the other five location types contracting vs Q2 2022.

Figure 1
Real vs. nominal RevPAR

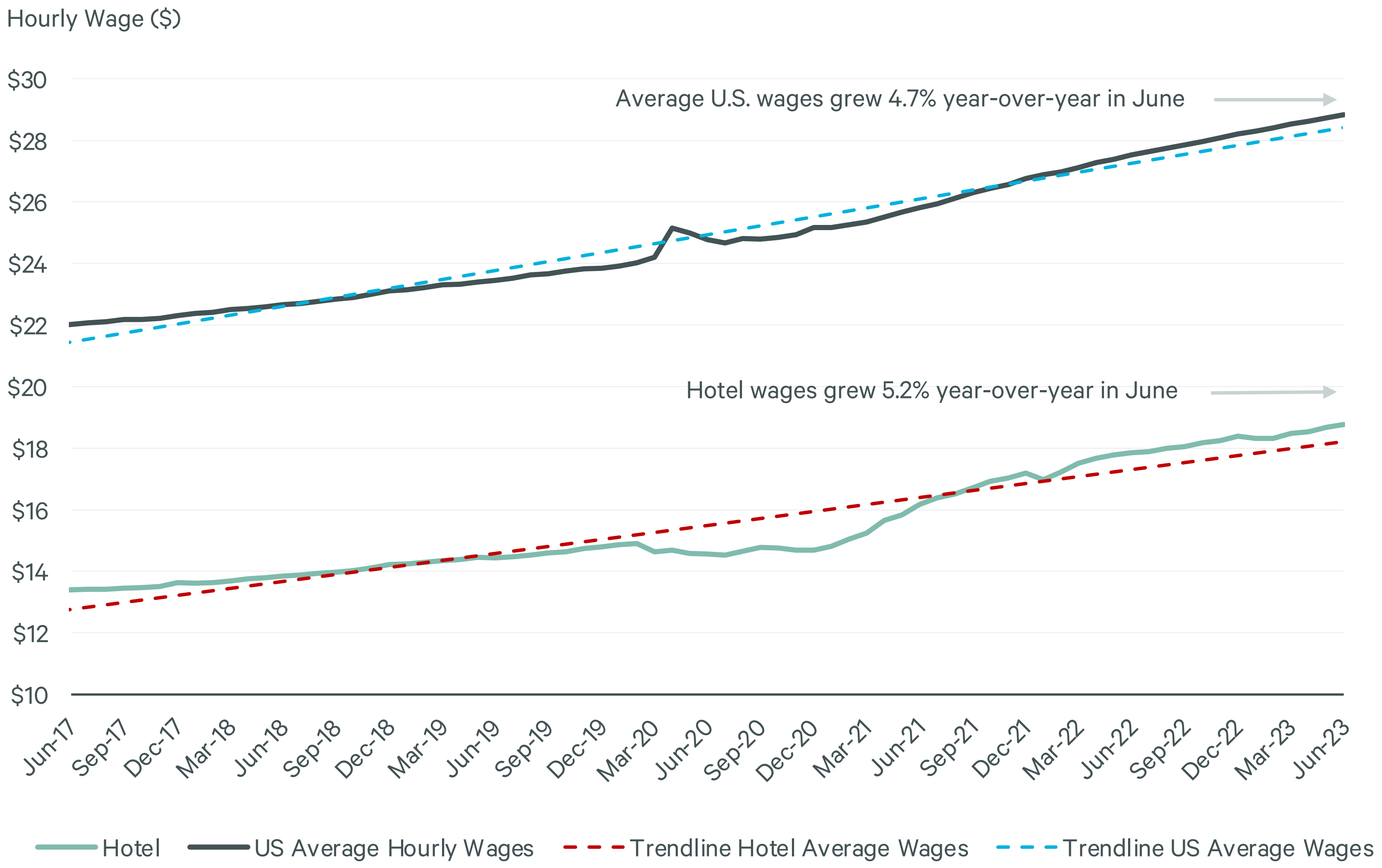
- The gap between nominal and real RevPAR continued to widen in June as RevPAR growth failed to keep pace with inflation.
- Compared with 2019, nominal RevPAR increased by 11%, while real RevPAR fell by 6%.



Source: Kalibri Labs, CBRE Hotel Research, U.S. Bureau of Labor Statistics, Q2 2023.

