



Hotel Industry Overview

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STR provides monthly,
weekly and daily reports
to more than

50,000

worldwide hotels,
which represents

6.7 million rooms.





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5 Things To Know

1. Industry Pulse from 30,000 ft.
2. What's Going on in our Backyard?
3. Pipeline Growth
4. Where Are We Headed?
5. Potential Disruptors

#1

U.S. PULSE



U.S. Records Set in 2013

- ✓ Most Rooms Available
 - ✓ Most Rooms Sold
- ✓ Highest Rooms Revenue
 - ✓ Highest ADR (\$110)
 - ✓ Highest RevPAR (\$70)

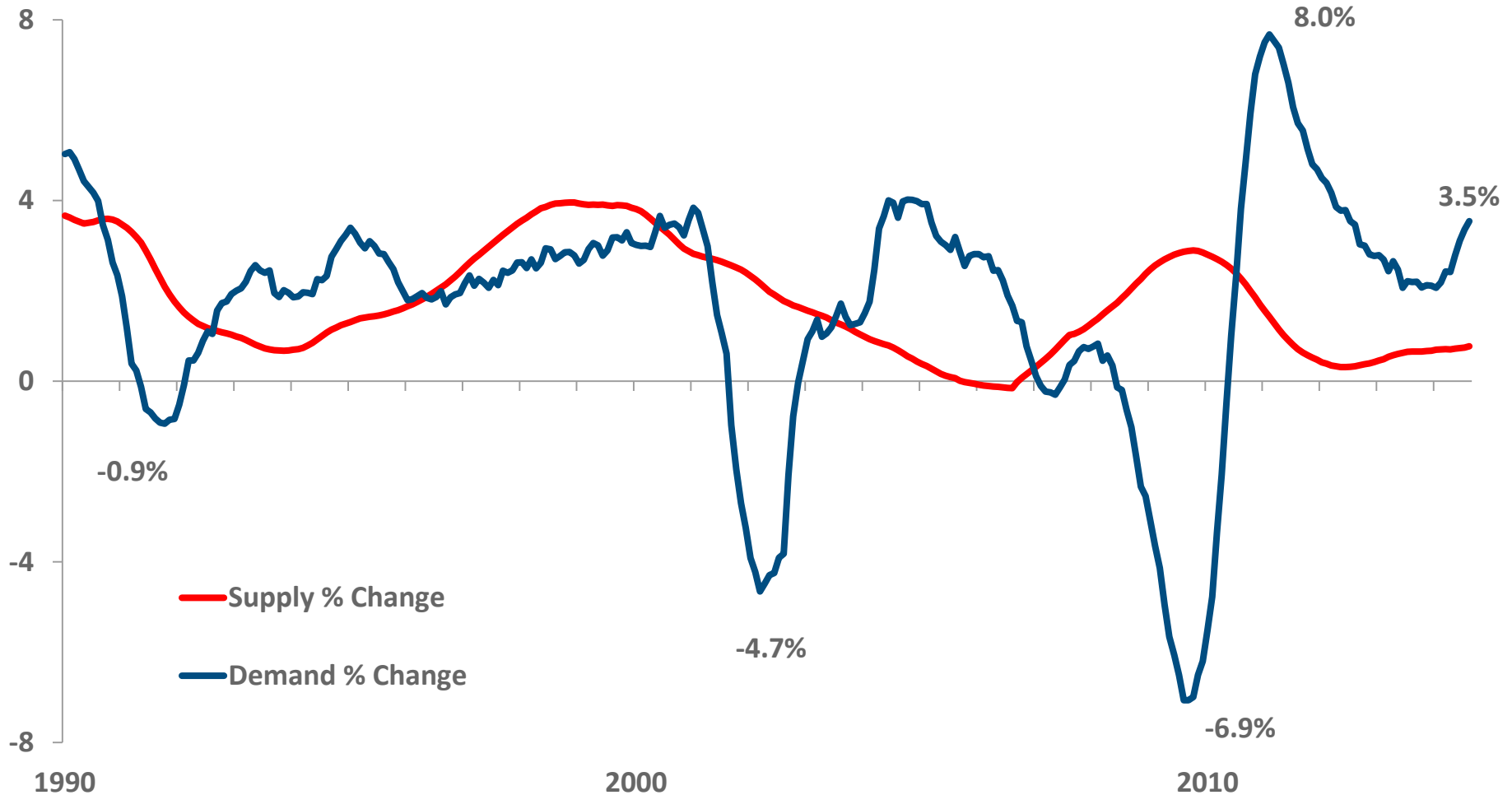
Strong Demand Drives Very Strong RevPAR

		<u>% Change</u>
Room Supply*	1.19bn	0.8%
Room Demand*	787M	4.3%
Occupancy	66%	3.4%
ADR*	\$115	4.4%
RevPAR*	\$76	8.0%
Room Revenue*	90bn	8.9%

Total U.S.: YTD August 2014

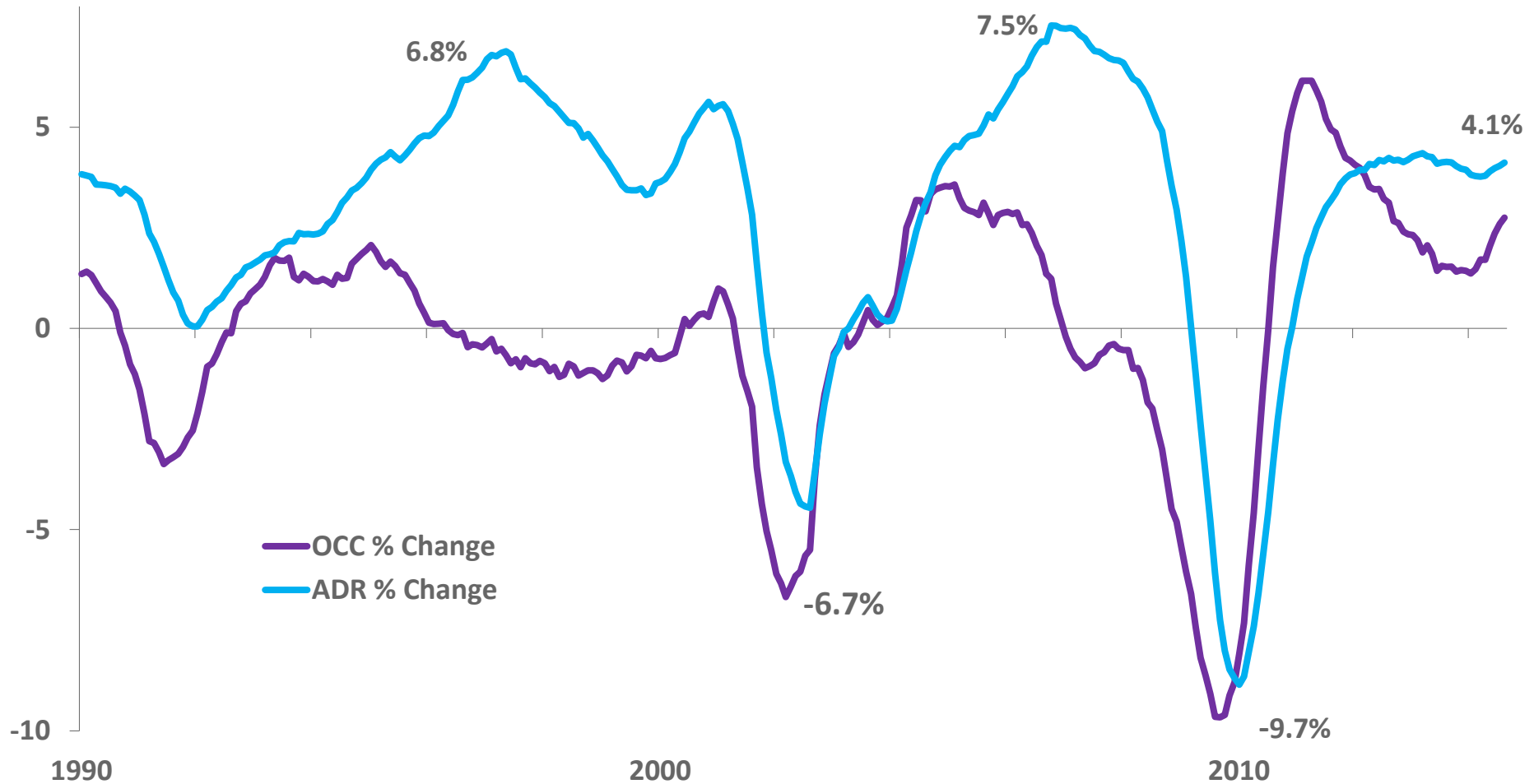
* All Time High for First 8 Months

Demand Growth Accelerates Again. Smooth Sailing Ahead!



Total U.S.: Supply & Demand % Change
12 MMA, January 1990 – August 2014

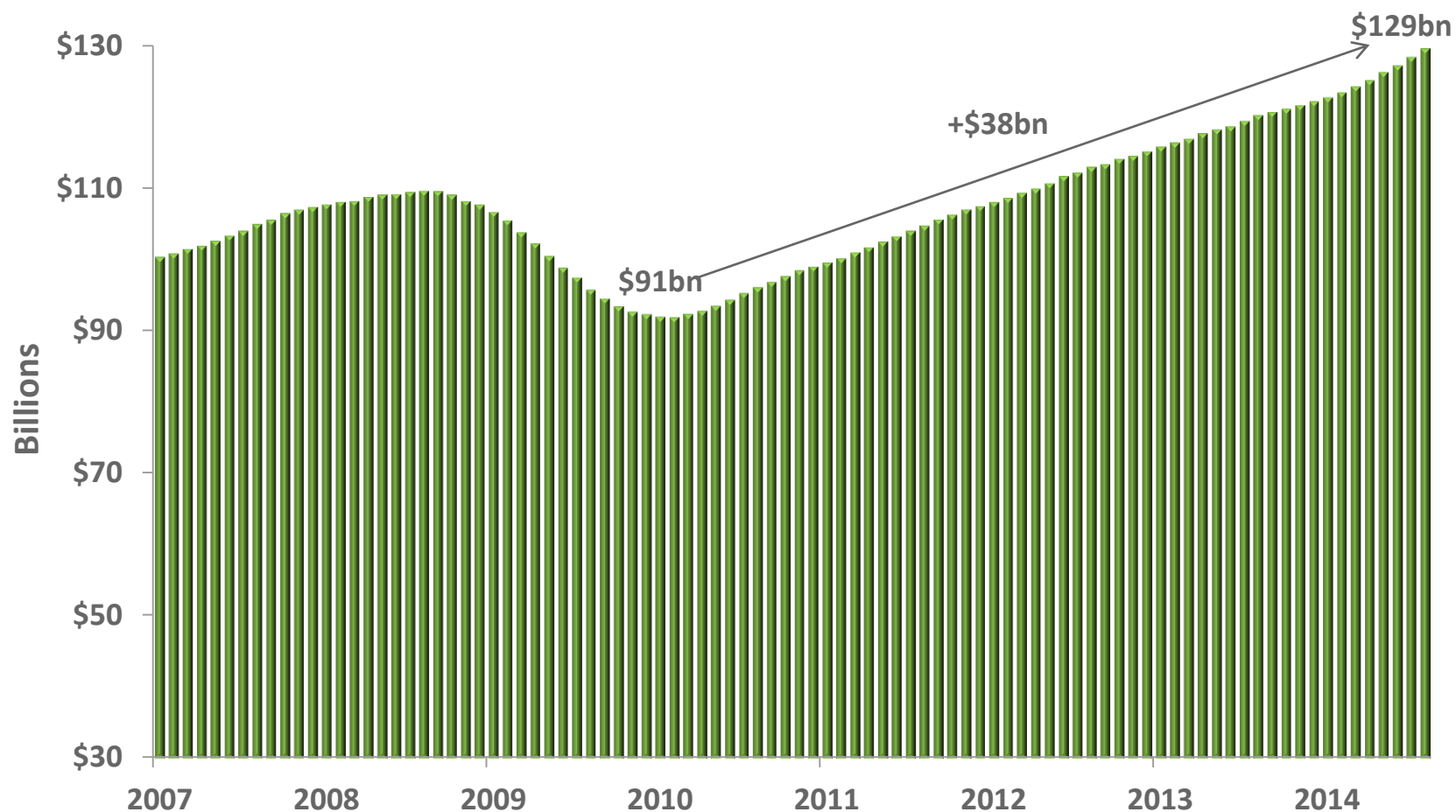
2014 Growth Rates Are Healthy. Occ continues to climb.



