



ALIS CALIFORNIA HOTEL MARKET OVERVIEW

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Presented by

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2019 PREDICTIONS

CAP RATES WILL RISE

- Primary markets, trophy assets – cap rates are flat
- Secondary markets – cap rates have risen

VALUES WILL BE FLAT OR DECLINE

- MEDIAN PRICE PER ROOM
- 2018: \$121,439
2019: \$121,907



2019 PREDICTIONS

THE NUMBER OF
INDIVIDUAL SALES
WILL FALL

2018: 280

2019: 285

EARLY SIGNS OF DISTRESS

- NOD's & Tax Defaults on the rise



2019 PREDICTIONS

HOTELS AND MARKETS
MOST VULNERABLE

DESERT AND SECONDARY /
TERTIARY MARKETS

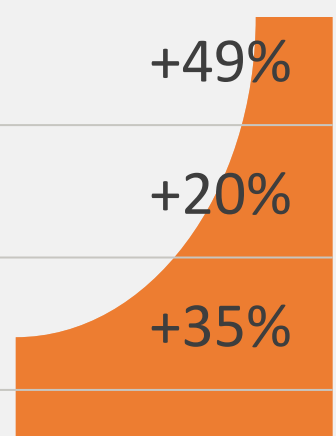
HOTEL REIT STOCK PERFORMANCE

	T12 01/18	T12 01/19	T12 01/20
ASHFORD	-17.9%	-29.2%	-44.0%
LASALLE	-1.4%	+4.5%	SOLD
RLJ	-0.8%	-23.9%	-9.5%
HERSHA	-10.3%	-4.7%	-23.0%



HOTEL OPERATOR STOCK PERFORMANCE

	T12 01/20
HYATT	+28%
HILTON	+49%
WYNDHAM	+20%
MARRIOTT	+35%





NOTABLE 2019 CALIFORNIA HOTEL SALES



MONTAGE BEVERLY HILLS

201 rooms /
\$2,064,677 per
room



An aerial photograph of the Monarch Beach Resort at Dana Point. The image shows a large, multi-story resort building with a white facade and a red-tiled roof, surrounded by lush greenery and palm trees. In the foreground, there is a large, circular, multi-level swimming pool area with a central circular pool and several surrounding pools. The pool area is bordered by a white balustrade. Two large, striped umbrellas are visible in the foreground. The background shows a golf course and a body of water under a cloudy sky.

MONARCH BEACH RESORT DANA POINT

400 rooms / \$1,193,210 per room



RIU PLAZA SAN FRANCISCO

531 rooms / \$508,531 per room



An aerial photograph of the Sheraton San Diego Hotel & Marina. The hotel is a large, multi-story building with a central tower, situated on a peninsula. To the right of the hotel is a large marina filled with numerous sailboats. To the left of the hotel is a large parking lot and a curved road. The text "SHERATON SAN DIEGO HOTEL & MARINA SAN DIEGO" is overlaid in large, white, sans-serif capital letters. The text is enclosed in a thin white rectangular border.

SHERATON SAN DIEGO HOTEL & MARINA SAN DIEGO

1,053 rooms / \$195,000 per room



438 rooms /
\$447,032 per
room

HYATT REGENCY MISSION BAY SAN DIEGO



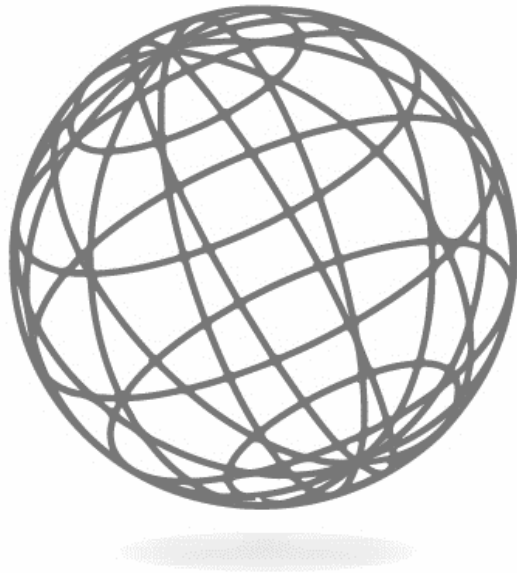
LE MERIDIEN SAN FRANCISCO

360 rooms / \$541,389 per room

155 rooms / \$759,387 per room

LOEWS REGENCY SAN FRANCISCO





CALIFORNIA STR REV PAR PERFORMANCE



STR REVPAR PERFORMANCE

NOVEMBER 2019 YTD

CALIFORNIA	+1.9%
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TOP 10 CALIFORNIA MARKETS / BY % INCREASE

REDDING/CHICO	+20.3%
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CALIFORNIA RURAL NORTH	+13.0%
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MERCED/CENTRAL CA	+12.4%
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SANTA BARBARA/SANTA MARIA	+7.6%
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SAN FRANCISCO NOB HILL/WHARF	+7.1%
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SAN DIEGO SOUTH/EAST	+6.7%
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VALLEJO/FAIRFIELD/VACAVILLE	+6.6%
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SACRAMENTO	+6.6%
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NAPA VALLEY	+6.3%
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BAKERSFIELD	+6.3%
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STR REVPAR PERFORMANCE