Figure 2
Hotel wage growth outpaced national average

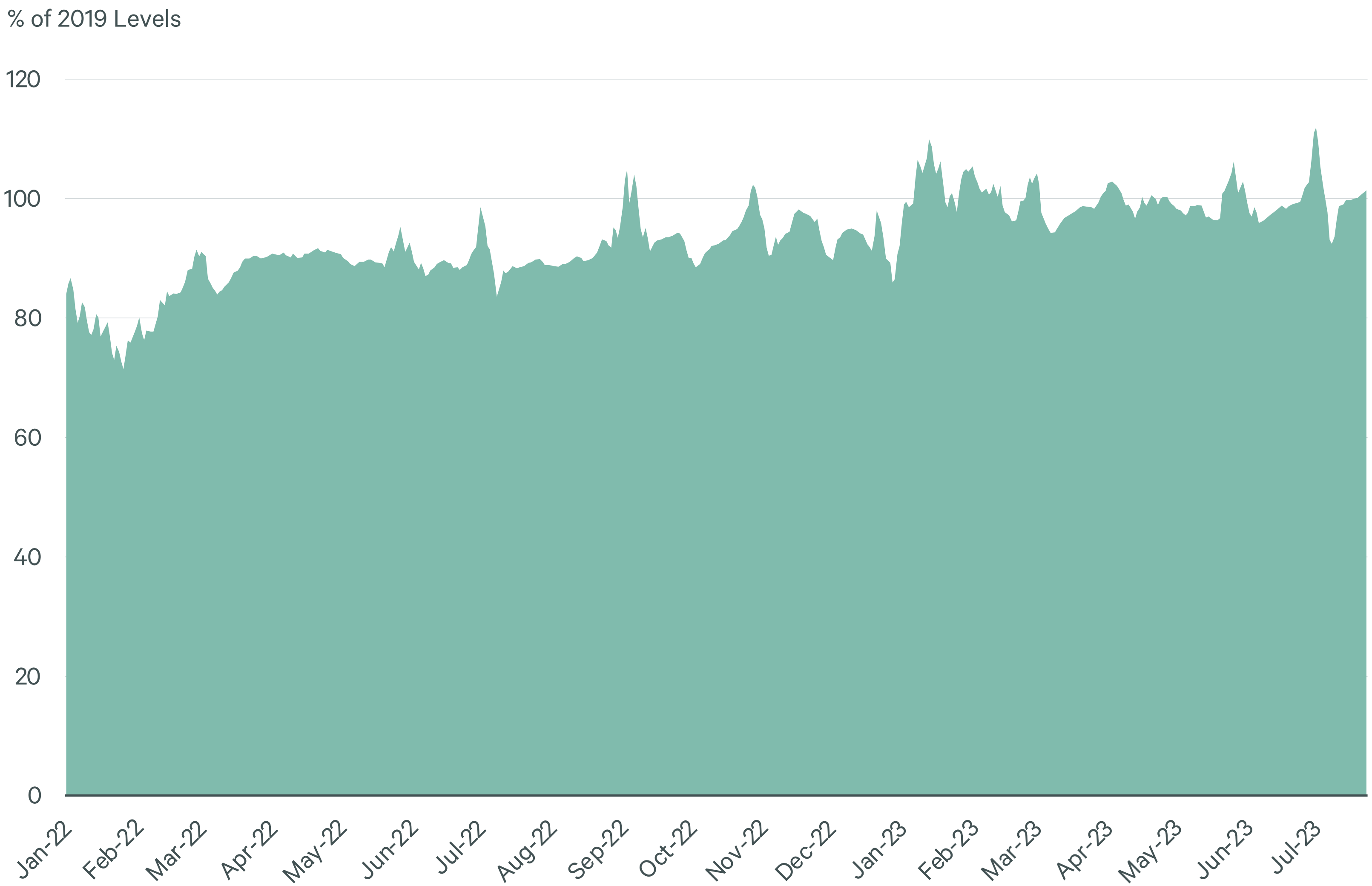
- While year-over-year hotel wage of 5.2% in June was down from 5.5% in March, it outpaced the national average of 4.7%. However, hourly hotel wages were almost $10 lower than the national average for all workers.
- Job openings per hotel averaged 21 in May, down from 24 a year ago but above the average of 16 in pre-pandemic May 2019. Total leisure & hospitality job openings in May were 13.5% lower than a year ago.



Source: CBRE Hotels Research, U.S. Bureau of Labor Statistics, June 2023.

Figure 3
Total airline passengers near 2019 levels

- Total airline passengers in Q2 averaged nearly 100% of 2019 levels.
- On a year-over-year basis, airline passengers increased by 10% in Q2.



