

Atlas
HOSPITALITY GROUP

California Hotel Market Overview

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Presented by

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RESTAURANT
2 ROOM FAMILY UNIT
IN DOOR POOL SPA
GIFT SHOP IN LOBBY
FREE LSD









2018 Predictions

- **Decline in number of transactions and sales volume**
 - **Individual sales down 24%**
 - **Sales volume down 10%**
- **Sales price per room will go up 5-10%**
 - **Median price per room up 17%, a new California record**

2018 Predictions

- Interest rates will go up
 - Prime rate went from 4.5% to 5.5%, up 22.2%
- Rev PAR increases to level off
 - California Rev PAR went up 3.8% in 2018, versus 2.1% in 2017

Hotel REIT Stock Performance

T12 01/18

T12 01/19



-17.9%

-29.2%



-1.4%

+4.5%



-0.8%

-23.9%



-10.3%





-4.7%



-6.9%

-10.6%

Hotel Stock Performance

	T12 01/18	T12 01/19
	+50%	-12.9%
	+34%	-14.9%
	+58%	-25.3%
	+74%	-22.2%

Notable hotel sales in 2018 included

Grand Hyatt

San Francisco



662 rooms / \$869,167 per room

Park Central

San Francisco



681 rooms / \$462,849 per room

Fairmont

San Jose



805 rooms / \$310,559 per room

Park Hyatt Aviara

Carlsbad



329 rooms / \$516,717 per room

Cavallo Point

Sausalito



142 rooms / \$1,068,415 per room

DoubleTree Suites

Santa Monica



253 rooms / \$608,696 per room

La Quinta Resort, a Waldorf Astoria

La Quinta



796 rooms / \$165,327 per room

STR Rev PAR Performance

11/18 YTD

United States +3.0%

California +3.8%

Top 10 California Markets

Monterey/Salinas +10.0%

Santa Rosa +9.6%

Redding/Chico +9.5%

San Jose/Campbell +8.2%

Ontario/Airport +7.0%

Santa Cruz/San Jose Area +6.8%

Stockton/Modesto +6.2%

Fresno +5.7%

Palm Springs +5.5%

San Diego +5.0%

Top California Rev PAR Markets

11/18 YTD

Santa Monica/Marina del Rey	\$278.75	+4.7%
Napa Valley	\$239.22	+4.3%
San Francisco/San Mateo	\$203.56	+4.2%
Newport Beach/Dana Point	\$167.97	+1.7%
San Jose/Campbell	\$164.96	+8.2%

2018 New Hotel Supply

California Hotel Development Survey Highlights

- The Golden State opened 52 hotels with a combined 6,592 rooms in 2018.
- California had 203 hotels with 29,114 rooms under construction, a 37% room count increase from 2017.
- There are 1,066 California hotels with 149,215 reported rooms in various stages of planning, a 19% room count increase over 2017.

California Hotel Development Survey Highlights

- The 400-room InterContinental in San Diego was the largest California hotel to open.
- Los Angeles County had the most new rooms open, with 1,526. San Diego County followed with 1,224.
- Los Angeles County leads the state with 6,727 rooms under construction. Santa Clara County is next, with 3,326.

Largest California Hotel Opened in 2018



InterContinental San Diego / 400 rooms

Largest California Hotel Under Construction



Westin Anaheim Resort / 613 rooms

Issues to Look for in 2019

- Cap rates will rise
- Values will be flat or decline
- The number of individual sales will fall
- Early signs of distress
- Hotels and markets most vulnerable

Travel Tips

- **Start collecting points and miles**
- **Step up your search game: Google ITA flight matrix, Momondo, Airfarewatchdog & Hopper**
- **Follow airlines and blogs on social media**
- **Don't buy tickets on a Friday**
- **Check hotel discount sites**

Any Questions....

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