

# U.S. Lodging Industry H2 2024



November 9, 2024

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# U.S. Lodging Industry H2 2024

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# U.S. Lodging Industry H2 2024



## U.S. Election

- U.S. Presidency is on the verge of changing hands for the third time in eight years, the biggest period of White House instability since the 1970s.
- Potential unified government (President, House, & Senate) Republican Party will usher in transformative period.
  - Growth oriented policies, lower regulation, strong pro-business environment.
- Commercial real estate (CRE) will be presented with opportunities and challenges.
  - Expansion focused policies can increase the value of real estate assets as rising costs drive up replacement values.
  - Growth centric policies often have inflationary effects, impacting borrowing costs and property values. Higher interest rates, driven by the need to manage inflation, could reshape financing dynamics in CRE, with capital costs likely to adjust to a “higher for longer” rate environment.
- CRE is on the brink of unprecedented investment opportunities.
  - Road ahead may be volatile however potential for generating Alpha is unprecedented.

# U.S. Lodging Industry H2 2024



## Economy

Skift  
RESEARCH

2. ECONOMIC LANDSCAPE

2.1 Short-Term Worries

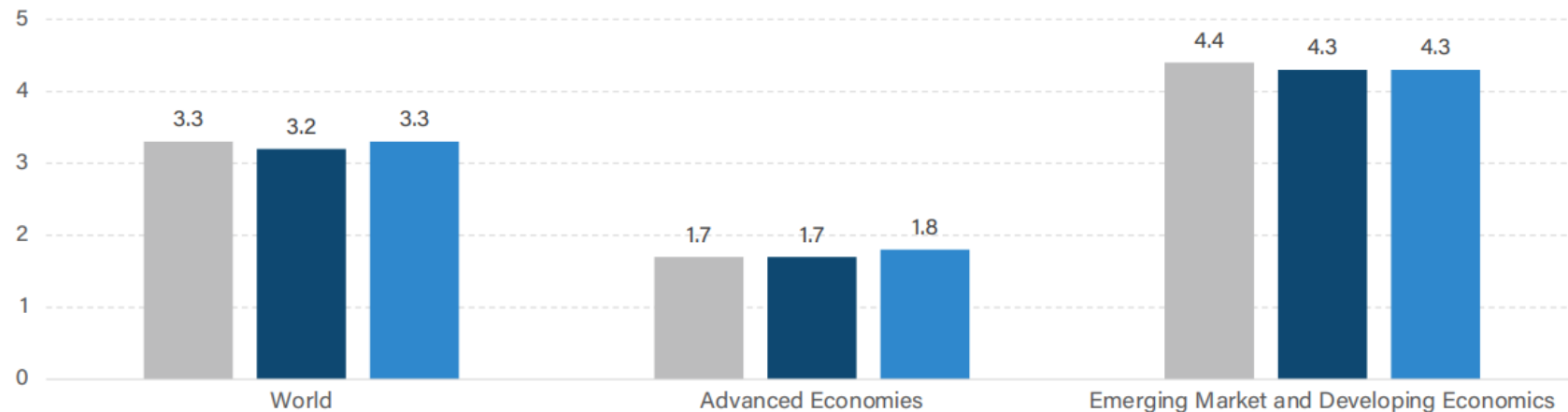
The State Of Travel 2024

## Global Economy Remains Slow and Steady

The global economy is choppy but expanding. Despite some isolated signs of weakness, the international monetary fund still expects gross domestic product to grow in 2024 and into 2025. Emerging and developing economies are set outpace advanced ones but in both cases, economic expansion should support continued tourism growth.

**World Economic Outlook**  
Real GDP Growth Projections

■ 2023 ■ 2024 ■ 2025



Source: IMF World Economic Outlook Update, July 2024.



# U.S. Lodging Industry H2 2024



## Economy

### Economic Growth Refuses To Quit

July 31, 2024



New Data Quells Fears of an Imminent Downturn

### Wealthier Americans are driving retail spending and powering US economy

October 18, 2024



### Goldman Sachs CEO Solomon: US Economy Proving 'Incredibly Resilient'

October 29th, 2024, 2:38 AM EDT

Bloomberg

### US Economy Expands at 2.8% Rate, Powered by Resilient Consumer

October 30, 2024

- Consumer spending advanced 3.7%, the most since early 2023
- Third-quarter GDP growth restrained by wider trade deficit



### Federal Reserve cuts interest rates by a quarter point

NOV 7 2024



### U.S. Hiring Accelerated in September, Blowing Past Expectations

THE WALL STREET JOURNAL

Jobs report strongly suggests the U.S. might be headed toward a soft landing

Oct. 4, 2024

### U.S. Economy Again Leads the World, IMF Says

THE WALL STREET JOURNAL

International Monetary Fund upgrades U.S. growth outlook as strong investment boosts productivity

Oct. 22, 2024

### American consumers feeling much more confident as Election Day nears



October 29, 2024

### US Payrolls Increase by Just 12,000, Hit by Storms and Strikes

November 1, 2024

Bloomberg

- October hiring weakest since 2020, prior months revised down
- Unemployment rate held at 4.1%, not distorted by hurricanes

### Stocks hit record for second day, yields dip after Fed cut

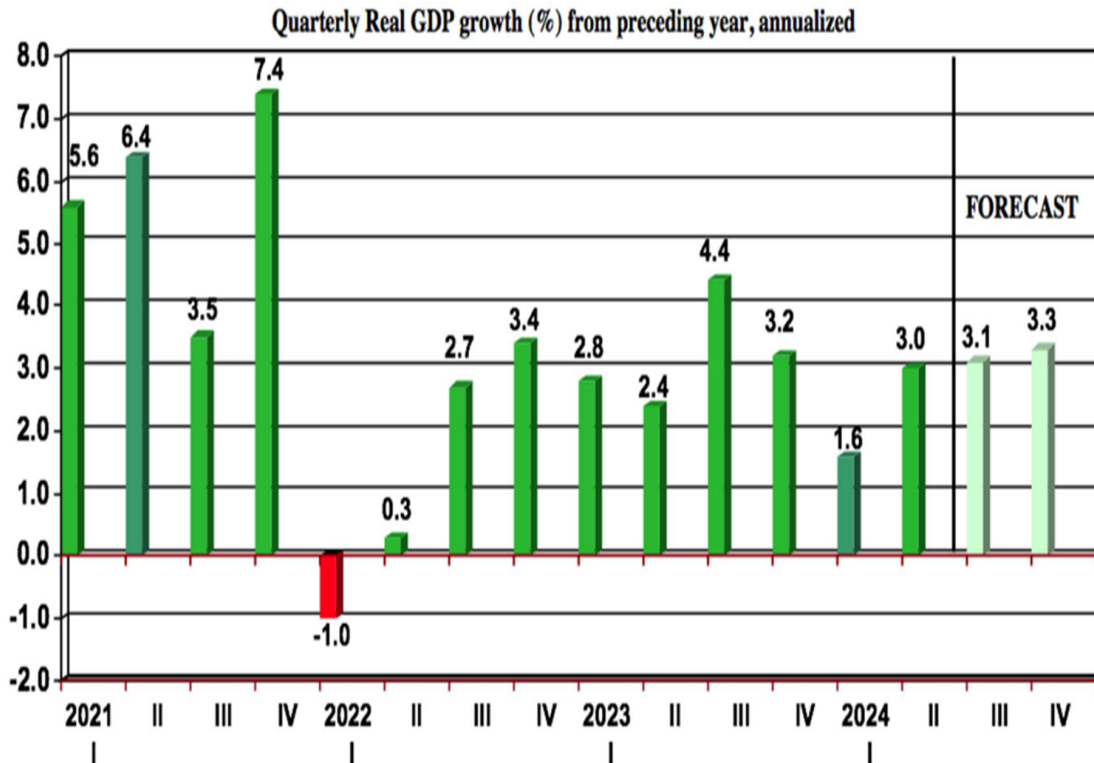
November 7, 2024





# Economy

**Economy has grown at a healthy pace most of this year!**

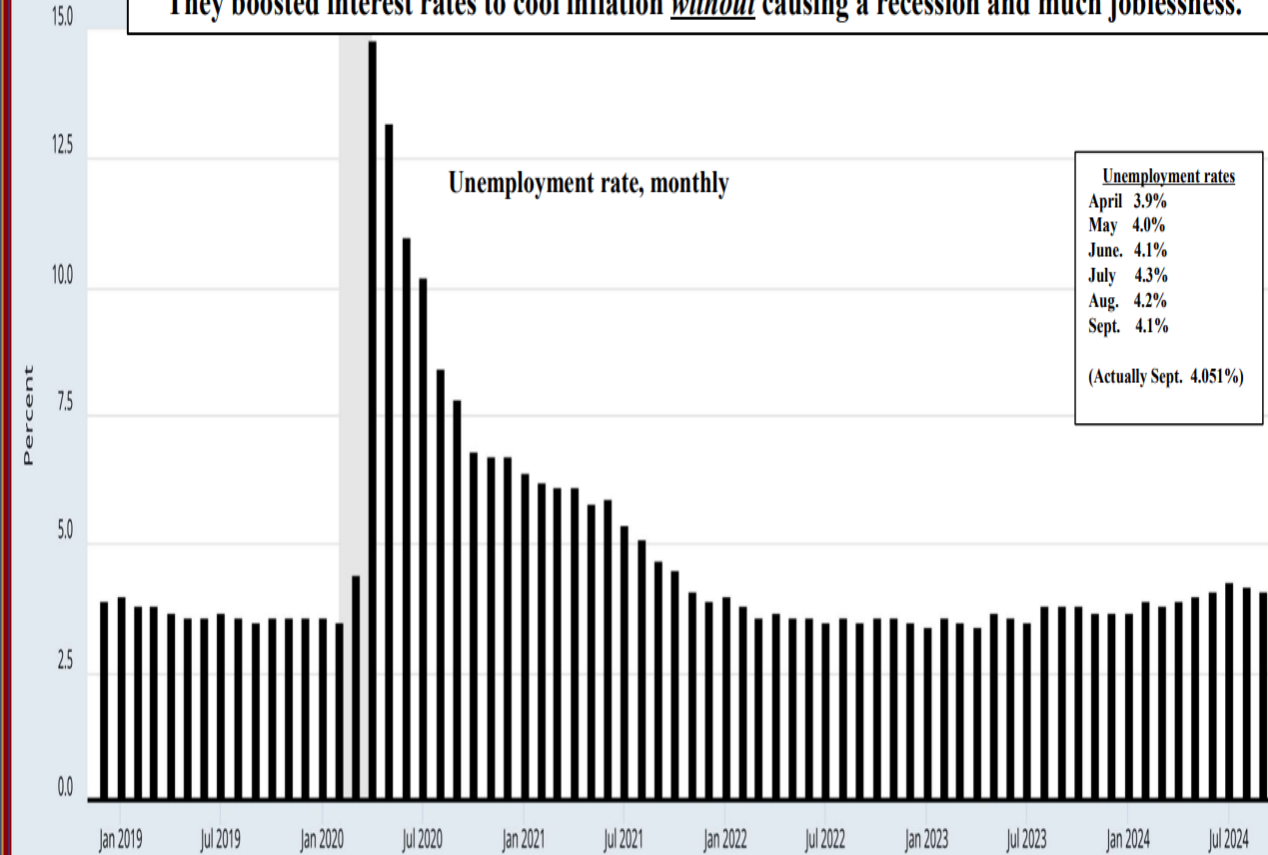


Sources: Bureau of Economic Analysis (historical); The Economic Outlook Group (GDP forecasts),

**The Economic Outlook Group**  
THE ECONOMIC OUTLOOK GROUP

**FRED.** 

**The Federal Reserve achieved something rare in history!**  
**They boosted interest rates to cool inflation without causing a recession and much joblessness.**



Source: Bureau of Labor Statistics

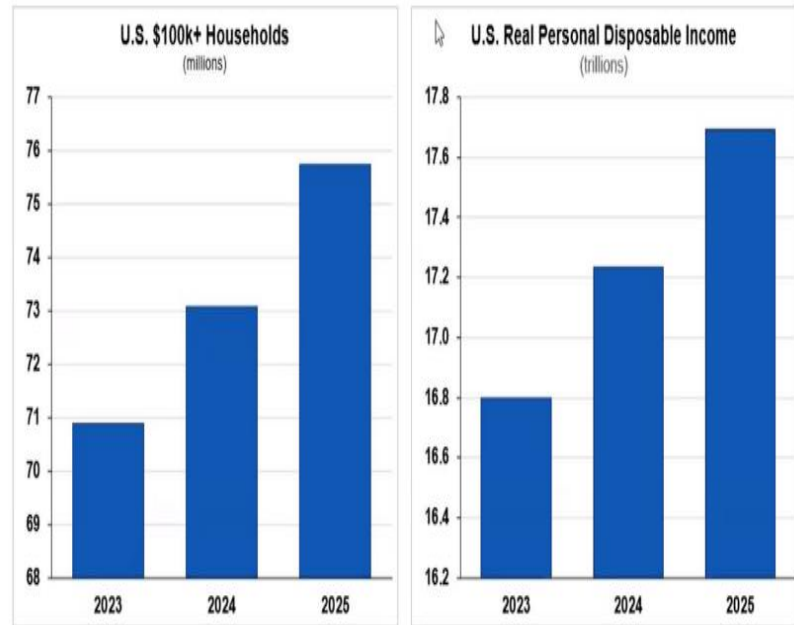
# U.S. Lodging Industry H2 2024



## Economy

### Households With the Means to Travel Expected to Increase

U.S. households indicators

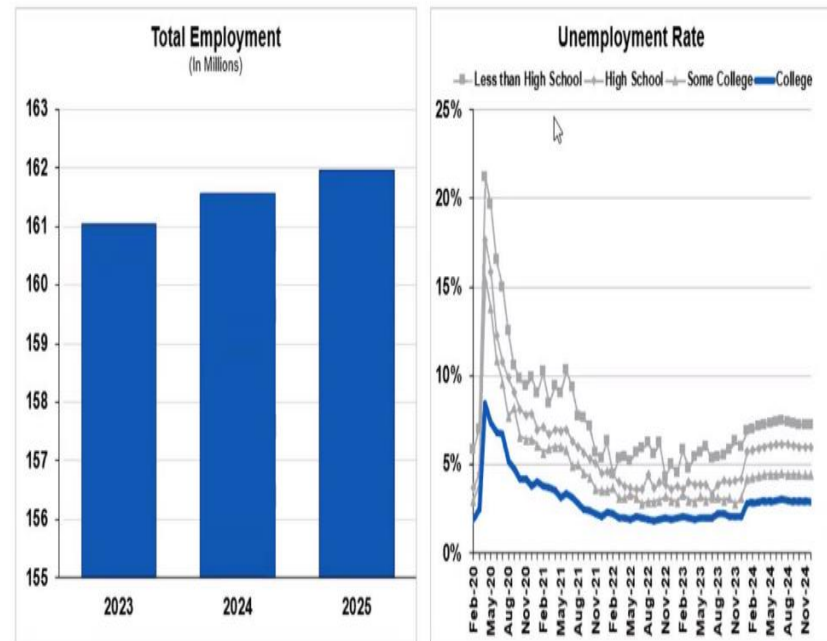


Source: Oxford Economics



### Unemployment for "Professionals" to Remain Low

U.S. employment



Source: Oxford Economics, Bureau of Labor Statistics, BLS



### U.S. personal savings, 2019 – Q2 2024





# U.S. Lodging Industry H2 2024

## U.S. Commercial Real Estate

### Why CMBS Financing Has Come Roaring Back in Commercial Real Estate

JUNE 5, 2024

*Three decades after its creation, here's why commercial real estate still reaches for CMBS financing despite the headaches when things go south*

COMMERCIAL OBSERVER

### H1 CMBS Issuance Almost 3X Over 2023

The total was \$42.29 billion for the first six months of the year.

