U.S. Hotel Industry Performance

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Agenda

- Total US Review
- Scale Review
- Segmentation
- Markets
- Pipeline
- 2016 / 2017 Forecast

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Total U.S. Review

October Occupancy -0.3%

Two Things To Get Used To From Now On:
Occupancy Declines
and

Vanityfair.com

October 2016 YTD: Occupancy Declines Start Now

		% Change
• Room Supply		1.5%
• Room Demand		1.5%
• Occupancy	67.3%	-0.02%
• A.D.R.	$125	3.1%
• RevPAR	$84	3.0%
• Room Revenue		4.6%

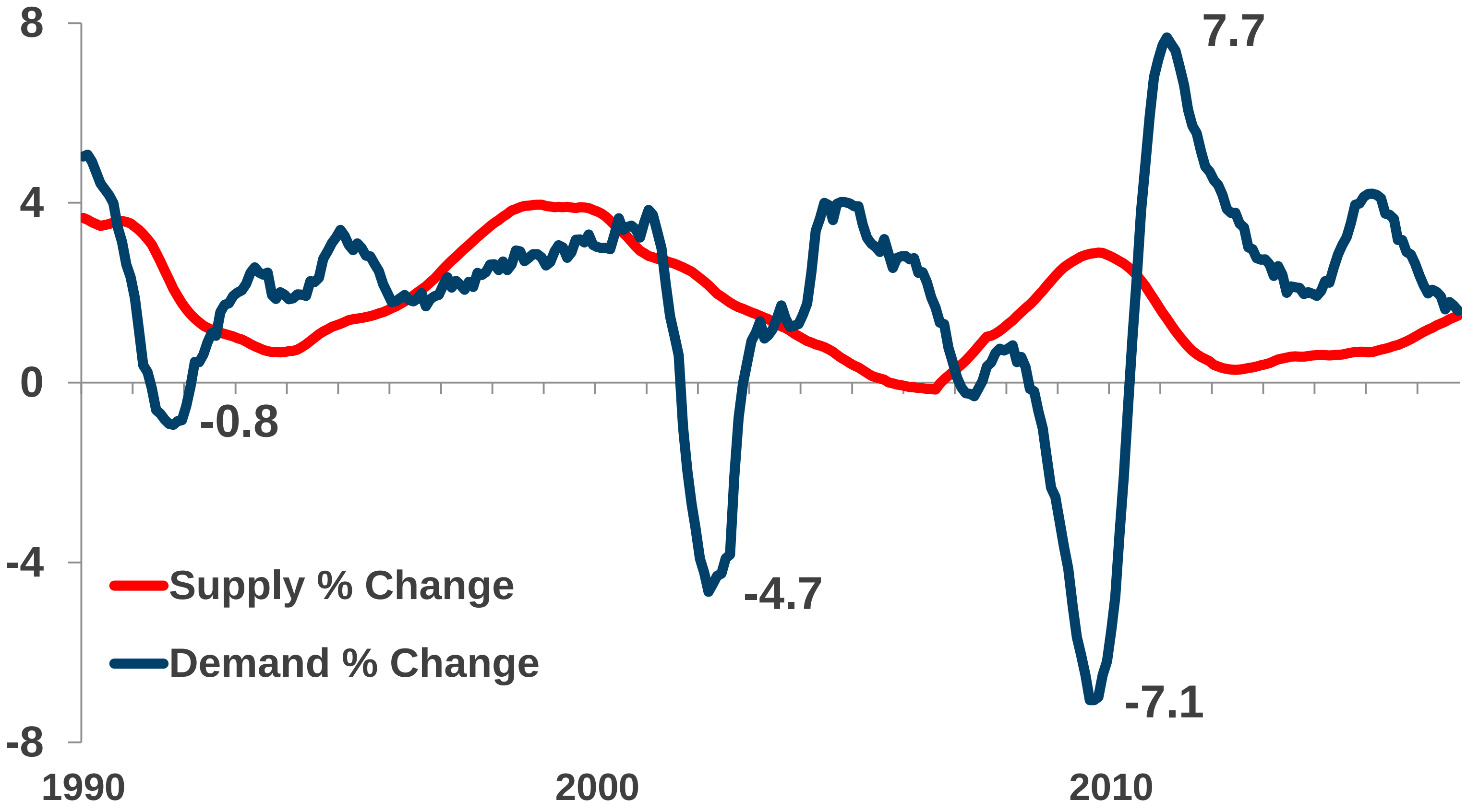
October 2016 YTD, Total US Results

US October YTD 2016 RevPAR: 3 Markets Dragged US Results

Total US YTD:		**+3.2%**
NYC:	- 2.9%	
Miami:	- 3.3%	
Houston:	-10.9%	
Total US excluding NYC, Miami & Houston:		**+3.8%**

