

Atlas
HOSPITALITY GROUP

California Hotel Market Overview

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Presented by

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A photograph of a white rectangular sign placed on a wooden balcony floor. To the right of the sign is a tall, black patio heater. In the background, there is a metal railing, some outdoor furniture including a round table and chairs, and a view of a hilly landscape under a bright sky. The entire image is set against a dark blue background with yellow geometric shapes on the left and bottom right.

Unfortunately during
meal service the
balcony is a non-
smoking area.

We apologise for your
slightly extended
lifespan.

ATTENTION

Our towels and washcloths have a very close relationship with one another. When one disappears the others are all very sad. Since you want drying towels instead of crying towels, please do not depress our towels and washcloths by taking one. Thank you for your understanding. And our towels and washcloths thank you as well.

The Management

Travelodge
Hotel

GRUMPY'S
BAR & GRILLE

HOT BEER AN LOUSY FOOD
BUT HEY ITS CHEAP



GENTLEMAN,

Please choose an
alternate surface
for Cocain, You're
effecting the finish
wooden dining table.

Thank you,
Signature :)



ATTENTION PLEASE!

**THIS HOTEL IS LOCATED IN THE SPORTS AND
ENTERTAINMENT DISTRICT OF MEMPHIS
AS SUCH, IT IS NOISY HERE 'TILL THE
WEE HOURS. WE WANT YOU TO HAVE
AN ENJOYABLE STAY WITH US. IF YOU ARE
LOOKING FOR A QUIET HOTEL (AND AREA)
THIS ISN'T IT. EAT, DRINK, BOOGIE....REPEAT.**

(COURTESY OF RUM BOOGIE)

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
	+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

United States +2.9%

California +2.1%

Top 10 California Markets

California Rural North Area +11.8%

Sacramento +10.2%

Fresno +8.1%

Stockton/Modesto +8.0%

Redding/Chico +7.2%

South Lake Tahoe +7.1%

Vallejo/Fairfield/Vacaville +5.6%

Eureka/Crescent City +5.2%

San Diego +4.7%

Santa Cruz/San Jose Area +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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