July 23, 2024

ALM | GLOBEST.COM

### Survey Indicates Renewed Optimism for CRE Financing in 2025

October 02, 2024

ALM | GLOBEST.COM

Out of five executives, four predict growing investor demand for CRE assets.

### Another \$2B Of Office Loans Hit Special Servicing As Rate Of Distress Mounts

October 10, 2024

BISNOW

### CRE Loan Modifications Surge as Maturity Wall Looms

October 23, 2024

ALM | GLOBEST.COM

The percentage of modified CRE loans have more than doubled.

### Blackstone Leaders Predict 'New Cycle' Of Higher Real Estate Values On The Way After Slow Quarter

July 18, 2024 | Sonya Swink, Philadelphia

BISNOW

### The Commercial-Property Market Is Coming Back to Life

September 24, 2024

Bloomberg

- Falling borrowing costs are enticing potential buyers back
- Lenders are seeing more interest in deals to offload old debt

### REAL ESTATE INVESTOR OPTIMISM CONTINUES TO GROW IN THE THIRD QUARTER ACCORDING TO FALL 2024 RCN CAPITAL INVESTOR SENTIMENT INDEX

Oct 2, 2024

MORNINGSTAR

### Blackstone sees Fed rate cut as 'catalyst' for deals, higher property values

October 17, 2024

CoStar™

Private-equity giant reports improved real estate performance

### 'The Skies Are Finally Clearing' For CRE, Declares 2025 Emerging Trends Report From ULI, PwC

October 29, 2024

BISNOW

# U.S. Lodging Industry H2 2024

## Travel Industry

Skift  
RESEARCH

2. ECONOMIC LANDSCAPE

2.1 Short-Term Worries

The State Of Travel 2024

## Travel CEOs Maintain a Mostly Positive Outlook



Our addressable market is growing, and we are attracting more customers into our vacation ecosystem. New-to-cruise customers are up double digits versus last year, and at the same time, we are seeing stronger repeat rates.

- Jason T. Liberty



The reason I use 'normalization' is not to be cute, for the full year, we will globally see growth in all segments. It will be very, very low in leisure transient, but positive; a little bit higher on business transient, and then very, very strong for meetings and events.

- Christopher J. Nassetta



From a regional perspective, we observed a mild moderation of travel market growth in Europe. However, we believe we're continuing to perform well relative to the market in Europe. Looking at our other regions, we continue to see high growth levels in Asia and a slight improvement in growth in the U.S.

- Glen D. Fogel



The solid start of the year has allowed us to upgrade our RevPAR guidance. We expect strong momentum in the Middle East, Southeast Asia, and continued robust demand in Europe, bolstered by the Paris Olympics.

- Sebastien Bazin



On a global basis, in the second quarter, we saw RevPAR growth across all 3 of our customer segments, group, leisure transient and business transient, with each segment experiencing increases in both room nights and average daily rate.

- Anthony G. Capuano



Travel remains a top purchase priority and Delta's core customers are in a healthy position. The secular shift in consumer spend to prioritize experiences align perfectly with Delta's strategy and premium focus across our global network.

- Edward H. Bastian

Source: Q2 2024 and H1 2024 Earnings calls. As of August 2024.

Travel industry to contribute record \$11 trillion to global GDP in 2024

September 3, 2024



The U.S. remains most powerful travel and tourism market

September 9, 2024



KKR Acquires The Parking Spot, Betting on U.S. Travel Growth

CRE Daily

KKR has acquired The Parking Spot, the largest provider of near-airport parking in the U.S., to capitalize on the growing travel industry.

October 9, 2024

Business travel to exceed pre-pandemic levels to reach new record in 2024, says WTTC report

October 18, 2024



U.S. Projects 90 Million Visitors by 2026

October 29th, 2024



# U.S. Lodging Industry H2 2024

## Travel Industry

Skift  
RESEARCH

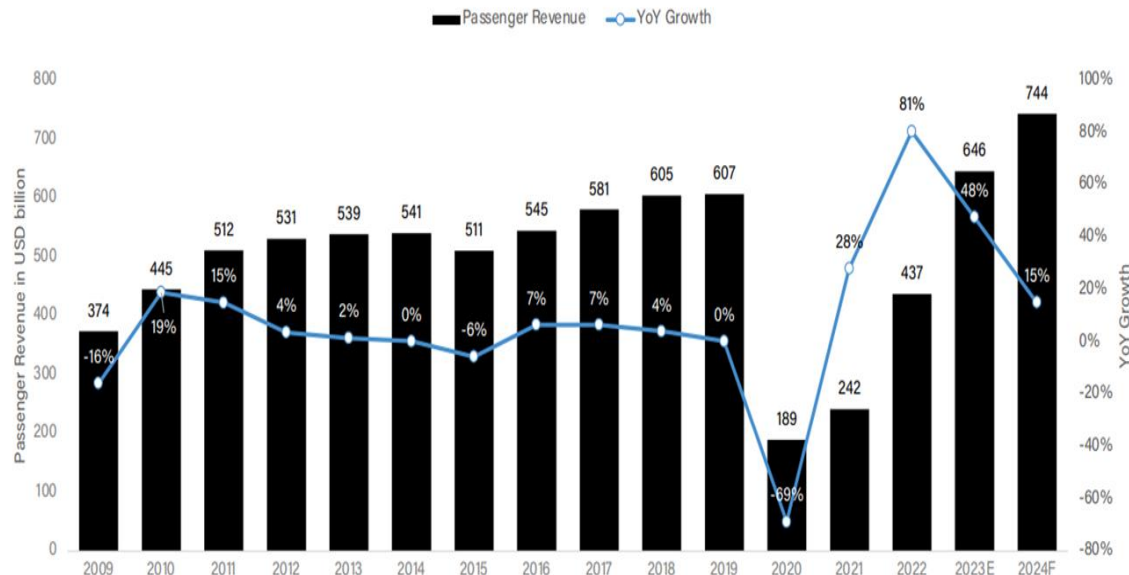
8. AIRLINES

The State Of Travel 2024

## Airline Sector Sees Record Highs

The airline industry is nearing record revenues in 2024 with passenger revenues up by over 20% from its pre-pandemic highs.

Global Airline Passenger Revenue, 2005-2024F



Source: IATA, data as of June 2024

Skift  
RESEARCH

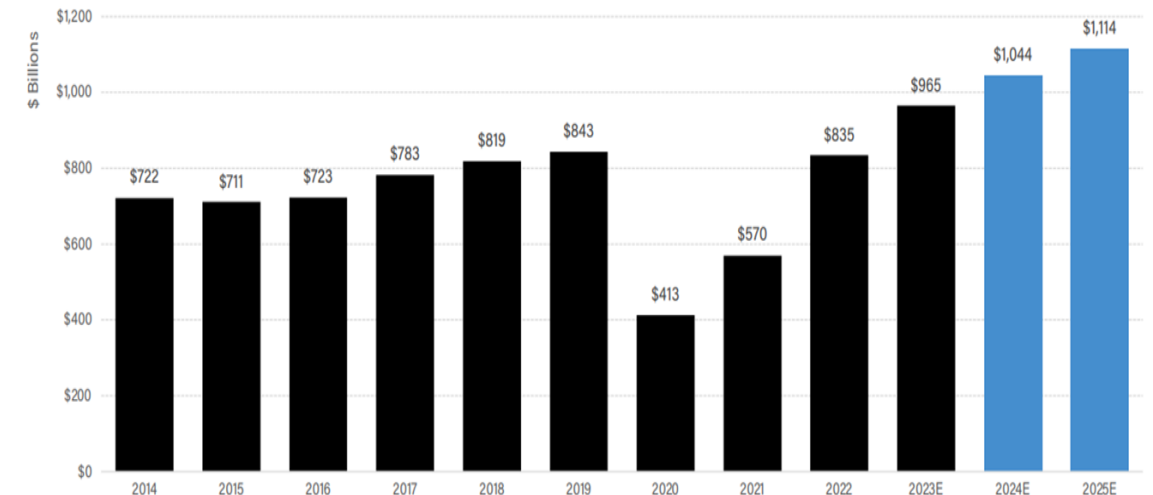
9. HOTELS

The State Of Travel 2024

## Global Hotel Revenues Are Set for a Strong Comeback

2023 saw global hotel revenues exceed 2019 levels for the first time since the pandemic. We expect further growth into 2024 and 2025.

Global Hotel Revenues (\$ Billions)



• Source: Company financials, Skift Research and estimates. Data as of January 2024  
• Reproduced from [Skift Research Global Travel Outlook 2024](#), as of January 2024.



# U.S. Lodging Industry H2 2024

## Sector Overview

### Moderate RevPAR growth expected

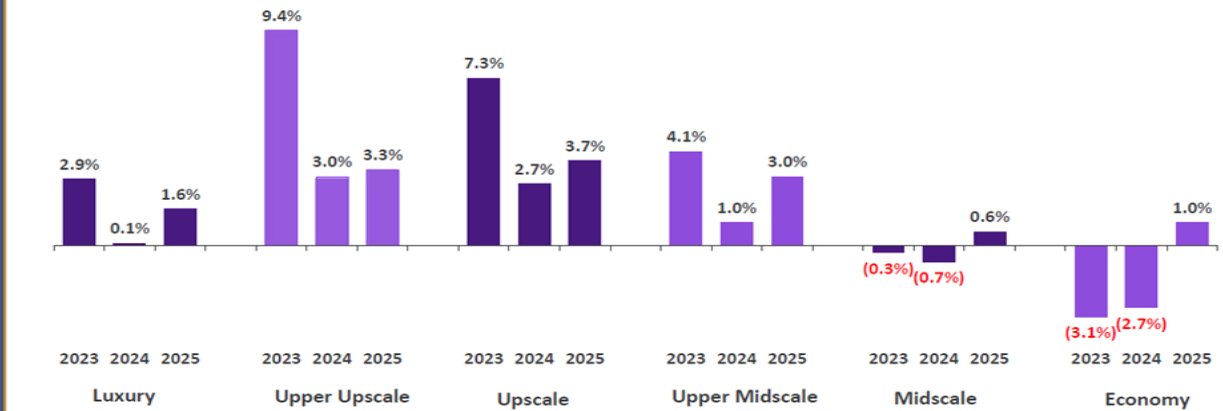
U.S. hotel industry forecast



Metric	2023 Actual	2024 Forecast	2025 Forecast
Supply Change	0.3%	0.7%	1.0%
Occupancy	63.0%	63.0%	63.4%
ADR Change	4.3%	2.0%	2.0%
RevPAR Change	5.0%	2.0%	2.6%
2019 Real RevPAR Index	(4.8%)	(5.9%)	(6.0%)

### All chain scales to see annual gains in 2025

U.S. chain scale RevPAR change, year over year

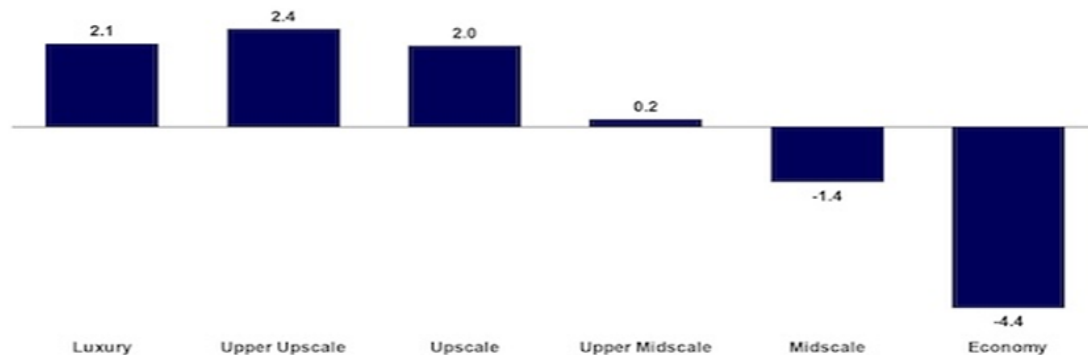


STR CoStar

Source: STR, © 2024 CoStar Group

### RevPAR Change by Class: Bifurcated Results

U.S. RevPAR % change, change by class, YTD June 2024

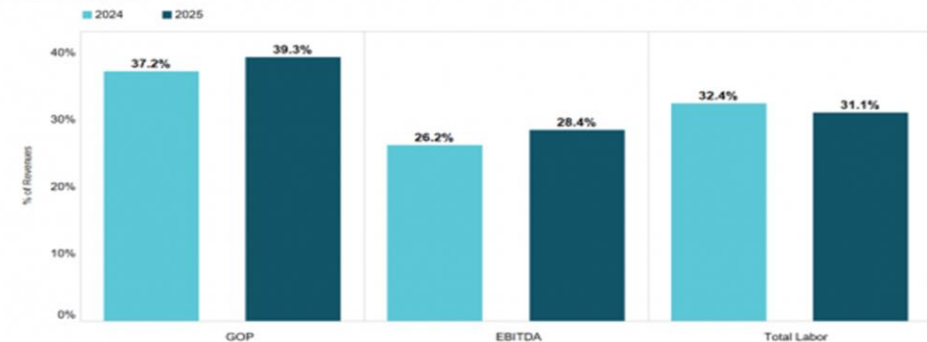


CoStar



### GOP margins lowered

U.S. profitability forecast



© 2024 CoStar Group

# U.S. Lodging Industry H2 2024

## Sector Overview

**Hotel Sales Dip But Category Remains Preferred Asset Class**  
February 05, 2024 **ALM | GLOBEST.COM**

**Why hotels are more popular than ever with investors in 2024**  
May 28, 2024 **Hospitality Investor**

**Hotel Investment: Resilience Despite Significant Shifts and Challenges**  
August 2024 **HotelExecutive**  
YOUR VIEW FROM THE TOP

**Hotel Mortgage-Backed Securities Market Is Open for Business**  
May 14, 2024  
Higher Interest Rates Slow but Don't Stop Originations  
**CoStar™**

**InterContinental CEO Says US Hotel Demand Defies Economy Fears**  
August 6, 2024  
■ Elie Maalouf says hotels group has seen strong start to summer  
■ Stocks tanked on Monday amid concerns about the US economy  
**Bloomberg**

**Higher-end hotels are thriving. It's the lower end that is worrisome.**  
August 15, 2024 **HOTELS**  
PASSION FOR HOSPITALITY SINCE 1966

**Higher Group Occupancy Boosts Profitability for Hotels Despite Lower Rates**  
August 22, 2024  
Operational Efficiencies Help Revenue Managers Regain Lost Ground  
**CoStar™**

LIFESTYLE | TRAVEL | CARRY ON  
**The Rise of the \$1,000-a-Night Hotel Room**  
The number of pricey hotel rooms has soared as more wealthy travelers are fine with paying the eye-popping rates  
Aug. 27, 2024 **THE WALL STREET JOURNAL**

**When Did a \$200 Hotel Room Start Feeling Like a Bargain?**  
Sept. 27, 2024 Higher room rates, taxes and fees have leisure travelers thinking twice  
**THE WALL STREET JOURNAL**

**Financing options expand for hospitality as liquidity improves**  
Sep 30, 2024 **Hospitality Investor**

**Hotel Revenue Growth Steadies Despite Softening Consumer Sector**  
October 02, 2024 **ALM | GLOBEST.COM**  
While hotel performance has surpassed pre-pandemic levels, challenges persist.

**Hospitality leaders talk 'insatiable' luxury hotel demand**  
Oct. 8, 2024 **HOTEL DIVE**  
Experts from Marriott, IHG, Auberge and Host share what's driving the evolution of the luxury hotel segment and opportunities for brand growth and development.