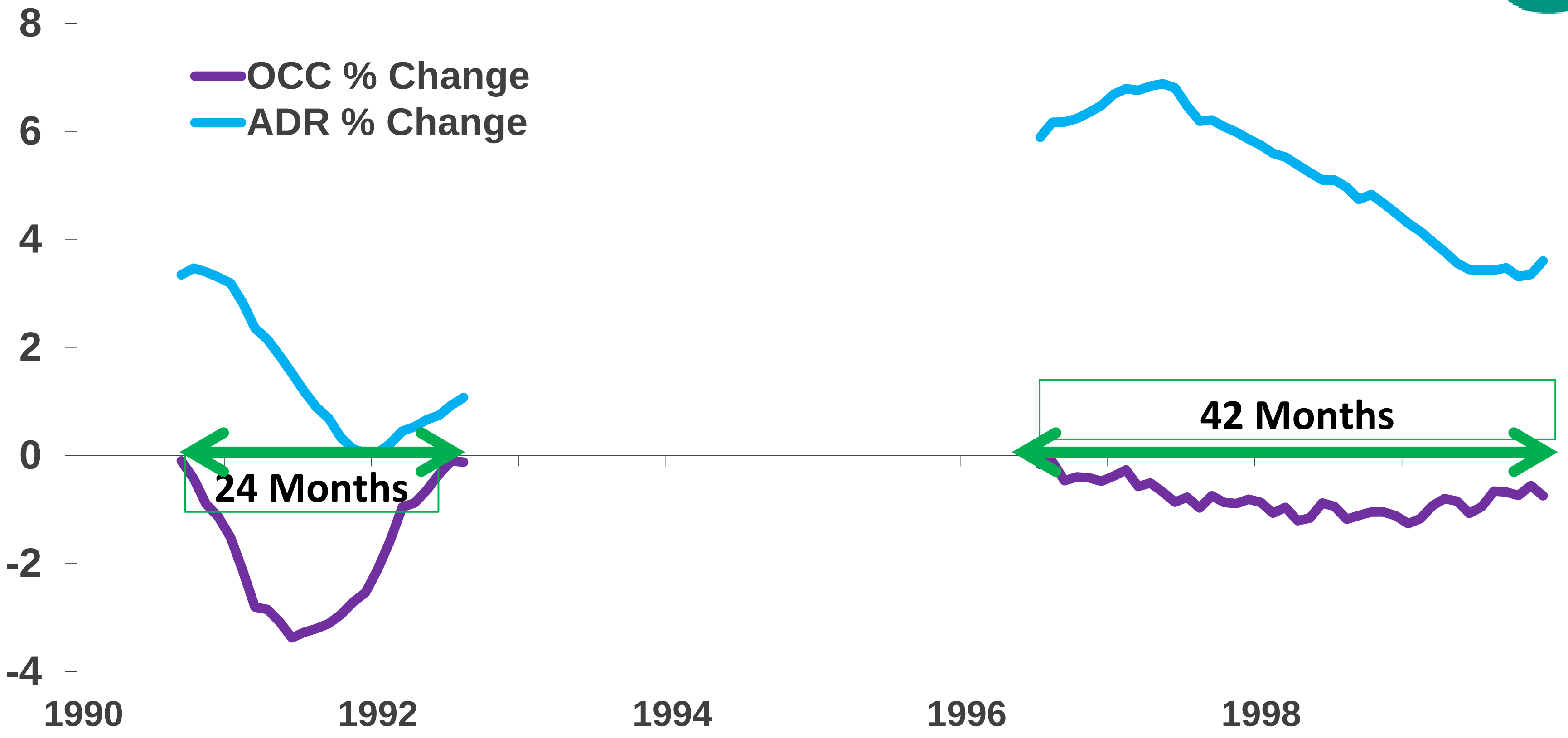
*RevPAR % Change October 2016 YTD

Demand Growth Slows. Supply Growth Increases To 1.5%.



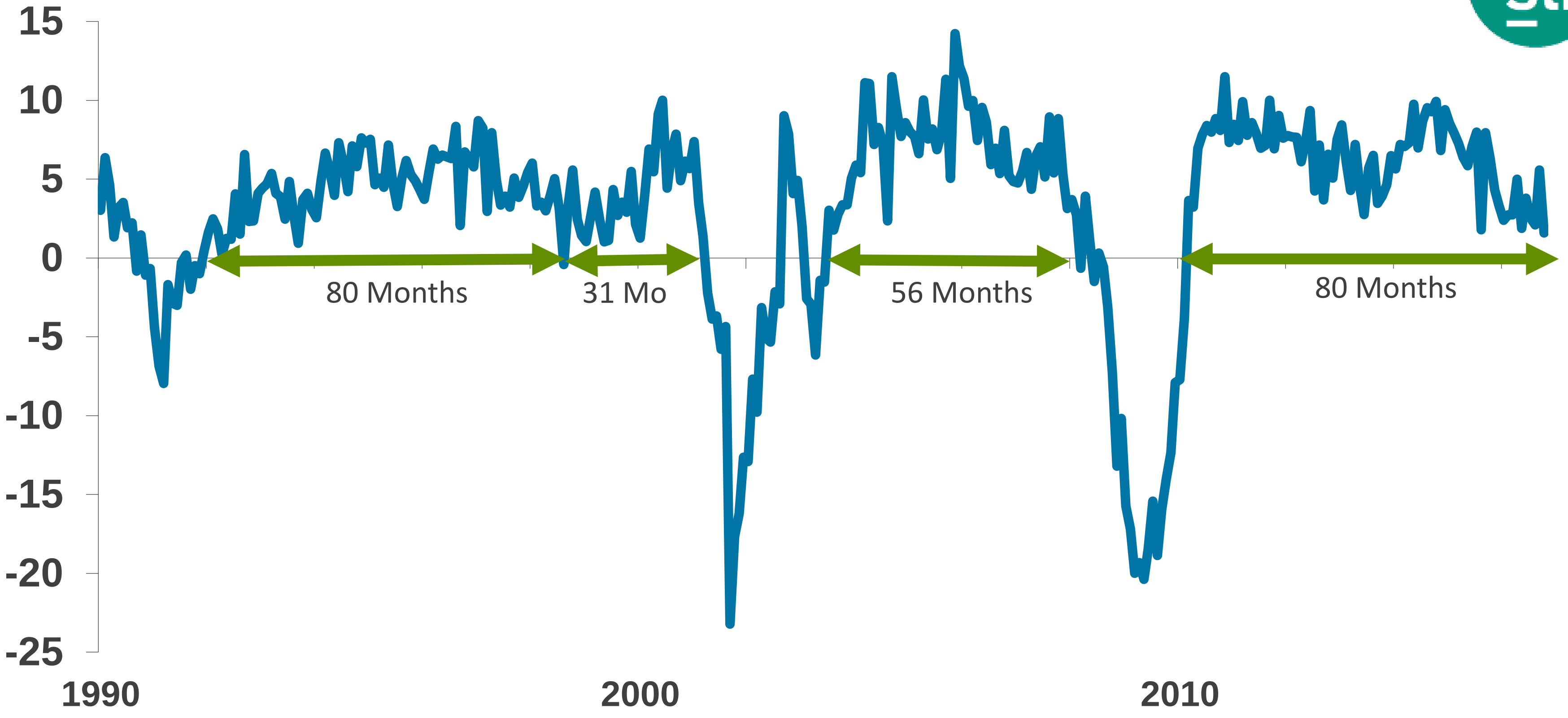
Total U.S., Supply & Demand % Change, 12 MMA 1/1990 – 10/2016