Total U.S.: ADR & OCC % Change
12 MMA, January 1990 – August 2014

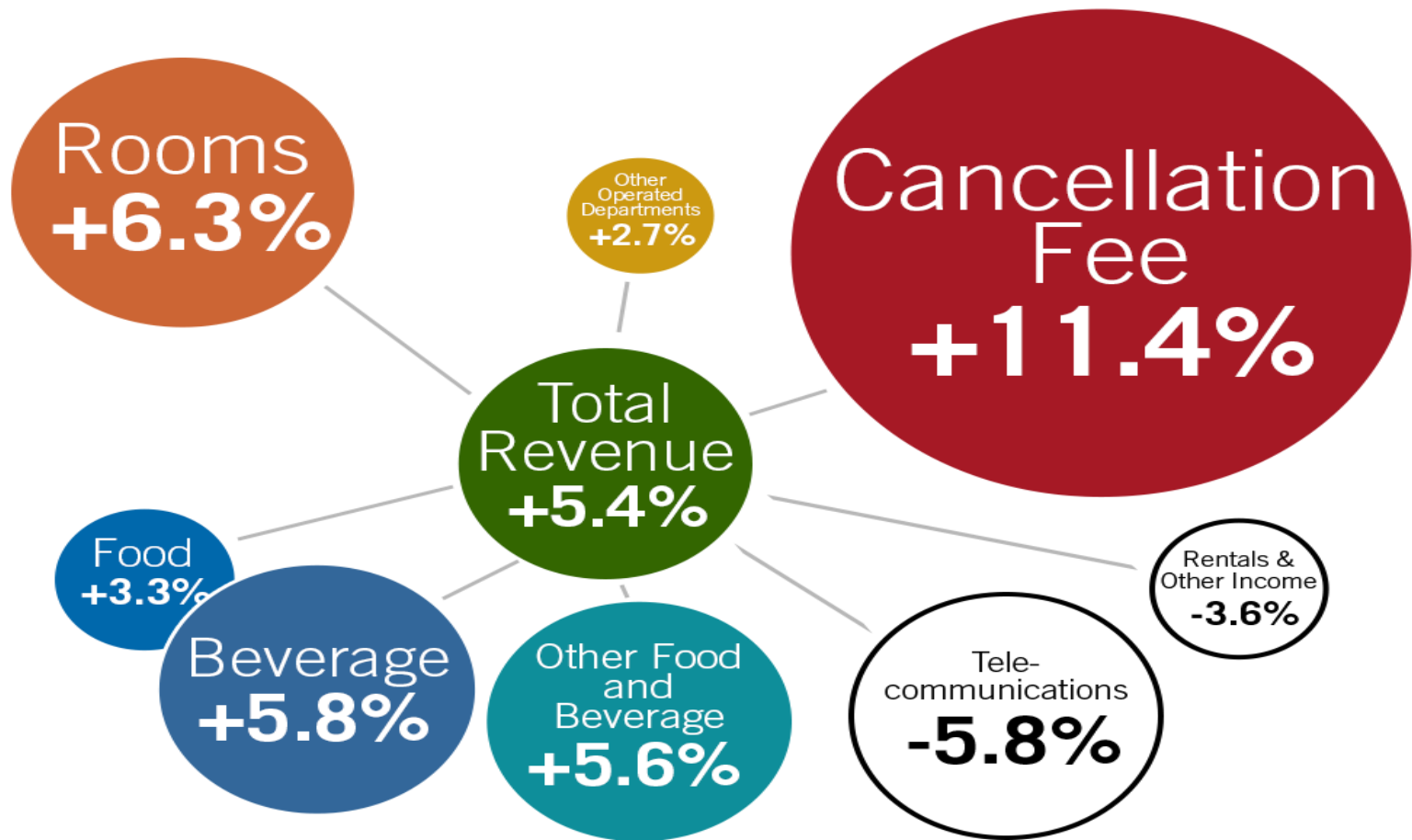


Room Revenue at All Time High



Total U.S.: Room Revenue
12 MMA, January 2005 – August 2014





Total U.S.: 2013 Revenue Variance from 2012

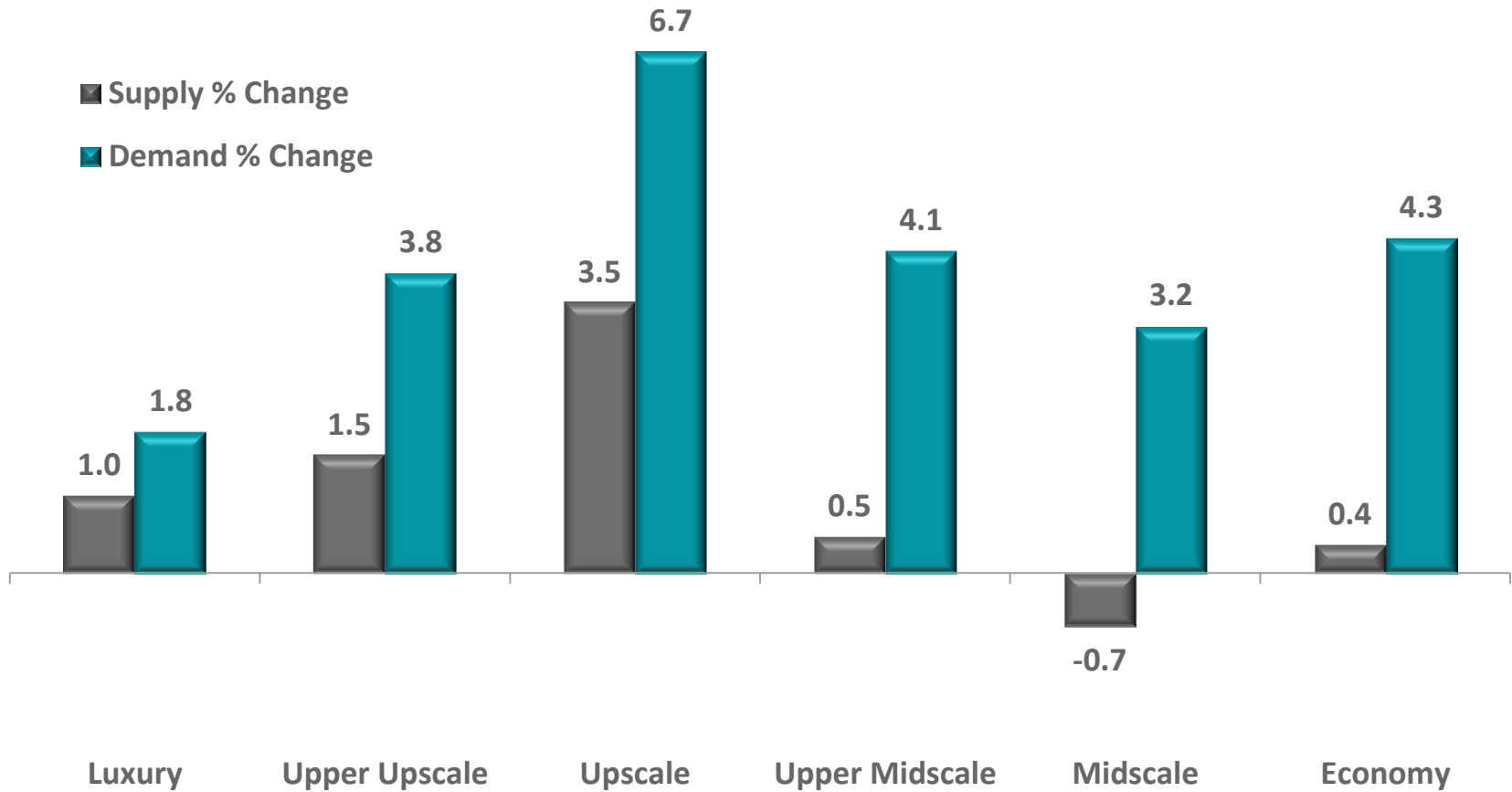
Source: 2014 STR Analytics HOST Almanac

2014 STR Chain Scales

**Full list available at www.str.com/resources/documents*

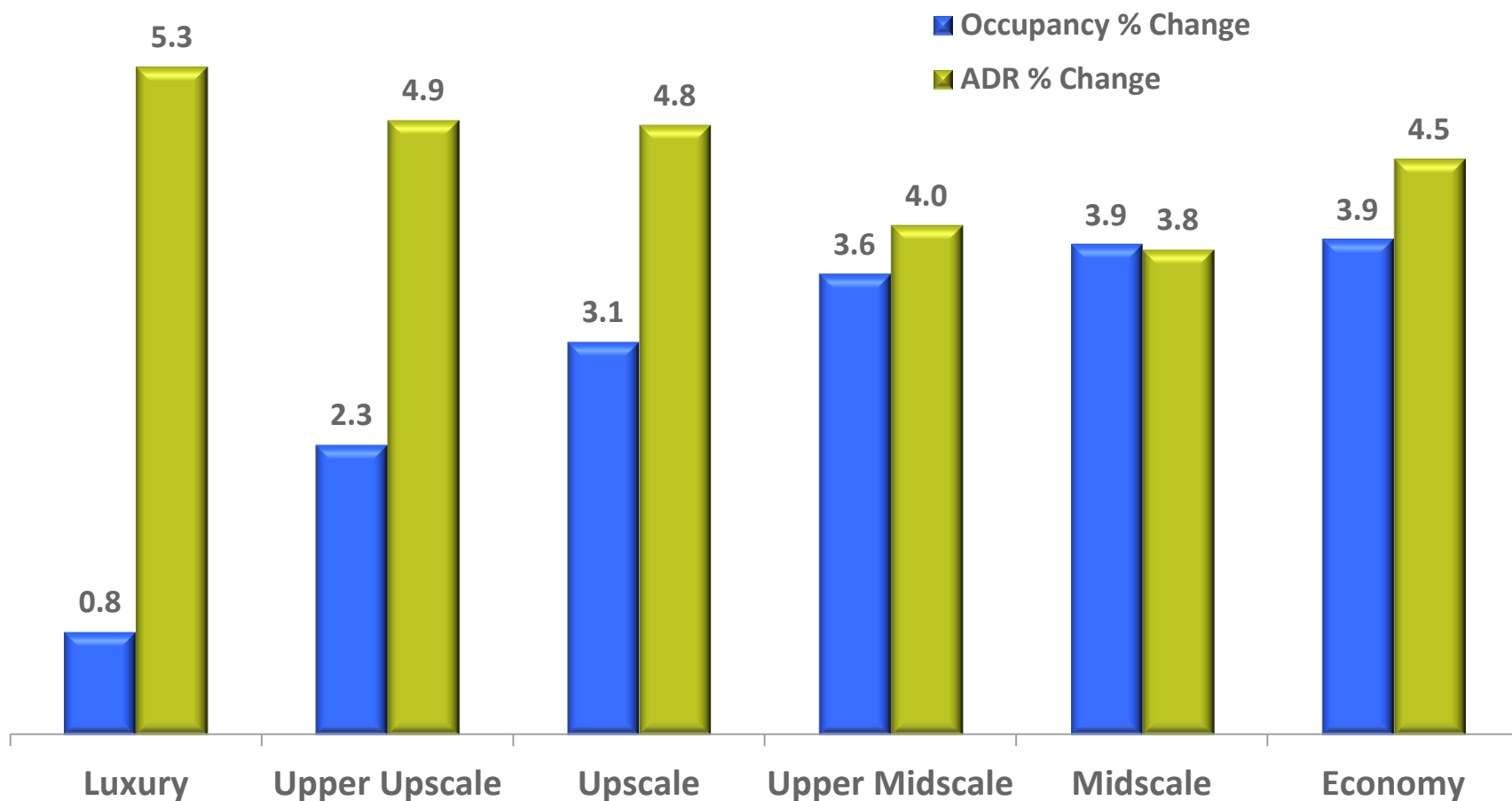
- **Luxury** – Fairmont, Four Seasons, Ritz Carlton, JW Marriott
- **Upper Upscale** – Hilton, Hyatt, Marriott, Kimpton Hotels
- **Upscale** – Radisson, Hilton Garden Inn, Residence Inn, Springhill Suites, Homewood Suites, Courtyard, Best Western Premier
- **Upper Midscale** – Fairfield Inn/Suites, Holiday Inn, Clarion, Hampton Inn/Suites, Best Western PLUS
- **Midscale** – Country Inn & Suites, Best Western, Candlewood Suites, Quality Inn/Suites
- **Economy** – Extended Stay America, Red Roof, Days Inn, Microtel

A Tale of 2 Supply Growth Scenarios



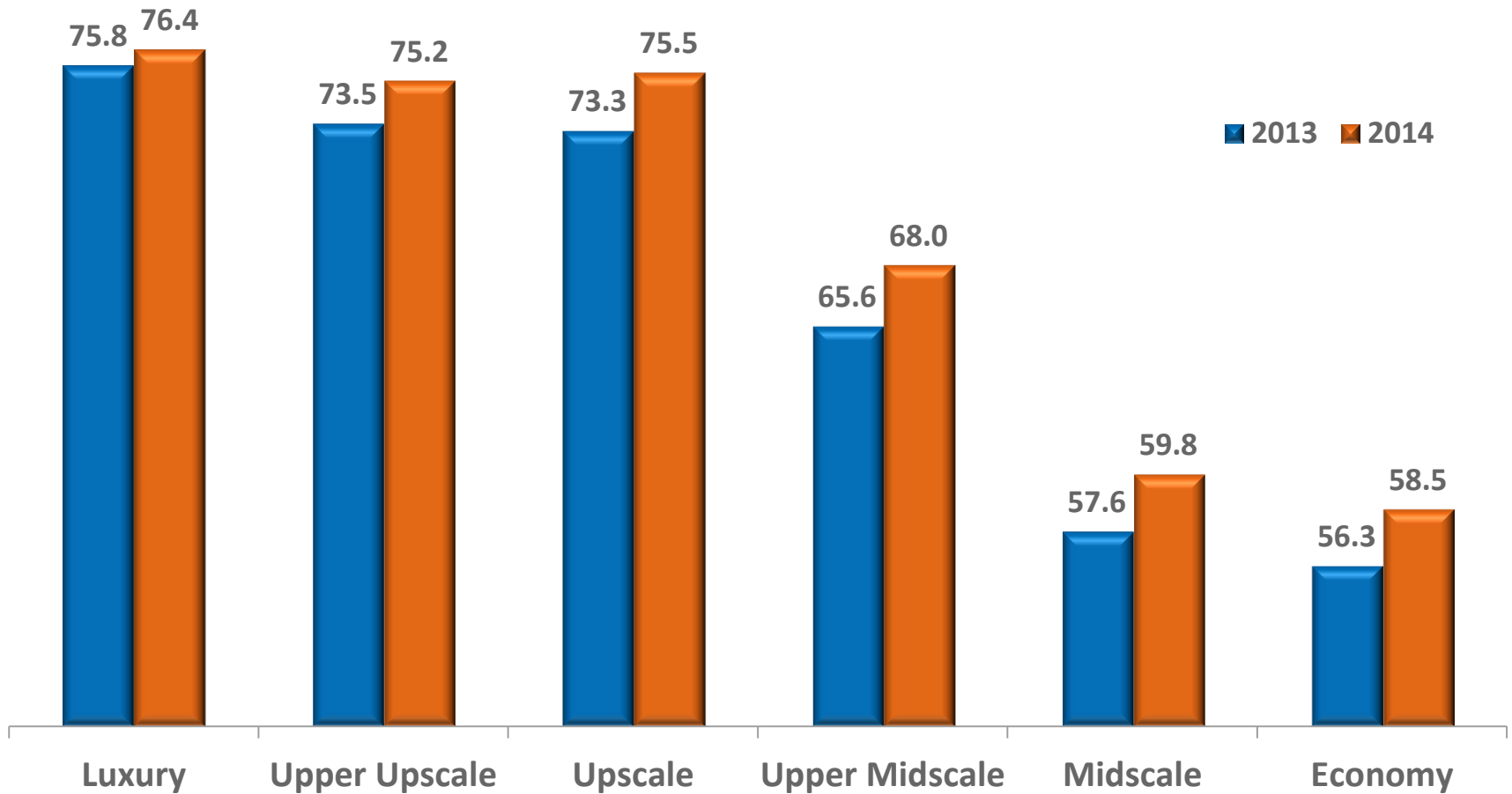
Supply / Demand % Change, by Scale
YTD August 2014