NOVEMBER 2019 YTD

CALIFORNIA	+1.9%
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BOTTOM 10 CALIFORNIA MARKETS / BY % DECREASE

SANTA ROSA/SONOMA	-5.5%
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SANTA CLARA/SUNNYVALE/MILPITAS	-4.5%
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SAN JOSE NORTHWEST/PALO ALTO	-4.4%
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FREMONT/NEWARK	-3.9%
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MISSION VALLEY	-3.7%
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SANTA MONICA/MARINA DEL REY	-3.3%
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SANTA CRUZ/SAN JOSE AREA	-3.2%
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SAN DIEGO CBD	-3.0%
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SAN JOSE/CAMPBELL	-2.8%
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SAN DIEGO/SEAWORLD/OLD TOWN/AIRPORT	-2.7%
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TOP CALIFORNIA REV PAR MARKETS

NOVEMBER 2019 YTD

SANTA MONICA/MARINA DEL REY	\$269.35	-3.3%
NAPA VALLEY	\$252.91	+6.3%
HOLLYWOOD/BEVERLY HILLS	\$246.94	-1.4%
SAN FRANCISCO NOB HILL/WHARF	\$236.80	+7.1%
SAN FRANCISCO MARKET STREET	\$234.93	+3.6%

Source: Smith Travel Research

2019 NEW HOTEL SUPPLY





CALIFORNIA 2019 HOTEL DEVELOPMENT SURVEY HIGHLIGHTS

- THE GOLDEN STATE OPENED 92 NEW HOTELS WITH A COMBINED 11,795 ROOMS.
- CALIFORNIA HAS 212 HOTELS WITH 28,102 ROOMS UNDER CONSTRUCTION.
- THERE ARE 1,199 CALIFORNIA HOTELS WITH 159,711 REPORTED ROOMS IN VARIOUS STAGES OF PLANNING, A 7% ROOM COUNT INCREASE OVER 2018.
- 70% OF ALL ROOMS BEING BUILT ARE “LIMITED SERVICE” WITH THE VAST MAJORITY BEING UPSCALE OR UPPER MIDSCALE

CALIFORNIA 2019 HOTEL DEVELOPMENT SURVEY HIGHLIGHTS

- SANTA CLARA COUNTY OPENED THE MOST NEW ROOMS, WITH 1,919. SAN DIEGO COUNTY FOLLOWED, AT 1,668.
- LOS ANGELES COUNTY HAS THE MOST ROOMS UNDER CONSTRUCTION, WITH 7,030. ORANGE COUNTY IS NEXT, AT 3,166.

An architectural rendering of a modern hotel building. The building is a multi-story structure with a mix of light-colored panels and dark window frames. A sign on the top of the building reads "CAMBRIA hotels & suites". In the foreground, there are palm trees, a parking lot with several cars, and a lower-level building with large glass windows and the word "PROVISION" visible. The sky is blue with some clouds.

LARGEST CALIFORNIA HOTEL OPENED IN 2019

CAMBRIA HOTEL ANAHEIM RESORT AREA
352 ROOMS



LARGEST CALIFORNIA HOTEL UNDER
CONSTRUCTION

WESTIN ANAHEIM RESORT
613 ROOMS



2020 PREDICTIONS

- SALES VOLUME WILL DECLINE
- MEDIAN PRICE PER ROOM WILL BE FLAT OR DOWN
- SUPPLY WILL START TO IMPACT REVPAR
- EXPENSES AND LABOR COSTS WILL IMPACT NET INCOME
- CAPEX REQUIREMENTS WILL IMPACT PRICING



TRAVEL TIPS

- When to Go? Lowest median booking price for hotels are in either Jan or Feb.
- Book Norwegian airlines to Europe – lowest cost operator
- Book with points! Run some searches “Paris on points & miles”
- Keep it simple – stick with Southwest airlines – rapid reward points and destinations like Mexico and Hawaii
- The Points Guy website is a great resource!

ANY
QUESTIONS?

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