Declining Occupancies and Rising ADRs Are Not Unprecedented



Total U.S., ADR & OCC % Change, 12 MMA 1/1990 – 12/1999

RevPAR Growth: Slowing Down After 6 Yrs. Of Growth

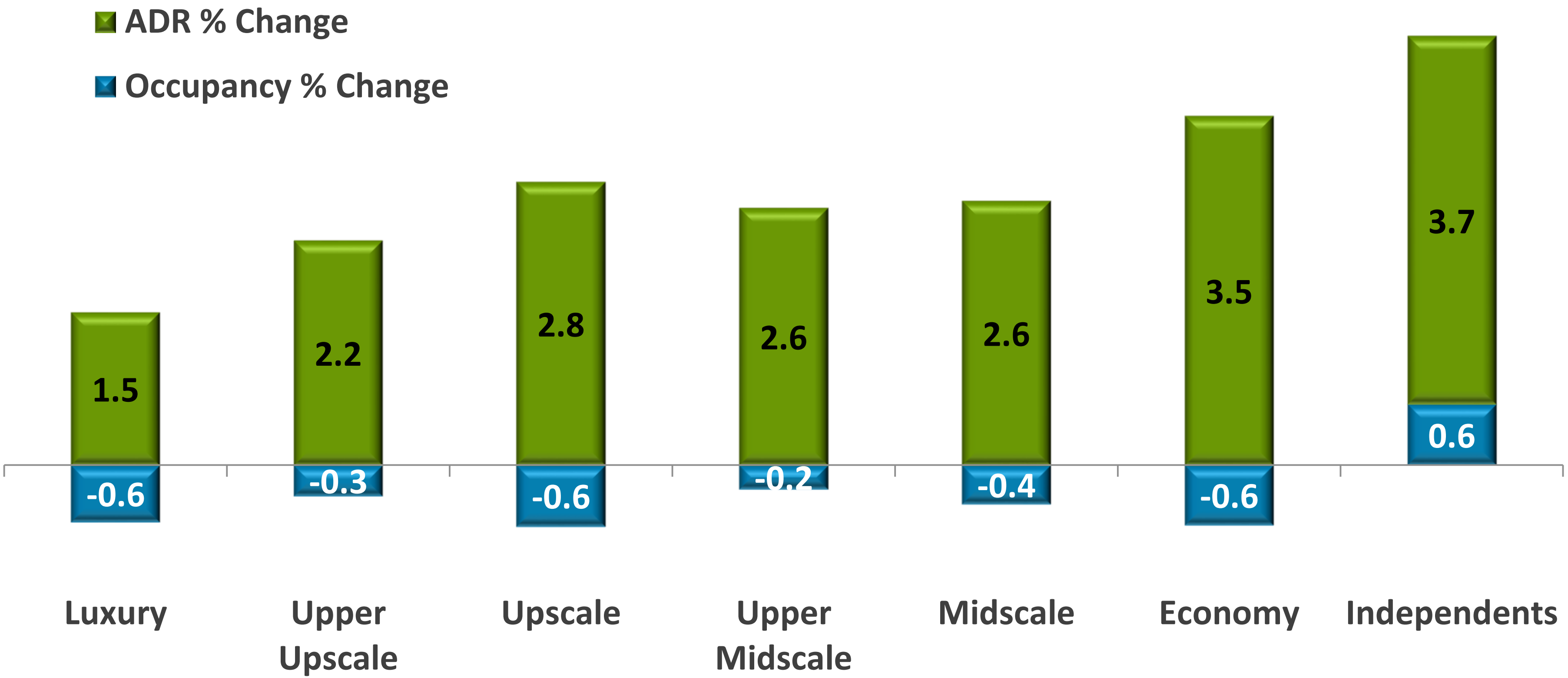


Total U.S., RevPAR % Change, 1/1990 – 10/2016

Chain Scale Review