ADR Growth Strong Across The Board



Occ / ADR % Change, by Scale
YTD August 2014

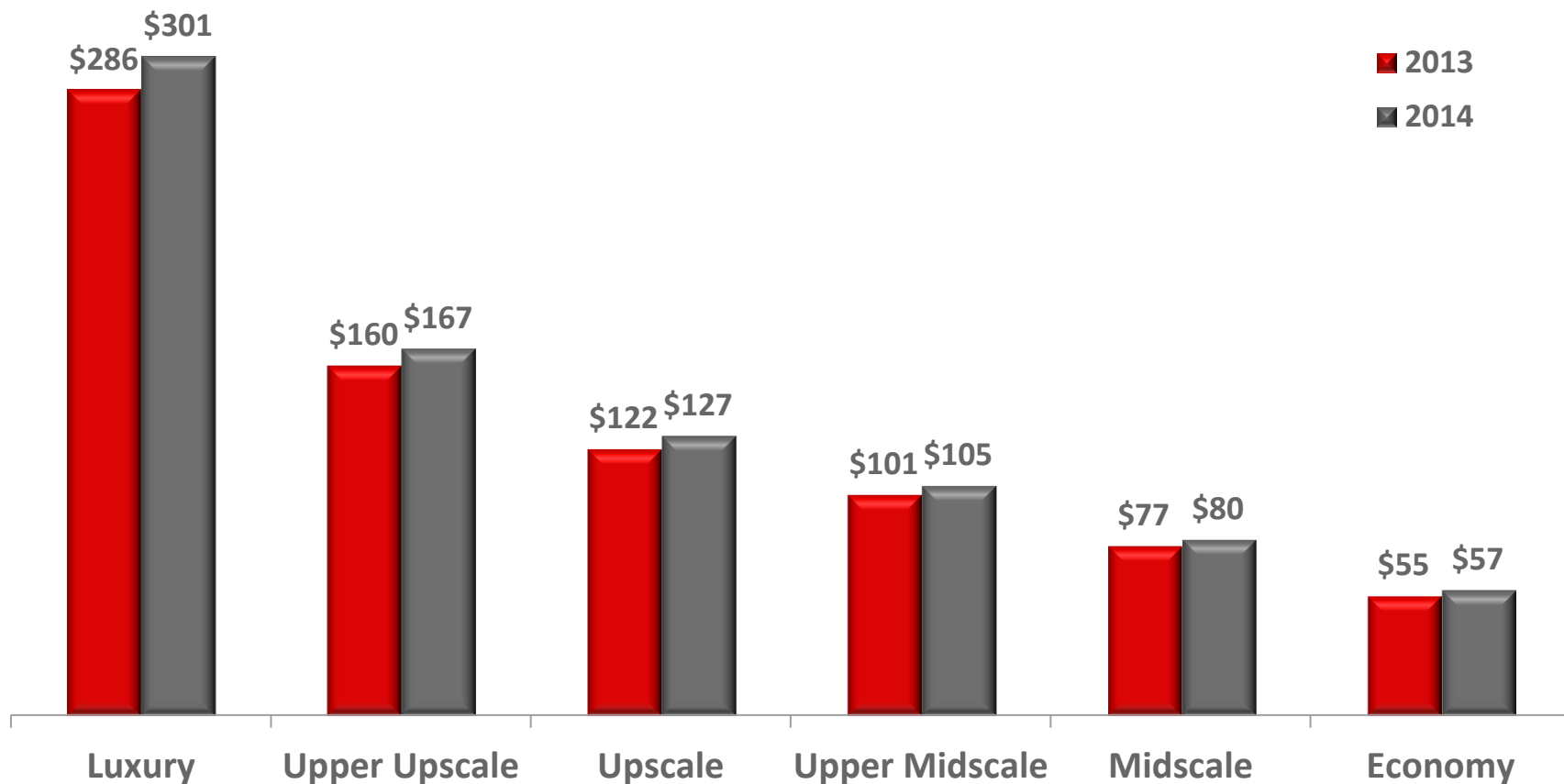
Absolute Occ Very High On Upper End



Occ %, by Scale
YTD August 2013 & 2014

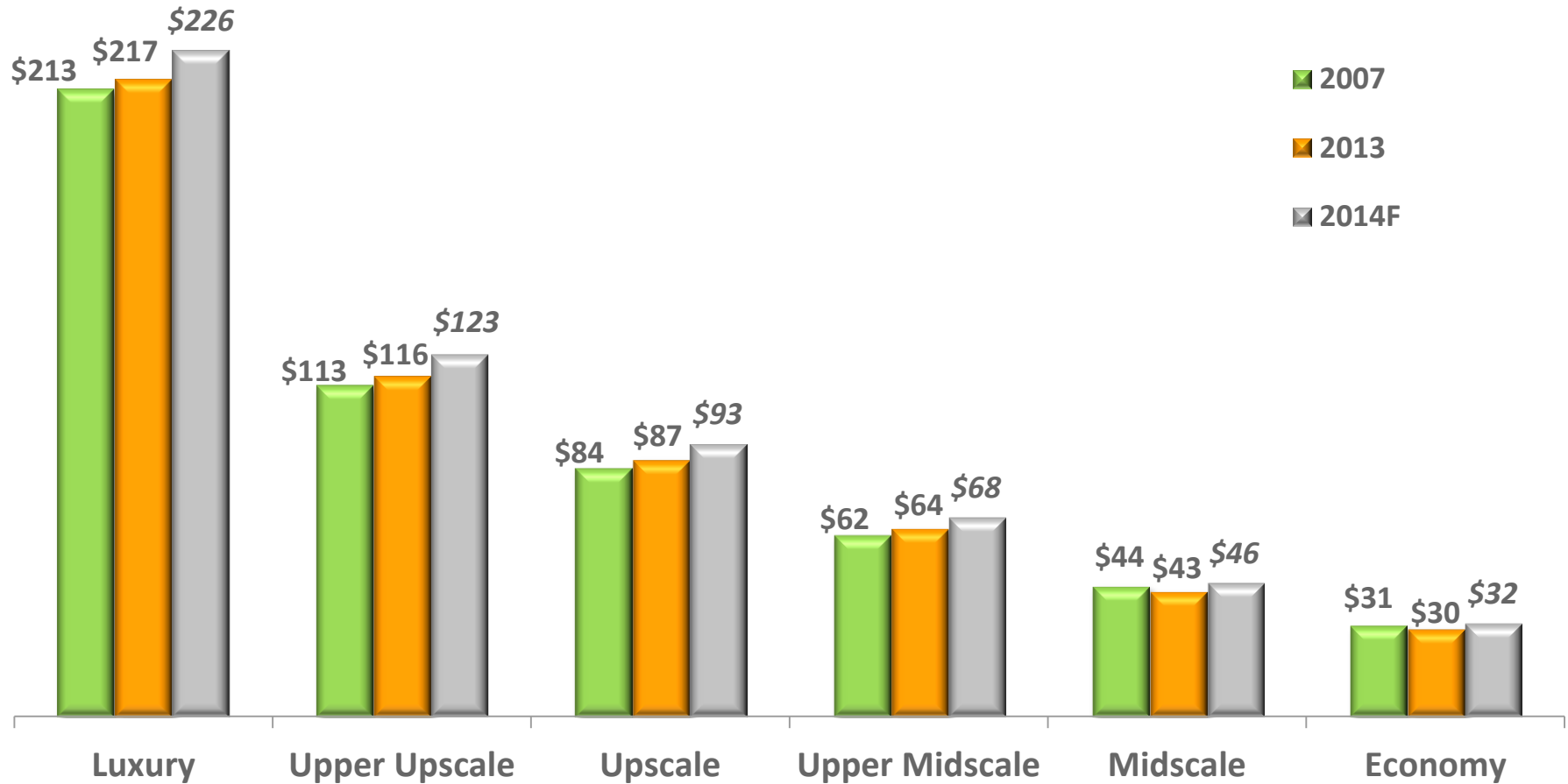


Absolute ADR Very Strong At The Luxury End



ADR \$, by Scale
YTD August 2013 & 2014

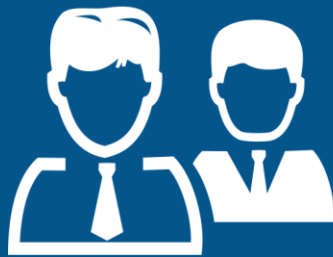
Actual RevPAR Catches Up To Prior Record Highs



U.S. Chain Scales: Absolute RevPAR \$
2007, 2013 & 2014 Forecast as of August 2014