**Wealthy investors turn to hotels as dynamic assets**  
OCTOBER 9 2024 **FINANCIAL TIMES**  
Family offices are buying them across the world, especially in Asia Pacific

**US hoteliers are bullish about the industry but economic, political uncertainty looms**  
October 9, 2024 **CoStar™**

**Rising Investor Interest in Niche Hospitality Assets as Hotels Prove Increasingly Attractive Beyond Luxury Segment**  
October 14, 2024 **TTW**  
TRAVEL AND TOUR WORLD

# U.S. Lodging Industry H2 2024

## Sector Overview

**Hilton Worldwide Q3 Earnings Beats Estimates On Higher Occupancy, Stock Dips On Lackluster Outlook**

October 23, 2024

BENZINGA

**Wyndham reports system growth, softening revenue for Q3**

Oct 24, 2024



**Hyatt reports solid earnings, adjusts NUG outlook**

10/31/2024



**Strikes cast clouds over Park Hotels' otherwise 'solid' third quarter**

October 30, 2024



**Group continues to drive Marriott performance**

11/4/2024



Higher G&A creates slight earnings miss but performance continues to beat as the year winds down.

**Choice Hotels posts strong Q3 earnings, raises full-year guidance**

11/04/2024



**Earnings call: Marcus Corporation sees record Q3 results, bullish outlook**

11/01/2024



**Strong business travel demand bolsters Apple Hospitality REIT in third quarter**

November 5, 2024



**Summit Hotel Properties, Inc. (INN)**



3Q24 Earnings Beat on Better Margins; Another Hotel Sold in October

November 4, 2024

Baird Equity Research  
Real Estate: Hotel REITs

**Host Hotels Resorts earnings beat by \$0.02, revenue topped estimates**

11/06/2024



**Business transient, group demand drive RLJ Lodging Trust's revenue growth**

November 7, 2024



**Host's Florida portfolio endures another difficult hurricane season**

November 7, 2024



Urban lifestyle hotels outperform industry average

CEO of hospitality REIT sees signs of transactions market heating up



# U.S. Lodging Industry H2 2024

## Strengths

Americans are shopping less but they're still spending on flights, hotels and Disneyland

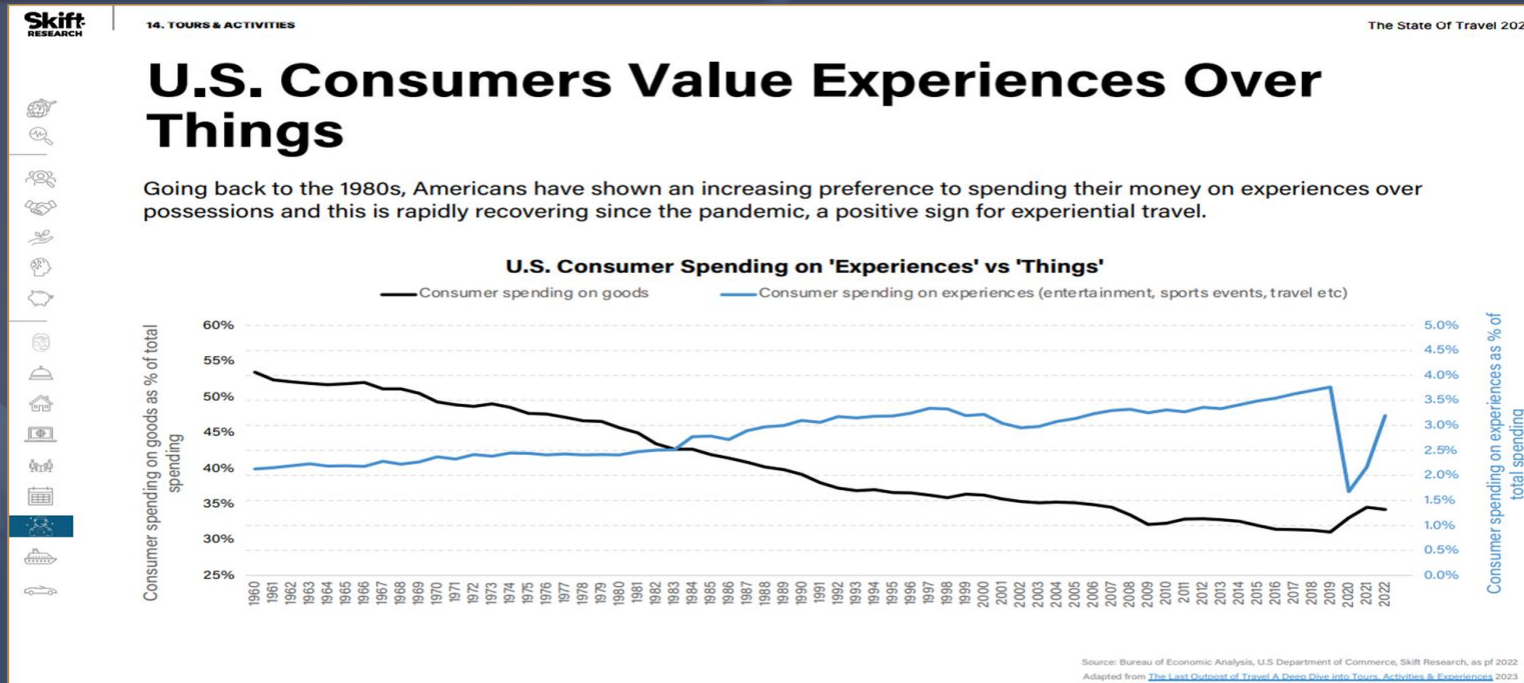
May 9, 2024

CNN Business

More Americans Justifying Vacations Despite Budget Constraints

July 16, 2024

TRAVELPULSE



Consumers Are Not Ready To Quit Spending Just Yet

Latest Retail Sales Figures Top Projections

July 24, 2024

CoStar™

Nasdaq hits record high as US consumer sentiment rises ahead of presidential election

25 October 2024

yahoo!finance

# U.S. Lodging Industry H2 2024

## Strengths

**Bleisure Travel: The Rise Of Mixing Business With Pleasure**

Jul 2, 2024,

**Forbes**

**US Hotel Demand Trends Show Positive Signs for Leisure, Group and International Travel**

 CoStar

July 12, 2024

Household Spending Trends, Strength of the Economy Boosts Leisure Demand

**Group, Business Travel Continue Recovery as Hotel Leisure Demand Slows**

August 13, 2024

 CoStar

Hotel Executives Say Demand Trends Represent Normalization Rather Than Trouble

**State Department Sees 'Off the Charts' Demand for U.S. Visas**

September 17th, 2024

**Skift**

**From Taylor Swift To Oasis, Concerts And Events Increasingly Driving Hotel Market**

4 October 2024

**BISNOW**

**Wyndham Hotels CEO: 'No Waning in Leisure Travel Demand'**

October 24th, 2024

**Skift**

**Business Travel Bounces Back: Spending Forecast to Hit Record**

July 22nd, 2024

**Skift**

**U.S. group business delivers 7 consecutive quarters of growth**

Aug 16, 2024

 HOTEL MANAGEMENT

**US Government Raises Hotel Per Diem Rates to \$110 Starting in October**

August 16, 2024

Federal Employees See Lodging, Meals and Incidental Expenses Rates Increase for 2025

 CoStar

**Lodging REITs Seeing Strongest Growth from Corporate Customers**

09/26/2024

**Nareit** Real estate working for you.

**Corporate Retreats Are Back. Hotels Are Banking on It.**

Oct. 14, 2024

**THE WALL STREET JOURNAL**

Desire for more face-to-face meetings is spurring companies to book group events

**Drop in US visa wait times paves way for belated travel recovery**

Nov 01, 2024

**ET** THE ECONOMIC TIMES



# U.S. Lodging Industry H2 2024

## Strengths

### TSA Screening Data Hits New High for Third Time in Two-Month Span

July 11, 2024



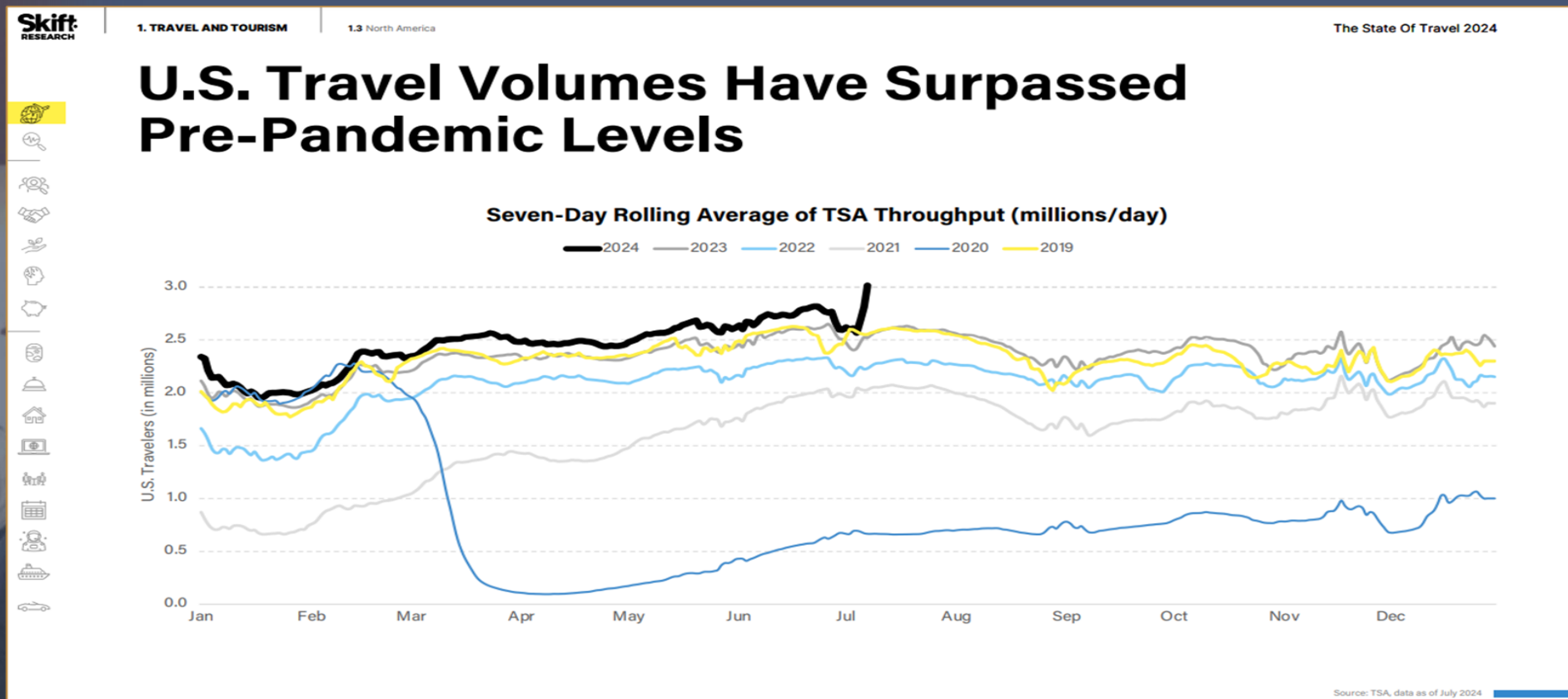
Sign of Persistent, Outsize Air Travel Demand

### Record Number of Travelers Are Flying, but More Are Heading Abroad

July 17, 2024



Growth in Security Checkpoint Counts Is Mirrored by Change in International Outbound Flyers





# U.S. Lodging Industry H2 2024

## Strengths

### Scarcity of new supply fuels urban gateway hotel investment

September 3, 2024



#### Higher Interest Rates Impact I/C Counts

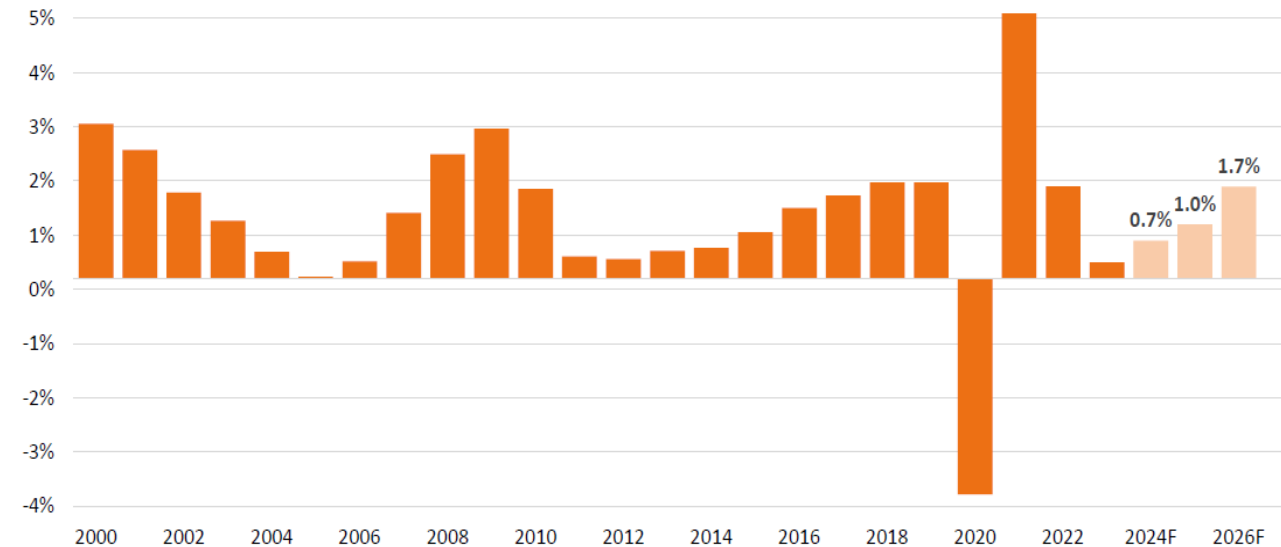


Rooms in '000s, September 2024

Phase	2024	2023	% Change
In Construction	157	147	7%
Final Planning	268	243	10%
Planning	336	242	38%
Under Contract	762	633	20%

#### U.S. supply growth to near long-term average by 2026

U.S. annual room supply room growth, 2000-2026F



Reference line: Historical U.S. average (1988-2019) : 1.8%



Source: STR, © 2024 CoStar Group

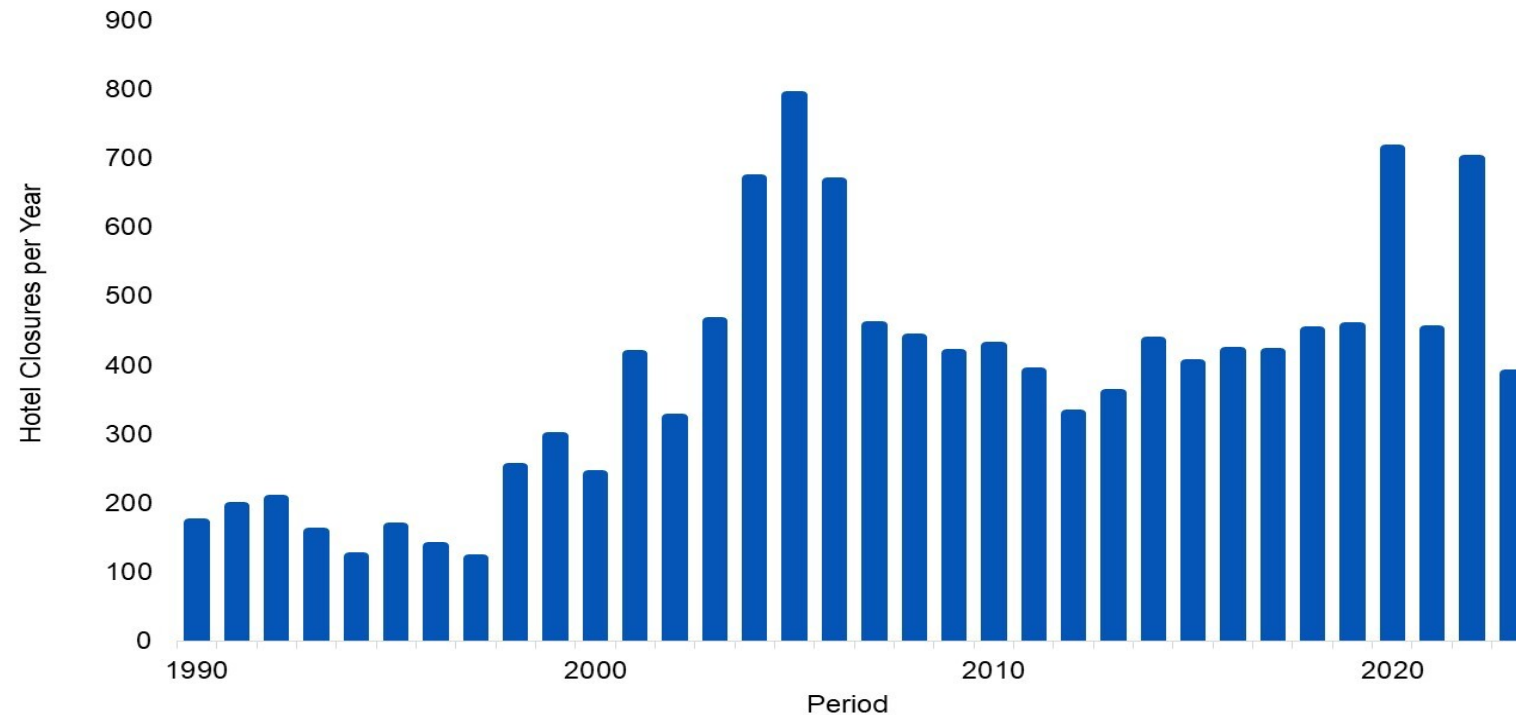
# U.S. Lodging Industry H2 2024

## Strengths

### Number of Permanent Hotel Closures Returns to Normal

April 16, 2024

Pandemic Caused Two Years of Significant Increases in Closures



Source: CoStar, April 2024



# U.S. Lodging Industry H2 2024

## Strengths

### Availability of Refinancing Proceeds (H2 2024)

#### Goldman Sachs Provides \$430M CMBS Refi for Fairmont Austin Hotel

JULY 8, 2024

COMMERCIAL OBSERVER

*Manchester Financial Group had tried to sell the 1,048 room hotel last year for \$600 million*