Source: CBRE Hotels Research, U.S. Transportation Security Administration, Q2 2023.

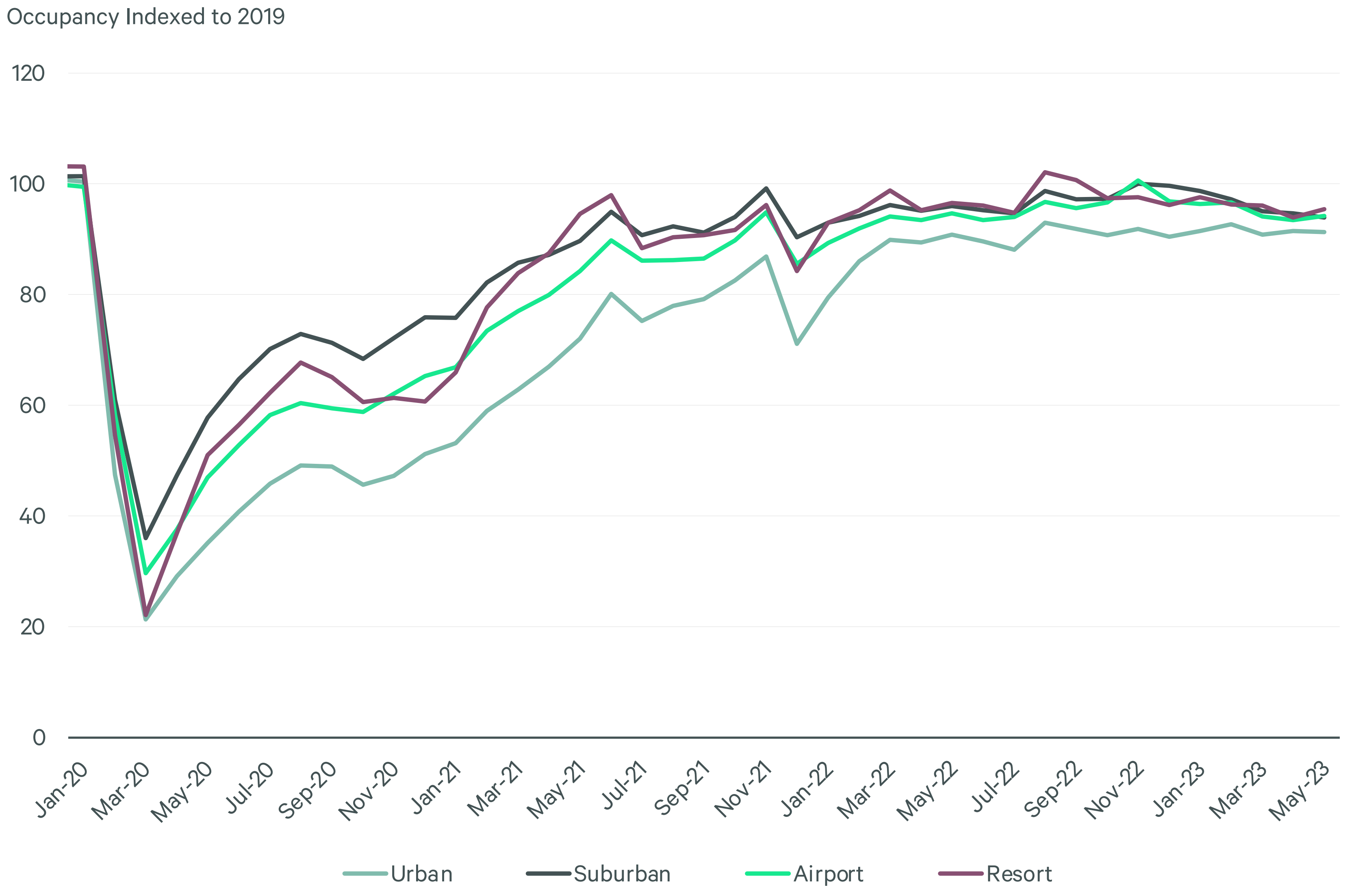
Figure 4
Outbound vs inbound overseas visitation as a percent of 2019 levels

- Total overseas outbound U.S. travel was 108% of 2019 levels in June.
- Inbound international travel has been slow to return to the U.S. Overseas visitor counts were just 73% of 2019 levels in Q2.

Source: National Travel & Tourism Office, CBRE Hotels Research, Q2 2023.

