

# Atlas California Hotel HOSPITALITY GROUP Market Overview

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**Presented by** 

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#### **Atlas Hospitality Group**

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GENTLEMAN, Please choose an alternate surface for Cocain, You're effecting the finish wooden dining talk. Thankyou, Signature:



#### **Hotel REIT Stock Performance**

T12 01/17 T12 01/18



+11% -17.9%



+49 % -1.4%



+47 % -0.8%



+22 % -10.3%



+44% -6.9%

#### **Hotel Stock Performance**

T12 01/17 T12 01/18

HYAIT\*

+55%

+50%



+69%

+34%



+19%

+58%



+42%

+74%

#### **2017 Predictions**

- Hotel sales will continue to decline, down 10-20%
  - The number of sales increased 15%
- The median price per room will decrease 5-10%
  - Median price per room up 12%
- Occupancy will start going down, Rev PAR will be flat
  - Occupancy down 0.1%, Rev PAR up 2.1%

#### **2017 Predictions**

- Cap rates will be above 8
  - Rates in prime markets averaged in the 6-6.5 range, secondary markets were in the 8 range
- The lending market will be a lot tougher on underwriting
  - Lenders continued to keep funds flowing

## STR Rev PAR Performance

11/17 YTD
+2.9%
+2.1%
+11.8%
+10.2%
+8.1%
+8.0%
+7.2%
+7.1%
+5.6%
+5.2%
+4.7%
+4.2%

# Top California Markets by Rev PAR

	11/17 YTD	
Santa Monica/Marina del Rey	\$267.10	+0.6%
Napa Valley	\$230.10	-2.3%
San Francisco/San Mateo	\$195.56	-2.0%
Newport Beach/Dana Point	\$165.42	+2.7%
San Jose/Campbell	\$152.55	+3.2%

2017 was a record-breaking year

Notable hotel sales in 2017 included

# The Ritz-Carlton, Bacara

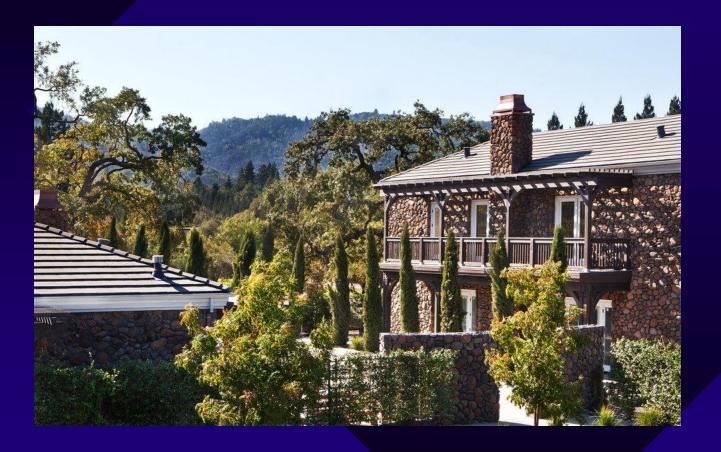
**Santa Barbara** 



358 Rooms / \$1,048,000 per room

# **Hotel Yountville**

Yountville



80 Rooms / \$1,206,000 per room

#### The Jeremy

West Hollywood



286 rooms / \$979,000 per room

# W Hollywood

Los Angeles



305 rooms / \$718,000 per room

# **DoubleTree Los Angeles Downtown**

**Los Angeles** 



434 rooms / \$265,000 per room

## The Duke Hotel

**Newport Beach** 



440 rooms / \$284,000 per room

# **Wyndham San Diego Bayside**

San Diego



600 rooms / \$256,000 per room

# Marriott City Center Oakland



494 rooms / \$290,000 per room

#### Hilton San Jose



355 rooms / \$246,000 per room

# **New Hotel Supply**

#### California Hotel Development Survey Highlights

- The Golden State opened 66 hotels with a combined 10,793 rooms in 2017
- California had 145 hotels with 20,693 rooms under construction, a 17% room count increase from 2016.
- There are 859 California hotels with 125,749 reported rooms in various stages of planning, a 23% room count increase over 2016.

#### California Hotel Development Survey Highlights

- Los Angeles County had the highest number of rooms open, with 4,309. Riverside County followed with 1,236.
- Los Angeles County has 5,327 rooms under construction.
   San Diego County is next, with 2,823.

## **Largest California Hotel Opened in 2017**



Intercontinental Los Angeles Downtown / 889 rooms

## **Largest California Hotel Under Construction**



**Westin Anaheim Resort / 613 rooms** 

#### Issues to Look for in 2018

- Rising cost of wages
- Increased cost of PIPs (Property Improvement Plans)
- Interest rates going up
- Rev PAR increases leveling off
- Big increase in new hotel supply

#### **Travel Tips**

- Get Global Entry / TSA Pre
  - Free with certain credit cards
- Use Google Flights
  - The best search engine for airlines, and you can set alerts
- Boost your miles with travel rewards credits cards, such as the Chase Sapphire
- Book directly through hotel websites
- Always ask for an upgrade

#### **Any Questions....**

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