#### Edward, Thomas Slatkin score \$400M refi on Santa Monica hotels

JUL 9, 2024,

THE REAL DEAL  
REAL ESTATE NEWS

CMBS, mezz loans backed by Shutters on the Beach, Casa del Mar properties

#### Morgan Stanley Provides \$89M Refi for Refinery Hotel in Midtown Manhattan

AUGUST 1, 2024

COMMERCIAL OBSERVER

*Jacob Aini and Raizada Vaid are listed as owners of the popular hotel*

#### Sunrise Realty Trust, Southern Realty Trust Provide \$42M Refi on San Antonio Hotel

AUGUST 2, 2024

COMMERCIAL OBSERVER

*Houston-based DC Partners secured new financing for Thompson San Antonio, which opened in 2020*

#### BDT & MSD nets \$64M with \$1B refi of Boca Raton Resort & Club

AUG 6, 2024,

THE REAL DEAL  
REAL ESTATE NEWS

*New financing replaces previous \$900M debt secured by 1,047-room luxury hotel*

#### Loews getting \$305M refi for oceanfront Miami Beach resort

*Financing set to close in September, led by Wells Fargo*

AUG 14, 2024,

THE REAL DEAL  
REAL ESTATE NEWS

#### Alpha Wave Investors Successfully Completes Refinancing of its AWI Pac Three Hotel Portfolio

August 20, 2024 12:00 PM Eastern Daylight Time

businesswire  
A BERKSHIRE HATHAWAY COMPANY

LAGUNA BEACH, Calif.--(BUSINESS WIRE)--Alpha Wave Investors (AWI) is pleased to announce the successful refinancing of its AWI Pac Three hotel portfolio, which includes the iconic Salishan Coastal Lodge by SCP, the SCP Colorado Springs Hotel, and the SCP Depoe Bay Hotel. The combined \$36.6M, blended 7.67% interest rate financing has resulted in higher

#### Nuveen Green Capital closes \$190m in C-PACE financing for the Virgin Hotels Las Vegas

AUGUST 27, 2024

INSTITUTIONAL  
REAL ESTATE, INC.

#### Benefit Street Lends \$48.75Mln for Cambria Hotel Austin Downtown

Commercial Real Estate Direct  
powered by Trepp

August 22, 2024

#### Hartz Mountain Secures \$230M Refi for Roxy and Soho Grand Hotels

AUGUST 30, 2024

COMMERCIAL OBSERVER



# U.S. Lodging Industry H2 2024

## Strengths

### Availability of Refinancing Proceeds (H2 2024)

#### Peachtree Refis Downtown Columbus Hampton Inn With \$26M Loan

BY ANDREW COEN SEPTEMBER 10, 2024 3:23 PM

COMMERCIAL OBSERVER

Robert Douglas advises Flynn Properties on Courtyard portfolio refi

SEPTEMBER 12, 2024



Robert Douglas represented Flynn Properties, as the exclusive advisor, in arranging a \$54-million refinancing of a six-hotel Courtyard by Marriott portfolio.

#### Smith Hill Capital, Bain Capital Lend \$57M on Nashville Hotel

SEPTEMBER 10, 2024

COMMERCIAL OBSERVER

#### CIM Group Closes \$31 Million Loan to CarrAmerica for Hotel Indigo Old Town

SEPTEMBER 23, 2024

Alexandria



#### J.P. Morgan Refis Boston Seaport Hotel With \$307M CMBS Loan

SEPTEMBER 24, 2024

COMMERCIAL OBSERVER

#### The Ritz-Carlton Dallas, Las Colinas Secures \$210M Refinancing

SEPTEMBER 30, 2024



#### Strategic Refis U.S. Luxury Hotels With \$1.6B CMBS Loan

OCTOBER 9, 2024

COMMERCIAL OBSERVER

Deutsche Bank and Bank of America provided the funds for nine hotels with almost 5,000 rooms across four states and D.C.

#### Home2 Suites by Hilton Temecula Receives \$14m Refinancing

OCTOBER 10, 2024



#### HALL STRUCTURED FINANCE PROVIDES \$44 MILLION BRIDGE LOAN FOR THE HYATT REGENCY HOTEL IN FRISCO, TEXAS

OCTOBER 15, 2024



#### Berkadia Arranges \$92.5M in Refinancing for Hotel Portfolio in Carlsbad, California

OCTOBER 16, 2024



CARLSBAD, CALIF. — Berkadia has arranged \$92.5 million in refinancing for two hotels in Carlsbad — Cape Rey Carlsbad Beach, a Hilton Resort & Spa and Hilton Garden Inn Carlsbad Beach. Scott Hall and Aaron Lapping of Berkadia Hotels & Hospitality secured the loan through MetLife Investment Management on behalf of the borrower, California-based Wave Crest Hotels and Resorts. The five-year loan features a half-term interest-only provision and a 65 percent loan-to-value ratio.

#### Deutsche Bank Provides Sam Chang With \$65M Refi for Long Island City Hotel

Chang opened the Springhill Suites New York Queens in 2023

OCTOBER 28, 2024

COMMERCIAL OBSERVER

#### APF Acquires \$133M Stake in Goldman Sach's Major Hotel Portfolio Refinance

OCTOBER 29, 2024



#### Mesa West Refis Hyatt-Branded Savannah Hotel With \$50M Loan

BY ANDREW COEN NOVEMBER 6, 2024 9:00 AM

COMMERCIAL OBSERVER

#### \$121.5 Million Refinancing Deal for Marriott Crystal Gateway Hotel in Arlington, Virginia Announced

NOVEMBER 7, 2024



#### West77 Partners Secures \$50MM Refinancing for Hilton Garden Inn Downtown Bellevue

NOVEMBER 5, 2024



# U.S. Lodging Industry H2 2024

## Strengths

### Availability of Acquisition Financing Proceeds (H2 2024 )

**Frontier Development & Hospitality Group Secures \$42.3M Acquisition Loan For Cambria Hotel Washington D.C**

07/24/2024

traded

Avatar provides \$6.4M for Bodega Coast Inn & Suites acquisition

July 30, 2024



**Wells Fargo, BofA, Deutsche Bank Provide \$620M Loan for \$1B Hyatt Orlando Deal**

*RIDA Development Corporation and Ares Management Real Estate purchased the Hyatt Regency Orlando for \$1.07 billion on Monday*

AUGUST 19, 2024

COMMERCIAL OBSERVER

Local investor buys discounted North Shore hotel for \$83K per key

AUG 30, 2024

THE REAL DEAL  
REAL ESTATE NEWS

The purchase was financed with a \$24.5 million loan from Chesterfield, Missouri-based Reinsurance Group of America.

**Acquisition financing secured for Residence Inn Redmond**

September 10, 2024



**Gencom Receives \$230M Acquisition Loan for Thompson Central Park Hotel in New York City**

September 18, 2024

REBUSINESS  
ONLINE

**BridgeInvest closes on \$24.5M loan for Florida Marriotts**

Sep 20, 2024



**2 Ocala, Fla., Hotels Sell for \$22.5Mln, Get \$24.5Mln of Financing**

September 20, 2024





# U.S. Lodging Industry H2 2024

## Strengths

### Availability of Construction Financing Proceeds (H2 2024)

Bally's Lands \$940 Million in Financing for Chicago Casino and Hotel Campus

July 12, 2024



LCP originates construction loan for Moxy Centennial Olympic Park

July 18, 2024



**Ed Scheetz And Ian Schrage Secure \$121 Million Loan From iBorrow For Hotel Redevelopment In West Hollywood**

08/06/2024

**traded**

CRONHEIM HOTEL CAPITAL SECURES \$43,350,000 FOR THE DEVELOPMENT OF MOXY ATLANTA DOWNTOWN

8/7/2024



**Hotel developer inks construction loan for 128-key Marriott property in Lyndhurst**

AUGUST 16, 2024



**Richard Born lands \$75M construction loan for Nora hotel**  
Downtown West Palm Beach project marks developer's first outside of New York

OCT 21, 2024





# U.S. Lodging Industry H2 2024

## Strengths

### Mergers, Acquisitions, License Agreements – Hotel Mgt. & Brand Companies

#### Hilton To Acquire Graduate Hotels Brand

March 14, 2024



AJ Capital Partners Will Sell for \$210 Million, Keep Real Estate

#### Wyndham aligns with WaterWalk extended-stay brand

APRIL 2, 2024



#### Hilton adds NoMad brand to expand luxury offerings

By Esther Hertzfeld · Apr 3, 2024 8:14am



#### Stonebridge acquires Real Hospitality Group

May 22, 2024



Stonebridge Companies LLC, a Denver-based hotel management company with a portfolio of full-service, select-service and extended-stay properties, has acquired Real Hospitality Group LLC (RHG), a hotel management company based in Ocean City, MD.

#### Sonder Reaches Marriott License Deal, Secures Additional Liquidity

- Properties will be available as 'Sonder by Marriott Bonvoy'
- Company has commitments for \$43 million in preferred equity

August 19, 2024

Bloomberg

#### Hyatt to Buy Lifestyle Hotel Group Standard International for up to \$335 Million

August 20th, 2024

Skift

#### Motel 6 Sold to Oyo, Indian Hotel Giant That Is Ramping Up in U.S.

THE WALL STREET JOURNAL

Blackstone agrees to sell one of America's most recognizable lodging brands for \$525 million

Sept. 20, 2024

#### PM Hotel Group and Sightline Hospitality Announce Strategic Merger

November 4, 2024

LODGING

#### Pyramid Global merges with Axiom Hospitality to boost European presence

November 4, 2024



#### Nautic Partners Acquires Davidson Hospitality Group from KSL Capital Affiliate

KSL Capital Partners

November 4 2024

HNR HOTEL NEWS

#### Griffin Hotel Management Merges Into Meyer Jabara Hotels

November 5, 2024

LODGING

#### Peachtree Group Partners With Group 10 Management

November 6, 2024

LODGING

# U.S. Lodging Industry H2 2024

## Strengths

### Big bump in price, number of trades in the US

JULY 22, 2024



Year-over-year comparisons for 2Q24 from LWHA shows 36% increase in number of deals over \$10 million and 63% bump in dollar volume.

### US 3Q24 deals up 8% versus previous quarter: LWHA

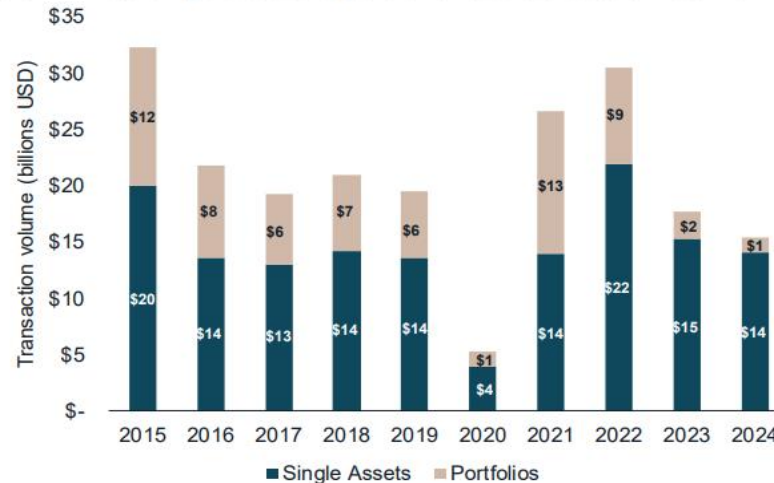
OCTOBER 21, 2024



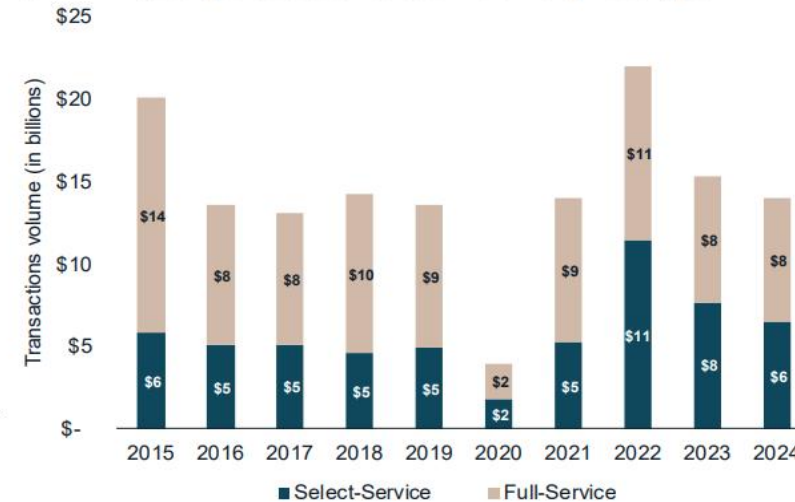
### Single-asset trades fuel liquidity as full-service transactions accelerate

Full-service transactions accounted for 54% of YTD Q3 single-asset liquidity, their highest portion in three years, signaling renewed investor optimism amid increasing debt market clarity. Look for recent and upcoming rate cuts to help catalyze additional portfolio trades which have been notably absent over the past two years. Private equity, foreign capital, and HNWI's likely to be most active.

U.S. YTD Q3 single-asset and portfolio hotel transaction volume



U.S. YTD Q3 single-asset transaction volume by hotel type



Source(s): JLL Research

Note(s): Pertains to transactions worth \$5M+ excluding casinos. Includes entity-level transactions in which real estate was traded. JLL follows STR's classifications for full-service and select-service hotels. Select-service also includes extended-stay.