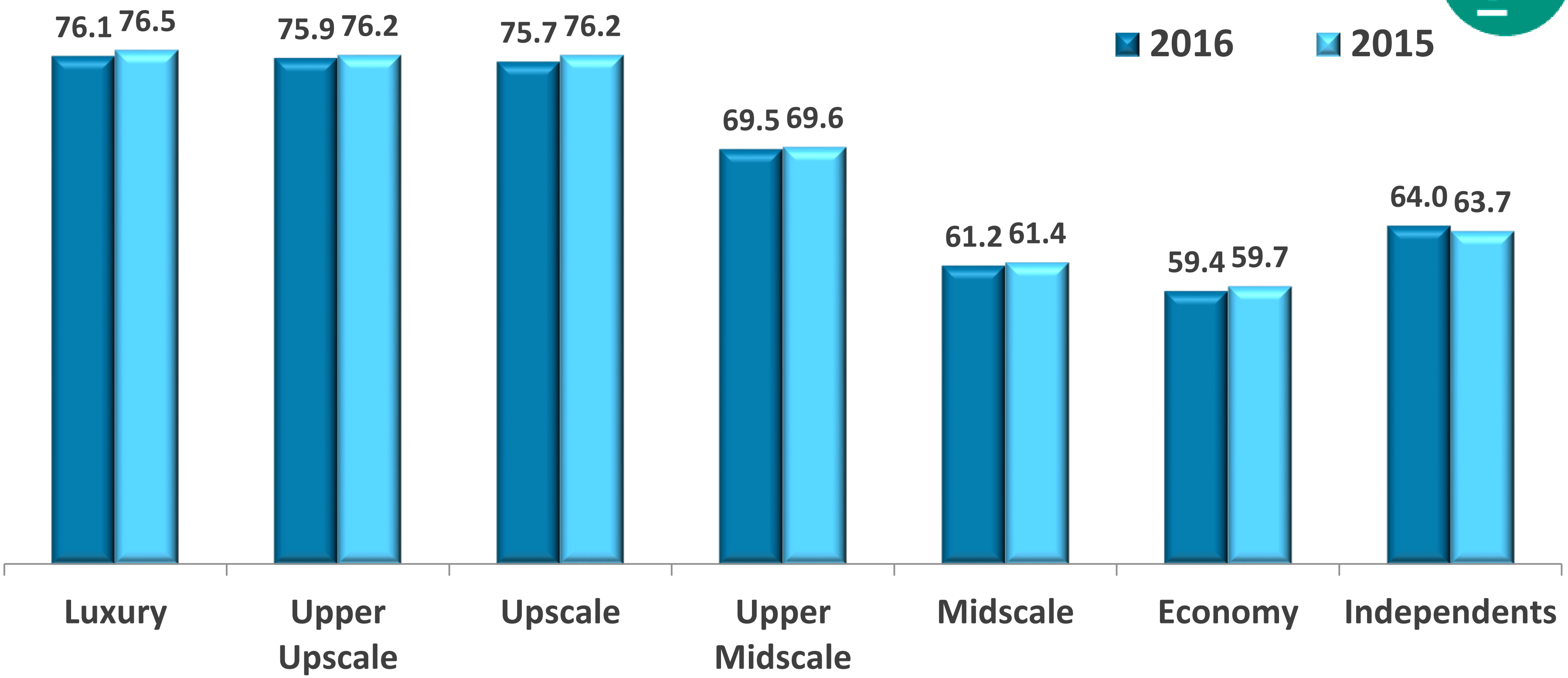
- October YTD -

(Only) In This Part Of The Cycle: Independents Outperform Brands



*RevPAR % Change by Contribution of OCC / ADR % Change, by Scale, October 2016 YTD

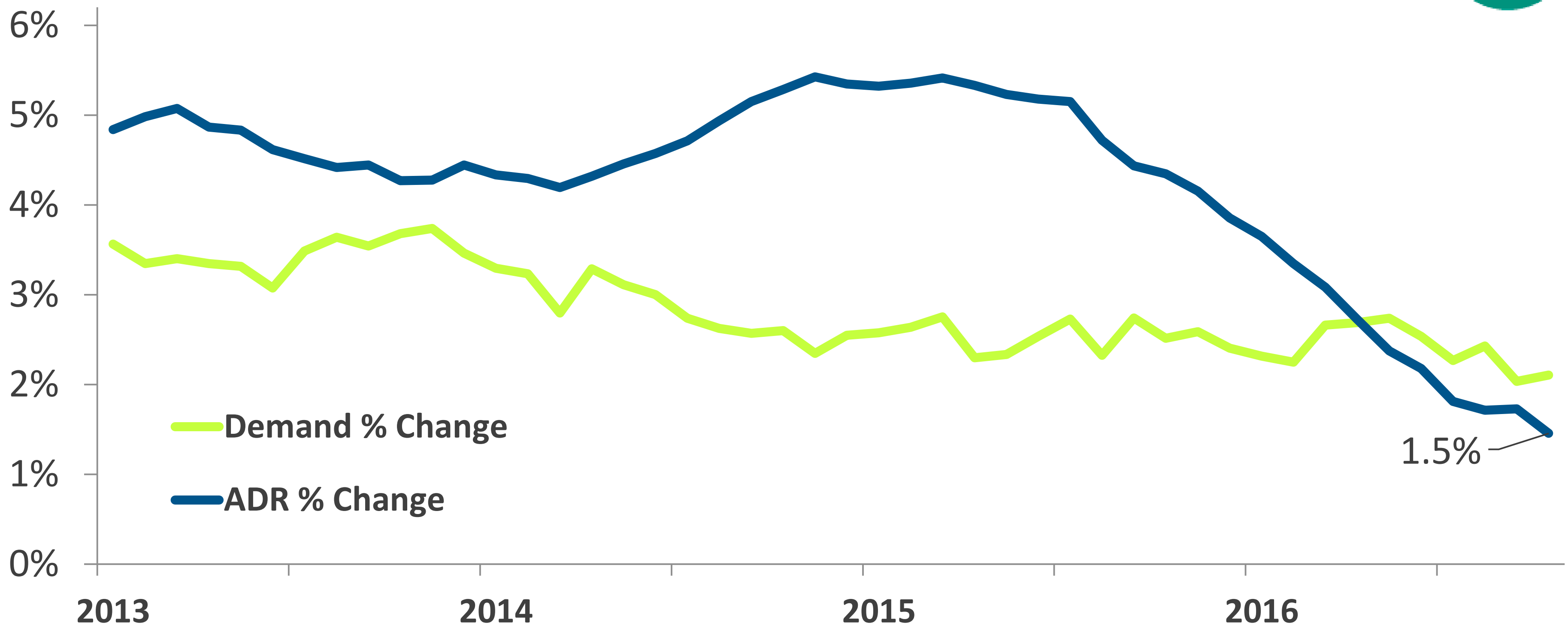
High End Hotels Still Very Busy (But A Little Less So)



