

Atlas
HOSPITALITY GROUP

California Hotel Market Overview

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Presented by

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Jim & Susan's
MOTEL

KITCHENETTE • CABLE T.V.
INDOOR POOL

CLEAN & COMFY RMS
SUE, I AM SORRY
PLEASE COME BACK

To All Employees:

***NEW
INCENTIVE PLAN-
WORK-OR GET FIRED***

IN CASE OF FIRE



**EXIT BUILDING
BEFORE TWEETING
ABOUT IT**



Hotel REIT Stock Performance

T12 01/16

T12 01/17



-53%

+11%



-50%

+49%



-50%

+47%



-39%

+22%



-35%

+44%

Hotel Stock Performance

	T12 01/16	T12 01/17
	-37%	+55%
	-32%	+69%
	-26%	+19%
	-21%	+42%
	-16%	Sold

2016 Predictions

- Hotel sales will be down 5-10%, around 320-350
 - **315 individual sales**
- The median price per room will be flat
 - **Median price per room down 9%**
- New supply will rise rapidly
 - **New room supply up 22%**

2016 Predictions (continued)

- Interest rates will stay low due to the continued worldwide economic downturn
 - Rates stayed flat for most of 2016, moved up in the 4th quarter
- Cap rates will move up from the 6-8% range
 - Cap rates 7% for prime assets, 8-10% for others

STR Rev PAR Increases

11/16 YTD

United States +3.3%

California +6.7%

Top 10 California Markets

South Lake Tahoe +17.9%

Pasadena/Glendale/Burbank +16.7%

Oxnard/Ventura +14.7%

Stockton/Modesto +13.0%

Palm Springs +11.9%

Los Angeles-Long Beach +11.6%

Sacramento +10.6%

Vallejo/Fairfield/Vacaville +10.2%

California Rural North +9.8%

Fresno +9.5%

Top California Markets by Rev PAR

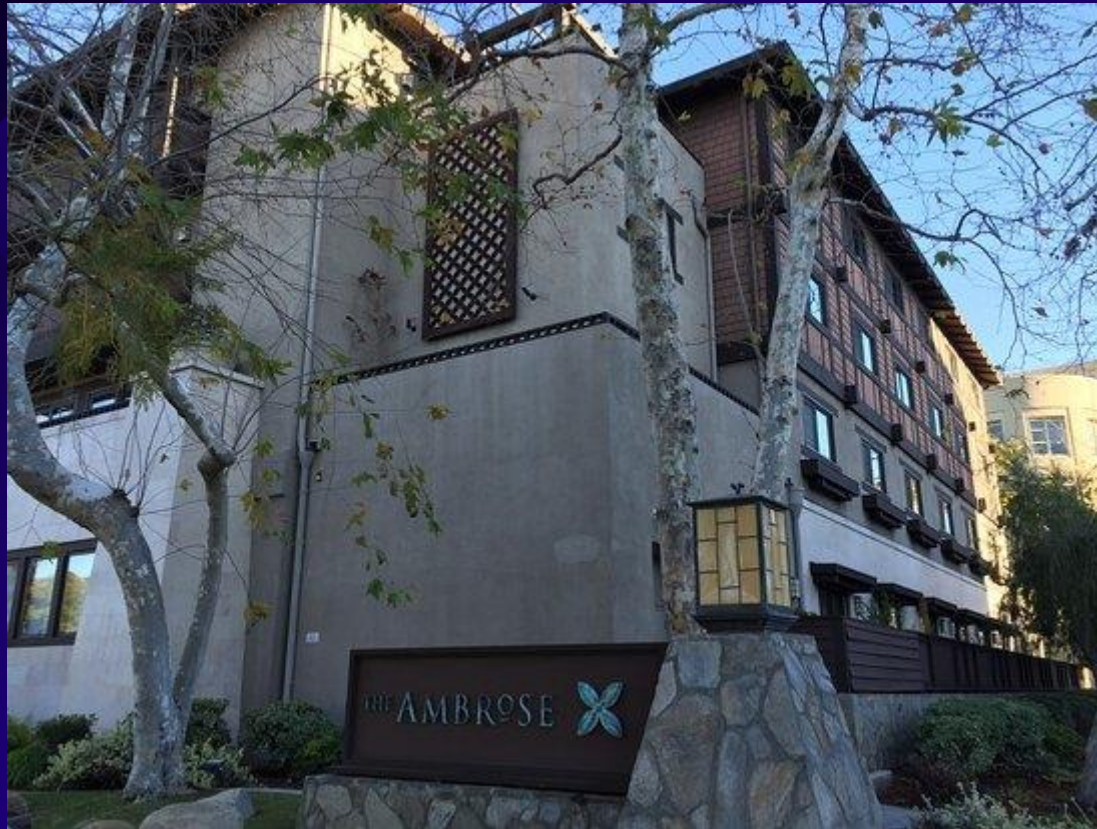
	11/16 YTD	
Santa Monica/Marina del Rey	\$265.71	+8.4%
Napa Valley	\$232.39	+6.1%
San Francisco/San Mateo	\$199.69	+3.6%
Newport Beach/Dana Point	\$161.64	+1.3%
San Jose/Campbell	\$148.33	+9.1%

**2016 saw a slow down in hotel
sales and prices leveled off**

Notable hotel sales in 2016 included

The Ambrose

Santa Monica, California



77 Rooms / \$617,000 per room

The Redbury Hollywood

Los Angeles, California



57 Rooms / \$717,000 per room

JW Marriott Desert Springs Resort & Spa

Palm Desert, California



884 rooms / \$160 million (\$180,995 per room)

Hampton Inn & Suites

Chino Hills, California



104 rooms / \$214,000 per room

Sanctuary Beach Resort

Marina, California



60 rooms / \$658,000 per room

Villagio Inn & Spa

Yountville, California



\$1,026,000 per room

Ritz-Carlton

San Francisco, California



336 rooms / \$833,000 per room

St. Regis

San Francisco, California

260 rooms / \$673,000 per room



Hotel del Coronado

Coronado, California



757 rooms / ?? per room

New Hotel Supply

California Hotel Development Survey Highlights

- **The Golden State finished 38 hotels in 2016, totaling a combined 5,572 rooms.**
- **California had 112 hotels with 17,623 rooms under construction, an 11% room count increase from 2015.**
- **There are 679 California hotels with 102,821 rooms in various stages of planning, a 39% room count increase over 2015.**

Largest California Hotel Opened in 2016



Great Wolf Lodge Garden Grove / 603 rooms

Largest California Hotel Under Construction



Intercontinental Los Angeles Downtown / 900 rooms

2017 Predictions

- **Hotel sales will continue to decline, down 10-20%**
- **The median price per room will decrease 5-10%**
- **Occupancy will start going down, Rev PAR will be flat**
- **Cap rates will be above 8**
- **The lending market will be a lot tougher on underwriting**

Travel Tips

- Follow your favorite airlines on Twitter to track flash travel deals
- Use tools like Airfarewatchdog and Hopper for alerts on specific routes
- Mightytravels books last minute fares
- Pick a loyalty program – airline, hotel, etc.

Any Questions....

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