Figure 5
Monthly occupancy indexed to 2019 by location type

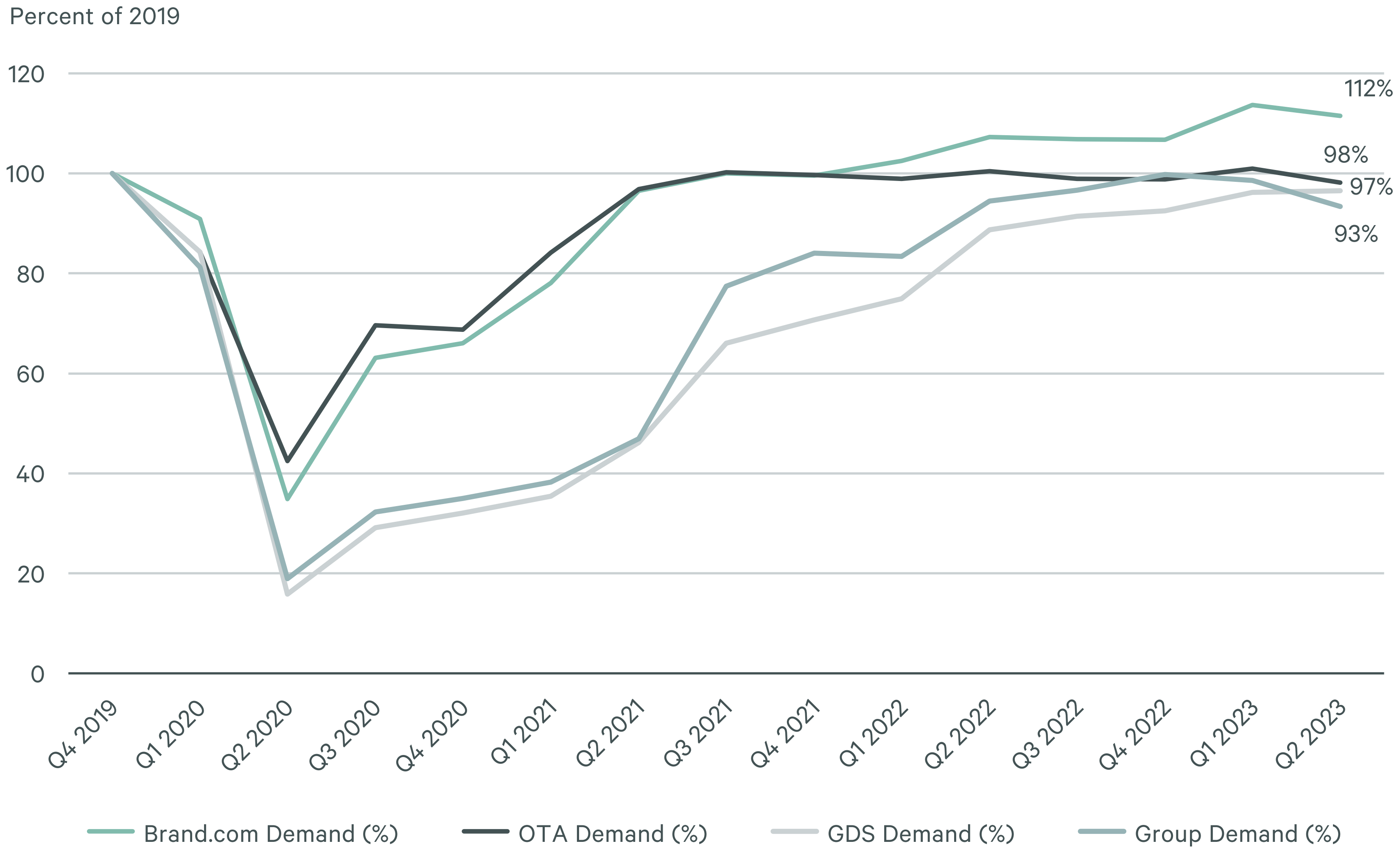
- Urban was the only location category with a year-over-year occupancy gain in Q2. Compared with pre-pandemic 2019 levels, occupancy ranged from 91% for urban to 97% for interstate.



Source: CBRE Hotels Research, Kalibri Labs, Q2 2023.