Segmentation Performance



Group



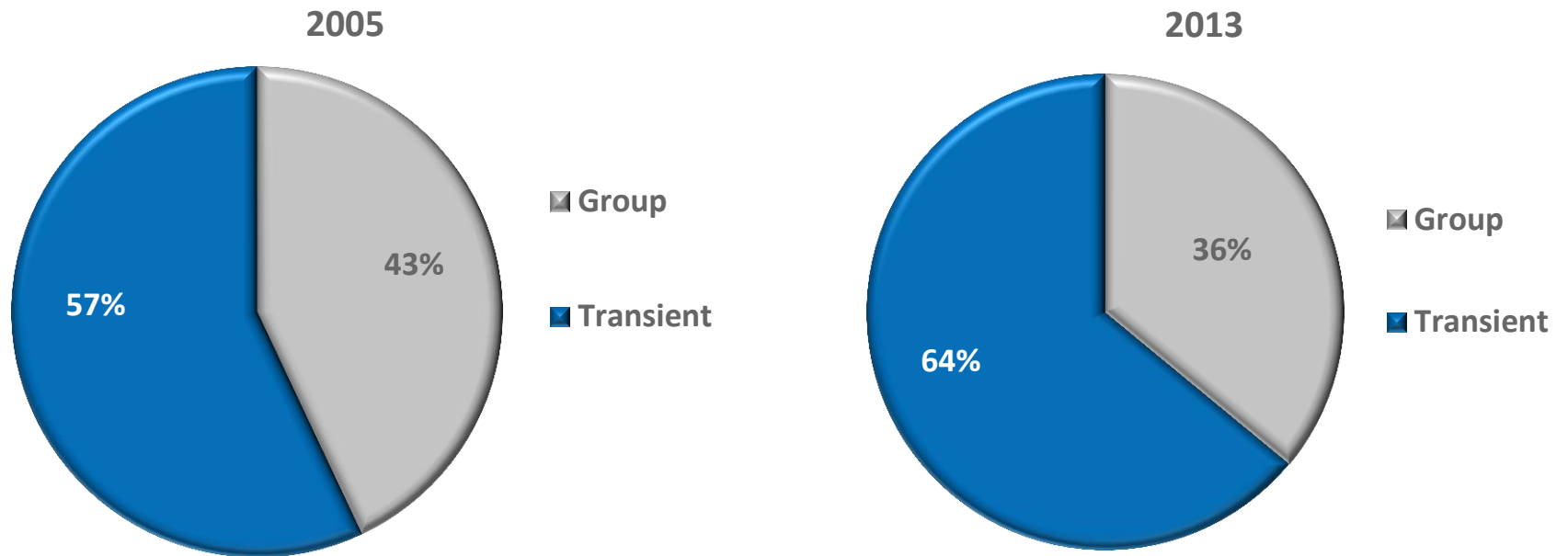
Transient



Contract

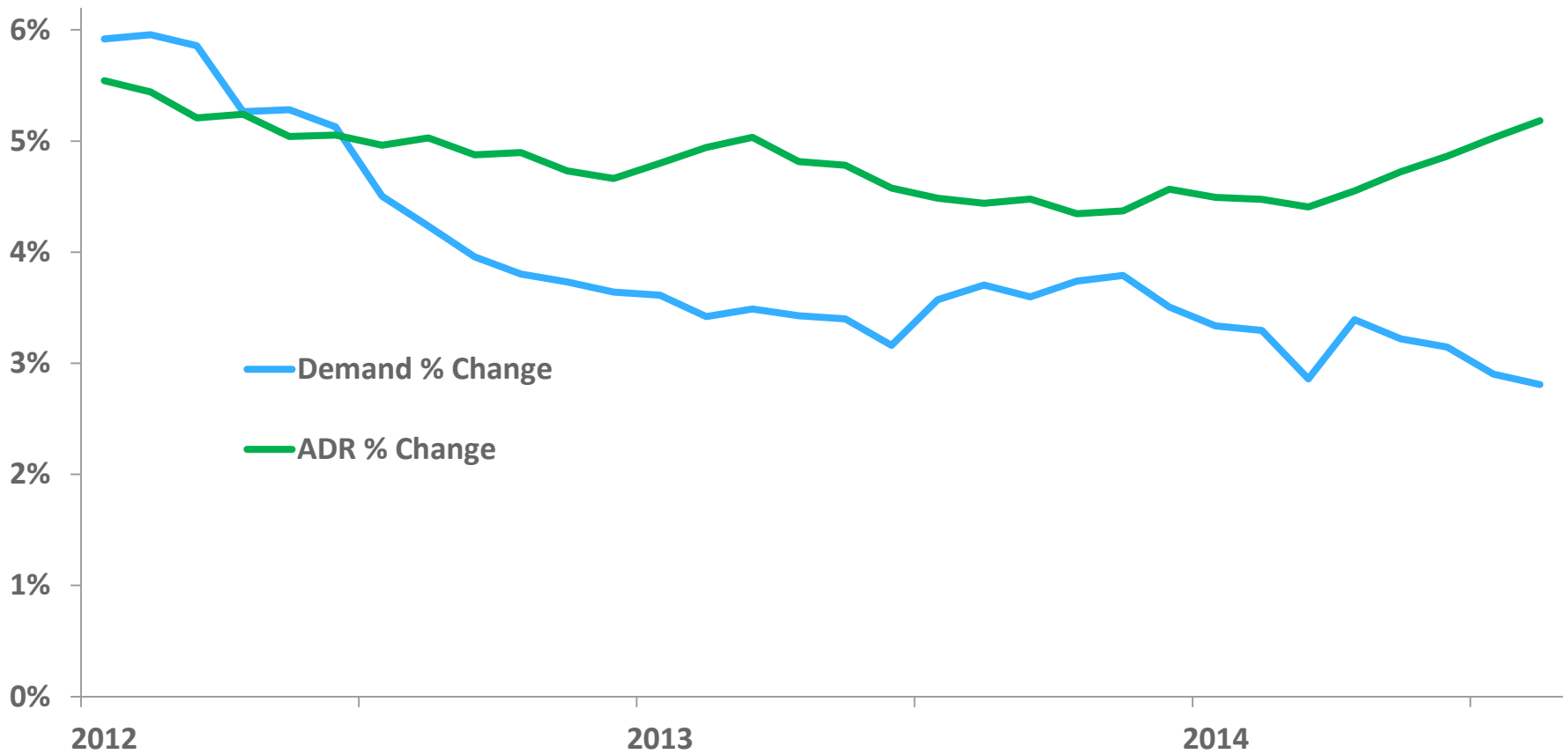
Segmentation

Transient Occupancy Share Increases



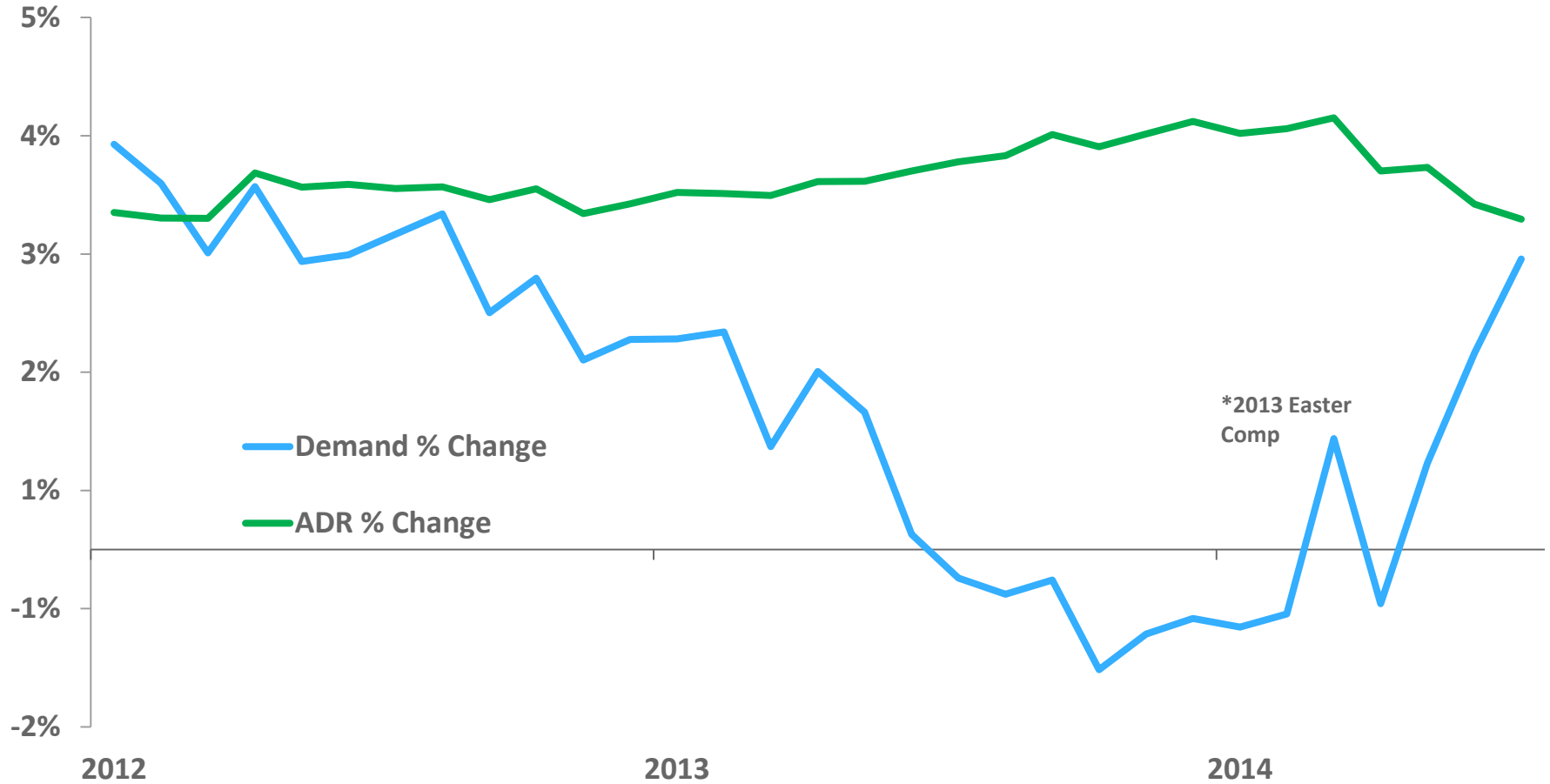
Transient and Group Occupancy as Share of Total Occ
2005 and 2013 (Share does not include contract)