# U.S. Lodging Industry H2 2024

## Strengths

YTD Q3 2024 Total Asset Sale Price \$1.07b, \$725m, \$705m, \$530m



YTD Q3 2024 Total Asset Sale Price \$308m, \$277.4m, \$233.8m, \$230m





# U.S. Lodging Industry H2 2024

## Strengths

YTD Q3 2024 Total Asset Sale Price >\$100m





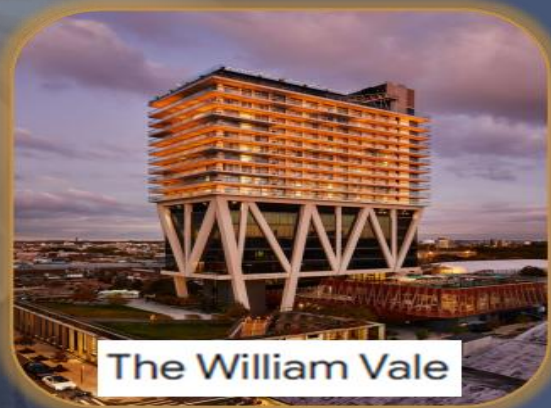
# U.S. Lodging Industry H2 2024

## Strengths

YTD Q3 2024 Per Room Asset Sale Price \$2.4m, \$1.6m, 1.021m, 1.0m



YTD Q3 2024 Per Room Asset Sale Price \$962K, \$898K, \$735K



# U.S. Lodging Industry H2 2024

## Strengths



Daniel H. Lesser  
Co-Founder, President & CEO



# U.S. Lodging Industry H2 2024

## Strengths

**AHLA Applauds House Passage of Important Tax Relief for Hotels**

February, 1 2024



**AHLA statement on resolution to overturn independent contractor rule**

March 7, 2024



**Franchising model restored as AHLA and business groups prevail in joint-employer lawsuit**

March 9, 2024



**AHLA launches hospitality law database for hoteliers**

Jul 25, 2024



**AHLA Foundation sets third annual No Room for Trafficking Summit**

Jul 1, 2024



**Hoteliers win as GSA raises FY 2025 per diem rates**

Aug. 16, 2024



**More than 200 hoteliers to lobby Congress for hotel and consumer friendly policies**



AHLA's Hotels on the Hill fly-in will draw attendees from 36 states

Sept. 24, 2024

**AHLA condemns New York City Council passage of the Safe Hotels Act**

Oct. 23, 2024



# U.S. Lodging Industry H2 2024 Weaknesses

**Credit card delinquency soars above pre-pandemic level amid high interest rates, inflation**  
Jan. 12, 2024  
**NEW YORK POST**

**Lower-Income Travelers Booking Fewer Hotel Stays** Budget-conscious customers are cutting back on travel plans, and the industry is adjusting forecasts lower.  
JUN 4, 2024  
**Inc.**

**More Americans Are Tapping Home Equity Credit Lines, NY Fed Says**  
August 06, 2024  
**BNN Bloomberg**

**Revenge Travel Is Over As Lower-Income Travelers Begin To Pull Back Spending**  
August 8, 2024  
**BISNOW**

**More Careful Consumer Spending Shows Up in Corporate Profits**  
August 09, 2024  
**ALM GLOBEST.COM**  
Consumers are 69% of GDP, so slowing spending is a concern.

**The Boom in Travel Spending Has Slowed**  
Hotels and airlines expect Americans to partake in less leisure travel and pare down the trips they take in the months ahead  
Aug. 11, 2024  
**THE WALL STREET JOURNAL.**

**Home Depot warns of pullback in consumer spending, saying Americans are delaying big projects**  
August 13, 2024  
**CBS NEWS**

**US vacationers are pulling back**  
August 19, 2024  
**FOX BUSINESS**  
US leisure travel is among the areas where the industry is noticing the softest demand

**Americans Are Falling Behind on Their Bills. Wall Street Is Alarmed.**  
Sept. 14, 2024  
**THE WALL STREET JOURNAL.**  
Lenders see a rise in late payments on credit cards and auto loans

**September consumer confidence falls the most in three years**  
SEP 24 2024  
**CNBC**

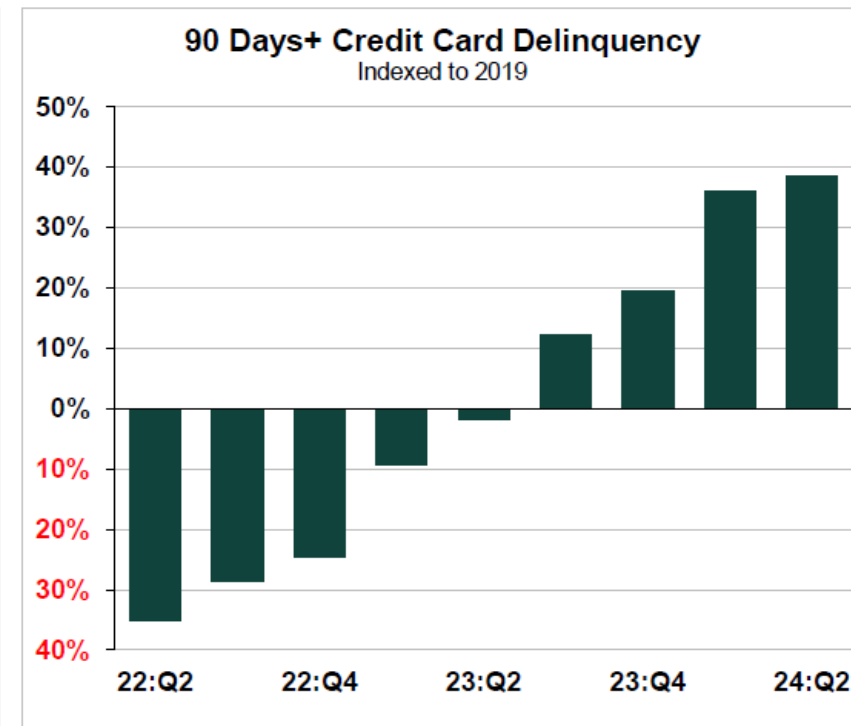
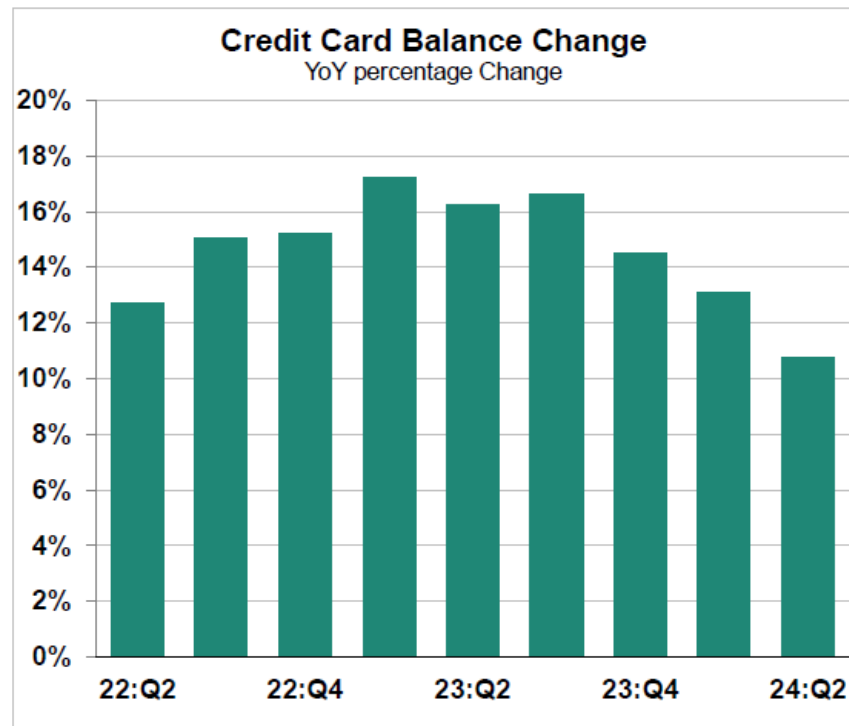
# U.S. Lodging Industry H2 2024

## Weaknesses

**‘Travel is too expensive right now’: Americans are spending less or skipping trips altogether** AUG 20 2024 

### Economic realities likely impacting lower-tier hotels more

U.S. credit card balance, YoY change and delinquency change





# U.S. Lodging Industry H2 2024 Weaknesses

## Americans Are Everywhere—and Taking Their Strong Dollars With Them

July 4, 2024

THE WALL STREET JOURNAL

The U.S. currency has surged thanks to higher interest rates and a strong economy

## Hotels Should Prepare for Continued American Outbound International Travel

August 19, 2024



Domestic Leisure Demand Softens as Outbound Departures Grow

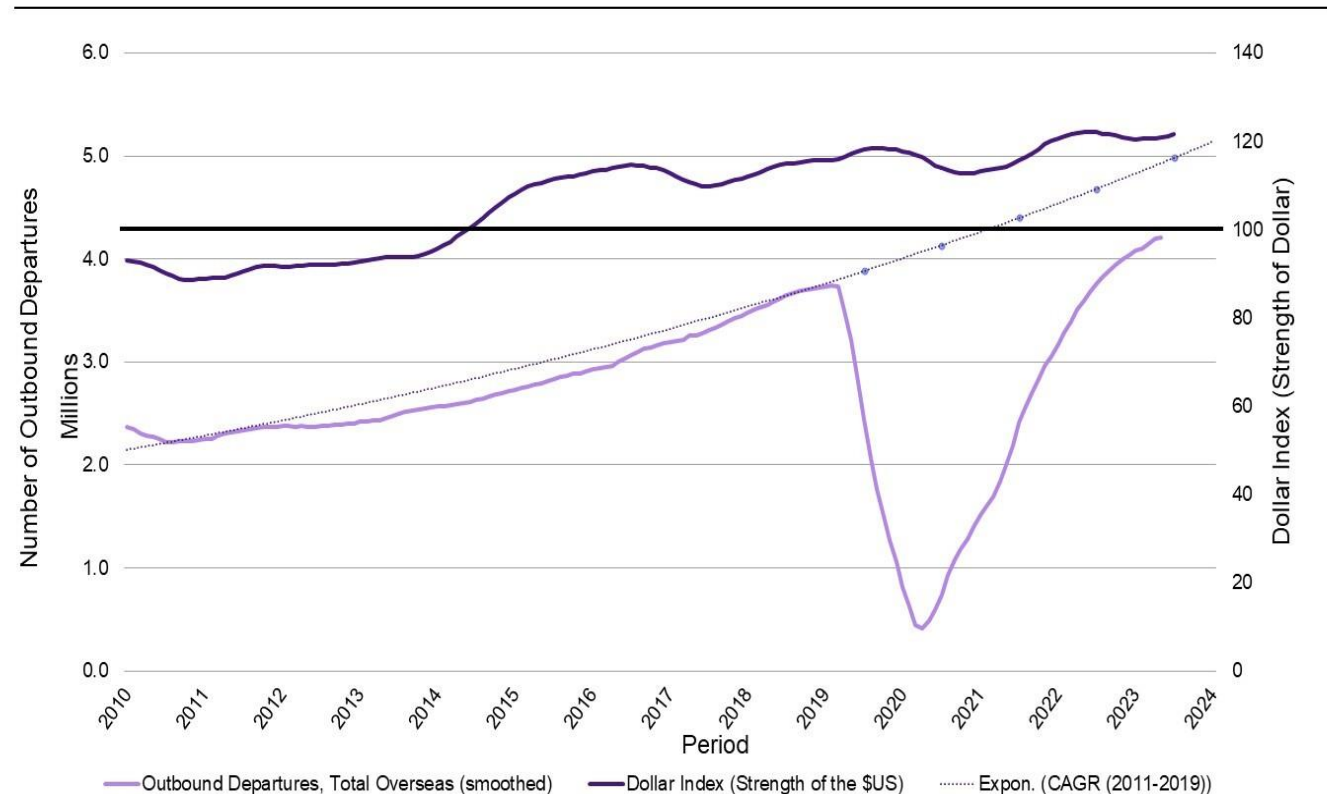
## US has 'fallen behind' in international inbound travel, CEO says

October 16, 2024



Lagging travel from Asian countries puts America at deficit with inbound, outbound demand

## Growth in U.S. Outbound Travel Could Continue



Source: CoStar Group, US Outbound Overseas Departures, Macrobond, June 2024



# U.S. Lodging Industry H2 2024

## Weaknesses

### Remote Work Has Radically Changed the Economy – and it's Here to Stay

Jan. 25, 2024



The advent of working from home during the pandemic has significantly affected the economy. It may be changing, but it's not going anywhere.

### Philadelphia workers have to show up in the office today, flying birds or not



The City of Philadelphia has ordered all city workers to return to the office five days a week starting July 15.

July 15, 2024

### Tech execs pushed for a return to the office – now they're backtracking amid a workforce revolt, with only 3% of firms asking staff to return full-time

News **ITPro.** August 19, 2024

Return to office mandates have failed miserably, and many businesses appear to be admitting defeat

### On Fifth Labor Day Since Pandemic Began, Return-To-Office Rallying Cry Falls Silent

September 2, 2024

**BISNOW**

### Companies' hard-line stance on returning to the office is backfiring

February 2, 2024

**The Washington Post**  
*Democracy Dies in Darkness*

Employers are losing patience with remote work, but they're facing an uphill battle



#### KASTLE BACK TO WORK BAROMETER

11.4.24

Weekly Occupancy Report from Kastle Access Control System Data

##### BAROMETER THIS WEEK

52.0%  
10 CITY AVERAGE  
OCCUPANCY



	Wed 10/23	Wed 10/30	% Change
Dallas metro	58.1%	60.8%	2.7% ▲
New York metro	51.8%	54.1%	2.3% ▲
Houston metro	60.9%	61.9%	1.0% ▲
San Jose metro	42.9%	43.7%	0.8% ▲
Austin metro	64.1%	63.6%	0.6% ▼
Average of 10	51.4%	52.0%	0.6% ▲
Los Angeles metro	47.9%	47.7%	0.2% ▼
San Francisco metro	41.6%	41.9%	0.2% ▲
Chicago metro	55.6%	55.8%	0.1% ▲
Washington D.C. metro	48.6%	48.5%	0.0% ▼
Philadelphia metro	42.0%	42.0%	0.0% ▼

Kastle customers are in more than 2,600 buildings in 138 cities. The Barometer reflects swipes of Kastle access controls from the top 10 cities, averaged weekly. It summarizes recent weekday building access activity among our business partners, not a national statistical sample.

\*On March 22, 2023, Kastle revised from daily to weekly data reporting to provide a more robust and comprehensive picture of office occupancy. We have also recalculated data back to the start of the time series for consistency. This has only a marginal impact on most cities and the national average.

\*\*Data reported for Monday, October 14, 2024 is using an average of the previous four Mondays. Rather than omit the federal holiday from the weekly average, the substitution more accurately reflects prevailing trends to return to office.

To learn more about KastleSafeSpaces visit: [www.kastle.com/kastlesafespaces/](http://www.kastle.com/kastlesafespaces/)

### The CEO 'return to office or else' is having limited success in 2024



PUBLISHED SUN, FEB 4 2024:9:58 AM EST | UPDATED MON, FEB 5 2024:10:07 AM EST

### The return-to-office debate is settled: Offices are busier than ever

07-22-2024

**FASTCOMPANY**

### GM revokes remote work status from more white-collar workers, orders them into office

Aug. 30, 2024

**Detroit Free Press**

### Amazon Tells Workers to Return to Office Five Days a Week

Sept. 16, 2024

**THE WALL STREET JOURNAL**

Requirement will take effect in early 2025, CEO Andy Jassy says

### Dell Orders Salespeople Back to Offices Five Days a Week

September 26, 2024

**Bloomberg**

The tech company's decision to end work from home comes on the heels of a similar order from Amazon.