Figure 6
Room nights by channel vs. 2019

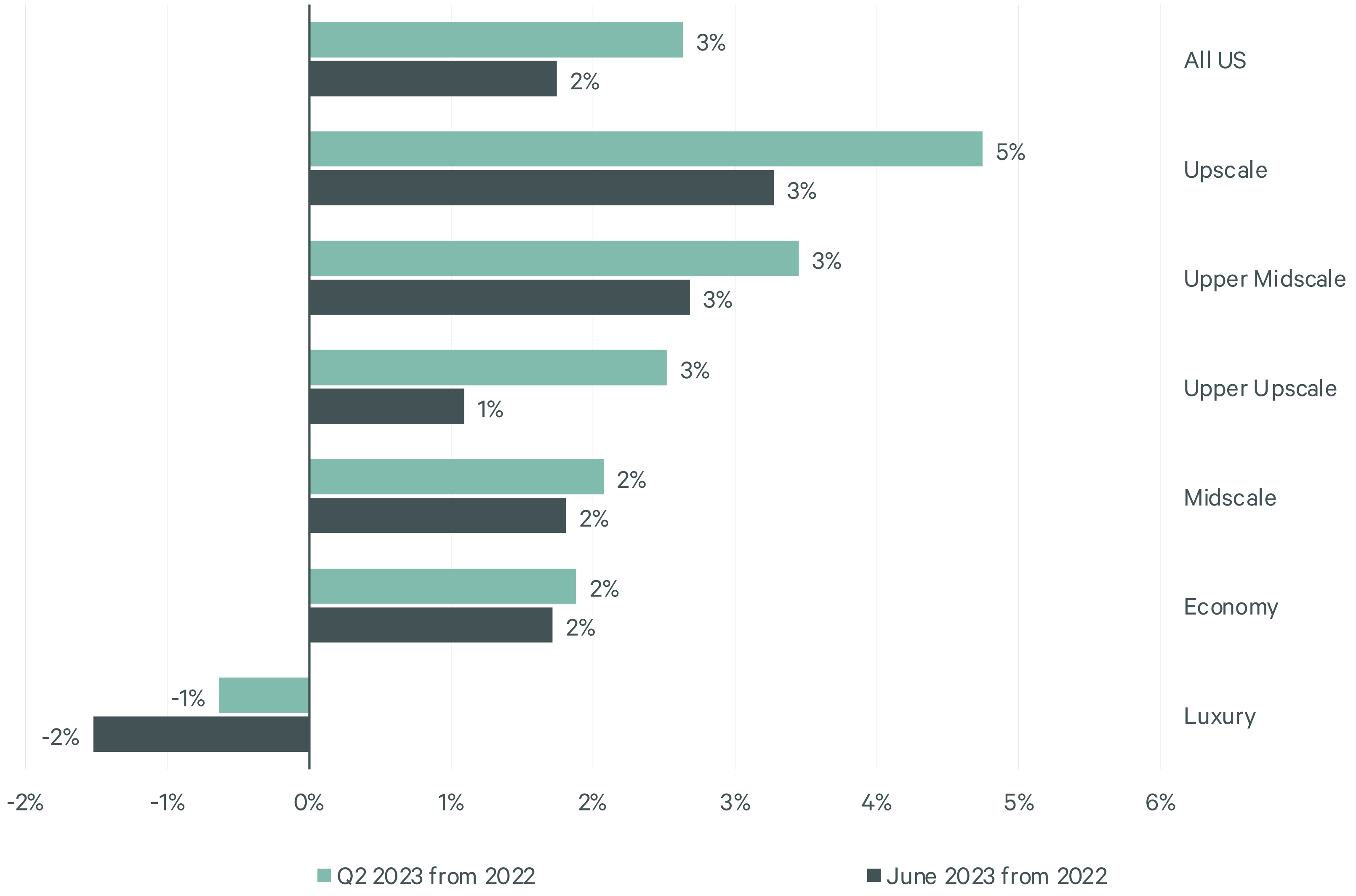
- Total reservations fell by 1.2% year-over-year in Q2, driven by decreases in the walk-in, phone, group and online travel agency booking channels.
- Brand.com continued to take share from other reservation channels, with room nights sold in Q2 reaching 112% of their Q2 2019 level.



Source: CBRE Hotels Research, Kalibri Labs, Q2 2023.

Figure 7
ADR percentage change vs. 2022 by chain scale

- National ADR increased by 3% year-over-year in Q2.
- ADR increased for all chain scales except luxury, which fell by 1%



Source: CBRE Hotels Research, Kalibri Labs, Q2 2023.