Transient ADR Growth Helped By Lack Of Room Availability



Transient Demand and ADR % Change
12 MMA, January 2012 – August 2014

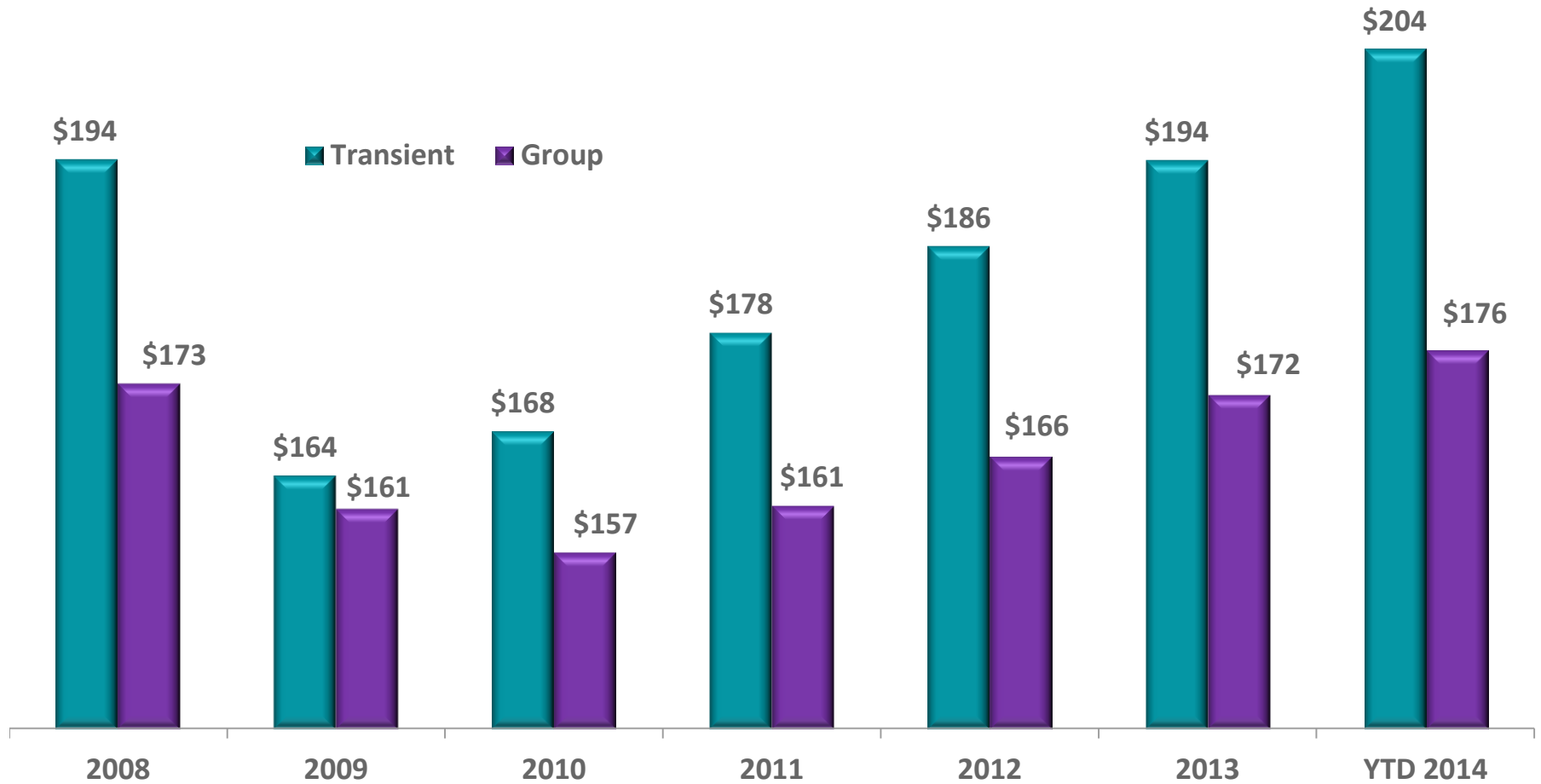
Group Demand Is Roaring Back



Group Demand and ADR % Change
12 MMA, January 2012 – August 2014



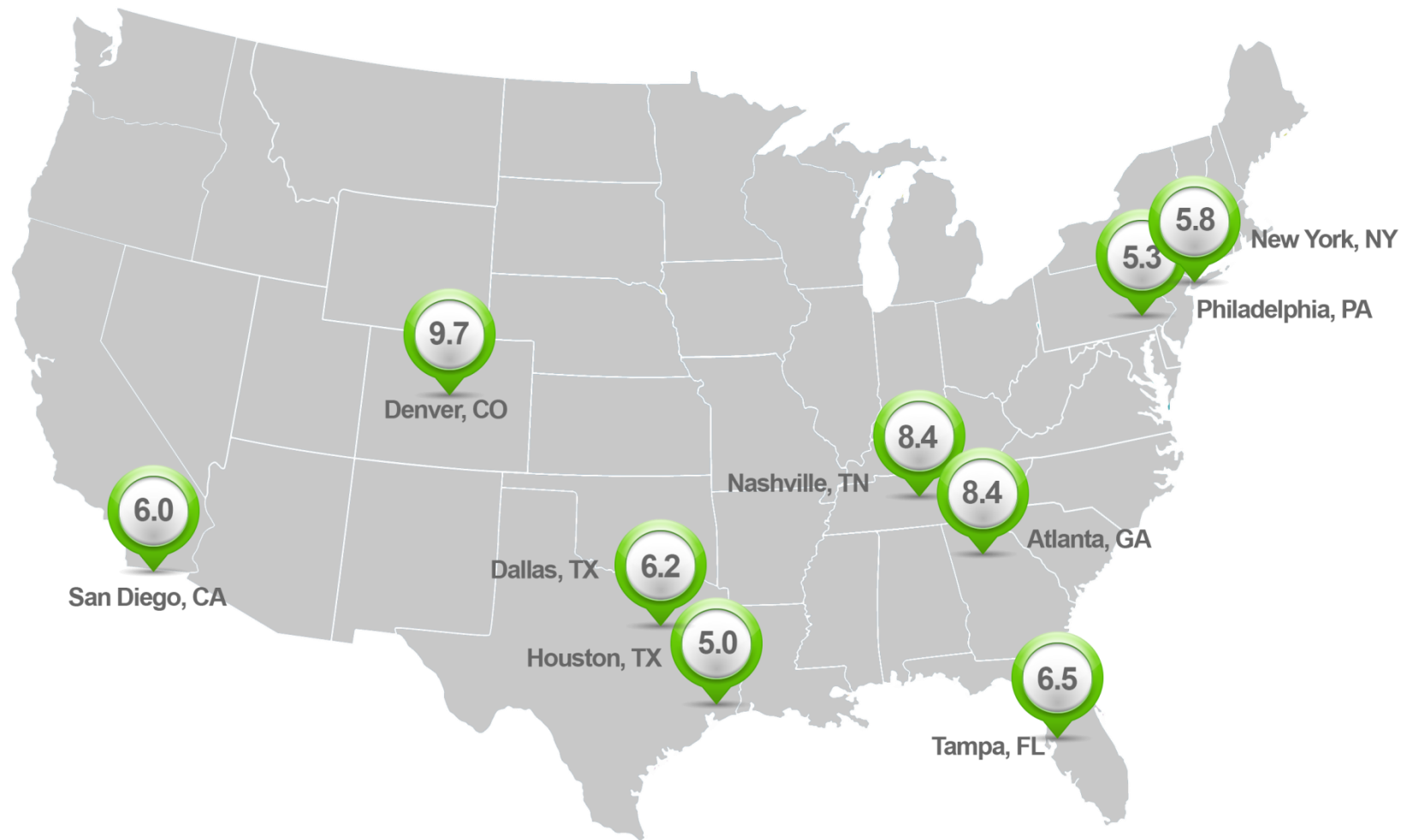
Transient & Group ADRs Back to 2008 Levels