*OCC %, by Scale, October YTD 2016 & 2015

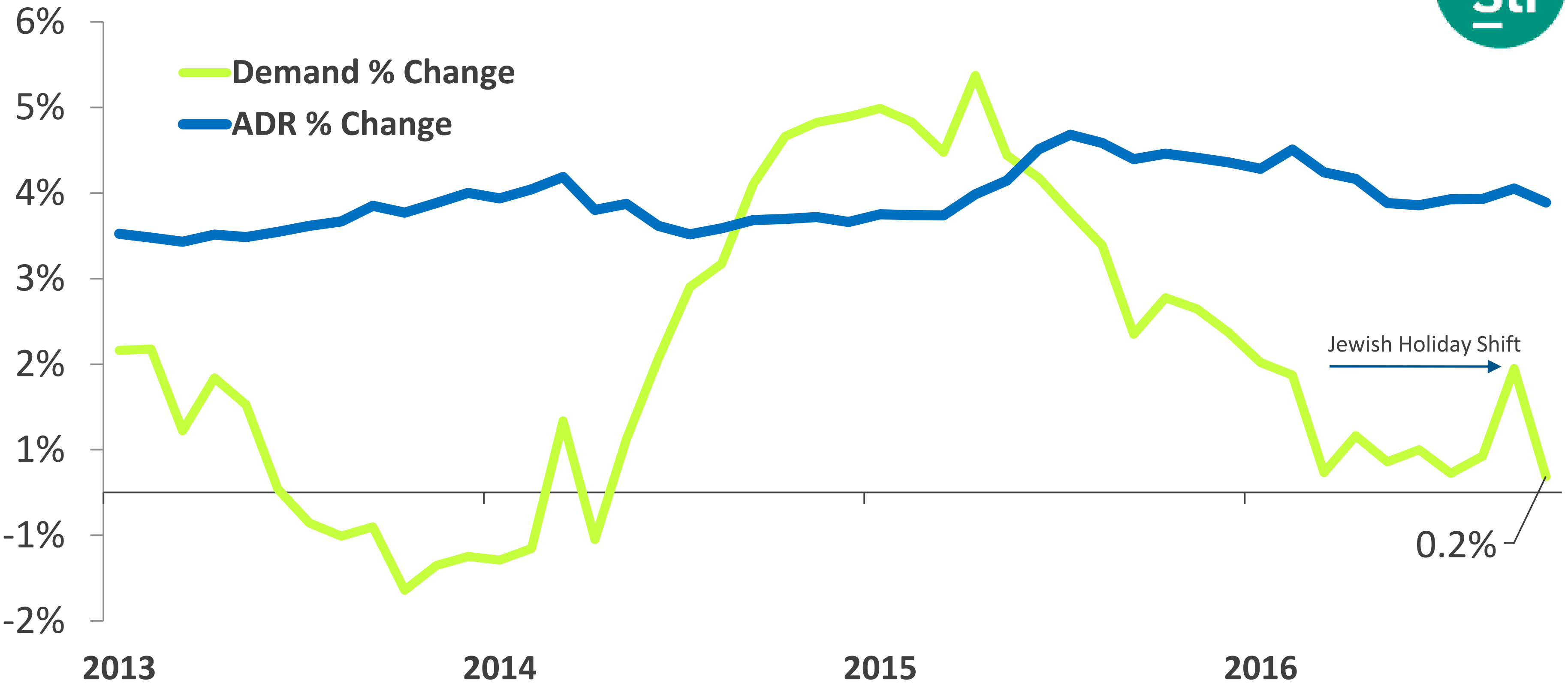
Segmentation

Transient ADR Growth: Slow Despite High Occupancy



*Transient Demand and ADR % Change, 12 MMA, 1/2013 – 10/2016

No Group Demand Growth To Speak Of



*Group Demand and ADR % Change, 12 MMA, 1/2013 – 10/2016

Markets

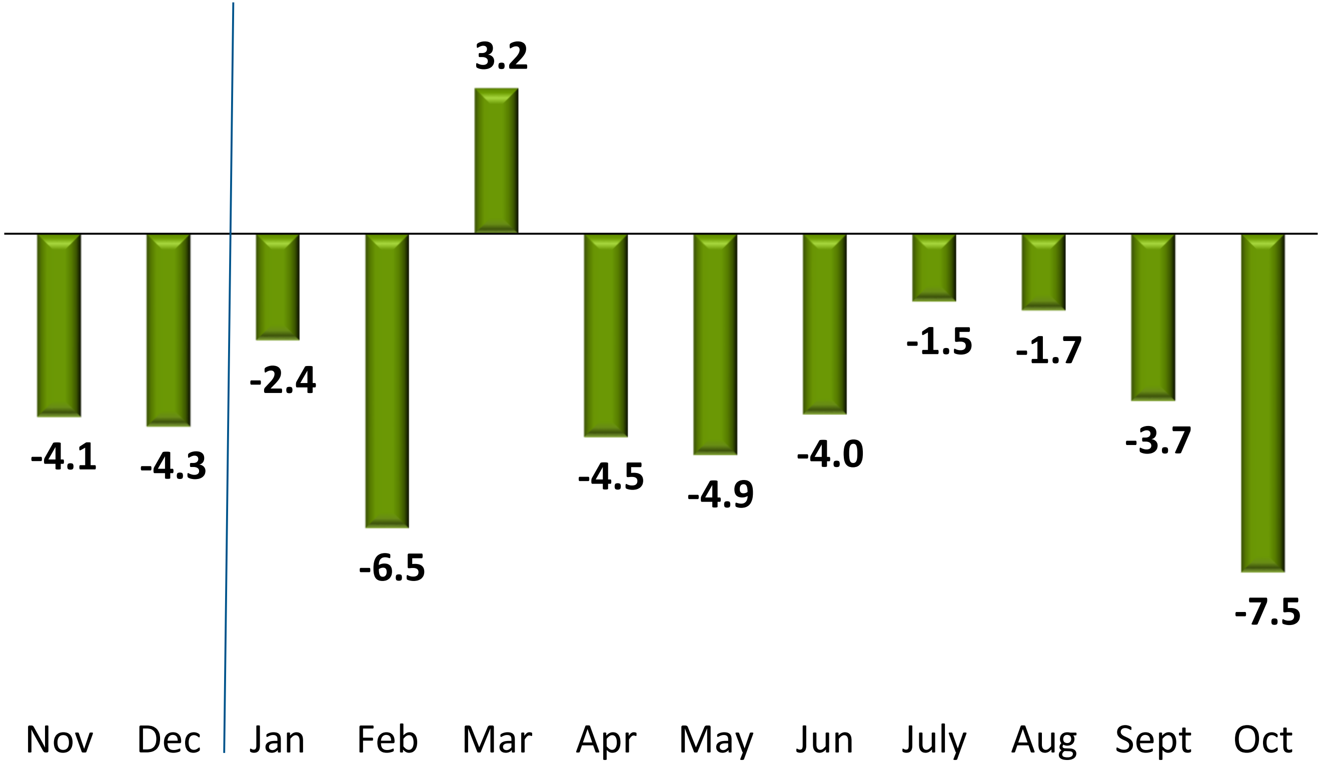
October 2016 : New Supply Hits NYC, Houston, Miami.

Market	OCC %	ADR % Change
Los Angeles/Long Beach, CA	83.2	8.9
Nashville, TN	76.8	6.0
Atlanta, GA	71.8	5.9
Denver, CO	76.8	5.9
Tampa/St Petersburg, FL	73.1	5.9
Chicago, IL	71.0	0.9
New Orleans, LA	70.3	0.2
Miami/Hialeah, FL	76.5	-2.0
Houston, TX	63.9	-3.2
New York, NY	85.5	-3.7