**THE HILL**

10/01/24

### New research shows return-to-office mandates cause more 'quiet quitting'

### The return-to-office push feels real this time. The numbers tell a different story

October 25, 2024

**CRAIN'S NEW YORK BUSINESS**



# U.S. Lodging Industry H2 2024

## Weaknesses

### Hotel Staff Shortages Threaten to Push Travel Costs Even Higher

Feb. 27, 2024

THE WALL STREET JOURNAL

Room rates look poised to rise as owners pass on escalating wage costs

### AHLA: 76 Percent of Hotels Are Experiencing Staffing Shortages

LODGING

By LODGING Staff - June 12, 2024

### U.S. hotels add 700 jobs in June, labor shortage continues: AHLA

July 5, 2024

HOTELS  
PASSION FOR HOSPITALITY  
SINCE 1966

### As the summer tourism season wears on, hotel workers say they're feeling the effects of understaffing

August 5, 2024

The Boston Globe

### Help Wanted: AHLA Fights for Hotel Jobs on Several Fronts

August 8, 2024

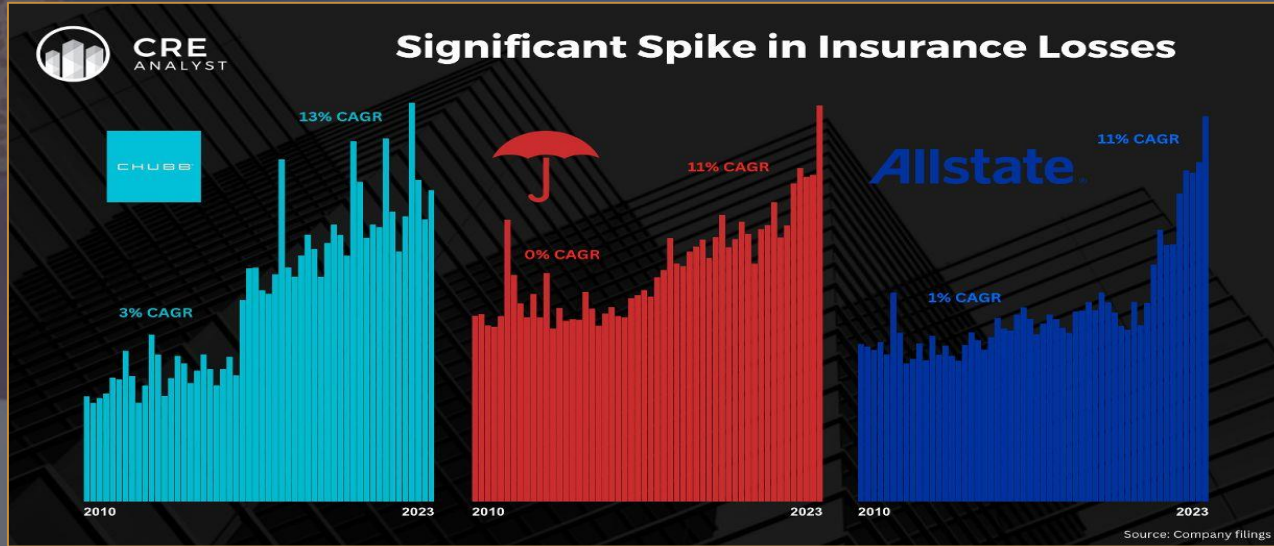
LODGING





# U.S. Lodging Industry H2 2024

## Weaknesses



**Hotel insurers mitigating losses of climate-related events with record rate hikes and limited coverage**

Jan 12, 2024

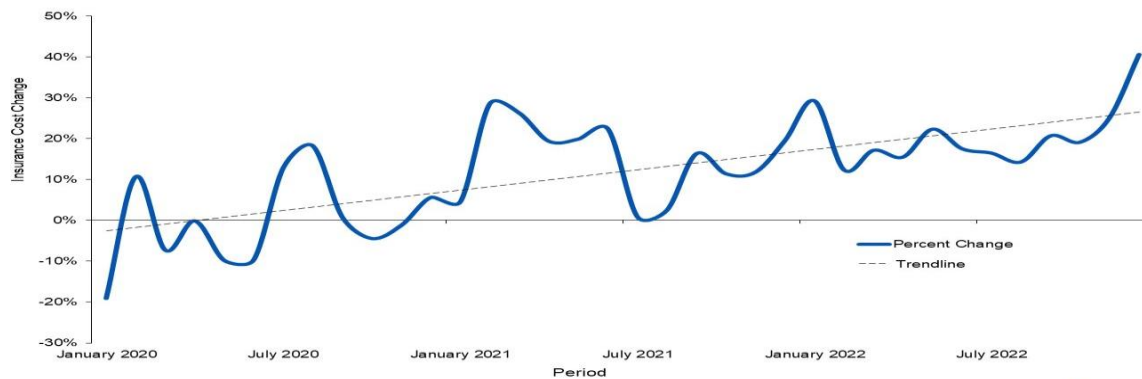


**Self-insurance may be right for rising property rate pressures**

Kimberly Gore, HUB International • Jul 1, 2024 8:00am



### Insurance Cost Per Available Room Increases Rapidly



Source: CoStar, February 2023



**Hotel property insurance costs per available room vary widely by state but are rapidly increasing across the board**

Nationwide insurance costs have, on average, risen 40% from 2019

October 23, 2024



# U.S. Lodging Industry H2 2024

## Weaknesses

### Study shows CapEx spending hits record highs



The 2023 ISHC CapEx study shows the percentage of overall revenue spent reaching 9% and \$5,147 per available room. **DECEMBER 8, 2023**

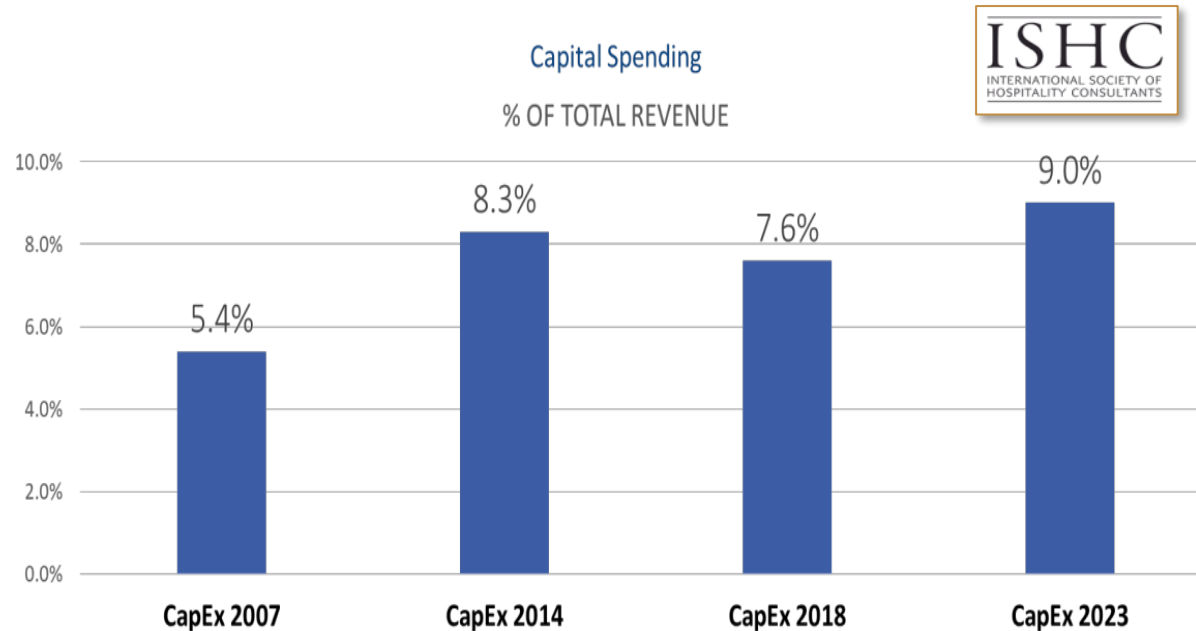
### Bill Comes Due for Hotel Owners Who Delayed Required Renovations

Brands, Guests Push for Property Improvements

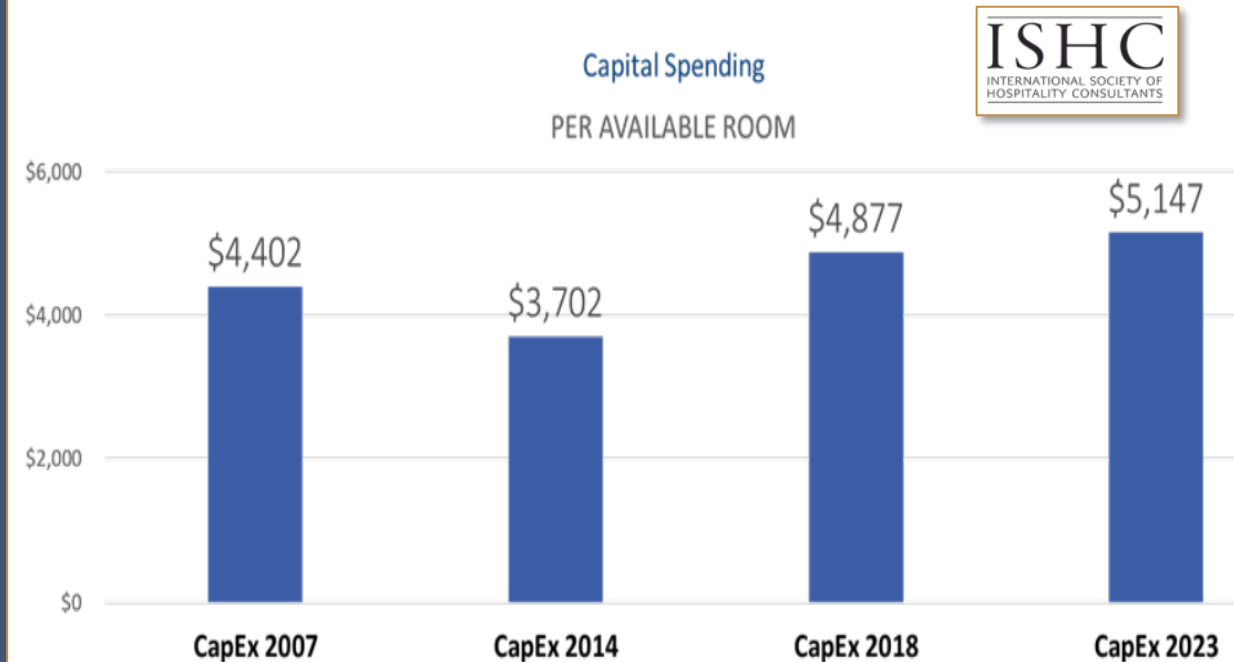
March 25, 2024



#### CAPITAL SPENDING / PERCENTAGE OF REVENUE



#### CAPITAL SPENDING PER AVAILABLE ROOM



# U.S. Lodging Industry H2 2024

## Weaknesses



### Confused by All the Hiltons and Marriotts? Us Too. Dec. 6, 2023 **THE WALL STREET JOURNAL**

Travelers face a 'confusing sea of sameness' as new brands keep popping up; do you want 'classic luxury' or 'lifestyle luxury'?



### Sam Nazarian to launch wellness-focused hotel brand, The Estate September 16, 2024 **BOUTIQUE HOTELIER**

sbe founder plans to grow The Estate Hotels & Residences brand to 15 hotels by 2030 in locations including Miami



### Chef José Andrés is launching a luxury hotel brand 09-25-2024 **FASTCOMPANY**

The Bazaar House from the José Andrés Group is coming to Washington, D.C.'s Georgetown neighborhood in 2027.



# U.S. Lodging Industry H2 2024

## Threats

### How Political Polarization Ends

History shows that, if left untreated, extreme political and social divisions are a mortal threat to democracy.

November 8, 2024

Bloomberg

#### THE AMERICANS PREPPING FOR A SECOND CIVIL WAR

*Many now believe that the U.S. could descend into political violence. Some are joining survivalist communities, canning food—and buying guns.*

By Charles Bethea  
November 4, 2024

THE  
NEW YORKER



### America's drinking water is facing attack, with links back to China, Russia and Iran

JUN 26 2024



### Major global IT outage grounds flights, hits banks and businesses around the world

July 19, 2024

NBC NEWS

The problem was caused by a "defect found in a single content update for Windows" from the cybersecurity company CrowdStrike.

### Electronic Warfare Spooks Airlines, Pilots and Air-Safety Officials

Sept. 23, 2024

Hundreds of daily flights around the world are running into GPS spoofing, a hazard that poses new risks for pilots and passengers

THE WALL STREET JOURNAL

### Israel's War with Iran on Seven Fronts

Published Jul 03, 2024

Newsweek

### Japanese fighter jets fire flares at Russian aircraft for first time in airspace violation

23 Sep 2024

The  
Guardian

### U.S. Says North Korean Troops Are in Russia to Aid Fight Against Ukraine

Defense Secretary Lloyd J. Austin III called the situation "very, very serious," though he said that what the soldiers were doing in Russia was "left to be seen."

Oct. 23, 2024

The New York Times

### Jamie Dimon worries 'World War III has already begun'

MarketWatch

'We run scenarios that would shock you,' the banker warned

Oct. 24, 2024

### US Space Force warns of 'mind-boggling' build-up of Chinese capabilities

Nov. 1, 2024

FINANCIAL TIMES

Agency chief Chance Saltzman says Washington must co-operate with allies to counter threats from China and Russia



# U.S. Lodging Industry H2 2024

## Threats

**UPDATE: Las Vegas Hospitality Workers Avoid a Strike After Agreeing With Casinos on New Contracts**

Feb 6, 2024

**EATER**  
LAS VEGAS

With Super Bowl LVIII just one week away, downtown Las Vegas casino workers set a strike deadline for new five-year contracts

**Unionization Is a Growing Factor for US Hoteliers**

April 26, 2024

**CoStar**

NLRB Decisions on Elections Have Benefited Union Efforts, Attorney Says

**Hotel workers plan May Day rally in 18 cities to demand pay hikes after pandemic cuts**

April 29, 2024

**NEW YORK POST**



**Ten Thousand Hotel Workers On Strike During Busy Labor Day Weekend**

**UNITE HERE!**

Hilton, Hyatt, and Marriott Workers Strike Over Wages, COVID-Era Staffing and Service Cuts; "We Don't Want Hotels to Become the Next Airline Industry," UNITE HERE Union Says

September 1, 2024

**U.S. Hotel Strikes Escalate as 40,000 Workers Face Contract Expirations**

September 23rd, 2024

**Skift**

**Monty Bennett's cost-cutting measures violate tax law: union**

Accusations come on heels of bitter proxy fight aimed at unseating him from Braemar Hotels & Resorts

OCT 16, 2024,  
**THE REAL DEAL**  
REAL ESTATE NEWS

**Hotels Representing Over 30% of Park Hotels' Operating Profit Affected by Strikes, According to UNITE HERE**

Oct. 16, 2024

**MarketWatch**



# U.S. Lodging Industry H2 2024

## Threats



**Office Loan Delinquencies Surge To 6.5% To End 2023, Hotels Not Far Behind**

January 17, 2024

**BISNOW**

**Banks Expecting More Tightening on CRE Underwriting Standards**

**ALM | GLOBEST.COM**

Lenders also expect demand for CRE loans to increase along with all other types.