U.S. Customer Segmentation ADR \$
2008 – 2013 & YTD August 2014

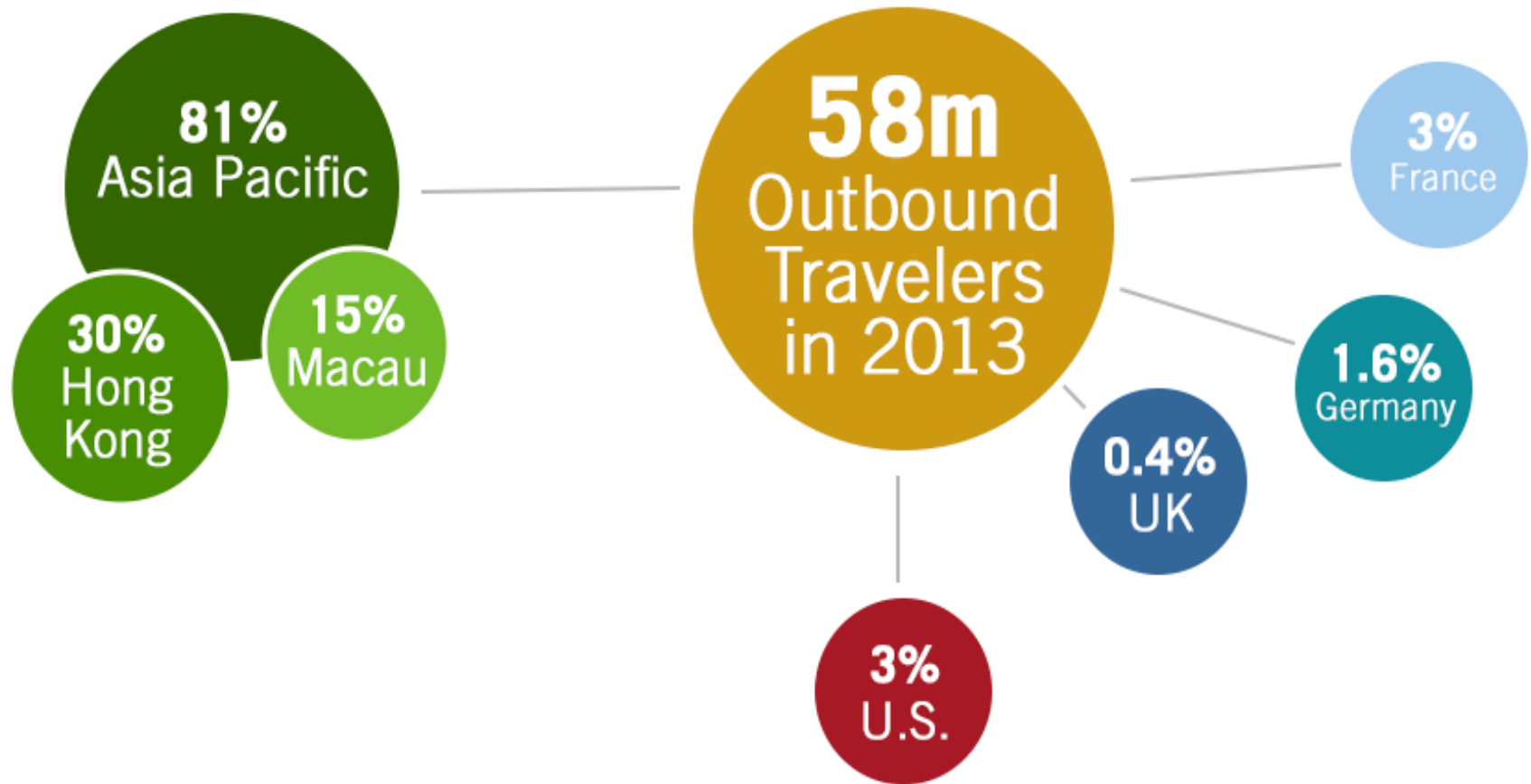


Markets With Demand Growth > 5%



Top U.S. Markets
Demand Growth %, YTD August 2014

China = Highest Growth Potential



Outbound Travel from China
Full Year 2013



TOURISM
ECONOMICS

A DIVISION OF OXFORD ECONOMICS



#2

TENNESSE

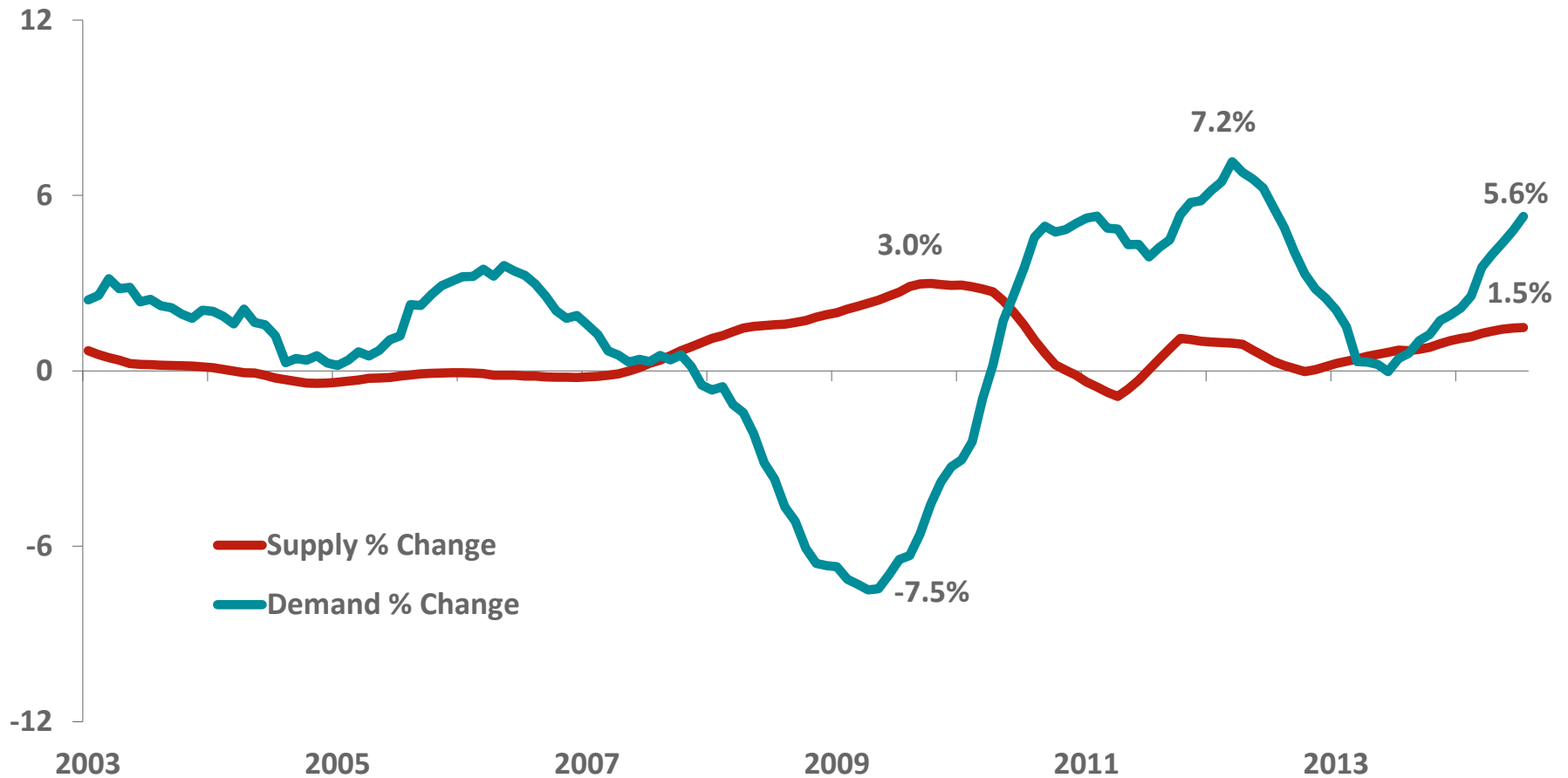
Tennessee is Breaking Records!

		<u>% Change</u>
Room Supply*	29.8M	1.5%
Room Demand*	18.4M	6.3%
Occupancy*	61.7%	4.8%
ADR*	\$92.13	7.9%
RevPAR*	\$56.81	13.1%
Room Revenue*	\$1.69bn	14.8%