* October 2016 YTD ADR % Change in Top 25: 5 Best / 5 Worst Performing ADR % Markets

NYC

NYC Monthly RevPAR % Change: All Bad, All The Time



* NYC RevPAR % Change, by Month, 11/2015 – 10/2016

NYC: No Pricing Power Anywhere

Scales	OCC %	Occ % Change	ADR	ADR % Change	RevPAR % Change
Luxury	80.7	-2.3	$440	-3.2	-5.5
Upper Upscale	86.8	-1.1	$273	-3.6	-4.7
Upscale	90.1	-0.5	$231	-3.2	-3.7
Upper Midscale	87.1	2.9	$185	-1.8	1.1
Midscale	84.9	0.9	$154	-2.4	-1.6
Independents	84.1	0.9	$246	-2.7	-1.9

* NYC , Chain Scale KPIIs, 12 MMA October 2016

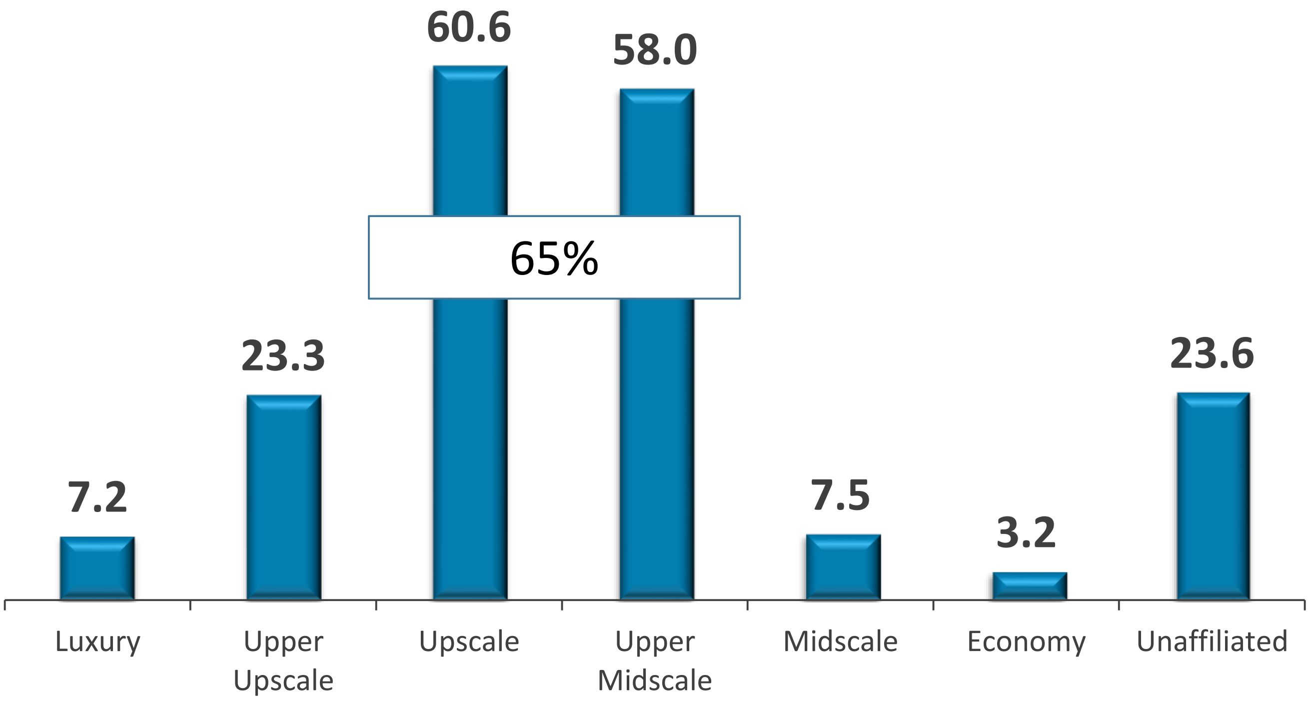
Pipeline

US Pipeline:
We will Look Back At This Moment And Realize This Is When Overbuilding Happened