February 07, 2024

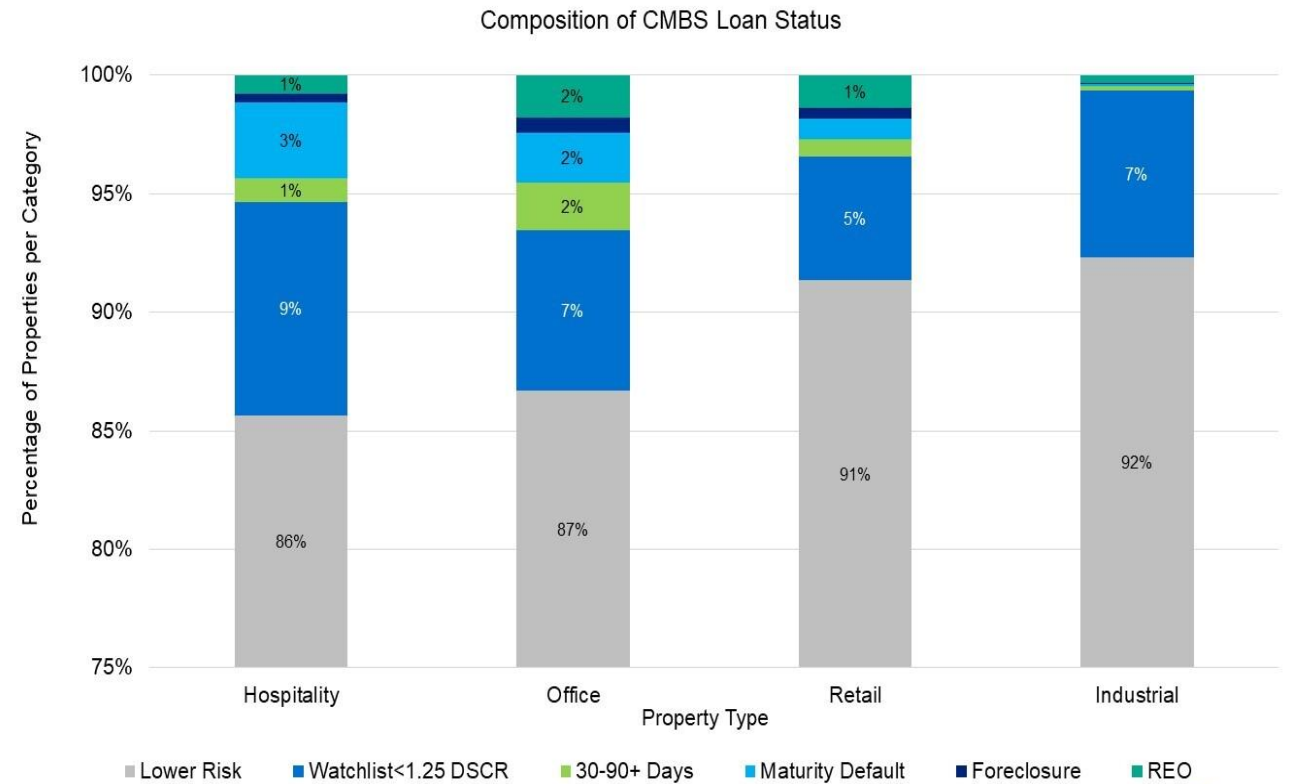
**Hospitality – Another CRE Sector Facing Debt Maturities**

June 13, 2024

**connectcre**

Daniel H. Lesser  
Co-Founder, President & CEO

## Hospitality and Office Most at Risk of Future Defaults



# U.S. Lodging Industry H2 2024

## Threats

**CoStar, luxury hotels hit with US consumer price-fixing lawsuit**



February 21, 2024

**Spotlight shines brighter on algorithmic price-fixing**

APRIL 1, 2024



After a series of lawsuits, newly expressed interest in a case by the DOJ and FTC could signal more scrutiny over alleged hotel pricing collusion.

**At AAHOA, a clear message: keep government out of our business**

April 5, 2024



**6 hotel chains colluded to fix prices, SF antitrust lawsuit alleges**

Apr 29, 2024



**Las Vegas hotels defeat price-fixing class action over room rates**

May 9, 2024



**How Hoteliers Can Adapt to the Evolving Needs of Website Accessibility**

May 20, 2024



Lack of Online Features, Written Descriptions Creates Liability Exposure

**U.S. House of Representatives passes No Hidden FEES Act**

June 12, 2024



**US Hoteliers Should Prepare for a Nationwide Pricing Transparency Law, AHLA Exec Says**

August 12, 2024



Law Would Mirror California Regulation on Hotel Rates

**Hotel Owners/Operators Beware: You May Be Responsible for More Than 25 Tax Types Paid Regularly to Multiple Jurisdictions**

August 06, 2024



**AAHOA OPPOSES L.A.'S PROPOSED MINIMUM WAGE HIKE FOR HOTEL WORKERS**

October 22, 2024



# U.S. Lodging Industry H2 2024

## Threats

### New York City Council approves Safe Hotels Act

AHLA interim CEO: Bill will do 'irreparable harm' to New York's hotel industry

- All hotel operators in the city must hold a license to operate, with an application term of two years and a \$350 fee.
- Operators of hotels with more than 100 rooms will be required to directly employ their core employees.
- These hotels will also be required to schedule staff that provide continuous coverage of the front desk. Large hotels will be required to schedule a security guard at all times while any room is occupied.
- All core hotel employees must have panic buttons.
- All core hotel employees must receive human trafficking recognition training.
- Hotels are required to maintain clean guestrooms, including daily housekeeping services unless the guest declines them.
- Hotels with less than 100 rooms are exempt from the direct employment requirement and may use contract labor.

October 23, 2024





# U.S. Lodging Industry H2 2024

## Threats



# U.S. Lodging Industry H2 2024 Opportunities

**The role of room monitors in combatting chargeback challenges**

Jan 29, 2024



**Hyatt Regency brand adds personal training platform for guests**

Mar 8, 2024



**These hotels go all-out with luxury pet amenities**

Tanner Saunders

April 10, 2024 • 10 min read

THE POINTS GUY

**Current Demand: ROI for EV Chargers Is More Promising Than Ever**

By George Seli - June 9, 2024

LODGING

**Why day passes at hotels and resorts are becoming more popular**

08-07-2024

FASTCOMPANY

Day passes cover pool time, spas and, sometimes, fitness centers.

**\$1,780 to Spend the Night in a 'Cocoon'? Hotels Are Betting on Sleep Tourism.**

March 6, 2024

The New York Times

A.I.-assisted beds, on-call hypnotherapists and sequestered guest rooms, including one inside a stainless steel sculpture, are taking sleep tourism to the next level.

March 27, 2024

LIFESTYLE | TRAVEL | CARRY ON

THE WALL STREET JOURNAL

**The New Hotel Essential: Easy Take-Out Food**

There have never been more options for meal delivery to your room—or other parts of the hotel

**Work-from-anywhere mode makes hotels bona fide centers of business**

April 29, 2024



July 20, 2024

SQUARE FEET

The New York Times

**Motels Are Having a Moment**

What's old is new again, and the humble roadside motel that an older generation might dismiss as outmoded is appealing to a new group of younger fans attracted to hit-the-road adventures.

**These Hotels Are Offering Literary-Themed Getaways For Book Lovers**

Aug 9, 2024

Forbes



# U.S. Lodging Industry H2 2024 Opportunities

## Independent Hoteliers Leverage Flexibility To Give Guests What They Want

August 16, 2024



Authentic Experiences Boost Revenue at Unbranded Properties, Operators Say

## How Luxury Resorts Are Transforming into Cultural Destinations

SEPTEMBER 6, 2024

Robb Report

Opera, ballet, and fine art make for the ultimate amenity at these properties.

## A hotel is offering 'self-love pods' for solo play. Here's why that's a thing

September 11, 2024



## The Latest Hotel Craze? Getting a Tattoo



Michelle Tchea | October 1, 2024

Fodor's Travel

## Bunk Beds Are the Trendiest New Amenity at Luxury Hotels

Bloomberg

Bunking up is no longer just for summer camp and dorm rooms—in fact, it's more glamorous than ever. Here's why.

August 20, 2024

## Parking Has Become A Major Profit Driver For Hotels

September 9, 2024

BISNOW

## Sam Nazarian and Tony Robbins Are Launching Longevity Clubs and Hotels

September 16, 2024

Bloomberg

The Estate is the latest entrant in the \$5.6 trillion-per-year global wellness industry and will include hotels, residences and longevity centers with \$35,000-a-year memberships.

## Hilton Brings Hospitality to the Stars with Unveiling of Starlab Space Station Design

10.17.2024



## A Ticket to Space Is Tourism's Final Frontier

October 27th, 2024

Skift

Daniel H. Lesser  
Co-Founder, President & CEO

LWHA  
LW HOSPITALITY ADVISORS



# U.S. Lodging Industry H2 2024 Opportunities

## My Place Hotels of America Announces Partnership With Grubhub

February 7, 2024

LODGING

## Hilton partners with Small Luxury Hotels of the World

Feb 07, 2024

TRAVEL WEEKLY  
THE TRAVEL INDUSTRY'S TRUSTED VOICE

## Hilton Goes Glamping in Partnership with AutoCamp

February 27, 2024

CoStar

Guests Can Book Through Hilton Channels, Take Advantage of Loyalty Program

## Rio Las Vegas joins World of Hyatt

March 1, 2024

HB  
HOTEL BUSINESS

Rio Hotel & Casino in Las Vegas has joined Hyatt Hotels Corporation's World of Hyatt loyalty program. Members can now earn and redeem points for qualifying stays at the Hyatt-affiliated hotel, which is in the midst of a multiphased, \$340 million transformation.

## Kenneth Cole to provide amenities for Wyndham Destinations

Mar 15, 2024

HB  
HOTEL MANAGEMENT

## Big hotel chains and unbranded-hotel owners find they need each other

March 25, 2024

REUTERS®

## HB Exclusive: Wyndham partners with Reside for residences

July 10, 2024

HB  
HOTEL BUSINESS

Wyndham Hotels & Resorts has partnered with Reside, a furnished corporate housing company, to add residences to its portfolio. Reside will fill its unoccupied spaces for long-term and short-term stays using Wyndham's distribution channels and other benefits.

## World of Hyatt Partners With Under Canvas to Provide Outdoor Stay Experiences

July 26, 2024

LODGING

## The Hottest Club in Town Is... Run by Your Credit-Card Company?

Aug. 16, 2024

THE WALL STREET JOURNAL

Amex, Chase and Capital One are opening a new crop of lounges for people who carry high-end cards. 'It feels really like you're going to something exclusive.'

## Hotel Chains Revamping Offerings to Mirror the Airline Model

September 4, 2024

Hotel  
interactive

## Why Sage Hospitality sees more apartment-hotels in its future

SEPTEMBER 19, 2024

Hotel  
Investment Today

# U.S. Lodging Industry H2 2024 Opportunities

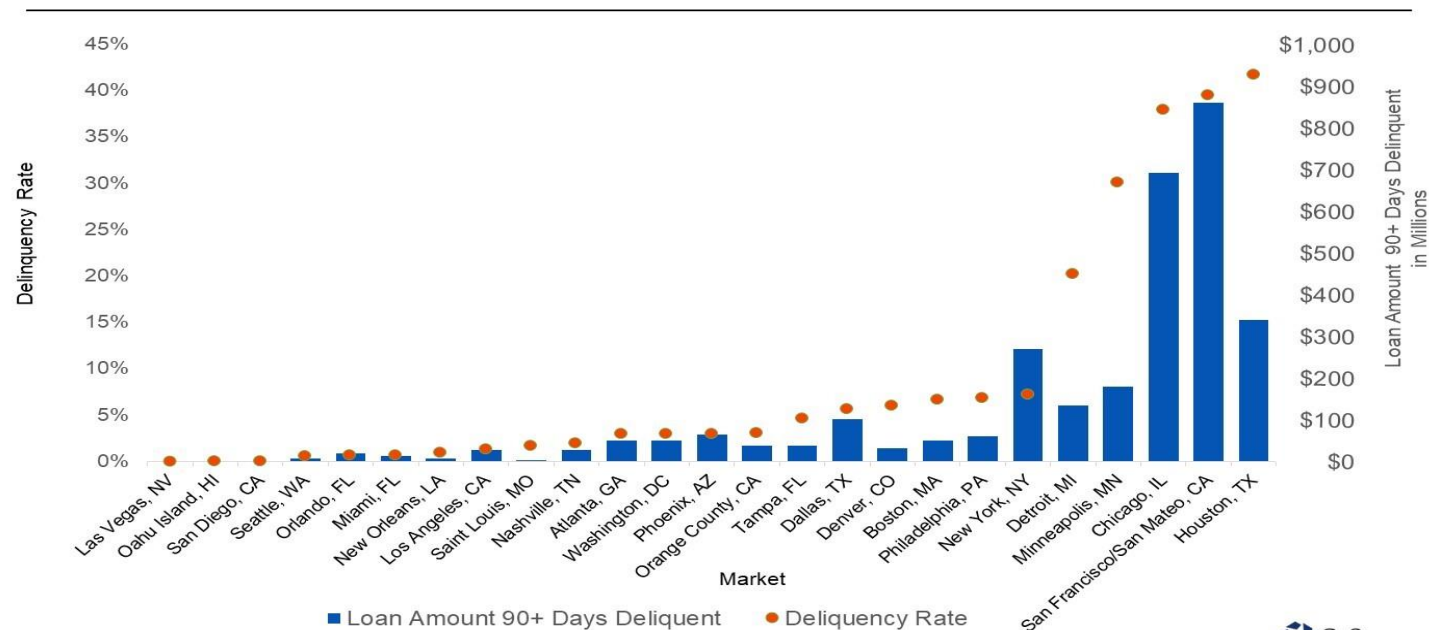
## Hotel Delinquency Rates in Larger Markets Substantially Muted

August 29, 2024

20 Markets in the Top 25 Register Delinquencies of Under 8%



### Lending in Larger Markets Is Mostly a Good Bet



Source: CoStar, August 2024



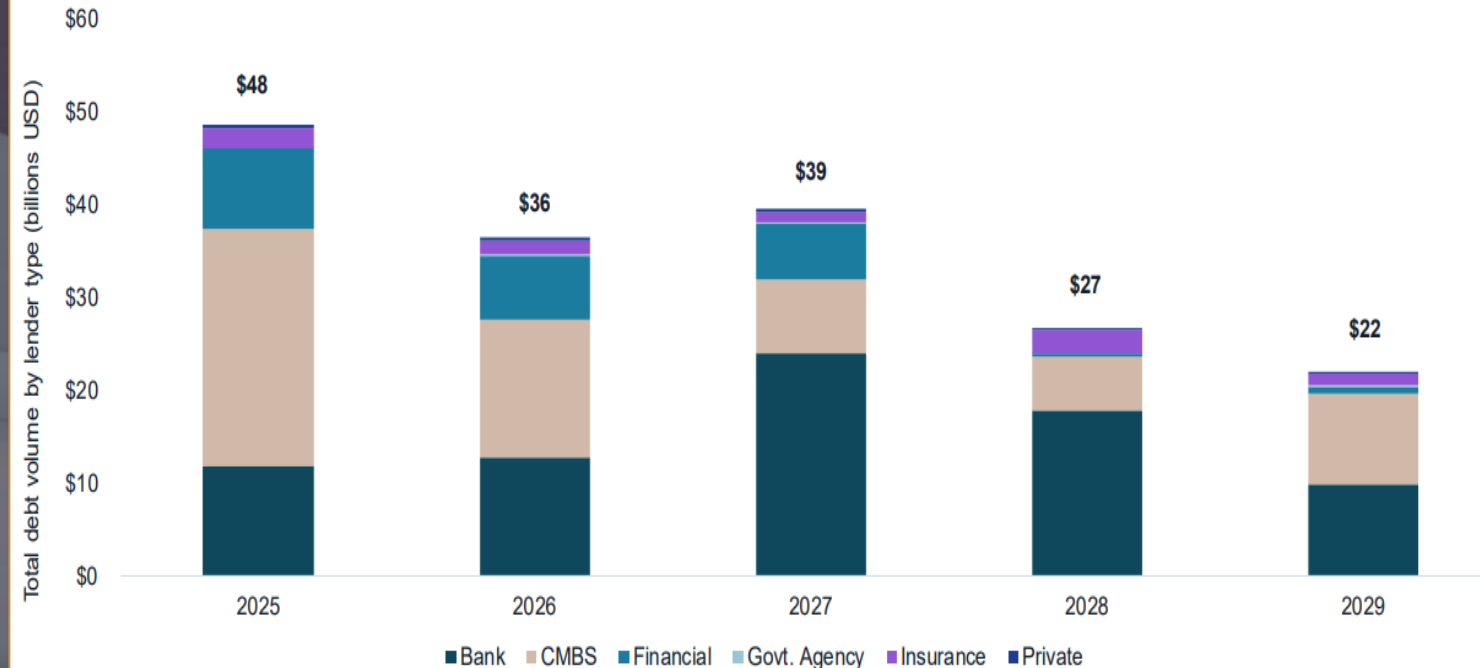
# U.S. Lodging Industry H2 2024

## Opportunities

### Nearly \$85B of hotel loans expected to mature by 2026

Look for this high volume of loan maturities to catalyze transaction activity, particularly for owners that face rising cost pressures and those with upcoming PIP requirements.

