

California Hotel HOSPITALITY GROUP Market Overview

January 24th, 2019

Presented by

Alan X. Reay, President

CalBRE: 00959901

Atlas Hospitality Group

Tel. (949) 622-3400, ext. 409

E-mail: alan@atlashospitality.com Web: www.atlashospitaltiy.com













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

HYAIT®

+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

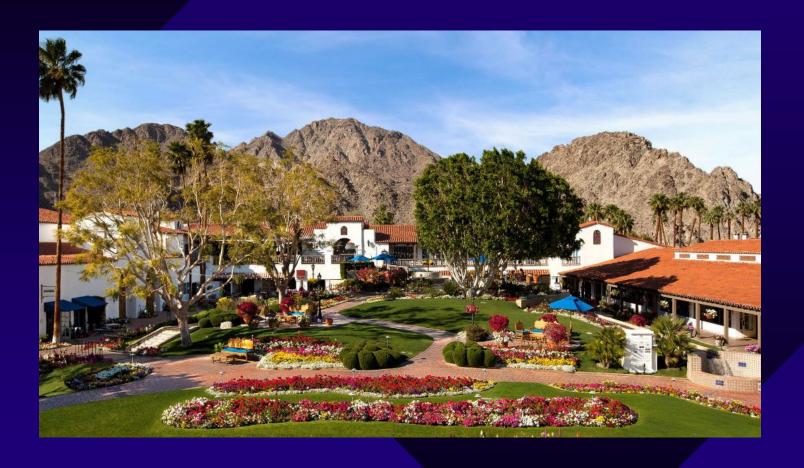
Santa Monica



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....

Alan X. Reay

President / CalBRE: 00959901

Atlas Hospitality Group

Telephone: (949) 622-3400, ext. 409

E-mail: alan@atlashospitality.com

Web: www.atlashospitaltiy.com