Phase	2016	2015	% Change
In Construction	183	138	33%
Final Planning	192	175	10%
Planning	178	141	27%
Under Contract	**554**	**454**	**22%**

*Total US Pipeline, by Phase, '000s Rooms, October 2015 and 2016

Limited Service Construction Is The Name Of The Game



*US Pipeline, Rooms Under Construction , ‘000s Rooms, by Scale, October 2016

Construction In Top 26 Markets: 23 With 2%+ Of Supply

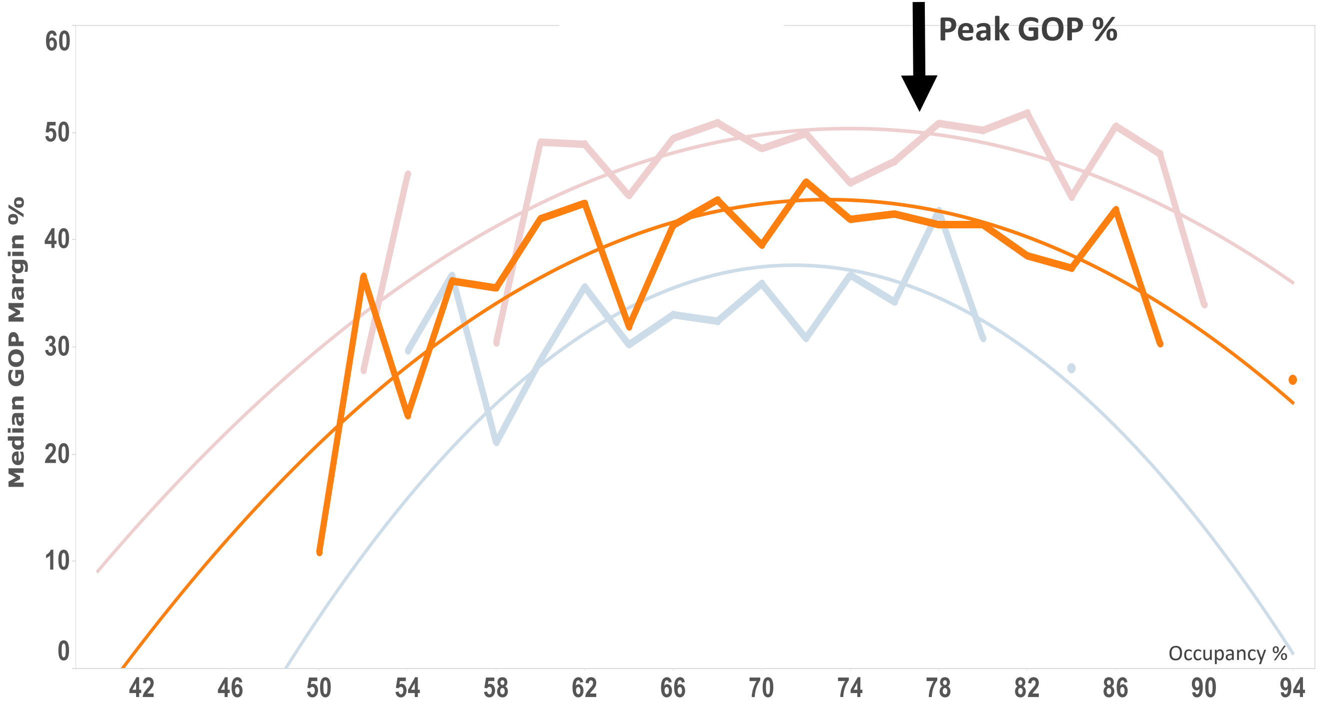
Market	Rooms U/C	% Of Existing
Orlando, FL	1,183	1%
Norfolk/Virginia Beach, VA	456	1%
Oahu Island, HI	410	1%
St Louis, MO-IL	842	2%
Minneapolis/St Paul, MN-WI	915	2%
Las Vegas, NV	3,979	2%
Washington, DC-MD-VA	3,356	3%
Atlanta, GA	3,016	3%
Chicago, IL	3,827	3%
Phoenix, AZ	2,131	3%
San Francisco/San Mateo, CA	1,829	4%
San Diego, CA	2,266	4%
Detroit, MI	1,611	4%
Anaheim/Santa Ana, CA	2,381	4%
Tampa/St Petersburg, FL	1,976	4%
Boston, MA	2,608	5%
New Orleans, LA	1,909	5%
Los Angeles/Long Beach, CA	5,397	5%
Miami/Hialeah, FL	3,296	6%
Philadelphia, PA-NJ	2,870	6%
Houston, TX	5,747	7%
Dallas, TX	6,501	8%
Nashville, TN	3,267	8%
Denver, CO	4,368	10%
Seattle, WA	5,047	12%
New York, NY	16,546	15%

*US Pipeline, Top 26 Markets, U/C Rooms as % of Existing Supply, October 2016

Upscale Hotels:

In Search Of The Ideal Occupancy

Upscale Hotels:
Maximum GOP (47.9%) at Occupancy of 75.1%



Upscale Hotels, ADR Bucket of $120, Sliding Occ and GOP %, 2015 HOST Almanac

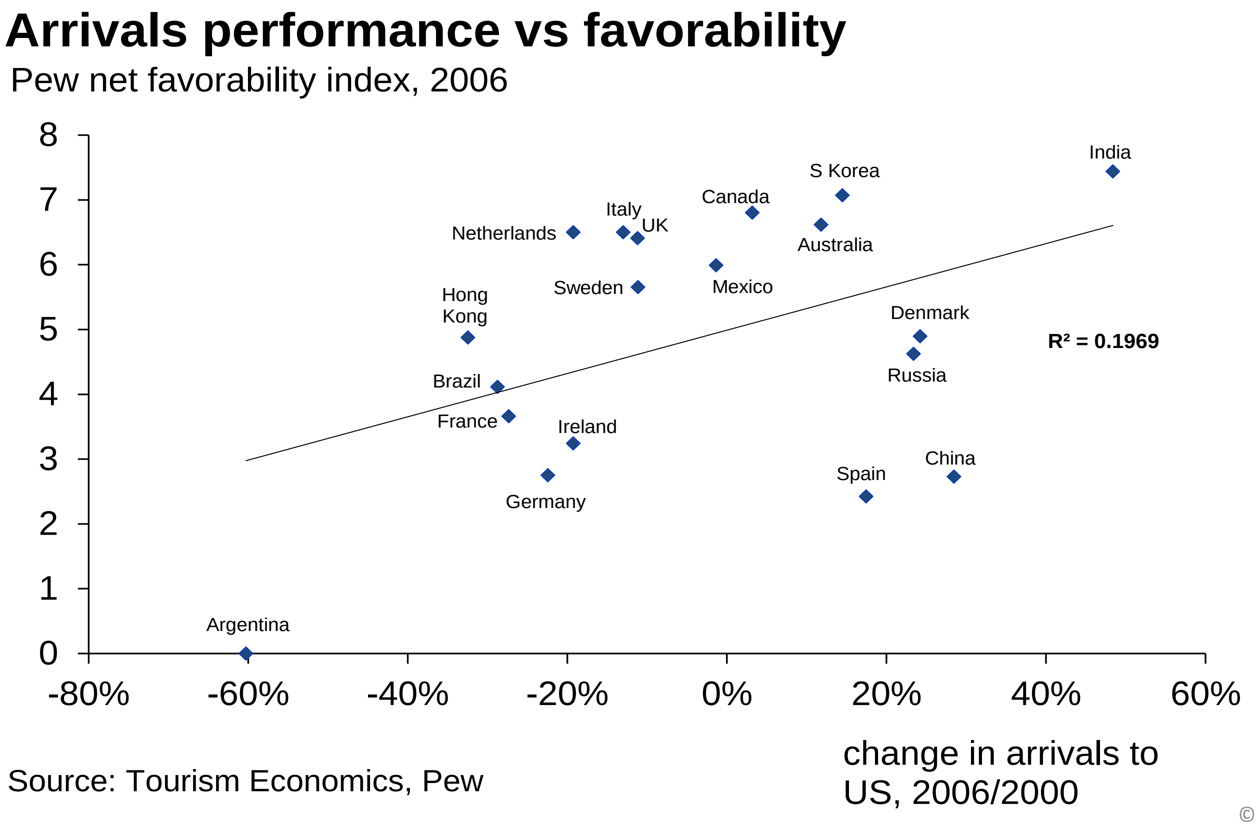
A Good Hotel Is A Sold Out Hotel? Not True!!!

Service Level	Class	ADR Range	Maximum GOP %	Ideal Occupancy
Full-service	Luxury	$175 - $210	40.2%	82.4%
	Upper Upscale	$140 - $160	39.7%	84.6%
	Upscale	$120 - $140	47.9%	75.1%
Limited-service	Upscale	$120 - $140	50.3%	80.2%
	Upper Midscale	$80 - $100	40.5%	71.4%
	Midscale/Economy	$40 - $60	54.2%	78.6%

Based on 2015 HOST Almanac data of 5,000+ hotels

2016 / 2017 Forecast

Lower International Favorability Of US Hurts Travel To US



Source: Tourism Economics, Pew

Total United States

Key Performance Indicator Outlook (% Change vs. Prior Year)

2016 - 2017

Outlook		
	2016 Forecast	2017 Forecast
Supply	1.6%	2.0%
Demand	1.6%	1.6%
Occupancy	0.0%	-0.3%
ADR	3.2%	3.1%
RevPAR	3.2%	2.8%

Total United States

Chain Scale Key Performance Indicator Outlook
2016F by Chain Scale

2016 Year End Outlook			
Chain Scale	Occupancy (% chg)	ADR (% chg)	RevPAR (% chg)
Luxury	-0.4%	2.8%	2.3%
Upper Upscale	-0.1%	3.0%	2.9%
Upscale	-0.4%	3.0%	2.6%
Upper Midscale	-0.1%	2.8%	2.7%
Midscale	-0.3%	2.8%	2.5%
Economy	-0.5%	3.3%	2.8%
Independent	0.4%	3.3%	3.6%
Total United States	**0.0%**	**3.2%**	**3.2%**

Total United States

Chain Scale Key Performance Indicator Outlook
2017F by Chain Scale

2017 Year End Outlook			
Chain Scale	**Occupancy (% chg)**	**ADR (% chg)**	**RevPAR (% chg)**
Luxury	-0.3%	3.5%	3.2%
Upper Upscale	-0.3%	3.4%	3.0%
Upscale	-1.1%	2.7%	1.5%
Upper Midscale	-0.8%	2.7%	1.9%
Midscale	0.1%	2.7%	2.8%
Economy	0.0%	2.6%	2.6%
Independent	-0.4%	3.2%	2.8%
Total United States	**-0.3%**	**3.1%**	**2.8%**

Questions?

Presentation is available for download.

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