State of Tennessee: YTD August 2014

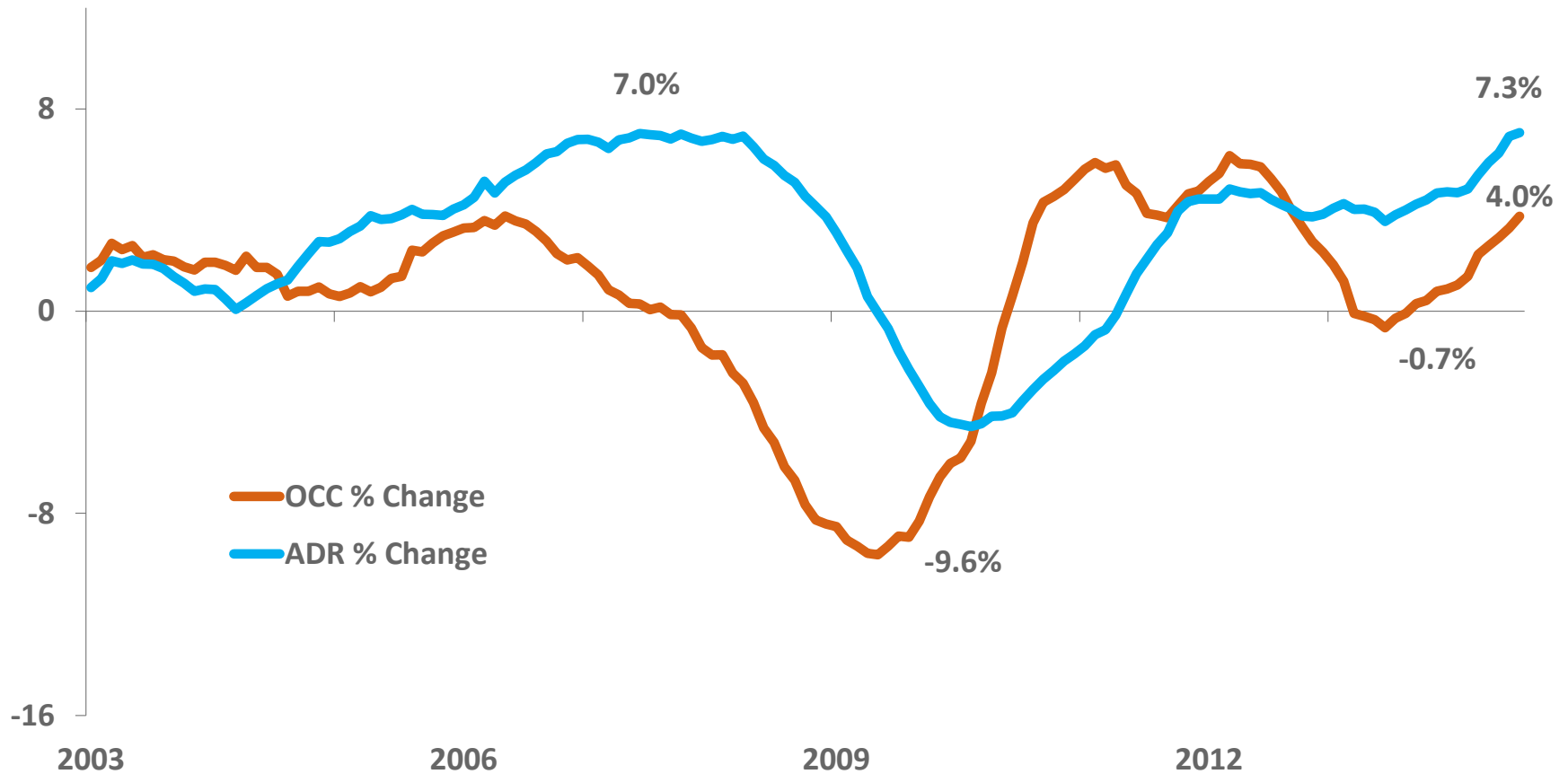
*All Time High for First 8 Months

Positive Supply/Demand Fundamentals



State of Tennessee: Supply & Demand % Change
12 MMA, January 2003 – August 2014

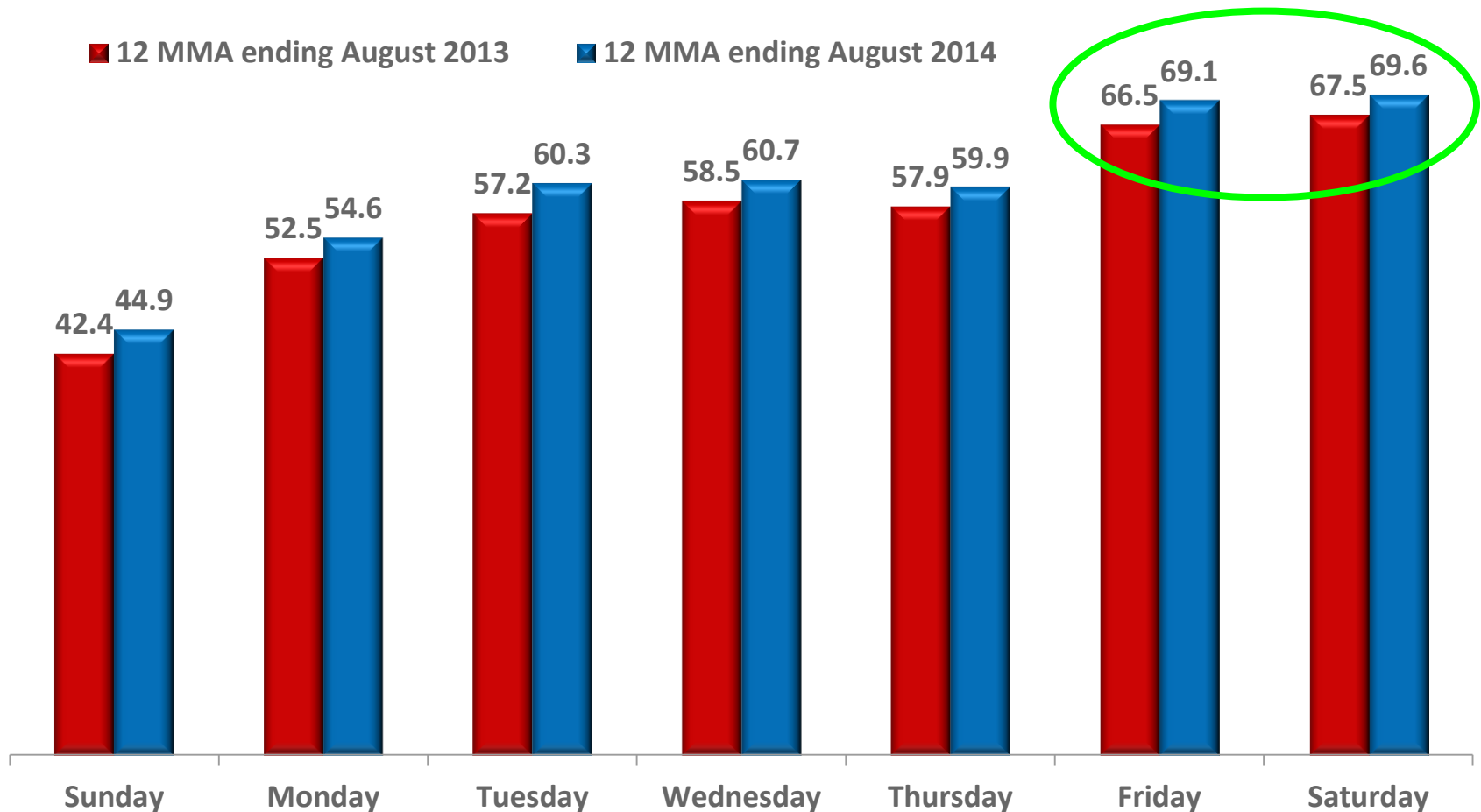
ADR Growth has Surpassed Occ Growth for Past 2 Yrs



State of Tennessee: Occ & ADR % Change
12 MMA, January 2003 – August 2014

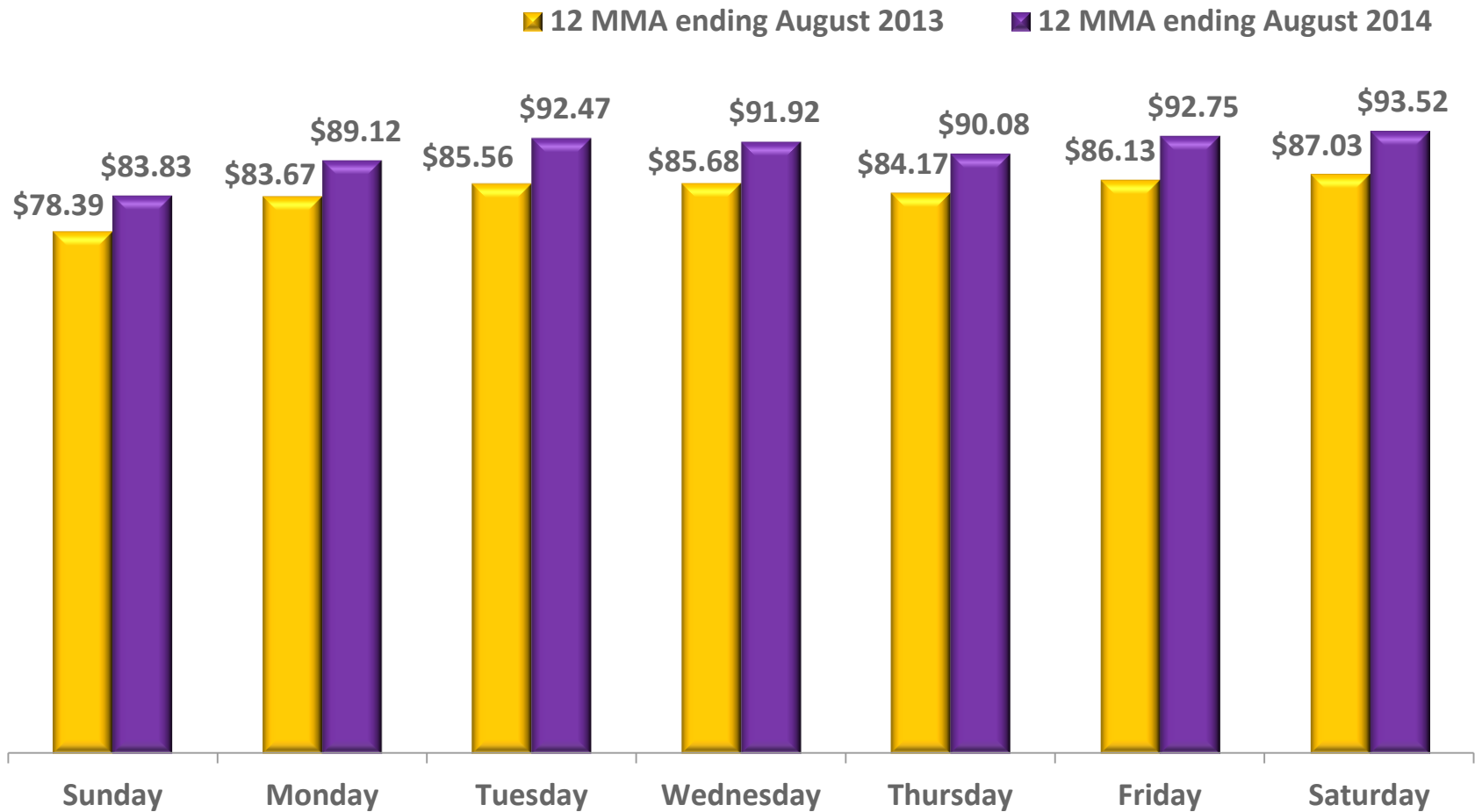


Fri/Sat – Nearly 10% Occ Premium Over Weekdays



Day of Week Metrics : State of Tennessee Occupancy
12 MMA ending August 2013 vs. 2014