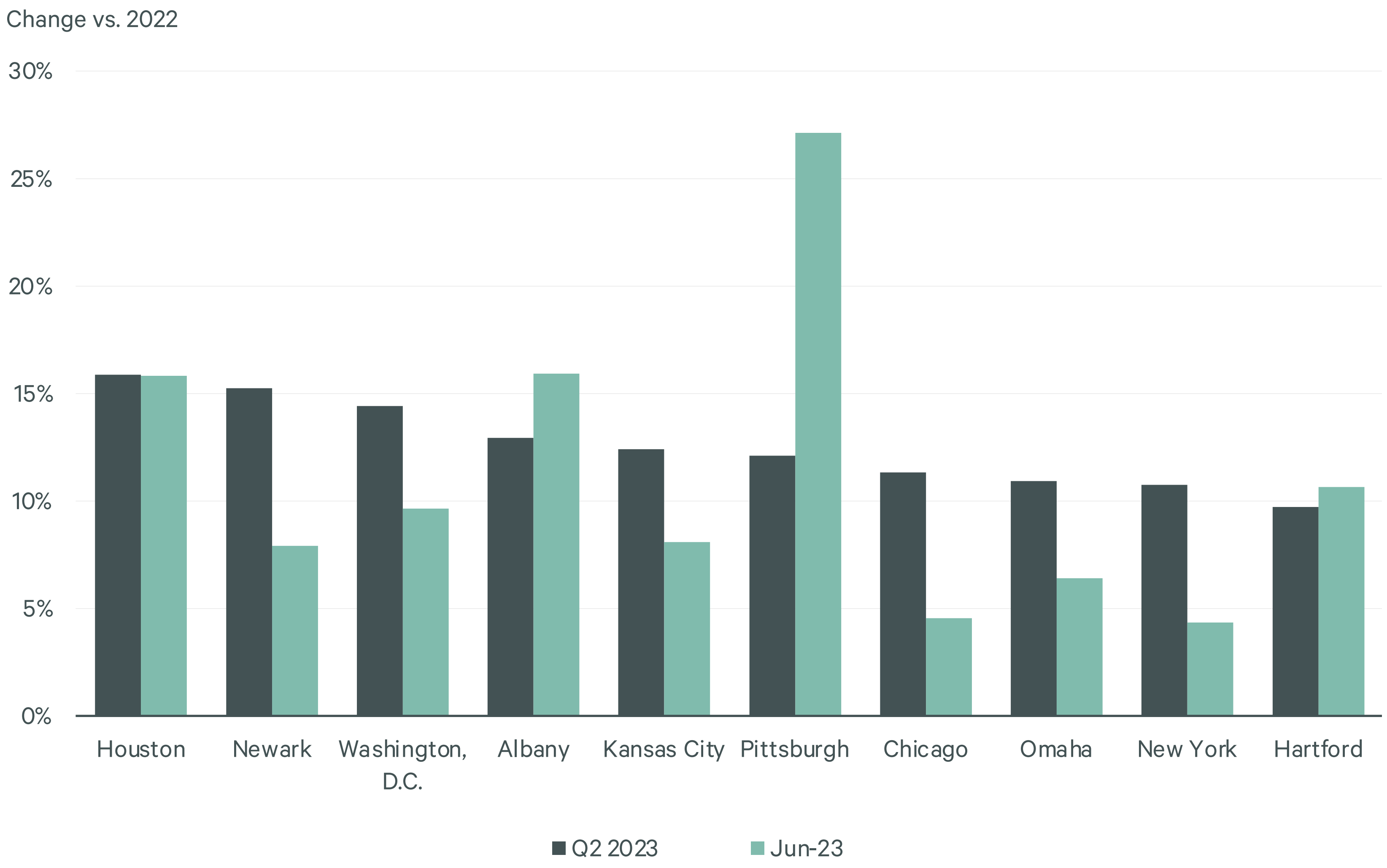
Figure 8
Top 10 RevPAR markets vs. 2019 & year-over-year change

- Tampa posted the biggest RevPAR gain in Q2 vs. Q2 2019 (+32%).
- Four of the top 10 markets—Tampa, Savannah, St. Petersburg and West Palm Beach—were in the Southeast.
- On a year-over-year basis, RevPAR declined in several of the top 10 markets, including Savannah, St. Petersburg, Phoenix and West Palm Beach.

Source: CBRE Hotels Research, Kalibri Labs, Q2 2023.

Figure 9
Q2 & June 2023 top 10 RevPAR markets vs. 2022

- Houston posted the largest year-over-year RevPAR gain of 16% in Q2. Year-over-year growth rates for the top 10 markets were all above 10% in Q2.
- None of the top 10 were leisure-focused markets.



Source: CBRE Hotels Research, Kalibri Labs, Q2 2023.

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