U.S. hotel debt maturities 2025 – 2029



Source(s): JLL Research, RCA  
Note: Based on independent reports of properties and portfolios of \$2.5 million and greater. Loan maturities include all lender types. Data updated through June 2024 (the latest available) and believed to be accurate, but not guaranteed.

### Investors Say Renovation Needs, Loan Maturities Will Drive More

Hotel Deals

March 20, 2024



### Not Distressed But 'Stressed': Investors See Hotel Buying Opportunities Coming

May 20, 2024

BISNOW

### Will the hotel industry finally reckon with being under-renovated?

Hotel brands seem to be dealing with the reality of delinquent property

improvement plans

November 1, 2024





# U.S. Lodging Industry H2 2024 Opportunities

## XLD Group's \$130M loan for LAX Marriott hotel goes on watchlist

CMBS debt encounters higher operating and capital costs at 18-story property

MAR 18, 2024

THE REAL DEAL  
REAL ESTATE NEWS

## Ashford Hospitality Trust hands keys to 14 hotels to lenders

APRIL 29, 2024

Hotel  
Investment Today



**\$89,500,000 Non-Performing First Mortgage Loan Sale ~ Hotel Per La Los Angeles**  
Los Angeles, CA

8/1/2024

## Owner of San Francisco's Kimpton Alton Hotel defaults, surrenders property

Apr 17, 2024

TRAVEL WEEKLY

## Non-Performing Loan for Four Seasons San Francisco for Sale

May 22, 2024

ALM | GLOBEST.COM

The next owner of the loan could foreclose, get luxury hotel at discount.

## Owner of Trump's Former Washington, D.C., Hotel Loses Rights to Property

Investment firm CGI surrenders control in foreclosure auction

Aug. 5, 2024

THE WALL STREET JOURNAL

## Rialto Capital lists JW Marriott Chicago years after foreclosing on it

JUL 3, 2024

THE REAL DEAL  
REAL ESTATE NEWS

610-key hotel went into foreclosure after Estein USA defaulted on \$204M

## Threat of Foreclosure Looms Over the Fifth Avenue Hotel

20 AUG 2024

CHELSEA NEWS  
The local paper for Chelsea

Lenders have filed a pre-foreclosure suit for the hotel owners' alleged failure to pay back its \$81.5 million loan.

## Allegiant's Sunseeker Resort is in financial trouble

Aug 05, 2024

TRAVEL WEEKLY  
THE TRAVEL INDUSTRY'S TRUSTED VOICE

## Yellowstone Acquires Former Midtown East Maxwell Hotel Through Foreclosure

BY MARK HALLUM OCTOBER 22, 2024 1:15 PM

COMMERCIAL OBSERVER

## Owner of large downtown hotel faces 'imminent default' as loan deadline looms

October 23, 2024

5 ON YOUR SIDE

The owner of the 910-room Hyatt Regency St. Louis is seeking to rework loans as it faces "imminent default" on a \$93 million debt stack.

# U.S. Lodging Industry H2 2024

## Opportunities

**'Generational investment opportunity': Noble Investment Group closes \$1 billion fund**

Jan 9, 2024

ATLANTA  
BUSINESS CHRONICLE

**Host Hotels & Resorts Has \$2.9B to Spend on Acquisitions In Battered Urban Markets**

February 23, 2024

BISNOW

**REPORT: Hospitality Firm Ennismore In Talks To Drop Major Cash On High-End Hotel Expansion**

March 5, 2024

BISNOW

**Patient Blackstone, and others, ready to pounce on hotel real estate**

March 25, 2024

HOTELS  
PASSION FOR HOSPITALITY

**Former Blackstone Partner on Track for \$1 Billion Haul With New Real Estate Fund**

Feb. 2, 2024

THE WALL STREET JOURNAL

New firm will focus on warehouses, multifamily buildings in Sunbelt cities and hotels

**Sunstone Looks To Buy 'Group-Centric' Hotels**

February 23, 2024

CoStar™

Company Shifts Focus Following Year of Sales, Renovations

**Starwood Capital Plans To Take Luxury Hotel Brands Public Via SPAC Merger**

March 11, 2024

BISNOW

**Trinity Investments Digs In on Deal Strategy of Chasing Underinvested Hotels**

March 13, 2024

CoStar™

Development Exec Says Eight Hotels in Portfolio Are Under Renovation

**Driftwood Capital closes \$330M fund targeting Florida's coast**

Sep 12, 2024

HOTEL  
MANAGEMENT

Daniel H. Lesser  
Co-Founder, President & CEO

LWHA  
LW HOSPITALITY ADVISORS



# U.S. Lodging Industry H2 2024 Opportunities

San Francisco Gets Tourism Bump from AI - But Recovery Will Be Slow

June 21st, 2024

**Skift**

'We are big believers in SF': Hotel owners bet big on city's revival

Aug 30, 2024

**SFGATE**

World's Largest Franchisee Makes Personal Bet on San Francisco's Office Recovery

August 23, 2024



Real Estate Veteran Greg Flynn Says City Will 'Come Back in a Big Way'



Office Demand in San Francisco Shows Promising Increases

August 1, 2024



Current Situation Matches Pace of Great Recession Recovery, But Market Is Smaller

San Francisco's Hospitality Sector Swimming In Debt, But Owners See Land Ahead

September 18, 2024

**BISNOW**

Life The San Francisco Standard

Oct. 30, 2024

'SF is so back': Overheard in the hour-long line to get into a tech conference after-party

# U.S. Lodging Industry H2 2024 Opportunities

**Elevating hospitality in 2024:  
The role of QR codes**

Feb 2, 2024



**LuggageHero launches  
platform for hotels**

May 28, 2024



**Reducing Procurement Fraud Risk in Hospitality  
With Procure-to-Pay Automation**

April, 8 2024



**Tech Leaders Promote Artificial Intelligence's Use for  
Hospitality: 'Not Just a Fad'**

June 26, 2024



**Security tech: Where  
warm and welcoming  
meets safe and secure**

Aug 1, 2024



**Can you skip your hotel checkout?**

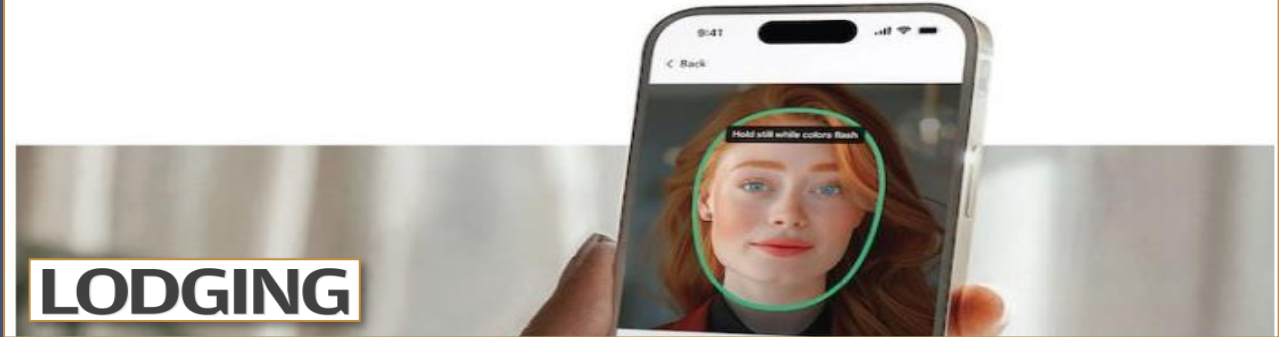
September 6, 2024

The Washington Post

Hotels are offering more ways to check out than ever. Experts say the "right" one is mostly up to you.

**The New Face of Hospitality: Facial  
Recognition Set to Further Streamline  
the Guest Experience**

By George Seli - July 29, 2024



**LODGING**

**Embracing Technology: Using AI-Powered Travel Concierges in Hospitality**

Mobile Apps

August 30, 2024



**The vending machine industry  
is getting hot**

10/29/24

Consumer desire for fast, healthy meals is ushering in a new era of machine-ready eats.

Sherwood



# U.S. Lodging Industry H2 2024 Opportunities

**Airbnb crackdown is a windfall for New York City hotels**

Feb 13, 2024

**TRAVEL WEEKLY**  
THE TRAVEL INDUSTRY'S TRUSTED VOICE

**Are Airbnbs banned in Hawaii? New law seeks to cracks down on short-term rentals.**

May 3, 2024

**USA TODAY**

**Cities Are Cracking Down on Short-Term Rentals. Here's How**

**Bloomberg**

Booking platforms such as Airbnb and Vrbo are increasingly faulted for limiting housing options for local residents and driving up rents.

July 9, 2024



**short-term rentals**

**The end of Airbnb? Once-popular rentals site's shares tumble 14% thanks to retro travel trend**

7 August 2024

**Daily Mail**  
.com

**Airbnb's struggles go beyond people spending less. They're losing some travelers to hotels.**

Dan Latu Aug 13, 2024, 5:13 AM EDT

**BUSINESS INSIDER**

**Airbnb pleads with NYC to ease regulations, one year in**

Short-term rental company claims Local Law 18 has failed

SEP 3, 2024

**THE REAL DEAL**  
REAL ESTATE NEWS

# U.S. Lodging Industry H2 2024 **Opportunities**

## Pyramid Global taps office world for growth

MAY 14, 2024



Hospitality@WORK will offer expanded management services, including cultural programming, F&B and other modern-day perks.

## Managing Coworking: Building Brands, Building Experiences

August 14, 2024

Though evolving, flexible office still has a lot in common with hospitality. Here's what managers make of it.

**Commercial** Property Executive

## Hotelification: blurring the lines between work and leisure

SQUARE FEET

Aug. 18, 2024

The New York Times

### *The Hotelification of Offices, With Signature Scents and Saltwater Spas*

Hoping to lure workers back to their desks, companies are designing "work resorts," luxe spaces meant to compete with the comforts and versatility of their living room.

## Why the workplace of the future will look and feel more like a hotel

09-30-2024

FASTCOMPANY

Business leaders are increasingly looking to the hospitality industry to make office life more attractive to and productive for their staff. Convene CEO and cofounder Ryan Simonetti reveals why this is important to corporate strategy and employee engagement.

## How Convene Combines Hospitality And Flexible Office In Today's Hybrid Work Environment

November 4, 2024

**BISNOW**

Daniel H. Lesser  
Co-Founder, President & CEO



# U.S. Lodging Industry H2 2024 Opportunities

## World's First 3-D-Printed Hotel Rising in Texas

Just outside the cultural hub of Marfa, El Cosmico's curvy forms are growing layer by layer.

SEP 26, 2024

**Inc.**





# U.S. Lodging Industry H2 2024 Opportunities

## Why the Dallas hotel market is "darling" for developers, investors

Oct 1, 2024



### Key points about Dallas' economic growth:

#### High Job Growth:

Dallas has added nearly 600,000 new jobs in the last five years, ranking among the top cities nationwide for job creation. [🔗](#)

#### Corporate Relocations:

Many large corporations have chosen to move their headquarters to Dallas, contributing significantly to the economic boom. [🔗](#)

#### Attractive Business Climate:

Factors like low taxes, a skilled workforce, and favorable regulations have made Dallas a desirable location for businesses. [🔗](#)

#### Diverse Industries:

Growth is not limited to one sector, with expansion across industries like technology, finance, and healthcare. [🔗](#)

#### Dallas-Fort Worth Metroplex:

The entire Dallas-Fort Worth area has benefited from this economic surge, experiencing robust development in both residential and commercial real estate. [🔗](#)



# U.S. Lodging Industry H2 2024

## Summary

- Lodging fundamentals remain healthy.

- RevPAR continues to rise however growth is stagnating.
- Room night demand outpaces supply.
  - Corporate and group business are strengthening while leisure demand growth has slowed.
  - Americans continue to travel abroad.
  - Foreign in-bound demand improving although still below 2019 levels.
- Bifurcation of hotel performance as economic pressures impacting travelers across income levels.
  - increased cost of living affecting lower-to-middle income households lessening demand for hotels in the lower price tier.
  - Higher end hotels performing well however pricing power has waned given changes in mix and travel patterns.

- ADR continues to be the driver for RevPAR growth.

- Leisure demand exhibits rate sensitivity.
- Moderate RevPAR growth expected for 2025.

- Operational costs rising faster than revenues placing strain on owners.

- Labor, insurance, property taxes



**Average Daily  
Rate (ADR)**



# U.S. Lodging Industry H2 2024

## Summary



- Permanent hotel closings and/or diminishing new supply continue to be a sector tailwind.
- Transaction volume has slowed, however will catalyze during the next 12 months.

### WHY HOTEL REAL ESTATE?



- The Federal Reserve recently lowered interest rates.
- Significant number of alternative debt providers keen to lend to the sector.
- Bid-ask spreads anticipated to continue to narrow during the foreseeable future.
- Some sponsors facing refinancing will be forced to sell in an elevated interest rate environment.
- Private equity fund-life expirations.
- Depleted capital expenditure reserves needed for required brand Product Improvement Plan's (PIP's).



- Hotel financing availability abundant.
- Investment dollars continue to prioritize acquisition over construction.



# U.S. Lodging Industry H2 2024

## Summary

### HOTEL INVESTMENTS

WHY HOTELS CAN BE A GREAT  
ADDITION TO YOUR PORTFOLIO

Hotels a preferred commercial real estate investment class as they present a superior inflation hedge and often generate higher returns.

- Hotel development cost-per-key significantly higher than acquisition cost-per-key in urban markets opportunity to acquire hotels at a meaningful discount to replacement.
- Anticipated interest rate cuts will lead to cap rate compression and return of portfolio premiums

Capital originating from throughout the world seeking safe-haven markets such as the U.S. will result in increased cross-border investment opportunities.

First-time hotel buyers including family offices and high net-worth individuals are increasing.

High quality hotel assets are being pursued by investors, mostly with a long-term time horizon.

While long-term outlook remains solid, uncertainty with geopolitics, interest rates, and the economy are shadowing optimism in the short term.

# U.S. Lodging Industry H2 2024 **Summary**

- More than \$150B of hotel debt anticipated to mature through 2029.
  - Compared to the notion during peak COVID of “lets all play nicely in the sandbox” a.k.a. “kick the can down the road” future lender credit defaults will be dealt with more aggressively.
- Billions of dollars have been raised to deploy debt and equity into the U.S. lodging sector.
  - Long term well capitalized opportunistic investors that bet big, at the right basis, and early in the cycle acquiring and/or investing in loans, assets, and operating companies will likely reap financial rewards that generate outsized returns .....particularly contrarian sponsors who acquire large urban corporate and group meeting/convention hotels at fractions of replacement cost.
- Preferred equity will backstop numerous sponsors unable to secure traditional bank financing.
- Selective distress deals will continue to occur, however compelling opportunities that are “bid up” may not reflect distressed pricing.





### Hilton Sees a New Golden Age of Travel. Can It Last?

Chris Nassetta, Hilton's longtime CEO, talks about demand for rooms, hiring gig workers and the future of room service

THE WALL STREET JOURNAL

Dec. 17, 2022



*“Over the long term, it’s going to be spectacular. All the trends that were here pre-Covid are here even to a greater level—meaning, people’s desire to spend on experiences and do things. The other thing that is long term very beneficial for what I call our new golden age of travel is mobility. You have greater flexibility. People are going to have more flexibility on Mondays, Fridays, weekends. People are going to allow more remote work. The more mobile the world, the better our business. It’s that simple.”*

# U.S. Lodging Industry H2 2024



November 9, 2024

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