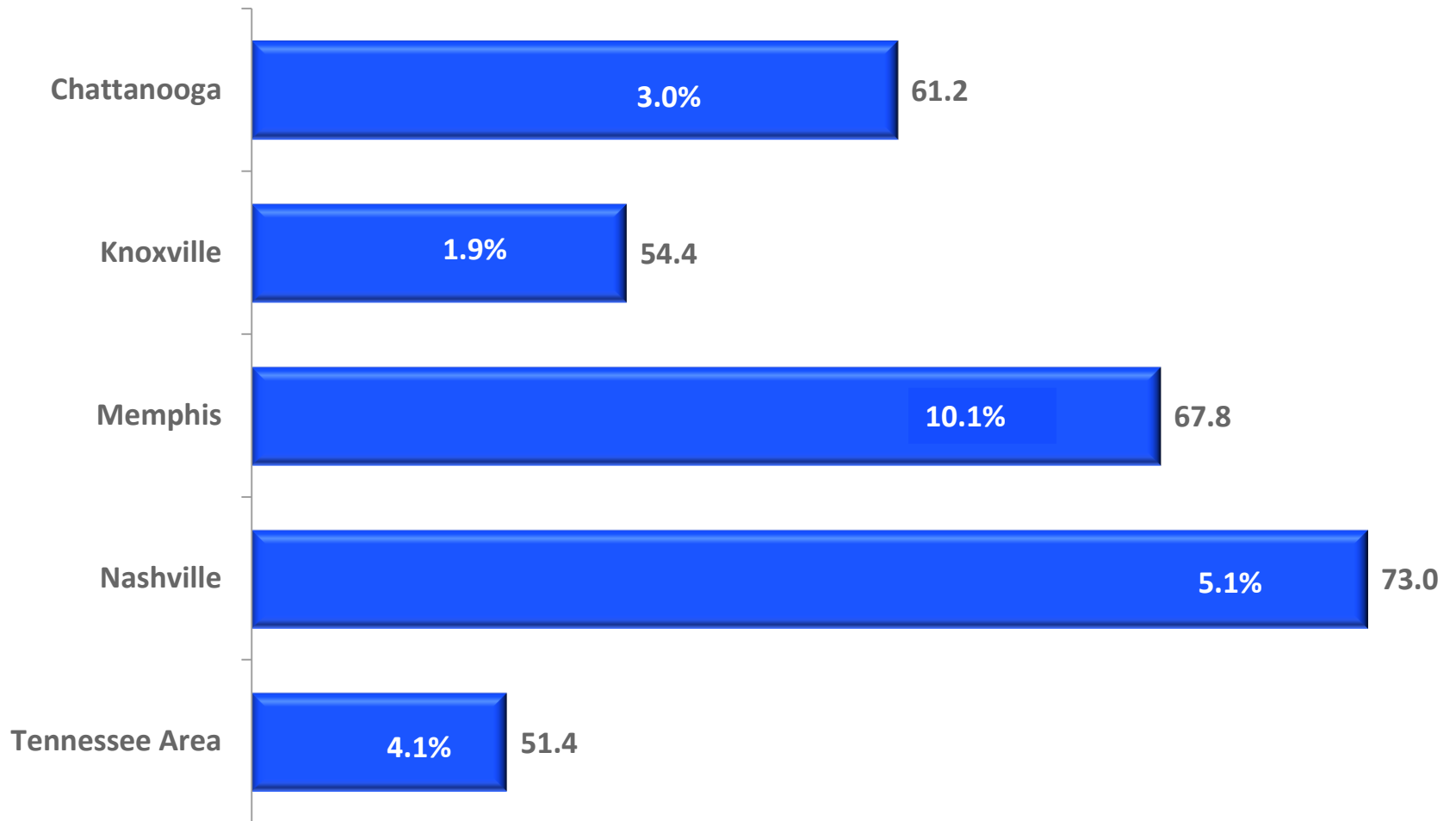
Relatively Consistent ADRs



Day of Week Metrics : State of Tennessee ADR

12 MMA ending August 2013 vs. 2014

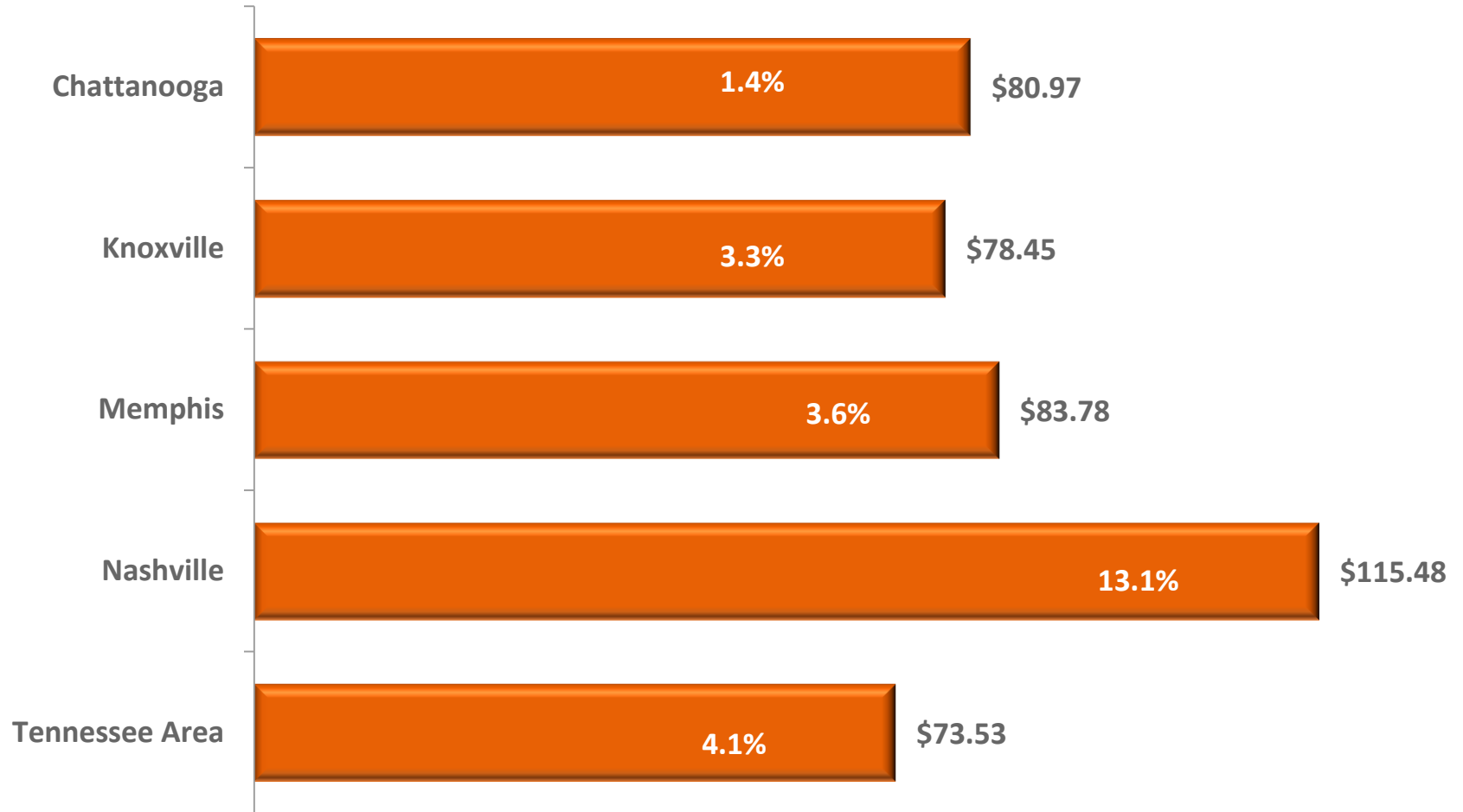
Double Digit Occupancy Growth in Memphis



Tennessee Markets: Occ & Occ % Change
YTD August 2014



Nashville Continues ADR Surge



Tennessee Markets: ADR & ADR % Change
YTD August 2014



#3 PIPELINE ACCELERATES



STR Pipeline Phases

In Construction – Vertical construction on the physical building has begun. (This does not include construction on any sub-grade structures.)

Final Planning – construction will begin within the next 12 months.

Planning – construction will begin in more than 13 months.

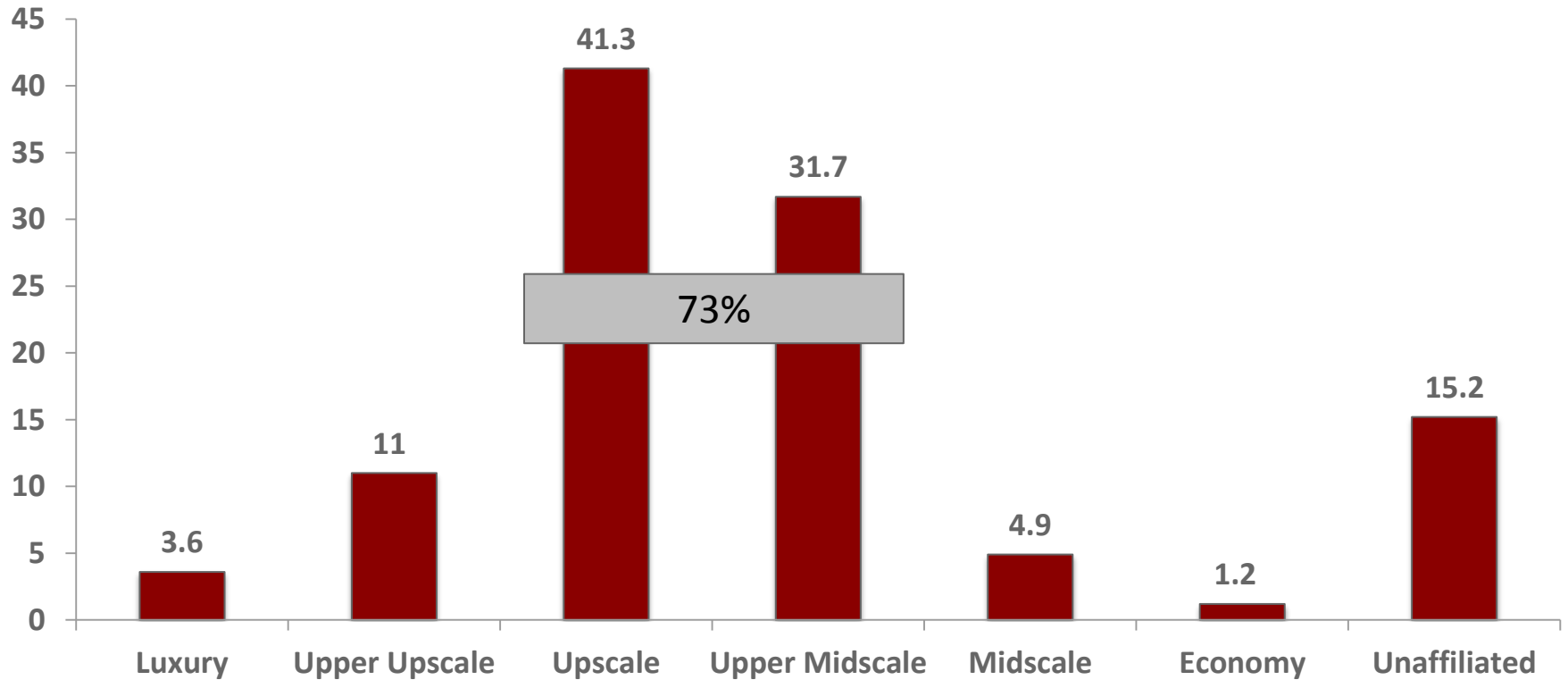
Unconfirmed – Potential projects that remain unconfirmed at this time (formerly Pre-Planning).

In Construction Pipeline – 34% Increase

Phase	September 2014	September 2013	Difference	% Change
In Construction	110,581	82,242	28,339	34.5%
Final Planning	120,162	127,062	-6,900	-5.4%
Planning	164,335	124,471	39,864	32.0%
Total Under Contract Pipeline	395,078	345,729	49,349	14.3%

Total U.S. Pipeline, by Phase (Rooms)
September 2014 vs 2013

UC Rooms Mostly In Upscale & Upper Midscale



Total U.S.: Rooms In Construction by Scale – In Thousands
August 2014

11k Rooms is Equivalent to 9% of TN's Existing Supply

Phase	Projects	Rooms
Chattanooga	7	855
Knoxville	12	1,360
Memphis	19	2,188
Nashville	41	6,019
Tennessee Area	14	966
TOTAL	93	11,388

Tennessee Pipeline, by Market
September 2014



#4 WHERE ARE WE HEADED?



Positive RevPAR Growth For The Foreseeable Future



Total U.S., RevPAR % Change
12 MMA, January 1990 – August 2014



U.S. Outlook

	2014 Forecast	2015 Forecast
Supply	1.0%	1.3%
Demand	3.6%	2.1%
Occupancy	2.6%	0.7%
ADR	4.2%	4.4%
RevPAR	6.9%	5.2%

Total U.S.: Key Performance Indicator Outlook (% Change vs. Prior Year)
2014 – 2015

2014 Year End RevPAR Forecast

0% to 5%	5% to 10%	10% to 15%	15%+
Chicago	Anaheim	Atlanta	Nashville
New Orleans	Detroit	Boston	
New York	Houston	Dallas	
Norfolk	Los Angeles	Denver	
Philadelphia	Miami	San Francisco	
Washington	Minneapolis	Seattle	
	Oahu	Tampa	
	Orlando		
	Phoenix		
	San Diego		
	St. Louis		

Top 25 U.S. Markets, August 2014 Forecast (Markets sorted alphabetically)

2015 Year End RevPAR Forecast

-5% to 0%	0% to 5%	5% to 10%	10% to 15%
New York	Atlanta	Anaheim	Nashville
	New Orleans	Boston	
	Norfolk	Chicago	
	Philadelphia	Dallas	
	Washington	Denver	
		Detroit	
		Houston	
		Los Angeles	
		Miami	
		Minneapolis	
		Oahu	
		Orlando	
		Phoenix	
		San Diego	
		San Francisco	
		Seattle	
		St. Louis	
		Tampa	

Top 25 U.S. Markets, August 2014 Forecast (Markets sorted alphabetically)





#5

POTENTIAL DISRUPTORS





THE IMPACT OF THE SHARING ECONOMY ON HOTELS

AN ANALYSIS OF AIRBNB AND ALTERNATIVE ACCOMMODATIONS

<http://www.hotelnewsnow.com/article/14346/the-impact-of-the-sharing-economy-on-hotels>

Take-Aways...

- Life is Great!
- Demand & ADR Growth: Strong & Steady
- Group Demand: Improving
- Supply Growth: Not an Issue...yet
- STR Forecast: Positive, Robust Growth

ANY
QUESTIONS
?



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