



Atlas
HOSPITALITY GROUP

California Hotel Market Overview

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Presented by

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LADIES

ARE REQUESTED NOT
TO HAVE CHILDREN
IN THE BAR

Hotel bedroom, Japan

**GUESTS ARE REQUESTED
NOT TO SMOKE OR DO
OTHER DISGUSTING
BEHAVIOURS
IN BED.**



In a Nairobi restaurant:
CUSTOMERS WHO FIND OUR WAITRESSES RUDE
OUGHT TO SEE THE MANAGER.



**Restaurant menu,
Switzerland**

**OUR WINES
LEAVE YOU
NOTHING TO HOPE
FOR.**





GUESTS

**ARE INVITED TO TAKE
ADVANTAGE OF THE
CHAMBERMAID**

Hotel brochure, Italy

**THIS HOTEL IS RENOWNED
FOR ITS PEACE AND
SOLITUDE. IN FACT, CROWDS
FROM ALL
OVER THE WORLD FLOCK
HERE TO ENJOY ITS
SOLITUDE.**



A sign in the Copenhagen Airport...

**We take your bags and
send them in all
directions!**



2015 Predictions

- The total number of California hotel sales will remain high, around 380 - 400

383

- Median price per room will increase 7 – 10%

Increased 41.3%

- New construction will outpace 2013 and 2014

California has 93 hotels with 14,150 rooms under construction, a 210% increase over 2014 and up 352% from 2013

2015 Predictions (continued)

- An increase in hotels losing their brand
Over 100 hotels were terminated in 2015
- Interest rates will move up, forecast 5.5 – 6% for CMBS
and 6 – 6.5% on SBA
CMBS held in the 4.5 – 5% range
SBA held in the 5 – 5.5% range

STR Rev PAR Increases

	2015
United States	+6.3%
California	+10.0%
Top 10 California Markets	
Stockton/Modesto	+18.3%
Vallejo/Fairfield/Vacaville	+18.3%
Santa Cruz/San Jose Area	+17.8%
San Jose/Campbell	+16.4%
Oakland	+15.7%
Sacramento	+12.4%
California Rural North	+12.3%
Ontario	+12.0%
Napa Valley	+11.6%
Anaheim	+11.3%

Top California Markets by Rev PAR

		2015
Santa Monica/Marina del Rey	\$239.27	+4.8%
Napa Valley	\$209.37	+11.6%
San Francisco/San Mateo	\$188.05	+7.5%
Newport Beach/Dana Point	\$155.53	+7.1%
Disneyland	\$136.65	+9.5%

California and the U.S. overall continued to see record Rev PARs and profitability in 2015, which pushed prices higher

**The following are examples of the record
prices per room paid in 2015**

Baccarat Hotel

New York, New York



\$2,035,000 per room

Malibu Beach Inn

San Diego, California



\$1,700,000 per room

Montage

Laguna Beach, California



\$1,450,000 per room

The Waldorf Astoria

New York, New York



\$1,380,000 per room

Bardessono

Yountville, California



\$1,370,000 per room

Grand del Mar

San Diego, California



\$1,045,000 per room

Are there any clouds on the horizon?

Mixed Messages

The U.S. economy is strong, employment is up and experts predict continued Rev PAR growth for 2016, but....

The public markets disagree

Hotel REIT values plummeted over the last 12 months

More hotels are coming to the market

Hotel Stock Performance

T12 01/16



-37%



-32%



-26%



-21%



-16%

Hotel REIT Stock Performance

T12 01/16



ASHFORD
HOSPITALITY TRUST

-53%



LASALLE HOTEL
PROPERTIES

-50%

RLJ

-50%

HERSHA

-39%



-35%

2016 Predictions

- **Hotel sales will be down 5 – 10%, around 320 – 350**
- **The median price per room will be flat**
- **New supply will rise rapidly**
- **Interest rates will stay low due to the continued worldwide economic downturn**
- **Cap rates will move up from the 6 – 8% range**

Travel Tips

- **For the cheapest domestic flights, travel on Tuesday/Wednesday afternoon or Saturday**
- **Sign up for free e-mail alerts from airlines or travel sites such as www.airfarewatchdog.com to get early access to coupon codes and flash sales**
- **Buy at the right time – According to CheapAir, the best domestic prices are offered 47 days before departure**
- **Get a travel rewards credit card**
- **Book directly through the hotel**

Any Questions....

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